



DBN
Development
Bank of Nigeria Plc
RC 2125724

MANAGEMENT ACCOUNTS

DECEMBER 31, 2020

...Financing Sustainable Growth

Index to the financial statements
For the year ended 31 December, 2020

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		December 2020	November 2020	Month Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
	Notes	N'000	N'000	N'000	N'000	N'000	%
Interest income	1	1,727,131	1,803,378	(76,246)	33,429,736	35,255,164	-5.2%
Interest expense	2	(946,353)	(905,753)	(40,600)	(11,263,712)	(11,332,558)	0.6%
Net interest income		780,778	897,624	(116,846)	22,166,023	23,922,606	-7.3%
Impairment (charge)/write-back	3	221,094	644,177	(423,083)	(867,671)	(1,166,692)	25.6%
Net Interest income after impairment		1,001,873	1,541,801	(539,929)	21,298,352	22,755,914	-6.4%
Other income	4	38,679	(1,029)	39,708	146,680	1,345	-10802.1%
Fee and commission expense	5	15,276	(2,172)	17,449	(87,524)	(145,350)	39.8%
Operating expenses	6	(291,722)	(323,452)	31,730	(3,207,573)	(3,627,413)	11.6%
Profit before tax		764,106	1,215,148	(451,042)	18,149,935	18,984,496	-4.4%



**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

		December 2020	November 2020	Month Variance	Budget Full Year December 2020	Budget Variance
Assets	Notes	N'000	N'000	N'000	N'000	%
Cash and bank balances	7	309,799	417,481	(107,682)	441,283	-30%
Due from financial institutions	8	248,577,136	263,018,641	(14,441,505)	212,800,000	17%
Loans and advances	9	214,216,546	185,809,720	28,406,827	158,143,780	35%
Investment securities	10	14,223,501	14,683,789	(460,288)	102,952,138	-86%
Investment in subsidiary	11	11,375,000	11,375,000	-	11,375,000	-
Other assets	12	559,668	570,892	(11,224)	444,214	26%
Intangible assets	13	136,949	118,108	18,841	120,249	14%
Property, plant and equipment	14	1,727,597	1,725,613	1,983	2,398,398	-28%
Deferred tax	15	1,546,819	1,546,819	-	1,546,819	-
Total assets		492,673,015	479,266,063	13,406,952	490,221,882	1%
Liabilities						
PFI Deposits for loan repayments	16	148,284	140,100	8,184	-	
Long term debt	17	313,724,945	300,991,093	12,733,852	310,541,666	1%
Income tax payable	18	1,631	1,631	-	-	
Other liabilities	19	1,007,282	1,106,473	(99,191)	1,272,214	-21%
Total liabilities		314,882,142	302,239,296	12,642,846	311,813,880	1%
Equity						
Share Capital		100,000	100,000	-	100,000	0%
Share premium		99,762,570	99,762,570	-	99,762,570	0%
Statutory reserve		18,102,257	18,102,257	-	18,102,257	0%
Credit risk reserve		1,315,400	1,315,400	-	1,315,400	0%
Retained earnings		58,510,646	57,746,540	764,106	59,127,774	-1%
Shareholders' Fund		177,790,873	177,026,767	764,106	178,408,002	0%
Total liabilities and Equity		492,673,015	479,266,063	13,406,952	490,221,882	1%



STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2020						
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 2020	100,000	99,762,570	40,360,711	18,102,257	1,315,400	159,640,938
Profit before tax for the year			18,149,935			18,149,935
Transfer between reserves:						
Transfer to regulatory risk reserve					-	-
Transfer to statutory reserve				-		-
Total comprehensive income	-	-	18,149,935	-	-	18,149,935
Transactions with equity holders, recorded directly in equity:						
Issued shares paid up during the year	-	-				-
Share issue cost		-				-
	-	-	-	-	-	-
Balance as at 31 December, 2020	100,000	99,762,570	58,510,646	18,102,257	1,315,400	177,790,873
	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 2019	100,000	99,762,570	17,690,388	8,023,196	467,915	126,044,069
Profit after tax for the year			33,596,869			33,596,869
Re-measurement of prior year loan loss provision						-
Transfer between reserves:						
Transfer to regulatory risk reserve			(847,485)		847,485	-
Transfer to statutory reserve			(10,079,061)	10,079,061		-
Total comprehensive income	-	-	22,670,323	10,079,061	847,485	33,596,869
Transactions with equity holders, recorded directly in equity:						
Issued shares paid up during the year						-
Share issue cost						-
	-	-	-	-	-	-
At 31 December 2019	100,000	99,762,570	40,360,711	18,102,257	1,315,400	159,640,938



