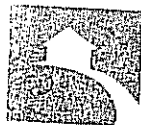


HOUSING FINANCE

UNAUDITED FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PERIOD
ENDED 31 MARCH 2012




| I | STATEMENT OF FINANCIAL POSITION | GROUP | | | COMPANY | | |
|----|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 31.03.2011 | 31.12.2011 | 31.03.2012 | 31.03.2011 | 31.12.2011 | 31.03.2012 |
| | | Unaudited | Audited | Unaudited | Unaudited | Audited | Unaudited |
| | | (Ksh'000) | (Ksh'000) | (Ksh'000) | (Ksh'000) | (Ksh'000) | (Ksh'000) |
| A. | ASSETS | | | | | | |
| 1 | Cash balances | 130,043 | 119,721 | 124,796 | 130,043 | 119,721 | 124,796 |
| 2 | Balances due from Central Bank of Kenya | - | - | - | - | - | - |
| 3 | Government securities | 535,309 | 379,847 | 391,923 | 535,309 | 379,847 | 391,923 |
| 4 | Foreign Currency Treasury bills and bonds | - | - | - | - | - | - |
| 5 | Deposits and balances due from banking institutions | 8,226,708 | 4,988,496 | 4,238,603 | 8,226,708 | 4,988,484 | 4,238,679 |
| 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) | 20,365,783 | 25,222,836 | 26,460,052 | 20,365,783 | 25,222,836 | 26,460,052 |
| 10 | Investment securities | - | 56,000 | 42,000 | - | 56,000 | 42,000 |
| 11 | Balances due from group companies | - | - | - | - | - | - |
| 12 | Investment in associates | - | - | - | - | - | - |
| 13 | Investment in subsidiary companies | - | - | - | 130,020 | 130,020 | 130,020 |
| 14 | Investment in Joint ventures | - | - | - | - | - | - |
| 15 | Investment properties | - | - | - | - | - | - |
| 16 | Property and equipment | 616,384 | 705,208 | 716,616 | 610,327 | 699,208 | 710,634 |
| 17 | Prepaid operating lease rentals | 48,454 | 47,973 | 47,811 | 41,595 | 41,249 | 41,133 |
| 18 | Intangible assets | 2,423 | 2,578 | 3,542 | 2,409 | 2,571 | 3,537 |
| 19 | Deferred tax asset | 76,052 | 81,949 | 81,949 | 23,006 | 81,877 | 81,877 |
| 20 | Retirement benefit asset | - | - | - | - | - | - |
| 21 | Other assets | 223,225 | 266,308 | 258,279 | 206,654 | 250,300 | 242,364 |
| 22 | TOTAL ASSETS | 30,224,381 | 31,870,916 | 32,365,571 | 30,271,854 | 31,972,113 | 32,467,015 |
| B. | LIABILITIES | | | | | | |
| 23 | Balances due to Central Bank of Kenya | - | - | - | - | - | - |
| 24 | Customer deposits | 16,627,735 | 18,671,586 | 18,744,633 | 16,629,960 | 18,674,421 | 18,747,468 |
| 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 | 8,525,178 | 8,016,105 | 8,104,436 | 8,525,178 | 8,016,105 | 8,104,436 |
| 29 | Balances due to group companies | - | - | - | 14,958 | 14,958 | 14,958 |
| 30 | Tax payable | 77,754 | 135,934 | 193,192 | 101,858 | 160,036 | 217,296 |
| 31 | Dividends payable | - | - | - | - | - | - |
| 32 | Deferred tax liability | - | - | - | - | - | - |
| 33 | Retirement benefit liability | - | - | - | - | - | - |
| 34 | Other liabilities | 616,183 | 329,927 | 486,270 | 610,437 | 324,374 | 481,033 |
| 35 | TOTAL LIABILITIES | 25,846,850 | 27,153,552 | 27,528,531 | 25,882,391 | 27,189,894 | 27,565,191 |
| C. | SHAREHOLDERS' FUNDS | | | | | | |
| 36 | Paid up capital | 1,150,000 | 1,152,125 | 1,152,125 | 1,150,000 | 1,152,125 | 1,152,125 |
| 37 | Share premium | 1,549,173 | 1,551,298 | 1,551,298 | 1,549,173 | 1,551,298 | 1,551,298 |
| 38 | Revaluation reserve | 449,202 | 512,332 | 512,332 | 449,202 | 512,332 | 512,332 |
| 39 | Retained earnings | 629,354 | 952,848 | 1,126,242 | 641,286 | 1,017,703 | 1,191,026 |
| 40 | Statutory Loan Loss Reserve | 468,552 | 336,713 | 282,995 | 468,552 | 336,713 | 282,995 |
| 41 | Proposed dividends | 80,500 | 161,298 | 161,298 | 80,500 | 161,298 | 161,298 |
| 42 | Capital grants | 50,750 | 50,750 | 50,750 | 50,750 | 50,750 | 50,750 |
| 43 | TOTAL SHAREHOLDERS' FUNDS | 4,377,531 | 4,717,364 | 4,837,040 | 4,389,463 | 4,782,219 | 4,801,824 |
| 44 | TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS | 30,224,381 | 31,870,916 | 32,365,571 | 30,271,854 | 31,972,113 | 32,467,015 |



