



## HIGHLIGHTS FOR 2015

Housing Finance Bank is pleased to share with you a summary of the financial statements and highlights for the year ended 2015. During the year, net profit after tax increased by 154% from 5.8 billion Shillings in 2014 to 14.7 billion Shillings in 2015, Customer deposits increased by 8.1% from 283bn in 2014 to 306bn in 2015 while net loans reduced by 6% from 398bn in 2014 to 368bn in 2015 due to a high interest environment that dampened demand for long term financing particularly mortgages which are a key part of our business. Total assets increased by 2.3% from 597bn in 2014 to 619bn in 2015 and the Shareholder's equity increased by 11.1% from 108bn in 2014 to 120bn Shillings in 2015.

### ■ GROWTH IN INSTITUTIONAL CAPABILITIES

We continued to focus on increasing convenience and making it easy for our customers by improving our distribution. To this end we grew our footprint with a new Branch in Mukono and three new ATMs in Naalya, Lubowa and Entebbe. In addition, the Bank developed mobile capability through the HFB Mobile Banking Application and USSD code \*225#. Registered Customers are now able to move funds securely from their bank accounts to their mobile money wallets and draw funds from the vast network of mobile money agents spread across the country.

### ■ STAKEHOLDER ENGAGEMENT

The Bank held the first Uganda Housing Finance Conference which brought together stakeholders along the housing value chain to dialogue and chart a way forward for the betterment of the housing industry and housing finance sector in the country. The dialogue addressed factors that inhibit the growth of effective demand for housing and unpacked the demand and supply side bottlenecks. The outcomes will contribute to an increase in the supply of affordable homes and enable the bank to serve more people.



Mr. Mathias Katamba  
Managing Director



### ■ CORPORATE SOCIAL RESPONSIBILITY

Several community initiatives were supported by the Bank through the year. This included the installation of solar street lights in an upcountry town and the donation of items to the Children's Ward in a major hospital.



### ■ AWARDS AND RECOGNITION

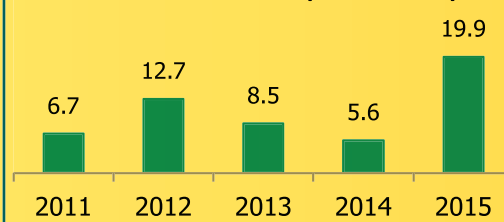
The Bank received the following awards during the year in recognition of its work;

1. The Uganda Tourism Board gave the Bank Special Recognition for supporting Tourism.
2. The Public Relations Association of Uganda (PRAU) awarded the Bank for the Uganda Housing Finance Conference as the Best Event for 2015.
3. Global Banking and Finance Review awarded the Bank for being the Best Housing Finance Bank in Uganda.

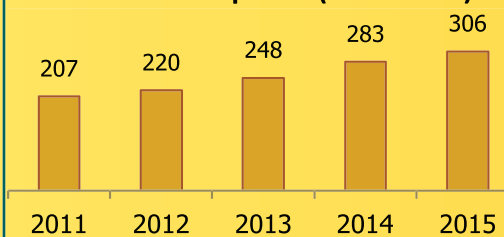


### FINANCIAL HIGHLIGHTS

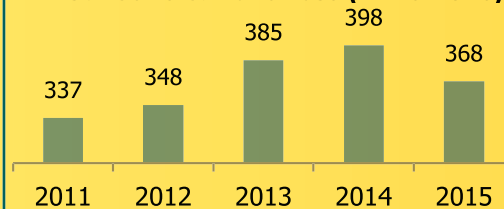
#### Profit before Tax (Billion Shs)



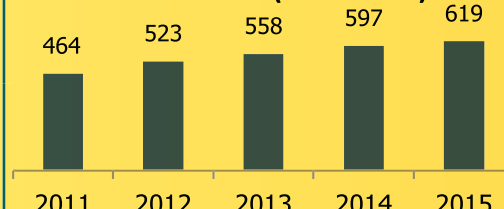
#### Customer Deposits (Billion Shs)



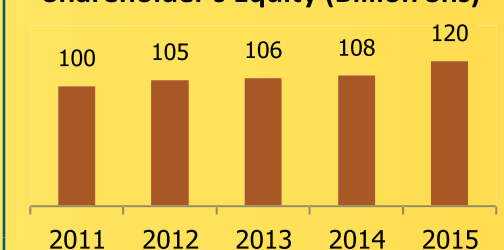
#### Net Loans & Advances (Billion Shs)



#### Total Assets (Billion Shs)



#### Shareholder's Equity (Billion Shs)



## SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### I. INDEPENDENT EXTERNAL AUDITOR'S REPORT

The accompanying summary financial statements, which comprise the summary statement of financial position at 31 December 2015, 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 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 22 April 2016. Those financial statements and the summary financial statements do not reflect the effects of events that 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 Companies Act of Uganda, 2012. 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 of a summary of the audited financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010.

### 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 Standard 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 2015 are consistent, in all material respects, with those financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010.

