

# 2016 Highlights

We are pleased to present to you the Bank's summary financial statements for the year ended 31st December 2016 including the Independent External Auditor's report thereon. During the year, the Bank registered growth in all the key business areas and posted an increase in net profitability year on year. Net loans increased by 9.1% from shs 368 billion to shs 401 billion while customer deposits increased by 15.4% from shs 306 billion to shs 353 billion. Total assets increased by 10% from shs 619 billion to shs 680 billion while the shareholders equity increased by 7.7% from shs 120 billion to shs 130 billion. Despite a uniquely challenging year particularly for the Real Estate sector, the Bank further improved its net profit after tax by 22.9% from shs 14.7 billion to shs 18.1 billion as a result of improving our efficiency and executing our strategy that focuses on improving service delivery, growing a sustainable business and excellence in customer experience.

### Improving Customer Experience

During the year, we rolled out a new ATM Switch and Card Management system which enhanced the Bank's capability to deliver more services including access to the interbank ATM Switch with over 300 ATMs that customers can now use across the country; in addition to the Mobile Banking solution that was also officially rolled out during the year, where registered customers can now transact through the mobile money agent network countrywide using \*225# or download the mobile application. This sustained investment in technology has increased convenience for our customers.



**Mr. Mathias Katamba**  
Managing Director

### STAKEHOLDER ENGAGEMENT



During the year, the Bank held the second annual Uganda Housing Finance Conference which brings together the stakeholders and key players along Uganda's Housing value chain both in the public and private sector to galvanise the dialogue for the betterment of the housing industry and housing finance sector. The dialogue focused

on the demand and supply side dynamics that need to be unlocked to increase affordability of housing while increasing the liquidity in the mortgage subsector. This dialogue was in addition to various partnerships that were signed with developers in the housing space.

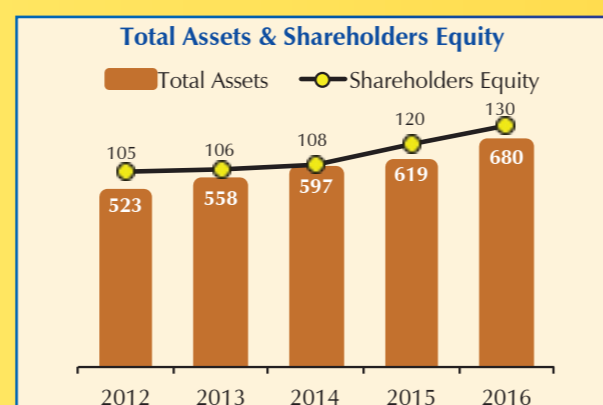
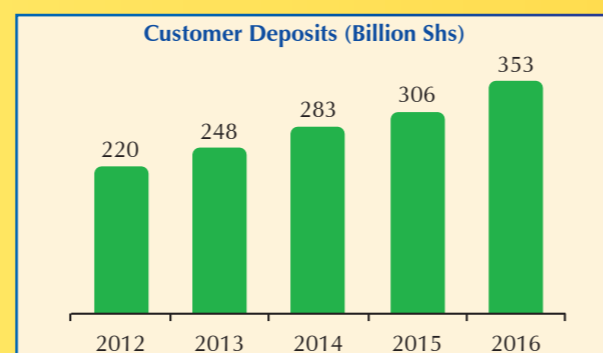
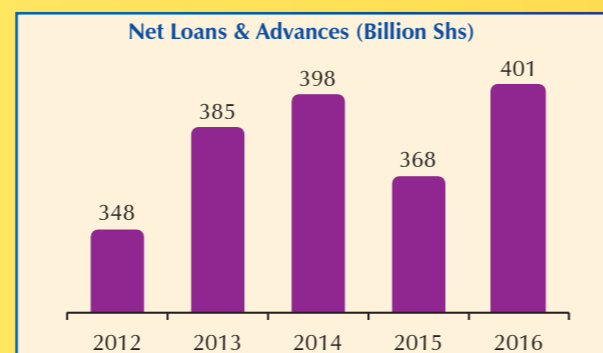
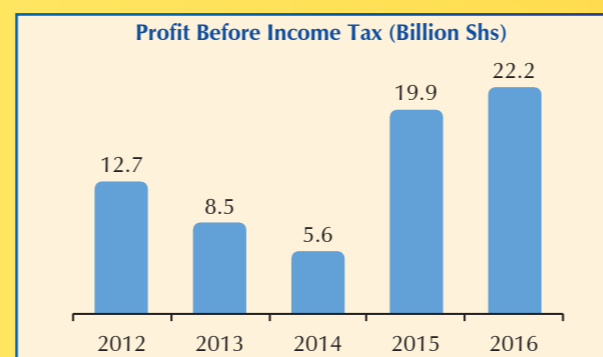
### AWARDS AND RECOGNITION

