

COMMERCIAL BANK OF AFRICA LIMITED

FINANCIAL STATEMENTS & DISCLOSURES - 31 MARCH 2014

I. STATEMENT OF FINANCIAL POSITION

| | GROUP | | | BANK | | |
|--|-----------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|
| | 31 Mar 2013 | 31 Dec 2013 | 31 Mar 2014 | 31 Mar 2013 | 31 Dec 2013 | 31 Mar 2014 |
| | Unaudited KShs 000 | Audited KShs 000 | Unaudited KShs 000 | Unaudited KShs 000 | Audited KShs 000 | Unaudited KShs 000 |
| A ASSETS | | | | | | |
| 1. Cash (both local and foreign) | 1,817,453 | 2,333,013 | 2,574,689 | 1,385,394 | 1,492,211 | 1,932,833 |
| 2. Balances due from Central Bank | 8,177,897 | 10,472,650 | 5,181,855 | 6,260,904 | 8,221,033 | 3,249,460 |
| 3. Kenya Government and other securities held for dealing purposes | - | - | - | - | - | - |
| 4. Financial assets at fair value through profit and loss | 121,393 | 179,059 | 179,059 | 121,393 | 179,059 | 179,059 |
| 5. Investment securities | | | | | | |
| a) Held to maturity: | | | | | | |
| a. Kenya Government securities | 22,700,850 | 27,856,802 | 29,924,225 | 22,700,850 | 27,856,802 | 29,629,720 |
| b. Other securities | 2,286,031 | 3,358,199 | 2,243,590 | 171,749 | 175,691 | - |
| b) Available for sale | | | | | | |
| a. Kenya government securities | 4,176,996 | 7,100,722 | 4,043,401 | 4,176,996 | 7,100,722 | 4,043,401 |
| b. Other securities | 4,134,466 | 932,437 | 686,059 | 38,941 | 42,774 | - |
| 6. Deposits and balances due from local banking institutions | 4,794,769 | 527,340 | 5,655,482 | 905,754 | 527,340 | 5,338,211 |
| 7. Deposits and balances due from banking institutions abroad | 9,507,865 | 16,379,983 | 7,948,660 | 8,370,479 | 13,808,777 | 6,344,817 |
| 8. Tax recoverable | - | 85,198 | - | - | - | - |
| 9. Loans and advances to customers (net) | 51,847,075 | 68,640,329 | 71,475,566 | 42,208,499 | 57,180,199 | 60,262,902 |
| 10. Balances due from banking institutions in the group | - | - | - | 9,174 | 43,733 | 52,308 |
| 11. Investment in associates | 614,155 | 722,955 | 722,955 | 332,593 | 332,593 | 332,593 |
| 12. Investment in subsidiary companies | - | - | - | 805,340 | 1,680,340 | 1,680,340 |
| 13. Investments in joint ventures | - | - | - | - | - | - |
| 14. Investment properties | - | - | - | - | - | - |
| 15. Property and equipment | 3,546,501 | 3,710,028 | 3,889,432 | 807,077 | 817,958 | 828,399 |
| 16. Prepaid lease rentals | 15,538 | 15,538 | 15,538 | - | - | - |
| 17. Intangible assets | 1,115,989 | 1,340,699 | 1,292,016 | 1,045,192 | 1,280,066 | 1,236,664 |
