

BANK OF BARODA (UGANDA) LTD.

THE MINUTES OF THE 49TH ANNUAL GENERAL MEETING OF BANK OF BARODA (UGANDA) LIMITED HELD AT IMPERIAL ROYALE HOTEL, KAMPALA ON 27TH JUNE, 2019 AT 3.00 P.M.

PRESENT:

- | | |
|-------------------------------------|--|
| 1. MR. SEMPIJJA THADEUS | - ALTERNATE CHAIRPERSON |
| 2. MR. ASHWINI KUMAR | - MANAGING DIRECTOR |
| 3. MR. MANOJ KR. BAKSHI | - EXECUTIVE DIRECTOR |
| 4. MR. RAJNEESH SHARMA | - DIRECTOR |
| 5. MR. FRED KAKONGORO M. | - DIRECTOR |
| 6. MR. ODOCH CHARLES LANGOYA | - DIRECTOR |
| 7. MRS. ANNE T MBONYE | - COMPANY SECRETARY |
| 8. MR. NORBERT KAGORO | - AUDITOR –M/S.DELOITTE & TOUCHE' |
| 9. SHAREHOLDERS | - (As per attendance on record) |

Notice of the 49th Annual General Meeting of Bank of Baroda (Uganda) Limited was published in the daily Newspaper - The New Vision in its edition of 31.05.2019. The Annual Report was sent well in time to the shareholders containing the copy of the notice along with proxy and admission form. Soft copy of the Annual Report was also uploaded on Bank's website as well as on the website of Uganda Securities Exchange. Mr. K. R. Meena, Chief Manager (Internal Auditor) furnished the proxy of Bank of Baroda (India), the major (80%) shareholder of the company.

After Prayer and introduction of the members of the Board, the Managing Director, Mr. Ashwini Kumar welcomed the shareholders and said that Financial Year 2018 was a good year for the Bank as Bank witnessed growth on the balance sheet coupled with growth in income. Bank continued its growth drive on all major business parameters more particularly profitability and total advances. He said the growth was achieved due to continued focus on strategy execution.

The Managing Director then presented to the house the key financial highlights of the Bank for the financial year ended 31st December 2018, which depicted the inherent strength of the Bank as under:

1. Total Deposits increased by UGX 135.48Bn showing a growth of 11.61 % over the previous year.
2. Advances increased by UGX 124.99 Bn showing a growth of 19.56 % over the previous year.
3. Total Business i.e. Deposits + Advances increased by UGX 260.47Bn showing a growth of 14.42 % over the previous year.
4. Total interest income increased by UGX 10.55 Bn showing growth of 7.12% over the previous year.
5. Total interest expenses decreased by UGX 9.29 Bn showing a decrease of 15.86% over the previous year.
6. Gross profit increased by UGX 28.66 Bn showing increase of 45.50%.
7. Net Profit increased by UGX 24.06 Bn showing a growth of 48.74 % over the previous year.

8. Gross NPA at UGX 16,397 Mn (2.15% of total advances) and the net NPA UGX 9,481 Mn (1.24% of total advances).
9. Total Asset size increased by UGX 178.39 Bn showing a growth of 11.62% over the previous year.
10. Total net worth increased by UGX 44.20 Bn showing a growth of 13.39% over the previous year.

The Managing Director informed the shareholders that the good performance was the outcome of Bank's customer centric approach, hard work of the employees and good leadership qualities displayed by the Management throughout the year.

He further briefed the shareholders that in pursuit of providing the best IT enabled services, Bank introduced VISA enabled Debit cards and ATMs. Bank launched mPassbook and Mobile Banking applications for ease of customers and shared the plans to enter into Agency Banking platform, introducing POS among others.

The Managing Director further informed the shareholders that our Bank earned appreciation from various international organizations during the FY2017-2018 and 2019 by being identified for the awards like "Super Brands East Africa Choice", 2017-2018 by Superbrands and "The East Africa Best Employer 2019" by World HRD Congress. These coveted awards were received because of the inbuilt strength of the Bank which comprises of Bank's ability to translate vision into reality by aligning HR & business strategy, cultivating competencies for the future, managing diversified culture, ensuring employee engagement and providing equal Opportunities to Women.

The Managing Director concluded by placing on record his gratitude to all the stakeholders, esteemed customers for being part of the success of Bank of Baroda (U) Limited and reposing faith in the Bank.

The Managing Director summed up by extending thanks to his Director Colleagues on the Board of the Bank for ensuring good governance, Bank of Uganda for the guidance and support, Management & staff for the hard work and tireless efforts that resulted into good performance.

