

**KCB GROUP LIMITED**  
**UN AUDITED BANK AND GROUP CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30TH JUNE 2016**

	BANK				GROUP CONSOLIDATED			
	30-Jun-15 Kshs 000 Un-Audited	31-Dec-15 Kshs 000 Audited	31-Mar-16 Kshs 000 Un-Audited	30-Jun-16 Kshs 000 Un-Audited	30-Jun-15 Kshs 000 Un-Audited	31-Dec-15 Kshs 000 Audited	31-Mar-16 Kshs 000 Un-Audited	30-Jun-16 Kshs 000 Un-Audited
<b>I STATEMENT OF FINANCIAL POSITION</b>								
<b>A ASSETS</b>								
1 Cash (both Local & Foreign)	6,787,648	7,456,227	7,548,231	6,590,668	16,208,624	11,964,522	11,690,736	10,912,667
2 Balances due from Central Bank of Kenya	11,675,082	23,962,327	29,413,682	34,926,342	11,675,082	23,962,327	29,413,682	34,926,342
3 Kenya Government and other securities held for dealing purposes	3,681,893	805,790	755,513	805,155	3,681,893	805,790	755,513	805,155
4 Financial Assets at fair value through profit and loss	-	-	-	-	-	-	-	-
5 Investment securities: a) Held to Maturity: a. Kenya Government securities	44,009,634	43,256,718	43,592,042	43,759,708	44,009,634	43,256,718	43,592,042	43,759,708
b. Other securities	-	-	-	-	-	14,588,019	15,937,605	14,236,781
b) Available for sale: a. Kenya Government securities	37,138,178	33,827,214	45,217,894	37,489,753	37,138,178	33,827,214	45,217,894	37,489,753
b. Other securities	876,295	76,743	68,033	61,099	876,295	4,470,837	68,033	61,099
6 Deposits and balances due from local banking institutions	2,927,875	3,171,300	-	4,200,000	2,927,875	3,171,300	-	4,200,000
7 Deposits and balances due from banking institutions abroad	4,530,462	6,083,421	1,041,836	1,597,002	77,057,187	49,408,021	36,080,572	39,627,014
8 Tax recoverable	34,249	-	-	-	34,266	161,406	203,486	158,026
9 Loans and advances to customers (net)	283,200,200	312,079,984	313,053,740	315,326,989	320,600,852	345,968,686	345,943,452	347,395,962
10 Balances due from group companies	1,725,577	297,343	2,786,443	1,496,801	-	-	-	-
11 Investments in associates	125	125	-	-	-	-	-	-
12 Investments in subsidiary companies	12,709,067	12,709,067	-	-	-	-	-	-
13 Investments in joint ventures	-	-	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-	-	-
15 Property and equipment	5,845,470	7,045,892	6,160,253	6,388,275	9,244,899	9,027,924	8,383,551	8,676,018
16 Prepaid lease rentals	135,752	134,503	218,950	133,255	265,298	136,578	343,783	133,255
17 Intangible assets	1,396,264	1,295,556	1,907,044	2,161,489	1,529,044	1,427,857	2,028,543	2,284,682
18 Deferred tax asset	2,174,706	3,340,452	3,340,452	3,340,452	2,554,549	3,879,306	3,865,137	3,762,026
19 Retirement benefit asset	1,835,000	980,000	980,000	980,000	1,835,000	980,000	980,000	980,000
20 Other assets	7,690,453	11,218,511	10,956,176	8,862,281	9,205,856	11,057,649	12,296,745	10,533,490
<b>21 TOTAL ASSETS</b>	<b>428,373,930</b>	<b>467,741,173</b>	<b>467,040,289</b>	<b>468,119,269</b>	<b>566,609,777</b>	<b>558,094,154</b>	<b>556,800,774</b>	<b>559,941,978</b>
<b>B LIABILITIES</b>								
22 Balances due to Central Bank of Kenya	-	-	2,993,220	-	-	-	2,993,220	-
23 Customer deposits	317,058,707	347,701,500	356,567,591	366,820,682	443,036,231	424,390,833	423,433,144	433,424,097
24 Deposits and balances due to local banking institutions	7,100,000	8,463,800	3,200,784	1,128,518	7,100,000	8,463,800	3,386,409	1,128,518
25 Deposits and balances due to foreign banking institutions	3,085,453	6,295,825	5,084,104	7,043	5,173,359	14,674,393	9,908,279	7,441,578
26 Other money market deposits	-	-	-	-	-	-	-	-
27 Borrowed funds	20,914,425	17,555,386	17,116,330	15,487,497	22,474,447	20,129,910	19,604,344	17,746,261
