

## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I STATEMENT OF FINANCIAL POSITION AS AT	31 Dec 2020 AUDITED Shs.'000'	31 Dec 2021 AUDITED Shs.'000'
<b>A ASSETS</b>		
1 Cash (both local and foreign)	57,089	111,701
2 Balances due from Central Bank of Kenya	710,484	637,380
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	1,883,473	3,360,211
(ii) Other securities	-	-
b) Available for sale:		
(i) Kenya Government securities	320,865	-
(ii) Other securities	-	-
6 Deposits and balances due from local banking institutions	150,235	34,219
7 Deposits and balances due from banking institutions abroad	61,161	929,686
8 Tax recoverable	-	-
9 Loans and advances to customers (net)	7,279,704	5,573,095
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	196,020	193,074
16 Prepaid Lease rentals	71,513	70,548
17 Intangible assets - (computer software)	31,234	30,464
18 Deferred tax asset	104,967	131,957
19 Retirement benefit asset	-	-
20 Other assets	154,858	114,041
<b>21 TOTAL ASSETS</b>	<b>11,021,603</b>	<b>11,186,376</b>
<b>B LIABILITIES</b>		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	9,523,447	9,465,426
24 Deposits and balances due to local banking institutions	81,885	100,000
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	2,797	33,826
30 Dividends payable	-	-
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	139,136	187,055
<b>34 TOTAL LIABILITIES</b>	<b>9,747,265</b>	<b>9,786,307</b>
<b>C SHAREHOLDERS' FUNDS</b>		
35 Paid up/Assigned capital	506,831	506,831
36 Share premium/(discount)	-	-
37 Revaluation reserves	-	-
38 Retained earnings /Accumulated losses	757,502	859,831
39 Statutory Loan Loss Reserve	12,336	23,407
40 Other Reserves	(2,331)	-
41 Proposed dividends	-	10,000
42 Capital Grants	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,274,338</b>	<b>1,400,069</b>
44 Minority Interest	-	-
<b>45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>11,021,603</b>	<b>11,186,376</b>

II STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED	31 Dec 2020 AUDITED Shs.'000'	31 Dec 2021 AUDITED Shs.'000'
<b>1.0 INTEREST INCOME</b>		
1.1 Loans and advances	722,749	681,970
1.2 Government securities	180,657	319,906
1.3 Deposits and placements with banking institutions	5,128	22,142
1.4 Other Interest Income	-	-
<b>1.5 Total Interest income</b>	<b>908,534</b>	<b>1,024,018</b>
<b>2.0 INTEREST EXPENSE</b>		
2.1 Customer deposits	560,923	559,606
2.2 Deposits and placements from banking institutions	5,695	7,456
2.3 Other Interest expense	4,062	2,624
<b>2.4 Total Interest Expense</b>	<b>570,680</b>	<b>569,686</b>
<b>3.0 NET INTEREST INCOME/(LOSS)</b>	<b>337,854</b>	<b>454,332</b>
<b>4.0 OTHER OPERATING INCOME</b>		
4.1 Fees and commissions on loans and advances	131,390	112,384
4.2 Other fees and commission	23,256	26,360
4.3 Foreign exchange trading income/(loss)	11,870	41,189
4.4 Dividend income	-	-
4.5 Other income	56,418	40,721
<b>4.6 Total Non-Interest Income</b>	<b>222,934</b>	<b>220,654</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>560,788</b>	<b>674,986</b>
<b>6.0 OPERATING EXPENSES</b>		
6.1 Loan Loss Provision	50,482	32,114
6.2 Staff costs	194,130	223,031
6.3 Directors' emoluments	42,474	47,347
6.4 Rentals Charges	3,950	1,949
6.5 Depreciation charge on property and equipment	25,258	25,383
6.6 Amortization Charge	9,688	9,498
6.7 Other operating expenses	129,603	184,675
<b>6.8 Total Operating Expenses</b>	<b>455,585</b>	<b>523,997</b>
<b>7.0 Profit/(Loss) before Tax and Exceptional items</b>	<b>105,203</b>	<b>150,989</b>
8.0 Exceptional items	-	-
<b>9.0 Profit/(Loss) after Exceptional items</b>	<b>105,203</b>	<b>150,989</b>
10.0 Current tax	8,911	54,579
11.0 Deferred tax	(29,661)	(26,990)
<b>12.0 Profit/(Loss) after Tax and Exceptional items</b>	<b>125,953</b>	<b>123,400</b>
13.0 Minority Interest	-	-
<b>14.0 Profit/(Loss) after tax, exceptional items and Minority Interest</b>	<b>125,953</b>	<b>123,400</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	(2,331)	-
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>(2,331)</b>	<b>-</b>
<b>17.0 Total Comprehensive Income for the year</b>	<b>123,622</b>	<b>123,400</b>
<b>18.0 Earnings Per Share - Basic &amp; Diluted</b>	<b>4.97</b>	<b>4.87</b>
<b>19.0 Dividend Per Share - Declared</b>	<b>-</b>	<b>0.39</b>

