

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

	BANK		GROUP
	31-Dec-17	31-Dec-18	31-Dec-18
	Audited Shs. '000'	Audited Shs. '000'	Audited Shs. '000'
<b>I STATEMENT OF FINANCIAL POSITION AS AT</b>			
<b>A ASSETS</b>			
1 Cash (both Local & Foreign)	659,796	732,668	732,668
2 Balances due from Central Bank of Kenya	1,961,536	1,407,646	1,407,646
3 Kenya Government and other securities held for dealing purposes	-	312,715	312,715
4 Financial Assets at fair value through profit and loss	40,508	106,579	106,579
5 Investment Securities:			
a) Held to Maturity:			
a. Kenya Government securities	1,899,299	3,317,236	3,317,236
b. Other securities	-	-	-
b) Available for sale:			
a. Kenya Government securities	-	-	-
b. Other securities	-	-	-
6 Deposits and balances due from local banking institutions	931,781	2,465,422	2,465,422
7 Deposits and balances due from banking institutions abroad	289,168	1,520,971	1,520,971
8 Tax recoverable	108,903	111,315	113,250
9 Loans and advances to customers (net)	11,409,325	13,134,315	13,134,315
10 Balances due from banking institutions in the group	-	-	-
11 Investments in associates	-	-	-
12 Investments in subsidiary companies	1,000	1,000	-
13 Investments in joint ventures	-	-	-
14 Investment properties	-	-	-
15 Property and equipment	497,192	433,176	433,216
16 Prepaid lease rentals	-	-	-
17 Intangible assets	290,416	331,257	336,407
18 Deferred tax asset	268,320	491,273	491,966
19 Retirement benefit asset	-	-	-
20 Other assets	944,508	963,597	936,534
21 <b>TOTAL ASSETS</b>	<b>19,301,752</b>	<b>25,329,169</b>	<b>25,308,924</b>
<b>B LIABILITIES</b>			
22 Balances due to Central Bank of Kenya	1,000,001	-	-
23 Customer deposits	12,760,791	17,001,480	16,941,908
24 Deposits and balances due to local banking institutions	1,379,412	3,523,597	3,523,597
25 Deposits and balances due to foreign banking institutions	-	-	-
26 Other money market deposits	-	-	-
27 Borrowed funds	434,340	413,450	413,450
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	280,230	353,517	353,662
34 <b>TOTAL LIABILITIES</b>	<b>15,855,774</b>	<b>21,292,043</b>	<b>21,232,617</b>
<b>C SHAREHOLDERS' FUNDS</b>			
35 Paid up /Assigned capital	1,470,175	2,046,198	2,046,198
36 Share premium/(discount)	706,082	1,246,599	1,246,599
37 Revaluation reserves	68,161	67,376	67,376
38 Retained earnings/Accumulated losses	1,190,874	676,953	716,135
39 Statutory loan loss reserves	11,686	-	-
40 Other Reserves	-	-	-
41 Proposed dividends	-	-	-
42 Capital grants	-	-	-
43 <b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,446,978</b>	<b>4,037,126</b>	<b>4,076,307</b>
44 <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>19,301,752</b>	<b>25,329,169</b>	<b>25,308,924</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED</b>			
	31-Dec-17	31-Dec-18	31-Dec-18
	Audited Shs. '000'	Audited Shs. '000'	Audited Shs. '000'
<b>1.0 INTEREST INCOME</b>			
1.1 Loans and advances	1,762,317	1,703,291	1,703,291
1.2 Government securities	231,763	355,128	355,128
1.3 Deposits and placements with banking institutions	19,832	59,986	59,986
1.4 Other Interest Income	-	-	-
1.5 <b>Total interest income</b>	<b>2,013,912</b>	<b>2,118,405</b>	<b>2,118,405</b>
<b>2.0 INTEREST EXPENSE</b>			
2.1 Customer deposits	633,675	729,209	729,209
2.2 Deposits and placement from banking institutions	153,963	185,107	185,107
2.3 Other interest expenses	178,936	141,106	141,106
2.4 <b>Total interest expenses</b>	<b>966,574</b>	<b>1,055,421</b>	<b>1,055,421</b>
3.0 <b>NET INTEREST INCOME/(LOSS)</b>	<b>1,047,338</b>	<b>1,062,984</b>	<b>1,062,984</b>
<b>4.0 NON-INTEREST INCOME</b>			
4.1 Fees and commissions on loans and advances	187,376	336,739	376,019
4.2 Other fees and commissions	324,799	474,304	474,304
4.3 Foreign exchange trading income/(Loss)	112,410	210,070	210,070
4.4 Dividend Income	-	-	-
4.5 Other income	31,750	23,788	23,788
4.6 <b>Total Non-interest income</b>	<b>656,335</b>	<b>1,044,901</b>	<b>1,084,181</b>
