DBN
Development Bank of Nigeria
RC 1215724
...Financing Sustainable Growth

Management Accounts

September 30, 2019

Index to the financial statements
For the period ended 30 September, 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPT 2019

	Notes	2019 3months (July-Sept) N'000	2019 9months (Jan-Sept) N'000	2018 3months (July-Sept) N'000	2018 9months (Jan-Sept) N'000
Interest income	1	12,216,680	32,369,625	8,181,409	22,267,161
Interest expense	2	(2,337,514)	(5,351,926)	(1,151,107)	(3,152,793)
Net interest income		**9,879,166**	**27,017,699**	**7,030,302**	**19,114,368**
Impairment (charge)/write-back	3	(40,938)	(369,649)	(128,962)	(137,545)
Net Interest income after impairment		**9,838,228**	**26,648,049**	**6,901,340**	**18,976,823**
Other income	4	-	-	-	93,345
Fee and commission expense	5	(34,425)	(94,956)	(27,315)	(68,055)
Operating expenses	6	(1,008,011)	(2,587,202)	(787,103)	(1,836,977)
Profit before tax		**8,795,792**	**23,965,892**	**6,086,922**	**17,165,136**

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

		30-Sep-19	30-Sep-18
Assets	**Notes**	**N'000**	**N'000**
Cash and bank balances	7	720,891	1,323,116
Due from financial institutions	8	78,775,631	40,131,762
Loans and advances	9	84,852,455	6,961,270
Investment securities	10	238,370,280	198,630,644
Investment in subsidiaries	11	11,375,000	-
Other assets	12	639,897	441,396
Intangible assets	13	43,414	57,855
Property, plant and equipment	14	596,004	604,828
Total assets		**415,373,572**	**248,150,871**
Liabilities			
Long term debt	15	261,608,641	127,011,808
Income tax payable	16	76,370	-
Other liabilities	17	3,678,603	611,373
Total liabilities		**265,363,614**	**127,623,181**
Equity			
Share Capital		100,000	100,000
Share premium		99,762,570	99,762,570
Statutory reserve		8,023,196	1,218,646
Credit risk reserve		467,915	84
Retained earnings		41,656,277	19,446,390
Shareholders' Fund		**150,009,958**	**120,527,690**
Total liabilities and Equity		**415,373,572**	**248,150,871**

STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2019

Bank	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Credit Risk Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2019	**100,000**	**99,762,570**	**176,690,388**	**8,023,196**	**467,915**	**126,044,069**
Profit before tax for the year			23,965,892			23,965,892
Transfer between reserves:						
Transfer to regulatory risk reserve			-		-	-
Transfer to statutory reserve			-	-		-
Total comprehensive income	-	-	**23,965,892**	-	-	**23,965,892**
Transactions with equity holders, recorded directly in equity:						
Issued shares paid up during the year	-	-	-			-
Share is cost		-	-			-
	-	-	-	-	-	-
Balance as at 30 September, 2019	**100,000**	**99,762,570**	**41,656,279**	**8,023,196**	**467,915**	**150,009,958**
	Share Capital	Share Premium	Retained Earnings	Statutory Reserves	Credit Risk Reserve	Total
	N'000	N'000	N'000	N'000	N'000	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			22,681,836			22,681,836
Re-measurement of prior year loan loss provision			(321)			(321)
Transfer between reserves:						
Transfer to regulatory risk reserve			(467,915)		(467,915)	-
			84		84	-
Transfer to statutory reserve			(6,804,550)	6,804,550		-
Total comprehensive income	-	-	**15,409,133**	**6,804,550**	**467,831**	**22,681,514**
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
At 31 December 2018	**100,000**	**99,762,570**	**17,690,388**	**8,023,196**	**467,915**	**126,044,069**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	30-Sep-19	30-Sep-18
	N'000	**N'000**
Cash flows from operating activities		
Profit for the period before tax	23,965,892	17,165,136
Adjust for non-cash items		
Depreciation of plant and equipment	176,700	97,778
Amortization of Intangibles	21,038	7,126
Interest income on treasury bills	(23,500,560)	(19,338,055)
Impairment on financial assets	369,649	137,545
Company Income Tax paid	(152,740)	(41,032)
Interest expense accrual for the period	5,351,926	3,152,793
Changes in:		
Net increase in Accruals and other payables	2,847,077	286,665
Net decrease in Other assets	(241,795)	(370,246)
Net increase in loans and advances	(56,867,355)	(6,920,227)
Net increase in other financial assets ECL	(315,393)	-
Net cash flows from operating activities	**(48,345,562)**	**(5,822,518)**
Investment income received on treasury bills	10,835,607	14,572,022
Cash flows from investing activities		
Purchase of treasury bills	(156,888,765)	(197,308,378)
Proceeds from matured investment in treasury bills	117,351,070	112,215,127
Acquisition of property and equipment	(198,122)	(389,490)
Investment in subsidiaries	(11,375,000)	-
Purchase of intangible assets	-	(55,302)
Net cash flows used in investing activities	**(40,275,210)**	**(70,966,021)**
Cash flows from financing activities		
Increase in share capital	-	60,000
Proceeds from long term borrowing	106,538,900	15,354,331
Interest expense on long term borrowing paid during the period	(1,986,248)	-
FMOF loan repayment	-	(100,000)
Financing private placement	-	(35,000)
Proceeds from share issue	-	59,804,286
Net cash flows from financing activities	**104,552,652**	**75,083,617**
Net increase/(decrease) in cash and cash equivalents	15,931,880	(1,704,922)
Cash and cash equivalents, beginning of year	63,564,642	43,159,800
Cash and cash equivalents, end of period	**79,496,522**	**41,454,878**

