



# AMFIU

## MICROFINANCE SECTOR PERFORMANCE REPORT

QUARTERLY REPORT JULY – SEPTEMBER 2025

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## QUARTER 3 2025 PERFORMANCE REPORT

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### Introduction

By the end of Q3, 103 financial institutions were reporting. These include commercial banks and credit institutions that provide microfinance services, Micro Deposit Taking Institutions, Non-Deposit Taking Institutions, and SACCOs.

The quarterly performance report provides insights into the total and average performance of the financial institutions that reported during the quarter, offering a picture of how the microfinance sector is performing. This report analyses both financial performance and ESG indicators.

### Portfolio and Outreach

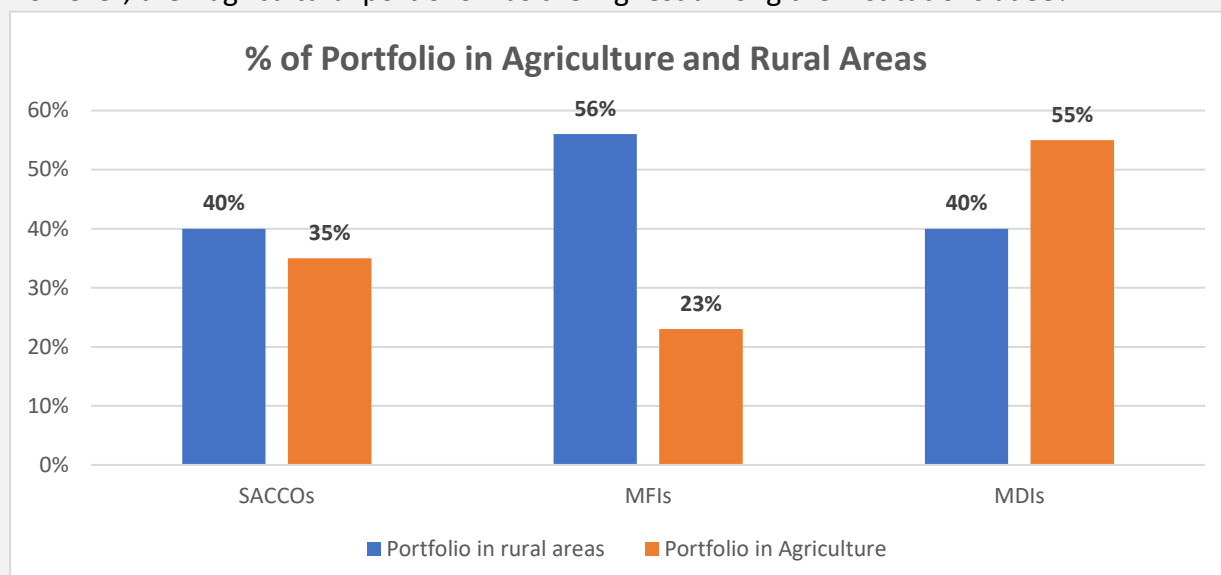
In Q3, the outstanding portfolio was 3.4 trillion, with a total of 1.4 million borrowers. The proportion of female borrowers increased to 54%, and voluntary savings reached 2 trillion. However, compared to Q2, there was a decline in the portfolio from 3.5 trillion to 3.4 trillion. This decrease resulted from one credit institution further reclassifying its portfolio to distinguish between what falls under microfinance and what does not, leading to a reduction in the reported portfolio.

Category of financial Institution	Portfolio	No of Borrowers	% of female borrowers	Voluntary savings
Banks and Credit institutns	1,542,487,560,310	458,691	65%	1,497,665,626,791
SACCOs	921,544,900,684	298,385	31%	441,753,795,717
MFIs	771,945,299,908	654,558	80%	0
MDIs	263,808,761,692	38,834	39%	65,594,993,301
Totals	3,499,786,522,594	1,450,468	54%	2,005,014,415,809

### Percentage of portfolio in Agriculture and Rural areas

According to the graph below, 40% of SACCOs' portfolios are in rural areas, with 35% invested in agriculture. MFIs had the highest share of their portfolio in rural areas at 56%, with 23% allocated to agriculture. For MDIs, the share of the portfolio in rural areas matched that of Sacco's at 40%;

however, their agricultural portfolio was the highest among the institutions at 55%.



## Analysis of the key performance indicators

Key performance indicators are tools that financial institutions use to measure how effectively their organizations are achieving their strategic and operational goals.

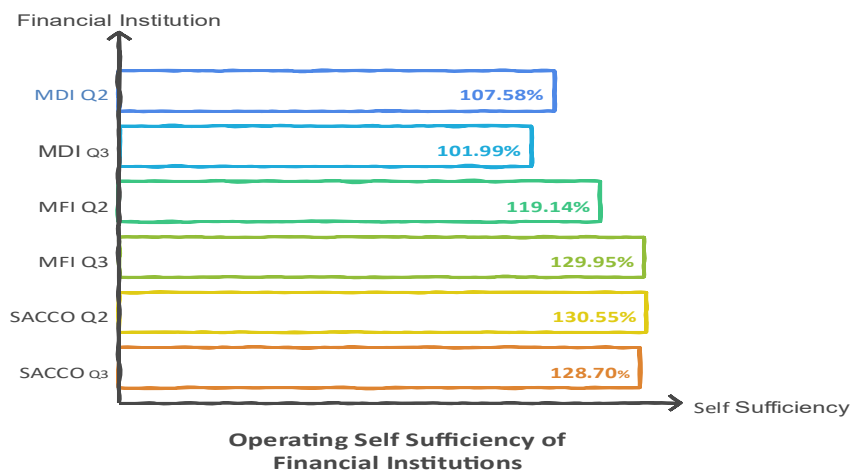
### Profitability indicators

Profitability indicators measure how effectively a financial institution is able to generate profit from its lines of business. These indicators include operating self-sufficiency, portfolio yield, yield on investments, return on assets, and return on equity.

