NSE

HOUSING FINANCE

Head Office: Rehani House, Koinange/ Kenyatta Avenue St. P.O.Box 30088, 00100 - Nairobi, Kenya.
Tel: (+254 20) 317474,3262000 Fax: (+254 20) 340299, E-Mail: housing@housing.co.ke.
Website: http://www.housing.co.ke

Housing Finance
Turning dreams into homes

UNAUDITED FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PERIOD ENDED 30 SEPTEMBER 2011

I STATEMENT OF FINANCIAL POSITION

	GROUP					COMPANY				
	30.09.2010 UnAudited (Ksh'000)	31.12.2010 Audited (Ksh'000)	31.03.2011 Unaudited (Ksh'000)	30.06.2011 Unaudited (Ksh'000)	30.09.2011 Unaudited (Ksh'000)	30.09.2010 UnAudited (Ksh'000)	31.12.2010 Audited (Ksh'000)	31.03.2011 Unaudited (Ksh'000)	30.06.2011 Unaudited (Ksh'000)	30.09.2011 Unaudited (Ksh'000)
A. ASSETS										
1 Cash balances	118,943	101,224	130,043	108,059	131,295	116,943	101,224	130,043	108,059	131,295
2 Balances due from Central Bank of Kenya	-	-	-	-	-	-	-	-	-	-
3 Government securities	503,764	539,896	535,309	539,878	517,374	503,764	539,896	535,309	539,878	517,374
4 Foreign Currency Treasury bills and bonds	-	-	-	-	-	-	-	-	-	-
5 Deposits and balances due from banking institutions	5,102,541	8,195,432	8,228,708	7,548,883	7,576,212	5,102,541	8,195,419	8,228,708	7,548,883	7,576,040
6 Deposits and balances due from banking institutions abroad	-	-	-	-	-	-	-	-	-	-
7 Government and other securities held for dealing purposes	-	-	-	-	-	-	-	-	-	-
8 Tax recoverable	21,405	-	-	19,763	-	-	-	-	-	-
9 Loans and advances to customers (net)	18,959,878	19,503,400	20,365,783	21,535,410	22,994,799	18,959,878	19,503,400	20,365,783	21,535,410	22,994,799
10 Investment securities	-	-	-	-	90,000	-	-	-	-	90,000
11 Balances due from group companies	-	-	-	-	-	-	-	-	-	-
12 Investment in associates	-	-	-	-	-	-	-	-	-	-
13 Investment in subsidiary companies	-	-	-	-	-	130,020	130,020	130,020	130,020	130,020
14 Investment in Joint ventures	-	-	-	-	-	-	-	-	-	-
15 Investment properties	-	-	-	-	-	-	-	-	-	-
16 Property and equipment	602,439	600,417	616,364	691,224	692,003	586,344	594,341	610,327	675,186	685,962
17 Prepaid operating lease rentals	48,775	48,615	48,454	48,294	48,133	41,825	41,710	41,595	41,480	41,364
18 Intangible assets	2,472	3,065	2,423	9,378	8,487	2,453	3,068	2,408	9,367	8,458
19 Deferred tax asset	73,889	76,050	76,052	76,050	76,050	18,761	23,006	23,006	23,006	23,006
