

**Strømme Microfinance  
East Africa Ltd.**

2017 ANNUAL REPORT





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## A B B R E V I A T I O N S

<b>AMFI-K</b>	Association of Microfinance Institutions of Kenya
<b>AMFIU</b>	Association of Microfinance Institutions of Uganda
<b>CEO</b>	Chief Executive Officer
<b>Cordaid</b>	Catholic Organisation for Relief and Development Aid
<b>NGO</b>	Non-Governmental Organization
<b>SACCOS</b>	Savings and Credit Cooperative Organization
<b>SF</b>	Stromme Foundation
<b>SIDI</b>	Solidarité Internationale pour le Développement et l'Investissement
<b>SMF EA Ltd</b>	Stromme Microfinance East Africa Limited
<b>SPM</b>	Social Performance Management
<b>SPTF</b>	Social Performance Task Force
<b>TAMFI</b>	Tanzania Association of Microfinance Institutions
<b>UGX</b>	Uganda Shillings
<b>USD</b>	United States Dollar

## S U M M A R Y



Mrs Priscilla Serukka  
*SF EA Regional Director /  
Chairperson SMF EA Ltd*



Dr. Oyvind Aadland  
*Alternate Director SMF  
AS –Resigned January,  
2017*



Ms. Tina Sodal  
*Alternate Director SMF AS  
- Appointed June 2017*



Mr. Bjorn Stian  
Hellgren  
*SMF AS*

2017 BOARD OF  
DIRECTORS

Mrs. Clare  
Wavamuno  
*Independent*



Mr. Edward  
Sekabanja  
*SMF AS*



Mr. Quentin  
Lecuyer  
*SIDI*



Mrs.  
Rosemary  
Kantai  
*Independent*



Mrs. Aasa  
Sildnes  
*SMF AS*



Mrs. Claudia  
Huber  
*Cordaid  
Consultant*



Mrs. Sarah  
Tumwesigye  
*Independent*

CO-OPTED BOARD  
COMMITTEE MEMBERS

Mrs. Nassozi Sarah  
Kiwanuka  
*Member-Audit  
Committee*



Mrs. Jackline Mbabazi  
*Member- SPM Committee*



Mr. Ernest Sozi  
Sessanga  
*Member-Audit  
Committee*



Mrs. Sascha Noe  
*Member- SPM  
committee*

BANKERS



SOLICTORS



NAMBOGO & COMPANY  
ADVOCATES

AUDITORS



HEAD OFFICE  
& REGISTERED  
OFFICE



Plot 25 Bukoto Street,  
Kamwokya, Kampala,  
Uganda



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**T** twitter.com/povertybusters



Harriet Mulyanti  
*CEO*



Anne Rose  
Namatovu  
*Finance Manager*



Paul  
Katende  
*Operations Manager*



Andrew  
Sooka  
*Investment Officer*

EXECUTIVE TEAM



Cressy Musasiizi  
*Investment Officer*



Christopher Luyima  
*Assistant Finance  
Manager*



Joseph  
Odeke  
*Driver*



Joseph Kayongo  
*Investment Officer  
(Agriculture)*

**What we are known for**

Strømme Microfinance East Africa Limited (SMF EA Ltd) is a wholesale lending company incorporated in Uganda in 2004 to provide financial and capacity building services to microfinance institutions in the East African region.

**What Inspires us to get out of bed every day**

A world free from poverty

**Products to enable low income individuals and small holder farmers**

We provide, on a sustainable basis, market responsive financial services and capacity building support to financial and business service providers to enhance access to financial services by the enterprising poor in the East Africa region.