In recognition of the work the Bank is doing, the following Awards were received during the year;

1. The Women's Banquet awarded the Bank for providing financial services for children with the "Totos Account."
2. Global Banking & Finance Review awarded the Bank for being the Best Housing Finance Bank in Uganda for the second year in a row.



### FINANCIAL HIGHLIGHTS



### I REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF HOUSING FINANCE BANK LIMITED

#### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2016, and the summary statement of comprehensive income for the year then ended, and other disclosures, are derived from the audited financial statements of Housing Finance Bank Limited for the year ended 31 December 2016.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the Financial Institutions (External Auditors) Regulations, 2010 and the Financial Institutions Act.

#### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Financial Institutions Act and the Ugandan Companies Act. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

#### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 11 April 2017.

The report also includes the communication of a key audit matter. A key audit matter is that matter, in our professional judgement, of most significance in our audit of the financial statements of the current period.

#### Directors' Responsibility for the Summary Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

*PricewaterhouseCoopers*

Certified Public Accountants

Kampala  
11 April 2017

### III SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2016 Ushs '000	2015 Ushs '000
<b>Income</b>		
Interest on deposits and placements	2,235,873	1,360,472
Interest on loans and advances	75,216,728	69,968,406
Interest on investment securities	21,356,267	11,905,401
Foreign exchange income	2,461,784	1,665,644
Fee and commission income	11,499,453	9,566,495
Other income	507,620	173,274
<b>Total income</b>	<b>113,277,725</b>	<b>94,639,692</b>
<b>Expenditure</b>		
Interest expense on deposits	13,639,753	9,392,680
Interest expense on borrowings	11,752,322	13,600,324
Other interest expense	1,854,739	1,618,945
Impairment losses on loans and advances	9,691,437	4,057,264
Employee benefits and costs	29,001,764	24,189,734
Other operating expenses	19,158,625	15,664,507
Depreciation and amortisation	5,316,615	4,938,467
Provision for litigation and damages	70,000	819,842
Fees and commission expenses	632,352	470,363
<b>Total expenditure</b>	<b>91,117,607</b>	<b>74,752,126</b>
<b>Profit before income tax</b>	<b>22,160,118</b>	<b>19,887,566</b>
Income tax expense	4,109,398	5,204,887
<b>Net profit after tax</b>	<b>18,050,720</b>	<b>14,682,679</b>
<b>Other comprehensive income</b>		
<b>Total comprehensive income</b>	<b>18,050,720</b>	<b>14,682,679</b>

### V MESSAGE FROM DIRECTORS

The above summary statement of financial position and summary statement of comprehensive income were audited by PricewaterhouseCoopers Certified Public Accountants and received an unqualified opinion. The financial statements were approved by the Board of Directors on 23 March 2017 and discussed with the Bank of Uganda on 30 March 2017.

