

STATEMENT OF FINANCIAL POSITION	BANK AUDITED DEC 2016 (KSHS'000)	BANK AUDITED DEC 2017 (KSHS'000)	GROUP AUDITED DEC 2016 (KSHS'000)	GROUP AUDITED DEC 2017 (KSHS'000)	OTHER DISCLOSURES	BANK AUDITED DEC 2016 (KSHS'000)	BANK AUDITED DEC 2017 (KSHS'000)
<b>A ASSETS</b>					<b>01. NON-PERFORMING LOANS AND ADVANCES</b>		
01. Cash (both local and foreign)	1,199,322	1,785,443	1,447,295	2,034,166	a) Gross Non-performing Loans and advances	8,215,798	17,668,513
02. Balances due from central banks	5,460,673	5,251,820	7,206,930	6,696,404	Less		
03. Kenya Government and other securities held for dealing purposes	-	-	-	-	b) Interest in suspense	2,165,222	2,223,192
04. Financial Assets at fair value through profit and loss	-	-	-	-	c) <b>Total Non-performing loans and advances (a-b)</b>	<b>6,050,576</b>	<b>15,445,321</b>
05. Investment Securities:					Less		
a) Held to Maturity:					d) Loan loss provisions	2,216,057	4,103,198
a. Kenya Government securities	16,848,441	20,747,773	16,848,441	20,747,773	e) <b>Net Non Performing Loans (c-d)</b>	<b>3,834,519</b>	<b>11,342,123</b>
b. Other securities	-	-	2,758,818	3,750,093	f) Discounted value of securities	3,834,519	11,342,123
b) Available for sale:					g) Net NPLs exposure (e-f)	-	-
a. Kenya Government securities	21,592,275	20,470,148	21,592,275	20,470,148	<b>02. INSIDER LOANS AND ADVANCES</b>		
b. Other securities	3,830,992	4,532,006	3,854,644	4,569,514	a) Directors, shareholders and associates	1,305,032	2,139,497
06. Deposits and Balances due from local banking Institutions	1,083,504	10,551	1,083,504	10,551	b) Employees	1,583,034	1,326,950
07. Deposits and Balances due from banking Institutions abroad	1,646,542	2,533,974	2,169,765	2,601,826	c) <b>Total Insider Loans and Advances</b>	<b>2,888,066</b>	<b>3,466,447</b>
08. Tax recoverable	2,015	545,305	2,015	548,383	<b>03. OFF-BALANCE SHEET ITEMS</b>		
09. Loans and advances to customers (net)	106,585,737	120,656,819	120,696,861	135,098,394	a) Letters of Credit, Guarantees, Acceptances	28,799,259	37,298,075
10. Balances due from banking institutions in the group	132,447	22,277	-	549	b) Forwards, swaps and options	19,041,170	16,276,454
11. Investment in associates	-	-	-	-	c) Other contingent liabilities	3,523,517	4,634,904
12. Investment in subsidiary companies	2,324,126	2,324,126	-	-	d) <b>Total Contingent liabilities</b>	<b>51,363,946</b>	<b>58,209,433</b>
13. Investment in joint ventures	-	-	-	-	<b>04. CAPITAL STRENGTH</b>		
14. Investment properties	-	-	-	-	a) Core capital	24,684,820	29,790,221
15. Property and equipment	655,069	627,695	891,796	856,764	b) Minimum statutory capital	1,000,000	1,000,000
16. Prepaid lease rentals	-	-	-	-	c) <b>Excess/(deficiency)</b>	<b>23,684,820</b>	<b>28,790,221</b>
17. Intangible assets	172,453	250,558	835,596	788,734	d) Supplemental capital	2,249,438	2,437,143
