

**QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES  
 FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER 2016**

<b>I STATEMENT OF FINANCIAL POSITION</b>						
	<b>30<sup>th</sup> Sept. 2015 Shs. '000' Unaudited</b>	<b>31<sup>st</sup> Dec. 2015 Shs. '000' Audited</b>	<b>31<sup>st</sup> March 2016 Shs. '000' Unaudited</b>	<b>30<sup>th</sup> June 2016 Shs. '000' Unaudited</b>	<b>30<sup>th</sup> Sept. 2016 Shs. '000' Unaudited</b>	
<b>A ASSETS</b>						
1	Cash ( both Local & Foreign)	153,218	126,155	136,713	160,552	122,430
2	Balances due from Central Bank of Kenya	964,162	1,393,970	856,292	1,191,702	986,501
3	Kenya Government and other securities held for dealing purposes	-	-	-	-	-
4	Financial Assets at fair value through profit and loss	-	-	-	-	-
5	Investment Securities:	-	-	-	-	-
a)	Held to Maturity:	2,470,190	2,455,529	3,158,913	3,460,609	2,981,979
a.	Kenya Government securities	2,470,190	2,455,529	3,158,913	3,460,609	2,981,979
b.	Other securities	-	-	-	-	-
b)	Available for sale:	-	-	-	-	-
a.	Kenya Government securities	-	-	-	-	-
b.	Other securities	-	-	-	-	-
6	Deposits and balances due from local banking institutions	701,433	418,281	351,877	108,158	553,459
7	Deposits and balances due from banking institutions abroad	236,620	302,780	249,946	165,766	178,902
8	Tax recoverable	-	19,213	19,212	-	-
9	Loans and advances to customers (net)	9,865,138	9,242,735	9,946,721	9,596,736	9,632,183
10	Balances due from banking institutions in the group	-	-	-	-	-
11	Investments in associates	-	-	-	-	-
12	Investments in subsidiary companies	-	-	-	-	-
13	Investments in joint ventures	-	-	-	-	-
14	Investment properties	-	-	-	-	-
15	Property and equipment	383,283	405,298	394,070	383,358	372,366
16	Prepaid lease rentals	22,685	22,497	22,510	22,122	21,935
17	Intangible assets	4,559	4,525	3,743	3,088	4,347
18	Deferred tax asset	35,420	47,359	47,358	47,358	47,358
19	Retirement benefit asset	-	-	-	-	-
20	Other assets	276,599	171,150	199,791	210,519	233,765
<b>21</b>	<b>TOTAL ASSETS</b>	<b>15,113,307</b>	<b>14,609,492</b>	<b>15,386,946</b>	<b>15,349,948</b>	<b>15,135,225</b>
<b>B LIABILITIES</b>						
22	Balances due to Central Bank of Kenya	-	-	-	-	-
23	Customer deposits	12,884,895	12,494,551	13,205,869	13,216,185	12,891,168
24	Deposits and balances due to local banking institutions	-	-	-	-	-
25	Deposits and balances due to foreign banking institutions	-	-	-	-	-
26	Other money market deposits	-	-	-	-	-
27	Borrowed funds	-	-	-	-	-
28	Balances due to banking institutions in the group	-	-	-	-	-
29	Tax payable	-	-	11,250	-	-
30	Dividends payable	-	-	-	-	-
31	Deferred tax liability	-	-	-	-	-
32	Retirement benefit liability	-	-	-	-	-
33	Other liabilities	234,231	130,475	135,531	108,046	194,700
<b>34</b>	<b>TOTAL LIABILITIES</b>	<b>13,119,126</b>	<b>12,625,026</b>	<b>13,352,450</b>	<b>13,324,231</b>	<b>13,085,868</b>
<b>C SHAREHOLDERS' FUNDS</b>						
35	Paid up /Assigned capital	450,375	450,375	450,375	450,375	450,375
36	Share premium/(discount)	-	-	-	-	-
37	Revaluation reserves	-	-	-	-	-
38	Retained earnings/Accumulated losses	1,517,692	1,534,091	1,584,121	1,575,342	1,598,982
39	Statutory loan loss reserves	26,114	-	-	-	-
40	Other Reserves	-	-	-	-	-
41	Proposed dividends	-	-	-	-	-
42	Capital grants	-	-	-	-	-
<b>43</b>	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,994,181</b>	<b>1,984,466</b>	<b>2,034,496</b>	<b>2,025,717</b>	<b>2,049,357</b>
44	Minority Interest	-	-	-	-	-
