

Housing Finance Bank 2019 Performance Highlights

Managing Director's Statement

I am pleased to present the Bank's Audited Financial Statements for 2019 highlighting our consistent growth over the years. Throughout the year, **our profit after tax increased from Shs. 20.9bn to Shs. 22.5bn, total assets increased from Shs. 777bn to Shs. 912bn and customer deposits increased from Shs. 451bn to Shs. 560bn in 2019.**

This has been made possible by dedicated focus on our customer experience, solid strategic partnerships, strong passion in supporting Uganda's economic and social development.

I would like to thank the Board of Directors, management, our customers, staff and stakeholders for all support rendered over the years.

We are cognisant of the current challenges presented by the COVID-19 pandemic and its impact on all Ugandans. However, with our dedicated team of staff, guidance from the Board of Directors, we remain committed to the delivery of practical solutions and interventions that will support our customers during this time and the years ahead.

Our Strong Customer Focus

Housing Finance Bank is committed to offering the best customer experience across all our service points. The locally bred financial institution has expanded from just a single branch to reach our customers across the country with 19 branches, Interoperability with over 200 ATMs and several hundred bank agents. Our enhanced customer experience has been specifically designed to meet the changing needs of customers at every stage of life. Over 2019, we expanded our reach with improved offerings across key channels including: Mobile banking, Retail internet banking, Internet banking, MasterCard, Agent Banking, 24/7 Customer Contact Center

As a leader in the mortgage market, the Bank has designed several solutions for affordable housing. Prospective home-owners now have an opportunity to build incrementally with tailor-made housing loans offered by Housing Finance Bank.

We continue to reach out to more customers with focused value propositions in all life aspects including housing, business, education and infrastructural developments, as the bank of choice, supporting individuals and businesses, to build and sustain their respective ventures for the growth of our country.

Leveraging On Strategic Partnerships

Along our path to progress, we have had an opportunity to build and maintain strong relationships with key development partners across the globe. Locally, our shareholders have played an integral role in ensuring that the core mandate of the Bank is well-aligned to meet the financial needs of our country's growing population.

We have further initiated and sustained relationships with Developers, land owners, Real Estate Agencies, Business Associations, Investment clubs and other stakeholders. We continuously engage through forums like "The Housing Baraza" under the theme "Housing For Wealth Generation", The Uganda Housing Conference and other avenues with a unified objective of improving livelihood and enhancing business growth in our country.

Our Passion for Uganda

Housing Finance Bank remains dedicated to supporting and uplifting communities across the country. We purpose to participate in initiatives that not only improve the social welfare of various communities but also embed the sustainable development goals (SDGs), as key drivers for economic and social growth.

Throughout the year, the Bank conducted a number of engagements in support of community development, health, education and financial literacy. The Bank contributed

and participated in the construction of facilities within universities, churches, schools, and hospitals across the country.

Housing Finance Bank will continue to champion social responsibility activities that improve the livelihood of our communities so as to spur economic growth and social development of our beloved Uganda.



HFB MD and ED handing over a land title to the Winner of X-mas Comes Early 2019 customer reward campaign.



Driving the housing Agenda: Dignitaries from Government of Uganda headed by the Dep. Prime Minister and HFB Team members during the The 2019 Housing Baraza.



HFB senior management team, members affiliating with one of the communities in Arua during the Bank's regional community development initiatives during the year.

Summary Financial Statements For The Year Ended 31 December 2019

Report Of The Independent Auditor On The Summary Financial Statements To The Shareholders Of Housing Finance Bank Limited

I Our Opinion

In our opinion, the accompanying summary financial statements of Housing Finance Bank Limited ("the Bank") for the year ended 31 December 2019 are consistent, in all material respects, with the audited financial statements of the Bank for the year ended 31 December 2019, in accordance with the Financial Institutions (External Auditors) Regulations, 2010 and the Financial Institutions Act 2004, as amended.

