

Interim Consolidated Financial Results For dfcu Limited For The Six Months Ended 30th June 2017 (Unaudited)

Message from the Board

The Board of **dfcu** Limited is pleased to present the 2017 interim consolidated financial results.

In January 2017, our wholly owned subsidiary, **dfcu** Bank Limited, acquired certain assets and assumed certain liabilities of Crane Bank Limited (in receivership). This was a great opportunity for the Group which was carefully considered by the Board and found to be in line with our growth aspirations.

The key highlights of the transaction were:

- growth in the balance sheet from UGX 1.8 trillion in December 2016 to UGX 3.05 trillion as at 30 June 2017;
- growth in customer numbers by over 50%;
- increase in branch network from 43 to 67 with over 100 ATMs;
- expansion of the skills base as a result of on boarding the transferred staff; and
- enhanced brand visibility and market positioning.

We believe that the acquisition, which placed **dfcu** Bank amongst the top three banks in the market in terms of total assets, puts the Group firmly on the path to transforming from a niche bank to a universal bank. Overall we expect the transaction to result in enhanced value to our shareholders through superior financial performance.

Looking ahead

Although the current macro-economic environment is challenging, we remain positive about the economic outlook whose prospects are underpinned by the implementation of significant infrastructure projects and a renewed momentum in the oil and gas sector. **dfcu** Bank's increased capital base presents a unique opportunity for us to effectively compete and optimise the synergies presented by our new positioning in the banking industry.

Our priorities for the next three years include:

- optimising the synergies from the acquisition;
- leveraging investment in technology to drive innovation and efficiency;
- diversifying our deposit and loan portfolio mix;
- aggressively growing non-funded income;
- implementing a culture change program to enhance staff productivity and professionalism;
- continuous enhancement of our risk management to ensure sustainability; and
- leveraging our brand equity and new market positioning.

Further to our announcement of 25 July 2017, the Company has applied for the approval of the Rights Issue. The terms and conditions of the Rights Issue will be published upon receipt of regulatory approvals.

The Board would like to thank our regulators, shareholders, customers and staff as well as our other stakeholders for their commitment to the continued growth of our Company.

Board of Directors
15 August 2017



Up to UGX 100m up for grabs
Plus weekly prizes, a study tour to Nairobi and advisory support for a year.

HOW TO ENTER
Are you part of a **dfcu** Investment Club? Then it's pretty simple. Simply download the entry form from www.dfcuinvestmentclub.com, fill it in and submit to the nearest **dfcu** Branch or email it to investmentclubs@dfcugroup.com.

If you want to open up an Investment Club for a chance to enter the competition, call us today on **0800 222 000** or sign up at www.dfcuinvestmentclub.com.

Terms and Conditions Apply.

Entry deadline 4th Sept 2017.

Condensed consolidated statement of comprehensive income	(Unaudited) 6 months to 30-Jun-17 Shs millions	(Unaudited) 6 months to 30-Jun-16 Shs millions	(Audited) 12 months to 31-Dec-16 Shs millions
Total income	255,001	83,790	173,093
Operating expenses	(91,439)	(48,078)	(96,900)
Allowance for impairment of loans and advances	(11,892)	(5,285)	(17,830)
Profit before tax	151,670	30,427	58,363
Income tax expense	(37,620)	(7,108)	(13,038)
Profit for the period	114,050	23,319	45,325
Other comprehensive income	-	-	-
Total comprehensive income	114,050	23,319	45,325
Profit attributable to:			
Equity holders of the Company	114,050	23,319	45,325
Minority interest	-	-	-
	114,050	23,319	45,325
Total Comprehensive Income attributable to:			
Equity holders of the Company	114,050	23,319	45,325
Minority interest	-	-	-
	114,050	23,319	45,325
Earnings per share for the profit attributable to the equity holders of the Company during the period	Shs 229.38	Shs 46.90	Shs 91.16
Annualised earnings per share for the profit attributable to the equity holders of the Company during the period	Shs 287.21	Shs 93.80	Shs 91.16

The Financial Statements were approved by the directors on Monday, 14 August 2017. A copy of the condensed interim consolidated financial statements can be obtained at the Company's Head Office.

