

## QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2020

### 1. STATEMENT OF FINANCIAL POSITION

	30.06.2019 Kshs.'000. Un- Audited	31.12.2019 Kshs.'000. Audited	31.03.2020 Kshs.'000. Un- Audited	30.06.2020 Kshs.'000. Un- Audited
<b>A. ASSETS</b>				
1 Cash balances (both local and foreign)	187,964	222,569	175,348	166,568
2 Balances with Central Bank of Kenya	594,039	837,118	569,969	896,022
3 Kenya Government and other securities held for dealing purposes	-	-	-	-
4 Financial Assets at fair value through profit and loss	26,471	24,625	22,910	21,764
5 Investment Securities:				
a) Held to Maturity:				
a. Kenya Government Securities	1,574,161	2,145,839	2,199,882	2,311,046
b. Other securities	-	-	-	-
b) Available for sale:				
a. Kenya Government Securities	-	-	-	-
b. Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	669,459	669,504	840,362	696,812
7 Deposits and balances due from banking institutions abroad	1,161,951	1,203,873	804,819	964,492
8 Tax recoverable	-	-	-	-
9 Loans and advances to customers (net)	7152,372	6,811,799	6,945,048	6,767,749
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	75,138	64,535	57,254	52,302
16 Prepaid lease rentals	-	-	-	-
17 Intangible assets	6,750	5,348	4,361	8,125
18 Deferred tax asset	296,028	214,324	213,382	212,136
19 Retirement benefit assets	-	-	-	-
20 Other assets	97,393	194,242	232,003	241,607
<b>21 TOTAL ASSETS</b>	<b>11,841,726</b>	<b>12,393,776</b>	<b>12,065,338</b>	<b>12,338,623</b>
<b>B. LIABILITIES</b>				
22 Balances due to Central Bank of Kenya	-	-	-	-
23 Customer deposits	8,676,263	9,187,522	8,821,240	9,059,777
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	72,695	163,083	194,904	221,058
<b>34 TOTAL LIABILITIES</b>	<b>8,748,958</b>	<b>9,350,605</b>	<b>9,016,144</b>	<b>9,280,835</b>
<b>C. SHAREHOLDERS' FUNDS</b>				
35 Paid up / Assigned capital	2,491,151	2,490,811	2,490,811	2,491,151
36 Scheme Conversions & Contributions pending allotments	-	9,189	9,189	8,849
37 Share premium (discount)	412,819	412,819	412,819	412,819
38 Revaluation reserve	-	-	-	-
39 Retained earnings/ (Accumulated losses)	(25,775)	(25,775)	(92,832)	(102,995)
40 Statutory loan loss reserve	205,725	222,004	229,207	247,964
41 Other Reserves	-	-	-	-
42 Proposed dividends	-	-	-	-
43 Capital grants	-	-	-	-
<b>44 TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,092,769</b>	<b>3,043,171</b>	<b>3,049,194</b>	<b>3,057,788</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>11,841,726</b>	<b>12,393,776</b>	<b>12,065,338</b>	<b>12,338,623</b>

### 2. STATEMENT OF COMPREHENSIVE INCOME

<b>1.0 INTEREST INCOME</b>				
1.1 Loans and advances	378,195	811,399	169,835	332,671
1.2 Government securities	51,911	147,851	46,208	92,733
1.3 Deposits and placements with banking institutions	8,533	31,733	7,779	13,724
1.4 Other interest income	127	353	-	-
<b>1.5 Total interest income</b>	<b>438,765</b>	<b>991,336</b>	<b>223,822</b>	<b>439,128</b>
<b>2.0 INTEREST EXPENSES</b>				
2.1 Customer deposits	273,448	599,967	153,973	299,894
2.2 Deposits and placements from banking institutions	5	3	-	82
2.3 Other interest expenses	-	10,182	-	-
<b>2.4 Total Interest Expenses</b>	<b>273,453</b>	<b>610,152</b>	<b>153,973</b>	<b>299,976</b>
<b>3.0 NET INTEREST INCOME/(LOSS)</b>	<b>165,313</b>	<b>381,185</b>	<b>69,849</b>	<b>139,152</b>
<b>4.0 OTHER OPERATING INCOME</b>				
4.1 Fees and commissions on loans & advances	108,464	227,359	57,537	115,810
4.2 Other fees and commissions	106,280	8,437	16,024	7,648
4.3 Foreign exchange trading income (loss)	4,292	9,634	3,971	7,101
4.4 Dividend income	1,066	1,577	129	129
4.5 Other income	(932)	(332)	(1,495)	(1,446)
<b>4.6 Total other operating income</b>	<b>121,326</b>	<b>254,263</b>	<b>63,819</b>	<b>129,242</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>286,638</b>	<b>635,447</b>	<b>133,668</b>	<b>268,394</b>
<b>6.0 OPERATING EXPENSES</b>				
6.1 Loan loss provision	29,666	131,941	14,431	29,871
6.2 Staff costs	106,280	216,398	56,990	111,552
6.3 Directors' emoluments	2,626	5,146	1,569	2,619
6.4 Rental charges	25,135	34,381	11,873	23,580
6.5 Depreciation charge on property and equipment	18,164	35,312	7,281	14,204
6.6 Amortisation charges	2,176	4,274	987	2,083
6.7 Other operating expenses	69,943	143,542	33,897	68,132
<b>6.8 Total Operating Expenses</b>	<b>253,991</b>	<b>570,994</b>	<b>127,029</b>	<b>252,041</b>
<b>7.0 Profit/(loss) before tax and exceptional items</b>	<b>32,648</b>	<b>64,453</b>	<b>6,338</b>	<b>16,353</b>
8.0 Exceptional items	-	-	-	-
<b>9.0 Profit/(loss) after exceptional items</b>	<b>32,648</b>	<b>64,453</b>	<b>6,338</b>	<b>16,353</b>
10.0 Current tax	-	-	-	-
10.1 Deferred tax	4,697	86,401	942	2,188
<b>12.0 Profit/(loss) after tax and exceptional items</b>	<b>27,951</b>	<b>(21,948)</b>	<b>5,697</b>	<b>14,165</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>-</b>	<b>-</b>
<b>15.0 Total Comprehensive Income for the year net of tax</b>	<b>27,951</b>	<b>(21,948)</b>	<b>5,697</b>	<b>14,165</b>

