

# dfcu Limited 2021 Interim Financial Results



## Highlights

Net Profits

33%



Net Income

23%



Interest Expense

3%



Shareholder Funds

6%



## STATEMENT FROM BOARD OF DIRECTORS

The Board of Directors is pleased to present to you the 2021 half year consolidated financial results of dfcu Limited.

Despite the ongoing COVID-19 pandemic, dfcu posted good financial performance in the first half of 2021 with consolidated net profit after tax increasing by 33% from Ushs 29.1 Billion in June 2020 to Ushs 38.8 Billion in June 2021. While several measures continue to be instituted by stakeholders to stem the pandemic and minimize disruption, the uncertainty on the direct and indirect impact on the future recovery of the economy remains.

Considering the challenges in the business environment and slow economic recovery, we focused the first half of the year on maintaining an optimal balance between supporting our customers to recover and financial performance. The extension of the credit relief program by the Central Bank enabled us to prolong the provision of relief in terms of restructures and repayment moratoriums to customers whose businesses have been impacted by the pandemic.

Looking forward, we will continue to execute on our strategic priorities, invest for growth, and accelerate our digital transformation to deliver on our commitments to our customers and shareholders, while ensuring the safety of our customers and staff. Further improvements in operational efficiency combined with cost optimization in the second half of the year will help us further improve our performance.

The Board would like to thank our regulators, shareholders, customers and staff as well as our other stakeholders for their commitment to the continued growth of our Company.

Board of Directors



**Mathias Katamba**

Chief Executive Officer  
dfcu Bank

## One on One with the CEO of dfcu Bank, the trading subsidiary of dfcu limited

What is your assessment of the operating environment for period under review?

The first half of the year has been mixed, characterized by a second wave of COVID-19 infections with new variants and the lockdown that was instituted to curb the rising pace of infections across the country and the resultant strain on the health sector.

On a positive note, the economy continues to show signs of recovery with the GDP estimates for financial year 2020/21 closing at 3.3% which was higher than projections earlier in the year of 3.1% driven primarily by stronger household consumption. The financial year 2021/22 is expected to show even stronger growth especially if vaccinations pick up and other critical sectors of the economy are opened.

How did dfcu Bank perform considering the challenging environment?

Despite challenges in the operating environment, dfcu consolidated net profit after tax increased by 33% from Ushs 29.1 Billion in June 2020 to Ushs 38.8 Billion in June 2021. This upside in profit performance was driven by a 23% growth in net income. In terms of financial positions, we continued to shore up liquidity given the uncertain environment with a 2.6% increase in liquid asset holdings.

Due to the constricted economic activity, the Bank took a conscious approach to credit growth resulting in net loans and advances to customers reducing by 4.1%. The marginal drop in customer deposits was a result of the deliberate move to minimise the cost of funds as we continued to gradually release the expensively priced deposits. On the other hand, the impact of the restrictions and slow pace of activity reflected on our customers as the provisions for loans and advances to customers increased from Ushs 8.7 Billion in June 2020 to Ushs 36.7 Billion in June 2021.

What is dfcu Bank doing to galvanize support for customers,

communities and the economy to recover?

We continue to provide relief in terms of restructures and repayment moratoriums to customers whose businesses have been impacted by the pandemic. More than 45% of our customers have received some form of credit relief to date. As a mechanism to further promote access to credit for small business and households, we started deployment of our mobile loan solution to our consumer banking customers and leveraged our customer relationship management to provide new and additional funding to business customers.

At the national level, we continued to engage with stakeholders in key sectors of the economy in the areas of Oil and Gas particularly, to promote the participation of customers in the local content component. We continue to sponsor the Best Farmer initiative which promotes the use of best practices in agribusiness in conjunction with our partners. The Bank also continues to support Savings groups and SACCOs (Savings and Credit Cooperative Organizations) through capacity building programs and small farmer-based groups through our Agricultural Development Centre.

Our staff have shown that, regardless of the circumstances, they will go over and above to support our customers, communities, and one another. We are providing tailored support across our footprint to help them manage through the pandemic.

What should customers and stakeholders expect?

Our efforts will continue to focus on driving efficiency of operations and harnessing our digital investments to sustain customer ease of doing business with us. We will also continue to play our role of 'making more possible for our customers' by providing much needed funding to support both individuals and business to recover. The pandemic is still with us for some time, so the health and safety of our customers and staff will continue to be a priority as well.