20 Retirement benefit asset	-	-	-	-	-	-	-	-	-	-
21 Other assets	125,943	220,398	229,225	248,108	216,137	108,920	209,818	206,654	291,831	199,411
22 TOTAL ASSETS	**24,958,028**	**29,278,396**	**30,224,361**	**30,811,648**	**32,250,416**	**24,961,449**	**29,325,841**	**30,271,854**	**30,842,521**	**32,297,699**
B. LIABILITIES										
23 Balances due to Central Bank of Kenya	-	-	-	-	-	-	-	-	-	-
24 Customer deposits	16,529,193	16,943,341	16,827,795	17,481,580	18,654,418	16,530,526	16,945,317	16,829,980	17,483,634	18,656,872
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	1,925,863	8,604,269	8,525,178	8,244,844	8,162,399	1,925,863	8,604,269	8,525,178	8,244,844	8,162,399
29 Balances due to group companies	-	-	-	-	-	14,958	14,958	14,958	14,958	14,958
30 Tax payable	-	26,337	77,754	-	1,205	2,898	50,441	101,958	7,341	25,308
31 Dividends payable	80,500	-	-	195,500	115,000	80,500	-	-	195,500	115,000
32 Deferred tax liability	-	-	-	-	-	-	-	-	-	-
33 Retirement benefit liability	-	-	-	-	-	-	-	-	-	-
34 Other liabilities	294,375	447,042	616,199	502,249	777,190	288,488	441,326	610,457	486,685	771,427
35 TOTAL LIABILITIES	**20,830,031**	**25,020,989**	**25,846,926**	**26,433,973**	**27,710,292**	**28,843,133**	**25,956,311**	**25,882,391**	**26,452,942**	**27,745,765**
C. SHAREHOLDERS' FUNDS										
36 Paid up capital	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	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	1,549,173	1,549,173	1,549,173	1,549,173	1,549,173	1,549,173
38 Revaluation reserve	449,202	449,202	449,202	523,130	520,030	449,202	449,202	449,202	523,130	520,030
39 Retained earnings	360,586	475,040	629,354	883,192	904,283	360,905	497,163	641,266	895,086	915,969
40 Statutory Loan Loss Reserve	546,296	502,742	468,552	421,440	365,982	546,296	502,742	468,552	421,440	365,982
41 Proposed dividends	-	80,500	80,500	-	-	-	80,500	80,500	-	-
42 Capital grants	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750	50,750
43 TOTAL SHAREHOLDERS' FUNDS	**4,127,997**	**4,257,497**	**4,377,531**	**4,377,675**	**4,540,298**	**4,138,316**	**4,269,530**	**4,389,463**	**4,389,579**	**4,551,904**
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	**24,958,028**	**29,278,396**	**30,224,361**	**30,811,648**	**32,250,416**	**24,961,449**	**29,325,841**	**30,271,854**	**30,842,521**	**32,297,699**

