

Summarised Audited Financial Statements for the year ended 31 December 2019

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF FINCA UGANDA LIMITED (MDI)

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 FINCA Uganda Limited (MDI) ("the Company") 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 Microfinance Deposit-Taking Institution (MDI) Act, 2003.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Microfinance Deposit-Taking Institution (MDI) Act, 2003 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 29 April, 2020. That report also includes;

- Other Matter paragraph relating to the impact of uncertainties due to the Covid-19 on our audit, and the resulting uncertainty for the future financial position and performance of the Company.
- 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 directors are responsible for the preparation of the summary financial statements in accordance with the Microfinance Deposit-Taking Institution (MDI) Act, 2003.

Auditors' 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
 3rd Floor, Rwenzori Courts,
 Plot 2 & 4A, Nakasero Road
 P.O. Box 3509, Kampala, Uganda

Date: 29th April 2020

STATEMENT OF FINANCIAL POSITION

	2019 Ushs' 000	2018 Ushs' 000
ASSETS		
Cash on hand	5,169,448	4,571,725
Deposits and balances due from other financial institutions	37,294,517	26,729,754
Loans and advances to customers	113,266,787	98,326,715
Tax recoverable	-	-
Other assets	4,198,691	2,852,406
Deposit with Bank of Uganda	124,446	111,368
Property and equipment	21,362,248	16,388,014
Intangible assets	2,104,744	2,380,081
Total Assets	183,520,881	151,360,063
LIABILITIES AND SHARE HOLDERS' EQUITY		
LIABILITIES		
Customer deposits	87,462,411	75,901,436
Other liabilities	8,214,577	3,692,345
Amounts due to related parties	285,180	247,798
Deferred grants	1,698,197	764,508
Notes payable	38,155,437	27,879,954
Income tax payable	1,243,304	63,221
Deferred tax liability	1,029,393	1,088,055
Total liabilities	138,088,499	109,637,317
Reserves		
Share capital	13,893,324	13,893,324
Share premium	6,795,620	6,795,620
Capital fund	3,449,905	3,449,905
Proposed dividend	4,157,076	2,242,061
Regulatory reserve	3,261,309	2,386,612
Retained earnings	13,875,148	12,955,224
Total shareholders equity	45,432,382	41,722,746
Total liabilities and shareholders equity	183,520,881	151,360,063

OTHER DISCLOSURES - CAPITAL ADEQUACY

	2019 Ushs' 000	2018 Ushs' 000
Capital Position		
Core Capital	34,564,092	33,644,168
Supplementary capital	4,529,291	4,405,228
Total qualifying capital	39,093,383	38,049,396
Total Risk Weighted Assets (RWA)	148,391,373	125,293,167
Core Capital to RWA	23.29%	26.85%
Total Qualifying Capital to RWA	26.34%	30.37%

OTHER DISCLOSURES - CREDIT EXPOSURES

	2019 Ushs' 000	2018 Ushs' 000
Credit Exposures		
Non-performing loans and other assets	5,830,612	8,724,121
Interest in suspense	718,169	847,320
Bad debts written off	4,679,196	5,035,294
Insider loan exposures	72,193	60,114

Message from Directors:

The directors have the pleasure to share with you the summarized audited financial statements for FINCA Uganda Limited (MDI) for the year ended 31st December, 2019. The above summarised statement of financial position, summarised income statement and other disclosures were audited by KPMG and received an unqualified opinion.

The financial statements were approved by the Board of Directors on 23rd March, 2020 and discussed and approved by Bank of Uganda on 21st April, 2020.



Olive Lumonya Birungi
 Board Chairperson



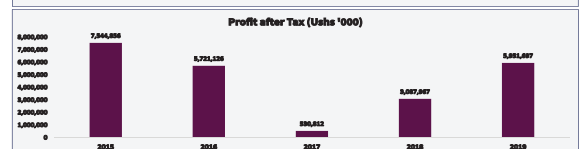
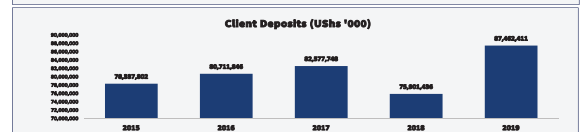
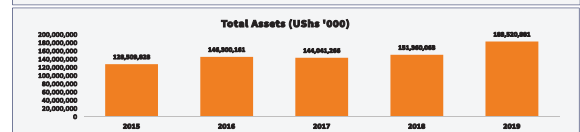
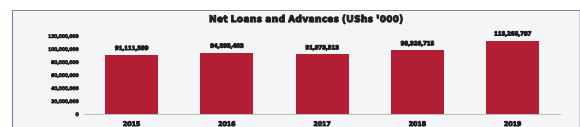
James Onyutta
 Managing Director



