



***UNAUDITED CONDENSED
FINANCIAL STATEMENTS***

SEPTEMBER 2018

I&M HOLDINGS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| FOR THE PERIOD ENDED 30 SEPTEMBER 2018 | COMPANY | | | GROUP | | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | UNAUDITED | AUDITED | UNAUDITED | UNAUDITED | AUDITED | UNAUDITED |
| | 30-Sep 2018 KShs '000' | 31-Dec 2017 KShs '000' | 30-Sep 2017 KShs '000' | 30-Sep 2018 KShs '000' | 31-Dec 2017 KShs '000' | 30-Sep 2017 KShs '000' |
| Interest income | 33,847 | 36,744 | 31,717 | 17,879,720 | 24,423,762 | 17,314,265 |
| Interest expense | - | - | - | (7,595,113) | (8,869,275) | (6,500,546) |
| Net interest income | 33,847 | 36,744 | 31,717 | 10,284,607 | 15,554,487 | 10,813,719 |
| Fee and commission income | - | - | - | 3,077,290 | 3,324,275 | 2,364,950 |
| Fee and commission expense | - | - | - | (170,323) | (226,416) | (109,754) |
| Net fee and commission income | - | - | - | 2,906,967 | 3,097,859 | 2,255,196 |
| Revenue | 33,847 | 36,744 | 31,717 | 13,191,574 | 18,652,346 | 13,068,915 |
| Other operating income | 1,370,441 | 4,197,186 | 4,123,534 | 2,483,017 | 2,438,551 | 1,652,655 |
| Operating income | 1,404,288 | 4,233,930 | 4,155,251 | 15,674,591 | 21,090,897 | 14,721,570 |
| Staff costs | - | - | - | (3,144,628) | (3,752,209) | (2,902,374) |
| Premises and equipment costs | - | - | - | (551,204) | (693,479) | (505,136) |
| General expenses | (94,662) | (29,922) | (26,128) | (1,994,688) | (2,610,820) | (1,926,206) |
| Depreciation and amortisation | (11) | (94) | (71) | (429,515) | (561,610) | (410,065) |
| Operating expenses | (94,673) | (30,016) | (26,199) | (6,120,035) | (7,618,118) | (5,743,781) |
| Operating profit before impairment | | | | | | |
| Losses and tax | 1,309,615 | 4,203,914 | 4,129,052 | 9,554,556 | 13,472,779 | 8,977,789 |
| Net impairment losses on loans and advances | - | - | - | (1,898,339) | (4,133,170) | (1,918,972) |
| | 1,309,615 | 4,203,914 | 4,129,052 | 7,656,217 | 9,339,609 | 7,058,817 |
| Share of profit of Joint Venture | - | - | - | 634,506 | 554,965 | 351,237 |
| Profit before income tax | 1,309,615 | 4,203,914 | 4,129,052 | 8,290,723 | 9,894,574 | 7,410,054 |
| Income tax expense | (4,903) | (4,595) | (7,327) | (2,439,888) | (2,630,325) | (2,462,455) |
| Profit for the period | 1,304,712 | 4,199,319 | 4,121,725 | 5,850,835 | 7,264,249 | 4,947,599 |
| Other comprehensive income | - | - | - | (1,611,846) | 143,411 | (164,306) |
| Total comprehensive income for the period | 1,304,712 | 4,199,319 | 4,121,725 | 4,238,989 | 7,407,660 | 4,783,293 |
| Profit attributable to: | | | | | | |
| Equity holders of the company | 1,304,712 | 4,199,319 | 4,121,725 | 5,524,862 | 6,766,256 | 4,551,787 |
| Non controlling interest | - | - | - | 325,973 | 497,993 | 395,812 |
| | 1,304,712 | 4,199,319 | 4,121,725 | 5,850,835 | 7,264,249 | 4,947,599 |
| Total comprehensive income attributable to: | | | | | | |
| Equity holders of the company | 1,304,712 | 4,199,319 | 4,121,725 | 4,136,187 | 7,118,881 | 4,697,330 |
| Non controlling interest | - | - | - | 102,802 | 288,779 | 85,963 |
| | 1,304,712 | 4,199,319 | 4,121,725 | 4,238,989 | 7,407,660 | 4,783,293 |
| Basic and diluted earnings Per share - (KShs) | 3.16 | 10.16 | 9.97 | 13.36 | 16.37 | 11.01 |
| Dividends Per share - (KShs) - Final | - | 3.50 | - | - | 3.50 | - |

