



## STATEMENT OF FINANCIAL POSITION

|   | BANK               |                    | GROUP              |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 31st Dec 2016      | 31st Dec 2017      | 31st Dec 2016      | 31st Dec 2017      |
|   | Shs '000 (Audited) | Shs '000 (Audited) | Shs '000 (Audited) | Shs '000 (Audited) |
| <b>A. ASSETS</b>  |                    |                    |                    |                    |
| 1 Cash (both local and foreign)                                   | 32,635             | 118,593            | 32,635             | 118,593            |
| 2 Balances with Central Bank of Kenya                             | 265,523            | 892,376            | 265,523            | 892,376            |
| 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:   |                    |                    |                    |                    |
| i). Kenya Government securities                                   | 2,828,194          | 2,882,958          | 2,828,194          | 2,882,958          |
| ii). Other securities   | -                  | -                  | -                  | -                  |
| b). Available for sale  |                    |                    |                    |                    |
| i). Kenya Government securities                                   | -                  | -                  | -                  | -                  |
| ii). Other securities   | 3,491              | 3,491              | 3,549              | 3,573              |
| 6 Deposits and balances due from local banking institutions       | 7,276              | 818,915            | 7,276              | 818,915            |
| 7 Deposits and balances due from banking institutions abroad      | 305                | 788,313            | 305                | 788,313            |
| 8 Tax recoverable   | 60,108             | 60,108             | 61,276             | 59,695             |
| 9 Loans and advances to customers (net)                           | 4,876,333          | 4,404,664          | 4,876,333          | 4,399,953          |
| 10 Balances due from banking institutions in the group            | -                  | -                  | -                  | -                  |
| 11 Investments in associates                                      | -                  | -                  | -                  | -                  |
| 12 Investments in subsidiary companies                            | 336,394            | 336,394            | -                  | -                  |
| 13 Investments in Joint Ventures                                  | -                  | -                  | -                  | -                  |
| 14 Investment properties  | 313,148            | 313,148            | 440,043            | 440,043            |
| 15 Property, plant and equipment                                  | 277,253            | 241,339            | 277,493            | 241,541            |
| 16 Prepaid lease rentals  | -                  | -                  | -                  | -                  |
| 17 Intangible assets  | 199,780            | 160,594            | 199,780            | 160,594            |
| 18 Deferred tax asset   | 645,562            | 675,100            | 646,512            | 676,051            |
| 19 Retirement benefit asset                                       | -                  | -                  | -                  | -                  |
| 20 Other assets   | 56,769             | 49,152             | 58,285             | 50,708             |
| <b>21 TOTAL ASSETS</b>  | <b>9,902,771</b>   | <b>11,745,145</b>  | <b>9,697,204</b>   | <b>11,533,313</b>  |
| <b>B LIABILITIES</b>  |                    |                    |                    |                    |
| 22 Balances due to Central Bank of Kenya                          | 5,133,996          | 2,892,626          | 5,133,996          | 2,892,626          |
| 23 Customer deposits  | 4,251,478          | 6,429,040          | 4,236,251          | 6,415,126          |
| 24 Deposits and balances due to local banking institutions        | -                  | -                  | -                  | -                  |
| 25 Deposits and balances due to foreign banking institutions      | 32,467             | 413,097            | 32,467             | 413,329            |
| 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  | 1,226,579          | 403,221            | 1,050,276          | 218,122            |
| <b>34 TOTAL LIABILITIES</b>                                       | <b>10,644,520</b>  | <b>10,137,984</b>  | <b>10,452,990</b>  | <b>9,939,203</b>   |
| <b>C SHAREHOLDERS' EQUITY</b>                                     |                    |                    |                    |                    |
| 35 Paid up/Assigned capital                                       | 1,630,070          | 2,763,570          | 1,630,070          | 2,763,570          |
| 36 Share premium/(discount)                                       | 25,722             | 1,572,222          | 25,722             | 1,572,222          |
| 37 Revaluation reserves   | 60,074             | 60,074             | 62,631             | 62,631             |
| 38 Retained earnings/Accumulated Losses                           | (2,566,548)        | (2,794,961)        | (2,583,142)        | (2,810,569)        |
| 39 Statutory Loan Loss Reserve                                    | 108,933            | 6,256              | 108,933            | 6,256              |
| 40 Other Reserves   | -                  | -                  | -                  | -                  |
| 41 Proposed dividends   | -                  | -                  | -                  | -                  |
| 42 Non controlling Interest                                       | -                  | -                  | -                  | -                  |
| 43 Capital grants   | -                  | -                  | -                  | -                  |
| <b>44 TOTAL SHAREHOLDERS' EQUITY</b>                              | <b>(741,749)</b>   | <b>1,607,161</b>   | <b>(755,786)</b>   | <b>1,594,110</b>   |
| <b>45 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>              | <b>9,902,771</b>   | <b>11,745,145</b>  | <b>9,697,204</b>   | <b>11,533,313</b>  |

