



# KCB GROUP PLC (FORMERLY KENYA COMMERCIAL BANK LIMITED) AUDITED RESULTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2016

I. STATEMENT OF FINANCIAL POSITION	BANK		COMPANY		GROUP
	[1*]		[2*]		
	31-Dec-15 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited	31-Dec-15 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited
<b>A. ASSETS</b>					
1. Cash (both Local & Foreign)	7,456,227	8,085,113	951,009	11,964,522	11,374,751
2. Balances due from Central Bank of Kenya	23,962,327	18,055,378	-	23,962,327	18,055,378
3. Kenya Government and other securities held for dealing purposes	805,790	-	-	805,790	-
4. Financial Assets at fair value through profit and loss	-	-	-	-	-
5. Investment securities: a) Held to Maturity: a. Kenya Government securities	43,256,718	32,520,671	-	43,256,718	32,520,671
b. Other securities	-	-	-	14,588,019	7,981,800
b) Available for sale: a. Kenya Government securities	33,827,214	58,466,646	-	33,827,214	58,466,646
b. Other securities	76,743	-	56,719	4,470,837	3,501,732
6. Deposits and balances due from local banking institutions	3,171,300	1,627,573	-	3,171,300	1,627,573
7. Deposits and balances due from banking institutions abroad	6,083,421	4,466,863	-	49,408,021	41,879,590
8. Tax recoverable	-	-	-	161,046	216,993
9. Loans and advances to customers (net)	312,079,984	353,900,051	-	345,968,686	385,745,331
10. Balances due from group companies	297,343	436,130	807,828	-	-
11. Investments in associates	125	-	125	-	-
12. Investments in subsidiary companies	12,709,067	-	67,130,100	-	-
13. Investments in joint ventures	-	-	-	-	-
14. Investment properties	-	-	-	-	-
15. Property and equipment	7,045,892	6,036,806	564,597	9,027,924	9,372,955
16. Prepaid lease rentals	134,503	132,006	-	136,578	134,046
17. Intangible assets	1,295,556	3,046,237	-	1,427,857	3,166,913
18. Deferred tax asset	3,340,452	3,069,942	-	3,879,306	3,732,100
19. Retirement benefit asset	980,000	811,000	-	980,000	811,000
20. Other assets	11,218,511	14,121,013	-	11,057,649	16,652,184
<b>21. TOTAL ASSETS</b>	<b>467,741,173</b>	<b>504,775,429</b>	<b>69,510,378</b>	<b>558,094,154</b>	<b>595,239,643</b>
<b>B. LIABILITIES</b>					
22. Balances due to Central Bank of Kenya	-	-	-	-	-
23. Customer deposits	347,701,500	386,611,187	-	424,390,833	448,173,797
24. Deposits and balances due to local banking institutions	8,463,800	5,500,000	-	8,463,800	5,500,000
25. Deposits and balances due to foreign banking institutions	6,295,825	122,729	-	14,674,393	7,622,786
26. Other money market deposits	-	-	-	-	-
27. Borrowed funds	17,555,386	20,563,556	-	20,129,910	22,982,348
28. Balances due to group companies	-	-	-	-	-
29. Tax payable	247,995	389,310	36,153	314,180	870,488
30. Dividends payable	-	-	-	-	-
31. Deferred tax liability	-	-	-	100,043	166,150
32. Retirement benefit liability	-	-	-	-	-
33. Other liabilities	6,590,709	10,598,759	739,845	8,767,388	13,358,299
<b>34. TOTAL LIABILITIES</b>	<b>386,855,215</b>	<b>423,785,541</b>	<b>775,998</b>	<b>476,840,547</b>	<b>498,673,868</b>
<b>C. SHAREHOLDERS' FUNDS</b>					
35. Paid up /Assigned capital	3,025,213	53,986,000	3,066,057	3,025,213	3,066,057
36. Share premium/(discount)	20,135,561	-	21,646,776	20,135,561	21,646,776
37. Revaluation reserves	(1,058,666)	(1,134,529)	-	(1,126,781)	(1,148,761)
38. Retained earnings/ Accumulated losses	44,166,421	9,681,660	34,823,376	43,699,536	53,248,726
39. Statutory loan loss reserve	8,044,803	8,964,457	-	8,947,452	10,240,506
40. Other Reserves/Re-measurement of defined benefit asset/liability	522,200	314,300	-	522,200	314,300
41. Proposed dividends	6,050,426	9,178,000	9,198,171	6,050,426	9,198,171
42. Capital grants	-	-	-	-	-
<b>43. TOTAL SHAREHOLDERS' FUNDS</b>	<b>80,885,958</b>	<b>80,989,888</b>	<b>68,734,380</b>	<b>81,253,607</b>	<b>96,565,775</b>
44. Minority Interest	-	-	-	-	-
<b>45. TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>467,741,173</b>	<b>504,775,429</b>	<b>69,510,378</b>	<b>558,094,154</b>	<b>595,239,643</b>

