



dfcu

ANNUAL REPORT AND
FINANCIAL STATEMENTS
2025

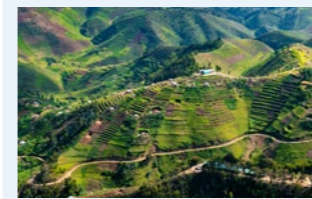


**GOING
FURTHER,
TOGETHER**



Murchison Falls National Park, Uganda

Table of Contents



Overview

Introduces who we are as **dfcu** Group and our key performance indicators, our business model, the needs and expectations of our stakeholders and how we engage with them as well as the operating environment that shaped our performance.

- 6** About our 2025 Annual Report
- 8** Who we are
- 9** Our Footprint Across Uganda
- 10** 2025 Performance at a glance
- 12** How We Create Value
- 14** Our Strategic Journey
- 18** Our Business Model
- 21** Our Stakeholders and How We Engage Them

Our Capitals:

Financial	Intellectual
Human	Manufactured
Nature	Social & Relationship



Reflections from Leadership

Our leaders discuss our dynamics as played out in 2025 and how these are influencing our strategic priorities and the progress we have made in achieving them.

- 32** Reflections from the Chairman – **dfcu** Limited
- 34** Statement by the GM– **dfcu** Limited
- 36** Reflections from the Chairperson – **dfcu** Bank
- 38** Statement by the CEO - **dfcu** Bank
- 40** Reflections from the Chairman– **dfcu** Foundation

Key reporting frameworks

King IV Reporting on Corporate Governance



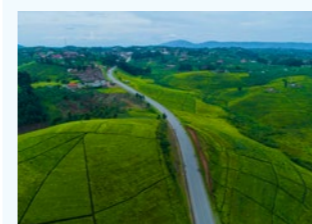
Business Review

This gives a view of our different business segments, the strategies and how we are set up to meet the different needs of our clients within each of these segments.

- 44** Chief Financial Officer Report
- 48** Corporate & Institutional Banking
- 50** Retail Banking
- 52** Business Solutions & Marketing
- 54** Digital Transformation
- 56** Our People and Culture

Key reporting frameworks

Principles for Responsible Banking



Abridged Version of Our Sustainability Journey and Impact

This section highlights our dedication to our sustainability journey, including the impact we drive through the **dfcu** Foundation (the social arm of the Group).

- 62** Our approach to sustainability
- 66** Driving Impact through the **dfcu** Foundation

Guiding frameworks

United Nations Sustainable Development Goals

Table of Contents







Our Approach to Risk Management

We highlight the key risks affecting our industry. We also demonstrate how we manage the systemic risks and ongoing process of identifying, assessing, and addressing potential threats and uncertainties to protect our organizational value.

- 72 Statement from the Chief Risk Officer
- 74 Enterprise Risk Management Framework and Governance Oversight
- 74 Reporting and Committee Structures
- 75 Our Risk Universe
- 77 Risk Appetite
- 77 Stress Testing
- 85 Achievements in 2025
- 86 Beyond 2026: Evolving Risk Management to Support the Next Phase of Strategy

Key reporting frameworks

- 
 BASEL Accord
- 
 Capital Markets Authority Act
- 
 Financial Institutions Act and Regulations
- 
 Uganda Securities Exchange Listing Rules







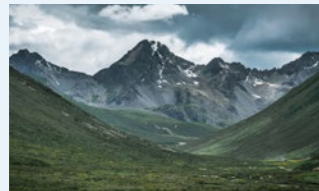
Our Corporate Governance

This highlights our governance structures and how they work. We further demonstrate the rules, practices, and processes we have used to direct and govern the Group, balancing the interests of stakeholders, ensuring accountability and transparency, and ethical decision-making to drive sustainable long-term success and compliance.

- 90 The People who lead us
 - Board of Directors - dfcu Limited
 - Board of Directors - dfcu Bank
 - Board of Directors, dfcu Foundation
 - dfcu Bank Executive Committee
- 98 Corporate Governance Statement
- 118 Directors' Report
- 119 Statement of Directors' Responsibilities

Key reporting frameworks

- 
 Capital Markets Authority
- 
 Uganda Securities Exchange
- 
 Bank of Uganda
- 
 Financial Intelligence Authority



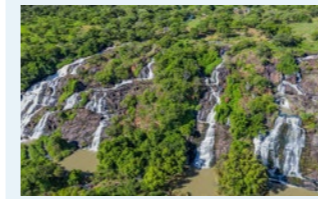
Financials

This shows the details of our financial performance for 2025 along with accompanying notes.

- 122 Independent Auditors report
- 128 Financial Definitions
- 129 Consolidated statement of comprehensive income
- 131 Consolidated statement of financial position
- 133 Consolidated statement of changes in equity
- 135 Consolidated statement of cash flows
- 137 Notes to the consolidated and separate financial statements

Key reporting frameworks

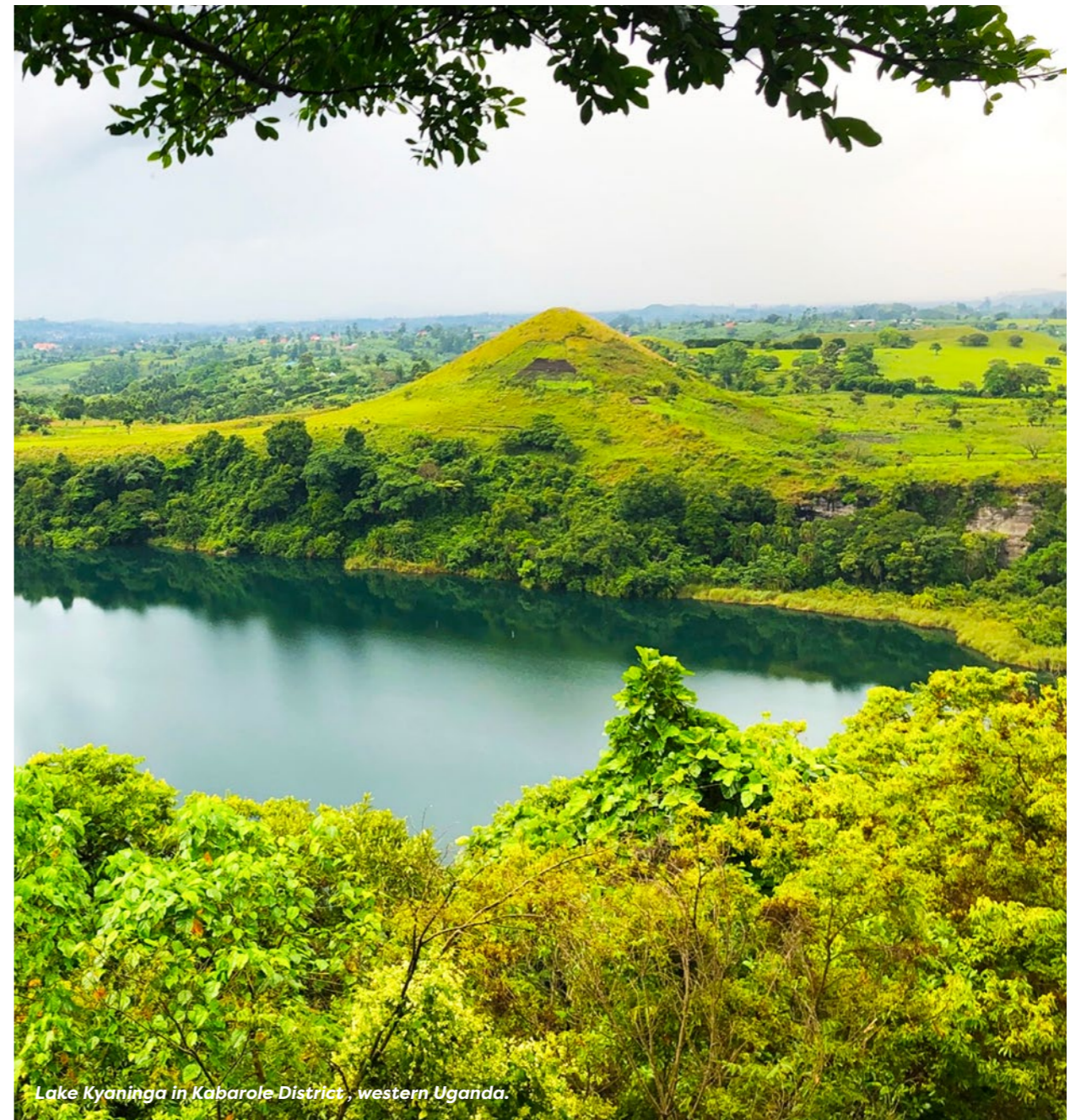
- 
 International Financial Reporting Standards (IFRS)
- 
 Capital Markets Authority (Corporate Governance) Regulations No. 15 of 2025
- 
 Companies Act Cap 106
- 
 Uganda Securities Exchange Listing Rules
- 
 Financial Institutions (Corporate Governance) Regulations No. 25 of 2024



Other Information

This section highlights our shareholder information as well as proxy forms, AGM notice and other Group information.

- 272 Shareholder Analysis
- 273 Notice of the Annual General Meeting
- 276 Proxy Form
- 277 Main Correspondent Banks
- 278 Group's Solicitors
- 279 Company Information
- 280 Our Products, Services and Structure
- 282 Our Branch Location
- 284 Acronyms



About Our 2025 Annual Report



Cover photo: dfcu Head office, Plot 26 Kyadondo, Nakasero, Kampala

Welcome to our 2025 Annual Report. This report presents the activities of dfcu Group and covers the financial year ending 31 December 2025. The Group comprises three legal entities: dfcu Limited (the Holding Company), dfcu Bank, and dfcu Foundation, collectively serving the Ugandan market. dfcu Limited is listed on the Uganda Securities Exchange.

This report is prepared for our diverse stakeholders and provides a detailed overview of both financial and non-financial performance, highlights key milestones, and outlines our continued efforts to create sustainable value. Given that dfcu Bank is the Group's main trading entity, the report places particular emphasis on its operations. It also includes notable highlights from dfcu Foundation, the Group's social arm, as well as selected updates from dfcu Limited, the Holding Company.

Our stakeholder groups



Scope and Boundaries

Our 2025 Annual Report highlights the Group's journey over the past year, showcasing our purpose, goals, and values, how we create value, our strategic progress and outcomes, details of our financial performance, and the key risks that affected our operations together with the measures taken to mitigate them.

We also present an abridged account of our sustainability journey, with full details to be shared in the forthcoming Report to Society, scheduled for publication in September this year.

While this Annual Report covers the period 1 January 2025 to 31 December 2025, it includes selected information up to 31 March 2026, when the results were approved and published. Through this report, we reaffirm our commitment to transforming lives and businesses in Uganda. It demonstrates our determination to grow stakeholder value through innovative solutions, inclusivity, and empowered people.



Through this report, we reaffirm our commitment to transforming lives and businesses in Uganda.

Assurance and approval

The independent auditor's opinion affirms the accuracy and integrity of the consolidated financial statements, which provide a clear representation of the Group's financial position, profitability, liquidity, and capital adequacy. In addition, business subject matter experts compile the annual report with oversight from the Executive Committee and the Board of Directors.



Forward looking statements

This annual report contains certain forward-looking statements regarding dfcu's future performance and prospects.

While these statements represent our judgement and future expectations at the time of preparing this report, several emerging risks, uncertainties, and other important factors could materially change the results from our expectations. These may include factors that could adversely affect our business and financial performance.

About dfcu

dfcu Limited was established by the Commonwealth Development Corporation (CDC) of the United Kingdom and the Government of Uganda, through the Uganda Development Corporation (UDC), under the name Development Finance Company of Uganda Limited. Following a restructuring, the International Finance Corporation (IFC), and the German Development Corporation (DEG) each acquired a 25% stake.

Its objective was to support long-term development projects whose financing needs and risk profiles fell outside the appetite of existing commercial lending institutions at the time.

dfcu Limited was incorporated under the laws of Uganda on 14 May 1964 as a private limited liability company. In 1999, dfcu acquired Uganda Leasing Company, which became dfcu Leasing, to provide direct asset-based finance.

In May 2000, dfcu Limited acquired Gold Trust Bank, which became dfcu Bank hence extending its service offerings to commercial banking alongside its existing offerings in equity finance, long-term development finance, leasing, and working capital finance. A further reorganization saw the transfer of all financial services to dfcu Bank and leaving dfcu Limited as a holding company, managing the properties and the equity investments.

Four years later, on 14 October 2004, dfcu Limited was listed on the Uganda Securities Exchange. And in 2024, the Agribusiness Development Center (ADC), a not-for-profit entity, was transitioned to a company limited by guarantee, hence the birth of dfcu Foundation.

As of 31 December 2025, dfcu Group was comprised of three entities namely, dfcu Limited (The holding company) with two subsidiaries: dfcu Bank Limited and dfcu Foundation.



Our Purpose

Transforming Lives and Businesses in Uganda.



Our Promise

Going Further, Together.



Our Goal

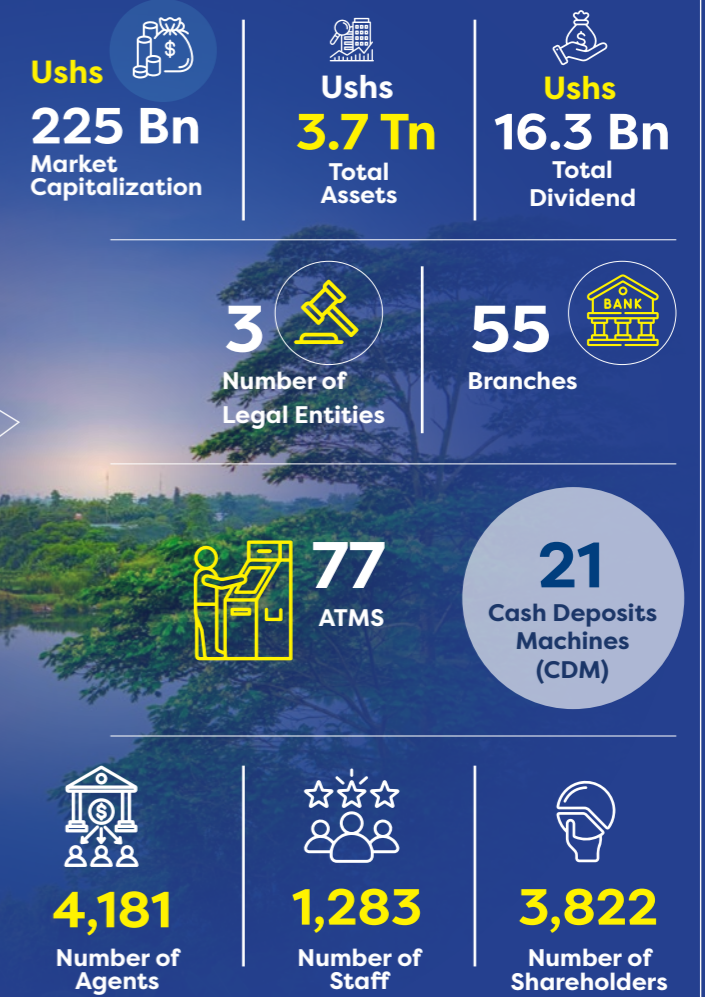
To sustainably grow stakeholder value with innovative solutions, inclusivity and an empowered people.



Our Behaviors

- ▶ We Take Accountability by Delivering on Our Commitments.
- ▶ We Work and Play Together.
- ▶ We Continuously Learn to Improve Our Productivity.
- ▶ We have a Shared Goal to Deliver Customer Solutions.

Key Facts about dfcu as at 31st Dec 2025



Who we are



Our Purpose

Transforming Lives and Businesses in Uganda.



Our Goal

To sustainably grow stakeholder value with innovative solutions, inclusivity, and empowered people.



Property management



Main Operating entity

Intergrated financial services:

- 01. Corporate and Institutional Banking
- 02. Retail Banking
- 03. Women in Business (WiB)
- 04. Investment Clubs & SACCOs



Entity Limited by guarantee

(Formerly Agribusiness Development Centre - ADC)

- 01. Enterprise Development
- 02. Financial Inclusion
- 03. Catalytic funding

Our Footprint Across Uganda



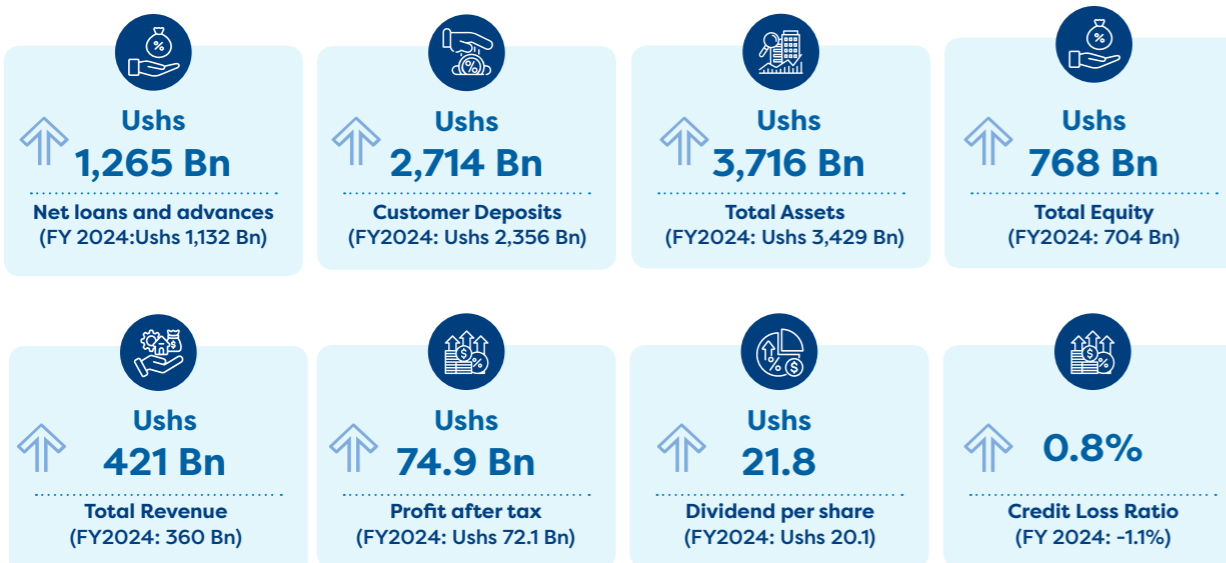
REGIONS

KAMPALA METRO	KAMPALA CENTRAL	GREATER KAMPALA	WESTERN	NORTHERN	EASTERN
Abaita Ababiri	6th Street	Bwaise	Fort Portal	Abim	Iganga
Entebbe	Acacia Avenue	Kawempe	Hoima	Arua	Jinja
Entebbe Road	Bugolobi	Luweero	Ibanda	Dokolo	Mbale
Kikuubo	Impala	Mukono	Ishaka	Gulu	Pallisa
Kyengera	Jinja Road	Namanve	Isingiro	Kitgum	Soroti
Market Street	Kampala Road	Naalya	Kabale	Lira	Tororo
Nakivubo	Kyadondo	Ntinda	Kisoro	Pader	
Nateete	Lugogo	Kyambogo	Lyantonde		
Ndeeba	Makerere University	Kireka	Masaka		
Owino	Nsambya		Mbarara		
William Street			Ntungamo		
			Rushere		

2025 Performance at a Glance

dfcu remains committed to delivering value to all our stakeholders through effective strategy execution, prudent market exposure, quality lending, robust operations and service excellence, stringent cyber security, prudent capital management and proactive risk management. For details on our performance for 2025, please refer to our Financials report on pages 126 to 269 of this report.

FINANCIAL HIGHLIGHTS



AWARDS AND RECOGNITIONS

INDUSTRY AWARDS

- Best Primary dealer in knowledge sharing** - Global Financial Markets
- PRAU (Public Relations Association of Uganda) Excellence Awards:** Corporate Communications Campaign of the Year, for Best Farmers Competition
- Best Bank in Mortgage Financing –** Uganda Institute of Banking and Financial Services
- Outstanding Real Estate Player of the Year –** Association of Real Estate Agents, Uganda
- Corporate Sports Network female MVP award for 2025**



EMPLOYEE AWARDS

Annual Bankers Gala		Corporate League	
1. Overall Swimming	Gold	1. Swimming	Bronze
2. Overall Quiz	Gold	2. Volleyball	Bronze
3. Athletics	Bronze	3. Darts	Silver
		4. Athletics	Silver
		5. Tug of War	Bronze



Bluecare HEALTH COVER MADE FOR ME

Full medical cover that protects your health, income, and future.

- Hospital cashback
- Critical illness cover
- Funeral (mabugo benefit)
- Telemedicine access

Pay just **UGX 986,000** per year (Tax exclusive) and unlock complete benefits with cover limit of up to **UGX 120 million**.

Call toll-free **0800222000** to sign up today.



Insurance Partnership



dfcu Bank (License No. BC/0014/2026) is regulated by the Insurance Regulatory Authority of Uganda. Terms & Conditions Apply.

GOING FURTHER, TOGETHER

How We Create Value

The core organizing principle in the work we are doing is to create value for our stakeholders. This drives the way we are organized in **dfcu** i.e. each legal entity has its core role, which functions together to create long-term sustainable competitive advantage for the Group and for each of the entities.

dfcu BANK | It is the major trading entity within the **dfcu** Group that offers integrated financial services to our clients as segmented below.

A) RETAIL BANKING



1. Personal banking

Provides banking and other tailored financial services to individual customers.

What we offer

- Savings products
- Lending products
- Bancassurance
- Card products
- Financial Literacy
- Multiple touch points – physical and digital products

(Details of the specific offerings on page 281)



2. Enterprise banking

Provides banking and other financial services to small- to medium-sized enterprises.

What we offer

- Day to day transaction products
- Trade finance expertise
- Relationship management

(Details of the specific offerings on page 281)

B) CORPORATE AND INSTITUTIONAL BANKING



3. Corporate banking

Provides corporate and institutional banking services to governments, parastatals, larger corporates, financial institutions and international counterparties.

What we offer

- Global and financial markets products and services
- Transactional products and services
- Expertise Relationship management

(Details of the specific offerings on page 281)

C) ECOSYSTEM BANKING



4. Ecosystem banking

Provides bespoke solutions, either as an ecosystems driver or contributor, innovatively fulfilling financial and non-financial needs that would otherwise not be met by traditional banking products.

What we offer

- Platform-based end-to-end financial and non-financial solutions
- Bespoke financing solutions that expand financial access
- Technical assistance through strategic partnerships

D) CORE ENABLING FUNCTIONS



5. Our various enabling functions

Credit, Finance, Technology, Digital and Operations, Information Security, People and Culture, Risk, Compliance, Internal Audit, Legal and Internal Controls.

What we offer

These core enabling functions act as the essential "mortar" connecting the organizational parts, providing infrastructure, resources, and support that allow core functions to operate efficiently. They shift focus from daily tasks to strategic value, empowering teams through technology, process improvement, and knowledge adoption.

dfcu FOUNDATION

It is the social arm of **dfcu** Group, through which we provide a cross section of services that are geared at supporting the communities in which we operate.



Provides different services

What we offer

- Enterprise development
- Expanding financial access
- Environmental protection

(Details of the specific offerings on page 280)

dfcu Limited Holding company

It is the holding company of **dfcu** Group that owns controlling interests in the subsidiaries and also manages the properties of the Group.



It provides services related to property management.

What we offer

- Property management
- Facilities management
- Project management

(Details of the specific offerings on page 280)



*The core organizing principle in the work we are doing is to create value for our stakeholders. This drives the way we are organized in **dfcu**.*

Our Strategic Journey

Recap of our 3- year strategic journey of rebuilding the core for growth.



The strategy execution was hinged on

01

OUR BEHAVIORS
These are the 4 consistent operating principles by which we anchor our business and implement our strategy through our people. These are highlighted on page 7.

02

DRIVING PROFITABILITY
Our strategies are all geared towards the long-term sustainability of our business. Therefore, being sustainably profitable remains one of our core strategic priorities.

03

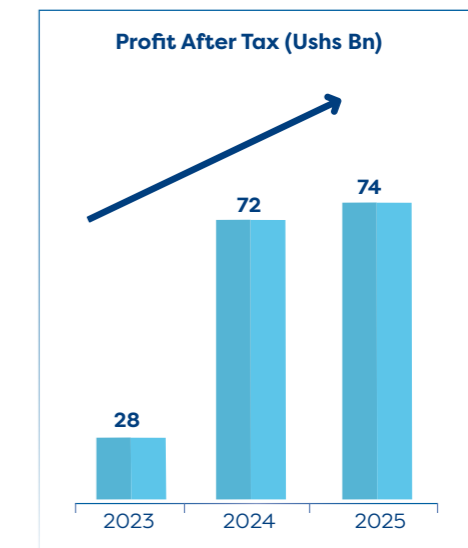
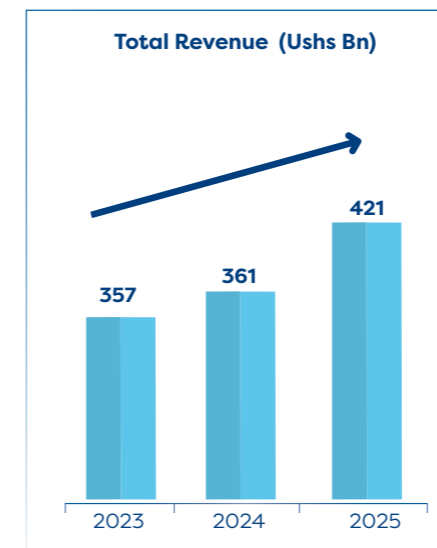
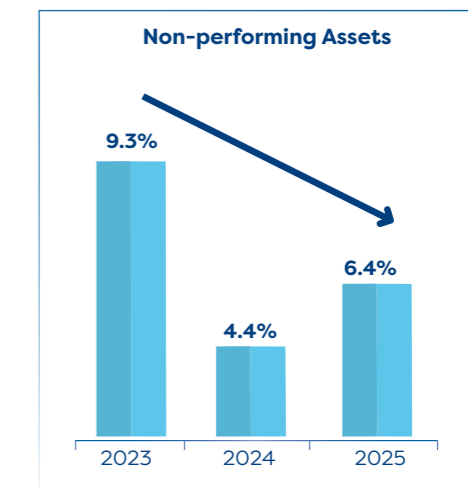
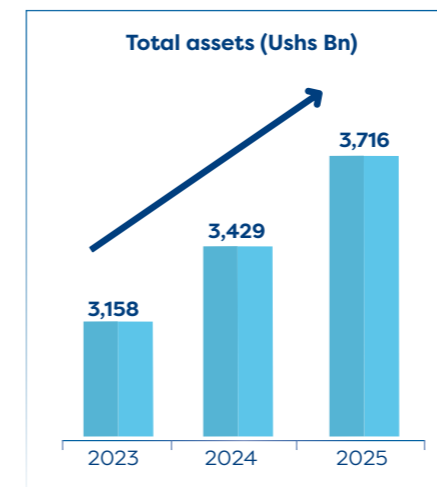
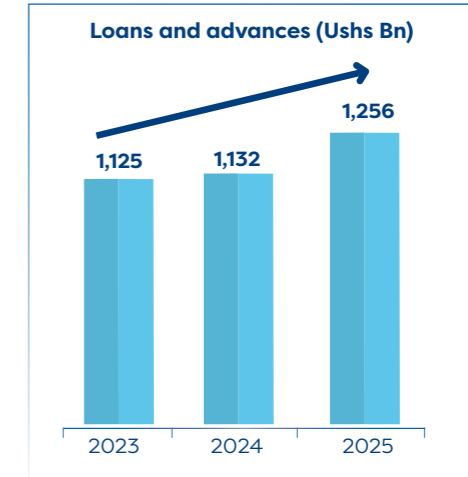
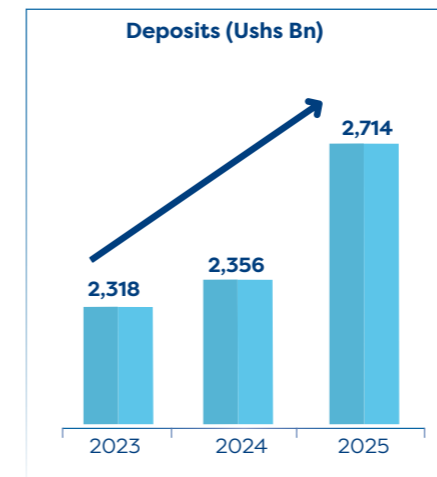
OUR BUSINESS & OPERATING MODEL
Our business and operating model is the way by which we ensure we are able to succeed at generating profits for the long term. This business model is highlighted on page 18 and 19 of this report

04

GOVERNANCE
Implementing the appropriate global standards affects how we govern the organization, the performance, recognition and behaviors of all our people in everything we do. The details can found in the Corporate Governance section of this report starting on page 88.

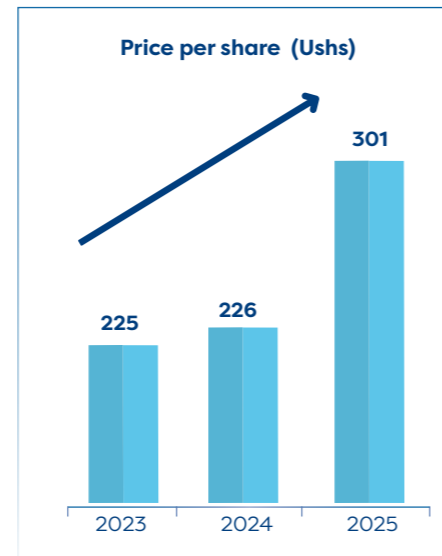
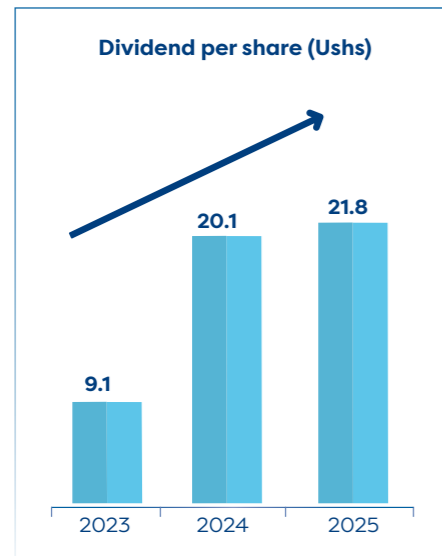
3-Year Strategic Outcomes

A) FINANCIAL OUTCOME



3-Year Strategic Outcomes

A) FINANCIAL OUTCOME



B) OTHER OUTCOMES

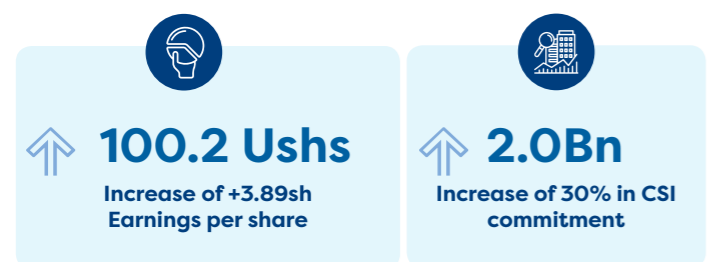
CUSTOMERS



CHANNELS



SHARED VALUE



Strategic Trade-offs and Resource Allocation

In 2025, as the Group focused on rebuilding the core to support execution and future growth, several deliberate strategic trade-offs were made:

- Growth vs. Asset Quality:** Balance sheet expansion was moderated to prioritize portfolio quality, strengthen underwriting, and sustain improved credit performance.
- Short-term Returns vs. Long-term Capability Building:** Resources were directed toward foundational investments in IT systems, automation, and digital infrastructure, with benefits expected to materialize over time.
- Broad Expansion vs. Targeted Focus:** Efforts were concentrated on selected strategic sectors and customer segments to drive deeper relationships and more sustainable growth.
- Cost Optimization vs. Strategic Investment:** While maintaining cost discipline, the Bank continued to invest in people, governance, and control enhancements to strengthen the operating model.

Capital Allocation

Capital and investment were deliberately allocated to areas that supported long-term value creation while remaining within the Bank's risk appetite. Key areas of focus included:

- Core Systems and Technology Infrastructure:** Significant investment in IT modernization, including the Finacle hardware upgrade, Quick Banking, Agency Banking, Omnichannel account opening, credit automation, and cash handling infrastructure such as Cash Deposit Machines to improve scalability, efficiency, and customer experience.
- Targeted Lending and Sector Focus:** Capital deployment aligned to identified strategic sectors to optimize risk-return outcomes and support sustainable growth.
- Risk Resilience and Capital Management:** Allocation of capital based on risk-weighted assets and regulatory requirements to ensure adequate cover for credit, market, and operational risks.
- Operational Capacity and Network Expansion:** Investment in branch expansion and process improvements to strengthen distribution and service delivery.
- Diversification of Income Streams:** Investment in transaction banking, digital channels, trade finance, and fee-based products to grow non-funded income, reducing reliance on interest income and enhancing the sustainability of taxable profits.

Overall, resource allocation was guided by a balance between capturing attractive market opportunities and building the foundational capabilities required for sustainable growth, improved resilience, and enhanced stakeholder value.

Our Business Model

INPUTS



GOVERNANCE

Our governance and risk frameworks are integrated across our operations, enabling enhanced accountability, effective risk management, clear performance management, greater transparency and effective leadership.

Our ethical and effective leadership unites our purpose and performance by embedding an ethical and risk aware culture that recognizes the trust of our stakeholders is the basis on which we compete and win. We strive to employ our resources and relationships responsibly in what we do, and how we do it, to create the best outcomes for our clients and all our stakeholders.

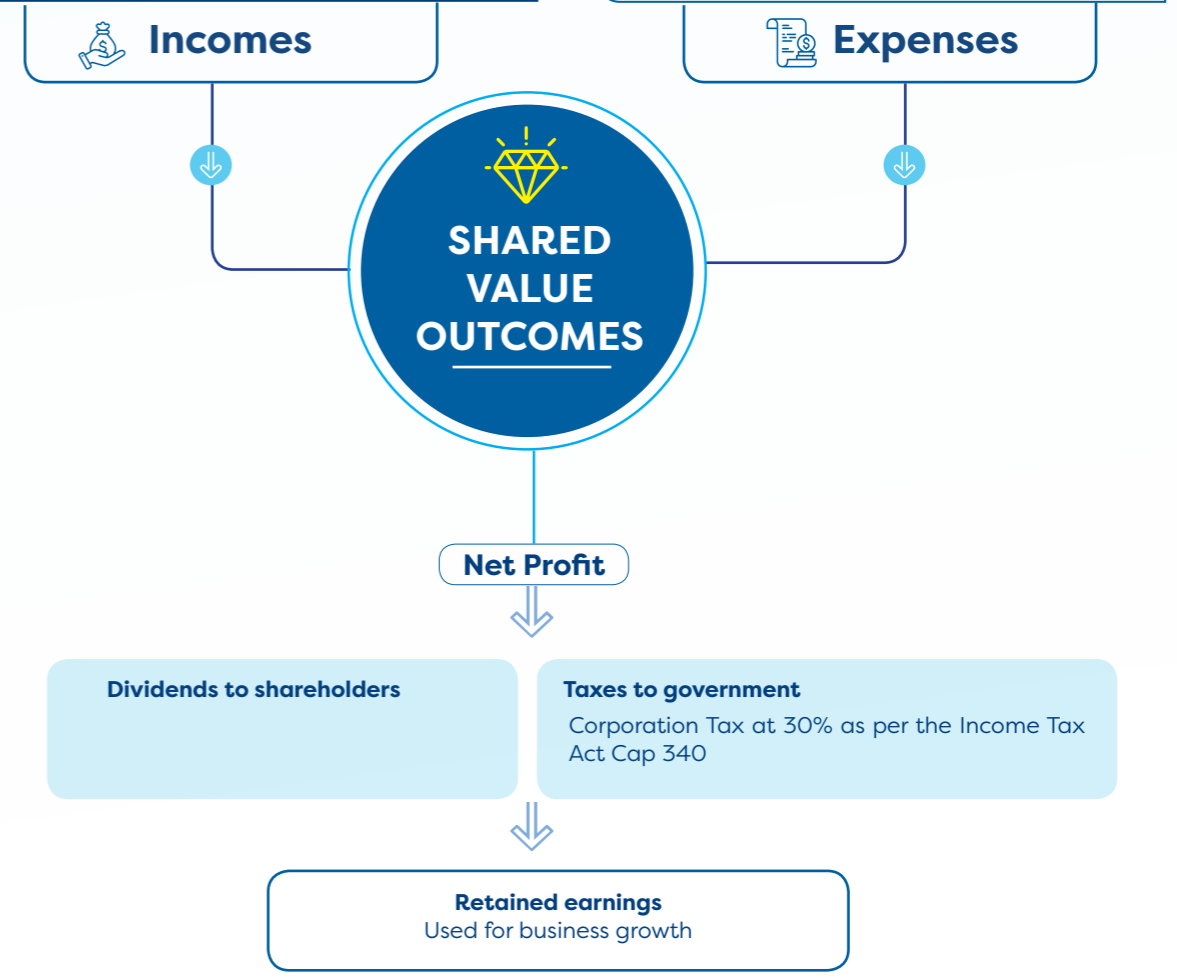
OUTPUTS

What we enable our clients to do:

- Borrow**
To achieve their personal and business goals supporting employment, enabling inclusive growth in Uganda.
- Transact**
Through convenient movement and access to funds through the various platforms.
- Invest**
To create wealth by generating long-term returns and mitigate the erosion of their capital due to inflation.
- Access local and international markets**
Through forex, money markets and hedging solutions via our global financial markets based on the guidance we provide.
- Insure**
To protect their wealth and wellbeing using our Bancassurance services.

What we invest in to support what we do for our clients

- Our people**
To equip them to deliver exceptional client experiences in a changing world of work.
- Our operations**
Including our IT platforms to enhance our capabilities, improve efficiency and remain compliant with all applicable laws and regulations.
- Community and Strategic investments**
That support our access to innovation and drive socio economic development in Uganda by empowering our people.





Dembe Lyo!

Your financial freedom starts here! Open a **dfcu Dembe Plus account** today & enjoy:

- Zero maintenance fees
- Multi-currency account
- Digital banking on the go
- Low opening balance with Visa debit Card



Call **0800222000** or visit a **dfcu** branch near you

dfcu Bank is regulated by the Central Bank of Uganda. Customer deposits are protected by the Deposits Protection Fund of Uganda up to UGX 10 million. T&Cs apply.

GOING FURTHER, TOGETHER

Our Stakeholders and How We Engage Them

dfcu is committed to earning, building and sustaining the trust and support of its stakeholders. Consequently, the Group prioritizes continuous engagement and dialogue with its stakeholders in order to comprehensively understand their needs, interests and expectations.

This proactive approach also enables dfcu to identify the material issues that significantly impact these stakeholders and the organization.

Stakeholder mapping

dfcu's stakeholders are categorized into the following groups:



Customers

- Retail
- Corporate
- Micro, Small and Medium Enterprises (MSMEs)



Employees

- Permanent employees
- Contract employees



Regulators

- Central Government
- Bank of Uganda
- Capital Markets Authority
- Uganda Securities Exchange
- Insurance Regulatory Authority
- Financial Intelligence Authority
- Deposit Protection Fund
- Local Authorities



Media

- Social media
- Local & International Media



Shareholders & Investors

- Government
- Institutions
- Retail/Individuals



Partners and Suppliers

- Large businesses
- MSMEs
- Women-owned enterprises
- Youth



Communities

- Community-Based Organizations (CBOs)
- Civil Society Organizations (CSOs)

Our Stakeholders and How We Engage Them

Stakeholder Priorities in 2025



CUSTOMERS

Our ambition

At **dfcu**, our aim is to develop customer intimacy through quality relationship management for our target segments and simplified customer journeys for a better experience.

How we engage

- Client surveys, online communication channels, call center
- Direct client engagements
- Product presentation
- Client events and visits
- Brand and sponsorship events

Level of engagement

- High

Customers key needs and strategic responses

- **Communication & Responsiveness:** Deliver real-time updates, strengthen contact center efficiency, and digitize credit approvals for faster turnaround.
- **Accessibility & Ease of Use:** Expand omni-channel banking and deepen agency banking reach into rural and under-served areas.
- **Security & Trust:** Enhance authentication and fraud detection, maintain transparent reporting, invest in community credibility, and ensure reliable system uptime.
- **Innovation & Relevance:** Grow digital lending solutions, introduce ESG-linked products, personalize services through analytics, and refresh offerings regularly.
- **Customer Experience:** Train staff in empathy and literacy support, deploy CRM for personalized engagement, and run proactive outreach programs such as SME clinics and financial health check-ins.

SDGs contributed to



Metrics to measure performance

- Customer experience index
- Net Promoter Score

Capitals impacted

- Financial capital
- Social and relationship capital
- Human capital
- Intellectual capital
- Manufactured

Value created

Our aim is to develop customer intimacy through consistently improving quality relationship management for our target segments and simplified customer journeys for a better client experience.

Total loans and advances to customers

2025:
Ushs 1.3Tn

2024:
Ushs 1.1Tn



EMPLOYEES

Why they are important

Our employees are an essential component of our organization's success.

Our ambition

To continuously drive a high-performance culture.

How we engage

- Direct communication through departmental heads and reports
- Internal communication platforms, e.g., newsletters
- Monthly CEO townhalls
- Employee engagement surveys
- Other internal events: Team building, 'Happy Fridays'

Level of engagement

- High

Employees needs and strategic response

- **Safe workplace & wellness:** Strengthen occupational health and safety standards, promote wellness programs, and provide mental health support.
- **Fair remuneration & terms of employment:** Ensure competitive pay structures, transparent benefits, and equitable employment contracts.
- **Objective performance management & recognition:** Implement clear KPIs, fair appraisal systems, and reward outstanding contributions.
- **Equitable treatment & opportunities:** Uphold diversity, inclusion, and equal opportunity policies across all levels of the organization.
- **Skills development & future readiness:** Invest in continuous training, leadership development, and future-focused skills (digital, ESG, innovation).
- **Systems & service stability:** Maintain reliable IT systems and operational uptime to support employees in delivering uninterrupted customer service.

SDGs contributed to



Metrics to measure performance

- Engagement score
- Employee net promoter score
- Job satisfaction
- Colleague experience index
- Employer advocacy
- Culture maturity index
- Diversity and inclusion (48% Men & 52% Women)

Capitals impacted

- Financial capital
- Social and relationship capital
- Intellectual capital

Value created

Our aim is to continuously improve our employee engagement levels through offerings that improve their personal welfare and growth ambitions which ultimately drives a high-performance culture.


Investments in employees

2025:
Ushs 101Bn

2024:
Ushs 96.7Bn

Our Stakeholders and How We Engage Them

Stakeholder Priorities in 2025



SHAREHOLDERS & INVESTORS

Why they are important
Our shareholders and investors are the primary providers of our financial capital.

Our ambition
To deliver sustainable value to our shareholders and investors.

How we engage

- Annual General Meetings
- Annual Reports
- Investor Briefings and Presentations
- Newspaper notices


Level of engagement

- High

Shareholders & Investors key needs and strategic response

- Return on Investment:** Sustained profitability through diversified growth and prudent cost management.
- Delivery Against Targets:** Strengthen performance monitoring and disciplined execution of strategic plans.
- Executive Leadership Engagement:** Maintain open communication through AGMs, investor calls, and visible leadership presence.
- Governance & Ethics:** Uphold strong governance, compliance, and robust internal controls.
- Climate Risk Management:** Integrate ESG principles, expand green financing, and align with sustainability standards.

SDGs contributed to



Metrics to measure performance

- Headline earnings
- Dividend per share
- Cost to income ratio
- Increase in ROE

Capitals impacted


- Financial capital
- Social and relationship capital
- Human capital
- Intellectual capital
- Manufactured

Value created
Our aim is to deliver sustainable returns to our shareholders and investors.

Dividend per share

2025:
Ushs 21.8

2024:
Ushs 20.0



REGULATORS & GOVERNMENT

Why they are important
Our regulators secure our license to operate and our ability to contribute to policy formulation.

Our ambition
To build and maintain positive relationships based on transparency and trust.

How we engage

- Direct engagements e.g. face-to-face meetings
- Technical working groups
- Statutory documents
- Thought leadership events/workshops
- Sponsorship engagements


Level of engagement

- Medium

Regulators & Government's key needs and strategic responses

- Legal & Regulatory Compliance**
- Support National Development Agenda:** Align lending and investment priorities with Uganda's Vision 2040, agriculture, SME growth, and infrastructure development.
- Knowledge Sharing & Industry Contribution:** Actively participate in regulatory working groups, share insights, and contribute to financial sector reforms.
- Transparent & Proactive Tax Engagement:** Ensure timely, accurate tax reporting and maintain open, constructive relationships with tax authorities.

SDGs contributed to



Metrics to measure performance

- Total capital adequacy ratio
- Liquidity reserve position
- Training on fraud and ethical conduct
- Full compliance with legal and regulatory requirements

Capitals impacted

- Financial capital
- Social and relationship capital
- Intellectual capital

Value created
Our aim is to continuously build and maintain positive relationships based on compliance, transparency and trust.

Taxes to Government

2025:
Ushs 90.5Bn

2024:
Ushs 100Bn

Our Stakeholders and How We Engage Them

Stakeholder Priorities in 2025



COMMUNITIES

Why they are important
Our business's sustainability is dependent on the relationships we foster with the communities and societies in which we operate, as well as the contributions we make to societal advancement.

Our ambition
We aim to deliver Social, Economic and Environmental impact amongst prioritized stakeholder groups.

How we engage

- dfcu Foundation
- Corporate Social Responsibility engagements
- Sponsorship engagements

Level of engagement

- Medium

Communities key needs and strategic responses

- **Enterprise Development:** Support entrepreneurship through tailored financing, mentorship, and capacity-building programs for SMEs and startups.
- **Expand Financial Access for SMEs, Agribusinesses & Smallholder Farmers:** Scale agency banking, digital lending, and inclusive financial products to reach under-served rural communities.
- **Strengthening dfcu Foundation's Institutional Capacity for Impact:** Invest in governance, partnerships, and monitoring frameworks to enhance the Foundation's ability to deliver measurable social and economic outcomes.
- **Responsible Corporate Citizen:** Uphold strong ESG practices, champion sustainability initiatives, and engage in community development programs that align with Uganda's national priorities.

SDGs contributed to



Metrics to measure performance

- Spend on community impact and investment
- Training and capacity building
- Environmental stewardship

Capitals impacted

- Human capital
- Social and relationship capital
- Intellectual capital

Value created
Our aim is to continuously remain relevant in the communities in which we operate with relevant impact (Both monetary and non-monetary) amongst prioritized stakeholder groups.

CSI Commitments

2025:
Ushs 2.0Bn

2024:
Ushs 1.5Bn



SUPPLIERS AND PARTNERS

Why they are important
We depend on our business partners, suppliers, agencies and the media to execute critical strategic initiatives.

Our ambition
To maintain strong supplier and partnership agreements through a diversified supply chain strategy, local sourcing and innovation.

How we engage

- Direct engagements with our suppliers
- Due diligence in establishing processes, checks and balances
- Establishing and maintaining productive partnerships

Level of engagement

- High

Suppliers & Partners key needs and strategic response

- **Efficient Operational Processes:** Streamline procurement and payment workflows, adopt digital supplier management systems, and ensure clarity in requirements.
- **Collaborative Business Relationships:** Build long-term, trust-based partnerships through open communication, joint planning, and shared value creation.
- **Collaborative Partnerships:** Engage suppliers in co-innovation, sustainability initiatives, and capacity-building programs to strengthen mutual impact.
- **Timely Invoice Settlement:** Enforce strict payment timelines, automate invoice processing, and maintain transparency in financial dealings.

SDGs contributed to



Metrics to measure performance

- Local procurement
- Enhanced relationship with suppliers

Capitals impacted

- Financial capital
- Social and relationship capital
- Intellectual capital

Value created
Our aim is to maintain strong supplier and partnership agreements through a diversified supply chain strategy, local sourcing and innovation.

Percentage spent on local suppliers

2025:
92%

2024:
92%

Our Operating Environment

Global Economic Environment

***Global growth is expected to remain moderate and uneven across regions in 2026. IMF estimates global growth to slow from 3.3% in 2024 to 2.8% in 2025 before picking up slightly to 3.0% in 2026.**

Advanced economies face cooling momentum due to persistent structural constraints, elevated debt burdens, and evolving geopolitical tensions affecting energy and trade flows. Growth is expected to fall from 1.8% in 2024 to 1.4% in 2025 and 1.5% in 2026.

Emerging markets, while still expanding faster than advanced economies, are navigating tighter global financial conditions, supply chain realignments, and weaker external demand. Emerging markets and developing economies are also forecasted to decelerate from 4.3% in 2024 to 3.7% in 2025, before rising modestly to 3.9% in 2026.

International inflation continues to ease, but remains above pre pandemic averages, prompting cautious monetary policy normalization across major central banks.

Heightened geopolitical risks include US/ Israel – Iran conflict, Middle East tensions, Russia – Ukraine conflict, US China rivalry, on top of volatility to global markets, commodity prices, and investor sentiment.

Regionally, Kenya, Tanzania, Rwanda, and DRC exhibit mixed performance as they contend with political transitions, climate shocks, and varied monetary tightening cycles. Across the East Africa Community, currency volatility, regional security issues, and election related uncertainties remain key macro risks.

Expected economic growth in 2026
3.0%

Macroeconomic Environment



Inflation:

Headline inflation rose slightly to 3.2% in January 2026 from 3.1% in December 2025, mainly due to higher air transport and refuse collection costs. Inflation remains contained.



Outlook:

It is expected to average 4%–4.5% in FY25/26 and stabilize around 5% in the medium term, supported by a stronger shilling, continued FDI inflows from the oil sector and favorable weather for agriculture.



GDP:

The economy grew by 6.3% in FY2024/25 up from 6.1% the previous year driven by agriculture and industry.



Outlook:

Growth is projected at 7% in FY25/26, averaging 8% in the medium term, supported by the Ten fold growth strategy, extractives investments, agricultural improvements, and supportive monetary policy.



Private Sector Credit:

Credit grew by 11% in December 2025 up from 10.3% in November reflecting stronger credit demand and stable macro conditions.



Outlook:

Growth is expected to strengthen further in the near term supported by improving borrower confidence, steady inflation outlook and stable exchange rate conditions. However, risks include increased government domestic borrowing, global uncertainty, and heightened credit risk concerns.



Banking sector overview

The banking sector faces a shifting competitive and profitability landscape in 2026.



Technology continues to redefine customer expectations, operating models, and risk profiles.

Deposit growth continues but at tightening margins as funding costs rise and liquidity conditions fluctuate around significant government maturities.

Credit quality remains broadly stable although pockets of vulnerability may persist among SMEs, real estate, and trade-linked exposures especially amid global demand softening.

Banks are increasingly competing on digital payments, digital lending, SME lending ecosystems and bundled value propositions rather than traditional balance sheet scaling.

Mobile money operators and sector specific lenders are eroding fee income pools pressuring banks to innovate faster. The industry continues to witness more treasury income opportunities arising from forex volatility, interest rate repositioning ahead of oil flows and growing appetite for structured risk management products especially across corporate clients.

Technology continues to redefine customer expectations, operating models, and risk profiles. Mobile first financial behavior continues to dominate the landscape, with mobile money wallets now exceeding formal bank accounts and driving micro payments, digital credit and merchant acceptance.

Artificial intelligence and advanced analytics are expanding their application across credit assessment, fraud prevention, customer personalization, and process automation.

Cloud migration is also accelerating and enabling more scalable core banking modernization and open API integration with fintech ecosystems.

Meanwhile, cybersecurity risk has intensified as transaction volumes grow and threat actors exploit geopolitical tensions, necessitating heavier investment in security architecture, resilience testing, and real time monitoring.



Regulatory Environment

The Bank of Uganda will continue to maintain a conservative monetary and prudential oversight as local political activities and global uncertainties elevate systemic risk.

Banks have enhanced compliance with BOU's climate risk guidelines by integrating climate risks across all risk types. Conducting scenario analysis, adjusting business models to reflect transition and physical risks and reporting exposures in line with IFRS S2. Additionally, with Uganda's early adoption of IFRS S1 and IFRS S2 beginning in 2026, banks must prepare sustainability disclosures covering governance, strategy, risk management practices, and key metrics such as emissions, financed emissions, and climate risk indicators.

Internationally, amendments to IFRS 9 and IFRS 7 effective 1 January 2026 influence financial instrument classification, SPPI assessment, ESG linked cash flow disclosures and derecognition rules, requiring banks to update policies and systems accordingly.

*Ref: Bank of Uganda monetary policy report February 2026



02

Reflections from our Leadership

Reflections from the Chairman - dfcu Limited	32
Statement by General Manager - dfcu Limited	34
Reflections from the Chairman - dfcu Bank	36
Statement by the CEO - dfcu Bank	38
Reflections from the Chairman - dfcu Foundation	40

Reflections from the Chairman - dfcu Limited



Our responsibility is to ensure dfcu continues to create enduring value for shareholders, customers, employees, regulators, and the communities we serve, even in an increasingly complex and volatile operating environment.



Ushs
16.3Bn
 (15.0bn in 2024)

Dividend recommended by the Board

Jimmy D. Mugerwa



“By integrating ESG considerations into every capital allocation decision, we are positioning dfcu as a future-ready institution.”

Dear Shareholders and Stakeholders,

As we reflect on 2025, a year that marked the transition from a rigorous period of consolidation to a future defined by execution, I am pleased to report that **dfcu** Limited has emerged with a sharper sense of purpose. While 2024 reflected recovery and renewed momentum, 2025 was fundamentally about strengthening the foundations that will sustain long-term value creation for decades to come. Our 62-year journey, which began as a development finance institution, has taught us that longevity demands more than short-term earnings. It requires disciplined stewardship and deliberate approach to consistently grow the Group’s long-term intrinsic value.

Strategic Stewardship

As a Board, we have remained focused on building a stronger, more resilient, and future-ready institution. Our responsibility is to ensure **dfcu** continues to create enduring value even in an increasingly complex and volatile operating environment. The Board evaluated the current strategy not by temporary profit spikes, but by the extent to which it strengthens the quality and durability of our future cash flows. In 2025, we proved that this strategy is the correct engine for growth.

We sharpened execution, reinforced discipline, and made the difficult but necessary choices to allocate capital to areas where it can deliver the greatest long-term value.

The year demonstrated that the current strategy was not merely a short-term recovery initiative, but a catalyst for disciplined transformation. We saw stronger operational focus, improved capital efficiency, enhanced subsidiary oversight, and sharper alignment between strategy, risk management, and execution. Most importantly, we strengthened the quality and durability of the Group’s long-term earnings capacity.

In recognition of the Group’s continued resilience and confidence in its long-term trajectory, the Board has recommended a total dividend of Ushs 16.3billion equivalent to Ushs 21.8 per share, from 15.0billion equivalent to Ushs 20.1 per share respectively in the prior year.

Governance Resilience & The Firewall Principle

Our operating environment remains dynamic, influenced by macroeconomic uncertainty, evolving regulation, digital disruption, cybersecurity threats, and evolving customer expectations. In response, the Board has deliberately prioritized resilience over short-term market perceptions.

During the year, we strengthened governance oversight, sharpened risk intelligence, reinforced capital management discipline, and accelerated investments in technology modernization and operating platforms. We also continued to strengthen the separation of oversight and management responsibilities across the Group to ensure clearer accountability and stronger governance effectiveness. We maintain a strict firewall between **dfcu** Limited and its subsidiaries **dfcu** Bank, and **dfcu** Foundation ensuring management autonomy while the Board focuses on strategic oversight and capital allocation.

To this end, the Board further initiated a review of the Group’s governance framework in anticipation of evolving Financial Holding Company requirements and a more diversified capital structure. These efforts are positioning **dfcu** to remain agile, scalable, and resilient as the financial services landscape evolves.

Sustainability as a Strategic Lever

In 2025, the Group made some progress in incorporating Environmental, Social, and Governance (ESG) considerations into decision-making processes. We strengthened sustainability governance structures, advanced preparations toward IFRS S1 and S2 sustainability disclosure standards and continued integrating climate and sustainability considerations into enterprise risk management.

We also broadened our understanding of value creation. Sustainable value cannot be measured solely through financial returns. It must also be reflected in stronger stakeholder trust, greater financial inclusion, improved operational sustainability, and deeper institutional credibility.

Through initiatives supporting women entrepreneurs, SMEs, agribusiness development, financial literacy, green enterprise growth, healthcare access, and community empowerment, **dfcu** continued to play an active role in Uganda’s socio-economic transformation.

By integrating ESG considerations into every capital allocation decision, we are positioning **dfcu** as a future-ready institution capable of performing even when market assumptions do not hold.

The Board also remained focused on prudent capital allocation during the year. While balancing elevated operational demands and litigation-related pressures, we continued investing in critical strategic priorities, including technology modernization, governance strengthening operational resilience, and digital transformation.

Looking Ahead - Road to 2028

Looking ahead, our priorities remain clear:

- 01** Strengthening resilience,
- 02** Diversifying revenue streams
- 03** Embedding sustainability
- 04** Deepening stakeholder trust
- 05** Modernizing our operating platforms
- 06** Driving disciplined, risk-adjusted growth

We are not building **dfcu** for a single reporting cycle. We are building an institution capable of delivering value consistently across economic cycles and generations.

Three years from now, our success will be defined by a stronger balance sheet, deeper investor trust, and measurable ESG outcomes. We are building a Group that does not just do business in Uganda but serves as a resilient engine for its socio-economic transformation.



On behalf of the Board, **I extend my appreciation to our shareholders, customers, employees, regulators, and partners for their continued trust and support.** Your confidence continues to inspire our commitment to building a stronger, more sustainable, and future-ready **dfcu**.

Statement by General Manager - dfcu Limited



dfcu continues to demonstrate resilience, strategic discipline, and a sustained commitment to delivering long-term value as reflected in the Group's performance



34%

Share price rise by close of 2025

Sophie Achak



"As at year-end, the Group's property portfolio comprised various assets across prime commercial locations, with an overall occupancy rate of approximately over 90%."

Introduction and Context

It has been an interesting and purposeful first twelve months serving as General Manager at dfcu Limited. I joined the organization at a pivotal time when it was rebuilding its core in preparation for the next six decades of its journey. This transition presented a worthwhile opportunity to contribute to a team of strong leaders and dedicated staff who have sustained the legacy of dfcu over the years. Their commitment to delivering on our purpose of transforming lives and businesses in Uganda continues to inspire confidence in our collective mission.

