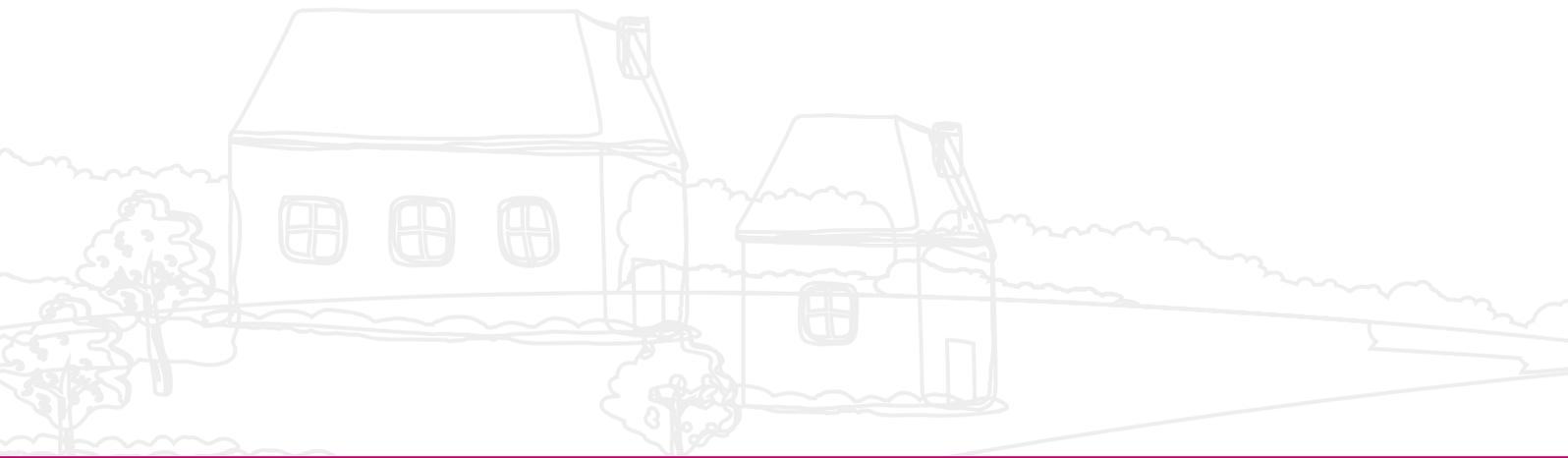




**Strømme Microfinance
East Africa Ltd.**

**Annual Report
2015**





Karibu



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Abbreviations and Acronyms

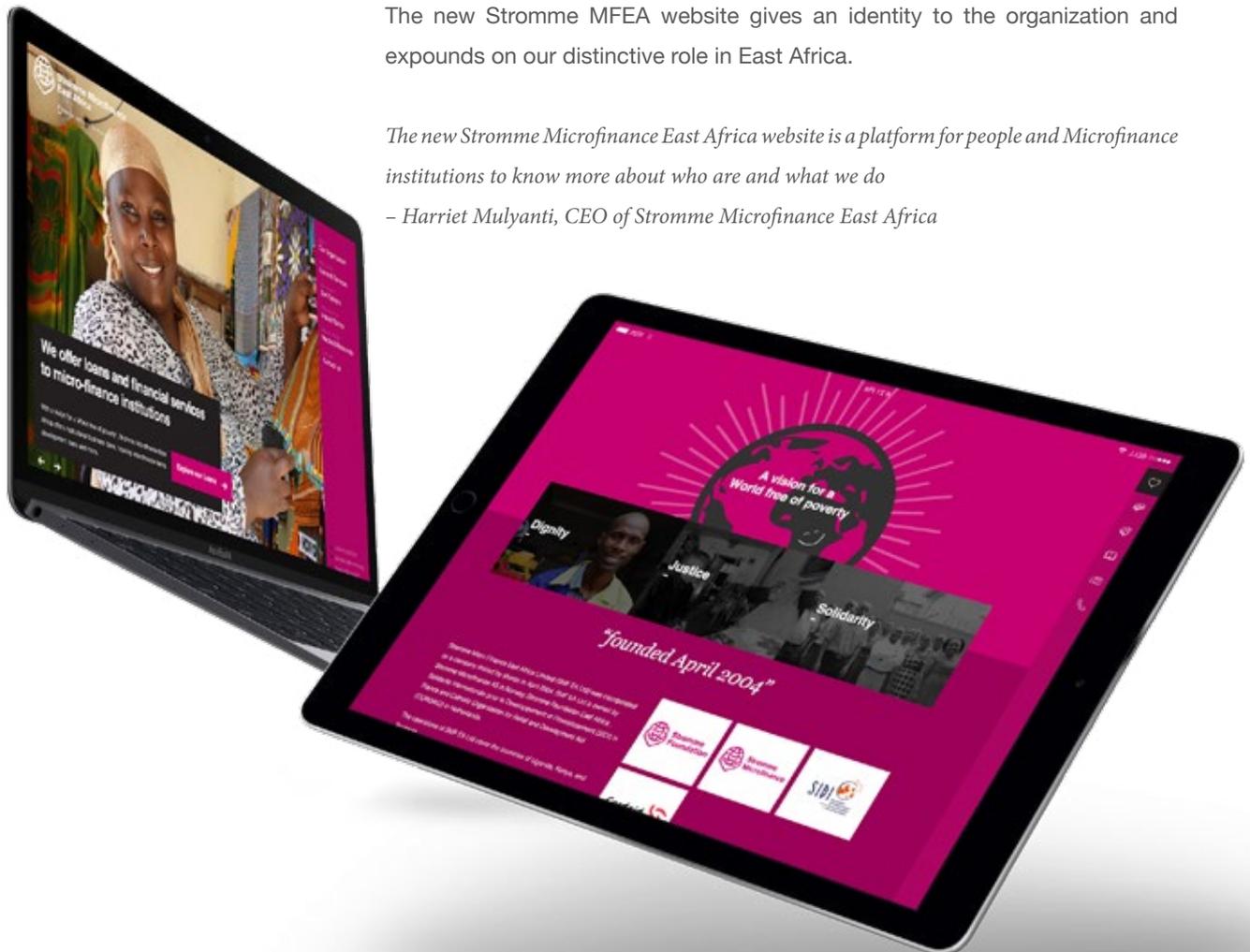
| | |
|-------------------|---|
| CEO | Chief Executive Officer |
| CMMF | Community Managed Microfinance |
| FM | Finance Manager |
| IO | Investment Officer |
| NGO | Non-Governmental Organization |
| SACCOS | Savings and Credit Cooperative Organization |
| SF | Stromme Foundation |
| SIDI | Solidarité Internationale pour le Développement et l'Investissement |
| SMF EA Ltd | Stromme Microfinance East Africa Limited |
| SPM | Social Performance Management |
| SPTF | Social Performance Task Force |

