

**DIAMOND TRUST BANK KENYA LIMITED
AUDITED GROUP AND BANK RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	GROUP		BANK	
	Dec. 2016 Shs 000 Audited	Dec. 2015 Shs 000 Audited	Dec. 2016 Shs 000 Audited	Dec. 2015 Shs 000 Audited
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Cash (both local and foreign)	5,903,563	4,325,186	3,940,380	2,208,872
Balances due from Central Banks	21,576,765	22,024,966	10,988,072	12,369,273
Kenya Government and other securities held for dealing purposes	-	-	-	-
Investment Securities:				
(a) Held to Maturity:				
a. Kenya Government securities	74,311,860	34,310,709	74,311,860	34,310,709
b. Other securities	18,264,185	12,756,206	-	-
(b) At Fair Value:				
a. Kenya Government securities	201,941	-	201,941	-
b. Other securities	-	-	-	-
Deposits and balances due from local banking institutions	177,739	3,106,403	177,739	3,106,403
Deposits and balances due from banking institutions abroad	7,433,398	6,911,078	2,709,194	1,867,334
Income tax recoverable	121,468	6,206	-	-
Loans and advances to customers (net)	186,303,191	177,544,871	136,685,924	125,817,859
Balances due from group companies	-	-	114,060	227,793
Investments in associate	28,616	24,077	1	1
Investment in subsidiary companies	-	-	4,544,025	3,392,468
Investments in joint ventures	-	-	-	-
Investment properties	-	-	-	-
Property and equipment	6,738,194	5,618,767	5,072,986	3,996,431
Prepaid lease rentals	-	-	-	-
Intangible assets	1,283,008	595,492	979,459	386,186
Goodwill	173,372	173,372	-	-
Deferred tax asset	2,639,217	1,735,405	2,242,582	1,430,461
Retirement benefit asset	-	-	-	-
Other assets	2,887,984	2,475,859	2,155,595	1,834,113
Total Assets	328,044,501	271,608,597	244,123,818	190,947,903
LIABILITIES				
Balances due to Central Bank of Kenya	-	-	-	-
Customer deposits	238,103,640	194,051,857	169,599,903	126,228,706
Deposits and balances due to local banking institutions	8,429,645	4,447,675	8,429,645	4,447,675
Deposits and balances due to banking institutions abroad	9,146,157	3,958,723	7,717,579	3,701,729
Other money market deposits	-	-	-	-
Borrowed funds	22,062,229	26,141,690	18,824,605	23,076,632
Balances due to group companies	-	-	-	-
Tax payable	695,434	291,958	681,444	239,276
Dividends payable	-	-	-	-
Deferred income tax liability	-	-	-	-
Retirement benefit liability	-	-	-	-
Other liabilities	3,730,847	4,411,306	2,438,833	3,257,684
Total Liabilities	282,167,952	233,303,209	207,692,009	160,951,702
SHAREHOLDERS' EQUITY				
Paid up capital	1,065,284	968,440	1,065,284	968,440
Share premium	7,294,767	7,294,767	7,294,767	7,294,767
Revaluation and other reserve	433,324	(27,970)	1,386,184	366,854
Retained earnings	30,682,723	25,293,925	25,993,139	20,760,865
Statutory loan loss reserve	860,779	-	-	-
Proposed dividends	692,435	605,275	692,435	605,275
Capital grants	-	-	-	-
Total Shareholders' Equity	41,029,313	34,134,437	36,431,809	29,996,201
Non controlling interests	4,847,237	4,170,951	-	-
Total Equity	45,876,549	38,305,388	36,431,809	29,996,201
Total Liabilities and Shareholders' Equity	328,044,501	271,608,597	244,123,818	190,947,903

