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UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

I STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021	BANK 31.03.2020 UnAudited (Ksh'000)	BANK 31.12.2020 Audited (Ksh'000)	BANK 31.03.2021 UnAudited (Ksh'000)	GROUP CONSOLIDATED 31.03.2020 UnAudited (Ksh'000)	GROUP CONSOLIDATED 31.12.2020 Audited (Ksh'000)	GROUP CONSOLIDATED 31.03.2021 UnAudited (Ksh'000)
A. ASSETS						
1 Cash balances (both local and foreign)	657,564	761,310	599,837	657,564	761,310	599,837
2 Balances due from Central Bank of Kenya	2,203,914	756,604	2,136,860	2,203,914	756,604	2,136,860
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:	**565,986**	**1,941,696**	**1,712,136**	**565,986**	**1,941,696**	**1,712,136**
a. Kenya Government securities	565,986	1,941,696	1,712,136	565,986	1,941,696	1,712,136
b. Other securities	-	-	-	-	-	-
b) Available for sale:	**4,467,417**	**5,163,921**	**3,994,261**	**4,467,417**	**5,163,921**	**3,994,261**
a. Kenya Government securities	4,467,417	5,163,921	3,994,261	4,467,417	5,163,921	3,994,261
b. Other securities	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions	837,016	205,010	338,393	837,016	205,010	338,393
7 Deposits and balances due from banking institutions abroad	147,779	763,728	462,501	147,779	763,728	462,501
8 Tax recoverable	56,136	233,135	221,447	150,790	344,930	329,584
9 Loans and advances to customers (net)	39,574,392	38,194,786	37,007,980	38,407,721	36,998,473	35,771,955
10 Balances due from banking institutions in the group	-	-	-	-	-	-
11 Investments in associates	-	-	-	-	-	-
12 Investments in subsidiary companies	-	-	-	-	-	-
13 Investment in Joint ventures	242,379	208,071	208,071	1,731,213	1,635,079	1,634,516
14 Investment properties	540,472	559,631	561,579	1,255,410	1,263,268	1,261,450
15 Property and equipment	1,805,955	1,775,440	1,722,158	1,816,835	1,780,854	1,727,344
16 Prepaid operating lease rentals	-	-	-	-	-	-
17 Intangible assets	828,345	702,377	656,655	829,353	703,254	657,494
18 Deferred tax asset	1,026,089	1,094,505	1,100,554	1,228,988	1,305,059	1,311,108
19 Retirement benefit asset	-	-	-	-	-	-
20 Other assets	2,015,893	2,117,846	2,292,744	2,330,339	1,822,064	2,008,762
21 TOTAL ASSETS	**54,969,337**	**54,478,060**	**53,015,176**	**56,630,325**	**55,445,251**	**53,946,200**
B. LIABILITIES						
22 Balances due to Central Bank of Kenya	-	-	-	-	-	-
23 Customer deposits	38,123,482	40,005,915	37,276,675	37,990,485	39,944,490	37,197,834
24 Deposits and balances due to local banking institutions	673,920	1,190,118	1,503,357	673,920	1,190,118	1,494,800
25 Deposits and balances due to foreign banking institutions	-	-	-	-	-	-
26 Other money market deposits	-	-	-	-	-	-
27 Borrowed funds	5,807,116	3,681,087	5,104,347	5,833,801	3,681,087	5,102,374
28 Balances due to banking institutions in the group	-	-	-	-	-	-
29 Tax payable	-	-	-	-	-	-
30 Dividends payable	-	-	-	4,980	6,361	6,358
31 Deferred tax liability	-	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-	-
33 Other liabilities	1,227,186	1,353,833	1,042,888	1,910,078	2,061,408	1,859,054
34 TOTAL LIABILITIES	**45,831,704**	**46,230,953**	**44,927,267**	**46,413,264**	**46,883,465**	**45,660,421**
C. SHAREHOLDERS' FUNDS						
35 Paid up /Assigned capital	5,000,000	5,000,000	5,000,000	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
37 Revaluation reserves	180,440	310,662	310,662	881,903	1,012,125	927,893
38 Retained earnings/Accumulated losses	(2,706,488)	(4,226,070)	(4,284,351)	(106,737)	(2,384,781)	(2,489,752)
39 Statutory loan loss reserves	3,082,076	3,653,888	3,567,085	3,082,076	3,653,888	3,567,085
40 Other Reserves	17,193	(5,035)	(19,149)	42,486	13,971	13,971
41 Proposed dividends	-	-	-	-	-	-
42 Capital grants	50,750	-	-	50,750	-	-
43 TOTAL SHAREHOLDERS' FUNDS	**9,137,633**	**8,247,107**	**8,087,909**	**10,217,061**	**8,561,786**	**8,285,779**
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**54,969,337**	**54,478,060**	**53,015,176**	**56,630,325**	**55,445,251**	**53,946,200**