II. STATEMENT OF COMPREHENSIVE INCOME	BANK		COMPANY		GROUP
	[1*]		[2*]		
	31-Dec-15 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited	31-Dec-15 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited
<b>1. INTEREST INCOME</b>					
1.1 Loans and advances	41,039,720	46,484,722	-	46,191,995	51,208,848
1.2 Government securities	7,515,622	9,134,775	-	9,117,249	10,866,512
1.3 Deposits and placements with banking institutions	157,855	559,038	-	470,493	696,275
1.4 Other Interest Income	-	649	-	604,195	34,439
<b>1.5 Total interest income</b>	<b>48,713,197</b>	<b>56,179,184</b>	-	<b>56,383,932</b>	<b>62,806,074</b>
<b>2. INTEREST EXPENSE</b>					
2.1 Customer deposits	13,717,424	12,391,402	-	15,295,887	14,481,365
2.2 Deposits and placement from banking institutions	1,345,813	862,815	-	1,852,091	1,298,065
2.3 Other interest expenses	-	-	-	-	-
<b>2.4 Total interest expenses</b>	<b>15,063,237</b>	<b>13,254,217</b>	-	<b>17,147,978</b>	<b>15,779,430</b>
<b>3. NET INTEREST INCOME/(LOSS)</b>	<b>33,649,960</b>	<b>42,924,967</b>	-	<b>39,235,954</b>	<b>47,026,644</b>
<b>4. OTHER OPERATING INCOME</b>					
4.1 Fees and commissions on loans and advances	4,545,325	4,621,797	-	5,366,204	6,560,093
4.2 Other fees and commissions	4,317,015	4,468,925	-	8,793,785	6,064,473
4.3 Foreign exchange trading income	2,202,692	2,204,062	-	4,067,466	5,493,696
4.4 Dividend Income	553,120	-	87,233	1,112	-
4.5 Other income	1,886,044	3,965,077	120,509	2,620,183	4,331,744
<b>4.6 Total other operating income</b>	<b>13,504,196</b>	<b>15,259,861</b>	<b>207,742</b>	<b>20,848,750</b>	<b>22,450,006</b>
<b>5. TOTAL OPERATING INCOME</b>	<b>47,154,156</b>	<b>58,184,828</b>	<b>207,742</b>	<b>60,084,704</b>	<b>69,476,650</b>
<b>6. OTHER OPERATING EXPENSES</b>					
6.1 Loan loss provision	655,671	3,759,049	-	2,182,044	3,823,759
6.2 Staff costs	12,107,360	14,560,447	249,013	15,310,898	17,719,037
6.3 Directors' emoluments	129,973	113,978	44,617	262,770	283,722
6.4 Rental charges	515,381	721,563	-	1,617,889	1,247,256
6.5 Depreciation charges on property and equipment	1,180,946	1,240,066	2,795	1,876,766	1,598,776
