

Faulu Microfinance Bank Limited

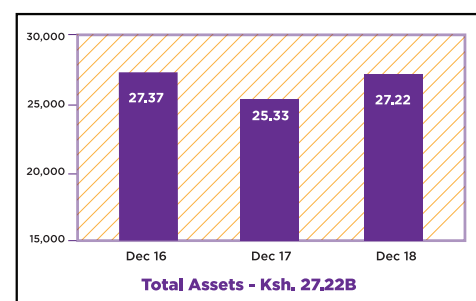
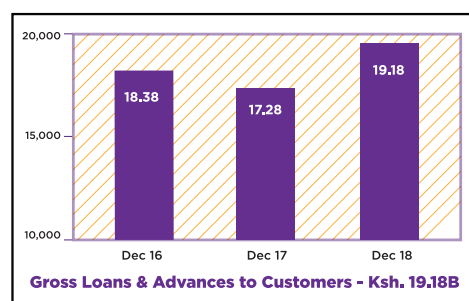
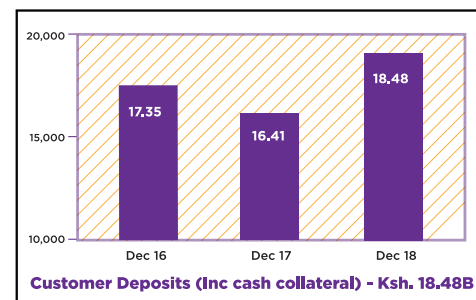
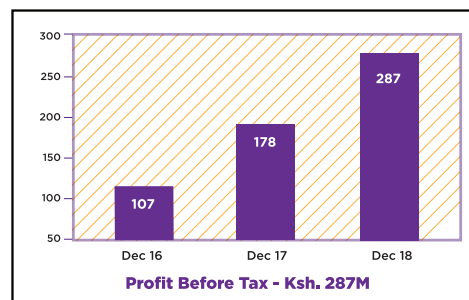
Audited Financial Statements as at 31st December 2018

A) STATEMENT OF COMPREHENSIVE INCOME	BANK		GROUP	
	AUDITED	AUDITED	AUDITED	AUDITED
	31st Dec, 2018 KShs. '000'	31st Dec, 2017 KShs. '000'	31st Dec, 2018 KShs. '000'	31st Dec, 2017 KShs. '000'
1.0 INCOME				
1.1 Interest on Loan Portfolio	3,570,948	3,565,692	3,570,948	3,565,692
1.2 Fees and Commission on Loan Portfolio	621,189	442,836	621,189	442,836
1.3 Government Securities	311,444	320,614	311,444	320,614
1.4 Deposit and Balances with Banks and Financial Inst.	163,237	160,194	167,118	160,194
1.5 Other Operating Income	125,942	101,340	153,340	128,257
1.6 Non-Operating Income	4,632	3,919	4,632	3,919
1.7 Total Income	4,797,392	4,594,595	4,828,671	4,621,512
2.0 Expenses				
2.1 Interest and Fee Expense on Deposits	1,626,553	1,457,027	1,626,553	1,457,027
2.2 Other Fees and Commissions expense	171,680	113,593	173,809	113,593
2.3 Provision for Loan Impairment	114,551	232,402	114,551	232,402
2.4 Staff Costs	957,805	1,031,648	968,578	1,042,652
2.5 Director's Emoluments	13,490	15,137	14,488	15,137
2.6 Rental Charges	291,511	276,077	291,808	276,077
2.7 Depreciation Charges	188,579	158,362	188,701	158,362
2.8 Amortization Charges	144,297	63,272	144,297	63,272
2.9 Other Administrative Expense	516,845	559,268	518,496	560,671
3.0 Total Expenses	4,025,311	3,906,786	4,041,281	3,919,193
4.0 Operating Profit	772,081	687,809	787,390	702,319
5.0 Interest and Fee Expense on Borrowings (Finance Costs)	498,466	524,323	500,030	524,323
6.0 Profit before tax	273,615	163,486	287,360	177,996
6.1 Current Tax	92,709	69,427	96,916	73,780
7.0 Net Profit After Taxes	180,906	94,059	190,444	104,216
7.1 Other Comprehensive Income	-	58,871	-	58,871
7.2 Deferred Tax on Revaluation Surplus	-	-10,123	-	-10,123
8.0 Total Comprehensive Income	180,906	142,807	190,444	152,964