Thereafter, the Alternate Chairperson, Mr. Sempijja Thaddeus welcomed the shareholders to the 49th Annual General Meeting. He informed them that the Chairperson could not attend the meeting due to ill health. He briefed them about the financial results of the Bank. He said that Uganda's economy is showing a positive outlook supported by the monetary policy initiatives taken to rein in inflation which had spiraled to dizzy heights and that the government's extensive infrastructure development program is going to boost local activities & the focused steps taken for increasing food production, infrastructure development, health and education have led to direct improvement in the standard of living of the people across the board.

The Chairperson highlighted that the total business of the bank increased by 14.42%, deposits witnessed a growth of 11.61% over the previous year and net profit after tax increased by 48.74% over last year. He further informed that Bank expanded its bouquet of services by offering VISA enabled Debit cards. mPassbook and Mobile Banking.

He further emphasized that Bank is committed to ensuring good corporate Governance and has complied with all the applicable laws and regulations. He further informed that the Bank has also extended its commitment to be a part of the society through its Corporate Social Responsibility mainly in the area of environmental preservation and Health care.

On behalf of the Board of Directors, Management and Staff the Alternate Chairperson expressed his deep gratitude and sincere thanks to the government, all officials of the Bank of Uganda and Government Department for their continued guidance and support & acknowledged the valuable support received from all shareholders and customers. He then placed on record his appreciation to the valuable support and guidance of fellow Director Colleagues, thanked all staff members at various levels for the commendable work done by them during the year. He said that he was confident that the same zeal and enthusiasm will be continued by all ranks of staff members to take the Bank to glories in coming years.

After the speech of the Chairperson, Mr. Rajneesh Sharma, Director read the statement on behalf of the Global Managing Director & Chief Executive Officer of Bank of Baroda, India.

Thereafter, Mr. Nobert Kagoro, the Senior Partner with M/s. Deloitte & Touche Uganda, Bank's Statutory Auditor, read the Auditors' Report and briefed the financials of the Bank for the Financial Year 2018.

The Master of Ceremony then invited the Company Secretary to conduct the business transactions of the day.

Mrs. Anne T. Mbonye, Company Secretary put up the following Agenda for approval by the shareholders;

AGENDA ITEM No. 2019/49/01: CONFIRMATION OF THE MINUTES OF THE 48TH ANNUAL GENERAL MEETING

The minutes of the 48th Annual General Meeting held on 8th June, 2018 were already distributed to the shareholders:

Mr. Malkit Singh (Gomba Construction Company) (No. 163) moved the motion for approval of the minutes, which was seconded by Mr. Jalobo Jachan- SCD No. 12408.

“RESOLVED that the minutes of the 48th Annual General Meeting, which was circulated amongst the shareholders and placed in the Annual General Meeting, be and is hereby approved.”

AGENDA ITEM NO. 2019/49/02: FINANCIAL STATEMENTS

The Balance Sheet and Profit & Loss A/c of the Bank for the year ended 31.12.2018 duly audited by Deloitte & Touche and report of the Board of directors on the working

and activities of the Bank were circulated by post amongst all the shareholders well in advance, which included the notice of the business for discussion during the meeting.

The highlights of bank's performance during the year 2018 were as under:

- Total Deposits increased by UGX 135.48 Bn showing a growth of 11.61 % over the previous year.
- Total Business i.e. Deposit + Advances increased by UGX 260.47 Bn showing a growth of 14.42 % over the previous year.
- Balance Sheet increased by 11.62% in 2018 to Ushs 1,713.85 Bn from 1,535.46 Bn in 2017.
- Total Income increased by 12.60% in 2018 to Ushs195, 820Mn from 173,910Mn in 2017.
- Net Profit increased by UGX 24.06Bn showing a growth of 48.74 % over the previous year.
- Gross NPA as percentage of total advance reduced to 2.15% in 2018 from 5.56% in 2017.
- Capital Adequacy ratio as at 31st December 2018 was at 33.28 % as against the minimum stipulated capital of 12 % (Tier I + II).
- Return on assets was 4.46% as at 31.12.2018 whereas Return on shareholders' worth was 21.79% as at 31.12.2018.
- Total net worth increased by UGX 44.20 Bn showing a growth of 13.39% over the previous year.

Ms. Betty Kabakyenga (No 63908) moved the motion for approval of Financial Statement for the year 2018, which was seconded by Mr. Daniel Bakayana (No.69914) and it was:

“RESOLVED that the Balance Sheet as of 31st December 2018, the Profit & Loss Account for the year ended 31.12.2018 together with the Auditors' Report and the Directors' Report of Bank of Baroda (Uganda) Limited thereon, placed in the Annual General Meeting, be and is hereby approved.”

