

Development Bank of Nigeria Plc

2025 Final Entity Rating Report



Development Bank of Nigeria Plc

Rating Assigned:

Aaa

ESG Score:

2

Outlook: Stable

Issue Date: 13 June 2026

Expiry Date: 30 June 2026

Previous Rating: Aaa

Industry: Development
Finance Institutions (DFI)

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A development financial institution (DFI) with the best financial condition and strongest capacity to meet obligations as and when they fall due relative to all other DFIs in the same country

RATING RATIONALE

Agusto & Co. affirms the “Aaa” rating assigned to Development Bank of Nigeria Plc (“DBN” or “the Bank”). The rating is backed by the strong support and profile of the shareholders: Ministry of Finance Incorporated (MOFI), Nigeria Sovereign Investment Authority (NSIA) rated “Aaa” by Agusto & Co., African Development Bank (AfDB) rated “Aaa” by Fitch, and the European Investment Bank (EIB) rated “Aaa” by Fitch. The shareholders support the governance framework and provide capacity development for the target market (micro, small, and medium-sized enterprises (MSMEs) in Nigeria) and the participating financial institutions (PFIs). The rating also reflects DBN's good asset quality, good capitalisation, strong refinancing capacity, good liquidity profile and experienced management team. However, the rating is constrained by Nigeria's fragile macroeconomic environment, given that MSMEs are most vulnerable to macroeconomic downturn. A “2” ESG Score has also been attached to the rating, indicating that environmental, social and governance factors have minimal impact on the Bank's credit assessment.

Development Bank of Nigeria Plc recorded a 39% year-on-year growth in total assets to ₦750 billion as at 31 December 2024, driven largely by additional borrowings. The loan portfolio also rose by 12.9% to ₦463.4 billion, and the funded PFIs (used to on-lend funds to MSMEs) expanded, with 40 PFIs (FY 2023: 32 PFIs) having outstanding exposures as at FYE 2024 to address the financing needs of MSMEs. As at FYE 2024, the beneficiary MSMEs outside the South West region expanded to 53.1% (FYE 2023: 43%). Given the Bank's developmental mandate, we consider the increase in the beneficiary MSMEs in financially underserved regions as at FYE 2024 to be a rating positive. During the year under review, the Bank recorded its first impaired loan since inception as exposure to a microfinance bank with severe liquidity crises deteriorated. As at FYE 2024, the outstanding impaired exposure amounted to ₦977.8 million and represented 0.2% of the loan portfolio, well below the 5% regulatory guidance. However, the cumulative provisioning for the exposure covered 71.7% of the outstanding amount, while the pledged collateral, treasury bills, secured the remaining 28.3%. Thus, should the impaired exposure be written off, future profitability would not be impacted. We consider the Bank's asset quality good.

DBN is well-capitalised for current business risks and near-term growth plans. As at FYE 2024, the shareholders' funds (~~₦~~264.3 billion) and the capital adequacy ratio (61.2%) significantly exceeded the ~~₦~~100 billion and 10% respective regulatory minimum for wholesale development finance institutions in Nigeria. We expect DBN's capitalisation to remain good, bolstered by reserve accretion from the anticipated improved profitability.

DBN's funding was bolstered in the year under review by additional borrowings from the World Bank, Agence Française de Développement (AFD) and KfW German Development Bank, priced between 2% and 3.1%. We note positively that each of these borrowings is dedicated to agriculture, women-led businesses and renewable energy, thus improving the Bank's footprint in the environmentally friendly and socially sensitive segments of the MSMEs. As a result, the Bank's total debt spiked by 55.1% to ~~₦~~453.4 billion, but represented 171.6% of the shareholders' funds, well below the 250% internal benchmark set by the Bank. The relatively low interest rate on the additional borrowing moderated the full-year impact of the 14.4% ~~₦~~23 billion 5-year senior unsecured bond issued in July 2023. Thus, the weighted average cost of funds remained stable at 4.2%. As at FYE 2024, the liquid assets stood at ~~₦~~179.4 billion, a 70.3% year-on-year growth supported by the additional borrowings. As a result, the liquidity ratio rose to 39.6% (FYE 2023: 35.8%), higher than the 10% minimum regulatory threshold. In our view, the Bank's liquidity profile remained good and the additional borrowings reflect an effective liability generation strategy.

Profit maximisation is not the primary objective of DBN based on the developmental mandate. However, the Bank strive to maintain an efficient business model to support the capital base through reserve accretion and to reward shareholders (through dividend payment). In FY 2024, operating profit grew by 47.6% based on the enlarged loan book and improved returns from the investment portfolio. Although operating costs increased by 29.8% to ~~₦~~9.6 billion, given the business growth in an inflationary environment. The cost-to-income ratio dipped to 15.3% (FY 2023: 17.3%) based on the improved operating income. Thus, pre-tax profit rose by 51.3% to ~~₦~~53.5 billion. The pre-tax return on average assets improved to 8.3% (FY 2023: 6.7%) and the pre-tax return on average equity increased to 21.6% (FY 2023: 15.9%). We consider DBN's profitability good for a development finance institution. We expect further improvement in profitability in the near term, driven by continued growth in lending activities and improved returns from the investment portfolio, backed by increased funding support from development partners.

