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

I STATEMENT OF FINANCIAL POSITION	December 2018 Shs 000 (Audited)	December 2017 Shs 000 (Audited)
A ASSETS		
1 Cash (both Local & Foreign)	75,897	46,213
2 Balances due from Central Bank of Kenya	1,242,101	430,471
3 Kenya Government and other securities held for dealing purposes	-	-
4 Financial Assets at fair value through profit and loss	-	-
5 Investment Securities:		
a) Held to Maturity:	7,868,370	2,013,501
a. Kenya Government securities	2,632,549	2,002,958
b. Other securities	5,235,821	10,543
b) Available for sale:	-	-
a. Kenya Government securities	-	-
b. Other securities	-	-
6 Deposits and balances due from local banking institutions	5,018	10,149
7 Deposits and balances due from banking institutions abroad	2,002,318	221,631
8 Tax recoverable	2,112	3,898
9 Loans and advances to customers (net)	3,447,577	3,270,289
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 and equipment	92,900	54,397
16 Prepaid lease rentals	-	-
17 Intangible assets	9,784	11,500
18 Deferred tax asset	351,988	305,067
19 Retirement benefit asset	-	-
20 Other assets	234,053	137,616
21 TOTAL ASSETS	15,332,118	6,504,732
B LIABILITIES		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	6,039,050	2,993,365
24 Deposits and balances due to local banking institutions	305,690	300,226
25 Deposits and balances due to foreign banking institutions	6,618,805	900,419
26 Other money market deposits	-	-
27 Borrowed funds	-	-
28 Balances due to banking institutions in the group	-	-
29 Tax payable	-	-
30 Dividends payable	-	-
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	194,355	148,727
34 TOTAL LIABILITIES	13,157,900	4,342,737
C SHAREHOLDERS' FUNDS		
35 Paid up /Assigned capital	1,261,713	1,261,713
36 Share premium/(discount)	2,384,754	2,384,754
37 Revaluation reserves	-	-
38 Retained earnings/Accumulated losses	(1,472,249)	(1,484,472)
39 Statutory loan loss reserves	-	-
40 Other Reserves	-	-
41 Proposed dividends	-	-
42 Capital grants	-	-
43 TOTAL SHAREHOLDERS' FUNDS	2,174,218	2,161,995
44 Minority Interest	-	-
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	15,332,118	6,504,732

II STATEMENT OF COMPREHENSIVE INCOME	December 2018 Shs 000 (Audited)	December 2017 Shs 000 (Audited)
1.0 INTEREST INCOME		
1.1 Loans and advances	384,776	377,333
1.2 Government securities	674,555	156,310
1.3 Deposits and placements with banking institutions	55,083	32,447
1.4 Other Interest Income	-	-
1.5 Total interest income	1,114,414	566,090
2.0 INTEREST EXPENSE		
2.1 Customer deposits	325,498	180,463
2.2 Deposits and placement from banking institutions	318,636	66,161
2.3 Other interest expenses	-	4,043
2.4 Total interest expenses	644,134	250,667
3.0 NET INTEREST INCOME/(LOSS)	470,280	315,423
4.0 NON-INTEREST INCOME		
4.1 Fees and commissions on loans and advances	61,470	53,502
4.2 Other fees and commissions	23,891	29,847
4.3 Foreign exchange trading income/(loss)	69,580	59,797
4.4 Dividend Income	-	-
4.5 Other income	77,885	144,330
4.6 Total Non-interest income	232,826	287,476
5.0 TOTAL OPERATING INCOME	703,106	602,899
6.0 OTHER OPERATING EXPENSES		
6.1 Loan loss provision	8,652	27,259
6.2 Staff costs	344,581	263,931
6.3 Directors' emoluments	45,930	32,696
6.4 Rental charges	43,292	48,565
6.5 Depreciation charge on property and equipment	21,423	17,023
6.6 Amortisation charges	5,525	5,240
6.7 Other operating expenses	210,058	194,316
6.8 Total Other Operating Expenses	679,461	589,030
7.0 Profit/(Loss) before tax and exceptional items	23,645	13,869
8.0 Exceptional items	-	-
9.0 Profit/(Loss) after exceptional items	23,645	13,869
10.0 Current tax	-	-
11.0 Deferred tax	(29,418)	(4,740)
12.0 Profit / (Loss) after tax and exceptional items	53,063	18,609
13.0 Minority Interest	-	-
14.0 Profit / (Loss) after tax, exceptional items and Minority Interest	53,063	18,609
15.0 Other Comprehensive Income	-	-
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-
15.2 Fair value changes in available for sale financial assets	-	-
15.3 Revaluation surplus on Property, plant and equipment	-	-
15.4 Share of other comprehensive income of associates	-	-
15.5 Income tax relating to components of other comprehensive income	-	-
16.0 Other Comprehensive Income for the year net of tax	-	-
17.0 Total comprehensive income for the year	53,063	18,609

III OTHER DISCLOSURES	December 2018 Shs 000 (Audited)	December 2017 Shs 000 (Audited)
1.0 NON-PERFORMING LOANS AND ADVANCES		
(a) Gross Non-performing loans and advances	441,721	151,811
(b) Less Interest in Suspense	1,694	9,330
(c) Total Non-Performing Loans and Advances (a-b)	440,027	142,481
(d) Less Loan Loss Provision	15,401	29,669
(e) Net Non-Performing Loans and Advances(c-d)	424,626	112,812
(f) Discounted Value of Securities	424,626	112,812
(g) Net NPLs Exposure (e-f)	-	-
2.0 INSIDER LOANS AND ADVANCES		
(a) Directors, Shareholders and Associates	37,971	237,438
(b) Employees	129,431	158,128
(c) Total Insider Loans and Advances and other facilities	167,402	395,566
3.0 OFF-BALANCE SHEET ITEMS		
(a) Letters of credit, guarantees, acceptances	1,068,820	517,500
(b) Forwards, swaps and options	205,010	-
(c) Other contingent liabilities	-	-
(d) Total Contingent Liabilities	1,273,830	517,500
4.0 CAPITAL STRENGTH		
(a) Core capital	2,174,218	2,161,995
(b) Minimum Statutory Capital	1,000,000	1,000,000
(c) Excess (a-b)	1,174,218	1,161,995
(d) Supplementary Capital	-	-
(e) Total Capital (a+d)	2,174,218	2,161,995
(f) Total risk weighted assets	6,557,499	5,575,218
(g) Core Capital/Total deposits Liabilities	36.0%	72.2%
(h) Minimum statutory Ratio	8.5%	8.5%
(i) Excess/(Deficiency)	27.5%	63.7%
(j) Core Capital / total risk weighted assets	33.2%	38.8%
(k) Minimum Statutory Ratio	10.50%	10.50%
(l) Excess (Deficiency) (j-k)	22.7%	28.3%
(m) Total Capital/total risk weighted assets	33.2%	38.8%
(n) Minimum statutory Ratio	14.5%	14.5%
(o) Excess/ (Deficiency) (m-n)	18.7%	24.3%
(p) Adjusted Core Capital/Total Deposit Liabilities*	36.8%	-
(q) Adjusted Core Capital/Total Risk Weighted Assets*	33.8%	-
(r) Adjusted Total Capital/Total Risk Weighted Assets*	33.8%	-
5.0 LIQUIDITY		
(a) Liquidity Ratio	73.5%	56.5%
(b) Minimum Statutory Ratio	20.0%	20.0%
(c) Excess/ (Deficiency) (a-b)	53.5%	36.5%

*The Adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

The above statement of financial position, statements of comprehensive income and other disclosures are extracts from the books of the institution that were audited by PricewaterhouseCoopers and received an unqualified opinion. These financial statements and other disclosures can be accessed on the institution's website <http://ubagroup.com/countries/ke/>. They may also be accessed at the institution's head office located at 1st floor, Apollo Centre, Ring Road, Woodvale Close, Westlands.

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