

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

I STATEMENT OF FINANCIAL POSITION		Bank	Bank	Group	Group
		31-Dec-15 Shs '000	31-Dec-16 Shs '000	31-Dec-15 Shs '000	31-Dec-16 Shs '000
<b>A ASSETS</b>					
1 Cash (both Local & Foreign)	417,801	258,537	417,801	258,537	
2 Balances with Central Bank of Kenya	668,206	432,602	668,206	432,602	
3 Kenya Government & other Securities held for dealing purposes	-	-	-	-	
4 Financial Assets at Fair Value through Profit & Loss	-	-	-	-	
5 Investment Securities:					
(i) Held to Maturity:					
(a) Kenya Government Securities	817,860	869,316	817,860	869,316	
(b) Other Securities	-	-	-	-	
(ii) Available for Sale:					
(a) Kenya Government Securities	196,581	196,581	196,581	196,581	
(b) Other Securities	150,000	-	150,000	-	
6 Deposits and Balances due from Local Banking Institutions	1,045,605	919,474	1,045,605	919,474	
7 Deposits and Balances due from Banking Institutions Abroad	40,570	72,209	40,570	72,209	
8 Tax Recoverable	424	109	424	114	
9 Loans and Advances to Customers (Net)	10,155,694	9,356,471	10,155,694	9,356,471	
10 Balances due from Banking Institutions in the Group	-	-	-	-	
11 Investments in Associates	629,134	226,655	629,134	226,655	
12 Investments in Subsidiary Companies	3,460	103,902	-	-	
13 Investments in Joint ventures	-	-	-	-	
14 Investment Properties	-	742,000	-	742,000	
15 Property, Plant and Equipment	621,841	398,739	621,841	502,509	
16 Prepaid Lease Rentals	3,665	-	3,665	-	
17 Intangible Assets	948,865	872,950	948,865	872,950	
18 Deferred Tax Asset	-	240,814	-	240,814	
19 Retirement Benefit Asset	-	-	-	-	
20 Other Assets	1,081,838	1,033,896	1,084,879	1,079,642	
<b>TOTAL ASSETS</b>	<b>16,781,543</b>	<b>15,724,254</b>	<b>16,781,125</b>	<b>15,779,873</b>	
<b>B LIABILITIES</b>					
21 Balances due to Central Bank of Kenya	-	950,000	-	950,000	
22 Customer Deposits	10,945,980	8,095,099	10,933,651	8,070,223	
23 Deposits and Balances due to Local Banking Institutions	689,836	152,243	689,836	152,243	
24 Deposits and Balances due to Foreign Banking Institutions	-	-	-	-	
25 Other Money Market Deposits	-	-	-	-	
26 Borrowed Funds	1,648,975	2,180,409	1,648,975	2,180,409	
27 Balances due to Banking Institutions Group Companies	-	-	-	-	
28 Tax Payable	-	-	396	20	
29 Dividends Payable	-	-	-	-	
30 Deferred Tax Liability	81,197	-	81,197	-	
31 Retirement Benefit Liability	-	-	-	-	
32 Other liabilities	252,765	756,424	263,632	834,555	
<b>TOTAL LIABILITIES</b>	<b>13,618,752</b>	<b>12,134,176</b>	<b>13,615,686</b>	<b>12,187,450</b>	
<b>C SHAREHOLDERS' FUNDS</b>					
33 Paid Up/ Assigned Capital	1,190,893	1,405,253	1,190,893	1,405,253	
34 Share Premium (Discount)	1,822,837	2,205,904	1,822,837	2,205,904	
35 Revaluation Reserves	142,904	142,904	142,904	142,904	
36 Retained Earnings/Accumulated Losses	(69,257)	(225,604)	(66,610)	(223,261)	
37 Statutory Loan Reserves	77,987	66,934	77,987	66,934	
38 Other Reserves	(2,573)	(5,312)	(2,573)	(5,312)	
39 Proposed Dividends	-	-	-	-	
40 Capital Grants	-	-	-	-	
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,162,791</b>	<b>3,590,079</b>	<b>3,165,438</b>	<b>3,592,422</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>16,781,543</b>	<b>15,724,254</b>	<b>16,781,124</b>	<b>15,779,873</b>	
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>					