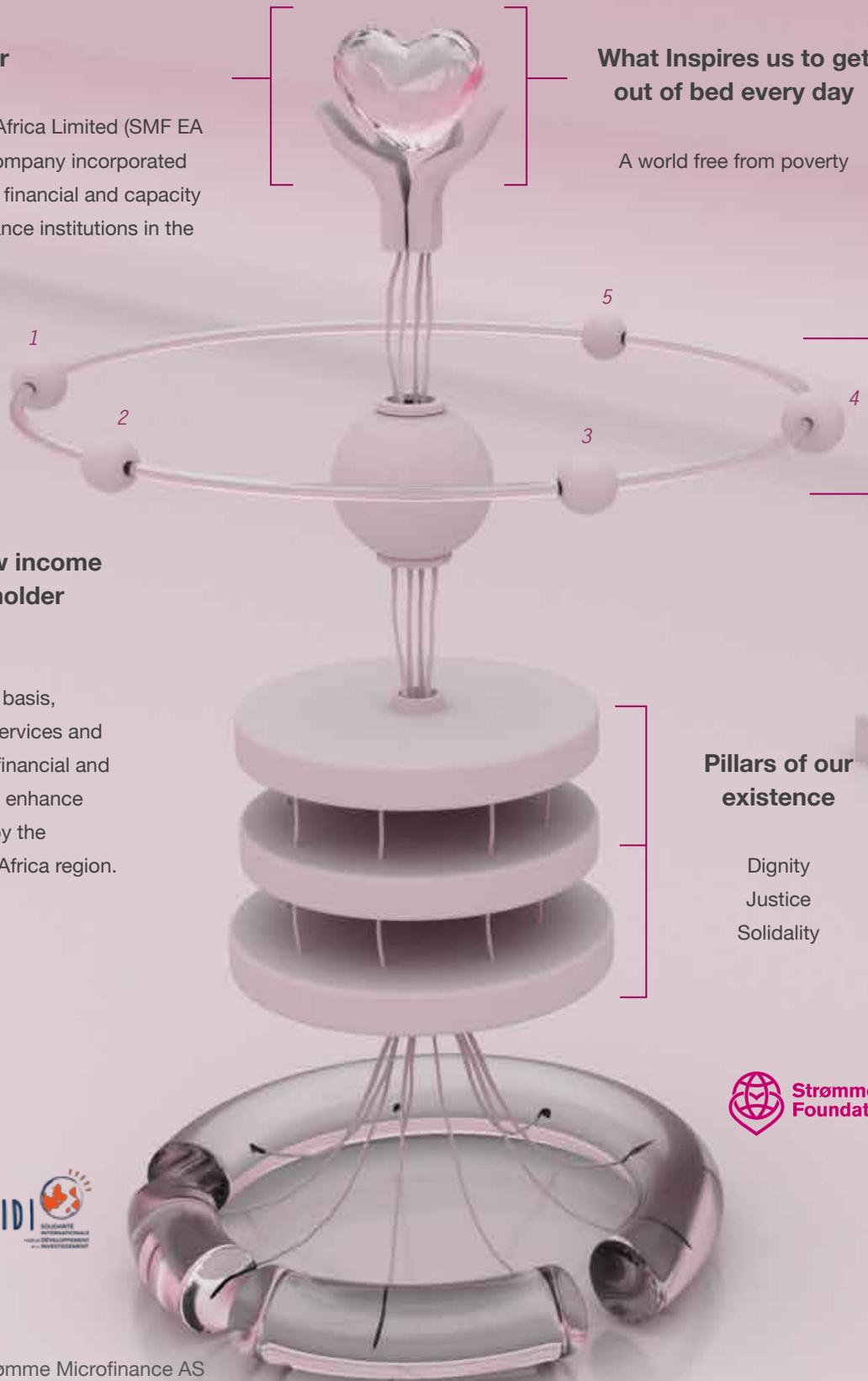
**Pillars of our existence**

- Dignity
- Justice
- Solidarity



**Our Founding Family**

SMF EA Ltd is owned by Strømme Microfinance AS (SMF AS) in Norway, Strømme Foundation Regional Office in East Africa, Solidarite Internationale pour le Developpement et l'Investissement (SIDI) in France and Catholic Organisation for Relief and Development Aid (Cordaid) in Netherlands.



## P R O D U C T S

### 1. Institutional Development Loans

These loans are extended to potential and existing MFI partners for purposes of procurement of vital assets which involve large outflows of financial resources without stretching the finances that would otherwise have been used to finance their loan portfolios.



### 2. Institutional Housing Microfinance Loans

We support our partners to access funding with specific focus on incremental housing purposes. This enables partner clients to access funding for decent housing in a phased approach.



*A partner client supported through SMF EA Ltd partner MFI to undertake incremental housing in phases*

### 3. Institutional Business loans

Our partners are supported to access funding that enables them to boost their lending operations targeting the enterprising poor people in the East African region.



*A partner client supported through SMF EA Ltd partner MFI to boost her business*

### 4. Institutional Agriculture Loans

Through this product, our partners are able to extend loans to their clients for purposes of catalysing lending operations to provide funding for Agriculture value chains that aim to serve small holder farmers.



### 5. Capacity Building Support

Capacity Building support is a service/technical assistance offered to strengthen the management and staff capacity of the institutions we partner with to deliver better and professional services e.g. system and policy development, product refinement & development, Partner staff training, Business Plan development etc.



# Reflections on a year of growth

MESSAGE FROM BOARD CHAIR

*Mrs. Priscilla Mirembe Serukka*



## A step closer to meeting our strategic targets

On behalf of the Board of Directors, I am pleased to have the opportunity to share my reflections on the year's activities and exciting accomplishments of Strømme Microfinance East Africa Limited (SMF EA Ltd). The financial year 2017 marked our 4th year of implementing the Strategic Plan for the Company 2014-2018.

I would like to acknowledge and thank the individuals who serve with me on the SMF EA Ltd Board of Directors for their dedication as members of the Board and various roles played at the sub-committees.

Further appreciation goes to Management and staff for their continued execution of the strategy and dedication to serve the enterprising poor. It is clear that all our people believe in our institution's mission and want to make a real difference in the Microfinance industry. Lastly, I extend my sincere thanks to Partners of SMF EA Ltd for their dedicated innovative approaches that have enabled the Company to register positive results despite some few challenges during the year

## To our Shareholders and the Board

I would like to emphasize the special role that the shareholders and Board of Directors play in the success of our company. In 2017, the Company was successful in securing the funding from SIDI to the tune of UGX 2.2 billion (Euros 500,000) and Cordaid to the tune of UGX 6.12billion (USD 1.68million) to fund the planned activities of the business. In addition, with support from SIDI, through Fonds de dotation ACTES Technical Assistance program, the company was able to secure grant funding of Euros 9,796 that enabled it to develop and implement the social performance reporting tool and framework.

## 2018 - Promoting Financial Inclusion

As clearly outlined in the company's Strategic Plan, our strategy still hinges on ensuring that more enterprising poor are financially included and also have access to non-financial services. The strategy shall continue to broadly focus on;

- 1 Growing and increasing outreach by the Partners
- 2 deliberately working with small and emerging institutions;
- 3 Promoting Social Performance Management and
- 4 Ensuring that the required resources are available to implement the planned interventions.