*Ernst & Young*  
Certified Public Accountants  
KAMPALA

22 April 2016

Ernst & Young House  
Shimoni Office Village, 8 Clement Hill Road  
P. O. Box 7215, Kampala, Uganda

### II. SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	2015 Ushs '000	2014 Ushs '000
<b>Assets</b>		
Cash and balances with the Central Bank	36,194,634	36,121,001
Government securities - held to maturity	113,809,314	81,494,522
Deposits due from other banking institutions	50,294,955	31,224,098
Loans and advances to customers	367,853,422	397,654,178
Current income tax recoverable	-	774,499
Other assets	13,923,812	12,258,208
Finance lease on leasehold land	281,080	289,402
Property and equipment	29,081,230	29,737,594
Intangible assets	4,766,707	6,676,785
Capital work in progress	2,323,549	540,038
<b>Total assets</b>	<b>618,528,703</b>	<b>596,770,325</b>
<b>Liabilities</b>		
Customer deposits	306,005,781	282,979,754
Deposits due to other banking institutions	3,001,397	-
Other liabilities	14,446,108	13,544,373
Provision for litigation and damages	3,564,587	2,646,987
Agency collection accounts	31,646,159	30,892,506
Other borrowed funds	122,732,222	145,908,912
Current income tax payable	208,732	-
Dividends payable	11,314,244	8,760,201
Deferred income tax liability	5,168,605	3,725,361
<b>Total liabilities</b>	<b>498,087,835</b>	<b>488,458,094</b>
<b>Shareholders' equity</b>		
Share capital	61,000,000	61,000,000
Revaluation reserves	5,737,398	5,937,516
Retained profits	39,956,960	29,465,605
Proposed dividends	8,809,608	2,554,043
Regulatory general credit risk reserve	4,936,902	9,355,062
<b>Total shareholders' equity</b>	<b>120,440,868</b>	<b>108,312,231</b>
<b>liabilities</b>	<b>618,528,703</b>	<b>596,770,325</b>
<b>Contra accounts</b>		
Off balance sheet contingents and commitments	7,475,291	7,343,932

### 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 18 April 2016 and discussed with the Bank of Uganda on 05 April 2016

*Mr. Keith Muhakanizi*  
Chairman

*Mr. Mathias Katamba*  
Managing Director

### III. STATEMENT OF COMPREHENSIVE INCOME

	2015 Ushs '000	2014 Ushs '000
<b>Income</b>		
Interest on deposits and placements	1,360,472	1,077,121
Interest on loans and advances	69,968,406	70,042,918
Interest on investment securities	11,905,401	8,257,108
Foreign exchange income	1,665,644	554,691
Fee and commission income	9,566,495	8,937,564
Other income	6,002,230	2,660,365
<b>Total income</b>	<b>100,468,648</b>	<b>91,529,767</b>
<b>Expenditure</b>		
Interest expense on deposits	9,392,681	10,212,843
Interest expense on borrowings	13,965,523	15,566,243
Other interest expense	1,817,056	1,938,836
Impairment losses on loans and advances	9,886,220	15,776,725
Employee benefits and costs	24,267,864	23,122,966
Other operating expenses	14,925,308	14,075,620
Depreciation and amortisation	4,938,467	4,798,467
Provision for litigation and damages	917,600	-
Fees and commission expenses	470,363	412,586
<b>Total expenditure</b>	<b>80,581,082</b>	<b>85,904,286</b>
<b>Profit before income tax</b>	<b>19,887,566</b>	<b>5,625,481</b>
Income tax expense	5,204,887	1,368,743
<b>Net profit after tax</b>	<b>14,682,679</b>	<b>4,256,738</b>
<b>Other comprehensive income</b>	-	1,527,167
<b>Total comprehensive income</b>	<b>14,682,679</b>	<b>5,783,905</b>

### VI. ANNUAL CERTIFICATE OF RESPONSIBILITY FOR THE FINANCIAL YEAR 2015

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 2015 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.

### IV. OTHER DISCLOSURES

	2015 Ushs '000	2014 Ushs '000
<b>Contingent liabilities:</b>	<b>Ushs '000</b>	<b>Ushs '000</b>
Letters of credit	465,626	526,283
Guarantees	1,859,738	463,808
Performance bonds	80,331	1,503,023
<b>Total</b>	<b>2,405,695</b>	<b>2,493,114</b>
<b>Undrawn stand-by facilities:</b>		
Other commitments to lend	5,069,596	4,850,818
<b>Total</b>	<b>5,069,596</b>	<b>4,850,818</b>
<b>Non-performing loans and other assets</b>	<b>16,588,390</b>	<b>18,141,929</b>
<b>Interest in suspense</b>	<b>2,119,596</b>	<b>1,863,820</b>
<b>Bad debts written off</b>	<b>8,463,289</b>	<b>18,940,777</b>
<b>Insider loan exposures</b>	<b>23,036,548</b>	<b>24,105,866</b>
<b>Capital position</b>		
Core capital	92,468,085	80,344,862
Supplementary capital	9,495,903	9,966,612
<b>Total qualifying capital</b>	<b>101,963,988</b>	<b>90,311,474</b>
<b>Total risk weighted assets (RWA)</b>	<b>434,271,549</b>	<b>455,349,558</b>
<b>Core capital to RWA</b>	<b>21.29%</b>	<b>17.64%</b>
<b>Total qualifying capital to RWA</b>	<b>23.48%</b>	<b>19.83%</b>

• Profit before tax increased by 178% from 5.6bn in 2014 to 19.9bn Shillings in 2015.

• Customer deposits increased by 8.1% from 283bn to 306bn in 2015.

• Net loans reduced by 6% from 398bn in 2014 to 368bn in 2015.

• Total assets increased by 2.3% from 597bn in 2014 to 619bn in 2015.

• Shareholder's equity increased by 11.1% from 108bn in 2014 to 120bn Shillings in 2015