

**UNAUDITED INTERIM CONDENSED FINANCIAL  
STATEMENTS  
MARCH 2016**

<b>I&amp;M HOLDINGS LIMITED</b>						
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>						
<b>FOR THE PERIOD ENDED 31 MARCH 2016</b>	<b>COMPANY</b>			<b>GROUP</b>		
	<b>UNAUDITED</b>	<b>AUDITED</b>	<b>UNAUDITED</b>	<b>UNAUDITED</b>	<b>AUDITED</b>	<b>UNAUDITED</b>
	<b>31-Mar 2016 KShs '000'</b>	<b>31-Dec 2015 KShs '000'</b>	<b>31-Mar 2015 KShs '000'</b>	<b>31-Mar 2016 KShs '000'</b>	<b>31-Dec 2015 KShs '000'</b>	<b>31-Mar 2015 KShs '000'</b>
Interest income	-	26,280	315	5,737,151	21,869,337	4,949,622
Interest expense	-	-	-	(2,350,232)	(9,222,172)	(2,061,938)
<b>Net interest income</b>	<b>-</b>	<b>26,280</b>	<b>315</b>	<b>3,386,919</b>	<b>12,647,165</b>	<b>2,887,684</b>
Fee and commission income	-	-	-	622,927	2,499,460	609,225
Fee and commission expense	-	-	-	(47,489)	(134,529)	(31,019)
<b>Net fee and commission income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>575,438</b>	<b>2,364,931</b>	<b>578,206</b>
<b>Revenue</b>	<b>-</b>	<b>26,280</b>	<b>315</b>	<b>3,962,357</b>	<b>15,012,096</b>	<b>3,465,890</b>
Other operating income	1,373,877	1,418,358	1,296,110	578,291	2,226,845	577,706
<b>Operating income</b>	<b>1,373,877</b>	<b>1,444,638</b>	<b>1,296,425</b>	<b>4,540,648</b>	<b>17,238,941</b>	<b>4,043,596</b>
Staff costs	-	-	-	(774,314)	(3,266,810)	(791,420)
Premises and equipment costs	-	-	-	(157,525)	(522,590)	(132,389)
General administrative expenses	(5,707)	(18,347)	(4,691)	(486,804)	(2,121,829)	(434,461)
Depreciation and amortisation	-	(86)	-	(116,301)	(501,019)	(98,374)
<b>Operating expenses</b>	<b>(5,707)</b>	<b>(18,433)</b>	<b>(4,691)</b>	<b>(1,534,944)</b>	<b>(6,412,248)</b>	<b>(1,456,644)</b>
<b>Operating profit before impairment losses and tax</b>	<b>1,368,170</b>	<b>1,426,205</b>	<b>1,291,734</b>	<b>3,005,704</b>	<b>10,826,693</b>	<b>2,586,952</b>
Net impairment losses on loans and advances	-	-	-	(243,027)	(982,495)	(149,242)
	<b>1,368,170</b>	<b>1,426,205</b>	<b>1,291,734</b>	<b>2,762,677</b>	<b>9,844,198</b>	<b>2,437,710</b>
Share of profit of Joint Venture	-	-	-	124,361	323,463	70,261
<b>Profit before income tax</b>	<b>1,368,170</b>	<b>1,426,205</b>	<b>1,291,734</b>	<b>2,887,038</b>	<b>10,167,661</b>	<b>2,507,971</b>
Income tax expense	-	(7,831)	-	(769,733)	(3,023,250)	(680,264)
<b>Profit after tax</b>	<b>1,368,170</b>	<b>1,418,374</b>	<b>1,291,734</b>	<b>2,117,305</b>	<b>7,144,411</b>	<b>1,827,707</b>
<b>Other comprehensive income</b>						
<i>Items that will never be reclassified to Profit or loss</i>						
Actuarial (losses)/gains on re-measurement of employees benefit scheme	-	-	-	-	3,156	-
Cancellation of shares - Rwanda	-	-	-	-	(815)	-
<i>Items that may be classified to profit or loss:</i>						
Net change in fair value of available for sale financial assets	-	-	-	83,437	(173,028)	98,607
Foreign currency translation differences	-	-	-	(78,799)	(102,826)	(260,778)
Related tax	-	-	-	-	-	-
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,638</b>	<b>(273,513)</b>	<b>(162,171)</b>
<b>Total comprehensive income for the period</b>	<b>1,368,170</b>	<b>1,418,374</b>	<b>1,291,734</b>	<b>2,121,943</b>	<b>6,870,898</b>	<b>1,665,536</b>
<b>Profit attributable to:</b>						
Equity holders of the company	1,368,170	1,418,374	1,291,734	1,962,406	6,717,452	1,732,947
Non controlling interest	-	-	-	154,899	426,959	94,760
	<b>1,368,170</b>	<b>1,418,374</b>	<b>1,291,734</b>	<b>2,117,305</b>	<b>7,144,411</b>	<b>1,827,707</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the company	1,368,170	1,418,374	1,291,734	2,004,163	6,526,739	1,580,524
Non controlling interest	-	-	-	117,780	344,159	85,012
	<b>1,368,170</b>	<b>1,418,374</b>	<b>1,291,734</b>	<b>2,121,943</b>	<b>6,870,898</b>	<b>1,665,536</b>
<b>Basic and diluted earnings per share - (KShs)</b>	<b>3.49</b>	<b>3.61</b>	<b>3.29</b>	<b>5.00</b>	<b>17.12</b>	<b>4.42</b>
<b>Dividends Per share - (KShs) - Final</b>	<b>-</b>	<b>2.90</b>	<b>-</b>	<b>-</b>	<b>3.50</b>	<b>-</b>