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	GROUP		BANK	
	Dec. 2016 Shs 000 Audited	Dec. 2015 Shs 000 Audited	Dec. 2016 Shs 000 Audited	Dec. 2015 Shs 000 Audited
INTEREST INCOME				
Loans and advances	23,917,030	21,347,025	17,405,707	15,264,261
Government securities	9,598,968	4,213,348	7,203,226	2,573,450
Deposits and placements with banking institutions	296,878	264,806	188,472	186,779
Other interest income	-	-	6,534	8,687
Total interest income	33,812,876	25,825,179	24,803,939	18,033,177
INTEREST EXPENSES				
Customer deposits	12,942,194	9,674,934	9,777,307	6,674,287
Deposits and placements from banking institutions	415,631	222,914	352,496	122,012
Other interest expenses	1,069,774	737,124	879,123	579,686
Total interest expenses	14,427,599	10,634,972	11,008,926	7,375,985
NET INTEREST INCOME	19,385,277	15,190,207	13,795,013	10,657,192
OTHER OPERATING INCOME				
Fees and commissions on loans and advances	1,096,734	993,053	723,036	598,773
Other fees and commissions income	1,994,332	1,780,830	892,328	818,936
Foreign exchange trading income	1,745,734	1,763,096	1,266,222	1,060,551
Dividend income	-	-	58,076	33,300
Other income	231,937	188,847	137,619	108,079
Total Non-Interest Income	5,068,737	4,725,826	3,077,281	2,619,639
TOTAL OPERATING INCOME	24,454,014	19,916,033	16,872,294	13,276,831
OPERATING EXPENSES				
Loan loss provision	4,269,537	2,178,175	2,820,657	1,556,902
Staff costs	3,356,651	3,261,135	1,908,622	1,974,328
Directors' emoluments	113,085	98,882	65,827	56,257
Rentals charges	692,307	542,940	317,646	261,308
Depreciation charge on property and equipment	883,552	772,335	528,585	465,384
Amortisation charges	269,211	213,844	176,433	142,659
Other operating expenses	3,880,463	3,282,087	2,178,139	1,765,186
Total operating expenses	13,464,806	10,349,398	7,995,909	6,222,024
Profit before tax and exceptional items	10,989,208	9,566,635	8,876,385	7,054,807
Exceptional items	-	-	-	-
Profit after exceptional items	10,989,208	9,566,635	8,876,385	7,054,807
Share of associate profit after tax	6,488	(1,443)	-	-
Profit before tax	10,995,696	9,565,192	8,876,385	7,054,807
Current tax	(4,238,206)	(3,470,859)	(3,590,394)	(2,637,978)
Deferred tax credit	970,650	505,473	865,912	376,022
Profit after tax and exceptional items	7,728,140	6,599,806	6,151,903	4,792,851
Non controlling interests	554,201	687,724	-	-
Profit for the year after tax and non controlling interests	7,173,939	5,912,082	6,151,903	4,792,851
Other comprehensive income				
Loss from translating the financial statements of foreign operations	(687,383)	(163,375)	-	-
Gain on revaluation of land and buildings	1,202,512	-	-	-
Income tax relating to these items	(91,801)	-	-	-
Other comprehensive income for the year net of tax	423,328	(163,375)	-	-
Total comprehensive income for the year	8,151,468	6,436,431	6,151,903	4,792,851
Earnings per Share (Shs per share) - basic and diluted	26.94	22.20	23.10	18.00
Dividend per Share (Shs per share)	2.60	2.50	2.60	2.50

