

## UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30TH SEPTEMBER 2023

I STATEMENT OF FINANCIAL POSITION		HFC Bank				Group Consolidated			
AS AT 30 SEPTEMBER 2023		30th Sept 2022	31st Dec 2022	31st Mar 2023	30th June 2023	30th Sept 2023	30th Sept 2022	31st Dec 2022	30th Sept 2023
		UnAudited (Ksh'000)	Audited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	Audited (Ksh'000)	Un Audited (Ksh'000)
<b>A. ASSETS</b>									
1 Cash balances (both local and foreign)		548,161	544,451	447,487	386,088	452,402	548,161	544,451	452,402
2 Balances due from Central Bank of Kenya		2,468,421	1,563,593	1,825,559	2,136,594	1,342,273	2,468,421	1,563,593	1,342,273
3 Kenya Government and other securities held for dealing purposes		-	-	-	-	-	-	-	-
4 Financial Assets at fair value through profit and loss		-	-	-	-	-	-	-	-
5 Investment Securities:									
a) Held to Maturity:		3,684,700	3,779,143	3,890,538	3,822,996	3,750,704	3,684,700	3,779,143	3,750,704
a. Kenya Government securities		3,684,700	3,779,143	3,890,538	3,822,996	3,750,704	3,684,700	3,779,143	3,750,704
b. Other securities		-	-	-	-	-	-	-	-
b) Available for sale:		4,468,961	4,760,994	5,595,710	5,981,268	5,290,694	4,468,961	4,760,994	5,290,694
a. Kenya Government securities		4,468,961	4,760,994	5,595,710	5,981,268	5,290,694	4,468,961	4,760,994	5,290,694
b. Other securities		-	-	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions		269,216	41,914	680,153	493,904	873,733	269,216	41,914	873,733
7 Deposits and balances due from banking institutions abroad		-	47,326	20,560	168,284	632,102	-	47,326	632,102
8 Tax recoverable		242,698	225,496	225,496	224,417	221,254	371,470	365,267	357,669
9 Loans and advances to customers (net)		36,222,242	36,909,331	37,403,412	38,376,289	38,587,013	35,197,688	36,299,175	38,462,925
10 Balances due from banking institutions in the group		-	-	-	-	-	-	-	-
11 Investments in associates		-	-	-	-	-	-	-	-
12 Investments in subsidiary companies		-	-	-	-	-	-	-	-
13 Investment in Joint ventures		133,010	194,220	194,220	194,220	194,220	1,291,602	1,613,173	1,752,570
14 Investment properties		584,900	780,000	780,000	780,000	780,000	1,266,693	1,849,000	1,849,000
15 Property and equipment		1,471,689	573,449	600,909	611,076	616,709	1,476,531	579,410	627,114
16 Prepaid operating lease rentals		-	-	-	-	-	-	-	-
17 Intangible assets		391,721	331,846	288,380	241,641	223,137	392,926	332,592	223,725
18 Deferred tax asset		1,427,003	1,383,142	1,415,715	1,376,359	1,390,825	1,650,039	1,614,992	1,622,536
19 Retirement benefit asset		-	-	-	-	-	-	-	-
20 Other assets		2,582,152	4,033,466	3,596,655	3,715,747	3,946,386	2,057,245	3,604,823	3,479,920
21 TOTAL ASSETS		54,494,874	55,168,371	56,964,794	58,508,883	58,301,452	55,143,653	56,995,854	60,717,368
<b>B. LIABILITIES</b>									
22 Balances due to Central Bank of Kenya		1,494,017	499,777	993,697	1,995,677	1,000,000	1,494,017	499,777	1,000,000
23 Customer deposits		39,002,864	39,861,732	41,283,925	40,774,975	43,846,880	38,821,315	39,796,941	43,827,936
24 Deposits and balances due to local banking institutions		181,726	24,317	416,834	2,023,717	193,208	181,726	24,317	193,208