B) STATEMENT OF FINANCIAL POSITION	BANK		GROUP	
	AUDITED	AUDITED	AUDITED	AUDITED
	31st Dec, 2018 KShs. '000'	31st Dec, 2017 KShs. '000'	31st Dec, 2018 KShs. '000'	31st Dec, 2017 KShs. '000'
1.0 ASSETS				
1.1 Cash and bank balances	349,311	297,185	349,311	297,185
1.2 Short term deposits with banks	3,670,427	1,890,285	3,670,427	1,890,285
1.3 Government securities	1,879,900	2,500,000	1,879,900	2,500,000
1.4 Advances to customers	16,934,753	16,957,894	16,934,753	16,957,894
1.5 Due from related organisations	54,037	54,194	41,514	54,194
1.6 Other receivables	1,363,705	900,170	1,370,822	906,474
1.7 Tax recoverable	167,935	237,739	167,935	237,739
1.8 Other investment	1,000	-	-	-
1.9 Investment in associate companies	51,424	48,182	51,424	48,182
1.11 Intangible assets	877,561	1,020,425	1,335,886	1,290,171
1.12 Property and equipment	1,414,170	1,418,083	956,337	1,148,756
1.13 Deferred tax assets	460,713	-	461,163	-
1.14 Total Assets	27,224,936	25,325,157	27,219,472	25,330,880
2.0 LIABILITIES				
2.1 Cash collaterals held	588,844	711,957	588,844	711,957
2.2 Customer deposits	17,940,968	15,738,146	17,891,042	15,738,146
2.3 Borrowings	4,430,520	3,571,774	4,430,520	3,571,774
2.4 Deferred tax liability	-	134,856	-	134,856
2.5 Due to related organisations	73,604	44,597	73,604	55,600
2.6 Other liabilities	727,121	638,945	740,923	609,727
2.7 Tax payable	-	-	1,301	616
3.0 Total Liabilities	23,761,057	20,840,275	23,726,234	20,822,676
4.0 SHARE CAPITAL & RESERVES				
4.1 Share capital	480,000	480,000	480,000	480,000
4.2 Share premium	2,899,759	2,899,759	2,899,759	2,899,759
4.3 Retained earnings	-171,384	294,133	-142,025	316,661
4.4 Revaluation reserve	255,504	259,915	255,504	260,709
4.5 Statutory reserve	-	551,075	-	551,075
4.6 Total Shareholders' funds	3,463,879	4,484,882	3,493,238	4,508,204
5.0 TOTAL LIABILITIES AND EQUITY	27,224,936	25,325,157	27,219,472	25,330,880