#### 1(a) Operating self sufficiency

A financial institution uses this ratio to measure how much revenue it generates relative to its expenses. A score below 100% indicates that the institution is not generating enough income to cover its costs and may need to seek alternative options.

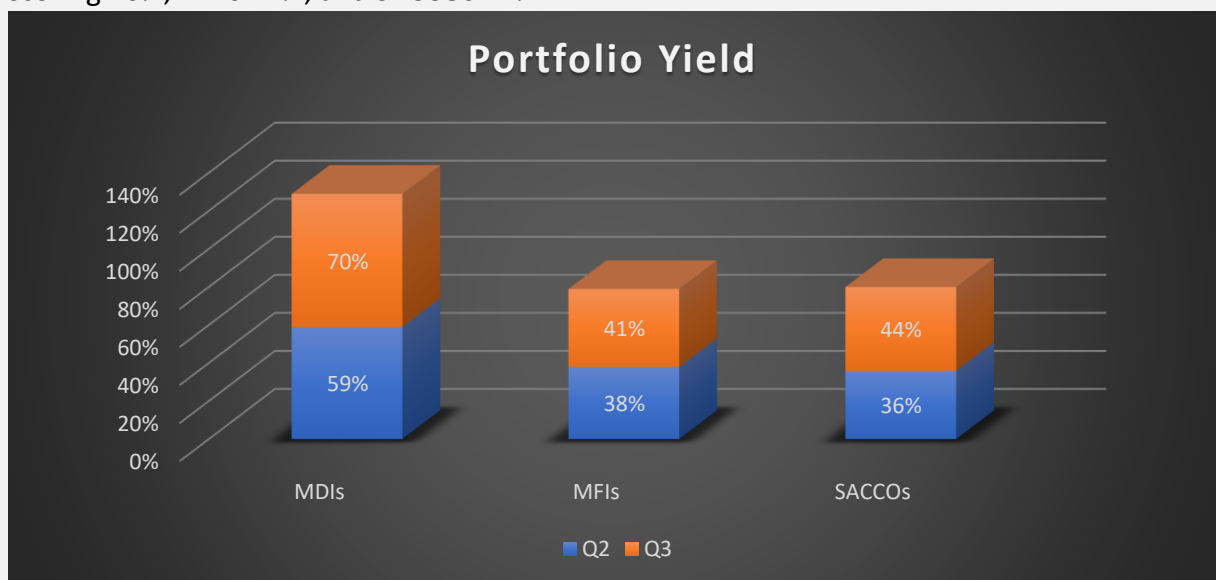
In Q3, all institutions recorded strong ratios above 100%. MFIs had the highest score at 129%, while MDIs had the lowest—but still acceptable—ratio of 101% while SACCOS scored a healthy ratio of 128.7%.



### 1(b) Portfolio Yield.

Portfolio yield measures the fees and income a financial institution generates relative to its average loan portfolio. The recommended industry benchmark for this ratio is above 42%. A higher ratio indicates that an institution is collecting well from its portfolio through interest and fees; however, if the ratio is too high, it may also signal that the institution is overcharging on its loans.

In Q3, all three categories of financial institutions showed progress on this indicator, with MDIs scoring 70%, MFIs 41%, and SACCOs 44%.



### 1(c) Yield on investment

This score varies depending on how a financial institution plans and allocates its resources to generate returns. When comparing Q2 to Q3, MDIs improved this ratio to 19%, and MFIs also recorded an improvement to 1.6%. In contrast, SACCOs experienced a decline in this ratio to 13.3%.