| I&M HOLDINGS PLC | | | | | | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| STATEMENT OF FINANCIAL POSITION | | | | | | |
| AS AT 30 SEPTEMBER 2018 | COMPANY | | | GROUP | | |
| | UNAUDITED | AUDITED | UNAUDITED | UNAUDITED | AUDITED | UNAUDITED |
| | 30-Sep 2018 KShs '000' | 31-Dec 2017 KShs '000' | 30-Sep 2017 KShs '000' | 30-Sep 2018 KShs '000' | 31-Dec 2017 KShs '000' | 30-Sep 2017 KShs '000' |
| ASSETS | | | | | | |
| Cash and balances with central banks | - | - | - | 15,775,511 | 11,879,815 | 10,370,256 |
| Items in the course of collection | - | - | - | 583,813 | 495,649 | 800,996 |
| Placements with financial institutions | - | - | - | 34,111,223 | 6,379,973 | 8,640,418 |
| Loans and advances to customers | - | - | - | 163,327,426 | 153,018,152 | 150,460,220 |
| Investment securities | 137,425 | 193,523 | 195,399 | 53,860,662 | 50,846,267 | 49,891,347 |
| Investment in Joint Venture | 1,679,971 | 1,679,971 | 1,679,971 | 4,485,139 | 4,267,166 | 4,037,464 |
| Investment in subsidiaries | 23,790,896 | 23,790,896 | 24,770,463 | - | - | - |
| Property and equipment | - | 11 | 34 | 6,288,782 | 5,335,853 | 4,864,212 |
| Intangible assets - Goodwill | - | - | - | 3,146,219 | 2,972,556 | 3,764,732 |
| Intangible assets - Software | - | - | - | 1,232,078 | 527,964 | 259,862 |
| Prepaid operating lease rentals | - | - | - | 251,187 | 265,940 | 277,007 |
| Tax recoverable | 4,843 | 5,799 | 3,066 | 884,497 | 606,193 | 670,334 |
| Deferred tax asset | - | - | - | 1,075,491 | 1,066,497 | 368,483 |
| Due from group companies | 78,308 | 152,452 | 82,246 | - | - | - |
| Other assets | 775 | 1,999 | 928 | 4,573,278 | 2,448,716 | 2,229,362 |
| TOTAL ASSETS | 25,692,218 | 25,824,651 | 26,732,107 | 289,595,306 | 240,110,741 | 236,634,693 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Liabilities | | | | | | |
| Deposits from banks | - | - | - | 12,359,752 | 5,996,295 | 9,317,397 |
| Items in course of collection | - | - | - | - | - | - |
| Deposits from customers | - | - | - | 209,040,852 | 169,282,314 | 163,846,681 |
| Deferred tax liability | - | - | - | - | - | - |
| Tax payable | - | - | - | 259,286 | 290,630 | 269,676 |
| Due to group companies | 10,500 | 10,909 | 10,909 | - | - | - |
| Other liabilities | 82,016 | 71,834 | 92,583 | 6,126,366 | 4,863,525 | 5,092,117 |
| Long term borrowings | - | - | - | 7,154,933 | 8,150,179 | 7,960,755 |
| Subordinated debt | - | - | - | 4,873,869 | 4,512,315 | 4,337,204 |
| | 92,516 | 82,743 | 103,492 | 239,815,058 | 193,095,258 | 190,823,830 |
| Shareholders' equity | | | | | | |
| Share capital | 413,405 | 413,405 | 413,405 | 413,405 | 413,405 | 413,405 |
| Share premium | 18,805,359 | 18,805,359 | 19,784,926 | 18,805,359 | 18,805,359 | 19,784,926 |
| Retained earnings | 6,380,938 | 6,523,144 | 6,430,284 | 26,560,886 | 22,621,210 | 21,478,402 |
| Revaluation reserve | - | - | - | 801,637 | 805,901 | 730,300 |
| Available-for-sale reserve | - | - | - | (107,310) | (125,292) | (25,085) |
| Translation reserve | - | - | - | (801,147) | (278,028) | (301,405) |
| Statutory credit risk reserve | - | - | - | 1,430,624 | 2,163,403 | 1,198,175 |
| Defined benefit reserve | - | - | - | (94,332) | (86,105) | (46,744) |
| Equity attributable to owners of the company | 25,599,702 | 25,741,908 | 26,628,615 | 47,009,122 | 44,319,853 | 43,231,974 |
| Non-controlling interest | - | - | - | 2,771,126 | 2,695,630 | 2,578,889 |
| TOTAL SHAREHOLDERS' EQUITY | 25,599,702 | 25,741,908 | 26,628,615 | 49,780,248 | 47,015,483 | 45,810,863 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 25,692,218 | 25,824,651 | 26,732,107 | 289,595,306 | 240,110,741 | 236,634,693 |

