

# AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2014

STATEMENT OF FINANCIAL POSITION	GROUP		BANK	
	31-Dec-13 Audited Shs.'000	31-Dec-14 Audited Shs.'000	31-Dec-13 Audited Shs.'000	31-Dec-14 Audited Shs.'000
<b>A ASSETS</b>				
1 Cash (both Local & Foreign)	2,178,975	2,297,220	2,178,975	2,297,220
2 Balances with Central Bank of Kenya	2,177,700	3,235,391	2,177,700	3,235,391
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	4,796,459	5,901,181	4,796,459	5,901,181
(b) Other Securities	588,412	1,254,829	588,412	1,254,829
(ii) Available for Sale:				
(a) Kenya Government Securities	-	150,000	-	150,000
(b) Other Securities	-	-	-	-
6 Deposits and balances due from local banking institutions	2,201,264	7,240,953	2,201,264	7,240,953
7 Deposits and balances due from banking institutions abroad	836,168	137,098	836,168	137,098
8 Tax recoverable	-	-	-	-
9 Loans and advances to customers (net)	27,943,360	37,925,476	27,943,360	37,925,476
10 Balances due from Banking Institutions in the Group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	-	-	1,000	1,000
13 Investments in joint ventures	-	-	-	-
14 Investment properties	106,000	127,400	106,000	127,400
15 Property and equipment	1,705,621	2,083,099	1,704,231	2,080,202
16 Prepaid lease rentals	167,190	162,579	167,190	162,579
17 Intangible assets	328,214	317,621	328,214	316,530
18 Deferred tax asset	-	-	-	-
19 Retirement benefit asset	-	-	-	-
20 Other assets	484,539	1,001,555	472,016	982,802
<b>TOTAL ASSETS</b>	<b>43,513,902</b>	<b>61,834,403</b>	<b>43,500,989</b>	<b>61,812,663</b>
<b>B LIABILITIES</b>				
21 Balances due to Central Bank of Kenya	-	-	-	-
22 Customer deposits	34,582,587	47,136,480	34,614,686	47,186,425
23 Deposits and balances due to local banking institutions	436,310	209,291	436,310	209,291
24 Deposits and balances due to foreign banking institutions	-	-	-	-
25 Other money market deposits	-	-	-	-
26 Borrowed funds	1,343,810	2,900,334	1,343,810	2,900,334
27 Balances due to Banking Institutions Group Companies	-	-	-	-
28 Tax payable	221,021	222,607	215,454	221,970
29 Dividends payable	6,516	12,587	6,516	12,587
30 Deferred tax liability	2,082	5,427	2,082	5,582
31 Retirement benefit liability	-	-	-	-
32 Other liabilities	913,555	658,116	913,834	655,822
<b>TOTAL LIABILITIES</b>	<b>37,505,882</b>	<b>51,144,843</b>	<b>37,532,693</b>	<b>51,192,012</b>
<b>C SHAREHOLDERS' FUNDS</b>				
33 Paid up /Assigned capital	1,114,047	1,245,187	1,114,047	1,245,187
34 Share premium	2,100,251	5,063,673	2,100,251	5,063,673
35 Revaluation reserves	81,089	78,956	81,089	78,956
36 Retained Earnings	2,456,489	3,944,241	2,416,764	3,875,332
37 Statutory loan reserves	256,145	357,503	256,145	357,503
38 Other Reserves	-	-	-	-
39 Proposed dividends	-	-	-	-
40 Capital grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>6,008,020</b>	<b>10,689,560</b>	<b>5,968,296</b>	<b>10,620,650</b>
42 Minority Interest	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>43,513,902</b>	<b>61,834,403</b>	<b>43,500,989</b>	<b>61,812,663</b>

