

The Board of Directors of I&M Holdings PLC are pleased to announce the audited results of the group as at 31 December 2018.

	COMPANY		GROUP	
	AUDITED 31 Dec 2017 (KSHS'000)	AUDITED 31 Dec 2018 (KSHS'000)	AUDITED 31 Dec 2017 (KSHS'000)	AUDITED 31 Dec 2018 (KSHS'000)
A ASSETS				
01. Cash (both local and foreign)	-	-	2,410,009	2,409,004
02. Balances due from Central Bank	-	-	9,469,806	12,458,135
03. Kenya Government and other securities held for dealing purposes	-	-	-	-
04. Financial Assets at Fair Value through Profit or Loss (FVPL)	-	-	2,911,654	13,145,126
05. Investment securities:				
a) Held at amortised cost/Held to Maturity:				
a. Kenya Government securities	-	-	20,747,773	18,306,701
b. Other securities	-	-	6,275,192	9,851,400
b) Fair Value through Other Comprehensive Income (FVOCI) /Available for sale				
a. Kenya Government securities	193,523	133,223	17,752,017	9,647,876
b. Other securities	-	-	3,981,269	1,205,495
06. Deposits and balances due from local banking institutions	-	-	10,551	1,892,921
07. Deposits and balances due from banking institutions abroad	-	-	6,369,422	31,782,272
08. Tax recoverable	5,799	6,347	606,193	126,609
09. Loans and advances to customers (net)	-	-	153,018,152	166,736,729
10. Balances due from banking institutions in the Group	-	-	-	-
11. Investment in associates	-	-	-	-
12. Investment in subsidiary companies	23,790,896	25,662,294	-	-
13. Investment in joint ventures	1,679,971	1,679,971	4,267,166	4,535,205
14. Investment properties	-	-	-	-
15. Property and equipment	11	-	5,335,853	6,724,561
16. Prepaid lease rentals	-	-	265,940	246,271
17. Intangible assets	-	-	3,500,520	4,872,194
18. Deferred tax asset	-	-	1,066,497	1,929,345
19. Retirement benefit asset	-	-	-	-
20. Other assets	154,451	1,649,014	2,122,727	2,652,205
21. TOTAL ASSETS	25,824,651	29,130,849	240,110,741	288,522,049
B LIABILITIES				
22. Balances due to central banks	-	-	-	-
23. Customer deposits	-	-	169,282,314	213,139,370
24. Deposits and balances due to local banking institutions	-	-	439,396	69,381
25. Deposits and balances due to foreign banking institutions	-	-	5,556,899	5,577,720
26. Other money market deposits	-	-	-	-
27. Borrowed funds	-	-	12,662,494	13,755,684
28. Balances due to banking institutions in the Group	-	-	-	-
29. Tax payable	-	-	290,630	130,130
30. Dividends payable	-	-	-	-
31. Deferred tax liability	-	-	-	-
32. Retirement benefit liability	-	-	-	-
33. Other liabilities	82,743	3,569,262	4,863,525	4,975,316
34. TOTAL LIABILITIES	82,743	3,569,262	193,095,258	237,647,601
C SHAREHOLDERS' EQUITY				
35. Paid up/Assigned share capital	413,405	413,405	413,405	413,405
36. Share premium/(discount)	18,805,359	18,805,359	18,805,359	18,805,359
37. Revaluation reserves - (Buildings)	-	-	805,901	820,277
38. Retained earnings/(Accumulated losses)	6,523,144	6,339,846	22,621,210	26,931,401
39. Statutory loan loss reserves	-	-	2,163,403	2,190,131
40. Other reserves	-	2,977	(211,397)	(525,186)
41. Proposed dividends	-	-	-	-
42. Translation reserve	-	-	(278,028)	(766,356)
43. TOTAL SHAREHOLDERS' EQUITY	25,741,908	25,561,587	44,319,853	47,869,031
44. Non-controlling interest	-	-	2,695,630	3,005,417
45. TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	25,824,651	29,130,849	240,110,741	288,522,049

