

| STATEMENT OF FINANCIAL POSITION | BANK UNAUDITED JUN 2015 (KSHS'000) | BANK AUDITED DEC 2015 (KSHS'000) | BANK UNAUDITED MAR 2016 (KSHS'000) | BANK UNAUDITED JUN 2016 (KSHS'000) | GROUP UNAUDITED JUN 2015 (KSHS'000) | GROUP AUDITED DEC 2015 (KSHS'000) | GROUP UNAUDITED MAR 2016 (KSHS'000) | GROUP UNAUDITED JUN 2016 (KSHS'000) |
|---|------------------------------------|----------------------------------|------------------------------------|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| A. ASSETS | | | | | | | | |
| 01. Cash (both local and foreign) | 1,127,681 | 1,026,976 | 947,396 | 1,043,313 | 1,425,716 | 1,410,068 | 1,205,470 | 1,282,774 |
| 02. Balances due from central banks | 6,530,634 | 4,850,610 | 9,146,359 | 4,361,090 | 8,990,077 | 6,929,635 | 10,902,851 | 5,614,721 |
| 03. Kenya Government and other securities held for dealing purposes | - | - | - | - | - | - | - | - |
| 04. Financial Assets at fair value through profit and loss | - | - | - | - | - | - | - | - |
| 05. Investment Securities: | - | - | - | - | - | - | - | - |
| a) Held to Maturity: | - | - | - | - | - | - | - | - |
| a. Kenya Government securities | 14,731,099 | 15,336,539 | 17,555,738 | 19,694,096 | 14,731,098 | 15,336,539 | 17,555,738 | 19,694,096 |
| b. Other securities | - | - | - | - | 2,037,469 | 1,819,720 | 1,905,409 | 1,938,092 |
| b) Available for sale: | - | - | - | - | - | - | - | - |
| a. Kenya Government securities | 16,251,894 | 15,670,421 | 16,670,030 | 21,474,851 | 16,251,894 | 15,670,421 | 16,670,030 | 21,474,851 |
| b. Other securities | 431,746 | 330,770 | 320,593 | 330,768 | 456,718 | 354,480 | 343,951 | 353,839 |
| 06. Deposits and Balances due from local banking institutions | 66,059 | 643,404 | 125,117 | 660,163 | 652,848 | 933,173 | 448,234 | 1,920,428 |
| 07. Deposits and Balances due from banking institutions abroad | 309,227 | 1,539,396 | 1,543,082 | 4,172,326 | 491,257 | 1,865,720 | 2,138,955 | 4,401,031 |
| 08. Tax recoverable | - | 2,144 | - | - | - | 4,354 | - | - |
| 09. Loans and advances to customers (net) | 98,378,032 | 102,188,164 | 104,300,776 | 104,475,131 | 110,785,488 | 114,927,247 | 117,416,562 | 117,748,561 |
| 10. Balances due from banking institutions in the group | 2,053 | 54,669 | 37,212 | 22,503 | - | - | - | - |
| 11. Investment in associates | - | - | - | - | - | - | - | - |
| 12. Investment in subsidiary companies | 1,123,111 | 1,123,111 | 1,123,111 | 1,123,011 | - | - | - | - |
| 13. Investment in joint ventures | - | - | - | - | - | - | - | - |
| 14. Investment properties | - | - | - | - | - | - | - | - |
| 15. Property and equipment | 620,918 | 724,691 | 718,330 | 700,622 | 2,300,747 | 2,388,852 | 2,420,405 | 947,118 |
| 16. Prepaid lease rentals | - | - | - | - | 358,627 | 284,606 | 283,178 | - |
| 17. Intangible assets | 237,781 | 172,810 | 181,582 | 183,992 | 895,022 | 844,271 | 856,218 | 855,280 |
| 18. Deferred tax asset | 712,469 | 596,334 | 596,334 | 596,334 | 734,951 | 675,581 | 674,297 | 673,446 |
| 19. Retirement benefit asset | - | - | - | - | - | - | - | - |