<b>45</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>15,113,307</b>	<b>14,609,492</b>	<b>15,386,946</b>	<b>15,349,948</b>	<b>15,135,225</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>						
<b>1.0 INTEREST INCOME</b>						
1.1	Loans and advances	1,136,254	1,630,122	398,027	779,231	1,170,385
1.2	Government securities	224,903	301,358	69,071	156,842	239,999
1.3	Deposits and placements with banking institutions	73,476	54,445	9,628	17,466	12,562
1.4	Other Interest Income	583	10,352	1,311	5,729	7,345
<b>1.5</b>	<b>Total interest income</b>	<b>1,435,216</b>	<b>1,996,277</b>	<b>478,037</b>	<b>959,268</b>	<b>1,430,291</b>
<b>2.0 INTEREST EXPENSE</b>						
2.1	Customer deposits	726,773	1,024,918	280,483	527,223	756,730
2.2	Deposits and placement from banking institutions	462	1,325	-	-	-
2.3	Other interest expenses	17,307	23,139	5,769	11,538	17,370
<b>2.4</b>	<b>Total interest expenses</b>	<b>744,542</b>	<b>1,049,382</b>	<b>286,252</b>	<b>538,761</b>	<b>774,100</b>
<b>3.0</b>	<b>NET INTEREST INCOME/(LOSS)</b>	<b>690,674</b>	<b>946,895</b>	<b>191,785</b>	<b>420,507</b>	<b>656,191</b>
<b>4.0 NON-INTEREST INCOME</b>						
4.1	Fees and commissions on loans and advances	42,096	57,032	9,596	24,980	36,200
4.2	Other fees and commissions	11,088	14,582	3,940	9,712	14,115
4.3	Foreign exchange trading income/(Loss)	36,761	49,809	11,331	23,103	33,188
4.4	Dividend Income	-	-	-	-	-
4.5	Other income	86,772	111,677	6,288	11,542	50,567
<b>4.6</b>	<b>Total Non-interest income</b>	<b>176,717</b>	<b>233,100</b>	<b>31,155</b>	<b>69,337</b>	<b>134,070</b>
<b>5.0</b>	<b>TOTAL OPERATING INCOME</b>	<b>867,391</b>	<b>1,179,995</b>	<b>222,940</b>	<b>489,844</b>	<b>790,261</b>
<b>6.0 OTHER OPERATING EXPENSES</b>						
6.1	Loan loss provision	14,371	164,326	3,986	89,479	162,697
6.2	Staff costs	247,062	326,821	78,195	169,331	257,486
6.3	Directors' emoluments	3,165	4,460	1,225	2,365	3,475
6.4	Rental charges	36,560	48,636	12,171	24,459	36,855
6.5	Depreciation charge on property and equipment	30,118	40,278	13,673	26,300	38,938
6.6	Amortisation charges	566	5,625	188	1,685	2,649
6.7	Other operating expenses	200,506	262,886	52,221	95,458	144,519
6.8	Total Other Operating Expenses	532,348	851,032	161,659	409,077	646,619
7.0	Profit/(loss) Before Tax and Exceptional Items	335,043	328,963	61,281	80,767	143,642
8.0	Exceptional Items	-	-	-	-	-
9.0	Profit/(Loss) After Exceptional Items	335,043	328,963	61,281	80,767	143,642
10.0	Current Tax	96,000	99,634	11,250	39,515	78,750
11.0	Deferred Tax	-	-	-	-	-
12.0	Profit/(Loss) After Tax and Exceptional Items	239,043	229,329	50,031	41,252	64,892
13.0	Minority Interest	-	-	-	-	-
<b>14.0</b>	<b>Profit/(loss) after tax, exceptional items and Minority Interest</b>	<b>239,043</b>	<b>229,329</b>	<b>50,031</b>	<b>41,252</b>	<b>64,892</b>
15.0	Other Comprehensive Income	-	-	-	-	-
15.1	Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-	-
15.2	Fair value changes in available for sale financial assets	-	-	-	-	-
15.3	Revaluation surplus on Property, plant and equipment	-	-	-	-	-
15.4	Share of other comprehensive income of associates	-	-	-	-	-
15.5	Income tax relating to components of other comprehensive income	-	-	-	-	-
16.0	Other Comprehensive Income for the year net of tax	-	-	-	-	-
<b>17.0</b>	<b>Total comprehensive income for the year</b>	<b>239,043</b>	<b>229,329</b>	<b>50,031</b>	<b>41,252</b>	<b>64,892</b>
<b>18.0</b>	<b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>					
18.1	Basic	-	-	-	-	-
18.2	Diluted	-	-	-	-	-
