

# KENYA COMMERCIAL BANK GROUP



## AUDITED RESULTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2014

I STATEMENT OF FINANCIAL POSITION		BANK		GROUP	
		31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited	31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited
<b>A ASSETS</b>					
1 Cash (both Local & Foreign)		8,649,572	8,410,517	15,759,310	33,275,231
2 Balances due from Central Bank of Kenya		8,173,873	13,789,080	8,173,873	13,789,080
3 Kenya Government and other securities held for dealing purposes		6,241,984	1,115,943	6,241,984	1,115,943
4 Financial Assets at fair value through profit and loss		-	-	-	-
5 Investment securities:					
a) Held to Maturity:	a. Kenya Government securities	28,504,194	36,601,868	28,504,194	36,601,868
b) Available for sale:	b. Other securities	35,847,320	34,147,777	20,344,670	24,467,128
	a. Kenya Government securities	2,057,948	865,258	35,847,320	34,147,777
	b. Other securities	56,742	-	2,057,948	865,258
6 Deposits and balances due from local banking institutions		5,166,173	2,577,662	1,059,638	745,314
7 Deposits and balances due from banking institutions abroad		679,218	137,516	19,349,766	36,827,145
8 Tax recoverable		198,370,069	248,823,710	740,020	183,283
9 Loans and advances to customers (net)		-	-	227,721,781	283,732,205
10 Balances due from group companies		125	125	-	-
11 Investments in associates		9,827,392	11,316,817	-	-
12 Investments in subsidiary companies		-	-	-	-
13 Investments in joint ventures		-	-	-	-
14 Investment properties		-	-	-	-
15 Property and equipment		5,363,433	5,299,673	8,484,836	8,838,074
16 Prepaid lease rentals		139,496	137,000	141,642	139,110
17 Intangible assets		1,334,265	1,234,309	1,403,180	1,374,215
18 Deferred tax asset		2,027,503	2,174,706	2,445,334	2,560,636
19 Retirement benefit asset		1,837,000	1,835,000	1,837,000	1,835,000
20 Other assets		8,408,547	8,502,430	10,739,083	9,841,047
<b>21 TOTAL ASSETS</b>		<b>322,684,854</b>	<b>376,969,401</b>	<b>390,851,579</b>	<b>490,338,324</b>
<b>B LIABILITIES</b>					
22 Balances due to Central Bank of Kenya		-	-	-	-
23 Customer deposits		237,212,782	276,749,766	305,659,189	377,271,886
24 Deposits and balances due to local banking institutions		5,516,617	8,733,510	6,650,977	14,295,619
25 Deposits and balances due to foreign banking institutions		-	-	-	-
26 Other money market deposits		7,073,182	11,610,293	7,719,647	12,734,848
27 Borrowed funds		5,966,928	1,660,076	-	-
28 Balances due to group companies		-	-	179,377	131,928
29 Tax payable		-	-	-	-
30 Dividends payable		-	-	-	307
31 Deferred tax liability		-	-	-	-
32 Retirement benefit liability		-	-	-	-
33 Other liabilities		5,152,306	6,048,417	7,287,422	10,270,179
<b>34 TOTAL LIABILITIES</b>		<b>260,921,815</b>	<b>304,802,062</b>	<b>327,496,612</b>	<b>414,704,767</b>
<b>C SHAREHOLDERS' FUNDS</b>					
35 Paid up/Assigned capital		2,984,228	3,025,213	2,984,228	3,025,213
36 Share premium/(discount)		19,330,200	20,135,561	19,330,200	20,135,561
37 Revaluation reserves		(163,396)	(92,718)	(163,396)	(92,718)
38 Retained earnings/ Accumulated losses		28,959,016	37,756,878	29,399,825	39,963,539
39 Statutory loan loss reserve		3,220,136	4,005,379	4,371,255	5,264,936
40 Other Reserves/Re-measurement of defined benefit asset/liability		1,464,400	1,286,900	1,464,400	1,286,900
41 Proposed dividends		5,968,455	6,050,426	5,968,455	6,050,426
42 Capital grants		-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>		<b>61,763,039</b>	<b>72,167,339</b>	<b>63,354,967</b>	<b>75,633,557</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>322,684,854</b>	<b>376,969,401</b>	<b>390,851,579</b>	<b>490,338,324</b>

