



***UNAUDITED CONDENSED
FINANCIAL STATEMENTS
JUNE 2019***

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

FOR THE PERIOD ENDED 30 JUNE 2019	COMPANY			GROUP		
	UNAUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	UNAUDITED
	30-Jun 2019	31-Dec 2018	30-Jun 2018	30-Jun 2019	31-Dec 2018	30-Jun 2018
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Interest income	22,725	34,441	26,439	12,684,054	25,998,868	11,654,349
Interest expense	-	-	-	(5,666,396)	(10,404,686)	(4,788,586)
Net interest income	22,725	34,441	26,439	7,017,658	15,594,182	6,865,763
Fee and commission income	-	-	-	2,117,746	3,936,092	1,997,606
Fee and commission expense	-	-	-	(123,757)	(258,305)	(113,568)
Net fee and commission income	-	-	-	1,993,989	3,677,787	1,884,038
Revenue	22,725	34,441	26,439	9,011,647	19,271,969	8,749,801
Net trading income	-	619	-	2,042,071	3,107,748	1,477,452
Other operating income	196,340	2,875,570	1,423,476	376,514	553,501	244,997
Net operating income before change in expected credit losses and other credit impairment charges	219,065	2,910,630	1,449,915	11,430,232	22,933,218	10,472,250
Change in expected credit losses and other credit impairment charges	-	-	-	(1,108,719)	(3,807,345)	(1,411,851)
Net operating income	219,065	2,910,630	1,449,915	10,321,513	19,125,873	9,060,399
Staff costs	-	-	-	(2,326,143)	(4,108,876)	(2,079,133)
Premises and equipment costs	-	-	-	(383,325)	(748,058)	(364,501)
Other expenses	(15,297)	(29,039)	(86,308)	(1,381,276)	(2,769,620)	(1,426,208)
Depreciation and amortisation expenses	-	(11)	(11)	(415,198)	(596,849)	(291,994)
Operating expenses	(15,297)	(29,050)	(86,319)	(4,505,942)	(8,223,403)	(4,161,836)
Operating profit	203,768	2,881,580	1,363,596	5,815,571	10,902,470	4,898,563
Share of profit of Joint Venture	-	-	-	404,069	595,310	499,477
Profit before income tax	203,768	2,881,580	1,363,596	6,219,640	11,497,780	5,398,040
Income tax expense	(4,197)	(5,679)	(4,539)	(1,693,773)	(2,994,423)	(1,529,929)
Profit for the period	199,571	2,875,901	1,359,057	4,525,867	8,503,357	3,868,111
Other comprehensive income	6,744	2,977	-	211,979	(905,276)	(1,593,863)
Total comprehensive income for the period	206,315	2,878,878	1,359,057	4,737,846	7,598,081	2,274,248
Profit attributable to:						
Equity holders of the company	199,571	2,875,901	1,359,057	4,292,152	7,950,819	3,629,840
Non controlling interest	-	-	-	233,715	552,538	238,271
	199,571	2,875,901	1,359,057	4,525,867	8,503,357	3,868,111
Total comprehensive income attributable to:						
Equity holders of the company	206,315	2,875,901	1,359,057	4,507,815	7,240,716	2,212,005
Non controlling interest	-	-	-	230,031	357,365	62,243
	206,315	2,875,901	1,359,057	4,737,846	7,598,081	2,274,248
Basic and diluted earnings Per share - (KShs)	0.48	6.96	3.29	10.38	19.23	8.78
Dividends Per share - (KShs) - Final	-	3.90	-	-	3.90	-