I&M HOLDINGS PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT SEPTEMBER 2018

| 9 months period to 30 September 2018 | Share capital Kshs '000' | Share premium Kshs '000' | Revaluation reserve Kshs '000' | Available for sale Reserve Kshs '000' | Statutory Loans 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 2018 | 413,405 | 18,805,359 | 805,901 | (125,292) | 2,163,403 | (86,105) | 2,077,298 | 22,621,210 | (278,028) | 44,319,853 | 2,695,630 | 47,015,483 |
| Net profit after tax | - | - | - | - | - | - | - | 5,524,862 | - | 5,524,862 | 325,973 | 5,850,835 |
| Other comprehensive income | - | - | (4,264) | 17,982 | (732,779) | (8,227) | (741,006) | (138,268) | (523,119) | (1,388,675) | (223,171) | (1,611,846) |
| Total comprehensive income for the period | - | - | (4,264) | 17,982 | (732,779) | (8,227) | (741,006) | 5,386,594 | (523,119) | 4,136,187 | 102,802 | 4,238,989 |
| Transactions with owners: | | | | | | | | | | | | |
| Other transactions | - | - | - | - | - | - | - | - | - | - | 179,550 | 179,550 |
| Dividends Paid | - | - | - | - | - | - | - | (1,446,918) | - | (1,446,918) | (206,856) | (1,653,774) |
| Total transactions with owners for the period | - | - | - | - | - | - | - | (1,446,918) | - | (1,446,918) | (27,306) | (1,474,224) |
| | | | | | | | | | | | | |
| Balance as at 30 September 2018 | 413,405 | 18,805,359 | 801,637 | (107,310) | 1,430,624 | (94,332) | 1,336,292 | 26,560,886 | (801,147) | 47,009,122 | 2,771,126 | 49,780,248 |

| For the year ended 31 December 2017 | Share capital Kshs '000' | Share premium Kshs '000' | Revaluation reserve Kshs '000' | Available for sale Reserve Kshs '000' | Statutory Loans 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 2017 | 392,362 | 17,331,510 | 718,074 | (353,536) | 1,059,022 | (46,744) | 1,012,278 | 18,217,056 | (287,996) | 37,029,748 | 2,476,669 | 39,506,417 |
| Net profit after tax | - | - | - | - | - | - | - | 6,766,256 | - | 6,766,256 | 497,993 | 7,264,249 |
| Other comprehensive income | - | - | 87,827 | 228,244 | 981,131 | (39,361) | 941,770 | (915,184) | 9,968 | 352,625 | (209,214) | 143,411 |
| Total comprehensive income for the period | - | - | 87,827 | 228,244 | 981,131 | (39,361) | 941,770 | 5,851,072 | 9,968 | 7,118,881 | 288,779 | 7,407,660 |
| Transactions with owners: | | | | | | | | | | | | |
| Other transactions | 21,043 | 1,473,849 | - | - | 123,250 | - | 123,250 | - | - | 1,618,142 | 55,039 | 1,673,181 |
| Dividends Paid | - | - | - | - | - | - | - | (1,446,918) | - | (1,446,918) | (124,857) | (1,571,775) |
| Total transactions with owners for the year | 21,043 | 1,473,849 | - | - | 123,250 | - | 123,250 | (1,446,918) | - | 171,224 | (69,818) | 101,406 |
| | | | | | | | | | | | | |
| Balance as at 31 December 2017 | 413,405 | 18,805,359 | 805,901 | (125,292) | 2,163,403 | (86,105) | 2,077,298 | 22,621,210 | (278,028) | 44,319,853 | 2,695,630 | 47,015,483 |

