



MIDDLE EAST BANK KENYA LIMITED

HEAD OFFICE AND NAIROBI BRANCH
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QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30.09.2020

| | 30 Sep 2019 UNAUDITED Shs.'000' | 31 Dec 2019 AUDITED Shs.'000' | 31 Mar 2020 UNAUDITED Shs.'000' | 30 Jun 2020 UNAUDITED Shs.'000' | 30 Sep 2020 UNAUDITED Shs.'000' |
|--|---------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| I STATEMENT OF FINANCIAL POSITION | | | | | |
| A ASSETS | | | | | |
| 1 Cash (both local and foreign) | 58,122 | 58,569 | 66,639 | 55,339 | 53,031 |
| 2 Balances due from Central Bank of Kenya | 552,693 | 462,528 | 571,636 | 557,735 | 492,415 |
| 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 | 1,091,104 | 1,172,971 | 1,107,962 | 1,727,156 | 2,122,561 |
| (ii) Other securities | 1,091,104 | 1,172,971 | 1,107,962 | 1,727,156 | 2,122,561 |
| b) Available for sale: | | | | | |
| (i) Kenya Government securities | - | - | - | - | 426,879 |
| (ii) Other securities | - | - | - | - | 426,879 |
| 6 Deposits and balances due from local banking institutions | 103,040 | 51 | 223,313 | 100,270 | 247 |
| 7 Deposits and balances due from banking institutions abroad | 241,431 | 286,243 | 165,270 | 145,992 | 140,874 |
| 8 Tax recoverable | - | - | - | - | - |
| 9 Loans and advances to customers (net) | 4,306,844 | 5,964,756 | 6,257,959 | 6,958,079 | 7,278,771 |
| 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 | 200,917 | 200,739 | 211,758 | 209,402 | 194,970 |
| 16 Prepaid Lease rentals | 72,720 | 72,478 | 72,237 | 71,996 | 71,754 |
| 17 Intangible assets - (computer software) | 38,831 | 36,010 | 35,603 | 33,915 | 34,268 |
| 18 Deferred tax asset | 113,599 | 75,306 | 75,306 | 75,306 | 75,306 |
| 19 Retirement benefit asset | - | - | - | - | - |
| 20 Other assets | 134,923 | 136,633 | 175,706 | 252,233 | 156,239 |
| 21 TOTAL ASSETS | 6,913,684 | 8,466,284 | 8,963,839 | 10,187,423 | 11,047,315 |
| B LIABILITIES | | | | | |
| 22 Balances due to Central Bank of Kenya | - | - | - | - | - |
| 23 Customer deposits | 5,546,575 | 6,837,845 | 7,644,111 | 8,867,677 | 9,509,490 |
| 24 Deposits and balances due to local banking institutions | - | 300,000 | - | - | 192,502 |
| 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 | 21,734 | 7,084 | 18,986 | 11,955 | 15,692 |
| 30 Dividends payable | - | - | - | - | - |
| 31 Deferred tax liability | - | - | - | - | - |
| 32 Retirement benefit liability | - | - | - | - | - |
| 33 Other liabilities | 124,703 | 165,571 | 117,178 | 116,440 | 118,597 |
| 34 TOTAL LIABILITIES | 5,693,012 | 7,310,500 | 7,780,275 | 8,996,072 | 9,836,281 |
| C SHAREHOLDERS' FUNDS | | | | | |
| 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 | 611,772 | 636,428 | 664,329 | 672,116 | 687,470 |
| 39 Statutory Loan Loss Reserve | 102,069 | 7,457 | 7,336 | 7,336 | 12,336 |
| 40 Other Reserves | - | - | - | - | 4,397 |
| 41 Proposed dividends | - | 5,068 | 5,068 | 5,068 | - |
| 42 Capital Grants | - | - | - | - | - |
| 43 TOTAL SHAREHOLDERS' FUNDS | 1,220,672 | 1,155,784 | 1,183,564 | 1,191,351 | 1,211,034 |
| 44 Minority Interest | - | - | - | - | - |
| 45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 6,913,684 | 8,466,284 | 8,963,839 | 10,187,423 | 11,047,315 |
| II STATEMENT OF COMPREHENSIVE INCOME | | | | | |
| 1.0 INTEREST INCOME | | | | | |
| 1.1 Loans and advances | 315,627 | 521,010 | 153,773 | 337,834 | 524,556 |
