aBi

aBi Finance Limited

2024 ANNUAL REPORT

Greening our Investments to Address the Impact of Climate Change

aBi

MINISTRY OF FOREIGN AFFAIRS OF DENMARK
Danida

IMPACT FUND DENMARK

European Union

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BOARD CHAIRPERSON

Foreword

Reflecting on the performance over the past year, the economy showed remarkable resilience, expanding by 5.3% in 2024. This was buoyed by steady growth in key sectors such as services, agriculture and manufacturing. Uganda is one of the fastest growing countries in the region with emerging sectors including a rapidly expanding agricultural industry and with a robust regulatory landscape which has made our investments more secure and increased consumer confidence in the financial sector.

Our investments in 2024 have created decent jobs, increased household incomes and improved the profitability of partner financial institutions. For the third year in a row, aBi Finance focused on supporting the roll out of green financing including development of the green checklist, capacity-building initiatives, and developing infrastructure to support delivery of green finance.

Social inclusion remains a core objective of all our investments and products, reinforcing enhanced access to financial opportunities for women, youth, refugees, and marginalized communities, particularly in Northern and Eastern Uganda. To contribute to a more inclusive and sustainable financial sector, we implemented targeted, impact interventions designed to strengthen FIs and enhance their capacity to serve these underserved segments. We have also made significant progress on the financial inclusion front. Under the just ended UPSIDE programme, we benefited over 120,000 farmers, including over 49,000 women, through various initiatives. In partnership with Stanbic Bank over UGX 10bn was allocated to smallholder farmer SACCOS under the economic Enterprise Restart Fund that was launched to respond to the challenges of COVID19 pandemic.

In line with the aspirations of our shareholders, aBi Finance's ambition is to contribute to building a green, just and inclusive economy through our investments and partnerships by expanding the capacity of agribusinesses to generate renewable energy and promote efficient use of resources which will ultimately contribute to a circular economy.

I wish to underscore the challenges of transitioning to green financing particularly, high capital costs, infrastructure gaps and climate risk which could slow adoption. We commit to continue working with our partners to close these bottlenecks to realize a full transition to green financing in Uganda.

All this would not have been possible without the significant investment from our shareholders; European Union and Impact Fund Denmark (formerly Investment Fund for Developing Countries). We thank them for trusting us and commit to deliver value by creating beneficial development impact alongside a financial return.

I also commend the Board, Management and Staff for delivering these results last year.

Felix Okoboi

Under the just ended UPSIDE programme, we benefited over **120,000** farmers, including over **49,000** women, through various initiatives. In partnership with Stanbic Bank over UGX 10bn was allocated to smallholder farmer SACCOS

CEO

Message

The year 2024 presented unprecedented challenges for the financial sector, driven by a confluence of global shocks—including ongoing geopolitical tensions, the enduring impacts of the COVID-19 pandemic, and persistent inflationary pressures arising from disrupted supply chains. Despite this turbulent backdrop, aBi Finance Ltd remained steadfast in its strategic direction and delivered a resilient performance, recording a profit after tax of UGX 16.2 bn.

This period also marked a pivotal moment in our journey as we launched the **Accelerating Adoption of Green and Inclusive Finance (AAGIF)** programme and unveiled our ambitious **2024–2028 Business Plan.** These initiatives reaffirm our commitment to catalysing sustainable development in Uganda by enhancing access to green and inclusive agribusiness. During this business plan period, We continue to channel our interventions through through lines of credit, agribusiness guarantees, financial services development, and business development services.

Since our inception in 2010, aBi Finance has worked tirelessly to strengthen Uganda's agribusiness value chains by providing liquidity, de-risking agricultural finance, and building the capacity of financial service providers. Our interventions have so far created over 300,000 jobs, generated an additional US$154m in income for more than 2.2m farmers (70% of whom are women), and facilitated US$5m in green loans.

As we look to the future, our strategic focus is and will remain ensuring long-term sustainability through the integration of ESG (Environmental, Social, and Governance) principles across all aspects of our work. This will enable expand access to green and inclusive agribusiness to especially women, Youth, refugees and underserved regions namely in Northern and Eastern Uganda.

Looking ahead, we anticipate significant growth in our capital fund to UGX **1tn**, reaching over **974,290** lines-of-credit beneficiaries, **215,917** Agricultural Guarantee scheme. To ensure efficiency and sustainability, aBi Finance targets an average 52% cost-to-income ratio, aiming for an average ROE of 4.1%, ROA of 3.8%, and a dividend payout ratio of 30% or higher.

These ambitious goals reflect our unwavering dedication to driving transformative change for Uganda's agribusiness sector. I extend my sincere gratitude to our shareholders for their continued confidence and investment, and to our partner financial institutions for their invaluable collaboration.

To our investors, Implementing partners, management and staff—thank you. Your resilience, innovation, and dedication have been the cornerstone of our success. Together, we are building a more inclusive and sustainable future for Uganda.

Mona Muguma - Ssebuliba
Chief Executive Officer

To date, aBi Finance's interventions have created over **300,000 jobs,** added **US$154m** additional income to over **2.2m farmers** (70% women), and added US$5m value of green loans.

PERFORMANCE DASHBOARD

Capital growth
Profit after tax:
UGX 16.2bn in 2024
(2023: UGX 15.47bn)

Capital Fund Performance
Fund size closed at **UGX 267.6bn** against a target of **UGX 269.2bn,** yielding **12.33%** against a target of **12%.**

Total assets: UGX 271.4bn
(2023: UGX 263.7 bn)
an increase of UGX 7.7 bn

New Lines of Credit (LoC):
> Closed at UGX239.5bn (representing **90.4%** of the Capital Fund against annual target of **85%)**

> 48,774 new borrowers against a target of **19,424 (78% women)**

Green Finance:
> **Green loans: 50%** of borrowers; youth **(22%),** adaptation **(28%),** mitigation **(71%),** biodiversity conservation **(0.4%)**

> Green finance Information, Communication and Education material supplied to over 60 financial institutions

Agribusiness Guarantee loans:
Total global guarantee limit expanded to **UGX 372bn**
(UGX 291.5bn in 2023)

Financial Services Development:
Disbursements of **79%** against a target of **85%**

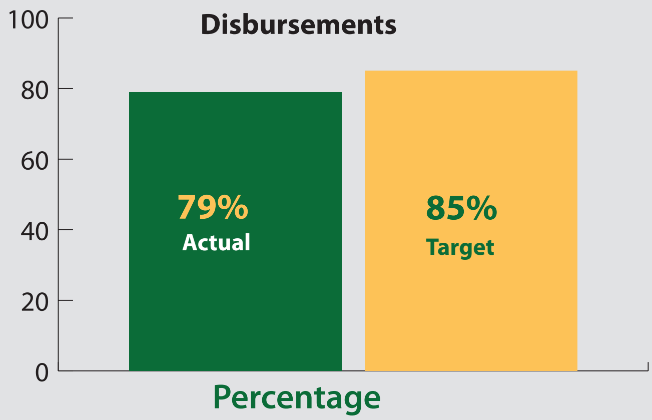
3.0. EXECUTIVE SUMMARY

In 2024 aBi Finance focused on supporting the rolling out of green financing. This included developing a green checklist to support financial institutions' appraisals and monitoring, capacity-building initiatives, and pursuing partnerships to develop policies and products for green finance. We also worked on developing green finance infrastructure, skills, awareness creation for action on climate change, and tools, such as the green agribusiness taxonomy, to prepare and support investments.

Financial Services Development:

- Disbursements **79%** against a target of **85%**
- Shortfall in AAGIF implementation due to delays in funds release.

- 3 refugee-centric projects approved, with disbursements scheduled for Q1 2025.



Macroeconomic impact

Impact on aBi Finance Operations ↑

• An increase in 364-day bill yield led to increase in aBi pricing, meaning higher yields lead to increased interest rates.

• **UMRA Stability:**
Operations under the ministry remain stable, with no disruptions to Tier IV financial institutions.

• **Interest Rate Cap:**
Primarily affects retail lenders by squeezing margins, potentially limiting their reach to high-risk markets. While aBi Finance is not directly impacted, partner institutions may face viability challenges.

• **Fundraising Uncertainty:**
Efforts to secure funding from the US International Development Corporation (DFC) and Chemonics International remain uncertain, pending ongoing internal discussions.

Green Growth & Business Development Services

• Management Information System upgrades for eight Tier 4 financial institutions to aid green reporting were completed.

• Green finance Information, Communication and Education material given to 60 financial institutions.

• Green Finance Curriculum development ongoing, to be completed by March 2025.

• 16 Tier 4 financial institutions offered support to develop and roll out environmental policies. Roll out set for completion by March 2025.

• 15 financial institutions received training on cyber security and delinquency management.

• Development of the Fintech Policy for aBi Finance and the financial sector started, set for completion by March 2025.

Key lessons learned from foray into green financing

a) Despite aBi's efforts to create a green finance taxonomy, there is still a lack of standardisation in green finance information among partner financial institutions. Clear guidelines, metrics, and continuous engagement are needed to improve uniformity and transparency in green reporting. Furthermore, although some progress has been made in upgrading financial institutions' management information systems, accuracy remains an issue, requiring further capacity building.

b) aBi Finance's development-focused model prioritises access to finance for underserved sectors, resulting in lower financial returns (Return on Equity of below 10%) compared to commercial investments. Achieving higher returns is an ongoing effort that requires strategic adjustments, such as revising pricing structures and leveraging equity more effectively.

c) Operating solely in Uganda for over 14 years has enabled aBi Finance to deeply support agribusinesses and smallholder farmers. However, its single-country, single-sector focus is viewed by some potential investors as a growth constraint. Exploring cross-border expansion through a feasibility study will provide insights for shareholders to decide on future scaling opportunities.

d) High turnover rates among consulting teams in Business Development Services (BDS) disrupts key technical assistance efforts, as experts often leave mid-project for better opportunities. In 2025, aBi Finance will improve project continuity by helping consulting firms develop a pool of green finance and BDS experts. By recommending targeted upskilling in green finance, aBi Finance will enhance the expertise of existing teams, ensuring better project support and knowledge retention, ultimately strengthening the resilience and outcomes of green finance initiatives.