28 Balances due to group companies	-	-	-	5,947,667	-	-	-	-
29 Tax payable	-	247,995	2,045,457	219,890	1,389	314,180	2,055,370	297,988
30 Dividends payable	-	-	-	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	46,175	100,043	120,208	31,558
32 Retirement benefit liability	-	-	-	-	-	-	-	-
33 Other liabilities	6,781,013	6,590,709	14,795,118	6,686,000	10,680,877	8,767,388	11,340,194	8,916,010
<b>34 TOTAL LIABILITIES</b>	<b>354,939,598</b>	<b>386,855,215</b>	<b>401,802,605</b>	<b>396,297,298</b>	<b>488,512,478</b>	<b>476,840,547</b>	<b>472,841,168</b>	<b>468,986,010</b>
<b>C SHAREHOLDERS' FUNDS</b>								
35 Paid up /Assigned capital	3,025,213	3,025,213	53,986,100	53,986,100	3,025,213	3,025,213	3,025,213	3,025,213
36 Share premium/(discount)	20,135,561	20,135,561	-	-	20,135,561	20,135,561	20,135,561	20,135,561
37 Revaluation reserves	(930,855)	(1,058,666)	(1,579,992)	(739,834)	(930,855)	(1,126,781)	(1,579,992)	(807,935)
38 Retained earnings/ Accumulated losses	44,883,308	44,166,421	3,443,919	7,283,795	48,286,718	43,699,536	46,075,340	56,445,818
39 Statutory loan loss reserve	5,034,505	8,044,803	8,865,457	10,769,710	6,294,062	8,947,452	9,730,858	11,635,111
40 Other Reserves/Remeasurement of defined asset/liability	1,286,600	522,200	522,200	522,200	1,286,600	522,200	522,200	522,200
41 Proposed dividends	-	6,050,426	-	-	-	6,050,426	6,050,426	-
42 Capital grants	-	-	-	-	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>73,434,332</b>	<b>80,885,958</b>	<b>65,237,684</b>	<b>71,821,971</b>	<b>78,097,299</b>	<b>81,253,607</b>	<b>83,959,606</b>	<b>90,955,968</b>
44 Minority Interest	-	-	-	-	-	-	-	-
<b>45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>428,373,930</b>	<b>467,741,173</b>	<b>467,040,289</b>	<b>468,119,269</b>	<b>566,609,777</b>	<b>558,094,154</b>	<b>556,800,774</b>	<b>559,941,978</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>								
<b>1 INTEREST INCOME</b>								
1.1 Loans and advances	18,543,879	41,039,720	11,629,597	23,401,439	21,110,584	46,191,995	12,763,702	25,732,594
1.2 Government securities	3,892,039	7,515,622	2,631,915	4,592,831	4,571,810	9,117,249	3,681,172	5,563,276
1.3 Deposits and placements with banking institutions	88,782	157,855	128,421	296,741	171,541	470,493	189,238	341,755
1.4 Other Interest Income	-	-	-	-	-	604,195	-	-
<b>1.5 Total Interest Income</b>	<b>22,524,700</b>	<b>48,713,197</b>	<b>14,389,933</b>	<b>28,291,011</b>	<b>25,853,935</b>	<b>56,383,932</b>	<b>16,634,112</b>	<b>31,637,625</b>
<b>2 INTEREST EXPENSE</b>								
2.1 Customer deposits	5,051,824	13,717,424	4,317,495	7,381,539	5,879,798	15,295,887	4,784,991	8,374,979
2.2 Deposits and placement from banking institutions	389,962	1,345,813	229,485	401,211	528,014	1,852,091	396,140	733,533
2.3 Other interest expenses	-	-	-	-	-	-	-	-
<b>2.4 Total Interest Expenses</b>	<b>5,441,786</b>	<b>15,063,237</b>	<b>4,546,980</b>	<b>7,782,750</b>	<b>6,407,812</b>	<b>17,147,978</b>	<b>5,181,131</b>	<b>9,108,512</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>	<b>17,082,914</b>	<b>33,649,960</b>	<b>9,842,953</b>	<b>20,508,261</b>	<b>19,446,123</b>	<b>39,235,954</b>	<b>11,452,981</b>	<b>22,529,113</b>
<b>4 OTHER OPERATING INCOME</b>								
4.1 Fees and commissions on loans and advances	2,159,979	4,545,325	949,645	2,042,500	2,367,707	5,366,204	1,114,941	2,422,685
4.2 Other fees and commissions	2,384,047	4,317,015	1,210,546	2,050,702	4,475,849	8,793,785	1,910,832	4,050,443
4.3 Foreign exchange trading income	1,212,518	2,202,692	446,624	1,035,796	2,013,736	4,067,466	746,686	1,575,932