C) OTHER DISCLOSURES	BANK		GROUP	
	AUDITED	AUDITED	AUDITED	AUDITED
	31st Dec, 2018 KShs. '000'	31st Dec, 2017 KShs. '000'	31st Dec, 2018 KShs. '000'	31st Dec, 2017 KShs. '000'
1 NON-PERFORMING LOANS AND ADVANCES				
(a) Gross Non-Performing Loans and Advances	2,507,203	2,849,200	2,507,203	2,849,200
Less:				
(b) Interest in Suspense	203,954	272,325	203,954	272,325
(c) Total Non-Performing Loans and Advances (a-b)	2,303,249	2,576,875	2,303,249	2,576,875
(d) Impairment Loss Allowance	2,245,769	320,141	2,245,769	320,141
(e) Net Non-Performing Loans (c-d)	57,480	2,256,734	57,480	2,256,734
(f) Realizable Value of Securities	57,480	2,256,734	57,480	2,256,734
(g) Net NPLs Exposure (e-f)	-	-	-	-
2 INSIDER LOANS AND ADVANCES				
(a) Directors, Shareholders and Associates	24,006	14,452	24,006	14,452
(b) Employees	232,611	333,416	232,611	333,416
(c) Total Insider Loans, Advances and Other Facilities	256,617	347,868	256,617	347,868
3 OFF-BALANCE SHEET ITEMS				
(a) Guarantees and Commitments	178,246	800,000	178,246	800,000
(b) Other Contingent Liabilities	996,921	122,000	996,921	122,000
(c) Total Contingent Liabilities	1,175,167	922,000	1,175,167	922,000
4 CAPITAL STRENGTH				
(a) Core Capital	2,742,250	3,673,892	2,742,250	3,673,892
(b) Minimum Statutory Capital	60,000	60,000	60,000	60,000
(c) Excess/(Deficiency) (a-b)	2,682,250	3,613,892	2,682,250	3,613,892
(d) Supplementary Capital	63,876	316,243	63,876	316,243
(e) Total Capital (a+d)	2,806,127	3,990,135	2,806,127	3,990,135
(f) Total Risk Weighted Assets	20,971,258	20,085,217	20,971,258	20,085,217
(g) Core Capital/ Total Deposit Liabilities	15%	22%	15%	22%
(h) Minimum Statutory Ratio	8%	8%	8%	8%
(i) Excess/(Deficiency) (g-h)	7%	14%	7%	14%
(j) Core Capital/ Total Risk Weighted Assets	13%	19%	13%	19%
(k) Minimum Statutory Ratio	10%	10%	10%	10%
(l) Excess/(Deficiency) (j-k)	3%	9%	3%	9%
(m) Total Capital/ Total Risk Weighted Assets	13%	20%	13%	20%
(n) Minimum Statutory Ratio	12%	12%	12%	12%
(o) Excess/(Deficiency) (m-n)	1%	8%	1%	9%
(p) Adjusted Core Capital/ Total Deposit Liabilities*	19%	-	19%	-
(q) Adjusted Core Capital/Total Risk Weighted Assets*	17%	-	17%	-
(r) Adjusted Total Capital/ Total Risk Weighted Assets*	17%	-	17%	-
5 LIQUIDITY				
(a) Liquidity Ratio	26%	26%	26%	26%
(b) Minimum Statutory Ratio	20%	20%	20%	20%
(c) Excess/(Deficiency) (a-b)	6%	6%	6%	6%

*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.



Key Highlights

Profit Before Tax increased by Ksh. 109 million or 61 % to Ksh. 287 million in 2018

Customer Deposits (Inc cash collateral) grew by Ksh. 2.1 billion to Ksh. 18.5 billion in 2018

Gross Loans & Advances to Customers grew by Ksh. 1.9 billion to Ksh. 19.2 billion in 2018

Total Assets grew by 8% to Ksh. 27 billion

Our future focus as a customer led retail and traders bank is to continue evolving digitally by offering our customers relevant financial solutions.

Message from the Directors

The above statement of comprehensive income, statement of financial position and other disclosures are extracts from the books of the institution as at 31st December 2018, which were audited by Deloitte & Touche and received an unqualified opinion. They were approved by the Board on 8th March 2019 and signed on its behalf by:

Dr. Peter Wanyaga Muthoka D.M.L, MA(Ed), BA (Hons), EBS, MBS, FKIB, FKIM, MID - Chairman

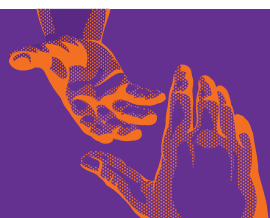
Joshua S. Muiro - Chairman Audit Committee

Apollo N. Njoroge - Managing Director

5 Consistent Years of Winning the Financial Reporting (FiRe) Award



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ACCOUNT
INA KUSORT**



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Interest

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Transactions**

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Accident Cover**

Regulated by the Central Bank of Kenya. Terms and conditions apply

Faulu

A MEMBER OF THE OLD MUTUAL GROUP
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