This document is important and should be read carefully. If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. For information concerning certain risk factors which should be considered by prospective Investors, see " Risk Factors" commencing on page 32-35

Dated April 25, 2022

DEVELOPMENT BANK OF NIGERIA PLC

(Incorporated as a Public Limited Liability Company in the Federal Republic of Nigeria with registration number: 1215724)

₦100,000,000,000 MEDIUM TERM NOTES PROGRAMME

BASE SHELF PROSPECTUS

Under the Medium-Term Notes Programme described in this Base Shelf Prospectus (the "Programme"), Development Bank of Nigeria Plc ("the Issuer" or "DBN" or the "Bank") subject to compliance with all relevant laws, regulations and directives, may from time-to-time issue debt securities (the "Bonds"). The aggregate nominal amount of Bonds outstanding will not at any time exceed ₦100,000,000,000.00 (One Hundred Billion Naira)

An application has been made to the Securities & Exchange Commission (the "Commission") to clear and register this Base Shelf Prospectus (also hereinafter referred to as "Base Prospectus" or "Shelf Prospectus"). It is a civil wrong and a criminal offence under the Investments and Securities Act No. 29 2007 as amended from time to time ("the Act") to issue a prospectus, which contains false or misleading information. Clearance and registration of this Shelf Prospectus and the securities, which it offers, do not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Shelf Prospectus is provided in Sections 85 and 86 of the ISA. This Shelf Prospectus has been issued in compliance with the Act, the Rules and Regulations of the Commission and the listing requirements of FMDQ Securities Exchange Limited and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the Programme. This Shelf Prospectus contains information about the general characteristics of the securities offered on the basis of the Programme, their distribution terms as well as Investor rights and duties related to such securities in addition to information about the Issuer. The list of the documents incorporated by reference into this Shelf Prospectus is presented on page 15. Details of the Final Terms applicable to each Series of Bonds such as the issue price, issue date, maturity date, principal amount, redemption amount, interest rate, tranches (if any) applicable to any Bond and any other relevant provisions of such Bonds, will be specified in a pricing supplement (the "Pricing Supplement") set out in a supplement to this Shelf Prospectus.

Bonds under this Programme will be issued in dematerialised form ("Dematerialised Bonds") as more fully described herein. Bonds issued under the Programme will be rated. Bonds, whether Unsubordinated or Subordinated, will have such rating, as is assigned to them by the relevant rating agency as specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The Final Terms of the relevant Bonds will be determined at the time of the offering of each Series/Tranche based on the prevailing market conditions and will be set out in the relevant Pricing Supplement.

The registration of this Shelf Prospectus and any Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Shelf Prospectus or any Pricing Supplement. No securities will be allotted or issued on the basis of this Prospectus read together with a Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus unless renewed by the Commission

A DECISION TO INVEST IN THE SECURITIES OFFERED BY THE ISSUER SHOULD BE BASED ON CONSIDERATION BY THE INVESTOR OF THE SHELF PROSPECTUS, THE APPLICABLE PRICING SUPPLEMENT AND THE DOCUMENTS INCORPORATED BY REFERENCE THEREIN AS A WHOLE.

Without prejudice to the provisions of Section 85 (1) (Civil Liability for Misstatements in Prospectus) of the ISA, the Board of Directors on behalf of DBN accepts full responsibility for the accuracy of the information contained in this Prospectus. The Board of Directors have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirms that, having made all reasonable enquiries, to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue. The Shelf Prospectus, any applicable Pricing Supplement as well as other Offer Documents can be found on www.devbankng.com or www.dlm.group or the Commission's website on www.sec.gov.ng

ISSUING HOUSE/BOOKRUNNER

DLM Advisory

RC 688014

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IMPORTANT NOTICE

This Shelf Prospectus is being furnished on behalf of Development Bank of Nigeria Plc (the "Issuer") by DLM Advisory Limited; an Issuing House duly registered with the Nigerian Securities and Exchange Commission; and is intended mainly for the purpose of giving information to potential investors in connection with the Development Bank of Nigeria Plc ₦100,000,000,000.00 Medium Term Notes Programme (the "Programme").

This document is important and should be read carefully. If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. Investing in this offer involves risks. For information concerning certain risk factors which should be considered by prospective investors see 'Risk Factors' commencing on page 32-35

Certain statements made in this Shelf Prospectus may be forward-looking. These statements relate to the Bank's expectations, beliefs, intentions or strategies regarding the future. The forward-looking statements reflect the Bank's current views and assumptions with respect to future events and are subject to risks and uncertainties. The forward-looking statements in this document are based upon various assumptions and data available from third parties.

Although the Bank believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Bank's control, neither the Bank nor the Issuing House can assure you that the Bank will achieve or accomplish these expectations or beliefs described in the forward-looking statements contained herein. These statements should therefore, not be relied upon as representation, warranty or undertaking, expressed or implied, as to the future performance of the Bank as the actual and future results and trends could differ materially from those set forth in such statements.

Some of the information contained in this Shelf Prospectus have been obtained from third parties and have not been independently verified. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Issuing House as to the accuracy or completeness of any part of this Shelf Prospectus supplied by or on behalf of the Bank, whether orally or in writing. The Issuing House does, however, confirm that to the best of its knowledge, this Shelf Prospectus constitutes a full and fair disclosure of all material facts about the Issuer and the Programme

The Directors of the Bank have taken all reasonable care to ensure that the information contained herein, to the best of their knowledge and belief are true and accurate in all material respects. The Directors confirm that to the best of their knowledge and belief, there are no other facts, the omission of which would make misleading any statement of fact or opinion which is contained herein. The Directors of the Bank individually and collectively accept full responsibility for the accuracy of the information provided in this Shelf Prospectus.

This Shelf Prospectus and the documents specified herein have been delivered to the Commission for clearance. In making an investment decision, the recipient of this Shelf Prospectus must rely on his/her own examination of the Bank and the terms of the Transaction, including the merits and risks involved.

All inquiries relating to this Shelf Prospectus or the matters addressed herein should be directed to the Bank or the Issuing House. No person other than those described in this Shelf Prospectus have been authorised to disclose or disseminate information about this Prospectus or about the matters addressed in it. If given, such information shall not be relied upon as having been authorised by the Bank.

GLOSSARY

Unless the context otherwise requires, the following expressions shall have the meanings respectively assigned to them:

"Account Bank"	means any duly licensed Nigerian bank as may be agreed between the Issuer and the Bond Trustees for each series of Bonds under the Programme where the Debt Service Payment Account is opened and maintained, and through which payments due to the Bondholders shall be paid as and when due;
"Affiliate"	means in relation to a person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;
"Auditor"	KPMG Professional Services or any successor auditor which may be appointed in future;
"Board of Directors"	means the Directors of Development Bank of Nigeria Plc;
"BOFIA"	means the Banks and Other Financial Institutions Act, 2020;
"Bonds"	means debt instruments issued by the Issuer from time to time pursuant to the Programme;
"Bondholder"	mean, in relation to any Bond of a Series or Tranche, a person or persons (including the legal, personal representative or successor of such persons) in whose name a Bond is registered in the records of the CSD as the holder of a particular unit of Bonds from time to time;
"Book Runner"	means DLM Advisory Limited or as stated in the applicable Pricing Supplement;
"Business Day"	means a day (other than a Saturday, Sunday or Federal Government of Nigeria declared public holiday) on which commercial banks are open for general business in Nigeria;
"Business Day Convention"	(i) means in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings: (ii) "Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day; (iii) "Modified Following Business Day Convention" or "Modified Business Day Convention" means that the relevant date shall be postponed to the first following day that is a

Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iv) "Preceding Business Day Convention" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(v) "Floating Rate Convention" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred, provided, however, that:

a. if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

b. if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

c. if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

"CBN" means the Central Bank of Nigeria;

"Certificates" means in relation to the Bonds, a certificate in or substantially in the form specified in the Schedule to the Trust Deed or in such other form as may be agreed from time to time by the Trustees;

"Conditions" means in relation to the Bonds, the terms and conditions to be endorsed on, or incorporated by reference in, the Bond Certificate having regard to the terms of the Bond as may be agreed between the Bank, the Trustees and the Issuing House in accordance with the provisions of the Trust Deed;

"Coupon" means the periodic interest payable on Bonds of a Series specified as interest-bearing in the amount and on the dates specified in the applicable Pricing Supplement or Supplemental Shelf Prospectus;

"Coupon Commencement Date" means in respect of the Bonds, the date from which Coupon on such Bonds will accrue, as specified in the Final Terms;

"Coupon Payment Date" means the date on which coupon is to be paid to Bondholders as specified in this Pricing Supplement;

"CSCS" means the Central Securities Clearing System Plc;

"CSD" means the CSCS, the FMDQ Depository Limited or any recognised central securities depository approved by the Issuer or as may otherwise be specified in the applicable Pricing Supplement or Supplementary Shelf Prospectus;

"Day Count Fraction" means "30/360" in respect of the calculation of an amount for any period of time (the "Calculation Period");

"Debt Service Payment Account" means the account established by the Bond Trustees with the Account Bank in relation to any Series, in the name of and under the exclusive control of the Bond Trustees, for the purpose of receiving all payments from the Issuer and from which payments due on the Bonds shall be paid as and when due to the Bondholders; which account shall be funded in such manner as may be specified in or determined in the applicable Series Trust Deed;

"Deed" or "Trust Deed" means the trust deed and the Bond Certificates, the Conditions, all as from time to time modified in accordance with the provisions therein contained;

"Denominations" means ₦50,000,000 and integral multiples of ₦10,000,000 or such other denominations as may be specified or determined in the Final Terms;

"Events of Default" means in respect of the Bonds, any of the events stipulated as such in Condition 8; of the Terms and Conditions of the Bonds or anyone or more of those events set forth in each relevant agreement as an Event(s) of Default thereof;

"Extraordinary Resolution" has the meaning defined in the Programme Trust Deed;

"Financial Indebtedness" means any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of:

(a) monies borrowed or raised;

(b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, loan stocks, debentures or similar instrument;

(c) any amount raised by acceptance under any acceptance facility or dematerialized equivalent;

(d) any amount raised by the issue of redeemable preference shares which are redeemable before the Maturity Date;

(e) the amount of any liability in respect of any finance or capital lease;

(f) receivables sold or discounted (otherwise than on a non-recourse basis);

(g) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of an asset;

(h) any amount raised under any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing, excluding trade accounts payable and other liabilities accrued in the ordinary course of business;

(i) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(j) any derivative transaction entered into in connection with protection against or benefit from any fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account); and

(k) (without double counting) the amount of any liability in respect of and any guarantee, indemnity or similar assurance against any financial loss of any person in respect of any item referred to in paragraphs (a) to (i) above;

"Final Terms"

a. Means the relevant Series Trust Deed, Supplementary Shelf Prospectus and/or Pricing Supplement specifying the final terms applicable to a Series of Bonds, provided that in the event of inconsistency between the Series Trust Deed, Supplementary Shelf Prospectus and/or Pricing Supplement, the relevant term shall have the meaning specified in the applicable Series Trust Deed;

Fixed Rate Bonds"

Bonds in respect of which interest is to be calculated and paid on a fixed rate basis and will not change during the life of the Bonds

"Floating Rate Bonds"

Bonds in respect of which interest is to be calculated and paid on a floating rate basis as prescribed in the applicable Pricing Supplement;

"FMDQ"

means the FMDQ Securities Exchange Limited, a securities exchange licensed by the SEC to provide a platform for listing, quotation, registration and trading of debt securities amongst others;

"Force Majeure"	means any event or circumstance (or combination of events or circumstances) not limited to acts of God, acts of war, revolution, civil commotion, strikes, fires, floods, earthquake, destructive lightning, epidemic, pandemic, government restrictions and orders, change of law or other circumstances which are beyond the reasonable control of the Party affected and which it could not have reasonably foreseen and guarded against and which by the exercise of reasonable care and diligence, it is unable to prevent. Provided that the affected Party shall immediately notify the other Party when it becomes aware of any such circumstances; it being understood that the affected Party shall use reasonable efforts which are consistent with accepted practices to resume performance as soon as practicable under the circumstances;
"High Net-Worth Individuals" or "HNI"	means as defined under the SEC Rules and Regulations;
"Interest Period"	means each interest period, as specified in the applicable Pricing Supplement;
"ISA"	means the Investments and Securities Act No. 29 of 2007 as may be amended, supplemented or replaced from time to time;
"Issue Date" or "Closing Date"	means in relation to each Series, the date specified in the relevant Final Terms on which the Bonds are issued;
"Issue Price"	means the price of Securities of a specific series as shall be defined in the Pricing Supplement of the relevant Series;
"Issuer" or "DBN" or the "Bank"	means Development Bank of Nigeria Plc;
"Issuing House" or "BookRunner"	means DLM Advisory Limited;
"Maturity Date"	means the final date on or before which time the entirety of principal and accrued interest on the Bonds must have been fully redeemed as set out in the Prospectus;
"MfB"	means MicroFinance Bank;
"Month"	means a calendar month;
"MPR"	means the Central Bank of Nigeria monetary policy rate (or any re-modification thereof);
"MSMEs"	means Micro, Small and Medium Scale Enterprises;
"NDIC"	means Nigeria Deposit Insurance Corporation
"Offer Documents"	means the Programme Deed, the Series Trust Deed in relation to any Series, the Shelf Prospectus (including any Supplemental Shelf

	Prospectus), Pricing Supplement in relation to any Series, and any other document entered into by the relevant parties in connection with the Programme;
"Offer" or "Issue"	means an issue, offer for subscription or purchase, or an invitation to subscribe for or purchase the Securities pursuant to the Offer Documents;
"Offer Period"	means the period for which the Issue will be open as specified in the applicable Pricing Supplement;
"Optional Redemption Amount (Call)"	means, in respect of the Bonds, the principal amount outstanding at the Optional Redemption Call date or such other amount as specified in, or determined in accordance with, the Final Terms;
"Optional Redemption Date (Call)"	has the meaning given in this Prospectus;
"Payment Date"	means in respect of the Bonds, the dates specified as such in the Final Terms upon which interest and/or principal are due and payable in respect of the Bonds;
"Principal Amount Outstanding"	means, on any day in relation to a Bond, the principal amount of that Bond on issue less the aggregate of all principal payments that have become due and payable in respect of that Bond and have been paid on or prior to that day;
"Prospectus"	means the base shelf prospectus covering the Programme and registered with the SEC pursuant to the SEC Rules and Regulations which details the aggregate size and the broad terms and conditions of the Programme;
"Qualified Institutional Investor"	Investors means Qualified Institutional Investors as defined under the SEC Rules and Regulations;
"Rating Agency(ies)"	means Global Credit Rating Co. Limited and Agusto & Co. Limited or any other SEC recognised rating agency, registered or recognised by the SEC, as may be appointed by the Issuer;
"Receiving Bank"	means the bank appointed as such or in replacement of any existing Receiving Banks for each series of the Bond;
"Record Date"	In relation to the Bonds, means the date specified as the record date in the Conditions for the Bonds, being 21 days before the due date for the relevant payment;
"Redemption Amount"	means the amount to be paid by the Issuer in redemption of the Bonds, together with applicable interest at the time of redemption, as may be specified in, or determined in accordance with the provisions of the applicable Final Terms;

"Register"	means with respect to each Series of Bonds, the books kept by the Registrar into which shall be entered the names and addresses of each Bondholder and the particulars of transfers and redemption of the Bonds held by each Bondholder for each Series;
"Registrar"	means Meristem Registrars & Probate Services Ltd or any other person or entity appointed as registrars or in replacement of any existing registrar pursuant to the provisions of the Trust Deed;
"Securities Exchange"	means a securities exchange registered and recognized by the Securities and Exchange Commission.
"SEC" or the "Commission"	means the Securities and Exchange Commission established under the Investments and Securities Act;
"SEC Rules & Regulations"	means the rules and regulations of the SEC made pursuant to the ISA and any amendments thereto;
"Series"	means a Tranche of Bonds together with any further Tranche or Tranches of Bonds are: (i) expressed to be consolidated and form a single series: and (ii) identical in all respects except for their respective Issue Dates, Coupon Commencement Dates, and/or Issue Prices and the expressions Bonds of the relevant Series, holders of Bonds of the relevant Series and related expressions shall be construed accordingly;
"Tranche"	means all Bonds which are identical in all respects as to the terms and conditions of their issue);
"Bond Trustees" or "Trustees"	means DLM Trust Company Limited and ARM Trustees Limited or any other trustee or trustees for the time being appointed under the Trust Deed or in replacement of any existing trustee;
"VAT"	means Value Added Tax pursuant to the Value Added Tax Act, Cap V1, LFN 2004 (as amended by the Value Added Tax (Amendment) Act 2007, the Finance Act 2019 and the Finance Act 2020) and as may be amended from time to time and any other tax of a similar nature;
"Year"	means a calendar year.

INFORMATION RELATED TO THE SHELF PROSPECTUS

Presentation of Information

The information set forth herein has been obtained from official sources that are believed to be reliable, but the fairness, accuracy, completeness or correctness of the information or opinions contained herein have not been verified. The Issuing House and Issuer take responsibility for information contained in the Prospectus; and to the best of their knowledge and honest belief, the information provided is accurate. The information and expressions of opinion herein are subject to change and any proposed changes to the information provided in the Prospectus shall be subject to the Commission's prior review and approval. Neither the delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstance, create any impression that there has been no change in the affairs of the Issuer since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus has been provided by the Issuer from its records, except for information expressly attributed to other sources. The presentation of certain information, including tables of receipts and other revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Financial Information

The Issuer maintains its books of accounts and prepares its statutory financial statements in Naira in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Unless otherwise indicated, the financial information regarding the Issuer indicated in this Shelf Prospectus has been derived from the Issuer's audited financial statements for the three years ended December 31, 2018, 2019 and 2020 respectively.

Rounding

Certain numerical figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Forward-Looking Statements

Certain statements included herein and in any Pricing Supplement may constitute forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward looking statements can be identified by the use of words such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", "approximately" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminologies. These forward-looking statements include all matters that are not historical facts and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, amongst other things, the Issuer's operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer's actual results of operations, financial condition and liquidity, and the development of the industry in which the Issuer operates, as this may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized.

The Issuer is not obliged to and does not intend to, update or revise any forward looking statements made in this Shelf Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributed to the Issuer, the Issuing House or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Shelf Prospectus. A prospective investor of the Bonds should not place undue reliance on these forward-looking statements.

Factors that could cause actual results to differ materially from the Issuer's expectations are contained in the cautionary statements in this Shelf Prospectus and include, among other things, the following:

a. overall political, economic and business conditions in Nigeria;
b. economic and political conditions in international markets, including governmental changes;
c. changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
d. changes in government regulations, especially those pertaining to the Issuer's industry;
e. competitive factors in the industries in which the Issuer and its customers operate;
f. the demand for the Issuer's products and services;
g. interest rate fluctuations and other capital market conditions;
h. Exchange rate fluctuations;
i. the timing, impact and other uncertainties of future actions; and
j. other national emergencies

The sections of this Shelf Prospectus titled "**Risk Factors**", "**Description of Development Bank of Nigeria Plc**" and "**Statutory and General Information**" contain more detailed discussions of the factors that could affect the Issuer's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

Third Party Information

The Issuer obtained certain statistical and market information that is presented in this Shelf Prospectus in respect of the Nigerian Banking Industry, the Nigerian economy and the Nigerian political landscape in general from certain government and other third-party sources as identified where it appears herein.

There is not necessarily any uniformity of views among such sources as to such information provided. The Issuer has not independently verified the information included in this section. Some of the information in this Shelf Prospectus have been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third-party sources as indicated in the text. The Issuer has accurately reproduced such information and, so far as the Issuer is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Issuer has relied on the accuracy of this information without independent verification.