| 18. Deferred tax asset | 85,402 | 111,589 | 211,667 | - | 103,683 | 70,255 |
| 19. Retirement benefit asset | - | - | - | - | - | - |
| 20. Other assets | 2,801,090 | 2,231,837 | 2,557,397 | 8,148,673 | 4,038,983 | 4,559,740 |
| 21. Total assets | 117,743,470 | 145,998,378 | 138,601,591 | 97,489,008 | 124,881,964 | 119,783,476 |
| B LIABILITIES | | | | | | |
| 22. Balances due to Central Banks | - | 2,700,000 | - | - | 2,700,000 | - |
| 23. Customer deposits | 87,087,634 | 104,715,681 | 106,574,494 | 74,797,420 | 90,992,899 | 93,263,367 |
| 24. Deposits and balances due to local banking institutions | 7,377,433 | 8,023,123 | 4,105,210 | 7,377,433 | 8,023,123 | 4,105,210 |
| 25. Deposits and balances due to foreign banking institutions | 6,083,579 | 14,289,629 | 10,440,575 | 469,749 | 8,071,512 | 6,124,349 |
| 26. Other money market deposits | - | - | - | - | - | - |
| 27. Borrowed funds | - | - | - | - | - | - |
| 28. Balances due to banking institutions in the group | - | - | - | 14,753 | - | - |
| 29. Tax payable | 521,398 | 23,237 | 374,789 | 501,757 | 69,579 | 407,031 |
| 30. Dividends payable | - | - | - | - | - | - |
| 31. Deferred tax liability | 535,545 | 87,268 | 120,696 | 372,345 | - | - |
| 32. Retirement benefit liability | - | - | - | - | - | - |
| 33. Other liabilities | 2,642,270 | 820,865 | 1,118,264 | 1,803,070 | 1,275,570 | 1,311,724 |
| 34. Total liabilities | 104,247,859 | 130,659,803 | 122,734,028 | 85,336,527 | 111,132,683 | 105,211,681 |
| C SHAREHOLDERS' FUNDS | | | | | | |
| 35. Paid up capital | 4,915,402 | 4,915,402 | 4,915,402 | 4,915,402 | 4,915,402 | 4,915,402 |
| 36. Share premium | 1,275,622 | 1,275,622 | 1,275,622 | 1,275,622 | 1,275,622 | 1,275,622 |
| 37. Revaluation reserves | 1,110,131 | 1,180,089 | 1,180,089 | - | - | - |
| 38. Retained earnings | 5,223,069 | 6,326,067 | 6,788,734 | 5,052,892 | 6,023,368 | 6,767,881 |
| 39. Statutory loan loss reserve | 415,768 | 643,949 | 641,074 | 351,074 | 548,377 | 548,377 |
| 40. Other reserves | (78,956) | (79,842) | (10,646) | (77,084) | (90,776) | (12,755) |
| 41. Proposed dividends | 634,575 | 1,077,288 | 1,077,288 | 634,575 | 1,077,288 | 1,077,288 |
| 42. Capital grants | - | - | - | - | - | - |
| 43. Total shareholders' funds | 13,495,611 | 15,338,575 | 15,867,563 | 12,152,481 | 13,749,281 | 14,571,795 |
| 44. Total liabilities and shareholders' funds | 117,743,470 | 145,998,378 | 138,601,591 | 97,489,008 | 124,881,964 | 119,783,476 |

