

# Prof. Kiregyera ends term on a high note

Prof. Ben Kiregyera, a Statistical Consultant, is retiring from his position as the Board Chair of UGAFODE Microfinance Limited (MDI) after 12 years of service. Below is his farewell message

I would like to congratulate UGAFODE upon making 30 years of providing inclusive financial solutions to Ugandans. I was appointed the Board Chair in June 2012 after UGAFODE had acquired its Microfinance Deposit-Taking License in September 2011. I was requested to take on the role by the good men and women who had started the NGO.

At first, I was hesitant because I did not have training or experience in finance and banking. I, however, agreed to move on from producing statistics on the underdeveloped, which I had been doing across Africa over the years, to assisting them change their situation.

And so, for the last 12 years, I had the great privilege of chairing an amazing board of directors – cohesive, focused, resilient, and strategic – understanding well its mandate. It is indeed amazing that for the last 12 years we have taken all decisions in board meetings by consensus, which is a rare thing with boards, not just in Uganda. I must, therefore, thank successive board members for this unity of purpose.

UGAFODE has had its share of turbulence, and the turning point for the institution was the coming in of the current CEO, Mr. Shafi Nambobi in 2017.

Mr. Nambobi brought fresh air into the institution in form of congenial management style, extensive professional networks and international experience, and in a relatively short time, UGAFODE started making profit. He has since helped to enhance UGAFODE brand and enabled the institution to turn around and thrive.

So, I will be ending my stint at UGAFODE on a high note with the following achievements:

- UGAFODE has managed to meet the new and stringent Bank of Uganda capital requirements.
- The branch network has increased



from five branches in 2013 to 20 branches and three Customer Service and Sales Centers, serving over 107 (78%) of the 137 districts.

- Assets have increased from UGX 21.03 billion in 2012 to UGX 130.9 billion (over 700% increase) in 2023.
- UGAFODE has registered a profit of UGX 5.28 billion after tax for the 2023 audited accounts.
- There is gender parity in the institution. At one time we had no woman on the board, which did not make sense and bothered me a lot.
- UGAFODE has become the training ground for the industry in Uganda.

Indeed, I am very happy that I am leaving when the institution is quite stable, profitable and very much in safe hands.

I want to thank the shareholders for entrusting me with the mandate to steer the Board for all this time. The shareholders have always supported the institution by injecting in capital as well as offering guidance to the Board.

The board members have all been amazing and offered guidance as I steered the ship. I have seen a number of Directors come and go, with three who, unfortunately, passed on while they were on the Board.

I am grateful to the Management team under the leadership of Shafi for transforming UGAFODE to what it is today. I urge them to continue working tirelessly to achieve its purpose of transforming lives and enterprises sustainably through inclusive financial solutions.

## Ms. Mutebe incoming Board Chair



Ruth-Doreen Mutebe has been appointed as the new Board Chair of UGAFODE effective May 2024. She is a Qualified Accountant, Certified Director, Certified Trustee, Certified Trainer and a Senior Banker who has been acknowledged as an effective leader with strategic vision at senior corporate level in Africa and the USA.

She is an expert in financial management, internal audit, risk management and governance with over 18 years' experience working across utilities, commercial banking, microfinance sector and general business administration. with Non-Executive Director, Chair of Board & Audit Committee experience

She is currently the Head of Internal Audit at Umeme, Chairperson of the Africa Federation of Institutes of Internal Auditors (AFIIA), a Non-Executive Director in some entities and previously served as Vice President of the Institute of Certified Public Accountants of Uganda (ICPAU).



**UGAFODE**  
Microfinance Limited (MDI)

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

### We innovate to meet customers needs

Through the years, UGAFODE has adapted its products and services to address the unique needs of the customers with the goal of becoming the preferred financial services provider for the happiness of our customers.

Some of the unique products include the Smart Woman Loan, a customised loan product that targets women. We are the pioneers in financial inclusion for refugees where we are currently innovating digital solutions for activities of VSLAs and supporting female urban refugees to access wider markets. In addition, UGAFODE continues to offer flexible loan repayment terms; ie quarterly, tri-annual, biannual, and bullet payments that tally with the customers' cash flows for the agricultural loan products.

As we mark 30 years in existence, our strategic goal is to achieve operational efficiency, digital transformation and business growth with the ultimate objective of making our



**Shafi Nambobi**  
Chief Executive Officer

customers happy.

I take this opportunity to thank the Shareholders, Stakeholders, Board, Management and Staff of UGAFODE Microfinance for the support rendered in ensuring that UGAFODE remains afloat.

#### ABOUT US

UGAFODE was founded in 1994 as a Non-Governmental Organisation with the aim of providing affordable financial services to customers, who were mainly women provided with group credit.

In September 2010, UGAFODE Microfinance Limited was incorporated as a company limited by shares, and in September 2011, it transformed into an MDI (Micro-deposit Taking Institution) with new savings products to balance credit operations and expanded shareholding.

The NGO divested from microfinance activities but retained an ownership share. It transferred all its business, assets, and liabilities to UGAFODE Microfinance Limited. The institution was licensed as a Tier III MDI by The Central Bank of Uganda (BoU) in 2011.

UGAFODE operates in 20 branches and three Sales and Customer Service Centres.

## Building financial resilience for refugees

In 2018, UGAFODE set out to extend services to refugees and build their financial resilience. The institution started by trying out a joint liability group loan to Congolese businesspeople in Kampala, which was successful.

In 2019, UGAFODE implemented a pilot among urban refugees in and around Kampala and Wakiso districts.

In March 2020, UGAFODE extended services to refugees in a settlement area by opening up a branch in Nakivale Refugee Settlement in Isingiro district. This made the institution the first financial services provider in Uganda to offer financial services to refugees in a settlement area.

Since opening up the branch in Nakivale, we have disbursed over UGX 13.4 Billion in loans to 3,013 customers, had 5,602 accounts opened and carried out 21,354 money transfers.

As we continue to innovate, we are currently digitising activities of VSLAs in Nakivale with support from USAID. Linking VSLAs to formal Group Loans and Group Savings Accounts are an extremely effective ways of extending formal financial services to underserved people, especially

women, youth, and refugees.

VSLAs are a great way of reaching women and on average, have 77% female membership.

In addition, UGAFODE is supporting female urban refugees to access wider markets through on-boarding them on a e-commerce platform in partnership with Soko-Uganda.

#### ACHIEVEMENTS

1. Pioneering Refugee Financial Inclusion has enhanced UGAFODE's appeal and relevance.

2. Employment of Refugee staff has demonstrated a commitment to empowerment of the refugees and fostered a positive reputation for UGAFODE.

3. Recognition and Exposure has led to invitations to industry, government, and international forums to showcase the institution's expertise and success in the field of financial inclusion for refugees.

This recognition has attracted more support, partnerships, and funding for UGAFODE.

### Maria Abdulai Muhammed, runs a restaurant in Nakivale Refugee Settlement

"I was funded by UGAFODE to construct a restaurant after taking over my mother's makeshift structure.

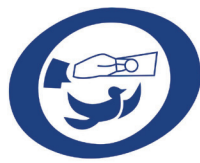
I started with a loan of UGX 15m, after repaying it, I got another of UGX 15m and then UGX 20m. I invested all the money in building and equipping my restaurant.

I have been able to pay back the loans with proceeds from the business and support from family members.

After expanding the business, the number of customers I serve

every day increased and I was able to provide employment to four other people. In addition, I comfortably provide for my family of seven (husband and five children).





# UGAFODE

## Microfinance Limited (MDI)

### PUBLICATION OF SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### REPORT OF THE INDEPENDENT AUDITOR ON THE PUBLISHED SUMMARY FINANCIAL STATEMENTS OF UGAFODE MICROFINANCE LIMITED (MDI)

##### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2023, the summary statement of comprehensive income for the year then ended and other disclosures, are derived from the audited financial statements of UGAFODE Microfinance Limited (MDI) for the year ended 31 December 2023.

In our opinion, the accompanying summary financial statements are

consistent, in all material respects, with the audited financial statements, in accordance with the Micro-Finance Deposit-taking Institutions Act, 2003.

##### 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, 2012 of Uganda. 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 the 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 28 March 2024. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of 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 Micro-Finance Deposit-

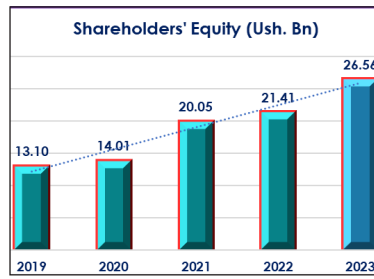
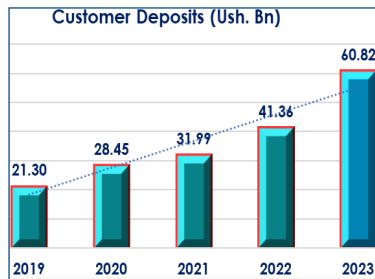
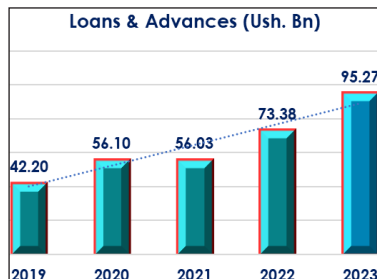
taking Institutions Act, 2003.

##### Auditor's 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.

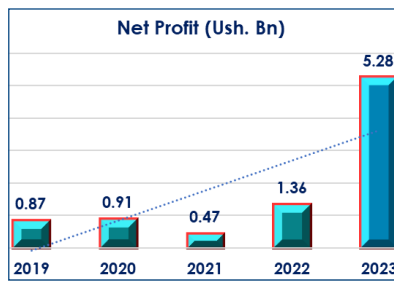
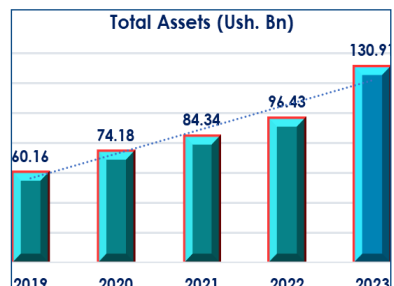
*Ernst & Young*

Ernst & Young  
Certified Public Accountants  
EY House  
Plot 18, Clement Hill Road  
Shimoni Office Village  
P. O. Box 7215, Kampala,  
Uganda  
Date: 28 March 2024



#### HIGHLIGHTS

- Total assets grew by 35.76% from Shs 96.4 billion to Shs 130.9 billion
- Net Loans and advances grew by 29.84% from Shs 73.4 billion to Shs 95.3 billion
- Deposits from customers increased by 47% from Shs 41.4 billion to Shs 60.8 billion
- Total savings accounts decreased by 22.87% from 117,029 to 90,259
- Return on Equity stood at 19.87% (2022: 6.34%) while Return on Assets stood at 4.03% (2022: 1.41%)



#### III OTHER DISCLOSURES

	2023	2022
	Shs'000	Shs'000
Non-performing loans and other assets	3,412,452	3,056,798
Interest in suspense	336,577	328,357
Bad debts written off	1,950,006	2,629,491

#### Message from directors

The above summary statement of financial position and summary statement of comprehensive income are derived from the financial statements of UGAFODE Microfinance Limited for the year ended 31 December 2023 which were audited by Ernst & Young Certified Public Accountants and received an unmodified opinion. The financial statements were approved by the Board of Directors on 13th March 2024 and discussed with Bank of Uganda on 18th March 2023 and authorized for issue by the Board of Directors on 28th March 2024.

Prof. Ben Kiregyera  
Board Chairperson

Shafi Nambobi  
Chief Executive Officer

#### I SUMMARY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

Particulars	2023	2022
	Shs '000	Shs '000
<b>ASSETS</b>		
Cash and cash equivalents	1,379,884	903,429
Statutory cash reserve	9,117,272	6,204,684
Loans and advances to customers (Net)	95,273,374	73,379,265
Investments with financial institutions	14,557,382	7,621,521
Property and equipment	3,961,229	3,089,731
Intangible assets	1,604,208	1,704,534
Right-of-use asset	1,072,065	1,603,760
Other assets	3,366,394	1,871,351
Current income tax recoverable	583,003	51,060
<b>TOTAL ASSETS</b>	<b>130,914,811</b>	<b>96,429,335</b>
<b>LIABILITIES</b>		
Customer deposits	60,823,608	41,364,853
Borrowings	35,430,533	26,810,484
Lease liability	815,138	1,456,825
Loan insurance fund	341,692	341,794
Other liabilities	5,457,563	3,927,278
Deferred grant	260,654	15,448
Administered funds	10,803	10,803
Deferred tax liability	1,213,293	1,090,370
<b>TOTAL LIABILITIES</b>	<b>104,353,284</b>	<b>75,017,855</b>
<b>EQUITY</b>		
Share capital	10,000,000	2,353,781
Retained earnings	6,734,989	1,696,119
Share premium	6,392,246	14,166,005
Regulatory credit risk reserve	2,561,553	2,322,836
Capital reserves	872,739	872,739
<b>TOTAL EQUITY</b>	<b>26,561,527</b>	<b>21,411,480</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>130,914,811</b>	<b>96,429,335</b>

#### II SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DEC 31, 2023

Particulars	2023	2022
	Shs '000	Shs '000
<b>Income</b>		
Interest on deposits and placements	1,925,472	953,011
Interest on loans and advances	35,880,833	27,471,925
Fees and commissions income	1,331,154	746,086
Other income	2,492,523	1,966,955
<b>Total income</b>	<b>41,629,982</b>	<b>31,137,977</b>
<b>Expenditure</b>		
Interest expense on deposits	(6,314,621)	(2,785,051)
Interest expense on borrowings	(3,389,876)	(3,915,353)
Other interest expense	(94,219)	(138,997)
Provisions for bad and doubtful debts	(2,065,836)	(1,987,180)
Operating expenses	(21,971,979)	(20,107,164)
<b>Total Expenditure</b>	<b>(33,836,531)</b>	<b>(28,933,745)</b>
<b>Net profit before tax</b>	<b>7,793,451</b>	<b>2,204,232</b>
Taxation	(2,515,864)	(847,584)
<b>Net Profits after tax</b>	<b>5,277,587</b>	<b>1,356,648</b>

#### IV CAPITAL POSITION

	2023	2022
	Shs'000	Shs'000
Core Capital	23,127,235	18,215,905
Supplementary capital	1,763,557	1,557,952
Total qualifying Capital	24,890,792	19,773,857
Total Risk Weighted Assets (RWA)	108,622,593	82,189,280
Core Capital to RWA	21.29%	22.16%
Total Capital to RWA	22.91%	24.06%