

HOUSING FINANCE

AUDITED FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PERIOD
ENDED 31 DECEMBER 2010



1	STATEMENT OF FINANCIAL POSITION	GROUP		COMPANY	
		31.12.2009	31.12.2010	31.12.2009	31.12.2010
		Audited	Audited	Audited	Audited
A.	ASSETS	(Ksh'000)	(Ksh'000)	(Ksh'000)	(Ksh'000)
1	Cash balances	106,118	101,224	106,118	101,224
2	Balances due from Central Bank of Kenya	-	-	-	-
3	Government securities	509,507	539,835	509,507	539,835
4	Foreign Currency Treasury bills and bonds	-	-	-	-
5	Deposits and balances due from banking institutions	2,320,140	8,185,432	2,320,140	8,185,419
6	Deposits and balances due from banking institutions abroad	-	-	-	-
7	Government and other securities held for dealing purposes	-	-	-	-
8	Tax recoverable	-	-	-	-
9	Loans and advances to customers (net)	14,495,208	19,503,400	14,495,208	19,503,400
10	Investment securities	-	-	-	-
11	Balances due from group companies	-	-	-	-
12	Investment in associates	-	-	-	-
13	Investment in subsidiary companies	-	-	130,020	130,020
14	Investment in Joint ventures	-	-	-	-
15	Investment properties	-	-	-	-
16	Property and equipment	580,907	600,417	574,756	594,341
17	Prepaid operating lease rentals	49,257	48,615	42,171	41,710
18	Intangible assets	4,146	3,085	4,094	3,068
19	Deferred tax asset	70,743	76,050	15,638	23,006
20	Retirement benefit asset	-	-	-	-
21	Other assets	103,333	220,336	83,109	203,816
22	TOTAL ASSETS	18,239,359	29,278,396	18,280,761	29,325,841
B.	LIABILITIES				
23	Balances due to Central Bank of Kenya	-	-	-	-
24	Customer deposits	12,219,449	15,943,341	12,234,645	15,945,317
25	Deposits and balances due to local banking institutions	-	-	-	-
26	Deposits and balances due to foreign banking institutions	-	-	-	-
27	Other money market deposits	-	-	-	-
28	Borrowed funds	1,700,000	8,604,269	1,700,000	8,604,269
29	Balances due to group companies	-	-	2,851	14,958
30	Tax payable	26,091	26,337	50,193	50,441
31	Dividends payable	-	-	-	-
32	Deferred tax liability	-	-	-	-
33	Retirement benefit liability	-	-	-	-
34	Other liabilities	220,443	447,042	208,841	441,326
35	TOTAL LIABILITIES	14,165,983	25,020,989	14,196,530	25,056,311
C.	SHAREHOLDERS' FUNDS				
36	Paid up capital	1,150,000	1,150,000	1,150,000	1,150,000
37	Share premium	1,549,173	1,549,173	1,549,173	1,549,173
38	Revaluation reserve	449,202	449,202	449,202	449,202
39	Retained earnings	174,216	475,040	185,071	487,163
40	Statutory Loan Loss Reserve	585,035	502,742	585,035	502,742
41	Proposed dividends	115,000	80,500	115,000	80,500
42	Capital grants	50,750	50,750	50,750	50,750
43	TOTAL SHAREHOLDERS' FUNDS	4,073,376	4,257,407	4,084,231	4,269,530
44	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	18,239,359	29,278,396	18,280,761	29,325,841

AUTHORISED BY: STEVE MAINDA

DESIGNATION: CHAIRMAN

SIGNATURE: 

AUTHORISED BY: FRANK IRERI


DESIGNATION: MANAGING DIRECTOR

SIGNATURE: 

