

PUBLICATION OF SUMMARY FINANCIAL STATEMENTS OF FINANCE TRUST BANK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

I. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF FINANCE TRUST BANK LIMITED.

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statement of comprehensive income for the year then ended and other disclosures, are derived from the audited financial statements of Finance Trust Bank Limited 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 Act, 2004 (as amended 2016) Laws of Uganda and the Financial Institutions (External Auditors) Regulations, 2010.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards),

the Financial Institutions Act, 2004 (as amended 2016) Laws of Uganda and the Companies Act, 2012 Laws 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 26th April 2023. That report also includes:

- An emphasis of matter section that draws attention to Note 6(f) in the audited financial statements. Note 6(f) of the audited financial statements indicates that as at 31 December 2022 the bank had paid up capital of Ushs 27.785 billion which is below the minimum capital requirement

of Ushs 120 billion. Bank of Uganda granted the Bank an extension up to 30 June 2023 to rectify the capital position upon review of its capital restoration plan and approval of the same.

- The communication of other key audit matters. Key audit matters are those matters that, in our professional judgment, 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 Act, 2004 (as amended 2016) Laws of Uganda and the Financial Institutions (External Auditors) Regulations, 2010.

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*.

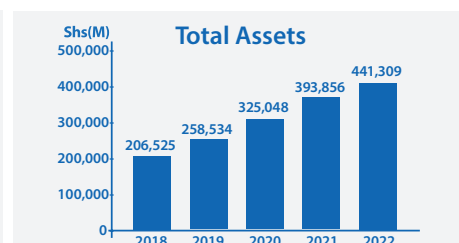
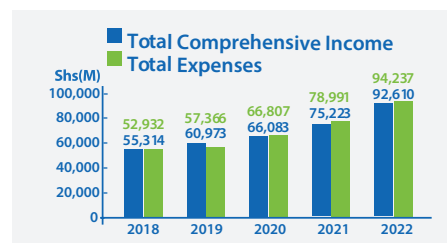
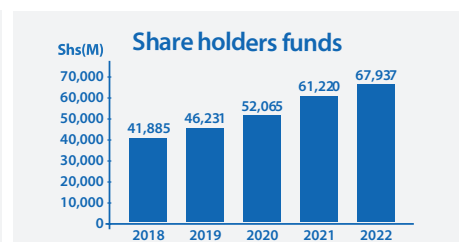
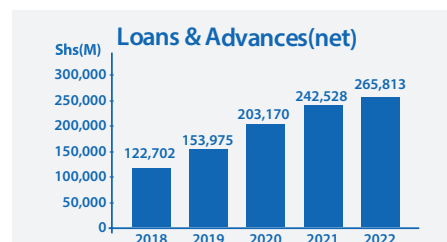
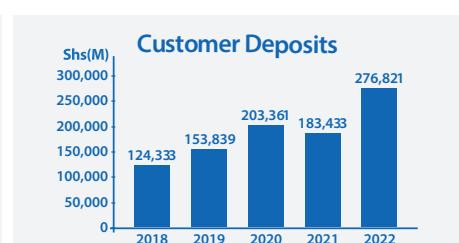


KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2& 4A, Nakasero Road
P.O. Box 3509
Kampala, Uganda
Date: 26th April 2023

II. SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022	2022 Shs '000	2021 Shs '000
Assets		
Cash and balances with Bank of Uganda	56,721,546	43,060,406
Balances with banking institutions	64,328,776	49,670,352
Loans and advances (Net)	265,813,219	242,527,791
Government securities (Investments)	11,723,797	25,912,416
Other assets	9,177,620	6,394,501
Property and Equipment & Right-of-Use Asset	30,919,399	23,299,115
Current income tax recoverable	112,109	-
Deferred income tax asset	-	-
Intangible assets	2,512,195	2,991,114
Total assets	441,308,661	393,855,695
Liabilities and shareholder's equity		
Customer deposits	276,821,049	183,432,709
Balances due to banking institutions	12,921,942	69,465,145
Borrowed funds	49,418,623	38,064,230
Lease liability	16,468,659	14,220,011
Other liabilities	16,591,002	26,738,078
Deferred tax liability	1,149,891	715,110
Total liabilities	373,371,166	332,635,283
Share capital	27,785,402	27,785,402
Retained earnings	34,719,456	26,484,639
Proposed dividends	-	1,831,150
Regulatory Credit Risk Reserves	5,432,637	5,119,221
Total Equity	67,937,495	61,220,412
Total liabilities and shareholder's equity	441,308,661	393,855,695

