

# **DEVELOPMENT BANK OF NIGERIA PLC**

## **Annual Report**

**31 December 2023**

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## Corporate Information

### Board of Directors:

Shehu Yahaya	- Chairman/Non-Executive
Anthony Okpanachi	- Managing Director
Henry Baldeh	- Non-Executive Director
Ijeoma D. Ozulumba	- Executive Director
Kyari Abba Bukar	- Independent Non-Executive Director
Aminu Umar-Sadiq	- Non-Executive Director
Folakemi Fatogbe	- Independent Director
Imoni Akpofure	- Independent Director
Mustapha Bintube	- Independent Director
U.K. Eke	- Independent Director
Juilet Anammah	- Independent Director

**Company Secretary/Legal Adviser** Shofola Osho  
*FRC/2016/NBA/00000014944*  
Plot 1386A Tigris Crescent,  
Maitama, F.C.T  
Abuja, Nigeria

**Registered office:** Plot 1386A Tigris Crescent,  
Maitama, F.C.T  
Abuja, Nigeria

**Independent auditor:** KPMG Professional Services  
KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMB 40014, Falomo  
Lagos

**Bankers:** Central Bank of Nigeria  
Access Bank Plc  
Ecobank Nigeria Limited  
Fidelity Bank Plc  
First Bank of Nigeria Limited  
First City Monument Bank Limited  
Guaranty Trust Bank Plc  
Stanbic IBTC Bank Plc  
Union Bank of Nigeria Plc  
United Bank for Africa Plc  
Zenith Bank Plc  
Wema Bank Plc

**Tax Identification Number:** 18945711-0001

**RC No.:** 1215724

## Directors' Report

For the year ended 31 December 2023

The directors present their annual report on the affairs of Development Bank of Nigeria Plc ("DBN" or "the Bank"), and its subsidiary (together "the Group or DBN Group"), together with the audited consolidated and separate financial statements and the independent auditor's report for the year ended 31 December 2023.

### Legal form

Development Bank of Nigeria Plc was incorporated in Nigeria under the Companies and Allied Matters Act as a Public Liability Company on 19 September 2014. It was granted an operating license by the Central Bank of Nigeria to carry on operations as a Wholesale Development Finance Institution (WDFI) on 29 March 2017. The Bank commenced operations on 1 November, 2017.

### Principal activity

Development Bank of Nigeria Plc ("DBN") is a financial institution set up to bridge the gap created by the inability of other development banks, micro-finance banks and commercial banks to satisfy the funding needs of the Micro, Small & Medium Enterprises (MSMEs) in Nigeria. The principal mission of the DBN is to improve the access of micro, small and medium enterprises to longer tenured finance. The Bank plays a focal and catalytic role in providing funding and risk-sharing facilities to MSMEs and small corporates through financial intermediaries. The operation of the Bank will also play an important role in developing the Nigerian financial sector by incentivizing financial institutions, predominantly deposit-money and microfinance banks, to lend to the productive sector, using technical assistance to augment their capacity where necessary and by providing them with funding facilities designed to meet the needs of these smaller customers.

The Bank has one subsidiary, Impact Credit Guarantee Limited, which was incorporated on 8 March 2019 with the aim of carrying on the business of issuing credit guarantees to participating financial institutions (PFI) in respect of loans granted to eligible businesses in the Micro, Small and Medium Enterprises (MSME) sector

### Operating results

Gross earnings of the Group and Bank stood at ₦54.81 billion and ₦52.45 billion respectively (2022: Group: ₦49.36 billion; Bank: ₦47.55 billion). The Group and Bank recorded a profit after taxation of ₦24.49 billion and ₦23.5 billion respectively (2022: Group: ₦20.13 billion; Bank: ₦19.53 billion). Highlights of the Group's and Bank's operating results for the year under review are as follows:

In thousands of Naira

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>Gross earnings</i>	54,814,486	49,362,546	52,446,323	47,552,077
Interest expenses	(12,276,770)	(11,215,724)	(12,261,436)	(11,215,724)
Fee and commission expenses	(10,874)	(11,797)	(6,252)	(9,202)
Guarantee expenses	(537,405)	(514,928)	-	-
Impairment losses on financial assets	2,527,963	(1,250,411)	2,611,224	(1,217,699)
Personnel expenses	(3,213,635)	(2,671,793)	(2,919,828)	(2,373,758)
Operating expenses	(4,766,542)	(3,445,756)	(4,499,784)	(3,213,108)
Profit for the year before taxation	36,537,223	30,252,137	35,370,247	29,522,586
Tax expense	(12,080,106)	(10,118,913)	(11,900,307)	(9,988,671)
Profit for the year after taxation	24,457,117	20,133,224	23,469,940	19,533,915
Retained earnings	86,732,142	76,122,381	83,414,867	73,792,283
Statutory reserve	40,915,056	33,863,738	40,915,056	33,863,738
Regulatory reserve	8,038,653	4,660,615	8,038,653	4,660,615

### Dividend

The Board has proposed to pay N32.7k per share as dividend in the year ended 31 December 2023 (31 December 2022: ₦34.18k per share).

### Board of Directors

The directors who served up to the date of the report are as follows:

Shehu Yahaya	Chairman/Non-Executive
Anthony Okpanachi	Managing Director
Bello Maccido**	Independent Director
Oladimeji Alo **	Independent Director
Phillips Oduoza **	Independent Director
Andrew Alli **	Independent Director
Clare Omatseye **	Independent Director
Ijeoma D. Ozulumba	Executive Director
Henry Baldeh	Non-Executive Director
Kyari Abba Bukar	Independent Non-Executive Director
Aminu Umar-Sadiq	Non-Executive Director
Folakemi Fatogbe***	Independent Director
Imoni Akpofure***	Independent Director
Mustapha Bintube***	Independent Director
U K. Eke***	Independent Director
Juilet Anammah***	Independent Director

## Directors' Report

For the year ended 31 December 2023

### Appointment during the year

Name	Role	Status	Nationality	Date of Appointment/Resignation
Folakemi Fatogbe***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
Imoni Akpofure***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
Mustapha Bintube***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
U.K. Eke***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
Juilet Anammah***	Independent Director	Current director	Nigerian	Appointed 15 February 2024

### Retirement during the year

Name	Role	Status	Nationality	Date of Appointment/Resignation
Bello Maccido**	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Oladimeji Alo **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Phillips Oduoza **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Andrew Alli **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Clare Omatseye **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024

### Directors and their interests

The directors do not have any interest required to be disclosed under section 303 of the Companies and Allied Matters Act (CAMA), 2020 (2022: Nil).

### Directors' interests in contracts

In accordance with section 303 of the Companies and Allied Matters Act (CAMA), 2020, none of the directors have notified the Bank of any declarable interests in contracts with the Bank.

### Ownership

The issued and fully paid-up share capital of the Bank was 100,000,000 (2022: 100,000,000) ordinary shares of ₦1 each. The shareholding structure as at the balance sheet date were as shown below:

Shareholders	31 Dec 23		31 Dec 22	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
<i>In thousands</i>				
Ministry of Finance Incorporated (MOFI)	59,868,000	60%	59,868,000	60%
Nigeria Sovereign Investment Authority (NSIA)	14,967,000	15%	14,967,000	15%
African Development Bank (AfDB)	17,975,000	18%	17,975,000	18%
European Investment Bank (EIB)	7,190,000	7%	7,190,000	7%
<b>Total</b>	<b>100,000,000</b>	<b>100%</b>	<b>100,000,000</b>	<b>100%</b>

The Federal Government of Nigeria is the Bank's major shareholder with the shares held in trust by the Ministry of Finance Incorporated.

### Events after the end of the reporting period

There were no events after the end of the reporting period which could have a material effect on the consolidated and separate financial statements of the Group and Bank which have not been recognized and/or disclosed in the consolidated and separate financial statements.

### Property and equipment

Information relating to changes in property and equipment is given in Note 22 to the consolidated and separate Financial Statements.

### Donations and charitable contributions

The Group and Bank identifies with the aspiration of the country and the business environment in which it operates. To this end, the Group and Bank made donations of ₦43.5 million (31 December 2022: ₦23.94 million) to various organizations during the period: (see note 16)

### 31 December 2023

Purpose	Beneficiaries	Amount (N)
Donation for Support of Academic conference	Baze University	500,000
Donation for Eco Innovation Challenge 2022	Godwin Adoga	750,000
Donation for Eco Innovation Challenge 2022	Atere Onimisi	1,500,000
Donation for Eco Innovation Challenge 2022	Solaristique Nigeria Limited	1,000,000
Donation to Kano Concerned citizens initiative (KCCI) for business upliftment in Kano and Jigawa States.	SDF Nigeria Limited	5,200,000
Support for NANS 2023 One Day Lecture on Challenges of Funding in Nigeria	National Association of Nigerian Students (NANS)	1,000,000
Donation for 2023 FICAN Conference	Finance correspondence association of Nigeria	1,000,000
Renovation of Dilapidated School Blook at Durumi Government School	Durumi Government School	14,250,738
Donation to OEAHD for Empowerment initiative for NW Women	Organization for Environmental, Agricultural and Health Development	6,000,000
Donation to CIBN for 2023 Annual Bankers	The Chartered Institute of Bankers of Nigeria (CIBN)	2,500,000
Donation to NBCC for MSME Ideathon initiative during 2023 Presidential Inauguration	Nigerian-British chamber of commerce	500,000
Donation towards medical bills of some incapacitated patients	Lagos State General Hospital, Odan	300,000
Donation to support 2023 Beeta arts festival	Beeta Universal Arts Foundation	500,000
Donation to APWB 40th Anniversary Marquee event	Association of Professional Women Bankers (APWB)	500,000
Donation to ANDFI Annual Conference	Association of Nigerian Development Finance Institutions(ANDFI)	3,000,000
Donation to Support for the National MSME Clinic for viable Enterprises	Brownvalley Partners Limited	2,000,000
Donation to Support to the Ubola Rural Community Foundation to provide	Ubola Rural Community Foundation	2,000,000
Donation to Support - Nigeria Economic Society for Annual Conference	The Nigeria Economic Society	1,000,000
<b>Total</b>		<b>43,500,738</b>

## Directors' Report

For the year ended 31 December 2023

### 31 December 2022

Purpose	Beneficiaries	Amount (N)
Donation towards CSR Initiative to renovate Durumi School in Abuja	Durumi School	4,893,400
Donation towards National MSME Clinic Secretariat	Brownvalley Partners Limited	4,000,000
Donation towards 15th Annual CIBN Conference	The Chartered Institute of Bankers of Nigeri	2,500,000
Donation towards Lighters Farming World-Lighters Farming World	Lighters Farming World	1,500,000
Donation towards FICAN Annual Conference 2022 and FICAN AGM	Finance Correspondence Association of Nig	1,000,000
Donation towards Creamson Technology Company- First Place winner	Creamson Technology Company	1,000,000
Donation towards Olorun Osun Farms - 2022 DBN training program	Olorun Osun Farms	1,000,000
Donation towards UNIMAID Alumni Market Place Exhibition	University of Maiduguri Alumni Associatio	600,000
Donation towards Baze University Innovation & Entrepreneurship week	Baze University	500,000
Donation towards Kwabit General Merchant- 2022 DBN Entrepreneurship	Kwabit General Merchant	500,000
Donation towards Uchebuaku Enterprises- 2022 DBN entrepreneurship	Uchebuaku Enterprises	500,000
Donation towards Shark Integrated Farm and Agric Business	Shark Integrated Farm	500,000
Donation towards Nemtek Solutions Ltd	NeD Solutions Limited	500,000
Donation towards Homerex Integrated Services	HoD Integrated Services	500,000
Donation towards ENS Innovation Hub Ltd	END Innovation Hub Ltd	500,000
Donation towards Atorn Hrt Global Ventures Limited	Atorn Hrt Global Ventures Limited	500,000
Donation towards Unuafe Omamuzo Daniel - 2022 DBN Training program	Unuafe Omamuzo Daniel	500,000
Donation towards QSOTRADE LIMITED - 2022 DBN Entrepreneurship	Qsotrade Limited	500,000
Donation towards Koreteegold Food n Grocery - 2022 DBN training Program	Koreteegold Food	500,000
Donation towards Naom Bags from the 2022 DBN training program	Naom Bags	500,000
Donation towards Mygi business ventures from the 2022 DBN training	Mygi business ventures	500,000
Donation towards House of Zibima from the 2022 DBN training program	House of Zibima	500,000
Donation towards ACAEBIN 2022 General Meeting	Association of Chief Audit Executives of Be	250,000
Donation towards RIMANs Annual International Conference	Risk Management Association of Nigeria	200,000
<b>Total</b>		<b>23,943,400</b>

### Human resources

#### (i) Employment of disabled persons

The Group maintains a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitudes. The Group's policies prohibit discrimination against disabled persons in the recruitment, training and career development of employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Group continues and appropriate training is arranged to ensure that they fit into the Group's working environment. No disable persons was employed during the year (2022: Nil).

#### (ii) Health, safety and welfare at work

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. The Group operates both a Group Personal Accident and Group Life Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 (as amended).

#### (iii) Employee involvement and training

The Group ensures that employees are informed on matters concerning them. Formal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In accordance with the Bank's policy of continuous development, the Bank draws up annual training programs. The programs include on the job training, classroom sessions and web-based training programs which are available to all staff.

**Directors' Report**

For the year ended 31 December 2023

**(iv) Gender analysis of staff**

The average number of employees of the Group and Bank during the year by gender and level is as follows:

**Group**

31 December 2023

(a) Analysis of total employees

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Employees	40	23	63	63%	37%
	40	23	63	63%	37%

(b) Analysis of Board and senior management staff

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Board Members (Executive and Non-executive directors)	14	3	17	82%	18%
Senior Management	12	1	13	92%	8%
	26	4	30	87%	13%

31 December 2022

(a) Analysis of total employees

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Employees	33	16	49	67%	33%
	33	16	49	67%	33%

(b) Analysis of Board and senior management staff

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Board Members (Executive and Non-executive directors)	13	3	16	81%	19%
Senior Management	11	1	12	92%	8%
	24	4	28	86%	14%

**Bank**

31 December 2023

(a) Analysis of total employees

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Employees	34	19	53	64%	36%
	34	19	53	64%	36%

(b) Analysis of Board and senior management staff

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Board Members (Executive and Non-executive directors)	9	2	11	82%	18%
Senior Management	11	1	12	92%	8%
	20	3	23	87%	13%

**Directors' Report**

For the year ended 31 December 2023

31 December 2022

(a) Analysis of total employees

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Employees	28	13	41	68%	32%
	28	13	41	68%	32%

(b) Analysis of Board and senior management staff

	Gender			Gender	
	Number		Total	Percentage	
	Male	Female		Male	Female
Board Members (Executive and Non-executive directors)	8	2	10	80%	20%
Senior Management	10	1	11	91%	9%
	18	3	21	86%	14%

**v) Subsidiary Company - Impact Credit Guarantee Limited**

The Bank has a subsidiary known as Impact Credit Guarantee Limited ("ICGL"). ICGL was established in 2019, through the support of the World Bank, and the company's remit is to provide partial credit guarantees on loans provided by banks, to eligible Micro, Small and Medium Scale Enterprises (MSMEs) and small corporates in Nigeria. In 2023, ICGL guaranteed 39,971 loans (31 December 2022: 27,208 loans) in the sum of N65.21 billion (2022: N69.37billion).

As at the end of the year, the Company had on-boarded twelve (12) Participating Financial Institutions (31 December 2022: twelve (12) Participating Financial Institutions). The Company also recorded a gross earnings of N2.84billion (31 December 2022: N1.89billion); with earnings from core activities accounting for 32% (31 December 2022: 37%); and ended the year with a profit before tax of N1.17 billion (31 December 2022: N729.55 million). The Board of ICGL consists of six(6) Non-Executive Directors whose nomination has been approved by the Central Bank of Nigeria.

**Auditors**

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as independent auditors to the Group and Bank. In accordance with Section 401 (2) of the Companies and Allied Matters Act (CAMA), 2020. Therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD



Shofola Osho  
FRC/2016/NBA/00000014944  
Company Secretary  
Plot 1386A Tigris  
Maitama, F.C.T Abuja, Nigeria  
01 March 2024





## **CORPORATE GOVERNANCE REPORT**

Corporate governance encapsulates the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, which include the shareholders, management, customers, financiers, the Government, and the community in which the company operates. The primary goal of corporate governance is to ensure that a company operates in an ethical, transparent, and accountable manner, while creating value for its shareholders and benefits for the stakeholders alike.

Corporate Governance has defined every aspect of the governance architecture, processes and controls at the Development Bank of Nigeria Plc ("DBN" or "the bank"). Adherence to standards which surpass the minimum have informed how the bank undertakes its business, manages its interactions with shareholders and stakeholders, and assesses the effectiveness of its governance, controls, and systems, on a continuous basis.

### **THE BOARD**

The Board of Directors of the DBN provides overall leadership, and entrepreneurial and strategic direction for the bank. For this, the Board advances the adoption of practices which promote both an ethical culture and responsible corporate citizenship, in all aspects of the bank's operations, for the enhancement and protection of long-term value, for all stakeholders. The DBN Board is comprised of accomplished industry leaders, tested and trusted technocrats with varied competencies. The DBN Board developed the strategy for the progress of the bank and the attainment of its objectives and supervises Management in the attainment of that strategy, guided always, by the need for the bank to act ethically, in the best interest of shareholders, and indeed all other stakeholders.

In addition to its oversight over the bank's business, the Board keeps under review, the bank's Information Security and performance monitoring systems, the systems for Internal Controls, Compliance, Risk Management, Governance and Financial reporting.

The Board sets out both the long and short-term strategic objectives of the bank and undertakes a continuous assessment of its activities, those of its Committees, individual directors, Management, and the bank in general, with the aim of ensuring optimal performance. With the full complement of industry knowledge, information and technical support from relevant professional advisers and the Development Partners, the Board advances the attainment of the bank's objectives.

The Board keeps under review, the skills, competencies, and experience, that are required for optimal performance and ensures that the Board remains comprised of an appropriate balance of these skills, competencies, and experience. The practice not only enhances the overall board performance, but engenders its independence, and integrity. The Board also pays very careful attention to issues around diversity (gender, age, geography, etc) in its composition, those of its Committees, the Management, and staff of the bank.



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The Board is comprised of eleven (11) board directors, of which six (6) are Independent non-executive directors. Of the remaining five (5), three (3) are non-executive directors who are shareholder representatives, while the other two (2), are executive directors, i.e. the Managing Director/Chief Executive Officer and the Executive Director, Finance and Corporate Services, respectively.

In the reporting period, the Board approved the appointment of one (1) director nominated by a shareholder, the Nigeria Sovereign Investment Authority.

The bank received the approval of the Central Bank of Nigeria for the appointment, and this has been communicated to the Securities and Exchange Commission, the Financial Reporting Council of Nigeria and registered at the Corporate Affairs Commission.

The Board is headed by a Chairman, who is a non-executive director. There is a separation in the roles of the Chairman and of the Chief Executive Officer. The Chairman is responsible for providing overall leadership for the bank and the Board, as well as eliciting the constructive participation of all directors in the affairs of the Board and the bank. The Chairman also takes the lead in the engagements with shareholders, and where necessary, other key stakeholders.

The Managing Director/Chief Executive Officer is the head of management, and he runs the affairs of the bank, on delegation from the Board.

The bank has a Delegation of Authority framework which details the delegation of authority, from the Board to its Committees and to the Management.

There is a preponderance of independent non-executive directors on the Board. DBN has continued to adhere strictly to this attribute which is novel in our jurisdiction and sets the DBN apart from its peers and other players in the development finance and financial services industry in Nigeria. The independent non-executive directors bring to bear, objectivity and neutrality, including specialized/expert skills, in board decision-making, such that stakeholder trust and confidence are assured in all the bank's dealings. The objective input provided by the overwhelming presence of independent non-executive directors on the board also facilitates optimal compliance with statutory rules and regulations, and ensures the inclusion of stakeholders' interests, in the board decision-making process, and ultimately, in the operations of the bank.

The non-executive directors contribute their knowledge, expertise, and judgment on issues of strategy, business performance, banking operations, development finance and technology, amongst others, in board decisions. The non-executive directors also ensure a unique linkage between the bank and its four Institutional shareholders, the African Development Bank Group, the European Investment Bank, the Ministry of Finance Incorporated and the Nigeria Sovereign Investment Authority, ensuring that the bank continues to receive the support of the shareholders and the Development Partners, the World Bank Group, the Agencie Francaise de Developpment, the KFW Development Bank, amongst others.

Pursuant to its authority under the Shareholders Agreement and the Memorandum and Articles of Association, the Board of Directors, retained the grant of Observer status to the



World Bank Group, to meetings of DBN's Board of Directors. To this effect, a representative of the World Bank nominated and approved by the Board of Directors as an Observer, is permitted to attend all meetings of the Board and to receive all information provided to the Directors.

An Observer does not contribute to the Board's deliberations, is not remunerated by the bank, and does not vote on items before the Board. The Board freely solicits information on the Board on technical issues based on the expertise possessed by the Observer, but the Board is not bound to act on such information. The World Bank Observer provides assurances to its principal that the DBN Board and the bank are operating optimally and in alignment with the agreements.

The profile of the World Bank's Observer for the reporting period is available on page 22

## DIRECTORS



**Dr. Shehu Yahaya, OON**  
Chairman, Board of Directors

Dr. Shehu Yahaya was appointed as Chairman of the Board in March 2017.

Dr. Yahaya has had an outstanding career in Academia and Development Finance. He was at different times in his career, a Deputy General Manager at the Nigeria Export-Import Bank ("NEXIM"), an Executive Director at the African Development Bank, and a member of the Monetary Policy Committee of the Central Bank of Nigeria.

Before joining NEXIM, he was a lecturer in Macroeconomics at the Department of Economics, University of Sussex, United Kingdom. Prior to that, he was the Head of the Economics Department at the Bayero University Kano, Nigeria.

Dr. Yahaya was also a Board member of the American School, Abidjan, Cote D'Ivoire, State Vice-Chairman, the Nigerian Economic Society and Sub-Dean, Faculty of Social Management Sciences, Bayero University, Kano.

He was appointed as a member of the Economic Advisory Council in September 2019.



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He holds a bachelor's and master's degree in economics from the Ahmadu Bello University Zaria, Nigeria, and a Doctor of Philosophy in Industrial Economics, from the University of Sussex, UK.

Dr. Shehu Yahaya is an awardee of the prestigious Order of the Niger (OON) national award conferred on him by the Federal Republic of Nigeria, in recognition of his significant contributions to the economic development of the country.



**Dr. Tony Okpanachi**

Managing Director / Chief Executive Officer

Dr. Tony Okpanachi was appointed Managing Director/Chief Executive Officer of the bank in January 2017.

Dr. Tony Okpanachi is a seasoned banker with over 27 years' experience. Before he was appointed Managing Director/CEO of the Development Bank of Nigeria Plc ("DBN"), he was the Deputy Managing Director of Ecobank Nigeria Limited, a position he held since April 2013. Before that, he was the Managing Director, Ecobank Kenya and Cluster Managing Director for East Africa, Ecobank (comprising Kenya, Uganda, Tanzania, Burundi, Rwanda, South Sudan and Ethiopia). He was also at various times, Managing Director of Ecobank Malawi and Regional Coordinator for Lagos and South West, at Ecobank Nigeria.

Earlier in his professional career, he managed various portfolios including Treasury Management, Retail Business Development, Corporate Finance, Corporate Services, Branch Management and Relationship Management.

He is the Interim Chairman of the Board at DBN's wholly owned subsidiary, Impact Credit Guaranty Limited.

He holds a master's in business administration (MBA) from the Manchester Business School UK, a Master of Science degree in Economics, from the University of Lagos and a Bachelor of Science degree in Economics, from the Ahmadu Bello University, Zaria, Nigeria.

He has attended several Executive Management Development Programmes in Leadership, Corporate Governance, Credit and Risk-Management at leading institutions.



**Mrs. Ijeoma D. Ozulumba**  
Executive Director, Finance and Corporate Services

Mrs. Ijeoma Ozulumba, was appointed as an Executive Director at Development bank of Nigeria in March 2021.

She is a finance professional with over 3 decades experience in banking, accounting, auditing, finance, and business strategy. She started her professional career at Price Waterhouse (Now PwC), in the audit and business advisory services division and has held progressively senior roles in financial services in Nigeria and Canada.

Over the span of her career, Ijeoma has participated in and led teams and departments in finance, strategy, business development, corporate banking, service management and internal audit. She worked at various times at Diamond Bank, Continental Trust Bank Ltd (Now part of UBA Plc) and MBC International Bank Ltd. (Now part of First Bank), both as Financial Controller, FinBank Plc (FCMB) as Chief Financial Officer, Bank of Montreal, and Scotia Bank both in Canada as Basel Risk Consultant and Finance Manager.

At DBN, Ijeoma has responsibility for the finance and corporate services directorate, comprising treasury, investor relations, corporate development, financial reporting, budget & performance management, information technology and corporate communications.

She holds a bachelor's degree from the University of Benin, Nigeria, an MBA with a specialization in International Business Management from Royal Holloway, University of London and an MPhil (cum laude) in Development Finance from Stellenbosch Business School. Ijeoma has attended various executive training programmes at Harvard, Wharton, Oxford and is an alumnus of the Lagos Business School.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Certified Professional Accountant of Canada (CPA), a Project Management Professional (PMP), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of the Institute of Directors (IoD), Nigeria.



**Mrs. Clare Omatseye**  
Independent Non-Executive Director

Mrs. Clare Omatseye was appointed in January 2017.

Clare Omatseye FWACS, FPSN, FNAPharm Clare Omatseye is the Founder/Managing Director of JNC International, a 19-year-old Turnkey Medical Equipment Solutions company, which exclusively represents 28 Global Original Medical Equipment Manufacturers (OEM's) like Canon Medical and Olympus - Japan, ElektaSweden, and Medtronic -USA; and the Chairman/Founder of Vaccipharm Limited, a 23-yearold cold chain Vaccine, Pharma & Medical consumable wholesale distribution company. She has a B. Pharm from Ahmadu Bello University, Zaria and an MBA from IESE Business School, Barcelona. She has attended several executive courses at the Harvard Business School, Yale University, INSEAD France, IESE Spain and the prestigious Lagos Business School (LBS).

Clare Omatseye is an innovative and visionary leader who brings her extensive practical and boardroom experience in Healthcare Visioning, Hospital and Medical Device Planning, Innovation & Disruptive Technology adoption, Corporate Direction setting, pharmaceutical value chain strengthening, Development & SME Financing, Women & Youth empowerment to bear in all she does. She is an avid advocate for Healthcare Reform and has played a major



role in influencing Public Health policies bringing her vast over 32 years of seasoned experience in access to quality healthcare, health system strengthening, drug security and transparent public procurement. She is at the forefront of influencing policies that unlock the potential of the private health sector investments and advocates for strategic win-win public-private dialogue and PPPs in Nigeria and Africa as a whole, making her a sought-after Regional and International speaker.

She is the President West African Private Healthcare Federation/(Federation Ouest Africaine du Secteur Prive de la Sante -FOASPS) with HQ in Dakar Senegal, the Vice President of the African Healthcare Federation (AHF) with HQ in Nairobi, Kenya, the immediate past and Pioneer President of the Healthcare Federation of Nigeria (HFN) where she served for 6.5 years and the Immediate Past President of the prestigious Lagos Business School Alumni Association (LBSAA). She is an Honorary Fellow of the West African College of Surgeons (FWACS), and the only pharmacist to receive this honour, a Fellow of the Pharmaceutical Society of Nigeria (PSN), a Fellow of the Nigeria Academy of Pharmacy (FNAPharm), a Senior Fellow of the Nigerian Leadership Academy (NLI) and a Fellow of the Society for Corporate Governance Nigeria (SCGN) and Fellow of Aspen's African Leadership Initiative West Africa (ALIWA). She sits on the Board of several reputable organizations as an Independent Director of the renowned Development Bank of Nigeria Plc (DBN), Beta Glass Nig Plc, and is a Member of the Governing Council of Pan Atlantic University (PAU); and two large NGO's, where she is the Chairman of Board of LEAP Africa (Youth Leadership Development) and a Director of Aspire Coronation (ACT) Foundation (of Access Bank Plc which gives grants to other Health, Leadership, Environment & Entrepreneurship NGOs).

Clare Omatseye is a committed Rotarian and triple star Paul Harris Fellow.



**Mr. Bello Maccido**  
Independent Non-Executive Director

Bello Maccido was appointed in January 2017.



He is an accomplished Corporate and Investment banker with well over 36 years of experience. His experience spans Retail, Corporate and Investment banking at various institutions, including Ecobank Nigeria Plc, New Africa Merchant Bank Limited and FSB International Bank Plc, where he rose to become Acting Managing Director/Chief Executive.

He also, at different times served on the Boards of First Bank of Nigeria Plc, FBN Holdings Plc and Legacy Pension Managers Limited. He was the Group Chief Executive of FBN Holdings Plc, after the adoption of a Holding Company structure by the First Bank of Nigeria Group. He is currently, Chairman of the Board, at FBNQuest Merchant Bank Limited.

Bello Maccido is a Fellow of the Chartered Institute of Stockbrokers, the Chartered Institute of Bankers of Nigeria and the Society For Corporate Governance, Nigeria.

His title 'Wakilin Sokoto', is a highly revered traditional title, which is only conferred on individuals who have greatly excelled in personal and selfless service to society.

He holds a Bachelor of Laws degree (LL.B) and a Master's degree in Business Administration (MBA) from the Ahmadu Bello University, Zaria, Kaduna, Nigeria, and Wayne State University, Detroit, Michigan, USA respectively. He is an Alumnus of the Executive Business Programs of the Harvard Business School and the IMD, Lausanne, Switzerland.



**Mr. Andrew Alli**  
Independent Non-Executive Director

Andrew Alli was appointed in January 2017.

He was the President and Chief Executive Officer of the Africa Finance Corporation. He was also the Deputy Chief Executive Officer of Travant Capital.

Andrew Alli was an Investment Officer at the International Finance Corporation ("IFC"), the private sector financing arm of the World Bank Group. In 2002, he was appointed as the IFC's





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Country Manager for Nigeria, with responsibility for managing its country operations. In 2006, he was appointed as the Country Manager for Southern Africa and had oversight of IFC's business in South Africa and seven other countries.

He was at different times, a non-executive director of ARM Cement Limited and an independent non-executive director of Guaranty Trust Bank Plc.

He is a non-executive director on the Board of the CDC Group, United Kingdom and MTN Communications, Nigeria.

Mr. Andrew Alli holds a bachelor's degree in electrical engineering from Kings College, University of London, an MBA from INSEAD, France and qualified as a Chartered Accountant with Coopers & Lybrand (PricewaterhouseCoopers) in the UK.

Mr. Andrew Alli is a member of the bank's Statutory Audit Committee.



**Mr. Phillips Oduoza**  
Independent Non-Executive Director

Mr. Phillips Oduoza, FICB was appointed in January 2017.

Mr. Phillips Oduoza with about 35 years banking experience in major financial institutions, is the founder and Chairman of the board of Nova Merchant Bank Limited. Mr. Oduoza is an internationally recognized and accomplished banker with diverse knowledge and experience in commercial and corporate banking.

He retired as the global CEO of UBA Group where he firmly established the Bank as a leading African Financial Institution with global brand recognition. Mr. Oduoza was part of a small team that pioneered and established Diamond Bank Plc as one of the most successful and innovative banks in the early 90's. He led many breakthroughs financial products and



initiatives of Diamond Bank. As a result, he rose rapidly to the position of Executive Director in 1999. Phillips Oduoza started his banking career in 1989 with Citibank as the first set of Executive Trainees where he trained in every aspect of banking after a brief stint with International Merchant Bank (IMB).

Mr. Oduoza has thorough knowledge of the Nigerian (indeed African/global) banking environment and what it takes to pioneer and run a very successful/sustainable financial institution. He has initiated and led many key successful financial transactions in infrastructure, agriculture, manufacturing, telecommunication, energy, technology projects, financial advisory, oil & gas, corporate finance, capital market activities and debt restructuring in Nigeria and across Africa. He has been involved in some of the key banking industry transformational initiatives, having led the Bankers Committee sub-committee on Payment Systems and Infrastructure that drove the BVN implementation and Electronic Payment System of Nigeria (Card, ATM, POS, Online transfers, etc).

Mr. Phillips Oduoza has served on the board of some key names such as Diamond Bank Plc, Interswitch Plc, Valuecard Plc (Unified Payment Services Plc) where he served as chairman, Nigeria Interbank Settlement System (NIBSS), Nigeria Payment System, Nigeria Economic Summit Group (NESG), Financial Markets and Dealers Quotations (FMDQ), UBA Capital, UBA Plc. He currently serves on the boards of Veritas University Abuja, Lagos State Security Trust Fund, Development Bank of Nigeria amongst others.

Mr. Oduoza is a Fellow of the Chartered Institute of Bankers (FCIB). He has a BSc. Hons with First Class in Civil Engineering (1983), an MBA (Finance)(1988), and is an alumnus (AMP) of Harvard Business School. He has been honoured with numerous awards of achievement both locally and internationally such as Africa CEO of the year New York (2013 and 2014). He meets and interacts with numerous people and business leaders in the corporate sector, diplomatic corps, entrepreneurship and professional services sectors, amongst many other sectors.



**Dr. Oladimeji Alo**  
Independent Non-Executive Director

Dr. Oladimeji Alo was appointed in January 2017.

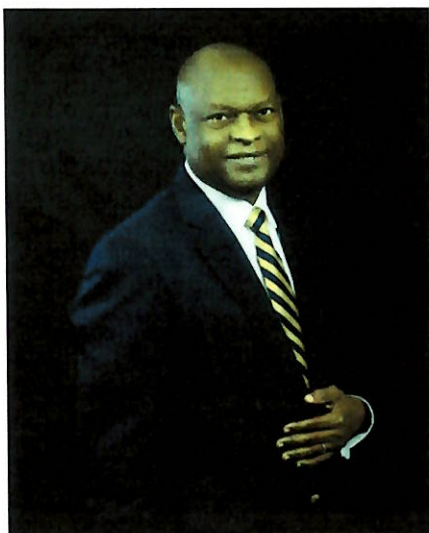
He served as the Managing Director /Chief Executive Officer of the Financial Institutions Training Centre ('FITC') and contributed immensely to a series of reforms in the Nigerian banking sector.

While in the services of the international firms of Pricewaterhouse and Coopers & Lybrand, Dr. Alo provided consulting assistance to several leading organizations in Nigeria. He also served at different times as the President of the West African Bankers' Association and the Chartered Institute of Personnel Management of Nigeria. He was also the Chairman of the Board of Berger Paints Nigeria Plc and Lewis Berger (Ghana) Limited.

He is currently the Chairman of the Board of ARM Investment Managers Limited and a member of the Advisory Board of the University of Lagos Business School. He is a Fellow of the Chartered Institute of Bankers of Nigeria, the Chartered Institute of Personnel Management of Nigeria and the Nigerian Institute of Chartered Arbitrators.

Dr. Alo is a scholar, management consultant and corporate governance expert. He holds a Bachelor of Science degree in Sociology, a Master of Science degree in Industrial Sociology and a Doctor of Philosophy degree in Industrial Sociology from the University of Ife (now Obafemi Awolowo University), Ile-Ife, Nigeria.

