

HOUSING FINANCE

Housing
Finance



Turning dreams into homes

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AUDITED FINANCIAL STATEMENTS AND DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER 2007

I. BALANCE SHEET

	GROUP		COMPANY	
	31.12.2006 Audited (Ksh'000)	31.12.2007 Audited (Ksh'000)	31.12.2006 Audited (Ksh'000)	31.12.2007 Audited (Ksh'000)
A. ASSETS				
1 Cash and bank balances	179,455	116,604	179,425	116,564
2 Balances due from Central Bank of Kenya	-	-	-	-
3 Government securities	896,754	478,590	896,754	478,590
4 Foreign Currency Treasury bills and bonds	-	-	-	-
5 Deposits and balances due from banking institutions	1,015,618	1,344,578	1,015,618	1,344,578
6 Deposits and balances due from banking institutions abroad	-	-	-	-
7 Government and other securities held for dealing purposes	-	-	-	-
8 Tax recoverable	30,072	3,656	13,458	-
9 Loans and advances to customers (net)	6,345,349	7,746,060	6,345,349	7,746,060
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	337,269	363,742	330,893	357,440
17 Prepaid operating lease rentals	51,188	50,545	43,556	43,094
18 Intangible assets	49,299	30,691	49,299	30,601
19 Deferred tax asset	52,584	62,277	-	9,670
20 Retirement benefit asset	51,967	-	51,967	-
21 Other assets	124,276	172,512	85,166	157,923
22 TOTAL ASSETS	9,133,831	10,369,255	9,141,505	10,414,540
B. LIABILITIES				
23 Balances due to Central Bank of Kenya	-	-	-	-
24 Customer deposits	7,618,723	8,776,826	7,619,250	8,787,945
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	-	-	-	-
29 Balances due to group companies	-	-	18,259	19,655
30 Tax payable	-	-	-	17,379
31 Dividends payable	-	-	-	-
32 Deferred tax liability	10,217	-	10,217	-
33 Retirement benefit liability	-	-	-	-
34 Other liabilities	132,128	146,158	126,103	129,593
35 TOTAL LIABILITIES	7,761,068	8,922,984	7,773,829	8,954,572
C. SHAREHOLDERS' FUNDS				
36 Paid up capital	575,000	575,000	575,000	575,000
37 Share premium	25,705	25,705	25,705	25,705
38 Revaluation reserve	193,418	193,418	193,418	193,418
39 Retained earnings	110,746	125,141	105,659	138,838
40 Statutory Loan Loss Reserve	417,144	447,507	417,144	447,507
41 Proposed dividends	-	28,750	-	28,750
42 Capital grants	50,750	50,750	50,750	50,750
43 TOTAL SHAREHOLDERS' FUNDS	1,372,763	1,446,271	1,367,676	1,459,968
44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	9,133,831	10,369,255	9,141,505	10,414,540

II. PROFIT AND LOSS ACCOUNT

	GROUP		COMPANY	
	31.12.2006 Audited (Ksh'000)	31.12.2007 Audited (Ksh'000)	31.12.2006 Audited (Ksh'000)	31.12.2007 Audited (Ksh'000)
II INCOME STATEMENT				
1 INTEREST INCOME				
1.1 Loans and advances	855,029	857,587	855,029	857,587
1.2 Government Securities	72,595	38,661	72,595	38,661
1.3 Deposits and Placements with banking institutions	95,733	84,341	95,689	84,262
1.4 Other interest income	-	-	-	-
1.5 Total Interest income	1,023,357	980,589	1,023,313	980,510
2 INTEREST EXPENSES				
2.1 Customers' Deposits	344,856	292,941	344,856	292,941
2.2 Deposits and placements from banking institutions	-	-	-	-
2.3 Other interest expenses	4,186	4,187	4,186	4,187
2.4 Total Interest expenses	349,042	297,128	349,042	297,128
3 NET INTEREST INCOME	674,315	683,461	674,271	683,382
4 OTHER OPERATING INCOME				
4.1 Fees and commissions on loans and advances	32,037	57,527	32,037	57,527
4.2 Other fees and commissions	13,499	13,432	13,499	13,432
4.3 Foreign exchange trading income	-	-	-	-
4.4 Dividend income	-	-	(15,000)	20,000
4.5 Other income	137,496	106,077	115,491	99,020
4.5 Total Non interest income	183,032	177,036	146,027	189,979
5 TOTAL OPERATING INCOME	857,347	860,497	820,298	873,361
6 OPERATING EXPENSES				
6.1 Loan loss provision	104,284	74,792	104,284	74,792
6.2 Staff costs	316,458	365,633	316,458	363,430
6.3 Directors emoluments	13,785	25,285	13,785	25,285
6.4 Rental charges	9,427	8,334	9,427	8,334
6.5 Depreciation on property and equipment	30,068	27,302	29,993	27,228
6.6 Amortisation charges	21,362	22,522	21,180	22,334
6.7 Other operating expenses	220,727	223,232	213,422	221,235
6.8 Total Other Operating Expenses	716,111	747,100	708,549	742,638
7 Profit before tax and exceptional items	141,236	113,397	111,749	130,723
8 Exceptional items	-	-	-	-
9 Profit before tax but after exceptional items	141,236	113,397	111,749	130,723
10 Current tax	(24,811)	(59,799)	(19,762)	(58,318)
11 Deferred Tax	(15,376)	19,910	(15,300)	19,887
12 Profit After Tax and exceptional items	101,049	73,508	76,687	92,292