25 Deposits and balances due to foreign banking institutions		-	-	-	-	-	-	-	-
26 Other money market deposits		-	-	-	-	-	-	-	-
27 Borrowed funds		4,632,249	4,370,617	4,366,042	4,151,548	4,074,006	4,632,249	4,370,617	4,074,006
28 Balances due to banking institutions in the group		-	-	-	-	-	-	-	-
29 Tax payable		-	-	-	-	-	-	-	-
30 Dividends payable		-	-	-	-	-	246	246	246
31 Deferred tax liability		-	-	-	-	-	-	-	-
32 Retirement benefit liability		-	-	-	-	-	-	-	-
33 Other liabilities		1,343,212	2,049,245	1,512,677	1,204,942	1,025,387	2,071,740	3,534,326	2,916,149
34 TOTAL LIABILITIES		46,654,067	46,805,688	48,573,175	50,150,859	50,139,481	47,201,294	48,226,224	52,011,545
<b>C. SHAREHOLDERS' FUNDS</b>									
35 Paid up /Assigned capital		5,000,000	5,090,000	5,090,000	5,090,000	5,090,000	1,923,071	1,923,071	1,923,071
36 Share premium/(discount)		3,513,662	3,513,662	3,513,662	3,513,662	3,513,662	4,343,512	4,343,512	4,343,512
37 Revaluation reserves		310,662	593,667	593,667	593,667	593,667	1,012,124	1,295,128	1,295,128
38 Retained earnings/Accumulated losses		(4,452,533)	(4,471,841)	(4,784,352)	(5,146,193)	(5,293,359)	(2,819,126)	(2,448,283)	(3,132,896)
39 Statutory loan loss reserves		3,556,487	3,696,575	4,054,555	4,463,428	4,617,435	3,556,487	3,696,575	4,617,435
40 Other Reserves		(87,472)	(59,380)	(75,914)	(156,541)	(359,434)	(73,709)	(40,373)	(340,428)
41 Proposed dividends		-	-	-	-	-	-	-	-
42 Capital grants		-	-	-	-	-	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS		7,840,807	8,362,683	8,391,619	8,358,023	8,161,971	7,942,359	8,769,630	8,705,823
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		54,494,874	55,168,371	56,964,794	58,508,883	58,301,452	55,143,653	56,995,854	60,717,368

II STATEMENT OF COMPREHENSIVE INCOME		HFC Bank				Group Consolidated			
FOR THE PERIOD ENDED 30 SEPTEMBER 2023		30th Sept 2022	31st Dec 2022	31st Mar 2023	30th June 2023	30th Sept 2023	30th Sept 2022	31st Dec 2022	30th Sept 2023
		UnAudited (Ksh'000)	Audited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	Audited (Ksh'000)	UnAudited (Ksh'000)
<b>1 INTEREST INCOME</b>									
1.1 Loans and advances		2,577,967	3,470,344	920,708	1,916,706	2,978,235	2,458,722	3,321,592	2,945,426
1.2 Government securities		690,625	937,923	267,217	558,139	833,521	690,625	937,884	833,521
1.3 Deposits and placements with banking institutions		9,304	10,522	10,075	11,719	16,661	9,304	10,522	19,566
1.4 Other Interest Income		-	-	-	-	-	-	-	-
1.5 Total interest income		3,277,895	4,418,788	1,198,000	2,486,564	3,828,417	3,158,650	4,269,998	3,798,513
<b>2 INTEREST EXPENSES</b>									
2.1 Customer deposits		1,168,518	1,588,292	413,048	861,569	1,424,974	1,168,518	1,588,292	1,422,069
2.2 Deposits and placement from banking institutions		117,606	159,304	32,308	120,605	173,856	117,606	148,740	173,856
2.3 Other interest expenses		307,356	373,337	103,715	202,237	293,553	299,930	373,337	293,553
2.4 Total interest expenses		1,593,480	2,120,933	549,071	1,184,411	1,892,383	1,586,054	2,110,369	1,889,478
3 NET INTEREST INCOME/(LOSS)		1,684,415	2,297,856	648,929	1,302,153	1,936,034	1,572,596	2,159,629	1,909,035
<b>4 OTHER OPERATING INCOME</b>									