| 1.2 Government securities | 94,196 | 121,110 | 25,374 | 64,169 | 120,263 |
| 1.3 Deposits and placements with banking institutions | 8,203 | 10,572 | 387 | 2,298 | 4,278 |
| 1.4 Other Interest Income | - | - | - | - | - |
| 1.5 Total Interest Income | 418,026 | 652,692 | 179,534 | 404,301 | 649,097 |
| 2.0 INTEREST EXPENSE | | | | | |
| 2.1 Customer deposits | 223,470 | 317,037 | 110,908 | 251,716 | 405,018 |
| 2.2 Deposits and placements from banking institutions | - | 112 | 3,816 | 4,092 | 4,853 |
| 2.3 Other interest expense | 3,087 | 3,591 | 1,244 | 2,351 | 3,271 |
| 2.4 Total Interest Expense | 226,669 | 321,680 | 115,968 | 258,159 | 413,142 |
| 3.0 NET INTEREST INCOME/(LOSS) | 191,357 | 331,012 | 63,566 | 146,142 | 235,955 |
| 4.0 OTHER OPERATING INCOME | | | | | |
| 4.1 Fees and commissions on loans and advances | 81,633 | 115,720 | 60,597 | 77,609 | 113,068 |
| 4.2 Other fees and commission | 23,409 | 15,582 | 3,898 | 9,249 | 15,511 |
| 4.3 Foreign exchange trading income/(loss) | 7,945 | 12,700 | 4,921 | 7,487 | 8,942 |
| 4.4 Dividend income | - | - | - | - | - |
| 4.5 Other income | 35,171 | 51,652 | 21,866 | 33,389 | 46,509 |
| 4.6 Total Non-Interest Income | 148,158 | 195,654 | 91,282 | 127,734 | 184,030 |
| 5.0 TOTAL OPERATING INCOME | 339,515 | 526,666 | 154,848 | 273,876 | 419,985 |
| 6.0 OPERATING EXPENSES | | | | | |
| 6.1 Loan Loss Provision | 9,944 | 104,409 | 11,446 | 27,529 | 43,079 |
| 6.2 Staff costs | 130,611 | 182,693 | 45,927 | 89,190 | 141,760 |
| 6.3 Directors' emoluments | 4,510 | 32,653 | 9,175 | 16,490 | 25,150 |
| 6.4 Rentals Charge | 4,759 | 8,584 | 1,562 | 2,892 | 2,580 |
| 6.5 Depreciation charge on property and equipment | 16,498 | 21,375 | 7,178 | 15,431 | 20,213 |
| 6.6 Amortization Charge | 8,668 | 11,730 | 2,787 | 3,028 | 6,688 |
| 6.7 Other operating expenses | 64,515 | 105,593 | 37,081 | 72,011 | 105,955 |
| 6.8 Total Operating Expenses | 239,505 | 467,037 | 115,156 | 226,571 | 345,425 |
| 7.0 Profit / (Loss) before Tax and Exceptional Items | 100,010 | 59,629 | 39,692 | 47,305 | 74,560 |
| 8 Exceptional Items | - | - | - | - | - |
| 9.0 Profit / (Loss) after Exceptional Items | 100,010 | 59,629 | 39,692 | 47,305 | 74,560 |
| 10 Current tax | 29,910 | 17,986 | 11,915 | 11,740 | 18,640 |
| 11 Deferred tax | - | 38,029 | - | - | - |
| 12.0 Profit / (Loss) after Tax and Exceptional Items | 70,100 | 3,614 | 27,777 | 35,565 | 55,920 |
| 13.0 Minority Interest | - | - | - | - | - |
| 14.0 Profit / (Loss) after tax, exceptional items and Minority Interest | 70,100 | 3,614 | 27,777 | 35,565 | 55,920 |
| 15.0 Other Comprehensive Income | | | | | |
| 15.1 Gains/ (Losses) from translating the financial statements of foreign operations | - | - | - | - | - |
| 15.2 Fair value changes in available for sale financial assets | - | - | - | - | 4,397 |
| 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 | - | - | - | - | - |
| 16.0 Other Comprehensive Income for the year net of tax | - | - | - | - | 4,397 |
| 17.0 Total Comprehensive Income for the year | 70,100 | 3,614 | 27,777 | 35,565 | 60,317 |
| 18.0 Earnings Per Share - Basic & Diluted | 2.77 | 0.14 | 1.10 | 1.40 | 2.21 |
| 19.0 Dividend Per Share - Declared | - | 0.20 | - | - | - |
| III OTHER DISCLOSURES | | | | | |
| 1.0 Non-Performing Loans and Advances | | | | | |
| a) Gross non-performing loans and advances | 1,333,052 | 869,702 | 804,902 | 803,324 | 806,824 |
