Development Bank of Nigeria Plc

2026 Final Entity Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

Development Bank of Nigeria Plc

Long Term Rating:

Aaa

Short Term Rating:

A1+

ESG Score:

2

Outlook: Stable
Issue Date: 29 May 2026
Expiry Date: 30 June 2027

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"** (long term) and **"A1+"** (short term) ratings assigned to Development Bank of Nigeria Plc ("**DBN**" or "**the Bank**"). The ratings reflect 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. In addition to the injected capital, the shareholders contribute to the governance framework and provide capacity development for the target market (micro, small, and medium-sized enterprises (MSMEs)) and the participating financial institutions (PFIs). The rating also reflects DBN's good asset quality, developmental impact, good liquidity profile and experienced management team. However, the rating is constrained by Nigeria's fragile macroeconomic environment, given that MSMEs are highly vulnerable to macroeconomic downturns. 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 risk profile.

In the financial year ended 31 December 2025, Development Bank of Nigeria Plc's impact deepened with the disbursement of ₦358.9 billion loans to MSMEs through PFIs. During the year under review, financial institutions outside the purview of the Central Bank of Nigeria but with significant footprints in underserved regions (aggregators) were onboarded as PFIs to strengthen impact in the target segment. Thus, the onboarded PFIs increased to 84 (FYE 2024: 79) as at FYE 2025. However, the Bank only had credit exposure to 41 PFIs (FY 2024: 40 PFIs) based on repayment by some PFIs. Similarly, loans amounting to ₦155.6 billion were facilitated through guarantees issued by Impact Credit Guarantee Company Limited (ICGL), the Bank's wholly owned subsidiary.

As at 31 December 2025, the loan portfolio stood at ₦555.1 billion, a 19.8% year-on-year growth. As at the same date, loans to MSMEs in the North East and North West regions surged by 99.5% and 53.5%, largely on the back of the onboarded aggregators. However, MSMEs in the South West (largely Lagos) and Abuja remained dominant in the portfolio, accounting for 66.2% (FYE 2024: 67%) of the loan book as at FYE 2025. The trade and commerce sector remained dominant and represented 50.7% (FYE 2024: 66.1%) of the loan

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book, albeit moderated by the 186.5%, 127.9% and 338.4% surge in exposure to the manufacturing, power & energy and health services sectors. We note that the trade and commerce sector is a conglomeration of various industries with different fundamentals. As at FYE 2025, the loan to a microfinance bank amounting to ₦804.7 million remained impaired, reflecting a 17.7% decline from the prior year driven by the realisation of collateral during the review year. However, the reduction moderated the impaired loan ratio to 0.1% (FYE 2024: 0.2%) as at FYE 2025, well below the 5% maximum regulatory guidance. The cumulative provisions coverage for the impaired exposure also improved to higher 91.8% (FYE 2024: 71.7%). We consider the Bank's asset quality good for a development finance institution.

DBN is well-capitalised for current business risks and near-term growth plans. As at FYE 2025, the shareholders' funds (₦312.2 billion) and the capital adequacy ratio (54.3%) 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, supported by reserve accretion from sustained profitability. We also note the willingness and ability of the shareholders to provide additional capital if needed.

As at FYE 2025, total borrowings remained stable at ₦435.4 billion and funded 55.1% (FYE 2024: 60.4%) of the asset base. As at the same date, total borrowings represented 139.5% (FYE 2024: 171.6%) of shareholders' funds, below the Bank's 150% internal maximum threshold. Foreign currency-denominated borrowings represented 27.2% (FYE 2024: 30.4%) of the shareholders' funds as at FYE 2025, remaining below the 75% maximum regulatory guidance. The weighted average cost of funds (WACF) remained stable at 4.2% as no additional borrowing was secured during the year under review. We note that the WACF is lower than most DFIs 5.2% average in the review year. The Bank's liquidity position improved during the year as reflected in the 41.6% (FYE 2024: 39.6%) liquidity ratio, exceeding the 10% minimum regulatory threshold. We consider the Bank's liquidity management strategy good and the refinancing ability strong.