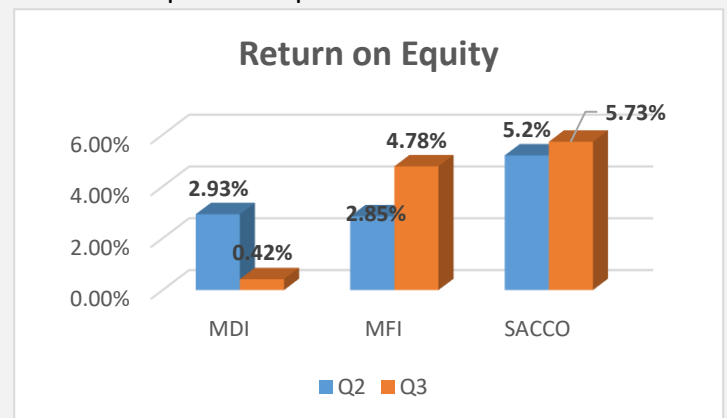
## Yield on investments

Financial Institution	Q2	Q3
MDI	11.46%	19.09%
MFI	0.8%	1.69%
SACCO	14.66%	13.33%

### 1(d) Return on Equity

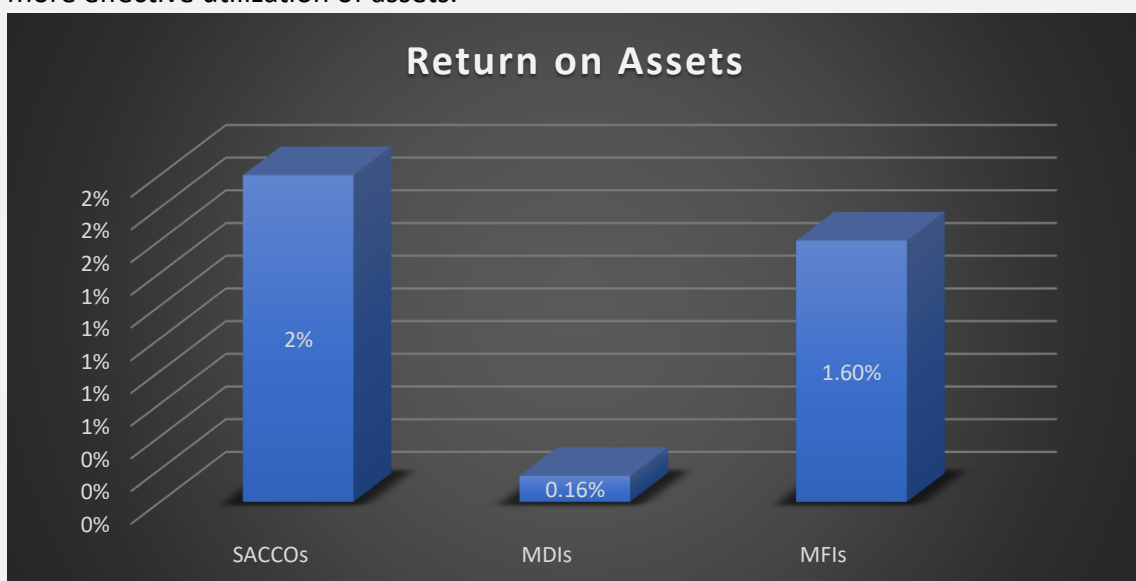
Shareholders always want to understand how much return has been generated from the capital they invested in the business, and the return on equity ratio helps them measure this. In Q3, MDIs recorded a lower ratio of 0.42%, down from 2.9% in the previous quarter. MFIs improved their ratio to 4.78%, up from 2.8% in Q2. SACCOs also registered an improvement, scoring 5.7% compared to

5.2% in the previous quarter.



### (e) Return on assets

This ratio helps financial institutions measure the returns generated from their average assets. The recommended industry benchmark for this ratio is 5%. At the end of Q3, SACCOs recorded a return on assets of 2%, MDIs 0.16%, and MFIs 1.6%. A lower ratio indicates that an institution is generating limited returns from its assets, whereas a higher ratio reflects more effective utilization of assets.

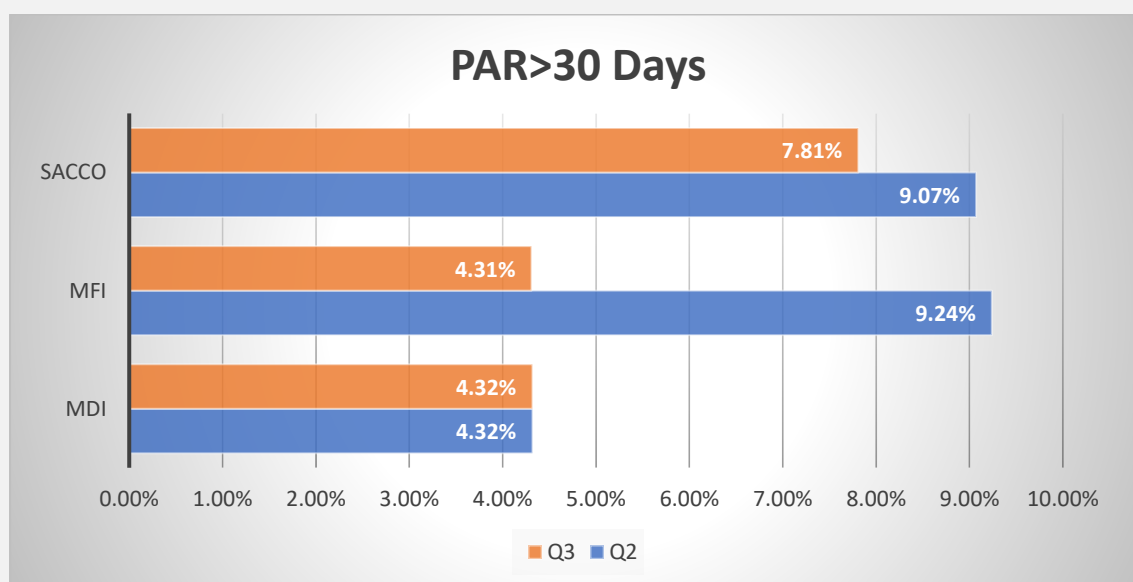


## Portfolio Quality Ratios

The quality of the portfolio of the financial institution is important to measure for it to be able to realize incomes, retain clients and also other benefits that come along with a well managed loan portfolio. PAR>30days, Loan loss reserve ratio, Risk coverage ratio and portfolio as a percentage of assets have been analysed below.