18. Deferred tax asset	677,926	1,338,451	781,962	1,504,199	e) <b>Total capital (a+d)</b>	<b>26,934,258</b>	<b>32,227,364</b>
19. Retirement benefit asset	-	-	-	-	f) <b>Total risk weighted assets</b>	<b>148,383,014</b>	<b>173,455,079</b>
20. Other assets	1,904,600	2,855,571	1,987,580	2,967,515	g) Core capital/Total deposit liabilities	20.82%	21.88%
<b>21. TOTAL ASSETS</b>	<b>164,116,122</b>	<b>183,952,517</b>	<b>182,157,482</b>	<b>202,645,013</b>	h) Minimum statutory ratio	8.00%	8.00%
<b>B LIABILITIES</b>					i) <b>Excess/(Deficiency) (g-h)</b>	<b>12.82%</b>	<b>13.88%</b>
22. Balances due to central banks	-	-	-	-	j) Core capital/Total risk weighted assets	16.64%	17.17%
23. Customer deposits	116,978,501	132,800,892	129,636,067	147,582,171	k) Minimum statutory ratio	10.50%	10.50%
24. Deposits and balances due to local banking institutions	390,694	439,396	390,694	439,396	l) <b>Excess/(Deficiency) (j-k)</b>	<b>6.14%</b>	<b>6.67%</b>
25. Deposits and balances due to foreign banking institutions	3,219,632	1,006,882	4,049,239	1,678,683	m) Total capital/Total risk weighted assets	18.15%	18.58%
26. Other money market deposits	-	-	-	-	n) Minimum statutory ratio	14.50%	14.50%
27. Borrowed funds	9,994,671	9,645,894	12,513,267	11,827,014	o) <b>Excess/(Deficiency) (m-n)</b>	<b>3.65%</b>	<b>4.08%</b>
28. Balances due to banking institutions in the group	42,290	17,362	-	671,281	<b>05. LIQUIDITY</b>		
29. Tax payable	-	-	11,112	5,635	a) Liquidity ratio	37.26%	34.62%
30. Dividends Payable	-	-	-	-	b) Minimum statutory ratio	20.00%	20.00%
31. Deferred tax liability	-	-	-	-	c) <b>Excess/(Deficiency) (a-b)</b>	<b>17.26%</b>	<b>14.62%</b>
32. Retirement benefit liability	-	-	-	-			
33. Other liabilities	2,185,505	5,018,580	3,470,591	4,571,985			
<b>34. TOTAL LIABILITIES</b>	<b>132,811,293</b>	<b>148,929,006</b>	<b>150,070,970</b>	<b>166,776,165</b>			
<b>C SHAREHOLDERS' EQUITY</b>							
35. Paid up/Assigned share capital	2,880,245	4,751,643	2,880,245	4,751,643			
36. Share premium/(discount)	3,773,237	3,759,624	3,773,237	3,759,624			
37. Revaluation reserves - (Building)	-	-	-	-			
38. Retained earnings/(Accumulated losses)	22,929,382	24,004,831	23,088,383	24,320,473			
39. Statutory loan loss reserves	630,390	1,556,786	698,894	1,619,262			
40. Other Reserves - (AFS portfolio)	(355,748)	(158,267)	(355,748)	(151,215)			
41. Proposed dividends	1,447,323	1,108,894	1,447,323	1,108,894			
42. Translation reserve	-	-	(159,573)	(314,716)			
<b>43. TOTAL SHAREHOLDERS' EQUITY</b>	<b>31,304,829</b>	<b>35,023,511</b>	<b>31,372,761</b>	<b>35,093,965</b>			
44. Non controlling interest	-	-	713,751	774,883			
<b>45. TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>164,116,122</b>	<b>183,952,517</b>	<b>182,157,482</b>	<b>202,645,013</b>			

