

## AUDITED FINANCIAL STATEMENTS AND DISCLOSURES AS AT 31ST DECEMBER 2016

| A) STATEMENT OF COMPREHENSIVE INCOME      |  | Audited Dec-16<br>KShs. '000' | Audited Dec-15<br>KShs. '000' | C) OTHER DISCLOSURES   |   | Audited Dec-16<br>KShs. '000' | Audited Dec-15<br>KShs. '000' |
|---|--|-------------------------------|-------------------------------|--|---|-------------------------------|-------------------------------|
| <b>1.0 INCOME</b>                         |  |                               |                               |  |   |                               |                               |
| 1.1                                       | Interest on Loan Portfolio                           | 921,596                       | 873,953                       | 1  | <b>NON-PERFORMING LOANS AND ADVANCES</b>                  |                               |                               |
| 1.2                                       | Fees and Commission on Loan Portfolio                | 85,711                        | 132,423                       | (a)  | Gross Non-Performing Loans and Advances Less:             | 1,268,810                     | 513,802                       |
| 1.3                                       | Government Securities                                | -                             | -                             | (b)  | Interest in Suspense                                      | 206,119                       | 10,843                        |
| 1.4                                       | Deposit & Balances with Banks and Financial Inst.    | 115,259                       | 251,409                       | (c)  | <b>Total Non-Performing Loans and Advances (a-b)</b>      | <b>1,062,691</b>              | <b>502,959</b>                |
| 1.5                                       | Other Investments                                    | -                             | -                             | (d)  | Impairment Loss Allowance                                 | 394,554                       | 156,727                       |
| 1.6                                       | Other Operating Income                               | 95,929                        | 132,341                       | (e)  | Net Non-Performing Loans (c-d)                            | 668,137                       | 346,232                       |
| 1.7                                       | Non-Operating Income                                 | -                             | -                             | (f)  | Realizable Value of Securities                            | 668,137                       | 346,232                       |
| 1.8                                       | <b>Total Income</b>                                  | <b>1,218,495</b>              | <b>1,390,126</b>              | (g)  | <b>Net NPLs Exposure (e-f)</b>                            | -                             | -                             |
| <b>2.0 Expenses</b>                       |  |                               |                               |  |   |                               |                               |
| 2.1                                       | Interest and Fee Expense on Deposits                 | 329,253                       | 230,781                       | 2  | <b>INSIDER LOANS AND ADVANCES</b>                         |                               |                               |
| 2.2                                       | Other Fees and Commissions expense                   | 8,198                         | 13,256                        | (a)  | Directors, Shareholders and Associates                    | -                             | 2,448                         |
| 2.3                                       | Provision for Loan Impairment                        | 237,827                       | 82,583                        | (b)  | Employees   | 14,602                        | 5,581                         |
| 2.4                                       | Staff Costs  | 431,555                       | 406,337                       | (c)  | <b>Total Insider Loans, Advances and Other Facilities</b> | <b>14,602</b>                 | <b>8,029</b>                  |
| 2.5                                       | Director's Emoluments                                | -                             | 1,020                         | 3  | <b>OFF-BALANCE SHEET ITEMS</b>                            |                               |                               |
| 2.6                                       | Rental Charges                                       | 104,850                       | 104,653                       | (a)  | Guarantees and Commitments                                | 1,032,101                     | 927,545                       |
| 2.7                                       | Depreciation Charges                                 | 31,352                        | 10,530                        | (b)  | Other Contingent Liabilities                              | -                             | 675,741                       |
| 2.8                                       | Amortization Charges                                 | 9,076                         | 7,494                         | (c)  | Total Contingent Liabilities                              | 1,032,101                     | 1,603,286                     |
| 2.9                                       | Other Administrative Expense                         | 396,045                       | 372,839                       | 4  | <b>CAPITAL STRENGTH</b>                                   |                               |                               |
| 2.10                                      | Non-Operating Expense                                | -                             | -                             | (a)  | Core Capital  | 713,994                       | 960,581                       |
| 2.11                                      | <b>Total Expenses</b>                                | <b>1,548,156</b>              | <b>1,229,493</b>              | (b)  | Minimum Statutory Capital                                 | 60,000                        | 60,000                        |
| 3.0                                       | <b>Operating Profit</b>                              | <b>(329,661)</b>              | <b>160,633</b>                | (c)  | Excess/(Deficiency) (a-b)                                 | 653,994                       | 900,581                       |
| 4.0                                       | Interest & Fee Expense on Borrowings                 | 130,863                       | 114,644                       | (d)  | Supplementary Capital                                     | 125,080                       | 159,844                       |
| 5.0                                       | <b>Profit/(Loss) before tax</b>                      | <b>(460,524)</b>              | <b>45,989</b>                 | (e)  | <b>Total Capital (a+d)</b>                                | <b>839,074</b>                | <b>1,120,425</b>              |
| 6.0                                       | Current Tax  | -                             | (36,293)                      | (f)  | <b>Total Risk Weighted Assets</b>                         | <b>4,869,242</b>              | <b>5,243,584</b>              |
| 6.1                                       | Deferred Tax   | 162,974                       | 19,765                        | (g)  | <b>Core Capital/ Total Deposit Liabilities</b>            | <b>24%</b>                    | <b>23%</b>                    |
| 7.0                                       | <b>Net Profit (After Taxes and Before Donations)</b> | <b>(297,550)</b>              | <b>29,461</b>                 | (h)  | Minimum Statutory Ratio                                   | 8%                            | 8%                            |
| 8.0                                       | Donations for Operating Expense                      | -                             | -                             | (i)  | Excess/(Deficiency) (g-h)                                 | 16%                           | 15%                           |
| 9.0                                       | <b>Net Profit After Taxes</b>                        | <b>(297,550)</b>              | <b>29,461</b>                 | (j)  | <b>Core Capital/ Total Risk Weighted Assets</b>           | <b>15%</b>                    | <b>18%</b>                    |
|   | Surplus on revaluation of building                   | -                             | -                             | (k)  | Minimum Statutory Ratio                                   | 10%                           | 10%                           |
|   | Deferred tax on revaluation surplus                  | -                             | -                             | (l)  | Excess/(Deficiency) (j-k)                                 | 5%                            | 8%                            |
|   | Total comprehensive income                           | (297,550)                     | 29,461                        | (m)  | <b>Total Capital/ Total Risk Weighted Assets</b>          | <b>17%</b>                    | <b>21%</b>                    |
