

**QUARTERLY FINANCIAL STATEMENTS AND DISCLOSURES AS AT 31 MARCH 2019**

| <b>I STATEMENT OF FINANCIAL POSITION</b>  |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b>BANK</b>        | <b>BANK</b>        | <b>BANK</b>        | <b>GROUP</b>       | <b>GROUP</b>       | <b>GROUP</b>       |
|   | <b>31 MAR 2018</b> | <b>31 DEC 2018</b> | <b>31 MAR 2019</b> | <b>31 MAR 2018</b> | <b>31 DEC 2018</b> | <b>31 MAR 2019</b> |
|   | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    |
|   | <b>(Unaudited)</b> | <b>(Audited)</b>   | <b>(Unaudited)</b> | <b>(Unaudited)</b> | <b>(Audited)</b>   | <b>(Unaudited)</b> |
| <b>A ASSETS</b>   |                    |                    |                    |                    |                    |                    |
| 1 Cash (both local and foreign)   | 38,690             | 24,975             | 39,092             | 38,690             | 24,975             | 39,092             |
| 2 Balances due from Central Bank of Kenya   | 14,860             | 94,122             | 40,582             | 14,860             | 94,122             | 40,582             |
| 3 Kenya Government and other securities held for dealing purposes                               | -                  | -                  | -                  | -                  | -                  | -                  |
| 4 Financial Assets at fair value through profit and loss  | 88,748             | 95,865             | 93,299             | 88,748             | 95,865             | 93,299             |
| 5 Investment Securities   |                    |                    |                    |                    |                    |                    |
| a) Held to Maturity:  | 4,760,650          | 4,512,923          | 4,579,436          | 4,781,673          | 4,533,997          | 4,601,068          |
| a. Kenya Government Securities  | 4,760,650          | 4,512,923          | 4,579,436          | 4,781,673          | 4,533,997          | 4,601,068          |
| b. Other securities   | -                  | -                  | -                  | -                  | -                  | -                  |
| b) Available for sale:  | 805,499            | 825,413            | 825,413            | 805,499            | 825,413            | 825,413            |
| a. Kenya Government Securities  | 805,499            | 825,413            | 825,413            | 805,499            | 825,413            | 825,413            |
| b. Other securities   | -                  | -                  | -                  | -                  | -                  | -                  |
| 6 Deposits and balances due from local banking institutions                                     | 778,832            | 898,861            | 817,488            | 778,832            | 898,861            | 817,488            |
| 7 Deposits and balances due from banking institutions abroad                                    | 79,339             | 47,216             | 32,424             | 79,339             | 47,216             | 32,424             |
| 8 Tax recoverable   | -                  | -                  | -                  | 3,697              | 347                | 3,260              |
| 9 Loans and advances to customers (net)   | 9,143,018          | 8,386,697          | 8,254,876          | 9,143,018          | 8,386,697          | 8,254,876          |
| 10 Balances due from banking institutions in the group  | -                  | -                  | -                  | -                  | -                  | -                  |
| 11 Investments in associates  | -                  | -                  | -                  | -                  | -                  | -                  |
| 12 Investments in subsidiary companies  | 32,048             | 32,048             | 32,048             | -                  | -                  | -                  |
| 13 Investment in joint ventures   | -                  | -                  | -                  | -                  | -                  | -                  |
| 14 Investment properties  | -                  | -                  | -                  | -                  | -                  | -                  |
| 15 Property, plant and equipment  | 214,411            | 122,195            | 122,971            | 214,411            | 122,195            | 122,971            |
| 16 Prepaid lease rentals  | 3,797              | -                  | -                  | 3,797              | -                  | -                  |
| 17 Intangible assets  | -                  | -                  | -                  | -                  | -                  | -                  |
| 18 Deferred tax asset   | 16,285             | 115,961            | 115,961            | 16,376             | 116,082            | 116,082            |
| 19 Retirement benefit asset   | -                  | -                  | -                  | -                  | -                  | -                  |