II STATEMENT OF COMPREHENSIVE INCOME		BANK		GROUP	
		31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited	31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited
<b>1 INTEREST INCOME</b>					
1.1 Loans and advances		28,311,468	31,927,540	32,457,329	36,574,907
1.2 Government securities		7,355,172	8,665,293	8,327,336	9,991,210
1.3 Deposits and placements with banking institutions		360,946	290,415	572,654	482,412
1.4 Other Interest Income		61,488	-	256,080	427,186
<b>1.5 Total interest income</b>		<b>36,089,074</b>	<b>40,883,248</b>	<b>41,613,398</b>	<b>47,475,715</b>
<b>2 INTEREST EXPENSE</b>					
2.1 Customer deposits		6,447,163	9,019,457	7,871,927	10,633,005
2.2 Deposits and placement from banking institutions		641,320	678,345	757,185	894,015
2.3 Other interest expenses		-	-	-	-
<b>2.4 Total interest expenses</b>		<b>7,088,483</b>	<b>9,697,802</b>	<b>8,629,113</b>	<b>11,527,020</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>		<b>29,000,591</b>	<b>31,185,446</b>	<b>32,984,286</b>	<b>35,948,695</b>
<b>4 OTHER OPERATING INCOME</b>					
4.1 Fees and commissions on loans and advances		3,845,358	4,259,929	4,684,093	4,635,350
4.2 Other fees and commissions		3,336,425	4,243,935	5,816,744	8,103,867
4.3 Foreign exchange trading income		1,684,575	2,192,237	3,710,397	4,149,902
4.4 Dividend Income		12,009	704,105	12,009	103
4.5 Other income		2,418,121	4,790,763	2,902,735	5,111,937
<b>4.6 Total other operating income</b>		<b>11,296,488</b>	<b>16,190,969</b>	<b>17,125,979</b>	<b>22,001,159</b>
<b>5 TOTAL OPERATING INCOME</b>		<b>40,297,079</b>	<b>47,376,415</b>	<b>50,110,264</b>	<b>57,949,854</b>
<b>6 OTHER OPERATING EXPENSES</b>					
6.1 Loan loss provision		1,782,846	3,013,751	2,905,975	5,058,270
6.2 Staff costs		11,077,167	11,232,635	13,469,901	13,993,445
6.3 Directors' emoluments		135,794	132,970	197,395	296,963
6.4 Rental charges		359,805	455,404	1,146,429	1,346,574
6.5 Depreciation charge on property and equipment		1,270,770	1,240,498	1,872,231	1,885,066
6.6 Amortisation charges		563,103	432,981	580,629	502,876
6.7 Other operating expenses		9,813,945	8,506,421	9,813,946	11,079,231
<b>6.8 Total other operating expenses</b>		<b>22,550,888</b>	<b>25,014,659</b>	<b>29,986,505</b>	<b>34,162,425</b>
<b>7 Profit/(loss) before tax and exceptional items</b>		<b>17,746,191</b>	<b>22,361,755</b>	<b>20,123,759</b>	<b>23,787,429</b>
<b>8 Exceptional items</b>					
9 Profit/(loss) after exceptional items		17,746,191	22,361,755	20,123,759	23,787,429
10 Current tax		(6,040,598)	(6,514,044)	(6,520,863)	(6,977,553)
11 Deferred tax		721,081	31,267	738,486	38,986
<b>12 Profit/(loss) after tax and exceptional items</b>		<b>12,426,674</b>	<b>15,878,978</b>	<b>14,341,382</b>	<b>16,848,862</b>
13 Minority Interest		-	-	-	-
<b>14 Profit/(loss) after tax and exceptional items and minority Interest</b>		<b>12,426,674</b>	<b>15,878,978</b>	<b>14,341,382</b>	<b>16,848,862</b>
15 Other Comprehensive income:					
15.1 Gains/(Losses) from translating the financial statements of foreign operations		-	(736,114)	(736,114)	904,406
15.2 Fair value changes in available-for-sale financial assets		(78,581)	70,678	(78,581)	70,678
15.3 Re-measurement of defined benefit pension fund		508,900	(177,800)	508,900	(177,800)
15.4 Share of other comprehensive income of associates		-	-	-	-
<b>15.5 Income tax relating to components of other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16 Other comprehensive income for the year net of tax</b>		<b>430,319</b>	<b>(107,122)</b>	<b>(305,795)</b>	<b>797,284</b>
17 Total comprehensive income for the year		12,856,993	15,771,856	14,035,587	17,646,146
18 EARNINGS PER SHARE- DILUTED & BASIC KSHS		4.18	5.30	4.82	5.63
19 DIVIDEND PER SHARE - DECLARED KSHS		2.00	2.00	2.00	2.00