Dr. Oladimeji Alo is a member of the bank's Statutory Audit Committee.



**Mr. Kyari Bukar**  
Independent Non-Executive Director

Mr. Kyari Bukar was appointed in March 2021.



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Mr. Kyari Bukar is the Managing Director/Co-Founder of Trans Sahara Investment Corporation, a Private Equity firm based in Lagos, Nigeria.

He has an outstanding career in Engineering and Technology having been former Managing Director/CEO at Central Securities Clearing System Plc, Lagos and ValuCard Nigeria (Unified Payments Ltd), Lagos Respectively and Executive Director at FSB International Bank Plc.

Before joining and FSB International Bank, he served in various roles as Manufacturing Development Engineer, Marketing Program Manager, Senior IT Consultant, and as Manager in various sectors of the Hewlett Packard corporation in the United States of America.

Kyari Bukar was the former Chairman of the Board of Directors of the Nigerian Economic Summit Group (NESG) and currently serves on several other Boards; Chairman, SUNU Assurances Plc; Chairman, Ventures Platform; Chairman, ARCA Payments Ltd; Independent Non-Executive Director, Standard Chartered Bank Nigeria Ltd; Member, Nigerian Youth Alliance of Atlanta, Georgia; Member, Committee of Harmonization of National ID; Member, Nigeria Technology Consultative Group; and leader of Employee Business Contribution Network (HP).

He holds a Bachelor's degree in Physics from Ahmadu Bello University Zaria, Nigeria, and a Master's degree in Nuclear Engineering from Oregon State University Corvallis, USA.



**Mr. Aminu Umar-Sadiq**  
Non-Executive Director

Mr. Aminu Umar-Sadiq was appointed in March 2023.

He is the Managing Director/Chief Executive Officer of the Nigeria Sovereign Investment Authority (“NSIA”).



He holds a bachelor's and master's degrees in engineering sciences from the University of Oxford. He has substantial experience in the financial services spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. In his most recent roles at Nigeria Sovereign Investment Authority ("NSIA"), he served as the Executive Director responsible for all direct investments and portfolio management activities of the Nigeria Infrastructure Fund (NIF), the NSIA's multi-product, cross-sector domestic infrastructure Fund.

Mr. Aminu Umar-Sadiq led a team of over 20 investment professionals in originating, executing, and managing direct investments and private equity investments across the Healthcare, Agriculture, Power, Transportation, Gas-Based Industries and Technology sectors in Nigeria. He worked previously at Morgan Stanley Investment Bank, London, Denham Capital Management, London and Société Générale Corporate & Investment Bank, London.

He brings a wealth of global experience in the financial services sector to his board position at the bank.



**Mr. Henry Batchi Baldeh**  
Non-Executive Director

Mr. Batchi Baldeh was appointed in May 2019.

He is a seasoned banker, a power & utility management specialist and has worked in over 10 countries across Africa during his career which spans well over 3 decades. He is currently the Director of Power Systems Development at the African Development Bank ("AfDB"), with oversight for Power, Climate and Green finance.



Before joining the AfDB, he worked across several roles and functions including the World Bank, Lesotho Electricity Corporation, Gampower Limited, UHC Gambia and Gambia Utilities Corporation as an Advisor, Freelance Consultant and Executive Director.

He also served in several Managing Director roles for companies such as Ansata Consulting, Gambia; Gambia National Water and Electricity Company and Utilities Handling Corporation.

He holds a master's degree in business administration (General Management Major) from Boston University, USA and a Bachelor of Science degree in Electrical & Electronic Engineering from the University of Newcastle-Upon-Tyne, England.

He is a member of the Institute of Engineering & Technology, United Kingdom and also a Fellow of the Institute of Directors, South Africa.



**Mr. Omar Sefiani**  
Alternate Director (Non-Executive)

Mr. Omar Sefiani was appointed as Alternate Director to Mr. Batchi Baldeh in August 2022.

He is the Division Manager of the Investment Division at the African Development Bank Group. He is a Finance expert and seasoned Development Banker. His career spans key roles at Citi Group, London, United Kingdom, Morgan Stanley, London, United Kingdom and Credit Agricole CIB, the Corporate and Investment Banking arm of Crédit Agricole Group, France.

He holds a Master of Science degree from the prestigious Ecole Nationale de la Statistique et de l'Administration Economique, Paris, France and majored in Finance. He also holds a



Master of Science degree from the Ecole Polytechnique, Paris, France and majored in Applied Mathematics and Economics. The coursework for that degree covered Development Economics, Political Economics, Macroeconomics, Microeconomics and Game Theory.

## **WORLD BANK OBSERVER**



### **Michael Wong**

Michael is a Lead Economist at the World Bank's Financial, Competitiveness and Innovation Global Practice – Central and West Africa Region.

He joined the World Bank in 2002, in the Financial and Private Sector Development, where he performed a wide range of roles in multiple regions in Africa, South Asia and Latin America. His particular focus is on development finance, special economic zones, industry competitiveness and public-private partnerships.

Michael was based in Abuja, Nigeria, as the Lead Financial and Private Sector specialist. During this time, he led several programs for the World Bank such as the development of the Nigeria Housing Finance Refinance Facility and the Development Bank of Nigeria. In South Asia, he led financing operations in Bangladesh and in Sri Lanka. He also provided policy advice to the Governments of Mexico and Uganda covering long-term financing, SME financing and financing of special economic zones.

Before joining the World Bank, Michael worked for the Austrian Government as an economist in the Austrian Regional Office in Kampala, Uganda, leading the private sector development program, including micro-finance. He holds a master's degree in economics from the University of Vienna, Austria.



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## GOVERNING PRINCIPLES

The Board of Directors is committed to the adoption and observance of good corporate governance practices. The Board acknowledges that corporate governance is an intrinsic element of business success, and as such, continually evaluates and upscales its governance practices to ensure that these are capable of enshrining in the bank, procedures and structures that are required to build a virile corporate culture which serve to ensure that the bank's business not only remains profitable, but is also sustainable, delivers value to Shareholders and is responsive to the concerns and aspirations of shareholders.

Corporate Governance is a key focal point for the bank in its aspiration of being the reference point for best practices in the financial services industry in Nigeria. To facilitate this, the Board deliberately implements standards of governance that exceed minimum expectations and requirements.

The Board of Directors is the highest governing body in the bank. The board is headed by the Chairman who is *primus inter pares* in relation to other members of the Board. The roles of the Chairman and Managing Director/Chief Executive Officer are separate, and this duality is an intrinsic corporate governance principle at the bank. To preserve this duality and the intrinsic synergies between the roles of the Chairman and Managing Director/Chief Executive, the ascension of a Managing Director/Chief Executive Officer, to the office of Chairman, is discouraged.

The board has an approved charter, which governs its operations and activities. The board is of sufficient size relative to the operations, risk and mandate of the bank. There is an appropriate mix of knowledge, skills and experience, including business, commercial and industry experience on the board. A majority of the non-executive directors are independent. Irrespective of their designations, all directors exercise independent judgement when deciding on matters before the board.

Decisions of the board are reached based on a consensus after very thorough deliberations. If any matter would be put to a vote, the board charter and the bank's Articles of Association, provide that the Chairman shall have a casting vote. This ensures the resolution of any equality of votes.

All directors disclose their memberships of other boards, and there are no concurrent directorships with respect to other boards, such as would interfere with their exercise of independent judgment or their effectiveness as directors of the DBN.

The board has five (5) committees through which its oversight of the bank and its affairs is exercised. These committees are the Board Audit and Compliance Committee, the Board Credit and Risk Committee, the Board Finance Committee, the Board Nomination and Governance Committee and the Board Ethics Committee. All committees have charters that are approved by the Board of Directors. The committees' charters detail the terms of reference,

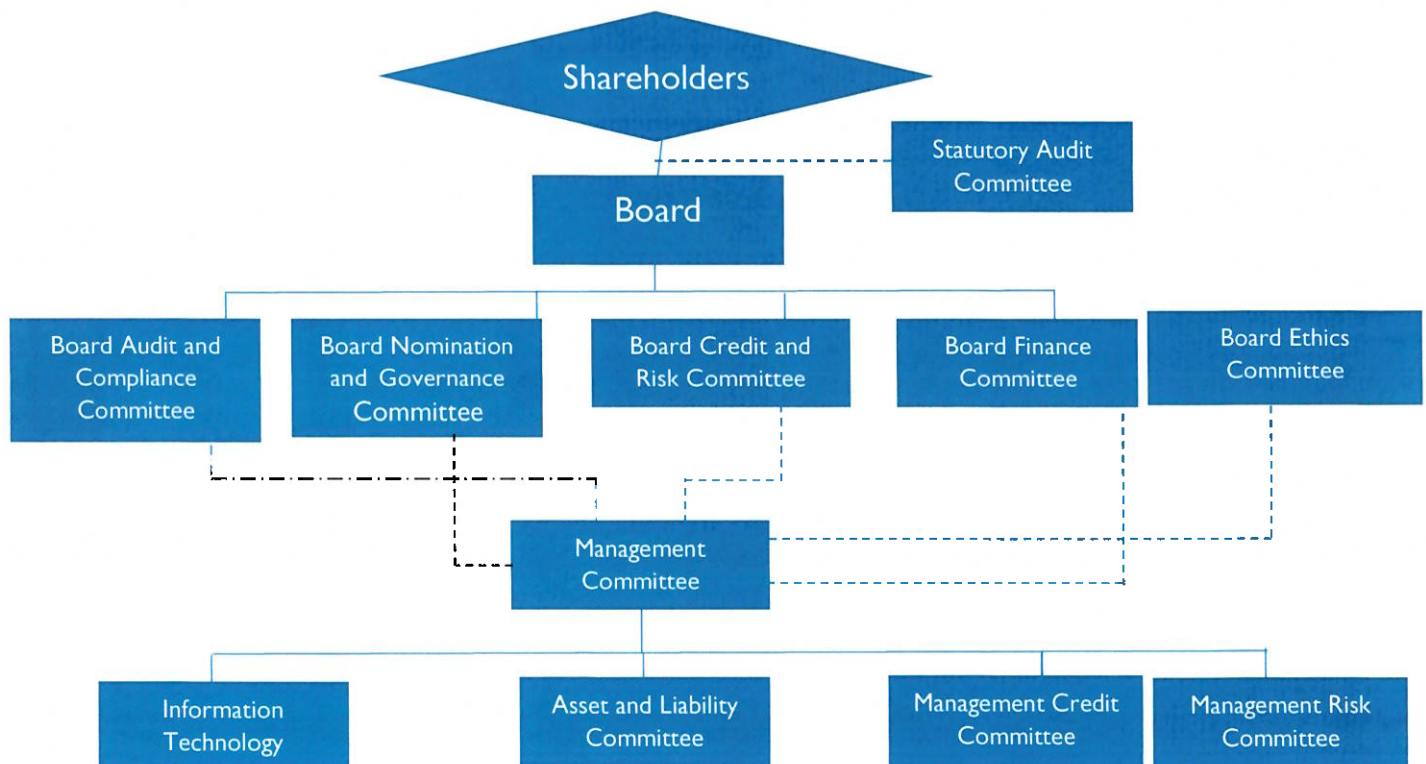




membership, quorum and authorization of each committee. Also, all board committees are chaired by Independent non-executive directors.

The Chairman of the Board is not a member of any board committee.

Below is our Governance structure:



The bank's Delegation of Authority framework details the authority matrix at the DBN and the framework of the delegation from the board to its committees, and from the board to Management. By the principle of delegation, the bank's Management, led by the Managing Director/Chief Executive Officer, is responsible for the day-to-day running of the business. Pursuant to this delegation, Management has five (5) committees (the Management Committee; the Management Risk Committee, the Management Credit Committee, the Assets & Liability Management Committee, and the Information Technology Steering Committee) which are aligned to management responsibilities, with reporting lines to the Board of Directors, through relevant committees of the board.

In addition to the existence of the board and committees' charters, the board enriches the bank's governance practices by adhering to the principles and recommended practices contained in the Nigerian Code of Corporate Governance, 2018. As a Development Finance Institution licensed by the Central Bank of Nigeria, the bank also complies with the Code of Corporate Governance for Development Finance Institutions issued by the CBN and as a public company, the bank complies with the Corporate Governance Guidelines issued by the Securities and Exchange Commission.



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With the support of the Development Partners, the World Bank Group, the African Development Bank Group, the KfW Development Bank, the Agence Française de Développement, the board continually strives for excellence in governance, and deliberately seeks out, and adopts tested practices that guarantee not only the sanctity, but also the sustainability of the bank's business. This practice continues to differentiate the DBN, as a clear leader in corporate governance in the Development Finance Institution space in Nigeria.

### **Procedure for Board Appointments**

Further to Article 9.5 of the bank's Articles of Association, the first directors of the bank were appointed by shareholders based on agreed minimum criteria. The procedure for appointing the first independent directors involved the establishment by the shareholders, of an Initial Nominations Committee comprising of five (5) experts and professionals.

The Initial Nominations Committee was supported by an independent executive search firm which screened potential directorship nominees against criteria that were agreed upon by shareholders, before the commencement of the executive search.

A recommended shortlist of candidates was presented to the shareholders by the Initial Nominations Committee, from where a final decision was taken. The selected candidates were then presented to the CBN for approval, and thereafter the Initial Nominations Committee was dissolved.

After the inauguration of the board, appointments to the board are undertaken by recourse to the bank's Articles of Association and it has suitable board-level oversight.

Shareholders are by the provisions of the Articles of Association, permitted to nominate their representatives to the board. Such nominees would however have to be approved by the board of directors, and the Central Bank of Nigeria, before the assumption of duty. All shareholders of the bank, except the European Investment Bank, have exercised their right to appoint directors to the DBN board.

In the year, the board received the approval of the Central Bank of Nigeria for the appointment of Mr. Aminu Umar-Sadiq, as a non-executive director representing a shareholder, the Nigeria Sovereign Investment Authority, on the DBN Board.

The board ensures that the process for the appointment of directors is rigorous and extensive, and tailored to ensure that the bank appoints only people of integrity, the right skills, expertise and exposure, which are required to enable them to function effectively as directors of the bank.

### **Adoption of a 40% female gender marker in the composition of the Board**

The Board of Directors is committed to fostering diversity and inclusion within the bank, and particularly the composition of the Board of Directors.



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To advance this commitment, in the reporting period, the Board adopted a minimum of 40% female representation in the composition of the board. The adoption of this 40% female gender marker is in consonance with Principle 4 of the Nigerian Sustainable Banking Principles.

The Board Nominating and Governance Committee actively considers gender diversity in its nomination and selection processes, seeking to identify qualified candidates. The Board recognizes that achieving a diverse and inclusive composition contributes to a broader range of perspectives, enhances decision-making, and aligns with the organization's values of fairness, equity and equality.

### **Independent Non-Executive Directors**

The preponderance of Independent non-executive directors on the board is unique in the financial services industry in Nigeria. The situation is a testament to the value which shareholders attach to objectivity and the infusion of stakeholder interests, into decisions around the bank and its operations.

Before the assumption of duty, the bank's Independent non-executive directors were screened by the CBN and approved as Independent non-executive directors.

The board keeps under review, the independence of the Independent non-executive directors, to ensure that they remain effective. A key remit of the annual board evaluation which is undertaken through an external consultant is to review the continued independence and effectiveness of the bank's independent non-executive directors, and to provide assurances, not only to the board but also to the shareholders and other stakeholders alike, that the independence of the Independent non-executive directors remain unfettered.

To ensure that the board and the bank continues to harness the unique value intrinsic to the independent non-executive directors, and to preserve their objectivity, the board unanimously adopted as a standard for the bank, the definition of Independence as provided in Principle 7 of the Nigerian Code of Corporate Governance 2018. Therefore, at the DBN, an Independent non-executive director is a director who is independent in character and judgment and is free from any relationships or circumstances concerning the bank, its management, or substantial shareholders as may, or appear to, impair his or her ability to make an independent judgment.

In the opinion of the board of directors, the following six (6) Independent non-executive directors fulfilled the standard of Independence as enunciated in Principle 7 of the Nigerian Code of Corporate Governance, in the financial year:



1. Mr. Andrew Alli *(Appointed in January 2017, length of stay on the board is 6 years, 11 months)*
2. Mr. Bello Maccido *(Appointed in January 2017, length of stay on the board is 6 years, 11 months)*
3. Mrs. Clare Omatseye *(Appointed in January 2017, length of stay on the board is 6 years, 11 months)*
4. Dr. Oladimeji Alo *(Appointed in January 2017, length of stay on the board is 6 years, 11 months)*
5. Mr. Phillips Oduoza *(Appointed in January 2017, length of stay on the board is 6 years, 11 months)*
6. Mr. Kyari Bukar *(Appointed in March 2021, length of stay on the board is 2 years, 9 months)*

Mr. Andrew Alli, Mr. Bello Maccido, Mrs. Clare Omatseye, Dr. Oladimeji Alo and Mr. Phillips Oduoza shall complete their respective tenures as Independent non-executive directors of the bank in January 2024, and shall thereafter retire from the Board. To ensure a smooth succession and transition at the level of the Board, the Board of Directors, acting on the advice of the Board Nomination and Governance Committee, and the support of an Independent Executive Search firm, commenced the process for an Executive Search to fill the vacancies that would result from the above retirements.

All Appointments to the DBN Board are subject to both CBN and shareholder approvals.

### **Board Meetings**

The board meets quarterly, with additional meetings being scheduled, and held as required, for the effective steering of the bank's business. Before the start of every financial year, the board approves a schedule of activity dates for the relevant year. The schedule contains the dates for both board and board committees' meetings, a date for the Annual General Meeting, and the annual Board/Management Retreat.

Notices of all board and board committee meetings are provided to directors in advance, and meeting agendas are pre-approved by the Chairman of the Board, for board meetings, and respective board Committees Chairpersons, for board committees.

The Managing Director/Chief Executive Officer provides quarterly reports to the board on the activities of Management. These reports typically provide information on the bank's business performance, financial performance, and business outlook; while functional heads such as the Chief Operating Officer, the Chief Risk Officer, the Chief Financial Officer, and the Head, Internal Audit, also make presentations to the board, through relevant board committees.



Directors participate actively in decision-making, and the preponderance of independent non-executive directors on the board ensures that independent judgment is brought to bear on board decisions.

The board ensures that its deliberations and decisions are appropriately minuted by the Company Secretary; its decisions and directives are implemented, and its minutes are properly archived for reference.

In the period under review, the Board met eight (8) times.

The schedule below details the dates of meetings and the attendance at the board, and board committee meetings which were held during the financial year:

Board Meeting Dates									
	Total Attendance	Feb 27	Apr 25	Jul 25	Nov 2	Nov 29	Dec 12	Dec 13	Dec 28
<i>Non-Executive Directors</i>									
Dr. Shehu Yahaya	6/8	√	√	√	√	√	√	-	-
Mr. Aminu Umar-Sadiq*	4/8	N/A	√	√	√	-	-	-	√
Mr. Batchi Baldeh	6/8	√	√	√	√	√	-	-	√
<i>Independent Non-Executive Directors</i>									
Mrs. Clare Omatseye	8/8	√	√	√	√	√	√	√	√
Mr. Andrew Alli	6/8	√	√	√	√	√	-	-	√
Dr. Oladimeji Alo	8/8	√	√	√	√	√	√	√	√
Mr. Phillips Oduoza	8/8	√	√	√	√	√	√	√	√
Mr. Bello Maccido	8/8	√	√	√	√	√	√	√	√
Mr. Kyari Bukar	8/8	√	√	√	√	√	√	√	√
<i>Managing Director/CEO</i>									
Dr. Tony Okpanachi	5/8	√	√	√	√	√	N/A**	N/A**	N/A**
<i>Executive Director</i>									
Mrs. Ijeoma Ozulumba	5/8	√	√	√	√	√	N/A**	N/A**	N/A**

\* Appointed on March 20, 2023.

\*\* Meeting of Non-Executive Directors



## Board Committees

In terms of structure, composition, and responsibilities, all five (5) board committees (the Board Audit and Compliance Committee, the Board Credit and Risk Committee, the Board Finance Committee, the Board Nomination and Governance Committee and the Board Ethics Committee) are compliant with the principles of the Nigerian Code of Corporate Governance and the requirements of the CBN Code of Corporate Governance for Development Finance Institutions. As required by the Nigerian Code of Corporate Governance and further to section 2.6.3 of the CBN Code of Corporate Governance for Development Finance Institutions, Dr. Shehu Yahaya, Chairman of the Board, is not a member of any Board committee.

All committees have charters that have been approved by the Board of Directors.

In compliance with both regulatory and best practice requirements, the Board Audit and Compliance Committee and the Board Nomination and Governance Committee are composed entirely of Independent non-executive directors. The Board Ethics Committee, which is responsible for ensuring ethical standards at the bank, is also comprised entirely of Independent non-executive directors.

Board committees meet quarterly or as required, ahead of board meetings. To ensure that directors can contribute effectively to discussions at board meetings, directors have access to all committee papers irrespective of their committee membership. Board papers are uploaded on the bank's cloud-based Board portal. This ensures that all directors are apprised of board activities and receive the information required to enable them to function and contribute effectively to board-level decision-making.

At the end of each committee meeting, the minutes and reports from each meeting are developed by the Company Secretary and uploaded on the bank's board portal, to facilitate presentation to the Board, by respective board committee chairpersons.

In the financial year, the board refreshed the composition of the respective committees to ensure that the Board and the committees continued to function optimally.

Below are the board committees, their composition, and details of their authorization:

### Board Nomination and Governance Committee

Membership	Mr. Bello Maccido – Independent non-executive director - Chairman Dr. Oladimeji Alo, Independent non-executive director - Member Mr. Phillips Oduoza, Independent non-executive director - Member Mr. Kyari Bukar, Independent non-executive director - Member
Key Responsibilities	<ul style="list-style-type: none"><li>To review the Nomination and Governance Committee Charter and recommend same for Board approval.</li><li>To make recommendations to the Board on the Executive Search for Independent Non-Executive Directors.</li></ul>



- To evaluate the bank's Human resources needs and recommend to the Board, plans and actions to maintain an optimal staff profile in the bank.
- To review and advise the Board on succession planning for the Board, Board Committees and Senior Management Staff.
- Periodically access and advise the Board on the extent to which the required skills are represented on the Board.
- To review and recommend to the Board for Approval, Policies and Manuals on Human Resources, Conditions of Service, Compensation packages for the Staff and the Managing Director.

The attendance of members at meetings of the Committee in the year is as shown below:

Board Nomination and Governance Committee													
	Total Attendance	Feb 21	Feb 23	Apr 13	Jun 26	July 18	Aug 09	Aug 28	Aug 31	Oct 16	Oct 24	Dec 6	Dec 18
Mr. Bello Maccido	11/11	√	√	√	√	√	√	√	√	√	√	√	√
Dr. Oladimeji Alo	11/11	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Phillips Oduoza	11/11	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Kyari Bukar	11/11	√	√	√	√	√	√	√	√	√	√	√	√

### Board Audit and Compliance Committee

#### Membership

Mr. Andrew Alli – Independent non-executive director - Chairman

Dr. Oladimeji Alo, Independent non-executive director - Member

Mr. Phillips Oduoza, Independent non-executive director – Member

Mr. Kyari Bukar, Independent non-executive director – Member

#### Key Responsibilities

- To review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- To review with management and the external auditors the results of the audit, including any difficulties, encountered.
- To review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- To review the findings of any examinations by regulatory agencies, and any auditor observations.



The attendance of members at meetings of the Committee in the year is as shown below:

Board Audit & Compliance Committee							
	Total Attendance	Jan 24	Feb 22	April 13	Jul 20	Aug 09	Oct 13
Mr. Phillips Oduoza	6/6	√	√	√	√	√	√
Dr. Oladimeji Alo	6/6	√	√	√	√	√	√
Mr. Andrew Alli	6/6	√	√	√	√	√	√
Mr. Kyari Bukar	6/6	√	√	√	√	√	√

### Board Credit and Risk Committee

Membership	Mrs. Clare Omatseye - Independent non-executive director – Chairman
	Mr. Phillips Oduoza, Independent non-executive director - Member
	Mr. Batchi Baldeh, Non-executive director - Member
	Dr. Tony Okpanachi, Managing Director/CEO - Member
	Mr. Aminu Umar-Sadiq, Independent non-executive director - Member

#### Key

#### Responsibilities

- To ensure there is an efficient risk management framework for the identification, quantification and management of business risks facing the bank;
- To evaluate the bank's risk profile and the action plans in place to manage the risk;
- To review the lending policy, including the master lending agreement and the pricing model of the bank and recommend the same for Board approval;
- To oversee and report to the Board on the performance of the bank's subsidiary, Impact Credit Guarantee Limited

The attendance of members at meetings of the Committee in the year is as shown below:

Board Credit and Risk Committee					
	Total Attendance	Feb 24	Apr 14	July 19	Oct 30
Mrs. Clare Omatseye	4/4	√	√	√	√
Mr. Phillips Oduoza	4/4	√	√	√	√
Mr. Batchi Baldeh	4/4	√	√	√	√
Dr. Tony Okpanachi	4/4	√	√	√	√
Mr. Aminu Umar-Sadiq*	2/4	N/A	N/A	√	√

\*Appointed March 20, 2023





**Board Finance Committee**

**Membership** Mr. Andrew Alli - Independent non-executive director - Chairman

Mr. Phillips Oduoza, Independent non-executive director - Member  
 Mr. Aminu Umar-Sadiq, Non-executive director - Member  
 Mr. Batchi Baldeh, Non-executive director - Member  
 Dr. Anthony Okpanachi, Managing Director/CEO - Member  
 Mrs. Ijeoma Ozulumba, Executive Director - Member

**Key Responsibilities**

- To review and make recommendations to the Board on the Bank’s financial strategy, financial forecasts, operating budgets, financial performance, capital expenditures and expense management programs relating to the Bank’s strategic plan;
- To review and make recommendations to the Board on the Bank’s capital structure and corporate finance strategy including capital adequacy and capital planning process, stress-testing and related activities, capital raising and capital distributions, the issuance of equity and debt securities; financing plans generally; debt ratings; share repurchase philosophy and strategy; share redemption and purchase activities; and dividend policy;
- To review and recommend to the Board on matters about treasury operations, investment strategies, banking and cash management arrangements; and financial risk management (interest rate, foreign exchange, sensitivities etc.)

	Total Attendance	Feb 17	Feb 21	Apr 12	July 20	Oct 30	Nov 26	Dec 21
Mr. Andrew Alli	7/7	√	√	√	√	√	√	√
Mr. Phillips Oduoza	7/7	√	√	√	√	√	√	√
Mr. Aminu Umar-Sadiq*	5/7	N/A	N/A	√	√	√	√	√
Mr. Batchi Baldeh	7/7	√	√	√	√	√	√	√
Dr. Tony Okpanachi	7/7	√	√	√	√	√	√	√
Mrs. Ijeoma Ozulumba	7/7	√	√	√	√	√	√	√

\*Approved March 20, 2023



## Board Ethics Committee

Membership	Dr. Oladimeji Alo - Independent non-executive director - Chairman
	Mr. Andrew Alli, Independent non-executive director - Member
	Mr. Kyari Bukar, Independent non-executive director - Member
	Mr. Bello Maccido, Independent non-executive director - Member
	Mrs. Clare Omatseye, Independent non-executive director - Member

Key Responsibilities	<ul style="list-style-type: none"> <li>▪ To keep under review, ethical business practices and advise the Board on their adoption by the bank.</li> <li>▪ To advise the board on the adequacy of the system for non-financial disclosures on issues such as corporate social responsibility, corporate citizenship, reporting obligations under the Freedom of Information Act, 2011, and disclosures required in relation to Senior Management.</li> <li>▪ To review the conduct of directors on referral from the board and to make recommendations to the board, on the propriety of such conduct.</li> <li>▪ To ensure that appropriate steps are taken to communicate throughout the bank, the bank's corporate values, professional standards or codes of conduct, together with supporting policies.</li> <li>▪ To review and advise the board on appropriate steps concerning any adverse findings in respect of ethical compliance, arising from regulatory inspections.</li> </ul>
----------------------	---

Board Ethics Committee					
	Total Attendance	Feb 24	Apr 12	July 18	Oct 27
Dr. Oladimeji Alo	4/4	√	√	√	√
Mr. Andrew Alli	4/4	√	√	√	√
Mrs. Clare Omatseye	4/4	√	√	√	√
Mr. Bello Maccido	3/4	√	√	√	-
Mr. Kyari Bukar	4/4	√	√	√	√



## **Directors Remuneration**

The bank has an approved Board Remuneration Policy. The policy ensures that board and executive remuneration are aligned with the long-term interests of the bank and shareholders. The Board Nomination and Governance Committee considers the levels of board and executive compensation and advises the board on all matters relating to compensation in the bank. In alignment with regulations, the Director's remuneration are approved by the shareholders in general meeting.

Directors' fees, the main component of board remuneration, are paid in equal instalments six months apart, and in arrears. (*July and Jan*). Other components are the sitting allowances and reimbursables for expenses.

Sitting allowances are paid for each meeting attended by the directors. For directors who are shareholder representatives, their remuneration is paid directly to the appointing institution. There is a disparity in the quantum of Directors' fees and sitting allowances which are paid to directors who are shareholder representatives, relative to other directors. The quantum of the fees paid to the former, are lower than what is paid to latter. This disparity is based on an agreement amongst shareholders of the bank.

The overarching philosophy of the bank as regards compensation is to maintain compensation at the 75<sup>th</sup> percentile of the industry practice. This philosophy assists the board in attracting and retaining key competencies to the bank in a manageable and sustainable manner.

The compensation of the Managing Director/Chief Executive Officer and the Executive Director is linked to performance and is specifically designed to prevent excessive risk-taking. The Managing Director/Chief Executive Officer and the Executive Director do not receive Directors Fees or sitting allowances for board meetings attendances. Also, as a serving executive, the Managing Director/Chief Executive Officer does not receive any Directors Fee or sitting allowances with respect to his board position at the bank's wholly owned subsidiary, Impact Credit Guarantee Limited.

Details of directors' remuneration are as set out in note 14(iii) of the 2023 audited financial statements.

## **Directors Training and Continuous Development**

Orientation is provided to newly appointed directors upon appointment. A new director shall receive an induction pack which contains information about the bank and its business and operations.

A new director shall also receive information relating to his duties and responsibilities, details of emoluments and general information that will ensure that the director is able to fulfil the responsibilities of his office.

To ensure that directors remain conversant with recent trends and developments, the bank ensures that directors attend routine trainings tailored in line with the needs of both the directors and the bank. The bank's modalities for induction and training of directors are



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enshrined in the bank's Framework on Induction Training and Continuous Development for Directors.

The Directors attended several competency-based trainings in the year.

### **Rotation of Directors**

In compliance with section 285 of the Companies and Allied Matters Act, 2020 and Article 10.3.3 of the bank's Articles of Association which require that directors of bank retire by rotation, three directors would be retiring at the Annual General Meeting, and being eligible, would-be seeking re-election.

The directors to retire by rotation are **Dr. Tony Okpanachi**, Managing Director/ CEO and **Mrs. Ijeoma Ozulumba**, Executive director, Finance & Corporate Services.

The biographical details of the directors are provided in the notes to the Resolutions to be presented to shareholders ahead of the Annual General Meeting.

### **Board Evaluation**

In adhering to the principles enunciated in the Nigerian Code of Corporate Governance, the CBN Code of Corporate Governance for Development Finance Institutions, the Guidelines issued by the Securities & Exchange Commission (i.e. SEC Corporate Governance Guidelines) and Article 16 of the bank's Articles of Association, the board of directors ensures that there is an annual evaluation of the board, its committees and individual directors, which is undertaken by an independent consultant.

The scope of the evaluation covers the corporate governance requirements of the Nigerian Code of Corporate Governance, the CBN Code of Corporate Governance for Development Finance Institutions, the SEC Corporate Governance Guidelines, the provisions of the Companies and Allied Matters Act and the bank's Memorandum and Articles of Association. In addition to the aforementioned, the evaluation also specifically assesses the performance and effectiveness of the bank's independent non-executive directors as required by section (f) of CBN circular BSD/DIR/GEN/CIR/VOL.1/013 titled "Guidelines for the Appointment of Independent Directors".

The outcome of the evaluation is presented to the shareholders at the Annual General Meeting, and in compliance with the requirements of the CBN Code of Corporate Governance for Development Finance Institutions, is also submitted to the CBN.

Messrs PricewaterhouseCoopers were appointed to undertake the evaluation of the Board for the financial year.



The Chairman,  
Development Bank of Nigeria Plc.  
The Clan Place,  
Plot 1368A Tigris Crescent,  
Maitama,  
Abuja.

14 March 2024.

Attention: Dr. Shehu Yahaya

Dear Sir,

**REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2023**

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the performance of the Board of Directors of Development Bank of Nigeria Plc ("DBN Plc") or ("the Bank") as required by Principle 14.1 of the Nigerian Code of Corporate Governance 2018 ("the NCCG"), Section 2.9.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Development Finance Institutions in Nigeria ("the CBN Code") and the SEC Corporate Governance Guidelines ("SCGG") for the year ended 31 December 2023.

Our responsibility is to reach a conclusion on the Board's performance within the scope contained in our Letter of Engagement dated 10th February 2023. In carrying out the evaluation, we relied on representations made by members of the Board, the Company Secretary and on the documents provided for our review.

The Board has complied significantly with the principles set forth in the NCCG, the CBN Code and the SCGG. Areas of compliance include: the Board's provision of strategic leadership towards the development of the Bank's (5) five-year Strategy, selection of suitable incoming Board members to lead and guide Management in the actualisation of the strategy, as well as the Board's oversight of financial and non-financial reporting.

We facilitated a Self and Peer Assessment of each Director's performance in the year under review. This Assessment covered the Director's time commitment to the business of the Bank, commitment to continuous learning and development as well as a self and peer assessment. Each Individual Director's Assessment Report was prepared and made available to them respectively while a consolidated report of the performance of all Directors was submitted to the Board Chairman.

Details of other findings are contained in the full report.

Yours faithfully,

for: PricewaterhouseCoopers

Partner  
FRC/2017/PRO/ICAN/004/00000016809

*PricewaterhouseCoopers Chartered Accountants*  
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria  
T: +234 1 271 1700, www.pwc.com/ng TIN: 01556757-0001 BN: 958268

Partners: S Abu, O Adekoya, T Adeleke, W Adetokunbo-Ajayi, S Adu, E Agbeyi, A Akingbade, UN Akpata, O Alakhume, A Atitebi, C Azobu, A Banjo, E Erhie, K Erikume, M Iwelumo, H Jaiyeola, T Labeodan, U Muogilim, C Obaro, C Ojechi, U Ojinmah, O Oladipo, W Olowofeyeku, P Omontuemhen, O Osinubi, T Oyedele, O Ubah, C Uwaegebute, Y Yusuf

## MANAGEMENT TEAM

### **Dr. Tony Okpanachi** **Managing Director / Chief Executive Officer**

Dr. Tony Okpanachi was appointed Managing Director/CEO of Development Bank of Nigeria Plc (DBN) in January 2017.

