



Highlights of UDB Operations

Extract of the Financial
Statements & Development Impact
for the Year ended 31st December 2019

**Accelerating Socio-economic Development
through Sustainable Financial Interventions**



Statement from the Managing Director

Mrs. Patricia A. Ojangole
- Managing Director

Delivering UDB's business strategy

It is my pleasure to share this report on Uganda Development Bank's Financial and Development Impact performance for the year 2019. Our ambition for the year was to consolidate the gains previously registered and set the stage for sustained growth which I am proud to say were achieved.

Our success was largely due to implementation of various strategic initiatives which include implementation of specialized units in the Bank to provide additional support to the private sector, our conscious decision to mainstream and champion financial sustainability, value creation through partnerships and several others.

UDB's interventions generated significant socio-economic impact. We continue to strengthen our development impact monitoring, evaluation and learning framework so as to not only ensure that development outcomes generated by the projects funded by the bank are adequately tracked but also support assessment-at-entry with the view to ensure that only projects that demonstrate a high promise to create the highest additionality are financed and supported. Resulting from this, the Bank's operations created 4,343 new jobs and maintained 23,970 jobs in 2019; of these, 36% were held by women and 67% were taken on by the youth. The total contribution to government tax revenue by the various companies supported by the Bank improved by 6% during 2019, from Ushs133.1billion in 2018 to Ushs141.7billion.

The Bank's financial performance also improved significantly; profit after tax improved by 7% from Ushs 9.49 billion in 2018 to Ush 10.14 billion in 2019 while the balance sheet grew by 31% to yield at Ushs 486.37 billion; this was supported by a 74% increase in Government of Uganda capital contributions, improving from Ushs 48.15 billion in 2018 to Ushs 83.73 billion in 2019. Additionally, the Bank drew down various lines of credit with its development partners during the year resulting in a 22% increase in borrowing from Ushs 97.03 billion in 2018 to Ushs 118.00 billion in 2019. UDB also generated various funding relationships that are expected to mature in the short to medium term and will continue to leverage its equity to source alternative funding opportunities to support its investment activities.

Looking Ahead

Moving forward, we remain cognizant of the need to embed sustainability in our operations and to align our interventions to the national priorities as enshrined in Uganda's Vision 2040 and the new National Development Plan (NDP III). The Bank has reviewed its strategic plan to cover the next 5-year period 2020-2024 to include a sustainability strategy.

During the year 2020, the Bank will support interventions along three High Impact Goals i.e. projects and programs that aim to reduce poverty in Uganda, build a sustainable food system in Uganda those that promote Uganda's industrialization. We remain committed to our mandate to act as a catalyst for Uganda's socio-economic development.

Appreciation

On behalf of Management and staff, I convey my gratitude to all the stakeholders in our business for supporting the Bank to flourish and make a meaningful contribution in transforming businesses and livelihoods in Uganda.

Specifically, we thank our shareholders, the Minister of Finance, Planning and Economic Development, Hon. Matia Kasaija and the State Minister for Finance, Planning and Economic Development, Investment and Privatization Hon. Evelyn Anite for their continued support and commitment to the Bank and its activities. I wish to convey our appreciation to the Board of Directors for their stewardship and support, and under whose oversight the Bank continues to thrive.

To my valued colleagues at the Bank; the Management team and all the staff, your continued commitment, zeal and hard work ensured that the Bank posts great results yet again. To our dear clients with whom the Bank conducts business, and our development partners who support our business and progress, we greatly appreciate your continued support and value our partnership. We look forward to more rewarding years ahead as we commit to working and serving you better.

I wish you all a rewarding 2020.

Mrs. Patricia A. Ojangole
Managing Director



7%

Post Tax
Profit
2018-2019



15%

Gross Loan Book
2018-2019



31%

Balance Sheet
2018-2019



4,343

New jobs
created



23,970

Jobs
maintained

Extract of the Financial Statements for the Year ended 31st December 2019



Auditor General's Report on the Financial Statements

In accordance with Article 163(4) of the Constitution, I forward here with Audited Financial Statements of Uganda Development Bank Limited for the Financial Year Ended 31st December 2019 together with my Report and Opinion thereon.