4.4 Dividend Income	410	553,120	69	239	410	1,112	69	239
4.5 Other Income	1,612,658	3,429,475	736,943	2,110,836	2,411,008	5,151,946	258,887	2,350,851
<b>4.6 Total non-Interest Income</b>	<b>7,369,612</b>	<b>15,047,627</b>	<b>3,343,827</b>	<b>7,760,073</b>	<b>11,268,710</b>	<b>23,380,513</b>	<b>4,031,415</b>	<b>10,400,150</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>24,452,526</b>	<b>48,697,587</b>	<b>13,186,780</b>	<b>28,268,334</b>	<b>30,714,833</b>	<b>62,616,467</b>	<b>15,484,396</b>	<b>32,929,263</b>
<b>6 OTHER OPERATING EXPENSES</b>								
6.1 Loan loss provision	1,448,838	2,199,102	1,240,334	1,775,423	2,593,397	4,713,807	1,369,225	2,071,274
6.2 Staff costs	6,149,121	12,107,360	3,355,475	6,636,568	7,698,370	15,310,898	4,081,913	8,121,719
6.3 Directors' emoluments	59,637	129,973	29,696	57,318	156,860	262,770	67,012	112,815
6.4 Rental charges	234,287	515,381	176,598	361,422	629,482	1,617,889	294,644	703,180
6.5 Depreciation charge on property and equipment	575,682	1,180,946	358,090	622,613	927,421	1,876,766	448,836	813,526
6.6 Amortisation charges	219,053	487,095	103,381	329,338	256,398	558,682	119,880	361,874
6.7 Other operating expenses	3,981,660	8,633,116	1,930,967	4,521,334	5,250,453	11,738,084	2,488,598	5,649,873
<b>6.8 Total other operating expenses</b>	<b>12,669,278</b>	<b>25,252,973</b>	<b>7,194,541</b>	<b>14,304,016</b>	<b>17,512,381</b>	<b>36,078,896</b>	<b>8,870,108</b>	<b>17,834,261</b>
<b>7 Profit/(loss) before tax and exceptional items</b>	<b>11,783,248</b>	<b>23,444,614</b>	<b>5,992,239</b>	<b>13,964,318</b>	<b>13,202,452</b>	<b>26,537,571</b>	<b>6,614,288</b>	<b>15,095,002</b>
8 Exceptional items	-	-	-	-	-	-	-	-
<b>9 Profit/(loss) after exceptional items</b>	<b>11,783,248</b>	<b>23,444,614</b>	<b>5,992,239</b>	<b>13,964,318</b>	<b>13,202,452</b>	<b>26,537,571</b>	<b>6,614,288</b>	<b>15,095,002</b>
10 Current tax	(3,534,974)	(7,386,407)	(1,797,463)	(4,189,296)	(3,960,736)	(7,701,260)	(1,984,286)	(4,594,749)
11 Deferred tax	-	441,198	-	-	-	786,758	-	-
<b>12 Profit/(loss) after tax and exceptional items</b>	<b>8,248,274</b>	<b>16,499,405</b>	<b>4,194,776</b>	<b>9,775,022</b>	<b>9,241,716</b>	<b>19,623,069</b>	<b>4,630,002</b>	<b>10,500,253</b>
13 Minority Interest	-	-	-	-	-	-	-	-
<b>14 Profit/(loss) after tax and exceptional items and Minority Interest</b>	<b>8,248,274</b>	<b>16,499,405</b>	<b>4,194,776</b>	<b>9,775,022</b>	<b>9,241,716</b>	<b>19,623,069</b>	<b>4,630,002</b>	<b>10,500,253</b>
<b>15 Other Comprehensive Income:</b>								
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-	306,823	(6,154,131)	(1,377,155)	(1,352,456)
15.2 Fair value changes in available-for-sale financial assets	(930,855)	(965,962)	(364,928)	318,846	(930,855)	(1,034,063)	(364,928)	-
15.3 Re-measurement of defined benefit pension fund	-	(1,092,000)	-	-	-	(1,092,000)	-	-
15.4 Share of other comprehensive income of associates	-	-	-	-	-	-	-	-
15.5 Income tax relating to components of other comprehensive income	-	327,600	-	-	-	327,600	-	-
<b>16 Other comprehensive income for the year net of tax</b>	<b>(930,855)</b>	<b>(2,057,962)</b>	<b>(364,928)</b>	<b>318,846</b>	<b>(624,032)</b>	<b>(8,280,194)</b>	<b>(1,742,083)</b>	<b>(1,352,456)</b>
<b>17 Total comprehensive income for the year</b>	<b>7,317,419</b>	<b>14,441,443</b>	<b>3,829,848</b>	<b>10,093,868</b>	<b>8,617,684</b>	<b>11,342,875</b>	<b>2,887,919</b>	<b>9,147,797</b>
<b>18 EARNINGS PER SHARE- DILUTED &amp; BASIC KSHS</b>					<b>6.11</b>	<b>4.82</b>	<b>6.12</b>	<b>6.94</b>
<b>19 DIVIDEND PER SHARE - DECLARED KSHS</b>						<b>2.00</b>		