II STATEMENT OF COMPREHENSIVE INCOME

	GROUP					COMPANY				
	30.09.2010 UnAudited (Ksh'000)	31.12.2010 Audited (Ksh'000)	31.03.2011 Unaudited (Ksh'000)	30.06.2011 Unaudited (Ksh'000)	30.09.2011 Unaudited (Ksh'000)	30.09.2010 UnAudited (Ksh'000)	31.12.2010 Audited (Ksh'000)	31.03.2011 Unaudited (Ksh'000)	30.06.2011 Unaudited (Ksh'000)	30.09.2011 Unaudited (Ksh'000)
1 INTEREST INCOME										
1.1 Loans and advances	1,586,758	2,221,791	651,441	1,345,100	2,078,871	1,586,758	2,221,791	651,441	1,345,100	2,078,871
1.2 Government Securities	28,822	35,222	8,323	16,667	25,221	28,822	35,222	8,323	16,667	25,221
1.3 Deposits and Placements with banking institutions	149,769	218,801	95,917	191,799	340,120	149,769	218,802	95,917	191,799	340,120
1.4 Other interest income	-	-	-	-	-	-	-	-	-	-
1.5 Total Interest income	**1,775,349**	**2,475,814**	**755,681**	**1,553,566**	**2,444,312**	**1,775,349**	**2,475,815**	**755,681**	**1,553,566**	**2,444,312**
2 INTEREST EXPENSES										
2.1 Customers' Deposits	616,889	783,444	150,168	312,760	532,316	616,711	783,472	150,167	312,807	532,364
2.2 Deposits and placements from banking institutions	-	-	-	-	-	-	-	-	-	-
2.3 Other interest expenses	120,468	291,382	170,981	344,504	522,958	120,468	291,391	170,981	344,504	522,963
2.4 Total Interest expenses	**737,157**	**1,074,826**	**321,049**	**657,264**	**1,055,273**	**737,179**	**1,074,853**	**321,058**	**657,311**	**1,055,312**
3 NET INTEREST INCOME	**1,038,192**	**1,400,988**	**434,632**	**896,282**	**1,389,039**	**1,038,170**	**1,400,962**	**434,623**	**896,255**	**1,389,009**
4 OTHER OPERATING INCOME										
4.1 Fees and commissions on loans and advances	69,836	103,284	31,740	71,059	116,534	69,836	103,284	31,740	71,059	116,534
4.2 Other fees and commissions	49,484	65,185	15,145	30,716	45,149	49,484	64,868	15,092	30,716	45,149
4.3 Foreign exchange trading income	-	-	-	-	-	-	-	-	-	-
4.4 Dividend income	-	-	-	-	-	-	-	-	-	-
4.5 Other income	67,491	85,717	16,284	38,759	68,876	66,186	84,474	15,902	37,931	68,613
4.5 Total Non interest income	**186,823**	**254,186**	**63,169**	**140,534**	**231,558**	**185,510**	**252,456**	**62,734**	**139,706**	**230,295**
5 TOTAL OPERATING INCOME	**1,225,015**	**1,655,184**	**497,801**	**1,036,816**	**1,620,597**	**1,223,680**	**1,653,418**	**497,357**	**1,035,961**	**1,619,295**
6 OPERATING EXPENSES										
6.1 Loan loss provision	177,827	238,445	75,516	150,078	223,782	177,827	238,445	75,516	150,078	223,782
6.2 Staff costs	363,959	468,608	134,301	280,303	429,519	364,461	468,511	134,283	280,144	429,326
6.3 Directors emoluments	7,829	11,222	3,771	7,612	12,527	7,829	11,222	3,771	7,612	12,527
6.4 Rental charges	9,925	13,131	3,078	7,011	9,917	9,770	12,925	3,018	8,849	8,962
6.5 Depreciation on property and equipment	25,794	41,352	10,341	21,471	33,848	25,794	41,277	10,341	21,471	33,848
6.6 Amortisation charges	7,862	3,362	940	1,886	2,952	7,853	3,171	773	1,829	2,853
6.7 Other operating expenses	278,205	297,036	98,376	223,254	328,041	278,165	296,832	99,270	222,905	325,982
6.8 Total Other Operating Expenses	**872,391**	**1,094,156**	**326,223**	**691,425**	**1,036,664**	**871,599**	**1,093,183**	**325,970**	**690,788**	**1,037,758**
7 Profit before tax and exceptional items	**352,624**	**561,028**	**171,578**	**345,391**	**581,933**	**352,089**	**560,235**	**171,387**	**345,173**	**581,537**
8 Exceptional items	-	-	-	-	-	-	-	-	-	-
9 Profit before tax but after exceptional items	352,624	561,028	171,578	345,391	581,933	352,089	560,235	171,387	345,173	581,537
10 Current tax	(105,827)	(186,803)	(51,454)	(103,552)	(174,461)	(105,827)	(186,803)	(51,454)	(103,552)	(174,461)
11 Deferred Tax	3,123	5,306	-	-	-	3,123	7,368	-	-	-
12 Profit After Tax and exceptional items	**250,120**	**379,531**	**120,124**	**241,839**	**407,472**	**249,585**	**380,800**	**119,933**	**241,621**	**407,076**
Earnings per share	**1.45**	**1.65**	**2.09**	**2.10**	**2.36**	**1.45**	**1.66**	**2.09**	**2.10**	**2.38**
Dividend per share	-	**0.70**	-	**0.50**	-	-	**0.70**	-	**0.50**	-