Operating Environment

The year under review was defined by a dynamic operating environment shaped by global economic uncertainty, evolving regulatory expectations, and localized market pressures within Uganda's financial services sector. This sector continues to demonstrate resilience, strategic discipline, and a sustained commitment to delivering long-term value. These qualities are reflected in the Group's performance, which underscores our ability to adapt, innovate, and thrive even in periods of volatility. To mention but a few, good balance sheet growth of 8% to Ugx 3.7billion on the total assets and a steady growth on the income statement of 4% to Ugx

74.9billion on profit after tax. The performance of the Group is largely driven by the Bank which is the major trading entity

Share Performance

Notably, dfcu's share price rose by 34% year-on-year to close 2025 at Ushs 301 per share. This growth outpaced the Uganda Securities Exchange Local Share Index, which grew by 24.5%. The performance points to an improving interest of investors, both local and foreign, in Uganda's equity markets.

More importantly, it serves as confirmation from the investment community that dfcu remains a strong and attractive investment choice. This vote of confidence reflects not only our financial results but also the trust in our governance, leadership, and long-term strategy.

Property Portfolio

While dfcu Limited is predominantly a financial services organization, the holding company continues to play a critical role in managing and optimizing the Group's property portfolio. This portfolio has been part of our business for over six decades and remains a strategic pillar for operational support and long-term value creation.

As at year-end, the Group's property portfolio comprised assets across prime commercial locations, with an overall occupancy rate of over 90%. This reflects sustained demand for well-positioned, quality office and branch space, reinforcing the Group's market presence and brand visibility.

The portfolio includes key assets such as dfcu Towers and the Namanve financial center, which continue to anchor performance by generating stable rental income. These assets not only strengthen our financial base but also symbolize dfcu's enduring presence in Uganda's economic landscape.

Looking ahead, our focus is to continue enhancing efficiency and returns through deliberate measures, including:

- **Cost optimization** in facilities and maintenance management.
- **Sustainability enhancements**, particularly energy efficiency improvements across our properties.
- **Development and redevelopment** of select existing assets to unlock new value.

These measures ensure that the property portfolio continues to deliver consistent income streams, operational support, and long-term capital appreciation, thereby strengthening overall shareholder value.



Looking to the medium term (3-5 years), the holding company recognizes the importance of building resilience and ensuring long-term sustainability. We intend to diversify our business model beyond commercial banking and property management. This deliberate strategy is designed to enhance earnings stability, unlock new growth opportunities, and future-proof the Group against evolving market dynamics.

Risk Management and Governance

We acknowledge that the operating environment continues to present risks, including market volatility, evolving regulatory requirements, and competitive pressures. However, dfcu's continued enhancement of governance structures, strong capital position, and experienced leadership provide a solid foundation to navigate these uncertainties.

Our ability to anticipate change, adapt strategies, and maintain discipline will remain central to our success.

We are confident that our current structure and strategic direction will enable us to capitalize on emerging opportunities within Uganda while continuing to deliver sustainable value to our shareholders. This confidence is rooted in our legacy of resilience, our proven ability to adapt, and the unwavering commitment of our people.

Gratitude and Closing

As we embark on this new season, I extend my gratitude to the Board of Directors, Management, staff, my predecessors, and all dfcu stakeholders who have built this business and entrusted me with this responsibility.



Together, we will continue to **strengthen dfcu's role as a key contributor to Uganda's socio-economic transformation**, ensuring that our growth is both profitable and purposeful.

Reflections from the Chairperson - dfcu Bank



The challenge is not redefining who we are; it is modernizing how we operate so that our strengths translate into faster execution, better customer experience, and stronger returns.”



20% **8%**

growth in non-funded income.

Asset growth

Prof. Winifred Tarinyeba



“Stakeholders should expect to see tangible progress not in narrative, but in measurable outcomes that demonstrate progress. Moving forward, progress will be judged by consistent delivery against clearly defined targets across financial performance quality, cost efficiency, digital reliability, and sustainability metrics.”

Dear Shareholders, Customers, and Partners,

The year 2025 marked a significant milestone in **dfcu** Bank’s journey. Having successfully navigated a period of recovery and stabilization, we entered the year with a clear objective to anchor the fundamentals required to deliver sustainable, long-term value for our shareholders, customers, employees, and the communities we serve.

The Bank delivered resilient financial performance despite a dynamic operating environment. Profit after tax increased, total income grew strongly, and the balance sheet continued to expand, supported by growth in customer deposits, loans, and shareholder equity. Digital adoption accelerated significantly, reinforcing our commitment to providing convenient, accessible, and efficient banking solutions.

Reflecting on Our 60-Year Legacy: The Mandate to Modernize

Over our 60+ year history, **dfcu’s** enduring strength has been shaped by a few defining choices: a consistent focus on productive sectors of the Ugandan economy, deep relationship banking, disciplined expansion through acquisitions, and a strong governance foundation. These strategic choices have created sustainable competitive advantages, building trust and unrivaled sector expertise.

Throughout 2025, the Bank invested in technology modernization, process improvement, and digital transformation. These investments are simplifying operations, improving customer journeys, strengthening operational resilience, and positioning the Bank for its next phase of growth.

The Board considers these investments essential. They represent deliberate choices to reinvest in capabilities that will create long-term value, even where benefits may not be immediately visible in short-term financial results.

Financial Performance & Strategic Reinvestment Trade-offs

In 2025, the Bank delivered resilient growth, demonstrating the structural soundness of our core business lines. Total income increased by 16%, driven by a 20% growth in non-funded income. Profit After Tax (PAT) rose by 9%, while the balance sheet strengthened across all key parameters: assets grew by 8%, loans by 12%, deposits by 15%, and equity by 8%. This performance was underpinned by rigorous capital allocation, improved operational execution, and a marked acceleration in digital channels and transaction volumes.

Growth, however, requires deliberate choices. One of the most important lessons we reinforced is that focus is a choice. Rather than pursuing broad-based expansion for its own sake, we adopted a disciplined path, prioritizing selected sectors and customer segments where **dfcu** has a clear competitive advantage and can create meaningful value while generating sustainable returns.

In a demanding macroeconomic climate, the Board faced a fundamental trade-off between accelerating short-term returns and preserving long-term resilience. We chose the latter, prioritizing capital strength, liquidity, and prudent risk management over near-term expansion.

Our approach to dividend distribution similarly balances immediate shareholder returns with the need to reinvest in growth, automation, and long-term capabilities.

Operationalizing ESG into Risk Management

We have strengthened our sustainability governance, with the Board Risk Committee providing strategic oversight to embed ESG considerations into the Bank’s core operations and risk management. We continue to invest in our people, equipping staff to deliver on our ESG priorities through targeted training on sustainability principles, disclosure standards, and ethical conduct.

Our commitment to inclusive growth remains strong. Through our Women in Business program, we have mentored over 80,000 women entrepreneurs and financed 21,962 women-led businesses, expanding access to credit and driving economic empowerment.

We are also advancing environmental stewardship through initiatives focused on energy efficiency, responsible resource use, and renewable energy. Climate and environmental risk screening is embedded in our credit processes, with all lending subject to Environmental and Social risk assessment, particularly in high-impact sectors.

2026 Outlook: Mitigating Shocks, Seizing Ecosystems

As we look toward 2026 and beyond, we do so with confidence, but also with discipline.

This confidence is grounded in three factors, including a strong balance sheet, a clear strategic direction, and the long-term growth potential of Uganda’s economy.

Our strategic plan for 2026 is premised upon a broadly supportive but uncertain environment characterized by moderate inflation, steady GDP growth, and improving private sector credit demand. This outlook is balanced against clear macroeconomic stress cases, including global geopolitical pressures, exchange-rate volatility, elevated funding costs, and credit risk concerns. The Board has adopted a prudent posture, planning for high-performance growth while maintaining the capital buffers required to absorb sudden market shocks.

Over the next five years, **dfcu** Bank will continue evolving into a digitally enabled, relationship-led bank. We will achieve this by combining our sector depth with modern automated capabilities, specifically deepening our market position in priority sectors.

A Commitment to Measurable Outcomes

Strong governance underpins our corporate credibility. It is the mechanism through which we build undeniable confidence with regulators, investors, and customers. As we enter this next phase, the Board’s message to all stakeholders is that we are focused on executing a small number of high-impact priorities that will sharpen our market competitiveness.



On behalf of the Board, I extend my sincere appreciation to our customers for their trust, our shareholders for their continued confidence, our regulators for their guidance, and our employees for their dedication and professionalism throughout the year.

Thank you for your continued partnership as we build the future of Uganda’s economy.

Statement by the CEO - dfcu Bank



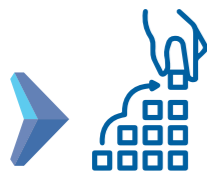
Our strategy to Rebuild the Core has already begun to yield clear, measurable outcomes. In a departure from previous years where we held a heavy position in government securities, 2025 saw us return to our primary purpose: lending to our customers.



↑ **12%**
(1% in 2024)

Customer Loans and advances

Charles Mudiwa



“In 2025, we didn't just chase growth; we rebuilt the foundation upon which the next 60 years of dfcu will be built.”

The Year of Execution

In 2025, we transitioned into a phase of execution and growth. While outwardly it was a year of reclaiming market share; internally, it was a year of rebuilding the core. At dfcu, we recognized that to grow sustainably, we had to modernize our engine.

Rebuilding our Core for Growth

Throughout 2025, we undertook a series of foundational rebuilds that have transformed our operational speed:

- **The Technology Core:** We completely upgraded our core banking hardware and launched a new, high-uptake USSD module.
- **The Process Core:** We re-engineered our account opening process and digital on-boarding, significantly reducing the time-to-market for new products.
- **The Leadership Core:** I am pleased to report that our top two leadership layers are now 100% staffed with permanent, high-caliber talent. We have moved from acting roles to a fully energized, accountable team.

Delivering Results: Growth in the Right Places

Our strategy to Rebuild the Core has already begun to yield clear, measurable outcomes. In a departure from previous years where we held a heavy position in government securities, 2025 saw us return to our primary purpose: lending to our customers.

The strengthening of our operational foundations has enabled the Bank to begin restoring growth across its core business activities. In 2024, the balance sheet was intentionally kept relatively flat as we prioritized recovery and risk management. In 2025, we began to see the benefits of that discipline reflected in renewed growth. We saw simultaneous growth across all three of our primary value drivers; deposits, loans, and fee income.

We recorded growth on all key metrics

- Customer loans up 12%
- Customer deposits up 15%
- Total revenue up 16%

Despite lingering historical legal costs, which we continue to manage with resilience, our underlying operating profit reflects a leaner, faster, and more agile bank. We are successfully driving a positive jaws ratio where our revenue growth outpaces our cost growth.

These indicators are particularly important as they reflect the health of the Bank's core franchise. The fundamental drivers of a sustainable banking business remain deposits, loans, and transactional income. The progress achieved across these areas demonstrates that dfcu is successfully rebuilding momentum in its core business.

Strengthening Leadership and Execution

A critical component of rebuilding the Bank has been strengthening our leadership capacity. Over the past year, we completed the process of filling key positions that had previously been held in acting capacities. Today, the top two layers of leadership within the organization are fully staffed, providing the stability and accountability necessary to drive effective execution.

With a complete and aligned leadership team in place, the Bank is better positioned to implement its strategic priorities and deliver consistent performance.

Sector Specialization & Risk Discipline

Another important development during the year was the continued refinement of our lending strategy. The Bank has adopted a sector-based approach to credit, allowing us to align lending decisions more closely with the dynamics of Uganda's economic landscape.

As part of this strategy, we have also worked to diversify the Bank's loan portfolio. In previous years, portions of the portfolio had been concentrated in real estate. In 2025, we continued to rebalance these exposures while expanding lending in sectors such as manufacturing, education, and health. By identifying and specializing in these sectors, we are aligning dfcu with Uganda's National Development Plan.

This growth is guarded by a matured risk appetite. Additionally, our team is no longer just credit officers, but sector specialists who understand the unique dynamics of the businesses we fund.

Sustainability: Transforming Lives and Businesses

2025 marked the first full year of the dfcu Foundation. This is not merely a social project; it is our face in the community. Our commitment to the "Triple Bottom Line"—Social, Environmental, and Economic—is now embedded in our daily work.

At the same time, sustainability considerations are increasingly embedded within the Bank's core operations. Environmental assessments are now integrated into the credit approval process, ensuring that lending decisions take into account environmental and social considerations. For every significant credit application, our dedicated ESG Officer ensures that we are only funding projects that respect our environment and support long-term social stability. We are also working with development partners to support green financing initiatives and exploring ways to reduce the Bank's own environmental footprint. Our partnership with the EU/GFR for green project funding is a testament to this commitment.

Resilience in a Challenging Environment

While the Bank faced external challenges during the year, the underlying strength of the business remains clear. dfcu continues to operate as a well-capitalized and resilient financial institution with a strong strategic direction and a clear commitment to responsible banking.

Outlook for 2026: From Rebuilding to Scaling

Finally, while 2025 was about rebuilding the platforms, 2026 will be about scaling them. Among others, we are rolling out a new payments platform and enhanced digital tools that will further enhance how customers experience dfcu.

We remain a resilient, and "Fired Up" institution with the right team, the right technology, and a clear sector-led strategy. As we continue to celebrate 60 years of transforming lives and businesses in Uganda, we do so with the confidence that the "Core" we rebuilt this year will carry us through the next 60 years.

Reflections from the Chairman - dfcu Foundation



The Foundation made significant strides in developing a strong pipeline of competitive, investment ready, and market linked enterprises anchored within Uganda's most economically significant value chains



Dr James Ssemwanga

15,472

Total beneficiaries reached through our accelerator, enterprise support platforms, and Financial Expansion for Agricultural Transformation (FEAT) program in 2025



"A key priority in 2025 was unlocking sustainable finance for SMEs and agribusinesses participating in the Foundation's programs."

In 2025, the **dfcu** Foundation advanced its mission to catalyze inclusive and sustainable economic growth by strengthening enterprise development, accelerating climate positive practices, and expanding access to finance. Despite a delayed start in program implementation due to internal transitions, the Foundation demonstrated resilience, accelerating delivery in the second half of the year and sustaining momentum to achieve substantial progress. Our work remains firmly aligned with **dfcu's** commitment to building resilient enterprises and unlocking long term shared value.

Building Competitive, Investment Ready Enterprises

The Foundation made significant strides in developing a strong pipeline of competitive, investment ready, and market linked enterprises anchored within Uganda's most economically significant value chains. Through our accelerator and enterprise support platforms, including the Financial Expansion for Agricultural Transformation (FEAT) program, which reached a total of **15,472** beneficiaries, participating businesses strengthened their operational capacity, governance, and market positioning. This outreach was highly inclusive, with strong representation of women and youth.

We are increasingly seeing enterprises transition from early stage support into commercially viable ventures, with stronger linkages to markets, financiers, and off takers. This progress has been reinforced by investments in scalable learning infrastructure, including the operationalization of e learning hubs, and by enhanced collaboration with ecosystem actors supporting enterprise growth.

Advancing Climate Positive Growth

The Foundation deepened its commitment to climate positive development by embedding sustainable land use, agro-forestry, and climate smart production models across supported value chains. In 2025, a total of 62,000 trees, including bamboo, macadamia, coffee, indigenous, and fruit species, were planted in partnership with enterprise groups, contributing to progress toward the 500,000 tree target.



These efforts are enhancing ecosystem restoration, improving soil health, and strengthening climate resilience among farming communities. Encouragingly, this work is driving a growing shift toward environmentally responsible practices and long term stewardship of natural resources.

Unlocking Sustainable Finance

A key priority in 2025 was unlocking sustainable finance for SMEs and agribusinesses participating in the Foundation's programs. Through targeted de-risking mechanisms and blended finance approaches, the Foundation has contributed to crowding in private capital and strengthening investor confidence. Enterprises are steadily transitioning from grant dependency toward structured financing opportunities, with improved readiness to access debt, equity, and other financial instruments.

At the same time, the Foundation strengthened strategic partnerships with institutions such as Outbox Uganda, NSSF, Mastercard Foundation, and the Ministry of Information and Communications Technology and National Guidance, while advancing a strong pipeline of collaborations with other partners. These engagements position the Foundation for scaled impact and expanded financial inclusion in the years ahead.

Value Created and Stakeholder Impact

Collectively, these efforts have created value across multiple dimensions. Enterprises have gained stronger competitiveness and market access, communities have benefited from improved livelihoods, skills, and climate resilience, and financial partners are engaging with reduced risk and increased confidence in supported enterprises.

Importantly, the Foundation's interventions, particularly in financial literacy and entrepreneurship, are increasingly recognized as catalysts for enterprise transformation, equipping beneficiaries with the knowledge, tools, and networks required to transition toward sustainable and commercially viable futures.

Partnerships and Practices

Our progress has been made possible through strong collaboration with financial institutions, government, technology partners, development partners, and community organizations. By strengthening these partnerships and adopting adaptive delivery approaches, the Foundation has enhanced its ability to respond to emerging challenges while sustaining program impact. Lessons from 2025 have also informed clear recovery strategies in areas such as digital platform uptake and catalytic financing, reinforcing our commitment to continuous improvement.

Looking Ahead

We are well positioned for the next phase of growth, advancing a partnership driven model to scale enterprise development, climate positive interventions, and financial inclusion. A key priority is the launch of a Catalytic Fund to bridge SMEs to commercial lending. The Fund will absorb early stage risk, enable enterprises to build credible financial and operational track records, and test their repayment discipline. Through these efforts, we remain focused on delivering lasting impact, empowering enterprises, and building a more inclusive, sustainable economy.

Appreciation

On behalf of the Board, I extend my deepest gratitude to all our partners, stakeholders, and communities who have walked this journey with us. Your trust, collaboration, and unwavering commitment have been the cornerstone of our progress.



It is through **your support that the Foundation continues to empower enterprises, strengthen resilience, and build pathways** to inclusive and sustainable prosperity. Together, we are shaping a future defined by shared value and lasting impact.



03

Business Review

Chief Financial Officer Report	44
Corporate & Institutional Banking	48
Retail Banking	50
Business Solutions & Marketing	52
Digital Transformation	54
People and Culture	56

Chief Financial Officer Report



Efficiency initiatives were driven through increased automation and the adoption of more agile operating practices, resulting in cost savings across several key expense lines



Ushs **74.9 Bn**

Profit After Tax delivered by the Group

Rebecca Birungi



“Efficiency initiatives were driven through increased automation and the adoption of more agile operating practices, resulting in cost savings across several key expense lines.”

From Recovery to Sustainable Growth

The 2025 financial year marked a defining transition for the Group, from a period of recovery and performance rebound to one of consolidation, discipline, and sustainable value creation.

Following the exceptional performance recorded in the previous year, which had been driven largely by recoveries and improvements in credit management, the Group delivered a Profit After Tax of Ushs 74.9 billion, representing a 4% increase. While this growth was more moderate, it reflected a deliberate shift towards higher-quality, repeatable earnings anchored in core business activity. This shift signaled that the Group is no longer reliant on once-off recovery gains, but is building a resilient and sustainable earnings base.

Strengthening the Quality of Earnings

Performance in 2025 was defined by a shift toward sustainable, organic growth across every area of the business. The Group achieved this by:

- Expanding its loan book with a deliberate focus on retail lending and a more diversified range of exposures.
- Optimizing returns by increasing investments in government securities, ensuring liquidity worked harder.

+80%

Transactions taking place through digital channels

15%

Customer deposits growth

0.8%

Credit Loss Ratio

- Driving a healthy rise in both interest income and non-funded income streams.
- Growing deposits as a cheap funding base for future growth.

Digital transformation remained the heartbeat of this strategy, with over 80% of transactions taking place through digital channels. The true value of this shift went far beyond transaction volumes; it fundamentally changed the financial structure by:

- Lowering the cost-to-serve customers through efficient automation.
- Strengthening deposit mobilization, making it easier for customers to save and bank with us.
- Boosting trading activity and enabling product distribution at scale.

Ultimately, these advancements meant that income growth was no longer just a series of milestones but had become a structural, permanent feature of the business model.

Operational Efficiency and Cost Discipline

Operating expenses increased during the year, largely due to the continued recognition of legal related costs amounting to Ushs 76.5bn representing 23% of total operating costs. Excluding these, underlying cost growth remained minimal, reflecting continued discipline and efficiency gains.

Efficiency initiatives were driven through increased automation and the adoption of more agile operating practices, resulting in cost savings across several key expense lines such as transport, stationery, professional fees, utilities and occupancy costs.

These savings partially offset the increase in overall expenses. However, despite the increase in reported costs, the Group achieved a reduction in the cost-to-income ratio. This improvement reflects strengthening earnings capacity, with income growth outpacing cost growth, indicating enhanced operating leverage.

Asset Quality and Building a Stronger Core

The Group maintained a disciplined approach to balance sheet management, deliberately choosing prudence over rapid expansion.

- Customer deposits grew by 15% (UGX 358 billion), reflecting continued market confidence.

- Loan growth was moderated to UGX 133 billion, focusing on high-quality, well-structured lending aligned to priority sectors.

Following the strong recovery experienced in 2024, the Group recorded a credit loss charge of UGX 10 billion in 2025. The Non-Performing Asset ratio increased to 6.4%, largely driven by a small number of legacy exposures. These accounts are actively managed under the High Care program, with clear resolution, recovery, and exit strategies in place.

In the retail segment, the digital lending product, Mobi Loans, continued to drive growth and financial inclusion. While this portfolio carried a higher non-performing loan ratio of 14–15%, consistent with its unsecured and high-velocity nature, it remained profitable and strategically important, supported by strong pricing, data-driven underwriting, and robust collection mechanisms.

Overall, these actions reflected a deliberate effort to build a stronger, more resilient core loan book capable of supporting sustainable growth over the long term.

Capital Strength and Shareholder Value

The Group remained well capitalized, with capital levels above regulatory requirements. A dividend of Ushs 16.3 billion has been proposed, reflecting confidence in the Group’s financial position, a commitment to sustainable shareholder returns, and a balanced approach to capital allocation. Based on internal capital projections, capital ratios are expected to remain strong over the medium term, even as the balance sheet expands.

Investing for the Future

The Group continues to invest in foundational capabilities to support long-term growth, including:

- 01** Core banking and technology infrastructure
- 02** Digital platforms and omni-channel capabilities
- 03** Credit automation and data-driven risk management
- 04** Network expansion and service delivery improvements

Chief Financial Officer Report

These investments reflect deliberate strategic trade-offs, balancing short-term performance with long-term resilience and scalability.

Key developments

- ▶ Establishment of a Sustainability Governance Committee
- ▶ Completion of a gaps analysis and commencement of a materiality assessment
- ▶ Integration of ESG considerations into credit processes

Sustainability and ESG Integration

In response to evolving stakeholder expectations and guidance from frameworks such as the International Sustainability Standards Board, the Group has made meaningful progress in embedding sustainability. While formal classification of green and social lending is still under development, these steps have provided a strong foundation for enhanced disclosures in the future.

Strengthening the Finance Function for Growth and Value Creation

The finance function is being strengthened to serve as both a steward of integrity and a driver of growth, delivering the following outcomes:

- **Enhancing financial discipline:** Strengthened controls are improving reporting reliability, cost management, and proactive oversight of capital, liquidity, and risk.
- **Improving earnings quality:** This is being achieved through forward-looking IFRS 9 impairment assessments, risk-adjusted portfolio management, and positive operating leverage, with income growth outpacing costs.
- **Modernizing finance operations:** Automation, agile forecasting, and tighter control of operating costs are driving greater efficiency and responsiveness.

Overall, these initiatives are creating a stable control environment, enhancing performance management, positioning the finance function to support sustainable business growth, deliver consistent value, and improved returns for shareholders and customers.

Outlook

Priorities will center on five key pillars:



Disciplined Expansion:

Growing the balance sheet in a measured way that prioritizes stability over pure volume.



Digital Scaling:

Expanding digital and transaction banking capabilities to make banking faster and more accessible.



Asset Quality:

Strengthening the health of the loan book and protecting the Bank against future shocks.



ESG Leadership:

Deepening commitment to Environmental, Social, and Governance standards, ensuring impact is clearly measured and disclosed.



Long-Term Value: Strengthening the bridge between daily financial performance and the creation of lasting value for all stakeholders.

Looking ahead, the Group is strategically positioned to deliver growth that is both sustainable and carefully managed to balance risk. The focus has moved beyond the recovery phase of previous years, entering a new chapter defined by consistency, resilience, and disciplined execution.

The transition to a consolidated, stable platform has been completed, with the Group now **“Fired Up”** to deliver steady, reliable progress in the years to come.

5-year Financial Performance Overview

	2025	2024	2023	2022	2021
Statement of comprehensive income (US\$' m)					
Net interest income	304,614	267,297	257,686	268,787	273,290
Non-interest income	117,297	93,339	99,490	88,126	95,337
Credit impairment (recovery)/charge and fair value losses on other financial assets	10,030	(11,291)	86,095	93,120	179,219
Operating expenses	332,005	292,664	248,003	228,441	183,523
Profit before tax	79,876	79,263	23,078	35,352	5,885
Profit after tax	74,994	72,087	28,720	29,476	9,312
Statement of financial position (US\$' m)					
Loans and advances	1,265,799	1,132,199	1,125,816	1,361,445	1,508,410
Total assets	3,715,983	3,429,072	3,158,126	3,243,057	3,136,732
Customer deposits	2,714,571	2,356,281	2,318,572	2,410,593	2,282,205
Borrowings	124,943	149,482	84,137	124,882	191,807
Shareholders' equity	767,836	704,253	644,033	632,533	594,026
Financial performance (%)					
Return on equity	10%	10%	4%	5%	2%
Return on assets	2%	2%	1%	1%	0.3%
Loans to deposits ratio	44%	43%	47%	56%	59%
Liquidity ratio	45%	34%	39%	32%	36%
Capital adequacy					
Core capital ratio	28%	29%	29%	28%	22%
Total capital ratio	29%	30%	30%	29%	23%
Risk weighted assets (US\$' m)	1,901,712	1,785,302	1,761,945	2,177,785	2,432,361
Share statistics					
Number of shares in issue (in millions)	748	748	748	748	748
Earnings per share (US\$)	100.2	96.4	38.4	39.4	12.5
Dividends per share (US\$)	21.81	20.09	9.10	8.19	-
Other information:					
Number of staff	1,283	1,301	1,140	1,174	1,074
Number of branches	55	54	54	55	56
Number of ATMs	77	78	78	72	71

Corporate and Institutional Banking

Strategic Execution and Sector Specialization



We anchored our agenda on institutional strengthening—optimizing talent, enhancing systems and processes, and deepening customer relationships to drive sustainable growth and operational excellence



43%

Growth in Corporate and Institutional Banking customer deposits

Kate Kiiza
Executive Director and Chief Corporate & Institutional Banking Officer



“The green finance portfolio expanded to Ushs 44 billion, reflecting growing participation in environmentally sustainable financing initiatives.”

Scaling Growth Through Deeper Relationships and Disciplined Execution

In 2025, Corporate and Institutional Banking (CIB) played a pivotal role in dfcu Bank’s transition from recovery to sustainable growth. Building on the foundations laid during the transformation phase, the business sharpened its focus on disciplined execution, deeper customer engagement, and strengthening its position within priority sectors of the Ugandan economy. This deliberate approach ensured that CIB remained a central engine of profitability and resilience for the Group.

The division delivered operating profit of Ushs 45 billion, representing growth of 41% compared to the previous year and contributing 54% of the Bank’s total Profit After Tax. This performance was achieved despite a challenging operating environment characterized by elevated funding costs, intensified competition for deposits, and persistent macroeconomic uncertainty.

Deepening Relationships, Growing Value

A defining feature of 2025 was the success of the relationship-led growth strategy. Rather than pursuing broad-based portfolio expansion, the division concentrated on increasing wallet share within existing customer relationships while selectively acquiring high-value clients in strategic sectors. The effectiveness of this strategy was reflected in a significant increase in customer deposits, which grew by 43% to Ushs 1.1 trillion, up from Ushs 713 billion in 2024. This strong liability performance reinforced the Bank’s funding base, providing a stable platform for sustained growth.

By embedding the cross-functional Customer Success Team (CST) framework, the division strengthened corporate relationships and avoided competing aggressively on price for volatile wholesale deposits. This sticky liability growth allowed CIB to strategically shed high-cost, price-sensitive deposits, ultimately optimizing the liability mix and driving down the net cost of funds to 4.9% (from 5.0% in 2024).

At the same time, asset growth remained deliberately measured, increasing by just 1% to Ushs 507 billion. This reflected management’s disciplined approach to risk management and the successful conclusion of several large asset pay-offs during the year.

Managing Risk Through a Dynamic Environment

Asset quality remained an area of close management attention. The CIB non-performing asset ratio rose from 7.5% to 13% following deterioration in significant exposures. Management acted swiftly to implement remediation strategies, strengthen portfolio oversight, and reinforce risk governance. Active account management, targeted recovery initiatives, and enhanced monitoring processes have already begun to improve portfolio quality, positioning the business for stronger asset performance going forward.

Sector Expertise as a Competitive Advantage

dfcu’s sector-led banking model continued to set the business apart in the market, reinforcing its reputation as a partner of choice in Uganda’s evolving financial landscape. By combining deep sector knowledge with structured financing expertise, the Group consistently delivered tailored solutions to clients operating within priority segments of the economy.

In 2025, this approach translated into tangible competitive advantage. Notably, dfcu secured a USD 8 million structured funding facility for SWT Tanners, directly aligning capital with manufacturing value chains. This achievement underscored the Bank’s ability to design sophisticated financing solutions that respond to clients’ operational realities and growth ambitions.

Strengthening Customer Experience Through Digital Transformation

Improving customer experience remained a strategic priority throughout the year. Corporate clients increasingly value reliability, speed, and seamless transactability. In response, the Bank accelerated investments in digital infrastructure designed to simplify processes and reduce turnaround times.

Key developments included:

- Deployment of the Trade Information Management System (TIMS), which transformed trade finance processing. Turnaround times were reduced from approximately 48 hours to just three, significantly improving customer experience and operational efficiency.
- Launch of Smart Lend, a digital credit origination platform that streamlined loan processing and enhanced speed-to-market.

- Enhancements to the Quick Connect online banking platform and preparations for a new payments platform, laying the foundation for a more agile, digitally enabled franchise.

Importantly, automation is not replacing relationship banking. Instead, it is freeing relationship managers from routine administrative tasks, enabling them to focus on strategic advisory engagements that create greater value for customers.

Preparing for the Future

As Uganda approached a new election cycle, CIB proactively positioned itself to maintain momentum. Several major trade and debt facilities were approved and partially disbursed ahead of the election period, securing future revenue streams while providing clients with financing certainty. At the same time, investments in digital channels and platform stability were prioritized to ensure uninterrupted transactability during potential market disruptions.

These initiatives reflect the division’s growing emphasis on resilience, preparedness, and proactive execution. By anticipating potential shocks and securing long-term commitments, CIB demonstrated its ability to balance immediate performance with future stability.

Sustainable Finance and Long-Term Impact

Sustainability became increasingly embedded within the Corporate and Institutional Banking business. The green finance portfolio expanded to Ushs 44 billion, reflecting growing participation in environmentally sustainable financing initiatives. The portfolio is expected to exceed Ushs 50 billion in 2026 as demand for green investments continues to rise.

Customer feedback also played an important role in shaping product development. Following feedback that the Bank lacked specialized solutions for certain industries, CIB developed tailored Customer Value Propositions for strategic sectors, including Agriculture and Oil & Gas. Relationship managers were equipped through specialized training programs to deliver more relevant and value-adding solutions to customers.

Outlook

Looking ahead, Corporate and Institutional Banking remains focused on strengthening its position as a leading Corporate and Investment Banking franchise in Uganda. The business will continue to pursue growth through deeper ecosystem relationships, targeted client acquisition, enhanced digital capabilities, and increasingly specialized financial solutions.

As dfcu enters its next phase of growth, CIB is well positioned to support that journey through disciplined execution, strong customer relationships, sector expertise, and a commitment to delivering sustainable value for clients, shareholders, and the wider economy.

Retail Banking

Driving Inclusive Growth Across Uganda



Our 2025 story is one of reaching further—not just into new territories, but deeper into the aspirations of the everyday Ugandan entrepreneur.



17%

Growth in retail loan book

Annette Kiconco
Chief Retail Officer,
dfcu Bank



“By positioning our teams closer to the economic drivers of their regions, we are able to unlock opportunities for growth.”

Powering the Core through Retail Excellence

In 2025, the Retail Banking segment was the primary vehicle for the Bank’s strategy of ‘Rebuilding the Core’. We took the technical upgrades provided by our hardware refresh and converted them into tangible financial tools for our Enterprise (SME & Commercial) and Retail clients. While 2024 focused largely on rebuilding internal foundations, refining our structures and strengthening operational processes, 2025 was characterized by a shift toward execution, productivity and growth. By pivoting our focus back to private sector lending, we empowered thousands of businesses to scale, contributing significantly to the Bank’s 8% growth in total assets.

Scaling Digital Inclusion: The Mobi Loan Revolution

The most significant milestone this year was the scaling of our digital lending capabilities. Our Mobi Loan has evolved into a vital lifeline for small businesses.

- **Accessibility:** By leveraging the newly rebuilt USSD platform, we brought credit to the fingertips of customers regardless of their device type.
- **Velocity:** We significantly reduced the time from application to disbursement, allowing SMEs to respond to market opportunities in real-time.
- **Inclusion:** This year, we saw a record number of first-time borrowers entering the formal banking system through our digital gateways.

Specialization: Banking for the Real Economy

Another defining feature of the Retail Banking strategy during the year was the continued implementation of our sector-led approach to customer engagement. Working closely with the Corporate and Institutional Banking teams, Retail Banking aligned its growth priorities with the bank’s broader sector focus areas. This approach enables us to better understand the economic ecosystems in which our customers operate and provide tailored financial solutions that support both individuals and small and medium-sized enterprises within those sectors.

55
branches located across the country aligned with the dominant economic activities in each market.

Our extensive branch network remains a key differentiator in delivering this strategy. With 55 branches strategically located across the country, we leveraged regional insights to align our offerings with the dominant economic activities in each market. For example, branches in the northern corridor focus strongly on grain-related value chains, while the western region supports dairy production and associated agribusiness activities. In central Uganda, coffee and trade continue to represent significant opportunities for customer growth and financial inclusion.

This localized, sector-informed approach enables us to build deeper relationships with customers, understand their specific financial needs and offer solutions that support both personal and business aspirations. By positioning our teams closer to the economic drivers of their regions, we are able to unlock opportunities for growth while contributing to the development of local communities.

The effectiveness of these strategic initiatives is reflected in the strong performance of the Retail Banking portfolio during the year. The retail loan book recorded growth of approximately 17 percent, outperforming both the overall growth rate of the bank and prevailing industry trends. This performance underscores the resilience of our retail franchise and the strength of our customer relationships across key sectors of the economy.

Regional Impact & Diaspora Connectivity

Our growth was not confined to the capital. We saw remarkable performance in the northern and western regions, where our agent banking network and digital tools filled the gap left by traditional branch banking. Furthermore, our focus on the Ugandan Diaspora has turned from a marketing initiative into a robust revenue stream, with diaspora mortgages and investment accounts growing by over 20% this year.

Outlook: Towards a Seamless Customer Journey

As we look ahead, our focus remains on deepening our sector engagement, strengthening customer relationships and enhancing operational efficiency across the retail network. We will continue to invest in our people, recognizing that their expertise, commitment and customer focus remain central to the continued growth of the franchise.

We also see significant opportunities to further integrate digital solutions into our retail offering, enabling customers to interact with the bank seamlessly while maintaining the personalized service that our branch network provides.

The progress achieved in 2025 demonstrates the strength of the foundations we have built and the commitment of our teams across the country. By combining sector expertise, disciplined execution and a strong customer focus, Retail Banking is well positioned to continue contributing meaningfully to dfcu’s growth strategy while supporting the financial aspirations of the individuals, families and businesses we serve in line with our purpose.

As we enter 2026, our focus shifts from migration to experience. We are not just moving customers to digital channels; we are ensuring that every interaction, whether at an ATM, through an agent, or on a phone, is seamless and intuitive.

We are proud to continue staying close to the customer, and being Fired Up to serve, ensuring that dfcu remains the partner of choice for Uganda’s growth.

We have moved away from "one-size-fits-all" banking to a sector-specialist approach within the retail segment:

- Agribusiness:** We tailored our repayment cycles to match harvest seasons, supporting the backbone of Uganda’s economy.
- Education & Health:** We increased our support for private schools and community clinics, recognizing these as essential drivers of social and economic stability.
- Women in Business:** Through the GROW Project, we provided targeted funding and mentorship to female entrepreneurs, ensuring that our growth is socially inclusive

Business Solutions & Marketing

Shifting from traditional product-led banking toward a solution-centric model



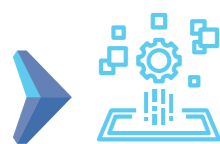
This year marked a decisive shift in our approach, moving away from traditional product-led banking toward a solution-centric model.



↑ **30%**

Features in digital infrastructure

Maryann Wanjiku Michuki
Chief Business Solutions & Marketing Officer



“In 2025, we achieved a landmark transition in our digital infrastructure by fully rebuilding our Agency Banking platform in-house.”

Strategic Intent and Market Positioning

In 2025, the Business Solutions and Marketing domain at **dfcu** served as the critical bridge between our technological re-engineering and the tangible value delivered to customers. This year marked a decisive shift in our approach, moving away from traditional product-led banking toward a solution-centric model. By aligning our expertise with the needs of eight priority sectors, we positioned ourselves not merely as lenders but as true partners in our customers' success stories.

A major highlight of this transformation was the centralization of our Vehicle and Asset Finance (VAF) unit and the simplification of our product range. This leaner, more focused approach ensures that every solution we offer is easy to understand, world-class in quality, and perfectly aligned with our “Fired-Up” strategy for growth. By streamlining offerings, we eliminated complexity and reinforced our commitment to clarity, accessibility, and customer empowerment.

Ecosystem Banking and Sector Specialization

A cornerstone of our 2025 performance was the successful implementation of Ecosystem Banking. We recognized that our customers do not operate in isolation but within complex and interdependent value chains. By embedding ourselves into these ecosystems, we created a more resilient and sustainable business model.

Through integrated digital payment solutions and supply chain financing, we supported anchor corporates and their networks of distributors and SMEs. This approach not only strengthened relationships but also drove growth in our loan book across priority sectors such as manufacturing and agri-business.

At the same time, it boosted non-funded income through increased digital transaction volumes, proving that ecosystem-driven solutions can simultaneously deliver financial growth and customer loyalty.

Strategic Partnerships

Our performance in 2025 was further propelled by strategic co-creations that set **dfcu** apart in the Ugandan financial landscape. In partnership with Jubilee Insurance, we launched **dfcu** Blue Caps, a market-first hybrid of medical and life insurance. This innovation addressed a critical gap in customer needs, offering holistic protection that blends health and financial security.

Similarly, our collaboration with MTN introduced the Weekend Loan, a revolutionary liquidity solution for agents. By ensuring that no customer is turned away due to lack of float, we strengthened trust and reliability within the agent network.

Within our branches, the launch of Exclusive Banking and the Platinum Card signaled a new era of personalized service. These offerings catered specifically to the tiered needs of high-net-worth and mass-affluent segments, reinforcing our commitment to inclusivity while elevating the customer experience.

The “Phygital” Customer Experience

As we accelerated digital transformation, we remained mindful of the human element. The industry-wide challenge of Digital Fatigue required a balanced approach. Our strategy ensured that technology acted as an enabler, not a barrier.



We achieved the milestone of **11.8-minute** digital account opening

For example, while we achieved the milestone of 11.8-minute digital account opening, we complemented this efficiency with enhanced relationship management for complex corporate and SME clients.

Our “Phygital” strategy guarantees that while transactions are seamless and digital, the strategic advice and partnership our customers value remain deeply personal. This dual approach has become a defining feature of **dfcu**'s customer promise.

Digital Sovereignty and Inclusion

In 2025, we achieved a landmark transition in our digital infrastructure by fully rebuilding our Agency Banking platform in-house. This strategic move gave us total control over service uptime and enabled us to deploy 30% more features than previously possible.

At the same time, we recognized the unique dynamics of the Ugandan market. By revamping

our USSD (240#) channel and de-linking it from the mobile app, we elevated its functionality and positioned it as our primary lead channel. This innovation drove a 68% uptake in digital engagement across both feature phones and smartphones, ensuring that digital inclusion remained at the heart of our strategy.

68%
uptake in digital engagement across both feature phones and smartphones

Brand Vitality

Our brand transformation in 2025 was equally significant. By evolving our agribusiness division into the **dfcu** Foundation, we reinforced our commitment to community empowerment and sustainable development. This initiative breathed new life into our “**Going Further, Together**” promise, strengthening public perception of **dfcu** as more than a traditional bank.

Today, we are recognized as a modern, innovative, and empathetic partner that truly understands the lives of our customers. This shift in brand vitality has positioned **dfcu** as a trusted institution that blends financial expertise with human-centered values.

Future Outlook

Looking ahead to the disrupt phase, our focus remains firmly on solutioning through ecosystems. We will continue to anchor growth in partnerships that allow us to claim specific market segments, ensuring **dfcu** remains the preferred financial partner in Uganda.

- 01** Deepen ecosystem integration to strengthen resilience.
- 02** Expand digital sovereignty to maintain control and agility.
- 03** Innovate through partnerships that deliver unique customer value.
- 04** Sustain brand vitality by aligning financial solutions with human needs.

By staying true to these priorities, **dfcu** is poised to lead the next chapter of Uganda's financial sector transformation, empowering customers, communities, and industries to thrive in a rapidly evolving world.

Digital Transformation

From Rebuilding to Integration



By automating credit and internal work flows, we have significantly reduced our paper footprint, contributing to the Group's broader environmental stewardship targets. ”



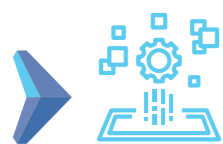
3 min **98%**

Extraction speed of key financial reports

System uptime

Musa Musazi

Chief Technology, Digital & Operations Officer



“Our technology expenditure this year was not merely an operational cost but a strategic investment to protect our profits and launch new products faster.”

In 2025, our focus was on rebuilding the core and embracing a composable architecture. By the close of 2025, the Group had transitioned from an organization dependent on third-party monolithic silos to an agile, self-sustaining digital platform. Our technology expenditure this year was not merely an operational cost but a strategic investment to protect our profits and launch new products faster.

1. Infrastructure & Core Modernization

The most significant milestone this year was the scaling of our digital lending capabilities. Our Mobi Loan has evolved into a vital lifeline for small businesses.

Rebuilding the Core

In H1 2025, we successfully executed a critical hardware upgrade for our core banking system. This was a zero-glitch migration that fundamentally altered our operational efficiency:

- **End-of-Day (EOD) Processing:** Reduced from an average of 7 hours to 2 hours, significantly improving work-life balance for our teams and data readiness for the bank.
- **Reporting Speed:** Extraction of key financial reports was slashed from 3 hours to 20 minutes.
- **System Resilience:** Maintained a 98% uptime despite a significant surge in digital transaction volumes. To manage silent failures, we moved from monthly monitoring to hourly, channel-specific tracking using advanced tools like Dynatrace.

The Composable Shift

The organization is progressively transitioning away from monolithic, third-party-dependent silos towards an integrated in-house model. As a result, the Agency Banking & Mobi Loan are now fully in-house and integrated with our internal core.

By owning the architecture, we successfully launched variants like SME Mobi Loan and Multiple Drawdown with unprecedented speed, directly addressing specific customer segments without external dependency.

2. Operational Excellence through Automation

Robotic Process Automation (RPA)

We achieved our 2025 target of automating 10 high-priority processes.

Impact

- **Reconciliation Revolution** - time spent on reconciliation has been slashed from hours to minutes.
- **Human Capital** - This efficiency allowed us to repurpose some staff from manual data entry to high-value, customer-facing roles within our branches.

Credit & Revenue Assurance

- **End-to-End Credit:** We are currently piloting full-scale credit automation for retail and corporate modules. The elimination of paper-based signature walking has already shown encouraging improvements in Turnaround Time (TAT).
- **Leakage Plugging:** RPA is now being applied to Bancassurance fees, ensuring 100% revenue assurance and plugging historical commission leakages.

3. Connectivity & The Fintech Ecosystem

The API Gateway

To expand our footprint, we partnered with IBM and Envision Global to build a world-class API Gateway. This is currently in the testing phase.

For the 2026 outlook, we are on track to launch this API Gateway gateway in the first half of the year. This portal will act like a universal plug, making it easy for financial technology companies and other partners to connect their systems with ours.

Instead of just being a traditional organization, we are becoming a digital platform where other companies can quickly build and launch new financial products together with us.

This portal will host standardized, open APIs, allowing fintechs and partners to co-create products with dfcu seamlessly, turning the organization into a platform-as-a-service.

4. Governance, Security & Trust

With the shift to a composable architecture and more ecosystem partners, the organization has enhanced its data privacy approach to mitigate the increased surface area for risks:

- i. **People:** Intensive education on the impact of data breaches and the appointment of a mandated Data Protection Officer.
- ii. **Process (The Double Certification):** In 2025, dfcu achieved two major international milestones:
 - a. **PCI-DSS Certified:** The global standard for credit/debit card security.
 - b. **ISO 27001 Certified:** The international gold standard for Information Security Management Systems.
 - c. These are not one-off events but are subject to annual independent reviews.
- iii. **Technology & Partners:** A strict vetting process led by the Chief Information Security Officer (CISO) ensures all third parties meet equivalent security standards before on-boarding.
- iv. **Security Testing:** The organization now employs external penetration testing for all major projects to simulate hacks and remediate vulnerabilities before they can be exploited.

As our architecture becomes more open, our fortress has become more robust.

We have also adopted a People, Process, and Technology (PPT) model for data protection. This includes rigorous penetration testing by external parties and the firming up of our Responsible AI Framework in alignment with emerging Bank of Uganda guidelines.

5. Talent & Sustainability

Building the Pipeline

To combat the industry-wide scramble for talent, our Graduate Training Program has successfully embedded its first cohort into our Digital and Cyber domains. We are building the dfcu DNA internally to ensure our composable journey is sustained by homegrown expertise.

Environmental Impact

Our digital-first approach is a key pillar of our ESG goals. By automating credit and internal work flows, we have significantly reduced our paper footprint, contributing to the Group's broader environmental stewardship targets.

Looking Ahead: 2026 – The Year of Speed

While 2025 was the year of rebuilding, 2026 will be the year of integration velocity. Our primary KPI for the coming year is the reduction of the time-gap between partner negotiation and product go-live. By leveraging our new API Gateway and transitioning more workloads to the cloud (in alignment with regulatory geography requirements), dfcu is ready to lead the next frontier of Ugandan banking.

Our People and Culture

Aligning Talent Strategy to Business Growth



In 2025, our strategy centered on rebuilding the core, a process that required embedding specific organizational behaviors across the Group.



81%

Culture Maturity Score. Target is 80%

Marsha Nyonyozi Walusimbi
Chief People & Culture Transformation Officer



“With full alignment between executive leadership and frontline teams, we are positioned to deliver with strength, clarity, and impact.”

Overview

In a changing operating environment, our staff remain the heart beat of the organization and are increasingly the strategic lever for innovation and growth

In 2025, we stepped up our transformative journey, anchored on our “Fired Up” strategy to successfully build our core by ensuring every member of our 1,200+ workforce is not only in their rightful role but also technically equipped to drive our sector-led growth agenda. We thus moved past merely filling positions to ensuring that our talent strategy is aligned with our eight strategic sectors.

Culture and Organizational Transformation

In 2025, our strategy centered on rebuilding the core, a process that required embedding specific organizational behaviors across the organization. To measure progress, we introduced the Culture Maturity Index, a robust metric designed to track the adoption of the “Fired-Up” strategy behaviors throughout the organization.

By year’s end, we surpassed our initial target of 80%, achieving a Maturity Score of 81%, demonstrating that our employees have developed a strong grasp of our vision and strategic objectives. The index confirms that staff not only understand the expectations placed upon them but also appreciate both the consequences of non-performance and the rewards associated with success.

This high maturity score is evidence of genuine buy-in to the organization’s long-term strategy. It highlights a workforce that is aligned, motivated, and committed

to driving sustainable growth. By embedding these behaviors into the fabric of our daily operations, we have laid a solid foundation for resilience, innovation, and performance excellence.

Living the dfcu Behaviors – Our Culture

At **dfcu**, we continue to reinforce our four core behaviors:

- 01 Accountability
- 02 Collaboration
- 03 Continuous Learning
- 04 Shared Goals

In 2025, these were integrated into a performance-based reward system that directly links daily actions to business success. By embedding this culture, we empower every employee to contribute meaningfully to the Bank’s strategic priorities.

85%

Employee Engagement Score which indicates a highly motivated workforce.

Employee Engagement

At the heart of our strategy are our people, whose skills, dedication, and engagement drive the execution of our business goals. By fostering a culture of ownership, accountability, and collaboration, we enable every employee to contribute meaningfully to the Bank’s strategic priorities.

To confirm our internal commitments, we undertook a comprehensive Employee Engagement Survey. The findings revealed an 85% Engagement Score, which clearly indicated a highly motivated workforce. At **dfcu**, we define engagement as our people’s willingness and readiness to exceed expectations in order to further the organization’s strategic goals.

This high score is a leading indicator of future results, and confirms that our people are not only geared toward delivering business objectives but are also personally committed to bringing the Group’s vision to life. This cultural growth over the year is immense, ensuring that our core is resilient and execution-ready.

Resourcing the Strategic Pillars

Rebuilding the core for execution required a two-pronged approach: defining our specialized sectors and ensuring they are fully resourced with the right talent.

Sector Specialization

While 2024 was spent defining our specialized sectors, 2025 was the year of resourcing for it. We have now established a fully resourced team, including:

- Strategic Sector Heads and Regional Leadership
- Specialized Relationship Managers and a dedicated Credit Team
- Full alignment between executive leadership and the frontline teams

With this structure in place, the team is now clearly focused, geared up with the right skills, knowledge, and capabilities to deliver on the specific requirements of our chosen market segments, positioning us to execute effectively and drive sustained results.

Redefining Customer Experience

We redefined our approach to customer relations, transitioning from a traditional model to an end-to-end Customer Experience (CX) portfolio. This journey involved:



Defining the Customer:

Partnering with marketing, we conducted groundwork to define customer behaviors and target profiles better.



Structural Clarity:

We established a dedicated function led by a Head of Customer Experience to oversee the entire customer journey.



Training for 2026:

We kicked off bank-wide CX training programs to ensure that this customer experience culture is translated across every department, positioning us as strong contenders in the market.



Enabling the Technical Core:

Our role in the bank’s digital transformation has been to provide the human capital necessary for a competitive advantage.



Resource Alignment:

We have strategically resourced functions that feed into the technology, data, and digital spaces, ensuring we have the technical bench strength to lead the market.

Building a High-Performance Culture

The final pillar of our 2025 rebuilding phase involved five key deliverables designed to secure the quality of our talent and build a sustainable pipeline.

Talent Assurance Pipeline

We identified all critical roles across the organization and evaluated the individuals currently occupying them. This talent assurance process allowed us to create bespoke development plans to build key skills for both the present and the future.

Enhancing the Employee Value Proposition (EVP)

To ensure competitive compensation and attract top-tier talent, we undertook a comprehensive job evaluation exercise.

Grading Structure: We conducted a comprehensive job evaluation to establish a clear grading structure aligned with the organization's structural changes.

Competitive Salary Reviews: Following the grading exercise, we conducted salary reviews to align our staff composition with the current evolving business environment, positioning dfcu as a more competitive employer.

Performance-Driven Rewards: Incentives are now more closely tied to sector-specific performance and or growth targets and individual contributions to the Group's strategy.

Benefits Enhancement: We reviewed our employee benefits to ensure they are competitive, comprehensive, and aligned with the evolving needs of our workforce. Key initiatives included improved loan offerings, health and wellness i.e. employee wellbeing & assistance programs.

By strengthening our EVP, we are not only securing the talent we have today but are actively building the foundation for the workforce and organization we want to see in the future.

Diversity, Equity, and Inclusion as a Competitive Advantage

Diversity is no longer just a metric but a core component of our social capital. We have achieved a deliberate gender ratio of 52% female to 48% male across the organization, a shift from 51:49 in 2024, and 62% female to 38% male at the ExCO level. This reflects our belief that inclusive leadership is essential for navigating a dynamic business environment.

Continuous Professional Development (CPD) & Upskilling

With the "Fired-Up" structure firmly in place, 2025 was defined by a rigorous focus on upskilling to ensure our teams remain competitive and resilient.

Efforts included:

01 The #dfcuCEOLeadershipMasterclass
We launched the inaugural cohort of our Leadership Masterclass, a transformative 6-month journey for high-potential leaders designed to accelerate leadership capability and prepare them to drive strategic priorities. Guided by the CEO, this program utilizes frameworks like the Johari Window and Kholbs Learning Styles Inventory to foster self-awareness, a productive, self-reflective and high performing workplace culture.

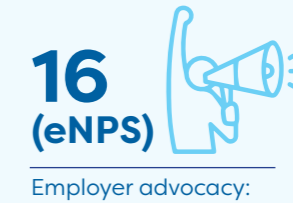
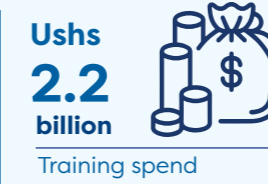
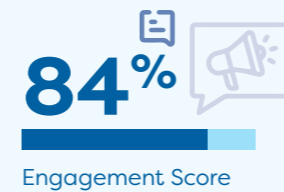
02 Sector-Specific Excellence
To support our sector specialization approach, we implemented targeted professional development programs that build deep sector specific expertise across our focus customer segments in Commercial, Enterprise, Personal and Corporate Banking. This ensures that our staff in retail and corporate banking possess deep industry knowledge tailored to the Ugandan market and in particular our priority customer segments, moving beyond generalist banking to more specialized advisory.

Well-being as an Enabler

We expanded our Employee Assistance Programs, recognizing that employee wellbeing is critical to sustaining a high-performance culture and delivering on our strategic ambitions for 2025 and beyond. To further support holistic wellbeing, we introduced initiatives focused on physical, social, financial wellbeing including health talks, in-office @ your desk sessions, walking and exercise programs and access to gym services for all our team members ensuring there is something for everyone.



Key People & Culture highlights in 2025



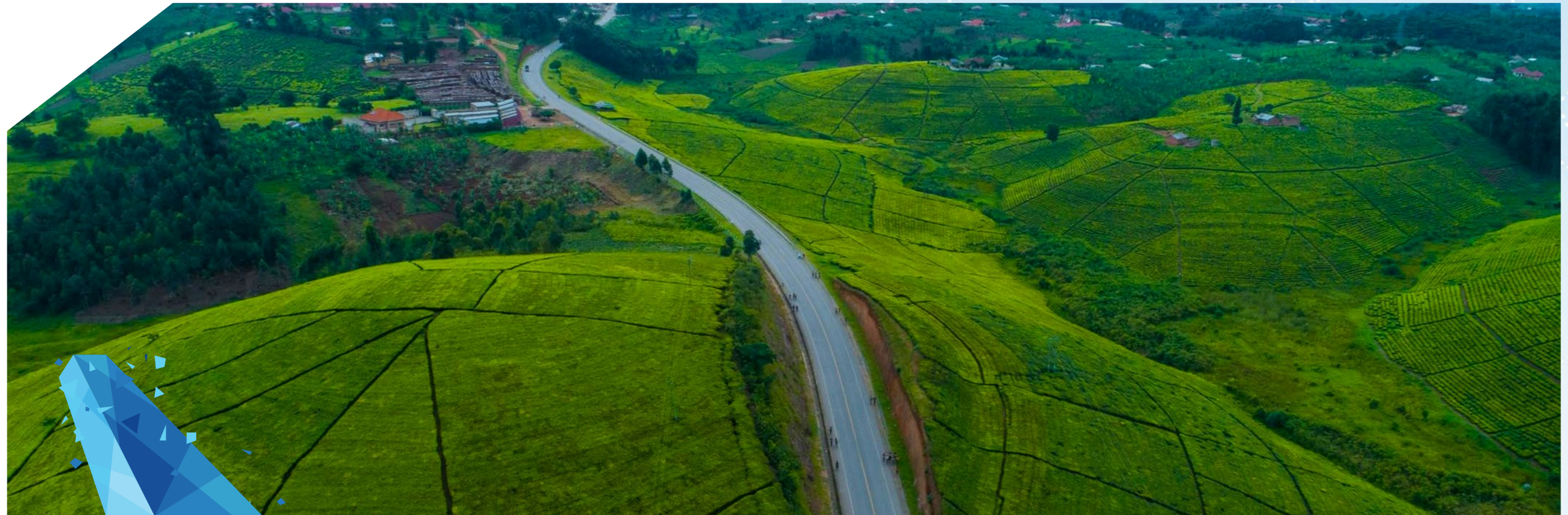
Conclusion

Our People & Culture initiatives have strengthened the foundation for a high-performing, engaged, and future-ready workforce. From embedding our core behaviors into our key people processes to advancing diversity and inclusion, building strategy critical expertise, and reinforcing a customer-centric culture, every action has been aimed at aligning our people strategy with the Bank's strategic priorities.

We have laid the groundwork for our workforce and the organization we aspire to in the future. This ensures that our people remain at the heart of everything we do driving long term sustainable growth.



dfcu Bank staff members participating in community engagement



04

Abridged Version of Our Sustainability Journey and Impact

Full Report to Society expected in September this year.

Our Approach to Sustainability	62
Sustainable Governance	62
Sustainable Finance	63
Sustainable Operations	64
Driving Impact through the dfcu Foundation	66
2025 dfcu Foundation highlights	68

Our Approach to Sustainability



Creating Enduring Value

At **dfcu**, we take a long-term view of our role in Uganda's growth. Our success is closely linked to the strength of the communities we serve and the environment in which we operate. Our focus thus remains on building a resilient, responsible institution that proactively manages Environmental, Social and Governance (ESG) risks and contributes to the country's sustainable development goals.