	COMPANY		GROUP	
	AUDITED 31 Dec 2017 (KSHS'000)	AUDITED 31 Dec 2018 (KSHS'000)	AUDITED 31 Dec 2017 (KSHS'000)	AUDITED 31 Dec 2018 (KSHS'000)
01. NON-PERFORMING LOANS AND ADVANCES				
a) Gross Non-performing loans and advances	-	-	19,484,638	23,831,914
Less				
b) Interest in suspense	-	-	2,511,301	5,437,953
c) Total Non-performing loans and advances (a-b)			16,973,337	18,393,961
Less				
d) Loan loss provisions	-	-	5,280,228	8,016,530
e) Net Non-performing loans (c-d)			11,693,109	10,377,431
f) Discounted value of securities	-	-	11,693,109	10,377,431
g) Net NPLs exposure (e-f)			-	-
02. INSIDER LOANS AND ADVANCES				
a) Directors, shareholders and associates	-	-	2,184,849	3,576,789
b) Employees	-	-	1,847,950	1,843,183
c) Total insider loans and advances			4,032,799	5,419,972
03. OFF- BALANCE SHEET ITEMS				
a) Letters of Credit, guarantees, acceptances	-	-	40,094,223	43,320,098
b) Forwards, swaps and options	-	-	16,276,455	39,167,772
c) Other contingent liabilities	-	-	4,634,904	3,143,059
d) Total Contingent Liabilities			61,005,582	85,630,929
04. CAPITAL STRENGTH				
a) Core capital	-	-	39,698,915	45,548,005
b) Minimum statutory capital	-	-	1,000,000	1,000,000
c) Excess/(Deficiency)			38,698,915	44,548,005
d) Supplementary capital	-	-	4,786,173	6,180,530
e) Total capital (a+d)			44,485,088	51,728,535
f) Total Risk weighted Assets			244,455,919	283,777,893
g) Core capital/Total deposit liabilities	-	-	19.19%	21.37%
h) Minimum statutory ratio	-	-	8.00%	8.00%
i) Excess/(Deficiency) (g-h)			11.19%	13.37%
j) Core capital/Total risk weighted assets	-	-	16.24%	16.05%
k) Minimum statutory ratio	-	-	10.50%	10.50%
l) Excess/(Deficiency) (j-k)			5.74%	5.55%
m) Total capital/Total risk weighted assets	-	-	18.20%	18.23%
n) Minimum statutory ratio	-	-	14.50%	14.50%
o) Excess/(Deficiency) (m-n)			3.70%	3.73%
(p) Adjusted core capital/Total deposit liabilities*	-	-	-	22.08%
(q) Adjusted core capital/Total risk weighted assets*	-	-	-	16.58%
(r) Adjusted total capital/Total risk weighted assets*	-	-	-	18.76%
05. LIQUIDITY				
a) Liquidity ratio	-	-	35.67%	46.99%
b) Minimum statutory ratio	-	-	20.00%	20.00%
c) Excess/(Deficiency) (a-b)			15.67%	26.99%

	COMPANY		GROUP	
	AUDITED 31 Dec 2017 (KSHS'000)	AUDITED 31 Dec 2018 (KSHS'000)	AUDITED 31 Dec 2017 (KSHS'000)	AUDITED 31 Dec 2018 (KSHS'000)
Net cash generated from operating activities	4,148,126	4,552,285	1,210,400	30,000,643
Cash flows used in investing activities	(2,547,296)	-	(3,381,648)	(3,643,902)
Net cash used in financing activities	(1,519,753)	(1,612,281)	(1,644,610)	(451,656)
Net increase/(decrease) in cash and cash equivalents	81,077	2,940,004	(3,815,858)	25,905,085
Cash and cash equivalents at start of the year	71,375	152,452	11,868,769	8,052,911
Cash and cash equivalents at end of the year	152,452	3,092,456	8,052,911	33,957,996