| 20. Other assets | 4,804,685 | 3,586,300 | 4,510,121 | 5,587,733 | 2,766,882 | 1,377,942 | 2,462,692 | 5,847,166 |
| 21. TOTAL ASSETS | 145,327,389 | 147,846,339 | 157,775,781 | 164,425,933 | 162,878,794 | 164,822,609 | 175,283,990 | 182,751,403 |
| B. LIABILITIES | | | | | | | | |
| 22. Balances due to central banks | - | - | - | - | - | - | - | - |
| 23. Customer deposits | 100,141,174 | 103,740,626 | 110,098,482 | 116,183,658 | 112,312,598 | 116,791,317 | 122,119,761 | 130,139,014 |
| 24. Deposits and balances due to local banking institutions | 1,824,401 | 182,265 | 457,082 | 119,969 | 1,824,401 | 337,422 | 689,863 | 119,969 |
| 25. Deposits and balances due to foreign banking institutions | 4,228,968 | 3,653,266 | 5,872,970 | 6,162,412 | 7,208,571 | 5,381,342 | 7,366,207 | 6,342,006 |
| 26. Other money market deposits | - | - | - | - | - | - | - | - |
| 27. Borrowed funds | 13,101,909 | 12,281,869 | 12,241,570 | 11,062,343 | 14,465,925 | 13,636,819 | 14,805,016 | 13,554,795 |
| 28. Balances due to banking institutions in the group | 66,496 | 97,932 | 82,237 | 231,210 | - | - | - | - |
| 29. Tax payable | 16,154 | - | 627,856 | 111,723 | 24,008 | 64,504 | 713,836 | 125,441 |
| 30. Dividends Payable | - | - | - | - | - | - | - | - |
| 31. Deferred tax liability | - | - | - | - | - | 75 | 75 | - |
| 32. Retirement benefit liability | - | - | - | - | - | - | - | - |
| 33. Other Liabilities | 2,651,391 | 1,703,703 | 1,913,149 | 1,977,846 | 3,113,156 | 1,794,877 | 2,295,837 | 2,418,461 |
| 34. TOTAL LIABILITIES | 122,030,493 | 121,659,661 | 131,293,346 | 135,849,161 | 138,948,659 | 138,006,356 | 147,990,595 | 152,699,686 |
| C. SHAREHOLDERS' EQUITY | | | | | | | | |
| 35. Paid up/Assigned share capital | 2,880,245 | 2,880,245 | 2,880,245 | 2,880,245 | 2,880,245 | 2,880,245 | 2,880,245 | 2,880,245 |
| 36. Share premium/(discount) | 3,773,237 | 3,773,237 | 3,773,237 | 3,773,237 | 3,773,237 | 3,773,237 | 3,773,237 | 3,773,237 |
| 37. Revaluation reserves - (Building) | - | - | - | - | 629,739 | 629,739 | 629,739 | 629,739 |
| 38. Retained earnings/(Accumulated losses) | 16,393,337 | 18,039,316 | 19,655,317 | 21,432,064 | 15,736,174 | 17,379,759 | 19,082,332 | 22,131,961 |
| 39. Statutory loan loss reserves | 625,189 | 625,190 | 625,190 | 625,190 | 625,189 | 644,928 | 690,813 | 699,937 |
| 40. Other Reserves - (AFS portfolio) | (375,112) | (505,187) | (451,554) | (133,964) | (375,112) | (505,187) | (451,554) | (133,964) |
| 41. Proposed dividends | - | 1,373,877 | - | - | - | 1,373,877 | - | - |
| 42. Translation reserve | - | - | - | - | (107,705) | (157,650) | (172,812) | (185,836) |
| 43. TOTAL SHAREHOLDERS' EQUITY | 23,296,896 | 26,186,678 | 26,482,435 | 28,576,772 | 23,161,767 | 26,018,948 | 26,432,000 | 29,165,580 |
| 44. Non controlling interest | - | - | - | - | 768,368 | 797,305 | 861,395 | 886,137 |
| 45. TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 145,327,389 | 147,846,339 | 157,775,781 | 164,425,933 | 162,878,794 | 164,822,609 | 175,283,990 | 182,751,403 |