Opinion

I have audited the financial statements of Uganda Development Bank Limited, which comprise the statement of financial position as at 31st December 2019, and the statement of comprehensive income, statement of change in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Uganda Development Bank Limited as at 31st December 2019, and its Financial Reporting Standards and the requirements of the Companies Act of Uganda 2012.

Basis for my opinion

I concluded my audit in accordance with international standards on Auditing (ISAs) my responsibilities under those standards are further described in my Responsibilities for the Audited of the Financial Statements. I am independent of the Bank in accordance with the international Federation of Accountants' Code of Ethics for Professional Accountants (IFAC Code) and other independence requirements applicable to performing audits of Uganda Development Bank Limited. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Summary financial statement

The summary Financial statements do not contain all the disclosure required by the International Financial Reporting Standards, the Companies Act of Uganda 2012 and the Financial Institution Act 2004 as amended by the Financial institution (Amendment) Act 2016 as applicable to annual financial statements. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audit financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of my report and the Bank's audited financial statements.

Responsibilities of the Directors for Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Uganda, 2012, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Banks ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements.

My objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered materials if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements. As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit.


Statement of Comprehensive Income

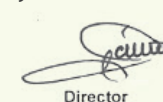
	Note	2019	2018
		Ushs '000	Ushs '000
Interest and similar income	8	42,021,779	35,463,324
Interest expense and similar charges	9	(3,104,553)	(2,217,024)
Net interest income		38,917,226	33,246,300
Net foreign exchange gains	10	(73,394)	43,070
Fair value gains on investment property	22	(3,323,000)	1,996,000
Net (loss)/gain on financial assets recorded at fair value through profit or loss	19	(98,416)	(118,173)
Other income	11	2,062,694	3,709,724
Net impairment loss on financial instruments	20(f)	(1,403,807)	(7,910,558)
Operating income after impairment losses		36,081,303	30,966,363
Personnel expenses	12	(11,375,982)	(9,172,171)
Depreciation and amortisation	23, 24	(608,646)	(684,385)
Other operating expenses	13	(8,711,422)	(7,516,010)
Profit before tax	14	15,385,253	13,593,797
Income tax expense	16(a)	(5,244,994)	(4,107,403)
Profit for the year		10,140,259	9,486,394
Other comprehensive income			
Revaluation of property and equipment	23	-	1,298,234
Related tax	30	-	(389,470)
Total comprehensive income net of tax		10,140,259	10,395,158
Basic/diluted earnings per share	15	101	94.86

Statement of Financial Position

	Note	2019	2018
		Ushs '000	Ushs '000
ASSETS			
Cash and cash equivalents	17	21,689,075	30,694,491
Deposits held in banks	18	81,458,271	13,688,375
Equity investments at fair value	19	127,336	225,752
Loans and advances	20	334,414,806	276,693,583
Staff loans and advances	21	3,891,810	2,392,468
Current income tax recoverable	16(b)	2,181,171	1,243,751
Investment property	22	31,473,000	34,796,000
Property and equipment	23	5,089,650	5,218,471
Intangible assets	24	823,629	273,803
Other assets	25	5,216,463	4,890,831
Total assets		486,365,463	370,117,525
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	32	100,000,000	100,000,000
Asset revaluation reserve	34	1,203,464	1,203,464
GOU capital contributions	33	183,902,306	100,171,606
Retained earnings	42	62,376,979	52,236,720
Total equity		347,482,749	253,611,790
Liabilities			
Amounts due to Bank of Uganda	26	16,017,692	9,290,181
Borrowings	27	70,541,546	57,478,060
Kuwait Special Fund	28	30,777,916	30,261,377
UNCDF fund	29	664,670	-
Deferred income tax liability	30	5,776,986	3,612,149
Other liabilities	31	15,103,652	15,863,968
Total Equity and Liabilities		486,365,211	370,117,525

The financial statements were approved by the Board of Directors on 27th March 2020 and signed on its behalf by:


