

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2022

I STATEMENT OF FINANCIAL POSITION				
AS AT 31 DECEMBER 2022				
	Bank		Group	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
	Audited	Audited	Audited	Audited
	(Ksh'000)	(Ksh'000)	(Ksh'000)	(Ksh'000)
A. ASSETS				
1 Cash balances (both local and foreign)	538,629	544,451	538,629	544,451
2 Balances due from Central Bank of Kenya	1,805,104	1,563,593	1,805,104	1,563,593
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:	1,825,422	3,779,143	1,825,422	3,779,143
a. Kenya Government securities	1,825,422	3,779,143	1,825,422	3,779,143
b. Other securities	-	-	-	-
b) Available for sale:	4,724,746	4,760,994	4,724,746	4,760,994
a. Kenya Government securities	4,724,746	4,760,994	4,724,746	4,760,994
b. Other securities	-	-	-	-
6 Deposits and balances due from local banking institutions	90,256	41,914	90,256	41,914
7 Deposits and balances due from banking institutions abroad	307,396	47,326	307,396	47,326
8 Tax recoverable	221,861	225,496	342,746	365,267
9 Loans and advances to customers (net)	35,910,642	36,909,331	34,692,625	36,299,175
10 Balances due from banking institutions in the group	-	-	-	-
11 Investments in associates	-	-	-	-
12 Investments in subsidiary companies	-	-	-	-
13 Investment in Joint ventures	198,141	194,220	1,544,339	1,613,173
14 Investment properties	698,782	780,000	963,387	1,849,000
15 Property and equipment	1,585,615	573,449	1,590,454	579,410
16 Prepaid operating lease rentals	-	-	-	-
17 Intangible assets	519,150	331,846	519,873	332,592
18 Deferred tax asset	1,389,605	1,383,142	1,612,447	1,614,992
19 Retirement benefit asset	-	-	-	-
20 Other assets	2,282,887	4,033,466	2,653,001	3,604,823
21 TOTAL ASSETS	52,098,236	55,168,371	53,210,425	56,995,854
B. LIABILITIES				
22 Balances due to Central Bank of Kenya	-	499,777	-	499,777
23 Customer deposits	37,793,023	39,861,732	37,714,914	39,796,941
24 Deposits and balances due to local banking institutions	601,606	24,317	601,606	24,317
25 Deposits and balances due to foreign banking institutions	-	-	-	-
26 Other money market deposits	-	-	-	-
27 Borrowed funds	4,351,209	4,370,617	4,351,209	4,370,617
28 Balances due to banking institutions in the group	-	-	-	-
29 Tax payable	-	-	-	-
30 Dividends payable	-	-	246	246
31 Deferred tax liability	-	-	-	-
32 Retirement benefit liability	-	-	-	-
33 Other liabilities	1,486,806	2,049,245	2,267,255	3,534,326
34 TOTAL LIABILITIES	44,232,644	46,805,688	44,935,230	48,226,224
C. SHAREHOLDERS' FUNDS				
35 Paid up /Assigned capital	5,000,000	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	310,662	593,667	1,012,125	1,295,128
38 Retained earnings/Accumulated losses	(4,367,005)	(4,471,841)	(2,430,793)	(2,448,283)
39 Statutory loan loss reserves	3,413,517	3,696,575	3,413,517	3,696,575
40 Other Reserves	(5,244)	(59,380)	13,763	(40,373)
41 Proposed dividends	-	-	-	-
42 Capital grants	-	-	-	-
43 TOTAL SHAREHOLDERS' FUNDS	7,865,592	8,362,683	8,275,195	8,769,630
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	52,098,236	55,168,371	53,210,425	56,995,854

II STATEMENT OF COMPREHENSIVE INCOME				
FOR THE PERIOD ENDED 31 DECEMBER 2022				
	Bank		Group	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
	Audited	Audited	Audited	Audited
	(Ksh'000)	(Ksh'000)	(Ksh'000)	(Ksh'000)
1 INTEREST INCOME				
1.1 Loans and advances	3,408,434	3,470,344	3,237,689	3,321,592
1.2 Government securities	663,636	937,923	663,636	937,884
1.3 Deposits and placements with banking institutions	21,768	10,522	21,768	10,522
1.4 Other Interest Income	-	-	-	-
1.5 Total interest income	4,093,838	4,418,788	3,923,093	4,269,998
2 INTEREST EXPENSES				
2.1 Customer deposits	1,529,199	1,588,292	1,529,199	1,588,292
2.2 Deposits and placement from banking institutions	168,375	159,304	168,375	148,740
2.3 Other interest expenses	406,868	373,337	397,664	373,337
2.4 Total interest expenses	2,104,442	2,120,933	2,095,238	2,110,369
3 NET INTEREST INCOME/(LOSS)	1,989,396	2,297,856	1,827,855	2,159,629
4 OTHER OPERATING INCOME				
4.1 Fees and commissions on loans and advances	130,434	171,073	130,434	171,073
4.2 Other fees and commissions	133,071	131,311	177,912	131,311
4.3 Foreign exchange trading income/(Loss)	48,350	136,332	48,350	136,332
4.4 Dividend Income	-	-	-	-
4.5 Other income	82,100	189,492	181,430	440,978
4.6 Total Non-interest income	393,955	628,208	538,126	879,693
5 TOTAL OPERATING INCOME	2,383,351	2,926,064	2,365,981	3,039,322
6 OPERATING EXPENSES				
6.1 Loan loss provision	345,688	194,130	280,645	194,130
6.2 Staff costs	1,078,966	1,174,123	1,182,536	1,330,440
6.3 Directors' emoluments	18,327	25,713	30,041	38,801
6.4 Rental charges	61,154	51,895	147,377	53,957
6.5 Depreciation charge on property and equipment	213,315	146,166	224,829	148,105
6.6 Amortisation charges	230,985	239,860	231,139	239,973
6.7 Other operating expenses	1,089,314	993,506	1,218,882	837,256
6.8 Total Other Operating Expenses	3,037,748	2,825,392	3,315,449	2,842,662
7 Profit/(loss) before tax and exceptional items	(654,397)	100,671	(949,468)	196,660
8 Exceptional items	(9,930)	(3,921)	(15,740)	(6,265)
9 Profit/(loss) after exceptional items	(664,327)	96,751	(965,209)	190,394
10 Current tax	(11,989)	(10,152)	(24,992)	(25,582)
11 Deferred tax	295,010	91,624	307,454	100,758
12 Profit/(loss) after tax and exceptional items	(381,306)	178,223	(682,746)	265,570
13 Other Comprehensive Income				
Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-
13.1 Fair value changes in available for sale financial assets	(299)	(77,337)	(299)	(77,337)
13.2 Revaluation surplus on Property,plant and equipment	-	404,292	-	404,292
13.3 Share of other comprehensive income of associates	-	-	-	-
13.4 Income tax relating to components of other comprehensive income	90	(98,087)	90	(98,087)
14 Other Comprehensive Income for the year net of tax	(209)	228,869	(209)	228,869
15 Total comprehensive income for the year	(381,515)	407,091	(682,955)	494,439
Earnings per share	(76.26)	46.69	(1.54)	0.92
Dividend per share	-	-	-	-

