



# MIDDLE EAST BANK KENYA LIMITED

HEAD OFFICE AND NAIROBI BRANCH  
Mebank Tower, Millimani Road  
P.O. Box 47387, Nairobi, Kenya  
Tel: 2723120 / 22

MOMBASA BRANCH - Nyerere Avenue  
Tel: 041-2319069  
INDUSTRIAL AREA - Butere Road  
Tel: 020-650158

ELDORET BRANCH - Tarita Centre  
Ronald Ngala Street  
Tel. 254-053-2030917/13/23/35

## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31.12.2017

	31 <sup>st</sup> Dec 2016 AUDITED Shs.'000'	31 <sup>st</sup> Dec 2017 AUDITED Shs.'000'
<b>I BALANCE SHEET</b>		
<b>A ASSETS</b>		
1 Cash (both local and foreign)	95,791	78,680
2 Balances due from Central Bank of Kenya	205,235	731,628
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	680,999	974,075
(ii) Other securities	-	-
b) Available for sale:	-	-
(i) Kenya Government securities	-	-
(ii) Other securities	-	-
6 Deposits and balances due from local banking institutions	80,402	40,307
7 Deposits and balances due from banking institutions abroad	176,313	49,819
8 Tax recoverable	1,638	2,780
9 Loans and advances to customers (net)	-	-
10 Balances due from banking institutions in the group	3,616,626	2,769,120
11 Investments in associates	-	-
12 Investments in subsidiary companies	-	-
13 Investment in joint ventures	-	-
14 Investment properties	-	-
15 Property and equipment	174,079	175,071
16 Prepaid Lease rentals	75,374	74,409
17 Intangible assets - (computer software)	10,422	30,316
18 Deferred tax asset	75,932	100,446
19 Retirement benefit asset	-	-
20 Other assets	40,711	94,385
<b>TOTAL ASSETS</b>	<b>5,233,522</b>	<b>5,121,036</b>
<b>B LIABILITIES</b>		
21 Balances due to Central Bank of Kenya	-	-
22 Customer deposits	3,996,055	3,907,675
23 Deposits and balances due to local banking institutions	-	-
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	-	-
30 Deferred tax liability	-	-
31 Retirement benefit liability	-	-
32 Other liabilities	45,358	51,508
<b>TOTAL LIABILITIES</b>	<b>4,041,413</b>	<b>3,959,183</b>
<b>C SHAREHOLDERS' FUNDS</b>		
33 Paid up/Assigned capital	506,831	506,831
34 Share premium/(discount)	-	-
35 Revaluation reserves	-	-
36 Retained earnings /Accumulated losses	667,072	636,170
37 Statutory Loan Loss Reserve	13,138	13,784
38 Other Reserves	-	-
39 Proposed dividends	5,068	5,068
40 Capital Grants	-	-
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,192,109</b>	<b>1,161,853</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>5,233,522</b>	<b>5,121,036</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>INTEREST INCOME</b>		
1 Loans and advances	532,782	395,811
2 Government securities	52,067	55,556
3 Deposits and placements with banking institutions	1,770	4,136
4 Other Interest Income	-	-
<b>Total Interest Income</b>	<b>586,619</b>	<b>455,503</b>
<b>INTEREST EXPENSE</b>		
5 Customer deposits	348,391	272,659
6 Deposits and placements from banking institutions	3,529	2,769
7 Other Interest expense	17,886	856
<b>Total Interest Expense</b>	<b>369,806</b>	<b>276,284</b>
<b>NET INTEREST INCOME/(LOSS)</b>	<b>216,813</b>	<b>179,219</b>
<b>OTHER OPERATING INCOME</b>		
8 Fees and commissions on loans and advances	25,689	16,542
9 Other fees and commission	13,026	25,057
10 Foreign exchange trading income/(loss)	33,497	28,944
11 Dividend income	-	-
12 Other income	44,572	37,425
<b>Total Non-interest Income</b>	<b>116,784</b>	<b>107,968</b>
<b>TOTAL OPERATING INCOME</b>	<b>333,597</b>	<b>287,187</b>
