

Development Bank of Nigeria Plc

Rated entity/Issue	Rating class	Rating scale	Rating	Outlook/Watch
Development Bank of Nigeria Plc	Long Term Issuer	National	AAA _(NG)	Stable
	Short Term Issuer	National	A1+ _(NG)	
Series 1 Senior Unsecured Bonds	Long Term Issue	National	AAA _(NG)	Stable

Analytical entity

Development Bank of Nigeria Plc (DBN or the Bank) is a wholesale development finance institution licensed by the Central Bank of Nigeria (CBN). The Bank commenced operations in November 2017 and has a wholly owned subsidiary named Impact Credit Guarantee Limited (ICGL), that provides credit guarantees to participating financial institutions (PFIs) on loans granted to eligible Micro, Small, and Medium Enterprises (MSMEs). The Bank and its wholly owned subsidiary are collectively referred to as the Group.

The Group's shareholding structure as of 31 December 2025 is shown below:

Exhibit 1: Shareholding Structure as of 31 December 2025		
Shareholders	Number of Shares	%
Ministry of Finance Incorporated (MOFI)	59,868,000	59.9%
Nigerian Sovereign Investment Authority (NSIA)	14,967,000	15.0%
African Development Bank (AfDB)	17,975,000	18.0%
European Investment Bank (EIB)	7,190,000	7.2%
Total	100,000,000	100%

Source: DBN

The Bank operates as the dominant entity within DBN Group (the Group), which includes its wholly owned subsidiary: Impact Credit Guarantee Limited (ICGL). As DBN is the parent entity which also accounts for over 90% of the Group's total assets and operating revenue, the Bank's ratings effectively reflect the Group's overall credit profile.

Credit profile summary

Strengths

- Strong capital levels buoyed by shareholders' support and earnings retention
- Stable funding structure underpinned by access to long-term concessionary financing from other development finance institutions

¹ The last rating announcement was in April 2026. Rating reports are updated at least once a year from the date of the last announcement.

- Good liquidity position with 32.0% of total assets held in near cash and high-quality liquid assets as of 31 December 2025

Weaknesses

- High obligor concentration in the loan book as the Bank's top twenty PFIs accounted for 98% of gross loans as of 31 December 2025

Rating summary

The ratings are underpinned by DBN's robust capitalisation, good risk profile, stable funding base, and adequate liquidity structure.

Outlook statement

The stable outlook reflects our expectation that key metrics such as the GCR core capital ratio will remain above 35.0%, supported by earnings retention and conservative lending, while the business profile will not change materially. Funding is expected to remain stable and diversified supported by good access to international development finance institutions.

Rating triggers

A negative rating action could result from 1.) a decline in GCR core capital ratio below 35% 2.) material deterioration in asset quality 3.) significant increase in the proportion of the guaranteed portfolio to total equity 4.) weak delivery of the Bank's mandate.

Given that DBN's ability to meet the obligations on the Series 1 Bonds is dependent on its credit profile, the Series 1 Bonds' rating would be sensitive to a negative rating action on the Group.

Risk score summary

Rating components & factors	Risk Score
Operating environment	7.00
Country risk score	3.75
Sector risk score	3.25
Business profile	(0.75)
Competitive position	(0.75)
Sustainability	0.00
Financial profile	5.00
Capital & Leverage	4.00
Risk	0.00
Funding & Liquidity	1.00
Comparative profile	0.00
Group support	0.00
Peer Comparison	0.00
Total risk score	11.25

Analytical contacts

Primary analyst Lagos, Nigeria	Weyinmi Tuoyo weyinmiT@GCRratings.com	Analyst, Financial Institutions +234 1 904 9462
Committee chair Johannesburg, ZA	Vimbai Mandebvu VimbaiM@GCRratings.com	Deputy Sector Head, Financial Institutions +27 11 784 1771

Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Financial Institutions, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, March 2026
GCR Financial Institutions Sector Risk Scores, December 2025

Ratings history

Development Bank of Nigeria Plc					
Rating class	Review	Rating	Rating	Outlook/Watch	Date
Long Term Issuer	Initial	National	AAA _(NG)	Stable	May 2021
Short Term Issuer	Initial	National	A1+ _(NG)		May 2021
Long Term Issuer	Last	National	AAA _(NG)	Stable	April 2025
Short Term Issuer	Last	National	A1+ _(NG)		April 2025
Series 1 Senior Unsecured Bonds	Initial	National	AAA _(NG)	Stable	August 2023
Series 1 Senior Unsecured Bonds	Last	National	AAA _(NG)	Stable	April 2025

