

UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 31 MARCH 2019

| I | STATEMENT OF FINANCIAL POSITION AS AT | BANK | | | GROUP CONSOLIDATED | | |
|------------|--|----------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| | | 31-Mar-18 | 31-Dec-18 | 31-Mar-19 | 31-Mar-18 | 31-Dec-18 | 31-Mar-19 |
| | | Unaudited Shs. '000' | Audited Shs. '000' | Unaudited Shs. '000' | Unaudited Shs. '000' | Audited Shs. '000' | Unaudited Shs. '000' |
| A | ASSETS | | | | | | |
| 1 | Cash (both Local & Foreign) | 552,556 | 732,668 | 753,185 | 552,556 | 732,668 | 753,185 |
| 2 | Balances due from Central Bank of Kenya | 651,896 | 1,407,646 | 1,004,153 | 651,896 | 1,407,646 | 1,004,153 |
| 3 | Kenya Government and other securities held for dealing purposes | 297,155 | 312,715 | 608,842 | 297,155 | 312,715 | 608,842 |
| 4 | Financial assets at fair value through profit and loss | 89,529 | 106,579 | 140,012 | 89,529 | 106,579 | 140,012 |
| 5 | Investment securities: | | | | | | |
| a) | Held to maturity: | | | | | | |
| a.1 | Kenya Government securities | 3,042,291 | 3,317,236 | 2,598,123 | 3,042,291 | 3,317,236 | 2,598,123 |
| a.2 | Other securities | - | - | - | - | - | - |
| b) | Available for sale: | | | | | | |
| b.1 | Kenya Government securities | - | - | - | - | - | - |
| b.2 | Other securities | - | - | - | - | - | - |
| 6 | Deposits and balances due from local banking institutions | 2,665,678 | 2,465,422 | 1,030,823 | 2,665,678 | 2,465,422 | 1,030,823 |
| 7 | Deposits and balances due from banking institutions abroad | 541,055 | 1,520,971 | 1,656,908 | 541,055 | 1,520,971 | 1,656,908 |
| 8 | Tax recoverable | 144,223 | 111,315 | 103,785 | 147,681 | 113,250 | 109,105 |
| 9 | Loans and advances to customers (net) | 11,462,226 | 13,134,315 | 13,380,228 | 11,462,226 | 13,134,315 | 13,380,228 |
| 10 | Balances due from banking institutions in the group | - | - | - | - | - | - |
| 11 | Investments in associates | - | - | - | - | - | - |
| 12 | Investments in subsidiary companies | 1,000 | 1,000 | 1,000 | - | - | - |
| 13 | Investments in joint ventures | - | - | - | - | - | - |
| 14 | Investment properties | - | - | - | - | - | - |
| 15 | Property and equipment | 471,517 | 433,176 | 418,264 | 471,595 | 433,216 | 418,292 |
| 16 | Prepaid lease rentals | - | - | - | - | - | - |
| 17 | Intangible assets | 277,563 | 331,257 | 306,603 | 283,163 | 336,407 | 311,603 |
| 18 | Deferred tax asset | 268,320 | 491,273 | 491,273 | 268,320 | 491,966 | 491,966 |
| 19 | Retirement benefit asset | - | - | - | - | - | - |
| 20 | Other assets | 892,198 | 963,597 | 933,052 | 871,377 | 936,534 | 897,236 |
| 21 | TOTAL ASSETS | 21,357,207 | 25,329,169 | 23,426,250 | 21,344,522 | 25,308,924 | 23,400,474 |
| B | LIABILITIES | | | | | | |
| 22 | Balances due to Central Bank of Kenya | 839,325 | - | - | 839,325 | - | - |
| 23 | Customer deposits | 14,556,348 | 17,001,480 | 16,598,290 | 14,511,058 | 16,941,908 | 16,524,656 |
| 24 | Deposits and balances due to local banking institutions | 1,938,910 | 3,523,597 | 726,585 | 1,938,910 | 3,523,597 | 726,585 |
| 25 | Deposits and balances due to foreign banking institutions | - | - | - | - | - | - |
| 26 | Other money market deposits | - | - | - | - | - | - |
| 27 | Borrowed funds | 445,059 | 413,450 | 1,745,679 | 445,059 | 413,450 | 1,745,679 |
| 28 | Balances due to banking institutions in the group | - | - | - | - | - | - |
| 29 | Tax payable | - | - | - | 4,337 | - | 66 |
| 30 | Dividends payable | - | - | - | - | - | - |
| 31 | Deferred tax liability | - | - | - | - | - | - |
| 32 | Retirement benefit liability | - | - | - | - | - | - |
