

KEY PERFORMANCE HIGHLIGHTS

FINANCIALS



CUSTOMERS



SHARED VALUE



NETWORK



Message from the Board of Directors, **dfcu** Limited

The Board of Directors of **dfcu** Limited is pleased to present to you the consolidated half year results for the period ended 30 June 2023. The Group continues to focus on key strategic priorities and delivered a profit after tax of UGX 29.3 billion for the half year compared to a profit after tax of UGX 18.8 billion in the same period last year. The Group is well capitalized and met the new capital requirements without the need for new capital from our shareholders.

As a Company we are committed to delivering shareholder value and paid dividends to shareholders after the recently concluded Annual General Meeting (AGM). We thank our shareholders, for making the time to attend the AGM which was held virtually, and all the relevant information was posted on our website.

Besides financing large players in key economic sectors, **dfcu** continues to support Uganda's economic transformation through support of national programs such as the Parish Development Model to drive economic growth at the household level. We remain a strong player in the agri-business space through strategic partnerships with key players such as Rabo Foundation, MasterCard and our Agribusiness Development Centre (ADC). Through these partnerships, we have provided access to finance for smallholder farmers, supported Women in Business and accelerated small and medium enterprise growth.

We would like to thank you our shareholders, customers, staff and stakeholders for your unwavering support and commitment to the Company that has enabled us to deliver these results.

Board of Directors

One-on-one with the CEO **dfcu** Bank Limited



Charles M. Mudiwa,
Chief Executive Officer, **dfcu** Bank.

We have a solid base that anchors us well for growth.

Our institutional capabilities enabled the business to thrive and deliver improved performance.

What impacted your business over the period from an operational standpoint?

The first half of the year has been marked by consistent improvement in the operating environment with inflation and other economic indicators trending positively, impacting on our

customer acquisition that has grown tremendously over the period by over 50% for the number of active customers we serve. On the other hand, there was an uptick in cyber-related risks and to that end we enhanced our risk management capabilities and improved our operating efficiencies to deliver a seamless customer experience.

What were the drivers of your financial performance?

The business continued to progress on an upward trajectory driven by aggressive collections and recoveries and intensified portfolio management which enabled us to deliver a 33% reduction in the impairment of loans and advances to customers. We also booked new business and grew our non-funded income by 25% with the mass customer acquisition done over the period, which contributed to a 6% increase in net income and a 56% improvement in net profit after tax.

On the balance sheet side, our liquid assets grew by 20% over the period arising from a 2% increase in customer deposits, an 8% growth in shareholders' equity and a 16% reduction in loans and advances. Key to note is that whereas loans and advances to customers reduced by 16%, the total number of borrowers we serve grew by 11% over the period as we increased our lending to individuals and businesses across the country.

Our institutional capabilities enabled the business to thrive and deliver improved performance overall. Strong committed shareholders, a competent staff team, robust digital capabilities, a loyal customer base and adequate capital ratios, significantly higher than the regulatory minimum were the underpinnings that drove our performance.

We live in a highly digitized world now, how has this been a factor in your business?

We are a digital and data driven organization at the core and have invested significantly in technology over the period. We have expanded our footprint of intelligent deposit taking ATMs to 76 locations. The deposit-taking functionality provides added convenience for customers to make cash deposits into their accounts 24/7. We also recently introduced a strategic partnership with Mastercard and Rabo partnerships aimed at digitizing the agricultural ecosystem in Uganda. This collaboration aims to uplift smallholder farmers and other agricultural value chain actors by enhancing their access to markets and credit, thereby improving their livelihoods. This is in addition to the large suite of digital offerings that we continue to provide to customers across our channels.

What is the Bank doing to drive economic growth and financial inclusion?

Through our Agribusiness Development Centre (ADC), we have been able to reach over 10,000 smallholder farmers and farmer groups with tailored capacity building programs in the areas of organizational strengthening, financial management, access to markets and price risk management, with the purpose of building agribusinesses that have potential to impact the agricultural value chain, in addition to self-reliance and bankability of farmer-based organizations and SMEs.

Our Women in Business program has seen us reach over 80,000 women through training and mentorship programs complemented with business acceleration for SMEs all geared towards the economic growth of women and we have provided over UGX100

billion in credit to women entrepreneurs over the life of the program to date.

Additionally, our program for Investment Clubs and SACCOs has enabled us to support over 33,000 groups with a variety of financial products and literacy services coupled with a tailor-made digital application that was further enhanced to ease the administration of groups. The literacy program is also being expanded to refugees as we support development programs in host communities across the country.

What is your strategy to drive the business forward?