Nevertheless, prospective investors are advised to consider these data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Issuer nor the Issuing House have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by, a number of government agencies and ministries, and other governmental and intergovernmental organisations, including the Central Bank of Nigeria; the International Monetary Fund; the Debt Management Office; the National Bureau of Statistics and the World Bank.

ISSUE OF PRICING SUPPLEMENTS

Following the publication of this Shelf Prospectus, applicable Pricing Supplement(s) shall be prepared by the Issuer and the Issuing House(s) for each series of Bonds issued under the Programme in accordance with the SEC Rules and Regulations.

Statements contained in any such applicable Pricing Supplement(s) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

IN THE EVENT OF ANY SIGNIFICANT NEW MATTER, MATERIAL MISTAKE OR INACCURACY RELATING TO THE INFORMATION INCLUDED IN THIS SHELF PROSPECTUS WHICH IS CAPABLE OF AFFECTING THE ASSESSMENT OF THE BONDS, THE ISSUER WILL PREPARE AN ADDENDUM TO THIS SHELF PROSPECTUS OR PUBLISH A NEW SHELF PROSPECTUS FOR USE IN CONNECTION WITH ANY SUBSEQUENT ISSUANCES OF BONDS

DBN
Development Bank of Nigeria
RC 1215724
...Financing Sustainable Growth
The Clan Place, Plot 1386A Tigris Crescent,
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+234 9 904 0000

12 October 2021

The Director General
Securities and Exchange Commission
Securities & Exchange Commission
Plot 272/273 Samuel Ademulegun Adesujo Street
Central Business District
Abuja FCT

STATUTORY DECLARATION OF FULL DISCLOSURE IN RESPECT OF DEVELOPMENT BANK OF NIGERIA PLC ₦100 BILLION MEDIUM TERM NOTES PROGRAMME ("THE PROGRAMME")

In compliance with SEC Rule 280 (3) of the Consolidated Rules and Regulations of the Securities and Exchange Commission, June 2013 *("Declaration by the Issuer on full Disclosure")*, we hereby affirm that this Base Shelf Prospectus has been prepared with a view to providing information and disclosures on Development Bank of Nigeria Plc (the "Issuer") in connection with the Programme.

On behalf of the Issuer, we hereby make the following declarations:

1. We confirm that we have taken all reasonable care to ensure that the information contained in this Base Shelf Prospectus is to the best of our knowledge and belief in accordance with the facts and contains no omission likely to affect its import.

2. We confirm that there has been no significant change in the financial condition or material adverse change in the prospects of the Issuer since the date of this Base Shelf Prospectus.

3. We confirm that the Issuer has not during the twelve (12) calendar months immediately preceding the date of the application to the Securities and Exchange Commission for registration of this Base Shelf Prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

Signed for and on behalf of:
Development Bank of Nigeria Plc
by its duly authorised representatives:

MD/Chief Executive Officer
Tony Okpanachi

Executive Director Finance & Corporate Services
Ijeoma D. Ozulumba

ELIAS RILWAN ADEBIYI
LEGAL PRACTITIONER
& NOTARY PUBLIC
29/10/2021

Company Secretary
Shofola Osho

DOCUMENTS TO BE INCORPORATED BY REFERENCE

The following documents have been filed with the Commission and shall be deemed incorporated in, and form part of this Prospectus:

1) Declaration by the Issuer of Full Disclosure;

2) The Audited Financial Statements of DBN for the period ended December 31, 2018, 2019 and 2020;

3) Issuer Rating reports by Agusto & Co. Ltd and Global Credit Rating Co. Limited dated July 26, 2021 and May 10, 2021 respectively.

This Prospectus is accessible, and copies are available free of charge at the offices of the Issuing House from 8:00a.m. till 5:30p.m on Business Days during the Offer Period. The document can be accessed via www.devbankng.com or www.dlm.group or the Commission's website on www.sec.gov.ng.

Telephone enquiries should be directed to the Issuing House as follows:

ISSUING HOUSE	**CONTACT PERSON**	**TELEPHONE NUMBER**
DLM Advisory Limited	**LAGOS OFFICE:**	
	Sonnie Ayere	+234(0) 1515 1115
	Emeka Ngene	+234(0) 1515 1116
	ABUJA OFFICE:	
	Nwabu Okonkwo	+234(0) 9292 0816

PROGRAMME DESCRIPTION

Under this Programme, DBN may issue from time to time, fixed or floating rate securities and any combination thereof (the "Bonds") through the Issuing House, or any additional party appointed under the Programme by the Bank.

The maximum aggregate principal amount of the Bonds at any time outstanding under the Programme will not exceed ₦100,000,000,000.00 (the "Programme Limit").

The terms and conditions applicable to each issuance of Bonds under the Programme shall be established at the Issuer's initiative, taking into consideration its financial requirements and the conditions in the capital markets. These terms and conditions will be determined by the Issuer and the Issuing House(s) and shall be set out in the Pricing Supplement.

A Pricing Supplement shall contain the Final Terms and conditions of each Series of Bonds to be issued in or substantially in the form set out below in "Form of the Pricing Supplement" on page 99.

Bonds may be distributed by way of public offer, private placement, fixed price offer, or other such methods including through a book building process, and in such proportions as determined by the Issuer and the Issuing House. The method of distribution of each Series will be stated in the applicable Pricing Supplement.

Bonds will be issued in such denomination as may be agreed between the Issuer and the Issuing House(s) and as indicated in the applicable Pricing Supplement.

The Bonds will be listed on a Securities Exchange. All Bonds issued on the basis of this Programme shall have ratings assigned to them. Other terms and conditions of the Bonds are, or shall be specified in this Shelf Prospectus, and any supplementary Shelf Prospectus issued under this Shelf Prospectus, i.e. the Pricing Supplement.

This Programme shall be valid for a period of 36 months (3 years) from the date of its issue and shall be subject to renewal as may be approved by the Commission.

If at any time the Issuer shall be required to prepare a supplementary shelf prospectus pursuant to Rule 279 (3) (5)(i) of the Rules and Regulations of the Commission in order to update or amend this Shelf Prospectus, without limitation, information changes, if any, including in relation to the Issuer since the date of this Shelf Prospectus in addition to such other information as is required by the Rules and Regulations of the SEC on the content of prospectuses, the Issuer will prepare and make available an appropriate amendment or supplement to this Shelf Prospectus or a further prospectus (addendum)which, in respect of any subsequent issue of Bonds, shall constitute a supplementary shelf prospectus.

SUMMARY OF THE PROGRAMME

The following information should be read in conjunction with the full text of this Prospectus, from which it is derived. The information provided below is a brief summary of the key features of the Programme, a description of the Issuer and, to the extent applicable, the summary of the terms and conditions of the Bonds. This summary should be read as an introduction to this Base Shelf Prospectus. It does not purport to be complete, and is taken from and qualified in its entirety by the remainder of this Base Shelf Prospectus as a whole.

Issuer	Development Bank of Nigeria Plc
Issuing House/Book Runner	DLM Advisory Limited
Bond Trustees	DLM Trust Company Limited ARM Trustees Limited
Programme Description	A Medium-Term Notes Programme being undertaken by Development Bank of Nigeria Plc pursuant to which Series of Bonds with varying maturities may be issued, the maximum aggregate Principal Amount outstanding of which shall not exceed the Programme Size. Bonds to be offered hereunder are accorded a shelf registration with the SEC for a three (3) year period commencing on the date of the issue of this Shelf Prospectus. No Bonds shall be offered on the basis of this Prospectus after the expiration of the Validity Period unless the Validity Period is renewed by the SEC. Under the terms of the Programme, Senior Bonds, Subordinated Bonds, Fixed Rate Bonds, Floating Rate Bonds, Zero Coupon Bonds and any combinations thereof may be issued, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuer and the Issuing House(s) and specified in the relevant Pricing Supplement. The Bonds shall be constituted by the Programme Trust Deed. A Series Trust Deed will be issued in respect of each Series.
Programme Limit	₦100,000,000,000 (One Hundred Billion Naira)
Use of Proceeds	The use of proceeds for the relevant Series of Securities issued under the Programme shall be specified in the applicable Pricing Supplement.
Methods of Issue	Bonds under this Programme may be issued and sold by way of a public offer, private placement, Book Building process, or any other methods permitted by the SEC as specified in each relevant Pricing Supplement
Issuance in Series	The Bonds will be issued in Series and each Series may comprise one or more tranches issued on different dates. The Bonds in each Series will be subject to identical terms, whether as to currency or maturity or otherwise, except that the Issue Date, the Issue Price, Coupon Commencement Dates may be different. Details applicable to each Series will be specified in the applicable Pricing Supplement

Types of Securities to be issued under the Programme	The following form of Securities may be issued under the Programme as specified in the applicable Pricing Supplement: **Fixed Rate Securities** Where any Series of Securities are fixed rate Securities, such Securities shall bear interest at a fixed rate and will be payable for each Series in arrears on such date(s) and at such rate(s) as specified in the Conditions and/or the applicable Pricing Supplement. **Floating Rate Securities** Where any Series of Securities are floating rate Securities, the interest rate applicable will be determined in accordance with the Conditions and/or the applicable Pricing Supplement. **Zero Coupon Securities** Where any series of Securities are issued as zero-coupon securities, the Issuer shall not make any coupon payments to investors over the life of such Series. However, investors shall be entitled to a lump sum payment of the applicable face value for such a Series upon maturity.
Maturities	Subject to compliance with the SEC Rules and Regulations, all relevant laws and directives, Series of Securities may be issued in any maturity as may be allowed or required from time to time by the Commission or any laws or regulations applicable. The maturity of each Series of Securities will be specified in the applicable Pricing Supplement and Supplementary Trust Deed.
Redemption	Subject to the applicable Pricing Supplement, the Principal Amount Outstanding of the Securities may be redeemed in instalments on an amortising basis on each Payment Date or redeemed in a single bullet payment at the Maturity Date.
Coupon Rates	Bonds may be interest-bearing or non-interest bearing. Coupon (if applicable) may be fixed or floating rate as indicated in relevant Pricing Supplement(s)
Currency	The Bonds shall be denominated in Naira (₦) or any other currency as may be agreed between the Issuer and the Issuing House(s) and specified in the applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements
Issue Price	The Bonds may be issued at their Principal Amount or at a premium or discount to their Principal Amount, as specified in the relevant Pricing Supplement(s)
Denominations	The Bonds will be issued in such denominations as may be agreed between the Issuer and the Issuing House and as specified in the relevant Pricing Supplement(s), subject to compliance with all applicable legal and regulatory requirements

