

# FAMILY BANK LIMITED

## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2018

### STATEMENT OF FINANCIAL POSITION

	GROUP		BANK	
	31-Dec-17 Audited Shs.' 000	31-Dec-18 Audited Shs.' 000	31-Dec-17 Audited Shs.' 000	31-Dec-18 Audited Shs.' 000
<b>A ASSETS</b>				
1 Cash (both Local & Foreign)	3,482,434	3,494,361	3,482,434	3,494,361
2 Balances with Central Bank of Kenya	2,159,276	2,787,339	2,159,276	2,787,339
3 Kenya Government & other Securities held for dealing purposes	-	-	-	-
4 Financial Assets at Fair Value through Profit & Loss	-	-	-	-
5 Investment Securities:	-	-	-	-
a) Held to Maturity:	-	-	-	-
i. Kenya Government Securities	7,692,403	6,946,277	7,692,403	6,946,277
ii. Other Securities	842,679	392,772	842,679	392,772
b) Available for Sale:	-	-	-	-
i. Kenya Government Securities	-	-	-	-
ii. Other Securities	-	-	-	-
6 Deposits and balances due from local banking institutions	1,870,153	861,162	1,870,153	861,162
7 Deposits and balances due from banking institutions abroad	625,145	361,576	625,145	361,576
8 Tax recoverable	788,944	587,095	755,013	551,846
9 Loans and advances to customers (net)	43,471,853	44,113,093	43,471,853	44,113,093
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	18,200	18,200	18,200	18,200
15 Property and equipment	3,622,587	2,841,773	3,615,785	2,837,332
16 Prepaid lease rentals	148,736	143,885	148,736	143,885
17 Intangible assets	470,887	597,692	465,526	575,323
18 Deferred tax asset	324,879	527,303	324,495	527,303
19 Retirement benefit asset	-	-	-	-
20 Other assets	3,616,759	3,338,537	3,578,245	3,298,369
<b>TOTAL ASSETS</b>	<b>69,134,935</b>	<b>67,011,065</b>	<b>69,050,943</b>	<b>66,909,838</b>
<b>B LIABILITIES</b>				
21 Balances due to Central Bank of Kenya	-	-	-	-
22 Customer deposits	47,362,130	48,483,189	47,425,108	48,558,691
23 Deposits and balances due to local banking institutions	201,708	247,051	201,708	247,051
24 Deposits and balances due to foreign banking institutions	-	-	-	-
25 Other money market deposits	-	-	-	-
26 Borrowed funds	8,362,529	4,903,207	8,362,529	4,903,207
27 Balances due to Banking Institutions Group Companies	-	-	-	-
28 Tax payable	-	-	-	-
29 Dividends payable	2,808	2,716	2,808	2,716
30 Deferred tax liability	-	535	-	-
31 Retirement benefit liability	-	-	-	-
32 Other liabilities	1,452,496	1,793,577	1,450,495	1,771,725
<b>TOTAL LIABILITIES</b>	<b>57,381,671</b>	<b>55,430,275</b>	<b>57,442,648</b>	<b>55,483,390</b>
<b>C SHAREHOLDERS' FUNDS</b>				
33 Paid up /Assigned capital	1,287,108	1,287,108	1,287,108	1,287,108
34 Share premium	5,874,662	5,874,662	5,874,662	5,874,662
35 Revaluation reserves	192,624	192,624	192,624	192,624
36 Retained Earnings	4,102,941	4,226,396	3,957,972	4,072,054
37 Statutory loan reserves	295,929	-	295,929	-
38 Other Reserves	-	-	-	-
39 Proposed dividends	-	-	-	-
40 Capital grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>11,753,264</b>	<b>11,580,790</b>	<b>11,608,295</b>	<b>11,426,448</b>
42 Minority Interest	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>69,134,935</b>	<b>67,011,065</b>	<b>69,050,943</b>	<b>66,909,838</b>

### STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	31-Dec-17 Audited Shs.' 000	31-Dec-18 Audited Shs.' 000	31-Dec-17 Audited Shs.' 000	31-Dec-18 Audited Shs.' 000
<b>INTEREST INCOME</b>				
1 Loans and advances	6,124,518	5,668,863	6,124,518	5,668,863
2 Government securities	778,517	772,110	778,517	772,110
3 Deposits and placements with banking institutions	38,879	84,847	38,879	84,847
4 Other Interest Income	105,975	98,376	105,975	98,376
<b>Total interest income</b>	<b>7,047,889</b>	<b>6,624,196</b>	<b>7,047,889</b>	<b>6,624,196</b>
<b>INTEREST EXPENSE</b>				
5 Customer deposits	1,578,032	1,508,298	1,584,269	1,514,102
6 Deposits and placement from banking institutions	101,141	26,058	101,141	26,058
7 Other interest expenses	988,708	749,559	988,708	749,559
<b>Total interest expenses</b>	<b>2,667,881</b>	<b>2,283,915</b>	<b>2,674,118</b>	<b>2,289,719</b>
<b>NET INTEREST INCOME</b>	<b>4,380,008</b>	<b>4,340,281</b>	<b>4,373,771</b>	<b>4,334,477</b>
<b>OTHER OPERATING INCOME</b>				
8 Fees and commissions on loans and advances	108,907	125,800	108,907	125,800
9 Other fees and commissions	1,577,602	1,838,951	1,577,602	1,838,951
10 Foreign exchange trading income	288,762	337,456	288,760	337,456
11 Dividend Income	-	-	-	-
12 Other income	198,260	196,766	126,570	132,485
<b>Total non-interest income</b>	<b>2,173,531</b>	<b>2,498,973</b>	<b>2,101,839</b>	<b>2,434,692</b>
<b>TOTAL OPERATING INCOME</b>	<b>6,553,539</b>	<b>6,839,254</b>	<b>6,475,610</b>	<b>6,769,169</b>
<b>OPERATING EXPENSES</b>				
13 Loan loss provision	931,430	771,880	931,430	771,880
14 Staff costs	2,289,793	1,860,030	2,240,850	1,814,095
15 Directors' emoluments	124,196	74,035	120,127	71,215
16 Rental charges	686,953	621,385	686,953	621,385
17 Depreciation charge on property and equipment	756,267	638,814	752,158	634,705
18 Amortisation charges	146,071	129,747	146,071	129,747
19 Other operating expenses	2,976,467	2,308,431	2,968,862	2,306,262
<b>Total operating expenses</b>	<b>7,911,177</b>	<b>6,404,322</b>	<b>7,846,451</b>	<b>6,349,289</b>
<b>Profit Before Tax and Exceptional Items</b>	<b>(1,357,638)</b>	<b>434,932</b>	<b>(1,370,841)</b>	<b>419,880</b>
20 Exceptional items	-	-	-	-
<b>Profit After Exceptional Items</b>	<b>(1,357,638)</b>	<b>434,932</b>	<b>(1,370,841)</b>	<b>419,880</b>
21 Current tax	356,850	(190,716)	361,264	(185,034)
22 Deferred tax	-	-	-	-
<b>Profit After Tax and Exceptional Items</b>	<b>(1,000,788)</b>	<b>244,216</b>	<b>(1,009,577)</b>	<b>234,846</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	1,007	-	1,007	-
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>1,007</b>	<b>-</b>	<b>1,007</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(999,781)</b>	<b>244,216</b>	<b>(1,008,570)</b>	<b>234,846</b>
<b>EARNINGS PER SHARE- BASIC &amp; DILUTED</b>	<b>(0.80)</b>	<b>0.20</b>	<b>(0.81)</b>	<b>0.19</b>
<b>DIVIDEND PER SHARE -DECLARED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### OTHER DISCLOSURES

