DEVELOPMENT BANK OF NIGERIA PLC

Annual Report

31 December 2024

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Corporate Information

Board of Directors:

Kyari Abba Bukar	-	Independent Non-Executive Director
Anthony Okpanachi	-	Managing Director
Aminu Umar-Sadiq	-	Non-Executive Director
Henry Baldeh	-	Non-Executive Director
Ijeoma D. Ozulumba	-	Executive Director
Folakemi Fatogbe	-	Independent Director
Imoni Akpofure	-	Independent Director
Mohammed 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 2024

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 2024.

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 ₦84.03 billion and ₦78.29 billion respectively (2023: Group: ₦54.81 billion; Bank: ₦52.45 billion). The Group and Bank recorded a profit after taxation of ₦38.83 billion and ₦35.31 billion respectively (2023: Group: ₦24.46 billion; Bank: ₦23.47 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 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Gross earnings	84,031,915	54,814,486	78,298,450	52,446,323
Interest expenses	(13,958,939)	(12,276,770)	(13,958,939)	(12,261,436)
Fee and commission expenses	(39,373)	(10,874)	(20,467)	(6,252)
Guarantee expenses	(575,857)	(537,405)	-	-
Impairment losses on financial assets	(897,882)	2,527,963	(986,217)	2,611,224
Personnel expenses	(4,366,465)	(3,213,635)	(3,889,556)	(2,919,828)
Depreciation and amortization	(643,555)	(488,194)	(613,823)	(452,556)
General and administrative expenses	(5,857,293)	(4,278,348)	(5,322,952)	(4,047,228)
Profit before tax	57,692,550	36,537,223	53,506,496	35,370,247
Tax expense	(18,864,199)	(12,080,106)	(18,196,917)	(11,900,307)
Profit for the year after taxation	38,828,351	24,457,117	35,309,579	23,469,940
Retained earnings	110,320,401	86,732,142	103,484,353	83,414,867
Statutory reserve	51,507,930	40,915,056	51,507,930	40,915,056
Regulatory risk reserve	9,415,872	8,038,653	9,415,872	8,038,653

Dividend

The Board has proposed to pay N58.35k per share as dividend in the year ended 31 December 2024 (31 December 2023: N32.7k per share).

Board of Directors

The directors who served during the reporting period are as follows:

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

*Retired from the Board effective 16 January 2024
**Retired from the Board effective 16 March 2024
***Appointed to the Board effective 15 February 2024

Directors' Report
For the year ended 31 December 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 (2023: 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 (2023: 100,000,000) ordinary shares of ₦1 each. The shareholding structure as at the balance sheet date were as shown below:

	31 Dec 24		**31 Dec 23**	
Shareholders	***Number of Shares***	***Shareholding Percentage***	***Number of Shares***	***Shareholding Percentage***
In thousands				
Ministry of Finance Incorporated (MOFI)	59,868,000	59.87%	59,868,000	59.87%
Nigeria Sovereign Investment Authority (NSIA)	14,967,000	14.97%	14,967,000	14.97%
African Development Bank (AfDB)	17,975,000	17.97%	17,975,000	17.97%
European Investment Bank (EIB)	7,190,000	7.19%	7,190,000	7.19%
Total	**100,000,000**	**100.00%**	**100,000,000**	**100.00%**

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 N69.2 million (31 December 2023: N43.5 million) to various organizations during the period: (see note 16)

31 December 2024

Purpose	**Amount (N)**
Partnership with Womenovate for World Education Day Event Sponsorship	500,000
Sponsorship of AAF Annual Leadership Colloquium and Award	500,000
Sponsorship of 2024 IBB Golf Club's Tournament	1,000,000
Sponsorship of SAIL Empowerment Foundation	3,000,000
Sponsorship of Africa Social Impact Summit 2024	10,000,000
Sponsorship of US-Trade Summit	10,000,000
Sponsorship of ANDFI's 4th Annual Conference	5,000,000
Sponshorship payment for 2nd annual NCG Summit	500,000
Sponsorship for Techprenuers with Green Solution	10,000,000
Sponsorship of CIBN's 17th Annual Conference	2,500,000
Sponsorship of ICSAN Conference	500,000
Sponsor the 30th Nigerian Economic Summit	1,000,000
Sponsorship for Africa Climate Forum 2024	500,000
Sponsorship of 19th NASME MSME Summit and Exhibition	2,000,000
Sponsorship Support to Cover Training of 200 Entrepreneurs	1,000,000
Sponsorship Support for COP29 Events	4,000,000
Sponsorship of AADFI's 50th Anniversary Celebration	17,150,000
Total	**69,150,000**

Directors' Report
For the year ended 31 December 2024

31 December 2023

Purpose	**Amount (N)**
Donation for Support of Academic conference	500,000
Donation for Eco Innovation Challenge 2022	750,000
Donation for Eco Innovation Challenge 2022	1,500,000
Donation for Eco Innovation Challenge 2022	1,000,000
Donation to Kano Concerned citizens initiative (KCCI) for business upliftment in Kano and Jigawa States.	5,200,000
Support for NANs 2023 One Day Lecture on Challenges of Funding in Nigeria	1,000,000
Donation for 2023 FICAN Conference	1,000,000
Renovation of Dilapidated School Blook at Durumi Government School	14,250,738
Donation to OEAHD for Empowerment initiative for NW Women	6,000,000
Donation to CIBN for 2023 Annual Bankers and Finance Conference	2,500,000
Donation to NBCC for MSME Ideathon initiative during 2023 Presidential Inauguration	500,000
Donation towards medical bills of some incapacitated patients	300,000
Donation to support 2023 Beeta arts festival	500,000
Donation to APWB 40th Anniversary Marquee event	500,000
Donation to ANDFI Annual Conference	3,000,000
Donation to Support for the National MSME Clinic for viable Enterprises	2,000,000
Donation to Support to the Ubola Rural Community Foundation to provide Sustainable rural Community Development Solutions	2,000,000
Donation to Support - Nigeria Economic Society for Annual Conference	1,000,000
Total	**43,500,738**

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 (2023: 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 2024

(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 2024

(a) Analysis of total employees

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Employees	48	24	72	67%	33%
	48	24	72	67%	33%

(b) Analysis of Board and senior management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Board Members (Executive and Non-executive directors)	10	5	15	67%	33%
Senior Management	11	1	12	92%	8%
	21	6	27	78%	22%

31 December 2023

(a) Analysis of total employees

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

(b) Analysis of Board and senior management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	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%

Directors' Report
For the year ended 31 December 2024

Bank

31 December 2024

(a) Analysis of total employees

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Employees	41	21	62	66%	34%
	41	21	62	66%	34%

(b) Analysis of Board and senior management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Board Members (Executive and Non-executive directors)	6	4	10	60%	40%
Senior Management	10	1	11	91%	9%
	16	5	21	77%	23%

31 December 2023

(a) Analysis of total employees

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

(b) Analysis of Board and senior management staff

	Gender Number			Gender Percentage	
	Male	Female	Total	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%

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, The company's objective 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 2024, ICGL guaranteed 14,790 loans (31 December 2023: 39,971 loans) in the sum of N63.78billion (2023: N65.21billion).

As at the end of the year, the Company did not on-board any Participating Financial Institutions (31 December 2023: twelve (12) Participating Financial Institutions). The Company also recorded a gross earnings of N7.42billion (31 December 2023: N2.84billion); with earnings from core activities accounting for 12% (31 December 2023: 32%); and ended the year with a profit before tax of N4.12 billion (31 December 2023: N1.17 billion). The Board of ICGL consists of six (6) 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
27 February 2025

CORPORATE GOVERNANCE REPORT

Corporate Governance refers to the gamut of systems and processes by which corporations are directed and controlled. The Governance architecture of the Development Bank of Nigeria Plc ("DBN") was developed and implemented with adherence to the best corporate governance practices. DBN typically adopts and implements standards of governance which are above the minimum requirement. This approach has largely influenced 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 DBN provides overall leadership, entrepreneurial and strategic direction for the bank. In this regard, the Board advances the adoption of practices which promote an ethical culture and responsible corporate citizenship, in all aspects of the bank's operations. This serves to ensure the enhancement and protection of long-term value for all stakeholders. Comprised of accomplished industry leaders, and tested and trusted technocrats with varied competencies, the DBN Board has developed an overarching strategy for the progress of the bank and the attainment of its objectives. The Board reviews on an ongoing basis, the implementation and attainment on that strategy and provides guidance to Management in that regard, ensuring that the bank acts in the best interest of all stakeholders.

In addition to its oversight of the bank's business in general, 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 at all times. With the full complement of industry knowledge, information and technical support from relevant professional advisers and Development Partners, the Board advances the attainment of the bank's objectives.

To ensure it remains effective in the discharge of its responsibilities, 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. This practice not only enhances the performance of the Board 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.

To ensure a smooth transition at the level of the Board, the bank commenced an Executive Search for candidates to fill Independent Non-Executive Director positions. The search was for five (5) candidates to replace five (5) Independent Non-Executive Directors whose tenures were set to expire in January 2024. The Executive Search was supported by Phillips Consulting, a leading business and management consulting firm, appointed after a competitive bidding process. The Independent Non-Executive Directors whose tenures expired in the year are Dr. Oladimeji Alo, Mallam Bello Maccido, Mrs. Clare Omatseye, Mr. Phillips Oduoza and Mr. Andrew Alli.

The Executive Search and the ensuing selection process was conducted in accordance with the provisions of the bank's Shareholders' Agreement, the Memorandum and Articles of Association, the Board Charter, the requirements of the Nigerian Code of Corporate Governance 2018 and the Central Bank of Nigeria ("CBN") Code of Corporate Governance for Development Finance Institutions. The selection criteria were drawn from the aforementioned frameworks, the CBN Competency Framework for the Nigerian Banking Industry and CBN Circular BSD/DIR/GEN/CIR/VOL.1/013 – Guidelines for the Appointment of Independent Directors.

The Executive Search was concluded and five (5) candidates that emerged from that process were presented to and approved by the Central Bank of Nigeria and subsequently, the bank's Shareholders, at the Annual General Meeting which was held on April 30, 2024. The new Independent Non-Executive Directors are: Ms. Folakemi Fatogbe, Mrs. Juliet Anammah, Ms. Imoni Akpofure, Mr. UK Eke MFR and Mallam Mustapha Bintube.

In the financial year, Dr. Shehu Yahaya, erstwhile Board Chairman, also retired from the Board and the Ministry of Finance Incorporated is in the process of making a nomination for the position of Board Chairman, in accordance with the bank's Shareholders Agreement.

As at the end of the financial year, the Board was comprised of ten (10) board positions, of which six (6), are Independent Non-Executive Director positions. Of the remaining four (4) positions, three (3) are held by Non-Executive Directors, who are shareholder representatives, while the other two (2), are executive director positions held by the Managing Director/Chief Executive Officer and the Executive Director, Finance and Corporate Services.

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. This is novel in our jurisdiction and sets DBN apart from its peers and other players in Development Finance and financial services 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 is assured in all the bank's dealings. The objective input provided by the overwhelming presence of independent non-executive directors 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. 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. This ensures that the bank continues to receive the support of all shareholders, including the Development Partners: the World Bank Group, the Agencie Francaise de Developpment, the KFW Development Bank, amongst others, for its initiatives and activities.

In keeping with its undertaking with a key Development Partner, the World Bank, and pursuant to the authorization provided in the Shareholders' Agreement and the Memorandum and Articles of Association, the Board of Directors granted Observer status to the World Bank Group, to all meetings of the Board.

A representative of the World Bank who is nominated and approved by the Board of Directors as an Observer is permitted to attend all meetings of the Board and to receive all the 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 from the World Bank Observer on technical issues based on the expertise and breadth of experience 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 Agreements.

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

Ms. 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.

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, 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.

Ms. 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. 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.

Mr. Kyari Bukar
Independent Non-Executive Director

Mr. Kyari Bukar was appointed in March 2021.

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.

Ms. Folakemi Fatogbe
Independent Non-Executive Director

Ms. Fatogbe brings a wealth of multidimensional experience from an over thirty year career that has spanned central, development & commercial banking, economic development, corporate governance, consulting, property development and entrepreneurship.

Her career antecedents include senior roles in local as well as international organisations including: the Bank of England, the UK's Financial Services Authority The NatWest Group, Lloyds TSB Financial Markets; NCR Teradata, The Royal Bank of Scotland, Phillip's Consulting, the Central Bank of Nigeria (CBN) and latterly as an entrepreneur and founder of the Made-in-Nigeria clothing and accessories brand, OYAATO, and The De- Risking Lab, a risk advisory consultancy.

Prior to setting up as a double entrepreneur, in the deep throes of the Global Financial Crisis, she was headhunted to join the new, CBN Governor in reforming the Nigerian Financial sector and strengthening the Bank as his Special Adviser on Risk Management & Banking Reforms. Ms. Fatogbe was subsequently tasked with setting up an Enterprise Risk Management function for the Bank which led to her combining her role as Special Adviser with that of her being the Bank's pioneer Director of Risk Management.

Her sound strategy and risk management skills were instrumental to the considerable work that was done at the Bank to avert a banking crisis in Nigeria during and in the immediate aftermath of the Global Financial Crisis. The CBN subsequently received international recognition and won many awards for its handling of the crisis – including an invitation to address the US Congress on the same.

Ms. Fatogbe continues to be driven by her passion to deploy her experience, skills and creative skills to further impactful use for Nigeria and the wider African continent.

Ms. Fatogbe is a fellow of the Chartered Risk Management Institute and holds an MBA in Finance & International Business from Cardiff Business School as well as a bachelor's degree in communication arts from the University of Ibadan. She is also a published author of a leadership book: "Inspiring a Generation."

Juliet Anammah
Independent Non-Executive Director

Mrs. Juliet Anammah is the Founder/Executive Chair of CG&R Strategy LLC, a specialized firm offering strategic consulting services in route-to-consumer strategies, decarbonizing FMCG operating models, and market entry into Africa.

Mrs. Anammah was CEO of Jumia Nigeria from 2015 to 2020. She led the company from a startup online retailer to becoming an integrated eCommerce platform comprising a Marketplace, Logistics and Payments culminating in the Group's 2019 IPO on the NYSE. Jumia is Africa's first Tech company to be listed on the NYSE.

From 2020 to 2023 She was Jumia Group's Chief Sustainability officer and also chaired the Jumia Nigeria board.

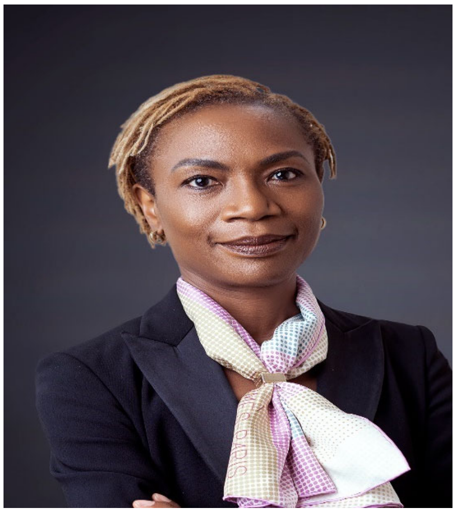
Prior to Jumia she was the Partner / Managing Director of Accenture's West African consumer goods and retail consulting practice – a practice she set up from scratch in 2004.

She began her career in 1991 at Sanofi Aventis, a French pharmaceutical company, where she managed roles spanning sales, marketing, and product management until 1999.

Juliet chairs the board of Nigerian Breweries (a Heineken OpCo). She also serves as an independent non-executive director on the boards of Development bank of Nigeria, Flour Mills of Nigeria and Accion Group LLC.

She also serves on the Advisory boards of the World Retail Congress and Stanford University's global Centre for sustainable digital finance. She is a member of the GITEX IMPACT global CSO club.

She is a qualified Pharmacist with an MBA in Finance and is an alumnus of Wharton College Business school.



Ms. Imoni Akpofure
Independent Non-Executive Director

Ms. Imoni Akpofure, brings immense experience to the DBN Board. With over 30 years expertise in Finance and Sustainability, Ms Imoni Akpofure serves as Member and Trustee on the board of various Foundations and Organisations in developed and developing economies, notably across Africa.

Ms. Imoni Akpofure was the Regional Director for Africa, at CDC Group Plc (now BII), the United Kingdom's Development Finance Institution which invests in viable private businesses in developing countries with the aim of bootstrapping economic growth.

Ms. Imoni Akpfure held various senior positions at the International Finance Corporation ("IFC") where she worked for over 18 years, across various roles including the role of Director for Western Europe. She currently serves as a Director on the Board of Africa50, a Morocco-based pan-African infrastructure fund, and as a Trustee on the Boards of the Engineers in Business Fellowship, UK, and the Gamaliel and Susan Onosode Foundation ("GAMSU"), Nigeria. She is also a member of the Investment Committees of Africa50, the Africa Renewable Energy Fund II (AREFII) and the Fund for Agricultural Finance in Nigeria ("FAFIN").

Ms. Imoni Akpofure holds a bachelor's degree in civil engineering from the Imperial College, London, a Master of Science degree in Environmental Engineering from Newcastle University, London, and a master's in business administration from INSEAD.

Mr. Urum (UK) Eke MFR
Independent Non-Executive Director

With over 36 years' experience in financial services covering auditing, business assurance, consulting, strategy, taxation, process re-engineering and capital market operations, Mr. U. K. Eke, MFR a financial services expert, is an excellent addition to the DBN Board.

He is currently the Executive Chairman of Fairchild Group, a fully integrated business advisory firm operating out of Lagos, Nigeria, which provides solutions to corporates in the areas of business strategy, consulting, corporate finance, debt and equity structuring, real estate and procurement.

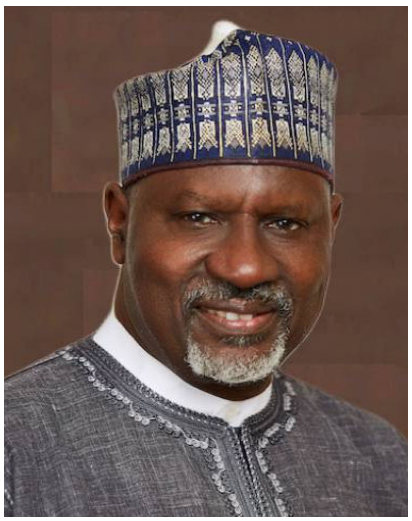
Mr. U. K. Eke, MFR, was the Group Managing Director of FBN Holdings Plc and also served as a Non-Executive Director on the Boards of First Bank of Nigeria Limited ("FirstBank"), FBNQuest Merchant Bank Limited, FirstBank London and First Pensions Custodian Limited. He joined the Board of FirstBank, an FBN Holdings Company, in 2011 as Executive Director, Public Sector South and until his appointment as Group Managing Director of FBN Holdings Plc, was responsible for all retail, commercial and public sector businesses in Southern Nigeria, with concurrent responsibility for Private Banking and Wealth Management.

Mr. U. K. Eke, MFR, commenced his professional career at the global audit firm of Deloitte Haskins & Sells International (Chartered Accountants) before venturing into banking in 1991. Prior to joining FirstBank, Mr. U. K. Eke, MFR, was the Executive Director, Regional Businesses, Lagos & West, at Diamond Bank Plc, and was part of the Executive Management team that solidified the place of Diamond Bank Plc, as a leading commercial bank in Nigeria.