III. DISCLOSURES

	GROUP		COMPANY	
	31.12.2006 Audited (Ksh'000)	31.12.2007 Audited (Ksh'000)	31.12.2006 Audited (Ksh'000)	31.12.2007 Audited (Ksh'000)
1 Non-Performing Loans and Advances				
a) Gross non-performing loans and advances	3,995,585	2,624,886	3,995,585	2,624,886
b) Less: Interest in Suspense	1,924,062	1,180,157	1,924,062	1,180,157
c) Total non-Performing loans and advances (a-b)	2,071,523	1,444,729	2,071,523	1,444,729
d) Less: Loan loss provisions	425,279	408,903	425,279	408,903
e) Net non-performing loans and advances(c-d)	1,646,244	1,035,826	1,646,244	1,035,826
f) Discounted value of securities	1,646,244	1,035,826	1,646,244	1,035,826
g) Net Exposure(e-f)	-	-	-	-
2 Insider loans and advances				
a) Directors, shareholders and associates	-	-	-	-
b) Employees	179,648	255,195	179,642	255,195
c) Total insider Loans and Advances	179,648	255,195	179,642	255,195
3 Off-Balance Sheet items				
a) Letters of credit, guarantees and acceptances	6,589	6,686	6,589	6,686
b) Other contingent liabilities	-	-	-	-
c) Total contingent liabilities	6,589	6,686	6,589	6,686
4 Capital Strength				
a) Core capital	-	-	706,364	739,543
b) Minimum Statutory Capital	-	-	250,000	250,000
c) Excess/Deficiency	-	-	456,364	489,543
d) Supplementary capital	-	-	166,516	169,584
e) Total capital (a+d)	-	-	872,880	909,127
f) Total risk weighted assets	-	-	5,392,913	5,638,324
g) Core capital /Total deposit liabilities	-	-	9.27%	8.42%
h) Minimum Statutory Ratio	-	-	8.00%	8.00%
i) Excess/Deficiency	-	-	1.27%	0.42%
j) Core capital /Total risk weighted assets	-	-	13.10%	13.12%
k) Minimum Statutory Ratio	-	-	8.00%	8.00%
l) Excess/Deficiency (j-k)	-	-	5.10%	5.12%
m) Total capital /Total risk weighted assets	-	-	16.19%	16.12%
n) Minimum Statutory Ratio	-	-	12.00%	12.00%
o) Excess/Deficiency (m-n)	-	-	4.19%	4.12%
5 Liquidity				
a) Liquidity Ratio	-	-	26.27%	20.00%
b) Minimum Statutory Ratio	-	-	20.00%	20.00%
c) Excess(Deficiency) (a-b)	-	-	6.27%	0.00%

ANNUAL GENERAL MEETING

The 42nd Annual General Meeting of the shareholders of Housing Finance Company of Kenya Ltd will be held at the Amphitheatre, Kenyatta International Conference Centre (KICC) on Wednesday, 21st May 2008 at 11.00am.

DIVIDEND

The Directors have resolved to recommend to members at the forthcoming 42nd Annual General Meeting a First and Final dividend for the year 2007 of Shs. 0.25 per share to be paid on or about 30th June 2008 to shareholders registered at the close of business on 21st May 2008. The register of members will be closed for one day on 22nd May 2008 for the purpose of processing the dividend.

MESSAGE FROM DIRECTORS

The above Balance Sheet and Profit and Loss Account are extracts from the Group's financial statements which have been audited by KPMG and received an unqualified opinion. A full set of the published financial statements will be available at our offices and can be viewed by any interested persons after approval by members at the Annual General Meeting.

The financial statements were approved by the Board of Directors on 11th March 2008 and were signed on its behalf by:

Kung'u Gatabaki - Chairman
David R Ansell - Director
Frank Ireri - Managing Director