## STATEMENT OF COMPREHENSIVE INCOME

|   | BANK               |                    | GROUP              |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 31st Dec 2016      | 31st Dec 2017      | 31st Dec 2016      | 31st Dec 2017      |
|   | Shs '000 (Audited) | Shs '000 (Audited) | Shs '000 (Audited) | Shs '000 (Audited) |
| <b>1.0 INTEREST INCOME</b>  |                    |                    |                    |                    |
| 1.1 Loans and advances  | 1,415,697          | 373,537            | 1,415,697          | 373,537            |
| 1.2 Government securities   | 247,688            | 245,014            | 247,688            | 245,014            |
| 1.3 Deposits and placements with banking institutions                               | 2,852              | 18,965             | 2,852              | 18,965             |
| 1.4 Other Interest Income   | -                  | -                  | -                  | -                  |
| <b>1.5 Total Interest Income</b>  | <b>1,666,237</b>   | <b>637,516</b>     | <b>1,666,237</b>   | <b>637,516</b>     |
| <b>2.0 INTEREST EXPENSES</b>  |                    |                    |                    |                    |
| 2.1 Customer deposits   | 820,208            | 374,780            | 820,208            | 374,780            |
| 2.2 Deposits and placements from banking institutions                               | 276,293            | 102,055            | 276,293            | 102,055            |
| 2.3 Other Interest Expenses   | -                  | -                  | -                  | -                  |
| <b>2.4 Total Interest Expenses</b>  | <b>1,096,501</b>   | <b>476,835</b>     | <b>1,096,501</b>   | <b>476,835</b>     |
| <b>3.0 NET INTEREST INCOME/(LOSS)</b>   | <b>569,736</b>     | <b>160,681</b>     | <b>569,736</b>     | <b>160,681</b>     |
| <b>4.0 OTHER OPERATING INCOME</b>   |                    |                    |                    |                    |
| 4.1 Fees and commissions on loans and advances                                      | 28,788             | 22,397             | 28,788             | 22,397             |
| 4.2 Other Fees and Commissions  | 32,634             | 22,699             | 34,618             | 22,699             |
| 4.3 Foreign exchange trading income (loss)  | 22,037             | 7,638              | 21,969             | 7,638              |
| 4.4 Dividend Income   | 205                | 86                 | 205                | 86                 |
| 4.5 Other income  | 33,647             | 149,938            | 34,040             | 159,176            |
| <b>4.6 Total Non-Interest Income</b>  | <b>117,311</b>     | <b>202,758</b>     | <b>119,620</b>     | <b>211,996</b>     |
| <b>5.0 TOTAL OPERATING INCOME</b>   | <b>687,047</b>     | <b>363,439</b>     | <b>689,356</b>     | <b>372,677</b>     |
| <b>6.0 OPERATING EXPENSES</b>   |                    |                    |                    |                    |
| 6.1 Loan Loss Provision   | 1,584,578          | 53,120             | 1,590,606          | 53,120             |
| 6.2 Staff costs   | 245,500            | 245,205            | 246,525            | 245,205            |
| 6.3 Directors' emoluments   | 51,872             | 19,028             | 51,872             | 19,028             |
| 6.4 Rentals Charges   | 63,615             | 59,787             | 64,398             | 59,787             |
| 6.5 Depreciation charge on property and equipment                                   | 51,309             | 38,024             | 51,355             | 38,062             |
| 6.6 Amortisation Charges  | 38,432             | 39,186             | 38,432             | 39,186             |
| 6.7 Other operating expenses  | 919,046            | 269,716            | 920,773            | 276,349            |
| <b>6.8 Total Operating Expenses</b>   | <b>2,954,352</b>   | <b>724,066</b>     | <b>2,963,961</b>   | <b>730,737</b>     |
| <b>7.0 Profit/(Loss) before tax and exceptional items</b>                           | <b>(2,267,305)</b> | <b>(360,627)</b>   | <b>(2,274,605)</b> | <b>(358,060)</b>   |
| 8.0 Exceptional items   | -                  | -                  | -                  | -                  |
| <b>9.0 Profit/(Loss) after exceptional items</b>                                    | <b>(2,267,305)</b> | <b>(360,627)</b>   | <b>(2,274,605)</b> | <b>(358,060)</b>   |
| 10.0 Current tax  | (3,448)            | -                  | (3,448)            | (1,581)            |
| 11.0 Deferred tax   | 418,485            | 29,537             | 418,485            | 29,537             |
| <b>12.0 Profit/(Loss) after tax and exceptional items</b>                           | <b>(1,852,268)</b> | <b>(331,090)</b>   | <b>(1,859,568)</b> | <b>(330,104)</b>   |
| <b>13.0 Other Comprehensive Income</b>  |                    |                    |                    |                    |
| 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                | -                  | -                  | -                  | -                  |
| <b>14.0 Other comprehensive income for the year net of tax</b>                      | -                  | -                  | -                  | -                  |
| <b>15.0 Total comprehensive income for the year</b>                                 | <b>(1,852,268)</b> | <b>(331,090)</b>   | <b>(1,859,568)</b> | <b>(330,104)</b>   |

