

# NOTICE OF THE 42<sup>ND</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of THE KENYA COMMERCIAL BANK LIMITED will be held at the Tsavo Ballroom, Kenyatta International Conference Centre, Nairobi, on Friday, 10th May, 2013 at 11.00 a.m. when the following business will be transacted, namely:-

## AGENDA

### 1. CONSTITUTION OF THE MEETING

To read the notice convening the Meeting and determine if a quorum is present.

### 2. ORDINARY BUSINESS

#### a) Report of the Auditors

To read the Auditors' Report and the Consolidated Financial Statements for the year ended 31st December, 2012.

#### b) Report and Financial Statements for the Year ended 31st December, 2012

To receive and consider the Report of the Directors and Consolidated Financial Statements for the year ended 31st December, 2012 together with the auditors' report thereon.

#### c) Dividend

To declare a dividend and approve the closure of the Register of Members on 14th May, 2013.

#### d) Election of Directors

i) In accordance with article 94 of the Company's Articles of Association, Mrs. Catherine Adongo Kola and Prof. Peter Kiko Kimuyu, retire by rotation from office as Directors of the Company, and being eligible, offer themselves for re-election

ii) In accordance with the Bank's Board Charter Joseph Isaac Adongo retired in March, 2013 from the Board having served the Board for the maximum eight years.

#### e) Remuneration of Directors

To authorize the Board to fix the remuneration of the Directors.

#### f) Appointment of Auditors

To re-appoint Messrs KPMG Kenya, Certified Public Accountants, as the Auditors of the Company until conclusion of the next Annual General Meeting.

#### g) Remuneration of the Auditors

To authorize Directors to fix the remuneration of the Auditors.

### 3. SPECIAL BUSINESS

To consider and, if approved, pass the following Special Resolution:-

"That the Articles of Association of the Company be amended by deleting the existing Article 121 in its entirety and substituting the following new Article 121 to read as follows;

a) Any dividend or other money payable in cash on or in respect of shares may be paid by electronic funds transfer or other automated system of bank transfer, electronic or mobile money transfer system, transmitted to such bank or electronic or mobile telephone address as shown in the share register of the Company or by cheque or warrant payable at such place of business as the Company shall specify in writing, sent through the post to the address of the member or person entitled to it as shown in the share register of the Company or if two or more persons are registered as joint holders of the shares, to the registered address of the joint holder who is first named in the share register of the Company or in the case of two or more persons being entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons at such address as the persons being entitled to receive payment may in writing direct.

b) Every such cheque or warrant or funds transfer shall be made payable to or to the order of the person to whom it is sent or to such person who may be entitled to the same (as described in Article 121 a) aforesaid). Payment of the cheque or warrant, if purporting to be endorsed or encased, by the addressee or as the case may be, confirmation of payment having been made by the transmitting entity to the addressee of a direct debit, bank transfer or other automated system of bank transfer or via a mobile transfer system, shall in each case be a good discharge to the Company. Every such payment whether by cheque or warrant or electronic funds transfer or mobile money payments system shall be sent at the risk of the person entitled to the money represented by it."

### 4. ANY OTHER BUSINESS

To transact any other business which may be properly transacted at an Annual General Meeting.

Dated at Nairobi this 28th Day of February, 2013

BY ORDER OF THE BOARD



K.D. MALAKWEN  
SECRETARY

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KENYA COMMERCIAL BANK LIMITED

### Report on the financial statements

We have audited the Consolidated financial statements of Kenya Commercial Bank Limited and its subsidiaries which comprise Group's and the Bank's statements of financial position at 31 December 2012, and the statements of comprehensive income, the statements of changes in equity and statements of cash flow of the Group and Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' responsibility for the financial statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Bank at 31 December 2012, and the Group and the Bank's financial performance and the Group and the Bank's cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

### Report on other legal requirements

The Kenyan Companies Act requires us to expressly report to you, based on our audit, that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and
- The Bank's statement of financial position, income statement and statement of comprehensive income are in agreement with the books of account.