AGENDA ITEM No. 2019/49/03: DIVIDEND

The shareholders were informed that the Directors have recommended for payment of Final Dividend at the rate of UGX. 10 per share to the shareholders for the year ended 31st December, 2018 on the paid-up Share Capital of UGX 25 Bn.

Mr. Kakumirizi Joel Kyeyune (No.9795) moved the motion for approval of Final Dividend at the rate of UGX. 10 per share for the year ended 31st December, 2018, which was seconded by Grace Anne Oketcho (No.235448) and it was:-

“RESOLVED that dividend @ UGX 10 per share on all equity shares of UGX 10/- each fully paid-up be and is hereby declared for payment after deduction of Withholding Tax at Source as and when applicable to those members whose names appear on the Register of Shareholders of Bank of Baroda (Uganda) Ltd. on 27.06.2019.”

The resolution was approved unanimously.

AGENDA ITEM NO. 2019/49/04: DIRECTORS

The shareholders were informed about the appointment of the Directors as under:

Appointment of Dr. Fred Kakongoro Muhumuza as the Non-Executive Director of the Bank w.e.f. 22nd November 2018 and Mr. Odoch Charles Langoya as the Non – Executive Director of the Bank w.e.f 8th January 2019.

Mr. Meghji Magan Patel (No.110434) moved the motion to ratify the appointments of the Directors, which was seconded by Mr. Nilesh Thakker (No.376). It was:-

“RESOLVED that appointment of Dr. Fred Kakongoro Muhumuza and Mr. Odoch Charles Langoya as Non- Executive Directors of the Bank w.e.f. 22nd November 2018 and 8th January 2019 respectively is hereby ratified.

The resolution was approved unanimously.

AGENDA ITEM NO. 2019/496/05 :AUDITORS.

Shareholders were informed that the Board of Directors recommended appointment of M/s. Grant Thornton Certified Public Accountants as External Statutory Auditors of the Bank for the year 2019 for Financial Audit etc. (including IT Systems audit) at annual fees as approved by Board of Directors.

Mr. Paul Kahika (SCD No. 64262) moved the motion of appointment of M/s. Grant Thornton as Bank’s External Auditors as recommended, which was seconded by Dr. Sematiko Gordon Katende (SCD No.236642) and it was :-

“RESOLVED that M/s. Grant Thornton be and is hereby appointed as the Statutory Auditors of the Bank for the period commencing from the conclusion of this meeting up to conclusion of the next Annual General Meeting at annual fees as approved by Board of Directors.

The resolution was approved unanimously.

There being no other Agenda, the House was then opened for a question- answer session during which following questions were raised by shareholders which were responded to by the Managing Director and other Bank Officials.

1. **Mr. Kakumirizi Joel- SCD No. 9792**

Question/Suggestions:

1. What is management planning to do about Agency Banking?
2. About having a lady Director on the board of the Bank.

Answer (MD): Rolling out the Agency Banking platform got delayed due to technological issues majorly around accessing servers with the Bank's data base in India. However, the linking of servers is ongoing and the process is in advanced stages. He assured them that Bank shall have Agency Banking and is expected to be rolled out soon.

About having a lady Director on Board, the Managing Director reminded the shareholders that the Board of Bank is already comprised of 2 ladies i.e. Mrs. Vastina Rukimirana Nsanze (Chairperson) and Mrs. Ann T. Mbonye, Company Secretary. He then informed that that the Bank would be pleased to have more Lady Directors and will look into that as and when there is a plan to expand the Board.

2. **Hon. Oran Butele (Joyce Penina)- SCD No. 71463**

Question / Suggestions:

1. When is Arua Branch opening?

Answer (MD): Bank is still searching for suitable premises in Arua. Bank re-advertised to get premises for Arua branch but we were still not able to get suitable premises.

3. **Mr. Jalobo Jachan- SCD No. 12408**

Question / Suggestions:

1. Why did two (-2-)big listed companies decide to organize their Annual General Meetings on the same day and same time, was it intentional or by omission?
2. Withholding Tax: He was concerned about withholding tax eroding the dividends paid out to the shareholders. He asked whether the Bank and UBA could take up the matter with the tax authorities otherwise it seemed meaningless to him for Bank to give higher dividends when a big percentage is eroded by WHT.

Answer (MD): The Managing Director informed that it was by coincidence. The Bank had already put up announcement for AGM in the newspapers well in time.

