

## COMMENTARY ON FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30<sup>TH</sup> JUNE 2019

### **Summary of Financial results**

The board is pleased to release the results for the half year ended 30 June 2019 coming against a backdrop of internal capital challenges and a difficult operating environment. The total assets increased by 4% to KShs 12.9 billion from KShs 12.4 billion the same period last year while loans to customers and deposits increased by 5% and 8% to KShs 8.1 billion and KShs 9.4 billion respectively. The Bank managed to reduce the half year after tax loss by 19% to KShs 190 million from KShs 234 million in the same period last year.

### **Maturity of Medium Term Note and Recapitalization**

The Medium Term Note of KShs 1.678 billion issued in July 2012 matured on 22 July 2019. The Bank has however communicated to the Note holders its intention to propose an extension of the maturity date by three (3) months to 22 October 2019. The Note holders will be considering this proposal in a General Meeting scheduled for 3 September 2019. The proposal to extend the maturity date of the Notes was made in consultation with, and in full support of the National Treasury, the majority shareholder (holding 85.8% of the issued capital of the CBKL). The extension is necessary to allow National Treasury to finalize the process of injecting capital into the Bank.

The National Treasury has confirmed its commitment to support the Bank retire the Notes through the injection of capital. This will also go a long way in resolving the capital challenges that have stalked the Bank from inception, ensure compliance with the regulatory capital ratios and support the implementation of its turnaround business plan.