II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021	BANK 31.03.2020 UnAudited (Ksh'000)	BANK 31.12.2020 Audited (Ksh'000)	BANK 31.03.2021 UnAudited (Ksh'000)	GROUP CONSOLIDATED 31.03.2020 Unaudited (Ksh'000)	GROUP CONSOLIDATED 31.12.2020 Audited (Ksh'000)	GROUP CONSOLIDATED 31.03.2021 Unaudited (Ksh'000)
1 INTEREST INCOME						
1.1 Loans and advances	1,118,546	3,820,754	886,123	1,118,546	3,668,778	846,811
1.2 Government securities	113,650	555,322	161,291	113,650	555,322	161,291
1.3 Deposits and placements with banking institutions	12,644	41,409	4,309	12,644	41,409	4,309
1.4 Other Interest Income	-	-	-	-	-	-
1.5 **Total interest income**	**1,244,840**	**4,417,485**	**1,051,723**	**1,244,840**	**4,265,509**	**1,012,411**
2 INTEREST EXPENSES						
2.1 Customer deposits	488,013	1,805,618	389,873	488,013	1,805,618	387,738
2.2 Deposits and placement from banking institutions	28,145	154,219	59,705	28,145	154,219	59,705
2.3 Other interest expenses	111,555	445,495	90,573	147,970	439,412	90,672
2.4 Total interest expenses	**627,713**	**2,405,332**	**540,151**	**664,128**	**2,399,249**	**538,115**
3 NET INTEREST INCOME/(LOSS)	**617,127**	**2,012,153**	**511,572**	**580,712**	**1,866,260**	**474,296**
4 OTHER OPERATING INCOME						
4.1 Fees and commissions on loans and advances	24,442	54,074	34,977	24,442	54,074	34,977
4.2 Other fees and commissions	51,769	117,633	42,870	95,961	200,313	41,867
4.3 Foreign exchange trading income/(Loss)	18,807	85,270	24,955	18,807	85,270	24,955
4.4 Dividend Income	-	-	-	-	-	-
4.5 Other income	23,961	102,974	14,254	114,297	172,809	33,218
4.6 Total Non-interest income	**118,979**	**359,951**	**117,056**	**253,507**	**512,466**	**135,017**
5 TOTAL OPERATING INCOME	**736,106**	**2,372,104**	**628,628**	**834,219**	**2,378,726**	**609,313**
6 OPERATING EXPENSES						
6.1 Loan loss provision	137,642	414,803	139,719	137,642	405,069	74,573
6.2 Staff costs	219,158	1,108,624	247,424	256,335	1,227,163	266,181
6.3 Directors' emoluments	2,883	7,091	2,826	6,324	14,229	5,776
6.4 Rental charges	31,920	146,221	36,242	31,920	146,221	14,767
6.5 Depreciation charge on property and equipment	42,735	165,497	38,849	46,790	182,711	64,514
6.6 Amortisation charges	54,334	226,740	57,081	54,394	226,894	57,194
6.7 Other operating expenses	224,518	1,266,292	239,884	293,785	1,856,189	304,688
6.8 Total Other Operating Expenses	**713,190**	**3,335,268**	**762,025**	**827,190**	**4,058,476**	**787,693**
7 Profit/(loss) before tax and exceptional items	**22,916**	**(963,164)**	**(133,397)**	**7,029**	**(1,679,750)**	**(178,379)**
8 Exceptional items	-	(34,308)	-	-	(96,133)	-
9 Profit/(loss) after exceptional items	**22,916**	**(997,472)**	**(133,397)**	**7,029**	**(1,775,883)**	**(178,379)**
10 Current tax	(6,875)	-	(11,688)	(7,662)	(6,772)	(13,396)
11 Deferred tax	-	65,743	-	-	75,791	-
12 Profit/(loss) after tax and exceptional items	**16,041**	**(931,729)**	**(145,085)**	**(633)**	**(1,706,864)**	**(191,775)**
13 Other Comprehensive Income						
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-	-	-	-	-
13.2 Fair value changes in available for sale financial assets	(44,017)	(75,772)	(20,163)	(44,017)	(75,772)	(20,163)
13.3 Revaluation surplus on Property,plant and equipment	-	137,076	-	-	137,076	-
13.4 Share of other comprehensive income of associates	-	-	-	-	-	-
13.5 Income tax relating to components of other comprehensive income	13,205	15,878	6,049	13,205	15,878	6,049
14 Other Comprehensive Income for the year net of tax	(30,812)	77,182	(14,114)	(30,812)	77,182	(14,114)
15 Total comprehensive income for the year	**(14,771)**	**(854,547)**	**(159,199)**	**(31,445)**	**(1,629,682)**	**(205,889)**
Earnings per share	**12.83**	**(186.35)**	**(116.07)**	**(0.01)**	**(4.44)**	**(1.99)**
Dividend per share	-	-	-	-	-	-

