

## AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2021

### 1. STATEMENT OF FINANCIAL POSITION

	31.12.2020 Kshs.000. Audited	31.12.2021 Kshs.000. Audited
<b>A. ASSETS</b>		
1 Cash balances (both local and foreign)	168,855	188,022
2 Balances with Central Bank of Kenya	607,014	574,835
3 Kenya Government and other securities held for dealing purposes	-	-
4 Financial Assets at fair value through profit and loss	20,548	12,729
5 Investment Securities:		
a). Held to Maturity:		
a. Kenya Government Securities	3,224,805	4,552,306
b. Other securities	-	-
b) Available for sale:		
a. Kenya Government Securities	-	-
b. Other securities	-	-
6 Deposits and balances due from local banking institutions	470,269	298,870
7 Deposits and balances due from banking institutions abroad	938,356	1,003,770
8 Tax recoverable	-	-
9 Loans and advances to customers (net)	7,078,318	6,506,864
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	-	-
16 Prepaid lease rentals	43,294	27,607
17 Intangible assets	45,600	28,630
18 Deferred tax asset	211,897	210,803
19 Retirement benefit assets	-	-
20 Other assets	175,598	253,033
<b>21 TOTAL ASSETS</b>	<b>12,984,554</b>	<b>13,657,469</b>
<b>B. LIABILITIES</b>		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	9,748,877	10,242,665
24 Deposits and balances due to local banking institutions	-	100,015
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	12,434	5,638
30 Dividends payable	-	-
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	152,352	191,182
<b>34 TOTAL LIABILITIES</b>	<b>9,913,663</b>	<b>10,539,500</b>
<b>C. SHAREHOLDERS' FUNDS</b>		
35 Paid up/ Assigned capital	2,491,031	2,491,031
Scheme Conversions & Contributions pending allotments	8,969	8,969
36 Share premium (discount)	412,819	412,819
37 Revaluation reserve	-	-
38 Retained earnings/ (Accumulated losses)	(155,377)	(108,300)
39 Statutory loan loss reserve	313,450	313,450
40 Other Reserves	-	-
41 Proposed dividends	-	-
42 Capital grants	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,070,892</b>	<b>3,117,969</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>12,984,554</b>	<b>13,657,469</b>

### 2. STATEMENT OF COMPREHENSIVE INCOME

<b>1.0 INTEREST INCOME</b>		
1.1 Loans and advances	857,613	842,435
1.2 Government securities	259,040	368,825
1.3 Deposits and placements with banking institutions	27,656	36,201
1.4 Other interest income	-	-
<b>1.5 Total Interest Income</b>	<b>1,144,309</b>	<b>1,247,461</b>
<b>2.0 INTEREST EXPENSES</b>		
2.1 Customer deposits	606,729	646,349
2.2 Deposits and placements from banking institutions	82	205
2.3 Other interest expenses	6,382	12,749
<b>2.4 Total Interest Expenses</b>	<b>613,193</b>	<b>659,303</b>
<b>3.0 NET INTEREST INCOME(LOSS)</b>	<b>531,116</b>	<b>588,158</b>
<b>4.0 OTHER OPERATING INCOME</b>		
4.1 Fees and commissions on loans & advances	260,505	134,058
4.2 Other fees and commissions	14,354	16,997
4.3 Foreign exchange trading income (loss)	30,627	26,160
4.4 Dividend income	129	799
4.5 Other income	4,569	92,848
<b>4.6 Total other operating income</b>	<b>310,184</b>	<b>270,862</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>841,300</b>	<b>859,020</b>
<b>6.0 OPERATING EXPENSES</b>		
6.1 Loan loss provision	351,281	340,184
6.2 Staff costs	214,727	232,620
6.3 Directors' emoluments	5,686	6,052
6.4 Rental charges	46,705	45,493
6.5 Depreciation charge on property and equipment	27,753	21,207
6.6 Amortisation charges	5,846	16,970
6.7 Other operating expenses	146,720	129,055
<b>6.8 Total Operating Expenses</b>	<b>798,718</b>	<b>793,581</b>
<b>7.0 Profit/(loss) before tax and exceptional items</b>	<b>42,582</b>	<b>67,439</b>
8.0 Exceptional items	-	-
<b>9.0 Profit/(loss) after exceptional items</b>	<b>42,582</b>	<b>67,439</b>
10.0 Current tax	12,434	19,267
11.0 Deferred tax	2,427	1,094
<b>12.0 Profit/(loss) after tax and exceptional items</b>	<b>27,721</b>	<b>47,078</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>27,721</b>	<b>47,078</b>

### 3. OTHER DISCLOSURES

<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>		
a) Gross non-performing loans and advances	1,812,217	1,933,653
b) Less interest in suspense	93,094	93,081
<b>c) Total Non-Performing Loans and Advances (a-b)</b>	<b>1,719,123</b>	<b>1,840,572</b>
d) Less loan loss provisions	703,982	845,563
<b>e) Net non-performing loans and advances (c-d)</b>	<b>1,015,141</b>	<b>995,009</b>
f) Discounted value of securities	1,015,141	995,009
<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	1,257,276	790,876
b) Employees	31,115	35,474
<b>c) Total Insider Loans, Advances &amp; Other Facilities</b>	<b>1,288,391</b>	<b>826,350</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>		
a) Letters of credit, guarantees and acceptances	508,574	899,799
b) Forwards, swaps and options	-	-
c) Other contingent liabilities	567,532	655,606
<b>c) Total Contingent Liabilities</b>	<b>1,076,106</b>	<b>1,555,405</b>
<b>4.0 CAPITAL STRENGTH</b>		
a) <b>Core capital</b>	<b>2,545,544</b>	<b>2,593,716</b>
b) Minimum statutory capital	1,000,000	1,000,000
<b>c) Excess (deficiency) (a-b)</b>	<b>1,545,544</b>	<b>1,593,716</b>
d) Supplementary capital	108,900	113,969
<b>e) Total capital (a+d)</b>	<b>2,654,444</b>	<b>2,707,685</b>
f) Total risk weighted assets	8,711,984	9,117,499
<b>g) Core capital/ total deposit liabilities</b>	<b>26.11%</b>	<b>25.32%</b>
h) Minimum statutory ratio	8.00%	8.00%
i) Excess (deficiency) (g-h)	18.11%	17.32%
<b>j) Core capital/ total risk weighted assets</b>	<b>29.22%</b>	<b>28.45%</b>
k) Minimum statutory ratio	10.50%	10.50%
l) Excess (deficiency) (j-k)	18.72%	17.95%
<b>m) Total capital/ total risk weighted assets</b>	<b>30.47%</b>	<b>29.70%</b>
n) Minimum statutory ratio	14.50%	14.50%
o) Excess (deficiency) (m-n)	15.97%	15.20%
(p) Adjusted Core Capital/Total Deposit Liabilities*	26.11%	25.32%
(q) Adjusted Core Capital/Total Risk Weighted Assets*	29.22%	28.45%
(r) Adjusted Total Capital/Total Risk Weighted Assets*	30.47%	29.70%
<b>5.0 LIQUIDITY</b>		
a) <b>Liquidity Ratio</b>	<b>54.88%</b>	<b>63.13%</b>
b) Minimum statutory ratio	20.00%	20.00%
c) Excess or deficiency (a-b)	34.88%	43.13%

\*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 impairment of loans.

The above financial statements are extracts from the books of the institution as audited by RSM Eastern Africa and received an unqualified opinion. The complete set of audited 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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