# Interim Condensed Consolidated Financial Results For dfcu Limited For the Six Months Ended 30 June 2021 (Unaudited)

Condensed Consolidated Statement of Comprehensive Income	"Unaudited 6 months to 30-Jun-21"	"Unaudited 6 months to 30-Jun-20"	"Audited 12 months to 31-Dec-20"
	Shs Millions	Shs Millions	Shs Millions
<b>Net income</b>	<b>177,325</b>	<b>144,042</b>	<b>304,244</b>
Operating expenses	(85,469)	(86,056)	(191,639)
Other losses on financial assets	(5,228)	(10,000)	(50,488)
Expected credit losses on loans and advances	(36,694)	(8,669)	(30,632)
<b>Profit before tax</b>	<b>49,934</b>	<b>39,317</b>	<b>31,485</b>
Income tax expense	(11,116)	(10,200)	(7,408)
<b>Profit for the period</b>	<b>38,818</b>	<b>29,117</b>	<b>24,077</b>
<b>Earnings per share</b>			
Basic and diluted (Shs)	51.89	38.92	32.18
<b>Annualised earnings per share:</b>			
Basic and diluted (Shs)	103.77	77.84	32.18
<b>Summary statement of comprehensive income:</b>			
<b>Profit for the period</b>	<b>38,818</b>	<b>29,117</b>	<b>24,077</b>
Other comprehensive income	4,507	762	(944)
<b>Total comprehensive income</b>	<b>43,325</b>	<b>29,879</b>	<b>23,133</b>

Condensed Consolidated Statement of Financial Position	"Unaudited as at 30-Jun-21"	"Unaudited as at 30-Jun-20"	"Audited as at 31-Dec-20"
	Shs Millions	Shs Millions	Shs Millions
<b>Assets:</b>			
Liquid assets	1,358,390	1,323,733	1,377,553
Loans and advances to customers	1,664,426	1,735,832	1,775,316
Other assets	334,577	382,475	345,708
<b>Total Assets</b>	<b>3,357,393</b>	<b>3,442,040</b>	<b>3,498,577</b>
<b>Liabilities:</b>			
Customer deposits	2,385,079	2,487,306	2,595,347
Other payables and liabilities	98,393	80,047	80,938
Borrowings	237,684	275,029	229,380
<b>Total liabilities</b>	<b>2,721,156</b>	<b>2,842,382</b>	<b>2,905,665</b>
<b>Equity:</b>			
Shareholders' equity	636,237	599,658	592,912
Minority interest	-	-	-
<b>Total equity</b>	<b>636,237</b>	<b>599,658</b>	<b>592,912</b>
<b>Total equity and liabilities</b>	<b>3,357,393</b>	<b>3,442,040</b>	<b>3,498,577</b>
Core capital	21%	20%	21%
Total capital	22%	22%	23%

Condensed Consolidated Statement of Cash Flows	"Unaudited 6 months to 30-Jun-21"	"Unaudited 6 months to 30-Jun-20"
	Shs Millions	Shs Millions
<b>Operating activities:</b>		
Net interest receipts	132,198	112,699
Fee and commission receipts	28,291	23,483
Net foreign exchange and other income received	10,946	7,768
Recoveries from other assets measured at FVTPL	778	92
Recoveries on loans previously written off	1,291	391
Interest paid on lease liability	(3,230)	-
Cash payments to employees and suppliers	(47,705)	(81,427)
Current income tax paid	(6,670)	(8,677)
Net change in operating assets and liabilities	(172,627)	301,633
<b>Net cash from operating activities</b>	<b>(56,728)</b>	<b>355,962</b>
<b>Investment activities:</b>		
Purchase of property and equipment	(5,488)	(12,759)
Purchase of intangible assets	(2,233)	(2,553)
Proceeds from sale of property and equipment	304	-
<b>Net cash used in investing activities</b>	<b>(7,417)</b>	<b>(15,312)</b>
<b>Financing activities:</b>		
Net change in borrowings	14,985	(18,181)
Principle paid on lease liability	(3,203)	-
<b>Net cash used in finance activities</b>	<b>11,782</b>	<b>(18,181)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(52,363)</b>	<b>322,469</b>
Unrealised gain on cash and cash equivalents	219	-
Cash and cash equivalents at 1 January	597,841	347,708
<b>Cash and cash equivalents at 30 June</b>	<b>545,697</b>	<b>670,177</b>



