HF GROUP PLC

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HF GROUP
Dreams Made Possible

UNAUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES

I STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021	BANK				GROUP CONSOLIDATED		
	30.06.2020 UnAudited (Ksh'000)	31.12.2020 Audited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)	30.06.2021 UnAudited (Ksh'000)	30.06.2020 UnAudited (Ksh'000)	31.12.2020 Audited (Ksh'000)	30.06.2021 UnAudited (Ksh'000)
A. ASSETS							
1 Cash balances (both local and foreign)	582,475	761,310	599,837	418,565	582,475	761,310	418,565
2 Balances due from Central Bank of Kenya	2,128,345	756,604	2,136,860	2,148,285	2,128,345	756,604	2,148,285
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:	**764,561**	**1,941,696**	**1,712,136**	**1,465,936**	**764,561**	**1,941,696**	**1,465,936**
a. Kenya Government securities	764,561	1,941,696	1,712,136	1,465,936	764,561	1,941,696	1,465,936
b. Other securities	-	-	-	-	-	-	-
b) Available for sale:	**4,057,543**	**5,163,921**	**3,994,261**	**3,447,768**	**4,057,543**	**5,163,921**	**3,447,768**
a. Kenya Government securities	4,057,543	5,163,921	3,994,261	3,447,768	4,057,543	5,163,921	3,447,768
b. Other securities	-	-	-	-	-	-	-
6 Deposits and balances due from local banking institutions	1,098,838	205,010	338,393	1,277,650	1,098,838	205,010	1,277,650
7 Deposits and balances due from banking institutions abroad	252,468	763,728	462,501	143,436	252,468	763,728	143,436
8 Tax recoverable	179,103	233,135	221,447	210,391	280,731	344,930	328,984
9 Loans and advances to customers (net)	39,339,787	38,194,786	37,007,980	36,435,789	38,172,648	36,998,473	35,290,699
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	208,695	1,730,576	1,635,079	1,634,961
14 Investment properties	567,700	559,631	561,579	707,162	1,278,871	1,263,268	1,403,266
15 Property and equipment	1,746,602	1,775,440	1,722,158	1,677,101	1,170,541	1,780,854	1,682,060
16 Prepaid operating lease rentals	-	-	-	-	-	-	-
17 Intangible assets	784,558	702,377	656,655	606,870	785,511	703,254	607,671
18 Deferred tax asset	1,019,929	1,094,505	1,100,554	1,090,447	1,223,880	1,305,059	1,300,069
19 Retirement benefit asset	-	-	-	-	-	-	-
20 Other assets	2,122,441	2,117,846	2,292,744	2,195,356	2,953,797	1,822,064	1,815,577
21 TOTAL ASSETS	**54,886,729**	**54,478,060**	**53,015,176**	**52,033,451**	**56,480,785**	**55,445,251**	**52,964,927**
B. LIABILITIES							
22 Balances due to Central Bank of Kenya	-	-	-	-	-	-	-
23 Customer deposits	38,852,415	40,005,915	37,276,675	37,902,197	39,174,242	39,944,490	37,822,307
24 Deposits and balances due to local banking institutions	405,677	1,190,118	1,503,357	474,235	-	1,190,118	474,235
25 Deposits and balances due to foreign banking institutions	-	-	-	-	-	-	-
26 Other money market deposits	-	-	-	-	-	-	-
27 Borrowed funds	5,327,724	3,681,087	5,104,347	4,672,234	5,327,724	3,681,087	4,672,234
28 Balances due to banking institutions in the group	-	-	-	-	-	-	-
29 Tax payable	-	-	-	-	-	-	-
30 Dividends payable	-	-	-	-	4,934	6,361	6,370
31 Deferred tax liability	-	-	-	-	-	-	-
32 Retirement benefit liability	-	-	-	-	-	-	-
33 Other liabilities	1,399,546	1,353,833	1,042,888	1,011,034	2,048,315	2,061,408	1,783,562
34 TOTAL LIABILITIES	**45,985,362**	**46,230,953**	**44,927,267**	**44,059,700**	**46,555,215**	**46,883,465**	**44,758,708**
C. SHAREHOLDERS' FUNDS							
35 Paid up /Assigned capital	5,000,000	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	3,513,662	4,343,512	4,343,512	4,343,512
37 Revaluation reserves	180,440	310,662	310,662	310,662	881,903	1,012,125	1,012,125
38 Retained earnings/Accumulated losses	(3,183,977)	(4,226,070)	(4,284,351)	(3,988,184)	(633,165)	(2,384,781)	(2,229,106)
39 Statutory loan loss reserves	3,313,624	3,653,888	3,567,085	3,152,114	3,313,624	3,653,888	3,152,114
40 Other Reserves	26,868	(5,035)	(19,149)	(14,503)	45,875	13,971	4,503
41 Proposed dividends	-	-	-	-	-	-	-
42 Capital grants	50,750	-	-	-	50,750	-	-
43 TOTAL SHAREHOLDERS' FUNDS	**8,901,367**	**8,247,107**	**8,087,909**	**7,973,751**	**9,925,570**	**8,561,786**	**8,206,219**
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**54,886,729**	**54,478,060**	**53,015,176**	**52,033,451**	**56,480,785**	**55,445,251**	**52,964,927**

II STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021	BANK				GROUP CONSOLIDATED		
	30.06.2020 UnAudited (Ksh'000)	31.12.2020 Audited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)	30.06.2021 UnAudited (Ksh'000)	30.06.2020 UnAudited (Ksh'000)	31.12.2020 Audited (Ksh'000)	30.06.2021 UnAudited (Ksh'000)
1 INTEREST INCOME							
1.1 Loans and advances	2,080,427	3,820,754	886,123	1,732,700	2,080,427	3,668,778	1,654,058
1.2 Government securities	247,256	555,322	161,291	316,848	247,256	555,322	316,848
1.3 Deposits and placements with banking institutions	25,399	41,409	4,309	10,483	25,399	41,409	10,483
1.4 Other Interest Income	-	-	-	-	-	-	-
1.5 **Total interest income**	**2,353,082**	**4,417,485**	**1,051,723**	**2,060,031**	**2,353,082**	**4,265,509**	**1,981,389**
2 INTEREST EXPENSES							
2.1 Customer deposits	967,481	1,805,618	389,873	766,584	967,481	1,805,618	766,584
2.2 Deposits and placement from banking institutions	66,379	154,219	59,705	103,399	66,379	154,219	103,399
2.3 Other interest expenses	259,615	445,495	90,573	196,361	331,918	439,412	191,554
2.4 Total interest expenses	**1,293,475**	**2,405,332**	**540,151**	**1,066,344**	**1,365,778**	**2,399,249**	**1,061,537**
3 NET INTEREST INCOME/(LOSS)	**1,059,607**	**2,012,153**	**511,572**	**993,687**	**987,304**	**1,866,260**	**919,852**
4 OTHER OPERATING INCOME							
4.1 Fees and commissions on loans and advances	38,285	54,074	34,977	70,718	38,285	54,074	70,718
4.2 Other fees and commissions	60,967	117,633	42,870	62,838	60,967	200,313	62,838
4.3 Foreign exchange trading income/(Loss)	38,401	85,270	24,955	48,938	38,401	85,270	48,938
4.4 Dividend Income	-	-	-	-	-	-	-
4.5 Other income	61,500	102,974	14,254	52,747	147,965	172,809	142,629
4.6 Total Non-interest income	**199,153**	**359,951**	**117,056**	**235,241**	**285,618**	**512,466**	**325,123**
5 TOTAL OPERATING INCOME	**1,258,760**	**2,372,104**	**628,628**	**1,228,928**	**1,272,922**	**2,378,726**	**1,244,975**
6 OPERATING EXPENSES							
6.1 Loan loss provision	267,927	414,803	139,719	187,926	267,561	405,069	58,281
6.2 Staff costs	475,965	1,108,624	247,424	507,472	462,901	1,227,163	547,197
6.3 Directors' emoluments	3,816	7,091	2,826	3,547	6,741	14,229	6,383
6.4 Rental charges	77,990	146,221	36,242	78,745	77,990	146,221	78,745
6.5 Depreciation charge on property and equipment	85,012	165,497	38,849	71,092	101,316	182,711	79,135
6.6 Amortisation charges	109,846	226,740	57,081	114,456	110,008	226,894	114,569
6.7 Other operating expenses	468,105	1,266,292	239,884	507,249	539,572	1,856,189	678,617
6.8 Total Other Operating Expenses	**1,488,661**	**3,335,268**	**762,025**	**1,470,487**	**1,566,089**	**4,058,476**	**1,562,927**
7 Profit/(loss) before tax and exceptional items	**(229,901)**	**(963,164)**	**(133,397)**	**(241,559)**	**(293,167)**	**(1,679,750)**	**(317,952)**
8 Exceptional items	-	(34,308)	-	624	(637)	(96,133)	(118)
9 Profit/(loss) after exceptional items	**(229,901)**	**(997,472)**	**(133,397)**	**(240,935)**	**(293,804)**	**(1,775,883)**	**(318,070)**
10 Current tax	-	-	(11,688)	(22,953)	(1,708)	(6,772)	(28,028)
11 Deferred tax	-	65,743	-	-	-	75,791	-
12 Profit/(loss) after tax and exceptional items	**(229,901)**	**(931,729)**	**(145,085)**	**(263,888)**	**(295,512)**	**(1,706,864)**	**(346,098)**
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	(28,183)	(75,772)	(20,163)	(13,526)	(28,183)	(75,772)	(13,526)
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	7,046	15,878	6,049	4,058	7,046	15,878	4,058
14 Other Comprehensive Income for the year net of tax	(21,137)	77,182	(14,114)	(9,469)	(21,137)	77,182	(9,469)
15 Total comprehensive income for the year	(251,038)	(854,547)	(159,199)	(273,357)	(316,649)	(1,629,682)	(355,567)
Earnings per share	**(91.96)**	**(186.35)**	**(116.07)**	**(105.56)**	**(1.54)**	**(4.44)**	**(1.80)**
Dividend per share	**-**	**-**	**-**	**-**	**-**	**-**	**-**

