DEVELOPMENT BANK OF NIGERIA PLC
MANAGEMENT ACCOUNTS FOR THE YEAR ENDED
31-Dec-18

DBN
Development
Bank of Nigeria

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Index to the financial statements
For the year ended 31 December 2018



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DEVELOPMENT BANK OF NIGERIA PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

| | Notes | 2018 3months (Oct-Dec) N'000 | 2018 12months (Jan-Dec) N'000 | 2017 3months (Oct-Dec) N'000 | 2017 12months (Jan-Dec) N'000 |
|---|---|---|---|---|---|
| Interest income | 1 | 8,253,458 | 30,520,619 | 4,039,449 | 6,050,245 |
| Interest expense | 2 | (1,196,559) | (4,349,352) | (724,518) | (889,105) |
| Net interest income | | 7,056,900 | 26,171,267 | 3,314,932 | 5,161,140 |
| Impairment (charge)/write-back | 3 | 37,665 | (99,880) | (3,635) | (3,635) |
| **Net Interest income after impairment** | | **7,094,564** | **26,071,388** | **3,311,297** | **5,157,505** |
| Other income | 4 | 36,935 | 130,280 | - | - |
| Fee and commission expense | 5 | (27,507) | (95,562) | - | - |
| Operating expenses | 6 | (1,117,007) | (2,953,985) | (535,085) | (1,054,319) |
| Profit before tax | | **5,986,985** | **23,152,121** | **2,776,211** | **4,103,186** |
| Tax provision | | (1,796,096) | (6,945,636) | (41,032) | (41,032) |
| Profit after tax | | **4,190,890** | **16,206,485** | **2,735,179** | **4,062,154** |
| *Other comprehensive income (OCI) net of income tax:* | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| Net fair value gains/(losses) on available for sale financial assets | | - | - | - | - |
| **Other comprehensive income for the period (net of tax)** | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **4,190,890** | **16,206,485** | **2,735,179** | **4,062,154** |

DEVELOPMENT BANK OF NIGERIA PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

| STATEMENT OF FINANCIAL POSITION | | Dec-18 | Dec-17 |
|---|---|---|---|
| **Assets** | **Notes** | **N'000** | **N'000** |
| Cash and bank balances | 7 | 108,054 | 363,669 |
| Due from financial institutions | 8 | 63,457,655 | 42,796,130 |
| Loans and advances | 9 | 28,298,721 | 182,306 |
| Investment securities: | | | |
| Held-to-maturity | 10 | 186,167,770 | 108,761,980 |
| Other assets | 11 | 398,100 | 59,457 |
| Intangible assets | 12 | 62,158 | 9,679 |
| Property, plant and equipment | 13 | 560,177 | 313,116 |
| **Total assets** | | **279,052,635** | **152,486,338** |
| | | | |
| **Liabilities** | | | |
| Long term debt | 14 | 151,710,734 | 87,899,719 |
| Deposit for shares | | - | 20,639,965 |
| Income tax payable | 15 | 6,945,636 | 41,032 |
| Other liabilities | 16 | 823,590 | 424,796 |
| **Total liabilities** | | **159,479,961** | **109,005,511** |
| | | | |
| **Equity** | | | |
| Share Capital | | 100,000 | 40,000 |
| Share premium | | 99,762,570 | 39,940,842 |
| Statutory reserve | | 6,080,591 | 1,218,646 |
| Credit risk reserve | | 468,092 | 84 |
| Retained earnings | | 13,161,420 | 2,281,255 |
| **Shareholders' Fund** | | **119,572,674** | **43,480,827** |
| | | | |
| **Total liabilities and Equity** | | **279,052,635** | **152,486,338** |

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DEVELOPMENT BANK OF NIGERIA PLC
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2018

| BANK | Share Capital N'000 | Share Premium N'000 | Retained Earnings N'000 | Statutory Reserves N'000 | Credit Risk Reserve N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2018 | 40,000 | 39,940,842 | 2,281,255 | 1,218,646 | 84 | 43,480,827 |
| Profit after tax for the year | | | 16,206,485 | | | 16,206,485 |
| Prior year loan loss provision | | | 3,635 | | | 3,635 |
| *Transfer between reserves:* | | | | | | |
| Transfer to regulatory risk reserve | | | (468,092) | | 468,092 | - |
| | | | 84 | | (84) | - |
| Transfer to statutory reserve | | | (4,861,945) | 4,861,945 | | - |
| **Total comprehensive income** | - | - | 10,880,166 | 4,861,945 | 468,008 | 16,210,119 |
| **Transactions with equity holders, recorded directly in equity:** | | | | | | |
| Issued shares paid up during the year | 60,000 | 59,940,000 | | | | 60,000,000 |
| Share is cost | | (118,272) | | | | (118,272) |
| | 60,000 | 59,821,728 | - | - | - | 59,881,728 |
| **Balance as at 31 December 2018** | 100,000 | 99,762,570 | 13,161,421 | 6,080,591 | 468,092 | 119,572,674 |

| | Share Capital N'000 | Share Premium N'000 | Retained Earnings N'000 | Statutory Reserves N'000 | Credit Risk Reserve N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2017 | 20,000 | 19,978,284 | (562,169) | - | - | 19,436,115 |
| Profit for the year | | | 4,062,154 | | | 4,062,154 |
| *Transfer between reserves:* | | | | | | |
| Transfer to regulatory risk reserve | | | (84) | | 84 | - |
| Transfer to statutory reserve | | | (1,218,646) | 1,218,646 | | - |
| **Total comprehensive income** | - | - | 2,843,424 | 1,218,646 | 84 | 4,062,154 |
| Adjustment to prior year earnings | | | | | | - |
| Transfer from deposit for shares | | | | | | - |
| **directly in equity:** | | | | | | |
| Issued shares paid up during the year | 20,000 | 19,962,558 | | | | 19,982,558 |
| **At 31 December 2017** | 40,000 | 39,940,842 | 2,281,255 | 1,218,646 | 84 | 43,480,827 |

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DEVELOPMENT BANK OF NIGERIA PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

| | 31-Dec-18 | 31-Dec-17 |
|---|---|---|
| | N'000 | N'000 |
| **Cash flows from operating activities** | | |
| Profit for the year | 16,206,485 | 4,062,154 |
| Adjust for non-cash items | | |
| Depreciation of plant and equipment | 165,212 | 41,153 |
| Amortization of Intangibles | 16,278 | 1,397 |
| Interest income on treasury bills | (25,983,907) | (5,850,385) |
| Impairment loss | 99,880 | 3,635 |
| Tax expenses | 6,945,636 | 41,032 |
| Dec 2017 Impairment loss reversed | 3,635 | - |
| 2017 tax expense paid | (41,032) | - |
| **Changes in:** | | |
| Net increase in Accruals and other payables | 398,794 | 237,689 |
| Net (increase) in Other assets | (338,643) | (36,357) |
| Net (increase) in loans and advances | (28,216,295) | (185,941) |
| Net cash flows from operating activities | **(30,743,957)** | **(1,685,623)** |
| **Cash flows from investing activities** | | |
| Purchase of treasury bills | (321,647,651) | (112,756,536) |
| Redemption of investment in treasury bills | 243,936,636 | 9,000,000 |
| Investment income received on treasury bills | 26,289,133 | 844,939 |
| Acquisition of property and equipment | (412,274) | (354,269) |
| Purchase of intangibles assets | (68,756) | (11,076) |
| **Net cash flows used in investing activities** | **(51,902,912)** | **(103,276,942)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital | 60,000,000 | 20,000,000 |
| Deposit for shares | (20,639,965) | 20,639,965 |
| Proceeds from long term borrowing | 63,811,016 | 87,899,719 |
| Share issue cost | (118,272) | (17,442) |
| **Net cash flows from financing activities** | **103,052,779** | **128,522,242** |
| **Net increase/ (decrease) in cash and cash equivalents** | **20,405,910** | **23,559,677** |
| Cash and cash equivalents, beginning of year | 43,159,799 | 19,600,122 |
| **Cash and cash equivalents, end of year** | **63,565,709** | **43,159,799** |
| **Analysis of cash and cash equivalents, end of year** | | |
| Cash and bank balances (Note 7) | 108,054 | 363,669 |
| Due from financial institutions (Note 8) | 63,457,655 | 42,796,130 |
| | **63,565,709** | **43,159,799** |

...Financing Sustainable Growth

| NOTES TO THE MANAGEMENT ACCOUNTS<br>FOR THE YEAR ENDED 31 DECEMBER 2018 | 2018 3months (Oct-Dec)<br>N'000 | 2018 12months (Jan-Dec)<br>N'000 | 2017 3months (Oct-Dec)<br>N'000 | 2017 12months (Jan-Dec)<br>N'000 |
|---|---|---|---|---|
| 1 Net interest income | | | | |
| Placements | 1,172,565 | 3,971,649 | 194,683 | 194,683 |
| Treasury bills | 6,645,852 | 25,983,907 | 3,839,589 | 5,850,385 |
| Loans and advances | 435,042 | 565,063 | 5,177 | 5,177 |
| Interest income | 8,253,458 | 30,520,619 | 4,039,449 | 6,050,245 |
| | | | | |
| 2 Interest and similar expense | | | | |
| Borrowed funds | 1,196,559 | 4,349,352 | 724,518 | 889,105 |
| Interest expense | 1,196,559 | 4,349,352 | 724,518 | 889,105 |
| | | | | |
| 3 Net Impairment charge/(writeback) | | | | |
| Impairment on financial assets: | | | | |
| Loan Loss Expense - Term Loan | 37,665 | (99,880) | (3,635) | (3,635) |
| | 37,665 | (99,880) | (3,635) | (3,635) |
| 4 Other incomes | | | | |
| Other incomes | 36,935 | 130,280 | - | - |
| | 36,935 | 130,280 | - | - |
| 5 Fee and commission income/Expense | | | | |
| Fees | (27,507) | (95,562) | - | - |
| | (27,507) | (95,562) | - | - |
| 6 Operating expenses | | | | |
| Staff cost (6a) | 411,073 | 1,383,267 | 396,489 | 681,139 |
| Administration and general expenses (6b) | 397,486 | 808,794 | 46,374 | 139,153 |
| Depreciation of property plant and equipment | 67,435 | 165,212 | 22,952 | 41,153 |
| Amortization of intangible assets | 9,152 | 16,278 | 1,212 | 1,397 |
| Auditor's renumeration | 3,750 | 15,500 | 10,000 | 10,000 |
| Directors emolument | 22,300 | 78,850 | 17,852 | 58,395 |
| Legal, consultancy and other professional fees | 205,812 | 486,083 | 40,206 | 123,082 |
| Operating expenses | 1,117,007 | 2,953,985 | 535,085 | 1,054,319 |

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| | NOTES TO THE MANAGEMENT ACCOUNTS<br>FOR THE YEAR ENDED 31 DECEMBER 2018 | 2018 3months (Oct-Dec)<br>N'000 | 2018 12months (Jan-Dec)<br>N'000 | 2017 3months (Oct-Dec)<br>N'000 | 2017 12months (Jan-Dec)<br>N'000 |
|---|---|---|---|---|---|
| 6a | Staff Cost | | | | |
| | Salaries | 199,668 | 733,293 | 121,644 | 393,658 |
| | Defined contribution plan | 10,220 | 35,893 | 6,045 | 18,508 |
| | ITF Level & NSITF | 3,326 | 11,934 | 12,353 | 12,353 |
| | Staff training | 36,212 | 62,988 | 1,232 | 1,405 |
| | Recruitment expenses | 10,216 | 35,059 | 43,236 | 43,236 |
| | Other staff expense | 151,430 | 504,100 | 211,979 | 211,979 |
| | Staff cost | 411,073 | 1,383,267 | 396,489 | 681,139 |
| 6b | Administrative and General expenses | | | | |
| | Stationery | 1,808 | 7,246 | 3,664 | 5,460 |
| | Outsourcing | 5,194 | 13,122 | 2,256 | 5,287 |
| | Office rent and rates | 16,760 | 57,978 | 7,931 | 28,721 |
| | Marketing, advertising and Sponsorship | 75,979 | 468,608 | 7,247 | 22,872 |
| | subscriptions, publications, and communications | 3,803 | 17,245 | 1,446 | 1,971 |
| | Insurance and licences | 13,110 | 27,586 | 4,831 | 7,674 |
| | Repairs and maintenance | 6,289 | 19,126 | 1,000 | 1,472 |
| | Other administration and general expenses | 9,434 | 25,076 | 3,290 | 21,322 |
| | Bank charges | 1,026 | 2,096 | 193 | 435 |
| | Travels and accommodation | 29,107 | 93,197 | 8,321 | 26,618 |
| | IT and Communications expenses | 42,203 | 45,688 | 1,067 | 1,167 |
| | Board expenses | 12,775 | 31,824 | 5,129 | 16,154 |
| | Administration and General Expenses | 217,486 | 808,794 | 46,374 | 139,153 |
| 7 | Cash and bank balances | | | | |
| | With Local Banks: | | | | |
| | - Guaranty Trust Bank | 8,814 | 8,814 | 100,482 | 100,482 |
| | - United Bank for Africa | 32,687 | 32,687 | 16,590 | 16,590 |
| | - First Bank of Nigeria | 460 | 460 | 18,622 | 18,622 |
| | - Eco Bank | 2,812 | 2,812 | 80,766 | 80,766 |
| | - Stanbic IBTC | 3,308 | 3,308 | - | - |
| | - Access Bank | 9,093 | 9,093 | - | - |
| | | 57,175 | 57,175 | 216,460 | 216,460 |

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| NOTES TO THE MANAGEMENT ACCOUNTS<br>FOR THE YEAR ENDED 31 DECEMBER 2018 | 2018 3months (Oct-Dec)<br>N'000 | 2018 12months (Jan-Dec)<br>N'000 | 2017 3months (Oct-Dec)<br>N'000 | 2017 12months (Jan-Dec)<br>N'000 |
|---|---|---|---|---|
| Current account with CBN: | | | | |
| - DBN-CBN Operations account | 49,733 | 49,733 | 26,984 | 26,984 |
| - DBN-IBRD Operations account | 15 | 15 | 75,385 | 75,385 |
| - DBN-AFD Operations account | 34 | 34 | 4,658 | 4,658 |
| - DBN-KfW Operations account | 1,003 | 1,003 | 243 | 243 |
| - DBN-AfDB Operations account | 91 | 91 | 39,940 | 39,940 |
| - DBN-ADF Operations account | 4 | 4 | - | - |
| | 50,879 | 50,879 | 147,210 | 147,210 |
| Total Cash and Bank balances | 108,054 | 108,054 | 363,669 | 363,669 |
| 8 Due from financial institutions | | | | |
| Fixed placement | 63,100,000 | 63,100,000 | 29,946,130 | 29,946,130 |
| Call placement | 101,000 | 101,000 | 12,850,000 | 12,850,000 |
| | 63,201,000 | 63,201,000 | 42,796,130 | 42,796,130 |
| Interest receivable - Bank placements | 256,655 | 256,655 | - | - |
| Interest receivable - Call placement | - | - | - | |
| | 256,655 | 256,655 | - | - |
| | 63,457,655 | 63,457,655 | 42,796,130 | 42,796,130 |
| 9 Loans and advances to customers | | | | |
| PFI Loans | 28,398,601 | 28,398,601 | 185,941 | 185,941 |
| | 28,398,601 | 28,398,601 | 185,941 | 185,941 |
| General Loan Loss Provision | (99,880) | (99,880) | (3,635) | (3,635) |
| | 28,298,721 | 28,298,721 | 182,306 | 182,306 |
| 10 Investment securities | | | | |
| 10a Held to maturity | | | | |
| FGN Treasury securities | | | | |
| FV of Treasury bills - HTM | 204,902,674 | 204,902,674 | 108,761,980 | 108,761,980 |
| | 204,902,674 | 204,902,674 | 108,761,980 | 108,761,980 |
| Unearned discount income | (18,734,904) | (18,734,904) | - | - |
| | (18,734,904) | (18,734,904) | - | - |
| Total Held to maturity securities | 186,167,770 | 186,167,770 | 108,761,980 | 108,761,980 |

| NOTES TO THE MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018 | | 2018 3months (Oct-Dec) N'000 | 2018 12months (Jan-Dec) N'000 | 2017 3months (Oct-Dec) N'000 | 2017 12months (Jan-Dec) N'000 |
|---|---|---|---|---|---|
| 11 | Other assets | | | | |
| | Other receivables | 5,517 | 5,517 | 2,372 | 2,372 |
| | WHT Receivable | 230,485 | 230,485 | 19,468 | 19,468 |
| | | 236,002 | 236,002 | 21,840 | 21,840 |
| | Allowance for receivables (b) | - | - | - | - |
| | Net Financial Asset | 236,002 | 236,002 | 21,840 | 21,840 |
| | Prepayments | 162,098 | 162,098 | 37,617 | 37,617 |
| | Non Financial Asset | 162,098 | 162,098 | 37,617 | 37,617 |
| | Total other assets | 398,100 | 398,100 | 59,457 | 59,457 |
| 12 | Intangible assets | | | | |
| | Computer software | 79,832 | 79,832 | 11,076 | 11,076 |
| | Amortisation-computer software | (17,674) | (17,674) | (1,397) | (1,397) |
| | | 62,158 | 62,158 | 9,679 | 9,679 |
| 13 | Property Plant and equipment | | | | |
| . | Property Plant and equipment | 766,543 | 766,543 | 354,269 | 354,269 |
| | Accumulated Depreciation | (206,366) | (206,366) | (41,153) | (41,153) |
| | Net book values | 560,177 | 560,177 | 313,116 | 313,116 |
| 14 | Long term debt | | | | |
| | Long term debt - IBRD | 38,521,098 | 38,521,098 | 37,058,779 | 37,058,779 |
| | Long term debt - AFD | 14,519,544 | 14,519,544 | 14,027,136 | 14,027,136 |
| | Long term debt - KfW | 61,821,245 | 61,821,245 | 36,813,804 | 36,813,804 |
| | Long term debt - ADF | 9,606,163 | 9,606,163 | - | - |
| | Long term debt - AfDB | 27,242,684 | 27,242,684 | - | - |
| | | 151,710,734 | 151,710,734 | 87,899,719 | 87,899,719 |
| 15 | Current income tax liabilities | | | | |
| | Income tax payable | 6,945,636 | 6,945,636 | 41,032 | 41,032 |
| | | 6,945,636 | 6,945,636 | 41,032 | 41,032 |
| 16 | Other liabilities | | | | |
| | Accrued expenses | 791,839 | 791,839 | 302,521 | 302,521 |
| | Other liabilities | 31,751 | 31,751 | 122,274 | 122,274 |
| | | 823,590 | 823,590 | 424,796 | 424,796 |

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DEVELOPMENT BANK OF NIGERIA PLC

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 1ST QUARTER ENDED 31 MARCH 2018

| | Notes | 2018 3months (Jan-Mar) N'000 | 2018 3months (Jan-Mar) N'000 | 2017 3months (Jan-Mar) N'000 | 2017 3months (Jan-Mar) N'000 |
|---|---|---|---|---|---|
| Revenue | 1 | 6,428,346 | | - | |
| Gross profit | | 5,575,492 | | - | |
| Profit/(Loss) before tax | | **5,100,429** | | (105,912) | |
| Tax provision | | (1,530,129) | | - | |
| Profit/(Loss) after tax | | 3,570,301 | | (105,912) | |

| UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>FOR THE 2ND QUARTER ENDED 30 JUNE 2018 | 2018 3months (Apr-Jun) N'000 | 2018 6months (Jan-Jun) N'000 | 2017 3months (Apr-Jun) N'000 | 2017 6months (Jan-Jun) N'000 |
|---|---|---|---|---|
| Revenue | 7,657,405 | 14,085,752 | 880,203 | 880,203 |
| Gross profit | 6,508,573 | 12,084,065 | 880,203 | 880,203 |
| **Profit before tax** | **5,977,783** | **11,078,213** | **673,444** | **567,532** |
| Tax provision | (1,793,335) | (3,323,464) | - | - |
| Profit after tax | 4,184,448 | 7,754,749 | 673,444 | 567,532 |

| UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2018 | 2018 3months (Jul-Sep) N'000 | 2018 9months (Jan-Sep) N'000 | 2017 3months (Jul-Sep) N'000 | 2017 9months (Jan-Sep) N'000 |
|---|---|---|---|---|
| Revenue | 8,181,409 | 22,267,161 | 1,130,593 | 2,010,796 |
| Gross profit | 7,030,303 | 19,114,368 | 966,006 | 1,846,208 |
| **Profit before tax** | **6,086,923** | **17,165,136** | **759,443** | **1,326,975** |
| Tax provision | (1,826,077) | (5,149,541) | - | - |
| Profit after tax | 4,260,846 | 12,015,595 | 759,443 | 1,326,975 |

| UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>FOR THE 4TH QUARTER ENDED 31 DECEMBER 2018 | 2018 3months (Oct-Dec) N'000 | 2018 12months (Jan-Dec) N'000 | 2017 3months (Oct-Dec) N'000 | 2017 12months (Jan-Dec) N'000 |
|---|---|---|---|---|
| Revenue | 8,253,458 | 30,520,619 | 4,039,449 | 6,050,245 |
| Gross profit | 7,056,900 | 26,171,267 | 3,314,932 | 5,161,140 |
| **Profit before tax** | **5,986,985** | **23,152,121** | **2,776,211** | **4,103,186** |
| Tax provision | (1,796,096) | (6,945,636) | (41,032) | (41,032) |
| Profit after tax | 4,190,890 | 16,206,485 | 2,735,179 | 4,062,154 |

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DEVELOPMENT BANK OF NIGERIA PLC
REPORT CERTIFICATION
DECEMBER 31, 2018

We the undersigned, pursuant to section 60 subsection 2 of the Investments and Securities Act 2007, have reviewed the 2018 quarterly financial statement reports to the Securities and Exchange Commission and based on our knowledge, certify that:

a. the report does not contain any untrue statement of a material fact, or

b. omit to state a material fact, which would make the statement, misleading in the light of the circumstances under which such statement was made;

c. the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Bank as of, and for the periods presented in the report.

| | |
|---|---|
| IJEOMA OZULUMBA | TONY OKPANACHI |
| CHIEF FINANCIAL OFFICER | MANAGING DIRECTOR/CEO |