



# MIDDLE EAST BANK KENYA LIMITED

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## QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30.09.2019

I BALANCE SHEET	30th Sept 2018	31st Dec 2018	31st March 2019	30th June 2019	30th Sept 2019
	UNAUDITED Shs.'000'	AUDITED Shs.'000'	UNAUDITED Shs.'000'	UNAUDITED Shs.'000'	UNAUDITED Shs.'000'
<b>A ASSETS</b>					
1 Cash (both local and foreign)	88,350	99,401	76,363	79,501	58,122
2 Balances due from Central Bank of Kenya	278,292	254,502	457,737	383,076	552,693
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	1,750,388	1,467,979	1,532,813	1,180,682	1,091,104
(ii) Other securities	-	-	-	-	-
b) Available for sale:					
(i) Kenya Government securities	-	-	-	-	-
(ii) Other securities	-	-	-	-	-
6 Deposits and balances due from local banking institutions	1,361	52,800	99,437	2,940	103,040
7 Deposits and balances due from banking institutions abroad	213,085	448,254	194,583	226,099	241,431
8 Tax recoverable	36,862	-	-	-	-
9 Loans and advances to customers (net)	2,461,065	2,560,398	2,754,795	4,171,142	4,306,844
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	165,958	165,150	179,437	205,188	200,917
16 Prepaid Lease rentals	73,685	73,444	73,202	72,961	72,720
17 Intangible assets - (computer software)	44,214	41,775	39,336	40,879	38,831
18 Deferred tax asset	100,446	113,060	113,060	113,060	113,059
19 Retirement benefit asset	-	-	-	-	-
20 Other assets	129,954	84,101	99,761	131,481	134,923
<b>21 TOTAL ASSETS</b>	<b>5,343,660</b>	<b>5,360,864</b>	<b>5,620,524</b>	<b>6,607,009</b>	<b>6,913,684</b>
<b>B LIABILITIES</b>					
22 Balances due to Central Bank of Kenya	100,750	-	-	-	-
23 Customer deposits	4,101,602	4,146,661	4,336,332	5,258,747	5,546,575
24 Deposits and balances due to local banking institutions	-	-	-	-	-
25 Deposits and balances due to foreign banking institutions	-	-	-	-	-
26 Other money market deposits	-	-	-	-	-
27 Borrowed funds	-	-	-	-	-
28 Balances due to group companies	-	-	-	-	-
29 Tax payable	-	714	16,502	18,600	21,734
30 Dividends payable	-	-	-	-	-
31 Deferred tax liability	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-
33 Other liabilities:					
(i) Other liabilities	79,637	55,611	75,199	111,340	124,703
<b>34 TOTAL LIABILITIES</b>	<b>4,281,989</b>	<b>4,202,986</b>	<b>4,428,033</b>	<b>5,388,687</b>	<b>5,693,012</b>
<b>C SHAREHOLDERS' FUNDS</b>					
35 Paid up/Assigned capital	506,831	506,831	506,831	506,831	506,831
36 Share premium/(discount)	-	-	-	-	-
37 Revaluation reserves	-	-	-	-	-
38 Retained earnings /Accumulated losses	535,225	557,258	589,097	610,222	611,772
39 Statutory Loan Loss Reserve	19,615	88,721	91,495	101,269	102,069
40 Other Reserves	-	-	-	-	-
41 Proposed dividends	-	5,068	5,068	-	-
42 Capital Grants	-	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,061,671</b>	<b>1,157,878</b>	<b>1,192,421</b>	<b>1,218,322</b>	<b>1,220,672</b>
44 Minority Interest	-	-	-	-	-
<b>45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>5,343,660</b>	<b>5,360,864</b>	<b>5,620,524</b>	<b>6,607,009</b>	<b>6,913,684</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>1.0 INTEREST INCOME</b>					
1.1 Loans and advances	195,688	355,865	128,158	210,791	315,627
1.2 Government securities	96,570	136,528	33,671	68,767	94,196
1.3 Deposits and placements with banking institutions	6,919	7,988	2,342	3,768	8,203