Chairperson


Director

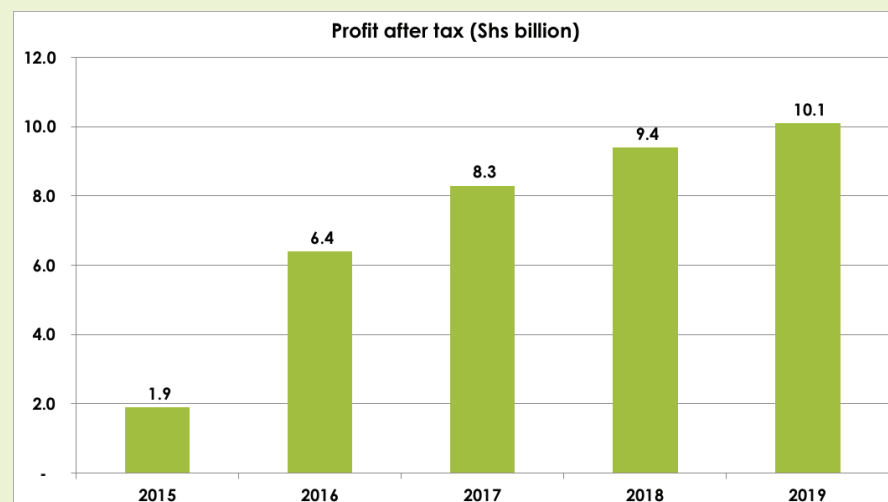


John F. S. Muwanga
Auditor General
Government of Uganda
P.O. Box 7083, Kampala, Uganda

Profitability for the year

The Bank realized a profit for the year of Ushs 10.14 billion, representing a 7 % growth from the Ushs 9.4 billion realized in 2018 on the back of growth in funding and capitalization of the Bank as well as increase in loan disbursements to development projects.

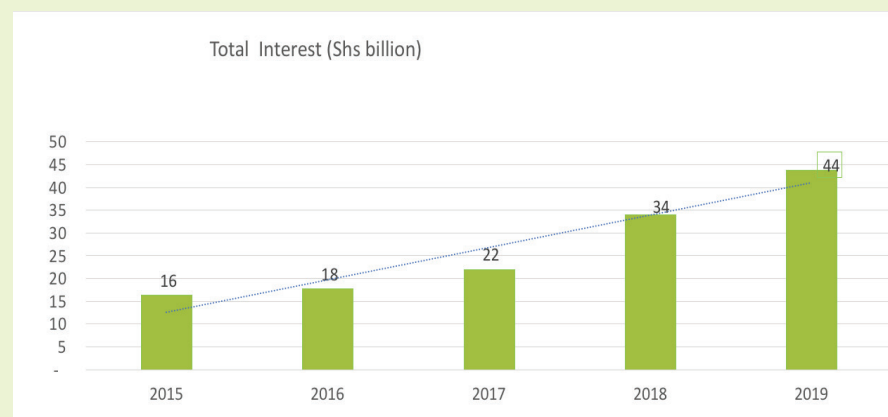
Financial sustainability remains a priority for the Bank in its efforts to drive socio-economic development in the Country. For the foreseeable future, the Bank plans to raise sufficient funding through a combination of Government of Uganda Capital Contribution, debt, and internally generated funds to invest in new developmental loans into the economy. Credit Risk Management including resultant expected credit losses on the bank's financial assets will also continue to be key in ensuring our financial sustainability.