Form of Bonds	The Bonds will be dematerialised and held in electronic book entry form at the CSCS depository.
Transferability	The Securities will be issued in registered form and be transferable subject to the provisions of the Programme Trust Deed and/or applicable Series Trust Deed.
Tenor	The Bonds will have such maturities as may be agreed between the Issuer and the Issuing House, subject to such minimum or maximum maturities as may be allowed or required from time to time by the SEC (or equivalent body) or any laws or regulations applicable to the Issuer. The tenor of a particular series of Bonds shall be specified accordingly in the relevant Pricing Supplement
Debt Service Payment Account	Unless otherwise stated in the applicable Pricing Supplement, a Debt Service Payment Account shall be established by the Bond Trustees for each Series of Bond issued under the Programme for the purposes of servicing the Bond repayment obligations under the Programme. The DSPA shall be administered by the Bond Trustees and the Bond Trustees shall from the DSPA make payments to Bondholders of Coupon and Principal Amount at the times and in such amounts as are specified in the repayment schedule set out in the relevant Pricing Supplement.
Early Redemption	Early redemption will be permitted only to the extent specified in the relevant Pricing Supplement and then only subject to any applicable legal or regulatory limitations
Frequency	The frequency of Coupon payment and any other monies due on the Bonds shall be specified in the relevant Pricing Supplement for the Bonds being issued.
Issuer Rating	Aaa by Agusto & Co. Ltd and AAA by Global Credit Rating Co. Limited
Issue Ratings	Ratings for each Series under the Programme will be stated in the relevant Pricing Supplement
Day Count Convention	30/360. Different day count conventions may be stipulated in the relevant Pricing Supplement.
Status of the Bonds	The Programme allows for the issuance of various types of Bonds that can be classified as Senior Bonds or Subordinated Bonds. The Senior Bonds are direct, unconditional, unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference of one above the other by reason of priority of date of issue, currency of payment or otherwise. The payment obligations of the Issuer under the Senior Bonds and in respect of currency of payment, principal and any Coupon thereon shall at all times rank at least equally with all other senior unsecured obligations of the Bank, present and future, except for obligations mandatorily preferred by law applying to companies generally

	or except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment, amounts and terms of issue to be published by the Issuer from time to time by way of a Pricing Supplement. The Subordinated Bonds will rank pari passu without any preference of one above the other by reason of priority of date of issue, currency of payment or otherwise with all other subordinated unsecured obligations of the Bank, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment to other subordinated unsecured obligations. The Senior Bonds will rank in priority of payment to the Subordinated Bonds.
Event of Default	The events of default under this Programme are as specified in the Programme and Series Trust Deeds
Other Terms and Conditions	Terms applicable to each Series as specified in the Pricing Supplement other than those specifically contemplated under this Shelf Prospectus which the Issuer and the Issuing House may agree to issue under the Programme subject to compliance with all relevant applicable laws and regulations
Taxation	Please refer to the section on Tax Considerations on page 73 for a detailed description of the tax considerations
Listing	Each Series of the Bonds will be listed on the FMDQ or as may be agreed between the Issuer and Issuing House as specified in the relevant Pricing Supplement.
Governing Law	The Bond Issue, the Trust Deed and all related documents (the "Transaction Documents") will be governed by the laws of the Federal Republic of Nigeria.
Statement of Indebtedness	Details of all indebtedness of the Issuer at the time of issuance of any Bonds under the Programme will be disclosed in the applicable Pricing Supplement relating to the Series of Bonds to be issued.
Transaction Documents	• Base Shelf Prospectus • Applicable Pricing Supplement • Programme Trust Deed • Series Trust Deed • Vending Agreement • Solicitors' Opinion on Claims and Litigation • Rating Reports • Any other agreement(s) executed in connection with the Bond issuance

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions which (subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are set out in the relevant Series Trust Deed and/or Pricing Supplement (the ***Final Terms****), and, save for the italicised text) will be incorporated by reference into the Bonds issued under this Deed.*

Further information with respect to Bonds of each Series will be given in the relevant Final Terms which will provide for those aspects of these terms and conditions which are applicable to such Series of Bonds. Certain provisions of these terms and conditions are summaries of, and are subject to, the detailed provisions of the Programme Trust Deed.

The provisions of the terms and conditions set out below (the ***Conditions****) which are applicable to the Bonds issued under the Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions; alternative or optional provisions of these Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Conditions; and all provisions of these Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these Conditions, as required to give effect to the terms of the relevant Final Terms.*

*The Bonds are constituted by a Programme Trust Deed (the "****Programme Trust Deed****") dated [•] between Development Bank of Nigeria PLC (as* ***Issuer****), and ARM Trustees Limited and DLM Trust Company Limited as the* ***Bond Trustees****) which expression shall include all persons for the time being acting as Bond Trustees under the Programme Trust Deed), as supplemented by a separate Trust Deed applicable to each Series of Bonds.*

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them. Copies of the Programme Trust Deed are available for inspection between the hours of 10:00am and 3:00pm on any Business Day at the principal offices of the Bond Trustees at 1, Mekunwen Road, Off Oyinkan Abayomi Drive, Ikoyi, Lagos and 66-68 Alexander Avenue, Ikoyi Lagos and provided no less than 24 (twenty-four) hours' notice is given for the inspection.

Words and expressions defined in the Programme Trust Deed (as same has been and may be amended, varied or supplemented from time to time with the consent of the Parties thereto) are expressly and specifically incorporated to and shall apply to these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Programme Trust Deed unless the context otherwise requires, or unless otherwise stated.

1. Form, Denomination and Title

1.1. Unless otherwise specified in any Final Terms, the Bonds shall be issued in dematerialised form in denominations specified in the Final Terms relating to the relevant Series and registered with a separate securities identification code with the CSD.

1.2. The Bonds may be issued at once or may be issued in separate Tranches which together with other Tranches, may form a Series; Provided that they are identical in all respects (including as to noting) except for their respective issue dates, Coupon Commencement Dates, and/or issue prices.

1.3. The Coupon Rate applicable to any Series of Bonds may be specified as being fixed rate, floating rate or indexed linked and the amount of Coupon payable in respect of such Bond shall be determined in accordance with, the applicable Final Terms.

1.4. A Series of Bonds may be listed on a Recognised Securities Exchange, subject to any Applicable Laws.

1.5. The title to the Bonds shall be effected in accordance with the rules governing transfer of title in securities held by the CSD. In these Conditions, Bondholders and (in relation to a Bond) Holder means the person in whose name a Bond is registered. Title to the Bonds will pass in accordance with the rules of the Recognised Securities Exchange.

1.6. Except as may subsequently be agreed between the Parties in a Series Trust Deed, the Bondholder (or his legal representative) shall be deemed and regarded as the legal and beneficial owner of the Bonds registered in his name for all purposes including but not limited to the payment of the Principal Amount and Coupon.

1.7. The records of the Register as to the aggregate number of such Bonds standing to the credit of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and the Bond Trustees as the legal and beneficial owner of such aggregate number of Bonds for all purposes.

2. Repayment

The principal on the Bonds will be repaid in accordance with the terms of the relevant Series agreed in the relevant Series Trust Deed on such Bonds.

3. Redemption

3.1 *Redemption at Maturity:* Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds on such dates as specified in the relevant Series Trust Deed.

3.2 *Redemption by Instalments*: The Bonds may be partially redeemed by instalments on such dates and at such amounts specified in the applicable Final Terms and the payments made in instalments shall reduce the Principal Amount Outstanding on such Bonds until fully redeemed at the Maturity Date.

3.3 *Redemption Prior to Maturity/Early Redemption*

3.3.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at any time to redeem the whole or any part of the Bonds upon giving the Holders of the Bonds to be redeemed, a minimum of thirty (30) days and maximum of sixty (60) days' notice of its intention to do so ("Early Redemption").

3.3.2 The Issuer shall only redeem the Bonds on a Coupon Payment Date and not otherwise.

3.3.3 At the expiration of the notice in Condition 3.3.1 above, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given. Such notice shall state the amount of the Bond due for redemption and the condition under which such redemption is to be effected.

3.3.4 Upon Early Redemption, the Issuer shall, (upon the expiration of the redemption notice), be obliged to pay the Bondholders the outstanding principal and accrued interest.

3.3.5 The Issuer shall not incur any penalty on account of Early Redemption.

The Issuer shall be entitled to a 10 (ten) Business Days period from the service of the redemption notice within which it can cancel the redemption process.

3.4 The sum payable on the Maturity Date is the Redemption Amount which unless otherwise provided in the Final terms of a Series, is the outstanding sum in respect of each Bond, together with applicable Coupon at the time of redemption.

3.5 Upon redemption, the obligations of the Issuer in respect of any such Bonds shall be discharged.

4. Purchase, Redemption and Cancellation of Bonds

4.1. *Purchase of Bonds*

The Issuer may at any time and from time to time purchase any part of the Bonds through the Recognised Securities Exchange on which the Bonds are listed, but not otherwise.

4.2. *Cancellation*

4.2.1 All Bonds which are redeemed in accordance with the provisions of the Trust Deed shall be cancelled and such Bonds may not be reissued or resold to other Bondholders.

