

## FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 31ST DECEMBER 2018

### 1. STATEMENT OF FINANCIAL POSITION

	31.12.2017 Kshs:'000.	31.12.2018 Kshs:'000.
	Audited	Audited
<b>A. ASSETS</b>		
1 Cash balances (both local and foreign)	151,804	191,660
2 Balances with Central Bank of Kenya	822,778	969,384
3 Kenya Government and other securities held for dealing purposes	-	-
-4 Financial Assets at fair value through profit and loss	45,698	29,804
5 Investment Securities:		
a) Held to Maturity:		
a. Kenya Government Securities	1,207,628	538,131
b. Other securities	-	-
b) Available for sale:		
a. Kenya Government Securities	-	200,137
b. Other securities	-	-
6 Deposits and balances due from local banking institutions	327,158	380,404
7 Deposits and balances due from banking institutions abroad	234,764	215,683
8 Tax recoverable	-	-
9 Loans and advances to customers (net)	7,288,835	7,502,022
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, plant and equipment	119,289	92,453
16 Prepaid lease rentals	-	-
17 Intangible assets	4,854	8,041
18 Deferred tax asset	304,167	300,725
19 Retirement benefit assets	-	-
20 Other assets	69,550	86,571
<b>21 TOTAL ASSETS</b>	<b>10,576,525</b>	<b>10,515,015</b>
<b>B. LIABILITIES</b>		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	7,463,416	7,404,674
24 Deposits and balances due to local banking institutions	-	-
25 Deposits and balances due to banking institutions abroad	-	-
26 Other money market deposits	-	-
27 Borrowed funds	-	-
28 Balances due to banking institutions in the group	-	-
29 Tax payable	-	-
30 Dividends payable	-	-
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	85,111	45,222
<b>34 TOTAL LIABILITIES</b>	<b>7,548,527</b>	<b>7,449,896</b>
<b>C. SHAREHOLDERS' FUNDS</b>		
35 Paid up/ Assigned capital	2,490,811	2,490,811
Scheme Conversions & Contributions pending allotments	9,189	9,189
36 Share premium (discount)	412,819	412,819
37 Revaluation reserve	-	-
38 Retained earnings/ (Accumulated losses)	(132,528)	(37,073)
39 Statutory loan loss reserve	247,707	189,373
40 Other Reserves	-	-
41 Proposed dividends	-	-
42 Capital grants	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,027,998</b>	<b>3,065,119</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>10,576,525</b>	<b>10,515,015</b>

### 2. STATEMENT OF COMPREHENSIVE INCOME

<b>1.0 INTEREST INCOME</b>		
1.1 Loans and advances	974,278	961,496
1.2 Government securities	120,173	104,739
1.3 Deposits and placements with banking institutions	49,418	22,940
1.4 Other interest income	1,947	237
<b>1.5 Total interest income</b>	<b>1,145,817</b>	<b>1,089,412</b>
<b>2.0 INTEREST EXPENSES</b>		
2.1 Customer deposits	575,334	567,855
2.2 Deposits and placements from banking institutions	1,368	6,299
2.3 Other interest expenses	-	-
<b>2.4 Total Interest Expenses</b>	<b>576,702</b>	<b>574,154</b>
<b>3.0 NET INTEREST INCOME(LOSS)</b>	<b>569,114</b>	<b>515,258</b>
<b>4.0 OTHER OPERATING INCOME</b>		
4.1 Fees and commissions on loans & advances	178,526	159,262
4.2 Other fees and commissions	17,586	19,916
4.3 Foreign exchange trading income (loss)	13,452	11,493
4.4 Dividend income	1,698	640
4.5 Other income	28,832	(5,398)
<b>4.6 Total other operating income</b>	<b>240,095</b>	<b>185,913</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>809,209</b>	<b>701,171</b>
<b>6.0 OPERATING EXPENSES</b>		
6.1 Loan loss provision	177,294	148,618
6.2 Staff costs	235,485	221,104
6.3 Directors' emoluments	6,556	5,775
6.4 Rental charges	40,698	40,706
6.5 Depreciation charge on property and equipment	34,161	37,997
6.6 Amortisation charges	1,852	4,122
6.7 Other operating expenses	197,148	137,536
<b>6.8 Total Operating Expenses</b>	<b>693,194</b>	<b>595,858</b>
<b>7.0 Profit/(loss) before tax and exceptional items</b>	<b>116,015</b>	<b>105,313</b>
8.0 Exceptional items	-	-
<b>9.0 Profit/(loss) after exceptional items</b>	<b>116,015</b>	<b>105,313</b>
10.0 Current tax	-	-
11.0 Deferred tax	19,505	22,867
<b>12.0 Profit/(loss) after tax and exceptional items</b>	<b>96,510</b>	<b>82,446</b>
<b>13.0 Other Comprehensive Income:</b>		
13.1 Gains/(Losses) from translating the financial statement of foreign operations	-	-
13.2 Fair value changes in available-for-sale financial assets	-	-
13.3 Revaluation surplus on Property, plant and equipment	-	-
13.4 Share of other comprehensive income of associates	-	-
13.5 Income tax relating to components of other comprehensive income	-	-
<b>14.0 Other Comprehensive income for the year net of tax</b>	<b>-</b>	<b>-</b>
<b>15.0 Total Comprehensive Income for the year net of tax</b>	<b>96,510</b>	<b>82,446</b>

