



**QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30.06.2016**

**I BALANCE SHEET**

	30 <sup>th</sup> June 2015 UNAUDITED Shs.'000'	31 <sup>st</sup> Dec 2015 AUDITED Shs.'000'	31 <sup>st</sup> March 2016 UNAUDITED Shs.'000'	30 <sup>th</sup> June 2016 UNAUDITED Shs.'000'
<b>A ASSETS</b>				
1 Cash (both local and foreign)	109,083	128,218	140,444	119,534
2 Balances due from Central Bank of Kenya	484,519	277,109	277,469	253,147
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	1,341,031	1,113,978	777,164	773,223
(ii) Other securities	-	-	-	-
b) Available for sale:				
(i) Kenya Government securities	-	-	-	-
(ii) Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	1,500	230	287	75,308
7 Deposits and balances due from banking institutions abroad	92,549	74,352	42,341	104,446
8 Tax recoverable	10,424	10,302	14,950	19,115
9 Loans and advances to customers (net)	3,799,497	3,731,155	3,780,109	3,750,554
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	-	-	-	-
13 Investment in joint ventures	-	-	-	-
14 Investment properties	-	-	-	-
15 Property and equipment	186,458	183,244	181,104	178,602
16 Prepaid Lease rentals	76,822	76,339	76,098	75,857
17 Intangible assets - (computer software)	1,270	413	354	295
18 Deferred tax asset	43,283	31,220	31,220	31,221
19 Retirement benefit asset	-	-	-	-
20 Other assets	46,226	50,993	54,454	62,691
<b>TOTAL ASSETS</b>	<b>6,192,662</b>	<b>5,677,553</b>	<b>5,375,994</b>	<b>5,443,993</b>
<b>B LIABILITIES</b>				
21 Balances due to Central Bank of Kenya	-	159,750	119,773	200,610
22 Customer deposits	4,533,055	4,099,420	3,701,936	3,948,033
23 Deposits and balances due to local banking institutions	371,252	100,019	242,703	-
24 Deposits and balances due to foreign banking institutions	-	-	-	-
25 Other money market deposits	-	-	-	-
26 Borrowed funds	-	-	-	-
27 Balances due to group companies	-	-	-	-
28 Tax payable	-	-	-	-
29 Dividends payable	-	-	-	5,068
30 Deferred tax liability	-	-	-	-
31 Retirement benefit liability	-	-	-	-
32 Other liabilities	94,809	54,902	58,936	52,431
<b>TOTAL LIABILITIES</b>	<b>4,999,116</b>	<b>4,414,091</b>	<b>4,123,348</b>	<b>4,206,142</b>
<b>C SHAREHOLDERS' FUNDS</b>				
33 Paid up/Assigned capital.	506,831	506,831	506,831	506,831
34 Share premium/(discount)	-	-	-	-
35 Revaluation reserves	-	-	-	-
36 Retained earnings/Accumulated losses	675,791	741,369	730,553	720,826
37 Statutory Loan Loss Reserve	10,924	10,194	10,194	10,194
38 Other Reserves	-	-	-	-
39 Proposed dividends	-	5,068	5,068	-
40 Capital Grants	-	-	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,193,546</b>	<b>1,263,462</b>	<b>1,252,646</b>	<b>1,237,851</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>6,192,662</b>	<b>5,677,553</b>	<b>5,375,994</b>	<b>5,443,993</b>

**II STATEMENT OF COMPREHENSIVE INCOME**

<b>INTEREST INCOME</b>				
1 Loans and advances	197,895	597,367	128,857	253,500
2 Government securities.	54,512	81,949	9,366	24,450
3 Deposits and placements with banking institutions	4,356	10,392	138	549
4 Other Interest Income	178	455	-	-
<b>Total Interest income</b>	<b>256,941</b>	<b>690,163</b>	<b>138,361</b>	<b>278,499</b>
<b>INTEREST EXPENSE</b>				
5 Customer deposits	196,212	416,926	105,458	188,980
6 Deposits and placements from banking institutions	6,410	32,578	3,051	3,353
7 Other Interest expense	461	461	1,285	16,063
<b>Total Interest Expense</b>	<b>203,083</b>	<b>449,965</b>	<b>109,794</b>	<b>208,396</b>
<b>NET INTEREST INCOME/(LOSS)</b>	<b>53,858</b>	<b>240,198</b>	<b>28,567</b>	<b>70,103</b>
<b>OTHER OPERATING INCOME</b>				
8 Fees and commissions on loans and advances	17,871	33,921	8,567	14,218
9 Other fees and commission	5,654	14,408	2,787	5,028
10 Foreign exchange trading income/(loss)	17,198	41,148	14,368	22,718
11 Dividend income	-	-	-	-
12 Other income.	19,946	40,901	10,209	20,884
<b>Total Non-Interest Income</b>	<b>60,669</b>	<b>130,378</b>	<b>35,931</b>	<b>62,848</b>
<b>TOTAL OPERATING INCOME</b>	<b>114,527</b>	<b>370,576</b>	<b>64,498</b>	<b>132,951</b>
<b>OPERATING EXPENSES</b>				
13 Loan Loss Provision	15,148	42,704	1,164	2,527
14 Staff costs	81,132	158,102	43,442	90,195
15 Directors' emoluments	11,090	22,055	5,550	11,070
16 Rentals Charges	5,579	11,346	2,954	5,955
17 Depreciation charge on property and equipment	5,265	10,678	2,804	5,803
18 Amortization Charge	2,220	3,561	300	601
19 Other operating expenses	44,005	79,513	23,741	46,138
<b>Total Operating Expenses</b>	<b>164,439</b>	<b>327,959</b>	<b>79,955</b>	<b>162,289</b>
<b>Profit / (Loss) before exceptional items</b>	<b>(49,912)</b>	<b>42,617</b>	<b>(15,457)</b>	<b>(29,338)</b>
20 Exceptional items	-	-	-	-
<b>Profit / (Loss) after exceptional items</b>	<b>(49,912)</b>	<b>42,617</b>	<b>(15,457)</b>	<b>(29,338)</b>
21 Current tax	-	10,546	(4,637)	(8,791)
22 Deferred tax	(14,826)	(2,764)	-	-
<b>Profit / (loss) after tax and exceptional items</b>	<b>(35,086)</b>	<b>34,835</b>	<b>(10,820)</b>	<b>(20,547)</b>
<b>Other Comprehensive Income</b>				
23 Gains/ (Losses) from translating the financial statements of foreign operations	-	-	-	-
24 Fair value changes in available for sale financial assets	-	-	-	-
25 Revaluation surplus on Property, plant and equipment	-	-	-	-
26 Share of other comprehensive income of associates	-	-	-	-
27 Income tax relating to components of other comprehensive income	-	-	-	-
<b>Other Comprehensive Income for the year net of tax</b>	<b>(35,086)</b>	<b>34,835</b>	<b>(10,820)</b>	<b>(20,547)</b>
<b>Total Comprehensive Income for the year</b>	<b>(35,086)</b>	<b>34,835</b>	<b>(10,820)</b>	<b>(20,547)</b>
<b>Earnings Per Share - Basic &amp; Diluted</b>	<b>(1.38)</b>	<b>1.37</b>	<b>(0.43)</b>	<b>(0.81)</b>
<b>Dividend Per Share - Declared</b>		<b>0.20</b>		

