

Many Lives.
Many Futures.



ANNUAL
Report
6th AGM

2022



STEADFIN
Many lives. Many futures

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LIST OF ACRONYMS

AfCFTA	African Continental Free Trade Area
ACCA	Association of Chartered Certified Accountants
ACCOSCA	African Confederation of Cooperatives Savings and Credit Associations
AGM	Annual General Meeting
ALCO	Assets and Liabilities Committee
BBA	Bachelors of Business Administration
B'COMM	Bachelors of Commerce
BN	Billion
BOU	Bank of Uganda
CBR	Central Bank Rate
Co-Op	Co-Operative
CDC	Center for Disease
CPA	Chartered Public Accountants
CEO	Chief Executive Officer
DCP	Defined Contribution Plan
DOA	Department of
DOD	Department of Defence
FSN	Foreign Service National
FY	Financial Year
GSO	General Service Office
ICEA	Insurance Company of East Africa Limited
IT	Information technology
LE	Locally Employed
Ltd	Limited
MBA	Master's Degree in Business Administration
MCDP	Member Co-operative Development Program
MDI	Micro Finance Deposit taking Institutions
MIS	Management Information System
MUBS	Makerere University Business School
MUK	Makerere University Kampala
NIH	National Institute of Health
NGO	Non-Government Organization
NSSF	National Social Security Fund
P.A	Per Annum
PAYE	Pay as You Earn
PP	Pay Period
SACCO	Savings and Credit Co-operative
SPV	Special Purpose Vehicle
SUPBOARD	Supervisory Board
UCSCU	Uganda Co-operative Savings and Credit Union
UGX	Uganda Shillings
UK	United Kingdom
USESA	U.S Embassy SACCO
VETCO	Vetting Committee
SPW	Student Partnership Worldwide

WHO WE ARE



OUR VISION

To be the leading co-operative in Africa with financially liberated members.



OUR MISSION

Transforming members' lives through innovative, quality and flexible services.



OUR VALUES

Integrity | Dynamism | Reliability
Transparency | Family | Ubuntu



STRATEGIC OBJECTIVES

Member focus | Diversified Growth | Internal
Business Processes | Risk and Internal Control
Capital and Liquidity Analysis

THE STEADFIN EXPERIENCE

SteadFin at 5

We marked 5 years of SteadFin on October 17 2022 and continue to strive to be our members' first choice financial partner on the journey to financial independence and prosperity.

Because feedback is central to SteadFin operations, this is what some of the members had to say about the SteadFin experience for the 5 years:

"My experience with SteadFin has been an amazing one. The customer service experience has been fantastic with quick response to requests and timely feedback.

I love the positive attitude of the Management staff when dealing with customers."

Steven Otebat - USAID

"SteadFin has helped me improve my personal day to day life by giving me money whenever I approach them in a timely manner.

SteadFin has executed the highest level of transparency, efficiency and effectiveness while doing their official day to day work for the past 5 (five) years."

Robert Bob Ntambi- STATE

"Amazing! Customer service is exemplary. The staff at SteadFin are courteous, focused and yet professional. There is also the amazing virtue of being accommodative of such a high demanding clientele and no wonder requests for services are not only multi-dimensional but unpredictable.

Thank you SteadFin for being good custodians to our resources and for being so tolerant and professional."

Michael Muhanuzi - CDC

I joined SteadFin, formally USESA when I joined the Embassy in February 2016. In the Last 7years I have achieved more growth than I did in my past years and I credit this mostly to membership with SteadFin. First with the ability to purchase land with a reasonable payment plan and secondly the ability to access a number of financial services under one umbrella i.e., borrow, save, and invest in the same space has been very liberating for me.

I have also come to appreciate the level of customer service that we get to enjoy as SteadFin Members, honestly speaking I cannot compare my loan processing experiences with SteadFin to any other, I have had many good experiences but I will share just one, the most recent.

In January when I got appointed to my current job with the UNWFP, I needed a chunk of money to help me with relocation and settling in Juba. I borrowed from a family member and that didn't even cater for 10% of what I required; I had savings but they were also not enough to cover my planned expenses. I remember walking to SteadFin offices on 30th Jan, 2023 and telling one of the SteadFin staff members that I had resigned from my Embassy job that morning and was wondering if I had any chance of getting a quick loan since I no longer had my 'security' aka employment with the embassy. The fact that the advisor took me for my word and guided me on how to go about my situation was just so relieving and just like that I had money on my account in less than 24hrs.

The fact that it recently took me more than 4hrs to open an account with one of the top financial institutions in the land, I highly doubt a loan can be processed much faster than SteadFin.

If I had any doubt about how reliable SteadFin can be in my time of need, that doubt was erased by my experience, and I am forever grateful that they came through for me at a point and time when I needed them most.

Janat Kajumba Namutebi – EXTERNAL (FORMER STATE)

"Top notch customer service.
Top notch financial guidance
on investments and debt (loan)
management."

**Wilberforce Owembabazi -
USAID**

"I have benefited from my membership in SteadFin which has helped me grow my real estate portfolio through manageable loans. The flexibility of the staff in explaining to members the benefits and financial facilities is great and should be increased towards better development of members

I love the positive attitude of the Management staff when dealing with customers."

**Walter Emmanuel Nabulomi -
STATE**

"SteadFin services have been a big blessing!

I want to appreciate the Team for the prompt responses, support, financial literacy and care you have shown me. Your commitment and hard work are deeply appreciated. Thanks to the Team who have never turned me away and have been patient through every process.

Thank you and deep appreciation to the dedicated SteadFin Team!"

Hilda Asiiimwe Tibenderana - USAID

"When SteadFin came to life, I realized that it was a dream come true for me to be part of. My financial life has been more manageable, less of a burden and I am very hopeful for a bright future.

Personally, I have been served well within the Terms and Conditions, I am very grateful, my children have been able to always make it back to school on the opening day and their education flourishes. I have a home and a roof over my head and my family.

Thank you SteadFin. Please everyone enjoy! And appreciate SteadFin, have peace of mind that it is well and the future is bright."

Geoffrey Thenge - DoD/DAO

"Very good!

Sincerely, SteadFin has given me the opportunity to develop by purchasing land and educating my children. This has been possible because of access to the various products like real estate loan, target savings. SteadFin has also given us different sessions on financial literacy."

Francis Epecu - USAID

"SteadFin has really helped me in many ways; It has improved my savings culture and helped me develop as an individual. I have been able to build a home for my family, purchase land for farming, and other projects I have undertaken:

I am grateful to SteadFin

Vivien Akiror - NIH

In the last five years, I have been able to use the Term and Emergency loan facilities to take advantage of some opportunities. During the COVID-19 outbreak period, when I had a lapse in employment, I was able to liaise with the management of SteadFin to stagger the repayment until the loan was paid in full. I have also benefitted from the interest/dividends from my savings, retirement savings, and shares.

Sam Kasozi - HISP Uganda

The Team offers warm and kind reception to most of our inquiries and grievances plus timely credits whenever requested. We are honored to walk this journey with you by our side.

Well on Team!!

Nicholas Segujja - STATE

"SteadFin has continuously provided information including financial information and statements to Members."

Alex Okoth - STATE

STEADFIN BIOGRAPHY

SteadFin Uganda SACCO Ltd is a registered Savings and Credit Co-operative Organisation that derives its mandate from the Uganda Co-operative Societies Act 1991, The Cooperative Societies (Amendment) 2020 and its byelaws.

SteadFin was established on 1st October 2017 as a merged entity between two US Mission based SACCOs, and has since grown into a robust financial entity with an active and allotting membership of over 795 members who are primarily locally engaged staff of the U.S. Mission in Uganda, from agencies; State Department, USAID, CDC, NIH and Peace Corps. The SACCO also maintains an active membership of U.S. Mission retirees, spouses and the children of full members, as well as SteadFin staff.

SteadFin has significantly grown its portfolio and asset base to UGX 67.5bn as at December 31, 2022 from UGX 64.2 billion as at December 31, 2021. The Management team ensures operational efficiency, and the elected Board of Directors oversees Management's operations.



OVER
795
MEMBERS



Portfolio and Asset
base growth to

**UGX
67.5BN**

AS AT DECEMBER 31, 2022

SACCO INFORMATION

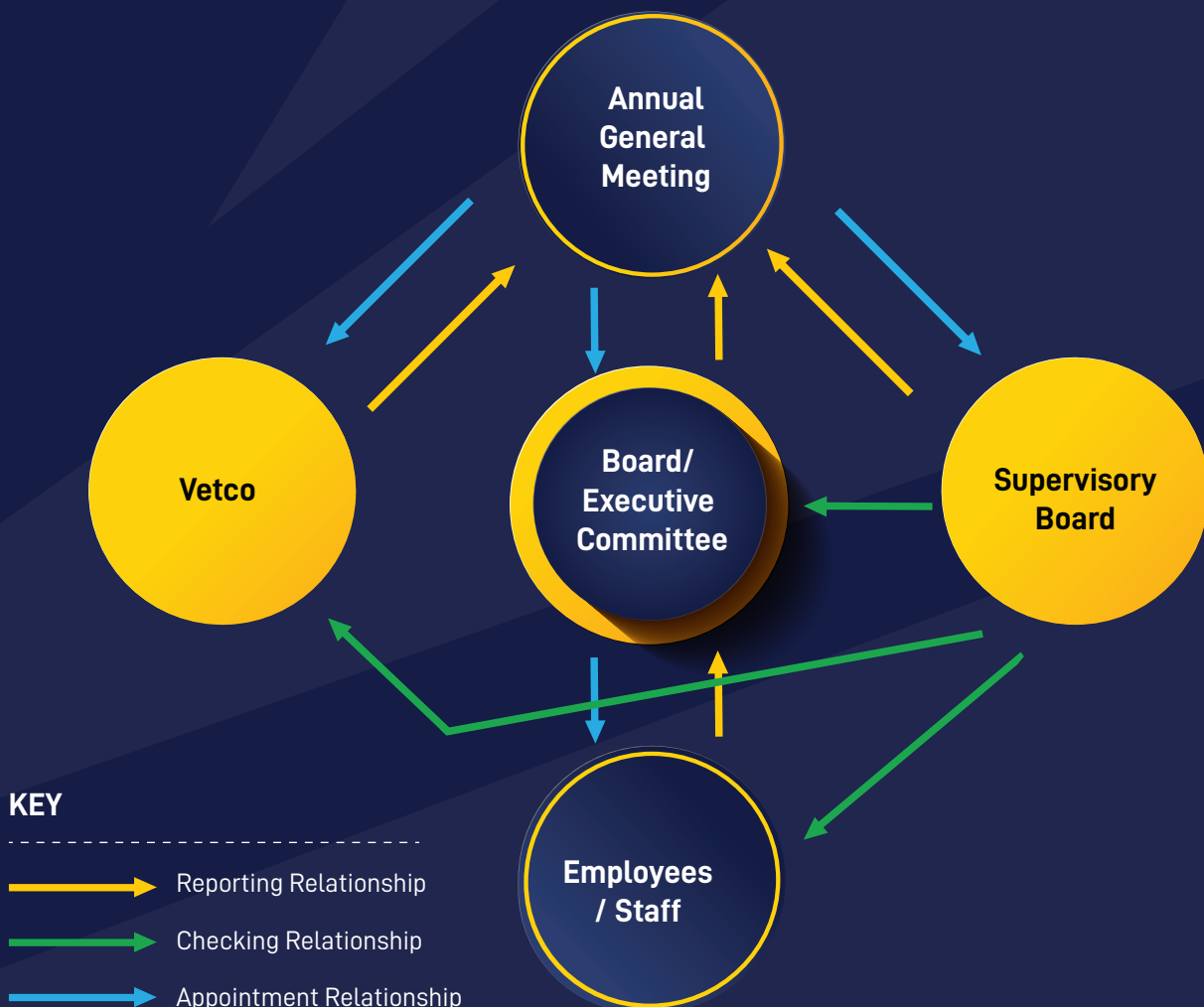
EXECUTIVE COMMITTEE

Name	Position	Date of appointment
Xavier Ejoyi	Chairperson	20th March 2021
Awor Anna Colletar	Vice Chairperson	20th March 2021
Henry Nsubuga	General Secretary	20th March 2021
Dennis Bashukwa Natumanya	Treasurer	20th March 2021
Edward Katongole	Member- External Representative	20th March 2021
Fiona Waata	Member- USAID Representative	20th March 2021
Julius Ondoga	Member – State Representative	20th March 2021
Dorcas Karungi Kaganda	Member – CDC Representative	20th March 2021
Maryanne Isabirye	Member – Peace Corps Representative	20th March 2021
Moses Kirya	Co-opted Member – GSO Representative	20th March 2021
Chief Executive Officer	Mercy Tumukunde Gava	1st Feb 2022
Registered office	Plot 1001, Ggaba Road Susie House, Nsambya P.O. Box 584, Kampala, Uganda	
Independent Auditor	Ernst & Young EY House, 18 Clement Hill Road Shimoni Office Village, P.O.Box 7215, Kampala, Uganda	20th March 2021
Principal Bankers	Absa Bank Uganda Limited Hannington Road, P. O. Box 7101 Kampala, Uganda	
Secondary Bankers	Stanbic Bank Uganda Limited Plot 18 Hannington Road P.O Box 7101, Kampala, Uganda	
Legal Advisor	Kiiza and Kwanza Social Security House Plot 4, Jinja Road, P.O. Box 71985 Kampala, Uganda	

STATEMENT OF CORPORATE GOVERNANCE

SteadFin has a strong corporate governance framework for responsible and transparent operations to ensure the long-term success of the SACCO. The Statement of Corporate Governance consists of the guiding principles including the system of rules, practices, and processes by which SteadFin's operations are directed and controlled. It is established by the Board of Directors for SteadFin Uganda SACCO Ltd in line with the relevant laws, regulations, SACCO byelaws and policies. It is a dependable and flexible framework within which the SACCO conducts its business.

THE STEADFIN ORGANOGRAM



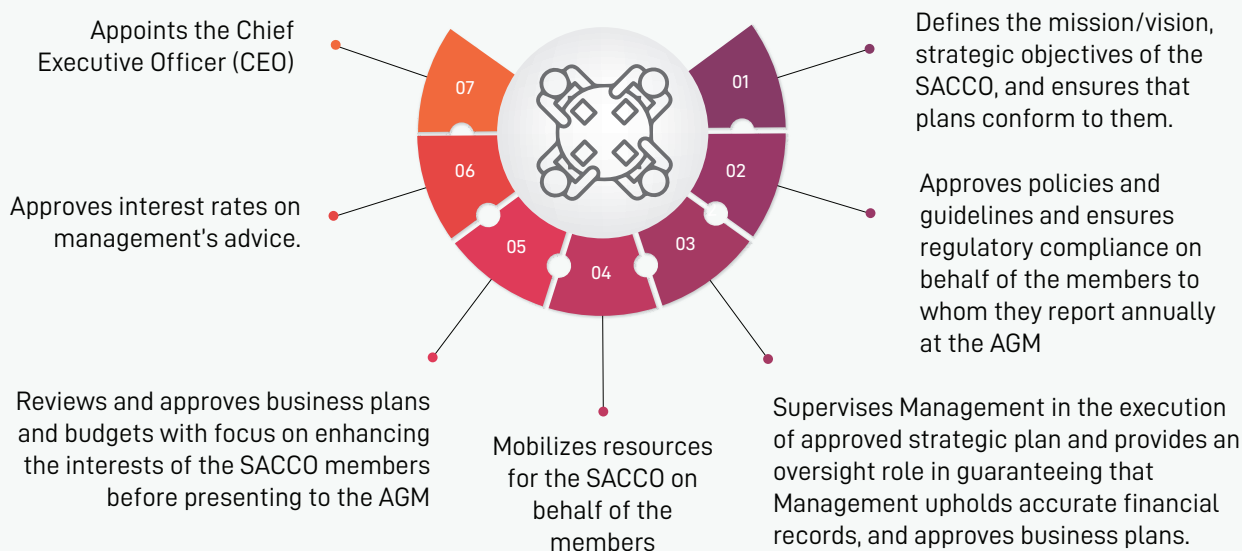
Annual General Meeting (AGM)

The General Assembly is the supreme authority of the SACCO. The AGM gives overall direction to the different organs of the SACCO.

Duties and Responsibilities of the AGM.

- 1** Elects the Board, the Supervisory Board and the Vetting Committee.
- 2** Receives and considers reports from the Board and the Supervisory Committee, Management and Vetting Committee.
- 3** Approves the budget (income and expenditure) proposals presented by the Board at the Annual General Meeting (AGM).

Key Duties and Responsibilities of the Board



The SteadFin Board consists of nine elected and one co-opted member who meet regularly to review the SACCO's performance and ensure adherence to all relevant laws and regulations.

The table below shows Board meeting attendance for the period January 1st 2022 to December 31st 2022;

NAME	POSITION	Jan	Feb	Mar	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TTL	%AGE
Xavier Ejoyi	Chairperson		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	11	100
Anna Awor	Vice Chairperson		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✗	10	91
Henry Nsubuga	General Secretary		✓	✓	✓	✓	✓		✓	✓	✗	✓	✓	✓	10	91
Dennis Natumanya	Treasurer		✓	✓	✓	✓	✓		✓	✗	✓	✓	✓	✓	10	91
Edward Katongole	Member		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	11	100
Fiona Waata	Member		✓	✓	✓	✓	✓		✓	✓	✗	✓	✗	✓	9	82
Julius Ondoga	Member		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	11	100
Dorcas K Kaganda	Member		✓	✓	✓	✓	✓		✓	✗	✓	✓	✓	✓	10	91
Maryanne Isabirye	Member		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	11	100
Moses Kirya	Co-opted Member		✓	✓	✓	✓	✓		✓	✓	✗	✓	✓	✓	10	91
TOTAL		0	10	10	10	10	10	0	10	8	7	10	9	9		

BOARD COMMITTEES

The Board of Directors has four committees, required to attend meetings of the respective committees on which they serve.

1. Assets and Liabilities Committee (ALCO): ALCO serves as a planning unit in terms of resource allocation, and is responsible for aligning the SACCO's entire portfolio. The Committee reviews the budget as proposed by Management, makes recommendations for Board's approval and oversees liquidity and investments. Members of the ALCO include: 1) Dennis Natumanya (Chairperson) 2) Julius Ondoga 3) Moses Kirya 4) Fiona Waata	2. Operations Committee: The Operations Committee provides review, guidance and oversight for SACCO overall operations. The Committee is also in charge of Member welfare and Human resource. Members of the Operations Committee include: 1) Henry Nsubuga (Chairperson) 2) Edward Katongole 3) Maryanne Isabirye
3. Credit Committee: The Credit Committee supports the Board with setting the strategic direction for the SACCO's lending operations. They committee oversees the lending and credit functions and loan servicing operations, and review loan applications. Members of the Credit Committee include: 1) Anna Awor (Chairperson) 2) Dennis Natumanya 3) Dorcas Karungi	4. Audit Committee: The Audit Committee oversees the financial reporting and disclosure process of the SACCO and is responsible for monitoring SteadFin's operations, choice of accounting policies and principles. The Committee is also in charge of risk and internal control. Members of the Audit Committee include: 1) Dennis Natumanya (Chairperson) 2) Henry Nsubuga 3) Anna Awor 4) Edward Katongole
The Board Chairperson is ex-officio to all committees and must be apprised of all meetings and developments.	
Adhoc Committees of the Board set up comprising co-opted members to support the Board with specific technical tasks.	
IT Steering Committee: To steer the MIS implementation process and offer IT related support. 1. Dorcas Kaganda (Chairperson) 2. Ian Kakuba 3. Michael Muganwa 4. David Kakaire 5. Patrick Okodo	SPV TaskForce: To steer the Special Purpose Vehicle (SPV) initiative 1. Dennis Bashukwa Natumanya (Chairperson) 2. Xavier Ejoyi 3. Awor Anna Collatar 4. Julius Ondoga 5. Mercy Tumukunde 6. Muhammad Ndawula

	7. Yvonne Bahenda 8. Lumala Jude 9. Lamwaka Emily 10. Kisubi Joel 11. Semwanga Dennis
SUPERVISORY BOARD	VETTING COMMITTEE
This committee is responsible for checking on the consistency of the actual operations of the SACCO to guarantee they support its vision, mission and strategic objectives and ensure that the financial affairs of the SACCO are handled with prudence, due care and transparency. Key Duties and Responsibilities. • Monitors operations and ensures that the SACCO's operating policies, procedures, and expenditure controls are followed. • Checks operations of all SACCO departments, managers and officers for compliance with the set policies, rules and standards • Checks for inconsistencies in the SACCO's financial and operating records • Authenticates the SACCO's financial report. • Ensures prudent Asset and Liquidity controls Members of the SUPBOD include: 1) Ken Odur (Chairperson) 2) Sheila Koburungi 3) Thomas Nsibambi	The Vetting Committee maintains a formal, rigorous and transparent process of nomination and election of Board Members and Supervisory Board aligned to the SACCO's Election Policy, Bye-Laws and Laws of the Land. The Vetting Committee ensures that elections are held in a free, fair and transparent manner that reflects the will of the Members. Key Duties and Responsibilities. • To vet potential leaders of the SACCO • Fill Board and Supervisory Committee vacancies as and when they arise to ensure that the governing Board and Supervisory Committee are fully constituted and operational at all times • Facilitate the election process at sector/agency/constituency level and at the AGM, and develop the necessary tools and procedures, and ensure their correct application/use. • Submits reports to the Secretary of the Board and subsequently to the Registrar of Co-operatives or the Regulator for final approval. Members of the SUPBOD include: 1) Richard Bagada (Chairperson) 2) Sanday Mary Grace 3) Betty Kagoro 4) Jonathan Osamuki 5) Daniel Bogere

MANAGEMENT

Under the leadership of the Chief Executive Officer, Management runs SteadFin's day-to-day operations and works to implement SteadFin's strategic plan, policies, procedures, guidelines and ensures tactical compliance with regulatory requirements. The team is accountable for the operations of the SACCO and reports to the Board of Directors on SteadFin's financial performance, as well as other issues of concern

Key Duties and Responsibilities.

- 01 **Strategic Plan implementation:** Management implements the SACCO's strategic plan as approved by the Board. Develops strategies to achieve strategic goals and objectives, with key performance indicators.
- 02 **Financial management:** The management team ensures that SteadFin is financially stable and sustainable. This includes developing and implementing financial policies, managing the SACCO's budget, and ensuring that financial reports are accurate and timely.
- 03 **Risk management:** Management identifies, assesses, and manages risks to ensure the safety and security of members' funds including credit risk, liquidity risk, and operational risk.
- 04 **Member relations:** Management plays a key role in building and maintaining relationships with SACCO members which includes providing high-quality customer service, listening to members' concerns, and addressing their needs and expectations.
- 05 **Governance:** Management ensures that the SACCO operates in accordance with its bylaws, policies, and regulations. This includes ensuring that members on various governance organs are properly trained and informed, and ensuring that all SACCO operations are transparent and accountable.
- 06 **Human resource management:** management recruits, trains, and retains staff members who are competent, ethical, and committed to SteadFin's mission and values.

BOARD MEMBERS' PROFILES AND ENGAGEMENTS IN OTHER ORGANISATIONS



Xavier Ejoyi

Chairperson, Board of Directors

Xavier was re-elected in 2021 as Chairperson, Board of Directors of SteadFin for the second and final three-year term. As the pioneer Chairperson of the merged entity, he has steered a cohesive and accountable leadership team through good corporate governance that has transformed SteadFin into a professionally managed entity, responsive to member needs and feedback.

Xavier brings over 22 years of development work experience at both national and international levels with a career straddling programme management and social justice with a keen interest in democratic governance and organizational change management. Mr. Ejoyi is currently the Country Director, ActionAid International Uganda. He has previously worked as a Senior Conflict Specialist and Development Objective Coordinator with USAID/Uganda. He has also worked for 8 years, as Senior Researcher with the Institute for Security Studies, a Nairobi-based think tank; Programme Coordinator with DANIDA's; Senior Policy Researcher with Uganda Child Rights NGO Network; Senior Researcher with Commonwealth Human Rights Initiative; and Deputy Headteacher of Christ School Bundibugyo. He is an experienced leader with keen interest in corporate governance, integrity in leadership and institutional sustainability. He previously chaired the Global USAID Foreign Service National (FSN) Advocacy Council, US Mission Kampala FSN Council. He holds a M.A. Peace and Conflict Resolution, Coventry University, UK, a B.A. (Hons) Social Sciences (Economics and Political Science), Makerere University Kampala, and PGD in Transitional Justice, Institute for Justice and Reconciliation and University of Cape Town, South Africa.

Xavier is a Director of Budget Housing Initiative (BHI) Ltd, a limited liability company formed with mission to provide decent and affordable housing in Uganda. BHI's social enterprise model is designed to disrupt the real estate industry and meet the decent housing needs of low- and middle-income Ugandans while maintaining structural integrity and engineering standards. BHI meets clients where their budget leaves them. Xavier is also proprietor and Director of E-Solutions Ltd, a company providing a platform for digital transactions including Agency banking, Mobile Money, and all electronic payments. He is currently the Chairperson, Board of Directors of Agape Ministries for Christ International, providing strategic oversight to the Ministry's work in Uganda, Kenya, Tanzania, and Malawi.



Awor Anna Colletar

Vice Chairperson, Board of Directors

Anna has worked with CDC for 21 years as a statistician and is currently Branch Chief of the Prevention Branch at CDC-Uganda.

She holds a PhD, MPH, MBA, Mstat, B.Stat, and previously worked as Manager for Planning and product development with PostBank Uganda and as Assistant Lecturer at the Makerere School of Veterinary Medicine.



Henry Nsubuga

General Secretary, Board of Directors

Henry Nsubuga is the General Secretary and Chairperson - Operations Committee to the SteadFin Board for the second term. Prior, Henry served as the Secretary to the USESA-FSN Merger Steering Committee, USESA Board Member representing Peace Corps and member of the Welfare Committee.

Between 2011-2022, Henry worked with Peace Corps in three positions: Education Specialist, Monitoring and Evaluation Specialist and HIV/AIDS Coordinator. He worked with EADEN as the Area Manager Tororo and rendered program oversight in three districts (Tororo, Manafwa and Bugiri) for an integrated livelihood program, Regional Coordinator-Eastern with Student Partnership Worldwide (SPW) currently Restless Development Uganda for a Youth Sexual and Reproductive Health (SRH) Program, Program Officer in charge of Iganga SPECIAL Program and a science teacher for Biology and Chemistry in Trinity College Nabbingo, Stella Maris College Nsuube, Mityana Secondary and Modern Schools. Served as Head of Science Department in Stella Maris College Nsuube and Procurement and Disposal Committee Member at Trinity College Nabbingo.

Henry holds a Master of Science in Monitoring and Evaluation of Uganda Martyrs University, Nkozi-Uganda, a Post Graduate Diploma in Monitoring and Evaluation of Uganda Management Institute, Kampala-Uganda and an honours Bachelors of Science in Education (Biology and Chemistry) of Makerere University, Kampala-Uganda.

Currently, Henry Nsubuga is also a Director of Arinkiiz IE Holdings Limited; a company with diverse and reputable associates and suppliers. The company deals in: real estate, architectural drawings, building material supply and construction, transport services, consultancy services in Monitoring and Evaluation as well as inspiring individuals realise their full potential among others.



Dennis Bashukwa Natumanya

Treasurer - Board of Directors

Dennis is the current Treasurer on SteadFin's Board of Directors, also serving as the chairman of the Assets and Liabilities Committee (ALCO), chairman of the Audit Committee and a member of the Credit Committee. Dennis joined the SACCO in 2013 after joining CDC as a Cooperative Agreement Management Specialist in the Operations Branch. Dennis is currently working as the Financial Analyst (FA) for CDC Uganda.

Dennis worked briefly with NSSF as a Benefits Officer in 2007 after completing University and in the same year, moved to ACDI/VOCA as the Assistant Accountant where he worked for three (3) years. In 2010, Dennis moved to work with Management Sciences for Health (MSH) first as a Regional Accountant with STRIDES for Family Health project a USAID funded Entity and later as a Senior Accountant for SURE also a USAID funded project.

Dennis holds a Bachelor's degree in Business Administration (BBA-Accounting) from Makerere University; Master's degree in Business Administration (MBA) majoring in Project Management and is an ACCA Member (ACCA- UK). He enjoys traveling, dancing and being outdoors with his family when not engaged with work and SACCO activities.



Fiona Waata

Member - Board of Directors

Fiona is a multidisciplinary project manager specialized in Monitoring and Evaluation and has vast experience working on diverse development initiatives in local and international context.

She currently works with USAID as the Monitoring and Evaluation Specialist in the Program Office. She is passionate about holistic development and mindset transformation of the less privileged in society especially the "Girl child", and brings experience of monitoring projects to improve livelihoods.

She also served as a Board member for SteadFin in the first tenure (Oct 2017-Oct 2020), Board chair for Heifer International SACCO (2013-2015) and brings valuable experience and ideas of member welfare improvements in the face of a challenging Economic environment.

Fiona has a Master's Degree in Business Administration (MBA) from Uganda Martyrs' University (UMU); Master's Degree in Livestock Development Planning and Management (Makerere University-Kampala), Post Graduate Diploma in Monitoring and Evaluation of Uganda Management Institute (UMI), Finance for non-finance managers-ACCLAIM Africa; KIMETRICS performance monitoring; Little Rock Arkansas-USA; Executive Leadership certificate; National Transformation (INT) in Uganda.

As Fiona spends most of her leisure time on the SteadFin Board, she hasn't had the chance to participate in other organizations or businesses. "I have seen various member development activities and financial independence in this voluntary capacity, which is fulfilling."



Julius Ondoga

Member - Board of Directors

Julius is currently the Criminal Fraud Investigator in the US Mission, Kampala, and holds a BBA(Accounting) from MUBS, Diploma in Program on Terrorism & Security Studies from George C Marshall Center, Germany and a Master's degree in Human Rights from Makerere University among other qualifications.

He worked for ICEA as a Program Accountant, Professional Standards Unit of Police and Counter-terrorism Directorate of Uganda Police Force as a Detective prior to joining the US Mission in 2013.

"SteadFin has grown steadily however, I still have much hope that we have a lot of room for our SACCO to grow and become the best in the country if members can support the growth. I believe when the SACCO grows, the members as well will grow and become financially liberated."



Dorcas Karungi Kaganda

Member - Board of Directors

Dorcas is a member on the board representing CDC, as well as the Chair of the IT steering committee. Dorcas joined the SACCO in 2004 after joining CDC working under the Informatics team. Currently, she works under the Information Technology team as a Network Engineer.

Prior to join CDC, Dorcas worked as an IT manager for Uganda Affordable computers. Dorcas holds master's degree in information systems management, bachelor's degree in information Technology, and a Diploma in Electrical and electronics engineering. She enjoys traveling, dancing, and playing football during her free time.

Dorcas is also a Member of the Rotary Fraternity and the outgoing Chair of the LE Staff Council of Mission Kampala.



MaryAnne Isabirye

Member - Board of Directors

Mary-Anne Isabirye has over 25 years of experience working in Academia, Program and Training Design and Management. Since 2011, she has provided oversight and supervision in Training and Development in

Peace Corps Uganda. Away from work, Mary-Anne enjoys a good workout and time with family, mentors young adults, engages in family business and serves as Board Member with SteadFin and is an Executive Member with the Uganda Swimming Federation. Mary-Anne holds a MA in International Development, MSc in Child Studies, postgraduate diplomas in Management, Monitoring & Evaluation and a BA in Education.



Edward Katongole

Member - Board of Directors

Edward is the Board Representative for the External Membership. His most recent work assignment was at STATE HOUSE as Auditor and had worked earlier in the Investigations Department of the Land Inquiry Commission.

He holds a B'COMM (ACCOUNTING) and ACCA

Edward previously served on the board of USESA SACCO and supported its internal audit function. He has 26 years' working experience ranging from Finance Treasury Operations at SHELL Uganda, Operations management at American Mission (CDC Uganda), External Audit assignments at BIZ & CO CPA and Investigations at Land Inquiry Commission.

Edward also serves as Treasurer in the Development Committee of Our lady Help of the Sick, Mulago Parish as well as a member of the Executive of St. Thomas Aquinas Sub-parish of Mulago parish, in addition to supervision of a number of family hustles.



Moses Kirya

Board of Directors

Moses is currently the GSO- Motor pool dispatcher in the US mission, Kampala and holds a diploma from the chartered institute of Logistics and Transport (CILT) UK, diploma in Administration and Management from Ndejje university. He Joined the SACCO eight years ago and is currently serving as a board member representative for GSO.

Moses has vast experience in logistics planning and management. He worked for ACDI/VOCA as a transport officer prior to joining the US mission in 2012.

"During the last five years, I have had the privilege to serve on the Assets and Liabilities committee and worked with other board members in planning for asset acquisition of real estate's development.

I look forward to SteadFin with more investments for the SACCO and its members."

STEADFIN MANAGEMENT TEAM



**Mercy
Tumukunde
Gava**

Chief
Executive
Officer

Mercy has over 18 years' working experience in SACCOs, microfinance and banking industry, both at operational and strategic level.

For 11 years, she served as the General Manager of the Franciscan Investment Co-operative Society Ltd (FIC) of St. Francis Chapel Makerere University (2011-2021). Prior to FIC, Mercy worked as a Credit Supervisor Post Bank Uganda Ltd and a Regional Credit Officer at The Microfinance Support Centre Ltd (MSC).

She is an Advanced African Development Educator (AADE) under the African Confederation of Co-operative Savings and Credit Association (ACCOSCA). She is a champion for the Co-operative Development Foundation of Canada (CDF) Women Mentorship Program and also the current Champion of the Africa Women in Cooperative Management roundtable hosted by ACCOSCA.

Mercy holds a Master's Degree in Management from the Uganda Management Institute (UMI), and is pursuing an MBA at the Uganda Martyrs University (UMU). She holds an honors Bachelor's Degree in Education majoring in Economics from Makerere University, a Diploma in Microfinance from the Uganda Institute of Banking and Financial Services and a post graduate Diploma in Human Resource Management from UMI.



**Yvonne
Bahenda**

Head of
Operations

Yvonne holds a Bachelor of Business Administration and Post Graduate Diploma in Financial Management with a wealth of experience in Finance and Credit management.



Muhammad Ndawula

Head of
Finance and
Investments

Muhammad is a Chartered finance professional with a rich mix of experience in Accounting, Finance, Audit, Tax, Investments, Administration and Credit Management.

He is a candidate of a Masters of Business Administration at Edinburgh Business School, Heriot-Watt University.

Muhammad is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Uganda (ICPAU) and holds a Bachelor's degree of Science in Accounting and Finance from Kyambogo University.



Norah Namwanje
Senior Financial Advisor



Stella Nasirumbi
Financial Advisor



Julius Opule
Financial Accountant



Daphne Allo
Administration Officer

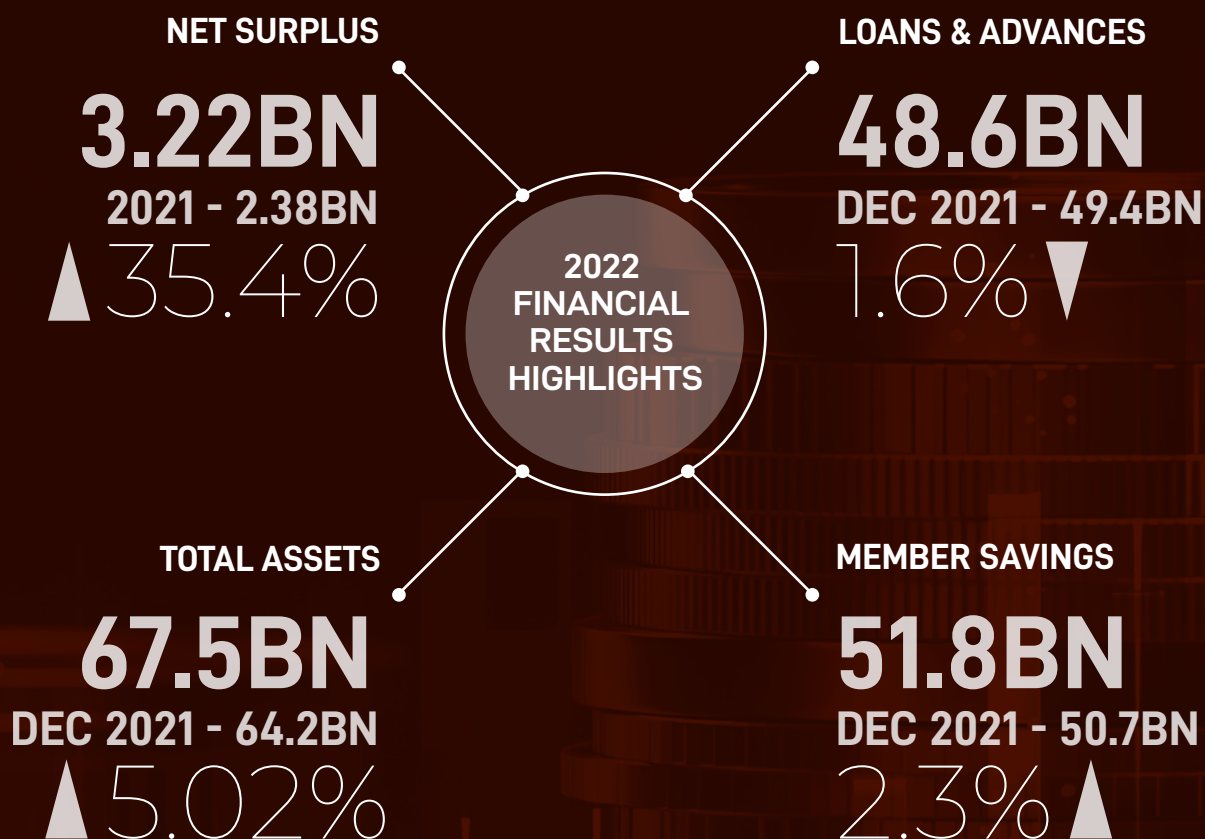


Daphine Acano
Human Resource & Public
Relations Officer



Ronald Muntu
Logistics Assistant

OUR 2022



KEY PERFORMANCE INDICATORS 2022

Revenue

The gross revenue for the period increased by 15% from UGX 7.4Bn in 2021 to UGX 8.5Bn in 2022 while the Net surplus for the year was UGX 3.22 billion (37.6% profitability).

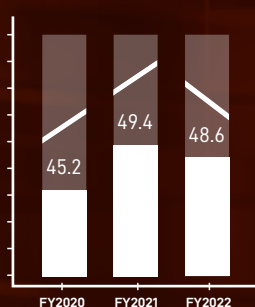
Member Savings

Member savings have grown by 2.3% from Ugx 50.7billion in 2021 to Ugx 51.8billion in 2022.

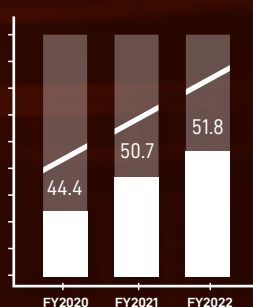
Loans & Advances to members.

The loan portfolio dropped by approximately 807 Million from 49.4 Billion in 2021 to 48.6Billion in 2022, representing a decrease of 1.6% over the last twelve months.

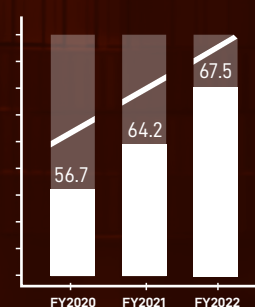
LOANS AND ADVANCES (UGX BN)



MEMBER SAVINGS (UGX BN)



TOTAL ASSETS (UGX BN)



A) KEY PERFORMANCE RATIOS (%) 2022	2022	2021
Profitability		
Net Surplus Margin	37.7%	32%
Return on Assets	4.8%	3.7%
Return on Equity	36%	27.7%
Efficiency		
Cost/Income Ratio	62.3%	68%
Personnel Costs / Total Income	8.5%	8.8%
Interest Expense / Total Expenses	70.2%	75%
Net Interest Margin	38.9%	44.2%
Asset Quality		
Credit Loss ratio	0.74%	0.42%
Liquidity		
Total Member savings/ Total Asset	76.6%	78.8%
Loans & Advance to Members/ Total Assets	72%	76.9%
Cash & Cash Equivalent / Total Savings	15.1%	12.7%
Investment Property / Total Assets	12.6%	11.3%
Capital Adequacy		
Core capital / Total Savings	13.5%	13.4%
B) Selected Operating Data		
Full Time Employees	9	6

REFERENCE NOTES

Profitability Ratios	Efficiency Ratios	Liquidity Ratios	Capital Adequacy ratios (CAR)
This category of ratios assesses the ability to generate earnings relative to resources deployed such as capital & Assets	Analyses how well the SACCO converts resources deployed into revenue generated over the past one year	Measure the SACCO's ability to meet its financial obligations as and when they fall due and the margin of safety.	This measures the SACCO's available capital in relation to its Risk Weighted Credit exposure.

OTHER 2022 HIGHLIGHTS



- Special General Meeting held on Dec 2nd 2022 for Election of:
a) Vetting Committee
b) Supervisory Board Member



- Held a number of online Member engagements throughout the year including:



- Revised terms for the instant loan were rolled out effective August 1st 2022

	From: Old Terms	To: New Terms
Interest Rate	10% Straight line Payable on repayment	5% Straight line Payable on repayment
Loan Period	Payable in 1 month (2pps)	Payable in 2 months (4pps)

PRODUCTS

- SteadFin Tower Handover (April 2022)
- Launch of Nakasajja Estate
- Launch of Sonde Estate Phase II

MEMBER WELFARE

- Created a consolidated SteadFin Membership whatsapp group to promote unified communications
- Held its first SteadFin Member Day"



AWARDS AND ACCOLADES

- We received some honors and awards:



1. FIRE AWARDS:

Overall winner under the cooperative societies category in the 2022 Financial Reporting (FiRe) Awards on Friday 11th November ,2022



2.TOP 100 MIDSIZED COMPANIES:

Came 13th under the top 100 midsize companies in the TOP100 survey by KPMG and Nation Media Group on Thursday 1 December 2022



HUMAN RESOURCE

- Recruited new staff for positions:
 - Chief Executive Officer
 - Head of Finance and Investments
 - Financial Accountant
 - Financial Advisor
 - Logistics Assistant

STATEMENT BY THE CHAIRPERSON BOARD OF DIRECTORS



1. Introduction

I take this opportunity on behalf of the Board of Directors, and my own behalf, to present the Statement for the year ending 31st December 2022. First, I would like us to observe a moment of silence in memory of our departed members and loved ones. In 2022, we lost in an untimely manner Mr. Swaib Ssemmambo and just this month, we lost Ms. Liz Nabasiye. These two colleagues were jolly, friendly, and hardworking colleagues to many of us who had the opportunity to know and work closely with them. I also pass our condolences to our members Mr. Richard Okello, Ms. Naomi Natukunda, Mr. Phillip Oloya, Mr. James Omoding, Mr. Sam Gwanyi, Mr. Mathias Matende, Mr. Emmanuel Kimera Jawe, Grace Nawire, Harriet Kitumba, Simon Peter Adriko, Judith Nabukalu, Handerson Ofoyuru, Ms. Sophie Bangi Kamosho, Ms. Fiona Waata, Ms. Margaret Achom Okwero, Charles Olimi, Mpanja Margaret, Connie Mutazindwa, Alex Tumusiime and Yvonne Atukunda Beijuka who lost their dear parents in the course of 2022, as well as Ms. Sophie Bangi and Jemima Kabwa Van Der Perre who lost their spouses and Mr. Richard Kiganda who lost his son in the same period. May the souls of the departed rest in peace.

2. Growing in a Challenging Context

My Statement is given in a context that is perhaps the most challenging environment for SteadFin. We started the year with halting Defined Contribution Plan (DCP) as a form of collateral for credit at the request of the Mission management. Then, the war in Ukraine had the biggest macroeconomic shock in

more than a decade, with skyrocketing prices of essential commodities. The year also saw some of our members move their premium savings to invest in other competitive rates in external markets of Treasury Bills and Unit Trusts, among others. In total, they withdrew over UGX 2.09B. Equally, 2022 also saw over 30 members being misled to sell their SteadFin loans to commercial banks in exchange for what they believed was collateral free salary loans despite higher interest rates, despite numerous attempts by Management and Board to engage these members individually and collectively to demonstrate that our lending rates are the most favorable among comparators of all category of lenders. Although 16 of these members returned to the SACCO, SteadFin lost UGX 2.6B of its loan book due to these bank loan buyouts. Despite this myriad of challenges, I am proud to report that SteadFin was able to post a modest growth in its portfolio size, stabilized liquidity, and deepened its investment portfolio.

3. Maintaining Good Cooperate Governance

The Board continues to place a high premium on sound corporate governance as key to efficient, profitable, and credible SACCO. In the reporting year, the Board maintained high ethical standards with a clear separation of duties and cordial working relationship between all the governance organs including the Supervisory Committee, Vetting Committee and Management. Additionally, the Board reviewed key SACCO policies, and Byelaws aligned with the Cooperatives Act as amended in 2020 and 2022. The Board has put in place a Membership

Policy, Anti-Money Laundering Policy, a Business Continuity Plan, and a Leadership Succession Policy. We are confident that these policies will not only ensure SteadFin is well governed, but also remains compliant to the rapidly changing SACCOs regulatory framework. I am proud to announce here that in 2022, SteadFin won the Financial Reporting (FiRe) awards for the Cooperatives sector, an enviable and respectable recognition in financial reporting confirmed by five years of unqualified audit opinions. This is a clear testament to our collective efforts to transform the cooperatives industry in Uganda.

4. 2022 Performance in Review

Despite the challenges highlighted above, I am pleased to report to the General Assembly that SteadFin's performance in 2022 remained positive. The SACCO registered a modest growth of 5% in the overall portfolio in the reporting period. While this represents a more than half drop in the 2021 performance, it is a commendable progress considering the challenging context. We continue to maintain very competitive interest rates on both credit and savings products, in addition to relaxed lending conditions.

In 2022, SteadFin's total membership reached 1,289 spread across the five agencies of CDC, Peace Corps, State Department, USAID and External. The number of active members increased from 752 to 795 because of increased outreach by members of the Board of Directors and Management, including reaching out to members whose accounts remained dormant. The Board has drafted a Membership Policy that will ensure we streamline membership rights, obligations and benefits accruing from the SACCO. In the reporting period, we registered a growth of 7,158 new shares sold. The Board of Directors encourages members to continue buying shares as it does not only reflect your stake in the SACCO, but also determines the proportion of the net surplus you will earn.

5. Recommendations of Dividends

Based on the above performance and considering statutory reserve requirements, the Board of Directors is pleased to recommend the payment of

dividends and shareholders bonus of UGX 4,000 per share on fully paid-up shares as of 31 December 2022. In addition, the Board of Directors recommends a savers bonus of UGX 1,008,533,000 distributed across all the savings categories on balances at 31st December 2022. As we strive to improve the returns on investments for members, the Board of Directors is very keen in ensuring that the SACCO remains a stable and sustainable business, accountable to all stakeholders.

6. Members Participation and Recognition

As part of the initiative of increasing member awareness and participation in SteadFin's products, services, and activities, the Board, Management, and a member-led organizing committee convened the first ever SteadFin Member Day. This event provided a unique opportunity for members to bond, know each other, and profile their SteadFin supported business initiatives. The Member Day initiative builds on both online and physical member engagement sessions, monthly Newsletters, emails, and other social media platforms that enable the Board and Management to engage with members beyond the Annual General Meeting. Gauging from the member testimonies, I encourage all members to make use of these spaces for personal financial growth, deepen their understanding of SteadFin and provide constructive feedback to the Board and other organs of SteadFin.

7. Update on SteadFin Towers Tenancy

In last year's AGM, the SteadFin Towers investment project on plot 965, Kibuga Block 15, Nsambya attracted significant interest, questions, and concerns from members due to delayed occupancy. As reported to you in the course of 2022, I am pleased to inform you that despite a slight delay, and a COVID-19 induced downturn in the real estate sector, we signed a 57-month Tenancy Agreement for occupancy of the entire building (669 square meters) with effect from May 2022 until February 2027. On behalf of the Board of Directors, I would like to convey my sincere appreciation to the project's Steering Committee under the leadership of the Treasurer for providing oversight and due diligence, Management under the leadership of the former Chief Executive Officer for execution of the project through the contractor and deploying a

competent Project Manager, Clerk of Works, and Contractor, as well as to the members of SteadFin for entrusting the Board with your confidence and approving the budgets needed to deliver this project. This project is a significant milestone for SteadFin and a demonstration of what we are yet to achieve together as SteadFin SACCO.

8. Learning from Years of Investments in Real Estates

In the last four years, the Board of Directors successfully tested investment in strategic sectors as key to a sustained growth in the SACCO's portfolio. Real estate investments in Manyangwa and Sonde Hill View (phases 1 and 2), as well as SteadFin Towers Project have made decent returns on investment despite COVID-19 disruptions. Other investments in affordable real estates in Namayiba, on Mukono - Katosi road, and in Nakasaja on Gayaza - Kalagi road have not only provided an opportunity for all categories of members to own property within the Metropolitan Kampala, a viable income stream for SteadFin. Additionally, the Board has continued to encourage and support member-based investment groups and clubs by giving group loans, providing business advisory services, financial management, among others. Drawing from the successful investments and in compliance with the cooperatives statutory environment, the Board presented a motion in last year's AGM to approve the establishment of Special Purpose Vehicle dedicated to pursuing the SACCO's investment interests. As resolved by the AGM last year, the Board has registered SteadFin Ventures Ltd, a company fully owned by SteadFin SACCO, and developed a business plan that I am presenting for your approval.

9. 2023 Outlook and Priority Activities

Operationalization of SteadFin Ventures Ltd:

In this year, with a keen eye on the macroeconomic and evolving regulatory environment, we shall focus on improving our financial performance through strategic investment decisions. The operationalization of the SteadFin Ventures Ltd. is a priority for expanding the SACCO's portfolio.

Preparing for Leadership Transition: This year marks the final year of the last three-year tenure of the current Board in office. Although individual members of the Board are eligible for re-election, I and other members have made it clear that we will not be running for office in the next election. Therefore, to ensure a smooth leadership transition and succession, the Board, SUPCO/ SUPBOD and Vetting Committee have agreed on a Leadership Succession Policy that will see earlier organization of elections for the Chairperson and Treasurer to allow for among others, overlap in those two positions. Additionally, the Board also presents for your approval the SteadFin Cooperatives Leadership Development Programme, a long-term initiative to deepen the members understanding on Cooperatives and what it takes to lead SteadFin as a SACCO.

Development of the Management Information System (MIS): After more than five years of frustration in the development of a functional MIS, the SteadFin Board has terminated the services of the vendor and is seeking legal redress. The Board has reviewed options and I am happy to report that we have narrowed down on one who, after making demonstrations to the Board and the IT Steering Committee, are convinced meets SteadFin's MIS specifications and needs. The good news is that the projected cost is not only reasonable, but also does not set in until the system goes live or is operational within a projected timeframe of two months. We are convinced that when completed, the system will not only provide agility to our business processes, but also empower members to directly own every transaction.

10. Conclusion

I would like to thank the Management team under the leadership of Ms. Mercy Tumukunde for their dedicated service to the SACCO in 2022, many times working beyond the call of duty. Let me also take this opportunity to express our gratitude as the Board of Director to all SteadFin members for your continued support, candid feedback, and active participation in SteadFin activities. We look forward to serving you better this year and making SteadFin your best source of financial services always.



Xavier Ejoyi

Chairperson, SteadFin Board of Directors.

CEO'S REPORT TO THE AGM 25-3-2023

Our dear esteemed members, on behalf of management, I take the honor to present to you the 2022 performance report highlighting of 2022 achievements and a summary of 2023 outlook. Special thanks to the management staff that held office in the year of reporting for the realised achievements and the Board for the tremendous strategic support to management. To our members, we thank you for your continued benefaction to the SACCO. Thank you for choosing SteadFin as your trusted development partner.

OUR OPERATING ENVIRONMENT

The year 2022 at the global level was characterized with high Inflation. The annual headline and core inflation rose to a double digit; 10.4 percent and 9.0 percent in December 2022 from 2.7 percent and 2.3 percent, respectively, in January 2022. This was mainly due to supply chain disruptions that led to a spike in commodity and energy prices as a result of Ukraine-Russia war that disrupted the global economy. Consequently, capital flows to emerging market economies were disrupted, and negatively impacted the business environment and growth prospects. The Bank of Uganda, in its bid to tighten the monetary policy raised the Central Bank Rate (CBR) to 10 percent. This pushed commercial banks' lending interest rates to rise to 18 percent in the last quarter of 2022 from 16.7 percent in the first half of 2022. The Outbreak of the Ebola disease with related mobility restrictions and the adverse weather due to climate change; this too contributed to the destabilized economy which led to BOU tightening of monetary policies to counter inflationary pressures. Amidst this, SteadFin maintained the lending rate at 12% percent for its flagship product.

To counter these shocks and improve the welfare of

households only recently recovered from the COVID-19 crisis and to maintain the trajectory of socioeconomic transformation, the government focused on adopting targeted intervention measures to support vulnerable households to arrest the increase in poverty and food insecurity through projects like emyooga and the Parish Development Model among others. Policymakers are focusing on implementing policies designed to maximize the potential of regional trade to boost trade beyond the East African Community by increasing agricultural exports, diversifying into a wider range of manufactured goods, and fostering the growth of service exports including tourism, education, transport and logistics, and professional services.

These present trading opportunities for SteadFin as a SACCO and for members to tap into for economic evolution and financial independence. For example, the creation of the African Continental Free Trade Area (AfCFTA) provides a unique opportunity to boost growth, reduce poverty with potential gains arising from greater flows of foreign direct investment. As we develop the strategic plan and put together investment ideas for the SPV, we shall keenly scan the environment to identify appropriate opportunities as well manage the potential risks.

Regulation: The regulation of SACCOs in Uganda continues to be a point of interest to the sector players and the movement. We appreciate the need to regulate SACCOs in Uganda by an appropriate regulator who understands the SACCO business model. SACCOs through the union (UCSCU) continued to engage stakeholders to revise the law that places SACCOs under the MDI Act. The Lobby and advocacy Committee of the union engaged legislators over this and the future is promising.

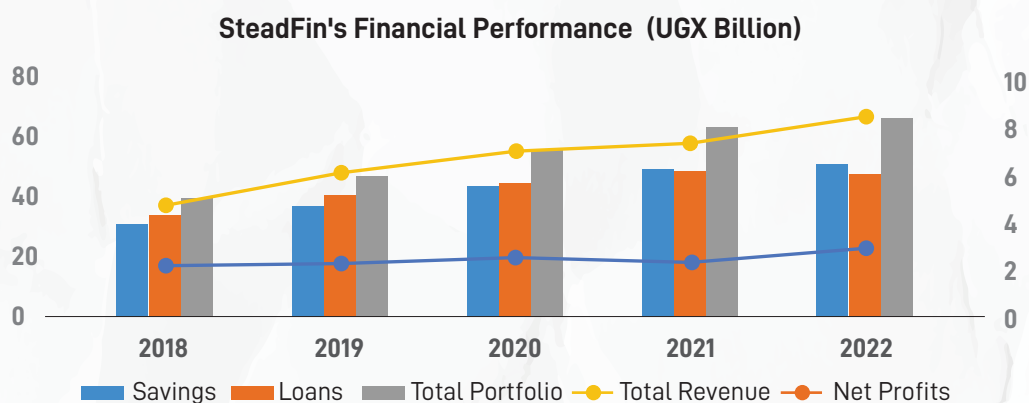
Board and management are intentional in preparation for regulation. A task committee of the Board was put in place to review the relevant laws in relation to SACCO policies and processes to ensure that the SACCO is prepared and ready for regulation.

2022 FINANCIAL PERFORMANCE

The gross revenue for the period ended 31st Dec 2022 was UGX 8.5Billion, growing by 15% from 7.4Billion in 2021 while the net surplus over the same period was 3.2Billion growing by 35.5% from 2.3Billion in 2021. This was majorly derived from interest income from loans (71.7%) and other operating income (28.3%). The savings portfolio grew by 2.3% from Ugx50.7 Billion in 2021 to Ugx 51.8 Billion in 2022.

SteadFin's assets base grew by 5% from UGX64.2Billion in 2021 to UGX 67.5Billion as at the end of 2022. Over the same period, the cost-to-income ratio was at 62.3%, the major expense being Interest paid on member deposits accounting for 70.2% of total expenses.

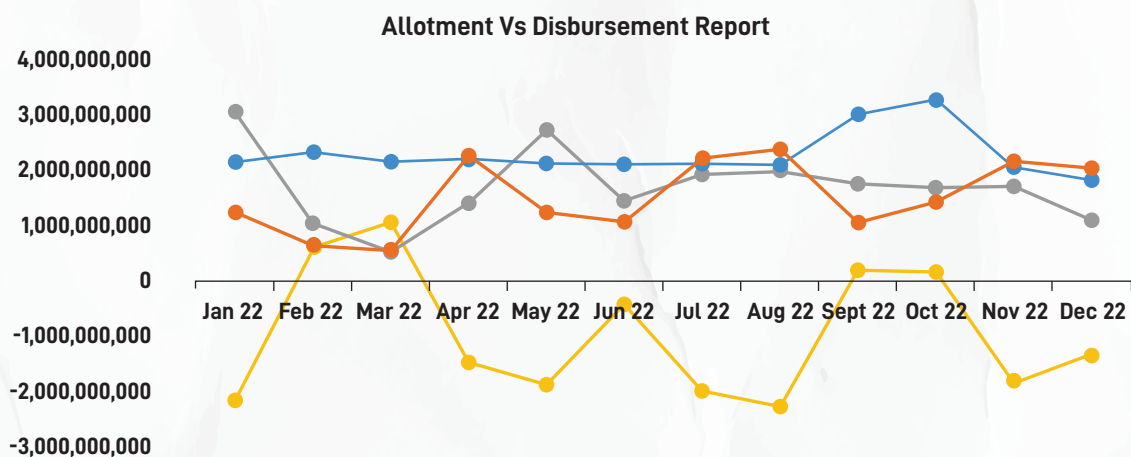
A summary of our financial performance is indicated below:



Liquidity

SteadFin's cash and cash equivalent position continued to improve in 2022. The overall cash liquidity position grew by 22.4% to 7.8Billion in 2022 from 6.4 Billion in 2021

Owing to the above, SteadFin's liquidity position, allotment and disbursement outlook is summarized in the graph below:



VALUE TO YOU

While we continue to grow the SteadFin portfolio in all aspects, our core objective remains that of transforming lives of our esteemed members for financial liberation. The financial results presented in this annual report here below, reflect the value you gain from SteadFin at an individual level:

- 1) Quarterly Savers Interest: All our savings accounts (except the Premium Savings Account) earn interest on a quarterly basis making the overall return more, due to the compounding effect, interest earned in a given quarter earns interest in the in the subsequent quarters of the year. For the year ended 31-12-2022, a total of UGX3.7Billion was paid out to members accounts as interest to member deposits, accounting for 70.2% of the total costs.
- 2) Dividends and Shareholder's Bonus: In line with the regulatory requirements, a total of UGX 736 Million is proposed as dividends and Shareholders' bonus. This translates into net earnings of 4000/= per share, maintaining a favorable return to the share holders.
- 3) Savers' Bonus: Subject to AGM approval, every savings account in the SACCO will earn a saver's bonus as an additional earning over and above the interest rates applicable to the respective savings accounts.
- 4) Investment opportunities: During the year, we were able to present members with investment opportunities in SACCO real estate projects, individual and group investment opportunities.

OUR 2022 WINS

Improved liquidity position: SteadFin's cash and cash equivalent position continued to improve in 2022. The overall cash liquidity position grew by 22.4% to 7.8Billion in 2022 from 6.4Billion in 2021

Successful Investment Projects: We launched yet another affordable investment project in 2022; the Nakasajja estate, situated at Kiumu approximately 4.5 Kms from the main Gayaza- Kalagi tarmac road, aimed at providing affordable real estate solutions to the members.

Our flagship investment project, SteadFin Hillview estate phase Two was rolled out in 2022. The project enhanced the SACCO's approach towards real estate investments as major amenities including water and power are on site.

The investment projects presented an opportunity to members to own affordable property in prime locations, free of encumbrances, and largely contributed to the SACCO's none interest revenue which increased to 2.4Billion from 919 million in 2021.

Assets Growth: Total assets increased to UGX 67.5Billion from 64.2Billion in 2021, representing 5% growth. This has been made possible due to prudent portfolio management approaches that are focused on uplifting members' livelihood.

SteadFin Towers: Following completion of the construction phase and the handover that ensued, we embarked on aggressive search for a tenant. We obtained premium client occupying the entire office block for an initial tenancy period of 57months, commenced in May 2022 at monthly fee of UGX 36,000 per square meter, Exclusive of V.A.T. Again, this was achieved due to teamwork and patience exhibited by the entire membership.

Kiryandongo land disposal: Pursuant to the AGM approval, the Board and Management undertook to market the property in order to find a suitable buyer. The land was advertised first internally to the members and later the general public. The 519 acres were sold at 3.5M each, generating net revenue of approximately 832M. This has substantially enhanced the SACCO's net surplus position for the year.

Other Achievements

- a) Reduced the Interest rate on Instant loans from 10% to 5% and extended the loan tenure from 1 month to 2 months.
- b) Revised the required loan guarantee savings from 35% of the principal amount to 30%
- c) Grew our membership by 45 members
- d) Organized and held a successful member day

- e) Organized a successful youth engagement day
- f) In partnership with the US Mission, conducted 2 Financial Literacy sessions on Debt and financial management
- g) Human Resource: We recruited new staff to fill vacant positions as per the approved structure
- h) Staff development through inhouse and outsourced staff trainings for excellent member service delivery.
- i) Policy development: membership policy: A number of policies were developed to guide management in the day-to-day management of the SACCO, key among these is the membership policy that clearly spells out the desired SteadFin member and relationship between the SACCO and the members. A copy was shared with all our members and we encourage you to read it.

Member Support: Through the concern for community and in a spirit of co-operative, the SACCO reached out to families of the deceased SteadFin members and gave out shopping vouchers as a token of love.

End of year Token: In a special way, the Board of Directors appreciated the members for their continued commitment to the SACCO and end of yet another successful year amidst the various challenges and impact of the overall performance by approving and rewarding members with an end of year Token.

Encounters

During the year, we encountered some challenges which in a way destabilized the smooth historical trend of the business. These included:

- a) Exclusion of the DCP in the Credit Risk Assessment which necessitated having collateral as the primary security.
- b) Movement of members that sold their loans to commercial Banks as a result of aggressive marketing with misguiding information.

- c) Loss of dear members, a child of our member and parents. We condole with the families that lost their beloved ones. We remember and observe a moment of silence for the late Swaib Ssemambo Hassan and the late Liz Nabasirye. May their souls rest in peace.

2023 OUTLOOK

Building on the 2022 achievements and areas of improvement, in 2023, our focus will remain member centric under the following areas:

Strategic plan development: The Board has embarked on developing a 5-year strategic plan with an objective of coming up with practical strategies to move SteadFin to a desired level in the next 5 years. This is planned to be a highly consultative process with representation of key stakeholders to ensure that all sectors needs are addressed.

Member profiling: Having finalized a robust membership policy, we are embarking on member profiling as a means of understanding member needs and aspirations which will act as a basis for strategic development. An online survey form is already developed and will be shared with members immediately after the AGM for feedback.

Rolling out the new MIS Platform: This remains priority number one of Board and management to put in place a robust management information system that is user friendly for member interaction for improved service. The IT steering committee in consultation with the board provided technical guidance on the steps of acquiring a provider for a new MIS. The promise to our members is to come up with a solution that works. We are so hopeful that this shall be closed in the second quarter of 2023.

Business Growth and Development: The key performance and growth indicators of the SACCO are quality membership growth, growing savings deposits, quality loan book and share holders' equity. As management, we desire to see upward growth trend of all indicators. As we engage in the strategic plan development, we are hopeful that we shall come up with realistic strategies to grow SteadFin.

Investment Projects: Management will continue

engaging in Investment opportunities at SACCO level for a competitive return. We plan to close the ongoing investment projects (Namayiba and Sonde Phase II) and acquire one more project for sale in the course of the year. As we roll out the special purpose vehicle, we challenge every SteadFin member to profile their investment plans for 2023 and the years to come, so that we start engaging in a conversation of how SteadFin can support you to realize your plans.

Special Purpose Vehicle: With AGM approval, management with Board guidance will explore best rated investment opportunities without compromising co-operative principles and the SACCO business model.

Member education: Through the member co-operative development program, SteadFin is intentional in investing in member education and training as a strategy of developing a pool of members who appreciate the SteadFin vision and mission, the cooperative sector, the SACCO business model, Cooperative principles and philosophy. We encourage members to participate in this program once it is rolled out.

Member recruitment and engagements: New member enrollment and orientation, financial literacy and quarterly member engagements and improved customer care services.

Inclusivity: In 2022, we launched a successful youth forum. This year 2023, we plan to engage in strategies that promote inclusivity for growth. We plan to engage the youth and other vulnerable members at a more strategic level to challenge them to embrace a savings and investment culture for them to partake of SteadFin products and services.

Activation of dormant accounts: We shall deliberately engage with members whose accounts have gone dormant with an objective of encouraging them to reactivate their accounts.

CONCLUSION

The above report highlights the 2022 achievements and provides an outlook for 2023. Management pledge is continuous improvement in member service for improved growth. We seek your continued patronage SACCO for financial liberation.



Mercy Tumukunde Agaba
Chief Executive Officer
SteadFin Uganda SACCO Ltd

TREASURER'S REPORT

Dear members, I welcome you to this year's AGM and I am pleased to present to you SteadFin's Financial Performance for the year 2022. The period being reported on here is twelve months (January 2022– December 2022)

FY22 was a challenging year and this can be seen in the performance detailed in the Audited accounts. We had an increase in the surplus of 35% and most of this can be attributed to the sale of the kiryandongo land which fetched us a gain on disposal of 832m. During FY22, there was a fall in the interest income earned by 6% compared to what we had in FY21 and interest expense reduced by 1% compared to FY21.

The reduction in the interest income is partly due to a negative growth in loan up take by 2% in FY22 compared to FY21. We had some members who left the SACCO with their loans bought off by the commercial banks plus the removal of DCP as collateral for the loans by the Embassy caused a big impact on the loan uptake.

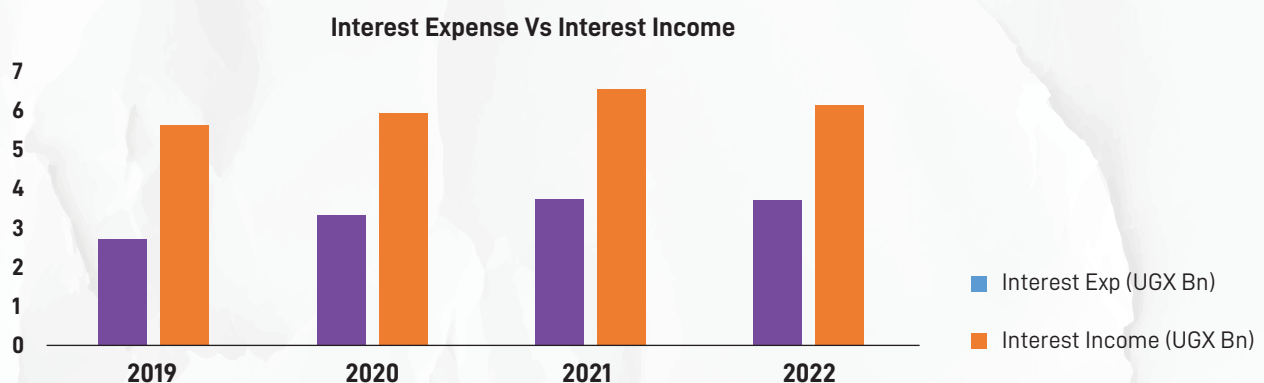
Towards the end of FY22, SteadFin launched another real estate project called Sonde Phase II, a total of 18.35 acres. We partnered with one of the SACCO members who acquired 5 acres of these 19 and there are some plots left for grabs. We also continued to sale our plots in Nakasajja and Namayiba on Katosi road at a low price for our members.

FINANCIAL HIGHLIGHTS

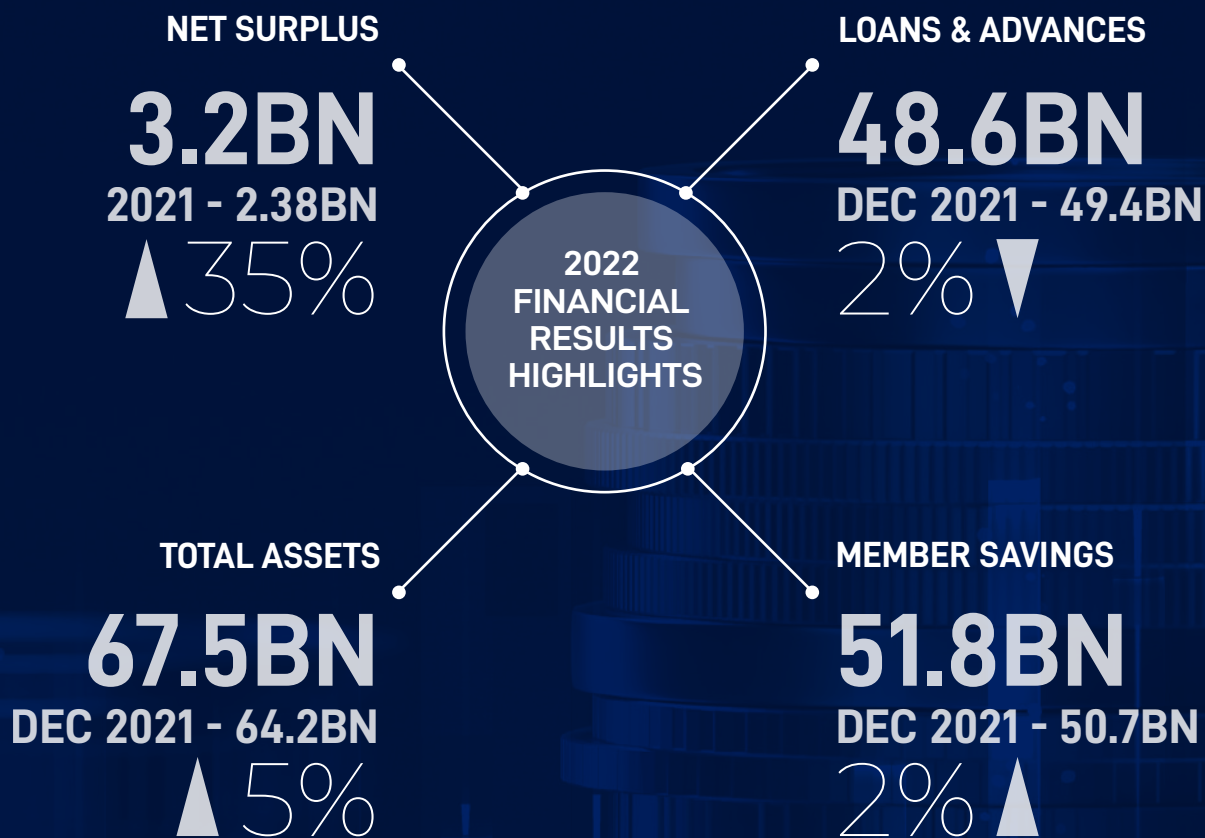
Revenue and Expenses

During this FY2022, SteadFin made interest income of UGX 6.143Bn compared to UGX 6.525Bn of FY 2021 which is a UGX 381M decrease in interest Income over the last 12 months.

In the same period, the interest expense moved from UGX 3.794Bn in FY2021 to UGX 3.749Bn in FY 2022 making a net decrease of UGX 44M. These funds were paid out to members on their respective accounts.



OTHER FINANCIAL HIGHLIGHTS



Member savings have grown by **2%** from **UGX 50.7BN** in 2021 to **UGX 51.8BN** in 2022.

Loans & Advances to members.

The loan portfolio reduced by approximately **2%** **UGX807MN** from **49.4Billion** in 2021 **TO 48.6BN** in 2022

Member Savings

As outlined above, SteadFin is focused on rewarding its savers. Therefore, the Board of Directors encourages all members to save more with the SACCO as this shall pay off in the long run. It promotes better individual financial planning and will eventually enhance a member's retirement. Members are encouraged to open Target Savings and Premium Savings Accounts and periodically increase their savings on the Retirement Savings Account. Overall, we have noted an increase of 2% on member savings between FY21 and FY22.

Share capital

As at 31st December 2022, the authorized, issued and fully paid member shares is Shs 1,841,892,000 (2021: Shs 1,798,173,000) representing 184,189 (2021: 179,817) ordinary shares of Shs 10,000 (2021: 10,000) per share. we encourage members to buy more shares in SteadFin as this is a worthwhile long-term investment.

Dividends

SteadFin Board of Directors proposes a dividend of one hundred eighty-four million (UGX 184M) shillings to be approved by the AGM plus a shareholder's bonus of UGX five hundred fifty-two million (552M). If approved by the AGM, this will bring the Dividend per share to Ugx. 4,000.

Depositor's Bonus

In the same spirit, the Board of Directors proposes a depositor's bonus of UGX 1,008,533,000 as a way of giving back to our members that are committed to saving with SteadFin.

Unallocated Deposits

The unknown deposits figure has continued to grow, as at end of FY22, we had UGX 144Million that is unallocated. Management has shared out a policy and guidance on how we shall deal with this money but emphasis is placed on how you should ensure the narrative on the deposit slip is well captured. Also reach out to management every time you make a deposit.



Dennis Natumanya Bashukwa

Treasurer, Board of Directors
SteadFin Uganda SACCO Ltd

INDEPENDENT AUDITOR'S REPORT



STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

REGISTERED OFFICE

Plot 1001, Ggaba Road
Susie House, Nsambya
P.O. Box 584
Kampala, Uganda

BOARD OF DIRECTORS

Xavier Ejoyi	Chairperson
Anna Awori	Vice Chairperson
Henry Nsubuga	Secretary
Dennis Natumanya	Treasurer
Maryanne Isabirye	Member
Julius Ondoga D	Member
Dorcus Kaganda	Member
Fiona Waata	Member
Edward Katongole	Member
Moses Kirya Batanda	Co-opted Member

AUDITOR:

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

BANKERS:

Absa Bank Uganda Limited
Hannington Road
P.O. Box 7101
Kampala, Uganda

Stanbic Bank Uganda Limited
Plot 18, Hannington Road
Kampala, Uganda

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of SteadFin Uganda Co-operative Savings and Credit Society Limited ('the SACCO').

PRINCIPAL ACTIVITIES

The principal activity of SteadFin Uganda Co-operative Savings and Credit Society Limited is mobilization of deposits, lending to members and investments in various ventures.

RESULTS

The results for the year are set out in the statement of comprehensive income and appropriation there from in the statement of changes in equity. The profit for the year was as follows:

	2022	2021
	Shs 000	Shs 000
Profit for the year	3,227,405	2,382,610

MEMBERS' SHARES

The authorized, issued and fully paid member shares is Shs 1,841,892,000 (2021: Shs 1,798,173,000) representing 184,189 (2021: 179,817) ordinary shares of Shs 10,000 (2021: 10,000) per share.

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging, and this has a resultant effect on overall demand of the SACCO's services. The SACCO's strategic focus is to enhance revenue growth whilst improving member welfare, the success of which remains dependent on overall market conditions and other factors such as the ongoing war between Russia and Ukraine. Whilst at this stage it is too early to predict the full potential impact of this on the SACCO operations, the directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the SACCO.

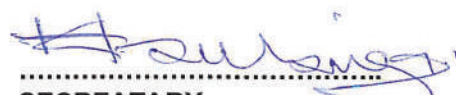
DIVIDENDS

The directors recommend the declaration of a dividend for the year of Shs 184.1 million (2021: Shs 179.8 million).

INDEPENDENT AUDITOR

The auditors, Ernst & Young, have expressed their willingness to continue in office in accordance with section 22 (a) of the Uganda Cooperative Societies Act, Cap 112.

BY ORDER OF THE BOARD


.....
SECRETARY
KAMPALA, UGANDA

..20 MARCH.....2023

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

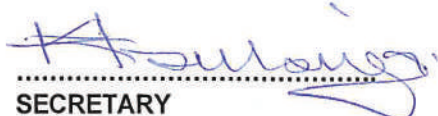
The Uganda Cooperative Societies Act, Cap 112 requires the directors to prepare financial statements for each financial year which present fairly, in all material respects, the state of financial affairs of the SACCO as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the SACCO keeps proper accounting records that are sufficient to show and explain the transactions of the SACCO, and that disclose, with reasonable accuracy, the financial position of the SACCO and that enable them to prepare financial statements of the SACCO that comply with International Financial Reporting Standards and the requirements of the Uganda Cooperative Societies Act, Cap 112. The directors are also responsible for safeguarding the assets of the SACCO and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are ultimately responsible for the internal control of the SACCO. The directors delegate the responsibility for the internal control to management. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the SACCO's assets. Appropriate accounting policies supported by reasonable and prudent judgements and estimates, are applied on a consistent basis and using the going concern basis. These systems and controls include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Uganda Cooperative Societies Act, Cap 112. The directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the SACCO and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the SACCO's ability to continue as a going concern and have no reason to believe the SACCO will not be a going concern for the next twelve months from the date of this statement.

The financial statements were approved by the Board of Directors on 20th MARCH 2023 and signed on its behalf by:


.....
SECRETARY


.....
CHAIRPERSON

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of SteadFin Uganda Co-operative Savings and Credit Society Limited (the "SACCO") set out on pages 8 to 55, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes 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 our opinion, the financial statements present fairly, in all material respects, the financial position of SteadFin Uganda Co-operative Savings and Credit Society Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Uganda Cooperative Societies Act, Cap 112.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the SACCO in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matter	How the matter was addressed in the audit
Impairment of loans and advances to members	
Loans and advances to customers are measured at amortised cost less expected credit losses. The SACCO measures the impairment provision on loans and advances to customers using an expected credit losses model. IFRS 9 requires the use of forward looking, expected credit loss (ECL) impairment models which take into account reasonable and supportable forward-looking information. The computation of expected credit losses required significant management judgement and subjective assumptions to: (i) Interpret the requirements of IFRS 9 Financial Instruments with relation to statistically derived risk parameters such as the probabilities of default, loss-given default and exposure at default. (ii) Identify exposures with significant increase in credit risk or exposures in default, to classify instruments into various stages. (iii) Application of macroeconomic factors. The impairment of loans and advances was significant to our audit due to the size of the loan portfolio and the significant impact that estimation of expected credit losses has on the financial statements. As disclosed in Note 13, as at 31 December 2022, gross loans and advances amounted to Ushs 48.9 billion (2021: Ushs 49.6 billion) and the impairment losses amounted to Ushs 361 million (2021: Ushs 207 million). The accounting policies for impairment of loans and advances are disclosed in Note 2 (k).	Our audit procedures included but were not limited to the following: • Reviewed the accounting policies for compliance with IFRS 9 requirements; • Reviewed the ECL models including whether the assumptions applied, and the functioning and application of the models were in accordance with IFRS 9; • Reviewed the allocation of loans and advances to customers to stages 1, 2 and 3 for compliance with IFRS 9, basing on the performance of the loans and the available information; • Evaluated the assumptions made to factor expected future cash flows into the ECL computations, taking into account market conditions, and the post-reporting date performance of the loan facilities; • Evaluated the reliability of data sources, including collateral valuation, used in the ECL calculations. This included auditing a sample of loan files to check, where appropriate, if the inputs agreed to the supporting documentation; and • Assessed whether disclosures made in the financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

Other information

Other information consists of the information included in the General Information, Directors' Report and Statement of Directors' Responsibilities, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 SACCO's 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 SACCO or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SACCO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

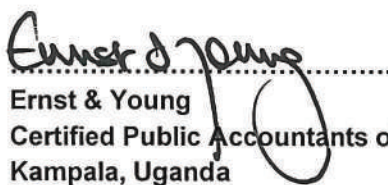
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SACCO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SACCO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

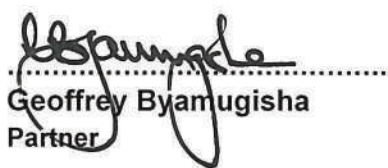
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Engagement Partner on the audit resulting in this independent auditor's report is CPA Geoffrey Byamugisha – P0231.


Ernst & Young
Certified Public Accountants of Uganda
Kampala, Uganda

21 March 2023


Geoffrey Byamugisha
Partner

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Shs'000	2021 Shs'000
Interest income calculated using the effective interest method	3	6,143,840	6,525,396
Interest expense calculated using the effective interest method	4	(3,749,204)	(3,794,094)
Net interest income		2,394,636	2,731,302
Other operating income	5	2,421,926	919,831
Total operating income		4,816,562	3,651,133
(Increase)/ decrease in expected credit losses	13(c)	(154,154)	53,018
Personnel costs	6	(788,309)	(718,472)
Administrative expenses	7	(499,334)	(439,928)
Other operating expenses	8	(39,503)	(31,919)
Depreciation and amortisation	10	(70,818)	(60,477)
Loans written off	24	(36,695)	(70,336)
		(1,588,813)	(1,268,114)
Operating profit		3,227,749	2,383,019
Finance costs	9	(344)	(409)
Profit before tax	10	3,227,405	2,382,610
Income tax charge	27	-	-
Profit for the year		3,227,405	2,382,610
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		3,227,405	2,382,610

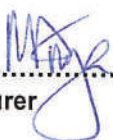
STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 Shs'000	2021 Shs'000
Assets			
Cash and cash equivalents	12	7,853,623	6,416,479
Loans and advances	13	48,634,181	49,441,319
Other receivables	14	2,130,539	979,463
Equity investments	15	30,500	30,500
Investment property	16	8,179,048	6,189,205
Right of use asset	17	361,248	1,060,158
Property and equipment	18	254,503	89,117
Intangible asset	19	<u>61,842</u>	<u>74,861</u>
Total Assets		<u>67,505,484</u>	<u>64,281,102</u>
Equity			
Members' shares	23	1,841,892	1,798,173
Share premium	23	5,151,259	4,986,668
Retained earnings		1,969,277	1,824,738
Proposed dividend	23	184,189	179,817
Proposed depositors' bonus	23	1,008,533	976,639
Proposed shareholders' bonus	23	552,568	539,452
Performance bonus	23	25,000	18,000
STP Steering Committee Bonus	23	-	-
SPV Investment Reserve	23	519,381	-
Special reserve	23	223,000	68,241
Reserve fund	23	1,376,373	1,053,632
Revolving fund	23	688,186	526,816
Share transfer fund	23	481,640	389,545
Education fund	23	<u>170,166</u>	<u>134,281</u>
Total equity		<u>14,191,464</u>	<u>12,496,002</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
 STATEMENT OF FINANCIAL POSITION (Continued)
 AS AT 31 DECEMBER 2022

	Note	2022 Shs'000	2021 Shs'000
Liabilities			
Members' savings	20	51,864,100	50,700,375
Trade and other payables	21	1,446,099	1,080,126
Lease liabilities	11	<u>3,821</u>	<u>4,599</u>
Total liabilities		<u>53,314,020</u>	<u>51,785,100</u>
TOTAL EQUITY AND LIABILITIES		<u>67,505,484</u>	<u>64,281,102</u>

The financial statements were approved by the Board of Directors on 20th MARCH 2023 and signed on its behalf by:


 Treasurer


 Board Chairperson

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Members' shares	Share premium	Retained earnings	Proposed dividend	Depositors' bonus	Shareholders' bonus	Performance bonus	STP steering committee bonus	Special reserve	Reserve fund	Revolving fund	Share transfer fund	Education fund	SPV Investment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January 2022	1,798,173	4,986,668	1,824,738	179,817	976,639	539,452	18,000	-	68,241	1,053,632	526,816	389,545	134,281	-	12,496,002
Member training	-	-	-	-	-	-	-	-	-	-	-	-	(26,345)	-	(26,345)
Payments to members	-	-	-	(179,817)	(976,639)	(539,452)	(18,000)	-	-	-	-	-	-	-	(1,713,908)
Labour dispute payout	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares	71,580	286,320	-	-	-	-	-	-	-	-	-	-	-	-	357,900
Withdrawal of shares	(27,861)	(121,729)	-	-	-	-	-	-	-	-	-	-	-	-	(149,590)
Surplus for the year	-	-	3,227,405	-	-	-	-	-	-	-	-	-	-	-	3,227,405
Statutory reserve	-	-	(322,741)	-	-	-	-	-	-	322,741	-	-	-	-	-
Development fund	-	-	(161,370)	-	-	-	-	-	-	-	161,370	-	-	-	-
Share transfer fund	-	-	(92,095)	-	-	-	-	-	-	-	-	92,095	-	-	-
Education fund	-	-	(62,230)	-	-	-	-	-	-	-	-	-	62,230	-	-
Dividends	-	-	(184,189)	184,189	-	-	-	-	-	-	-	-	-	-	-
Depositor's bonus	-	-	(1,008,533)	-	1,008,533	-	-	-	-	-	-	-	-	-	-
Shareholders' bonus	-	-	(552,568)	-	-	552,568	-	-	-	-	-	-	-	-	-
SPV Investment	-	-	(519,381)	-	-	-	-	-	-	-	-	-	-	519,381	-
Special Reserve	-	-	(154,759)	-	-	-	-	-	154,759	-	-	-	-	-	-
Staff bonus	-	-	(25,000)	-	-	-	25,000	-	-	-	-	-	-	-	-
At 31 Dec 2022	1,841,892	5,151,259	1,969,277	184,189	1,008,533	552,568	25,000	-	223,000	1,376,373	688,186	481,640	170,166	519,381	14,191,464

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Members' shares	Share premium	Retained earnings	Proposed dividend	Depositors' bonus	Shareholders' bonus	Performance bonus	STP steering committee bonus	Special reserve	Reserve fund	Revolving fund	Share transfer fund	Education fund	SPV Investment	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1 January 2021	1,756,621	4,820,175	1,634,129	175,662	976,877	351,324	62,753	24,078	193,552	815,371	407,885	299,636	106,467	-	11,624,331
Member training	-	-	-	-	-	-	-	-	-	-	-	-	(2,979)	-	(2,979)
Payments to members	-	-	-	(175,662)	(976,877)	(351,324)	(62,753)	(24,078)	-	-	-	-	-	-	(1,590,694)
Labour dispute payout	-	-	-	-	-	-	-	-	(125,311)	-	-	-	-	-	(125,311)
Issuance of shares	60,085	240,625	-	-	-	-	-	-	-	-	-	-	-	-	300,710
Withdrawal of shares	(18,533)	(74,132)	-	-	-	-	-	-	-	-	-	-	-	-	(92,665)
Surplus for the year	-	-	2,382,610	-	-	-	-	-	-	-	-	-	-	-	2,382,610
Statutory reserve	-	-	(238,261)	-	-	-	-	-	-	238,261	-	-	-	-	-
Development fund	-	-	(119,131)	-	-	-	-	-	-	-	119,131	-	-	-	-
Share transfer fund	-	-	(89,909)	-	-	-	-	-	-	-	-	89,909	-	-	-
Education fund	-	-	(30,793)	-	-	-	-	-	-	-	-	-	30,793	-	-
Dividends	-	-	(179,817)	179,817	-	-	-	-	-	-	-	-	-	-	-
Depositors' bonus	-	-	(976,639)	-	976,639	-	-	-	-	-	-	-	-	-	-
Shareholders' bonus	-	-	(539,452)	-	-	539,452	-	-	-	-	-	-	-	-	-
Staff bonus	-	-	(18,000)	-	-	-	18,000	-	-	-	-	-	-	-	-
At 31 Dec 2021	<u>1,798,173</u>	<u>4,986,668</u>	<u>1,824,737</u>	<u>179,817</u>	<u>976,639</u>	<u>539,452</u>	<u>18,000</u>	<u>-</u>	<u>68,241</u>	<u>1,053,632</u>	<u>528,816</u>	<u>389,545</u>	<u>134,281</u>	<u>-</u>	<u>12,496,002</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Shs'000	2021 Shs'000
Operating activities			
Profit before tax		3,227,405	2,382,610
Adjustments for:			
Profit on disposal of investment property	5	(821,351)	(488,360)
Gain on disposal of property and equipment	5	-	(3,138)
Finance costs	9	344	409
(Decrease)/ increase in expected credit losses	13	154,154	(53,018)
Depreciation of the right of use asset	17	20,964	23,501
Depreciation on property and equipment	18	36,835	23,707
Amortization of intangible assets	19	13,019	13,269
Changes in working capital:			
- Decrease/ (increase) in loans and advances		807,138	(4,173,453)
- (Increase)/ decrease in other receivables		(1,151,076)	492,431
- Increase in members' savings		1,163,725	6,296,889
- Increase in trade and other payables		365,973	442,180
Net cash flows from operating activities		<u>3,817,130</u>	<u>4,957,027</u>
Investing activities			
Disposal of investment in Pearl Aquatics	15	-	20,000
Proceeds from disposal of investment property		1,716,683	1,811,645
Cash paid for purchase of investment property	16	(4,180,944)	(2,414,712)
Purchase of property and equipment	18	(202,221)	(69,020)
Proceeds from disposal of right of use		1,819,561	-
Proceeds from disposal of property and equipment		-	3,599
Net cash flows used in investing activities		<u>(846,921)</u>	<u>(648,488)</u>
Financing activities			
Issuance of ordinary shares	23	357,900	300,710
Withdraw of shares	23	(149,590)	(92,665)
Payments to members		(1,713,908)	(1,590,694)
Pay out from special reserve		-	(125,311)
Members' training		(26,345)	(2,979)
Write off of lease liability	11	(772)	-
Payments of lease liabilities	11	(350)	(350)
Net cash flows used in financing activities		<u>(1,533,065)</u>	<u>(1,511,289)</u>
Net increase in cash and cash equivalents		1,437,144	2,797,250
Movement in cash and cash equivalents			
At 1 January		<u>6,416,479</u>	<u>3,619,229</u>
At 31 December	12	<u>7,853,623</u>	<u>6,416,479</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ORGANISATION INFORMATION

SteadFin Uganda Co-Operative Savings and Credit Society Limited (the "SACCO") is an organization incorporated and domiciled in Uganda. The SACCO is primarily involved in holding savings for its members as well as providing loans and advances as licensed under the Cooperative Societies Act, Cap 112. More information about the SACCO including its registered office is presented on page 1.

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors as indicated on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting and Auditing Standards Board (IASB) and the requirements of the Cooperative Societies Act, Cap 112.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates due to the uncertainty about these assumptions and estimates and could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Uganda Shillings (Shs) and all values are rounded to the nearest thousand (Shs '000'), except when otherwise indicated. These financial statements cover the year ended 31 December 2022.

Going concern

Based on the financial performance and position of the SACCO and its risk management policies, the directors are of the opinion that the SACCO is well placed to continue in business for the foreseeable future and as a result, the financial statements are prepared on a going concern basis.

(c) Changes in accounting policies and disclosures

New and amended standards and interpretations

During the year, the SACCO has adopted the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2022.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and amendments to published standards effective for the year ended 31 December 2022

Reference to the Conceptual Framework (Amendments to IFRS 3)	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The amendment is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment to IAS 16 is effective for accounting periods beginning on or after 1 January 2022 and due to the nature of the Company, is not expected to have significant impact on the financial statements.
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment to IAS 37 is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.
Annual Improvements to IFRS Standards 2018–2020	The Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards: • IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and amendments to published standards effective for the year ended 31 December 2022 (Continued)

The amendment to above standards is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements

New and revised IFRS and other pronouncements issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the SACCO's financial statements are not expected to have an impact on the SACCO's financial statements. These standards and interpretations are listed below:

- Definition of Accounting Estimates - Amendments to IAS 8 – effective 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - effective 1 January 2023
- IFRS 17 Insurance Contracts - effective 1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 - postponed indefinitely.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - effective 1 Jan 2023
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 - effective 1 Jan 2024
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 - effective 1 Jan 2024

The SACCO has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(d) Significant accounting estimates, assumptions, and judgments

The preparation of the SACCO's financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies, reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period, the accompanying disclosure, as well as the disclosures of contingent liabilities, at the reporting date.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the SACCO's accounting policies, the directors have made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The SACCO based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the SACCO. Such changes are reflected in the assumptions when they occur.

Impairment losses on loans and advances

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting estimates, assumptions, and judgments (continued)

Impairment losses on loans and advances (continued)

The SACCO's Expected Credit Losses (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The SACCO's internal credit grading model, which assigns Probabilities of Default (PDs) to the individual grades
- The SACCO's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and security values, and the effect on PDs, Exposure at Default (EADs) and Loss Given Default (LGDs).

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The SACCO uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For other receivables, the SACCO has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognized on the basis of a provisioning matrix.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting estimates, assumptions, and judgments (continued)

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Useful lives of property and equipment, intangible assets and right-of-use assets

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined that there was no significant change in the useful lives and residual values.

Accounting for leases under IFRS 16

Management makes various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate:

To determine the incremental borrowing rate, the SACCO:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g.. term, country, currency and security

Lease term/period:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting estimates, assumptions, and judgments (continued)

Accounting for leases under IFRS 16 (continued)

For leases of equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the SACCO is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the SACCO is typically reasonably certain to extend (or not terminate).
- Otherwise, the SACCO considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices leases have not been included in the lease liability, because the SACCO could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the SACCO becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Other judgements and estimates may also require explanation in accounting for lease under IFRS 16 depending on the individual circumstances of the entity and the materiality of the amounts involved. These include:

- (i) how the entity has determined whether a contract is, or contains, a lease
- (ii) what is considered to be an index or rate in determining lease payments
- (iii) how to account for costs incurred in connection with a lease that are not part of the cost of the right-of-use asset
- (iv) the interpretation of what constitutes a penalty in determining the lease term/period.

(e) Revenue recognition

(i) Net interest income

Interest income and expense are recognized in the statement of profit or loss on accrual basis using the effective interest method. Interest income and expense include the amortization of any discount at premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period), to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and charges paid or received transaction costs, and discounts or premium that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition (continued)

The effective interest rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost.

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortized cost of the financial asset) is calculated by considering transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The SACCO recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges. If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest revenue/expense calculated using the effective interest method.

(ii) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

(iii) Other operating income

Other operating income comprises of fees charged for withdraw of savings, loan commission, bank interest, profit from sale of investment property, outright sale of right of use asset and rental income from SteadFin Towers, and amounts charged to farmers for rent of Kiryandongo land.

(f) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the SACCO and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Leasehold land is depreciated over the remaining period of the lease while freehold land is not depreciated. Depreciation on all other assets is calculated on the straight-line method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Furniture and fittings	13
Office equipment	20
Computer equipment	33
Motor vehicle	20
Generator	20
AC System	20

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

(h) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognized at cost including the transaction costs. It is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method to write down the cost of the property to its residual value over its estimated useful life. Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

The properties residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The properties carrying amounts are written down immediately to their recoverable amount if the carrying amount is greater than their estimated recoverable amount.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining operating profit/(loss).

Right-of-use asset that meet the definition of investment property are not presented separately from investment property in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which are estimated to be three years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

(j) Financial instruments

Financial instruments are recognized when, and only when, the SACCO becomes party to the contractual provisions of the instrument. All financial assets are recognized initially using the trade date accounting which is the date the SACCO commits itself to the purchase or sale.

Financial assets

The SACCO classifies its financial assets into the following categories:

Amortized cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortized cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured.

At initial recognition of a financial asset, the SACCO determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The SACCO reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the SACCO has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the SACCO has transferred substantially all risks and rewards of ownership, or when the SACCO has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Impairment

The SACCO recognizes loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortized cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognized on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The SACCO may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortized cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the SACCO's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which are expected to be paid within 12 months of the balance sheet date and those which the SACCO does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Impairment (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(k) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the SACCO does not intend to sell immediately or in the near term. Loans and advances are shown at the gross amount adjusted for any provision for impairment losses.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

Impairment losses on loans and advances

The SACCO records the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or life time expected credit loss, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12 month expected credit loss).

To calculate ECL, the SACCO estimated the risk of a default occurring on the financial instrument during its expected life. ECLs have been estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: The contractual cash flows that are due to the SACCO under the contract, and the cash flows that the SACCO expects to receive, discounted at the effective interest rate of the loan.

The SACCO manages credit risk on the basis of information about past due status and has overtime utilized the number of days past due dates of settlement. The ageing of a loan therefore is utilized in determining whether the credit risk has increased at each reporting date.

The SACCO issues short term loans to individuals with payment terms structured to be frequent than long term facilities. No distinction is made between stage 1 loans (12month ECL) and stage 2 loans (Lifetime ECL).

(l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the SACCO is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(n) Employee benefits

The SACCO makes contributions to the statutory pension scheme, National Social Security Fund (NSSF). This is a defined contribution scheme registered under NSSF Act. The SACCO's contribution under the scheme are limited to contributions legislated from time to time. The SACCO's contribution to the scheme is charged to the statement of profit or loss in the year in which it is made.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the SACCO has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Provisions

Provisions are recognised when the SACCO has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the SACCO expects some or all the provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Leases

The SACCO assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

SACCO as a lessee

The SACCO applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The SACCO recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The SACCO recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the SACCO at the end of the lease term, the estimated useful life would not exceed the lease term.

In cases where the right-of-use assets include a class of asset that is not present under property, plant and equipment, the entity must disclose the depreciation rates applicable to the assets classified under right-of-use assets. The disclosure may be similar to the depreciation rate under the policy for property, plant and equipment.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the retained earnings to revaluation surplus reserve.

Lease liabilities

At the commencement date of the lease, the SACCO recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the SACCO and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

For leases that contain non-lease components, the SACCO allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to 'reflect any reassessment, lease modifications, or revised fixed lease payments.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

(q) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(r) Dividends

Dividends are recognized as a liability in the period in which the dividends are approved by the SACCO's members.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3 INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD

	2022	2021
	Shs'000	Shs'000
Interest earned on emergency loans	160,612	155,927
Interest earned on group loans	73,091	35,948
Interest earned on term loans	5,592,480	6,062,043
Interest earned on real estate loans	200,261	184,640
Interest earned on general loans	32,575	16,068
Interest earned on retirement loans	39,709	3,762
Interest earned on staff loans	25,400	50,600
Interest earned on instant loans	6,559	10,773
Interest earned on bank loan buyout	13,153	5,635
	<u>6,143,840</u>	<u>6,525,396</u>

4 INTEREST EXPENSE CALCULATED USING THE EFFECTIVE INTEREST METHOD

	2022	2021
	Shs'000	Shs'000
Interest incurred on free savings	972,050	822,677
Interest incurred on loan guarantee savings	467,026	683,672
Interest incurred on retirement savings account	608,036	603,876
Interest incurred on target savings	64,609	55,328
Interest incurred on premium savings	1,580,341	1,570,610
Interest incurred on young star savings	39,509	43,061
Interest incurred on spouse savings	16,144	12,685
Interest incurred on executorship	1,434	1,897
Interest incurred on annual challenge	55	288
	<u>3,749,204</u>	<u>3,794,094</u>

5 OTHER OPERATING INCOME

	2022	2021
	Shs'000	Shs'000
Loan commission	70,300	88,345
Registration fees	780	760
Savings commission	6,210	5,022
Profit on disposal of investment property	821,351	488,360
Interest on term deposits	435,706	257,747
Interest on savings account	34,967	14,351
Unrealised foreign exchange gains	4,484	-
Recovery of written off loans	476	1,617
Gain on disposal of right of use	832,643	-
Gain on disposal of assets	-	3,138
Rental Income	155,225	-
Other income	59,784	60,491
	<u>2,421,926</u>	<u>919,831</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 PERSONNEL COSTS	2022	2021
	Shs'000	Shs'000
Salaries and wages	643,289	589,506
NSSF – employer contribution (10%)	63,549	58,081
Board reimbursements	57,800	58,200
Staff medical expenses	19,281	11,765
Staff training and development	3,890	320
Other staff costs	500	600
	<u>788,309</u>	<u>718,472</u>
7 ADMINISTRATIVE EXPENSES	2022	2021
	Shs'000	Shs'000
Annual general meeting expenses	39,441	34,381
Office costs	13,251	14,090
Marketing and branding	5,673	1,245
Audit fees	37,000	30,000
Legal fees	23,000	23,600
Audit disbursements	1,500	944
Advertising costs	2,585	13,350
Telephone airtime and internet	13,627	14,820
Fuel and mileage costs	22,278	28,375
Executive committee allowances	53,800	63,150
Bank charges	8,450	7,077
Professional consultations	67,382	85,110
Executive committee retreat	28,733	18,472
Welfare costs	89,445	46,378
Minor capex	2,688	2,310
Information technology costs	29,785	33,896
Meetings and workshop costs	21,484	8,208
CSR costs	7,500	-
Foreign exchange loss	3,600	3,580
Insurance costs	20,002	2,392
Other administrative expenses	8,110	8,550
	<u>499,334</u>	<u>439,928</u>
8 OTHER OPERATING EXPENSES	2022	2021
	Shs'000	Shs'000
Rental and rates	22,920	22,920
Repairs and maintenance	3,158	259
Subscription fees	3,658	4,875
Electricity and water - SteadFin Tower	2,067	565
Security costs	7,700	3,300
	<u>39,503</u>	<u>31,919</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 FINANCE COSTS

	Note	2022 Shs'000	2021 Shs'000
Interest expense on lease liabilities	11	<u>344</u>	<u>409</u>
		<u>344</u>	<u>409</u>

10 PROFIT BEFORE TAX

		2022 Shs'000	2021 Shs'000
Profit before tax is stated after charging the following:			
Depreciation of right of use asset	17	36,835	23,501
Depreciation of property and equipment	18	20,964	23,707
Amortization of intangible assets	19	<u>13,019</u>	<u>13,269</u>
Total depreciation and amortisation		70,818	60,477
Auditor's remuneration		37,000	30,000
Interest expense on lease liability	11	344	409
Increase/ (decrease) in Expected Credit Losses		154,154	(53,018)
Repairs and maintenance of property and equipment		3,158	259
Personnel costs (Note 6)		<u>788,309</u>	<u>718,472</u>

11 LEASE LIABILITIES

The SACCO entered into lease agreements for a period of 49 years beginning 1 September 2016 and 1 October 2018 with a payment obligation of annual ground rent of Shs 60,000 and Shs 350,000 respectively. In 2022, One of the right of use assets being Kiryandongo land was disposed. The remaining lease liability is in respect to the land at Nsambya occupied by the SteadFin Towers.

As at year end, the remaining lease payments relate to the unpaid ground rent for the remaining 47 years discounted to the present value at the incremental borrowing rate of 9%.

Payment for the remaining 47 years is due in 2067 against which subsequent deductions from the lease liability will be made.

	2022 Shs'000	2021 Shs'000
Non-current	3,471	4,249
Current	<u>350</u>	<u>350</u>
	<u>3,821</u>	<u>4,599</u>

The total cash outflow for leases in the year was:

Payments of principal portion of the lease liability	350	350
Interest paid on lease liabilities	<u>—</u>	<u>—</u>
Reconciliation of lease liabilities arising from financing activities:		
At 1 January	4,599	4,540
Interest charged to profit or loss	344	409
Write off of liability	(772)	
Payment of lease liabilities	<u>(350)</u>	<u>(350)</u>
At 31 December	<u>3,821</u>	<u>4,599</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

12 CASH AND CASH EQUIVALENTS

The year- end cash and cash equivalents comprise of the following

	2022 Shs'000	2021 Shs'000
Cash at bank and in hand	3,417,863	2,416,425
Short term deposits	<u>4,435,760</u>	<u>4,000,054</u>
	7,853,623	6,416,479
Provision for expected credit losses (ECL)	<u>-</u>	<u>-</u>
	<u>7,853,623</u>	<u>6,416,479</u>

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.
The short-term deposits can be withdrawn on short notice with penalty.

The short-term deposits comprise of the following:

	2022 Shs'000	2021 Shs'000
Fixed deposits with Britam	2,826,858	2,500,000
Fixed deposits with Xeno	300,000	300,000
Fixed deposit with ICEA	1,000,000	1,000,000
Accrued interest	<u>308,902</u>	<u>200,054</u>
	<u>4,435,760</u>	<u>4,000,054</u>

The terms relating to short-term investments are shown below:

Year ended 31 December
2022

Institution	Tenure (days)	Interest rate	Maturity date	Placement (Shs'000)
Britam Unit Trust	90	9.5%	03/01/2023	575,747
Britam Unit Trust	Open	Daily floating rate	Open	1,281,252
Britam Unit Trust	90	9.5%	09/02/2023	969,859
ICEA Money Market Fund	Open	Daily floating rate	Open	300,000
Xeno Investment Management	Open	Daily floating rate	Open	300,000
ICEA Money Market Fund	Open	Daily floating rate	Open	<u>700,000</u>
				<u>4,126,858</u>

Year ended 31 December
2021

Institution	Tenure (days)	Interest rate	Maturity date	Placement (Shs'000)
Britam Unit Trust	365	11.25%	05/07/2022	505,552
Britam Unit Trust	365	11.25%	25/08/2022	851,613
Britam Unit Trust	365	11.25%	25/07/2022	994,448
Britam Unit Trust	365	11.25%	29/07/2022	148,387
ICEA Money Market Fund	365	11.20%	27/05/2022	300,000
Xeno Investment Management	365	11.90%	15/05/2022	300,000
ICEA Money Market Fund	365	11.20%	17/08/2022	<u>700,000</u>
				<u>3,800,000</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13 LOANS AND ADVANCES

	2022 Shs'000	2021 Shs'000
(a) Loans and advances		
Gross loans and advances	48,995,494	49,648,476
Allowance for Expected Credit Losses (Note 13 (b))	<u>(361,313)</u>	<u>(207,157)</u>
	<u>48,634,181</u>	<u>49,441,319</u>

The SACCO's credit risk arises primarily from loans and advances. The directors are of the opinion that the SACCO's exposure is limited.

The carrying amounts of the SACCO's loans and advances are denominated in Ushs.

(b) Expected credit losses (ECL) on loans and advances

At 01 January	207,159	260,177
Increase/ (decrease) in ECLs (Note 13c)	<u>154,154</u>	<u>(53,018)</u>
At 31 December	<u>361,313</u>	<u>207,159</u>

(c) Charge to profit or loss

Increase/ (decrease) in ECLs	<u>154,154</u>	<u>(53,018)</u>
Increase/ (decrease) in allowance for ECL	<u>154,154</u>	<u>(53,018)</u>

(d) Loan staging

31 December 2022

ECL Staging

	Stage 1 12-month ECL Ushs '000	Stage 2 Lifetime ECL Ushs '000	Stage 3 Lifetime ECL Ushs '000	Purchased credit impaired Ushs '000	Total Ushs '000
Member loans					
Current	48,195,448	-	-	-	48,195,448
Watch	-	800,046	-	-	800,046
Non-performing	-	-	-	-	-
Gross amount	48,195,448	800,046	-	-	48,995,494
ECL allowance	(72,598)	(288,715)	-	-	(361,313)
Net carrying amount	<u>48,122,850</u>	<u>511,331</u>	<u>-</u>	<u>-</u>	<u>48,634,181</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the SACCO and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Leasehold land is depreciated over the remaining period of the lease while freehold land is not depreciated. Depreciation on all other assets is calculated on the straight-line method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Furniture and fittings	13
Office equipment	20
Computer equipment	33
Motor vehicle	20
Generator	20
AC System	20

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

(h) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognized at cost including the transaction costs. It is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method to write down the cost of the property to its residual value over its estimated useful life. Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

The properties residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The properties carrying amounts are written down immediately to their recoverable amount if the carrying amount is greater than their estimated recoverable amount.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining operating profit/(loss).

Right-of-use asset that meet the definition of investment property are not presented separately from investment property in the statement of financial position.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13 LOANS AND ADVANCES (Continued)

The following table explains changes in the gross carrying amount of the loan portfolio to explain their significance in the ECL loss allowance for the same portfolio as discussed above:

31 December 2022

	ECL Staging				Total Ushs '000
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month	Lifetime	Lifetime	credit	
	ECL	ECL	ECL	impaired	
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	
Member loans					
<i>Gross-carrying amounts:</i>					
At 1 January	48,935,261	713,215	-	-	49,648,476
Transfers:					-
Transfers from stage 1 to stage 2	(920,672)	920,672	-	-	-
Transfers from stage 2 to stage 3	-	(36,695)	36,695	-	-
New assets originated or purchased	102,879,200	-	-	-	102,879,200
Payments or assets derecognised	(102,698,341)	(797,146)	-	-	(103,495,487)
Write-offs	-	-	(36,695)	-	(36,695)
	48,195,448	800,046	-	-	48,995,494

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. LOANS AND ADVANCES (CONTINUED)

31 December 2021

	ECL Staging				Total Ushs '000
	Stage 1 12-month ECL Ushs '000	Stage 2 Lifetime ECL Ushs '000	Stage 3 Lifetime ECL Ushs '000	Purchased credit impaired Ushs '000	
Member loans					
<i>Gross-carrying amounts:</i>					
At 1 January	45,367,325	107,700	-	-	45,475,025
Transfers:					
Transfers from stage 1 to stage 2	(1,020,847)	1,020,847	-	-	-
Transfers from stage 2 to stage 3		(70,336)	70,336	-	-
New assets originated or purchased	119,660,207	-	-	-	119,660,207
Payments or assets derecognised	(115,071,424)	(344,996)	-	-	(115,416,420)
Write-offs	-	-	(70,336)	-	(70,336)
	48,935,261	713,215	-	-	49,648,476

14	OTHER RECEIVABLES	2022 Shs'000	2021 Shs'000
	Accounts receivable	1,986,676	901,118
	Allowance for expected credit losses	-	-
		1,986,676	901,118
	Prepayments	143,863	78,345
	Total other receivables	2,130,539	979,463

Accounts receivable relate to outstanding amount due from members who purchased land. The carrying amounts of the accounts approximate to their fair value. The carrying amounts of the SACCO's other receivables are denominated in Ushs.

15 EQUITY INVESTMENTS

Investment in Pearl Aquatic	30,000	30,000
Investment in Uganda Cooperative Savings and Credit Union Limited (UCSCU)	500	500
	30,500	30,500

The SACCO has 15 shares (2021: 15 shares) in Pearl Aquatics Uganda Limited at Shs 2,000,000 (2021: Shs 2,000,000) per share and 1 share in UCSCU at Shs 500,000 (2021: Shs 500,000) per share.

The carrying amount of the investments approximate to their fair value. There are recent transactions involving sale of the Pearl Aquatic shares at the indicated value of the shares while the UCSCU shares continue to be sellable and redeemable at the indicated value.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16 INVESTMENT PROPERTY

The investment properties include steadFin Towers, plots of land at Mpogo, Kitukutwe, Manyangwa, Sonde, Namayiba and Nakasajja.

	Land Shs'000	Leasehold land Shs'000	Work in progress Shs'000	Total Shs'000
Year ended 31 December 2022				
Cost				
At 1 January	2,595,715	-	3,593,490	6,189,205
Additions	4,123,143	-	64,149	4,187,292
Disposals	(2,184,649)	-	(12,800)	(2,197,449)
At 31 December	<u>4,534,209</u>	<u>-</u>	<u>3,644,839</u>	<u>8,179,048</u>
Depreciation				
At 1 January	-	-	-	-
Charge for the year	-	-	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying amount	<u>4,534,209</u>	<u>-</u>	<u>3,644,839</u>	<u>8,179,048</u>
Year ended 31 December 2021				
Cost				
At 1 January	2,407,226	-	2,690,557	5,097,783
Additions	1,511,779	-	902,933	2,414,712
Disposals	(1,323,290)	-	-	(1,323,290)
At 31 December	<u>2,595,715</u>	<u>-</u>	<u>3,593,490</u>	<u>6,189,205</u>
Depreciation				
At 1 January	-	-	-	-
Charge for the year	-	-	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying amount	<u>2,595,715</u>	<u>-</u>	<u>3,593,490</u>	<u>6,189,205</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

17 RIGHT OF USE ASSETS

	Land at Kiryandongo Ushs '000	Property at Nsambya Ushs '000	Total Ushs '000
Year ended 31 December 2022			
Cost			
At 1 January	737,109	393,465	1,130,574
Additions	-	-	-
Disposal	(737,109)	-	(737,109)
At 31 December	<u>-</u>	<u>393,465</u>	<u>393,465</u>
Depreciation			
At 1 January	46,298	24,118	70,416
Disposal	(59,163)	-	(59,163)
Depreciation charge for the year	12,865	8,099	20,964
At 31 December	<u>-</u>	<u>32,217</u>	<u>32,217</u>
Net carrying amount	<u>-</u>	<u>361,248</u>	<u>361,248</u>
Year ended 31 December 2021			
Cost			
At 1 January	737,109	393,465	1,130,574
Additions	-	-	-
At 31 December	<u>737,109</u>	<u>393,465</u>	<u>1,130,574</u>
Depreciation			
At 1 January	30,859	16,056	46,915
Depreciation charge for the year	15,439	8,062	23,501
At 31 December	<u>46,298</u>	<u>24,118</u>	<u>70,416</u>
Net carrying amount	<u>690,811</u>	<u>369,347</u>	<u>1,060,158</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 PROPERTY AND EQUIPMENT

Year ended 31 December 2022

	Furniture and fittings Shs'000	Computer equipment Shs'000	Motor Vehicles Shs'000	STP Generator Shs'000	STP AC System Shs'000	Total Shs'000
Cost						
At 1 January	39,246	34,353	65,600	-	-	139,199
Additions	5851	35,167	-	89,762	71,442	202,221
Disposals	(795)	-	-	-	-	(795)
At 31 December	<u>44,302</u>	<u>69,520</u>	<u>65,600</u>	<u>89,762</u>	<u>71,442</u>	<u>340,625</u>
Depreciation						
At 1 January	20,878	25,104	4100	-	-	50,082
Charge for the year	5,050	11,451	16,400	2,148	1,786	36,835
Disposal	(795)	-	-	-	-	(795)
At 31 December	<u>25,133</u>	<u>36,555</u>	<u>20,500</u>	<u>2,148</u>	<u>1,786</u>	<u>86,122</u>
Net carrying amount	<u>19,169</u>	<u>32,965</u>	<u>45,100</u>	<u>87,614</u>	<u>69,656</u>	<u>254,503</u>

Year ended 31 December 2021

	Furniture and fittings Shs'000	Computer equipment Shs'000	Motor Vehicles Shs'000	Total Shs'000
Cost				
At 1 January	45,290	52,711	-	98,001
Additions	-	3,420	65,600	69,020
Disposals	(6,044)	(21,778)	-	(27,822)
At 31 December	<u>39,246</u>	<u>34,353</u>	<u>65,600</u>	<u>139,199</u>
Depreciation				
At 1 January	20,349	33,387	-	53,736
Charge for the year	6,112	13,495	4,100	23,707
Disposal	(5,583)	(21,778)	-	(27,361)
At 31 December	<u>20,878</u>	<u>25,104</u>	<u>4,100</u>	<u>50,082</u>
Net carrying amount	<u>18,368</u>	<u>9,249</u>	<u>61,500</u>	<u>89,117</u>

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19 INTANGIBLE ASSETS	2022	2021
	Shs'000	Shs'000
Cost		
At 1 January	133,217	133,217
Additions	-	-
Disposal	(3,023)	-
At 31 December	<u>130,194</u>	<u>133,217</u>
Amortization		
At 1 January	58,356	45,087
Charge for the year	13,019	13,269
Disposal	(3,023)	-
At 31 December	<u>68,352</u>	<u>58,356</u>
Net carrying amount	<u>61,842</u>	<u>74,861</u>
	2022	2021
	Shs'000	Shs'000
20 MEMBER SAVINGS		
Free savings account	13,595,059	11,016,693
Dollar savings - individual	700,892	458,583
Loan guarantee savings	14,443,673	16,311,186
Retirement savings account	7,227,595	6,478,714
Target savings account	816,409	844,197
Premium savings account	13,395,246	13,775,123
Young star savings	525,925	534,918
Spouse savings account	206,154	198,428
Executorship savings account	19,436	24,188
Annual challenge	877	1,833
Accrued interest on premium savings account	788,397	931,982
Unallocated deposits*	<u>144,437</u>	<u>124,530</u>
	<u>51,864,100</u>	<u>50,700,375</u>
*Unallocated deposits relate to deposits received but cannot be traced to an individual member.		
21 TRADE AND OTHER PAYABLES	2022	2021
	Shs'000	Shs'000
Accounts payable	73,931	44,220
Accruals	97,736	87,311
Other payables	<u>1,274,432</u>	<u>948,595</u>
	<u>1,446,099</u>	<u>1,080,126</u>

Other payables relates to amounts due to suppliers. In the opinion of the directors, the carrying amounts of trade and other payables approximate to the carrying amounts. The SACCO's trade and other payables are denominated in Ushs.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
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21 TRADE AND OTHER PAYABLES

The maturity analysis of the SACCO's trade and other payables is as follows:

	0 to 1 month Shs'000	2 to 3 months Shs'000	4 to 12 months Shs'000	Total Shs'000
At 31 December 2022				
Trade payables	14,852	-	59,079	73,931
Accruals	97,736	-	-	97,736
Other payables	-	<u>1,274,432</u>	-	<u>1,274,432</u>
	<u>112,588</u>	<u>1,274,432</u>	<u>59,079</u>	<u>1,446,099</u>
At 31 December 2021				
Trade payables	13,266	-	30,954	44,220
Accruals	87,311	-	-	87,311
Other payables	-	<u>948,595</u>	-	<u>948,595</u>
	<u>100,577</u>	<u>948,595</u>	<u>30,954</u>	<u>1,080,126</u>

22 RELATED PARTY TRANSACTIONS AND BALANCES

The SACCO's related parties include directors and staff. The following transactions were carried out with related parties and outstanding balances at the year-end were as follows:

	2022 Shs'000	2021 Shs'000
Outstanding balances arising from related party transactions		
Receivables from related parties		
Loans due from staff	469,465	501,654
Loans due from directors	<u>2,491,277</u>	<u>2,333,414</u>
	<u>2,960,742</u>	<u>2,835,068</u>
Refer to Note 13 for further disclosures on loans and advances.		
Interest earned on loans due from related parties		
Interest income on loans due from staff	91,447	115,978
Interest income on loans due from directors	<u>714,545</u>	<u>797,980</u>
	<u>805,992</u>	<u>913,956</u>
ECLs on loans due from related parties		
At 1 January	2,350	-
Increase/(decrease) for the year	<u>(1,624)</u>	<u>2,350</u>
At 31 December	<u>726</u>	<u>2,350</u>

The transactions with related parties are in the normal course of business. The interest rates charged to related parties are at normal commercial rates. There have been no guarantees provided or secured for any related party balances.

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23 EQUITY	2022			2021		
	No. of shares	Issued capital Shs'000	Share premium Shs'000	No. of shares	Issued capital Shs'000	Share premium Shs'000
Members' shares and share premium						
At 1 January	179,817	1,798,173	4,986,668	175,662	1,756,621	4,820,175
Increase in shares	7,158	71,580	286,320	6,008	60,085	240,625
Shares withdrawn	(2,786)	(27,861)	(121,729)	(1,853)	(18,533)	(74,132)
At 31 December	184,189	1,841,892	5,151,259	179,817	1,798,173	4,986,668

The par value of the shares is Ushs 10,000.

The appropriations from retained earnings are made in accordance with the SACCOs policies:

- i) Proposed dividend: Ushs'000' 184,189 - Return to shareholders capped at 10% of nominal paid up share capital as guided by the regulation.
- ii) Depositors' bonus: Ushs'000' 1,008,533 - Reward to savers in all categories as an incentive to grow the members' savings culture. This is to be shared by all members with balances across all the savings products.
- iii) Shareholders' bonus: Ushs'000' 552,567 – Additional rebate to shareholders at 30% share nominal value to compensate for low dividends.
- iv) Performance bonus: Ushs'000' 25,000- Proposed modest reward to the SteadFin Management team
- v) STP steering committee bonus: No appropriation in 2022- It was a one-off incentive to the construction project support committees.
- vi) Special reserve: Ushs'000' 154,759. It's an allocation as a deliberate measure to grow the special reserve fund to cater for all eventualities legal or otherwise.
- vii) Special Purpose Vehicle (SPV) Investment Reserve: Ushs'000' 519,381- An amount set a side to kick start SPV investment upon approval by the AGM

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23 EQUITY (CONTINUED)

The regulatory reserves represent an appropriation from retained earnings to the respective reserves to comply with the Cooperative Societies Regulations.

	At 1 January 2022 Shs'000	Transfer to reserve Shs'000	Transfer to member training Shs'000	At 31 December 2022 Shs'000
Reserve fund	1,053,632	322,741	-	1,376,373
Revolving fund	526,816	161,370	-	688,186
Share transfer fund	389,545	92,095	-	481,640
Education fund	<u>134,281</u>	<u>62,230</u>	<u>(26,345)</u>	<u>170,166</u>
	<u>2,104,274</u>	<u>638,436</u>	<u>(26,345)</u>	<u>2,716,365</u>

	At 1 January 2021 Shs'000	Transfer to reserve Shs'000	Transfer to member training Shs'000	At 31 December 2021 Shs'000
Reserve fund	815,371	238,261	-	1,053,632
Revolving fund	407,685	119,131	-	526,816
Share transfer fund	299,636	89,909	-	389,545
Education fund	<u>106,467</u>	<u>30,793</u>	<u>(2,979)</u>	<u>134,281</u>
	<u>1,629,159</u>	<u>478,094</u>	<u>(2,979)</u>	<u>2,104,274</u>

The appropriation to the reserves is based on the Co-operative Societies Regulations as follows:

i) Reserve fund

Section (1) of the Co-operative Societies Regulations requires that every registered society maintains a reserve fund into which shall be paid at the end of each financial year 10% of the net surplus resulting from the operations of the society during the financial year. The reserve fund is to be invested in a registered Co-operative bank, or such other mode as the registrar may approve.

ii) Revolving fund

Section 36 (1) of the Co-operative Societies Regulations requires every registered society to pay 5% of its surplus annually to the Co-operative Development Revolving Fund.

iii) Share transfer fund

Section 43 of the Co-operative Societies Regulations requires every registered society to maintain a fund known as share transfer fund where it shall allocate annually out of its surplus, if any. Amounts to be determined by the registrar from time to time, not exceeding 5% of the registered society's share capital, such a fund is to be invested in the Co-operatives bank or any other bank approved by the registrar.

iv) Education fund

The Co-operative Societies Act Cap 112 requires every registered co-operative society to contribute 1% per year of its turnover towards National Co-operative Education Fund. 50% of the education fund set aside under subsection (1) is to be sent to the secondary society to which the society is affiliated while the remaining 50% is to be retained by the society and used to carry out its own education programmes.

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24. LOANS WRITTEN OFF

	2022 Shs'000	2021 Shs'000
Loans written off	<u>(36,695)</u>	<u>(70,336)</u>
	<u>(36,695)</u>	<u>(70,336)</u>

Loans written relates to long three (3) outstanding loan facilities that were issued prior to the merger. The credit committee found it prudent to recommend write-off of the 3 loans whilst pursuing recovery.

25. FINANCIAL RISK MANAGEMENT

The following section discusses the SACCO's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that the SACCO uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is discussed separately in Note 3.

The SACCO's financial instruments as at 31 December 2022 and 2021 were aggregated as follows:

	Note	2022 Ushs '000	2021 Ushs '000
FINANCIAL ASSETS			
Financial assets held at amortised cost:			
Cash at bank and in hand	12	3,417,863	2,416,425
Short term deposits	12	4,435,760	4,000,054
Loans and advances to members	13	48,634,181	49,441,319
Other assets*	14	<u>1,986,676</u>	<u>901,118</u>
		<u>58,474,480</u>	<u>56,758,916</u>
Financial assets at fair value through profit or loss			
Equity investments	15	<u>30,500</u>	<u>30,500</u>
Financial liabilities measured at amortised cost			
Members' savings	20	51,864,100	50,700,375
Trade and other payables	21	<u>1,446,099</u>	<u>1,080,126</u>
		<u>53,310,199</u>	<u>51,780,501</u>

*Excludes prepayments

The SACCO is exposed to financial risks including credit risk, liquidity risk and market risk. Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

25. FINANCIAL RISK MANAGEMENT (continued)

Risk framework

The Board of Directors has overall responsibility for the establishment and oversight of the SACCO's risk management framework.

The SACCO's Board of Directors has overall responsibility for the establishment and oversight of the SACCO's risk management framework. Risk management is carried out by the SACCO's management under policies approved by the Board of Directors. Management identifies, evaluates and hedges risks in close co-operation with various departmental heads. The Board's ALCO and Audit Committee also assist the Board in providing oversight of the SACCO's risk management framework.

The SACCO's risk management policies are established to identify and analyse the risks faced by the SACCO, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, product offering and services offered. The SACCO through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

25.1 Credit risk

Credit risk is the risk of financial loss to the SACCO if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the SACCO's loans and advances to members. For risk management reporting purposes, the SACCO considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The provision of loans to current locally employed staff of the US Mission in Uganda (FSNs) and retiree and former staff employed elsewhere are the main aspects of the SACCO's business. As such, exposure to credit risk and the management of this risk is a key consideration for the Board.

Individual loans

The highest authority over the lending policy is the Board. Any other authority is appointed by way of delegation. The delegated lending authority is the Management Credit Committee and is based on 1) The loan amount, term and type, 2) The nature of the risk, and 3) Experience of the delegated authorities.

It is the responsibility of the CEO to ensure that the SACCO's policies regarding credit risk, affordability levels, minimum take home pay and compliance with applicable local legislation regarding take home pay is reviewed at all times.

Management ensures that appropriate procedures are performed as part of the loan application and disbursement process. Thereafter, the performance of the loan book is monitored by the operations department. The credit department, reporting to the CEO, is responsible for management of the SACCO's credit risk.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (Continued)

The Board of Directors delegated responsibility for the management of credit risk to its Credit Approvals Committee. Management is responsible for oversight of the SACCO's credit risk, including:

- i. Formulating credit policies, covering collateral requirements and credit assessments, risk grading risk reporting, documenting, legal procedures and compliance with regulatory and statutory requirements which is done in consultation with the SACCO's legal advisors.
- ii. Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the credit committee. Larger facilities require approval by the Board committee as appropriate.
- iii. Reviewing and assessing credit risk. The SACCO assesses all credit exposures in excess of designated limits, prior to facilities being committed to members. Renewals and reviews of facilities are subject to the same review process.
- iv. Limiting concentrations of exposure to counterparties and industries (for loans and advances).
- v. Developing and maintaining the SACCO's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.
- vi. Reviewing compliance with regards to agreed exposure limits, including those for selected loan duration, agency risk and product types.
- vii. Providing advice, guidance and specialist skills to credit unit to promote best practice throughout the SACCO in the management of credit risk.

Loans to Board Members and SteadFin Management team

The Board approves all loans of Board members, Heads of Departments. The applicant does not participate in approval of his/her loan. The Chief Executive Officer will be the final approving authority for all employees below the Heads of Departments.

Monitoring of bi-weekly collections

In the event that a member does not have sufficient funds from their net allotment to meet their bi-weekly or monthly loan instalment, the reasons for this are immediately established. If the member is no longer employed, then the loan is placed on the watch list and recovery efforts are commenced.

Follow up action on non-performing loans

For loans that are written off, the credit department follows set procedures to recover the outstanding amounts. This involves, in certain instances, forwarding the case to the SACCO's legal advisor for further management.

Allowances for impairment

The SACCO establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of expected losses in its loan portfolio. The main component of this allowance is a collective loan loss allowance established for collections of homogeneous assets in respect of losses that are expected on loans that are considered individually insignificant as well as expected credit losses for individually significant exposures.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (Continued)

Write-off policy

Financial assets measured at amortised cost are written off (either partially or in full) when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the SACCO determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the SACCO's procedures for recovery of amounts due.

Definition of default, impaired and cured

The SACCO considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The SACCO has aligned its definition of credit impaired assets under IFRS 9 to the European Banking Authority (EBA) definition of non-performing loans ('NPLs').

As a part of a qualitative assessment of whether an exposure is credit-impaired, the SACCO also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the SACCO carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material loss suffered by the borrower where the reasons for borrowing was investment
- A covenant breach not waived by the SACCO
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumors or facts about financial difficulties

It is the SACCO's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the SACCO assesses the possible default events within 12 months for the calculation of the 12month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the reporting date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The SACCO determines EADs by reviewing the actual loan book balances. For effective reviews, the SACCO considers the EAD as the actual loan book balances.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (Continued)

Loss given default

The SACCO classifies its product offering based on key characteristics that are relevant to the estimation of future cash flows including the bi-weekly allotment amount and other qualification parameters. The applied data is based on historically collected loss data collected at least over three years and involves a wider set of transaction characteristics (e.g., product type, Savings balances, defined contribution plan (DCP) and wider range of collateral types) as well as borrower characteristics.

Significant increase in credit risk

The SACCO continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the SACCO assesses whether there has been a significant increase in credit risk since initial recognition. The SACCO considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year.

The SACCO also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (Continued)

Set out below is an analysis of the gross and net amounts of impaired assets:

	Gross financial assets measured at amortised cost Ushs'000	Stage 1 ECL Ushs'000	Stage 2 ECL Ushs'000	Net financial assets measured at amortised cost Ushs'000
At 31 December 2022				
Loans and advances	48,995,494	(72,598)	(288,715)	48,634,181
Short term deposits	4,435,760	-	-	4,435,760
Bank balances	3,417,863	-	-	3,417,863
Other assets	1,986,676	-	-	1,986,676
	58,835,793	(72,598)	(288,715)	58,474,480
At 31 December 2021				
Loans and advances	49,648,476	(20,009)	(187,148)	49,441,319
Short term deposits	4,000,054	-	-	4,000,054
Bank balances	2,415,702	-	-	2,415,702
Other assets	901,118	-	-	901,118
	56,965,350	(20,009)	(187,148)	56,758,193

At 31 December 2022, advances to members amounting to Ushs 589,378,989 (2021: Ushs 945,888,000) were past due but not impaired. These relate to customers for whom there is no recent history of default of either full or part of the loan instalment.

The credit quality of loans and advances is further analyzed below based on the classification of the loans and advances:

	2022 Ushs'000	2021 Ushs'000
Neither past due nor impaired	48,685,271	49,350,212
Past due but not impaired	85,119	70,717
Past due and impaired	225,104	227,547
Total gross loans and advances	48,995,494	49,648,476
Less: ECL provision	(361,313)	(207,157)
Net loans and advances	48,634,181	49,441,319

Cash and cash equivalents

All cash at bank is held with reputable institutions with good credit history which are regulated by Bank of Uganda. As a result, the probability of default due to credit risk is assessed as insignificant.

Collateral held

The SACCO holds additional collateral against loans and advances to members in the form of physical assets. This is applicable in the event that the respective borrower has a deficit in total assets (including savings, shares and defined contribution plan) against total liabilities. Estimates of fair value are based on the value of the asset assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired. As an internal requirement, forced sale value of the collateral security is over and above the amounts of loans and advances disbursed.

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (Continued)

Collateral held (Continued)

The following tables show the maximum exposures to credit risk by class of financial asset. They also show the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk. Dependent on the level of collateral, the exposures may not have individual ECL when the expected value of the collateral is greater than the LGD.

Fair value of collateral and other credit enhancements held

At 31 December 2022	Maximum exposure to credit risk (gross) Ushs'000	Collateral* Ushs'000	DCP Ushs'000	Savings Ushs'000	Shares Ushs'000	Total collateral Ushs'000	Net-exposure Ushs'000	Associated ECL Ushs'000
Short term deposits	4,435,760	-	-	-	-	-	4,435,760	-
Bank balances	3,417,863	-	-	-	-	-	3,417,863	-
Other assets	1,986,676	-	-	-	-	-	1,986,676	-
Loans and advances *	48,995,494	22,204,956	20,044,616	26,314,563	4,714,220	73,278,355	(24,282,861)	361,313
	58,835,793	22,204,956	20,044,616	26,314,563	4,714,220	73,278,355	(14,442,562)	361,313

At 31 December 2021

Short term deposits	4,000,054	-	-	-	-	-	4,000,054	-
Bank balances	2,415,702	-	-	-	-	-	2,415,702	-
Other assets	901,118	-	-	-	-	-	901,118	-
Loans and advances*	49,648,476	18,248,956	24,325,239	27,491,075	4,747,246	74,812,516	(25,164,040)	207,157
	56,965,350	18,248,956	24,325,239	27,491,075	4,747,246	74,812,516	(17,847,166)	207,157

*Due to the nature of the SACCO's business model, most of the deductible at source loans and advances are secured by DCP in addition to other loan qualification parameters such as mandatory savings requirement and shares.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 Liquidity risk

Liquidity risk is defined as the risk that the SACCO does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the SACCO might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the SACCO on acceptable terms. To limit this risk, management has undertaken a proactive approach to liquidity management and monitoring.

The SACCO has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

The SACCO has developed internal control processes and contingency plans for managing liquidity risk. The Assets and Liability Committee (ALCO) is responsible for managing the SACCO's liquidity risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limits set to ensure these are in line with the overall liquidity risk appetite and strategy of the SACCO. The Finance department of the SACCO is responsible for working with other departments within the SACCO to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required.

The table below summarizes the maturity profile of the SACCO's financial assets and the undiscounted cash flows of its financial liabilities as at 31 December:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 Liquidity risk (continued)

At 31 December 2022	On demand Shs'000	Less than 3 months Shs'000	3 to 12 months Shs'000	1 to 5 Years Shs'000	5 years Shs'000	Over Total Shs'000
Financial assets						
Cash and bank balances	3,417,863	-	-	-	-	3,417,863
Short term deposits	-	4,435,760	-	-	-	4,435,760
Other assets	1,986,676	-	-	-	-	1,986,676
Loans and advances	-	1,789,638	4,812,259	22,129,518	26,505,893	55,237,308
Total undiscounted financial assets	5,404,539	6,225,398	4,812,259	22,129,518	26,505,893	65,077,607
Liabilities						
Trade and other payables	-	657,481	788,618	-	-	1,446,099
Member savings	36,632,030	-	-	-	-	36,632,030
Loan guarantee savings	-	1,154,939	2,599,860	6,499,653	4,189,221	14,443,673
Lease liabilities	-	-	350	1,750	13,290	15,390
Total undiscounted financial liabilities	36,632,030	1,812,420	3,388,828	6,503,403	4,202,511	52,537,192
Net liquidity position	(31,227,491)	4,412,978	1,423,431	15,628,115	22,303,382	12,540,415

At 31 December 2021	On demand Ushs'000	Less than 3 months Ushs'000	3 to 12 months Ushs'000	1 to 5 Years Ushs'000	Over 5 years Ushs'000	Total Ushs'000
Assets						
Cash and bank balances	2,416,425	-	-	-	-	2,416,425
Short term deposits	-	-	4,233,322	-	-	4,233,322
Other assets	901,118	-	-	-	-	901,118
Loans and advances	-	1,813,061	4,875,242	22,419,150	26,852,803	55,960,256
Total undiscounted financial assets	3,317,543	1,813,061	9,108,564	22,419,150	26,852,803	63,511,121
Liabilities						
Trade and other payables	-	432,050	648,076	-	-	1,080,126
Member savings	33,457,207	-	-	-	-	33,457,207
Loan guarantee savings	-	2,261,395	3,176,663	8,279,366	6,050,744	19,768,168
Lease liabilities	-	-	410	2,050	16,220	18,680
Total undiscounted financial liabilities	33,457,207	2,693,445	3,825,149	8,281,416	6,066,964	54,324,181
Net liquidity position	(30,139,664)	(880,384)	5,283,415	14,137,734	20,785,839	9,186,940

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.3 Interest rate risk

The SACCO's equity sensitivity to changes in interest rates is a measure of the sensitivities of its asset and liability mismatches to interest rate changes. The sensitivities include assumptions for product maturities and renewals along with certain customer behaviours (including prepayments). The SACCO calculates these measures as the change in the present value of its asset and liability portfolios, resulting from an immediate and sustained interest rate shocks.

Exposure to interest rate risk would arise from the effects of fluctuations in the prevailing levels of market interest rates on the SACCO's results, financial position and cash flows. Cash received is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Generally, interest on loans and advances to members is fixed and interest on member deposits is also fixed. The SACCO's financial results and equity are therefore not sensitive to changes in market interest rates.

The table below summarises the exposure to interest rate risk through grouping of financial assets and financial liabilities into repricing categories, determined to be the earlier of the contractual repricing date or maturity.

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.3 Interest rate risk (Continued)

At 31 December 2022	Up to 1 month Ushs'000	From 1 to 12 months Ushs'000	From 1 year to 3 years Ushs'000	From 3 years & above Ushs'000	Non-interest bearing Ushs'000	Total Ushs'000
Financial assets						
Cash and bank balance	-	-	-	-	3,417,863	3,417,863
Money Market Investments	-	4,435,760	-	-	-	4,435,760
Other assets	-	-	-	-	1,986,676	1,986,676
Equity investments	-	-	-	-	30,500	30,500
Loans and advances to customers	663,004	4,675,234	21,784,224	21,511,719	-	48,634,181
Total financial assets	<u>663,004</u>	<u>9,110,994</u>	<u>21,784,224</u>	<u>21,511,719</u>	<u>5,435,039</u>	<u>58,504,980</u>
Financial liabilities						
Trade and other payables	-	-	-	-	1,445,605	1,445,605
Member savings	36,632,030	-	-33,457,207	-	-	36,632,030
Loan guarantee savings	-	3,754,799	4,549,757	6,139,117	-	14,443,673
Total financial liabilities	<u>36,632,030</u>	<u>3,754,799</u>	<u>4,549,757</u>	<u>6,139,117</u>	<u>1,445,605</u>	<u>52,521,308</u>
Net interest sensitivity gap	<u>(35,969,026)</u>	<u>5,356,195</u>	<u>17,234,467</u>	<u>15,372,602</u>	<u>3,989,434</u>	<u>5,983,672</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.3 Interest rate risk (Continued)

At 31 December 2021	Up to 1 month Ushs'000	From 1 to 12 months Ushs'000	From 1 year to 3 years Ushs'000	From 3 years & above Ushs'000	Non-interest bearing Ushs'000	Total Ushs'000
Financial assets						
Cash and bank balances	-	-	-	-	2,416,425	2,416,425
Short term deposits	-	4,000,054	-	-	-	4,000,054
Other assets	-	-	-	-	901,118	901,118
Equity investments	-	-	-	-	30,500	30,500
Loans and advances to customers	671,878	4,737,808	22,232,002	21,799,631	-	49,441,319
Total financial assets	<u>671,878</u>	<u>8,737,862</u>	<u>22,232,002</u>	<u>21,799,631</u>	<u>3,348,043</u>	<u>56,789,416</u>
Financial liabilities						
Trade and other payables	-	-	-	-	1,080,126	1,080,126
Member savings	33,457,207	-	-	-	-	33,457,207
Loan guarantee savings	-	5,438,058	8,279,366	6,050,744	-	19,768,168
Total financial liabilities	<u>33,457,207</u>	<u>5,438,058</u>	<u>8,279,366</u>	<u>6,050,744</u>	<u>1,080,126</u>	<u>54,305,501</u>
Net interest sensitivity gap	<u>(32,785,329)</u>	<u>3,299,804</u>	<u>13,952,636</u>	<u>15,748,887</u>	<u>2,267,917</u>	<u>2,483,915</u>

STEADFIN UGANDA CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.4 Prepayment risk

Prepayment risk primarily relates to the SACCO's loan portfolio and is the risk that the SACCO will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected.

The SACCO uses the same models and inputs that it also uses for ECL models to project the impact of varying levels of prepayment on its net interest income and distinguishes between the different reasons for repayment (e.g., relocation, refinancing and renegotiation).

When estimating the prepayment rates, the SACCO also takes into account the effect of any prepayment penalties, when applicable, and other socio-economic factors (interest rates-, house price movements, unemployment rates, ageing population, etc.) on a forward-looking basis. The model is back tested against actual outcomes. The SACCO is not exposed to significant prepayment risk as prepayments are generally not significant.

25.5 Currency risk

The SACCO has a current account with USD 149,679 equivalent to Ushs 556 million (2021: Ushs 298 million). No exposure to other currencies existed as at year-end. The currency risk is managed by, as much as possible, carrying out the SACCO's transactions in local currency and holding assets and liabilities in local currency.

Sensitivity analysis

As at December 2022, if Ushs had strengthened by 5% against the USD with all other variables held constant, profit before tax would have been lower by Ushs 6.5 million (2021: Ushs 15 million). If Ushs had weakened by 5% against the USD, there would be an opposite effect.

25.6 Capital management risk

The SACCO's objectives when managing capital are:

- To safeguard the SACCO's ability to continue as a going concern, so that it can continue to provide returns for the members and benefits for other stakeholders.
- To provide an adequate return to the members by pricing products and services commensurately with the level of risk.
- To maintain a strong asset base to support the development of business.
- To maintain an optimal capital structure to reduce the cost of capital.

The SACCO sets the amount of capital in proportion to risk. The SACCO manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the SACCO may adjust the amount of dividends paid to the members, return capital to the members, issue new shares, or sell assets to reduce debt. The SACCO has not borrowed from external sources and largely depends on member deposits. The SACCO monitors the savings to total assets ratio.

26. COMMITMENTS AND GUARANTEES

As at 31 December 2022, the SACCO did not have any capital commitments and guarantees (2021: Nil).

27. CONTINGENT LIABILITIES

As at 31 December 2022, the SACCO did not have any contingent liabilities (2021: Nil).

28. INCOME TAX

No income tax charge has been recognised in these financial statements because the SACCO is exempt from business income tax.

29. COVID-19 PANDEMIC CONSIDERATIONS

The measures to slow the spread of Covid-19 have had a significant impact on the global economy and continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others.

The SACCO took various measures in line with the recommendations of the WHO and Ministry of Health to preserve the health of employees and support the prevention of contagion in administrative and operational areas, such as working from home, cleaning of workplaces, distribution of personal protective equipment, testing of suspected cases and measuring body temperature for all individuals entering the SACCO premises.

The directors and management have taken into consideration the existing and anticipated effects of the pandemic on the SACCO's activities and considered the available information about the foreseeable future. The SACCO's directors and management have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the quantitative extent of the possible effects of the pandemic on the SACCO. The directors and management have qualitatively assessed the potential impact of the pandemic as follows:

- Decrease in income due to decreased loan disbursements in case the pandemic has a significant impact on the members.
- Increase in expected credit losses in case of increased default by borrowers.
- Increased expenditure on health and safety to protect employees and stakeholders and also due to changes in work methods aimed at mitigating the spread of the virus.

The directors expect that the SACCO will continue operations despite the pandemic. As such, management and the directors do not expect any non financial assets to be impaired because of the pandemic. No other significant changes are expected in the application of judgement and estimates made in the measurement of the SACCO's assets and liabilities, and in assessing the SACCO's going concern status.

However, the SACCO's directors and management consider that it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require material adjustments to the carrying amounts of the assets or liabilities reported in these financial statements. The SACCO's directors and management will continue to manage the operations closely during the pandemic including taking all necessary remedial actions to ensure continuity of operations.

30. THE WAR IN UKRAINE

On 24 February 2022, Russia invaded Ukraine thereby launching a military offensive. NATO members and other countries responded to the invasion by instituting economic sanctions on Russia which include, among others, reduction of imports from Russia and freezing assets of Russian citizens construed to be allied to the Russian Government. The Organisation does not have direct dealings with the Russian Government, or any companies based in Russia or Ukraine. However, it expected that some of the restrictions might have a spill over effect into other economies and hence indirectly affect the Organisation. It is also expected that the economic sanctions will affect commodity prices especially oil and gas products and the stability of foreign exchange rates.

31. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment to or disclosure in the financial statements.

2023 BUDGET (Jan – Dec 2023)



STEADFIN UGANDA SACCO LTD 2023 BUDGET (JANUARY - DECEMBER 2023)

PROJECTED STATEMENT OF FINANCIAL POSITION					
ITEM	Projections 2022	Actuals 2022	Projections 2023	% Growth	Notes
Assets	UGX	UGX	UGX		
Long Term loans	46,809,822,265	46,571,922,597	50,528,284,834	8%	1
Short term loans	483,232,906	562,862,049	619,148,254	10%	2
Real Estate Loans	1,392,931,253	1,499,396,199	1,694,317,704	13%	3
Cash and cash equivalent	8,224,059,229	7,853,623,000	9,031,666,450	15%	4
Investment Property	6,794,045,666	8,179,048,000	8,833,371,840	8%	5
Financial Assets	500,000	30,500,000	500,000	-98%	6
Right to use asset	391,449,600	361,248,000	353,177,722	-2%	7
Receivables and prepayments	1,077,409,300	2,130,539,000	1,734,834,886	-19%	8
Intangible assets	61,841,721	61,842,000		-100%	9
Property & Equipment	81,207,635	254,503,000	183,222,059	-28%	10
Total Assets	65,316,499,575	67,505,483,844	72,978,523,750	8%	11
Liabilities & Equity					
Members' Savings Deposits					
Free Savings Account	11,021,557,733	14,441,265,121	15,163,328,377	5%	12
Loan Guarantee Savings	16,808,486,591	14,443,673,062	15,454,730,176	7%	13
Retirement Savings Account	7,441,628,506	7,227,595,101	8,673,114,122	20%	14
Target Savings Account	928,616,281	816,409,327	881,722,073	8%	15
Premium Savings Account	11,959,890,796	14,183,643,144	14,609,152,438	3%	16
Young star Savings	588,409,313	525,925,103	562,739,860	7%	17
Spouse Savings Account	218,270,838	206,153,602	267,999,683	30%	18
Executorship Savings Account	12,093,828	19,435,813	15,548,651	-20%	19
Total Member savings	48,978,953,885	51,864,100,273	55,628,335,379	7%	20
Other payables	2,480,548,266	1,449,919,988	2,029,887,983	40%	21
Borrowing		0			22
	2,480,548,266	1,449,919,988	2,029,887,983	40%	23
Total Liabilities	51,459,502,152	53,314,020,261	57,658,223,363	8%	24
Shareholders' equity					
Share Capital	1,888,081,650	1,841,892,000	1,933,986,600	5%	25
Share premium	5,236,001,491	5,151,259,087	5,408,822,041	5%	26
Statutory reserves	1,309,961,402	1,376,372,600	1,710,275,614	24%	27
Development Fund	654,980,451	688,185,800	864,768,293	26%	28
Share Transfer Fund	479,453,350	481,639,500	590,180,722	23%	29
Education Fund	127,074,585	170,165,146	177,395,506	4%	30
Special Reserve Fund	68,241,263	223,001,160		-100%	31
Proposed Dividends	188,808,165	184,189,200	193,398,660	5%	32
Proposed Share holders' bonus	665,607,655	552,567,600	842,215,000	52%	33
Proposed Savers' bonus	1,098,180,210	1,008,533,429	1,175,751,420	17%	34
Performance Bonus - Staff	59,539,000	25,000,000		-100%	35
SPV Investment Reserve		519,381,062	259,690,531	-50%	36
Retained Earnings	2,081,068,202	1,969,277,000	2,163,816,000	10%	37
Profit for the unaudited period					
Total Equity	13,856,997,424	14,191,463,583	15,320,300,387	8%	38
Total Liabilities & Equity	65,316,499,575	67,505,483,844	72,978,523,750	8%	39
PROJECTED STATEMENT OF PROFIT OR LOSS - FY 2023				0	
INCOME	Projections 2022	Actuals 2022	Projections 2023	% Growth	
	UGX	UGX	UGX		
Interest Income					
Interest on Loans- Long Term	5,494,910,068	5,665,570,776	6,232,127,854	10%	40
Interest on Loans- Short Term loans	178,000,000	278,008,159	305,808,975	10%	41
Interest on Real estate loans	193,881,222	200,260,584	220,286,642	10%	42
Total Interest on loans	5,866,791,290	6,143,839,520	6,758,223,472	10%	43
Investment Income					
Interest on Fixed Deposits	451,487,267	470,672,781	495,305,536	5%	44
Total Interest on Investments	451,487,267	470,672,781	495,305,536		
Other Income					
Gain on disposal of investment property	759,640,789	821,350,579	1,002,387,545	22%	45
Lease Rentals -Kiryandongo	16,646,456	33,900,000		-100%	46
Rental Income - SteadFin Towers	134,310,000	155,225,265	289,008,000	86%	47
Profits on disposal of Kiryandongo land (Outright Sale)	748,278,000	832,642,674	0	-100%	48
Income from Other Investments			318,512,747		49
Commsision & fees	83,773,075	77,290,379	80,290,097	4%	50
Other income	30,000,000	30,845,102	36,000,000	17%	51

Total Other Income	1,772,648,321	1,951,253,998	1,726,198,390	-12%	52
Total INCOME	8,090,926,877	8,565,766,299	8,979,727,398	5%	53
EXPENSES					
Interest Expenses					
Interest on Free Savings	888,490,749	971,727,756	1,020,314,144	5%	54
Interest on loan Guarantee Savings	749,391,023	467,026,299	508,733,388	9%	55
Interest on Retirement Savings	724,650,544	607,624,410	668,386,851	10%	56
Interest on Premium Savings	1,492,024,467	1,580,341,366	1,607,024,467	2%	57
Interest on Other savings accounts	127,585,691	122,485,078	128,095,274	5%	58
Interest on External Borrowing					59
Total Interest Expense	3,982,142,474	3,749,204,909	3,932,554,124	5%	60
Governance COSTS					
Executive Committee Allowances & Reimbursements	117,380,000	111,600,000	117,380,000	5%	61
Executive Retreat ,Training costs & Learning travels	30,318,694	28,733,020	28,000,000	-3%	62
Total Governance COSTS	147,698,694	140,333,020	145,380,000	4%	63
Administrative expenses					
Office Costs	16,908,540	13,250,753	15,238,366	15%	64
Advertising , Marketing & Branding	16,054,500	8,257,746	8,670,633	5%	65
Audit Fees-External	37,000,000	37,000,000	37,000,000	0%	66
Audit disbursements	1,416,000	1,500,000	2,000,000	33%	67
Legal Fees	24,000,000	23,000,015	24,000,000	4%	68
Internal Audit & Other Professional fees	50,000,000	67,382,111	94,334,955	40%	69
Rental Fees	22,920,000	22,920,000	22,920,000	0%	70
AGM costs	42,000,000	39,440,550	43,682,000	11 %	71
STP Security costs & Utilities		9,766,879	0		72
Member Welfare	67,000,000	89,444,839	98,389,323	10%	73
Telephone Airtime & Internet	17,784,000	13,626,728	15,670,737	15%	74
Fuel & Mileage costs	31,212,555	30,277,700	31,791,585	5%	75
Meeting Costs		13,483,900	14,832,290	10%	76
IT costs	40,674,855	29,785,107	32,763,618	10%	77
CSR	8,000,000	7,500,000	8,000,000	7%	78
Insurance - SteadFin Tower & Other Assets	12,252,132	12,048,423	12,252,132	2%	79
Other Admin costs	26,723,680	26,380,208	27,699,218	5%	80
Total Admin Expenses	413,946,262	445,064,959	489,244,858	10%	81
Statutory Costs					
Subscription fees to UCSCU	1,500,000	1,500,000	6,500,000	333%	82
Subscriptions to Professional Associations	4,875,000	2,157,500	2,373,250	10%	83
Total Statutory costs	6,375,000	3,657,500	8,873,250		
Salaries and other personnel costs					
Salaries for Staff	680,709,000	635,488,745	792,911,955	25%	84
NSSF Contribution (10%)	68,070,900	63,548,877	79,291,196	25%	85
Staff -Group Personal Accident Insurance & Board Indemnity	18,526,298	7,953,499.00	18,526,298	133%	86
Staff Insurance -Medical	13,520,000	19,281,235	20,995,457	9%	87
Wages- Casual Labourers	10,500,000	7,800,000	10,500,000	35%	88
Personnel Training & Development	10,000,000	3,890,000	10,000,000	157%	89
Other Personnel costs	1,200,000	500,000	1,200,000	140%	90
Total Salaries & other Personnel costs	802,526,198	738,462,356	933,424,905	26%	
Total Monetary Costs	5,352,688,628	5,076,722,745	5,509,477,136	9%	
SURPLUS BEFORE DEPRECIATION , AMORTISATION & IMPAIRMENT	2,738,238,250	3,489,043,554	3,470,250,261	-1%	
Non Monetary costs					
Loan Impairment Expense	100,369,970	154,154,207	32,369,970	-79%	91
Loans and Asset Written off		36,695,005	0		
	100,369,970	190,849,211	32,369,970		
Depreciation & Amortisation					
Amortisation- MIS	13,019,394	13,019,388		-100%	92
Amortisation- Leasehold	23,508,572	20,935,526	8,070,278	-61%	93
Dep Furniture & Fixtures	5,837,155	5,050,052	5,537,553	10%	94
Dep Computers & Other Equipment	15,809,142	11,450,808	17,102,703	49%	95
Dep Motor Vehicle	16,400,000	16,400,004	16,400,000	0%	96
Dep STP Generator		2,147,524	17,952,350		97
Amortisation- STP			81,338,431		98

Dep STP AC System		1,786,041	14,288,335		99
Total Depreciation & Amortisation	74,574,262	70,789,343	160,689,650	127%	
Total EXPENSES	5,527,632,859	5,338,361,299	5,702,536,756	7%	100
NET INCOME	2,563,294,018	3,227,405,000	3,277,190,642	2%	101
Notes					
1	8% growth in long term borrowing owing to increase in loan uptake				
2	10% growth in emergency loans				
3	13% anticipated growth in real estate loans from sale of remaining plots at Sonde and other initiatives				
4	15% growth in cash from deliberate initiatives to meet statutory requirement and grow cash reserves.				
5	8% Growth relates to projected new acquisitions during the year				
6	The drop is due to complete closure of the Pearl Aquatic investment				
7	Reduction due annual amortisation charge				
8	Decrease of 19% due to collections from Real estate installment sales				
9	Reduction due to write off of the MIS software				
10	Reduction due annual depreciation charge				
11	8% growth in total assets value due to net increase in loan portfolio ,cash and investment property				
12	5% increase in free savings category due to projected growth savings.				
13	7% growth in loan guarantee savings as a result of strict adherence to the savings requirement for loans.				
14	Projected 20% growth due to the restrictions on withdrawals				
15	Projected growth of 8% based on normal trends				
16	3% increase based on normal trends				
17	Projected 7% growth based on normal savings trend				
18	Projected 30% growth resulting from efforts to encourage members to bring spouses on board.				
19	Drop of 20% as measures to transfer balances to ultimate beneficiaries and deliberate efforts to wipe out dormant accounts.				
20	Overall growth in savings portfolio by 7%				
21	Payables in respect of WHT, Accrued interest on premium savings and other payables.				
22	No projected external borrowing for 2023				
23	Increase due to increased payables at the end of the Financial year				
24	Net growth rate of 8% , comparable to net assets growth of 8%.				
25	Sale of additional shares to members				
26	Premium from sale of additional shares to members				
27	Growth from mandatory 10% allocation of 2023 surplus				
28	Growth from mandatory 5% allocation of 2023 surplus				
29	Growth based on 5% value of share capital.				
30	Growth based on 5% allocation of 2023. To be used to enhance members training programs.				
31	No appropriations for 2023				
32	Dividends allocation for 2023 Financial year projected to grow in with increase in shares				
33	Share holders' Bonus for 2023 financial year projected to grow				
34	Savers' bonus for 2023 financial year, based on projected net surplus and growth in savings.				
35	No appropriations for 2023				
36	An amount set aside to kick start SPV investment upon approval by the AGM				
37	10% projected growth in retained earnings after considering 2023 appropriations				
38	8% growth in equity and reserves.				
39	8% overall growth of equity and liabilities.				
40	Projected 10% increase in interest revenue due to increase in loan uptake.				
41	10% growth based on previous loan tendencies and the nature of short term loans				
42	Growth from increased uptake of real estate loans to enable members acquire property in the new SACCO estates				
43	10% Net increase in loan interest income.				
44	5% growth from increase in Fixed deposits placements during the year.				
45	Projected 22% growth from planned sale of plots at Sonde land and other real estate projects.				
46	100% drop due to outright sale of Kiryandongo land in 2022				
47	86% growth as SteadFin Towers will be occupied for 12 months compared to 8 months in 2022.				
48	No projected income as the land was sold in 2022				
49	Projected income from other investments including new real estate projects				
50	4% increase in commissions as a direct impact of the increase in loan uptake				
51	17% growth based normal growth. This includes commission on SteadFin welfare products including both medical and funeral.				
52	Projected decline in other income expected from real estate sales as there is no major single disposal anticipated				
53	Annual turnover growth of 5% majorly from other investment income and prudent loan disbursements				
54	5% growth from increased member savings				
55	9% growth from increased loan demand				
56	10% growth in retirements interest, driven by no-withdrawal policy and the compounding effect on interest payments				
57	2% increase in line with projected growth in premium savings				
58	5%growth from increase in savings and appetite for passive incomes.				
59	No projected external borrowing in 2023				
60	5% growth in interest expense, closely matched to income growth rate.				
61	5% growth as a result of a fully constituted SUP Board throughout the year and level of activities				
62	To cover strategic planning engagements ,Board annual planning retreat expenses and leadership trainings				
63	4% growth in governance costs, SUPCO costs and Board retreat costs included.				
64	15% increase due to increase in general commodity prices. Relates to office consumables, water , electricity , minor repairs , cleaning and stationary				
65	5% increase relates to projected expenditure on publishing AGM notices, adverts and project contractor RFPs.				
66	No change- Based on engagement terms of the External				
67	To cater for travel costs, Staff out of station allowances, photocopying and binding of reports and other documents , telephone calls and courier				
68	No change- Retainer contract with the current legal service providers is still running- 2022 figure was less due to input VAT claim in the month of invoicing for the tower.				
69	2022 figure included Internal audit fees, cost of drafting SACCO policies, Staff recruitment costs, 2023 allocation is intended to cater for Internal Audit fees for 12 months (4 quarters), cost of dev				
70	No change- There is no projected upward revision of the rental fees				

71	Total allocation to cover AGM related costs including Venue, meals, Annual report production, cost of streaming live events via virtual platforms
72	No allocation for 2023 , the tenant takes care of security and utilities costs
73	10% increase to accommodate desired increase in end of year token value and other welfare engagements
74	15% increase due to increased utilization as a result of a web based system
75	5% increase to cover fuel costs for the SACCO van especially for site visits, collateral verification visits and monitoring member projects and to run other SACCO errands
76	10% increase due to increased engagements in preparation for elections and meetings to generate ideas for the new strategic plan
77	This includes costs in relation to connectivity and general maintenance. 2023 allocation will cater for monthly email hosting by G-suites, monthly fees for MIS, Zoom subscription, Survey Monkey
78	Aimed at giving back to the community through activities such as donations to orphanages , Sponsorship to the US Mission sports team and other out reach campaigns to the needy communities
79	Insurance premiums for SteadFin Towers and other assets. 2021 figure was based on three months actual utilization as the policy was procured in the last quarter of the year.
80	Other costs include loss on FOREX translation, Bank charges on all the SACCO bank and mobile money accounts (including monthly Ebanking charges), Minor CAPEX. 5% increase based on increase
81	9% overall growth in costs due to projected increase in interest paid on savings.
82	Annual membership subscriptions to an apex society including UCSCU, AMFIU and ACOSCA. Increase in is to new membership ACOSCA
83	Annual membership subscriptions for staff to Professional Associations like ICPAU, ACCA, CIM, CIMA
84	2023 Projection based actual figure following new recruitment to fill the staffing gaps and to cater for new position for an IT Officer , also, 2022 actual figure was at 93% utilisation because 3 staff
85	Mirrors movement in salaries
86	This relates to statutory insurance cover for employees and Board Indemnity
87	9% increased based on projected increase in head count, 3 staff were on cover for half a year in 2022
88	Acquisition and activation of new investment sites hence the increase in wages of support staff
89	Annual training budget for Staff . 2022 allocation wasn't utilised
90	To cater for other staff related costs and welfare
91	Projected increase in loan impairment allowance due to the new loan appraisal criteria that involve use of collateral other than DCP
92	The MIS to be written off hence no amortisation charge for MIS in 2023.
93	Amortization for Nsambya land based on 49 lease life.
94	Depreciation charge for furniture and fittings. Increase is due new equipment acquired towards end of 2022
95	Depreciation charge for computers, 49% increase is due to CCTV and attendance track installation and anticipated acquisition of laptops for additional staff
96	Depreciation charge for company van based on four years useful life.
97	Depreciation charge for the generator UNA - 100KVA , perkins engine , at the steadFin towers
98	Amortization for steadFin tower based on lease life.
99	Depreciation charge for the Ac system, at the steadFin towers
100	7% increase in total expenses as a result of increased interest on savings and business activity.
101	Modest annual profitability growth of 2%, 2022 figure was boosted more by the disposal of Kiryandongo land

REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL GENERAL MEETING 2023

1. Introduction

Recognized under Article 41 of the Cooperative Society byelaws, the Supervisory Board (SUP-BOARD) is established to promote both the SACCO's and members' interests through supervision of the Board of Directors and Chief Executive Officer (CEO). The Supervisory Board's oversight role is focused on the overall SACCO's compliance with the relevant legislation and By-laws, the operation of internal controls, and safety and security of members' savings and investments. We are expected to provide guarantees to members on the truthfulness and accuracy of the SACCO's financial statements, as well as to ensure the SACCO's administrative practices and procedures are adequate to safeguard the individual members' and institution's interests. We are appointed by, and answerable to the members through the Annual General Meeting. This is the third report to members after the Supervisory Board was established in March 2020 as an organ of our SACCO. It is therefore our humble duty and honor to present this report for the consideration of this august assembly.

2. Supervision Methodology: March 2022- February 2023

During the period March 2022- March 2023, we implemented an annual plan that was based on consistent engagements with the management, Internal Auditor and the Board. Our main areas of

interest have been continuous improvement in the establishment of, and compliance with sound management policies and processes; response to internal audit reports and management letters (from External Auditor); observance of good cooperative /corporate governance principles; responding to membership concerns and the implementation of AGM resolutions. We would like to thank the Board Chair and his team, and management and staff for according us all the support and cooperation that enabled us to do our work without hindrances. A special note of appreciation to the members for the trust and confidence in us, and for your participation in running the affairs of our SACCO.

A key feature of our work file is the checklist that we usually administer to SteadFin management and staff. This covers all the following areas of our cooperative business operations: cash, disbursements, investments, loans, loan delinquency, savings, members' shares, meetings, member account statements, records, insurances, fixed assets, debtors and creditors. Our guiding principles are that in each case examined, we seek for evidence to support the findings. The approach is that, after a gap/problem is identified, we endeavor to show how operations may be improved by making some valid and practical recommendations. We therefore bring to the AGM only such issues that would help us provide assurances to the membership, inform decision making, and/or which are yet to be comprehensively addressed by the Board and

Management.

3. Key Issues which have been brought to the attention of the Board

In the discharge of our duties, SUPBOARD engaged with the Board and management on several areas during the year. At the end of the year, we had a set of action plans for addressing several pertinent issues key among which are [a] internal audit scheduling and reporting; [b] more transparency in concluding major transactions; [c] balancing individual Board member's level of responsibility as a member/steward of the SACCO; [d] the generally low uptake of the different loan products and its implications; and [e] the case of unjustified upfront payment of Ugx 113 million for the failed MIS project. We specifically request this august assembly to interest itself in the remarkably low uptake of loans and its implication to our cooperative business; as well as to pronounce itself on the failed MIS project and way forward that will be proposed by the Board. Details of the issues and Board responses are contained in Annex 1 of this report.

4. Main conclusions for the year under review

4.1 Through its Committees, the Board continued to play its strategic role and registered achievements in several key areas of business. These included provision of leadership to the SACCO, onboarding support to the Chief Executive Officer, monitoring and responding to the legal and regulatory environment, membership engagement and overall business development.

4.2 Implementation of the twenty-three (23) resolutions of the previous AGM was prioritized accordingly. The details should be contained in the Board's report to this assembly.

4.3 Management and staffing positions have been fully functional under the leadership of the Chief Executive Officer who has since settled well into her role.

4.4 In line with the resolutions of the last AGM, members of the Supervisory Board joined the different Agency WhatsApp groups as a means of improving communication. This has enabled us to follow the discussions, take up member inquiries and

suggestions with the responsible offices and/or to advise accordingly. We reckon there is still more work to do in this area to make all feel that their voices are heard.

4.5 SteadFin Uganda SACCO Ltd continues to enjoy a respectable position within the savings cooperative fraternity as evidenced by the different recognitions, awards and stakeholder engagements.

4.6 The social objective of our SACCO has been addressed through a number of activities which brought members (and their families) together. Notable developments included efforts to interest our youth in cooperative business, and to put in place a succession policy, amongst others.

4.7 Over the years, the governance organs of the SACCO have developed the capacity to identify and address issues openly and transparently in the overall interest of the members. However, there is need for continuous monitoring of the mutual responsibilities in this area.

4.8 The bottom line is that despite the challenging economic and public health environment, our SACCO has this year posted a net profit of Ugx. 3,227,405,000 as against Ugx 2,382,610,000 in the previous year. This represents a 35% increase and is cause for celebration.

5. Recommendations

We would like to congratulate members on the successful conclusion of another year of profitable business and sustainable growth. To consolidate and build on these gains, we would like to recommend as follows:

1. The AGM seriously considers the proposed SPV as a means of addressing some of the challenges above, and improving the overall profitability of our SACCO. However, care should be taken to ensure that the core business of the SACCO is neither relegated nor compromised.
2. We urge individual members and investment groups do business with their SACCO through increased savings and borrowings. On the other hand, the Board needs to take an interest in some members who are not accessing the different loan

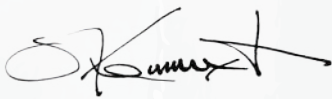
products but are rather dealing with commercial banks and loan sharks.

3. Considering the forthcoming change in leadership, members are urged to offer themselves to serve in the elective positions. Apart from exercising their rights to elect a member, or be elected to organs of the SACCO, they should be able to put their skills and experience to the use of the SACCO and for the benefit of the entire membership.

Finally, we are glad to provide these guarantees to members on the truthfulness and accuracy of the

SACCO's financial statements. In addition, we hereby assure the AGM that our SACCO's administrative practices and procedures are reasonably adequate to safeguard the individual members' and institution's interests. Thanks to the internal and external auditors for the reports which further confirm the above guarantees and assurances.

We wish members fruitful deliberations as we all look forward to yet another year of profitability and growth. Thank you for your entrusting us with this oversight responsibility and for listening to us.



Sign: _____

Name: Canon Ken Odur Gabelle

Title: Chair, SUPBOARD

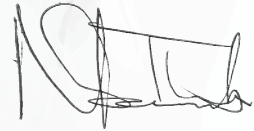
Date: March 25, 2023

Sign: Sheila Koburungi

Name: Ms. Sheila Koburungi

Title: Secretary, SUPBOARD

Date: March 25, 2023



Sign: _____

Name: Mr. Thomas Nsibambi

Title: Member, SUPBOARD

Date: March 25, 2023



ANNEX 1: EXCERPTS FROM LATEST SUPERVISORY REPORT AND THE RESPECTIVE BOARD RESPONSES

SUPBOARD Question:

It goes without saying that the internal audit is one of the key tools that supports the discharge of our oversight role as the Supervisory Board. Before and during the last internal audit exit meeting of February 1, 2023, we repeatedly expressed concern over delayed internal audits. For instance, this meeting was for the consideration of accounts for the period July to September 2022. The internal audit report for the quarter April to June 2022 was discussed on 3rd October 2022. As you can see, this trend has become the norm. As at the date of this letter, we haven't seen the internal audit report for the last quarter of 2022 and are at a loss as to how to give an honest and professional opinion to the AGM without reviewing the quarterly performance.

Board Response:

The internal Audit was structured to be carried out at the end of each quarter and there is a work-plan to look at different sections/departments and operations of the SACCO each quarter. Delays normally start after the Fiscal year end, when Management team gets engaged with External auditors between January and February, so the Internal audit is pushed ahead. At times the auditors also get busy especially if we change the schedule to accommodate the External Audit. Solution: Management, and the Audit can realign and have Board, Management, SUPBOARD and Auditor agree on timelines.

SUPBOARD Question:

Members of the Supervisory Board were surprised to hear from the reading of the said report that the land in Kiryandongo had finally been disposed off (as resolved by the AGM) and that a 94% rate of return posted against the investment. As a duly constituted organ of the SACCO, we expected more engagement (beyond the newspaper advert), and a full disclosure of this important transaction

Board Response:

The Board confirms that it acted within its mandate, and followed all due process in disposing the Kiryandongo land through a transparent sale that involved: [a] There was an action point for the board from the 2021 AGM to sale the non-performing Assets. [b] The advert to SACCO members was sent out on 24th November 2021 to all members on email and WhatsApp. [c] We got several questions regarding this advert but only 3 offers from members (from different Agencies) were registered.

[d] This sale generated some rigorous discussions on the WhatsApp groups. [e] The Board resolved to advertise in the papers for full and open call of expression of interest to attract outsiders to get a better offer for the land in tandem with the valuation report (which was our reserve price).

[f] This whole process was discussed and is documented in ALCO meeting minutes and Board minutes. [g] In one of the previous exit meetings with Internal Auditors and SUPBOARD, we made it clear that the Board was to sell Kiryandongo land to improve liquidity of the SACCO. With the above in mind, the Board is convinced that it ensured full disclosure of information in the disposal of the Kiryandongo land. The Board believes the documentation of the transaction (on request) is more than sufficient for SUPBOARD to discharge its mandate on this matter.

SUPBOARD Question:

It was reported in the last internal audit that our SACCO had loans in arrears worth Ugx 530 million that were beyond 90 days, and that a 27% increment in this delinquency had been registered in the third quarter of 2022. Appendix 3: Delinquent loans as at September 2022: of the said report listed a Board member and a spouse among defaulters and with huge balances against their names. This raises serious integrity issues. Although we were later presented an adjusted (unaudited) list for the period ending 31 December 2022 which shows some movement in these accounts, the fact that these loans remained unpaid for more than 90 days is a matter of great concern.

Board Response:

Delinquency on loans has been a growing challenge over the last 1 and a half to two years. First, we would like to clarify that the Board of Directors as bonafide members of SteadFin are entitled to all savings, loan, and other products of the SACCO without any exception or preferential consideration. For emphasis, loan applications of Board members are evaluated on the same criteria like any other SACCO member where repayments are tagged to a verifiable income source (salary for employees, and profits for businesses). However, when the sources of income are impaired as it happened to two of Board members, it directly affected their repayments. As is standard practice in such circumstances, the affected members engaged Management and the Credit Committee to explore and agree on options of settling their outstanding loan obligations. At this point in time, the members reached this understanding and resumed repayment of their loans.

SUPBOARD Question:

The July - September internal audit reported that our SACCO's loans grew from - 1% in June 2022 to -0.0031% in September 2022. Although the report refers to this as stagnation, it is a decline. The reason given by the auditor is that 'SACCO members reached their maximum loan uptake.' We are constrained to categorize this as perhaps one of the greatest business risks facing our SACCO today. As such, it merits a more strategic dialogue (involving the entire membership) over and above the longer-term plans for implementing the SPV. As leaders, we need to find out why members are not patronizing their SACCO, sensitize them to the consequential issues, and agree a way forward.

Board Response:

Although the decline in SteadFin loan portfolio as anticipated due to the structure of the SACCO, the magnitude over the last one and a half years is attributable to several factors that the Board welcomes suggestions from SUPBOARD: [a] The halting of DCP as a source of collateral for securing loans affected a significant number of members who had hitherto relied on it, and consequently affects loan uptake. [b] By the structure of SteadFin with a closed common bond, we can only lend money to the members (a limited number of people). However, a considerable number of members have exhausted their borrowing limit within which they can comfortably repay loans. It would not only be unsustainable, but risky to continue lending money to such members even if they demanded for loans. This is the reason the Board considers the SPV as a priority undertaking to grow the portfolio of the SACCO, considering that the membership of SteadFin remains closed.

In 2022, over 30 members of SteadFin were misled to sell their loans to commercial banks with a false claim that SteadFin charged higher interest rates than banks despite numerous attempts by Management and Board to engage these members individually and collectively to demonstrate that our lending rates are the most favorable among comparators of all category of lenders. Although about 16 of these members have since returned to the SACCO, their decisions affected the loans portfolio. In total, SteadFin lost over UGX 2.6 Billion in the loans book.

SUPBOARD Question:

Regarding the unjustified advance payment of Ugx 113 million out of an invoice value of Ugx 124 million (representing 90%) in 2018, and the resultant failure to achieve value for money for the ill-fated Navision Dynamics software, it is perhaps not enough to state that 'Management and Board have taken notice, and this will not happen again going forward'. For instance, members would like to know:

- Was this procurement a case of bad business decision, or was it a deliberate fraud?
- If it wasn't an honest mistake, what steps have been taken to seek justice for the SACCO especially considering that several of the individuals involved are still around while others are even occupying leadership positions in the SACCO? We need to be seen to be holding people accountable by establishing culpability.
- If it was unpremeditated, what have been some of the mitigation strategies?
- Having been repeatedly promised online access to their statements of savings and loan accounts, what can members reasonably expect this time around?

Board Response:

The MIS matter is matter of a historical nature, that the Board had to take responsibility for. As

you are aware, the SACCO did not have a CEO and was by and large managed by the Board. The Board and Management have made all efforts to ensure the vendor delivers on the project, but to our, and members' frustrations, this has not yielded the desired results. Accordingly, we have instructed the SteadFin lawyer to seek legal redress from the vendor for failure to deliver on the project, and loss of money and time commitment by the SACCO, among others. The Board is careful to ensure that we do not cause further loss in pursuit of legal redress since the vendor has also made a counter claim.

In terms of getting a working system going forward, the IT Steering Committee has been engaged in the process of sourcing a reliable system developer. The Board has reviewed the options and narrowed down on one who has made a demonstration to the Board and IT Steering Committee, with which the Board is convinced meets the MIS specifications and needs of SteadFin. The good news is that the projected cost is not only reasonable, but also does not set in until the system goes live. The Board is currently completing the due diligence and will engage the vendor soon after the AGM, with a projected turnaround time of approximately 2 months. In addition, an IT expert will be employed by the SACCO to manage the system.



SACCO INITIATIVES: 2022 STEADFIN INVESTMENT PROJECTS

STEADFIN NAKASAJJA ESTATE

SteadFin launched the Nakasajja estate, another affordable investment project in 2022 with up to 79 plots. Situated at Kiumu approximately 4.5 Kms from the main Gayaza-Kalagi tarmac road, the estate provides a magnificent view with good terrain, suitable for residential. Management successfully coordinated and arranged site visits for interested members, and 80% of the estate sold out.

With the aim of improving members' wellbeing, the project offered members the opportunity to purchase and own property below market rates.

SSONDE HILLVIEW ESTATE- PHASE TWO



Inspired by the entrepreneurial drive to continue empowering members to financial liberation, and following the successful Ssonde project in 2020, SteadFin Hillview Estate Phase Two was rolled out on 18th November, 2022.

The SACCO acquired 13.35 acres of land in Sonde, Kasirize, subdivided into 101 plots of 50*100 Ft, selling at a discounted price of 52M for residential plots and 57M for commercial plots. The well-planned estate is located in a developed neighborhood with water and power line on site.

37% of the plots were sold by December 31st 2022, providing another avenue to generate none interest revenue for SteadFin.

We appreciate all members who supported the SACCO's investment initiatives by buying plots in the estates and encourage those who did not to utilize such opportunities to acquire property in prime locations.



STEADFIN TOWER

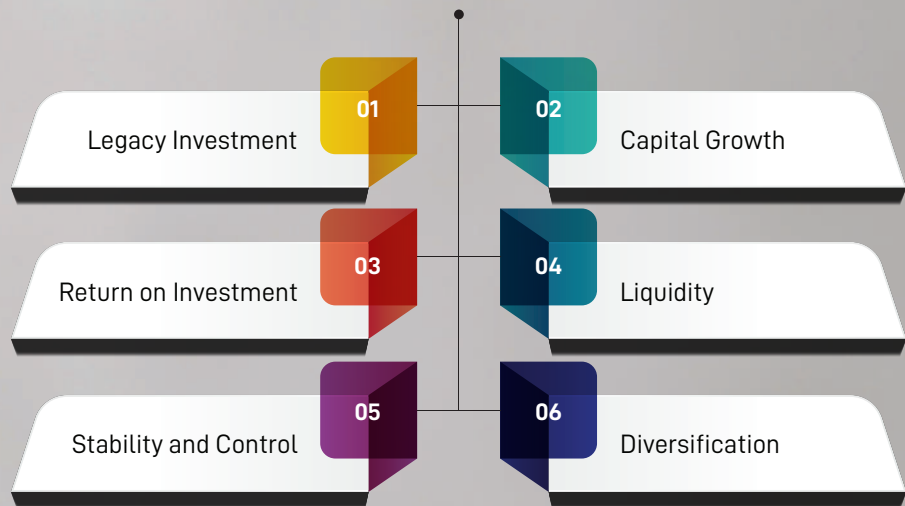
Following completion of SteadFin Towers office block and official hand over on September 17th ,2021, we obtained premium client - John Snow Inc. (JSI) occupying the entire building (669 square meters) through Broll Property Group, a property management firm.



STEADFIN SHARES

Shares are one of the best long-term investments in the financial market place, and investing in shares contributes to building your wealth better than almost any other asset for the long term.

WHY STEADFIN SHARES?



With shares still up for grabs, determine your financial destiny and be part of SteadFin's imminent successes.

Currently, each SteadFin share is valued at **50,000/-**

How many shares can you buy?

Recommended Minimum per members 100

Maximum 2,000

**BUY SHARES NOW AND OWN
YOUR STAKE IN STEADFIN!**

ABOUT THE SPECIAL PURPOSE VEHICLE

SteadFin has registered tremendous growth in the last four years that have seen it ranked amongst top and fastest growing SACCOs in Uganda. With a vibrant membership and greater focus to walk the journey of financial liberation of the members without limits, coupled with the restrictive regulations, the SACCO needs to think outside the box and embrace an extra-ordinary approach.

By law, SteadFin can only deliver limited range of financial services to finite members yet there are vast opportunities that the SACCO can take on to serve the population beyond her current memberships.

SPV 2022 AGM Resolutions

	Resolution	Update
1	Form an SPV task force to spearhead the idea	The Task Committee was formed and members of the committee are given in the governance statement of this report.
2	Establish an SPV	Board, working hand in hand with the SPV task force, registered the Company: STEADFIN VENTURES LTD with 99% SACCO shareholding and 1% shareholding by the office of the Chairperson. The law required at least two shareholders for the company.
3	SPV Business plan	The Task Force selected the best consultant among the 6 who applied to develop a 3-year business plan for the SPV.

SPV Funding: The Board proposed an allocation of UGX 500M to start with (refer to the 2022 surplus allocation).

Why the SPV

To make use of the vast opportunities available in sectors like manufacturing, real estate and financial services segments, the SPV shall enable SteadFin to navigate proactively through current stringent regulatory environment whilst keeping alive the critical investing values of diversification, preservation of capital and guaranteed returns to members.

The motivation to roll out a Special Purpose Vehicle is anchored on the following key drivers:

- The need to navigate proactively through current stringent statutory and regulatory requirements to maintain compliance.
- Revenue and profitability growth beyond current restrictive business model of savings and loans to limited membership.
- Diversification to fastest growing segments of the economy such as manufacturing, housing development etc.
- To provide direct and indirect economic opportunities to members.
- To provide financial services beyond membership to spur entrepreneurial growth

RISK ANALYSIS REPORT

SteadFin, like any other financial institution can be exposed to various risks that can negatively impact its financial stability and the ability to deliver services to the members.

SteadFin's approach towards risk is generally proactive and conservative and the goal is to identify the risks and determine whether it may be avoided, reduced, spread, transferred, or prevented. SteadFin therefore developed a sound Risk management policy which presents the SACCO's risk management framework and provides a common understanding of risk across multiple functions and business operations in order to manage risk cost-effectively on an enterprise-wide basis.

The Cooperative's identified major risks are: Compliance, liquidity, credit, operational including IT-related risks, reputation Risk, interest rate and foreign exchange risks.

Credit Risk	Liquidity Risk	Operational Risk
This is the risk that arises from a member defaulting on their loan or other credit obligations. The SACCO undertakes a risk-based analysis for all loans and protective measures are embedded in the loan appraisal criteria. Long term loans are insured against death and incapacitation., there is close regular monitoring of credit quality, and appropriate loan loss provision is undertaken.	This is the risk of inability to meet financial commitments, repayments and withdrawals, as and when they mature, fall due or are required. To mitigate this risk, SteadFin maintains an appropriate level of liquid assets and established contingency plans in case of unexpected liquidity demands. There is close monitoring of the cash levels using liquidity reports which are prepared at least twice every week.	This is the risk of direct or indirect loss from inadequate or failed internal processes, systems, or human error. SteadFin established a strong internal control system, policies, and procedures. The Supervisory Board, Internal Audit function and Board Audit Committee oversee the internal controls in place. The SACCO instituted three approval levels for bank transactions, there is clear separation of roles and a whistle borrower policy was developed.
Legal and Compliance Risk.	Foreign Exchange Risk.	
This is the risk of the Cooperative's inability to meet regulatory requirements as set in the Cooperatives Societies Act and related regulations. SteadFin files annual returns to the regulator with strict adherence to the due dates. Statutory deductions are made from supplier payments, Staff remuneration and interest payment to members	This is the risk of loss due to changes in the value of foreign currencies in terms of a financial institution's domestic currency (Uganda shillings). To mitigate this risk, SteadFin strictly invoices in local currency and encourages suppliers to issue UGX invoices.	

The prevalent internal controls manage the risks both in a preventive mode as well as detective, while internal audit function supports in assessing the adequacy of internal controls and how well risks are managed. The Board has overall responsibility for the SACCO's risk management, with delegated authority to the audit committee.

Based on the above, it's evident that the SteadFin established appropriate risk management policies, procedures, and controls to mitigate these risks and ensure long-term financial sustainability.



SAVINGS PRODUCTS

PRODUCT	FEATURES
Free Savings Account	• Earns interest of 7.5% p.a credited quarterly • Earns an annual savers' bonus • Minimum account balance: 3,000,000/=
Premium Savings	• Tiered interest rate of 9% - 11% p.a. • Tenure: 6, 9 or 12 months • Earns an annual savers' bonus • Interest is paid out to matured deposits only
Target Savings Account	• Earns interest of 7.5% p.a credited quarterly • Earns an annual savers' bonus • Withdraws allowed anytime
Retirement Savings	• Competitive interest rate of 9% p.a credited quarterly • Earns savers' bonus at year end
Loan Savings Guarantee	• Earns interest of 3% p.a credited quarterly • Earns savers' bonus at year end • Withdrawable when the loan is fully paid
Young Savers (Toto) Account	• Earns interest of 7.5% p.a credited quarterly • Young savers' guidance & training • Earns an annual savers' bonus • Minimum balance of 150,000/=
Spouse Savings Account	• Earns interest of 7.5% p.a credited quarterly • Encourages family savings • Earns an annual savers' bonus
Executorship Savings Account	• Earns interest of 7.5% p.a credited quarterly • Withdraws allowed anytime • Facilitates the family legacy
Group Accounts	• Available to willing members with shared goals who agree to pool funds for a specific investment with moderate risk and guaranteed returns. • Minimum of 3 and maximum of 10 SACCO members • Earns interest of 7.5% p.a credited quarterly • Legally independent of members with governance structures

IMPACT REPORT: CONCERN FOR COMMUNITY

In line with the co-operative spirit of concern for community and SteadFin 2022 CSR strategy, SteadFin took on a number of initiatives to give back to the SteadFin community and general community. Some of the initiatives included:

SPORTS AND GAMES

SteadFin extended financial support to the Mission FSNs as part of its CSR by sponsoring the Great Lakes Regional Tournament. A cash contribution of UGX 3 million was given to U.S. Mission F.C. Soccer team to facilitate their activities in Dar-es-Salam.



Tree planting by the GLRT Team



The GLRT Team



The SteadFin Management Team visited a community home



Management Team and staff of Missionaries of the poor Bethlehem Home

COMMUNITY

SteadFin staff also extended support of up to ugx1.2M to the community in form of food items and basic necessities.

HEALTH

SteadFin identified and made contributions in form of cash of up to ugx 500,000 to Members who were in need of financial support to cover medical bills.

EDUCATION

SteadFin made cash donations in form of shopping vouchers to support the children of deceased Members with school expenses. 15 families were identified and vouchers of up to ugx4.5M were distributed to enable them purchase school requirements.

As important as this is for the community, it is valuable for SteadFin to give back to community because through these initiatives, the SACCO can forge a stronger bond between the community and SACCO members and forge connections with the world around us.

In line with our value, **Ubuntu**, we hope our call to members to join us for 2023 initiatives and they will be met with positivity and good will.

STEADFIN'S VALUE ADDED STATEMENT

This report highlights the value added by SteadFin in line with the integrated reporting guidelines. The full details of value added is given below;

Net Surplus.

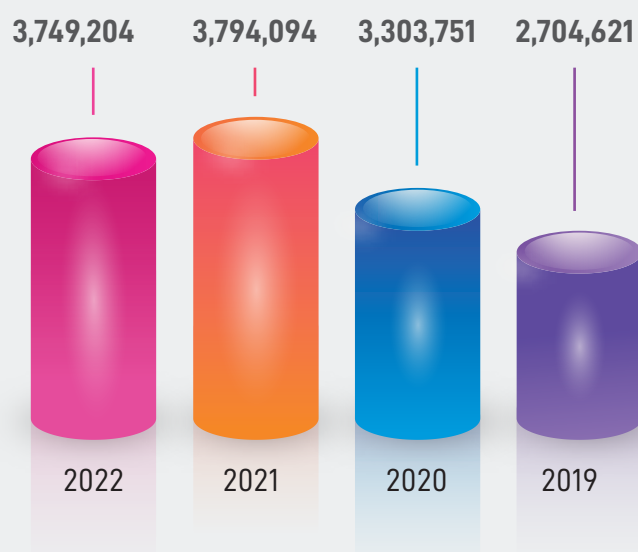
The SACCO has returned a favorable surplus position over the years, net surplus grew by 35.4% from 2.3Billion in 2021 to 3.2Billion in 2022. We have registered an upward trend amidst the challenging operating environment.

The value added generated by the SACCO 2019-2022				
	2022	2021	2020	2019
	Shs'000	Shs'000	Shs'000	Shs'000
Interest and similar income	6,143,840	6,525,396	5,939,997	5,605,143
Other operating income	2,421,926	919,831	1,153,272	545,292
Total operating income	8,565,766	7,445,227	7,093,269	6,150,435
Interest expense	3,749,204	3,794,094	3,303,751	2,704,621
Credit loss expense on financial assets	154,154	53,018	66,188	68,244
Bad debt written off	36,695	70,336		
Personnel costs	788,309	718,472	701,066	686,596
Depreciation and amortisation	70,789	60,477	59,637	57,355
Administrative expenses	499,334	439,928	371,560	287,667
Other operating expenses	39,876	32,328	29,564	29,149
	5,338,361	5,062,617	4,531,766	3,833,632
Operating profit	3,227,405	2,382,610	2,561,503	2,316,803
Value Added	3,227,405	2,382,610	2,561,503	2,316,803

Interest payment on Member deposits.

Interest on member deposits, the major single expenditure line stood at 3.7B in 2022, making up 70.2% of total costs, 74.94% in 2021 and 72.9% in 2020.

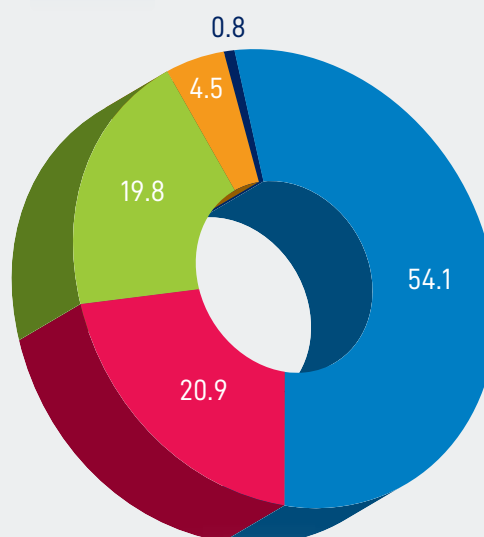
Interest Expense over the years Shs "000"



Appropriation of Surplus.

In line with the SACCO dividend and rebate policy and the Co-operative Societies Regulations, members related payments (Dividends and Bonuses) make up the largest proportion of the surplus standing at 1.7Billion in 2022, representing 54.1% of total surplus.

- Statutory Reserves
- Other Reserves
- To Members (Dividends & Bonus)
- Performance Bonus - Staff
- Retained



The percentage of member share of the surplus has been consistently higher than other categories of the distribution while at the same time complying with the regulatory reserve requirement.

	2022		2021		2020		2019	
	Shs '000	%	Shs '000	%	Shs '000	%	Shs '000	%
Statutory Reserves	638,436	19.8	478,093	20	528,851	21	454,428	19.61
Other Reserves	674,140	20.9	-	-	24,078	1	-	-
To Members (Dividends & Bonus)	1,745,290	54.1	1,695,908	71	1,503,863	59	1,381,592	59.63
Performance Bonus - Staff	25,000	0.8	18,000	1	62,753	2	57,469	2.48
Retained	144,539	4.5	190,609	8	441,959	17	423,313	18.27
Value Added	3,227,405	100	2,382,610	100	2,561,503	100	2,316,803	100

Communities.

We have impacted communities both directly and indirectly. Through our concern for community outreach campaign, we have supported the vulnerable persons collectively as an entity but also encouraged members to help those in need at an individual level.

KARAMOJA

FOODRELIEFDRIVE

"I AM BECAUSE WE ARE"

Food is a necessity of life and lack of it is life threatening. The Karamoja region has been hit by severe hunger that has caused death to many and more are facing the same danger if not rescued.

In the spirit of ubuntu, we call on you, SteadFin Members to join hands in the collective effort to offer relief to the people. Let us join hands and pull resources together to help lessen the severity of the storm that is threatening to sweep off Karamoja.

You can instruct SteadFin to make a contribution on your behalf from your savings account by sending instructions to admin@steadfin.com by August 5th 2022.

Funds collected will be used to buy items that will be delivered directly to Karamoja on August 6th 2022

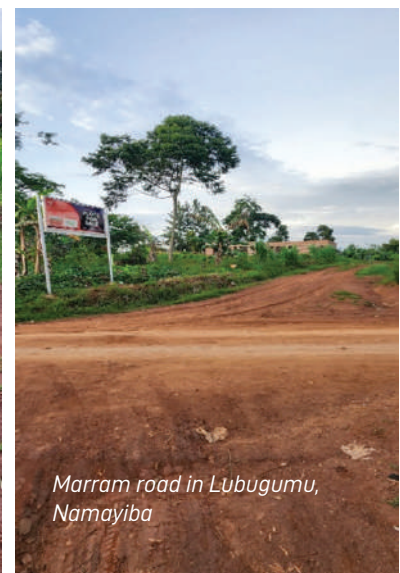
May God help Karamoja







SteadFin contributed towards extending major amenities including water and power to Sonde Hillview estate and the neighboring communities, and constructed marram road in Lubugumu, Namayiba off Mukono katosi road and Nakasajja, which are being used to access the estates and the neighboring communities. The roads have greatly improved the road network in the respective areas.



Payments to Government.

Whilst SACCOs are exempt from Income tax, SteadFin has contributed greatly to the country's GDP and tax base. We deduct, file and remit PAYE from Staff emoluments, National Social Security Fund security fund contributions, Local Service tax, stamp duty and withholding tax on supplies and interest payments. During the year, 194M was deducted and paid as PAYE, 95M contributed in NSSF and over 600M in withholding taxes.

LOAN PRODUCTS

PRODUCT	FEATURES
Term Loan	• Up to UGX 500 million • Interest rate of 12% p.a on reducing balance • Required savings - 35% of the loan principle amount • Period: Up to 7 Years • One-off Insurance Fee of 1% • Repayment: Bi-weekly or Monthly
General Loan	• Up to UGX 200 Million • Interest rate of 10% p.a on straight line • Required savings- 33.3% of the loan principle amount • Period: Up to 3 years • One-off Insurance Fee of 1%
Emergency Loan	• Up to UGX 20 Million • Interest rate of 10% interest on payment • Period: Up to 6 months • Unsecured
Instant Loan	• 100,000 UGX - 1 million UGX • Interest rate of 5% interest on payment • Period: Up to 2 months • Unsecured
Real Estate Loan	• Up to UGX 300 Million • Interest rate of 16% p.a on reducing balance • Period: Up to 5 years • Secured by SACCO Land title
Retirement Loan	• Up to UGX 200 Million • Interest rate of 10% Straight Line • Period: Up to 1 (one) year • Secured by savings and shares • Accessible to members separating from the Mission
Group Loans	• Up to UGX 500 Million • Interest rate of 12%p.a on reducing balance • Period: Up to 5 years • Required savings - 35% of the loan principle amount • Secured by group Members' savings and shares • Business investments and not consumptive

MEMBER DEVELOPMENT: TESTIMONIALS

In this section, some members who have utilized the SteadFin products for their individual development share their stories. The same members have authorized SteadFin to share their development stories.

Juliet Kakwerre (External)

CEO & Co-Founder - Cheveux Organique International Limited and Nyuzi International Limited

CEO - BJs Bites and Mo – Catering services

Director - Meadows International School

Before SteadFin Intervened, I just had Ideas and I did not really have a plan to execute them. All I was worried about was how I would make things happen. Through the financial literacy sessions that SteadFin offered, I was challenged to take a step. The session with Mr. Ocici of Enterprise Uganda did not leave my life the same. At that point, I had started working on my dreams but it gave me a lot more to think about and consider as I set out on the entrepreneurship journey. I was equipped with practical knowledge and tools that propelled me to think and do better. I also joined a network of like-minded business people under SteadFin who have been a good source of motivation that oils my business engine on a regular basis.

The dry banana fiber for
making the hair extensions



Hair extensions by Cheveux
Organique International

In 2019, the actual journey started to identify the kind of resources I needed to implement my dreams and SteadFin was the partner I needed to make this happen. We looked through the available products to identify that which would work best in my circumstances and we started on the process to acquire the credit. The financial advisors were extremely helpful and resourceful. The rest is now history. My enterprises are growing steadily and am now looking at ways to expand.



*BIs Bites and
Mo – Catering
services*



My plans for scaling up my ventures include; increasing production and ensuring that my products are easily accessible globally. Another plan is to work with networks of various business people who will continuously mentor me to accelerate growth on my businesses. Furthermore, I plan to work more closely with banana farmers to ensure constant supply of fiber for consistent hair extensions production. I also plan to diversify my range of products to allow for a constant cash flow.

I would encourage members to dream but to also act on their dreams. Do something about it, you can start in very small ways as you grow but you have to move. The best time to act is immediately the idea pops up in your head. Identify mentors to walk the journey with you. Find networks of people who will help you grow. Credit is a good way to finance your dreams but be very mindful not to end up too indebted. Work with financial advisors to help you through this journey. .



I would like to appreciate SteadFin for being that reliable partner on this entrepreneurship journey. It has been worthwhile

Yosa Ronald (External)

I am proud to have joined this wonderful successful SACCO. I joined the then USESA in 2015 when I was still serving as a US mission staff at CDC Entebbe. After growing my savings, I was able to start taking loans to build my financial sustainability by putting up rental houses at Kajjansi, Entebbe Road.

I faced challenges getting more money after a reduction in forces at CDC because taking another loan required me to have security and stable source of repayment income, which previously was my job and the PP deductions, I had to now adjust to monthly payments and I had to think a lot on how I would meet these repayments.

I talked to my wife who had a sister doing business in the importation of 1/2" size up to 4" suction pipes (Industrial with metallic wires), 4' delivery canvas pipes, car washer pumps, Sump pumps, irrigation diesel pumps, water levelling tubes, filtering gold carpets, artistic sisal ropes for decorations and cutting trees, goose ropes. She advised us to open a shop at Ggagawala sawuliyako.



I applied for my third term loan and while we had challenges during covid 19, God was on our side and we were able to keep making the payments and progressing well,

We get market from Agricultural farmers who need our products for irrigation mostly during dry season, local business men and women with agricultural shops in the rural areas and supply some companies in the same business including neighbouring country businessmen like Congolese, Kenyans, Rwandese, mostly who come for filtering gold carpets and the rest.

I have been taking loans when need arises, and religiously paying them off. I liked the interest rates being so favourable compared to commercial banks and the way SACCO staff's treatment is friendly.

INSURANCE PRODUCTS

PRODUCT	FEATURES		
FUNERAL COVER	A plan that provides payment in the event of death of a loved one Member maximum age entry - 65 Parents maximum age entry - 80 Children maximum age entry - 18 Benefit cease age entry – 85		
	Charges	Annual Premium	Sum Assured/Benefits
	Principal	50,000	8,000,000
	Spouse	45,000	7,000,000
	Children	35,000	5,000,000
	Parent	85,000	5,000,000
	Parent above 75 years	150,000	5,000,000
Parents are not subjected to medical checkups but there is a 3-month waiting period			

FOR COMPREHENSIVE HEALTH COVER AT AFFORDABLE RATES				
MEDICAL INSURANCE	Cover Type	In-patient	Out-patient	Individual Premium
	M	50M	3M	860,000
	M + 1	50M	3M	1,550,000
	M + 2	50M	3M	2,020,000
	M + 3	50M	3M	2,370,000
	M + 4	50M	3M	2,820,000
	M + 5	50M	3M	3,220,000

I can authoritatively say I was always served as always expected, packages were all real. Thanks, and keep the service going on.

Kiryowa, Brian (STATE)

Medical Insurance Testimonial

Gladys Kiwerera

I would like to appreciate the services offered by SteadFin Medical Insurance service provider (UAP).

For the two policy terms I have subscribed for the product, my expectations were met. I was able to deliver my two babies from one of the best hospitals in the country under this cover and my insurance cover catered for all my in and out patient bills without top up.

My insurance cover also enabled my children access medical services of one the best pediatric doctors in the country whenever my children needed medical attention. I would therefore recommend the SteadFin Medical Insurance cover all the way because I am a very satisfied subscriber.

STATEMENT ON SUCCESSION POLICY

SteadFin Uganda SACCO developed a comprehensive succession policy that closes possible gaps that may lead to business continuity challenges. The policy clarifies planned efforts and strategies to ensure smooth succession between individuals and teams of elective and non-elective positions while using a combination of approaches and strategies. These include: Cohort tenure overlap, Targeted mentorship/grooming and coaching and intentional delegation.

The Model

The model of succession is a tenure overlap for the two positions of Board Chairperson and the Treasurer. These two positions are key to business continuity given their roles and responsibilities as stated in the SACCO Byelaws. As years go by, the Board may reconsider shadowing more positions on the Board and other governance organs depending on a number of factors to be considered.

How it works:

According to the Co-op Law amended 2020, the Board tenure is four years renewable. One year to end of Board tenure, the AGM elects an incoming Board Chairperson and Treasurer to be mentored by the outgoing Board Chairperson, Treasurer and members. The elected Chairperson and Treasurer participate by shadowing in all Board engagements and meetings but do not make decisions until such individuals fully take over the role of their positions.

Other approaches of managing succession for smooth business continuity include:

Member Co-operative Development Program (MCDP):

The MCDP is intended to expose all members of SteadFin to the SACCO philosophy and business model for them to acquire knowledge of history and structure of SACCOs with a global and national perspective, the co-operative principles, the vision and mission of SteadFin and the SACCOs (focusing on SteadFin) business environment. This will result into a pool of knowledgeable members who appreciate the philosophy and are ready to take on SACCO leadership roles whenever there is a need.

Coaching and mentorship, grooming and intentional delegation

The policy gives responsibility to individuals on all governance organs to purpose to mentor, coach, groom and intentionally delegate to member(s) of their teams with an objective of equipping them with required skills to stand in their place of leadership whenever there is a need. The succession policy details who is required to stand in for who in every position in case of any eventuality.

Senior Management:

The succession plan of the senior management positions is well laid down in the Human resource manual with details of how to handle gaps that may arise if the CEO or a Head of Department leaves the organization for any reasons.

STEADFIN GOVERNANCE TRAINING STATEMENT /REPORT

The SACCO byelaws and the Governance charter spells out the training policy for the Governance organs and the Board is intentional in SACCO leaders training as a means of ensuring proper SACCO governance in best SACCO management practices, standards, laws, regulations and strategic approaches for SACCO business growth management.

Orientation

New members who join SACCO governance organs (Executive Board, Supervisory Board and Vetting Committee) are required to go through a structured orientation program facilitated by SACCO management and supported by the National Apex and the SACCOs Union. During orientation, new members are taken through SACCO policies and best industrial practices, their roles and responsibilities and expectations from stakeholders. This is ensuring that new members are onboarded well into their respective offices.

Other Governance trainings and capacity building programs

The SteadFin budget provides for training of members, governance organs, management and staff.

Management organizes trainings for the different governance organs for specific trainings and joint trainings for matters of common interest. Training is done through different approaches including internal training using internal resource persons, national exposure and participation in trainings organized by internal sector players such as the Uganda Co-operative Savings and Credit Union (UCSCU) and external exposure to international engagements and benchmarking visits.



2023 Board Retreat with the Secretary General of the Uganda Co-operative Alliance (CPA Ivan Asimwe, The CEO of the Uganda National Union of SACCOs (Dr Sylvester Ndiroramukam) and the Representative of the Registrar of Co-operatives (Mr Joseph Ocaitum). The Board discussed a number of current national and international governance issues affecting the Cooperative Sector including the regulation.



The Supervisory Board held a one-day refresher training and orientation of the new member (Mr Thomas Nsibambi) The training focused on the roles and responsibilities of the Supervisory Board and sector best practices, how Sup Board evaluates SACCO Board and management performance.



The New Vetting orientation training facilitated by the team from UCSCU



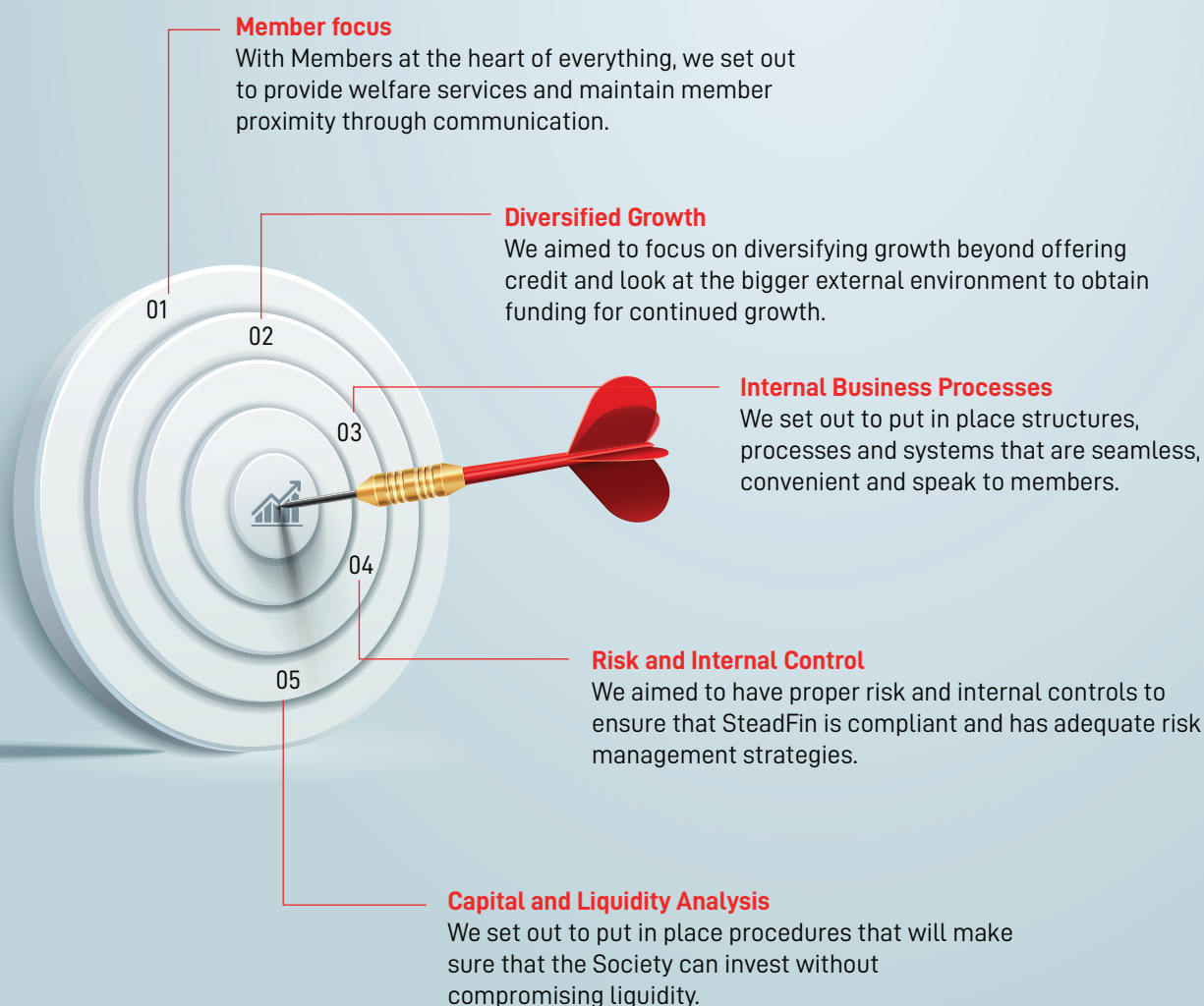
SPV committee benchmarking visit to Wazalendo



One day joint engagement for Board, Supervisory Board and vetting Committee

REVIEW OF THE STEADFIN STRATEGIC GOALS

Having marked 5 years of SteadFin on October 17 2022, the Board of Directors and Senior Management shared their 5 years' experience and opinions on SteadFin's journey with reference to the strategic objectives that were set out.



XAVIER EJOYI

Chairperson - Board of Directors

Member focus

Over the last five years as Chairperson, the Board has ensured that SteadFin prioritizes the interest of members by 1) ensuring that products of the SACCO are not only competitive, but also responsive to social welfare needs in the prevailing economic conditions. 2) We have harnessed communication through email, social media platforms, and through member engagement sessions, providing opportunity to clarify expectations and receive feedback. 3) Last year, we pioneered the member day, a highly successful day that enabled members to bond, and profile their SACCO-supported enterprises and initiatives. 4) The Board has put in place a Membership Policy that outlines the rights and obligations of members, among others.

Diversified Growth

In the last 5 years, the Board has strategically steered SteadFin towards a diversified portfolio growth. Recognizing that structurally the growth of SteadFin predominantly based on savings and lending is unsustainable due to the closed common bond, the Board has been intentionally diversifying the portfolio through investments in real estate, insurance and other services. The Board considers the operationalization of SteadFin Ventures Ltd, as a special purpose vehicle (SPV) for diversified growth within the regulatory limitations.

Internal Business Processes

In line with good corporate governance, the SteadFin Board has not only ensured the functionality of all organs of the SACCO (General Assembly, Board, Vetting Committee, Management and Supervisory Board, but also clear separation of powers between them. Within the five years, the Board has ensured that SteadFin structures (including alternating signatories, policies, and personnel) deliver seamless services to members, and timely resolution of any issue including managing smooth transition in CEO. Annual member satisfaction surveys have overall high rating for all SteadFin structures and services.

Risk and Internal Control

Under my leadership, the Board strengthened the internal control environment within SteadFin. In addition to maintaining unqualified audit reports for five consecutive years, the Board instituted an internal audit function, and sponsored the establishment of the Supervisory Committee and put in place key policies to ensure a sound internal control environment. Additionally, to ensure SteadFin is compliant to the fast-changing Cooperatives regulatory environment, the Board has established a sub-Committee to assess the implications of national legislative and policy changes and make recommendations to inform policy review.

Capital and Liquidity Analysis

Over the last 5 years, Liquidity has improved. In one of the legacy SACCO's we would have a month or two where members were not allowed to borrow as a mitigation to improve liquidity, but for the last 5 years this has not happened. Thanks to our premium savers that have helped the SACCO to keep liquid.

DENNIS BASHUKWA

Treasurer on the Board of Directors

Member focus

The Board has engaged at different levels to provide affordable rates for loans and competitive rates for their savings. The members are also able to utilise other welfare products like funeral cover among others.

Diversified Growth

In the last five years, SteadFin has invested in real Estate, fixed deposits and maintained some shares in other companies. This has earned us over 30% as non-Interest income over the years which translates into a surplus at the end of the year.

Internal Business Processes

SteadFin Board work through sub committees which meet regularly to discuss investments, member welfare, audit reports, investment proposals among others. This has helped us to evaluate all our investments and do due diligence for the betterment of our SACCO. The outsourced Internal auditor has also helped in guiding these processes.

Risk and Internal Control

The Committee put in place several policies to guide the SACCO operations relating to management of risks and Internal Controls. Much as the risks cannot be controlled 100%, the board is confident that the controls in place will go a long way to protect members' savings.

Capital and Liquidity Analysis

Over the last 5 years, Liquidity has improved. In one of the legacy SACCO's we would have a month or two where members were not allowed to borrow as a mitigation to improve liquidity but for the last 5 years this has not happened. Thanks to our premium savers that have helped the SACCO to keep liquid.

HENRY NSUBUGA

General Secretary on the Board of Directors

Member focus

SteadFin Membership Policy has been put in place with support from the Registrar and UCSCU and a copy of the Membership Policy was shared with the members. The policy was thoughtfully designed with various aspects to ensure the Member is the central focus for the SACCO and that the Member enjoys the rights while fulfilling his/her responsibilities.

Management with guidance from the board has become more intentional and improved communication with and among members. Various platforms have been put in place to enhance communication with members and these include: monthly newsletter, WhatsApp groups, website feedback channel, and front desk email among others. In addition, a tracker for communication from members and lead times to respond have been put in place to address Members' concerns.

Additionally, agency/constituency visits and engagements either in person or virtual led by Management and supported by the board have been planned and conducted. This has helped reduce the communication gap between the members and the SACCO. The visits are one of the emerging best practices for the SACCO. Various member welfare products have been put in place and promoted. Such include: medical insurance, funeral insurance, education product, real estate products among others. A number of members have openly come out to express their gratitude to SteadFin for the support as they are now landlords and landladies and some with a roof over their heads; something that would not have been possible or easy had it not been for the financial support and guidance by SteadFin SACCO.

Diversified Growth

To complement income from loan products, SteadFin has been intentional and put in place other low risk income streams: real estate, money markets, rental income from SteadFin Towers and Kiryandongo farm land among others. These have helped a great deal boost the income of the SACCO especially amidst COVID-19 Pandemic and its prolonged effects on the global and local economy.

Internal Business Processes

SteadFin board re-instated the Supervisory Board following the merger process. The SACCO has three organs: Executive Board, Supervisory Board and Vetting Committee that are fully functional, independent and facilitated each to execute their mandate. Various platforms have been put in place to make both deposits and disbursements seamless to members. Such platforms include: Online funds transfers, mobile money with two service providers (MTN and Airtel), run accounts in various banks among others. Despite the various challenges and hurdles encountered, the board and management, with support from the IT Steering Committee is back on track to have a robust Management Information System in place.

Risk and Internal Control

The board has ensured that various internal controls are in place and working at all times. Both internal and external Auditors have been brought on board to ensure checks and balances and that the SACCO is compliant, managed and run effectively and professionally. Risk management protocols including a Business Continuity Plan have been put in place to mitigate and ensure continuity of services to the Member in the occurrence of any challenge or calamity.

Capital and Liquidity Analysis

The Executive Board and Management at all times conduct various checks on minimum and mandatory requirements before an investment decision is made. This has ensured that the SACCO has liquidity at all times.

FIONA WAATA

Member on the Board of Directors and Representative of USAID agency

Member focus

During the five years, we have experienced diversity in membership working across the five USG agencies, retirees, spouses and children of staff from these agencies. This has presented both a diversity of great ideas, opportunities, and challenges. SteadFin stepped up to the challenges of meeting members needs through several products such as spouse savings accounts, premium savings, executorship savings, education savings among others. I love the instant loan "kagwirawo" where you get instant cash, this product has reduced the number of members that run to money lenders to get instant cash.

Diversified Growth

Exponential growth would not have been achieved without diversifying products beyond offering credit. SteadFin explored into a number of business ventures including real estate, SteadFin Towers, money markets businesses, supporting member investments clubs and the planned investment special purpose vehicle (SPV).

Internal Business Processes

Internal business processes have significantly improved, we have achieved segregation of duties by the board members and management, established other governance structure such as the supervisory committee, set key performance targets and benchmarks, tackled key outstanding governance issues and streamlined several business processes. Several members attest to the management team's prompt access to cash and expert assistance.

Risk and Internal Control

SteadFin has sufficient risk management strategies with clear processes to assess, mitigate and monitor risk. SteadFin has embedded internal controls across the entire business transactions. These have been strengthened with the establishment of the Supervisory Board which provides additional oversight role in verification of transactions such as member deposits, shares loan accounts e.t.c.

Capital and Liquidity Analysis

Maintaining a threshold that permits members access to financing and short-term investment opportunities requires capital and liquidity analysis. The weekly liquidity reports that management has submitted to the Assets and Liability committee (ALCO) over the past five years have been continuously analysed, and as a result, SteadFin has continued to maintain the recommended liquidity ratios.

JULIUS ONDOGA

Member on the Board of Directors and Representative of STATE Agency

Member focus

SteadFin has placed members first in line with the various policies and many will attest to this objective. However, there is always a room for improvement and I personally expect the SACCO to exhaust all avenues and simply be the best.

Diversified Growth

SteadFin has grown in many ways but we still have a room to diversify professionally and this is why we are currently exploring the special purpose vehicle which will be a great venture once it succeeds.

Internal Business Processes

This is an area that has so far worked very well and I am confident members are contented

Risk and Internal Control

Our risk management strategy is very good and has worked well so far however to continue being proactive, it's good to research more so the SACCO's assets are always protected.

Capital and Liquidity Analysis

This area has been handled well and I believe members are contented just as I am.

DORCAS KAGANDA

Member on the Board of Directors and Representative of CDC Agency

Member focus

The Board has engaged members through literacy programs which has enabled members manage their financials. The SACCO has affordable rates for different loans products.

Diversified Growth

SteadFin has invested in real Estate, fixed deposits and maintained some shares in other companies.

Internal Business Processes

Policies have been drafted and put in place which has enabled the SACCO to run in a smooth manner. Different committees have been formed to run the SACCO

Risk and Internal Control

The Committee put in place the several policies to guide the SACCO operations relating to management of risks and Internal Controls. The board is confident that the controls in place will go a long way to protect members savings.

EDWARD KATONGOLE

Member on the Board of Directors and Representative of External Agency

Member focus

Have been involved in explaining the SteadFin offering to the various members using the social media channels, scheduled focus meetings and one on one engagements.

Diversified Growth

As a member of Asset and Liabilities Committee, participated in various initiatives that diversified the portfolio of SteadFin offering from only loans and saving but helped members who were interested to obtain real estate properties at fair prices hence diversification of SteadFin Growth through increase in other income.

Internal Business Processes

Efforts have been made over the years to put in place Management Information system that would make it easy for members to interface with their SACCO conveniently and securely. These efforts have not yet yielded results due to failure on the supply side. In the meantime, efforts have been placed on ensuring that appropriate policies are in place to ensure a robust organization developed with the current situation of the members in mind.

Risk and Internal Control

Over the years, we have participated in a number of Audits (external and Internal). Have taken the recommendations of their reports seriously and this has led to continuous policy development and approaches aimed at minimizing and management of identified risks, some of which are inherent in the kind of business we are involved in.

Capital and Liquidity Analysis

It has been a regular focus of the ALCO Committee of the board to ensure that all assets of the SACCO are contributing to the generation of income without risking failure to meet the day-to-day obligations. In this regard, the SACCO keeps appropriate approvals for external borrowing by the AGM in place, in addition to regular analysis of the financial position which has led to decisions of money market placements and the liquidation of fixed assets like the Kiryandongo land.

MOSES KIRYA

Co-opted Member on the Board of Directors

Member focus

This is an ongoing task. Members have been engaged frequently with emails, WhatsApp and newsletters. Some members need calling as they don't like reading emails

Diversified Growth

This has been a slow process, however, accelerated growth will be achieved if the SPV is approved.

MERCY TUMUKUNDE

Chief Executive Officer (Management)

Member focus

The SteadFin Board and Management appreciate member feedback through AGMs, open communications, one on one and member satisfaction survey. This becomes the foundation on which SACCO decisions are made, products and services developed, policies and procedures made, to ensure member benefit and member protection. The products and services (loans, savings, insurance) are all member focused.

Diversified Growth

Beyond savings and Credit, SteadFin has engaged in other investments both financial and real estate projects, investments for purpose of member benefit. The investments have been another pot that has boosted SACCO income over the last 5 years.

The unfolding SPV is one other way to ensure that SteadFin business grows beyond the closed membership Bond.

Internal Business Processes

The Structure of the SACCO is well developed to ensure authentic and timely decision making, the Board works through Committees to approve policies and procedures that guide management in their day-to-day operations. Management structures are in place; CEO works with Heads of Departments (Finance and Investments, and Operations) to ensure seamless and convenient processes that meet member expectations without compromising best practices. The SACCO has a management information system that makes monitoring of member accounts and SACCO operations easy and this contributes to timely member service.

Risk and Internal Control

The Board has approved policies and procedures that guide management in their day-to-day operations. Management implements the policies and regularly reports to the Board through the various Board committees. The Supervisory Board, quarterly Internal and annual external audits confirm to the AGM the sound internal controls and risk management strategies. Recruitment of management and staff is done carefully to ensure a professional, credible and reliable high level integrity team. Management has put in place dual cash control processes and approval levels to protect member funds

Capital and Liquidity Analysis

The SACCO is keen on following and implementing international and national best practices that govern SACCO operations. The financial ratios are always evaluated by management and auditors to ensure that the SACCO maintains permitted liquidity levels by law alongside all investments. The Board through the appropriate committee monitors liquidity levels through weekly liquidity reports provided by management.

MUHAMMAD NDAWULA

Head of Finance and Investments (Management)

Member focus

The ultimate benefit to the member takes center stage in all major decisions. The reduction of lending rates, payment of annual bonus, offering affordable plots, welfare products such as medical and funeral products; all consistent with the objective. SteadFin has opened up channels of communication including social media to ensure member views are heard, member satisfaction surveys are conducted annually and updates are provided through the newsletters.

Diversified Growth

Over the years, SteadFin has taken a phased deliberate approach to investment in other income generating ventures. Money markets investments have grown from 1.4B in 2018 to 4.4B in 2022. Similarly, considerable growth has been registered in investment property, which has since increased from 2.1B in 2018 to 8.2Billion in 2022. Better still, these ventures supplement interest revenue and have been a major contributor to the net surplus position from time to time.

Internal Business Processes

A lot of effort has been dedicated towards aligning the SACCO processes. The Turn Around Time (TAT) for disbursements; both loans and savings has greatly improved, three batches are processed every week and one-off emergency payment are made. The SACCO enlisted services of reputable firms i.e., Ernst and Young and Kisaka and Co CPA to undertake annual External audits and Quarterly Internal audits respectively, whose findings and recommendations have helped to strengthen the internal control environment. SteadFin has been recognised and awarded in the FiRe awards and Top 100. New staff have been recruited to try and achieve the optimal personnel level as proposed by the Merger steering committee.

The Board and Management have made efforts to put in place a robust, user-friendly MIS to enable members full time visibility of their accounts. It has been a prolonged struggle that will eventually yield positive results. Key lessons have been picked along the way.

Risk and Internal Control

An effective internal control environment has been developed. SteadFin developed a risk management policy, which is updated to address prevailing challenges and maintains a register for all risks with appropriate action and mitigation where practicable. Loans are insured against death and incapacitation, members are enrolled for funeral insurance cover, with modest premium, medical insurance is available at affordable rates and insurance policies were procured for all non-current assets including SteadFin Towers.

Capital and Liquidity Analysis

The SACCO undertook a proactive capital preservation approach by ensuring that cash is deployed productively at all times. Liquidity reports are prepared at least twice in a week and the liquidity position has greatly improved over the years and so have the major liquidity ratios. All member requests are processed without restrictions and investments are carried out without compromising the liquidity levels for normal operations. The AGM set the Maximum external borrowing limit to 3 Billion but this has not been activated.

YVONNE BAHENDA

Head of Operations (Management)

Member focus

I am grateful for the continuous active member engagements and participation through the different communication channels such as email, social media, newsletters, awareness campaigns and events. The feedback from our members fostered a sense of ownership and commitment to the SACCO.

As part of our welfare services, the Health and Funeral Insurance products have been an important investment in our members' financial well-being. They provided financial protection against unexpected medical expenses, access to healthcare and preventive services, and improved health outcomes while reducing healthcare costs as well as covered the expenses associated with a funeral without incurring significant debt or financial hardship.

Diversified Growth

Diversifying growth is an important strategy for SteadFin to remain competitive and generate sustainable growth. Through the different Real Estate investments projects such as Mutundwe, Sonde, Nakassaja and Namayiba, members acquired plots of land at low costs compared to the market price with favourable payment terms while the SACCO registered a growth in income from the sales. In addition to Real Estate, Money market instruments of varying maturities were undertaken in light of anticipated liquidity demand to avoid keeping non-income generating idle cash.

Internal Business Processes

Efficient and effective internal business processes have been a critical and integral part of the SteadFin's success. With an active Internal audit organ, Standard Operating Procedures and policies, defined reporting lines and segregation of duties for both the Board and Management, efficiency, optimal resource utilisation and timeliness are what would best describe SteadFin.

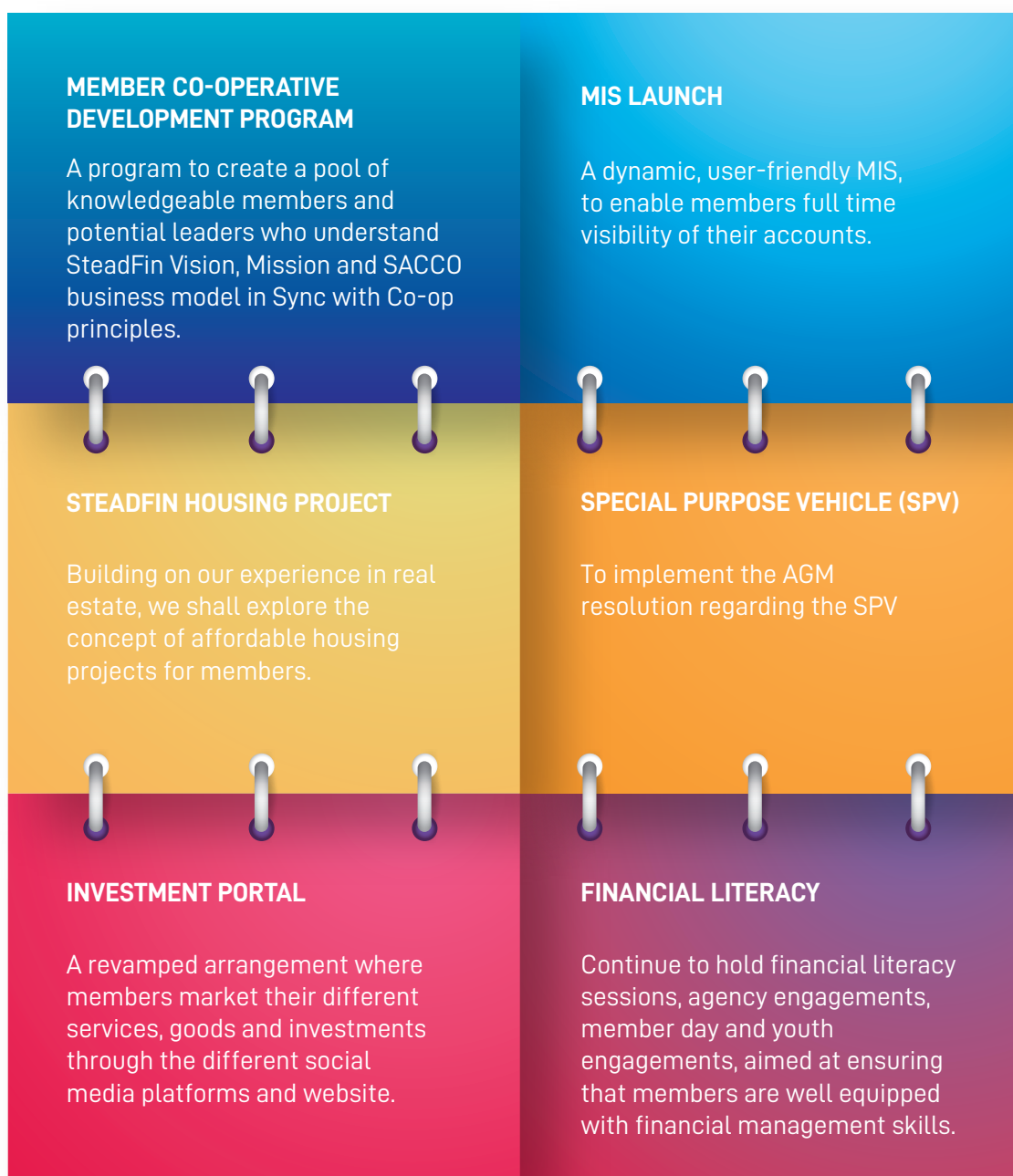
Risk and Internal Control

Management in partnership with the Board defined the risk tolerance levels of the broad risk categories that reflect the SACCO's appetite. Compliance to tax and statutory laws and regulations were excellent, developed and implemented the fraud, anti-money laundering, risk and credit policies to mitigate risk.

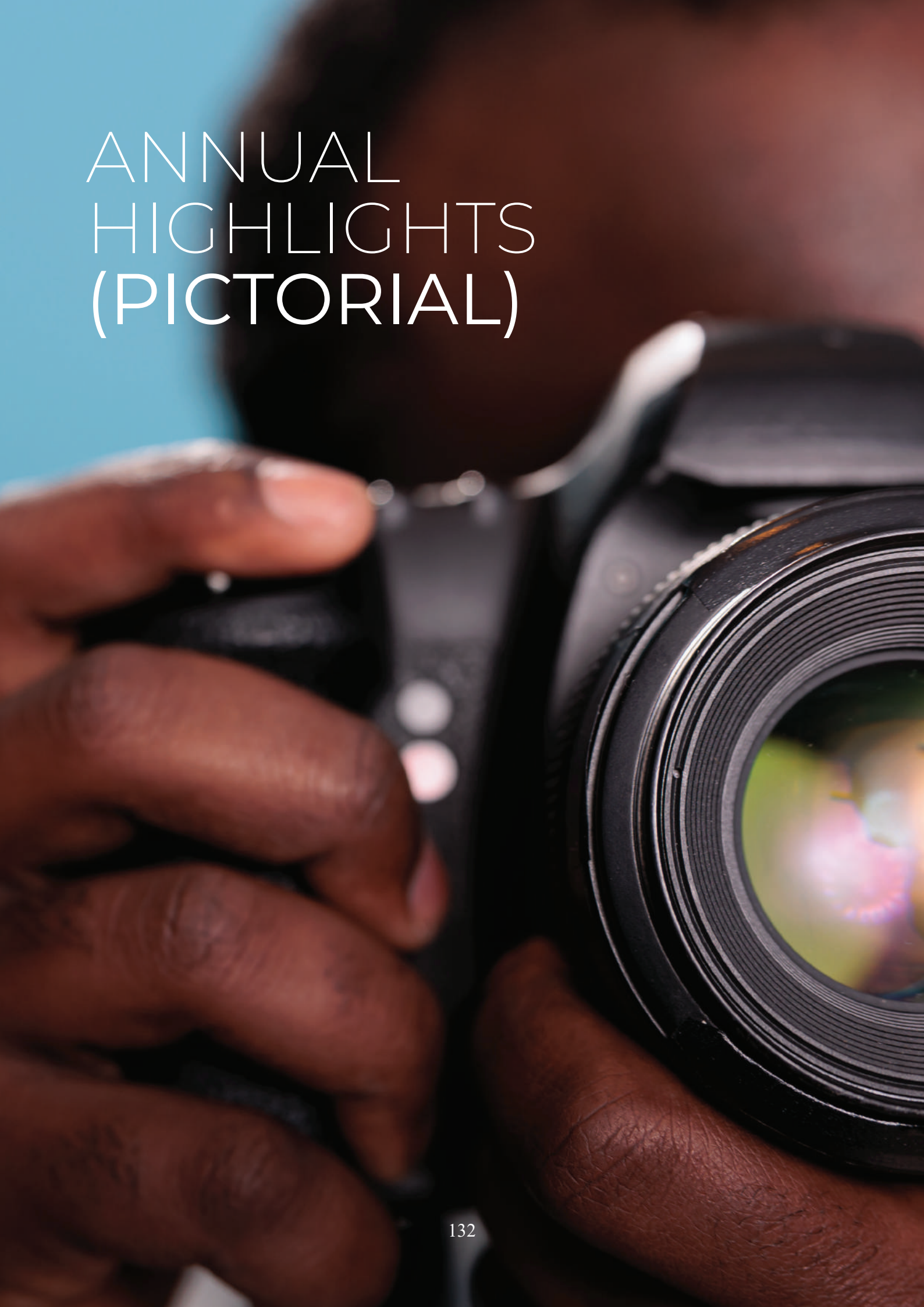
Capital and Liquidity Analysis

Over the years, the SACCO ensured and honoured all cash outflow commitments on a daily and ongoing basis. Members were able to withdraw funds and access loans whenever in need.

2023 UPCOMING PROJECTS AND PRODUCTS



ANNUAL HIGHLIGHTS (PICTORIAL)





Scenes from the
AGM 2022



STEADFIN MEMBER ENGAGEMENT

FRIDAY **JULY 29TH** 2022
2:00PM – 4:00PM

THEME:
The power of co-operation:
Benefiting as a SACCO Member



Guest Speaker:
CPA Ivan Asilimwe

Ivan is the General Secretary and CEO of the Cooperative Alliance (UCA), and has been instrumental in the development of the UCA.

Literacy Sessions in 2022

IN PARTNERSHIP WITH THE U.S. EMBASSY

FINANCIAL LITERACY TRAINING

FOR EMBASSY LE STAFF MEMBERS

April 07th 2022 2:00pm to 4:00pm

Venue for physical attendance:
Green space by OBO Building

Key speaker
Ronald Mukasa
Financial Literacy Coach



First ever Member Day





SteadFin at Award shows



SteadFin Youth Engagement Session



SteadFin Uganda SACCO Ltd

Plot 1001, Ggaba Road
Susie House, Nsambya
P. O Box 584 Kampala UGANDA



0392 002 559



info@steadfin.com



www.steadfin.com



@steadfin



SteadFin Uganda SACCO Ltd



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