



Message from the Board Chairman

which enabled the banks to provide the support necessary to limit the damage to the livelihoods and operations of our customers. 2021 is already showing clear signs of a return of consumer and investor confidence and increased business levels, and we at DTB are certain that, by leveraging our core strengths, we will emerge from this pandemic far stronger, much nimbler, and very well equipped to assist our customers to thrive in a post-pandemic economy.

Reshaping Our Strategy - Being Digital to the Core

The race to digital banking became a sprint in 2020 following the rapid demand for contactless engagement by customers. A key area of immediate focus for DTB is pivoting to this 'new normal' so that we become digital to the core, whilst remaining unstintingly customer focused. This calls for re-architecting our peoples' mindsets and skillsets and building on our solid technology and cybersecurity platforms, our strong business partnerships, and our culture of innovation. We are confident that building still further on our existing strengths in these areas, as well remaining agile and adaptable, will allow us to continue the sprint apace, and further consolidate and enhance our presence as a key and trusted player in the Ugandan business landscape.

2020 Business Performance

As has been the case for all banks, DTB has had to navigate through 2020 cautiously but in a determined and resolute manner to meet the unfolding challenges of the evolving business environment, particularly the significantly elevated credit risks. Despite the challenges, the Bank's operating income grew by 9.2% to UGX 143 billion, whilst operating costs grew by only 1.5%, reflecting the outcome of various cost reduction measures that the Bank has been implementing. The Bank also grew its asset base in 2020 by 3% to UGX 1.8 trillion and achieved after-tax profits of UGX 18 billion.

Recognizing the elevated credit risk environment, we undertook a thorough assessment of our credit portfolio, downgrading certain exposures to the non-performing category, and taking a prudent view on both the time to recovery of non-performing accounts and collateral values held against them. The impairments and write-offs made against these non-performing accounts were therefore increased considerably in 2020, resulting in the non-performing loan ratio falling to 3.8% as at the end of 2020, compared to 8.0% a year earlier. Having thus addressed our legacy credit issues, and having also completed a thorough end-to-end review of our credit and new business processes, the Bank is now extremely well placed

to capitalize on future credit opportunities with confidence, dynamism and vigour.

The Bank's core capital base remains very solid at UGX 228 billion, giving us a Capital Adequacy Ratio of 26.1% (compared to the regulatory minimum of 10.0%). This leaves us well placed to meet the BoU's new capital adequacy requirements which become effective in 2022. Combining all of these reasons for optimism with the indications of a strengthening economic outlook, our strong brand positioning, market presence, and steadfast customer base, we are very hopeful about our performance in 2021 and beyond.

Appreciation

My colleagues on the Board join me in recognizing and appreciating all of our 600 employees, very ably led by our Chief Executive Officer and Managing Director, Mr. Varghese Thambi and his executive committee. Our employees remain our biggest strength, and in 2020 they continued to demonstrate their relentless commitment to DTB's values and vision and to serving our customers, despite the hardships brought about by the pandemic. The dedication, tenacity and professionalism that they bring to the workplace every day is truly admirable and humbling.

Since its founding 75 years ago, DTB has grown into a leading, resilient and customer-focused financial services solutions-provider. This is largely due to the unwavering support and loyalty of our customers, for which we are extremely grateful. We do not take this for granted, and work each day to meet and exceed our customers' expectations to ensure we continue to deserve this.

Last, but by no means least, to my colleagues on the Board, I extend my gratitude for the time, wisdom, counsel and diligence they continue to extend in the execution of their responsibilities.

DTB remains confident that as a responsible, ethical and long-term corporate citizen of Uganda, we will continue to create positive impact across the broader community of stakeholders we serve, and of which we are a proud part. We look forward with a renewed sense of hope and optimism to a better 2021 for our staff, customers, and for Uganda as a whole.

