



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 2018

II. SUMMARY STATEMENT OF FINANCIAL POSITION

Particulars	2019	2018
	Shs '000	Shs '000
ASSETS		
Cash and cash equivalents	7131,805	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
TOTAL ASSETS	60,159,444	49,882,224
LIABILITIES		
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
TOTAL LIABILITIES	47,060,312	37,535,189
EQUITY		
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
TOTAL EQUITY	13,099,132	12,347,035
TOTAL EQUITY AND LIABILITIES	60,159,444	49,882,224

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)
Net interest income	14,460,777	13,477,811
Fee and commission income	2,278,067	1,997,641
Impairment on loans and advances	(1,532,549)	(1,069,814)
Impairment on other financial assets	6,138	(17,536)
Net other operating income	2,259,933	2,641,635
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)
Profit before tax	1,446,776	1,702,518
Profit for the year	869,354	590,135

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 42.2billion
- Deposits from Customers increased by 19.8% from 17.8billion to Shs 21.3billion
- 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

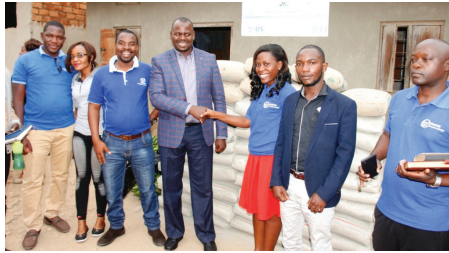
Shafi Nambobi
Chief Executive Officer



UGAFODE Microfinance Limited (MDI)

UGAFODE IN THE COMMUNITY

Supporting rural schools in Kyotera to improve education standards



Ms. Alice Matama - Savings Manager at UGAFODE hands over 50 bags of cement to Honorable Minister Haruna Kasolo in a fundraising drive to build classroom blocks for Migongo Primary school in Kyotera District. UGAFODE gave the support to improve the learning environment in Kyotera and the surrounding areas.

Supporting youths entrepreneurs in Agriculture value chain



Mr. Rodgers Kakeeto - Head of Business Growth and Development - UGAFODE Microfinance hands over a dummy cheque to Mr. Joseph Bemba (right) Deputy Country Director Sasakawa Global at the second youth Business Clinic in Mukono. UGAFODE rewarded the best youths' entrepreneurs to support them grow their businesses and employ more youths in the community.

Providing customers with avenues for feedback through Customer Days



Staff and customers of Jinja branch engaged in a feedback session where customers shared on how UGAFODE can improve services it offers to them. Such sessions inform management on changes that customers hope to see being implemented.

Group Savings Mobilization- promoting a culture of saving in communities



Group members of Kiwamirembe savings Group in Kajjansi conducting a VSLA saving session under the guidance of a

UGAFODE Marketing Officer. UGAFODE supports such groups with training sessions to enable them learn how form and build effective savings groups which can be linked to formal financial services for better services.

Financial Inclusion for rural refugees in Uganda, Nakivale Branch - Isingiro District



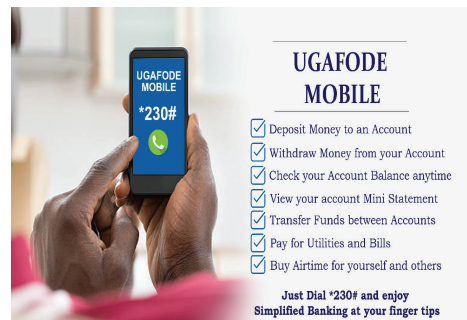
Nakivale Branch offers savings, loan products and Money Transfer Services to both the refugee and host communities in Nakivale refugee settlement and the surrounding areas of Isingiro District.

Rewarding outstanding performers



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.



UGAFODE Mobile has been enhanced to serve all our customers anytime, anywhere. Please use *185# for Airtel and *165# for MTN or our code *230# for both networks.

You can deposit, withdraw, check balance, transfer funds and pay all your bills using your phone and any Mobile Money Agent in your community or neighborhood. Please call us today on **0800223900** or **WhatsApp 0753 119107** for details on how you can register and use the service at no cost.

CREDIT RELIEF GUIDELINES DURING COVID-19 PANDEMIC

Dear Customers

During these hard times of COVID-19 pandemic, we would like to re-echo our continued support and guidance to you through this financial turmoil.

UGAFODE Microfinance Ltd (MDI) has reviewed and agreed on a case by case restructure of institutional and individual loans that are facing hardships being repaid during this lockdown.

The support that is being extended will include:

1. Granting a grace period on loan repayments for borrowers that have been affected by the pandemic on a case by case basis at the institution's discretion for up to 3 months effective 1st April, 2020 until June 30th 2020.
2. Consideration of repayment of arrears as a pre-condition for restructuring is temporarily suspended in the 3 months period. However, the outstanding arrears will be capitalized and recovered without penalties.
3. Consideration to borrowers who benefit from the restructuring in this 3 months period may be liable for only legal fees and stamp duty associated with the restructuring.
4. For any facility to be restructured, a borrower shall be required to request and consent to the restructuring before it can be granted.
5. Consideration will be made for accrued interest during the repayment moratorium period to be capitalized and amortized over the tenor of the credit facility that remains after the moratorium.
6. The guidelines are not applicable to credit facilities granted after 1st April, 2020.

Our borrowing customers are therefore requested to contact their Loan Officers and or Branch Managers for details and support.

UGAFODE Microfinance Ltd (MDI) reiterates its commitment to support customers through this period as we work to rebuild and strengthen our business relationships.

Our Branches:

BOMBO ROAD -	Tel: +256 701 234 732
RUBAGA ROAD -	Tel: +256 701 234 968
NAKASERO BRANCH -	Tel: +256 701 234 993
MPIGI BRANCH -	Tel: +256 701 234 887
SEMBABULE BRANCH -	Tel: +256 753 118 570
LWANTONDE BRANCH -	Tel: +256 701 235 021
MBARARA BRANCH -	Tel: +256 701 234 926
NTUNGAMO BRANCH -	Tel: +256 701 234 936
ISHAKA BRANCH	Tel: +256 701 234 614
RUKUNGIRI BRANCH -	Tel: +256 701 234 826
KAGADI BRANCH -	Tel: +256 701 234 749
NAKIVALE BRANCH -	Tel: +256 701 043 891
JINJA BRANCH -	Tel: +256 701 234 964
MBALE BRANCH -	Tel: +256 701 234 854
KYOTERA BRANCH -	Tel: +256 701 234 980
IBANDA BRANCH -	Tel: +256 701 235 061
RUSHERE BRANCH -	Tel: +256 701 234 912

Regulated by Bank of Uganda and Customer Deposits are Protected by the Deposit protection Fund

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UGAFODE Microfinance Limited is regulated by the Bank of Uganda