III DISCLOSURES AS AT 30 JUNE 2021	BANK				GROUP CONSOLIDATED		
	30.06.2020 UnAudited (Ksh'000)	31.12.2020 Audited (Ksh'000)	31.03.2021 UnAudited (Ksh'000)	30.06.2021 UnAudited (Ksh'000)	30.06.2020 UnAudited (Ksh'000)	31.12.2020 Audited (Ksh'000)	30.06.2021 UnAudited (Ksh'000)
1 Non-Performing Loans and Advances							
a) Gross non-performing loans and advances	11,909,011	10,798,847	10,513,552	9,367,084	11,909,011	10,798,847	9,367,084
b) Less: Interest in Suspense	3,501,430	3,287,599	3,171,855	2,881,915	3,501,430	3,287,599	2,881,915
c) Total non-Performing loans and advances (a-b)	8,407,581	7,511,248	7,341,697	6,485,169	8,407,581	7,511,248	6,485,169
d) Less: Loan loss provisions	2,960,816	3,563,855	3,625,505	3,215,554	2,960,816	3,563,855	3,215,554
e) Net non-performing loans and advances(c-d)	5,446,765	3,947,393	3,716,192	3,269,615	5,446,765	3,947,393	3,269,615
f) Discounted value of securities	5,446,765	3,947,393	3,716,192	3,269,615	5,446,765	3,947,393	3,269,615
g) Net Exposure(e-f)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2 Insider loans and advances							
a) Directors, shareholders and associates	2,148,260	2,211,600	2,291,158	2,262,345	2,148,260	2,211,600	2,262,345
b) Employees	887,818	794,142	785,244	769,813	887,818	794,142	769,813
c) Total insider Loans and Advances	**3,036,078**	**3,005,742**	**3,076,402**	**3,032,158**	**3,036,078**	**3,005,742**	**3,032,158**
3 Off-Balance Sheet items							
a) Letters of credit, guarantees and acceptances	208,384	821,725	1,033,486	1,201,834	208,384	821,725	1,201,834
b) Forwards, swaps and options	852,400	664,950	1,701,025	646,650	852,400	664,950	646,650
c) Other contingent liabilities	-	-	-	-	-	-	-
c) Total contingent liabilities	**1,060,784**	**1,486,675**	**2,734,511**	**1,848,484**	**1,060,784**	**1,486,675**	**1,848,484**
4 Capital Strength							
a) Core capital	4,842,724	3,621,847	3,551,689	3,887,579			
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000			
c) Excess/Deficiency	3,842,724	2,621,847	2,551,689	2,887,579			
d) Supplementary capital	561,925	578,502	1,551,576	1,552,862			
e) Total capital (a+d)	5,404,649	4,200,349	5,103,265	5,440,441			
f) Total risk weighted assets	44,953,621	46,280,127	44,125,502	44,228,827			
g) Core capital /Total deposit liabilities	12.34%	8.79%	9.16%	10.13%			
h) Minimum Statutory Ratio	8.00%	8.00%	8.00%	8.00%			
i) Excess/Deficiency	4.34%	0.79%	1.16%	2.13%			
j) Core capital /Total risk weighted assets	10.77%	7.83%	8.05%	8.79%			
k) Minimum Statutory Ratio	10.50%	10.50%	10.50%	10.50%			
l) Excess/Deficiency (j-k)	0.27%	-2.67%	-2.45%	-1.71%			
m) Total capital /Total risk weighted assets	12.02%	9.08%	11.57%	12.30%			
n) Minimum Statutory Ratio	14.50%	14.50%	14.50%	14.50%			
o) Excess/Deficiency (m-n)	-2.48%	-5.42%	-2.93%	-2.20%			
p) Adjusted Core Capital/Total Deposit Liabilities*	12.50%	8.90%	9.18%	10.50%			
q) Adjusted Core Capital/Total Risk Weighted Assets*	10.92%	7.90%	8.07%	9.10%			
r) Adjusted Total Capital/Total Risk Weighted Assets*	12.17%	9.20%	11.59%	12.60%			
5 Liquidity							
a) Liquidity Ratio	21.98%	20.90%	20.60%	22.20%			
b) Minimum Statutory Ratio	20.00%	20.00%	20.00%	20.00%			
c) Excess(Deficiency) (a-b)	1.98%	0.90%	0.60%	2.20%			