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	2019 3months (July-Sept) N'000	2019 9months (Jan-Sept) N'000	2018 3months (July-Sept) N'000	2018 9months (Jan-Sept) N'000
1. Net interest income				
Placements	1,814,203	4,795,287	1,093,373	2,799,085
Treasury bills	8,651,684	23,500,560	6,976,551	19,338,055
Loans and advances	1,750,792	4,073,778	111,485	130,021
Bonds		-		
Interest income	**12,216,680**	**32,369,625**	**8,181,409**	**22,267,161**
2. Interest and similar expense				
Borrowed funds	2,337,514	5,351,926	1,151,107	3,152,793
Interest expense	**2,337,514**	**5,351,926**	**1,151,107**	**3,152,793**
3. Net Impairment charge				
Impairment on financial assets:				
ECL - Financial assets	(40,938)	(369,649)	(128,962)	(137,545)
	(40,938)	**(369,649)**	**(128,962)**	**(137,545)**
4. Other incomes				
Other incomes	-	-	-	93,345
	-	-	-	**93,345**
5. Feeand commission income/Expense				
Fees	(34,425)	(94,956)	(27,315)	(68,055)
	(34,425)	**(94,956)**	**(27,315)**	**(68,055)**
6. Operating expenses				
Staff cost (6a)	489,816	1,464,299	388,521	972,195
Administration and general expenses (6b)	329,112	630,447	249,439	411,308
Depreciation of property plant and equipment	73,172	176,700	42,672	97,778
Amortization of intangible assets	7,013	21,038	4,488	7,126
Auditor's renumeration	2,625	7,875	3,750	11,750
Directors emolument	18,850	56,550	18,850	56,550
Legal, consultancy and other professional fees	87,424	230,292	79,382	280,271
Operating expenses	**1,008,011**	**2,587,202**	**787,103**	**1,836,977**

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	2019 3months (July-Sept) N'000	2019 9months (Jan-Sept) N'000	2018 3months (July-Sept) N'000	2018 9months (Jan-Sept) N'000
6a Staff Cost				
Salaries	250,310	710,376	219,101	559,298
ITF Level & NSITF	3,877	13,471	3,111	8,608
Staff training	72,884	102,352	18,351	26,775
Recruitment expenses	3,258	4,531	7,915	24,843
Other staff expense	159,487	633,569	151,781	352,670
Staff cost	**489,816**	**1,464,299**	**400,258**	**972,195**
6a Administrative and General expenses				
Stationery	5,278	5,278	3,031	5,438
Outsourcing	16,205	24,701	3,860	7,929
Office rent and rates	32,477	52,816	13,739	41,218
Marketing, advertising and Sponsorship	152,510	230,251	149,508	192,630
subscriptions, publications, and communications	4,440	18,028	15,901	33,443
Insurance and licences	7,486	22,183	6,471	14,476
Repairs and maintenance	9,118	17,709	5,063	12,838
Other administration and general expenses	15,992	34,170	6,756	15,642
Bank charges	4,187	5,041	786	1,071
Travels and accommodation	23,545	73,177	31,540	64,089
IT and Communications expenses	36,962	82,854	1,933	3,485
Board expenses	20,912	64,239	10,790	19,049
Administration and General Expenses	**323,834**	**630,447**	**246,409**	**411,308**
7 Cash and bank balances with Local Banks:				
- Guaranty Trust Bank	31,176	31,176	56,633	56,633
- United Bank for Africa	84,800	84,800	120,740	120,740
- First Bank of Nigeria	2,834	2,834	83,448	83,448
- Eco Bank	73,785	73,785	97,647	97,647
- Stanbic IBTC	1,445	1,445	-	-
- Access Bank	4,271	4,271	11,762	11,762
- Zenith bank	4,406	4,406	-	-
	202,717	**202,717**	**370,230**	**370,230**
Current account with CBN:				
- DBN-CBN Operations account	515,656	515,656	948,739	948,739
- DBN-IBRD account with CBN	958	958	15	15
- DBN-AFD account with CBN	484	484	1,134	1,134
- DBN-KfW account with CBN	981	981	243	243
- DBN-AfDB account with CBN	91	91	91	91
- DBN-ADF account with CBN	4	4	2,664	2,664
	518,174	518,174	952,886	952,886
Total Cash and Bank balances	**720,891**	**720,891**	**1,323,116**	**1,323,116**