Based on the aforementioned, Agusto & Co. hereby attach a **stable** outlook to the rating of Development Bank of Nigeria Plc.

Figure 1: Strengths, Weakness and Challenges

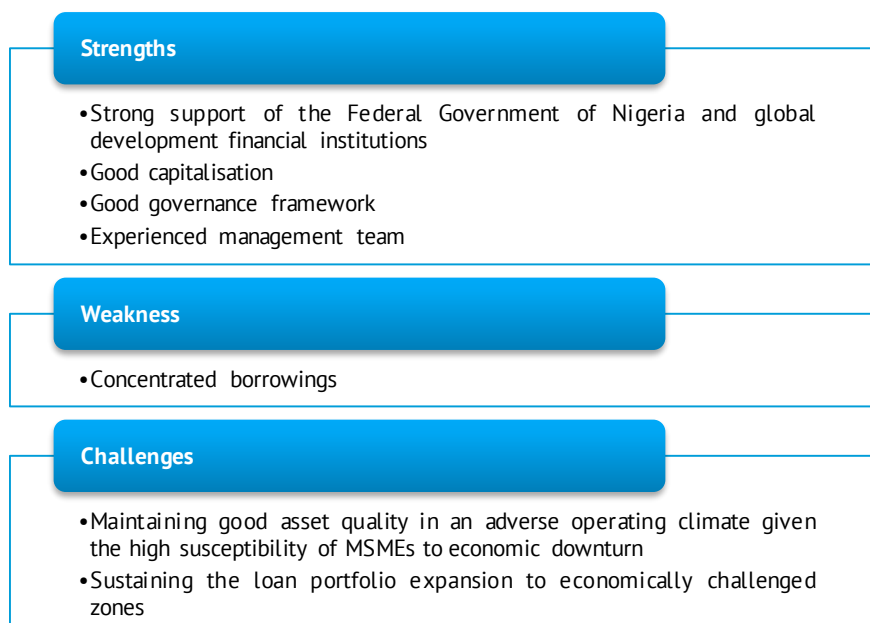


Table 1: Financial Information

	31 December 2023	31 December 2024
Gross Loan	₦410.5 billion	₦463.4 billion
Total Assets	₦539.7 billion	₦750 billion
Operating Income	₦42.8 billion	₦63.1 billion
Pre-tax Return on Average Assets (ROA)	6.7%	8.3%
Pre-tax Return on Average Equity (ROE)	15.9%	21.6%

PROFILE

Development Bank of Nigeria Plc (“**DBN**” or “**the Bank**”) was incorporated on 19 September 2014 and granted a license by the Central Bank of Nigeria (CBN) to operate as a wholesale development finance institution on 29 March 2017. Thereafter, the Bank commenced operations on 1 November 2017, providing financial support to Medium and Small-Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs).

As at 31 December 2024, 79 (FYE 2023: 69) CBN-regulated financial institutions (commercial banks, non-interest banks, microfinance banks, merchant banks, finance houses and mortgage banks) were onboarded as PFIs. However, only 40 PFIs (FY 2023: 32 PFIs) had outstanding loans with the Bank as at FYE 2024. The Bank plans to further expand this network to 84 PFIs before 31 December 2025 to support MSMEs development. In the near term, DBN plans to accredit PFIs that are closely connected to emerging businesses but not regulated by the CBN, such as FinTechs, cooperative societies, and private equity firms, through the direct lending window.

Beyond funding, DBN empowers MSMEs through capacity-building programmes and partial credit guarantees provided through its wholly-owned subsidiary, Impact Credit Guarantee Company Limited.

The Development Bank of Nigeria Plc’s head office is situated at ‘The Clan Place’, Plot 1386A Tigris Crescent, Maitama, Abuja, and the liaison office is situated at Plot 952/953 Idejo Street, Victoria Island, Lagos.

Ownership and Support

Development Bank of Nigeria Plc is owned by the Ministry of Finance Incorporated (MOFI), the Nigeria Sovereign Investment Authority (NSIA), the African Development Bank (AfDB), and the European Investment Bank (EIB). MOFI is the primary asset manager of the Federal Government of Nigeria’s investment interests, estates and rights. The AfDB is an ‘**Aaa**’ rated development financial institution (by Fitch Ratings) supporting African governments and private entities with substantial investments in the regional member countries. AfDB supports DBN with long-term borrowings and equity investments. The Nigeria Sovereign Investment Authority (NSIA), an investment institution rated ‘**Aaa**’ by Agusto & Co., was created through an Act of the National Assembly. Its core objectives are to cultivate a national savings base, accelerate the development of Nigeria’s infrastructure, and act as a stabilisation mechanism during periods of economic crisis. The European Investment Bank (EIB), the European Union’s financing arm, rated ‘**Aaa**’ by Fitch Ratings, is one of the world’s largest providers of climate finance.

