



# MIDDLE EAST BANK KENYA LIMITED

**HEAD OFFICE AND NAIROBI BRANCH**  
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**Eldoret Branch - Tarita Centre**  
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## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS AT 31.12.2019

I BALANCE SHEET		31st Dec 2018 AUDITED Shs.'000'	31st Dec 2019 AUDITED Shs.'000'
<b>A ASSETS</b>			
1 Cash (both local and foreign)		99,401	58,569
2 Balances due from Central Bank of Kenya		254,502	462,528
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		1,467,979	1,172,971
(ii) Other securities		-	-
b) Available for sale:			
(i) Kenya Government securities		-	-
(ii) Other securities		-	-
6 Deposits and balances due from local banking institutions		52,800	51
7 Deposits and balances due from banking institutions abroad		448,254	286,243
8 Tax recoverable		-	-
9 Loans and advances to customers (net)		2,560,398	5,964,756
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		165,150	200,739
16 Prepaid Lease rentals		73,444	72,478
17 Intangible assets - (computer software)		41,775	36,010
18 Deferred tax asset		113,060	75,306
19 Retirement benefit asset		-	-
20 Other assets		84,101	136,633
<b>21 TOTAL ASSETS</b>		<b>5,360,864</b>	<b>8,466,284</b>
<b>B LIABILITIES</b>			
22 Balances due to Central Bank of Kenya		-	-
23 Customer deposits		4,146,661	6,837,845
24 Deposits and balances due to local banking institutions		-	300,000
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		714	7,084
30 Dividends payable		-	-
31 Deferred tax liability		-	-
32 Retirement benefit liability		-	-
33 Other liabilities		55,611	165,571
<b>34 TOTAL LIABILITIES</b>		<b>4,202,986</b>	<b>7,310,500</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		557,258	636,428
39 Statutory Loan Loss Reserve		88,721	7,457
40 Other Reserves		-	-
41 Proposed dividends		5,068	5,068
42 Capital Grants		-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>		<b>1,157,878</b>	<b>1,155,784</b>
44 Minority Interest		-	-
<b>45 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>5,360,864</b>	<b>8,466,284</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>1.0 INTEREST INCOME</b>			
1.1 Loans and advances		355,865	521,010
1.2 Government securities		136,928	121,110
1.3 Deposits and placements with banking institutions		7,988	10,572
1.4 Other Interest Income		-	-
<b>1.5 Total Interest Income</b>		<b>500,781</b>	<b>652,692</b>
<b>2.0 INTEREST EXPENSE</b>			
2.1 Customer deposits		256,408	317,037
2.2 Deposits and placements from banking institutions		302	1,042
2.3 Other interest expense		175	3,591
2.4 Total Interest Expense		256,885	321,680
<b>3.0 NET INTEREST INCOME/(LOSS)</b>		<b>243,896</b>	<b>331,012</b>
<b>4.0 OTHER OPERATING INCOME</b>			
4.1 Fees and commissions on loans and advances		16,137	115,720
4.2 Other fees and commission		17,567	15,582
4.3 Foreign exchange trading income/(loss)		7,238	12,700
4.4 Dividend income		-	-
4.5 Other Income		43,836	51,652
<b>4.6 Total Non-Interest Income</b>		<b>84,778</b>	<b>195,654</b>
<b>5.0 TOTAL OPERATING INCOME</b>		<b>328,674</b>	<b>526,666</b>
<b>6.0 OPERATING EXPENSES</b>			
6.1 Loan Loss Provision		(5,822)	104,409
6.2 Sta costs		166,733	182,693
6.3 Directors' emoluments		22,500	32,653
6.4 Rentals Charges		13,437	8,584
6.5 Depreciation charge on property and equipment		13,022	21,375
6.6 Amortization Charge		9,819	17,730
