

# dfcu FULL YEAR RESULTS 2022



## FINANCIAL HIGHLIGHTS



## STATEMENT FROM BOARD OF DIRECTORS

The Board of Directors **dfcu** Limited present the 2022 consolidated financial results for the company.

**dfcu** Limited ended the year strongly with a clear focus on repositioning the business to provide its customers with innovative solutions in the face of emerging challenges in both the local and global business environment.

The Company, through strategic and ongoing investments in technology further strengthened its ability to serve changing customer needs. The Company deployed enhancements to the core banking platform, online and mobile banking and agency banking channels to improve customer experience. The new digital capabilities have further improved operating efficiency, enabled new ways of working and ultimately reduced the cost to serve customers.

We continued to make a difference in the communities where we operate with several initiatives in the areas of agriculture, women in business and financial inclusion, and attached greater importance to our Environmental, Social, Governance programs (ESG). Additionally, we increased support to small and medium enterprises to enable them run their businesses in a sustainable manner through a variety of financial solutions.

Through our dedicated Agribusiness Development Centre, we supported

agribusinesses with capacity building, provision of credit, value chain financing and sponsorship of the national best farmer program.

The Company's key performance indicators progressed in terms of credit risk management and overall earnings. Profit after tax increased by 217%, loan impairment reduced 41%, customer deposits increased by 6% and interest expense on deposits reduced by 10%. We extended loans to more individuals and businesses across different customer segments, resulting into a growth of number of borrowers by 15%. We invested in Government Securities growing the portfolio by 63%, which is part of the focus to diversify the asset base.

Looking ahead, we will continue to execute on our strategy anchored on 'Customer Obsession', and digital transformation whilst 'transforming lives and businesses through innovative solutions and empowered people.'

We appreciate our customers for giving us the opportunity to serve them, and staff for the unwavering commitment through the year and remain committed to delivering on our mission of 'growing shareholder value whilst playing a key role in transforming the economy and enhancing the well-being of our people.'

### Board of Directors

# Full Year Results 2022

dfcu Group Extract of Consolidated Financial Statements  
for the year Ended 31 December 2022

**dfcu**LIMITED  
...with pleasure

## REPORT OF THE INDEPENDENT AUDITOR ON THE PUBLISHED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF dfcu LIMITED

### Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of dfcu Limited (the "Company" or "Group") for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements in accordance with the basis of preparation described in the notes accompanying the summary consolidated financial statements.

### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, 2012 of Uganda. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements

and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 30 March 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the current period.

### Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the notes accompanying the summary consolidated financial statements.

### Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International

Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

*Ernst & Young*

Certified Public Accountants  
EY House  
Plot 18 Clement Hill Road  
Shimoni Office Village  
P.O. Box 7215, Kampala, Uganda  
Date: 30 March 2023

II. Summary Consolidated Statement of Financial Position	dfcu Group	
	2022 Shs 'M	2021 Shs 'M
<b>Assets</b>		
Cash and balances with Bank of Uganda	482,298	516,802
Balances with banking institutions	216,771	229,524
Marketable (trading) securities	46,757	6,700
Loans and advances (Net)	1,361,445	1,508,410
Investment securities	902,379	552,290
Equity investments	6,980	7,701
Other assets	41,288	118,147
Derivative financial instruments	567	647
Current income tax recoverable	-	214
Deferred tax asset	33,411	26,336
Property and equipment	77,110	91,035
Investment property	19,784	18,795
Intangible assets	25,178	31,042
Assets held for disposal	29,089	29,089
<b>Total assets</b>	<b>3,243,057</b>	<b>3,136,732</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	2,410,593	2,282,205
Derivative financial instruments	240	308
Balances due to banking institutions	8,512	-
Other liabilities	62,409	66,196
Current income tax payable	1,550	-
Borrowed funds	106,073	159,900
Subordinated debt	18,809	31,907
Provisions	2,338	2,190
<b>Total liabilities</b>	<b>2,610,524</b>	<b>2,542,706</b>
Share capital	14,963	14,963
Share premium	185,683	185,683
Retained earnings	413,467	390,120
Proposed dividends	6,129	-
FVOCI reserve	12,291	3,260
<b>Total shareholders' equity</b>	<b>632,533</b>	<b>594,026</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,243,057</b>	<b>3,136,732</b>