| 20 Other assets   | 63,944             | 166,835            | 286,512            | 64,709             | 166,835            | 286,625            |
| 21 <b>TOTAL ASSETS</b>  | <b>16,040,121</b>  | <b>15,323,111</b>  | <b>15,240,102</b>  | <b>16,033,649</b>  | <b>15,312,605</b>  | <b>15,233,180</b>  |
| <b>B LIABILITIES</b>  |                    |                    |                    |                    |                    |                    |
| 22 Balances due to Central Bank of Kenya  | 4,629,771          | 4,443,641          | 4,433,184          | 4,629,771          | 4,443,641          | 4,433,184          |
| 23 Customer deposits  | 5,892,538          | 5,752,500          | 5,170,739          | 5,871,318          | 5,729,479          | 5,147,827          |
| 24 Deposits and balances due to local banking institutions                                      | 1,525,544          | 1,069,595          | 938,380            | 1,525,544          | 1,069,595          | 938,380            |
| 25 Deposits and balances due to foreign banking institutions                                    | -                  | -                  | -                  | -                  | -                  | -                  |
| 26 Other money market deposits  | -                  | -                  | -                  | -                  | -                  | -                  |
| 27 Borrowed funds   | 677,243            | 593,824            | 512,878            | 677,243            | 593,824            | 512,878            |
| 28 Balances due to banking institutions in the group  | -                  | -                  | -                  | -                  | -                  | -                  |
| 29 Tax payable  | 28,461             | 3,022              | 36,202             | 28,461             | -                  | 36,202             |
| 30 Dividends payable  | -                  | -                  | -                  | -                  | -                  | -                  |
| 31 Deferred tax liability   | -                  | -                  | -                  | -                  | -                  | -                  |
| 32 Retirement benefit liability   | -                  | -                  | -                  | -                  | -                  | -                  |
| 33 Other liabilities  | 330,947            | 589,205            | 282,165            | 331,743            | 589,796            | 282,904            |
| 34 <b>TOTAL LIABILITIES</b>   | <b>13,084,504</b>  | <b>12,451,787</b>  | <b>11,373,548</b>  | <b>13,064,080</b>  | <b>12,426,335</b>  | <b>11,351,375</b>  |
| <b>C SHAREHOLDERS' EQUITY</b>   |                    |                    |                    |                    |                    |                    |
| 35 Paid up/Assigned capital   | 1,042,500          | 1,042,500          | 1,042,500          | 1,042,500          | 1,042,500          | 1,042,500          |
| 36 Share Premium (discount)   | -                  | -                  | -                  | -                  | -                  | -                  |
| 37 Revaluation reserves   | 721,379            | 743,145            | 743,145            | 721,379            | 743,145            | 743,145            |
| 38 Retained earnings  | 598,530            | 735,485            | 1,723,283          | 612,482            | 750,431            | 1,738,534          |
| 39 Statutory loan loss reserve  | 592,927            | 349,913            | 357,345            | 592,927            | 349,913            | 357,345            |
| 40 Other reserves   | 281                | 281                | 281                | 281                | 281                | 281                |
| 41 Proposed Dividends   | -                  | -                  | -                  | -                  | -                  | -                  |
| 42 Capital grants   | -                  | -                  | -                  | -                  | -                  | -                  |
| 43 <b>TOTAL SHAREHOLDERS' EQUITY</b>  | <b>2,955,617</b>   | <b>2,871,324</b>   | <b>3,866,554</b>   | <b>2,969,569</b>   | <b>2,886,270</b>   | <b>3,881,805</b>   |
| 44 Minority Interest  | -                  | -                  | -                  | -                  | -                  | -                  |
| 45 <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>16,040,121</b>  | <b>15,323,111</b>  | <b>15,240,102</b>  | <b>16,033,649</b>  | <b>15,312,605</b>  | <b>15,233,180</b>  |
| <b>II STATEMENT OF COMPREHENSIVE INCOME</b>   |                    |                    |                    |                    |                    |                    |
|   | <b>BANK</b>        | <b>BANK</b>        | <b>BANK</b>        | <b>GROUP</b>       | <b>GROUP</b>       | <b>GROUP</b>       |
|   | <b>31 MAR 2018</b> | <b>31 DEC 2018</b> | <b>31 MAR 2019</b> | <b>31 MAR 2018</b> | <b>31 DEC 2018</b> | <b>31 MAR 2019</b> |
|   | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    |
