

# COMMERCIAL BANK OF AFRICA (UGANDA) LIMITED

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### I. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF COMMERCIAL BANK OF AFRICA (UGANDA) LIMITED

#### Opinion

The summary financial statements, which 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, are derived from the audited financial statements of Commercial Bank of Africa (Uganda) Limited for the year ended 31 December 2019.

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 Act, 2004 (as amended 2016).

#### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Financial Institutions Act, 2004 (as amended 2016) and the Companies' Act of Uganda. 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 30 April 2020. Our report includes:

- An emphasis of matter section that draws attention to Note 38 (a) in the audited financial statements which indicates that the merger between Commercial Bank of Africa Limited (CBA) and NIC Group (PLC) has taken effect at group level and the merged group now operates under a new name and brand NCBA Group PLC. In Uganda, the directors are currently seeking regulatory approvals and they believe the merger between Commercial Bank of Africa (Uganda) Limited and NC Bank (Uganda) Limited will be completed within the first half of 2020.

- The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year.

#### 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 Act, 2004 (as amended 2016).

#### 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.

#### KPMG

Certified Public Accountants of Uganda  
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Kampala, Uganda  
30 April 2020

### II. SUMMARY STATEMENT OF FINANCIAL POSITION

	2019 Shs '000	2018 Shs '000
<b>ASSETS</b>		
Cash and balances with Bank of Uganda	36,640,235	30,482,516
Balances with banking institutions	15,118,033	44,773,506
Due from parent/group companies	8,102,013	2,914,175
Marketable (trading) securities	11,963,192	6,464,527
Loans and advances (net)	141,995,996	86,066,986
Investment securities	20,959,537	15,525,610
Other assets	5,360,646	3,662,484
Property and equipment	6,914,501	2,672,726
Deferred income tax asset	1,142,962	8,071,652
<b>Total assets</b>	<b>248,197,115</b>	<b>200,634,182</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Customers' deposits	179,591,846	134,027,190
Balances due to banking institutions	3,664,172	3,803,610
Due to parent/group companies	5,571,849	8,898,091
Other liabilities	21,171,200	10,158,586
Current income tax payable	41,476	89,494
<b>Total liabilities</b>	<b>210,040,543</b>	<b>156,976,971</b>
Share capital	74,016,189	69,266,189
Accumulated losses	(38,364,759)	(29,853,633)
Statutory credit risk reserve	2,683,856	4,931,502
Fair value through other comprehensive income reserve	(178,714)	(686,847)
<b>Total shareholders' equity</b>	<b>38,156,572</b>	<b>43,657,211</b>
<b>Total liabilities and shareholders' equity</b>	<b>248,197,115</b>	<b>200,634,182</b>

### III. SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2019 Shs '000	2018 Shs '000
<b>Income</b>		
Interest on deposits and placements	3,775,941	962,170
Interest on loans and advances	29,132,055	18,705,025
Interest on investment securities	3,018,271	2,750,003
Fees and commission income	2,275,133	1,441,163
Foreign exchange income	2,616,450	2,360,975
Other income	468	2,520
<b>Total income</b>	<b>40,818,318</b>	<b>26,221,856</b>
<b>Expenditure</b>		
Interest expense on deposits	(10,462,640)	(6,506,278)
Interest expense on borrowings	(314,465)	(334,641)
Other interest expense	(339,279)	-
Impairment charge for credit losses	(11,309,991)	(766,596)
Management fees	(2,538,121)	(896,911)
Operating expenses	(18,861,477)	(16,970,887)
<b>Total expenditure</b>	<b>(43,825,973)</b>	<b>(25,475,313)</b>
<b>Net (loss)/profit before tax</b>	<b>(3,007,655)</b>	<b>746,543</b>
Income tax expense	(7,442,563)	(179,503)
<b>Net (loss)/profit after tax</b>	<b>(10,450,218)</b>	<b>567,040</b>
<b>Other comprehensive income</b>		
Fair value gain on financial assets at fair value through OCI	725,905	(1,125,166)
Deferred income tax (expense)/credit thereon	(217,772)	337,550
<b>Total comprehensive loss for the year</b>	<b>(9,942,085)</b>	<b>(220,576)</b>

### IV. OTHER DISCLOSURES

	2019 Shs '000	2018 Shs '000
<b>Contingent liabilities</b>		
Letters of credit	2,224,310	10,790,674
Guarantees and performance bonds	44,942,222	38,835,540
<b>Total</b>	<b>47,166,532</b>	<b>49,626,214</b>
<b>Commitments</b>		
Undrawn credit lines	10,112,690	8,670,590
<b>Total</b>	<b>10,112,690</b>	<b>8,670,590</b>
<b>Credit exposures</b>		
Non-performing loans	10,636,860	20,458,390
Interest in suspense	2,156,729	3,409,014
Bad loans written off	14,137,429	1,154,986
Large exposures	36,093,617	45,069,665
Insider loans exposure	1,500,952	1,141,855
<b>Capital Position</b>		
Core Capital	31,715,952	30,184,415
Supplementary Capital	1,416,515	800,459
<b>Total Qualifying Capital</b>	<b>33,132,467</b>	<b>30,984,874</b>
Total Risk Weighted Assets (RWA)	<b>254,479,913</b>	<b>151,138,734</b>
<b>Core capital to RWA</b>	<b>12.46%</b>	<b>19.97%</b>
<b>Total Qualifying Capital to RWA</b>	<b>13.02%</b>	<b>20.50%</b>

### MESSAGE FROM DIRECTORS

The above summary statement of financial position and summary statement of comprehensive income were audited by KPMG Certified Public Accountants Uganda and received an unqualified opinion. Commercial Bank of Africa (Uganda) Limited is regulated by Bank of Uganda. The financial statements were approved by the Board of Directors on 13 February 2020 and discussed with Bank of Uganda on 21 April 2020.

DR WILLIAM MUHAIRWE  
Chairman

ANTHONY NDEGWA  
Chief Executive Officer

#### Head Office

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www.cbagroup.com  
CBAU is regulated by Bank of Uganda  
Deposits are protected by the Deposit Protection Fund of Uganda