5.0 <b>TOTAL OPERATING INCOME</b>	<b>1,703,672</b>	<b>2,107,885</b>	<b>2,147,165</b>
<b>6.0 OTHER OPERATING EXPENSES</b>			
6.1 Loan loss provision	464,126	780,880	780,880
6.2 Staff costs	778,084	793,317	802,767
6.3 Directors' emoluments	49,079	60,873	60,873
6.4 Rental charges	189,890	197,746	197,746
6.5 Depreciation charge on property, plant and equipment	125,265	99,964	100,014
6.6 Amortisation charges	86,406	78,659	79,259
6.7 Other operating expenses	642,663	658,510	662,987
6.8 <b>Total Other Operating Expenses</b>	<b>2,336,613</b>	<b>2,669,950</b>	<b>2,684,527</b>
7.0 <b>Profit/(loss) before tax and exceptional items</b>	<b>(632,941)</b>	<b>(562,065)</b>	<b>(537,362)</b>
8.0 Exceptional items	-	-	-
9.0 <b>Profit/(loss) after exceptional items</b>	<b>(632,941)</b>	<b>(562,065)</b>	<b>(537,362)</b>
10.0 Current tax	-	(145)	(145)
11.0 Deferred tax	211,131	166,813	159,624
12.0 <b>Profit/(loss) after tax and exceptional items</b>	<b>(421,810)</b>	<b>(395,397)</b>	<b>(377,883)</b>
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 <b>Other Comprehensive Income for the year net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
15.0 <b>Total comprehensive income for the year</b>	<b>(421,810)</b>	<b>(395,397)</b>	<b>(377,883)</b>
<b>III OTHER DISCLOSURES</b>			
	31-Dec-17	31-Dec-18	
	Audited Shs. '000'	Audited Shs. '000'	
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>			
(a) Gross non-performing loans and advances	2,595,562	2,941,718	
(b) Less: interest in suspense	-	268,707	
(c) <b>Total non-performing loans and advances (a-b)</b>	<b>2,351,885</b>	<b>2,673,011</b>	
(d) Less: loan loss provision	676,847	705,439	
(e) <b>Net non-performing loans and advances (c-d)</b>	<b>1,675,038</b>	<b>1,967,572</b>	
(f) Discounted value of securities	1,605,603	1,869,217	
(g) <b>Net NPLs exposure (e-f)</b>	<b>69,435</b>	<b>98,355</b>	
<b>2.0 INSIDER LOANS AND ADVANCES</b>			
(a) Directors, shareholders and associates	-	84,221	
(b) Employees	96,792	480,678	
(c) <b>Total insider loans and advances and other facilities</b>	<b>529,101</b>	<b>564,899</b>	
<b>3.0 OFF-BALANCE SHEET ITEMS</b>			
(a) Letters of credit, guarantees, acceptances	6,585,941	15,835,357	
(b) Forwards, swaps and options	1,855,045	6,582,349	
(c) Other contingent liabilities	248,160	283,823	
(d) <b>Total contingent liabilities</b>	<b>8,689,146</b>	<b>22,701,529</b>	
<b>4.0 CAPITAL STRENGTH</b>			
(a) Core capital	3,324,904	3,875,451	
(b) Minimum statutory capital	1,000,000	1,000,000	
(c) Excess/(deficiency) (a-b)	2,324,904	2,875,451	
(d) Supplementary capital	28,726	16,844	
(e) <b>Total capital (a+d)</b>	<b>3,353,630</b>	<b>3,892,295</b>	
(f) Total risk weighted assets	20,377,205	27,021,094	
(g) Core capital/total deposits liabilities	26.1%	22.8%	
(h) Minimum statutory ratio	8.0%	8.0%	
(i) <b>Excess/(deficiency) (g-h)</b>	<b>18.1%</b>	<b>14.8%</b>	
(j) Core capital / total risk weighted assets	16.3%	14.3%	
(k) Minimum statutory ratio	10.5%	10.5%	
(l) <b>Excess (deficiency) (j-k)</b>	<b>5.8%</b>	<b>3.8%</b>	
(m) Total capital/total risk weighted assets	16.5%	14.4%	
(n) Minimum statutory ratio	14.5%	14.5%	
(o) <b>Excess/(deficiency) (m-n)</b>	<b>2.0%</b>	<b>-0.1%</b>	
(p) Adjusted core capital/total deposits liabilities*	-	24.9%	
(q) Adjusted core capital/total risk weighted assets*	-	15.7%	
(r) Adjusted total capital/total risk weighted assets*	-	15.7%	
<b>5.0 LIQUIDITY</b>			
(a) Liquidity ratio	24.3%	35.4%	
(b) Minimum statutory ratio	20.0%	20.0%	
(c) <b>Excess (deficiency) (a-b)</b>	<b>4.3%</b>	<b>15.4%</b>	

\* The adjusted capital ratios include 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.

These financial statements are extracts from the books of the institution as audited by PricewaterhouseCoopers 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.sidianbank.co.ke](http://www.sidianbank.co.ke). They may also be accessed at the institution's head office located at K-Rep Centre, Wood Avenue, Kilimani, Nairobi.

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