



MANAGING DIRECTOR'S MESSAGE



Dear Esteemed Stakeholders,

I am delighted to share with you FINCA Uganda's performance for the year 2022, as audited by our esteemed financial experts. Despite the unprecedented challenges posed by the global COVID-19 pandemic that have impacted the banking industry, FINCA Uganda has displayed unwavering strength and resilience, achieving remarkable growth in various key areas. We registered a Net Income of Ugx. 3.18 billion at the end of 2022 a 30% increase from our 2021 position.

Our net loans and advances to customers registered an impressive growth of 8%, reaching a notable Ugx. 131.7 billion in 2022, compared to Ugx. 122.4 billion in the previous year. This remarkable achievement was driven by enhancement in technology, a dedicated sales team performance, increased customer service, and a notably increased demand for credit by our customers.

Customer deposits and accrued interest balances amounted to 109 billion at the end of 2022. When not invested in loans

Financial Performance 2022

and advances, our treasury and finance teams ensured that these funds were strategically placed to guarantee you the best returns. Investments with other financial institutions amounted to Ugx. 23.4 billion, while our investments in Treasury Bills significantly increased from Ugx. 1.6 billion to an impressive Ugx. 4.5 billion, motivated by the favorable Treasury Bill rates during the period. This prudent investment approach exemplifies our ability to optimize our portfolio while effectively mitigating risks in a volatile market.

Our net loans and advances to customers registered an impressive growth of 8%, reaching a notable Ugx. 131.7 billion in 2022, compared to Ugx. 122.4 billion in the previous year.

In order to meet the growing demand for credit in the period, FINCA Uganda proactively increased its borrowings by 7%, from Ugx. 21.7 billion to Ugx. 36.7 billion in 2022.

I am delighted to note that our shareholders' funds also increased by an impressive 7%, reaching a commendable Ugx. 45.8 billion in 2022. Our core capital and total capital adequacy ratios stood at a remarkable 23.60% and 26.44% respectively, well above the regulatory requirements of 15% and 20% respectively, further exemplifying our strong financial position and best-in-class risk management practices.

At FINCA the customer is central to what we do. In 2022 we continued to invest in improving our customers' experience,

through technological enhancements and establishing best-in-class services that make financial services easy, fast, and fun. In 2022 we fully rolled out a Digital Financial Services (DFA) application that allows for customer onboarding and loan processing anytime, anywhere, our VISA Card solution in partnership with United Bank for Africa was fully rolled out to the market and we recently deployed an AI smart Chatbot named "FLORA" to enhance customer engagement and further financial education. Leveraging on these investments FINCA Uganda will expand its footprint through noncash service centers bringing formal financial services to our customers' doorsteps.

I am immensely proud of our exceptional team at FINCA Uganda for their unwavering hard work, dedication, and perseverance in navigating a year amidst all economic odds. Their commitment to our cherished values and purpose, along with our strategic investments in digitalization and upskilling, has empowered us to continue delivering exceptional and innovative services to our esteemed customers and communities.

As we forge ahead, I am unequivocally confident that FINCA Uganda is impeccably positioned to redefine the future in new and unprecedented ways. We remain passionately committed to making a positive and lasting impact in the lives of our esteemed customers, stakeholders, and the world at large. We are truly excited about the myriad of opportunities that lie ahead.

On behalf of the staff, management, board, and shareholders of FINCA Uganda, I extend my heartfelt gratitude to our esteemed stakeholders, including our esteemed customers, and partners, for their unwavering support. Together, we will continue to strive for unrivaled excellence, driving sustainable growth, and creating a brighter and more promising future for all.

Thank you.

James Onyutta,
Managing Director - FINCA Uganda

FINCA UGANDA - 30 YEARS ANNIVERSARY

2022 was a very special year for FINCA Uganda, we celebrated our 30th Anniversary. Throughout these years we relish each victory, learnt from every flaw, and supported each other in the most difficult times, always with the heart in the right place and the mind aligned with the ambition. We always know where to go, aware that sometimes the path is not always a straight line, but with perseverance, expertise, and innovative thinking we manage to make this journey easier.

With gratitude, we thank the pioneers of FINCA who had not only set up the first private Financial Institution with the focus of the low-income earners in the country but had a vision to build it up as the best performing with a trend setting financial institution in Uganda. The endeavor of the investors, sponsors, the Board, all levels of management, the patrons and the valued clientele earned for FINCA an enviable position.

