



Uganda's Economic Overview and Outlook

According to the Bank of Uganda, the country's GDP is estimated to have grown between 6.5-7.0% in 2021, following a 1.5% contraction in 2020. Although the economic reverberations of COVID-19 continued to be felt throughout 2021, these were maybe less pronounced than had been feared at the start of the year, leading some commentators to conclude by late 2021 that an economic rebound was under way. The economic indicators certainly seemed to support this, showing a strong return of domestic confidence and activity levels and robust external demand from late 2021 into early 2022.

Message from the Board Chairman

Any economic recovery was always, however, going to be heavily dependent on the continued management of COVID as well as on the non-emergence of other factors or events that could dampen growth. In this regard, as well of course because of their extremely distressing humanitarian impact, the current events in Ukraine give cause for very serious concern. The mid- to long-term effects that they might have on the global pricing and supply of energy and other essential commodities is leading some analysts to forecast that several major world economies may fall into recession during 2022. The impact of this would obviously be felt globally, including here in Uganda. Furthermore, any economic recovery in Uganda remains subject to what may unfold domestically as the Bank of Uganda's final COVID-relief measures expire towards the end of the year. The coming months will be very telling. We hold our breath as we wait to see whether the early post-pandemic economic optimism was justified, or may have been misplaced.

2021 Banking Environment and Business Performance

The previously unimaginable events of the past two years have tested DTB and all other participants in the Ugandan banking industry in unprecedented ways. The subdued levels of economic activity and heightened risk environment, particularly the significantly elevated credit risks, presented challenges throughout 2020 and into 2021.

To mitigate the developing risks and to meet the evolving needs of our customers, DTB was required to adapt and to respond in an agile, nimble and innovative manner. Over the course of the past year, with the benefit of the invaluable guidance and direction provided to the industry by the Bank of Uganda, we have, amongst other things, reviewed

and further enhanced our corporate governance framework and our internal controls and processes, reviewed our product offering and pricing, and refreshed our service delivery channels in order to better meet the needs and expectations of our customers and partners. Our digital presence in particular has undergone, and will continue to undergo, a process of continuous review and improvement, and we believe that our online and mobile banking offerings now deservedly rank amongst the best in the industry.

The outcome of these efforts is reflected in our financial results for the year ended 31st December 2021, with the Bank having grown Total Assets by 14%, Net Loans and Advances by 15%, Customer Deposits by 17%, and Profit Before Tax by 107% to UGX 34.1bn. Whilst there is always room for improvement and never grounds for complacency, these are results of which our staff and senior management can feel deservedly proud.

Paving Our Future Direction

As we enter the post-pandemic business environment, we have embarked on the development of a new 10-year business growth strategy to identify and take advantage of the current and emerging market opportunities. The strategy aspires to pivot DTB as a customer-centric, top tier, digitally-driven bank, catering to our various customer segments. Central to this strategy is the aim of remaining a significant and relevant presence across all the customer segments we serve, particularly given the widening competitor landscape and an increasingly complex and disruptive marketplace. The key imperatives underpinning the business growth strategy require us to: i) sustain and build on our market position as a Tier I bank, focusing on deposit-driven growth; ii)

leverage our brand strength, business model and partnerships to rapidly scale up and accelerate customer acquisition across all segments; and iii) position our digital presence at the core of our customer offering in order to better provide our customers with value, convenience and solutions tailored to their individual needs.

Appreciation

DTB navigated the difficulties and challenges of 2021 cautiously but with agility, determination and resolve. This is thanks primarily to our employees, who are DTB's biggest strength, and who continued in 2021 to demonstrate their unstinting commitment to DTB's values and vision and to provide dedicated and loyal service to our customers, despite the prevailing challenges. My colleagues on the Board join me in recognizing and appreciating all of our staff, very ably led by our Chief Executive Officer and Managing Director, Mr. Varghese Thambi, and his executive committee.

To our customers, we extend a sincere thank you for your ongoing loyalty, confidence and support. We do not take these for granted, and strive every day to ensure that we remain deserving of them and that we continue to meet, hopefully to exceed, the expectations that you have of us.

Finally, I would also like to appreciate my colleagues on the Board, for their time, knowledge, wise counsel and unwavering support.