Table 2: DBN’s shareholding structure as at 31 December 2024

Shareholders	Shareholding (%)
Ministry of Finance Incorporated (MOFI)	59.87%
African Development Bank (AfDB)	17.98%
Nigeria Sovereign Investment Authority (NSIA)	14.97%
European Investment Bank (EIB)	7.19%
Total	100%

Subsidiary

Impact Credit Guarantee Limited (ICGL) is the Development Bank of Nigeria Plc's wholly-owned subsidiary. ICGL was established in 2019 and provides credit guarantees for loans granted by financial institutions to eligible MSMEs. During the year under review, the Bank's equity investment in its subsidiary increased to ₦31.9 billion (FYE 2023: ₦11.7 billion). During FY 2024, investment in ICGL increased to ₦56.2 billion, following a ₦24.2 billion guarantee facility obtained from the World Bank under the Livestock Productivity and Resilience Support Project (LPRES). This is expected to enhance ICGL's capacity to guarantee MSME loans in the livestock agriculture segment. As at 31 December 2024, the outstanding guarantee portfolio stood at ₦37.5 billion (FYE 2023: ₦30 billion). In FY 2024, ICGL generated ₦316.7 million (FY 2023: ₦374 million) as net guarantee income and investment income rose 3 times to ₦6.1 billion. Consequently, the subsidiary's pre-tax profit surged by 253% to ₦4.1 billion and the pre-tax return on average equity improved to 15.3% (FYE 2023: 7%) in FY 2024.

In the near term, the Bank plans to establish a youth investment bank in partnership with NSIA and AfDB, aimed at addressing the funding needs of young entrepreneurs. We view this initiative positively, given the increasing number of youth-led startups and the rising demand for tailored financial solutions in Nigeria's growing entrepreneurial ecosystem. This strategic move is expected to deepen financial inclusion and support the next generation of business leaders.

Board of Directors

Development Bank of Nigeria Plc is governed by a 10-member Board of Directors, comprising eight Non-Executive Directors (six of whom are Independent Non-Executive Directors) and two Executive Directors. During the year under review, the tenures of the inaugural Non-Executive Directors elapsed. Thus, Mrs. Clare Omatseye, Mallam Bello Maccido, Mr. Andrew Alli, Mr. Phillips Oduoza and Dr. Oladimeji Alo all retired from the Board. Subsequently, Ms. Folakemi Fatogbe, Ms. Imoni Akpofure, Mr. Mustapha Bintube, Mr. U.K. Eke and Ms. Juliet Anammah were appointed as Non-Executive Directors. Mr. Kyari Bukar, an Independent Non-Executive Director, chairs the Board in an acting capacity pending the nomination of a new Board Chairman by MoFI, the largest shareholder. To ensure effective oversight, the Board operates through five standing 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.

Current Directors	Designation	Institution Represented
Mr Kyari Abba Bukar	Independent Non-Executive Director and Acting Chairman	N/A
Dr Anthony Okpanachi	Managing Director and Chief Executive Officer	N/A
Mrs Ijeoma Ozulumba	Executive Director	N/A
Mr Henry Baldeh	Non-Executive Director	African Development Bank
Mr Aminu Umar-Sadiq	Non-Executive Director	Nigeria Sovereign Investment Authority
Ms Folakemi Fatogbe	Independent Non-Executive Director	N/A
Ms Imoni Akpofure	Independent Non-Executive Director	N/A
Mr Mustapha Bintube	Independent Non-Executive Director	N/A

Mr Urum Eke	Independent Non-Executive Director	N/A
Ms Juliet Anammah	Independent Non-Executive Director	N/A

Management and Staff

Dr. Anthony Okpanachi, the Managing Director and Chief Executive Officer of the Development Bank of Nigeria Plc, has over three decades of banking experience spanning treasury management, retail business development, corporate finance, corporate services and relationship management. Prior to this appointment, he held several senior executive positions within the Ecobank Group. He holds a B.Sc. in Economics from Ahmadu Bello University, an M.Sc. in Economics from the University of Lagos, an MBA from Manchester Business School, UK, and a PhD in Economics from Nile University of Nigeria. Dr. Okpanachi is a Fellow of the Chartered Institute of Stockbrokers (CIS), the Chartered Institute of Bankers of Nigeria (CIBN), and the Institute of Credit Administration (ICA); an Associate Member of the Nigeria Institute of Management (NIM); and a Member of the Institute of Banking of Malawi.

Other members of the senior management team include:

Mrs Ijeoma D. Ozulumba	Executive Director and Chief Financial Officer
Mr Idris Salihu	Head Corporate Services
Mr Bonaventure Okhaimo	Chief Operating Officer
Mr Joshua O. Ohioma	Head, Internal Audit
Mr Olu Adegbola	Chief Risk and Compliance Officer
Mr Joseph Nnanna	Chief Economist
Mr Shofola Osho	Company Secretary

During FY 2024, DBN's average workforce increased to 62 individuals, up from 53 in the previous year, to support business expansion. This growth led to a 33.2% rise in staff costs to ₦3.9 billion, resulting in a ₦62.7 million (FY 2023: ₦55.1 million) average staff cost. An assessment of employee productivity, measured by the operating income per staff coverage of the average staff cost, stood at a strong 16.2 times (FY 2023: 14.7 times), given the 26.1% growth in the operating income per staff to ₦1 billion. We consider DBN's staff productivity good for a wholesale development finance institution, underpinned by an experienced management team.

ANALYSTS' COMMENTS

ASSET QUALITY

Development Bank of Nigeria Plc supports micro, small and medium-sized enterprises (MSMEs) across various sectors of the Nigerian economy. As a licensed wholesale financial institution, DBN facilitates lending to MSMEs through selected participating financial institutions. In addition to the loan solution, capacity-building and the provision of partial credit guarantees via a specialised subsidiary are some other supports extended to MSMEs. In the near term, Nigeria Youth Entrepreneurship Investment Bank (a new affiliate financial institution), dedicated to investing in equity instruments, extending debt solutions, providing technical assistance and governance support to MSMEs, is expected to commence operation before 31 December 2025.

During the financial year ended 31 December 2024, DBN increased the approved obligor limit to intensify developmental impact. This upward revision was also intended to mitigate the increasing financial pressures faced by MSMEs due to naira depreciation and the overall rise in the prices of goods.

Table 3: Single Obligor Limit

	Working Capital Loans (<3 years)		Medium to Long-term Loans (3-10 years)	
	Old Limit	New Limit	Old Limit	New Limit
MSMEs	₦90 million	₦180 million	₦225 million	₦450 million
Small Corporates	₦360 million	₦720 million	₦900 million	₦1.8 billion

As at 31 December 2024, the Bank's loan portfolio stood at ₦463.3 billion, a 12.9% year-on-year growth on the back of additional borrowings. As at the same date, the funds were disbursed through 40 PFIs, higher than 32 PFIs in the prior year following the addition of two commercial banks, two finance companies and four microfinance banks. Nonetheless, 85% (FYE 2023: 87.4%) of the loan was channelled through commercial banks, 3% (FYE 2023: 5.8%) through merchant banks, 0.04% (FYE 2023: 0%) through finance companies, 1.6% (FYE 2023: 1.2%) through mortgage banks and 5.1% (FYE 2023: 5.6%) through microfinance banks. The Bank plans to gradually onboard FinTech companies, aggregators and other institutions with strong connections to MSMEs as PFIs.

During the year under review, the Bank downgraded 10 PFIs as the prevailing macroeconomic challenges revealed the weaknesses in the operating model of these financial institutions. As a result, 23 PFIs (FYE 2023: 4 PFIs), which accounted for 14.9% (FYE 2023: 0.1%) of the loan portfolio, were classified as non-investment grade counterparties as at FYE 2024 based on the internal credit rating model. We believe the focus on the microfinance banks and finance houses over the last five years, given their relatively strong affinity with the MSMEs, drove the uptick in the volume of non-investment grade counterparties.

As at FYE 2024, MSMEs in the South West region were the primary recipients of the Bank's loan, as Lagos is the commercial hub for economic activities in West Africa. Notwithstanding, we note the increase in exposures to other geographical zones, particularly in the North East and North West, with relatively low access to finance.

This reflects DBN's strategy of increasing impact in the economically disadvantaged regions of the country. We consider this a rating positive.

Figure 3: Loan Beneficiaries by Geography as at FYE 2024

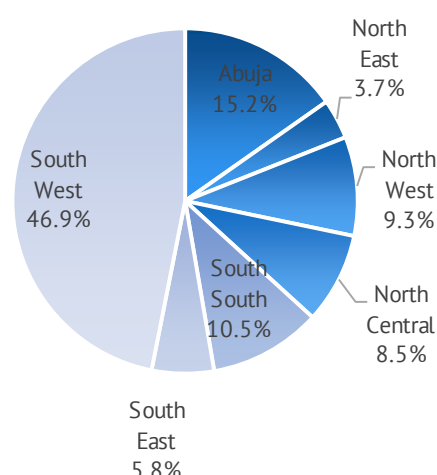
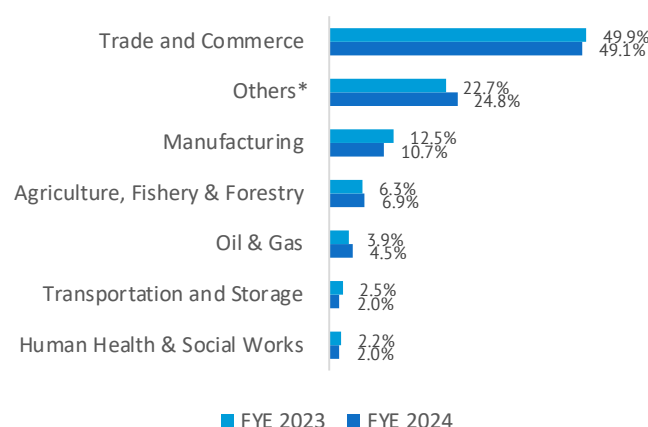


Figure 4: Loan Beneficiaries by Sector as at FYE 2024



*Other sectors include Accommodation & Food service activities, Administrative and Support Services, Professional scientific and technical services, Real estate services, Information technology, arts and recreation

During the year under review, exposure to a microfinance bank facing severe liquidity constraints amounting to ₦977.8 million was impaired, the first since inception. As at FYE 2024, the impaired loan represented a negligible 0.2% of the loan portfolio, well below the 5% regulatory guidance. As at the same date, the cumulative loan loss provision for the impaired loan amounted to ₦701.1 million and covered 71.7% of the impaired loans, while the pledged treasury bills secured the remaining 28.3%. Thus, we expect a nil impact of any write-offs on future profitability and capitalisation.

Overall, we consider DBN's asset quality good, supported by the wholesale lending model and conservative risk management strategy. However, the rating downgrade and emergence of Stage 3 loans highlight the need for a review of the credit risk management framework, particularly in the non-commercial bank segment.

EARNINGS

Development Bank of Nigeria Plc generates income primarily from lending and investing activities, while grant income for project implementation, earnings from its subsidiary through shared services agreements and foreign exchange gains support the earnings base. During the financial year ended 31 December 2024, DBN's interest income grew by 51.9% to ₦77.6 billion, driven by the 12.9% expansion in the loan portfolio and the uptick in the investment portfolio in a high-yield environment. The loan book accounted for 75.4% (FY 2023: 74.1%) of interest income and remained the primary source of earnings, although the 24.6% (FY 2023: 25.9%) contributed by the investment portfolio is significant. Additional borrowings secured during the year and the full year impact of the bond issued in July 2023 drove a 13.8% increase in the interest expense to ₦14 billion

in FY 2024. Net interest income surged by 63.9% to ₦63.6 billion during the year under review. We expect the net interest income to maintain an upward trajectory in the near term based on the loan growth plans and the persistent high yield in the first six months of 2025.

Given the downgrade of some PFI's rating and the classification of the Bank's first impaired exposure, ₦1.2 billion was charged as loan loss expense in FY 2024, in contrast to a ₦2.6 billion write-back in the prior year. Nonetheless, the loan loss expense accounted for 1.5% of interest income, reflecting a modest impact on profitability. We expect some moderation in the loan loss expense in FY 2025 as we do not anticipate such a quantum level of downgrade in the portfolio.

In FY 2024, non-interest income declined by 48% to ₦711.8 million, primarily due to derivative losses on foreign currency contracts and the 41.7% moderation in foreign currency revaluation gains. Thus, asset optimisation measured by non-interest income as a percentage of total average assets declined to 0.1% (FY 2023: 0.3%) during the period under review. Nonetheless, operating income grew by 47.6% to ₦63.1 billion, given the surge in the net interest income.

During the year under review, operating expenses increased by 29.8% to ₦9.6 billion, largely due to business expansion in an inflationary environment. However, the growth in operating income led to a decline in the cost-to-income ratio (CIR) to 15.3% (FY 2023: 17.3%). While we expect the operating expenses to maintain an upward trajectory, given the various medium-term (2024-2028) business expansion initiatives, we believe the anticipated increase in the operating income would keep the CIR low. Subsequent to the year-end, in Q1 2025, the CIR remained low at 15.8%, in line with our expectations.

Overall, DBN's profit before tax grew by 51.3% to ₦53.5 billion in FY 2024, which translates to 8.3% (FY 2023: 6.7%) return on average assets (ROA) and 21.6% (FY 2023: 15.9%) return on average equity (ROE).

We consider DBN's profitability metrics good for a development finance institution.

CAPITAL ADEQUACY

As at FYE 2024, DBN's shareholders' funds stood at ₦264.3 billion, a 13.8% year-on-year growth on the back of reserve accretion associated with the improved profit. At this level, the shareholders' funds stood well above the ₦100 billion regulatory minimum required for wholesale development finance institutions in Nigeria.

As at FYE 2024, borrowings from development partners amounting to ₦429.1 billion (FYE 2023: ₦268 billion) qualified as tier 2 capital. However, the regulatory guideline limits tier 2 capital to one-third (33.3%) of tier 1 capital. Thus, the net tier 2 capital (after deducting a portion of the investment in subsidiary) used in the computation of the capital adequacy ratio (CAR), amounted to only ₦68.9 billion (FYE 2023: ₦68.7 billion).

