



# PRIDE MICROFINANCE LIMITED (MDI)

## Extract of Financial Statements for the year ended 31 December 2019

### I) REPORT OF THE AUDITOR GENERAL Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31<sup>st</sup> December 2019, the summary statement of comprehensive income for the year then ended and other disclosures, are derived from the audited financial statements of Pride Microfinance Limited (MDI) for the year ended 31<sup>st</sup> December 2019.

In my opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements which are 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 22<sup>nd</sup> April 2020. That report also includes the communication of key audit matters. Key audit matters are those that in my professional judgement 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 The Financial Institutions (external Auditors) Regulations 2010.

### 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  
22<sup>nd</sup> April, 2020

### II) STATEMENT OF FINANCIAL POSITION

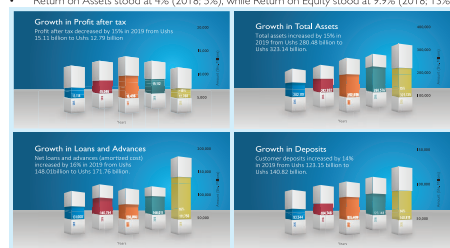
|  | 2019               | 2018               |
|--|--------------------|--------------------|
| <b>ASSETS</b>                                  | <b>Ushs'000</b>    | <b>Ushs'000</b>    |
| Cash and cash equivalents                      | 24,963,653         | 20,420,374         |
| Debt instruments at amortised cost             | 85,315,418         | 84,483,718         |
| Loans and advances to customers                | 171,756,075        | 148,010,595        |
| Other assets                                   | 6,856,841          | 6,139,822          |
| Current income tax recoverable                 | 634,443            | 345,218            |
| Property and equipment and right-of-use assets | 28,173,826         | 15,056,748         |
| Intangible assets                              | 5,434,915          | 6,022,482          |
| <b>TOTAL ASSETS</b>                            | <b>323,135,171</b> | <b>280,478,957</b> |
| <b>LIABILITIES AND EQUITY</b>                  |                    |                    |
| <b>LIABILITIES</b>                             |                    |                    |
| Customer deposits                              | 140,818,582        | 123,147,601        |
| Excess savings over loan insurance fund        | 9,607,564          | 9,159,836          |
| Loan insurance fund                            | 4,617,177          | 4,977,168          |
| Contract liabilities                           | 4,531,027          | 3,976,646          |
| Other liabilities                              | 21,841,492         | 7,910,913          |
| Amount due to Pride Uganda Limited             | 300,083            | 300,083            |
| Debtenture                                     | 4,281,663          | 4,281,663          |
| Borrowed funds                                 | 3,525,197          | 7,827,990          |
| Deferred grants                                | 2,815,503          | 2,517,730          |
| Deferred income tax liability                  | 1,715,359          | 566,019            |
| <b>TOTAL LIABILITIES</b>                       | <b>194,053,647</b> | <b>164,185,649</b> |
| <b>EQUITY</b>                                  |                    |                    |
| Share capital                                  | 25,207,350         | 25,207,350         |
| Retained earnings                              | 100,291,101        | 79,735,965         |
| Regulatory reserves                            | 3,583,073          | 11,349,993         |
| <b>Total Equity</b>                            | <b>129,081,524</b> | <b>116,293,308</b> |
| <b>Total Liabilities And Equity</b>            | <b>323,135,171</b> | <b>280,478,957</b> |

### III) STATEMENT OF COMPREHENSIVE INCOME

|  | 2019                | 2018                |
|--|---------------------|---------------------|
|  | <b>Ushs'000</b>     | <b>Ushs'000</b>     |
| Interest and similar income  | 73,077,770          | 66,320,567          |
| Interest and similar expense   | (9,245,987)         | (7,644,079)         |
| <b>Net interest income</b>   | <b>63,831,783</b>   | <b>58,676,488</b>   |
| Fee and commission income  | 13,215,961          | 12,663,924          |
| Fee and commission expenses  | (228,039)           | (151,157)           |
| <b>Net fee and commission income</b>   | <b>12,987,922</b>   | <b>12,512,767</b>   |
| <b>Net trading income</b>  | <b>76,799,705</b>   | <b>71,167,255</b>   |
| Other operating income   | 7,757,982           | 6,481,448           |
| <b>Net operating income</b>  | <b>84,557,687</b>   | <b>77,648,703</b>   |
| Personnel costs  | (41,167,691)        | (31,939,544)        |
| Other operating expenses   | (19,928,198)        | (19,962,424)        |
| Credit loss expense on financial assets  | 664,228             | (738,953)           |
| Depreciation and amortization of property, equipment and right of use assets and intangible assets | (6,187,853)         | (3,728,596)         |
| <b>Total expenses</b>  | <b>(66,619,514)</b> | <b>(56,369,917)</b> |
| <b>Profit before tax</b>   | <b>17,938,173</b>   | <b>21,278,786</b>   |
| Income tax expense   | (5,149,957)         | (6,166,931)         |
| <b>Profit for the year</b>   | <b>12,788,216</b>   | <b>15,111,855</b>   |
| <b>Other comprehensive income, net of tax</b>  | <b>-</b>            | <b>-</b>            |
| <b>Total comprehensive income for the year, net of tax</b>   | <b>12,788,216</b>   | <b>15,111,855</b>   |
| <b>IV) OTHER DISCLOSURES</b>   | <b>2019</b>         | <b>2018</b>         |
|  | <b>Ushs'000</b>     | <b>Ushs'000</b>     |
| Non-Performing Loans   | 3,947,104           | 3,503,894           |
| Income in Suspense   | 225,506             | 490,723             |
| Written off Loans  | 2,374,479           | 2,666,032           |
| Recoveries on written off loans  | 731,178             | 721,366             |
| Senior Management staff loans and advances   | 218,016             | 182,617             |
| <b>Capital Position:</b>   |                     |                     |
| Core capital   | 125,498,451         | 104,943,315         |
| Supplementary capital  | 5,943,912           | 5,741,422           |
| <b>Total qualifying capital</b>  | <b>131,442,363</b>  | <b>110,684,737</b>  |
| <b>Total Risk Weighted Assets (RWA)</b>  | <b>231,845,592</b>  | <b>196,232,810</b>  |
| <b>Core Capital to RWA</b>   | <b>54.18%</b>       | <b>53.48%</b>       |
| <b>Total Qualifying Capital to RWA</b>   | <b>56.74%</b>       | <b>56.40%</b>       |

### HIGHLIGHTS FOR THE YEAR 2019

- Total assets increased by 15% in 2019 from Ushs 280.48 billion to Ushs 323.14 billion.
- Loans and advances to customers increased by 16% in 2019 from Ushs 148.01 billion to Ushs 171.76 billion.
- Customer deposits increased by 14% in 2019 from Ushs 123.15 billion to Ushs 140.82 billion.
- Total equity increased by 11% in 2019 from Ushs 116.29 billion to Ushs 129.08 billion.
- Profit after tax decreased by 15% in 2019 from Ushs 15.11 billion to Ushs 12.79 billion.
- Return on Assets stood at 4% (2018: 5%), while Return on Equity stood at 9.5% (2018: 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 24<sup>th</sup> March 2020 and discussed with Bank of Uganda on 20<sup>th</sup> April 2020.

**Hon. Fred Jachan Onich**  
(Board Chairman)

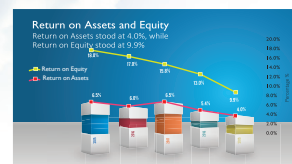
**Mr. Stephen Kabugu**  
(Director)

**Ms. Veronica G. Namugembe**  
(Managing Director)



# Pride Customer Testimonies

Pride has been successful because of the immense customer support. We continuously engage with them, to enable us tailor our solutions to their needs. Below are some of the customer testimonies:-



### Ssempe Wiberforce Nakawa Branch

I am 40 years old and married, with 5 children (4 boys and a girl) three of whom are school going, with the oldest in P.4. I stay in Mutungo-Butabika.