<b>19.0</b>	<b>DIVIDEND PER SHARE -DECLARED</b>					
19.1	Basic	-	-	-	-	-
19.2	Diluted	-	-	-	-	-
<b>III OTHER DISCLOSURES</b>						
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>						
(a)	Gross Non-performing loans and advances	832,175	1,029,137	1,082,702	957,965	995,939
(b)	Less: Interest in Suspense	248,544	262,197	286,496	248,159	290,826
<b>(c)</b>	<b>Total Non-Performing Loans and Advances (a-b)</b>	<b>583,721</b>	<b>766,940</b>	<b>796,206</b>	<b>709,806</b>	<b>705,113</b>
(d)	Less: Loan Loss Provision	384,515	421,055	421,055	341,455	381,149
<b>(e)</b>	<b>Net Non-Performing Loans and Advances(c-d)</b>	<b>199,206</b>	<b>345,885</b>	<b>375,151</b>	<b>368,351</b>	<b>323,964</b>
(f)	Discounted Value of Securities	199,206	360,544	357,672	365,726	323,964
(g)	Net NPLs Exposure (e-f)	-	(14,659)	17,479	2,625	-
<b>2.0 INSIDER LOANS AND ADVANCES</b>						
(a)	Directors, Shareholders and Associates	323,389	329,016	355,698	126,679	161,710
(b)	Employees	30,185	28,733	27,992	35,582	32,272
<b>(c)</b>	<b>Total Insider Loans and Advances and other facilities</b>	<b>353,574</b>	<b>357,749</b>	<b>383,690</b>	<b>162,261</b>	<b>193,982</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>						
(a)	Letters of credit/guarantees, acceptances	928,652	957,721	1,105,099	1,075,274	927,952
(b)	Forwards, swaps and options	-	11,178	62,136	-	22,731
(c)	Other contingent liabilities	76,616	52,241	31,496	93,610	88,570
<b>(d)</b>	<b>Total Contingent Liabilities</b>	<b>1,005,268</b>	<b>1,021,140</b>	<b>1,198,731</b>	<b>1,168,884</b>	<b>1,039,253</b>
<b>4.0 CAPITAL STRENGTH</b>						
(a)	Core capital	1,848,545	1,984,467	2,009,480	2,005,090	2,016,911
(b)	Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
(c)	Excess/(Deficiency)(a-b)	848,545	984,467	1,009,480	1,005,090	1,016,911
(d)	Supplementary Capital	26,114	-	-	-	-
<b>(e)</b>	<b>Total Capital (a-d)</b>	<b>1,874,659</b>	<b>1,984,467</b>	<b>2,009,480</b>	<b>2,005,090</b>	<b>2,016,911</b>
<b>(f)</b>	<b>Total risk weighted assets</b>	<b>11,651,222</b>	<b>11,255,793</b>	<b>11,552,392</b>	<b>11,638,722</b>	<b>11,457,402</b>
<b>(g)</b>	<b>Core Capital/ Total deposits Liabilities</b>	<b>14.3%</b>	<b>15.9%</b>	<b>15.2%</b>	<b>15.2%</b>	<b>15.7%</b>
(h)	Minimum statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%
(i)	Excess/(Deficiency) (g-h)	6.3%	7.9%	7.2%	7.2%	7.7%
<b>(j)</b>	<b>Core Capital / total risk weighted assets</b>	<b>15.9%</b>	<b>17.6%</b>	<b>17.4%</b>	<b>17.2%</b>	<b>17.6%</b>
(k)	Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%	10.5%
<b>(l)</b>	<b>Excess (Deficiency) (j-k)</b>	<b>5.4%</b>	<b>7.1%</b>	<b>6.9%</b>	<b>6.7%</b>	<b>7.1%</b>
<b>(m)</b>	<b>Total Capital/total risk weighted assets</b>	<b>16.1%</b>	<b>17.6%</b>	<b>17.4%</b>	<b>17.2%</b>	<b>17.6%</b>
(n)	Minimum statutory Ratio	14.5%	14.5%	14.5%	14.5%	14.5%
<b>(o)</b>	<b>Excess/(Deficiency) (m-n)</b>	<b>1.6%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>3.1%</b>
<b>14 LIQUIDITY</b>						
14.1 (a)	Liquidity Ratio	34.4%	37.4%	35.3%	37.9%	37.13%
14.2 (b)	Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	20.0%
14.3 (c)	Excess (Deficiency) (a-b)	14.4%	17.4%	15.3%	17.9%	17.1%

These financial statements are extracts from the books of the institution. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the Institution's website www.guardian-bank.com. They may also be accessed at the institutions head office located at Nairobi (Biashara Street).

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