II. STATEMENT OF COMPREHENSIVE INCOME

| | GROUP | | | BANK | | |
|--|------------------------------|---------------------------|------------------------------|------------------------------|---------------------------|------------------------------|
| | Quarter ended 31 Mar 2013 | Year ended 31 Dec 2013 | Quarter ended 31 Mar 2014 | Quarter ended 31 Mar 2013 | Year ended 31 Dec 2013 | Quarter ended 31 Mar 2014 |
| | Unaudited Shs 000 | Audited Shs 000 | Unaudited Shs 000 | Unaudited Shs 000 | Audited Shs 000 | Unaudited Shs 000 |
| 1 INTEREST INCOME | | | | | | |
| 1.1 Loans and advances | 1,688,141 | 7,389,815 | 2,069,797 | 1,325,561 | 5,712,429 | 1,639,053 |
| 1.2 Government securities | 860,240 | 4,230,617 | 952,359 | 685,690 | 3,576,462 | 850,697 |
| 1.3 Deposits and placements from banking institutions | 89,753 | 230,935 | 79,885 | 80,338 | 178,937 | 66,261 |
| 1.4 Other interest income | - | 7,539 | 1,023 | - | 7,539 | 1,023 |
| 1.5 Total interest income | 2,638,134 | 11,858,906 | 3,103,064 | 2,091,589 | 9,475,367 | 2,557,034 |
| 2 INTEREST EXPENSES | | | | | | |
| 2.1 Customer deposits | 1,083,671 | 4,472,135 | 1,208,687 | 815,583 | 3,394,525 | 942,405 |
| 2.2 Deposits and placements from banking institutions | 141,087 | 1,013,783 | 326,820 | 58,274 | 569,304 | 193,991 |
| 2.3 Other interest expenses | - | - | - | - | - | - |
| 2.4 Total interest expenses | 1,224,758 | 5,485,918 | 1,535,507 | 873,857 | 3,963,829 | 1,136,396 |
| 3 NET INTEREST INCOME | 1,413,376 | 6,372,988 | 1,567,557 | 1,217,732 | 5,511,538 | 1,420,638 |
| 4 OTHER OPERATING INCOME | | | | | | |
| 4.1 Fees and commissions on loans and advances | 158,425 | 1,028,338 | 334,473 | 110,372 | 831,698 | 312,060 |
| 4.2 Other fees and commissions | 284,700 | 1,284,772 | 328,489 | 229,540 | 1,030,144 | 255,555 |
| 4.3 Foreign exchange trading income | 355,042 | 1,593,452 | 397,571 | 326,415 | 1,420,257 | 328,924 |
| 4.4 Dividend income | - | - | - | - | - | - |
| 4.5 Other income | 66,837 | 454,533 | 115,219 | 2,697 | 332,688 | 90,079 |
| 4.6 Total Non-interest income | 865,004 | 4,361,095 | 1,175,752 | 669,024 | 3,614,787 | 986,618 |
| 5 TOTAL OPERATING INCOME | 2,278,380 | 10,734,083 | 2,743,309 | 1,886,756 | 9,126,325 | 2,407,256 |
| 6 OPERATING EXPENSES | | | | | | |
| 6.1 Loan loss provision | 23,789 | 488,003 | 399,688 | 40,969 | 397,129 | 141,382 |
| 6.2 Staff costs | 559,985 | 2,509,589 | 704,645 | 448,115 | 1,860,588 | 539,754 |
| 6.3 Directors' emoluments | 31,794 | 149,066 | 36,900 | 28,607 | 146,194 | 35,173 |
| 6.4 Rental charges | 118,548 | 337,277 | 76,561 | 90,921 | 317,976 | 81,799 |
| 6.5 Depreciation charge on property and equipment | 66,310 | 261,109 | 79,701 | 51,898 | 204,575 | 58,564 |
| 6.6 Amortisation charges | 31,124 | 245,307 | 85,015 | 26,744 | 227,542 | 80,621 |
| 6.7 Other operating expenses | 481,508 | 2,081,499 | 567,895 | 364,981 | 1,508,579 | 384,326 |
| 6.8 Total other operating expenses | 1,313,058 | 6,071,850 | 1,950,405 | 1,052,235 | 4,662,583 | 1,321,619 |
| 7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | 965,322 | 4,662,233 | 792,904 | 834,521 | 4,463,742 | 1,085,637 |
| 8 Exceptional items | - | - | - | - | - | - |
| 9 PROFIT AFTER EXCEPTIONAL ITEMS | 965,322 | 4,662,233 | 792,904 | 834,521 | 4,463,742 | 1,085,637 |
| Share of associate profit | - | 108,800 | - | - | - | - |
| PROFIT BEFORE TAX | 965,322 | 4,771,033 | 792,904 | 834,521 | 4,463,742 | 1,085,637 |
| 10. Current tax | 290,186 | 1,532,469 | 353,625 | 263,889 | 1,457,081 | 341,123 |
| 11. Deferred tax | - | (502,136) | (100,322) | - | (470,161) | - |
| 12 PROFIT AFTER TAX AND EXCEPTIONAL ITEM | 675,136 | 3,740,700 | 539,601 | 570,632 | 3,476,822 | 744,514 |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| 13.1 Exchange differences on translating foreign operations | (7,920) | 1,258 | (80,137) | - | - | - |
| 13.2 Available-for-sale financial assets | (65,702) | (66,886) | 99,324 | (84,779) | (104,338) | 111,429 |
| 13.3 Gains on property revaluations | - | 92,500 | - | - | - | - |
| 13.4 Share of other comprehensive income of associates | - | - | - | - | - | - |
| 13.5 Income tax relating to components of other comprehensive income | 19,711 | (7,684) | (29,797) | 25,434 | 31,301 | (33,429) |
| Other comprehensive income for the year net of tax | (53,911) | 19,188 | (10,610) | (59,345) | (73,037) | 78,000 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 621,225 | 3,759,888 | 528,991 | 511,287 | 3,403,785 | 822,514 |
| EARNINGS PER SHARE - BASIC & DILUTED | KShs 2.75 | KShs 15.22 | KShs 2.20 | KShs 2.32 | KShs 14.15 | KShs 3.03 |