Mr. U. K. Eke, MFR is a Fellow of the Chartered Institute of Bankers of Nigeria ("CIBN"), Fellow, Institute of Management Consultants ("IMC"), Fellow, Chartered Institute of Directors ("CIoD") and Fellow, Institute of Chartered Accountants of Nigeria ("ICAN"). He holds a first degree in Political Science from the University of Lagos and a master's degree in business administration in Project Management Technology from the Federal University of Technology, Owerri.

He is a holder of a National Award, Member of the Federal Republic ("MFR") and a recipient of the prestigious Zik Prize in Professional Leadership.

He is the Chairman, Board of Governors, CIoD Centre for Corporate Governance, Member, Advisory Board, University of Wolverhampton, United Kingdom Centre for African Entrepreneurship & Leadership ("CAEL").



Mr. Mohammed Bintube
Independent Non-Executive Director

Mr. Mohammed Bintube is a consummate Banker with over 30 years' experience in the banking industry; most of those years spent at board-level and other leadership positions.

He is currently the Chairman of Jaiz Bank Plc, a licensed non-interest bank, and Buraq Capital Limited, an investment management firm, licensed by the Securities and Exchange Commission. His boardroom experience and lead board roles include Chairman, Board of Directors of Emerging Africa Trustees Limited (2022 to date); Chairman, Board of Directors of Neelds Realty (2021to date); Chairman, Qalam Travels and Tours (2021 to date); Chairman, Board Credit & Governance Committee of the Bank of Industry (2017-2022); Chairman of the Board Licensing and amp; Regulatory Committee of the Nigeria Communications Commission (2010- 2015); Chairman of the Board Finance & amp; General Purpose Committee of the Nigerian Reinsurance Corporation (1991 -1993). He is a member of the National Council on Privatization of the Federal Government of Nigeria, chaired by His Excellency, The Vice President of the Federal Republic of Nigeria.

Active in public service and community development, he is a member of a number of significant committees and societies through which he contributes his own quota to the success of socially impactful initiatives and national development. His educational achievements and prestigious awards, like the IET Award, underscore his commitment to continuous learning, leadership and excellence.

Mr. Mohammed Bintube holds a Bachelor of Science Degree in Business Administration from Ahmadu Bello University, Zaria (1981) and an Advanced Dipl & amp, Finance from Fin-Africa, Millan, Italy (1989). He has attended several Executive and Leadership programs within and outside the country.

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") and brings a wealth of global experience in the financial services sector to his board position.

Mr. Aminu Umar-Sadiq holds Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford. He has significant experience in the financial services sector spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. In his most recent role 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. 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.

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 international best practices in the financial services industry in Nigeria. Based on this, the Board deliberately implements standards of governance that exceed minimum expectations and requirements.

The board is headed by the Chairman who is *primus interpares* 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 is to be put to a vote, the board charter and the bank's Articles of Association, provide that the Chairman shall have a casting vote if there is a tie in votes.

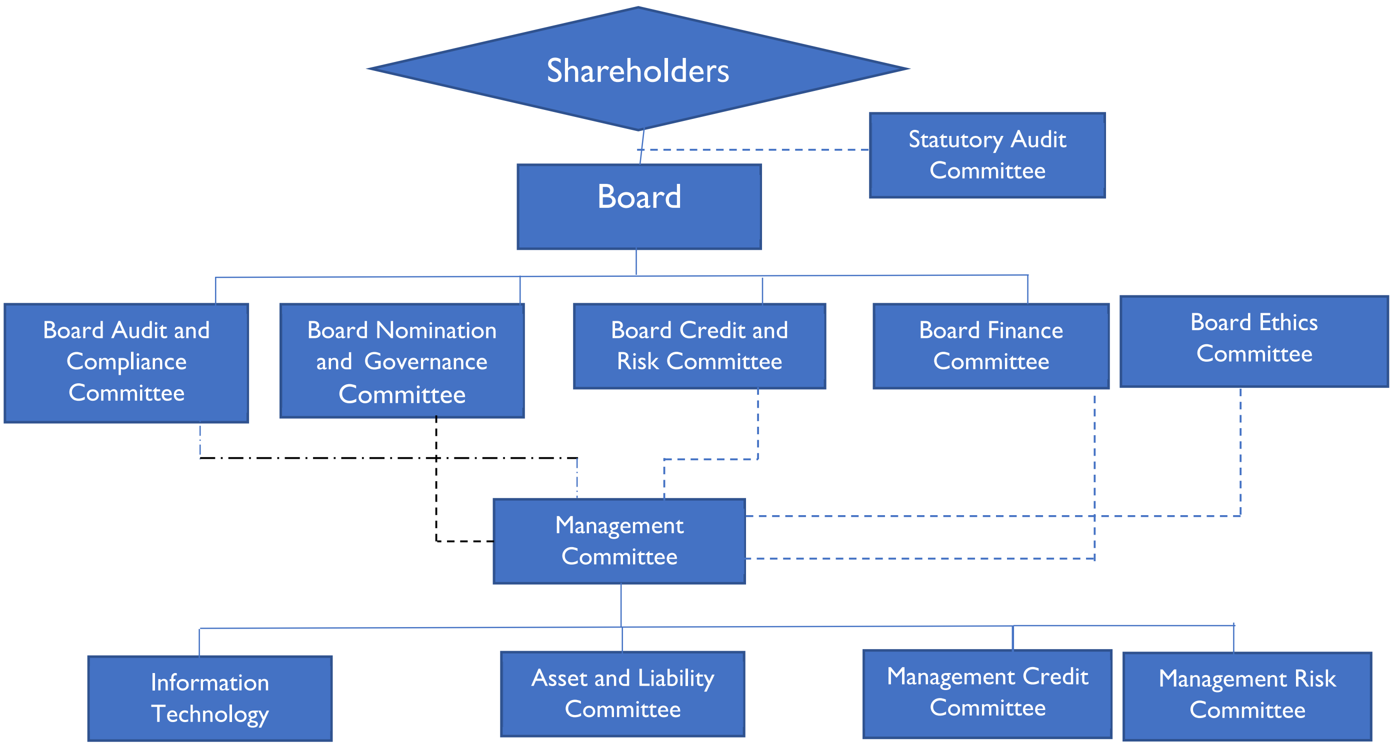
All directors disclose their memberships of other boards, and there are no concurrent directorships with respect to other boards, such as would interfere with their exercise of independent judgment or their effectiveness as directors of the DBN.

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. These charters, including the Board charter have been submitted to the Central Bank of Nigeria in compliance with the regulations. The committees' charters detail the terms of reference, membership, quorum and authorizations of each committee.

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 bank 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 and reporting lines to the Board of Directors. The Management Committee is the overarching committee of Management to which all other management committees report.

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 CBN, the bank also complies with the Code of Corporate Governance for Development Finance Institutions issued by the CBN and the Corporate Governance Guidelines for Public Companies issued by the Securities and Exchange Commission.

With the support of the Development Partners, the World Bank, 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 the sanctity of the bank's business. This practice continues to differentiate the DBN, as a clear leader in corporate governance in the Development Finance 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 Shareholders' Agreement, the Memorandum and Articles of Association, prevailing regulations and this process has suitable board-level oversight.

Shareholders are by the provisions of the Articles of Association, permitted to nominate representatives to the board. Such nominees would however have to be approved by the board of directors, and cleared by 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.

The board ensures that the appointment of directors continues to remain rigorous and extensive, and tailored to ensure that the bank appoints only people of integrity, the right skills, expertise and exposure.

Independent Non-Executive Directors

The preponderance of independent non-executive directors on DBN's 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 Board and approved by the CBN.

The board keeps under review the status of the independent non-executive directors, to ensure that they remain independent and 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, that the independent non-executive directors remain independent.

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, the definition of Independence as provided in Principle 7 of the Nigerian Code of Corporate Governance.

Therefore, at 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. Kyari Bukar — *(Appointed in March 2021, length of stay on the board is 3 years, 9 months)*
2. Ms. Folakemi Fatogbe — *(Appointed in February 2024, length of stay on the board is 10 months)*
3. Mrs. Juliet Anammah — *(Appointed in February 2024, length of stay on the board is 10 months)*
4. Ms. Imoni Akpofure — *(Appointed in February 2024, length of stay on the board is 10 months)*
5. Mr. U.K. Eke MFR — *(Appointed in February 2024, length of stay on the board is 10 months)*
6. Mallam Mohammed Bintube — *(Appointed in February 2024, length of stay on the board is 10 months)*

Board Meetings

The board meets quarterly, with additional meetings 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 board 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 meetings are provided to directors in advance, and meetings agendas are pre-approved by the Chairman of the Board, in respect of board meetings, and Chairpersons of respective Committees, for those 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 future reference.

In the period under review, the Board met seven (7) 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	Jan 11	Jan 14	Mar 1	Apr 30	Jul 31	Oct 31	Nov 26
Non-Executive Directors								
Mr. Aminu Umar-Sadiq	7/7	√	√	√	√	√	-	-
Mr. Batchi Baldeh	7/7	√	√	√	√	√	√	√
Dr. Sheu Yahaya*	3/3	√	√	√	Not Applicable			
Independent Non-Executive Directors								
Mr. Kyari Bukar	7/7	√	√	√	√	√	√	√
Ms. Folakemi Fatogbe**	5/7	N/A		√	√	√	√	√
Mrs. Juliet Anammah**	5/7	N/A		√	√	√	√	√
Ms. Imoni Akpofure**	5/7	N/A		√	√	√	√	√
Mr. UK Eke MFR**	5/7	N/A		√	√	√	√	√
Mallam Mohammed Bintube**	5/7	N/A		√	√	√	√	√
Mrs. Clare Omatseye***	2/2	√	√	Not Applicable				
Mr. Andrew Alli***	2/2	√	√	Not Applicable				
Dr. Oladimeji Alo***	2/2	√	√	Not Applicable				
Mr. Phillips Oduoza***	2/2	√	√	Not Applicable				
Mr. Bello Maccido***	2/2	√	√	Not Applicable				

* Retired from the Board on March 16, 2024
** Appointed on February 15, 2024
*** Retired from the Board on January 15, 2024

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 2018 and the requirements of the CBN Code of Corporate Governance for Development Finance Institutions.

All committees have charters that have been approved by the Board of Directors. The Committee charters were reviewed in the reporting period and the approved versions have been submitted to the Central Bank of Nigeria, in line with the regulations.

In compliance with both regulatory and best practice requirements, the Board Audit and Compliance Committee and the Board Nomination and Governance Committee are composed of only independent non-executive directors. The Board Ethics Committee, which is responsible for ensuring the adoption of ethical standards and business practices by the bank, is also comprised solely of independent non-executive directors.

All board committees meet quarterly or as required, ahead of board meetings. To ensure that all directors contribute effectively to discussions at board meetings, directors have access to all committee papers which are uploaded on the bank's Board portal. This ensures that all directors are apprised of board activities and are provided with 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 of the meeting are developed by the Company Secretary and uploaded on the board portal. A high-level summary of the decisions of the committee are also provided to the Committee Chairperson. These facilitate the presentation by respective board committee chairpersons, of the report of the deliberations and decisions of the committees, including the recommendations to the Board, on items presented by Management.

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

Board Nomination and Governance Committee

Membership	Mr. Kyari Bukar, Independent Non-Executive Director - Chairman
Key Responsibilities	• To review the Nomination and Governance Committee Charter and recommend same for Board approval • To make recommendations to the Board for the appointment of Senior Management Staff subject to processes set out for such appointments. ▪ 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. ▪ To review the performance of the Board of the bank's subsidiary, Impact Credit Guarantee Limited. ▪ To review and advise the Board Directors allowances and other entitlements to enable the Board to recommend as appropriate to the General Meeting for approval.

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

	Total Attendance	Apr 22	July 18	Oct 15	Dec 23
Mr. Kyari Bukar	4/4	√	√	√	√
Mr. U.K. Eke MFR	4/4	√	√	√	√
Mrs. Juliet Anammah	4/4	√	√	√	√
Mallam Mohammed Bintube	4/4	√	√	√	√

Board Audit and Compliance Committee

Membership

Ms. Imoni Akpofure – Independent non-executive director - Chairperson

Mr. Kyari Bukar, Independent non-executive director – Member
Ms. Folakemi Fatogbe, Independent non-executive director – Member
Mallam Mohammed Bintube, Independent non-executive director - Member
Mr. U.K. Eke MFR, 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 and Compliance Committee					
	Total Attendance	Apr 19	July 17	Oct 16	Nov 19
Ms. Imoni Akpofure	4/4	√	√	√	√
Mallam Mohammed Bintube	4/4	√	√	√	√
Ms. Folakemi Fatogbe	4/4	√	√	√	√
Mr. U.K. Eke MFR	4/4	√	√	√	√
Mr. Kyari Bukar	4/4	√	√	√	√

Board Credit and Risk Committee

Membership

Ms. Folakemi Fatogbe - Independent non-executive director – Chairperson

Mr. Aminu Umar-Sadiq, Non-executive director - Member
Mr. Batchi Baldeh, Non-executive director - Member
Mrs. Juliet Anammah, Independent non-executive director - Member
Dr. Tony Okpanachi, Managing Director/CEO - Member
Mrs. Ijeoma Ozulumba, 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:

	Total Attendance	Apr 25	July 24	Oct 24
Ms. Folakemi Fatogbe	3/3	√	√	√
Mrs. Juliet Anammah	3/3	√	√	√
Mr. Batchi Baldeh	3/3	√	√	√
Mr. Aminu Umar-Sadiq	1/3	-	-	√
Dr. Tony Okpanachi	3/3	√	√	√
Mrs. Ijeoma Ozulumba	3/3	√	√	√

Board Finance Committee

Membership

Mr. U.K. Eke MFR - Independent non-executive director - Chairman

Mr. Aminu Umar-Sadiq, Non-executive director - Member
Mr. Batchi Baldeh, Non-executive director - Member
Dr. Anthony Okpanachi, Managing Director/CEO - Member
Mr. Kyari Bukar, Independent non-executive director - Member
Mrs. Ijeoma Ozulumba, Non-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	Apr 19	July 24	Oct 23	Nov 20
Mr. U.K. Eke MFR	4/4	√	√	√	√
Mr. Aminu Umar-Sadiq	2/4	-	-	√	√
Mr. Kyari Bukar	4/4	√	√	√	√
Ms. Imoni Akpofure	4/4	√	√	√	√
Mr. Batchi Baldeh	4/4	√	√	√	√
Dr. Tony Okpanachi	4/4	√	√	√	√
Mrs. Ijeoma Ozulumba	4/4	√	√	√	√

Board Ethics Committee

Membership	Mallam Mohammed Bintube, Independent non-executive director - Chairman Mrs. Juliet Anammah, Independent non-executive director - Member Ms. Folakemi Fatogbe, Independent non-executive director - Member Ms. Imoni Akpofure, Independent non-executive director - Member
Key Responsibilities	▪ To keep under review, ethical business practices and advise the Board on their adoption by the bank. ▪ 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. ▪ To review the conduct of directors on referral from the board and to make recommendations to the board, on the propriety of such conduct. ▪ 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. ▪ To review and advise the board on appropriate steps concerning any adverse findings in respect of ethical compliance, arising from regulatory inspections.

Board Ethics Committee				
	Total Attendance	Apr 18	July 17	Oct 18
Mallam Mohammed Bintube	3/3	√	√	√
Mrs. Juliet Anammah	3/3	√	√	√
Ms. Folakemi Fatogbe	3/3	√	√	√
Ms. Imoni Akpofure	3/3	-	√	√

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. Non-executive directors' remuneration is limited to Directors' fees, Sitting allowances which are paid for board and board Committee meetings attendances, and reimbursables, which are paid for expenses incurred by directors, in the discharge of official duties.

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.

Directors' fees, the main component of board remuneration are paid in equal instalments six months apart, and in arrears (*July and Jan*).

Sitting allowances are paid for each meeting attended by the directors, bank transfers, for each meeting attended by directors. Concerning directors who are shareholder representatives on the board, 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. 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 75th 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.

In the reporting period, the Board approved the appointment of EY, to survey the compensation practices in the banking industry with a view to ensure that the bank's compensation remained aligned with its compensation philosophy.

Details of directors' remuneration are as set out in note xxx of the audited financial statements.

Directors Training and Continuous Development

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

A new director also receives other relevant information relating to his or her duties and responsibilities, details of emoluments and general information that would ensure that the director is able to fulfil the responsibilities of his office.

In the reporting year, five (5) newly appointed Independent non-executive directors were put through DBN's Board induction program.

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

The Directors attended a number of 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 biographical details of the directors to retire by rotation shall be provided in the notes to the Resolutions to be presented to shareholders ahead of the Annual General Meeting.

Board Evaluation

With adherence to the principles enunciated in the Nigerian Code of Corporate Governance 2018, 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 requirement 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.

11 March, 2025

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

Dear Sir,

REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2024

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of the Development Bank of Nigeria Plc as required by Principle 14.1 of the Nigerian Code of Corporate Governance ("NCCG") 2018, 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 31st December 2024.

Our responsibility was to reach a conclusion on the Board of Director's performance within the scope of our Letter of Engagement dated 20 December 2024.

In carrying out the evaluation, we relied on representations made by members of the Board, the Management of the Bank, and on the documents provided for our review.

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

The Board of Directors has complied significantly with the provisions of the Codes and Guidelines. Areas of compliance include:

- oversight of the Bank's enterprise risk management, internal controls and compliance with regulatory requirements;
- oversight of the financial and non-financial reporting by Management; and
- oversight over the implementation of the Bank's Strategy.

Details of other findings and recommendations are contained in the full report.

Yours faithfully,

Wura Olowofoyeku

Wura Olowofoyeku
Partner
FRC/2017/PRO/ICAN/004/00000016809
for: PricewaterhouseCoopers

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

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 Southwest 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 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.

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

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 practiced 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. 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 Chartered Secretaries and Administrators of Nigeria (ICSAN), Fellow, Institute of Credit Administration, Nigeria, Member, Society For Corporate Governance, Nigeria and Member, Chartered 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. Dr. Tade Fadare	- Shareholder Representative	- Member
3. Mrs. Kemi Owonubi	- Shareholder Representative	- Member
4. Mr. U.K. Eke MFR	- Independent non-executive director	- Member
5. Ms. Imoni Akpofure	- 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 Annual General Meeting. The membership of the Committee may, however, be renewed through re-election.

The profiles of members of the Statutory Audit Committee are on pages 43 – 46.

Report of the Statutory Audit Committee
For the year ended 31 December 2024

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 2024 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 2024 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
27 February 2025

Members of the Statutory Audit Committee are:

Ahmed Rufai Salau	Chairperson
Tade Fadare	Member
Kemi Owonubi	Member
Imoni Akpofure	Member
U. K. Eke, MFR	Member

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.

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.

Mrs. Kemi Owonubi
Member

Oluwakemi Babalogbon (nee Owonubi) is an experienced professional with an extensive background spanning over 20 years in Corporate Finance, Equity Research, Mergers and Acquisitions, and Private Equity. Prior to her role at MOFI, Oluwakemi held various roles at Oando Plc, Vetiva Capital, Rand Merchant Bank, and Tangerine Financial.

In her current capacity, Oluwakemi oversees the development and implementation of risk management strategies and framework throughout the organisation. Additionally, she spearheads MOFI's initiative to create a central register of the FGN's assets and investments, aligning with the organization's broader mandate.

Oluwakemi holds a bachelor's degree in economics from the University of Ilorin. She is a member of the Accounting and Finance divisions of the institute of Chartered Accountants of Nigeria (ICAN). She has also earned an MBA in Finance and Strategy from IMD, complementing her robust background in management and expertise in global topics such as risk management, corporate policies, banking, development strategy and high-performance leadership.

