

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES
FOR THE YEAR ENDED 31ST DECEMBER 2017**

I STATEMENT OF FINANCIAL POSITION AS AT		31 st December 2017 Shs. '000' (Audited)	31 st December 2016 Shs. '000' (Audited)
A ASSETS			
1 Cash (both Local & Foreign)		126,158	131,327
2 Balances due from Central Bank of Kenya		1,405,848	1,104,819
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:		2,938,898	3,485,956
a. Kenya Government securities		2,938,898	3,485,956
b. Other securities		-	-
b) Available for sale:		-	-
a. Kenya Government securities		-	-
b. Other securities		-	-
6 Deposits and balances due from local banking institutions		254,034	581,787
7 Deposits and balances due from banking institutions abroad		294,313	132,513
8 Tax recoverable		7,354	47,089
9 Loans and advances to customers (net)		8,974,527	9,616,965
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		135,674	98,827
16 Prepaid lease rentals		250,075	242,075
17 Intangible assets		4,943	2,479
18 Deferred tax asset		85,696	93,594
19 Retirement benefit asset		-	-
20 Other assets		227,831	265,328
21 TOTAL ASSETS		14,705,351	15,802,759
B LIABILITIES			
22 Balances due to Central Bank of Kenya		-	-
23 Customer deposits		12,313,030	13,119,549
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		-	-
30 Dividends payable		-	-
31 Deferred tax liability		-	-
32 Retirement benefit liability		-	-
33 Other liabilities		177,727	308,595
34 TOTAL LIABILITIES		12,490,757	13,428,144
C SHAREHOLDERS' FUNDS			
35 Paid up/Assigned capital		450,375	450,375
36 Share premium/(discount)		-	-
37 Revaluation reserves		-	-
38 Retained earnings/Accumulated losses		1,699,107	1,856,467
39 Statutory loan loss reserves		65,112	67,773
40 Other Reserves		-	-
41 Proposed dividends		-	-
42 Capital grants		-	-
43 TOTAL SHAREHOLDERS' FUNDS		2,214,594	2,374,615
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		14,705,351	15,802,759
II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED			
1.0 INTEREST INCOME			
1.1 Loans and advances		1,607,476	1,303,443
1.2 Government securities		332,255	322,785
1.3 Deposits and placements with banking institutions		21,102	42,932
1.4 Other Interest Income		15,109	9,421
1.5 Total interest income		1,975,942	1,678,581
2.0 INTEREST EXPENSE			
2.1 Customer deposits		968,985	841,511
2.2 Deposits and placement from banking institutions		229	249
2.3 Other interest expenses		36,397	19,643
2.4 Total interest expenses		1,005,611	861,403
3.0 NET INTEREST INCOME/(LOSS)		970,331	817,178
4.0 NON-INTEREST INCOME			
4.1 Fees and commissions on loans and advances		65,205	72,238
4.2 Other fees and commissions		18,719	15,709
4.3 Foreign exchange trading income/(Loss)		41,840	38,229
4.4 Dividend Income		-	-
4.5 Other income		136,967	29,099
4.6 Total Non-interest income		262,731	155,275
5.0 TOTAL OPERATING INCOME		1,233,062	972,453
6.0 OTHER OPERATING EXPENSES			
6.1 Loan loss provision		264,734	62,048
6.2 Staff costs		346,604	361,484
6.3 Directors' emoluments		4,885	5,265
6.4 Rental charges		49,412	52,412
6.5 Depreciation charge on property and equipment		44,185	52,504
6.6 Amortisation charges		10,601	10,463
6.7 Other operating expenses		210,737	200,680
6.8 Total Other Operating Expenses		931,158	744,856
7.0 Profit/(loss) before tax and exceptional items		301,904	227,597
8.0 Exceptional items		-	-
9.0 Profit/(loss) after exceptional items		301,904	227,597
10.0 Current tax		71,777	67,575
11.0 Deferred tax		-	-
12.0 Profit/(loss) after tax and exceptional items		230,127	160,022
13.0 Other Comprehensive Income			
13.1 Gains/(Losses) from translating the financial statements of foreign operations		-	-
13.2 Fair value changes in available for sale financial assets		-	-
13.3 Revaluation surplus on Property, plant and equipment		-	-
13.4 Share of other comprehensive income of associates		-	-
13.5 Income tax relating to components of other comprehensive income		-	-
14.0 Other Comprehensive Income for the year net of tax		-	-
15.0 Total comprehensive income for the year		230,127	160,022
III OTHER DISCLOSURES			
1.0 NON-PERFORMING LOANS AND ADVANCES			
(a) Gross Non-performing loans and advances		786,925	1,121,770
(b) Less: Interest in Suspense		261,979	260,377
(c) Total Non-Performing Loans and Advances (a-b)		524,946	861,393
(d) Less: Loan Loss Provision		367,585	426,122
(e) Net Non-Performing Loans and Advances(c-d)		157,361	435,271
(f) Discounted Value of Securities		192,332	435,271
(g) Net NPLs Exposure (e-f)		(34,971)	-
2.0 INSIDER LOANS AND ADVANCES			
(a) Directors, Shareholders and Associates		301,063	111,443
(b) Employees		22,218	20,996
(c) Total Insider Loans and Advances and other facilities		323,281	132,439
3.0 OFF-BALANCE SHEET ITEMS			
(a) Letters of credit, guarantees, acceptances		946,365	807,602
(b) Forwards, swaps and options		26,765	73,968
(c) Other contingent liabilities		36,834	18,646
(d) Total Contingent Liabilities		1,009,964	900,216
4.0 CAPITAL STRENGTH			
(a) Core capital		2,149,480	2,306,841
(b) Minimum Statutory Capital		1,000,000	1,000,000
(c) Excess/(Deficiency) (a-b)		1,149,480	1,306,841
(d) Supplementary Capital		65,112	67,773
(e) Total Capital (a+d)		2,214,592	2,374,614
(f) Total risk weighted assets		11,287,906	11,745,946
(g) Core Capital/Total deposits Liabilities		17.5%	17.6%
(h) Minimum statutory Ratio		8.0%	8.0%
(i) Excess/(Deficiency) (g-h)		9.5%	9.6%
(j) Core Capital / total risk weighted assets		19.0%	19.6%
(k) Minimum Statutory Ratio		10.5%	10.5%
(l) Excess (Deficiency) (j-k)		8.5%	9.1%
(m) Total Capital/total risk weighted assets		19.6%	20.2%
(n) Minimum statutory Ratio		14.5%	14.5%
(o) Excess/(Deficiency) (m-n)		5.1%	5.7%
5.0 LIQUIDITY			
(a) Liquidity Ratio		40.7%	41.4%
(b) Minimum Statutory Ratio		20.0%	20.0%
(c) Excess (Deficiency) (a-b)		20.7%	21.4%

These financial statements are extracts from the books of the institution as audited by KPMG Kenya and received unqualified opinion. The complete set of audited 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).

Vasant K. Shetty
Managing Director

Hetul D. Chandaria
Executive Director