	Bank	Bank	Group	Group	
	31-Dec-15 Shs '000	31-Dec-16 Shs '000	31-Dec-15 Shs '000	31-Dec-16 Shs '000	
<b>INTEREST INCOME</b>					
1 Loans and Advances	1,545,367	1,910,861	1,545,367	1,910,861	
2 Government Securities	124,322	112,657	124,322	112,657	
3 Deposits and Placements with Banking Institutions	214,132	139,044	214,132	139,044	
4 Other Interest Income	-	-	-	-	
<b>Total Interest Income</b>	<b>1,883,822</b>	<b>2,162,562</b>	<b>1,883,822</b>	<b>2,162,562</b>	
<b>INTEREST EXPENSE</b>					
5 Customer Deposits	988,340	1,127,221	988,340	1,127,221	
6 Deposits and Placement from Banking Institutions	51,121	105,936	51,121	105,936	
7 Other Interest Expenses	111,602	207,916	111,602	207,916	
<b>Total Interest Expenses</b>	<b>1,151,063</b>	<b>1,441,073</b>	<b>1,151,063</b>	<b>1,441,073</b>	
<b>NET INTEREST INCOME</b>	<b>732,759</b>	<b>721,489</b>	<b>732,759</b>	<b>721,489</b>	
<b>OTHER OPERATING INCOME</b>					
8 Fees and Commissions on Loans and Advances	175,650	48,022	175,650	49,546	
9 Other Fees and Commissions	160,424	180,345	166,251	187,787	
10 Foreign Exchange Trading Income (Loss)	18,119	1,333	18,119	1,333	
11 Dividend Income	-	-	-	-	
12 Other Income	49,501	328,667	49,862	339,751	
<b>Total Other Operating Income</b>	<b>403,694</b>	<b>558,367</b>	<b>409,882</b>	<b>578,417</b>	
<b>TOTAL OPERATING INCOME</b>	<b>1,136,453</b>	<b>1,279,856</b>	<b>1,142,641</b>	<b>1,299,906</b>	
<b>OPERATING EXPENSES</b>					
13 Loan Loss Provision	138,093	313,878	138,093	313,878	
14 Staff Costs	445,292	412,591	445,292	424,476	
15 Directors' Emoluments	44,702	63,913	44,702	63,913	
16 Rental Charges	51,365	57,380	51,365	57,380	
17 Depreciation Charge on Property and Equipment	91,481	57,536	91,481	62,326	
18 Amortisation Charges	31,000	94,322	31,000	94,322	
19 Other Operating Expenses	298,102	770,560	300,508	773,327	
<b>Total Operating Expenses</b>	<b>1,100,035</b>	<b>1,770,179</b>	<b>1,102,441</b>	<b>1,789,623</b>	
<b>Profit/(Loss) Before Tax and Exceptional Items</b>	<b>36,418</b>	<b>(490,323)</b>	<b>40,200</b>	<b>(489,717)</b>	
20 Exceptional Items	-	-	-	-	
<b>Profit/(Loss) After Exceptional Items</b>	<b>36,418</b>	<b>(490,323)</b>	<b>40,200</b>	<b>(489,717)</b>	
21 Current tax	-	315	1,135	1,225	
22 Deferred tax	18,681	(323,238)	18,681	(323,238)	
<b>Profit/(Loss) After Tax and Exceptional Items</b>	<b>17,737</b>	<b>(167,400)</b>	<b>20,384</b>	<b>(167,704)</b>	
Other Comprehensive Income:					
23 Gains/(Losses) from Translating the Financial Statements of Foreign Operations	-	-	-	-	
24 Fair Value changes in Available-for-sale Financial Assets	(3,712)	(2,740)	(3,712)	(2,740)	
25 Revaluation Surplus on Property, Plant and Equipment	43,294	-	43,294	-	
26 Share of other Comprehensive Income of Associates	-	-	-	-	
27 Income Tax Relating to Components of other Comprehensive Income	-	-	-	-	
<b>Other Comprehensive Income for the Year Net of Tax</b>	<b>39,582</b>	<b>(2,740)</b>	<b>39,582</b>	<b>(2,740)</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>57,319</b>	<b>(170,140)</b>	<b>59,966</b>	<b>(170,444)</b>	
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>	-	-	-	-	
<b>DIVIDEND PER SHARE - DECLARED</b>	-	-	-	-	
<b>III OTHER DISCLOSURES</b>					
	Bank	Bank	Group	Group	
	31-Dec-15 Shs '000	31-Dec-16 Shs '000	31-Dec-15 Shs '000	31-Dec-16 Shs '000	