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020		
	December 2020 N'000	November 2020 N'000
Cash flows from operating activities		
Profit for the year before tax	18,149,935	17,385,829
Company Income Tax paid	(369,636)	(369,636)
Adjust for non-cash items		
Depreciation of plant and equipment	306,630	281,881
Amortization of Intangibles	43,254	38,310
Loss/(Profit) on disposal of PPE	713	164
Interest income on treasury bills	(15,738,932)	(15,699,219)
Impairment on financial assets	867,671	1,088,765
Interest expense accrual for the period	11,263,712	10,317,360
Changes in:		
Net decrease in Accruals and other payables	(495,685)	(396,494)
WHT Credit notes set off against Income Tax liability	(228,776)	(228,776)
Net (increase)/decrease in Other assets	(40,610)	(44,947)
Net decrease in loans and advances	(116,278,140)	(88,001,145)
Net increase in other financial assets ECL	(691,727)	(791,174)
Net cash flows from operating activities	(103,211,589)	(76,419,082)
Investment income received on treasury bills	27,145,159	27,140,087
Cash flows from investing activities		
Purchase of treasury bills	(34,923,686)	(34,923,686)
Proceeds from matured investment in treasury bills	237,315,197	236,820,269
Acquisition of property and equipment	(1,341,743)	(1,321,349)
Purchase/(Reclass/Disposal) of intangible assets	(73,732)	(49,947)
Net cash flows used in investing activities	228,121,197	227,665,376
Cash flows from financing activities		
Principal loan repayments - KfW	(5,812,951)	(2,906,475)
Principal loan repayments - AfDB	(4,650,998)	(4,650,998)
Principal loan repayments - ADF	(574,489)	(574,489)
Principal loan repayments - AFD	(1,389,227)	(1,389,227)
Long Term Debt inflow - AFD	15,795,675	-
Interest paid on long term borrowing - KfW	(2,261,401)	(1,159,701)
Interest paid on long term borrowing - AfDB	(4,411,823)	(4,411,823)
Interest paid on long term borrowing - ADF	(296,214)	(296,214)
Interest paid on long term borrowing - AFD	(2,422,033)	(2,422,033)
Net cash flows from financing activities	(6,023,461)	(17,810,960)
Net increase/(decrease) in cash and cash equivalents	118,886,147	133,435,334
Cash and cash equivalents, beginning of year	130,000,788	130,000,788
Cash and cash equivalents, end of year	248,886,935	263,436,122



NOTES TO THE MANAGEMENT ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020						
	December 2020	November 2020	MoM Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
	N'000	N'000	N'000	N'000	N'000	%
1 Interest and discount income						
Placements	327,035	414,788	(87,753)	7,172,999	8,214,269	-12.7%
Placements - SDIS	63	59	4	152	-	0.0%
Treasury bills	39,712	219,030	(179,317)	15,738,932	17,497,045	-10.0%
Loans and advances	1,360,321	1,169,501	190,820	10,517,652	9,543,850	10.2%
Total interest income	1,727,131	1,803,378	(76,246)	33,429,736	35,255,164	-5.2%
2 Interest and similar expense						
Borrowed funds	946,353	905,753	40,600	11,263,712	11,332,558	0.6%
Interest expense	946,353	905,753	40,600	11,263,712	11,332,558	0.6%
3 Net Impairment (charge)/write back						
ECL - Loan assets	(570,080)	544,001	(1,114,081)	(867,671)	(787,496)	10.2%
ECL - Other assets	791,174	100,176	690,998	-	(379,195)	-100.0%
	221,094	644,177	(423,083)	(867,671)	(1,166,692)	25.6%
4 Other incomes						
Profit/(loss) on disposal of fixed assets	(549)	(1,030)	481	(713)	274	0.0%
Other income	16,146	1	16,145	17,222	1,071	0.0%
PIU Income	-	-	-	87,669	-	0.0%
Recovered Shared Service Cost	23,082	-	23,082	42,503	-	0.0%
	38,679	(1,029)	39,708	146,680	1,345	0.0%
5 Fee and commission income/Expense						
Fees	15,276	(2,172)	17,449	(87,524)	(145,350)	39.8%
	15,276	(2,172)	17,449	(87,524)	(145,350)	39.8%
6 Operating expenses						
Staff cost (6a)	130,280	129,543	737	1,383,949	1,705,278	18.8%
** Administration and general expenses (6b)	(18,724)	129,180	(147,903)	907,989	936,213	3.0%
Depreciation of property plant and equipment	24,750	23,651	1,098	306,630	315,822	2.9%
Amortization of intangible assets	4,943	5,269	(325)	43,254	43,687	1.0%
Auditor's remuneration	1,313	1,313	-	15,750	15,750	0.0%
* Directors emolument	(24,171)	19,392	(43,563)	189,137	232,700	18.7%
Legal, consultancy and other professional fees	173,332	15,105	158,227	360,864	377,963	4.5%
Operating expenses	291,722	323,452	(31,730)	3,207,573	3,627,413	11.6%
*December 2020 credit balance in Directors emolument resulted from year end reversal of excess accruals for directors fee during the year						