| OTHER DISCLOSURES | BANK UNAUDITED JUN 2015 (KSHS'000) | BANK AUDITED DEC 2015 (KSHS'000) | BANK UNAUDITED MAR 2016 (KSHS'000) | BANK UNAUDITED JUN 2016 (KSHS'000) |
|---|------------------------------------|----------------------------------|------------------------------------|------------------------------------|
| 01. NON-PERFORMING LOANS AND ADVANCES | | | | |
| a) Gross Non-performing loans and advances | 2,466,365 | 5,072,214 | 5,773,421 | 5,902,319 |
| Less | | | | |
| b) Interest in suspense | 679,934 | 986,864 | 1,290,125 | 1,531,821 |
| c) Total Non-performing loans and advances (a-b) | 1,786,431 | 4,085,350 | 4,483,296 | 4,370,498 |
| Less | | | | |
| d) Loan loss provisions | 823,015 | 1,127,127 | 1,246,272 | 1,471,888 |
| e) Net Non Performing Loans (c-d) | 963,416 | 2,958,223 | 3,237,024 | 2,898,610 |
| f) Discounted value of securities | 963,416 | 2,873,733 | 3,017,584 | 2,898,610 |
| g) Net NPLs exposure (e-f) | - | 84,490 | 219,440 | - |
| 02. INSIDER LOANS AND ADVANCES | | | | |
| a) Directors, shareholders and associates | 2,500,038 | 879,950 | 4,756,609 | 3,042,167 |
| b) Employees | 744,942 | 868,624 | 872,810 | 919,907 |
| c) Total Insider Loans and Advances | 3,244,980 | 1,748,574 | 5,629,419 | 3,962,074 |
| 03. OFF-BALANCE SHEET ITEMS | | | | |
| a) Letters of Credit, Guarantees, Acceptances | 26,440,888 | 30,067,563 | 28,009,488 | 30,164,381 |
| b) Forwards, swaps and options | 39,315,747 | 18,812,112 | 26,357,261 | 28,440,763 |
| c) Other contingent liabilities | 4,056,173 | 4,190,719 | 3,476,559 | 2,878,687 |
| d) Total Contingent Liabilities | 69,812,808 | 53,070,394 | 57,843,308 | 61,483,831 |
| 04. CAPITAL STRENGTH | | | | |
| a) Core capital | 20,517,525 | 23,559,141 | 24,366,941 | 25,255,515 |
| b) Minimum statutory capital | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| c) Excess/(Deficiency) capital | 19,517,525 | 22,559,141 | 23,366,941 | 24,255,515 |
| d) Supplementary capital | 3,357,332 | 2,984,952 | 2,800,785 | 2,616,619 |
| e) Total capital (a+d) | 23,874,857 | 26,544,093 | 27,167,726 | 27,872,134 |
| f) Total risk weighted assets | 133,086,530 | 138,178,796 | 145,055,589 | 148,285,772 |
| g) Core capital/Total deposit liabilities | 20.36% | 22.55% | 21.98% | 21.57% |
| h) Minimum statutory ratio | 8.00% | 8.00% | 8.00% | 8.00% |
| i) Excess/(Deficiency) (g-h) | 12.36% | 14.55% | 13.98% | 13.57% |
| j) Core capital/Total risk weighted assets | 15.42% | 17.05% | 16.80% | 17.03% |
| k) Minimum statutory ratio | 10.50% | 10.50% | 10.50% | 10.50% |
| l) Excess/(Deficiency) (j-k) | 4.92% | 6.55% | 6.30% | 6.53% |
| m) Total capital/Total risk weighted assets | 17.94% | 19.21% | 18.73% | 18.80% |
| n) Minimum statutory ratio | 14.50% | 14.50% | 14.50% | 14.50% |
| o) Excess/(Deficiency) (m-n) | 3.44% | 4.71% | 4.23% | 4.30% |
| 05. LIQUIDITY | | | | |
| a) Liquidity ratio | 32.37% | 33.50% | 35.10% | 38.18% |
| b) Minimum statutory ratio | 20.00% | 20.00% | 20.00% | 20.00% |
| c) Excess/(Deficiency) (a-b) | 12.37% | 13.50% | 15.10% | 18.18% |