<b>OPERATING EXPENSES</b>		
13 Loan Loss Provision	64,911	27,270
14 Staff costs	169,680	183,528
15 Directors' emoluments	22,225	22,650
16 Rentals Charges	13,937	12,713
17 Depreciation charge on property and equipment	11,488	13,226
18 Amortization Charge	1,201	4,920
19 Other operating expenses	151,144	64,308
<b>Total Operating Expenses</b>	<b>434,586</b>	<b>328,615</b>
<b>Profit/(Loss) before exceptional items</b>	<b>(100,989)</b>	<b>(41,428)</b>
<b>20 Exceptional items</b>		
<b>Profit/(Loss) after exceptional items</b>	<b>(100,989)</b>	<b>(41,428)</b>
21 Current tax	10,008	8,274
22 Deferred tax	(44,712)	(24,514)
<b>Profit/(loss) after tax and exceptional items</b>	<b>(66,285)</b>	<b>(25,188)</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>Total Comprehensive Income for the year</b>	<b>(66,285)</b>	<b>(25,188)</b>
<b>Earnings Per Share - Basic &amp; Diluted</b>	<b>(2.62)</b>	<b>(0.99)</b>
<b>Dividend Per Share - Declared</b>	<b>0.20</b>	<b>0.20</b>
<b>III OTHER DISCLOSURES</b>		
<b>1.0 Non-Performing Loans and Advances</b>		
1.1 a) Gross non-performing loans and advances	1,193,400	1,437,922
1.2 b) Less: interest in suspense	266,886	261,016
<b>1.3 c) Total Non-Performing Loans and Advances (a-b)</b>	<b>926,514</b>	<b>1,176,906</b>
1.4 d) Less: loan loss provision	131,241	211,944
<b>1.5 e) Net Non-Performing Loans and Advances (c-d)</b>	<b>795,273</b>	<b>964,962</b>
1.6 f) Discounted value of Securities	795,273	964,962
<b>1.7 g) Net NPLs Exposure (e-f)</b>	-	-
<b>2.0 Insider Loans and Advances</b>		
2.1 a) Directors, shareholders and associates	1,090	1,134
2.2 b) Employees	88,754	82,190
<b>2.3 c) Total Insider Loans and Advances and Other Facilities</b>	<b>89,844</b>	<b>83,324</b>
<b>3.0 Off-Balance Sheet Items</b>		
3.1 a) Letters of credit, guarantees, acceptances	341,974	252,109
3.2 b) Forward, swaps and options	633,328	413,997
3.3 c) Other contingent liabilities	-	-
<b>3.4 d) Total Contingent Liabilities</b>	<b>975,302</b>	<b>666,106</b>
<b>4.0 Capital Strength</b>		
4.1 a) Core capital	1,173,011	1,143,001
4.2 b) Minimum Statutory Capital	1,000,000	1,000,000
4.3 c) Excess/(Deficiency)	173,011	143,001
4.4 d) Supplementary capital	13,138	13,784
<b>4.5 e) Total capital (a+d)</b>	<b>1,186,149</b>	<b>1,156,785</b>
4.6 f) Total risk weighted assets	3,748,650	2,717,391
<b>4.7 g) Core capital/total deposit liabilities</b>	<b>29.35%</b>	<b>29.25%</b>
4.8 h) Minimum Statutory Ratio	8.00%	8.00%
4.9 i) Excess/(Deficiency)	21.35%	21.25%
<b>4.10 j) Core capital/total risk weighted assets</b>	<b>31.29%</b>	<b>42.06%</b>
4.11 k) Minimum Statutory Ratio	10.50%	10.50%
4.12 l) Excess/(Deficiency)	20.79%	31.56%
4.13 m) Total capital/total risk weighted assets	31.64%	42.57%
4.14 n) Minimum Statutory Ratio	14.50%	14.50%
<b>4.15 o) Excess/(Deficiency)</b>	<b>17.14%</b>	<b>28.07%</b>
<b>5.0 Liquidity</b>		
5.1 a) liquidity Ratio	31.05%	47.94%
5.2 b) minimum statutory ratio	20.00%	20.00%
<b>5.3 c) Excess/(Deficiency)</b>	<b>11.05%</b>	<b>27.94%</b>

### Message from the Directors

These financial statements are extracts from the books of the Bank as audited by PricewaterhouseCoopers and received an unqualified opinion. The complete set of audited 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, Millimani Road, Nairobi.

**Dhirendra Rana**  
Managing Director

**Nancy Kaminchia**  
Director