Withholding Tax: The Managing Director advised that it is beyond Bank's control as Withholding Tax is deducted in compliance with the laws of the land. He further encouraged them not to be against the Tax. He however reassured the shareholders that to further their interest, the Bank has raised the dividend.

4. **Mr. Daniel Bakayana- SCD No. 69914**

Thanked Management for the increment in the dividend paid, from 75% to 100%, i.e. UGX 7.5 per share in 2017 to UGX 10 per share in 2018, which was acknowledged by the Managing Director.

5. **Namiro Sarah - Certificate No. 234894(Mr. Thomaston) - Proxy**

Question / Suggestions:

1. Is it here to say that money worth Ninety Billion shillings (UGX.90bn) was printed illegally and taken by Bank of Uganda officials?

Answer (MD): Managing Director said that appropriate authority is handling the case and added that he had no further comment for that.

6. **Mengo Hospital Investment (U),Martha Mukasa- SCD No. 199656 (Mr. Julius Masaba- Proxy)**

Question / Suggestions:

1. Employee expenses: Why costs on staff reduced, whether it was cost cutting?
2. What is the composition of staff, female and male?
3. Agenda: He did not get Copies of the Agenda and also requested for presentation of matters in brief on a projector/televised screen.

Answer: Managing Director informed that payment to employees is not a cost. He further informed that in 2017 the bank paid arrears to staff and the level of retirement was high which led to increased staff cost. He also added that the cost is likely to go up again in 2019 because of the newly recruited staff in 2019.

Staff Composition: He informed that the Bank is not gender biased in any way. The Bank has more than 43% of female staff in the bank.

Agenda: He informed that Agenda was provided in the Newspaper. The issue of providing projector screen with matters in brief will be explored.

7. Mr. Andrew Muhimbise – SCD No. 0032883

Questions / Suggestions:

- i. Thanked the Board for the record dividend.
- ii. Congratulated the Bank upon getting award for Super-brands East Africa's Choice.
- iii. Suggested that there should be balance of power between Bank of Baroda India owning over 80% and other shareholders having over 20%. Wants other shareholders to nominate and vote on directors on a one by one basis and suggested that Directors remuneration should be published in the financial statements.
- iv. Called for more Ugandans on the management team and also encouraged management to send the local staff to Baroda Apex Academy in India at whatever cost because it enables them to grow and drive the bank to greater heights.
- v. Asked about the impact of Merging Bank of Baroda India with 2 other Banks in India to Bank of Baroda Uganda.
- vi. Asked why the Bad Debts Written off had increased to 24Bn in 2018.
- vii. Observed that loss through FVT OCI is high i.e. UGX 18,947 Mn which reduced the profit to 54,474 Mn. why?
- viii. Observed that 75% of banks income is from Interest, What is Bank's plan on increasing non-interest income?
- ix. Observed that bank is having high cost deposits and yet bank is placing funds in overseas branches like New York and Mumbai for lower interest, asked what Bank has done to find cheaper funds.
- x. Said bye to MD in case his tenure comes to an end before next AGM.

Answers (MD):

- i. Appreciated the congratulatory message and further informed the shareholder that Bank had also got the award of "Super Brands East Africa Choice" and "East Africa Best Employer 2019" at a function in Tanzania. Award was received by Tanzanian counterpart on behalf of our Bank.
- ii. Assured the shareholders that there is balance of power and all shareholders are valued equally & their concern had been noted.

- iii. MD assured the shareholders that more training was planned for the local staff. He informed them that this year also, some staff and customers were sent to India at the Bank's cost so that Bank's clients can also get new business partners and ideas.
- iv. Impact of amalgamation: MD replied that the amalgamation of the parent Bank with 2 other banks in India is good for our Bank because it increases our presence pan India.
- v. Increased bad debts: As per the regulations issued under the FI Act, NPA Accounts after becoming loss assets are written off within 3 months of being identified as Loss assets.
- vi. Loss through FVT OCI being high; in terms of IFRS guidelines, we are supposed to show movement in AFS category of investment (net of deferred tax) through other comprehensive income. This is not a trading loss but it's a diminution in the value of AFS portfolio due to increase in yield across all the maturities of government securities during FY 2018.
- vii. Increase interest income. MD replied that in 2018 there was a big growth of approximately 44% in non-interest income and same is likely to increase in this area. However reminded that more expenses come with growth.
- viii. Cost of funds: MD replied that the Bank had introduced new product so as to attract lower cost funds through public deposits. Bank also launched a CASA campaign which has done well in the first quarter and bank will do more so that cost of funds goes down. He further said that due to the extant guidelines the Bank cannot lend more than 80% of its deposits and the remaining deposits available are invested so that the Bank can earn on it.

