

**UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	BANK					GROUP CONSOLIDATED
	30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	30-Sep-18
I STATEMENT OF FINANCIAL POSITION AS AT	Unaudited Shs. '000'	Audited Shs. '000'	Unaudited Shs. '000'	Unaudited Shs. '000'	Unaudited Shs. '000'	Unaudited Shs. '000'
<b>A ASSETS</b>						
1 Cash (both Local & Foreign)	601,126	659,796	552,556	583,405	605,500	605,500
2 Balances due from Central Bank of Kenya	1,171,933	1,961,536	651,896	524,298	2,474,961	2,474,961
3 Kenya Government and other securities held for dealing purposes	-	-	297,155	-	400,871	400,871
4 Financial Assets at fair value through profit and loss	-	40,508	89,529	125,256	115,770	115,770
5 Investment Securities:						
a) Held to Maturity:						
i. Kenya Government securities	1,925,456	1,899,299	3,042,291	3,325,359	3,313,302	3,313,302
ii. Other securities	-	-	-	-	-	-
b) Available for sale:						
i. Kenya Government securities	-	-	-	-	-	-
ii. Other securities	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions	972,863	931,781	2,665,678	3,023,082	2,349,397	2,349,397
7 Deposits and balances due from banking institutions abroad	6,872	289,168	541,055	988,171	225,741	225,741
8 Tax recoverable	222,005	108,903	144,223	165,101	184,167	189,604
9 Loans and advances to customers (net)	11,958,269	11,409,325	11,462,226	12,285,861	13,084,330	13,084,330
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	1,000	-
13 Investments in joint ventures	-	-	-	-	-	-
14 Investment properties	-	-	-	-	-	-
15 Property and equipment	526,162	497,192	471,517	462,112	443,135	443,188
16 Prepaid lease rentals	-	-	-	-	-	-
17 Intangible assets	307,390	290,416	275,563	275,193	296,577	301,877
18 Deferred tax asset	57,189	268,320	268,320	268,320	268,320	268,320
19 Retirement benefit asset	-	-	-	-	-	-
20 Other assets	729,537	944,508	892,198	838,707	754,772	726,889
<b>21 TOTAL ASSETS</b>	<b>18,479,802</b>	<b>19,301,752</b>	<b>21,357,207</b>	<b>22,865,505</b>	<b>24,517,843</b>	<b>24,499,748</b>
<b>B LIABILITIES</b>						
22 Balances due to Central Bank of Kenya	1,311,251	1,000,001	839,325	1,828,319	1,619,995	1,619,995
23 Customer deposits	11,125,015	12,760,791	14,556,348	14,190,694	16,721,013	16,670,705
24 Deposits and balances due to local banking institutions	1,423,366	1,379,412	1,938,910	2,601,659	1,766,228	1,766,228
25 Deposits and balances due to foreign banking institutions	-	-	-	-	-	-
26 Other money market deposits	-	-	-	-	-	-
27 Borrowed funds	718,263	434,340	445,059	434,148	444,778	444,778
28 Balances due to banking institutions in the group	-	-	-	-	-	-
29 Tax payable	-	-	-	-	-	-
30 Dividends payable	-	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-	-
33 Other liabilities	308,053	280,230	261,440	262,890	319,344	319,744
<b>34 TOTAL LIABILITIES</b>	<b>14,885,947</b>	<b>15,854,774</b>	<b>18,041,082</b>	<b>19,317,710</b>	<b>20,871,358</b>	<b>20,821,450</b>
<b>C SHAREHOLDERS' FUNDS</b>						
35 Paid up/Assigned capital	1,470,175	1,470,175	1,614,181	1,758,186	1,831,722	1,831,722
36 Share premium/(discount)	706,082	706,082	837,461	973,841	1,043,483	1,043,483
37 Revaluation reserves	68,554	68,161	68,161	68,161	68,161	68,161
38 Retained earnings/Accumulated losses	1,334,214	1,190,874	796,322	747,607	703,119	734,932
39 Statutory loan loss reserves	14,832	11,686	-	-	-	-
40 Other Reserves	-	-	-	-	-	-
41 Proposed dividends	-	-	-	-	-	-