Attributable to:  
 Non Controlling Interest  
 Equity Holders of the Parent

## OTHER DISCLOSURES

|   | BANK               |                    | GROUP              |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 31st Dec 2016      | 31st Dec 2017      | 31st Dec 2016      | 31st Dec 2017      |
|   | Shs '000 (Audited) | Shs '000 (Audited) | Shs '000 (Audited) | Shs '000 (Audited) |
| <b>1) NON-PERFORMING LOANS AND ADVANCES</b>                     |                    |                    |                    |                    |
| a) Gross non-performing loans and advances                      | 4,610,529          | 3,917,214          | 4,610,529          | 3,917,214          |
| Less:   |                    |                    |                    |                    |
| b) Interest in Suspense   | 303,657            | 709,719            | 303,657            | 709,719            |
| <b>c) Total Non-Performing Loans and Advances (a-b)</b>         | <b>4,306,872</b>   | <b>3,207,495</b>   | <b>4,306,872</b>   | <b>3,207,495</b>   |
| d) Less: Loan Loss Provisions                                   | 1,931,750          | 1,565,145          | 1,931,750          | 1,565,145          |
| e) Net Non-Performing Loans (c-d)                               | 2,375,122          | 1,642,350          | 2,375,122          | 1,642,350          |
| f) Discounted Value of Securities                               | 2,375,122          | 1,642,350          | 2,375,122          | 1,642,350          |
| <b>g) Net NPLs Exposure (e-f)</b>                               | -                  | -                  | -                  | -                  |
| <b>2) INSIDER LOANS AND ADVANCES</b>                            |                    |                    |                    |                    |
| a) Directors, shareholders and associates                       | 19,739             | 25,034             | 19,739             | 25,034             |
| b) Employees  | 36,896             | 25,888             | 36,896             | 25,888             |
| <b>c) Total Insider Loans and Advances and Other Facilities</b> | <b>56,635</b>      | <b>50,922</b>      | <b>56,635</b>      | <b>50,922</b>      |
| <b>3) OFF-BALANCE SHEET ITEMS</b>                               |                    |                    |                    |                    |
| a) Letters of credit, guarantees, acceptances                   | 345,847            | 470,850            | 345,847            | 470,850            |
| b) Forwards, swaps and options                                  | -                  | -                  | -                  | -                  |
| c) Other contingent liabilities                                 | 19,196             | 19,196             | 19,196             | 19,196             |
| <b>d) Total Contingent Liabilities</b>                          | <b>365,043</b>     | <b>490,046</b>     | <b>365,043</b>     | <b>490,046</b>     |
| <b>4) CAPITAL STRENGTH</b>                                      |                    |                    |                    |                    |
| a) Core capital   | (910,756)          | 1,019,814          | (910,756)          | 1,019,814          |