### 3. OTHER DISCLOSURES

<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>				
a) Gross non-performing loans and advances	1,245,963	1,410,502	1,418,040	1,418,715
b) Less interest in suspense	94,846	94,901	94,923	95,597
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>1,151,117</b>	<b>1,315,601</b>	<b>1,323,117</b>	<b>1,323,118</b>
d) Less loan loss provisions	499,415	548,640	570,253	604,471
<b>e) Net non-performing loans and advances (c-d)</b>	<b>651,702</b>	<b>766,961</b>	<b>752,864</b>	<b>718,647</b>
f) Discounted value of securities	651,702	766,961	782,477	718,647
<b>g) Net NPLs exposure (e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>				
a) Directors, shareholders and associates	1,234,501	1,303,987	1,312,336	1,266,803
b) Employees	39,511	36,099	34,815	33,155
<b>c) Total Insider Loans, Advances &amp; Other Facilities</b>	<b>1,274,012</b>	<b>1,340,086</b>	<b>1,347,151</b>	<b>1,299,958</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>				
a) Letters of credit, guarantees and acceptances	429,788	355,209	436,925	512,068
b) Forwards, swaps and options	-	-	-	-
c) Other contingent liabilities	729,187	744,988	608,421	480,905
<b>c) Total Contingent Liabilities</b>	<b>1,158,975</b>	<b>1,100,197</b>	<b>1,045,346</b>	<b>992,973</b>
<b>4.0 CAPITAL STRENGTH</b>				
a) Core capital	2,577,190	2,606,842	2,603,756	2,590,606
b) Minimum statutory capital	1,000,000	1,000,000	1,000,000	1,000,000
<b>c) Excess (deficiency) (a-b)</b>	<b>1,577,190</b>	<b>1,606,842</b>	<b>1,603,756</b>	<b>1,590,606</b>
d) Supplementary capital	104,920	98,233	99,837	97,721
<b>e) Total capital (a+d)</b>	<b>2,682,110</b>	<b>2,705,075</b>	<b>2,703,593</b>	<b>2,688,327</b>
f) Total risk weighted assets	8,393,593	7,858,628	7,986,997	7,817,643
<b>g) Core capital/ total deposit liabilities</b>	<b>29.70%</b>	<b>28.37%</b>	<b>29.92%</b>	<b>28.59%</b>
h) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
i) Excess (deficiency) (g-h)	21.70%	20.37%	21.52%	20.59%
<b>j) Core capital/ total risk weighted assets</b>	<b>30.70%</b>	<b>33.17%</b>	<b>32.60%</b>	<b>33.14%</b>
k) Minimum statutory ratio	10.50%	10.50%	10.50%	10.50%
l) Excess (deficiency) (j-k)	20.20%	22.67%	22.10%	22.64%
<b>m) Total capital/ total risk weighted assets</b>	<b>31.95%</b>	<b>34.42%</b>	<b>33.85%</b>	<b>34.39%</b>
n) Minimum statutory ratio	14.50%	14.50%	14.50%	14.50%
o) Excess (deficiency) (m-n)	17.47%	19.92%	19.35%	19.89%
(p) Adjusted Core Capital/Total Deposit Liabilities*	30.68%	28.90%	29.97%	29.00%
(q) Adjusted Core Capital/Total Risk Weighted Assets*	31.71%	33.78%	33.10%	33.61%
(r) Adjusted Total Capital/Total Risk Weighted Assets*	32.96%	35.03%	34.35%	34.86%
<b>5.0 LIQUIDITY</b>				
a) Liquidity Ratio	48.26%	55.28%	52.00%	55.70%
b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
c) Excess or deficiency (a-b)	28.26%	35.28%	32.00%	35.70%

\*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

The above financial statements are extracts from the books of the institution. The complete set of financial statements, statutory and qualitative disclosures can be accessed on the institution's website: [www.moriental.co.ke](http://www.moriental.co.ke)

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