OTHER DISCLOSURES

	GROUP		BANK	
	Dec. 2016 Shs 000 Audited	Dec. 2015 Shs 000 Audited	Dec. 2016 Shs 000 Audited	Dec. 2015 Shs 000 Audited
(1) NON -PERFORMING LOANS AND ADVANCES				
(a) Gross non-performing loans and advances	7,523,969	4,914,257	5,519,836	3,656,066
Less				
(b) Interest in suspense	1,471,145	639,360	1,033,069	386,496
(c) Total Non-Performing Loans and Advances (a-b)	6,052,824	4,274,897	4,486,767	3,269,570
Less				
(d) Loan loss provisions	4,968,968	2,820,579	3,983,289	2,061,470
(e) Net Non-Performing Loans (c-d)	1,083,856	1,454,318	503,478	1,208,100
(f) Discounted Value of Securities	1,083,856	1,454,318	503,478	1,208,100
(g) Net NPLs Exposure (e-f)	-	-	-	-
(2) Insider Loans and Advances				
(a) Directors, shareholders and associates	3,461,872	3,545,443	2,878,981	3,059,775
(b) Employees	1,506,188	1,193,080	1,229,294	988,122
(c) Total Insider Loans and Advances	4,968,060	4,738,523	4,108,275	4,047,897
(3) Off-Balance Sheet Items				
(a) Letters of credit, guarantees, acceptances	23,633,162	26,673,020	19,962,567	22,523,991
(b) Forwards, swaps, and options	6,938,248	17,944,105	5,461,719	16,489,302
(c) Other contingent liabilities	-	-	-	-
(d) Total Contingent Liabilities	30,571,410	44,617,125	25,424,286	39,013,293
(4) Capital Strength				
(a) Core Capital			29,720,081	25,420,505
(b) Minimum Statutory Capital			1,000,000	1,000,000
(c) Excess/(Deficiency)			28,720,081	24,420,505
(d) Supplementary capital			4,184,118	4,878,966
(e) Total capital (a+d)			33,904,199	30,299,471
(f) Total risk weighted assets			183,222,771	171,280,696
(g) Core capital/total deposit liabilities			17.4%	20.1%
(h) Minimum Statutory Ratio			8.0%	8.0%
(i) Excess/(Deficiency) (g-h)			9.4%	12.1%
(j) Core capital/total risk weighted assets			16.2%	14.8%
(k) Minimum Statutory Ratio			10.5%	10.5%
(l) Excess/(Deficiency) (j-k)			5.7%	4.3%
(m) Total capital/total risk weighted assets			18.5%	17.7%
(n) Minimum Statutory Ratio			14.5%	14.5%
(o) Excess/(Deficiency) (m-n)			4.0%	3.2%
(5) Liquidity				
(a) Liquidity Ratio			50.2%	39.0%
(b) Minimum Statutory Ratio			20.0%	20.0%
(c) Excess/(Deficiency) (a-b)			30.2%	19.0%



ANNUAL GENERAL MEETING AND DECLARATION OF DIVIDEND

Based on the year- end results achieved, the Directors will recommend to the Shareholders at the Annual General Meeting to be held at Laico Regency Hotel, Crystal Ballroom, Nairobi, on 25 May 2017, payment of a first and final dividend of 65% (i.e. at the rate of Shs2.60 per share) for 2016 on the issued and paid-up share capital of Shs 1,065,284,460 subject to withholding tax, where applicable.

For purposes of payment of the dividend, the Share Register of the Bank will be closed on 26 May 2017 and payment of dividend due to Shareholders on the Register as at the close of business on 26 May 2017, will be made from 26 June 2017.

By order of the Board

Stephen Kodumbe
Company Secretary

21 March 2017

MESSAGE FROM DIRECTORS

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

The complete set of these financial statements will be available at our registered office at DTB Centre Mombasa Road and online at www.dtbafrica.com for inspection after approval at the Annual General Meeting to be held on 25 May 2017.

Abdul Samji
Chairman

Nasim Devji
Managing Director

**Consolidated statement of changes in equity
for the year ended 31 December 2015**

	Notes	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Attributable to equity holders of the Bank Shs'000	Non controlling interests Shs'000	Total Shs'000
At start of year		968,440	7,294,767	132,924	19,986,040	581,064	28,963,235	3,300,323	32,263,558
Profit for the year		-	-	-	5,912,082	-	5,912,082	687,724	6,599,806
Other comprehensive income		-	-	(35,289)	-	-	(35,289)	(128,086)	(163,375)
Transfer of excess depreciation		-	-	(3,593)	3,593	-	-	-	-
Deferred tax on transfer of excess depreciation		-	-	2,515	(2,515)	-	-	-	-
Total comprehensive income		-	-	(36,367)	5,913,160	-	5,876,793	559,638	6,436,431
Transactions with owners in their capacity as owners:									
Issue of additional shares to non controlling interests		-	-	-	-	-	-	378,411	378,411
Acquisition of interests from non controlling interests in Diamond Trust Bank Tanzania Limited.		-	-	(124,527)	-	-	(124,527)	(43,597)	(168,124)
Dividends:									
- Final for 2014 paid	13	-	-	-	-	(581,064)	(581,064)	(23,824)	(604,888)
- Proposed for 2015	13	-	-	-	(605,275)	605,275	-	-	-
Total transactions with owners, recognised directly in equity		-	-	(124,527)	(605,275)	24,211	(705,591)	310,990	(394,601)
At end of year		968,440	7,294,767	(27,970)	25,293,925	605,275	34,134,437	4,170,951	38,305,388