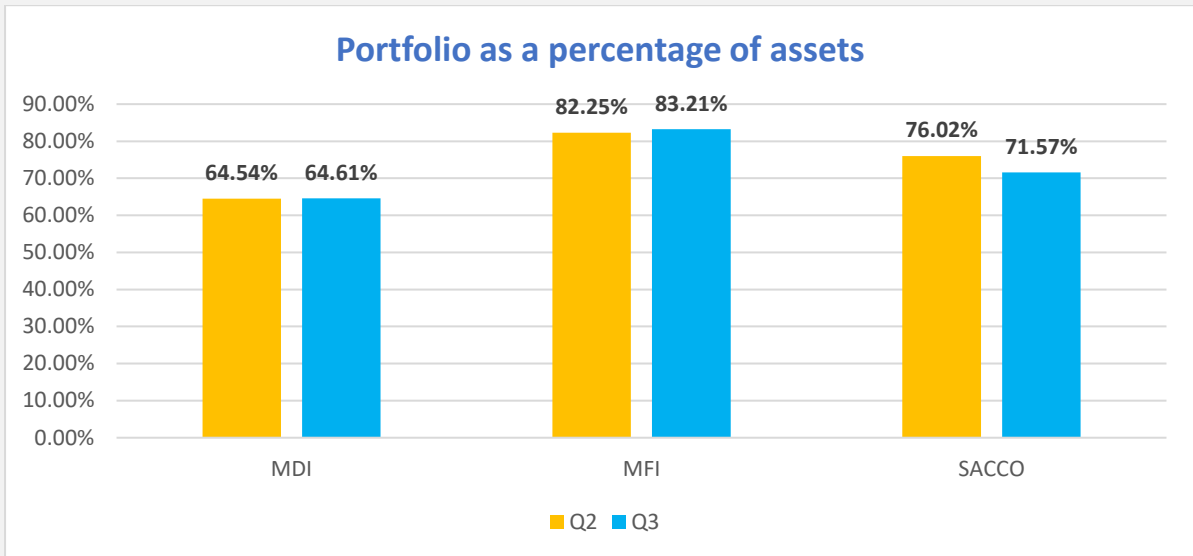
### 2(a) PAR>30 Days

Financial institutions use this ratio to measure the percentage of loans that have remained unpaid for 30 days or more. Compared to Q2, Q3 showed improvements in PAR>30 days across all three categories of financial institutions. SACCOs recorded 7.81%, down from 9.07% in Q2; MFIs improved significantly to 4.31%, compared to 9.24% in the previous quarter; while MDIs maintained the same PAR>30 days of 4.32% in both quarters. The recommended standard for PAR>30 days is below 5%.



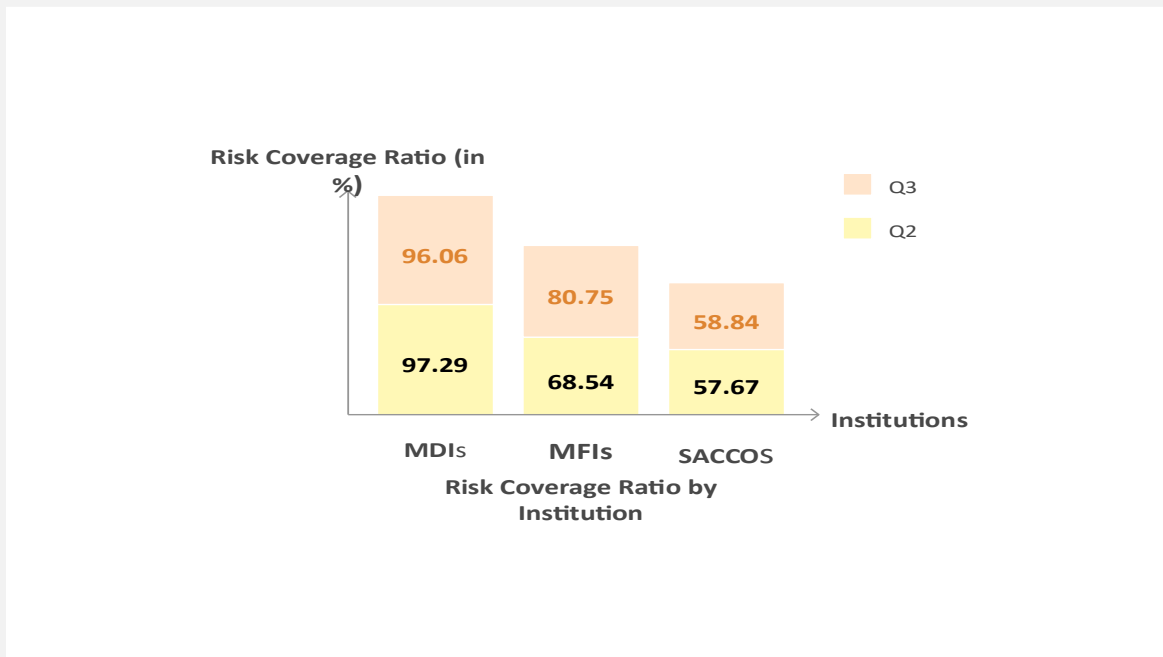
### 2(b) Portfolio as a percentage of assets

A financial institution can hold a variety of assets, with the loan portfolio being the major asset and primary income generator. The proportion of assets allocated to the portfolio is determined by the institution's objectives and risk appetite. In Q3, MFIs had the highest portfolio share at 83%, followed by SACCOs at 71% and MDIs at 64%. However, all institutions' ratios remained largely within the same range as in Q2.