**I&M HOLDINGS LIMITED****STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2016	COMPANY			GROUP		
	UNAUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	UNAUDITED
	31-Mar 2016 KShs '000'	31-Dec 2015 KShs '000'	31-Mar 2015 KShs '000'	31-Mar 2016 KShs '000'	31-Dec 2015 KShs '000'	31-Mar 2015 KShs '000'
<b>ASSETS</b>						
Cash and balances with central banks	-	-	-	13,835,484	9,948,128	9,518,896
Items in the course of collection	-	-	-	1,293,215	527,596	963,108
Placements with financial institutions	-	-	-	4,863,480	4,981,777	5,087,226
Loans and advances to customers	-	-	-	130,813,687	127,823,778	117,161,863
Investment securities	-	-	-	42,571,531	39,135,807	40,276,188
Investment in Joint Venture	1,679,971	1,679,971	1,498,814	3,220,209	3,062,350	2,405,307
Investment in subsidiaries	19,626,492	19,604,666	19,599,661	-	-	-
Property and equipment	199	199	-	2,955,864	2,935,233	2,809,974
Intangible assets - Goodwill	-	-	-	1,174,601	1,174,601	1,174,601
Intangible assets - Software	-	-	-	254,264	245,434	312,261
Prepaid operating lease rentals	-	-	-	283,178	284,606	288,887
Tax recoverable	-	-	4	101	4,456	4
Deferred tax asset	-	-	-	514,331	515,997	573,994
Due from group companies	1,505,730	142,660	1,355,982	-	-	-
Other assets	6,615	23,825	1,843	1,406,280	1,083,779	1,182,376
<b>TOTAL ASSETS</b>	<b>22,819,007</b>	<b>21,451,321</b>	<b>22,456,304</b>	<b>203,186,225</b>	<b>191,723,542</b>	<b>181,754,685</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Liabilities</b>						
Deposits from banks	-	-	-	10,566,683	7,971,475	12,393,626
Deposits from customers	-	-	-	137,395,547	132,980,678	120,809,318
Deferred tax liability	-	-	-	66,664	67,744	80,333
Tax payable	772	772	-	813,711	145,434	659,465
Due to group companies	11,552	11,715	-	-	-	-
Other liabilities	47,135	47,457	53,716	3,276,426	2,766,373	2,744,485
Long term borrowings	-	-	-	10,548,705	9,575,455	10,759,393
Subordinated debt	-	-	-	4,675,247	4,495,084	4,538,772
	<b>59,459</b>	<b>59,944</b>	<b>53,716</b>	<b>167,342,983</b>	<b>158,002,243</b>	<b>151,985,392</b>
<b>Shareholders' equity</b>						
Share capital	392,362	392,362	392,362	392,362	392,362	392,362
Share premium	17,331,510	17,331,510	17,331,510	17,331,510	17,331,510	17,331,510
Retained earnings	5,035,676	3,667,505	4,678,716	14,888,452	12,971,933	9,135,662
Revaluation reserve	-	-	-	446,744	446,744	446,744
Available-for-sale reserve	-	-	-	(441,755)	(502,206)	(234,641)
Translation reserve	-	-	-	(83,796)	(65,102)	(268,009)
Statutory credit risk reserve	-	-	-	958,504	912,617	904,171
Defined benefit reserve	-	-	-	(39,725)	(39,725)	(36,788)
<b>Equity attributable to owners of the compar</b>	<b>22,759,548</b>	<b>21,391,377</b>	<b>22,402,588</b>	<b>33,452,296</b>	<b>31,448,133</b>	<b>27,671,011</b>
Non-controlling interest	-	-	-	2,390,946	2,273,166	2,098,282
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>22,759,548</b>	<b>21,391,377</b>	<b>22,402,588</b>	<b>35,843,242</b>	<b>33,721,299</b>	<b>29,769,293</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>22,819,007</b>	<b>21,451,321</b>	<b>22,456,304</b>	<b>203,186,225</b>	<b>191,723,542</b>	<b>181,754,685</b>