III OTHER DISCLOSURES								
	30-Jun-15 Kshs 000	31-Dec-15 Kshs 000	31-Mar-16 Kshs 000	30-Jun-16 Kshs 000	30-Jun-15 Kshs 000	31-Dec-15 Kshs 000	31-Mar-16 Kshs 000	30-Jun-16 Kshs 000
	Un-Audited	Audited	Un-Audited	Un-Audited	Un-Audited	Audited	Un-Audited	Un-Audited
<b>1 NON-PERFORMING LOANS AND ADVANCES</b>								
a) Gross Non-performing loans and advances	18,809,920	19,289,119	26,135,275	27,680,305	24,183,168	23,477,475	30,436,873	32,978,280
b) Less Interest in Suspense	2,457,536	2,815,766	3,561,768	3,709,468	3,319,798	3,310,816	4,074,524	4,269,838
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>16,352,384</b>	<b>16,473,353</b>	<b>22,573,507</b>	<b>23,970,837</b>	<b>20,863,370</b>	<b>20,166,659</b>	<b>26,362,349</b>	<b>28,708,442</b>
d) Less Loan Loss Provision	7,227,377	9,387,792	10,842,355	12,648,423	9,896,799	11,292,003	12,603,423	14,533,676
<b>e) Net Non-Performing Loans and Advances(c-d)</b>	<b>9,125,007</b>	<b>7,085,561</b>	<b>11,731,152</b>	<b>11,322,414</b>	<b>10,966,571</b>	<b>8,874,656</b>	<b>13,758,926</b>	<b>14,174,766</b>
f) Discounted Value of Securities	9,125,007	6,068,222	7,613,893	6,853,209	10,966,571	11,867,690	10,654,600	11,535,277
<b>g) Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>1,017,339</b>	<b>4,117,259</b>	<b>4,469,205</b>	<b>-</b>	<b>(2,993,034)</b>	<b>3,104,326</b>	<b>2,639,489</b>
<b>2 INSIDER LOANS AND ADVANCES</b>								
a) Directors, Shareholders and Associates	93,520	592,219	608,812	2,465,849	438,843	689,698	687,083	1,617,355
b) Employees	9,087,749	10,673,477	10,920,602	10,907,471	10,063,566	11,588,774	11,886,193	11,949,868
<b>c) Total Insider Loans and Advances and other facilities</b>	<b>9,181,269</b>	<b>11,265,696</b>	<b>11,529,414</b>	<b>13,373,320</b>	<b>10,502,409</b>	<b>12,278,472</b>	<b>12,573,276</b>	<b>13,567,223</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>								
a) Letters of credit, guarantees, acceptances	67,831,261	57,786,037	58,567,508	62,205,612	69,927,355	60,635,178	61,155,145	64,802,260
b) Forwards, swaps and options	17,340,061	12,072,941	11,423,393	2,654,471	18,084,883	13,268,058	12,380,294	4,105,106
c) Other contingent liabilities	-	-	-	-	-	-	-	-
<b>d) Total Contingent Liabilities</b>	<b>85,171,322</b>	<b>69,858,978</b>	<b>69,990,901</b>	<b>64,860,083</b>	<b>88,012,238</b>	<b>73,903,236</b>	<b>73,535,439</b>	<b>68,907,365</b>