|   |  |                               |                               | (n)  | Minimum Statutory Ratio                                   | 12%                           | 12%                           |
|   |  |                               |                               | (o)  | Excess/(Deficiency) (m-n)                                 | 5%                            | 9%                            |
| <b>B) STATEMENT OF FINANCIAL POSITION</b> |  |                               |                               |  |   |                               |                               |
| <b>1.0 ASSETS</b>                         |  |                               |                               |  |   |                               |                               |
| 1.1                                       | Cash and bank balances                               | 874,080                       | 309,009                       | 5  | <b>LIQUIDITY</b>  |                               |                               |
| 1.2                                       | Short term deposits with banks                       | 2,092,155                     | 2,254,930                     | (a)  | <b>Liquidity Ratio</b>                                    | <b>12%</b>                    | <b>53%</b>                    |
| 1.3                                       | Balance due from Central Bank                        | 641                           | 210,335                       | (b)  | Minimum Statutory Ratio                                   | 20%                           | 20%                           |
| 1.4                                       | Government securities                                | -                             | -                             | (c)  | Excess/(Deficiency) (a-b)                                 | -8%                           | 33%                           |
| 1.5                                       | Advances to customers                                | 3,660,922                     | 4,270,435                     | <b>MESSAGE FROM THE DIRECTORS</b>  |   |                               |                               |
| 1.6                                       | Due from related organisations                       | 17,111                        | 83,836                        | These financial statements are extracts from the books of the institution as audited by Ernst & Young LLP 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.rafiiki.co.ke. |   |                               |                               |
| 1.7                                       | Other receivables                                    | 226,730                       | 365,639                       | They may also be accessed at the institution central office located at Rafiki House, Bishara Street, Nairobi.  |   |                               |                               |
| 1.8                                       | Tax recoverable                                      | 11,947                        | 11,337                        | Signed: K. Obimbo P. Russo D. Mavuhu<br>Managing Director Director Chairman  |   |                               |                               |
| 1.9                                       | Deferred tax Asset                                   | 196,495                       | 33,521                        |  |   |                               |                               |
| 1.10                                      | Other investment                                     | -                             | -                             |  |   |                               |                               |
| 1.11                                      | Investment in associate companies                    | -                             | -                             |  |   |                               |                               |
| 1.12                                      | Intangible assets                                    | 23,580                        | 28,506                        |  |   |                               |                               |
| 1.13                                      | Property and equipment                               | 223,156                       | 160,976                       |  |   |                               |                               |
| 1.14                                      | <b>Total Assets</b>                                  | <b>7,326,817</b>              | <b>7,728,524</b>              |  |   |                               |                               |
| <b>2.0 LIABILITIES</b>                    |  |                               |                               |  |   |                               |                               |
| 2.1                                       | Cash collaterals held                                | 2,781                         | 3,418                         |  |   |                               |                               |
| 2.2                                       | Customer deposits                                    | 2,982,277                     | 4,187,949                     |  |   |                               |                               |
| 2.3                                       | Balances due to Central Bank                         | 500,000                       | -                             |  |   |                               |                               |
| 2.4                                       | Deposit & balances due to banking institutions       | 635,830                       | 579,088                       |  |   |                               |                               |
| 2.5                                       | Borrowings   | 875,563                       | 965,249                       |  |   |                               |                               |
| 2.6                                       | Deferred income                                      | -                             | -                             |  |   |                               |                               |
| 2.7                                       | Deferred tax liability                               | -                             | -                             |  |   |                               |                               |
| 2.8                                       | Tax Payable  | -                             | -                             |  |   |                               |                               |
| 2.9                                       | Due to related organisations                         | 942,753                       | 839,459                       |  |   |                               |                               |
| 2.10                                      | Other liabilities                                    | 642,245                       | 110,443                       |  |   |                               |                               |
| 2.11                                      | <b>Total Liabilities</b>                             | <b>6,581,449</b>              | <b>6,685,606</b>              |  |   |                               |                               |
| <b>3.0 SHARE CAPITAL &amp; RESERVES</b>   |  |                               |                               |  |   |                               |                               |
| 3.1                                       | Share capital  | 1,000,000                     | 1,000,000                     |  |   |                               |                               |
| 3.2                                       | Share premium  | -                             | -                             |  |   |                               |                               |
| 3.3                                       | Retained earnings                                    | (285,412)                     | (37,728)                      |  |   |                               |                               |
| 3.4                                       | Revaluation reserve                                  | -                             | -                             |  |   |                               |                               |
| 3.5                                       | Statutory reserve                                    | 30,780                        | 80,646                        |  |   |                               |                               |
| 3.6                                       | <b>Total Shareholders' funds</b>                     | <b>745,368</b>                | <b>1,042,918</b>              |  |   |                               |                               |
| 4.0                                       | <b>TOTAL LIABILITIES AND EQUITY</b>                  | <b>7,326,817</b>              | <b>7,728,524</b>              |  |   |                               |                               |

