

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 2017, 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 2017.

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 in 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 in 2016) and the Companies Act of Uganda.

II. Summary Statement of Financial Position	dfcu Bank	
	2017	2016
	Shs 'M	Shs 'M
<b>Assets</b>		
Cash and balances with Bank of Uganda	362,263	176,565
Balances due from other banks	229,448	139,471
Marketable (trading) securities	217,826	102,214
Loans and advances	1,334,611	834,827
Amounts due from group companies	17,321	14,902
Investment securities	453,766	386,969
Equity investments	13,746	-
Other assets	243,834	18,522
Deferred income tax asset	665	2,346
Property and equipment	107,220	33,867
Intangible assets	49,912	8,400
<b>Total assets</b>	<b>3,030,612</b>	<b>1,718,083</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	1,987,118	1,134,731
Balances due to other banks	255	11,505
Amounts due to group companies	1,548	841
Other liabilities	50,186	17,332
Current income tax payable	2,985	4,405
Borrowed funds	407,011	253,828
Subordinated debt	72,740	72,300
<b>Total liabilities</b>	<b>2,521,843</b>	<b>1,494,942</b>
Share capital	30,000	25,000
Share premium	175,197	3,697
Retained earnings	241,405	171,862
Proposed dividends	51,054	18,508
Reserves	11,113	4,074
<b>Total shareholders' equity</b>	<b>508,769</b>	<b>223,141</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,030,612</b>	<b>1,718,083</b>

Reading the summary financial statements and the auditors' 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 28 March 2018. 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 financial statements of the current period.

**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.

III. Summary Statement of Comprehensive Income	dfcu Bank	
	2017	2016
	Shs 'M	Shs 'M
<b>Income</b>		
Interest on deposits and placements	9,014	3,450
Interest on loans and advances	242,544	143,572
Interest on government and other securities	98,837	72,288
Foreign exchange income	10,822	7,455
Fee and commission income	39,365	28,849
Other income	119,301	1,709
<b>Total income</b>	<b>519,883</b>	<b>257,323</b>
<b>Expenditure</b>		
Interest expense on deposits	(87,617)	(58,552)
Interest expense on borrowings	(25,784)	(24,720)
Impairment of loans and advances	(48,702)	(17,431)
Operating expenses	(188,718)	(96,907)
<b>Total expenditure</b>	<b>(350,821)</b>	<b>(197,610)</b>
<b>Profit before income tax</b>	<b>169,062</b>	<b>59,713</b>
Income tax expense	(41,426)	(13,443)
<b>Profit after tax</b>	<b>127,636</b>	<b>46,270</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>127,636</b>	<b>46,270</b>

**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*.


  
**KPMG**  
3rd Floor, Rwezorori Courts  
Plot 2 & 4A, Nakasero Road  
Certified Public Accountants  
P.O. Box 3590, Kampala, Uganda

**Date:** 28 March 2018

IV. Other Disclosures	dfcu Bank	
	2017	2016
	Shs 'M	Shs 'M
<b>Contingent liabilities</b>		
Acceptances and letters of credit	718	-
Guarantees and performance bonds	162,973	92,081
<b>Total</b>	<b>163,691</b>	<b>92,081</b>
<b>Commitments</b>		
Undrawn stand-by facilities and other commitments to lend	34,321	27,434
<b>Total</b>	<b>34,321</b>	<b>27,434</b>
<b>Non performing loans and other assets</b>	<b>96,676</b>	<b>58,382</b>
Interest in suspense	12,868	9,350
Bad debts written off	27,214	5,007
Large loans exposures	168,839	217,388
Insider loans exposures	1,764	1,850
<b>Capital Position</b>		
Core capital	362,065	188,104
Supplementary capital	71,723	73,638
<b>Total qualifying capital</b>	<b>433,788</b>	<b>261,742</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>1,950,550</b>	<b>1,045,850</b>
Core capital to RWA	18.56%	17.99%
Total Qualifying capital to RWA	22.24%	25.03%

**V. Message from the Directors**

The financial statements were approved by the Board of Directors on 16 March 2018 and approved by Bank of Uganda on 27 March 2018.

