

Housing Finance Bank 2020 Performance Highlights



Mr. Michael K. Mugabi
Managing Director



1,108 BN
Total Assets

Total assets increased by 22% from Shs 912 billion in 2019 to Shs 1.11 trillion in 2020



654.2 BN
Customer Deposits

Customer deposits increased by 17% from Shs 559.8 billion in 2019 to Shs 654.2 billion in 2020



551 BN
Net Loans

Net loans and advances to customers decreased by -0.5% from Shs 554 billion in 2019 to Shs 551 billion in 2020



20.69 BN
Profit After Tax

Profit After Tax declined by 8% from Shs 22.5 billion in 2019 to Shs 20.69 billion in 2020



250.1 BN
Shareholders' Equity

Shareholders' equity increased by 18% from Shs 211.9 billion in 2019 to Shs 250.1 billion in 2020

Managing Director's Statement

It is my pleasure to present Housing Finance Bank's Audited Financial Statements for 2020 highlighting improvements in key performance areas over the performance period.

The year 2020 was a challenging period for the Banking industry and the entire economy at large due to the Covid-19 pandemic which significantly disrupted our customers' income generating activities. Specific sectors including Education, Tourism, Transport and Real Estate experienced suppressed demand which then translated into a drop in growth prospects for the entire economy.

In response to the disruptions in the operating environment, Housing Finance Bank was quick to respond to our customers' needs with a number of interventions and tailored solutions. Our customer-focused initiatives enabled us to support business sustenance and resumption that offers a bedrock for sustained growth in key sectors of Uganda's economy.

COVID-19 and Bank Responses

Owing to the rapid spread of the pandemic and reactive containment measures that resulted into supply-chain disruptions and declining domestic as well as exports/import activity, Housing Finance Bank responded with easement plans for customers experiencing difficulties in meeting financial obligations.

Our dedicated Relationship Management Team engaged and devised restructuring plans aimed at keeping our valued business customers sustainably operational and competitive. We also worked to ensure that personal clients whose income sources suffered due to the pandemic were adequately supported.

On service delivery, the Bank enhanced its presence on the digital platforms to ensure that the bulk of our services could be accessed over our contactless channel. To-date our customers are happy to enjoy stellar customer experience through the improved platforms listed below:

- Mobile banking
- Retail internet banking
- Corporate internet banking
- MasterCard
- Agent Banking Points
- 24/7 customer service center

Resilience in Challenging Times

Our unique focus on the customer alongside the Bank's vast experience as the country's leaders in the mortgage market enabled us to suitably refine our housing finance and business solutions' offerings to match the challenging times of a constrained business environment.

Against this background, the Bank was able to register significant growth in:

1. Operating income by 22% to Ug. Shs. 119.34 from the 2019 closing position of Ug. Shs. 98.234 billion
2. Net interest income by 17% to Ug. Shs. 98.13 from the 2019 operating position of Ug. Shs. 83.89 billion
3. Total asset base by 22% to Ug. Shs. 1.11 trillion from the 2019 position of Ug. Shs. 912.2 billion
4. Customer deposits by 17% to Ug. Shs. 654.16 billion from the 2019 reported position of Ug. Shs. 559.81 billion
5. Profit after Tax of Ug. Shs. 20.69 and a Total Comprehensive Income of Ug. Shs. 23.48 against the 2019 position of Ug. Shs. 22.49 bn.

We continue to reach out to more customers with focused value propositions in all life aspects including housing, business, education, agriculture and infrastructural developments for the social and economic development of our country.

Key Partnerships

We have collaborated with a number of strategic partners on our path to progress. The solid relationships built with key development partners across the globe enable us to continually support our customers with market-led solutions. Locally, our shareholders continue to play 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.

Our Commitment

Housing Finance Bank looks at the future with increased optimism. We are happy to continually refine our value proposition with the objective of supporting our customers' growth aspirations as we all work to build our country Uganda.

Summary Financial Statements

For The Year Ended 31 December 2020

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 2020 are consistent, in all material respects, with the audited financial statements of the Bank for the year ended 31 December 2020, in accordance with the Financial Institutions (External Auditors) Regulations, 2010 and the Financial Institutions Act, 2004.

The Summary Financial Statements

The Bank's summary financial statements derived from the audited financial statements for the year ended 31 December 2020 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 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 2020 in our report dated 21 April 2021. 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.

Management Responsibility For The Summary Financial Statements

Management is 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'.

Certified Public Accountants
27 April 2021

III Summary Statement Of Comprehensive Income

	2020	2019
	Ushs '000	Ushs '000
Income		
Interest on deposits and placements	2,835,542	4,486,767
Interest on loans and advances	104,241,180	101,921,014
Interest on investment securities	22,779,027	16,276,144
Trading income	7,749,519	4,171,004
Fee and commission income	12,613,020	9,683,418
Other income	1,107,177	701,437
Total income	151,325,465	137,239,784
Expenditure		
Interest expense on deposits	20,807,421	27,353,338
Interest expense on borrowings	10,087,987	9,741,559
Other interest expense	831,788	1,702,986
Impairment losses on financial assets	21,938,311	4,262,650
Employee benefits and costs	37,092,233	33,594,821
Other operating expenses	29,224,525	27,477,145
Depreciation and amortisation	5,908,703	6,004,044
Provision for litigation and damages	-	-
Fees and commission expenses	252,796	207,490
Total expenditure	126,143,764	110,344,033
Profit before income tax	25,181,701	26,895,751
Income tax expense	4,492,276	4,403,201
Net profit after tax	20,689,425	22,492,550
Other comprehensive income		
Other Comprehensive income (net of tax)	2,787,750	-
Total comprehensive income	23,477,175	22,492,550

IV Other Disclosures

	2020	2019
	Ushs '000	Ushs '000
Contingent liabilities:		
Letters of credit	2,579,126	3,719,192
Guarantees	14,361,247	8,831,652
Performance bonds	3,829,725	1,560,063
Total	20,770,098	14,110,907
Commitments:		
Undrawn stand-by facilities:	-	1,494,156
Other commitments to lend	2,368,532	7,567,484
Capital commitments	739,311	2,002,197
Total	3,107,843	11,063,837
Non-performing loans and other assets		
Interest in suspense	3,877,467	3,143,826
Bad debts written off	9,074,380	5,595,428
Insider loan exposures	17,631,011	24,008,006
Capital position		
Core capital	211,247,530	141,572,732
Supplementary capital	16,271,277	13,791,724
Total qualifying capital	227,518,807	155,364,456
Total risk weighted assets (RWA)		
Core capital to RWA	28.47%	20.42%
Total qualifying capital to RWA	30.66%	22.40%

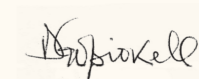
V Message From Directors


The above summary statement of financial position and summary statement of comprehensive income were audited by Ernst and Young, Certified Public Accountants and received an unqualified opinion. The financial statements were approved by the Board of Directors on 25 March 2021 and discussed with the Bank of Uganda on 9 April 2021.

VI Annual Certificate of Responsibility For The Financial Year 2020

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 2020 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