He is a seasoned banker with over 26 years' experience. Before he was appointed Managing Director/CEO of DBN, he was the Deputy Managing Director of Ecobank Nigeria Limited since April 2013. Prior to that, he was the Managing Director, Ecobank Kenya and Cluster Managing Director for East Africa (comprising Kenya, Uganda, Tanzania, Burundi, Rwanda, South Sudan and Ethiopia). He was also at various times Managing Director of Ecobank Malawi and Regional Coordinator for Lagos and South-west of Ecobank Nigeria.

Earlier in his professional career, he managed various portfolios including Treasury Management, Retail Business Development, Corporate Finance, Corporate Services, Branch Management and Relationship Management.

He holds a master's degree in business administration (MBA) from Manchester Business School UK, a Master of Science degree in Economics from the University of Lagos and a Bachelor of Science degree in Economics from Ahmadu Bello University, Zaria, Nigeria.

He has attended several Executive Management Development Programmes on Leadership, Corporate Governance, Credit and Risk-Management in leading institutions.

### **Mrs. Ijeoma D. Ozulumba** **Executive Director, Finance and Corporate Services**

Mrs. Ijeoma Ozulumba, was appointed as an Executive Director at Development bank of Nigeria Plc in March 2021.

She is a finance professional with over 3 decades experience in banking, accounting, auditing, finance, and business strategy. She started her professional career at Pricewaterhouse (now PwC), in the audit and business advisory services division and has held progressively senior roles in financial services in Nigeria and Canada.

Over the span of her career, Mrs. Ozulumba has participated in and led teams and departments in finance, strategy, business development, corporate banking, service management and internal audit. She worked at various times at Diamond Bank, Continental Trust Bank Limited (Now part of UBA Plc) and MBC International Bank Limited (Now part of First Bank of Nigeria Limited), both as Financial Controller, FinBank Plc (FCMB) as Chief Financial Officer, Bank of Montreal, and Scotia Bank both in Canada as Basel Risk Consultant and Finance Manager.



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Her international experience in financial management, bank startup, integration, financial performance management, Basel risk management, capital raising and Mergers & Acquisitions, has resulted in significant achievements in various pioneering roles in bank business model change, repositioning and in strategy development and implementation.

At Development Bank of Nigeria Plc, Mrs. Ozulumba has responsibility for the finance and corporate services directorate, comprising treasury, investor relations, corporate development, financial reporting, budget & performance management, information technology and corporate communications.

Mrs. Ozulumba holds a bachelor's degree from the University of Benin, Nigeria, an MBA with a specialization in International Business Management from Royal Holloway, University of London and an MPhil (cum laude) in Development Finance from Stellenbosch Business School. Mrs. Ozulumba has attended various executive training programmes at Harvard, Wharton, Oxford and is an alumnus of the Lagos Business School.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Certified Professional Accountant of Canada (CPA), a Project Management Professional (PMP), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of the Institute of Directors (IoD), Nigeria.

**Mr. Bonaventure Okhaimo**  
**Chief Operating Officer**

Mr. Bonaventure Okhaimo has over 27 years of banking experience spread across Diamond Bank, Stanbic IBTC, Standard Chartered Bank, FCMB Plc, Unity Bank Plc and has served as a Non-Executive Director with Unity Kapital Assurance (Now Veritas Assurance) PLC.

His vast industry experience includes branch operations, branch management, leadership roles in Retail/SME Banking, Institutional Banking, Information Technology and Strategic Operations Service Delivery. Bonaventure's extensive training over the years along with industry experience is a testament to his strategic, analytical and financial management competencies along with negotiation and business development skills.

He has attended various credit and banking attachment programs with Standard Bank Limited, Johannesburg, South Africa and Standard Chartered Bank, Zimbabwe and Kenya. He has attended various managerial training, including the Executive Management training Program of the Queens Business School, Canada.

Mr. Bonaventure holds an LLB from the University of Benin and a BL from the Nigeria Law School, Lagos. He further obtained a PGD in Business Administration and later an MBA in Financial Management from the Rivers State University of Science & Technology, Port Harcourt and the Federal University of Technology, Owerri, respectively. He is also an Honorary Member of the Chartered Institute of Bankers of Nigeria, the Nigeria Institute of Management and a Fellow of the Institute of Credit Administration, Nigeria.

**Mr. Olu Adegbola**  
**Chief Risk Officer**

Mr. Olu Adegbola started his banking career with United Bank for Africa Plc. He has over 20 years of banking experience, with over 10 years in senior management level across control and risk management functions.

He was the pioneer Head, Group Risk Management and Compliance at FBN Holdings Plc (Parent Company of First Bank Group), and instrumental in setting up the Internal Audit function of FBN Holdings Plc. with oversight responsibility across the Group.

He was the Pioneer Head, liquidity and Market Risk Management, and with oversight responsibility across the following departments; Compliance, Operational Risk, Information Security and Credit Strategy at Sterling Bank Plc. He was the Financial Controller, NBM Bank Ltd., one of the legacy banks of the current Sterling Bank Plc.

He is exposed to several local and international trainings. He holds a Master of Science degree in Finance, and a Postgraduate Diploma in Economics, both from the University of Lagos; an MBA from Obafemi Awolowo University, and a Bachelor of Science degree in Accounting from the University of Ilorin. He is a Fellow of the Institute of Chartered Accountant of Nigeria, an Associate of the Chartered Institute of Bankers of Nigeria, and a Senior Associate of the Risk Managers Association of Nigeria (RIMAN).

**Mr. Idris Salihu**  
**Head, Corporate Services**

Idris Salihu is the Head of Corporate Services. He is a seasoned banker and a marketing communication expert with over 24 years working experience in the Banking Sector. His experience spans Banking Operations, Marketing, Relationships Management, Public Sector Banking, Corporate Services, Brand Management and Communications.

Before joining DBN, he was the Regional Manager in charge of Business Development for Jaiz Bank Plc, North Central Region. He also served at the national level on Secondment from Fidelity Bank Plc on a National Assignment to the Presidency where he worked with the National Planning Commission and served as Secretary, Media & Publicity for the Nigerian Vision 20: 2020 Business Support Group (BSG) – the arm responsible for coordinating the private sector participation in the NV20:2020 Project. He also served under the SME Thematic area – the team responsible for crafting the strategic vision for Small and Medium Scale Enterprises.

Idris started his banking career in 1994 with the United Bank for Africa and later in 1998, moved to FSB International Bank PLC. When FSB International Bank Plc merged with Fidelity Bank in 2006, he became the Head, Advertising with the Marketing Communications





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Group and subsequently moved to serve as Business Head, Public Sector Banking Group, Abuja.

Idris has attended several trainings among which include; Essential Management Skills for Emerging Leaders (EMSEL), Harvard - Division of Continuing Education, Leadership for High Performance – Del Packer/Brian Tracy Group, Finance for Non-Finance Managers & Managing Corporate Affairs Functions – both with Lagos Business School, Strategic Communications & Crisis Management- Hundfold - South Africa, Islamic Banking and Finance - Fleming Gulf- Malaysia.

He is a member of several associations, including Fellow, Institute of Credit Administration (ICA), Associate, Chartered Institute of Bankers of Nigeria (CIBN). Associate Member, Advertising Practitioners of Nigeria (APCON); Associate Member, Nigerian Institute of Management (NIM) and Associate Member, Nigerian Institute of Public Relations (NIPR)

**Mr. Joshua Ohioma**  
**Head, Internal Audit**

Joshua Ohioma is the Head, Internal Audit of Development Bank of Nigeria PLC. A professional with over 25 years' combined experience in banking, auditing and consulting. He started his professional career in audit practice in 1991. He thereafter joined the banking industry with Diamond Bank in 1996 performing roles in Internal Control, Credit & Marketing and also coordinating branch business and profitability as Branch Manager.

He later practised Tax Advisory Services in PricewaterhouseCoopers (PWC), United Kingdom before joining First Bank of Nigeria Limited (FBN) in 2005 where he acquired valuable experience in Internal Audit, Internal Controls, Compliance and Risk Management under various senior management roles.

He is a graduate of Economics with a postgraduate qualification in Business Administration. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Certified Risk Analyst, ISO 27001 Lead Auditor and an alumnus of Lagos Business School (Senior Management Programme).

He is a Past Chairman of ICAN Lagos & District Society, a Development Dimension International (DDI) Certified Facilitator, a Coach and a Resource Person in various training platforms, seminars and workshops.

**Professor Joseph Nnanna**  
**Chief Economist**

Professor Joseph Nnanna is a seasoned professional with numerous years of experience in the U.S mortgage, banking, manufacturing, and telecommunication industry before joining academia.

His professional career commenced in the mortgage industry as a staff Accountant responsible for budgeting, audit, and month-end close functions. He also worked as a risk analyst at J.P.



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Morgan Chase bank and at various times served in managerial roles in Lehigh Hanson, one of the largest producers of crushed stone and gravel in the US and Blue Lynx Media a subsidiary of the Tribune company a leader in the Telecommunication industry in the US.

Before joining DBN, Prof. Nnanna was a tenured Professor of Business and Economics at Northwestern Oklahoma State University (USA). His primary research focus was on corporate governance in emerging economies, macroeconomics, development finance and Trade. His scholarly works have been published in; *Macroeconomics and Finance in Emerging Market Economies*, the journal of *Chinese Economics and Foreign Trade Studies*, *Journal of Social Economics*, *CBN Bullion*, *Journal of Business Perspectives*, *International Journal of Business Economics and Management* to name a few. While in academia Professor Nnanna taught at the undergraduate, graduate, and doctoral levels in Macro and Micro Economics as well as Management courses. Furthermore, he has presented scholarly works and delivered lectures in various countries around the world.

He earned a Bachelor of Business Administration and MBA degrees in Accounting, a Master of Art degree in Economics and a Doctorate in Corporate Governance and Economics from Southwestern Oklahoma State University, Florida Metropolitan University, The University of Oklahoma and Argosy University respectively. He is a member of the American Economic Association.

**Mr. Shofola Osho**  
**Company Secretary / Legal Adviser**

Shofola Osho has vast experience in providing Governance, Risk and Compliance support for major Corporates. He commenced his corporate career as a Legal Officer with Stallion Property & Development Company Limited (*A Joint venture company of the Nigerian National Petroleum Corporation and Oando Plc*). At Siemens Nigeria, he provided local content support for the implementation of the Siemens Anti-Bribery Controls and was a participant at the Talent at Compliance Program at the Siemens Leadership Center, Feldafing, Germany.

At Access Bank Plc, he was a member of the Legal Stream of "Project Star" (the N50 billion merger between the Intercontinental Bank Group by Access Bank Plc). He was a test participant at the Central Bank of Nigeria User Acceptance Test for the CBN Competency Assessment Portal. At FirstBank, Shofola was Assistant Company Secretary and a member of the inaugural stream of the FirstBank Senior Management Development Programme (SMDP01).

He holds a Bachelor of Laws (LL.B Hons) degree from the University of Lagos and a master's degree in International Commercial Law from the University of Salford Manchester, United Kingdom. He was called to the Nigerian Bar in 1999.

He is a Fellow of the Institute of Credit Administration, Nigeria, a Chartered Secretary (*ACIS*), Institute of Chartered Secretaries and Administrators of Nigeria, Member, Society For Corporate Governance, Nigeria and Member, Institute of Directors, Nigeria.

## **Disclosure of Managers Remuneration**

In compliance with section 257 of the Companies and Allied Matters Act, 2020, the board shall disclose to shareholders, at the Annual General Meeting, the remuneration of the bank's managers.

## **Statutory Audit Committee**

The Statutory Audit Committee of the bank is comprised of the following members:

- |                           |                                      |            |
|---------------------------|--------------------------------------|------------|
| 1. Mr. Ahmed Salau        | - Shareholder Representative         | - Chairman |
| 2. Mrs. Oluwakemi Owonubi | - Shareholder Representative         | - Member   |
| 3. Mr. Tade Fadare        | - Shareholder Representative         | - Member   |
| 4. Mr. Andrew Alli        | - Independent non-executive director | - Member   |
| 5. Dr. Oladimeji Alo      | - Independent non-executive director | - Member   |

The duties of the Statutory Audit Committee as enshrined in Section 404 (7) of the Companies and Allied Matters Act, 2020, and relevant Codes of Corporate Governance are to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- Review the scope and planning of audit requirements.
- Review the findings on management matters in conjunction with the external auditor and management's responses thereon.
- Keep under review the effectiveness of the Company's system of accounting and internal control.
- Make recommendations to the Board concerning the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that no conflict of interest could impair their independent judgement.
- Authorize the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.

The tenure of each member of the Statutory Audit Committee lasts from the date of election at an Annual General Meeting till the next. The membership may, however, be renewed through re-election at the next Annual General Meeting.

The profiles of members of the Statutory Audit Committee are on pages 44-47.

**Report of the Statutory Audit Committee**  
*For the year ended 31 December 2023*

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**To the members of the Development Bank of Nigeria Plc**

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020, the members of the Statutory Audit Committee of the Development Bank of Nigeria Plc hereby report on the audited financial statements for the year ended 31 December 2023 as follows:

We have exercised our statutory functions under section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2023 were satisfactory and reinforce the Bank's internal control systems.

We have deliberated on the findings of the external auditors who have confirmed that the necessary cooperation was received from management in the course of their audit and we are satisfied with management responses thereon and with the effectiveness of the Bank's system of accounting and internal controls.



Ahmed Rufai Salau  
Chairperson  
Statutory Audit Committee  
FRC/2013/ICAN/00000000968  
14 March 2024

Members of the Statutory Audit Committee are:

Ahmed Rufai Salau	Chairperson
Tade Fadare	Member
Kemi Owonubi	Member
Kyari Bukar	Member
Aminu Umar-Sadiq	Member
Oladimeji Alo **	Member
Andrew Alli **	Member

\*\*Retired 16 January 2024



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## **Profile of Members of the Statutory Audit Committee**



**Mr. Ahmed Salau, FCA**  
Chairman

Mr. Ahmed Salau holds a Bachelor of Science degree in Accounting from the Bayero University, Kano; and Master's degree in Business Administration in Finance, from the Ahmadu Bello University, Zaria, Kaduna State.

He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); a Certified Information System Auditor (CISA) and a Certified Fraud Examiner (CFE).

Prior to Joining Nigeria Sovereign Investment Authority as the Head, Internal Audit, he worked as the Chief Internal Auditor at the Abuja Electricity Distribution Company. He also worked as the Head, Internal Audit, at Legacy Pension Managers (now FCMB Pension), and at different times in his career, the Senior Audit Officer at Trustfund Pensions and the Senior Account Manager at Transcorp Hilton Hotel, Abuja FCT.



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**Oluwakemi Owonubi**  
**Shareholder Representative**

Oluwakemi Owonubi is the Executive Director, Risk at the Ministry of Finance Incorporated (MOFI). She is an accomplished finance professional with expertise and over 20 years of experience in corporate finance, private equity, mergers, acquisitions, equity research, buyouts and post-merger integrations.

She has served in top management roles, including as Group Head of Mergers and Acquisition, Tangerine Financial Limited, where she was responsible for defining and driving the Tangerine group's expansion into select African markets. Ms. Owonubi served on and supported the boards of several Tangerine portfolio companies across healthcare, life and general insurance.

Prior to this, and in her role as Head Corporate Finance at Rand Merchant Bank Nigeria, she established and executed the bank's corporate finance strategy, and worked alongside business leaders, clients to originate, manage and execute the merger or acquisition process through the transaction life cycle. Ms. Owonubi holds a B.Sc in Economics from the University of Ilorin, Kwara State, Nigeria and is a Chartered Accountant. She also holds a master's in business administration from the International Institute for Management Development (IMD), Lausanne Switzerland.



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**Tade Fadare, PhD**  
Member

Mr. Tade Fadare, PhD, is a Senior Vice President and Head of Operational Risk and Compliance at the Nigeria Sovereign Investment Authority (NSIA). In his role, he is responsible for designing, proactively identifying, implementing, and monitoring the processes by which the Authority complies with all applicable laws, regulations, and policies. Prior to joining the NSIA, he was Deputy Registrar at the Chartered Institute of Bankers of Nigeria (CIBN) and before then, the Head of Business and Operational Risk at First City Monument Bank with primary responsibility for coordinating and implementing the bank's Enterprise Risk Management project. He has worked as an Audit Senior and Audit Manager with international financial services institutions including, Barclays Bank, Royal Bank of Scotland, and Morgan Stanley. He also had a stint as Consultant/Senior Manager with the Business Risk Services practice of Grant Thornton (UK) providing advisory services to Grant Thornton (UK) clients.

He earned a first and second degree in Economics from the Obafemi Awolowo University and the University of Lagos respectively. He also obtained a Master of Science degree in Finance and Investment from the University of Edinburgh and an MBA, Finance, from the University of Manchester. He is a member of several reputable professional bodies, the Institute of Chartered Accountants of Nigeria (FCA), Association of Chartered Certified Accountants (FCCA), Chartered Institute of Bankers of Nigeria (FCIB), and the Chartered Professional Accountants of British Columbia (CPA), and the Chartered Institute of Stockbrokers of Nigeria (ACS).

Tade Fadare holds a PhD in Organizational Leadership from Regent University, Virginia, USA and has contributed peer-reviewed articles to several academic journals including The Journal of Values-Based Leadership, International Research Journal of Finance and Economics, and Journal of Research on Christian Education.



**Mr. Andrew Alli**  
Independent Non-Executive Director

Please refer to page 15 for  
Mr. Andrew Alli's profile



**Dr. Oladimeji Alo**  
Independent Non-Executive Director

Please refer to page 18 for  
Dr. Oladimeji Alo's profile

### **External Auditors**

KPMG Professional Services were the Bank's external auditors for the financial year. They were first appointed in August 2016 and have served as External Auditors for seven (7) years.

The bank complied with all regulatory requirements for the appointment and approval of the External Auditors.

### **Risk Management**

#### **Risk Governance Framework**

The risk governance framework in DBN is very robust and every stakeholder is aware of their responsibilities (individual and collective) for risk management, risk oversight and risk assurance. The Bank has a well-defined framework and policies for managing risks and ensuring adequacy and effectiveness of controls.

The Board has ultimate responsibility for risk management and sets the appropriate tone down the organization hierarchy. To ensure that the risk management system is in line with regulations and leading practices, the Board is supported by the following Board sub-committees:

1. Board Credit and Risk Committee (BCRC); and
2. Board Audit and Compliance Committee (BACC)

These Committees are responsible for reviewing and challenging risk, compliance, control and audit reports received from management and advising the board.





The Risk Management and Compliance Department facilitates and coordinates risk management and compliance activities in the bank and reports to both the Management Credit and the Management Risk Committees monthly on key risk issues facing the bank. The Department is also straddled with the role of ensuring the adequacy of Controls by implementing the approved Internal Control Framework.

Internal and External Audit is responsible for giving independent assurance on the adequacy and effectiveness of risk management process, practices and control.

Each department in the bank is responsible for risk management and implementing internal control procedures and documenting the same in a Standard Operating Manual in compliance with the Internal Control Framework.

### **Whistleblowing**

The Board of DBN is committed to high ethical standards and probity and ensures all employees and executives align with these standards in all their dealings with stakeholders.

To help ensure a high ethical standard, the Bank introduced the following;

1. Code of Ethics, which sets out the minimum standards of ethical conduct for management of businesses in the Bank.
2. Whistleblowing Policy, which provides a different medium for employees and other relevant stakeholders to report concerns about workplace malpractices in a confidential manner, and to enable the Internal Audit and External Consultant to investigate and deal with such.

Stakeholders are expected to comply with the above code and policy in discharging their duties and support investigations into any reported misconduct or concern and take any appropriate actions.

The Whistleblowing Policy is on the Bank's website(<http://www.devbankng.com/cms/uploads/policy/Whistle-Blowing-Policy>) and applies to both internal (staff, contract employees, management or directors) and external (customers, service providers, applicants, auditors, consultants, regulators and other stakeholders) whistleblowers.

The Policy outlines the procedure for Whistleblowing in the Bank and how all reported cases of illegal and unethical conduct or other misconduct should be dealt with.

The Policy is in line with the requirements of section 3.1 of the Central Bank of Nigeria (CBN) 'Guidelines for Whistleblowing for banks and other financial institutions in Nigeria', and the Code of Corporate Governance for Development Finance Institutions.

In line with the policy, a whistleblower may raise a concern through any of the following medium (this can be done either by declaration or in confidence/ anonymously):



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- A formal letter to the MD/CEO, Development Bank of Nigeria Plc. or the Head, Internal Audit, Development Bank of Nigeria Plc.
- Dedicated phone number +234-9-904-0000.
- Dedicated email address: [whistleblowing@devbankng.com](mailto:whistleblowing@devbankng.com)
- Via DBN website: [www.devbankng.com/whistleblowing](http://www.devbankng.com/whistleblowing).
- Where the concern is received by staff other than the MD/CEO or the Head, Internal Audit, the recipient of such concerns shall be required to;
- Immediately pass the concern(s) to the Head, Internal Audit with a copy to the MD/CEO Development Bank Plc.
- If the concerns affect the Head, Internal Audit, the MD/CEO shall be notified, and where a Director (including the MD/CEO) is involved, such concern shall be directed at the Chairman Board Audit & Compliance Committee.

### **Internal control**

The Board of Directors are responsible for ensuring adequate and effective internal controls exists within the Bank. These responsibilities involve establishing, maintaining and reviewing the effectiveness of internal control systems that ensures that the goals and objectives of the Bank are met, whilst complying with applicable laws and regulations including internal policies and procedures.

The Bank has an approved Internal Control Framework, developed in line with leading practice (the Committee of Sponsoring Organizations (COSO) 2013 Internal Control-Integrated Framework) The Framework address control challenges by identifying critical activities, assessing the risk exposures, determining appropriate preventive and detective control measures, and monitoring such measures to ensure compliance.

The overall objective of the Internal Control framework is to ensure that adequate and effective internal controls are in place and that these controls are applied consistently throughout the organisation to protect DBN and its stakeholders from potential losses. The internal control framework is managed within the five key principles of COSO which are; control environment, risk assessment, control activities, information & communication and monitoring.

### **COSO 2013 Internal Control-Integrated Framework**

#### **Control Environment:**

The Board and senior management establish the tone from the top regarding the importance of internal control and the expected standards of conduct. The Board is assisted in carrying out this responsibility by the Board Audit and Compliance Committee (BACC) as set out in the above Risk Governance Framework.

The key principles relating to the control environment include:



- The Board of DBN, management and staff are committed to the highest levels of integrity and ethical values;
- The Board and its sub-committees are independent of management and provide oversight for the performance of internal controls;
- Management, with oversight from the Board, establishes structures, reporting lines and appropriate delegation of authority to ensure that the strategic and business objectives are achieved;
- The Board and management establishes and implements policies and procedures to ensure the achievement of its objectives; and
- The Bank enforces accountability for applicable stakeholders with regards to internal control responsibilities in the pursuit of its objectives.

#### **Risk Assessment:**

The Bank has a dynamic and iterative process for identifying, analysing and managing risk exposures to achieving the strategic and business objectives of DBN, It involves considering the impact of possible changes in both the internal and external environment.

The key principles relating to risk assessment include:

- Board and management set specific strategic and business objectives with sufficient clarity to enable the identification and assessment of risk exposures;
- Risk exposures that may prevent the achievement of strategic and business objectives are identified and managed;
- In assessing the risks to the Bank's objectives, the potential for fraud shall be considered; and
- Management and Staff identify and assess changes that could significantly impact the internal control system.

#### **Control Activities:**

The management of the Bank has put in place risk mitigants to reduce risk and achieve its objectives. Such control activities are preventative or detective; automated or manual, or a combination thereof and take any of the following forms:

- authorizations and approvals;
- verifications;
- reconciliations;
- compliance with exposure limits;
- maker-checker processes;
- physical controls; and
- regular performance reviews.

Segregation of duties is typically built in the selection and development of control activities. No one individual, regardless of grade, title or function, process a specific transaction from initiation to final authorization. This implies that a transaction shall require the intervention



of at least 2 individuals before completion. The key principles relating to control activities include:

- Management and staff develop and implement control activities that will contribute to risk mitigation and achievement of strategic and business objectives;
- Management and staff develop and implement control activities over technology to support the achievement of objectives; and
- Management and staff develop and implement policies and procedures (including responsibility and accountability for execution) to support the achievement of set objectives.

**Information and Communication:** Relevant and quality information is necessary to effectively carry out internal control responsibilities in support of the achievement of the Bank's objectives. Internal communication within the Bank (top-down, bottom-up and across) enables staff to receive clear directives from senior management that control responsibilities must be taken seriously. External communication enables in-bound communication of relevant external information while providing required information to external parties.

The key principles relating to information and communication include:

- Relevant and quality information is used to support the functioning of the internal control system;
- Appropriate internal communication of information, including objectives and responsibilities for internal control, is used to support the functioning of the internal control system; and
- Appropriate communication with external stakeholders regarding matters affecting the functioning of the internal control system.

**Monitoring Activities:** Monitoring is the process of assessing the effectiveness of the internal control system via on-going and separate evaluations, including the reporting of findings or observed deficiencies as well as assuring management and the Board of Directors.

The key principles relating to monitoring activities include:

- Management has put in place measures to ensure on-going and/or separate evaluations to ensure that the internal control system is present and functioning as intended; and
- Internal and External Audit carries out independent reviews of internal control systems, communicating deficiencies to Board Credit and Risk Committee (BCRC), and Board Audit and Compliance Committee (BACC) and the Board; and monitor corrective actions.

## **Environmental and Social Risk Management**

DBN considers environmental and social risk management to be an important part of its mandate for providing sustainable access to finance. As part of this mandate, DBN is committed to incorporating environmental and social (E&S) risk considerations into its decision making and lending processes in a manner that is aligned with the Nigerian legal requirements and international best practices. DBN also promotes an appropriate Environmental and Social Management System (ESMS) for itself, as well as for the financial institutions it on-lends to, to enable it effectively assess and manage the Environmental and Social risk exposures associated with its lending activities.

The following are some internal practices that help DBN to manage its E&S risks:

- Incorporation of an exclusion list (i.e., list of transactions/businesses not funded by the Bank) into the Bank's Annual Reports to increase public awareness about DBN's lending operations.
- Categorization of DBN-funded projects into Low, Medium, and High ratings.
- The creation of Terms and Conditions for lending are determined partly by the E&S categorization.
- The Bank organizes capacity building for PFIs to increase their awareness regarding responsible lending and how they can adapt the lending approach.
- For High- and Medium-risk projects, the Bank obtains the Environmental & Social Risk Assessment Report and Environmental & Social Risk Management Plan (ESMP) from the PFIs.

Additional information on the bank's Environmental & Social Risk Management is available in the Integrated Report.

## **Statement on Fines and Penalties**

The bank has zero-tolerance for regulatory fines and penalties. The bank did not incur any fines or penalties in the financial year.

## **Freedom of Information**

DBN complies with the Freedom of Information Act, 2011 ("FoIA"). The Bank ensures that qualifying information is freely disclosed on the Bank's website, Annual Reports and through print and digital media to stakeholders, and persons or institution that request for information.

Accordingly, DBN is committed to:

- Making public records and information freely available.
- The proactive and periodic disclosure of qualifying information.



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- Providing public access, to qualifying records and information.
- Protecting public records and information to the extent consistent with the public interest and the protection of personal privacy.

### **Human Resources**

The bank is an equal opportunities employer and actively ensures diversity (age, gender and geography) in the composition of the workforce. The bank also ensures that staff have a conducive environment for work and is responsive to the needs of staff in the workplace and furthermore in ensuring a work/life balance.

The bank has an approved flexible/remote working policy which provides staff with the opportunity to work remotely. The bank ensures that staff remain motivated through a combination of work tools to ensure optimal work, and compensation and other incentives to drive peak performance. The bank is committed to its philosophy for maintaining compensation at the 75<sup>th</sup> percentile of Industry practices.

To advance accountability for corporate performance and reporting, the bank shall adopt and implement modalities for clawbacks in relevant policies of the bank.

Other details of the bank's Human resources practices are available of page 5.

## Statement of Directors' Responsibilities in Relation to the Consolidated and Seperate Financial Statements

*For the Year Ended 31 December 2023*

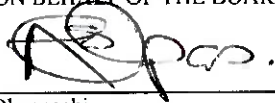
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The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, Financial Reporting Council of Nigeria (FRC) (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Group and Bank's ability to continue as a going concern and have no reason to believe that the Group and Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Anthony Okpanachi  
FRC/2016/CISN/00000015033  
Managing Director/CEO  
1 March 2024



Shehu Yahaya  
FRC/2019/IODN/00000019238  
Chairman  
1 March 2024

## Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements For the Year Ended 31 December 2023

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Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Chief Executive Officer and Chief financial Officer, hereby certify the consolidated and separate financial statements of the Development Bank of Nigeria Plc for the year ended 31 December 2023 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2023.
- b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the year ended 31 December 2023.
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the companies, during the period ended 31 December 2023.
- e) That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited consolidated and separated financial statements, and certify that the Bank's internal controls are effective as of that date
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- g) That we have disclosed the following information to the Bank's Auditors and Audit Committee:
  - (i) *there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and*
  - (ii) *there is no fraud that involves management or other employees who have a significant role in the Bank's internal control.*



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Anthony Okpanachi  
FRC/2016/CISN/00000015033  
Managing Director/CEO  
1 March, 2024



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Ijeoma Ozulumba  
FRC/2017/ICAN/00000016105  
Executive Director/CFO  
1 March, 2024





**KPMG Professional Services**  
KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMB 40014, Falomo  
Lagos

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Internet home.kpmg/ng

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Development Bank of Nigeria Plc

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated and separate financial statements of Development Bank of Nigeria Plc ("the Bank") and its subsidiary (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiary as at 31 December 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Bank in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Expected Credit Loss (ECL) Allowance on loans and advances to customers

The ECL allowance of loans and advances to customers is considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the key assumptions that impact the recoverability of loan balances in arriving at the level of impairment allowance required.

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Registered in Nigeria No. BN 986925

#### Partners

Adegake A. Oyelami  
Adetola P. Adoyemi  
Adevalle K. Ajayi  
Ayoola O. Okomole  
Akinwale O. Alao  
Akinwami J. Ashade  
Ayibami I. Salami  
Ayodele A. Soyinka  
Ayodele H. Othman

Bolanle S. Afolabi  
Boluwa D. Apana  
Chibuzor N. Aranyedeh  
Chineme B. Nwagbo  
Dunni O. Okagbemia  
Elijah O. Olatunmbayo  
Goodluck C. Oki  
Ibitomi M. Adepoju  
Ijorome T. Enezie-Ezigo

Kabe O. Ogunlola  
Lawrence C. Amede  
Martins I. Aroge  
Mohammad M. Adama  
Nneka C. Flura  
Ogunlayo I. Ogunbanro  
Olabimpe S. Afolabi  
Oladimeji I. Salaudeen  
Olanika I. James

Olufemi A. Babam  
Olumide O. Olayinka  
Olusegun A. Sowande  
Olutayo I. Ogunlowo  
Olusegun O. Awotupe  
Olusegun O. Gbajigbe  
Omolara O. Ogun  
Osama J. Obalajo  
Temilope A. Onian

Tolulope A. Odulale  
Uzoakwu N. Obensu  
Uzodionna G. Nwanneke  
Victor U. Oyenike  
Williams I. Erinosa

The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for loans and advances to customers. The determination of impairment allowance using the ECL model is inherently a significant area for the Group and requires the application of certain judgements, assumptions and estimates of financial indices. These indices are estimated from historical financial data obtained within and outside the Group.

The Group's ECL model includes certain judgements and assumptions in determining the impairment allowances of loan and advances to customers comprising the:

- determination of default
- assessment of significant increase in credit risk (SICR);
- incorporation of forward looking information based on the economic scenarios within the model;
- determination of the 12 month and lifetime probability of default (PD) used in the ECL model;
- determination of the Exposure at Default (EAD) based on the discounted future cash flows at the reporting date;
- Credit conversion factor (CCF) applied in modelling the EAD;
- estimation of the Loss Given Default (LGD) based on collateral values and other cash flows;

***How the matter was addressed in our audit***

Our audit procedures in this area included, among others:

- we evaluated the design and implementation of the key controls over the impairment determination process such as the management review of ECL allowance on loans and advances to customers and management review of relevant data elements used in the calculation of expected credit losses including evaluation of ECL impairment computation.
- we assessed the Group's default definition and other qualitative default indicators by checking it to the requirements of IFRS 9 Financial Instruments.
- we tested the appropriateness of the Group's determination of SICR, defaults and the resultant classification of loans into stages on a sample basis by reviewing customer loan offer letters for the terms of the loans and account statements for due and unpaid obligations.
- assisted by our Financial Risk Management specialists, we checked the key data and assumptions inputted into the ECL model used by the Group. Our procedures in this regard included the following:
  - we challenged the appropriateness and reasonableness of the Group's ECL methodology by considering whether it reflects unbiased and probability weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.
  - for forward looking assumptions comprising monetary policy rate, and inflation rate used, we corroborated the Group's assumptions using publicly available information from external sources and checked that they are appropriate in the Group's circumstances;
  - we evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate by checking them to source documents and performing a recomputation on a sample basis;
  - we checked the CCF applied in modelling the EAD and noted a 100% CCF assumptions applied on term loans;
  - we evaluated the appropriateness of the Pluto-Tasche methodology used to estimate Probability of Default (PD), and validated the completeness and accuracy of the data used for default and non default categories for loans by evaluating its reasonability;
  - we checked the calculation of the LGD used by the Group in the ECL calculations, including the appropriateness of the use of collateral, by recomputing the LGD, cashflow validation and assessing the haircuts applied by management on the recoverability of collateral considering the current economic conditions. On a sample basis, we challenged the valuation of collaterals applied in the ECL computations by evaluating the competence of the valuers, and



- checking the market value of the collaterals to other independent publicly available information;
- we independently reperformed the calculation of impairment allowance for loans and advances using the Group's impairment model and validated key inputs.
  - we evaluated the adequacy of the consolidated and separate financial statements disclosures, including the disclosures of key assumptions and judgements, and also assessed whether disclosures in the consolidated and separate financial statements appropriately reflect the Group's exposure to credit risk in line with the requirements of the relevant accounting standards.

The Group's accounting policy on impairment, related disclosures on credit risk and significant accounting judgements, estimates and assumptions, and note on impairment charge for credit losses are shown in notes 4.7(g), 5.2(f), 6.4 and 10 respectively.

#### ***Other Information***

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities, Statement of Corporate Responsibility and Other National Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of the Directors for the Consolidated and Separate Financial Statements***

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Bank or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material



misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Statutory Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Statutory Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

*Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.*

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books.

- iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

*Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004*

- i. The Bank and Group did not pay penalty in respect of contravention of the Banks and Other Financial Institutions (BOFIA) and Central Bank of Nigeria (CBN) guidelines during the year ended 31 December 2023.
- ii. Related party transactions and balances are disclosed in note 32 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

*Nneka*

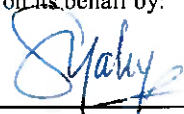
Nneka Eluma, FCA  
FRC/2013/ICAN/00000000785  
For: KPMG Professional Services  
Chartered Accountants  
15 March 2024  
Lagos, Nigeria



**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**

<i>In thousands of Naira</i>	<i>Note</i>	<b>Group 31 December 2023</b>	<b>Group 31 December 2022</b>	<b>Bank 31 December 2023</b>	<b>Bank 31 December 2022</b>
<b>Assets</b>					
Cash and cash equivalents	18	94,212,090	138,623,389	85,212,612	131,058,757
Investment securities	19	25,370,707	6,424,507	19,245,754	-
Loans and advances to customers	20	410,345,948	369,402,568	410,345,948	369,402,568
Investment in subsidiary	21	-	-	11,675,431	11,375,000
Property and equipment	22	11,961,716	2,434,577	11,888,345	2,402,019
Intangible assets	23	229,853	240,512	228,962	233,649
Deferred tax asset	17b	420,130	1,206,072	311,536	1,140,471
Other assets	24	1,422,745	1,992,219	737,691	1,623,938
<b>Total assets</b>		<b>543,963,189</b>	<b>520,323,844</b>	<b>539,646,279</b>	<b>517,236,402</b>
<b>Liabilities</b>					
Employee benefit obligation	25	1,658	1,793	-	-
Current tax liabilities	17c	12,353,214	11,754,184	12,128,833	11,575,456
Borrowings	27	267,981,310	291,139,709	267,981,310	291,139,709
Debt securities issued	28	24,235,595	-	24,244,335	-
Provision for guarantee	26	374,949	324,507	-	-
Other liabilities	29	3,469,581	2,594,347	3,060,655	2,342,031
<b>Total liabilities</b>		<b>308,416,307</b>	<b>305,814,540</b>	<b>307,415,133</b>	<b>305,057,196</b>
<b>Equity</b>					
Share capital	30(a)	100,000	100,000	100,000	100,000
Share premium	30(b)	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	30(c)	86,732,142	76,122,381	83,414,867	73,792,283
<i>Other reserves:</i>					
Statutory reserve	30(d)	40,915,056	33,863,738	40,915,056	33,863,738
Regulatory risk reserve	30(e)	8,038,653	4,660,615	8,038,653	4,660,615
Other reserve	30(f)	(1,539)	-	-	-
Attributable to equity holders of the parent		<b>235,546,882</b>	<b>214,509,304</b>	<b>232,231,146</b>	<b>212,179,206</b>
<b>Total liabilities and equity</b>		<b>543,963,189</b>	<b>520,323,844</b>	<b>539,646,279</b>	<b>517,236,402</b>

The consolidated and separate financial statements were approved by the Board of Directors on 1 March 2024 and signed on its behalf by:



Shehu Yahaya  
Chairman  
FRC/2019/IODN/00000019238



Anthony Okpanachi  
Managing Director/CEO  
FRC/2016/CISN/00000015033

Additionally certified by:



Ijeoma Ozulumba  
Executive Director/CFO  
FRC/2017/ICAN/00000016105

*The accompanying notes are an integral part of these consolidated and separate financial statements*

Development Bank of Nigeria Plc  
Annual Report  
31 December 2023

**CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*For the year ended 31 December 2023*

<i>In thousands of Naira</i>	<i>Note</i>	<b>Group 31 December 2023</b>	<b>Group 31 December 2022</b>	<b>Bank 31 December 2023</b>	<b>Bank 31 December 2022</b>
<b>Gross earnings</b>		<b>54,814,486</b>	<b>49,362,546</b>	<b>52,446,323</b>	<b>47,552,077</b>
Interest income calculated using the effective interest method	8	52,639,762	48,184,147	51,070,612	46,999,580
Interest expense	9	(12,276,770)	(11,215,724)	(12,261,436)	(11,215,724)
<b>Net interest income</b>		<b>40,362,992</b>	<b>36,968,423</b>	<b>38,809,176</b>	<b>35,783,856</b>
Impairment write-back/losses on financial assets	10	2,527,963	(1,250,411)	2,611,224	(1,217,699)
<b>Net interest income after impairment charge on financial assets</b>		<b>42,890,955</b>	<b>35,718,012</b>	<b>41,420,400</b>	<b>34,566,157</b>
Guarantee income	11	898,367	694,491	-	-
Guarantee expense	13b	(537,405)	(514,928)	-	-
Other income	12	1,276,357	483,908	1,375,711	552,497
Fee and commission expense	13a	(10,874)	(11,797)	(6,252)	(9,202)
<b>Net operating income</b>		<b>44,517,400</b>	<b>36,369,686</b>	<b>42,789,859</b>	<b>35,109,452</b>
Personnel expenses	14	(3,213,635)	(2,671,793)	(2,919,828)	(2,373,758)
Depreciation and amortization	15	(488,194)	(426,427)	(452,556)	(391,933)
General and administrative expenses	16	(4,278,348)	(3,019,329)	(4,047,228)	(2,821,175)
<b>Total expenses</b>		<b>(7,980,177)</b>	<b>(6,117,549)</b>	<b>(7,419,612)</b>	<b>(5,586,866)</b>
<b>Profit before tax</b>		<b>36,537,223</b>	<b>30,252,137</b>	<b>35,370,247</b>	<b>29,522,586</b>
Income tax expense	17	(12,080,106)	(10,118,913)	(11,900,307)	(9,988,671)
<b>Profit for the year</b>		<b>24,457,117</b>	<b>20,133,224</b>	<b>23,469,940</b>	<b>19,533,915</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>24,457,117</b>	<b>20,133,224</b>	<b>23,469,940</b>	<b>19,533,915</b>
<b>Profit for the year attributable to:</b>					
Owners of the Bank		24,457,117	20,133,224	23,469,940	19,533,915
<b>Total comprehensive income attributable to:</b>					
Owners of the Bank		24,457,117	20,133,224	23,469,940	19,533,915
		<b>24,457,117</b>	<b>20,133,224</b>	<b>23,469,940</b>	<b>19,533,915</b>

*The accompanying notes are an integral part of these consolidated and separate financial statements*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

GROUP In thousands of Naira	Attributable to the owners of the Bank							Total equity
	Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Other Reserve	
<b>Balance as at 1 January 2023</b>		100,000	99,762,570	76,122,381	33,863,738	4,660,615	-	214,509,304
<i>Total comprehensive income</i>		-	-	24,457,117	-	-	-	24,457,117
Profit for the year		-	-	24,457,117	-	-	-	24,457,117
Other comprehensive income for the year		-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	24,457,117	-	-	-	24,457,117
<i>Transactions with equity holders, recorded directly in equity:</i>								
Dividend paid	30(c)	-	-	(3,418,000)	-	-	-	(3,418,000)
Issue of convertible notes	30(f)	-	-	-	-	-	(1,539)	(1,539)
<i>Transfer between reserves:</i>								
Transfer to statutory reserve	30(d)	-	-	(7,051,318)	7,051,318	-	-	-
Transfer from regulatory risk reserve	30(e)	-	-	(3,378,038)	-	3,378,038	-	-
<b>Balance as at 31 December 2023</b>		100,000	99,762,570	86,732,142	40,915,056	8,038,653	(1,539)	235,546,882
<i>Transactions with equity holders, recorded directly in equity:</i>								
Dividend paid	30(c)	-	-	(20,133,224)	-	-	-	(20,133,224)
Issue of convertible notes	30(f)	-	-	-	-	-	-	-
<i>Transfer between reserves:</i>								
Transfer to statutory reserve	30(d)	-	-	(5,860,175)	5,860,175	-	-	-
Transfer from regulatory risk reserve	30(e)	-	-	244,904	-	(244,904)	-	-
<b>Balance as at 31 December 2022</b>		100,000	99,762,570	76,122,381	33,863,738	4,660,615	-	214,509,304



**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
*For the year ended 31 December 2023*

<i>BANK</i>													
<i>In thousands of Naira</i>		<i>Note</i>	<i>Share Capital</i>	<i>Share Premium</i>	<i>Retained Earnings</i>	<i>Statutory Reserve</i>	<i>Regulatory risk Reserve</i>	<i>Other Reserve</i>	<i>Total equity</i>				
	<b>Balance as at 1 January 2023</b>		100,000	99,762,570	73,792,283	33,863,738	4,660,615	-	212,179,206				
	<i>Total comprehensive income</i>												
	Profit for the year		-	-	23,469,940	-	-	-	23,469,940				
	Other comprehensive income for the year		-	-	-	-	-	-	-				
	<b>Total comprehensive income</b>				<b>23,469,940</b>				<b>23,469,940</b>				
	<i>Transactions with equity holders, recorded directly in equity:</i>												
	Dividend paid	30(c)	-	-	(3,418,000)	-	-	-	(3,418,000)				
	Issue of convertible notes	30(f)	-	-	-	-	-	-	-				
	<i>Transfer between reserves:</i>												
	Transfer to statutory reserve	30(d)	-	-	(7,051,318)	7,051,318	-	-	-				
	Transfer from regulatory risk reserve	30(e)	-	-	(3,378,038)	-	3,378,038	-	-				
	<b>Balance as at 31 December 2023</b>		100,000	99,762,570	83,414,867	40,915,056	8,038,653	-	232,231,146				
	<b>Balance as at 1 January 2022</b>		100,000	99,762,570	59,873,639	28,003,563	4,905,519	-	192,645,291				
	<i>Total comprehensive income</i>												
	Profit for the year		-	-	19,533,915	-	-	-	19,533,915				
	Other comprehensive income for the year		-	-	-	-	-	-	-				
	<b>Total comprehensive income</b>				<b>19,533,915</b>				<b>19,533,915</b>				
	<i>Transactions with equity holders, recorded directly in equity:</i>												
	Dividend paid	30(c)	-	-	-	-	-	-	-				
	Issue of convertible notes	30(f)	-	-	-	-	-	-	-				
	<i>Transfer between reserves:</i>												
	Transfer to statutory reserve	30(d)	-	-	(5,860,175)	5,860,175	-	-	-				
	Transfer to regulatory risk reserve	30(e)	-	-	244,904	-	(244,904)	-	-				
	<b>Balance as at 31 December 2022</b>		100,000	99,762,570	73,792,283	33,863,738	4,660,615	-	212,179,206				

*The accompanying notes form an integral part of these consolidated and separate financial statements.*

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOWS**

For the year ended 31 December 2023

<i>In thousands of Naira</i>	<i>Note</i>	<b>Group 31 December 2023</b>	<b>Group 31 December 2022</b>	<b>Bank 31 December 2023</b>	<b>Bank 31 December 2022</b>
<b>Cash flows from operating activities</b>					
Profit after tax		24,491,860	20,133,224	23,504,683	19,533,915
Tax expense	17a	12,080,106	10,118,913	11,900,307	9,988,671
<b>Profit before tax</b>		<b>36,571,966</b>	<b>30,252,137</b>	<b>35,404,990</b>	<b>29,522,586</b>
<i>Adjustments for:</i>					
(Writeback)/Impairment on loans and advances to customers	10	(2,611,398)	1,223,528	(2,611,398)	1,223,528
Impairment/(writeback) on other financial assets	10	83,435	26,882	174	(5,829)
Depreciation of plant and equipment	15	384,573	373,329	354,907	345,986
Amortization of intangibles	15	103,621	53,098	97,649	45,947
Write-off of intangible assets	23	-	65,448	-	65,448
Interest income on investment securities	19a	(1,326,273)	(1,306,199)	(840,181)	(917,267)
Interest income on loans and advances to PFIs	8	(37,847,519)	(31,608,001)	(37,847,519)	(31,608,001)
Interest expense on borrowings	9	10,568,478	11,128,998	10,568,478	11,128,998
Interest expense on debt securities issued	9	1,582,684	-	1,567,350	-
Lease expenses	9	61,776	3,049	61,776	3,049
Net increase in provision for guarantee	31a(iv)	50,442	162,980	-	-
Loans and advances to PFIs:					
Loans disbursed	20a	(153,627,698)	(149,714,201)	(153,627,698)	(149,714,201)
Loan principal repayments received	20a	115,845,167	101,353,986	115,845,167	101,353,986
Gain on disposal of plant and equipment	31b	(10,873)	(8,765)	(10,466)	(8,962)
		<b>(30,171,619)</b>	<b>(37,993,731)</b>	<b>(31,036,771)</b>	<b>(38,564,732)</b>
<i>Changes in:</i>					
Other liabilities	31a(i)	746,446	976,083	598,314	844,412
Employee benefit obligation	31a(ii)	(135)	122	-	-
Other assets	31a(iii)	(567,744)	(1,122,052)	(188,556)	(1,067,638)
		<b>(29,993,052)</b>	<b>(38,139,578)</b>	<b>(30,627,013)</b>	<b>(38,787,958)</b>
Tax paid	17c	(9,565,626)	(5,396,243)	(9,443,192)	(5,212,391)
Value Added Tax (VAT) net expense/(payment)	31a(vii)	6,591	3,671	(1,887)	(781)
Interest received on investment securities	19a	844,398	1,471,255	164,583	729,016
Interest received on loans and advances to PFIs	20a	37,298,068	31,036,995	37,298,068	31,036,995
Payment of lease liability - Interest	31c(ii)	(69,671)	(3,049)	(69,671)	(3,049)
<b>Net cash used in operating activities</b>		<b>(1,479,292)</b>	<b>(11,026,949)</b>	<b>(2,679,112)</b>	<b>(12,238,167)</b>
<b>Cash flows from investing activities</b>					
Acquisition of investment securities	19a	(18,868,360)	(6,465,705)	(18,637,397)	-
Investment in Subsidiary	21b	-	-	(300,431)	-
Proceeds from matured investment securities	19a	311,530	27,813,295	-	26,806,545
Acquisition of intangible assets	23	(92,962)	(198,445)	(92,962)	(196,951)
Acquisition of property and equipment	31b(ii)	(9,633,010)	(488,778)	(9,562,531)	(462,925)
Proceeds from disposal of property and equipment	31b(i)	14,967	13,813	14,560	9,745
<b>Net cash flows (used in)/from investing activities</b>		<b>(28,267,835)</b>	<b>20,674,180</b>	<b>(28,578,761)</b>	<b>26,156,414</b>
<b>Cash flows from financing activities</b>					
Long term borrowings received	27a	-	16,812,000	-	16,812,000
Repayment of principal on borrowings	27a	(22,927,987)	(23,880,583)	(22,927,987)	(23,880,583)
Repayment of interest on borrowings	27a	(10,798,890)	(11,055,327)	(10,798,890)	(11,055,327)
Equity component of convertible debt issued	30(f)	(1,539)	-	-	-
Debt Securities issued	28	22,652,911	-	22,676,985	-
Dividend paid	30c	(3,452,743)	-	(3,452,743)	-
Payment of lease liabilities - Principal	31c(ii)	(152,704)	(62,451)	(152,704)	(62,451)
<b>Net cash flows used in financing activities</b>		<b>(14,680,952)</b>	<b>(18,186,361)</b>	<b>(14,655,340)</b>	<b>(18,186,361)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(44,428,079)</b>	<b>(8,539,130)</b>	<b>(45,913,213)</b>	<b>(4,268,116)</b>
Cash and cash equivalents, beginning of year		138,990,997	147,530,127	131,390,054	135,658,170
<b>Cash and cash equivalents, end of year</b>	18b	<b>94,562,918</b>	<b>138,990,997</b>	<b>85,476,841</b>	<b>131,390,054</b>

The accompanying notes form an integral part of these consolidated and separate financial statements.

## Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2023

### 1 General information

Development Bank of Nigeria Plc (DBN) is a bank domiciled in Nigeria. The address of the Bank's registered office is Plot 1386A Tigris Crescent, Maitama, F.C.T Abuja, Nigeria. The Bank is a financial institution set up primarily to bridge the funding needs of the Micro, Small & Medium Enterprises (MSMEs) in Nigeria.

The principal mission of the DBN is to increase financial inclusion by improving access to credit. The Bank plays a focal and catalytic role in providing funding and risk-sharing facilities to MSMEs and small corporates through Participating Financial Institutions (PFIs). The operation of the Bank also plays an important role in developing the Nigerian financial sector by incentivizing financial institutions, predominantly deposit-money and microfinance banks, to lend to the productive sector, using technical assistance to augment their capacity where necessary and by providing them with funding facilities designed to meet the needs of these smaller clients. It obtained its operating license for wholesale development finance institution from the Central Bank of Nigeria on 29 March 2017. The Bank commenced lending operations on 1 November, 2017.

DBN has one subsidiary, Impact Credit Guarantee Limited, which was incorporated on 8 March 2019 with the aim to carry on the business of issuing credit guarantees to participating financial institutions (PFI) in respect of loans granted to eligible businesses in the Micro, Small and Medium Enterprises (MSME) sector.

The consolidated financial statements as at and for the year ended 31 December 2023 comprise the Bank and its subsidiary (together referred to as "the Group or the DBN Group" and individually as "Group entities").

### 2 Basis of preparation

#### a Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in a manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (FRC) (Amendment) Act, 2023, the Bank and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria Circulars. The consolidated and separate financial statements were authorised for issue by the Group and Bank's board of directors on 1 March 2024.

#### b Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis at each reporting date:

- loans and receivables and debt securities are measured at amortized cost using effective interest rate method.
- other financial liabilities that are not classified as at fair value through profit or loss are measured at amortized cost using the effective interest rate method.

#### c Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 5.

#### d Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Group and Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

### 3 Changes in material accounting policies

Except as noted below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated and separate financial statements. A number of other new standards are also effective from 1 January 2022 but they do not have a material effect on the disclosures or on the amounts reported in these Group financial statements.

#### i Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their material accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from 1 January 2023.

#### ii Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

#### 3.1 New and Revised Standards and Interpretations not yet effective

A number of new IFRS Accounting Standards, Amendments to IFRS Accounting Standards, and Interpretations are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these consolidated and separate financial statements. Those IFRS Accounting Standards, Amendments to IFRS Accounting Standards and Interpretations which may be relevant to the Group or Bank are set out below.

The Group and Bank do not plan to adopt these standards early. The IFRS Accounting Standards will be adopted in the period that they become mandatory unless otherwise indicated:

**Notes to the Consolidated and Separate Financial Statements**  
For the year ended 31 December 2023

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 1	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current Liabilities	October 2022	January 1, 2024	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.</p> <p>The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.</p> <p>In addition a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.</p> <p>The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.</p>
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024	<p>Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale and-leaseback transaction.</p> <p>The amendments confirm the following.</p> <ul style="list-style-type: none"> <li>• On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.</li> <li>• After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.</li> </ul> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2024.</p> <p>Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a sellerlessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments</p>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	May 2023	1 January 2024	<p>The amendments apply to supplier finance arrangements that have all the following characteristics.</p> <ul style="list-style-type: none"> <li>• A finance provider pays amounts a company (the buyer) owes it suppliers.</li> <li>• A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.</li> <li>• The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date.</li> </ul> <p>The amendments do not apply to arrangements for financing receivables or inventory.</p> <p>The amendments introduce two new disclosure objectives- one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.</p>

Notes to the Consolidated and Separate Financial Statements  
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				<p>Under the amendments, companies also need to disclose the type and effect if non-cash changes in the carrying amount of its financial liabilities that are part of supplier finance arrangement.</p> <p>The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.</p> <p>Companies needs to start collating additional information to meet the new disclosure requirements because some information may not always be readily available such as the carrying amount of financial liabilities for which suppliers have already received payments from finance providers. Companies may need to obtain this information from their finance providers directly.</p> <p>The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application.</p>
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2025	<p>The amendments clarifies:</p> <ul style="list-style-type: none"> <li>• when a currency is exchangeable into another currency; and</li> <li>• how a company estimates a spot rate when a currency lacks exchangeability.</li> </ul> <p>Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose.</p> <p>When a currency is not exchangeable, a company needs to estimate a spot rate.</p> <p>Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate.</p> <p>Therefore, when estimating a spot rate a company can use:</p> <ul style="list-style-type: none"> <li>• an observable exchange rate without adjustment; or</li> <li>• another estimation technique.</li> </ul> <p>Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:</p> <ul style="list-style-type: none"> <li>• the nature and financial impacts of the currency not being exchangeable</li> <li>• the spot exchange rate used;</li> <li>• the estimation process; and</li> <li>• risks to the company because the currency is not exchangeable</li> </ul> <p>The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted.</p>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	The effective date of this amendment has been deferred indefinitely by the IASB.	<p>The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.</p> <p>When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.</p> <p>Under the consolidation standard, the parent recognises the full gain on the loss of control.</p> <p>But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.</p> <p>In either case, the loss is recognised in full if the underlying assets are impaired.</p> <p>The IASB has decided to defer the effective date for these amendments indefinitely.</p>

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### 4 Material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements.

#### 4.1 Basis of consolidation

The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

##### a Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see 4.1b). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 4.18). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see 4.7a and 4.17).

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

##### b Subsidiaries

'Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group. Gains or losses on the partial disposal (where control is not lost) of the group's interest in a subsidiary to non-controlling interests are also accounted for directly in equity.

In the separate financial statements, investments in subsidiaries and associates are measured at cost less any accumulated impairment losses (where applicable).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### c Common control transactions

Common control transactions, in which the Bank is the ultimate parent entity both before and after the transaction, are accounted for at book value.

##### d Loss of Control

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

##### e Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 4.2 Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

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### 4.3 Interest

#### a Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

#### b Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

#### c Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortization of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 4.7(g).

#### d Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes interest on financial assets and financial liabilities measured at amortized cost.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortized cost; and
- interest expense on lease liabilities
- negative interest on financial assets measured at amortised cost; and

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income and from other financial instruments at FVTPL (see 4.4).

Cash flows related to capitalized interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalized.

Other income presented in the statement of profit or loss and OCI includes income earned from refunds of cost incurred on project implementation unit.

### 4.4 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

### 4.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### i Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

### **Short-term leases and leases of low-value assets**

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **ii Group acting as a lessor**

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 4.7 (c, g)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

## **4.6 Tax expense**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and has recognized the related expenses in 'other expenses'.

### **a Current income tax**

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current income tax consists of Company Income Tax, Education tax, National Information Technology Development Agency levy (NITDA) and Nigeria Police Trust Fund (PTF) levy. Company Income tax is assessed at 30% statutory rate of total profit whereas Education tax is computed as 3% of assessable profit, NITDA levy is a 1% levy on Profit Before Tax of the Bank, National Agency for Science and Engineering Infrastructure (NASeni) levy is computed as 0.25% of Profit Before Tax and PTF levy is 0.005% of the net profit (defined as profit after tax) of the Bank. The PTF levy is charged on the net profit of the company for the year and therefore falls within the scope of IAS 12 which deals with taxes levied on a net rather than on a gross amount. Current tax also includes any tax arising from dividends.

Current income tax is recognized as an expense for the period and adjustments to past periods, except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Current tax assets and liabilities are offset only if the Bank has a legal right and intention to settle on a net basis.

### **b Minimum tax**

The Bank is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), the minimum tax charge is recognized in the profit or loss presented above the income tax line as Minimum tax.



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### c Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

## 4.7 Financial assets and financial liabilities

### a Recognition and initial measurement

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price. See Note 4.7(f) for a description of the policy if the fair value of a financial instrument at initial recognition differs from the transaction price.

### b Classification

#### Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

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The Group's wholesale banking business comprises primarily loans to PFIs that are held for collecting contractual cash flows. Sales of loans from this portfolio is very rare.

Certain debt securities are held by Treasury units in a separate portfolio to meet everyday liquidity needs. The Group seeks to minimize the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. These securities may be sold, but such sales are not expected to be more than infrequent. The group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets

### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### **Non-recourse loans**

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

## **c Derecognition**

### **Financial Assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also 4.7 d), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### **Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

## **d Modifications of financial assets and financial liabilities**

### **Financial assets**

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see 4.7c) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

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If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see "write-off" policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see 4.7(g)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see 4.3).

### **Financial liabilities**

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

### **Interest rate benchmark reform**

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes

## **e Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions.

## **f Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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### g Impairment

See also Note 6.4(c).

The Group recognizes loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL: financial assets that are debt instruments; and

- Financial guarantee contracts issued;
- No impairment loss is recognized on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see Note 6.4(c)).

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

### Measurement of 12-month ECL

12-month ECL is defined as a portion of the lifetime ECLs that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring. They are not the actual losses on financial instruments that are forecasted to actually default in the next 12 months.

### Measurement of Lifetime ECL

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. They would be estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- The contractual cash flows that are due to the Group under the contract, and
- The cash flows that the Group expects to receive

As ECLs take into account both the amount and the timing of payments, a credit loss arises even if the Group expects to receive all the contractual payments due, but at a later date. The DBN Group recognizes lifetime expected credit losses on its loan and debt portfolios that have had a significant increase in credit risk since initial recognition with no objective evidence of impairment. In order to do this, management develops lifetime Probabilities of Default (PDs), Exposures At Default (EADs) and Loss Given Default (LGDs).

### Significant increase in credit risk or low credit risk

For its loans to PFIs, the Group monitors the credit risk using its Internal and External Credit Rating assigned at origination of the loans, each credit rating has an assigned PD. A change in credit rating that will cause a movement between grades is considered a significant increase in credit risk. The Group has a robust system in place for determining significant increase in credit risk which are split into quantitative, qualitative and backstop indicators.

## Notes to the Consolidated and Separate Financial Statements

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### Quantitative indicators

These include the following:

- material breach of contract, such as a default or delinquency in interest or principal payments
- the financial asset is 90 days past due except for specialized loans for which the presumption is rebutted

### Qualitative indicators

These include the following:

- internal risk classification – Classification as performing, watchlist and non-performing
- actual or expected significant change in the financial instrument's credit rating
- identification of the loan or customer on a 'Watchlist' or other forbearance indicators
- significant financial difficulty of a borrower or issuer
- restructure of the facility based on financial issues with the borrower
- Management override

### Backstop indicators

- This applies when the financial asset is 30 days past due on repayment of principal and interest.

### Forward looking information

In determining whether there has been a significant increase in credit risk and in determining the expected credit loss calculation, IFRS 9 requires the consideration of forward-looking information. The determination of significant increase in credit risk is required to include consideration of all reasonable and supportable information available without undue cost or effort. This information will typically include forward-looking information based on expected macroeconomic conditions and specific factors that are expected to impact individual portfolios.

The incorporation of forward-looking information represents a significant change from existing accounting requirements which are based on observable events. The use of such forward-looking information will increase the use of management judgement and is expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations. The forward-looking framework will be based on the Group's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement.

The forward-looking information adopted in the Group's IFRS 9 model include the following: Inflation rate, Prime lending rate, Crude oil price and Monetary policy rate.

The list is not exhaustive, and the Group may add or remove economic indicators as it deems necessary. The forward looking macro economic indices are sourced from credible external agencies such as: Central Bank of Nigeria, (Nigerian) National Bureau of Statistics, International Monetary Fund, World Bank and any other online repository of macro-economic data.

The macro-economic indices are projected for three possible scenarios being best-estimate, optimistic and downturn forecasts. The projected macro-economic. Indices for the three (3) scenarios are then probability weighted to arrive at a single scenario which is used to calculate the ECL.

Default is not specifically defined in IFRS 9. The Group's definition of default follows CBN prudential guidelines, which provides that a credit facility is deemed non-performing when:

- Interest or principal is due and unpaid for 90 days or more
- Interest payment equals to 90 days interest or more have been capitalized, rescheduled, or rolled over into a new loan (except when a loan is rescheduled and treated as a new facility, but provisioning continues until it is clear that rescheduling is working at a minimum for a period of 90 days.

### Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized (see 4.6d) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 6.4(c)(iii)).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
  - a breach of contract such as a default or past-due event;
  - the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
  - it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
  - the disappearance of an active market for a security because of financial difficulties.
- A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

## Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2023

### **POCI financial assets**

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

### **Collateral**

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for customers in the event that the customer defaults. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability.

### **Write-off**

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are recognized when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### **Financial guarantee contracts held**

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognizes an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognized only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognized in 'other assets'. The Group presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

### **4.8 Loans and advances**

The 'loans and advances to customers' caption in the statement of financial position are loans and advances measured at amortised cost (see 4.7(b)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the consideration paid is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

### **4.9 Investment securities**

The 'investment securities' caption in the statement of financial position includes debt investment securities measured at amortised cost (see 4.7(b)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

### **4.10 Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, restricted balances held with central banks and local banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

## Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2023

### 4.11 Property and equipment

#### a Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in the statement of profit or loss.

#### b Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The costs of the day-to-day repairs and maintenance of property and equipment are recognized in statement of profit or loss during the financial period.

#### c Depreciation

Depreciation is recognized in profit or loss on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold Land and Building	Over the shorter of the useful life of the item or lease term
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Right of Use assets	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Computer & IT equipment	3 years
Furniture and fittings	5 years
Plant & Office Equipment	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Assets are reviewed for impairment whenever events or changed in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

#### d De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

### 4.12 Intangible assets

#### Software

#### a Recognition and measurement

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses.

#### b Subsequent costs

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### c Amortization

Amortization is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is three years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### d De-recognition

An intangible item is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss in the year the intangible asset is derecognized.

### 4.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

## Notes to the Consolidated and Separate Financial Statements

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### 4.14 Employee benefits

#### a Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

The Group operates a defined contribution pension scheme for employees. Employees and the Group contribute 8% and 10% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act.

#### b Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

#### c Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### d Other benefits

The Bank offers death-in-service benefits to employees as part of their employment benefits. This benefit is offered on a stand alone basis and is not insured or re-insured by third parties. The benefit covers obligations that may crystallize in the event of demise of any of the Bank's staff (Death-in-Service benefit) or bereavement, i.e., where any of the Company's staff loses an immediate family member which include parents, spouse or biological children.

The benefit to staff is recognised as an expense to the extent that death has already occurred by the reporting date.

### 4.15 Share capital and reserves

#### a Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

#### b Dividend on ordinary shares

Dividends on ordinary shares are recognised in equity in the period when approved by the shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent events note.

#### c Share premium

Premiums from the issue of shares are reported in the share premium.

#### d Regulatory risk reserve

The Nigerian banking regulation requires Development Financial Institutions (DFIs) to create a reserve for the difference between impairment charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria. This reserve is not available for distribution to shareholders.

#### e Statutory reserve

In line with the Regulatory and Supervisory Guidelines for DFIs in Nigeria, the Bank maintains a reserve fund and shall out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserves as follows:

- Where the reserve fund is less than the paid-up share capital, a minimum of 30.0 per cent of the net profits; or
- Where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 15.0 per cent of net profit;
- No transfer to the reserve fund shall be made until all identifiable losses have been made good.
- A Wholesale Development Finance Institution shall plough back all its profit after tax to reserve unless it has met the regulatory minimum capital of N100 billion or such other amount as the CBN may specify from time to time.

#### f Retained earnings

Retained earnings comprise the undistributed profits and (losses) from previous periods which have not been reclassified to any specified reserves

### 4.16 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs such as stamp duties are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised

### 4.17 Interest income and expense

Interest income and expense for all financial assets and financial liabilities carried at amortized cost are recognized in profit or loss using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.



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When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Where financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### 4.18 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual basis regardless of the times of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of liability has arisen that can be measured reliably. Expenses are measured at historical cost. Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned. Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

### 4.19 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 4.20 Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified term of a debt instrument. Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at a higher of:

- The amount determined in accordance with the expected credit loss model under IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

### 4.21 Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see 4.3 Interest). If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Other fee and commission income – including upfront fee and guarantee fee – is recognised as the related services are performed.

Upfront fee is a one off, non-refundable processing fee charged irrespective of the tenor of the guarantee. The performance of this service is at a point in time (at the time the guarantee is issued) and as such income is recognised immediately in line with the requirements of IFRS 15. Guarantee fee represents the premium paid over the period of guarantee. The performance of this service is satisfied over time as such the income is recognised over the duration of the contract in line with the IFRS 15 revenue recognition criteria.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

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**5 Use of estimates and judgments**

The Group makes estimates and assumptions that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the current best estimate of uncertain future events that are believed to be reasonable under the circumstances.

**5.1 Key sources of assumption and estimation uncertainty**

**a Impairment of financial instruments**

Loans and advances to PFIs (see Note 20) are accounted for at amortized cost and are evaluated for impairment on a basis described in the accounting policy.

The Group reviews its credit portfolio continuously (at least once in a quarter) with a view to recognising any deterioration in credit quality. Such reviews systematically classify credit exposures based on the perceived risks of default. Some of the criteria adopted to assess the default risk include, but are not limited to, repayment performance, borrower's repayment capacity on the basis of current financial condition and net realizable value of collateral. The classifications and provisioning for its onlending facilities to MSMEs through PFIs, take into consideration the cash flows and gestation period. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of loans and advances.

**b Determination of regulatory risk reserves**

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS. As a result of the differences in the methodology/provision basis, there will be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria, which is also applicable to DBN stipulates that banks would be required to make provisions for loans as prescribed in the relevant IFRS Accounting Standards when IFRS is adopted. However, banks would be required to comply with the following:

- i Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected differences in general reserve should be treated in the general reserve account as follows:
  - Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.
  - Prudential Provisions is less than IFRS provisions; the differences resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.
- ii The non-distributable reserve should be classified under Tier 1 as part of core capital.

DBN has complied with the requirements of the guidelines as follows:

As at 31 December 2023, the difference between the Prudential provision and IFRS impairment was N8.04billion (December 2022: N4.66billion) requiring transfer of N3.38 billion (December 2022: N245 million) from retained earnings to regulatory risk reserve as disclosed in the statement of changes in equity. This amount represents the difference between the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and the impairment reserve as determined in line with IFRS 9 as at year end.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the value of the regulatory risk reserve.

**Statement of prudential adjustments**

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
Impairment on loans and advances per IFRS	(171,700)	(2,783,099)	(171,700)	(2,783,099)
Provision on loans and advances per Prudential Guidelines	8,210,353	7,443,714	8,210,353	7,443,714
<b>Regulatory Risk Reserve</b>	<b>8,038,653</b>	<b>4,660,615</b>	<b>8,038,653</b>	<b>4,660,615</b>
The movement in the Regulatory risk reserve during the year is shown below:				
Balance, beginning of the year	4,660,615	4,905,519	4,660,615	4,905,519
Transfer during the year	3,378,038	(244,904)	3,378,038	(244,904)
<b>Balance, end of the year</b>	<b>8,038,653</b>	<b>4,660,615</b>	<b>8,038,653</b>	<b>4,660,615</b>

**5.2 Critical accounting judgments in applying the Group's accounting policies**

Critical accounting judgments made in applying the Group's accounting policies include:

**a Financial asset and financial liability classification**

DBN's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories.

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding is based on management's judgement. See note 4.7(b)

**b Depreciation and carrying value of property and equipment**

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

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***Determination of impairment of property and equipment and intangible assets***

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

**c Recoverability of deferred tax assets**

Deferred tax assets were recognised on the basis described in note 4.6(c). Information about assumptions made in the recognition of deferred tax assets and availability of future taxable profit against which tax losses carried forward can be used is included in Note 17(b). The Directors have adopted the current tax practice of carrying forward commencement losses indefinitely for the purpose of determining the unrelieved losses carried forward applicable for deferred tax. Actual results may differ from these estimates based on the interpretation by the tax authorities.

**d Determination of fair value of financial instruments**

The Group's accounting policy on fair value measurements is discussed in note 4.7(f). The Group measures fair values using a fair value hierarchy which reflects the significance of inputs used in making the measurements. IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

**e Provisions and contingencies**

In the measurement of provisions and contingencies, the Group estimates the amount of the liability using judgment. The provisions and contingencies recognised by the Group are mostly with regards to litigations and claims. In making the estimates, the Group relied on the advice of their internal and external legal counsel.