DBN's primary mandate is developmental impact and not profit maximisation. However, the Bank seeks to maintain an efficient business model to strengthen the capital base through reserve accretion and provide returns to shareholders through dividend payments. In FY 2025, operating income grew by 54.4% on the back of the high-yield environment and expansion of the loan book as well as the investment portfolio. Operating costs increased by 66% to ₦16 billion, due to business expansion in an inflationary environment. Consequently, the cost-to-income ratio increased by 110 basis points to 16.4%. Overall, pre-tax profits rose by 52.3% to ₦81.5 billion and the pre-tax return on average assets improved to 10.6% (FY 2024: 8.3%). The pre-tax return on average equity also increased to 28.3% (FY 2024: 21.6%), higher than the 23.3% average inflation for the year. We consider DBN's profitability good for a development finance institution. We expect further

improvement in profitability, based on the planned uptick in lending activities and optimisation of the investment portfolio.

Based on the aforementioned, Agusto & Co. has attached a **stable** outlook to the ratings of Development Bank of Nigeria Plc.

Figure 1: Strengths, Weakness and Challenges of Development Bank of Nigeria Plc

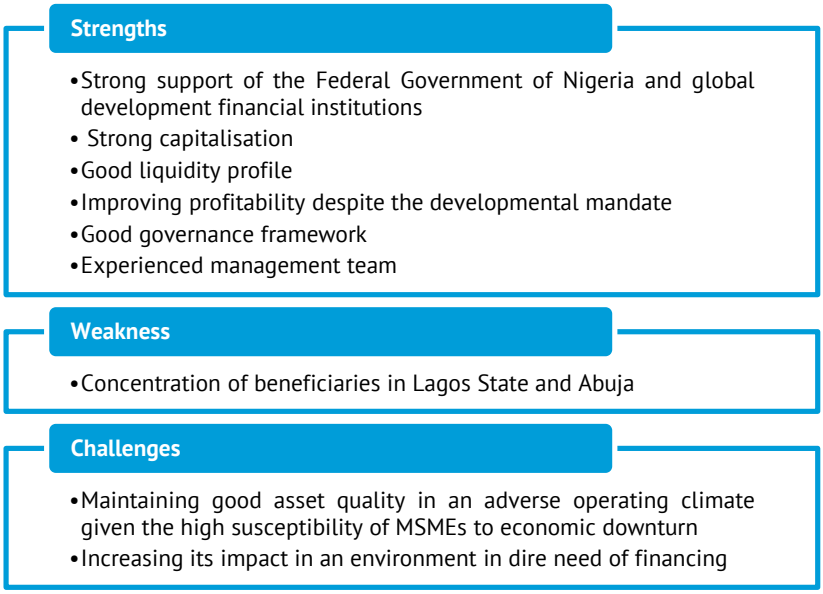


Table 1: Financial Information

	31 December 2024	*31-December 2025*
Total Assets	₦750 billion	₦790.7 billion
Gross Loans	₦463.4 billion	₦555.1 billion
Operating Income	₦63.1 billion	₦97.5 billion
Pre-tax Return on Average Assets (ROA)	8.3%	10.6%
Pre-tax Return on Average Equity (ROE)	21.6%	28.3%

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 and capacity development to Medium and Small-Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs).

In the financial year ended 31 December 2025, DBN expanded the pool of PFIs to include financial institutions outside the purview of the CBN which have strong affinity with MSMEs, particularly in underserved regions, and are referred to as aggregators. Thus, the number of onboarded PFIs increased to 84 (FYE 2024: 79) as at FYE 2025 and comprised aggregators, including Babban Gona; commercial banks; non-interest banks; microfinance banks; merchant banks; finance houses and mortgage banks. However, only 41 PFIs (FY 2023: 40 PFIs) had outstanding loans with the Bank as at FYE 2025. The Bank plans to further expand this network to 89 PFIs before 31 December 2026 to support MSMEs development.

