

# FAMILY BANK LIMITED

## UN-AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30TH JUNE 2015

| STATEMENT OF FINANCIAL POSITION                                 | GROUP                               |                                  |                                     | BANK                                |                                  |                                     |                                     |
|---|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
|   | 30-Jun-14<br>Un-Audited<br>Shs. 000 | 31-Dec-14<br>Audited<br>Shs. 000 | 30-Jun-15<br>Un-Audited<br>Shs. 000 | 30-Jun-14<br>Un-Audited<br>Shs. 000 | 31-Dec-14<br>Audited<br>Shs. 000 | 31-Mar-15<br>Un-Audited<br>Shs. 000 | 30-Jun-15<br>Un-Audited<br>Shs. 000 |
| <b>A ASSETS</b>   |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 1 Cash (both Local & Foreign)                                   | 1,943,359                           | 2,297,220                        | 2,665,210                           | 1,943,359                           | 2,297,220                        | 2,160,371                           | 2,665,210                           |
| 2 Balances with Central Bank of Kenya                           | 854,870                             | 3,235,391                        | 4,716,343                           | 854,870                             | 3,235,391                        | 5,065,696                           | 4,716,343                           |
| 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                                 | 6,641,073                           | 5,901,181                        | 7,710,935                           | 6,641,073                           | 5,901,181                        | 8,270,016                           | 7,710,935                           |
| (b) Other Securities  | 1,209,379                           | 1,254,829                        | 1,916,302                           | 1,209,379                           | 1,254,829                        | 1,652,142                           | 1,916,302                           |
| (ii) Available for Sale:  |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| (a) Kenya Government Securities                                 | 247,809                             | 150,000                          | 450,000                             | 247,809                             | 150,000                          | 250,000                             | 450,000                             |
| (b) Other Securities  | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 6 Deposits and balances due from local banking institutions     | 2,929,015                           | 7,240,953                        | 6,398,693                           | 2,929,015                           | 7,240,953                        | 7,612,913                           | 6,398,693                           |
| 7 Deposits and balances due from banking institutions abroad    | 894,659                             | 137,098                          | 660,918                             | 894,659                             | 137,098                          | 329,468                             | 660,918                             |
| 8 Tax recoverable   | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 9 Loans and advances to customers (net)                         | 33,044,674                          | 37,925,476                       | 46,311,747                          | 33,044,674                          | 37,925,476                       | 42,072,503                          | 46,311,747                          |
| 10 Balances due from Banking Institutions in the Group          | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 11 Investments in associates                                    | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 12 Investments in subsidiary companies                          | -                                   | -                                | -                                   | 1,000                               | 1,000                            | 1,000                               | 1,000                               |
| 13 Investments in joint ventures                                | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 14 Investment properties  | 106,000                             | 127,400                          | 127,400                             | 106,000                             | 127,400                          | 127,400                             | 127,400                             |
| 15 Property and equipment                                       | 1,780,467                           | 2,083,099                        | 2,540,039                           | 1,778,202                           | 2,080,202                        | 2,265,600                           | 2,535,099                           |
| 16 Prepaid lease rentals  | 168,391                             | 162,579                          | 160,293                             | 168,391                             | 162,579                          | 161,442                             | 160,293                             |
| 17 Intangible assets  | 328,140                             | 317,621                          | 304,559                             | 328,140                             | 316,530                          | 311,458                             | 304,149                             |
| 18 Deferred tax asset   | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 19 Retirement benefit asset                                     | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 20 Other assets   | 433,927                             | 1,001,555                        | 822,812                             | 417,149                             | 982,802                          | 750,117                             | 789,619                             |
