

# dfcu Bank Extract Of Financial Statements For The Year Ended 31 December 2012

## I. Report of the independent auditor to the members of dfcu Bank Limited

The accompanying summary financial statements, which comprise the summary statement of financial position at 31 December 2012, and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended and other disclosures are derived from the audited financial statements of dfcu Bank Limited for the year ended 31 December 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 27 March 2013. 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 and fair presentation of the summary of the audited financial statements in accordance with 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 2012 are consistent, in all material respects, with those audited financial statements in accordance with the Financial Institutions (External Auditors) Regulations 2010 and the Financial Institutions Act 2004.



Certified Public Accountants, Kampala, Uganda

## II. Summary Statement of Financial Position

	2012 Shs 'M	2011 Shs 'M
<b>Assets</b>		
Cash and balances with BOU	100,050	83,649
Balances due from other banks	61,528	149,402
Marketable (trading) securities	22,535	28,671
Loans and advances (Net)	554,582	494,996
Investment securities	205,903	146,927
Other assets	12,429	12,717
Property and equipment	18,181	18,891
Intangible assets	5,911	7,815
<b>Total assets</b>	<b>981,119</b>	<b>943,068</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	591,280	525,391
Balances due to other banks	17,204	68,482
Amounts due to group companies	5,227	1,593
Other liabilities	10,936	11,363
Current income tax payable	1,504	1,255
Deferred income tax liability	453	863
Borrowed funds	200,616	223,312
Subordinated debt	32,891	7,440
<b>Total liabilities</b>	<b>860,111</b>	<b>839,699</b>
Share capital	25,000	25,000
Share premium	3,697	3,697
Retained earnings	70,438	56,423
Proposed dividend	12,247	12,259
Regulatory credit risk reserve	9,626	5,990
<b>Total shareholders' equity</b>	<b>121,008</b>	<b>103,369</b>
<b>Total liabilities and shareholders' equity</b>	<b>981,119</b>	<b>943,068</b>

## V. Message from the Directors

The financial statements were approved by the Board of Directors on 15<sup>th</sup> March 2013 and approved by the Bank of Uganda on 21<sup>st</sup> March 2013.

## III. Summary Statement of Comprehensive Income

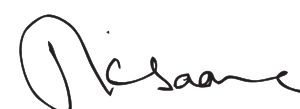
	2012 Shs 'M	2011 Shs 'M
<b>Income</b>		
Interest on deposits and placements	7,021	4,335
Interest on loans and advances	104,933	95,291
Interest on government and other securities	29,814	18,544
Foreign exchange income	5,622	5,931
Fee and commission income	13,691	9,292
Other income	11	332
<b>Total income</b>	<b>161,092</b>	<b>133,725</b>
<b>Expenditure</b>		
Interest expense on deposits	(33,024)	(19,070)
Interest expense on borrowings	(23,634)	(19,316)
Provision for bad and doubtful debts	(11,788)	(4,479)
Management fees	(3,623)	(3,437)
Operating expenses	(46,903)	(42,579)
Other expenses	(2,821)	(3,550)
<b>Total expenditure</b>	<b>(121,793)</b>	<b>(92,431)</b>
<b>Profit before income tax</b>	<b>39,299</b>	<b>41,294</b>
<b>Income tax expense</b>	<b>(9,401)</b>	<b>(9,745)</b>
<b>Profit after tax</b>	<b>29,898</b>	<b>31,549</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>29,898</b>	<b>31,549</b>

## IV. Other Disclosures

	2012 Shs 'M	2011 Shs 'M
<b>Contingent liabilities</b>		
Acceptances and letters of credit	484	9,643
Guarantees and performance bonds	29,965	42,514
<b>Total</b>	<b>30,449</b>	<b>52,157</b>
<b>Commitments</b>		
Undrawn stand-by facilities and other commitments to lend	27,747	7,818
<b>Total</b>	<b>27,747</b>	<b>7,818</b>
Non performing loans and other assets	28,722	23,951
Interest in suspense	6,227	2,259
Bad debts written off	8,737	2,040
Large loans exposures	144,375	76,805
Insider loans exposures	4,654	5,197
<b>Capital Position:</b>		
Core capital	105,263	97,359
Supplementary capital	39,698	13,430
<b>Total qualifying capital</b>	<b>144,961</b>	<b>110,789</b>
Total Risk Weighted Assets (RWA)	677,650	681,345
Core capital to RWA	16%	14%
Total Qualifying capital to RWA	21%	16%



Bill Irwin  
Chairman, dfcu Bank



Juma Kisaame  
Managing Director, dfcu Bank

dfcu Bank is regulated by the Central Bank of Uganda

Head Office: Plot 2 Jinja Road Call Centre: 0414 351000

Email: [customercare@dfcugroup.com](mailto:customercare@dfcugroup.com) Website: [www.dfcugroup.com](http://www.dfcugroup.com)

**dfcu**BANK   
...with pleasure

# dfcu Group Extract Of Consolidated Financial Statements For The Year Ended 31 December 2012

## I. Report of the independent auditor to the members of dfcu Limited

The accompanying consolidated summary financial statements, which comprise the summary consolidated statement of financial position at 31 December 2012, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and other disclosures 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 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 27 March 2013. 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 Uganda Securities Exchange (USE) Listing Rules 2003 and USE Listing Rules Amendments 2005 (together the 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 and fair presentation of the summary of the audited consolidated financial statements in accordance with the USE Listing Rules.