**III OTHER DISCLOSURES**

<b>1.0 Non-Performing Loans and Advances</b>				
1.1 a) Gross non-performing loans and advances	1,226,917	1,093,395	1,148,964	1,206,977
1.2 b) Less: interest in suspense	213,079	101,913	156,098	212,016
1.3 c) <b>Total Non-Performing Loans and Advances (a-b)</b>	<b>1,013,838</b>	<b>991,482</b>	<b>992,866</b>	<b>994,961</b>
1.4 d) Less: loan loss provision	152,558	175,631	176,361	177,940
1.5 e) <b>Net Non-Performing Loans and Advances (c-d)</b>	<b>861,280</b>	<b>815,851</b>	<b>816,505</b>	<b>817,021</b>
1.6 f) Discounted value of Securities	861,280	815,851	816,505	817,021
1.7 g) <b>Net NPLs Exposure (e-f)</b>	-	-	-	-
<b>2.0 Insider Loans and Advances</b>				
2.1 a) Directors, shareholders and associates	266,024	245,741	226,328	217,065
2.2 b) Employees	65,735	67,495	78,210	86,088
2.3 c) <b>Total Insider Loans and Advances and Other Facilities</b>	<b>331,759</b>	<b>313,236</b>	<b>304,538</b>	<b>303,153</b>
<b>3.0 Off-Balance Sheet Items</b>				
3.1 a) Letters of credit, guarantees, acceptances	382,619	281,381	195,594	208,464
3.2 b) Forward, swaps and options	675,101	1,026,850	1,073,855	1,023,557
3.3 c) Other contingent liabilities	50,935	12,919	-	-
3.4 d) <b>Total Contingent Liabilities</b>	<b>1,108,655</b>	<b>1,321,150</b>	<b>1,269,449</b>	<b>1,232,021</b>
<b>4.0 Capital Strength</b>				
4.1 a) Core capital	1,181,483	1,247,091	1,236,275	1,226,548
4.2 b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
4.3 c) Excess/(Deficiency)	181,483	247,091	236,275	226,548
4.4 d) Supplementary capital	10,924	10,194	10,194	10,194
4.5 e) <b>Total capital (a+d)</b>	<b>1,192,407</b>	<b>1,257,285</b>	<b>1,246,469</b>	<b>1,236,742</b>
4.6 f) Total risk weighted assets	3,908,454	3,793,027	3,963,722	3,870,120
4.7 g) <b>Core capital/total deposit liabilities</b>	<b>26.06%</b>	<b>30.42%</b>	<b>33.40%</b>	<b>31.07%</b>
4.8 h) Minimum Statutory Ratio	8.00%	8.00%	8.00%	8.00%
4.9 i) Excess/(Deficiency)	18.06%	22.42%	25.40%	23.07%
4.10 j) <b>Core capital/total risk weighted assets</b>	<b>30.23%</b>	<b>32.88%</b>	<b>31.19%</b>	<b>31.69%</b>
4.11 k) Minimum Statutory Ratio	10.50%	10.50%	10.50%	10.50%
4.12 l) Excess/(Deficiency)	19.73%	22.38%	20.69%	21.19%
4.13 m) <b>Total capital/total risk weighted assets</b>	<b>30.51%</b>	<b>33.15%</b>	<b>31.45%</b>	<b>31.96%</b>
4.14 n) Minimum Statutory Ratio	14.50%	14.50%	14.50%	14.50%
4.15 o) Excess/(Deficiency)	16.01%	18.65%	16.95%	17.46%
<b>5.0 Liquidity</b>				
5.1 a) liquidity Ratio	36.72%	32.59%	23.77%	28.64%
5.2 b) minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
5.3 c) Excess/(Deficiency)	16.72%	12.59%	3.77%	8.64%

**Message from the Directors**

The financial statements are extracts from the books of the Bank.

The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on our website: [www.mebkenya.com](http://www.mebkenya.com)

They may also be accessed at the Bank's Head Office located at Mebank Tower, Milimani Road, Nairobi.

Signed **Dhirendra Rana**  
Managing Director

**AAK Esmail**  
Chairman