

Middle East Bank (PJSC)
Notes to the financial statements
Year ended 20 Mar. 2021

48-3-7- Credit quality analysis

The quality of bank assets, including loans, commitments and investments, the type and amount of collaterals taken and adequacy of collaterals taken (loan to value ratio) is illustrated by the notes from 48-3-7-1 to 48-3-7-5 from risk department point of view.

48-3-7-1- Analysis of credit quality of loans and funded commitments and investments based on the bank's internal credit rating

Credit quality analysis table regardless of the value of collaterals and on the basis of a review of financial statements, ability to pay principal and interest on loans and payment behavior of customers in the past is provided.

Level 1 loans (low risk) are those in which customers have paid back their debts completely in the past with credit rate AAA to B. Granted loans from NFD resources are considered in this class. Level 2 loans (medium risk) are those in which customers paid back completely with credit score B- to CCC- risk score. Level 3 loans (high risk) are those who have CC to C credit rate and paid back their debts totally. Level 4 loans (nearly doubtful) are those which have been "doubtful" in 19 March 2020.

As for risk levels for commitments, the same risk level of the loan of that customer has been used. As for investments, long-term and short-term investments(TSE listed companies) have been considered as "low risk" and "medium risk" respectively.

	Credit quality analysis					
	Loans		Investments		Commitments	
	20 Mar. 2021	19 Mar. 2020	20 Mar. 2021	19 Mar. 2020	20 Mar. 2021	19 Mar. 2020
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
level1 - low risk	165,739,756	85,697,115	1,157,610	468,103	24,555,915	19,305,635
level2 - medium risk	71,706,769	26,696,523	-	-	55,804,715	37,135,185
level 3 - high risk	4,580,695	6,057,219	-	-	13,536,772	2,828,668
level 4 - nearly doubtful	2,288,788	1,473,898	-	-	-	-
Total gross amount	244,316,008	119,924,755	1,157,610	468,103	93,897,402	59,269,488
Provision for bad and doubtful loans	(4,320,084)	(2,287,177)	-	-	-	-
Book value	239,995,924	117,637,578	1,157,610	468,103	-	-

48-3-7-2- Analysis of credit quality of loans granted to customers based on asset classes

	Loans		Commitments	
	20 Mar. 2021	19 Mar. 2020	20 Mar. 2021	19 Mar. 2020
	IRR million	IRR million	IRR million	IRR million
Current	241,106,687	116,672,439	93,897,402	59,269,488
Past due	140,438	339,114	-	-
Outstanding	749,564	1,438,959	-	-
Doubtful	2,319,319	1,474,243	-	-
Total gross amount	244,316,008	119,924,755	93,897,402	59,269,488
Provision for bad and doubtful loans	(4,320,084)	(2,287,177)	-	-
Book value	239,995,924	117,637,578	93,897,402	59,269,488