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Consolidated Statement of Changes in Equity	Share Capital	Share Premium	Distributable Reserves	Non-Distributable Reserves	Regulatory Reserves	Fair Value Reserves	Proposed Dividends	Total
	Shs M	Shs M	Shs M	Shs M	Shs M	Shs M	Shs M	Shs M
<b>Year ended 31 December 2020</b>								
At 1 January 2019	14,963	185,683	343,563	12,113	14,055	(598)	-	569,779
Profit for the year	-	-	24,077	-	-	-	-	24,077
Other comprehensive income, net of tax	-	-	-	-	-	(944)	-	(944)
Dividends proposed	-	-	(37,651)	-	-	-	37,651	-
Transfer from other reserves	-	-	12,113	(12,113)	-	-	-	-
Transfer from regulatory reserve	-	-	14,055	-	(14,055)	-	-	-
<b>As at 31 December 2020</b>	<b>14,963</b>	<b>185,683</b>	<b>356,157</b>	<b>-</b>	<b>-</b>	<b>(1,542)</b>	<b>37,651</b>	<b>592,912</b>
<b>Six months ended 30 June 2021</b>								
At 1 January 2020	14,963	185,683	356,157	-	-	(1,542)	37,651	592,912
Profit for the six months ended 30 June 2021	-	-	38,818	-	-	-	-	38,818
Proposed dividend adjustment	-	-	24,651	-	-	-	(24,651)	-
Other comprehensive income, net of tax	-	-	-	-	-	4,507	-	4,507
<b>At 30 June 2021</b>	<b>14,963</b>	<b>185,683</b>	<b>419,626</b>	<b>-</b>	<b>-</b>	<b>2,965</b>	<b>13,000</b>	<b>636,237</b>
<b>Six months ended 30 June 2020</b>								
At 1 January 2020	14,963	185,683	313,639	12,113	14,055	(598)	29,924	569,779
Profit for the six months ended 30 June 2020	-	-	29,117	-	-	-	-	29,117
Other comprehensive income, net of tax	-	-	-	-	-	762	-	762
Transfer from regulatory reserve	-	-	4,036	-	(4,036)	-	-	-
<b>At 30 June 2020</b>	<b>14,963</b>	<b>185,683</b>	<b>346,792</b>	<b>12,113</b>	<b>10,019</b>	<b>164</b>	<b>29,924</b>	<b>599,658</b>

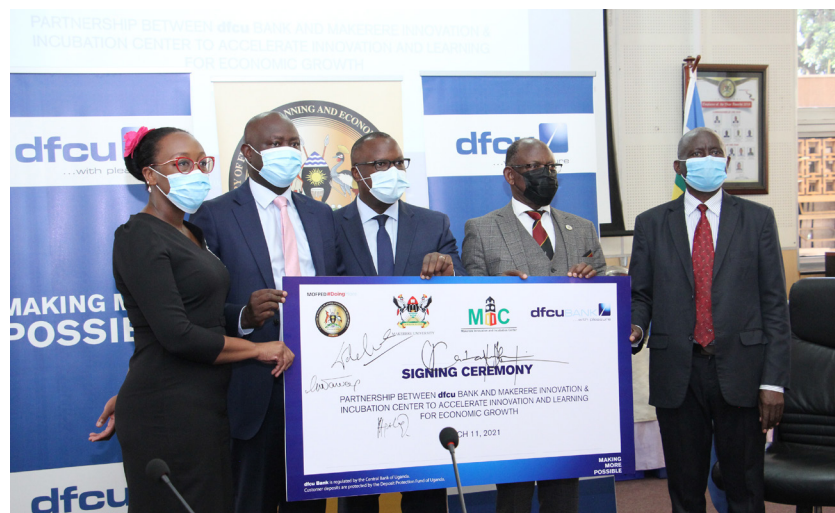
The Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on 25 August 2021. A copy of the Interim Condensed Consolidated Financial Statements can be obtained at the Company's Head Office.  
The Board does not recommend the payment of an interim dividend.

Chairman, dfcu Limited

Director, dfcu Limited



Possibilities in the Oil & Gas Sector: Held an engagement for key players to support local content participation.



Partnerships that drive innovation: Signed a strategic partnership with Makerere University and the Ministry of Finance, Planning & Economic Development to create a platform to support young entrepreneurs advance ideas on innovative solutions for enterprises that create socio-economic impact.