We recognize that our responsibility goes beyond financial performance. It is reflected in how we contribute to Uganda's social and environmental landscape in practical, measurable ways.

Sustainability sits at the core of our mission. It guides how we operate, how we partner, and where we invest. We are intentional about being more than a financial institution, we are a partner in the country's progress.

We know our business performs better when communities are stronger, when customers are empowered, and when the environment is protected. This is why sustainability is not treated as a reporting requirement, but as a driver of long-term value.

Anchored in our "Fired Up" strategy and aligned to our purpose of Transforming Lives and Businesses in Uganda, our approach is focused on impactful outcomes.

We are expanding access to finance for under-served communities, supporting women and youth entrepreneurs, strengthening agribusiness, and helping enterprises become more resilient.

These efforts are already translating into tangible results, stronger businesses, more stable incomes, and communities that are better positioned to sustain their own growth over time.

While we continue to strengthen our reporting frameworks, our focus remains on the tangible impact we deliver across people, profit, and the planet.

Our work is structured around three pillars: **Sustainable Governance, Sustainable Finance, and Sustainable Operations.**



Sustainable Governance

The road to IFRS S1 and S2 adoption

In preparation for the early adoption of IFRS S1 and S2 sustainability disclosure standards, ahead of the 2028 mandatory reporting requirements set by the Bank of Uganda, we are strengthening our reporting framework to ensure consistency, transparency, and forward-looking alignment in how we measure and manage sustainability.

A comprehensive gap assessment conducted in 2025 reviewed our performance across the four core pillars of Governance, Strategy, Risk Management, and Metrics & Targets. The assessment confirmed strong foundations in governance and risk management, while identifying opportunities to further embed sustainability into strategic planning and performance measurement.

Over the next 24 months, we will seek to deepen our understanding of climate-related risks and their potential financial implications.

This will enable us to enhance resilience, integrate sustainability more fully into our corporate strategy, and ensure our disclosures provide meaningful insights to regulators, investors, and stakeholders.

Our commitment to early adoption reflects a proactive approach to regulatory compliance and positions us to deliver credible, investor-ready sustainability reporting that supports long-term value creation.

Our roadmap includes:

- **Q1 2026:** Advancing disclosures in governance and risk.
- **2028:** Full compliance with IFRS S1 and S2 in line with regulatory timelines.
- **2030:** Achieving higher assurance standards.



Sustainable finance

Supporting economic growth through financial inclusion

Economic growth is only meaningful when more people can participate in it. We are actively working to reduce the barriers that keep women, youth, and rural communities on the margins of the formal economy.

Championing the Rising Woman

Our Women in Business (WiB) program continues to play a central role in this effort. Since 2007, we have seen how investing in women strengthens households, businesses, and communities.

Impact so far:

- **80,000+** women entrepreneurs reached.
- **21,962** women-led businesses financed and mentored.
- **Rising Woman Initiative:** Since 2018, 60,000 women were supported, with over Ushs 120 million awarded in seed capital.

80,000+

Women in Business (WiB) program entrepreneurs

21,962

Financed women-led businesses

60,000

Women empowered

These figures represent more than participation. They reflect businesses that are growing, employing others, and contributing to local economies.

The Backbone of the Nation: Agriculture and Green Growth



Best Farmers Competition:

In collaboration with the Netherlands Embassy and Vision Group, we recognize and support farmers who are adopting improved practices. This exposure to modern methods strengthens productivity and the wider agricultural value chain. Over the years, the initiative has supported 1,281 agribusiness enterprises with financing and capacity building, facilitated over USD 22 million



Catalyzing the Green Economy:

Through our partnership with the Uganda Green Enterprise Finance Agreement (UGEFA), we are supporting the growth of eco-friendly SMEs and building a pipeline of businesses that balance growth with environmental responsibility.

The dfcu Foundation as an Engine for Deeper Impact

The **dfcu** Foundation serves as our social investment arm, focusing on MSMEs and smallholder farmers where targeted support can unlock meaningful growth.

Impact so far:



Financial Linkages: Since 2017 the foundation has facilitated over Ushs 110 billion in financing (credit disbursed from financial institutions like dfcu Bank and Rabo Foundation) for more than 5,000 enterprises, enabling businesses to expand and stabilize their operations.



Agribusiness Acceleration: In 2025 alone, 677 enterprises were trained and supported through mentorship and technical assistance. This support translates into improved productivity, stronger businesses, and better market access.



Environmental Stewardship: Our commitment to plant 500,000 trees by 2029 has seen 62,000 trees take root. For many communities, this supports soil health, protects livelihoods, and contributes to long-term environmental stability.



Our Approach to Sustainability

Sustainable operations

How We Are Reducing Our Operational Carbon Footprint

We recognize that our commitment to sustainability must begin within our own operations. We are focused on reducing our carbon footprint through better technology, responsible consumption, and a gradual shift toward renewable energy.

Driving Energy Efficiency in Our Branch Network

In 2024, a baseline audit revealed high energy consumption across our branches, with average monthly electricity costs of UGX 80 million. We responded with a bank-wide efficiency drive:

➤ **Smarter Technology:** We replaced outdated systems with energy-efficient air conditioning units and installed automatic lighting sensor to reduce unnecessary consumption.

Automatic lighting sensors were installed across 48 bank locations.

Energy-efficient air conditioning units were installed across 7 bank locations and for the rest of the locations, an average of 20% on energy-efficient air conditioning units were installed.

➤ **The Energy-Wise Culture:** Through the energy saving campaign, awareness has been increased through simple actionable messages. This has helped employees to adopt simple but consistent practices that reduce energy use across our network.

➤ **The Impact:** By the end of 2025, we achieved an 11.5% reduction in energy use from an average monthly expenditure of Shs80 million to Shs71 million which translates into monthly savings of Shs9 million.

The Green Branch Model

We are moving beyond retrofitting to building more efficient infrastructure from the start. Our upcoming branch in Pader reflects this approach through:

➤ **Sustainable Design:** Constructed using environmentally friendly materials and designed to maximize natural light and ventilation.

The total energy consumption for Pader Branch is Shs25.4 million annually. Through the installation of solar energy, we project 80% reduction which is equivalent to Shs 20.3 million annually.

➤ **Solar Integration:** Powered by renewable energy, reducing reliance on the national grid and setting a practical standard for future branches.

➤ With installation of solar, backed by the grid energy, the bank will eliminate generator usage at Pader with a projected elimination of approximately 2,160 litres of fuel equivalent to **5.8 tonnes of carbon emissions annually**.

Reducing our Waste Footprint

We are implementing practical steps to reduce waste across our operations:

➤ **Single-Use Plastic Reduction / Circular Economy Initiative at Head Office:** Phasing out plastic bottles at our head office to reduce single-use plastic waste with an objective of eliminating 8.64Kgs of single use plastic monthly. The target is to totally eliminate plastics usage by December 2026 by transitioning to reusable glass bottled water as part of efforts promoting responsible consumption.

➤ **Walk to Bin:** Transitioning to centralized waste collection points to improve waste segregation with an aim of segregating organic from inorganic to support on recycling. These changes, while simple, are scaled across our network and contribute to a meaningful reduction in waste. The objective is to achieve 70% waste segregation by August 2027.

Social Empowerment

We measure success not only by the strength of our balance sheet, but by the resilience and empowerment of the communities we serve. Our sustainability approach recognizes that stronger communities are built when individuals are healthy, informed, and able to participate fully in economic life.

By investing in social empowerment, through initiatives that enhance access to health, education, and financial inclusion, we contribute to the long-term resilience and productivity of both society and our business operations. This alignment ensures that our growth is inclusive, our impact is transformative, and our operations remain sustainable.



Kingdom of Netherlands embassy in collaboration with dfcu commemorating Anti gender-based violence day at the dfcu Towers.

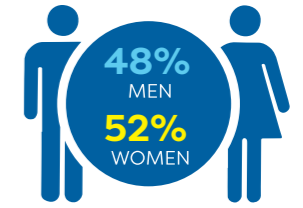
In 2025, we scaled our efforts to remove barriers to wellness and access to justice.

➤ **As a Mirror of the Society:** We continue to lead by example, maintaining a near-balanced workforce of 48% men and 52% women. This ensures that the perspectives shaping our decisions reflect the communities we serve.

➤ **The Ushs 1 Billion Health Commitment:** In October 2025, in partnership with Rotary Uganda, we launched the dfcu-Rotary Health Camps. This is a three-year initiative powered by our own staff volunteers, bringing services closer to communities that would otherwise go without care.

➤ **Impact to Date:** Across the regions where dfcu operates, 11 health camps have been conducted, reaching more than 21,000 people with essential healthcare. These camps bring vital services directly to the heart of Uganda's under-served communities, ensuring care is delivered where it is needed most. Residents benefit from a comprehensive range of free services, including cancer screening, HIV testing and counseling, diabetes and blood pressure checks, dental care, child immunization, deworming, and general consultations. By extending healthcare access beyond traditional facilities, dfcu is helping bridge critical gaps and improve community well-being across the country.

➤ **Justice and Literacy:** Through Legal Clinic Days, we provide free legal advisory to individuals facing systemic barriers. This works alongside our financial literacy programs, helping people move beyond day-to-day survival toward more stable and informed financial decisions.



21,000

Number of people who received essential healthcare

11

Number of health camps conducted



free legal advisory provided to individuals facing systemic barriers



Conclusion: Going Further, Together

Our approach is clear: long-term performance depends on the strength of the communities and environment in which we operate.

From supporting over **80,000 women** entrepreneurs to improving access to healthcare and committing to grow **500,000 trees**, our focus remains on delivering results that are practical, measurable, and sustained.

We will continue to build on this work with our partners and stakeholders, contributing to an economy that is more inclusive, more resilient, and better positioned for the future.



Driving Impact through the dfcu Foundation

From Foundation to Frontier: Building a Sustainable SME Ecosystem



We are Impact Creators. Our mission is to build long-term, self-sustaining value chains that turn micro-entrepreneurs into formal commercial partners.



Ushs 37.2Bn

financial linkages to MSMEs and individuals

Mabel Ndawula
Executive Director, dfcu Foundation



“With full alignment between executive leadership and frontline teams, we are positioned to deliver with strength, clarity, and impact.”

2025: A Milestone Year of Structural Transformation

The year 2025 marked a defining milestone in our journey. After seven successful years as the Agribusiness Development Centre (ADC), we proudly transitioned into the **dfcu** Foundation. This evolution was far more than a change of name but represented the integration of our mission into the very heart of the **dfcu** Group.

By embracing the Group’s high standards of governance and operational excellence, we have created a stronger, more seamless pathway to success for micro, small and medium enterprises (MSMEs). Today, entrepreneurs can move confidently from their first steps as local enterprises to becoming fully prepared for professional banking services and sustained business growth. This transformation ensures that our support is not only impactful but also sustainable, bridging the gap between grassroots enterprise development and long-term financial inclusion.

The Five-Year Roadmap (2025–2029)

In 2025, we launched our ambitious five-year strategy, anchored on three transformative pillars. While our long-term goal is to catalyze growth for 100,000 beneficiaries and facilitate Ushs100 billion in financial linkages by 2029, our focus in this inaugural year (2025) was on stabilization and scalability. We have been building the rails upon which the next four years of impact will run.



Pillar 1: Enterprise Development

We recognize that for MSMEs to grow, they must first be bankable. In 2025, we prioritized the redesign of our flagship programs to reach the last mile entrepreneur.

- **Digital Learning:** Through our Soma e-learning platform and the digital trading insights tool; Bean Book, we have democratized access to foundational business learning.
- **Quality over Quantity:** We have moved toward an intentional recruitment model, ensuring the enterprises participating in our accelerator programs have the high-growth potential required to sustain Uganda’s economy.

Climate Smart practices:

In alignment with the Group’s ESG commitments, the Foundation has pivoted toward active Climate Action. Moving beyond simple tree planting, we have adopted a tree growing philosophy centered on survival and carbon sequestration.

- **Impact to Date:** In 2025, we successfully oversaw the planting of 62,000 trees among some of our beneficiaries.
- **The Goal:** This is the first step toward our 2029 target of growing 500,000 trees, which will offset an estimated 12,000 metric tons of carbon dioxide, positioning **dfcu** Group as a leader in Uganda’s green transition.



Pillar 2: Expanding Financial Access for MSMEs

Facilitating financial linkages

In 2025, the Foundation facilitated financial linkages amounting to Ushs 37.2 billion loan disbursement to enterprises and individuals. The majority of loans were disbursed to coffee farmers, coffee and cocoa traders, dairy farmers and cooperatives, and women-led enterprises under the GROW program. Credit demand was primarily driven by working capital, trade finance, and asset financing needs. In addition, 834 beneficiaries were supported to open bank accounts including 800 individuals and 34 enterprises.

Catalytic (Revolving) Fund

In 2025, we embarked on the design of our Revolving Catalytic Fund to address a persistent financing gap facing micro and small enterprises: the “missing middle.” Many viable businesses are too large for micro-finance yet too informal to access commercial banking. Our Fund responds to this challenge by providing targeted, transitional capital that supports both formalization and short-term operational stability.

Bridging the Gap

The Revolving Catalytic Fund provides short-term, low-cost support that enables SMEs to overcome key barriers to growth by:

- Covering the upfront costs of compliance, including formal business registration, Quality Mark Certification with the Uganda National Bureau of Standards (UNBS), and tax registration and compliance with the Uganda Revenue Authority (URA).
- Providing access to short-term working capital to meet basic operational needs such as inventory, inputs, and cash flow gaps during the formalization period.

The Result

By easing compliance burdens and stabilizing day-to-day operations, the Fund de-risks SMEs and prepares them to graduate into longer term commercial finance and other investment opportunities. The Catalytic Fund transforms informality into opportunity, enabling sustainable growth without the traditional struggles of small-scale borrowing.



Pillar 3: Institutional Development

Institutional Development remained a key priority during the year, marked by the successful completion of the Foundation’s transition to **dfcu** Foundation, strengthening its identity and mandate. Significant progress was made in reinforcing governance frameworks through the review and strengthening of policies and standards, ensuring enhanced oversight, accountability, and compliance.

In parallel, the Foundation is investing in systems and institutional capacity strengthening, upgrading core systems (including our Monitoring & Evaluation systems for enhanced analytical capabilities, aligning with **dfcu** Group’s risk frameworks) to support effective program delivery and organizational efficiency. Staff skilling and capacity-building and development is ongoing to ensure the team is well-equipped to deliver on the Foundation’s strategic objectives.



834 beneficiaries supported to open bank accounts

Driving Impact through the dfcu Foundation

Outlook for 2026

As we move into Year 2 of our strategy, our focus will shift toward comprehensive market integration. We will procure a comprehensive Impact Study in late 2026 to measure the outcome of our 2025 activities.

We remain committed to the dfcu Group purpose of transforming lives and businesses in Uganda by creating a social impact that is as measurable as it is meaningful.

2018–2024 (The ADC Era):

Reached
59,707
beneficiaries over 7 years
(Agribusiness focus)

2025 (Year 1 - The Foundation):

15,472 Beneficiaries | **677** Enterprises impacted in 2025

2029 (The Destination):

Target of **100,000** new beneficiaries (60% Women, 40% Youth) | **500,000** Trees | **Ushs100Bn** in total financial linkages.

2025 dfcu Foundation highlights

ENTERPRISE DEVELOPMENT

15,472
Beneficiaries trained in all initiatives (8,569 FEAT Program alone)

76% Female, **24%** Male, **42%** Youth trained in FY 2025

677
MSMEs, capacity enhanced

62,000
Trees distributed and planted (Indigenous fruit and tree species)

FINANCIAL INCLUSION

Ushs37.2Bn
Value of loans disbursed (dfcu Bank - Ushs 7.6Bn, Rabo foundation - Ushs 29.6Bn)

834
dfcu accounts opened (800 individuals, 34 MSMEs)


Catalytic Fund Model developed

Total financing received from partners and donors.

Approx: **\$857,000**

INSTITUTIONAL DEVELOPMENT

- ▶ dfcu Foundation Launched
- ▶ Participated in several partner events, including MTN AWE launch, National Innovation Hub annual event, We-Code sensitization workshop (hosted by World Bank/PSFU)
- ▶ Board approved the Gender and Safeguarding Policy and the Resource Mobilization Strategy
- ▶ Efficiency **\$43.7 Vs \$80** Target; Cost per beneficiary
- ▶ 5 Full Time and 12 Program Staff serve the foundation
- ▶ 1 Monitoring, Evaluation & Learning Framework for 2025 developed to guide implementation and Reporting.



 dfcu Foundation staff



05

Our Approach to Risk Management

Statement from the Chief Risk Officer	72
Risk Management Report	74
Reporting and Committee Structures	74
Our Risk Universe	75
Risk Appetite	77
Stress Testing	77
Conclusion and Summary	85
Beyond 2026: Evolving Risk Management to Support the Next Phase of Strategy	86

Statement from the Chief Risk Officer



As the bank transitioned into 2025, defined as the year of rebuilding for growth, the risk mandate evolved significantly. The function shifted from a purely protective role to one that actively enabled the core business.



+100%

Sector specialization limits fundamentally re-engineered in some cases to support the bank's vision of rebuilding the core for growth

Hope Lorna Nakhayenze
Chief Risk Officer, dfcu Bank



“Beginning this year, AI-driven tools have been deployed to enhance fraud detection and strengthen predictive risk modelling.”

From a Protective to an Enabling Function

In the previous reporting year, dfcu Bank's risk function was deliberately positioned in a protective posture. This approach was necessary to stabilize the portfolio and safeguard the institution following a volatile macroeconomic period.

As the organization transitioned into 2025, defined as the year of rebuilding for growth, the risk mandate evolved significantly. The function shifted from a purely protective role to one that actively enabled the core business. By modernizing the frameworks through which risk was measured and managed, the bank created the confidence to lend more assertively, guided by robust data and analytics. This strategic shift ensured that growth ambitions were pursued with discipline, balancing opportunity with prudence to deliver safe and profitable expansion.

Rebuilding the Core: Sector-Led Discipline

To support the bank's vision of rebuilding the core for growth, sector specialization limits were fundamentally re-engineered. Rather than simply setting boundaries, dfcu enhanced limits in a targeted manner, in some cases exceeding 100% of previous thresholds. Risk limits were aligned to the specific sectors driving Uganda's economic growth, such as Trade, Manufacturing, and Agribusiness, which saw the most significant portfolio expansion in 2025.

Capital allocation was guided by the Internal Capital Adequacy Assessment Process (ICAAP), ensuring precision and discipline. Further, the expertise of Relationship Managers was complemented by automated digital tracking tools, enabling close monitoring of clients spanning the personal, enterprise, commercial, and corporate segments.

This risk-enabled confidence allowed for the successful introduction of new products and the enhancement of delivery channels. In 2025, we successfully launched the Visa Platinum card, the SME Mobi Loan, and executed a full revamp of our USSD platform (*240#). Our expansion of the physical branch network and the launch of the dfcu Foundation further demonstrated our ability to scale operations while maintaining a stable risk profile.

Performance Against Targets: Transparent Reporting

In line with dfcu's commitment to reporting excellence and stakeholder responsiveness, performance against aggressive quality targets was actively tracked and communicated.



Credit Quality:

While the regulatory benchmark for Non-Performing Assets (NPA) is 5%, the bank closed the year at just over 6%. This outcome reflected a deliberate choice to support growth during the rebuilding phase. Importantly, high-value accounts were closely monitored, and direct management of these exposures reassured the Board and Management that the overall health of the portfolio remained strong and resilient.



Risk-Weighted Assets (RWA):

The bank remained strictly within RWA targets, ensuring that capital deployment across digital and physical channels delivered expected returns without compromising stability.



ESG Integration:

Sustainability has become embedded in the risk function. Environmental and Social (E&S) screening was integrated into 100% of core portfolio assessments, underscoring dfcu's commitment to responsible banking and long-term value creation.

Operational Resilience and Innovation

Operational resilience was a cornerstone of the 2025 agenda. A hallmark of the 2025 resilience strategy was the successful modernization of our core banking hardware. This complex infrastructure upgrade involved the migration of significant data volumes across our systems. We ensured that this transition adhered to the highest standards of data integrity and privacy, fulfilling our regulatory obligations without any interruption to banking services.

Regarding emerging technology, the bank has defined the requisite governance structures and operational guidelines, thereby laying a disciplined foundation as it looks towards establishing a comprehensive roadmap for future AI integration. From 2026 onwards, the organization is integrating AI across Finance, Risk Management, and Data Analytics to enhance predictive modeling and fraud detection. We remain committed to harnessing the benefits of these technologies while effectively managing the associated ethical and technical risks in an evolving digital landscape.

Looking Ahead: Best-in-Class Scenario Planning

The global operating environment remains uncertain, influenced by shifts in international trade policies, local and regional electoral cycles, and potential disruptions in global funding flows. dfcu's strategic North Star for 2026 is the execution of best-in-class scenario planning and analysis.

The organization is building tools to anticipate disruptive events such as geopolitical shocks or liquidity constraints before they impact financial performance. By integrating AI-driven predictive modeling with the judgment of experienced professionals, dfcu is positioning itself to be resilient by design. This proactive stance ensures that the institution is not merely reactive to change but prepared to thrive in uncertainty.

Fired Up for Growth

As dfcu enters the next phase of its journey, the institution is well positioned to enable growth that is bold, disciplined, and sustainable. The transformation of the risk function from a protective shield into a strategic enabler has embedded resilience, sustainability, and foresight into every decision. With sector-led discipline, transparent performance tracking, operational innovation, and scenario planning at the core, dfcu is building a future-ready institution, one that is prepared for the challenges of today and positioned to seize the opportunities of tomorrow.


Risk Management Report

At dfcu Group, risk is defined as the possibility of loss or unrealized opportunities arising from both internal and external factors. In pursuing its strategic objectives, the Group is exposed to a broad spectrum of financial and non-financial risks, all of which are systematically identified, assessed, and managed within the Group's defined Risk Universe.

Effective risk management remains central to safeguarding stakeholder value, supporting sustainable growth, and preserving the Group's financial resilience. The operating environment continues to evolve, shaped by macroeconomic conditions, rapid technological change, regulatory developments, and increasing interdependencies across risk categories. Against this backdrop, the Group remains committed to a disciplined, forward-looking approach to risk management that supports sound decision-making and long-term value creation.

Enterprise Risk Management Framework and Governance Oversight
 The Group's Enterprise Risk Management Framework (ERMF) provides a structured and integrated approach to identifying, assessing, monitoring, and managing risks across the organization. The Framework is reviewed annually and approved by the Board to ensure continued alignment with the Group's strategy, evolving risk profile, and regulatory expectations.

During the year, targeted enhancements to the ERMF strengthened its forward-looking capability, with particular emphasis on identifying and managing interconnected risks across financial and non-financial domains. This was especially relevant in areas such as cybersecurity, third-party dependency, ESG exposures, and strategic execution—where risk transmission channels have become increasingly pronounced. These enhancements have improved early identification of vulnerabilities and enabled more timely and coordinated management responses.


The Board retains ultimate accountability for the effectiveness of the Group's risk management and internal control environment.

Increased focus was placed on strengthening the identification and management of concentration risk across financial and non financial domains, recognizing its potential to amplify losses and propagate risk across interconnected exposures. These exposures were actively monitored against defined risk appetite thresholds to ensure that concentration levels remain within acceptable limits

and do not disproportionately impact the Group's overall risk profile.

The Board retains ultimate accountability for the effectiveness of the Group's risk management and internal control environment. In discharging this responsibility, the Board sets the Risk Appetite,

ensures material risks are appropriately managed within approved tolerances, and confirms that capital and liquidity resources remain commensurate with the Group's risk profile and stress loss absorption capacity. This oversight is supported by structured, forward-looking risk reporting, providing clear visibility of risk exposures, emerging risk drivers, stress testing outcomes, and management actions.

The Internal Capital Adequacy Assessment Process (ICAAP) remains a central pillar of the Group's risk management architecture, integrating strategy, risk appetite, stress testing, and capital planning. ICAAP outcomes provide a robust basis for Board deliberations on capital adequacy and resilience under both baseline and stressed conditions, ensuring that the Group remains well positioned to absorb shocks while continuing to execute its strategic objectives.

Collectively, these enhancements have reinforced the ERMF as a decision-enabling framework, supporting disciplined risk-taking, stronger governance, and sustained financial resilience in an increasingly complex operating environment.

Reporting and Committee Structures
 The Board discharges its risk oversight responsibilities through a structure of dedicated Board sub-committees, supported by clearly defined reporting and escalation mechanisms. The full Board receives regular updates on the Group's material risks, with exposures assessed against approved risk appetite thresholds, tolerance limits, and key risk indicators.

The Board Risk Committee (BRC) acts as the principal Board sub-committee responsible for oversight of the ERMF, risk governance arrangements, and the effectiveness of risk identification, measurement, monitoring, and control processes across the Group. During the year, the BRC continued to focus on forward-looking risk areas and emerging themes, supporting informed oversight of strategic and operational risks.

Application of the Three Lines Model

The Group applies the Three Lines Model as a practical framework for governance, risk management, and internal control. Continued focus was placed on strengthening the effectiveness and maturity of each line rather than structure alone.

01 The **first line**, comprising business and support functions, remains accountable for identifying and managing risks inherent in day-to-day activities. During the year, emphasis was placed on strengthening risk ownership, embedding risk considerations into decision-making, and improving the quality of risk self-assessments and control execution.

02 The **second line** functions, including Risk and Compliance, provided independent oversight through enhanced challenge, clearer articulation of risk appetite expectations, and more forward-looking monitoring of risk exposures and trends. Targeted thematic reviews and closer engagement with the first line supported early identification of emerging risks and strengthened adherence to regulatory and internal requirements.


03 The **third line**, Internal Audit, continued to provide independent assurance to the Board and Executive Management on the adequacy and effectiveness of the Group's risk management and control framework. Audit activities remained risk-based, with increased focus on high-impact and emerging risk areas, including technology change, cybersecurity resilience, third-party risk, and strategic initiatives.


Our Risk Universe

The Group's Risk Universe represents the principal risks with the potential to materially affect the achievement of strategic objectives and long term sustainability. The Risk Universe is reviewed annually to reflect changes in the internal and external operating environment and to confirm that residual risk exposures remain within the Board approved risk appetite.


During the year, particular attention was given to risks that increased in relative importance. Cybersecurity Risk, Third Party Risk, and Strategic Risk were elevated in significance due to accelerated digitalisation, increased reliance on external service providers, and the Bank's transition towards the final phase of its strategic cycle. At the same time, sustained focus on credit quality, capital adequacy, and liquidity resilience supported stability across core financial risk categories.

For 2025, the principal risks identified within the Risk Universe are as follows:

 **1. Market Risk**
 Market Risk refers to the potential for losses arising from adverse movements in market driven variables affecting the value of financial instruments and investments, including interest rates, foreign exchange rates, commodity prices, and equity prices. For **dfcu**, the principal market risk sub categories are: (a) foreign exchange risk, being the risk of financial loss resulting from adverse movements in currency exchange rates; and (b) interest rate risk, which arises from unfavorable changes in interest rates that may impact the value of assets, liabilities, and earnings.

 **2. Credit Risk**
 Credit Risk refers to the potential for financial loss arising from a counterparty's failure to meet its contractual obligations in accordance with agreed terms. This may result from non payment of principal, interest, or both, or from a deterioration in the credit quality of a borrower or obligor. Credit Risk encompasses both idiosyncratic and concentration risks, including single obligor and sector concentration risk, as well as Country Risk, which arises from adverse economic, political, or regulatory developments in a borrower's country of operation.

 **3. Compliance Risk**
 Compliance Risk refers to the potential for legal or regulatory sanctions, financial loss, or reputational damage arising from the Bank's failure to comply with applicable laws, regulations, supervisory requirements, industry codes of conduct, or ethical standards. This risk may arise from non compliance with both external regulatory obligations and internal policies, procedures, and control standards, and is managed through effective governance, monitoring, and compliance oversight arrangements.

 **4. Funding Risk**
 Funding Risk refers to the risk that the Group may be unable to meet its financial obligations as they fall due, or may only be able to do so at materially higher cost, as a result of liquidity constraints or adverse market conditions. This risk also encompasses Capital Risk, being the risk that the Group's capital base becomes inadequate to absorb losses arising from its risk profile and stress conditions, thereby impairing its ability to continue operations or comply with regulatory capital requirements.



5. Operational Risk

Operational Risk refers to the risk of loss arising from inadequate or failed internal processes, people, and systems, or from external events. It encompasses a wide range of exposures, including people risk resulting from human error, misconduct, or insufficient skills; process risk stemming from ineffective or poorly designed procedures; systems risk, such as technology failures and cybersecurity threats; and external event risk, including losses caused by natural disasters, pandemics, or geopolitical events beyond the Bank's control.



6. People and Conduct Risk

People and Conduct Risk refers to the risk of financial, operational, regulatory, or reputational loss arising from the actions, behaviors or decisions of individuals within the Group. It includes risks arising from workforce capability, capacity and performance as well as unethical, inappropriate or non-compliant behavior that may impact customers, stakeholders or the Group's reputation.



7. Third-Party Risk

Third-party Risk refers to the potential risks that arise from relying on external entities (vendors, service providers, or business partners) for services or products that the Bank uses. These risks can affect the Bank's operations, security, reputation, and regulatory compliance if the third party fails to meet its obligations, faces financial difficulties, or experiences other disruptions. This risk may crystallize if a third party fails to meet contractual obligations, experiences financial or operational challenges, incurs information security or cyber incidents, or is otherwise unable to perform as expected, potentially affecting the Group's operational resilience, regulatory compliance, and customer outcomes.



8. Cybersecurity Risk

Cybersecurity Risk refers to the potential for financial, operational, regulatory, or reputational harm arising from the compromise of confidentiality, integrity, or availability of the Group's information systems, networks, or digital assets. This risk may result from the exploitation of system vulnerabilities through cyber attacks, data breaches, unauthorized access, or other malicious activities conducted by internal or external threat actors, including individuals, organized groups, or automated processes.



9. Legal Risk

Legal Risk refers to the risk of financial loss, regulatory sanctions, capital impairment, operational disruption, or reputational damage arising from non-compliance with applicable laws, regulations, regulatory guidelines, and contractual obligations, as well as from litigation, disputes, unenforceable or defective legal documentation, and failures in legal governance frameworks. This risk may result from uncertainties in legal obligations, changes in legislative or regulatory requirements, enforcement actions, or shortcomings in the design, interpretation, or enforcement of legal and contractual frameworks.



10. Strategic Risk

Strategic Risk refers to the risk of adverse impacts on the Group's long term objectives and sustainability arising from inappropriate strategic decisions, ineffective strategy execution, or failure to respond adequately to changes in the external business and operating environment. Such changes may include shifts in market dynamics, competitive pressures, regulatory developments, or macroeconomic conditions that weaken the Group's strategic positioning. Strategic Risk also encompasses Project Risk, being the risk that weaknesses in the planning, governance, or execution of material projects result in cost overruns, delays, or underperformance, which may crystallize into or amplify broader strategic risks.



11. Environmental, Social, Governance (ESG) Risk

ESG Risk refers to the risk of potential financial, operational, regulatory, or reputational harm arising from the Group's exposure to environmental, social, and governance related factors. These risks may materialize through climate related events, environmental degradation, social issues such as labor standards, customer protection or community impact, and weaknesses in corporate governance, ethics, or oversight structures. ESG Risk can affect the Group directly through its own operations and indirectly through its customers, counterparties, investments, and third party relationships, potentially impacting asset quality, earnings, capital adequacy, and long term sustainability.

Risk Appetite

The Board defines the Group's risk appetite to guide the nature, type, and level of risk that Management may assume in pursuit of the Group's strategic objectives. The Risk Appetite Statement sets clear qualitative principles and quantitative limits across all material risk types, supporting prudent risk-taking, disciplined execution, and financial resilience.

During the year, the Risk Appetite Framework was actively applied to decision-making and performance monitoring. Stress testing and scenario analysis outcomes were used to assess the adequacy of limits and tolerances, informing targeted recalibration where necessary to ensure continued resilience under adverse conditions. Regular monitoring against key risk indicators enabled timely escalation of emerging pressures and supported proactive management actions.

By embedding risk appetite considerations into business planning, capital allocation, and performance management, the Group continues to balance growth ambitions with robust risk discipline and regulatory compliance.

Stress Testing

The Group's stress testing program is a core forward-looking risk management and capital planning tool. It assesses the resilience of earnings, capital, and liquidity under severe but plausible scenarios, including macroeconomic, market, and institution-specific stress events.

Stress testing outcomes are formally integrated into the Internal Capital Adequacy Assessment Process (ICAAP) and are reviewed regularly by Executive Management and the Board. These insights support risk appetite calibration, capital buffer adequacy assessments, and strategic planning decisions, ensuring that the Group remains resilient and capable of meeting regulatory capital requirements under stressed conditions.



STRATEGIC RISK

2025 Overview

In 2025, the Bank continued to execute the Fired-Up Strategy, which is anchored on four strategic pillars: Sector Specialization, Customer Relationships, Digital, Technology and Data, and Performance Culture. The year was characterized by deliberate investments aimed at strengthening the Bank's long term competitiveness and resilience.

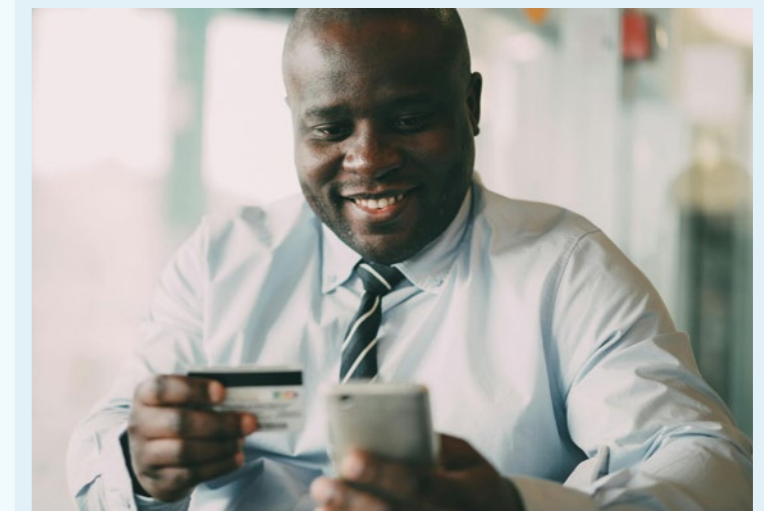
A key area of focus was the enhancement of our digital capabilities through the implementation of several digital transformation initiatives designed to improve service delivery, operational efficiency, and customer engagement. These efforts supported steady performance against key strategic indicators, with Return on Average Equity (ROAE) recorded at 10.2% and a market share of Profit After Tax (PAT) of 3.8%, providing a solid platform as the Bank approached the final phase of the Strategy.

Focus for 2026

The year 2026 marks the final year of implementing the Bank's Fired Up Strategy and represents a critical period for delivering on our strategic ambition. Accordingly, the Bank's focus is firmly on translating strategic intent into tangible outcomes for customers and other stakeholders.

In line with our commitment to keeping our promise, the Bank has articulated a clear 2026 promise centered on further enhancing the customer experience. During the year, emphasis will be placed on improving first time resolution rate, reducing customer churn, and strengthening transaction success rate across key customer touchpoints.

These initiatives are expected to deepen customer trust, improve satisfaction, and deliver a more consistent and reliable banking experience. Collectively, they will reinforce the Bank's position as a customer centric institution and support the successful realization of the Fired-Up Strategy as the Bank transitions to its next strategic phase.





MARKET RISK

2025 Overview

During the calendar year ended December 2025, the Ugandan Shilling demonstrated resilience against the U.S. dollar, appreciating over the year and trading at an average mid rate of approximately Ushs 3,600–3,680/USD, supported by strong foreign exchange inflows from exports, remittances, offshore portfolio investments, and foreign direct investment. Monetary conditions remained supportive of market stability, with the Bank of Uganda maintaining the Central Bank Rate at 9.75% throughout 2025 amid subdued inflation, anchoring interest rate expectations and reinforcing investor confidence.

Throughout 2025, the Group operated within the Board approved Market risk limits with no breaches.

Focus for 2026

Looking ahead to 2026, the operating environment is expected to remain influenced by global developments, including ongoing geopolitical tensions in the Middle East, evolving external financing conditions, and movements in global commodity prices. These factors may give rise to periods of market volatility, with indirect effects on foreign exchange and interest rate conditions in emerging markets such as Uganda. As a net oil importing economy, higher global oil prices could increase import costs and foreign exchange demand; however, diversified inflows from exports, remittances, and investment have historically provided important buffers against external shocks.

Domestically, the gradual reduction in donor funding observed since 2025 may lead to higher government financing needs over time, potentially exerting upward pressure on domestic interest rates. The Bank of Uganda's prudent and proactive monetary policy stance continues to support macroeconomic stability, with inflation contained within target and policy measures calibrated to balance growth and stability.

Overall, while the external environment remains complex, Uganda enters 2026 from a position of relative macroeconomic resilience, supported by steady growth, adequate policy buffers, and sound financial sector oversight.



FUNDING RISK

2025 Overview

In 2025, funding and liquidity conditions in Uganda's banking sector improved compared to the prior year, supported by accommodative monetary policy, low inflation, and continued economic growth. Customer deposits remained the primary source of funding, underpinned by improved depositor confidence, while liquidity buffers were maintained well above regulatory minimums, reflecting prudent liquidity management across the sector. Although reduced donor inflows and global economic uncertainty continued to shape the operating environment, these pressures were largely mitigated by strong domestic deposit mobilization and stable foreign currency inflows. The Bank of Uganda maintained a supportive yet vigilant supervisory stance, reinforcing liquidity risk oversight to ensure institutions remained resilient in meeting their obligations. Overall, funding risk moderated during the year, with banks entering the period with sound liquidity positions and strengthened funding profiles, supporting financial system stability.

Focus for 2026

Looking ahead to 2026, funding risk is expected to remain manageable, supported by the banking sector's strong liquidity buffers, stable deposit base, and continued regulatory oversight.

While global uncertainties and gradually moderating donor inflows may influence funding conditions, domestic deposit mobilization and policy continuity following the January elections are expected to underpin confidence. Although increased government borrowing could place some upward pressure on interest rates, the Bank of Uganda has assessed liquidity and funding risks as moderate, with banks well positioned to meet their funding obligations and support economic activity.



CREDIT RISK

2025 Overview

In 2025, the Group sustained a disciplined approach to credit risk management, supporting measured growth in the loan portfolio to Ushs 1.27 trillion while maintaining a strong focus on asset quality and portfolio resilience. This was underpinned by continued enhancements to the risk appetite framework, strengthened sector segmentation, and rigorous monitoring of key risk indicators. The Group reinforced credit governance across the full lifecycle from origination to recovery through improved underwriting standards, tighter oversight of lending decisions, and ongoing investments in automation and advanced analytics to enhance early warning capabilities and risk-based decision-making. These efforts were reflected in improved credit processes, stronger portfolio performance, effective recoveries and more robust risk management practices

Although the Non-Performing Assets (NPA) ratio remained above the Group's risk appetite threshold during the year, this was primarily driven by a few concentrated exposures rather than widespread portfolio deterioration. Targeted interventions, including intensified recovery efforts, proactive restructuring, and close monitoring of high-risk accounts, ensured that asset quality remained stable, with NPA levels maintained within the 5%–8% range without further deterioration. These sustained efforts in portfolio optimization and risk mitigation, combined with a strong funding base, position the Group to progressively improve asset quality while continuing to support sustainable growth.

Key Achievements



Disciplined loan book growth was a key highlight in 2025, with the portfolio expanding to **Ushs 1.3 trillion** from Ushs 1.1 trillion in 2024.



Resilient Portfolio Quality: Maintained NPA levels within the **5%–8%** range, preventing further deterioration despite being above risk appetite.

Key Initiatives

Smart Lend Credit Automation project: Achieved significant progress, reaching over 80% completion of the project implementation plan. The initiative is focused on automating key stages of the lending process including origination, appraisal, and approval with the objective of enhancing operational efficiency and reducing process-related risks.

+80%

Completion of the project implementation plan.

Focus for 2026

This year, our focus remains on sustaining growth while reinforcing the resilience of the credit portfolio. Key priorities include:

- 01 Automation:** Continued acceleration of the automation agenda to improve decision-making speed, enhance customer experience, and strengthen risk controls.
- 02 Advancement:** Advancement of the risk-based pricing tool, including upgrades to the credit risk grading tool, to improve alignment of pricing with borrower risk and enhance pricing precision, consistency, and governance.
- 03 Concentration Risk Management:** Introduction and refinement of sub-sector limits within key sectors such as Infrastructure and Energy to strengthen oversight of concentration risk and support more granular portfolio diversification and risk control.

The Group's credit risk management process remains robust and forward-looking, providing assurance of sustained portfolio stability, disciplined growth, and strong governance. Looking ahead to 2026, continued investments in automation, enhanced risk-based pricing, and strengthened concentration risk management will further reinforce decision-making and portfolio resilience. This affirms the Group's commitment to maintaining sound asset quality while supporting sustainable growth and long-term financial stability.



COMPLIANCE RISK

2025 Overview

During 2025, the Group's Compliance Risk Management Framework continued to be overseen by the Group Compliance Department, with independent reporting lines to the Chief Executive Officer and access to the Board Risk Committee.

The regulatory environment remained dynamic, prompting updates to the regulatory universe, compliance obligations register, and monitoring programs to address key developments, including the Financial Institutions (Corporate Governance) (Amendment) Regulations, 2025, fiscal legislative changes, and the Bank of Uganda Guidelines on Financial Holding Companies, 2025.

The Group also monitored emerging legislation, including the Mortgage Refinance Institutions Bill, 2025, and conducted targeted compliance risk assessments, gap analyses, and policy reviews to ensure ongoing alignment with regulatory and supervisory expectations. In addition, the Group maintained strong adherence to FATF and AML/CFT/CPF requirements, working closely with the Financial Intelligence Authority to further strengthen controls over customer due diligence, transaction monitoring, sanctions screening, and regulatory reporting.

Overall, the Group's proactive compliance approach supported regulatory confidence, protected its reputation, and enabled sustainable operations amid an evolving regulatory landscape.

Focus for 2026

In 2026, the Group's Compliance Risk focus will continue to center on maintaining full adherence to applicable legal, regulatory, and supervisory requirements, while ensuring sustained alignment with international standards and Bank of Uganda expectations.

Priority will be placed on further institutionalizing and optimizing technology enabled compliance controls, including enhanced surveillance, advanced analytics, and automated monitoring, to strengthen the effectiveness, timeliness, and consistency of compliance risk identification, escalation, and reporting.

The Group will also continue to reinforce a strong culture of compliance through targeted training, role specific upskilling, and capacity building initiatives. Ongoing, proactive engagement with regulators and key stakeholders will remain integral to ensuring regulatory responsiveness, transparency, and the maintenance of high standards of governance, integrity, and compliance across the Group.



FRAUD & MISCONDUCT RISK

2025 Overview

In 2025, the Group recorded a marginal increase in reported fraud incidents, largely attributable to identity theft and mobile banking fraud linked to stolen mobile devices, underscoring the need to further strengthen fraud risk awareness among both staff and customers. In response, the Group implemented targeted, risk based anti fraud training programs to enhance staff capability in identifying, reporting, and preventing fraud, while customer awareness initiatives were delivered through digital channels, including social media, email, the Quick Banking App, and SMS communications.

The Group continued to operate confidential whistle-blowing channels to support the reporting of fraud and misconduct and conducted fraud risk assessments on selected high risk products to strengthen controls and mitigate potential losses. These assessments informed control enhancements and contributed to improving the overall customer experience. In addition, the Group maintained close collaboration with key stakeholders, including the Bank of Uganda, the Uganda Bankers Association, the Financial Intelligence Authority, the Uganda Revenue Authority, and law enforcement agencies, to promote fraud awareness and support a coordinated approach to fraud prevention. The Group continues to uphold a zero tolerance policy towards fraud and misconduct.

Focus for 2026

In 2026, the Group will continue to prioritize fraud prevention through sustained anti fraud and misconduct communications, supported by targeted training and awareness programs for staff, customers, and service providers. Regular, risk based fraud assessments will be undertaken for identified high risk products and services, with outcomes used to strengthen controls and reduce vulnerability to fraud losses. Customer education will remain a key focus, with continued communication of safe usage practices across all delivery channels.

Whistle blowing mechanisms will be further strengthened to encourage timely, confidential reporting of fraud and misconduct. The Group will maintain a zero tolerance stance toward fraud, ensuring prompt investigation, appropriate disciplinary action, and referral to law enforcement where required. In parallel, ongoing investment in fraud detection technologies, enhanced operational controls, and close collaboration with regulators, law enforcement agencies, and industry stakeholders will support an effective and coordinated response to evolving fraud, misconduct, and cybercrime risks.



OPERATIONAL RISK

2025 Overview

Operational Risk in 2025 remained effectively managed despite an increasingly complex operating environment characterized by evolving regulatory expectations and growing reliance on digital platforms and third-party service providers.

The Group continued to enhance its operational resilience through strengthened governance structures, targeted improvements to key controls, and disciplined execution of risk mitigation initiatives. While a limited number of operational incidents were recorded during the year, these were managed within the approved risk appetite, and timely corrective actions were implemented to minimize financial and reputational impact.

Operational risk management remained firmly embedded within the three lines of defense framework, ensuring clear ownership, accountability, and oversight across all levels of management. The Group further enhanced its use of qualitative and quantitative risk assessment tools, improving risk visibility, loss analysis, and forward-looking risk identification. Ongoing investments in automation, system upgrades, and digital controls continued to reduce manual dependencies and strengthen control effectiveness across critical processes.

The Internal Controls Unit continued to play a central role in reinforcing the control environment throughout 2025, building on the foundations established in prior years. Through increased controls testing, thematic reviews, and closer engagement with business units, the control framework was further strengthened to address emerging risks, reduce control gaps, and support compliance with regulatory expectations. Overall, these measures contributed to improved operational resilience and a more robust approach to managing operational losses, regulatory risk, and reputational exposure.

Business Continuity Management

Business continuity remained a key pillar in the operational risk framework, with a focus on operational resilience to safeguard service delivery. Scenario analysis and stress testing were conducted to assess the Group's preparedness for potential disruptions.

Key initiatives undertaken:

- Comprehensive simulations and contingency planning exercises to enhance preparedness.
- Strengthening disaster recovery capabilities, ensuring redundancy for critical systems and priority business processes.
- Adoption of cloud-based solutions to improve system resilience and minimize downtime.
- Continuous investment in cyber resilience strategies to combat evolving digital threats.

The Group remains committed to minimizing service disruptions and maintaining a limited appetite for operational downtime, ensuring continued service delivery to customers.

Focus for 2026

- Strengthening risk culture and ownership at all levels.
- Increasing reliance on predictive analytics and data-driven risk identification.
- Enhancing risk monitoring to ensure timely identification and remediation of risks.
- Expanding risk awareness and training initiatives across business units.





PEOPLE & CONDUCT RISK

2025 Overview

In 2025, the Group continued to strengthen the management of People and Conduct Risk by reinforcing ethical behavior, accountability, workforce capability and a strong risk culture across the organization.

Key actions taken:

- Strengthened risk culture and expected behaviors through continued emphasis on accountability, collaboration, continuous learning and customer-centricity.
- Enhanced staff awareness and capability through engagement, training and initiatives aimed at reinforcing professionalism and conduct expectations.
- Maintained conduct risk oversight through ongoing monitoring of employee behavior, policy adherence and timely management of identified concerns.
- Supported workforce resilience and retention through continued focus on employee engagement, talent management and performance practices.
- Reinforced zero tolerance for misconduct by taking appropriate action against unethical behavior and breaches of professional standards.

Focus for 2026

In 2026, the Group will focus on further embedding ethical conduct and accountability, enhancing staff capability, strengthening conduct risk monitoring, promoting employee engagement and workforce resilience and maintaining a zero-tolerance approach to gross misconduct in line with its values and regulatory expectations.



THIRD-PARTY RISK

2025 Overview

Third Party Risk arises from the Group's reliance on external entities, including vendors, service providers, outsourced service partners, and technology providers, for the delivery of critical services. As the Group continues to expand its digital footprint and leverage specialist service providers, effective management of third party risk remains a key component of operational resilience and regulatory compliance.

During the year, the Group strengthened its Third Party Risk Management framework to enhance oversight of material outsourcing arrangements and critical suppliers. Improvements included enhanced due diligence and onboarding processes, clearer contractual risk allocation, and more robust assessment of financial, operational, information security, and compliance risks posed by third parties.

Critical service providers were identified and categorized based on potential impact on business continuity, customer outcomes, and regulatory obligations. Ongoing monitoring arrangements were reinforced through periodic risk reviews, performance assessments, and escalation mechanisms, with particular focus on technology and cloud based service providers.

Focus for 2026

- In 2026, the Group will further strengthen Third-Party Risk Management by enhancing oversight of critical vendors, deepening integration with cybersecurity and operational resilience frameworks, and strengthening exit and contingency planning for material outsourcing arrangements.



CYBERSECURITY RISK

2025 Overview

Cybersecurity remained a critical risk area for the Group in 2025, reflecting an increasingly challenging global and local threat landscape affecting the financial services sector. The growing sophistication of cyber attacks, combined with rapid technological change, required sustained focus on safeguarding information assets, digital services, and customer data.

The Group maintained a proactive approach to strengthening its cybersecurity frameworks, controls, and resilience capabilities. A key milestone during the year was the Bank's achievement of PCI DSS and ISO/IEC 27001 certification, which represents a significant enhancement to the Group's cybersecurity assurance posture. These certifications provide independent validation that the Bank's information security governance, risk management, and control environment are aligned with internationally recognized standards and leading industry practices, reinforcing regulatory confidence, customer trust, and operational resilience.

Key initiatives undertaken:

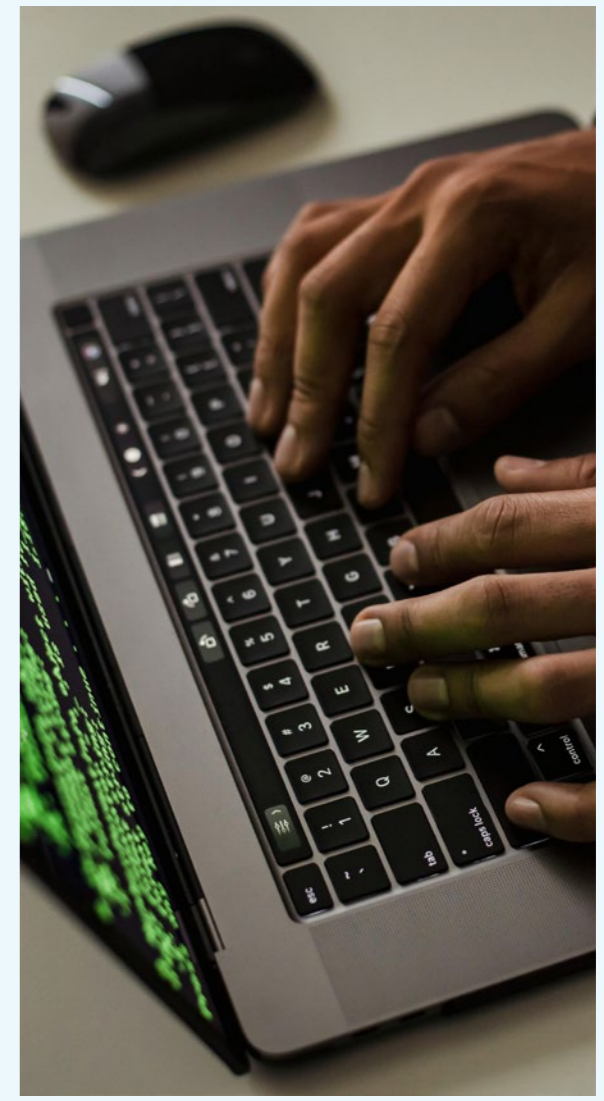
- Attainment of PCI DSS and ISO/IEC 27001 certification, providing independent assurance over the effectiveness of the Bank's information security controls and governance framework.
- Continued enhancement of cybersecurity monitoring and threat detection capabilities.
- Expansion of cyber awareness and phishing simulation program to reinforce secure staff behaviors.
- Strengthening cyber incident response, recovery, and resilience capabilities to support operational continuity.
- Enhanced change management controls to ensure technology and security changes were assessed for cyber risk, securely implemented, and aligned with approved governance processes.
- Continued alignment with regulatory and legal requirements relating to data protection, privacy, and cybersecurity.

Focus for 2026

As cyber threats continue to evolve in scale and complexity, the Group remains committed to further strengthening its cyber resilience.

Key focus areas:

- Enhanced threat and vulnerability management.
- Improved recovery and response capabilities.
- Stronger oversight of cyber risk arising from technology change and third party arrangements.
- Continued investment in cybersecurity governance, skills, and awareness to protect customers, data, and operations.





LEGAL RISK

2025 Overview

The Group remains committed to upholding the highest legal and regulatory standards, ensuring that all business operations align with prevailing laws, guidelines, contractual obligations and industry's best practices. In 2025, legal risk management was strengthened through enhanced governance frameworks, reinforcing a structured, transparent, and accountable approach to the management of legal and regulatory matters, while supporting effective decision-making and organizational resilience.

Key Legal Risk Management Actions:



Enhanced due diligence and contractual safeguards to mitigate potential legal exposures.



Focused training and awareness programs to reinforce legal and ethical best practices across the organization.

Focus for 2026

In 2026 and beyond, key areas of focus for the Group will include:

- Strengthening risk culture and governance across all organizational levels, fostering proactive ownership of risk.
- Undertake settlement discussions to achieve amicable resolution of selected cases with counterparties prepared to pursue out of court settlements.
- Advance third party risk oversight practices, ensuring adherence to dynamic regulatory requirements.
- Advancing digital transformation initiatives while safeguarding against cyber threats and fraud through resilient controls.
- Deliver targeted training and awareness initiatives that strengthen adherence to legal and ethical standards throughout the organization.



ESG RISK

2025 Overview

In 2025, the Group advanced its risk management framework by embedding Environmental, Social, and Governance (ESG) considerations more deeply into its operations. ESG risk was formally recognized as a principal risk, ensuring it is assessed alongside traditional financial and operational risks. A dedicated ESG Risk Management Policy was introduced to guide consistent identification, evaluation, and mitigation of ESG-related exposures across the Group.

Capacity-building initiatives were rolled out, including targeted ESG training programs to strengthen awareness and competence among staff. ESG risk assessments and mapping exercises were conducted across business units, with findings integrated into risk registers to enhance accountability. Governance was reinforced through the appointment of a Sustainability Governance Manager within the risk domain, fostering closer collaboration with the Sustainability department and Credit Monitoring unit, ensuring a coordinated approach to ESG oversight.

These measures reflect the Group's commitment to proactive risk management, aligning with global best practices and positioning the organization to navigate evolving ESG challenges with resilience and transparency.

Focus for 2026

In 2026, the Group will continue to advance its ESG and climate risk framework, guided by materiality assessment outcomes and aligned with strategic priorities.

Key areas of focus:

- **Implementation of Climate Risk Guideline 2025:** Developing and applying climate risk methodologies to strengthen resilience and ensure compliance with regulatory expectations.
- **Review and Enhancement of ESMS:** Continuous improvement of the Environmental & Social Management System (ESMS) to align with evolving standards and stakeholder expectations.

- **IFRS S1 & S2 Reporting Readiness:** Preparing for disclosure requirements under IFRS sustainability standards, ensuring transparency and comparability in ESG and climate-related reporting.
- **Risk Appetite & Key Risk Indicators:** Establishing a clear risk appetite statement and defining KRIs specific to ESG and climate risk matters, embedding them into the Group's risk monitoring framework.
- **ESG & Climate Risk Hindsighting:** Conducting retrospective reviews to evaluate past ESG and climate risk events, strengthening lessons learned and enhancing forward-looking risk practices.

All initiatives are anchored in the Group's materiality assessment and strategy development, ensuring that ESG and climate risk management remains relevant, robust, and aligned with long-term sustainability objectives.



The Group delivered measurable progress in strengthening its risk management capability, governance discipline, and operational resilience during 2025.

Conclusion and Summary

During 2025, the Group delivered measurable progress in strengthening its risk management capability, governance discipline, and operational resilience. This progress reflects a deliberate shift from foundational remediation toward a more forward-looking, integrated, and decision-support risk function, aligned with Board expectations and evolving regulatory standards.

Governance was further strengthened through improved escalation protocols, deeper engagement between management and the Board Risk Committee, and enhanced quality of risk reporting—particularly in the analysis of risk interdependencies, stress scenarios, and management responses.

Positioning for the Future: Capability Build and Strategic Risk Integration

The Group continued to build capabilities required to manage an increasingly complex and evolving risk landscape. Key milestones included the enhancement of stress testing and scenario analysis frameworks, enabling more robust forward-looking risk assessment and capital planning.

In parallel, significant progress was made in emerging risk areas:

- Strengthened cybersecurity posture, including attainment of internationally recognized certifications.
- Formal integration of ESG risk into the Risk Universe and governance framework.
- Improved credit portfolio oversight, particularly in relation to concentrated exposures and early warning capabilities.

These initiatives have enhanced the Group's ability to anticipate, assess, and respond to emerging risks, while supporting informed decision-making and long-term resilience.

Collectively, these achievements position the Group to transition into its next strategic phase with a more mature, integrated, and forward-looking risk management capability, capable of supporting sustainable growth while maintaining strong governance and financial resilience.