	December 2020	November 2020	MoM Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
	N'000	N'000	N'000	N'000	N'000	%
FOR THE YEAR ENDED DECEMBER 31, 2020						
6a Staff Cost						
Salaries	106,811	118,920	(12,109)	1,183,003	1,372,123	13.8%
ITF Level & NSITF	6,200	1,709	4,491	22,920	22,492	-1.9%
Staff training	800	2,717	(1,917)	43,841	140,741	68.8%
Recruitment expenses	-	-	-	3,405	1,650	-106.3%
Other staff expense	16,468	6,196	10,272	130,780	168,272	22.3%
Staff cost	130,280	129,543	737	1,383,949	1,705,278	18.8%
6b Administrative and General expenses						
Stationery	848	-	848	5,968	12,500	52.3%
Outsourcing	583	1,654	(1,071)	20,164	27,940	27.8%
Office rent and rates	7,638	7,638	-	93,428	93,187	-0.3%
Marketing, advertising and Sponsorship	(87,185)	51,112	(138,296)	276,573	300,430	7.9%
Subscriptions, publications, and communications	6,002	799	5,203	34,337	35,394	3.0%
Insurance and licences	1,489	1,489	-	17,966	56,791	68.4%
Repairs and maintenance	2,695	1,348	1,347	18,321	20,429	10.3%
Other administration and general expenses	18,060	14,727	3,333	87,115	86,410	-0.8%
Bank charges	560	315	245	3,387	6,000	43.5%
Travels and accommodation	4,226	2,140	2,086	45,169	48,780	7.4%
IT and Communications expenses	8,492	1,672	6,820	132,290	154,249	14.2%
Board expenses	7,729	2,938	4,791	38,465	94,103	59.1%
PIU Expense	10,139	43,348	(33,210)	134,805	-	
Administration and General Expenses	(18,724)	129,180	(147,903)	907,989	936,213	3.0%
**Marketing, advertising and Sponsorship is in credit for the month of December 2020 resulted from reclassification of professional fees related costs from Marketing, advertising and Sponsorship at year end						
7 Cash and bank balances						
With Local Banks:						
- Guaranty Trust Bank	59,427	45,893	13,535	59,427	12,916	-360.1%
- United Bank for Africa	553	937	(384)	553	3	-17206.1%
- First Bank of Nigeria	949	965	(15)	949	1,017	6.6%
- Eco Bank	58,649	62,030	(3,381)	58,649	59,374	1.2%
- Stanbic IBTC	1,364	1,364	-	1,364	1,786	23.6%
- Access Bank	209	31,796	(31,587)	209	153	-36.1%
- Zenith bank	238	11,238	(11,000)	238	5,999	96.0%
- Fidelity bank	4,375	8,449	(4,074)	4,375	110,870	96.1%
- FCMB	2,056	8,128	(6,073)	2,056	521	-294.7%
- Union bank	18,542	16,009	2,533	18,542	120	-15318.2%
- Wema bank	916	6,834	(5,918)	916	-	
	147,277	193,642	(46,364)	147,277	192,759	-23.6%



	December 2020	November 2020	MoM Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
	N'000	N'000	N'000	N'000	N'000	%
FOR THE YEAR ENDED DECEMBER 31, 2020						
Current account with CBN:						
- DBN-CBN Operations account	80,990	132,348	(51,358)	80,990	61,458	-31.8%
- DBN-PIU CBN Operations account - NGN	89	4,073	(3,984)	89	12,400	99.3%
- DBN-PIU CBN Operations account - USD	76,896	83,042	(6,146)	76,896	168,886	54.5%
- DBN-IBRD account with CBN	926	926	0	926	1,248	25.8%
- DBN-AFD account with CBN	643	473	-	643	634	-1.4%
- DBN-KfW account with CBN	981	981	-	981	1,285	23.6%
- DBN-AfDB account with CBN	1,423	1,423	-	1,423	1,864	23.6%
- DBN-ADF account with CBN	572	572	-	572	750	23.6%
	162,521	223,839	(61,487)	162,521	248,524	34.6%
Total Cash and Bank balances						
	309,799	417,481	(107,852)	309,799	441,283	-29.8%
8 Due from financial institutions						
Fixed placements	211,469,000	253,258,000	(41,789,000)	211,469,000	213,583,520	-1.0%
Call placements	38,306,000	10,790,000	27,516,000	38,306,000	-	
Fixed Placements - SDIS	37,181	37,181	-	37,181	-	
	249,812,181	264,085,181	(14,273,000)	249,812,181	213,583,520	17.0%
Interest receivable - Bank placements	136,111	405,510	(269,399)	136,111	276,640	-50.8%
Interest receivable - Call placements	1,384	(0)	1,384	1,384	-	
Interest receivable - SDIS Fixed placements	152	89	-	152	-	
	137,648	405,599	(268,015)	137,647	276,640	-50.2%
Other asset ECL	(1,372,692)	(1,472,139)	99,447	(1,372,692)	(1,060,160)	29.5%
	248,577,137	263,018,641	(14,541,015)	248,577,136	212,800,000	16.8%
9 Loans and advances to customers						
PFI Loans	215,129,830	186,844,650	28,285,179	215,129,830	159,668,616	34.7%
	215,129,830	186,844,650	28,285,179	215,129,830	159,668,616	34.7%
Term loan ECL	(913,284)	(1,034,931)	121,647	(913,284)	(1,524,836)	-40.1%
	214,216,546	185,809,720	28,406,827	214,216,546	158,143,780	35.5%



	December 2020	November 2020	MoM Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
	N'000	N'000	N'000	N'000	N'000	%
FOR THE YEAR ENDED DECEMBER 31, 2020						
10 Investment securities						
10a Investment securities at amortized cost						
FGN Treasury securities						
Treasury bills at amortized cost	14,500,000	15,000,000	(500,000)	14,500,000	63,947,585	77.3%
	14,500,000	15,000,000	(500,000)	14,500,000	63,947,585	77.3%
Unearned discount income - Treasury bills	(276,499)	(316,211)	39,712	(276,499)	(995,447)	-72.2%
	(276,499)	(316,211)	39,712	(276,499)	(995,447)	-72.2%
Total investment securities @ amortized cost	14,223,501	14,683,789	(460,288)	14,223,501	62,952,138	77.4%
10b Debt Securities						
FGN Bonds	-	-	-	-	30,000,000	
Corporate bond/debenture	-	-	-	-	10,000,000	
	-	-	-	-	40,000,000	
Total Investment Securities	14,223,501	14,683,789	(460,288)	14,223,501	102,952,138	
11 Investment in subsidiaries						
Investment in subsidiary	11,375,000	11,375,000	-	11,375,000	11,375,000	0.0%
	11,375,000	11,375,000	-	11,375,000	11,375,000	0.0%
12 Other assets						
Other receivables	7,039	65,148	(58,109)	7,039	27,011	-73.9%
WHT Receivable	386,911	367,708	19,203	386,911	318,453	21.5%
Net Financial Asset	393,949	432,855	(38,906)	393,949	345,465	-14.0%
Prepayments	165,718	138,037	27,682	165,718	98,750	-67.8%
Non Financial Asset	165,718	138,037	27,682	165,718	98,750	-67.8%
Total other assets	559,668	570,892	(11,224)	559,668	444,214	26.0%



	December 2020	November 2020	MoM Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
	N'000	N'000	N'000	N'000	N'000	%
FOR THE YEAR ENDED DECEMBER 31, 2020						
13 Intangible assets						
Computer software	227,130	203,345	23,785	227,130	218,473	-4.0%
Amortisation-computer software	(90,180)	(85,237)	(4,943)	(90,180)	(98,224)	-8.2%
	136,949	118,108	18,841	136,949	120,249	-13.9%
14 Property Plant and equipment						
Motor Vehicles	702,769	702,769	-	702,769	782,769	10.2%
Furniture and Fittings	79,418	79,418	-	79,418	98,291	19.2%
Computer Equipment	208,474	211,311	(2,837)	208,474	244,129	14.6%
Office Equipment	98,497	92,711	5,785	98,497	124,485	20.9%
Leasehold Improvement	103,926	103,926	-	103,926	106,561	2.5%
Work In Progress - PPE	2,540	8,883	(6,343)	2,540	24,885	89.8%
Asset Under Construction	1,284,296	1,260,507	23,789	1,284,296	1,800,000	28.7%
Book Value of PPE	2,479,919	2,459,525	20,394	2,479,919	3,181,119	22.0%
Accumulated Depreciation on PPE						
Motor Vehicles - Depreciation	(458,284)	(443,643)	(14,641)	(458,284)	(470,590)	-25.3%
Furniture and Fittings - Depreciation	(35,219)	(33,895)	(1,324)	(35,219)	(35,656)	-1.2%
Computer Equipment - Depreciation	(125,052)	(125,050)	(2)	(125,052)	(139,836)	-10.6%
Office Equipment - Depreciation	(47,068)	(45,898)	(1,170)	(47,068)	(48,769)	-3.5%
Leasehold Improvement - Amortization	(86,699)	(85,425)	(1,275)	(86,699)	(87,868)	-1.3%
Accumulated Depreciation on PPE	(752,323)	(733,912)	(18,411)	(752,323)	(782,720)	3.9%
Net Book Value of PPE	1,727,597	1,725,613	1,983	1,727,597	2,398,398	28.0%
15 Deferred Tax						
Deferred Tax Asset	1,546,819	1,546,819	-	1,546,819	1,546,819	0.0%
	1,546,819	1,546,819	-	1,546,819	1,546,819	0.0%

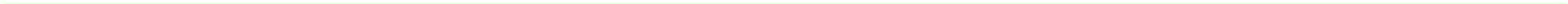
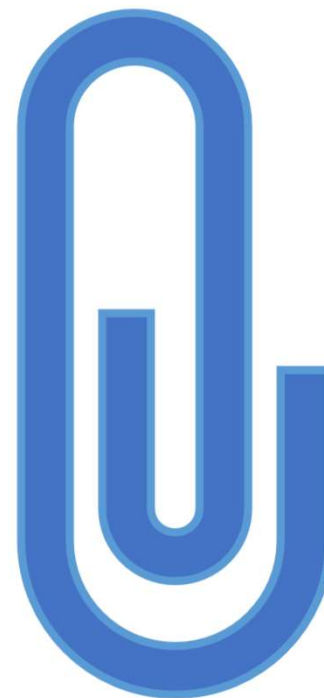


	December 2020	November 2020	MoM Variance	Actual Full Year December 2020	Budget Full Year December 2020	Budget Variance
FOR THE YEAR ENDED DECEMBER 31, 2020	N'000	N'000	N'000	N'000	N'000	%
16 PFI Deposits for loan repayments						
Deposit for loan repayments	148,284	140,100	8,184	148,284	-	
	148,284	140,100	8,184	148,284	-	0.0%
17 Long term debt						
Long term debt - IBRD	139,564,840	139,127,171	437,669	139,564,840	139,564,840	0.0%
Long term debt - AFD	42,359,171	26,473,405	15,885,766	42,359,171	39,301,483	7.8%
Long term debt - KfW	52,322,262	56,144,127	(3,821,865)	52,322,262	52,316,558	0.0%
Long term debt - ADF	13,816,751	13,805,073	11,678	13,816,751	13,810,724	0.0%
Long term debt - AfDB	65,661,921	65,441,316	220,605	65,661,921	65,548,060	0.2%
	313,724,945	300,991,093	12,733,852	313,724,945	310,541,666	1.0%
18 Current income tax liabilities						
Police Trust Fund Levy	1,631	1,631	-	1,631	-	0.0%
	1,631	1,631	-	1,631	-	0.0%
19 Other liabilities						
Accrued expenses	803,705	892,606	(88,902)	803,705	1,011,476	20.5%
Other liabilities	203,577	213,866	(10,289)	203,577	260,738	21.9%
	1,007,282	1,106,473	(99,191)	1,007,282	1,272,214	-20.8%



DBN
Development
Bank of Nigeria Plc
RC. 1215724

Appendix



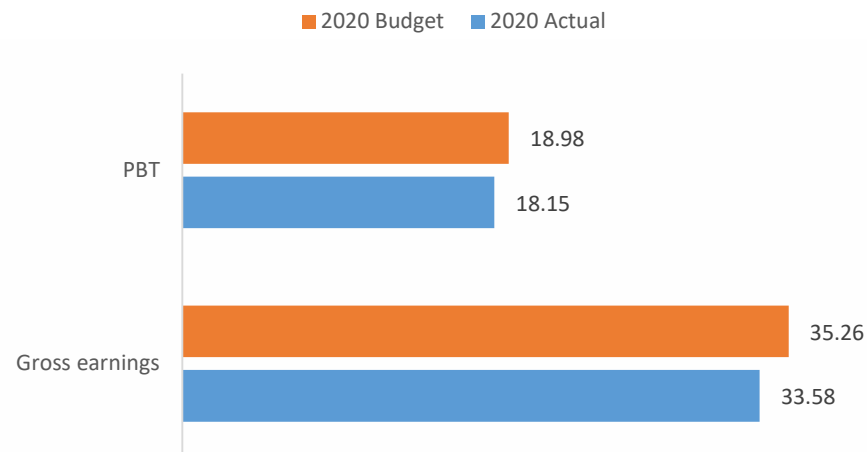


DBN
Development
Bank of Nigeria

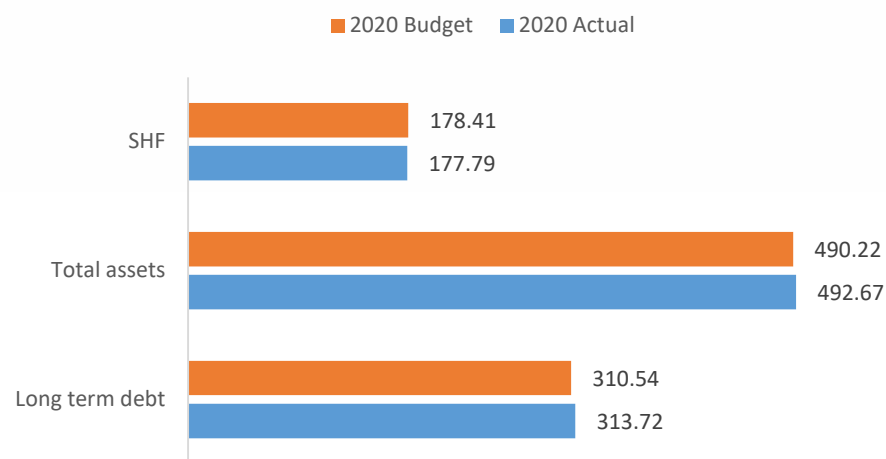
KEY HIGHLIGHTS

RATIOS	2020 - ACTUAL	2020 - BUDGET YTD
Profitability		
Net interest margin	4.6%	5.5%
ROAA- Annualized	3.8%	3.9%
ROAE- Annualized	10.8%	11.2%
Profit Margin	54.1%	53.8%
Cost to Income	14.4%	15.3%
Cost to Income from loan	30.5%	38.0%
Liquidity		
Liquidity ratio	83.9%	101.8%
Loans/Debt	68.3%	51.4%
Cost of Funds	3.8%	3.8%
Asset quality		
NPL	0%	N/A
NPL/Total loans	0%	N/A
Provisions/NPL	0%	N/A
Interest cover	3x	3x
Asset Turnover	0.07x	0.07x
Times Interest Earned	2.68x	2.78x
Financial leverage	2.8	2.7

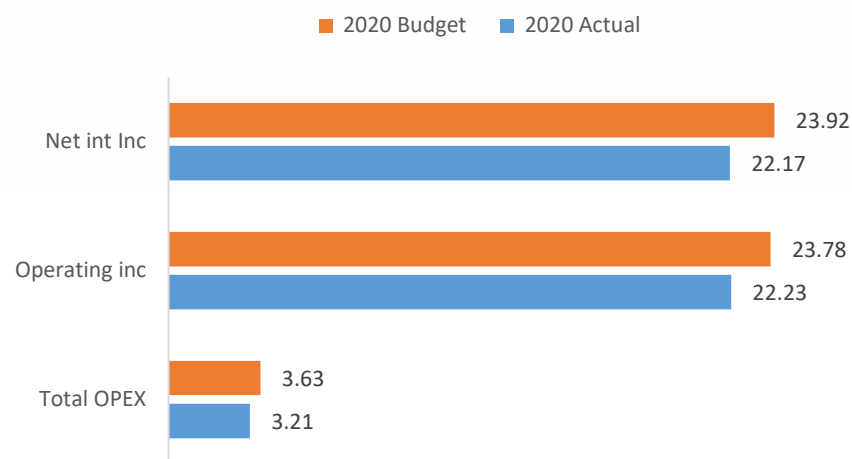
YTD PROFITABILITY INDICES (N'BLLN)



BALANCE SHEET INDICES (N'BLLN)



INCOME STATEMENT (N'BLLN)





COMMENTARIES ON THE MANAGEMENT ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