**f Criteria for determining significant increase in credit risk**

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. See note 4.7(g)

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### 6 Financial risk management

#### 6.1 Introduction and overview

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. The aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance. This note presents information about the Group's exposure to financial risks, its risk management policies/frameworks, processes for measuring and managing these risks, and its management of capital.

#### 6.2 Enterprise risk management (ERM)

The underlying premise of the Group's Enterprise Risk Management is that every entity exists to provide value for its stakeholders. The Group faces uncertainty that presents both risk and opportunities in pursuit of its mandate and these uncertainties can either erode or enhance value. Managing the enterprise risk in a consistent, efficient and sustainable manner is a critical priority, as the business environment faces unprecedented levels of complexity, changing geopolitical threats, new regulations and increasing shareholder demand. The Group seeks to achieve an appropriate balance between risk and reward in its business and strategy, and continues to build and enhance the risk management capabilities that will assist it in achieving its mandate in a controlled and risk cautious environment. The main benefits and objectives of the ERM Framework include the following:

- It provides a platform for the Board and Management to confidently make informed decisions regarding the trade-off between risk and reward;
- It aligns business decisions at the operating level to the appetite for risk;
- It balances operational control with the achievement of strategic objectives;
- It enables Management to systematically identify and manage significant risks on an aggregate basis; and
- It minimizes operational surprises and related costs or losses.

The Group has made significant progress in its risk management process. Its revised framework (ERM Framework) addresses specific risk areas such as credit, market, liquidity, operational, compliance and reputational risks. Also, the following standalone policies were introduced:

- The Information Security Risk Framework.
- Business Continuity Management Policy.
- Stress Testing Framework.
- IFRS 9 Impairment Policy and Model Documentation
- Operational Risk Management Framework
- Reputational Risk Management Framework

To ensure seamless service and to manage security threats before they cause harm to the information technology and assets of the Bank, the Bank subscribed and implemented three major ISO standards and certifications, the standards are:

- ISO27001 Certification: The standard for Information Security;
- ISO 22301 Certification: The standard for Business Continuity Management; and
- ISO 20000 Certification: Information Technology Service Standard.

#### 6.3 Risk management governance structure

The following Management committees, comprising of senior management staff support the Management Committee in performing its risk management roles:

##### a Asset and Liability Management Committee (ALCO)

The Asset and Liability Committee (ALCO) is responsible for market, liquidity and investment risk management. The committee is responsible for implementing the Asset and Liability Management (ALM) policy.

##### b Management Credit Committee (MCC)

The Management Credit Committee (MCC) is responsible for the effective and efficient management of all credit risks in the Bank and reports to the Board Management Credit and Risk Committee (BCRC) on all credit risk matters.

##### c Management Risk Committee (MRC)

The Committee is responsible for managing other risks comprising of; Operational risks, Strategic risk, concentration risk, Reputational Risk, Legal Risk, Information security risk, Business Continuity Management, etc. Reports, deliberation and decisions at the committee are inputs to the quarterly Board Credit and Risk Committee (BCRC) reports.

The Group has exposures to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

#### 6.4 Credit risk management

Credit risk is the risk that a borrower or counterparty may not be able to honour its repayment obligations as and when due and in accordance with agreed loan terms and conditions; thereby exposing the Group to the risk of loss of earnings, capital impairment. Credit risks arise anytime the Group's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

The Group's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. Extension of credit is guided by the Credit Policy Manual, which sets out specific rules for risk origination and management of the loan portfolio. The Policy also sets out the risk governance structure and the roles and responsibilities of different individuals and committees involved in the credit process.

## Notes to the Consolidated and Separate Financial Statements

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The Group recognizes the fact that one of its main assets is its loan portfolio. Therefore, it actively safeguards and strives to continually improve the health of the portfolio. All PFI applications are scrutinized and it is ensured that they meet the eligibility criteria, execute the Master Lending Agreement and have no exceptions during due diligence and rigorous analysis is conducted before loan disbursement. Non-eligible PFIs are weeded out through the administration of preliminary eligibility criteria questionnaire and eligibility due diligence. Loans disbursed to on-boarded PFIs are constantly monitored to identify possible signs of impairment.

The Group's Credit risk capital computation is in line with the CBN Guidance Notes on the Calculation of Capital Requirement for Credit Risk using the Standardized Approach. However, the goal of DBN is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems would form the foundation when applying the internal rating-based approach to the calculation of capital requirements. The development, implementation and application of these models would be guided by the DBN Group's Basel II framework and strategy.

The pricing of each credit granted is cost based and also reflects the level of risk inherent in the obligor. Subject to competitive forces, the Group implements a consistent pricing model for loans to PFIs. Each PFI's interest is guarded at all times and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet both prudential guidelines set forth by the Central Bank of Nigeria, both for loans for which specific provisions exist as well as for the portfolio of performing loans, and IFRS 9 Expected Credit Loss (ECL) model. Development Bank of Nigeria Plc's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Management Credit Committee and Board Credit and Risk Committee perform reviews of the quality of our loan portfolio on a monthly and quarterly basis respectively. These are in addition to daily reviews performed by our Risk Management Department.

### a Principal Credit Policies

The following are the principal credit policies

#### i Credit Policy Manual

The core objective is to define in detail, the credit process and outline objectives, scope and responsibilities. This helps reduce bias and subjectivity in the credit decisions made at various levels of authority. The guidelines and requirements set forth in this policy are structured to maintain quality assets through a systematic approval process and a comprehensive system of requirements for credit monitoring and management. Embedded within the Credit Policy Manual are the different Internal Rating Models e.g. CAMELS used in determining the credit rating of PFIs and an independent servicer quality rating is also adopted for the purpose of assessing the PFIs' credit and loan administration and collection strength.

#### ii Collateral Management Policy and Procedure

The objective of this policy is to ensure there are appropriate collaterals for all funds on-lent to end-borrowers through PFIs to minimize the risk of credit loss in the event of a default by a PFI. The Policy proffers the collateral acceptable as security from PFIs based on their category.

#### iii Enterprise-wide Risk Management Policy

The core objective is to provide a reasonable degree of assurance to the Board of Directors that the risks threatening the Group's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

### b Credit process

The credit process starts with the assessment of PFIs. Credit is initiated by the Relationship Management team and the proposed credit is subjected to review and approval by applicable credit approval authorities. Further to appropriate approval, loans are disbursed to beneficiaries that meet pre-disbursement requirements. On-going management of loans is undertaken by both the Relationship Management team and the Risk Management team.

If a preliminary analysis of a loan request by the Credit Operations Department indicates that it merits further scrutiny, it is then analysed in greater detail by the department, with further detailed review by Risk Management. The concurrence of Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size of the facilities.

#### i Credit risk measurement

##### *Risk Rating Methodology*

The credit rating of the PFI plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. The Group employs a robust credit rating system in the determination of the PFI risks and this allows the maintenance of asset quality at a desired level.

The objective of the guideline on Risk Rating contained in the Credit Risk Manual is to ensure reliable and consistent PFI Risk Ratings and Facility Risk Ratings throughout the Group. The Risk rating methodology incorporates credit risk rating models which estimate risk of PFI default. All the Group's businesses that extend credit are subject to the Credit Policy Manual.

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### **Credit Risk Rating Models in Development Bank of Nigeria Plc**

The Group's risk rating model for measuring the risk of PFIs is based on the CAMELS Rating system.

### **Risk Rating Process**

All PFIs are subjected to the Risk Rating Process. The Risk Rating Process is an end-to-end process and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a PFI undertakes in order to arrive at the risk ratings.

### **Responsibilities of Business Units and Independent Risk Management**

The Business unit and independent risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities.

### **Risk Rating Scale and external rating equivalent**

The Group plans to operate a 10-point risk rating scale in line with those of international rating agencies, which will provide sufficient granularity to ensure better diversification of the risk profile of the Group's portfolios while avoiding excessive rating concentrations. The grade is composed of numbers from 1 to 10 (or AAA to D). The risk rating scale and the external rating equivalent is detailed below:

Grade	Explanatory Note
1+	PFIs are judged to be of the highest quality, subject to the lowest level of credit risk.
1	
1-	PFIs are judged to be of high quality and are subject to very low credit risk.
2+	
2	
2-	PFIs are judged to be upper-medium grade and are subject to low credit risk.
3+	
3	
3-	PFIs are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
4+	
4	
4-	PFIs are judged to be speculative and are subject to substantial credit risk.
5+	
5	
5-	PFIs are considered speculative and are subject to high credit risk.
6+	
Grade	Explanatory Note
6	
6-	PFIs are judged to be speculative of poor standing and are subject to very high credit risk.
7	
8	PFIs are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
9	PFIs are the lowest rated and are typically in default, with little prospect for recovery of
10	Lost.

## **ii Credit Risk Control & Mitigation policy**

### **Authority Limits on Credit**

The highest credit approval authority is the Board of Directors, supported by the Board Credit and Risk Committee and further by the Management Credit Committee. The principle of central management of risk and decision authority is maintained by the Group.

### **Collateral Policy**

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

Strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

Collateral acceptable as security from PFIs for funds on-lent to end-borrowers shall include

- Treasury Bills, FGN or State Government Bonds;
- Corporate Bonds (Investment grade & above);
- Marketable securities (Stocks & Shares) of Investment grade companies;
- Legal Mortgage on quality residential or business premises
- Legal Mortgage or debenture on PFI assets;
- Equitable Mortgages on quality real estates and legal mortgage on other locations;
- Equitable Mortgages on other locations;
- Guarantees: Personal, Corporate and Bank Guarantee; and
- Notification of DBN interest on movable securities pledged by end-borrowers to PFIs, registered in the National Collateral Registry (NCR).

## Notes to the Consolidated and Separate Financial Statements

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### Credit related commitments

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

### iii Credit Quality

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4.7(g).

		Group			
<i>In thousands of Naira</i>		31 Dec 2023			
<i>Note</i>	Stage 1	Stage 2	Stage 3	Total	
<b>Loans and advances to customers at amortised cost</b>					
(B) Low-fair risk	410,517,648	-	-	410,517,648	
(B-) Higher risk	-	-	-	-	
<b>Gross loans</b>	<b>410,517,648</b>	<b>-</b>	<b>-</b>	<b>410,517,648</b>	
Loss allowance	(171,700)	-	-	(171,700)	
<b>Carrying amount</b>	<b>410,345,948</b>	<b>-</b>	<b>-</b>	<b>410,345,948</b>	

		31 Dec 2022			
<i>In thousands of Naira</i>		Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers at amortised cost</b>					
(B) Low-fair risk		372,185,667	-	-	372,185,667
(B-) Higher risk		-	-	-	-
<b>Gross loans</b>	20	<b>372,185,667</b>	<b>-</b>	<b>-</b>	<b>372,185,667</b>
Loss allowance	20	(2,783,099)	-	-	(2,783,099)
<b>Carrying amount</b>		<b>369,402,568</b>	<b>-</b>	<b>-</b>	<b>369,402,568</b>

		Bank			
<i>In thousands of Naira</i>		31 Dec 2023			
<i>Note</i>	Stage 1	Stage 2	Stage 3	Total	
<b>Loans and advances to customers at amortised cost</b>					
(B) Low-fair risk	410,517,648	-	-	410,517,648	
(B-) Higher risk	-	-	-	-	
<b>Gross loans</b>	<b>410,517,648</b>	<b>-</b>	<b>-</b>	<b>410,517,648</b>	
Loss allowance	(171,700)	-	-	(171,700)	
<b>Carrying amount</b>	<b>410,345,948</b>	<b>-</b>	<b>-</b>	<b>410,345,948</b>	

		31 Dec 2022			
<i>In thousands of Naira</i>		Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers at amortised cost</b>					
(B) Low-fair risk		372,185,667	-	-	372,185,667
(B-) Higher risk		-	-	-	-
<b>Gross loans</b>	20	<b>372,185,667</b>	<b>-</b>	<b>-</b>	<b>372,185,667</b>
Loss allowance	20	(2,783,099)	-	-	(2,783,099)
<b>Carrying amount</b>		<b>369,402,568</b>	<b>-</b>	<b>-</b>	<b>369,402,568</b>

### c Amounts arising from ECL

#### i Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due

#### Generating the term structure of PD

The Group employs the Pluto-Tasche methodology in estimating Probability of Default (PD) for its loans and advances. Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures. For some portfolios, information purchased from external credit reference agencies is also used

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### ***Determining whether credit risk has increased significantly***

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, the exposure is more than 30 days past due on the contractual amount.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

The Group identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed based on the estimation of PDs and consideration of qualitative factors, each of which are designed to reflect forward-looking information, on an individual instrument basis as described above. However, if the Group identifies a key driver that is not considered in the individual assessment on a timely basis, then the Group will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to all or some of a portfolio. This may lead to the Group concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage1) & lifetime PD (Stage2)

### **ii Definition of default**

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances

### **iii Incorporation of forward-looking information**

The Group formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasts.

The inflation rate and monetary policy rate (MPR) for Nigeria was taken as the macroeconomic variables for the purpose of factoring forward-looking information (FLI) into the ECL estimate across its portfolios. An estimation of 18% deterioration in the forecasted Inflation and MPR were taken as the downside scenario and 2% improvements in the forecasted economic variables were taken as the upside scenario. Scenario probability weights were taken as 2%:80%:18% for Upside, Central and Downside respectively. The Bank performed linear regression using the Bank wide NPL ratio as its dependent variable. The NPL ratio was used as a proxy for the default rate as the dependent variable.



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The scenario probability weightings applied in measuring ECL are as follows

At 31 December	2023			2022		
	Upside	Central	Downside	Upside	Central	Downside
Scenario probability weighting	2%	80%	18%	30%	40%	30%

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Group's senior management.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers for credit risk are: inflation rates and monetary policy rate.

### iv Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward looking scenarios and how such scenarios are incorporated into the calculations. IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

The Group has opted for the bottom-up approach (this approach entails adjusting the components of ECL (Loss Given Default and Probability of Default) for Forward Looking Information (FLI) such that upon arriving at the ECL, it would need no further adjustment for FLIs) by using linear regression to incorporate FLI into PD estimation.

### v Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 4.7d.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

its remaining lifetime PD at the reporting date based on the modified terms; with  
the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms

- When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time)

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 4.7(g)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

### vi Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the variables below. The parameters are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information

Probability of default (PD);  
Loss given default (LGD); and  
Exposure at default (EAD).

- ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

PD is an estimate of the likelihood of default over a given time horizon, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

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Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The methodology for estimating PDs is discussed above under the heading 'Generating the term structure of PD'

LGD is the measure of the proportion of the outstanding balance that the Bank stands to lose in the event of a default. Multi-year LGD is a collection of LGD values referring to different time periods over the lifetime of a financial instrument. The Group determines LGD based on the following: market value of collateral, collateral haircut, direct recovery cost, time to recovery, unsecured recovery and effective Interest Rate.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which may include: instrument type, credit risk grade, collateral type, LTV ratio for retail mortgages, date of initial recognition, remaining term to maturity, industry and geographic location of the borrower. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

### Discount rate

IFRS 9 provides guidance on the discount rate to be used to factor in time value of money into ECL

Generally, ECL shall be discounted using EIR at initial recognition or current EIR if the exposure has variable interest rate

- vii For purchased or originated credit-impaired financial instruments, credit-adjusted EIR at origination will be used in discounting  
For the purpose of multi-year ECL computation, the Effective Interest Rate (EIR) is used as the discount rate.

### - Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy; see Note 4.7.

Group					
		2023			
<i>in thousands of Naira</i>	<i>Note</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers at amortized cost</b>					
<b>Balance at 1 January</b>		2,783,098	-	-	2,783,098
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		64,255	-	-	64,255
Loan repayments received during the year		(2,675,653)	-	-	(2,675,653)
<b>Balance at 31 December</b>	20	<b>171,700</b>	-	-	<b>171,700</b>
<b>2022</b>					
<i>in thousands of Naira</i>	<i>Note</i>	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers at amortized cost</b>					
<b>Balance at 1 January</b>		1,559,570	-	-	1,559,570
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		1,712,519	-	-	1,712,519
Loan repayments received during the year		(488,991)	-	-	(488,991)
<b>Balance at 31 December</b>	20	<b>2,783,098</b>	-	-	<b>2,783,098</b>
<b>Investment securities - treasury bills and FGN bonds (in thousands of Naira)</b>					
				<b>2023</b>	<b>2022</b>
<b>Balance at 1 January</b>				20,525	467
Additions to investment securities				92,505	20,525
Redemption of investment securities				-	(467)
<b>Balance at 31 December</b>	19			<b>113,030</b>	<b>20,525</b>
<b>Cash and cash equivalent - Placements (in thousands of Naira)</b>					
				<b>2023</b>	<b>2022</b>
<b>Balance at 1 January</b>				367,608	362,836
Additions to placements				246,839	367,608
Redemption of placements				(263,619)	(362,836)
<b>Balance at 31 December</b>	18			<b>350,828</b>	<b>367,608</b>

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<i>Provision for guarantee (in thousands of Naira)</i>		<b>2023</b>	<b>2022</b>
<b>Balance at 1 January</b>		158,460	37,992
Guarantee expense for the period		537,405	514,928
Claims paid during the period		(475,047)	(394,460)
<b>Balance at 31 December</b>	26	<b>220,818</b>	<b>158,460</b>

**Bank**

<i>in thousands of Naira</i>	<i>Note</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>2023</b>	<b>Stage 3</b>	<b>Total</b>
<i>Loans and advances to customers at amortized cost</i>						
<b>Balance at 1 January</b>		2,783,098	-	-	-	2,783,098
Transfer to Stage 1		-	-	-	-	-
Transfer to Stage 2		-	-	-	-	-
Transfer to Stage 3		-	-	-	-	-
Loans disbursed during the year		64,255	-	-	-	64,255
Loan repayments received during the year		(2,675,653)	-	-	-	(2,675,653)
<b>Balance at 31 December</b>	20	<b>171,700</b>	-	-	-	<b>171,700</b>

<i>in thousands of Naira</i>		<b>Stage 1</b>	<b>Stage 2</b>	<b>2022</b>	<b>Stage 3</b>	<b>Total</b>
<i>Loans and advances to customers at amortized cost</i>						
<b>Balance at 1 January</b>		1,559,570	-	-	-	1,559,570
Transfer to Stage 1		-	-	-	-	-
Transfer to Stage 2		-	-	-	-	-
Transfer to Stage 3		-	-	-	-	-
Loans disbursed during the year		1,712,519	-	-	-	1,712,519
Loan repayments received during the year		(488,991)	-	-	-	(488,991)
<b>Balance at 31 December</b>	20	<b>2,783,098</b>	-	-	-	<b>2,783,098</b>

<i>Investment securities - treasury bills and FGN bonds (in thousands of Naira)</i>		<b>2023</b>	<b>2022</b>
<b>Balance at 1 January</b>		-	-
Additions to investment securities		67,241	-
Redemption of investment securities		-	-
<b>Balance at 31 December</b>	19	<b>67,241</b>	-

<i>Cash and cash equivalent - Placements (in thousands of Naira)</i>		<b>2023</b>	<b>2022</b>
<b>Balance at 1 January</b>		331,297	337,127
Additions to placements		62,056	331,297
Redemption of placements		(129,124)	(337,127)
<b>Balance at 31 December</b>	18	<b>264,229</b>	<b>331,297</b>

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### d Exposure to credit risk

Credit risk exposures relating to financial assets are as follows:

Group	Note	Cash and cash equivalents		Loans and advances to PFIs		Investment securities		Other assets	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<i>In thousands of Naira</i>									
Carrying amount		94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358
Guaranteed amount		-	-	-	-	-	-	-	-
<b>12-month ECL:</b>									
Cash and cash equivalents	18	94,562,918	138,990,997	-	-	-	-	-	-
Investment securities	19	-	-	-	-	25,483,737	6,445,032	-	-
Performing loans and advances	20	-	-	410,517,648	372,185,667	-	-	-	-
Other assets	24	-	-	-	-	-	-	315,861	533,707
<b>Gross amount</b>		<b>94,562,918</b>	<b>138,990,997</b>	<b>410,517,648</b>	<b>372,185,667</b>	<b>25,483,737</b>	<b>6,445,032</b>	<b>315,861</b>	<b>533,707</b>
Allowance for impairment		(350,828)	(367,608)	(171,700)	(2,783,099)	(113,030)	(20,525)	(16,059)	(8,349)
<b>Carrying amount</b>		<b>94,212,090</b>	<b>138,623,389</b>	<b>410,345,948</b>	<b>369,402,568</b>	<b>25,370,707</b>	<b>6,424,507</b>	<b>299,802</b>	<b>525,358</b>
<b>Total carrying amount - amortised cost</b>		<b>94,212,090</b>	<b>138,623,389</b>	<b>410,345,948</b>	<b>369,402,568</b>	<b>25,370,707</b>	<b>6,424,507</b>	<b>299,802</b>	<b>525,358</b>

Bank	Note	Cash and cash equivalents		Loans and advances to PFIs		Investment securities		Other assets	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<i>In thousands of Naira</i>									
Carrying amount		85,212,612	131,058,757	410,345,948	369,402,568	19,245,754	-	87,173	357,883
Guaranteed amount		-	-	-	-	-	-	-	-
<b>12-month ECL:</b>									
Cash and cash equivalents	18	85,476,841	131,390,054	-	-	-	-	-	-
Investment securities	19	-	-	-	-	19,312,995	-	-	-
Performing loans and advances	20	-	-	410,517,648	372,185,667	-	-	-	-
Other assets	24	-	-	-	-	-	-	87,173	357,883
<b>Gross amount</b>		<b>85,476,841</b>	<b>131,390,054</b>	<b>410,517,648</b>	<b>372,185,667</b>	<b>19,312,995</b>	<b>-</b>	<b>87,173</b>	<b>357,883</b>
Allowance for impairment		(264,229)	(331,297)	(171,700)	(2,783,099)	(67,241)	-	-	-
<b>Carrying amount</b>		<b>85,212,612</b>	<b>131,058,757</b>	<b>410,345,948</b>	<b>369,402,568</b>	<b>19,245,754</b>	<b>-</b>	<b>87,173</b>	<b>357,883</b>
<b>Total carrying amount - amortised cost</b>		<b>85,212,612</b>	<b>131,058,757</b>	<b>410,345,948</b>	<b>369,402,568</b>	<b>19,245,754</b>	<b>-</b>	<b>87,173</b>	<b>357,883</b>

Balances included in Other Assets above are those subject to credit risks. The tables above shows a worst-case scenario of credit risk exposure to the Group and Bank as at 31 December 2023 and 31 December 2022, without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on net amounts reported in the statements of financial position. The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and advances portfolio and Investment securities.

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The movement in the allowance for impairment in respect of loans and advances during the year was as follows:

<i>In thousands of Naira</i>	Specific Impairments	IFRS 9 ECL Impairments
Balance at 1 January 2023	-	(2,783,099)
Additional Impairment charge	-	-
Amounts written off	-	2,611,398
	-	(171,701)

Cash and cash equivalent: The Group held cash and cash equivalents with maturity profile of less than 3 months with local banks and the Central Bank of Nigeria (CBN), assessed to have good credit ratings

Investment securities: The Group limits its exposure to credit risk by investing in highly liquid money market instruments issued by the Central Bank of Nigeria. The Bank did not have any investment securities, carried at amortised cost, that were impaired as at 31 December 2023 (2022:Nil)

Other assets: The Group's other asset is made up of guarantee fee receivables, receivables from month-end cash advances to staff and advanced professional fees. The credit risk on this is considered low.

### e Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

Group	Note	Cash and cash equivalents		Loans and advances to PFIs		Investment securities		Other assets	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<i>In thousands of Naira</i>									
Carrying amount		94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358
<b>Concentration by sector:</b>									
Finance		94,034,110	138,303,536	410,345,948	369,402,568	1,744,197	-	277,031	512,456
Government		177,980	319,853	-	-	23,626,510	6,424,507	-	-
Others		-	-	-	-	-	-	22,771	12,902
		94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358

Concentration by location:	Note	Cash and cash equivalents		Loans and advances to PFIs		Investment securities		Other assets	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<i>In thousands of Naira</i>									
Abuja		177,980	319,853	25,400,414	23,826,466	23,626,510	6,424,507	28,760	222,553
North East		-	-	3,487,941	3,029,101	-	-	-	-
North West		-	-	26,713,522	16,216,773	-	-	-	-
North Central		-	-	36,684,927	25,341,016	-	-	-	-
South South		-	-	45,630,469	56,075,310	-	-	-	-
South West		94,034,110	138,303,536	236,482,370	198,775,522	1,744,197	-	271,042	-
South East		-	-	35,946,305	46,138,380	-	-	-	-
Outside Nigeria		-	-	-	-	-	-	-	302,805
		94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358

Concentration by location for loans and advances are measured based on the location of the borrower. Concentration by location for Investment securities are measured based on the location of the issuer

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Bank	Note	Cash and cash equivalents		Loans and advances to PFIs		Investment securities		Other assets	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<i>In thousands of Naira</i>									
Carrying amount		85,212,612	138,623,389	410,345,948	369,402,568	19,245,754	-	87,173	357,883
<b>Concentration by sector:</b>									
Finance		85,034,632	138,303,536	410,345,948	369,402,568	-	-	58,413	348,798
Government		177,980	319,853	-	-	19,245,754	-	-	-
Others		-	-	-	-	-	-	28,760	9,085
		85,212,612	138,623,389	410,345,948	369,402,568	19,245,754	-	87,173	357,883
<b>Concentration by location:</b>									
<i>In thousands of Naira</i>									
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Abuja		177,980	319,853	25,400,414	23,826,466	19,245,754	-	28,760	9,085
North East		-	-	3,487,941	3,029,101	-	-	-	-
North West		-	-	26,713,522	16,216,773	-	-	-	-
North Central		-	-	36,684,927	25,341,016	-	-	-	-
South South		-	-	45,630,469	56,075,310	-	-	-	-
South West		85,034,632	138,303,536	236,482,370	198,775,522	-	-	58,413	45,993
South East		-	-	35,946,305	46,138,380	-	-	-	-
Outside Nigeria		-	-	-	-	-	-	-	302,805
		85,212,612	138,623,389	410,345,948	369,402,568	19,245,754	-	87,173	357,883

Concentration by location for loans and advances are measured based on the location of the borrower. Concentration by location for Investment securities are measured based on the location of the issuer

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### f Estimate of the fair value of collateral and other security enhancements

The general credit worthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

The Group does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Group's focus on credit worthiness, the Group aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers. For impaired loans, the Group obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

There is no collateral held against other financial assets. There were also no repossessed collateral during the year.

The table below sets out the carrying amount and the value of identifiable collateral held against loans and advances to customers measured at amortised cost. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

Group <i>in thousands of Naira</i>	31 December 2023		31 December 2022	
	Carrying Amount	Collateral	Carrying Amount	Collateral
Stages 1 and 2	410,345,948	301,484,930	369,402,568	466,594,460
Stage 3	-	-	-	-

Bank <i>in thousands of Naira</i>	31 December 2023		31 December 2022	
	Carrying Amount	Collateral	Carrying Amount	Collateral
Stages 1 and 2	410,345,948	301,484,930	369,402,568	466,594,460
Stage 3	-	-	-	-

### 6.5 Market risk management

Market risk is the risk that movements in market factors, such as foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Group's income or the value of its portfolios. The Group is mainly exposed to market risk arising from non-traded interest rate risk in its banking book.

#### *Market risk management and control*

The Group's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. The Group is exposed to market risk mainly through adverse movements in interest rates. Market risk is managed in line with the approved Asset and Liability Management (ALM) Policy. The limits and thresholds contained in the policy are monitored by the Risk Management department to ensure compliance.

The market risk exposure limits, or any changes to them, are proposed by the Head, Treasury and Investments and then reviewed by the Chief Risk Officer, who then presents the proposed review for the consideration of the Board Credit and Risk Committee, the committee thereafter recommend the amendment(s) for Board approval. The size of each limit is based on, among other factors, underlying liquidity, risk appetite, as well as legal limitations on individual positions imposed by authorities in Nigeria.

All market risks are reported to the Asset and Liability Committee (ALCO) monthly and Board Credit and Risk Committee (BCRC) quarterly with recommendations made concerning the risk profile including risk appetite, limits and utilization. The Heads of Business, assisted by the Risk Management Department, is accountable for all market risks associated with its activities.

The Group has a dedicated risk team with the sole responsibility of implementing the market risk section of the Enterprise Risk Management Framework.

Identifying the growing importance of market risks in the Group's operations, management has continued to ensure adequate internal controls and capital resources to address these risks. A range of tools for managing market risk are used, including:

- Stress/Scenario testing

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist management in capital planning decisions.

## Notes to the Consolidated and Separate Financial Statements

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In line with the Board approved Stress Testing Framework, a consistent stress testing methodology is applied to the Balance sheet. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. The Group performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, liquidity and credit spread risk. Secondly, multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads and liquidity risk. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

### - Risk limits

Risk limits are set and reviewed at least annually to control treasury activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Appropriate performance triggers are also used as part of the risk management process.

### a Interest rate risk

Interest rate risk is the exposure of the Group's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Group is exposed to interest rate risk through the interest bearing assets and liabilities in its book. Interest rate risk is the risk to earnings or capital arising from movement of interest rates. It generally arises from:

- Repricing risk: risks related to the timing mismatch in the maturity and repricing of assets and liabilities and off balance sheet short and long term positions
- Basis risk: risks arising from hedging exposure to one interest rate with exposure to a rate which reprices under slightly different
- Yield curve risk: risks arising from changes in the slope and the shape of the yield curve
- Optional risk: risks arising from options, including embedded options

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustments within a specified period. The most important source of interest rate risk is the Group's lending, funding and investment activities, where fluctuations in interest rates are reflected in carrying values of these instruments as well as interest margins and earnings.

The objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the 90-day Treasury Bills, 10 year Bond and different types of interest. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities and advances to banks to manage the overall position arising from the non-trading activities.

Interest-rate risk is monitored with a Repricing Gap report and Sensitivity Analysis of the Net Gap Position. Also, a limit framework is in place to ensure that retained risk remains within approved appetite.



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For the year ended 31 December 2023

A summary of the Group's interest rate gap position on financial instruments is as follows:

		Re-pricing period								
<b>31 December 2023</b>										
<i>In thousands of Naira</i>	<i>Note</i>	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount	
Cash and balances with banks	18	1,492,695	-	-	-	-	1,492,695	177,980	1,670,675	
Placements with Banks	18	26,696,716	65,844,699	-	-	-	92,541,415	-	92,541,415	
Investment securities	19	-	525,773	615,464	17,454,672	6,774,798	25,370,707	-	25,370,707	
Loans and advances	20	125,374	65,816,868	31,625,823	45,552,725	267,225,158	410,345,948	-	410,345,948	
Other assets	24	-	-	-	-	-	-	299,802	299,802	
		<b>28,314,784</b>	<b>132,187,340</b>	<b>32,241,287</b>	<b>63,007,397</b>	<b>273,999,956</b>	<b>529,750,765</b>	<b>477,782</b>	<b>530,228,547</b>	
Borrowings	27	-	-	-	-	(267,981,310)	(267,981,310)	-	(267,981,310)	
Debt security issued	28	-	-	-	-	(24,235,595)	(24,235,595)	-	(24,235,595)	
Other financial liabilities	29	-	-	-	-	-	-	(3,040,509)	(3,040,509)	
		-	-	-	-	<b>(292,216,905)</b>	<b>(292,216,905)</b>	<b>(3,040,509)</b>	<b>(295,257,414)</b>	
<b>Total interest re-pricing gap</b>		<b>28,314,784</b>	<b>132,187,340</b>	<b>32,241,287</b>	<b>63,007,397</b>	<b>(18,216,949)</b>	<b>237,533,859</b>	<b>(2,562,727)</b>	<b>234,971,133</b>	

		Re-pricing period								
<b>31 December 2022</b>										
<i>In thousands of Naira</i>	<i>Note</i>	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount	
Cash and balances with banks	18	357,299	-	-	-	-	357,299	319,853	677,152	
Placements with Banks	18	132,460,636	5,485,601	-	-	-	137,946,237	-	137,946,237	
Investment securities	19	-	-	-	-	6,424,507	6,424,507	-	6,424,507	
Loans and advances	20	430,858	2,097,703	2,970,418	19,095,782	344,807,807	369,402,568	-	369,402,568	
Other assets	24	-	-	-	-	-	-	525,358	525,358	
		<b>133,248,793</b>	<b>7,583,305</b>	<b>2,970,418</b>	<b>19,095,782</b>	<b>351,232,314</b>	<b>514,130,611</b>	<b>845,211</b>	<b>514,975,822</b>	
Borrowings	27	(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	-	(291,139,709)	
Other financial liabilities	29	-	-	-	-	-	-	(2,330,357)	(2,330,357)	
		<b>(15,490,735)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(275,648,973)</b>	<b>(291,139,708)</b>	<b>(2,330,357)</b>	<b>(293,470,066)</b>	
<b>Total interest re-pricing gap</b>		<b>117,758,058</b>	<b>7,583,305</b>	<b>2,970,418</b>	<b>19,095,782</b>	<b>75,583,341</b>	<b>222,990,903</b>	<b>(1,485,146)</b>	<b>221,505,756</b>	

**Notes to the Consolidated and Separate Financial Statements**

For the year ended 31 December 2023

A summary of the Bank's interest rate gap position on financial instruments is as follows:

		Re-pricing period									
<b>31 December 2023</b>											
<i>In thousands of Naira</i>	<i>Note</i>	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount		
Cash and balances with banks	18	1,348,872	-	-	-	-	1,348,872	177,980	1,526,852		
Placements with Banks	18	22,579,585	61,106,175	-	-	-	83,685,760	-	83,685,760		
Investment securities	19	-	-	-	19,245,754	-	19,245,754	-	19,245,754		
Loans and advances	20	125,374	65,816,868	31,625,823	45,552,725	267,225,158	410,345,948	-	410,345,948		
Other assets	24	-	-	-	-	-	-	87,173	87,173		
		<b>24,053,830</b>	<b>126,923,043</b>	<b>31,625,823</b>	<b>64,798,480</b>	<b>267,225,158</b>	<b>514,626,334</b>	<b>265,153</b>	<b>514,891,487</b>		
		<b>125,479</b>									
Borrowings	27	-	-	-	-	(267,981,310)	(267,981,310)	-	(267,981,310)		
Debt security issued	28	-	-	-	-	(24,244,335)	(24,244,335)	-	(24,244,335)		
Other liabilities	29	-	-	-	-	-	-	(2,667,421)	(2,667,421)		
		-	-	-	-	<b>(292,225,645)</b>	<b>(292,225,645)</b>	<b>(2,667,421)</b>	<b>(294,893,066)</b>		
<b>Total interest re-pricing gap</b>		<b>24,053,830</b>	<b>126,923,043</b>	<b>31,625,823</b>	<b>64,798,480</b>	<b>(25,000,487)</b>	<b>222,400,689</b>	<b>(2,402,268)</b>	<b>219,998,421</b>		

		Re-pricing period									
<b>31 December 2022</b>											
<i>In thousands of Naira</i>	<i>Note</i>	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount		
Cash and balances with banks	18	297,405	-	-	-	-	297,405	319,853	617,258		
Placements with Banks	18	130,397,992	43,507	-	-	-	130,441,499	-	130,441,499		
Investment securities	19	-	-	-	-	-	-	-	-		
Loans and advances	20	430,858	2,097,703	2,970,418	19,095,782	344,807,807	369,402,569	-	369,402,568		
Other assets	24	-	-	-	-	-	-	357,883	357,883		
		<b>131,126,255</b>	<b>2,141,210</b>	<b>2,970,418</b>	<b>19,095,782</b>	<b>344,807,807</b>	<b>500,141,473</b>	<b>677,736</b>	<b>500,819,208</b>		
Borrowings	27	(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	-	(291,139,709)		
Other liabilities	29	-	-	-	-	-	-	(2,107,276)	(2,107,276)		
		<b>(15,490,735)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(275,648,973)</b>	<b>(291,139,708)</b>	<b>(2,107,276)</b>	<b>(293,246,985)</b>		
<b>Total interest re-pricing gap</b>		<b>115,635,521</b>	<b>2,141,210</b>	<b>2,970,418</b>	<b>19,095,782</b>	<b>69,158,834</b>	<b>209,001,765</b>	<b>(1,429,540)</b>	<b>207,572,223</b>		

**Notes to the Consolidated and Separate Financial Statements**  
*For the year ended 31 December 2023*

**Group Interest sensitivity analysis - 31 December 2023**

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,605,021)	1,605,021
6 months	(322,413)	322,413
12 months	(630,074)	630,074
	<b>(2,557,508)</b>	<b>2,557,508</b>

**Group Interest sensitivity analysis - 31 December 2022**

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,253,414)	1,253,414
6 months	(29,704)	29,704
12 months	(190,958)	190,958
	<b>(1,474,076)</b>	<b>1,474,076</b>

**Bank Interest sensitivity analysis - 31 December 2023**

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,509,769)	1,509,769
6 months	(316,258)	316,258
12 months	(647,985)	647,985
	<b>(2,474,012)</b>	<b>2,474,012</b>

**Bank Interest sensitivity analysis - 31 December 2022**

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,177,767)	1,177,767
6 months	(29,704)	29,704
12 months	(190,958)	190,958
	<b>(1,398,429)</b>	<b>1,398,429</b>

The table above sets out the impact on net interest income of a 100 basis points parallel downward shift or upward shift in interest rates. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Group to mitigate interest rate risk.

