

AUDITED FINANCIAL STATEMENTS AND DISCLOSURES AS AT 31 DECEMBER 2018

I STATEMENT OF FINANCIAL POSITION

	BANK 31 DEC 2017 Shs '000 (audited)	BANK 31 DEC 2018 Shs '000 (audited)	GROUP 31 DEC 2017 Shs '000 (audited)	GROUP 31 DEC 2018 Shs '000 (audited)
A ASSETS				
1 Cash (both local and foreign)	64,555	24,975	64,555	24,975
2 Balances due from Central Bank of Kenya	286,557	94,122	286,557	94,122
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at fair value through profit and loss	91,449	95,865	91,449	95,865
5 Investment Securities	-	-	-	-
a) Held to Maturity:	4,712,844	4,512,923	4,733,933	4,533,997
a) Kenya Government Securities	4,712,844	4,512,923	4,733,933	4,533,997
b) Other securities	-	-	-	-
b) Available for sale:	805,499	825,413	805,499	825,413
a) Kenya Government Securities	-	-	-	-
b) Other securities	805,499	825,413	805,499	825,413
6 Deposits and balances due from local banking institutions	752,176	898,861	752,176	898,861
7 Deposits and balances due from banking institutions abroad	83,776	47,216	83,776	47,216
8 Tax recoverable	-	-	-	347
9 Loans and advances to customers (net)	9,199,779	8,386,697	9,199,779	8,386,697
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	32,048	32,048	-	-
13 Investment in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property, plant and equipment	218,441	122,195	218,441	122,195
16 Prepaid lease rentals	3,812	-	3,812	-
17 Intangible assets	-	-	-	-
18 Deferred tax asset	16,285	115,961	16,376	116,082
19 Retirement benefit asset	-	-	-	-
20 Other assets	52,703	166,835	52,703	166,835
21 TOTAL ASSETS	16,319,924	15,323,111	16,309,056	15,312,605
B LIABILITIES				
22 Balances due to Central Bank of Kenya	4,642,286	4,443,641	4,642,286	4,443,641
23 Customer deposits	6,249,316	5,752,500	6,227,814	5,729,479
24 Deposits and balances due to local banking institutions	1,416,138	1,069,595	1,416,138	1,069,595
25 Deposits and balances due to foreign banking institutions	-	-	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	793,652	593,824	793,652	593,824
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	17,374	3,022	13,698	-
30 Dividends payable	-	-	-	-
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	271,413	589,205	272,145	589,796
34 TOTAL LIABILITIES	13,390,179	12,451,787	13,365,733	12,426,335
C SHAREHOLDERS' EQUITY				
35 Paid up/Assigned capital	1,042,500	1,042,500	1,042,500	1,042,500
36 Share Premium (discount)	-	-	-	-
37 Revaluation reserves	721,378	743,145	721,378	743,145
38 Retained earnings	574,452	735,485	588,030	750,431
39 Statutory loan loss reserve	591,134	349,913	591,134	349,913
40 Other reserves	281	281	281	281
41 Proposed Dividends	-	-	-	-
42 Capital grants	-	-	-	-
43 TOTAL SHAREHOLDERS' EQUITY	2,929,745	2,871,324	2,943,323	2,886,270
44 Minority Interest	-	-	-	-
45 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,319,924	15,323,111	16,309,056	15,312,605

II STATEMENT OF COMPREHENSIVE INCOME

1 INTEREST INCOME				
1.1 Loans and advances	871,079	842,806	871,079	842,806
1.2 Government securities	550,654	538,221	552,889	540,456
1.3 Deposits and placements with banking institutions	45,595	54,978	45,595	54,978
1.4 Other interest income	-	-	-	-
1.5 Total Interest income	1,467,328	1,436,005	1,469,563	1,438,240
2 INTEREST EXPENSES				
2.1 Customer deposits	565,880	539,238	565,522	538,678
2.2 Deposits and placements from banking institutions	486,351	452,943	486,351	452,943
2.3 Other Interest expenses	19,101	22,314	19,101	22,314
2.4 Total Interest Expenses	1,071,312	1,014,495	1,070,754	1,013,935
3 NET INTEREST INCOME	396,016	421,510	398,809	424,305
4 NON-OPERATING INCOME				
4.1 Fees and commissions income on loans & advances	12,579	11,102	12,579	11,102
4.2 Other fees and commissions income	14,729	11,060	14,729	11,060
4.3 Foreign exchange trading income	26,491	18,289	26,491	18,289
4.4 Dividend income	-	-	-	-
4.5 Other income	54,063	72,926	54,063	72,926
4.6 Total Non-Interest income	107,862	113,377	107,862	113,377
5 TOTAL OPERATING INCOME	503,878	534,887	506,671	537,682
6 OTHER OPERATING EXPENSES				
6.1 Loan loss provision	62,205	11,961	62,428	12,110
6.2 Staff costs	202,218	208,939	202,218	208,939
6.3 Directors' emoluments	9,919	8,198	10,019	8,298
6.4 Rental charges	-	-	-	-
6.5 Depreciation on property and equipment	18,673	17,115	18,673	17,115
6.6 Amortisation charges	61	61	61	61
6.7 Other operating expenses	153,170	119,801	153,846	120,392
6.8 Total other operating Expenses	446,246	366,075	447,245	366,915
7 Profit before tax and exceptional items	57,632	168,812	59,426	170,767
8 Exceptional items	-	-	-	-
9 Profit after exceptional items	57,632	168,812	59,426	170,767
10 Current tax	(40,202)	(48,452)	(40,770)	(49,069)
11 Deferred tax	8,972	(5,915)	9,002	(5,885)
12 Profit after tax and exceptional items	26,402	114,445	27,658	115,813
13 13.0 Gains/(Losses) from translating the financial statements of the financial Minority Interest	-	-	-	-
14 Profit after tax, exceptional items and minority interest	26,402	114,445	27,658	115,813
15 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	-	22,913	-	22,913
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	-	(1,146)	-	(1,146)
16 Other comprehensive income for the year net of tax	-	21,767	-	21,767
17 Total comprehensive income for the year	26,402	136,212	27,658	137,580

III OTHER DISCLOSURES

1) NON-PERFORMING LOANS AND ADVANCES

a) Gross non-performing loans and advances	2,310,400	2,879,070
less:		
b) Interest in suspense	380,017	379,221
c) Total Non-Performing Loans and Advances (a-b)	1,930,383	2,499,849
less:		
d) Loan loss provisions	1,130,496	1,265,451
e) Net Non-performing loans and advances (c-d)	799,887	1,234,398
f) Discounted value of securities	799,887	1,234,398
g) Net NPLs exposure (e-f)	-	-
2) Insider Loans and Advances		
a) Directors, shareholders and associates	725,114	707,250
b) Employees	298,140	281,740
c) Total Insider Loans, Advances and other facilities	1,023,254	988,990
3) Off-Balance Sheet Items		
a) Letters of credit, guarantees, acceptances	611,549	576,017
b) Forwards, swaps, and options	4,669	17,926
c) Other contingent liabilities	92	92
d) Total Contingent Liabilities	616,310	594,035
4) Capital Strength		
a) Core capital	1,617,233	1,778,266
b) Minimum Statutory Capital	1,000,000	1,000,000
c) excess	617,233	778,266
d) Supplementary capital	281,099	297,492
e) Total capital (a+d)	1,898,332	2,075,758
f) Total risk weighted assets	8,060,325	8,936,475
g) Core capital/total deposit liabilities	23.3%	23.7%
h) Minimum Statutory Ratio	8.0%	8.0%
i) excess (g-h)	15.3%	21.7%
j) Core capital/total risk weighted assets	20.1%	19.9%
k) Minimum Statutory Ratio	10.5%	10.5%
l) excess (j-k)	9.6%	9.4%
m) Total capital/total risk weighted assets	23.6%	23.2%
n) Minimum Statutory Ratio	14.5%	14.5%
o) excess (m-n)	9.1%	8.7%
p) Adjusted Core Capital/Total Deposits	30.8%	38.4%
q) Adjusted Core Capital/Total Risk Weighted Assets	26.5%	25.7%
r) Adjusted Total Capital/Total Risk Weighted Assets	30.0%	29.0%
5) Liquidity		
a) Liquidity Ratio	-1.7%	1.6%
b) Minimum Statutory Ratio 20.0%	20.0%	20.0%
c) excess (deficiency) (a-b)	-21.7%	-18.4%

Message from the Directors

These financial statements are extracts from the books of the institution as audited by KPMG Kenya on behalf of The Auditor-General and received unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the institution's website-www.devbank.com. They may also be accessed at the institutions head office located at Finance house, Loita street, Nairobi.

SIGNED: VICTOR KIDIWA
CHIEF EXECUTIVE

PROF J H KIMURA
DIRECTOR