I started interacting with Pride Microfinance in 1994, when my wife, Namutebi Susan, who was part of a group in Kabalagala Branch, got disagreements with her fellow members and quit. I stepped in and cleared her loan of Ugx 150,000. Two years later, a colleague convinced me to join his group in Nakawa Branch, from where I took my first loan of Ugx 500,000.

With my bicycle, I carried produce and merchandise for people in Nakawa market. However, after acquiring my next loan of Ugx 2 million, I was able to purchase a motor cycle and this increased my efficiency greatly. With subsequent loans, I progressively acquired four motorcycles and leased them out at a daily rate of Ugx 10,000 each. With time, I sold off the motor cycles and bought a used taxi. With more Pride loans, I have been able to grow the fleet to 4 taxis, currently plying Gayaza-Kampala, Kisasi-Bukoto, Mutungo-Kampala and Munyonyo-Salama road routes. I am currently servicing my 16<sup>th</sup> loan of Ugx 25 million.

My association with Pride Microfinance has yielded many other benefits. I built a 4 bedroom residential house in Butabika zone A and have been able to educate my children in relatively good schools, thanks to their school fees loans. I have referred over 60 people to Pride Microfinance and through good use of their loans, have improved their livelihoods.



Ssempe at his work place tilling his field.

### Standing with you

In light of uncertainties brought by the Covid-19 pandemic, we will be extending support to our credit customers, on a case by case basis.

We will undertake to review and restructure loans for customers whose incomes have been affected by the pandemic, with effect from 1<sup>st</sup> April 2020 for a period of up to 12 months.

Please get in touch with your respective Branch Manager and credit Officers to explore available options for your loan.

**For further inquiries: 0800 333 999**

Facebook.com/prideug Twitter.com/prideug prideug.mdi +256 702 008 300

### Ssalongo Tamale Baker (Mr. Pride)

### Nateete Branch

I am the Chairman of Kyengera stage in Nateete Taxi Park. My wife is Nalongo Asiat Nanzozo and together we have 8 children, 4 boys and 4 girls. The oldest is 18 years, in S.6 and the youngest in Primary five.

22 years ago, I was introduced to Pride Microfinance by a friend, Mr. Sagiriya. I was a taxi conductor at the time. My first loan was Ugx 150,000 under the group arrangement. I graduated to Ugx 300,000, 500,000, then 700,000. These loans helped me purchase a plot of land in Kyengera, and some materials to start construction. With another loan of Ugx 2 million, I was able to roof, finish the house and move in.

With better collateral, I was able to access a bigger loan of Ugx 15 million, which was used to purchase 6 hectares of land in Butambala. I grow coffee, sweet potatoes, cassava and beans on this land and the yields have been impressive. From my subsequent loans and savings, I have been able to acquire four taxis, from which I earn over Ugx 4 million monthly. I also bought a car for my personal use. I have referred over 150 colleagues (business and family) to Pride and it gives me great joy to see them benefiting from Pride's loans.

Pride has other products that I have benefited from, one being the school fees loan. I have been able to pay fees for all my 8 children on time courtesy of this provision. The loans officers are helpful, friendly and respectful. Being so attached to Pride, I was nicknamed "Mr. Pride", at the taxi stage, and I tell everyone about Pride's goodness, whenever I get the opportunity.



Ssalongo shows off his ready to harvest coffee.



### Corporate Social Responsibility 2019. Pride refurbished the maternity ward of Boroboro Health Center in Lira district.

Pride commits 1% of after tax profits to positively impact communities where it operates, in spheres of health, environment and sanitation.

Pride is supervised and regulated by Bank of Uganda

**'Your Growth is Our Pride'**

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