| b) Minimum Statutory Capital                                    | 1,000,000          | 1,000,000          | 1,000,000          | 1,000,000          |
| c) Excess/(Deficiency)  | (1,910,756)        | 19,814             | (1,910,756)        | 19,814             |
| d) Supplementary Capital  | 123,952            | 21,274             | 123,952            | 21,274             |
| <b>e) Total capital (a+d)</b>                                   | <b>(786,804)</b>   | <b>1,041,088</b>   | <b>(786,804)</b>   | <b>1,041,088</b>   |
| f) Total risk weighted assets                                   | 6,141,847          | 6,331,335          | 6,141,847          | 6,331,335          |
| g) Core capital/total deposit liabilities                       | -21.4%             | 15.9%              | -21.4%             | 15.9%              |
| h) Minimum Statutory Ratio                                      | 8.0%               | 8.0%               | 8.0%               | 8.0%               |
| i) Excess/(Deficiency)  | -29.4%             | 7.9%               | -29.4%             | 7.9%               |
| j) Core capital/ total risk weighted assets                     | -14.8%             | 16.1%              | -14.8%             | 16.1%              |
| k) Minimum Statutory Ratio                                      | 10.5%              | 10.5%              | 10.5%              | 10.5%              |
| l) Excess/(Deficiency) (j-k)                                    | -25.3%             | 5.6%               | -25.3%             | 5.6%               |
| m) Total capital/ total risk weighted assets                    | -12.8%             | 16.4%              | -12.8%             | 16.4%              |
| n) Minimum Statutory Ratio                                      | 14.5%              | 14.5%              | 14.5%              | 14.5%              |
| o) Excess/(Deficiency) (m-n)                                    | -27.3%             | 1.9%               | -27.3%             | 1.9%               |
| <b>5) LIQUIDITY</b>   |                    |                    |                    |                    |
| a) Liquidity Ratio  | -39.9%             | 32.1%              | -39.9%             | 32.1%              |
| b) Minimum Statutory Ratio                                      | 20.0%              | 20.0%              | 20.0%              | 20.0%              |
| c) Excess/(Deficiency) (a-b)                                    | -59.9%             | 12.1%              | -59.9%             | 12.1%              |

These financial statements are extracts from the books of the institution as audited by Ernst & Young LLP and received an unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the institution's website [www.sbmgroup.mu/kenya](http://www.sbmgroup.mu/kenya). They may also be accessed at the institution's head office located on 7th Floor IPS Building, Kimathi Street.

The financial statements were approved by the Board of Directors on 26th/March/2018 and were signed on its behalf by:

Jotham Mutoka  
 Ag. Chief Executive Officer

Dr. James McFie  
 Chairman, Board Audit Committee



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