|   | <b>(Unaudited)</b> | <b>(Audited)</b>   | <b>(Unaudited)</b> | <b>(Unaudited)</b> | <b>(Audited)</b>   | <b>(Unaudited)</b> |
| <b>1 INTEREST INCOME</b>  |                    |                    |                    |                    |                    |                    |
| 1.1 Loans and advances  | 212,829            | 842,806            | 194,369            | 212,829            | 842,806            | 194,369            |
| 1.2 Government securities   | 133,235            | 538,221            | 127,851            | 133,794            | 540,456            | 128,410            |
| 1.3 Deposits and placements with banking institutions   | 11,891             | 54,978             | 11,760             | 11,891             | 54,978             | 11,760             |
| 1.4 Other interest income   | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.5 <b>Total Interest Income</b>  | <b>357,955</b>     | <b>1,436,005</b>   | <b>333,980</b>     | <b>358,514</b>     | <b>1,438,240</b>   | <b>334,539</b>     |
| <b>2 INTEREST EXPENSES</b>  |                    |                    |                    |                    |                    |                    |
| 2.1 Customer deposits   | 137,322            | 539,238            | 125,470            | 137,184            | 538,678            | 125,332            |
| 2.2 Deposits and placements from banking institutions   | 118,124            | 452,943            | 98,208             | 118,124            | 452,943            | 98,208             |
| 2.3 Other interest expenses   | 4,456              | 22,314             | 4,948              | 4,456              | 22,314             | 4,948              |
| 2.4 <b>Total Interest Expenses</b>  | <b>259,902</b>     | <b>1,014,495</b>   | <b>228,626</b>     | <b>259,764</b>     | <b>1,013,935</b>   | <b>228,488</b>     |
| <b>3 NET INTEREST INCOME</b>  | <b>98,053</b>      | <b>421,510</b>     | <b>105,354</b>     | <b>98,750</b>      | <b>424,305</b>     | <b>106,051</b>     |
| <b>4 NON-OPERATING INCOME</b>   |                    |                    |                    |                    |                    |                    |
| 4.1 Fees and commissions income on loans & advances   | 3,510              | 11,102             | 1,400              | 3,510              | 11,102             | 1,400              |
| 4.2 Other fees and commissions income   | 2,596              | 11,060             | 2,612              | 2,596              | 11,060             | 2,612              |
| 4.3 Foreign exchange trading income   | 5,972              | 18,289             | 9,489              | 5,972              | 18,289             | 9,489              |
| 4.4 Dividend income   | -                  | -                  | -                  | -                  | -                  | -                  |
| 4.5 Other income  | 14,405             | 72,926             | 1,055,299          | 14,405             | 72,926             | 1,055,299          |
| 4.6 <b>Total Non-Interest Income</b>  | <b>26,483</b>      | <b>113,377</b>     | <b>1,068,800</b>   | <b>26,483</b>      | <b>113,377</b>     | <b>1,068,800</b>   |
| <b>5 TOTAL OPERATING INCOME</b>   | <b>124,536</b>     | <b>534,887</b>     | <b>1,174,154</b>   | <b>125,233</b>     | <b>537,682</b>     | <b>1,174,851</b>   |
| <b>6 OTHER OPERATING EXPENSES</b>   |                    |                    |                    |                    |                    |                    |
| 6.1 Loan loss provision   | 9,422              | 11,961             | 49,930             | 9,422              | 12,110             | 50,004             |
| 6.2 Staff costs   | 4,612              | 208,939            | 50,302             | 4,612              | 208,939            | 50,302             |
| 6.3 Directors' emoluments   | 2,448              | 8,198              | 2,789              | 2,473              | 8,298              | 2,814              |
| 6.4 Rental charges  | -                  | -                  | -                  | -                  | -                  | -                  |
| 6.5 Depreciation on property and equipment  | 4,468              | 17,115             | 3,480              | 4,468              | 17,115             | 3,480              |
| 6.6 Amortisation charges  | 15                 | 61                 | -                  | 15                 | 61                 | -                  |
| 6.7 Other operating expenses  | 25,061             | 119,801            | 39,244             | 25,200             | 120,392            | 39,408             |
| 6.8 <b>Total other operating Expenses</b>   | <b>87,576</b>      | <b>366,075</b>     | <b>145,745</b>     | <b>87,740</b>      | <b>366,915</b>     | <b>146,008</b>     |
| <b>7 Profit before tax and exceptional items</b>  | <b>36,960</b>      | <b>168,812</b>     | <b>1,028,409</b>   | <b>37,493</b>      | <b>170,767</b>     | <b>1,028,843</b>   |
| <b>8 Exceptional Items</b>  |                    |                    |                    |                    |                    |                    |
