

# RAFIKI MICROFINANCE BANK



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## AUDITED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> DECEMBER 2018

### A) STATEMENT OF COMPREHENSIVE INCOME

|                                                           | Audited<br>Dec-18<br>KShs. '000' | Audited<br>Dec-17<br>KShs. '000' |
|-----------------------------------------------------------|----------------------------------|----------------------------------|
| <b>1.0 Income</b>                                         |                                  |                                  |
| 1.1 Interest on Loan Portfolio                            | 613,308                          | 651,273                          |
| 1.2 Fees and Commission on Loan Portfolio                 | 56,773                           | 32,291                           |
| 1.3 Government Securities                                 | -                                | -                                |
| 1.4 Deposit and Balances with Banks and Financial Inst    | 60,950                           | 20,916                           |
| 1.5 Other Investments                                     | -                                | -                                |
| 1.6 Other Operating Income                                | 73,590                           | 89,581                           |
| 1.7 Non-Operating Income                                  | -                                | -                                |
| <b>1.8 Total Income</b>                                   | <b>804,621</b>                   | <b>794,061</b>                   |
| <b>2.0 Expenses</b>                                       |                                  |                                  |
| 2.1 Interest and Fee Expense on Deposits                  | 164,604                          | 196,441                          |
| 2.2 Other Fees and Commissions expense                    | 2,716                            | 2,796                            |
| 2.3 Provision for Loan Impairment                         | 119,816                          | 91,139                           |
| 2.4 Staff Costs                                           | 346,144                          | 344,805                          |
| 2.5 Director's Emoluments                                 | -                                | -                                |
| 2.6 Rental Charges                                        | 102,261                          | 102,487                          |
| 2.7 Depreciation Charges                                  | 100,988                          | 69,010                           |
| 2.8 Amortization Charges                                  | 6,203                            | 9,019                            |
| 2.9 Other Administrative Expense                          | 234,199                          | 1,007,892                        |
| 2.1 Non-Operating Expense                                 | -                                | -                                |
| <b>2.11 Total Expenses</b>                                | <b>1,076,931</b>                 | <b>1,823,589</b>                 |
| <b>3.0 Operating Profit</b>                               | <b>(272,310)</b>                 | <b>(1,029,527)</b>               |
| 4.0 Interest and Fee Expense on Borrowings(Finance Costs) | (54,391)                         | 105,836                          |
| <b>5.0 Profit/(Loss) before tax</b>                       | <b>(217,919)</b>                 | <b>(1,135,364)</b>               |
| 6.0 Current Tax                                           | 64,736                           | 332,469                          |
| 6.1 Deferred Tax                                          | -                                | -                                |
| <b>7.0 Net Profit (After Taxes and Before Donations)</b>  | <b>(153,183)</b>                 | <b>(802,895)</b>                 |
| 8.0 Donations for Operating Expense                       | -                                | -                                |
| 9.0 Net Profit After Taxes                                | (153,183)                        | (802,895)                        |
| Surplus on revaluation of building                        | -                                | -                                |
| Deferred tax on revaluation surplus                       | -                                | -                                |
| <b>Total comprehensive income</b>                         | <b>(153,183)</b>                 | <b>(802,895)</b>                 |

### B) STATEMENT OF FINANCIAL POSITION

|                                                    |                  |                  |
|----------------------------------------------------|------------------|------------------|
| <b>1.0 ASSETS</b>                                  |                  |                  |
| 1.1 Cash and bank balances                         | 457,510          | 220,262          |
| 1.2 Short term deposits with banks                 | 1,359,989        | 2,264,722        |
| 1.3 Balance due to Central Bank                    | 611              | 641              |
| 1.4 Government securities                          | -                | -                |
| 1.5 Advances to customers                          | 2,976,102        | 2,856,122        |
| 1.6 Due from related organisations                 | 13,950           | 68,182           |
| 1.7 Other receivables                              | 87,427           | 56,728           |
| 1.8 Tax recoverable                                | 24,688           | 15,100           |
| 1.9 Deferred tax Asset                             | 593,699          | 528,963          |
| 1.10 Other investment                              | -                | -                |
| 1.11 Investment in associate companies             | -                | -                |
| 1.12 Intangible assets                             | 9,409            | 14,561           |
| 1.13 Property and equipment                        | 397,075          | 493,238          |
| <b>1.14 Total Assets</b>                           | <b>5,920,490</b> | <b>6,518,519</b> |
| <b>2.0 LIABILITIES</b>                             |                  |                  |
| 2.1 Cash collateralised held                       | 1,987            | 1,991            |
| 2.2 Customer deposits                              | 2,336,890        | 2,539,811        |
| 2.3 Balances due to Central Bank                   | -                | 478,000          |
| 2.4 Deposit & balances due to banking institutions | -                | -                |
| 2.5 Borrowings                                     | 737,032          | 783,322          |
| 2.6 Deferred Income                                | -                | -                |
| 2.7 Deferred tax liability                         | -                | -                |
| 2.8 Tax Payable                                    | -                | -                |
| 2.9 Due to related organisations                   | 1,473,969        | 1,191,509        |
| 2.10 Other liabilities                             | 100,959          | 81,415           |
| <b>2.11 Total Liabilities</b>                      | <b>4,650,837</b> | <b>5,076,048</b> |
| <b>3.0 SHARE CAPITAL &amp; RESERVES</b>            |                  |                  |
| 3.1 Share capital                                  | 2,500,000        | 2,500,000        |
| 3.2 Share premium                                  | -                | -                |
| 3.3 Retained earnings                              | (1,309,660)      | (1,070,883)      |
| 3.4 Revaluation reserve                            | -                | -                |
| 3.5 Statutory reserve                              | 79,313           | 13,354           |
| <b>3.6 Total Shareholders' funds</b>               | <b>1,269,653</b> | <b>1,442,471</b> |
| <b>4.0 TOTAL LIABILITIES AND EQUITY</b>            | <b>5,920,490</b> | <b>6,518,519</b> |