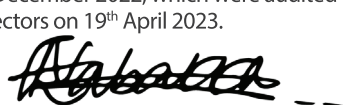
III. SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022	2022 Shs '000	2021 Shs '000
INCOME		
Interest on deposits and placements	4,606,626	4,836,753
Interest on loans and advances	76,033,043	61,378,040
Interest on investment securities	1,271,545	2,690,238
Foreign exchange income	724,363	635,279
Fees and commissions income	21,043,999	21,132,405
Other income	2,976,299	1,937,267
Total Income	106,655,875	92,609,982
EXPENDITURE		
Interest expense on deposits	14,048,090	12,574,760
Interest expense on borrowings	7,881,685	5,001,248
Provisions for bad and doubtful debts	7,694,754	4,604,769
Operating expenses	64,611,974	56,810,570
Total expenditure	94,236,503	78,991,347
Net profit before tax	12,419,372	13,618,635
Income tax expense	(3,871,139)	(4,462,885)
Net profits after tax	8,548,233	9,155,750
Other Comprehensive Income	-	-
Total Comprehensive Income	8,548,233	9,155,750

IV. OTHER DISCLOSURES	2022 Shs '000	2021 Shs '000
Contingent Liabilities		
Acceptances and letters of credit	-	-
Guarantee and performance bonds	4,740,117	4,922,121
Total	4,740,117	4,922,121
Commitments		
Commitments to lend	797,427	979,619
Total	797,427	979,619
Non-performing loans and advances	15,441,477	20,256,950
Interest in suspense	1,045,814	1,731,558
Bad debts written off	7,761,338	2,726,235
Insider loan exposures	2,499,729	2,500,335
Large loan exposures	-	-
Capital Position:		
Core capital	59,992,663	51,278,927
Supplementary Capital	2,625,613	2,382,133
Total qualifying capital	62,618,276	53,661,060
Total Risk Weighted Assets (RWA)	322,445,776	283,177,987
Core Capital to RWA	19.07%	18.11%
Total Qualifying Capital to RWA	19.90%	18.95%



V. MESSAGE FROM DIRECTORS

The above summary Statement of Financial Position and summary Statement of Comprehensive Income are derived from the financial statements of Finance Trust Bank Limited for the year ended 31 December 2022, which were audited by KPMG Certified Public Accountants and received an unmodified opinion. The financial statements were approved and authorized for issue by the Board of Directors on 19th April 2023.



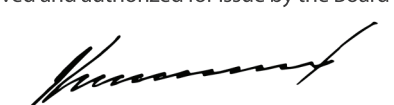
Chairperson, Board of Directors



Director



Managing Director



Company Secretary

FINANCE TRUST BANK PERFORMANCE HIGHLIGHTS



MANAGING DIRECTOR
Ms. Annet Nakawunde

Bank performance

It gives me great pleasure to announce that Finance Trust Bank has continued to make key strides toward serving the nation – Uganda. The bank has increased the financial inclusion of economically active citizens with a special focus on women while steadily and sustainably registering growth on several fronts.

The bank registered a 12% growth in total assets from Shs394bn in 2021 to Shs441bn, essentially attributed to the growth in the loan book. The bank improved its revenue generation capacity, registering a gross revenue upturn year on year of 15% from Shs93bn to Shs106bn. The net loans grew by 10% year on year from shs 243bn to 266bn. The bank registered a growth of 51.3% on the customer deposit book from Shs183bn in 2021 to Shs277bn in 2022.

These key performance indicators are a manifestation of the bank's resilience post-Covid and amidst the economic challenges arising out of the several global tensions that include the Ukraine – Russia war. The bank is poised to further its agenda of empowering communities economically, especially through women.

As the economy recovers, we have registered an 18% growth in the number of loans disbursed and many of these facilities were extended to sectors that had been adversely affected by Covid-19 & its aftereffects: like schools and places of entertainment.

Notwithstanding the economic shocks, the bank continued to aggressively grow its customer base with an addition of over 90,000 new customers for both individuals and corporate entities. This brand affinity is attributed to our continued innovation in products and improvement in service standards.

On another exciting note, the bank relocated its Head Office to better and more accessible premises at TWED Plaza, Plot 22B Lumumba Avenue. This bold move was necessary as the demands on our brand and Head Office staff count continue to grow. We also needed to ensure better accessibility for stakeholders that had challenges accessing the bank's Head Office at our former premises in Katwe.

