



# UGAFODE Microfinance Limited (MDI)

## 2019 FINANCIAL PERFORMANCE



UGAFODE MICROFINANCE LIMITED (MDI) is pleased to report its financial performance for the fiscal year 2019.

During the year, the Institution with support from aBi Finance embarked on upgrading the Core Banking System to offer new digital banking solutions that are focused on meeting customer needs, improve efficiency and effective delivery of services. These will include remote account opening and digital loans

With support from SIDA through Grameen Credit Agricool we have consolidated our presence in extending our products and services to include rural refugees in Nakivale - Isingiro District by setting up a low cost branch in the settlement.

The Institution took a strategic decision to conduct a job profiling exercise to enhance staff productivity levels through role clarity.

This initiative coupled with others like up skilling staff capacities and performance rewards was part of our people agenda to support the achievement of the Institutional goals for the year 2019

The institution has developed a standard for communication at all levels and this will enable staff to be able to relay the same message to clients and all stakeholders.

We thank our esteemed customers, funders and lenders for the continued support and a fruitful business relationship.

We thank the Board for the dedication and professional guidance.

As a listening Institution, we would like to inform all our customers that we have come up with a credit relief plan to minimize the impact of COVID - 19 on the sustainability of your businesses. Please contact your Relationship Officer or Branch Manager for details.

**Mr. Shafi Nambobi**  
Chief Executive Officer

## I. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF UGAFODE MICROFINANCE LIMITED (MDI)

### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2019, the summary statement of profit or loss for the year then ended and related notes, are derived from the audited financial statements of UGAFODE Microfinance Limited (MDI) 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 International Financial Reporting Standards, the Microfinance Deposit-Taking institutions Act, 2003 and the Ugandan Companies Act, 2012.

### Summary Financial Statements

- The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Microfinance Deposit-Taking Institutions Act, 2003 and the Ugandan Companies Act, 2012. Reading the summary financial statements and the auditors' report thereon,

therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon.

- The summary financial statements and the audited statements do not reflect the effects of events that occurred subsequent to the date of our report on the 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 28th April 2020. That report also includes:

- The communication of 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. There were no key audit matters in the current period under audit.

### Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the International Financial

Reporting Standards, the Microfinance Deposit-Taking Institutions Act, 2003 and the Ugandan Companies Act, 2012.

### 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.

PKF UGANDA  
Certified Public Accountants  
Plot 1B, Kira Road,  
P.O. Box 24544, Kampala, Uganda  
28th April 2020

## II: SUMMARY STATEMENT OF FINANCIAL POSITION

Particulars	2019	2018
	Shs '000	Shs '000
<b>ASSETS</b>		
Cash and cash equivalents	7,131,805	6,450,524
Loans and advances to customers	42,217,167	37,267,440
Short term investments	1,602,207	1,677,695
Property and equipment	3,551,385	3,095,760
Intangible assets	2,450,933	141,593
Right of use of an asset	1,802,760	-
Other assets	886,750	748,982
Current tax	516,438	500,231
<b>TOTAL ASSETS</b>	<b>60,159,444</b>	<b>49,882,224</b>
<b>LIABILITIES</b>		
Deposits from customers	21,295,417	17,769,881
Borrowings	18,097,193	14,569,390
Subordinated debt	807,114	811,700
Lease liability	1,693,110	-
Loan insurance fund	784,066	887,603
Other liabilities	2,238,014	2,716,303
Deferred grant	1,240,445	251,117
Administered funds	10,803	163,222
Deferred tax liability	894,150	365,973
<b>TOTAL LIABILITIES</b>	<b>47,060,312</b>	<b>37,535,189</b>
<b>EQUITY</b>		
Share capital	1,669,151	1,669,151
Retained earnings/(accumulated losses)	316,436	(455,241)
Share premium	9,275,006	9,275,006
Regulatory reserves	965,800	985,380
Capital reserves	872,739	872,739
<b>TOTAL EQUITY</b>	<b>13,099,132</b>	<b>12,347,035</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>60,159,444</b>	<b>49,882,224</b>

## III: SUMMARY STATEMENT OF PROFIT OR LOSS

Particulars	2019	2018
	Shs '000	Shs '000
Interest income	18,815,352	17,976,473
Interest expense	(4,354,575)	(4,498,662)
<b>Net interest income</b>	<b>14,460,777</b>	<b>13,477,811</b>
Fee and commission income	2,278,067	1,997,641
Other operating income	1,508,276	1,731,344
Impairment on loans and advances	(1,532,549)	(1,069,814)
Impairment on other financial assets	6,138	(17,536)
<b>Net other operating income</b>	<b>2,259,933</b>	<b>2,641,635</b>
Personnel expenses	(9,025,987)	(7,623,781)
Depreciation and amortization expense	(1,599,630)	(654,944)
Other operating expenses	(4,648,317)	(6,138,203)
<b>Profit before tax</b>	<b>1,446,776</b>	<b>1,702,518</b>
Tax charge	(577,422)	(1,112,383)
<b>Profit for the year</b>	<b>869,354</b>	<b>590,135</b>

## OTHER DISCLOSURES

Particulars	2019	2018
	Shs'000	Shs'000
Non-performing loans and other assets	1,887,774	1,628,959
Interest in suspense	205,964	194,097
Bad debts written off	1,208,325	1,646,816

## IV: OTHER DISCLOSURES: CAPITAL POSITION

Particulars	2019	2018
	Shs'000	Shs'000
Core Capital	11,260,593	10,488,916
Supplementary capital	1,754,928	1,870,735
Total qualifying Capital	13,015,521	12,359,651
Total Risk Weighted Assets (RWA)	52,462,464	42,513,264
Core Capital to RWA	21.46%	24.67%
Total Capital to RWA	24.81%	29.07%

## V: HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019

- Total assets grew by 20.60% from Shs 49.9billion to Shs 60.2billion
- Loans and advances increased by 13.28% from Shs 37.3billion to Shs 42.2 billion
- Deposits from Customers increased by 19.8% from 17.8billion to Shs 21.3 billion
- Total savings accounts increased by 20.65% from 84,789 to 102,296
- Return on Equity stood at 6.64% (2018: 4.78%) while Return on Assets stood at 1.45% (2018: 1.18%)

## MESSAGE FROM DIRECTORS

The above summarized Statement of Financial Position and Statement of Profit or Loss were audited by PKF Uganda Certified Public Accountants and received an unqualified opinion.

The financial statements were approved by the Board of Directors on 2nd April 2020 and discussed with the Bank of Uganda on 24th April 2020.

**Prof. Ben Kiregyera**  
Board Chairman

**Shafi Nambobi**  
Chief Executive Officer