Dividends

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


Chairman


Company Secretary

Condensed consolidated statement of financial position	(Unaudited) As at 30-Jun-17 Shs millions	(Unaudited) As at 30-Jun-16 Shs millions	(Audited) As at 31-Dec-16 Shs millions	Consolidated statement of cash flows	Unaudited 6 months to 30-Jun-17 Shs millions	Unaudited 6 months to 30-Jun-16 Shs millions
Assets				Operating activities		
Liquid assets	1,220,196	746,186	805,219	Profit before tax	151,670	30,427
Advances to customers	1,310,188	759,429	842,360	Non-cash items included in profit before tax	9,370	4,946
Other assets	522,749	117,683	110,146	Change in operating assets	(1,215,741)	5,247
Total assets	3,053,133	1,623,298	1,757,725	Change in operating liabilities	905,692	70,485
Liabilities				Current income tax paid	(15,775)	(3,423)
Customer deposits	1,838,925	982,004	1,134,731	Net cash from operating activities	(164,784)	107,682
Other payables and liabilities	98,876	33,066	28,758	Investment activities		
Borrowings	751,630	369,778	344,584	Purchase of property and equipment	(13,747)	(12,518)
Total liabilities	2,689,431	1,384,848	1,508,073	Acquisition of CBL cash and bank balances	68,315	-
Equity				Proceeds from sale of property and equipment	180	-
Shareholders' equity	363,702	238,450	249,652	Net cash used in investing activities	54,748	(12,518)
Minority interest	-	-	-	Financing activities		
Total equity	363,702	238,450	249,652	Net change in Borrowings	381,851	(122,136)
Total equity and liabilities	3,053,133	1,623,298	1,757,725	Dividends paid to shareholders	-	-
				Net cash used in financing activities	381,851	(122,136)
dfcu Bank Ratios	30-Jun-17	30-Jun-16	31-Dec-16	Net increase in cash and cash equivalents	271,815	(26,972)
Core capital	19.11%	16.87%	17.76%	Cash and cash equivalents at 1 January	235,116	262,088
Total capital	22.49%	22.52%	24.71%	Cash and cash equivalents at 30 June	506,931	235,116
NPA Ratio	5.5%	8.2%	6.6%			

Consolidated statement of changes in equity	Share capital Shs M	Share premium Shs M	Distributable Reserves Shs M	Non Distributable Reserves Shs M	Regulatory reserves Shs M	Proposed dividend Shs M	Attributable to equity holders of the parent Shs M	Total Shs M
At 1 January 2016	9,464	2,878	155,669	12,113	24,203	10,804	215,131	215,131
Other comprehensive income	-	-	-	-	-	-	-	-
Profit for the year	-	-	45,325	-	-	-	45,325	45,325
Total comprehensive income for the year	-	-	45,325	-	-	-	45,325	45,325
Transfer from regulatory reserve	-	-	20,130	-	(20,130)	-	-	-
Dividend Paid	-	-	-	-	-	(10,804)	(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	249,652
Six months ended 30 June 2016								
At 1 January 2016	9,464	2,878	155,669	12,113	24,203	10,804	215,131	215,131
Profit for the half year up to June 2016	-	-	23,319	-	-	-	23,319	23,319
Transfer from regulatory reserve	-	-	6,184	-	(6,184)	-	-	-
At 30 June 2016	9,464	2,878	185,172	12,113	18,019	10,804	238,450	238,450
Six months ended 30 June 2017								
At 1 January 2017	9,464	2,878	208,614	12,113	4,073	12,510	249,652	249,652
Profit for the half year up to June 2017	-	-	114,050	-	-	-	114,050	114,050
Transfer from regulatory reserve	-	-	(803)	-	803	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
At 30 June 2017	9,464	2,878	321,861	12,113	4,876	12,510	363,702	363,702

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...with pleasure