

# AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2013

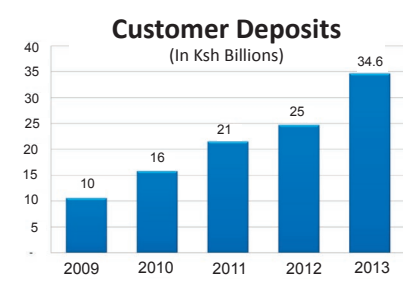
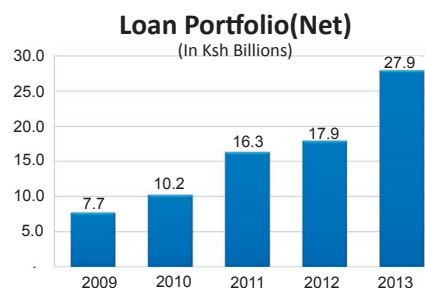
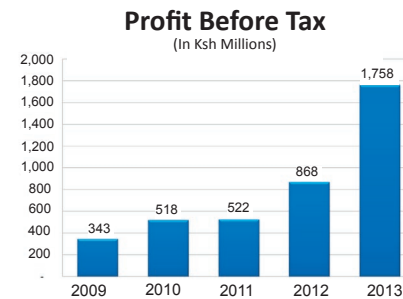
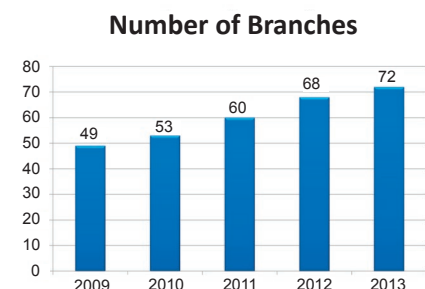
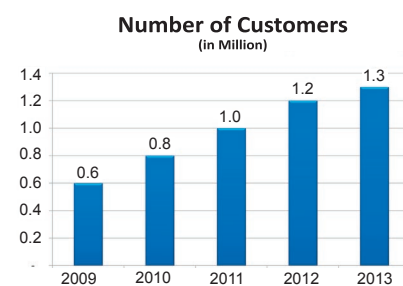
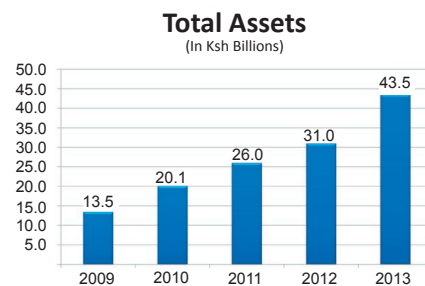
	GROUP 31-Dec-12 Audited Shs.'000	GROUP 31-Dec-13 Audited Shs.'000	BANK 31-Dec-12 Audited Shs.'000	BANK 31-Dec-13 Audited Shs.'000
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>A ASSETS</b>				
1 Cash (both Local & Foreign)	1,765,122	2,178,975	1,765,122	2,178,975
2 Balances with Central Bank of Kenya	1,257,197	2,177,700	1,257,197	2,177,700
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	4,343,973	4,796,459	4,343,973	4,796,459
(b) Other Securities	681,747	588,412	681,747	588,412
(ii) Available for Sale:				
(a) Kenya Government Securities	-	-	-	-
(b) Other Securities	-	-	-	-
6 Deposits and balances due from local banking institutions	1,330,375	2,201,264	1,330,375	2,201,264
7 Deposits and balances due from banking institutions abroad	634,974	836,168	634,974	836,168
8 Tax recoverable	-	-	-	-
9 Loans and advances to customers (net)	17,868,745	27,943,360	17,868,745	27,943,360
10 Balances due from Banking Institutions in the Group	-	-	-	-
11 Investments in associates	-	-	1,000	1,000.00
12 Investments in subsidiary companies	-	-	-	-
13 Investments in joint ventures	-	-	-	-
14 Investment properties	94,000	106,000	94,000	106,000
15 Property and equipment	1,566,887	1,705,621	1,565,973	1,704,231
16 Prepaid lease rentals	171,800	167,190	171,800	167,190
17 Intangible assets	345,896	328,214	345,896	328,214
18 Deferred tax asset	-	-	-	-
19 Retirement benefit asset	-	-	-	-
20 Other assets	928,621	484,539	924,294	472,016
<b>TOTAL ASSETS</b>	<b>30,989,337</b>	<b>43,513,902</b>	<b>30,985,096</b>	<b>43,500,989</b>
<b>B LIABILITIES</b>				
21 Balances due to Central Bank of Kenya	-	-	-	-
22 Customer deposits	24,613,302	34,582,587	24,630,278	34,614,686
23 Deposits and balances due to local banking institutions	-	436,310	-	436,310
24 Deposits and balances due to foreign banking institutions	-	-	-	-
25 Other money market deposits	-	-	-	-
26 Borrowed funds	892,145	1,343,810	892,145	1,343,810
27 Balances due to Banking Institutions Group Companies	-	-	-	-
28 Tax payable	93,943	220,894	94,390	215,454
29 Dividends payable	1,475	6,516	1,475	6,516
30 Deferred tax liability	24,115	2,082	24,115	2,082
31 Retirement benefit liability	-	-	-	-
32 Other liabilities	483,687	913,682	482,766	913,834
<b>TOTAL LIABILITIES</b>	<b>26,108,667</b>	<b>37,505,882</b>	<b>26,125,167</b>	<b>37,532,693</b>
<b>C SHAREHOLDERS' FUNDS</b>				
33 Paid up /Assigned capital	556,995	1,114,047	556,995	1,114,047
34 Share premium	2,663,938	2,100,251	2,663,938	2,100,251
35 Revaluation reserves	83,222	81,089	83,222	81,089
36 Retained Earnings	1,418,962	2,456,489	1,398,221	2,416,764
37 Statutory loan reserves	157,553	256,145	157,553	256,145