  
**Jimmy D. Mugerwa**  
Chairman, dfcu Bank

  
**Juma Kisaame**  
Managing Director, dfcu Bank

  
**William Ssekabembe**  
Director, dfcu Bank

  
**Agnes Tibayeita Isharaza**  
Company Secretary, dfcu Bank

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 as at 31 December 2017, 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 2017.

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 in 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, the Financial Institutions Act, 2004 (as amended in 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 auditors' 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 28 March 2018. 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 with International Financial Reporting Standards, the Financial Institutions Act, 2004 (as amended in 2016), the Companies Act of Uganda and Uganda Securities Exchange Listing Rules 2003 (as amended in 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*.

  
**KPMG**  
Certified Public Accountants  
3rd Floor, Rwezorori Courts  
Plot 2 & 4A, Nakasero Road  
P.O. Box 3590, Kampala, Uganda

**Date:** 28 March 2018

II. Summary Consolidated Statement of Financial Position	dfcu Group	
	2017	2016
	Shs 'M	Shs 'M
<b>Assets</b>		
Cash and balances with Bank of Uganda	362,263	176,565
Balances with banking institutions	229,447	139,471
Marketable (trading) securities	217,826	102,214
Loans and advances	1,334,611	834,827
Investment securities	453,766	386,969
Equity investments	13,746	-
Other assets	239,545	14,812
Deferred income tax asset	2,111	3,290
Property and equipment	142,642	67,069
Investment property	11,144	11,560
Intangible assets	50,375	8,863
<b>Total assets</b>	<b>3,057,476</b>	<b>1,745,640</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	1,987,118	1,134,731
Balances due to other banks	255	11,505
Other liabilities	52,853	18,429
Current income tax payable	1,466	2,796
Borrowed funds	410,706	256,227
Subordinated debt	72,740	72,300
<b>Total liabilities</b>	<b>2,525,138</b>	<b>1,495,988</b>
Share capital	14,963	9,464
Share premium	185,683	2,878
Retained earnings	269,525	220,727
Proposed dividends	51,054	12,510
Reserves	11,113	4,073
<b>Total shareholders' equity</b>	<b>532,338</b>	<b>249,652</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,057,476</b>	<b>1,745,640</b>

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
<b>At 1 January 2017, as previously reported</b>	9,464	2,878	208,614	12,113	4,073	12,510	249,652
Profit for the year	-	-	106,892	-	-	-	106,892
<b>Total comprehensive income, net of taxes</b>	-	-	<b>106,892</b>	-	-	-	<b>106,892</b>
Addition to share capital	5,499	182,805	-	-	-	-	188,304
Increase in regulatory reserve	-	-	(7,040)	-	7,040	-	-
Dividend Paid	-	-	-	-	-	(12,510)	(12,510)
Dividend proposed	-	-	(51,054)	-	-	51,054	-
<b>At 31 December 2017</b>	<b>14,963</b>	<b>185,683</b>	<b>257,412</b>	<b>12,113</b>	<b>11,113</b>	<b>51,054</b>	<b>532,338</b>

**V. Message from the Directors**  
The consolidated financial statements were approved by the Board of Directors on

28 March 2018. The Board is recommending a cash dividend of Shs 68.24 per share less withholding tax where applicable (2016: Shs 25.19 per share).

The shareholder's register will be closed on 28 June 2018 with respect to entitlement to this dividend which will be paid by 31 July 2018.

The Annual General Meeting will be held on 7 June 2018. The related details shall be availed in a later communication.

  
**Elly Karuhanga**  
Chairman, dfcu Limited

  
**Winnie Kiryabwire**  
Director, dfcu Limited