III OTHER DISCLOSURES AS AT	31 Dec 2020 AUDITED Shs.'000'	31 Dec 2021 AUDITED Shs.'000'
<b>1.0 Non-Performing Loans and Advances</b>		
a) Gross non-performing loans and advances	790,359	523,556
b) Less: interest in suspense	56,394	59,333
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>733,965</b>	<b>464,223</b>
d) Less: loan loss provision	176,440	231,490
<b>e) Net Non-Performing Loans and Advances (c-d)</b>	<b>557,525</b>	<b>232,733</b>
f) Discounted value of Securities	557,525	232,733
<b>g) Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>
<b>2.0 Insider Loans and Advances</b>		
a) Directors, shareholders and associates	162,476	191,461
b) Employees	82,047	123,506
<b>c) Total Insider Loans and Advances and Other Facilities</b>	<b>244,523</b>	<b>314,967</b>
<b>3.0 Off-Balance Sheet Items</b>		
a) Letters of credit, guarantees, acceptances	630,785	2,084,306
b) Forward, swaps and options	-	-
c) Other contingent liabilities	2,752	2,264
<b>d) Total Contingent Liabilities</b>	<b>633,537</b>	<b>2,086,570</b>
<b>4.0 Capital Strength</b>		
a) Core capital	1,208,784	1,310,619
b) Minimum Statutory Capital	1,000,000	1,000,000
c) Excess/(Deficiency)	208,784	310,619
d) Supplementary capital	12,336	23,407
<b>e) Total capital (a+d)</b>	<b>1,221,120</b>	<b>1,334,026</b>
f) Total risk weighted assets	4,371,091	5,128,138
<b>g) Core capital/total deposit liabilities</b>	<b>12.7%</b>	<b>13.8%</b>
h) Minimum Statutory Ratio	8.0%	8.0%
i) Excess/(Deficiency)	4.7%	5.8%
<b>j) Core capital/total risk weighted assets</b>	<b>27.7%</b>	<b>25.6%</b>
k) Minimum Statutory Ratio	10.5%	10.5%
l) Excess/(Deficiency)	17.2%	15.1%
<b>m) Total capital/total risk weighted assets</b>	<b>27.9%</b>	<b>26.0%</b>
n) Minimum Statutory Ratio	14.5%	14.5%
o) Excess/(Deficiency)	13.4%	11.5%
p) Adjusted core capital/ total deposit liabilities*	12.7%	13.8%
q) Adjusted core capital/ total risk weighted assets*	27.7%	25.6%
r) Adjusted total capital/total risk weighted assets*	27.9%	26.0%
<b>5.0 Liquidity</b>		
a) Liquidity Ratio	31.5%	52.1%
b) minimum statutory ratio	20.0%	20.0%
c) Excess/(Deficiency)	11.5%	32.1%

### 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 statement of comprehensive income and statement of financial position are extracts from the Banks financial statements which have been audited by PricewaterhouseCoopers and have received an unqualified opinion.

The complete set of 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, Jakaya Kikwete Road, Nairobi.

A A K Esmail  
Chairman

Isaac Mwiye  
Managing Director



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