| 9 months period to 30 September 2017 | Share capital Kshs '000' | Share premium Kshs '000' | Revaluation reserve Kshs '000' | Available for sale Reserve Kshs '000' | Statutory Loans 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 2017 | 392,362 | 17,331,510 | 718,074 | (353,536) | 1,059,022 | (46,744) | 1,012,278 | 18,217,056 | (287,996) | 37,029,748 | 2,476,669 | 39,506,417 |
| Total comprehensive income for the period | | | | | | | | | | | | |
| Net profit after tax | - | - | - | - | - | - | - | 4,551,787 | - | 4,551,787 | 395,812 | 4,947,599 |
| Other comprehensive income | - | - | 12,226 | 328,451 | 15,903 | - | 15,903 | 156,477 | (13,409) | 499,648 | (121,392) | 378,256 |
| Total comprehensive income for the period | - | - | 12,226 | 328,451 | 15,903 | - | 15,903 | 4,708,264 | (13,409) | 5,051,435 | 274,420 | 5,325,855 |
| Transactions with owners: | | | | | | | | | | | | |
| Other transactions | 21,043 | 2,453,416 | - | - | 123,250 | - | 123,250 | - | - | 2,720,959 | - | 2,720,959 |
| Dividends Paid | - | - | - | - | - | - | - | (1,446,918) | - | (1,446,918) | (172,200) | (1,619,118) |
| Total transactions with owners for the year | 21,043 | 2,453,416 | - | - | 123,250 | - | 123,250 | (1,446,918) | - | 1,274,041 | (172,200) | 1,101,841 |
| | | | | | | | | | | | | |
| Balance as at 30 September 2017 | 413,405 | 19,784,926 | 730,300 | (25,085) | 1,198,175 | (46,744) | 1,151,431 | 21,478,402 | (301,405) | 43,231,974 | 2,578,889 | 45,810,863 |

I&M HOLDINGS PLC
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 REPORTING ENTITY

I&M Holdings PLC (the "Company"), is a non-operating holding company licensed by the Central Bank of Kenya under the Kenyan Banking Act (Chapter 488). The Company is incorporated in Kenya under the Kenyan Companies Act and comprises banking subsidiaries in Kenya, Tanzania, Rwanda and a joint venture in Mauritius. The consolidated financial statements as at and for the period ended 30 September 2018 comprise of entities in Kenya – I&M Bank Limited, I&M Capital Limited, I&M Realty Limited, Giro Limited, I&M Insurance Agency Limited and Youjays Insurance Brokers Limited, I&M Bank (T) Limited in Tanzania, and I&M Bank (Rwanda) Limited in Rwanda, I&M Burbidge Capital Limited and a joint venture - Bank One Limited in Mauritius (together referred to as the "Group"). The address of its registered office is as follows:

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

Through I&M Bank Limited, the Company has:

- (i) 70.38% shareholding in I&M Bank (T) Limited; and
- (ii) 100% shareholding in I&M Insurance Agency Limited (incorporated on 23 July 2014) which owns 100% of Youjays Insurance Brokers Limited (effective 31 March 2018).

The Company owns the following entities directly:

- (i) Bank One Limited - 50% interest in Bank One Limited, a joint venture in a bank licensed in Mauritius;
- (ii) I&M Bank LIMITED – 100% shareholding; and
- (iii) I&M Bank (Rwanda) Limited – effective interest of 54.45% in I&M Bank (Rwanda) Limited through a 68.742% holding in BCR Investment Company Limited (Mauritius) which owns 79.208% shareholding in I&M Bank (Rwanda) Limited.
- (iv) I&M Capital Limited – 100% Shareholding
- (v) I&M Realty Limited – 100% Shareholding
- (vi) I&M Burbidge Capital Limited, which owns 100% of I&M Burbidge Capital Uganda Limited – 65% Shareholding and
- (vii) Giro Limited [formerly Giro Commercial Bank Limited] – 100% Shareholding

2 BASIS OF PREPARATION

The principal accounting policies adopted in these consolidated interim financial statements are consistent with those used in the Audited Annual Financial Statements for the year ended 31 December 2017.

These third quarter financial statements should be read together with the 2017 Audited Annual Financial Statements.

3 ACQUISITION OF YOUJAYS INSURANCE BROKERS LIMITED (YIB)

On 25 October 2017, I&M Insurance Agency Limited (IMIAL), a wholly owned subsidiary of I&M Holdings Limited, entered into a Share Purchase Agreement with the shareholders of Youjays Insurance Brokers Limited (YIB) to acquire 100% shareholding in YIB. Following the receipt of all regulatory approvals and the satisfactory completion of all conditions precedent outlined in the Sale and Purchase Agreement, IMIAL successfully completed this acquisition on 31 March 2018. The results of YIB are consolidated in these financials.