| 9 <b>Profit after exceptional items</b>   | <b>36,960</b>      | <b>168,812</b>     | <b>1,028,409</b>   | <b>37,493</b>      | <b>170,767</b>     | <b>1,028,843</b>   |
| 10 Current tax  | (11,088)           | (48,452)           | (33,181)           | (11,247)           | (49,069)           | (33,311)           |
| 11 Deferred tax   | -                  | (5,915)            | -                  | -                  | (5,885)            | -                  |
| 12 <b>Profit after tax and exceptional items</b>  | <b>25,872</b>      | <b>114,445</b>     | <b>995,228</b>     | <b>26,246</b>      | <b>115,813</b>     | <b>995,532</b>     |
| 13 Minority Interest  | -                  | -                  | -                  | -                  | -                  | -                  |
| 14 <b>Profit after tax, exceptional items and minority interest</b>                             | <b>25,872</b>      | <b>114,445</b>     | <b>995,228</b>     | <b>26,246</b>      | <b>115,813</b>     | <b>995,532</b>     |
| <b>15 Other Comprehensive Income</b>  |                    |                    |                    |                    |                    |                    |
| 15.1 Gains/(Losses) from translating the financial statement of foreign operations <sup>5</sup> | -                  | -                  | -                  | -                  | -                  | -                  |
| 15.2 Fair value changes in available-for-sale financial assets                                  | -                  | 22,913             | -                  | -                  | 22,913             | -                  |
| 15.3 Revaluation Surplus on property, plant and equipment                                       | -                  | -                  | -                  | -                  | -                  | -                  |
| 15.4 Share of other comprehensive income of associates  | -                  | -                  | -                  | -                  | -                  | -                  |
| 15.5 Income tax relating to components of other comprehensive income                            | -                  | (114,6)            | -                  | -                  | (114,6)            | -                  |
| 16 <b>Other comprehensive income for the year net of tax</b>                                    | <b>-</b>           | <b>21,767</b>      | <b>-</b>           | <b>-</b>           | <b>21,767</b>      | <b>-</b>           |
| 17 <b>Total comprehensive income for the year</b>   | <b>25,872</b>      | <b>136,212</b>     | <b>995,228</b>     | <b>26,246</b>      | <b>137,580</b>     | <b>995,532</b>     |
| <b>III OTHER DISCLOSURES</b>  |                    |                    |                    |                    |                    |                    |
|   | <b>31 MAR 2018</b> | <b>31 DEC 2018</b> | <b>31 MAR 2019</b> |                    |                    |                    |
|   | <b>Shs '000</b>    | <b>Shs '000</b>    | <b>Shs '000</b>    |                    |                    |                    |
|   | <b>(Unaudited)</b> | <b>(Audited)</b>   | <b>(Unaudited)</b> |                    |                    |                    |
| <b>1) NON-PERFORMING LOANS AND ADVANCES</b>   |                    |                    |                    |                    |                    |                    |
| a) Gross non-performing loans and advances  | 2,277,169          | 2,879,070          | 2,827,978          |                    |                    |                    |
| less:   |                    |                    |                    |                    |                    |                    |
| b) Interest in suspense   | 391,509            | 379,221            | 375,589            |                    |                    |                    |
| c) <b>Total Non-Performing Loans and Advances (a-b)</b>   | <b>1,885,660</b>   | <b>2,499,849</b>   | <b>2,452,389</b>   |                    |                    |                    |
| less:   |                    |                    |                    |                    |                    |                    |
| d) Loan loss provisions   | 1,150,617          | 1,265,451          | 1,255,842          |                    |                    |                    |
| e) <b>Net Non-performing loans and advances (c-d)</b>   | <b>735,043</b>     | <b>1,234,398</b>   | <b>1,196,547</b>   |                    |                    |                    |
| f) Discounted value of securities   | 735,043            | 1,234,398          | 1,196,547          |                    |                    |                    |
| g) <b>Net NPLs exposure (e-f)</b>   | <b>-</b>           | <b>-</b>           | <b>-</b>           |                    |                    |                    |
| <b>2) Insider Loans and Advances</b>  |                    |                    |                    |                    |                    |                    |