**Consolidated statement of changes in equity
for the year ended 31 December 2016**

	Share capital Shs'000	Share premium Shs'000	Statutory loan loss reserve Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Attributable to equity holders of the Bank Shs'000	Non controlling interests Shs'000	Total Shs'000
At start of year	968,440	7,294,767	-	(27,970)	25,293,925	605,275	34,134,437	4,170,951	38,305,388
Profit for the year	-	-	-	-	7,173,939	-	7,173,939	554,201	7,728,140
Other comprehensive income	-	-	-	585,994	-	-	585,994	(162,666)	423,328
Transfer of excess depreciation	-	-	-	(6,518)	6,518	-	-	-	-
Deferred tax on transfer of excess depreciation	-	-	-	1,248	(1,248)	-	-	-	-
Statutory loan loss reserve	-	-	860,779	-	(860,779)	-	-	-	-
Legal reserve	-	-	-	7,313	(7,313)	-	-	-	-
Total comprehensive income	-	-	860,779	588,036	6,311,117	-	7,759,933	391,535	8,151,468
Transactions with owners in their capacity as owners:									
Bonus issue	96,844	-	-	-	(96,844)	-	-	-	-
Issue of additional shares to non controlling interests	-	-	-	-	-	-	-	505,584	505,584
Acquisition of interests from non controlling interests in Diamond Trust Bank Uganda Limited.	-	-	-	(126,741)	-	-	(126,741)	(186,244)	(312,985)
Unclaimed dividends previously written back to reserves surrendered to the Unclaimed Financial Assets Authority	-	-	-	-	(133,041)	-	(133,041)	-	(133,041)
Dividends:									
- Final for 2015 paid	-	-	-	-	-	(605,275)	(605,275)	(34,589)	(639,864)
- Proposed for 2016	-	-	-	-	(692,435)	692,435	-	-	-
Total transactions with owners, recognised directly in equity	96,844	-	-	(126,741)	(922,320)	87,160	(865,057)	284,751	(580,306)
At end of year	1,065,284	7,294,767	860,779	433,325	30,682,722	692,435	41,029,313	4,847,237	45,876,549

**Bank statement of changes in equity
for the year ended 31 December 2015**

	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total Shs'000
At start of year	968,440	7,294,767	367,703	16,572,440	581,064	25,784,414
Profit for the year	-	-	-	4,792,851	-	4,792,851
Transfer of excess depreciation	-	-	(2,831)	2,831	-	-
Deferred tax on transfer of excess depreciation	-	-	1,982	(1,982)	-	-
Total comprehensive income	-	-	(849)	4,793,700	-	4,792,851
Transactions with owners in their capacity as owners:						
Dividends:						
- Final for 2014 paid	-	-	-	-	(581,064)	(581,064)
- Proposed for 2015	-	-	-	(605,275)	605,275	-
Total transactions with owners, recognised directly in equity	-	-	-	(605,275)	24,211	(581,064)
At end of year	968,440	7,294,767	366,854	20,760,865	605,275	29,996,201

**Bank statement of changes in equity
for the year ended 31 December 2016**

	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total Shs'000
At start of year	968,440	7,294,767	366,854	20,760,865	605,275	29,996,201
Profit for the year	-	-	-	6,151,905	-	6,151,905
Other comprehensive income	-	-	1,022,019	-	-	1,022,019
Transfer of excess depreciation	-	-	(2,831)	2,831	-	-
Deferred tax on transfer of excess depreciation	-	-	142	(142)	-	-
Total comprehensive income	-	-	1,019,330	6,154,594	-	7,173,924
Transactions with owners in their capacity as owners:						
Bonus issue	96,844	-	-	(96,844)	-	-
Unclaimed dividends previously written back to reserves surrendered to the Unclaimed Financial Assets Authority	-	-	-	(133,041)	-	(133,041)
Dividends:						
- Final for 2015 paid	-	-	-	-	(605,275)	(605,275)
- Proposed for 2016	-	-	-	(692,435)	692,435	-
Total transactions with owners, recognised directly in equity	96,844	-	-	(922,320)	87,160	(738,316)
At end of year	1,065,284	7,294,767	1,386,184	25,993,139	692,435	36,431,809