SUMMARY OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL (KSHS'000)	SHARE PREMIUM (KSHS'000)	RETAINED EARNINGS (KSHS'000)	OTHER RESERVES (KSHS'000)	NON-CONTROLLING INTEREST (KSHS'000)	TOTAL (KSHS'000)
At 1 January 2017	392,362	17,331,510	18,217,056	1,088,820	2,476,669	39,506,417
Other comprehensive income	-	-	5,851,072	1,267,809	288,779	7,407,660
Transactions with owners	21,043	1,473,849	(1,446,918)	123,250	(69,818)	101,406
Audited at 31 December 2017	413,405	18,805,359	22,621,210	2,479,879	2,695,630	47,015,483
At 1 January 2018	413,405	18,805,359	22,621,210	2,479,879	2,695,630	47,015,483
Day 1 IFRS 9 adjustments	-	-	254,020	(886,359)	(24,340)	(656,679)
Other comprehensive income	-	-	7,115,370	125,346	357,365	7,598,081
Transactions with owners	-	-	(3,059,199)	-	(23,238)	(3,082,437)
Audited at 31 December 2018	413,405	18,805,359	26,931,401	1,718,866	3,005,417	50,874,448

Message from the Directors,
Basis of preparation

These condensed financial statements are an extract from audited financial statements for the period ended 31 December 2018 which have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were audited by KPMG Kenya and received an unqualified opinion. The financial statements were approved by the Board of Directors on 26 March, 2019.

Dividends

The Directors declared an interim dividend of KShs 3.90 per share amounting to KShs 1,612,281,000 for the year ended 31 December 2018. A final dividend of KShs 3.50 per share amounting to KShs 1,446,918,791 in respect of the year ended 31 December 2017 was paid on 24 May, 2018. The directors do not recommend payment of a final dividend for the year ended 31 December 2018.

Bonus issue

The Board has resolved to recommend the issuance of bonus share of one (1) new fully paid up bonus share of a par value KShs 1.00 for every one (1) ordinary shares of par value KShs 1.00 to be issued to the shareholders registered on the Company's register at the close of business on 10 May 2019. The Register of Members will be closed from Monday, 13 May 2019 to Thursday, 16 May 2019 (both days inclusive) for the purpose of processing the bonus shares. The bonus issue is subject to approval by the Capital Markets Authority and the shareholders at the Annual General Meeting to be held on 23 May 2019. Subject to receipt of the requisite approvals, shareholders will be credited with the bonus shares on or immediately after 23 May 2019.

The complete set of financials statements can be accessed from the institution's website www.imbank.com as well as the registered office at I&M Bank House, 2nd Ngong Avenue, Nairobi.

BY ORDER } DANIEL NDONYE
OF THE BOARD } CHAIRMAN
26 MARCH 2019


Key highlights December 2018 vs December 2017

Customer Deposits Growth

21%

Loans and Advances Growth

8%

Non-Funded Income Growth

24%

PBT

14%

Cost/Income Ratio

37%

***AUDITED CONDENSED
FINANCIAL STATEMENTS
DECEMBER 2018***

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

FOR THE YEAR ENDED 31 DECEMBER 2018	COMPANY		GROUP	
	AUDITED	AUDITED	AUDITED	AUDITED
	31-Dec 2018	31-Dec 2017	31-Dec 2018	31-Dec 2017
	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Interest income	34,441	36,744	25,998,868	24,423,762
Interest expense	-	-	(10,404,686)	(8,869,275)
Net interest income	34,441	36,744	15,594,182	15,554,487
Fee and commission income	-	-	3,936,092	3,324,275
Fee and commission expense	-	-	(258,305)	(226,416)
Net fee and commission income	-	-	3,677,787	3,097,859
Revenue	34,441	36,744	19,271,969	18,652,348
Net trading income	619	548	3,107,748	2,038,336
Other operating income	2,875,570	4,196,638	553,501	400,215
Net operating income before change in expected credit losses and other credit impairment charges	2,910,630	4,233,930	22,933,218	21,090,897
Change in expected credit losses and other credit impairment charges	-	-	(3,807,345)	(4,143,521)
Net operating income	2,910,630	4,233,930	19,125,873	16,947,376
Staff costs	-	-	(4,108,876)	(3,752,209)
Premises and equipment costs	-	-	(748,058)	(693,479)
Other expenses	(29,039)	(29,922)	(2,769,620)	(2,600,469)
Depreciation and amortisation expenses	(11)	(94)	(596,849)	(561,610)
Operating expenses	(29,050)	(30,016)	(8,223,403)	(7,607,767)
Operating profit	2,881,580	4,203,914	10,902,470	9,339,609
Share of profit of Joint Venture	-	-	595,310	554,965
Profit before income tax	2,881,580	4,203,914	11,497,780	9,894,574
Income tax expense	(5,679)	(4,595)	(2,994,423)	(2,630,325)
Profit for the period	2,875,901	4,199,319	8,503,357	7,264,249
Other comprehensive income	2,977	-	(905,276)	143,411
Total comprehensive income for the period	2,878,878	4,199,319	7,598,081	7,407,660
Profit attributable to:				
Equity holders of the company	2,875,901	4,199,319	7,950,819	6,766,256
Non controlling interest	-	-	552,538	497,993
	2,875,901	4,199,319	8,503,357	7,264,249
Total comprehensive income attributable to:				
Equity holders of the company	2,875,901	4,199,319	7,240,716	7,118,881
Non controlling interest	-	-	357,365	288,779
	2,875,901	4,199,319	7,598,081	7,407,660
Basic and diluted earnings Per share - (KShs)	6.96	10.16	19.23	16.37
Dividends Per share - (KShs) - Final	3.50	3.50	3.50	3.50