## 2017 - Growing our Loan Portfolio despite tough macroeconomics

In addition to the macroeconomic conditions in the region, 2017 was rather a unique year for the company with challenges related to local currency fundraising, Partner specific performance issues, loan portfolio impairment losses and deterioration of the local currencies especially the Uganda shilling against the Euro and USD. Despite the challenges, we registered great progress; a growth in loan portfolio by 8.54% and an increase of 12.2% in total assets but with negative results leading to a loss. The registered loss amounted after tax amounting to UGX 107 million (USD 29,267) as at December 31st 2017 compared to profit after tax of UGX 659.7 million (USD 180,455) in the year 2016.



# 8.54%

LOAN PORTFOLIO  
GROWTH



# 12.24%

TOTAL ASSETS  
GROWTH

## Operationalising Social Performance Management

In 2017, the company was able to operationalise the Board Social Performance Management (SPM) committee and produced its first social performance report. In addition, the company started implementing its agricultural strategy and hired an additional Investment officer (in charge of Agriculture). All these developments and changes were geared towards ensuring that the company is client-centric in achieving its mission.

## What 2018 means for us

FY 2018 will be another year of ambition, growth and performance. Certainly, we will also strengthen the organizational capabilities that support our growth aspirations, maintain our high standards of corporate governance, and advance our sustainability agenda. In line with the vision and strategic focus the following activities will be key in 2018;

## Continued pursuit of excellence

- SMF EA Ltd shall remain aspired, most trusted and admired as a regional wholesale lender in the East African region.
- We shall aim to achieve all set targets in the upcoming financial year and also continue with our initiatives in establishing a strong and innovative company.



Fundraising by leveraging on our local presence and knowledge of the local and regional markets.



Expand the partnership categories to include Producer Groups, Co-operatives, SME's and Social Enterprises. This will enable the company to diversify its lending strategies, engaging new partnerships, expanding outreach and achieving its social objectives.



Prepare a new strategic plan 2019-2023.



Carry out Financial and Social rating.

# Setting the bar for new Operational targets

## MESSAGE FROM CEO

Harriet Mulyanti



### 2017 - A milestone year for our targets

In 2017 we passed a major milestone on our journey towards meeting our 2014-2018 Strategic objectives. Despite economic headwinds, especially with regard to the macro economic challenges in the East African region, our strategies helped us to achieve our key 2017 targets.

We are delighted with the results as summarized in the score card on the following page. It underlines yet again that Strømme Microfinance East Africa Ltd is, above all, a company determined to address needs of the enterprising poor through its partnership model in the region. We are seeing a steady growth and performance culture in the company characterized by strong employee engagement, teamwork, drive for operational excellence and accountability for results. This is making us more responsive, entrepreneurial and innovative.

We appreciate the role of all our Partners, Board, shareholders and key stake holders that have contributed to the attained results.

### 2018 - Driving operational excellence to new heights

We will continue to drive operational excellence and invest in building partners capacity for better growth. We will also continue to focus on improving profitability and diversify our partnerships. Other key strategies and activities shall include:

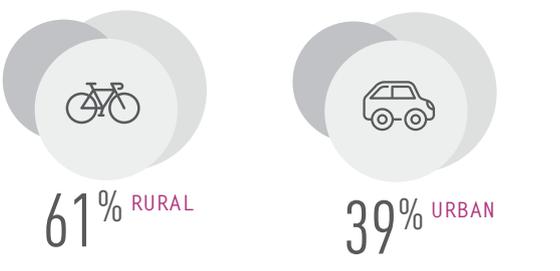
- Increase the Company's portfolio to UGX 62.3 billion by December 2018, an increment of UGX 10.3 billion (19.8% growth) from UGX. 51.99 billion as at 31st December 2017.
- Raise a total of UGX. 15 billion in debt funding to support the planned activities.
- Increase and diversify our partnerships from 23 partners as at December 2017 to 32 partners as at December 2018.

SMF EA Ltd remains committed to contributing to the vision of "A World free from Poverty" through improving the lives of the enterprising poor in the East Africa region.

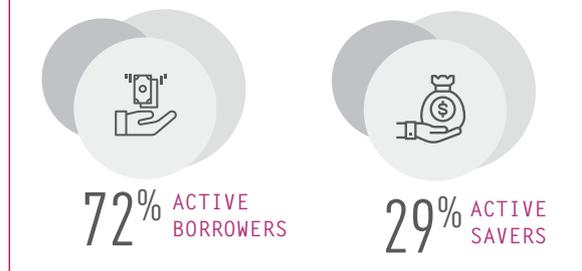
Harriet Mulyanti

Chief Executive Officer

#### % OF PARTNER BRANCHES IN URBAN/RURAL AREAS



#### % OF BORROWERS/SAVERS IN RURAL AREAS



2017 BUSINESS HIGHLIGHTS



23

MICROFINANCE PARTNERS



98.9%

OPERATIONAL SELF SUFFICIENCY



3.95%

OPERATING COST RATIO



4.72%

PORTFOLIO QUALITY



UGX (BILLION)  
51.99

GROSS PORTFOLIO



60 DAYS

AVERAGE TURNAROUND TIME FOR DISBURSING A LOAN



71%

LEVEL OF SATISFACTION WITH FINANCIAL PRODUCTS OFFERED

PARTNER AGGREGATED RESULTS



756<sup>k</sup> ACTIVE BORROWERS OF PARTNER INSTITUTIONS

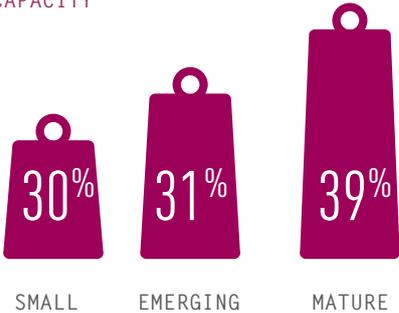


2<sup>m</sup> ACTIVE SAVERS OF PARTNER INSTITUTIONS



77<sup>k</sup> ACTIVE FARMERS SUPPORTED

PORTFOLIO DISTRIBUTION BY INSTITUTION CAPACITY



The definition of Small, Emerging and Mature MFIs is based on asset value; small < USD3million, emerging above USD3m < USD10million and Mature have an asset base of USD 10 million and above

