



# MIDDLE EAST BANK KENYA LIMITED

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## QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 30.06.2018

I BALANCE SHEET		30 <sup>th</sup> Jun 2017 UNAUDITED Shs.'000'	31 <sup>st</sup> Dec 2017 AUDITED Shs.'000'	31 <sup>st</sup> Mar 2018 UNAUDITED Shs.'000'	30 <sup>th</sup> Jun 2018 UNAUDITED Shs.'000'
<b>A ASSETS</b>					
1	Cash (both local and foreign)	102,588	78,680	75,003	83,552
2	Balances due from Central Bank of Kenya	164,088	731,628	341,844	214,169
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	725,751	974,075	1,148,336	1,458,117
	(ii) Other securities	-	-	-	-
b)	Available for sale:				
	(i) Kenya Government securities	-	-	-	-
	(ii) Other securities	-	-	-	-
6	Deposits and balances due from local banking institutions	347	40,307	285	142,032
7	Deposits and balances due from banking institutions abroad	156,311	49,819	437,209	289,383
8	Tax recoverable	97	2,780	18,292	22,074
9	Loans and advances to customers (net)	3,623,742	2,769,120	2,566,494	2,446,597
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	176,340	175,071	172,392	169,152
16	Prepaid Lease rentals	74,891	74,409	74,168	73,926
17	Intangible assets - (computer software)	22,568	30,316	28,553	46,654
18	Deferred tax asset	75,932	100,446	100,446	100,446
19	Retirement benefit asset	-	-	-	-
20	Other assets	126,984	94,385	127,126	119,382
	<b>TOTAL ASSETS</b>	<b>5,249,639</b>	<b>5,121,036</b>	<b>5,090,148</b>	<b>5,165,484</b>
<b>B LIABILITIES</b>					
21	Balances due to Central Bank of Kenya	119,867	-	-	-
22	Customer deposits	3,825,945	3,907,675	3,922,485	4,001,367
23	Deposits and balances due to local banking institutions	15,576	-	-	-
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	-	-	-	5,068
30	Deferred tax liability	-	-	-	-
31	Retirement benefit liability	-	-	-	-
32	Other liabilities	109,887	51,508	68,697	75,655
	<b>TOTAL LIABILITIES</b>	<b>4,071,275</b>	<b>3,959,183</b>	<b>3,991,182</b>	<b>4,082,090</b>
<b>C SHAREHOLDERS' FUNDS</b>					
33	Paid up/Assigned capital	506,831	506,831	506,831	506,831
34	Share premium/(discount)	-	-	-	-
35	Revaluation reserves	-	-	-	-
36	Retained earnings /Accumulated losses	653,327	636,170	587,067	576,563
37	Statutory Loan Loss Reserve	13,138	13,784	-	-
38	Other Reserves	-	-	-	-
39	Proposed dividends	5,068	5,068	5,068	-
40	Capital Grants	-	-	-	-
	<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,178,364</b>	<b>1,161,853</b>	<b>1,098,966</b>	<b>1,083,394</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>5,249,639</b>	<b>5,121,036</b>	<b>5,090,148</b>	<b>5,165,484</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>INTEREST INCOME</b>					
1	Loans and advances	242,920	395,811	56,503	145,389
2	Government securities	28,412	55,556	23,226	54,519
3	Deposits and placements with banking institutions	2,218	4,136	2,903	5,844
4	Other Interest Income	-	-	-	-
	<b>Total Interest Income</b>	<b>273,550</b>	<b>455,503</b>	<b>82,632</b>	<b>205,752</b>
<b>INTEREST EXPENSE</b>					
5	Customer deposits	129,900	272,659	64,378	128,824
6	Deposits and placements from banking institutions	1,263	2,769	84	123
7	Other Interest expense	100	856	-	-
	<b>Total Interest Expense</b>	<b>131,263</b>	<b>276,284</b>	<b>64,462</b>	<b>128,947</b>
	<b>NET INTEREST INCOME/(LOSS)</b>	<b>142,287</b>	<b>179,219</b>	<b>18,170</b>	<b>76,805</b>
<b>OTHER OPERATING INCOME</b>					
8	Fees and commissions on loans and advances	13,368	16,542	5,594	8,808
9	Other fees and commission	5,196	25,057	3,605	6,367
10	Foreign exchange trading income/(loss)	13,455	28,944	1,566	3,940
11	Dividend income	-	-	-	-
12	Other income	18,119	37,425	9,904	20,636
	<b>Total Non-Interest Income</b>	<b>50,138</b>	<b>107,968</b>	<b>20,669</b>	<b>39,751</b>
	<b>TOTAL OPERATING INCOME</b>	<b>192,425</b>	<b>287,187</b>	<b>38,839</b>	<b>116,556</b>
<b>OPERATING EXPENSES</b>					
13	Loan Loss Provision	34,301	27,270	22,566	23,038
14	Staff costs	92,110	183,528	42,125	83,353
15	Directors' emoluments	11,115	22,650	5,635	11,250