Interest Income

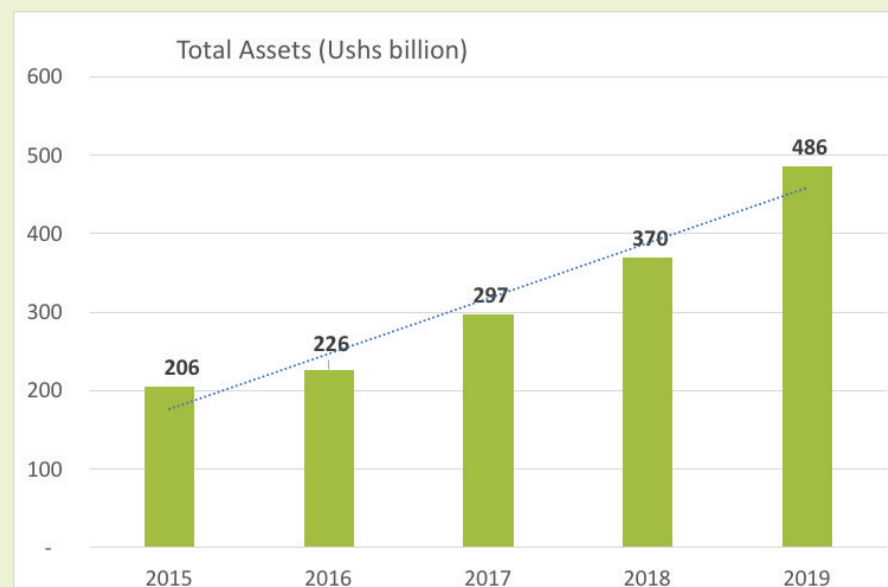
The Bank's net interest increased by 17% to Ushs 38.9 billion from Ushs 33.2 billion in 2018. Interest and similar income grew by Ushs 6.5 billion (18%) in 2019 as a result of a 15% growth in the gross loans and advances.

Interest expense and similar charges also increased by 40% to Ushs 3.1 billion from Ushs 2.2 billion in 2018 as a result of 22% increase in borrowings arising from new lines of credit of Ushs 49.1 billion secured by the bank in 2018 compared to Ushs 40.3 billion drawn down in 2018.



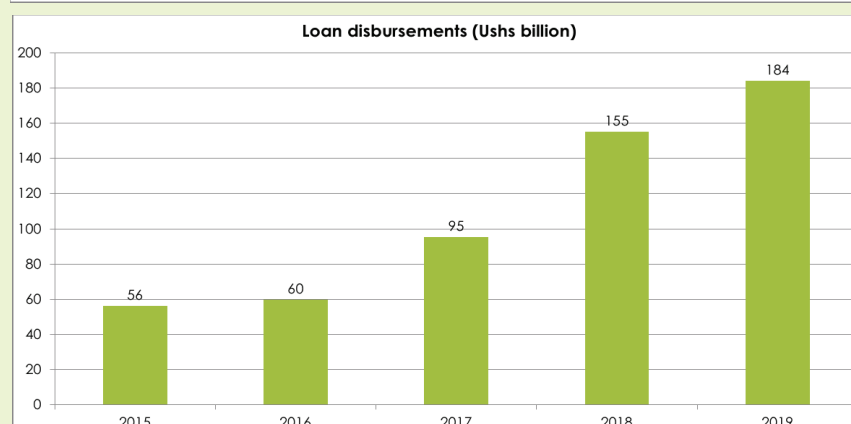
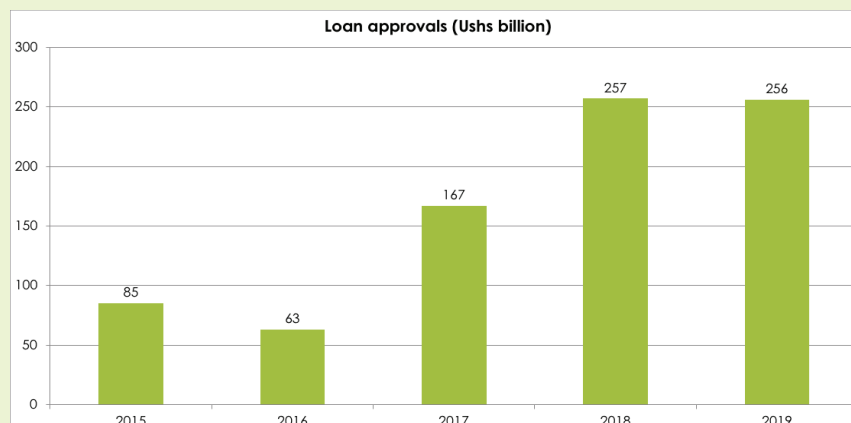
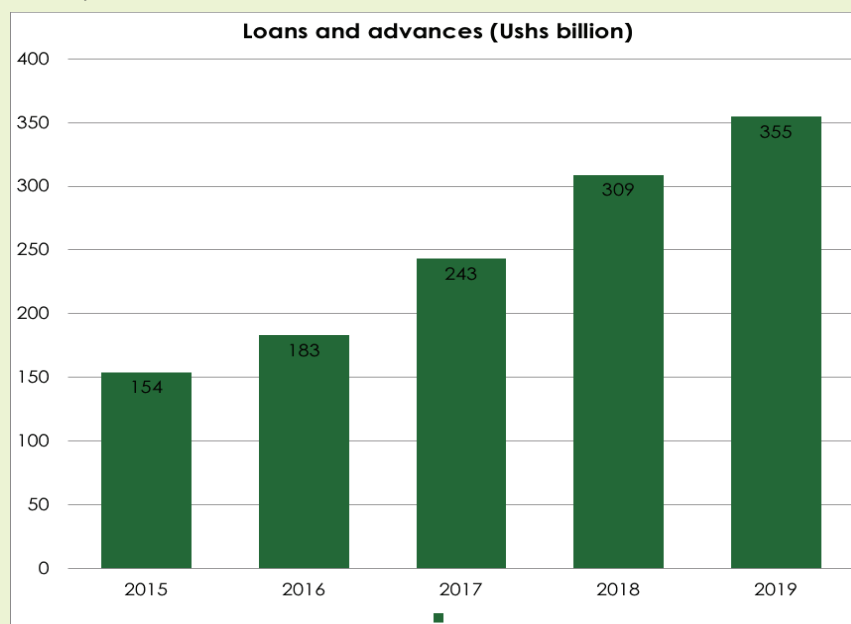
Total Assets

