

## UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

I STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022		31.03.2021 UnAudited (Ksh'000)	31.12.2021 Audited (Ksh'000)	31.03.2022 UnAudited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)	31.12.2021 Audited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)
		Bank	Group	Consolidated	Bank	Group	Consolidated
<b>A. ASSETS</b>							
1 Cash balances (both local and foreign)	599,837	538,629	536,557	599,837	538,629	536,557	536,557
2 Balances due from Central Bank of Kenya	2,136,860	1,805,104	1,641,280	2,136,860	1,805,104	1,641,280	1,641,280
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>1,712,136</b>	<b>1,825,422</b>	<b>2,087,367</b>	<b>1,712,136</b>	<b>1,825,422</b>	<b>2,087,367</b>	<b>2,087,367</b>
a. Kenya Government securities	1,712,136	1,825,422	2,087,367	1,712,136	1,825,422	2,087,367	2,087,367
b. Other securities	-	-	-	-	-	-	-
<b>b) Available for sale:</b>	<b>3,994,261</b>	<b>4,724,746</b>	<b>5,131,902</b>	<b>3,994,261</b>	<b>4,724,746</b>	<b>5,131,902</b>	<b>5,131,902</b>
a. Kenya Government securities	3,994,261	4,724,746	5,131,902	3,994,261	4,724,746	5,131,902	5,131,902
b. Other securities	-	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions	338,393	90,256	1,036,837	338,393	90,256	1,036,837	1,036,837
7 Deposits and balances due from banking institutions abroad	462,501	307,396	145,669	462,501	307,396	145,669	145,669
8 Tax recoverable	221,447	221,861	222,060	329,584	342,746	338,231	338,231
9 Loans and advances to customers (net)	37,007,980	35,910,642	36,128,489	35,771,955	34,692,625	34,809,642	34,809,642
10 Balances due from banking institutions in the group	-	-	-	-	-	-	-
11 Investments in associates	-	-	-	-	-	-	-
12 Investments in subsidiary companies	-	-	-	-	-	-	-
13 Investment in Joint ventures	208,071	198,141	134,510	1,634,516	1,544,339	1,465,871	1,465,871
14 Investment properties	561,579	698,782	694,687	1,261,450	1,391,875	1,384,011	1,384,011
15 Property and equipment	1,722,158	1,585,615	1,543,832	1,727,344	1,590,454	1,548,691	1,548,691
16 Prepaid operating lease rentals	-	-	-	-	-	-	-
17 Intangible assets	656,655	519,150	489,785	657,494	519,873	490,671	490,671
18 Deferred tax asset	1,100,554	1,389,605	1,414,433	1,311,108	1,612,447	1,637,461	1,637,461
19 Retirement benefit asset	-	-	-	-	-	-	-
20 Other assets	2,292,744	2,282,887	2,428,237	2,008,762	1,917,606	2,048,191	2,048,191
<b>21 TOTAL ASSETS</b>	<b>53,015,176</b>	<b>52,098,236</b>	<b>53,635,644</b>	<b>53,946,200</b>	<b>52,903,518</b>	<b>54,302,401</b>	<b>54,302,401</b>
<b>B. LIABILITIES</b>							
22 Balances due to Central Bank of Kenya	-	-	-	-	-	-	-
23 Customer deposits	37,276,675	37,793,023	38,486,793	37,197,834	37,714,914	38,352,555	38,352,555
24 Deposits and balances due to local banking institutions	1,503,357	601,606	602,169	1,494,800	601,606	602,169	602,169
25 Deposits and balances due to foreign banking institutions	-	-	-	-	-	-	-
