

# dfcu Group Extract Of Consolidated Financial Statements For The Year Ended 31 December 2013

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

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position at 31 December 2013, and 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 (together "dfcu Group") for the year ended 31 December 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 17<sup>th</sup> March 2014. Those financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Uganda Securities Exchange (USE) Listing Rule 2003 and USE Listing Rules Amendments 2005 [USE Listing Rules], and the Ugandan Companies Act. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the group.

### Directors' responsibility for the summary of financial statements

The directors are responsible for the preparation of the summary of the audited consolidated financial statements in accordance with the requirements of the Uganda Securities Exchange Listing Rules.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

### Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of dfcu Limited for the year ended 31 December 2013 are consistent, in all material respects, with those audited financial statements in accordance with the USE Listing Rules.



Certified Public Accountants, Kampala, Uganda

## II. Summary Consolidated Statement of Financial Position

	dfcu Group	
	2013 Shs 'M	2012 Shs 'M
<b>Assets</b>		
Cash and balances with Bank of Uganda	223,665	100,050
Balances with banking institutions	83,103	61,706
Marketable (trading) securities	16,143	22,535
Loans and advances (Net)	623,800	555,411
Investment securities	193,062	205,903
Other assets	24,015	13,295
Deferred income tax asset	283	-
Property and equipment	57,116	36,065
Intangible asset	4,875	6,374
<b>Total assets</b>	<b>1,226,062</b>	<b>1,001,339</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	700,285	591,280
Balances due to banking institutions	56,050	17,204
Other liabilities	22,932	11,422
Current income tax payable	1,196	1,504
Deferred income tax liability	-	1,413
Borrowed funds	232,149	209,844
Subordinated debt	52,290	32,891
<b>Total liabilities</b>	<b>1,064,902</b>	<b>865,558</b>
Share capital	4,972	4,972
Share premium	2,878	2,878
Retained earnings	128,872	106,703
Proposed dividends	13,840	9,222
Reserves	10,598	12,006
<b>Total shareholders' equity</b>	<b>161,160</b>	<b>135,781</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,226,062</b>	<b>1,001,339</b>

## III. Summary Consolidated Statement of Comprehensive Income

	dfcu Group	
	2013 Shs 'M	2012 Shs 'M
<b>Income</b>		
Interest on deposits and placements	3,873	7,021
Interest on loans and advances	116,828	105,082
Interest on government and other securities	29,903	27,963
Foreign exchange income	6,528	7,455
Fee and commission income	20,116	14,055
Other income	58	755
<b>Total income</b>	<b>177,306</b>	<b>162,331</b>
<b>Expenditure</b>		
Interest expense on deposits	(34,841)	(32,927)
Interest expense on borrowings	(19,600)	(23,634)
Provision for bad and doubtful debts	(13,414)	(11,336)
Operating expenses	(64,381)	(54,108)
<b>Total expenditure</b>	<b>(132,236)</b>	<b>(122,005)</b>
<b>Profit before income tax</b>	<b>45,070</b>	<b>40,326</b>
<b>Income tax expense</b>	<b>(10,469)</b>	<b>(9,709)</b>
<b>Profit after tax</b>	<b>34,601</b>	<b>30,617</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>34,601</b>	<b>30,617</b>
<b>Earnings per share</b>	<b>139.18</b>	<b>123.16</b>

## IV. Summary Consolidated Statement of Cash Flows

	dfcu Group	
	2013 Shs 'M	2012 Shs 'M
<b>Cashflow from operation activities</b>		
Interest receipts	150,604	140,066
Interest payments	(54,441)	(56,561)
Net fee and commission receipts	24,227	14,711
Net trading and other income received	7,809	8,259
Cash payments to employees and suppliers	(63,540)	(48,111)
Income tax paid	(12,479)	(9,615)
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>52,180</b>	<b>48,749</b>
Changes in operating assets and liabilities	55,519	(44,262)
<b>Net cashflow from operating activities</b>	<b>107,699</b>	<b>4,487</b>
<b>Net cash used in investing activities</b>	<b>(26,297)</b>	<b>(13,390)</b>
<b>Net cash (used in) / from financing activities</b>	<b>32,482</b>	<b>(48,518)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>113,884</b>	<b>(57,421)</b>
Cash and cash equivalents at 1 January	150,317	207,738
<b>Cash and cash equivalents at 31 December</b>	<b>264,201</b>	<b>150,317</b>

## V. Summary Consolidated Statement of Changes In Equity

	Share capital Shs 'M	Share premium Shs 'M	Revaluation reserves Shs 'M	Distributable reserves Shs 'M	Non-distributable reserves Shs 'M	Currency translation Shs 'M	Regulatory reserve Shs 'M	Proposed dividend Shs 'M	Total Shs 'M
<b>At 1 January 2013, as previously reported</b>	4,972	2,878	2,380	94,587	12,113	3	9,626	9,222	135,781
Profit for the year	-	-	-	34,601	-	-	-	-	34,601
Other comprehensive income, net of taxes	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income, net of taxes</b>	-	-	-	34,601	-	-	-	-	34,601
Write down of MI investment in subsidiary	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	1,408	-	-	(1,408)	-	-
Write off of currency translation	-	-	-	3	-	(3)	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(9,222)	(9,222)
Dividend proposed	-	-	-	(13,840)	-	-	-	13,840	-
<b>At 31 December 2013</b>	<b>4,972</b>	<b>2,878</b>	<b>2,380</b>	<b>116,759</b>	<b>12,113</b>	<b>-</b>	<b>8,218</b>	<b>13,840</b>	<b>161,160</b>

## VI. Message from the Directors

The financial statements were approved by the Board of Directors on 14<sup>th</sup> March 2014.

