

UGAFODE Microfinance Limited (MDI)

HALF YEAR UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2023



I am happy to present UGAFODE's half year unaudited results for the period ended 30 June, 2023.

During this period, the institution focused on improving customer satisfaction and increasing outreach through good customer service practices and increased engagement, which promoted customer loyalty.

We continued to build partnerships and in April, we partnered with Centenary Bank to offer

Agent Banking Services to our customers. With this partnership, UGAFODE customers can conveniently access their accounts at any Cente Agent.

The institution has invested in building staff capacity through training to ensure that they have the right skills in line with innovations in FINTECH as we leverage technology to digitise our business operations.

At the beginning of the year, we launched a customised women's

loan product, codenamed the Smart Woman Loan, which greatly improved our journey in financial inclusion for women. With this loan, women are targeted with funding from Financial Sector Deepening Uganda.

In addition, together with the Women's World Banking (our shareholders), we are carrying out research on gender diversity that will guide UGAFODE in reviewing and refining products for financial inclusion for women.

UGAFODE has also continued to consolidate its programme for financial inclusion for refugees and host communities.

As we move forward, we are excited about the amendments in the MDI Act, which will allow us to offer more services to our customers including Agent Banking, Bancassurance and Islamic Banking, in addition to enabling us to increase our maximum loan amount.

We are also taking advantage of the

amendments to grow our business through low-cost sales centres that are cashless.

As we continue to grow, we are putting emphasis on good Environmental, Social and Governance practices to ensure sustainability of our business and make a positive impact.

I thank our partners, the Board, Management and staff of UGAFODE.

 **Shafi Nambobi**
Chief Executive Officer

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

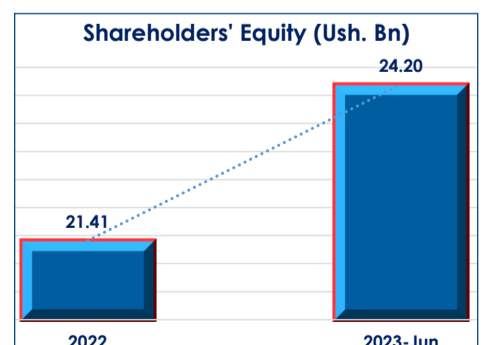
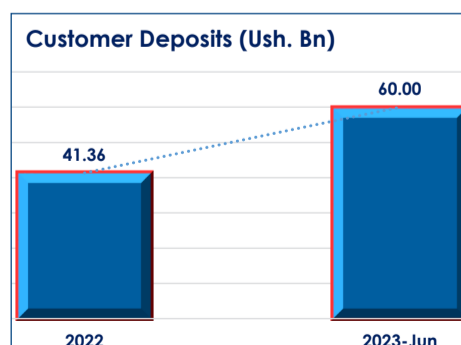
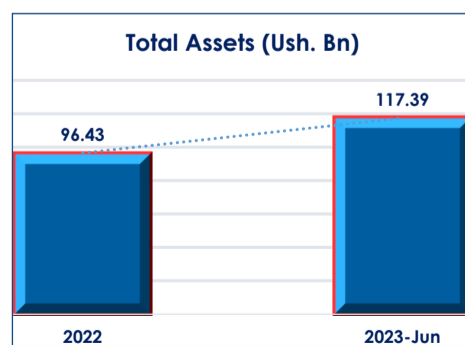
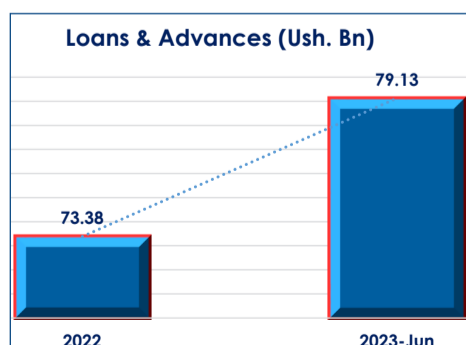
Particulars	June 2023	2022
	Shs '000	Shs '000
ASSETS		
Cash and cash equivalents	10,688,600	7,108,114
Loans and advances to customers (Net)	79,131,136	73,379,265
Investments with financial institutions	17,680,218	7,621,521
Property and equipment	3,158,788	3,089,731
Intangible assets	1,569,076	1,704,534
Right of use of an asset	1,287,791	1,603,760
Other assets	3,819,720	1,871,351
Current tax	51,060	51,060
TOTAL ASSETS	117,386,389	96,429,335
LIABILITIES		
Customer's deposits	60,033,580	41,364,853
Borrowings	25,334,675	26,810,484
Lease liability	985,048	1,456,825
Loan insurance fund	338,375	341,794
Other liabilities	4,943,411	3,927,278
Deferred grant	76,509	15,448
Administered funds	10,803	10,803
Tax payable	358,431	0
Deferred tax liability	1,090,370	1,090,370
TOTAL LIABILITIES	93,171,203	75,017,855
EQUITY		
Share capital	2,353,781	2,353,781
Retained earnings	1,508,062	1,696,726
Current year profits	2,803,705	0
Share premium	14,166,005	14,166,005
Regulatory credit risk reserve	2,510,893	2,322,229
Capital reserves	872,739	872,739
TOTAL EQUITY	24,215,186	21,411,480
TOTAL EQUITY AND LIABILITIES	117,386,389	96,429,335

SUMMARY OF PERFORMANCE

- Total deposits grew by **45.1%**
- Net Portfolio grew by **7.8%**
- Shareholders' equity grew by **13.4%**
- Total assets grew by **22%**
- Active borrowers increased by **4%**

SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2023

Particulars	June 2023	2022
	Shs '000	Shs '000
Income		
Interest on deposits and placements	900,997	953,011
Interest on loans and advances	16,569,121	27,471,925
Fees and commissions income	498,791	746,087
Other income	1,109,439	1,966,956
Total income	19,078,348	31,137,978
Expenditure		
Interest expense on deposits	(3,066,544)	(2,785,051)
Interest expense on borrowings	(1,452,213)	(3,915,353)
Other interest expense	(50,864)	(138,997)
Provisions for bad and doubtful debts	(857,671)	(1,987,180)
Operating expenses	(9,988,920)	(20,107,166)
Total Expenditure	(15,416,212)	(28,933,747)
Net profits before tax	3,662,137	2,204,232
Taxation	(858,431)	(847,584)
Net Profits after tax	2,803,705	1,356,648



Joanita Sarah Nyakaisiki
Head of Finance

Shafi Nambobi
Chief Executive Officer