26 Other money market deposits	-	-	-	-	-	-	-
27 Borrowed funds	5,104,347	4,351,209	4,960,037	5,102,374	4,351,209	4,987,981	4,987,981
28 Balances due to banking institutions in the group	-	-	-	-	-	-	-
29 Tax payable	-	-	-	-	-	-	-
30 Dividends payable	-	-	-	6,358	246	6,358	6,358
31 Deferred tax liability	-	-	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-	-	-
33 Other liabilities	1,042,888	1,486,806	1,749,921	1,859,054	2,267,255	2,483,271	2,483,271
<b>34 TOTAL LIABILITIES</b>	<b>44,927,267</b>	<b>44,232,644</b>	<b>45,798,920</b>	<b>45,660,421</b>	<b>44,935,230</b>	<b>46,432,341</b>	<b>46,432,341</b>
<b>C. SHAREHOLDERS' FUNDS</b>							
35 Paid up /Assigned capital	5,000,000	5,000,000	5,000,000	1,923,071	1,923,071	1,923,071	1,923,071
36 Share premium/(discount)	3,513,662	3,513,662	3,513,662	4,343,512	4,343,512	4,343,512	4,343,512
37 Revaluation reserves	310,662	310,662	310,662	927,893	1,012,125	937,611	937,611
38 Retained earnings/ Accumulated losses	(4,284,351)	(4,367,005)	(4,407,907)	(2,489,752)	(2,737,700)	(2,773,451)	(2,773,451)
39 Statutory loan loss reserves	3,567,085	3,413,517	3,483,483	3,567,085	3,413,517	3,483,481	3,483,481
40 Other Reserves	(19,149)	(5,244)	(63,176)	13,971	13,763	(44,170)	(44,170)
41 Proposed dividends	-	-	-	-	-	-	-
42 Capital grants	-	-	-	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>8,087,909</b>	<b>7,865,592</b>	<b>7,836,724</b>	<b>8,285,779</b>	<b>7,968,288</b>	<b>7,870,061</b>	<b>7,870,061</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>53,015,176</b>	<b>52,098,236</b>	<b>53,635,644</b>	<b>53,946,200</b>	<b>52,903,518</b>	<b>54,302,401</b>	<b>54,302,401</b>
II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022		31.03.2021 UnAudited (Ksh'000)	31.12.2021 Audited (Ksh'000)	31.03.2022 UnAudited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)	31.12.2021 Audited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)
		Bank	Group	Consolidated	Bank	Group	Consolidated
<b>1 INTEREST INCOME</b>							
1.1 Loans and advances	886,123	3,408,434	862,353	846,811	3,237,689	820,671	820,671
1.2 Government securities	161,291	663,636	197,714	161,291	663,636	197,711	197,711
1.3 Deposits and placements with banking institutions	4,309	21,768	4,936	4,309	21,768	4,933	4,933
1.4 Other Interest Income	-	-	-	-	-	-	-
<b>1.5 Total interest income</b>	<b>1,051,723</b>	<b>4,093,838</b>	<b>1,065,002</b>	<b>1,012,411</b>	<b>3,923,093</b>	<b>1,023,321</b>	<b>1,023,321</b>
<b>2 INTEREST EXPENSES</b>							
2.1 Customer deposits	389,873	1,529,199	367,108	387,738	1,529,199	367,108	367,108
2.2 Deposits and placement from banking institutions	59,705	168,375	36,812	59,705	168,375	36,811	36,811
2.3 Other interest expenses	90,573	406,868	100,869	90,672	397,664	99,271	99,271
<b>2.4 Total interest expenses</b>	<b>540,151</b>	<b>2,104,442</b>	<b>504,790</b>	<b>538,115</b>	<b>2,095,238</b>	<b>503,191</b>	<b>503,191</b>