| a) Directors, shareholders and associates   | 694,648            | 707,250            | 706,587            |                    |                    |                    |
| b) Employees  | 289,590            | 281,740            | 279,071            |                    |                    |                    |
| c) <b>Total Insider Loans, Advances and other facilities</b>                                    | <b>984,238</b>     | <b>988,990</b>     | <b>985,658</b>     |                    |                    |                    |
| <b>3) Off-Balance Sheet Items</b>   |                    |                    |                    |                    |                    |                    |
| a) Letters of credit, guarantees, acceptances   | 553,848            | 576,017            | 653,602            |                    |                    |                    |
| b) Forwards, swaps, and options   | 8,046              | 17,926             | 11,054             |                    |                    |                    |
| c) Other contingent liabilities   | 92                 | 92                 | 92                 |                    |                    |                    |
| d) <b>Total Contingent Liabilities</b>  | <b>561,986</b>     | <b>594,035</b>     | <b>664,748</b>     |                    |                    |                    |
| <b>4) Capital Strength</b>  |                    |                    |                    |                    |                    |                    |
| a) Core capital   | 1,628,375          | 1,778,266          | 2,268,450          |                    |                    |                    |
| b) Minimum Statutory Capital  | 1,000,000          | 1,000,000          | 1,000,000          |                    |                    |                    |
| c) excess   | 628,375            | 778,266            | 1,268,450          |                    |                    |                    |
| d) Supplementary capital  | 281,337            | 297,492            | 296,324            |                    |                    |                    |
| e) <b>Total capital (a+d)</b>   | <b>1,909,712</b>   | <b>2,075,758</b>   | <b>2,564,774</b>   |                    |                    |                    |
| f) <b>Total risk weighted assets</b>  | <b>8,079,406</b>   | <b>8,936,475</b>   | <b>8,843,029</b>   |                    |                    |                    |
| g) <b>Core capital/total deposit liabilities</b>  | <b>24.3%</b>       | <b>29.7%</b>       | <b>42.5%</b>       |                    |                    |                    |
| h) Minimum Statutory Ratio  | 8.0%               | 8.0%               | 8.0%               |                    |                    |                    |
| i) excess (g-h)   | 16.3%              | 21.7%              | 34.5%              |                    |                    |                    |
| j) <b>Core capital/total risk weighted assets</b>   | <b>20.2%</b>       | <b>19.9%</b>       | <b>25.7%</b>       |                    |                    |                    |
| k) Minimum Statutory Ratio  | 10.5%              | 10.5%              | 10.5%              |                    |                    |                    |
| l) excess (j-k)   | 9.7%               | 9.4%               | 15.2%              |                    |                    |                    |
| m) <b>Total capital/total risk weighted assets</b>  | <b>23.6%</b>       | <b>23.2%</b>       | <b>29.0%</b>       |                    |                    |                    |
| n) Minimum Statutory Ratio  | 14.5%              | 14.5%              | 14.5%              |                    |                    |                    |
| o) excess (m-n)   | 9.1%               | 8.7%               | 14.5%              |                    |                    |                    |
| p) Adjusted Core Capital/Total Deposits Liabilities   | -                  | 38.4%              | 49.2%              |                    |                    |                    |
| q) Adjusted Core Capital/Total Risk Weighted Assets   | -                  | 25.7%              | 29.7%              |                    |                    |                    |
| r) Adjusted Total Capital/Total Risk Weighted Assets  | -                  | 29.0%              | 33.1%              |                    |                    |                    |
| <b>5) Liquidity</b>   |                    |                    |                    |                    |                    |                    |
| a) Liquidity Ratio  | -7.6%              | 1.6%               | 3.3%               |                    |                    |                    |
| b) Minimum Statutory Ratio  | 20.0%              | 20.0%              | 20.0%              |                    |                    |                    |
| c) excess (a-b)   | -27.6%             |                    |                    |                    |                    |                    |