| <b>TOTAL ASSETS</b>   | <b>50,581,762</b>                   | <b>61,834,403</b>                | <b>74,785,251</b>                   | <b>50,563,721</b>                   | <b>61,812,663</b>                | <b>71,030,126</b>                   | <b>74,747,708</b>                   |
| <b>B LIABILITIES</b>  |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 21 Balances due to Central Bank of Kenya                        | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 22 Customer deposits  | 40,230,073                          | 47,136,480                       | 59,026,039                          | 40,260,691                          | 47,186,425                       | 54,766,439                          | 59,086,078                          |
| 23 Deposits and balances due to local banking institutions      | 262,881                             | 209,291                          | 1,075,587                           | 262,881                             | 209,291                          | 1,105,664                           | 1,075,587                           |
| 24 Deposits and balances due to foreign banking institutions    | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 25 Other money market deposits                                  | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 26 Borrowed funds   | 2,554,839                           | 2,900,334                        | 2,560,598                           | 2,554,839                           | 2,900,334                        | 2,823,966                           | 2,560,598                           |
| 27 Balances due to Banking Institutions Group Companies         | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 28 Tax payable  | 129,678                             | 222,607                          | 106,399                             | 127,151                             | 221,970                          | 473,476                             | 99,071                              |
| 29 Dividends payable  | 14,109                              | 12,587                           | 31,827                              | 14,109                              | 12,587                           | 1,039                               | 31,827                              |
| 30 Deferred tax liability                                       | 14,837                              | 5,427                            | 5,737                               | 14,837                              | 5,582                            | 36,854                              | 5,582                               |
| 31 Retirement benefit liability                                 | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 32 Other liabilities  | 718,243                             | 658,116                          | 751,787                             | 719,549                             | 655,822                          | 709,594                             | 747,272                             |
| <b>TOTAL LIABILITIES</b>  | <b>43,924,659</b>                   | <b>51,144,843</b>                | <b>63,557,975</b>                   | <b>43,954,057</b>                   | <b>51,192,012</b>                | <b>59,917,032</b>                   | <b>63,606,014</b>                   |
| <b>SHAREHOLDERS' FUNDS</b>                                      |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 33 Paid up /Assigned capital                                    | 1,114,047                           | 1,245,187                        | 1,245,187                           | 1,114,047                           | 1,245,187                        | 1,245,187                           | 1,245,187                           |
| 34 Share premium  | 2,100,251                           | 5,063,673                        | 5,062,517                           | 2,100,251                           | 5,063,673                        | 5,062,517                           | 5,062,517                           |
| 35 Revaluation reserves   | 81,089                              | 78,956                           | 82,332                              | 81,089                              | 78,956                           | 79,750                              | 82,332                              |
| 36 Retained Earnings  | 3,054,837                           | 3,944,241                        | 4,396,041                           | 3,007,398                           | 3,875,332                        | 4,323,908                           | 4,310,459                           |
| 37 Statutory loan reserves                                      | 306,880                             | 357,503                          | 441,198                             | 306,880                             | 357,503                          | 401,732                             | 441,198                             |
| 38 Other Reserves   | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 39 Proposed dividends   | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 40 Capital grants   | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 42 Minority Interest  | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                                | <b>6,657,103</b>                    | <b>10,689,560</b>                | <b>11,227,276</b>                   | <b>6,609,664</b>                    | <b>10,620,650</b>                | <b>11,113,094</b>                   | <b>11,141,694</b>                   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>                | <b>50,581,762</b>                   | <b>61,834,403</b>                | <b>74,785,251</b>                   | <b>50,563,721</b>                   | <b>61,812,663</b>                | <b>71,030,126</b>                   | <b>74,747,708</b>                   |

