

**The Board of Directors of National Bank of Kenya Limited hereby announce the audited results for the year ended 31 December 2016**
**I. STATEMENT OF FINANCIAL POSITION  
as at 31 December 2016**

	BANK 31-Dec-15 Shs'000 Audited	BANK 31-Dec-16 Shs'000 Audited	GROUP 31-Dec-15 Shs'000 Audited	GROUP 31-Dec-16 Shs'000 Audited
<b>A ASSETS</b>				
1 Cash (both Local & Foreign)	3,350,178	3,180,119	3,668,583	3,344,271
2 Balances due from Central Bank of Kenya	12,769,536	5,237,044	12,769,536	5,237,044
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at fair value through profit and loss	-	-	-	-
<b>5 Investment Securities:(a+b)</b>	<b>27,315,111</b>	<b>34,782,839</b>	<b>27,315,111</b>	<b>34,782,839</b>
<b>a) Held to Maturity:(i+ii)</b>	<b>27,315,111</b>	<b>27,945,290</b>	<b>27,315,111</b>	<b>27,945,290</b>
i. Kenya Government securities	27,083,464	27,708,283	27,083,464	27,708,283
ii. Other securities	231,647	237,007	231,647	237,007
<b>b) Available for sale:(i+ii)</b>	<b>-</b>	<b>6,837,549</b>	<b>-</b>	<b>6,837,549</b>
i. Kenya Government securities	-	6,837,549	-	6,837,549
ii. Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	3,658,835	100,115	3,658,835	100,115
7 Deposits and balances due from banking institutions abroad	598,211	1,211,860	598,211	1,211,860
8 Tax recoverable	510,846	504,332	505,652	506,976
9 Loans and advances to customers (net)	67,803,990	59,339,225	67,803,990	59,339,225
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	19,963	19,963	19,963	19,963
13 Investments in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	4,187,457	4,110,825	4,188,468	4,111,684
16 Prepaid lease rentals	-	-	-	-
17 Intangible assets	1,399,085	1,352,178	1,399,365	1,352,178
18 Deferred tax asset	482,668	473,722	483,299	474,353
19 Retirement benefit asset	-	-	-	-
20 Other assets	3,199,155	4,802,152	3,029,303	4,811,884
<b>21 TOTAL ASSETS</b>	<b>125,295,035</b>	<b>115,114,374</b>	<b>125,440,316</b>	<b>115,292,392</b>
<b>B LIABILITIES</b>				
22 Balances due to Central Bank of Kenya	-	3,719,844	-	3,719,844
23 Customer deposits	110,622,469	96,966,522	110,622,469	96,966,522
24 Deposits and balances due to local banking institutions	2,343,245	513,810	2,343,245	513,810
25 Deposits and balances due to foreign banking institutions	-	-	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	-	-	-	-
28 Balances due to banking institutions in the group	21,976	21,976	21,976	21,976
29 Tax payable	-	-	-	-
30 Dividends payable	29,826	6,444	29,826	6,444
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	1,363,897	2,889,695	1,369,251	2,913,057
<b>34 TOTAL LIABILITIES</b>	<b>114,381,413</b>	<b>104,118,291</b>	<b>114,386,767</b>	<b>104,141,653</b>
<b>C SHAREHOLDERS' FUNDS</b>				
35 Paid up /Assigned capital	7,214,976	7,214,976	7,214,976	7,214,976
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	509,752	660,062	509,752	660,062
38 Retained earnings/Accumulated losses	2,569,487	2,883,472	2,709,414	3,038,128
39 Statutory loan loss reserves	619,407	302,573	619,407	302,573
40 Other Reserves	-	(65,000)	-	(65,000)
41 Proposed dividends	-	-	-	-
42 Capital grants	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>10,913,622</b>	<b>10,996,083</b>	<b>11,053,549</b>	<b>11,150,739</b>
<b>44 TOTAL LIABILITIES &amp; SHAREHOLDERS' FUNDS</b>	<b>125,295,035</b>	<b>115,114,374</b>	<b>125,440,316</b>	<b>115,292,392</b>

