

### A) STATEMENT OF COMPREHENSIVE INCOME

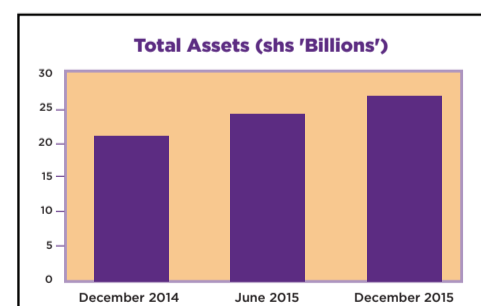
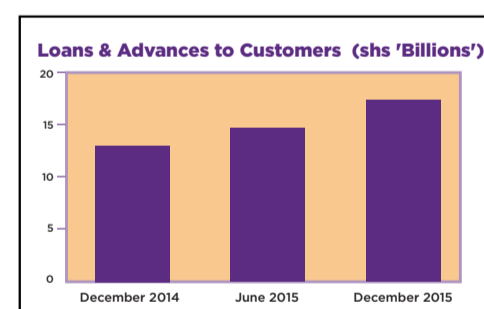
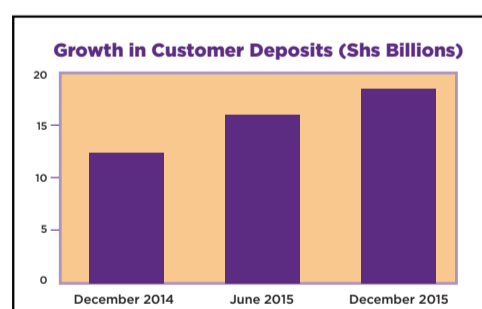
	AUDITED 31st December, 2015 KShs. '000'	AUDITED 31st December, 2014 KShs. '000'
<b>1.0 INCOME</b>		
1.1 Interest on Loan Portfolio	3,226,543	2,753,204
1.2 Fees and Commission on Loan Portfolio	405,353	593,929
1.3 Government Securities	85,263	78,871
1.4 Deposit and Balances with Banks and Financial Inst.	535,767	363,903
1.5 Other Investments	-	-
1.6 Other Operating Income	101,255	87,383
1.7 Non- Operating Income	1,136	4,719
<b>Total Income</b>	<b>4,355,316</b>	<b>3,882,009</b>
<b>2.0 Expenses</b>		
2.1 Interest and Fee Expense on Deposits	1,387,376	919,074
2.2 Other Fees and Commissions expense	200,145	163,237
2.3 Provision for Loan Impairment	165,146	132,451
2.4 Staff Costs	1,047,965	1,056,592
2.5 Director's Emoluments	12,275	8,387
2.6 Rental Charges	165,358	113,486
2.7 Depreciation Charges	125,353	81,180
2.8 Amortization Charges	25,473	22,228
2.9 Other Administrative Expense	759,295	637,683
2.10 Non-Operating Expense	-	-
<b>Total Expenses</b>	<b>3,888,387</b>	<b>3,134,318</b>
<b>Operating Profit</b>	<b>466,929</b>	<b>747,691</b>
3.0 Interest and Fee Expense on Borrowings(Finance Costs)	284,240	316,120
<b>Profit/(Loss) before tax</b>	<b>182,689</b>	<b>431,571</b>
4.0 Current Tax	67,356	132,625
4.1 Deferred Tax	-	-
<b>Net Profit (After Taxes and Before Donations)</b>	<b>115,333</b>	<b>298,946</b>
5.0 Donations for Operating Expense	-	-
<b>Net Profit After Taxes</b>	<b>115,333</b>	<b>298,946</b>
5.1 Other Comprehensive Income	-	-
5.2 Surplus on revaluation of building	-	145,297
5.3 Deferred tax on revaluation surplus	-	43,589
<b>Total comprehensive income</b>	<b>115,333</b>	<b>400,654</b>