STATEMENT OF COMPREHENSIVE INCOME	31-Dec-13 Audited Shs.'000	31-Dec-14 Audited Shs.'000	31-Dec-13 Audited Shs.'000	31-Dec-14 Audited Shs.'000
<b>INTEREST INCOME</b>				
1 Loans and advances	4,686,232	6,216,205	4,686,232	6,216,205
2 Government securities	426,501	527,148	426,501	527,148
3 Deposits and placements with banking institutions	166,319	243,377	166,319	243,377
4 Other Interest Income	75,389	134,845	75,389	134,845
<b>Total interest income</b>	<b>5,354,441</b>	<b>7,121,576</b>	<b>5,354,441</b>	<b>7,121,576</b>
<b>INTEREST EXPENSE</b>				
5 Customer deposits	837,202	1,544,940	837,649	1,547,577
6 Deposits and placement from banking institutions	-	-	-	-
7 Other interest expenses	66,391	203,280	66,391	203,280
<b>Total interest expenses</b>	<b>903,593</b>	<b>1,748,220</b>	<b>904,040</b>	<b>1,750,857</b>
<b>NET INTEREST INCOME</b>	<b>4,450,848</b>	<b>5,373,356</b>	<b>4,450,401</b>	<b>5,370,719</b>
<b>OTHER OPERATING INCOME</b>				
8 Fees and commissions on loans and advances	671,894	703,886	671,894	703,886
9 Other fees and commissions	989,681	1,480,970	989,681	1,480,970
10 Foreign exchange trading income	66,500	111,444	66,500	111,444
11 Dividend Income	-	-	-	-
12 Other income	124,102	342,815	75,896	258,484
<b>Total non-interest income</b>	<b>1,852,177</b>	<b>2,639,115</b>	<b>1,803,971</b>	<b>2,554,784</b>
<b>TOTAL OPERATING INCOME</b>	<b>6,303,025</b>	<b>8,012,471</b>	<b>6,254,371</b>	<b>7,925,503</b>
<b>OPERATING EXPENSES</b>				
13 Loan loss provision	321,848	389,944	321,848	389,944
14 Staff costs	1,761,713	2,306,323	1,742,685	2,273,638
15 Directors' emoluments	375,660	191,490	374,664	188,880
16 Rental charges	279,414	371,002	279,414	371,002
17 Depreciation charge on property and equipment	324,747	372,186	324,441	371,360
18 Amortisation charges	98,720	94,634	98,720	94,634
19 Other operating expenses	1,355,885	1,621,831	1,354,680	1,617,686
<b>Total operating expenses</b>	<b>4,517,987</b>	<b>5,347,410</b>	<b>4,496,453</b>	<b>5,307,144</b>
<b>Profit Before Tax and Exceptional Items</b>	<b>1,785,038</b>	<b>2,665,060</b>	<b>1,757,918</b>	<b>2,618,359</b>
20 Exceptional items	-	-	-	-
<b>Profit After Exceptional Items</b>	<b>1,785,038</b>	<b>2,665,060</b>	<b>1,757,918</b>	<b>2,618,359</b>
21 Current tax	561,684	851,930	553,548	834,257
22 Deferred tax	(22,033)	3,345	(22,033)	3,500
<b>Profit After Tax and Exceptional Items</b>	<b>1,241,321</b>	<b>1,809,785</b>	<b>1,226,403</b>	<b>1,780,602</b>
<b>Other Comprehensive Income:</b>				
23 Gains/(Losses) from Translating the Financial Statements of Foreign Operations	-	-	-	-
24 Fair Value changes in Available-for-sale Financial Assets	-	-	-	-
25 Revaluation Surplus on Property, Plant and Equipment	-	-	-	-
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,241,321</b>	<b>1,809,785</b>	<b>1,226,403</b>	<b>1,780,602</b>
<b>EARNINGS PER SHARE- BASIC &amp; DILUTED</b>	<b>1.11</b>	<b>1.61</b>	<b>1.09</b>	<b>1.60</b>
<b>DIVIDEND PER SHARE --DECLARED</b>	<b>0.40</b>	<b>-</b>	<b>0.40</b>	<b>-</b>