### V. Message from the Directors


The summary consolidated financial statements are extracted from the audited consolidated financial statements in accordance with the dfcu Limited accounting policies which entail applying the guidance in the Financial Institutions (External Auditors) Regulations, 2010 to prepare the summary consolidated statement of financial position and summary consolidated statement of comprehensive income. The criteria for preparing the summary consolidated statement of changes in equity and summary consolidated statement of cash flows entails presenting subtotals derived from the audited consolidated financial statements and condensing some of the line items in the audited consolidated financial statements as indicated in the captions used in the summary consolidated financial statements. The full set of the consolidated financial statements will be available at our registered office at dfcu Towers and on our website [www.dfcugroup.com](http://www.dfcugroup.com) after approval by the members during the Annual General Meeting.

The consolidated financial statements were approved by the Board of Directors on 29 March 2023. The Board is proposing a dividend of Shs 8.19 per share less withholding tax where applicable (2021: Nil). The dates of the Annual General Meeting and book closure, and related details will be availed in a later communication.

III. Summary Consolidated Statement of Comprehensive Income	dfcu Group	
	2022 Shs 'M	2021 Shs 'M
<b>Income</b>		
Interest on deposits and placements	9,171	11,011
Interest on loans and advances	247,646	280,522
Interest on government and other securities	86,547	63,266
Foreign exchange income	23,215	29,296
Fee and commission income	62,384	62,500
Net income from other financial instruments at FVTPL	762	2,002
Other income	1,765	1,539
<b>Total income</b>	<b>431,490</b>	<b>450,136</b>
<b>Expenditure</b>		
Interest expense on deposits	(56,229)	(62,707)
Interest expense on borrowings	(13,143)	(10,344)
Interest expense on financial lease liability	(5,205)	(8,458)
Impairment losses on financial instruments	(88,190)	(148,358)
Fair value losses on other financial instruments	(4,930)	(30,861)
Operating expenses	(228,441)	(183,523)
<b>Total expenditure</b>	<b>(396,138)</b>	<b>(444,251)</b>
<b>Profit before tax</b>	<b>35,352</b>	<b>5,885</b>
Income tax (expense)/credit	(5,876)	3,427
<b>Profit after tax</b>	<b>29,476</b>	<b>9,312</b>
<b>Other comprehensive income</b>	<b>9,031</b>	<b>4,802</b>
<b>Total comprehensive income</b>	<b>38,507</b>	<b>14,114</b>
<b>Earnings per share</b>	<b>39.40</b>	<b>12.45</b>

### V. Summary Consolidated Statement of Changes in Equity

	Share capital	Share premium	Distributable reserves	FVOCI reserve	Proposed dividend	Total
	Shs ' M	Shs ' M	Shs ' M	Shs ' M	Shs ' M	Shs ' M
<b>At 31 December 2021</b>	<b>14,963</b>	<b>185,683</b>	<b>390,120</b>	<b>3,260</b>	<b>-</b>	<b>594,026</b>
Profit for the year	-	-	29,476	-	-	29,476
FVOCI revaluation	-	-	-	8,924	-	8,924
Loss allowance FVOCI	-	-	-	107	-	107
Dividend paid	-	-	-	-	-	-
Dividend proposed	-	-	(6,129)	-	6,129	-
<b>At 31 December 2022</b>	<b>14,963</b>	<b>185,683</b>	<b>413,467</b>	<b>12,291</b>	<b>6,129</b>	<b>632,533</b>

  
Jimmy D. Mugerwa  
Chairman, dfcu Limited.

  
Kironde Lule  
Director, dfcu Limited.

# Full Year Results 2022

dfcu Bank Extract of Financial Statements for the year Ended 31 December 2022

## REPORT OF THE INDEPENDENT AUDITOR ON THE PUBLISHED SUMMARY FINANCIAL STATEMENTS OF dfcu BANK LIMITED

### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statement of comprehensive income for the year then ended, and related notes, are derived from the audited financial statements of dfcu Bank Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010.

### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the requirements of the Companies Act, 2012, the Financial Institutions Act, 2004 (as amended) and Financial Institutions Regulations of Uganda. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited

financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 30 March 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

### Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010.

### Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard

on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

*Ernst & Young*

Ernst & Young  
Certified Public Accountants  
EY House  
Plot 18 Clement Hill Road  
Shimoni Office Village  
P.O. Box 7215, Kampala, Uganda  
Date: 30 March 2023

II. Summary Statement of Financial Position	dfcu Bank	
	2022	2021
	Shs 'M	Shs 'M
<b>Assets</b>		
Cash and balances with Bank of Uganda	482,298	516,802
Balances due from other banks	216,771	229,524
Marketable (trading) securities	46,757	6,700
Loans and advances (Net)	1,361,445	1,508,410
Amounts due from group companies	16,142	14,633
Investment securities	902,379	552,290
Equity investments	6,980	7,701
Other assets	40,621	120,131
Derivative financial instruments	567	647
Deferred tax asset	32,405	24,181
Property and equipment	122,546	136,881
Intangible assets	24,715	30,579
Assets held for disposal	29,089	29,089
<b>Total assets</b>	<b>3,282,715</b>	<b>3,177,568</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	2,410,593	2,282,205
Balances due to other banks	8,512	-
Amounts due to group companies	1,480	2,882
Derivative financial instruments	240	308
Other liabilities	122,714	128,142
Current income tax payable	2,205	437
Borrowed funds	101,314	154,661
Subordinated debt	18,809	31,907
Provisions	2,338	2,190
<b>Total liabilities</b>	<b>2,668,205</b>	<b>2,602,732</b>
Share capital	120,000	30,000
Share premium	85,197	175,197
Retained earnings	384,765	366,379
Proposed dividends	12,257	-
FVOCI reserve	12,291	3,260
<b>Total shareholders' equity</b>	<b>614,510</b>	<b>574,836</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,282,715</b>	<b>3,177,568</b>

III. Summary Statement of Comprehensive Income	dfcu Bank	
	2022	2021
	Shs 'M	Shs 'M
<b>Income</b>		
Interest on deposits and placements	9,171	11,011
Interest on loans and advances	249,587	282,789
Interest on government and other securities	86,547	63,266
Foreign exchange income	23,224	29,317
Fee and commission income	62,365	62,461
Net income from other financial instruments at FVTPL	762	2,002
Other income	71	(261)
<b>Total income</b>	<b>431,727</b>	<b>450,585</b>
<b>Expenditure</b>		
Interest expense on deposits	(56,309)	(62,852)
Interest expense on borrowings	(12,760)	(9,892)
Interest expense on financial lease liability	(5,205)	(8,458)
Impairment losses on financial instruments	(88,190)	(148,358)
Fair value losses on other financial instruments	(4,930)	(30,861)
Operating expenses	(229,449)	(179,690)
<b>Total expenditure</b>	<b>(396,843)</b>	<b>(440,111)</b>
<b>Profit before tax</b>	<b>34,884</b>	<b>10,474</b>
Income tax (expense)/credit	(4,241)	2,741
<b>Profit after tax</b>	<b>30,643</b>	<b>13,215</b>
<b>Other comprehensive income</b>	<b>9,031</b>	<b>4,802</b>
<b>Total comprehensive income</b>	<b>39,674</b>	<b>18,017</b>

IV. Other disclosures	dfcu Bank	
	2022	2021
	Shs 'M	Shs 'M
<b>Contingent liabilities</b>		
Acceptances and letters of credit	-	-
Guarantees and performance bonds	350,596	443,974
<b>Total</b>	<b>350,596</b>	<b>443,974</b>
<b>Commitments</b>		
Undrawn stand-by facilities and other commitments to lend	26,957	26,650
<b>Total</b>	<b>26,957</b>	<b>26,650</b>
Non performing loans and other assets	107,679	274,049
Interest in suspense	24,919	47,529
Bad debts written off	221,145	37,579
Large loans exposures	188,508	480,430
Insider loans exposures	1,376	1,744
<b>Capital position</b>		
Core capital	544,447	517,120
Supplementary capital	17,437	28,356
<b>Total qualifying capital</b>	<b>561,884</b>	<b>545,476</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>2,218,913</b>	<b>2,475,815</b>
Core capital to RWA	24.54%	20.89%
Total Qualifying capital to RWA	25.32%	22.03%

### V. Message from the Directors

The summary financial statements are extracted from the audited financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010. The above summary statement of financial position and summary statement of comprehensive income were audited by Ernst & Young and received an unqualified opinion. The financial statements were approved by the Board of Directors on 14 March 2023 and discussed with Bank of Uganda on 23 March 2023