In practice, the Assets and Liability Committee, ALCO seeks proactively to manage the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

**b Foreign exchange risk**

Foreign Exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is minimally exposed to the financial risk related to the fluctuation of foreign exchange rates. This is because its revenues, capital expenditures are principally based in Naira. A significant change in the exchange rates between the Naira (N) (functional and presentation currency) relative to the US dollar would have an insignificant effect on operations, financial position and cash flows. The Group did not enter into any forward exchange contracts to manage currency risk fluctuations.

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*For the year ended 31 December 2023*

The table below summarises financial instruments at carrying amount, categorised by currency

**Financial instruments by currency**

<b>Group</b>					
<i>In thousands of Naira</i>	<i>Note</i>	<b>Total</b>	<b>Naira ₦</b>	<b>US \$</b>	<b>GBP £</b>
<b>31 December 2023</b>					
Cash and cash equivalents	18	94,212,090	93,763,074	447,270	1,746
Investment securities	19	25,370,707	25,370,707	-	-
Loans and advances	20	410,345,948	410,345,948	-	-
Other assets	24	299,802	299,802	-	-
		<b>530,228,547</b>	<b>529,779,531</b>	<b>447,270</b>	<b>1,746</b>
Borrowings	27	267,981,310	-	267,981,310	-
Debt security issued	28	24,235,595	24,235,595	-	-
Other liabilities	29	3,040,509	3,040,509	-	-
		<b>295,257,414</b>	<b>27,276,104</b>	<b>267,981,310</b>	<b>-</b>
<b>Net Local Currency Exposure</b>		<b>234,971,133</b>	<b>502,503,427</b>		
<b>Net Foreign Currency Exposure</b>				<b>(267,534,040)</b>	<b>1,746</b>

<b>Group</b>					
<i>In thousands of Naira</i>		<b>Total</b>	<b>Naira ₦</b>	<b>US \$</b>	<b>GBP £</b>
<b>31 December 2022</b>					
Cash and cash equivalents	18	138,623,389	138,489,621	132,972	796
Investment securities	19	6,424,507	6,424,507	-	-
Loans and advances	20	369,402,568	369,402,568	-	-
Other assets	24	525,358	525,358	-	-
		<b>514,975,822</b>	<b>514,842,054</b>	<b>132,972</b>	<b>796</b>
Borrowings	27	291,139,709	-	291,139,709	-
Other liabilities	29	2,330,357	2,150,361	179,996	-
		<b>293,470,066</b>	<b>2,150,361</b>	<b>291,319,705</b>	<b>-</b>
<b>Net Local Currency Exposure</b>		<b>221,505,756</b>	<b>512,691,693</b>		
<b>Net Foreign Currency Exposure</b>				<b>(291,186,733)</b>	<b>796</b>

<b>Bank</b>					
<i>In thousands of Naira</i>		<b>Total</b>	<b>Naira ₦</b>	<b>US \$</b>	<b>GBP £</b>
<b>31 December 2023</b>					
Cash and cash equivalents	18	85,212,612	84,763,596	447,270	1,746
Investment securities	19	19,245,754	19,245,754	-	-
Loans and advances	20	410,345,948	410,345,948	-	-
Other assets	24	87,173	87,173	-	-
		<b>514,891,487</b>	<b>514,442,471</b>	<b>447,270</b>	<b>1,746</b>
Borrowings	27	267,981,310	-	267,981,310	-
Debt security issued	28	24,244,335	24,244,335	-	-
Other liabilities	29	2,667,421	2,667,421	-	-
		<b>294,893,066</b>	<b>26,911,756</b>	<b>267,981,310</b>	<b>-</b>
<b>Net Local Currency Exposure</b>		<b>219,998,421</b>	<b>487,530,715</b>		
<b>Net Foreign Currency Exposure</b>				<b>(267,534,040)</b>	<b>1,746</b>

<b>Bank</b>					
<i>In thousands of Naira</i>		<b>Total</b>	<b>Naira ₦</b>	<b>US \$</b>	<b>GBP £</b>
<b>31 December 2022</b>					
Cash and cash equivalents	18	131,058,757	130,924,989	132,972	796
Investment securities	19	-	-	-	-
Loans and advances	20	369,402,568	369,402,568	-	-
Other assets	24	357,883	357,883	-	-
		<b>500,819,208</b>	<b>500,685,440</b>	<b>132,972</b>	<b>796</b>
Borrowings	27	291,139,709	-	291,139,709	-
Other liabilities	29	2,107,276	1,927,280	179,996	-
		<b>293,246,985</b>	<b>1,927,280</b>	<b>291,319,705</b>	<b>-</b>
<b>Net Local Currency Exposure</b>		<b>207,572,223</b>	<b>498,758,160</b>		
<b>Net Foreign Currency Exposure</b>				<b>(291,186,733)</b>	<b>796</b>

## Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2023

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### 6.6 Liquidity risk management

Liquidity Risk is the current or prospective risk to earnings and capital arising from the Group's inability to meet its liabilities when they fall due without incurring unacceptable losses. Liquidity risk is considered a major risk for the Group. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. The Group is managed to preserve a high degree of liquidity so that it can meet its obligation at all times including periods of financial stress.

The Group has a liquidity management framework embedded in the Asset and Liability Manual (ALM) based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme scenarios such as suspension of inflows from developmental partners, full utilization of credit lines, systemic crisis and loss of placements in the money market are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

Liquidity has consistently been above the minimum liquidity ratio and the recommendations/action plan arising from routine stress tests are adhered to. Funding and liquidity risk management activities are centralized within Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimize borrowing costs and facilitates timely responses to liquidity events. However, the Risk Management Department analyse and monitors our liquidity risk and ensures excess liquidity is maintained.

The Board approved the ALM Manual, including establishing liquidity risk tolerance levels. The Group's ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Group's net liquidity gap and by comparing selected ratios with targets as specified in the ALM manual. Also, a Liquidity Contingency Funding Plan is in place.

The expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, borrowings due to foreign development finance institutions are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.

#### **Quantifications**

The Group has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

- a) Funding and Liquidity planning;
- b) Liquidity Gap Analysis; and
- c) Ratio Analysis.

#### **Liquidity Contingency Plan**

The Group has an approved liquidity contingency funding plan which describes actions and processes necessary for the prevention, management and containment of a liquidity crisis within the group. The plan has been developed in line with the Central Bank of Nigeria's contingency planning framework and the group's Assets and Liabilities Management policy.

The plan defines what constitutes a liquidity crisis and clearly states the responsibilities of relevant officers of the group in the process leading to the identification and eventual declaration of a crisis situation. In detail, the plan harnesses the group's strategy for handling a liquidity crisis and describes procedures for managing and making up cashflow shortfalls in stressed liquidity situations. The plan is built upon the output of a stress test and scenario analysis on the Group's capital.

More so, the framework stipulates the policy review process and defines review frequency as every two years to be executed by the Assets and Liabilities Committee of the group and approved by the Board of Directors. Ownership of the plan as defined in the framework resides with the Chief Financial Officer.

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**a Residual contractual maturities of financial assets and liabilities**

**Group**

**31 December 2023**

**In thousands of Naira**

	Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
<i>Non-derivative asset:</i>								
Cash and balances with banks	18b	1,670,675	1,670,675	1,670,675	-	-	-	-
Placements with banks	18b	92,541,415	93,808,019	65,980,095	27,827,924	-	-	-
Investment securities	19	25,370,707	33,433,264	109,175	909,622	5,672,917	19,854,364	6,887,187
Loans and advances	20	410,345,948	531,997,080	126,608	67,016,203	32,804,810	50,412,099	381,637,360
Other assets	24	299,802	299,802	299,802	-	-	-	-
		<b>530,228,547</b>	<b>661,208,840</b>	<b>68,186,355</b>	<b>95,753,749</b>	<b>38,477,727</b>	<b>70,266,463</b>	<b>388,524,547</b>
<i>Non-derivative liabilities:</i>								
Borrowings	27	(267,981,310)	(327,486,386)	-	-	(16,223,641)	(16,140,549)	(295,122,196)
Debt security issued	28	(24,235,595)	(39,560,000)	(1,656,000)	-	(1,656,000)	-	(36,248,000)
Other liabilities	29	(3,040,509)	(3,040,509)	(1,498,255)	(1,395,129)	-	-	(147,125)
		<b>(295,257,414)</b>	<b>(370,086,895)</b>	<b>(3,154,255)</b>	<b>(1,395,129)</b>	<b>(17,879,641)</b>	<b>(16,140,549)</b>	<b>(331,517,321)</b>
<b>Gap (asset - liabilities)</b>		<b>234,971,133</b>	<b>291,121,945</b>	<b>65,032,100</b>	<b>94,358,620</b>	<b>20,598,086</b>	<b>54,125,914</b>	<b>57,007,226</b>
<b>Cumulative liquidity gap</b>				<b>65,032,100</b>	<b>159,390,720</b>	<b>179,988,806</b>	<b>234,114,720</b>	<b>291,121,946</b>

**Group**

**31 December 2022**

**In thousands of Naira**

	Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
<i>Non-derivative asset:</i>								
Cash and balances with banks	18b	677,152	677,152	677,152	-	-	-	-
Placements with banks	18b	137,946,237	139,349,566	133,689,924	5,659,642	-	-	-
Investment securities	19	6,424,507	7,727,528	26,250	364,956	-	391,206	6,945,117
Loans and advances	20	369,402,568	372,185,674	430,903	2,099,354	2,975,718	19,212,846	347,466,854
Other assets	22	525,358	525,358	525,358	-	-	-	-
		<b>514,975,822</b>	<b>520,465,278</b>	<b>135,349,588</b>	<b>8,123,951</b>	<b>2,975,718</b>	<b>19,604,052</b>	<b>354,411,971</b>
<i>Non-derivative liabilities:</i>								
Borrowings	27	(291,139,709)	(291,139,708)	(15,490,735)	-	-	-	(275,648,973)
Other liabilities	29	(2,330,357)	(2,330,357)	(1,263,181)	(1,042,248)	-	-	(24,928)
		<b>(293,470,066)</b>	<b>(293,470,066)</b>	<b>(16,753,916)</b>	<b>(1,042,248)</b>	<b>-</b>	<b>-</b>	<b>(275,673,902)</b>
<b>Gap (asset - liabilities)</b>		<b>221,505,756</b>	<b>226,995,212</b>	<b>118,595,672</b>	<b>7,081,703</b>	<b>2,975,718</b>	<b>19,604,052</b>	<b>78,738,069</b>
<b>Cumulative liquidity gap</b>				<b>118,595,672</b>	<b>125,677,374</b>	<b>128,653,092</b>	<b>148,257,144</b>	<b>226,995,212</b>

**Bank**

**31 December 2023**

**In thousands of Naira**

	Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
<i>Non-derivative asset:</i>								
Cash and balances with banks	18b	1,526,852	1,526,852	1,526,852	-	-	-	-
Placements with banks	18b	83,685,760	84,755,111	61,847,584	22,907,526	-	-	-
Investment securities	19	19,245,754	21,085,417	20,833	41,667	5,022,917	16,000,000	-
Loans and advances	20	410,345,948	531,997,080	126,608	67,016,203	32,804,810	50,412,099	381,637,360
Other assets	24	87,173	87,173	87,173	-	-	-	-
		<b>514,891,487</b>	<b>639,451,633</b>	<b>63,609,051</b>	<b>89,965,396</b>	<b>37,827,727</b>	<b>66,412,099</b>	<b>381,637,360</b>
<i>Non-derivative liabilities:</i>								
Borrowings	27	(267,981,310)	(327,486,386)	-	-	(16,223,641)	(16,140,549)	(295,122,196)
Debt security issued	28	(24,244,335)	(39,560,000)	(1,656,000)	-	(1,656,000)	-	(36,248,000)
Other liabilities	29	(2,667,421)	(2,667,421)	(1,191,808)	(1,328,488)	-	-	(147,125)
		<b>(294,893,066)</b>	<b>(369,713,807)</b>	<b>(2,847,808)</b>	<b>(1,328,488)</b>	<b>(17,879,641)</b>	<b>(16,140,549)</b>	<b>(331,517,321)</b>
<b>Gap (asset - liabilities)</b>		<b>219,998,421</b>	<b>269,737,826</b>	<b>60,761,243</b>	<b>88,636,908</b>	<b>19,948,086</b>	<b>50,271,550</b>	<b>50,120,039</b>
<b>Cumulative liquidity gap</b>				<b>60,761,243</b>	<b>149,398,151</b>	<b>169,346,236</b>	<b>219,617,786</b>	<b>269,737,825</b>

**31 December 2022**

*In thousands of Naira*

	Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
<i>Non-derivative asset:</i>								
Cash and balances with banks	18b	617,258	617,258	617,258	-	-	-	-
Placements with banks	18b	130,441,499	131,665,661	131,620,883	44,778	-	-	-
Loans and advances	20	369,402,568	372,185,674	430,903	2,099,354	2,975,718	19,212,846	347,466,854
Other assets	24	357,883	357,883	357,883	-	-	-	-
		<b>500,819,208</b>	<b>504,826,476</b>	<b>133,026,926</b>	<b>2,144,132</b>	<b>2,975,718</b>	<b>19,212,846</b>	<b>347,466,854</b>
<i>Non-derivative liabilities:</i>								
Borrowings	27	(291,139,709)	(291,139,708)	(15,490,735)	-	-	-	(275,648,973)
Other liabilities	29	(2,107,276)	(2,107,277)	(1,085,073)	(997,276)	-	-	(24,928)
		<b>(293,246,985)</b>	<b>(293,246,986)</b>	<b>(16,575,808)</b>	<b>(997,276)</b>	<b>-</b>	<b>-</b>	<b>(275,673,902)</b>
<b>Gap (asset - liabilities)</b>		<b>207,572,223</b>	<b>211,579,490</b>	<b>116,451,119</b>	<b>1,146,855</b>	<b>2,975,718</b>	<b>19,212,846</b>	<b>71,792,952</b>
<b>Cumulative liquidity gap</b>				<b>116,451,119</b>	<b>117,597,974</b>	<b>120,573,692</b>	<b>139,786,538</b>	<b>211,579,490</b>

## Notes to the Consolidated and Separate Financial Statements

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### 6.7 Operational risk management

Operational risk is defined "as the risk of loss resulting from inadequate and/or failed internal processes, people and systems or from external events". The underlying philosophy of the Bank's Operational Risk Management is that effective management of operational risk is central to maintaining and improving a competitive advantage in today's rapidly changing global competitive marketplace. Consequently, the Bank's Operational Risk philosophy is anchored on the implementation of a process driven framework that ensures that all major Operational risks in the Bank are proactively identified, properly assessed, adequately monitored and appropriate controls/mitigants are put in place to reduce losses to the barest minimum while providing adequate support to market facing units to take advantage of opportunities in the market at acceptable risk adjusted return to the Bank.

The Bank's Operational Risk Management framework was created to provide guidelines for the identification, assessment, measurement, monitoring, controlling and reporting of operational risk in a consistent manner across the Bank in line with the Bank's enterprise wide risk management framework and best practice operational risk management. The ORM framework shall be reviewed every two years to reflect new developments in the management of operational risk as well as changes in the Bank's approach to the management of operational risk. The main benefits and objectives of the ORM in the Bank include the following:

Reduction of losses arising from operational risk  
Improvement in performance measurement  
Provision of early warning signals; and  
Raising the level of awareness of operational risk in the Bank.

The following is a summary of some areas covered by the ORM Framework:

- Conceptual Definitions in Operational Risk Management: This section gives a general overview of operational risk management, including its definition, risk types and relationship to other risks.;
- DBN Operational Risk Strategy: This section highlights the Bank's operational risk strategy and objectives, its operational risk appetite and the key principles for the management of operational risk.;
- DBN Operational Risk Governance Structure: This section defines the Bank's operational risk governance structure, including the roles and responsibilities for the Risk Management department and other stakeholders in the Bank.
- DBN Operational Risk Management Process: This section outlines the methodology and procedures for the identification, assessment, measurement, monitoring, controlling and reporting of operational risks within the Bank.
- DBN Capital Assessment Methodology: This section covers the DBN approaches to capital calculation under Basel II, and the criteria for mapping the Bank's activities into the Basel defined business lines.
- Operational Risk Systems: This section covers the requirement for technology support in the implementation of the Bank's Operational Risk Management Policy Manual.

The ORM Framework also provides for the minimum control standards that the Bank expects to be in place in various business units and support functions. The absence of these minimum standards will expose the Bank to greater operational risk. These standards include: but not limited to adequate segregation of duties, Well-defined delegated authorities/limits, Compliance with all regulatory and legal requirement and Bank's policies, Anti-Money Laundering (AML) & Counter Financing of Terrorism (CFT) Compliance, Vacation and Leave enforcement, Contingency planning and security/protection.

The ORM framework mandates process owners, in conjunction with the operational risk management function to work hand in hand to identify and assess the operational risk inherent in all material products, activities, processes and, systems of the Bank using techniques like the Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Incidence Reporting, Seminars and Interviews. The findings from this assessment and other recommendations from incidents recorded during the year, internal and external audits were documented in the Bank's risk register and was used in developing the Heatmap and KRIs for 2024. The KRIs of all business units were consistently monitored by the risk management function throughout the year, to ensure containment within tolerance levels.

Operational risk issues are presented to the MRC, BCRC and the Board in line with the approved policy.

### 6.8 Information Security Risk Management

Information security risk is defined as the risk that arise from the threats and vulnerabilities associated with the operation and use of information systems as well as the environments in which those systems operate. The Bank mitigates its information security-related risk primarily through the selection, implementation, maintenance, and continuous monitoring of preventive, detective, and corrective security controls to protect information assets from compromise or to limit the damage should a compromise occur.

The Bank improved and strengthened its defences and security architecture by significant investments in:

1. Vulnerability scanner to automate the checking of the Bank's networks, systems and applications for security weaknesses that could expose us to attacks. They are utilized in the identification and detection of vulnerabilities arising from mis-configurations or flawed programming within a network-based asset such as a firewall, router, web server, application server, etc.
2. Web filter to screen incoming Web pages to determine whether some or all of it should not be displayed to employees. The filter checks the origin or content of a Web page against a set of policies provided by Risk Management.

The Web filter enables the Bank to block out pages from Web sites that are likely to include objectionable advertising, pornographic content, spyware, viruses, malicious sites and other objectionable content.

Automation was a key success indicator as the Bank gained strides with various API integrations and automation mechanisms. The secure automation of the Loan Management System (LMS) eased the loan lifecycle process from onboarding to disbursement. The workflow process also experienced migration from paper journeys to full automation as a management system was successfully deployed. The Bank has made significant progress in its Information Security Risk Management process. Several Policies, Frameworks and Standards have been developed:

**1. The Data Sharing Framework** was developed in 2020 to guide the Bank through her data sharing journey and outline key considerations for the Bank to take into account when planning data partnerships. The framework outlines the principles, standards of conduct and legal and justifiable basis for using and sharing information by partner organizations working with Development Bank of Nigeria (DBN) Plc.

Embedded in the The Data Sharing Framework, is a Data Sharing Agreement between DBN and ICGL reflects the arrangements and addresses the Security requirements that must be met and to establish the terms and condition under which data can be shared between both Parties and explains the purposes for which that Data may be used.

**2. The Mobile Computing and Teleworking Policy** defines controls that ensure physical and logical security of the information during mobile computing and/or teleworking (remote working).

## Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2023

**3. The Virtual Private Network (VPN) Security Standard** address the VPN solution's Information Security requirements in line with business requirements and the Information Security Policy (ISP) and defines the functional architecture of the VPN security solution consisting of various technology components and their interrelationships.

**4. Plan for FY2024:** Development Bank of Nigeria embarks on a new strategic cycle in 2024 with a focus on accelerating growth and scaling impact. The Bank is committed to amplifying its efforts to provide finance to Nigeria's underserved MSMEs, particularly those led by women and youth, while expanding its reach in underdeveloped regions of the country. The Bank will maintain its sector-neutral approach while identifying priority impact sectors and supporting innovative ventures.

Additionally, the Bank will strengthen advocacy efforts, engaging with government bodies and regulatory authorities, and collaborating with both local and international stakeholders to foster an enabling environment for MSMEs. The Bank also remains steadfast in its commitment to championing the mainstreaming of green and climate finance in Nigeria and positioning itself as Nigeria's premier Green Development Finance Institution. As the Bank embarks on the next phase, it will ensure financial sustainability by mobilizing funding to support and catalyze growth for MSMEs in Nigeria.

### 6.9 Capital management

The Group's objectives when managing capital (Tier 1 and Tier 2 capital), which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum capital adequacy ratio of 10% is to be maintained by Development Financial Institutions. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve is excluded from the capital computation. Standardized approach has been adopted in computing the risk weighted assets for Credit, Operational and Market Risk.

The CBN Basel II regulatory capital requirements are strictly observed when managing capital and this comprises of two tiers: Tier 1 capital (only permanent shareholder's equity and disclosed reserves) and Tier 2 capital. Tier 1 capital comprises share capital, share premium, retained earnings and reserves created by appropriations of retained earnings; the carrying amount of intangible assets is deducted in arriving at Tier 1 capital. The Group is expected to maintain a minimum ratio of Tier I capital to total assets of 5%. Tier 2 capital includes the Group's qualifying loan capital and shall not exceed 33.33% of Tier 1 capital.

The Basel II capital adequacy ratio was 62.58% as at 31 December 2023 (31 December 2022: 63.96%), with Bank above the CBN minimum capital adequacy requirements of 10%. The Central Bank of Nigeria issued a circular on 18 October 2018 relating to the treatment of IFRS expected credit loss for regulatory purposes. Banks were directed to use the balance in regulatory risk reserve as at 1 January, 2018 to offset the impact of IFRS 9 expected credit loss amount as at transition date. Where the additional ECL provision is higher than the balance in regulatory risk reserve, the excess shall be amortized in line with the transitional arrangements.

The following table provides an overview of the capital levels and risk-weighted assets (RWA):

<i>In thousands of Naira</i>	<i>Note</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Tier 1 capital</b>			
Ordinary share capital	30(a)	100,000	100,000
Share premium	30(b)	99,762,570	99,762,570
Retained earnings	30(c)	83,414,867	73,792,283
Statutory reserve	30(d)	40,915,056	33,863,738
<b>Tier 1 Capital Before Regulatory Deduction</b>		<b>224,192,493</b>	<b>207,518,591</b>
<b>Less:</b>			
Intangible assets		(228,962)	(233,649)
Deferred tax assets		(311,536)	(1,140,471)
Investment in subsidiary - 50%		(5,837,716)	(5,687,500)
<b>Eligible Tier 1 Capital</b>		<b>217,814,280</b>	<b>200,456,971</b>
<b>Tier 2 Capital Before Regulatory Deduction</b>			
Tier 2 Capital (restricted to 1/3 of Tier 1 Capital)		74,550,665	68,714,824
<b>Less:</b>			
Investment in subsidiary - 50%		(5,837,716)	(5,687,500)
<b>Eligible Tier 2 Capital</b>		<b>68,712,950</b>	<b>63,027,324</b>
<b>Total Eligible Capital</b>		<b>286,527,229</b>	<b>263,484,295</b>
<b>Risk-weighted assets</b>			
Risk-weighted Amount for Credit Risk		393,497,540	358,784,040
Risk-weighted Amount for Operational Risk		64,361,066	53,136,407
Risk-weighted Amount for Market Risk		-	-
<b>Total weighted risk assets</b>		<b>457,858,606</b>	<b>411,920,447</b>
<b>Capital ratios</b>			
<b>Risk weighted Capital Adequacy Ratio (CAR)</b>		<b>62.58%</b>	<b>63.96%</b>



**Notes to the Consolidated and Separate Financial Statements**

*For the year ended 31 December 2023*

**Operational Risk Capital Charge computation used for Capital Adequacy Ratio calculation  
Gross Income Calculation for Basic Indicator Approach**

*In thousands of Naira*

<b>Particulars</b>	<b>Year -1</b>	<b>Year -2</b>	<b>Year -3</b>
Interest Income	37,726,675	46,999,580	51,070,612
Interest Expenses	(11,688,620)	(11,215,724)	(12,261,436)
<b>Net Interest Income</b>	<b>26,038,055</b>	<b>35,783,856</b>	<b>38,809,176</b>
Fees and Commission Income	-	-	-
Fees and Commission Expenses	(20,844)	(9,202)	(6,252)
<b>Net Fees and Commission Income</b>	<b>(20,844)</b>	<b>(9,202)</b>	<b>(6,252)</b>
Any other operating income	454,708	552,497	1,375,711
<b>Total net non-interest income</b>	<b>433,864</b>	<b>543,295</b>	<b>1,369,459</b>
<b>Total Gross Income</b>	<b>26,471,919</b>	<b>36,327,151</b>	<b>40,178,635</b>
Capital Charge for Operational Risk (Average of Year 1-3 Total Gross Income)*15%			5,148,885
<b>Operational Risk Calibrated Risk-weighted Amount using Basic Indicator Approach</b>			<b>64,361,066</b>

As shown above, DBN currently has a capital adequacy ratio of 63.65% (2022: 63.96%), which is significantly above the set benchmark of 10% for Development Finance Institutions.

**Regulatory Minimum Capital Requirement**

As a Wholesale Development Finance Institution, the Central Bank of Nigeria (CBN) requires DBN to maintain a minimum capital (i.e. minimum shareholders' fund) of N100,000,000,000 (One Hundred Billion Naira). This amount should be fully paid up over a maximum period of 4 years.

As at 31 December 2023, the bank was in compliance of the minimum capital requirement as the shareholders funds as at reporting date was in excess of N100 billion.

## 7 Fair Values of Financial Instrument

### Financial instruments not measured at fair value

The Bank does not have any financial assets measured at fair value as all financial assets are measured at amortised cost.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Group	Note				Total Fair	Total carrying
		Level 1	Level 2	Level 3	Values	amount
31 December 2023						
		₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cash and cash equivalents	18	-	94,212,090	-	94,212,090	94,212,090
Investment securities	19	21,057,568	4,554,962	-	25,612,530	25,370,707
Loans and advances to customers	20	-	410,345,948	-	410,345,948	410,345,948
Other financial assets	24	-	299,802	-	299,802	299,802
		21,057,568	509,412,802	-	530,470,370	530,228,547
Borrowings	27	-	267,981,310	-	267,981,310	267,981,310
Debt securities issued	28	-	24,235,595	-	24,235,595	24,235,595
Provision for guarantee	26	-	374,949	-	374,949	374,949
Other financial liabilities	29	-	3,040,509	-	3,040,509	3,040,509
		-	295,632,363	-	295,632,363	295,632,363

Group	Note				Total Fair	Total carrying
		Level 1	Level 2	Level 3	Values	amount
31 December 2022						
		₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cash and cash equivalents	18	-	138,623,389	-	138,623,389	138,623,389
Investment securities	19	27,989,560	-	-	27,989,560	25,370,707
Loans and advances to customers	20	-	369,402,569	-	369,402,569	369,402,569
Other financial assets	24	-	525,358	-	525,358	525,358
		27,989,560	508,551,316	-	536,540,876	533,922,023
Borrowings	27	-	291,139,709	-	291,139,709	291,139,709
Provision for guarantee	26	-	324,507	-	324,507	324,507
Other financial liabilities	29	-	1,595,041	0	1,595,041	2,330,357
		-	293,059,258	-	293,059,258	293,794,573

Bank	Note				Total Fair	Total carrying
		Level 1	Level 2	Level 3	Values	amount
31 December 2023						
		₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cash and cash equivalents	18	-	85,212,612	-	85,212,612	85,212,612
Investment securities	19	10,434,009	9,353,670	-	19,787,679	19,245,754
Loans and advances to customers	20	-	410,345,948	-	410,345,948	410,345,948
Other financial assets	24	-	87,173	-	87,173	87,173
		10,434,009	504,999,402	-	515,433,411	514,891,487
Borrowings	27	-	267,981,310	-	267,981,310	267,981,310
Debt securities issued	28	-	24,244,335	-	24,244,335	24,244,335
Other financial liabilities	29	-	2,667,421	-	2,667,421	2,667,421
		-	294,893,066	-	294,893,066	294,893,066

Bank					Total Fair	Total carrying
		Level 1	Level 2	Level 3	Values	amount
31 December 2022						
		₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cash and cash equivalents	18	-	135,321,043	-	135,321,043	131,058,757
Investment securities	19	-	-	-	-	-
Loans and advances to customers	20	-	369,402,569	-	369,402,569	369,402,569
Other financial assets	24	-	357,883	-	357,883	357,883
		-	505,081,495	-	505,081,495	500,819,209
Borrowings	27	-	291,139,709	-	291,139,709	291,139,709
Other financial liabilities	29	-	2,107,276	-	2,107,276	2,107,276
		-	293,246,985	-	293,246,985	293,246,985

For financial assets and financial liabilities that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate the fair value. This assumption is also applied to financial liabilities without a specific maturity. The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest bearing deposits is based on discounted cashflows using prevailing money market rates for debts. The carrying amount represents the fair value which is receivable at maturity. The carrying amounts of other financial assets and other financial liabilities are reasonable approximation of their fair values which are repayable on demand.

Where they are available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

**Notes to the Consolidated and Separate Financial Statements**  
*For the year ended 31 December 2023*

**8 Interest income calculated using the effective interest method**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Placements with banks	18a	13,465,970	15,269,947	12,382,912	14,474,312
Investment in Treasury bills	19a	581,835	932,883	481,585	917,267
Investment in Commercial papers	19a	80,310	-	-	-
Investment in Convertible debt securities	19a	-	-	358,596	-
Investment in Government bonds	19a	664,128	373,316	-	-
Loans and advances to Participating Financial Institutions (PFIs)	20a	37,847,519	31,608,001	37,847,519	31,608,001
		<b>52,639,762</b>	<b>48,184,147</b>	<b>51,070,612</b>	<b>46,999,580</b>

**9 Interest expense**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Borrowings (See (i) below)	27a	10,568,478	11,128,998	10,568,478	11,128,998
Provision IDB (Interest Draw-Back) Expense	29ii	63,832	83,677	63,832	83,677
Lease expense	31c(ii)	61,776	3,049	61,776	3,049
Debt Securities Issued	28a	1,582,684	-	1,567,350	-
		<b>12,276,770</b>	<b>11,215,724</b>	<b>12,261,436</b>	<b>11,215,724</b>

(i) The amount reported above is calculated using the effective interest method, and relates to borrowings measured at amortised cost

(ii) Provision - IDB (Interest Draw-Back) relates to an agreement the Bank has with PFIs with active MSME loan portfolio to refund an agreed percentage of the total loan interest upon liquidation of the loan.

**10 Impairment (writeback)/loss on financial assets:**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Loans and Advances to customers	20(b)	(2,611,398)	1,223,528	(2,611,398)	1,223,528
<i>Other financial assets</i>					
Cash and cash equivalents	18c	(16,780)	4,772	(67,067)	(5,829)
Investment securities	19b	92,505	20,058	67,241	-
Other financial receivables	24a	7,710	2,053	-	-
		83,435	26,882	174	(5,829)
		<b>(2,527,963)</b>	<b>1,250,411</b>	<b>(2,611,224)</b>	<b>1,217,699</b>

**11 Guarantee Income**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Upfront fee		499,078	374,256	-	-
Guarantee fee		399,289	320,235	-	-
		<b>898,367</b>	<b>694,491</b>	<b>-</b>	<b>-</b>

Guarantee income is earned in the Group in respect of operations of the Bank's subsidiary - Impact Credit Guarantee Limited.

Upfront fee is a one off, non-refundable processing fee charged irrespective of the tenor of the guarantee. The upfront fee is recognised immediately the service is performed. Guarantee fee represents a premium that is earned over the tenor of the guarantee.

**12 Other income**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Foreign exchange gains		441,077	9,302	441,077	9,302
Other sundry income (See (i) below)		835,280	474,606	822,221	459,430
Income from subsidiary - shared services (See (ii) below)		-	-	112,413	83,765
		<b>1,276,357</b>	<b>483,908</b>	<b>1,375,711</b>	<b>552,497</b>

(i) Other sundry income earned during the year relates to grant income to the Bank from International Bank for Reconstruction and Development (IBRD), in respect of the project implementation unit cost that was incurred by the Bank in prior year.

(ii) Income from subsidiary relates to shared services amounted to N112.41m for the year ended 31 December 2023 (31 December 2022: N83.77m). The amount has however been eliminated at the group.