OTHER DISCLOSURES	GROUP 31-Dec-13 Audited Shs.'000	GROUP 31-Dec-14 Audited Shs.'000	BANK 31-Dec-13 Audited Shs.'000	BANK 31-Dec-14 Audited Shs.'000
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>				
1.1 (a) Gross Non-performing loans and advances	2,316,669	2,847,219	2,316,669	2,847,219
1.2 (b) Less Interest in Suspense	302,963	457,545	302,963	457,545
1.3 (c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>2,013,707</b>	<b>2,389,674</b>	<b>2,013,707</b>	<b>2,389,674</b>
1.4 (d) Less Loan Loss Provision	949,662	1,298,423	949,662	1,298,423
1.5 (e) <b>Net Non-Performing Loans and Advances (c-d)</b>	<b>1,064,045</b>	<b>1,091,251</b>	<b>1,064,045</b>	<b>1,091,251</b>
1.6 (f) Discounted Value of Securities	1,064,045	1,091,251	1,064,045	1,091,251
1.7 (g) <b>Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>				
2.1 (a) Directors, Shareholders and Associates	382,893	662,950	382,893	662,950
2.2 (b) Employees	1,393,094	1,643,962	1,393,094	1,643,962
2.3 (c) <b>Total Insider Loans and Advances and other facilities</b>	<b>1,775,987</b>	<b>2,306,912</b>	<b>1,775,987</b>	<b>2,306,912</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>				
3.1 (a) Letters of credit, guarantees, acceptances	980,470	2,737,651	980,470	2,737,651
3.2 (b) Forwards Swaps & Options	-	1,348,514	-	1,348,514
3.3 (c) Other contingent liabilities	274,824	230,398	274,824	230,398
3.4 (d) <b>Total Contingent Liabilities</b>	<b>1,255,294</b>	<b>4,316,563</b>	<b>1,255,294</b>	<b>4,316,563</b>
<b>4.0 CAPITAL STRENGTH</b>				
4.1 (a) Core capital	-	-	5,631,062	10,184,192
4.2 (b) Minimum Statutory Capital	-	-	1,000,000	1,000,000
4.3 (c) Excess (a-b)	-	-	<b>4,631,062</b>	<b>9,184,192</b>
4.4 (d) Supplementary Capital	-	-	264,977	366,335
4.5 (e) <b>Total Capital (a+d)</b>	<b>-</b>	<b>-</b>	<b>5,896,039</b>	<b>10,550,527</b>
4.6 (f) Total risk weighted assets	-	-	31,126,625	52,067,367
4.7 (g) <b>Core Capital/Total deposits Liabilities</b>	<b>-</b>	<b>-</b>	<b>16.3%</b>	<b>21.6%</b>
4.8 (h) Minimum statutory Ratio	-	-	8.0%	8.0%
4.9 (i) Excess	-	-	8.3%	13.6%
4.10 (j) <b>Core Capital / Total risk weighted assets</b>	<b>-</b>	<b>-</b>	<b>18.1%</b>	<b>19.6%</b>
4.11 (k) Minimum Statutory Ratio	-	-	8.0%	10.5%
4.12 (l) Excess (j-k)	-	-	10.1%	9.1%
4.13 (m) <b>Total Capital/Total risk weighted assets</b>	<b>-</b>	<b>-</b>	<b>18.9%</b>	<b>20.3%</b>
4.14 (n) Minimum statutory Ratio	-	-	12.00%	14.5%
4.15 (o) Excess (m-n)	-	-	6.9%	5.8%
<b>5.0 LIQUIDITY</b>				
5.1 (a) Liquidity Ratio	-	-	<b>36.5%</b>	<b>40.8%</b>
5.2 (b) Minimum Statutory Ratio	-	-	20.0%	20.0%
5.3 (c) Excess (a-b)	-	-	16.5%	20.8%

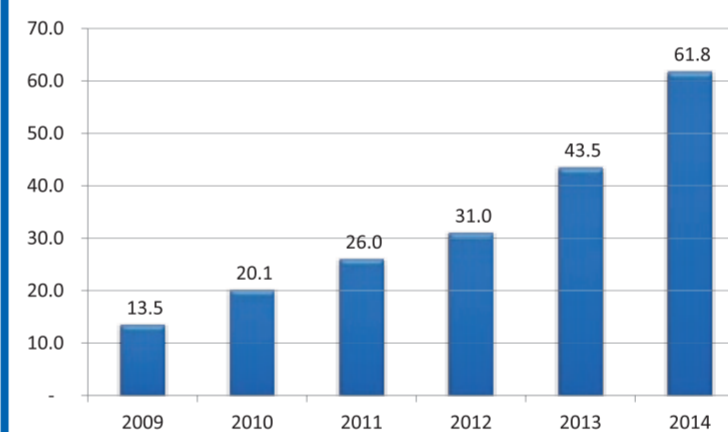
The above statement of financial position, statement of comprehensive income and disclosures are extracts from the books of the Bank as audited by Deloitte & Touche, Certified Public Accountants and received unqualified opinion.

The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Institution's website [www.familybank.co.ke](http://www.familybank.co.ke). They may also be accessed at the institutions Head office located at Family Bank Towers, Muindi Mbingu street, Nairobi.

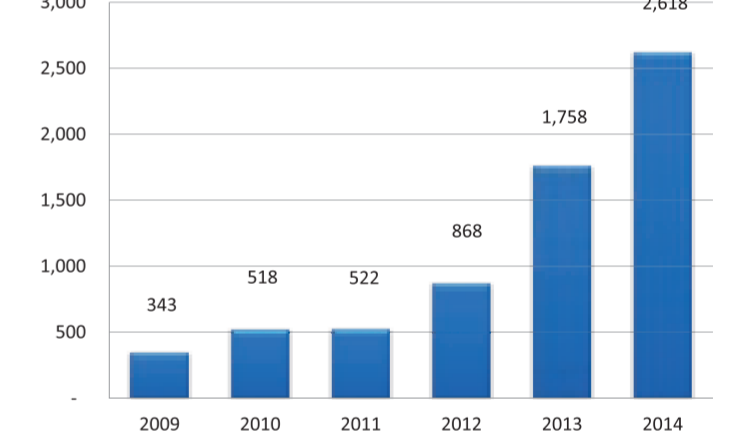
## KEY FINANCIAL PERFORMANCE HIGHLIGHTS-BANK