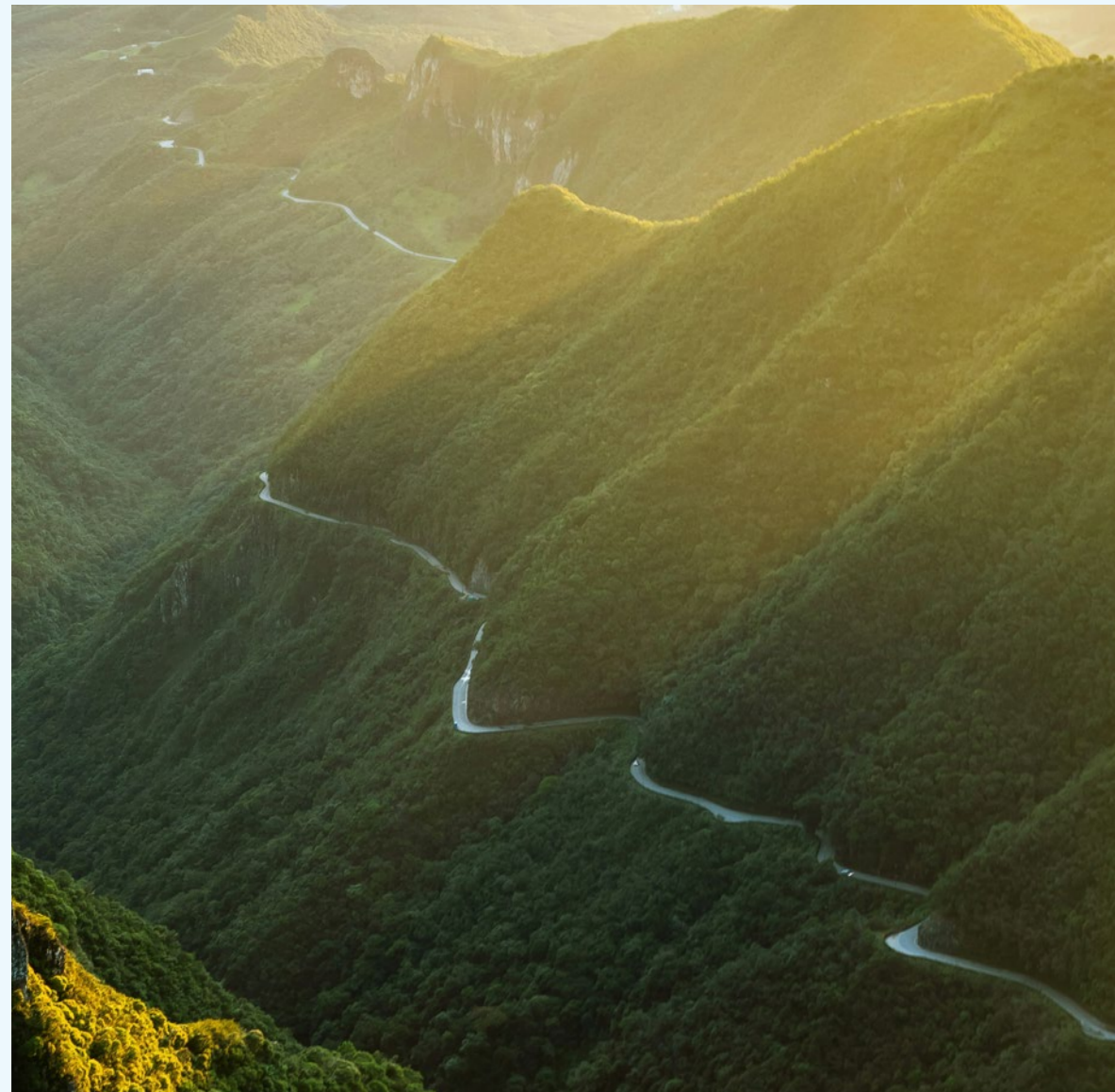
As the Group transitions into its next strategic phase beyond 2026, risk management will continue to evolve toward a more forward-looking, integrated, and decision-enabling discipline, reflecting growing complexity and interdependencies across financial and non-financial risks.

Beyond 2026: Evolving Risk Management to Support the Next Phase of Strategy

Advancements in artificial intelligence, data analytics, and automation are expected to reshape operational processes and risk dynamics, necessitating stronger governance over model risk, data integrity, customer impact, and cyber resilience.

At the same time, the growing interconnectedness of risks will require enhanced enterprise-wide visibility and the use of integrated stress testing to assess how shocks propagate across the organization. As ecosystem and platform-based partnerships expand, the risk landscape will extend beyond direct relationships, with increased focus on concentration risk, fourth-party dependencies, and alignment between third-party risk management, cybersecurity, and operational resilience frameworks.

In parallel, ESG and climate risks will become more deeply embedded within financial and strategic decision making, with strengthened capabilities in quantitative assessment, risk appetite integration, capital planning, and disclosure. Collectively, these priorities position the Group's risk management capability to anticipate emerging risks, support strategic agility, and sustain long-term resilience in a more complex and rapidly evolving environment.



OPEN A dfcu MAALI BUNDLED ACCOUNT AND ENJOY;

- Multiple currency account
- Credit interest applied on account balances tiered up to 3%
- Embedded insurance benefits: hospital cash cover, last expense, critical illness, permanent total disability & death cover up to UGX 7m*
- Free enrolment on digital channels & Visa debit card

Talk to us today! Call **0800 222000**



GOING FURTHER, TOGETHER

dfcu Bank is regulated by the Central Bank of Uganda. Customer deposits are protected by the Deposits Protection Fund of Uganda up to UGX 10 million. T&Cs apply.



06

Our Corporate Governance

Board of Directors - dfcu Limited	90
Board of Directors - dfcu Bank	92
Board of Directors - dfcu Foundation	95
dfcu Bank Executive Committee	96
Corporate Governance Report	98
Board Remuneration	114
Committee Reports	115
Directors' Report	118
Statement of Directors' Responsibilities	119

The People who Lead us

Board of Directors - dfcu Limited



Jimmy D Mugerwa

Board Chair

Honorary Council of the Kingdom of Norway

Appointed: 2022

Qualifications
MSC, BSc Agriculture

Core Competences

- 31 years' experience in oil and gas industry
- Business Strategy and Development
- Business Leadership and Stakeholder Management
- ESG
- Capital Markets
- Corporate Governance
- Marketing
- Risk Management

Committees:

- Business Development Committee



Kironde Lule

Non-Executive Director

Appointed: 2011

Retired: 10 July 2025*

Qualifications
B.Sc. (Econ.) (Hons) (LSE); F.C.A. (ICAEW); C.P.A. (USA)

Core Competences

- Accounting and Auditing
- Banking and Finance
- Risk Management
- Corporate Governance
- Tax

Committees:

- Audit and Risk Committee (Chair)



Friedrich Christian Pelser

Non-Executive Director

Appointed: 2019

Qualifications
CA (SA) and B.Sc. (Acc.) (Hons).

Core Competences

- Accounting and Auditing
- Investment Banking and Private Equity
- Risk Management
- ESG
- Finance
- Corporate Governance
- Business Strategy

Committees:

- Nominations and Governance Committee (Chair)
- Audit and Risk Committee



Arimi Barbra Teddy

Non-Executive Director

Appointed: 2019

Qualifications
CIPR, MBA, CIM, B.Com

Core Competences

- Marketing
- Business Strategy and Development
- Public Relations and Stakeholder Management

Committees:

- Business Development Committee (Chair)
- Nominations and Governance Committee



Dr. Aminah Zawedde

Independent Non-Executive Director

Appointed: 2020

Qualifications
PhD CS, CISA, MSCS, BSc(Hons) Stats & Econ.

Core Competences

- Digital Transformation
- Business Process Re-engineering and Development
- Enterprise Architecture
- Information and Technology Innovation
- Risk Management
- Strategy

Committees:

- Audit and Risk Committee
- Business Development Committee



Francis Gimara, SC

Independent Non-Executive Director

Appointed: 2024

Qualifications
MDR, LLM, PG Dip(BM), Dip. LP (LDC)LLB

Core Competences

- Law
- Corporate Governance
- Banking and Finance
- Tax
- Capital Markets

Committees:

- Nominations and Governance Committee



Keto Kayemba

Independent Non-Executive Director

Appointed: 10th July 2025

Qualifications
CPA, ACCA, ISACA, CISA MBS, MSc (Energy Management), B. Com

Core Competences

- Audit and Accounting
- Finance Corporate Governance
- Systems Audit
- ESG
- Risk Management

Committees:

- Audit and Risk Committee (Chair)



Sophie Achak*

General Manager

Appointed: 1st January 2025*

Qualifications
MBA, B.Com

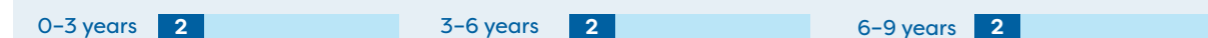
Core Competences

- Banking and Finance
- Strategy Development & Implementation
- Financial Management

Committees:

- None

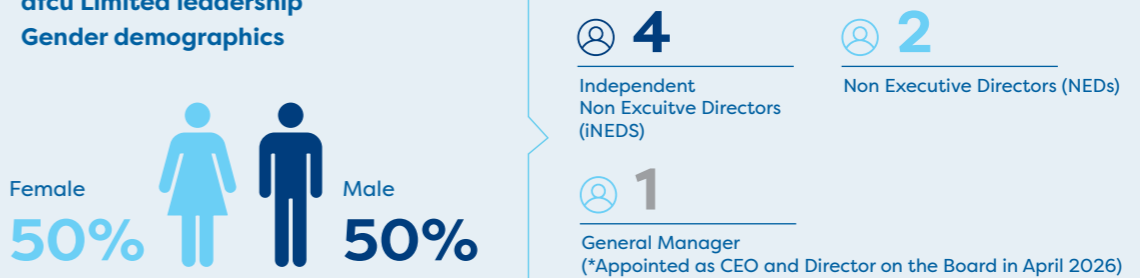
dfcu Limited tenure



dfcu Limited Expertise




dfcu Limited leadership Gender demographics



The People who Lead us


Board of Directors - dfcu Bank

			
<p>Dr. Winifred Mary Tarinyeba Kiryabwire</p>	<p>Albert Johan Martein Marie Jonkergouw</p>	<p>Stephen John Caley</p>	<p>Dr. Geoffrey Jeff Sebuyira – Mukasa</p>
<p><i>Chairperson Board of Directors</i></p>	<p><i>Non-Executive Director</i></p>	<p><i>Non – Executive Director</i></p>	<p><i>Independent Non – Executive Director</i></p>
<p>Appointed: 12th April 2019</p>	<p>Appointed: 9th August 2013</p>	<p>Appointed: 2nd June 2016</p>	<p>Appointed: 1st January 2023</p>
<p>Qualifications LLB, PGDip (LDC), LLM, JSD</p>	<p>Retired: 8th August 2025*</p>	<p>Retired: 2nd June 2025*</p>	<p>Qualifications BCom, FCCA, Masters in Business Leadership, Doctorate in Business Leadership</p>
<p>Core Competences</p> <ul style="list-style-type: none"> • Legal & regulatory • Financial services • Governance. 	<p>Qualifications CTA, BCom.</p>	<p>Qualifications Chartered Institute of Bankers Diploma.</p>	<p>Core Competences</p> <ul style="list-style-type: none"> • Leadership • Accounting • Risk • People/ Organizational development • Audit & Assurance
<p>Committees:</p> <ul style="list-style-type: none"> • None 	<p>Core Competences</p> <ul style="list-style-type: none"> • Accounting • Financial services • People/ Organizational development 	<p>Core Competences</p> <ul style="list-style-type: none"> • Accounting • Financial services • People/ Organizational development 	<p>Committees:</p> <ul style="list-style-type: none"> • Risk Committee (Chair) • Assets and Liabilities Committee • Audit Committee
	<p>Committees:</p> <ul style="list-style-type: none"> • Nominations Committee, • Remunerations and Governance Committee • Technology Digital and Operations Committee 	<p>Committees:</p> <ul style="list-style-type: none"> • Technology Digital and Operations Committee (Chair) • Risk Committee, • Remunerations and Governance Committee • Assets and Liabilities Committee • Nominations Committee (Chair) 	

			
<p>Mark William Springett</p>	<p>Dr. Danete Higgins Zandamela</p>	<p>George Njuguna Kamau, MBS</p>	<p>Mille Nkaja</p>
<p><i>Independent Non – Executive Director</i></p>	<p><i>Independent Non – Executive Director</i></p>	<p><i>Independent Non – Executive Director</i></p>	<p><i>Independent Non – Executive Director</i></p>
<p>Appointed: 12th July 2022</p>	<p>Appointed: 18th August 2022</p>	<p>Appointed: 20th September 2024</p>	<p>Appointed: 14th October 2024</p>
<p>Qualifications BCom.</p>	<p>Qualifications DBA (Banking - UK); DBA (Banking - Netherlands) MSc (Strategic Management - UK) Banker's Diploma (IOBSA)</p>	<p>Qualifications MBA, BSBA, Management Information Systems Skills: ICT, Banking and financial services</p>	<p>Qualifications MBA, B.Com.</p>
<p>Core Competences</p> <ul style="list-style-type: none"> • Accounting • Risk • Audit & Assurance • Financial services 	<p>Core Competences</p> <ul style="list-style-type: none"> • Banking and financial services • Business strategy • Accounting • Risk • Audit & Assurance. 	<p>Core Competences</p> <ul style="list-style-type: none"> • Accounting • Financial services • People/ Organizational development 	<p>Core Competences</p> <ul style="list-style-type: none"> • Accounting • Risk • Banking and financial services
<p>Committees:</p> <ul style="list-style-type: none"> • Audit Committee (Chair) • Risk Committee, • Technology Digital and Operations Committee. 	<p>Committees:</p> <ul style="list-style-type: none"> • Assets and Liabilities Committee (Chair) • Remuneration and Governance Committee • Credit Committee 	<p>Committees:</p> <ul style="list-style-type: none"> • Technology Digital and Operations Committee (Chair) • Audit Committee • Remuneration and Governance Committee 	<p>Committees:</p> <ul style="list-style-type: none"> • Credit Committee (Chair) • Assets and Liabilities Committee • Risk Committee

The People who Lead us

Board of Directors - dfcu Bank



Amanda Kabagambe
Independent Non-Executive Director

Appointed:
1st June 2025


Qualifications
MBA, PMP, CBA
B.A Econ

Core Competences

- Financial services
- Business strategy
- Business process re-engineering
- Organizational development
- Resources mobilization and fundraising
- Alternative investments

Committees:

- Remuneration and Governance Committee (Chair)
- Credit Committee
- Technology, Digital and Operations Committee



Charles Mudiwa
Executive Director

Appointed:
28th March 2023


Qualifications
BA Econ, PGD Leadership & Change Management, Banking Certificate, AMP and Certificate in Digital Transformation & Enterprise Leadership.

Core Competences

- Banking and financial services
- Business strategy
- Economics
- Leadership & Change Management

Committees:

- None



Kate Kiiza
Executive Director

Appointed:
7th August 2023

Qualifications
B. sci Econ, CPA, ACCA, FCCA.

Core Competences

- Accounting
- Banking and Financial services
- Business strategy
- Economics
- Audit & Assurance
- Risk Management
- Investor Relations

Committees:

- None

dfcu Bank tenure

0-3 years	4
3-6 years	2
6-9 years	5


dfcu Bank leadership Gender demographics

Female	36%
Male	64%



The People who Lead us

Board of Directors - dfcu Foundation




Dr James Ssemwanga
Board Chair

Appointed:
2021

Qualifications
Ph.D. (PHT), MSc. in PHT, B.Sc. (Agric)

Core Competences

- Agribusiness professional
- Food security




Kate Kiiza
Non-Executive Director

Appointed:
7th August 2023

Qualifications
B. sci Econ, CPA, ACCA, FCCA.

Core Competences

- Accounting
- Banking and Financial services
- Business strategy
- Economics
- Audit & Assurance
- Risk Management,
- Investor Relations



Mabel Ndawula
Executive Director

Appointed:
2025

Qualifications
MBA, PMP, B.Stat.

Core Competences

- Strategy Planning and Execution
- Program and Project Management
- Institutional Strengthening and Development
- Grants Management

dfcu Foundation tenure

0-3 years	2
3-6 years	1
6-9 years	0

dfcu Foundation leadership Gender demographics

Female	67%
Male	33%



The People who Lead us

dfcu Bank Executive Committee



Charles Mudiwa

*Managing Director/
Chief Executive
Officer*

Qualifications
BA Econ, PGD Leadership & Change Management, Banking Certificate, AMP and Certificate in Digital Transformation & Enterprise Leadership.



Kate Kiiza

*Executive Director and
Chief Officer,
Corporate &
Institutional Banking*

Qualifications
B. Sci Econ, CPA, ACCA, FCCA.



Rebecca Birungi

*Chief Financial
Officer*

Qualifications
B. Com, MSc FSM (UK), CPA, FCCA.



Margaret Karume*

*Chief Credit Officer
*Appointed Executive
Director May 2026*

Qualifications
GEMD, BSc in IBA from USIU Africa, a Diploma in CRM from the IFS (UK), and is an Associate of KIB.



Stephen Odoya Chomi

Chief Legal Officer

Qualifications
LLB, PGDip (LDC)



Annette Kiconco

*Chief Retail Banking
Officer*

Qualifications
BSc in Math & Econ, LIBF CCACS.



Maryann Wanjiku Michuki

*Chief Business
Solutions & Marketing
Officer*

Qualifications
Chartered Marketer, B. Bus & Comm.



Musa Musazi

*Chief Technology,
Digital & Operations
Officer*

Qualifications
BSc Elec Eng, MBA, PMP.



Hope L. Nakhayenze

Chief Risk Officer

Qualifications
B.Sc. Civil Eng, FCCA, CTA.



Simon Peter Kiwanuka

*Chief Compliance
Officer*

Qualifications
BA Econ, MBA, CAMS.



Marsha Nyonyozi Walusimbi

*Chief People &
Culture Officer*

Qualifications
M.Sc. (HRM), Cert (HRM).



Grace Buwooza

*Chief Internal Audit
Officer*

Qualifications
CPA, CIA, CGEIT, CAE



Farida Nantege

*Chief Information
Security Officer*

Qualifications
MBA, Bsc.IT, CISA, CISM, ISO27001 lead implementor.

dfcu Bank Executive gender demographics



Corporate Governance Report



Governance is the architecture of trust:

It is how we ensure that risk is understood, long-term value is protected, and account for our performance.

At **dfcu**, governance is not a box-ticking exercise; it is the discipline that shapes how decisions are made and priorities are set. By treating governance as a strategic enabler rather than a compliance obligation, the Board and Management of **dfcu** remained focused on resilience, innovation, and driving sustainable long-term value creation.

In 2025, **dfcu** Limited (the Company) strengthened the foundations of its governance framework to support its evolving strategic direction. Through enhanced oversight, strengthened leadership accountability, and disciplined execution, the Company positioned itself to address emerging regulatory requirements, support business diversification, and reinforce institutional resilience. Under the strategic guidance of the Board and the diligent execution by the Management team, these measures advanced the Company's capacity to adapt to dynamic market conditions.

This report outlines how the Board exercised oversight and provided strategic guidance on the Company's governance practices, ensuring that **dfcu** Limited remained responsive to a dynamic economic and risk environment while upholding the principles of accountability, transparency, and responsible stewardship.

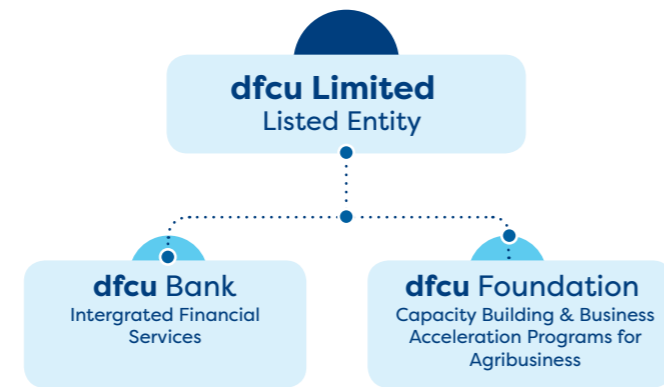
During the year under review, the Company prioritized strengthening its governance architecture to align with regulatory developments and its evolving strategic priorities. The Board and Management reinforced key governance pillars, including oversight structures, leadership accountability, and control frameworks, enabling **dfcu** Limited to sustain performance, manage risk effectively, and deliver long-term value.

Key priorities for the year included:

- Focus on the key strategic priorities to drive growth and ensure they are delivered with discipline.
- Alignment of governance frameworks across **dfcu** to ensure consistency with the evolving regulatory expectations.
- Simplifying processes, strengthening accountability, and improving operations.
- Risk management and regulatory compliance to grow shareholder value and sustain long-term stability.
- Succession planning at both the Board and Executive levels.

Our Governance Framework

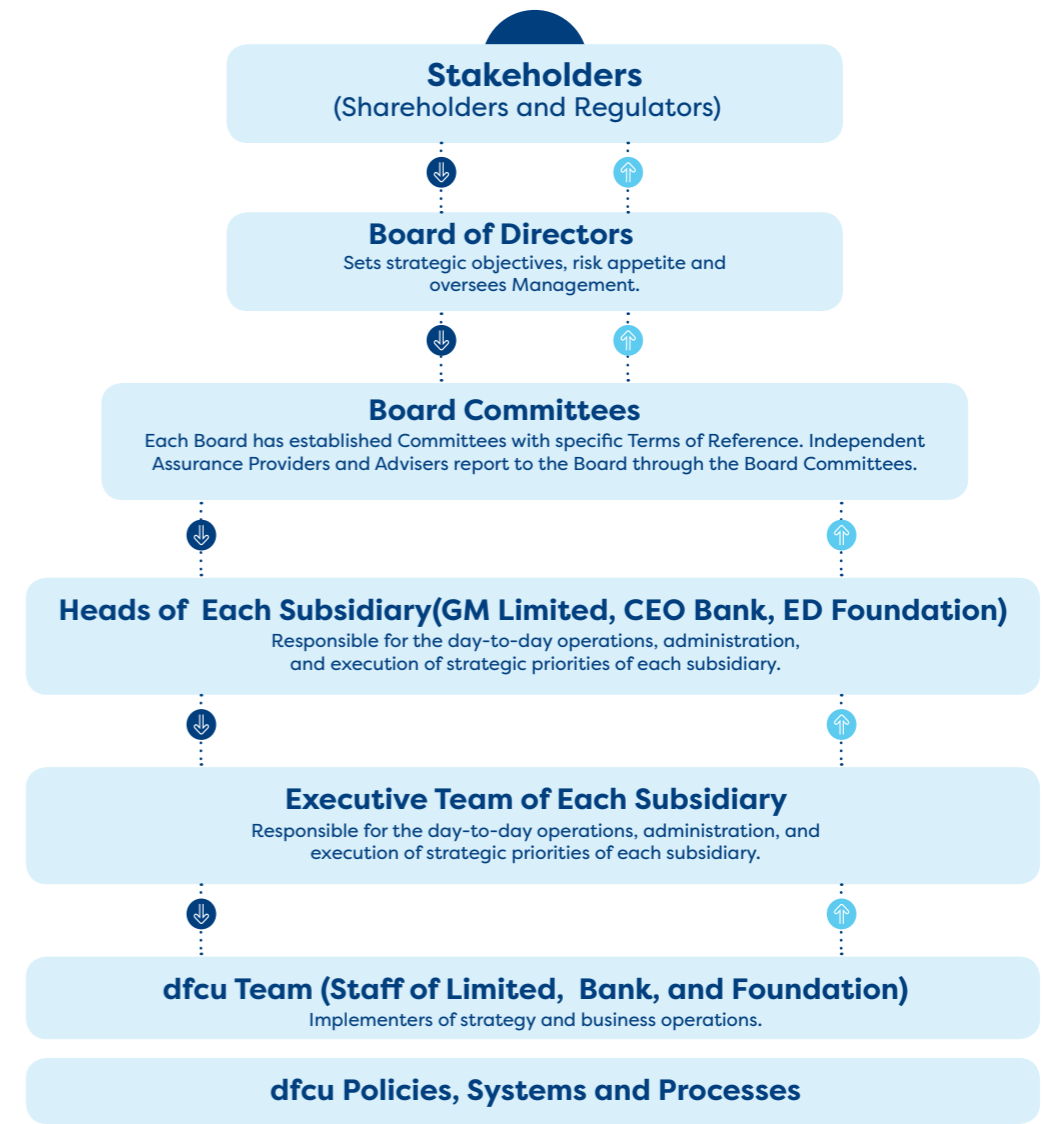
The **dfcu** Group (**dfcu**) comprises **dfcu** Limited (the holding company), **dfcu** Bank, and **dfcu** Foundation, working together to serve the Ugandan market. **dfcu** Limited is listed on the Uganda Securities Exchange and had 3,822 shareholders as at 31 December 2025 as indicated on page 272 of this Annual Report.



Each **dfcu** entity has its own Board, responsible for each respective company's performance and long-term success. The Board defines strategy, tests key assumptions, oversees management, and ensures operations follow strong governance, risk management, and internal controls. To enhance oversight, the Board works through committees that focus on critical areas and support sound decision-making. Throughout the year, the Board engaged closely with Management reviewing strategy execution, monitoring performance, and guiding key decisions. **dfcu** values diversity of perspective at the Board level, appointing directors for their expertise, judgment, and independence in driving oversight and long-term value creation. Further details on Board composition and experience are provided on page 90 and 91 of this Annual Report.

➤ **3,822**
Number of **dfcu** shareholders as at 31 December 2025

dfcu operates under clearly defined policies and procedures that guide how decisions are made and how risks are managed. The table below indicates the delegation and accountability matrix:



The governance framework is designed to support long term sustainable success through strong oversight, clear strategic direction and disciplined execution. As the operating environment becomes more complex and increasingly regulated, the strategic discussions have become skewed to a forward-looking approach. The statements from the leadership demonstrate how the different facets of governance of the Company are being applied to strengthen resilience, drive sustainable growth and position the Company for the future.

Codes and Regulations

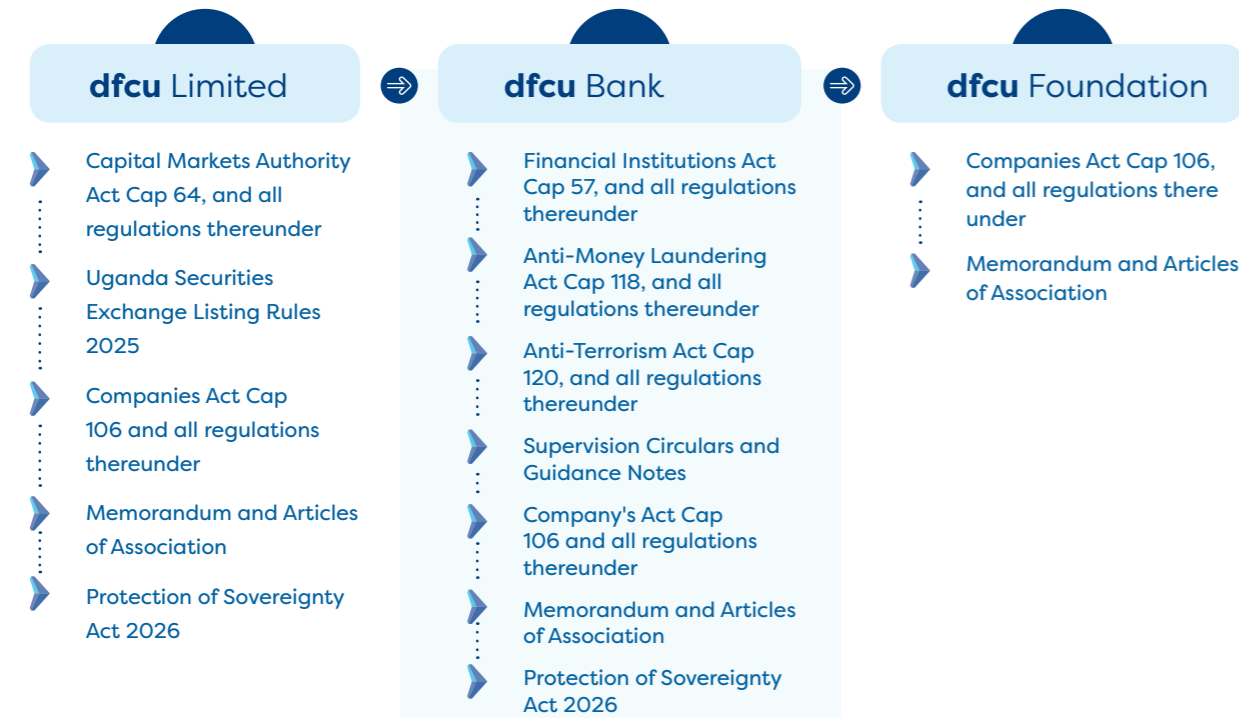
dfcu Limited operates within a disciplined governance and compliance framework appropriate for a regulated financial services group. The Board ensures that the Company's policies, governance structures, and internal controls remain aligned with applicable laws and regulatory expectations. During the year, key policies and Board governance documents were reviewed to align with the revised Corporate Governance Guidelines issued by the Capital Markets Authority, which require full compliance by 2026.

The Company also engaged proactively with the Bank of Uganda prior to the roll out of the Financial Holding Company Guidelines, which came into effect on 1 November 2025. The engagements were intended to ensure regulatory alignment while supporting the Group's strategy to expand and diversify its financial services platform. The Guidelines bring the operations of **dfcu** Limited within the Bank of Uganda's regulatory oversight and introduce enhanced governance and supervisory requirements applicable to financial holding companies. Among other matters, the Guidelines provide for the Bank of Uganda's oversight of the appointment of directors and executive officers, shared service arrangements within the Group, and the scope of financial services and activities undertaken by the Group.

Engagement with the Bank of Uganda remains ongoing as the Company continues to align its governance and operational framework with the evolving regulatory regime

Corporate Governance Report

The key operating frameworks include:



Status of Compliance

The Board is satisfied that the Company complied with material respects of the relevant statutory, regulatory, and listing requirements applicable to its operations. The Board will continue to strengthen its compliance and governance practices to respond to evolving regulatory expectations and safeguard the interests of shareholders and other stakeholders. Engagements remain ongoing with the Bank of Uganda Financial Holding Company guidelines are mentioned but implications and Board response are not fully explained. Add a concise status update, transition plan and any material implications, if appropriate and legally approved.

The Board and How It Operates

1. Roles and Responsibilities

<p>Shareholders</p>	<p>Shareholders are the owners of the Company and long-term partners in value creation. They do not participate in the day-to-day management of the business. Their principal governance role is to appoint the Board of Directors, which oversees Management and ensures the Company is properly governed and managed.</p> <p>The shareholders at the last Annual General Meeting held on 10th July 2025 appointed CPA FCCA Keto Nyapendi Kayemba as Director in the Company and noted the retirement of Mr. Fred Kironde Lule.</p> <p>Shareholders are also responsible for appointing the External Auditors and holding the Board accountable for maintaining effective corporate governance.</p>
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Members of the Board and Management attending the 60th AGM



Shareholders attending the 60th AGM

1. Roles and Responsibilities

<p>Board</p>	<p>As stewards appointed by the shareholders, the Board:</p> <ol style="list-style-type: none"> Promotes the Company's long-term success in the interests of shareholders and stakeholders. Sets strategy and provides independent oversight of Management. Upholds high standards of governance, integrity, and ethical conduct. Oversees financial reporting, internal controls, and risk management. Maintains a clear balance between Board oversight and executive authority. Ensures the Board has the policies, information, and resources needed to operate effectively. Conducts regular evaluations of the Board, its committees, and individual directors. Drives continuous improvement, accountability, and fair treatment of all shareholders.
<p>Board Chair</p>	<p>As the principal link between the Board, Management, shareholders, and other key stakeholders, the Board Chair:</p> <ol style="list-style-type: none"> Provides leadership to the Board and ensures its effectiveness in setting strategy and overseeing the long-term success of the Company. Fosters an environment of rigorous debate and constructive challenge to support high-quality decision-making. Ensures the Board maintains independent oversight of Management while supporting effective execution of strategy. Guides the Board in overseeing risk, capital allocation, financial integrity, and governance standards. Ensures the Board receives timely, accurate, and relevant information to enable informed deliberation and sound judgment. Promotes high standards of governance, ethical conduct, and accountability. Leads the evaluation of the Board, its committees, and individual directors, and support continuous improvement in Board effectiveness.
<p>Board Committees</p>	<p>Operates under delegated authority and clearly defined terms of reference approved by the Board to:</p> <ol style="list-style-type: none"> Provide focused oversight and detailed scrutiny of key governance, risk, and operational areas. Support informed decision-making by the Board through specialized review and analysis. Strengthen accountability and enhance the overall effectiveness of Board oversight.

Corporate Governance Report

1. Roles and Responsibilities

 Business Heads	<p>The Board delegates the implementation of approved strategies, policies, and operational plans to the business heads, while retaining oversight to ensure alignment with the Company's objectives and compliance with applicable regulatory requirements. This framework promotes clear accountability, enables Management to execute effectively, and allows the Board to focus on strategic direction, risk oversight, and sound governance. The business heads:</p> <ol style="list-style-type: none"> i. Lead the execution of the Company's strategy and deliver sustainable performance. ii. Drive operational excellence by focusing on the most critical business priorities and outcomes. iii. Build and lead a high-performing leadership team aligned with the Company's purpose and values. iv. Ensure disciplined allocation of capital, talent, and resources to support growth and resilience. v. Maintain strong risk management, internal controls, and compliance with regulatory requirements. vi. Provide the Board with clear, timely insight into performance, risks, and strategic opportunities to support effective oversight.
--	--

2. Separation of the Role of the Chairman and Executive Officers
 There is a clear separation of the roles and responsibilities of the Board Chairman and the General Manager of the Company. The day-to-day management of the operations of **dfcu** Limited is conducted by a General Manager appointed by the Board. The General Manager is responsible for effectively implementing the Company's strategy and reports to the Board. The Chairman provides leadership to the Board in the execution of its mandate. The General Manager had not been appointed as an executive member of the Board as of the close of the reporting period.

3. Directorship Commitments
 The Board recognizes that Directors may serve on the boards of other entities, and such experience is an important consideration in the director selection process. However, to ensure that each Director is able to devote sufficient time and attention to the affairs of the Company, limits are placed on external board commitments.

A Director is not eligible for appointment to the Board if they serve on more than three boards of publicly listed companies. In the case of a Board Chair, service is limited to a maximum of two listed company boards. These limits are intended to avoid over-boarding and ensure that Directors are able to discharge their responsibilities effectively and dedicate adequate time to Board and Committee matters.

4. Assurance Providers
 The Board relies on assurance providers to support effective oversight of the Company's operations, financial reporting, and risk management. The external auditors and internal auditors independently assess the effectiveness of the Company's control mechanisms and report directly to the Board.

Through these assurance mechanisms, the Board receives objective insights into the adequacy and effectiveness of internal controls, the integrity of financial reporting, regulatory compliance, and the robustness of risk management practices. The coordinated work of these assurance providers strengthens the Board's ability to exercise informed oversight and reinforces the Company's commitment to transparency, accountability, and sound corporate governance. The assurance providers are mandated to request a session with the Directors, with the exclusion of Management.

5. Compliance with Capital Markets (Corporate Governance) Regulations
 The Company is committed to upholding the highest standards of corporate governance and affirms that, during the year under review, it complied with the Capital Markets (Corporate Governance) Regulations in all material respects. A comprehensive assessment of adherence was undertaken, confirming the Company's compliance with the prescribed requirements. To ensure full alignment, any outstanding matters will be addressed and concluded in 2026, thereby reinforcing the Company's commitment to continuous improvement and regulatory compliance. A key matter in the guidelines that will be closed in 2026 is the appointment of Ms. Sophie Achak as an Executive Director to the Board following the change in the nomenclature of the head of business from General Manager to Chief Executive Officer.

6. Combined Skills
 These are highlighted on page 90 of this Annual Report.

Board Governance

The Board of Directors of each of the entities within **dfcu** is comprised of members with diverse skills and experience, as indicated in the subsequent pages.

A. dfcu Limited

Board Composition and Expertise

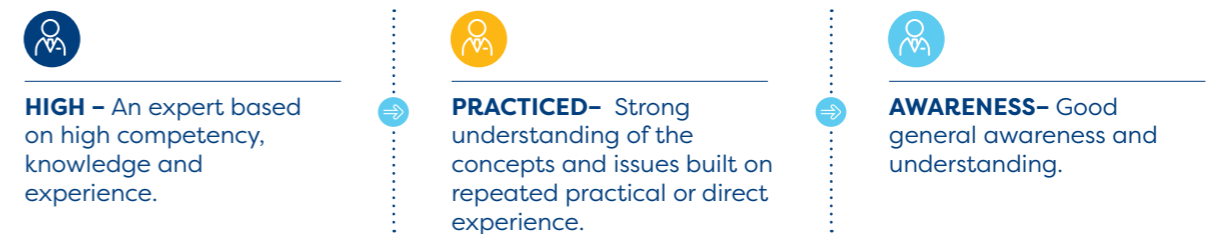
The Board of **dfcu** Limited comprised seven Non-Executive Directors, the majority of whom are independent. The Board brings together diverse expertise and experience, enabling informed oversight and robust decision-making. Detailed biographies of the Directors are provided on page 90 of this Annual Report, while the skills matrix below outlines the Board's collective expertise as at 31 December 2025.

Board Skills Matrix

The Board conducts an annual review of its skills matrix to ensure alignment with the Company's strategic priorities. The review confirmed that the current mix of skills is both relevant and complementary, enabling the Board to collectively provide effective oversight and support the continued execution of the Group's strategy. The Board's size remains lean and proportionate to the scale and complexity of the business, while remaining fully compliant with the minimum requirements set out in the Capital Markets Corporate Governance Regulations.

Financial services boards require a broad mix of skills and experience to ensure effective governance and serve stakeholders. By balancing expertise and capabilities, boards provide strategic direction while supporting value creation and preservation. The Board's skill mix reflects deep expertise and business driven skills required to exercise sound judgement needed to grow the business and drive long term value.

Each icon represents one Director; skill levels are defined as:



SKILLS CATEGORY	DESCRIPTION	DIRECTOR RATINGS
Audit and Accounting	Expertise in financial reporting, audit oversight, internal controls, and ensuring the integrity of financial disclosures.	
Finance	Experience in financial management, capital allocation, and oversight of financial performance and sustainability.	
Business Development	Experience in identifying growth opportunities, expanding markets, and building strategic partnerships that drive long-term value creation.	
Capital Markets	Knowledge of capital markets, investor expectations, funding structures, and market regulatory requirements for listed companies.	
Corporate Governance	Understanding of governance frameworks, board oversight responsibilities, ethical requirements and regulatory compliance.	
Legal	Expertise in legal frameworks, regulatory obligations, and contractual governance, with a strong focus on legal risk mitigation.	
Risk management	Experience overseeing enterprise risk frameworks.	
Strategy	Ability to shape long-term strategic direction, assess competitive positioning, and oversee execution of strategic priorities.	
Marketing	Insight into market positioning, brand development, customer engagement, and strategies that support revenue growth and competitiveness.	

Corporate Governance Report

SKILLS CATEGORY	DESCRIPTION	DIRECTOR RATINGS
Stakeholder & Public Relations	Ability to engage effectively with regulators, investors, customers, and other stakeholders.	
Information Technology and Innovation	Understanding of digital transformation, cybersecurity, and technology-driven business innovation.	
Taxation	Knowledge of tax frameworks, compliance obligations, and tax planning considerations affecting corporate performance and governance.	
ESG	Understanding of sustainability, responsible business practices, and oversight of environmental, social, and governance risks and opportunities.	
Human Resource Management	Experience in talent management, leadership development, succession planning, organizational culture, and remuneration oversight.	
Policy Development	Prior service on boards, contributing to effective governance, oversight, and decision-making.	
Regional/ International business experience	Exposure to operating across multiple jurisdictions and an understanding of regional or global business dynamics.	

Board Meetings

Meetings of the Board are convened on a quarterly basis, in line with established governance practices. The Board of Directors held four (4) mandatory quarterly meetings and three (3) special meetings to address emerging matters requiring timely attention. The Board comprised the following members, whose attendance at the mandatory meetings in 2025 is detailed below:

MAIN BOARD

7
Members

7
Scheduled Meetings

Mr. Jimmy Mugerwa
(Chairperson)

➤ Board Chairman

➤ 7 - Meetings

Ms. Keto Kayemba
(appointed on 10th July 2025)

➤ Chair, Audit and Risk Committee

➤ 5 - Meetings

Mr. Friedrich Christian Pelsler

➤ Chairman, Nominations and Governance Committee

➤ 7 - Meetings

Ms. Arimi Barbra Teddy

➤ Chair, Business Development Committee

➤ 7 - Meetings

Dr. Aminah Zawedde

➤ Director

➤ 6 - Meetings

Mr. Francis Gimara SC

➤ Director

➤ 7 - Meetings

Mr Kironde Lule
(retired on 10th June 2025)

➤ Director

➤ 3 - Meetings

Key Focus Areas in 2025

1. Strategic Matters

1.1 Strategic Planning Alignment

The Board reviewed progress against the strategic plan to assess the milestones made. On 26th September 2025, a joint board session with Executive leadership from all **dfcu** entities was held to align key priorities across **dfcu** and to sharpen focus on shared priorities and reinforce accountability for long-term success. **dfcu** Limited does not participate in the day-to-day operations of the subsidiaries and limits its role to the holding of equity.

1.2 Governance Review

Ernst and Young was engaged to undertake a comprehensive review of **dfcu**'s governance framework and assess its effectiveness against the evolving regulatory environment, strategic priorities, and business operating environment. The objective was to ensure **dfcu** maintains an efficient structure capable of driving sustainable shareholder value. The Board will evaluate the recommendations provided, and once approved by each entity's Board, implementation will proceed in a phased manner.

1.3 Operational Efficiency and Workforce Stability

To stay competitive, **dfcu** took targeted action to address rising costs and staff attrition. The focus was straightforward: retain critical talent, improve productivity, and enforce stronger cost discipline. We strengthened talent retention strategies to attract and retain high-quality people while remaining competitive in the market. Together, these steps are restoring operating leverage and strengthening **dfcu**.

1.4 Leadership Empowerment

The Board enhanced the authority of the General Manager role to improve accountability, accelerate decision-making, and enhance execution. Targeted executive coaching for the leadership team remains a focus area that the Board encourages to strengthen leadership capability in delivering key business development initiatives.

2. Board Capacity Building

Continuous Board development ensures that Directors remain well-equipped to provide effective oversight and to navigate the evolving regulatory and operational environment of the banking sector. During the year, Directors participated in targeted development sessions aligned with the Company's 2025 strategic priorities. These sessions focused on strengthening oversight in key areas, including optimization of expected credit loss under IFRS 9, cyber security and AML/CFT/CPF training by the Financial Intelligence Authority.

3. Board Performance and Effectiveness Review

- a. Board evaluations are conducted annually in accordance with a structured modality approved by the Board, based on the recommendation of the Nominations Committee. In 2024, the Board undertook an externally facilitated review, which provided valuable recommendations to guide its future priorities. To assess progress, a self-evaluation was carried out to measure the extent to which the recommendations from Dorion Associates had been implemented.
- b. Further, the Board Chair also held discussions with each Director on their performance on the Board and agreed on the areas of focus for the year, given the unique expertise each one brings to the Board.
- c. The Non-Executive Directors also evaluate the performance of the Board Chairman to ensure effective leadership, balanced decision-making, and adherence to governance standards. This evaluation process reinforces accountability at the highest level, promotes transparency in Board operations, and ensures that the Chairman's role continues to support the Company's strategic objectives and stakeholder interests.
- d. The Board undertook a self-evaluation in 2025 to assess its performance, effectiveness, governance culture, and strategic alignment. The findings have shaped the Board's 2026 priorities, reinforcing its commitment to continuous improvement and robust governance.

Key Observations from 2024 Board Evaluation	Actions Undertaken in 2025	Observations from the Board self-evaluation
Fast tracking of implementation of the business strategy.	The Board approved a phased rollout of new business lines, beginning with the CIS business. The objective is to strengthen revenue growth and increase long-term shareholder value.	There was traction realised on the implementation of the strategic business lines and once operationalized should be able to drive shareholder value.
Succession planning for the General Manager	On January 1, 2025, a new General Manager took leadership of dfcu Limited. She moved quickly to align the team and establish a clear succession framework to strengthen leadership depth and support future growth.	A succession framework is in place that ensures business continuity.

Corporate Governance Report

Key Focus Areas in 2025

Key Observations from 2024 Board Evaluation	Actions Undertaken in 2025	Observations from the Board self-evaluation
Enhanced stakeholder engagement.	The Company strengthened engagement with regulators, partners, and investors through structured dialogue. This improved transparency and ensured stakeholder insights inform strategic decisions and long-term value creation.	This remains a key focus area of the Board.

- e. 2026 Focus Areas:
Following the self evaluation undertaken, several focus areas have been identified for 2026. This will form part of the agenda discussions throughout the year.
- Risk Management
 - Sustainability and ESG integration
 - Stakeholder engagement
 - Succession and Board refresh engagements
 - Executive mentorship

An independently facilitated evaluation will be undertaken to validate the performance of the Board for the year 2026.

4. Bank of Uganda Financial Holding Company Guidelines

On 10 October 2025, the Bank of Uganda issued the Financial Holding Company Guidelines, effective 1 November 2025. The guidelines introduce regulatory oversight of financial holding companies and require each FHC to maintain at least two financial services subsidiaries. The Board is engaging constructively with the Bank of Uganda regarding the implementation of the guidelines.

5. Succession planning

This remained a key focus of Board deliberations throughout the year, spanning both Board leadership and the Executive function. As part of this process, Mr. Fred Lule retired at the last Annual General Meeting, and Ms Keto Kayemba was appointed in his stead to strengthen financial oversight.

As part of broader succession planning, Management was also advised to put in place designated back-up officers to support business continuity and ensure leadership stability.

6. Board Induction

Following her appointment to the Board, Ms. Keto Kayemba was inducted and oriented to enable her to contribute effectively from the outset. The process provided a focused understanding of the Company's business model, strategy, governance framework, regulatory environment, and risk profile through early engagement with senior Management and Directors. The purpose of the induction is to equip new Directors with the necessary context and institutional knowledge to exercise independent judgment and support quality Board decision-making.

7. Rotation and Re-election of Directors

Details of the Directors standing for re-election in 2026 are included in the accompanying AGM pack and are supported by confirmation from the Board Chair. The Board has evaluated the performance of the said Directors and is satisfied that each continues to contribute effectively and demonstrates an appropriate level of commitment, including sufficient time devoted to Board and Committee responsibilities.

The Directors subject to rotation have each served for more than six (6) years and are scheduled to retire from the Board in 2028. The Board has commenced a search process for potential Directors to strengthen the Board's composition and maintain an appropriate balance of skills, experience, and independence. This process is also intended to facilitate a smooth transition and satisfaction of the regulatory requirements.

The following is indicative of the staggered retirement plan of the Board of Directors

Expiry of Tenure	2028	2029	2031	2033	2034
Directors retiring	2	1	1	1	1

Key Focus Areas in 2025

8. Treatment of Conflict of Interest

At the start of each meeting, Directors disclose any conflicts related to the agenda. Where a conflict exists, the affected Director does not participate in the discussion or decision. The same process applies to Committee meetings. If a majority of Committee members are conflicted, the matter is referred to the full Board for discussion. All declared conflicts during the year were reviewed and managed to preserve the independence of the Board's decisions.

9. Stakeholder Engagement

Active dialogue with shareholders and stakeholders was maintained through the Annual General Meeting, investor briefings, and regulatory engagements. These interactions provided direct insight that informed Board deliberations and strategic priorities. To institutionalize this approach, the Board approved a formal stakeholder engagement plan to guide systematic and consistent engagement going forward.



Opening of the Fort Portal branch



dfcu Limited Board Chair with a stakeholder



Bank Board Chair, Bank CEO & LC V chairperson, Hon. Richard Rwabuhinga



Directors interacting with the branch Manager



dfcu Foundation Chair with a stakeholder



Directors arriving for the new branch opening event

The Company through its Share Registrars, continually reviews the share register to enhance shareholder participation. Shareholders are encouraged to engage the Share Registrars to update their records, resolve outstanding dividend claims and support the immobilization of their shares.

10. Key Material Matter

During the year under review, the Company continued to manage the London matter. While the matter remains material to the Company, Management has remained focused on driving business growth. As the matter remains before the Court, the Company is unable to provide further details and continues to stand by the contents of the previously published statement. Also refer to note 44(b) under the financial statements.

11. Going Concern Assessment

The Directors have assessed the Company's ability to continue operating and are satisfied that it remains a going concern. In reaching this conclusion, the Board reviewed the Company's financial position, liquidity, cash-flow forecasts, capital resources, and principal risks. This assessment was based on Board-

approved budgets and forecasts, supported by stress and sensitivity testing and a review of the Company's funding arrangements and operating environment. No material uncertainties were identified that would cast significant doubt on the Company's ability to continue meeting its obligations as they fall due. Accordingly, the financial statements have been prepared on a going concern basis. The detailed statement on going concern is provided on page 138 of the Annual Report.

12. Looking Ahead in 2026

The financial services landscape continues to evolve rapidly. Regulation is shifting, technology is reshaping customer expectations, and competition is intensifying. To stay ahead, we shall operate with discipline encompassing strong risk management, rigorous compliance, and clear accountability for execution.

As we enter 2026, our priorities remain straightforward: execute the strategy with discipline, adapt quickly where conditions change, and continue strengthening the institution so it delivers durable value for shareholders and the communities we serve.

Corporate Governance Report

Board Committees

The Board Committees assist the Board in the discharge of its duties and responsibilities. There are three Board committees, two of which are statutory.

To ensure focused attention on key aspects of the Company's operations, the Board delegates certain functions to specialized Committees, which provide recommendations for Board consideration. Each Committee operates under defined terms of reference outlining its roles and responsibilities, ensuring structured decision-making. Clear communication channels between the Board and its Committees facilitate effective oversight and governance.

The Board actively monitors these responsibilities to maintain comprehensive control over the Company's operations. All matters not addressed by the Committees are deliberated by the full Board. The composition of the Board Committees and their attendance at meetings during 2025 were as follows:

Audit & Risk Committee	Nominations & Governance Committee	Business Development Committee
4 - Members 6 - Meetings	3 - Members 4 - Meetings	3 - Members 4 - Meetings
<ul style="list-style-type: none"> Ms. Keto Kayemba (appointed on 10th July 2025) 4 - Meetings Attended Mr. Friedrich Christian Pelsler 6 - Meetings Attended Dr. Aminah Zawedde 3 - Meetings Attended **Fred Kironde Lule (retired on 10th June 2025) 3 - Meetings Attended 	<ul style="list-style-type: none"> Mr. Friedrich Christian Pelsler 4 - Meetings Attended Ms. Arimi Barbra Teddy 3 - Meetings Attended Mr. Francis Gimara SC 3 - Meetings Attended 	<ul style="list-style-type: none"> Ms. Arimi Barbra Teddy 4 - Meetings Attended Dr. Aminah Zawedde 2 - Meetings Attended Mr. Jimmy Mugerwa 3 - Meetings Attended
*Combined Skills: 	*Combined Skills: 	*Combined Skills:
Committee Mandate Safeguard the integrity of financial reporting and audits by supporting the Board in overseeing financial disclosures, internal controls, risk management, and audit operations.	Committee Mandate Ensure the effective selection and nomination of skilled Board members and leadership team capable of guiding the Company. Oversee succession planning, evaluate Board performance, and monitor corporate governance practices to uphold accountability and strategic oversight.	Committee Mandate Foster business growth and secure long-term sustainability by identifying new opportunities, formulating strategic plans, and enhancing the Company's competitive edge.

* Combined skills icon defined

Audit and Accounting
 Finance
 Risk Management
 Information Technology Strategy
 Human Resource Management
 Corporate Governance
 Legal and Taxation
 ESG
 Capital Markets
 Strategy
 Stakeholder and Public Relations
 Business Development

B. dfcu Bank

Board Composition

As at the end of the year 2025, the Board of Directors of **dfcu** Bank Limited comprised of Seven (7) Non-Executive Directors and two (2) Executive Directors as indicated on page 94 of the Annual Report.

Two Non-Executive Directors, Mr. Albert Johan Martien Marie Jonkergouw and Mr. Stephen John Caley retired from the **dfcu** bank Limited board on 8th August 2025 and 2nd June 2025, respectively; while Ms. Amanda Kabagambe was appointed as Non-Executive Director of **dfcu** Bank Limited effective 1st June 2025.

The Board of Directors is comprised of highly renowned professionals drawn from diverse fields and collectively bring with them a wide range of skills and extensive experience, which enhances the quality of the Board's decision-making process as indicated in the matrix below.

HIGH – An expert based on high competency, knowledge and experience.
 PRACTICED– Strong understanding of the concepts and issues built on repeated practical or direct experience.
 AWARENESS– Good general awareness and understanding.

SKILLS CATEGORY	DESCRIPTION	DIRECTOR RATINGS
Strategy	Shape long-term strategic direction, assess competitive positioning, and oversee the execution of priorities by driving strategy from design to implementation.	
Banking & financial services	Knowledge of banking operations, financial markets, lending, treasury, and financial services regulation.	
Legal & Regulatory	Understanding of regulatory frameworks, governance requirements, and legal risks affecting financial institutions	
Risk Management	Experience overseeing enterprise risk frameworks .	
Business knowledge/ experience	Commercial experience and sector knowledge that supports informed decision-making and effective oversight of management.	
Policy development	Contributing to the formulation and refining of policy, guidelines and regulations through research, stakeholder input, and government engagement to guide effective decision-making.	
Financial information management and performance	Ability to interpret financial statements, oversee financial controls, and assess financial performance.	
Executive Management	Driving performance management experience and delivering strategic objectives.	
People/ Organizational development	Talent management, organizational culture, succession planning, and leadership development	
Previous Board experience	Prior service on boards, contributing to effective governance, oversight, and decision-making.	
Stakeholder engagement	Ability to engage effectively with regulators, investors, customers, and other stakeholders.	
Regional/ International business experience	Exposure to operating across multiple jurisdictions and understanding of regional or global business dynamic.	

Corporate Governance Report

Board Engagements




Board meetings are convened on a quarterly basis, in line with established governance practices. The Board of Directors of dfcu Bank held all four mandatory quarterly meetings, complemented by additional special meetings convened to deliberate on urgent matters requiring immediate attention.

Board meetings attendance:


Scheduled Board Meetings		13
Member	Designation	Board meetings attended
Dr. Winifred Mary Tarinyeba	Chairperson	11
Dr. Danete Zandamela	Non-Executive Director	13
Dr. Jeff Sebuyira-Mukasa	Non-Executive Director	13
Mr. Mark Springett	Non-Executive Director	13
Mr. George Njuguna	Non-Executive Director	13
Ms. Millie Nkaja	Non-Executive Director	13
Ms. Amanda Kabagambe	Non-Executive Director	10
Mr. Stephen Caley	Non-Executive Director	4
Mr. Albert Jonkergouw	Non-Executive Director	7
Charles Mwanyara Mudiwa	Executive Director	13
Kate K. Kiiza	Executive Director	13

Board Committees

dfcu Bank Limited Board delegated its authority to six (6) Board Committees whose composition and role is as follows:

Risk Committee	Credit Committee	Audit Committee
 Safeguard the integrity of financial reporting and audits by supporting the Board in overseeing financial disclosures, internal controls, risk management, and audit operations.	 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities on credit operations in line with the Bank's credit strategy.	 The Committee is a statutory Committee of the Bank to assist the Board in fulfilling its oversight responsibilities with respect to the effectiveness of the internal and external audit functions, internal controls, operating procedures and systems, management information systems, financial reporting, general operations of the Bank and practices in relation to insider transactions.
Scheduled meetings - 5	Scheduled meetings - 14	Scheduled meetings - 6
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Jeff Sebuyira Mukasa 5 - Meetings Attended <input type="checkbox"/> Mark Springett 5 - Meetings Attended <input checked="" type="checkbox"/> Millie Nkaja 5 - Meetings Attended <input type="checkbox"/> Stephen Caley 1 - Meeting Attended 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Millie Nkaja 13 - Meetings Attended <input type="checkbox"/> Danete Zandamela 14 - Meetings Attended <input checked="" type="checkbox"/> Amanda Kabagambe 10 - Meetings Attended <input type="checkbox"/> Jeff Sebuyira Mukasa 5 - Meetings Attended 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Mark Springett 6- Meetings Attended <input type="checkbox"/> George Njuguna 6 - Meetings Attended <input checked="" type="checkbox"/> Jeff Sebuyira Mukasa 4 - Meetings Attended <input type="checkbox"/> Danete Zandamela 2 - Meetings Attended

Assets & Liabilities Committee


 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- a. The establishment of effective asset and liability management policies for the Bank.
- b. The establishment of key business performance indicators for the Bank, regularly reviewing performance against such indicators.
- c. Ensuring that the Board is fully aware of the framework of the Bank's balance sheet structure by setting policies and guidelines for the Bank's tolerance for risk and expectation from investment.

Scheduled meetings -4

- Danete Zandamela
4 - Meetings Attended
- Millie Nkaja
4 - Meetings Attended
- Jeff Sebuyira Mukasa
2 - Meetings Attended
- Stephen Caley
1 - Meeting Attended
- Albert Jonkergouw
1 - Meeting Attended

Technology, Digital & Operations Committee


 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities to provide strategic oversight, guidance and direction on matters related to technology infrastructure, digital initiatives, data management and operational efficiency within the Bank. More specifically, the Committee shall ensure that Technology, Digital, Data and Operations functions align with the Bank's overall strategic objectives, regulatory obligations and risk appetite.

- a. Providing recommendations and insights to the Board to ensure the Bank effectively leverages technology, digital and data strategies and operational efficiencies to support its mission and strategic objectives.
- b. Provide oversight for strategic project execution.

Scheduled meetings -4

- George Njuguna
4 - Meetings Attended
- Mark Springett
4 - Meetings Attended
- Amanda Kabagambe
3 - Meetings Attended
- Stephen Caley
1 - Meeting Attended
- Albert Jonkergouw
1 - Meeting Attended

Nominations, Remuneration and Governance Committee

 The Committee is responsible for proposing new nominees to the Board, assessing Board composition and effectiveness, recommending to the Board for approval the remuneration of non-executive Directors. The Committee is also responsible for sourcing and recommending to the Board for approval the recruitment and remuneration of and executive/ senior Management; furthermore, provide oversight over the human capital affairs of the Bank to ensure that the Bank has in place an optimal organizational structure and appropriate policies to attract, retain and motivate staff needed to run the business successfully while at the same time retaining equity in the management of such staff.