The summary financial statements

The Bank's summary financial statements derived from the audited financial statements for the year ended 31 December 2019 comprise:

- the summary statement of financial position as at 31 December 2019;
- the summary statement of comprehensive income for the year then ended; and
- other disclosures.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Financial Institutions Act 2004, as amended 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

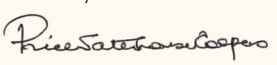
We expressed an unmodified audit opinion on the audited financial statements of the Bank for the year ended 31 December 2019 in our report dated 26 April 2020. That report also includes the communication of a key audit matter. A key audit matter is that which in our professional judgement, is of most significance in our audit of the audited financial statements of the current period.

Directors' responsibility for the summary financial statements

The 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 2004 as amended.

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'.


Certified Public Accountants
26 April 2020

II Summary Statement Of Financial Position As At 31 December 2019

	2019 Ushs '000	2018 Ushs '000
Assets		
Cash and balances with BOU	115,135,554	62,756,448
Balances with banking institutions	56,228,534	37,657,620
Marketable (trading) securities	1,376,692	-
Loans and advances (net)	553,524,657	511,634,260
Investment securities	117,337,958	104,461,884
Interest receivable and other assets	28,114,643	19,477,315
Property and equipment	37,385,900	39,798,422
Tax recoverable	3,371,394	1,097,868
Total assets	912,475,332	776,883,817
Liabilities		
Customers' deposits	559,812,330	451,277,581
Balances due to banking institutions	6,003,808	2,000,556
Interest payable and other liabilities	130,574,355	167,014,098
Dividends payable	1,495,222	11,961,690
Deferred tax liability	2,668,746	553,377
Total liabilities	700,554,461	632,807,302
Shareholders' equity		
Share capital	61,000,000	61,000,000
Retained earnings	89,831,735	59,944,352
Reserves	61,089,136	23,132,163
Total shareholders' equity	211,920,871	144,076,515
Total shareholders' equity and liabilities	912,475,332	776,883,817

III Summary Statement Of Comprehensive Income

	2019 Ushs '000	2018 Ushs '000
Income		
Interest on deposits and placements	4,486,767	1,234,605
Interest on loans and advances	101,921,014	88,234,764
Interest on marketable/trading securities	1,073,259	1,531,286
Interest on investment securities	16,276,144	18,154,182
Foreign exchange income	2,432,381	1,833,091
Fee and commission income	9,475,928	8,543,455
Other income	1,366,801	1,095,292
Total income	137,032,294	120,626,675
Expenditure		
Interest expense on deposits	27,353,337	14,891,188
Interest expense on borrowings	9,741,559	12,684,241
Other interest expense	1,702,987	1,584,047
Provisions for bad and doubtful debts	4,262,650	(2,768,866)
Operating expenses	67,076,010	66,660,276
Total expenditure	110,136,543	93,050,886
Net profits before tax	26,895,751	27,575,789
Taxation	4,403,201	6,667,530
Net profits after tax	22,492,550	20,908,259
Other comprehensive income		
Other Comprehensive income (net of tax)	-	448,621
Total comprehensive income	22,492,550	21,356,880

IV Other Disclosures

	2019 Ushs '000	2018 Ushs '000
Contingent liabilities:		
Letters of credit	3,719,192	-
Guarantees and Performance bonds	10,391,715	5,527,094
Total	14,110,907	5,527,094
Commitments:		
Undrawn stand-by facilities	1,494,156	1,948,947
Other commitments to lend	7,567,484	10,854,685
Total	9,061,640	12,803,632
Capital position		
Core capital	142,238,096	111,238,480
Supplementary capital	13,791,724	13,743,488
Total qualifying capital	156,029,820	124,981,968
Total risk weighted assets (RWA)	690,095,906	634,329,177
Core capital to RWA	20.61%	17.54%
Total qualifying capital to RWA	22.61%	19.70%

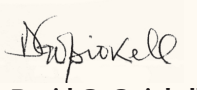
V Message From Directors

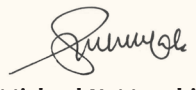
The above summary statement of financial position and summary statement of comprehensive income were audited by PricewaterhouseCoopers, Certified Public Accountants and received an unqualified opinion. The financial statements of the Bank were approved by the Board of Directors on 26 March 2020 and discussed with the Bank of Uganda on 14 April 2020.

VI Annual Certificate of Responsibility For The Financial Year 2019

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 2019 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.


Mr. David G. Opiokello
Chairman


Mr. Michael K. Mugabi
Managing Director