

# COMMERCIAL BANK OF AFRICA LIMITED

## FINANCIAL STATEMENTS & DISCLOSURES - 31 DECEMBER 2018

### I. STATEMENT OF FINANCIAL POSITION

	GROUP		BANK	
	31 Dec 2017 Audited Kes '000	31 Dec 2018 Audited Kes '000	31 Dec 2017 Audited Kes '000	31 Dec 2018 Audited Kes '000
<b>A. ASSETS</b>				
1 Cash (both local and foreign)	6,428,121	6,467,840	5,573,597	5,411,026
2 Balances due from Central Banks	16,921,201	12,020,460	14,792,750	10,001,738
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial assets at fair value through profit and loss	438,389	499,684	438,389	499,684
5 Investment securities				
a) Held to maturity:				
a. Kenya government securities	38,125,046	45,671,551	38,125,046	45,671,551
b. Other securities	6,175,811	6,027,772	2,124,236	3,336,301
b) Available for sale				
a. Kenya government securities	19,673,360	14,505,166	19,673,360	14,505,166
b. Other securities	2,043,823	2,357,320	57,755	64,423
6 Deposits and balances due from local banking institutions	11,460,540	5,760,941	10,034,800	3,836,830
7 Deposits and balances due from banking institutions abroad	14,673,486	12,720,371	13,425,330	11,343,836
8 Tax recoverable	4,920	70,075	-	-
9 Loans and advances to customers (net)	113,642,338	121,503,411	101,409,798	110,736,012
10 Balances due from banking institutions in the group	-	-	2,397,842	3,289,057
11 Investment in associates	3,540,896	3,724,975	2,701,492	2,701,492
12 Investment in subsidiary companies	-	-	7,174,376	8,241,574
13 Investments in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	2,913,684	2,303,483	2,422,316	1,828,213
16 Prepaid lease rentals	-	-	-	-
17 Intangible assets	3,280,536	3,332,803	3,220,352	3,282,443
18 Deferred tax asset	2,583,217	3,670,382	1,472,608	2,227,384
19 Retirement benefit asset	-	-	-	-
20 Other assets	3,873,657	4,470,658	4,481,182	5,340,389
<b>21 Total assets</b>	<b>245,779,025</b>	<b>245,106,892</b>	<b>229,525,229</b>	<b>232,317,119</b>
<b>B. LIABILITIES</b>				
22 Balances due to Central Banks	-	-	-	-
23 Customer deposits	193,767,156	196,527,724	178,378,292	183,172,435
24 Deposits and balances due to local banking institutions	3,502,482	4,957,049	39,686	57,188
25 Deposits and balances due to foreign banking institutions	6,222,475	489,361	8,025,554	3,291,778
26 Other money market deposits	-	-	-	-
27 Borrowed funds	8,019,537	7,962,958	8,019,537	7,962,958
28 Balances due to banking institutions in the group	-	-	90,429	142,369
29 Tax payable	81,002	-	118,362	59,499
30 Dividends payable	-	-	-	-
31 Deferred tax liability	124	21,271	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	4,056,535	4,540,718	3,282,354	3,855,974
<b>34 Total liabilities</b>	<b>215,649,311</b>	<b>214,499,081</b>	<b>197,954,214</b>	<b>198,542,201</b>
<b>C. SHAREHOLDERS' FUNDS</b>				
35 Paid up capital	5,755,468	5,755,468	5,755,468	5,755,468
36 Share premium	5,036,649	5,036,649	5,036,649	5,036,649
37 Revaluation reserves	-	-	-	-
38 Retained earnings	15,875,383	17,239,465	18,035,628	20,684,604
39 Statutory loan loss reserve	2,148,226	829,290	1,536,187	656,295
40 Other reserves	(107,689)	81,459	(214,594)	(23,578)
41 Proposed dividends	1,421,677	1,665,480	1,421,677	1,665,480
42 Capital grants	-	-	-	-
<b>43 Total shareholders' funds</b>	<b>30,129,714</b>	<b>30,607,811</b>	<b>31,571,015</b>	<b>33,774,918</b>
<b>44 Total liabilities and shareholders' funds</b>	<b>245,779,025</b>	<b>245,106,892</b>	<b>229,525,229</b>	<b>232,317,119</b>

### II. STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	31 Dec. 2017 Audited Kes '000	31 Dec. 2018 Audited Kes '000	31 Dec. 2017 Audited Kes '000	31 Dec. 2018 Audited Kes '000
<b>1 INTEREST INCOME</b>				
1.1 Loans and advances	11,914,197	11,556,752	10,037,963	9,815,814
1.2 Government securities	6,990,981	7,386,562	6,154,577	6,859,747
1.3 Deposits and placements from banking institutions	401,874	369,593	482,676	355,193
1.4 Other interest income	105,006	130,650	105,006	130,650
<b>1.5 Total interest income</b>	<b>19,412,058</b>	<b>19,443,557</b>	<b>16,780,222</b>	<b>17,161,404</b>
<b>2 INTEREST EXPENSES</b>				
2.1 Customer deposits	8,309,830	8,521,652	7,368,279	7,777,038
2.2 Deposits and placements from banking institutions	553,191	318,606	573,451	206,122
2.3 Other interest expenses	900,219	900,047	900,218	900,047
<b>2.4 Total interest expenses</b>	<b>9,763,240</b>	<b>9,740,305</b>	<b>8,841,948</b>	<b>8,883,207</b>
<b>3 NET INTEREST INCOME</b>	<b>9,648,818</b>	<b>9,703,252</b>	<b>7,938,274</b>	<b>8,278,197</b>
<b>4 OTHER OPERATING INCOME</b>				
4.1 Fees and commissions on loans and advances	5,799,511	6,693,583	5,641,794	6,066,299
4.2 Other fees and commissions	1,867,292	1,902,711	1,511,118	1,658,756
4.3 Foreign exchange trading income	2,347,023	2,439,582	2,203,856	2,313,606
4.4 Dividend income	83,250	-	83,250	423,002
4.5 Other income	325,852	461,443	76,756	164,191
<b>4.6 Total Non-interest income</b>	<b>10,422,928</b>	<b>11,497,319</b>	<b>9,516,774</b>	<b>10,625,854</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>20,071,746</b>	<b>21,200,571</b>	<b>17,455,048</b>	<b>18,904,051</b>
<b>6 OPERATING EXPENSES</b>				
6.1 Loan loss provision	3,046,690	3,709,228	2,148,024	2,110,910
6.2 Staff costs	4,069,161	3,936,344	3,066,633	2,999,948
6.3 Directors' emoluments	292,469	194,714	131,184	145,409
6.4 Rental charges	699,444	785,202	537,967	517,041
6.5 Depreciation charge on property and equipment	432,693	502,094	296,259	323,044
6.6 Amortisation charges	1,288,448	573,313	576,311	546,935
6.7 Other operating expenses	3,493,471	5,049,467	3,509,300	4,308,353
<b>6.8 Total other operating expenses</b>	<b>13,322,376</b>	<b>14,750,362</b>	<b>10,265,678</b>	<b>10,951,640</b>
<b>7 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>6,749,370</b>	<b>6,450,209</b>	<b>7,189,370</b>	<b>7,952,411</b>
8 Exceptional item	146,376	-	146,376	-
<b>9 PROFIT AFTER EXCEPTIONAL ITEMS</b>	<b>6,895,746</b>	<b>6,450,209</b>	<b>7,335,746</b>	<b>7,952,411</b>
Share of associate profit	196,931	283,979	-	-
<b>PROFIT BEFORE TAX</b>	<b>7,092,677</b>	<b>6,734,188</b>	<b>7,335,746</b>	<b>7,952,411</b>
10 Current tax	2,130,397	2,228,705	1,948,344	2,185,826
11 Deferred tax	(578,801)	(497,836)	(299,193)	(295,590)
<b>12 PROFIT AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>5,542,081</b>	<b>5,003,319</b>	<b>5,686,595</b>	<b>6,062,175</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
13.1 Exchange differences on translating foreign operations	(269,391)	(281,062)	-	-
13.2 Available-for-sale financial assets	1,004,047	276,703	752,554	272,880
13.3 Gains on property revaluations	-	-	-	-
13.4 Share of other comprehensive income of associates	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	(301,160)	(83,011)	(225,766)	(81,864)
<b>Other comprehensive income for the year net of tax</b>	<b>433,496</b>	<b>(87,370)</b>	<b>526,788</b>	<b>191,016</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>5,975,577</b>	<b>4,915,949</b>	<b>6,213,383</b>	<b>6,253,191</b>
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>	<b>19.26</b>	<b>17.39</b>	<b>19.76</b>	<b>21.07</b>