1.4 Other Interest Income	-	-	-	-	-
<b>1.5 Total Interest income</b>	<b>299,170</b>	<b>500,781</b>	<b>164,171</b>	<b>283,326</b>	<b>418,026</b>
<b>2.0 INTEREST EXPENSE</b>					
2.1 Customer deposits	192,010	256,408	60,464	135,681	223,470
2.2 Deposits and placements from banking institutions	156	302	6	92	112
2.3 Other interest expense	125	175	452	1,963	3,087
<b>2.4 Total Interest Expense</b>	<b>192,291</b>	<b>256,885</b>	<b>60,922</b>	<b>137,736</b>	<b>226,669</b>
<b>3.0 NET INTEREST INCOME/(LOSS)</b>	<b>106,879</b>	<b>243,896</b>	<b>103,249</b>	<b>145,590</b>	<b>191,357</b>
<b>4.0 OTHER OPERATING INCOME</b>					
4.1 Fees and commissions on loans and advances	11,205	16,137	15,416	59,929	81,633
4.2 Other fees and commission	11,988	17,567	3,481	7,950	23,405
4.3 Foreign exchange trading income/(loss)	5,381	7,238	1,426	3,985	7,945
4.4 Dividend income	-	-	-	-	-
4.5 Other income	30,934	43,836	10,941	22,754	35,171
<b>4.6 Total Non-Interest Income</b>	<b>59,508</b>	<b>84,778</b>	<b>31,264</b>	<b>94,618</b>	<b>148,158</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>166,387</b>	<b>328,674</b>	<b>134,513</b>	<b>240,208</b>	<b>339,515</b>
<b>6.0 OPERATING EXPENSES</b>					
6.1 Loan Loss Provision	23,155	(5,822)	669	4,074	9,944
6.2 Staff costs	125,148	166,733	41,881	85,371	130,611
6.3 Directors' emoluments	16,800	20,500	2,550	3,460	4,510
6.4 Rentals Charges	10,060	13,437	1,514	3,170	4,759
6.5 Depreciation charge on property and equipment	9,723	13,022	3,882	10,644	16,488
6.6 Amortization Charge	7,159	9,819	2,630	5,595	8,668
6.7 Other operating expenses	74,945	108,473	28,740	36,094	64,515
<b>6.8 Total Operating Expenses</b>	<b>266,970</b>	<b>328,162</b>	<b>81,916</b>	<b>148,408</b>	<b>239,505</b>
<b>7.0 Profit / (Loss) before Tax and Exceptional Items</b>	<b>(100,583)</b>	<b>512</b>	<b>52,597</b>	<b>91,800</b>	<b>100,010</b>
8.0 Exceptional items	-	-	-	-	-
<b>9.0 Profit / (Loss) after Exceptional Items</b>	<b>(100,583)</b>	<b>512</b>	<b>52,597</b>	<b>91,800</b>	<b>100,010</b>
10.0 Current tax	(30,500)	9,864	15,800	24,050	29,910
11.0 Deferred tax	-	(11,963)	-	-	-
<b>12.0 Profit / (loss) after Tax and Exceptional Items</b>	<b>(70,583)</b>	<b>2,611</b>	<b>36,797</b>	<b>67,750</b>	<b>70,100</b>
13.0 Minority Interest	-	-	-	-	-
<b>14.0 Profit / (loss) after tax, exceptional items and Minority Interest</b>	<b>(70,583)</b>	<b>2,611</b>	<b>36,797</b>	<b>67,750</b>	<b>70,100</b>
<b>15.0 Other Comprehensive Income</b>					
15.1 Gains/ (Losses) from translating the financial statements of foreign operations	-	-	-	-	-
15.2 Fair value changes in available for sale financial assets	-	-	-	-	-
15.3 Revaluation surplus on Property, plant and equipment	-	-	-	-	-
15.4 Share of other comprehensive income of associates	-	-	-	-	-
15.5 Income tax relating to components of other comprehensive income	-	-	-	-	-
<b>16.0 Other Comprehensive Income for the year net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>17.0 Total Comprehensive Income for the year</b>	<b>(70,583)</b>	<b>2,611</b>	<b>36,797</b>	<b>67,750</b>	<b>70,100</b>
<b>18.0 Earnings Per Share - Basic &amp; Diluted</b>	<b>(2.79)</b>	<b>0.10</b>	<b>1.45</b>	<b>2.67</b>	<b>2.77</b>
<b>19.0 Dividend Per Share - Declared</b>	<b>-</b>	<b>0.20</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III OTHER DISCLOSURES</b>					