MESSAGE FROM THE DIRECTORS

The above are extracts from the Bank's financial statements. The Group's financial statements as at 30th June 2016 include I&M Bank (T) Limited and I&M Insurance Agency Ltd.

These statements can be accessed on the Institution's website www.imbank.com as well as at the registered office at I&M Bank House, 2nd Ngong Avenue, Nairobi.

S B R Shah
Chairman

Kihara Maina
Chief Executive Officer

| STATEMENT OF COMPREHENSIVE INCOME | BANK UNAUDITED JUN 2015 (KSHS'000) | BANK AUDITED DEC 2015 (KSHS'000) | BANK UNAUDITED MAR 2016 (KSHS'000) | BANK UNAUDITED JUN 2016 (KSHS'000) | GROUP UNAUDITED JUN 2015 (KSHS'000) | GROUP AUDITED DEC 2015 (KSHS'000) | GROUP UNAUDITED MAR 2016 (KSHS'000) | GROUP UNAUDITED JUN 2016 (KSHS'000) |
|---|------------------------------------|----------------------------------|------------------------------------|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| 01. INTEREST INCOME | | | | | | | | |
| 1.1 Loans and advances | 6,568,221 | 14,460,653 | 3,752,773 | 7,657,310 | 7,248,233 | 15,859,075 | 4,077,970 | 8,307,109 |
| 1.2 Government securities | 1,638,120 | 3,321,682 | 937,141 | 2,027,865 | 1,794,078 | 3,586,880 | 1,009,190 | 2,174,370 |
| 1.3 Deposits and placements with banking institutions | 22,007 | 140,161 | 8,817 | 17,799 | 38,384 | 168,445 | 15,440 | 46,055 |
| 1.4 Other interest income | 24,341 | 48,633 | 10,176 | 20,352 | 24,341 | 48,634 | 10,176 | 20,352 |
| 1.5 Total interest income | 8,252,689 | 17,971,129 | 4,708,907 | 9,723,326 | 9,105,036 | 19,663,034 | 5,112,776 | 10,547,886 |
| 02. INTEREST EXPENSE | | | | | | | | |
| 2.1 Customer deposits | 2,990,359 | 6,872,779 | 1,772,852 | 3,469,339 | 3,294,293 | 7,493,015 | 1,903,958 | 3,737,612 |
| 2.2 Deposits and placements from banking institutions | 146,510 | 228,416 | 43,493 | 92,475 | 196,345 | 256,700 | 58,573 | 112,071 |
| 2.3 Other interest expenses | 403,799 | 808,660 | 194,586 | 383,385 | 440,357 | 895,800 | 219,241 | 442,913 |
| 2.4 Total interest expense | 3,540,668 | 7,909,855 | 2,010,931 | 3,945,199 | 3,930,995 | 8,645,515 | 2,181,772 | 4,292,596 |
| 03. NET INTEREST INCOME/(LOSS) | 4,712,021 | 10,061,274 | 2,697,976 | 5,778,127 | 5,174,041 | 11,017,519 | 2,931,004 | 6,255,290 |
| 04. OTHER OPERATING INCOME | | | | | | | | |
| 4.1 Fees and commissions on loans and advances | 300,539 | 641,792 | 117,716 | 287,616 | 346,762 | 848,154 | 142,713 | 338,978 |
| 4.2 Other fees and commissions | 548,486 | 1,156,666 | 323,780 | 639,732 | 629,879 | 1,183,351 | 371,049 | 704,280 |
| 4.3 Foreign exchange trading income (Loss) | 560,527 | 1,049,906 | 322,341 | 648,385 | 640,734 | 1,203,694 | 348,518 | 699,230 |
| 4.4 Dividend income | 21,118 | 21,118 | - | 95,000 | - | - | - | - |
| 4.5 Other income | 135,815 | 245,090 | 105,795 | 270,704 | 200,349 | 321,733 | 111,437 | 296,230 |
| 4.6 Total non-interest income | 1,566,485 | 3,114,572 | 869,632 | 1,941,437 | 1,817,724 | 3,556,932 | 973,717 | 2 |