

dfcu Bank Limited extract of Financial Statements for the year ended 31 December 2016

I. Report of the Independent Auditor on the Summary Financial Statements to the Members of dfcu Bank Limited.

Opinion.

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2016, the summary statement of comprehensive income for the year then ended and related notes, are derived from the audited financial statements of dfcu Bank Limited for the year ended 31 December 2016.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with International Financial Reporting Standards, the Financial Institutions Act 2004 (as amended 2016) and the Companies Act of Uganda.

Summary Financial Statements.

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

The Audited Financial Statements and Our Report Thereon.

We expressed an unmodified audit opinion on the audited financial statements in our report dated 20 March 2017.

Directors' Responsibility for the Summary Financial Statements.

The directors are responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards, the Companies Act of Uganda and the Financial Institutions (External Auditors) Regulations 2010.

Auditors' Responsibility.

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



20 March, 2017

KPMG

Certified Public Accountants
3rd Floor, Rwenzori Courts, Plot 2 & 4A, Nakasero Road

II. Summary Statement of Financial Position		
	2016 Shs 'M	2015 Shs 'M
Assets		
Cash and balances with Bank of Uganda	176,565	194,977
Balances due from other banks	139,471	128,538
Marketable (trading) securities	102,214	72,441
Loans and advances (Net)	842,360	806,392
Amounts due from group companies	14,902	13,694
Investment securities	386,969	335,254
Other assets	20,247	23,623
Deferred income tax asset	2,346	1,111
Property and equipment	33,867	38,725
Intangible asset	8,400	7,328
Total assets	1,727,341	1,622,083
Liabilities and shareholders' equity		
Customer deposits	1,134,731	914,951
Balances due to other banks	11,505	98,096
Amounts due to group companies	841	839
Other liabilities	24,865	24,021
Current income tax payable	4,405	4,422
Borrowed funds	255,553	320,919
Subordinated debt	72,300	67,160
Total liabilities	1,504,200	1,430,408
Share capital	25,000	25,000
Share premium	3,697	3,697
Retained earnings	171,862	123,970
Proposed dividends	18,508	14,804
Reserves	4,074	24,204
Total shareholders' equity	223,141	191,675
Total liabilities and shareholders' equity	1,727,341	1,622,083

dfcu Bank is regulated by the Central Bank of Uganda

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dfcu Group extract of Consolidated Financial Statements for the year ended 31 December 2016

I. Report of the Independent Auditor on the Summary Consolidated Financial Statements to the Members Of dfcu Limited

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position at 31 December 2016, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the audited consolidated financial statements of dfcu Limited and its subsidiary dfcu Bank Limited (together "dfcu Group") for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with International Financial Reporting Standards, the Financial Institutions Act, 2004 (as amended 2016) and the Companies Act of Uganda.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards,

II. Summary Consolidated Statement Of Financial Position		
	2016 Shs 'M	2015 Shs 'M
Assets		
Cash and balances with Bank of Uganda	176,565	194,977
Balances with banking institutions	139,471	128,733
Marketable (trading) securities	102,214	72,441
Loans and advances (Net)	842,360	808,047
Investment securities	386,969	335,254
Other assets	19,364	21,128
Deferred income tax asset	3,290	1,650
Property and equipment	67,069	69,301
Investment property	11,560	12,086
Intangible asset	8,863	7,791
Total assets	1,757,725	1,651,408
Liabilities and shareholders' equity		
Customer deposits	1,134,731	914,951
Balances due to banking institutions	11,505	98,096
Other liabilities	25,962	25,564
Current income tax payable	2,796	3,848
Borrowed funds	260,779	326,658
Subordinated debt	72,300	67,160
Total liabilities	1,508,073	1,436,277
Share capital	9,464	9,464
Share premium	2,878	2,878
Retained earnings	220,727	167,782
Proposed dividends	12,510	10,804
Reserves	4,073	24,203
Total shareholders' equity	249,652	215,131
Total liabilities and shareholders' equity	1,757,725	1,651,408

V. Summary Consolidated Statement of Changes In Equity

	Share Capital	Share Premium	Distributable Reserves	Non - Distributable Reserves	Regulatory Reserve	Proposed Dividend	Total
	Shs ' M	Shs ' M	Shs ' M	Shs ' M	Shs ' M	Shs ' M	Shs ' M
At 1 January 2016, as previously reported	9,464	2,878	155,669	12,113	24,203	10,804	215,131
Profit for the year	-	-	45,325	-	-	-	45,325
Total comprehensive income, net of taxes	-	-	45,325	-	-	-	45,325
Increase in regulatory reserve	-	-	20,130	-	(20,130)	-	-
Dividend Paid	-	-	-	-	-	(10,804)	(10,804)
Dividend proposed	-	-	(12,510)	-	-	12,510	-
At 31 December 2016	9,464	2,878	208,614	12,113	4,073	12,510	249,652

VI. Message from the Directors

The consolidated financial statements were approved by the Board of Directors on 20 March 2017. The Board is recommending a cash dividend of Shs 25.19 per share less withholding tax where applicable (2015: Shs 21.73 per share). The shareholder's register will be closed on 29 June 2017 with respect to entitlement to this dividend which will be paid by 31 July 2017. The Annual General Meeting will be held on 8 June 2017. The related details shall be available in a later communication.



Elly Karuhunga
Chairman, dfcu Limited



Winifred Kiryabwire
Director, dfcu Limited

the Financial Institutions Act, 2004 (as amended 2016) and the Companies Act of Uganda. Reading the summary consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 20 March 2017. That report also includes:

The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance

III. Summary Consolidated Statement Of Comprehensive Income		
	2016 Shs 'M	2015 Shs 'M
Income		
Interest on deposits and placements	3,450	288
Interest on loans and advances	141,417	139,058
Interest on government and other securities	72,288	43,628
Foreign exchange income	7,540	13,281
Fee and commission income	29,305	25,002
Other income	3,007	1,628
Total income	257,007	222,885
Expenditure		
Interest expense on deposits	(56,051)	(44,638)
Interest expense on borrowings	(27,863)	(30,104)
Provision for bad and doubtful debts	(17,830)	(11,690)
Operating expenses	(96,900)	(89,531)
Total expenditure	(198,644)	(175,963)
Profit before income tax	58,363	46,922
Income tax expense	(13,038)	(11,632)
Profit after tax	45,325	35,290
Other comprehensive income	-	-
Total comprehensive income	45,325	35,290
Earnings per share	91.16	70.98

with International Financial Reporting Standards, the Financial Institutions Act, 2004 (as amended 2016), the Companies Act of Uganda and Uganda Securities Exchange Listing Rules 2003 (as amended 2005).

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



20 March, 2017

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IV. Summary Consolidated Statement Of Cash Flows		
	2016 Shs 'M	2015 Shs 'M
Cash flow from operation activities		
Interest receipts	217,155	182,123
Interest payments	(83,914)	(74,742)
Net fee and commission receipts	24,163	19,656
Net trading and other income received	8,448	15,170
Cash payments to employees and suppliers	(91,601)	(82,061)
Income tax paid	(16,223)	(12,793)
Cash flow from operating activities before changes in operating assets and liabilities	58,028	47,353
Changes in operating assets and liabilities	(1,748)	(76,854)
Net cash flow from operating activities	56,280	(29,501)
Net cash used in investing activities	(9,071)	(14,256)
Net cash generated from financing activities	(71,543)	49,231
Net increase in cash and cash equivalents	(24,334)	5,474
Cash and cash equivalents at 1 January	252,280	246,806
Cash and cash equivalents at 31 December	227,946	252,280

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