Other lessons learned:

1. "There has not been a green adoption by either participating FIs or end-clients during the UPSIDE period. Clean Technology Fund, a precursor to green finance, its uptake and appreciation by PFIs and end-clients has been underwhelming. End-clients do not understand the product or confuse it with horticulture. They do not see the business case in green production for lack of viable examples" (Timpoc 2025, end of UPSIDE Programme evaluation).

2. "Up to 70% of Rural borrowers routinely use their loans, partly or in full, for other purposes than stated in the loan application, including non-agricultural businesses and even private expenditures"

3. "On average, the participating FI loans are poorly adapted to the agricultural harvest cycle. Tenors may be adequate, but loan repayment schedules are not. More than 50% of agric. loans have no grace period, and bullet payments (preferably a few months after harvest to allow prices to settle) are rare"

Strategic Outlook for 2025:

As aBi Finance transitions into 2025, priority areas will include green financing, social inclusion and governance.

L-R: Jacqueline Mbabazi, the Executive Director of the Association of Microfinance Institutions of Uganda's, the CEO of Centenary Bank, Fabian Kasi, the Head of the European Union Delegation to Uganda, Jan Sadek, Dr. Henry Nakalet Opolot Director of Agricultural Extension Services Ministry of Agriculture Animal Industry and Fisheries, the Danish Ambassador Signe Winding Albjerg, Board chair of aBi Finance, Felix Okoboi & aBi Finance CEO, Mona Muguma Ssebuliba at the launch of the AAGIF programme at Speke Resort Munyonyo.

INTRODUCTION

This report details aBi Finance's performance between January and December 2024, including the underlying macro-economic and market environment. During the year, aBi Finance focused on supporting the rolling out of green financing. This included developing a green checklist to support financial institutions' appraisals and monitoring, capacity-building initiatives, and pursuing partnerships for developing policies and products for green finance. We also worked on developing infrastructure to support the delivery of green finance: we enhanced the skills of financiers, created awareness for action on climate change, and promoted green finance tools such as the green agribusiness taxonomy for preparing and supporting investments.

4.0 FINANCIAL SERVICES & AGRIBUSINESS SECTOR ANALYSIS

4.1 Macroeconomic Developments in the Ugandan Economy

Uganda's economy grew robustly, with GDP expanding by 6.7%, up from 5.6% in 2023. Growth was driven by increased food crop production, agro processing, construction, wholesale trade, and transport services. GDP is projected to be between 6% and 6.5% in FY2024/25 and exceed 7% in the medium term, supported by crude oil production. Key risks include slow private sector credit growth, delays in oil investments, geo-political tensions, and adverse weather. The fiscal deficit for FY2024/25 is expected to rise to 7.3% of GDP, from 4.8% in FY2023/24.

6.7%

Uganda's economy grew robustly, with GDP **expanding by 6.7%**, up from **5.6% in 2023.**

4.1.1 Inflation

According to the Bank of Uganda's December 2024 Monetary Policy Statement, annual inflation stood at 2.9%, slightly down from 3% in September, mainly driven by rising food, energy, fuel, and utility prices. With a stable exchange rate and easing global inflation pressures, core inflation is expected to remain below 5% in FY2024/25. However, it may rise moderately over the next four months due to seasonal factors before stabilising around the 5% target by Q1 2025. Risks to the inflation outlook are balanced, with potential upside from accelerated domestic growth, unfavourable weather, or stronger domestic demand.

Table 1: Annual Inflation Trends December 2023 – December 2024

Inflation Rate	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Headline inflation rate (%)	2.6	3.3	3.9	3.0	2.9
Core inflation rate (%)	2.3	3.4	3.8	3.7	3.8
Central Bank Rate (%)	9.5	10	10.25	10	9.75

Source: Bank of Uganda Monetary Policy Statement, December 2024.

4.1.2 Exchange Rate

The Ugandan Shilling remained stable in 2024, supported by strong exports, remittances, portfolio inflows, foreign direct investment, and monetary policy reforms. However, in November, it depreciated by 0.29% to an average mid-rate of UGX3,677.55 to the US dollar, driven by global financial volatility, a stronger greenback, and high corporate demand from the oil, telecom, and manufacturing sectors.

Table 2: Exchange Rate Movements December 2023 – December 2024

	Dec-23	Mar-24	Jun-24	Sept-24	Dec-24
US Dollar ($)	3,777	3,884	3,706	3,686	3,665
Pound Sterling (£)	4,820	4,905	4,683	4,933	4,600
Danish Kroner (DKK)	561	564	532	551	511
Euro (€)	4,181	4,203	3,963	4,115	3,813

Source: Bank of Uganda

4.1.3 Interest Rate Trends

The weighted average lending rate for shilling-denominated credit declined to 18.08% in November from 18.8% in September, driven by increased credit demand: private sector credit to personal loans (24.2%), mortgages (19.7%), trade (16.7%), manufacturing (13%) and agriculture (11.9%). Meanwhile, foreign currency-denominated lending rates rose to 8.94% in November from 8.63% in October.

Bank of Uganda reduced the Central Bank Rate to 9.75% in December from 10% in September, supported by a stable Shilling, strong coffee export receipts, and moderate import growth. Treasury Bill rates remained steady for the 182-day Bill at 13.4%, while the 364-day Bill rose to 15% from 14.4% in the previous quarter.

Table 3: Interest Rate Trends

Tenors (Years)	Treasury Bond	
	Q3	Q4
2	15.5%	15.5%
3	15.25%	15.8% ↑
5	16%	16%
10	15.75%	16.5% ↑
15	16.5%	16.75% ↑
20	16.5%	17.5% ↑

Tenor	Treasury Bills interest rate	
	Q3	Q4
91day	11.1%	10.4% ↓
182 day	13.4%	13.4% ↔
364 day	14.4%	15.0% ↑

Source: Bank of Uganda

Other Issues:

i. The Government rationalised the Uganda Coffee Development Authority back into the Ministry of Agriculture, Animal Industries and Fisheries (as part of a wider restructuring exercise) raising concerns about the continuity and scope of institutional support for the coffee sector.

ii. Uganda Microfinance Regulatory Authority was also absorbed into a new Microfinance Tier 4 Management Department in the Ministry of Finance to continue its work under the existing legal framework.

iii. The Tier IV and Money Lenders' Bill 2024 introduced a cap on interest rates for Tier IV microfinance institutions and money lenders in Uganda, limiting them to 2.8% per month or 33.6% per annum.

Impact on aBi Finance Operations

i. Growth in aBi Finance's pricing is linked to the 364-day Treasury bill; higher annualised yields result in higher interest rates for aBi Finance. These elevated rates can discourage lending, slow economic growth, and reduce demand for lines of credit. However, the next planting season is expected to boost agricultural credit demand, mitigating this risk. In addition, aBi Finance offers value-added services to financial institutions, which differentiate its offerings and reduce effective lending rates.

ii. Microfinance and money-lending operations under the Ministry remain stable, with no interruptions to Tier IV financial institution operations.

iii. The interest rate capping policy primarily impacts retail lenders by compressing margins, potentially limiting their ability to serve high-risk markets. While aBi Finance is unlikely to be directly affected, given its pricing ranges from 14%–17% per annum, the cap could indirectly influence aBi Finance if partner institutions face reduced operational viability or a lower willingness to lend to underserved segments. To mitigate this risk, aBi Finance continues with its de-risking initiatives and support, to ensure that its partners remain profitable.

iv. aBi Finance's fundraising efforts from the US International Development Corporation and Chemonics International are uncertain. A way forward is anticipated after their ongoing internal discussions.

5.2. PORTFOLIO MIX PERFORMANCE

5.2.1 Lines of Credit

Line of credit closed at Ugx 239.5 billion representing 90.4% of the Capital Fund, surpassing the annual target of 85%. Only 15% of the current loan portfolio is classified as green, well below the 35% annual target. This shortfall stems from the large existing proportion of non-green loans, which dilutes the impact of newly disbursed green loans. Nonetheless, of the Ugx 92.4 billion disbursed in lines of credit, Ugx 34.2 billion (37%) was specifically allocated to green initiatives.
A total of 192,982 new loans were issued, surpassing the annual target by 248%, attributed to partnerships with financial institutions deploying the group lending methodology, characterised by short facility tenors, and small ticket sizes suitable for smaller holder agribusinesses.

5.2.1.1 Lines of Credit Performance against Targets as of 31st December 2024

The Lines of Credit product targets were largely surpassed as summarised below.

Table 4: Lines of Credit Performance as of 31st December 2024

Key Performance Indicators	BP Target 2024	AWPB Target 2024	2024 Actual	% (Achievement)	Comments
Capital Fund Total Assets (UGX bn)	269.2	269.2	264.8	98%	Attained.
Lines of Credit (UGX bn)	228.8	228.8	239.5	105%	Attained.
Agribusiness (UGX bn)	148.7	148.7	203.9	137%	Attained.
Green Financing (UGX bn)	80.1	80.1	35.6	44%	Not attained. The large existing portfolio of non-green loans dilutes the impact of newly disbursed green loans.
Lines of Credit (% of Capital fund)	85%	85%	90.4%	106%	Attained.
Agribusiness	57%	65%	85%	131%	Attained.
Green Financing	30%	35%	15%	43%	Not attained. As above
Lines of Credit (Number of new loans)	77,696	77,696	192,982	248%	Attained.
Agribusiness beneficiaries	50,502	50,502	185,638	368%	Attained.
Green Financing	27,194	27,194	7,344	27%	Not attained. As above

Source: aBi Finance Records

5.2.1.2 GREEN LOANS PERFORMANCE

aBi Finance embarked on a determined journey to weave green principles into the fabric of Uganda's financial landscape. Recognising the pivotal role of financial institutions in directing sustainable investments, aBi Finance supported 30 financial institutions, representing 68% of those with credit lines, by enhancing their Management Information Systems. This upgrade established a framework for tracking and reporting green finance activities. Subsequently, 29 of these institutions accessed green credit lines from aBi Finance.

