



PRIDE MICROFINANCE LIMITED (MDI)

Extract of the Financial Statements for the year ended 31 December 2018

I) INDEPENDENT AUDITOR GENERAL'S REPORT Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2018, the summary statement of comprehensive income for the year then ended are derived from the audited financial statements of Pride Microfinance Limited (MDI) for the year ended 31 December 2018.

In my 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 Micro-Finance Deposit-taking Institutions Act, 2003 and the Companies Act of Uganda, 2012.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Micro-Finance Deposit-taking Institutions Act, 2003 and the Companies Act of Uganda, 2012. 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 summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Financial Statements and My Report Thereon

I expressed an unmodified audit opinion on the audited financial statements in my report dated 24th April 2019. That report also includes the communication of key audit matters. My Audit Matters are those that in my professional judgment were of most significance in my audit of the financial statements for 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 International Financial Reporting Standards, the Micro-Finance Deposit-taking Institutions Act, 2003 and Companies Act of Uganda, 2012.

Auditor's Responsibility

My 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 my procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

John F.S. Muwanga
Auditor General

24th April, 2019

II) STATEMENT OF FINANCIAL POSITION

	2018 Ushs'000	2017 Ushs'000
ASSETS		
Cash and cash equivalents	20,420,374	85,496,408
Financial investments – held to maturity	-	1,412,649
Debt Instruments at amortized cost	84,483,718	-
Loans and advances to customers	148,010,595	135,950,521
Other assets	6,236,945	5,808,385
Current income tax recoverable	345,218	1,506,744
Property and equipment	15,056,748	14,945,899
Intangible assets	6,022,482	7,535,673
Total Assets	280,576,080	252,656,279
LIABILITIES AND EQUITY		
LIABILITIES		
Customer deposits	123,147,601	105,409,910
Excess savings over loan insurance fund	9,159,836	7,238,665
Loan insurance fund	4,497,160	4,180,935
Other liabilities	11,887,559	12,070,862
Amount due to Pride Uganda Limited	300,083	300,083
Debtenture	4,281,663	4,281,663
Borrowed funds	7,925,113	13,299,350
Deferred grants	2,517,730	493,355
Deferred income tax liability	566,019	1,037,082
Total Liabilities	164,282,772	148,311,905
EQUITY		
Share capital	25,207,350	25,207,350
Retained earnings	79,735,965	66,266,695
Regulatory reserves	11,349,993	12,870,329
TOTAL EQUITY	116,293,308	104,344,374
Total Liabilities And Equity	280,576,080	252,656,279

III) STATEMENT OF COMPREHENSIVE INCOME

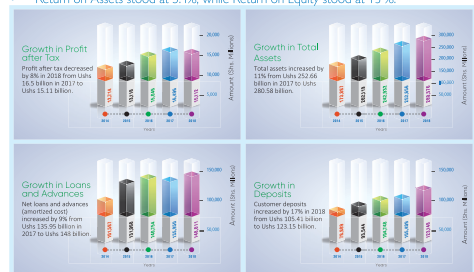
	2018 Ushs'000	2017 Ushs'000
Interest and similar income	66,320,567	67,953,909
Interest and similar expense	(7,666,079)	(8,566,522)
Net interest income	58,654,488	59,387,387
Fee and commission income	12,663,924	10,472,463
Fee and commission expenses	(151,157)	(95,181)
Net fee and commission income	12,512,767	10,377,282
Net trading income	71,167,255	69,764,669
Other operating income	7,184,753	7,700,264
Net operating income	78,352,008	77,464,933
Personnel costs	(31,939,944)	(31,453,012)
Other operating expenses	(20,220,076)	(19,270,694)
Credit loss expense on financial assets	(1,122,528)	(1,979,556)
Depreciation and amortization	(3,790,674)	(3,322,545)
Total expenses	(57,073,222)	(56,025,807)
Profit before tax	21,278,786	21,439,126
Income tax expense	(6,166,931)	(4,942,198)
Profit for the year	15,111,855	16,496,928
Other comprehensive income, net of tax	-	-
Total comprehensive income	15,111,855	16,496,928

IV) OTHER DISCLOSURES

	2018 Ushs'000	2017 Ushs'000
Non-Performing Loans	3,503,894	3,732,118
Interest in Suspense	490,723	627,404
Bad Debts Written off	2,266,032	2,690,134
Insider Loan Exposures	182,617	277,941
Capital Position:		
Core capital	107,768,198	99,976,758
Supplementary capital	5,741,492	5,679,386
Total qualifying capital	113,509,620	105,656,144
Total Risk Weighted Assets (RWA)	196,329,933	179,851,436
Core Capital to RWA	54.89%	55.59%
Total Qualifying Capital to RWA	57.82%	58.74%

HIGHLIGHTS FOR THE YEAR 2018

- Total assets increased by 11% in 2018 from Ushs 252.66 billion to Ushs 280.58 billion.
- Net loans and advances (amortized cost) increased by 9% in 2018 from Ushs 135.95 billion to Ushs 148 billion.
- Customer deposits increased by 17% in 2018 from Ushs 105.41 billion to Ushs 123.15 billion.
- Total equity increased by 11% in 2018 from Ushs 104.34 billion to Ushs 116.29 billion.
- Profit after tax decreased by 8% in 2018 from Ushs 16.5 billion to Ushs 15.1 billion
- Return on Assets stood at 5.4%, while Return on Equity stood at 13 %.