4.2.2 Prior to the Maturity Date, all Bonds so cancelled shall not be subject to any additional Coupon or other payment in respect of such cancellation.

4.2.3 All Bonds so cancelled shall thereafter be forwarded to the Issuer and the obligations of the Issuer in respect of any such Bonds shall be discharged. For so long as the rules of the Relevant Securities Exchange require, the Issuer shall promptly inform the Relevant Securities Exchange of the cancellation of any Bonds under this Condition 4.

4.3. *Re-issue*

Where the Issuer has redeemed, cancelled or repurchased any Bond(s) in accordance with this Condition 4 (*Purchase, Redemption and Cancellation of Bonds*), the Issuer shall not re-issue such Bond(s).

5. Status of the Bonds

5.1. *Status of Bonds*

The Bonds shall constitute direct, general, and irrevocable obligations of the Issuer. The payment obligations of the Issuer under the Bonds and in respect of principal and any interest on the Bonds shall at all times rank at least equally with all unsecured/secured obligations of the Issuer, present and future except for obligations mandatorily preferred by law applying to companies generally.

6. Negative Pledge

For as long as any of the Bonds are outstanding, the Issuer shall not, without the prior written consent of the Bond Trustees, directly or indirectly secure any other Financial Indebtedness directly or indirectly secure any other financial indebtedness represented by bonds or any other debt securities which are, or are capable of being, traded, noted or listed on any stock exchange or over-the-counter or similar securities market unless otherwise stated in the applicable Final Terms to a Series PROVIDED THAT where the Bond Trustees so consent, (such consent not to be unreasonably withheld), the Issuer shall at the same time as the creation of such indebtedness, grant to the Bond Trustees (for the benefit of the Bondholders), the same or equivalent security as is granted in relation to the indebtedness

7. Coupon

The Fixed Rate Bonds and Floating Rate Bonds of any Series will bear Coupon from (and including) the Coupon Payment Date (or the Coupon Commencement Date in respect of the first Coupon Period only) at the Coupon Rate and such Coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the applicable Final Terms to a Series. The Coupon payable on the Bonds of any Series for a period other than a full Interest Period shall be determined in the manner specified in the Final Terms.

7.1. Coupon on Fixed Rate Bonds

Coupon on Fixed Rate Bonds (being Bonds that specify a predetermined Coupon Rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as may be indicated in the applicable Final Terms) shall be paid on the Coupon Payment Dates specified in the applicable Final Terms.

7.2. Coupon on Floating Rate Bonds

7.2.1. The Floating Rate Bonds (being those Bonds that specify that coupon is payable at a floating rate) shall bear Coupon on its principal amount on such basis as may be described in the Pricing Supplement or Series Trust Deed by reference to a specified floating rate benchmark plus a margin.

7.2.2. Coupon on the Floating Rate Bonds shall accrue from (and including) the Coupon Commencement Date and the Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the Final Terms.

7.3. Zero Coupon Bonds

Zero Coupon Bonds (being those Bonds that specify that no Coupons are payable) shall not bear Coupons on its Principal Amount, and no Coupons shall be payable by the Issuer in respect of such Zero-Coupon Bonds, other than in the case of default interest for late payment as prescribed in the applicable Pricing Supplement.

8. Transmission

8.1. In the case of the death of a Bondholder, the survivor(s) (where the deceased was a joint holder) and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person(s) recognised by the Issuer as having any title to such Bond.

8.2. Any person becoming entitled to the Bonds in consequence of the death, bankruptcy, winding-up or dissolution of the Bondholder thereof may, upon producing such evidence that he has or is entitled to the capacity in respect of which he proposes to act under this Condition or of his title as the Bondholder shall think sufficient, be regarded as the Bondholder of such Bonds, or subject to the preceding Conditions as to transfer, may transfer the same.

9. Method of Payment of Principal and Coupon

9.1. Payment of the Principal Amount and Coupon due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder (or in the case of joint registered Bondholders) by the joint Bondholders.

9.2. Whenever any part of the Bond is redeemed, a proportionate part of each holding of the Bond shall be repaid to the Bondholders.

9.3. The Bond Trustees shall give to the Bondholders a minimum of thirty (30) days and maximum of sixty (60) days' notice in writing of the time and mode for repayment of the Bonds to be redeemed and each such notice shall state the amount of the Bond for redemption.

9.4. At the time and place so fixed for redemption, each Bondholder shall, where applicable, deliver to the Bond Trustees evidence of title to the Bonds issued by the CSD in order that the same may be cancelled together with a receipt for the redemption monies payable in respect of the Bonds, and upon such delivery, the Bond Trustees shall pay the Bondholder the amount payable to him in respect of such redemption, together with all accrued coupon.

9.5. If, on a Payment Date, any Bondholder whose Bonds are liable to be redeemed fails or refuses to accept payment of the redemption monies payable in respect of the Bond, the money payable to such Bondholder shall be held in trust for such Bondholder by the Bond Trustees and Coupon on such Bonds shall cease to accrue as from the date fixed for redemption of the Bond and the Issuer shall subsequently be discharged from all obligations in connection with such Bonds. The Bond Trustees may place the money so paid to them (but shall not be bound to) on deposit at a Commercial Bank or invest the same in the purchase of securities for the time being authorised by law for the investment of Trust Funds, the Bond Trustees shall not be responsible for the safe custody of such money or for any interest on it, except such interest (if any) as the said money may earn whilst on deposit or invested, less any expenses incurred by the Bond Trustees.

10. Trusts

10.1. Except as required by law or as ordered by a court of competent jurisdiction, the Issuer will recognise the Bondholder of any Bond as the absolute owner of such Bond and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject.

10.2. The receipt by a Bondholder for the time being of any Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) or the principal of such Bond or of any other money payable in respect of the Bond shall be good discharge of the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to such principal, interest or other money. No notice of any Trust whether express, implied or constructive shall (except as provided by statute or as required by a court of competent jurisdiction) be entered on the Register in respect of any Bond.

11. Freedom from Equities

Every Bondholder will be recognised by the Issuer as entitled to his Bond, free from any equities, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Bond.

12. Transfer of Bonds

12.1. The Bonds shall be transferable in amounts or integral multiples of an amount specified in the Series Trust Deed.

12.2. Transfers of the Bonds shall be by an instrument in writing in the form approved by Issuer and the Bond Trustees.

12.3. The Bonds shall be transferred on the Recognised Securities Exchange in accordance with its rules.

12.4. Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according to its constitutional documents, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.

12.5. Every instrument of transfer must be left for registration at the place where the Register is kept accompanied by such evidence as the Issuer may require to prove the title of the Transferor or his right to transfer the Bond and (if the instrument of transfer is executed by some other person on his behalf) the authority of that person so to do.

12.6. The Issuer and the Registrar shall retain all instruments of transfer after registration.

12.7. Registration of any Bond transfer shall not be carried out within fifteen (15) days ending on the due date for any payment of principal or Coupon on that Bond.

13. Notices

13.1. *Notices to the Bondholders*

13.1.1 All Notices to the Bondholders will be valid if sent via email to the Bondholders at their respective email addresses provided to the Bond Trustees. Any Notice sent pursuant to this Sub-Clause shall be deemed to have been given on the second day after being so mailed.

13.1.2 In the case of joint Holders, a notice given to the Bondholder whose name stands first in the Register shall be sufficient notice to all the joint Holders.

13.1.3 Any Notice, or other communication to the Bondholders will be validly delivered to the Bondholders if given to the Bond Trustees hereunder by sending the same through the post in a prepaid letter addressed to the Bond Trustees at its registered offices in Nigeria or email.

13.1.4 Any Notice or other document duly served on or delivered to any Bondholder under these conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the Notice or document his name has been removed from the register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.

13.1.5 Any Notice shall be deemed to have been served on the 5th day following the day which the letter containing the Notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the Notice or the Notice itself was properly addressed, stamped and posted. Any Notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

13.2 *Notices from the Bondholders*

Notices to be given by any Bondholder shall be in writing and given by lodging the same, with the Bond Trustees.

14. Waiver of Right of Set-Off

Subject to Applicable Law, no Bondholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it, by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being the holder of any Bond, be deemed to have waived all such rights of such set-off, counterclaim or retention. Notwithstanding, the preceding sentence, if any of the rights and claims of any Bondholder are discharged by set-off, such a Bondholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or if applicable, the liquidator or Bond Trustees or receiver in insolvency of the Issuer as the case may be, and until such time as payment is made, will hold a sum equal to such amount in trust for the Issuer or, if applicable, the liquidator or Bond Trustees or receiver.

15. Events of Default

If any of the following events (**Events of Default**) occurs and is continuing, the Bond Trustees, at their discretion may, and if so requested in writing by Bondholders of at least one-fourth in principal amount of the Bonds of the relevant Series, or if so directed by an Extraordinary Resolution of the Bondholders, shall give written notice to the Issuer at its specified office that an Event of Default has occurred and that the Bonds are immediately repayable, after which, subject to the applicable Final Terms, the Principal Amount of the Bonds outstanding, together with accrued Coupon shall become immediately due and payable:

15.1 *Non-Payment*: default by the Issuer in the payment when due of any Redemption Amount in respect of the Bonds and the continuance of any such default for a period of ten (10) Business Days in the case of the Principal Amount or fourteen (14) Business Days in the case of Coupon after the relevant Coupon Payment Date. The Issuer shall not be in default, however, if during the said ten (10) or fourteen (14) Business Days period, the Issuer satisfies the Bond Trustees that such sums (**Withheld Amounts**) were not paid:

15.1.1 in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, the Bond Trustees or the relevant Bondholder; or

15.1.2 on account of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of fourteen (14) or ten (10) Business Days by independent legal advisers acceptable to the Bond Trustees.

Proof that, as regards any specified Bonds, the Issuer has made default in paying any amount due in respect of such Bonds shall (unless the contrary is proved) be prima facie evidence that the same default has been made as regards all other Bonds, in respect of which the relevant amount is due and payable.