## I&amp;M HOLDINGS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 2016

## Total Statutory Reserves

3 months period to 31 March 2016	Share capital Kshs '000'	Share premium Kshs '000'	Revaluation reserve Kshs '000'	Available for sale Reserve Kshs '000'	Statutory Loans reserve Kshs '000'	General Banking reserve Kshs '000'	Retirement reserve Kshs '000'	Total reserve Kshs '000'	Retained earnings Kshs '000'	Translation reserve Kshs '000'	Total Kshs '000'	Non controlling interest Kshs '000'	Total Kshs '000'
At 1 January 2016	392,362	17,331,510	446,744	(502,206)	780,829	131,788	(39,725)	872,892	12,971,933	(65,102)	31,448,133	2,273,166	33,721,299
Net profit after tax	-	-	-	-	-	-	-	-	1,962,406	-	1,962,406	154,899	2,117,305
Other comprehensive income	-	-	-	60,451	-	-	-	-	-	(18,694)	41,757	(37,119)	4,638
<b>Total comprehensive income for the period</b>	-	-	-	<b>60,451</b>	-	-	-	-	<b>1,962,406</b>	<b>(18,694)</b>	<b>2,004,163</b>	<b>117,780</b>	<b>2,121,943</b>
Statutory loan loss reserve	-	-	-	-	19,527	26,360	-	45,887	(45,887)	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>392,362</b>	<b>17,331,510</b>	<b>446,744</b>	<b>(441,755)</b>	<b>800,356</b>	<b>158,148</b>	<b>(39,725)</b>	<b>918,779</b>	<b>14,888,452</b>	<b>(83,796)</b>	<b>33,452,296</b>	<b>2,390,946</b>	<b>35,843,242</b>

For the year ended 31 December 2015	Share capital Kshs '000'	Share premium Kshs '000'	Revaluation reserve Kshs '000'	Available for sale Reserve Kshs '000'	Statutory Loans reserve Kshs '000'	General Banking reserve Kshs '000'	Retirement reserve Kshs '000'	Total reserve Kshs '000'	Retained earnings Kshs '000'	Translation reserve Kshs '000'	Total Kshs '000'	Non controlling interest Kshs '000'	Total Kshs '000'
At 1 January 2015	392,362	17,331,510	448,726	(342,834)	773,698	131,788	(42,881)	862,605	7,360,529	6,346	26,059,244	2,046,898	28,106,142
Net profit after tax	-	-	-	-	-	-	-	-	6,717,452	-	6,717,452	426,959	7,144,411
Other comprehensive income	-	-	(1,982)	(159,372)	-	-	3,156	3,156	38,933	(71,448)	(190,713)	(82,800)	(273,513)
<b>Total comprehensive income for the period</b>	-	-	<b>(1,982)</b>	<b>(159,372)</b>	-	-	<b>3,156</b>	<b>3,156</b>	<b>6,756,385</b>	<b>(71,448)</b>	<b>6,526,739</b>	<b>344,159</b>	<b>6,870,898</b>
Statutory credit risk	-	-	-	-	7,131	-	-	7,131	(7,131)	-	-	-	-
Transactions with owners:													
Dividends Paid	-	-	-	-	-	-	-	-	(1,137,850)	-	(1,137,850)	(117,891)	(1,255,741)
<b>Total transactions with owners for the year</b>	-	-	-	-	-	-	-	-	<b>(1,137,850)</b>	-	<b>(1,137,850)</b>	<b>(117,891)</b>	<b>(1,255,741)</b>
<b>Balance as at 31 December 2015</b>	<b>392,362</b>	<b>17,331,510</b>	<b>446,744</b>	<b>(502,206)</b>	<b>780,829</b>	<b>131,788</b>	<b>(39,725)</b>	<b>872,892</b>	<b>12,971,933</b>	<b>(65,102)</b>	<b>31,448,133</b>	<b>2,273,166</b>	<b>33,721,299</b>