- **Profit Before Tax** increased by 49% from Ksh 1.76B as at December 2013 to Ksh 2.62B as at December 2014.
- Total Shareholders' funds grew by 78% from Ksh 5.97B as at December 2013 to Ksh 10.62B as at December 2014.
- Deposits grew by 36% from Ksh 34.6B as at December 2013 to Ksh 47.2B as at December 2014.
- Total assets grew by 42% from Ksh 43.5B as at December 2013 to Ksh 61.8B as at December 2014.
- Loans grew by 36% from Ksh 27.9B as at December 2013 to Ksh 37.9B as at December 2014.
- The bank has over 1.5 Million customers

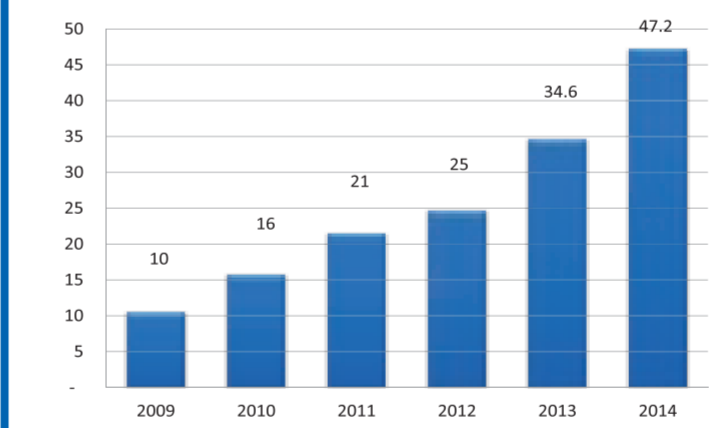
**Total Assets**  
(In Ksh Billions)



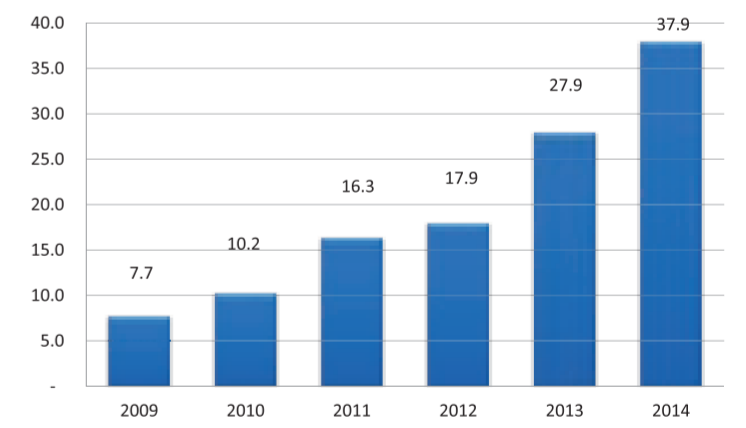
**Profit Before Tax**  
(In Ksh Millions)



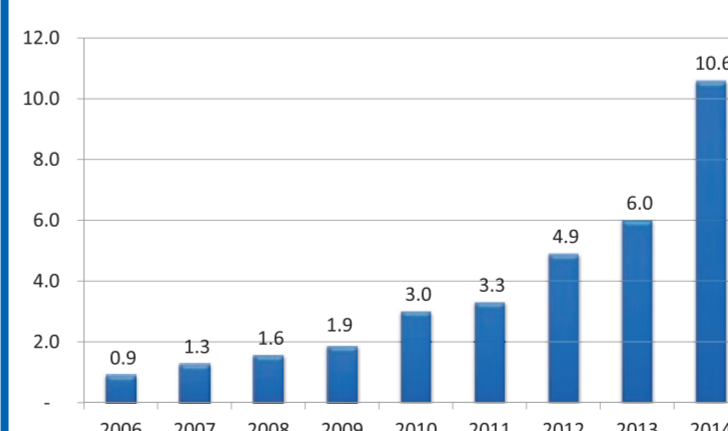
**Customer Deposits**  
(In Ksh Billions)



**Loan Portfolio (Net)**  
(In Ksh Billions)



**Shareholders' Funds**  
(In Billions of Ksh)



**Number of Customers**  
(in Million)

