

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

<b>I STATEMENT OF FINANCIAL POSITION</b> <b>AS AT 31 DECEMBER 2023</b>		<b>Bank</b>	<b>Group</b>		
		<b>31st Dec 2022 Audited (Ksh'000)</b>	<b>31st Dec 2023 Audited (Ksh'000)</b>	<b>31st Dec 2022 Audited (Ksh'000)</b>	<b>31st Dec 2023 Audited (Ksh'000)</b>
<b>A. ASSETS</b>					
1 Cash balances (both local and foreign)		544,451	367,507	544,451	367,507
2 Balances due from Central Bank of Kenya		1,563,593	1,475,340	1,563,593	1,475,340
3 Kenya Government and other securities held for dealing purposes		-	-	-	-
4 Financial Assets at fair value through profit and loss		-	-	-	-
5 Investment Securities:					
<b>a) Held to Maturity:</b>		<b>3,779,143</b>	<b>4,036,868</b>	<b>3,779,143</b>	<b>4,036,868</b>
a. Kenya Government securities		3,779,143	4,036,868	3,779,143	4,036,868
b. Other securities		-	-	-	-
<b>b) Available for sale:</b>		<b>4,760,994</b>	<b>5,645,273</b>	<b>4,760,994</b>	<b>5,645,273</b>
a. Kenya Government securities		4,760,994	5,645,273	4,760,994	5,645,273
b. Other securities		-	-	-	-
6 Deposits and balances due from local banking institutions		41,914	547,903	41,914	547,903
7 Deposits and balances due from banking institutions abroad		47,326	361,791	47,326	361,791
8 Tax recoverable		225,496	219,180	365,267	367,253
9 Loans and advances to customers (net)		36,909,331	38,787,793	36,299,175	38,787,793
10 Balances due from banking institutions in the group		-	-	-	-
11 Investments in associates		-	-	-	-
12 Investments in subsidiary companies		-	-	-	-
13 Investment in Joint ventures		194,220	189,558	1,613,173	1,645,120
14 Investment properties		780,000	810,000	1,849,000	1,885,000
15 Property and equipment		573,449	768,530	579,410	792,633
16 Prepaid operating lease rentals		-	-	-	-
17 Intangible assets		331,846	277,353	332,592	277,897
18 Deferred tax asset		1,383,142	1,533,269	1,614,992	1,764,467
19 Retirement benefit asset		-	-	-	-
20 Other assets		4,033,466	4,125,606	3,604,823	3,595,573
<b>21 TOTAL ASSETS</b>		<b>55,168,371</b>	<b>59,145,971</b>	<b>56,995,854</b>	<b>61,550,430</b>
<b>B. LIABILITIES</b>					
22 Balances due to Central Bank of Kenya		499,777	1,500,000	499,777	1,500,000
23 Customer deposits		39,861,732	43,868,948	39,796,941	43,847,644
24 Deposits and balances due to local banking institutions		24,317	3,193	24,317	3,193
25 Deposits and balances due to foreign banking institutions		-	-	-	-
26 Other money market deposits		-	-	-	-
27 Borrowed Funds		4,370,617	3,793,292	4,370,617	3,793,292
28 Balances due to banking institutions in the group		-	-	-	-
29 Tax payable		-	-	-	-
30 Dividends payable		-	-	246	246
31 Deferred tax liability		-	-	-	48
32 Retirement benefit liability		-	-	-	-
33 Other liabilities		2,049,245	1,678,714	3,534,326	3,540,238
<b>34 TOTAL LIABILITIES</b>		<b>46,805,688</b>	<b>50,844,147</b>	<b>48,226,224</b>	<b>52,685,100</b>
<b>C. SHAREHOLDERS' FUNDS</b>					
35 Paid up /Assigned capital		5,090,000	5,090,000	1,923,071	1,923,071
36 Share premium/(discount)		3,513,662	3,513,662	4,343,512	4,343,512
37 Revaluation reserves		593,667	610,667	1,295,128	1,312,128
38 Retained earnings/Accumulated losses		(4,471,841)	(5,442,593)	(2,448,283)	(3,262,477)
39 Statutory loan loss reserves		3,696,575	4,854,473	3,696,575	4,854,473
40 Other Reserves		(59,380)	(324,385)	(40,373)	(305,378)
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>		<b>8,362,683</b>	<b>8,301,824</b>	<b>8,769,630</b>	<b>8,865,330</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>55,168,371</b>	<b>59,145,971</b>	<b>56,995,854</b>	<b>61,550,430</b>
<b>II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023</b>		<b>Bank</b>	<b>Group</b>		
		<b>31st Dec 2022 Audited (Ksh'000)</b>	<b>31st Dec 2023 Audited (Ksh'000)</b>	<b>31st Dec 2022 Audited (Ksh'000)</b>	<b>31st Dec 2023 Audited (Ksh'000)</b>
<b>1 INTEREST INCOME</b>					
1.1 Loans and advances		3,470,344	4,086,150	3,321,592	4,020,677
1.2 Government securities		937,923	1,145,637	937,884	1,145,637
1.3 Deposits and placements with banking institutions		10,522	27,413	10,522	38,094
1.4 Other Interest Income		-	-	-	-
<b>1.5 Total interest income</b>		<b>4,418,788</b>	<b>5,259,200</b>	<b>4,269,998</b>	<b>5,204,410</b>
<b>2 INTEREST EXPENSES</b>					
2.1 Customer deposits		1,588,292	2,016,876	1,588,292	2,013,449
2.2 Deposits and placement from banking institutions		159,304	255,476	148,740	255,476
2.3 Other interest expenses		373,337	387,832	373,337	385,900
<b>2.4 Total interest expenses</b>		<b>2,120,933</b>	<b>2,660,184</b>	<b>2,110,369</b>	<b>2,654,823</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>		<b>2,297,856</b>	<b>2,599,016</b>	<b>2,159,629</b>	<b>2,549,583</b>
<b>4 OTHER OPERATING INCOME</b>					
4.1 Fees and commissions on loans and advances		171,073	222,214	171,073	222,214
4.2 Other fees and commissions		131,311	140,053	131,311	192,255
4.3 Foreign exchange trading income/(Loss)		136,332	174,407	136,332	174,407
4.4 Dividend Income		-	-	-	-
4.5 Other income		189,492	200,905	440,978	653,930
<b>4.6 Total Non-interest income</b>		<b>628,208</b>	<b>737,579</b>	<b>879,693</b>	<b>1,242,806</b>
<b>5 TOTAL OPERATING INCOME</b>		<b>2,926,064</b>	<b>3,336,595</b>	<b>3,039,322</b>	<b>3,792,393</b>
<b>6 OPERATING EXPENSES</b>					
6.1 Loan loss provision		194,130	309,299	194,130	309,299
6.2 Staff costs		1,174,123	1,441,417	1,330,440	1,625,813
6.3 Directors' emoluments		25,713	20,930	38,801	38,684
6.4 Rental charges		51,895	61,179	53,957	65,042
6.5 Depreciation charge on property and equipment		146,166	153,827	148,105	156,083
6.6 Amortisation charges		239,860	212,907	239,973	213,095
6.7 Other operating expenses		993,506	971,317	837,256	1,081,833
<b>6.8 Total Other Operating Expenses</b>		<b>2,825,392</b>	<b>3,170,876</b>	<b>2,842,662</b>	<b>3,489,852</b>
<b>7 Profit/(loss) before tax and exceptional items</b>		<b>100,671</b>	<b>165,719</b>	<b>196,660</b>	<b>302,538</b>
8 Exceptional items		(3,921)	(4,662)	(6,265)	31,940
<b>9 Profit/(loss) after exceptional items</b>		<b>96,751</b>	<b>161,057</b>	<b>190,394</b>	<b>334,484</b>
10 Current tax		(10,152)	(13,464)	(25,582)	(29,687)
11 Deferred tax		91,624	39,553	100,758	83,355
<b>12 Profit/(loss) after tax and exceptional items</b>		<b>178,223</b>	<b>187,147</b>	<b>265,570</b>	<b>388,154</b>
<b>13 Other Comprehensive Income</b>					
3.1 Gains/(Losses) from translating the financial statements of foreign operations		-	-	-	-
3.2 Fair value changes in available for sale financial assets		(77,337)	(378,578)	(77,337)	(378,578)
3.3 Revaluation surplus on Property, plant and equipment		404,292	20,000	404,292	20,000
3.4 Share of other comprehensive income of associates		-	-	-	-
3.5 Income tax relating to components of other comprehensive income		(98,087)	110,573	(98,087)	110,573
<b>14 Other Comprehensive Income for the year net of tax</b>		<b>228,869</b>	<b>(248,005)</b>	<b>228,869</b>	<b>(248,005)</b>
<b>15 Total comprehensive income for the year</b>		<b>407,091</b>	<b>(60,858)</b>	<b>494,439</b>	<b>140,152</b>
<b>Earnings Per Share</b>		<b>35.01</b>	<b>36.77</b>	<b>0.69</b>	<b>1.01</b>