Winifred T. Kiryabwire  
Chairperson, dfcu Bank



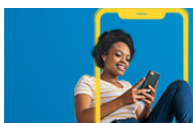
Grace T. Makoko  
Director, dfcu Bank



William Ssekabembe Ag.  
Managing Director, dfcu Bank



Angelina Namakula Ofwono  
Company Secretary, dfcu Bank



Secondary  
**ACCOUNT**  
Ku-spot

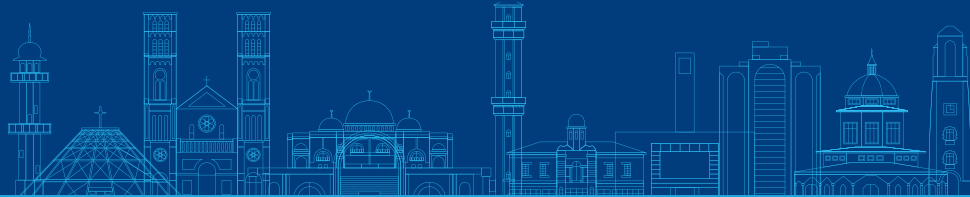
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<https://internet.dfcugroup.com/>



**dfcu** has supported businesses and individuals to achieve their economic aspirations through provision of long-term financing and tailored financial solutions across key sectors of the economy including Agribusiness, Communication, Education, Agriculture, Health, Manufacturing, Tourism, Real Estate, Mining, Construction, Transport, Trade and Commerce, to mention but a few.



Our commitment is to continue supporting businesses, deepen financial inclusion and engage with the communities that we serve through initiatives like Investment Clubs and SACCOs programs, Women in Business, SME Top 100 and other Social Responsibility Initiatives.

### EMPOWERING WOMEN IN BUSINESS

Our commitment to women-led business ventures started with the introduction of the **dfcu** Women in Business Program that has to date, directly benefited over 80,000 women across the country. In 2022, our flagship “Rising Woman” campaign was held under the theme ‘Taking Your Business Ahead’, with an aim of providing female entrepreneurs with the knowledge, skills, and abilities to improve how they operate their businesses; enabling them to create profitable operations. Over 1,200 women entrepreneurs directly benefited from initiative during the year, of which 10 winners were sponsored for a fully paid business tour to Nairobi.



### BUILDING BUSINESS CAPACITY THROUGH THE SME TOP 100 PROGRAM

The SME Top 100 recognizes Uganda’s fastest growing medium sized companies and showcases the country’s most successful entrepreneurship stories. Our involvement in program creates a platform to provide opportunities to create value and build sustainable businesses. Through this initiative, hundreds of businesses learn from each other, engage policymakers on their contribution to the economy, benchmark against other business operations and much more.



We shall continue to consolidate our operations, improve our asset quality and reinforce our customer value proposition with continued digitization of our operations to enhance customer experience.



### INVESTING IN OUR COMMUNITIES

We continue to demonstrate a firm commitment towards the communities in which we operate by identifying and supporting causes that will facilitate the upliftment and betterment of the society. Our Corporate Social Investment (CSI) initiatives are influenced by our CSI Pillars. These are: Community Development, Maternal and Child Health, Emergency Interventions, Financial Inclusion, Agriculture and Rural Development which are areas that affect the foundation of our communities.



### CONTRIBUTING TO AGRICULTURAL TRANSFORMATION

**dfcu** in partnership with Rabo Foundation established Agribusiness Development Centre (ADC) to promote self-sufficiency of agribusinesses. In 2022, the **dfcu** through the ADC rolled out the Business Accelerator Program to support business improvements and facilitate the necessary linkages for growth and sustainability. The accelerator targets to enable 350 businesses to become self-sufficient.



### SCALING UP FINANCIAL INCLUSION AND TRANSFORMATION



The **dfcu** Investment Club and SACCO program provides a conducive platform to foster group savings and financial inclusion. In 2022, the program recorded a total banking activity turnover of over UGX 800 billion. In addition, **dfcu** partnered with the Government of Uganda and supported the roll out of the Parish Development Model (PDM) model, onboarding over 2,000 PDM SACCOs into the banking system. As part of this partnership, we extended financial literacy to over 1,000 PDM SACCOs with over 300,000 members.