<b>4 CAPITAL STRENGTH</b>								
a) Core capital	54,388,927	56,103,143	54,789,410	57,579,883	67,124,098	73,340,524	75,655,525	75,902,992
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	6,742,200	6,803,947	6,733,314	6,692,054
c) Excess (a-b)	53,388,927	55,103,143	53,789,410	56,579,883	60,381,898	66,536,577	68,922,211	69,210,938
d) Supplementary Capital	5,034,506	4,969,281	4,890,563	4,893,883	5,510,140	5,840,576	5,778,802	5,717,572
<b>e) Total Capital (a+d)</b>	<b>59,423,433</b>	<b>61,072,424</b>	<b>59,679,973</b>	<b>62,473,766</b>	<b>72,634,238</b>	<b>79,181,100</b>	<b>81,434,327</b>	<b>81,620,564</b>
f) Total risk weighted assets	372,940,833	397,490,368	391,245,046	391,510,613	440,811,213	467,246,047	462,304,131	459,909,760
<b>g) Core Capital/Total deposits Liabilities</b>	<b>17.2%</b>	<b>16.1%</b>	<b>15.4%</b>	<b>15.7%</b>	<b>15.2%</b>	<b>17.3%</b>	<b>17.9%</b>	<b>17.5%</b>
h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
i) Excess	9.2%	8.1%	7.4%	7.7%	7.2%	9.3%	9.9%	9.5%
<b>j) Core Capital / total risk weighted assets</b>	<b>14.6%</b>	<b>14.1%</b>	<b>14.0%</b>	<b>14.7%</b>	<b>15.2%</b>	<b>15.7%</b>	<b>16.4%</b>	<b>16.5%</b>
k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
l) Excess (j-k)	4.1%	3.6%	3.5%	4.1%	4.7%	5.2%	5.9%	6.0%
<b>m) Total Capital/total risk weighted assets</b>	<b>15.9%</b>	<b>15.4%</b>	<b>15.3%</b>	<b>16.0%</b>	<b>16.5%</b>	<b>16.9%</b>	<b>17.6%</b>	<b>17.7%</b>
n) Minimum statutory Ratio	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
o) Excess (m-n)	1.4%	0.9%	0.8%	1.4%	2.0%	2.4%	3.1%	3.2%
<b>5 LIQUIDITY</b>								
a) Liquidity Ratio	32.2%	30.0%	32.7%	34.6%	47.9%	48.3%	38.8%	41.8%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
c) Excess (a-b)	12.2%	10.0%	12.7%	14.6%	27.9%	28.3%	18.8%	21.8%

#### INTERIM DIVIDEND

The Directors do not recommend payment of interim dividend.

#### MESSAGE FROM THE DIRECTORS

These financial statements are extracts from the books of the institution. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the institutions website [www.kcbbankgroup.com](http://www.kcbbankgroup.com)

They may also be accessed at the institution's head office located at Kencom House, Moi Avenue

Ngonyi Biwott- Group Board Chairman

Joshua Oigara- Group Chief Executive Officer