AUTHORISED BY: DAVID ANSELL

DESIGNATION: DIRECTOR

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II	STATEMENT OF COMPREHENSIVE INCOME	GROUP		COMPANY	
		31.12.2009	31.12.2010	31.12.2009	31.12.2010
		Audited (Ksh'000)	Audited (Ksh'000)	Audited (Ksh'000)	Audited (Ksh'000)
1	INTEREST INCOME				
	1.1 Loans and advances	1,556,862	2,221,791	1,556,862	2,221,791
	1.2 Government Securities	32,556	35,222	32,556	35,222
	1.3 Deposits and Placements with banking institutions	214,704	218,801	214,704	218,802
	1.4 Other interest income	-	-	-	-
	1.5 Total Interest income	1,804,122	2,475,814	1,804,122	2,475,815
2	INTEREST EXPENSES	-	-	-	-
	2.1 Customers' Deposits	571,569	793,444	571,670	793,472
	2.2 Deposits and placements from banking institutions	-	-	-	-
	2.3 Other interest expenses	85,010	281,382	85,010	281,381
	2.4 Total Interest expenses	656,579	1,074,826	656,680	1,074,853
3	NET INTEREST INCOME	1,147,543	1,400,988	1,147,442	1,400,962
4	OTHER OPERATING INCOME	-	-	-	-
	4.1 Fees and commissions on loans and advances	85,156	103,294	85,156	103,294
	4.2 Other fees and commissions	83,936	65,185	72,851	64,688
	4.3 Foreign exchange trading income	-	-	-	-
	4.4 Dividend income	-	-	-	-
	4.5 Other income	57,810	85,717	50,764	84,474
	4.5 Total Non interest income	226,902	254,196	208,771	252,456
5	TOTAL OPERATING INCOME	1,374,445	1,655,184	1,356,213	1,653,418
6	OPERATING EXPENSES	-	-	-	-
	6.1 Loan loss provision	225,487	238,445	225,487	238,445
	6.2 Staff costs	388,687	489,608	377,997	489,511
	6.3 Directors emoluments	31,525	11,222	31,525	11,222
	6.4 Rental charges	12,106	13,131	11,684	12,925
	6.5 Depreciation on property and equipment	38,523	41,352	36,459	41,277
	6.6 Amortisation charges	6,103	3,362	5,918	3,171
	6.7 Other operating expenses	320,896	297,036	313,268	296,632
	6.8 Total Other Operating Expenses	1,023,327	1,094,156	1,002,338	1,093,183
7	Profit before tax and exceptional items	351,118	561,028	353,875	560,235
8	Exceptional items	-	-	-	-
9	Profit before tax but after exceptional items	351,118	561,028	353,875	560,235
10	Current tax	(122,663)	(186,803)	(121,568)	(186,803)
11	Deferred Tax	5,721	5,306	3,834	7,368
12	Profit After Tax and exceptional items	234,176	379,531	236,141	380,800
	Earnings per share	1.02	1.65	1.03	1.66
	Dividend per share	0.50	0.70	0.50	0.70