The new stromme-mfea.com

The new Stromme MFEA website gives an identity to the organization and expounds on our distinctive role in East Africa.

The new Stromme Microfinance East Africa website is a platform for people and Microfinance institutions to know more about who are and what we do

– Harriet Mulyanti, CEO of Stromme Microfinance East Africa



Executive Summary



Board of Directors 2015

1. Mrs Priscilla Serukka
SF EA Regional Director / Chairperson
SMF EA Ltd
2. Mr. Bjorn Stian Hellgren
SMF AS
3. Mrs. Aasa Sildnes
SMF AS
4. Mrs. Clare Wavamuno
Independent
5. Justice Mike Chibita
SMF AS—Term ended 19th March 2015
6. Mrs. Valentine Gitoho
Independent
7. Mrs. Sascha Noe
CORDAID
8. Mr. Frederic Foulon
SIDI
9. Mr. Edward Sekabanja
SMF AS - Appointed 19th March 2015
10. Dr. Oyvind Aadland
SMF AS

Head Office & Registered Office

Plot 25 Bukoto Street, Kamwokya
P.O. Box 27200,
Kampala, Uganda

Tel: +256 414 532842 / 4

Fax: +256 414 532834

Email: smfeaceo@stromme.org

Website: www.stromme-mfea.com

Facebook: [facebook.com/StrommeEA](https://www.facebook.com/StrommeEA)

Bankers

Standard Chartered Bank, Uganda
Speke Road
P O Box 544, Kampala.
Uganda, East Africa
—
Standard Chartered Bank
Kenya Limited
Koinange Street branch
P.O. Box 44856
Nairobi, Kenya
—
KCB
Oyster Bay
Harambee Plaza
A.H.Mwinyi Road/Kaunda Drive,
P.O. Box 804
DaresSalaam, Tanzania

Auditors

KPMG
Certified Public Accountants
3rd Floor Rwenzori Courts, Plot 2 and 4A
Nakasero Road
P O Box 3509 Kampala
Uganda

Solicitors

Nyombi and Company Advocates
Amber House, 1st Floor,
Room 111B/112 Wing B
P.O. Box 10885, Kampala.
Uganda, East Africa.
—
TRIPPLEOKLAW
Advocates,
ACK Garden House, 5th Floor, Wing C
First Ngong Avenue, off Bishops Road,
P. O. Box 43170 - 00100,
Nairobi, Kenya
—
Nambogo & Company Advocates
Park Royal, Fourth Floor Suite B4
Plot 26, Buganda Road
P.O. Box 9071
Kampala
—
CRB Africa Legal,
Plot No. 60 Ursino Street,
Regent Estate,
P.O. Box 79958 Dar es Salaam,
Tanzania





1 Word from the Board

Priscilla Mirembe Serukka
Chairperson, Board of Directors

The financial year 2015 marked our second year of implementing the Strategic Plan for the company 2014-2018. It's such an honour to lead such an excellent Board to steer and oversee the performance all throughout the year. Special appreciation goes to management which has steered the company positively through all challenges of 2015.

On behalf of the shareholders and the Board, I thank all Partners of Stromme Microfinance EA Ltd for their contribution and innovative approaches that have enabled the company to register tremendous results.

Special thanks and appreciation to all the funding Partners that have contributed to raising the required funding for the period. In 2015, the Company was able to raise an equivalent of Ugx 2.829 billion (USD 847,513) to grow its business from SIDI (Euros 500,000) and Kolibri (USD 250,000). In addition to borrowings, the Company also received UGX 530M (USD 158,778) in form of capital grants from Stromme Foundation and CORDAID. This enabled the partner institutions to provide more financial and capacity building services to the enterprising poor in the region.

In 2015, the Company was able to raise an equivalent of Ugx 2.829 billion (\$ 847,513) to grow its business

To enable the Company to track its social objectives, with support from Cordaid and through partnership with practitioner networks, the company successfully completed the integration of Social Performance Management in 8 partner institutions, 7 of which developed social indicators that will be monitored in the year 2016.

As outlined in the Strategic Plan, the Company continued to implement the key strategies that would ensure more people are financially included and also have access to non-financial services. These included: a) Strategy to grow and increase outreach by the Partner MFIs; b) Strategy to work with small and emerging Institutions; c) Strategy to promote Social Performance Management and Integration within MFIs systems and processes and; d) Strategies to ensure that the required resources are available.

We continued to implement the key strategies that would ensure more people are financially included...

Performance of 2015

The business environment for 2015 was mixed in terms of the economic trends. During the first three quarters, there were continuous increments in foreign exchange rates which affected the financial results. The borrowing rates for the available funding on the market were not favorable for the company to take on any additional debt from both local and international external sources.

The region was also greatly affected by high inflation, forex deterioration and hence affecting the company's operational costs. However, the institution made total profits after tax amounting to UGX 1.087 billion (USD 325,716) for the period ended 31st December 2015 compared to UGX 1.785 bn (USD 534,824) registered in 2014.

The company has continued to collect stories of significant change in the lives of the economically active poor. These stories have inspired us and made our efforts worthwhile. To this end, we shall labour to even reach deeper.

I once again take this opportunity to thank all stakeholders including our partners, shareholders, funders and the regional governments, for their continued partnership and support. In a special way, I thank the Board of Directors for the continued oversight, management and staff for their dedication, hard work and commitment.