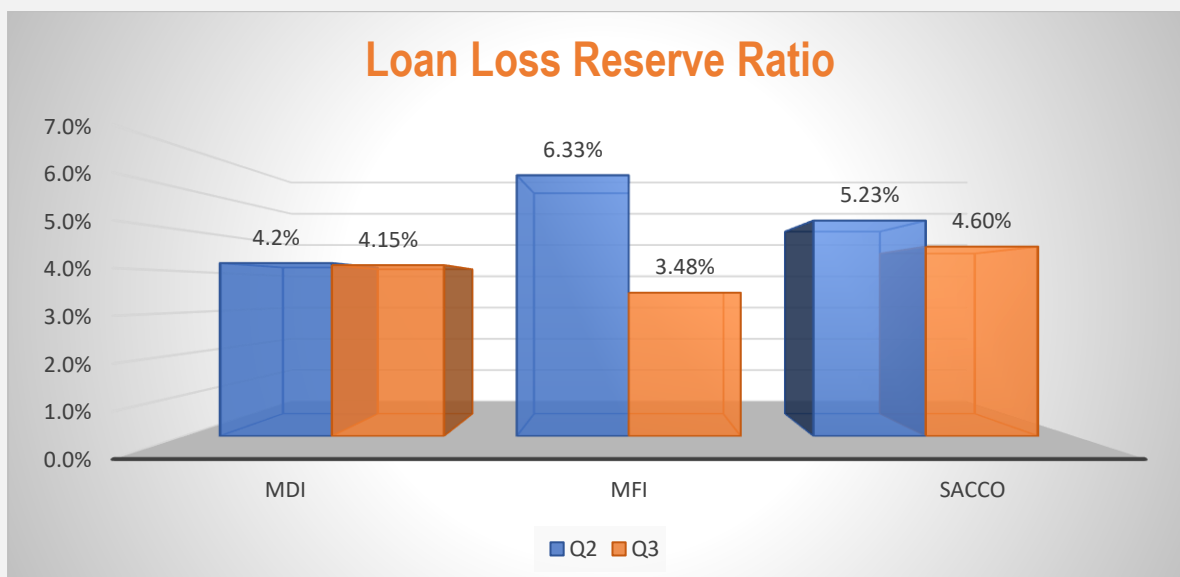
## 2(c) Risk Coverage Ratio

The risk coverage ratio measures the percentage of loans at risk that are covered by the loan loss reserve. To prevent potential losses, it is recommended that institutions cover 100% of at-risk loans. By the end of Q3, the risk coverage ratios were 96% for MDIs, 80% for MFIs, and 58% for SACCOS.



## 2(d) Loan Loss Reserve Ratio

The loan loss reserve represents the portion of the portfolio set aside to cover potential loan losses. This ratio reflects the quality of an institution’s loan portfolio. It should be kept high when portfolio quality is poor or internal controls are weak, but can be lower when portfolio quality is strong, provided the current conditions are maintained. In Q3, this ratio decreased to 4.15% for MDIs, 3.4% for MFIs, and 4.6% for SACCOS, representing an improvement compared to Q2.



## 3. CAPITAL RATIOS

Capital ratios assess whether financial institutions can remain resilient during challenging periods, such as economic downturns or pandemics. The debt-to-equity ratio and capital adequacy ratio are key indicators used to analyse this financial stability.

### 3(a) Capital Adequacy Ratio

The Capital Adequacy Ratio reflects a financial institution’s ability to absorb losses and continue operating. The recommended standards are above 30% for SACCOs and above 50% for MFIs. This ratio remained unchanged across the two quarters, with MDIs at 21.3%, MFIs at 75.2%, and SACCOs at 45.2%. This stability may indicate that no factors adversely affecting capital adequacy occurred, or that these institutions have a strong capital base.

#### Capital Adequacy Ratio (%)

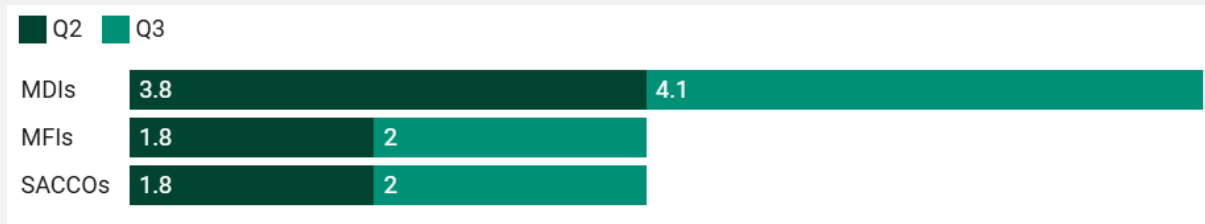
	Q2	Q3
MDI	21.32%	21.32%
MFI	75.27%	75.27%
SACCO	45.21%	45.21%

### 3(b) Debt to equity Ratio

This ratio measures the extent to which a financial institution’s operations are financed by debt compared to equity. A higher ratio indicates greater reliance on borrowed funds, whereas a lower ratio suggests that the institution depends more on internal capital or has access to grants recorded as capital.

In Q3, the ratio for MDIs increased slightly from 3.8% to 4.1%, while MFIs and SACCOs maintained ratios of 1.8% and 2%, respectively, unchanged from Q2.

### Debt to Equity Ratio (%)

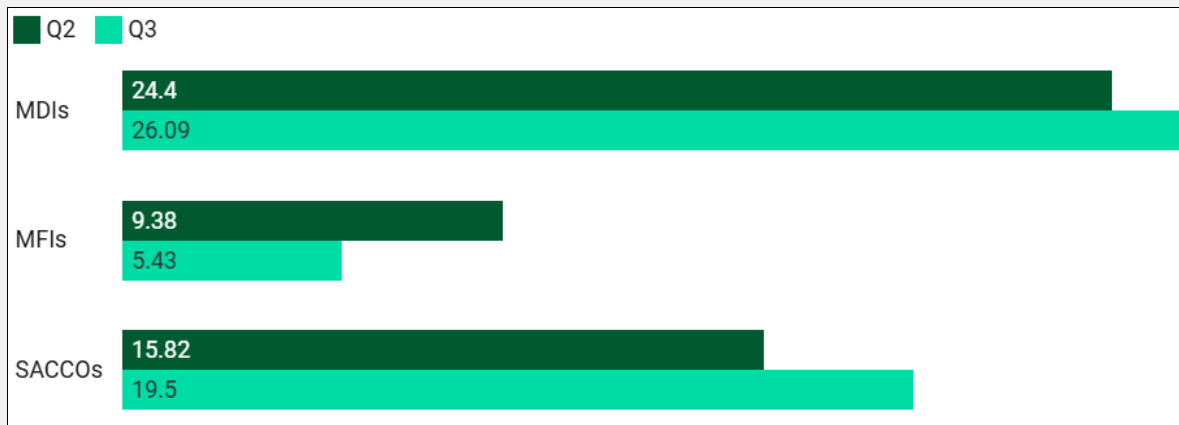


## 4. LIQUIDITY RATIO

This ratio measures a financial institution’s ability to meet its short-term obligations, such as withdrawals and loan disbursements. Excessive liquidity may indicate underutilization of current assets, leading to lower profitability, while insufficient liquidity is risky, as the institution may be unable to meet its obligations.