42 Capital grants	-	-	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,593,855</b>	<b>3,446,978</b>	<b>3,316,125</b>	<b>3,547,795</b>	<b>3,646,485</b>	<b>3,678,298</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>18,479,802</b>	<b>19,301,752</b>	<b>21,357,207</b>	<b>22,865,505</b>	<b>24,517,843</b>	<b>24,499,748</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED</b>	<b>30-Sep-17</b>	<b>31-Dec-17</b>	<b>31-Mar-18</b>	<b>30-Jun-18</b>	<b>30-Sep-18</b>	<b>30-Sep-18</b>
	<b>Unaudited Shs. '000'</b>	<b>Audited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>
<b>1.0 INTEREST INCOME</b>						
1.1 Loans and advances	1,345,420	1,762,317	346,760	740,793	1,120,813	1,120,813
1.2 Government securities	177,319	231,763	63,868	160,882	254,403	254,403
1.3 Deposits and placements with banking institutions	14,484	19,832	9,561	23,453	37,822	37,822
1.4 Other Interest Income	-	-	-	-	-	-
<b>1.5 Total Interest Income</b>	<b>1,537,223</b>	<b>2,013,912</b>	<b>420,188</b>	<b>925,128</b>	<b>1,413,038</b>	<b>1,413,038</b>
<b>2.0 INTEREST EXPENSE</b>						
2.1 Customer deposits	474,124	633,675	162,014	332,061	516,424	516,424
2.2 Deposits and placement from banking institutions	195,782	153,963	40,444	100,901	143,948	143,948
2.3 Other interest expenses	50,116	178,936	31,729	65,083	112,671	112,671
<b>2.4 Total Interest Expense</b>	<b>720,022</b>	<b>966,574</b>	<b>234,187</b>	<b>498,051</b>	<b>773,042</b>	<b>773,042</b>
<b>3.0 NET INTEREST INCOME/(LOSS)</b>	<b>817,201</b>	<b>1,047,338</b>	<b>186,001</b>	<b>426,077</b>	<b>639,996</b>	<b>639,996</b>
<b>4.0 NON-INTEREST INCOME</b>						
4.1 Fees and commissions on loans and advances	145,561	187,376	57,773	144,460	245,627	245,627
4.2 Other fees and commissions	213,788	324,799	131,430	225,821	347,904	347,904
4.3 Foreign exchange trading income/(Loss)	97,730	112,410	47,775	92,889	154,033	154,033
4.4 Dividend Income	-	-	-	-	-	-
4.5 Other Income	14,281	31,750	11,104	17,001	22,295	47,438
<b>4.6 Total Non-Interest Income</b>	<b>471,360</b>	<b>656,335</b>	<b>248,082</b>	<b>480,171</b>	<b>769,859</b>	<b>795,002</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>1,288,561</b>	<b>1,703,672</b>	<b>434,083</b>	<b>906,248</b>	<b>1,409,855</b>	<b>1,434,998</b>
<b>6.0 OTHER OPERATING EXPENSES</b>						
6.1 Loan loss provision	345,691	464,126	83,688	175,866	283,606	283,606
6.2 Staff costs	561,509	778,084	183,579	372,194	566,567	573,683
6.3 Directors' emoluments	34,277	49,079	13,741	28,336	44,392	44,392
6.4 Rental charges	133,934	189,890	48,202	97,291	146,848	147,300
6.5 Depreciation charge on property and equipment	95,095	126,365	27,768	52,948	77,228	77,265
6.6 Amortisation charges	67,438	86,406	19,131	37,729	56,728	57,178
6.7 Other operating expenses	443,378	642,663	175,708	329,210	485,367	487,174
<b>6.8 Total Other Operating Expenses</b>	<b>1,851,372</b>	<b>2,336,613</b>	<b>551,817</b>	<b>1,093,574</b>	<b>1,660,736</b>	<b>1,670,538</b>
<b>7.0 Profit/(loss) before tax and exceptional items</b>	<b>(562,761)</b>	<b>(632,941)</b>	<b>(117,734)</b>	<b>(187,326)</b>	<b>(250,881)</b>	<b>(235,600)</b>
8.0 Exceptional items	-	-	-	-	-	-
<b>9.0 Profit/(loss) after exceptional items</b>	<b>(562,761)</b>	<b>(632,941)</b>	<b>(117,734)</b>	<b>(187,326)</b>	<b>(250,881)</b>	<b>(235,600)</b>
10.0 Current tax	117,828	-	35,320	56,198	75,264	70,680
11.0 Deferred tax	-	211,311	-	-	-	-
<b>12.0 Profit/(loss) after tax and exceptional items</b>	<b>(274,932)</b>	<b>(421,810)</b>	<b>(82,414)</b>	<b>(131,128)</b>	<b>(175,617)</b>	<b>(164,920)</b>
<b>13.0 Other Comprehensive Income</b>						
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	-	-	-	-	-	-