Beyond funding, DBN empowers MSMEs through capacity-building programmes, with 48,310 beneficiaries across the six geopolitical zones in FY 2025. Partial credit guarantees are also provided to catalyse MSME financing through Impact Credit Guarantee Company Limited, the Bank's wholly-owned subsidiary. 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 State.

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**' on our national rating scale by Agusto & Co., was created through an Act of the National Assembly. NSIA's 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. The shareholders also support the Bank by strengthening the governance framework in line with global best practice.

Table 2: DBN's shareholding structure as at 31 December 2025

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 to catalyse MSME lending by providing credit guarantees. In the financial year ended 31 December 2025, loans amounting to ₦155.6 billion with 37,343 beneficiaries were facilitated by the partial credit guarantees. As at 31 December 2025, ICGL has facilitated ₦315.8 billion loans to 97,333 beneficiaries since inception.

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. 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. During the review year, Mr Aminu Umar-Sadiq, the Non-Executive Director representing the NSIA, resigned from the Board. Subsequent to the year end, Mr Kolawole Owodunni, CFA was appointed to the Board as a Non-Executive Director representing the NSIA. 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 Kolawole Owodunni	*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*

Mr Kolawole Owodunni, CFA is an executive director and chief investment officer at the Nigeria Sovereign Investment Authority. He has over two decades of professional experience across risk management, investment management and alternative investments. Before joining NSIA, he was head of risk management at Dunn Loren Merrifield Securities Limited in Nigeria. He previously held roles at Credit Suisse Securities (Europe) Limited, Merrill Lynch International and Goldman Sachs International in the United Kingdom. He holds a Master's degree in Chemical Engineering from Imperial College London and an MBA from INSEAD, France. He is also a CFA® charterholder.

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 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 2025, DBN's average workforce increased to 69 employees, up from 62 in the previous year, to support business expansion. The expanded workforce and a salary review during the year drove a 70% increase in staff costs to ₦6.6 billion, translating to an average staff cost of ₦95.8 million (FY 2024: ₦62.7 million). Accordingly, staff productivity, measured as operating income per employee relative to average staff cost, remained strong at 14.7 times (FY 2024: 16.2 times), better than the 7.2 times recorded by the banking industry, supported by a 38.7% increase in operating income per employee to ₦1.4 billion. We consider DBN's staff productivity good for a wholesale development finance institution and believe the Bank is led by an experienced management team.

ANALYSTS' COMMENTS

ASSET QUALITY

As at 31 December 2025, Development Bank of Nigeria Plc's loan portfolio stood at ₦555.1 billion, a 19.8% year-on-year growth with 289,989 MSME beneficiaries. As at the same date, the funds were disbursed through 41 PFIs (FYE 2024: 40 PFIs), with the addition of an aggregator, a finance house and a microfinance bank. Nonetheless, commercial banks dominated the portfolio and accounted for 83.8% (FYE 2024: 85%) of the loan book, despite representing only 28.6% (FYE 2024: 29.3%) of the PFIs. In the near term, there are plans to onboard more PFIs, particularly aggregators. However, we believe the relatively large size of commercial banks, with their extended distribution network, will intensify their dominance of the loan book.

Table 3: Proportion of Loans Channelled Through PFIs by Institution Type

PFI Category	FYE 2024	FYE 2025
Commercial banks	85.0%	83.8%
Microfinance banks	5.1%	9.7%
Mortgage banks	1.6%	1.1%
Aggregators	0.0%	0.6%
Finance companies	0.04%	0.2%
Merchant banks	3.0%	-

Based on the Bank's internal credit rating model, as at FYE 2025, 22 PFIs (FYE 2024: 23 PFIs), which accounted for 12.3% (FYE 2024: 14.9%) of the loan portfolio, were classified as non-investment grade counterparties. Microfinance Banks and Mortgage Banks with a relatively strong foothold in the MSME segment and a commercial bank with deteriorating financial condition, dominate the portfolio of non-investment grade PFIs. We note positively the increased scrutiny of the non-investment grade PFIs and the higher collateral coverage for the exposures.