III DISCLOSURES				
AS AT 31 DECEMBER 2022				
	Bank		Group Consolidated	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
	Audited	Audited	Audited	Audited
	(Ksh'000)	(Ksh'000)	(Ksh'000)	(Ksh'000)
1 Non-Performing Loans and Advances				
a) Gross non-performing loans and advances	8,672,760	8,486,934	8,672,760	8,486,934
b) Less: Interest in Suspense	2,817,043	2,780,355	2,817,043	2,780,355
c) Total non-Performing loans and advances (a-b)	5,855,716	5,706,580	5,855,716	5,706,580
d) Less: Loan loss provisions	3,567,006	3,910,868	3,567,006	3,910,868
e) Net non-performing loans and advances(c-d)	2,288,710	1,795,712	2,288,710	1,795,712
f) Discounted value of securities	2,288,710	1,795,712	2,288,710	1,795,712
g) Net Exposure(e-f)	-	-	-	-
2 Insider loans and advances				
a) Directors, shareholders and associates	2,322,805	1,784,069	2,322,805	1,784,069
b) Employees	772,400	1,049,491	772,400	1,049,491
c) Total insider Loans and Advances	3,095,205	2,833,560	3,095,205	2,833,560
3 Off-Balance Sheet items				
a) Letters of credit, guarantees and acceptances	1,145,634	1,935,097	1,145,634	1,935,097
b) Forwards, swaps and options	2,507,776	1,815,854	2,507,776	1,815,854
c) Other contingent liabilities	-	-	-	-
c) Total contingent liabilities	3,653,410	3,750,951	3,653,410	3,750,951
4 Capital Strength				
a) Core capital	3,171,718	3,185,061		
b) Minimum Statutory Capital	1,000,000	1,000,000		
c) Excess/Deficiency	2,171,718	2,185,061		
d) Supplementary capital	1,480,480	1,532,252		
e) Total capital (a+d)	4,652,198	4,717,313		
f) Total risk weighted assets	38,441,131	38,520,149		
g) Core capital /Total deposit liabilities	8.3%	8.0%		
h) Minimum Statutory Ratio	8.0%	8.0%		
i) Excess/Deficiency	0.3%	0.0%		
j) Core capital /Total risk weighted assets	8.3%	8.3%		
k) Minimum Statutory Ratio	10.5%	10.5%		
l) Excess/Deficiency (j-k)	-2.2%	-2.2%		
m) Total capital /Total risk weighted assets	12.1%	12.2%		
n) Minimum Statutory Ratio	14.5%	14.5%		
o) Excess/Deficiency (m-n)	-2.4%	-2.3%		
p) Adjusted Core Capital/Total Deposit Liabilities*	8.4%	8.1%		
q) Adjusted Core Capital/Total Risk Weighted Assets*	8.4%	8.4%		
r) Adjusted Total Capital/Total Risk Weighted Assets*	12.3%	12.4%		
5 Liquidity				
a) Liquidity Ratio	22.9%	25.2%		
b) Minimum Statutory Ratio	20.0%	20.0%		
c) Excess(Deficiency) (a-b)	2.9%	5.2%		

*Notes

The adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

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. They may also be accessed at the institutions head office located at Rehani House, Kenyatta Avenue/Koinange Street, Nairobi.

Peter Mugeni
 Managing Director - HFC Ltd

Robert Kibaara
 Group Chief Executive Office

Dr. Benson Wairegi
 Director

HF Group FY 2022 Performance Highlights

	FY 2021	FY 2022	Growth
Profit/Loss After Tax	-Ksh.683M	Ksh. 266M	939% ✓
Net Interest Income	Ksh. 1.83B	Ksh. 2.16B	18% ✓
Non Funded Income	Ksh. 538M	Ksh. 880M	63% ✓
Interest on Government Securities	Ksh. 664M	Ksh. 938M	41% ✓
Total Operating Income	Ksh. 2.37B	Ksh. 3.04B	28% ✓
Interest Expense	Ksh. 2.10B	Ksh. 2.11B	1% ✓
Operating Expenses	Ksh. 3.32B	Ksh. 2.84B	-14% ✓