DBN Development Bank of Nigeria

...Financing Sustainable Growth

UNAUDITED MANAGEMENT ACCOUNTS

JUNE 2023

PRESENTATION OUTLINE

DBN Development Bank of Nigeria
...Financing Sustainable Growth

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2023	Notes	2023 3 months (Apr-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
Interest income	1	12,849,712	25,479,212	10,033,533	20,678,498
Interest expense	2	(2,682,057)	(5,398,951)	(2,743,567)	(5,520,858)
Net interest income		**10,167,656**	**20,080,261**	**7,289,966**	**15,157,640**
Impairment (charge)/write-back	3	246,415	164,809	(25,859)	(2,932)
Net Interest income after impairment		**10,414,070**	**20,245,070**	**7,264,107**	**15,154,708**
Other income/(PIU Expense)	4	129,662	222,472	(40,225)	(171,471)
Fee and commission expense	5	(1,064)	(1,338)	(4,917)	(9,974)
Operating expenses	6	(1,666,400)	(3,061,980)	(1,277,758)	(2,543,523)
Profit before tax		**8,876,268**	**17,404,224**	**5,941,206**	**12,429,740**

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023			
		June 2023	June 2022
Assets	**Notes**	**N'000**	**N'000**
Cash and bank balances	7	954,887	476,798
Due from financial institutions	8	153,544,088	160,192,835
Loans and advances	9	332,917,103	320,723,565
Investment securities	10	(0)	(0)
Investment in subsidiary	11	16,395,976	11,375,000
Other assets	12	2,029,956	1,473,750
Intangible assets	13	257,693	172,030
Property, plant and equipment	14	11,528,713	2,062,431
Deferred tax	15	1,140,471	724,664
Total assets		**518,768,888**	**497,201,072**
Liabilities			
PFI Deposits for loan repayments	16	134,596	188,705
Long term debt	17	279,624,235	286,632,757
Income tax payable	18	10,031,709	3,800,854
Other liabilities	19	2,851,350	1,497,580
Total liabilities		**292,641,890**	**292,119,896**
Equity			
Share Capital		100,000	100,000
Share premium		99,762,570	99,762,570
Statutory reserve		33,863,738	28,003,563
Credit risk reserve		4,660,615	4,973,383
Retained earnings		87,740,075	72,241,660
Shareholders' Fund		**226,126,998**	**205,081,177**
Total liabilities and Equity		**518,768,888**	**497,201,072**

STATEMENT OF CHANGE IN EQUITY

DBN Development Bank of Nigeria

STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2023

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 2023	**100,000**	**99,762,570**	**70,318,093**	**33,863,738**	**4,660,616**	**208,705,016**
Profit before tax for the period			17,404,224			17,404,224
Transfer between reserves:						
Transfer to regulatory risk reserve						-
Transfer to statutory reserve						
Total comprehensive income	**-**	**-**	**17,404,224**	**-**	**-**	**17,404,224**
Transactions with equity holders, recorded directly in equity:						
Issued shares paid up during the year	-	-				-
Share issue cost		-				-
	-	-	-	-	-	-
Balance as at June 30, 2023	**100,000**	**99,762,570**	**87,722,316**	**33,863,738**	**4,660,616**	**226,109,240**
	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 2022	**100,000**	**99,762,570**	**59,879,784**	**28,003,563**	**4,905,520**	**192,651,437**
Profit after tax for the year			19,472,015			19,472,015
Appropriation for dividend payable			(3,418,435)			(3,418,435)
Transfer between reserves:						
Transfer to regulatory risk reserve			244,904		(244,904)	-
Transfer to statutory reserve			(5,860,175)	5,860,175		-
Total comprehensive income	**-**	**-**	**10,438,309**	**5,860,175**	**(244,904)**	**16,053,580**
Transactions with equity holders, recorded directly in equity:						
Issued shares paid up during the year						-
Share issue cost						-
	-	-	-	-	-	-
At 31 December 2022	**100,000**	**99,762,570**	**70,318,093**	**33,863,738**	**4,660,616**	**208,705,016**

STATEMENT OF CASH FLOWS (1/2)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2023

	2023 6 months (Jan-June) N'000	2022 6 months (Jan- June) N'000
Cash flows from operating activities		
Profit for the period before tax	17,404,224	12,429,740
2023 YOA Company Income Tax paid	(1,543,748)	-
Prior years FIRS taxes - Stamp duties	-	(173,431)
Prior years FIRS taxes - WHT	-	(594,975)
2022 YOA Company Income Tax paid	-	(3,092,612)
Adjust for non-cash items		
Depreciation of plant and equipment	140,221	138,125
Amortization of Intangibles	28,434	21,203
Loss/(Profit) on disposal of PPE	(5,952)	-
Interest income on treasury bills	-	(881,705)
Impairment on financial assets	(164,809)	2,932
Provision for IDB	36,050	-
Interest expense accrual for the period	5,398,951	5,520,858
Changes in working capital		
Net increase/(decrease) in Accruals and other payables	1,019,186	120,363
Net (increase)/decrease in Other assets	(885,593)	(405,703)
Net (increase)/decrease in loans and advances	35,876,663	1,144,672
Net increase in other financial assets ECL	-	(92,006)
Net cash flows from operating activities	**57,303,626**	**14,137,461**
Investment income received on treasury bills	-	2,491,732

STATEMENT OF CASH FLOWS (2/2)

Cash flows from investing activities		
Proceeds from matured investment in treasury bills	-	25,008,268
Acquisition of property and equipment	(9,327,888)	(49,262)
Investment in subsidiary - ICGL Loan	(5,000,000)	-
2021 FY Lease accounting ROU Assets impact	-	148,347
Proceeds on sale of assets	5,840	-
(Purchase)/Reclass/Disposal of intangible assets	(65,402)	(45,140)
Net cash flows used in investing activities	**(14,387,450)**	**27,553,945**
Cash flows from financing activities		
2022FY Dividend payments	(2,557,860)	-
Principal loan repayments - KfW	(2,906,475)	(2,311,500)
Principal loan repayments - AfDB	(2,325,499)	(2,325,499)
Principal loan repayments - ADF	(287,245)	(287,245)
Principal loan repayments - AFD	(2,220,579)	(2,220,579)
Principal loan repayments - IBRD	(3,684,151)	(3,736,979)
Interest paid on long term borrowing - KfW	(809,555)	(832,685)
Interest paid on long term borrowing - AfDB	(1,113,181)	(1,205,946)
Interest paid on long term borrowing - ADF	(63,021)	(65,885)
Interest paid on long term borrowing - AFD	(589,609)	(668,224)
Interest paid on long term borrowing - IBRD	(2,918,799)	(2,681,084)
Net cash flows from financing activities	**(19,475,974)**	**(16,335,626)**
Net increase/(decrease) in cash and cash equivalents	23,440,203	25,355,781
Cash and cash equivalents, beginning of year	131,058,773	135,313,852
Cash and cash equivalents, end of period	**154,498,976**	**160,669,633**

NOTES TO THE ACCOUNTS

DBN Development Bank of Nigeria

	NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2023	2023 3 months (April-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
1	**Interest and discount income**				
	Placements	4,060,051	7,414,045	2,497,326	5,208,781
	Placements - SDIS	1,153	2,470	692	1,677
	Treasury bills	-	-	248,933	881,705
	Loans and advances	8,805,550	18,098,748	7,311,098	14,625,913
	Total interest income	**12,866,755**	**25,515,262**	**10,058,050**	**20,718,076**
	Provision for IDB	17,043	36,050	24,517	39,578
	Net Interest Income	**12,849,712**	**25,479,212**	**10,033,533**	**20,678,498**
2	**Interest and similar expense**				
	Borrowed funds	2,682,057	5,398,951	2,743,567	5,520,858
	Interest expense	**2,682,057**	**5,398,951**	**2,743,567**	**5,520,858**
3	**Net Impairment (charge)/write back**				
	ECL - Loan assets	110,591	235,673	23,419	89,074
	ECL - Other assets	135,824	(70,863)	(49,278)	(92,006)
		246,415	**164,809**	**(25,859)**	**(2,932)**
4	**Other incomes**				
	Profit/(loss) on disposal of fixed assets	5,952	5,952	(0)	(0)
	Other income	19,938	80,938	23,419	29,342
	Recovered Shared Service Cost	46,248	46,248	-	-
	Grant Income (PIU)	230,000	441,811	51,581	51,581
	PIU Expense	(172,477)	(352,477)	(115,225)	(252,394)
		129,662	**222,472**	**(40,225)**	**(171,471)**
5	**Fee and commission income/Expense**				
	Fees	(1,064)	(1,338)	(4,917)	(9,974)
		(1,064)	**(1,338)**	**(4,917)**	**(9,974)**

DBN Development Bank of Nigeria

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2023		2023 3 months (April-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
6	**Operating expenses**				
	Staff cost (6a)	964,293	1,733,433	680,226	1,340,076
	Administration and general expenses (6b)	396,864	736,530	378,394	736,820
	Depreciation of property plant and equipment	70,219	140,221	64,991	138,125
	Amortization of intangible assets	15,596	28,434	10,964	21,203
	Auditor's remuneration	8,575	17,150	5,375	10,750
	Directors emolument	77,125	154,250	60,272	120,545
	Legal, consultancy and other professional fees	133,728	251,963	77,536	176,004
	Operating expenses	**1,666,400**	**3,061,980**	**1,277,758**	**2,543,523**
6a	**Staff Cost**				
	Salaries	550,834	910,622	364,278	720,019
	ITF Level & NSITF	7,271	12,900	5,671	11,255
	Performance bonus	250,000	500,000	227,500	455,000
	Staff training	119,537	238,287	49,178	98,356
	Recruitment expenses	2,679	8,904	-	-
	Other staff expense	33,972	62,720	33,599	55,446
	Staff cost	**964,293**	**1,733,433**	**680,226**	**1,340,076**
6b	**Administrative and General expenses**				
	Stationery	1,107	1,655	1,008	4,115
	Outsourcing	9,936	15,188	5,726	10,201
	Office rent and rates	30,025	46,263	17,895	39,791
	Marketing, advertising and Sponsorship	58,038	99,834	43,906	111,227
	Subscriptions, publications, and communications	8,987	32,697	19,872	28,296
	Insurance and licences	11,811	25,313	7,043	11,310
	Repairs and maintenance	8,868	18,934	6,970	18,131
	Other administration and general expenses	41,163	113,024	57,630	97,895
	Bank charges	2,767	3,392	1,357	2,228
	Travels and accommodation	78,892	93,378	20,369	46,118
	IT and Communications expenses	66,840	133,318	40,172	90,945
	Board expenses	78,431	153,535	52,388	103,131
	Stamp Duty Levy	-	-	104,058	173,431
	Total admin and general expense	**396,864**	**736,530**	**378,394**	**736,820**

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2023	2023 3 months (April-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
7 Cash and bank balances				
With Local Banks:				
- Guaranty Trust Bank	308,312	308,312	20,929	20,929
- United Bank for Africa	182,742	182,742	16,769	16,769
- First Bank of Nigeria	291	291	499	499
- Eco Bank	3,072	3,072	475	475
- Stanbic IBTC	1,363	1,363	1,363	1,363
- Access Bank	1,901	1,901	803	803
- Zenith bank	1,779	1,779	1,779	1,779
- Fidelity bank	292	292	844	844
- FCMB	984	984	1,325	1,325
- Union bank	538	538	13,909	13,909
- Wema bank	1,032	1,032	743	743
- FSDH	398	398	157	157
	502,705	**502,705**	**59,595**	**59,595**
Current account with CBN:				
- DBN-CBN Operations account	387,786	387,786	362,006	362,006
- DBN-PIU CBN Operations account - NGN	1,107	1,107	3,793	3,793
- DBN-PIU CBN Operations account - USD	59,376	59,376	46,874	46,874
- DBN-IBRD account with CBN	294	294	910	910
- DBN-AFD account with CBN	643	643	643	643
- DBN-KfW account with CBN	981	981	981	981
- DBN-AfDB account with CBN	1,423	1,423	1,423	1,423
- DBN-ADF account with CBN	572	572	572	572
	452,182	**452,182**	**417,203**	**417,203**
Total Cash and Bank balances	**954,887**	**954,887**	**476,798**	**476,798**

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2023		2023 3 months (April-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
8	**Due from financial institutions**				
	Fixed placements	152,158,000	152,158,000	159,969,000	159,969,000
	Call placements	568,000	568,000	-	-
	Fixed Placements - SDIS	45,334	45,334	41,196	41,196
		152,771,334	152,771,334	160,010,196	160,010,196
	Interest receivable - Bank placements	1,174,109	1,174,109	611,360	611,360
	Interest receivable - Call placements	15	15	(0)	(0)
	Interest receivable - SDIS Fixed placements	790	790	411	411
		1,174,914	**1,174,914**	**611,770**	**611,770**
	Other asset ECL	(402,160)	(402,160)	(429,132)	(429,132)
		153,544,088	**153,544,088**	**160,192,835**	**160,192,835**
9	**Loans and advances to customers**				
	PFI Loans	335,464,528	335,464,528	322,194,062	322,194,062
		335,464,528	**335,464,528**	**322,194,062**	**322,194,062**
	Term loan ECL	(2,547,426)	(2,547,426)	(1,470,497)	(1,470,497)
		332,917,103	**332,917,103**	**320,723,565**	**320,723,565**
10	**FGN Treasury securities**				
	Treasury bills at amortized cost	(0)	(0)	(0)	(0)
		(0)	**(0)**	**(0)**	**(0)**
	Unearned discount income - Treasury bills	(0)	(0)	(0)	(0)
		(0)	**(0)**	**(0)**	**(0)**
	Total investment securities @ amortized cost	**(0)**	**(0)**	**(0)**	**(0)**
11	**Investment in subsidiaries**				
	Investment in subsidiary - Equity	11,375,000	11,375,000	11,375,000	11,375,000
	Investment in subsidiary - Loan	5,020,976	5,020,976	-	-
		16,395,976	**16,395,976**	**11,375,000**	**11,375,000**

	NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2023	2023 3 months (April-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
12	**Other assets**				
	Other receivables	285,595	285,595	122,035	122,035
	WHT Receivable	1,457,687	1,457,687	1,175,604	1,175,604
		1,743,282	**1,743,282**	**1,297,638**	**1,297,638**
	Prepayments	286,674	286,674	176,112	176,112
	Non Financial Asset	**286,674**	**286,674**	**176,112**	**176,112**
	Total other assets	**2,029,956**	**2,029,956**	**1,473,750**	**1,473,750**
13	**Intangible assets**				
	Computer software	464,856	464,856	326,015	326,015
	Amortisation-computer software	(207,163)	(207,163)	(153,985)	(153,985)
		257,693	**257,693**	**172,030**	**172,030**
14	**Property Plant and equipment**				
	Motor Vehicles	1,156,583	1,156,583	861,700	861,700
	Furniture and Fittings	91,206	91,206	89,083	89,083
	Computer Equipment	370,925	370,925	258,614	258,614
	Office Equipment	109,846	109,846	108,474	108,474
	Leasehold Improvement	106,948	106,948	105,937	105,937
	Work In Progress - PPE	5,276	5,276	-	-
	Asset Under Construction	10,680,256	10,680,256	1,545,501	1,545,501
	Book Value of PPE	**12,521,040**	**12,521,040**	**2,969,309**	**2,969,309**
	Accumulated Depreciation on PPE				
	Motor Vehicles - Depreciation	(479,395)	(479,395)	(469,561)	(469,561)
	Furniture and Fittings - Depreciation	(75,432)	(75,432)	(60,579)	(60,579)
	Computer Equipment - Depreciation	(237,905)	(237,905)	(198,043)	(198,043)
	Office Equipment - Depreciation	(93,639)	(93,639)	(77,823)	(77,823)
	Leasehold Improvement - Amortization	(105,955)	(105,955)	(100,872)	(100,872)
	Accumulated Depreciation on PPE	**(992,326)**	**(992,326)**	**(906,878)**	**(906,878)**
	Net Book Value of PPE	**11,528,713**	**11,528,713**	**2,062,431**	**2,062,431**

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2023		2023 3 months (April-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
15	**Deferred Tax**				
	Deferred Tax Asset	1,140,471	1,140,471	724,664	724,664
		1,140,471	**1,140,471**	**724,664**	**724,664**
16	**PFI Deposits for loan repayments**				
	Deposit for loan repayments	134,596	134,596	188,705	188,705
		134,596	**134,596**	**188,705**	**188,705**
17	**Long term debt**				
	Long term debt - IBRD	144,168,289	144,168,289	135,633,958	135,633,958
	Long term debt - AFD	31,318,219	31,318,219	35,782,701	35,782,701
	Long term debt - KfW	37,785,082	37,785,082	43,598,033	43,598,033
	Long term debt - ADF	12,378,454	12,378,454	12,954,139	12,954,139
	Long term debt - AfDB	53,974,191	53,974,191	58,663,926	58,663,926
		279,624,235	**279,624,235**	**286,632,757**	**286,632,757**
18	**Current income tax liabilities**				
	Income tax payable	8,759,400	8,759,400	3,369,885	3,369,885
	Education Tax	863,918	863,918	259,186	259,186
	Police Trust Fund Levy	3,679	3,679	3,338	3,338
	NITDA Levy	330,905	330,905	111,546	111,546
	NASENI Levy	73,806	73,806	56,900	56,900
		10,031,709	**10,031,709**	**3,800,854**	**3,800,854**
19	**Other liabilities**				
	Accrued expenses	1,273,974	1,273,974	884,808	884,808
	Other liabilities	1,415,882	1,415,882	530,784	530,784
	Provision on IDB Loans	161,495	161,495	81,988	81,988
		2,851,350	**2,851,350**	**1,497,580**	**1,497,580**

DBN Development Bank of Nigeria

DEVELOPMENT BANK OF NIGERIA PLC

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 2ND QUARTER ENDED 30 JUNE 2023

	2023 3 months (Apr-June) N'000	2023 6 months (Jan-June) N'000	2022 3 months (Apr-June) N'000	2022 6 months (Jan- June) N'000
Revenue	12,849,712	25,479,212	10,033,533	20,678,498
Gross profit	10,414,070	20,245,070	7,264,107	15,154,708
Profit before tax	**8,876,268**	**17,404,224**	**5,941,206**	**12,429,740**

DBN Development Bank of Nigeria

REPORT CERTIFICATION

JUNE 30, 2023

We the undersigned, pursuant to section 60 subsection 2 of the Investments and Securities Act 2007, have reviewed the 2nd quarter financial statements report 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

c. the financial statements and other financial information included in the report fairly present in all

IJEOMA OZULUMBA	**TONY OKPANACHI**
ED, FINANCE & CORPORATE	MANAGING DIRECTOR/CHIEF EXECUTIVE

THANK YOU