

Summarised Financial Statements For the Year Ended 31st December 2013



**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 2013, 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 2013. We expressed an unqualified audit opinion on those financial statements in our report dated 25th April 2014. We, however, included an Emphasis of Matter paragraph in our report with respect to noncompliance with Section 38 (1) of the Financial Institutions Act 2004. 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 2013 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
25 April 2014

II. Summary Statement Of Financial Position As At 31 December 2013

	2013 Ushs '000	2012 Ushs '000
Assets		
Cash and balances with the Central Bank	29,785,425	22,782,272
Treasury bills and other bills - Held to maturity	12,062,547	42,729,429
Investment in Government bonds – Held to maturity	31,169,771	36,521,215
Deposits due from other banking institutions	48,332,540	30,388,543
Loans and advances to customers	385,491,147	348,254,945
Tax recoverable	774,499	783,092
Other assets	13,377,924	10,927,793
Long term prepaid operating lease rentals	297,724	306,045
Property and equipment	28,718,450	27,806,270
Intangible assets	8,224,067	553,866
Capital work in progress	215,586	2,149,502
Total assets	558,449,680	523,202,972
Liabilities		
Customer deposits	247,930,654	220,197,125
Deposits and balances due to banks	-	5,911,394
Other liabilities	18,874,786	14,510,131
Dividends Payable	4,888,369	-
Agency collection accounts	27,425,728	23,665,870
Other Borrowed funds	149,576,444	150,426,654
Deferred tax liability	3,353,540	3,699,999
Total liabilities	452,049,521	418,411,173
Shareholders' equity		
Share capital	61,000,000	61,000,000
Revaluation reserves	4,555,925	4,657,828
Retained profits	28,488,647	27,627,221
Proposed dividends	3,871,833	4,888,369
Regulatory general credit risk reserve	8,483,754	6,618,381
Total shareholders' equity	106,400,159	104,791,799
Total shareholders' equity and liabilities	558,449,680	523,202,972
Contra accounts		
Off balance sheet contingents and commitments	12,140,173	22,426,610

III. Statement of Comprehensive Income

	2013 Ushs '000	2012 Ushs '000
Income		
Interest on deposits and placements	1,343,663	2,385,537
Interest on loans and advances	66,426,106	67,449,818
Interest on investment securities	9,143,483	5,855,473
Foreign exchange income	637,055	815,407
Fee and commission income	7,989,947	7,107,441
Other income	4,094,084	1,337,763
Total income	89,634,338	84,951,439
Expenditure		
Interest expense on deposits	10,081,245	13,439,571
Interest expense on borrowings	16,012,369	14,326,514
Other interest expense	1,731,026	1,211,190
Impairment losses on loans and advances	11,478,827	5,872,595
Employee benefits and costs	23,452,601	21,588,641
Other operating expenses	14,028,539	12,263,102
Depreciation and amortisation	3,809,925	3,098,954
Provision for litigation and damages	153,000	66,500
Other expenses	407,914	396,386
Total expenditure	81,155,446	72,263,453
Profit before income tax	8,478,892	12,687,986
Income tax expense	2,025,836	4,540,704
Net profit after tax	6,453,056	8,147,282
Other comprehensive income	-	-
Total comprehensive income	6,453,056	8,147,282

IV. Other Disclosures

	2013 Ushs '000	2012 Ushs '000
Contingent liabilities:		
Letters of credit	606,318	-
Guarantees and performance bonds	1,514,057	852,640
Other contingent liabilities	-	-
Total	2,120,375	852,640
Undrawn stand-by facilities:		
Undrawn credit lines	-	-
Capital Commitments	-	4,129,703
Other commitments to lend	10,019,798	17,444,267
Total	10,019,798	21,573,970
Non-performing loans and other assets		
Non-performing loans and other assets	41,056,313	21,782,063
Interest in suspense	1,494,305	1,072,264
Bad debts written off	7,706,009	3,956,903
Large loan exposures	-	-
Insider loan exposures	26,243,785	16,594,076
Capital position		
Core capital	80,941,309	85,965,503
Supplementary capital	8,429,897	8,161,404
Total qualifying capital	89,371,206	94,126,907
Total risk weighted assets (RWA)	445,088,883	404,554,480
Core capital to RWA	18.19%	21.25%
Total qualifying capital to RWA	20.08%	23.27%

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 19 March 2014 and discussed with the Bank of Uganda on 02 April 2014.

Mr. Keith Muhakanizi
Chairman

Mr. Mathias Katamba
Managing Director

VI. Annual Certificate of Responsibility For the Financial Year 2013

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 2013 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 financial position and are free from material misstatement.