### 4(a) Liquidity Ratio (%)

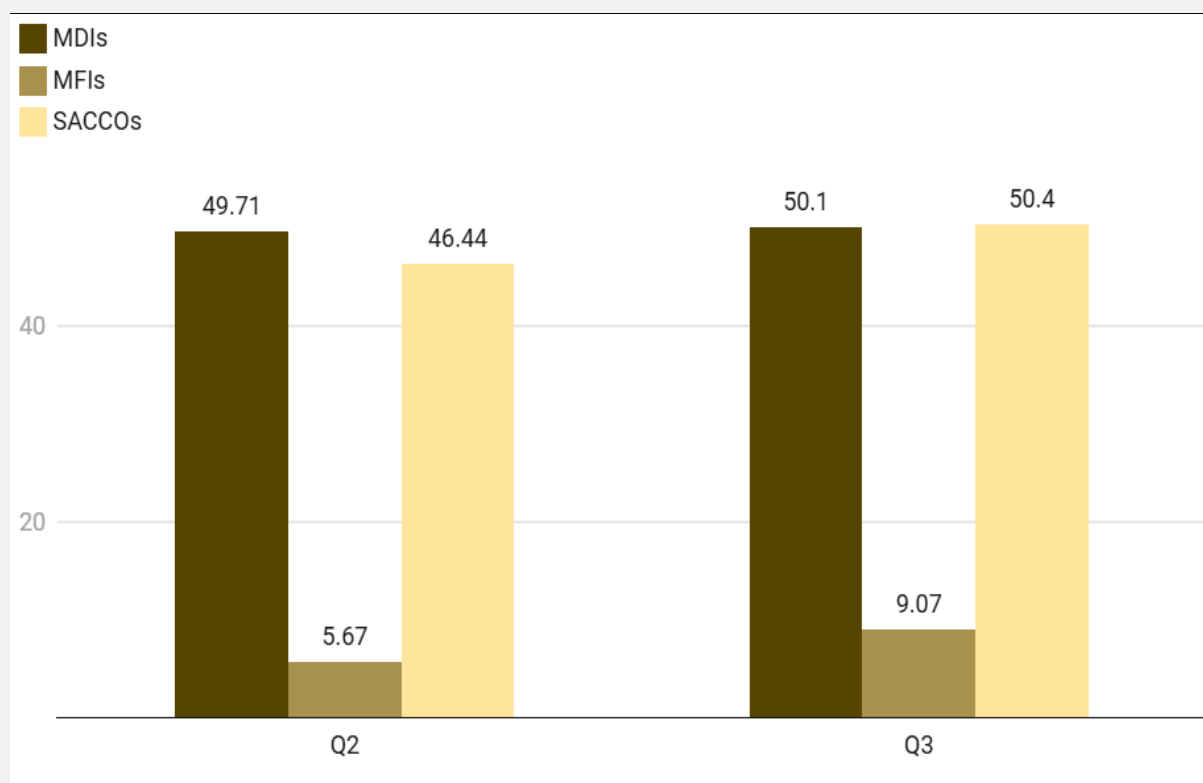
In Q3, the liquidity ratio for MDIs increased from 24.4% in Q2 to 26%. For MFIs, it decreased from 9.38% to 5.43%, while for SACCOs, the ratio increased from 15.8% to 19.5%.



### 4(b) Deposits as a percentage of Assets

This ratio measures the extent to which member deposits contribute to a financial institution’s total assets. It indicates how much the institution relies on customer deposits to finance its operations. A higher ratio suggests lower reliance on external funding sources; however, the institution must manage its liquidity carefully to ensure it can meet member withdrawals without difficulty.

## Deposits as a percentage of assets (%)

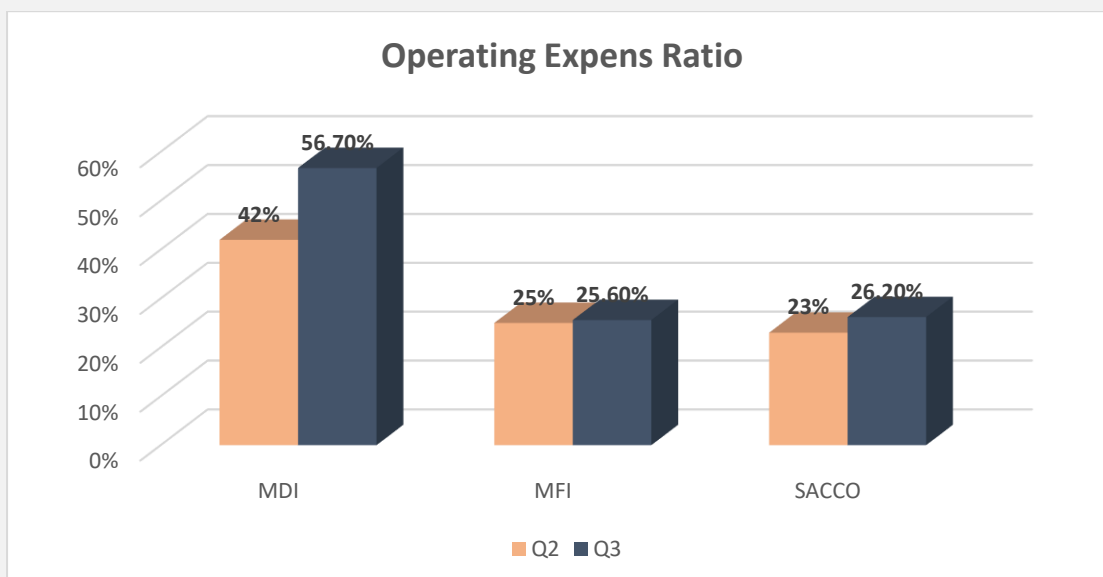


## 5. Efficiency and Productivity Ratios

Efficiency ratios measure how effectively a financial institution manages its costs and utilizes its resources to generate income. The ratios analysed here include the operating cost ratio and staff productivity ratios.