| OTHER DISCLOSURES   | GROUP                               |                                  |                                     | BANK                                |                                  |                                     |                                     |
|---|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
|   | 30-Jun-14<br>Un-Audited<br>Shs. 000 | 31-Dec-14<br>Audited<br>Shs. 000 | 30-Jun-15<br>Un-Audited<br>Shs. 000 | 30-Jun-14<br>Un-Audited<br>Shs. 000 | 31-Dec-14<br>Audited<br>Shs. 000 | 31-Mar-15<br>Un-Audited<br>Shs. 000 | 30-Jun-15<br>Un-Audited<br>Shs. 000 |
| <b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>                  |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 1.1 (a) Gross Non-performing loans and advances               | 2,986,916                           | 2,847,219                        | 2,753,245                           | 2,986,916                           | 2,847,219                        | 2,769,238                           | 2,753,245                           |
| 1.2 (b) Less Interest in Suspense                             | 390,678                             | 457,545                          | 544,285                             | 390,678                             | 457,545                          | 485,789                             | 544,285                             |
| 1.3 (c) Total Non-Performing Loans and Advances (a-b)         | 2,596,238                           | 2,389,674                        | 2,208,961                           | 2,596,238                           | 2,389,674                        | 2,283,449                           | 2,208,961                           |
| 1.4 (d) Less Loan Loss Provision                              | 1,173,261                           | 1,298,423                        | 1,329,307                           | 1,173,261                           | 1,298,423                        | 1,354,574                           | 1,329,307                           |
| 1.5 (e) Net Non-Performing Loans and Advances (c-d)           | 1,422,977                           | 1,091,251                        | 879,653                             | 1,422,977                           | 1,091,251                        | 928,875                             | 879,653                             |
| 1.6 (f) Discounted Value of Securities                        | 1,422,977                           | 1,091,251                        | 879,653                             | 1,422,977                           | 1,091,251                        | 928,875                             | 879,653                             |
| 1.7 (g) Net NPLs Exposure (e-f)                               | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| <b>2.0 INSIDER LOANS AND ADVANCES</b>                         |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 2.1 (a) Directors, Shareholders and Associates                | 352,105                             | 662,950                          | 1,207,027                           | 352,105                             | 662,950                          | 1,188,870                           | 1,207,027                           |
| 2.2 (b) Employees   | 1,328,918                           | 1,643,962                        | 1,681,650                           | 1,328,918                           | 1,643,962                        | 1,690,306                           | 1,681,650                           |
| 2.3 (c) Total Insider Loans and Advances and other facilities | 1,681,023                           | 2,306,912                        | 2,888,677                           | 1,681,023                           | 2,306,912                        | 2,879,176                           | 2,888,677                           |
| <b>3.0 OFF-BALANCE SHEET ITEMS</b>                            |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 3.1 (a) Letters of credit, guarantees, acceptances            | 2,073,908                           | 2,737,651                        | 2,719,426                           | 2,073,908                           | 2,737,651                        | 2,409,297                           | 2,719,426                           |
| 3.2 (b) Forwards Swaps & Options                              | -                                   | 1,348,514                        | 5,221,412                           | -                                   | 1,348,514                        | 5,104,555                           | 5,221,412                           |
| 3.3 (c) Other contingent liabilities                          | 274,824                             | 230,398                          | 230,398                             | 274,824                             | 230,398                          | 230,398                             | 230,398                             |
| 3.4 (d) Total Contingent Liabilities                          | 2,348,732                           | 4,316,563                        | 8,171,236                           | 2,348,732                           | 4,316,563                        | 7,744,250                           | 8,171,236                           |
| <b>4.0 CAPITAL STRENGTH</b>                                   |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 4.1 (a) Core capital  | -                                   | -                                | 5,789,606                           | -                                   | -                                | 10,184,192                          | 10,385,210                          |
| 4.2 (b) Minimum Statutory Capital                             | -                                   | -                                | 1,000,000                           | -                                   | -                                | 1,000,000                           | 1,000,000                           |
| 4.3 (c) Excess (a-b)  | -                                   | -                                | 4,789,606                           | -                                   | -                                | 9,184,192                           | 9,385,210                           |
| 4.4 (d) Supplementary Capital                                 | -                                   | -                                | 315,712                             | -                                   | -                                | 366,335                             | 410,564                             |
| 4.5 (e) Total Capital (a+d)                                   | -                                   | -                                | 6,105,318                           | -                                   | -                                | 10,550,526                          | 10,795,774                          |
| 4.6 (f) Total risk weighted assets                            | -                                   | -                                | 45,909,593                          | -                                   | -                                | 52,067,367                          | 58,251,312                          |
| 4.7 (g) Core Capital/Total deposits Liabilities               | -                                   | -                                | 14.4%                               | -                                   | -                                | 21.6%                               | 19.0%                               |
| 4.8 (h) Minimum statutory Ratio                               | -                                   | -                                | 8.0%                                | -                                   | -                                | 8.0%                                | 8.0%                                |
| 4.9 (i) Excess  | -                                   | -                                | 6.4%                                | -                                   | -                                | 13.6%                               | 11.0%                               |
| 4.10 (j) Core Capital / Total risk weighted assets            | -                                   | -                                | 12.6%                               | -                                   | -                                | 19.6%                               | 17.8%                               |
| 4.11 (k) Minimum Statutory Ratio                              | -                                   | -                                | 8.0%                                | -                                   | -                                | 10.5%                               | 10.5%                               |
| 4.12 (l) Excess (j-k)   | -                                   | -                                | 4.6%                                | -                                   | -                                | 9.1%                                | 7.3%                                |
| 4.13 (m) Total Capital/Total risk weighted assets             | -                                   | -                                | 13.3%                               | -                                   | -                                | 20.3%                               | 18.5%                               |
| 4.14 (n) Minimum statutory Ratio                              | -                                   | -                                | 12.0%                               | -                                   | -                                | 14.5%                               | 14.5%                               |
| 4.15 (o) Excess (m-n)   | -                                   | -                                | 1.3%                                | -                                   | -                                | 5.8%                                | 4.0%                                |
| <b>5.0 LIQUIDITY</b>  |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 5.1 (a) Liquidity Ratio                                       | -                                   | -                                | 34.8%                               | -                                   | -                                | 40.8%                               | 40.7%                               |
| 5.2 (b) Minimum Statutory Ratio                               | -                                   | -                                | 20.0%                               | -                                   | -                                | 20.0%                               | 20.0%                               |
| 5.3 (c) Excess (a-b)  | -                                   | -                                | 14.8%                               | -                                   | -                                | 20.7%                               | 17.0%                               |

### KEY FINANCIAL PERFORMANCE HIGHLIGHTS-BANK

- Profit Before Tax increased by 29.8% from Ksh 1.3B in June 2014 to Ksh 1.7B in June 2015.
- Total Shareholders' funds grew by 5% from Ksh 10.6B as at December 2014 to Ksh 11.1B as at June 2015.
- Deposits grew by 25% from Ksh 47.2B as at December 2014 to Ksh 59.1B as at June 2015.
- Total assets grew by 21% from Ksh 61.8B as at December 2014 to Ksh 74.7B as at June 2015.
- Loans grew by 22% from Ksh 37.9B as at December 2014 to Ksh 46.3B as at June 2015.