30 years anniversary is the right moment for us all to renew our pledge to further strengthen the position of FINCA Uganda. To remain in the position of a leading Financial Institution, our "touch tech" approach gives our customers the support they need to make the most out of their relationship with FINCA — to grow their businesses, provide for their families, and employ people in their communities. This holds especially true for our

low-income customers, who traditionally have less access to capital. We are proud that nearly half of our customers with savings accounts in Uganda are small to medium earners, and that FINCA is giving more Ugandans the ability to make choices about their financial futures.

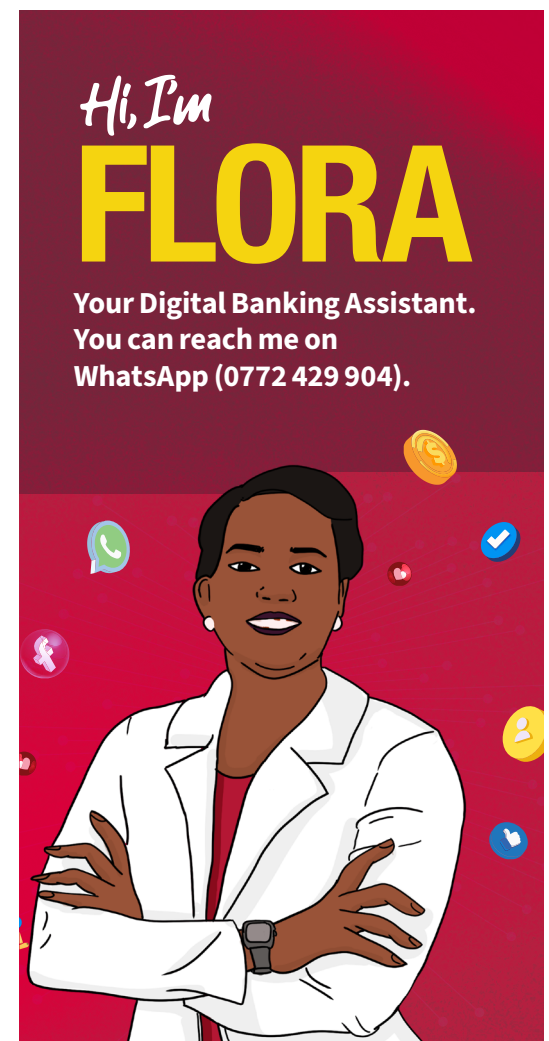
Our celebration is not so much a festivity, but a solemn occasion to pause and look back at this thirty-year journey. A moment to look ahead at the mountains we must still climb.

We salute and pay tribute to some of our founding members, who passed in 2022, Mr. Rupert Scofield and Mr. James Ssemakadde. Their passing leaves a multi-billion empire that provides a livelihood to tens of thousands of Ugandans, a foundation that supports the poor members of our communities, and a legacy that inspires generations of entrepreneurs.

Looking ahead, we envision a future where technology will empower our customers to access more self-services tools and platforms, freeing up a lot more time to enjoy life without the hassle of queuing for banking services. We see our vision to be the premier provider of digital financial solutions suited to the needs of the diverse people of Uganda becoming a deeply entrenched reality for our customers.

Here's to the future!

These congratulations are thus to all of us. Thank you!



Summarised Audited Financial Statements for the Year Ended 31 December 2022

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 2022, the summary statement of profit or loss and other comprehensive income for the year then ended and other disclosures are derived from the audited financial statements of FINCA Uganda Limited (MDI) for the year ended 31 December 2022.

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 (External Auditors) Regulations, 2010 and the Microfinance Deposit-Taking Institution (MDI) Act, 2003.

SUPPLEMENTARY INFORMATION

Our audit of the summary financial statements was conducted for the purpose of forming an opinion on those summary financial statements. The supplementary information presented with the summary financial statements is presented for purposes of additional analysis, is not a required part of those financial statements. Such information is the responsibility of management, and that information is not covered by our report.

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, 2012 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 26 April 2023. The report also includes 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 period.

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 (External Auditors)

Regulations, 2010 and 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".

BDO East Africa

BDO East Africa
Certified Public Accountants of Uganda
6th Floor Block C, Nakawa Business Park
Plot 3-5 New PortBell Road
P.O. Box 9113, Kampala, Uganda

Date: 27th April 2023

STATEMENT OF FINANCIAL POSITION

	2022 Ushs' 000	2021 Ushs' 000
ASSETS		
Cash on hand	17,198,921	13,931,477
Deposits and balances due from other financial institutions	23,373,851	27,098,618
Loans and advances to customers	131,650,123	122,380,200
Other assets	6,301,894	7,743,576
Tax recoverable	-	279,604
Government securities	4,517,304	1,602,658
Deposit with Bank of Uganda	179,328	159,856
Property and equipment	18,754,575	19,827,383
Intangible assets	6,393,891	4,681,641
Total Assets	208,369,887	197,705,013
LIABILITIES		
Customer deposits	109,744,648	113,091,833
Other liabilities	10,684,007	15,491,160
Deferred grants	856,182	971,283
Notes payable	36,724,575	21,709,799
Other provisions	182,000	110,000
Income tax payable	234,975	-
Deferred tax liability	878,023	447,842
Total liabilities	159,304,410	151,821,917
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	1,922,660	1,133,135
Regulatory reserve	4,005,855	3,462,635
Retained earnings	18,998,113	17,148,477
Total shareholders equity	49,065,477	45,883,096
Total liabilities and shareholders equity	208,369,887	197,705,013

OTHER DISCLOSURES - CAPITAL ADEQUACY

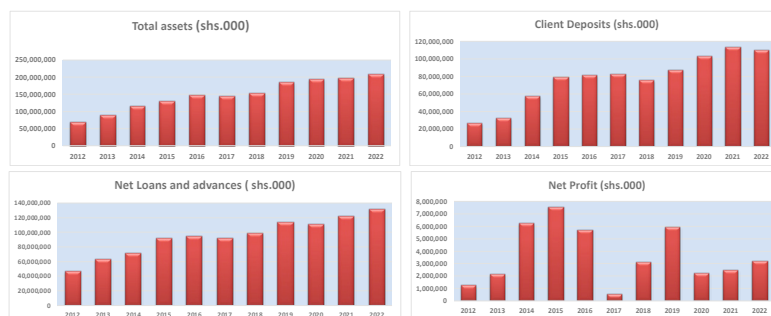
	2022 Ushs' 000	2021 Ushs' 000
Capital Position		
Core Capital	39,687,057	37,837,421
Supplementary capital	4,676,602	4,554,555
Total qualifying capital	44,363,659	42,391,976
Total Risk Weighted Assets (RWA)	167,775,252	160,052,524
Core Capital to RWA	23.65%	23.60%
Total Qualifying Capital to RWA	26.44%	26.44%

OTHER DISCLOSURES - CREDIT EXPOSURES

	2022 Ushs' 000	2021 Ushs' 000
Credit Exposures		
Non-performing loans and other assets	10,619,532	12,153,145
Interest in suspense	700,808	1,382,605
Bad debts written off	8,052,282	7,698,982
Insider loan exposures	42,390	124,754

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2022 Ushs' 000	2021 Ushs' 000
Interest income	45,672,410	40,928,358
Interest expense	(12,843,789)	(12,228,577)
Net interest income	32,828,621	28,699,781
Fees and commission income	8,613,337	8,012,390
Fees and Commission expense	(198,051)	(128,340)
Net fee and commission income	8,415,286	7,884,050
Investment income	2,767,251	3,399,326
Grant income	3,570,196	1,926,428
Other income	618,834	932,004
Net operating income	48,200,188	42,841,589
Employee benefit expense	(19,199,914)	(17,176,929)
Other operating expenses	(16,676,708)	(15,126,743)
Grant expenses	(304,840)	(125,986)
Impairment losses on loans and advances	(6,682,641)	(6,516,376)
Finance costs	(417,814)	(454,083)
Profit before tax	4,918,271	3,441,472
Tax charge	(1,735,891)	(998,621)
Profit for the year	3,182,380	2,442,851
Other comprehensive income	-	-
Total comprehensive income	3,182,380	2,442,851



Total Assets

UGX 208 Million

Loans & Advances

UGX 131.7 Billion

Client Deposits

UGX 109.74 Billion

Profit After Tax

UGX 3.182 Billion

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 31 December 2022. The above summarised statement of financial position, summarised statement of comprehensive income and other disclosures were audited by BDO East Africa and received an unqualified opinion.

The financial statements were approved by the Board of Directors on 20th March, 2023 and discussed with Bank of Uganda on 22nd April 2023.

Olive Lumonya Birungi
Olive Lumonya Birungi
Board Chairperson

James Onyutta
James Onyutta
Managing Director

Claire Akampulira Ochienghs
Claire Akampulira Ochienghs
Head Legal & Company Secretary