

Summarised Financial Statements For the Year Ended 31st December 2012



**Housing
Finance
Bank**

I. Independent External Auditor's Report

The accompanying summary of financial statements, which comprise the summary statement of financial position at 31 December 2012, the summary statement of comprehensive income and other disclosures are derived from the audited financial statements of Housing Finance Bank Limited for the year ended 31 December 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 24 April 2013. Those financial statements and the summary financial statements do not reflect the effects of events that may have occurred subsequent to the date of our report on the financial statements.

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Financial Institutions Act 2004 and the Uganda Companies Act. Reading the summary financial statements therefore, is not a substitute for reading the audited financial statements of Housing Finance Bank Limited.

Directors' responsibilities for the Summary Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of a summary of the audited financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010 and the Financial Institutions Act 2004.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Housing Finance Bank Limited for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010 and the Financial Institutions Act 2004.

Kampala, Uganda
25th April 2013

II. Statement Of Financial Position As At 31 December 2012

	2012 Ushs '000	2011 Ushs '000
Assets		
Cash and balances with the Central Bank	22,782,272	28,911,133
Derivative assets	-	91,203
Treasury bills and other bills - Held to maturity	42,729,429	9,958,327
Investment in Government bonds - Held to maturity	36,521,515	22,650,601
Deposits due from other banking institutions	30,388,543	25,212,521
Loans and advances to customers	348,254,945	337,400,022
Tax recoverable	783,092	-
Other assets	10,927,793	10,937,625
Long term prepaid operating lease rentals	306,045	314,368
Property and equipment	27,806,270	28,447,067
Intangible assets	553,866	117,721
Capital work in progress	2,149,502	218,550
Total assets	523,202,972	464,253,138
Liabilities		
Derivative liabilities	-	102,287
Customer deposits	220,197,125	206,968,168
Deposits and balances due to banks	5,911,394	11,815,744
Other liabilities	14,534,535	13,986,444
Agency collection accounts	23,641,466	18,715,879
Other Borrowed funds	150,426,654	110,642,150
Tax Payable	-	26,939
Deferred tax liability	3,699,999	2,073,291
Total liabilities	418,411,173	364,330,902
Shareholders' equity		
Share capital	61,000,000	61,000,000
Revaluation reserves	4,657,828	4,759,731
Retained profits	27,627,221	27,894,342
Proposed dividends	4,888,369	3,321,392
Regulatory general credit risk reserve	6,618,381	2,946,771
Total shareholders' equity	104,791,799	99,922,236
Total shareholders' equity and liabilities	523,202,972	464,253,138
Contra accounts		
Off balance sheet contingents and commitments	22,426,610	11,083,143

III. Statement Of Comprehensive Income

	2012 Ushs '000	2011 Ushs '000
Income		
Interest on deposits and placements	2,385,537	2,250,395
Interest on loans and advances	67,449,818	53,389,971
Interest on investment securities	5,855,473	3,557,361
Foreign exchange income	815,407	882,846
Fee and commission income	7,107,441	6,054,196
Other income	1,337,763	1,102,861
Total income	84,951,439	67,237,630
Expenditure		
Interest expense on deposits	13,439,571	9,568,167
Interest expense on borrowings	14,326,514	10,966,126
Other interest expense	1,211,190	966,771
Impairment losses on loans and advances	5,872,595	2,476,086
Employee benefits and costs	21,588,641	17,621,611
Other operating expenses	12,263,102	10,968,933
Depreciation and amortisation	3,098,954	3,775,907
Provision for litigation and damages	66,500	1,699,241
Revaluation	-	1,624,890
Other expenses	396,386	327,810
Total expenditure	72,263,453	59,995,542
Profit before income tax	12,687,986	7,242,088
Income tax expense	4,540,704	1,706,435
Net profit after tax	8,147,282	5,535,653
Other comprehensive income	-	3,246,949
Total comprehensive income	8,147,282	8,782,602

IV. Other Disclosures

	2012 Ushs '000	2011 Ushs '000
Contingent liabilities:		
Letters of credit	-	-
Guarantees and performance bonds	852,640	162,320
Other contingent liabilities	-	-
Total	852,640	162,320
Undrawn stand-by facilities:		
Undrawn credit lines	-	-
Capital Commitments	4,129,703	-
Other commitments to lend	17,444,267	10,920,823
Total	21,573,970	10,920,823
Non-performing loans and other assets	21,782,063	10,927,882
Interest in suspense	1,072,264	487,720
Bad debts written off	3,956,903	825,649
Large loan exposures	-	-
Insider loan exposures	24,382,924	22,497,907
Capital position		
Core capital	85,965,503	88,600,205
Supplementary capital	8,161,404	8,199,439
Total qualifying capital	94,126,907	96,799,644
Total risk weighted assets (RWA)	407,559,423	388,930,670
Core capital to RWA	21.09%	22.78%
Total qualifying capital to RWA	23.10%	24.89%

V. Message from Directors

The above statement of financial position and statement of comprehensive income were audited by Ernst & Young and received an unqualified opinion. The financial statements were approved by the Board of Directors on 26 March 2013 and discussed with the Bank of Uganda on 12 April 2013.

Mr. Keith Muhakanizi
Chairman

Mr. Nicholas Okwir
Managing Director

Mr. Patrick M. Ayota
Director

Mr. Michael Mugabi
Secretary

VI. Annual Certificate Of Responsibility For the Financial Year 2012

Further to the foregoing, we the undersigned of Housing Finance Bank Limited acknowledge the responsibility of safeguarding the assets of the Bank and hereby confirm that we have complied with the requirements under the Public Reform and Divestiture Act.

The Financial Statements for the year 2012 showing the operating results and status of affairs of the Bank for the period are to the best of our understanding a fair representation of the Bank's position and are free from material misstatement.

Housing Finance Bank is regulated by Bank of Uganda.