Mr. Rajneesh Sharma, Director on the Board was then invited to answer some of the questions raised:

Balance of Power among shareholders: Mr. Sharma said that the parent Bank considers all persons to have equal right irrespective of the shares.

Composition of the Board and Management: Mr. Sharma said that the Board can be expanded if the business grows and that governance should be increased tactfully.

Staff training: Mr. Sharma informed that the parent Bank had organized training for all subsidiaries in their highly Technical Institute. Bank does not hesitate to invest in human asset. He also informed them that Bank's staff had been admired by our Global Managing Director and Executive Director.

Increased expenses: He said that to make money, one needs to spend first and so it was normal for Bank's expenses to go up and informed that Bank shall continue making investment especially in human capital.

Impact of merging: He informed the shareholders that as per the Govt. of India directives, Dena Bank and Vijaya Bank were merged with our Parent Bank with effect from 01-04-2019. It enhanced our presence throughout India.

He shared that the biggest benefit was that the parent Bank had a small presence in the southern part of India whereas Vijaya Bank was strong in this part. Now the parent Bank has major presence in over two thirds of India and thus Bank's clients can enjoy overseas banking in a wider area now.

The biggest challenge was different technological platform used by Dena Bank & Vijaya Bank, which was to be amalgamated into our technological platform to make the things common & smooth.

High Rate of Interest: He said that Rate of Interest was high in India some time back But ROI depend upon economic situation and international markets. He said that he is confident that the rate of interest will come down in 2 to 3 years as the utilization of natural resources and investment improves.

8. Sahuli Godfrey Kagwezingir– SCD No. 50709

Question/Suggestions:

- i) Who is eligible for Education loan and how is the repayment?

Answer: MD replied that it was an operational question which can best be answered at any Branch. Advised the Shareholder to visit any Branch for more details.

9. Stephen OgabaKamol C

Question/Suggestions:

- i) While giving comparative figures for the current and previous year, the difference between these two years should also be given. He further submitted that liquidity position of the various assets and liabilities should be in some order and ageing/structural liquidity of assets and liabilities also be incorporated. He also requested for a breakdown of assets.
- ii) Asked for a Branch to be considered in Gulu as well.

Answer:

The FC replied and informed that presentation of items in Balance Sheet and Profit and Loss account is as per the established practice and as per requirement of various International Financial Reporting standards (IFRS) which the Bank is bound to follow. As regards, further detailing of various assets and liabilities into various maturities/currencies, he advised that the breakdown was also incorporated in the annual Report.

As regards liquidity position, Mr. Kagoro, Senior Partner with Delloite & Touche' informed that the various assets and liabilities appearing in the Balance Sheet have been put in order, or most liquid to least liquid. He concluded by saying that reporting is as per the required standards (IFRS).

Branch in Gulu: Managing Director said that the same will be looked into. He further informed that Bank is going to roll out Agency banking and will ensure to have agents in Gulu.

10. Fred Mubiru– SCD No. 186910

Question/Suggestions:

The gifts given to shareholders in last meeting were of poor quality and procurement team should improve the same.

Answer: Managing Director apologized for the quality issues he faced. He emphasized that Bank officials do not compromise in quality. He asked the shareholders to call on him in case of re-occurrence of quality issues and the same will be resolved immediately.

11. Phillip Oundo– SCD No. 11428

Question/Suggestions:

Appreciated the temperament of current Management. He also thanked the board for increment in dividend and asked the new Directors on the board especially Dr. Muhumuza to ensure that dividend don't go down & asked the new directors to say a word.

Answer: MD replied by asking the shareholders to continue supporting the Bank and requested them to introduce new clients. This way growth will come and dividend will grow. He then invited the new Directors to introduce themselves.

Dr. Fred Kakongoro Muhumuza, new Director on the Board, introduced himself and assured the shareholders that he will take care of their interests and promised to ensure compliance of the Regulator's requirements, to ensure that Bank remains a going concern; business grows so that the Bank grows bigger, stronger and safer.

Then Mr. Odoch Langoya Charles, new Director on the Board introduced himself and pledged to work diligently and deliver shareholders' desired results. He advised that the bank should put emphasis on technology and customer satisfaction to bring in profit and increased dividend.

Thereafter Mr. Manoj Kr. Bakshi, Executive Director delivered the Vote of Thanks.

The meeting was then adjourned.

(Sempijja Thadeus)

Ag Chairperson

Bank of Baroda (Uganda) Ltd.

Kampala