### B) STATEMENT OF FINANCIAL POSITION

	AUDITED 31st December, 2015 KShs. '000'	AUDITED 31st December, 2014 KShs. '000'
<b>1.0 ASSETS</b>		
1.1 Cash and bank balances	275,799	297,155
1.2 Short term deposits with banks	4,756,282	2,544,007
1.3 Government securities	721,328	779,999
1.4 Advances to customers	16,583,682	14,488,387
1.5 Due from related organisations	-	-
1.6 Other receivables	981,658	634,413
1.7 Tax recoverable	171,200	12,594
1.8 Other investment	-	46
1.9 Investment in associate companies	42,881	42,086
1.10 Intangible assets	266,642	155,633
1.11 Property and equipment	1,524,194	1,365,638
<b>Total Assets</b>	<b>25,323,666</b>	<b>20,319,958</b>
<b>2.0 LIABILITIES</b>		
2.1 Cash collaterals held	1,224,587	1,341,181
2.2 Customer deposits	15,465,559	12,646,278
2.3 Borrowings	2,670,526	1,339,477
2.4 Deferred income	-	-
2.5 Deferred tax liability	58,119	69,452
2.6 Due to related organisations	-	-
2.7 Other liabilities	1,605,459	1,136,187
2.8 Tax payable	-	-
<b>Total Liabilities</b>	<b>21,024,250</b>	<b>16,532,575</b>
<b>3.0 SHARE CAPITAL &amp; RESERVES</b>		
3.1 Share capital	480,000	480,000
3.2 Share premium	2,899,759	2,503,059
3.3 Retained earnings	236,882	257,337
3.4 Revaluation reserve	212,756	205,472
3.5 Statutory reserve	470,019	341,515
<b>Total Shareholders' funds</b>	<b>4,299,416</b>	<b>3,787,383</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,323,666</b>	<b>20,319,958</b>

### C) OTHER DISCLOSURES

	AUDITED 31st December, 2015 KShs. '000'	AUDITED 31st December, 2014 KShs. '000'
<b>1 NON-PERFORMING LOANS AND ADVANCES</b>		
(a) Gross Non-Performing Loans and Advances	611,680	606,222
Less:		
(b) Interest in Suspense	108,760	107,970
(c) Total Non-Performing Loans and Advances (a-b)	502,920	498,252
(d) Impairment Loss Allowance	249,034	154,610
(e) Net Non-Performing Loans (c-d)	253,887	343,642
(f) Realizable Value of Securities	253,887	343,642
(g) <b>Net NPLs Exposure (e-f)</b>	<b>-</b>	<b>-</b>
<b>2 INSIDER LOANS AND ADVANCES</b>		
(a) Directors, Shareholders and Associates	39,716	-
(b) Employees	381,246	263,391
(c) <b>Total Insider Loans, Advances and Other Facilities</b>	<b>420,962</b>	<b>263,391</b>
<b>3 OFF-BALANCE SHEET ITEMS</b>		
(a) Guarantees and Commitments	333,000	22,000
(b) Other Contingent Liabilities	556,000	600,000
(c) <b>Total Contigent Liabilities</b>	<b>889,000</b>	<b>622,000</b>
<b>4 CAPITAL STRENGTH</b>		
(a) Core Capital	3,616,641	3,240,397
(b) Minimum Statutory Capital	60,000	60,000
(c) Excess/(Deficiency) (a-b)	3,556,641	3,180,397
(d) Supplementary Capital	261,049	245,449
(e) Total Capital (a+b)	3,877,690	3,485,846
(f) Total Risk Weighted Assets	18,452,900	15,526,505
(g) Core Capital/ Total Deposit Liabilities	22%	23%
(h) Minimum Statutory Ratio	8%	8%
(i) Excess/(Deficiency) (g-h)	14%	15%
(j) Core Capital/ Total Risk Weighted Assets	20%	21%
(k) Minimum Statutory Ratio	10%	10%
(l) Excess/(Deficiency) (j-k)	10%	11%
(m) Total Capital/ Total Risk Weighted Assets	21%	22%
(n) Minimum Statutory Ratio	12%	12%
(o) Excess/(Deficiency) (m-n)	9%	10%
<b>5 LIQUIDITY</b>		
(a) Liquidity Ratio	31%	24%
(b) Minimum Statutory Ratio	20%	20%
(c) Excess/(Deficiency) (a-b)	11%	4%



### Message from the Directors

The above statement of comprehensive income, statement of financial position and other disclosures are extracts from the books of Faulu Microfinance Bank. The accounts have been audited by Messrs Deloitte & Touche and received an unqualified opinion. The statements were approved on 23rd March 2016.

Dr. Peter W. Muthoka EBS, MBS - Chairman  
Charles K. Njuguna - Managing Director  
Joshua Muiru - Director