III DISCLOSURES

	GROUP					COMPANY				
	30.09.2010 UnAudited (Ksh'000)	31.12.2010 Audited (Ksh'000)	31.03.2011 Unaudited (Ksh'000)	30.06.2011 Unaudited (Ksh'000)	30.09.2011 Unaudited (Ksh'000)	30.09.2010 UnAudited (Ksh'000)	31.12.2010 Audited (Ksh'000)	31.03.2011 Unaudited (Ksh'000)	30.06.2011 Unaudited (Ksh'000)	30.09.2011 Unaudited (Ksh'000)
1 Non-Performing Loans and Advances										
a) Gross non-performing loans and advances	1,600,248	1,467,815	1,674,883	1,842,327	1,570,299	1,600,248	1,467,815	1,674,883	1,842,327	1,570,299
b) Less: Interest in Suspense	407,784	283,832	272,846	280,477	255,868	407,784	283,832	272,846	280,477	255,868
c) Total non-Performing loans and advances (a-b)	1,192,464	1,184,183	1,402,047	1,361,850	1,314,835	1,192,464	1,184,183	1,402,047	1,361,850	1,314,836
d) Less: Loan loss provisions	494,205	439,916	470,663	475,287	458,930	494,205	439,916	470,663	475,287	458,930
e) Net non-performing loans and advances(c-d)	**698,249**	**744,267**	**931,384**	**906,563**	**854,705**	**698,249**	**744,267**	**931,384**	**906,563**	**854,705**
f) Discounted value of securities	698,249	744,267	931,384	906,563	854,705	698,249	744,267	931,384	906,563	854,705
g) Net Exposure(e-f)	-	-	-	-	-	-	-	-	-	-
2 Insider loans and advances										
a) Directors, shareholders and associates										
b) Employees	401,352	459,880	480,908	494,513	588,391	401,352	459,880	480,908	494,513	588,391
c) Total insider Loans and Advances	**401,352**	**459,880**	**480,908**	**494,513**	**588,391**	**401,352**	**459,880**	**480,908**	**494,513**	**588,391**
3 Off-Balance Sheet items										
a) Letters of credit, guarantees and acceptances	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033
b) Other contingent liabilities	-	-	-	-	-	-	-	-	-	-
c) Total contingent liabilities	**1,033**	**1,033**	**1,033**	**1,033**	**1,033**	**1,033**	**1,033**	**1,033**	**1,033**	**1,033**
4 Capital Strength										
a) Core capital						2,866,847	3,186,337	3,280,473	3,273,448	3,411,624
b) Minimum Statutory Capital						350,000	500,000	500,000	500,000	500,000
c) Excess/Deficiency						2,516,847	2,686,337	2,780,473	2,773,448	2,911,624
d) Supplementary capital						310,379	3,186,337	3,280,473	3,273,448	2,920,496
e) Total capital (a+d)						3,277,226	6,372,674	6,560,946	6,546,896	5,432,110
f) Total risk weighted assets						11,786,248	13,077,391	13,613,869	14,131,262	16,188,858
g) Core capital /Total deposit liabilities						18.01%	19.98%	19.73%	18.71%	18.28%
h) Minimum Statutory Ratio						8.00%	8.00%	8.00%	8.00%	8.00%
i) Excess/Deficiency						8.01%	11.98%	11.73%	10.71%	10.28%
j) Core capital /Total risk weighted assets						25.17%	24.37%	24.10%	23.16%	21.07%
k) Minimum Statutory Ratio						8.00%	8.00%	8.00%	8.00%	8.00%
l) Excess/Deficiency (j-k)						17.17%	16.37%	16.10%	15.16%	13.07%
m) Total capital /Total risk weighted assets						27.81%	48.73%	48.19%	46.39%	33.55%
n) Minimum Statutory Ratio						12.00%	12.00%	12.00%	12.00%	12.00%
o) Excess/Deficiency (m-n)						15.81%	36.73%	36.19%	34.39%	21.55%
5 Liquidity										
a) Liquidity Ratio						30.70%	55.73%	53.30%	46.40%	42.50%
b) Minimum Statutory Ratio						20.00%	20.00%	20.00%	20.00%	20.00%
c) Excess/(Deficiency) (a-b)						10.70%	35.73%	33.30%	26.40%	22.50%

The above Statement of Comprehensive Income and Statement of Financial Position are extracts of the financial statements and records of the company and its subsidiaries. The financial statements were approved by the Board of Directors on 31 October 2011 and signed on its behalf by:

STEVE MAINDA	FRANK IRERI	DAVID ANSELL
DESIGNATION: CHAIRMAN	DESIGNATION: MANAGING DIRECTOR	DESIGNATION: DIRECTOR