Scheduled meetings - 11

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Amanda Kabagambe
7 - Meetings Attended | <input type="checkbox"/> Danete Zandamela
5 - Meetings Attended | <input checked="" type="checkbox"/> Stephen Caley
6 - Meetings Attended |
| <input type="checkbox"/> George Njuguna
6 - Meetings Attended | <input checked="" type="checkbox"/> Jeff Sebuyira Mukasa
9 - Meetings Attended | <input type="checkbox"/> Albert Jonkergouw
7 - Meetings Attended |

Corporate Governance Report

Board Training;

In 2025, the Board of Directors participated in a series of comprehensive training sessions aimed at enhancing their governance capabilities and ensuring robust oversight of the Bank's operations. These sessions were designed to address key areas of risk management, compliance, and strategic governance. The trainings included **Diligent refresher training, Cyber security, Agile training, Compliance training, training on cloud services, AML/CFT/CPF training by Financial Intelligence Authority and a Board sensitization workshop.**

These training sessions demonstrate the deliberate emphasis placed on the continuous development of Board members, equipping them to navigate the complexities of the banking industry.


C. dfcu Foundation

By 31st December 2025, the Board of Directors of **dfcu** Foundation comprised of Two (2) Non-Executive Directors and one (1) Executive Director as indicated on page 95 of the Annual Report.


The Board of Directors consisted of the following distinguished professionals from diverse sectors, each bringing a wealth of expertise and experience.

Dr James Ssemwanga:	Non-Executive Director
Kate K. Kiiza:	Non-Executive Director
Mabel Ndawula:	Executive Director


Their collective knowledge strengthens the Foundation's governance and enriches the quality of its decision-making, as reflected in the skills matrix below.



HIGH – An expert based on high competency, knowledge and experience.



PRACTICED– Strong understanding of the concepts and issues built on repeated practical or direct experience.



AWARENESS– Good general awareness and understanding.

SKILLS CATEGORY	DESCRIPTION	DIRECTOR RATINGS
Strategy	Shape long-term strategic direction, assess competitive positioning, and oversee the execution of priorities by driving strategy from design to implementation.	
Resource mobilization	Experience in securing financial and strategic resources through funding partnerships, investor engagement, and innovative financing structures to support organizational growth.	
Partnership development	Ability to build and manage strategic alliances with public, private, and development partners to advance business objectives and expand market reach.	
Risk Management	Experience overseeing enterprise risk frameworks.	
SME development and business acceleration	Expertise in supporting the growth and scaling of small and medium enterprises through financing solutions, advisory services, and enterprise development initiatives.	

SKILLS CATEGORY	DESCRIPTION	DIRECTOR RATINGS
Market systems development / access to markets	Experience in strengthening market ecosystems, improving value chain linkages, and expanding access to local and international markets to support sustainable business growth.	
Policy development	Contributing to the formulation and refining of policy, guidelines and regulations through research, stakeholder input, and government engagement to guide effective decision-making.	
Financial Information management and performance	Ability to interpret financial statements, oversee financial controls, and assess financial performance.	
Executive management	Driving Performance management experience and delivering strategic objectives.	
People/ Organizational development	Talent management, organizational culture, succession planning, and leadership development.	
Previous Board experience	Prior service on boards , contributing to effective governance, oversight, and decision-making.	
Stakeholder engagement	Ability to engage effectively with regulators, investors, customers, and other stakeholders.	

Board Engagements

Board meetings are convened on a quarterly basis, either physically or virtually, in line with established practice. During the year under review, the Board of Directors of **dfcu** Foundation held all four mandatory quarterly meetings, in addition to special meetings convened to deliberate on urgent matters, including the recruitment of new Board members and issues related to the transition from the Agribusiness Development Centre to **dfcu** Foundation. The Board also participated in the official launch of the **dfcu** Foundation, hosted at a farm in Mbarara District. No Committees were established during the year owing to the lean structure of the Board.

Separation of the Role of the Chairman and Executive Officers

The day-to-day management of **dfcu** Foundation is executed by the Executive Director who reports to the Board.

Board meetings attendance:

Scheduled Board Meetings		8
Member	Designation	Board meetings attended
Dr. James Ssemwanga	Acting Chairperson	8
Kate Kiiza	Non-Executive Director	8
Mabel Ndawula	Executive Director	8

Board Training:

In 2025, the Foundation's Board of Directors took part in several training sessions to strengthen their governance skills and improve oversight of the Foundation's operations. These included Agile training, AI and cloud services training, and AML training.

By investing in the development of the Board members, **dfcu** demonstrates its commitment to strengthening governance by equipping Board members to navigate industry complexities.

Corporate Governance Report

Board Remuneration

Non-Executive Directors of the Company receive fixed fees for their services on the Board and its Committees. The fees comprise of an annual retainer and sitting allowance, which are approved by the Shareholders at the Annual General Meeting. Non-Executive Directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes. For the year 2025, the Directors' total remuneration was as shown below:

	2025 Ushs M	2024 Ushs M
Fees to dfcu Limited Directors	574	611

**Executive Director's fees and emolument's
Other emoluments: short-term benefits (included in key management compensation)

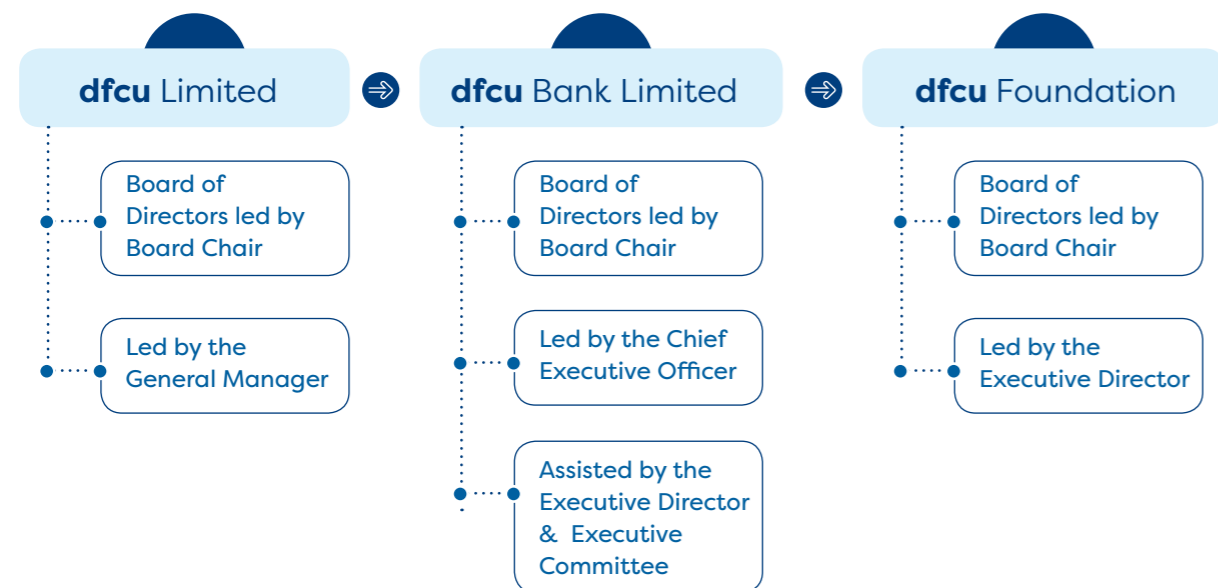
There are no share options held by any of the Directors. There are no loans or any other credit facility; and save for the remuneration approved by the Shareholders, no other fees are paid to the Directors. However, the Directors are reimbursed for travel costs to attend **dfcu** activities outside Kampala.

****dfcu** Limited did not have Executive Directors in the year.

The General Manager was appointed in January 2025 and, following the successful completion of the probationary period, was confirmed in the role. As the General Manager is responsible for overall leadership of the business, the position is functionally equivalent to that of a Chief Executive Officer. The General Manager was not appointed to the Board during the 2025 reporting period.

Management Structure of **dfcu**

The Management structure of the Company and the entities within **dfcu** are clearly segregated and in each case, has been structured in a manner that takes cognizance of the volume and complexity of the operations of the respective entities. The essence of ensuring separation of powers is to promote accountability, facilitate division of responsibilities, as well as ensure a balance of power and authority such that no one individual has unfettered powers of decision making.



Company Secretary

The Company Secretary ensures that the Company complies with the statutory requirements and that the Board procedures are followed and regularly reviewed. The Company Secretary also supports in following up on the implementation strategies and actions which the Board has entrusted to the Management team. This ensures that the Company Secretary is a strategic governance champion in the fabric of the Company. The Directors have access to the advice and services of the respective Company Secretaries.

The Company Secretaries for the year ended 31st December 2025 were:

dfcu Limited:
Ligomarc Advocates;

dfcu Bank Limited:
Stephen Chomi

dfcu Foundation Limited:
SM&Co. Advocates

Committee Reports

A. Director's Report: Board Audit and Risk Committee Report

The Board Audit and Risk Committee plays a crucial role in maintaining the independence and effectiveness of the Company's internal controls and external audit functions. This report highlights the Committee's responsibilities and contributions during the financial year ended 31st December 2025.

The Audit and Risk Committee, established by the Board of **dfcu** Limited ("the Company"), is responsible for:

1. Reviewing and overseeing the integrity of the Company's financial statements, regulatory reports, and any price-sensitive disclosures.
2. Addressing significant matters arising from audits and discussions with external auditors, including sessions held without Management.
3. Reporting concerns to the Board when financial reporting does not meet expectations.
4. Recommending to the Shareholders the appointment of external auditors.
5. Conducting periodic assessments of the external audit process, ensuring the auditors' independence and effectiveness.
6. A review was undertaken of existing key policies, and also new policies were also approved by the Board including;

⇒ **Anti-Bribery and Money Laundering Policy**

⇒ **Strategic Risk Policy**

⇒ **Human Resource Policy**

⇒ **Whistleblower Policy**

⇒ **Health and Safety Policy**

⇒ **Outsourcing Policy**

⇒ **Finance and Accounting Policy**

⇒ **Communication Policy**

⇒ **Conflict of Interest Policy**

⇒ **Dividend Policy**

⇒ **Contract Policy**

⇒ **Insider Trading Policy**

Risk Management

dfcu Limited's Audit and Risk Committee is responsible for overseeing the company's risk management framework, ensuring that risks are identified, assessed, and mitigated effectively.

The Company has established a robust framework aimed at safeguarding its strategic objectives and stakeholder interests.

The Board and Management team conduct continuous evaluations of key risks, implement appropriate controls and contingency measures to address emerging challenges. This proactive approach enhances the Company's resilience and ability to navigate uncertainties in the financial and regulatory landscape.

Risk Identification and Assessment

- The Company employs a structured approach to identify potential risks that may impact operations, financial performance, and regulatory compliance.
- Risks are categorized based on severity and likelihood, ensuring a targeted response.

Mitigation and Control Measures

- The Board and Management implement proactive controls, policies, and contingency plans to minimize risk exposure.
- Internal audits and compliance reviews are conducted regularly to ensure adherence to risk management protocols.

Regulatory Compliance and Oversight

- The framework is crafted to align with the operational framework of **dfcu** Limited. The Audit and Risk Committee monitors evolving regulatory requirements, ensuring Risk identification and assessment.

Committee Membership

The Committee consists of Non-Executive Directors selected to provide financial expertise and commercial insight. Members possess substantial experience in banking, financial services, general management, and commercial sectors, ensuring well-informed decision-making. The biographies of Committee members are detailed in this Annual Report on pages 90 and 91. The Committee was bolstered by the appointment of Ms. Keto Kayemba who immediately stepped into her role as Chair of the Committee.

Corporate Governance Report

Key Highlights of 2025

During the financial year ended 31 December 2025, the Audit and Risk Committee focused on several matters central to the integrity of the Company's financial reporting, risk oversight, and governance framework.

The Committee reviewed:

- i. The external audit plan and engaged with the external auditors on areas of heightened audit focus. Particular attention was given to potential risks relating to fraudulent revenue recognition, management override of controls, and potential non-compliance with applicable laws and regulations. The Committee monitored Management's actions to ensure that appropriate controls and mitigation measures were in place.
- ii. The internal audit work plan, which formed the basis of evaluating the level of adherence to requisite governance requirements.
- iii. The Company's risk management framework, assessing its effectiveness in identifying, monitoring, and mitigating key operational and financial risks. In doing so, the Committee worked with Management to define priority actions aimed at strengthening the Company's risk oversight processes.
- iv. The updated Terms of Reference to ensure alignment with evolving regulatory requirements and governance best practices, reinforcing the Committee's role in supporting strong oversight, accountability, and transparency.
- v. The remedial areas of focus that had been identified by the internal auditors (HLB Jim Roberts) for traction of closure by Management.

B. Director's Report: Board Nominations, Remuneration and Governance Committee Report

The Nominations, Remuneration and Governance Committee ("the Committee") presents this report on its activities for the year ended 31 December 2025. The Committee operates in accordance with its Board-approved Terms of Reference and is composed entirely of Non-Executive Directors. The profiles of the Committee members are provided in the Corporate Governance Statement section of this Annual Report on pages 90 and 91.

The Committee supports the Board in ensuring that the Company maintains a strong governance framework and appropriate leadership structures. Its core responsibilities include overseeing Board and senior Management succession planning, identifying and recommending suitable candidates for Board and senior Management appointments, evaluating the performance and effectiveness of directors, assessing the adequacy of the Company's human capital requirements, facilitating training and development for Directors, and monitoring the independence and overall composition of the Board.

During 2025, the Committee focused on a number of key priorities.

i. Board Evaluation

In accordance with the Capital Markets Authority (Corporate Governance) Regulations, the Board is required to undertake a formal evaluation at least once every two years. During the year, the Committee recommended that the Board conduct a self-assessment to evaluate its performance against the objectives set for 2025. The Committee also monitored the implementation of improvement actions arising from the previous evaluation as part of the Board's continuous governance enhancement process, in preparation for the next externally facilitated evaluation scheduled for 2026.

ii. Board Training and Development

The Committee continued to prioritize the development of Directors' knowledge and effectiveness. In addition to the existing Board training program, the Committee proposed targeted training for specific Directors in areas including taxation, ESG, digital literacy and AI, group corporate governance, and strategy.

iii. Policy and Governance Framework Review

During the year, the Committee undertook a comprehensive review of key governance and operational policies. This included the review and update of the Board Charter and the Committees' Terms of Reference to ensure alignment with the Capital Markets Authority Corporate Governance Regulations. The Committee also reviewed the Human Resource Manual and adopted recommendations proposed by Management. In light of the Company's lean organizational structure, policies were streamlined and aligned to the existing framework to ensure consistency and optimal utilization of resources across the Group.

iv. Succession Planning

The Committee continued to strengthen succession planning for both the Board and senior Management. This process was driven by the need to anticipate retirements and term completions, preserve institutional knowledge, and respond to evolving regulatory and governance expectations. During the year, the Committee spearheaded the appointments of Ms. Keto Kayemba as a Non-Executive Director and Ms. Sophie Achak as General Manager. Both appointments have strengthened leadership capacity and contributed positively to the Company's strategic direction. The Board is committed to building a more diverse and inclusive leadership pipeline. Through its succession strategy, it will continue to support emerging leaders and develop strong executive talent to lead **dfcu** into the future.

v. Governance Framework Review (EY)

The Company commissioned an independent governance review by Ernst and Young to assess the effectiveness of the existing governance framework. The review focused on aligning the governance structure, Delegation of Authority Matrix, and the development of a RACI (Responsible, Accountable, Consulted, and Informed) framework. The objective was to ensure that governance structures support the Company's strategy by remaining lean, compliant, agile, and aligned with the operating model. The review identified key decision areas forming the building blocks of the Company's governance architecture and proposed a phased implementation roadmap spanning the short term (2025), medium term (2026–2027), and long term (2028 and beyond). The Board is yet to approve the recommendations proposed.

vi. Regulatory Compliance

The Committee continued to oversee the Company's compliance with applicable corporate governance standards. During the year, the Company submitted a compliance statement to the Company Registry and the Capital Markets Authority confirming adherence to the governance requirements set out in Table F of the Companies Act, Cap 106, and Regulation 4(3) of the Capital Markets Authority (Corporate Governance) Regulations S.I. No. 15 of 2025. Listed companies were granted a twelve-month transition period to fully align with these regulations.

vii. Remuneration Principle

Through the NomCom, the Board ensures remuneration practices are fair, responsible, and aligned with stakeholder expectations. Executive and employee pay is tied to sustainable value creation and the **dfcu's** strategy, underpinned by clear performance targets.

The Committee remains committed to supporting the Board in maintaining a governance framework that promotes accountability, transparency, and sustainable long-term performance for the benefit of shareholders and other stakeholders.

C. Director's Report: Business Development Committee Report

The Business Development Committee was established by the Board to oversee strategy implementation and business growth, ensuring alignment with the Company's Vision, Mission, and strategic priorities. In fulfilling this mandate, the Committee is entrusted with the following key functions:

- i. **Strategic Execution:** Driving the implementation of the Board's fiduciary, strategic, and generative plans, policies, and decisions.
- ii. **Product and Business Development:** Evaluating proposals for new products and business lines, overseeing their development,

and making recommendations for Board approval.

- iii. **Market Advisory:** Providing management with insights into projected market trends and evolving customer needs to support strategic decision-making.

Committee Achievements

The Company achieved a major strategic milestone through the approval and establishment of a Collective Investment Scheme (CIS) business line. This initiative represents a deliberate expansion of the Company's asset management capabilities and positions the business to diversify revenue streams.

The Board approved the CIS business line following a structured market assessment, which identified market drivers, strategic fit and enhancing shareholder value.

Furthermore, the establishment of this business line will support compliance with the Bank of Uganda Financial Holding Company Guidelines, which require financial holding companies to maintain at least two financial services subsidiaries.

The Business Development Committee remains committed to fostering sustainable growth, building strategic partnerships, and capitalizing on emerging opportunities. The focus continues to center on innovation, efficiency, and collaboration which are key drivers of long-term success and stakeholder value.

To reinforce the Company's competitive advantage, the Committee will continue to prioritize the following core areas:

- i. **Service Expansion:** Identifying and pursuing opportunities to extend market presence, leveraging data-driven insights to target high-growth sectors.
- ii. **Product Innovation:** Enhancing financial solutions through continuous improvements and digital transformation investments, ensuring alignment with evolving customer needs.
- iii. **Stakeholder Engagement:** Strengthening relationships with investors, partners, and regulatory bodies to foster business sustainability and unlock strategic collaboration opportunities.
- iv. **Risk and Compliance:** Ensuring adherence to regulatory requirements and proactively managing risks to safeguard long-term stability.



With a forward-looking strategy, the Business Development Committee will remain focused on driving initiatives that promote growth and deliver lasting value to Shareholders.

Directors' Report

For The Year Ended 31 December 2025

The Directors submit their report together with the audited consolidated and separate financial statements of **dfcu** Limited ("the Company") and its subsidiaries, **dfcu** Bank Limited and **dfcu** Foundation (together "the Group") for the year ended 31 December 2025, which disclose the state of affairs during the period under review. The Company owns majority of the ordinary shares of **dfcu** Bank Limited which is the main trading entity of the Group, with **dfcu** Foundation being a member of **dfcu** Limited.

Principal Activities

The Group is engaged in the business of financial services and real estate. The Bank (subsidiary) is licensed under the Financial Institutions Act Cap 57, Laws of Uganda, to undertake the business of commercial banking. The Foundation, on the other hand, empowers selected market segments through capacity building, accelerator opportunities, and strategic linkages that foster innovation, collaboration, and sustainable growth.

The Group's balance sheet closed at Ushs 3.715 trillion in 2025 (2024: Ushs 3.429 trillion), net loans and advances of Ushs 1.265 trillion (2024: 1.132 trillion) and customer deposits of Ushs 2.714 trillion (2024: Ushs 2.356 trillion).

Results and Dividend

The Group's profit for the year was Ushs 74.9 billion (2024: Ushs 72.1 billion). The Directors recommend the payment of a final dividend for the year ended 31 December 2025 of Ushs 16,317 million (2024: 15,027 million) or Ushs 21.81 per share (2024: Ushs 20.04 per share).

Directors Benefits

During the financial year and up to the date of this report, other than as disclosed in Note 47 to the consolidated and separate financial statements, no Director has received or become entitled to receive any benefit other than Directors' fees and amounts received under employment contracts for Executive Directors. The aggregate amount of emoluments for Directors' services rendered in the financial year is disclosed in Note 47 of the consolidated and separate financial statements.

Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the Group is a party whereby Directors might acquire benefits by means of the acquisition of shares in or debentures of the Group.

The Directors who held office during the year and to the date of this report are set out on page 90-91.

Company Registrar

The registrar of the Company is Custody and Registrars Services Uganda Limited located at the address below:

4th Floor, Rm 403, DTB Centre, Kampala Road

P.O Box 74895

Kampala

Uganda

Auditor

The Group's external auditor, KPMG, were appointed during the year and being eligible have expressed willingness to continue in office in accordance with Section 167(2) of the Companies Act, Cap 106 Laws of Uganda, and Section 62(1) of the Financial Institutions Act Cap 57, Laws of Uganda.

Issue of Consolidated and Separate Financial Statements

The consolidated and separate financial statements were approved and authorized for issue in accordance with a resolution of the Directors dated 27 March 2026.

By order of the Board

Ligomarc Advocates

Plot 17 Baskerville Avenue, Kololo
P. O. Box 8230
Kampala, Uganda.



Company Secretary

Date: 27 March 2026

Statement of Directors' Responsibilities

For The Year Ended 31 December 2025

The Group's Directors are responsible for the preparation of consolidated and separate financial statements set out on pages 128 to 269 that give a true and fair view of the consolidated and separate financial position of **dfcu** Limited, comprising the consolidated and separate statements of financial position as at 31 December 2025, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, which include a summary of material accounting policies in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies Act, CAP 106 Laws of Uganda and Financial Institutions Act Cap 57 Laws of Uganda.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Group to continue as going concern and have no reason to believe that the business will not be a going concern for at least the next twelve months from the date of this statement.

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the IFRS Accounting Standards and in the manner required by the Financial Institutions Act Cap 57, Laws of Uganda and Companies Act, CAP 106 Laws of Uganda.

Preparation and approval of the consolidated and separate financial statements

The consolidated and separate financial statements of **dfcu** Limited for the year ending 31 December 2025 have been prepared by CPA Rebecca Birungi, P-0457 on behalf of the Board of Directors.

The consolidated and separate financial statements of **dfcu** Limited were approved and authorised for issue by the Board of Directors on 27 March 2026.



.....
Jimmy D Mugerwa - Director



.....
Keto Kayemba - Director



.....
Secretary, Ligomarc Advocates

Date: 27 March 2026



07

Independent Auditor's Report

Report on the audit of the consolidated and separate financial statements	122
Key audit matter	122
Other Information	124
Auditor's responsibilities for the audit of the consolidated and separate financial statements	124

Independent Auditor’s Report

To the members of dfcu Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and company financial statements of **dfcu** Limited (“the Group and Company”) set out on pages 128 to 269, which comprise the consolidated and company statement of financial position as at 31 December 2025, and the consolidated and company statements of other comprehensive income, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and company financial statements give a true and fair view of the consolidated and company financial position of the Group and Company as at 31 December 2025, and its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, Cap. 106 Laws of Uganda and Financial Institutions Act Cap. 57 Laws of Uganda.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* as applicable to audits of the financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit loss on loans and advances to customers in the consolidated financial statements

Refer to Notes 3(a), 5h(vii), 6B,18 and 23 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
<p>The net loans and advances to both retail and corporate customers totaled Ushs 1,265 billion as at 31 December 2025 which represents 34% of total assets, after taking into account the expected credit loss (“ECL”) allowance amounting to Ushs 40,938 million.</p> <p>Management exercises significant judgement, estimation and applies subjective assumptions when determining both the timing and the amounts of the ECL for the loans and advances to customers.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> Obtaining an understanding of the credit management processes and performing end to end process assessments to identify the key systems, applications and controls used in the determination of ECL with the assistance of our IT specialists. Evaluating the design and implementation and operating effectiveness of the management review control over the ECL estimate provision. Evaluating the predictive capability of the model by comparing the prior period ECL estimate with the actual results of the estimate (write-offs) in the current year.

Independent Auditor’s Report

To the members of dfcu Limited

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matter	How the matter was addressed in our audit
<p>Key areas of judgement and estimation included:</p> <ul style="list-style-type: none"> The determination of significant increase in credit risk (SICR) within the loans staging process which is based on quantitative and qualitative factors such as days past due and delinquency or forbearance respectively. The measurement of expected credit losses is dependent upon key assumptions relating to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Within the LGD model, determining the value of collateral – adjustments to apply to the forced sale value requires significant judgment. <p>The Bank is also required to disclose the key judgments and material inputs in relation to determination of PD, LGD and EAD into the ECL computations.</p> <p>Due to the significant judgment applied by management and the significant audit effort required, the determination of ECLs was considered to be a key audit matter.</p>	<ul style="list-style-type: none"> Selecting a sample of facilities from the Bank’s loan book and evaluated whether loan facilities sampled are correctly staged/classified by comparing the credit risk information for each facility against the bank’s staging criteria for each stage of the facility. This also included evaluating the appropriateness of the Bank’s significant increase in credit risk (SICR) criteria by assessing reasonableness of qualitative staging decisions such as the borrower’s financial performance by reviewing latest financial reports submitted to the bank and correspondences between the borrower and the bank, and accuracy of quantitative staging criteria such as days past due by evaluating the repayment history and the last repayment date and re-aging sampled loans; Assessing that the inputs into the expected credit loss models are reasonable by selecting a sample of key data inputs such as the quarterly loan books, cost and time to realization of the sale of collateral, recoveries, collateral values and agreeing this to underlying records such as facility agreements, loan account statements and valuation reports. Testing the accuracy of the historical Probabilities of Default by performing recalculations based on the historical transitions while the financial risk management specialists assisted with evaluating the predictive capability of the model. Assessing the reasonableness of the LGD assumptions applied such as adjustments to collateral values by performing re-calculations and obtaining evidence for the parameters used in deriving the adjustments. Testing the model’s mathematical soundness by reperforming the ECL calculations using the parameters – PD, LGD, and EAD and comparing the results with our independent calculations for a sample of credit facilities. Evaluating the adequacy of disclosures in the financial statements, including whether the credit risk disclosures, appropriately disclose the key assumptions and judgements used in determining the expected credit losses in accordance with IFRS 7 Financial Instruments Disclosures and IFRS 9 Financial Instruments.

Independent Auditor's Report

To the members of dfcu Limited

Report on the audit of the consolidated and separate financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the dfcu Bank Limited Financial Statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated and separate financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Companies Act, Cap. 106 Laws of Uganda and Financial Institutions Act Cap 57 Laws of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so..

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

Independent Auditor's Report

To the members of dfcu Limited

Report on the audit of the consolidated and separate financial statements (continued)

or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies Act, CAP 106 Laws of Uganda, we report to you, solely based on our audit of the consolidated and separate financial statements, that in our opinion:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- Proper books of account have been kept by the Group, so far as appears from our examination of those books; and
- The Group's consolidated and separate statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Stephen Ineget – PO401.



Certified Public Accountants

3rd Floor, Rwenzori courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda

Date: 27 March 2026.



CPA Stephen Ineget



09

Financial Statements and Notes

Financial Definitions	128
Consolidated statement of comprehensive income	129
Consolidated statement of financial position	131
Company statement of changes in equity	133
Consolidated statement of cash flows	135
Notes to the consolidated and separate financial statements	137-269

Financial Definitions

Profit for the year	Annual statement of comprehensive income profit attributable to ordinary shareholders stated in Uganda Shillings.
Earnings per share	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue stated in Uganda Shillings.
Return on Equity (ROE)	Earnings as a percentage of ordinary shareholders' funds.
Return on Assets (ROA)	Earnings as a percentage of total assets.
Net Interest Margin (NIM)	Net interest income as a percentage of average earning assets.
Cost to income ratio	Operating expenses as a percentage of total operating income.
Credit Loss Ratio	Provision for credit losses per the Statement of Comprehensive Income as a percentage of gross loans and advances.
Effective Tax Rate	The income tax charge as a percentage of profit before tax.
Dividend per share	Total ordinary dividends declared per share in respect of the year.
Core capital	Permanent shareholder equity in the form of issued and fully paid up shares plus all disclosed reserves, less goodwill or any other intangible assets.
Supplementary capital	General provisions which are held against future and current unidentified losses that are freely available to meet losses which subsequently materialize, and any other form of capital as may be determined from time to time by Bank of Uganda.
Total capital	The sum of core capital and supplementary capital.
Core capital ratio	Core capital divided by the total risk weighted assets.
Total capital ratio	Total capital divided by the total risk weighted assets.
Credit Impairment Charge	The amount by which the period profits are reduced to cater for the effect of credit impairment expressed in Uganda Shillings.
Lending Ratio	Net loans and advances divided by total deposits expressed as a percentage.
Non-Performing Assets	Loans and advances that are in arrears for more than 90 days.
Non-interest income	Revenue earned from fees and commissions.
Net interest income	Net Revenue derived from interest bearing assets and liabilities.
Risk weighted assets	On-balance sheet and off-balance sheet exposures, weighted according to perceived risk levels.

Consolidated statement of comprehensive income

For The Year Ended 31 December 2025

	Note	2025 Ushs M	2024 Ushs M
Interest income calculated using the effective interest method	9(a)	409,243	359,868
Other interest and similar income	9(b)	2,753	1,698
Interest expense calculated using the effective interest method	10	(107,382)	(94,269)
Net interest income		304,614	267,297
Fees and commission income	13	65,250	66,529
Net trading and other income	11	46,642	24,901
Net income from other financial instruments at FVTPL	12	5,405	1,909
Net total income		421,911	360,636
Operating expenses	14	(332,005)	(292,664)
Fair value losses on other financial assets at fair value through profit or loss	27	(79)	(716)
Expected credit (loss)/recovery on financial assets	18	(9,951)	12,007
Profit before tax		79,876	79,263
Income tax expense	20(a)	(4,882)	(7,176)
Profit after tax for the year		74,994	72,087
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			(11,091)
Net gain/(loss) on FVOCI financial assets net of tax	41	3,157	(6,353)
Changes in ECL on FVOCI financial instruments	41	459	1,294
Total other comprehensive income		3,616	(5,059)
Total comprehensive income for the year		78,610	67,028
Attributable to:			
Equity holders of the Company		78,610	67,028
Earnings per share:			
Basic earnings per share	19	100.24	96.35
Diluted earnings per share	19	100.24	96.35

All the profit after tax for the year, other comprehensive income and total comprehensive income are attributable to equity holders of the Company.

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Company statement of comprehensive income

For The Year Ended 31 December 2025

	Note	2025 Ushs M	2024 Ushs M
Dividend income	17(b)	30,055	13,615
Fees and commission income	13	869	789
Other income	11	7,023	7,128
Operating expenses	14	(12,932)	(8,865)
Operating profit		25,015	12,667
Interest income	9	1,068	554
Interest expense	10	(841)	(1,587)
Net interest income		227	(1,033)
Profit before tax		25,242	11,634
Income tax expense	20(a)	(1,777)	(1,091)
Profit for the year		23,465	10,543
Other comprehensive income:			
Other comprehensive income		-	-
Total comprehensive income for the year		23,465	10,543

The prior year Company statement of comprehensive income has been re-presented to align to the requirements of IAS 1 and clearly reflect the operations of the holding company.

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December 2025

	Note	2025 Ushs M	2024 Ushs M
Assets			
Cash and balances with Bank of Uganda	21	468,076	434,817
Deposits and balances due from other banks	22	246,690	211,315
Government and other securities:			
Trading assets	26	157,177	73,724
Investment securities at FVOCI	25	619,028	582,723
Investment securities at amortised cost	25	656,467	728,018
Other receivables from Bank of Uganda	29(b)	832	832
Derivative financial instruments	45	865	2,064
Loans and advances to customers	23	1,265,799	1,132,199
Investment in equity shares	24	1,209	6,543
Other assets	27	36,794	33,619
Deferred income tax asset	31	113,343	87,859
Property, equipment and right-of-use assets	29(a)	85,750	80,362
Investment property	28	18,584	18,849
Intangible assets	30	45,369	36,148
Total assets		3,715,983	3,429,072
Liabilities			
Customer deposits	33	2,714,571	2,356,281
Derivative financial instruments	45	792	457
Deposits due to other banks	34	14,004	120,256
Other liabilities	35	82,604	88,101
Borrowed funds	37	124,943	149,482
Special funds	36	1,193	1,193
Current income tax payable	20(d)	5,512	4,685
Deferred income tax liability	31	1,035	-
Total liabilities		2,948,147	2,724,819
Equity			
Share capital	38	14,963	14,963
Share premium	38	185,683	185,683
FVOCI reserve	41	(243)	(3,859)
Retained earnings	40	551,116	488,743
Regulatory reserve	39	-	3,696
Proposed dividend	17(a)	16,317	15,027
Total equity		767,836	704,253
Total equity and liabilities		3,715,983	3,429,072

The consolidated and separate financial statements set out on pages 128 – 269 were approved and authorised for issue by the Board of Directors on 27 March 2026 and signed on its behalf by:



Jimmy D Mugerwa - Director



Keto Kayemba - Director



Secretary, Ligomarc Advocates

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Company statement of financial position

As at 31 December 2025

	Note	2025 Ushs M	2024 Ushs M
Assets			
Amounts due from Group companies	47(b)	2,599	2,092
Other assets	27	65	195
Current income tax recoverable	20(d)	904	745
Investment in subsidiaries	32	203,293	203,293
Investment property	28	36,131	36,595
Total assets		242,992	242,920
Liabilities and equity			
Liabilities			
Amounts due to Group companies	47 (a)	4,435	13,214
Other liabilities	35	2,466	2,777
Deferred income tax liability	31	1,035	311
Total liabilities		7,936	16,302
Equity			
Share capital	38	14,963	14,963
Share premium	38	185,683	185,683
Retained earnings	40	18,093	10,945
Proposed dividends	17(a)	16,317	15,027
Total equity		235,056	226,618
Total equity and liabilities		242,992	242,920

The consolidated and separate financial statements set out on pages 128 – 269 were approved and authorised for issue by the Board of Directors on 27 March 2026 and signed on its behalf by:



Jimmy D Mugerwa - Director



Keto Kayemba - Director



Secretary, Ligomarc Advocates

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Note	Share capital Ushs M	Share premium Ushs M	Retained earnings Ushs M	Regulatory reserve Ushs M	FVOCI revaluation reserve Ushs M	Proposed dividends Ushs M	Attributable to equity holders of the parent Ushs M	Total Ushs M
For the year ended 31 December 2024:									
As at 1 January 2024		14,963	185,683	427,310	8,069	1,200	6,808	644,033	644,033
Comprehensive income:									
Profit for the year		-	-	72,087	-	-	-	72,087	72,087
Other comprehensive income:									
Loss allowance FVOCI	41	-	-	-	-	1,294	-	1,294	1,294
FVOCI revaluation	41	-	-	-	-	(6,353)	-	(6,353)	(6,353)
Transfer of regulatory reserve to retained earnings	39	-	-	4,373	(4,373)	-	-	-	-
Total comprehensive income		-	-	76,460	(4,373)	(5,059)	-	67,028	67,028
Transactions with shareholders:									
Dividends paid	17(a)	-	-	-	-	-	(6,808)	(6,808)	(6,808)
Proposed dividends	17(a)	-	-	(15,027)	-	-	15,027	-	-
Total transactions with shareholders		-	-	(15,027)	-	-	8,219	(6,808)	(6,808)
As at 31 December 2024		14,963	185,683	488,743	3,696	(3,859)	15,027	704,253	704,253
As at 1 January 2025		14,963	185,683	427,310	8,069	1,200	6,808	644,033	644,033
Comprehensive income:									
Profit for the year		-	-	74,994	-	-	-	74,994	74,994
Other comprehensive income:									
Loss allowance FVOCI	41	-	-	-	-	459	-	459	459
FVOCI revaluation	41	-	-	-	-	3,157	-	3,157	3,157
Transfer of regulatory reserve to retained earnings	39	-	-	3,696	(3,696)	-	-	-	-
Total comprehensive income		-	-	78,690	(3,696)	3,616	-	78,610	78,610
Transactions with shareholders:									
Dividends paid	17(a)	-	-	-	-	-	(15,027)	(15,027)	(15,027)
Proposed dividends	17(a)	-	-	(16,317)	-	-	16,317	-	-
Total transactions with shareholders		-	-	(16,317)	-	-	1,290	(15,027)	(15,027)
As at 31 December 2025		14,963	185,683	551,116	-	(243)	16,317	767,836	767,836

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2025

	Note	Share capital Ushs M	Share premium Ushs M	Retained earnings Ushs M	Proposed dividends Ushs M	Total Ushs M
For the year ended 31 December 2024:						
At 1 January 2024		14,963	185,683	15,297	6,129	222,072
Comprehensive income:						
Profit for the year		-	-	10,543	-	10,543
Total comprehensive income				10,543		10,543
Transactions with shareholders:						
Dividends paid	17	-	-	-	(6,808)	(6,808)
Dividends proposed	17	-	-	(15,027)	15,027	-
Total transactions with shareholders				(15,027)	8,219	(6,808)
At 31 December 2024		14,963	185,683	10,945	15,027	226,618
For the year ended 31 December 2025:						
At 1 January 2025		14,963	185,683	15,429	6,808	222,883
Comprehensive income:						
Profit for the year		-	-	23,465	-	23,465
Total comprehensive income				23,465		23,465
Transactions with shareholders:						
Dividends paid	17	-	-	-	(15,027)	(15,027)
Dividends proposed	17	-	-	(16,317)	16,317	-
Total transactions with shareholders				(16,317)	1,290	(15,027)
At 31 December 2025		14,963	185,683	18,093	16,317	235,056

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2025

	Note	2025 Ushs M	2024 Restated Ushs M
Operating activities:			
Profit before tax		79,876	79,263
Adjustment for:			
Depreciation of property, equipment and right-of-use assets	29(a)	19,144	18,884
Depreciation of investment property	28	312	523
Amortisation of intangible assets	30	7,494	6,122
Unrealised foreign exchange loss/(gain)	11	1,258	(2,134)
Loss/(profit) on disposal of fixed assets	11	798	(120)
Fair value losses on assets at fair value through profit and loss	27	79	716
Expected credit loss/(recovery) on financial assets	18	9,951	(12,007)
Gain on sale of equity investments	24	(839)	(124)
Interest income	9	(411,996)	(361,566)
Interest expense	10	107,382	94,269
Grant income	9	(1,989)	-
Grants received		3,084	-
Dividends income		-	(353)
Reversal/increase in provisions and employee benefits		(78,406)	(39,546)
Reversal/increase in provisions and employee benefits		(70,461)	(37,330)
Cash from operating activities before changes in operating assets and liabilities		(263,852)	(216,073)
Changes in operating assets and liabilities			
Decrease/(increase) in government and other securities		35,245	(346,157)
Increase in Bank of Uganda cash reserve requirement		(10,445)	94,790
(Increase)/decrease in loans and advances to customers		(153,792)	13,118
Increase in other assets		(556)	(3,828)
(Decrease)/increase in balances due to other banks		(106,252)	85,223
Increase in customer deposits		358,290	37,709
(Decrease)/increase in other liabilities		(812)	5,156
		(142,174)	(330,062)
Interest received		414,805	361,123
Interest paid		(102,356)	(85,101)
Income tax paid	20(d)	(30,054)	(23,498)
Net cash inflows/(outflows) from operating activities		140,221	(77,538)
Investing activities			
Purchase of property and equipment	29(a)	(24,648)	(16,332)
Purchase of intangible assets	30	(17,516)	(15,611)
Dividends received		-	353
Proceeds from sale of investments in equity shares	24	6,251	826
Proceeds from sale of property and equipment		133	261
Net cash outflows used in investing activities		(35,780)	(30,503)
Financing activities			
New borrowings received	37	7,024	78,651
Principle paid on borrowings	37	(35,994)	(6,352)
Principle paid on lease liability	43	(2,169)	(2,493)
Dividends paid to shareholders	17	(15,027)	(6,808)
Net cash (outflows)/inflows used in financing activities		(46,166)	62,998
Net increase/(decrease) in cash and cash equivalents			
Effect of exchange rate changes on cash and cash equivalents held		(86)	624
Cash and cash equivalents at start of year*		530,102	574,521
Cash and cash equivalents at end of year	46	588,291	530,102

*The prior year cash and cash equivalents have been restated to consider 50% of the minimum balance advised by Bank of Uganda. Refer to note 46 and 52 for the details of the impact of the change.

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Company statement of cash flows

For the year ended 31 December 2025

	Note	2025 Ushs M	2024 Ushs M
Operating activities:			
Profit before tax		25,242	11,634
Adjustment for:			
Depreciation of investment property	28	1,383	1,535
Unrealised foreign exchange loss	11	16	12
Interest income	9	(1,068)	(554)
Interest expense	10	841	1,587
Dividend income	17(b)	(30,055)	(13,615)
Reversal/increase in provisions and employee benefits		93	(342)
Cash from operating activities before changes in operating assets and liabilities		257	(765)
Changes in operating assets and liabilities			
Decrease in amounts due to group companies		(8,779)	(7,114)
(Increase)/decrease in other assets		(130)	102
(Decrease)/increase in other liabilities		(151)	37
		(12,608)	(6,718)
Interest income received		1,068	554
Income tax paid	20(d)	(1,212)	(1,139)
Net cash outflows from operating activities		(12,752)	(7,303)
Investing activities			
Purchase of investment property	28	(919)	(87)
Dividends received	17(b)	30,055	13,615
Net cash inflows from investing activities		29,136	13,528
Financing activities			
Interest expense paid		(857)	(1,897)
Dividends paid to shareholders	17	(15,027)	(6,808)
Net cash outflows used in financing activities		(15,884)	(8,705)
Net increase/(decrease) in cash and cash equivalents		500	(2,480)
Effect of exchange rate changes on cash and cash equivalents held		7	14
Cash and cash equivalents at start of year		2,092	4,558
Cash and cash equivalents at end of year	46	2,599	2,092

The accounting policies and notes on pages 137 -269 form an integral part of these financial statements.

Notes to the consolidated and separate financial statements

1 General information

dfcu Limited ('the Company') is incorporated in Uganda under the Companies Act of Uganda as a public limited liability company and is domiciled in Uganda. Some of the Company's shares are listed on the Uganda Securities Exchange (USE). The Company is domiciled in Uganda and the address of its registered office is:

**Plot 26 Kyadondo Road
P.O. Box 2767
Kampala, Uganda**

For purposes of reporting under the Companies Act, Cap 106 Laws of Uganda, the balance sheet is represented in these consolidated and separate financial statements by the statement of financial position and the profit and loss account is represented by the statement of comprehensive income.

2. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with and comply with the with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Financial Institutions Act Cap 57, Laws of Uganda and Companies Act, CAP 106 Laws of Uganda. They were approved and authorised for issue by the Company's board of directors on 27 March 2026. Details of the Group's accounting policies are included in Notes 4 and 5.

The consolidated and separate financial statements are presented in Uganda Shillings (Ushs), which is the Group's functional currency. All amounts have been rounded to the nearest million (Ushs M), unless otherwise indicated.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies included in Note 4 and 5.

The preparation of the consolidated and separate financial statements in conformity with IFRS Accounting Standards requires the use of estimates

and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated and separate financial statements, are disclosed in note 3.

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 7

3. Material accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the

Notes to the consolidated and separate financial statements (continued)

3. Material accounting judgements, estimates and assumptions (continued)

amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

i) Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life Time ECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual

loss experience and adjust when necessary. Refer to Note 5(l) for further information on determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

ii) Going concern

The Group's directors have made an assessment of its ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

iii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

For further details about determination of fair value please see Note 6E.

iv) Effective Interest Rate (EIR) method

The Group's EIR method recognises interest income using a rate of return that exactly

Notes to the consolidated and separate financial statements (continued)

3. Material accounting judgements, estimates and assumptions (continued)

discounts the estimated future cash payments and receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Refer to note 5(a) for further information on the Group's policy.

v) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although in Uganda tax losses can be utilised indefinitely, judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies. Refer to Note 5(k) and 31 for further information on recognition of deferred tax assets and utilization of carried forward tax losses.

vi) Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory assessments, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies see Note 44.

vii) Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate

Notes to the consolidated and separate financial statements (continued)

3. Material accounting judgements, estimates and assumptions (continued)

(e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

viii) Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

4. Changes in material accounting policies

a) New accounting standards, amendments and interpretations

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments did not have a material impact on the Group's financial statements

b) New and amended accounting standards and interpretations issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on or after 1 January 2026 and earlier applications is permitted. However, the Group has not yet adopted early the new and amended accounting standards in preparing these financial statements.

i) IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or

Notes to the consolidated and separate financial statements (continued)

4. Changes in material accounting policies (continued)

loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

ii) IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

iii) IAS 21 The Effects of Changes in Foreign Exchange Rates

Under the final amendments of this standard, a company with a non-hyperinflationary functional currency but a hyperinflationary presentation currency translates all the financial statement amounts (including comparatives) using the closing rate at the latest reporting date. The final amendments also provide guidance for a company with hyperinflationary functional and presentation currencies that has a foreign operation with a non-hyperinflationary functional currency. In this case, the company restates the comparative information of the foreign operation included in the company's previously issued financial statements by applying the general price index under paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies; and translates all amounts of the foreign operation other than comparatives using the closing rate at the latest reporting date. The standard will become effective for reporting periods beginning on or after 1 January 2027, with early adoption permitted. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The following are other new and amended accounting standards and interpretations issued but not yet effective and the Group is working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Effective date	New accounting standards or amendments
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash flows
	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Consolidation

The consolidated financial statements comprise the financial statements of **dfcu** Limited and its subsidiaries, **dfcu** Bank Limited and **dfcu** Foundation as at 31 December 2025.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity (investee) and has the ability to affect those returns through its power over the entity.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Dividend income

Dividend income is recognised when the right to receive payment is established.

b) Operating income

i. Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

b) Operating income (continued)

amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 5(i)(vii) and 6B.

iv. Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;

Other interest income presented in the statement of profit or loss and OCI includes interest income on finance leases.

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

v. The Effective Interest Rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

b) Operating income (continued)

discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

c) Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income, which includes fees and commissions from ledger

fees, money transfers, low balance fees, statement fees, unpaid cheques charges, URA licensing, ATM commissions, letters of credit fees, letters of guarantee, telegraphic transfer fees, and other fees and commissions- is recognised as the related services are performed.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

A contract with a customer that results in a recognised financial instrument in the Group's consolidated and separate financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not include multiple performance obligations.

When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer. More details on the various type of fees and commissions recognised in the scope of IFRS 15 are included in Note 13.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

c) Fees and commission (continued)

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Contract balances

The following are recognised in the statement of financial position arising from revenue from contracts with customers:

- 'Fees and commissions receivables' included under 'Other assets', which represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9.
- 'Unearned fees and commissions' included under 'Other liabilities', which represent the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A liability for unearned fees and commissions is recognised when the payment is made or the payment is due (whichever is earlier). Unearned fees and commissions are recognised as revenue when (or as) the Group performs.

d) Net trading and other income

'Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences, for financial assets and financial liabilities held for trading.

e) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and non-trading assets mandatorily measured at FVTPL. The

line item includes fair value changes, interest, dividends and foreign exchange differences.

f) Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment. Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

g) Foreign currency translation

Items included in the consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in Uganda Shillings which is the Group's functional currency. Foreign currency transactions are translated into the functional currency at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

Foreign currency differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

h) Financial assets and liabilities

i. Recognition and initial measurement

Date of recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated (e.g., Loans and advances to customers are recognised when funds are transferred to the customers' accounts and the Bank recognises balances due to customers when funds are transferred to the Bank).

All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. A financial asset or financial liability is measured initially at fair value plus or reduced by transaction costs that are directly attributable to its acquisition or issue respectively, for an item not at fair value through profit or loss. The fair value of a financial instrument at initial recognition is generally its transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income.

In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

ii. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

Business model assessment (continued)

- The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration RE the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Contractually linked instruments

The Group has some investments in securitisations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:

- the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;
- the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives,

that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and

- the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

derecognition of such securities, as explained in (O). Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitises various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitisation vehicles and in the Group transferring substantially all of the risks and rewards of ownership. The securitisation vehicles in turn issue securities to investors. Interests in the

securitised financial assets are generally retained in the form of senior or subordinated tranches, or other residual interests (retained interests).

Retained interests are recognised as investment securities.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

iv. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at

the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Financial assets

If the terms of a financial asset were modified, then the Group evaluated whether the cash flows of the modified asset were substantially different. If the cash flows were substantially different, then the contractual rights to cash flows from the original financial asset were deemed to have expired. In this case, the original financial asset was derecognised and a new financial asset was recognised at fair value.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

vi. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to

transfer a net short position) for the particular risk exposure. Portfolio-level adjustments- e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure - are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vii. Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments as they are classified and measured at FVPL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether

the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different. In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the EGL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross

carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-integral financial guarantee contracts

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Group presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

Measurement of impairment

The Group calculates ECL based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. Details are included in Note 6B.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether

scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. Details are included in Note 6B.

- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD. Details are included in Note 6B.

When estimating the ECL, the Group considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, EADs and LGDs, as set out in 6B.

When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Reversal of impairment

- For assets measured at amortised cost: If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.
- For debt security held at fair value through OCI (FVOCI): If in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognised through OCI.

Any subsequent recovery in the fair value of an impaired debt security at FVOCI was always recognised in OCI.

Presentation

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

Impairment losses on investment securities at FVOCI were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that was reclassified from equity to profit or loss was the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to the application of the effective interest method were reflected as a component of interest income.

Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk

Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur.

If modifications are substantial, the loan is derecognised. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms. The Group also reassesses whether there has been a significant increase in credit risk and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

viii. Designation at fair value through profit or loss

Financial assets

At initial recognition, the Group has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial liabilities

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 7 sets out the amount of each class of financial asset or financial liability that has been designated as at FVTPL. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

h) Financial assets and liabilities (continued)

Ugandan Financial Institutions Act Cap 57, Laws of Uganda requirements

In addition to the measurement of impairment losses on loans and advances in accordance with IFRS Accounting Standards as set out above, the Group is also required by the Financial Institutions Act Cap 57, Laws of Uganda to estimate losses on loans and advances as follows:

- i. A specific provision for those loans and advances considered to be non-performing based on criteria and classification of such loans and advances established by the Financial Institutions Credit Classification Regulations, 2005, as follows:
 - a. substandard assets with arrears period between 90 and 179 days – 20%;
 - b. doubtful assets with arrears period between 180 days and 364 days – 50%;
 - c. loss assets with arrears period over 365 days – 100%.

In addition to the arrears period, companies must follow subjective criteria in arriving at the classification attributable to the assets.

- ii. A general provision of at least 1% of their total outstanding credit facilities net of specific provisions.

Where provisions for impairment of loans and advances determined in accordance with the Financial Institutions Act Cap 57, Laws of Uganda exceed amounts determined in accordance with IFRS, the excess is taken to a regulatory reserve as an appropriation of retained earnings. Otherwise, the regulatory reserve is reduced to the extent that the provision for impairment determined in accordance with IFRS exceeds that determined in accordance with the Financial Institutions Act Cap 57, Laws of Uganda and the amount taken back to retained earnings.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after

all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the charge for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ix. Staff loans

In the normal course of business, the Group advances loans to employees at below market rate. These loans are measured initially at fair value. The favourable loan term offered to employees are dependent on the continued employment and therefore relate to services to be rendered in future periods.

The interest benefit is forfeited if the employee leaves the Group. The benefit is a long term benefit to the employees and the discount arising from the difference between the nominal value and the market value is treated as a prepayment and expensed in profit or loss in the period in which the services are rendered.

i) Property, equipment and right-of-use assets

Recognition and measurement

Property and equipment is stated at cost excluding the costs of day-to-day servicing, net of accumulated depreciation and/or accumulated impairment losses, if any. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

i) Property, equipment and right-of-use assets (continued)

materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

ii. Subsequent cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation

Depreciation of owned assets is calculated using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

Building	40 years
Furniture, fittings and equipment	6 – 7 years
Computer equipment	3 – 5 years
Motor vehicles	4 years
Work-in-progress	Not depreciated

Leasehold improvements are amortised over the shorter of the estimated useful life of the improvements, and the remaining lease term.

Management and directors review the residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is prospectively adjusted.

j) Intangible assets

i. Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Goodwill: that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Software: acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

j) Intangible assets (continued)

to demonstrate: that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Intangible assets with finite lives are amortised over their useful economic lives using the straight line method and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. The estimated useful life of the Bank's software is 5 years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Amortisation methods, residual values and useful lives are reviewed at each reporting period and adjusted if appropriate.

iv. Derecognition

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised profit or loss when the asset is derecognised.

k) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

k) Income tax (continued)

reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional taxes that arise from the distribution of dividends by the Group are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally recognised in profit or loss.

iii. Tax exposures

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made. The Group considers IFRIC 23 Uncertainty over Income

Tax Treatments in applying judgement for any open tax matters.

The consideration is of whether it is probable that the tax authority will accept an uncertain tax treatment. If the Group concludes that the position is not probable of being accepted, the effect of the uncertainty is reflected in the Group's accounting for income taxes.

l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise notes and coins on hand, unrestricted balances held with the Central Bank and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk change in fair value, and are used by the Group in management of its short-term commitments. Cash and cash equivalents excludes the cash reserves requirement held with the central Bank.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

m) Employee benefits

(i) Retirement benefit obligations

The Group makes contributions to a defined contribution benefit scheme for its eligible employees. A defined contribution benefit scheme is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (fund).

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Group's contributions to the defined contribution scheme are charged to profit or loss in the year to which

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

m) Employee benefits they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

(iii) Other entitlements

Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions and free services; they exclude termination benefits.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under a short-term cash bonus only if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and if the obligation can be measured reliably.

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to

make lease payments and right-of-use assets representing the right to use the underlying assets. At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within Note 28 Property, equipment and right-of-use assets and are subject to impairment in line with the Bank's policy as described in Note 5(v) - Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

n) Leases (continued)

or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents lease liabilities in 'other liabilities' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating

and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

o) Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated and company statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

p) Dividends

Dividends on ordinary shares are recognised as a liability and charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all any potentially dilutive ordinary shares which comprise share options granted to employees

r) Loans and advances

'Loans and advances' captions in the statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- loans and advances mandatorily measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss; and
- finance lease receivables.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

'Loans and advances' were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that the Group did not intend to sell immediately or in the near term.

Loans and advances to banks were classified as loans and receivables. Loans and advances to customers included:

- those classified as loans and receivables;
- those designated as at FVTPL; and
- finance lease receivables.

Loans and advances were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Group chose to designate the loans and advances as measured at FVTPL as described in (J)(viii), they were measured at fair value with face value changes recognised immediately in profit or loss. Loans and advances also included finance lease receivables in which the Group was the lessor.

s) Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments are initially measured at fair value. Subsequently, they are measured as follows:

- at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15; and

The Group has issued no loan commitments that are measured at FVTPL.

For other loan commitments:

- the Group recognises a loss allowance;

Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

Contingent liabilities

Letters of credit, acceptances, guarantees and performance bonds are accounted for as off statement of financial position transactions and disclosed as contingent liabilities. Estimates of the outcome and financial effect of contingent liabilities is made by management based on the information available up to the date the consolidated and separate financial statements are approved for issue by the directors. Any expected loss is charged to profit or loss.

t) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

u) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

u) Impairment of non-financial assets (continued)

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

v) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's consolidated and separate financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

Deposits and Borrowings are the Group's sources of debt funding.

Deposits and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest rate method.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

w) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

i. Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

w) Provisions (continued)

ii. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

iii. Group levies

A provision for Group levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

x) Investment securities

The 'investment securities' caption in the consolidated statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

y) Share capital and reserves

i. Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

ii. Retained earnings / accumulated losses

Retained earnings relates to accumulated prior year earnings/ losses adjusted for profit or loss for the year, proposed dividend and transfers to and from the regulatory credit risk reserves.

z) Proposed dividends

The process of proposing dividends to shareholders is governed by a structured policy to ensure transparency, compliance, and shareholder value maximization. Directors may propose dividends during the annual general meeting (AGM) based on available profits and strategic considerations, subject to rigorous assessment and regulatory approval. The proposed dividends reserve represents amounts allocated from retained earnings for dividends that have been recommended by the board of directors but have not yet been formally declared and approved at the annual general meeting. The reserve reflects management's intention to distribute profits to shareholders, subject to shareholder approval, and is not available for distribution until such approval is obtained.

Notes to the consolidated and separate financial statements (continued)

5. Material accounting policies (continued)

aa) Investment property

Property held for long term rental yields and not occupied by the Group is classified as investment property. A portion of the property at Plot 26 Kyadondo is occupied by the Company's subsidiary, **dfcu** Bank Limited, and is classified as property, plant and equipment in the consolidated and separate financial statements. The remaining portion is held for long term rental yields and is accounted for as investment property. An investment property is defined under IAS 40, Investment property, as a property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation. Depreciation of investment property is calculated using the straight-line method over their estimated useful lives at a rate of 2.5%, and is recognised in profit or loss.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any). Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the net carrying amount at the date of change in use. If owner-occupied property becomes an investment

property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

bb) Comparatives

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

cc) Grants

i) Donor Grants

All donor grants are received in **dfcu** Foundation. When received, they are initially recognized as deferred income at fair value and recorded as liabilities for the period.

The portion of the grants utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the Statement of Comprehensive Income as grant income. Grants utilized to reimburse program related expenditure are recognised as grant income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value. For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

ii) Grant income

Grant income is recognised to the extent that the Foundation fulfils the conditions of the grant. This income is transferred from the deferred grant income account and recognized as income in the statement of comprehensive income.

A portion of the Foundation's donor grants are for the funding of projects and programs, and for these grants, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement of fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed asset.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management

The Group's financial assets are classified as amortised cost, fair value through profit and loss, and fair value through other comprehensive income and all financial liabilities are measured at amortised cost. The carrying amounts for each class of financial assets and financial liabilities are included in the table below;

	Note	2025 Ushs M	2024 Ushs M
Financial assets			
Amortised cost:			
Cash and balances with Bank of Uganda	21	468,076	434,817
Deposits and balances due from other banks	22	246,690	211,315
Loans and advances to customers	23	1,265,799	1,132,199
Investment securities: Measured at amortised cost	25	656,467	728,018
Other financial assets	27	8,554	7,508
		2,645,586	2,513,857
FVOCI			
Investment securities: Measured at fair value	25	619,028	582,723
		619,028	582,723
FVTPL			
Mandatorily at FVTPL			
Trading assets	26	157,177	73,724
Equity investments	24	1,209	6,543
Derivative financial instruments	45	865	2,064
Designated at FVTPL			
Other assets: Measured at fair value	27	3,922	5,476
		163,173	87,807
		3,427,787	3,184,387
Financial liabilities			
Measured at FVTPL			
Derivative financial instruments	45	792	457
Measured at amortised cost:			
Customer deposits	33	2,714,571	2,356,281
Balances due to other banks	34	14,004	120,256
Borrowed funds	37	124,943	149,482
Special funds	36	1,193	1,193
Other financial liabilities	35	82,604	88,101
		2,937,315	2,715,313
		2,938,107	2,715,770

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

	Note	Company	
		2025 Ushs M	2024 Ushs M
Financial assets			
Measured at amortised cost:			
Amounts due from Group Companies	47(b)	2,599	2,092
Other assets: Measured at amortised cost excluding prepayments	27	-	116
		2,599	2,208
Financial liabilities			
Measured at amortised cost:			
Amounts due to Group Companies	47(a)	4,435	13,214
Other financial liabilities	35	2,466	2,777
		6,901	15,991

6A. Strategy in using financial instruments

By their nature, the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standings. Such exposures involve not just on-statement of financial position loans and advances; the Group also enters into guarantees and other commitments such as letters of credit, and performance and other bonds.

The Group also trades in financial instruments. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. The fair value gains or losses arising from trading in financial instruments are recognised in profit or loss under net trading and other income.

Foreign exchange and interest rate exposures and associated derivatives are normally economically hedged by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

6B. Credit risk

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Group by failing to pay amounts in full when due. Impairment allowances are provided for losses that have been incurred at the reporting date. Credit risk is the most important risk for the Group's business. Therefore, management carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet commitments. Credit risk management and control is centralised in the credit risk management team, which reports regularly to management and the Board.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B. Credit risk (continued)

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a portion is personal lending where no such facilities can be obtained.

Credit related commitments:

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. The Group's policy is to hold cash cover for most of the commitments and hence the credit risk arising from such commitments is less than for direct borrowing. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than for direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. The Group makes such commitments at market rates. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Maximum exposure to credit risk before collateral held

	Group	
	2025 Ushs M	2024 Ushs M
Balances with Bank of Uganda (note 21)	220,712	243,738
Loans and advances to banks (note 22)	246,690	211,315
Loans and advances to customers (note 23)	1,265,799	1,132,199
Trading assets (note 26)	157,177	73,724
Investments in securities (note 25)	1,275,495	1,310,741
Other financial assets (note 27)	12,476	12,984
Credit risk exposures on off-statement of financial position items (note 42)		
- Guarantee and performance bonds	227,806	301,453
- Commitments to lend	13,995	30,653
	3,420,150	3,316,807

	Company	
	2025 Ushs M	2024 Ushs M
Amounts due from Group Companies (note 47(b))	2,599	2,092
Other financial assets (note 27)	-	116
	2,599	2,208

The above represents the worst-case scenario of the Group and Company's credit risk exposure as at 31 December 2025 and 2024, without taking account collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position.

As shown above, 44% of the total maximum exposure is derived from loans and advances to banks and customers (2024: 40%), whilst 37% represents investments in government securities (2024: 39%).

Loans and advances to major corporate borrowers and to individuals borrowing more than Ushs 30 million are secured by collateral in the form of charges over land and buildings and / or plant and machinery or corporate guarantees.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio and debt securities based on the following:

The Group exercises stringent controls over the granting of new loans;

- 90% of the loans and advances portfolio are in stage 1;
- 58% of the loans and advances portfolio are backed by collateral; and
- 100% of investments in debt securities are government securities.

	2025 Ushs M	2024 Ushs M
Loans and advances are summarised as follows:		
Stage 1	1,174,999	1,017,324
Stage 2	46,797	83,793
Stage 3	84,941	51,828
Gross	1,306,737	1,152,945
Less: Allowance for impairment (note 23)	(40,938)	(20,746)
Net carrying amount	1,265,799	1,132,199

Loans and advances in stage 1

The credit quality of loans and advances that were in stage 1 can be analysed by reference to the internal rating system adopted by the Group:

	2025 Ushs M	2024 Ushs M
Grades 1-6 (Low-fair / higher risk)	1,174,999	1,017,324

An expected credit loss of Ushs 3,526 million (2024: 5,877 million) has been estimated and recognized in the financial statements. This classification reflects the requirement to account for potential future credit losses on performing loans, even in the absence of any signs of default. The 12-month ECL approach has been applied, considering the probability of default (PD) and loss given default (LGD) to ensure prudent risk management and financial reporting.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Loans and advances in stage 2

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances in stage 2 were as follows:

	2025 Ushs M	2024 Ushs M
Past due up to 30 days	22,508	29,495
Past due 31 - 60 days	17,171	31,213
Past due 61 - 89 days	7,118	23,085
	46,797	83,793

An expected credit loss of Ushs 1,440 million (2024: 987 million) has been calculated and recognized in the financial statements. This classification reflects a significant increase in credit risk since initial recognition, even though the loans are not considered impaired. Under the lifetime ECL approach, the provision is based on the probability of default (PD) and loss given default (LGD), ensuring prudent risk assessment and financial reporting.

Loans and advances in stage 3

The general credit worthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that borrowers provide it. The Group may take collateral in the form of a first charge over real estate, machinery and equipment, automobiles and other liens and guarantees.

Because of the Group's focus on customers' credit worthiness, the Group does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For stage 3 loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

At 31 December 2025, the gross carrying amount of stage 3 loans to customers amounted to Ushs 83,840 million (2024: Ushs 51,331 million), and overdrafts amounted to Ushs 1,101 million (2024: Ushs 497 million), and the value of identifiable collateral held against those loans and advances amounted to Ushs 231,003 million (2024: Ushs 147,682 million).

Below is a summary of Group stage 3 loans with the respective value of security;

	Loans		Overdrafts		Total	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Loans and advances	83,840	51,331	1,101	497	84,941	51,828
Fair value of collateral	230,441	147,158	562	524	231,003	147,682

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The table below provides a mapping of the Group's internal credit risk grades.

Group's internal rating grade	Internal rating description	IFRS 9 Staging
1-6	Low-fair risk	Stage 1
BA1-B3	Medium risk	Stage 1
7-9	Higher risk	Stage 2
10	Substandard	Stage 3
11	Doubtful	Stage 3
12	Loss	Stage 3

Loans and advances to customers at amortised cost - Group

	IFRS 9 12-month PD ranges	2025			
		Ushs M			
		Stage 1	Stage 2	Stage 3	Total
Grades 1-6 Low-fair risk	0-27.87	1,174,999	-	-	1,174,999
Grades 7-9 Higher risk	27.88-29.37	-	46,797	-	46,797
Grade 10: Sub standard	29.38-65.31	-	-	44,359	44,359
Grade 11: Doubtful	6532-82.46	-	-	4,671	4,671
Grade 12: Loss	82.47-84.00	-	-	35,911	35,911
		1,174,999	46,797	84,941	1,306,737
Loss allowance		(3,526)	(1,440)	(35,972)	(40,938)
Carrying amount		1,171,473	45,357	48,969	1,265,799

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Loans and advances to customers at amortised cost - Group (continued)

	IFRS 9 12-month PD ranges	2024			
		Ushs M			
		Stage 1	Stage 2	Stage 3	Total
Grades 1-6 Low-fair risk	0-27.87	1,017,324	-	-	1,017,324
Grades 7-9 Higher risk	27.88-29.37	-	83,793	-	83,793
Grade 10: Sub standard	29.38-65.31	-	-	44,359	44,359
Grade 11: Doubtful	6532-82.46	-	-	4,671	4,671
Grade 12: Loss	82.47-84.00	-	-	2,798	2,798
		1,017,324	83,793	51,828	1,152,945
Loss allowance		(5,877)	(987)	(13,882)	(20,746)
Carrying amount		1,011,447	82,806	37,946	1,132,199

Balances with Bank of Uganda - Group

	IFRS 9 12-month PD	2025			
		Ushs M			
		Stage 1	Stage 2	Stage 3	Total
BA1-B3 Medium risk	2.44	220,976	-	-	220,976
Loss allowance		(264)	-	-	(264)
Carrying amount		220,712	-	-	220,712

	IFRS 9 12-month PD	2024			
		Ushs M			
		Stage 1	Stage 2	Stage 3	Total
BA1-B3 Medium risk	2.44	243,793	-	-	243,793
Loss allowance		(55)	-	-	(55)
Carrying amount		243,738	-	-	243,738

Although the Bank of Uganda is internally risk-graded as medium risk, it is appropriately classified under Stage 1 in IFRS 9 ECL modelling because there has been no significant increase in credit risk (SICR) since initial recognition, the probability of default remains extremely low due to its sovereign central bank status, and forward-looking macroeconomic indicators do not materially elevate its credit risk, thereby justifying the recognition of 12-month ECL rather than lifetime ECL.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Deposits and balances due from other banks - Group

		2025 Ushs M			
	IFRS 9 12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1-6 Low-fair risk	1-2.98	246,705	-	-	246,705
Loss allowance		(15)	-	-	(15)
Carrying amount		246,690	-	-	246,690

		2024 Ushs M			
	IFRS 9 12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1-6 Low-fair risk	1-2.98	211,350	-	-	211,350
Loss allowance		(35)	-	-	(35)
Carrying amount		211,315	-	-	211,315

Other financial assets - Group

		2025 Ushs M			
	IFRS 9 12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1-6 Low-fair risk	1-2.98	12,481	-	-	12,481
Loss allowance		(5)	-	-	(5)
Carrying amount		12,476	-	-	12,476

		2024 Ushs M			
	IFRS 9 12-month PD ranges	Stage 1	Stage 2	Stage 3	Total
Grades 1-6 Low-fair risk	1-2.98	13,038	-	-	13,038
Loss allowance		(54)	-	-	(54)
Carrying amount		12,984	-	-	12,984

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Investment securities at amortised cost - Group

		2025 Ushs M			
	IFRS 9 12-month PD	Stage 1	Stage 2	Stage 3	Total
BA1-B3 Medium risk	2.44	660,474	-	-	660,474
Loss allowance		(4,007)	-	-	(4,007)
Carrying amount		656,467	-	-	656,467

		2024 Ushs M			
	IFRS 9 12-month PD	Stage 1	Stage 2	Stage 3	Total
BA1-B3 Medium risk	2.44	730,906	-	-	730,906
Loss allowance		(2,888)	-	-	(2,888)
Carrying amount		728,018	-	-	728,018

All investment securities at amortised cost were done with Bank of Uganda. Although the Bank of Uganda is internally risk-graded as medium risk, it is appropriately classified under Stage 1 in IFRS 9 ECL modelling because there has been no significant increase in credit risk (SICR) since initial recognition, the probability of default remains extremely low due to its sovereign central bank status, and forward-looking macroeconomic indicators do not materially elevate its credit risk, thereby justifying the recognition of 12-month ECL rather than lifetime ECL.

Off statement of financial position financial - Group

		2025 Ushs M			
	IFRS 9 12-month PD	Stage 1	Stage 2	Stage 3	Total
BA1-B3 Medium risk	2.44	241,801	-	-	241,801
Loss allowance		(1,108)	-	-	(1,108)
Carrying amount		240,693	-	-	240,693

		2024 Ushs M			
	IFRS 9 12-month PD	Stage 1	Stage 2	Stage 3	Total
BA1-B3 Medium risk	2.44	332,106	-	-	332,106
Loss allowance		(1,445)	-	-	(1,445)
Carrying amount		330,661	-	-	330,661

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Disclosure of credit quality on off statement of financial position items has been expanded and comparative information has been presented for the first time. Although off statement of financial position items are risk-graded under medium risk, they are appropriately classified under Stage 1 in IFRS ECL modeling because there have been no significant increase in credit risk since initial recognition and the probability of default remains extremely low.

Investment securities measured at FVOCI

Management determines significant increase in credit risk on government securities when the credit rating of the country deteriorates from one grade category to another since initial recognition. There hasn't been any significant increase in credit risk since initial recognition of the government securities. The oldest government securities held by the Bank are from 2017 and Government of Uganda has been within the speculative grade: highly speculative for almost 20 years since 2005 based on Moody's, Fitch and S&P. Based on that, management has graded the bonds as stage 1 and considered a 12 months PD in the ECL computation. The expected credit loss relating to investment securities measured at FVOCI amounted to Ushs 1,904 million (2024: Ushs 1,445 million) and is recorded in the OCI. (See note 41). The credit rating grade of the investment securities at FVOCI is B3.

Cash and cash equivalents

The Group held cash and cash equivalents of Ushs 461,816 million at 31 December 2025 (2024: Ushs 414,072 million). The cash and cash equivalents are held with central bank of Uganda and financial institution counterparties that are rated at least AA-to AA+, based on Moody's ratings.

Collateral held and other credit enhancements

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Type of credit exposure

	Note	2025 Ushs M	2024 Ushs M	Principal type of collateral held
Balances with Bank of Uganda	21	220,712	243,738	None
Loans and advances to banks	22	246,690	211,315	None
Loans and advances to retail customers:	23			
Mortgage lending		118,415	97,869	Residential property 100%
Personal loans		528,522	448,010	None
Loans and advances to corporate customers:	23			
Finance leases		23,040	16,048	Property and equipment Commercial property, floating charges over corporate assets 100%
Others		595,822	570,272	
Trading assets	26	157,177	73,724	None
Investment debt securities	25	1,275,495	1,310,741	None
Other financial assets	27	12,476	12,984	None
Off balance sheet items:				
-Guarantee and performance bonds	42	227,806	301,453	None
-Undrawn commitments	42	13,995	30,653	None

		Company		Principal type of collateral held
		2025 Ushs M	2024 Ushs M	
Amounts due from Group Companies	47(b)	2,599	2,092	None
Other assets excluding prepayments	27	-	116	None

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

ii. Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 5(i).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files-e.g. audited financial statements, management accounts, budgets and projections.	Internally collected data on customer behavior- e.g. utilisation of credit card facilities	Payment record - this includes overdue status as well as a range of variables about payment ratios
Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes, data from credit reference agencies, press articles, changes in external credit ratings, actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	Affordability metrics External data from credit reference agencies, including industry-standard credit scores	Utilisation of the granted limit Requests for and granting of forbearance Existing and forecast changes in business, financial and economic conditions

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Credit risk grades (continued)

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for corporate exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Group has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process. The Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition if:

- Quantitative; the counterparty is past due for more than 30 days
- Qualitative; the account has been restructured for financial distress reasons
- Qualitative; Poor outlook for the specific sector or industry and any other relevant available information such as Credit Bureau data

In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, the Group

presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group will determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Credit risk grades (continued)

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on its contractual payments.
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

As a part of a qualitative assessment of whether an exposure is credit-impaired, the Group also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- An exposure is forborne or modified due to financial difficulties of the borrower
- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Group
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased

- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Group
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the median scenario reflecting a most-likely outcome, and two less likely scenarios, one upside and one downside. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Group's senior management.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, that is consumer price index (CPI) and inflation, and credit risk and credit losses.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Credit risk grades (continued)

Incorporation of forward-looking information (continued)

During the year 2025, the Group reviewed and updated the credit risk models to include other macro economic variables like central bank rate, exchange rates, interest rates, and deposit rates. In 2024, the key drivers for credit risk for the portfolio, retail unsecured and corporate models were the consumer price index (CPI) and inflation trends.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

31 December 2025

Key drivers	ECL Scenario	2025	2026	2027	2028	2029
		%	%	%	%	%
Central Bank Rate	Downside-30%	11	12	12	11	11
	Base case-50%	11	12	12	11	11
	Upside-20%	11	11	12	11	10
CPI trends	Downside-30%	141	146	150	154	159
	Base case-50%	136	141	145	149	153
	Upside-20%	131	135	140	144	148
Interest Rates	Downside-30%	14	14	15	16	15
	Base case-50%	14	13	15	16	15
	Upside-20%	13	13	14	16	14
Savings Deposit Rates	Downside-30%	3	3	3	3	4
	Base case-50%	3	3	3	3	3
	Upside-20%	3	3	3	3	3
Time Deposit Rates	Downside-30%	11	12	12	11	11
	Base case-50%	11	12	12	11	11
	Upside-20%	11	11	12	11	10
Treasury Bills Rates	Downside-30%	19	19	17	16	16
	Base case-50%	19	18	17	16	16
	Upside-20%	18	18	16	15	15
Exchange Rates (USD)		Ushs	Ushs	Ushs	Ushs	Ushs
	Downside-30%	3,968	4,020	4,073	4,126	4,179
	Base case-50%	3,680	3,729	3,778	3,827	3,876
	Upside-20%	3,392	3,437	3,482	3,528	3,573

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

As part of the model enhancements, management expanded the set of quantitative forward looking macroeconomic variables beyond those disclosed in the prior year. In addition to CPI, the model now incorporates exchange rates, Central Bank Rate (CBR), market interest rates, savings deposits, time deposits, and treasury bill rates. This represents a deliberate enhancement that is intended to improve the accuracy, robustness, and economic relevance of the ECL estimates by capturing more accurately, the evolving economic environment and its effect on the observed portfolio behavior.

The expanded variable set was subject to statistical testing, economic assessment, and model validation, with final inclusion based on relevance, significance, stability, and avoidance of multicollinearity.

31 December 2024

Key drivers	ECL Scenario and weights	2024 %	2025 %	2025 %	2026 %	2027 %
CPI trends	Upside-20%	145	163	174	183	191
	Base case-50%	156	175	188	197	205
	Downside-30%	167	188	201	212	220
Inflation trends	Upside-20%	1.92	2.46	2.77	2.55	2.02
	Base case-50%	3.02	3.82	4.29	3.96	3.16
	Downside-30%	4.24	5.33	5.98	5.52	4.43

Assessment and calculation of ECL

The calculation of ECL involves significant accounting judgements, estimates and assumptions. These are set out in Note 5(i) - Financial assets and liabilities under the material accounting policies and Note 3 - Material accounting judgements, estimates and assumptions.

ECL sensitivity analysis

The table below shows the loss allowance on loans and advances to corporate and retail customers assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements.

As at 31 December 2025

	Base	Pessimistic	Optimistic	Probability weighted
	Ushs M	Ushs M	Ushs M	Ushs M
Gross exposure				
Corporate	631,443	631,443	631,443	631,443
Retail	657,294	657,294	657,294	657,294
	1,288,737	1,288,737	1,288,737	1,288,737
Loss allowance				
Corporate	2,223	2,381	2,043	2,223
Retail	2,742	2,962	2,333	2,742
	4,965	5,343	4,376	4,965

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

ECL sensitivity analysis (continued)

As at 31 December 2024

	Base	Pessimistic	Optimistic	Probability weighted
	Ushs M	Ushs M	Ushs M	Ushs M
Gross exposure				
Corporate	602,636	602,636	602,636	602,636
Retail	550,309	550,309	550,309	550,309
	1,152,945	1,152,945	1,152,945	1,152,945
Loss allowance				
Corporate	3,165	3,196	3,117	3,159
Retail	2,699	2,715	2,674	2,696
	5,864	5,911	5,791	5,855

Below is a sensitivity analysis for the key parameters considered by the Bank in determining expected credit losses. The tables show the increase/ (decline) in profit before income tax and equity for instantaneous parameters shocks.

	2025		2024	
	Corporate	Retail	Corporate	Retail
	Ushs M	Ushs M	Ushs M	Ushs M
Impact on profit before tax:				
+10% probability of inflation shock	2,355	3,012	3,165	2,699
-10% probability of inflation shock	(2,355)	(3,012)	(3,165)	(2,699)
+10% probability of CPI shock	2,091	2,472	3,278	2,756
-10% probability of CPI shock	(2,091)	(2,472)	(3,278)	(2,756)
Impact on equity:				
+10% probability of inflation shock	1,648	2,109	2,216	1,889
-10% probability of inflation shock	(1,648)	(2,109)	(2,216)	(1,889)
+10% probability of CPI shock	1,464	1,730	2,295	1,929
-10% probability of CPI shock	(1,464)	(1,730)	(2,295)	(1,929)

Impact on modelled ECL allowance

The Group's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. The severity of the current macro-economic projections and the added complexity caused by the lack of experience of similar events could not be reliably modelled for the time being. As a consequence, the existing models may generate results that are either overly conservative or overly optimistic depending on the specific portfolio / segment. As a result, post-model adjustments are needed. Given model changes take a significant amount of time to develop and test and the data limitation issues noted above, the Group expects that post-model adjustments will be applied for the foreseeable future.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

ECL sensitivity analysis (continued)

Post-model adjustments and management overlays made in estimating the reported ECL as at 31 December 2025 are set out in the following table:

	Modelled ECL Ushs M	Post-model adjustments Ushs M	Management overlays Ushs M	Total ECL Ushs M	Adjustments as a % of total ECL
31 December 2025					
Total corporate and retail lending	40,099	-	839	40,938	2%
31 December 2024					
Total corporate and retail lending	19,746	-	1,000	20,746	5%

Management overlays relate to additional subjective ECL made on a customer as a result of additional information management received regarding the operations of the customer that could potentially increase the credit risk.

Post-model adjustments

Post model adjustments are adjustments to the ECL balance as part of the year end reporting process to reflect late updates to market data, known model deficiencies and expert credit adjustment. They are usually calculated and allocated at a granular level through modelled analysis, calculated separately for each economic scenario and where appropriate used to adjust stage allocation outcomes. There were no post model adjustments in 2025 (2024: Nil)

Management overlays

Management overlays are adjustments to the ECL model outputs that have been made outside the detailed ECL calculation and reporting process. These do not meet the bank's definition of post model adjustments because they are

not calculated at a granular level through modelled analysis. As at 31 December 2025, the management overlays recognized in the financial statements amounted to Ushs 839 million (2024: Ushs 1,000).

The Group has internal governance frameworks and controls in place to assess the appropriateness of all judgmental adjustments. The aim of the bank is to incorporate these adjustments into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 5(i)(iv).

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Modified financial assets (continued)

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time). The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments

and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities. For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

The following tables provide a summary of the Group's forbore assets, which are all under Stage 2. There are none under Stage 3.

	Gross carrying amount of modified stage 2 loans				
	Gross carrying amount of Stage 2 loans	Temporary modification to T&Cs	Permanent modification to T&Cs	Total performing restructured loans	Carrying amount before restructure
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
31 December 2025					
Corporate loans	21,273	-	571	571	687
Retail loans	25,524	-	14,957	14,957	16,534
	46,797	-	15,528	15,528	17,221

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Modified financial assets (continued)

31 December 2024	Gross carrying amount of modified stage 2 loans				
	Gross carrying amount of Stage 2 loans	Temporary modification to T&Cs	Permanent modification to T&Cs	Total performing restructured loans	Carrying amount before restructure
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Corporate loans	50,891	-	30,377	30,377	34,529
Retail loans	32,903	-	3,200	3,200	8,011
Total	83,794	-	33,577	33,577	42,540

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period:

	Post- modification		Pre-modification	
	Gross carrying amount Ushs M	Corresponding ECL Ushs M	Gross carrying amount Ushs M	Corresponding ECL Ushs M
31 December 2025				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	3,446	6	5,258	30
Facilities that reverted to (Stage 2/3) LTECL having once cured	9	1	196	9
Total	3,455	7	5,454	39
31 December 2024				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	48,995	53	27,980	179
Facilities that reverted to (Stage 2/3) LTECL having once cured	274	9	226	40
Total	49,269	62	28,206	219

No modification gain or loss was recognised in the financial statements, as the resulting impact was assessed by management to be immaterial to the financial statements.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The methodology of estimating PDs is discussed above under the heading, 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure

when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee. However, for retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis.

The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level.

This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

Measurement of ECL (continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include::

- credit risk gradings;
- loan amount
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows.

	Exposure Ushs		External benchmarks used	
	2025	2024	Moody's Rating PD	Basel Rating (sovereign) LGD
Government securities - Amortised cost	656 bn	728 bn	2.44%	10%
Government securities - FVOCI	619 bn	583 bn	2.44%	10%

i. Impaired financial assets

Loans with renegotiated terms

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Group has made concessions by agreeing to terms and conditions that are more favorable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off.

Loans and investment debt securities that were in stage 2

Loans and investment debt securities that were in stage 2 are those for which contractual interest or principal payments were past due but the Group believed that impairment was not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Group. The amounts disclosed exclude assets measured at FVTPL.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6B Credit risk (continued)

ii. Concentrations of credit risk

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances and credit commitments is shown below.

	2025		2024	
	Loans and advances	Credit Commitments	Loans and advances	Credit Commitments
As at 31 December				
Agriculture	2%	0%	6%	7%
Manufacturing	13%	6%	13%	16%
Infrastructure and energy	9%	0%	11%	0%
Information Communication Technology	0%	46%	2%	3%
Trade and Commerce	25%	45%	22%	13%
Public Sector	0%	0%	2%	0%
Financial Institutions	1%	0%	3%	0%
Education and Health	7%	3%	6%	7%
Personal and Household	43%	0%	35%	54%
	100%	100%	100%	100%

As at 31 December 2025 and 2024, the Group had no exposures to a single borrower or group of related borrowers exceeding 25% of the total capital of the subsidiary (dfcu Bank Limited).

6C Liquidity risk

Liquidity risk is the risk that the Group is unable to meet payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Management of liquidity risk

The Group's objective to managing liquidity is to ensure that there will always be sufficient liquidity to meet its liabilities and other obligations when they fall due under both normal and stressed conditions in line with the Group's Assets and Liabilities Management (ALM) policies without incurring unacceptable losses or risking damage to the Group's reputation.

ALM policies are approved by the Group's Assets and Liabilities Board Committee (ALCO) and the Board of Directors. The purpose of ALCO is to stipulate and monitor the business philosophy of the Group as to the cost, structure and mix of assets and liabilities to maximise profitability within acceptable set risk limits.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Management of liquidity risk (continued)

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market divided by any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

The Financial Institutions (Liquidity) Regulations, 2024 became effective on 19 June 2024. The regulations require financial institutions to maintain an adequate level of liquidity and to manage a liquidity risk appetite to meet all known obligations and commitments and to plan for unforeseen obligations and commitments. In order to comply with these Regulations, the Bank has implemented an International Liquidity Assessment Process (ILAAP) and monitors its liquid assets, the liquid assets ratio, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Management has put up a contingent recovery fund to help to mitigate unexpected liquidity gaps.

Liquid assets ratio

In assessing the liquid assets ratio, the Group has considered its highly liquid assets as a percentage of deposits from customers, which are considered to be due on demand.

Details of the reported Group's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows.

	2025	2024
At 31 December	45.2%	34.2%
Average for the period	39.3%	36.5%
Maximum for the period	49.1%	41.2%
Minimum for the period	31.5%	31.8%

The table below summarises the net position as at 31 December 2024 and 31 December 2023 based on contractual maturity.

Net position as at 31 December 2025 (Group) Months	Up to	1-3	3-12	1-5	Over
	1 month	months	months	years	5 years
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Long / (short) Gap	(935,618)	120,182	(17,691)	522,636	558,370
Long / (short) Cumulative Gap	(935,618)	(815,436)	(833,127)	(310,491)	247,879
Cumulative Gap / Total Assets	(25%)	(22%)	(22%)	(8%)	7%

Net position as at 31 December 2024 (Group)

Months	Up to	1-3	3-12	1-5	Over
	1 month	months	months	years	5 years
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Long / (short) Gap	(884,692)	291,670	(117,177)	45,341	801,369
Long / (short) Cumulative Gap	(884,692)	(563,022)	(710,199)	(664,858)	136,511
Cumulative Gap / Total Assets	(26%)	(17%)	(20%)	(19%)	4%

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Management of liquidity risk (continued)

Net position as at 31 December 2025 (Company)

Months	Up to	1-3	3-12	1-5	Over
	1 month	months	months	years	5 years
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Long / (short) Gap	2,005	(1,645)	(2,635)	(2,027)	-
Long / (short) Cumulative Gap	2,005	360	(2,275)	(4,302)	-
Cumulative Gap / Total Assets	1%	0.1%	(1%)	(2%)	-

Net position as at 31 December 2024 (Company)

Months	Up to	1-3	3-12	1-5	Over
	1 month	months	months	years	5 years
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Long / (short) Gap	1,174	(1,130)	(3,740)	(10,087)	-
Long / (short) Cumulative Gap	1,174	44	(3,696)	(13,783)	-
Cumulative Gap / Total Assets	1%	2%	(3%)	(7%)	-

Liquidity coverage ratio

The Bank has also considered the liquidity coverage ratio (LCR). The LCR represents the Bank's high quality liquid assets (HQLA) expressed as a percentage of the Bank's net cash out flows.

Details of the Bank's LCR at the reporting date and during the reporting period were as follows.

	2025	2024
At 31 December	360%	379%
Average for the period	367%	271%
Maximum for the period	433%	379%
Minimum for the period	277%	219%

As disclosed in the table above, the LCR was higher than the regulatory requirement of 100% as at, and during the years ended 31 December 2025 and 31 December 2024.

Net stable funding ratio

The Financial Institutions (Liquidity) Regulations, 2024 require financial institutions to maintain on an on-going basis, a net stable funding ratio (NSFR) of not less than one hundred percent. The NSFR represents the Bank's available stable funding as a percentage of the required stable funding.

As disclosed in the table below, the NSFR exceeded the requirement of 100% as at, and during the years ended 31 December 2025 and 31 December 2024:

	2025	2024
At 31 December	186%	246%
Average for the period	201%	190%
Maximum for the period	286%	246%
Minimum for the period	176%	150%

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Liquidity risk (continued)

The following are the remaining contractual maturities financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

2025	Group					
	Carrying Amount	Contractual Cash flows				
		Ushs M	Gross nominal inflow/(outflow)	Up to 1 month	1-3 months	3-12 months
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Financial liability by type						
Customer deposits	2,714,571	3,040,357	2,372,853	203,985	455,074	8,445
Balances due to other banks	14,004	14,004	-	-	-	-
Derivative financial instruments	792	792	-	-	-	-
Other financial liabilities excluding lease liability	57,355	57,355	-	-	-	-
Lease liability	25,249	40,035	16,670	2,067	11,581	9,162
Borrowed funds	124,943	132,440	15,195	10,666	28,906	77,673
Special funds	1,193	1,193	-	-	-	-
Total liabilities	2,938,107	3,286,176	2,478,062	216,718	495,561	95,280
Financial assets by type						
Cash and balances with Bank of Uganda	468,076	468,076	-	-	-	-
Loans and advances to other banks	246,690	255,620	-	-	-	-
Loans and advances to customers	1,265,799	1,443,012	243,548	421,024	213,778	386,186
Government and other securities	1,432,672	1,604,594	393,263	55,801	380,257	448,947
Equity investments at fair value through profit and loss	1,209	1,209	-	-	-	71
Derivative financial instruments	865	865	-	-	-	-
Other financial assets	12,476	13,020	5,633	4,791	2,071	525
Total assets	3,427,787	3,785,396	1,367,005	481,616	596,106	713,108
Net liquidity gap	(489,680)	(499,220)	1,111,057	(264,898)	(100,545)	(628,006)
Net off-statement of financial position items	(241,801)	(739,883)	1,091,189	(102,249)	(90,423)	(170)
Overall liquidity position	(731,481)	(1,239,103)	2,202,246	(367,147)	(190,968)	(628,176)

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Liquidity risk (continued)

2024	Group					
	Carrying Amount	Contractual Cash flows				
		Ushs M	Gross nominal inflow/(outflow)	Up to 1 month	1-3 months	3-12 months
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Financial liability by type						
Customer deposits	2,356,281	2,639,035	2,091,208	104,466	443,327	-
Balances due to other banks	120,256	133,484	133,484	-	-	-
Derivative financial instruments	457	457	457	-	-	-
Other financial liabilities excluding lease liability	62,799	62,799	62,799	-	-	-
Lease liability	25,302	68,652	50,882	5,218	9,477	1,845
Borrowed funds	149,482	158,451	14,439	608	40,972	38,257
Special funds	1,193	1,193	1,193	-	-	-
Total liabilities	2,715,770	3,064,071	2,354,462	110,292	493,776	40,102
Financial assets by type						
Cash and balances with Bank of Uganda	434,817	434,817	434,817	-	-	-
Loans and advances to other banks	211,315	234,560	234,560	-	-	-
Loans and advances to customers	1,132,199	1,394,709	296,715	346,838	209,592	433,843
Government and other securities	1,384,465	1,555,049	333,789	131,338	299,196	615,225
Equity investments at fair value through profit and loss	6,543	6,543	-	-	-	6,543
Derivative financial instruments	2,064	2,064	2,064	-	-	-
Other financial assets	12,984	22,971	14,226	5,947	2,012	786
Total assets	3,184,387	3,650,713	1,316,171	484,123	510,800	1,055,611
Net liquidity gap	(468,617)	(586,642)	1,038,291	(373,831)	(17,024)	(1,015,509)
Net off-statement of financial position items	(332,106)	(332,106)	(35,125)	(36,645)	(127,023)	-
Overall liquidity position	(800,723)	(918,748)	1,003,166	(410,476)	(144,047)	(1,015,509)

Notes to the consolidated and separate financial statements (continued)

6 Financial risk management (continued)

6C Liquidity risk (continued)

2025	Company Contractual Cash flows										
	Carrying Amount Ushs M	Gross nominal inflow/(outflow) Ushs M		Up to 1 month Ushs M		1-3 months Ushs M		3-12 months Ushs M		Over 5 years Ushs M	
Financial liability by type:											
Amounts due to Group Companies	4,435	5,189	-	-	-	-	-	2,818	2,371	-	-
Other financial liabilities	2,466	2,466	592	1,645	-	-	229	-	-	-	-
Total liabilities	6,901	7,655	592	1,645	592	1,645	3,047	3,047	2,371	-	-
Financial assets by type:											
Amounts due from Group Companies	2,599	2,599	2,599	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	2,599	2,599	2,599	-	-	-	-	-	-	-	-
Liquidity gap	(4,302)	(5,056)	2,007	(1,645)	2,007	(1,645)	(3,047)	(3,047)	(2,371)	-	-
2024	Contractual Cash flows										
	Carrying Amount Ushs M	Gross nominal inflow/(outflow) Ushs M		Up to 1 month Ushs M		1-3 months Ushs M		3-12 months Ushs M		Over 5 years Ushs M	
Financial liability by type:											
Amounts due to Group Companies	13,214	14,878	-	-	-	-	-	3,659	11,219	-	-
Other financial liabilities	2,777	2,777	1,034	1,130	-	-	613	-	-	-	-
Total liabilities	15,991	17,655	1,034	1,130	1,034	1,130	4,272	4,272	11,219	-	-
Financial assets by type:											
Amounts due from Group Companies	2,092	2,092	2,092	-	-	-	-	-	-	-	-
Other financial assets	116	116	116	-	-	-	-	-	-	-	-
Total assets	2,208	2,208	2,208	-	-	-	-	-	-	-	-
Liquidity gap	(13,783)	(15,447)	1,174	(1,130)	1,174	(1,130)	(4,272)	(4,272)	(11,219)	-	-

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Liquidity risk (continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the carrying amount as at 31 December. All figures are in millions of Uganda Shillings.

As at 31 December 2025	Up to						Total
	1 month		1-5 years		Over 5 years		
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	
Assets							
Cash and balances with Bank of Uganda	468,076	-	-	-	-	-	468,076
Deposits and balances due from other banks	246,690	-	-	-	-	-	246,690
Loans and advances to customers	213,640	369,319	187,524	338,759	156,557	-	1,265,799
Government and other securities	351,128	49,822	339,515	291,362	400,845	-	1,432,672
Investment in shares	-	-	-	71	1,138	-	1,209
Other assets	3,716	4,278	1,850	2,632	-	24,318	36,794
Derivative financial instruments	865	-	-	-	-	-	865
Deferred income tax asset	-	-	-	-	-	113,343	113,343
Property and equipment	-	-	-	-	-	85,750	85,750
Investment property	-	-	-	-	-	18,584	18,584
Intangible assets	-	-	-	-	-	45,369	45,369
Other receivables from Bank of Uganda	-	-	-	-	-	832	832
Total assets	1,284,115	423,419	528,889	632,824	558,540	288,196	3,715,983
Liabilities							
Customer deposits	2,118,585	182,130	406,316	7,540	-	-	2,714,571
Derivative financial instruments	792	-	-	-	-	-	792
Balances due to other banks	14,004	-	-	-	-	-	14,004
Other liabilities	49,956	8,796	22,571	1,281	-	-	82,604
Borrowed funds	14,335	10,062	27,270	73,276	-	-	124,943
Special funds	1,193	-	-	-	-	-	1,193
Deferred income tax liability	-	-	-	-	-	1,035	1,035
Current income tax payable	-	-	-	-	-	5,512	5,512
Provisions	-	-	-	-	-	3,493	3,493
Total liabilities	2,198,865	200,988	456,157	82,097	-	10,040	2,948,147
Net liquidity gap	(914,750)	222,431	72,732	550,727	558,540	278,156	767,836
Net off-statement of financial position items	(20,868)	(102,249)	(90,423)	(28,091)	(170)	-	(241,801)
Overall net liquidity gap	(935,618)	120,182	(17,691)	522,636	558,370	278,156	526,035

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Liquidity risk (continued)

As at 31 December 2024

	Up to		1-3		3-12		1-5		Over		Total
	1 month	Ushs M	months	Ushs M	months	Ushs M	months	Ushs M	5 years	Ushs M	
Assets											
Cash and balances with Bank of Uganda	434,817	-	-	-	-	-	-	-	-	-	434,817
Deposits and balances due from other banks	211,315	-	-	-	-	-	-	-	-	-	211,315
Loans and advances to customers	260,277	304,244	183,853	94,493	289,332	289,332	289,332	289,332	289,332	1,132,199	
Government and other securities	298,026	117,266	267,139	156,697	545,337	545,337	545,337	545,337	545,337	1,384,465	
Investment in shares	-	-	-	-	6,543	6,543	6,543	6,543	6,543	6,543	
Other assets	5,495	5,310	1,797	382	-	-	-	-	20,635	20,635	33,619
Derivative financial instruments	2,064	-	-	-	-	-	-	-	2,064	2,064	2,064
Deferred income tax asset	-	-	-	-	-	-	-	-	87,859	87,859	87,859
Property and equipment	-	-	-	-	-	-	-	-	80,362	80,362	80,362
Investment property	-	-	-	-	-	-	-	-	18,849	18,849	18,849
Intangible assets	-	-	-	-	-	-	-	-	36,148	36,148	36,148
Other receivables from Bank of Uganda	-	-	-	-	-	-	-	-	832	832	832
Total assets	1,211,994	426,820	452,789	251,572	841,212	841,212	841,212	841,212	244,685	244,685	3,429,072
Liabilities											
Customer deposits	1,867,150	93,273	395,828	30	-	-	-	-	-	-	2,356,281
Derivative financial instruments	457	-	-	-	-	-	-	-	-	-	457
Balances due to other banks	120,256	-	-	-	-	-	-	-	-	-	120,256
Other liabilities	58,884	4,659	8,462	16,096	-	-	-	-	-	-	88,101
Borrowed funds	13,621	573	38,653	56,792	39,843	39,843	39,843	39,843	-	-	149,482
Special funds	1,193	-	-	-	-	-	-	-	-	-	1,193
Current income tax payable	-	-	-	-	-	-	-	-	4,685	4,685	4,685
Provisions	-	-	-	-	-	-	-	-	4,364	4,364	4,364
Total liabilities	2,061,561	98,505	442,943	72,918	39,843	39,843	39,843	39,843	9,049	9,049	2,724,819
Net liquidity gap	(849,567)	328,315	9,846	178,654	801,369	801,369	801,369	801,369	235,636	235,636	704,253
Net off-statement of financial position items	(35,125)	(36,645)	(127,023)	(133,313)	-	-	-	-	-	-	(332,106)
Overall net liquidity gap	(884,692)	291,670	(117,177)	45,341	801,369	801,369	801,369	801,369	235,636	235,636	372,147

The disclosure has been updated to exclude non-liquid items and Ushs 9,987 million previously reported in other assets as a non-liquid item has been transferred to non-financial items for comparative purposes.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6C Liquidity risk (continued)

Company: As at 31 December 2025

	Up to		1-3		3-12		1-5		Over		Total
	1 month	Ushs M	months	Ushs M	months	Ushs M	months	Ushs M	5 years	Ushs M	
Assets											
Amounts due from Group companies	2,599	-	-	-	-	-	-	-	-	-	2,599
Other assets	-	-	-	-	-	-	-	-	65	65	65
Current income tax recoverable	-	-	-	-	-	-	-	-	904	904	904
Investment in subsidiary	-	-	-	-	-	-	-	-	203,293	203,293	203,293
Investment property	-	-	-	-	-	-	-	-	36,131	36,131	36,131
Total assets	2,599	-	-	-	-	-	-	-	240,393	240,393	242,992
Financial liabilities											
Other liabilities	594	1,645	227	-	-	-	-	-	-	-	2,466
Deferred income tax liability	-	-	-	-	-	-	-	-	1,035	1,035	1,035
Amounts due to Group companies	-	-	2,408	2,027	-	-	-	-	-	-	4,435
Total liabilities	594	1,645	2,635	2,027	-	-	-	-	1,035	1,035	7,936
Liquidity gap	2,005	(1,645)	(2,635)	(2,027)	-	-	-	-	239,358	239,358	235,056

6 Financial risk management (continued)

6C Liquidity risk (continued)

Company:	Up to		1-3		3-12		1-5		Over		Non-financial		Total
	1 month		months		months		years		5 years		items		
As at 31 December 2024	Ushs M		Ushs M		Ushs M		Ushs M		Ushs M		Ushs M		Ushs M
Assets													
Amounts due from Group companies	2,092	-	-	-	-	-	-	-	-	-	-	-	2,092
Other assets	116	-	-	-	-	-	-	-	-	-	79	-	195
Current income tax recoverable	-	-	-	-	-	-	-	-	-	-	745	-	745
Investment in subsidiary	-	-	-	-	-	-	-	-	-	-	203,293	-	203,293
Investment property	-	-	-	-	-	-	-	-	-	-	36,595	-	36,595
Total assets	2,208	-	-	-	-	-	-	-	-	-	240,712	-	242,920
Financial liabilities													
Other liabilities	1,034	-	-	-	613	-	-	-	-	-	-	-	3,162
Amounts due to Group companies	-	-	1,130	-	-	-	-	-	-	-	-	311	20,328
Deferred tax liability	-	-	-	-	3,127	-	10,087	-	-	-	-	-	291
Total liabilities	1,034	-	1,130	-	3,740	-	10,087	-	-	-	311	-	23,781
Liquidity gap	1,174	-	(1,130)	-	(3,740)	-	(10,087)	-	-	-	240,401	-	222,883

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6D Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risks rests with the ALCO. The Treasury Department is responsible for the detailed risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

Currency Risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, counter party limits and stop loss limits, which are monitored daily by treasury with senior management oversight. The Group's ALCO reviews on a monthly basis the net foreign exchange position of the Group. As at 31 December 2025, the Group had a net foreign exchange position of Ushs 24,184 million (2024: Ushs 27,041 million).

The Group's profit before income tax would decrease/ increase by Ushs 2,418 million (2024: Ushs 2,704 million) were the Ushs: US\$ foreign exchange rate to change by 10% (2024: 10%). This variation in profitability is measured by reference to foreign currency exposures existing at year end. The Group's equity would therefore decrease/increase by Ushs 1,693 million (2024: Ushs 1,893 million). Movements in the foreign exchange rates for GBP and EURO would not have a material impact on the Group's results

The table below summarises the Group's exposure to foreign currency risk as at 31 December 2025. Included in the table are the Group's assets and liabilities categorised by currency. All figures are in millions of Uganda Shillings. The Uganda shillings (Ushs) and the non-financial items have not been included in determining the foreign currency sensitivity analysis.

As at 31 December 2025 (Group)	USD	GBP	EURO	Total
	Ushs M	Ushs M	Ushs M	Ushs M
Assets				
Cash and balances with Bank of Uganda	86,920	6,857	8,423	102,200
Loans and advances to other banks	215,939	12,055	6,031	234,025
Loans and advances to customers	399,157	-	-	399,157
Other assets	1,502	-	-	1,502
Total assets	703,518	18,912	14,454	736,884
Liabilities				
Customer deposits	691,506	8,395	15,444	715,345
Other liabilities	7,624	761	292	8,677
Borrowed funds	28,572	-	-	28,572
Total liabilities	727,702	9,156	15,736	752,594
Net on-statement of financial position items	(24,184)	9,756	(1,282)	(15,710)
Net off-statement of financial position items	(112,419)	-	(8,239)	(241,801)
Overall open position	(136,603)	9,756	(9,521)	(257,511)

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6D Market risk (continued)

As at 31 December 2024 (Group)	USD	GBP	EURO	Total
	Ushs M	Ushs M	Ushs M	Ushs M
Assets				
Cash and balances with Bank of Uganda	65,567	4,872	29,051	434,817
Loans and advances to other banks	180,696	6,253	23,473	211,315
Loans and advances to customers	301,322	-	-	1,132,199
Other assets	1,779	-	-	12,984
Total assets	549,364	11,125	52,524	3,184,387
Liabilities				
Customer deposits	524,655	5,633	20,815	2,356,281
Other liabilities	16,776	1,589	1,239	88,101
Borrowed funds	34,974	-	-	149,482
Total liabilities	576,405	7,222	22,054	2,715,770
Net on-statement of financial position items	(27,041)	3,903	30,470	468,617
Net off-statement of financial position items	(174,205)	-	(5,902)	(332,106)
Overall open position	(201,246)	3,903	24,568	136,511

As at 31 December 2025 (Company)	USD	GBP	EURO	Total
	Ushs M	Ushs M	Ushs M	Ushs M
Assets				
Amounts due from Group companies	488	-	-	488
Other assets	-	-	-	-
Total assets	488	-	-	488
Total liabilities	-	-	-	-
Overall open position	488	-	-	488

As at 31 December 2024 (Company)	USD	GBP	EURO	Total
	Ushs M	Ushs M	Ushs M	Ushs M
Assets				
Amounts due from Group companies	562	-	-	562
Other assets	-	-	-	-
Total assets	562	-	-	562
Total liabilities	-	-	-	-
Overall open position	562	-	-	562

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored monthly.

The Group faces fair value interest rate risk on its fixed interest financial assets that are measured at fair value. In addition, the Group faces cash flow interest rate risk on its variable rate financial instruments measured at amortised cost. Financial instruments with fair value interest rate risk comprise solely the held-for-trading portfolio of Government securities. Financial instruments with cash flow interest rate risk comprise deposits and balances due from other banks, loans and advances receivable/payable, customer deposits and amounts due to other group companies.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6D Market risk (continued)

The table below summarises the Group's fair value and cash flow interest rate risks at 31 December 2025 assuming a market interest rate decrease of 3% from the rates ruling at year-end (2024: 3%). This would have an impact on the profit before income tax of the Group as follows:

	2025			2024		
	Ushs M			Ushs M		
	Profit before tax	Tax impact	Net impact on equity	Profit before tax	Tax impact	Net impact on equity
Fair value interest rate risk	1,363	(409)	954	1,227	(368)	859
Cash flow interest rate risk	44,084	(13,225)	30,859	36,673	(11,902)	24,771
	45,447	(13,634)	31,813	37,900	(12,270)	25,630

The table summarises the Group's interest risk on the debt instruments at FVOCI as at 31 December 2025 assuming a market interest rate decrease of 3% from the rates ruling at year end (2024: 3%)

	2025			2024		
	Ushs M			Ushs M		
	Gross effect on OCI	Tax (expense)/benefit	Net impact on equity	Gross effect on OCI	Tax (expense)/benefit	Net impact on equity
Movement in liability credit reserve	(216)	65	(151)	(474)	142	(332)
Movement in debt instrument at FVOCI	(1)	-	(1)	(1)	-	(1)
	(217)	65	(152)	(475)	142	(333)

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6D Market risk (continued)

The tables below summarise the Group's exposure to interest rate risk as at 31 December 2025 and 31 December 2024. Included in the table is the Group's interest-bearing assets and liabilities at carrying amounts categorised by the earlier of contractual re-pricing or maturity dates. The Group does not bear any interest rate risk on off-statement of financial position items like commitments to lend, guarantees and letters of credit. All figures are in millions of Uganda Shillings.

	Up to 1 month		1-3 months		3-12 months		1-5 years		Over 5 years		Non - interest bearing		Total	
	Ushs M		Ushs M		Ushs M		Ushs M		Ushs M		Ushs M		Ushs M	
As at 31 December 2025 (Group)														
Interest bearing assets														
Cash and balances with Bank of Uganda	-	-	-	-	-	-	-	-	-	-	468,076	-	-	468,076
Deposits and balances due from other banks	171,543	-	-	-	-	-	-	-	-	-	75,147	-	-	246,690
Loans and advances to customers	254,576	369,319	187,524	338,759	156,559	400,845	-	-	-	-	(40,938)	-	-	1,265,799
Government and other securities	351,128	49,822	339,515	291,362	-	-	-	-	-	-	-	-	-	1,432,672
Equity investments	-	-	-	-	-	-	-	-	-	-	1,209	-	-	1,209
Other assets	-	-	-	-	-	-	-	-	-	-	12,476	-	-	12,476
Derivative financial instruments	865	-	-	-	-	-	-	-	-	-	-	-	-	865
Total interest bearing assets	778,112	419,141	527,039	630,121	557,404	557,404	515,970	3,427,787						
Interest bearing liabilities														
Customer deposits	831,519	182,130	406,316	7,540	-	-	-	-	-	-	1,287,066	-	-	2,714,571
Derivative financial instruments	792	-	-	-	-	-	-	-	-	-	-	-	-	792
Balances due to other banks	14,004	-	-	-	-	-	-	-	-	-	-	-	-	14,004
Other liabilities	-	-	-	-	-	-	-	-	-	-	82,604	-	-	82,604
Borrowed funds	14,335	10,062	27,270	39,272	-	-	-	-	-	-	34,004	-	-	124,943
Special funds	-	-	-	-	-	-	-	-	-	-	1,193	-	-	1,193
Total interest bearing liabilities	860,650	192,192	433,586	46,812	557,404	557,404	1,404,867	2,938,107						
Interest re-pricing gap	(82,538)	226,949	93,453	583,309	557,404	557,404	(888,897)	489,680						

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6D Market risk (continued)

	Up to 1 month		1-3 months		3-12 months		1-5 years		Over 5 years		Non - interest bearing		Total	
	Ushs M		Ushs M		Ushs M		Ushs M		Ushs M		Ushs M		Ushs M	
As at 31 December 2024 (Group)														
Interest bearing assets														
Cash and balances with Bank of Uganda	-	-	-	-	-	-	-	-	-	-	434,817	-	-	434,817
Deposits and balances due from other banks	153,427	-	-	-	-	-	-	-	-	-	57,888	-	-	211,315
Loans and advances to customers	284,284	304,244	183,853	94,493	286,071	1,132,199	-	-	-	-	(20,746)	-	-	1,384,465
Government and other securities	298,026	117,266	267,139	156,697	545,337	-	-	-	-	-	6,543	-	-	1,384,465
Equity investments	-	-	-	-	-	-	-	-	-	-	12,984	-	-	12,984
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	2,064	-	-	-	-	-	-	-	-	-	-	-	-	2,064
Total interest bearing assets	737,801	421,510	450,992	251,190	831,408	3,184,387	491,486	3,184,387						
Interest bearing liabilities														
Customer deposits	694,406	93,273	395,828	30	-	-	-	-	-	-	1,172,744	-	-	2,356,281
Derivative financial instruments	457	-	-	-	-	-	-	-	-	-	-	-	-	457
Balances due to other banks	120,256	-	-	-	-	-	-	-	-	-	-	-	-	120,256
Other liabilities	-	-	-	-	-	-	-	-	-	-	88,101	-	-	88,101
Borrowed funds	13,621	573	38,653	17,093	39,843	149,482	-	-	-	-	39,699	-	-	149,482
Special funds	-	-	-	-	-	-	-	-	-	-	1,193	-	-	1,193
Total interest bearing liabilities	828,740	93,846	434,481	17,123	39,843	2,715,770	1,301,737	2,715,770						
Interest re-pricing gap	(90,939)	327,664	16,511	234,067	791,565	468,617	(810,251)	468,617						

6. Financial risk management (continued)

6D Market risk (continued)

As at 31 December 2025 (Company)

	Up to	1-3	3-12	1-5	Over	Non - interest	Total
	1 month	months	months	years	5 years	bearing	Total
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Interest bearing assets							
Amounts due from Group companies	2,599	-	-	-	-	-	2,599
Total interest bearing assets	2,599	-	-	-	-	-	2,599
Interest bearing liabilities							
Other liabilities	-	-	-	-	-	2,466	2,466
Amounts due to Group companies	-	-	2,408	2,027	-	-	4,435
Total interest bearing liabilities	-	-	2,408	2,027	-	2,466	6,901
Interest re-pricing gap	2,599	-	(2,408)	(2,027)	-	(2,466)	(4,302)

As at 31 December 2024 (Company)

	Up to	1-3	3-12	1-5	Over	Non - interest	Total
	1 month	months	months	years	5 years	bearing	Total
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Interest bearing assets							
Other assets	-	-	-	-	-	116	116
Amounts due from Group companies	2,092	-	-	-	-	-	2,092
Total interest bearing assets	2,092	-	-	-	-	116	2,208
Interest bearing liabilities							
Other liabilities	-	-	-	-	-	2,777	2,777
Amounts due to Group companies	-	-	3,127	10,087	-	-	13,214
Total interest bearing liabilities	-	-	3,127	10,087	-	2,777	15,991
Interest re-pricing gap	2,092	-	(3,127)	(10,087)	-	(2,661)	(13,783)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities

i) Financial instruments measured at fair value

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- **Level 1:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices

and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain OTC structured derivatives, certain loans, securities for which there is no active market and retained interests in securitisations (as discussed below). Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities

i) Financial instruments measured at fair value

the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

For measuring derivatives that might change classification from being an asset to a liability or vice versa - e.g. interest rate swaps - fair values take into account both credit valuation adjustment (CVA) and debit valuation adjustment (DVAJ when market participants would take this into consideration in pricing the derivatives.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Measurement on the basis of net exposures to risks

If the Group measures portfolios of financial assets and financial liabilities on the basis of

net exposures to market risks, then it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads.

These adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio. Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, it takes into account any existing arrangements that mitigate the credit risk exposure - e.g. master netting agreements with the counterparty.

Valuation techniques

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in primary and secondary markets. When active market prices are not available, the Group uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of secondary market trading, in which instances the Group classifies those securities as Level 2. The Group does not have Level 3 government securities where valuation inputs would be unobservable. The fair values of government securities are obtained from Bank of Uganda.

Equity instruments

The Group's equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities

i) Financial instruments measured at fair value

Other assets at fair value through profit or loss

These comprise of loans and receivables designated at FVPL and mandatorily required to be measured at FVPL. The fair value is determined based on the present value of future cash flows using the contractual rates.

Valuation framework

The Group has an established control framework for the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving both Product Control and Group Market Risk;
- quarterly calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by a committee of senior Product Control and Group Market Risk personnel.

Financial instruments measured at fair value - Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities (continued)

i) Financial instruments measured at fair value (continued)

Financial instruments measured at fair value - Fair value hierarchy

The following are the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

2025	Hierarchy				Carrying Amount
	Level 1	Level 2	Level 3	Total	
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Financial assets:					
Treasury bills and bonds	-	157,177	-	157,177	157,177
Securities at fair value through OCI	-	619,028	-	619,028	619,028
Derivative financial instruments	-	865	-	865	865
Other assets at fair value through profit and loss	-	3,922	-	3,922	3,922
Equity investments at fair value through profit and loss	71	1,138	-	1,209	1,209
Total financial assets	71	782,130	-	782,201	782,201
Financial liabilities:					
Derivative financial instruments	-	792	-	792	792
Total financial liabilities	-	792	-	792	792

2024	Hierarchy				Carrying Amount
	Level 1	Level 2	Level 3	Total	
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Financial assets:					
Treasury bills and bonds	-	73,724	-	73,724	73,724
Securities at fair value through OCI	-	582,723	-	582,723	582,723
Derivative financial instruments	-	2,064	-	2,064	2,064
Other assets at fair value through profit and loss	-	5,476	-	5,476	5,476
Equity investments at fair value through profit and loss	5,405	1,138	-	6,543	6,543
Total financial assets	5,405	665,125	-	670,530	670,530
Financial liabilities:					
Derivative financial instruments	-	457	-	457	457
Total financial liabilities	-	457	-	457	457

During the year ended 31 December 2025, there were no transfers into or out of Level 2 and level 1 fair value measurements.

Level 2 equity investments at fair value through profit and loss relates to investment in Crane Financial Services (CFS) which was transferred from former Crane Bank Limited (In Liquidation) under an Agreement signed with Bank of Uganda (as the Receiver) on 25 January 2017. This relates to the cash held on accounts in **dfcu** Bank and other banks in the name of Crane Financial Services.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities (continued)

ii) Financial instruments not measured at fair value

The fair values of the Group's and Company's other financial assets and liabilities that are measured at amortised cost approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates.