**13 Fees and commission & Guarantee expenses:**

**a Fees and commission expense**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Custodian fees on treasury bills		10,874	11,797	6,252	9,202
		<b>10,874</b>	<b>11,797</b>	<b>6,252</b>	<b>9,202</b>

**b Guarantee expenses**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Guarantee fees	26	537,405	514,928	-	-
		<b>537,405</b>	<b>514,928</b>	<b>-</b>	<b>-</b>

**14 Personnel expenses**

		GROUP	GROUP	BANK	BANK
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
<i>In thousands of Naira</i>					
Wages and salaries		2,022,677	1,622,361	1,799,973	1,373,922
Pension contribution		100,439	80,160	89,836	68,112
Performance bonus		1,077,398	961,568	1,030,019	931,724
Other allowances		13,121	7,704	-	-
		<b>3,213,635</b>	<b>2,671,793</b>	<b>2,919,828</b>	<b>2,373,758</b>

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i The number of employees in employment as at

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Executive Management	3	3	2	2
Senior Management	20	12	19	11
Middle Management	13	13	11	10
Officer	27	21	21	18
	<b>63</b>	<b>49</b>	<b>53</b>	<b>41</b>

ii Employees whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Below N1,000,000	-	2	-	-
N1,000,001 - N 3,000,000	1	1	1	1
N3,000,001 - N 6,000,000	16	10	14	6
N6,000,001 - N 9,000,000	7	2	5	2
N9,000,001 - N 15,000,000	12	11	9	11
N15,000,001 and above	27	23	24	21
	<b>63</b>	<b>49</b>	<b>53</b>	<b>41</b>

iii The remuneration paid to directors are as follows

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Fees as director	226,080	163,903	191,080	128,965
Sitting Allowances	117,200	114,500	105,500	100,600
Other Directors' emolument	645,284	262,755	545,673	259,581
	<b>988,564</b>	<b>541,158</b>	<b>842,253</b>	<b>489,146</b>
Highest paid director	206,290	154,384	206,290	154,384
Fees and other emoluments disclosed above include amounts paid to Chairman	47,300	41,750	33,100	26,350

15 Depreciation and amortization

<i>In thousands of Naira</i>	Note	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Amortization of intangibles	23	103,621	53,098	97,649	45,947
Depreciation of property and equipment	22	384,573	373,329	354,907	345,986
		<b>488,194</b>	<b>426,427</b>	<b>452,556</b>	<b>391,933</b>

16 General and administrative expenses

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Business promotion and advertisement	266,036	196,371	266,036	196,371
Donations	43,501	23,943	43,201	23,943
Legal and secretarial fees	5,082	12,283	3,673	12,283
Electricity expenses	48,545	42,173	48,545	42,173
Audit fees	34,753	25,500	26,500	19,000
Professional services (See note(i) below)	548,917	398,460	525,743	363,178
Board expenses	403,914	178,707	348,558	172,775
Newspapers and periodicals	15,606	19,655	15,606	19,655
Corporate subscriptions	31,471	30,414	31,203	29,609
Office consumables	20,494	18,049	20,494	18,049
Staff welfare	43,233	37,110	43,233	37,110
Project Implementation unit (PIU) related expense	787,761	413,877	787,761	413,877
Insurance Expenses	142,961	112,674	129,434	99,103
Maintenance	44,457	31,924	40,354	30,681
Stationery, IT and Communication expenses	332,853	266,904	305,025	207,595
Travels and Hotels	305,354	131,273	285,271	107,540
Recruitment & Training, Subscription and Contract cost	522,081	564,939	520,963	561,112
Director Emolument and expenses	542,482	278,403	495,782	229,565
Bank Charges	49,927	180,749	48,582	179,537
Other expenses	88,920	55,921	61,264	58,019
	<b>4,278,348</b>	<b>3,019,329</b>	<b>4,047,228</b>	<b>2,821,175</b>

(i) Included in professional fees is ₦11.5 million relating to non-audit services rendered by KPMG Professional Services (2022 ₦10 million) which includes:  
- Certification of assessment of compliance with the Association of African Development Finance institutions guidelines and rating system and  
- Report of factual findings on the extent of compliance with CBN code of Corporate governance and whistle blowing guidelines

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**17 Taxation**

**a Tax Expense**

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
ii <i>Current Tax</i>				
Company Income Tax	9,837,740	9,412,788	9,647,391	9,256,829
Tertiary Education Tax	1,000,279	790,805	979,648	777,138
NITDA Levy	365,851	302,525	354,050	295,226
Nigerian Police Trust Fund levy	1,781	1,515	1,770	1,479
NASENI Levy	88,513	73,806	88,513	73,806
	17c	11,294,164	10,581,439	11,071,372
		10,581,439	11,071,372	10,404,478
iii <i>Deferred Tax</i>				
Deferred Tax due to reversing timing difference (see (b))	785,942	(462,526)	828,935	(415,807)
	12,080,106	10,118,913	11,900,307	9,988,671
<b>Total income tax expense</b>	<b>12,080,106</b>	<b>10,118,913</b>	<b>11,900,307</b>	<b>9,988,671</b>

**Reconciliation of effective tax rate - Group**

<i>In thousands of Naira</i>		31 December 2023		31 December 2022
Profit before tax		36,571,966		30,252,137
Income tax using the domestic corporation tax rate @ 30%	30%	10,971,590	30%	9,075,641
<i>Tax effect of:</i>				
Non-deductible expenses	0.8%	286,983	0.9%	55,771
Tax exempt income	(1.3)%	(468,959)	(2.9)%	(134,994)
Information technology tax levy	1.0%	365,851	1.0%	302,525
Education tax	2.7%	1,000,279	2.3%	790,805
NASENI Levy	0.2%	88,513	0.2%	73,806
Tax incentive	(0.4)%	(164,344)	(0.7)%	(46,157)
Changes in estimates relating to prior years	0.0%	(1,589)	0.0%	-
Nigerian Police Trust Fund levy	0.0%	1,781	0.0%	1,515
<b>Total income tax expense</b>	<b>33%</b>	<b>12,080,106</b>	<b>31%</b>	<b>10,118,913</b>

**Reconciliation of effective tax rate - Bank**

<i>In thousands of Naira</i>		31 December 2023		31 December 2022
Profit before tax		35,404,990		29,522,586
Income tax using the domestic corporation tax rate @ 30%	30%	10,621,497	30%	8,856,776
<i>Tax effect of:</i>				
Non-deductible expenses	0.8%	274,212	0.8%	44,496
Tax exempt income	(0.8)%	(270,297)	(2.8)%	(22,999)
Information technology tax levy	1.0%	354,050	1.0%	295,226
Education tax	2.8%	979,648	2.3%	777,138
NASENI Levy	0.3%	88,513	0.2%	73,806
Tax incentive	(0.4)%	(149,086)	(0.5)%	(37,251)
Nigerian Police Trust Fund levy	0.0%	1,770	0.0%	1,479
<b>Total income tax expense</b>	<b>34%</b>	<b>11,900,307</b>	<b>31%</b>	<b>9,988,671</b>

**b Deferred tax asset**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group's deferred tax asset balance is as a result of unutilized capital allowances, ECL impairment on financial assets and unrealised foreign exchange difference.

There are no unrecognized deferred tax asset during the year ended 31 December 2023 (31 December 2022: Nil)

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Property and equipment	(173,594)	(106,776)	(162,177)	(99,762)
Intangibles	(48,724)	-	(48,724)	-
ECL allowance	286,057	1,318,208	166,046	1,245,593
Provisions and Leases	501,946	-	501,946	-
Unrealised foreign exchange difference	(145,555)	(5,360)	(145,555)	(5,360)
	<b>420,130</b>	<b>1,206,072</b>	<b>311,536</b>	<b>1,140,471</b>

The movement in the deferred tax asset during the year was as follows:

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<b>Balance, beginning of the year</b>	<b>1,206,072</b>	<b>743,546</b>	<b>1,140,471</b>	<b>724,664</b>
<i>Recognized in profit or loss:</i>				
Property and equipment	(66,818)	(12,745)	(62,415)	(13,998)
Intangible	(48,724)	8,943	(48,724)	8,943
ECL allowance	(1,032,151)	688,719	(1,079,547)	643,253
Provisions and Leases	501,946	(214,729)	501,946	(214,729)
Unrealised foreign exchange difference	(140,195)	(7,662)	(140,195)	(7,662)
<b>Total amount recognised in profit or loss</b>	<b>(785,942)</b>	<b>462,526</b>	<b>(828,935)</b>	<b>415,807</b>
<b>Balance, end of the year</b>	<b>420,130</b>	<b>1,206,072</b>	<b>311,536</b>	<b>1,140,471</b>

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c Current income tax liability		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
	Balance, beginning of the year	11,754,184	7,142,706	11,575,456	6,893,466
	Charge for the year:				
	Current tax	17a	11,294,164	10,581,439	11,071,372
	Withholding tax credit note utilised		(1,129,508)	(573,718)	(1,074,803)
	Tax paid		(9,565,626)	(5,396,243)	(9,443,192)
			<b>12,353,214</b>	<b>11,754,184</b>	<b>12,128,833</b>
					<b>11,575,456</b>

18 Cash and cash equivalents	Note	GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
	Current Account Balance with Central Bank of Nigeria (i)	167,578	301,327	167,578	301,327
	Other current account balances with Central Bank of Nigeria (ii)	10,402	18,526	10,402	18,526
	Current account balances with local banks	1,492,695	357,299	1,348,872	297,405
		<b>1,670,675</b>	<b>677,152</b>	<b>1,526,852</b>	<b>617,258</b>
	Placements with local banks (iii)	92,892,243	138,313,845	83,949,989	130,772,796
	<b>Cash and cash equivalents in the statement of cash flow:</b>	<b>94,562,918</b>	<b>138,990,997</b>	<b>85,476,841</b>	<b>131,390,054</b>
	Less: Allowance for impairment (see note c below)	31a(vi)	(350,828)	(367,608)	(264,229)
	<b>Cash and cash equivalents in the statement of financial position</b>	<b>94,212,090</b>	<b>138,623,389</b>	<b>85,212,612</b>	<b>131,058,757</b>

- (i) This represents balances held in the current account balances with the Central Bank of Nigeria and available for the Group and Bank's use.
- (ii) This represents balances in development partners collection accounts with the Central Bank of Nigeria available for the Group and Bank's use without restriction
- (iii) Placements with local banks comprise deposits with maturity of less than 90 days from the value date of the instruments.  
From placements with local banks, Development Bank of Nigeria has set aside a fund for settlement of Staff death in service benefit as the obligation arises. The Bank has a death - in-service benefit policy for its staff members which is aimed at compensating the family of staff member who dies in the course of service with the bank and also to pay staff members who loses an immediate family member (i.e parent, spouse or biological children). The amount earmarked as at 31 December 2023 under this policy is N45m (2022: N43.82m). See details of the death-in-service policy in note 4.14

a Movement in Placements with local banks	Note	GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
	Opening	138,313,845	146,985,456	130,772,796	135,413,141
	Purchase of placements with local banks	65,357,989	1,624,681,935	19,716,219	1,579,040,165
	Interest Income earned on placements with local banks	8	13,465,970	12,382,912	14,474,312
	Proceeds from matured placements with local banks		(112,483,597)	(67,368,542)	(1,585,384,516)
	Interest received		(11,761,964)	(13,565,941)	(11,553,396)
	<b>Closing</b>	<b>92,892,243</b>	<b>138,313,845</b>	<b>83,949,989</b>	<b>130,772,796</b>

b The breakdown of the carrying amount of Cash and cash equivalents for Group and Bank is as follows:

Group		Gross amount	Impairment	Carrying amount	
31 December 2023	Current account balances with Central Bank of Nigeria	167,578	-	167,578	
	Other current account balances with Central Bank of Nigeria	10,402	-	10,402	
	Current account balances with local banks	1,492,695	-	1,492,695	
	<b>Total cash and balances with banks</b>	<b>1,670,675</b>	-	<b>1,670,675</b>	
	Placements with local banks	92,892,243	(350,828)	92,541,415	
	<b>Cash and cash equivalents</b>	<b>94,562,918</b>	<b>(350,828)</b>	<b>94,212,090</b>	
	31 December 2022	Current account balances with Central Bank of Nigeria	301,327	-	301,327
		Other current account balances with Central Bank of Nigeria	18,526	-	18,526
		Current account balances with local banks	357,299	-	357,299
		<b>Total cash and balances with banks</b>	<b>677,152</b>	-	<b>677,152</b>
Placements with local banks		138,313,845	(367,608)	137,946,237	
<b>Cash and cash equivalents</b>		<b>138,990,997</b>	<b>(367,608)</b>	<b>138,623,389</b>	
Bank		31 December 2023			
		Current account balances with Central Bank of Nigeria	167,578	-	167,578
		Other current account balances with Central Bank of Nigeria	10,402	-	10,402
		Current account balances with local banks	1,348,872	-	1,348,872
	<b>Total cash and balances with banks</b>	<b>1,526,852</b>	-	<b>1,526,852</b>	
	Placements with local banks	83,949,989	(264,229)	83,685,760	
	<b>Cash and cash equivalents</b>	<b>85,476,841</b>	<b>(264,229)</b>	<b>85,212,612</b>	
	31 December 2022	Current account balances with Central Bank of Nigeria	301,327	-	301,327
		Other current account balances with Central Bank of Nigeria	18,526	-	18,526
		Current account balances with local banks	297,405	-	297,405
<b>Total cash and balances with banks</b>		<b>617,258</b>	-	<b>617,258</b>	
Placements with local banks		130,772,796	(331,297)	130,441,499	
<b>Cash and cash equivalents</b>		<b>131,390,054</b>	<b>(331,297)</b>	<b>131,058,757</b>	

c Movement in allowances for impairment		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
	Balance at 1 January	367,608	362,836	331,297	337,127
	(Writeback)/Charge for the year (see note 10)	(16,780)	4,772	(67,067)	(5,829)
	<b>Closing balance</b>	<b>350,828</b>	<b>367,608</b>	<b>264,230</b>	<b>331,297</b>

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19 Investment securities	GROUP		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Convertible debt instruments	-	-	4,893,582	-
Investments in commercial paper (measured at amortized cost)	1,744,197	-	-	-
Investments in treasury bills (measured at amortized cost)	16,432,359	-	14,419,413	-
Investment in government Bonds (measured at amortized cost)	7,307,181	6,445,032	-	-
	<b>25,483,737</b>	<b>6,445,032</b>	<b>19,312,995</b>	-
Less: Allowance for impairment (see (b))	(113,030)	(20,525)	(67,241)	-
	<b>25,370,707</b>	<b>6,424,507</b>	<b>19,245,754</b>	-

a Movement in Investment securities

Group	Note	Convertible debt instruments	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
<i>In thousands of naira</i>						
<b>31 December 2023</b>						
Opening balance	-	-	-	-	6,445,032	6,445,032
Additional investment during the year	-	-	1,975,418	15,850,524	1,042,419	18,868,360
Interest income on Investment securities	8	-	80,310	581,835	664,128	1,326,273
Interest received on Investment securities	-	-	-	-	(844,398)	(844,398)
Disposed/matured of investment securities	-	-	(311,530)	-	-	(311,530)
<b>Closing balance</b>	-	-	<b>1,744,197</b>	<b>16,432,359</b>	<b>7,307,181</b>	<b>25,483,737</b>

Group	Note	Convertible debt instruments	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
<i>In thousands of naira</i>						
<b>31 December 2022</b>						
Opening balance	-	-	-	27,957,678	-	27,957,678
Additional investment during the year	-	-	-	-	6,465,705	6,465,705
Interest income on Investment securities	8	-	-	932,883	373,316	1,306,199
Interest received on Investment securities	-	-	-	(1,097,939)	(373,316)	(1,471,255)
Disposed/matured of investment securities	-	-	-	(27,792,622)	(20,673)	(27,813,295)
<b>Closing balance</b>	-	-	-	-	<b>6,445,032</b>	<b>6,445,032</b>

Bank	Note	Convertible debt instruments	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
<i>In thousands of naira</i>						
<b>31 December 2023</b>						
Opening balance	-	-	-	-	-	-
Additional investment during the year	-	4,699,569	-	13,937,828	-	18,637,397
Interest income on Investment securities	8	358,596	-	481,585	-	840,181
Interest received on Investment securities	-	(164,583)	-	-	-	(164,583)
<b>Closing balance</b>	-	<b>4,893,582</b>	-	<b>14,419,413</b>	-	<b>19,312,995</b>

Bank	Note	Convertible debt instruments	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
<i>In thousands of naira</i>						
<b>31 December 2022</b>						
Opening balance	-	-	-	26,618,294	-	26,618,294
Interest income on Investment securities	8	-	-	917,267	-	917,267
Interest received on Investment securities	-	-	-	(729,016)	-	(729,016)
Disposed/matured of investment securities	-	-	-	(26,806,545)	-	(26,806,545)
<b>Closing balance</b>	-	-	-	-	-	-

b Movement in allowances for impairment

In thousands of Naira	GROUP		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Balance at 1 January	20,525	467	-	-
Charge for the year (see note 10)	92,505	20,058	67,241	-
<b>Closing balance</b>	<b>113,030</b>	<b>20,525</b>	<b>67,241</b>	-

20 Loans and advances to customers

In thousands of Naira	Note	GROUP		BANK	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loans and advances to PFIs at amortised cost		410,517,648	372,185,667	410,517,648	372,185,667
Less: Allowance for impairment (see (b))		(171,700)	(2,783,098)	(171,700)	(2,783,098)
		<b>410,345,948</b>	<b>369,402,569</b>	<b>410,345,948</b>	<b>369,402,569</b>

The carrying value of the loans and advances approximate the fair value of the loans

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a Movement in Loans and advances to PFIs at amortised cost		GROUP		BANK	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Principal		366,934,970	318,574,755	366,934,970	318,574,755
Impairment		(2,783,098)	(1,559,570)	(2,783,098)	(1,559,570)
Interest		5,250,696	4,679,690	5,250,696	4,679,690
Opening		369,402,568	321,694,875	369,402,568	321,694,875
Impairment charge during the year	10	2,611,398	(1,223,528)	2,611,398	(1,223,528)
Loans disbursed		153,627,698	149,714,201	153,627,698	149,714,201
Interest income on loans	8	37,847,519	31,608,001	37,847,519	31,608,001
Loan principal payments received		(115,845,167)	(101,353,986)	(115,845,167)	(101,353,986)
Interest received		(37,298,068)	(31,036,995)	(37,298,068)	(31,036,995)
<b>Closing</b>		<b>410,345,948</b>	<b>369,402,568</b>	<b>410,345,948</b>	<b>369,402,568</b>
Principal		404,717,501	366,934,970	404,717,501	366,934,970
Impairment		(171,700)	(2,783,098)	(171,700)	(2,783,098)
Interest		5,800,147	5,250,696	5,800,147	5,250,696
<b>Closing - Loans and advances to PFIs</b>		<b>410,345,948</b>	<b>369,402,568</b>	<b>410,345,948</b>	<b>369,402,568</b>

b Movement in allowances for impairment		GROUP		BANK	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Balance at 1 January		2,783,098	1,559,570	2,783,098	1,559,570
(Writeback)/Charge for the year (see note 10)		(2,611,398)	1,223,528	(2,611,398)	1,223,528
<b>Closing balance</b>		<b>171,700</b>	<b>2,783,098</b>	<b>171,700</b>	<b>2,783,098</b>

c Impairment allowance reconciliation between IFRS 9 and CBN prudential guideline General Loan Loss Provision (GLLP)		GROUP		BANK	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Impairment provision as per IFRS 9 Expected Credit Loss		171,700	2,783,098	171,700	2,783,098
Regulatory risk reserve as at 31 December 2023		4,660,615	4,905,519	4,660,615	4,905,519
		<b>4,832,315</b>	<b>7,688,617</b>	<b>4,832,315</b>	<b>7,688,617</b>
Impairment provision as per GLLP		(8,210,354)	(7,443,713)	(7,987,790)	(7,443,713)
Excess IFRS 9 ECL over GLLP (additional transfer)/written back (See note 29e)		<b>(3,378,039)</b>	<b>244,904</b>	<b>(3,155,475)</b>	<b>244,904</b>

21 Investment in Subsidiary

a Subsidiaries		31 December 2023			
		% Holding	Cost	Impairment	Carrying Value
<i>In thousands of Naira</i>					
Impact Credit Guarantee Limited	Note	100	11,675,431	-	11,675,431
		<b>100</b>	<b>11,675,431</b>	<b>-</b>	<b>11,675,431</b>
<b>31 December 2022</b>					
<i>In thousands of Naira</i>					
Impact Credit Guarantee Limited	Note	100	11,375,000	-	11,375,000
		<b>100</b>	<b>11,375,000</b>	<b>-</b>	<b>11,375,000</b>

b Movement in gross investment in subsidiary		BANK	
		31 December 2023	31 December 2022
<i>In thousands of Naira</i>			
Balance as at the beginning of the year		11,375,000	11,375,000
Additions		300,431	-
<b>Balance as at end of year</b>		<b>11,675,431</b>	<b>11,375,000</b>

c General information about the subsidiary

This wholly owned subsidiary, incorporated on 8 March 2019 as a limited liability company, was set up to carry on the business of issuing credit guarantees to participating financial institutions (PFI) in respect of loans granted to eligible businesses in the Micro, Small and Medium Enterprises (MSME) sector. The subsidiary's principal place of business is 952/953 Ideje Street, Victoria Island, Lagos.



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### 22 Property and equipment

Group		Motor	Office	Computer	Furniture &	Leasehold	Right of Use	Work in	
<i>In thousands of naira</i>	<i>Note</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Equipment</i>	<i>Fittings</i>	<i>improvement</i>	<i>Assets (ROU)</i>	<i>Progress</i>	<i>Total</i>
<i>Cost</i>									
Balance as at 1 January 2023		1,141,604	111,384	364,820	90,397	105,937	338,429	1,548,012	3,700,583
Additions during the year		438,099	5,057	43,158	1,290	1,011	282,796	9,144,395	9,915,806
Write offs		-	-	-	-	-	(133,503)	-	(133,503)
Disposals		(177,772)	-	(1,324)	-	-	-	-	(179,096)
Balance as at 31 December 2023		1,401,931	116,441	406,654	91,687	106,948	487,722	10,692,407	13,303,790
<i>Accumulated Depreciation</i>									
Balance as at 1 January 2023		514,801	87,431	212,969	68,605	105,937	276,263	-	1,266,006
Charge for the year	15	223,708	13,485	71,872	12,154	129	63,225	-	384,573
Write offs		-	-	-	-	-	(133,503)	-	(133,503)
Disposals		(174,256)	-	(746)	-	-	-	-	(175,002)
Balance as at 31 December 2023		564,253	100,916	284,095	80,759	106,066	205,985	-	1,342,074
<b>Carrying amounts</b>									
<b>Carrying amount as at 1 January 2023</b>		<b>626,803</b>	<b>23,953</b>	<b>151,851</b>	<b>21,792</b>	<b>-</b>	<b>62,166</b>	<b>1,548,012</b>	<b>2,434,577</b>
<b>Carrying amount as at 31 December 2023</b>		<b>837,678</b>	<b>15,525</b>	<b>122,559</b>	<b>10,928</b>	<b>882</b>	<b>281,737</b>	<b>10,692,407</b>	<b>11,961,716</b>
<i>In thousands of naira</i>									
	<i>Note</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Equipment</i>	<i>Fittings</i>	<i>improvement</i>	<i>Assets (ROU)</i>	<i>Progress</i>	<i>Total</i>
<i>Cost</i>									
Balance as at 1 January 2022		935,420	110,091	232,702	87,682	105,937	346,413	1,533,112	3,351,357
Additions during the year		318,634	1,293	151,016	2,935	-	6,624	14,900	495,402
Write offs		-	-	-	-	-	(14,608)	-	(14,608)
Disposals		(112,450)	-	(18,898)	(220)	-	-	-	(131,568)
Balance as at 31 December 2022		1,141,604	111,384	364,820	90,397	105,937	338,429	1,548,012	3,700,583
<i>Accumulated Depreciation</i>									
Balance as at 1 January 2022		426,829	68,918	173,233	52,022	94,331	203,864	-	1,019,197
Charge for the year	15	195,397	18,513	58,634	16,780	11,606	72,399	-	373,329
Disposals		(107,425)	-	(18,898)	(197)	-	-	-	(126,520)
Balance as at 31 December 2022		514,801	87,431	212,969	68,605	105,937	276,263	-	1,266,006
<b>Carrying amount as at 1 January 2022</b>									
<b>Carrying amount as at 1 January 2022</b>		<b>508,591</b>	<b>41,173</b>	<b>59,469</b>	<b>35,660</b>	<b>11,606</b>	<b>142,549</b>	<b>1,533,112</b>	<b>2,332,160</b>
<b>Carrying amount as at 31 December 2022</b>		<b>626,803</b>	<b>23,953</b>	<b>151,851</b>	<b>21,792</b>	<b>-</b>	<b>62,166</b>	<b>1,548,012</b>	<b>2,434,577</b>

- i There were no impairment losses on any class of property and equipment during the year. (31 December 2022: Nil)
- ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2022: Nil)
- iii There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2022: Nil)
- iv There were no capital commitments as at year end. (31 December 2022: Nil)
- v The Right of Use (ROU) asset relates to the DBN's lease of its Abuja and Lagos offices

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For the year ended 31 December 2023

<b>Bank</b>		<b>Motor</b>	<b>Office</b>	<b>Computer</b>	<b>Furniture &amp;</b>	<b>Leasehold</b>	<b>Right of Use</b>	<b>Work in</b>	
<i>In thousands of naira</i>	<i>Note</i>	<b>Vehicles</b>	<b>Equipment</b>	<b>Equipment</b>	<b>Fittings</b>	<b>improvement</b>	<b>Assets (ROU)</b>	<b>Progress</b>	<b>Total</b>
<i>Cost</i>									
Balance as at 1 January 2023		1,064,279	109,055	349,954	89,916	105,937	338,429	1,548,012	3,605,582
Additions during the year		368,224	4,453	43,158	1,290	1,011	282,796	9,144,396	9,845,327
Write offs		-	-	-	-	-	(133,503)	-	(133,503)
Disposals		(137,122)	-	(1,324)	-	-	-	-	(138,446)
<b>Balance as at 31 December 2023</b>		<b>1,295,381</b>	<b>113,508</b>	<b>391,788</b>	<b>91,206</b>	<b>106,948</b>	<b>487,722</b>	<b>10,692,408</b>	<b>13,178,960</b>
<i>Accumulated Depreciation</i>									
Balance as at 1 January 2023		461,816	86,105	205,128	68,314	105,937	276,263	-	1,203,563
Charge for the year	15	198,652	12,947	67,896	12,058	129	63,225	-	354,907
Write offs		-	-	-	-	-	(133,503)	-	(133,503)
Disposals		(133,606)	-	(746)	-	-	-	-	(134,352)
<b>Balance as at 31 December 2023</b>		<b>526,862</b>	<b>99,052</b>	<b>272,278</b>	<b>80,372</b>	<b>106,066</b>	<b>205,985</b>	<b>-</b>	<b>1,290,615</b>
<b>Carrying amounts</b>									
<b>Carrying amount as at 1 January 2023</b>		<b>602,463</b>	<b>22,950</b>	<b>144,826</b>	<b>21,602</b>	<b>-</b>	<b>62,166</b>	<b>1,548,012</b>	<b>2,402,019</b>
<b>Carrying amount as at 31 December 2023</b>		<b>768,519</b>	<b>14,456</b>	<b>119,509</b>	<b>10,834</b>	<b>882</b>	<b>281,737</b>	<b>10,692,408</b>	<b>11,888,345</b>
<i>In thousands of naira</i>									
	<i>Note</i>	<b>Motor</b>	<b>Office</b>	<b>Computer</b>	<b>Furniture &amp;</b>	<b>Leasehold</b>	<b>Right of Use</b>	<b>Work in</b>	<b>Total</b>
		<b>Vehicles</b>	<b>Equipment</b>	<b>Equipment</b>	<b>Fittings</b>	<b>improvement</b>	<b>Assets (ROU)</b>	<b>Progress</b>	
<i>Cost</i>									
Balance as at 1 January 2022		861,700	107,808	224,293	87,201	105,937	346,413	1,533,112	3,266,464
Additions during the year		299,284	1,247	144,559	2,935	-	6,624	14,900	469,549
Write offs		-	-	-	-	-	(14,608)	-	(14,608)
Disposals		(96,705)	-	(18,898)	(220)	-	-	-	(115,823)
<b>Balance as at 31 December 2022</b>		<b>1,064,279</b>	<b>109,055</b>	<b>349,954</b>	<b>89,916</b>	<b>105,937</b>	<b>338,429</b>	<b>1,548,012</b>	<b>3,605,582</b>
<i>Accumulated Depreciation</i>									
Balance as at 1 January 2022		384,571	68,116	169,906	51,829	94,331	203,864	-	972,617
Charge for the year	15	173,189	17,989	54,120	16,683	11,606	72,399	-	345,986
Disposals		(95,944)	-	(18,898)	(198)	-	-	-	(115,040)
<b>Balance as at 31 December 2022</b>		<b>461,816</b>	<b>86,105</b>	<b>205,128</b>	<b>68,314</b>	<b>105,937</b>	<b>276,263</b>	<b>-</b>	<b>1,203,563</b>
<b>Carrying amount as at 1 January 2022</b>		<b>477,129</b>	<b>39,692</b>	<b>54,387</b>	<b>35,372</b>	<b>11,606</b>	<b>142,549</b>	<b>1,533,112</b>	<b>2,293,847</b>
<b>Carrying amount as at 31 December 2022</b>		<b>602,462</b>	<b>22,951</b>	<b>144,826</b>	<b>21,602</b>	<b>-</b>	<b>62,166</b>	<b>1,548,012</b>	<b>2,402,019</b>

i There were no impairment losses on any class of property and equipment during the year. (31 December 2022: Nil)

ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2022: Nil)

iii There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2022: Nil)

iv There were no capital commitments as at year end. (31 December 2022: Nil)

v The Right of Use (ROU) asset relates to the DBN's lease of its Abuja and Lagos offices.

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<b>23 Intangible Assets</b>	<i>In thousands of Naira</i>	<i>Note</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
			<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Cost</b>						
Opening Balance			432,982	311,451	412,377	292,340
Additions			92,962	198,445	92,962	196,951
Write offs *			-	(76,914)	-	(76,914)
<b>Closing Balance</b>			<b>525,944</b>	<b>432,982</b>	<b>505,339</b>	<b>412,377</b>
<b>Amortization</b>						
Opening Balance			192,470	150,838	178,728	144,247
Charge during the year		15	103,621	53,098	97,649	45,947
Write offs			-	(11,466)	-	(11,466)
<b>Closing balance</b>			<b>296,091</b>	<b>192,470</b>	<b>276,377</b>	<b>178,728</b>
<b>Carrying amount (Opening)</b>			<b>240,512</b>	<b>160,614</b>	<b>233,649</b>	<b>148,093</b>
<b>Carrying amount (Closing)</b>			<b>229,853</b>	<b>240,512</b>	<b>228,962</b>	<b>233,649</b>

Intangible assets include software and licences

- i There were no impairment losses on intangible assets during the year (31 December 2022: Nil)
  - ii There were no capitalized borrowing cost related to acquisition of intangible assets during the year. (31 December 2022: Nil)
  - iii There were no liens or encumbrances on intangible assets as at the year end (31 December 2022: Nil)
  - iv All intangible assets are non-current. All intangible assets have finite useful lives and are amortized over three years.
  - v There are no internally generated or leased assets included in the above intangible assets account.
  - vi There are no capital commitments as at year end (31 December 2022: Nil)
- \* Intangible assets written off represents write off of payments to software developers that were earlier capitalized now expensed.

<b>24 Other assets</b>	<i>In thousands of Naira</i>	<i>Note</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
			<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Financial assets</b>						
Cash Advances			23,098	9,085	23,098	9,085
Guarantee Fee Receivables (see note (i))			282,685	218,000	-	-
Receivable from ICGL			-	-	58,413	45,993
Other Receivables (see note (iii))			10,078	306,622	5,662	302,805
Less: Impairment on other financial asset (see note (a))			(16,059)	(8,349)	-	-
			<b>299,802</b>	<b>525,358</b>	<b>87,173</b>	<b>357,883</b>
<b>Non-financial assets</b>						
Prepaid expenses			222,737	90,991	65,771	85,829
WHT receivables (see note (ii))			900,206	1,375,870	584,747	1,180,226
			<b>1,122,943</b>	<b>1,466,861</b>	<b>650,518</b>	<b>1,266,055</b>
<b>Total</b>			<b>1,422,745</b>	<b>1,992,219</b>	<b>737,691</b>	<b>1,623,938</b>

- (i) Guarantee fee receivables relates to guarantee fee income for which payments have not been received during the year
- (ii) WHT receivable relates to WHT on interest income on placements with banks for which credit notes are yet to be used against company income tax as at report date.
- (iii) Other receivable relates to World Bank Project Implementation Unit (PIU) expenses, largely technical assistance related expenses, paid by the Bank on behalf of the PIU during the year for which the Bank is yet to be reimbursed by World Bank as at report date.

**a Movement in allowances for impairment**

<i>In thousands of Naira</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Balance at 1 January	8,349	6,296	-	-
Charge for the year (see note 10)	7,710	2,053	-	-
<b>Closing balance</b>	<b>16,059</b>	<b>8,349</b>	<b>-</b>	<b>-</b>

**25 Employee benefit obligation**

<i>In thousands of Naira</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Defined pension contribution</b>				
Opening balance	1,793	1,671	-	-
Additions during the year	100,438	12,048	89,836	68,112
Payments	(100,573)	(11,926)	(89,836)	(68,112)
<b>Balance, end of the year</b>	<b>1,658</b>	<b>1,793</b>	<b>-</b>	<b>-</b>

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*For the year ended 31 December 2023*

<i>In thousands of Naira</i>	Note	GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>26 Provision for guarantee</b>					
<i>Deferred Guarantee Income</i>					
Balance, beginning of the year		166,047	123,535	-	-
Net movement during the year		(11,916)	42,512	-	-
<b>Balance, end of the year</b>		<b>154,131</b>	<b>166,047</b>	-	-
<i>ECL Allowance on financial guarantee</i>					
Balance, beginning of the year		158,460	37,992	-	-
Guarantee expense for the year	13b	537,405	514,928	-	-
Claims incurred during the year		(475,047)	(394,460)	-	-
<b>Balance, end of the year</b>		<b>220,818</b>	<b>158,460</b>	-	-
<b>Total</b>		<b>374,949</b>	<b>324,507</b>	-	-

This amount represents the higher of (i) the fair value of guarantees initially recognized, less the cumulative amounts of income recognized with respect to guarantee contracts entered into by the Group; (ii) the Expected Credit losses on guarantee exposures as at 31 December 2023. There was a total claim of N475 million incurred during the year ended 31 December 2023 (31 December 2022: N394million).

The Bank does not offer credit guarantee services, this service is only provided by the Subsidiary - Impact Credit Guarantee Limited and as such no provision for guarantee was recognised at the Bank for the year ended 31 December 2023 (31 December 2022: Nil)

**27 Borrowings**

Borrowings comprise loans from the Federal Government of Nigeria, received and to be repaid in Naira, for on-lending to Participating Financial Institutions, who on-lend these funds to eligible MSMEs in Nigeria. The exposure of borrowings to interest rate risks and liquidity risks can be found at Note 6.5a and Note 6.6 respectively. There are no collateral or lien over the assets of the Bank as a result of the borrowings. The Federal Government of Nigeria obtained the financing from the International Development Partners, and the carrying amounts are as analysed below:

<i>In thousands of Naira</i>	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
International Bank for Reconstruction and Development (IBRD) (see note (i))	140,317,971	147,900,494	140,317,971	147,900,494
Agence Francaise de developpement (AFD) (see note (ii))	29,067,026	33,551,972	29,067,026	33,551,972
KfW German Development Bank (see note (iii))	34,882,208	40,695,688	34,882,208	40,695,688
African Development Bank (AfDB) (see note (iv))	51,633,991	56,324,921	51,633,991	56,324,921
African Development Fund (Fund of AfDB) (see note (v))	12,080,114	12,666,634	12,080,114	12,666,634
<b>Balance, end of the year</b>	<b>267,981,310</b>	<b>291,139,709</b>	<b>267,981,310</b>	<b>291,139,709</b>

The Bank has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year

- i The amount due to International Bank for Reconstruction and Development (IBRD) of N140.32billion (Principal: N138.89billion, Interest: N1.43billion) represents the carrying amount of the first, second, third, fourth and fifth drawdown of the World Bank's US\$480 million commitment to the Federal Government of Nigeria ("FGN"). A subsidiary agreement exists between the FGN and DBN denominated in Naira, in respect of this borrowing. The purpose of the borrowing is to provide funds to Micro, Small and Medium Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs). The first tranche of the borrowing was received on 29 August 2017 and the loans are repayable (in Naira) in 42 semi-annual instalments; with a moratorium of 5 years on principal repayment. The interest rate is 4 % per annum; and the last repayment date of the facility is 15 October 2036.
- ii The amount due to Agence Francaise de developpement ("AFD") of N29.07billion (Principal: N28.88billion, Interest: N199.50million) represents the carrying amount of the first, second and third drawdown of the AFD's \$130 million commitment to the Federal Government of Nigeria ("FGN"). A subsidiary agreement exists between the FGN and DBN denominated in Naira, in respect of this borrowing. The purpose of the borrowing is to provide funds to Micro, Small and Medium Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs). The 3 tranches of the borrowing was received on 7 September 2017, 25 January 2019 and 24 December 2020. The loan is repayable (in Naira) in 20 semi-annual instalments, with the first payment due on 31 October 2020 and last due on 30 April 2030. The interest rate is 3.55 % per annum.
- iii The amount due to KfW German Development Bank ("KfW") of N34.88billion (Principal: N34.88billion, Interest: N4.50million) represents the carrying amount of the N13.93billion first tranche, N6.98billion second tranche, N6.99billion third tranche and N6.99billion fourth tranche of total drawdown of the KfW's \$200 million commitment to the Federal Government of Nigeria ("FGN") and Development Bank of Nigeria ("DBN"). The funds were received by the Bank in Naira from the Federal Government of Nigeria ("FGN") through the Ministry of Finance and is repayable by the Bank in Naira.

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Although, the Development Bank of Nigeria and the Federal Government of Nigeria ("FGN") are both named borrowers in the borrowing agreement with the foreign development partner; the funds are received directly from KfW by the FGN; who undertakes to provide the funding to DBN. The purpose of the borrowing is to provide funds to Micro, Small and Medium Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs). The first tranche of the borrowing was received on 12 October 2017 and the loan is repayable (in Naira) in semi-annual instalments, with the first payment due on 30 December 2019 and last due on 30 December 2029. The interest rate is 3.99 % per annum.

- iv The amount due to African Development Bank ("AfDB") of N51.63billion (Principal: N51.16billion, Interest: N462.39million) represents the carrying amount of the first and second drawdown of the AfDB's \$400 million commitment to the Federal Government of Nigeria ("FGN") and Development Bank of Nigeria ("DBN"). Although, the Development Bank of Nigeria and the Federal Government of Nigeria ("FGN") are both named borrowers in the borrowing agreement with the foreign development partner; the funds are received directly from AfDB by the FGN; who undertakes to provide the funding to DBN. The inflows were received on 27 March, 2018 and 10 October, 2019 and the loans are repayable (in Naira) in semi-annual instalments over 15 years in 30 equal instalments with the last instalment due on 15 October 2034. The interest rate is 4 % per annum.
- v African development fund ("ADF") is a special fund of the African Development Bank ("AfDB"). The N12.08billion (Principal: N12.06billion, Interest: N26.47million) ADF represents the carrying amount of the first, second and third tranches of the ADF borrowing commitment to the Federal Government of Nigeria ("FGN") and Development Bank of Nigeria ("DBN"). The actual inflow of the three tranches were received on 31 January 2018, 9 April, 2018 and 11 October 2019 respectively and the loans are repayable (in Naira) in semi-annual instalments over 15 years in 30 equal instalments with the last instalment due on 15 October 2044. The interest rate is 1 % per annum.

### a Movement in borrowings

<i>In thousands of Naira</i>	<i>Note</i>	GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
Principal		288,790,963	295,859,547	288,790,963	295,859,547
Interest		2,348,746	2,275,074	2,348,746	2,275,074
Opening		291,139,709	298,134,621	291,139,709	298,134,621
Additional long term debt		-	16,812,000	-	16,812,000
Long term principal repayment		(22,927,987)	(23,880,583)	(22,927,987)	(23,880,583)
Interest expense for the year	9	10,568,478	11,128,998	10,568,478	11,128,998
Interest paid		(10,798,890)	(11,055,327)	(10,798,890)	(11,055,327)
<b>Closing</b>		<b>267,981,310</b>	<b>291,139,709</b>	<b>267,981,310</b>	<b>291,139,709</b>
Principal		265,862,975	288,790,963	265,862,975	288,790,963
Interest		2,118,335	2,348,746	2,118,335	2,348,746

### 28 Debt Securities Issued

Development Bank of Nigeria Plc. issued a local bond on July 13, 2023 with a coupon rate of 14.4% payable semi-annually. The bond has a tenor of 5 years and is due on July 13, 2028. The principal amount on the local bond is payable at maturity, whilst interest is payable on a semi-annual at 14.4%.

<i>In thousands of Naira</i>	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Debit securities at amortized cost:				
Local Bond	24,235,595	-	24,244,335	-
<b>Balance, end of the year</b>	<b>24,235,595</b>	<b>-</b>	<b>24,244,335</b>	<b>-</b>

### a Movement in debt securities issued

<i>In thousands of Naira</i>	<i>Note</i>	GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
Opening		-	-	-	-
Additional debt issued		22,652,911	-	22,676,985	-
Interest expense for the year	9	1,582,684	-	1,567,350	-
<b>Closing</b>		<b>24,235,595</b>	<b>-</b>	<b>24,244,335</b>	<b>-</b>
Principal		22,652,911	-	22,676,985	-
Interest		1,582,684	-	1,567,350	-

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<b>29 Other liabilities</b>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
<i>In thousands of Naira</i>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>31 December 2022</b>
<i>Financial Liabilities</i>				
Audit fees	37,303	25,500	28,488	19,000
Accrued directors emolument	-	-	-	-
Accrued performance bonus (see note (i))	1,357,826	1,016,261	1,300,000	978,276
Payables to vendors	500,797	432,299	469,749	400,749
Sundry creditors - Other Payables	615	180,435	-	179,996
Provision for Guarantee (Incured Loss)	274,784	146,607	-	-
Lease liability	147,125	24,928	147,125	24,928
Dividend payable	646,073	-	646,073	-
Deposit from Participating Financial Institutions	75,986	504,327	75,986	504,327
	<b>3,040,509</b>	<b>2,330,357</b>	<b>2,667,421</b>	<b>2,107,276</b>
<i>Non Financial liabilities</i>				
PAYE payable	8,531	8,150	2,842	891
NHF payable	45	50	-	-
WHT payable	154,615	107,941	149,400	105,231
VAT payable	25,619	19,028	1,168	3,055
NSITF payable	25,244	353	24,806	-
ITF payable	25,663	2,890	25,663	-
Insurance claim payable	78	133	78	133
Provision - IDB (see note (ii))	189,277	125,445	189,277	125,445
	<b>429,072</b>	<b>263,990</b>	<b>393,234</b>	<b>234,755</b>
<b>Total</b>	<b>3,469,581</b>	<b>2,594,347</b>	<b>3,060,655</b>	<b>2,342,031</b>

- i Accrued performance bonus relates to accrual for 5% of the Bank's profit before tax in respect of employee performance bonus in line with the Bank's policy. The amount is subject to payment to staff members upon approval by the board of directors
- ii Provision - IDB (Interest Draw-Back) relates to an agreement the Bank has with PFIs with active MSME loan portfolio to refund an agreed percentage of the total loan interest on IDB loan product upon liquidation of the loan.

<i>In thousands of Naira</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>31 December 2022</b>
Balance, beginning of the year	125,445	42,410	125,445	42,410
Payment made during the year	-	(642)	-	(642)
Interest expense for the year	9	63,832	63,832	83,677
<b>Balance, end of year</b>	<b>189,277</b>	<b>125,445</b>	<b>189,277</b>	<b>125,445</b>

**30 Capital and reserves**

**(a) Ordinary share capital**

<i>In thousands of Naira</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>31 December 2022</b>
<i>Issued and paid up : 100,000,000 ordinary shares at ₦1 each</i>				
Opening balance	100,000	100,000	100,000	100,000
<b>Closing balance</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

**(b) Share premium**

<i>In thousands of Naira</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>31 December 2022</b>
Balance, beginning of the year	99,762,570	99,762,570	99,762,570	99,762,570
<b>Balance, end of the year</b>	<b>99,762,570</b>	<b>99,762,570</b>	<b>99,762,570</b>	<b>99,762,570</b>

The share premium of N99,762,570,000 represents a premium of N998 per share on 100 million ordinary shares paid up by the Bank's shareholders.

**(c) Retained earnings**

This account represents the retained earnings of the Group and Bank up to the statement of financial position date. The movement in this account during the year was as follows:

<i>In thousands of Naira</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>31 December 2022</b>
Balance, beginning of the year	76,122,381	61,604,428	73,792,283	59,873,639
Profit for the year	24,491,860	20,133,224	23,504,683	19,533,915
Dividend paid to shareholders	(3,452,743)	-	(3,452,743)	-
Transfer to statutory reserves (see note 30(d))	(7,051,318)	(5,860,175)	(7,051,318)	(5,860,175)
Transfer from regulatory risk reserves (see note 30(e))	(3,378,038)	244,904	(3,378,038)	244,904
<b>Balance, end of the year</b>	<b>86,732,142</b>	<b>76,122,381</b>	<b>83,414,867</b>	<b>73,792,283</b>

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**(d) Statutory reserves**

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.15(1) of the Banks and Other Financial Institution Act, 2020, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. As at 31 December 2023, the Bank's statutory reserves is less than its paid up share capital of N100,000,000 and share premium of N99,762,570,000; hence 30% of the profit after tax was appropriated to the Statutory Reserve

<i>In thousands of Naira</i>	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Balance, beginning of the year	33,863,738	28,003,563	33,863,738	28,003,563
Transfer from appropriation (see note 30(c))	7,051,318	5,860,175	7,051,318	5,860,175
<b>Balance, end of year</b>	<b>40,915,056</b>	<b>33,863,738</b>	<b>40,915,056</b>	<b>33,863,738</b>

**(e) Regulatory risk reserves**

The regulatory risk reserve represents the difference between the impairment on loans and advances computed under Nigeria GAAP based on the Central Bank of Nigeria prudential guidelines and the expected credit loss model required by IFRS 9 for the years ended 31 December 2023 and 31 December 2022.

<i>In thousands of Naira</i>	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Balance, beginning of the year	4,660,615	4,905,519	4,660,615	4,905,519
Transfer to retained earnings (see note 30(c))	3,378,038	(244,904)	3,378,038	(244,904)
<b>Balance, end of year</b>	<b>8,038,653</b>	<b>4,660,615</b>	<b>8,038,653</b>	<b>4,660,615</b>

**(f) Other reserves**

The reserve for convertible notes comprises the amount allocated to the equity component for the convertible notes issued by the Subsidiary( Impact Credit Guarantee Limited) to the Parent company ( Development Bank of Nigeria) in 2023 (see Note 28)

<i>In thousands of Naira</i>	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Balance, beginning of the year	-	-	-	-
Issue of convertible notes	(1,539)	-	-	-
<b>Balance, end of year</b>	<b>(1,539)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**31 Cash flow workings**

**a Changes in working capital**

<i>In thousands of Naira</i>	<i>Note</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>(i) Other liabilities</b>					
Opening		2,575,319	1,669,671	2,338,976	1,564,999
Change in lease liability (see c(ii) below)		122,197	(70,435)	122,197	(70,435)
Change in other liabilities		746,446	976,083	598,314	844,412
<b>Closing</b>	<b>29</b>	<b>3,443,962</b>	<b>2,575,319</b>	<b>3,059,487</b>	<b>2,338,976</b>
<b>(ii) Employee benefit obligation</b>					
Opening		1,793	1,671	-	-
Movement		(135)	122	-	-
<b>Closing</b>	<b>25</b>	<b>1,658</b>	<b>1,793</b>	<b>-</b>	<b>-</b>
The Bank did not recognise any employment benefit obligation during the year ended 31 December 2023 (31 December 2022 : Nil).					
<b>(iii) Other assets</b>					
Opening		1,992,219	1,445,938	1,623,938	1,066,397
Impairment loss on guarantee fee receivable	22	(7,710)	(2,053)	-	-
Withholding tax credit note utilised	17c	(1,129,508)	(573,718)	(1,074,803)	(510,097)
Movement		567,744	1,122,052	188,556	1,067,638
<b>Closing</b>	<b>22</b>	<b>1,422,745</b>	<b>1,992,219</b>	<b>737,691</b>	<b>1,623,938</b>
<b>(iv) Provision for guarantee</b>					
Opening		324,507	161,527	-	-
Movement		50,442	162,980	-	-
<b>Closing</b>	<b>26</b>	<b>374,949</b>	<b>324,507</b>	<b>-</b>	<b>-</b>
The Bank did not recognise any provision for guarantee during the year ended 31 December 2023 (31 December 2022 : Nil).					
<b>(v) Impairment loss on financial assets comprises the following:</b>					
Impairment write-back/(charge) on cash and cash equivalents		16,779	(4,772)	67,067	5,829
Impairment charge on investment securities		(92,505)	(20,058)	(67,241)	-
Impairment loss on other financial receivables	24	(7,710)	(2,053)	-	-
<b>Total impairment writeback/(loss) on financial assets</b>	<b>10</b>	<b>83,435</b>	<b>26,883</b>	<b>174</b>	<b>(5,829)</b>
<b>(vi) Impairment loss on Cash and cash equivalent</b>					
Opening		(367,608)	(362,836)	(331,297)	(337,127)
Movement		16,780	(4,772)	67,068	5,830
<b>Closing</b>	<b>18</b>	<b>(350,828)</b>	<b>(367,608)</b>	<b>(264,229)</b>	<b>(331,297)</b>
<b>(vii) Vat paid</b>					
Opening		19,028	15,357	3,055	3,836
Movement		6,591	3,671	(1,887)	(781)
<b>Closing</b>	<b>29</b>	<b>25,619</b>	<b>19,028</b>	<b>1,168</b>	<b>3,055</b>

**b Property and equipment**

**(i) Gain on disposal of property and equipment**

<i>In thousands of Naira</i>	<i>Note</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Cost of assets	22	179,096	131,568	138,446	115,823
Accumulated depreciation		(175,002)	(126,520)	(134,352)	(115,040)
Carrying value		4,094	5,048	4,094	783
(Loss)/Gain on disposal		10,873	8,765	10,466	8,962
<b>Proceeds from disposal</b>		<b>14,967</b>	<b>13,813</b>	<b>14,560</b>	<b>9,745</b>

**(ii) Purchase of property and equipment**

<i>In thousands of Naira</i>	<i>Note</i>	<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
		<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Additions to property and equipment	22	9,915,806	495,402	9,845,327	469,549
Additions: Right of Use Assets	22	(282,796)	(6,624.00)	(282,796)	(6,624)
<b>Purchase of property and equipment</b>		<b>9,633,010</b>	<b>488,778</b>	<b>9,562,531</b>	<b>462,925</b>



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<b>c Right of Use Assets (ROU) and Payment of lease liability</b>		<b>GROUP</b>	<b>GROUP</b>	<b>BANK</b>	<b>BANK</b>
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
<i>In thousands of Naira</i>		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<i>Note</i>				
<b>(i) Movement in lease liability:</b>					
<i>Opening</i>					
		24,928	95,363	24,928	95,363
<i>Changes in lease liability (see (ii) below)</i>					
		122,197	(70,435)	122,197	(70,435)
<i>Closing Balance</i>					
	<b>29</b>	147,125	24,928	147,125.00	24,928
<b>(ii) Changes in lease liability is summarised below:</b>					
<i>Addition to lease liability (non cash) -See (iii) below</i>					
	<b>22</b>	282,796	6,624	282,796	6,624.00
<i>Interest expense</i>					
	<b>9</b>	69,671	3,049	69,671	3,049
<i>Interest paid</i>					
		(69,671)	(3,049)	(69,671)	(3,049)
<i>Write off / lease modification</i>					
		(7,895)	(14,608)	(7,895)	(14,608)
<i>Cash paid during the year</i>					
		(152,704)	(62,451)	(152,704)	(62,451)
		122,197	(70,435)	122,197	(70,435)
<b>(iii) Movement in ROU asset</b>					
<i>Opening</i>					
		(62,166)	(142,549)	(62,166)	(142,549)
<i>Addition to ROU asset</i>					
	<b>22</b>	(282,796)	(6,624.00)	(282,796)	(6,624.00)
<i>Depreciation</i>					
	<b>22</b>	63,225	87,007	63,225	87,007
<i>Closing</i>					
	<b>22</b>	(281,737)	(62,166)	(281,737)	(62,166)
<i>Addition to ROU in note 22 is the sum of cash and non cash additions</i>					

**32 Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel.

**a Parent and ultimate controlling party**

The Federal Government of Nigeria is the Bank and Group's ultimate controlling party with the shares held in trust by the Ministry of Finance Incorporated (MoFI). The shares of the Bank held by MoFI as at 31 December 2023 stood at 59,868,000 units of share (31 December 2022: 59,868,000 units), constituting 60% shareholding.

**b Group and Bank**

**i Transactions with key management personnel**

The Group and Bank's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel includes close members of family of key personnel and any entity over which key management personnel exercises control. The key management personnel has been identified as the Executive Directors of the Group. The Group and Bank did not have any transactions with key management personnel except for the following compensation disclosed below:

<i>In thousands of naira</i>	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
Salaries and wages	423,778	146,592
Pension contribution	22,304	7,792
	<b>446,082</b>	<b>154,384</b>

**ii Transaction with subsidiary**

There is an existence of a shared service agreement between the Bank and its subsidiary - Impact Credit Guarantee Limited where the Bank rendered Human resources, Information technology, Administrative, Corporate communication and branding, Finance, Internal audit, Risk management, Legal and Secretarial Services to its subsidiary either directly or through a third party. Income realised by the Bank from these shared services amounted to N112.41m for the year ended 31 December 2023 (31 December 2022: N83.76m). The amount has however been eliminated at the group. (See Note 12)

During the year, the bank invested in ICGL convertible debt to the tune of N5bn (31 December 2022:Nil) at a rate of 4% for a period of one year (See Note 19). There was an intercompany receivable of N58.41m (31 December 2022: N45.99m) between ICGL and the bank as at 31 December 2023(See Note 24).

**iii Other related parties and balances are listed below:**

<i>In thousands of Naira</i>		<b>31 December</b>	<b>31 December</b>		
<b>Related entities</b>	<b>Relationship</b>	<b>Note</b>	<b>Nature</b>	<b>2023</b>	<b>2022</b>
Federal Government of Nigeria (represented by the Ministry of Finance Incorporated)	Shareholder	27	Additional borrowings received	-	14,185,500
		27	Principal repayments made	22,927,987	20,918,199
		27	Interest expense incurred	10,568,478	11,641,639
		27	Interest repayments made	10,798,890	20,499,264
		27	Outstanding balance	267,981,310	291,139,709

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**33 Events after the reporting date**

There were no events after the end of the reporting period which could have a material effect on the consolidated and separate financial statements of the Bank which have not been recognised and/or disclosed in the financial statements

**34 Commitments**

The Group has a commitment to the Federal Government of Nigeria (FGN) as a secondary party to a funding agreement for on-lending to MSMEs. To achieve this, the FGN is in contract with the following foreign development partners to obtain the financing for the loan funding:

<b>Foreign Development Partner</b>	<b>Amount</b>
<i>In thousand dollars</i>	
World Bank	480,000
KfW (German Development Bank)	200,000
Agence Francaise de developpement	130,000
African Development Bank	450,000
	<b>1,260,000</b>

The funds are long tenored loans to the Group and will be drawn down contingent upon meeting certain disbursement linked indicators. See note 27 for details of drawdown on borrowings as at 31 December 2023.

**35** The following table shows the analysis of assets and liabilities and on the basis of their current/ non-current classification.

<b>Group</b> <i>In thousands of Naira</i>	<i>Note</i>	<b>31 December 2023</b>		
		<b>Carrying Amount</b>	<b>Current</b>	<b>Non Current</b>
<b>Assets</b>				
Cash and cash equivalents	18	94,212,090	94,212,090	-
Investment securities	19	25,370,707	16,432,359	7,194,151
Loans and advances to customers	20	410,345,948	24,718,820	385,627,128
Property and equipment	22	11,961,716	-	11,961,716
Intangible assets	23	229,853	-	229,853
Other assets	24	1,422,745	1,422,745	-
<b>Total Assets</b>		<b>543,963,190</b>	<b>136,786,014</b>	<b>405,432,978</b>

**Liabilities**

Employee benefit obligator	25	1,658	1,658	-
Current tax liabilities	17c	12,353,214	12,353,214	-
Borrowings	27	267,981,310	-	267,981,310
Debt securities issued	28	24,235,595	-	24,235,595
Provision for guarantee	26	374,949	374,949	-
Other liabilities	29	3,469,581	3,469,581	-
<b>Total Liabilities</b>		<b>308,416,307</b>	<b>16,199,402</b>	<b>292,216,905</b>

<b>Group</b> <i>In thousands of Naira</i>	<i>Note</i>	<b>31 December 2022</b>		
		<b>Carrying Amount</b>	<b>Current</b>	<b>Non Current</b>
<b>Assets</b>				
Cash and cash equivalents	18	138,623,389	138,623,389	-
Investment securities	19	6,424,507	6,424,507	-
Loans and advances to customers	20	369,402,568	24,718,820	344,683,748
Property and equipment	22	2,434,577	-	2,434,577
Intangible assets	23	240,512	-	240,512
Deferred tax asset	17b	1,206,072	-	1,206,072
Other assets	24	1,992,219	1,992,219	-
<b>Total Assets</b>		<b>520,323,844</b>	<b>171,758,935</b>	<b>348,564,908</b>

**Liabilities**

Employee benefit obligator	25	1,793	1,793	-
Current income tax liability	17c	11,754,184	11,754,184	-
Borrowings	27	291,139,709	-	291,139,709
Provision for guarantee	26	324,507	324,507	-
Other liabilities	29	2,594,347	2,594,347	-
<b>Total Liabilities</b>		<b>305,814,540</b>	<b>14,674,831</b>	<b>291,139,709</b>

**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2023**

<b>Bank</b> <i>In thousands of Naira</i>	<i>Note</i>	<b>31 December 2023</b>		
		<b>Carrying Amount</b>	<b>Current</b>	<b>Non Current</b>
<b>Assets</b>				
Cash and cash equivalents	18	85,212,612	85,212,612	-
Investment securities	19	19,245,754	19,245,754	-
Loans and advances to customers	20	410,345,948	24,718,820	385,627,128
Investment in subsidiary	21	11,675,431	-	11,675,431
Property and equipment	22	11,888,345	-	11,888,345
Intangible assets	23	228,962	-	228,962
Other assets	24	737,691	737,691	-
<b>Total Assets</b>		<b>539,646,279</b>	<b>129,914,877</b>	<b>409,731,402</b>
<b>Liabilities</b>				
Current tax liabilities	17c	12,128,833	12,128,833	-
Borrowings	27	267,981,310	-	267,981,310
Debt securities issued	28	24,244,335	-	24,244,335
Other liabilities	29	3,060,655	3,060,655	-
<b>Total Liabilities</b>		<b>307,415,133</b>	<b>15,189,488</b>	<b>292,225,645</b>

<b>Bank</b> <i>In thousands of Naira</i>	<i>Note</i>	<b>31 December 2022</b>		
		<b>Carrying Amount</b>	<b>Current</b>	<b>Non Current</b>
<b>Assets</b>				
Cash and cash equivalents	18	131,058,757	131,058,757	-
Investment securities	19	-	-	-
Loans and advances to customers	20	369,402,568	24,718,820	344,683,748
Investment in subsidiary	21	11,375,000	-	11,375,000
Property and equipment	22	2,402,019	-	2,402,019
Intangible assets	23	233,649	-	233,649
Deferred tax asset	17b	1,140,471	-	1,140,471
Other assets	24	1,623,938	1,623,938	-
<b>Total Assets</b>		<b>517,236,402</b>	<b>157,401,515</b>	<b>359,834,887</b>
<b>Liabilities</b>				
Current income tax liability	17c	11,575,456	11,575,456	-
Borrowings	27	291,139,709	-	291,139,709
Other liabilities	17c	2,342,031	2,342,031	-
<b>Total Liabilities</b>		<b>305,057,196</b>	<b>13,917,487</b>	<b>291,139,709</b>

**36 Dividend**

The directors have proposed a dividend of N3,270,000,000 which represents 25% of retained earnings (Profit After Tax and after statutory reserves transfers) in the year ended 31 December 2023 (31 December 2022: N3,418,435,000). The basis of the proposed dividend is N32.70k per share.

**37 Contingent liabilities**

a. Contingent liabilities

*In thousands of naira*

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Financial guarantees	<u>29,975,321</u>	<u>29,188,206</u>
No of outstanding guarantees (unit)	<u>31,382</u>	<u>24,361</u>

As at the end of the year, the group estimated the on-balance sheet value of the guarantee contract as at the end of the year in line with the requirements of IFRS 9. The group also recognised in the profit or loss account the probable outflow of economic resources that would be required to settle all known claims obligation. The value of guarantees disclosed as contingent liabilities represents the the group's guarantee coverage on all active loans with PFIs that the company issued letter of guarantees on.

At 31 December 2023, the amount in respect of financial guarantee contracts issued represents the sum of an ECL provision of N220.82million (2022: N158.46million) and the amounts recognised at issuance less cumulative amortisation of N154.13million (2022: N166.05million)

**OTHER NATIONAL DISCLOSURES**

## OTHER NATIONAL DISCLOSURES

### VALUE ADDED STATEMENTS

#### GROUP

<i>In thousands of Naira</i>	31 December 2023		31 December 2022	
		%		%
Gross income	54,814,486		49,362,546	
Interest expense	(12,276,770)		(11,215,724)	
Impairment writeback/(losses) on financial assets	2,527,963		(1,250,411)	
Bought in materials and services - local	(4,826,627)		(3,546,054)	
	<b>40,239,052</b>		<b>33,350,357</b>	
Applied to pay:				
<b>Employees</b>				
- Employees as personnel expenses	3,213,635	8	2,671,793	9
<b>Government</b>				
- Taxation	12,080,106	30	10,118,913	30
<b>Retained in business</b>				
Replacement of property and equipment/Intangible assets	488,194	1	426,427	1
- Increase in reserves	24,457,117	61	20,133,224	60
	<b>40,239,052</b>	<b>100</b>	<b>33,350,357</b>	<b>100</b>

*This statement represents the distribution of the wealth created through the use of the Group's assets and its employees' efforts*

## OTHER NATIONAL DISCLOSURES

### VALUE ADDED STATEMENTS

#### BANK

<i>In thousands of Naira</i>	31 December 2023	%	31 December 2022	%
Gross income	52,446,323		47,552,077	
Interest expense	(12,261,436)		(11,215,724)	
Impairment writeback/(losses) on financial assets	2,611,224		(1,217,699)	
Bought in materials and services - local	(4,053,480)		(2,830,377)	
	<b>38,742,631</b>		<b>32,288,277</b>	
Applied to pay:				
<b>Employees</b>				
- Employees as personnel expenses	2,919,828	8	2,373,758	8
<b>Government</b>				
- Taxation	11,900,307	31	9,988,671	31
<b>Retained in business</b>				
Replacement of property and equipment/Intangibles	452,556	1	391,933	1
- Increase in reserves	23,469,940	60	19,533,915	60
	<b>38,742,631</b>	<b>100</b>	<b>32,288,277</b>	<b>100</b>

*This statement represents the distribution of the wealth created through the use of the Bank's assets and its employees' efforts*

## OTHER NATIONAL DISCLOSURES FIVE YEAR FINANCIAL SUMMARY

<b>GROUP</b>					
<i>In thousands of Naira</i>	<b>31 DEC 2023</b>	<b>31 DEC 2022</b>	<b>31 DEC 2021</b>	<b>31 DEC 2020</b>	<b>31 DEC 2019</b>
<b>Assets</b>					
Cash and cash equivalents	94,212,090	138,623,389	147,167,291	259,145,775	132,663,583
Investment securities	25,370,707	6,424,507	27,957,211	16,605,584	237,014,094
Loans and advances	410,345,948	369,402,568	321,694,875	214,023,172	101,899,673
Property and equipment	11,961,716	2,434,577	2,332,159	2,023,477	1,058,155
Intangible assets	229,853	240,512	160,613	139,533	106,472
Deferred tax asset	420,130	1,206,072	743,546	941,468	1,567,866
Other assets	1,422,745	1,992,219	1,445,938	593,539	435,651
<b>Total assets</b>	<b>543,963,189</b>	<b>520,323,844</b>	<b>501,501,633</b>	<b>493,472,548</b>	<b>474,745,494</b>
<b>Liabilities</b>					
Employee benefit obligation	1,658	1,793	1,671	1,817	1,111
Current income tax payable	12,353,214	11,754,184	7,142,706	341,474	603,010
Borrowings	267,981,310	291,139,709	298,134,621	313,724,945	308,484,268
Debt securities issued	24,235,595	-	-	-	-
Provision for guarantee	374,949	324,507	161,527	28,765	449
Other liabilities	3,469,581	2,594,347	1,685,028	1,441,797	5,701,130
<b>Total liabilities</b>	<b>308,416,307</b>	<b>305,814,540</b>	<b>307,125,553</b>	<b>315,538,798</b>	<b>314,789,968</b>
<b>Equity</b>					
Share capital	100,000	100,000	100,000	100,000	100,000
Share premium	99,762,570	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	86,732,142	76,122,381	61,604,428	51,587,170	40,675,299
<i>Other reserves:</i>					
Statutory reserves	40,915,056	33,863,738	28,003,563	23,288,071	18,102,257
Regulatory risk reserve	8,038,653	4,660,615	4,905,519	3,195,939	1,315,400
Other reserves	(1,539)	-	-	-	-
<b>Total equity</b>	<b>235,546,882</b>	<b>214,509,304</b>	<b>194,376,080</b>	<b>177,933,750</b>	<b>159,955,526</b>
<b>Total liabilities and equity</b>	<b>543,963,189</b>	<b>520,323,844</b>	<b>501,501,633</b>	<b>493,472,548</b>	<b>474,745,494</b>
<b>Gross income</b>	<b>54,814,486</b>	<b>49,362,546</b>	<b>39,583,460</b>	<b>34,594,464</b>	<b>46,236,882</b>
<b>Profit before tax</b>	<b>36,537,223</b>	<b>30,252,137</b>	<b>23,780,365</b>	<b>18,944,464</b>	<b>32,946,600</b>
<b>Taxation</b>	<b>(12,080,106)</b>	<b>(10,118,913)</b>	<b>(7,338,035)</b>	<b>(966,240)</b>	<b>964,856</b>
<b>Profit for the year</b>	<b>24,457,117</b>	<b>20,133,224</b>	<b>16,442,330</b>	<b>17,978,224</b>	<b>33,911,456</b>

## OTHER NATIONAL DISCLOSURES

### FIVE YEAR FINANCIAL SUMMARY

<b>BANK</b>					
<i>In thousands of Naira</i>	<b>31 DEC 2023</b>	<b>31 DEC 2022</b>	<b>31 DEC 2021</b>	<b>31 DEC 2020</b>	<b>31 DEC 2019</b>
<b>Assets</b>					
Cash and cash equivalents	85,212,612	131,058,757	135,321,043	249,275,276	130,431,689
Investment securities	19,245,754	-	26,618,294	14,162,048	227,587,961
Loans and advances	410,345,948	369,402,568	321,694,875	214,023,172	101,899,673
Investment in subsidiaries	11,675,431	11,375,000	11,375,000	11,375,000	11,375,000
Property and equipment	11,888,345	2,402,019	2,293,847	1,966,935	989,172
Intangible assets	228,962	233,649	148,093	123,468	106,472
Deferred tax asset	311,536	1,140,471	724,664	875,249	1,546,819
Other assets	737,691	1,623,938	1,066,397	511,085	426,429
<b>Total assets</b>	<b>539,646,279</b>	<b>517,236,402</b>	<b>499,242,213</b>	<b>492,312,233</b>	<b>474,363,215</b>
<b>Liabilities</b>					
Current income tax payable	12,128,833	11,575,456	6,893,466	334,889	600,043
Borrowings	267,981,310	291,139,709	298,134,621	313,724,945	308,484,268
Debt securities issued	24,244,335	-	-	-	-
Other liabilities	3,060,655	2,342,031	1,568,835	1,325,416	5,637,966
<b>Total liabilities</b>	<b>307,415,133</b>	<b>305,057,196</b>	<b>306,596,922</b>	<b>315,385,250</b>	<b>314,722,277</b>
<b>Equity</b>					
Share capital	100,000	100,000	100,000	100,000	100,000
Share premium	99,762,570	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	83,414,867	73,792,283	59,873,639	50,580,403	40,360,711
<i>Other reserves:</i>					
Statutory reserves	40,915,056	33,863,738	28,003,563	23,288,071	18,102,257
Regulatory risk reserve	8,038,653	4,660,615	4,905,519	3,195,939	1,315,400
<b>Total equity</b>	<b>232,231,146</b>	<b>212,179,206</b>	<b>192,645,291</b>	<b>176,926,983</b>	<b>159,640,938</b>
<b>Total liabilities and equity</b>	<b>539,646,279</b>	<b>517,236,402</b>	<b>499,242,213</b>	<b>492,312,233</b>	<b>474,363,215</b>
<b>Gross income</b>	<b>52,446,323</b>	<b>47,552,077</b>	<b>38,181,383</b>	<b>33,576,720</b>	<b>45,755,228</b>
<b>Profit before tax</b>	<b>35,370,247</b>	<b>29,522,586</b>	<b>22,759,813</b>	<b>18,290,873</b>	<b>32,650,093</b>
<b>Taxation</b>	<b>(11,900,307)</b>	<b>(9,988,671)</b>	<b>(7,041,505)</b>	<b>(1,004,828)</b>	<b>(1,004,828)</b>
<b>Profit for the year</b>	<b>23,469,940</b>	<b>19,533,915</b>	<b>15,718,308</b>	<b>17,286,045</b>	<b>33,596,869</b>