### 5(a) Operating cost ratio

This ratio measures the cost of managing a loan portfolio. A lower ratio is preferable, as it allows a financial institution to generate higher profits. The recommended standard for this ratio is not below 60%. Comparing Q2 to Q3, all three categories of financial institutions recorded increases in this ratio: MDIs rose from 42% to 56%, MFIs from 25% to 25.6%, and SACCOs from 23% to 26%.



### 5(b) Average portfolio outstanding per loan officer

This ratio measures the average loan portfolio managed by loan officers. The standard recommends that individual loan officers handle 350M, while group loan officers manage 250M, depending on their tenure at the financial institution. In Q3, the average portfolio per loan officer increased for MDIs, while it declined for MFIs and SACCOs, as shown in the table below.

Category of Financial Institution	Q2	Q3
MDI	568,809,708.14	632,634,920.12
MFI	256,572,534.52	187,698,745.33
SACCO	761,108,950.27	743,352,631.51

### 5(c) Average number of clients per loan officer

This ratio measures the average number of loan clients managed by loan officers and serves as an additional indicator of their productivity. In Q3, the average number of clients served by loan officers increased across all three categories of financial institutions.

Category of financial institution	Q2	Q3
MDI	84.22	93.16
MFI	169.49	185.24
SACCO	225.68	252.71

## 6. Q3 Environmental Social and Governance indicator report

ESG (Environmental, Social, and Governance) is an aspect that requires financial institutions to assess how their operations impact the environment, how they interact with various stakeholders—including customers, staff, and suppliers—and how they manage governance, including leadership and compliance. In Q3, 6.7% of institutions reported on ESG indicators. They provided data across seven categories, including awareness raising and testing, green loan portfolio and outreach, energy consumption, WASH financing, and indicators for persons with disabilities, youth, and refugees.

### 6.1 Awareness raising and training

It is important for a financial institution to create ESG awareness among all its stakeholders to effectively implement various ESG indicators. In Q3, 2.4% of customers, 5.3% of staff, and 45% of board members received ESG training.



### 6.2 Green loan portfolio and outreach

Green loans are a form of sustainable financing, with different financial institutions offering various green products. In Q3, 6.7% of financial institutions disbursed 11 green loan products, totalling 17.1 billion in outstanding loans and 7,778 loans issued. Of these, 59 applications were rejected due to high environmental risk.

<b>Number of green loan products offered</b>	<b>11</b>
Number of green loans disbursed	<b>4,434</b>
Value of outstanding green loans	<b>17,161,026,016</b>
Value of green loans disbursed	<b>12,548,021,364</b>
Total number of loan applications rejected due to high environmental risk	<b>59</b>
Number of outstanding green loans	<b>7,778</b>

### 6.3 Energy consumption

In Q3, these institutions consumed 66,140 kilowatts of electricity, 10,649 litres of diesel, and 16,442 litres of petrol. The ultimate goal of tracking these indicators is to reduce energy consumption and minimize the carbon footprint.

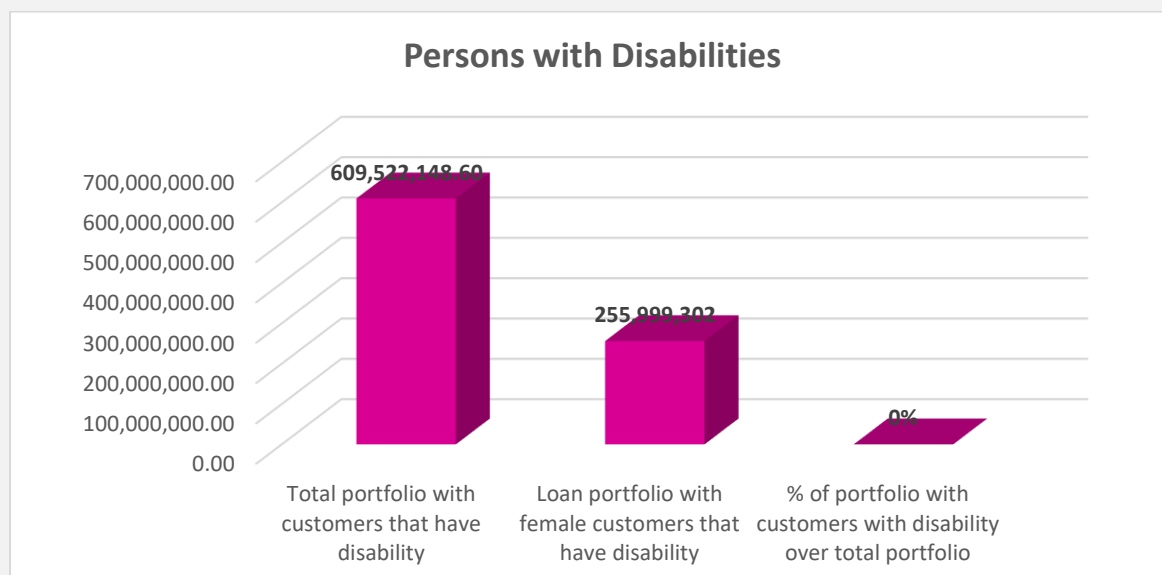
### 6.4 WASH Indicators

One of the environmental indicators is water usage, with the goal of reducing water wastage. Proper use of water is encouraged, while any intentional misappropriation is discouraged. In Q3, institutions that provide WASH loans disbursed 426 loans to 3,502 beneficiaries. The outstanding portfolio stood at 10 billion, with 225 female borrowers accessing these loans.

<b>Number of WASH loans disbursed.</b>	<b>426</b>
Number of third-party beneficiaries reached under WASH	<b>3,502</b>
Value of outstanding Portfolio under WASH	<b>10,155,291,241</b>
Number of female Clients that have accessed WASH loans	<b>225</b>
Number of WASH loans written off	<b>0</b>

### 6.5 Persons with Disability Indicators

Persons with disabilities (PWDs) are one of the underprivileged groups with limited access to finance due to various challenges. However, financial institutions have taken steps to extend financial services to this group. In Q3, customers with disabilities accounted for 0.4% of the total customer portfolio.



## 6.6 Youth Indicators

Outreach to youth is an initiative adopted by some financial institutions to better serve this group by designing products that meet their needs. Of the 6.7% of financial institutions that reported on ESG in Q3, they reached 80,117 customers, with 14% being female and youth accounting for 39% of their total portfolio.

Number of youth customers	80,117
Number of female youths served	14%
Percentage of youth customers over total customers	39%

## 6.7 Refugee Indicators.

At the end of Q3, financial institutions that extend loans to refugees had disbursed to a total of 18,603 clients 49% of these being female with a total portfolio outstanding of 5.9 trillion contributing to 13.3% of refugee customers.

Indicator	Score
Total number of refugee customers	18,603
No of female refugee customers	9,085
Percentage of refugee customers	13.30%
Total portfolio under refugees	5,969,234,294

## 7. REPORTING INSTITUTIONS.

ADVANCE SMART MICROFINANCE LTD
ASA MICROFINANCE (U) LTD
BAGEZZA SACCO LTD
BRAC BANK LIMITED
BUGADDE SACCO
BULADDE FINANCIAL SERVICES
BUNYARUGURU DEVELOPMENT SACCO
BURERE PEOPLES SACCO
BUSIU SACCO
BUTUURO PEOPLES SACCO LTD
BUYANJAA SACCO
CBS PEWOSA NSINDIKA NJAKE EYETEREKERA
CELEBRATE HOPE SACCO
CENTENARY BANK
CHAHI TEACHERS COOPERATIVE SOCIETY LTD
COMMUNITY FUND
DARWEN CREDIT LTD
DESTINY MICROFINANCE LIMITED
DEVELOPMENT MICROFINANCE LIMITED
DIVINE MICROFINANCE LIMITED
EAST AFRICAN PREMIER INVESTMENTS LTD
EBO SACCO
ECLOF UGANDA
ELEGLANCE FINANCE
ENCOT MFI
FINCA UGANDA LTD
GLORY SACCO
GOLDMINE FINANCE LIMITED
HAKASHENYI SACCO
HERITAGE CREDIT COMPANY LIMITED
HOFOKAM
IGARA BUHWEJU TEA FARMERS SACCO
IRYARUVUMBA DEVELOPMENT SACCO LTD
JENNIS FINANCE COMPANY
JUMPSTART AFRICA INVESTMENT SERVICES LTD
JUSTA MICRO CREDIT LTD
KARIBU MICROFINANCE
KASAANA SACCO
KASHONGI SACCO

KATI MICROFINANCE
KEBISONI SACCO LTD
KIFFI SACCO LTD
KIGARAMA FARMERS SACCO
KIGARAMA PEOPLES SACCO
KIHANGA MPARO SACCO
KIJURA SACCO
KINONI COOPERATIVE SAVINGS AND CREDIT SOCIETY
KISHENYI SACCO LTD
KOBOKO UNITED SACCO
KOLPING MICROFINANCE
KYAMUHUNGA SACCO
LETSHEGO UGANDA LIMITED
LWENGO MICRO FINANCE C/S LTD
LYAMUJUNGU COOPERATIVE FINANCIAL SERVICES LTD
MAC & MAX MICROFINANCE
MADFA SACCO
MAGANJO ST. APOLLO KIVEBULAYA COMMUNITY SACCO
MAMIDECOT
MARANATHA FINANCIAL SERVICES
MATEETE SACCO
MCDT SACCO
MIJWALA SACCO
MOYO CO-OP. SAV. & CR. SOCIETY LTD.
MT. OTCE METU SACCO
MUBUGA SACCO
MUHAME SACCO
MUNTUYERA SACCO
MUSHANGA SACCO
MWIZI SACCO
NABUKALU COOPERATIVE SAVINGS & CREDIT SOCIETY LTD
NAZIGO SACCO
NGORA SACCO
NILE MICROFINANCE
NYAKAYOJO SACCO
NYAKIBALE DEV'T SACCO
NYARAVUR FARMERS
NZURI TRUST
OFFAKA SACCO
OMIPA SACCO
OPPORTUNITY BANK
REAL PEOPLE FINANCIAL SERVICES
RIDO SACCO

RUBABO PEOPLES' SACCO
RUFU MICROFINANCE
RUHIIRA MILLENIUM SACCO LTD
RUKIGA SACCO
RUKUNGIRI CHRIST THE KING CHURCH COMMUNITY SACCO LTD
RUKUNGIRI DISTRICT EMPLOYEES SACCO
RURAL DEVELOPMENT FOUNDATION UGANDA LIMITED (RDF)
RUSCA
RUSHANGO SACCO
RUSHERE SACCO
RWANYAMAHEMBE SACCO
SAO ZITOBWE SACCO
SHUUKU SACCO
TUJJIJENGE UGANDA LTD
UGAFODE
UGANDA MICROCREDIT FOUNDATION LIMITED
UMOJA MICROFINANCE SMC LTD
VISION FUND UGANDA
WAKISO SELFHELP SACCO
WASHINDI SAVINGS AND CREDIT COOPERATIVE SOCIETY LTD
Y-SAVE MULTIPURPOSE COOPERATIVE SOCIETY LTD