15.2 *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations under the Trust Deed which default has not been remedied for a period of thirty (30) days (or such longer period as the Bond Trustees may reasonably determine is not materially prejudicial to the interest of the Bondholders) after the date on which written notice of such default requiring the Issuer to remedy the same shall have been given to the Issuer by the Bond Trustees (except where such default is not, in the reasonable opinion of the Bond Trustees after consultation with the Issuer, capable of being remedied, in which case no such notice as is mentioned above will be required).

15.3 *Cross Default:* any Financial Indebtedness of the Issuer of a value exceeding the Naira (₦) equivalent of One Hundred Million Naira (₦100,000,000) in aggregate (for the avoidance of doubt, any amounts being contested in good faith shall not be counted towards such value) is not paid when due or within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

15.4 *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied on, or enforced against the whole or a material part of the property, assets or revenues of the Issuer, where the value of such property is in excess of One Hundred Million Naira (₦100,000,000)] and such distress, attachment, execution or other legal process is not discharged or stayed within 90 (ninety) days of service by the relevant officer of the court of such attachment, execution or other legal process, or if there is an encumbrance or a receiver is appointed over any material assets of the Issuer and such event is certified in writing by the Bond Trustees to be in their opinion materially prejudicial to the interests of the Bondholders;

15.5 *Seizure/Compulsory Acquisition of Assets*: if any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer;

15.6 *Inability to Pay Debts*: The Issuer stops or suspends payment of substantial part of its debts in excess of One Hundred Million Naira (₦100,000,000) due to financial difficulties;

15.7 *Cessation of Business*: If the Issuer ceases to conduct all or substantially all of its business as it now conducts or changes all or substantially all of the nature of its business without the prior written consent of the Bond Trustees (such consent not to be unreasonably withheld), or merges or consolidates with any other entity other than in compliance with the provisions of this Deed;

15.8 *Insolvency*: The appointment of a Liquidator (other than in respect of a solvent liquidation or reorganization), receiver, manager or other similar officer in respect of the Issuer, any of its assets;

15.9 *Material Adverse Change*: If a Material Adverse Change has occurred;

15.10 *Obligations Unenforceable*: any of the Bonds or the Trust Deed is or becomes wholly or partly void, voidable or unenforceable, and which adversely affects the payment obligations of the Issuer; and

15.11 *Force Majeure:* the occurrence of a Force Majeure Event that affects the ability of any of the Issuer to perform its obligations under this Deed which continues for a period of six (6) months.

16 Enforcement

At any time after the occurrence of an Event of Default which is continuing, the Bond Trustees may, in their discretion, or if so requested in writing by Bondholders of at least one-fourth in principal amount of the Bonds of the relevant Series, or upon an Extraordinary Resolution of the Bondholders passed at a special meeting convened for that purpose, institute proceedings and or take other actions against or in relation to the Issuer or any other person as they may think fit to enforce the obligations of the Issuer under the Bonds.

17 Proceeding Against the Issuer

Only the Bond Trustees may enforce the performance of the Issuer's obligations under this Deed. Subject to the provisions of CAMA, no Bondholder or a person claiming through a Bondholder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the obligations under this Deed or any Series Trust Deed. Notwithstanding the foregoing, a Bondholder who feels dissatisfied may personally initiate legal action to enforce its rights under this Deed irrespective of the legal duty of the Bond Trustees to take such legal action.

18 Taxation

All payments of principal, coupon and any other sum due in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Federal Republic of Nigeria or any political subdivision or any Authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, no additional amounts shall be paid to the Bondholders as a result thereof. The relevant Series Trust Deed will indicate the tax consequences of investment in the relevant Series or Tranche of Bonds.

19 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be time-barred and become void unless made within six (6) years from the appropriate Relevant Date in respect of the Principal Amount and the Coupon due on such Bonds.

20 Meetings of Bondholders

The rights and duties of the Bondholders in respect of attendance at meetings of Bond holders are set out in Schedule Two (Provisions for Meetings of Bondholders). Decisions taken at Bondholders' meetings may only be exercised by the Bond Trustees in accordance with this Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the Parties as that term is defined in this Trust Deed.

21 Governing Law and Dispute Resolution

21.1 This Deed and all rights and obligation arising therefrom shall be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.

21.2 In the event of any dispute arising out of or under this Programme Trust Deed, the Parties shall within five (5) Business Days from the date the dispute arose, notify the SEC of the existence of the dispute.

21.3 Any dispute which cannot be mutually resolved by the Parties within ten (10) Business Days shall be referred to Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, Cap A18, LFN, 2004. The Arbitral Tribunal shall consist of three (3) Arbitrators. The Issuer and the Bond Trustees shall each appoint one (1) Arbitrator within five (5) Business Days of the referral of the dispute to arbitration. The two (2) Arbitrators so appointed shall appoint the third Arbitrator within five (5) Business Days of the request to appoint the third arbitrator. PROVIDED THAT if either Party is unable each appoint it own Arbitrator or the first two (2) Arbitrators are unable to agree on a third arbitrator within two (2) weeks of the appointment of the second arbitrator, then such Arbitrator shall be appointed by the Chairman of the Chartered

Institute of Arbitrators UK (Nigeria Branch) on the application of any Party and when appointed, the third Arbitrator shall convene an Arbitrators' Meeting and act as Chairman of the same. The Arbitrators shall also have a maximum period of twenty-five (25) Business Days to resolve the dispute after the submission of final addresses by the Parties. In the event that any of the Parties are aggrieved by the decision of the arbitral tribunal, the Parties shall refer the matter to the SEC for resolution and if aggrieved by the decision of the SEC, the matter shall be referred to the Investments and Securities Tribunal in accordance with the provisions of Section 284 of the ISA.

21.4 The seat of arbitration shall be Lagos, and the language of arbitration shall be English.

USE OF PROCEEDS

The Pricing Supplement for each Series or Tranche under the Programme will specify the details of the use of proceeds of that particular Series or Tranche.

RISK FACTORS

Investment in the Bonds involves a certain degree of risk. Accordingly, prospective investors should carefully consider the following risk factors together with all the other information included in this Prospectus before purchasing the Bond. The risks outlined below are by no means exhaustive, and are not the only risks facing the Issuer. Additional risks and uncertainties that are currently considered immaterial may also materially and adversely affect the Issuer in the future, should market conditions significantly deteriorate. Any of the following risks could result in a material adverse effect on the Issuer's financial condition, and ability to service its debt obligations, including the Bond.

1. GENERAL RISKS RELATING TO THE BONDS

1.1 Independent Review and Advice:

The Bonds may not be suitable to all investors. Therefore, each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its investment needs, objectives and condition, that it complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds. A prospective investor may not rely on the Issuer or the Issuing House(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Bond or as to the other matters referred to above.

1.2 Change of Law:

The structure as well as the Terms and Conditions of the Bonds are based on Nigerian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Prospectus.

1.3 Modification, waivers and substitution:

The conditions of the Bonds contain provisions for calling General Meetings of Bondholders to consider matters affecting their general interests. These provisions permit Bondholders holding at least sixty percent (60%) of the aggregate nominal value of the Bonds for the time being outstanding to bind all Bondholders, including Bondholders who did not attend and vote at the relevant General Meeting and Bondholders who voted in a manner contrary to the majority.

1.4 Taxation:

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to seek their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds.

1.5 Credit ratings may not reflect all risks:

The Bonds issued under the Programme will be assigned a rating by the Rating Agency. Independent rating agencies may decide to rate the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

1.6 The Secondary Market for trading the Securities may not be very liquid:

The Nigerian securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Issuer cannot guarantee that the market for the Bonds will always be active or liquid, for example, the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed of at prices and volumes at instances best deemed appropriate by their holders.

2. RISKS RELATING TO NIGERIA

2.1 Political and regional instability

Oil exportation is the major source of government revenue to Nigeria and Nigeria's major oil producing area is the Niger Delta region. There has been renewed agitation and militancy in the Niger Delta region which has substantially affected the country's oil production. Until a lasting solution is found, there will be continued agitation and militancy activities in the region which would continually threaten the oil production and economic activity in the main oil producing region of Nigeria.

The advent and activities of the insurgent groups introduced a new dimension to armed confrontations with public security forces. Although the Federal Government has recorded tremendous success in eliminating the extremist group and weakening their activities in the Northern region, suicide bombings and indiscriminate attacks on even co-religionists continue to raise serious concerns about the protection of lives and property, sustained attractiveness of Nigeria to foreign investors, and the recovery of the capital market.

Although, the political and regional instability has had a material adverse effect on investment and confidence in the performance of the Nigerian economy, the Federal Government has embarked on a number of initiatives to address the instability and unrest. Parts of these initiatives include frequent engagement with leaders of the South-South region to help in reducing oil pipeline vandalisation and oil bunker and the issuance of a green bond, proceeds of which will be used to revive the region.

In spite of the Federal Government's efforts, continued criminal activity, unrest and political and religious conflicts in the country may lead, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy and impact the Issuer's income.

2.2 Risks related to the economic stability of Nigeria

The current presidential administration has implemented several wide-sweeping political and economic reforms aimed at diversifying Nigeria's economy and increasing macroeconomic stability whilst promoting a private sector market driven economy.

Downward pressure on the economic stability could develop if reforms stagnate, growth falters, external balance deteriorate from a sharp drop in oil production or prices and political tensions or violence increase substantially.

2.3 Global prices of oil have a significant impact on the Nigerian economy

According to the Nigerian National Petroleum Corporation (NNPC), in February 2018, crude oil production in Nigeria averaged 2.01mb/day, the second highest production in the last twenty-three months preceding the period. Crude oil prices are highly volatile and prices have maintained an upward trend in the past months driven primarily by the Organization of Petroleum Exporting Countries (OPEC) production quota for its members excluding Nigeria and Angola and could be largely affected by the level of global production and demand and political tensions and other conflicts, particularly in the Middle East and Europe. Any further significant decline in oil prices could adversely affect the Nigerian economy.