4.1 Fees and commissions on loans and advances		110,277	171,073	52,277	101,276	162,497	110,277	171,073	162,497
4.2 Other fees and commissions		132,820	131,311	25,513	85,052	113,586	132,820	131,311	174,072
4.3 Foreign exchange trading income/(Loss)		101,342	136,332	42,065	82,717	119,497	101,342	136,332	119,497
4.4 Dividend Income		-	-	-	-	-	-	-	-
4.5 Other income		63,018	189,492	29,336	30,983	60,892	408,832	440,978	452,368
4.6 Total Non-interest income		407,458	628,208	149,193	300,028	456,473	753,271	879,693	908,434
5 TOTAL OPERATING INCOME		2,091,873	2,926,064	798,122	1,602,181	2,392,505	2,325,867	3,039,322	2,817,469
<b>6 OPERATING EXPENSES</b>									
6.1 Loan loss provision		81,323	194,130	101,749	159,009	237,053	147,967	194,130	237,053
6.2 Staff costs		863,079	1,174,123	320,260	663,228	1,043,214	965,088	1,330,440	1,174,175
6.3 Directors' emoluments		17,047	25,713	5,566	14,175	17,649	25,877	38,801	31,228
6.4 Rental charges		98,524	51,895	15,848	32,468	46,190	98,524	53,957	49,120
6.5 Depreciation charge on property and equipment		74,915	146,166	33,406	78,146	118,592	87,152	148,105	120,318
6.6 Amortisation charges		178,806	239,860	46,946	100,725	157,304	178,920	239,973	157,423
6.7 Other operating expenses		719,235	993,506	227,220	455,498	662,197	744,997	837,256	785,483
6.8 Total Other Operating Expenses		2,032,930	2,825,392	750,995	1,503,249	2,282,200	2,248,525	2,842,662	2,554,800
7 Profit/(loss) before tax and exceptional items		58,943	100,671	47,127	98,932	110,305	77,342	196,660	262,669
8 Exceptional items		(1,500)	(3,921)	-	-	-	(3,592)	(6,265)	-
9 Profit/(loss) after exceptional items		57,443	96,751	47,127	98,932	110,305	73,750	190,394	262,669
10 Current tax		-	(10,152)	(1,656)	(6,431)	(10,965)	(12,207)	(25,582)	(26,422)
11 Deferred tax		-	91,624	-	-	-	-	100,758	-
12 Profit/(loss) after tax and exceptional items		57,443	178,223	45,471	92,501	99,340	61,544	265,570	236,247
<b>13 Other Comprehensive Income</b>									
13.1 Gains/(Losses) from translating the financial statements of foreign operations		-	-	-	-	-	-	-	-
13.2 Fair value changes in available for sale financial assets		(124,961)	(77,337)	(25,905)	(136,171)	(431,193)	(124,961)	(77,337)	(431,193)
13.3 Revaluation surplus on Property, plant and equipment		-	404,292	-	-	-	-	404,292	-
13.4 Share of other comprehensive income of associates		-	-	-	-	-	-	-	-
13.5 Income tax relating to components of other comprehensive income		37,488	(98,087)	7,772	40,851	129,358	37,488	(98,087)	129,358
14 Other Comprehensive Income for the year net of tax		(87,472)	228,869	(18,134)	(95,320)	(301,835)	(87,472)	228,869	(301,835)
15 Total comprehensive income for the year		(30,030)	407,091	27,337	(2,819)	(202,494)	(25,929)	494,439	(65,588)
Earnings Per Share		15.32	35.01	35.73	36.35	26.02	0.21	0.69	0.82

III DISCLOSURES		HFC Bank				Group Consolidated			
AS AT 30 SEPTEMBER 2023		30th Sept 2022	31st Dec 2022	31st Mar 2023	30th June 2023	30th Sept 2023	30th Sept 2022	31st Dec 2022	30th Sept 2023
		UnAudited (Ksh'000)	Audited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	UnAudited (Ksh'000)	Audited (Ksh'000)	UnAudited (Ksh'000)