As at FYE 2025, the Bank's MSME lending remained skewed towards the South West region, consistent with Lagos State's position as a principal commercial hub in West Africa. However, we note the 99.5% and 53.5% increase in exposures to the North East and North West regions, on the back of the onboarding of aggregators with a strong foothold in these financially underserved regions. This was consistent with the Bank's objective of increasing disbursements to underserved areas and was further supported by its moral suasion of PFIs and the inclusion of related requirements in loan extension agreements. In the near term, we anticipate an increase in disbursements to MSMEs in underserved regions of the country.

As at FYE 2025, MSMEs in the trade and commerce sector are the ultimate beneficiaries of 50.7% (FYE 2024: 66.1%) of the loan book. We note positively the increased exposure to the manufacturing, agriculture and power & energy, which moderated the dominance of the trade and commerce MSMEs, albeit to an extent. We believe the trade and commerce sector comprises businesses in different industries. Thus, moderating our concerns about concentration risks.

Figure 2: Loan Beneficiaries by Geography as at FYE 2025

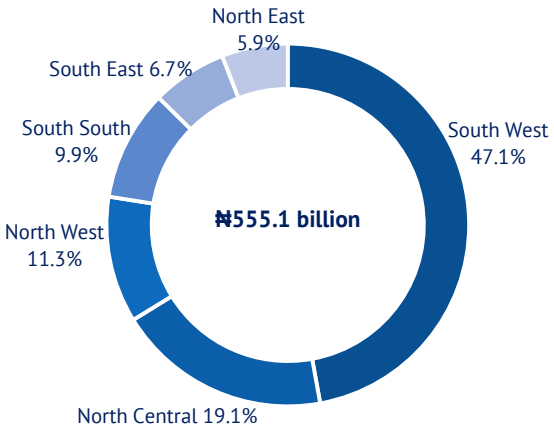
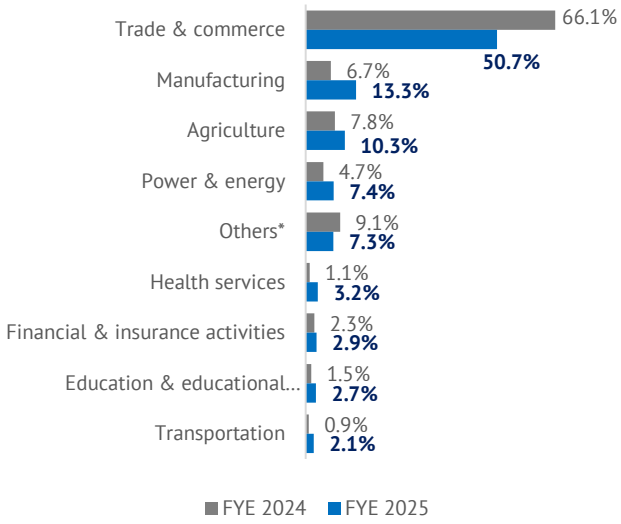


Figure 3: Loan Disbursements by Sector as at FYE 2025



Others include: Building & construction; Real estate activities; Information & technology; Water supply, sewage, waste management & remediation activities; Other service activities; Professional, scientific & technical activities; Accommodation & food service activities; Fashion; Administrative & support service activities and Arts, entertainment & recreation.*

As of the fiscal year ending 2025, the impaired loan portfolio includes exposure to a microfinance bank facing severe liquidity constraints. The outstanding balance declined by 17.7% to ₦804.7 million as at FYE 2025, following the realisation of some collateral and represented a negligible 0.1% (FYE 2024: 0.2%) of the total loan portfolio, well below the 5% maximum regulatory guidance. The cumulative loan loss provision covered 91.8% (FYE 2024: 71.7%) of the impaired loans as at FYE 2025. As a result, we expect any potential write-offs to have a negligible impact on future profitability and capitalisation.

Overall, we consider DBN's asset quality good.