Operating environment

Country risk

The revised Nigerian country risk score of '3.75' balances improved fiscal and external risk dynamics against vulnerabilities to exogenous factors, particularly commodity and climate risk. The adoption of a more flexible, market driven foreign exchange regime since 2023 has significantly bolstered gross external reserves, while full deregulation of the oil sector under the Petroleum Industry Act, 2021 has eased fiscal spending pressures and spurred strong oil refining productivity. Sustained fiscal consolidation efforts are also evident in improved revenue collection controls, enhanced treasury management, and broad-based tax reforms. The tight monetary policy stance of the Central Bank of Nigeria (CBN) has significantly eased inflationary pressures and enhanced exchange rate stability. However, these gains remain fragile, and are tempered by persistent structural challenges, widening fiscal deficits, rising debt servicing costs, and cost of living crises as prices remained elevated. For full details, please see GCR's Country Risk Score report which is available for download at (gcrratings.com)

Sector risk

The upward revision of the Nigerian Financial Institutions Risk Score to '3.75' reflects the improving regulatory environment, greater transparency, and clearer governance and policy direction by the Central Bank of Nigeria (CBN). Specifically, the CBN's foreign exchange reforms have enhanced foreign currency liquidity and narrowed the gap between official rates and unofficial market foreign-exchange rates, thereby reducing foreign exchange round-tripping and contributing to the relative exchange rate stability. Additionally, the discontinuation of arbitrary cash reserve requirements (CRR) debits in favor of a more

transparent and predictable CRR regime has improved Banking sector liquidity management and planning. Nonetheless, the persistently high CRR is a constraint.

For full details, please see GCR's Financial Institutions Sector Risk Score report. The Sector Risk Scores are available for download at (gcratings.com)

Business profile

Competitive position

DBN's mandate is to bridge the gap created by the inability of existing lending institutions to satisfy the funding needs of micro, small and medium enterprises (MSMEs) in Nigeria, by providing access to long term financing using participating financial institutions (PFI) as conduits. Additionally, DBN through its subsidiary, ICGI issues partial credit guarantees (up to 60%) to PFIs in respect of loans granted to eligible MSME businesses. In 2025, the Group's cumulative guarantees increased by 107.7% to NGN77.7 billion (USD55.5 million), while the loan book grew by 20.6% to NGN529.7 billion (USD367.8 million), underpinned by its partnerships with PFIs that have extensive distribution networks. Going forward, mandate delivery would be further supported by the upward revision of the single obligor limit for wholesale DFIs to 35.0% from 20.0%, which is expected to drive loan book growth.

Exhibit 1: Key Numbers and Financial Ratios			
(NGN' million)	December 2025	December 2024	December 2023
Operating revenue/(loss)	110,697.4	69,458.7	41,989.7
Net-interest income	106,023.7	68,608.1	40,362.3
Non-interest income	4,673.8	849.7	1,626.4
Profit/(loss) after tax	93,143.2	38,828.4	24,491.2
Total assets	811,129.8	759,105.9	543,962.3
Gross loans	529,729.9	439,220.9	410,517.0
Borrowings	435,368.5	453,358.4	292,216.8
Key Ratios (%)			
Return on equity	19.6%	14.3%	10.4%
Return on assets	7.3%	4.9%	4.3%
Cost to income	16.1%	15.3%	18.9%
Net interest margin	14.4%	11.3%	7.7%

Source: DBN's financial statements and GCR financial tools

Sustainability

Our assessment of sustainability is neutral to the rating. As of 31 December 2025, DBN's Board composition was in line with the required corporate governance standards, comprising of eleven (11) members, seven of whom were non-executive Directors. The Board exercises oversight through its standing committees namely: Board Credit and Risk Committee, Board Finance Committee, Board Audit and Compliance Committee, Board Nomination and Governance Committee, and Board Ethics Committee. We recognise the stability of the management team, with diverse experience in the Nigerian financial sector. DBN received an unqualified audit opinion from its external auditor, KPMG, for the 2025 financial year. Additionally, we consider the level of transparency and disclosure in the financial statements and other related documents to be adequate.

Capital and leverage

The group is well capitalised, with the GCR core capital ratio registering at 46.7% as of December 2025, down from 52.0% as of December 2024. The leverage ratio also confirms the strength of capitalisation as it remained strong at 35.7% (2024: 32.8%). Over the next 12 to 18 months, we expect these metrics to remain stable, even with the projected 20.0% growth in the loan book and planned dividend payment, which is limited to 25.0% of distributable profit.

Exhibit 2: Capital and leverage

	2027(f)	2026(f)	2025	2024	2023
GCR core capital ratio (%)	48.3	42.9	46.7	52.0	49.5
Core earnings to adjusted assets (%)	6.0	6.3	7.3	4.9	4.2
Core earnings to GCR total capital (%)	17.8	17.0	20.3	14.8	10.8
GCR Leverage Ratio	33.4	29.1	35.7	32.7	39.5

e: GCR estimates; f: GCR forecasts.

Source: DBN's financial statements and GCR financial tool.

Risk

DBN manages credit risks through its stringent underwriting standards, proactive monitoring of exposures and adequate collateralisation using treasury bills, bonds and movable assets. The Bank also has direct debit mandates on PFIs' account with the Central Bank of Nigeria. Consequently, the Group has maintained strong asset quality metrics over time, with the non-performing loan (NPL) ratio registering at 0.2% as of 31 December 2025, while the ratio of called to cumulative guarantees registered at 3.0%. Concentration risk remains high, with the top twenty obligors accounting for 98.3% of gross loans in 2025. However, this reflects the Group's primary model of channelling finance through PFIs and is partly mitigated by their good credit profile. Overall, the risk profile is expected to remain sound over the outlook horizon.

Funding and Liquidity

DBN's operations are largely funded by long term wholesale funds obtained from international development financial institutions at concessionary terms. As such, the stable funding ratio has remained high, averaging 94.6% over the past five years. DBN also maintains a good liquidity profile with 31.7% of total assets in liquid Federal Government of Nigeria (FGN) bonds and interbank deposits as of 31 December 2025. We expect the funding and liquidity assessment to remain stable going forward.

Exhibit 3: Liquidity

	2027(f)	2026(f)	2025	2024	2023
Long term funding ratio (%)	144.5	151.0	167.3	152.2	169.3
GCR Stable funds ratio (%)	>90.0	>90.0	89.5	98.8	90.2
GCR liquid assets/wholesale funding (x)	0.5	0.5	0.6	0.4	0.4

e: GCR estimates; f: GCR forecasts.

Source: DBN's financial statements and GCR financial tool.

Comparative profile

Peer analysis

The peer analysis is neutral to the ratings.

Group support

Group support is not applicable to the ratings.

Rating adjustment factors

Structural adjustments

No structural adjustments have been made to the Anchor Credit Evaluation in arriving at the final ratings.

Instrument ratings

Development Bank of Nigeria Plc Bond

Exhibit 4: Details of DBN's Bond

	Amount Issued	Effective date	Tenor	Coupon	Redemption
Series 1 Senior unsecured bond	NGN23 billion	July 2023	7 years	14.40%	July 2028

The Series 1 NGN23 billion Senior Unsecured Bonds (the Series 1 Bonds) was issued in June 2023 under DBN's (the Issuer) NGN100 billion Bond Issuance Programme (the Programme) registered with the Securities and Exchange Commission (SEC) in April 2022. The Issuer's payment obligations under the Series 1 Bonds and in respect of principal and any coupon on the Series 1 Bonds rank at least equally with all unsecured and unsubordinated obligations of the Issuer, both present and future except for obligations mandatorily preferred by law applying to companies generally. Given that the Issuer offers timely and full coverage of all payments due to the bondholders under the Series 1 Bonds, the Series 1 Bonds bear the same default risk as its Issuer and would reflect similar recovery prospects to the senior unsecured creditors in the event of a default.

Per the performance report provided by the joint trustees (to the bondholders), dated 17 March 2026, five timely coupon payments totalling NGN8.3 billion have been made so far and no breaches have been noted.

Glossary

Affirmation	See GCR Rating Scales, Symbols and Definitions.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Bond	A long-term debt instrument issued by either a company, institution or the government to raise funds.
Capital Adequacy	A measure of the adequacy of an entity's capital resources in relation to its risks.
Capital	The sum of money that is invested to generate proceeds.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Downgrade	The rating has been lowered on its specific scale.
Eligibility Criteria	Limitations imposed on the type and quality of assets that can be sold by the Originator / Servicer into the Securitisation vehicle which ensure the transaction will track the performance of historical data analysed as closely as possible.
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
Equity	Equity is the holding or stake that shareholders have in a company. Equity capital is raised by the issue of new shares or by retaining profit.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Financial Institution	An entity that focuses on dealing with financial transactions, such as investments, loans and deposits.
Guarantee	An undertaking in writing by one person (the guarantor) given to another, usually a bank (the creditor) to be answerable for the debt of a third person (the debtor) to the creditor, upon default of the debtor.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Loss	1. A tangible or intangible, financial or non-financial loss of economic value. 2. The happening of the event for which insurance pays (insurance).
Mandate	Authorisation or instruction to proceed with an undertaking or to take a course of action. A borrower, for example, might instruct the lead manager of a bond issue to proceed on the terms agreed.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. This includes legal risk but excludes strategic risk and reputational risk.
Retention	The net amount of risk the ceding company keeps for its own account.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Senior	A security that has a higher repayment priority than junior securities.
Shareholder	An individual, entity or financial institution that holds shares or stock in an organisation or company.
Treasury Bill	Short-term obligation backed by the government that bears no interest and is sold at a discount.

Salient points of accorded ratings

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings process was based solely on the merits of the rated entity, security or financial instrument being rated; and c.) the ratings process was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

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- Audited accounts as of 31 December 2025
- Five years of comparative audited financial statements
- Other related documents
- Exchange rate source: Central Bank of Nigeria USD1.00 = NGN1,440.3 (31 December 2025)

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