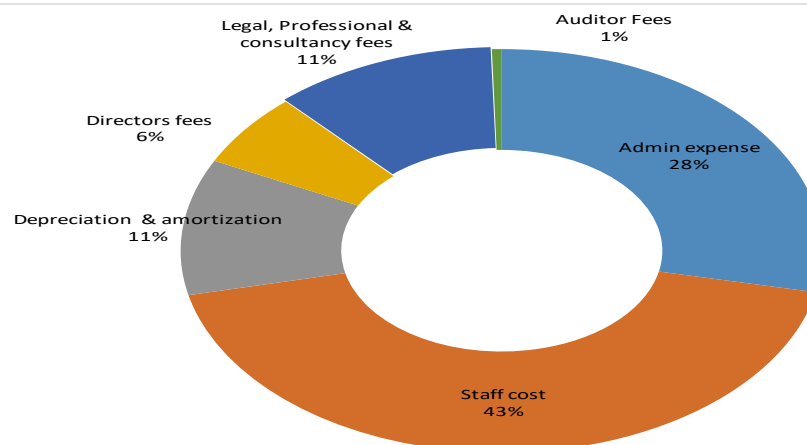
1.0 Statement of comprehensive income

- 1.1 2020 Financial year is one that would not be forgotten in a hurry by businesses all over the globe. Global oil price crash, COVID-19 pandemic leading to business lockdown world wide were some of the highlights of the financial year. For the Nigeria business community, the 2020 financial year challenges were not limited to the earlier mentioned but ripple effect brought about depreciation in the Naira value, reduction in policy rate leading to reduced market rates, the economy plunging into another recession amongst other financial challenges. These in no small measure impacted all scale of businesses all over the world with the Micro, Small, Medium Scale Enterprises feeling the heat more due to their predominantly poor financial support in Nigeria. DBN was not exempted from the impact of the stated challenges during the financial year with the Bank experiencing very low loan disbursement during the first through the second quarter of the year and the resultant effect in lower revenues partly due to lower loan disbursements, also to reduced market rates on investments. Further more, the Loan to Deposit restrictions imposed on Deposit Money Banks (DMBs) was another challenge faced by the Bank during the financial year in trying to convince DMBs to take up DBN funds. In the midst of these challenges, the Bank was able to meet its key financial targets for the 2020 financial year.
- 1.2 The Bank closed the financial year on a total revenue of N33.43bn against a budget of N35.26bn resulting in a budget achievement of 95%. Of the total revenue, revenue from loans accounted for 31.5% while discount income from treasury bills accounted for 47.1%. More so, the revenue from loans and advances exceeded the budgeted revenue from loans and advances by 10% while the Bank achieved 90% of the budgeted revenue from treasury bills for the financial year.
- 1.3 The Bank disbursed a total of N51.74bn loans to various PFIs during the month of December 2020 (N51.30b to DMBs and N439m to MFBs) bringing total loan disbursements from commencement of operations in 2017 to date to N323.24bn.
- 1.4 Interest expense increased by 4% MoM to N946.35m for the month of December 2020 (November 2020: N905.75m). The increase resulted primarily from interest accrual on the 3rd tranche of AFD fund received during the month of December 2020. Total interest expense on long term debt for 2020 financial year was N11.26bn. During the financial year, actual interest expense paid on long term debt amounted to N9.39bn with a total of N11.13bn payable as at the year end.
- 1.5 With an effective budget management system during the year, the 2020 financial year closed on a total operating expenses of N3.20bn against a budget of N3.62bn; resulting in a favourable budget variance of 11.6%. Operating expense for the month of December 2020 was N291.72m (November: N323.45m), a MoM decrease of 9.8% resulting primarily from deliberate cut down in expenses as the Bank approached the expense budget limits for the financial year. Staff cost constituted about 43% of the Bank's YTD total operating expense as at year end and has consistently made up 45% of the monthly operating expense through the 2020 financial year. Salaries and wages component of the staff cost was about 82% of the total staff cost for the month of December and 85% of the full year total staff cost while training cost, which in past years accounted for significant portion of the total staff cost, recorded major savings during the financial year as a result of the restrictions and new normals (virtual trainings at reduced costs) imposed by the COVID-19 pandemic was just about 3.2% of the financial year total staff cost.



Chart I

Operating Expense for the year



OPEX - YTD	=N=000
Admin	
Office rent amortization	93,428
Marketing, advertisement & Sponsor	276,573
Travels & accommodation	45,169
Subscription & publications	34,337
Board expenses	38,465
Insurance and licenses	17,966
IT and Communications expenses	132,290
Repairs and maintenance	18,321
Other OPEX	251,439
	907,989
Consulting & Others	
Legal, consultancy & other professional fees	360,864
Directors fees and allowances	189,137
Depreciation and amortization	349,884
Audit fees	15,750
	915,635
Staff	
Salaries	1,183,003
Other staff costs	200,947
	1,383,949
Total OPEX - YTD	3,207,573