| STATEMENT OF COMPREHENSIVE INCOME                   | GROUP                               |                                  |                                     | BANK                                |                                  |                                     |                                     |
|---|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
|   | 30-Jun-14<br>Un-Audited<br>Shs. 000 | 31-Dec-14<br>Audited<br>Shs. 000 | 30-Jun-15<br>Un-Audited<br>Shs. 000 | 30-Jun-14<br>Un-Audited<br>Shs. 000 | 31-Dec-14<br>Audited<br>Shs. 000 | 31-Mar-15<br>Un-Audited<br>Shs. 000 | 30-Jun-15<br>Un-Audited<br>Shs. 000 |
| <b>INTEREST INCOME</b>                              |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 1 Loans and advances                                | 2,947,954                           | 6,216,205                        | 3,645,368                           | 2,947,954                           | 6,216,205                        | 1,719,175                           | 3,645,368                           |
| 2 Government securities                             | 226,428                             | 527,148                          | 375,158                             | 226,428                             | 527,148                          | 179,854                             | 375,158                             |
| 3 Deposits and placements with banking institutions | 82,768                              | 243,377                          | 389,106                             | 82,768                              | 243,377                          | 218,255                             | 389,106                             |
| 4 Other Interest Income                             | 39,615                              | 134,845                          | 98,454                              | 39,615                              | 134,845                          | 33,129                              | 98,454                              |
| <b>Total interest income</b>                        | <b>3,296,765</b>                    | <b>7,121,576</b>                 | <b>4,508,085</b>                    | <b>3,296,765</b>                    | <b>7,121,576</b>                 | <b>2,150,414</b>                    | <b>4,508,085</b>                    |
| <b>INTEREST EXPENSE</b>                             |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 5 Customer deposits                                 | 684,360                             | 1,544,940                        | 1,123,410                           | 684,360                             | 1,547,577                        | 530,241                             | 1,128,495                           |
| 6 Deposits and placement from banking institutions  | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 7 Other interest expenses                           | 86,126                              | 203,280                          | 140,000                             | 86,126                              | 203,280                          | 75,023                              | 140,000                             |
| <b>Total interest expenses</b>                      | <b>770,486</b>                      | <b>1,748,220</b>                 | <b>1,263,410</b>                    | <b>770,486</b>                      | <b>1,750,857</b>                 | <b>605,264</b>                      | <b>1,268,496</b>                    |
| <b>NET INTEREST INCOME</b>                          | <b>2,526,279</b>                    | <b>5,373,356</b>                 | <b>3,244,675</b>                    | <b>2,526,279</b>                    | <b>5,370,718</b>                 | <b>1,545,150</b>                    | <b>3,239,590</b>                    |
| <b>OTHER OPERATING INCOME</b>                       |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 8 Fees and commissions on loans and advances        | 354,997                             | 703,886                          | 405,245                             | 354,997                             | 703,886                          | 197,096                             | 405,245                             |
| 9 Other fees and commissions                        | 745,753                             | 1,480,970                        | 702,734                             | 745,753                             | 1,480,970                        | 350,970                             | 702,734                             |
| 10 Foreign exchange trading income                  | 54,559                              | 111,444                          | 175,226                             | 54,559                              | 111,444                          | 74,890                              | 175,226                             |
| 11 Dividend Income                                  | -                                   | -                                | -                                   | -                                   | -                                | -                                   | -                                   |
| 12 Other income                                     | 145,928                             | 342,815                          | 135,796                             | 117,135                             | 258,484                          | 39,086                              | 66,739                              |
| <b>Total non-interest income</b>                    | <b>1,301,237</b>                    | <b>2,639,115</b>                 | <b>1,419,001</b>                    | <b>1,272,443</b>                    | <b>2,554,784</b>                 | <b>662,042</b>                      | <b>1,349,944</b>                    |
| <b>TOTAL OPERATING INCOME</b>                       | <b>3,827,517</b>                    | <b>8,012,471</b>                 | <b>4,663,676</b>                    | <b>3,798,723</b>                    | <b>7,925,503</b>                 | <b>2,207,192</b>                    | <b>4,589,533</b>                    |
| <b>OPERATING EXPENSES</b>                           |                                     |                                  |                                     |                                     |                                  |                                     |                                     |
| 13 Loan loss provision                              | 220,665                             | 389,944                          | 36,975                              | 220,665                             | 389,944                          | 53,573                              | 36,975                              |
| 14 Staff costs                                      | 926,215                             | 2,306,323                        | 1,184,509                           | 915,552                             | 2,273,638                        | 580,134                             | 1,161,574                           |
| 15 Directors' emoluments                            | 62,016                              | 191,490                          | 95,308                              | 62,016                              | 188,880                          | 59,751                              |                                     |