### III. OTHER DISCLOSURES

	GROUP		BANK	
	31 Dec. 2017 Audited Kes '000	31 Dec. 2018 Audited Kes '000	31 Dec. 2017 Audited Kes '000	31 Dec. 2018 Audited Kes '000
<b>1 NON-PERFORMING LOANS AND ADVANCES</b>				
a) Gross non-performing loans and advances	11,900,050	12,040,867	7,798,050	9,271,261
b) Less interest in suspense	2,242,406	2,351,210	1,691,926	2,122,623
c) Total non-performing loans (a-b)	<b>9,657,644</b>	<b>9,689,657</b>	<b>6,106,124</b>	<b>7,148,638</b>
d) Specific provisions for bad debts	6,062,602	6,886,776	3,936,559	5,411,943
e) Net non-performing loans (c-d)	<b>3,595,042</b>	<b>2,802,881</b>	<b>2,169,565</b>	<b>1,736,695</b>
f) Realisable value of securities	3,513,847	2,802,881	2,096,269	1,736,695
g) Net NPLs Exposure (e-f)	<b>81,195</b>	<b>-</b>	<b>73,296</b>	<b>-</b>
<b>2 INSIDER LOANS AND ADVANCES</b>				
a) Directors, shareholders and associates	4,918,106	5,480,306	4,918,106	5,480,306
b) Employees	2,858,919	3,098,860	2,535,650	2,728,439
c) Total insider loans advances and other facilities	<b>7,777,025</b>	<b>8,579,166</b>	<b>7,453,756</b>	<b>8,208,745</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>				
a) Letters of credit, guarantees and acceptances	28,874,389	25,497,546	24,668,587	22,435,906
b) Forward, swaps and options	1,483,644	9,444,994	1,483,644	9,343,024
c) Other contingent liabilities	-	-	-	-
d) Total contingent liabilities	<b>30,358,033</b>	<b>34,942,540</b>	<b>26,152,231</b>	<b>31,778,930</b>
<b>4 CAPITAL STRENGTH</b>				
a) Core capital	20,249,396	23,968,683	20,393,910	25,276,163
b) Minimum statutory capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess / (deficiency)	19,249,396	22,968,683	19,393,910	24,276,163
d) Supplementary capital	5,813,884	3,629,290	5,736,187	3,456,295
e) Total capital (a+d)	<b>26,063,280</b>	<b>27,597,973</b>	<b>26,130,097</b>	<b>28,732,458</b>
f) Total risk weighted assets	<b>168,950,153</b>	<b>175,439,078</b>	<b>150,898,022</b>	<b>160,962,878</b>
g) Core capital / total deposit liabilities	10.45%	12.20%	11.43%	13.80%
h) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
i) Excess / (deficiency) (g-h)	<b>2.45%</b>	<b>4.20%</b>	<b>3.43%</b>	<b>5.80%</b>
j) Core capital / total risk weighted assets	11.99%	13.66%	13.52%	15.70%
k) Minimum statutory ratio	10.50%	10.50%	10.50%	10.50%
l) Excess / (deficiency) (j-k)	<b>1.49%</b>	<b>3.16%</b>	<b>3.02%</b>	<b>5.20%</b>
m) Total capital / total risk weighted assets	15.43%	15.73%	17.32%	17.85%
n) Minimum statutory ratio	14.50%	14.50%	14.50%	14.50%
o) Excess / (deficiency) (m-n)	<b>0.93%</b>	<b>1.23%</b>	<b>2.82%</b>	<b>3.35%</b>
r) Adjusted Core Capital/Total Deposit Liabilities*		12.20%		13.80%
s) Adjusted Core Capital/Total Risk Weighted Assets*		13.70%		15.70%
t) Adjusted Total Capital/Total Risk Weighted Assets*		15.90%		18.00%
<b>5 LIQUIDITY</b>				
a) Liquidity ratio	50.35%	47.46%	51.43%	47.46%
b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
c) Excess / (deficiency) (a-b)	<b>30.35%</b>	<b>27.46%</b>	<b>31.43%</b>	<b>27.46%</b>

### MESSAGE FROM DIRECTORS

These financial statements are extracts from the books of the institution as audited by PricewaterhouseCoopers and received an unqualified opinion.

The complete set of audited financial statements, statutory and qualitative disclosures can be accessed in the institutions website [www.cbgroup.com](http://www.cbgroup.com). They may also be accessed at the institutions head office located at CBA Centre, Mara & Ragati Roads, Upper.

**D A OYATSI**  
Chairman

**I O AWUONDO**  
Group Managing Director

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