The bank's total assets increased by 31% from Ushs 370 billion to Ushs 486 billion on the back of increase in the Government of Uganda capital contribution as well as draw down of lines of credit.



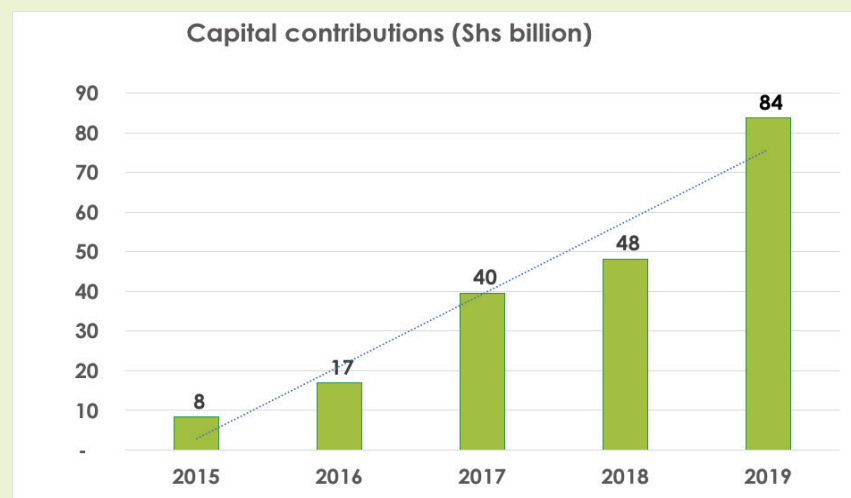
Gross Loans and Advances

Gross loan and advances rose by Ushs 46 billion (15%) during the year. The Bank disbursed Ushs 183.9 billion to projects in 2019 compared up from Ushs 154.5 billion in 2018 representing a 19%. The proportion of the term loans (patient capital) is 81% of the Banks portfolio.