### 3. OTHER DISCLOSURES

<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>		
a) Gross non-performing loans and advances	808,524	773,122
b) Less interest in suspense	67,882	68,017
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>740,642</b>	<b>705,105</b>
d) Less loan loss provisions	384,662	448,355
<b>e) Net non-performing loans and advances (c-d)</b>	<b>355,980</b>	<b>256,750</b>
f) Discounted value of securities	355,980	256,750
<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	765,083	1,099,027
b) Employees	36,846	40,227
<b>c) Total Insider Loans, Advances &amp; Other Facilities</b>	<b>801,929</b>	<b>1,139,254</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>		
a) Letters of credit, guarantees and acceptances	441,320	457,673
b) Forwards, swaps and options	-	-
c) Other contingent liabilities	664,135	890,060
<b>c) Total Contingent Liabilities</b>	<b>1,105,455</b>	<b>1,347,733</b>
<b>4.0 CAPITAL STRENGTH</b>		
<b>a) Core capital</b>	<b>2,780,291</b>	<b>2,575,020</b>
b) Minimum statutory capital	1,000,000	1,000,000
<b>c) Excess (deficiency) (a-b)</b>	<b>1,780,291</b>	<b>1,575,020</b>
d) Supplementary capital	106,323	108,436
<b>e) Total capital (a-d)</b>	<b>2,886,614</b>	<b>2,683,456</b>
<b>f) Total risk weighted assets</b>	<b>8,505,879</b>	<b>8,674,913</b>
<b>g) Core capital/ total deposit liabilities</b>	<b>37.25%</b>	<b>34.78%</b>
h) Minimum statutory ratio	8.00%	8.00%
i) Excess (deficiency) (g-h)	26.75%	26.78%
<b>j) Core capital/ total risk weighted assets</b>	<b>32.69%</b>	<b>29.68%</b>
k) Minimum statutory ratio	10.50%	10.50%
l) Excess (deficiency) (j-k)	22.19%	19.18%
<b>m) Total capital/ total risk weighted assets</b>	<b>33.94%</b>	<b>30.93%</b>
n) Minimum statutory ratio	14.50%	14.50%
o) Excess (deficiency) (m-n)	19.44%	16.43%
(p) Adjusted Core Capital/Total Deposit Liabilities*	37.25%	36.03%
(q) Adjusted Core Capital/Total Risk Weighted Assets*	32.69%	30.75%
(r) Adjusted Total Capital/Total Risk Weighted Assets*	33.94%	32.00%
<b>5.0 LIQUIDITY</b>		
<b>a) Liquidity Ratio</b>	<b>36.77%</b>	<b>33.70%</b>
b) Minimum statutory ratio	20.00%	20.00%
c) Excess or deficiency (a-b)	16.77%	13.70%

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.

These financial statements are extracts from the books of the institution as audited by **RSM Eastern Africa** and received unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Bank's website; [www.moriental.co.ke](http://www.moriental.co.ke). They may also be accessed at our branches at:

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