<b>14.0 Other Comprehensive Income for the year net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15.0 Total comprehensive income for the year</b>	<b>(274,932)</b>	<b>(421,810)</b>	<b>(82,414)</b>	<b>(131,128)</b>	<b>(175,617)</b>	<b>(164,920)</b>
<b>III OTHER DISCLOSURES</b>	<b>30-Sep-17</b>	<b>31-Dec-17</b>	<b>31-Mar-18</b>	<b>30-Jun-18</b>	<b>30-Sep-18</b>	<b>30-Sep-18</b>
	<b>Unaudited Shs. '000'</b>	<b>Audited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>	<b>Unaudited Shs. '000'</b>
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>						
(a) Gross Non-performing loans and advances	2,241,002	2,595,562	2,614,883	2,999,154	2,991,119	2,991,119
(b) Less: Interest in Suspense	(2,510,470)	(2,324,904)	(2,205,537)	(2,457,407)	(2,536,096)	(2,536,096)
<b>(c) Total Non-Performing Loans and Advances (a-b)</b>	<b>1,920,470</b>	<b>2,270,658</b>	<b>2,389,901</b>	<b>2,731,086</b>	<b>2,685,907</b>	<b>2,685,907</b>
(d) Less: Loan Loss Provision	(582,764)	(676,847)	(726,426)	(745,991)	(836,519)	(836,519)
<b>(e) Net Non-Performing Loans and Advances (c-d)</b>	<b>1,337,706</b>	<b>1,675,038</b>	<b>1,659,475</b>	<b>1,985,095</b>	<b>1,849,388</b>	<b>1,849,388</b>
(f) Discounted Value of Securities	1,239,813	1,605,603	1,593,366	1,929,246	1,772,883	1,772,883
<b>(g) Net NPLs Exposure (e-f)</b>	<b>97,893</b>	<b>69,435</b>	<b>66,108</b>	<b>55,849</b>	<b>76,505</b>	<b>76,505</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>						
(a) Directors, Shareholders and Associates	89,039	96,792	163,687	53,111	46,978	46,978
(b) Employees	406,236	432,309	453,382	425,298	437,544	437,544
<b>(c) Total Insider Loans and Advances and other facilities</b>	<b>495,275</b>	<b>529,101</b>	<b>617,069</b>	<b>478,409</b>	<b>484,522</b>	<b>484,522</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>						
(a) Letters of credit, guarantees, acceptances	2,169,382	6,585,941	9,718,452	12,689,150	14,183,208	14,183,208
(b) Forwards, swaps and options	2,628,438	-	3,001,817	6,403,395	8,525,696	8,525,696
(c) Other contingent liabilities	-	248,160	156,673	183,580	200,577	200,577
<b>(d) Total Contingent Liabilities</b>	<b>4,797,820</b>	<b>6,834,141</b>	<b>12,876,743</b>	<b>19,276,125</b>	<b>22,909,455</b>	<b>22,909,455</b>
<b>4.0 CAPITAL STRENGTH</b>						
(a) Core capital	3,510,470	3,324,904	3,205,737	3,437,407	3,536,096	3,536,096
(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)	2,510,470	2,324,904	2,205,737	2,437,407	2,536,096	2,536,096
(d) Supplementary Capital	31,970	28,726	17,040	17,040	17,040	17,040
<b>(e) Total Capital (a+d)</b>	<b>3,542,440</b>	<b>3,353,630</b>	<b>3,222,777</b>	<b>3,454,447</b>	<b>3,553,136</b>	<b>3,553,136</b>
(f) Total risk weighted assets	16,869,651	20,377,205	21,571,902	24,034,595	25,357,838	25,357,838
(g) Core Capital/Total deposits Liabilities	31.6%	26.1%	22.0%	24.1%	21.1%	21.1%
(h) Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>(i) Excess/(Deficiency) (g-h)</b>	<b>23.6%</b>	<b>18.1%</b>	<b>14.0%</b>	<b>16.1%</b>	<b>13.1%</b>	<b>13.1%</b>
(j) Core Capital / Total risk weighted assets	20.8%	16.3%	14.9%	14.3%	13.9%	13.9%
(k) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
<b>(l) Excess (Deficiency) (j-k)</b>	<b>10.3%</b>	<b>5.8%</b>	<b>4.4%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>3.4%</b>
(m) Total Capital/total risk weighted assets	21.0%	16.5%	14.9%	14.4%	14.0%	14.0%
(n) Minimum statutory Ratio	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
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