We have a solid base that anchors us for growth going forward and our strategy is hinged on our purpose which is to "transform lives and businesses in Uganda". We shall play in key sectors of the economy through our business segments in the areas of Corporate and Institutional Banking, and Retail Banking, and shall win in these areas through sector specialization, customer relationships, being digital and data driven and most importantly driving a performance culture. It is envisaged that through our strategy, we will deliver greater customer and employee engagement, manage business risks, and ultimately deliver sustained financial performance.

Interim Condensed Consolidated Financial Results
For dfcu Limited For the Six Months Ended 30 June
2023 (Unaudited)



Condensed Consolidated statement of comprehensive income	"Unaudited 6 months to 30-Jun-23"	"Unaudited 6 months to 30-Jun-22"	"Audited 12 months to 31-Dec-22"
	Shs Millions	Shs Millions	Shs Millions
Net income	198,557	187,386	356,913
Operating expenses	(114,874)	(85,198)	(228,441)
Other losses on financial assets	-	(1,500)	(4,930)
Allowance for impairment of loans and advances	(50,080)	(75,061)	(88,190)
Profit before tax	33,603	25,627	35,352
Income tax expense	(4,267)	(6,849)	(5,876)
Profit for the period	29,336	18,778	29,476
Earnings per share			
Basic and diluted (Shs)	39.21	25.10	39.40
Annualised earnings per share:			
Basic and diluted (Shs)	78.42	50.20	39.40
Summary statement of comprehensive income:			
Profit for the period	29,336	18,778	29,476
Other comprehensive income	1,603	1,441	9,031
Total comprehensive income	30,939	20,219	38,507

Condensed Consolidated statement of financial position	"Unaudited as at 30-Jun-23"	"Unaudited as at 30-Jun-22"	"Audited as at 31-Dec-22"
	Shs Millions	Shs Millions	Shs Millions
Assets:			
Liquid assets	1,910,520	1,598,275	1,648,205
Advances to customers	1,171,252	1,397,574	1,361,445
Other assets	231,144	299,010	233,407
Total Assets	3,312,916	3,294,859	3,243,057
Liabilities:			
Customer deposits	2,485,302	2,440,082	2,410,593
Other payables and liabilities	52,728	76,349	66,537
Borrowings	111,414	164,183	133,394
Total liabilities	2,649,444	2,680,614	2,610,524
Equity:			
Shareholders' equity	663,472	614,245	632,533
Total equity	663,472	614,245	632,533
Total equity and liabilities	3,312,916	3,294,859	3,243,057
Core capital	29%	23%	29%
Total capital	29%	23%	29%

Condensed Consolidated statement of cash flows	"Unaudited 6 months to 30-Jun-23"	"Unaudited 6 months to 30-Jun-22"
	Shs Millions	Shs Millions
Operating activities:		
Profit before tax	33,603	25,627
Adjusted for:		
Depreciation of property and equipment, and amortisation of intangible assets	7,895	13,965
Unrealised foreign exchange gains	162	442
Gain on disposal of fixed assets	(17)	-
Fair value losses on assets at FVTPL	-	1,500
Credit loss expense on financial assets	50,080	75,061
Reversals in provisions and employee benefits	(55,796)	(86,386)
Net change in operating assets and liabilities	227,461	37,127
Net cash from operating activities	263,388	67,336
Investment activities:		
Purchase of property and equipment	(9,297)	(2,314)
Purchase of intangible assets	(2,224)	-
Proceeds from sale of property and equipment	83	-
Net cash used in investing activities	(11,438)	(2,314)
Financing activities:		
Net change in borrowings	(25,496)	(28,351)
Principal paid on lease liability	(9,116)	(7,467)
Net cash used in finance activities	(34,612)	(35,818)
Net increase in cash and cash equivalents	217,338	29,204
Unrealised gain on cash and cash equivalents	(403)	(1,368)
Cash and cash equivalents at 1 January	472,559	542,866
Cash and cash equivalents at 30 June	689,494	570,702

Interim Condensed Consolidated Financial Results For dfcu Limited For the Six Months Ended 30 June 2023 (Unaudited)