3 months period to 31 March 2015	Share capital Kshs '000'	Share premium Kshs '000'	Revaluation reserve Kshs '000'	Available for sale Reserve Kshs '000'	Statutory Loans reserve Kshs '000'	General Banking reserve Kshs '000'	Retirement reserve Kshs '000'	Total reserve Kshs '000'	Retained earnings Kshs '000'	Translation reserve Kshs '000'	Total Kshs '000'	Non controlling interest Kshs '000'	Total Kshs '000'
At 1 January 2015	392,362	17,331,510	446,744	(333,247)	773,699	131,789	(36,788)	868,700	7,401,399	(16,980)	26,090,487	2,013,270	28,103,757
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	1,732,947	-	1,732,947	94,760	1,827,707
Net profit after tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	98,606	-	-	-	-	-	(251,029)	(152,423)	(9,748)	(162,171)
<b>Total comprehensive income for the period</b>	-	-	-	<b>98,606</b>	-	-	-	-	<b>1,732,947</b>	<b>(251,029)</b>	<b>1,580,524</b>	<b>85,012</b>	<b>1,665,536</b>
General banking reserve	-	-	-	-	-	(1,317)	-	(1,317)	1,317	-	-	-	-
<b>Balance as at 31 March 2015</b>	<b>392,362</b>	<b>17,331,510</b>	<b>446,744</b>	<b>(234,641)</b>	<b>773,699</b>	<b>130,472</b>	<b>(36,788)</b>	<b>867,383</b>	<b>9,135,663</b>	<b>(268,009)</b>	<b>27,671,011</b>	<b>2,098,282</b>	<b>29,769,293</b>

**I&M HOLDINGS LIMITED**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1 REPORTING ENTITY**

I&M Holdings Limited (the "Company"), a non-operating holding company licensed by the Central Bank of Kenya under the Kenyan Banking Act (Chapter 488) and its subsidiaries (together, the "Group") provide Banking, Bancassurance and Real Estate services. I&M Holdings Limited is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The Bank's shares are listed on the Nairobi Securities Exchange (NSE). I&M Holdings Limited and its subsidiaries operate in Kenya, Tanzania, Rwanda and Mauritius. The address of its registered office is as follows:

I&M Bank House  
2nd Ngong Avenue  
P O Box 30238  
00100 Nairobi GPO

The Company owns the following entities directly:

- (i) I&M Bank Limited – 100% shareholding; and
- (ii) I&M Bank (Rwanda) Limited – effective interest of 54.99% in I&M Bank (Rwanda) Limited through a 68.742% holding in BCR Investment Company Limited (Mauritius) which owns 80% shareholding in I&M Bank (Rwanda) Limited.
- (iii) I&M Capital Limited
- (iv) Bank One Limited - 50% interest in Bank One Limited, a joint venture in a bank licensed in Mauritius;

It also owns the following entities through I&M Bank Limited:

- (i) 55.03% (2013 - 55.03%) shareholding in I&M Bank (T) Limited;
- (ii) 100% shareholding in I&M Realty Limited (incorporated on 30 October 2014); and
- (iii) 100% shareholding in I&M Insurance Agency Limited (incorporated on 23 July 2014).

**2 BASIS OF PREPARATION**

The principal accounting policies adopted in the preparation of these consolidated interim financial statements are consistent with those used in the Audited Annual Financial Statements for the year ended 31 December 2015.

These quarterly financial statements should be read together with the 2015 Audited Annual Financial Statements.

**I&M HOLDINGS LIMITED**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS [ Continued]**
**3 SEGMENT REPORTING**

The group operations are within four geographical segments: Kenya, Tanzania, Rwanda and Mauritius. The table below contains segmental information provided to the Group Executive Committee.

31-March-2016	Kenya Shs `000	Tanzania Shs `000	Rwanda Shs `000	Mauritius Shs `000	Total Shs `000
<b>Statement of Profit or Loss Disclosures</b>					
Operating income	3,561,623	300,857	678,168		4,540,648
Profit before tax	2,291,391	203,119	268,167		2,762,677
Share of profit of Joint Venture				124,361	124,361
Profit after tax	1,649,110	170,070	173,764	124,361	2,117,305
<b>Financial Position Disclosures</b>					
Loans and advances to customers	104,300,776	13,115,786	13,397,125		130,813,687
Investment in Joint Venture				3,220,209	3,220,209
Customer deposits	108,587,405	12,021,280	16,786,862		137,395,547
Total Assets	160,196,153	18,200,157	23,249,677	1,540,238	203,186,225

31-March-2015	Kenya Shs `000	Tanzania Shs `000	Rwanda Shs `000	Mauritius Shs `000	Total Shs `000
<b>Statement of Profit or Loss Disclosures</b>					
Operating income	3,141,531	302,925	599,140		4,043,596
Profit before tax	2,108,305	91,754	237,651		2,437,710
Share of profit of Joint Venture				70,261	70,261
Profit after tax	1,538,303	65,826	153,317	70,261	1,827,707
<b>Financial Position Disclosures</b>					
Loans and advances to customers	93,655,309	11,854,514	11,652,040		117,161,863
Investment in Joint Venture				2,405,307	2,405,307
Customer deposits	92,196,698	11,966,804	16,645,816		120,809,318
Total Assets	142,044,287	17,982,503	20,821,403	906,492	181,754,685