

2019 ANNUAL RESULTS



Arthur Isiko | Managing Director

MANAGING DIRECTOR'S MESSAGE

Building and creating a lifetime of meaningful partnerships with our communities, businesses, and individuals that we serve has always been at the heart of our operations. Our commitment to this promise remains unwavering.

2019 PERFORMANCE HIGHLIGHTS

I wish to thank all our valued customers and stakeholders for their patronage over the years. I am pleased to share highlights of our 2019 performance with all our stakeholders and provide a view of our future journey together.

During the year 2019, the bank continued to pursue its responsible and sustainable growth strategy that led us to deliver UGX 20 billion in net earnings, thus exceeding our 2018 results by 33% and further strengthening our capital levels. Client lending activity remained strong with loans and advances growing by 15% over 2018, largely to small and medium enterprises (SMEs). We upheld our goal of committing funds to the biggest impact areas of our economy - education, trade, manufacturing and construction. In the same period, while our customer deposits marginally grew by 2%, our off-balance sheet commitments exceeded expectations with a 47% growth rate, underscoring our efforts to finance trade and infrastructure in Uganda.

35 YEARS OF SERVICE IN UGANDA

In 2020, the bank celebrates 35 years of service in Uganda marking a colorful journey of strong and meaningful partnerships built with clients, community, partners and other stakeholders. From a small Ugandan-owned deposit-taking private company within a family conglomerate, we are proud to have tremendously evolved, growing to be part of a bigger pan-African banking group that is present on four continents and in more than 30 countries, while retaining our Ugandan heritage.

We thank all our stakeholders - our clients, our employees, our regulators, our partners, our directors, our shareholders, and the general public, for the confidence they have placed in this great institution over the years. As we look to the next decade of service, we shall continue to capitalize on our heritage that allows us to apply our multi-cultural DNA to fuse local market knowhow with international best practice that comes with being part of a strong banking group. This combination will allow us to continuously improve as we deliver relevant financial solutions to our clientele.

SUSTAINABLE GROWTH AND DEVELOPMENT FOR ALL UGANDANS

As a responsible business, we are increasingly placing emphasis on environmental, social, and governance (ESG) aspects relating to all our investment and operational decisions, as well as our engagement with the public. Our ESG model is enshrined in six commitments which are all aligned to the United Nations Sustainable Development Goals:



Promoting business ethics and responsible customer relationships

We maintained multi-channel customer engagement and feedback mechanisms and reiterated our commitment to protecting customer data through continuous enhancements to our information security systems.

>95% SME suppliers

We also continue to support the development of SMEs with over 95% of our suppliers being Ugandan SMEs.



Promoting sustainable finance for all

>\$20M

We continued to bring impact to the economy by deploying over US\$20 million in financial support to SMEs in the education, trade, and construction sectors. We also launched the Agent Banking service, allowing the Bank to reach the under and unbanked population, thus supporting financial inclusion.



Being a great place to work

>50% women

We maintained an equal opportunities environment for all our staff by encouraging women to participate in available opportunities. More than 50% of our workforce are women, with more than 30% in managerial positions. We also committed over 9,000 hours to develop and skill our 450+ employees. We also undertook various staff wellbeing programs including but not limited to wellness, financial literacy, and health camps to promote a healthy work-life balance.



Promoting good governance and risk management

During 2019, we had the transition of the outgoing board leadership (former Chairman, Mr. John Carruthers, Mr. Mohan M. Kiwanuka, and Ms Kathleen Goense), whose contribution to the Bank's growth over the years has been enormous, and welcomed the new Board Chairman, Mr. George Egaddu, together with new Board members, Mr. Conrad Nkutu and Mr. Henri Laloux, and more recently in 2020, Mr. Musisi Kiwanuka, all of whom come from diverse backgrounds with a broad wealth of knowledge and experience that the Bank and stakeholders will benefit from. We also held key governance and risk management engagements for the board, management, and clientele of the Bank. We also continued to maintain complete and certified financial information to better inform decision making of our stakeholders.



Protecting our environment

↓CO₂

We continued to actively monitor and encourage eco responsible practices with respect to our water, electricity, fuel, and paper use. Additionally, we pursued the use of video conference technology to limit physical travel thus decreasing our carbon emissions. All our branches are accessible for persons with reduced mobility.



Promoting community interest and stakeholder dialogue

>800 SMEs

We organized and facilitated over 30 forums and engaged over 800 SMEs countrywide on how to contribute to the development of the country particularly emphasizing quality education, economic growth, and infrastructure development.

Building and creating a lifetime of meaningful partnerships with our communities, businesses, and individuals we serve has always been at the heart of our operations. Our commitment to this promise remains unwavering.



The year 2020 is off to unprecedented disruptions and challenges for us all as the social-economic impact of the COVID-19 pandemic to individuals, families, and businesses grows across the country and the globe. We are sensitive to these challenges and are expanding our assistance measures to support and reassure all Ugandans (individuals, businesses, and communities) that we are here to help in this time of uncertainty. Our focus on serving you during this time is of primary concern to us.