6.7 Other operating expenses		108,473	105,593
6.8 Total Operating Expenses		328,162	467,037
<b>7.0 Profit /(Loss) before Tax and Exceptional items</b>		<b>512</b>	<b>59,629</b>
8.0 Exceptional items		512	59,629
<b>9.0 Profit /(Loss) after Exceptional items</b>		<b>9,864</b>	<b>17,986</b>
<b>10.0 Current tax</b>		<b>(11,963)</b>	<b>38,029</b>
<b>11.0 Deferred tax</b>		<b>2,611</b>	<b>3,614</b>
<b>12.0 Profit /(loss) after Tax and Exceptional items</b>		<b>2,611</b>	<b>3,614</b>
13.0 Minority Interest		-	-
<b>14.0 Profit /(loss) after tax, exceptional items and Minority Interest</b>		<b>2,611</b>	<b>3,614</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		-	-
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>2,611</b>	<b>3,614</b>
<b>17.0 Total Comprehensive Income for the year</b>		<b>0.10</b>	<b>0.14</b>
<b>18.0 Earnings Per Share - Basic &amp; Diluted</b>		<b>0.20</b>	<b>0.20</b>
<b>19.0 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>			
a) Gross non-performing loans and advances		1,227,094	869,702
<b>b) Less: interest in suspense</b>		<b>247,821</b>	<b>50,307</b>
<b>c) Total Non-Performing Loans and Advances (a-b)</b>		<b>979,273</b>	<b>819,395</b>
d) Less: loan loss provision		255,924	137,555
<b>e) Net Non-Performing Loans and Advances (c-d)</b>		<b>723,349</b>	<b>681,840</b>
f) Discounted value of Securities		723,349	681,840
g) Net NPLs Exposure (e-f)		-	-
<b>2.0 Insider Loans and Advances</b>			
a) Directors, shareholders and associates		14,407	324,471
b) Employees		86,029	93,260
<b>c) Total Insider Loans and Advances and Other Facilities</b>		<b>100,436</b>	<b>417,731</b>
<b>3.0 Off-Balance Sheet Items</b>			
a) Letters of credit, guarantees, acceptances		269,517	724,590
b) Forward, swaps and options		-	376,078
c) Other contingent liabilities		-	-
<b>d) Total Contingent Liabilities</b>		<b>269,517</b>	<b>1,100,668</b>
<b>4.0 Capital Strength</b>			
a) Core capital		1,023,539	1,086,257
b) Minimum Statutory Capital		1,000,000	1,000,000
c) Excess/(Deficiency)		23,539	86,257
d) Supplementary capital		88,721	7,457
<b>e) Total capital (a+d)</b>		<b>1,112,260</b>	<b>1,093,714</b>
f) Total risk weighted assets		2,475,148	3,506,605
<b>g) Core capital/total deposit liabilities</b>		<b>24.68%</b>	<b>15.89%</b>
h) Minimum Statutory Ratio		8.00%	8.00%
<b>i) Excess/(Deficiency)</b>		<b>16.68%</b>	<b>7.89%</b>
j) Core capital/total risk weighted assets		41.35%	30.98%
k) Minimum Statutory Ratio		10.50%	10.50%
<b>l) Excess/(Deficiency)</b>		<b>30.85%</b>	<b>20.48%</b>
<b>m) Total capital/total risk weighted assets</b>		<b>44.94%</b>	<b>31.19%</b>
n) Minimum Statutory Ratio		14.50%	14.50%
o) Excess/(Deficiency)		30.44%	16.69%
<b>p) Adjusted core capital/ total deposit liabilities*</b>		<b>24.70%</b>	<b>15.90%</b>
<b>q) Adjusted core capital/ total risk weighted assets*</b>		<b>41.40%</b>	<b>31.00%</b>
<b>r) Adjusted total capital/total risk weighted assets*</b>		<b>44.90%</b>	<b>31.20%</b>
<b>5.0 Liquidity</b>			
<b>a) Liquidity Ratio</b>		<b>56.08%</b>	<b>24.21%</b>
b) minimum statutory ratio		20.00%	20.00%
c) Excess /(Deficiency)		36.08%	4.21%

### 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](http://www.mebkenya.com) They may also be accessed at the Bank's Head Office located at Mebank Tower, Milimani Road, Nairobi.

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Managing Director

**AAK Esmail**  
Chairman