

A new beginning of inspired results

The Board of Directors of National Bank of Kenya Limited hereby announce the audited results for the year ended 31 December 2013

**I. STATEMENT OF FINANCIAL POSITION
as at 31 December 2013**

	BANK 31-Dec-13 (KSHS'000)	BANK 31-Dec-12 (KSHS'000)	GROUP 31-Dec-13 (KSHS'000)	GROUP 31-Dec-12 (KSHS'000)
A Assets				
1 Cash (both Local & Foreign)	3,394,255	2,845,876	3,501,986	2,902,985
2 Balances due from Central Bank of Kenya	5,998,426	2,615,115	5,998,426	2,615,115
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at fair value through profit and loss	-	-	-	-
5 Investment Securities:(a+b)	27,537,016	26,881,334	27,537,016	26,881,334
a) Held to Maturity:(i+ii)	27,001,290	25,812,285	27,001,290	25,812,285
i. Kenya Government securities	26,864,623	25,719,061	26,864,623	25,719,061
ii. Other securities	136,667	93,224	136,667	93,224
b) Available for sale:(i+ii)	535,726	1,069,049	535,726	1,069,049
i. Kenya Government securities	535,726	1,069,049	535,726	1,069,049
ii. Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	7,801,164	-	7,801,164	-
7 Deposits and balances due from banking institutions abroad	482,297	1,356,954	482,297	1,356,954
8 Tax recoverable	-	371,691	-	364,267
9 Loans and advances to customers (net)	39,566,678	28,346,668	39,566,678	28,346,668
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	19,963	19,963	19,963	19,963
13 Investments in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	3,913,888	2,673,313	3,914,347	2,673,313
16 Prepaid lease rentals	425	11,467	425	11,467
17 Intangible assets	999,069	924,912	1,000,094	924,912
18 Deferred tax asset	-	66,441	-	66,638
19 Retirement benefit asset	-	-	-	-
20 Other assets	2,779,852	1,041,071	2,733,319	1,014,989
21 TOTAL ASSETS	92,493,034	67,154,805	92,555,716	67,178,605
B LIABILITIES				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customer deposits	77,992,820	55,191,425	77,992,820	55,191,425
24 Deposits and balances due to local banking institutions	824,858	254,694	824,858	254,694
25 Deposits and balances due to foreign banking institutions	-	-	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	-	29,960	-	29,960
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	272,632	-	273,873	-
30 Dividends payable	31,070	28,629	31,070	28,629
31 Deferred tax liability	83,894	-	83,801	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	1,439,469	1,200,121	1,460,895	1,206,721
34 TOTAL LIABILITIES	80,644,743	56,704,829	80,667,317	56,711,429
C SHAREHOLDERS' FUNDS				
35 Paid up /Assigned capital	7,075,000	7,075,000	7,075,000	7,075,000
36 Share premium/(discount)	-	-	-	-
37 Revaluation reserves	1,201,022	564,018	1,201,022	564,018
38 Retained earnings/Accumulated losses	3,237,427	2,547,101	3,277,535	2,564,301
39 Statutory loan loss reserves	334,842	263,857	334,842	263,857
40 Other Reserves	-	-	-	-
41 Proposed dividends	-	-	-	-
42 Capital grants	-	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS	11,848,291	10,449,976	11,888,399	10,467,176
44 TOTAL LIABILITIES & SHAREHOLDERS' FUNDS	92,493,034	67,154,805	92,555,716	67,178,605

