

STATEMENT OF FINANCIAL POSITION

	BANK		GROUP	
	31-Dec-18 Shs '000 (Audited)	31-Dec-19 Shs '000 (Audited)	31-Dec-18 Shs '000 (Audited)	31-Dec-19 Shs '000 (Audited)
A. ASSETS				
1 Cash (both Local & Foreign)	2,333,823	1,278,352	2,333,823	1,278,352
2 Balances with Central Bank of Kenya	5,520,420	2,969,996	5,520,420	2,969,996
3 Kenya Government & other Securities held for dealing purposes	714,935	301,538	714,935	301,538
4 Financial Assets at Fair Value through Profit & Loss	926,112	1,552,811	926,112	1,552,811
5 Investment Securities:				
a). Held to Maturity:				
i). Kenya Government securities	36,869,177	15,385,838	36,869,177	15,385,838
ii). Other securities	299,513	295,140	299,513	295,140
b). Available for sale:				
i). Kenya Government securities.	5,755,259	27,133,666	5,755,259	27,133,666
ii). Other securities.	2,113	2,416	2,113	2,416
6 Deposits and balances due from local banking institutions	2,242,770	2,857,914	2,242,770	2,857,914
7 Deposits and balances due from banking institutions abroad	120,945	1,719,084	120,945	1,719,084
8 Tax recoverable	60,108	-	62,783	-
9 Loans and advances to customers (net)	12,209,536	15,463,645	12,206,233	15,463,582
10 Balances due from banking institutions in the group	944,285	-	944,285	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	-	-	-	-
13 Investments in Joint Ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property, plant and equipment	1,460,603	1,892,928	1,466,332	1,898,632
16 Prepaid lease rentals	-	-	-	-
17 Intangible assets	431,389	203,385	431,389	203,385
18 Deferred tax asset	-	377,082	-	378,060
19 Retirement benefit asset	-	-	-	-
20 Other assets	756,751	1,085,561	757,922	1,086,732
21 TOTAL ASSETS	70,647,739	72,519,356	70,654,062	72,527,197
B LIABILITIES				
22 Balances due to Central Bank of Kenya	9,104,981	9,743,979	9,104,981	9,743,979
23 Customer deposits	51,043,920	50,561,335	51,028,451	50,546,108
24 Deposits and balances due to local banking institutions	-	-	-	-
25 Deposits and balances due to foreign banking institutions	-	11,515	-	11,515
26 Other money market deposits	-	-	-	-
27 Borrowed funds	-	-	-	-
28 Balances due to banking institutions in the group	6,335	-	36,389	-
29 Tax payable	-	594,484	-	591,907
30 Dividends Payable	-	-	-	-
31 Deferred tax liability	1,399	-	421	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	3,553,598	3,730,867	3,553,598	3,763,569
34 TOTAL LIABILITIES	63,710,233	64,642,180	63,723,840	64,657,078
C SHAREHOLDERS' EQUITY				
35 Paid up/Assigned capital	2,265,500	2,265,500	2,265,500	2,265,500
36 Share Premium (Discount)	6,701,945	6,701,945	6,701,945	6,701,945
37 Revaluation reserves	(14,703)	21,092	(14,703)	21,092
38 Retained earnings/Accumulated Losses	(2,015,236)	(1,136,650)	(2,022,520)	(1,143,707)
39 Statutory Loan Reserves	-	25,289	-	25,289
40 Other Reserves	-	-	-	-
41 Proposed dividends	-	-	-	-
42 Non controlling Interest	-	-	-	-
43 Capital grants	-	-	-	-
44 TOTAL SHAREHOLDERS' EQUITY	6,937,506	7,877,176	6,930,222	7,870,119
45 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	70,647,739	72,519,356	70,654,062	72,527,197

STATEMENT OF COMPREHENSIVE INCOME

	BANK		GROUP	
	31-Dec-18 Shs '000 (Audited)	31-Dec-19 Shs '000 (Audited)	31-Dec-18 Shs '000 (Audited)	31-Dec-19 Shs '000 (Audited)
1.0 INTEREST INCOME				
1.1 Loans and Advances	789,909	1,167,642	789,909	1,167,642
1.2 Government securities	1,518,844	4,508,663	1,518,844	4,508,663
1.3 Deposits and placements with banking institutions	182,400	215,363	182,400	215,363
1.4 Other Interest Income	27,398	377,631	27,398	377,631
1.5 Total Interest Income	2,518,551	6,269,300	2,518,551	6,269,300
2.0 INTEREST EXPENSES				
2.1 Customer Deposits	1,215,852	2,807,290	1,215,852	2,807,290
2.2 Deposits and placement from banking institutions	31,217	4,266	31,217	4,266
2.3 Other Interest Expenses	215,501	682,916	215,501	682,916
2.4 Total Interest Expenses	1,462,570	3,494,472	1,462,570	3,494,472
3.0 NET INTEREST INCOME/(LOSS)	1,055,981	2,774,828	1,055,981	2,774,828
4.0 OTHER OPERATING INCOME				
4.1 Fees and commissions on loans and advances	23,423	122,389	23,423	122,389
4.2 Other Fees and Commissions	90,482	222,361	102,151	222,361
4.3 Foreign exchange trading income (loss)	178,004	260,461	178,004	260,461
4.4 Dividend Income	174	-	174	-
4.5 Other income	3,439,415	2,919,825	3,439,384	2,921,553
4.6 Total Non-Interest Income	3,731,498	3,525,036	3,743,136	3,526,763
5.0 TOTAL OPERATING INCOME	4,787,479	6,299,864	4,799,117	6,301,591
6.0 OPERATING EXPENSES				
6.1 Loan Loss Provision	1,542,263	672,809	1,542,263	672,809
6.2 Staff costs	1,022,795	2,041,590	1,023,647	2,042,921
6.3 Directors' emoluments	8,387	70,913	8,387	70,913
6.4 Rental charges	199,160	-	199,160	-
6.5 Depreciation charge on property and equipment	124,199	619,901	124,230	619,925
6.6 Amortisation Charges	144,242	266,633	144,242	266,633
6.7 Other Operating Expenses	790,702	1,448,034	793,134	1,448,079
6.8 Total Operating Expenses	3,831,748	5,119,879	3,835,063	5,121,280
7.0 Profit/(Loss) before tax and exceptional items	955,731	1,179,985	964,054	1,180,311
8.0 Exceptional Items	-	-	-	-
9.0 Profit/(Loss) after exceptional items	955,731	1,179,985	964,054	1,180,311
10.0 Current tax	-	(654,592)	-	(654,690)
11.0 Deferred tax	(360,151)	378,481	(360,151)	378,481
12.0 Profit/(Loss) after tax and exceptional items	1,315,882	903,874	1,324,205	904,102
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	(14,703)	35,795	(14,703)	35,795
13.3 Revaluation surplus on Property, plant and equipment	(60,074)	-	(62,631)	-
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	(74,777)	35,795	(77,334)	35,795
15.0 Total comprehensive income for the year	1,241,105	939,669	1,246,871	939,897

OTHER DISCLOSURES

	BANK		GROUP	
	31-Dec-18 Shs '000 (Audited)	31-Dec-19 Shs '000 (Audited)	31-Dec-18 Shs '000 (Audited)	31-Dec-19 Shs '000 (Audited)
1.0 NON-PERFORMING LOANS AND ADVANCES				
a) Gross Non-performing loans and advances	16,310,889	14,980,134	16,307,586	14,980,134
b) Less: Interest in Suspense	1,016,081	1,803,949	1,016,081	1,803,949
c) Total Non-Performing Loans and Advances (a-b)	15,294,808	13,176,185	15,291,505	13,176,185
d) Less: Loan Loss Provisions	10,376,095	9,958,623	10,376,095	9,958,623
e) Net Non-Performing Loans (c-d)	4,918,713	3,217,562	4,915,410	3,217,562
f) Discounted Value of Securities	4,759,316	3,103,550	4,759,316	3,103,550
g) Net NPLs Exposure (e-f)	159,397	114,012	156,094	114,012
2.0 Insider Loans and Advances				
a) Directors, Shareholders and Associates	6,303	142,148	6,303	142,148
b) Employees	1,156,352	1,175,865	1,156,352	1,175,865
c) Total Insider Loans and Advances and Other Facilities	1,162,655	1,318,012	1,162,655	1,318,012
3.0 Off-Balance Sheet Items				
a) Letters of credit, guarantees, acceptances	2,541,805	1,723,296	2,541,805	1,723,296
b) Forwards, swaps and options	1,388,918	24,529	1,388,918	24,529
c) Other contingent liabilities	-	-	-	-
d) Total Contingent Liabilities	3,930,723	1,747,825	3,930,723	1,747,825
4.0 Capital Strength				
a) Core capital	6,952,209	7,830,795	6,952,209	7,830,795
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(Deficiency)	5,952,209	5,952,209	5,952,209	6,830,795
d) Supplementary Capital	-	25,289	-	25,289
e) Total capital (a+d)	6,952,209	7,856,083	6,952,209	7,856,083
f) Total risk weighted assets	28,664,566	33,983,208	28,664,566	33,983,208
a) Core capital/total deposit liabilities	13.6%	15.5%	13.6%	15.5%
b) Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%
c) Excess/(Deficiency)	5.6%	7.5%	5.6%	7.5%
d) Core capital/total risk weighted assets	24.3%	23.0%	24.3%	23.0%
e) Minimum Statutory Ratio	10.5%	10.5%	10.5%	10.5%
f) Excess/(Deficiency) (j-k)	13.8%	12.5%	13.8%	12.5%
g) Total capital/total risk weighted assets	24.3%	23.1%	24.3%	23.1%
h) Minimum Statutory Ratio	14.5%	14.5%	14.5%	14.5%
i) Excess/(Deficiency) (m-n)	9.8%	8.6%	9.8%	8.6%
p) Adjusted Core Capital /Total Deposit Liabilities*	14.0%	15.5%	14.0%	15.5%
q) Adjusted Core Capital /Total Risk Weighted Assets*	24.9%	23.1%	24.9%	23.1%
r) Adjusted Total Capital /Total Risk Weighted Assets*	24.9%	23.2%	24.9%	23.2%
5.0 Liquidity				
a) Liquidity Ratio	82.8%	77.2%	82.8%	77.2%
b) Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%
c) Excess/(Deficiency) (a-b)	62.8%	57.2%	62.8%	57.2%

*The adjusted capital ratios include the expected credit loss provisions added back to capital in line with CBK guidance notes issued in April 2018 on implementation of IFRS 9

*The Bank adopted IFRS 16 on Leases whose effective date was 1 January 2019, which replaces the previous standard IAS 17-Leases. The new standard requires Leases to be recognized on the statement of financial position as a right-of-use-asset and the associated liability for the lease payments. The right-of-use-asset is depreciated over the lease period, a departure from the previous standard (IAS 17) where rent expense for the year was accounted for in the income statement and the outstanding lease obligations disclosed as a note to the financial statements.

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.smbank.co.ke. They may also be accessed at the institution's head office located on 14 Riverside Mews, Riverside, Nairobi Kenya

The financial statements were approved by the Board on 5th March 2020 and were signed on its behalf by:

Moezz Mir
Chief Executive Officer

Dr. James McFie
Director

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