### C) OTHER DISCLOSURES

|                                                               |                  |                  |
|---------------------------------------------------------------|------------------|------------------|
| <b>1 NON-PERFORMING LOANS AND ADVANCES</b>                    |                  |                  |
| (a) Gross Non-Performing Loans and Advances                   | 1,972,704        | 1,704,733        |
| Less:                                                         |                  |                  |
| (b) Interest in Suspense                                      | 692,058          | 480,634          |
| <b>(c) Total Non-Performing Loans and Advances (a-b)</b>      | <b>1,280,646</b> | <b>1,224,098</b> |
| (d) Impairment Loss Allowance                                 | 615,802          | 453,226          |
| (e) Net Non-Performing Loans (c-d)                            | 664,844          | 770,872          |
| (f) Realizable Value of Securities                            | 657,218          | 744,278          |
| <b>(g) Net NPLs Exposure (e-f)</b>                            | <b>7,626</b>     | <b>26,594</b>    |
| <b>2 INSIDER LOANS AND ADVANCES</b>                           |                  |                  |
| (a) Directors, Shareholders and Associates                    | 878              | 5,717            |
| (b) Employees                                                 | 15,818           | 10,524           |
| <b>(c) Total Insider Loans, Advances and Other Facilities</b> | <b>16,696</b>    | <b>16,241</b>    |
| <b>3 OFF-BALANCE SHEET ITEMS</b>                              |                  |                  |
| (a) Guarantees and Commitments                                | 1,661,528        | 1,133,203        |
| (b) Other Contingent Liabilities                              | -                | -                |
| <b>(c) Total Contingent Liabilities</b>                       | <b>1,661,528</b> | <b>1,133,203</b> |
| <b>4 CAPITAL STRENGTH</b>                                     |                  |                  |
| (a) Core Capital                                              | 596,049          | 899,560          |
| (b) Minimum Statutory Capital                                 | 60,000           | 60,000           |
| (c) Excess/(Deficiency) (a-b)                                 | 536,049          | 839,560          |
| (d) Supplementary Capital                                     | 121,997          | 108,081          |
| <b>(e) Total Capital (a+d)</b>                                | <b>718,046</b>   | <b>1,007,642</b> |
| (f) Total Risk Weighted Assets                                | 3,697,256        | 3,799,073        |
| <b>(g) Core Capital/ Total Deposit Liabilities</b>            | <b>25%</b>       | <b>35%</b>       |
| (h) Minimum Statutory Ratio                                   | 8%               | 8%               |
| (i) Excess/(Deficiency) (g-h)                                 | 17%              | 27%              |
| (j) Core Capital/ Total Risk Weighted Assets                  | 16%              | 24%              |
| (k) Minimum Statutory Ratio                                   | 10%              | 10%              |
| (l) Excess/(Deficiency) (j-k)                                 | 6%               | 14%              |
| <b>(m) Total Capital/ Total Risk Weighted Assets</b>          | <b>20%</b>       | <b>27%</b>       |
| (n) Minimum Statutory Ratio                                   | 12%              | 12%              |
| (o) Excess/(Deficiency) (m-n)                                 | 8%               | 15%              |
| (p) Adjusted Core Capital/ Total Deposit Liabilities*         | 2%               | 0%               |
| (q) Adjusted Core Capital/Total Risk Weighted Assets*         | 17%              | 0%               |
| (r) Adjusted Total Capital/ Total Risk Weighted Assets*       | 21%              | 0%               |
| <b>5 LIQUIDITY</b>                                            |                  |                  |
| <b>(a) Liquidity Ratio</b>                                    | <b>21%</b>       | <b>18%</b>       |
| (b) Minimum Statutory Ratio                                   | 20%              | 20%              |
| (c) Excess/(Deficiency) (a-b)                                 | 1%               | -2%              |

The above financial statements are an extract from audited financial statements for the year ended 31<sup>st</sup> December 2018 as audited by Ernst & Young and have received an unqualified opinion. The complete set of audited financial statements, statutory and qualitative disclosures can be accessed at the institution's Central Office located at Rafiki House, Biashara Street, Nairobi. They were approved by the Board of Directors and signed on its behalf by:

**K. Obimbo**  
Managing Director

**D. Mavindu**  
Chairman