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| II | STATEMENT OF COMPREHENSIVE INCOME | GROUP | | | COMPANY | | |
|-----------|---|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| | | 31.03.2011 | 31.12.2011 | 31.03.2012 | 31.03.2011 | 31.12.2011 | 31.03.2012 |
| | | Unaudited (Ksh'000) | Audited (Ksh'000) | Unaudited (Ksh'000) | Unaudited (Ksh'000) | Audited (Ksh'000) | Unaudited (Ksh'000) |
| 1 | INTEREST INCOME | | | | | | |
| | 1.1 Loans and advances | 651,441 | 2,911,341 | 951,504 | 651,441 | 2,911,341 | 951,504 |
| | 1.2 Government Securities | 8,323 | 36,222 | 14,439 | 8,323 | 36,222 | 14,439 |
| | 1.3 Deposits and Placements with banking institutions | 95,917 | 516,516 | 198,275 | 95,917 | 516,516 | 198,275 |
| | 1.4 Other interest income | - | - | - | - | - | - |
| | 1.5 Total Interest income | 755,681 | 3,464,079 | 1,164,218 | 755,681 | 3,464,079 | 1,164,218 |
| 2 | INTEREST EXPENSES | | | | | | |
| | 2.1 Customers' Deposits | 150,158 | 850,003 | 518,558 | 150,167 | 850,047 | 518,571 |
| | 2.2 Deposits and placements from banking institutions | - | - | - | - | - | - |
| | 2.3 Other interest expenses | 170,891 | 712,514 | 189,250 | 170,891 | 712,514 | 189,250 |
| | 2.4 Total Interest expenses | 321,049 | 1,562,517 | 707,808 | 321,058 | 1,562,561 | 707,821 |
| 3 | NET INTEREST INCOME | 434,632 | 1,901,562 | 456,410 | 434,623 | 1,901,518 | 456,397 |
| 4 | OTHER OPERATING INCOME | | | | | | |
| | 4.1 Fees and commissions on loans and advances | 31,740 | 152,142 | 33,497 | 31,740 | 152,142 | 33,497 |
| | 4.2 Other fees and commissions | 15,145 | 59,728 | 14,876 | 15,092 | 59,728 | 14,876 |
| | 4.3 Foreign exchange trading income | - | - | - | - | - | - |
| | 4.4 Dividend income | - | - | - | - | - | - |
| | 4.5 Other income | 16,284 | 79,749 | 16,707 | 15,902 | 78,009 | 16,212 |
| | 4.5 Total Non interest income | 63,169 | 291,619 | 65,080 | 62,734 | 289,879 | 64,585 |
| 5 | TOTAL OPERATING INCOME | 497,801 | 2,193,181 | 521,490 | 497,357 | 2,191,397 | 520,982 |
| 6 | OPERATING EXPENSES | | | | | | |
| | 6.1 Loan loss provision | 75,516 | 186,297 | 46,454 | 75,516 | 186,297 | 46,454 |
| | 6.2 Staff costs | 134,301 | 601,450 | 161,419 | 134,283 | 601,990 | 161,373 |
| | 6.3 Directors emoluments | 3,771 | 23,887 | 4,500 | 3,771 | 23,887 | 4,500 |
| | 6.4 Rental charges | 3,078 | 13,400 | 4,320 | 3,016 | 12,978 | 4,231 |
| | 6.5 Depreciation on property and equipment | 10,341 | 46,737 | 14,778 | 10,341 | 46,737 | 14,714 |
| | 6.6 Amortisation charges | 840 | 2,528 | (310) | 773 | 2,518 | (312) |
| | 6.7 Other operating expenses | 98,376 | 343,087 | 99,394 | 98,270 | 341,438 | 99,157 |
| | 6.8 Total Other Operating Expenses | 326,223 | 1,217,386 | 330,555 | 325,970 | 1,215,845 | 330,117 |
| 7 | Profit before tax and exceptional items | 171,578 | 975,795 | 190,935 | 171,387 | 975,552 | 190,865 |
| 8 | Exceptional items | - | - | - | - | - | - |
| 9 | Profit before tax but after exceptional items | 171,578 | 975,795 | 190,935 | 171,387 | 975,552 | 190,865 |
| 10 | Current tax | (51,454) | (359,416) | (57,260) | (51,454) | (359,416) | (57,260) |
| 11 | Deferred Tax | - | 5,899 | - | - | 58,872 | - |
| 12 | Profit After Tax and exceptional items | 120,124 | 622,278 | 133,676 | 119,933 | 675,008 | 133,606 |
| | Earnings per share | 2.09 | 2.70 | 2.32 | 2.09 | 2.93 | 2.32 |
| | Dividend per share | - | 1.20 | - | - | 1.20 | - |