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2021	Share capital Shs '000	Share premium Shs '000	Revenue and other reserves Shs '000	Total equity Shs '000
At 1 January 2021	**1,923,071**	**4,343,512**	**2,295,203**	**8,561,786**
Profit for the period	-	-	(346,098)	**(346,098)**
Other comprehensive income	**-**	**-**	(9,469)	**(9,469)**
At 30 June 2021	**1,923,071**	**4,343,512**	**1,939,636**	**8,206,219**

SUMMARY CONSOLIDATED STATEMENT OF CASHFLOW AS AT 30 JUNE 2021	Unaudited 30.06.2021 Shs '000	Audited 31.12.2020 Shs '000	Unaudited 30.06.2020 Shs '000
Net cash used in operating activities	**850,908**	**1,170,162**	**1,170,964**
Cash flows from investing activities	(181,969)	(136,879)	(70,234)
Cash flows from financing activities	941,692	(2,312,646)	(512,512)
Net increase/(decrease) in cash and cash equivalents	**1,610,631**	**(1,279,363)**	**588,218**
Cash and cash equivalents at 1 January	**1,058,416**	**2,337,779**	**1,837,779**
Cash and cash equivalents at period end	**2,669,047**	**1,058,416**	**2,425,997**

***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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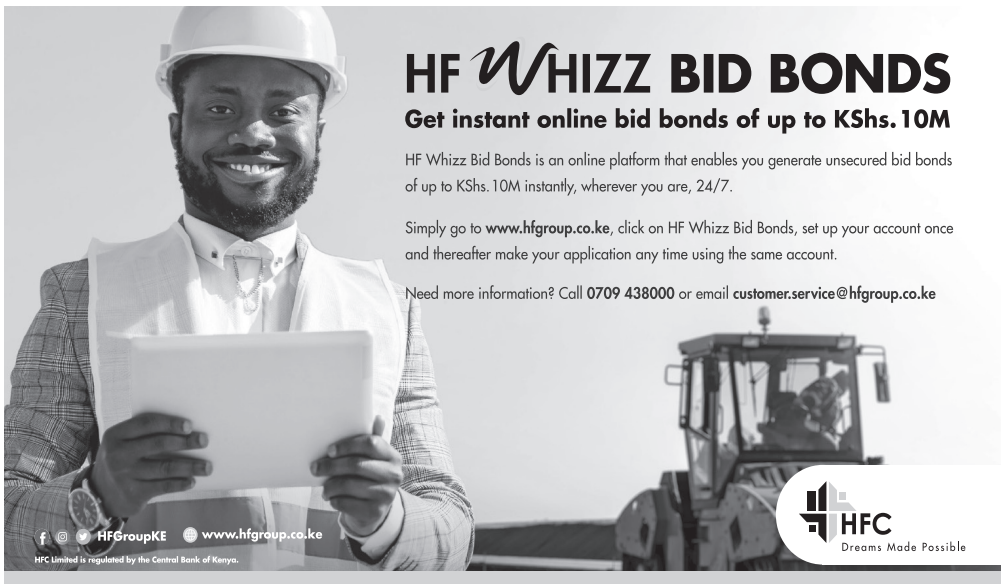
Robert Kibaara
Group Chief Executive Officer

Kaushik Manek
HFC Chairman