38 Other Reserves	-	-	-	-
39 Proposed dividends	-	-	-	-
40 Capital grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>4,880,670</b>	<b>6,008,020</b>	<b>4,859,929</b>	<b>5,968,296</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>30,989,337</b>	<b>43,513,902</b>	<b>30,985,096</b>	<b>43,500,989</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>INTEREST INCOME</b>				
1 Loans and advances	4,213,735	4,686,232	4,213,735	4,686,232
2 Government securities	413,885	426,501	413,885	426,501
3 Deposits and placements with banking institutions	65,473	166,319	65,473	166,319
4 Other Interest Income	82,628	75,389	82,628	75,389
<b>Total interest income</b>	<b>4,775,721</b>	<b>5,354,441</b>	<b>4,775,721</b>	<b>5,354,441</b>
<b>INTEREST EXPENSE</b>				
5 Customer deposits	1,337,260	837,202	1,337,260	837,649
6 Deposits and placement from banking institutions	-	-	-	-
7 Other interest expenses	147,502	66,391	148,115	66,391
<b>Total interest expenses</b>	<b>1,484,762</b>	<b>903,593</b>	<b>1,485,375</b>	<b>904,040</b>
<b>NET INTEREST INCOME</b>	<b>3,290,959</b>	<b>4,450,848</b>	<b>3,290,345</b>	<b>4,450,401</b>
<b>OTHER OPERATING INCOME</b>				
8 Fees and commissions on loans and advances	347,606	671,894	347,606	671,894
9 Other fees and commissions	911,316	989,681	911,317	989,681
10 Foreign exchange trading income	51,147	66,500	51,147	66,500
11 Dividend Income	-	-	-	-
12 Other income	128,174	124,102	90,533	75,896
<b>Total non-interest income</b>	<b>1,438,243</b>	<b>1,852,177</b>	<b>1,400,602</b>	<b>1,803,971</b>
<b>TOTAL OPERATING INCOME</b>	<b>4,729,202</b>	<b>6,303,025</b>	<b>4,690,947</b>	<b>6,254,371</b>
<b>OPERATING EXPENSES</b>				
13 Loan loss provision	645,272	321,848	645,272	321,848
14 Staff costs	1,357,855	1,761,713	1,346,083	1,742,685
15 Directors' emoluments	88,750	375,660	88,750	374,664
16 Rental charges	249,440	279,414	249,440	279,414
17 Depreciation charge on property and equipment	284,339	324,747	284,130	324,441
18 Amortisation charges	109,519	98,720	109,519	98,720
19 Other operating expenses	1,125,753	1,355,885	1,124,514	1,354,680
<b>Total operating expenses</b>	<b>3,860,928</b>	<b>4,517,987</b>	<b>3,847,708</b>	<b>4,496,453</b>
<b>Profit Before Tax and Exceptional Items</b>	<b>868,274</b>	<b>1,785,038</b>	<b>843,240</b>	<b>1,757,918</b>
20 Exceptional items	-	-	-	-
<b>Profit After Exceptional Items</b>	<b>868,274</b>	<b>1,785,038</b>	<b>843,240</b>	<b>1,757,918</b>
21 Current tax	308,575	561,684	304,282	553,548
22 Deferred tax	(1,760)	(22,033)	(1,760)	(22,033)
<b>Profit After Tax and Exceptional Items</b>	<b>561,459</b>	<b>1,245,386</b>	<b>540,718</b>	<b>1,226,403</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>561,459</b>	<b>1,245,386</b>	<b>540,730</b>	<b>1,226,403</b>
<b>EARNINGS PER SHARE- BASIC &amp; DILUTED</b>	<b>2.29</b>	<b>2.24</b>	<b>2.21</b>	<b>2.20</b>
<b>DIVIDEND PER SHARE -DECLARED</b>	<b>0.40</b>		<b>0.40</b>	

