AUDITED FINANCIAL STATEMENTS

As at 31st December, 2020

Regulated by the Central Bank of Kenya.

Faulu

A MEMBER OF THE OLDMUTUAL GROUP

		BANK		GROUP	
			Restated		Restated
A)	**STATEMENT OF COMPREHENSIVE INCOME**	**AUDITED 31st Dec, 2020 KShs. '000'**	**AUDITED 31st Dec, 2019 KShs. '000'**	**AUDITED 31st Dec, 2020 KShs. '000'**	**AUDITED 31st Dec, 2019 KShs. '000'**
1.0	**Income**				
1.1	Interest on Loan Portfolio	3,947,841	4,215,151	3,947,841	4,215,151
1.2	Fees and Commission on Loan Portfolio	557,594	655,487	557,594	655,487
1.3	Government Securities	456,773	392,559	456,773	392,559
1.4	Deposit and Balances with Banks and Financial Inst.	95,276	137,748	95,276	137,748
1.5	Other Investments	-	-	-	-
1.6	Other Operating Income	123,872	136,635	168,548	146,841
1.7	Non- Operating Income	3,883	2,307	3,883	2,307
1.8	**Total Income**	**5,185,239**	**5,539,887**	**5,229,915**	**5,550,093**
2.0	**Expenses**				
2.1	Interest and Fee Expense on Deposits	1,865,720	1,744,449	1,865,720	1,744,451
2.2	Other Fees and Commissions expense	237,121	219,455	241,007	221,244
2.3	Provision for Loan Impairment	952,075	355,766	954,132	354,662
2.4	Staff Costs	902,578	908,785	908,152	915,503
2.5	Director's Emoluments	12,270	14,032	13,230	14,734
2.6	Rental Charges	138,593	123,760	138,981	126,528
2.7	Depreciation Charges	274,550	255,744	274,617	255,839
2.8	Amortization Charges	90,665	176,022	91,216	176,022
2.9	Other Administrative Expense	739,719	626,699	741,327	603,968
	Total Expenses	**5,213,291**	**4,424,713**	**5,228,382**	**4,412,951**
3.0	**Operating Profit**	**(28,052)**	**1,115,174**	**1,533**	**1,137,142**
4.0	Interest and Fee Expense on Borrowings(Finance Costs)	447,938	576,683	447,950	572,704
5.0	**Profit/(Loss) before tax**	**(475,990)**	**538,491**	**(446,417)**	**564,438**
6.0	Current Tax	118,296	179,425	123,056	186,881
6.1	Deferred Tax	(195,150)	(10,310)	(195,390)	(9,987)
7.0	**Net Profit (After Taxes and Before Donations)**	**(399,136)**	**369,376**	**(374,083)**	**387,544**
8.0	Donations for Operating Expense	-	-	-	-
9.0	**Net Profit After Taxes**	**(399,136)**	**369,376**	**(374,083)**	**387,544**
	Other Comprehensive Income	30,624	-	30,624	-
	Deferred tax on revaluation surplus	(9,187)	-	(9,187)	-
10.0	**Total comprehensive income**	**(377,699)**	**369,376**	**(352,646)**	**387,544**

B)	**STATEMENT OF FINANCIAL POSITION**	**AUDITED 31 Dec, 2020**	Restated **AUDITED 31 Dec, 2019**	Restated **AUDITED 31 Dec, 2018**	**AUDITED 31 Dec, 2020**	Restated **AUDITED 31 Dec, 2019**	Restated **AUDITED 31 Dec, 2018**
1.0	**ASSETS**						
1.1	Cash and bank balances	398,943	408,188	349,311	398,943	408,188	349,311
1.2	Short term deposits with banks	3,098,714	2,597,961	3,670,427	3,098,714	2,597,961	3,670,427
1.3	Government securities	4,294,395	3,565,470	1,879,900	4,294,395	3,565,470	1,879,900
1.4	Advances to customers	17,561,162	19,234,571	17,220,894	17,561,162	19,234,571	17,220,894
1.5	Due from related organisations	576	41,514	54,037	577	27,169	41,514
1.6	Other receivables	381,969	141,089	324,770	388,308	156,379	331,887
1.7	Tax recoverable	337,493	164,649	289,354	337,493	164,649	289,354
1.8	Other investment	5,000	1,000	1,000	-	-	-
1.9	Investment in associate companies	55,951	53,039	51,424	55,952	53,039	51,424
1.1	Intangible assets	623,995	712,412	877,561	630,626	712,412	877,561
1.1	Property and equipment	1,749,697	1,799,431	1,414,170	1,750,027	1,799,828	1,414,662
1.1	Deferred Tax Assets	770,634	584,671	574,361	771,001	584,798	574,811
1.1	**Total Assets**	**29,278,529**	**29,303,995**	**26,707,209**	**29,287,198**	**29,304,464**	**26,701,745**
2.0	**LIABILITIES**						
2.1	Cash collaterals held	478,033	491,063	588,844	478,033	491,063	588,844
2.2	Customer deposits	22,453,308	19,753,753	17,940,968	22,386,869	19,691,193	17,891,042
2.3	Borrowings	2,017,292	4,366,275	4,430,520	2,017,292	4,366,275	4,430,520
2.4	Deferred tax liability	-	-	-	-	-	-
2.5	Due to related organisations	31,775	65,409	73,604	30,103	65,409	-
2.6	Other liabilities	1,391,057	1,342,732	757,886	1,392,543	1,355,922	845,292
2.7	Tax payable	-	-	-	2,714	2,312	1,301
3.0	**Total Liabilities**	**26,371,465**	**26,019,232**	**23,791,822**	**26,307,554**	**25,972,174**	**23,756,999**
4.0	**SHARE CAPITAL & RESERVES**						
4.1	Share capital	480,000	480,000	480,000	480,000	480,000	480,000
4.2	Share premium	2,899,759	2,899,759	2,899,759	2,899,759	2,899,759	2,899,759
4.3	Retained earnings / accumulated deficit	(748,012)	(349,649)	(719,876)	(675,432)	(302,122)	(690,517)
4.4	Revaluation reserve	275,317	254,653	255,504	275,317	254,653	255,504
4.5	Statutory reserve	-	-	-	-	-	-
4.6	**Total Shareholders' funds**	**2,907,064**	**3,284,763**	**2,915,387**	**2,979,644**	**3,332,290**	**2,944,746**
5.0	**TOTAL LIABILITIES AND EQUITY**	**29,278,529**	**29,303,995**	**26,707,209**	**29,287,198**	**29,304,464**	**26,701,745**