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

AS AT 30 JUNE 2019	COMPANY			GROUP		
	UNAUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	UNAUDITED
	30-Jun 2019 KShs '000'	31-Dec 2018 KShs '000'	30-Jun 2018 KShs '000'	30-Jun 2019 KShs '000'	31-Dec 2018 KShs '000'	30-Jun 2018 KShs '000'
ASSETS						
Cash and balances with central banks	-	-	-	20,142,441	14,867,139	12,881,724
Items in the course of collection	-	-	-	1,137,233	764,460	532,448
Loans and advances to banks	-	-	-	43,967,623	33,675,193	39,779,704
Loans and advances to customers	-	-	-	172,163,870	166,736,729	162,823,320
Financial assets at fair value through profit or loss (FVTPL)	-	-	-	9,098,293	13,145,126	10,233,670
Financial assets measured at fair value through other comprehensive income (FVOCI)	337,279	133,223	105,438	13,702,006	10,853,371	8,064,426
Other financial assets at amortised cost	-	-	-	32,713,386	28,158,101	28,066,861
Investment in Joint Venture	1,679,971	1,679,971	1,679,971	4,833,842	4,535,205	4,452,304
Investment in subsidiaries	25,662,294	25,662,294	23,790,896	-	-	-
Property and equipment	-	-	-	8,428,171	6,724,561	5,948,982
Intangible assets - Goodwill	-	-	-	3,137,033	3,136,312	3,154,396
Intangible assets - Software	-	-	-	1,751,478	1,735,882	991,784
Prepaid operating lease rentals	-	-	-	235,618	246,271	256,105
Tax recoverable	3,488	6,347	5,206	524,676	126,609	929,455
Deferred tax asset	-	-	-	1,952,072	1,929,345	1,073,662
Due from group companies	68,770	1,648,515	158,833	-	-	-
Other assets	4,503	499	169,898	3,265,951	1,887,745	3,881,322
TOTAL ASSETS	27,756,305	29,130,849	25,910,242	317,053,693	288,522,049	283,070,163
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Deposits from banks	-	-	-	7,643,110	5,647,101	7,421,898
Items in course of collection	-	-	-	1,574,498	177,736	-
Deposits from customers	-	-	-	237,242,298	213,139,370	210,897,814
Tax payable	-	-	-	135,513	130,130	225,649
Due to group companies	1,881,732	1,881,898	90,519	-	-	-
Other liabilities	106,671	1,687,364	165,677	4,885,064	4,797,580	4,823,528
Long term debt	-	-	-	8,587,383	8,246,775	6,904,366
Subordinated debt	-	-	-	1,551,348	5,508,909	4,982,402
	1,988,403	3,569,262	256,196	261,619,214	237,647,601	235,255,657
Shareholders' equity						
Share capital	413,405	413,405	413,405	413,405	413,405	413,405
Share premium	18,805,359	18,805,359	18,805,359	18,805,359	18,805,359	18,805,359
Retained earnings	6,539,417	6,339,846	6,435,282	30,525,741	26,931,401	24,805,733
Revaluation reserve	-	-	-	820,277	820,277	800,051
Fair value reserve	9,721	2,977	-	(106,611)	(454,825)	(175,166)
Translation reserve	-	-	-	(969,423)	(766,356)	(768,551)
Statutory credit risk reserve	-	-	-	2,958,459	2,190,131	1,290,214
Defined benefit reserve	-	-	-	(70,361)	(70,361)	(86,105)
Equity attributable to owners of the company	25,767,902	25,561,587	25,654,046	52,376,846	47,869,031	45,084,940
Non-controlling interest	-	-	-	3,057,633	3,005,417	2,729,566
TOTAL SHAREHOLDERS' EQUITY	25,767,902	25,561,587	25,654,046	55,434,479	50,874,448	47,814,506
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	27,756,305	29,130,849	25,910,242	317,053,693	288,522,049	283,070,163