PORTFOLIO DISTRIBUTION BY COUNTRY (UGX)



2018 BUSINESS GOALS



UGX  
62.3 BILLION

LOAN PORTFOLIO BY DEC. 2018



UGX  
15 BILLION

TO BE RAISED IN SUPPORT OF ACTIVITIES

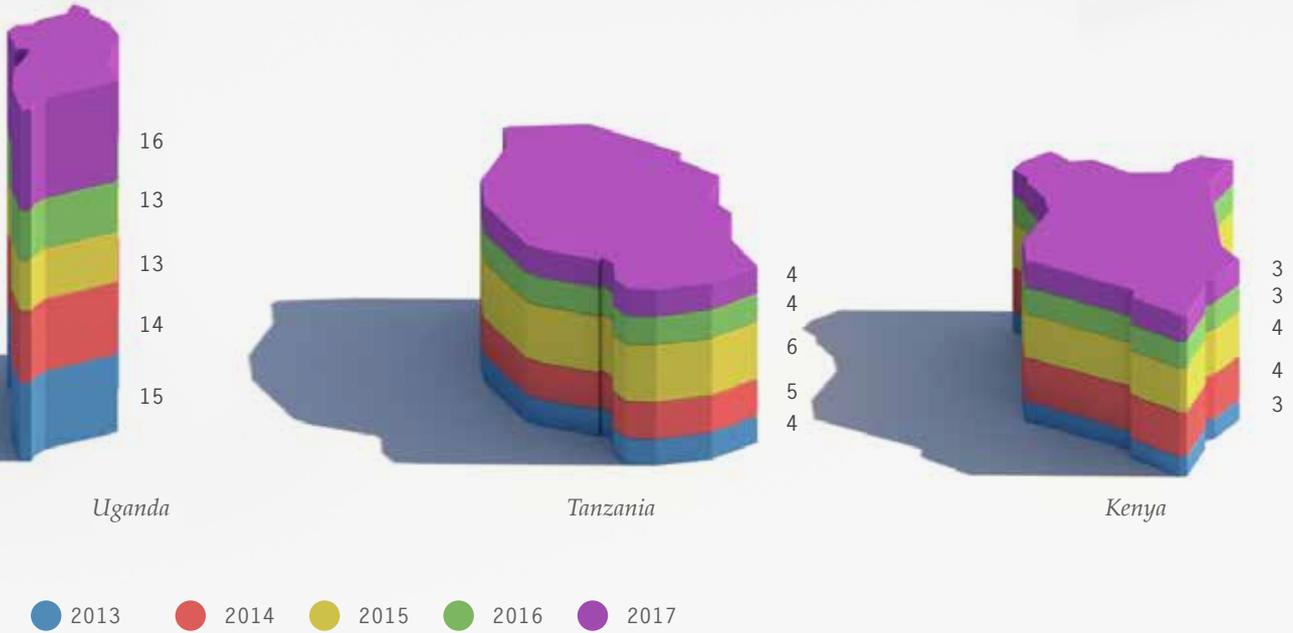


32

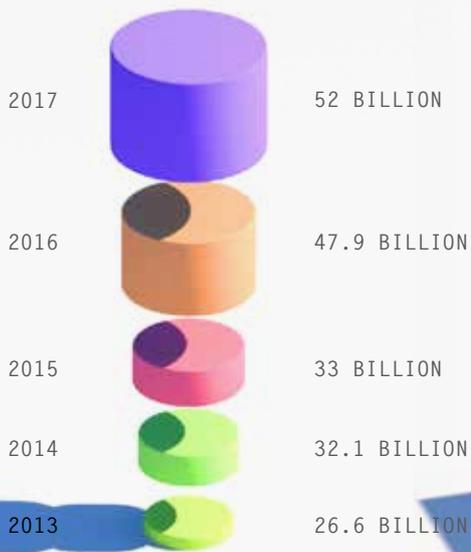
PARTNERS

# Business Performance

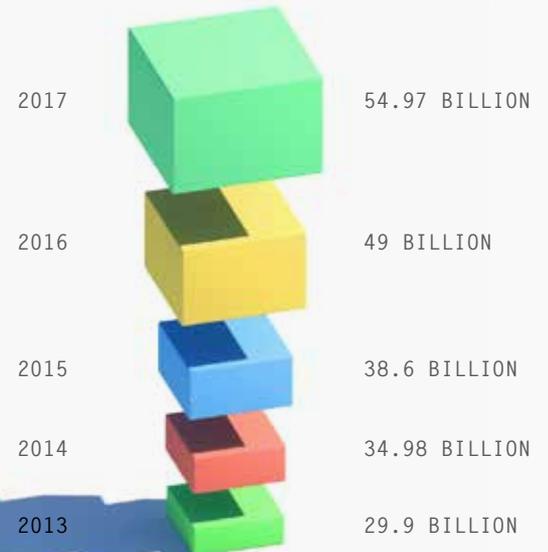
Partner Institutions by Country



Gross loan Portfolio

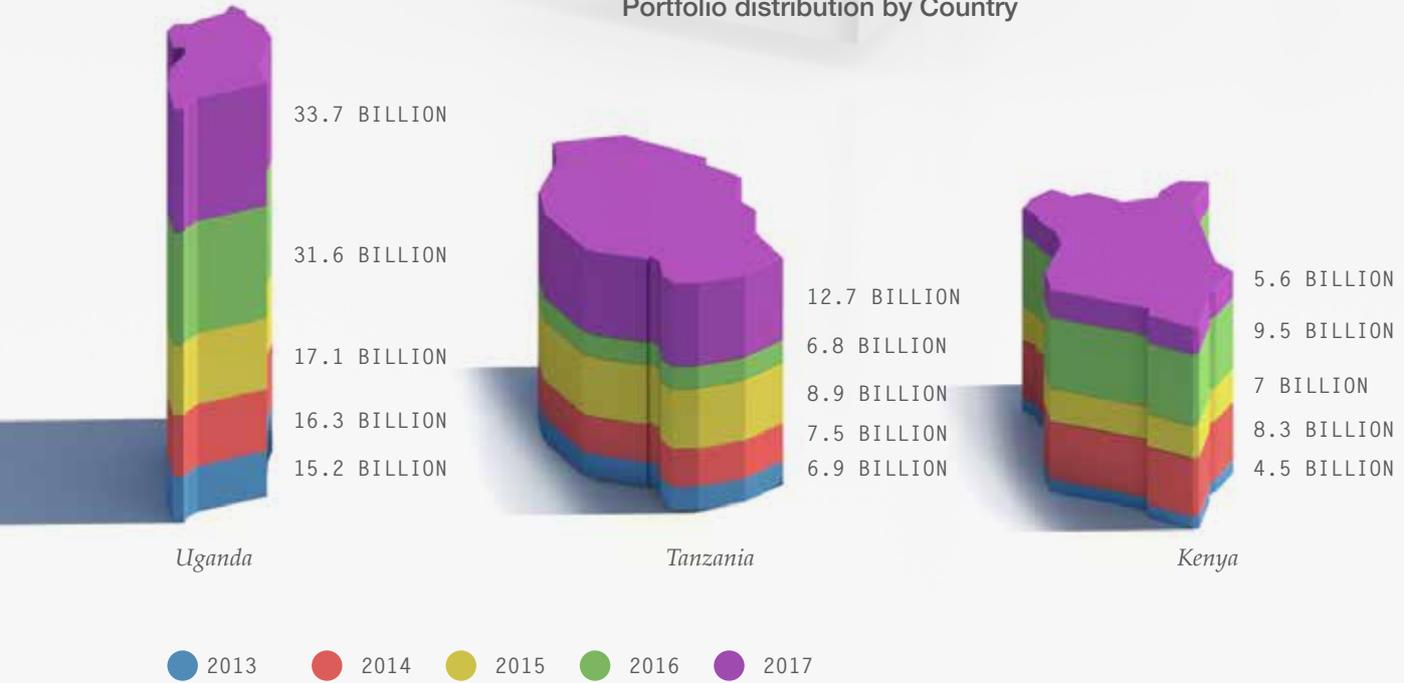


Total Assets

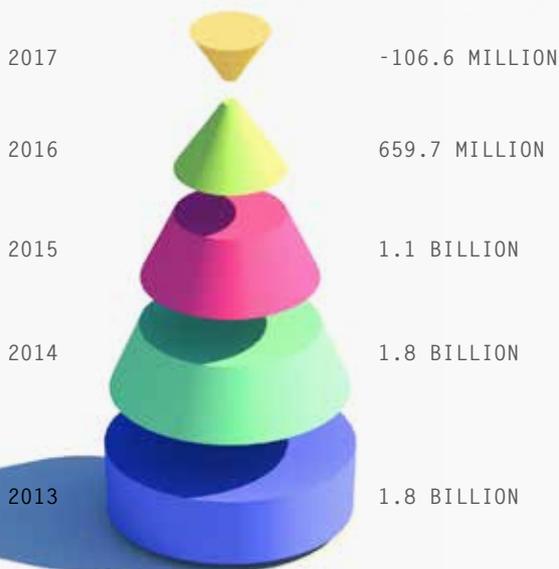


All figures in UGX

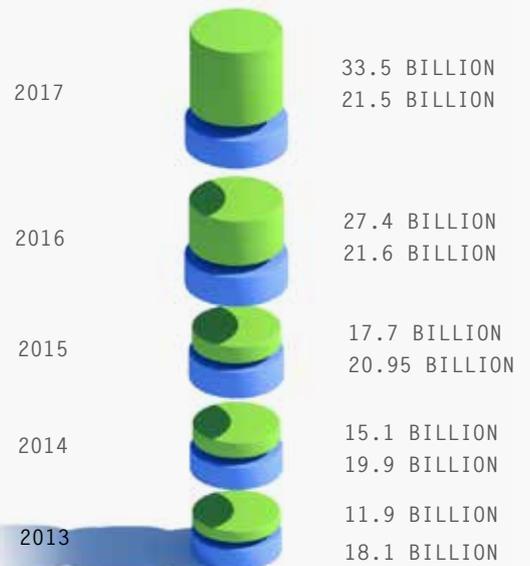
### Portfolio distribution by Country



### Profitability Trends



### Equity and Liabilities



All figures in UGX

# How BRAC Group Loans are steering Women's small businesses

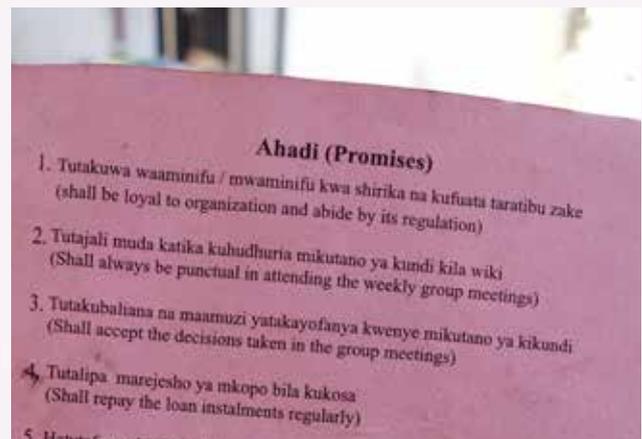


## VOICES FROM OUR PARTNER CLIENTS

Ushirika group in one of the suburbs of Dar es Salaam North comprises of 20 women members who meet every Tuesday morning for their regular business and community meeting. These ladies with varying ages between 20 years to 50s are beneficiaries of BRAC's financial services to the enterprising poor.

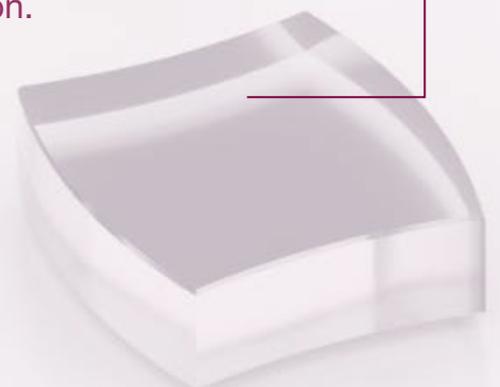
BRAC Tanzania is one of the newest partners of Stromme Microfinance East Africa Limited that was engaged at a local level. The partnership was geared towards increasing access to financial services by the enterprising poor to boost their business and increase social economic sustainability.

For each of the groups there are promises that they all commit to, upon joining BRAC Tanzania. These promises are not only finance related but they incorporate the social context where the groups are situated. Whenever they meet, one of the agenda items, other than collecting their loan repayments is addressing one of the social issues within their community. The aim is that as they get equipped with great financial management and business skills, they also get involved in transforming their communities for the betterment of the wider population. There is always a facilitator from BRAC who joins them to guide the discussions and provide guidance when necessary.



