

**AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES
 FOR THE YEAR ENDED 31ST DECEMBER 2018**

I STATEMENT OF FINANCIAL POSITION AS AT		31st Dec 2017	31st Dec 2018
		Shs. '000'	Shs. '000'
		(Audited)	(Audited)
A ASSETS			
1	Cash (both Local & Foreign)	131,327	130,658
2	Balances due from Central Bank of Kenya	1,104,819	1,766,902
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:	3,485,956	3,755,719
	a. Kenya Government securities	3,485,956	3,755,719
	b. Other securities	-	-
	b) Available for sale:	-	-
	a. Kenya Government securities	-	-
	b. Other securities	-	-
6	Deposits and balances due from local banking institutions	581,787	353,303
7	Deposits and balances due from banking institutions abroad	132,513	461,488
8	Tax recoverable	47,089	-
9	Loans and advances to customers (net)	9,616,965	9,028,027
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	98,827	73,813
16	Prepaid lease rentals	242,075	234,078
17	Intangible assets	2,479	1,740
18	Deferred tax asset	93,594	136,600
19	Retirement benefit asset	-	-
20	Other assets	265,328	243,636
21	TOTAL ASSETS	15,802,759	16,185,964
B LIABILITIES			
22	Balances due to Central Bank of Kenya	-	-
23	Customer deposits	13,119,549	13,336,035
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	-	19,842
30	Dividends payable	-	-
31	Deferred tax liability	-	-
32	Retirement benefit liability	-	-
33	Other liabilities	308,595	272,935
34	TOTAL LIABILITIES	13,428,144	13,628,812
C SHAREHOLDERS' FUNDS			
35	Paid up /Assigned capital	450,375	450,375
36	Share premium/(discount)	-	-
37	Revaluation reserves	-	-
38	Retained earnings/Accumulated losses	1,856,467	1,970,038
39	Statutory loan loss reserves	67,773	136,739
40	Other Reserves	-	-
41	Proposed dividends	-	-
42	Capital grants	-	-
43	TOTAL SHAREHOLDERS' FUNDS	2,374,615	2,557,152
44	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	15,802,759	16,185,964
II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED			
1.0 INTEREST INCOME			
1.1	Loans and advances	1,303,443	1,349,499
1.2	Government securities	322,785	383,842
1.3	Deposits and placements with banking institutions	42,932	45,969
1.4	Other Interest Income	9,421	1,904
1.5	Total interest income	1,678,581	1,781,214
2.0 INTEREST EXPENSE			
2.1	Customer deposits	841,511	851,945
2.2	Deposits and placement from banking institutions	249	-
2.3	Other interest expenses	19,643	14,471
2.4	Total interest expenses	861,403	866,416
3.0 NET INTEREST INCOME/(LOSS)		817,178	914,798
4.0 NON-INTEREST INCOME			
4.1	Fees and commissions on loans and advances	72,238	86,980
4.2	Other fees and commissions	15,709	15,058
4.3	Foreign exchange trading income/(Loss)	38,229	28,637
4.4	Dividend Income	-	-
4.5	Other income	29,099	48,302
4.6	Total Non-interest income	155,275	178,977
5.0 TOTAL OPERATING INCOME		972,453	1,093,775
6.0 OTHER OPERATING EXPENSES			
6.1	Loan loss provision	62,048	78,628
6.2	Staff costs	361,484	368,229
6.3	Directors' emoluments	5,265	5,440
6.4	Rental charges	52,412	55,303
6.5	Depreciation charge on property and equipment	52,504	28,769
6.6	Amortisation charges	10,463	9,739
6.7	Other operating expenses	200,680	199,622
6.8	Total Other Operating Expenses	744,856	745,730
7.0 Profit/(loss) before tax and exceptional items		227,597	348,045
8.0	Exceptional items	-	-
9.0 Profit/(loss) after exceptional items		227,597	348,045
10.0	Current tax	67,575	122,477
11.0	Deferred tax	-	-
12.0 Profit/(loss) after tax and exceptional items		160,022	225,568
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		160,022	225,568
III OTHER DISCLOSURES			
1.0 NON-PERFORMING LOANS AND ADVANCES			
(a)	Gross Non-performing loans and advances	1,121,770	960,439
(b)	Less: Interest in Suspense	260,377	277,028
(c) Total Non-Performing Loans and Advances (a-b)		861,393	683,411
(d)	Less: Loan Loss Provision	426,122	409,880
(e) Net Non-Performing Loans and Advances (c-d)		435,271	273,531
(f)	Discounted Value of Securities	435,271	273,531
(g) Net NPLs Exposure (e-f)		-	-
2.0 INSIDER LOANS AND ADVANCES			
(a)	Directors, Shareholders and Associates	111,443	80,769
(b)	Employees	20,996	19,649
(c) Total Insider Loans and Advances and other facilities		132,439	100,418
3.0 OFF-BALANCE SHEET ITEMS			
(a)	Letters of credit, guarantees, acceptances	807,602	745,977
(b)	Forwards, swaps and options	73,968	87,335
(c)	Other contingent liabilities	18,646	57,525
(d) Total Contingent Liabilities		900,216	890,837
4.0 CAPITAL STRENGTH			
(a)	Core capital	2,306,841	2,420,413
(b)	Minimum Statutory Capital	1,000,000	1,000,000
(c)	Excess/(Deficiency) (a-b)	1,306,841	1,420,413
(d)	Supplementary Capital	67,773	136,739
(e) Total Capital (a+d)		2,374,614	2,557,152
(f)	Total risk weighted assets	11,745,946	11,241,904
(g) Core Capital/Total deposits Liabilities		17.6%	18.2%
(h)	Minimum statutory Ratio	8.0%	8.0%
(i)	Excess/(Deficiency) (g-h)	9.6%	10.2%
(j) Core Capital / total risk weighted assets		19.6%	21.5%
(k)	Minimum Statutory Ratio	10.5%	10.5%
(l)	Excess (Deficiency) (j-k)	9.1%	11.0%
(m) Total Capital/total risk weighted assets		20.2%	22.7%
(n)	Minimum statutory Ratio	14.5%	14.5%
(o)	Excess/(Deficiency) (m-n)	5.7%	8.2%
(p)	Adjusted Core Capital/Total Deposit Liabilities*	0.0%	18.3%
(q)	Adjusted Core Capital/Total Risk Weighted Assets*	0.0%	21.7%
(r)	Adjusted Total Capital/Total Risk Weighted Assets*	0.0%	22.9%
5.0 LIQUIDITY			
(a)	Liquidity Ratio	41.4%	48.6%
(b)	Minimum Statutory Ratio	20.0%	20.0%
(c)	Excess (Deficiency) (a-b)	21.4%	28.6%

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). The Adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

Vasant K. Shetty
 Managing Director

Hetul D. Chandaria
 Executive Director

Guardian Bank Ltd is regulated by the Central Bank of Kenya.