AZIM H. A. KASSAM
CHAIRMAN, BOARD OF DIRECTORS

Uganda's Economic Overview and Outlook

The world has been living through unprecedented times over the past year. The coronavirus (COVID-19) pandemic has swept the globe, and Sub-Saharan Africa, like other frontier geographies, has been particularly vulnerable. Economically, no industry sector or business segment has escaped unscathed, and the ripple-effects of the crisis have been far-reaching.

The relatively strong economic growth seen in recent years in Uganda has been disrupted. The World Bank estimates that Sub-Saharan Africa's GDP contracted by 3.7% in 2020. Against this, the GDP of Uganda is estimated to have grown by 3.1% last year, which speaks to the underlying resilience and potential of the country. Whilst the crisis has no doubt tested our resilience, it also creates new opportunities and reasons for hope. From 2021, GDP is forecast to grow at 3.5%, and beyond that, to return to a path of sustained recovery as anticipated economic activity rebounds.

Banking environment and COVID-19 impact

Needless to say, the pandemic also tested the resilience of Uganda's banking sector in the face of a heightened risk environment and subdued economic activity, requiring the whole sector to rise to the challenges presented. The Bank of Uganda (BoU) in particular is to be commended on its timely and proactive regulatory response

Driving sustainability through community involvement

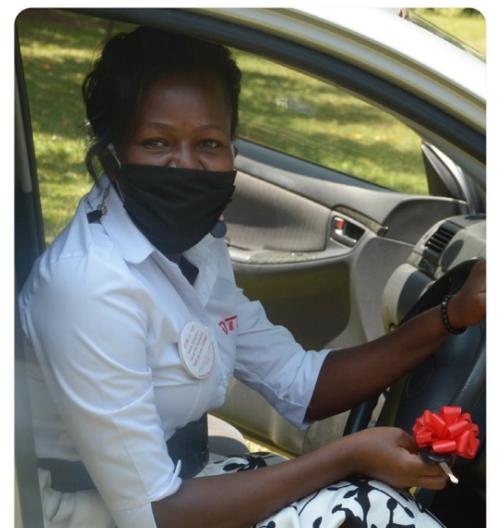


over 800 units of blood were collected

DTB partnered with the Ministry of Health through the Nakasero Blood Bank and carried out a blood donation drive which involved DTB staff & customers. In a bid to promote good health and well-being, over 800 units of blood were collected.



DTB partnered with the Indian Women Association of Uganda (IWAU) to extend artificial limb fitment services to those who lost their limbs and are not in position to pay for that service.



Our People

Ms. Miriam Nakamya the Customer service officer at Wandegaya branch won a car under the Bancassurance "Wangula Emootoka" campaign for staff.

Awards



DTB was the 1st Runner Up in the first 'Bancassurance Award' conducted by Insurance Regulatory Authority of Uganda (IRA), under the category "The Most Innovative Bancassurance Agent in Uganda"



DTB was the recipient to 'Excellence in Payments' Award conducted by FINNOVEX EAST AFRICA

DTB digital banking services enabled our customers to perform most of the banking transactions without their physical visit to branches during this season of pandemic



What you can do with our m24/7 mobile banking.

- » Balance inquiry and Mini-statements
- » Internal Funds Transfer (IFT)
- » Inter-bank transfers (RTGS)
- » Pay bills (NWSC, UMEME, TV)
- » Airtime top-up (MTN, AIRTEL & AFRICELL)
- » Stop cheque payment
- » Cheque status
- » Foreign Exchange rates
- » Send Money from Account to Mobile wallet and vice versa
- » Airline flight ticket payment (Emirates, Ethiopian Airline, Kenya Airways & Jambo Jet Airline)
- » URA payments.



What you can do with our i24/7 internet banking.

- » Internal Funds Transfer (IFT)
- » External Funds transfer (EFT)
- » Inter-bank transfers (RTGS)
- » View account status
- » Cheque book request
- » Cheque status
- » Stop cheque
- » Single payment request
- » Bulk payment
- » Standing instruction management
- » URA payments
- » NSSF contribution payment
- » Utility bills payments (Water, Umeme)

Diamond Trust Bank Uganda Limited

Extract of the consolidated and separate Financial Statements for the year ended 31 December 2020

I. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS TO THE MEMBERS OF DIAMOND TRUST BANK UGANDA LIMITED

Opinion

The summary consolidated and separate financial statements which comprise the summary consolidated and separate statements of financial position as at 31 December 2020, the summary consolidated and separate statements of profit or loss and other comprehensive income for the year then ended, and other disclosures are derived from the audited consolidated and separate financial statements of Diamond Trust Bank Uganda Limited for the year ended 31 December 2020.

