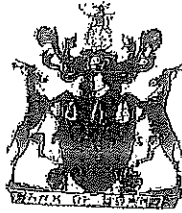


BANK OF UGANDA

OFFICE OF
THE EXECUTIVE DIRECTOR
SUPERVISION



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EDS.122.10G

January 25, 2017

The Managing Director
DFCU Bank Limited
KAMPALA

Dear Sir

Compliance Accommodations

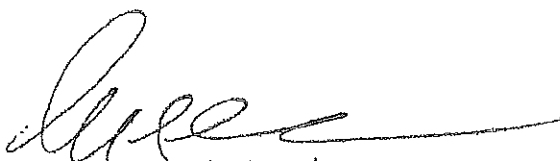
In relation to the Purchase of Assets and Assumption of Liabilities Agreement (the "**Agreement**") dated 25th January 2017 (the "**Completion Date**") and entered into between DFCU Bank Limited ("**DFCU**") and Bank of Uganda ("**BoU**"), as Receiver of Crane Bank Limited (In Receivership) ("**CBL**"), BoU acknowledges that certain accommodations are necessary to be given to DFCU in relation to compliance with prudential requirements, reporting requirements and AML/KYC Compliance.

BoU accordingly acknowledges and agrees as follows;

1. The CBL assets and liabilities position as at 31st December 2016 is not compliant with the Financial Institutions Act ("**FIA**") and various prudential requirements including: currency mismatch, loan to deposit ratios, funding maturities, portfolio quality and single lending limits and that the integration of the CBL assets and liabilities into DFCU's balance sheet may result in DFCU exceeding certain prudential limits. Accordingly, DFCU will be allowed time to bring its combined assets and liabilities position in line with the FIA and prudential requirements within a period not exceeding eleven (11) months from the Completion Date, that is no later than the 31st of December 2017.
2. DFCU shall be allowed sixty (60) days from the Completion Date to complete the integration of the assets purchased and liabilities assumed pursuant to the Agreement so that it is able to comply with the FIA reporting requirements and submit a consolidated BS 100 not later than 31st March 2017.
3. The assets acquired and liabilities assumed will be reported separately from DFCU's balance sheet for the 31st January 2017 end of month reporting to BoU. The first consolidated balance sheet will be that of 31st March 2017.

4. The non-performing loans and advances acquired by DFCU will be managed and reported on separately from DFCU's pre-transaction balance sheet for a period of at least twelve (12) months.
5. Any acquired performing loans and advances reflected on DFCU's balance sheet at integration will be deemed and treated as new to DFCU and hence eligible for restructuring for purposes of the Financial Institutions (Credit Classification and Provisioning Requirements) Regulations, 2005.
6. All fully provisioned loans and advances acquired by DFCU will be ring-fenced and managed separately and will not be part of DFCU's loan portfolio for reporting purposes until rehabilitated in conformity with the Financial Institutions (Credit Classification and Provisioning Requirements) Regulations, 2005.
7. At integration, DFCU will apply its AML/KYC and customer due diligence standards to the CBL customers and following integration, any accounts that do not conform to and which cannot be brought into conformance with DFCU's AML/KYC standards will be closed and any balances thereon returned to the affected Customers, where reachable, or to BoU where the Customers cannot be found, for appropriate management.
8. DFCU will rationalise the acquired CBL branch network in accordance with its strategic plans and operational requirements which may result in the closure of some branches.
9. DFCU will carry some non-core assets acquired pursuant to the Agreement including land and buildings on its balance sheet for at least thirty six (36) months.

Yours faithfully



J Bagyenda (Mrs)
Executive Director Supervision