Despite the expansion of the loan portfolio during the year under review, the capital adequacy ratio (CAR), computed under Basel II standards, remained stable at 61.2% as at FYE 2024, due to the enlarged capital base.

The CAR remained strong and stood significantly above the 10% regulatory minimum for wholesale development finance institutions.

In our opinion, the Bank is well capitalised for current business risks and near-term growth plans.

LIQUIDITY AND FUNDING

DBN's assets are funded through a combination of shareholders' funds and long-term borrowings from international development partners. The Bank also explore the Nigerian debt capital market for funding, albeit sparingly given the relatively high interest rate, which could impair the developmental strides.

In the year under review, DBN secured a ₦104.1 billion, 27-year borrowing from the World Bank to support agribusinesses under the Livestock Productivity and Resilience Support Project (LPRES). The Bank also obtained an additional €25 million 10-year borrowing from KfW German Development Bank to support the Bank's renewable energy initiatives. Similarly, DBN was availed an additional €25 million, 7-year loan from Agence Française de Développement (AFD) to support women-owned businesses. As a result, total borrowings grew by 55.1% year-on-year to ₦453.4 billion as at FYE 2024. We note positively the additional borrowings, which strengthened the Bank's ability to support climate-friendly initiatives, agribusinesses, and reduce gender economic inequalities. The currency risk emanating from the additional borrowings from AFD and KfW was hedged using derivative instruments with the CBN as the counterparty.

During the year under review, the weighted average cost of funds (WACF) remained stable at 4.2% as the relatively low interest rate on the new borrowings moderated the full-year impact of the 14.4% ₦23 billion 5-year bond issued in July 2023. We do not anticipate a significant increase in funding costs in the near term, given the preference for concessionary interest rate borrowings.

Table 3: Borrowings Schedule as at FYE 2024

International Development Partner	Interest Rate	Tenor	Outstanding Balance
International Bank for Reconstruction and Development (IBRD) \$480 million commitment	4%	21 years	₦132.4 billion
International Bank for Reconstruction and Development (IBRD) -LPRES	1.25%	27 years	₦104.1 billion
French Development Agency (AFD) \$130 million commitment	3.55%	10 years	₦24.6 billion
French Development Agency (AFD) €25 million commitment- Women Borrowing	3.08%	7 years	₦39.8 billion
KfW German Development Bank \$200 million commitment	3.99%	10 years	₦29.1 billion
KfW German Development Bank €12.5 million commitment	2%	10 years	₦20.5 billion
KfW German Development Bank €12.5 million commitment	2%	10 years	₦20.1 billion
African Development Bank (AfDB) \$400 million commitment	4%	15 years	₦46.9 billion
Fund of the AfDB	1%	15 years	₦11.5 billion
₦23 billion 5-year Senior bond	14.4%	5 years	₦24.3 billion

As at 31 December 2024, DBN's liquid assets, comprising government securities and bank placements, stood at ₦179.4 billion, a 71.7% increase from the prior year, primarily driven by additional borrowings. Thus, the

liquid assets represented 39.6% as at FYE 2024 (FYE 2023: 35.8%) of total borrowings. We consider the Bank's liquidity management strategy good. We also consider DBN's refinancing ability strong, given the continuous funding from international development partners.

LEVERAGE

DBN has maintained a deliberate balance between equity and debt financing. The Bank remains focused on expanding the funding base by engaging additional development partners to secure leveraged financing. The borrowings from international development partners are long-tenured, which provides the Bank with ample flexibility to strategically achieve its financing objectives.

As at 31 December 2024, total borrowings represented 171.6% (FYE 2023: 125.8%) of the shareholders' funds, comfortably below the Bank's 250% internal maximum threshold. This reflects headroom for additional borrowings to support business expansion. In our view, DBN's current leverage level is good.

ENVIRONMENT, SOCIAL AND GOVERNANCE

Agusto & Co. consider the impact of environment, social and governance issues low on the risk profile of Development Bank of Nigeria Plc. We consider DBN's corporate governance framework good, reflecting the affiliations with international development finance institutions that provide technical support. The Board of Directors is dominated by Independent Non-Executive Directors, in line with best practices. Board effectiveness is evaluated through annual and quinquennial appraisals to ensure alignment with international best practices.

During the year under review, the Bank's impact in the economically less developed geographical zones improved. Expenditure on various corporate social responsibility (CSR) initiatives rose by 60.1% to ₦69.2 million, underscoring a commitment to inclusive development. The Bank also upheld its gender-focused agenda, with increased funding directed toward on-lending to women-led businesses. Female representation on the Board improved to 40%, up from 18% in the previous year, better than the 30% regulatory guidance. However, female representation in senior management remained low at 9% (FY 2023: 8%), falling short of the 40% benchmark recommended for equitable leadership inclusion.

Aligned with its developmental mandate, DBN maintains zero exposure to businesses engaged in environmentally harmful activities. The Bank ensures that PFIs comply with ethical and sustainable lending practices, guided by its updated sustainability policies and ongoing capacity-building initiatives. Reinforcing its commitment to climate-friendly finance, DBN secured additional funding from the German Development Bank (KfW) specifically to support lending for renewable energy and energy efficiency projects.

Overall, our assessment of the environmental, social, and governance (ESG) factors indicates that they pose minimal negative impact on the credit rating of Development Bank of Nigeria Plc. The Bank demonstrates a strong commitment to responsible practices, which supports its creditworthiness and long-term sustainability.

OUTLOOK

The Development Bank of Nigeria Plc plans to expand the asset base to ₦1 trillion before 31 December 2025, bolstered by additional borrowings from international development finance institutions and retained profit. Additional borrowing of circa \$130 million is anticipated from international development partners to support the planned business growth. An expansion of the fund providers to other international development partners is also ongoing to diversify the funding base.

A ₦515.6 billion loan book is projected by FYE 2025, as more funds are disbursed to onboard PFI. Despite its developmental focus, the Bank has also prioritised efficiency, targeting a 49.4% increase in profit before tax to ₦60.2 billion by FY 2025. The Bank also plans to jointly establish an affiliate institution focused on empowering youth initiatives, specifically a youth-focused bank that will fund youth-led ventures. In alignment with the medium-term strategy, the Bank intends to broaden its impact across all critical sectors.

We expect the Bank's capitalisation to remain adequate in the near term, supported by continued shareholder backing. The Bank's liquidity profile and refinancing capacity are also anticipated to remain strong, underpinned by stable funding from development partners. Asset quality is expected to remain good, given the wholesale lending model and prudent risk management practices. Despite its developmental mandate taking precedence over profit maximisation, DBN's operational efficiency is projected to translate into sustained profitability in the near term.

Based on the aforementioned, we hereby attach a **stable** outlook to the rating of Development Bank of Nigeria Plc.

FINANCIAL SUMMARY

Development Bank of Nigeria Plc						
STATEMENT OF FINANCIAL POSITION	31-Dec-22		31-Dec-23		31-Dec-24	
	N'million		N'million		N'million	
ASSETS						
1 Cash & Equivalents	617	0%	1,527	0%	1,070	0%
2 Government Securities		5%	19,246	3%	35,744	5%
3 Quoted Equity Investments (Net)						
4 CASH & MARKETABLE SECURITIES	617	5%	20,773	3%	36,814	5%
5 Due from Financial Institutions	130,441	27%	83,686	51%	142,551	27%
6 Loans to Customers	372,186	65%	410,518	44%	463,443	65%
7 Others						
Gross Loans	502,627	92%	494,203	94%	605,994	92%
8 Less: Cumulative loan loss provision	(2,783)	0%	(172)	0%	(812)	0%
9 TOTAL LOANS & ADVANCES - NET	499,844	91%	494,032	94%	605,182	91%
10 Unquoted Equity Investments(Net)	-		-		-	
11 Trading Securities	-		-		-	
12 OTHER EARNING ASSETS	-		-		-	
13 TOTAL OTHER ASSETS	2,764	0%	1,049	0%	62,175	0%
14 TOTAL OTHER LONG-TERM ASSETS	11,375	2%	11,675	2%	31,865	2%
15 TOTAL FIXED ASSETS & INTANGIBLES	2,636	0%	12,117	0%	13,957	0%
16 TOTAL ASSETS	517,236	100%	539,646	100%	749,993	100%
17 TOTAL COMMITMENTS						
18 TOTAL ASSETS & COMMITMENTS	517,236	100%	539,646	100%	749,993	100%
CAPITAL & LIABILITIES						
19 TIER 1 CAPITAL (CORE CAPITAL)	212,179	39%	232,231	36%	264,271	39%
20 SHORT TERM BORROWINGS						
21 LONG TERM BORROWINGS	291,140	60%	267,981	64%	429,057	60%
22 TOTAL INTEREST BEARING LIABILITIES	291,140	60%	292,226	64%	453,358	60%
23 TIER 2 CAPITAL	291,140	60%	292,226	64%	453,358	60%
24 TOTAL OTHER LIABILITIES	13,917	2%	15,189	0%	32,364	2%
25 TOTAL CAPITAL & LIABILITIES	517,236	100%	539,646	100%	749,993	100%
26 TOTAL COMMITMENTS						
27 TOTAL CAPITAL, LIABILITIES & COMMITMENTS	517,236	100%	539,646	100%	749,993	100%