### THE IDEA

Group of 20 women members bound by a list of promises are equipped with financial management and business skills for community transformation.



## Reaping big from the BRAC group lending program

The ladies shared many benefits they have received through the BRAC group lending program. One common benefit is that the loan advances have helped greatly to boost their businesses, and many have been able to grow their small income projects from just mere survival means to sustainability projects that can even be passed on to the next generation. Most of them are engaged in retail of clothes, mobile money business, cosmetics, tailoring, selling of vegetables, hairdressing and poultry among others. These trades are popular in the peri-urban area where they live.

Due to increased income some have managed to buy plots of land where they can construct own homes, others have been able to support their children through school while others are able to employ other people in local transport business (popularly known as Bajaj). This is creating a ripple effect in terms of creating jobs, equipping children for better employment opportunities and generally better housing for the poor.

Mama Rukiya Saleh in whose home the ladies meet is a retired secretary. She shared that having access to soft loans from BRAC has helped her prepare for her retirement beforehand. Together with her husband, they have been able to support all four of their children through school and the children are now working. When she retired, she opened a new shop where she retails clothes, she has 4 Bajajs (motor bicycles) which generate income and employ four young men. She also specializes in poultry and hatches chicks for sale to other poultry farmers.

BRAC lends Tz Shs 500,000 as the highest loan amount to members of microfinance in the first cycle. In Dar es Salaam city, BRAC currently has over 892 groups out of which 189,064 individuals were able to access loans in 2017.