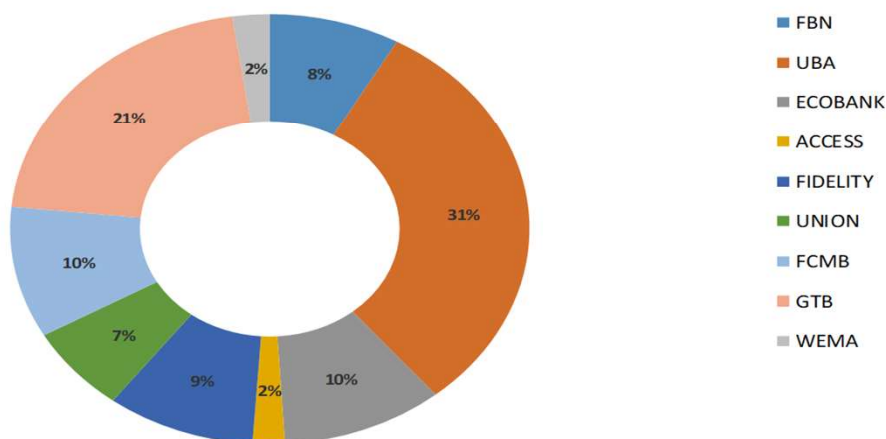
1.6 With financial year 2020 closing on a risk asset balance of N215.13bn and deposit with banks of N249.81bn, the expected credit loss charged for 2020 financial year amounted to N867.67 million and a write back of N221.09 million for the month of December 2020. Consequently, the reported profit before tax (PBT) for 2020 financial year was N18.15bn representing 96.3% of the 2020 financial year budget. December 2020 reported a PBT of N764.1 million.

2.0 Statement of Financial Position

2.1 The financial year closed with a total deposit with banks of N248.58bn (including interest receivable and net of ECL), decreasing from N264.08bn as at November 30, 2020. The reduction partly funded the major loan disbursements during the month of December 2020. Bank placements comprise of 84.7% in fixed deposits and 15.3% call deposits at year end. Included in the Fixed placements is N37.18 million with Ecobank relating to the Bank's Staff Death-in-Service (SDIS) scheme planned assets. In line with IAS 19 - Employee Benefit, the scheme is expected to be valued by an actuary with the present value of the defined benefit obligation and fair value of planned asset reported in the financial statements according to the provisions of IAS 19 - Employee Benefit. The present value of future benefit obligation (PVBO) valued as at January 1, 2020 was N557.57 million representing current service cost. This is expected to be charged to profit or loss for the year and a benefit obligation/liability booked for this amount. This leg of the accounting entries is yet to be incorporated in the accounts as we are expected to value the PVBO for 2020 financial year. With the N15.79bn ADF fund inflow during the month of December 2020, the Bank's balance sheet size at the year end trends the half a trillion naira mark at N492.67bn (November: N479.27bn). More so, the financial year closed on a Shareholders' fund of N177.79bn (November: 177.03bn) - See page on yearly financial trend 2017 - 2020.

Chart 2

Placement with Banks - December 31, 2020





2.2 Consequent to the loan disbursements totalling the sum of N51.74bn during the month of December 2020, the 2020 financial year closed on a net loan balance of N214.22bn representing a 17% favourable budget variance. 2020 financial year end gross loans and advances was N215.13bn (including accrued interests) with total ECL balance of N913.28 million.

2.3 The Bank's investment in treasury bills dropped to a record low of 2.89% of the total assets and 2.98% of total earning assets of the Bank as at the year end in favour of loans and advances which now make up 43.5% of total assets and 44.9% of total earning assets. Total assets and total earning assets at year end were N492.67bn and N477.02bn (November: N479.27bn and N463.51bn) respectively. During the 2020 financial year, the Bank made a total of N12.42bn in principal repayments on various development partners long term debts and total interest payments of N9.39bn, however, a total of N15.79bn was received as additional debt inflow during the year (AFD fund). In this view, the financial year closed with a total long term borrowing of N313.72bn (including accrued interest).

3.0 Ratios

3.1 December 2020 Cost to Income Ratio (CIR) was 14.4% against a budget of 15.3% and Cost to income on loans was 30.5% against a budget of 38.0%.

3.2 Return on Asset (ROA) and Return on Equity (ROE) were 3.8% and 10.8% as at December 31, 2020 respectively against budgets of 3.9% and 11.2%. Profitability remains strong with a Profit Margin of 54.1%.

3.3 Utilization ratio (Loan to debt) was 68.3% against a budget of 51.4% as at December 31, 2020. The Liquidity ratio stood at 83.9% against a budget of 101.8%.

3.4 The Bank's cost of funds remains unchanged at 3.81% as at the financial year end.