

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2019**

Shariah
Compliant

	31 December 2019 Audited Shs '000	31 December 2018 Audited Shs '000
I STATEMENT OF FINANCIAL POSITION		
A ASSETS		
1 Cash (both Local & Foreign)	1,001,738	918,198
2 Balances with Central Bank of Kenya	1,251,634	1,967,181
3 Kenya Government & other Securities held for dealing purposes	-	-
4 Financial Assets at Fair Value through Profit & Loss	-	-
5 Investment Securities:		
(i) Held to Maturity:		
(a) Kenya Government Securities	-	-
(b) Other Securities	264,957	-
(ii) Available for Sale:		
(a) Kenya Government Securities	-	-
(b) Other Securities	-	-
6 Deposits and Balances due from Local Banking Institutions	5,584,157	5,224,914
7 Deposits and Balances due from Banking Institutions Abroad	1,824,482	862,719
8 Tax Recoverable	161,939	-
9 Financing arrangements to Customers (Net)	22,673,040	22,605,853
10 Balances due from Banking Institutions in the Group	-	-
11 Investments in Associates	-	-
12 Investments in Subsidiary Companies	1,000	1,000
13 Investments in Joint ventures	-	-
14 Investment Properties	-	-
15 Property, Plant and Equipment	860,775	330,120
16 Prepaid Lease Rentals	-	-
17 Intangible Assets	206,482	148,751
18 Deferred Tax Asset	495,743	470,989
19 Retirement Benefit Asset	-	-
20 Other Assets	797,035	795,850
TOTAL ASSETS	35,122,982	33,325,575
B LIABILITIES		
21 Balances due to Central Bank of Kenya	-	-
22 Customer Deposits	27,818,273	26,688,849
23 Deposits and Balances due to Local Banking Institutions	-	-
24 Deposits and Balances due to Foreign Banking Institutions	-	-
25 Other Money Market Deposits	-	-
26 Borrowed Funds	1,730,507	1,741,003
27 Balances due to Banking Institutions Group Companies	-	-
28 Tax Payable	-	51,970
29 Dividends Payable	-	-
30 Deferred Tax Liability	-	-
31 Retirement Benefit Liability	-	-
32 Other liabilities	939,238	375,789
TOTAL LIABILITIES	30,488,018	28,857,611
C SHAREHOLDERS' FUNDS		
33 Paid Up/ Assigned Capital	366,324	366,324
34 Share Premium (Discount)	2,282,112	2,282,112
35 Revaluation Reserves	-	-
36 Retained Earnings/Accumulated Losses	1,677,483	1,695,745
37 Statutory Loan Reserves	309,045	123,783
38 Other Reserves	-	-
39 Proposed Dividends	-	-
40 Capital Grants	-	-
TOTAL SHAREHOLDERS' FUNDS	4,634,964	4,467,964
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	35,122,982	33,325,575
II STATEMENT OF COMPREHENSIVE INCOME		
PROFIT INCOME		
1 Financing arrangements	2,380,194	2,510,656
2 Government Securities	-	-
3 Deposits and Placements with Banking Institutions	377,984	348,834
4 Other Profit Income	1,611	-
Total Profit Income	2,759,789	2,859,490
PROFIT EXPENSE		
5 Customer Deposits	589,540	604,764
6 Deposits and Placement from Banking Institutions	3,646	7,849
7 Other Profit Expenses	221,593	41,565
Total Profit Expenses	814,779	654,178
NET PROFIT INCOME	1,945,010	2,205,312
OTHER OPERATING INCOME		
8 Fees and Commissions on Financing arrangements	165,352	224,487
9 Other Fees and Commissions	385,083	345,747
10 Foreign Exchange Trading Income (Loss)	203,922	198,615
11 Dividend Income	-	-
12 Other Income	-	577
Total Other Operating Income	754,357	769,426
TOTAL OPERATING INCOME	2,699,367	2,974,738
OPERATING EXPENSES		
13 Financing arrangements Loss Provision	670,017	735,630
14 Staff Costs	925,697	964,232
15 Directors' Emoluments	67,424	67,012
16 Rental Charges	38,325	133,094
17 Depreciation Charge on Property and Equipment	173,163	111,273
18 Amortisation Charges	32,686	29,245
19 Other Operating Expenses	574,008	642,050
Total Operating Expenses	2,481,320	2,682,536