<b>1 Non-Performing Loans and Advances</b>									
a) Gross non-performing loans and advances		8,451,213	8,486,934	8,778,924	10,539,330	10,555,822	8,451,213	8,486,934	10,555,822
b) Less: Interest in Suspense		2,768,157	2,780,355	2,917,562	3,087,084	3,153,225	2,768,157	2,780,355	3,153,225
c) Total non-Performing loans and advances (a-b)		<b>5,683,055</b>	<b>5,706,580</b>	<b>5,861,362</b>	<b>7,452,246</b>	<b>7,402,597</b>	<b>5,683,055</b>	<b>5,706,580</b>	<b>7,402,597</b>
d) Less: Loan loss provisions		3,757,699	3,910,868	4,232,472	4,502,667	4,655,376	3,757,699	3,910,868	4,655,376
e) Net non-performing loans and advances(c-d)		<b>1,925,356</b>	<b>1,795,712</b>	<b>1,628,890</b>	<b>2,949,579</b>	<b>2,747,220</b>	<b>1,925,356</b>	<b>1,795,712</b>	<b>2,747,220</b>
f) Discounted value of securities		1,925,356	1,795,712	1,628,890	2,949,579	2,747,220	1,925,356	1,795,712	2,747,220
g) Net Exposure(e-f)		-	-	-	-	-	-	-	-
<b>2 Insider loans and advances</b>									
a) Directors, shareholders and associates		1,927,455	1,784,069	1,588,522	1,469,646	1,197,948	1,927,455	1,784,069	1,197,948
b) Employees		961,892	1,049,491	1,063,605	1,140,641	1,167,519	961,892	1,049,491	1,167,519
c) Total insider Loans and Advances		<b>2,889,347</b>	<b>2,833,560</b>	<b>2,652,127</b>	<b>2,610,287</b>	<b>2,365,467</b>	<b>2,889,347</b>	<b>2,833,560</b>	<b>2,365,467</b>
<b>3 Off-Balance Sheet items</b>									
a) Letters of credit, guarantees and acceptances		1,387,550	1,935,097	1,738,712	1,622,130	2,258,477	1,387,550	1,935,097	2,258,477
b) Forwards, swaps and options		573,965	1,815,854	1,982,895	1,601,939	2,028,588	573,965	1,815,854	2,028,588
c) Other contingent liabilities		-	-	-	-	-	-	-	-
d) Total contingent liabilities		<b>1,961,514</b>	<b>3,750,951</b>	<b>3,721,607</b>	<b>3,224,070</b>	<b>4,287,065</b>	<b>1,961,514</b>	<b>3,750,951</b>	<b>4,287,065</b>
<b>4 Capital Strength</b>									
a) Core capital		3,046,134	3,185,061	2,786,090	2,441,634	2,252,607			
b) Minimum Statutory Capital		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			
c) Excess/Deficiency		2,046,134	2,185,061	1,786,090	1,441,634	1,254,074			
d) Supplementary capital		1,517,949	1,532,252	1,502,726	1,445,078	1,509,805			
e) Total capital (a+d)		4,564,083	4,717,313	4,288,816	3,886,712	3,762,412			
f) Total risk weighted assets		37,375,915	38,520,149	38,824,731	38,212,930	38,991,031			
g) Core capital /Total deposit liabilities		7.81%	8.0%	6.7%	5.6%	5.1%			
h) Minimum Statutory Ratio		8.00%	8.0%	8.0%	8.0%	8.0%			
i) Excess/Deficiency		-0.19%	0.0%	-1.3%	-2.4%	-2.9%			
j) Core capital /Total risk weighted assets		8.15%	8.3%	7.2%	6.4%	5.8%			
k) Minimum Statutory Ratio		10.50%	10.5%	10.5%	10.5%	10.5%			
l) Excess/Deficiency (j-k)		-2.35%	-2.2%	-3.3%	-4.1%	-4.7%			
m) Total capital /Total risk weighted assets		12.21%	12.2%	11.0%	10.2%	9.6%			
n) Minimum Statutory Ratio		14.50%	14.5%	14.5%	14.5%	14.5%			
a) Excess/Deficiency (m-n)		-2.29%	-2.3%	-3.5%	-4.3%	-4.9%			
<b>5 Liquidity</b>									
a) Liquidity Ratio		23.47%	25.2%	24.7%	21.0%	25.1%			
b) Minimum Statutory Ratio		20.00%	20.0%	20.0%	20.0%	20.0%			
c) Excess(Deficiency) (a-b)		3.47%	5.2%	4.7%	1.0%	5.1%			