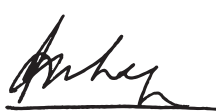
### a) Bonus shares issue

The Directors recommend, subject to regulatory approvals and that of the shareholders, the issue of bonus shares in the proportion of one (1) new bonus share for every one (1) ordinary share currently in issue and fully paid up representing a total of 248,600,911 bonus shares.


### b) Cash dividend

The Directors recommend the payment of a final dividend of Shs 17.84 per share on the total shares including the bonus issue (2012 - Shs 18.55 per share). The dividend, less withholding tax where applicable, will be paid on or about 25<sup>th</sup> July 2014 to shareholders on the register as at close of business on 30<sup>th</sup> May 2014. The shareholders' register will be closed on 30<sup>th</sup> May 2014 for purposes of determining eligibility to this dividend.

The Annual General Meeting will be held on 26<sup>th</sup> June 2014. The related details shall be availed in a later communication.

  
Elly Karuhanga, Chairman, dfcu Limited

  
Bill Irwin, Director

  
Jimmy D. Mugerwa, Director

  
Agnes T. Isharaza, Corporation Secretary

# dfcu Bank Extract Of Financial Statements For The Year Ended 31 December 2013

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

The accompanying summary financial statements, which comprise the summary statement of financial position at 31<sup>st</sup> December 2013 and 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 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 17<sup>th</sup> March 2014. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Financial Institutions Act 2004 and the Ugandan Companies Act. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Bank.

### Directors' responsibility for the summary of financial statements

The directors are responsible for the preparation of the summary of the audited financial statements in accordance with the requirements of the Financial Institutions (External Auditors)

Regulations 2010 and the Financial Institutions Act 2004.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of dfcu Bank Limited for the year ended 31 December 2013 are consistent, in all material respects, with those audited financial statements in accordance with the requirements of the Financial Institutions (External Auditors) Regulations 2010 and the Financial Institutions Act 2004.

Certified Public Accountants,  
Kampala, Uganda

## II. Summary Statement of Financial Position dfcu Bank

	2013 Shs 'M	2012 Shs 'M
<b>Assets</b>		
Cash and balances with Bank of Uganda	223,665	100,050
Balances due from other banks	82,909	61,528
Marketable (trading) securities	16,144	22,535
Loans and advances (Net)	623,138	554,582
Amounts due from group companies	7,302	-
Investment securities	193,061	205,903
Other assets	23,419	12,429
Deferred income tax asset	1,154	-
Property and equipment	21,516	18,181
Intangible asset	4,412	5,911
<b>Total assets</b>	<b>1,196,720</b>	<b>981,119</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	700,285	591,280
Balances due to other banks	56,050	17,204
Amounts due to group companies	3,661	5,227
Other liabilities	16,589	10,936
Current income tax payable	1,285	1,504
Deferred income tax liability	-	453
Borrowed funds	222,998	200,616
Subordinated debt	52,290	32,891
<b>Total liabilities</b>	<b>1,053,158</b>	<b>860,111</b>
Share capital	25,000	25,000
Share premium	3,697	3,697
Retained earnings	92,807	70,438
Proposed dividends	13,840	12,247
Reserves	8,218	9,626
<b>Total shareholders' equity</b>	<b>143,562</b>	<b>121,008</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,196,720</b>	<b>981,119</b>

## V. Message from the Directors

The financial statements were approved by the Board of Directors on 14<sup>th</sup> March 2014 and approved by Bank of Uganda on 24<sup>th</sup> February 2014.

Bill Irwin, Chairman, dfcu Bank

Juma Kisaame, Managing Director, dfcu Bank

Jimmy D. Mugerwa, Director

Agnes T. Isharaza, Corporation Secretary

## III. Summary Statement of Comprehensive Income dfcu Bank

	2013 Shs 'M	2012 Shs 'M
<b>Income</b>		
Interest on deposits and placements	3,874	7,021
Interest on loans and advances	116,760	104,933
Interest on government and other securities	29,903	27,963
Foreign exchange income	7,700	5,622
Fee and commission income	19,887	13,691
Other income	-	1,862
<b>Total income</b>	<b>178,124</b>	<b>161,092</b>
<b>Expenditure</b>		
Interest expense on deposits	(35,076)	(33,024)
Interest expense on borrowings	(19,600)	(23,634)
Provision for bad and doubtful debts	(13,719)	(11,788)
Operating expenses	(64,364)	(53,347)
<b>Total expenditure</b>	<b>(132,759)</b>	<b>(121,793)</b>
<b>Profit before income tax</b>	<b>45,365</b>	<b>39,299</b>
Income tax expense	(10,564)	(9,401)
<b>Profit after tax</b>	<b>34,801</b>	<b>29,898</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>34,801</b>	<b>29,898</b>

## IV. Other Disclosures dfcu Bank

	2013 Shs 'M	2012 Shs 'M
<b>Contingent liabilities</b>		
Acceptances and letters of credit	1,048	484
Guarantees and performance bonds	71,250	29,965
<b>Total</b>	<b>72,298</b>	<b>30,449</b>
<b>Commitments</b>		
Undrawn stand-by facilities and other commitments to lend	23,019	27,747
<b>Total</b>	<b>23,019</b>	<b>27,747</b>
<b>Capital Position:</b>		
Core capital	115,819	105,263
Supplementary capital	58,619	39,698
<b>Total qualifying capital</b>	<b>174,438</b>	<b>144,961</b>
Total Risk Weighted Assets (RWA)	785,233	677,651
Core capital to RWA	15%	14%
Total Qualifying capital to RWA	22%	20%