The following table sets out the fair values of financial instruments not measured at fair value whose fair value does not approximate the carrying amount and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Group:

At 31 December 2025	Hierarchy				Carrying Amount
	Level 1	Level 2	Level 3	Total	
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Financial assets:					
Cash and balances with Bank of Uganda	-	468,076	-	468,076	468,076
Deposits and balances due from other banks	-	246,690	-	246,690	246,690
Government securities at amortised cost	-	706,157	-	706,157	656,467
Loans and advances	-	1,177,193	-	1,177,193	1,265,799
Other financial assets	-	12,476	-	12,476	12,476
Total assets	-	2,610,592	-	2,610,592	2,649,508
Financial liabilities:					
Customer deposits	-	2,981,549	-	2,981,549	2,714,571
Borrowed funds	-	107,451	-	107,451	124,943
Deposits due to other banks	-	14,004	-	14,004	14,004
Other financial liabilities	-	82,604	-	82,604	82,604
Total liabilities	-	3,185,608	-	3,185,608	2,936,122

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities (continued)

ii) Financial instruments not measured at fair value (continued)

At 31 December 2024	Level 1	Level 2	Level 3	Total	Carrying Amount
Financial assets:	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Cash and balances with Bank of Uganda	-	434,817	-	434,817	434,817
Deposits and balances due from other banks	-	211,315	-	211,315	211,315
Government securities at amortised cost	-	739,125	-	739,125	728,018
Loans and advances	-	1,103,524	-	1,103,524	1,132,199
Other financial assets	-	12,984	-	12,984	12,984
Total assets	-	2,501,765	-	2,501,765	2,519,333
Financial liabilities:					
Customer deposits	-	2,702,578	-	2,702,578	2,356,281
Borrowed funds	-	134,227	-	134,227	149,482
Deposits due to other banks	-	120,256	-	120,256	120,256
Other financial liabilities	-	88,101	-	88,101	88,101
Total liabilities	-	3,045,162	-	3,045,162	2,714,120

Company:

At 31 December 2025	Level 1	Level 2	Level 3	Total	Carrying Amount
Financial assets:	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Amounts due from Group Companies	-	2,599	-	2,599	2,599
Total assets	-	2,599	-	2,599	2,599
Financial liabilities:					
Amounts due to Group Companies	-	5,124	-	5,124	4,435
Other financial liabilities	-	2,466	-	2,466	2,466
Total liabilities	-	7,590	-	7,590	6,901

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities (continued)

ii) Financial instruments not measured at fair value (continued)

At 31 December 2024	Level 1	Level 2	Level 3	Total	Carrying Amount
Financial assets:	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Amounts due from Group Companies	-	2,092	-	2,092	2,092
Other financial assets	-	116	-	116	116
Total assets	-	2,208	-	2,208	2,208
Financial liabilities:					
Amounts due to Group Companies	-	14,011	-	14,011	13,214
Other financial liabilities	-	2,777	-	2,777	2,777
Total liabilities	-	16,788	-	16,788	15,991

The fair value of financial instruments above is based on observable market transactions. The above disclosure has been expanded and new information has been presented for prior periods.

- Loans and advances**
 The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows for loans are discounted at the year-end prime lending rate to determine fair value.
- Government securities**
 The fair value for government securities is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.
- Deposits due to customers and other banks**
 The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand and this is the carrying amount. The estimated fair value of interest-bearing deposits not quoted in an active market is based on discounted cash flows using market interest rates. The carrying amounts are a reasonable approximation of this.
- Borrowings**
 The interest rates charged on borrowings held by the Group are based on the average borrowing rate of the Group, which reflects its credit risk. The interest rates are variable and in line with market rates for similar facilities. The fair values of such interest-bearing borrowings not quoted in an active market is based on discounted cash flows using market interest rates.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities (continued)

iii) Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

At 31 December 2025	Designated at FVTL	FVOCI-debt instruments	Amortised cost	Carrying Amount
	Ushs M	Ushs M	Ushs M	Ushs M
Financial assets:				
Cash and balances with Bank of Uganda	468,076	-	-	468,076
Deposits and balances due from other banks	246,690	-	-	246,690
Trading assets	157,177	-	-	157,177
Investment securities	-	619,028	656,467	1,275,495
Loans and advances to customers	-	-	1,265,799	1,265,799
Equity investments	1,209	-	-	1,209
Derivative financial instruments	865	-	-	865
Other financial assets	3,922	-	8,554	12,476
Total financial assets	877,939	619,028	1,930,820	3,427,787
Financial liabilities:				
Customer deposits	-	-	2,714,571	2,714,571
Derivative financial instruments	792	-	-	792
Deposits due to other banks	-	-	14,004	14,004
Borrowed funds	-	-	124,943	124,943
Special funds	-	-	1,193	1,193
Other financial liabilities	-	-	82,604	82,604
Total financial liabilities	792	-	2,937,315	2,938,107

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6E Fair values of financial assets and liabilities (continued)

iii) Classification of financial assets and financial liabilities (continued)

At 31 December 2024	Designated at FVTL	FVOCI-debt instruments	Amortised cost	Carrying Amount
	Ushs M	Ushs M	Ushs M	Ushs M
Financial assets:				
Cash and balances with Bank of Uganda	434,817	-	-	434,817
Deposits and balances due from other banks	211,315	-	-	211,315
Trading assets	73,724	-	-	73,724
Investment securities	-	582,723	728,018	1,310,741
Loans and advances to customers	-	-	1,132,199	1,132,199
Equity investments	6,543	-	-	6,543
Derivative financial instruments	2,064	-	-	2,064
Other financial assets	5,476	-	7,508	12,984
Total financial assets	733,939	582,723	1,867,725	3,184,387
Financial liabilities:				
Customer deposits	-	-	2,356,281	2,356,281
Derivative financial instruments	457	-	-	457
Deposits due to other banks	-	-	120,256	120,256
Borrowed funds	-	-	149,482	149,482
Special funds	-	-	1,193	1,193
Other financial liabilities	-	-	88,101	88,101
Total financial liabilities	457	-	2,715,313	2,715,770

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6F Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial positions, are:

- To comply with the capital requirements set by the Financial Institutions Act Cap 57, Laws of Uganda for purposes of the subsidiary, **dfcu** Bank;
- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and use of regulatory capital are monitored regularly by management employing techniques based on the guidelines developed by the Basel Committee, as adapted and implemented by Bank of Uganda for supervisory purposes under the Financial Institutions Act Cap 57, Laws of Uganda (FIA). **dfcu** Bank (the Bank) is required to file information on capital adequacy with Bank of Uganda on a quarterly basis.

As of 31 December 2025, the Financial Institutions Capital Adequacy Requirements Regulations 2018 requires each bank to:

- have a minimum paid up capital unimpaired by losses of Ushs 150 billion;
- maintain core capital of not less than 10% of the total risk adjusted assets plus risk adjusted off statement of financial position items; and
- maintain total capital of not less than 12% of the total risk adjusted assets plus risk adjusted off statement of financial position items.

The Financial Institutions (Capital Buffers and Leverage Ratio) Regulations, 2020 were gazetted and took effect on 31 December 2022, which introduced a Capital Conservation Buffer (CCB) of 2.5% of risk weighted assets over and above the core capital ratio and total capital ratio; a System Risk Buffer for domestic systemically important banks ranging from 0% to 3.5% of risk weighted assets over and above the CCB, a Countercyclical Capital Buffer of 0% of risk weighted assets and a minimum leverage ratio of 6% of the total balance sheet and off balance sheet assets.

The total regulatory capital to be held by the Bank is divided into two tiers:

- Tier 1 capital (core capital): share capital, share premium, plus retained earnings less goodwill and similar intangible assets, investments in unconsolidated subsidiaries and future income tax benefits.
- Tier 2 capital (supplementary capital): revaluation reserves, general provisions for losses not exceeding 1.25% of risk weighted assets, subordinated debt not exceeding 50% of Tier 1 capital and hybrid capital instruments. Qualifying Tier 2 capital is limited to 100% of Tier 1 capital.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6F Capital management

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of - and reflecting an estimate of the credit risk associated with - each asset and counterparty. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses. The table below summarises the composition of regulatory capital and the ratios of **dfcu** Bank:

	2025 Ushs M	2024 Ushs M
Before dividend declaration		
Tier 1 capital	570,616	549,751
Tier 1 + Tier 2 capital	583,567	561,374
After dividend declaration		
Tier 1 capital	529,824	519,696
Tier 1 + Tier 2 capital	542,775	531,319
FIA ratio (Before dividend declaration)		
Tier 1 (FIA minimum -10%)	30.01%	30.79%
Tier 1 + Tier 2 (FIA minimum - 12%)	30.69%	31.44%
FIA ratio (after dividend declaration)		
Tier 1 (FIA minimum -10%)	27.86%	29.11%
Tier 1 + Tier 2 (FIA minimum - 12%)	28.54%	29.76%

Capital adequacy under Basel II

On June 26, 2004, the Basel Committee on Banking Supervision released "International Convergence of Capital Measurement and Capital Standards: A revised framework", which is commonly known as the Basel II Accord. In Basel II, apart from credit and market risk, operation risk was included in the capital adequacy ratio calculation. These are prudential guidelines which are currently monitored by BoU and these will form part of the proposed amendments to the capital adequacy regulations.

Notes to the consolidated and separate financial statements (continued)

6. Financial risk management (continued)

6G Leverage ratio

The Group is required at all times to comply with a leverage ratio equal to or greater than 6% of the total on-balance and off-balance sheet assets. The bank maintained a ratio that is above the minimum requirement. Below is the computation of the leverage ratio as at 31 December 2025;

	2025 Ushs M	2024 Ushs M
Capital measure Basel III Tier 1 capital	529,824	519,696
Exposure measure on and off balance sheet exposure (regulatory):		
Total on balance sheet assets	3,763,228	3,489,833
Off balance sheet items	241,801	332,106
	4,005,029	3,821,939
Leverage ratio:	13.23%	13.60%

6H Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Recognising that operational risk cannot be entirely eliminated, the Group implemented risk mitigation controls including fraud prevention, contingency planning, information security and incident management and continues to enhance the same. Where appropriate, this strategy is further supported by risk transfer mechanisms such as insurance.

Over the past year, the Group has continued to invest heavily in technology/systems to create more digital channels, increase operational efficiency in a bid to leverage on IT to drive its strategy.

A failure to ensure this information is kept safe and used in a way that regulators and customers expect, may significantly impact relationships with these stakeholders and the broader community.

The Group has put in place measures to address the operational risks as highlighted below;

- The Group has and continues to invest significantly in data, analytics and cyber-security capabilities to better meet evolving customer needs and expectations, and to reduce the potential for data breaches.
- The Group actively engages with regulators to ensure that there is appropriate mutual understanding of the technology space and that evolution in regulation appropriately balances the value of giving customers control of their data, with the Group's duty to protect customers' privacy and security.
- The Group continuously invests in IT system security and identifies and accesses management controls to secure the confidentiality, integrity and availability of the Group's data.
- The employees undergo mandatory training modules to ensure they understand the importance of data security and their obligations in relation to the data they have access to.
- As the second line of defense, the Group's risk department was boosted with officers with IT security skills to monitor the activities of the first line of defense by performing risk assurance reviews, monitoring all user activity on key systems in order to timely detect any irregularity and advise adequate response.

Notes to the consolidated and separate financial statements (continued)

7. a) Classification of financial assets and financial liabilities

The Group's accounting policies on the classification of financial instruments under IFRS 9 are indicated below. The application of these policies resulted in the classifications set out in the table above and explained below.

- Certain loans and advances to customers held by the Group's investment business are classified under IFRS 9 as mandatorily measured at FVTPL because they are held within a business model in which they are managed and their performance is evaluated on a fair value basis. Internal reporting and performance measurement of these loans and advances are on a fair value basis.
- The investment securities are measured at FVTPL because the contractual cash flows of these securities are not SPPI on the principal outstanding.
- Certain debt securities are held by the Group Central Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. These assets are classified as measured at amortised cost under IFRS 9.
- Certain debt securities are held by the Group Central Treasury in separate portfolios to meet everyday liquidity needs. The Group Central Treasury seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Certain non-trading debt securities are held by the Group Central Treasury in separate portfolios and are managed with an objective of realising cash flows through sale. The Group primarily focuses on fair value information and uses that information to assess the securities' performance and to make decisions. In addition, certain asset-backed securities have contractual cash flows that are not SPPI. These assets are therefore measured at FVTPL under IFRS 9.

Notes to the consolidated and separate financial statements (continued)

7. b) Classification of assets and liabilities

The table below shows the classification of the assets and liabilities as current and non-current:

Group	2025 (Ushs M)			2024 (Ushs M)		
	Current	Non-current	Total	Current	Non-current	Total
Assets:						
Cash and balances with Bank of Uganda	468,076	-	468,076	434,817	-	434,817
Deposits and balances due from other banks	246,690	-	246,690	211,315	-	211,315
Government and other securities	740,465	692,207	1,432,672	682,431	702,034	1,384,465
Loans and advances to customers	770,483	495,316	1,265,799	748,374	383,825	1,132,199
Investment in equity shares	-	1,209	1,209	-	6,543	6,543
Other assets	9,844	26,950	36,794	33,619	-	33,619
Derivative financial instruments	865	-	865	2,064	-	2,064
Deferred income tax asset	-	113,343	113,343	-	87,859	87,859
Property and equipment	-	85,750	85,750	-	80,362	80,362
Investment property	-	18,584	18,584	-	18,849	18,849
Intangible assets	-	45,369	45,369	-	36,148	36,148
Other receivables from Bank of Uganda	832	-	832	832	-	832
Total Assets	2,237,255	1,478,728	3,715,983	2,113,452	1,315,620	3,429,072
Liabilities:						
Customer deposits	2,707,031	7,540	2,714,571	2,356,251	30	2,356,281
Derivative financial instruments	792	-	792	457	-	457
Deposits due to other banks	14,004	-	14,004	120,256	-	120,256
Other liabilities	81,323	1,281	82,604	72,923	15,178	88,101
Borrowed funds	51,667	73,276	124,943	52,848	96,634	149,482
Special funds	1,193	-	1,193	1,193	-	1,193
Current income tax payable	5,512	-	5,512	4,685	-	4,685
Deferred income tax liability	-	1,035	1,035	-	-	-
Provisions	3,493	-	3,493	4,364	-	4,364
Total Liabilities	2,865,015	83,132	2,948,147	2,612,977	111,842	2,724,819
Net Assets	(627,760)	1,395,596	767,836	(499,525)	1,203,778	704,253

Notes to the consolidated and separate financial statements (continued)

7. b) Classification of assets and liabilities (continued)

Company	2025 (Ushs M)			2024 (Ushs M)		
	Current	Non-current	Total	Current	Non-current	Total
Assets:						
Amounts due from Group companies	2,599	-	2,599	2,092	-	2,092
Other assets	65	-	65	195	-	195
Current income tax recoverable	904	-	904	745	-	745
Investment in subsidiaries	-	203,293	203,293	-	203,293	203,293
Investment property	-	36,131	36,131	-	36,595	36,595
Total Assets	3,568	239,424	242,992	3,032	239,888	242,920
Liabilities:						
Other liabilities	2,466	-	2,466	2,777	-	2,777
Deferred income tax liability	-	1,035	1,035	-	311	311
Amounts due to Group companies	2,408	2,027	4,435	3,127	10,087	13,214
Total Liabilities	4,874	3,062	7,936	5,904	10,398	16,302
Net Assets	(1,306)	236,362	235,056	(2,872)	229,490	226,618

8. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- **dfcu** Limited, which is the holding company that is listed on the Uganda Stock Exchange. The Company derives its revenues mainly from rental income charged on its investment property.
- **dfcu** Bank Limited: This is the commercial banking segment which provides innovative products and superior service levels catering for customer needs in the areas of savings and investment products, personal and current accounts, personal credit, corporate credit, trade finance, foreign exchange trading, money market transfers, etc. It also consists of a development finance segment which provides medium and long-term finance to private sectors in Uganda. The sectors include agro processing, education, health, manufacturing, transport, hospitality industry, tourism and construction. The Bank's main source of income is interest income on loans and advances which accounts for 42% of the Group's total revenue for the year ended 31 December 2025 (2024: 47%).
- **dfcu** Foundation: This is a company limited by guarantee incorporated and domiciled in Uganda under the Companies Act, Cap. 106, Laws of Uganda. The principal activities of the Company are to accept grants and donations from various persons and organizations to promote, establish, develop, support and carry on corporate social responsibility programs of the Group.

During the year 35% (2024: 29%) of the Group's revenue was earned from Government securities. No other single external customer contributes revenue amounting up to 10% of the Group's revenue.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured the same as the operating profit or loss in the consolidated financial statements.

Notes to the consolidated and separate financial statements (continued)

8. Segment information (continued)

The segment results for the year ended 31 December 2025 were as follows:

	dfcu Limited	dfcu Bank	dfcu Foundation	Intra-segment items	Group
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Interest and other income	1,068	412,837	-	(1,909)	411,996
Interest expense	(841)	(112,178)	-	5,637	(107,382)
Fee and commission income and other operating income	7,892	113,484	3,084	(7,163)	117,297
Income from transactions with operating segments of the same entity	30,055	-	-	(30,055)	-
Employee benefits	(1,270)	(98,994)	(1,797)	1,095	(100,966)
Depreciation expense*	(1,383)	(21,326)	-	3,253	(19,456)
Amortisation of intangible assets*	-	(7,184)	(1)	(309)	(7,494)
Occupancy expenses*	(142)	(496)	-	-	(638)
Auditors' remuneration*	(54)	(1,472)	-	(139)	(1,665)
Professional and consultancy fees	(9,009)	(78,749)	(245)	(666)	(88,669)
Communication fees	(36)	(39,117)	(32)	-	(39,185)
Transport and travel costs*	(96)	(3,699)	-	(186)	(3,981)
Advertising and publicity costs*	(9)	(10,425)	-	(79)	(10,513)
Other operating expenses	(933)	(57,961)	(1,009)	465	(59,438)
Fair value losses on other financial assets	-	(79)	-	-	(79)
Expected credit recovery on financial assets	-	(9,951)	-	-	(9,951)
Profit before income tax	25,242	84,690	-	(30,056)	79,876
Income tax expense	(1,777)	(3,105)	-	-	(4,882)
Profit for the year	23,465	81,585	-	(30,056)	74,994

*Disclosure required by IFRS 8 has been expanded and comparatives have been represented.

Notes to the consolidated and separate financial statements (continued)

8. Segment information (continued)

The segment results for the year ended 31 December 2024 were as follows:

	dfcu Limited	dfcu Bank	Intra-segment items	Group
	Ushs M	Ushs M	Ushs M	Ushs M
Interest and other income	554	363,154	(2,142)	361,566
Interest expense	(1,587)	(99,451)	6,769	(94,269)
Fee and commission income and other operating income	7,917	92,245	(6,823)	93,339
Income from transactions with operating segments of the same entity	13,615	-	(13,615)	-
Employee benefits	(917)	(95,860)	-	(96,777)
Depreciation expense*	(1,535)	(19,655)	1,783	(19,407)
Amortisation of intangible assets*	-	(6,122)	-	(6,122)
Occupancy expenses*	(136)	(472)	-	(608)
Auditors' remuneration*	(12)	(1,059)	(1)	(1,072)
Professional and consultancy fees	(4,716)	(51,293)	1	(56,008)
Communication fees	(33)	(39,816)	-	(39,849)
Transport and travel costs*	(44)	(3,871)	1	(3,914)
Advertising and publicity costs*	(19)	(9,493)	-	(9,512)
Other operating expenses	(1,453)	(58,375)	433	(59,395)
Fair value losses on other financial assets	-	(716)	-	(716)
Expected credit recovery on financial assets	-	12,007	-	12,007
Profit before income tax	11,634	81,223	(13,594)	79,263
Income tax expense	(1,091)	(6,086)	-	(7,176)
Profit for the year	10,543	75,137	(13,594)	72,087

*Disclosure required by IFRS 8 has been expanded and comparatives have been represented.

Notes to the consolidated and separate financial statements (continued)

8. Segment information (continued)

As at 31 December 2025

	dfcu Limited	dfcu Bank	dfcu Foundation	Intra-segment items	Group
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Other receivables from Bank of Uganda	-	832	-	-	832
Current assets	3,568	2,240,582	324	(8,051)	2,236,423
Non-current assets	239,424	1,502,406	60	(263,162)	1,478,728
Total assets	242,992	3,743,820	384	(271,213)	3,715,983
Total liabilities	7,936	3,007,011	384	(67,184)	2,948,147
Capital expenditure	919	41,244	-	-	42,163

As at 31 December 2024

	dfcu Limited	dfcu Bank	Intra-segment items	Group
	Ushs M	Ushs M	Ushs M	Ushs M
Other receivables from Bank of Uganda	-	832	-	832
Other assets	242,920	3,467,471	(282,151)	3,428,240
Total assets	242,920	3,468,303	(282,151)	3,429,072
Total liabilities	16,302	2,786,640	(78,123)	2,724,819
Capital expenditure	87	31,856	-	31,943

The Group's operations are all attributed to Uganda, the Company's country of domicile.

The table below indicates the Group's interest income for the company and the subsidiary:

	dfcu Limited	dfcu Bank	Intra-segment items	Group
	Ushs M	Ushs M	Ushs M	Ushs M
Year ended 31 December 2025	1,068	412,837	(1,909)	411,996
Year ended 31 December 2024	554	363,154	(2,142)	361,566

Notes to the consolidated and separate financial statements (continued)

9. Interest and similar income

	Group		Company	
	2025	2024	2025	2024
	Ushs M	Ushs M	Ushs M	Ushs M
(a) Interest calculated using the effective interest method				
Loans and advances	219,426	189,620	-	-
Placements and investments with other banks	7,356	10,973	1,068	554
Government and other securities	182,461	159,275	-	-
	409,243	359,868	1,068	554
(b) Other interest and similar income				
Interest income on finance leases	2,753	1,698	-	-
Total interest income	411,996	361,566	1,068	554

The interest income above is calculated under the effective interest method, that relates to the loans and advances, deposits and balances due from other banks and government securities that total to Ushs 2,147,438 million (2024: Ushs 2,030,597 million)

10. Interest and similar expenses

	Group		Company	
	2025	2024	2025	2024
	Ushs M	Ushs M	Ushs M	Ushs M
Borrowed funds	19,807	5,849	841	1,587
Customer deposits	83,049	84,379	-	-
Interest expense on lease liability	4,526	4,041	-	-
	107,382	94,269	841	1,587

The interest expense above is calculated under the effective interest method, that relates to customer deposits, deposits due to other banks, borrowed funds and lease liability amounting to a total of Ushs 2,878,767 million (2024: Ushs 2,651,321 million).

11. Net trading and other income

	Group		Company	
	2025	2024	2025	2024
	Ushs M	Ushs M	Ushs M	Ushs M
Net unrealised foreign exchange (loss)/gain	(1,258)	2,134	(16)	(12)
Net unrealized gain on government securities	7,945	2,216	-	-
Fixed trading income	36,971	19,365	-	-
Rental income	1,793	1,066	7,033	7,140
Grant income*	1,989	-	-	-
(Loss)/profit on disposal of fixed assets	(798)	120	6	-
	44,642	24,901	7,023	7,128

*There were no unfulfilled conditions and contingencies to the grants during the year.

Notes to the consolidated and separate financial statements (continued)

12. Net income from other financial instruments at FVTPL

	Group		Company	
	2025	2024	2025	2024
	Ushs M	Ushs M	Ushs M	Ushs M
Recoveries from other assets measured at FVTPL	5,405	1,909	-	-

This represents cash collections from the managed portfolio of other assets measured at FVTPL net of recovery costs. These recoveries are from assets that had been written off the portfolio.

13. Fee and commission income

In the table below, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major types of services.

	Group		Company	
	2025	2024	2025	2024
	Ushs M	Ushs M	Ushs M	Ushs M
Major service lines				
Domestic commissions	55,960	57,536	869	789
Foreign commissions	5,866	5,908	-	-
Total fee and commission from contracts with customers	61,826	63,444	869	789
Financial guarantee contracts and loan commitments	3,424	3,085	-	-
Total fee and commission income	65,250	66,529	869	789

Fee and commission income includes fees and commissions from ledger fees, money transfers, low balance fees, statement fees, unpaid cheques charges, URA licensing, ATM commissions, letters of credit fees, letters of guarantee, telegraphic transfer fees, and other fees and commissions.

The table below links the fees and commissions income to the performance obligations:

Type of service	Service lines	Group		Company	
		2025	2024	2025	2024
		Ushs M	Ushs M	Ushs M	Ushs M
Category A	Activity fees	22,038	21,651	-	-
Category B	Annual review charges	921	1,016	-	-
Category C	Commissions	7,425	7,824	-	-
Category D	Guarantees and commitment fees	3,424	3,085	-	-
Category E	Electronic banking charges	7,157	5,010	-	-
Category F	Telegraphic transfers and Letter of credit charges	5,687	5,687	-	-
Category G	Other commissions	18,598	22,256	869	789
	Total fee and commission income	65,250	66,529	869	789

Notes to the consolidated and separate financial statements (continued)

13 Fee and commission income (continued)

Performance obligations and revenue recognition policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of performance obligations, including significant payment terms 2025	Revenue recognition under IFRS 15
Category A (Activity charges)	These are transactional fees based on revenue that mainly comprise of but not limited to commissions on cheques cashed, statement charges, auxiliary charges, management fees, payments and collection related fees. PO satisfied – Revenue is currently recognised at the end of the month, for the services provided during that month (operational efficiency).	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – the Group provides account transaction services • Transaction price – monthly fees in line with the contractual agreement. • Allocation of price to PO – single performance obligation, no allocation necessary.
Category B (Annual review charges)	These are transactional fees based on revenue that mainly comprise of but not limited to commissions on cheques cashed, statement charges, auxiliary charges, management fees, payments and collection related fees.	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – the Group provides loan review services. • Transaction price – annual fee charged basing on the contractual agreement. • Allocation of price to PO – single performance obligation • Revenue should be spread over the period as services are provided before the next payment.

Notes to the consolidated and separate financial statements (continued)

13. Fee and commission income (continued)

Performance obligations and revenue recognition policies (continued)		Revenue recognition under IFRS 15
Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms 2024	
Category C (Commissions)	These are fees charged on card related transaction. These comprise of ATM commissions, Express Money commission, Visa Commissions, MoneyGram commissions and issuance fee of debit cards. It is a standard fee. PO satisfied – Revenue is currently recognised at a point in time, after the transaction is processed.	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – the Group provides card services at specific points of time and over time. • Transaction price – fee charged in terms of the arrangement with customer at point of transaction. • Allocation of price to PO – single performance obligation for each of the services, no allocation necessary.
Category D (Guarantees and commitment fees)	Guarantees and commitment fees This is a transactional based fee on guarantees issued. Timing of revenue for guarantees - Quarterly fee collection/ recognition or upfront fees depending on contract with client. Most Retail customers pay quarterly while Corporate customers are largely upfront fees for entire tenor of facility. Term / tenor of Guarantees range from 1-5 years. PO satisfied - Commitment fees - Revenue currently recognised upfront	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – the Group provides guarantees, custody fees and commitment fees • Transaction price – fee charged in terms of the arrangement with customer • Allocation of price to PO – Each service is a single performance obligation, no allocation necessary. • Performance guarantees - Revenue currently recognised upfront • Commitment and Guarantee fees - The performance obligation is satisfied over the term of the guarantee, thus revenue should be deferred over the term of the guarantee • Where drawdown of the facility is not probable, fees should be deferred over the term of the agreement, on a straight-line basis and recognised in NIR. Where drawdown is probable, fees should be deferred and as part of the EIR and recognised in NII
Category E (Electronic banking charges)	These are fees charged on electronic banking transactions like Money Transfers, Foreign bills, Fx sundries, Telex Transfers. PO satisfied – Revenue is currently recognised at a point in time, after the transaction is processed.	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – the Group provides a service (as noted alongside, for electronic banking transactions). • Transaction price – transaction-based fees. • Allocation of price to PO – single performance obligation (for each of the service fees listed), no allocation necessary.

Notes to the consolidated and separate financial statements (continued)

13. Fee and commission income (continued)

Performance obligations and revenue recognition policies (continued)

Performance obligations and revenue recognition policies (continued)		Revenue recognition under IFRS 15
Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms 2024	
Category F (Telegraphic transfer and Letter of credit charges)	It is a transactional based fee on Incoming TTs and LCs depending on the transaction amount with a capped maximum amount. Letters of credit are usually less than one year. PO satisfied – The Group recognises the fee and commissions upfront because the difference as a result of deferring is immaterial.	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – Group to provide a service, provide inter account transfers that are done by customers and LCs • Transaction price – fee is charged per transaction and LCs depending on the transaction amount with a capped maximum amount • Allocation of price to PO – single performance obligation, no allocation necessary. • TT's - Revenue recognised at a point in time, when service has been provided • Letters of credit - the performance obligation is satisfied over the term of the LC, thus revenue should be deferred over the term of the loan • Fees are currently recognised upfront. Business to monitor and reassess accounting treatment when amounts become material • Where drawdown of the facility is not probable, fees should be deferred over the term of the agreement, on a straight-line basis and recognised in NIR. Where drawdown is probable, fees should be deferred and as part of the EIR and recognised in NII
Category G (Other commissions)	Sundries (BOU Chqs, S/O, URA, Mgt fees) KCCA Commission URA Licencing PO satisfied – Revenue is currently recognised at a point in time, after the transaction is processed.	<ul style="list-style-type: none"> • Enforceable arrangement with customer exists. • Performance obligation (PO) – Group to provide a service (as noted alongside, for electronic banking transactions). • Transaction price – transaction-based fees. • Allocation of price to PO – single performance obligation (for each of the service fees listed), no allocation necessary.

Notes to the consolidated and separate financial statements (continued)

14. Operating expenses

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Employee benefits expenses (note 15)	100,966	96,777	1,270	917
Depreciation of property and equipment (note 29)	19,144	18,884	-	-
Depreciation of the investment property (note 28)	312	523	1,383	1,535
Amortisation of intangible assets (note 30)	7,494	6,122	-	-
Auditors' remuneration	638	608	142	136
Occupancy expenses	1,665	1,072	54	12
Professional and consultancy fees	88,669	56,008	9,009	4,716
Communication costs	39,185	39,849	36	33
Transport and travel costs	3,981	3,914	96	44
Advertising and publicity costs	10,513	9,512	9	19
Other expenses (note 16)	59,438	59,395	933	1,453
	332,005	292,664	12,932	8,865

15. Employee benefits expenses

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Wages and salaries	88,030	85,407	1,140	831
Retirement benefits costs	4,248	3,766	28	21
National Social Security Fund contributions	8,688	7,604	102	65
	100,966	96,777	1,270	917

The average number of employees of the group during the year was 1,283 (2024: 1,301)

Notes to the consolidated and separate financial statements (continued)

16. Other expenses

Other expenses (note 14 above) comprise of the following:

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Stationery and printing	2,501	2,373	-	1
Contribution to the deposit protection fund	5,237	5,981	-	-
Insurance expenses	3,477	2,620	311	334
Staff medical and welfare	6,089	5,487	-	-
Staff training	2,514	2,038	-	-
Electricity and water	2,502	2,652	-	-
Security expenses	2,961	2,831	-	-
Machine and furniture repairs and maintenance	2,286	1,145	-	-
Office cleaning and maintenance	1,447	1,353	-	-
Director fees and board expenses	3,156	3,207	692	692
Bank of Uganda clearing and cash processing fees	3,564	3,376	-	-
Staff entertainment, uniform and leave expenses	890	1,477	-	-
Terminal benefits and expatriate fees	1,454	995	-	-
Cash in transit charges	911	1,056	-	-
Subscriptions	622	613	108	136
Cash shortages	119	72	-	-
Newspapers and magazines	43	42	6	6
Bank of Uganda licence fees	228	225	-	-
Stamp duty and other tax relates expenses	375	1,508	(511)	-
Fair value losses on equity shares	336	208	-	-
Agency Banking costs	11,644	9,984	-	-
VISA charges	-	5,881	-	-
Machine leasing costs	4,097	1,847	-	-
Operational, frauds and losses	452	135	-	-
Charity, donations and sponsorships	970	1,293	10	1
Annual general meeting expenses	299	281	299	281
Bank charges, frauds and losses	1,264	715	18	2
	59,438	59,395	933	1,453

Notes to the consolidated and separate financial statements (continued)

17. Dividends

- a) During the year, no interim dividend was paid (2024: Nil). At the next Annual General Meeting, the directors plan to recommend the payment of a final dividend for the year ended 31 December 2025 of Ushs 16,317 million (2024: 15,027 million) or Ushs 21.81 per share (2024: Ushs 20.09 per share). Payment of dividends is subject to withholding tax at rates depending on the tax residence of the shareholder.
- b) During the year, the Company received a final dividend from its subsidiary, **dfcu** Bank Limited, of Ushs 30,055 million (2024: Ushs 13,615 million) or Ushs 20.04 per share (2024: Ushs 9.08 per share). The payment of dividends to the Company is not subject to withholding tax as the Company owns 100% of **dfcu** Bank Limited and is resident in Uganda. The Company also paid dividends amounting to Ushs 15,027 million (2024: Ushs 6,808 million)

18. Credit loss expense on financial assets (Group)

	2025 Ushs M	2024 Ushs M
Increase in allowances for impairment on loans and advances (note 23)	62,671	12,817
Recoveries and allowances on loans and advances no longer required (note 23)	(22,558)	(16,960)
Recoveries on loans and advances previously written off (note 23)	(31,880)	(11,881)
Movement in expected credit losses on loans and advances to customers	8,233	(16,024)
Decrease in allowances for impairment on balances with Bank of Uganda (note 21)	209	(17)
Increase in allowances for impairment on balances with other banks (note 22)	(20)	(50)
Increase in allowances for impairment on other assets (note 27)	(49)	30
Increase/(decrease) in allowances for impairment of FVOCI financial assets (note 41)	459	1,294
Increase in allowances for investment securities (note 25)	1,119	2,760
Movement in expected credit losses on other assets	1,718	4,017
Expected credit loss/(recovery)	9,951	(12,007)

19. Earnings per share - Group

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Net profit attributable to equity holders of the Company (Ushs M)	74,994	72,087
Weighted average number of ordinary shares in issue	748,144,033	748,144,033
Basic earnings per share (Ushs)	100.24	96.35
Diluted earnings per share (Ushs)	100.24	96.35

	2025 Ushs M	2024 Ushs M
Profit attributable to ordinary shareholders		
Net profit attributable to equity holders of the Company	74,994	72,087

There were no potentially dilutive shares outstanding at 31 December 2024 and 2023.

Notes to the consolidated and separate financial statements (continued)

20. Income tax

a) Income tax expense

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Current income tax	30,881	27,641	1,053	1,071
Deferred income tax credit/(expense)	(25,999)	(20,465)	724	20
Income tax expense	4,882	7,176	1,777	1,091

b) Amount recognised in OCI - Group

	2025		
	Before tax	Ushs M Tax (expense)/ benefit	Net of tax
Movement in liability credit reserve	4,707	(1,550)	3,157
Movement in debt instrument at FVOCI	459	-	459
	5,166	(1,550)	3,616
2024			
Movement in liability credit reserve	(8,521)	2,168	(6,353)
Movement in debt instrument at FVOCI	1,294	-	1,294
	(7,227)	2,168	(5,059)

c) Reconciliation of effective tax rate

The tax on the Group's and company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate of 30% as follows:

Group:

	2025		2024	
	Effective tax rate	Ushs M	Effective tax rate	Ushs M
Profit before income tax		79,876		79,263
Tax calculated at a tax rate of 30% (2020: 30%)	30%	23,827	30%	23,779
Tax effect of:				
Underprovision of current and deferred tax in previous years	0.01%	8	(0.56%)	(447)
Expenses not deductible for tax purposes ¹	5.34%	4,268	7.48%	5,930
Net interest income which is subject to final tax ²	(29.24%)	(23,221)	(26.99%)	(22,086)
Income tax expense/(credit)	6.11%	4,882	9.93%	7,176

- These include items like depreciation expenses in non-qualifying assets, donations, entertainment and unrealised loss on the transfer of non-qualifying assets.
- Includes the income tax differential between interest income on government securities of Ushs 182,461 million (2024: Ushs 159,275 million) taxed at the statutory rate of 30% and withholding tax which is a final tax.

Notes to the consolidated and separate financial statements (continued)

20. Income tax (continued)

c) Reconciliation of effective tax rate (continued)

Company:

	2025		2024	
	Effective tax rate	Ushs M	Effective tax rate	Ushs M
Profit before income tax		25,242		11,634
Tax calculated at a tax rate of 30% (2024: 30%)	30%	7,572	30%	3,497
Tax effect of:				
Underprovision of current and deferred tax in previous years	0.03%	8	(3.84%)	(447)
Expenses not deductible for tax purposes ¹	16.91%	4,268	27.43%	3,197
Net interest income which is subject to final tax ²	(39.90%)	(10,071)	(44.23%)	(5,156)
Income tax expense	7.04%	1,777	9.36%	1,091

Income taxed at other rates refers to rental income taxed separately from the other business income. Further information on deferred income tax is presented in note 30.

d) Current income tax payable / (recoverable)

The movements in current tax payable are as follows:

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
At 1 January	4,685	542	(745)	(677)
Current income tax expense for the year	30,881	27,641	1,053	1,071
Current tax paid during the year	(30,054)	(23,498)	(1,212)	(1,139)
At 31 December	5,512	4,685	(904)	(745)

Notes to the consolidated and separate financial statements (continued)

21. Cash at hand and balances with Bank of Uganda - Group

	2025 Ushs M	2024 Ushs M
Balances with Bank of Uganda	220,976	243,793
Expected Credit Loss adjustment	(264)	(55)
	220,712	243,738
Cash in hand	247,364	191,079
	468,076	434,817

The fair value of cash and balances with Bank of Uganda approximates the carrying amount. As disclosed in note 46, the restricted cash balance with Bank of Uganda is Ushs 252,950 million (2024: Ushs 232,060 million).

The balance with Bank of Uganda was classified as B3 with a stable outlook, under stage 1 as at 31 December 2025 and 2024. There were no transfers between stages for both years.

	2025 Ushs M	2024 Ushs M
At 1 January	55	72
Impairment recognized during the year	209	(17)
At 31 December	264	55

22. Deposits and balances due from banks - Group

	2025 Ushs M	2024 Ushs M
Deposits with other banks	75,147	57,888
Placements with other banks	171,558	153,462
	246,705	211,350
Expected Credit Loss adjustment	(15)	(35)
	246,690	211,315

Deposits and balances due from other banks are short-term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Bank, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate on deposits and balances due from other banks was 3.62% (2024: 4.05%). The fair value of loans and advances to other banks approximates the carrying amount.

Notes to the consolidated and separate financial statements (continued)

22. Deposits and balances due from banks - Group (continued)

The deposits and balances due from other banks were classified as high grade, under stage 1 as at 31 December 2025 and 2024. There were no transfers between stages for both years.

	2025 Ushs M	2024 Ushs M
At 1 January	35	85
Impairment derecognised during the year	(20)	(50)
At 31 December	15	35

23. Loans and advances to customers - Group

	2025 Ushs M	2024 Ushs M
Loans and advances to customers at amortised cost	1,291,494	1,143,453
Finance leases	23,040	16,048
Deferred fees and commission	(7,797)	(6,556)
	1,306,737	1,152,945
Less impairment loss allowance	(40,938)	(20,746)
	1,265,799	1,132,199

	2025			2024		
	Gross carrying amount	ECL allowance	Net carrying amount	Gross carrying amount	ECL allowance	Net carrying amount
	2025	2025	2025	2024	2024	2024
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Retail customers	675,294	(28,358)	646,936	550,309	(4,430)	545,879
Corporate customers	631,443	(12,580)	618,863	602,636	(16,316)	586,320
	1,306,737	(40,938)	1,265,799	1,152,945	(20,746)	1,132,199

The weighted average effective interest rate on loans and advances was 17.01% (2024: 17.65%)

Notes to the consolidated and separate financial statements (continued)

23. Loans and advances to customers (continued)

Movements in allowance for impairment of loans and advances

	Stage 1 Ushs M	Stage 2 Ushs M	Stage 3 Ushs M	Total Ushs M
As at 31 December 2025:				
At 1 January 2025	11,769	4,439	24,039	40,247
Increase in allowances for expected credit losses	-	453	62,218	62,671
Recoveries and allowances no longer required	(2,351)	-	(20,207)	(22,558)
Debts written off during the year	-	-	(19,921)	(19,921)
At 31 December 2025	3,526	1,440	35,972	40,938
Charge to statement of comprehensive income (2025)				
Increase in allowances for expected credit losses	-	453	62,218	62,671
Recoveries and allowances no longer required	(2,351)	-	(20,207)	(22,558)
Recovery of amounts previously written off	-	-	(31,880)	(31,880)
Net charge to profit or loss	(2,351)	453	10,131	8,233
As at 31 December 2024:				
At 1 January 2024	11,769	4,439	24,039	40,247
Increase in allowances for expected credit losses	-	-	12,817	12,817
Recoveries and allowances no longer required	(5,892)	(3,452)	(7,616)	(16,960)
Debts written off during the year	-	-	(15,358)	(15,358)
At 31 December 2024	5,877	987	13,882	20,746
Charge to statement of comprehensive income (2024)				
Increase in allowances for expected credit losses	-	-	12,817	12,817
Recoveries and allowances no longer required	(5,892)	(3,452)	(7,616)	(16,960)
Recovery of amounts previously written off	-	-	(11,881)	(11,881)
Net charge to profit or loss	(5,892)	(3,452)	(6,680)	(16,024)

Notes to the consolidated and separate financial statements (continued)

23. Loans and advances to customers (continued)

Movements in allowance for impairment of loans and advances (continued)

More information about the significant changes in the gross carrying amount of financial assets during the year that contributed to the changes in the loss allowance is provided in the tables below:

Retail and corporate

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
	12-month ECL Ushs M	Lifetime ECL Ushs M	Lifetime ECL Ushs M	
Gross carrying amount as at 1 January 2025	1,000,709	57,179	108,175	1,166,063
Changes in the gross carrying amount				
- Transfer to stage 1	(4,878)	4,878	-	-
- Transfer to stage 2	(11,161)	11,161	-	-
- Transfer to stage 3	-	(53,035)	53,035	-
New financial assets originated net of deferred fees	709,551	-	-	709,551
Payoffs and write-offs	(535,837)	-	(19,922)	(555,759)
Gross carrying amount as at 31 December 2025	1,174,999	46,797	84,941	1,306,737
Loss allowance as at 31 December 2025	(3,526)	(1,440)	(35,972)	(40,938)
Carrying amount	1,171,473	45,357	48,969	1,265,799

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total
	12-month ECL Ushs M	Lifetime ECL Ushs M	Lifetime ECL Ushs M	
Gross carrying amount as at 1 January 2024	1,169,626	146,823	107,679	1,424,128
Changes in the gross carrying amount				
- Transfer to stage 1	59,635	(59,635)	-	-
- Transfer to stage 2	(45,261)	45,261	-	-
- Transfer to stage 3	-	40,988	(40,988)	-
New financial assets originated net of deferred fees	544,521	-	-	544,521
Payoffs and write-offs	(542,280)	-	(15,359)	(557,639)
Gross carrying amount as at 31 December 2024	1,017,324	83,793	51,828	1,152,945
Loss allowance as at 31 December 2024	(5,877)	(987)	(13,882)	(20,746)
Carrying amount	1,011,447	82,806	37,946	1,132,199

Notes to the consolidated and separate financial statements (continued)

23. Loans and advances to customers (continued)

Movements in allowance for impairment of loans and advances (continued)

Loans and advances to customers include finance lease receivables, which may be analysed as follows:

	2025 Ushs M	2024 Ushs M
Gross investment in finance leases:		
0-1 year	9,363	873
1-2 years	1,145	3,520
2-3 years	10,397	3,395
3-4 years	2,135	321
4-5 years	-	5,497
Later than 5 years	-	2,442
Gross investment in finance leases	23,040	16,048
Unearned future finance income on finance leases	(3,572)	(4,626)
Net investment in finance leases	19,468	11,422

The net investment in finance leases may be analysed as follows:

	2025 Ushs M	2024 Ushs M
Gross investment in finance leases:		
0-1 year	7,911	621
1-2 years	967	2,505
2-3 years	8,785	2,416
3-4 years	1,805	228
4-5 years	-	3,914
Later than 5 years	-	1,738
Net investment in finance leases	19,468	11,422

Included in the allowance for impairment of loans and advances as at 31 December 2025 is Ushs 419 million (2024: Ushs 43 million) attributable to impairment of finance lease receivables. Refer to note 6E for the estimated fair value of loans and advances to customers.

24. Investments in equity shares – Group

	2025 Ushs M	2024 Ushs M
Investments in equity shares at fair value through profit or loss:		
New Vision Limited	53	55
Bank of Baroda (U) Limited	-	4,596
National Insurance Corporation	-	743
Kenya Commercial Bank Limited	18	11
Crane Financial Services	1,138	1,138
	1,209	6,543

Notes to the consolidated and separate financial statements (continued)

24. Investments in equity shares – Group (continued)

Investment in Crane Financial Services (CFS) was transferred from former Crane Bank Limited (In Liquidation) under an Agreement signed with Bank of Uganda (as the Receiver) on 25 January 2017. This relates to the cash held on accounts in **dfcu** Bank and other banks in the name of Crane Financial Services. The carrying amount of the investment in CFS is approximately equal to its fair value.

All the equity investments at FVTPL are traded on the Uganda Securities Exchange (USE) except for Kenya Commercial Bank Limited shares which are traded in Nairobi Securities Exchange (NSE). The number of shares held at each reporting date is indicated below:

	2025 Number of shares	2024 Number of shares
New Vision Limited	359,693	359,693
Bank of Baroda (U) Limited	-	206,570,400
National Insurance Corporation	-	148,645,383
Kenya Commercial Bank Limited	10,000	10,000

The trading prices per share at the last date of trading for the years ended 31 December 2025 and 2024 were as follows:

	2025 Number of shares	2024 Number of shares
New Vision Limited	150	152
Bank of Baroda (U) Limited	-	22
National Insurance Corporation	-	5.0
Kenya Commercial Bank Limited	1,631	1,121

During the year, the Bank did not purchase any additional shares. The changes in equity investments at FVTPL during the year were as follows:

	2025	2024
At 1 January	5,405	4,927
Shares de-recognised during the year	(5,522)	(833)
Fair value losses	188	1,311
At 31 December	71	5,405

Notes to the consolidated and separate financial statements (continued)

24. Investments in equity shares (continued)

The proceeds received from the shares de-recognised during the year amount to Ushs 6,251 million (2024: Ushs 826 million). The realised gain from the shares de-recognised during the year amounts to Ushs 839 million (2024: Ushs 124 million).

The Group's investment in equities that are designated at fair value through profit or loss represent equities for which there is an active market and where the Bank holds less than 20% of the voting rights of the investee companies and the Bank does not have significant influence over the financial and operating decisions of the investee companies. Below is the sensitivity of the share prices to the bank's profit and loss and the resultant effect to the bank's equity;

	2025			2024		
	Fair value gain/(loss)	Tax impact	Net impact on equity	Fair value gain/(loss)	Tax impact	Net impact on equity
10% increase in share price	7	(2)	5	541	(162)	379
10% decrease in share price	(7)	2	(5)	(541)	162	(379)

The other equity investment relates to the Group's investment in Crane Financial Services. This relates to the payment made by the Bank for Crane Financial Services as part of the assets acquired from Crane Bank Limited (in receivership).

25. Investments in securities – Group

	2025 Ushs M	2024 Ushs M
Amortised cost:		
Investment securities measured at amortised cost	660,474	730,906
Expected credit loss adjustment	(4,007)	(2,888)
	656,467	728,018
At FVOCI - debt instruments:		
Investment securities measured at FVOCI - debt instruments	619,028	582,723
Total investment securities	1,279,502	1,313,629
Total Expected credit loss adjustment	(4,007)	(2,888)
	1,275,495	1,310,741

Notes to the consolidated and separate financial statements (continued)

27. Other assets

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Other assets at amortised:				
Other assets	8,559	7,562	-	116
Expected credit loss adjustment	(5)	(54)	-	-
	8,554	7,508	-	116
Other assets at FVTPL:				
Other financial assets at fair value through profit and loss	3,922	5,476	-	-
Total financial assets	12,476	12,984	-	116
Non-financial assets:				
Staff loans fair value adjustment	17,808	9,987	-	-
Prepaid expenses	6,510	10,648	65	79
Total non-financial assets	24,318	20,635	65	79
Total other assets	36,794	33,619	65	195

Other financial assets at fair value through profit or loss relate to the fair valuation of written off and non-performing loans and advances acquired from Crane Bank Limited. The carrying value of other assets is approximately equal to its fair value. The movement in expected credit losses was as follows:

The movement in expected credit losses was as follows:

	2025 Ushs M	2024 Ushs M
At 1 January	54	24
Impairment recognized/(derecognised) during the year	(49)	30
At 31 December	5	54

Notes to the consolidated and separate financial statements (continued)

27. Other assets (continued)

The table below summarises the movement in other financial assets at fair value through profit or loss:

	2025 Ushs M	2024 Ushs M
At 1 January	5,476	9,108
Settlements against the asset	(1,475)	(2,916)
Fair value loss	(79)	(716)
At 31 December	3,922	5,476

28. Investment property

Investment property comprises land and buildings at Plot 26 Kyadondo Road, Kampala. This property is held for its rental and capital appreciation. The investment property has been stated on the historical cost basis.

The Company provides rent to third parties, that part of the property that is not utilised by **dfcu** Group Limited. Consequently, that part of the property is held for rental purposes and classified as investment property in the consolidated financial statements as shown below. In the separate financial statements of the Company, the entire property is held for rental purposes and is therefore retained as investment property in those financial statements.

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Cost:				
At 1 January	22,945	22,868	56,939	56,852
Additions	-	-	919	87
Transfer from work in progress	47	77	-	-
As at 31 December	22,992	22,945	57,858	56,939
Depreciation:				
At 1 January	4,096	3,573	20,344	18,809
Charge for the year	312	523	1,383	1,535
As at 31 December	4,408	4,096	21,727	20,344
Net Book Value	18,584	18,849	36,131	36,595
Amount allocated to investment property			18,584	18,849
Amount allocated to property and equipment			17,547	17,746
Total property and equipment			36,131	36,595

The fair value of the investment property is Ushs 81 billion (2024: Ushs 75 billion). The Group has assessed that the highest and best use of its investment property does not differ from their current use.

The Group's investment property comprises the value of property leased to third parties who are not related to the Group. In contrast, the Company's investment property includes the value of property leased to both related parties and third parties.

Notes to the consolidated and separate financial statements (continued)

28. Investment property (continued)

The valuation was carried out using the investment method of valuation. The valuer utilised the income capitalisation approach by reference to the net cashflows / rental income from the commercial building portion that is being rented out.

The significant unobservable inputs used in the valuation were as follows:

Significant unobservable input

		Range (weighted average)
Building	Estimated rental value	US\$13 – US\$ 18 per square metre depending on the attributes of the space. Gross annual rent is estimated at US\$ 1,713,086.6
	Service charge	US\$ 4 per square metre and is charged separately. The annual service charge is estimated at US\$ 328,991.52
	Parking	Estimated annual rent of US\$ 35,280
	Discount rate	6%- 8% (7%)
Land	Price per acre	Ushs 8 billion –Ushs 10 billion per acre

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield).

Valuation techniques for investment properties:

Land	Market Approach Land was valued by the sales comparison method taking into account factors such as location, services and accessibility.
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Building	Income capitalisation approach The valuer used this approach to estimate the value of income-producing portion of the building. It is based on the expectation of future benefits. This method of valuation relates value to the market rent that a property can be expected to earn and to the resale value.
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Notes to the consolidated and separate financial statements (continued)

28. Investment property (continued)

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Key underlying assumptions in valuation of the investment property included:

- The property and its value is unaffected by any statutory notice or condition of title where title deeds were not inspected, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful.
- No onerous easements, rights of way or encroachments exist by or on the subject properties other than those in favour of statutory bodies, applicable to all such properties, or which could be regarded as customary.
- The market value referred to in the valuation report excludes Value Added Tax and transfer costs
- The property is unaffected by environmental issues

The property is assumed to be free from any structural fault, rot, infestation or defects of any other nature whether exposed or unexposed, including inherent weaknesses due to the use in construction of deleterious materials. There is also an assumption that there are no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of each property are sufficient to support the building constructed or to be constructed thereon.

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Rental income derived from investment properties	1,793	1,066	7,034	7,140
Direct operating expenses (including repairs and maintenance)	(828)	(359)	(6,069)	(6,434)
Profit arising from investment properties	965	707	965	706

Notes to the consolidated and separate financial statements (continued)

29 (a) Property, equipment and right-of-use asset - Group

	Freehold land and buildings Ushs M	Motor vehicle Ushs M	Furniture & equipment Ushs M	Computer equipment Ushs M	Right of Use asset Ushs M	Work-In-Progress Ushs M	Total Ushs M
Cost:							
At 1 January 2025	30,536	5,190	75,463	20,762	66,648	1,330	199,929
Additions	-	729	2,270	1,347	4,907	15,395	24,648
Transfers from work in progress	47	116	4,133	11,025	-	(15,321)	-
Write offs	-	-	(3,586)	(4,305)	-	-	(7,891)
Eliminated on disposal	-	(44)	(1,344)	(353)	-	-	(1,741)
At 31 December 2025	30,583	5,991	76,936	28,476	71,555	1,404	214,945
Depreciation:							
At 1 January 2025	6,642	2,601	55,364	13,432	41,528	-	119,567
Charge for the year	897	1,087	6,141	5,019	6,000	-	19,144
Write offs	-	-	(3,584)	(4,303)	-	-	(7,887)
Eliminated on disposal	-	(44)	(1,233)	(352)	-	-	(1,629)
At 31 December 2025	7,539	3,644	56,688	13,796	47,528	-	129,195
Net carrying amount	23,044	2,347	20,248	14,680	24,027	1,404	85,750

Notes to the consolidated and separate financial statements (continued)

29 (a) Property, equipment and right-of-use asset - Group (continued)

	Freehold land and buildings Ushs M	Motor vehicle Ushs M	Furniture & equipment Ushs M	Computer equipment Ushs M	Right of Use asset Ushs M	Work-In-Progress Ushs M	Total Ushs M
Cost:							
At 1 January 2024	30,459	4,441	72,292	20,767	59,591	1,721	189,271
Asset reclassifications	-	-	270	(270)	-	-	-
Additions	-	353	1,723	1,930	7,057	5,269	16,332
Transfers from work in progress	77	747	3,535	1,050	-	(5,409)	-
Write offs	-	-	(1,252)	(2,352)	-	(251)	(3,855)
Eliminated on disposal	-	(351)	(1,105)	(363)	-	-	(1,819)
At 31 December 2024	30,536	5,190	75,463	20,762	66,648	1,330	199,929
Depreciation:							
At 1 January 2024	5,995	1,866	51,512	13,064	33,626	-	106,063
Asset reclassifications	-	-	509	(509)	-	-	-
Charge for the year	647	1,086	5,660	3,589	7,902	-	18,884
Write offs	-	-	(1,243)	(2,349)	-	-	(3,592)
Eliminated on disposal	-	(351)	(1,074)	(363)	-	-	(1,788)
At 31 December 2024	6,642	2,601	55,364	13,432	41,528	-	119,567
Net carrying amount	23,894	2,589	20,099	7,330	25,120	1,330	80,362

Work-In-Progress (WIP) relates to ongoing works in respect of various projects the Bank is undertaking.

(b) Other receivables from Bank of Uganda*

dfcu Group acquired some assets and liabilities from former Crane Bank Limited (In Liquidation) under an Agreement signed with Bank of Uganda (as the Receiver) on 25 January 2017. As per the provisions of the Agreement, dfcu exercised the option not to purchase the reversionary interest of the properties.

As of 31 December 2020, dfcu Group returned the properties to Bank of Uganda (as the Receiver). The expected amount to be recovered is Ushs 29,089 million, which was recorded under other receivables from Bank of Uganda. An impairment amount of Ushs 15,283 million was recognised in other expenses in 2020.

As at 31 December 2025, the outstanding amount receivable was Ushs 832 million (2024: 832 million).

*The name has been changed from "Assets held for disposal" as referred to in prior years to "Other receivables from Bank of Uganda" for purposes of understandability.

Notes to the consolidated and separate financial statements (continued)

30 Intangible assets

	Goodwill	Computer Software	Work-In-Progress	Total
	Ushs M	Ushs M	Ushs M	Ushs M
Cost				
At 1 January 2025	463	73,741	14,105	88,309
Additions	-	532	16,984	17,516
Transfers from WIP	-	1,551	(1,551)	-
Write offs	-	(11,424)	-	(11,424)
At 31 December 2025	463	64,400	29,538	94,401
Amortisation				
At 1 January 2025	-	52,161	-	52,161
Charge for the year	-	7,494	-	7,494
Write offs	-	(10,623)	-	(10,623)
At 31 December 2025	-	49,032	-	49,032
Net carrying amount	463	15,368	29,538	45,369
Cost				
At 1 January 2024	463	68,198	12,813	81,474
Asset reclassifications	-	(51)	51	-
Additions	-	417	15,194	15,611
Transfers from WIP	-	13,953	(13,953)	-
Write offs	-	(8,776)	-	(8,776)
At 31 December 2024	463	73,741	14,105	88,309
Amortisation				
At 1 January 2024	-	54,332	-	54,332
Charge for the year	-	6,122	-	6,122
Write offs	-	(8,293)	-	(8,293)
At 31 December 2024	-	52,161	-	52,161
Net carrying amount	463	21,580	14,105	36,148

Computer software comprises of software for the Group's core banking systems.

Other intangible assets comprises fair valuations of customer relationships acquired from Crane Bank Limited and fair valuations of customer deposits and ground rent. Work-In-Progress (WIP) relates to ongoing works in respect of the various software projects.

Notes to the consolidated and separate financial statements (continued)

30. Intangible assets (continued)

Annual impairment test for goodwill

The Group performed its annual impairment test of goodwill during the year. Goodwill was acquired through the business combination of the subsidiary, **dfcu** Bank as the Cash Generating Unit (CGU). The Group considers the relationship between its market capitalization and its book value among other factors when reviewing for indicators of impairment. As at 31 December 2025, the market capitalization of the Group was below the book value of its entity, an indication of a potential impairment of goodwill.

Management performed a Value in Use (VIU) estimation using the Dividend Discount Model (DDM) as the primary approach and the Market Multiples as a secondary approach.

The DDM involves discounting the expected earnings to shareholders (the dividends stream) at the Equity Required Rate of Return.

The following were the inputs into the DDM;

- Management's forecasts on equity capital requirements to satisfy Capital Adequacy Requirements (CAR) and derived the excess equity capital, distributable to shareholders as the forecast equity cashflows.
- The forecast cashflows were discounted at the low and high cost of equity of 23.12% and 24.36% (an average of 23.74%) derived using the Capital Asset Pricing Model.
- The terminal value was calculated using the long-term Ugandan inflation rate of 5.3%

The Market Multiples approach involved obtaining Price to Book (P/B) multiples of peer companies operating in the same industry as the company. The observed trading multiples were adjusted for country risk and size in order to arrive at an objective equity value. The implied P/B was calculated using the net asset value as at 31 December 2025.

