

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES  
 FOR THE PERIOD ENDED 31 DECEMBER 2018**

<b>I STATEMENT OF FINANCIAL POSITION</b>		<b>31 December 2017 Shs '000 (Audited)</b>	<b>31 December 2018 Shs '000 (Audited)</b>
<b>A ASSETS</b>			
1	Cash (both local and foreign)	787,076	760,143
2	Balances with from Central Bank of Kenya	4,365,815	9,167,200
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	4,842,043	6,469,212
	b. Other Securities	77,823	43,433
	b) Available for sale	-	-
	a. Kenya Government securities	-	-
	b. Other Securities	567,987	283,027
6	Deposits and balances due from local banking institutions	1,101,782	19,308
7	Deposits and balances due from banking institutions abroad	5,495,454	2,853,198
8	Tax recoverable	98,594	438,004
9	Loans and advances to customers (net)	27,388,460	21,188,115
10	Balances due from banking institutions in the group	2,959,913	1,012,283
11	Investments in associates	1,318,576	1,311,749
12	Investments in subsidiary companies	-	-
13	Investments in joint ventures	-	-
14	Investment properties	-	-
15	Property, plant and equipment	2,353,256	1,857,393
16	Prepaid lease rentals	-	-
17	Intangible assets	50,746	40,129
18	Deferred tax asset	1,682,208	2,327,064
19	Retirement benefit asset	-	-
20	Other assets	1,101,558	1,310,601
<b>21</b>	<b>TOTAL ASSETS</b>	<b>54,191,291</b>	<b>49,080,859</b>
<b>B LIABILITIES</b>			
22	Balances due to Central Bank of Kenya	-	-
23	Customer deposits	31,572,432	30,122,457
24	Deposits and balances due to local banking institutions	1,761,275	37
25	Deposits and balances due to banking institutions abroad	814	58,022
26	Other money market deposits	-	-
27	Borrowed Funds	5,662,402	4,683,357
28	Balances due to banking institutions in the group	6,136,430	6,860,714
29	Tax payable	-	-
30	Dividends payable	-	-
31	Deferred tax liability	-	-
32	Retirement benefit liability	-	-
33	Other liabilities	590,233	620,090
<b>34</b>	<b>TOTAL LIABILITIES</b>	<b>45,723,586</b>	<b>42,344,677</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)	(1,869,341)	(1,586,940)
39	Statutory loan loss reserve	2,152,182	486,296
40	Other reserves	(200,441)	(548,479)
41	Proposed dividends	-	-
42	Capital grants	-	-
<b>43</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>8,467,705</b>	<b>6,736,182</b>
<b>44</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>54,191,291</b>	<b>49,080,859</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>1 INTEREST INCOME</b>			
1.1	Loans and advances	3,359,127	2,713,067
1.2	Government securities	474,418	508,207
1.3	Deposits and placements with banking institutions	269,092	1,30,068
1.4	Other interest income	22,608	38,346
<b>1.5</b>	<b>Total interest income</b>	<b>4,125,249</b>	<b>3,389,688</b>
<b>2 INTEREST EXPENSES</b>			
2.1	Customer deposits	1,735,681	1,528,426
2.2	Deposits and placements from banking institutions	126,263	75,363
2.3	Other interest expense	1,008,270	603,026
<b>2.4</b>	<b>Total interest expenses</b>	<b>2,870,214</b>	<b>2,206,815</b>
<b>3</b>	<b>NET INTEREST INCOME/(LOSS)</b>	<b>1,255,035</b>	<b>1,182,873</b>
<b>4 OTHER OPERATING INCOME</b>			
4.1	Fees and commissions on loans and advances	240,017	162,106
4.2	Other fees and commissions	464,555	457,829
4.3	Foreign exchange trading income (loss)	510,022	436,128
4.4	Dividend income	16,577	12,043
4.5	Other income	954,240	646,501
<b>4.6</b>	<b>Total other operating income</b>	<b>2,185,411</b>	<b>1,714,605</b>
<b>5</b>	<b>Total operating income</b>	<b>3,440,446</b>	<b>2,897,478</b>
<b>6 OPERATING EXPENSES</b>			