Profit/(Loss) Before Tax and Exceptional Items	218,047	292,202
20 Exceptional Items	-	-
Profit/(Loss) After Exceptional Items	218,047	292,202
21 Current tax	75,801	287,927
22 Deferred tax	(24,754)	(127,314)
Profit/(Loss) After Tax and Exceptional Items	167,000	131,589
Other Comprehensive Income:		
23 Gains/(Losses) from Translating the Financial Statements of Foreign Operations	-	-
24 Fair Value changes in Available-for-sale Financial Assets	-	-
25 Revaluation Surplus on Property, Plant and Equipment	-	-
26 Share of other Comprehensive Income of Associates	-	-
27 Income Tax Relating to Components of other Comprehensive Income	-	-
Other Comprehensive Income for the Period Net of Tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	167,000	131,589
III OTHER DISCLOSURES		
1.0 NON-PERFORMING FINANCING ARRANGEMENTS		
1.1 (a) Gross Non-Performing Financing arrangements	3,613,126	2,571,643
1.2 (b) Less Profit in Suspense	134,348	167,412
1.3 (c) Total Non-Performing Financing arrangements (a-b)	3,478,778	2,404,231
1.4 (d) Less Financing arrangements Losses Provision	1,770,153	842,864
1.5 (e) Net Non-Performing Financing Arrangements (c-d)	1,708,625	1,561,367
1.6 (f) Discounted Value of Securities	1,534,900	1,446,946
1.7 (g) Net NPLs Exposure (e-f)	173,725	114,421
2.0 INSIDER FINANCING ARRANGEMENTS		
2.1 (a) Directors, Shareholders and Associates	49,073	362,548
2.2 (b) Employees	883,855	952,924
2.3 (c) Total Insider Financing arrangements and other facilities	932,928	1,315,472
3.0 OFF-BALANCE SHEET ITEMS		
3.1 (a) Letters of credit, Guarantees & Acceptances	2,096,869	2,348,169
3.2 (b) Forwards Swaps & Options	1,919,705	1,797,465
3.3 (c) Other Contingent Liabilities	885,380	842,124
3.4 (d) Total Contingent Liabilities	4,901,954	4,987,758
4.0 CAPITAL STRENGTH		
4.1 (a) Core capital	4,262,768	4,344,181
4.2 (b) Minimum Statutory Capital	1,000,000	1,000,000
4.3 (c) Excess/(Deficiency) (a-b)	3,262,768	3,344,181
4.4 (d) Supplementary Capital	1,614,092	1,783,266
4.5 (e) Total Capital (a+d)	5,876,860	6,127,447
4.6 (f) Total risk weighted assets	34,347,247	32,834,897
4.7 (g) Core Capital/Total Deposit Liabilities	15.3%	16.3%
4.8 (h) Minimum Statutory Ratio	8.0%	8.0%
4.9 (i) Excess/(Deficiency) (g-h)	7.3%	8.3%
4.10 (j) Core Capital / Total Risk Weighted Assets	12.4%	13.2%
4.11 (k) Minimum Statutory Ratio	10.5%	10.5%
4.12 (l) Excess/(Deficiency) (j-k)	1.9%	2.7%
4.13 (m) Total Capital/Total Risk Weighted Assets	17.1%	18.7%
4.14 (n) Minimum statutory Ratio	14.5%	14.5%
4.15 (o) Excess/(Deficiency) (m-n)	2.6%	4.2%
(p) Adjusted Core Capital/Total Deposit Liabilities*	15.8%	17.1%
(q) Adjusted Core Capital/Total Risk Weighted Assets*	12.8%	13.9%
(r) Adjusted Total Capital/Total Risk Weighted Assets*	17.5%	19.3%
5.0 LIQUIDITY		
5.1 (a) Liquidity Ratio	33.8%	32.7%
5.2 (b) Minimum Statutory Ratio	20.0%	20.0%
5.3 (c) Excess/(Deficiency) (a-b)	13.8%	12.7%

NOTES * 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.

These financial statements are extracts from the bank's financial statements which have been audited by KPMG Kenya and have received an unqualified opinion.

The financial statements are extracts of the books of the institution. The complete set of annual financial statements, statutory and other qualitative disclosures can be accessed in the institution's website www.gulfafricanbank.com. They may also be accessed at the institution's head office at Geminia Insurance Plaza, Upperhill, Nairobi.

Rafik Nayed
Chairman

Gulf African Bank is regulated by the Central Bank of Kenya

Abdalla Abdulkhalik
Managing Director