Below is the summary of the valuation results:

	Low	High	Average
Net assets as at 31 December 2025	594,026	594,026	594,026
Goodwill	463	463	463
Total	594,489	594,489	594,489
VIU (DDM)	650,000	698,000	674,000
Headroom/(impairment)	55,511	103,511	79,511
Net assets as at 31 December 2024	594,026	594,026	594,026
Goodwill	463	463	463
Total	594,489	594,489	594,489
VIU (DDM)	650,000	698,000	674,000
Headroom/(impairment)	55,511	103,511	79,511

From the indicative valuation results based on the primary approach (DDM) and the corroborative approach, there is no impairment for goodwill as at 31 December 2025.

Notes to the consolidated and separate financial statements (continued)

31. Deferred income tax

Deferred tax is calculated on all temporary differences under the liability method using the principal tax rate of 30%, except for interest receivable on treasury bills and bonds where the enacted rate is 15% (2024: 15%). Deferred tax assets and liabilities and the deferred tax credit as at 31 December 2025 are attributed to the following items:

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
At 1 January	(87,859)	(65,226)	311	291
Company balance de-recognised	(311)	-	-	-
Deferred tax credit to P&L-Bank	(26,723)	(20,465)	-	20
Deferred tax credit to P&L-Company	-	-	724	-
Deferred tax credit to OCI	1,550	(2,168)	-	-
Deferred tax (asset)/liability	(113,343)	(87,859)	1,035	311

	Group				
	At 1 January 2025 Ushs M	Company balance derecognised Ushs M	(Credit)/ Charge to P&L Ushs M	(Credit)/ Charge to OCI Ushs M	At 31 December 2025 Ushs M
Property and equipment	(2,400)	(885)	2,415	-	(870)
Tax losses carried forward	(62,898)	(12,236)	(30,823)	-	(105,957)
Deferred fees and commissions income	(13,456)	11,704	(366)	-	(2,118)
Fair value of treasury bills and bonds	(1,337)	572	666	-	(99)
Unrealised foreign exchange loss	(43)	43	-	-	-
FVOCI Fair value loss	(1,654)	-	-	1,550	(104)
Allowance for impairment of loans and advances	(4,233)	-	1,124	-	(3,109)
Allowance for contingent liabilities	(1,310)	-	261	-	(1,049)
Other temporary differences	(57)	20	-	-	(37)
Capped interest expense	(471)	471	-	-	-
Net deferred tax asset	(87,859)	(311)	(26,723)	1,550	(113,343)

Notes to the consolidated and separate financial statements (continued)

31. Deferred income tax (continued)

	At 1 January 2024 Ushs M	(Credit)/ Charge to P&L Ushs M	(Credit)/ Charge to OCI Ushs M	At 31 December 2024 Ushs M
	Property and equipment	(2,369)	(31)	-
Tax losses carried forward	(41,653)	(21,245)	-	(62,898)
Deferred fees and commissions income	(13,368)	(88)	-	(13,456)
Fair value of treasury bills and bonds	(2,130)	793	-	(1,337)
Unrealised foreign exchange loss	(60)	17	-	(43)
FVOCI Fair value loss	514	-	(2,168)	(1,654)
Allowance for impairment of loans and advances	(5,023)	790	-	(4,233)
Allowance for contingent liabilities	(657)	(653)	-	(1,310)
Other temporary differences	(57)	-	-	(57)
Capped interest expense	(423)	(48)	-	(471)
Net deferred tax asset	(65,226)	(20,465)	(2,168)	(87,859)

The trading losses have been accumulated since 2021 and are available for offset against future taxable profits. However, effective 1 July 2021, the Income Tax Act was amended to limit the carry forward period for tax losses to seven (7) years, beyond which only 50% of respective tax losses will be available for utilisation against subsequent profits in future periods. Accordingly, accumulated losses carried forward from 2021 and onwards are subject to the seven year rule when the 50% utilisation restriction is applied. The utilisation and expiry profile of the accumulated tax losses is summarised below:

Year of origin	2021	2022	2023	2024	2025	Total
Carried forward losses (Ushs M)	35,244	40,968	104,850	76,439	95,687	353,188
Year of expiry (7 year limit)	2030	2030	2030	2031	2032	

The Group anticipates taxable profits over the period 2026 to 2032, supported by approved business forecasts which shall significantly utilize most of the accumulated losses. In addition, there is an ongoing industry wide dispute between financial institutions and the Uganda Revenue Authority (URA), relating to the deductibility of expenses attributable to income on government securities. Should URA's proposed position be upheld, this would result in a significant reduction of the Bank's accumulated tax losses, thereby accelerating utilization of the deferred tax asset. On this basis, management considers that there is sufficient basis in the future for the accumulated tax losses to be significantly utilized, and therefore that the recognized deferred tax asset will be recoverable, in line with IAS 12.

Notes to the consolidated and separate financial statements (continued)

31. Deferred income tax (continued)

Below is the expected utilization of carried forward tax losses:

Year of origin	Carried forward losses	Amount to be utilised	Year of utilization
	Ushs M	Ushs M	Ushs M
2021	35,244	35,244	2026
2022	40,968	40,968	2026
2023	104,850	53,287	2026
2024	76,439	128,002	2027
2025	95,687	95,687	2028
Total	353,188	353,188	

	Company		
	At 1 January 2025	(Credit)/ Charge to P&L	At 31 December 2025
2025	Ushs M	Ushs M	Ushs M
Property and equipment	1,416	1,607	3,023
Tax losses carried forward	(633)	(745)	(1,378)
Capped interest expense	(470)	(135)	(605)
Unrealised foreign exchange loss	(2)	(3)	(5)
Net deferred tax asset	311	724	1,035

	Company		
	At 1 January 2024	(Credit)/ Charge to P&L	At 31 December 2024
2024	Ushs M	Ushs M	Ushs M
Property and equipment	1,097	319	1,416
Tax losses carried forward	(365)	(268)	(633)
Capped interest expense	(422)	(48)	(470)
Unrealised foreign exchange loss	(19)	17	(2)
Net deferred tax asset	291	20	311

Notes to the consolidated and separate financial statements (continued)

32. Investment in subsidiary

	Shareholding	Company	
		2025	2024
		Ushs M	Ushs M
dfcu Bank Limited	100%		
As at 1 January and 31 December		203,293	203,293

dfcu Bank Limited is incorporated in Uganda under the Companies Act of Uganda as a limited liability company and is licensed by Bank of Uganda to operate as a commercial bank. It is domiciled in Uganda and the address of its registered office is:

**Plot 26 Kyadondo Road
P.O. Box 70
Kampala, Uganda**

The Group is engaged in the business of banking and the provision of related services and is licensed under the Financial Institutions Act Cap 57 Laws of Uganda.

33. Customer deposits - Group

	2025	2024
	Ushs M	Ushs M
Demand deposits	1,286,754	1,172,744
Savings deposits	603,081	599,167
Fixed deposits	824,736	584,370
	2,714,571	2,356,281

The weighted average effective interest rates for the customer deposits are as follows:

	2025	2024
	%	%
Demand deposits	1	1
Savings deposits	1	1
Fixed deposits	10	10

Refer to note 6E for the estimated fair value of customer deposits.

Notes to the consolidated and separate financial statements (continued)

34. Deposits due to other banks - Group

	2025 Ushs M	2024 Ushs M
Balances due to other banks within 90 days	14,004	120,256

Balances due to other banks are short-term deposits made by other banks for varying periods of between one day and three months and earn interest at the respective short-term deposit rates. The weighted average effective interest rate was 8.14% (2024: 4.43%). The carrying value of deposits due to other banks is approximately equal to its fair value.

35. Other liabilities

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Financial liabilities:				
Bills payable	194	165	-	-
Unclaimed balances	11,039	10,888	-	-
Other liabilities	18,582	19,965	238	451
Deferred rental income	450	328	2,222	2,166
Deferred grant income*	260	-	-	-
Lease liability (note 43(ii))	25,249	25,302	-	-
Accrued expenses and payables	26,830	31,453	6	160
Total liabilities	82,604	88,101	2,466	2,777

Other liabilities are non-interest bearing and normally settled within 30-90 days. The Group gives no collateral in respect to these payables.

Other liabilities include the expected credit loss on contingent liabilities and commitments amounting to Ushs 1,108 million (2024: Ushs 1,445 million). It also includes visa fees payable, taxes payable, dividends payable and others. The carrying value of other liabilities is approximately equal to its fair value.

*There were no unfulfilled conditions and contingencies to the grants during the year.

36. Special funds - Group

Special funds represent liabilities created under the terms of borrowing agreements with Kreditanstalt Fur Wiederaufbau (KfW). These agreements require the Group to remit repayments of principal and interest due on loans issued out of the proceeds of these borrowings into a special fund controlled by the Government of Uganda to support the financing of SME and microfinance businesses.

	2025 Ushs M	2024 Ushs M
As at 31 December	1,193	1,193

The carrying value of special funds is approximately equal to its fair value.

Notes to the consolidated and separate financial statements (continued)

37. Borrowed funds

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Uganda Government (KfW V loan)	12,444	12,444	-	-
Bank of Uganda (ACF loan)	19,397	28,637	-	-
Abi-Finance	-	913	-	-
European Investment Bank - PEFF	80,026	99,399	-	-
GROW funds	13,076	8,048	-	-
UN Habitat	-	41	-	-
	124,943	149,482	-	-

The maturity analysis for borrowed funds has been disclosed in Note 6C.

Bank of Uganda (ACF loan)

The Government of Uganda through the central bank in partnership with commercial banks, Uganda Development Bank Ltd and micro-deposit taking institutions (MDIs) created the Agricultural Credit Facility. The facility was created for the provision of medium-term credit facilities to agriculture and agro-processing projects on more favorable terms as opposed to the open market. The credit facilities are advanced to customers at an interest rate of 12%. The other objectives of the facility include the promotion of commercial agriculture, increasing access to finance by agribusinesses, increased agricultural production thus food security as well as boosting the confidence of financial institution in lending to agriculture. The Group contributes 50% towards the lending and 50% is financed by the ACF. The Group repays the 50% financed by the ACF as and when the loans are repaid by the customers.

The terms and conditions relating to the other borrowings are tabulated below:

	Tenure (years)	Interest rate	Fixed / variable	Currency
Uganda Government (KfW V loan)	Due on demand	-		
Abi-Finance Limited	7	12.50%	Fixed	Ushs
European Investment Bank-USD	10	2.97%	Fixed	USD
European Investment Bank-Ushs	7	13.58%	Fixed	Ushs
GROW funds	2	2.00%	Fixed	Ushs
UN Habitat	15	2.00%	Fixed	Ushs

All the borrowed funds are unsecured. Refer to note 6E for the estimated fair value of borrowed and administered funds.

Notes to the consolidated and separate financial statements (continued)

37. Borrowed funds (continued)

The movement in borrowings is as follows:

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
At 1 January	149,482	84,137	-	-
Additional drawdowns	7,024	78,651	-	-
Interest expense	9,537	842	-	-
Principle repayment	(35,994)	(6,352)	-	-
Interest repayment	(4,670)	(6,642)	-	-
Unrealised foreign exchange exchange gains	(111)	(872)	-	-
Debt origination fees	(325)	(282)	-	-
At 31 December	124,943	149,482	-	-

38. Share capital and share premium

Group	Number of authorised ordinary shares	Number of issued ordinary shares	Share Capital Ushs M	Share premium Ushs M	Total Ushs M
At 1 January and 31 December 2025 and 2024	1,250,000,000	748,144,033	14,963	185,683	200,646

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group. All ordinary shares rank equally with regard to the Group's residual assets.

Share premium

	2024 Ushs M
** 1 May 2000	2,878
*** 28 February 2017	182,805
Total	185,683

** Share premium relates to shares issued by the Group on 1 May 2000 amounting to 198,880,729 with a par value of Ushs 20 per share at approximately Ushs 95 per share which resulted into a share premium of Shs 2,878 million.

*** Share premium relates to additional capital additional capital from its shareholders through a rights issue done in 2017. The capital was converted into 250.9 million ordinary shares giving rise to additional ordinary share capital of Ushs 5.5 billion and share premium of Ushs 182.8 billion.

Notes to the consolidated and separate financial statements (continued)

39. Regulatory reserve - Group

	2025 Ushs M	2024 Ushs M
At 1 January	3,696	8,069
Transfer to retained earnings during the year	(3,696)	(4,373)
At 31 December	-	3,696
The regulatory credit risk reserve is analysed as follows:		
Provision for impairment of loans and advances as per FIA 2004:		
Specific provisions	22,076	12,819
General provisions	12,951	11,623
Total regulatory provision	35,027	24,442
Provision for impairment of loans and advances as per IFRS		
Stage 3 (note 23)	(35,972)	(13,882)
Stage 1 (note 23)	(3,526)	(5,877)
Stage 2 (note 23)	(1,440)	(987)
Total IFRS provision	(40,938)	(20,746)
Shortfall of IFRS provision over regulatory provision	(5,911)	3,696

The regulatory credit risk reserve represents amounts by which allowances for impairment of loans and advances determined in accordance with the Financial Institutions Act Cap 57, Laws of Uganda exceed those determined in accordance with IFRS Accounting Standards. These amounts are appropriated from retained earnings in accordance with accounting policy 4c(v). The reserve is not distributable.

As of 31 December 2025, the allowance of impairment of loans and advances computed in accordance with IFRS Accounting Standards were more than the regulatory provision and therefore the credit risk reserve was Nil (2024: 3,696 million).

40. Retained earnings

Retained earnings comprises prior year brought forward earning plus current year profit less any dividends paid and proposed and transfers to credit risk reserve. As at 31 December 2025, retained earnings for the Group amounted to Ushs 555,195 million (2024: Ushs 488,743 million) whereas the retained earnings for the company amounted to Ushs 22,172 million (2024: Ushs 10,945 million). The movements in retained earnings for the Group and Company are shown in the respective statements of changes in equity

Notes to the consolidated and separate financial statements (continued)

41. FVOCI revaluation reserve - Group

The fair value reserve comprises the cumulative net change in the fair value of debt securities measured at fair value through other comprehensive income (FVOCI), which is recognised in equity until the assets are derecognised or reclassified. This amount is increased by the amount of loss allowance.

Movement in FVOCI financial assets	2025 Ushs M	2024 Ushs M
At 1 January	(5,304)	1,049
Net movement on revaluation of FVOCI	4,707	(8,521)
Deferred tax impact on FVOCI transactions	(1,550)	2,168
At 31 December	(2,147)	(5,304)
ECL on FVOCI financial assets		
At 1 January net of deferred tax	1,445	151
Increase/(decrease) in ECL	459	1,294
At 31 December	1,904	1,445
Total fair value reserve	(243)	(3,859)
Net loss on FVOCI financial assets net of tax	3,157	(6,353)
Changes in ECL on FVOCI financial instruments	459	1,294

42. Off statement of financial position financial instruments - Group

In common with other banks, the subsidiary of the Company, **dfcu** Bank Limited (the Bank), conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	2025 Ushs M	2024 Ushs M
Guarantee and performance bonds	227,806	301,453
Undrawn formal stand-by facilities, credit lines and other commitments to lend	13,995	30,653
	241,801	332,106

The expected credit loss on contingent liabilities and commitments is Ushs 1,108 million (2024: Ushs 1,445 million) and this is presented under other liabilities in note 35. Below is the movement in the expected credit loss on contingent liabilities and commitments:

	2025 Ushs M	2024 Ushs M
At 1 January	1,445	75
Impairment (derecognized)/recognized during the year	(337)	1,370
At 31 December	1,108	1,445

Notes to the consolidated and separate financial statements (continued)

43. Leases

Group as a lessee

The Group leases a number of branch and office premises. The leases typically run for a period of 7 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every 3 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment. As at 31 December 2025, the net carrying amount for the right-of-use assets is Ushs 24,027 million (2024: Ushs 25,120 million) (see Note 29).

ii. Lease liability

The lease liability arises out of the payment obligations from leased branch and office premises and this is presented within the other liabilities (see note 35).

	2025 Ushs M	2024 Ushs M
At 1 January	25,302	25,850
New leases	-	-
Interest charge (note 10)	4,526	4,041
Unrealised loss/(gain) on foreign currency denominated leases	(293)	(494)
Leases terminated during the year	-	-
Interest payment	(2,117)	(1,602)
Principle payment	(2,169)	(2,493)
At 31 December	25,249	25,302

At 31 December 2025, the future minimum lease payments under non-cancellable operating leases were payable as follows.

iii. Amounts recognized in profit or loss

	2025 Ushs M	2024 Ushs M
Leases under IFRS 16		
Interest on lease liabilities	4,526	4,041
Depreciation on right-of-use asset	6,000	7,902
Unrealised (loss)/gain on foreign currency denominated lease liabilities	(293)	(494)
	10,233	11,449

Notes to the consolidated and separate financial statements (continued)

43. Leases (continued)

iv. Amounts recognised in the statement of cashflows

	2025 Ushs M	2024 Ushs M
Payment of principal portion of the lease liability	2,117	1,602
Interest paid on lease liability	2,169	2,493
	4,286	4,095

The table below discloses the maturity profile of the leases as at 31 December 2025 and 2024. The maturity profile captures the undiscounted cashflows of the leases arrangements provide

	2025 Ushs M	2024 Ushs M
Maturing within 1 month	16,670	50,882
Maturing between 1-3 months	2,067	5,218
Maturing within 3-12 months	11,581	9,477
Maturing between 1-5 years	9,162	1,230
Maturing over 5 years	555	1,845
	40,035	68,652

Below is a summary of lease expenses that have been expensed based on the exemptions under IFRS 16:

	2025 Ushs M	2024 Ushs M
Equipment lease expenses	1,393	956

iv. Extension options

Some leases of office premises contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

v. Discount rate

In determination of the implicit rate of the lease (Discount rate), the Group has evaluated its ability to raise funds with a similar term structure and determined the weighted average cost of the fixed deposits as the discount rate. The weighted average rate as at 31 December 2025 was 12% (2024: 12%).

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office buildings (see Note 28). These leases have terms of between 3 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

Rental income recognised by the Group during the year is Ushs 1,793 million (2024: Ushs 1,066 million). The rental income recognised by the Company was Ushs 7,033 million (2024: Ushs 7,140 million). Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the net trading and other income in the statement of comprehensive income due to its operating nature.

Notes to the consolidated and separate financial statements (continued)

43. Leases (continued)

Group as a lessee (continued)

Future minimum lease payments under non-cancellable operating leases as at 31 December were as follows:

	2025 Ushs M	2024 Ushs M
Within one year	7,831	6,992
After one year	31,324	27,968
	39,155	34,960

44. Provisions and contingent liabilities

(a) Provisions

The Group is a defendant in various legal actions in the normal course of business. The total estimated contingent liability arising from these cases is Ushs 239 billion (2024: Ushs 260 billion). Through legal advice management has determined that total expected losses to the Group are Ushs 3.5 billion (2024: Ushs 4.4 billion) for which a provision has been made in the consolidated financial statements. In the opinion of directors and after taking appropriate legal advice, no significant additional losses are expected to arise from these cases.

The movement in litigation provisions during the year was as follows:

	2025 Ushs M	2024 Ushs M
At 1 January	4,364	2,188
Arising during the year	-	2,176
Utilised during the year	(871)	-
At 31 December	3,493	4,364

(b) Other open litigation matters

In 2020, Crane Bank Limited (CBL) and some of its shareholders filed a claim in the English High Court against **dfcu** Bank and others (**dfcu**) making allegations concerning the 2017 transaction by which Bank of Uganda sold some of CBL's assets and liabilities to **dfcu**.

dfcu's costs of defending this claim are substantial and the amount incurred during the year amounted to Ushs 76,584 million (2024: Ushs 42,283). **dfcu** continues to engage the Bank of Uganda, as the Seller in the 2017 transaction, towards the redress of these costs. Furthermore, in accordance with the cost-shifting principles applicable in English court proceedings, an unsuccessful claimant may be ordered to pay a substantial proportion of the defendant's legal costs. **dfcu**, based on legal advice, considers that it has a strong defence to the allegations made by the claimants concerning the 2017 transaction.

Notes to the consolidated and separate financial statements (continued)

45. Derivative financial instruments - Group

The subsidiary, **dfcu** Bank, entered into derivatives for trading and risk management purposes. These include swaps and outright forwards that have a settlement date beyond 31 December 2025 from the deal date. The unrealised gain on these contracts amounts to Ushs 1,607 million (2024: loss of Ushs 45 million) recorded in the statement of financial position. The financial instruments as split as indicated below:

	2025 Ushs M	2024 Ushs M
Derivative financial asset	865	2,064
Derivative financial liability	(792)	(457)
At 31 December	73	1,607

The Expected Credit Loss (ECL) computed on the above derivative financial instruments was immaterial.

The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, can fluctuate significantly from time to time. The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities

	Fair value of assets		Fair value of liabilities		Notional amount	
	2025	2024	2025	2024	2025	2024
	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M	Ushs M
Currency forwards	839	1,951	792	453	125,114	56,618
Currency swaps	26	113	-	4	9,765	4,585
	865	2,064	792	457	134,879	61,203

46. Cash and cash equivalents

Analysis of cash and cash equivalents as shown in the consolidated statement of cash flows.

	Group		Group	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Cash in hand (note 21)	247,364	191,079	-	-
Balances with Bank of Uganda (note 21)	220,712	243,738	-	-
Less: Cash reserve requirement (50%)	(126,475)	(116,030)	-	-
Amounts due from related companies (note 47(b))	-	-	2,599	2,092
Deposits and balances due from banks (note 22)	246,690	211,315	-	-
	588,291	530,102	2,599	2,092

Notes to the consolidated and separate financial statements (continued)

46. Cash and cash equivalents (continued)

For purposes of the statement of cash flows, cash equivalents include short-term liquid investments which are readily convertible into known amounts of cash and with less than 90 days to maturity from the date of acquisition. Amounts due from related parties relate to cash deposits held in **dfcu** Group Limited which are due on demand.

Bank of Uganda through the Financial Institutions Act, Cap 57 Laws of Uganda requires Banks to maintain a minimum cash balance for two weeks based on the Bank's average deposit liabilities for the previous two weeks. Whereas daily balances are allowed to fluctuate to amounts lower than the minimum cash balance above, these cannot go below 50% of the minimum balance advised by Bank of Uganda and the average for the two weeks must comply with the minimum required balances as advised by Bank of Uganda. As at 31 December 2025, the cash reserve requirement was Ushs 252,950 million (2024: Ushs 232,060 million). 50% of the cash reserve requirement has been considered as cash and cash equivalent amounting to Ushs 126,475 million (2024: Ushs 116,030 million).

*The prior year cash and cash equivalents have been restated to consider 50% of the minimum balance advised by Bank of Uganda.

47. Related party disclosures

There are other companies that are related to **dfcu** Limited through common shareholdings or common directorships. Transactions and balances with related parties are shown below:

a) Amounts due to related companies

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
dfcu Bank Limited-Overdraft and term finance	-	-	4,435	13,214

The amounts due to related companies represent borrowings from **dfcu** Bank Limited. These borrowings are unsecured, in stage 1, and carry an average annual interest rate of 16%. During the year, interest expense incurred by the Company from these borrowings amounted to Ushs 841 million (2024: Ushs 1,587 million).

b) Amounts due from related companies

	Company	
	2025 Ushs M	2024 Ushs M
dfcu Bank Limited	2,599	2,092

The amounts due from related companies represent cash deposits (demand and fixed deposits) held in **dfcu** Bank. Demand deposits are non-interest-bearing and are payable on demand, while fixed deposits earn interest at an average annual interest rate of 9%. Interest income earned on these fixed deposits during the year was Ushs 1,068 million (2024: Ushs 554 million). For the purpose of the Company statement of cash flows, cash and cash equivalents are represented by the above balances.

Notes to the consolidated and separate financial statements (continued)

47. Related party disclosures (continued)

Advances to customers include loans to directors follows:

At 31 December 2025, there were no advances to non-executive directors and companies controlled by directors or closely connected persons (2024: Ushs Nil).

	2025 Ushs M	2024 Ushs M
Deposits by directors (Group)		
At 1 January	278	367
Net decrease	(17)	(89)
At 31 December	261	278

c) Loans to directors - Group

No loans were extended to Directors during the year ended 31 December 2025. (2024: Nil)

d) Key management compensation

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Salaries and other short-term employment benefits	6,809	6,518	526	377
Post-employment benefits	837	836	90	64
	7,646	7,354	616	441
Directors' remuneration				
Fees for services as directors	2,282	2,362	574	611
	2,282	2,362	574	611

48. Retirement benefit obligations

The Group participates in a defined contribution retirement benefit scheme and substantially all of the Group's employees are eligible to participate in this scheme. The Group is required to make annual contributions to the scheme at a rate of 7.5% of basic pay. Employees contribute 7.5% of their basic salary. The Group has no other material obligation for the payment of retirement benefits beyond the annual contributions under this scheme. During the year ended 31 December 2025, the Group retirement benefit cost charged to profit or loss under the scheme amounted to Ushs 4,248 million (2024: Ushs 3,766 million).

The Group also makes contributions to the statutory retirement benefit scheme, the National Social Security Fund. Contributions are determined by local statute and are shared between the employer and employee. For the year ended 31 December 2025 the Group contributed Ushs 8,688 million (2024: Ushs 7,604 million), which has been charged to profit or loss.

Notes to the consolidated and separate financial statements (continued)

49. Capital Commitments

Capital commitments mainly relate to software developments and upgrades. Capital commitments as at 31 December were:

	Group		Company	
	2025 Ushs M	2024 Ushs M	2025 Ushs M	2024 Ushs M
Authorised and contracted	30,942	15,435	764	-
	30,942	15,435	764	-

50. Events after reporting date

Significant escalation in geopolitical tensions in the Middle East have contributed to heightened global market volatility. The situation remains fluid and the potential impact of these evolving circumstances including possibility of higher fuel and logistics-related cost pressures, increased inflation uncertainty impacting rates, and periods of foreign exchange and market volatility associated with shifts in global risk sentiment, will be monitored and assessed into the year ahead.

While the impacts to the Group are yet to materialise, these developments arose after year end and are considered non-adjusting events under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements for the period ended 31 December 2025.

Other than the aforementioned, the directors are not aware of any events as defined per IAS 10 Events after the reporting period, that occurred after the reporting date of 31 December 2025 and the date of authorisation of these consolidated financial statements.

51. Presentation currency

These consolidated and separate financial statements are presented in Uganda shillings rounded off to the nearest millions (Ushs M).

Notes to the consolidated and separate financial statements (continued)

52. Prior year statement of cash flow restatement

Bank of Uganda cash reserve requirement has been restated to include only 50% of the minimum balance advised by Bank of Uganda as cash and cash equivalents in the prior year. The impact of the restatement is as shown below:

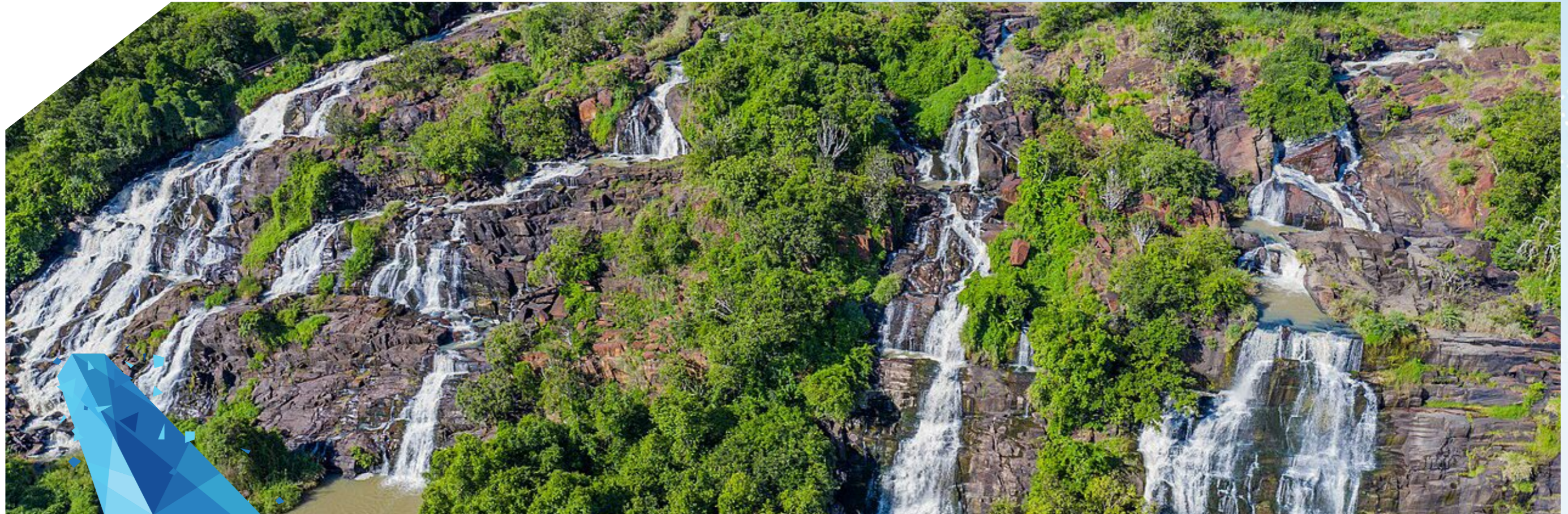
	2024 Ushs M	Adjustment Ushs M	2024 Restated Ushs M
Operating activities:			
Profit before tax	79,263	-	79,263
Adjustment for:			
Depreciation of property, equipment and right-of-use assets	18,884	-	18,884
Depreciation of investment property	523	-	523
Amortisation of intangible assets	6,122	-	6,122
Unrealised foreign exchange (gain)/loss	(2,134)	-	(2,134)
Profit on disposal of fixed assets	(120)	-	(120)
Fair value losses on assets at fair value through profit and loss	716	-	716
Expected credit (recovery)/loss on financial assets	(12,007)	-	(12,007)
Gain/(loss) on sale of equity investments	(124)	-	(124)
Interest income	(361,566)	-	(361,566)
Interest expense	94,269	-	94,269
Dividends income	(353)	-	(353)
Reversals in provisions and employee benefits	(39,546)	-	(39,546)
Dividends income	(353)	-	(353)
Reversal/increase in provisions and employee benefits	(39,546)	(78,406)	(39,546)
Reversal/increase in provisions and employee benefits	(37,330)	(70,461)	(37,330)
Cash from operating activities before changes in operating assets and liabilities	(216,073)	-	(216,073)
Changes in operating assets and liabilities			
Increase in government and other securities	(346,157)	-	(346,157)
(Increase)/decrease in Bank of Uganda cash reserve requirement	(21,240)	116,030	94,790
Decrease in loans and advances to customers	13,118	-	13,118
(Increase)/decrease in other assets	(3,828)	-	(3,828)
Increase in balances due to other banks	85,223	-	85,223
Increase/(Decrease) in customer deposits	37,709	-	37,709
Increase in other liabilities	5,156	-	5,156
	(446,092)	116,030	(330,062)
Interest received	361,123	-	361,123
Interest paid	(85,101)	-	(85,101)
Income tax paid	(23,498)	-	(23,498)
Net cash (outflows)/inflows from operating activities	(193,568)	116,030	(77,538)
Investing activities			
Purchase of property and equipment	(16,332)	-	(16,332)
Purchase of intangible assets	(15,611)	-	(15,611)
Dividends received	353	-	353
Proceeds from sale of equity shares	826	-	826
Proceeds from sale of property and equipment	261	-	261
Net cash outflows used in investing activities	(30,503)	-	(30,503)
Financing activities			
New borrowings received	78,651	-	78,651
Principle paid on borrowings	(6,352)	-	(6,352)
Principle paid on lease liability	(2,493)	-	(2,493)
Dividends paid to shareholders	(6,808)	-	(6,808)
Net cash inflows/(outflows) used in financing activities	62,998	-	62,998
Net (Decrease) / increase in cash and cash equivalents	(161,073)	116,030	(45,043)
Effect of exchange rate changes on cash and cash equivalents held	624	-	624
Cash and cash equivalents at start of year	574,521	-	574,521
Cash and cash equivalents at end of year	414,072	116,030	530,102

Notes to the consolidated and separate financial statements (continued)

53. Changes in prior year comparative information

The table below summarizes areas where comparative information has been updated in order to conform to the changes in changes in presentation of the current year.

Reference	Page	Comment
Company statement of comprehensive income	130	The Company statement of comprehensive income has been rearranged to more accurately represent the operations of the company distinguishing the revenue from other items. The Company doesn't house material banking operations and its material income is dividends.
Liquidity risk	198	Other receivables from Bank of Uganda were previously presented as non-financial items. These have been represented as financial items.
Classification of assets and liabilities	221	The Company Deferred income tax liability was previously presented as a current liability. This has been changed as represented as a non-current liability.
Segment information	223	The segment disclosures on operating expenses have been expanded as required by IFRS 8.
Other receivables from Bank of Uganda	249	The name has been changed from "Assets held for disposal" as referred to in prior years to "Other receivables from Bank of Uganda" for purposes of understandability.
Cash and cash equivalents	264	Bank of Uganda cash reserve requirement has also been restated to include only 50% of the minimum balance advised by Bank of Uganda as cash and cash equivalents.



10

Other Information

Shareholder Analysis	272
Notice of the Annual General Meeting	273
Proxy Form	276
Main Correspondent Banks	277
Group's Solicitors	278
Company Information	279
Our Product and Services	280
Our Branch Location	282
Acronyms	284

Shareholder Analysis

On 14th October 2004, **dfcu** limited listed on the Uganda Securities Exchange. Today, 22 years after going public, **dfcu** Limited's shareholders remain diverse and cut across both institutional and individual owners.

Currently, the majority shareholder is ARISE BV with 58.7% shareholding. The top 20 shareholders consist of both local and foreign investors with 94.6% shareholding. In total, **dfcu** has 3,822 shareholders with its shares trading at Ushs 301 per share and a market capitalization of Ushs 225billion, 14% higher than last year.

Range ID	Description	No. of Investors	No. of Shares Held	Percent Holding
1.	Above 100,001 shares	90	731,327,135	97.75%
2.	Between 10,001 and 1,00,000 shares	433	11,326,758	1.51%
3.	Between 1,001 and 5,000 shares	1,268	3,295,125	0.44%
4.	Between 5,001 and 10,000 shares	199	1,448,798	0.20%
5.	Between 1 and 1,000 shares	1,832	746,217	0.10%
TOTAL		3,822	748,144,033	100.0%

Distribution of **dfcu** Limited shareholders as at 31st December 2025.

	SHAREHOLDER NAME	No. of Shares Held	Percent Holding
1.	Arise B.V	439,176,097	58.7%
2.	Scb Mauritius A/C Investment Fund for Developing Countries	74,580,276	9.97%
3.	National Social Security Funds	66,983,641	8.95%
4.	Kimberlite Frontier Africa Master Fund, L.P.-RCKM Kimberlite Frontier Africa Master Fund,L.P.-Rckm	49,212,566	6.58%
5.	Bnymсанv Re Bnymсанvfft Re ODDO BHF Asset Management Gmbh Wegen Kilimanjaro Frontier Africa Fund	22,502,260	3.01%
6.	Ssb-Conrad N Hilton Foundation -OOfg Ssb-Conrad N Hilton Foundation -OOfg	9,180,658	1.23%
7.	Bnym Re Vanderbilt University	9,155,182	1.22%
8.	Jubilee Health Insurance Company Of Uganda	7,296,339	0.98%
9.	Bank Of Uganda Defined Benefits Scheme - GENEAFRICA	4,811,165	0.64%
10.	Bank Of Uganda Defined Benefits Scheme - Sanlam	4,481,491	0.60%
11.	Parliamentary Pension Scheme - UAP	2,924,455	0.39%
12.	Centenary Bank Staff Defined Contribution Scheme	2,806,087	0.38%
13.	Uganda Revenue Authority Srbs-Sanlam	2,533,897	0.34%
14.	Sudhir Ruparelia	2,165,575	0.29%
15.	Rakesh Gadani	1,977,748	0.26%
16.	UAP Insurance Uganda Ltd	1,836,146	0.25%
17.	UAP Insurance- General Life Fund	1,557,256	0.21%
18.	Keith Muhakanizi	1,488,972	0.20%
19.	Joseph Tukuratiire	1,392,679	0.19%
20.	Parliamentary Pension Scheme-GENAFRICA	1,274,273	0.17%
			94.55%
	Other 3,802 shareholders	40,807,270	5.45%
		748,144,033	100%

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the **61th ANNUAL GENERAL MEETING (“AGM”)** of **dfcu** Limited (“the Company”) for the year ended 31st December, 2025 will be held as a hybrid meeting (comprising of a physical meeting at the Hotel Africana, Kampala and via electronic means) on **Wednesday 15th July** at **11.00 am** to conduct the following business.

ORDINARY RESOLUTIONS:

- To receive, consider and if deemed fit, adopt the Annual Financial Statements for the year ended 31st December 2025 including the reports of the Chairman, Directors and External Auditors.
- To adopt the recommendation of the Directors for the declaration of a final dividend of Ushs. 21.81 per share less withholding tax for the year ended 31st December, 2025.
- To consider, and if deemed fit, re-elect:
 - Mr. Friedrich Christian Pelser who retires by rotation in accordance with Article 112 of the Company’s Articles of Association and being eligible, offers himself for re-election. and
 - Ms. Arimi Barbra Teddy, who retires by rotation in accordance with Article 112 of the Company’s Articles of Association and, being eligible, offers herself for re-election.
- To note the appointment of Ms Sophie Achak as the Chief Executive Officer/ Managing Director of the Company.
- To consider, and if deemed fit, approve the fees payable to the Non-Executive Directors for the year 2026.
- To consider, and if deemed fit, approve the appointment of KPMG as the external auditors of the Company and authorize the Directors to negotiate and determine their remuneration for the year ending 31st December 2026.
- To conduct any other business that may be conducted at the AGM, of which due notice has been given

Dated this 19th day of June 2026

By Order of the Board
Ligomarc Advocates

Company Secretary

NOTES TO THE NOTICE:

Shareholders are urged to note the following important information regarding the AGM:

(1) Attendance of the AGM:

Any person whose name appears on the Company’s share register is entitled to attend, speak and vote at the AGM or may appoint one or more proxies (who need not be Shareholders of the company) to attend, speak and vote on their behalf. Proxy forms are included in the AGM information pack and are also available at **dfcu** Head Office, all **dfcu** Bank Branches and on the Company website.

Duly completed proxy forms must be delivered to the **dfcu** Head Office, bank branch or the Company Secretary’s office not later than 5:00pm on **Monday 13th July, 2026**. The proxy forms may also be emailed at **dfcuagm@image.co.ke** or **shareholder@candr.africa** at least 48 hours before the scheduled time for the meeting. Proxy Forms received after the deadline shall be treated as invalid.

(2) Participation in the Annual General Meeting

a) Shareholders may attend the AGM either in person or virtually. Physical attendance will be granted on a first-come, first-served basis. Registration for both physical and electronic attendance shall only be done electronically from Monday 8th June 2026, at 8:00 a.m. and will close on Monday 29th June 2026, at 5:00 p.m. Shareholders will not be able to register after the deadline.

b) To participate in the Annual General Meeting, shareholders should register by following the instructions below;

- *284*548# (Uganda mobile networks) or *483*810# (Kenya mobile networks) and follow the prompts, or;
- Send an email request to be registered to **dfcuagm@image.co.ke**
- Shareholders with email addresses will receive a registration link via email which they can use to register.

Notice of the Annual General Meeting

(iv) To facilitate shareholder verification, a shareholder will be required to submit either a NIN as indicated in their National Identity card, a passport number or their SCD account details.

- c) Shareholders are also able to obtain registration support by dialling the helpline number: **+256 762 260 804/+256 758 336 660** between 9:00a.m and 4:00p.m from Monday to Friday or sending an email to **dfcuagm@image.co.ke**.
- d) Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their mobile phone prior to the AGM as a reminder. In registering to attend the AGM, a shareholder will be provided with an option to receive these reminder messages.
- e) The AGM will be streamed live at the scheduled time and date to registered shareholders who will receive a link to the event 24 hours before the AGM.
- f) Shareholders are advised to submit questions by **Monday 13th July, 2026**, via phone, web link or email.

Shareholders will receive an SMS prompt, with instructions on their registered mobile phone number, alerting them to propose and second the resolutions put forward in the notice. Duly registered Shareholders and proxies may access the agenda and follow the proceedings of the AGM using the livestream platform.

- g) Shareholders who will have registered to participate in the virtual meeting shall be able to :
- ask questions by SMS by dialing the USSD code above and selecting the option (Ask Question) on the prompts or via the Question Tab on the livestream link during the AGM;
 - send their written question by email to **dfcuagm@image.co.ke** or **shareholder@candr.africa**;
 - the extent possible, physically deliver their written questions with return physical address or email the Company Secretary at **rarinaitwe@ligomarc.com**.

(3) Voting at the AGM

- As the AGM will be conducted in a hybrid format, voting will be done electronically. Each shareholder is entitled to one vote per share owned
- Voting will take place electronically via USSD or through the web link provided after successful registration.
- During the meeting, Shareholders will receive an SMS notification on their registered mobile phone number with instructions to propose and second resolutions listed in the Notice.
- Registered Shareholders and proxies may vote when prompted on the USSD platform by following the SMS prompts or using the livestream link.
- A poll shall be conducted for all the resolutions indicated in the notice. Results of the resolutions voted on will be published on the Company website **www.dfcuimited.com** and the Uganda Securities Exchange **website www.use.or.ug**.

(4) Annual Report and Audited Financial Statements:

The Annual Report, including the Audited Financial Statements, reports of the Chairman, Directors and External Auditors, shall be available on the company's website **www.dfcuimited.com** and on the Uganda Securities Exchange website **www.use.or.ug**. The report shall also be sent by email to Shareholders whose email addresses are available on the share register.

(5) Updating of Shareholder details:

Shareholders are urged to contact the by either visiting their offices or sending an email to **shareholder@candr.africa** or calling **+256 757 072 773 / +256 760 451 945 / +256 414 237 504**.

(6) 2025 Dividend Payment:

Notice of the Annual General Meeting

The Board of Directors of **dfcu** Limited recommends the payment of a dividend of Ushs 21.81 per share less withholding tax for the year ended 31st December, 2025. The dividend, if approved at the AGM, will be paid by 30th August 2026 to Shareholders on the Register as at the close of business on 7th August 2026-. The dividend from **dfcu** bank forms a substantial portion of the dividends paid out by **dfcu** Limited. The payment of the dividend remains subject to the receipt of regulatory approval.

(7) Unclaimed Dividends:

Shareholders who have not received their previous dividends should send an email to **shareholder@candr.africa** and provide valid identification such as a copy of the national identity card, passport or driver's license.

(8) Securities Central Depository (SCD) Accounts:

The USE requires all listed companies to immobilize all shares that they still hold in certificate form. Shareholders are advised to open Securities Central Depository (SCD) accounts with the assistance of any of the SCD Agents listed on the Uganda Securities Exchange **website www.use.or.ug** to enable them to continue to trade in shares.

(9) Contact Details:

Company's Registered Office

dfcu Limited
P. O. Box 2767
Plot 26, Kyadondo Road, Kampala,
Tel + 256 (0) 312 300 200.

Share Registrar's Office

Custody and Registrars Services Uganda Limited
4th Floor, Rm 403,
DTB Centre,
Kampala Road
Tel: +256 757 072 773 / +256 760 451 945 / +256 414 237 504.

Company Secretary

Ligomarc Advocates
P.O Box 8230 Kampala
Plot 17 Baskerville Avenue Kololo
Tel:+256 (0) 414-255801 / +256776744320

AGM Management and Registration

Image Registrars Uganda Ltd
1st Floor, Jubilee Insurance Centre
Plot 14, Parliament Avenue
Tel: +256 762 260 804/ +256 758 336 660

Proxy Form

I/we, of..... the undersigned being a shareholder(s) in **dfcu** Limited (“the Company”) hereby appoint.....of (address)..... and mobile no. or failing him/her of mobile no. or the CHAIRMAN of the meeting, as my/our proxy to attend and vote on my/our behalf at the 61st Annual General Meeting of the Company to be held as a hybrid meeting (comprising of a physical meeting at the Hotel Africana, Kampala and through electronic means) on **Wednesday 15th July, 2026, at 11:00 am** or any adjournments thereof as follows:

	Agenda	For	Against	Abstain
ORDINARY RESOLUTIONS				
1.	Receive, consider and if deemed fit, adopt the Annual Financial Statements for the year ended 31st December 2025 including the reports of the Chairman, Directors and External Auditors.			
2.	Adopt the recommendation of the Directors for the declaration of a final dividend of Ushs 21.81 per share withholding tax for the year ended 31st December 2025.			
3a.	To consider, and if deemed fit, re-elect Mr. Friedrich Pelser, who retires by rotation in accordance with Article 112 of the Company’s Articles of Association and being eligible, offers himself re-election.			
3b.	To consider, and if deemed fit, re-elect Ms. Barbra Teddy Arimi, who retires by rotation in accordance with Article 112 of the Company’s Articles of Association and being eligible, offers herself for re-election.			
4.	To consider, and if deemed fit, approve the fees payable to the Non-Executive Directors for the year 2026.			
5.	To consider, and if deemed fit, approve the appointment of KPMG as the external auditors of the Company and authorize the Directors to negotiate and determine their remuneration for the year ending 31st December 2026.			

Please indicate by placing a cross (x) or tick (✓) in the appropriate box against each resolution above how you wish your votes to be cast. The ‘abstain’ option above is provided to enable you to withhold your vote on any resolution. However, it should be noted that a vote abstained is not a vote and will not be counted in the calculation of the proportion of the votes ‘for’ and ‘against’ a resolution. If no options are marked, the proxy can vote as he/she deems fit.

Signed: _____

Name: _____

Address (full contact details i.e. postal address, telephone, and email):

Date: _____

Notes:

- a. A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
- b. This proxy form, once duly completed, must be delivered to the **dfcu** Head Office, bank branch or Company Secretary’s office not later than **5:00pm** on **Monday 13 th July, 2026**. The proxy form may also be e-mailed at **dfcuagm@image.co.ke** or **shareholder@candr.africa** at least 48 hours before the scheduled time for the meeting. In default of this, it shall be treated as invalid.
- c. In case of a company, the proxy form must be executed under its common seal.
- d. Where a Shareholder has been assisted in filling in this form, the details of the person assisting should be indicated (state capacity and full name).
- e. The completion and lodging of this form of proxy does not prevent the relevant ordinary Shareholder from attending the annual general meeting INSTEAD of the proxy.
- f. The Chairman of the Annual General Meeting may accept or reject any proxy form which is completed and /or received other than in compliance with these notes.
- g. Where there are joint holders of ordinary shares, any one holder may sign the proxy form.

Main Correspondent Banks

Citibank N. A New York

International Services
Citibank N.A New York
399 Park Avenue, New York, NY
10043 U.S.A

Citibank N. A London

International Services
Citibank N.A London
Citigroup Centre, Canada square
Canary Wharf, London E14 5LB

First Rand Bank

6th Floor, 1 Merchant Place
Corner Fredman & Rivonia Road
Sandton, South Africa

Bank of China

Zhongyin Tower
Yincheng Zhong Road
Shanghai, China

Kenya Commercial Bank (KCB)

Kencom House, Moi Avenue
Nairobi, Kenya

dfcu Bank Limited

Plot 26 Kyadondo Road
P. O. Box 70
Kampala, Uganda

JP Morgan, SE

Taunustor 1,
60310 Frankfurt am Main,
Germany.

JPMorgan Chase Bank,

National Association,
270 Park Avenue,
New York,
USA

JPMorgan Chase Bank,

National Association,
25 Bank St,
London E14 5JP,
United Kingdom.

HDFC Bank Ltd,

HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400 013,
India.

Group's Solicitors

M/s MMAKS Advocates

4th Floor Redstone House
Plot 7 Bandali Rise-Bugolobi Kampala

M/s A.F Mpanga Advocates

Plot 26 Kyadondo Road, Nakasero
P. O. Box 1520, Kampala

M/s Arcadia Advocates

3rd Floor Acacia Place
Plot 6 Acacia Avenue
P. O. Box 28997, Kampala

KSMO Advocates

5th Floor Crested Towers
17 Hannington Road
P. O. Box 23064, Kampala

Kalenge, Bwanika, Ssawa & Co. Advocates

KBS Chambers
Plot 30, Lumumba Avenue
P. O. Box 8352, Kampala

Muganwa Nanteza and Co Advocates

Plot 1-3 Coral- Crescent, Lower Kololo
Nice Apartments
P. O. Box 8543, Kampala

Shonubi Musoke and Co. Advocates

SM Chambers
Plot 14 Hannington Road
(Kintu Siad Barre Avenue)
P.O. Box 3213 Kampala

S&L Advocates

14, MacKinnon Road, Nakasero
P. O. Box 2255, Kampala

K&K Advocates

K&K Chambers
Plot 5A2 Acacia Avenue
P. O. Box 6061, Kampala

KTA Advocates

Plot 4 Hannington Road
P. O. Box 37366, Kampala

Kentaro Mugerwa & Company Advocates

2nd Floor Mukwano Courts
Plot 13 Buganda Road, Kampala

Amber Solicitors & Advocates

6th Floor Lourdel Towers
Plot 1 Lourdel Road, Kampala

Ligomarc Advocates

Plot 17 Baskerville Avenue, Kololo
P. O. Box 8230
Kampala, Uganda.

Freshfields LLP

100 Bishopsgate
London EC2P 2SR
England

Company Information

For The Year Ended 31 December 2025

dfcu Limited

was incorporated in Uganda, with
registration number 80010000040438

REGISTERED OFFICE

Plot 26 Kyadondo Road, Nakasero,
P. O. Box 2767
Kampala, Uganda.

CONTACT DETAILS

Call Center: 0800 222000 / 0800 203206
WhatsApp: +256 776 760760 | SMS: 8889

FOR INQUIRIES ON ANNUAL REPORT

Telephone: 0312 300152
Email: investorrelations@dfcugroup.com

Shareholder related matters:

queries@dfcugroup.com

For copies of the annual report:

<https://dfculimited.com/financialpublications/>

CORPORATION SECRETARY

Ligomarc Advocates

Plot 17 Baskerville Avenue, Kololo
P. O. Box 8230
Kampala, Uganda.

AUDITOR

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

SHARE REGISTRARS

Custody and Registrar Services (Uganda) Limited
4th Floor Diamond Trust Centre
17/19 Kampala Road,
Kampala Uganda.

Our Products and Services

dfcu Limited



Property Management

- Office space letting
- Lease renewal and negotiations
- Tenant liaison - primary point of contact for resident enquiries
- Financial management, including budget forecasts, rent collection, service charge collection and allocation
- Selection and management of on-site staff, including building caretakers, front of house and maintenance personnel/service providers



Project Management

- Project planning and scheduling
- Premises suitability/feasibility studies
- Project design, including architectural and preparation of bills of quantities
- Project costing and cost management
- Contractor supervision
- Monitoring and evaluation

Facilities Management

- Premises selection and inspection
- Facilities maintenance planning and management
- Selection of maintenance personnel/service providers e.g. front house, cleaning, security, fumigation etc
- Maintenance services contracts management
- Maintenance scheduling
- Asset management (including inventory management, asset disposal, asset tracking for power equipment like generators etc)

dfcu FOUNDATION



- 1. Enterprise Development:** Sustainable capacity building for micro, medium and small enterprises (MSMEs), small holder farmers (SHFs), and agribusinesses, emphasizing women and youth.

Our enterprise development solutions include:

- Business diagnosis
- Training
- Technical assistance
- Coaching and mentorship
- Catalytic funding
- Digital toolkit



- 2. Expanding Financial Access:** Making it easier for people to access affordable financial products and services, especially under-served groups like MSMEs, SHFs, women and youth owned businesses.

Key Initiatives:

- Credit/Loans; Financial linkages to dfcu Bank and Rabo Foundation
- Access to financial services at dfcu Bank
- dfcu Foundation catalytic fund for Micro and Small SMEs.



- 3. Protecting the Environment:**
 - Environmental stewardship
 - Encouraging tree planting and sustainable climate practices in all foundation projects.



Our Products and Services

dfcu Bank



RETAIL BANKING

Personal banking (Tailored financial solutions for individuals)

- Current accounts (salaried, personal standard, pinnacle)
- Saving and investments account (Investment club, young savers, campus plus, fixed deposit, smart plan)
- Lending (Unsecured, Mobi loans, home loans, construction loans, equity release, vehicle and asset finance, credit card)
- Xclusive banking services
- Financial literacy and inclusion
- Bancassurance



Enterprise Banking

(Tailored financial solutions for medium and small enterprises)

- Accounts (corporate bundled account, corporate pay as you go, enterprise account, NGO account, SACCO account)
- Saving and investments account (Call deposit, fixed deposit)
- Term Financing (Business growth loan, Baraka Loan, Commercial loan, lease financing, working capital loan and overdraft, vehicle and asset-based financing, commercial mortgages, MO Stock Loan, MTN Weekend Loan, Saccos and Investment club loans)
- Trade finance (Guarantees, letters of credit, document collection, structured commodity financing, contract financing, Invoice/certificate financing)
- Relationship management



CORPORATE AND INSTITUTIONAL BANKING

(Tailored financial solutions for corporates and institutions)

- Manages top-tier relationships in key sectors
- Expertise in transaction products and services, (Direct debits, cheques collections, biller payments, payroll processing)
- Trade services (Bonds/Guarantees, Invoice/contract financing, Import finance, supply financing)

Global Financial Markets

- Liquidity management services
- Trading in foreign currencies
- Hedging solutions for forex clients



ALTERNATE CHANNELS

- USSD *240#
- Quick banking App
- Quick Connect - for business banking and corporate clients
- Automated Teller Machines (ATMs)
- Cash Deposit Machines (CDMs)
- Debit and Credit cards (Visa-enabled)
- Points of Sales (POS) Machine
- Agent Banking App
- Investment Club/SACCO App



Our Branch Locations across the country

KAMPALA METRO REGION

01. **Abaita Ababiri**
Plot 1012 land at Nkumba, Busiro block
02. **Entebbe**
Plot 10 Kampala Road- Entebbe
03. **Entebbe Road**
Plot 4010, Namasuba, Entebbe Road - Freedom City Mall
04. **Kikuubo**
Plot 2 Nakivubo Road Land
05. **Kyengerera**
Plot 1530 land at Nabbingo, Busiro block 333
06. **Market Street**
Plot 8 Burton Street, Mega Standard Mall, Kampala
07. **Nabugabo**
Plot 40A Nakivubo Road
08. **Nateete**
Plot 757 Block 18, Masaka Road, Kampala
09. **Ndeeba**
Plot 224 Kibuga Block 7 Mengo, Ndeeba, Kampala
10. **Owino**
Plot 769 Mengo Kisenyi Estate, Owino Kampala
11. **William Street**
Plot 66 William Street, Kampala

KAMPALA CENTRAL REGION

12. **6th Street, Industrial Area**
Plot 118 Sixth Street Industrial Area
13. **Acacia Avenue**
Plot 24B Acacia Avenue, Kampala
14. **Bugolobi**
Plot 2 Bandali Close, Bugolobi, Kampala

15. **Impala**
Plot 13 Portal Avenue, Kampala LRV 13 Folio 7
16. **Jinja Road**
Plots 4A and 6 Kampala Road FRV 1032 Folio 11
17. **Kampala Road**
Plot 40 Kampala Road
18. **Kyadondo Branch**
Plot 26 Kyadondo Road, Nakasero, Kampala
19. **Lugogo**
Plot 2-8 Lugogo by-pass road - Shoprite Mall
20. **Makerere University**
Plot 45 Pool Rd, Kampala Makerere University Dept. of Women & Gender Studies
21. **Nsambya**
Plot 1207 Gaba Road, Nsambya (Kibuga Block 15)

GREATER KAMPALA REGION

22. **Banda**
Plot 24 Jinja Road Shell Kyambogo LRV 500 Folio 24
23. **Bwaise**
Plot 975/976 Sir Apollo Kagwa Road, Kampala
24. **Kawempe**
Plot 537 Mengo Sejjengo close, Kampala
25. **Luweero**
Plot 819 at Kasana Bulemeezi Block
26. **Mukono**
Plot 36 Jinja Road-Mukono Municipality
27. **Naalya**
Plot 2435-2447 Block 222 Land at Namugongo

28. **Namanve**
Plot 3737 Namanve, Wakiso
29. **Ntinda**
Plot 37 & 40-42 Ntinda stretcher Road - Capital Shoppers
30. **Kireka**
Plot 395 Kireka Kirinya

WESTERN REGION

31. **Fort Portal**
Plot 5 Babiha Road, Fort Portal City
32. **Hoima**
Plot 36 Main Street, Hoima Municipality
33. **Ibanda**
Plot 82, kamwengye Road, Ibanda
34. **Ishaka**
Plot 45 Block 10 Ishaka Rukungiri Road
35. **Isingiro**
Plot 40 Block 25 at Ruhimbo Kamuri Isingiro
36. **Kabale**
Plot 141 Kabale Road
37. **Kisoro**
Plot 65-75, Kisoro Kabale rd, Kisoro
38. **Lyantonde**
Plot 226 Lyantonde, Kabula block
39. **Masaka**
Plot 22 Kampala Road, Masaka Folio 4
40. **Mbarara**
Plot 3 Masaka- Mbarara
41. **Ntungamo**
Plot 58, Old Kabale Road, Ntungamo

42. **Rushere**
Nyabushozi Block 68 Police Zone Rushere, Kiruhura District

NORTHERN REGION

43. **Abim**
Yenglemi West, Abim Town Council
44. **Arua**
Plot No. 1, Adumi Road, Arua
45. **Dokolo**
Bata Road, Akaibebe Zone Dokolo
46. **Gulu (Former CBL)**
Plot 21 & 23 Gulu Avenue, Gulu
47. **Kitgum**
Plot 19 Janum Luwum Street, Kitgum
48. **Lira**
Plot No. 48, Lira Avenue, Lira
49. **Pader**
Plot 74 EY Komakech Road- Pader

EASTERN REGION

50. **Iganga**
Plot 76 Iganga Road
51. **Jinja City**
Plot 10 Alice Muloki Road , Jinja Town
52. **Mbale**
Plot 22 Court Road, Mbale
53. **Pallisa**
Plot 8, Kasodo Road, Pallisa District
54. **Soroti**
Plot 47 Gweri Road, Soroti Municipality, Jovi House
55. **Tororo**
Plot 9, 11 Mbale Tororo road, Bukedi



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