The present administration remains committed to economic reforms aimed at diversifying Nigeria's economy and increasing macroeconomic stability whilst promoting a private sector market-driven economy. In addition, the government's annual budget is pegged at a rate lower than the average trading price of crude oil. This reduces the country's exposure to the volatility in oil price. However, there can be no assurances that such support, reforms and initiatives will continue to be successful.

2.4 Emerging markets such as Nigeria are subject to greater risks than more developed markets, and financial turmoil in any emerging market could cause the price of the Bonds to decrease:

In emerging market countries, securities markets may be smaller than in more developed countries, making it more difficult to sell securities in order to take profits or avoid losses. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the group. Political instability and possible corruption, as well as lower standards of regulation for business practices, increase the possibility of fraud and other legal problems.

Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with investing in emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of all emerging market countries as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Issuer's business, as well as result in a decrease in the price of the Bonds.

3. RISKS RELATING TO THE ISSUER

The Bonds issued by Development Bank of Nigeria Plc shall be exposed to varied risks that can affect overall performance of the Bonds. These risks are enumerated below:

3.1 Price Risk

Price Risk is the risk of losses resulting from adverse movements in market prices. The risk-free rate of interest is set by the Federal Government and is exogenous to the Issuer's operations.

3.2 Regulatory Risk

The Bank is subject to the risk of being sanctioned by the CBN and other regulatory agencies for non-compliance with applicable regulations. The Bank is subject to many regulations which are not clearly defined and may inadvertently contravene an extant provision. The powers of the CBN under the laws and regulations are extensive and include the power to take over the management of banks. The CBN has recently targeted Nigerian banks who fail to meet minimum capital reserves, taking action directly against senior management.

The Bank is also subject to the regulatory purview of other regulators such as the Financial Reporting Council of Nigeria ("FRCN") whose sanctions could have a material adverse effect on the Bank's business, results of operations, financial condition and or prospects. The FRCN was set up to develop and publish accounting and financial reporting standards to be observed in the preparation of financial statements of public entities in Nigeria including the Bank.

3.3 Interest Rate Risk

Investment in Fixed Rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. In addition, a holder of securities with a fixed interest rate that will be periodically during the term of the relevant securities, such as reset bonds, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

As a bank, DBN is exposed to interest rate risk through the interest-bearing assets and liabilities in its and banking books. Fluctuations in interest rates could adversely affect the Bank's operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of the Bank's fixed rate loans and raise the Bank's funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in the Bank's investment portfolio (primarily comprised of Government Bonds). In addition, an increase in interest rates may reduce overall demand for new loans and increase the risk of customer default, while general volatility in interest rates may result in a gap between the Bank's interest rate sensitive assets and liabilities, particularly given the Bank's reliance on short-term liabilities to fund longer-term assets. Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the CBN, domestic and international economic conditions and political factors. There can be no assurance that the Bank will be able to protect itself from the adverse effects of future interest rate fluctuations.

Any fluctuations in market interest rates, and the Bank's inability to monitor such fluctuations so as to respond in a timely and cost-effective manner, could lead to a reduction in net interest income and adversely affect the Bank's financial condition and results of operations. The Bank's operations remain subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. These risks impact both the earnings and the economic value of the Bank which, if material, could have a material adverse effect on the Bank's financial condition, liquidity, results of operations and/or prospects.

3.4 Foreign Exchange Risk

Foreign Exchange risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is minimally exposed to the financial risk related to the fluctuation of foreign exchange rates. This is because its revenues, capital expenditures are principally based in Naira. A significant change in the exchange rates between the Naira (₦)(functional and presentation currency) relative to the US dollar would have an insignificant effect on operations, financial position and cash flows. The Bank did not enter into any forward exchange contracts to manage currency risk fluctuations.

3.5 Liquidity Risk

Liquidity Risk is the current or prospective risk to earnings and capital arising from the Group's inability to meet its liabilities when they fall due without incurring unacceptable losses. Liquidity risk is considered a major risk for the Bank. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. The Bank is managed to preserve a high degree of liquidity so that it can meet its obligations at all times including periods of financial stress.

Agusto & Co. Rating Report

Development Bank of Nigeria Plc

Rating Assigned:

Aaa

Outlook: Stable
Issue Date: 26 July 2021
Expiry Date: 30 June 2022
Previous Rating: Aa

Industry: Development Finance Institutions (DFI)

Analysts:

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Agusto & Co. Limited
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Lagos
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www.agusto.com

A development finance institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due.

RATING RATIONALE

Agusto & Co. hereby upgrade the rating assigned to Development Bank of Nigeria Plc ('DBN' or 'the Bank') to '**Aaa**'. The rating takes into cognisance the support of the Bank's shareholders – the Ministry of Finance Incorporated, Nigeria Sovereign Investment Authority (NSIA), African Development Bank (AfDB) and the European Investment Bank (EIB). AfDB and EIB are both rated '**Aaa**' by Standard and Poor, Moody's and Fitch Ratings. Asides from equity contribution, AfDB provides long-term borrowings, technical and business support to DBN. The rating also considers the support of other international development finance institutions such as the French Development Agency (AFD), KfW, the German Development Bank and the World Bank who provides funding and technical support in addition to strengthening governance. Furthermore, DBN's good asset quality, good capitalisation, good liquidity and experienced management team are also positive rating factors. However, constraining these is the limited operating history and weak macroeconomic fundamentals.

DBN is a wholesale financial institution that grants loans to eligible participating financial institutions (PFIs) for on-lending to Micro and Small Scale Enterprises (MSMEs) and small-sized corporates. Although the MSMEs are the ultimate beneficiaries of the loans, the PFIs, typically with a stronger financial strength, are the primary obligors of DBN and assume the risk of default. DBN's assessment of the PFIs using an internal rating model, due diligence exercises and external rating considerations ensures strong asset quality. Despite the COVID-19 pandemic, DBN increased its financial support to Micro and Small Scale Enterprises (MSMEs) and small-sized corporates through participating financial institutions (PFIs) during the financial year ended 31 December 2020. As a result, the Bank's gross loans spiked by 109.6% to ₦215.1 billion as at FYE 2020. As at the same date, approximately 136,000 MSMEs have directly benefited from the financial support of DBN, higher than circa 101,000 MSMEs in the prior year.

The Bank had 20 obligors as at FYE 2020, at par with the prior year. As at the same date, 99.7% of the obligors were considered investment grade counterparties based on the Bank's internal rating model. DBN maintained its nil impaired credit position reflecting the strength of its wholesale lending model and the resilience of the credit risk management. Subsequent to the year end, the Bank disbursed loans to four newly onboarded PFIs, all of which are considered investment grade

GCR RATINGS

Credit Rating Announcement

GCR Assigns National Scale Issuer Ratings of AAA(NG)/A1+(NG) and Long-term International Scale Rating of B to Development Bank of Nigeria Plc, Outlooks Stable.

Rating Action

Lagos, 10 May 2021 - GCR Ratings ("GCR") has assigned Development Bank of Nigeria Plc's ("DBN") national scale long-term and short-term issuer ratings of AAA(NG) and A1+(NG) respectively, with a Stable Outlook. At the same time, GCR assigned DBN a long-term international scale rating of B, with a stable outlook.

Rated Entity / Issuer	Rating class	Rating scale	Rating	Outlook / Watch
Development Bank of Nigeria Plc	Long Term issuer	National	AAA(NG)	Stable Outlook
	Short Term issuer	National	A1+(NG)	
	Long Term issuer	International	B	Stable Outlook

Rating Rationale

The ratings of DBN balances the bank's relatively short track record (about four years) of mandate delivery against its strong capitalisation, minimal risk exposure, a largely wholesale but stable funding structure, complemented by sound liquidity profile.

DBN is a wholesale development finance institution ("DFI"), established through collaboration between the Federal Government of Nigeria ("FGN") and international development institutions, with the mandate of improving access to financing for the micro, small and medium scale enterprises' ("MSMEs") by providing wholesale financing to eligible participating financial institutions ('PFIs') and providing guarantee through its wholly owned subsidiary (Impact Credit Guarantee Limited), thus, fulfilling a socio-economic role in the society.

The bank's competitive position is supported by its clearly defined mandate and focused operation. However, these positives are partially offset by the relatively short track record, a concentrated mandate, and earnings that have been largely driven by returns on investment over the historical period. As at FY20, the bank has disbursed to a total of 22 PFIs (comprising eight commercial banks, 13 microfinance banks, one primary mortgage bank), from a low base of two when it commenced operation in 2017. Going forward, GCR expects competitive position to improve as the bank increases its coverage and ensures wider distribution by the PFIs, in order to effectively demonstrate its critical role within the operating environment.

Management and governance is considered to be neutral, given the robustness of the board, with representation by FGN and other international partners.

Capital and leverage is a key rating strength. GCR's total capital to risk weighted asset ratio stood well above 100% at FY20 and surpassing the regulatory minimum. While we expect the capital adequacy ratio to moderate as the bank scales up operations and grow risk assets, the metrics are expected to remain strong over the short to medium term.

Risk position is considered neutral, given the relatively moderate size of the loan book (FY20: N215bn), constituting 43% of total assets (with no credit losses from inception till date), moderate to intermediate operational risk exposure, the absence of foreign exchange risk and the bank's sound underwriting process, which provides for adequate loan

Nigeria Financial Institution | Public Credit Rating

EXTRACT OF THE ISSUER'S BOARD RESOLUTION

DBN
Development
Bank of Nigeria
RC 1215724

...Financing Sustainable Growth

The Clan Place, Plot 1386A Tigris Crescent,
Maitama Abuja, Nigeria.