Consequently we have instituted the following measures to provide support during and after this difficult period:

Loan holiday package: All our borrowing customers whose income has been impacted by the COVID-19 pandemic are eligible for consideration for credit relief packages of up to 12 months.

Transactions: Our digital tools and other self-service resources for banking and 24/7 account access have been optimized for all individuals and businesses to access. You can access your account and transact online, on your phone, pay bills, and make transfers across various domestic and foreign financial institutions.

We have contributed financially directly and through the Uganda Bankers Association towards the support of government's efforts to fight this pandemic.

We pledge to stand with all Ugandans during this trying time and we shall continue to do everything within our ability to support related mitigation and recovery efforts.

SUMMARY FINANCIAL STATEMENTS | 31ST DECEMBER 2019

BANK OF AFRICA IN UGANDA IS REGULATED BY BANK OF UGANDA

1. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF BANK OF AFRICA - UGANDA LIMITED

Opinion

The summary financial statements, which comprise the summary statement of financial position 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 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 our report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Bank's audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 25 April 2020. That report also includes 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 for 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 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
3rd Floor, Rwenzori courts, Plot 2 & 4A, Nakasero Road
P O Box 3509, Kampala, Uganda
25 April 2020

2. SUMMARY STATEMENT OF FINANCIAL POSITION

	2019 Shs '000	2018 Shs '000
ASSETS		
Cash and balances with Bank of Uganda	120,203,019	104,711,776
Deposits and balances with other banking institutions	16,373,548	66,592,568
Deposits due from group companies	31,572,536	48,571,000
Government securities (Investments)	170,423,346	175,653,259
Loans and advances to customers	397,152,447	344,144,772
Other assets	17,197,133	19,590,658
Property and equipment	29,666,449	13,072,232
Operating lease prepayments	-	2,956,150
Intangible assets	4,175,428	4,736,191
Deferred income tax asset	16,306,547	18,901,252
Total assets	803,070,453	798,929,858
LIABILITIES AND SHAREHOLDERS' EQUITY		
Customer deposits	578,563,182	568,868,619
Deposits and balances due to other banking institutions	6,581,280	39,435,118
Deposits due to group companies	57,575,138	58,403,000
Other borrowings	608,517	884,809
Other liabilities	34,750,567	17,954,378
Current income tax liability	1,468,530	1,531,210
Total liabilities	679,547,214	687,077,134
Share capital	46,775,206	46,775,206
Share premium	23,614,439	23,614,439
Regulatory credit risk reserve	1,834,000	-
Retained earnings	51,299,594	41,463,079
Total shareholders' equity	123,523,239	111,852,724
Total liabilities and shareholders' equity	803,070,453	798,929,858

3. STATEMENT OF COMPREHENSIVE INCOME

	2019 Shs '000	2018 Shs '000
INCOME		
Interest on deposits and placements	2,687,868	2,276,351
Interest on loans and advances	51,771,451	45,910,868
Interest on investment securities	18,151,132	20,089,002
Foreign exchange income	10,199,393	7,599,124
Fees and commissions income	27,645,803	26,303,659
Other income	5,160,149	2,216,954
Total income	115,615,796	104,395,958
EXPENDITURE		
Interest expense on deposits	8,968,308	8,286,637
Interest expense on borrowings	3,065,737	3,457,155
Provisions for bad and doubtful debts	2,621,913	5,635,136
Management Fees	-	-
Operating expenses	69,448,968	60,814,503
Fees and commission expense	4,811,353	6,377,988
Total expenditure	88,916,279	84,571,419
Profits before tax	26,699,517	19,824,539
Taxation	(6,545,737)	(4,676,169)
Profits after tax	20,153,780	15,148,370
Other Comprehensive Income	-	-
Total Comprehensive Income	20,153,780	15,148,370

4. OTHER DISCLOSURES

	2019 Shs '000	2018 Shs '000
CONTINGENT LIABILITIES		
Letters of credit	30,820,000	23,270,625
Guarantees and performance bonds	153,660,723	103,082,389
Total	184,480,723	126,353,014
COMMITMENTS		
Undrawn stand-by facilities	17,891,029	17,288,946
Total	17,891,029	17,288,946
Non-performing loans and other assets	8,289,863	6,261,134
Interest in suspense	2,417,366	1,485,179
Bad debts written off	3,667,000	3,451,657
Large loan exposures	312,429,098	274,059,770
Insider loan exposures	578,799	1,351,646
CAPITAL POSITION		
Core capital	92,058,000	77,630,000
Supplementary capital	4,901,000	3,739,000
Total qualifying capital	96,959,000	81,369,000
Total risk weighted assets (RWA)	558,073,000	519,791,000
Core capital to RWA	16.5%	14.9%
Total qualifying capital to RWA	17.4%	15.6%

5. TRENDS



The financial statements were approved by the Board of Directors and Bank of Uganda on 6 February 2020 and 8 April 2020 respectively.

Chairman, Managing Director, Executive Director, Company Secretary

As strong as a group, as close as a partner