Mr. UK Eke MFR
Independent Non-Executive Director

Ms. Imoni Akpofure
Independent Non-Executive Director

Please refer to page 17 for
Mr. UK Eke MFR's profile

Please refer to page 16 for
Ms. Imoni Akpofure'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 eight (8) 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 (Management Risk Committee (MRC)); 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):

- 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
- Via DBN website: 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 puts 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 Act Compliance

DBN complies with the Freedom of Information Act, 2011 ("FOI"). The Bank ensures that qualifying information is freely disclosed on the bank's website, Integrated Reports and through print and digital media. Information is provided publicly to stakeholders, and any person or institution that may have the need for DBN-related information.

Accordingly, DBN is committed to:

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

As required by the FoI Act, the bank submitted its annual FoI Report to the Office of the Honourable Attorney General and Minister of Justice:

The commitment of DBN to transparency received impetus in the year as the bank emerged joint 3rd in a national ranking of compliance with the FoI Act. The ranking was undertaken by Civil Society Groups with input from the Freedom of Information Unit of the Federal Ministry of Justice. The ranking assessed the compliance levels of over 600 Ministries, Departments and Agencies and companies in which the Federal Government of Nigeria has a controlling interest.

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 implemented remote working arrangements and rotational work as a measure to improve employee engagement and to ensure that staff are able to provide value for the bank's operations.

The bank ensures that staff remain motivated through a combination of work tools to ensure optimal work, and compensation and other incentives to drive peek performance. The bank is committed to its philosophy for maintaining compensation at the 75th percentile of Industry practices.

To ensure that employee compensation is largely insulated from inflationary trends which arose principally due to the Covid-19 crisis, the bank implemented a Cost-of-Living Adjustment on staff emoluments in the year.

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 Separate Financial Statements

For the Year Ended 31 December 2024

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
27 February 2025

Kyari Abba Bukar
FRC/2013/IODN/00000002050
Independent Non-Executive Director
27 February 2025

Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements

For the Year Ended 31 December 2024

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 2024 as follows:

a) That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2024.

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 2024.

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 2024.

e) That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited consolidated and seperated 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.

Anthony Okpanachi
FRC/2016/CISN/00000015033
Managing Director/CEO
27 February 2025

Ijeoma D. Ozulumba
FRC/2017/ICAN/00000016105
Executive Director/CFO
27 February 2025

DBN
Development
Bank of Nigeria
RC 1215724

...Financing Sustainable Growth

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Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024

The Management of Development Bank of Nigeria Plc ("the Bank") is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Investment and Securities Act 2007 and the Financial Reporting Council (Amendment) Act, 2023.

The Management of Development Bank of Nigeria Plc assessed the effectiveness of the internal control over financial reporting of the Bank and its subsidiary (together "the Group") as of 31 December 2024 using the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of December 31, 2024, the Management of Development Bank of Nigeria Plc did not identify any material weakness in its assessment of internal control over financial reporting.

As a result, Management has concluded that, as of December 31, 2024, the Group's internal control over financial reporting was effective.

The Bank's independent auditor, KPMG Professional Services, who audited the consolidated and separate financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Group's internal control over financial reporting as of 31 December 2024 based on the limited assurance engagement performed by them. KPMG Professional Services' limited assurance report appears on pages 59 – 61 of the Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Group's internal control over financial reporting.

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

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

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Certification Pursuant to Section 60 of the Investment and Securities Act, 2007

I, Anthony Okpanachi, certify that:

a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Development Bank of Nigeria Plc ("the Bank") and its subsidiary (together "the Group");

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The Group's other certifying officer and I:

   1) are responsible for establishing and maintaining internal controls;
   2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
   4) have evaluated the effectiveness of the Group's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Group's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the Statutory Audit Committee:

   1) All significant deficiencies identified, and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Group's ability to record, process, summarize and report financial information; and
   2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal control system.

f) The Group's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation including any corrective actions with regard to significant deficiencies.

Name: Anthony Okpanachi
Designation: Managing Director/CEO
FRC No: FRC/2016/CISN/00000015033

Signature:

Date: 18 March, 2025

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Certification Pursuant to Section 60 of the Investment and Securities Act, 2007

I, Ijeoma D. Ozulumba, certify that:

a) I have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Development Bank of Nigeria Plc ("the Bank") and its subsidiary (together "the Group");

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The Group's other certifying officer and I:

  1) are responsible for establishing and maintaining internal controls;
  2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
  4) have evaluated the effectiveness of the Group's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Group's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the Statutory Audit Committee:

  1) All significant deficiencies identified, and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Group's ability to record, process, summarize and report financial information; and
  2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal control system.

f) The Group's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation including any corrective actions with regard to significant deficiencies.

Name: Ijeoma D. Ozulumba
Designation: Executive Director/CFO
FRC No: FRC/2017/ICAN/00000016105

Signature: Ijemaculu Pc

Date: 18 MARCH, 2025

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Independent Auditor's Limited Assurance Report

To the Shareholders of Development Bank of Nigeria Plc

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Development Bank of Nigeria Plc ("the Bank") and its subsidiary (together "the Group") as of 31 December 2024 is effective in accordance with the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's internal control over financial reporting as of 31 December 2024 is not effective, in all material respects, in accordance with the criteria established in the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

We have audited the consolidated and separate financial statements of Development Bank of Nigeria Plc in accordance with the International Standards on Auditing, and our report dated 28 March 2025 expressed an unmodified opinion of those consolidated and separate financial statements.

Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Directors of Development Bank of Nigeria Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report. Our responsibility is to express a conclusion on the Group's internal control over financial reporting based on our assurance engagement.

Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Group's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Signed:

Onyinye Okere
FRC/2012/ICAN/00000000421
For: KPMG Professional Services
Chartered Accountants
28 March 2025
Lagos, Nigeria

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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 subsidiaries (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- 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 subsidiaries as at 31 December 2024, 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 consolidated and separate 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.

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; and
- 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 Group's 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 agreeing it to the relevant accounting standards.
- 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 inspecting 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 assessed the key data and assumptions inputted into the ECL model used by the Group as follows:

    - ➢ 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 assessed the CCF applied in modelling the EAD;
    - ➢ we evaluated the appropriateness of the Pluto-Tasche methodology used to estimate Probability of Default (PD), and assessed the completeness and accuracy of the data used for default and non-default categories for loans by evaluating its reasonability;
    - ➢ we evaluated 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 based on our experience of the Nigerian Market, we have applied the haircuts and time to recovery (TTR) on collaterals to obtain the secured recovery;

- 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 loss on financial assets are shown in notes 4.7(g), 5, 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, Director's Report, Corporate Governance Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities in Relation to the Consolidated and Separate Financial Statements, Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements, Management Certification of Internal Control Over Financial Reporting, Report on the Effectiveness of Internal Control over Financial Reporting 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 Company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose 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 2024.

ii. Related party transactions and balances are disclosed in Note 33 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Bank's internal control over financial reporting as of December 31, 2024. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 28 March 2025.That report is included on page 59-61 of the annual report.

Signed:

Onyinye Okere
FRC/2012/ICAN/00000000421
For: KPMG Professional Services
Chartered Accountants
28 March 2025
Lagos, Nigeria

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

In thousands of Naira	*Note*	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Assets					
Cash and cash equivalents	18	144,963,887	94,212,090	143,621,352	85,212,612
Investment securities	19	98,300,053	25,370,707	35,743,720	19,245,754
Loans and advances at amortised costs	20	438,475,152	410,345,948	462,631,382	410,345,948
Investment in subsidiary	21	-	-	31,865,000	11,675,431
Property and equipment	22	13,861,408	11,961,716	13,809,604	11,888,345
Intangible assets	23	147,788	229,853	147,747	228,962
Deferred tax asset	17b	431,209	420,130	221,341	311,536
Other assets	24	62,926,372	1,422,745	61,953,168	737,691
Total assets		**759,105,869**	**543,963,189**	**749,993,314**	**539,646,279**
Liabilities					
Employee benefit obligation	25	2,021	1,658	-	-
Provision for guarantee	26	566,228	374,949	-	-
Current tax liabilities	17c	19,047,559	12,353,214	18,277,176	12,128,833
Borrowings	27	429,057,144	267,981,310	429,057,144	267,981,310
Debt securities issued	28	24,301,232	24,235,595	24,301,232	24,244,335
Derivative Liabilities	29	651,178	-	651,178	-
Other liabilities	30	14,269,880	3,469,581	13,435,859	3,060,655
Total liabilities		**487,895,242**	**308,416,307**	**485,722,589**	**307,415,133**
Equity					
Share capital	31(a)	100,000	100,000	100,000	100,000
Share premium	31(b)	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	31(c)	110,320,401	86,732,142	103,484,353	83,414,867
Other reserves:					
Statutory reserve	31(d)	51,507,930	40,915,056	51,507,930	40,915,056
Regulatory risk reserve	31(e)	9,415,872	8,038,653	9,415,872	8,038,653
Other reserve	31(f)	103,854	(1,539)	-	-
Attributable to equity holders of the parent		**271,210,627**	**235,546,882**	**264,270,725**	**232,231,146**
Total liabilities and equity		**759,105,869**	**543,963,189**	**749,993,314**	**539,646,279**

The consolidated and separate financial statements were approved by the Board of Directors on 27 February 2025 and signed on its behalf by:

Kyari Abba Bukar
Independent Non-Executive Director
FRC/2013/IODN/00000002050

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

Additionally certified by:

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

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

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

In thousands of Naira	*Note*	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Gross earnings		**84,031,915**	**54,814,486**	**78,298,450**	**52,446,323**
Interest income calculated using the effective interest method	8	82,567,020	52,639,762	77,566,191	51,070,612
Interest expense	9	(13,958,939)	(12,276,770)	(13,958,939)	(12,261,436)
Net interest income		**68,608,081**	**40,362,992**	**63,607,252**	**38,809,176**
Impairment (losses)/write-back on financial assets	10	(1,091,896)	2,527,963	(1,180,231)	2,611,224
Net interest income after impairment charge on financial assets		**67,516,185**	**42,890,955**	**62,427,021**	**41,420,400**
Guarantee income	11	892,588	898,367	-	-
Guarantee expense	13b	(575,857)	(537,405)	-	-
Other income	12	572,307	1,276,357	732,259	1,375,711
Fee and commission expense	13a	(39,373)	(10,874)	(20,467)	(6,252)
Net operating income		**68,365,850**	**44,517,400**	**63,138,813**	**42,789,859**
Personnel expenses	14	(4,366,465)	(3,213,635)	(3,889,556)	(2,919,828)
Depreciation and amortization	15	(643,555)	(488,194)	(613,823)	(452,556)
General and administrative expenses	16	(5,663,279)	(4,278,348)	(5,128,938	(4,047,228)
Total expenses		**(10,673,299)**	**(7,980,177)**	**(9,632,317)**	**(7,419,612)**
Profit before tax		**57,692,551**	**36,537,223**	**53,506,496**	**35,370,247**
Income tax expense	17	(18,864,199)	(12,080,106)	(18,196,917)	(11,900,307)
Profit for the year		**38,828,352**	**24,457,117**	**35,309,579**	**23,469,940**
Other comprehensive income		-	-	-	-
Total comprehensive income		**38,828,352**	**24,457,117**	**35,309,579**	**23,469,940**
Profit for the year attributable to:					
Owners of the Bank		38,828,352	24,457,117	35,309,579	23,469,940
Total comprehensive income attributable to:					
Owners of the Bank		38,828,352	24,457,117	35,309,579	23,469,940
		38,828,352	**24,457,117**	**35,309,579**	**23,469,940**

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 2024

GROUP

In thousands of Naira	*Note*	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Other Reserve	Total equity
		Attributable to the owners of the Bank						
Balance as at 1 January 2024		**100,000**	**99,762,570**	**86,732,142**	**40,915,056**	**8,038,653**	**(1,539)**	**235,546,882**
Total comprehensive income								
Profit for the year		-	-	38,828,352	-	-	-	38,828,352
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**38,828,352**	**-**	**-**	**-**	**38,828,352**
Transactions with equity holders, recorded directly in equity:								
Dividend paid	31(c)	-	-	(3,270,000)	-	-	-	(3,270,000)
Issue of debt notes	31(f)	-	-	-	-	-	105,393	105,393
Transfer between reserves:								
Transfer to statutory reserve	31(d)	-	-	(10,592,874)	10,592,874	-	-	-
Transfer to regulatory risk reserve	31(e)	-	-	(1,377,219)	-	1,377,219	-	-
Balance as at 31 December 2024		**100,000**	**99,762,570**	**110,320,401**	**51,507,930**	**9,415,872**	**103,854**	**271,210,627**

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

BANK

In thousands of Naira	***Note***	**Share Capital**	**Share Premium**	**Retained Earnings**	**Statutory Reserve**	**Regulatory risk Reserve**	**Other Reserve**	**Total equity**
Balance as at 1 January 2024		**100,000**	**99,762,570**	**83,414,867**	**40,915,056**	**8,038,653**	**-**	**232,231,146**
Total comprehensive income								
Profit for the year		-	-	35,309,579	-	-	-	35,309,579
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**35,309,579**	**-**	**-**	**-**	**35,309,579**
Transactions with equity holders, recorded directly in equity:								
Dividend paid	31(c)	-	-	(3,270,000)	-	-	-	(3,270,000)
Transfer between reserves:								
Transfer to statutory reserve	31(d)	-	-	(10,592,874)	10,592,874	-	-	-
Transfer to regulatory risk reserve	31(e)	-	-	(1,377,219)	-	1,377,219	-	-
Balance as at 31 December 2024		**100,000**	**99,762,570**	**103,484,353**	**51,507,930**	**9,415,872**	**-**	**264,270,725**

In thousands of Naira	***Note***	**Share Capital**	**Share Premium**	**Retained Earnings**	**Statutory Reserve**	**Regulatory risk Reserve**	**Other Reserve**	**Total equity**
Balance as at 1 January 2023		**100,000**	**99,762,570**	**73,792,283**	**33,863,738**	**4,660,615**	**-**	**212,179,206**
Total comprehensive income								
Profit for the year		-	-	23,469,940	-	-	-	23,469,940
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**23,469,940**	**-**	**-**	**-**	**23,469,940**
Transactions with equity holders, recorded directly in equity:								
Dividend paid	31(c)	-	-	(3,418,000)	-	-	-	(3,418,000)
Transfer between reserves:								
Transfer to statutory reserve	31(d)	-	-	(7,051,318)	7,051,318	-	-	-
Transfer to regulatory risk reserve	31(e)	-	-	(3,378,038)	-	3,378,038	-	-
Balance as at 31 December 2023		**100,000**	**99,762,570**	**83,414,867**	**40,915,056**	**8,038,653**	**-**	**232,231,146**

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 2024

In thousands of Naira	*Note*	Group 31 December 2024	Group 31 December 2023	Bank 31 December 2024	Bank 31 December 2023
Cash flows from operating activities					
Profit after tax		38,828,352	24,457,117	35,309,579	23,469,940
Tax expense	17(a)	18,864,199	12,080,106	18,196,917	11,900,307
Profit before tax		**57,692,551**	**36,537,223**	**53,506,496**	**35,370,247**
Adjustments for:					
Impairment/(writeback) on loans and advances to customers	10	574,003	(2,611,398)	640,092	(2,611,398)
Impairment/(writeback) on other financial assets	10	323,879	83,435	346,126	174
Depreciation of plant and equipment	15	534,076	384,573	505,194	354,907
Amortization of intangibles	15	109,479	103,621	108,629	97,649
Interest income on investment securities	19a	(8,681,448)	(1,326,273)	(3,807,279)	(840,181)
Interest income on loans and advances to PFIs	8	(57,422,034)	(37,847,519)	(58,492,110)	(37,847,519)
Interest expense on borrowings	9	10,552,186	10,568,478	10,552,186	10,568,478
Interest expense on debt securities issued	9	3,369,687	1,582,684	3,369,687	1,567,350
Contributions to employee benefit obligation	32a(ii)	23,652	21,084	-	-
Lease expenses	9	5,606	61,776	5,606	61,776
Foreign exchange gains	12	(148,550)	(441,077)	(257,172)	(441,077)
Fair value loss on derivatives	12	651,178	-	651,178	-
Gain on disposal of plant and equipment	32b	(36)	(10,873)	(36)	(10,466)
		7,584,229	**7,105,735**	**7,128,597**	**6,269,940**
Changes in:					
Net increase in provision for guarantee	32a(iv)	191,279	50,442	-	-
Loans and advances to PFIs:					
Loans disbursed	20a	(274,530,653)	(153,627,698)	(298,752,971)	(153,627,698)
Loan principal repayments received	20a	247,690,765	115,845,167	247,690,764	115,845,167
Other liabilities	32a(i)	10,767,177	746,446	10,367,227	598,314
Other assets	32a(iii)	(61,691,441)	(567,744)	(61,215,477)	(188,556)
		(69,988,644)	**(30,447,653)**	**(94,781,860)**	**(31,102,833)**
Tax paid	17(c)	(12,180,934)	(9,565,626)	(11,958,379)	(9,443,192)
Value Added Tax (VAT) net expense/(payment)	32a(vii)	27,515	6,591	2,370	(1,887)
Interest received on investment securities	19a	4,816,791	844,398	1,580,587	164,583
Interest received on loans and advances to PFIs	20a	55,558,715	37,298,068	56,628,791	37,298,068
Remittances from employee benefit obligation	32a(ii)	(23,289)	(21,219)	-	-
Payment of lease liability - Interest	32c(ii)	-	(69,671)	-	(69,671)
Net cash used in operating activities		**(21,789,846)**	**(1,955,112)**	**(48,528,491)**	**(3,154,931)**
Cash flows from investing activities					
Acquisition of investment securities	19a	(85,854,780)	(18,868,360)	(31,951,952)	(18,637,397)
Investment in Subsidiary	21b	-	-	(20,189,569)	(300,431)
Proceeds from matured investment securities	19a	16,862,416	311,530	17,732,408	-
Acquisition of intangible assets	23	(27,414)	(92,962)	(27,414)	(92,962)
Acquisition of property and equipment	32b(ii)	(2,328,038)	(9,633,010)	(2,320,723)	(9,562,531)
Proceeds from disposal of property and equipment	32b(i)	23,706	14,967	23,706	14,560
Net cash flows (used in)/from investing activities		**(71,324,110)**	**(28,267,835)**	**(36,733,544)**	**(28,578,761)**
Cash flows from financing activities					
Long term borrowings received	27a	186,565,230	-	186,565,230	-
Repayment of principal on borrowings	27a	(25,788,205)	(22,927,987)	(25,788,205)	(22,927,987)
Repayment of interest on borrowings	27a	(10,253,377)	(10,798,890)	(10,253,377)	(10,798,890)
Debt note issue cost	31(f)	105,393	(1,539)	-	-
Debt Securities issued	28	-	22,652,911	-	22,676,985
Repayment of interest on debt securities		(3,304,050)	-	(3,312,790)	-
Dividend paid	31c	(3,270,000)	(3,418,000)	(3,270,000)	(3,418,000)
Payment of lease liabilities - Principal	32c(ii)	(129,399)	(152,704)	(129,399)	(152,704)
Net cash flows from/ (used) in financing activities		**143,925,592**	**(14,646,209)**	**143,811,459**	**(14,620,596)**
Net decrease in cash and cash equivalents		50,811,636	(44,869,156)	58,549,424	(46,354,290)
Cash and cash equivalents, beginning of year	18	94,562,918	138,990,997	85,476,841	131,390,054
Effect of exchange rate fluctuations on cash held	18	256,377	441,077	257,172	441,077
Cash and cash equivalents, end of year	18b	**145,630,931**	**94,562,918**	**144,283,437**	**85,476,841**

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 2024

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 2024 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 27 February 2025.