III DISCLOSURES AS AT 31 DECEMBER 2023		Bank		Group	
		31st Dec 2022 Audited (Ksh'000)	31st Dec 2023 Audited (Ksh'000)	31st Dec 2022 Audited (Ksh'000)	31st Dec 2023 Audited (Ksh'000)
<b>1 Non-Performing Loans and Advances</b>					
a) Gross non-performing loans and advances		8,486,934	10,819,714	8,486,934	10,819,714
b) Less: Interest in Suspense		2,780,355	3,102,377	2,780,355	3,102,377
c) Total Non-Performing loans and advances (a-b)		<b>5,706,580</b>	<b>7,717,337</b>	<b>5,706,580</b>	<b>7,717,337</b>
d) Less: Loan loss provisions		3,910,868	4,997,717	3,910,868	4,997,717
<b>e) Net non-performing loans and advances(c-d)</b>		<b>1,795,712</b>	<b>2,719,620</b>	<b>1,795,712</b>	<b>2,719,620</b>
f) Discounted value of securities					
<b>g) Net Exposure(e-f)</b>		1,795,712	2,719,620	1,795,712	2,719,620
<b>2 Insider loans and advances</b>					
a) Directors, shareholders and associates		1,784,069	1,009,689	1,784,069	1,009,689
b) Employees		1,049,491	1,252,502	1,049,491	1,252,502
<b>c) Total insider Loans and Advances</b>		<b>2,833,560</b>	<b>2,262,191</b>	<b>2,833,560</b>	<b>2,262,191</b>
<b>3 Off-Balance Sheet items</b>					
a) Letters of credit, guarantees and acceptances		1,935,097	2,468,039	1,935,097	2,468,039
b) Forwards, swaps and options		1,815,854	289,511	1,815,854	289,511
<b>d) Total contingent liabilities</b>		<b>3,750,951</b>	<b>2,757,550</b>	<b>3,750,951</b>	<b>2,757,550</b>
<b>4 Capital Strength</b>					
a) Core capital		3,185,061	2,082,282		
b) Minimum Statutory Capital		1,000,000	1,000,000		
c) Excess/Deficiency		2,185,061	1,082,282		
d) Supplementary capital		1,532,252	1,464,572		
e) Total capital (a+d)		4,717,313	3,546,854		
f) Total risk weighted assets		38,520,149	39,372,404		
g) Core capital /Total deposit liabilities		8.0%	4.7%		
h) Minimum Statutory Ratio		8.0%	8.0%		
i) Excess/Deficiency		0.0%	-3.3%		
j) Core capital /Total risk weighted assets		8.3%	5.3%		
k) Minimum Statutory Ratio		10.5%	10.5%		
l) Excess/Deficiency (j-k)		-2.2%	-5.2%		
m) Total capital /Total risk weighted assets		12.2%	9.0%		
n) Minimum Statutory Ratio		14.5%	14.5%		
o) Excess/Deficiency (m-n)		-2.3%	-5.5%		
<b>5 Liquidity</b>					
a) Liquidity Ratio		25.2%	24.5%		
b) Minimum Statutory Ratio		20.0%	20.0%		
c) Excess(Deficiency) (a-b)		5.2%	4.5%		

**\*Notes**  
These financial statements are extracts from the books of the institution. The complete set of Audited financial statements, statutory and qualitative disclosures can be accessed on the institutions website [www.hfgroup.co.ke](http://www.hfgroup.co.ke). They may also be accessed at the institutions head office located at Rehani House,

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