*Mr. David G. Opiokello*  
Chairman

*Mr. Mathias Katamba*  
Managing Director

### IV OTHER DISCLOSURES

	2016 Ushs '000	2015 Ushs '000
<b>Contingent liabilities:</b>		
Letters of credit	310,094	465,626
Guarantees	4,440,411	1,859,738
Performance bonds	789,586	80,331
<b>Total</b>	<b>5,540,091</b>	<b>2,405,695</b>
<b>Undrawn stand-by facilities:</b>		
Other commitments to lend	2,797,320	5,069,596
<b>Total</b>	<b>2,797,320</b>	<b>5,069,596</b>
<b>Non-performing loans and other assets</b>	<b>30,579,715</b>	<b>16,588,390</b>
<b>Interest in suspense</b>	<b>2,777,891</b>	<b>2,119,596</b>
<b>Bad debts written off</b>	<b>5,828,956</b>	<b>8,463,289</b>
<b>Insider loan exposures</b>	<b>21,234,335</b>	<b>23,036,548</b>
<b>Capital position</b>		
Core capital	108,117,982	92,468,085
Supplementary capital	9,868,009	9,495,903
<b>Total qualifying capital</b>	<b>117,985,991</b>	<b>101,963,988</b>
Total risk weighted assets (RWA)	476,585,891	434,271,549
Core capital to RWA	22.69%	21.29%
Total qualifying capital to RWA	24.76%	23.48%

### VI ANNUAL CERTIFICATE OF RESPONSIBILITY FOR THE FINANCIAL YEAR 2016

Further to the foregoing, we the undersigned directors 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 summary financial statements for the year 2016 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.

### II SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	2016 Ushs '000	2015 Ushs '000
<b>Assets</b>		
Cash and balances with Bank of Uganda	50,328,792	36,194,634
Government securities - held to maturity	131,865,030	113,809,314
Deposits due from other banking institutions	49,868,459	50,294,955
Loans and advances to customers	401,479,026	367,853,422
Other assets	12,094,576	13,923,812
Property and equipment	29,136,081	29,362,310
Intangible assets	4,630,359	4,766,707
Capital work in progress	302,687	2,323,549
Current income tax recoverable	529,713	-
<b>Total assets</b>	<b>680,234,723</b>	<b>618,528,703</b>
<b>Liabilities</b>		
Customer deposits	353,011,996	306,005,781
Deposits and balances due to banks	4,001,836	3,001,397
Other liabilities	12,487,757	14,543,866
Provision for litigation and damages	3,536,829	3,466,829
Agency collection accounts	36,332,613	31,646,159
Other borrowed funds	118,444,988	109,604,131
Corporate bond	5,966,870	13,128,091
Current tax payable	-	208,732
Dividends payable	15,275,552	11,314,244
Deferred income tax liability	1,494,302	5,168,605
<b>Total liabilities</b>	<b>550,552,743</b>	<b>498,087,835</b>
<b>Shareholders' equity</b>		
Share capital	61,000,000	61,000,000
Retained earnings	51,754,457	39,956,960
Revaluation reserve	5,730,001	5,737,398
Regulatory credit risk reserve	367,090	4,936,902
Proposed dividends	10,830,432	8,809,608
<b>Total shareholders' equity</b>	<b>129,681,980</b>	<b>120,440,868</b>
<b>Total shareholders' equity and liabilities</b>	<b>680,234,723</b>	<b>618,528,703</b>

**Profit after tax increased by 23% from Shs 14.68 billion in 2015 to Shs 18.05 billion in 2016**

**Total Assets increased from Shs 619 billion in 2015 to Shs 680 billion as at 31 December 2016.**

**Net Loans and Advances increased by 9.2% from Shs 368 billion in 2015 to Shs 401 billion as at 31 December 2016.**

**Customer Deposits increased by 15.4% from Shs 306 billion in 2015 to Shs 353 billion as at 31 December 2016.**

**Shareholders' Equity increased by 7.7% from Shs 120 billion in 2015 to Shs 130 billion as at 31 December 2016.**