Statement of cash flows

For the year ended 31 December 2016

	Group		Bank	
	2016 Shs'000	2015 Shs'000	2016 Shs'000	2015 Shs'000
Cash flows used in operating activities				
Interest receipts	30,179,707	25,919,313	21,504,053	17,847,132
Interest payments	(12,274,604)	(9,618,526)	(9,129,020)	(6,302,151)
Net fee and commission receipts	3,091,066	2,773,883	1,682,036	1,417,709
Other income received	1,901,622	1,938,708	1,334,166	1,105,884
Recoveries from loans previously written off	72,195	27,897	13,305	21,191
Payments to employees and suppliers	(7,800,888)	(7,031,506)	(4,470,233)	(4,057,079)
Income tax paid	(3,938,335)	(3,273,623)	(3,148,222)	(2,489,753)
Cash flows from operating activities before changes in operating assets and liabilities	11,230,763	10,736,146	7,786,085	7,542,933
Changes in operating assets and liabilities:				
- cash reserve requirement	(2,320,502)	(3,108,484)	(2,117,086)	(1,650,636)
- Government securities	(42,022,834)	(11,942,940)	(37,043,922)	(11,585,272)
- loans and advances to customers	(12,699,975)	(40,504,840)	(13,546,501)	(33,129,451)
- Balances due from subsidiary companies	-	-	113,589	75,113
- customer deposits	43,457,323	31,625,351	42,370,414	24,141,052
- other assets	(412,125)	(459,844)	(321,482)	(448,092)
- other liabilities	(680,459)	1,911,761	(818,851)	2,659,083
Net cash used in operating activities	(3,447,810)	(11,742,850)	(3,577,753)	(12,395,270)
Cash flows used in investing activities				
Purchase of property and equipment	(1,388,113)	(1,226,345)	(891,102)	(623,020)
Purchase of intangible assets - software costs	(441,788)	(241,149)	(410,424)	(189,542)
Purchase of shares in associate/subsidiary via rights issues	-	(8,441)	(1,151,558)	(1,097,214)
Net proceeds from sale of investment in Government securities	(10,531)	-	(10,531)	-
Proceeds from sale of property and equipment	2,662	47,132	1,356	44,613
Dividend received	-	-	58,076	33,301
Net cash used in investing activities	(1,837,770)	(1,428,803)	(2,404,183)	(1,831,862)
Cash flows (used in)/from financing activities				
Proceeds from borrowings	10,301,532	12,865,300	10,279,284	12,865,300
Repayment of borrowings	(14,658,886)	(867,278)	(14,499,774)	(850,332)
Finance costs	(936,736)	(459,844)	(910,660)	(450,026)
Proceeds from additional shares issued to non controlling interests	505,584	322,982	-	-
Unclaimed dividends surrendered to UFAA	(133,041)	-	(133,041)	-
Dividends paid to equity holders of the bank	(605,275)	(581,064)	(605,275)	(581,064)
Dividends paid to non controlling interests	(34,589)	(23,824)	-	-
Net cash from financing activities	(5,561,411)	11,256,272	(5,869,466)	10,983,878
Net decrease in cash and cash equivalents	(10,846,991)	(1,915,381)	(11,851,403)	(3,243,254)
Cash and cash equivalents at start of year	15,269,755	17,777,150	4,753,747	7,997,001
Translation difference	(1,556,898)	(592,014)	-	-
	13,712,857	17,185,136	4,753,747	7,997,001
Cash and cash equivalents at end of year	2,865,866	15,269,755	(7,097,656)	4,753,747