6.6 Amortisation charges	487,095	760,744	-	558,682	829,460
6.7 Other operating expenses	8,633,116	8,546,656	-	11,738,084	14,883,515
<b>6.8 Total other operating expenses</b>	<b>23,709,542</b>	<b>29,702,503</b>	<b>296,425</b>	<b>33,547,133</b>	<b>40,385,525</b>
<b>7. Profit/(loss) before tax and exceptional items</b>	<b>23,444,614</b>	<b>28,482,325</b>	<b>(88,683)</b>	<b>26,537,571</b>	<b>29,091,125</b>
8. Exceptional items	-	-	-	-	-
<b>9. Profit/(loss) after exceptional items</b>	<b>23,444,614</b>	<b>28,482,325</b>	<b>(88,683)</b>	<b>26,537,571</b>	<b>29,091,125</b>
10. Current tax	(7,386,407)	(8,591,333)	-	(7,701,260)	(9,171,465)
11. Deferred tax	441,198	(111,678)	(36,153)	786,758	(197,213)
<b>12. Profit/(loss) after tax and exceptional items</b>	<b>16,499,405</b>	<b>19,779,314</b>	<b>(124,836)</b>	<b>19,623,069</b>	<b>19,722,447</b>
13. Minority Interest	-	-	-	-	-
<b>14. Profit/(loss) after tax and exceptional items and Minority Interest</b>	<b>16,499,405</b>	<b>19,779,314</b>	<b>(124,836)</b>	<b>19,623,069</b>	<b>19,722,447</b>
<b>15. Other Comprehensive income:</b>					
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	(6,154,131)	317,968
15.2 Fair value changes in available-for-sale financial assets	(14)	(108,355)	-	(14)	(55,355)
15.3 Re-measurement of defined benefit pension fund	(1,092,000)	(297,000)	-	(1,092,000)	(297,000)
15.4 Share of other comprehensive income of associates	-	-	-	-	-
15.5 Income tax relating to components of other comprehensive income	327,600	121,606	-	327,600	121,606
<b>16. Other comprehensive income for the year net of tax</b>	<b>(764,414)</b>	<b>(283,749)</b>	-	<b>(6,918,545)</b>	<b>87,219</b>
<b>17. Total comprehensive income for the year</b>	<b>15,734,991</b>	<b>19,495,565</b>	<b>(124,836)</b>	<b>12,704,524</b>	<b>19,809,666</b>
<b>18. EARNINGS PER SHARE- DILUTED &amp; BASIC KSHS</b>	<b>5.45</b>	<b>0.37</b>	<b>(0.04)</b>	<b>6.49</b>	<b>6.46</b>
<b>19. DIVIDEND PER SHARE - PROPOSED KSHS</b>	<b>2.00</b>	<b>0.17</b>	<b>3.00</b>	<b>2.00</b>	<b>3.00</b>