III OTHER DISCLOSURES		BANK		GROUP	
		31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited	31-Dec-13 Kshs 000 Audited	31-Dec-14 Kshs 000 Audited
<b>1 NON-PERFORMING LOANS AND ADVANCES</b>					
a) Gross Non-performing loans and advances		15,199,950	13,367,944	19,227,705	18,404,132
b) Less Interest in Suspense		1,679,228	1,809,962	2,200,117	2,588,273
<b>c) Total Non-Performing Loans and Advances (a-b)</b>		<b>13,520,722</b>	<b>11,557,982</b>	<b>17,027,588</b>	<b>15,815,859</b>
d) Less Loan Loss Provision		6,090,384	6,764,855	6,761,392	9,402,308
<b>e) Net Non-Performing Loans and Advances(c-d)</b>		<b>7,430,338</b>	<b>4,793,127</b>	<b>10,266,196</b>	<b>6,413,551</b>
f) Discounted Value of Securities		5,376,081	4,793,127	6,601,170	6,413,551
<b>g) Net NPLs Exposure (e-f)</b>		<b>2,054,257</b>	<b>-</b>	<b>3,664,426</b>	<b>-</b>
<b>2 INSIDER LOANS AND ADVANCES</b>					
a) Directors, Shareholders and Associates		632,814	375,390	780,620	648,670
b) Employees		7,688,747	8,912,787	8,007,598	9,795,649
<b>c) Total Insider Loans and Advances and other facilities</b>		<b>8,321,561</b>	<b>9,288,166</b>	<b>8,788,218</b>	<b>10,444,319</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>					
a) Letters of credit, guarantees, acceptances		106,425,736	69,223,656	108,989,120	72,326,419
b) Forwards, swaps and options		12,660,294	35,375,754	12,804,686	36,498,020
c) Other contingent liabilities		-	-	-	-
<b>d) Total Contingent Liabilities</b>		<b>119,086,030</b>	<b>104,599,410</b>	<b>121,793,806</b>	<b>108,824,439</b>
<b>4 CAPITAL STRENGTHH</b>					
a) Core capital		50,905,250	57,805,191	-	-
b) Minimum Statutory Capital		1,000,000	1,000,000	-	-
c) Excess (a-b)		49,905,250	56,805,191	-	-
d) Supplementary Capital		10,293,318	13,405,197	-	-
<b>e) Total Capital (a+d)</b>		<b>61,198,568</b>	<b>71,210,388</b>	<b>-</b>	<b>-</b>
f) Total risk weighted assets		272,565,071	338,877,072	-	-
<b>g) Core Capital/Total deposits Liabilities</b>		<b>21.5%</b>	<b>20.9%</b>	<b>-</b>	<b>-</b>
h) Minimum Statutory Ratio		10.5%	10.5%	-	-
i) Excess		11.0%	10.4%	-	-
<b>j) Core Capital / total risk weighted assets</b>		<b>18.7%</b>	<b>17.1%</b>	<b>-</b>	<b>-</b>
k) Minimum Statutory Ratio		10.5%	10.5%	-	-
l) Excess (i-k)		8.2%	6.6%	-	-
m) Total Capital/total risk weighted assets		22.5%	21.0%	-	-
n) Minimum Statutory Ratio		14.5%	14.5%	-	-
o) Excess (m-n)		8.0%	6.5%	-	-
<b>5 LIQUIDITY</b>					
a) Liquidity Ratio		33.3%	31.3%	-	-
b) Minimum Statutory Ratio		20.0%	20.0%	-	-
c) Excess (a-b)		13.3%	11.3%	-	-

### DIVIDEND

The directors have resolved to recommend to members at the forthcoming forty fourth Annual General Meeting a First and Final dividend for the year 2014 of Shs.2.00 per share to be paid on or about Friday, 12th June, 2015, to shareholders registered at the close of business on Monday, 11th May, 2015. The register of members will be closed for one day on Tuesday, 12th May, 2015 for the purpose of processing the dividend.

### ANNUAL GENERAL MEETING

Notice is hereby given that the forty fourth Annual General Meeting of the shareholders of Kenya Commercial Bank Limited will be held at Bomas of Kenya, Nairobi, on Friday, 8th May, 2015 at 11.00 a.m. Full notice and Agenda will be published at a later date.

### MESSAGE FROM THE DIRECTORS

The above Statement of Financial Position and Statement of Comprehensive Income are extracts from the Group's and Bank's financial statements which have been audited by KPMG-Kenya and received an unqualified opinion.

The financial statements were approved by the Board of Directors on 25th February 2015, and were signed on its behalf by:

Ngeny Biwott	- Chairman
Joshua Oigara	- Group Chief Executive Officer
C Muya-Ngaruiya	- Director
Joseph Kania	- Secretary

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