V) MESSAGE FROM DIRECTORS

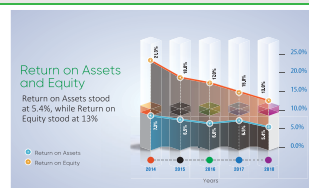
The above statement of financial position and statement of comprehensive income were audited by the Auditor General who issued an unqualified opinion. The financial statements were approved by the Board of Directors on 22 March 2019 and discussed with Bank of Uganda on 05th April 2019.

Hon. Fred Jachan Omach (Board Chairman)
Mr. Stephen Kabugu (Director)
Ms. Veronica G. Namagamba (Managing Director)



Pride Customer Testimonies

Pride has been successful because of the immense support the institution has received from the customers and we want to recognize the achievements of our customers, especially those who have benefited from our services. Below is a sample of our customer experiences and stories:-



MUTEGANDA FRED- ISHAKA BRANCH

My name is Muteganda Fred, aged 69, a resident of Kakoni village, Kakoni Parish, Kyamuhunga Sub County in Bushenyi District.

I first got to know about Pride, when I saw their stickers on Ishaka branch. When I got back to the village, I interacted with neighbors who were getting Pride group loans, one of whom happened to be my son, Johnson Tumugisize.

My first loan was Ugx 1,500,000 and now am servicing my fifteenth loan of Ugx 28,000,000 as an individual. I have serviced all these loans within the 10 years I have been with Pride.

Through Pride's loans, I have been able to acquire tea shambas worth Ugx 32,000,000, two water pumps for irrigating my crops during the dry seasons, a winery worth Ugx 100,000,000, tea nursery beds worth shs 50,000,000, rental units worth Ugx 300,000,000 and a farm supply shop worth Ugx 40,000,000.

I am so grateful to Pride Microfinance for the financial assistance through their loans. In fact I have been able to convince four of my colleagues to join Pride and currently one of them is servicing a loan of Ugx 6,000,000 and he too is pleased with Pride.



NASSOZI PAULINE MOREEN- KAWEMPE BRANCH

My name is Nassози Pauline Moreen, a resident of Jinja-Kawempe A, Magango Parish, Nabweru Sub County, Nansana Municipality, Wakiso District. I was born 50 years ago on 4th October 1967.

I got to know about Pride through a business partner who operated a restaurant at Owino market in Kampala. In 2000 I opened an account with Pride and for the last 18 years I have saved as well as benefited from the different loans, both group and individual.

To date I have referred over 100 clients to Pride, including my business partners, relatives, friends, neighbors and others, something that has earned me the nick-name 'Mama Pride' in my community.



ADORUTI DUNANT- ARUA BRANCH

I am Adoruti Dunant, a 46 year old resident of Ekalo village, Arivu parish, Arua District. I am married, with 6 children, my first born of 16 years being in Senior two, while the last one is 2 years.

In 2001, I joined Pride with other friends. I started by saving Ugx 2,200 weekly under the Group Guaranteed Loan Scheme, for six weeks before getting a loan of Ugx150,000. To date, I have taken 10 loans, with my current being Ugx 30 million, payable in 12 months.

In 2016, I started accessing individual loans, through which I have been able to pay fees for my children, set up 5 hardware shops in Arua Town, as well as accumulate other assets like land and a truck to facilitate my hardware business.

I urge all people of west Nile to take advantage of Pride's friendly and reliable services.



Pride Corporate Social Responsibility Activity

Pride is a socially responsible institution and ensures that all its processes and activities are safe and beneficial for both the staff and societies where it operates. The institution invests heavily in CSR Activities in a bid to improve and develop communities it operates from.

Below are some of the CSR activities Pride contributed to in 2018:-



The Head of Business Development and Marketing - Mr. Deo Katezi hands over various sanitary items and food stuffs to Kigo inmates on behalf of the Pride Microfinance team.



The Regional Manager Western II- Mr. Francis Kajuka Karugaba hands over dustbins to Ruharo Mission Hospital in support of better hygiene.



The Finance Manager Reporting- Mr. Ochaya Yahaya Musungu hands over a dummy cheque on behalf of Pride Microfinance to the Albinism Association towards the purchase of sunscreens.

Pride Accolades



Pride is awarded in the world winner of the Best group saving by 17th Annual Best Bank Group Savings Awards 2018.
Pride is awarded in the Best Microfinance Institution in the Central Finance Awards 2018.
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Pride is supervised and regulated by Bank of Uganda

'Your Growth is Our Pride'

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