In addition, the bank launched its first Corporate Branch at the same premises intended to serve our high net-worth customers. We are confident that this new addition to our network of branches will offer convenience to those that need quick banking in an environment reserved for corporate entities and individuals.

Technological Innovation

The bank has made improvements to its core banking system to enable easy inter-operation with third-party systems and spur further innovation while ensuring enhanced security. This will enable acceleration in the digital innovations specifically geared towards empowering our customers' access to more self-service options from the bank. This digital enhancement will improve our turn-around time in many of the services, increase our offering on digital channels and improve the value to all our stakeholders.

Product innovation

Core to our way of doing business is the ability to quickly respond to our customer's needs. Last year, the bank made innovations in the space of ensuring financial inclusion for those that have been excluded on religious grounds.

The introduction of the Trust Halal account, a simple account intended to eliminate the hurdles premised on interest payouts on savers accounts was a major breakthrough in the banking space for the Muslim faithfuls as the wait for regulations of Islamic banking continues.

The Trust Halal Account has no transaction fees and also receives no interest on member savings, keeping the Account consistent with Islamic laws. This account is highly appreciated by the market and will be a foundation stone upon which the bank will build its Islamic banking portfolio when regulations permit.

Partnerships

We have always relied on likeminded partners in whatever we do and 2022 was no exception on the following fronts:

The partnership with ACELI Africa aimed towards enabling the bank to venture more into the agricultural space, particularly for the SME. This move emboldened the bank to increase its funding in the entire agriculture value chain. This partnership will improve the delivery of non-bank services to SMEs in the form of training intended for capacity building and growth. Our partnership agenda deliberately extended to engaging with key farmer groups in the agriculture production value chain. Our intention is to offer our full range of banking services while preserving and improving the social and economic cohesion of our partners in the groups.

In our pursuit to reach more women, we are proud to have continued our partnership with the Nnabagereka Development Foundation (NDF). The family is core to our founding principle and women play a pivotal role in the family's wellbeing. Through NDF and the many activities aimed towards the social and economic transformation of women and children, we are proud to contribute to the very noble cause championed by Nnabagereka Sylvia Nagginda through NDF. We pledge our continued support as the objectives of this foundation resonate well with those of the bank.

The bank is playing a fundamental role in the implementation of the government's Parish Development Model (PDM) and the Emyooga programs. With this partnership, the bank has invested heavily in furthering financial literacy for economically active Ugandans to ensure capacity building and continuity for these groups. We have conducted Fin-Lit sessions for 100s of groups registered under the bank and are now in the advanced stages of integrating with the government technology infrastructure to enhance reporting and monitoring.

Our CSR

Over the years the bank has established itself as a key resource in offering financial literacy to women. Last year, we engaged over 10,000 women in various regions of the country skilling them in basic bookkeeping, financial decision-making, investment strategies, building capacity to grow their small businesses, human resource management, adaptation to new emerging technology, and dealing with the ever-changing economic environment. These trainings have improved the hitherto informal and subsistence businesses enabling them to experience growth and become more sustainable.

Core to our belief is that by reaching 10,000 women, we can impact 10,000 households, the dependents in those households and their respective communities.

We strongly believe that by reaching **10,000 women**, we are able to impact 10,000 households, the dependents in those households as well as their respective communities.

We could not do this without the support of various partners. We wish to appreciate the Uganda Revenue Authority for the financial support, MUBS for its resourcefulness during the training session, and PSFU which has worked with the bank in the development of a functional financial literacy curriculum and participating actively in training programs.

The bank will further its agenda of supporting economic development through micro and small businesses, as well as individuals, banking and creating the right business environment for corporate entities.

Customer Service Excellency is our mantra and we shall keep improving our systems to ensure a truly differentiated customer experience.

We thank our customers for their unwavering support of the bank amidst a rather teeming financial sector.

Our staff is the true definition of commitment. Their dedication and demonstration of the bank's core values in all the operations of the bank is remarkable. On behalf of Management, we are indebted.



Our Managing Director Ms. Annet Nakawunde addressing participants during one of the Banks Financial Literacy workshops at UMA hall in Kampala in April 2022



Launch of the Trust Halal Account by our Managing Director Ms. Annet Nakawunde and SALAM TV Managing Director of, Hajji Karim Kaliisa



Finance Trust Bank's managers attending a strategic workshop at Hot Springs in April 2022



Mr. Twinemanzi Tumubweine, the Bank of Uganda Director Supervision poses with the Finance Trust Bank Exco team during the Bank's Head Office launch event at Twed Plaza in December 2022