



UGAFODE Microfinance Limited (MDI)



Shafi Nambobi, CEO

FROM THE CHIEF EXECUTIVE OFFICER

WITH great pleasure, I present the following key highlights for the year ended 2022.

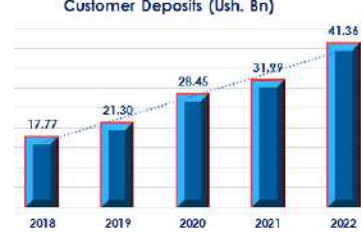
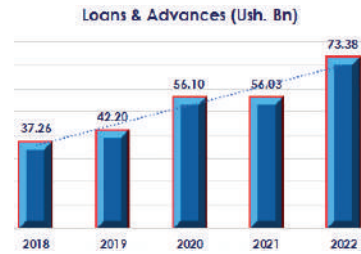
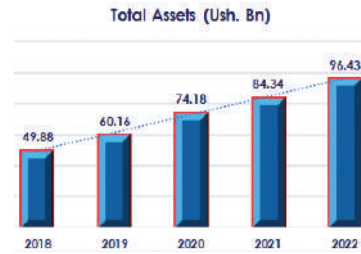
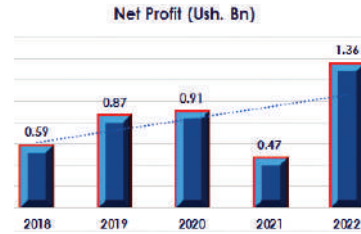
(i) Total assets grew by **14.35%** from Shs 84.3 billion to Shs 96.4 billion

(ii) Net Loans and advances grew by **31%** from Shs 56.0 billion to Shs 73.4 billion

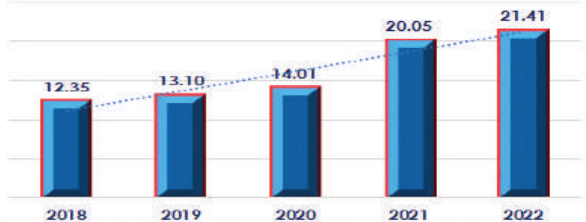
(iii) Deposits from customers increased by **29.38%** from Shs 32.0 billion to Shs 41.4 billion

(iv) Total savings accounts decreased by **4.59%** from 122,406 to 117,029

(v) Return on Equity stood at **6.34%** (2021: 2.36%) while Return on Assets stood at **1.41%** (2021: 0.56%)



Shareholders' Equity (Ush. Bn)



1. 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 2022, the summary statement of comprehensive income for the year then ended, and other disclosures, are derived from the audited financial statements of UGAFODE Microfinance 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 Microfinance Deposit-Taking Institutions Act, 2003 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 Microfinance Deposit-Taking Institutions Act, 2003 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 28 April 2023. 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 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 Microfinance Deposit-Taking Institutions Act, 2003 Laws of Uganda and the Financial Institutions (External

Auditors) Regulations, 2010.

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".

KPMG

[Signature]
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
PO Box 3509, Kampala, Uganda
Date: 28 April, 2023

II. SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Particulars	2022	2021
	Shs '000	Shs '000
ASSETS		
Cash and cash equivalents	7,108,113	6,889,572
Loans and advances to customers (Net)	73,379,265	56,030,419
Investments with financial institutions	7,621,521	12,381,123
Property and equipment	3,089,731	3,642,454
Intangible assets	1,704,534	1,741,103
Right of use of an asset	1,603,760	1,661,037
Other assets	1,871,351	1,988,799
Current tax	51,060	8,728
TOTAL ASSETS	96,429,335	84,343,235
LIABILITIES		
Customer's deposits	41,364,853	31,986,912
Borrowings	26,810,484	25,474,771
Subordinated debt	-	-
Tax payable	-	-
Lease liability	1,456,825	1,397,037
Loan insurance fund	341,794	460,488
Other liabilities	3,927,278	2,999,923
Deferred grant	15,448	655,804
Administered funds	10,803	10,803
Deferred tax liability	1,090,370	1,302,666
TOTAL LIABILITIES	75,017,855	64,288,404
EQUITY		
Share capital	2,353,781	2,353,781
Retained earnings	1,696,119	(285,802)
Share premium	14,166,005	14,166,005
Regulatory credit risk reserve	2,322,836	2,948,108
Capital reserves	872,739	872,739
TOTAL EQUITY	21,411,480	20,054,831
TOTAL EQUITY AND LIABILITIES	96,429,335	84,343,235

III. SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DEC 2022

Particulars	2022	2021
	Shs '000	Shs '000
Income		
Interest on deposits and placements	953,011	1,083,115
Interest on loans and advances	27,471,925	23,861,686
Fees and commissions income	746,086	723,147
Other income	1,966,955	2,494,867
Total income	31,137,977	28,162,815
Expenditure		
Interest expense on deposits	(2,785,051)	(2,910,898)
Interest expense on borrowings	(3,915,353)	(3,928,078)
Other interest expense	(138,997)	(141,137)
Impairment losses on financial assets	(1,987,180)	(2,440,612)
Operating expenses	(20,107,164)	(17,959,473)
Total Expenditure	(28,933,745)	(27,380,198)
Net profits before tax	2,204,232	782,617
Taxation	(847,584)	(309,373)
Net Profits after tax	1,356,648	473,244

The above summary Statement of Financial Position and summary Statement of Comprehensive Income are derived from the financial statements of UGAFODE Microfinance 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 by the Board of Directors on 30 March 2023 and discussed with Bank of Uganda on 17 April 2023 and authorized for issue by the Board of Directors on 27 April 2023.

[Signature]
Prof. Ben Kiregyera
Board Chairman

[Signature]
Shafi Nambobi
Chief Executive Officer

IV. OTHER DISCLOSURES

	2022	2021
	Shs'000	Shs'000
Non-performing loans and other assets	3,056,798	4,762,390
Interest in suspense	328,358	567,630
Bad debts written off	2,629,491	2,588,442

V. CAPITAL POSITION

	2022	2021
	Shs'000	Shs'000
Core Capital	18,215,905	16,233,985
Supplementary capital	1,557,952	1,376,521
Total qualifying Capital	19,773,857	17,610,506
Total Risk Weighted Assets (RWA)	82,189,280	65,773,434
Core Capital to RWA	22.16%	24.68%
Total Capital to RWA	24.06%	26.77%

OUR BRANCHES: Bombo Road, Nakasero, Rubaga Road, Nansana, Mpigi, Kyotera, Kagadi, Sembabule, Ishaka, Ibanda, Rushere, Lyantonde, Mbarara, Rukungiri, Ntungamo, Nakivale, Jinja, Mbale, Lira. **SALES & CUSTOMER SERVICE CENTRES:** Kyarushesha, Rubaare, Kitagwenda