I&M HOLDINGS PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT JUNE 2019

6 months period to 30 June 2019	Share capital Kshs '000'	Share premium Kshs '000'	Revaluation reserve Kshs '000'	Fair value reserve 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 2019	413,405	18,805,359	820,277	(454,825)	2,190,131	(70,361)	2,119,770	26,931,401	(766,356)	47,869,031	3,005,417	50,874,448
Net profit after tax	-	-	-	-	-	-	-	4,292,152	-	4,292,152	233,715	4,525,867
Day 1 IFRS 16 adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	348,214	768,328	-	768,328	(697,812)	(203,067)	215,663	(3,684)	211,979
Total comprehensive income for the period	-	-	-	348,214	768,328	-	768,328	3,594,340	(203,067)	4,507,815	230,031	4,737,846
Transactions with owners:												
Other transactions	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	(177,815)	(177,815)
Total transactions with owners for the period	-	-	-	-	-	-	-	-	-	-	(177,815)	(177,815)
Balance as at 30 June 2019	413,405	18,805,359	820,277	(106,611)	2,958,459	(70,361)	2,888,098	30,525,741	(969,423)	52,376,846	3,057,633	55,434,479

For the year ended 31 December 2018	Share capital Kshs '000'	Share premium Kshs '000'	Revaluation reserve Kshs '000'	Fair value reserve 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
Day 1 IFRS 9 transition adjustment	-	-	-	(77,470)	(808,889)	-	(808,889)	254,020	-	(632,339)	(24,340)	(656,679)
Adjusted balance at 1 January 2018	413,405	18,805,359	805,901	(202,762)	1,354,514	(86,105)	1,268,409	22,875,230	(278,028)	43,687,514	2,671,290	46,358,804
Net profit after tax	-	-	-	-	-	-	-	7,950,819	-	7,950,819	552,538	8,503,357
Other comprehensive income	-	-	14,376	(252,063)	835,617	15,744	851,361	(835,449)	(488,328)	(710,103)	(195,173)	(905,276)
Total comprehensive income for the period	-	-	14,376	(252,063)	835,617	15,744	851,361	7,115,370	(488,328)	7,240,716	357,365	7,598,081
Transactions with owners:												
Other transactions	-	-	-	-	-	-	-	-	-	-	183,762	183,762
Dividends Paid	-	-	-	-	-	-	-	(3,059,199)	-	(3,059,199)	(207,000)	(3,266,199)
Total transactions with owners for the year	-	-	-	-	-	-	-	(3,059,199)	-	(3,059,199)	(23,238)	(3,082,437)
Balance as at 31 December 2018	413,405	18,805,359	820,277	(454,825)	2,190,131	(70,361)	2,119,770	26,931,401	(766,356)	47,869,031	3,005,417	50,874,448

6 months period to 30 June 2018	Share capital Kshs '000'	Share premium Kshs '000'	Revaluation reserve Kshs '000'	Fair value reserve 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
Total comprehensive income for the period												
Net profit after tax	-	-	-	-	-	-	-	3,629,840	-	3,629,840	238,271	3,868,111
Other comprehensive income	-	-	(5,850)	(49,874)	(873,189)	-	(873,189)	1,601	(490,523)	(1,417,835)	(176,028)	(1,593,863)
Total comprehensive income for the period	-	-	(5,850)	(49,874)	(873,189)	-	(873,189)	3,631,441	(490,523)	2,212,005	62,243	2,274,248
Transactions with owners:												
Other transactions	-	-	-	-	-	-	-	-	-	-	179,550	179,550
Dividends Paid	-	-	-	-	-	-	-	(1,446,918)	-	(1,446,918)	(207,857)	(1,654,775)
Total transactions with owners for the year	-	-	-	-	-	-	-	(1,446,918)	-	(1,446,918)	(28,307)	(1,475,225)
Balance as at 30 June 2018	413,405	18,805,359	800,051	(175,166)	1,290,214	(86,105)	1,204,109	24,805,733	(768,551)	45,084,940	2,729,566	47,814,506