III DISCLOSURES AS AT 31 MARCH 2021	BANK 31.03.2020 UnAudited (Ksh'000)	BANK 31.12.2020 Audited (Ksh'000)	BANK 31.03.2021 UnAudited (Ksh'000)	GROUP CONSOLIDATED 31.03.2020 UnAudited (Ksh'000)	GROUP CONSOLIDATED 31.12.2020 Audited (Ksh'000)	GROUP CONSOLIDATED 31.03.2021 UnAudited (Ksh'000)
1 Non-Performing Loans and Advances						
a) Gross non-performing loans and advances	**12,221,552**	**10,798,847**	**10,513,552**	**12,221,552**	**10,798,847**	**10,513,552**
b) Less: Interest in Suspense	**3,433,379**	**3,287,599**	**3,171,855**	**3,433,379**	**3,287,599**	**3,171,855**
c) Total non-Performing loans and advances (a-b)	**8,788,173**	**7,511,248**	**7,341,697**	**8,788,173**	**7,511,248**	**7,341,697**
d) Less: Loan loss provisions	2,942,626	3,563,855	3,625,505	2,942,626	3,563,855	3,625,505
e) Net non-performing loans and advances(c-d)	**5,845,547**	**3,947,393**	**3,716,192**	**5,845,547**	**3,947,393**	**3,716,192**
f) Discounted value of securities	5,845,547	3,947,393	3,716,192	5,845,547	3,947,393	3,716,192
g) Net Exposure(e-f)	-	-	-	-	-	-
2 Insider loans and advances						
a) Directors, shareholders and associates	1,393,236	2,211,600	2,291,158	1,393,236	2,211,600	2,291,158
b) Employees	849,711	794,142	785,244	849,711	794,142	785,244
c) Total insider Loans and Advances	**2,242,947**	**3,005,742**	**3,076,402**	**2,242,947**	**3,005,742**	**3,076,402**
3 Off-Balance Sheet items						
a) Letters of credit, guarantees and acceptances	111,973	821,725	1,033,486	111,973	821,725	1,033,486
b) Forwards, swaps and options	1,333,600	664,950	1,701,025	1,333,600	664,950	1,701,025
c) Other contingent liabilities	-	-	-	-	-	-
c) Total contingent liabilities	**1,445,573**	**1,486,675**	**2,734,511**	**1,445,573**	**1,486,675**	**2,734,511**
4 Capital Strength						
a) Core capital	5,353,783	3,621,847	3,551,689	5,546,843	2,964,924	2,843,406
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
c) Excess/Deficiency	4,353,783	2,621,847	2,551,689	4,546,843	1,964,924	1,843,406
d) Supplementary capital	555,390	578,502	1,551,576	555,390	578,502	1,551,576
e) Total capital (a+d)	5,909,173	4,200,349	5,103,265	6,102,233	3,543,426	4,394,982
f) Total risk weighted assets	44,431,678	46,280,127	44,125,502	44,603,832	47,340,184	44,613,279
g) Core capital /Total deposit liabilities	13.80%	8.79%	9.16%	14.35%	7.21%	7.35%
h) Minimum Statutory Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
i) Excess/Deficiency	5.80%	0.79%	1.16%	6.35%	-0.79%	-0.65%
j) Core capital /Total risk weighted assets	12.05%	7.83%	8.05%	12.44%	6.26%	6.37%
k) Minimum Statutory Ratio	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
l) Excess/Deficiency (j-k)	1.55%	-2.67%	-2.45%	1.94%	-4.24%	-4.13%
m) Total capital /Total risk weighted assets	13.30%	9.08%	11.57%	13.68%	7.49%	9.85%
n) Minimum Statutory Ratio	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%
o) Excess/Deficiency (m-n)	-1.20%	-5.42%	-2.93%	-0.82%	-7.01%	-4.65%
p) Adjusted Core Capital/Total Deposit Liabilities*	13.90%	8.90%	9.18%			
q) Adjusted Core Capital/Total Risk Weighted Assets*	12.20%	7.90%	8.07%			
r) Adjusted Total Capital/Total Risk Weighted Assets*	13.40%	9.20%	11.59%			
5 Liquidity						
a) Liquidity Ratio	21.30%	20.90%	20.60%	21.30%	20.90%	20.60%
b) Minimum Statutory Ratio	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
c) Excess(Deficiency) (a-b)	1.30%	0.90%	0.60%	1.30%	0.90%	0.60%

***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**

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

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