With all the success the ladies shared about their journey, it goes without saying that they have experienced numerous challenges. One of their pressing challenges in 2017 was the long arm of taxation imposed on their small businesses. Many of them struggled to repay their loan installments due to low business and high taxes. This is indeed a serious challenge and is affecting the poor people.

SMF EA Ltd continues to support enterprising poor by ensuring that financial services are easily accessed by those that need to grow their income and employ other people.



*Mama Rukiya Saleh specializes in poultry and hatches chicks for sale to other poultry farmers.*

### TAX BURDEN

Many struggled to repay their loan installments due to low business and high taxes imposed on their businesses.



### THE IMPACT

Many have been able to grow their small income businesses from just mere survival means to sustainable projects.

# The story of a group working to minimize poverty in Bundibugyo



## TESTIMONIES FROM OUR PARTNERS

HOFOKAM's target group is the economically active poor. Among their lending methodologies is group lending that has enabled them to reach their target group. Busoru youth multipurpose association is one of HOFOKAM's clients that has accessed credit facilities from HOFOKAM through its branch in Bundibugyo district, Uganda. The Association started in 1992 with 55 members of which 30 were males and 25 females. As at May 2017, the Association had a total of 58 members of whom 46 were females and 12 were male.

The Association is located in Busoru parish, Kisubba sub-county in Bundibugyo district, Uganda. It consists of hotel owners, cocoa and palm oil growers most of whom have taken loans ranging between UGX 500,000 (USD 137) and UGX 10,000,000(USD 2,735).

### What the Association hopes to achieve

- Increase household incomes through establishment of sustainable income generating activities.
- Promote a culture of savings and credit.
- Sensitize community members on HIV/AIDS prevention.