**II. STATEMENT OF COMPREHENSIVE INCOME  
for the period ended 31 December 2016**

	BANK 31-Dec-15 Shs'000 Audited	BANK 31-Dec-16 Shs'000 Audited	GROUP 31-Dec-15 Shs'000 Audited	GROUP 31-Dec-16 Shs'000 Audited
<b>1 Interest Income</b>				
1.1 Loans and advances	8,934,150	9,020,708	8,934,150	9,020,708
1.2 Government securities	3,201,903	3,256,451	3,201,903	3,256,451
1.3 Deposits and placements with banking institutions	112,150	50,623	112,150	50,623
1.4 Other Interest Income	-	-	-	-
<b>1.5 TOTAL INTEREST INCOME</b>	<b>12,248,203</b>	<b>12,327,782</b>	<b>12,248,203</b>	<b>12,327,782</b>
<b>2 Interest Expense</b>				
2.1 Customer deposits	5,128,954	3,517,980	5,112,772	3,517,980
2.2 Deposits and placements from banking institutions	726,460	786,425	726,460	786,425
2.3 Other interest expenses	11,432	4,540	11,432	4,540
<b>2.4 TOTAL INTEREST EXPENSES</b>	<b>5,866,846</b>	<b>4,308,945</b>	<b>5,850,664</b>	<b>4,308,945</b>
<b>3 NET INTEREST INCOME</b>	<b>6,381,357</b>	<b>8,018,837</b>	<b>6,397,539</b>	<b>8,018,837</b>
<b>4 Non-Interest Income</b>				
4.1 Fees and commissions on loans and advances	307,622	144,808	382,145	225,630
4.2 Other fees and commissions	1,744,555	1,386,308	1,744,555	1,386,308
4.3 Foreign exchange trading income (loss)	564,754	363,863	564,754	363,863
4.4 Dividend Income	1,247	-	1,247	-
4.5 Other Income	464,853	1,039,938	464,853	1,039,938
<b>4.6 TOTAL NON-INTEREST INCOME</b>	<b>3,083,031</b>	<b>2,934,917</b>	<b>3,157,554</b>	<b>3,015,739</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>9,464,388</b>	<b>10,953,754</b>	<b>9,555,093</b>	<b>11,034,576</b>
<b>6 Other Operating Expenses</b>				
6.1 Loan loss provision	3,719,128	2,697,895	3,719,128	2,697,895
6.2 Staff costs	3,587,995	3,621,462	3,620,758	3,642,344
6.3 Directors' emoluments	24,875	43,370	24,875	43,370
6.4 Rental charges	317,289	391,913	317,289	391,913
6.5 Depreciation charge on property and equipment	337,081	412,605	337,366	412,851
6.6 Amortisation charges	319,696	398,855	320,069	399,134
6.7 Other operating expenses	2,842,722	3,226,044	2,853,593	3,264,415
<b>6.8 Total Operating Expenses</b>	<b>11,148,786</b>	<b>10,792,144</b>	<b>11,193,078</b>	<b>10,851,922</b>
<b>7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>(1,684,398)</b>	<b>161,610</b>	<b>(1,637,985)</b>	<b>182,654</b>
8 Exceptional items	-	-	-	-
<b>9 Profit after exceptional items</b>	<b>(1,684,398)</b>	<b>161,610</b>	<b>(1,637,985)</b>	<b>182,654</b>
10 Current tax	501,104	(14,149)	484,508	(20,464)
11 Deferred tax	-	-	-	-
<b>12 Profit after tax and exceptional items</b>	<b>(1,183,293)</b>	<b>147,461</b>	<b>(1,153,477)</b>	<b>162,190</b>
<b>13 OTHER COMPREHENSIVE INCOME</b>				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-
13.2 Fair value changes in available for sale financial assets	(16,997)	(65,000)	(16,997)	(65,000)
13.3 Revaluation surplus on Property, plant and equipment	-	-	-	-
13.4 Share of other comprehensive income of associates	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	-	-	-	-
<b>14 Other Comprehensive Income for the year net of tax</b>	<b>(16,997)</b>	<b>(65,000)</b>	<b>(16,997)</b>	<b>(65,000)</b>
<b>15 TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(1,200,290)</b>	<b>82,461</b>	<b>(1,170,474)</b>	<b>97,190</b>
<b>16 EARNINGS PER SHARE - basic and diluted</b>	<b>Shs (3.96)</b>	<b>Shs 0.50</b>	<b>Shs (3.86)</b>	<b>Shs 0.53</b>