	GROUP 31-Dec-12 Audited Shs.'000	GROUP 31-Dec-13 Audited Shs.'000	BANK 31-Dec-12 Audited Shs.'000	BANK 31-Dec-13 Audited Shs.'000
<b>OTHER DISCLOSURES</b>				
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>				
1.1 (a) Gross Non-performing loans and advances	2,772,892	2,316,669	2,772,892	2,316,669
1.2 (b) Less Interest in Suspense	327,001	302,963	327,001	302,963
1.3 (c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>2,445,891</b>	<b>2,013,707</b>	<b>2,445,891</b>	<b>2,013,707</b>
1.4 (d) Less Loan Loss Provision	1,558,250	949,662	1,558,250	949,662
1.5 (e) <b>Net Non-Performing Loans and Advances(c-d)</b>	<b>887,641</b>	<b>1,064,045</b>	<b>887,641</b>	<b>1,064,045</b>
1.6 (f) Discounted Value of Securities	887,641	1,064,045	887,641	1,064,045
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	239,923	382,893	239,923	382,893
2.2 (b) Employees	1,258,764	1,393,094	1,258,764	1,393,094
2.3 (c) <b>Total Insider Loans and Advances and other facilities</b>	<b>1,498,687</b>	<b>1,775,987</b>	<b>1,498,687</b>	<b>1,775,987</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>				
3.1 (a) Letters of credit, guarantees, acceptances	648,659	980,470	648,659	980,470
3.2 (b) Forwards Swaps & Options	-	-	-	-
3.3 (c) Other contingent liabilities	280,542	274,824	280,542	274,824
3.4 (d) <b>Total Contingent Liabilities</b>	<b>929,201</b>	<b>1,255,294</b>	<b>929,201</b>	<b>1,255,294</b>
<b>4.0 CAPITAL STRENGTH</b>				
4.1 (a) Core capital	4,639,895	5,631,062	4,619,154	5,631,062
4.2 (b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
4.3 (c) <b>Excess (a-b)</b>	<b>3,639,895</b>	<b>4,631,062</b>	<b>3,619,154</b>	<b>4,631,062</b>
4.4 (d) Supplementary Capital	166,385	264,977	166,385	264,977
4.5 (e) <b>Total Capital (a+d)</b>	<b>4,806,280</b>	<b>5,896,039</b>	<b>4,785,539</b>	<b>5,896,039</b>
4.6 (f) Total risk weighted assets	21,157,484	31,126,625	21,096,061	31,126,625
4.7 (g) <b>Core Capital/Total deposits Liabilities</b>	<b>18.8%</b>	<b>16.3%</b>	<b>18.8%</b>	<b>16.3%</b>
4.8 (h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%
4.9 (i) Excess	10.8%	8.3%	10.8%	8.3%
4.10 (j) <b>Core Capital / Total risk weighted assets</b>	<b>21.9%</b>	<b>18.1%</b>	<b>21.9%</b>	<b>18.1%</b>
4.11 (k) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
4.12 (l) Excess (j-k)	13.9%	10.1%	13.9%	10.1%
4.13 (m) <b>Total Capital/Total risk weighted assets</b>	<b>22.7%</b>	<b>18.9%</b>	<b>22.7%</b>	<b>18.9%</b>
4.14 (n) Minimum statutory Ratio	12.0%	12.0%	12.0%	12.0%
4.15 (o) Excess (m-n)	10.7%	6.9%	10.7%	6.9%
<b>5.0 LIQUIDITY</b>				
5.1 (a) Liquidity Ratio	38.6%	36.5%	38.60%	36.5%
5.2 (b) Minimum Statutory Ratio	20.0%	20.0%	20.00%	20.0%
5.3 (c) Excess (a-b)	18.6%	16.5%	18.60%	16.5%

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 108% from Ksh 843M as at December 2012 to Ksh 1.76B as at December 2013.
- Total Shareholders' funds grew by 22% from Ksh 4.86B as at December 2012 to Ksh 5.97B as at December 2013.
- Deposits grew by 41% from Ksh 24.6B as at December 2012 to Ksh 34.6B as at December 2013.
- Total assets grew by 40% from Ksh 31B as at December 2012 to Ksh 43.5B as at December 2013.
- Loans grew by 56% from Ksh 17.9B as at December 2012 to Ksh 27.9B as at December 2013.
- The Bank has 72 branches
- The bank has over 1.3 Million customers



### ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th ANNUAL GENERAL MEETING of the Shareholders will be held on Friday 25th April, 2014 at 10:00 a.m. at the Hilton Hotel. The full Notice of AGM and the Annual Report and Accounts, including the Proxy Forms, will be available on the Company's website [www.familybank.co.ke](http://www.familybank.co.ke) from Friday 28th March 2014.

Signed: **Peter Munyiri**  
Managing Director & CEO

**Wilfred D. Kiboro**  
Board Chairman