16	Rentals Charges	6,240	12,713	3,307	6,684
17	Depreciation charge on property and equipment	6,024	13,226	3,273	6,528
18	Amortization Charge	1,718	4,920	2,003	4,458
19	Other operating expenses	49,314	64,308	24,537	47,605
	<b>Total Operating Expenses</b>	<b>200,822</b>	<b>328,615</b>	<b>103,446</b>	<b>182,916</b>
	Profit/(Loss) before exceptional items	(8,397)	(41,428)	(64,607)	(66,360)
20	Exceptional items	-	-	-	-
	Profit/(Loss) after exceptional items	(8,397)	(41,428)	(64,607)	(66,360)
21	Current tax	5,351	8,274	(15,500)	(17,500)
22	Deferred tax	-	(24,514)	-	-
	Profit/(loss) after tax and exceptional items	(13,748)	(25,188)	(49,107)	(48,860)
<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	-	-	-	-
	Other Comprehensive Income for the year net of tax	-	-	-	-
	Total Comprehensive Income for the year	(13,748)	(25,188)	(49,107)	(48,860)
	Earnings Per Share - Basic & Diluted	(0.54)	(0.99)	(1.94)	(1.93)
	Dividend Per Share - Declared	-	0.20	-	-
<b>III OTHER DISCLOSURES</b>					
1.0	Non-Performing Loans and Advances				
1.1	a) Gross non-performing loans and advances	1,264,419	1,437,922	1,460,735	1,306,509
1.2	b) Less: interest in suspense	301,635	261,016	268,640	229,991
1.3	<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>962,784</b>	<b>1,176,906</b>	<b>1,192,095</b>	<b>1,076,518</b>
1.4	d) Less: loan loss provision	165,716	211,944	226,806	238,389
1.5	<b>e) Net Non-Performing Loans and Advances (c-d)</b>	<b>797,068</b>	<b>964,962</b>	<b>965,289</b>	<b>838,129</b>
1.6	f) Discounted value of Securities	797,068	964,962	965,289	838,129
1.7	<b>g) Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.0	<b>Insider Loans and Advances</b>				
2.1	a) Directors, shareholders and associates	2,719	1,134	1,090	43,078
2.2	b) Employees	87,201	82,190	90,855	88,260
2.3	<b>c) Total Insider Loans and Advances and Other Facilities</b>	<b>89,920</b>	<b>83,324</b>	<b>91,945</b>	<b>131,338</b>
3.0	<b>Off-Balance Sheet Items</b>				
3.1	a) Letters of credit, guarantees, acceptances	309,876	252,109	333,270	354,100
3.2	b) Forward, swaps and options	453,549	413,997	282,839	45,677
3.3	c) Other contingent liabilities	-	-	-	-
3.4	<b>d) Total Contingent Liabilities</b>	<b>763,425</b>	<b>666,106</b>	<b>616,109</b>	<b>399,777</b>
4.0	<b>Capital Strength</b>				
4.1	a) Core capital	1,159,267	1,143,001	1,093,898	1,059,621
4.2	b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
4.3	c) Excess/(Deficiency)	159,267	143,001	93,898	59,621
4.4	d) Supplementary capital	13,138	13,784	-	-
4.5	<b>e) Total capital (a+d)</b>	<b>1,172,405</b>	<b>1,156,785</b>	<b>1,093,898</b>	<b>1,059,621</b>
4.6	<b>f) Total risk weighted assets</b>	<b>3,756,606</b>	<b>2,717,391</b>	<b>2,606,265</b>	<b>2,497,545</b>
4.7	<b>g) Core capital/total deposit liabilities</b>	<b>30.90%</b>	<b>29.25%</b>	<b>27.89%</b>	<b>26.48%</b>
4.8	h) Minimum Statutory Ratio	8.00%	8.00%	8.00%	8.00%
4.9	i) Excess/(Deficiency)	22.90%	21.25%	19.89%	18.48%
4.10	j) Core capital/total risk weighted assets	30.86%	42.06%	41.97%	42.43%
4.11	k) Minimum Statutory Ratio	10.50%	10.50%	10.50%	10.50%
4.12	l) Excess/(Deficiency)	20.36%	31.56%	31.47%	31.93%
4.13	<b>m) Total capital/total risk weighted assets</b>	<b>31.21%</b>	<b>42.57%</b>	<b>41.97%</b>	<b>42.43%</b>
4.14	n) Minimum Statutory Ratio	14.50%	14.50%	14.50%	14.50%
4.15	o) Excess/(Deficiency)	16.71%	28.07%	27.47%	27.93%
4.16	p) Adjusted core capital/ total deposit liabilities*	-	-	28.43%	27.00%
4.17	q) Adjusted core capital/ total risk weighted assets*	-	-	42.79%	43.30%
4.18	r) Adjusted total capital/total risk weighted assets*	-	-	42.79%	43.30%
5.0	<b>Liquidity</b>				
5.1	a) liquidity Ratio	26.50%	47.94%	51.06%	54.66%
5.2	b) minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
5.3	c) Excess/(Deficiency)	6.50%	27.94%	31.06%	34.66%

### 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, Millimani Road, Nairobi.

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Managing Director

**AAK Esmail**  
Chairman