



MERCANTILE CREDIT BANK LIMITED

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

I. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF MERCANTILE CREDIT BANK LIMITED

Opinion

In our opinion, the accompanying summary financial statements of Mercantile Credit Bank Limited ("the Bank") are consistent in all material respects, with the audited financial statements, in accordance with the Financial Institutions (External Auditors) Regulations, 2010 and the Financial Institutions Act.

Summary Financial Statements

The Bank's summary financial statements derived from the audited financial statements for the year ended 31 December 2017 comprise:

- the summary statement of financial position as at 31 December 2017;
- the summary statement of comprehensive income for the year then ended; and
- other disclosures.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Financial Institutions Act and the Uganda Companies Act, 2012. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's 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 24 April 2018. That report also includes the communication of other 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 for the current period.

Management Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with Financial Institutions (External Auditor) Regulations 2010 and the Financial Institutions Act.

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'.

RSM Eastern Africa

RSM Eastern Africa

Certified Public Accountants

Kampala

24 April 2018

II. SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2017 Shs '000	2016 Shs '000
Income		
Interest on deposits and placements	497,166	357,698
Interest on loans and advances	4,259,014	2,364,372
Interest on investment securities	37,530	94,522
Fees and commission income	1,211,188	776,028
Foreign exchange income	117,675	130,619
Other operating income	641,717	1,109,142
Total income	6,764,290	4,832,381
Expenditure		
Interest expense on deposits	(1,036,768)	(763,877)
Interest expense on borrowings	(513,966)	(656,755)
Impairment losses on loans and advances	252,200	(302,729)
Employment costs	(2,012,999)	(1,447,983)
Administrative costs	(1,952,714)	(1,607,742)
Total expenditure	(5,264,247)	(4,779,086)
Net profit before tax	1,500,043	53,295
Income tax (expense)/ credit	(369,781)	2,335
Net profit after tax	1,130,262	55,630

III. SUMMARY STATEMENT OF FINANCIAL POSITION

	2017 Shs '000	2016 Shs '000
ASSETS		
Cash and balances with Bank of Uganda	506,915	952,063
Balances with banking institutions	26,196,605	18,663,062
Loans and advances (Net)	28,524,078	18,872,458
Investment securities	324,285	87,477
Other assets	250,442	147,089
Property and equipment	350,395	211,377
Deferred income tax asset	673,107	1,042,888
Total assets	56,825,827	39,976,414
LIABILITIES AND SHAREHOLDERS' EQUITY		
Customers' deposits	44,376,377	26,916,912
Balances due to banking institutions	4,823,999	6,916,522
Other liabilities	495,877	143,668
Total liabilities	49,696,253	33,977,102
Share capital	4,000,000	4,000,000
Retained earnings	2,675,836	995,128
Statutory credit risk reserve	453,738	1,004,184
Total shareholders' equity	7,129,574	5,999,312
Total liabilities and shareholders' equity	56,825,827	39,976,414

IV. OTHER DISCLOSURES

	2017 Shs '000	2016 Shs '000
Contingent Liabilities		
Guarantees and performance bonds	3,142,900	3,873,488
Total	3,142,900	3,873,488
Credit exposures		
Non-performing Loans	923,085	2,041,758
Bad loans written off	307,738	473,191
Interest in suspense	133,206	124,974
Large exposures	13,392,162	8,869,482
Insider loans exposure	1,294,005	752,860
Capital position		
Core capital	6,053,110	4,955,254
Supplementary capital	250,437	164,843
Total qualifying capital	6,303,547	5,120,097
Total Risk Weighted Assets (RWA)	37,155,215	26,624,121
Core capital to RWA	16.29%	18.61%
Total qualifying capital to RWA	16.97%	19.23%

V. MESSAGE FROM THE DIRECTORS

The above summary statement of financial position and summary statement of comprehensive income were audited by RSM Eastern Africa, Certified Public Accountants of Uganda and received an unqualified opinion. The financial statements were approved by the Board of Directors on 29 March 2018 and approved by Bank of Uganda on 19 April 2018.

Mercantile Credit Bank Limited is regulated by Bank of Uganda.

[Signature]

Stephen Nabeta
Chairman, Board of Director

[Signature]

Derek Else
Director

[Signature]

Paul Senyomo
Managing Director