I&M HOLDINGS PLC
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018	COMPANY		GROUP	
	AUDITED	AUDITED	AUDITED	AUDITED
	31-Dec 2018 KShs '000'	31-Dec 2017 KShs '000'	31-Dec 2018 KShs '000'	31-Dec 2017 KShs '000'
ASSETS				
Cash and balances with central banks	-	-	14,867,139	11,879,815
Items in the course of collection	-	-	764,460	495,649
Loans and advances to banks	-	-	33,675,193	6,379,973
Loans and advances to customers	-	-	166,736,729	153,018,152
Financial assets at fair value through profit or loss (FVTPL)	-	-	13,145,126	2,911,654
Financial assets measured at fair value through other comprehensive income (FVOCI)	133,223	193,523	10,853,371	21,733,286
Other financial assets at amortised cost	-	-	28,158,101	27,022,965
Investment in Joint Venture	1,679,971	1,679,971	4,535,205	4,267,166
Investment in subsidiaries	25,662,294	23,790,896	-	-
Property and equipment	-	11	6,724,561	5,335,853
Intangible assets - Goodwill	-	-	3,136,312	2,972,556
Intangible assets - Software	-	-	1,735,882	527,964
Prepaid operating lease rentals	-	-	246,271	265,940
Tax recoverable	6,347	5,799	126,609	606,193
Deferred tax asset	-	-	1,929,345	1,066,497
Due from group companies	1,648,515	152,452	-	-
Other assets	499	1,999	1,887,745	1,627,078
TOTAL ASSETS	29,130,849	25,824,651	288,522,049	240,110,741
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Deposits from banks	-	-	5,647,101	5,996,295
Items in course of collection	-	-	177,736	-
Deposits from customers	-	-	213,139,370	169,282,314
Deferred tax liability	-	-	-	-
Tax payable	-	-	130,130	290,630
Due to group companies	1,881,898	10,909	-	-
Other liabilities	1,687,364	71,834	4,797,580	4,863,525
Long term debt	-	-	8,246,775	8,150,179
Subordinated debt	-	-	5,508,909	4,512,315
	3,569,262	82,743	237,647,601	193,095,258
Shareholders' equity				
Share capital	413,405	413,405	413,405	413,405
Share premium	18,805,359	18,805,359	18,805,359	18,805,359
Retained earnings	6,339,846	6,523,144	26,931,401	22,621,210
Revaluation reserve	-	-	820,277	805,901
Fair value reserve	2,977	-	(454,825)	(125,292)
Translation reserve	-	-	(766,356)	(278,028)
Statutory credit risk reserve	-	-	2,190,131	2,163,403
Defined benefit reserve	-	-	(70,361)	(86,105)
Equity attributable to owners of the company	25,561,587	25,741,908	47,869,031	44,319,853
Non-controlling interest	-	-	3,005,417	2,695,630
TOTAL SHAREHOLDERS' EQUITY	25,561,587	25,741,908	50,874,448	47,015,483
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	29,130,849	25,824,651	288,522,049	240,110,741

I&M HOLDINGS PLC**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2018**

	COMPANY		GROUP	
	AUDITED 31-Dec 2018 KShs '000'	AUDITED 31-Dec 2017 KShs '000'	AUDITED 31-Dec 2018 KShs '000'	AUDITED 31-Dec 2017 KShs '000'
Net cash flows generated from operating activities	4,552,285	4,148,126	30,000,643	1,210,400
Cash flows used in investing activities				
Purchase of property and equipment	-	-	(1,952,270)	(1,593,226)
Purchase of intangible assets	-	-	(1,428,774)	(440,403)
Investment in subsidiary	-	(2,547,296)	-	-
Proceeds from disposal of property and equipment	-	-	10,582	3,665
Acquisition of Giro Limited net of cash and cash equivalents	-	-	-	(1,351,684)
Acquisition of Youjays Insurance Brokers Limited net of cash and cash equivalents	-	-	(273,440)	-
Net cash used in investing activities	-	(2,547,296)	(3,643,902)	(3,381,648)
Cash flows from financing activities				
Net outflows from term subordinated debt	-	-	1,018,500	-
Dividend paid to shareholders of the company	(1,612,281)	(1,446,918)	(1,446,918)	(1,446,918)
Dividend paid to non-controlling interests	-	-	(207,000)	(124,857)
Rights issue - I&M Bank (T) Limited	-	-	183,762	-
Capital restructuring costs	-	(72,835)	-	(72,835)
Net cash used in financing activities	(1,612,281)	(1,519,753)	(451,656)	(1,644,610)
Net Increase / (decrease) in cash and cash equivalents	2,940,004	81,077	25,905,085	(3,815,858)
Cash and cash equivalents at start of the year	152,452	71,375	8,052,911	11,868,769
Cash and cash equivalents at end of the year	3,092,456	152,452	33,957,996	8,052,911

OPERATING SEGMENTS

The Group operations are within five geographical segments, Kenya, Tanzania, Rwanda, Uganda and Mauritius. The table below contains segmental information for the year ended 31 December 2018.

2018	KENYA KShs'000	TANZANIA KShs'000	RWANDA KShs'000	MAURITIUS KShs'000	UGANDA KShs'000	ELIMINATION KShs'000	TOTAL KShs'000
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	(11,030,748)
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	176,783,511	14,580,637	21,805,222	-	-	-	213,139,370
Total assets	261,481,343	22,691,036	33,432,347	4,044,838	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
Capital expenditure	2,162,028	170,438	1,048,578	-	-	-	3,381,044

OPERATING SEGMENTS (Continued)

2017	KENYA KShs'000	TANZANIA KShs'000	RWANDA KShs'000	MAURITIUS KShs'000	UGANDA KShs'000	ELIMINATION KShs'000	TOTAL KShs'000
Net interest income	12,464,090	1,116,295	1,974,102	-	-	-	15,554,487
Net fee commission and other income	4,434,039	323,257	945,212	-	1,625	(167,723)	5,636,410
Results from joint venture	-	-	-	554,965	-	-	554,965
Operating income	16,898,129	1,439,552	2,919,314	554,965	1,625	(167,723)	21,645,462
Operating expenses	(4,869,136)	(841,555)	(1,493,863)	-	(3,033)	161,430	(7,046,157)
Depreciation and Amortisation	(365,713)	(66,624)	(129,251)	-	(22)	-	(561,610)
Net impairment losses on loans and advances	(3,863,464)	(205,769)	(74,288)	-	-	-	(4,143,521)
Operating expenses	(9,098,313)	(1,113,948)	(1,697,402)	-	(3,055)	161,430	(11,751,288)
Profit before tax	7,799,816	325,604	1,221,912	554,965	(1,430)	(6,293)	9,894,574
Profit after tax	9,953,366	228,066	808,137	486,668	(2,090)	(4,209,898)	7,264,249
Loans and advances to customers	120,656,818	14,441,576	17,919,758	-	-	-	153,018,152
Deposits from customers	132,800,892	14,781,279	21,700,143	-	-	-	169,282,314
Total assets	214,620,959	20,557,303	32,326,621	3,780,623	4,020	(31,178,785)	240,110,741
Total liabilities	150,100,214	17,893,287	28,037,949	-	2,967	(2,939,159)	193,095,258
Capital expenditure	1,327,458	50,214	639,903	-	-	-	2,017,595