**II. STATEMENT OF COMPREHENSIVE INCOME
for the Year ended 31 December 2013**

	BANK 31-Dec-13 Shs'000	BANK 31-Dec-12 Shs'000	GROUP 31-Dec-13 Shs'000	GROUP 31-Dec-12 Shs'000
1 Interest Income				
1.1 Loans and advances	4,765,803	5,376,734	4,765,803	5,376,734
1.2 Government securities	3,170,348	2,832,325	3,170,348	2,832,325
1.3 Deposits and placements with banking institutions	170,859	211,400	170,859	211,400
1.4 Other Interest Income	58,780	9,660	58,780	9,660
1.5 TOTAL INTEREST INCOME	8,165,790	8,430,119	8,165,790	8,430,119
2 Interest Expense				
2.1 Customer deposits	2,376,286	3,568,939	2,376,286	3,568,939
2.2 Deposits and placements from banking institutions	145,441	84,558	145,441	84,558
2.3 Other interest expenses	5,949	1,828	5,949	1,828
2.4 Total Interest Expenses	2,527,676	3,655,325	2,527,676	3,655,325
3 Net Interest Income	5,638,114	4,774,794	5,638,114	4,774,794
4 Non-Interest Income				
4.1 Fees and commissions on loans and advances	430,379	210,327	430,379	210,327
4.2 Other fees and commissions	1,125,185	1,132,203	1,176,033	1,155,875
4.3 Foreign exchange trading income (loss)	309,323	229,273	309,323	229,273
4.4 Dividend Income	-	-	-	-
4.5 Other Income	941,303	1,263,721	941,303	1,263,721
4.6 Total Non-Interest Income	2,806,190	2,835,524	2,857,038	2,859,196
5 TOTAL OPERATING INCOME	8,444,304	7,610,318	8,495,152	7,633,990
6 Other Operating Expenses				
6.1 Loan loss provision	287,640	725,626	287,640	725,626
6.2 Staff costs	3,557,848	3,110,702	3,570,349	3,121,564
6.3 Directors' emoluments	137,711	103,791	137,711	103,791
6.4 Rental charges	177,033	134,433	178,233	135,688
6.5 Depreciation charge on property and equipment	326,944	374,366	326,944	374,366
6.6 Amortisation charges	238,059	240,403	238,059	240,403
6.7 Other operating expenses	1,939,625	1,773,589	1,944,048	1,775,696
6.8 Total Operating Expenses	6,664,860	6,462,910	6,682,984	6,477,134
7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	1,779,444	1,147,408	1,812,168	1,156,856
8 Exceptional items	-	-	-	-
9 Profit after exceptional items	1,779,444	1,147,408	1,812,168	1,156,856
10 Current tax	(829,161)	(508,667)	(838,874)	(511,473)
11 Deferred tax	139,613	91,011	139,509	90,983
12 Profit after tax and exceptional items	1,089,896	729,752	1,112,803	736,366
13 OTHER COMPREHENSIVE INCOME				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-
13.2 Fair value changes in available for sale financial assets	-	-	-	-
13.3 Revaluation surplus on Property, plant and equipment	966,493	-	966,493	-
13.4 Share of other comprehensive income of associates	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	(289,948)	-	(289,948)	-
14 Other Comprehensive Income for the year net of tax	676,545	-	676,545	-
15 TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,766,441	729,752	1,789,348	736,366
EARNINGS PER SHARE - basic & diluted	Shs 2.24	Shs 1.49	Shs 2.32	Shs 1.52

OTHER DISCLOSURES

	BANK 31-Dec-13 (KSHS'000)	BANK 31-Dec-12 (KSHS'000)
1 Non-performing loans and advances		
a Gross non-performing loans and advances	4,212,274	2,247,476
b Less:Interest in suspense	42,625	51,405
c Total Non-performing loans and advances (a-b)	4,169,649	2,196,071
d Less:Loan loss Provisions	1,757,713	1,543,344
e Net NPLs exposure (c-d)	2,411,936	652,727
f Discounted Value of Securities	2,411,936	652,727
g Net NPLs exposure (e-f)	-	-
2 Insider loans and Advances		
a Directors, Shareholders and associates	88,024	6,322
b Employees	4,644,893	3,612,084
c Total insider loans, advances and other facilities	4,732,917	3,618,406
3 Off-Balance sheet items		
a Letters of credit, guarantees and acceptances	4,000,988	5,290,214
b Forwards, swaps and options	392,944	2,636
c Other contingent liabilities	64,800	64,800
d Total contingent liabilities	4,458,732	5,357,650
4 Capital Strength		
a Core capital	10,312,428	9,622,101
b Minimum Statutory Capital	1,000,000	1,000,000
c Excess/(Deficiency) (a-b)	9,312,428	8,622,101
d Supplementary capital	635,098	404,862
e Total capital (a+d)	10,947,526	10,026,963
f Total risk weighted assets	45,332,793	35,280,348
g Core capital/total risk weighted liabilities	13.3%	17.4%
h Minimum Statutory Ratio	10.5%	8.0%
i Excess/(Deficiency) (g-h)	2.8%	9.4%
j Core capital/total risk weighted assets	17.1%	19.4%
k Minimum Statutory Ratio	10.5%	8.0%
l Excess/(Deficiency) (j-k)	6.6%	11.4%
m Total capital/total risk weighted assets	18.2%	20%
n Minimum Statutory Ratio	14.5%	12.0%
o Excess/(Deficiency) (m-n)	3.7%	8.2%
5 Liquidity		
a Liquidity Ratio	42.0%	30.0%
b Minimum Statutory Ratio	20.0%	20.0%
c Excess/(Deficiency) (a-b)	22.0%	10.0%

DIVIDENDS

1. The Directors are pleased to announce a dividend of Kshs 0.075 per share (1.5%) to preference shareholders.
2. The Directors have resolved to recommend to the forthcoming Annual General Meeting a first and final dividend of Kshs 0.33 per share to ordinary and participating preference shareholders. The dividend will be payable on or about 27 June 2014 to shareholders on register at close of business on 30 May 2014.

APPROVAL

These financial statements are extracts from the books of the institution as audited by Deloitte & Touche and received unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Institution's website www.nationalbank.co.ke. They may also be accessed at the institutions head office listed hereunder.

The audited financial statements were approved by the Board of Directors on 20 March 2014 and signed on its behalf by:
M.A. Hassan - Chairman
S.M. Kitonga (Ms) - Chair - Audit & Risk Committee
M.S. Ahmed - Managing Director
H.Waswani - Company Secretary

ANNUAL GENERAL MEETING

Notice is hereby given that the Forty-fifth Annual General Meeting of the shareholders of National Bank of Kenya Limited will be held at the Tsavo Ball Room Kenyatta International Conference Centre, Nairobi on Friday, 30 May 2014 at 10:00 a.m.

REGISTERED OFFICE

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