

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31ST DECEMBER 2016

STATEMENT OF FINANCIAL POSITION		BANK Dec, 2015 Shs '000' Audited	BANK Dec, 2016 Shs '000' Audited
A ASSETS			
1	Cash (both Local & Foreign)	129,938	151,354
2	Balances with Central Bank of Kenya	408,225	686,139
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	5,045,334	6,820,724
(b)	Other Securities	-	-
(ii)	Available for Sale:		
(a)	Kenya Government Securities	-	-
(b)	Other Securities	-	-
6	Deposits and Balances due from Local Banking Institutions	153,467	-
7	Deposits and Balances due from Banking Institutions Abroad	169,268	649,901
8	Tax Recoverable	-	58,829
9	Loans and Advances to Customers (Net)	4,116,680	3,880,950
10	Balances due from Banking Institutions in the Group	-	-
11	Investments in Associates	-	-
12	Investments in Subsidiary Companies	-	-
13	Investments in Joint ventures	-	-
14	Investment Properties	-	-
15	Property, Plant and Equipment	86,158	78,074
16	Prepaid Lease Rentals	3,333	22,558
17	Intangible Assets	-	-
18	Deferred Tax Asset	75,269	86,234
19	Retirement Benefit Asset	-	-
20	Other Assets	42,306	73,262
	TOTAL ASSETS	10,229,978	12,508,025
B LIABILITIES			
21	Balances due to Central Bank of Kenya	-	-
22	Customer Deposits	6,861,254	8,215,360
23	Deposits and Balances due to Local Banking Institutions	350,000	250,000
24	Deposits and Balances due to Foreign Banking Institutions	654,447	1,486,273
25	Other Money Market Deposits	-	-
26	Borrowed Funds	-	-
27	Balances due to Banking Institutions Group Companies	-	-
28	Tax Payable	80,837	-
29	Dividends Payable	-	-
30	Deferred Tax Liability	-	-
31	Retirement Benefit Liability	-	-
32	Other liabilities	135,988	102,776
	TOTAL LIABILITIES	8,082,526	10,054,409
C SHAREHOLDERS' FUNDS			
33	Paid Up/ Assigned Capital	1,044,226	1,044,226
34	Share Premium (Discount)	-	-
35	Revaluation Reserves	-	-
36	Retained Earnings/Accumulated Losses	811,888	1,094,301
37	Statutory Loan Reserves	291,338	315,089
38	Other Reserves	-	-
39	Proposed Dividends	-	-
40	Capital Grants	-	-
	TOTAL SHAREHOLDERS' FUNDS	2,147,452	2,453,616
41	Minority Interest	-	-
	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	10,229,978	12,508,025
STATEMENT OF COMPREHENSIVE INCOME			
INTEREST INCOME			
1	Loans and Advances	544,624	536,709
2	Government Securities	503,769	662,141
3	Deposits and Placements with Banking Institutions	12,281	12,260
4	Other Interest Income	-	-
	Total Interest Income	1,060,674	1,211,110
INTEREST EXPENSE			
5	Customer Deposits	318,152	446,252
6	Deposits and Placement from Banking Institutions	23,148	22,562
7	Other Interest Expenses	-	-
	Total Interest Expenses	341,300	468,814
	NET INTEREST INCOME /LOSS	719,374	742,296
NON INTEREST INCOME			
8	Fees and Commissions on Loans and Advances	15,582	11,320
9	Other Fees and Commissions	24,842	19,383
10	Foreign Exchange Trading Income (Loss)	32,391	24,033
11	Dividend Income	-	-
12	Other Income	38,627	36,920
	Total Non-Interest Income	111,442	91,656
	TOTAL OPERATING INCOME	830,816	833,952
OPERATING EXPENSES			
13	Loan Loss Provision	52,095	2,508
14	Staff Costs	165,682	183,233
15	Directors' Emoluments	-	-
16	Rental Charges	35,779	42,507
17	Depreciation Charge on Property and Equipment	17,366	25,463
18	Amortisation Charges	-	-
19	Other Operating Expenses	75,375	87,271
	Total Operating Expenses	346,297	340,982
	Profit/(Loss) Before Tax and Exceptional Items	484,519	492,970
20	Exceptional Items	-	-
	Profit/(Loss) After Exceptional Items	484,519	492,970
21	Current tax	185,936	186,805
22	Deferred tax	-	-
	Profit/(Loss) After Tax and Exceptional Items	298,583	306,165
23	Minority Interest	-	-
	Profit/(Loss) After Tax, Exceptional Items & Minority Interest	298,583	306,165
	Other Comprehensive Income:		
24	Gains/(Losses) from Translating the Financial Statements of Foreign Operations	-	-
25	Fair Value changes in Available-for-sale Financial Assets	-	-
26	Revaluation Surplus on Property, Plant and Equipment	-	-
27	Share of other Comprehensive Income of Associates	-	-
28	Income Tax Relating to Components of other Comprehensive Income	-	-
	Other Comprehensive Income for the Year Net of Tax	-	-
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	298,583	306,165
EARNINGS PER SHARE - BASIC & DILUTED			
	DIVIDEND PER SHARE -DECLARED	-	-
OTHER DISCLOSURES			
1.0 NON-PERFORMING LOANS AND ADVANCES			
1.1	(a) Gross Non-Performing Loans and Advances	434,253	815,986
1.2	(b) Less Interest in Suspense	41,886	41,886
1.3	(c) Total Non-Performing Loans and Advances (a-b)	392,367	774,100
1.4	(d) Less Loan Losses Provision	378,465	416,101
1.5	(e) Net Non-Performing Loans and Advances(c-d)	13,902	357,999
1.6	(f) Discounted Value of Securities	13,902	357,999
1.7	(g) Net NPLs Exposure (e-f)	13,902	357,999
2.0 INSIDER LOANS AND ADVANCES			
2.1	(a) Directors, Shareholders and Associates	-	-
2.2	(b) Employees	39,406	33,490
2.3	(c) Total Insider Loans and Advances and other facilities	39,406	33,490
3.0 OFF-BALANCE SHEET ITEMS			
3.1	(a) Letters of credit, Guarantees & Acceptances	913,842	764,473
3.2	(b) Forwards Swaps & Options	-	-
3.3	(c) Other Contingent Liabilities	498,988	28,925
3.4	(d) Total Contingent Liabilities	1,412,740	793,398
4.0 CAPITAL STRENGTH			
4.1	(a) Core capital	1,856,114	2,138,528
4.2	(b) Minimum Statutory Capital	1,000,000	1,000,000
4.3	(c) Excess/ (Deficiency) (a-b)	856,114	1,138,528
4.4	(d) Supplementary Capital	291,338	315,089
4.5	(e) Total Capital (a+d)	2,147,452	2,453,617
4.6	(f) Total risk weighted assets	5,776,330	5,411,510
4.7	(g) Core Capital/Total Deposit Liabilities	27.1%	26.0%
4.8	(h) Minimum Statutory Ratio	8.0%	8.0%
4.9	(i) Excess/ (Deficiency) (g-h)	19.1%	18.0%
4.10	(j) Core Capital / Total Risk Weighted Assets	32.1%	39.5%
4.11	(k) Minimum Statutory Ratio	10.5%	10.5%
4.12	(l) Excess/(Deficiency) (j-k)	21.6%	29.0%
4.13	(m) Total Capital/Total Risk Weighted Assets	37.2%	45.3%
4.14	(n) Minimum Statutory Ratio	14.5%	14.5%
4.15	(o) Excess/(Deficiency) (m-n)	22.7%	30.8%
5.0 LIQUIDITY			
5.1	(a) Liquidity Ratio	71.4%	80.0%
5.2	(b) Minimum Statutory Ratio	20.0%	20.0%
5.3	(c) Excess/(Deficiency) (a-b)	51.4%	60.0%

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 unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed at the institution's Head office located at 15 Koinange st. Nairobi and can also be downloaded from our website www.hbl.com.

Signed by: **Salman Malik-RGM Africa & Country Executive Kenya**

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