| b) Less: interest in suspense | 249,590 | 50,307 | 57,733 | 39,728 | 57,365 |
| Total Non-Performing Loans and Advances (a-b) | 1,083,462 | 819,395 | 752,169 | 767,596 | 749,459 |
| c) Less: loan loss provision | 261,381 | 137,555 | 149,916 | 152,897 | 170,347 |
| e) Net Non-Performing Loans and Advances (c-d) | 822,081 | 681,840 | 603,253 | 594,699 | 579,112 |
| f) Discounted value of Securities | 823,081 | 681,840 | 603,253 | 594,699 | 579,112 |
| g) Net NPLs Exposure (e-f) | - | - | - | - | - |
| 2.0 Insider Loans and Advances | | | | | |
| a) Directors, shareholders and associates | 176,052 | 324,471 | 329,049 | 308,295 | 186,034 |
| b) Employees | 83,350 | 93,260 | 81,191 | 82,292 | 84,615 |
| c) Total Insider Loans and Advances and Other Facilities | 259,402 | 417,731 | 410,240 | 390,587 | 270,649 |
| 3.0 Off-Balance Sheet Items | | | | | |
| a) Letters of credit, guarantees, acceptances | 667,579 | 724,590 | 485,235 | 536,243 | 594,653 |
| b) Forward, swaps and options | 17,998 | 376,078 | 31,197 | 44,299 | - |
| c) Other contingent liabilities | - | - | - | - | - |
| d) Total Contingent Liabilities | 685,577 | 1,100,668 | 516,432 | 580,542 | 594,653 |
| 4.0 Capital Strength | | | | | |
| a) Core capital | 1,020,228 | 1,086,257 | 1,102,193 | 1,106,087 | 1,111,264 |
| b) Minimum Statutory Capital | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| c) Excess/(Deficiency) | 20,228 | 86,257 | 102,193 | 106,087 | 111,264 |
| d) Supplementary capital | 102,069 | 7,457 | 7,336 | 7,336 | 12,336 |
| e) Total capital (a+d) | 1,122,297 | 1,093,714 | 1,109,529 | 1,113,423 | 1,123,600 |
| f) Total risk weighted assets | 3,028,189 | 3,506,605 | 3,881,530 | 4,060,175 | 4,286,710 |
| g) Core capital/total deposit liabilities | 18.59% | 15.89% | 14.42% | 12.47% | 11.69% |
| h) Minimum Statutory Ratio | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| i) Excess/(Deficiency) | 10.59% | 7.89% | 6.42% | 4.47% | 3.69% |
| j) Core capital/total risk weighted assets | 33.69% | 30.98% | 28.40% | 27.24% | 25.92% |
| k) Minimum Statutory Ratio | 10.50% | 10.50% | 10.50% | 10.50% | 10.50% |
| l) Excess/(Deficiency) | 23.19% | 20.48% | 17.90% | 16.74% | 15.42% |
| m) Total capital/total risk weighted assets | 37.06% | 31.19% | 28.58% | 27.42% | 26.21% |
| n) Minimum Statutory Ratio | 14.50% | 14.50% | 14.50% | 14.50% | 14.50% |
| o) Excess/(Deficiency) | 22.56% | 16.69% | 14.08% | 12.92% | 11.71% |
| p) Adjusted core capital/total deposit liabilities* | 18.43% | 15.90% | 14.40% | 12.50% | 11.69% |
| q) Adjusted core capital/total risk weighted assets* | 33.75% | 31.00% | 28.40% | 27.30% | 25.93% |
| r) Adjusted total capital/total risk weighted assets* | 37.12% | 31.20% | 28.60% | 27.40% | 26.22% |
| 5.0 Liquidity | | | | | |
| a) Liquidity Ratio | 36.95% | 24.21% | 27.60% | 29.20% | 32.70% |
| b) minimum statutory ratio | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| c) Excess / (Deficiency) | 16.95% | 4.21% | 7.60% | 9.20% | 12.70% |

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 above financial statements are extracts from the financial records of the Bank.

The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the Bank's website: www.mebkenya.com

They may also be accessed at our Head Office located at Mebank Tower, Milimani Road, Nairobi.

AAK Esmail
Chairman

Isaac Mwiye
Managing Director