C)	**OTHER DISCLOSURES**						
1	**NON-PERFORMING LOANS AND ADVANCES**						
(a)	Gross Non-Performing Loans and Advances	4,086,134	2,546,335	2,507,203	4,086,134	2,546,335	2,507,203
	Less:						
(b)	Interest in Suspense	605,937	206,948	203,954	605,937	206,948	203,954
(c)	Total Non-Performing Loans and Advances (a-b)	**3,480,197**	**2,339,387**	**2,303,249**	**3,480,197**	**2,339,387**	**2,303,249**
(d)	Impairment Loss Allowance	3,121,778	2,266,068	2,245,769	3,121,778	2,266,068	2,245,769
(e)	Net Non-Performing Loans (c-d)	358,419	73,319	57,480	358,419	73,319	57,480
(f)	Realizable Value of Securities	358,419	73,319	57,480	358,419	73,319	57,480
(g)	Net NPLs Exposure (e-f)	-	-	-	-	-	-
2	**INSIDER LOANS AND ADVANCES**						
(a)	Directors, Shareholders and Associates	31,231	39,561	24,006	31,231	39,561	24,006
(b)	Employees	467,529	343,335	232,611	467,529	343,335	232,611
(c)	Total Insider Loans, Advances and Other Facilities	**498,760**	**382,896**	**256,617**	**498,760**	**382,896**	**256,617**
3	**OFF-BALANCE SHEET ITEMS**						
(a)	Guarantees and Commitments	156,940	208,555	178,246	156,940	208,555	178,246
(b)	Other Contingent Liabilities	1,047,600	1,178,000	996,921	1,047,600	1,178,000	996,921
(c)	Total Contingent Liabilities	1,204,540	1,386,555	1,175,167	1,204,540	1,386,555	1,175,167
4	**CAPITAL STRENGTH**						
(a)	Core Capital	1,800,161	2,391,401	3,371,121	1,800,161	2,391,401	3,371,121
(b)	Minimum Statutory Capital	60,000	60,000	60,000	60,000	60,000	60,000
(c)	Excess/(Deficiency) (a-b)	1,740,161	2,331,401	3,311,121	1,740,161	2,331,401	3,311,121
(d)	Supplementary Capital	68,829	63,663	63,876	68,829	63,663	63,876
(e)	Total Capital (a+b)	1,868,990	2,455,064	3,434,997	1,868,990	2,455,064	3,434,997
(f)	Total Risk Weighted Assets	19,715,361	21,104,348	20,487,304	19,715,361	21,104,348	20,487,304
(g)	Core Capital/ Total Deposit Liabilities	7.9%	11.8%	15.0%	7.9%	11.8%	15.0%
(h)	Minimum Statutory Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
(i)	Excess/(Deficiency) (g-h)	-0.1%	3.8%	7.0%	-0.1%	3.8%	7.0%
(j)	Core Capital/ Total Risk Weighted Assets	9.1%	11.3%	13.0%	9.1%	11.3%	13.0%
(k)	Minimum Statutory Ratio	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
(l)	Excess/(Deficiency) (j-k)	-0.9%	1.3%	3.0%	-0.9%	1.3%	3.0%
(m)	Total Capital/ Total Risk Weighted Assets	9.5%	11.6%	14.0%	9.5%	11.6%	14.0%
(n)	Minimum Statutory Ratio	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
(O)	Excess/(Deficiency) (m-n)	-2.5%	-0.4%	2.0%	-2.5%	-0.4%	2.0%
(p)	Adjusted Core Capital/ Total Deposit Liabilities	9.5%	14.1%	18.0%	9.5%	14.1%	18.0%
(q)	Adjusted Core Capital/Total Risk Weighted Assets	11.1%	13.5%	17.0%	11.1%	13.5%	17.0%
(r)	Adjusted Total Capital/ Total Risk Weighted Assets	11.4%	13.8%	17.0%	11.4%	13.8%	17.0%
5	**LIQUIDITY**						
(a)	Liquidity Ratio	28.6%	26.1%	27.0%	28.6%	26.1%	27.0%
(b)	Minimum Statutory Ratio	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
(c)	Excess/(Deficiency) (a-b)	8.6%	6.1%	7.0%	8.6%	6.1%	7.0%

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 2020, which were audited by Deloitte and Touche and received an unqualified opinion. They were approved by the Board on 15th March 2021 and signed on its behalf by:

George A Maina - Chairman

Sophia Mukoba - Chairman Audit Committee

Apollo N. Njoroge - Managing Director