| 33 | Other liabilities | 261,440 | 353,517 | 301,002 | 265,869 | 353,662 | 304,943 |
| 34 | TOTAL LIABILITIES | 18,041,082 | 21,292,043 | 19,371,556 | 18,004,558 | 21,232,617 | 19,301,929 |
| C | SHAREHOLDERS' FUNDS | | | | | | |
| 35 | Paid up /assigned capital | 1,614,181 | 2,046,198 | 2,046,198 | 1,614,181 | 2,046,198 | 2,046,198 |
| 36 | Share premium/(discount) | 837,461 | 1,246,599 | 1,246,599 | 837,461 | 1,246,599 | 1,246,599 |
| 37 | Revaluation reserves | 68,161 | 67,376 | 67,376 | 68,160 | 67,376 | 67,376 |
| 38 | Retained earnings/accumulated losses | 796,322 | 676,953 | 694,521 | 820,162 | 716,135 | 738,372 |
| 39 | Statutory loan loss reserves | - | - | - | - | - | - |
| 40 | Other reserves | - | - | - | - | - | - |
| 41 | Proposed dividends | - | - | - | - | - | - |
| 42 | Capital grants | - | - | - | - | - | - |
| 43 | TOTAL SHAREHOLDERS' FUNDS | 3,316,125 | 4,037,126 | 4,054,694 | 3,339,964 | 4,076,307 | 4,098,545 |
| 44 | TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 21,357,207 | 25,329,169 | 23,426,250 | 21,344,522 | 25,308,924 | 23,400,474 |
| II | STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED | 31-Mar-18 | 31-Dec-18 | 31-Mar-19 | 31-Mar-18 | 31-Dec-18 | 31-Mar-19 |
| | | Unaudited Shs. '000' | Audited Shs. '000' | Unaudited Shs. '000' | Unaudited Shs. '000' | Audited Shs. '000' | Unaudited Shs. '000' |
| 1.0 | INTEREST INCOME | | | | | | |
| 1.1 | Loans and advances | 346,760 | 1,703,291 | 384,961 | 346,760 | 1,703,291 | 384,961 |
| 1.2 | Government securities | 63,868 | 355,128 | 82,133 | 63,868 | 355,128 | 82,133 |
| 1.3 | Deposits and placements with banking institutions | 9,561 | 59,986 | 15,153 | 9,560 | 59,986 | 15,153 |
| 1.4 | Other Interest Income | - | - | - | - | - | - |
| 1.5 | Total interest income | 420,188 | 2,118,405 | 482,247 | 420,188 | 2,118,405 | 482,247 |
| 2.0 | INTEREST EXPENSE | | | | | | |
| 2.1 | Customer deposits | 162,014 | 729,209 | 198,500 | 162,014 | 729,209 | 198,500 |
| 2.2 | Deposits and placement from banking institutions | 40,444 | 185,107 | 40,098 | 40,444 | 185,107 | 40,098 |
| 2.3 | Other interest expenses | 31,729 | 141,106 | 13,919 | 31,729 | 141,106 | 13,919 |
| 2.4 | Total interest expenses | 234,187 | 1,055,421 | 252,518 | 234,187 | 1,055,421 | 252,518 |
| 3.0 | NET INTEREST INCOME/(LOSS) | 186,001 | 1,062,984 | 229,729 | 186,001 | 1,062,984 | 229,729 |
| 4.0 | NON-INTEREST INCOME | | | | | | |
| 4.1 | Fees and commissions on loans and advances | 57,773 | 336,739 | 102,162 | 57,773 | 376,019 | 102,162 |
| 4.2 | Other fees and commissions | 131,430 | 474,304 | 123,487 | 131,430 | 474,304 | 134,635 |
| 4.3 | Foreign exchange trading income/(loss) | 47,775 | 210,070 | 69,855 | 47,775 | 210,070 | 69,855 |
| 4.4 | Dividend income | - | - | - | - | - | - |
| 4.5 | Other income | 11,104 | 23,788 | 35,466 | 17,841 | 23,788 | 35,130 |
| 4.6 | Total non-interest income | 248,082 | 1,044,901 | 330,971 | 254,819 | 1,084,181 | 341,782 |
| 5.0 | TOTAL OPERATING INCOME | 434,083 | 2,107,885 | 560,700 | 440,820 | 2,147,165 | 571,512 |
| 6.0 | OTHER OPERATING EXPENSES | | | | | | |
| 6.1 | Loan loss provision | 83,688 | 780,880 | 61,173 | 83,688 | 780,880 | 61,173 |
| 6.2 | Staff costs | 183,579 | 793,317 | 196,250 | 185,879 | 802,767 | 199,180 |
| 6.3 | Directors' emoluments | 13,741 | 60,873 | 15,856 | 13,741 | 60,873 | 15,856 |
| 6.4 | Rental charges | 48,202 | 197,746 | 51,550 | 48,345 | 197,746 | 51,717 |
| 6.5 | Depreciation charge on property and equipment | 27,768 | 99,964 | 20,579 | 27,781 | 100,014 | 20,592 |
| 6.6 | Amortisation charges | 19,131 | 78,659 | 26,110 | 19,281 | 79,259 | 26,260 |
| 6.7 | Other operating expenses | 175,708 | 658,510 | 164,086 | 175,948 | 662,987 | 164,968 |
| 6.8 | Total other operating expenses | 551,817 | 2,669,950 | 535,603 | 554,664 | 2,684,527 | 539,745 |
| 7.0 | Profit/(loss) before tax and exceptional items | (117,734) | (562,065) | 25,098 | (113,843) | (537,362) | 31,767 |
| 8.0 | Exceptional items | - | - | - | - | - | - |
| 9.0 | Profit/(loss) after exceptional items | (117,734) | (562,065) | 25,098 | (113,843) | (537,362) | 31,767 |
| 10.0 | Current tax | 35,320 | (145) | (7,529) | 34,153 | (145) | (9,530) |
| 11.0 | Deferred tax | - | 166,813 | - | - | 159,624 | - |
| 12.0 | Profit/(loss) after tax and exceptional items | (82,414) | (395,397) | 17,568 | (79,690) | (377,883) | 22,237 |
| 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 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 | (82,414) | (395,397) | 17,568 | (79,690) | (377,883) | 22,237 |
| III | OTHER DISCLOSURES | 31-Mar-18 | 31-Dec-18 | 31-Mar-19 | | | |
| | | Unaudited Shs. '000' | Audited Shs. '000' | Unaudited Shs. '000' | | | |
| 1.0 | NON-PERFORMING LOANS AND ADVANCES | | | | | | |
| (a) | Gross non-performing loans and advances | 2,614,883 | 2,941,718 | 2,941,718 | 2,614,883 | 2,941,718 | 2,941,718 |
| (b) | Less: interest in suspense | 228,982 | 268,707 | 299,886 | 228,982 | 268,707 | 299,886 |
| (c) | Total non-performing loans and advances (a-b) | 2,385,901 | 2,673,011 | 2,641,832 | 2,385,901 | 2,673,011 | 2,641,832 |
| (d) | Less: loan loss provision | 726,426 | 705,439 | 764,832 | 726,426 | 705,439 | 764,832 |
| (e) | Net non-performing loans and advances (c-d) | 1,659,475 | 1,967,572 | 1,876,999 | 1,659,475 | 1,967,572 | 1,876,999 |
| (f) | Discounted value of securities | 1,593,366 | 1,869,216 | 1,603,220 | 1,593,366 | 1,869,216 | 1,603,220 |
| (g) | Net NPLs exposure (e-f) | 66,108 | 98,355 | 113,981 | 66,108 | 98,355 | 113,981 |
| 2.0 | INSIDER LOANS AND ADVANCES | | | | | | |
| (a) | Directors, shareholders and associates | 163,687 | 84,221 | 151,792 | 163,687 | 84,221 | 151,792 |
| (b) | Employees | 453,382 | 480,678 | 500,823 | 453,382 | 480,678 | 500,823 |
| (c) | Total insider loans and advances and other facilities | 617,069 | 564,899 | 652,615 | 617,069 | 564,899 | 652,615 |
| 3.0 | OFF-BALANCE SHEET ITEMS | | | | | | |
| (a) | Letters of credit, guarantees, acceptances | 9,719,452 | 15,835,357 | 17,112,220 | 9,719,452 | 15,835,357 | 17,112,220 |
| (b) | Forwards, swaps and options | 3,001,617 | 6,582,349 | 10,728,248 | 3,001,617 | 6,582,349 | 10,728,248 |
| (c) | Other contingent liabilities | 155,673 | 283,823 | 232,357 | 155,673 | 283,823 | 232,357 |
| (d) | Total contingent liabilities | 12,876,743 | 22,701,529 | 28,072,825 | 12,876,743 | 22,701,529 | 28,072,825 |
| 4.0 | CAPITAL STRENGTH | | | | | | |
| (a) | Core capital | 3,205,737 | 3,875,451 | 3,885,113 | 3,205,737 | 3,875,451 | 3,885,113 |
| (b) | Minimum statutory capital | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| (c) | Excess/(deficiency) (a-b) | 2,205,737 | 2,875,451 | 2,885,113 | 2,205,737 | 2,875,451 | 2,885,113 |
| (d) | Supplementary capital | 17,040 | 16,834 | 1,225,278 | 17,040 | 16,834 | 1,225,278 |
| (e) | Total capital (a+d) | 3,222,777 | 3,892,285 | 5,110,391 | 3,222,777 | 3,892,285 | 5,110,391 |
| (f) | Total risk weighted assets | 21,571,902 | 27,021,094 | 27,454,153 | 21,571,902 | 27,021,094 | 27,454,153 |
| (g) | Core capital/total deposits liabilities | 22.0% | 22.8% | 23.3% | 22.0% | 22.8% | 23.3% |
| (| | | | | | | |