*Busoru youth multi-purpose association members pose for a group picture with SMF EA LTD Board and Staff members and HOFOKAM staff during a visit in Bundibugyo*

### THE VISION

**“Our mission is to minimize poverty, uplifting living standards of the group members and educating the community on development issues.”**

*- Mr. Patrick Kintu Kihamba, Association Chairman*

## Association's status before joining HOFOKAM

By the time the association joined HOFOKAM in 2007, they had 24 members (6 males and 18 females) and were undertaking their internal savings, credit in addition to promoting farming. The association's leadership comprises of three executives members i.e. the chairperson, secretary and treasure. it also has six committee members who include; vice chairperson, vice secretary and Mobilizers.

When the group had just joined HOFOKAM they managed to borrow UGX 2,350,000 (approx. USD 643) which was disbursed on 5th November 2007.

Currently the group is servicing a loan which was acquired on 4th August 2016 of UGX 80,000,000 (approx. USD 21,882). This loan was distributed amongst all 58 members.

## The Impact

Most of the members of the group agreed initially to acquire the loan for various purposes that included: cocoa farming/trading, hire of cocoa gardens, purchase of land, housing construction, school fees, and palm oil businesses and Retail trading. The current loan has enabled members to register significant achievements like increase in members' household incomes, construction of residential houses, education for their children, attaining of literacy skills on finances through trainings and opening up businesses for themselves.

Since most of the group members are farmers they formed a cooperative society known as Bubomboli cooperative society aiming at looking for better prices for their cocoa and to promote a culture of savings through encouraging members to buy shares as a way of savings. The cooperative helps members whenever they are faced with emergencies by giving them access to income in advance to solve their problems like clearing medical bills, burial expenses and sometimes pay school fees. "The above benefits are only enjoyed by the members who have shares in the cooperative." The chairman emphasized.

The cooperative also owns a store where they keep cocoa before selling it. They have procured furniture for it and they also have a moisture meter which they use to test the cocoa to see whether it's dry and good for the market.

## Cash flow challenges

As a group, the association does not face many challenges besides seasonality which affects their cash flows. Cocoa is a seasonal crop and the season runs only from September to April.



*Safuroza a group member in a blue T-shirt gives a site tour of her newly constructed house during an SMF EA LTD board member visit in Bundibugyo*

## THE CHALLENGES

**"Since all members of Busoru youth multipurpose association are members of Bubomboli cooperative society, they are faced with inadequate financial resources."**

*- Mr. Patrick Kintu Kihamba, Association Chairman*

## The dream to boost household incomes

The association is grateful for the financial and capacity training support that HOFOKAM offers them. Their lives have indeed greatly changed ever since they started accessing services from the institution. Some of the group members' ambitions are to increase members' household incomes, ensure their children access good higher education, construct good comfortable housing for themselves and grow their businesses.

# Empowering our partners and their clients

## INSTITUTIONAL CAPACITY BUILDING SUPPORT

The Company undertook a sensitization workshop on Housing Microfinance to potential and existing partners.

In conjunction with Letshego Uganda Limited, UGAFODE Microfinance (MDI) limited and Uganda Microcredit Foundation Limited, a radio drama program was sponsored on CBS radio in Uganda to educate the masses on aspects of decent housing needs, where both technical and financial aspects of the housing value chain were addressed.

Uganda Microcredit Foundation Limited (UMF) was supported to purchase a new Management information system to enable it to enhance its efficiency and effectiveness in providing financial services to its clients.

SMF EA Ltd is further committed to support its partners to improve their systems, processes and delivery channels in order to facilitate service delivery to the enterprising poor in the East African region.



*Incremental housing supported by Stromme through its partner institutions.*

## SOCIAL PERFORMANCE ACCOLADES

SMF EA Ltd had 2(two) of its investment officers trained and qualified SPI auditors. This gives SMF EA Ltd an edge of measuring its social performance.

Special Thanks go to CERISE that was instrumental in ensuring that SMF EA Ltd operationalises its Social performance strategy.



## NETWORKING HIGHLIGHTS



SMF EA Ltd continued its support to the Microfinance industry by working closely with practitioner networks of Tanzania, Uganda and Kenya.

The company continued to engage in wholesaler's network meetings in Kenya. These meetings are still beneficial to enable the company to keep abreast of the regional microfinance practices.



The company hosted Kolibri Kapital Managing Director- Mr. Sindre Ottesen who got exposed to SMF EA Ltd operations in the region.

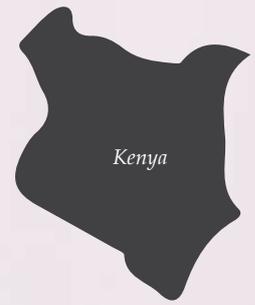
*Kolibri Kapital Managing Director (Second from right) in a group photo after talking to BIMAS clients*



The Company was represented in the African Microfinance Week in Ethiopia and the European Microfinance Week in Luxembourg. SMF EA Ltd is one of the organizations that was invited to speak at European Microfinance Week and shared its experience in Housing microfinance and also as an Apex intermediary over a period of 13 years.

*Mr. Dominique Lesaffre (first from left), Chief Executive Officer, SIDI, on the panel with Mr. Paul Katende, Operations Manager, SMF EA Ltd (third) during the European Microfinance week in Luxembourg*

# A partnership creating big social impact in Kenya



## TESTIMONIES FROM OUR PARTNERS

### A shared vision

ECLOF Kenya is a credit only microfinance institution providing financial and non-financial services to micro, small and medium entrepreneurs in Kenya. Partnership with SMF EA Ltd started in 2013 when the first loan of Kshs 20 million (USD 555,556) was disbursed. Since then ECLOF-Kenya has had more credit facilities and has also had access to capacity building services.