In our opinion, the accompanying summary consolidated and separate financial statements are consistent, in all material respects with the audited consolidated and separate financial statements, in accordance with the Financial Institutions Act, 2004 (as amended 2016) and the Financial Institutions (External Auditors) Regulations, 2010.

Summary Consolidated and Separate Financial Statements

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Financial Institutions Act, 2004 (as amended 2016) and the Companies Act, 2012 laws of Uganda. Reading the summary consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon.

The Audited Consolidated and Separate Financial Statements and Our Report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 26 April 2021. 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 consolidated and separate financial statements for the current period.

Directors' responsibility of the Summary Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of the summary consolidated and separate financial statements in accordance with the Financial Institutions Act, 2004 (as amended 2016) and the Financial Institutions (External Auditors) Regulations, 2010.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate 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*.

Certified Public Accountants
3rd Floor, Rwenzori Courts,
Plot 2 & 4A, Nakasero Road.
P.O. Box 3590, Kampala, Uganda.
Date: 26 April 2021

II. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	CONSOLIDATED		SEPARATE	
	2020 Shs'000	2019 Shs'000	2020 Shs'000	2019 Shs'000
Assets				
Cash and balances with BOU	146,350,908	147,450,860	146,350,908	147,450,860
Balances with banking institutions	98,616,342	106,185,345	98,616,342	106,185,345
Due from parent/group companies	76,239,118	63,592,671	76,239,118	63,592,671
Loans and advances (net)	592,847,411	582,348,830	592,847,411	582,348,830
Investment in government securities	728,851,001	708,674,283	728,851,001	708,674,283
Other assets	20,442,165	18,462,134	20,414,222	18,446,002
Property and equipment	51,824,511	46,962,375	51,818,914	46,954,533
Tax recoverable	5,977,498	6,533,598	5,960,251	6,537,467
Deferred income tax asset	53,594,065	37,252,338	53,506,778	36,804,949
Investment in subsidiary	-	-	343,425	1,538,082
Total assets	1,774,743,019	1,717,462,434	1,774,948,370	1,718,533,022
Liabilities and shareholders' equity				
Customer deposits	1,283,147,250	1,319,507,449	1,283,645,579	1,321,220,087
Balances due to banking institutions	100,778,108	35,105,014	100,778,108	35,105,014
Due to parent/group companies	146,381	79,534	146,381	79,534
Borrowed funds	16,751,368	19,027,436	16,751,368	19,027,436
Other liabilities	67,846,607	55,489,446	67,641,861	55,294,024
Total liabilities	1,468,669,714	1,429,208,879	1,468,963,297	1,430,726,095
Share capital	45,281,250	45,281,250	45,281,250	45,281,250
Share premium	88,659,780	88,659,780	88,659,780	88,659,780
Retained earnings	156,969,654	116,324,076	156,676,024	114,835,790
Regulatory reserve	13,414,795	37,307,942	13,414,795	37,307,942
Fair value reserve on securities	1,747,826	680,507	1,953,224	1,722,165
Total shareholders' equity	306,073,305	288,253,555	305,985,073	287,806,927
Total liabilities and shareholders' equity	1,774,743,019	1,717,462,434	1,774,948,370	1,718,533,022

III. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	CONSOLIDATED		SEPARATE	
	2020 Shs'000	2019 Shs'000	2020 Shs'000	2019 Shs'000
Income				
Interest on deposits and placements	2,180,530	6,106,176	2,180,530	6,106,176
Interest on loans and advances	70,429,381	59,487,041	70,429,381	59,487,041
Interest on investment securities	78,534,745	70,539,648	78,534,745	70,539,648
Foreign exchange income	7,901,790	8,023,998	7,901,790	8,023,998
Fee and commission income	22,099,223	26,981,301	22,099,433	26,981,487
Other income	5,485,786	71,232	6,597,433	(328,019)
Total income	186,631,455	171,209,396	187,743,312	170,810,331
Expenditure				
Interest expense on deposits	40,543,345	37,788,712	40,722,758	37,952,152
Interest expense on borrowings	3,640,096	1,596,305	3,640,096	1,596,305
Other interest expense	2,699,331	5,815,803	2,699,331	5,815,803
Impairment losses on loans and advances	32,614,859	16,075,686	32,614,859	16,075,686
Impairment loss/(credit) on other investments	457,172	(323,861)	457,172	(323,861)
Operating expenses	90,192,529	88,869,788	90,062,657	88,735,295
Total expenditure	170,147,332	149,822,433	170,196,873	149,851,380
Profit before income tax	16,484,123	21,386,963	17,546,439	20,958,951
Income tax credit/(expense)	268,308	(1,538,940)	400,648	(1,411,150)
Net profit after tax	16,752,431	19,848,023	17,947,087	19,547,801
Other comprehensive income				
Net fair value gain/(loss)	1,067,319	(110,792)	231,059	99,364
Total comprehensive income	17,819,750	19,737,231	18,178,146	19,647,165
IV. OTHER DISCLOSURES				
Contingent liabilities				
Letters of credit	31,553,734	35,522,394	31,553,734	35,522,394
Guarantees and performance bonds	43,032,229	36,011,837	43,032,229	36,011,837
Total	74,585,963	71,534,231	74,585,963	71,534,231
Commitments				
Undrawn credit lines	50,660,151	50,457,092	50,660,151	50,457,092
Total	50,660,151	50,457,092	50,660,151	50,457,092
Non-performing loans and other assets	22,832,492	46,617,534	22,832,492	46,617,534
Interest in suspense	510,287	1,296,485	510,287	1,296,485
Bad debts written off	31,751,421	23,829,354	31,751,421	23,829,354
Large loan exposures	106,142,421	129,061,837	106,142,421	129,061,837
Insider loan exposures	17,206,935	15,837,067	17,206,935	15,837,067
Capital Position				
Core Capital	228,284,153	201,604,541	228,284,153	201,604,541
Supplementary Capital	5,852,855	5,505,463	5,852,855	5,505,463
Total Qualifying Capital	234,137,008	207,110,004	234,137,008	207,110,004
Total Risk Weighted Assets (RWA)	875,278,612	830,921,035	875,278,612	830,921,035
Core Capital to RWA	26.1%	24.3%	26.1%	24.3%
Total Qualifying Capital to RWA	26.8%	24.9%	26.8%	24.9%

V. BASIS OF PREPARATION

The summary consolidated and separate financial statements for the year ended 31 December 2020 were prepared in accordance with the requirements of Section 12 (1) of the Financial Institutions (External Auditors) Regulations, 2010. The rules require that a financial institution shall, within four months after the end of its financial year, publish its audited annual financial statements and the external auditor's report, in a newspaper circulating in the whole of Uganda in the format prescribed in the schedule of the regulations. These summary consolidated and separate financial statements have been reviewed by KPMG Certified Public Accountants of Uganda who expressed an unmodified review conclusion. The directors take full responsibility for the preparation of this report.

VI. MESSAGE FROM DIRECTORS

The above summary consolidated and separate statement of financial position and summary consolidated and separate statement of profit or loss and other comprehensive income were audited by KPMG and received an unmodified opinion. The financial statements were approved by the Board of Directors on 04 March 2021 and discussed with Bank of Uganda on 13 April 2021.

Azim H. A. Kassam
Chairman

Jane F. A. Kabbale
Director

Varghese Thambi
Managing Director

DTB is Regulated by Bank of Uganda under licence No. A1 009. Deposits are protected by the Deposit Protection Fund of Uganda.