



MIDDLE EAST BANK KENYA LIMITED

HEAD OFFICE AND NAIROBI BRANCH
Mebank Tower, Milimani 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 31.12.2018

I STATEMENT OF FINANCIAL POSITION		31st Dec 2017 AUDITED Shs.'000'	31st Dec 2018 AUDITED Shs.'000'
A ASSETS			
1 Cash (both local and foreign)		78,680	99,401
2 Balances due from Central Bank of Kenya		731,628	254,502
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		974,075	1,467,979
(ii) Other securities		-	-
b) Available for sale:			
(i) Kenya Government securities		-	-
(ii) Other securities		-	-
6 Deposits and balances due from local banking institutions		40,307	52,800
7 Deposits and balances due from banking institutions abroad		49,819	448,254
8 Tax recoverable		2,780	-
9 Loans and advances to customers (net)		2,769,120	2,560,398
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		175,071	165,150
16 Prepaid Lease rentals		74,409	73,444
17 Intangible assets - (computer software)		30,316	41,775
18 Deferred tax asset		100,446	113,060
19 Retirement benefit asset		-	-
20 Other assets		94,385	84,101
21 TOTAL ASSETS		5,121,036	5,360,864
B LIABILITIES			
22 Balances due to Central Bank of Kenya		-	-
23 Customer deposits		3,907,675	4,146,661
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
30 Dividends payable		-	-
31 Deferred tax liability		-	-
32 Retirement benefit liability		-	-
33 Other liabilities		51,508	55,611
34 TOTAL LIABILITIES		3,959,183	4,202,986
C SHAREHOLDERS' FUNDS			
35 Paid up/Assigned capital		506,831	506,831
36 Share premium/(discount)		-	-
37 Revaluation reserves		-	-
38 Retained earnings /Accumulated losses		636,170	557,258
39 Statutory Loan Loss Reserve		13,784	88,721
40 Other Reserves		-	-
41 Proposed dividends		5,068	5,068
42 Capital Grants		-	-
43 TOTAL SHAREHOLDERS' FUNDS		1,161,853	1,157,878
44 Minority Interest		-	-
45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		5,121,036	5,360,864
II STATEMENT OF COMPREHENSIVE INCOME			
1.0 INTEREST INCOME			
1.1 Loans and advances		395,811	355,865
1.2 Government securities		55,556	136,928
1.3 Deposits and placements with banking institutions		4,136	7,988
1.4 Other Interest Income		-	-
1.5 Total Interest Income		455,503	500,781
2.0 INTEREST EXPENSE			
2.1 Customer deposits		272,659	256,408
2.2 Deposits and placements from banking institutions		2,769	302
2.3 Other interest expense		856	175
2.4 Total Interest Expense		276,284	256,885
3.0 NET INTEREST INCOME/(LOSS)		179,219	243,896
4.0 OTHER OPERATING INCOME			
4.1 Fees and commissions on loans and advances		16,542	16,137
4.2 Other fees and commission		25,057	17,567
4.3 Foreign exchange trading income/(loss)		28,944	7,238
4.4 Dividend income		-	-
4.5 Other income		37,425	43,836
4.6 Total Non-Interest Income		107,968	84,778
5.0 TOTAL OPERATING INCOME		287,187	328,674
6.0 OPERATING EXPENSES			
6.1 Loan Loss Provision		27,270	(5,822)
6.2 Staff costs		183,528	166,733
6.3 Directors' emoluments		22,650	22,500
6.4 Rentals Charges		12,713	13,437
6.5 Depreciation charge on property and equipment		13,226	13,022
6.6 Amortization Charge		4,920	9,819
6.7 Other operating expenses		64,308	108,473
6.8 Total Operating Expenses		328,615	328,162
7.0 Profit / (Loss) Before Tax and Exceptional Items		(41,428)	512
8.0 Exceptional Items		-	-
9.0 Profit / (Loss) after Exceptional Items		(41,428)	512
10.0 Current tax		8,274	9,864
11.0 Deferred tax		(24,514)	(11,963)
12.0 Profit / (loss) after Tax and Exceptional Items		(25,188)	2,611
13.0 Minority Interest		-	-
14.0 Profit / (loss) after tax, exceptional items and Minority Interest		-	-
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		-	-
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		-	-
17.0 Total Comprehensive Income for the year		(25,188)	2,611
18.0 Earnings Per Share - Basic & Diluted		(0.99)	0.10
19.0 Dividend Per Share - Declared		0.20	0.20
III OTHER DISCLOSURES			
1.0 Non-Performing Loans and Advances			
a) Gross non-performing loans and advances		1,437,922	1,227,094
b) Less: Interest in suspense		261,016	247,621
c) Total Non-Performing Loans and Advances (a-b)		1,176,906	979,473
d) Less: loan loss provision		211,944	255,924
e) Net Non-Performing Loans and Advances (c-d)		964,962	723,549
f) Discounted value of Securities		964,962	723,349
g) Net NPLs Exposure (e-f)		-	-
2.0 Insider Loans and Advances			
a) Directors, shareholders and associates		1,134	14,407
b) Employees		82,190	86,029
c) Total Insider Loans and Advances and Other Facilities		83,324	100,436
3.0 Off-Balance Sheet Items			
a) Letters of credit, guarantees, acceptances		252,109	269,517
b) Forward, swaps and options		413,997	-
c) Other contingent liabilities		-	-
d) Total Contingent Liabilities		666,106	269,517
4.0 Capital Strength			
a) Core capital		1,143,001	1,023,539
b) Minimum Statutory Capital		1,000,000	1,000,000
c) Excess/(Deficiency)		143,001	23,539
d) Supplementary capital		13,784	88,722
e) Total capital (a+d)		1,156,785	1,112,261
f) Total risk weighted assets		2,717,391	2,475,148
g) Core capital/total deposit liabilities		29.25%	24.68%
h) Minimum Statutory Ratio		8.00%	8.00%
i) Excess/(Deficiency)		21.25%	16.68%
j) Core capital/total risk weighted assets		42.06%	41.35%
k) Minimum Statutory Ratio		10.50%	10.50%
l) Excess/(Deficiency)		31.56%	30.85%
m) Total capital/total risk weighted assets		42.57%	44.94%
n) Minimum Statutory Ratio		14.50%	14.50%
o) Excess/(Deficiency)		28.07%	30.44%
p) Adjusted core capital/ total deposit liabilities*		-	24.70%
q) Adjusted core capital/ total risk weighted assets*		-	41.40%
r) Adjusted total capital/total risk weighted assets*		-	44.90%
5.0 Liquidity			
a) Liquidity Ratio		47.94%	56.08%
b) minimum statutory ratio		20.00%	20.00%
c) Excess / (Deficiency)		27.94%	36.08%

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 financial statements have been audited by

PriceWaterhouseCoopers and received unqualified opinion.

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

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

Thomas Mulwa
Director

AAK Esmail
Chairman