<b>3 NET INTEREST INCOME/(LOSS)</b>	<b>511,572</b>	<b>1,989,396</b>	<b>560,213</b>	<b>474,296</b>	<b>1,827,855</b>	<b>520,120</b>	<b>520,120</b>
<b>4 OTHER OPERATING INCOME</b>							
4.1 Fees and commissions on loans and advances	34,977	130,434	34,324	34,977	130,434	34,324	34,324
4.2 Other fees and commissions	42,870	133,071	54,039	41,867	177,912	76,370	76,370
4.3 Foreign exchange trading income/(Loss)	24,955	48,350	26,180	24,955	48,350	26,181	26,181
4.4 Dividend Income	-	-	-	-	-	-	-
4.5 Other income	14,254	82,100	17,074	33,218	181,430	115,831	115,831
<b>4.6 Total Non-interest income</b>	<b>117,056</b>	<b>393,955</b>	<b>131,617</b>	<b>135,017</b>	<b>538,126</b>	<b>252,711</b>	<b>252,711</b>
<b>5 TOTAL OPERATING INCOME</b>	<b>628,628</b>	<b>2,383,351</b>	<b>691,830</b>	<b>609,313</b>	<b>2,365,981</b>	<b>772,831</b>	<b>772,831</b>
<b>6 OPERATING EXPENSES</b>							
6.1 Loan loss provision	139,719	345,688	27,455	74,573	280,645	56,401	56,401
6.2 Staff costs	247,424	1,078,966	274,692	266,181	1,182,536	308,831	308,831
6.3 Directors' emoluments	4,060	18,327	4,944	5,776	30,041	8,441	8,441
6.4 Rental charges	36,242	147,377	35,057	14,767	147,377	35,057	35,057
6.5 Depreciation charge on property and equipment	38,849	213,315	25,584	64,514	224,829	51,471	51,471
6.6 Amortisation charges	57,081	230,985	59,006	57,194	231,139	59,044	59,044
6.7 Other operating expenses	238,650	1,003,090	236,029	304,688	1,129,426	214,500	214,500
<b>6.8 Total Other Operating Expenses</b>	<b>762,025</b>	<b>3,037,748</b>	<b>662,766</b>	<b>787,693</b>	<b>3,225,993</b>	<b>733,761</b>	<b>733,761</b>
<b>7 Profit/(loss) before tax and exceptional items</b>	<b>(133,397)</b>	<b>(664,327)</b>	<b>29,064</b>	<b>(178,379)</b>	<b>(860,012)</b>	<b>39,061</b>	<b>39,061</b>
8 Exceptional items	-	(9,930)	-	-	(15,740)	-	-
<b>9 Profit/(loss) after exceptional items</b>	<b>(133,397)</b>	<b>(664,327)</b>	<b>29,064</b>	<b>(178,379)</b>	<b>(875,753)</b>	<b>39,061</b>	<b>39,061</b>
10 Current tax	(11,688)	(11,989)	-	(13,396)	(24,992)	(4,854)	(4,854)
11 Deferred tax	-	-	295,010	-	307,454	-	-
<b>12 Profit/(loss) after tax and exceptional items</b>	<b>(145,085)</b>	<b>(381,306)</b>	<b>29,064</b>	<b>(191,775)</b>	<b>(593,290)</b>	<b>34,211</b>	<b>34,211</b>
<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	(20,163)	(299)	(83,059)	(20,163)	(299)	(83,059)	(83,059)
13.3 Revaluation surplus on Property, plant and equipment	-	-	-	-	-	-	-
13.4 Share of other comprehensive income of associates	-	-	-	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	6,049	90	24,918	6,049	90	24,918	24,918
<b>14 Other Comprehensive Income for the year net of tax</b>	<b>(14,114)</b>	<b>(209)</b>	<b>(58,141)</b>	<b>(14,114)</b>	<b>(209)</b>	<b>(58,141)</b>	<b>(58,141)</b>
<b>15 Total comprehensive income for the year</b>	<b>(159,199)</b>	<b>(381,515)</b>	<b>(29,078)</b>	<b>(205,889)</b>	<b>(593,499)</b>	<b>(23,927)</b>	<b>(23,927)</b>
Earnings per share	(116.07)	(76.26)	23.25	(1.99)	(1.54)	0.3	0.3
Dividend per share	-	-	-	-	-	-	-