### Financial and Social Impact

According to the Chief Executive Officer, Mrs. Mary Munyiri, SMF EA Ltd has had quite a number of expectations on ECLOF Kenya. The expectations range from ECLOF Kenya's ability to demonstrate a clear growth path on the business, improvement of portfolio quality, enhancement in risk management and social impact on customers

- 77.74% growth in gross loan portfolio from Ksh595.8 million (USD 16.6 million) in 2013 to Ksh1.059 billion (USD 29.4 million) in 2017.
- Deepening and increasing outreach. ECLOF Kenya has entered into new pockets and has grown the network to 44 outlets i.e. 23 branches, 20 satellite offices and a head office.
- Portfolio at Risk (above 30 days) has been oscillating between 4.89% to 5.29% as a result from 2017 when the country experienced economic down time from political turbulence.



“ The relationship of the two Companies has been growing over time. The products and services offered to ECLOF Kenya have been need-based. They have been availed on time and have been somewhat affordable”

- Mrs. Mary Munyiri, CEO

- There has been risk diversification resulting to a product mix of 73.56% retail and commercial, 21.83% agriculture and 4.51% social products. It is worthy to mention that agriculture portfolio grew by 2%.
- Upgrading the risk section into a fully-fledged department that is now undertaking comprehensive risk management.
- There has been increase of staff productivity and efficiency as a result of embracing technology. This has resulted into improved portfolio yield from 42.2% in 2013 to 45.6% in 2017 and increased profitability from a loss of Ksh50.5 million( USD 1.4 million) in 2013 to a profit of Ksh40.0 million( USD 1.1 million) in 2017.
- Effectiveness on governance and leadership as a result of relevant training and workshops sponsored by SMF EA Ltd.
- Having well defined social indicators and being able to measure them.
- ECLOF-Kenya staff have been exposed through SMF EA Ltd.'s mentoring and coaching program hence enabling the institution to bench mark itself with peers in the industry for better results.
- Staff have benefited from trainings organised by SMF EA Ltd and hence sharpened their knowledge and skills in microfinance best practices. This has enabled ECLOF-Kenya to be in tandem with emerging trends.



*Mrs. Joyce Wambui Ng'ang'a- An agricultural client supported by ECLOF-Kenya in EMBU region.*

#### THE IMPACT

ECLOF Kenya has entered into new pockets and has grown the network to 44 outlets i.e. 23 branches, 20 satellite offices and a head office

“The requirement to provide various reports at specified time is an approach in relationship that has enabled ECLOF Kenya to improve in accountability and in self-evaluation”

- Mrs. Mary Munyiri, CEO

# Financial Statements

## Financial Statements as at 31 December

	2017	2016
	Ushs'000	Ushs'000
<b>ASSETS</b>		
Cash and cash balances	2,385,449	852,519
Deposits with other financial institutions	1,931,467	519,194
Investments	-	7,650
Loans and advances to customers	48,649,542	46,896,341
Other receivables	99,824	63,684
Corporation tax receivable	317,643	-
Due from related parties	330,215	224,521
Property and equipment	81,118	83,650
Intangible assets	5,613	8,018
Deferred tax asset	<u>1,171,273</u>	<u>341,012</u>
<b>TOTAL ASSETS</b>	<b><u>54,972,144</u></b>	<b><u>48,996,589</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Borrowings	32,061,020	26,281,654
Corporate tax payable	-	384,167
Trade and other payables	1,319,636	725,631
Deferred grants	<u>93,000</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>33,473,656</u></b>	<b><u>27,391,452</u></b>
<b>EQUITY</b>		
Share capital	5,387,270	5,387,270
Share premium	9,494,644	9,494,644
Retained earnings	<u>6,616,574</u>	<u>6,723,223</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b><u>21,498,488</u></b>	<b><u>21,605,137</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>54,972,144</u></b>	<b><u>48,996,589</u></b>

The financial statements were approved by the Directors on  
 ..14 March..2018 and signed on its behalf by:-

  
 .....  
 Director

  
 .....  
 Director

Please refer to audited accounts for details

## Statement of Comprehensive Income as at 31 December

	2017	2016
	Ushs'000	Ushs'000
Interest income	7,940,108	6,431,802
Interest expense and fees	<u>(3,187,807)</u>	<u>(2,040,602)</u>
Net Interest Income	<u>4,752,301</u>	<u>4,391,200</u>
Fee and commission income	176,172	187,403
Other operating income	85,463	171,576
Grants for non-financial activities	42,446	206,460
Net foreign exchange gain	<u>-</u>	<u>278,798</u>
Operating Income	5,056,382	5,235,437
Administrative expenses	(856,168)	(697,613)
Other expenses	(196,273)	(436,171)
Staff costs	(971,884)	(795,437)
Loan loss provision expense	(2,325,652)	(1,283,182)
Net foreign exchange loss	(1,191,039)	-
Operating expenses	<u>(5,541,016)</u>	<u>(3,212,403)</u>
(Loss)/Profit before taxation	<u>(484,634)</u>	<u>2,023,034</u>
Taxation credit/(charge)	377,985	(1,363,289)
(Loss)/Profit for the year	<u>(106,649)</u>	<u>659,745</u>
Other comprehensive income	-	-
Total comprehensive income	<u>(106,649)</u>	<u>659,745</u>

# Special Recognition of our Partners



## Other Network Partners