II. OTHER DISCLOSURES	BANK		COMPANY		GROUP
	[1*]		[2*]		
	31-Dec-15 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited	31-Dec-15 Kshs 000 Audited	31-Dec-16 Kshs 000 Audited
<b>1. NON-PERFORMING LOANS AND ADVANCES</b>					
a) Gross Non-performing loans and advances	19,289,119	28,333,247	-	23,477,475	31,812,856
b) Less Interest in Suspense	2,815,766	4,210,013	-	3,310,816	4,609,881
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>16,473,353</b>	<b>24,123,234</b>	-	<b>20,166,659</b>	<b>27,202,975</b>
d) Less Loan Loss Provision	9,387,792	14,921,244	-	11,292,003	16,460,084
<b>e) Net Non-Performing Loans and Advances(c-d)</b>	<b>7,085,561</b>	<b>9,201,990</b>	-	<b>8,874,656</b>	<b>10,742,891</b>
f) Discounted Value of Securities	6,068,222	9,362,800	-	11,867,690	9,455,231
<b>g) Net NPLs Exposure (e-f)</b>	<b>1,017,339</b>	<b>(160,810)</b>	-	<b>(2,993,034)</b>	<b>1,287,660</b>
<b>2. INSIDER LOANS AND ADVANCES</b>					
a) Directors, Shareholders and Associates	592,219	5,143,843	-	689,698	4,818,059
b) Employees	10,673,477	11,944,993	-	11,588,774	12,738,369
<b>c) Total Insider Loans and Advances and other facilities</b>	<b>11,265,696</b>	<b>17,088,836</b>	-	<b>12,278,472</b>	<b>17,556,428</b>
<b>3. OFF-BALANCE SHEET ITEMS</b>					
a) Letters of credit, guarantees, acceptances	57,786,037	52,197,440	-	60,635,178	54,949,849
b) Forwards, swaps and options	12,072,941	5,687,611	-	13,268,058	6,114,779
c) Other contingent liabilities	-	-	-	-	-
<b>d) Total Contingent Liabilities</b>	<b>69,858,978</b>	<b>57,885,051</b>	-	<b>73,903,236</b>	<b>61,064,628</b>
<b>4. CAPITAL STRENGTH</b>					
a) Core capital	56,103,143	72,610,549	-	73,340,524	94,615,031
b) Minimum Statutory Capital	1,000,000	1,000,000	-	6,803,947	6,713,989
c) Excess (a-b)	55,103,143	71,610,549	-	66,536,577	87,901,042
d) Supplementary Capital	4,969,281	13,080,489	-	5,840,576	6,414,324
<b>e) Total Capital (a+d)</b>	<b>61,072,424</b>	<b>85,691,038</b>	-	<b>79,181,100</b>	<b>101,029,355</b>
f) Total risk weighted assets	397,490,368	430,839,082	-	467,246,047	513,145,930
<b>g) Core Capital/Total deposits Liabilities</b>	<b>16.1%</b>	<b>18.8%</b>	-	<b>17.3%</b>	<b>21.1%</b>
h) Minimum Statutory Ratio	8.0%	8.0%	-	8.0%	8.0%
i) Excess	8.1%	10.8%	-	9.3%	13.1%
<b>j) Core Capital / total risk weighted assets</b>	<b>14.1%</b>	<b>16.9%</b>	-	<b>15.7%</b>	<b>18.4%</b>
k) Minimum Statutory Ratio	10.5%	10.5%	-	10.5%	10.5%
l) Excess (j-k)	3.6%	6.4%	-	5.2%	7.9%
<b>m) Total Capital/Total risk weighted assets</b>	<b>15.4%</b>	<b>19.9%</b>	-	<b>16.9%</b>	<b>19.7%</b>
n) Minimum Statutory Ratio	14.5%	14.5%	-	14.5%	14.5%
o) Excess (m-n)	0.9%	5.4%	-	2.4%	5.2%
<b>5. LIQUIDITY</b>					
a) Liquidity Ratio	30.0%	30.3%	-	48.3%	37.5%
b) Minimum Statutory Ratio	20.0%	20.0%	-	20.0%	20.0%
c) Excess (a-b)	10.0%	10.3%	-	28.3%	17.5%

## DIVIDEND

The Directors have resolved to recommend to members at the forthcoming 46th Annual General Meeting a First and Final dividend for the year ended 31st December, 2016 of KShs. 3 per share to be paid on or about Friday, 26th May 2017, to shareholders registered at the close of business on Monday 24th April 2017. The register of members will be closed for one day on Tuesday 25th April 2017 for the purpose of processing the dividend register.

## ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of the shareholders of KCB Group PLC (formerly Kenya Commercial Bank) will be held on Friday, 21st April 2017 at Sports Kenya, Kasarani Safaricom Indoor Arena.

## MESSAGE FROM THE DIRECTORS