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	2019 3months **(July-Sept) N'000**	2019 9months **(Jan-Sept) N'000**	2018 3months **(July-Sept) N'000**	2018 9months **(Jan-Sept) N'000**
8. Due from financial institutions				
Fixed placements	73,748,000	73,748,000	39,700,000	39,700,000
Call placements	5,113,172	5,113,172	200,000	200,000
	78,861,172	78,861,172	39,900,000	39,900,000
Interest receivable - Bank placements	227,696	227,696	231,762	231,762
Interest receivable - Call placements	2,157	2,157	-	-
	229,853	229,853	231,762	231,762
Other asset ECL	(315,393)	(315,393)	-	-
	78,775,631	**78,775,631**	**40,131,762**	**40,131,762**
9. Loans and advances to customers				
PFI Loans	85,257,103	85,257,103	7,102,449	7,102,449
	85,257,103	**85,257,103**	**7,102,449**	**7,102,449**
Term loan ECL	(404,648)	(404,648)	(141,179)	(141,179)
	84,852,455	**84,852,455**	**6,961,270**	**6,961,270**
10. Investment securities				
10a Investment securities at amortized cost				
FGN Treasury securities				
FV of Treasury bills - HTM	251,606,915	251,606,915	206,442,523	206,442,523
	251,606,915	251,606,915	**206,442,523**	**206,442,523**
Unearned discount income - Treasury bills - HTM	(13,236,635)	(13,236,635)	(7,811,879)	(7,811,879)
	(13,236,635)	**(13,236,635)**	**(7,811,879)**	**(7,811,879)**
Total investment securities @ amortized cost	**238,370,280**	**238,370,280**	**198,630,644**	**198,630,644**
11. Investment in subsidiaries				
Investment in subsidiaries	11,375,000	11,375,000	-	-
	11,375,000	**11,375,000**	-	-

NOTES TO THE MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	2019 3months (July-Sept) N'000	2019 9months (Jan-Sept) N'000	2018 3months (July-Sept) N'000	2018 9months (Jan-Sept) N'000
12. Other assets				
Other receivables	52,446	52,446	5,282	5,282
WHT Receivable	290,317	290,317	164,021	164,021
	342,763	**342,763**	**169,303**	**169,303**
Allowance for receivables (b)	-	-	-	-
Net Financial Asset	**342,763**	**342,763**	**169,303**	**169,303**
Prepayments	297,134	297,134	272,093	272,093
Non Financial Asset	**297,134**	**297,134**	**272,093**	**272,093**
Total other assets	**639,897**	**639,897**	**441,396**	**441,396**
13. Intangible assets				
Computer software	79,832	79,832	66,378	66,378
Amortisation-computer software	(36,418)	(36,418)	(8,522)	(8,522)
	43,414	**43,414**	**57,855**	**57,855**
14. Property Plant and equipment				
Property Plant and equipment	964,666	964,666	743,759	743,759
Accumulated Depreciation on PPE	(368,662)	(368,662)	(138,931)	(138,931)
Net book values	**596,004**	**596,004**	**604,828**	**604,828**
15. Long term debt				
Long term debt - IBRD	133,109,231	133,109,231	38,152,514	38,152,514
Long term debt - AFD	29,138,702	29,138,702	14,395,430	14,395,430
Long term debt - KfW	61,649,823	61,649,823	37,905,521	37,905,521
Long term debt - ADF	9,677,425	9,677,425	9,582,148	9,582,148
Long term debt - AfDB	28,033,461	28,033,461	26,976,195	26,976,195
	261,608,641	**261,608,641**	**127,011,808**	**127,011,808**
16. Current income tax liabilities				
Income tax payable	76,370	76,370	-	-
	76,370	**76,370**	-	-
17. Other liabilities				
Accrued expenses	1,119,806	1,119,806	572,884	572,884
Other liabilities	2,558,797	2,558,797	38,489	38,489
	3,678,603	**3,678,603**	**611,373**	**611,373**

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 30 SEPTMBER 2019

	Notes	2019 3months **(July-Sept)** **N'000**	2019 9months **(Jan-Sept)** **N'000**	2018 3months **(July-Sept)** **N'000**	2018 9months **(Jan-Sept)** **N'000**
Revenue	1	12,216,680	32,369,625	8,181,409	22,267,161
Gross profit		9,879,166	27,017,699	7,030,303	19,114,368
Profit before tax		**8,795,792**	**23,965,892**	**6,086,922**	**17,165,136**

DBN Development Bank of Nigeria RC 1215724

...Financing Sustainable Growth

DEVELOPMENT BANK OF NIGERIA PLC
REPORT CERTIFICATION
SEPTEMBER 30, 2019

We the undersigned, pursuant to section 60 subsection 2 of the Investments and Securities Act 2007, have reviewed the 3rd 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 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
CHIEF FINANCIAL OFFICER

TONY OKPANACHI
MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER