

**UN-AUDITED FINANCIAL STATEMENTS
AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30 JUNE 2018**

I STATEMENT OF FINANCIAL POSITION AS AT	BANK				GROUP CONSOLIDATED	
	30-Jun-17 Un Audited Shs. '000'	31-Dec-17 Audited Shs. '000'	31-Mar-18 Un Audited Shs. '000'	30-Jun-18 Un Audited Shs. '000'	31-Mar-18 Un Audited Shs. '000'	30-Jun-18 Un Audited Shs. '000'
A ASSETS						
1 Cash (both Local & Foreign)	568,188	659,796	552,556	583,045	552,556	583,045
2 Balances due from Central Bank of Kenya	1,286,118	1,961,536	651,896	524,298	651,896	524,298
3 Kenya Government and other securities held for dealing purposes	-	-	29,755	-	29,755	-
4 Financial Assets at fair value through profit and loss	-	40,508	89,529	125,256	89,529	125,256
5 Investment Securities:						
a) Held to Maturity:						
a. Kenya Government securities	1,876,473	1,899,299	3,042,291	3,325,359	3,042,291	3,325,359
b. Other securities	-	-	-	-	-	-
b) Available for sale:						
a. Kenya Government securities	-	-	-	-	-	-
b. Other securities	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions	1,267,628	931,781	2,665,678	3,023,082	2,665,678	3,023,082
7 Deposits and balances due from banking institutions abroad	740	289,168	541,055	988,171	541,055	988,171
8 Tax recoverable	156,804	108,903	144,223	165,101	147,681	169,239
9 Loans and advances to customers (net)	12,387,567	11,409,325	11,462,226	12,285,861	11,462,226	12,285,861
10 Balances due from banking institutions in the group	-	-	-	-	-	-
11 Investments in associates	-	-	-	-	-	-
12 Investments in subsidiary companies	1,000	1,000	1,000	1,000	-	-
13 Investments in joint ventures	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-
15 Property and equipment	545,524	497,192	471,517	462,112	471,595	462,177
16 Prepaid lease rentals	-	-	-	-	-	-
17 Intangible assets	305,581	290,416	277,563	275,193	283,163	280,643
18 Deferred tax asset	57,189	268,320	268,320	268,320	268,320	268,320
19 Retirement benefit asset	-	-	-	-	-	-
20 Other assets	732,314	944,508	892,198	838,707	871,777	814,465
21 TOTAL ASSETS	19,185,126	19,301,752	21,357,207	22,865,505	21,344,522	22,849,976
B LIABILITIES						
22 Balances due to Central Bank of Kenya	992,350	1,000,001	839,325	1,828,319	839,325	1,828,319
23 Customer deposits	12,005,805	12,760,791	14,556,348	14,190,694	14,511,058	14,156,011
24 Deposits and balances due to local banking institutions	1,692,462	1,379,412	1,938,910	2,601,659	1,938,910	2,601,659
25 Deposits and balances due to foreign banking institutions	-	-	-	-	-	-
26 Other money market deposits	-	-	-	-	-	-
27 Borrowed funds	498,323	434,340	445,059	434,148	445,059	434,148
28 Balances due to banking institutions in the group	-	-	-	-	-	-
29 Tax payable	-	-	-	-	4,337	-
30 Dividends payable	-	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-	-
33 Other liabilities	250,195	280,230	261,440	262,890	265,869	273,378
34 TOTAL LIABILITIES	15,439,135	15,854,774	18,041,082	19,317,710	18,004,558	19,273,515
C SHAREHOLDERS' FUNDS						
35 Paid up /Assigned capital	1,470,175	1,470,175	1,614,181	1,758,186	1,614,181	1,758,186
36 Share premium/(discount)	706,082	706,082	837,461	973,841	837,461	973,841
37 Revaluation reserves	68,554	68,161	68,161	68,161	68,160	68,161
38 Retained earnings/Accumulated losses	1,486,349	1,190,874	796,322	747,607	820,162	776,273
39 Statutory loan loss reserves	14,832	11,686	-	-	-	-
40 Other reserves	-	-	-	-	-	-
41 Proposed dividends	-	-	-	-	-	-
42 Capital grants	-	-	-	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS	3,745,991	3,446,978	3,316,125	3,547,795	3,339,964	3,576,461
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	19,185,126	19,301,752	21,357,207	22,865,505	21,344,522	22,849,976
II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED	30-Jun-17	31-Dec-17	31-Mar-18	30-Jun-18	31-Mar-18	30-Jun-18
	Un Audited Shs. '000'	Audited Shs. '000'	Un Audited Shs. '000'	Un Audited Shs. '000'	Un Audited Shs. '000'	Un Audited Shs. '000'
1.0 INTEREST INCOME						
1.1 Loans and advances	955,426	1,762,317	346,760	740,793	346,760	740,793
1.2 Government securities	122,868	2,731,673	63,868	160,882	63,868	160,882
1.3 Deposits and placements with banking institutions	8,926	19,832	9,561	23,453	9,560	23,453
1.4 Other interest income	-	-	-	-	-	-
1.5 Total interest income	1,087,220	2,013,912	420,188	925,128	420,188	925,128
2.0 INTEREST EXPENSE						
2.1 Customer deposits	331,140	633,675	162,014	332,061	162,014	332,061
2.2 Deposits and placement from banking institutions	125,509	153,963	40,444	100,901	40,444	100,901
2.3 Other interest expenses	31,482	178,936	31,729	66,089	31,729	66,089
2.4 Total interest expenses	488,131	966,574	234,187	499,051	234,187	499,051
3.0 NET INTEREST INCOME/(LOSS)	599,089	1,047,338	186,001	426,077	186,001	426,077
4.0 NON-INTEREST INCOME						
4.1 Fees and commissions on loans and advances	103,054	187,376	57,773	144,460	57,773	144,460
4.2 Other fees and commissions	109,580	324,799	131,430	225,821	131,430	225,821
4.3 Foreign exchange trading income/(Loss)	70,472	112,410	47,775	92,889	47,775	92,889
4.4 Dividend income	-	-	-	-	-	-
4.5 Other income	9,918	31,750	11,041	17,001	17,841	33,779
4.6 Total Non-interest income	293,024	656,335	248,082	480,171	254,819	496,949
5.0 TOTAL OPERATING INCOME	892,113	1,703,672	434,083	906,248	440,820	923,026
6.0 OTHER OPERATING EXPENSES						
6.1 Loan loss provision	181,648	464,126	83,688	175,866	83,688	175,866
6.2 Staff costs	372,460	778,084	185,739	373,194	185,879	376,890
6.3 Directors' emoluments	18,176	49,079	13,741	28,336	13,741	28,336
6.4 Rental charges	86,457	189,890	48,202	97,291	48,345	97,578
6.5 Depreciation charge on property and equipment	63,017	126,365	27,768	52,948	27,781	52,973
6.6 Amortisation charges	48,290	66,400	19,131	37,729	19,281	38,029
6.7 Other operating expenses	297,488	642,663	175,708	329,210	175,946	329,385
6.8 Total Other Operating Expenses	1,067,486	2,374,813	551,817	1,093,574	554,664	1,099,567
7.0 Profit/(loss) before tax and exceptional items	(175,424)	(632,941)	(117,734)	(187,326)	(113,844)	(176,541)
8.0 Exceptional items	-	-	-	-	-	-
9.0 Profit/(loss) after exceptional items	(175,424)	(632,941)	(117,734)	(187,326)	(113,844)	(176,541)
10.0 Current tax	52,627	-	35,320	56,198	34,153	52,962
11.0 Deferred tax	-	211,311	-	-	-	-
12.0 Profit/(loss) after tax and exceptional items	(122,797)	(421,810)	(82,414)	(131,128)	(79,690)	(123,579)
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, plant 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	(122,797)	(421,810)	(82,414)	(131,128)	(79,690)	(123,579)
III OTHER DISCLOSURES	30-Jun-17	31-Dec-17	31-Mar-18	30-Jun-18		
	Un Audited Shs. '000'	Audited Shs. '000'	Un Audited Shs. '000'	Un Audited Shs. '000'		
1.0 NON-PERFORMING LOANS AND ADVANCES						
(a) Gross Non-performing loans and advances	2,776,157	2,595,562	2,614,883	2,999,154		
(b) Less: Interest in Suspense	521,951	243,678	228,982	268,068		
(c) Total Non-Performing Loans and Advances (a-b)	2,254,206	2,351,885	2,385,901	2,731,086		
(d) Less: Loan Loss Provision	767,039	676,847	726,426	745,991		
(e) Net Non-Performing Loans and Advances (c-d)	1,487,167	1,675,038	1,659,475	1,985,095		
(f) Discounted Value of Securities	1,376,571	249,160	1,585,566	1,829,446		
(g) Net NPLs Exposure (e-f)	110,536	69,435	66,108	55,849		
2.0 INSIDER LOANS AND ADVANCES						
(a) Directors, Shareholders and Associates	147,049	96,792	163,687	53,111		
(b) Employees	348,665	432,309	453,382	425,298		
(c) Total Insider Loans and Advances and other facilities	495,712	529,101	617,069	478,409		
3.0 OFF-BALANCE SHEET ITEMS						
(a) Letters of credit, guarantees, acceptances	1,554,724	6,585,941	9,719,452	12,689,150		
(b) Forwards, swaps and options	3,355,612	1,855,045	3,001,617	6,403,395		
(c) Other contingent liabilities	81,970	249,160	153,617	183,580		
(d) Total Contingent Liabilities	4,890,336	8,689,146	12,876,743	19,276,125		
4.0 CAPITAL STRENGTH						
(a) Core capital	3,662,605	3,324,904	3,205,737	3,437,407		
(b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000		
(c) Excess/(Deficiency) (a-b)	2,662,605	2,324,904	2,205,737	2,437,407		
(d) Supplementary Capital	31,970	8,726	17,040	17,040		
(e) Total Capital (a+d)	3,694,575	3,333,630	3,222,777	3,454,447		
(f) Total risk weighted assets	16,269,126	20,377,205	21,571,902	24,034,595		
(g) Core Capital/Total deposits Liabilities	30.5%	26.1%	22.0%	24.1%		
(h) Minimum statutory ratio	8.0%	8.0%	8.0%	8.0%		
(i) Excess/(Deficiency) (g-h)	22.5%	18.1%	14.0%	16.1%		
(j) Core Capital / total risk weighted assets	22.5%	16.3%	14.3%	14.3%		
(k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%		
(l) Excess (Deficiency) (j-k)	12.0%	5.8%	4.4%	3.8%		
(m) Total Capital/total risk weighted assets	22.7%	16.5%	14.9%	14.4%		
(n) Minimum statutory ratio	14.5%	14.5%	14.5%	14.5%		
(o) Excess/(Deficiency) (m-n)	8.2%	2.0%	0.4%	-0.1%		
(p) Adjusted Core Capital/Total deposits liabilities*	24.5%	24.5%	24.5%	24.5%		
(q) Adjusted Core Capital/Total Risk weighted assets*	16.6%	16.6%	16.6%	16.6%		
(r) Adjusted Total Capital/Total Risk weighted assets*	16.7%	16.7%	16.7%	16.7%		
5.0 LIQUIDITY						
(a) Liquidity Ratio	19.2%	24.3%	32.6%	26.4%		
(b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%		
(c) Excess (Deficiency) (a-b)	-0.8%	4.3%	12.6%	6.4%		

* The adjusted capital ratios includes the expected credit loss provisions added back to capital in line with the CBK Guidance Note issued in April