	GROUP		BANK	
	31-Dec-17 Audited Shs.' 000	31-Dec-18 Audited Shs.' 000	31-Dec-17 Audited Shs.' 000	31-Dec-18 Audited Shs.' 000
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>				
1.1 (a) Gross Non-performing loans and advances	9,477,932	8,137,866	9,477,932	8,137,866
1.2 (b) Less Interest in Suspense	1,117,824	1,002,544	1,117,824	1,002,544
1.3 (c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>8,360,108</b>	<b>7,135,322</b>	<b>8,360,108</b>	<b>7,135,322</b>
1.4 (d) Less Loan Loss Provision	2,338,464	1,907,666	2,338,464	1,907,666
1.5 (e) <b>Net Non-Performing Loans and Advances(c-d)</b>	<b>6,021,644</b>	<b>5,227,656</b>	<b>6,021,644</b>	<b>5,227,656</b>
1.6 (f) Discounted Value of Securities	5,842,101	4,960,914	5,842,101	4,960,914
1.7 (g) <b>Net NPLs Exposure (e-f)</b>	<b>179,543</b>	<b>266,742</b>	<b>179,543</b>	<b>266,742</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>				
2.1 (a) Directors, Shareholders and Associates	1,868,527	2,427,378	1,868,527	2,427,378
2.2 (b) Employees	1,400,557	1,163,182	1,400,557	1,163,182
2.3 (c) <b>Total Insider Loans and Advances and other facilities</b>	<b>3,269,084</b>	<b>3,590,560</b>	<b>3,269,084</b>	<b>3,590,560</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>				
3.1 (a) Letters of credit, guarantees, acceptances	3,372,996	3,570,381	3,372,996	3,570,381
3.2 (b) Forwards Swaps & Options	3,187,951	3,147,051	3,187,951	3,147,051
3.3 (c) Other contingent liabilities	237,018	182,071	237,018	182,071
3.4 (d) <b>Total Contingent Liabilities</b>	<b>6,797,965</b>	<b>6,899,503</b>	<b>6,797,965</b>	<b>6,899,503</b>
<b>4.0 CAPITAL STRENGTH</b>				
4.1 (a) Core capital	-	-	10,831,838	10,706,525
4.2 (b) Minimum Statutory Capital	-	-	1,000,000	1,000,000
4.3 (c) Excess (a-b)	-	-	9,831,838	9,706,525
4.4 (d) Supplementary Capital	-	-	2,314,729	2,018,800
4.5 (e) <b>Total Capital (a+d)</b>	-	-	<b>13,146,567</b>	<b>12,725,325</b>
4.6 (f) Total risk weighted assets	-	-	66,207,095	65,186,401
4.7 (g) <b>Core Capital/Total deposits Liabilities</b>	-	-	<b>22.8%</b>	<b>22.1%</b>
4.8 (h) Minimum statutory Ratio	-	-	8.0%	8.0%
4.9 (i) Excess	-	-	14.8%	14.1%
4.10 (j) <b>Core Capital / Total risk weighted assets</b>	-	-	<b>16.4%</b>	<b>16.4%</b>
4.11 (k) Minimum Statutory Ratio	-	-	10.5%	10.5%
4.12 (l) Excess (j-k)	-	-	5.9%	5.9%
4.13 (m) <b>Total Capital/Total risk weighted assets</b>	-	-	<b>19.9%</b>	<b>19.5%</b>
4.14 (n) Minimum statutory Ratio	-	-	14.5%	14.5%
4.15 (o) Excess (m-n)	-	-	5.4%	5.0%
(p) Core Capital/Total deposits Liabilities*	-	-	-	23.2%
(q) Core Capital/Total risk weighted assets*	-	-	-	17.3%
(r) Total Capital/Total risk weighted assets*	-	-	-	20.4%
<b>5.0 LIQUIDITY</b>				
5.1 (a) Liquidity Ratio	-	-	<b>34.6%</b>	<b>30.7%</b>
5.2 (b) Minimum Statutory Ratio	-	-	20.0%	20.0%
5.3 (c) Excess (a-b)	-	-	14.6%	10.7%

\* The adjusted capital ratios include the expected credit loss provisions added back to capital in line with Central Bank of Kenya guidance note issued in April 2018 on implementation of IFRS 9.

The above statement of financial position, statement of comprehensive income and disclosures are extracts from the books of the Bank as audited by PricewaterhouseCoopers, Certified Public Accountants and received an 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 institution's Head Office located at Family Bank Towers, Muindi Mbingu Street, Nairobi.

Signed: Lazarus Muema  
Director

Dr. Wilfred D. Kiboro  
Chairman

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