

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 Un-Audited Shs. 000 | 31-Dec-14 Audited Shs. 000 | 30-Jun-15 Un-Audited Shs. 000 | 30-Jun-14 Un-Audited Shs. 000 | 31-Dec-14 Audited Shs. 000 | 31-Mar-15 Un-Audited Shs. 000 | 30-Jun-15 Un-Audited Shs. 000 |
| A ASSETS | | | | | | | |
| 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 |
| TOTAL ASSETS | 50,581,762 | 61,834,403 | 74,785,251 | 50,563,721 | 61,812,663 | 71,030,126 | 74,747,708 |
| B LIABILITIES | | | | | | | |
| 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 |
| TOTAL LIABILITIES | 43,924,659 | 51,144,843 | 63,557,975 | 43,954,057 | 51,192,012 | 59,917,032 | 63,606,014 |
| SHAREHOLDERS' FUNDS | | | | | | | |
| 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 | - | - | - | - | - | - | - |
| TOTAL SHAREHOLDERS' FUNDS | 6,657,103 | 10,689,560 | 11,227,276 | 6,609,664 | 10,620,650 | 11,113,094 | 11,141,694 |
| 42 Minority Interest | - | - | - | - | - | - | - |
| TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 50,581,762 | 61,834,403 | 74,785,251 | 50,563,721 | 61,812,663 | 71,030,126 | 74,747,708 |

| OTHER DISCLOSURES | GROUP | | | BANK | | | |
|---------------------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| | 30-Jun-14 Un-Audited Shs. 000 | 31-Dec-14 Audited Shs. 000 | 30-Jun-15 Un-Audited Shs. 000 | 30-Jun-14 Un-Audited Shs. 000 | 31-Dec-14 Audited Shs. 000 | 31-Mar-15 Un-Audited Shs. 000 | 30-Jun-15 Un-Audited Shs. 000 |
| 1.0 NON-PERFORMING LOANS AND ADVANCES | | | | | | | |
| 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) | - | - | - | - | - | - | - |
| 2.0 INSIDER LOANS AND ADVANCES | | | | | | | |
| 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 | 1,681,022 | 2,306,912 | 2,888,677 | 1,681,022 | 2,306,912 | 2,879,176 | 2,888,677 |
| 3.0 OFF-BALANCE SHEET ITEMS | | | | | | | |
| 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 |
| 4.0 CAPITAL STRENGTH | | | | | | | |
| 4.1 (a) Core capital | - | - | 5,789,606 | - | 10,184,192 | 10,385,210 | 10,047,456 |
| 4.2 (b) Minimum Statutory Capital | - | - | 1,000,000 | - | 1,000,000 | 1,000,000 | 1,000,000 |
| 4.3 (c) Excess (a-b) | - | - | 4,789,606 | - | 9,184,192 | 9,385,210 | 9,047,456 |
| 4.4 (d) Supplementary Capital | - | - | 315,712 | - | 366,335 | 410,564 | 450,030 |
| 4.5 (e) Total Capital (a+d) | - | - | 6,105,318 | - | 10,550,526 | 10,795,774 | 10,497,486 |
| 4.6 (f) Total risk weighted assets | - | - | 45,909,593 | - | 52,067,367 | 58,251,312 | 64,232,902 |
| 4.7 (g) Core Capital/Total deposits Liabilities | - | - | 14.4% | - | 21.6% | 19.0% | 17.0% |
| 4.8 (h) Minimum statutory Ratio | - | - | 8.0% | - | 8.0% | 8.0% | 8.0% |
| 4.9 (i) Excess | - | - | 6.4% | - | 13.6% | 11.0% | 9.0% |
| 4.10 (j) Core Capital / Total risk weighted assets | - | - | 12.6% | - | 19.6% | 17.8% | 15.6% |
| 4.11 (k) Minimum Statutory Ratio | - | - | 8.0% | - | 10.5% | 10.5% | 10.5% |
| 4.12 (l) Excess (j-k) | - | - | 4.6% | - | 9.1% | 7.3% | 5.1% |
| 4.13 (m) Total Capital/Total risk weighted assets | - | - | 13.3% | - | 20.3% | 18.5% | 16.3% |
| 4.14 (n) Minimum statutory Ratio | - | - | 12.0% | - | 14.5% | 14.5% | 14.5% |
| 4.15 (o) Excess (m-n) | - | - | 1.3% | - | 5.8% | 4.0% | 1.8% |
| 5.0 LIQUIDITY | | | | | | | |
| 5.1 (a) Liquidity Ratio | - | - | 34.8% | - | 40.8% | 40.7% | 37.0% |
| 5.2 (b) Minimum Statutory Ratio | - | - | 20.0% | - | 20.0% | 20.0% | 20.0% |
| 5.3 (c) Excess (a-b) | - | - | 14.8% | - | 20.8% | 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 Un-Audited Shs. 000 | 31-Dec-14 Audited Shs. 000 | 30-Jun-15 Un-Audited Shs. 000 | 30-Jun-14 Un-Audited Shs. 000 | 31-Dec-14 Audited Shs. 000 | 31-Mar-15 Un-Audited Shs. 000 | 30-Jun-15 Un-Audited Shs. 000 |
| INTEREST INCOME | | | | | | | |
| 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 |
| Total interest income | 3,296,765 | 7,121,576 | 4,508,085 | 3,296,765 | 7,121,576 | 2,150,414 | 4,508,085 |
| INTEREST EXPENSE | | | | | | | |
| 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 |
| Total interest expenses | 770,486 | 1,748,220 | 1,263,410 | 770,486 | 1,750,857 | 605,264 | 1,268,496 |
| NET INTEREST INCOME | 2,526,279 | 5,373,356 | 3,244,675 | 2,526,279 | 5,370,718 | 1,545,150 | 3,239,590 |
| OTHER OPERATING INCOME | | | | | | | |
| 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 |
| Total non-interest income | 1,301,237 | 2,639,115 | 1,419,001 | 1,272,443 | 2,554,784 | 662,042 | 1,349,944 |
| TOTAL OPERATING INCOME | 3,827,517 | 8,012,471 | 4,663,676 | 3,798,723 | 7,925,503 | 2,207,192 | 4,589,533 |
| OPERATING EXPENSES | | | | | | | |
| 13 Loan loss provision | 220,665 | 389,944 | 36,975 | 220,665 | 389,944 | 53,573 | 36,975</ |