I&M HOLDINGS PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	GROUP		
	UNAUDITED 30-Jun 2019 KShs '000'	AUDITED 31-Dec 2018 KShs '000'	UNAUDITED 30-Jun 2018 KShs '000'
Net cash flows generated from operating activities	13,214,249	30,000,643	28,031,937
Cash flows used in investing activities			
Purchase of property and equipment	(2,093,739)	(1,952,270)	(910,187)
Purchase of intangible assets	(286,197)	(1,428,774)	(562,265)
Proceeds from disposal of property and equipment	16,378	10,582	8,305
Acquisition of Youjays Insurance Brokers Limited net of cash and cash equivalents	-	(273,440)	(273,440)
Net cash used in investing activities	(2,363,558)	(3,643,902)	(1,737,587)
Cash flows from financing activities			
Net (outflows)/inflows from term subordinated debt	(3,655,000)	1,018,500	504,453
Dividend paid to shareholders of the company	-	(1,446,918)	(1,446,918)
Dividend paid to non-controlling interests	(174,817)	(207,000)	(90,174)
Rights issue - I&M Bank (T) Limited	-	183,762	-
Net cash used in financing activities	(3,829,817)	(451,656)	(1,032,639)
Net increase in cash and cash equivalents	7,020,874	25,905,085	25,261,711
Cash and cash equivalents at start of the period	33,957,996	8,052,911	20,633,600
Cash and cash equivalents at end of the period	40,978,870	33,957,996	45,895,311

OPERATING SEGMENTS

The Group operations are within five geographical segments, Kenya, Tanzania, Rwanda, Uganda and Mauritius. The table below contains segmental information for the period ended 30 June 2019.

	KENYA KShs'000	TANZANIA KShs'000	RWANDA KShs'000	MAURITIUS KShs'000	UGANDA KShs'000	ELIMINATION KShs'000	TOTAL KShs'000
30-Jun-19							
Net interest income	5,491,114	491,020	1,035,524	-	-	-	7,017,658
Net fee commission and other income	3,611,971	235,341	445,292	-	409	119,561	4,412,574
Results from joint venture	-	-	-	404,069	-	-	404,069
Operating income	9,103,085	726,361	1,480,816	404,069	409	119,561	11,834,301
Operating expenses	(2,861,614)	(418,905)	(923,681)	-	(1,412)	114,868	(4,090,744)
Depreciation and Amortisation	(223,790)	(50,449)	(140,954)	-	(5)	-	(415,198)
Net impairment losses on loans and advances	(1,049,671)	(82,660)	23,612	-	-	-	(1,108,719)
Operating expenses	(4,135,075)	(552,014)	(1,041,023)	-	(1,417)	114,868	(5,614,661)
Profit before tax	4,968,010	174,347	439,793	404,069	(1,008)	234,429	6,219,640
Profit after tax	3,478,247	124,265	285,866	404,069	(1,008)	234,428	4,525,867
Loans and advances to customers	137,313,788	15,082,170	19,767,912	-	-	-	172,163,870
Deposits from customers	201,828,400	13,906,490	21,507,408	-	-	-	237,242,298
Total assets	286,336,881	22,855,484	36,464,951	4,578,667	5,086	(33,187,376)	317,053,693
Total liabilities	211,228,734	19,384,749	31,767,854	2,016	1,456	(765,595)	261,619,214

OPERATING SEGMENTS (Continued)

	KENYA KShs'000	TANZANIA KShs'000	RWANDA KShs'000	MAURITIUS KShs'000	UGANDA KShs'000	ELIMINATION KShs'000	TOTAL KShs'000
31-Dec-18							
Net interest income	12,065,677	1,148,053	2,380,452	-	-	-	15,594,182
Net fee commission and other income	6,195,731	415,334	772,192	-	2,428	(46,649)	7,339,036
Results from joint venture	-	-	-	595,310	-	-	595,310
Operating income	18,261,408	1,563,387	3,152,644	595,310	2,428	(46,649)	23,528,528
Operating expenses	(5,420,535)	(815,713)	(1,592,233)	-	(2,641)	204,568	(7,626,554)
Depreciation and Amortisation	(360,355)	(71,751)	(164,727)	-	(16)	-	(596,849)
Net impairment losses on loans and advances	(3,416,894)	(267,879)	(122,572)	-	-	-	(3,807,345)
Operating expenses	(9,197,784)	(1,155,343)	(1,879,532)	-	(2,657)	204,568	(12,030,748)
Profit before tax	9,063,624	408,044	1,273,112	595,310	(229)	157,919	11,497,780
Profit after tax	6,591,402	280,627	878,277	595,310	(177)	157,918	8,503,357
Loans and advances to customers	132,319,260	15,304,250	19,113,219	-	-	-	166,736,729
Deposits from customers	176,753,511	14,580,637	21,805,222	-	-	-	213,139,370
Total assets	261,481,343	22,691,036	33,432,347	4,044,858	5,604	(33,133,139)	288,522,049
Total liabilities	190,668,164	19,283,552	28,618,567	1,851	1,000	(925,533)	237,647,601