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.
- derivative liabilities measured at fair value
- provision for guarantee
- 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. Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2024. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

i Material accounting policy information

The Group adopted Classification of liabilities as current or non-current (IAS 1 amendment) from 1 January 2024. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

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 twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional was removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

Management reviewed the accounting policies and made updates to the disclosures in the financial statement in line with the amendments

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2024

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. 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. Those IFRS Accounting Standards, Amendments to IFRS Accounting Standards and Interpretations which may be relevant to the Group or Bank are set out below:

Standard/Interpretation		**Date issued by IASB**	**Effective date Periods**	
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2025	The amendments clarifies: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. 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. When a currency is not exchangeable, a company needs to estimate a spot rate. 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. Therefore, when estimating a spot rate a company can use: • an observable exchange rate without adjustment; or • another estimation technique. 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: • the nature and financial impacts of the currency not being exchangeable • the spot exchange rate used; • the estimation process; and • risks to the company because the currency is not exchangeable The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The Group and Bank have assessed this standard to have no significant impact on its operations and financial reporting process.
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.	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. 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. Under the consolidation standard, the parent recognises the full gain on the loss of control. 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. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely. The Group and Bank have assessed this standard to have no significant impact on its operations and financial reporting process.

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2024

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, except if mentioned otherwise. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

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.

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.

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.

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.

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.

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.

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'.

h *Derivatives*

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative.

The accounting for subsequent changes in fair value depends on whether the derivative is designed as a hedging instrument and if so, the nature of the item being hedged. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Changes in the fair value of any derivative instrument that are not designated for hedge accounting are recognised immediately in profit or loss and are included in Net gain on financial instruments at fair value through profit or loss.

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;

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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.

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.

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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.

4.14 Grant

A grant is recognised only when there is a reasonable assurance that;
- the Bank will comply with the conditions attached to the grant; and
- the grant will be received

4.15 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 crystalize 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.

4.16 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

4.17 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.

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 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 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 genral 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 2024, the difference between the Prudential provision and IFRS impairment was N9.42billion (December 2023: N8.04 billion) requiring transfer of N1.37billion (December 2023: N3.38 billion) 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

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Impairment on loans and advances per IFRS	(811,792)	(171,700)	(811,792)	(171,700)
Provision on loans and advances per Prudential Guidelines	10,227,664	8,210,353	10,227,664	8,210,353
Regulatory Risk Reserve	**9,415,872**	**8,038,653**	**9,415,872**	**8,038,653**
The movement in the Regulatory risk reserve during the year is shown below:				
Balance, beginning of the year	8,038,653	4,660,615	8,038,653	4,660,615
Transfer during the year	1,377,219	3,378,038	1,377,219	3,378,038
Balance, end of the year	**9,415,872**	**8,038,653**	**9,415,872**	**8,038,653**

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.

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. The 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, the Bank successfully completed the recent Integrated Management System (IMS) Recertification & Transition Audit, covering ISO 27001:2022, ISO 20000:2018, and ISO 22301:2019, 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.

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.

iv Direct Lending Framework

The objective of this framework is to establish guidelines for extending credit directly to Non-regulated Financial Institutions, ensuring risk mitigation and alignment with the Bank's strategic goals. This risk management framework is aimed at adapting to specific challenges and dynamics associated with partnering with various entities within this arrangement.

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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.

Credit Risk Rating Models in Development Bank of Nigeria Plc

The Group's risk rating model for measuring the risk of PFIs, originally based on the CAMELS Rating system, has been upgraded to the CAMELS+ Rating system with the addition of ESG parameters. The upgraded model has also undergone validation.

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 operates 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- 2+	PFIs are judged to be of high quality and are subject to very low credit risk.
2 2- 3+	PFIs are judged to be upper-medium grade and are subject to low credit risk.
3 3- 4+	PFIs are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
4 4- 5+	PFIs are judged to be speculative and are subject to substantial credit risk.
5 5- 6+	PFIs are considered speculative and are subject to high credit risk.
6 6- 7	PFIs are judged to be speculative of poor standing and are subject to very high credit risk.
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.

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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).

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

			31 Dec 2024		
In thousands of Naira	***Note***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost					
(B) Low–fair risk		438,243,023	-	-	438,243,023
(B-) Higher risk		-	-	977,832	977,832
Gross loans	20	**438,243,023**	**-**	**977,832**	**439,220,855**
Loss allowance	20	(40,585)	-	(705,118)	(745,703)
Carrying amount		**438,202,438**	**-**	**272,714**	**438,475,152**

			31 Dec 2023		
In thousands of Naira		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost					
(B) Low–fair risk		410,517,648	-	-	410,517,648
(B-) Higher risk		-	-	-	-
Gross loans	20	**410,517,648**	**-**	**-**	**410,517,648**
Loss allowance	20	(171,700)	-	-	(171,700)
Carrying amount		**410,345,948**	**-**	**-**	**410,345,948**

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Bank

In thousands of Naira	*Note*	31 Dec 2024 Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost					
(B) Low–fair risk		462,465,342	-	-	462,465,342
(B-) Higher risk		-	-	977,832	977,832
Gross loans	20	**462,465,342**	**-**	**977,832**	**463,443,174**
Loss allowance	20	(106,674)	-	(705,118)	(811,792)
Carrying amount		**462,358,668**	**-**	**272,714**	**462,631,382**

In thousands of Naira		31 Dec 2023 Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost					
(B) Low–fair risk		410,517,648	-	-	410,517,648
(B-) Higher risk		-	-	-	-
Gross loans	20	**410,517,648**	**-**	**-**	**410,517,648**
Loss allowance	20	(171,700)	-	-	(171,700)
Carrying amount		**410,345,948**	**-**	**-**	**410,345,948**

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 had employs the Pluto-Tasche methodology, a globally recognized methodology for zero and low default portfolios, in estimating Probability of Default (PD) for its loans and advances as against the external mapping approach adopted in prior years. 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.

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.

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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 Crude Price and Unemployment rate in 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 22% deterioration in the forecasted Crude Price and Unemployment rate were taken as the downside scenario and 15% improvements in the forecasted economic variables were taken as the upside scenario. Scenario probability weights were taken as 15%:64%:22% 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

The scenario probability weightings applied in measuring ECL are as follows.

	2024			2023		
At 31 December	**Upside**	**Central**	**Downside**	**Upside**	**Central**	**Downside**
Scenario probability weighting	14.55%	63.64%	21.82%	1.96%	80.39%	17.65%

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.

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'

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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

			2024		
in thousands of Naira	***Note***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost					
Balance at 1 January		171,700	-	-	171,700
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		(705,118)	-	705,118	-
Loans disbursed during the year		466,095	-	-	466,095
Loan repayments received during the year		107,908	-	-	107,908
Balance at 31 December	20	**40,585**	**-**	**705,118**	**745,703**

			2023		
in thousands of Naira	***Note***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost					
Balance at 1 January		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)
Balance at 31 December	20	**171,700**	**-**	**-**	**171,700**

Investment securities - treasury bills and FGN bonds (in thousands of Naira)		**2024**	**2023**
Balance at 1 January		113,030	20,525
Additions to investment securities		(72,325)	92,505
Redemption of investment securities		-	-
Balance at 31 December	19	**40,705**	**113,030**

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Cash and cash equivalent - Placements (in thousands of Naira)		2024	2023
Balance at 1 January		350,828	367,608
Additions to placements		4,163,878	246,839
Redemption of placements		(3,847,662)	(263,619)
Balance at 31 December	18	**667,044**	**350,828**

Provision for guarantee (in thousands of Naira)		2024	2023
Balance at 1 January		220,818	158,460
Guarantee expense for the period		575,857	537,405
Claims paid during the period		(454,188)	(475,047)
Balance at 31 December	26	**342,487**	**220,818**

Bank

				2024	
in thousands of Naira	***Note***	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost					
Balance at 1 January		171,700	-	-	171,700
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		(705,118)	-	705,118	-
Loans disbursed during the year		523,312	-	-	523,312
Loan repayments received during the year		116,780	-	-	116,780
Balance at 31 December	20	**106,674**	**-**	**705,118**	**811,792**

				2023	
in thousands of Naira		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortized cost					
Balance at 1 January		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)
Balance at 31 December	20	**171,700**	**-**	**-**	**171,700**

Investment securities - treasury bills and FGN bonds (in thousands of Naira)		2024	2023
Balance at 1 January		67,241	-
Additions to investment securities		15,511	67,241
Redemption of investment securities		(67,241)	-
Balance at 31 December	19	**15,511**	**67,241**

Cash and cash equivalent - Placements (in thousands of Naira)		2024	2023
Balance at 1 January		264,229	331,297
Additions to placements		3,966,607	62,056
Redemption of placements		(3,568,751)	(129,124)
Balance at 31 December	18	**662,085**	**264,229**

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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 at amortised costs		Investment securities		Other assets	
In thousands of Naira		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Carrying amount		144,963,887	94,212,090	438,475,152	410,345,948	98,300,053	25,370,707	61,073,959	299,802
Guaranteed amount		-	-	-	-	-	-	-	-
12-month ECL:									
Cash and cash equivalents	18	145,630,931	94,562,918	-	-	-	-	-	-
Investment securities	19	-	-	-	-	98,340,758	25,483,737	-	-
Performing loans and advances	20	-	-	438,243,023	410,517,648	-	-	-	-
Non-performing loans and advances				977,832					
Other assets	24	-	-	-	-	-	-	61,170,006	315,861
Gross amount		**145,630,931**	**94,562,918**	**439,220,855**	**410,517,648**	**98,340,758**	**25,483,737**	**61,170,006**	**315,861**
Allowance for impairment		(667,044)	(350,828)	(745,703)	(171,700)	(40,705)	(113,030)	(96,047)	(16,059)
Carrying amount		**144,963,887**	**94,212,090**	**438,475,152**	**410,345,948**	**98,300,053**	**25,370,707**	**61,073,959**	**299,802**
Total carrying amount - amortised cost		**144,963,887**	**94,212,090**	**438,475,152**	**410,345,948**	**98,300,053**	**25,370,707**	**61,073,959**	**299,802**

Bank	**Note**	Cash and cash equivalents		Loans and advances at amortised costs		Investment securities		Other assets	
In thousands of Naira		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Carrying amount		143,621,352	85,212,612	462,631,382	410,345,948	35,743,720	19,245,754	60,501,687	87,173
Guaranteed amount		-	-	-	-	-	-	-	-
12-month ECL:									
Cash and cash equivalents	18	144,283,437	85,476,841	-	-	-	-	-	-
Investment securities	19	-	-	-	-	35,759,231	19,312,995	-	-
Performing loans and advances	20	-	-	463,443,174	410,517,648	-	-	-	-
Other assets	24	-	-	-	-	-	-	60,501,687	87,173
Gross amount		**144,283,437**	**85,476,841**	**463,443,174**	**410,517,648**	**35,759,231**	**19,312,995**	**60,501,687**	**87,173**
Allowance for impairment		(662,085)	(264,229)	(811,792)	(171,700)	(15,511)	(67,241)	-	-
Carrying amount		**143,621,352**	**85,212,612**	**462,631,382**	**410,345,948**	**35,743,720**	**19,245,754**	**60,501,687**	**87,173**
Total carrying amount - amortised cost		**143,621,352**	**85,212,612**	**462,631,382**	**410,345,948**	**35,743,720**	**19,245,754**	**60,501,687**	**87,173**

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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 2024 and 31 December 2023, 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.

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

In thousands of Naira	**Specific Impairments**	**IFRS 9 ECL Impairments**
Balance at 1 January 2024	-	(171,700)
Additional Impairment charge	(705,118)	-
Amounts written back	-	131,115
	(705,118)	(40,585)

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 2024 (2023: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 at amortised costs		Investment securities		Other assets	
In thousands of Naira		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Carrying amount		144,963,887	94,212,090	438,475,152	410,345,948	98,300,053	25,370,707	61,073,959	299,802
Concentration by sector:									
Finance		144,762,917	94,034,110	438,475,152	410,345,948	-	1,744,197	630,664	277,031
Government		200,970	177,980	-	-	98,300,053	23,626,510	-	-
Others		-	-	-	-	-	-	60,443,295	22,771
		144,963,887	94,212,090	438,475,152	410,345,948	98,300,053	25,370,707	61,073,959	299,802

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	Cash and cash equivalents		Loans and advances at amortised costs		Investment securities		Other assets	
Concentration by location:								
In thousands of Naira	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Abuja	200,970	177,980	66,866,609	25,400,414	98,300,053	23,626,510	60,416,818	28,760
North East	-	-	16,354,914	3,487,941	-	-	-	-
North West	-	-	40,689,976	26,713,522	-	-	-	-
North Central	-	-	37,313,760	36,684,927	-	-	-	-
South South	-	-	46,170,845	45,630,469	-	-	-	-
South West	144,762,917	94,034,110	205,554,534	236,482,370	-	1,744,197	657,141	271,042
South East	-	-	25,524,514	35,946,305	-	-	-	-
Outside Nigeria	-	-	-	-	-	-	-	-
	144,963,887	94,212,090	438,475,152	410,345,948	98,300,053	25,370,707	61,073,959	299,802

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

Bank	***Note***	Cash and cash equivalents		Loans and advances at amortised costs		Investment securities		Other assets	
In thousands of Naira		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Carrying amount		143,621,352	85,212,612	462,631,382	410,345,948	35,743,720	19,245,754	60,501,687	87,173
Concentration by sector:									
Finance		143,420,382	85,034,632	462,631,382	410,345,948	-	-	84,869	58,413
Government		200,970	177,980	-	-	35,743,720	19,245,754	-	-
Others		-	-	-	-	-	-	60,416,818	28,760
		143,621,352	85,212,612	462,631,382	410,345,948	35,743,720	19,245,754	60,501,687	87,173
Concentration by location:									
In thousands of Naira		**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
Abuja		200,970	177,980	66,866,609	25,400,414	35,743,720	19,245,754	60,416,818	28,760
North East		-	-	16,354,914	3,487,941	-	-	-	-
North West		-	-	40,689,976	26,713,522	-	-	-	-
North Central		-	-	37,313,760	36,684,927	-	-	-	-
South South		-	-	46,170,845	45,630,469	-	-	-	-
South West		143,420,382	85,034,632	205,554,534	236,482,370	-	-	84,869	58,413
South East		-	-	49,680,744	35,946,305	-	-	-	-
Outside Nigeria		-	-	-	-	-	-	-	-
		143,621,352	85,212,612	462,631,382	410,345,948	35,743,720	19,245,754	60,501,687	87,173

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

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	**31 December 2024**		**31 December 2023**	
in thousands of Naira	**Carrying Amount**	**Collateral**	**Carrying Amount**	**Collateral**
Stages 1	437,497,320	446,384,198	410,345,948	301,484,930
Stage 3	977,832	276,727	-	-

Bank	**31 December 2024**		**31 December 2023**	
in thousands of Naira	**Carrying Amount**	**Collateral**	**Carrying Amount**	**Collateral**
Stages 1	461,653,550	446,384,198	410,345,948	301,484,930
Stage 3	977,832	276,727	-	-

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:

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- 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.

  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 rated 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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A summary of the Group's interest rate gap position on financial instruments is as follows:

31 December 2024		**Re-pricing period**									
In thousands of Naira	***Note***	**Up to 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 -5 years**	**5 -15 years**	**Over 15 years**	**Total amount sensitive to rate**	**Non rate sensitive**	**Carrying amount**
Cash and balances with banks	18	1,180,907	200,970	-	-	-	-	-	200,970	1,180,907	1,381,877
Placements with Banks	18	31,788,028	111,793,982	-	-	-	-	-	-	143,582,010	143,582,010
Investment securities	19	-	10,411,611	8,956,177	42,416,847	36,515,418			-	98,300,053	98,300,053
Loans and advances	20	831,407	21,329,225	67,392,768	100,042,197	120,307,070	128,572,485	-	438,475,152	-	438,475,152
Other assets	24	62,926,372	-	-	-	-	-	-	62,926,372	-	62,926,372
		96,726,714	**143,735,788**	**76,348,945**	**142,459,044**	**156,822,488**	**128,572,485**	**-**	**501,602,494**	**243,062,970**	**744,665,464**
Borrowings	27	-	-	-	-	(29,068,443)	(259,074,821)	(140,913,880)	(429,057,144)	-	(429,057,144)
Debt security issued	28	-	-	-	-	(24,301,232)	-	-	-	(24,301,232)	(24,301,232)
Other financial liabilities	30	(470,237)	(220,109)	-	-	(13,186,778)	-	-	-	(13,877,123)	(13,877,123)
		(470,237)	**(220,109)**	**-**	**-**	**(66,556,453)**	**(259,074,821)**	**(140,913,880)**	**(429,057,144)**	**(38,178,355)**	**(467,235,499)**
Total interest re-pricing gap		**96,256,478**	**143,515,679**	**76,348,945**	**142,459,044**	**90,266,035**	**(130,502,336)**	**(140,913,880)**	**72,545,350**	**204,884,615**	**277,429,965**

31 December 2023		**Re-pricing period**									
In thousands of Naira	***Note***	**Up to 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 -5 years**	**5 -15 years**	**Over 15 years**	**Total amount sensitive to rate**	**Non rate sensitive**	**Carrying amount**
Cash and balances with banks	18	1,051,618	-	-	-	-	-	-	1,051,618	177,980	1,229,598
Placements with Banks	18	-	-	-	-	-	-	-	-	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	114,516,806	152,708,352	-	410,345,948	-	410,345,948
Other assets	24	-	-	-	-	-	-	-	-	299,802	299,802
		1,176,992	**66,342,641**	**32,241,287**	**63,007,397**	**121,291,604**	**152,708,352**	**-**	**436,768,273**	**93,019,197**	**529,787,470**
Borrowings	27	-	-	-	-	-	(227,913,215)	(40,068,095)	(267,981,310)	-	(267,981,310)
Debt security issued	28	-	-	-	-	(24,235,595)	-	-	(24,235,595)	-	(24,235,595)
Other financial liabilities	30	-	-	-	-	-	-	-	-	(3,040,509)	(3,040,509)
		-	**-**	**-**	**-**	**(24,235,595)**	**(227,913,215)**	**(40,068,095)**	**(292,216,905)**	**(3,040,509)**	**(295,257,414)**
Total interest re-pricing gap		**1,176,992**	**66,342,641**	**32,241,287**	**63,007,397**	**97,056,009**	**(75,204,863)**	**(40,068,095)**	**144,551,368**	**89,978,688**	**234,530,056**

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A summary of the Bank's interest rate gap position on financial instruments is as follows:

31 December 2024		Re-pricing period									
In thousands of Naira	***Note***	**Up to 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 -5 years**	**5 -15 years**	**Over 15 years**	**Total amount sensitive to rate**	**Non rate sensitive**	**Carrying amount**
Cash and balances with banks	18	869,321	200,970	-	-	-	-	-	200,970	869,321	1,070,291
Placements with Banks	18	31,788,028	110,763,033	-	-	-	-	-	-	142,551,061	142,551,061
Investment securities	19	-	-	-	35,743,720	-	-	-	-	35,743,720	35,743,720
Loans and advances	20	831,407	21,329,225	67,392,768	100,042,197	120,307,070	152,728,715	-	462,631,382	-	462,631,382
Other assets	24	61,810,858	-	-	-	1,309,171	-	-	-	61,810,858	61,810,858
		95,299,614	**132,293,228**	**67,392,768**	**135,785,917**	**121,616,241**	**152,728,715**	**-**	**462,832,352**	**240,974,960**	**703,807,312**
Borrowings	27	-	-	-	-	(29,068,443)	(259,074,821)	(140,913,880)	(429,057,144)	-	(429,057,144)
Debt security issued	28	-	-	-	-	(24,301,232)	-	-	-	(24,301,232)	(24,301,232)
Other liabilities	30	-	-	-	-	(13,101,910)	-	-	-	(13,101,910)	(13,101,910)
		-	**-**	**-**	**-**	**(66,471,585)**	**(259,074,821)**	**(140,913,880)**	**(429,057,144)**	**(37,403,142)**	**(466,460,286)**
Total interest re-pricing gap		**95,299,614**	**132,293,228**	**67,392,768**	**135,785,917**	**55,144,656**	**(106,346,106)**	**(140,913,880)**	**33,775,208**	**203,571,818**	**237,347,026**

31 December 2023		Re-pricing period									
In thousands of Naira	***Note***	**Up to 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 -5 years**	**5 -15 years**	**Over 15 years**	**Total amount sensitive to rate**	**Non rate sensitive**	**Carrying amount**
Cash and balances with banks	18	907,795	-	-	-	-	-	-	907,795	619,057	1,526,852
Placements with Banks	18	-	-	-	-	-	-	-	-	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	114,516,806	152,708,352	-	410,345,948	-	410,345,948
Other assets	24	-	-	-	-	-	-	-	-	87,173	87,173
		1,033,169	**65,816,868**	**31,625,823**	**64,798,480**	**114,516,806**	**152,708,352**	**-**	**430,499,497**	**84,391,990**	**514,891,487**
Borrowings	27	-	-	-	-	-	227,913,215	40,068,095	(267,981,310)	-	(267,981,310)
Debt security issued	28	-	-	-	-	(24,244,335)			(24,244,335)	-	(24,244,335)
Other liabilities	30	-	-	-	-	-			-	(2,667,421)	(2,667,421)
		-	**-**	**-**	**-**	**(24,244,335)**	**227,913,215**	**40,068,095**	**(292,225,645)**	**(2,667,421)**	**(294,893,066)**
Total interest re-pricing gap		**1,033,169**	**65,816,868**	**31,625,823**	**64,798,480**	**90,272,471**	**380,621,567**	**40,068,095**	**138,273,852**	**81,724,569**	**219,998,421**

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Group Interest sensitivity analysis - 31 December 2024
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

	Cashflow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(2,397,722)	2,397,722
6 months	(763,489)	763,489
12 months	(1,424,590)	1,424,590
	(4,585,801)	**4,585,801**

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)

	Cashflow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(675,196)	675,196
6 months	(322,413)	322,413
12 months	(630,074)	630,074
	(1,627,683)	**1,627,683**

Bank Interest sensitivity analysis - 31 December 2024
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

	Cashflow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(2,275,928)	2,275,928
6 months	(673,928)	673,928
12 months	(1,357,859)	1,357,859
	(4,307,715)	**4,307,715**

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)

	Cashflow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(668,500)	668,500
6 months	(316,258)	316,258
12 months	(647,985)	647,985
	(1,632,743)	**1,632,743**

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.

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Interest sensitivity analysis on P/L and Equity

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

	Group		Bank	
	'31 December 2024	31 December 2023	'31 December 2024	31 December 2023
100 basis point increase	825,670	526,398	775,662	510,706
100 basis point decrease	(825,670)	(526,398)	(775,662)	(510,706)
Amount after increase				
Pre-tax profit/(loss)	58,518,221	37,063,621	54,282,158	35,880,953
Shareholder's Equity	272,036,297	236,073,280	265,046,387	232,741,853
Amount after decrease				
Pre-tax profit/(loss)	56,866,880	36,010,825	52,730,834	34,859,541
Shareholder's Equity	270,384,957	235,020,485	263,495,063	539,135,573

The table above sets out the impact on 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 interest income while a parallel fall in yields by 100 basis points would lead to a decline in 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 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.

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.

During the financial year 2024, the Group received foreign currency funds from funding partners. Recognizing the inherent volatility of foreign exchange rates, which presents a risk to the value of these funds between receipt, utilization and repayment, the Group implemented a foreign exchange risk mitigation strategy. Specifically, the Group executed a foreign exchange swap agreement. This agreement involves the exchange of currency at a predetermined rate, with a subsequent reversal of this exchange at a future agreed-upon rate, effectively fixing the exchange rate. By utilizing this swap arrangement, the Group fully hedged its exposure to potential losses arising from currency fluctuations. Detailed information regarding this swap agreement is disclosed in Note 29 to the Financial Statements.

The table below summarises financial instruments at carrying amount, categorised by currency:

Financial instruments by currency
Group

In thousands of Naira	Total	Naira	USD	GBP	EURO
31 December 2024					
Cash and cash equivalents	144,963,887	144,250,160	707,503	6,224	-
Investment securities	98,300,053	98,300,053	-	-	-
Loans and advances	438,475,152	438,475,152	-	-	-
Other assets	61,073,959	61,073,959	-	-	-
	742,813,051	**742,099,324**	**707,503**	**6,224**	**-**
Borrowings	429,057,144	348,646,238	-	-	80,410,906
Debt security issued	24,301,232	24,301,232	-	-	-
Other liabilities	13,877,123	13,877,123	-	-	-
	467,235,499	**386,824,593**	**-**	**-**	**80,410,906**
Net Local Currency Exposure	**275,577,552**	**355,274,731**			
Net Foreign Currency Exposure			**707,503**	**6,224**	**(80,410,906)**

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Group

In thousands of Naira	**Total**	**Naira**	**USD**	**GBP**	**EURO**
31 December 2023					
Cash and cash equivalents	94,212,090	93,761,328	449,016	1,746	-
Investment securities	25,370,707	25,370,707	-	-	-
Loans and advances	410,345,948	410,345,948	-	-	-
Other assets	299,802	299,802	-	-	-
	530,228,547	**529,777,785**	**449,016**	**1,746**	**-**
Borrowings	267,981,310	267,981,310	-	-	-
Debt security issued	24,235,595	24,235,595	-	-	-
Other liabilities	3,040,509	3,040,509	-	-	-
	295,257,414	**295,257,414**	**-**	**-**	**-**
Net Local Currency Exposure	**234,971,133**	**234,520,371**			
Net Foreign Currency Exposure			**449,016**	**1,746**	**-**

Bank

In thousands of Naira	**Total**	**Naira**	**USD**	**GBP**	**EURO**
31 December 2024					
Cash and cash equivalents	143,621,352	142,907,625	707,503	6,224	-
Investment securities	35,743,720	35,743,720	-	-	-
Loans and advances	462,631,382	462,631,382	-	-	-
Other assets	60,501,687	60,501,687	-	-	-
	702,498,141	**701,784,414**	**707,503**	**6,224**	**-**
Borrowings	429,057,144	348,646,238	-	-	80,410,906
Debt security issued	24,301,232	24,301,232	-	-	-
Other liabilities	13,101,910	13,101,910	-	-	-
	466,460,286	**386,049,380**	**-**	**-**	**80,410,906**
Net Local Currency Exposure	**236,037,855**	**315,735,034**			
Net Foreign Currency Exposure			**707,503**	**6,224**	**(80,410,906)**

Bank

In thousands of Naira	**Total**	**Naira**	**USD**	**GBP**	**EURO**
31 December 2023					
Cash and cash equivalents	85,212,612	84,761,850	449,016	1,746	-
Investment securities	19,245,754	19,245,754	-	-	-
Loans and advances	410,345,948	410,345,948	-	-	-
Other assets	87,173	87,173	-	-	-
	514,891,487	**514,440,725**	**449,016**	**1,746**	**-**
Borrowings	267,981,310	267,981,310	-	-	-
Debt security issued	24,244,335	24,244,335	-	-	-
Other liabilities	2,667,421	2,667,421	-	-	-
	294,893,066	**294,893,066**	**-**	**-**	**-**
Net Local Currency Exposure	**219,998,421**	**219,547,659**			
Net Foreign Currency Exposure			**449,016**	**1,746**	**-**

Foreign exchange risk sensitivity analysis

The following table details the Group and Bank's sensitivity to a 10% increase and decrease in the US Dollars against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

'31 December 2024

	Group			Bank		
In thousand of naira	**Pound**	**Euro**	**Us Dollar**	**Pound**	**Euro**	**Us Dollar**
10% increase	622	(8,041,091)	70,750	622	(8,041,091)	70,750
10% decrease	(622)	8,041,091	(70,750)	(70,750)	8,041,091	(70,750)
Amount after increase						
Pre-tax profit/(loss)	57,693,173	49,651,460	57,763,301	53,507,118	45,465,405	53,577,246
Shareholder's Equity	271,210,005	279,251,718	271,139,877	264,271,347	256,229,634	264,341,475
Amount after decrease						
Pre-tax profit/(loss)	57,691,928	65,733,641	57,621,800	53,435,746	45,465,405	53,577,246
Shareholder's Equity	264,270,103	272,311,816	264,199,975	264,199,975	272,311,816	264,199,975

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 obligations 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 2024 **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**
Non-derivative asset:								
Cash and balances with banks	18b	1,381,877	1,381,877	1,381,877	-	-	-	-
Placements with banks	18b	143,582,010	146,485,226	38,258,654	108,226,572	-	-	-
Investment securities	19	98,300,053	161,146,443	-	11,574,456	11,332,388	47,259,489	90,980,110
Loans and advances	20	438,475,152	895,197,836	14,225,605	35,170,390	128,840,948	210,667,477	
Other assets	24	61,073,959	76,420,293	756,929	-	-	-	75,663,364
		742,813,051	**1,280,631,675**	**54,623,065**	**154,971,419**	**140,173,336**	**257,926,966**	**166,643,474**
Non-derivative liabilities:								
Borrowings	27	(429,057,144)	(805,053,165)	-	-	-	-	(805,053,165)
Debt security issued	28	(24,301,232)	(39,560,000)	-	-	-	-	(81,600,201)
Other liabilities	30	(13,877,123)	(13,877,123)	(12,186,766)	(1,537,625)	-	-	(152,732)
		(467,235,499)	**(858,490,288)**	**(12,186,766)**	**(1,537,625)**	**-**	**-**	**(886,806,099)**
Gap (asset - liabilities)		**275,577,552**	**422,141,387**	**42,436,299**	**153,433,794**	**140,173,336**	**257,926,966**	**(720,162,625)**
Cumulative liquidity gap				**42,436,299**	**195,870,093**	**336,043,429**	**593,970,395**	**(126,192,230)**

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**
Non-derivative asset:								
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	22	299,802	299,802	299,802	-	-	-	-
		530,228,547	**661,208,840**	**68,186,355**	**95,753,748**	**38,477,726**	**70,266,463**	**388,524,547**
Non-derivative liabilities:								
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	30	(3,040,509)	(3,040,509)	(1,498,255)	(1,395,129)	-	-	(147,125)
		(295,257,414)	**(370,086,895)**	**(3,154,255)**	**(1,395,129)**	**(17,879,641)**	**(16,140,549)**	**(331,517,321)**
Gap (asset - liabilities)		**234,971,133**	**291,121,944**	**65,032,100**	**94,358,619**	**20,598,085**	**54,125,914**	**57,007,226**
Cumulative liquidity gap				**65,032,100**	**159,390,720**	**179,988,805**	**234,114,719**	**291,121,944**

Bank

31 December 2024 **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**
Non-derivative asset:								
Cash and balances with banks	18b	1,070,291	1,070,291	1,070,291	-	-	-	-
Placements with banks	18b	142,551,061	145,428,593	38,258,654	107,169,939	-	-	-
Investment securities	19	35,743,720	42,396,877	-	-	412,388	41,984,489	-
Loans and advances	20	462,631,382	895,197,836	14,225,605	35,170,390	128,840,948	210,667,477	381,637,360
Other assets	24	60,501,687	75,835,359	88,611	-	-	-	75,746,748
		702,498,141	**1,159,928,956**	**53,643,161**	**142,340,329**	**129,253,336**	**252,651,966**	**457,384,108**
Non-derivative liabilities:								
Borrowings	27	(429,057,144)	(805,053,165)	-	-	-	-	(805,053,165)
Debt security issued	28	(24,301,232)	(39,560,000)	-	-	-	-	(39,560,000)
Other liabilities	30	(13,101,910)	(13,101,910)	(11,411,553)	(1,537,625)	-	-	(152,732)
		(466,460,286)	**(857,715,075)**	**(11,411,553)**	**(1,537,625)**	**-**	**-**	**(844,765,897)**
Gap (asset - liabilities)		**236,037,855**	**302,213,881**	**42,231,608**	**140,802,704**	**129,253,336**	**252,651,966**	**(387,381,789)**
Cumulative liquidity gap				**42,231,608**	**183,034,312**	**312,287,648**	**564,939,614**	**177,557,825**

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**
Non-derivative asset:								
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	-	-	-	-
		514,891,487	**639,451,633**	**63,609,051**	**89,965,396**	**37,827,726**	**66,412,099**	**381,637,360**
Non-derivative liabilities:								
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	30	(2,667,421)	(2,667,421)	(1,191,808)	(1,328,488)	-	-	(147,125)
		(294,893,066)	**(369,713,807)**	**(2,847,808)**	**(1,328,488)**	**(17,879,641)**	**(16,140,549)**	**(331,517,321)**
Gap (asset - liabilities)		**219,998,421**	**269,737,826**	**60,761,243**	**88,636,908**	**19,948,085**	**50,271,550**	**50,120,039**
Cumulative liquidity gap				**60,761,243**	**149,398,151**	**169,346,236**	**219,617,786**	**269,737,825**

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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.

In line with the requirement of section 1.6 of the Operational Risk Management Policy that the Policy should be revised every two (2) years, the Bank carried out a comprehensive review in a bid to ensure that the Policy aligns with current realities and international operational risk management standards (e.g. Basel Framework).

The scope of the engagement included a gap analysis of the Policy, documentation of internal losses and loss events taxonomy and categorizations as applicable to DBN in line with the Basel II Accord and Central Bank of Nigeria Standards.

The revised Policy has been updated with the following amongst others:
- Introduction of new controls to some processes/activities within different departments in the Bank that could pose operational risks e.g. New Product Assessment Matrix, Loss Event Database, etc.
- Additional documentation to enhance the risk management practices e.g. standard policy requirements, document classification, policies to be read along with the ORM policy, definitions of addition terms used in ORM Policy, cascading of risk appetite to other Units, sound practice for the management and supervision of operational risk – 11 Principles etc.
- Introduction of a database to collate loss events/incidents, which would be used in the computation of capital charge for operational risk when the bank advances to the standardized approach (TSA) or Advance measurement Approach (AMA).

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 signigicant 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.

Embeded 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).

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 FY2025: Building on the momentum of its strategic cycle, Development Bank of Nigeria will intensify efforts in 2025 to deepen its impact, strengthen financial sustainability, and drive inclusive economic growth. The Bank remains committed to expanding access to finance for underserved MSMEs, with a continued emphasis on women-owned businesses, youth entrepreneurs, and enterprises in underdeveloped regions.

In 2025, DBN will enhance its sectoral focus, identifying and supporting high-impact industries that drive job creation, innovation, and economic resilience. The Bank will also advance its green and climate finance agenda, leveraging its recent GCF accreditation to further embed sustainability in its operations and position itself as Nigeria’s leading Green Development Finance Institution.

Furthermore, DBN will scale its advocacy and policy engagements, fostering stronger collaboration with government agencies, financial institutions, and international development partners to create an enabling environment for MSMEs. The Bank will also mobilize additional capital, leveraging blended finance structures and strategic partnerships to unlock new funding sources that drive sustainable growth.

With a steadfast commitment to financial inclusion, sustainability, and institutional excellence, DBN will continue to evolve as a catalyst for economic transformation in Nigeria

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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 61.23% as at 31 December 2024 (31 December 2023: 62.58%), 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 Bank capital levels and risk-weighted assets (RWA):

In thousands of Naira	***Note***	**31 December 2024**	**31 December 2023**
Tier 1 capital			
Ordinary share capital	31(a)	100,000	100,000
Share premium	31(b)	99,762,570	99,762,570
Retained earnings	31(c)	103,484,353	83,414,867
Statutory reserve	31(d)	51,507,930	40,915,056
Tier 1 Capital Before Regulatory Deduction		**254,854,853**	**224,192,493**
Less:			
Intangible assets	23	(147,747)	(228,962)
Deferred tax assets	17(b)	(221,341)	(311,536)
Investment in subsidiary - 50%	21	(15,932,500)	(5,837,716)
Eligible Tier 1 Capital		**238,553,265**	**217,814,279**
Tier 2 Capital Before Regulatory Deduction			
Tier 2 Capital (restricted to 1/3 of Tier 1 Capital)		84,828,588	74,550,665
Less:			
Investment in subsidiary - 50%		(15,932,500)	(5,837,716)
Eligible Tier 2 Capital		**68,896,088**	**68,712,949**
Total Eligible Capital		**307,449,353**	**286,527,227**
Risk-weighted assets			
Risk-weighted Amount for Credit Risk		414,101,231	393,497,540
Risk-weighted Amount for Operational Risk		88,015,519	64,361,066
Risk-weighted Amount for Market Risk		-	-
Total weighted risk assets		**502,116,750**	**457,858,606**
Capital ratios			
Risk weighted Capital Adequacy Ratio (CAR)		61.23%	62.58%

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Operational Risk Capital Charge computation used for Capital Adequacy Ratio calculation
Gross Income Calculation for Basic Indicator Approach

In thousands of Naira

Particulars	Year -1	Year -2	Year -3
Interest Income	46,999,580	51,070,612	77,566,191
Interest Expenses	(11,215,724)	(12,261,436)	(13,958,939)
Net Interest Income	**35,783,856**	**38,809,176**	**63,607,252**
Fees and Commission Income	-	-	-
Fees and Commission Expenses	(9,202)	(6,252)	(20,467)
Net Fees and Commission Income	**(9,202)**	**(6,252)**	**(20,467)**
Any other operating income	552,497	1,375,711	732,259
Total net non-interest income	**543,295**	**1,369,459**	**711,792**
Total Gross Income	**36,327,151**	**40,178,635**	**64,319,044**
Capital Charge for Operational Risk (Average of Year 1-3 Total Gross Income)*15%			7,041,242
Operational Risk Calibrated Risk-weighted Amount using Basic Indicator Approach			**88,015,519**

As shown above, DBN currently has a capital adequacy ratio of 61.23% (2023: 62.58%), 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 2024, 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

Group	***Note***	**Level 1**	**Level 2**	**Level 3**	**Total Fair Values**	**Total carrying amount**
31 December 2024		₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cash and cash equivalents	18	-	-	-	-	144,963,887
Investment securities	19	89,811,924	-	-	89,811,924	98,300,053
Loans and advances at amortised costs	20	-	438,475,152	-	438,475,152	438,475,152
Other financial assets	24	-	-	-	-	61,073,959
		89,811,924	438,475,152	-	528,287,076	742,813,051
Provision for guarantee	26	-	566,228	-	566,228	566,228
Borrowings	27	-	429,057,144	-	429,057,144	429,057,144
Debt securities issued	28	-	24,301,232	-	24,301,232	24,301,232
Derivative Liabilities	29	-	-	651,178	651,178	651,178
Other financial liabilities	30	-	-	-	-	13,877,123
		-	453,924,604	651,178	454,575,782	468,452,905

Group	***Note***	**Level 1**	**Level 2**	**Level 3**	**Total Fair Values**	**Total carrying 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 at amortised costs	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	30	-	3,040,509	0	3,040,509	3,040,509
		-	295,632,363	-	295,632,363	295,632,363

Bank	***Note***	**Level 1**	**Level 2**	**Level 3**	**Total Fair Values**	**Total carrying amount**
31 December 2024		₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Cash and cash equivalents	18	-	-	-	-	143,621,352
Investment securities	19	30,085,002	-	-	30,085,002	35,743,720
Loans and advances at amortised costs	20	-	462,631,382	-	462,631,382	462,631,382
Other financial assets	24	-	-	-	-	60,501,687
		30,085,002	462,631,382	-	492,716,384	702,498,141
Borrowings	27	-	429,057,144	-	429,057,144	429,057,144
Debt securities issued	28	-	24,301,232	-	24,301,232	24,301,232
Derivative Liabilities	29	-	-	651,178	651,178	651,178
Other financial liabilities	30	-	-	-	-	13,101,910
		-	453,358,376	651,178	454,009,554	467,111,464

Bank		**Level 1**	**Level 2**	**Level 3**	**Total Fair Values**	**Total carrying 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 at amortised costs	20	-	410,345,948	-	410,345,948	410,345,948
Other financial assets	24	-	87,173	-	87,173	87,173
		10,434,009	504,999,403	-	515,433,412	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	30	-	2,667,421	-	2,667,421	2,667,421
		-	294,893,066	-	294,893,066	294,893,066

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.

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8 Interest income calculated using the effective interest method

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Placements with banks	18a	16,463,538	13,465,970	15,266,802	12,382,912
Investment in Treasury bills	19a	6,528,957	581,835	3,807,279	481,585
Investment in Commercial papers	19a	-	80,310	-	-
Investment in Debt notes	19a	-	-	-	358,596
Investment in Government bonds	19a	2,152,491	664,128	-	-
Loans and advances to Participating Financial Institutions (PFIs)	20a	57,422,034	37,847,519	58,492,110	37,847,519
		82,567,020	**52,639,762**	**77,566,191**	**51,070,612**

9 Interest expense

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Borrowings (See (i) below)	27a	10,552,186	10,568,478	10,552,186	10,568,478
Provision IDB (Interest Draw-Back) Expense (See (ii) below)	30ii	31,460	63,832	31,460	63,832
Lease expense	32c(iv)	5,606	61,776	5,606	61,776
Debt Securities Issued	28a	3,369,687	1,582,684	3,369,687	1,567,350
		13,958,939	**12,276,770**	**13,958,939**	**12,261,436**

(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 loss/(writeback) on financial assets

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Loans and Advances to customers	20(b)	574,003	(2,611,398)	640,092	(2,611,398)
Other financial assets					
Cash and cash equivalents	18c	316,216	(16,780)	397,856	(67,067)
Investment securities	19b	(121,689)	92,505	(142,283)	67,241
Other financial receivables	24a	79,988	7,710	-	-
		517,893	83,435	540,139	174
		1,091,896	**(2,527,963)**	**1,180,231**	**(2,611,224)**

11 Guarantee Income

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Upfront fee		522,012	499,078	-	-
Guarantee fee		370,576	399,289	-	-
		892,588	**898,367**	**-**	**-**

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. As at 31 December 2024, total Upfront fee amounted to N522million (31 December 2023: N499.1million). Guarantee fee represents a premium that is earned over the tenor of the guarantee. As at 31 December 2024, total Guarantee fee amounted to N370.6million (31 December 2023: N399.3million).

12 Other income

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Foreign exchange gains		148,550	441,077	257,172	441,077
Fair value loss on derivatives		(651,178)	-	(651,178)	-
Other sundry income (See (i) below)		1,074,935	835,280	967,108	822,221
Income from subsidiary - shared services (See (ii) below)		-	-	159,157	112,413
		572,307	**1,276,357**	**732,259**	**1,375,711**

(i) Included in other sundry income is grant income earned by 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 N159m for the year ended 31 December 2024 (31 December 2023: N112.41m). The amount has however been eliminated at the group level.

13 Fees and commission & Guarantee expenses

a Fees and commission expense

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2024
Custodian fees on treasury bills		39,373	10,874	20,467	6,252
		39,373	**10,874**	**20,467**	**6,252**

b Guarantee expenses

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2024
Guarantee fees	26	575,857	537,405	-	-
		575,857	**537,405**	**-**	**-**

14 Personnel expenses

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Wages and salaries	2,721,570	2,022,677	2,455,228	1,799,973
Pension contribution	135,979	100,439	122,839	89,836
Performance bonus	1,504,054	1,077,398	1,311,489	1,030,019
Other allowances	4,862	13,121	-	-
	4,366,465	**3,213,635**	**3,889,556**	**2,919,828**

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i The number of employees in employment as at:

	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Executive Management	3	3	2	2
Senior Management	12	13	11	12
Middle Management	16	15	14	13
Officer	41	32	35	26
	72	**63**	**62**	**53**

ii Employees whose duties were wholly or mainly discharged in Nigeria, received remuneration in the following ranges:

	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
N1,000,001 - N 3,000,000	-	1	-	1
N3,000,001 - N 6,000,000	2	15	2	14
N6,000,001 - N 9,000,000	18	8	15	5
N9,000,001 - N 15,000,000	11	12	9	9
N15,000,001 and above	41	27	36	24
	72	**63**	**62**	**53**

iii The remuneration paid to directors are as follows:

	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Fees as director	195,936	226,080	160,936	191,080
Sitting Allowances	84,300	117,200	69,200	105,500
Other Directors' emolument	1,114,226	760,728	993,916	661,117
	1,394,462	**1,104,008**	**1,224,052**	**957,697**
Highest paid director	**366,182**	**206,290**	**245,873**	**206,290**
Fees and other emoluments disclosed above include amounts paid to:				
Chairman	**20,668**	**47,300**	**5,568**	**33,100**

15 Depreciation and amortization

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Amortization of intangibles	23	109,479	103,621	108,629	97,649
Depreciation of property and equipment	22	534,076	384,573	505,194	354,907
		643,555	**488,194**	**613,823**	**452,556**

16 General and administrative expenses

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Business promotion and advertisement	254,834	300,779	254,834	300,779
Donations	69,950	43,501	69,150	43,201
Legal and secretarial fees	15,187	5,082	14,918	3,673
Electricity expenses	122,345	48,545	122,345	48,545
Audit fees	52,375	39,753	37,625	31,500
Professional services (See note(i) below)	686,731	543,917	655,802	520,743
Board expenses	824,494	403,914	670,729	348,558
Newspapers and periodicals	22,920	15,606	22,725	15,606
Corporate subscriptions	137,825	31,471	137,274	31,203
Office consumables	63,044	20,494	54,848	20,494
Staff welfare	74,083	43,233	64,779	43,233
Project Implementation unit (PIU) related expense	-	787,761	-	787,761
Insurance Expenses	242,809	142,961	219,571	129,434
Maintenance	78,341	44,457	71,598	40,354
Stationery, IT and Communication expenses	675,679	332,853	588,917	305,025
Travels and Hotels	444,586	305,354	393,470	285,271
Recruitment & Training, Subscription and Contract cost	1,084,476	522,081	1,071,583	520,963
Director Emolument and expenses	603,424	542,482	553,324	495,782
Bank Charges	38,616	15,184	15,494	13,839
Other expenses	171,560	88,920	109,952	61,264
	5,663,297	**4,278,348**	**5,128,938**	**4,047,228**

(i) Included in professional fees is ₦25.3 million relating to non-audit services rendered by KPMG Professional Services (2023: ₦11.5 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.
- Certification of assessment of the effectiveness of Internal Control over Financial Reporting (ICFR)

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17 Taxation

(a) Tax Expense

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
ii *Current Tax*					
Company Income Tax		16,484,189	9,837,740	15,823,827	9,647,391
Tertiary Education Tax		1,678,177	1,000,279	1,611,388	979,648
NITDA Levy		576,266	365,851	535,066	354,050
Nigerian Police Trust Fund levy		2,881	1,781	2,675	1,770
NASENI Levy		133,766	88,513	133,766	88,513
	17(c)	**18,875,279**	**11,294,164**	**18,106,722**	**11,071,372**
iii *Deferred Tax*					
Deferred Tax due to reversing timing difference (see (b))		(11,080)	785,942	90,195	828,935
		18,864,199	**12,080,106**	**18,196,917**	**11,900,307**
Total income tax expense		**18,864,199**	**12,080,106**	**18,196,917**	**11,900,307**

Reconciliation of effective tax rate - Group *In thousands of Naira*		31 December 2024		31 December 2023
Profit before tax		57,692,551		36,537,223
Income tax using the domestic corporation tax rate @ 30%	30%	17,307,765	30%	10,961,167
Tax effect of:				
Non-deductible expenses	0.8%	445,205	0.9%	286,983
Tax exempt income	(1.7)%	(970,041)	(2.9)%	(458,536)
Tax deuctible expenses	0.0%	(12,360)	0.0%	-
Information technology tax levy	1.0%	576,266	1.0%	365,851
Education tax	2.9%	1,678,168	2.3%	1,000,279
NASENI Levy	0.2%	133,766	0.2%	88,513
Tax incentive	(0.2)%	(125,194)	(0.7)%	(164,344)
Changes in estimates relating to prior years	-0.3%	(172,256)	0.0%	(1,589)
Nigerian Police Trust Fund levy	0.0%	2,880	0.0%	1,781
Total income tax expense	**33%**	**18,864,199**	**31%**	**12,080,106**

Reconciliation of effective tax rate - Bank *In thousands of Naira*		31 December 2024		31 December 2023
Profit before tax		53,506,496		35,370,247
Income tax using the domestic corporation tax rate @ 30%	30%	16,051,949	30%	10,611,074
Tax effect of:				
Non-deductible expenses	0.8%	443,057	0.8%	274,212
Tax exempt income	(0.5)%	(290,958)	(2.8)%	(259,874)
Information technology tax levy	1.0%	535,066	1.0%	354,050
Education tax	3.0%	1,611,388	2.3%	979,648
NASENI Levy	0.2%	133,766	0.2%	88,513
Tax incentive	(0.2)%	(119,596)	(0.5)%	(149,086)
Nigerian Police Trust Fund levy	0.0%	2,675	0.0%	1,770
Changes in estimates relating to prior years	-0.3%	(170,430)	0.0%	-
Total income tax expense	**34%**	**18,196,917**	**31%**	**11,900,307**

(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 2024 (31 December 2023: Nil)

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Property and equipment	(261,861)	(173,594)	(253,516)	(162,177)
Intangibles	(24,360)	(48,724)	(24,360)	(48,724)
ECL allowance	1,012,074	286,057	793,861	166,046
Provisions and Leases	50,401	501,946	50,401	501,946
Unrealised foreign exchange difference	(345,045)	(145,555)	(345,045)	(145,555)
	431,209	**420,130**	**221,341**	**311,536**

The movement in the deferred tax asset during the year was as follows:

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year	**420,130**	**1,206,072**	**311,536**	**1,140,471**
Recognized in profit or loss:				
Property and equipment	(88,266)	(66,818)	(91,339)	(62,415)
Intangible	24,364	(48,724)	24,364	(48,724)
ECL allowance	726,017	(1,032,151)	627,815	(1,079,547)
Provisions and Leases	(451,545)	501,946	(451,545)	501,946
Unrealized foreign exchange difference	(199,491)	(140,195)	(199,490)	(140,195)
Total amount recognised in profit or loss	**11,079**	**(785,942)**	**(90,195)**	**(828,936)**
Balance, end of the year	**431,209**	**420,130**	**221,341**	**311,536**

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(c) Current income tax liability *In thousands of Naira*		**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Balance, beginning of the year		12,353,214	11,754,184	12,128,833	11,575,456
Charge for the year:					
Current tax	17(a)	18,875,279	11,294,164	18,106,722	11,071,372
Withholding tax credit note utilised		(107,826)	(1,129,508)	-	(1,074,803)
Tax paid		(12,073,108)	(9,565,626)	(11,958,379)	(9,443,192)
		19,047,559	**12,353,214**	**18,277,176**	**12,128,833**

(d) WindFall Levy

The Federal Government of Nigeria enacted the windfall levy effective 8 August 2024 to charge a 70% tax on realised profit on foreign exchange gain on all banks licensed to trade in foreign currency in Nigeria for the years 2023 to 2025, to be assessed and collected by the Federal Inland Revenue Service (FIRS). During the year, the Bank had no profit from realised foreign exchange gain and thus was not liable to windfall levy.

18 Cash and cash equivalents ***In thousands of Naira***	***Note***	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Current Account Balance with Central Bank of Nigeria (i)		196,606	167,578	196,606	167,578
Other current account balances with Central Bank of Nigeria (ii)		4,364	10,402	4,364	10,402
Current account balances with local banks		924,530	1,051,618	612,149	907,795
Effect of exchange rate fluctuations		256,377	441,077	257,172	441,077
		1,381,877	**1,670,675**	**1,070,291**	**1,526,852**
Placements with local banks (iii)		144,249,054	92,892,243	143,213,146	83,949,989
Cash and cash equivalents in the statement of cash flows		**145,630,931**	**94,562,918**	**144,283,437**	**85,476,841**
Less: Allowance for impairment (*see note c below*)	**32a(vi)**	(667,044)	(350,828)	(662,085)	(264,229)
Cash and cash equivalents in the statement of financial position		**144,963,887**	**94,212,090**	**143,621,352**	**85,212,612**

(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 2024 under this policy is N57m (2023: N45m). See details of the death-in-service policy in note 4.14

a Movement in Placements with local banks ***In thousands of Naira***	***Note***	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Opening		92,892,243	138,313,845	83,949,989	130,772,796
Purchase of placements with local banks		900,443,570	65,357,989	858,002,064	19,716,219
Interest Income earned on placements with local banks	8	16,463,538	13,465,970	15,266,802	12,382,912
Proceeds from matured placements with local banks		(851,617,451)	(112,483,597)	(801,162,017)	(67,368,542)
Interest received		(13,932,846)	(11,761,964)	(12,843,692)	(11,553,396)
Closing		**144,249,054**	**92,892,243**	**143,213,146**	**83,949,989**

b The breakdown of the carrying amount of Cash and cash equivalents for Group and Bank is as follows:

Group

31 December 2024	**Gross amount**	**Impairment**	**Carrying amount**
Current account balances with Central Bank of Nigeria	196,606	-	196,606
Other current account balances with Central Bank of Nigeria	4,364	-	4,364
Current account balances with local banks	924,530	-	924,530
Effect of exchange rate fluctuations	256,377	-	256,377
Total cash and balances with banks	**1,381,877**	**-**	**1,381,877**
Placements with local banks	144,249,054	(667,044)	143,582,010
Cash and cash equivalents	**145,630,931**	**(667,044)**	**144,963,887**

31 December 2023	**Gross amount**	**Impairment**	**Carrying amount**
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	1,051,618	-	1,051,618
Effect of exchange rate fluctuations	441,077		441,077
Total cash and balances with banks	**1,670,675**	-	1,670,675
Placements with local banks	92,892,243	(350,828)	92,541,415
Cash and cash equivalents	**94,562,918**	**(350,828)**	**94,212,090**

Bank

31 December 2024	**Gross amount**	**Impairment**	**Carrying amount**
Current account balances with Central Bank of Nigeria	196,606	-	196,606
Other current account balances with Central Bank of Nigeria	4,364	-	4,364
Current account balances with local banks	612,149	-	612,149
Effect of exchange rate fluctuations	257,172	-	257,172
Total cash and balances with banks	**1,070,291**	**-**	**1,070,291**
Placements with local banks	143,213,146	(662,085)	142,551,061
Cash and cash equivalents	**144,283,437**	**(662,085)**	**143,621,352**

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31 December 2023	Gross amount	Impairment	Carrying amount
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	907,795	-	907,795
Effect of exchange rate fluctuations	441,077		441,077
Total cash and balances with banks	**1,526,852**	**-**	**1,526,852**
Placements with local banks	83,949,989	(264,229)	83,685,760
Cash and cash equivalents	**85,476,841**	**(264,229)**	**85,212,612**

c Movement in allowances for impairment

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance at 1 January	350,828	367,608	264,230	331,297
Charge/(Writeback) for the year (see note 10)	316,216	(16,780)	397,855	(67,067)
Closing balance	**667,044**	**350,828**	**662,085**	**264,230**

19 Investment securities at amortized cost

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Investments in Debt notes	-	-	-	4,893,582
Investments in commerial paper	-	1,744,197	-	-
Investments in treasury bills	56,709,496	16,432,359	35,759,231	14,419,413
Investment in government Bonds	41,631,262	7,307,181	-	-
	98,340,758	**25,483,737**	**35,759,231**	**19,312,995**
Less: Allowance for impairment (see (b))	(40,705)	(113,030)	(15,511)	(67,241)
	98,300,053	**25,370,707**	**35,743,720**	**19,245,754**

a Movement in Investment securities

Group *In thousands of naira*	*Note*	Debt Notes	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
31 December 2024						
Opening balance		-	1,744,197	16,432,359	7,307,181	25,483,737
Additional investment during the year		-	-	50,273,702	35,581,078	85,854,780
Interest income on Investment securities	8	-	-	6,528,957	2,152,491	8,681,448
Interest received on Investment securities		-	(133,303)	(1,774,000)	(2,909,488)	(4,816,791)
Disposed/matured of investment securities		-	(1,610,894)	(14,751,522)	(500,000)	(16,862,416)
Closing balance		**-**	**-**	**56,709,496**	**41,631,262**	**98,340,758**

Group *In thousands of naira*	*Note*	Debt Notes	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
31 December 2023						
Opening balance		-	-	-	6,445,032	25,483,737
Additional investment during the year		-	1,975,417	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)	-	-	(19,350,234)
Closing balance		**-**	**1,744,197**	**16,432,359**	**7,307,181**	**25,483,737**

Bank *In thousands of naira*	*Note*	Debt Notes	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
31 December 2024						
Opening balance		4,893,582	-	14,419,413	-	19,312,995
Additional investment during the year			-	31,951,952	-	31,951,952
Interest income on Investment securities	8		-	3,807,279	-	3,807,279
Interest received on Investment securities			-	(1,580,587)	-	(1,580,587)
Disposed/matured of investment securities		(4,893,582)	-	(12,838,826)	-	(17,732,408)
Closing balance		**-**	**-**	**35,759,231**	**-**	**35,759,231**

Bank *In thousands of naira*	*Note*	Debt Notes	Commercial Papers	Treasury bills	Federal Government of Nigeria Bonds	Total
31 December 2023						
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)
Closing balance		**4,893,582**	**-**	**14,419,413**	**-**	**19,312,995**

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b Movement in allowances for impairment

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance at 1 January	113,030	20,525	67,241	-
(Writeback)/Charge for the year (see note 10)	(72,325)	92,505	(51,730)	67,241
Closing balance	**40,705**	**113,030**	**15,511**	**67,241**

20 Loans and advances at amortised cost

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Loans and advances at amortised cost		439,220,855	410,517,648	463,443,174	410,517,648
Less: Allowance for impairment (see (b))		(745,703)	(171,700)	(811,792)	(171,700)
		438,475,152	**410,345,948**	**462,631,382**	**410,345,948**

The carrying value of the loans and advances approximate the fair value of the loans

a Movement in Loans and advances at amortised cost

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
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
Opening		410,345,948	369,402,568	410,345,948	369,402,568
Impairment charge during the year	10	(574,003)	2,611,398	(640,092)	2,611,398
Loans disbursed		274,530,653	153,627,698	298,752,971	153,627,698
Interest income on loans	8	57,422,034	37,847,519	58,492,110	37,847,519
Loan principal payments received		(247,690,765)	(115,845,167)	(247,690,764)	(115,845,167)
Interest received		(55,558,715)	(37,298,068)	(56,628,791)	(37,298,068)
Closing		**438,475,152**	**410,345,948**	**462,631,382**	**410,345,948**
Principal		431,557,389	404,717,501	455,779,708	404,717,501
Impairment		(745,703)	(171,700)	(811,792)	(171,700)
Interest		7,663,466	5,800,147	7,663,466	5,800,147
Closing - Loans and advances at amortised cost		**438,475,152**	**410,345,948**	**462,631,382**	**410,345,948**

b Movement in allowances for impairment

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance at 1 January	171,700	2,783,098	171,700	2,783,098
Charge/(Writeback) for the year (see note 10)	574,003	(2,611,398)	640,092	(2,611,398)
Closing balance	**745,703**	**171,700**	**811,792**	**171,700**

c Impairment allowance reconciliation between IFRS 9 and CBN prudential guideline General Loan Loss Provision (GLLP)

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Impairment provision as per IFRS 9 Expected Credit Loss	811,792	171,700	811,792	171,700
Regulatory risk reserve as at 31 December 2024	8,038,653	4,660,615	8,038,653	4,660,615
	8,850,445	**4,832,315**	**8,850,445**	**4,832,315**
Impairment provision as per GLLP	(10,227,664)	(8,210,353)	(10,227,664)	(8,210,353)
Excess IFRS 9 ECL over GLLP (additional transfer)/written back (See note 31e)	**(1,377,219)**	**(3,378,038)**	**(1,377,219)**	**(3,378,038)**

21 Investment in Subsidiary

a Subsidiaries

In thousands of Naira	*Note*	% Holding	31 December 2024 Cost	Impairment	Carrying Value
Impact Credit Guarantee Limited		100	31,865,000	-	31,865,000
		100	**31,865,000**	**-**	**31,865,000**

In thousands of Naira	*Note*	% Holding	31 December 2023 Cost	Impairment	Carrying Value
Impact Credit Guarantee Limited		100	11,675,431	-	11,675,431
		100	**11,675,431**	**-**	**11,675,431**

b Movement in gross investment in subsidiary

In thousands of Naira	BANK 31 December 2024	BANK 31 December 2023
Balance as at the beginning of the year	11,675,431	11,375,000
Additions	20,189,569	300,431
Balance as at end of year	**31,865,000**	**11,675,431**

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 Idejo Street, Victoria Island, Lagos.

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22 Property and equipment

Group *In thousands of naira*	*Note*	**Motor Vehicles**	**Office Equipment**	**Computer Equipment**	**Furniture & Fittings**	**Leasehold improvement**	**Right of Use Assets (ROU)**	**Work in Progress**	**Total**
Cost									
Balance as at 1 January 2024		1,401,931	116,441	406,654	91,687	106,948	487,722	10,692,407	13,303,790
Additions during the year		159,217	66,178	80,939	19,291	32,713	129,400	1,969,700	2,457,438
Disposals		(51,784)	(72)	(15,844)	-	-	-	-	(67,700)
Balance as at 31 December 2024		1,509,364	182,547	471,749	110,978	139,661	617,122	12,662,107	15,693,528
Accumulated Depreciation									
Balance as at 1 January 2024		564,253	100,916	284,095	80,759	106,066	205,985	-	1,342,074
Charge for the year	15	269,820	15,135	88,893	8,104	8,871	143,253	-	534,076
Disposals		(28,114)	(72)	(15,844)	-	-	-	-	(44,030)
Balance as at 31 December 2024		805,959	115,979	357,144	88,863	114,937	349,238	-	1,832,120
Carrying amounts									
Carrying amount as at 1 January 2024		**837,678**	**15,525**	**122,559**	**10,928**	**882**	**281,737**	**10,692,407**	**11,961,716**
Carrying amount as at 31 December 2024		**703,405**	**66,568**	**114,605**	**22,115**	**24,724**	**267,884**	**12,662,107**	**13,861,408**

In thousands of naira	*Note*	**Motor Vehicles**	**Office Equipment**	**Computer Equipment**	**Furniture & Fittings**	**Leasehold improvement**	**Right of Use Assets (ROU)**	**Work in Progress**	**Total**
Cost									
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
Accumulated Depreciation									
Balance as at 1 January 2023		514,801	87,431	212,969	68,605	105,937	276,262	-	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
Carrying amount as at 1 January 2023		**626,803**	**23,953**	**151,851**	**21,792**	**-**	**62,167**	**1,548,012**	**2,434,577**
Carrying amount as at 31 December 2023		**837,678**	**15,525**	**122,559**	**10,928**	**882**	**281,737**	**10,692,407**	**11,961,716**

i There were no impairment losses on any class of property and equipment during the year. (31 December 2023: Nil)
ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2023: 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 2023: Nil)
iv There were no capital commitments as at year end. (31 December 2023: Nil)
v The Right of Use (ROU) asset relates to the DBN's lease of its Abuja and Lagos offices

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Bank *In thousands of naira*	*Note*	**Motor Vehicles**	**Office Equipment**	**Computer Equipment**	**Furniture & Fittings**	**Leasehold improvement**	**Right of Use Assets (ROU)**	**Work in Progress**	**Total**
Cost									
Balance as at 1 January 2024		1,295,381	113,508	391,788	91,206	106,948	487,722	10,692,408	13,178,960
Additions during the year		153,000	66,178	80,755	18,377	32,713	129,400	1,969,700	2,450,123
Disposals		(51,784)	(72)	(15,843)	-	-	-	-	(67,699)
Balance as at 31 December 2024		1,396,597	179,614	456,700	109,583	139,661	617,122	12,662,108	15,561,384
Accumulated Depreciation									
Balance as at 1 January 2024		526,862	99,052	272,278	80,372	106,066	205,985	-	1,290,615
Charge for the year	15	244,233	14,641	86,209	7,987	8,871	143,253	-	505,194
Disposals		(28,113)	(72)	(15,844)	-	-	-	-	(44,029)
Balance as at 31 December 2024		742,982	113,621	342,643	88,359	114,937	349,238	-	1,751,780
Carrying amounts									
Carrying amount as at 1 January 2024		**768,519**	**14,456**	**119,510**	**10,834**	**882**	**281,737**	**10,692,408**	**11,888,345**
Carrying amount as at 31 December 2024		**653,615**	**65,993**	**114,057**	**21,224**	**24,724**	**267,884**	**12,662,108**	**13,809,604**

In thousands of naira	*Note*	**Motor Vehicles**	**Office Equipment**	**Computer Equipment**	**Furniture & Fittings**	**Leasehold improvement**	**Right of Use Assets (ROU)**	**Work in Progress**	**Total**
Cost									
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)
Balance as at 31 December 2023		1,295,381	113,508	391,788	91,206	106,948	487,722	10,692,408	13,178,960
Accumulated Depreciation									
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)
Balance as at 31 December 2023		526,862	99,052	272,278	80,372	106,066	205,985	0	1,290,615
Carrying amount as at 1 January 2023		**602,463**	**22,950**	**144,826**	**21,602**	**(0)**	**62,166**	**1,548,012**	**2,402,019**
Carrying amount as at 31 December 2023		**768,519**	**14,456**	**119,510**	**10,834**	**882**	**281,737**	**10,692,408**	**11,888,346**

i There were no impairment losses on any class of property and equipment during the year. (31 December 2023: Nil)
ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2023: 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 2023: Nil)
iv There were no capital commitments as at year end. (31 December 2023: Nil)
v The Right of Use (ROU) asset relates to the DBN's lease of its Abuja and Lagos offices.

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23 Intangible Assets

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Cost					
Opening Balance		525,944	432,982	505,339	412,377
Additions		27,414	92,962	27,414	92,962
Closing Balance		**553,358**	**525,944**	**532,753**	**505,339**
Amortization					
Opening Balance		296,091	192,470	276,377	178,728
Charge during the year	15	109,479	103,621	108,629	97,649
Closing balance		**405,570**	**296,091**	**385,006**	**276,377**
Carrying amount (Opening)		**229,853**	**240,511**	**228,962**	**233,650**
Carrying amount (Closing)		**147,788**	**229,853**	**147,747**	**228,962**

Intangible assets include software and licences

i There were no impairment losses on intangible assets during the year (31 December 2023: Nil)
ii There were no capitalized borrowing cost related to acquisition of intangible assets during the year. (31 December 2023: Nil)
iii There were no liens or encumbrances on intangible assets as at the year end (31 December 2023: 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 2023: Nil)

24 Other assets

In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Financial assets					
Cash Advances		3,742	23,098	3,742	23,098
Guarantee Fee Receivables (see note (i))		643,535	282,685	-	-
Receivable from ICGL (see note (ii))		-	-	84,869	58,413
Other Receivables (see note (iii))		60,522,729	10,078	60,413,076	5,662
Less: Impairment on other financial asset (see note (a))		(96,047)	(16,059)	-	-
		61,073,959	**299,802**	**60,501,687**	**87,173**
Non-financial assets					
Prepaid expenses		154,847	222,737	142,310	65,771
WHT receivables (see note (iv))		1,697,566	900,206	1,309,171	584,747
		1,852,413	**1,122,943**	**1,451,481**	**650,518**
Total		**62,926,372**	**1,422,745**	**61,953,168**	**737,691**

(i) Guarantee fee receivables relates to guarantee fee income for which payments have not been received during the year.
(ii) Receivable from ICGL relates to shared service cost due from the Bank's subsidary as at report date.
(iii) Other receivable relates to cash receivable from CBN on borrowings from KFW and AFD during the year. The amount has however been eliminated at the group level.
(iv) 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.

a Movement in allowances for impairment

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance at 1 January	16,059	8,349	-	-
Charge for the year (see note 10)	79,988	7,710	-	-
Closing balance	**96,047**	**16,059**	**-**	**-**

25 Employee benefit obligation

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Defined pension contribution				
Opening balance	1,658	1,793	-	-
Additions during the year	389,181	100,438	122,839	89,836
Payments	(388,818)	(100,573)	(122,839)	(89,836)
Balance, end of the year	**2,021**	**1,658**	**-**	**-**

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26 Provision for guarantee

In thousands of Naira	Note	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Deferred Guarantee Income					
Balance, beginning of the year		154,131	166,047	-	-
Net movement during the year		69,610	(11,916)	-	-
Balance, end of the year		**223,741**	**154,131**	**-**	**-**
ECL Allowance on financial guarantee					
Balance, beginning of the year		220,818	158,460	-	-
Guarantee expense for the year	13b	575,857	537,405	-	-
Claims incurred during the year		(454,188)	(475,047)	-	-
Balance, end of the year		**342,487**	**220,818**	**-**	**-**
Total		**566,228**	**374,949**	**-**	**-**

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 2024. There was a total claim of N454 million incurred during the year ended 31 December 2024 (31 December 2023: N475 million).

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 2024 (31 December 2023: 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:

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
KfW German Development Bank/CBN (see note (i))	20,493,764	-	20,493,764	-
KFW Green loan borrowing (see note (ii))	20,138,227	-	20,138,227	-
AFD Women borrowing (see note (iii))	39,778,915	-	39,778,915	-
International bank for reconstruction and development (IBRD) LPRES (see note (iv))	104,142,198	-	104,142,198	-
International Bank for Reconstruction and Development (IBRD) (see note (v))	132,401,618	140,317,971	132,401,618	140,317,971
Agence Francaise de developpement (AFD) (see note (vi))	24,591,982	29,067,026	24,591,982	29,067,026
KfW German Development Bank (see note (vii))	29,068,444	34,882,208	29,068,444	34,882,208
African Development Bank (AfDB) (see note (viii))	46,937,490	51,633,991	46,937,490	51,633,991
African Development Fund (Fund of AfDB) (see note (ix))	11,504,506	12,080,114	11,504,506	12,080,114
Balance, end of the year	**429,057,144**	**267,981,310**	**429,057,144**	**267,981,310**

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 KfW German Development Bank ("KfW") of EUR12.5million, representing tranche 1 of EUR25million, (the carrying amount in Naira includes Principal: N20.1billion, Interest: N379million) were received by the Bank in EURO for the purpose of onlending to MSMEs for financing investments in renewable energies and energy efficiency. The Loan was given in two equal tranches of EUR12.5 million. The loan has a tenor of 10 years with a non-compounding interest rate on the loan amount fixed at 2% p.a. until the maturity date. Interest and principal are due in one instalment and payable at maturity.

ii The amount due to KfW German Development Bank ("KfW") of EUR12.5million, representing tranche 2 of EUR25million, (the carrying amount in Naira includes Principal: N20.11billion, Interest: N24million) were received by the Bank in EURO for the purpose of onlending to MSMEs for financing investments in renewable energies and energy efficiency. The Loan was given in two equal tranches of EUR12.5 million. The loan has a tenor of 10 years with a non-compounding interest rate on the loan amount fixed at 2% p.a. until the maturity date. Interest and principal are due in one instalment and payable at maturity.

iii The amount due to Agence Francaise de development ("AFD") of EUR25million (the carrying amount in Naira includes Principal: N39.76billion, Interest: N14.09million) were received by the Bank in EURO for the purpose of reducing gender inequalities in Nigeria by strengthening access to financing for MSMEs contributing to the economic empowerment of women. The loan is repayable in fourteen (14) equal semi-annual instalment, with the first instalment due and payable on 31 May 2028, with maturity date of 30 November 2034. The loan was given at 3.08% interest rate per annum.

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iv The amount due to International Bank for Reconstruction and Development (IBRD) for the LPRES to the tune of N104.1 billion, (Principal: N103.8billion, Interest: N383.2million) were received by the Bank for the purpose of implementing the credit line facility and the risk sharing facility of the Livestock Productivity and Resilience Support Project (LPRES). The loan has a tenor of 27 years with a fixed interest rate of 1.25% p.a. until the maturity date. The loan is repayable (in Naira) in 55 semi-annual instalments, with the first repayment due on 1st April 2027 and the last due on 1 October 2051.

v The amount due to International Bank for Reconstruction and Development (IBRD) of N132.40billion (Principal: N131.08billion, Interest: N1.01billion) 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.

vi The amount due to Agence Francaise de development ("AFD") of N24.59billion (Principal: N24.43billion, Interest: N165.62million) 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.

vii The amount due to KfW German Development Bank ("KfW") of N29.07billion (Principal: N29.06billion, Interest: N3.69million) represents the carrying amount of the N11.61billion first tranche, N5.81billion second tranche, N5.82billion third tranche and N5.82billion 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.

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.

viii The amount due to African Development Bank ("AfDB") of N46.94billion (Principal: N46.50billion, Interest: N427.51million) 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.

ix African development fund ("ADF") is a special fund of the African Development Bank ("AfDB"). The N11.51billion (Principal: N11.50billion, Interest: N14.72million) 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**

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
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
Opening		267,981,310	291,139,709	267,981,310	291,139,709
Additional long term debt		186,565,230	-	186,565,230	-
Long term principal repayment		(25,788,205)	(22,927,987)	(25,788,205)	(22,927,987)
Interest expense for the year	9	10,552,186	10,568,478	10,552,186	10,568,478
Interest paid		(10,253,377)	(10,798,890)	(10,253,377)	(10,798,890)
Closing		**429,057,144**	**267,981,310**	**429,057,144**	**267,981,310**
Principal		426,640,000	265,862,975	426,640,000	265,862,975
Interest		2,417,144	2,118,335	2,417,144	2,118,335

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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%.

In thousands of Naira	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Debit securities at amortized cost:				
Local Bond	24,301,232	24,235,595	24,301,232	24,244,335
Balance, end of the year	**24,301,232**	**24,235,595**	**24,301,232**	**24,244,335**

a Movement in debt securities issued

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Opening		24,235,595	-	24,244,335	-
Additional debt issued		-	22,652,911	-	22,676,985
Interest expense for the year	9	3,369,687	1,582,684	3,369,687	1,567,350
Interest paid		(3,304,050)	-	(3,312,790)	-
Closing		**24,301,232**	**24,235,595**	**24,301,232**	**24,244,335**
Principal		22,676,985	22,652,911	22,676,985	22,676,985
Interest		1,624,247	1,582,684	1,624,247	1,567,350

29 Derivative Liabilities

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Hedging Instrument					
Foreign exchange derivatives: Notional Amount					
Currency Swap Contract		(20,940,658)	-	(20,940,658)	-
		(20,940,658)	**-**	**(20,940,658)**	**-**
Hedging Instrument					
Foreign exchange derivatives: Fair Value					
Currency Swap Contract		651,178	-	651,178	-
Total		**651,178**	**-**	**651,178**	**-**
Current		**651,178**	**-**	**651,178**	**-**
Non-Current		-	-	-	-

Derivative financial instruments consists of currency swaps. They are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlements date of one (1) year. Derivative contracts are valued with reference to data obtained from sources such as FMDQ.

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30 Other liabilities

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Financial Liabilities				
Audit fees	52,375	37,303	37,625	28,488
Accrued directors emolument	17,500	-	-	-
Accrued performance bonus (see note (i))	1,705,359	1,357,826	1,500,000	1,300,000
Payables to vendors	-	500,797	-	469,749
Sundry creditors - Other Payables	1,108,141	615	1,022,797	-
Provision for Guarantee (Incured Loss)	411,928	274,784	-	-
Lease liability	152,732	147,125	152,732	147,125
Dividend payable	-	646,073	-	646,073
Deposit from Participating Financial Institutions	431,867	75,986	431,867	75,986
IBRD LPRES Grant (see note (ii))	8,040,165	-	8,040,165	-
Accured expenses	1,957,056	-	1,916,724	-
	13,877,123	**3,040,509**	**13,101,910**	**2,667,421**
Non Financial liabilities				
PAYE payable	7,674	8,531	62	2,842
NHF payable	62	45	-	-
WHT payable	80,311	154,615	79,362	149,400
VAT payable	53,134	25,619	3,538	1,168
NSITF payable	36,379	25,244	35,790	24,806
ITF payable	35,790	25,663	35,790	25,663
Insurance claim payable	-	78	-	78
Provision - IDB (see note (iii))	179,407	189,277	179,407	189,277
	392,757	**429,072**	**333,949**	**393,234**
Total	**14,269,880**	**3,469,581**	**13,435,859**	**3,060,655**

i Accrued performance bonus relates to accrual for 4% 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 IBRD LPRES Grant relates to techinal assistance avail to DBN. This is to facilitate access to finance for eligible Participarting Financial Institutions and end borrowers

iii 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.

In thousands of Naira		GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year		189,277	189,277	189,277	189,277
Payment made during the year		(41,330)	(63,832)	(41,330)	(63,832)
Interest expense for the year	9	31,460	63,832	31,460	63,832
Balance, end of year		**179,407**	**189,277**	**179,407**	**189,277**

31 Capital and reserves

(a) Ordinary share capital

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Issued and paid up : 100,000,000 ordinary shares at ₦1 each				
Opening balance	100,000	100,000	100,000	100,000
Closing balance	**100,000**	**100,000**	**100,000**	**100,000**

(b) Share premium

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year	99,762,570	99,762,570	99,762,570	99,762,570
Balance, end of the year	**99,762,570**	**99,762,570**	**99,762,570**	**99,762,570**

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.

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(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:

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year	86,732,142	76,122,381	83,414,867	73,792,283
Profit for the year	38,828,352	24,457,117	35,309,579	23,469,940
Dividend paid to shareholders	(3,270,000)	(3,418,000)	(3,270,000)	(3,418,000)
Transfer to statutory reserves (see note 31(d))	(10,592,874)	(7,051,318)	(10,592,874)	(7,051,318)
Transfer to regulatory risk reserves (see note 31(e))	(1,377,219)	(3,378,038)	(1,377,219)	(3,378,038)
Balance, end of the year	**110,320,401**	**86,732,142**	**103,484,353**	**83,414,867**

(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 2024, 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

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year	40,915,056	33,863,738	40,915,056	33,863,738
Transfer from appropriation (see note 30(c))	10,592,874	7,051,318	10,592,874	7,051,318
Balance, end of year	**51,507,930**	**40,915,056**	**51,507,930**	**40,915,056**

(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 2024 and 31 December 2023.

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year	8,038,653	4,660,615	8,038,653	4,660,615
Transfer from retained earnings (see note 31(c))	1,377,219	3,378,038	1,377,219	3,378,038
Balance, end of year	**9,415,872**	**8,038,653**	**9,415,872**	**8,038,653**

(f) Other reserves

The reserve for debt notes comprises the cost associated with the conversion of debt to equity in Impact Credit Guarantee Limited (See note 21 for details)

In thousands of Naira	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
Balance, beginning of the year	(1,539)	-	-	-
Movement during the year	105,393	(1,539)	-	-
Balance, end of year	**103,854**	**(1,539)**	**-**	**-**

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32 Cash flow workings

a Changes in working capital

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
(i) *Other liabilities (excluding VAT Payable)*					
Opening		3,443,962	2,575,319	3,059,487	2,338,976
Change in lease liability (see c(ii) below)		5,607	122,197	5,607	122,197
Change in other liabilities		10,767,177	746,446	10,367,227	598,314
Closing	**30**	**14,216,746**	**3,443,962**	**13,432,321**	**3,059,487**
(ii) *Employee benefit obligation*					
Opening		1,658	1,793	-	-
Contribution for the year		23,652	21,084	-	-
Remittances for the year		(23,289)	(21,219)	-	-
Closing	**25**	**2,021**	**1,658**	**-**	**-**

The Bank did not recognise any employment benefit obligation during the year ended 31 December 2024 (31 December 2023 : Nil).

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
(iii) *Other assets*					
Opening		1,422,745	1,992,219	737,691	1,623,938
Impairment loss on guarantee fee receivable	24a	(79,988)	(7,710)	-	-
Withholding tax credit note utilised	17(c)	(107,826)	(1,129,508)	-	(1,074,803)
Movement		61,691,441	567,744	61,215,477	188,556
Closing	**24**	**62,926,372**	**1,422,745**	**61,953,168**	**737,691**
(iv) *Provision for guarantee*					
Opening		374,949	374,949	-	-
Movement		191,279	50,442	-	-
Closing	**26**	**566,228**	**374,949**	**-**	**-**

The Bank did not recognise any provision for guarantee during the year ended 31 December 2024 (31 December 2023 : Nil).

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
(v) *Impairment loss on financial assets comprises the following:*					
(Charge)/writeback on cash and cash equivalents	10	316,215	16,779	397,855	67,067
Writeback/(charge) on investment securities	10	(72,325)	(92,505)	(51,730)	(67,241)
Impairment loss on other financial receivables	10	79,988	(7,710)	-	-
Total impairment writeback on financial assets	**10**	**323,879**	**83,435**	**346,126**	**174**
(vi) *Impairment loss on Cash and cash equivalent*					
Opening		(350,828)	(350,828)	(264,229)	(264,229)
Movement		(316,216)	-	(397,856)	-
Closing	**18**	**(667,044)**	**(350,828)**	**(662,085)**	**(264,229)**
(vii) *Vat paid*					
Opening		25,619	19,028	1,168	3,055
Movement		27,515	6,591	2,370	(1,887)
Closing	**30**	**53,134**	**25,619**	**3,538**	**1,168**

b Property and equipment

(i) Gain on disposal of property and equipment

In thousands of Naira	*Note*	**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Cost of assets	22	67,700	131,568	67,699	115,823
Accumulated depreciation		(44,030)	(126,520)	(44,029)	(115,040)
Carrying value		23,670	5,048	23,670	783
Gain on disposal		36	8,765	36	8,962
Proceeds from disposal		**23,706**	**13,813**	**23,706**	**9,745**

(ii) Purchase of property and equipment

In thousands of Naira		**GROUP 31 December 2024**	**GROUP 31 December 2023**	**BANK 31 December 2024**	**BANK 31 December 2023**
Additions to property and equipment	22	2,457,438	9,915,806	2,450,123	9,845,327
Additions: Right of Use Assets	22	(129,400)	(282,796)	(129,400)	(282,796)
Purchase of property and equipment		**2,328,038**	**9,633,010**	**2,320,723**	**9,562,531**

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2024

c Right of Use Assets (ROU) and Payment of lease liability

	In thousands of Naira	*Note*	GROUP 31 December 2024	GROUP 31 December 2023	BANK 31 December 2024	BANK 31 December 2023
(i)	*Movement in lease liability:*					
	Opening		147,125	24,928	147,125	24,928
	Changes in lease liability (see (ii) below)		5,607	122,197	5,607	122,197
	Closing Balance	***30***	152,732	147,125	152,732	147,125
(ii)	*Changes in lease liability is summarised below:*					
	Addition to lease liability (non cash) -See (iii) below	***22***	129,400	282,796	129,400	282,796
	Interest expense	***9***	5,606	69,671	5,606	69,671
	Interest paid		-	(69,671)	-	(69,671)
	Write off / lease modification		-	(7,895)	-	(7,895)
	Cash paid during the year		(129,399)	(152,704)	(129,399)	(152,704)
			5,607	122,197	5,607	122,197
(iii)	*Movement in ROU asset*					
	Opening		(281,737)	(62,166)	(281,737)	(62,166)
	Addition to ROU asset	***22***	(129,400)	(282,796)	(129,400)	(282,796)
	Depreciation	***22***	143,253	63,225	143,253	63,225
	Closing	***22***	(267,884)	(281,737)	(267,884)	(281,737)
	Addition to ROU in note 22 is the sum of cash and non cash additions					
(iv)	*Lease interest expense*					
	Interest expense		5,606	69,671	5,606	69,671
	Write off / lease modification		-	(7,895)	-	(7,895)
	Closing		5,606	61,776	5,606	61,776

33 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 2024 stood at 59,868,000 units of share (31 December 2023: 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 Group and Bank did not have any transactions with key management personnel except for the following compensation disclosed below:

In thousands of naira	31 December 2024	31 December 2023
Executive Directors		
Salaries and wages	534,728	538,876
Pension contribution	28,556	22,650
	563,284	**561,526**
Other Key management staff:		
Salaries and wages	724,761	928,517
Pension contribution	45,922	37,427
	770,683	**965,943**

ii Transaction with subsidiary

There is an existence of a shared service agreement between the Bank and its subsidiary - Impact Credit Guarantee Limited (ICGL) 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 N159.2m for the year ended 31 December 2024 (31 December 2023: N112.41m). The amount has however been eliminated at the group. (See Note 12)

During the year, the bank liquidated its investments to the tune of N20.49billion invested in ICGL debt securities and converted same into shares with the subsidiariy at N1 per share. This led to additional shareholding of 20.49billion shares by the Bank in ICGL.

Furthermore, the Bank gave out a loan to ICGL during the year to the tune of N24.13bn at 4.5% interest rate for a tenor of 27 years under the Livestock Productivity and Resilience Support Project. This has also been eliminated at the group

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2024

iii Other related parties and balances are listed below:
In thousands of Naira

Related entities	Relationship	Nature	31 December 2024	31 December 2023
Federal Government of Nigeria (represented by the Ministry of Finance Incorporated)	Shareholder	**Borrowings**		
		Additional borrowings received	104,142,198	-
		Principal repayments made	(25,788,205)	(22,927,987)
		Interest expense incurred	9,781,751	10,568,478
		Interest repayments made	(10,253,377)	(10,798,890)
		Outstanding balance	104,142,198	267,981,310
		Investment Securities		
		Additional Treasury Bills purchased	35,759,231	14,419,413
		Interest income earned	3,807,279	481,585
		Treasury bills liquidated	16,000,000	-
		Outstanding balance	35,759,231	14,419,413

34 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.

35 The following table shows the analysis of assets and liabilities and on the basis of their current/ non-current classification.

Group			**31 December 2024**	
In thousands of Naira	***Note***	**Carrying Amount**	**Current**	**Non Current**
Assets				
Cash and cash equivalents	18	144,963,887	144,963,887	-
Investment securities	19	98,300,053	56,709,496	41,590,557
Loans and advances at amortised costs	20	438,475,152	248,227,095	190,248,057
Property and equipment	22	13,861,408	-	13,861,408
Intangible assets	23	147,788	-	147,788
Deferred tax asset	17(b)	431,209	-	431,209
Other assets	24	62,926,372	62,926,372	-
Total Assets		759,105,869	512,826,850	246,279,019
Liabilities				
Employee benefit obligation	25	2,021	2,021	-
Provision for guarantee	26	566,228	545,174	21,054
Current tax liabilities	17(c)	19,047,559	19,047,559	-
Borrowings	27	429,057,144	-	429,057,144
Debt securities issued	28	24,301,232	-	24,301,232
Derivative Liabilities	29	651,178	651,178	-
Other liabilities	30	14,269,880	14,269,880	-
Total Liabilities		**487,895,242**	**34,515,812**	**453,379,430**

Group			**31 December 2023**	
In thousands of Naira	***Note***	**Carrying Amount**	**Current**	**Non Current**
Assets				
Cash and cash equivalents	18	94,212,090	94,212,090	-
Investment securities	19	25,370,707	18,176,556	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
Deferred tax asset	17(b)	420,130	-	420,130
Other assets	24	1,422,745	1,422,745	-
Total Assets		543,963,189	138,530,211	405,432,978
Liabilities				
Employee benefit obligation	25	1,658	1,658	-
Provision for guarantee	26	374,949	374,949	-
Current income tax liability	17(c)	12,353,214	12,353,214	-
Borrowings	27	267,981,310	-	267,981,310
Debt securities issued	28	24,235,595	-	24,235,595
Other liabilities	30	3,469,581	3,469,581	-
Total Liabilities		308,416,307	16,199,402	292,216,905

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2024

Bank			**31 December 2024**	
In thousands of Naira	***Note***	**Carrying Amount**	**Current**	**Non Current**
Assets				
Cash and cash equivalents	18	143,621,352	143,621,352	-
Investment securities	19	35,743,720	35,743,720	-
Loans and advances at amortised costs	20	462,631,382	272,442,953	190,188,429
Investment in subsidiary	21	31,865,000	-	31,865,000
Property and equipment	22	13,809,604	-	13,809,604
Intangible assets	23	147,747	-	147,747
Deferred tax asset	17(b)	221,341	-	221,341
Other assets	24	61,953,168	61,953,168	-
Total Assets		**749,993,314**	**513,761,193**	**236,232,121**
Liabilities				
Employee benefit obligation	25	-	-	-
Provision for guarantee	26	-	-	-
Current income tax liability	17(c)	13,435,859	13,435,859	-
Borrowings	27	429,057,144	-	429,057,144
Debt securities issued	28	24,301,232	-	24,301,232
Derivative Liabilities	29	651,178	651,178	-
Other liabilities	30	13,435,859	13,435,859	-
Total Liabilities		**480,881,272**	**27,522,896**	**453,358,376**

Bank			**31 December 2023**	
In thousands of Naira	***Note***	**Carrying Amount**	**Current**	**Non Current**
Assets				
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
Deferred tax asset	17(b)	311,536	-	311,536
Other assets	24	737,691	737,691	-
Total Assets		539,646,279	129,914,877	409,731,402
Liabilities				
Employee benefit obligation	26	-	-	-
Provision for guarantee	28	-	-	-
Current income tax liability	17(c)	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	17(c)	3,060,655	3,060,655	-
Total Liabilities		307,415,133	15,189,488	292,225,645

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2024

36 Dividend

The directors have proposed a dividend of N5,835,000,000 which represents 25% of retained earnings (Profit After Tax and after statutory reserves transfers) in the year ended 31 December 2024 (31 December 2023: N3,270,000,000). The basis of the proposed dividend is N58.35k per share

37 Contingent liabilities

a. Contingent liabilities

In thousands of naira	**31-Dec-24**	**31-Dec-23**
Financial guarantees	37,497,966	29,975,321
No of outstanding guarantees (unit)	14,790	31,382

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 group's guarantee coverage on all active loans with PFIs that the company issued letter of guarantees on.

38 Compliance with banking regulations

The bank did not pay any penalty for non compliance to banking regulations during the year (31 December 2023: Nil).

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
VALUE ADDED STATEMENTS

GROUP

In thousands of Naira	**31 December 2024**	**%**	**31 December 2023**	**%**
Gross income	84,031,915		54,814,486	
Interest expense	(13,958,939)		(12,276,770)	
Impairment (losses)/writeback on financial assets	(897,882)		2,527,963	
Bought in materials and services - local	(6,472,523)		(4,826,627)	
	62,702,571		**40,239,052**	
Applied to pay:				
Employees				
- Employees as personnel expenses	4,366,465	7	3,213,635	8
Government				
- Taxation	18,864,199	30	12,080,106	30
Retained in business				
Replacement of property and equipment/Intangible assets	643,555	1	488,194	1
- Increase in reserves	38,828,352	62	24,457,117	61
	62,702,571	**100**	**40,239,052**	**100**

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

In thousands of Naira	**31 December 2024**	**%**	**31 December 2023**	%
Gross income	78,298,450		52,446,323	
Interest expense	(13,958,939)		(12,261,436)	
Impairment writeback/(losses) on financial assets	(986,217)		2,611,224	
Bought in materials and services - local	(5,343,419)		(4,053,480)	
	58,009,875		**38,742,631**	
Applied to pay:				
Employees				
- Employees as personnel expenses	3,889,556	7	2,919,828	8
Government				
- Taxation	18,196,917	31	11,900,307	31
Retained in business				
Replacement of property and equipment/Intangibles	613,823	1	452,556	1
- Increase in reserves	35,309,579	60	23,469,940	61
	58,009,875	**100**	**38,742,631**	**100**

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

GROUP

In thousands of Naira	**31 DEC 2024**	**31 DEC 2023**	**31 DEC 2022**	**31 DEC 2021**	**31 DEC 2020**
Assets					
Cash and cash equivalents	144,963,887	94,212,090	138,623,389	147,167,291	259,145,775
Investment securities	98,300,053	25,370,707	6,424,507	27,957,211	16,605,584
Loans and advances	438,475,152	410,345,948	369,402,568	321,694,875	214,023,172
Property and equipment	13,861,408	11,961,716	2,434,577	2,332,159	2,023,477
Intangible assets	147,788	229,853	240,512	160,613	139,533
Deferred tax asset	431,209	420,130	1,206,072	743,546	941,468
Other assets	62,926,372	1,422,745	1,992,219	1,445,938	593,539
Total assets	759,105,869	543,963,189	520,323,844	501,501,633	493,472,548
Liabilities					
Employee benefit obligation	2,021	1,658	1,793	1,671	1,817
Current income tax payable	19,047,559	12,353,214	11,754,184	7,142,706	341,474
Borrowings	429,057,144	267,981,310	291,139,709	298,134,621	313,724,945
Derivative liabilities	651,178	-	-	-	-
Debt securities issued	24,301,232	24,235,595	-	-	-
Provision for guarantee	566,228	374,949	324,507	161,527	28,765
Other liabilities	14,269,880	3,469,581	2,594,347	1,685,028	1,441,797
Total liabilities	487,895,242	308,416,307	305,814,540	307,125,553	315,538,798
Equity					
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	110,320,401	86,732,142	76,122,381	61,604,428	51,587,170
Other reserves:					
Statutory reserves	51,507,930	40,915,056	33,863,738	28,003,563	23,288,071
Regulatory risk reserve	9,415,872	8,038,653	4,660,615	4,905,519	3,195,939
Other reserves	103,854	(1,539)	-	-	-
Total equity	271,210,627	235,546,882	214,509,304	194,376,080	177,933,750
Total liabilities and equity	759,105,869	543,963,189	520,323,844	501,501,633	493,472,548
Gross income	84,031,915	54,814,486	49,362,546	39,583,460	34,594,464
Profit before tax	57,692,551	36,537,223	30,252,137	23,780,365	18,944,464
Taxation	(18,864,199)	(12,080,106)	(10,118,913)	(7,338,035)	(966,240)
Profit for the year	38,828,352	24,457,117	20,133,224	16,442,330	17,978,224

OTHER NATIONAL DISCLOSURES

FIVE YEAR FINANCIAL SUMMARY

BANK

In thousands of Naira	**31 DEC 2024**	**31 DEC 2023**	**31 DEC 2022**	**31 DEC 2021**	**31 DEC 2020**
Assets					
Cash and cash equivalents	143,621,352	85,212,612	131,058,757	135,321,043	249,275,276
Investment securities	35,743,720	19,245,754	-	26,618,294	14,162,048
Loans and advances	462,631,382	410,345,948	369,402,568	321,694,875	214,023,172
Investment in subsidiaries	31,865,000	11,675,431	11,375,000	11,375,000	11,375,000
Property and equipment	13,809,604	11,888,345	2,402,019	2,293,847	1,966,935
Intangible assets	147,747	228,962	233,649	148,093	123,468
Deferred tax asset	221,341	311,536	1,140,471	724,664	875,249
Other assets	61,953,168	737,691	1,623,938	1,066,397	511,085
Total assets	749,993,314	539,646,279	517,236,402	499,242,213	492,312,233
Liabilities					
Current income tax payable	18,277,176	12,128,833	11,575,456	6,893,466	334,889
Borrowings	429,057,144	267,981,310	291,139,709	298,134,621	313,724,945
Debt securities issued	24,301,232	24,244,335	-	-	-
Derivative liabilities	651,178	-	-	-	-
Other liabilities	13,435,859	3,060,655	2,342,031	1,568,835	1,325,416
Total liabilities	485,722,589	307,415,133	305,057,196	306,596,922	315,385,250
Equity					
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	103,484,353	83,414,867	73,792,283	59,873,639	50,580,403
Other reserves:					
Statutory reserves	51,507,930	40,915,056	33,863,738	28,003,563	23,288,071
Regulatory risk reserve	9,415,872	8,038,653	4,660,615	4,905,519	3,195,939
Total equity	264,270,725	232,231,146	212,179,206	192,645,291	176,926,983
Total liabilities and equity	749,993,314	539,646,279	517,236,402	499,242,213	492,312,233
Gross income	78,298,450	52,446,323	47,552,077	38,181,383	33,576,720
Profit before tax	53,506,496	35,370,247	29,522,586	22,759,813	18,290,873
Taxation	(18,196,917)	(11,900,307)	(9,988,671)	(7,041,505)	(1,004,828)
Profit for the year	35,309,579	23,469,940	19,533,915	15,718,308	17,286,045