

Attached a quick analysis of DFCU's 2017 financials - from limited information in the published statements in NV today.

Well we knew this was a deal of the century for DFCU and the financials just confirm the same but to me the most amazing thing is that KPMG is willing to be compromised in the process, by agreeing to reflect Leases illegally transferred !!

All audit and professional standards out of the window !!!

Extracts and comments on DFCU Bank's Published Income Statement

	2017 shs M	2016 shs M	Comments
Interest on loans and advances	242,544	143,572	An increase of nearly 100bn in interest income largely from loans and advances taken over from Crane Bank This is in the year when the prime lending rates were being reduced by all banks in line with reduction in CBR
Other Income	119,301	1,709	An astonishing increase of 118bn - where does a Bank obtain "other Income" from?? Must be from the write back of purported NPA's taken over from Crane bank
Total of the above two income items	<u>361,845</u>	<u>145,281</u>	A windfall increase in income of shs 216bn on an acquisition of shs 200bn payable over 5 years No wonder it is being referred to as Bargain Purchase!!
Operating expenses	<u>-188,718</u>	<u>-96,907</u>	An increase of 92bn mainly from increased number of branches/ staff taken over from Crane Bank.
Ptprofit after tax	<u>127,636</u>	<u>46,270</u>	Nearly threefold increase during the year when most other banks (including Stanbic) showed reduced profits
Proposed dividends	51,054	18,508	A bonanza for shareholders - nearly threefold increase.

Extracts and comments on DFCU Bank's Published Balance Sheet

	2017 shs M	2016 shs M
ASSETS		
Loans and advances	1,334,611	834,827
Other assets	243,834	18,522
Property and equipment	107,220	33,867
Intangible assets	49,912	8,400
Total of the above four i	<u>1,735,577</u>	<u>895,616</u>
LIABILITIES		
Customer deposits	<u>1,987,118</u>	<u>1,134,731</u>

Comments

Crane Bank had loans and advances to the tune of 1.1 trillion, so the other loans are being carried as NPA,s
Only reflected as super profits on recovery and most had securities.

Most of these increases must be from taking over the assets of Crane Bank

Must mainly be the leasehold values of the branches taken over without consent from the freeholder

How does an internationa audit firm agree to reflect these in the accounts when the transfer papers are wanting !!

Wonder what auditing standards are adopted to facilitate this ???