Priscilla Mirembe Serukka
Chairperson, Board of Directors





2

Message from Our CEO

Harriet Mulyanti
Chief Executive Officer

Financial year 2015 was yet another great stride towards attaining our key objectives in the Strategic Plan 2014-2018. Thanks to our Partners and dedicated team that contributed to the attained results.

In 2015, SMF EA Ltd through its support to 26 Microfinance Institutions, in Kenya, Tanzania and Uganda reached out to 1.878 million people by offering them an opportunity to access financial services that included savings, money transfers, credit and training in financial literacy.

The Company grew its asset base by 10.4% from Ugx 34.978 billion (USD 10.479 million) by end of 2014 to Ugx 38.61 billion (USD 11.57 million) by end of 2015. The Company's profitability has been on the increase over the years. However, comparing the period 2014 and 2015, profit after tax declined from Ugx 1.785 billion (USD 534,833) to Ugx 1.087 billion (USD 325,716) due to the increments in the interest expense on borrowed funds, the net foreign exchange loss and costs, investing part of the generated revenue into strengthening the capacity of small and emerging institutions as well as increased taxation charge (tax payable brought forward).

To further evaluate its interventions, SMF EA Ltd made a follow up study of the impact baseline results of three partner institutions including Advance Uganda Microfinance Limited, Uganda Ecumenical Church Loan Fund Limited (ECLOF-U) and KEDEP (U) Limited. As indicated in section 1.0 of the report, the results show a positive contribution of partner institutions towards the improvement in livelihoods of the poor people hence contributing to our core values of a life of dignity.

1. In 2016 SMF EA will train all its Partners, Consultancy Associates and staff in the use of SPIV audit tool with support from the Social Performance Task Force (SPTF).
2. In relation to the above, SMF EA Ltd shall undertake an SPI4 audit assessment of all its partners.
3. Pilot test the Agriculture value chain finance in close collaboration with Finance Access¹. Partners will be supported to refine/ develop Agricultural value chain products.

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

profit after tax
UGX
1.087billion

company assets
10.4%

Harriet Mulyanti
Chief Executive Officer

¹Financial Access is headquartered in Amsterdam with operations in key emerging markets (see www.financialxs.com). They have particularly strong capabilities and experience in Sub Sahara Africa, South East Asia and the Middle East and North Africa region.



3 Who we are



Munira Muhammed Aziz is a client beneficiary through BIMAS Kenya Limited

Stromme Microfinance East Africa Limited (SMF EA Ltd) is a wholesale lending company incorporated in Uganda in 2004 to provide financial and capacity building services to microfinance institutions in the East African region. SMF EA Ltd is owned by Stromme Microfinance AS (SMF AS) in Norway, Stromme Foundation Regional Office in East Africa, Solidarite Internationale pour le Developpement et l'Investissement (SIDI) in France and Catholic Organisation for Relief and Development Aid (CORDAID) in Netherlands.

Our Vision

A World free of poverty



Where we Work

The operations of SMF EA Ltd cover the countries of Uganda, Kenya, and Tanzania.

Our Mission

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

What we Value



Dignity

We believe in all people realizing their rights, respect and healthy self-esteem.



Justice

We strive for social rights of individuals and communities and access to resources and power.



Solidarity

We empathically identify ourselves with the plight of marginalised and discriminated groups.

Loans & Services

SMF EA Ltd has developed a number of products and services as listed below:



Housing Microfinance Loan

These are loans extended to partners for purposes of catalyzing lending operations to house building, improvements and addition of related accessories on the menu offered to their clients.



Institutional Agriculture loan

This is a new loan product aimed at supporting rural poor engaged in agribusiness. It anchors mostly on improving value chains in the agricultural business for better results and sustainability.



Institutional Business loan

These are loans extended to partner institutions through direct capital injection of substantial loan amounts for working capital.



Institutional Development loan

These are loans extended to partner institutions to enable them finance and develop their institution's capacity to deliver the required services.



Capacity Building Support

System and policy development, product refinement & development, Partner staff training, Business Plan development among others.



Consortium Funding

SMF EA Ltd in partnership with other apex organizations or lenders can jointly provide funding to partners that have requirements above the limits set by each individual apex organization.



Corporate Governance

Stromme Microfinance East Africa Limited has established a system of best practices in Corporate Governance.

The Corporate Governance framework is based on an effective independent board, the separation of the board's supervisory role from the executive management and the constitution of board committees generally comprising of a majority of non-executive directors and chaired by non-executive directors to oversee critical areas.

The institution has a broad-based board of directors. The board functions as a full board and through various committees constituted to oversee specific operational areas. The board has constituted five committees comprising non-executive directors which meet on a quarterly basis. These include the

Executive Committee, Finance Sub Committee, the Audit Sub Committee, the extra ordinary Sub Committee of Local Directors and Operations Committee. As of 31st December 2015, the Board of Directors consisted of 8 members.

The Board continued to pursue its overall mandate as stated below:

- A.** To guide the company in fulfilling its corporate mission.
- B.** To give strategic direction to Management.
- C.** To protect the Company's assets over time and ensure survival and the prosperity of Company in a transparent and accountable manner.
- D.** To protect the shareholder's interest.

In line with its mandate, the Board undertook key activities that included the following:

- 1.** The Board continuously reviewed the institution's performance in line with the approved Business Plan 2014-2018, approved a number of policy documents and gave strategic guidance to management.
- 2.** The Board approved a number of policies which included the revised HR, Accounting and Operations.
- 3.** The Board greatly supported management in fundraising, whose fruits shall mainly be realised in 2016.
- 4.** Through the Audit committee, the board oversaw risk management and also supported management to strengthen the company's internal control systems.
- 5.** The Board conducted a field visit to some partner clients in Tanzania.
- 6.** The Board approved a number of loans to partner institutions during the year.



Mrs. Priscilla M. Serukka
Chairperson



Mr. Bjorn Stian Hellgren
Director
Representative of SMF AS



Mr. Edward Sekabanja
Director
Representative of SF



Mrs. Aasa Sildnes
Director
Representative of SMF AS



Mrs. Clare Wavamunno
Director - Independent



Mrs. Valentine Gitoho
Director - Independent



Mr. Rob Brouns
Director
Representative of CORDAID



Mr. Quentin Lecuyer
Director
Representative of SIDI



Dr. Oyvind Aadland
Alternate Director

Management & Staff



Harriet Mulyanti
Chief Executive Officer



Paul Katende
Operations Manager



Ann Rose Namatovu
Finance Manager



Cressy Musasiizi
Investment Officer



Andrew Sooka
Investment Officer



Christopher Luyima
Accountant



Joseph Odeke
Driver



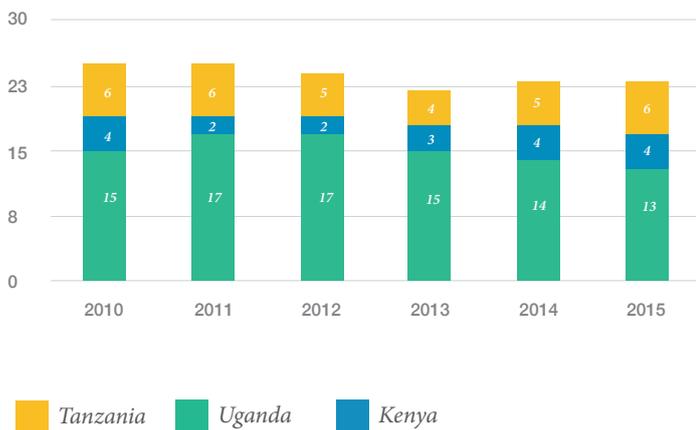
4 Performance Reports



Jane Mbogo, a diary farmer supported by ECLOF Kenya a partner institue of SMF EA Ltd.

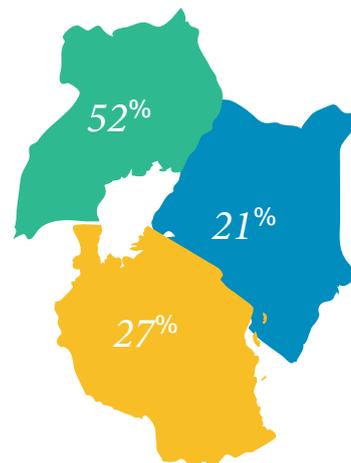
Supported Microfinance Partners

SMF EA Ltd provided financial and non-financial services to 26 Partners during the year although the year ended with 23 Microfinance partners having outstanding loans i.e. Uganda (13), Kenya (4) and Tanzania (6).



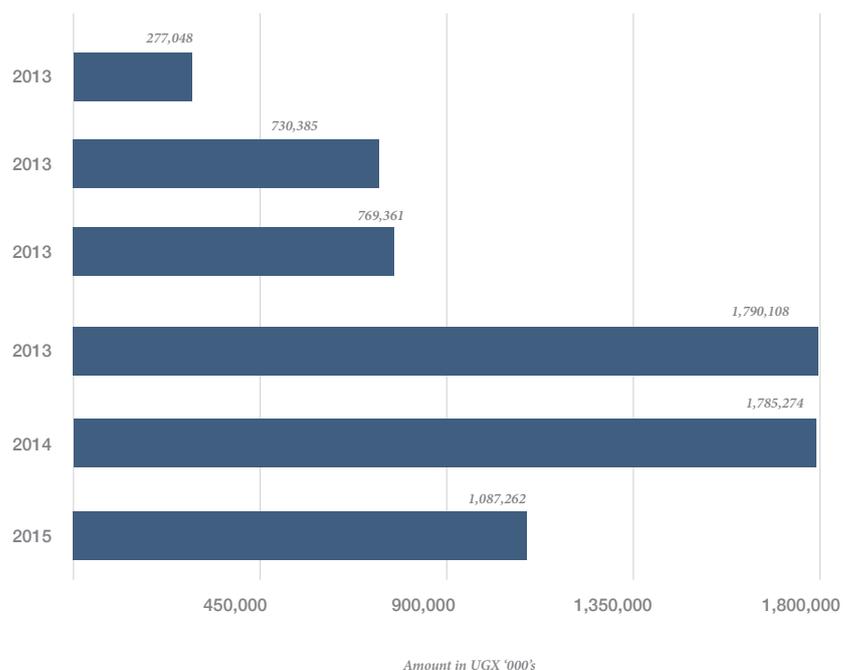
Distribution of Loan Portfolio by Country

The map below shows the loan portfolio distribution by Country as of December 2015. The biggest portfolio concentration was in Uganda (52%), followed by Tanzania (27%) and Kenya (21%).



Profit after Tax

The Company's profitability has been on the increase over the years. However, comparing the period 2014 and 2015, profit after tax declined from Ugx 1.785 billion (USD 534,833) to Ugx 1.087 billion (USD 325,716) due to the increments in the interest expense on borrowed funds, the net foreign exchange loss and costs, investing part of the generated revenue into strengthening the capacity of small and emerging institutions as well as increased taxation charge.

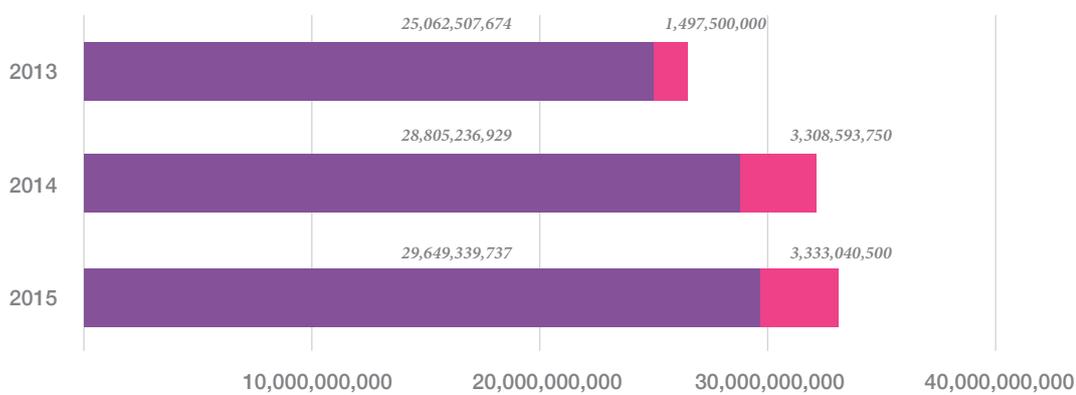


Distribution of Loan Portfolio by Product

The Company's portfolio has mainly been split into two major products i.e. the Institutional Business Loan (90%) and the Institutional Housing loan (10%). As at December 2015, out of 26 supported partners, the company was in partnership with 6 partners under the Institutional Housing Loan product.

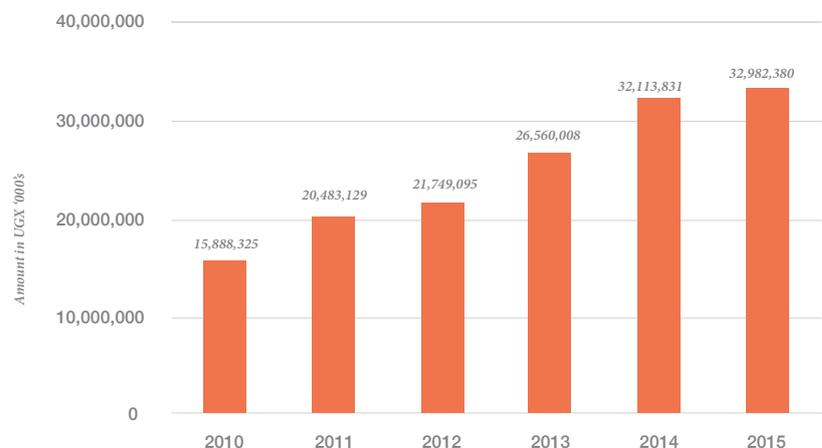
the company signed a memorandum of understanding with Finance Access to start strengthening capacity of partners to manage the Agricultural loan product based on specific value chains. They will all be supported in the year 2016 to refine/develop Agricultural value chain products.

Pilot testing of the Institutional Development Loan product and Institutional Agricultural loan product delayed due to the uniqueness of these products. However, during the year,



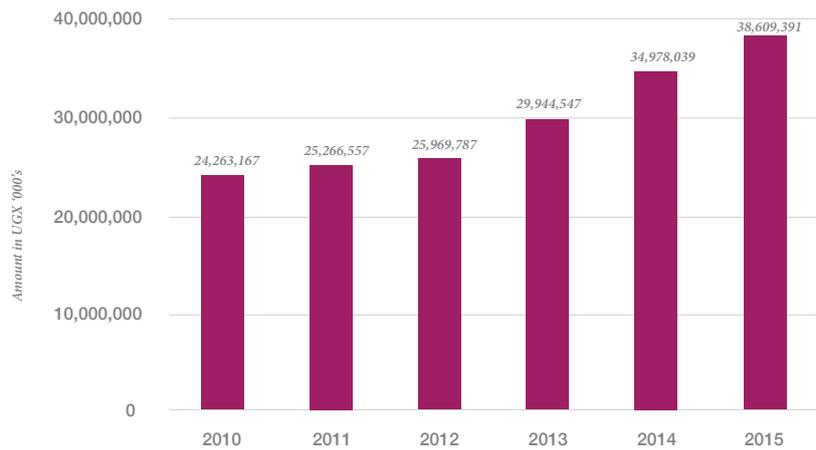
Loan Portfolio volume and Quality

The Company registered a 2.7% increase in Loan portfolio from Ugx 32.114 billion (USD 9.62 Million) as of December 2014 to Ugx 32.98 billion (USD 9.88 Million) as 31st December, 2015. Portfolio quality as measured by portfolio at risk (>30 days) was 0% for the consecutive 2 years.



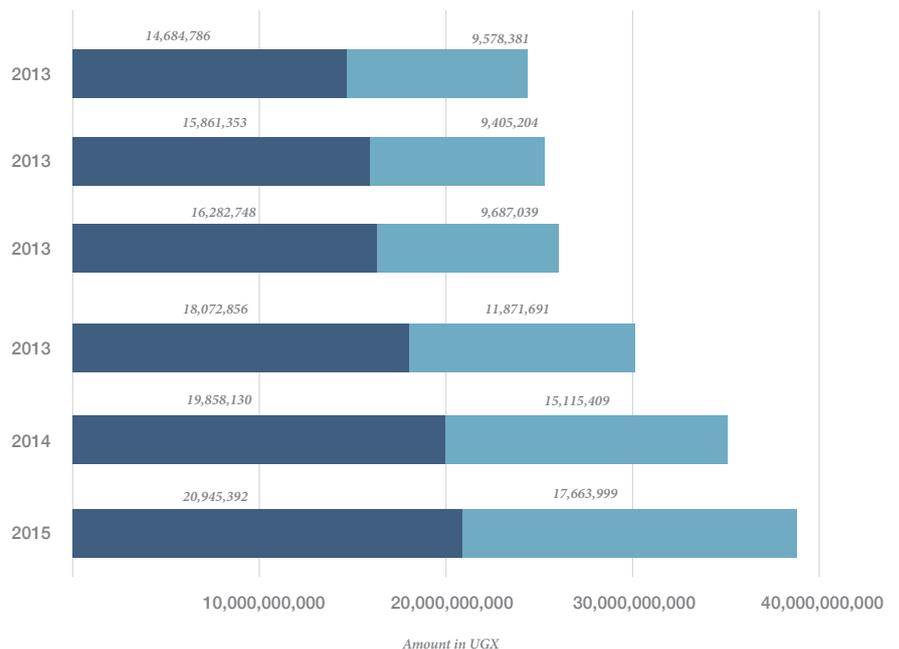
Total Assets

Total assets increased by 10.4% from Ugx.34.978 bn (USD 10.479 million) in 2014 to Ugx 38.61 billion (USD 11.57 million) as of December 2015.



Equity and Liabilities

Total Liabilities increased by 16.8% from Ugx 15.12 billion (USD 4.5 million) as of 31st December 2014 to Ugx.17.66 billion (USD 5.3million) as of 31st December 2015. Equity increased by 5.5%, from Ugx.19.86 billion (USD 5.95million) as of 31st December 2014 to Ugx 20.945 billion (USD 6.27 million) as of 31st December 2015. Increase in liabilities was mainly due to accessing more loans for on-lending to partners. Increase in equity was as a result of the profitability of the Company.



The Macro-economic Challenge

The company was mainly challenged by the macro-economic conditions in the region i.e. high inflation rates, high interest rates and (foreign exchange) rates which affected the company's operational plan and hence affecting the financial results.



“ Access to funds enabled me to educate my children ”

Munira Muhammed Aziz,
Supported by BIMAS Limited, Kenya



Munira Muhammed Azizi is 45 years old, married with 6 children. For Munira, educating her children has been of paramount importance having not been able to complete her studies.

Married off at a young age to a Moslem Imam, she had to face the realities of life in poverty before being introduced to BIMAS Ltd in Kenya. Munira is one of the 25 women member group called Subira under the BIMAS village savings and loan groups. The group started in 1998 with 11 members but has now grown to more members joining. Munira joined in 2006 and their group meets every week to save.

Munira recalls that before BIMAS came to their area, community members were scattered and they didn't have any tangible business to keep them busy. She also said that at the time she didn't even know about saving or having her own business.

Munira started small with a small mobile restaurant business. She used to hawk around shops selling food around lunch time. After joining BIMAS Ltd, through her group members, she borrowed and invested in her small restaurant and grocery shop. She has so far taken 28 loans for various products including payment for her first rent for the two roomed restaurant.

What is so outstanding with her story is that she has managed to educate her children almost by herself. Her first born girl is now working with Kenya Commercial Bank in Nairobi. Her second born also graduated and works in Mombasa whereas the third and fourth are at university. The fifth is in secondary school while the last born is almost completing primary education and will soon join secondary school.

“In the past I used to struggle a lot thinking about my children's fees. But now looking at them progress makes me so happy. School fees used to stress me alot yet I really wanted them to study,” recalled Munira. She further shared how hawking food on the streets used to stress her. Sometimes people would ask for food before paying and when she would go to get her payment, she would not find them but now with her restaurant in one place, she just sits and waits for clients to come. It is much easier.

Munira's dream, now that her children are almost done with school is to put up some houses for rent. She hopes that with such an investment, she will secure her retirement time.



“
1.878 million
reached
by partners
 ”

Members of a loan and savings group supported Tujjienge Tanzania Limited. They have chosen to invest together in agriculture



SMF EA Ltd is committed to measuring its social results on output, outcome and wherever possible at impact level. The company in partnership with practitioner networks in Uganda and Kenya successfully supported 8 partner institutions in various technical aspects of implementing Social Performance Management (SPM). The partners supported included STIMA Sacco, Kenya Ecumenical Church loan Fund Ltd, Letshego Kenya, BIMAS Ltd (all in Kenya); Uganda Ecumenical Church loan Fund Ltd, KEDEP Ltd, Advance Uganda Ltd and Butuuro Sacco (all in Uganda).

As at December 31, 2015, SMF EA Ltd partner institutions across the East African region reached out to 1.878 million people by offering them an opportunity to access financial and non-financial services that included savings, money transfers, credit and training in financial literacy. Out of the clients reached through credit services, 66% were female and 34% male.

From the follow up study of the 1,002 partner clients from 3 microfinance institutions (i.e. ECLOF-Uganda, Advance Uganda and KEDEP Ltd) that participated in the baseline study that was undertaken in 2014 the following was noted:

- 1 There was a marked increase in proportion of households that were able to meet their food requirements. Almost **all (99%)** of the respondents reported being able to meet their food requirements, marking an 18% overall increase from the baseline.
- 2 The evaluation established that **98% of the proportion** of households with children aged between 6-12 years were in school. This was a 2% increase from baseline results.
- 3 Clients that owned a house **increased from 82%** at the baseline (2014) to the current 86% (2015). This portrayed that there was progress out of poverty by the persons benefiting from credit they receive from the partner institutions.
- 4 All respondents reported having **taken a loan from a formal financial institution**. This was a step in the right direction since access to formal credit also enables communities to come out of poverty.

Social Performance Management

With the grant support from CORDAID of 20,000 Euros, SPM implementation in various technical aspects of implementing SPM was successfully completed with 8 partner institutions. Partner institutions supported included Advance Microfinance Uganda Limited, KEDEP (U) Ltd, ECLOF-Uganda and Butuuro

SACCO in Uganda, Letshego-Kenya, BIMAS Ltd, ECLOF-Kenya and STIMA Sacco in Kenya. All the 7 partners other than STIMA Sacco developed social indicators and will be followed up for reporting in the year 2016.

UGX.
“640 million on capacity building”



SFEA partner staff together with SMF EA Ltd staff during an information sharing session at Thika Community Development Trust where they had gone to learn more about Community Managed Microfinance

The capacity building support and intervention during the year 2015, were worth Ugx 640 million (191,732) comprising of Ugx 479M(USD 143,999) as grants from Stromme Foundation, Cordaid and SMF AS innovation fund in addition to Ugx 161M (USD 48,232) from the company’s internal revenue.

and CBS PEWOSA in Uganda and WAHI in Tanzania were supported to form legal entities and provide financial services on a professional and sustainable basis. This is one of the new innovations in trying to come up with models of reaching out to poor people that might be excluded while building sustainable institutions. The results of this pilot shall be replicated once proven successful.

The biggest budget was on the pilot study of building capacity of the formed Saccos by partners of Stromme Foundation that are promoting the Community Managed Microfinance (CMMF) program. Partners including COVOID

Other specific value additions to partner institutions through the capacity building support during the period included;



Staff from SFEA partner organisations and SMF EA Ltd pose for a group photo during an exposure visit to Thika Community Development Trust



1

9 Partner Institutions (with a total of 22 Board and staff members) were trained in Corporate Governance and Strategic Leadership. The training was held from July 6th to 10th, 2015. Training of Board members and senior management team has been beneficial to these institutions and most of them have greatly improved in developing clear strategies, review and development of key policy manual and documents and improvement of institutional systems and processes.

3

As part of the strategy of building small and emerging institutions , **KEDEP (U) Ltd and Butuuro SACCO were supported** to develop key policy manuals/documents. It is expected that the manuals will greatly assist the partner to streamline its weaknesses in policies and systems.

5

6 Partner staff from Advance Microfinance (U) Ltd, Mwanga Community Bank and Uganda Microcredit Foundation Ltd were supported to build their skills through the Mentoring and Coaching program that was undertaken in conjunction with PRIDE Microfinance (MDI) Ltd.

7

Letshego Kenya Ltd in Kenya was supported to undertake marketing of the Housing Loan product through radio programs and also train its staff in Loan Appraisal and Delinquency Management.

2

The company undertook an **impact assessment study** of 3 partner institutions in Uganda including KEDEP U Ltd, ECLOF-Uganda and Advance Uganda (AUMF). This was a follow up the results of the baseline study of 1,002 partner clients in the 3 Partner institutions and assess the impact of SMF EA Ltd.'s intervention on the livelihoods of these partner clients.

4

Finance Trust Bank (FTB) Ltd was supported to undertake Financial Literacy training of its clients in Gomba Branch. FTB was able to increase its outreach and extended financial services to more enterprising poor people in Gomba District, Uganda.

6

Advance Uganda Microfinance Ltd (AUMF) in Uganda was supported to improve its back up systems and purchase of 5 motorcycles for credit operations. It is expected that the support will help AUMF to improve its monitoring of loans and stability of power system.

2

Tujjenge Tanzania Ltd was supported to undertake a financial and social rating by Microfinanza.

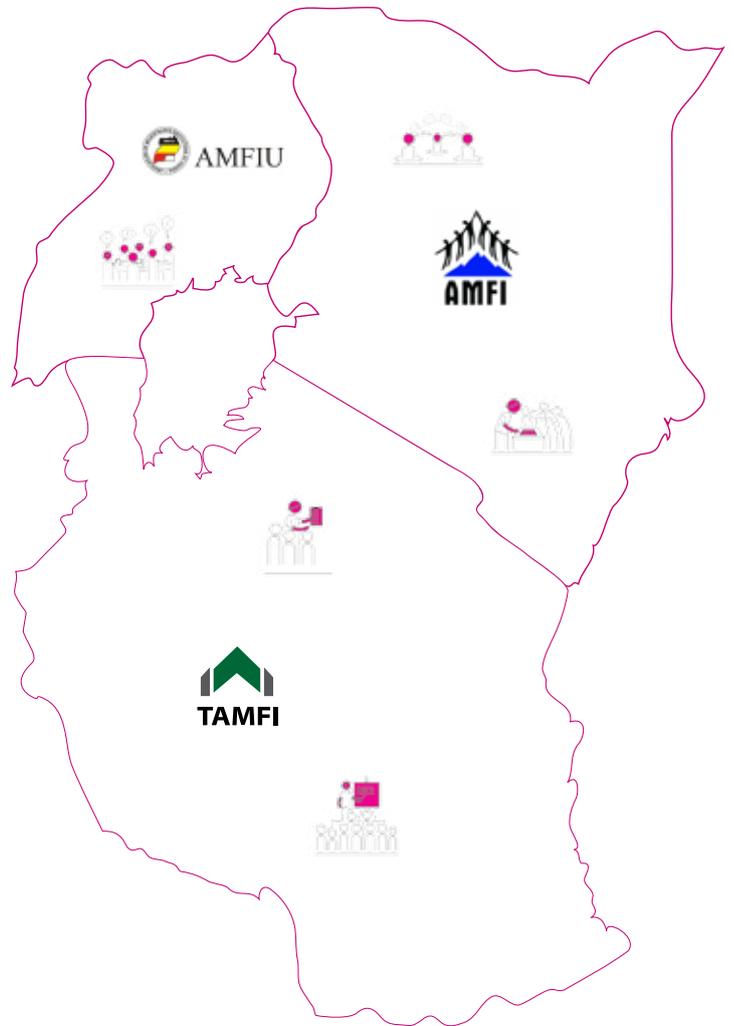


An officer from Thinka Community Development Trust takes our SFEA partner staff through some lessons learnt in implementing Community Managed Microfinance.

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

Practitioner Networks

Stromme Microfinance East Africa Limited Limited continued its support to the Microfinance industry by working closely with practitioner networks of Tanzania, Uganda and Kenya.



1. The Association of Microfinance Institutions of Uganda (AMFIU) was supported to organise the National Microfinance Conference that brought together all the players in the Country to learn and share from each other. The conference was under the theme “The Path to Financial inclusion: Re-examining Uganda’s Microfinance Strategies”
2. The Association of Microfinance Institutions of Uganda (AMFIU) and the Association of Microfinance Institutions of Kenya (AMFI-K) were supported to work with 8 partner institutions in various technical aspects of implementing Social Performance Management (SPM). As a result, 7 of the supported partners developed social indicators that will be monitored effective the year 2016.
3. AMFIU was supported to conduct a refresher training of 3 partners in Kenya (Letshego Kenya, ECLOF-Kenya and BIMAS) and 3 Partners in Tanzania (ECLOF-Tanzania, Mwanga and PRIDE-Tanzania) in Performance Monitoring Tool (PMT). As a result, partners in Kenya and Tanzania improved their quarterly financial reporting and AMFIU was able to market the PMT to the region.
4. The Company participated in the Inaugural East African Microfinance Summit and exhibition that was hosted by the Association of Microfinance Institutions of Kenya (AMFI-K). The summit was under the theme “Microfinance Enhancing Livelihoods through Innovations”.
5. The company continued engaging in the wholesaler’s network meetings in Kenya and Uganda and was able to establish joint support of capacity strengthening for some partner Institutions in form of grants to improve their Management Information Systems.
6. There was continued information sharing in the region. As a result, the company successfully hosted two teams from other wholesale lenders/ Apex associations in Africa i.e. Micro-Enterprises Support Programme Trust (MESPT) from Kenya and Zimbabwe Microfinance Fund (ZMF) and Zimbabwe Association of Microfinance Institutions (ZAMFI) from Zimbabwean meeting other wholesale lenders/players in the region.

Pictorial - Board visits Tanzania



A picture moment after dinner with Board members and leaders of partner institutions during the board visit to Tanzania in May 2015



Board chair captured with Johari, a client of Yosefo whom the board visited during the May 2015 visit to Tanzania



Clare, a Board member (Left), Priscilla the Chair (middle) and Harriet the CEO are taken up by a client's story during a lunch break



Some of the Board members pose with clients of Tujjijenge after visiting their vegetable farm.

STROMME MICROFINANCE EAST AFRICA LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

| | 2015 | 2014 |
|--|--------------------------|--------------------------|
| | Ushs'000 | Ushs'000 |
| ASSETS | | |
| Cash and cash balances | 1,782,105 | 1,890,451 |
| Deposits with other financial institutions | 2,713,443 | 546,234 |
| Investments | 7,650 | 8,483 |
| Loans and advances to customers | 33,127,172 | 31,758,735 |
| Other receivables | 97,932 | 173,883 |
| Corporation tax receivable | 267,867 | - |
| Due from related parties | 220,624 | 117,550 |
| Property and equipment | 101,000 | 132,956 |
| Intangible assets | 4,204 | 6,004 |
| Deferred tax asset | <u>287,394</u> | <u>343,743</u> |
| TOTAL ASSETS | <u>38,609,391</u> | <u>34,978,039</u> |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Borrowings | 16,811,925 | 14,274,788 |
| Corporate tax payable | - | 224,699 |
| Trade and other payables | 800,614 | 556,867 |
| Deferred grants | <u>51,460</u> | <u>63,555</u> |
| TOTAL LIABILITIES | <u>17,663,999</u> | <u>15,119,909</u> |
| EQUITY | | |
| Share capital | 5,387,270 | 5,387,270 |
| Share premium | 9,494,644 | 6,241,565 |
| Equity contribution | - | 3,253,079 |
| Retained earnings | <u>6,063,478</u> | <u>4,976,216</u> |
| TOTAL SHAREHOLDERS' FUNDS | <u>20,945,392</u> | <u>19,858,130</u> |
| TOTAL LIABILITIES AND EQUITY | <u>38,609,391</u> | <u>34,978,039</u> |

The financial statements set were approved by the Board of Directors on
 12.1.2016 and signed on its behalf by:-


 Director


 Director

STROMME MICROFINANCE EAST AFRICA LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2015

| | 2015 Ushs'000 | 2014 Ushs'000 |
|--|---------------------------|---------------------------|
| Interest income | 4,853,751 | 3,943,933 |
| Interest expense and fees | <u>(1,251,217)</u> | <u>(905,853)</u> |
| Net Interest Income | <u>3,602,534</u> | <u>3,038,080</u> |
| Fee and commission income | 164,996 | 88,039 |
| Other operating Income | 17,273 | 49,388 |
| Grants for non-financial activities | 479,406 | 480,000 |
| Reversal of excess loan loss provision | <u>136,406</u> | <u>528,880</u> |
| Operating Income | <u>4,400,615</u> | <u>4,184,387</u> |
| Administrative expenses | (660,964) | (499,610) |
| Expenses on non-financial activities | (640,345) | (624,046) |
| Staff costs | (733,954) | (765,955) |
| Net foreign exchange loss | <u>(584,541)</u> | <u>(155,196)</u> |
| Operating expenses | <u>(2,619,804)</u> | <u>(2,044,807)</u> |
| Profit before taxation | <u>1,780,811</u> | <u>2,139,580</u> |
| Taxation charge | <u>(693,549)</u> | <u>(354,306)</u> |
| Profit of the year | <u>1,087,262</u> | <u>1,785,274</u> |
| Other comprehensive income | | |
| Total comprehensive income | <u>1,087,262</u> | <u>1,785,274</u> |

APPENDIX II: VOICES FROM THE PARTNER CLIENTS



Angella to one of the houses she has constructed



Angella, waiting to serve clients in her grocery store



Angella's old houses that she she plans to renovate

“Access to financial services can address both Income and Housing Challenges: A Case of Namwanje Angela from Uganda Microcredit Foundation Limited in Uganda”

Ms Namaweje Angela is a client of Uganda Microcredit Foundation (UMF) and a single mother of 3 children. Before joining UMF, she had some retail shop from which she used to earn income and support her family. By then 2 of her children had finished with school.

She joined UMF when she had 2 incomplete single rooms. She was staying in one room and operating a retail shop in the other. She accessed her first loan facility of Ugx 3.5 million (USD 1,049) in 2010 which she utilized to improve her 2 rooms and also started constructing another structure of 4 rooms in a phased manner.

Angela has so far accessed 6 loans from UMF, the last loan of Ugx 10 million (USD 2,996) that was acquired in 2014 having been paid off in 2015. The loan facilities acquired enabled her to improve her units now totalling to 15 units. She rents out 7 units and used the others as her residence and as shops.

Her room rates range between Ugx 60,000 (USD 18) to Ugx 200,000 (USD 60) per unit per month and she currently gets gross rental income of Ugx 1,800,000 (USD 539) per month.

The incremental housing intervention has had a positive impact on Angela and her family. She has successfully been able to educate her other child and also capitalize her other income sources including a retail shop and a food stall near her shop with all grocery items.

Angela is now happy mother, a land lord and a business woman in Bulenga. She has a desire to buy more land and eventually build a bigger house for her family.

Some quick lessons of Angela's story to SMF EA Ltd and its Partners regarding Housing microfinance loans:

1. Angela has been able to construct her rental units incrementally. Therefore, “Incremental Housing” is an important aspect that need to be integrated as part of loan product design by partner institutions.
2. Incremental Housing offers valuable insights of enabling partner clients to have decent housing and solving urban housing problems.

A big thank you to
our implementing MFI partners