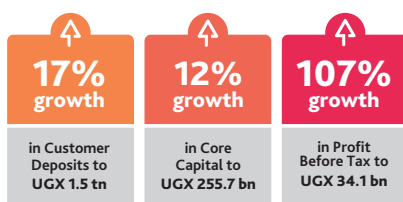
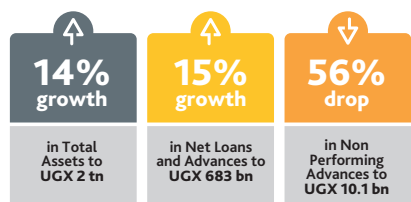
AZIM H. A. KASSAM
CHAIRMAN, BOARD OF DIRECTORS

Message from the Managing Director

In 2021, the Bank continued to convert challenges into opportunities, focusing not just on business and revenue growth, but also on pursuing customer service excellence across all the Bank's channels.

This resulted in a double-digit growth rate across most of the Bank's key financial parameters, as we continued to pursue our quest to make our customers prosper and our staff excel, and to create value for the Bank's shareholders.

Key highlights of the Bank's 2021 financial results are as follows:



Despite the obvious challenges, the Bank's focus on Corporate, SME and Retail segments produced excellent results in 2021 and the Bank achieved its best ever results across various parameters including Total Assets, Net Loans, Customer Deposits and Profitability. Going forward, the Bank will continue to focus on productive sectors such as Manufacturing for import substitution, Trade and Commerce, Exports and Agriculture.

In the Digital Banking space, in addition to 24/7 Digital Tellers, the Bank has enhanced the features of both our Internet Banking i24/7 and Mobile Banking m24/7 channels, to optimize on functionality and customer convenience. Access and convenience has also been augmented by the

over 1,100 Agent Banking locations from which we benefit under the Ugandan banks' Agent Banking shared network.

I would like to appreciate the Chairman, Vice-Chairman, Group CEO and members of the Board for their continued wisdom, counsel and support. A special thank you to our primary regulator, the Bank of Uganda, and all our other regulators for their support and guidance. Our customers continue to repose their trust in us, and we extend our sincerest gratitude to them for their unstinting loyalty and support.

Last but not least, I wish to thank our shareholders for their confidence.

We look forward in the years to come to continuing to deliver on our mandate to have a meaningful and lasting impact on the quality of the lives of our customers, and the broader community of which we are a part.

Varghese Thambi
Managing Director



DTB in the Community

DTB Uganda is committed to Uganda's sustainable economic growth. This is achieved through an integrated business approach that puts the society in which we operate at the forefront of our thinking and our business goals.

We strive to build partnerships with our local communities to provide solutions to their issues, focusing on sustainability and value creation for all our community stakeholders.



Cancer Awareness Drive

DTB Uganda partnered with the Uganda Women's Cancer Support Organization (UWOCASO) in a cancer awareness drive. Customers and staff participated in the cancer awareness engagement held online and face to face.

Environment Conservation

DTB, in partnership with Aga Khan Education Services, celebrated World Environment Day by planting trees around AKES schools in Uganda.

Over 100 fruit trees were planted which will conserve the environment and provide a good source of nutrition to the school communities in the years to come.



Diamond Trust Bank Uganda Limited

Extract of the consolidated and separate Financial Statements for the year ended 31 December 2021

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 2021, the summary consolidated and separate statements of profit or loss and other comprehensive income for the year then ended, and related notes, 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 2021.

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 21 April 2022. The 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*.


KPMG, Certified Public Accountants
3rd Floor, Rwenzori Courts,
Plot 2 & 4A, Nakasero Road.
P.O. Box 3509, Kampala, Uganda.
Date: 21 April 2022

II. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	CONSOLIDATED		SEPARATE	
	2021 Shs'000	2020 Shs'000	2021 Shs'000	2020 Shs'000
Assets				
Cash and balances with BOU	161,635,960	146,350,908	161,635,960	146,350,908
Balances due to banking institutions	103,596,535	98,616,342	103,596,535	98,616,342
Due from parent/group companies	74,080,889	76,239,118	74,080,889	76,239,118
Loans and advances (net)	683,408,421	592,847,411	683,408,421	592,847,411
Investment in government securities	859,165,531	728,851,001	859,165,531	728,851,001
Other assets	14,047,741	20,442,165	14,033,250	20,414,221
Property and equipment	46,326,407	51,824,511	46,323,896	51,818,914
Tax recoverable	3,167,052	5,977,498	3,167,983	5,960,251
Deferred income tax asset	70,718,269	53,594,065	70,567,226	53,506,778
Investment in subsidiary	-	-	553,841	343,426
Total assets	2,016,146,805	1,774,743,019	2,016,533,532	1,774,948,370
Liabilities and shareholders' equity				
Customer deposits	1,499,837,821	1,283,147,250	1,500,578,886	1,283,645,579
Balances due to banking institutions	102,823,992	100,778,108	102,823,992	100,778,108
Due to parent/group companies	140,065	146,381	140,065	146,381
Borrowed funds	14,031,001	16,751,368	14,031,001	16,751,368
Other liabilities	61,817,209	67,846,607	61,614,227	67,641,861
Total liabilities	1,678,650,088	1,468,669,714	1,679,188,171	1,468,963,297
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	201,407,949	156,969,654	200,903,904	156,676,024
Regulatory reserve	-	13,414,795	-	13,414,795
Fair value reserve on securities	2,147,738	1,747,826	2,500,427	1,953,224
Total shareholders' equity	337,496,717	306,073,305	337,345,361	305,985,073
Total liabilities and shareholders' equity	2,016,146,805	1,774,743,019	2,016,533,532	1,774,948,370

III. SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	CONSOLIDATED		SEPARATE	
	2021 Shs'000	2020 Shs'000	2021 Shs'000	2020 Shs'000
Income				
Interest on deposits and placements	1,574,598	2,180,530	1,574,598	2,180,530
Interest on loans and advances	66,882,887	70,429,381	66,882,887	70,429,381
Interest on investment securities	98,188,935	78,534,745	98,188,935	78,534,745
Foreign exchange income	7,066,975	7,901,790	7,066,975	7,901,790
Fee and commission income	20,835,330	22,099,223	20,835,507	22,099,433
Other income	1,314,884	5,485,786	924,560	6,597,433
Total income	195,863,609	186,631,455	195,473,462	187,743,312
Expenditure				
Interest expense on deposits	46,158,833	40,543,345	46,219,795	40,722,758
Interest expense on borrowings	5,170,420	3,640,096	5,170,420	3,640,096
Other interest expense	2,852,971	2,699,331	2,852,971	2,699,331
Impairment losses on loans and advances	15,805,299	32,614,859	15,805,299	32,614,859
Impairment (release) /loss on other investments	(54,165)	457,172	(54,165)	457,172
Operating expenses	91,844,999	90,192,529	91,695,690	90,062,657
Total expenditure	161,778,357	170,147,332	161,690,010	170,196,873
Profit before income tax	34,085,252	16,484,123	33,783,452	17,546,439
Income tax (expense) /credit	(3,061,752)	268,308	(2,970,367)	400,648
Net profit after tax	31,023,500	16,752,431	30,813,085	17,947,087
Other comprehensive income				
Net fair value gain	399,912	1,067,319	547,203	231,059
Total comprehensive income	31,423,412	17,819,750	31,360,288	18,178,146

IV. OTHER DISCLOSURES

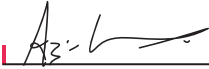
Contingent liabilities				
Letters of credit	20,349,540	31,553,734	20,349,540	31,553,734
Guarantees and performance bonds	31,206,036	43,032,229	31,206,036	43,032,229
Total	51,555,576	74,585,963	51,555,576	74,585,963
Commitments				
Undrawn credit lines	59,408,569	50,660,151	59,408,569	50,660,151
Total	59,408,569	50,660,151	59,408,569	50,660,151
Non-performing loans and other assets	10,127,363	22,832,492	10,127,363	22,832,492
Interest in suspense	7,310	510,287	7,310	510,287
Bad debts written off	7,875,898	31,751,421	7,875,898	31,751,421
Large loan exposures	85,361,442	106,142,421	85,361,442	106,142,421
Insider loan exposures	16,782,067	17,206,935	16,782,067	17,206,935
Capital Position				
Core Capital	255,706,862	228,284,152	255,706,862	228,284,152
Supplementary Capital	6,976,917	5,852,855	6,976,917	5,852,855
Total Qualifying Capital	262,683,779	234,137,007	262,683,779	234,137,007
Total Risk Weighted Assets (RWA)	948,895,830	875,278,612	948,895,830	875,278,612
Core Capital to RWA	26.9%	26.1%	26.9%	26.1%
Total Qualifying Capital to RWA	27.7%	26.8%	27.7%	26.8%


V. BASIS OF PREPARATION

The summary consolidated and separate financial statements for the year ended 31 December 2021 were prepared in accordance with the Financial Institutions Act, 2004 (as amended 2016) and the Financial Institutions (External Auditors) regulations, 2010. The rules under Section 12 (1) of the Financial Institutions (External Auditors) Regulations, 2010 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 statements of financial position and summary consolidated and separate statements 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 11 March 2022 and discussed with Bank of Uganda on 31 March 2022.


Azim H. A. Kassam
Chairman


Jane F. A. Kabbale
Director


Varghese Thambi
Managing Director