6.1	Loan loss provision	768,335	403,608
6.2	Staff costs	1,207,969	1,069,304
6.3	Directors emoluments	46,338	46,719
6.4	Rental charges	259,352	205,524
6.5	Depreciation charge on property and equipment	222,250	179,156
6.6	Amortisation charges	24,060	19,911
6.7	Other operating expenses	876,957	763,695
<b>6.8</b>	<b>Total operating expenses</b>	<b>3,405,261</b>	<b>2,687,917</b>
<b>7</b>	<b>Profit / (Loss) before tax and exceptional expenses</b>	<b>35,185</b>	<b>209,561</b>
8	Exceptional items	-	-
<b>9</b>	<b>Profit / (Loss) before tax</b>	<b>35,185</b>	<b>209,561</b>
10	Current tax	(399,223)	-
11	Deferred tax	431,656	(36,488)
<b>12</b>	<b>Profit / (Loss) after tax</b>	<b>67,618</b>	<b>173,073</b>
<b>13 Other Comprehensive Income</b>			
13.1	Gains/(Losses) from translating the financial statements of foreign operations	(15,671)	(77,326)
13.2	Fair value changes in available-for-sale financial assets	(2,345)	(284,960)
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	117	14,248
<b>14</b>	<b>Other comprehensive income for the year net of tax</b>	<b>(17,899)</b>	<b>(348,038)</b>
<b>15</b>	<b>Total comprehensive income for the year</b>	<b>49,719</b>	<b>(174,965)</b>
<b>III OTHER DISCLOSURES</b>			
<b>1 NON-PERFORMING LOANS AND ADVANCES</b>			
a	Gross non-performing loans and advances (a)	10,571,028	9,508,974
b	Interest in suspense (b)	2,858,236	2,340,240
<b>c</b>	<b>Total non-performing loans and advances (a-b)</b>	<b>7,712,792</b>	<b>7,168,734</b>
d	Loan loss provisions	3,342,776	2,727,110
<b>e</b>	<b>Net non-performing loans (c-d)</b>	<b>4,370,017</b>	<b>4,441,624</b>
f	Discounted value of securities	(3,789,446)	(3,953,571)
<b>g</b>	<b>Net NPLs Exposure (e-f)</b>	<b>581,571</b>	<b>488,053</b>
<b>2 INSIDER LOANS AND ADVANCES</b>			
a	Shareholders, Directors, and their associates	19,762	23,303
b	Employees	820,441	749,751
<b>c</b>	<b>Total insider loans and advances</b>	<b>840,203</b>	<b>773,054</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>			
a	Letters of credit, guarantees and acceptances	9,947,575	8,083,318
b	Forwards, swaps and options	41,445	83,067
c	Other contingent liabilities	4,090,390	1,183,212
<b>d</b>	<b>Total contingent liabilities</b>	<b>14,079,410</b>	<b>9,349,597</b>
<b>4 CAPITAL STRENGTH</b>			
a	Core capital	4,945,786	3,423,941
b	Minimum statutory capital	1,000,000	1,000,000
<b>c</b>	<b>Excess/ (Deficiency)</b>	<b>3,945,786</b>	<b>2,423,941</b>
d	Supplementary Capital	2,040,498	1,535,496
<b>e</b>	<b>Total capital</b>	<b>6,986,284</b>	<b>4,959,437</b>
f	Total risk weighted assets	44,274,616	30,952,640
<b>g</b>	<b>Core capital/total deposit liabilities</b>	<b>13.8%</b>	<b>9.3%</b>
h	Minimum statutory ratio	8.0%	8.0%
i	Excess/ (Deficiency)	5.8%	1.3%
<b>j</b>	<b>Core capital/total risk weighted assets</b>	<b>11.2%</b>	<b>11.1%</b>
k	Minimum statutory ratio	10.5%	10.5%
l	Excess/ (Deficiency)	0.7%	0.6%
<b>m</b>	<b>Total capital / total risk weighted assets</b>	<b>15.8%</b>	<b>16.0%</b>
n	Minimum statutory ratio	14.5%	14.5%
o	Excess/ (Deficiency)	1.3%	1.5%
	Adjusted Core Capital/Total Deposit Liabilities*	-	10.3%
	Adjusted Core Capital/Total Risk Weighted Assets*	-	12.4%
	Adjusted Total Capital/Total Risk Weighted Assets*	-	17.4%
<b>5 LIQUIDITY</b>			
a	<b>Liquidity ratio</b>	<b>36.3%</b>	<b>43.7%</b>
b	Minimum statutory ratio	20.0%	20.0%
c	Excess/(Deficiency)	16.3%	23.7%

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](http://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 22 February 2019 and signed on its behalf by: