

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 31ST DECEMBER 2019

I STATEMENT OF FINANCIAL POSITION AS AT

	31-12-2018 (Audited) Shs. '000	31-12-2019 (Audited) Shs. '000
A ASSETS		
1 Cash (both Local & Foreign)	362,931	367,584
2 Balances with Central Bank of Kenya	745,976	44,2016
3 Kenya Government & other Securities held for dealing purposes	-	-
4 Financial Assets at Fair Value through Profit & Loss	1,110	275
5 Investment Securities:		
(i) Held to Maturity:		
(a) Kenya Government Securities	1,614,217	1,385,989
(b) Other Securities	-	-
(ii) Available for Sale:		
(a) Kenya Government Securities	-	-
(b) Other Securities	-	-
6 Deposits and Balances due from Local Banking Institutions	205,963	219,837
7 Deposits and Balances due from Banking Institutions Abroad	5,385	2,582
8 Tax Recoverable	28,985	13,999
9 Loans and Advances to Customers (Net)	6,625,522	6,123,829
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	133,857	184,530
16 Prepaid Lease Rentals	-	-
17 Intangible Assets	53,043	42,926
18 Deferred Tax Asset	170,608	169,571
19 Retirement Benefit Asset	-	-
20 Other Assets	287,927	365,004
21 TOTAL ASSETS	10,235,524	9,318,142
B LIABILITIES		
22 Balances due to Central Bank of Kenya	-	-
23 Customer Deposits	8,018,770	7,099,687
24 Deposits and Balances due to Local Banking Institutions	63,990	-
25 Deposits and Balances due to Foreign Banking Institutions	-	-
26 Other Money Market Deposits	-	-
27 Borrowed Funds	-	-
28 Balances due to Banking Institutions Group Companies	-	-
29 Tax Payable	-	-
30 Dividends Payable	-	-
31 Deferred Tax Liability	-	-
32 Retirement Benefit Liability	-	-
33 Other liabilities	224,178	400,504
34 TOTAL LIABILITIES	8,306,938	7,500,191
C SHAREHOLDERS' FUNDS		
35 Paid Up/ Assigned Capital	1,000,000	1,000,000
36 Share Premium (Discount)	42,236	42,236
37 Revaluation Reserves	-	-
38 Retained Earnings/Accumulated Losses	732,593	605,200
39 Statutory Loan Reserves	153,757	170,515
40 Other Reserves	-	-
41 Proposed Dividends	-	-
42 Capital Grants	-	-
43 TOTAL SHAREHOLDERS' FUNDS	1,928,586	1,817,951
44 Minority Interest	-	-
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	10,235,524	9,318,142

II STATEMENT OF COMPREHENSIVE INCOME FOR PERIOD ENDED

	31-12-2018 (Audited) Shs. '000	31-12-2019 (Audited) Shs. '000
1.0 INTEREST INCOME		
1.1 Loans and Advances	851,608	864,101
1.2 Government Securities	153,679	147,995
1.3 Deposits and Placements with Banking Institutions	5,952	5,391
1.4 Other Interest Income	-	-
1.5 Total Interest Income	1,011,239	1,017,487
2.0 INTEREST EXPENSE		
2.1 Customer Deposits	434,035	377,122
2.2 Deposits and Placement from Banking Institutions	9,067	22,129
2.3 Other Interest Expenses	-	1,175
2.4 Total Interest Expenses	443,102	400,426
3.0 NET INTEREST INCOME/(LOSS)	568,137	617,061
4.0 NON INTEREST INCOME		
4.1 Fees and Commissions on Loans and Advances	117,132	107,407
4.2 Other Fees and Commissions	124,066	129,261
4.3 Foreign Exchange Trading Income / (Loss)	17,175	19,154
4.4 Dividend Income	-	-
4.5 Other Income	6,861	19,772
4.6 Total Non-Interest Income	265,234	275,594
5.0 TOTAL OPERATING INCOME	833,371	892,655
6.0 OTHER OPERATING EXPENSES		
6.1 Loan Loss Provision	63,391	116,556
6.2 Staff Costs	388,284	388,316
6.3 Directors' Emoluments	16,992	11,672
6.4 Rental Charges	82,308	24,408
6.5 Depreciation Charge on Property and Equipment	57,142	88,197
6.6 Amortisation Charges	36,569	22,797
6.7 Other Operating Expenses	287,148	296,938
6.8 Total Other Operating Expenses	931,834	948,884
7.0 Profit/(Loss) Before Tax and Exceptional Items	(98,463)	(56,229)
8.0 Exceptional Items	-	-
9.0 Profit/(Loss) After Exceptional Items	(98,463)	(56,229)
10.0 Current tax	(26,622)	27,715
11.0 Deferred tax	-	-
12.0 Profit/(Loss) After Tax and Exceptional Items	(71,841)	(83,944)
13.0 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	-	-
13.4 Share of other Comprehensive Income of Associates	-	-
13.5 Income Tax Relating to Components of other Comprehensive Income	-	-
14.0 Other Comprehensive Income for the Year Net of Tax	-	-
15.0 TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(71,841)	(83,944)
16.0 EARNINGS PER SHARE- BASIC & DILUTED	(36.0%)	(42.0%)
17.0 DIVIDEND PER SHARE -DECLARED	-	-

III OTHER DISCLOSURES

	31-12-2018 (Audited) Shs. '000	31-12-2019 (Audited) Shs. '000
1.0 NON-PERFORMING LOANS AND ADVANCES		
(a) Gross Non-Performing Loans and Advances	1,850,062	2,195,869
(b) Less Interest in Suspense	385,106	446,342
(c) Total Non-Performing Loans and Advances (a-b)	1,464,956	1,749,497
(d) Less Loan Losses Provision	635,052	742,682
(e) Net Non-Performing Loans and Advances(c-d)	829,904	1,006,815
(f) Discounted Value of Securities	609,277	823,865
(g) Net NPLs Exposure (e-f)	220,627	182,950
2.0 INSIDER LOANS AND ADVANCES		
(a) Directors, Shareholders and Associates	630,384	645,432
(b) Employees	325,518	382,008
(c) Total Insider Loans and Advances and other facilities	955,902	1,027,440
3.0 OFF-BALANCE SHEET ITEMS		
(a) Letters of credit, Guarantees & Acceptances	250,544	249,198
(b) Forwards Swaps & Options	141,278	101,475
(c) Other Contingent Liabilities	228,069	93,422
(d) Total Contingent Liabilities	619,891	444,095
4.0 CAPITAL STRENGTH		
(a) Core capital	1,640,141	1,647,246
(b) Minimum Statutory Capital	1,000,000	1,000,000
(c) Excess/ (Deficiency) (a-b)	640,141	647,246
(d) Supplementary Capital	153,757	170,515
(e) Total Capital (a+d)	1,793,898	1,817,761
(f) Total risk weighted assets	9,136,177	9,020,366
(g) Core Capital/Total Deposit Liabilities	20.5%	23.2%
(h) Minimum Statutory Ratio	8.0%	8.0%
(i) Excess/ (Deficiency) (g-h)	12.5%	15.2%
(j) Core Capital / Total Risk Weighted Assets	18.0%	18.3%
(k) Minimum Statutory Ratio	10.5%	10.5%
(l) Excess/(Deficiency) (j-k)	7.5%	7.8%
(m) Total Capital/Total Risk Weighted Assets	19.6%	20.2%
(n) Minimum statutory Ratio	14.5%	14.5%
(o) Excess/(Deficiency) (m-n)	5.1%	5.7%
(p) Adjusted Core Capital/Total Deposit Liabilities*	21.0%	23.6%
(q) Adjusted Core Capital/Total Risk Weighted Assets*	18.4%	18.6%
(r) Adjusted Total Capital/Total Risk Weighted Assets*	20.1%	20.5%
5.0 LIQUIDITY		
(a) Liquidity Ratio	34.8%	32.2%
(b) Minimum Statutory Ratio	20.0%	20.0%
(c) Excess/(Deficiency) (a-b)	14.8%	12.2%

*The adjusted capital ratios include the expected credit loss provision added back to capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

These Financial statements are extracts of the Bank's financial statements as audited by Ernest & Young LLP and received an unqualified opinion. The complete set of Annual financial statements, statutory and qualitative disclosures can be accessed on the Institution's website:www.tnbl.co.ke. They may also be accessed at the Institution's Head Office located at Transnational Plaza, City Hall Way.

Signed: **SAMMY LANGAT** CHIEF EXECUTIVE OFFICER
PROF. HENRY KIPLANGAT CHAIRMAN

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Transnational Bank is regulated by the Central Bank of Kenya.