Development Bank of Nigeria Plc						
INCOME STATEMENT FOR THE YEAR ENDED		31-Dec-22		31-Dec-23		31-Dec-24
		N'million		N'million		N'million
28	Interest income	47,000	99%	51,071	100%	77,566
29	Interest expense	(11,216)	-31%	(12,261)	-34%	(13,959)
30	NET INTEREST REVENUE	35,784	68%	38,809	66%	63,607
31	INCOME FROM EQUITY INVESTMENTS					
32	FEES & OTHER INCOME	543	1%	1,369	0%	712
33	Loan loss expense	(1,218)	1%	2,611	-2%	(1,180)
34	Equity impairment Charges	-		-		-
35	OPERATING INCOME	35,109	70%	42,790	64%	63,139
36	STAFF COSTS	(2,374)	-5%	(2,920)	-4%	(3,890)
37	DEPRECIATION EXPENSE	(392)	-1%	(453)	-1%	(614)
38	OTHER OPERATING EXPENSES	(2,821)	-5%	(4,047)	-4%	(5,129)
39	OPERATING EXPENSES	(5,587)	-11%	(7,420)	-9%	(9,632)
40	NET INCOME	29,523	60%	35,370	55%	53,506
41	NON-OPERATING INCOME (EXPENSE) - NET	-		-		-
ADDITIONAL INFORMATION						
42	Type of institution	DFI		DFI		DFI
43	Age (in years)	6		7		8
44	Number of offices	2		2		2
45	Average staff per office	21		27		31
	AUDITORS	KPMG		KPMG		KPMG
	OPINION	CLEAN		CLEAN		CLEAN

Development Bank of Nigeria Plc			
KEY RATIOS	31-Dec-22	31-Dec-23	31-Dec-24
PROFITABILITY RATIOS			
46 Return on earning assets (average)	7%	8%	11%
47 Return on average assets	6%	7%	8%
48 Return on average equity	15%	16%	22%
49 Loan loss expense/Interest income	3%		2%
50 Operating expenses/Net earnings	16%	17%	15%
51 Gross earnings/Total assets & contingents (average)	9%	10%	12%
52 Income from Equity Investments/Equity Investments			
LIQUIDITY RATIOS			
53 Total Debt/Liquid assets	222%	280%	253%
54 Liquid assets/Long term debts	45%	39%	42%
55 Liquid assets/Short term debts	100%	100%	100%
56 Liquid assets/Total assets	25%	19%	24%
ASSET QUALITY RATIOS			
57 PERFORMING LOANS (N'million)	372,186	410,518	462,465
58 NON-PERFORMING LOANS (N'million)	-	-	978
59 Non-performing loans/Total loans - Gross			0.2%
60 Loan loss provision/Total loans - Gross	3%	-7%	2%
61 Loan loss provision/Non-performing loans			83%
62 Equity loss provision/Equity investments			
CAPITAL ADEQUACY			
63 Tier 1 (N'million)	210,805	231,691	263,902
64 Tier 2 (N'million)	210,805	231,691	263,902
65 Equity Cushion	41%	43%	35%
66 Risk Weighted Assets (N'million)	450,024	476,490	641,535
67 Adjusted Capital (N'million)	421,610	463,381	527,803
68 Basel 1			
69 Tier 1/ Total Capital	50%	50%	50%
70 Net Loans to adjusted capital	1.19	1.07	1.15
71 Tier 1/Risk Weighted Assets	47%	49%	41%
STAFF INFORMATION			
72 Average number of employees	41	53	62
73 Staff cost per employee (N'million)	58	55	63
74 Operating Income per staff (N'million)	856	807	1,018
75 Staff cost/Operating income	6.8%	6.8%	6.2%
76 Staff costs/Operating expenses	42.5%	39.4%	40.4%

RATING DEFINITIONS

Aaa	A development financial institution (DFI) of the best financial condition and strongest capacity to meet obligations as and when they fall due relative to all other DFIs in the same country.
Aa	A development financial institution of very good financial condition and strong capacity to meet its obligations as and when they fall due relative to all other DFIs in the same country.
A	A development financial institution of good financial condition and strong capacity to meet its obligations relative to all other DFIs in the same country.
Bbb	A development financial institution of satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due relative to all other DFIs in the same country.
Bb	A development financial institution with satisfactory financial condition but limited capacity to meet obligations as and when they fall due relative to all other DFIs in the same country.
B	A development financial institution with weak financial condition and weak capacity to meet obligations as and when they fall due relative to all other DFIs in the same country.
C	A development financial institution with very weak financial condition and very weak capacity to meet obligations as and when they fall due are relative to all other DFis in the same country.
D	In default.

A "+" (plus) or "-" (minus) sign may be assigned to ratings from Aa to C to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

ESG CREDIT RATING CONTRIBUTION SCORE GUIDE

1	Environmental, Social and Governance issues do not contribute to credit risk
2	Environmental, Social and Governance issues have minimal contribution to credit risk
3	Environmental, Social and Governance issues have a material contribution to credit risk
4	Environmental, Social and Governance issues contribute significantly to credit risk
5	Environmental, Social and Governance issues are major contributors to credit risk



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