However, while the infrastructure for green reporting is in place, reporting has lagged. By the end of 2024, only 15 of those 29 financial institutions provided comprehensive green finance reports. This revealed a gap between the potential for green lending and transparent and accountable green finance practices.

aBi Finance is now focused on the next phase of handholding all financial institutions whose MIS systems were upgraded to ensure high-quality green reporting.

Demand for green credit lines has consistently increased, reaching UGX 35.6 billion in 2024, up from UGX 26.1 billion in 2023. While the proportion of green loans within the total credit lines is expanding, more work lies ahead, including targeted capacity building to strengthen financial institutions and enable them to deliver socially inclusive green agribusiness financing.

Table 5: Green Loans Performance by Gender and Location as of 31st December 2024

Number Disbursed		Gender		Location			
Volume	Values (UGX, B)	Male	Female	C	E	N	W
7,344	35.6	4,861	2,483	2,240	58	23	5,023
		66.2%	33.8%	30.5%	0.8%	0.3%	68.4%

5.2.1.3 Promoting Social Inclusion in Underserved Demographics and Regions of Uganda

Tier IV financial institutions continued to be the primary beneficiaries of aBi Finance's lines of credit, representing 54.8%. This supports aBi Finance's strategy of expanding its product offerings to underserved communities, including youth, women, refugees, and those in northern and eastern Uganda.

Lending to eastern and northern Uganda increased to 41% of the lines of credit, up from 37% in 2023, 34% in 2022, and 30% in 2021, surpassing the 40% annual target. To further support this growth, aBi Finance will continue to actively engage with more partners serving these regions.

5.2.1.3 Promoting Social Inclusion in Underserved Demographics and Regions of Uganda

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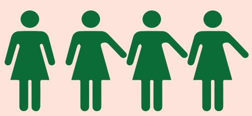
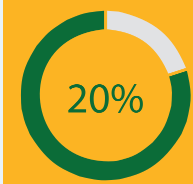
(i) Women



Disbursements to women-owned agribusinesses reached an impressive **77%** in **2024 (2023: 75%)**, exceeding the **40% annual** target.

Disbursements to women-owned agribusinesses reached an impressive 77% in 2024, up from 75% in 2023, exceeding the 40% annual target. This significant achievement in social inclusion was primarily attributed to Tier II and IV financial institutions offering group loan products specifically designed for women. To increase women's access to finance, aBi Finance will work with financial institutions to fund agricultural asset acquisition, which will allow them to secure larger loans for economic empowerment.

(ii) Youth



Of the 3,057 green loans disbursed in 2024, 618 (20%) supported young agribusiness entrepreneurs.

aBi Finance acknowledges the crucial role of youth in shaping the future of Uganda's agribusiness. We are committed to ensuring that 40% of our green loans directly benefit youth-owned agribusinesses, reflecting our dedication to empowering young people for long-term sustainability and our belief in their innovative potential for agricultural growth.

In 2024, aBi Finance made progress in this area. Of the 3,057 green loans disbursed, 618 (20%) supported young agribusiness entrepreneurs. While this represents a clear advancement from our baseline data, it fell short of our 40% target, underscoring the need for intensified efforts.

Furthermore, it was observed that our partner financial institutions are in the early stages of adopting strategies to effectively reach and serve young agribusiness owners. This adoption curve highlights the need for focused support and capacity development.

Moving forward, aBi Finance, through partnerships, will implement peer-to-peer workshops where financial institutions with successful youth and women's councils will mentor other aBi Finance partners. Additionally, we will address the current limitation of Management Information Systems in capturing age data through ongoing capacity building for financial institutions.

(iii) Refugees

aBi Finance's strategy prioritises establishing strong, collaborative partnerships to effectively reach and support refugees and host communities. With this approach, aBi Finance is dedicated to ensuring that 5% of our green loans directly benefit refugee-owned agribusinesses. This initiative aims to build resilience, promote economic inclusion, and drive sustainable growth within these communities.

In 2024, aBi Finance strengthened its partnerships with development partners and financial service providers providing vital business development services and support to refugees. This will develop a reliable pipeline for lines of credit and facilitate access to finance. Furthermore, aBi Finance worked with financial institutions already in its lines of credit portfolio and with presence and experience in refugee financing to establish baseline figures.

Mona Muguma Ssebuliba addresses guests at the launch of the UGAFODE branch in Kyangwali. aBi Finance has been supportive of the expansion of financial inclusion into refugee settlements.

Efforts are ongoing to enhance monitoring and evaluation systems to accurately track the impact of our interventions and ensure that we are effectively achieving our target of allocating 5% of green loans to refugee-owned agribusinesses.

Table 6: Lines of Credit Agribusiness Performance by Tier, Gender, and Geography as of 31st December 2024

	New Loans	Tier 1	Tier 2	Tier 3	Tier 4	Total
Volume and value	Number of new loans	13,961	59,623	10,278	101,776	**185,638**
	Volume %	7.5%	32.1%	5.5%	54.8%	**100%**
	Value (UGX, Bn)	86	124	77	147	**434**
	Value %	19.8%	28.5%	17.8%	33.8%	**100%**
Gender	Male	10,315	8,857	7,396	15,409	**41,977**
	Male to total new loans (%)	25%	21%	18%	37%	**23%**
	Female	3,646	50,766	2,882	86,367	**143,661**
	Female to total new loans (%)	2.5%	35.3%	2.0%	60.1%	**77%**
Regions	Central	3,643	14,899	3,793	22,506	**44,841 (24%)**
	Eastern	4,140	13,490	1,021	23,278	**41,929 (23%)**
	Northern	4,291	9,029	676	18,984	**32,980 (18%)**
	Western	3,565	20,527	4,788	37,008	**65,888 (35%)**

Source: aBi Finance records.

5.2.1.4 Portfolio Quality

Non-performing loans improved from 1.1% as of December 2023 to 1.02 % as of December 2024, well below the annual work plan target of below 5%.

5.2.2 Agribusiness Guarantees

In 2024, the total global guarantee limit expanded from UGX 291.5 billion (2023) to UGX 372 bn reflecting increased demand for agricultural finance and the onboarding of additional Tier IV financial institutions. Despite this growth, overall usage of 63% fell short of the 70% target because newly recruited Tier IV partners were still undergoing capacity building before fully leveraging the scheme.

Credit staff across all partner financial institutions were trained to strengthen their capacity to nudge financial institutions to effectively lend to underserved agribusinesses using the guarantee.

Source: aBi Finance records.

Table7: Agribusiness Guarantee Performance as of 31st December 2024

Parameter	AWPB 2024	YTD Actual	% Attained against target	% Var against Target	Comments
Global Limit (UGX Bn)	351.5	372	105%	5%	Attained, attributed to increasing demand for agricultural financing from SMEs and increased uptake of guarantees.
Outstanding Loans (UGX, Bn)	255.5	238.1	93%	(7%)	Largely attained, having improved from UGX 178.8 Bn in 2023. This was due to increased intake of guarantees by financial institutions, enabling lending of larger loans.
Number of new loans	42,575	29,295	69%	(31%)	Not achieved due to reduced lending to SMEs because of heightened agricultural risks, such as recurring weather vagaries.
Leverage (%)	950%	902%	95%	(5%)	Largely attained, with a shortfall of 5% due to the lending limitations explained above.

Source: aBi Finance records.

5.2.2.1 Social Inclusion and Regional Performance of the Agribusiness Guarantee

a) Social Inclusion

Social inclusion remains a core objective of the guarantee scheme, reinforcing enhanced access to financial opportunities for women, youth, refugees, and marginalized communities, particularly in northern and eastern Uganda. To contribute to a more inclusive and sustainable financial sector, aBi Finance is implementing targeted interventions designed to strengthen and improve the capacity of financial institutions to reach these underserved market segments. These efforts include fostering peer-to-peer learning among financial institutions, refining financial products to better meet the specific needs of marginalised groups, and providing continuous training for their staff.

b) Gender Representation

In 2024, women accounted for 24% of total loans under the agribusiness guarantee scheme, falling below the 40% target. Even with the presence of scheme, the women are still considered a high-risk segment given that seldom own any assets or asset classes acceptable to lenders as collateral, hindering their access to finance. To address this challenge, aBi Finance is working with financial institutions to promote alternative credit assessment models and tailored financial products that enhance women's financial inclusion.

Danish Ambassador awards UIBFS' Goretti Masadde for extending financial literacy trainings to many officers of financial institutions.

40%

In 2024, women accounted for **24%** of total loans under the Agribusiness Guarantee scheme, below the **40% target.**

c) Regional Distribution

Western Uganda has consistently recorded the highest number of beneficiaries. These increased from 29% in 2023 to 42% in 2024 due to the high agribusiness activity and productivity in the region, which lenders find easy to finance. Northern region, though least represented, improved from 11% in 2023 to 13% in 2024. Eastern region accounted for 31% of beneficiaries, mostly financed through Tier I financial institutions. Both regions still suffer from weather vagaries which result in a higher agribusinesses high risk. Notably, there are fewer Tier IV institutions in the eastern and northern regions, limiting outreach to underserved communities. To address this, aBi Finance will onboard additional Tier IV institutions in these regions while strengthening the outreach capacity of Tier I - III lenders. This will be done through a blend of our products; business development services to offer technical assistance, accompanied by a higher risk share of aBi Finance guarantee and funding through lines of credit.

Table 8: Outstanding Utilisation of the Agribusiness Guarantee Scheme as of 31st December 2024

Financial Institution Level	No. of FIs	Total No. of loans	Total Value of loans	Male	Female	Central	Eastern	Northern	Western
TIER I	06	16,760	175,325,105,065	12,743	4,017	3,031	6,915	2,704	4,110
TIER II	03	2,118	24,215,702,512	1,408	710	217	889	390	622
TIER III	02	4,151	31,965,538,986	3,786	365	335	124	102	3,590
TIER IV	19	2,688	6,507,295,021	1,594	1094	187	0	0	2,501
Total	30	25,717	238,013,641,584	19,531	6,186	3,770	7,928	3,196	10,823
(%)				76%	24%	15%	31%	13%	42%

Source: aBi Finance Records

By December 2024, 25,717 loans valued at UGX 238 bn remained outstanding. Tier I financial institutions accounted for the largest share of the portfolio (74%), followed by Tier IIIs. The extensive branch network of Tier I lenders allows them to reach more smallholder agribusinesses nationwide. In contrast, Tier IV financial institutions, which are 63% of the Agribusiness Guarantee scheme, contribute the least, as they are primarily concentrated in the western region, with limited presence elsewhere. Efforts are underway to expand Tier IV financial institutions into other regions to enhance financial inclusion.

Table 9: Volume and Value of New Loans Disbursed in the year ending 31st December 2024

Number of Financial Institutions	Loan Volume	Value (UGX bn)	Male	Female	Central	Eastern	Northern	Western
30	29,295	303.2	21,933	7,362	4,210	8,959	3,869	12,257
Percentage (%)			75	25	14	31	13	42

Source: aBi Finance Records

Whereas the target for outstanding loan amounts was successfully achieved at 93%, reaching UGX238 bn, the target for new loans closed at 69%, falling short by 31%. This suggests that financial institution partners are shifting towards issuing larger loans to fewer agribusinesses while reducing the number of new loans extended to majority SMEs. This trend is primarily driven by heightened agricultural risks, such as recurring weather challenges, which continue to make the sector appear high-risk despite the availability of a guarantee.

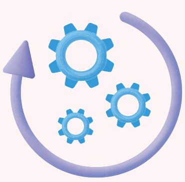
d) Green Guarantees

Table 10: Volume and Value of Green Loans under the AG as at 31st December 2024

Total outstanding AG Loans (UGX)	Number of green loans	Value of outstanding green loans (UGX)	Green loans to adaptation (UGX)	Green loans to mitigation (UGX)	Green loans to biodiversity (UGX)	Green loans to youth (UGX)
34,364,011,028	2,408	17,302,231,682	4,819,110,221	12,317,088,306	69,561,970	2,816,776,532
% percentage		50%	28%	71%	0.40%	16%

Source: aBi Finance Records

Green loans worth UGX 17.3 bn were disbursed (representing 50% of their total portfolio on the Agribusiness Guarantee) to mitigation measures (71%), adaptation and biodiversity (28% and 0.4% respectively). Additionally,16% of the green loans have benefited 528 youth.



Loans worth **UGX 17.3 bn** were disbursed (representing **50%** of their total portfolio on the Agribusiness Guarantee) to mitigation measures **(71%),** adaptation and biodiversity (28% and 0.4% respectively).

Table 11: Volume and Value of Green Loans to Youth based on Gender and Region

Green loans to youths (UGX)	Number of youths	Male	Female	Central	Eastern	Northern	Western
2,816,776,532	**528**	**347**	**181**	**18**	**0**	**3**	**507**
Percentage %		**66**	**34**	**3**	**0**	**1**	**96**

Source: aBi Finance Records

Most of the youth beneficiaries are males and in the western region, leaving females and residents of other regions underserved. Given the challenges in reporting, the data was collected from nine institutions but there are efforts to improve wider reporting.

5.2.2.2 Barriers to assessing financial inclusion initiatives

Many partner financial institutions lack the capacity to generate detailed reports on refugee and youth beneficiaries. This hinders assessment and measurement of the effectiveness of the financial and social inclusion initiatives. To address this, aBi Finance upgraded the Management Information Systems of 18 guarantee partner financial institutions in 2024. Nine were able to report on these indicators by year end.

5.2.2.3 Claims Settlement and Refunds

In 2024, claims amounting to UGX1.6 bn were settled to 15 financial institutions, an increase from UGX 1.0bn settled to 10 institutions in 2023. This resulted into a slight increase in the annual payout ratio from 0.6% in 2023 to 0.7% in 2024. Additionally, only UGX 251.2m was received in refunds from recoveries made by six institutions.

5.2.3 Fund Management

The fund size closed at UGX 267.6bn, against a target of UGX 269.2bn, yielding 12.33% against a target of 12%. The table below gives a breakdown of quarterly comparison of the Capital Fund portfolio mix.

Table 12: Investments Comparison: September and December 2024

Investments	Sept-24	Dec-24			AWPB Allocation	Variance
	Value	% of Fund	Value	% of Fund		
Treasury bonds	-	-	-		7%	-7%
Fixed deposits	48,406,243,579	18%	16,300,166,536	6%	5%	1%
Lines of credit	218,347,076,524	80%	241,850,956,833	90%	87%	3%
Agribond	-	-	1,810,305,751	1%	1%	0%
Cash	4,691,699,358	2%	7,626,216,261	3%	2%	1%
Total (Ugx)	**271,445,119,461**	100%	**267,587,645,381**	**100%**	**100%**	
Total (DKK)	**492,640,870**		**523,741,974**			

Source: aBi Finance Records

5.2.3.1 Resourcing Plan

The resource mobilisation initiative is steadily advancing and the onboarding of a transaction advisor, expected to be concluded in Q1 2025, will streamline the capital-raising process and keep aBi Finance on track to meet its fundraising goals. Investor readiness continues to strengthen, supported by a fully organised data room and an expanding investor universe, positioning aBi Finance for successful closure within the Q3/Q4 2025 window.

By the end of 2024, the investor pipeline had grown to over 300 investors, with an investor relations tracker developed to enhance project oversight and accountability.

5.2.4.1 Performance of Financial Services Development (FSD) and Business Development Services (BSD) Disbursements

Table 16: Summary of FSD/BDS - 2024 Performance Against AWPB

Summary of FSD/BDS Q4 - 2024 Performance Against AWPB Target		
	AAGIF+ UPSIDE (UGX bn)	Comments
Actual disbursements Q4-2024	1.58	Shortfall was primarily due to the delayed disbursement of AAGIF funds in mid-June 2024, which was later than anticipated.
Expected disbursements as of Q4-2024	2.26	
Cumulative disbursements as at 31st December 2024	4.99	
Total expected disbursements by December 2024	6.35	
Percentage deployment as of 31st December 2024	79%	
% Variance against Annual Target	(21) %	

Of the UGX4.99 bn spent, the UPSIDE amount was UGX3.4 Bn (100% full utilisation of UPSIDE funds).

5.2.4.2 Financial Services Development Projects and Highlights

By close of 2024, FSD had eleven (11) projects, of which three were running. Two of these were being implemented by Ensibuuko Fintech and Sebei Farmers SACCO to digitalise Village Savings and Loan Associations (VSLAs) in West Nile, East, and Northern Uganda to increase their access to formal financial services. Launched in December 2024, the third project is being implemented by Rural Finance Initiative, a micro-finance institution.

5.2.4.3 Status of FSD-UPSIDE Projects

i. By 31st December 2024, FSD had implemented 11 projects, out of which one was halted after it was found to be problematic. The end-of-project evaluations will be conducted after the expiry of the reporting period in December 2025.

ii. All active FSD implementing partners successfully fulfilled the accountability and reporting requirements in line with UPSIDE closure. Any unspent balances were returned to aBi Finance.

iii. The 2024 internal audit, covering nine out of the 10 active FSD projects, showed positive progress. The overall audit rating of 3, implies that management has successfully implemented a more robust system of internal controls and strengthened its ability to achieve desired outcomes.

iv. The UPSIDE cash balances were designated for payments under FSD indirect/operational costs thereby closing with a nil cash balance by 31st December 2024.

5.2.4.4 Progress on Key FSD Indicators

The table below summarises the Key Performance Indicators of FSD projects.

Table 17: Progress on Key FSD Results Indicators for 2024

KPIs	AWPB 2024 Target	2024 Target	Achieved	Percentage	Variance
New savings accounts	7,196	1,799	7,847	96%	-4%
New savings value in UGX, bn	3.2	0.8	5.2	75%	-25%
New loan clients	2,025	506	3,774	180%	80%
New loan value in UGX, bn	5.48	1.4	14.1	307%	207%

Source: GMS system, 2024 AWPB & implementing partner reports.

Targets for new savings were missed because of large withdrawals at the end of year. Financial institutions have launched an aggressive mobilisation campaign to drive a savings culture among members.

Targets for new loans were surpassed. This was due to the adoption of VSLAs and group lending, alongside increased mobilisation efforts, which led to expanded portfolios and exceeded targets.

Table 18: Progress on Key VSLA Results Indicators for 2024

KPI	Annual Target	YTD Actuals	% attained	Variance	Comments
Number of VSLAs that received loans	36	210	583%	483%	Target surpassed. However, most VSLAs need prior technical support for investment readiness.
New VSLA savings clients registered	75,540	9,457	13%	(87%)	The target was not met due to insufficient funding for digitising more VSLAs. To rectify this, partners, especially Ensibuuko, plan to expand digitisation efforts by crowding in other funders for additional funding.
New VSLA savings value (UGX, bn)	8.1	1.5	19%	(81%)	
New VSLA loan clients registered	8,040	3,569	44%	(54%)	
New VSLA loan value (UGX, bn)	0.6	1.7	283%	183%	Target surpassed.

aBi Finance's interventions have attracted additional investors to Ensibuuko and Sebei SACCO, resulting in substantial investment and engagement. For example:

a) Ensibuuko partnered with CARE International to acquire Chomoka, enabling the scalability of VSLA digitisation. This will allow aBi Finance to consolidate its achievements and significantly expand its reach in the digital finance market.

b) Sebei SACCO obtained a UGX 200m loan from Pearl Capital Partners under the Dairy-Horticulture Credit facility. The funds were disbursed to VSLAs, groups, and individual borrowers in Q1 and Q2 2024.

c) Ensibuuko signed a commission-based partnership deed with Finca Uganda Limited, a microfinance lending and deposit-taking institution, to lend to VSLAs. It leverages credit scoring to address the liquidity challenges that Ensibuuko could not meet with its limited working capital.

5.2.4.5 Digitisation of Lower Tier Financial Institutions through Apex Bodies

a) Economic Enterprise Relief Fund (EERF)
The UGX 2bn EERF SACCO digitisation grant, a joint initiative by aBi Finance and Stanbic Bank, resulted in the digitisation of 174 SACCOs, with 15 using solar-powered systems to ensure uninterrupted operations.

aBi Finance's interventions, including a UGX20 bn lines of credit, a UGX 20bn guarantee, and a UGX 2bn grant, have attracted significant investment and interest in the EERF project, drawing in additional investors. This is evident from the involvement of several new actors such as:

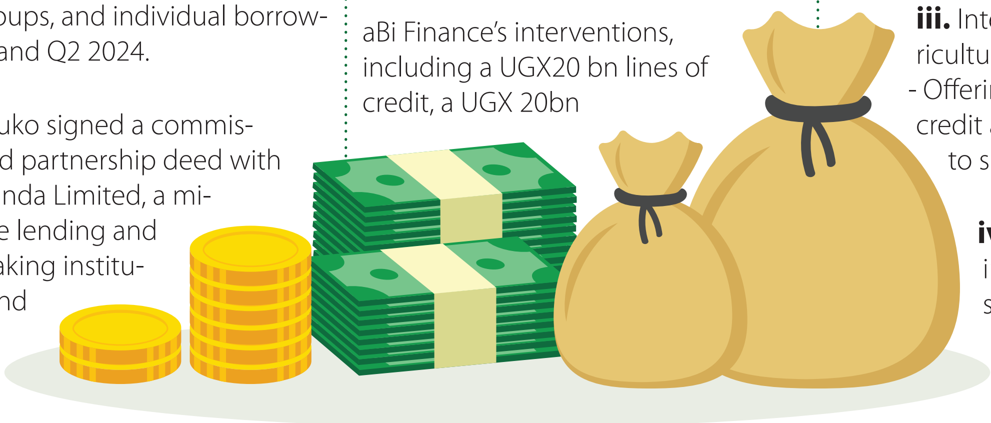
i. Opportunity International - Committing UGX30bn to enhance internal capacity and prepare partners for effective engagement.

ii. Alliance for a Green Revolution in Africa (AGRA) - Providing technical assistance in monitoring and evaluation and capacity building for small and medium enterprises.

iii. International Fund for Agricultural Development (IFAD) - Offering USD 5 million lines of credit and a EUR 390,000 grant to support lending activities.

iv. USAID - Contributing USD 130m grant to strengthen SACCOs and VSLAs.

v. Finance in motion



- Extending USD 20m lines of credit to finance projects across various sectors.

5.2.4.6 Enabling access to green agribusiness finance to refugees and host communities

The UGX 757m RUFI project aimed at enhancing financial inclusion for refugees and host communities in Northern Uganda is expected to run for three years up to 2027. It will then be placed under monitoring for two more years. aBi Finance's contribution is UGX 499m (66%). RUFI has adequate experience, systems, structures, human capital to manage, monitor and report on progress. Two other projects promoting financial inclusion for refugees and host communities were approved in December 2024. They will be implemented by Ruhiira Millennium and RIDO SACCOs.

5.2.4.7 Monitoring Visits to UCSCU, Sebei SACCO and Ensibuuko: findings and actions taken

This monitoring exercise was done following completion of Ensibuuko and Sebei SACCO projects in 2024. These two projects will be added to the list of those we will continue to monitor for impact between 2025 and 2026. The other seven projects were implemented by: Stanbic-EERF, RDF, Ruhiira Millenium SACCO, Mwizi SACCO, Nazigo, Liberation Community Finance (LCF), and Vision Fund.

5.2.4.8 Lessons learned from FSD projects' monitoring findings

Jackline Kihembo pauses for a photo in front of her banana farm in Kanara Cell, Bugongi Parish, Nyakitunda Sub-county, Isingiro District

i. Financial institutions must establish long-term financial sustainability plans, diversify funding sources, and negotiate flexible credit facilities to manage liquidity risks.

ii. Effective change management strategies, including stakeholder sensitisation and training, are essential for successful technology adoption.

iii. Institutions should prioritise systems' vendor collaboration for smooth system integration.

iv. Partner financial institutions should have robust succession plans and interim management strategies to ensure continuity and avoid disruptions.

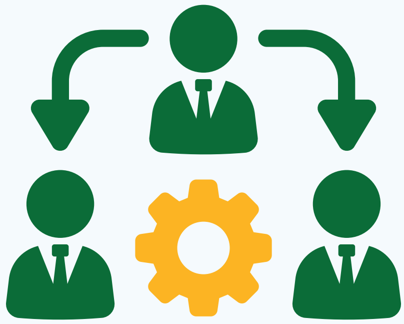
v. Institutions must develop sustainable revenue models, explore commercial partnerships, and leverage innovative financing mechanisms to reduce donor dependency.

vi. Discrepancies between management and audited accounts:
Project targets based on management accounts often lead to inaccurate projections and hinder the achievement of project results. To address this, inception meetings will help to identify and resolve any discrepancies before project start.

vii. Unclear allocation of staff time and salaries:

Project documentation often lacks clarity regarding the allocation of existing staff's time and salaries within project budgets, affecting the accurate calculation of performance-based payments and targets. To address this, aBi Finance will standardise the percentage of level of effort for permanent staff assigned to projects, ensuring clear alignment between performance-based payments and their core contractual responsibilities.

viii. The management accounts used to set initial project targets did not accurately reflect audited annual figures. Therefore, effective use of inception meetings is required.
Matters such as the difference in figures between management accounts and audited accounts can be resolved through this control.



ix. The project documentation lacks clarity regarding the allocation of existing staff's time level of effort and salaries to the total project budget.
For all aBi Finance projects incorporating performance-based payments tied to salaries, a standardised percentage for the level of effort should be established.

x. Strategic partnerships and performance-based incentives are critical for successful project implementation and achieving desired outcomes.

Partnering with the right entities leverages complementary strengths, while well-designed incentives motivate stakeholders to prioritise the project's goals, maximising its impact and achieving desired outcomes.

xi. By embracing digitisation, SACCOs can significantly improve financial inclusion, allowing them to extend their reach and services to a wider range of members.
This can contribute to greater financial stability and economic empowerment for all.

xii. Digitising VSLAs can be a game-changer for financial inclusion.
It empowers previously unbanked populations by streamlining record keeping, simplifying financial transactions, and building creditworthiness.

xiii. Comprehensive insurance coverage for motorcycles and riders is crucial.
Financial institutions should emphasise the cover to protect riders from financial hardship caused by theft, vandalism, lawsuits, repairs, and even natural disasters.

xiv. Budgets that incorporate Value Added Tax rates are more accurate, reflecting the true cost of goods and services. This can help avoid unexpected shortfalls or overspending.
Budgets should be built with the ability to adapt to VAT rate changes. This can be achieved by incorporating separate line items for VAT or using formulas that automatically adjust based on the current rate.
The focus for FSD for 2025 will be product development and expanding branch and branchless mechanisms to enable access to agribusiness finance in line with Outcome 2 of the business plan and 2025 workplan.

5.2.5 Business Development Services and Green Finance

All Green Growth and BDS projects that crossed over from 2023, were completed in Q1 2024. They included:

• Environmental policy and frameworks development, green loan products development, categorisation, and technical support for 40 financial institutions.

• Development and distribution of Information, Education and Communication materials to 52 financial institutions for climate finance awareness creation.

• Management Information System upgrade for green reporting for 22 financial institutions.

• Operationalisation of Environmental and Social Performance Management (ESPM) for 15 financial institutions. Procurement for the new projects commenced in Q1 2024.
We had 10 new capacity building interventions in 2024. Six were on green finance implementation and the rest on traditional BDS:

5.2.5.1 Business Development Services (BDS)

a. Risk support for Delinquency Management to support 15 financial institutions to enhance their capacity in Cyber security, cyber audits and Risk Management was undertaken.

b. Development of Fintech Policies and Manuals to support the building of loan cycle tools and training aBi Finance staff in using the scheme. By year end, stakeholder consultations among different players in the fintech industry had commenced.

c. Impact evaluation for Cohort 2 (14 financial institutions) supported with ESPM, Risk and Peer-to-Peer.

5.2.5.2 Green Growth

This focuses on building internal and partner financial institutions capacities to implement green financing

i. Building the capacity of financial institutions to enable green finance delivery

a. By close of the year, stakeholder consultation had been carried out and two drafts of the Green Finance Curriculum reviewed. It will be ready for use in Q1 2025.

b. By December 2024, assessment of the development of ESG policies for 16 Tier IV financial institutions had been completed and technical assistance was underway, to be completed in Q1 2025.

c. Green loan products development, categorisation, and technical assistance for 40 financial institutions was completed.

d. Green Finance Information, Communication, and Education materials were developed and distributed through the Association of Microfinance Institutions in Uganda to over 150 member institutions.

ii. Management Information System upgrades
Four vendors were contracted and successfully completed the upgrade of the MISs of 13 financial institutions including: Ugafode, Pride Microfinance, FINCA, MAMIDECOT, Talanta, Kihanga Mparo, Nyakayojjo, UMF, Rido, Nyaravur, Kijjo, Lwedde, and Sebei SACCO. This was in addition to the 22 supported in 2023.

5.2.5.3 New Green Growth projects for 2025

a. MIS upgrades for 20 financial institutions (Tier I, II and IV)

b. Green report handholding for the upgraded institutions.

c. Stakeholder engagement for ESG and Green Curriculum launch and awareness creation.

d. Regional ESG and sustainability training for board, executive committee and the media.

e. Continued promotion of aBi Finance products.

f. ESG framework roll-out for Tier IV institutions.

g. Sustainability reporting support for financial institutions.

6.0 AUDITED FINANCIAL PERFORMANCE Vs BUDGET SUMMARY

6.1 Detailed Financial Performance Report

6.1.1: aBi Finance statement of comprehensive income for the period ended 31 December 2024

Agricultural Guarantee fees increased to UGX 2.6bn (2023: UGX 2.32bn) with the onboarding of new Tier IV clients and increments in global limits by existing partners.

Total operating income closed at UGX 32bn (2023: UGX 29bn) below budget by 7% majorly stemming from delays in disbursing lines of credit to financial institutions as interest rate negotiations proceeded. These were disbursed towards the last half of the year, attracting lower income for the period.

Grant income increased significantly to UGX 7.55bn in 2024 (2023: UGX 4.92bn) due to the recognition of prior period grant expenses in 2024.

Operating expenditure increased to UGX 10.5bn (2023: UGX 10.1 bn) a 4% increase due to business growth and inflationary adjustments.

The impairment charge for credit losses closed at a gain of UGX 664m in 2024 (2023: UGX 3.39bn gain) because of a further improvement in the loan portfolio quality compared to 2023 with hardly any new loans defaulting.

The Guarantee claims closed the year at UGX 1.41 bn (2023: UGX 884 mn) due to a foot-and-mouth disease quarantine in the cattle corridor, and higher guarantee usage by SACCOs.

Realised fair value losses closed at UGX 692 mn (2023: NIL) due to the loss incurred on maturity of the entire portfolio of investment in the related government securities.

aBi Finance made a profit after tax of UGX 16.2bn in 2024 (2023: UGX 15.47bn).

Agricultural Guarantee fees increased to **UGX 2.6bn (2023: UGX 2.32bn)** with the onboarding of new Tier IV clients and increments in global limits by existing partners.

Grant income increased significantly to **UGX 7.55bn** in 2024 **(2023: UGX 4.92bn)** due to the recognition of prior period grant expenses in 2024.

Operating expenditure increased to **UGX 10.5bn** (2023: UGX 10.1 bn) a **4%** increase due to business growth and inflationary adjustments.

Table 23: Statement of Comprehensive Income for period 1 January - 31 December 2024

Details	Actual Dec-23 UGX'000	Actual Dec-24 UGX'000	Budget Dec-24 UGX'000	Attained Dec-24 %
Interest income	27,003,975	30,030,133	31,926,954	94%
Guarantee fees	2,320,367	2,601,922	2,983,224	87%
Total operating income	**29,324,342**	**32,632,055**	**34,910,178**	**93%**
Other income	242,720	25,141	84,000	30%
Grant income	4,923,471	7,559,511	3,782,592	200%
Financial Services Development	(4,923,471)	(5,133,283)	(3,782,592)	136%
Operating Expenditure - (Direct\Costs)	(10,094,785)	(10,526,173)	(12,885,673)	82%
Finance Costs	(36,617)	(76,823)	-	-100%
Impairment charge for credit losses	3,392,150	664,596	(1,796,521)	-37%
Guarantee claims	(884,130)	(1,415,180)	(2,579,585)	55%
Realised fair value losses	-	(692,297)		-100%
Profit before tax	**21,943,680**	**23,037,547**	**17,732,399**	**130%**
Income tax expense	(6,465,891)	(6,832,976)	(4,704,705)	145%
Profit for the year	**15,477,789**	**16,204,570**	**13,027,694**	**124%**
Other comprehensive income:				
Fair value gains/(losses) on financial assets at FVOCI	-	127,025	(127,025)	-100%
Recycling net realised fair value losses to profit or loss	(130,702)	692,297	-	100%
(Decrease)/increase in ECLs on financial assets at FVOCI	(8,952)	(118,448)	77,963	-152%
Deferred tax credit	39,211	-	38,108	0%
Total other comprehensive income, net of tax	**(100,443)**	**700,874**	**(10,955)**	**-6398%**
Total comprehensive income for the year, net of tax	**15,377,346**	**16,905,445**	**13,016,739**	**130%**

7.1.2: aBi Finance Financial Position as at 31 December 2024

Total assets amounted to UGX 271.4 bn (2023: UGX 263.7 bn), an increase of UGX 7.7 bn. This is because of organic growth from ploughing back profits into retained earnings. Loans to borrowers closed at UGX 239 bn (2023: UGX 216bn) because of a reduction in the indemnity fund limit from 10% of the guarantee global limit to 5%, unlocking more funds for lending.

Deferred grant income closed at UGX 1.55bn (2023: UGX 5.89bn) due to the end of the Uganda Programme for Sustainable and Inclusive Development of the Economy (UPSIDE). The company secured additional funding under Investment Fund for Developing Countries (IFU) to implement a new programme, AAGIF, which commenced in February 2024, however, the related funds were received in June 2024.

UGX 239 bn

Loans to borrowers closed at **UGX 239 bn** (2023: UGX 216bn) because of a reduction in the indemnity fund limit from **10%** of the guarantee global limit to **5%,** unlocking more funds for lending.

Details	Actual Dec-23 UGX'000	Actual Dec-24 UGX'000	Budget Dec-24 UGX'000	Attained Dec-24 %
ASSETS				
Cash at bank and in hand	9,877,175	9,103,284	2,590,741	351%
Fixed deposits with commercial banks	14,716,714	17,885,728	14,570,906	123%
Guarantee fees receivable	103,651	33,815	191,500	18%
Other receivables *	1,081,602	675,335	634,776	106%
Income tax recoverable	2,535,262	729,943	3,645,215	20%
Grant advances to Implementing Partners	1,183,860	433,848	993,189	44%
Loans to borrowers	216,055,741	239,497,142	232,224,633	103%
Government securities	15,825,680	-	10,500,000	0%
Deferred tax asset	1,636,782	1,518,968	1,667,261	91%
Right of use assets	417,974	1,111,026	964,905	115%
Property and equipment	253,141	415,313	429,358	97%
TOTAL ASSETS	**263,687,582**	**271,404,402**	**268,412,484**	**101%**
Equity				
Issued share capital	200,619,103	200,619,103	200,619,103	100%
Fair value reserve	(700,874)	0	(99,874)	0%
Retained earnings	18,291,093	30,416,688	26,142,323	116%
Total equity	**218,209,322**	**231,035,791**	**226,661,552**	**102%**
Liabilities				
Preference redeemable shares – due on demand**	33,887,540	33,887,540	33,887,540	100%
Other payables	4,102,545	2,208,500	926,036	238%
Provision for loan guarantees	1,232,426	1,666,134	2,298,000	73%
Lease liabilities	362,264	1,049,130	916,928	114%
Deferred grant income	5,893,485	1,557,307	3,722,427	42%
Total liabilities	**45,478,260**	**40,368,611**	**41,750,932**	**97%**
TOTAL EQUITY AND LIABILITIES	**263,687,582**	**271,404,402**	**268,412,484**	**101%**

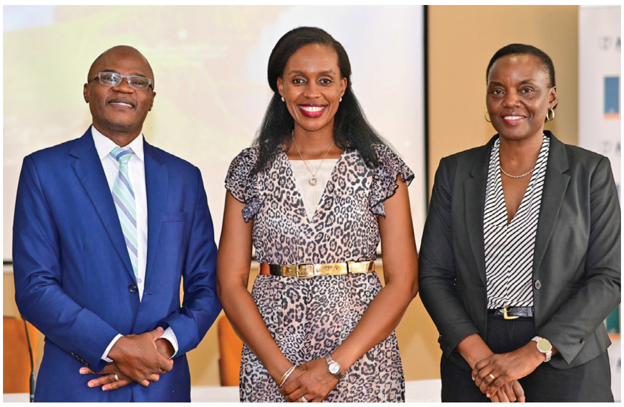
Launch of the new AAGIF

Highlights of the UPSIDE close out and launch of the new AAGIF programme at Speke Resort Munyonyo












7.1 People and Culture

Staff headcount as of 31st December 2024 stood at 16 FTEs (89% of the approved operational structure). Throughout 2024, the people agenda emphasised and focused on driving an agile and adaptive culture and talent that responds to the dynamic operating environment. As a result, the organisational structure was completed. Staff were supported with capacity development in the following areas: International Structured Commodity Trade Financing; Environmental Social and Governance (ESG); Climate Adaptation Finance; and Female Future Programme. We continued to organise staff team building events to promote staff cohesion and productivity.

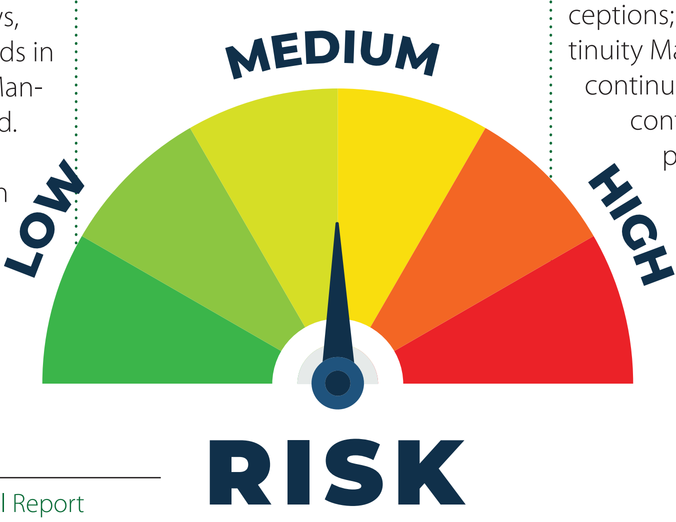
Team building is a central aspect of the wellness of aBi Finance staff.

8.3 Legal and Compliance

In 2024 aBi Finance Limited remained committed to maintaining the highest standards of integrity and ethical conduct in all aspects of its business and adhered to all applicable laws, regulations, and industry standards in Uganda including the Funding Manual and Donor Engagement Deed. A score of 91%, which is a fully compliant rating, was obtained in the last compliance check.

8.4 Risk Management

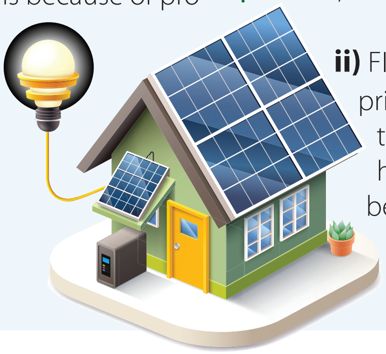
During the period under review, several activities were conducted including routine risk assessments; regular process reviews; fraud risk assessment; updates to risk registers; Key Risk Indicators (KRIs); and Business Continuity Plans (BCPs); tracking the closure of compliance; internal & external audit findings; risk review exceptions; conducting Business Continuity Management (BCM) tests and continuous review of the internal control environment policies, procedures, checklists, and risk appetite. The findings from these activities are informing decision making.



8.5 Results Measurement, Research, and Development

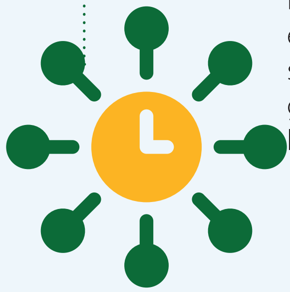
From the field monitoring of 8 projects some of the findings were.

i) Overall, SACCO membership has increased and this is because of provision of better- and high-quality service delivery, and this is mostly due to support on the installation of solar powered systems and SACCO management information systems. The installation of solar power systems has significantly reduced the operational cost of SACCOs, increasing SACCOs' profits.



ii) FIs serving the less privileged groups that targeted refugees and host communities are benefiting significantly from the FSD project and the beneficiaries are meeting their loan obligations timely as demonstrated by the PAR of 1.11%.

iii) There was "green washing" which is because of a knowledge gap among the staff who book non-green loans as green loans. It.



Endline Evaluation

An impact assessment for the Economic Enterprise Restart Fund project implemented by Stanbic Bank was conducted. Preliminary results indicated that digitization of SACCOs enhanced the financial capacity of members with 534,385 beneficiary members accessing financing mainly for Agri-production. With the use of flexipay, SACCOs found member registration and financial transactions easier and simpler to undertake.

A rapid baseline assessment for aBi finance to inform the 2024-2028 business plan targetting was conducted. The baseline study found that the majority (74.8%) of the clients interviewed received at least a loan in 2023 from either a group VSLA, SACCO, MFI, bank, or through mobile money. Of the 723 clients that received loans, the majority 56.7% were male and 43.3% female. A small proportion of refugees (24.9%) were able to access the loan in 2023. Results from the study indicate that clients obtained loans or credit for a particular purpose; however, there were proportions of clients who used the loans for other purposes. Overall, 94.3% of the survey respondents interviewed obtain loans to boost agricultural production; 87.0% used the loan for the intended purposes and 7.3% used it for other purposes.

A learning documentation and research study with selected IPs was conducted. A publication titled "Village Saving and Loan Associations and their Contribution to Employment Creation: Evidence from Smallholder Farmers from Eight Districts in Uganda" was accepted for publishing in the African Journal of Business Management".

aBi Finance's Ann Marie Mwaka speaking at the opening of Vision Fund's Iganga branch. At the financial institution's 26th branch, an expansion that extends Financial Services Development closer to the underserved

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7.8 Communications and Advocacy

In 2024, several stakeholder and resource mobilisation engagements were successfully executed to position aBi Finance as a green finance champion. These engagements included participation in the Uganda-European Union Business Forum, hosting visiting delegations from Denmark and the Micro Enterprises Support Programme Trust, participating and facilitating the Danish Cooperation Day, aBi Finance Sankalp participation, Uganda Bankers Conference, CEO Summit conference to mention but a few. Some of the resource mobilisation engagements undertaken included the UPSIDE close out and launch of the AAGIF programme.

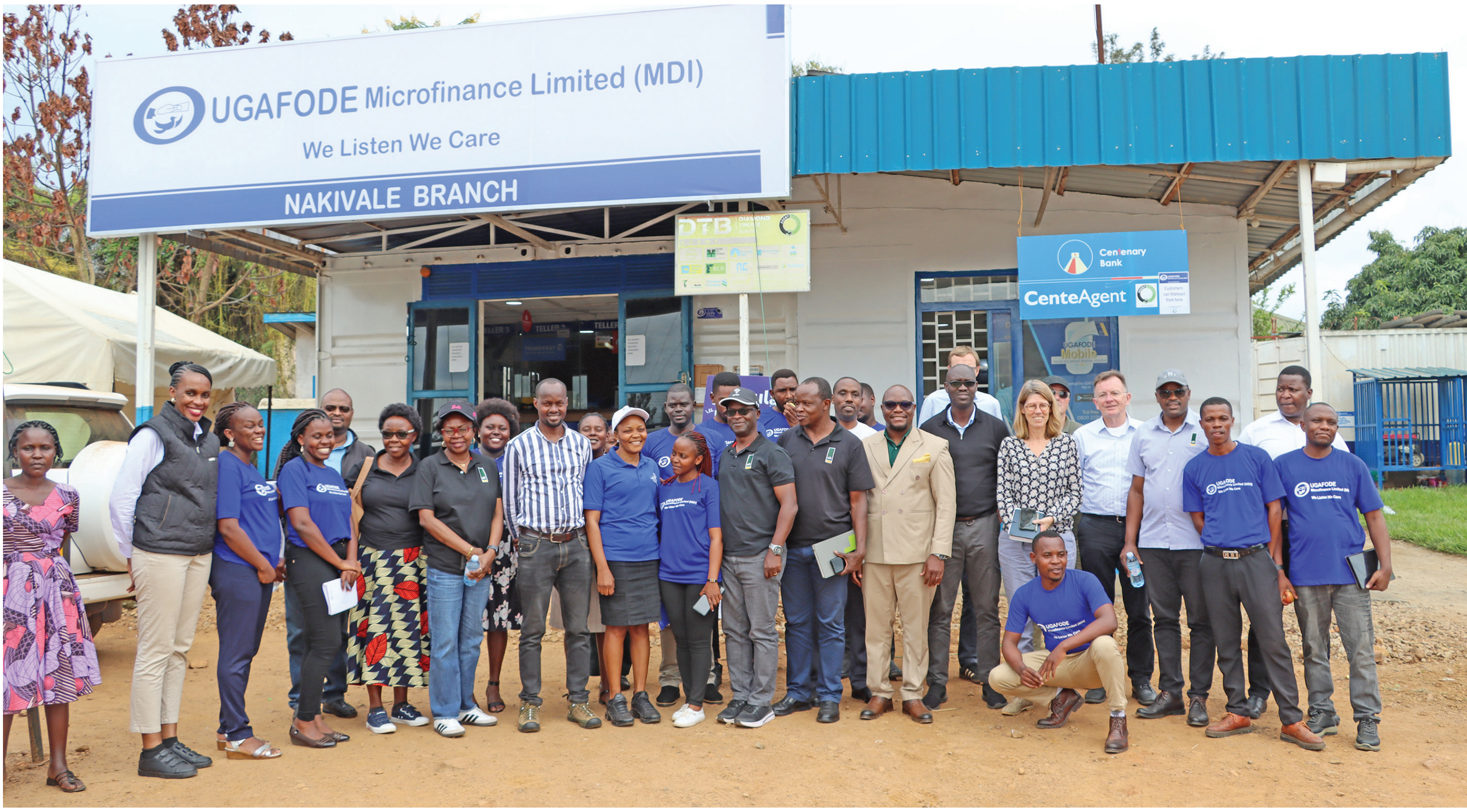
In collaboration with other stakeholders including financial institutions, regulators and apex platforms, we continued creating national awareness on green financing as part of the transition to green agenda. Formulation of the Green Finance Curriculum is commenced during the period under review and will be launched and popularised in 2025.

aBi Finance extended support to the victims of the Kiteezi landfill disaster, providing essential supplies in partnership with the Inner Wheel Society.

In line with our thought leadership agenda for promoting green finance other advocacy engagements were implemented including; national climate finance assessment campaign (in collaboration Ministry of Finance, Planning, and Economic Development), the Green Finance Dialogue 2024, and 19th National UCSCU SACCOs Conference, and the East Africa Business Summit 2024.

A series of learning and knowledge management products were produced and disseminated, including annual reports, policy briefs and other IEC materials. Significant strides were made in advocacy, stakeholder engagement, and climate-focused initiatives through fostering partnerships with media, religious bodies, and international stakeholders.

aBi's social media platforms crossed the threshold of 8,000 followers on X (formerly Twitter), 9,000 followers on LinkedIn, and 100 active subscribers on YouTube.



aBi Finance also celebrated the opening of UGAFODE's new branch in the Kyangwali refugee settlement, and the 24th Vision-Fund branch in Iganga District, both significant steps towards expanding financial inclusion for refugees and underserved populations in Uganda.

aBi Finance participated in the Rotary Cancer Run 2024, showcasing its commitment to promoting health and well-being within the communities it serves.

ANNEXES

Stories of Change:

Financial inclusion transforming refugee livelihoods

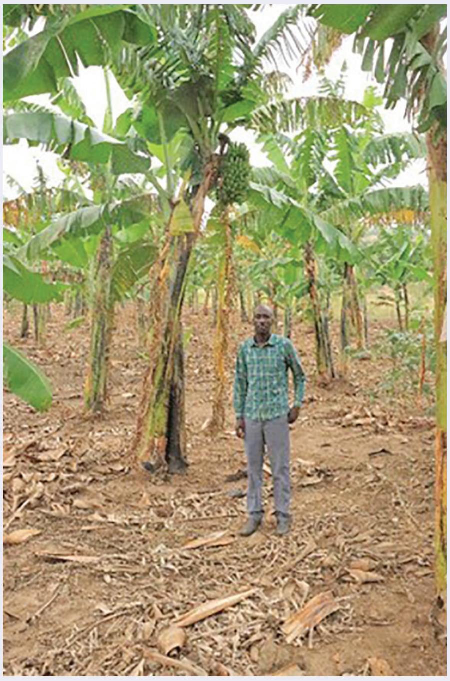
Maniriho Elizabeth, a refugee smallholder farmer from Ngarama. A Village in Nakivale Refugee Settlement, Isingiro District, is building resilience through entrepreneurship.

With support from the aBi Finance-funded project "Implementing a new core banking system to improve operational efficiency & enhance financial inclusion" implemented by UGAFODE, Elizabeth received a UGX 0.4 million loan in November 2024. She invested UGX 0.2 million to start a fish retailing business, UGX

0.1 million to hire a one-acre plot, and the rest to buy chickens. Despite poor harvests caused by drought, her fish business generates daily sales of about UGX 70,000 and a monthly profit of UGX 90,000, enabling her to repay the loan in monthly instalments of UGX 80,000.

Elizabeth uses family labor for both farming and retail. She credits the loan for enabling her to engage in meaningful work and provide food security for her household, highlighting how financial inclusion can transform refugee livelihoods.

Diversifying income through bull fattening



Nsiima Wilbert, a dairy and crop farmer from Kendobo Village in Nakivale Refugee Settlement, Isingiro District, is a proud beneficiary of aBi Finance's partnership with UGAFODE. With about eight acres of bananas and two acres of coffee, Wilbert diversified into bull fattening in December 2024 after receiving UGX 10 million from UGAFODE's Nakivale Branch and financial literacy training.

He topped up with savings to purchase 25 bulls, aiming to sell them at UGX 1 million each. The manure has significantly boosted his banana yields from 50 to 200 bunches monthly, earning him about UGX 2 million.

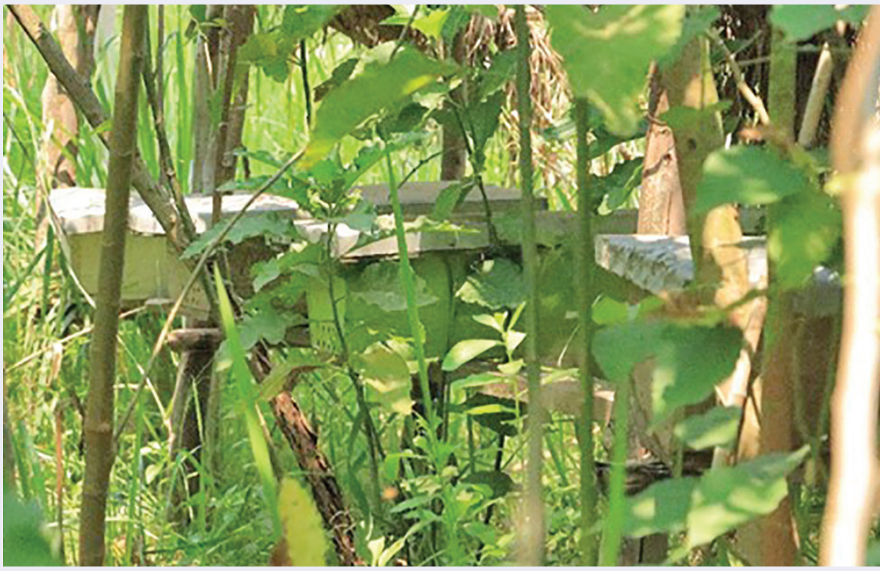
He also sells 20 litres of milk daily from five cows. Thanks to the improved income, Wilbert now employs nine youth workers, up from four, and pays school fees for his children in boarding school. He values UGAFODE's support, which has enhanced his household's resilience and expanded his agribusiness ventures across bananas, coffee, dairy, and beef.

Apiary farmer's journey to success thanks to affordable credit

Masereka Silvest, 56, is a smallholder farmer and entrepreneur from Kyondo Cell, Kasese District. He runs Mountain Rwenzori Honey Cooperative Society Limited, a 150-member cooperative that supports apiary farmers.

Silvest produces and trades honey, tomatoes, maize, and vegetables. A Brac Uganda Bank Limited (BUBL) client since 2021, he is a beneficiary of aBi Finance's partnership with BUBL.

Currently servicing his fourth loan of UGX 5m, Silvest buys and processes honey for sale to bakeries and restaurants. In peak seasons, he earns UGX 7m. His thriving business supports seven employees and has helped him build a home and educate his children.



Zakiya reaping the benefits of credit exyension to women

Biira Zakiya, 39, is a smallholder farmer and food vendor from Nyamwamba West Cell, Kasese District. She farms sugarcane and rears goats and ducks. Before River Nyamwamba burst its banks, she farmed two acres of sugarcane, now reduced to a quarter acre. Since 2008, Zakiya has partnered with Brac Uganda Bank Limited (BUBL), benefiting from aBi Finance's support to extend credit to women. She currently holds a UGX 2 million, 30-week loan. The loan has sustained her food retail business, which earns UGX 0.2 million daily during peak seasons. Zakiya uses the income to pay school fees and support her household.

Rebuilding refugee communities through financial inclusion

Rube Ber is a 30-member refugee VSLA group in Palabek Settlement, Lamwo District, formed in April 2023. In July 2024, it received a UGX 2.5 million loan from Vision Fund under the aBi Finance-supported project on financial inclusion. After deductions, UGX 2.388 million was disbursed via MTN mobile money.

Seventeen members borrowed at 10% monthly interest to invest in agriculture and agribusiness. Christine Quinto bought a pig and rabbits, while Theresa Ramathan expanded her kiosk. The group's lending capacity grew from UGX 1.89 million to UGX 3.9 million. Members are repaying steadily and appreciate the boost in self-employment and income.

Some of Rube Ber Group members are refugee beneficiaries of Vision Fund in Palabek Refugee Settlement meeting with aBi and Vision Fund Team.

Christine Quinto is one of the refugee beneficiaries in Palabek Refugee Settlement at her market satll selling to one of her clients.

Onen Richard, a retail shop owner in Padwat Central A, Lamwo District, is a beneficiary of the aBi Finance-supported project implemented by Vision Fund. Since April 2023, he has acquired four loans to expand his business, always repaying on time.

His current UGX 10 million loan, acquired in August 2024, boosted his monthly sales from UGX 0.5 million to UGX 9 million and restocking capacity to UGX 5 million weekly.

He also renovated his shop premises. This growth has significantly improved his household's welfare, enabling him to meet family needs, including paying school fees for his children.

Onen Richard, a host community beneficiary of Vision Fund in his shop in Padwat Central A, Palabek Nyimu Sub County, Lamwo District

Dano Chamo Tic is a 28-member refugee VSLA group in Palabek Settlement, mainly composed of youth. Formed in March 2024, the group received UGX 3.5 million in June 2024 through the aBi Finance-supported project implemented by Vision Fund. Twelve members borrowed from the group at 10% interest, after Vision Fund provided the loan at 3%. Their savings rose from UGX 1.5 million to UGX 1.651 million. Members used the funds to boost agribusinesses, buy livestock, and pay school fees. For instance, Onek James bought 20 chickens and restocked his shop, while Ate Night expanded her retail business, relying on family labour.

The Agricultural Business Initiative 'aBi' is composed of three related but autonomous legal entities namely: aBi Development Limited which is limited by guarantee, aBi Finance Limited and Agricultural Bond Company Limited, limited by shares. aBi Finance Ltd is intended to build a strong and competitive agriculture sector in Uganda; and contributes to achieving the shared aBi Vision.

The aBi Finance Ltd Board

The Board of aBi Finance Ltd continued to support the delivery of aBi objectives and enabled aBi Boards and Management to operate efficiently and make effective decisions.

The Chairperson, Vice Chairperson and Company Secretary remained the same for both aBi Finance Ltd and aBi Development Ltd to further enhance the existing synergies.

In 2024, to serve both entities more efficiently, Corporate Services that was managed by a Chief Operating Officer under aBi Development Ltd underwent a restructuring process. aBi Finance Ltd is headed by the Chief Executive Officer, Mrs. Mona Muguma-Ssebuliba.

Five scheduled meetings, one joint ad hoc Board meeting, and one Annual General Meeting were held by aBi Finance Ltd in 2024.

The aBi Finance Members Committee

The Members of aBi Finance Members Committee are currently the Kingdom of Denmark and the Investment Fund for Developing Countries (IFU). The Members' Committee held two scheduled meetings in 2024.

THE BOARD MEMBERS

Felix Okoboi Board Chairperson | **Mr. Warwick Thomson** Vice Chairperson | **Ms. Sophie Nkuutu** Director | **Mr. Morten Christiansen** Director | **Ms. Charity Ekudu** Director | **Ms. Kim Kamarebe** Director | **Anne Kathrine** Director

Ms. Joan Abila
Company Secretary

Investor Council:

It is comprised of representatives of the Royal Danish Embassy, the Government of Uganda, IFU and European Union (EU). Three Investor Council meetings were held in 2024.

aBi Finance Committees:

There are four regular committees comprised of members nominated from the Board each with three members:

i. Procurement and Investment Committee (PIC) held four scheduled meetings.

ii. Audit, Risk and Compliance Committee (ARCC) held five scheduled meetings.

iii. Human Resource Committee (HRC) held five scheduled meetings and one ad hoc meeting. A joint aBi Development and aBi Finance joint HRC meeting was also held.

iv. Resource Mobilisation Committee (RMC) held six scheduled meetings. An Ad hoc Nominations Committee was constituted to look into the replacement of outgoing Directors. They held one meeting in Q4 2024.

Annual Board Evaluation:

The independent annual Board Evaluation for 2024 was done in February 2025.

Board Succession:

A comprehensive Board succession programme is maintained and the planning process is overseen by the Company Secretary who reports to the Members and the Board with a Board Slate of potential Board members. The tenure of two Board directors ended in December 2024. One Director was retained to serve a third term while one is being replaced.

Strategy Sessions:

Two scheduled Strategy and Business Plan sessions were held for the new 2024 – 2028 aBi Finance Strategy and Business Plan.

Information Sessions:
The aBi Finance Board participated in three joint information sessions with the aBi Development Board.

Board Field Visits:
The joint Boards of aBi Finance Ltd and aBi Development Ltd visited implementing partners in Western Uganda in November 2024.

Board Training:
The joint Boards of aBi Development and aBi Finance visited Denmark for a Study Tour on Green Trends in Agribusiness from the 29th of May to the 4th of June 2024.

The visit included meetings at the Ministry of Foreign Affairs, Denmark and IFU.

aBi FINANCE MANAGEMENT TEAM

Mona Muguma Ssebuliba
Chief Executive Officer

Mr. Ibrahim Abayo
Chief Operating Officer Corporate Services

Ms. Sonia Mazira Adibaku
Head of Finance

Mr. Noah Owomugisha
Head of Green Growth and Business Dev't Services

Mr. Paul Ssenyonjo
Chief Internal Auditor

Ms. Ann Marie Mwaka
Head of Business Development

Mr. Joseph Kibuuka
Head of Fund Management

Mr. Keith Kakuba
Risk Manager

Mr. George Mutagubya
Manager Advocacy and Communications


KENPOLY

ABOUT US:

UMOJA House, 2nd Floor
Plot 20, Nakasero Road

P.O Box 29851, Kampala, Uganda
Tel: +256 (0) 312 351600
Website: www.abi.co.ug