	Bank			Group Consolidated		
	31.03.2021 UnAudited (Ksh'000)	31.12.2021 Audited (Ksh'000)	31.03.2022 UnAudited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)	31.12.2021 Audited (Ksh'000)	31.03.2022 UnAudited (Ksh'000)
<b>III DISCLOSURES AS AT 31 MARCH 2022</b>						
<b>1 Non-Performing Loans and Advances</b>						
a) Gross non-performing loans and advances	10,513,552	8,672,760	8,431,839	10,513,552	8,672,760	8,431,839
b) Less: Interest in Suspense	3,171,855	2,817,043	2,743,165	3,171,855	2,817,043	2,743,165
c) Total non-Performing loans and advances (a-b)	7,341,697	5,855,716	5,688,674	7,341,697	5,855,716	5,688,674
d) Less: Loan loss provisions	3,625,505	3,567,006	3,675,077	3,625,505	3,567,006	3,675,077
<b>e) Net non-performing loans and advances(c-d)</b>	<b>3,716,192</b>	<b>2,288,710</b>	<b>2,013,596</b>	<b>3,716,192</b>	<b>2,288,710</b>	<b>2,013,596</b>
f) Discounted value of securities	3,716,192	2,288,710	2,013,596	3,716,192	2,288,710	2,013,596
<b>g) Net Exposure(e-f)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2 Insider loans and advances</b>						
a) Directors, shareholders and associates	2,291,158	2,322,805	2,306,521	2,291,158	2,322,805	2,306,521
b) Employees	785,244	772,400	753,735	785,244	772,400	753,735
<b>c) Total insider Loans and Advances</b>	<b>3,076,402</b>	<b>3,095,205</b>	<b>3,060,255</b>	<b>3,076,402</b>	<b>3,095,205</b>	<b>3,060,255</b>
<b>3 Off-Balance Sheet items</b>						
a) Letters of credit, guarantees and acceptances	1,033,486	1,145,634	1,189,209	1,033,486	1,145,634	1,189,209
b) Forwards, swaps and options	1,701,025	2,507,776	2,209,394	1,701,025	2,507,776	2,209,394
c) Other contingent liabilities						
<b>d) Total contingent liabilities</b>	<b>2,734,511</b>	<b>3,653,410</b>	<b>3,398,603</b>	<b>2,734,511</b>	<b>3,653,410</b>	<b>3,398,603</b>
<b>4 Capital Strength</b>						
a) Core capital	3,551,689	3,171,718	3,087,367			
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000			
c) Excess/Deficiency	2,551,689	2,171,718	2,087,367			
d) Supplementary capital	1,551,576	1,480,480	1,472,648			
e) Total capital (a+d)	5,103,265	4,652,198	4,560,015			
f) Total risk weighted assets	44,125,502	38,441,131	37,815,336			
g) Core capital /Total deposit liabilities	9.16%	8.26%	8.02%			
h) Minimum Statutory Ratio	8.00%	8.00%	8.00%			
i) Excess/Deficiency	1.16%	0.26%	0.02%			
j) Core capital /Total risk weighted assets	8.05%	8.25%	8.16%			
k) Minimum Statutory Ratio	10.50%	10.50%	10.50%			
l) Excess/Deficiency (i-k)	-2.45%	-2.25%	-2.34%			
m) Total capital /Total risk weighted assets	11.57%	12.10%	12.06%			
n) Minimum Statutory Ratio	14.50%	14.50%	14.50%			
o) Excess/Deficiency (m-n)	-2.93%	-2.40%	-2.44%			
p) Adjusted Core Capital/Total Deposit Liabilities*	9.18%	8.42%	8.21%			
q) Adjusted Core Capital/Total Risk Weighted Assets*	8.07%	8.41%	8.36%			
r) Adjusted Total Capital/Total Risk Weighted Assets*	11.59%	12.26%	12.25%			
<b>5 Liquidity</b>						
a) Liquidity Ratio	20.60%	22.87%	24.60%	20.60%	20.90%	24.60%
b) Minimum Statutory Ratio	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
c) Excess(Deficiency) (a-b)	0.60%	2.87%	4.60%	0.60%	0.90%	4.60%

## \*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 quarterly

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 Rehni House, Kenyatta Avenue/Koinange Street, Nairobi

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**Group Chief Executive Officer**      **Kaushik Maneck**  
**HEC Chairman**

1. **What is the primary purpose of the study?** (e.g., to evaluate the effectiveness of a new treatment, to explore a new research question, to describe a population, etc.)

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