EARNINGS

Development Bank of Nigeria Plc generates income primarily from lending activities as well as the investment portfolio. The earnings base is further supported by grant income for project implementation, foreign exchange gains and earnings from the subsidiary under a shared services agreement. During the financial year ended 31 December 2025, DBN's interest income grew by 43.6% to ₦111.4 billion, driven by the 19.8% expansion in the loan portfolio and changes in the investment portfolio mix. The loan book contributed 64.7% (FY 2024: 75.4%) of interest income and remained the primary source of earnings. However, the allocation to relatively high-yielding assets supported the contribution of the investment portfolio. Interest expenses increased by 25% to

₦17.5 billion in FY 2025, driven by higher borrowing costs and expenses associated with a derivatives contract. Notwithstanding, net interest income increased by 47.7% to ₦94 billion during the year under review outstripping the growth in interest expense.

In FY 2025, non-interest income surged 4.5 times to ₦3.2 billion, on the back of foreign currency revaluation gains on some euro-denominated assets. Notwithstanding, asset optimisation, measured as non-interest income relative to average total assets, remained modest at 0.4% (FY 2024: 0.1%) in FY 2025, due to the expansion of the asset base.

During the review year, operating expenses increased by 66% to ₦16 billion, largely driven by upward salary reviews and an uptick in administrative expenses based on business expansion in an inflationary environment. Consequently, the cost-to-income ratio (CIR) increased by 110 basis points to 16.4%. While we expect operating expenses to maintain an upward trajectory, we believe the CIR will remain below 20% in the near term based on the moderating impact of the anticipated higher operating income. Subsequent to the year-end, in the three months ended 31 March 2026, the CIR declined to 14.7%, in line with our expectation.

Overall, DBN's profit remained good with a 10.6% (FY 2024: 8.3%) return on average assets (ROA). The return on average equity (ROE) also increased to 28.3% (FY 2024: 21.6%), exceeding the 23.3% annual average inflation for the year. Although profit maximisation is not the primary mandate of the Bank, we consider DBN's profitability good for a development finance institution.

CAPITAL ADEQUACY

As at FYE 2025, Development Bank of Nigeria Plc's shareholders' funds stood at ₦312.2 billion, a 18.1% year-on-year growth based on reserve accretion from improved profitability during the year. At this level, the shareholders' funds significantly exceeded the ₦100 billion regulatory minimum for wholesale development finance institutions in Nigeria.

As at FYE 2025, borrowings from development partners amounting to ₦411 billion (FYE 2024: ₦429.1 billion) qualified as tier 2 capital. However, the regulatory guideline limits tier 2 capital to 33.3% of tier 1 capital. As a result, the allowable tier 2 capital for the capital adequacy ratio (CAR) computation amounted to ₦84.3 billion (FYE 2024: ₦68.9 billion) as at FYE 2025.

Notwithstanding the enlarged capital base, the loan book expansion moderated the CAR to 54.3% (FYE 2024: 61.2%) as at FYE 2025. Notwithstanding, the CAR remained significantly above the 10% regulatory minimum for wholesale development finance institutions. In our opinion, DBN 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 accesses the Nigerian debt capital market for funding,

subject to the prevailing interest rates.

As at FYE 2025, DBN's total borrowings remained stable at ₦435.4 billion, as no additional funding receipts were recorded during the year. Accordingly, the weighted average cost of funds (WACF) remained stable at 4.2%, lower than the 5.2% average for DFIs in the review year. We do not expect a material increase in funding costs in the near term, given the preference for borrowings at concessionary interest rates.