<b>1.0 Non-Performing Loans and Advances</b>					
a) Gross non-performing loans and advances	1,302,139	1,227,094	1,216,886	1,331,012	1,333,052
b) Less: interest in suspense	229,021	247,821	244,101	245,703	248,590
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>1,073,118</b>	<b>979,273</b>	<b>972,785</b>	<b>1,085,309</b>	<b>1,084,462</b>
d) Less: loan loss provision	258,121	255,924	255,109	257,306	261,381
<b>e) Net Non-Performing Loans and Advances (c-d)</b>	<b>814,997</b>	<b>723,349</b>	<b>717,676</b>	<b>828,003</b>	<b>823,081</b>
f) Discounted value of Securities	814,997	723,349	717,676	828,003	823,081
<b>g) Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.0 Insider Loans and Advances</b>					
a) Directors, shareholders and associates	24,292	14,407	33,729	990	176,052
b) Employees	88,099	86,029	87,217	84,322	83,350
<b>c) Total Insider Loans and Advances and Other Facilities</b>	<b>112,391</b>	<b>100,436</b>	<b>120,946</b>	<b>85,312</b>	<b>259,402</b>
<b>3.0 Off-Balance Sheet Items</b>					
a) Letters of credit, guarantees, acceptances	258,827	269,517	271,736	277,076	667,579
b) Forward, swaps and options	35,723	-	22,136	20,828	17,998
c) Other contingent liabilities	-	-	-	-	-
<b>d) Total Contingent Liabilities</b>	<b>294,550</b>	<b>269,517</b>	<b>293,872</b>	<b>297,904</b>	<b>685,577</b>
<b>4.0 Capital Strength</b>					
a) Core capital	1,018,283	1,023,539	1,004,197	1,018,431	1,020,228
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/(Deficiency)	18,283	23,539	4,197	18,431	20,228
d) Supplementary capital	19,615	88,721	91,495	101,269	102,069
<b>e) Total capital (a+d)</b>	<b>1,037,898</b>	<b>1,112,260</b>	<b>1,095,692</b>	<b>1,119,700</b>	<b>1,122,297</b>
f) Total risk weighted assets	2,402,860	2,475,148	2,416,601	2,762,974	3,028,189
<b>g) Core capital/total risk weighted liabilities</b>	<b>43.19%</b>	<b>44.94%</b>	<b>45.30%</b>	<b>40.53%</b>	<b>37.06%</b>
h) Minimum Statutory Ratio	8.00%	8.00%	8.00%	8.00%	8.00%
i) Excess/(Deficiency)	16.83%	16.68%	15.16%	11.37%	10.39%
<b>j) Core capital/total risk weighted assets</b>	<b>42.38%</b>	<b>41.35%</b>	<b>41.52%</b>	<b>36.86%</b>	<b>33.69%</b>
k) Minimum Statutory Ratio	10.50%	10.50%	10.50%	10.50%	10.50%
l) Excess/(Deficiency)	31.88%	30.85%	31.02%	26.36%	23.19%
<b>m) Total capital/total risk weighted assets</b>	<b>43.19%</b>	<b>44.94%</b>	<b>45.30%</b>	<b>40.53%</b>	<b>37.06%</b>
n) Minimum Statutory Ratio	14.50%	14.50%	14.50%	14.50%	14.50%
o) Excess/(Deficiency)	28.69%	30.44%	30.80%	26.03%	22.56%
<b>p) Adjusted core capital/ total deposit liabilities*</b>	<b>25.40%</b>	<b>24.70%</b>	<b>23.24%</b>	<b>19.42%</b>	<b>18.43%</b>
<b>q) Adjusted core capital/ total risk weighted assets*</b>	<b>43.30%</b>	<b>41.40%</b>	<b>41.67%</b>	<b>36.96%</b>	<b>33.75%</b>
<b>r) Adjusted total capital/total risk weighted assets*</b>	<b>44.10%</b>	<b>44.90%</b>	<b>45.46%</b>	<b>40.63%</b>	<b>37.12%</b>
<b>5.0 Liquidity</b>					
a) Liquidity Ratio	54.38%	56.08%	54.51%	35.65%	36.95%
b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%	20.00%
c) Excess/(Deficiency)	34.38%	36.08%	34.51%	15.65%	16.95%

### Notes

\* 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.

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.

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