STATEMENT OF COMPREHENSIVE INCOME	BANK AUDITED DEC 2016 (KSHS'000)	BANK AUDITED DEC 2017 (KSHS'000)	GROUP AUDITED DEC 2016 (KSHS'000)	GROUP AUDITED DEC 2017 (KSHS'000)
<b>01. INTEREST INCOME</b>				
1.1 Loans and advances	15,721,942	15,056,578	17,115,612	16,545,444
1.2 Government securities	4,197,843	4,473,661	4,529,729	4,917,213
1.3 Deposits and placements with banking institutions	39,539	31,697	89,096	51,054
1.4 Other interest income	40,927	40,815	40,927	40,815
<b>1.5 Total interest income</b>	<b>20,000,251</b>	<b>19,602,751</b>	<b>21,775,364</b>	<b>21,554,526</b>
<b>02. INTEREST EXPENSE</b>				
2.1 Customer deposits	6,475,313	6,296,570	7,064,563	6,956,427
2.2 Deposits and placements from banking institutions	219,646	175,150	249,602	198,336
2.3 Other interest expenses	760,519	704,086	896,917	856,524
<b>2.4 Total interest expense</b>	<b>7,455,478</b>	<b>7,175,806</b>	<b>8,211,082</b>	<b>8,011,287</b>
<b>03. NET INTEREST INCOME/(LOSS)</b>	<b>12,544,773</b>	<b>12,426,945</b>	<b>13,564,282</b>	<b>13,543,239</b>
<b>04. OTHER OPERATING INCOME</b>				
4.1 Fees and commissions on loans and advances	627,217	845,102	764,189	925,248
4.2 Other fees and commissions	1,377,116	1,586,762	1,509,000	1,813,928
4.3 Foreign exchange trading income (Loss)	1,205,951	1,373,188	1,315,363	1,468,282
4.4 Dividend income	137,822	32,359	95,000	-
4.5 Other income	366,735	303,868	328,291	296,218
<b>4.6 Total non-interest income</b>	<b>3,714,841</b>	<b>4,141,279</b>	<b>4,011,843</b>	<b>4,503,676</b>
<b>05. TOTAL OPERATING INCOME</b>	<b>16,259,614</b>	<b>16,568,224</b>	<b>17,576,125</b>	<b>18,046,915</b>
<b>06. OTHER OPERATING EXPENSES</b>				
6.1 Loan loss provisions	2,778,703	3,853,113	2,884,081	4,058,882
6.2 Staff costs	2,295,854	2,435,688	2,514,500	2,751,775
6.3 Directors' emoluments	92,989	109,763	165,822	110,156
6.4 Rentals charges	488,741	607,775	570,467	685,512
6.5 Depreciation charge on property and equipment	223,452	218,095	264,700	261,919
6.6 Amortisation charges	73,111	96,603	96,170	124,265
6.7 Other operating expenses	1,655,730	1,730,807	2,054,912	2,182,753
<b>6.8 Total other Operating Expenses</b>	<b>7,608,580</b>	<b>9,051,844</b>	<b>8,550,652</b>	<b>10,175,262</b>
<b>07. PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>8,651,034</b>	<b>7,516,380</b>	<b>9,025,473</b>	<b>7,871,653</b>
08. EXCEPTIONAL ITEMS	-	-	-	-
<b>09. PROFIT/(LOSS) AFTER EXCEPTIONAL ITEMS</b>	<b>8,651,034</b>	<b>7,516,380</b>	<b>9,025,473</b>	<b>7,871,653</b>
10. Current Tax	(2,308,445)	(2,028,889)	(2,444,192)	(2,145,835)
11. Deferred Tax	-	-	-	-
<b>12. PROFIT/ (LOSS) AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>6,342,589</b>	<b>5,487,491</b>	<b>6,581,281</b>	<b>5,725,818</b>
13. Non controlling interest	-	-	(76,471)	(67,553)
<b>14. PROFIT/(LOSS) AFTER TAX , EXCEPTIONAL ITEMS AND NON-CONTROLLING INTEREST</b>	<b>6,342,589</b>	<b>5,487,491</b>	<b>6,504,810</b>	<b>5,658,265</b>
<b>15. OTHER COMPREHENSIVE INCOME</b>				
15.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	27,280	(175,599)
15.2 Fair value changes in available for sale financial assets	213,485	282,116	213,485	296,499
15.3 Giro acquisition - Statutory loan loss reserve	-	-	-	-
15.4 Fair value changes on employee benefits	-	-	75,364	-
15.5 Income tax relating to components of other comprehensive income	(64,046)	(84,635)	(64,046)	(88,998)
<b>16. OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX</b>	<b>149,439</b>	<b>197,481</b>	<b>252,083</b>	<b>31,902</b>
<b>17. TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>6,492,028</b>	<b>5,684,972</b>	<b>6,833,364</b>	<b>5,757,720</b>

### MESSAGE FROM THE DIRECTORS

The above are extracts from the Bank's financial statements. The financial statements have been audited by KPMG Kenya and have received unqualified opinion.

The Group's financial statements as at 31<sup>st</sup> December 2017 include I&M Bank (T) Limited and I&M Insurance Agency Limited.

These statements can be accessed on the institution's website [www.imbank.com](http://www.imbank.com) as well as at the registered office at I&M Bank House, 2<sup>nd</sup> Ngong Avenue, Nairobi.

The financial statements were approved by the Board of Directors on 22<sup>nd</sup> March, 2018 and signed on its behalf by:

**S B R Shah**  
Chairman

**Kihara Maina**  
Chief Executive Officer



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