I&M HOLDINGS PLC
(Formerly I&M Holdings Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors have pleasure in submitting their annual report together with the audited financial statements of I&M Holdings PLC (formerly I&M Holdings Limited) (“the Company”), its subsidiaries and its joint venture (together “the Group”) for the year ended 31 December 2018, which shows the state of affairs of the Group and of the Company.

1. Principal activities

The Group provides an extensive range of banking, financial and related services through its banking subsidiaries in Kenya, Tanzania, Rwanda and a joint venture in Mauritius. The Companies that make up the Group are contained on Note 1. The Company is listed on the Nairobi Securities Exchange and is regulated by the Capital Markets Authority and the Central Bank of Kenya as a non-operational holding company.

2. Acquisitions of Youjays Insurance Brokers Limited (YIBL)

On 25 October 2017, I&M Insurance Agency Limited, a wholly owned subsidiary of I&M Holdings PLC (formerly 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, I&M Insurance Agency Limited, the Group’s Bancassurance business arm successfully completed this acquisition on 31 March 2018. The results of YIB are consolidated in the Group’s financials.

3. Results / Business review

The consolidated results for the year are as follows:

	2018 KShs’000	2017 KShs’000
Profit before income tax	11,497,780	9,894,574
Income tax expense	(2,994,423)	(2,630,325)
Profit for the year	<u>8,503,357</u>	<u>7,264,249</u>

Net profit closed at KShs 8.5 billion, an increase of 16% (or KShs 1.2 billion) compared to prior year. This was mainly due to increased operating income before impairment charges which rose by KShs 1.8 billion, on account of non-interest income a key deliverable under iMara strategy. The Directors and employees re-affirm their commitment to achieving the laid down iMara strategies and consequently delivering key value to shareholders.

The principal risks and uncertainties facing the Group and Company as well as the risk management framework are outlined in Note 5 of the consolidated and separate financial statements.

4. Dividends

The Directors declared an interim dividend of KShs 3.90 per share amounting to KShs 1,612,281,000 for the year ended 31 December 2018. A final dividend of KShs 3.50 per share amounting to KShs 1,446,918,791 in respect of the year ended 31 December 2017 was paid on 24 May, 2018. The directors do not recommend payment of a final dividend for the year ended 31st December 2018.

I&M HOLDINGS PLC
(Formerly I&M Holdings Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

5. Bonus Issue

The Board has resolved to recommend the issuance of bonus share of one (1) new fully paid up bonus share of a par value KShs 1.00 for every one (1) ordinary shares of par value KShs 1.00 to be issued to the shareholders registered on the Company's register at the close of business on 10 May 2019. The bonus issue is subject to approval by the Capital Markets Authority and the shareholders at the Annual General Meeting to be held on 23 May 2019. Upon receipt of the requisite approvals, shareholders will be credited with the bonus shares on or immediately after 23 May 2019.

6. Directors

The Directors who served during the year and up to the date of this report are set out on page 2. The Company provides professional indemnity for all the Directors.

7. Relevant audit information

The Directors in office at the date of this report confirm that:

- (i) There is no relevant audit information of which the Company's auditor is unaware; and
- (ii) Each director has taken all the steps that they ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. Auditors

To note that Messrs KPMG Kenya continue in office as Auditors by virtue of section 721 of the Companies Act, 2015 and subject to section 24(1) of the Banking Act (Cap. 488) and to authorise the Directors to fix the Auditors' remuneration for the ensuing financial year.

9. Approval of financial statements

The financial statements were approved and authorised for issue at a meeting of the Board of Directors held on 26 March 2019.

BY ORDER OF THE BOARD


Secretary,

Date: 26 March 2019.