## 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 consolidated financial statements of dfcu Limited for the year ended 31 December 2012 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 Statement of Financial Position	dfcu Group	
	2012 Shs 'M	2011 Shs 'M
<b>Assets</b>		
Cash and balances with BOU	100,050	83,649
Balances with banking institutions	61,706	149,578
Marketable (trading) securities	22,535	28,671
Loans and advances (Net)	555,411	496,426
Investment securities	205,903	146,927
Other assets	13,295	13,296
Property and equipment	36,065	26,856
Intangible assets	6,374	8,278
<b>Total assets</b>	<b>1,001,339</b>	<b>953,681</b>
<b>Liabilities and shareholders' equity</b>		
Customer deposits	591,280	525,391
Balances due to banking institutions	17,204	68,482
Amounts due to group companies	-	26
Other liabilities	11,422	11,775
Current income tax payable	1,504	1,309
Deferred income tax liability	1,413	1,514
Borrowed funds	209,844	223,345
Subordinated debt	32,891	7,440
<b>Total liabilities</b>	<b>865,558</b>	<b>839,282</b>
Share capital	4,972	4,972
Share premium	2,878	2,878
Retained earnings	106,703	88,957
Proposed dividend	9,222	9,222
Reserves	12,006	8,370
<b>Total shareholders' equity</b>	<b>135,781</b>	<b>114,399</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,001,339</b>	<b>953,681</b>

III. Summary Statement of Comprehensive Income	dfcu Group	
	2012 Shs 'M	2011 Shs 'M
<b>Income</b>		
Interest on deposits and placements	7,021	4,335
Interest on loans and advances	105,081	95,654
Interest on government and other securities	29,814	18,544
Foreign exchange income	5,604	5,931
Fee and commission income	14,055	9,600
Other income	756	236
<b>Total income</b>	<b>162,331</b>	<b>134,300</b>
<b>Expenditure</b>		
Interest expense on deposits	(32,927)	(18,547)
Interest expense on borrowings	(23,634)	(19,316)
Provision for bad and doubtful debts	(11,336)	(4,551)
Management fees	(3,669)	(3,437)
Operating expenses	(45,306)	(42,582)
Other expenses	(5,133)	(4,363)
<b>Total expenditure</b>	<b>(122,005)</b>	<b>(92,796)</b>
<b>Profit before income tax</b>	<b>40,326</b>	<b>41,504</b>
<b>Income tax expense</b>	<b>(9,709)</b>	<b>(10,730)</b>
<b>Profit after tax</b>	<b>30,617</b>	<b>30,774</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>2,380</b>
<b>Total comprehensive income</b>	<b>30,617</b>	<b>33,154</b>

IV. Summary Consolidated Statement of Cash Flows	dfcu Group	
	2012 Shs 'M	2011 Shs 'M
<b>Cashflow from operation activities</b>		
Interest receipts	141,916	118,533
Interest payments	(56,561)	(37,863)
Net fee and commission receipts	14,711	8,868
Net trading and other income received	6,409	6,686
Cash payments to employees and suppliers	(48,108)	(42,050)
Income tax paid	(9,605)	(8,980)
<b>Cashflow from operating activities before changes in operating assets and liabilities</b>	<b>48,762</b>	<b>45,194</b>
Changes in operating assets and liabilities	(44,228)	(42,961)
<b>Net cashflow from operating activities</b>	<b>4,534</b>	<b>2,233</b>
Net cash used in investing activities	(13,406)	(14,623)
Net cash (used in)/from financing activities	(48,549)	70,470
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(57,421)</b>	<b>58,080</b>
<b>Cash and cash equivalents at 1 January</b>	<b>207,738</b>	<b>149,658</b>
<b>Cash and cash equivalents at 31 December</b>	<b>150,317</b>	<b>207,738</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	Minority interest Shs 'M	Total Shs 'M
<b>At 1 January 2012, as previously reported</b>	<b>4,972</b>	<b>2,878</b>	<b>2,380</b>	<b>76,828</b>	<b>12,113</b>	<b>3</b>	<b>5,990</b>	<b>9,222</b>	<b>13</b>	<b>114,399</b>
Profit for the year	-	-	-	30,617	-	-	-	-	-	30,617
Other comprehensive income, net of taxes	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income, net of taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,617</b>
Write down of MI investment in subsidiary	-	-	-	-	-	-	-	-	(13)	(13)
Transfer to regulatory reserve	-	-	-	(3,636)	-	-	3,636	-	-	-
Write off of land	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(9,222)	-	(9,222)
Dividend proposed	-	-	-	(9,222)	-	-	-	9,222	-	-
<b>At 31 December 2012</b>	<b>4,972</b>	<b>2,878</b>	<b>2,380</b>	<b>94,587</b>	<b>12,113</b>	<b>3</b>	<b>9,626</b>	<b>9,222</b>	<b>-</b>	<b>135,781</b>

## VI. Message from the Directors

The financial statements were approved by the Board of Directors on 26<sup>th</sup> March 2013.

The Board is recommending a dividend of UGX 37.10 per share less withholding tax where applicable (2011 = 37.10). The shareholders' register will be closed on 15<sup>th</sup> May 2013 with respect to entitlement to this dividend which will be paid by 31<sup>st</sup> July 2013. The Annual General meeting will be held on 6<sup>th</sup> June 2013.



Sam Kibuuka  
Chairman, dfcu Limited



Bill Irwin  
Chairman, dfcu Bank