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| III | DISCLOSURES | GROUP | | | COMPANY | | |
|-----|--|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| | | 31.03.2011 | 31.12.2011 | 31.03.2012 | 31.03.2011 | 31.12.2011 | 31.03.2012 |
| | | Unaudited (Ksh'000) | Audited (Ksh'000) | Unaudited (Ksh'000) | Unaudited (Ksh'000) | Audited (Ksh'000) | Unaudited (Ksh'000) |
| 1 | Non-Performing Loans and Advances | | | | | | |
| | a) Gross non-performing loans and advances | 1,674,893 | 1,579,576 | 1,497,333 | 1,674,893 | 1,579,576 | 1,497,333 |
| | b) Less: Interest in Suspense | 272,846 | 234,433 | 219,659 | 272,846 | 234,433 | 219,659 |
| | c) Total non-Performing loans and advances (a-b) | 1,402,047 | 1,345,143 | 1,277,674 | 1,402,047 | 1,345,143 | 1,277,674 |
| | d) Less: Loan loss provisions | 470,663 | 386,187 | 341,630 | 470,663 | 386,187 | 341,630 |
| | e) Net non-performing loans and advances(c-d) | 931,384 | 958,956 | 936,044 | 931,384 | 958,956 | 936,044 |
| | f) Discounted value of securities | 931,384 | 958,956 | 936,044 | 931,384 | 958,956 | 936,044 |
| | g) Net Exposure(e-f) | - | - | - | | | |
| 2 | Insider loans and advances | | | | | | |
| | a) Directors, shareholders and associates | | | | | | |
| | b) Employees | 480,908 | 606,403 | 662,119 | 480,908 | 606,403 | 662,119 |
| | c) Total Insider Loans and Advances | 480,908 | 606,403 | 662,119 | 480,908 | 606,403 | 662,119 |
| 3 | Off-Balance Sheet Items | | | | | | |
| | a) Letters of credit, guarantees and acceptances | 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 |
| 4 | Capital Strength | | | | | | |
| | a) Core capital | | | | 3,280,473 | 3,721,126 | 3,827,647 |
| | b) Minimum Statutory Capital | | | | 500,000 | 700,000 | 700,000 |
| | c) Excess/Deficiency | | | | 2,780,473 | 3,021,126 | 3,127,647 |
| | d) Supplementary capital | | | | 3,280,473 | 2,189,975 | 2,196,247 |
| | e) Total capital (a+d) | | | | 6,560,946 | 5,911,101 | 6,023,894 |
| | f) Total risk weighted assets | | | | 13,613,969 | 17,368,931 | 17,869,959 |
| | g) Core capital /Total deposit liabilities | | | | 19.73% | 19.93% | 20.42% |
| | h) Minimum Statutory Ratio | | | | 8.00% | 8.00% | 8.00% |
| | i) Excess/Deficiency | | | | 11.73% | 11.93% | 12.42% |
| | j) Core capital /Total risk weighted assets | | | | 24.10% | 21.42% | 21.42% |
| | k) Minimum Statutory Ratio | | | | 8.00% | 8.00% | 8.00% |
| | l) Excess/Deficiency (j-k) | | | | 16.10% | 13.42% | 13.42% |
| | m) Total capital /Total risk weighted assets | | | | 48.19% | 34.03% | 33.71% |
| | n) Minimum Statutory Ratio | | | | 12.00% | 12.00% | 12.00% |
| | o) Excess/Deficiency (m-n) | | | | 36.19% | 22.03% | 21.71% |
| 5 | Liquidity | | | | | | |
| | a) Liquidity Ratio | | | | 53.30% | 29.10% | 24.15% |
| | b) Minimum Statutory Ratio | | | | 20.00% | 20.00% | 20.00% |
| | c) Excess(Deficiency) (a-b) | | | | 33.30% | 9.10% | 4.15% |



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