Table 4: Borrowings Schedule as at FYE 2025

International Development Partner	*Interest Rate*	*Tenor*	*Outstanding Balance*
International Bank for Reconstruction and Development (IBRD) $480 million commitment	4%	21 years	₦124.1 billion
International Bank for Reconstruction and Development (IBRD) -LPRES	1.25%	27 years	₦105.5 billion
French Development Agency (AFD) $130 million commitment	3.55%	10 years	₦20.1 billion
French Development Agency (AFD) €25 million commitment- Women Borrowing	3.08%	7 years	₦42 billion
KfW German Development Bank $200 million commitment	3.99%	10 years	₦23.3 billion
KfW German Development Bank €12.5 million commitment	2%	10 years	₦21.7 billion
KfW German Development Bank €12.5 million commitment	2%	10 years	₦21.2 billion
African Development Bank (AfDB) $400 million commitment	4%	15 years	₦42.2 billion
Fund of the AfDB	1%	15 years	₦10.9 billion
₦23 billion 5-year Senior bond	14.40%	5 years	₦24.4 billion

As at 31 December 2025, DBN's liquid assets, comprising bank placements, stood at ₦181.4 billion (FYE 2024: ₦179.4 billion), in line with the high interest rates offered by the banks relative to treasury securities. As at the same date, the liquid assets represented 41.6% (FYE 2024: 39.6%) of total borrowings. We consider the Bank's liquidity management strategy good and the refinancing ability strong.

LEVERAGE

DBN strives to maintain a balance between equity and debt financing. The Bank aims to broaden its funding base through engagements with development partners to access leveraged financing. Borrowings from international development partners are typically long-tenured, providing the Bank with flexibility to pursue its strategic financing objectives and scale developmental impact.

As at 31 December 2025, total borrowings represented 139.5% (FYE 2024: 171.6%) of shareholders' funds, comfortably below the Bank's 150% internal maximum threshold. As at the same date, foreign currency-denominated borrowings represented 27.2% (FYE 2024: 30.4%) of the shareholders' funds, below the 75% regulatory guidance. This reflects headroom for additional borrowings to support the Bank's impact initiatives.

In our opinion, DBN's current level of leverage is good.

Environment, Social and Governance

Agusto & Co's review of the impact of environmental, social and governance factors places emphasis on corporate governance. We consider DBN's corporate governance framework good, reflecting the affiliations with international development finance institutions that provide funding and technical support. The Board of Directors is dominated by Independent Non-Executive Directors, in line with best practices.

In the financial year ending 31 December 2025, the DBN disbursed ₦358.9 billion to 289,989 MSMEs through PFIs. Similarly, 48,310 MSMEs benefitted from capacity-building programmes while 37,343 credit guarantees were issued by ICGL to facilitate loans amounting to ₦155.6 billion. During the year under review, the Bank's exposure to economically less-developed geographical zones increased by 22.4% to ₦187.1 billion. This represented 33.8% of total loans, supported by the onboarding of additional PFIs, including aggregators with a significant footprint in underserved areas. Expenditure on various corporate social responsibility (CSR) initiatives rose by 134.6% to ₦162.3 million, underscoring a commitment to inclusive development. Female representation on the Board at 44%, better than the 30% regulatory guidance. However, female representation in senior management remained low at 9%, falling short of the 40% benchmark.

Overall, we believe environmental, social, and governance (ESG) factors have a minimal contribution to the credit risk profile of Development Bank of Nigeria Plc.

Outlook

The Development Bank of Nigeria Plc remains focused on youth, women and green initiatives to drive impact. 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. The Bank anticipates $500 million from the World Bank to support the Fostering Inclusive Finance for MSMEs in Nigeria (FINCLUDE) project and planned business initiatives in 2026. Engagement with additional international development partners is also ongoing, with further funding of $800 million expected to diversify the funding base.

In 2026, the Central Bank of Nigeria (CBN) raised the Bank's single obligor limit (SOL) to 35% from 20%, providing headroom for significant growth in the loan portfolio, subject to stricter risk management. The Bank intends to onboard more PFIs, including aggregators, to facilitate the extension of additional credits to targeted sectors.

We expect the Bank's capitalisation to remain good in the near term, supported by retained earnings and continued shareholder support. The liquidity profile and refinancing capacity are also expected to remain good, underpinned by stable funding from development partners. Asset quality is expected to remain decent, supported by the Bank's wholesale lending model and prudent risk management practices. Despite the primacy of its developmental mandate over profit maximisation, the Bank's operational efficiency is expected to

support sustained profitability in the near term. Based on the aforementioned, we have attached a **stable** outlook to the ratings of Development Bank of Nigeria Plc.

FINANCIAL SUMMARY

	Development Bank of Nigeria Plc						
	STATEMENT OF FINANCIAL POSITION	**31-Dec-23**		**31-Dec-24**		**31-Dec-25**	
		N'million		**N'million**		**N'million**	
	ASSETS						
1	Cash & Equivalents	1,527	0%	1,070	0%	1,219	0%
2	Government Securities	19,246	4%	35,744	5%		
3	Quoted Equity Investments (Net)						
4	**CASH & MARKETABLE SECURITIES**	**20,773**	**4%**	**36,814**	**5%**	**1,219**	**0%**
5	Due from Financial Institutions	83,686	16%	142,551	19%	179,896	23%
6	Loans to Customers	410,518	76%	463,443	62%	555,056	70%
7	Others						
	Gross Loans	**494,203**	**92%**	**605,994**	**94%**	**734,952**	**113%**
8	Less: Cumulative loan loss provision	(172)	0%	(812)	0%	(834)	0%
9	**TOTAL LOANS & ADVANCES - NET**	**494,032**	**92%**	**605,182**	**94%**	**734,118**	**113%**
10	**Unquoted Equity Investments(Net)**	-		-		-	
11	Trading Securities	-		-		-	
12	**OTHER EARNING ASSETS**	**-**		**-**		**-**	
13	**TOTAL OTHER ASSETS**	1,049	0%	62,175	8%	3,304	1%
14	**TOTAL OTHER LONG-TERM ASSETS**	11,675	2%	31,865	4%	31,865	4%
15	**TOTAL FIXED ASSETS & INTANGIBLES**	12,117	2%	13,957	2%	20,206	3%
16	**TOTAL ASSETS**	**539,646**	**100%**	**749,993**	**100%**	**790,712**	**100%**
17	**TOTAL COMMITMENTS**						
18	**TOTAL ASSETS & COMMITEMENTS**	**539,646**	100%	**749,993**	100%	**790,712**	100%
	CAPITAL & LIABILITIES						
19	TIER 1 CAPITAL (CORE CAPITAL)	**232,231**	**43%**	**264,271**	**35%**	**312,153**	**39%**
20	SHORT TERM BORROWINGS						
21	LONG TERM BORROWINGS	**267,981**	50%	**429,057**	57%	**411,011**	52%
22	TOTAL INTEREST BEARING LIABILITIES	**292,226**	**50%**	**453,358**	**57%**	**435,368**	**52%**
23	**TIER 2 CAPITAL**	**292,226**	**50%**	**453,358**	**57%**	**435,368**	**52%**
24	TOTAL OTHER LIABILITIES	15,189	3%	32,364	4%	43,192	5%
25	**TOTAL CAPITAL & LIABILITIES**	**539,646**	96%	**749,993**	97%	**790,712**	97%
26	TOTAL COMMITMENTS						
27	**TOTAL CAPITAL, LIABILITIES & COMMITMENT**	**539,646**	100%	**749,993**	100%	**790,712**	100%

	Development Bank of Nigeria Plc						
	INCOME STATEMENT FOR THE YEAR ENDED	**31-Dec-23**		**31-Dec-24**		**31-Dec-25**	
		N'million		**N'million**		**N'million**	
28	Interest income	51,071	97%	77,566	99%	111,377	97%
29	Interest expense	(12,261)	-23%	(13,959)	-18%	(17,451)	-15%
30	**NET INTEREST REVENUE**	**38,809**	**74%**	**63,607**	**81%**	**93,926**	**82%**
31	INCOME FROM EQUITY INVESTMENTS						
32	FEES & OTHER INCOME	1,369	3%	712	1%	3,204	3%
33	Loan loss expense	2,611	5%	(1,180,231)	-2%	351	0%
34	Equity impairment Charges	-		-		-	
35	**OPERATING INCOME**	**42,790**	**82%**	**63,139**	**81%**	**97,481**	**85%**
36	STAFF COSTS	(2,920)	-6%	(3,890)	-5%	(6,611)	-6%
37	DEPRECIATION EXPENSE	(453)	-1%	(614)	-1%	(724)	-1%
38	OTHER OPERATING EXPENSES	(4,047)	-8%	(5,129)	-7%	(8,653)	-8%
39	**OPERATING EXPENSES**	**(7,420)**	**-14%**	**(9,632)**	**-12%**	**(15,988)**	**-14%**
40	**NET INCOME**	**35,370**	**67%**	**53,506**	**68%**	**81,493**	**71%**
41	NON-OPERATING INCOME (EXPENSE) - NET	-		-		-	
	ADDITIONAL INFORMATION						
42	Type of institution	**DFI**		**DFI**		**DFI**	
43	Age (in years)	7		8		9	
44	Number of offices	2		2		2	
45	Average staff per office	27		31		35	
	AUDITORS	KPMG		KPMG		KPMG	
	OPINION	CLEAN		CLEAN		CLEAN	

	Development Bank of Nigeria Plc			
	KEY RATIOS	**31-Dec-23**	**31-Dec-24**	**31-Dec-25**
	PROFITABILITY RATIOS			
46	Return on earning assets (average)	8%	11%	14%
47	Return on average assets	7%	8%	11%
48	Return on average equity	16%	22%	28%
49	Loan loss expense/Interest income		2%	
50	Operating expenses/Net earnings	17%	15%	16%
51	Gross earnings/Total assets & contingents (average)	10%	12%	15%
52	Income from Equity Investments/Equity Investments			
	LIQUIDITY RATIOS			
53	Total Debt/Liquid assets	280%	253%	240%
54	Liquid assets/Long term debts	39%	42%	44%
55	Liquid assets/Short term debts	100%	100%	100%
56	Liquid assets/Total assets	19%	24%	23%
	ASSET QUALITY RATIOS			
57	PERFORMING LOANS (N'million)	410,518	462,465	554,251
58	NON-PERFORMING LOANS (N'million)	-	978	805
59	Non-performing loans/Total loans - Gross		0%	0%
60	Loan loss provision/Total loans - Gross	-7%	2%	0%
61	Loan loss provision/Non-performing loans		83%	104%
62	Equity loss provision/Equity investments			
	CAPITAL ADEQUACY			
63	Tier 1 (N'million)	231,691	263,902	311,690
64	Tier 2 (N'million)	231,691	263,902	311,690
65	Equity Cushion	43%	35%	39%
66	Risk Weighted Assets (N'million)	476,490	641,535	699,083
67	Adjusted Capital (N'million)	463,381	527,803	623,381
68	Basel 1			
69	Tier 1/ Total Capital	50%	50%	50%
70	Net Loans to adjusted capital	1.07	1.15	1.18
71	Tier 1/Risk Weighted Assets	49%	41%	45%
	STAFF INFORMATION			
72	Average number of employees	53	62	69
73	Staff cost per employee (N'million)	55	63	96
74	Operating Income per staff (N'million)	807	1,018	1,413
75	Staff cost/Operating income	6.8%	6.2%	6.8%
76	Staff costs/Operating expenses	39.4%	40.4%	41.3%

LONG TERM 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.

SHORT TERM RATING DEFINITIONS

A1+	A development financial institution with the strongest capacity to meet short-term obligations as and when they fall due relative to other DFIs in the same country
A1	A development financial institution with a strong capacity to meet short-term obligations as and when they fall due relative to other DFIs in the same country
A2	A development financial institution with adequate capacity to meet short-term obligations as and when they fall due relative to other DFIs in the same country
A3	A development financial institution with limited capacity to meet short-term obligations as and when they fall due relative to other DFIs in the same country
B	A development financial institution with weak capacity to meet short-term obligations as and when they fall due relative to other DFIs in the same country
C	A development financial institution with very weak capacity to meet short-term obligations as and when they fall due relative to DFIs in the same country
D	A development financial institution in default

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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