

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 31 DECEMBER 2017**

**I STATEMENT OF FINANCIAL POSITION**

	31 Dec. 2016 Shs '000 (Audited)	31 Dec. 2017 Shs '000 (Audited)
<b>A ASSETS</b>		
1 Cash (both local and foreign)	813,985	787,076
2 Balances with from Central Bank of Kenya	5,578,958	4,365,815
3 Kenya Government and other securities held for dealing purposes	-	-
4 Financial Assets at fair value through profit and loss	-	-
5 Investment securities	-	-
a) Held to Maturity	-	-
a. Kenya Government securities	5,181,422	4,842,043
b. Other Securities	112,346	77,823
b) Available for sale	-	-
a. Kenya Government securities	-	-
b. Other Securities	-	567,987
6 Deposits and balances due from local banking institutions	2,866,250	1,101,782
7 Deposits and balances due from banking institutions abroad	373,929	5,495,454
8 Tax recoverable	-	98,594
9 Loans and advances to customers (net)	31,541,959	27,388,460
10 Balances due from banking institutions in the group	2,911,005	2,959,913
11 Investments in associates	1,166,193	1,318,576
12 Investments in subsidiary companies	-	-
13 Investments in joint ventures	-	-
14 Investment properties	-	-
15 Property, plant and equipment	2,461,496	2,353,256
16 Prepaid lease rentals	-	-
17 Intangible assets	62,168	50,746
18 Deferred tax asset	1,250,435	1,682,208
19 Retirement benefit asset	-	-
20 Other assets	1,105,193	1,101,558
<b>21 TOTAL ASSETS</b>	<b>55,995,671</b>	<b>54,191,291</b>
<b>B LIABILITIES</b>		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	34,463,707	31,572,432
24 Deposits and balances due to local banking institutions	89	1,761,275
25 Deposits and balances due to banking institutions abroad	36,085	814
26 Other money market deposits	-	-
27 Borrowed Funds	9,108,249	5,662,402
28 Balances due to banking institutions in the group	2,875,347	6,136,430
29 Tax payable	241,980	-
30 Dividends payable	-	-
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	852,228	590,233
<b>34 TOTAL LIABILITIES</b>	<b>47,577,685</b>	<b>45,723,586</b>
<b>C SHAREHOLDERS' FUNDS</b>		
35 Paid up/ Assigned capital	6,404,949	6,404,949
36 Share premium/ (discount)	1,980,356	1,980,356
37 Revaluation reserves	-	-
38 Retained earnings/ (Accumulated losses)	(1,230,276)	(1,869,341)
39 Statutory loan loss reserve	1,445,499	2,152,182
40 Other reserves	(182,542)	(200,441)
41 Proposed dividends	-	-
42 Capital grants	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>8,417,986</b>	<b>8,467,705</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>55,995,671</b>	<b>54,191,291</b>

**II STATEMENT OF COMPREHENSIVE INCOME**

<b>1 INTEREST INCOME</b>		
1.1 Loans and advances	5,795,061	3,359,127
1.2 Government securities	470,955	474,418
1.3 Deposits and placements with banking institutions	237,252	269,096
1.4 Other interest income	11,991	22,608
<b>1.5 Total interest income</b>	<b>6,515,259</b>	<b>4,125,249</b>
<b>2 INTEREST EXPENSES</b>		
2.1 Customer deposits	2,500,379	1,735,681
2.2 Deposits and placements from banking institutions	153,058	126,263
2.3 Other interest expense	839,266	1,008,270
<b>2.4 Total interest expenses</b>	<b>3,492,703</b>	<b>2,870,214</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>	<b>3,022,556</b>	<b>1,255,035</b>
<b>4 OTHER OPERATING INCOME</b>		
4.1 Fees and commissions on loans and advances	172,757	240,017
4.2 Other fees and commissions	508,335	464,555
4.3 Foreign exchange trading income (loss)	256,650	510,022
4.4 Dividend income	-	16,577
4.5 Other income	1,425,530	954,240
<b>4.6 Total other operating income</b>	<b>2,363,272</b>	<b>2,185,411</b>
<b>5 Total operating income</b>	<b>5,385,828</b>	<b>3,440,446</b>
<b>6 OPERATING EXPENSES</b>		
6.1 Loan loss provision	2,496,829	768,335
6.2 Staff costs	1,224,951	1,207,969
6.3 Directors emoluments	55,411	61,502
6.4 Rental charges	285,885	259,352
6.5 Depreciation charge on property and equipment	183,985	222,250
6.6 Amortisation charges	24,523	24,060
6.7 Other operating expenses	1,130,741	861,793
<b>6.8 Total operating expenses</b>	<b>5,402,325</b>	<b>3,405,261</b>
<b>7 Profit / (Loss) before tax and exceptional expenses</b>	<b>(16,497)</b>	<b>35,185</b>
8 Exceptional items	-	-
<b>9 Profit / (Loss) before tax</b>	<b>(16,497)</b>	<b>35,185</b>
10 Current tax	(452,561)	(399,223)
11 Deferred tax	479,528	431,656
<b>12 Profit / (Loss) after tax</b>	<b>10,470</b>	<b>67,618</b>
<b>13 Other Comprehensive Income</b>		
13.1 Gains/(Losses) from translating the financial statements of foreign operations	(50,072)	(15,671)
13.2 Fair value changes in available-for-sale financial assets	(40,156)	(2,345)
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	2,008	117
<b>14 Other comprehensive income for the year net of tax</b>	<b>(88,220)</b>	<b>(17,899)</b>
<b>15 Total comprehensive income for the year</b>	<b>(77,750)</b>	<b>49,719</b>

**III OTHER DISCLOSURES**

<b>1 NON-PERFORMING LOANS AND ADVANCES</b>		
a Gross non-performing loans and advances (a)	10,794,042	10,571,028
b Interest in suspense (b)	2,575,242	2,858,236
<b>c Total non-performing loans and advances (a-b)</b>	<b>8,218,800</b>	<b>7,712,792</b>
d Loan loss provisions	3,362,960	3,342,776
<b>e Net non-performing loans (c-d)</b>	<b>4,855,840</b>	<b>4,370,017</b>
f Discounted value of securities	(4,087,529)	(3,788,446)
<b>g Net NPLs Exposure (e-f)</b>	<b>768,311</b>	<b>581,571</b>
<b>2 INSIDER LOANS AND ADVANCES</b>		
a Shareholders, Directors, and their associates	281,228	19,762
b Employees	1,170,512	820,441
<b>c Total insider loans and advances</b>	<b>1,451,740</b>	<b>840,203</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>		
a Letters of credit, guarantees and acceptances	11,914,084	9,947,575
b Forwards, swaps and options	36,547	41,445
c Other contingent liabilities	1,864,710	4,090,390
<b>d Total contingent liabilities</b>	<b>13,815,341</b>	<b>14,079,410</b>
<b>4 CAPITAL STRENGTH</b>		
a Core capital	5,584,850	4,945,786
b Minimum statutory capital	1,000,000	1,000,000
<b>c Excess / (Deficiency)</b>	<b>4,584,850</b>	<b>3,945,786</b>
d Supplementary Capital	2,052,402	2,040,498
<b>e Total capital</b>	<b>7,637,252</b>	<b>6,986,284</b>
f Total risk weighted assets	47,247,941	44,274,616
<b>g Core capital/total deposit liabilities</b>	<b>15.2%</b>	<b>13.8%</b>
h Minimum statutory ratio	8.0%	8.0%
i Excess / (Deficiency)	7.2%	5.8%
<b>j Core capital/total risk weighted assets</b>	<b>11.8%</b>	<b>11.2%</b>
k Minimum statutory ratio	10.5%	10.5%
l Excess / (Deficiency)	1.3%	0.7%
<b>m Total capital /total risk weighted assets</b>	<b>16.2%</b>	<b>15.8%</b>
n Minimum statutory ratio	14.5%	14.5%
o Excess / (Deficiency)	1.7%	1.3%
<b>5 LIQUIDITY</b>		
<b>a Liquidity ratio</b>	<b>42.2%</b>	<b>36.3%</b>
b Minimum statutory ratio	20.0%	20.0%
c Excess/(Deficiency)	22.2%	16.3%

These financial statements are extracts from the books of the institution as audited by KPMG Kenya and received an unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the institution's website www.boakenya.com. They may also be accessed at the institution's head office located at BOA House, School lane, Westlands, Nairobi. They were approved by the Board of Directors on 14th February 2018 and signed on its behalf by:

**Amb. Dennis Awori**  
Chairman

**Ronald Marambio**  
Managing Director

**Susan Kasinga**  
Director

**Ann Gitau**  
Company Secretary