KPMG Kenya, Certified Public Accountants  
Date: 28th February 2013

## SUMMARY OF FINANCIAL STATEMENTS

### SUMMARY CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	KShs. Millions	
Net interest income	30,636	23,885
Non-funded income	13,423	13,218
<b>Operating income</b>	<b>44,059</b>	<b>37,103</b>
<b>Less:</b>		
Operating expenses	24,753	21,828
Net allowance for impairment losses	2,098	146
<b>Profit before tax</b>	<b>17,208</b>	<b>15,129</b>
Income tax expense	5,005	4,148
<b>Profit for the year</b>	<b>12,203</b>	<b>10,981</b>
Earnings per share (KShs)	4.11	3.72
Dividend per share (KShs)	1.90	1.85

### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	2012	2011
	KShs. Millions	
<b>Assets</b>		
Cash and balances with central banks	36,420	42,708
Balances with other institutions	10,421	25,812
Investments in Government securities	86,992	43,591
Investment securities	2,299	2,414
Net loans and advances	211,664	198,725
Fixed assets	10,217	9,682
Other assets	9,366	7,784
<b>Total Assets</b>	<b>367,379</b>	<b>330,716</b>
<b>Liabilities</b>		
Deposits	288,037	259,309
Balances due to other banks	9,333	14,105
Long-term debt	8,923	8,525
Other liabilities	7,746	4,412
<b>Total Liabilities</b>	<b>314,039</b>	<b>286,351</b>
Share capital	2,970	2,969
Proposed dividends	5,644	5,492
Reserves	44,726	35,904
<b>Shareholders' Equity</b>	<b>53,340</b>	<b>44,365</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>367,379</b>	<b>330,716</b>

### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

	2012	2011
	KShs. Millions	
<b>At 1 January</b>	<b>44,365</b>	<b>39,130</b>
Profit for the year	12,204	10,981
Other comprehensive income/(loss) for the year	(29,678)	(346,261)
Employee share options exercised	31,941	344,203
Dividend paid to shareholders	(5,492)	(3,688)
<b>At 31 December</b>	<b>53,340</b>	<b>44,365</b>

### SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2012

	2012	2011
	KShs. Millions	
<b>Cash and cash equivalents at the beginning of the year</b>	<b>41,931</b>	<b>25,131</b>
Net cash flows from/(used) operating activities	6,009	13,654
Net cash flows used in investing activities	(2,779)	(1,958)
Net cash flows from/(used in) financing activities	(5,460)	5,181
Effects of exchange rate changes on translation of foreign operation	119	(77)
<b>Cash and cash equivalents at the end of the year</b>	<b>39,821</b>	<b>41,931</b>

### MESSAGE FROM THE DIRECTORS

The above summary Consolidated statement of financial position, Consolidated Income statement, Consolidated statement of Changes in Equity, and Consolidated Statement of Cash flows are extracts from the Group's financial statements.

The financial statements were approved by the Board of Directors on 28th February 2013, and were signed on its behalf by:

Musa Ndeto	-	Chairman
Joshua Oigara	-	Chief Executive
C M Muya-Ngaruiya	-	Director
K D Malakwen	-	Secretary

### IMPORTANT NOTE

Full Annual Report and Financial Statements for the year ended 31 December 2012 is available on our website, [www.kcbbankgroup.com](http://www.kcbbankgroup.com) and any interested shareholder can collect a printed set of the report from the Bank Head Office, Kencom House, Moi Avenue, Nairobi, Kenya.

A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company to be valid. The Proxy form attached to the Annual Report and Accounts must be duly completed by a member and must either be lodged at the Registered office of the Company's Shares Registrar, Kencom House, Moi Avenue, P.O. Box 48400-00100 Nairobi or nearest KCB branch or posted so as to reach the Company secretary not later than 8th May, 2013 at 11.00 am i.e. 48 hours before the due date of the meeting.