Consolidated statement of changes in equity	Share capital Shs M	Share premium Shs M	Distributable reserves Shs M	Fair value reserves Shs M	Proposed dividends Shs M	Total Shs M
Year ended 31 December 2022						
At 1 January 2022	14,963	185,683	390,120	3,260	-	594,026
Profit for the year	-	-	29,476	-	-	29,476
FVOCI revaluation, net of tax	-	-	-	9,031	-	9,031
Dividends proposed	-	-	(6,129)	-	6,129	-
As at 31 December 2022	14,963	185,683	413,467	12,291	6,129	632,533
Six months ended 30 June 2023						
At 1 January 2023	14,963	185,683	413,467	12,291	6,129	632,533
Profit for the six months ended 30 June 2023	-	-	29,336	-	-	29,336
FVOCI revaluation, net of tax	-	-	-	1,603	-	1,603
At 30 June 2023	14,963	185,683	442,803	13,894	6,129	663,472
Six months ended 30 June 2022						
At 1 January 2022	14,963	185,683	390,120	3,260	-	594,026
Profit for the six months ended 30 June 2022	-	-	18,778	-	-	18,778
FVOCI revaluation, net of tax	-	-	-	1,441	-	1,441
At 30 June 2022	14,963	185,683	408,898	4,701	-	614,245

The interim consolidated financial statements were approved by the Board of Directors on 22 August 2023. A copy of the condensed interim financial statement can be obtained at the Company's Head Office.

The Board does not recommend the payment of an interim dividend.



Jimmy D. Mugerwa
Chairman, dfcu Limited



Kironde Lule
Director, dfcu Limited



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Transforming Lives and Businesses in Uganda.



Robert Kwesiga, Secretary General of the Uganda Red Cross Society (L), Charles Mudiwa, CEO – **dfcu** Bank (3rd left) and Juliet Adong, Principal Assistant Secretary of Uganda Blood Transfusion Services (extreme right) at the launch of a 2-day blood donation drive that was held at various **dfcu** Branch locations, in commemoration of World Blood Donor Day, 2023.

Through this blood donation drive, **dfcu** Bank and the Uganda Red Cross Society worked together to save lives and ensure a reliable supply of blood for patients in need.



(L-R): Daniel Huba, Vice President of Sub-Saharan Africa Market Development for Community Pass at Mastercard; Charles Mudiwa, Chief Executive Officer, and Managing Director of **dfcu** Bank; and David Gerbrands, Global Head of Agri and Banking Advisory Services and Inclusive Business Ventures at Rabo Partnerships pose for a photo after signing a partnership to digitize the agricultural ecosystem in Uganda, through the Farm Pass platform.



Commissioning the **dfcu** Women in Business Advisory Council: the newly appointed **dfcu** Women in Business Advisory Council (WBAC) was hosted to a luncheon by members of the Bank's Leadership and Management teams.

The council will continue to play a crucial role in providing strategic advice to the Bank's management, ensuring that the **dfcu** Women in Business Program remains relevant and impactful in today's ever-changing environment.



dfcu Bank's CEO Charles M. Mudiwa engages with guests during a customer meet and greet event held at the Bank's Head Offices. The event was part of a series of key stakeholder engagements and initiatives held by the CEO.

Guests comprised of representatives from various sectors including Government parastatals, Financial Institutions, FMCGs and Manufacturers, the Agricultural sector as well as notable Traders and Construction professionals.



Charles Mudiwa, CEO – **dfcu** Bank (L) and Karim Boven, the ADC patron, and Ambassador of the Kingdom of Netherlands (R) handover a cheque to one of the best performing entrepreneurs in the Business Accelerator Program, during a graduation ceremony held for the 2nd and 3rd cohorts of the Program.

Launched in 2018, Business Accelerator Program (BAP) is implemented by Agribusiness Development Centre (ADC) in collaboration with GOPA Worldwide Consultants and powered by **dfcu** Limited and Rabo Foundation. It is aimed at equipping participants with essential business skills and mentorship to drive investor attractiveness, optimize operations, enhance marketing, and seize networking opportunities.



Boyz II Men Live in Kampala Concert: **dfcu** Bank was the official financial partner for the unforgettable Boyz II Men concert which took place in June of this year. As the official finance sponsor, **dfcu** Bank ran a campaign called 'Transact and Win', which awarded several customers with tickets to the show, allowing them to be part of the enjoyment.

The Bank also held several activities at the concert venue, hosting customers and attendees at various hospitality sections.



Representatives from **dfcu** Bank, Vision Group, KLM Royal Dutch Airlines, Koudijns BV Nutrition, The Netherlands Embassy in Uganda during the launch of the 2023 Best Farmers Awards which will be held under the theme 'Farming as a Business'.

The Best Farmers Awards recognize and promote excellence in farming practices; showcasing best practices, innovations, and technologies in agriculture to encourage more farmers to adopt these practices.



Representatives from **dfcu** Bank pose for a photo with representatives from the NGO sector at the **dfcu** Bank NGO forum. During the event, various members of the Bank's Leadership and Management team reiterated the Bank's support to Non-Profit Organisations.