**III. OTHER DISCLOSURES**

	BANK 31-Dec-15 Shs'000 Audited	BANK 31-Dec-16 Shs'000 Audited
<b>1 Non-performing loans and advances</b>		
a Gross non-performing loans and advances	11,762,498	29,987,342
b Less: Interest in suspense	1,798,814	3,218,351
<b>c Total Non-performing loans and advances (a-b)</b>	<b>9,963,684</b>	<b>26,768,991</b>
d Less: Loan loss Provisions	3,238,707	6,058,141
<b>e Net NPLs exposure (c-d)</b>	<b>6,724,977</b>	<b>20,710,850</b>
f Discounted Value of Securities	6,724,977	20,710,850
<b>g Net NPLs exposure (e-f)</b>	-	-
<b>2 Insider loans and Advances</b>		
a Directors, Shareholders and associates	100,955	5,590
b Employees	4,893,563	4,226,097
<b>c Total insider loans, advances and other facilities</b>	<b>4,994,518</b>	<b>4,231,687</b>
<b>3 Off-Balance sheet items</b>		
a Letters of credit, guarantees and acceptances	8,842,431	5,065,466
b Forwards, swaps and options	768,085	2,360,805
c Other contingent liabilities	-	-
<b>d Total contingent liabilities</b>	<b>9,610,516</b>	<b>7,426,271</b>
<b>4 Capital Strength</b>		
<b>a Core capital</b>	<b>9,784,463</b>	<b>10,017,000</b>
b Minimum Statutory Capital	1,000,000	1,000,000
c Excess/(Deficiency) (a-b)	8,784,463	9,017,000
d Supplementary capital	746,845	471,701
e Total capital (a+d)	10,531,308	10,488,701
f Total risk weighted assets	75,266,075	88,324,602
<b>g Core capital/total deposit liabilities</b>	<b>8.8%</b>	<b>10.3%</b>
h Minimum Statutory Ratio	8.0%	8.0%
i Excess/(Deficiency) (g-h)	0.8%	2.3%
<b>j Core capital/total risk weighted assets</b>	<b>13.0%</b>	<b>11.3%</b>
k Minimum Statutory Ratio	10.5%	10.5%
l Excess/(Deficiency) (j-k)	2.5%	0.8%
<b>m Total capital/total risk weighted assets</b>	<b>14.0%</b>	<b>11.9%</b>
n Minimum Statutory Ratio	14.5%	14.5%
o Excess/(Deficiency)(m-n)	(0.5%)	(2.6%)
<b>5 Liquidity</b>		
<b>a Liquidity Ratio</b>	<b>30.7%</b>	<b>29.7%</b>
b Minimum Statutory Ratio	20.0%	20.0%
c Excess/(Deficiency)(a-b)	10.7%	9.7%

**DIVIDENDS**

The directors do not recommend the payment of dividend.

**AGM NOTICE**

NOTICE IS HEREBY GIVEN that the Forty Eighth Annual General Meeting of the Shareholders of National Bank of Kenya Limited will be held at the Tsavo Ball Room of the Kenyatta International Conference Centre, Harambee Avenue, Nairobi on Friday, 19 May 2017 at 10.00 a.m.

**APPROVAL**

The financial statements are extracts from the books of the institution as audited by Deloitte & Touche and have received an unqualified opinion. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the Bank's website [www.nationalbank.co.ke](http://www.nationalbank.co.ke).

M.A. Hassan - Chairman  
Wilfred Musau - Managing Director & CEO  
Habil Waswani - Company Secretary

**REGISTERED OFFICE**

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