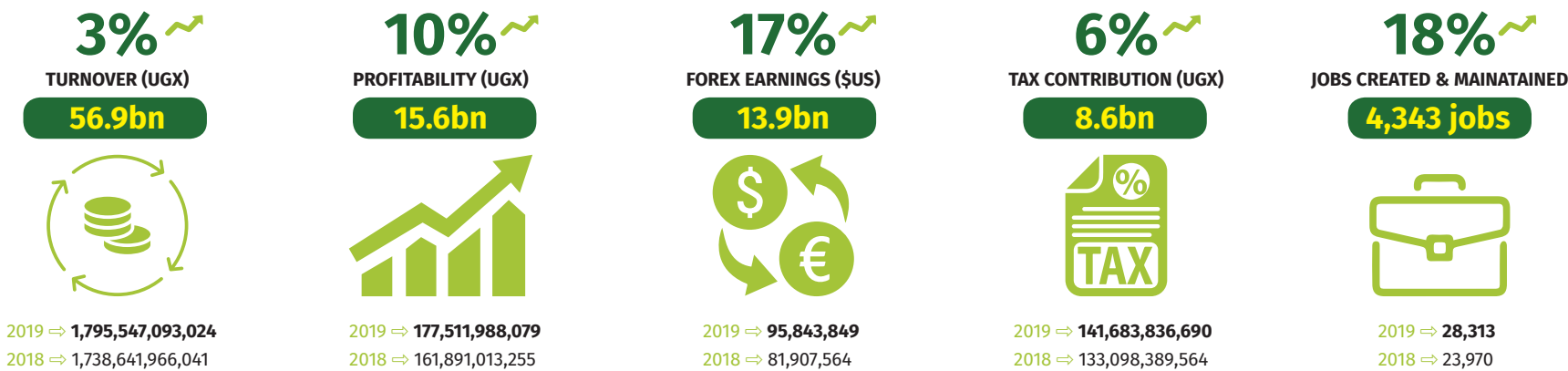
Government of Uganda capital contribution

The Bank received additional capital contribution from the Government of Ushs 87.7 billion in 2019 compared to Ushs 49.1 billion in 2018 representing 79% increase in capitalisation of the Bank. The total capital of the Bank is now Ushs 375 billion.



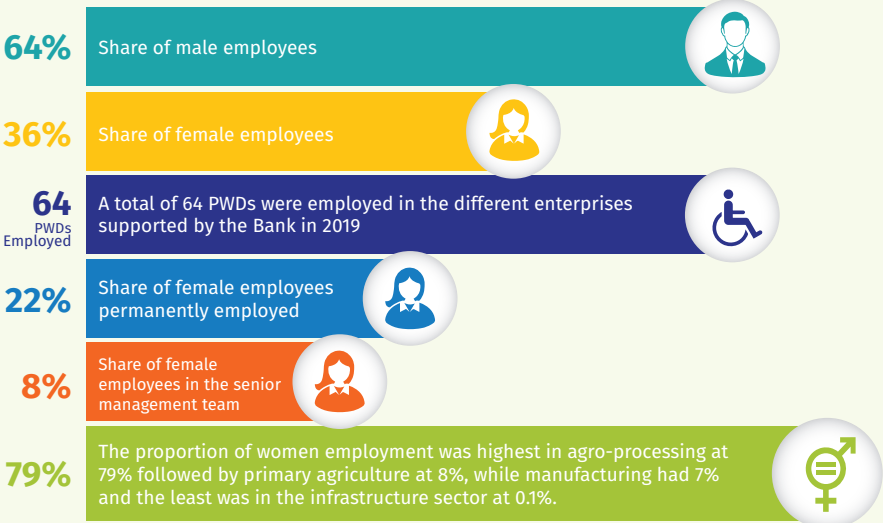
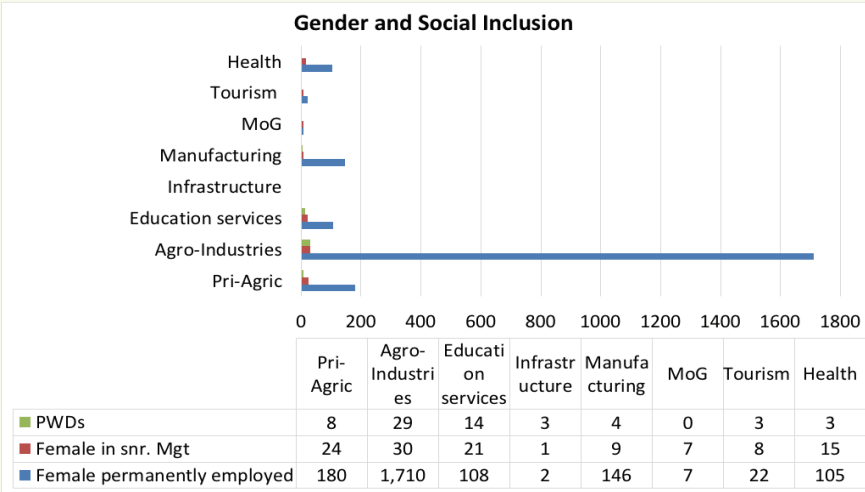
Socio-economic Development Impact 2019

Key Development Impact Highlights



Employment Composition	2018	2019	% Change
Male	14,826	18,095	22
Female	9,144	10,218	12
Male Youth	8,056	12,120	50
Female Youth	2,594	6,975	169
Full Time Employee	9,078	18,872	108
Temporary Employee	6,665	9,159	37

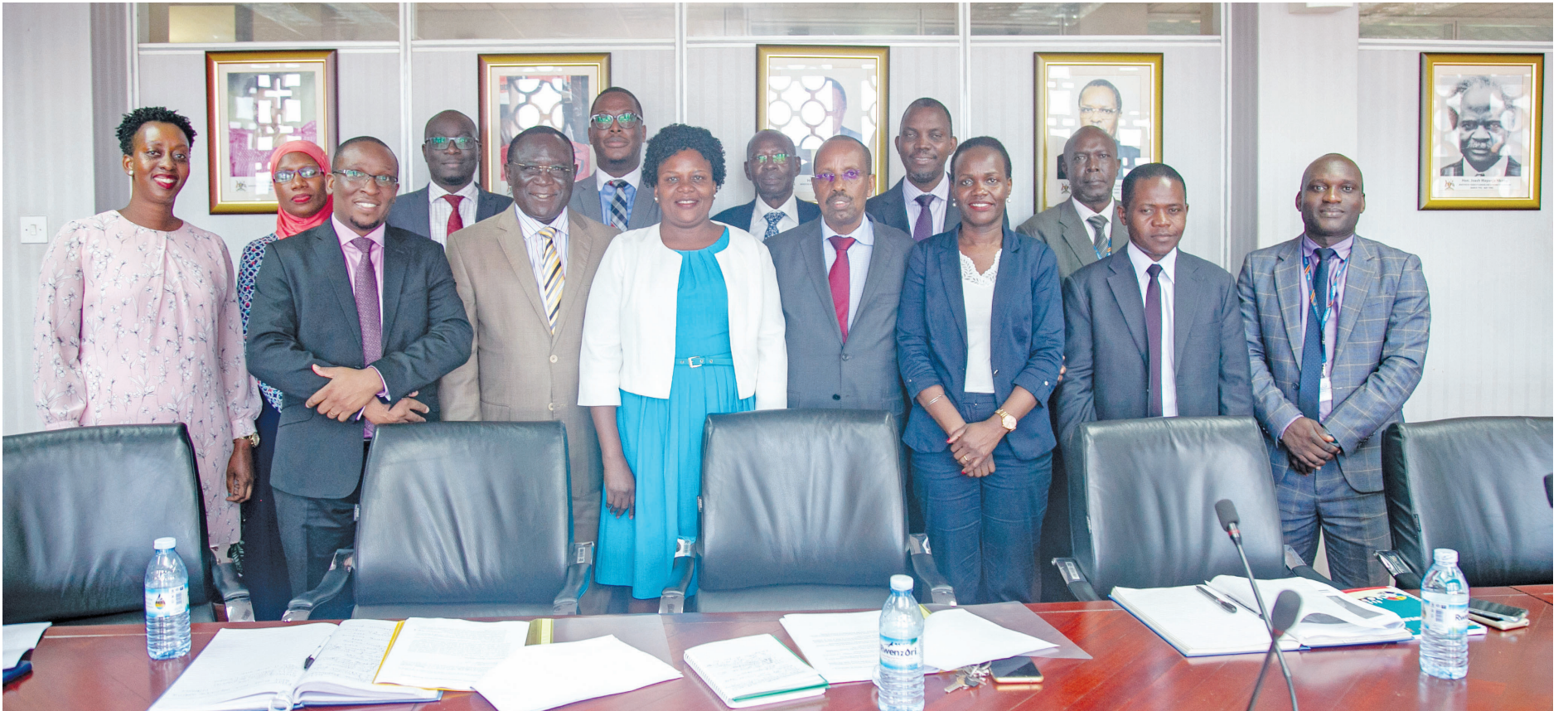
Employment, Gender and Social Inclusion



Green Finance Outcome 2019

Sectors	Amount (UGX)	% Allotment	Amount of GHG Reduced (tCO2e)	Amount of Water Saved (m3)	Primary Energy Saved (GJLHV)	No of jobs Created
Primary Agriculture	29,650,500,000	16.1%	1,854	960	-	22,969
Manufacturing	66,477,463,684	36.1%	84,162	7,742	1,999,590	2,550
Grand Total (Directed to Low-Carbon & Climate Resilient)	96,127,963,684	52.3%				

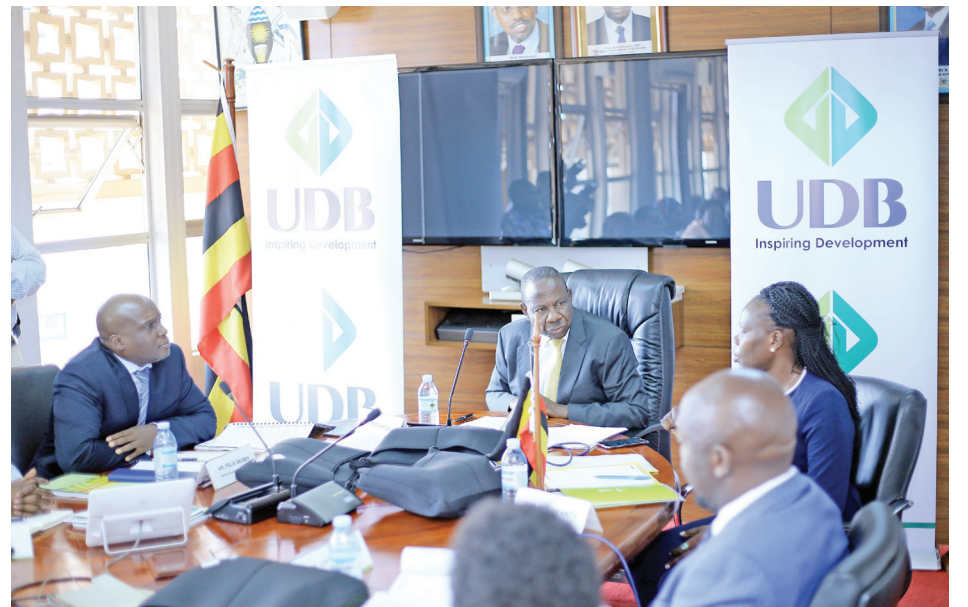
Stakeholder Engagement



Board Directors, members of staff of UDB and officials from the Ministry of Finance led by the Permanent Secretary/Secretary to the Treasury, Mr. Keith Muhakanizi during a Stakeholder meeting at the Ministry of Finance.



Hon. Syda Namirembe Bbumba, Member of Parliament Nakaseke District and Chairperson National Economy Committee addressing guests during a Stakeholder Engagement Meeting at Kampala Serena Hotel.



Hon. Matia Kasaija and Hon. Evelyn Anite, UDB Shareholders and Mr. Felix Okoboi UDB Board Chairman at the Annual General Meeting at the Ministry of Finance.

Signature Projects



This UDB-funded project is located 4Km from Moroto central business district of the Karamoja region along Pader-Moroto road. Upon completion, this will be an ultra-modern hotel with 46 deluxe guest apartments, 22 cottages, 3 conference halls, restaurant & dining, business centre and other amenities.



This UDB-funded project is one of the leading cotton ginneries in the northern region situated in Aduku, Apac district. The company operates a ginnery in Lira district as well as an oil mill in Lira town. Their business involves, buying, ginning and marketing of lint, cotton cake and oil.