DISCLOSURES	GROUP		COMPANY	
	31.12.2009	31.12.2010	31.12.2009	31.12.2010
	Audited (Ksh'000)	Audited (Ksh'000)	Audited (Ksh'000)	Audited (Ksh'000)
Non-Performing Loans and Advances				
a) Gross non-performing loans and advances	1,815,135	1,467,815	1,815,135	1,467,815
b) Less: Interest in Suspense	555,353	283,632	555,353	283,632
c) Total non-Performing loans and advances (a-b)	1,259,782	1,184,183	1,259,782	1,184,183
d) Less: Loan loss provisions	505,430	439,916	505,430	439,916
e) Net non-performing loans and advances(c-d)	754,352	744,267	754,352	744,267
f) Discounted value of securities	754,352	744,267	754,352	744,267
g) Net Exposure(e-f)	-	-	-	-
Insider loans and advances				
a) Directors, shareholders and associates	-	-	-	-
b) Employees	318,845	459,860	318,845	459,860
c) Total insider Loans and Advances	318,845	459,860	318,845	459,860
Off-Balance Sheet items				
a) Letters of credit, guarantees and acceptances	1,033	1,033	1,033	1,033
b) Other contingent liabilities	-	-	-	-
c) Total contingent liabilities	1,033	1,033	1,033	1,033
Capital Strength				
a) Core capital			2,884,244	3,186,337
b) Minimum Statutory Capital			250,000	500,000
c) Excess/Deficiency			2,634,244	2,686,337
d) Supplementary capital			279,054	3,186,337
e) Total capital (a+d)			3,163,298	6,372,674
f) Total risk weighted assets			9,280,302	13,077,391
g) Core capital /Total deposit liabilities			23.57%	19.98%
h) Minimum Statutory Ratio			8.00%	8.00%
i) Excess/Deficiency			15.57%	11.98%
j) Core capital /Total risk weighted assets			31.08%	24.37%
k) Minimum Statutory Ratio			8.00%	8.00%
l) Excess/Deficiency (j-k)			23.08%	16.37%
m) Total capital /Total risk weighted assets			34.09%	48.73%
n) Minimum Statutory Ratio			12.00%	12.00%
o) Excess/Deficiency (m-n)			22.09%	36.73%
Liquidity				
a) Liquidity Ratio			23.89%	55.73%
b) Minimum Statutory Ratio			20.00%	20.00%
c) Excess(Deficiency) (a-b)			3.89%	35.73%

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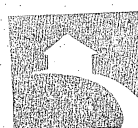

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HOUSING FINANCE COMPANY OF KENYA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital KShs'000	Revaluation reserve KShs'000	Share premium KShs'000	Proposed dividends KShs'000	Statutory reserve KShs'000	Retained profits KShs'000	Total KShs'000
At 1 January 2009	1,150,000	193,418	1,549,173	69,000	480,803	159,272	3,601,666
Total comprehensive income for the year							
Net profit after taxation	-	-	-	-	-	234,176	234,176
Revaluation surplus	-	255,784	-	-	-	-	255,784
Transfer to statutory reserve	-	-	-	-	104,232	(104,232)	-
Total comprehensive income	-	255,784	-	-	104,232	129,944	489,960
Transactions with owners, recorded directly in equity							
Dividend paid	-	-	-	(69,000)	-	-	(69,000)
Proposed dividends	-	-	-	115,000	-	(115,000)	-
Total transactions with owners for the year	-	-	-	46,000	-	(115,000)	(69,000)
Balance as at 31 December 2009	1,150,000	449,202	1,549,173	115,000	585,035	174,216	4,022,626
Total comprehensive income for the year							
Net profit after taxation	-	-	-	-	-	379,531	379,531
Transfer from statutory reserve	-	-	-	-	(82,293)	82,293	-
Total comprehensive income	-	-	-	-	(82,293)	461,824	379,531
Transactions with owners, recorded directly in equity							
Dividend paid-2009	-	-	-	(115,000)	-	-	(115,000)
Interim dividend paid-2010	-	-	-	-	-	(80,500)	(80,500)
Proposed dividends	-	-	-	80,500	-	(80,500)	-
Total transactions with owners for the year	-	-	-	(34,500)	-	(161,000)	(195,500)
Balance as at 31 December 2010	1,150,000	449,202	1,549,173	80,500	502,742	475,040	4,206,657




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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 KShs'000	2009 KShs'000
Net cash flows from operating activities	34(a)	<u>6,118,197</u>	<u>(265,520)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(60,862)	(11,801)
Purchase of intangible assets		(1,659)	-
Proceeds from sale of equipment		<u>222</u>	<u>80</u>
Net cash flow from investing activities		<u>(62,299)</u>	<u>(11,721)</u>
FINANCING ACTIVITIES			
Dividend paid		(195,500)	(69,000)
Net cash flow from financing activities		<u>(195,500)</u>	<u>(69,000)</u>
Net increase/(decrease) in cash and cash equivalents 34(b)		<u>5,860,398</u>	<u>(346,241)</u>

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