OPERATING SEGMENTS (Continued)

	KENYA KShs'000	TANZANIA KShs'000	RWANDA KShs'000	MAURITIUS KShs'000	UGANDA KShs'000	ELIMINATION KShs'000	TOTAL KShs'000
30-Jun-18							
Net interest income	5,366,063	474,594	1,025,106	-	-	-	6,865,763
Net fee commission and other income	2,941,373	205,349	570,285	-	(104)	(110,416)	3,606,487
Results from joint venture	-	-	-	499,477	-	-	499,477
Operating income	8,307,436	679,943	1,595,391	499,477	(104)	(110,416)	10,971,727
Operating expenses	(2,765,114)	(407,566)	(792,607)	(3,088)	(1,278)	99,811	(3,869,842)
Depreciation and Amortisation	(186,345)	(35,444)	(70,197)	-	(8)	-	(291,994)
Net impairment losses on loans and advances	(1,313,657)	10,424	(108,618)	-	-	-	(1,411,851)
Operating expenses	(4,265,116)	(432,586)	(971,422)	(3,088)	(1,286)	99,811	(5,573,687)
Profit before tax	4,042,320	247,357	623,969	496,389	(1,390)	(10,605)	5,398,040
Profit after tax	2,804,121	174,015	405,580	496,389	(1,390)	(10,604)	3,868,111
Loans and advances to customers	129,516,118	15,155,967	18,151,235	-	-	-	162,823,320
Deposits from customers	174,772,317	14,368,102	21,757,395	-	-	-	210,897,814
Total assets	256,820,433	22,552,274	33,145,263	3,964,843	3,126	(33,415,776)	283,070,163
Total liabilities	188,616,860	19,110,292	29,199,660	215,943	3,491	(1,890,589)	235,255,657

I&M HOLDINGS PLC
NOTES TO UNAUDITED 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 year ended 30 June 2019 comprise of entities in Kenya – I&M Bank Limited, I&M Capital Limited, I&M Realty Limited, Giro Limited, I&M Insurance Agency Limited, Youjays Insurance Brokers Limited, I&M Bank (T) Limited in Tanzania, I&M Bank (Rwanda) Limited in Rwanda, I&M Burbidge Capital Limited in Kenya and Uganda 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

The Company owns the following entities directly:

- (i) I&M Bank Limited – 100% shareholding;
- (ii) Giro Limited – 100% shareholding
- (iii) 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.
- (iv) I&M Capital Limited - 100% shareholding
- (v) Bank One Limited - 50% interest in Bank One Limited, a joint venture in a bank licensed in Mauritius;
- (vi) I&M Realty Limited (incorporated on 30 October 2014) – 100% shareholding; and
- (vii) I&M Burbidge Capital Limited, Kenya and I&M Burbidge Capital (U) Limited , Uganda – 65% shareholding

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

- (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).

2 BASIS OF PREPARATION

The principal accounting policies adopted in these consolidated half year financial statements are consistent with those used in the Audited Annual Financial Statements for the year ended 31 December 2018.

These half year financial statements should be read together with the 2018 Audited Annual Financial Statements.