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>					
1.1 (a) Gross Non-Performing Loans and Advances	777,949	2,141,177	777,949	2,141,177	
1.2 (b) Less Interest in Suspense	252,407	532,120	252,407	532,120	
<b>1.3 (c) Total Non-Performing Loans and Advances (a-b)</b>	<b>525,542</b>	<b>1,609,057</b>	<b>525,542</b>	<b>1,609,057</b>	
1.4 (d) Less Loan Losses Provision	358,550	608,691	358,550	608,691	
<b>1.5 (e) Net Non-Performing Loans and Advances (c-d)</b>	<b>166,992</b>	<b>1,000,366</b>	<b>166,992</b>	<b>1,000,366</b>	
1.6 (f) Discounted Value of Securities	166,992	912,555	166,992	912,555	
<b>1.7 (g) Net NPLs Exposure (e-f)</b>	-	<b>87,811</b>	-	<b>87,811</b>	
<b>2.0 INSIDER LOANS AND ADVANCES</b>					
2.1 (a) Directors, Shareholders and Associates	390,292	331,817	390,292	331,817	
2.2 (b) Employees	273,890	253,367	273,890	253,367	
<b>2.3 (c) Total Insider Loans and Advances and other facilities</b>	<b>664,182</b>	<b>585,184</b>	<b>664,182</b>	<b>585,184</b>	
<b>3.0 OFF-BALANCE SHEET ITEMS</b>					
3.1 (a) Letters of credit, Guarantees & Acceptances	155,007	582,339	155,007	582,339	
3.2 (b) Forwards Swaps & Options	-	-	-	-	
3.3 (c) Other Contingent Liabilities	-	-	-	-	
<b>3.4 (d) Total Contingent Liabilities</b>	<b>155,007</b>	<b>582,339</b>	<b>155,007</b>	<b>582,339</b>	
<b>4.0 CAPITAL STRENGTH</b>					
4.1 (a) Core capital	2,185,962	2,686,105	2,185,962	2,686,105	
4.2 (b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	
<b>4.3 (c) Excess/ (Deficiency) (a-b)</b>	<b>1,185,962</b>	<b>1,686,105</b>	<b>1,185,962</b>	<b>1,686,105</b>	
4.4 (d) Supplemental Capital	113,713	102,660	113,713	102,660	
<b>4.5 (e) Total Capital (a+b+d)</b>	<b>2,299,675</b>	<b>2,788,765</b>	<b>2,299,675</b>	<b>2,788,765</b>	
<b>4.6 (f) Total risk weighted assets</b>	<b>14,150,605</b>	<b>13,887,501</b>	<b>14,150,605</b>	<b>13,887,501</b>	
<b>4.7 (g) Core Capital/Total Deposit Liabilities</b>	<b>20.0%</b>	<b>33.2%</b>	<b>20.0%</b>	<b>33.3%</b>	
4.8 (h) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	
<b>4.9 (i) Excess/ (Deficiency) (g-h)</b>	<b>9.5%</b>	<b>22.7%</b>	<b>9.5%</b>	<b>22.8%</b>	
4.10 (j) Core Capital / Total Risk Weighted Assets	15.4%	19.3%	15.4%	19.3%	
4.11 (k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	
<b>4.12 (l) Excess/(Deficiency) (j-k)</b>	<b>4.9%</b>	<b>8.8%</b>	<b>4.9%</b>	<b>8.8%</b>	
4.13 (m) Total Capital/Total Risk Weighted Assets	16.3%	20.1%	16.3%	20.1%	
4.14 (n) Minimum statutory Ratio	12.0%	12.0%	12.0%	12.0%	
<b>4.15 (o) Excess/(Deficiency) (m-n)</b>	<b>4.3%</b>	<b>8.1%</b>	<b>4.3%</b>	<b>8.1%</b>	
<b>5.0 LIQUIDITY</b>					
5.1 (a) Liquidity Ratio	23.0%	20.2%	23.0%	20.2%	
5.2 (b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	
<b>5.3 (c) Excess/(Deficiency) (a-b)</b>	<b>3.0%</b>	<b>0.2%</b>	<b>3.0%</b>	<b>0.2%</b>	

The above Financial Statements and Other Disclosures are extracts of the Bank's financial statements as audited by Messrs. Deloitte & Touche ' and have received an unqualified opinion. The full set of the audited financial statements can be accessed on the Bank's website: www.jamiiborabank.co.ke. They may also be accessed at the Head Office located at Jamii Bora Bank House on 14 Koinange Street.

Signed by:

James Gacheru  
Chairman

Samuel Kimani  
Chief Executive Officer