Claire Akampulira Ochienghs
 Head Legal & Company Secretary

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2019 Ushs' 000	2018 Ushs' 000
Interest income	46,089,518	39,622,245
Interest expense	(11,546,058)	(9,777,708)
Net Interest Income	34,543,460	29,844,537
Fees and commission income	8,089,079	7,549,521
Fees and commission expense	(11,066)	(101,202)
Net fee and commission income	8,078,013	7,448,319
Grant income	416,548	98,459
Other income	2,149,418	2,471,481
Net operating income	45,187,439	39,862,796
Employee benefit expense	(16,643,604)	(15,856,011)
Other operating expenses	(15,188,105)	(15,901,213)
Grant expenses	(326,908)	(215,212)
Impairment losses on loans and advances	(4,146,972)	(3,313,875)
Profit before tax	8,881,850	4,576,485
Tax charge	(2,930,153)	(1,488,518)
Profit for the year	5,951,697	3,087,967
Other comprehensive income	-	-
Total comprehensive income	5,951,697	3,087,967



FINCA Uganda Financial Year 2019

Managing Director's Statement



James Onyutta

66 We closed 2019 with great momentum towards accomplishment of our strategic goal of being the preferred financial service provider for low income individuals in Uganda.

2019 has been a year of great success for FINCA Uganda. Over the year we focused on digitization of our operations, diversification of our products/services and augmenting our customer experience while continuing to build trust through the expertise of our employees, a journey we refer to as "FINCA 2.0".

These focus areas have seen the company register improved financial performance in the year. Our Profit after Tax grew by 92.7% from Ugx. 3 billion to 5.9 billion, Total assets grew by 21.2% from Ugx 151.3billion to 183.5billion, Net Loans and Advances have grown by 15.2% from Ugx 98.3billion to 113.2billion and Customer Deposits growing 15.2% from Ugx 75.9billion to 87.4billion.

We continued to enhance our customer experience with deployment of mobile banking solutions, implementation of Online Banking, expansion of our local and international remittance service offerings and diversification of our product offerings leading to increased credit demand in key sectors of agriculture, trade and commerce.

We continue to invest in business automation solutions. In 2019 we heightened our data analytics capabilities allowing for faster credit decision and better understanding of

Profit After Tax

UGX **5.9 billion**

2018: Ugx 3 billion

Total Assets

UGX **183.5 billion**

2018: Ugx 151.3 billion

Net Loans & Advances

UGX **113.2 billion**

2018: Ugx 98.3 billion

Customer Deposits

UGX **87.4 billion**

2018: Ugx 75.9 billion

our customer and upgraded our Customer relationship management solution in support of our establishment of a state of the art customer service center.

The company is unwavering in its commitment to give back to the community it serves, we continue to support over 10 needy students in achievement of their tertiary educational dreams and supported multiple individuals through our community outreach programs across the country.

We closed 2019 with great momentum towards accomplishment of our strategic goal of being the preferred financial service provider for low income individuals in Uganda. The management and board are fully constituted and committed

to driving the company towards achievement of this goal.

As we get into 2020, we cannot overlook the impact that Novel Coronavirus "COVID-19" will have on our overarching business goals. FINCA Uganda is very well placed to overcome these challenges. Our priority and commitment is the health, safety, wellbeing and continued service to our employees, clients and partners. The company remains committal even in the face of this unprecedented situation to support and provide uninterrupted service to you our clients.

Thank you very much stay safe and remember to follow the guidelines given to us by the health experts in preventing the spread of COVID 19.

YEAR IN

Focus



FINCA's Executive Director and senior management receive the 2019 Consumers Choice award for the Best Microfinance Institution in Uganda



FINCA Mitvana branch hands over benches to a client's school which was burnt down



FINCA CSR Donation Project



FINCA Koboko team cleans the street as a CSR activity

CUSTOMER NOTICE

Together For A Healthier Tomorrow

Effective 15th April 2020, FINCA is offering a range of credit relief exceptions including a repayment holiday of up to 3 months to our customers who are or will be negatively affected by the Covid-19 pandemic. This will be done on a case by case basis at the discretion of FINCA Uganda.

To qualify for a payment moratorium, borrowers must not have arrears exceeding 60 days by the 1st of April 2020. Clients are required to request for the repayment moratorium in writing. Please go to the nearest branch to discuss details with our relationship management team.

Terms and conditions apply.

Management.