III. OTHER DISCLOSURES

| | BANK | | |
|---|-----------------------|---------------------|-----------------------|
| | 31 Mar 2013 | 31 Dec 2013 | 31 Mar 2014 |
| | Unaudited KShs 000 | Audited KShs 000 | Unaudited KShs 000 |
| 1 NON-PERFORMING LOANS AND ADVANCES | | | |
| a) Gross non-performing loans and advances | 1,980,465 | 2,379,864 | 2,601,096 |
| b) Less interest in suspense | 391,552 | 462,783 | 497,468 |
| c) Total non-performing loans (a-b) | 1,588,913 | 1,917,081 | 2,103,628 |
| d) Specific provisions for bad debts | 1,339,500 | 1,607,976 | 1,915,064 |
| e) Net non-performing loans (c-d) | 249,408 | 309,105 | 188,564 |
| f) Realisable value of securities | 249,408 | 309,105 | 188,564 |
| g) Net NPLs Exposure (e-f) | - | - | - |
| 2 INSIDER LOANS AND ADVANCES | | | |
| a) Directors, shareholders and associates | 3,856,838 | 5,291,226 | 4,713,761 |
| b) Employees | 1,174,173 | 1,363,900 | 1,416,695 |
| c) Total insider loans advances and other facilities | 5,031,011 | 6,655,126 | 6,130,456 |
| 3 OFF-BALANCE SHEET ITEMS | | | |
| a) Letters of credit, guarantees and acceptances | 16,677,814 | 21,849,734 | 21,206,002 |
| b) Forward, swaps and options | 4,645,686 | 13,901,412 | 15,257,229 |
| c) Other contingent liabilities | - | - | - |
| d) Total contingent liabilities | 21,323,500 | 35,751,146 | 36,463,231 |
| 4 CAPITAL STRENGTH | | | |
| a) Core capital | 10,632,014 | 10,378,232 | 10,680,232 |
| b) Minimum statutory capital | 1,000,000 | 1,000,000 | 1,000,000 |
| c) Excess / (deficiency) | 9,632,014 | 9,378,232 | 9,680,232 |
| d) Supplementary capital | 351,074 | 548,377 | 548,377 |
| e) Total capital (a+d) | 10,983,088 | 10,926,609 | 11,228,609 |
| f) Total risk weighted assets | 72,874,588 | 81,059,876 | 85,432,783 |
| g) Core capital / total deposit liabilities | 14.21% | 11.41% | 11.55% |
| h) Minimum statutory ratio | 8.00% | 8.00% | 8.00% |
| i) Excess / (deficiency) (g-h) | 6.21% | 3.41% | 3.55% |
| j) Core capital / total risk weighted assets | 14.59% | 12.80% | 12.50% |
| k) Minimum statutory ratio | 8.00% | 8.00% | 8.00% |
| l) Excess / (deficiency) (j-k) | 6.59% | 4.80% | 4.50% |
| m) Total capital / total risk weighted assets | 15.07% | 13.48% | 13.14% |
| n) Minimum statutory ratio | 12.00% | 12.00% | 12.00% |
| o) Excess / (deficiency) (m-n) | 3.07% | 1.48% | 1.14% |
| 5 LIQUIDITY | | | |
| a) Liquidity ratio | 46.10% | 41.12% | 40.82% |
| b) Minimum statutory ratio | 20.00% | 20.00% | 20.00% |