4 DIVIDEND PER SHARE

At the Annual General Meeting held on 24 May 2018, a final dividend in respect of the year ended 31 December 2017 of Kshs 3.50 per share [2016 - Kshs 3.50] amounting to a total of Kshs 1,446,918,791 was approved by the shareholders and paid.

5 SEGMENT REPORTING

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

| 30-September-2018 UNAUDITED | Kenya KShs `000 | Tanzania KShs `000 | Rwanda KShs `000 | Uganda KShs `000 | Mauritius KShs `000 | Total KShs `000 |
|--|--------------------|-----------------------|---------------------|---------------------|------------------------|--------------------|
| Statement of Profit or Loss Disclosures | | | | | | |
| Operating income | 12,318,210 | 1,045,173 | 2,311,235 | (27) | - | 15,674,591 |
| Profit before tax | 6,454,228 | 314,203 | 894,447 | (1,982) | (4,679) | 7,656,217 |
| Share of profit of Joint Venture | - | - | - | - | 634,506 | 634,506 |
| Profit after tax | 4,422,099 | 219,500 | 581,391 | (1,982) | 629,827 | 5,850,835 |
| Financial Position Disclosures | | | | | | |
| Loans and advances to customers | 130,605,321 | 15,194,217 | 17,527,888 | - | - | 163,327,426 |
| Investment in Joint Venture | - | - | - | - | 4,485,139 | 4,485,139 |
| Customer deposits | 172,738,117 | 14,161,352 | 22,141,383 | - | - | 209,040,852 |
| Total Assets | 229,224,490 | 22,955,168 | 33,416,428 | 3,077 | 3,996,143 | 289,595,306 |

| 31-December-2017 AUDITED | Kenya KShs `000 | Tanzania KShs `000 | Rwanda KShs `000 | Uganda KShs `000 | Mauritius KShs `000 | Total KShs `000 |
|--|--------------------|-----------------------|---------------------|---------------------|------------------------|--------------------|
| Statement of Profit or Loss Disclosures | | | | | | |
| Operating income | 16,730,406 | 1,439,552 | 2,919,314 | 1,625 | - | 21,090,897 |
| Profit/(loss) before tax | 7,793,523 | 325,604 | 1,221,912 | (1,430) | - | 9,339,609 |
| Share of profit of Joint Venture | - | - | - | - | 554,965 | 554,965 |
| Profit after tax | 5,743,468 | 228,066 | 808,137 | (2,090) | 486,668 | 7,264,249 |
| Financial Position Disclosures | | | | | | |
| Loans and advances to customers | 120,656,818 | 14,441,576 | 17,919,758 | - | - | 153,018,152 |
| Investment in Joint Venture | - | - | - | - | 4,267,166 | 4,267,166 |
| Customer deposits | 132,800,892 | 14,781,279 | 21,700,143 | - | - | 169,282,314 |
| Total Assets | 183,442,174 | 20,557,303 | 32,326,621 | 4,020 | 3,780,623 | 240,110,741 |

| 30-September-2017 UNAUDITED | Kenya Shs `000 | Tanzania Shs `000 | Rwanda Shs `000 | Uganda KShs `000 | Mauritius Shs `000 | Total Shs `000 |
|--|-------------------|----------------------|--------------------|---------------------|-----------------------|-------------------|
| Statement of Profit or Loss Disclosures | | | | | | |
| Operating income | 11,592,919 | 1,020,046 | 2,107,722 | 883 | - | 14,721,570 |
| Profit before tax | 5,811,345 | 315,187 | 938,385 | (1,246) | (4,854) | 7,058,817 |
| Share of profit of Joint Venture | - | - | - | - | 351,237 | 351,237 |
| Profit after tax | 3,781,806 | 219,974 | 600,682 | (1,246) | 346,383 | 4,947,599 |
| Financial Position Disclosures | | | | | | |
| Loans and advances to customers | 119,301,208 | 13,895,882 | 17,263,130 | - | - | 150,460,220 |
| Investment in Joint Venture | - | - | - | - | 4,037,464 | 4,037,464 |
| Customer deposits | 127,269,631 | 14,040,504 | 22,536,546 | - | - | 163,846,681 |
| Total Assets | 182,888,097 | 19,971,378 | 30,216,840 | 6,013 | 3,552,365 | 236,634,693 |