

SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014



**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 2014, 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 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 28 April 2015. 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 2014 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.

Ernst & Young
KAMPALA

28 April 2015.

II. SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	2014	2013
	Ushs '000	Ushs '000
Assets		
Cash and balances with the Central Bank	36,121,001	29,785,425
Government Securities - Held to maturity	81,494,522	43,232,318
Deposits due from other banking institutions	31,224,098	48,332,540
Loans and advances to customers	397,654,178	385,491,146
Tax recoverable	774,499	774,499
Other assets	12,258,208	13,377,925
Long term prepaid operating lease rentals	289,402	297,724
Property and equipment	29,737,594	28,718,450
Intangible assets	6,676,785	8,224,067
Capital work in progress	540,038	215,586
Total assets	596,770,325	558,449,680
Liabilities		
Customer deposits	282,979,754	247,930,654
Other liabilities	16,191,360	18,874,786
Dividends Payable	8,760,201	4,888,369
Agency collection accounts	30,892,506	27,425,728
Other Borrowed funds	145,908,912	149,576,444
Deferred tax liability	3,725,361	3,353,540
Total liabilities	488,458,094	452,049,521
Shareholders' equity		
Share capital	61,000,000	61,000,000
Revaluation reserves	5,937,516	4,555,925
Retained profits	29,465,605	28,488,647
Proposed dividends	2,554,043	3,871,833
Regulatory general credit risk reserve	9,355,067	8,483,754
Total shareholders' equity	108,312,231	106,400,159
Total shareholders' equity and liabilities	596,770,325	558,449,680
Contra accounts		
Off balance sheet contingents and commitments	7,343,932	12,140,173

III. STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	Ushs '000	Ushs '000
Income		
Interest on deposits and placements	1,077,121	1,343,663
Interest on loans and advances	70,042,917	66,426,106
Interest on investment securities	8,257,108	9,143,483
Foreign exchange income	554,691	637,055
Fee and commission income	8,937,564	7,989,947
Other income	2,738,915	4,094,084
Total income	91,608,316	89,634,338
Expenditure		
Interest expense on deposits	10,212,843	10,081,245
Interest expense on borrowings	15,566,242	16,012,370
Other interest expense	1,938,836	1,731,026
Impairment losses on loans and advances	15,776,725	11,478,827
Employee benefits and costs	23,122,966	23,452,600
Other operating expenses	14,154,171	14,028,077
Depreciation and amortisation	4,798,466	3,810,386
Provision for litigation and damages	0	153,000
Other expenses	412,586	407,915
Total expenditure	85,982,835	81,155,446
Profit before income tax	5,625,481	8,478,892
Income tax expense	1,368,743	2,025,836
Net profit after tax	4,256,738	6,453,056
Other comprehensive income		
	1,527,167	-
Total comprehensive income	5,783,905	6,453,056

IV. OTHER DISCLOSURES

	2014	2013
	Ushs '000	Ushs '000
Contingent liabilities		
Letters of credit	526,283	606,318
Guarantees	463,808	61,500
Performance bonds	1,503,023	1,452,557
Other contingent liabilities	-	-
Total	2,493,114	2,120,375
Undrawn stand-by facilities:		
Undrawn credit lines	-	-
Capital Commitments	-	-
Other commitments to lend	4,850,818	10,019,798
Total	4,850,818	10,019,798
Non-performing loans and other assets	18,141,929	21,782,063
Interest in suspense	1,863,820	1,072,264
Bad debts written off	18,940,777	7,706,009
Large loan exposures	-	-
Insider loan exposures	23,996,967	26,243,785
Capital Position		
Core capital	80,431,862	73,895,110
Supplementary capital	9,966,611	8,429,898
Total qualifying capital	90,398,473	82,325,008
Total risk weighted assets (RWA)	453,819,548	445,291,959
Core capital to RWA	17.72%	16.59%
Total qualifying capital to RWA	19.92%	18.49%

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 28 April 2015 and discussed with the Bank of Uganda on 09 April 2015

Mr. Keith Muhakanizi

Mr. Keith Muhakanizi
Chairman

Mr. Mathias Katamba

Mr. Mathias Katamba
Managing Director

VI. ANNUAL CERTIFICATE OF RESPONSIBILITY FOR THE FINANCIAL YEAR 2014

Further to the foregoing, we the under designed 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 2014 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.