E: info@devbankng.com
T: +234 811 3841 699
+234 9 904 0000

RC No. 1215724

THE FEDERAL REPUBLIC OF NIGERIA
THE COMPANIES AND ALLIED MATTERS ACT, 2020

PUBLIC COMPANY LIMITED BY SHARES

RESOLUTION OF THE BOARD OF DIRECTORS

OF

DEVELOPMENT BANK OF NIGERIA PLC

At the meeting of the Board of Directors (the "Board") of Development Bank of Nigeria Plc ("DBN") duly convened and hosted virtually from the Head Office, Plot 1386A Tigris Crescent, Maitama, Abuja on the 1st day of December 2020, the following resolutions were proposed and duly passed:

1. "That DBN be and is hereby authorised to register a shelf programme with the Securities and Exchange Commission of an initial size of ₦100 Billion (One Hundred Billion Naira) and raise debt capital up to the initial size of ₦100 Billion (One Hundred Billion Naira) through the issuance of bonds and/or any other instruments in tranches, series or proportion at such coupon or interest rates, within such maturity periods and on such terms and conditions, by way of book building or such other method determined by the Financial Advisers, subject to obtaining approvals of the relevant authorities;

2. That the executive management be and is hereby authorised to take such further actions and processes necessary to achieving a successful registration of the shelf programme; and

3. That authority be and is hereby given to any of the Directors and Company Secretary to execute all applicable documents, notices, letters or certificates that are, in the opinion of the Issuing House/Financial Adviser, considered necessary for the purpose of registering the shelf programme."

DATED THIS 1ST DAY OF DECEMBER 2020.

Name: MR. TONY OKPANACHI	Name: DR. SHEHU YAHAYA
MANAGING DIRECTOR/CEO	**CHAIRMAN, BOARD OF DIRECTORS**

KPMG

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

October 28, 2021

The Directors
Development Bank of Nigeria Plc
The Clan Place
Plot 1386A Tigris Crescent
Maitama, Abuja

Dear Sirs,

CONFIRMATION OF GOING CONCERN STATUS OF DEVELOPMENT BANK OF NIGERIA PLC

Based on the confirmation received from the Directors of Development Bank of Nigeria Plc (the "Bank") and our audit of the financial statements of the Bank as at 31 December 2020, in our role as Auditors, we confirm that nothing came to our attention that caused us to believe that the Bank will not continue as a going concern in the foreseeable future.

Yours faithfully,

Kabir O. Okunlola, FCA
Partner Audit Services
FRC/2012/ICAN/00000000428

ELIAS RILWAN ADEBIYI
LEGAL PRACTITIONER
& NOTARY PUBLIC
No. 4, [illegible] Crescent, [illegible], Abuja FCT.
TEL: 080 [illegible] 482137

1/10/2021

INFORMATION RELATING TO THE ISSUER

PROFILE

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

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

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

Vision

To be Nigeria's primary development finance institution; promoting growth and sustainability

Mission

To facilitate sustainable socio-economic development through the provision of finance to Nigeria's underserved MSMEs through eligible financial intermediaries.

Mandate

With a vision to be Nigeria's primary development finance institution; promoting growth and sustainability, DBN seeks to fulfil three key mandates:

- Increase access to finance for MSMEs by lending to Participating Financial Institutions (Commercial Banks, Micro Finance Banks and other DFIs) for on-lending to this segment.
- Provide Capacity Building for Participating Financial Institutions to enhance their ability and willingness to lend to the MSME segment.
- Provide Partial Credit Guarantees for Participating Financial Institutions to encourage them to take the risk of lending to MSMEs.

Core Values (S.T.E.D.I.)

- Sustainability
- Transparency
- Excellence
- Diversity
- Innovation

Development Partners

The Bank's development partners include:

- The Federal Ministry of Finance;
- World Bank (WB);
- African Development Bank (AfDB);
- KfW Development Bank;
- French Agency for Development (AFD); and
- European Investment Bank (EIB)

ONLENDING AND SERVICE OFFERINGS

– **Wholesale Term Funding**

The Development Bank of Nigeria provides wholesale term funding and risk-sharing facilities to Participating Financial Institutions (eligible retail intermediaries such as commercial banks, microfinance banks, existing retail DFIs and leasing companies) for on-lending to MSMEs. Its products and services are designed to develop the society, supporting local entrepreneurs and empowering small business owners to drive economic growth.

The DBN loan repayment tenure is flexible (up to 10 years with a moratorium period of up to 18 months) and the pricing is pragmatic and referenced to market rates.

The Bank is committed to facilitating increased access to financing for MSMEs.

– **Finance-2-Finance (F2F)**

Description
The DBN F2F is specifically for Financial Institutions (FI) with lending operations to MSMEs. The product provides for participating Financial Institutions to make funds available to their FI customers that have MSME portfolios but who are unable to receive funding directly from DBN.

Target Market:
Qualifying FIs include microfinance Banks, Microfinance Institutions, Financial NGOs, Cooperatives, Fintech Companies and other Non – Bank Financial Institutions.

Facility Limit:
PFI to determine qualifying loan amount for the FI based on Risk Assessment

Conditions:
FI is expected to have active MSME portfolios and demonstrate a commitment to lend to the same.

– **Long Term Finance for PFIs**

Description:
The Long-Term Finance is a loan product provided to Participating Financial Institutions to support their long-term lending to MSMEs for a period of up to 10years. The structure of the fund is flexible and can be easily adapted to suit the PFIs peculiar needs and finance structure including meeting the requirements of Tier

2 Capital for the PFIs. PFIs can request for this facility to cater for the long–term finance needs of their MSME customers where available funding is typically short term.

Purpose:
To provide funding to Participating Financial Institutions to support their Long–Term lending activities to MSMEs.

Target Market:
All PFIs that require Long Term Funding for their business across all sectors.

Facility Limit:
Maximum of 25% of PFIs total capital for Tier 1 banks and 50% for qualifying Tier 2 banks in line with regulatory requirements subject to DBN approved limits.

Tenor:
Minimum tenor of 5 years and a maximum tenor of 10 years.

Moratorium:
Moratorium of up to 7 years on principal subject to the specific financing structure of PFIs.

– **Partial Credit Risk Guarantees**

The DBN through its subsidiary, Impact Credit Guarantee Limited set-up through a project with the World Bank, provides guarantee on loans made to eligible Micro, Small and Medium Scale Enterprises (MSMEs) and small corporates by Participating Financial Institutions (PFIs) in Nigeria.

– **Capacity Building**

In addition to providing funding and risk-sharing facilities to MSMEs and Small Corporates through participating financial institutions, the DBN, through its Entrepreneurship Training Programme provides technical assistance to build the Capacity of the Nigerian MSME to enable them eligible to access credit.
The objectives of this programme include:

- Ensure MSMEs are well equipped with skills and competencies to defend sound and viable business proposals
- Improve the Capacity of MSMEs to access available credit
- Improve the capacity of MSMEs for efficient funds utilization, trade, investments and access to markets

MSME CRITERIA FOR DBN LOANS

The qualifying criteria for all loans to end-borrowers must be in line with the current DBN definition as outlined below:

- **Sectors:** All sectors
- **Geographical Spread:** All geopolitical zones
- **Stage of Business Life Cycle:** Start Up, Growth, Expansion.
- **Number of Employees:** Less than 250 for MSMEs
- **Asset Base:** Less than ₦1.125 Billion for MSMEs

- **Annual Turnover:** Less than ₦950 Million for MSMEs
- **Maximum Loan Size:** ₦200 Million

MSME CLASSIFICATION

Enterprise Type	No of Employees	Annual Turnover	Total Assets
MSMEs	<250	<₦1.125 Billion	<₦1.125 Billion
Small Corporates	<500	<₦5.4 Billion	<₦5.4 Billion

Loan Types	End Borrower's Limit	Tenor (Max)	Moratorium (Max)
Term Loans	₦200 Million (MSMEs)	10 years	18 months
Finance-2-Finance	₦720 Million (small corporates) ₦200 Million	7 years	Nil
Long Term Finance	₦200 Million (MSMEs) ₦720 Million (small corporates)	10 years	7 years on the principal
Non-Interest	₦200 Million	5 years	6 months

DBN'S ACHIEVEMENTS IN 2020

Sustainable Development Goals

The Bank has made progress in the following Sustainable Development Goal Areas:

	SDG Area	2020 Activities
1.	**No Poverty**	• ₦191bn loans disbursed in 2020 • Increased staff strength and average staff salary by MSMEs
2.	**Zero Hunger**	• The Bank donated ₦100 million towards the fight against COVID-19 pandemic through provision of palliatives
3.	**Gender Equality**	• The International Women's Day (WD) celebration held on March 8th 2020. The Bank hosted its IWD event on March 5th 2020. • 58% of the Bank's loan are to women -owned MSMEs. • Increased percentage of female staff to 41%
4.	**Decent Work and Economic Growth**	• An estimate of 97,266 jobs created by loan beneficiaries in 2020.
5.	**Reduced Inequality**	• No gender pay gap • Equal learning opportunities for all • Inclusive workplace culture • Anti-discrimination/harassment policies
6.	**Climate Action**	• A total of 451.2kg recycled based on recycling activities out of Lagos and Abuja offices. • 1.5 MT of CO_2 emission saved
7.	**Partnership for the goals**	• Partnered with MFBs for sustainable banking. • Joined the Steering Committee for the Nigerian Sustainable Banking principles. • Became a member of the Financial Literacy Working Group • Joined the board of the Montreal Group

Nigerian Sustainable Banking Principles

The Bank has achieved good mileage across the Nigerian Sustainable Banking Principles as highlighted below:

	NSBP Area	Achievements in 2020
1.	**Business Activities**	• 100% loans screened for E&S • Robust E&S processes • Comprehensive risk management processes and oversight
2.	**Business Operations**	• Launch of Recycling Initiatives in Lagos and Abuja • Development of procurement Sustainability policies • Developed enterprise-wide Digital Strategy

3.	**Human Rights**	• Company-wide human rights policy
4.	**Women's Economic Empowerment**	• IWD 2020 celebration • Collaboration with PFIs on the development of women's finance product
5.	**Financial Inclusion**	• Membership of industry committees focused on Financial Inclusion: • Technical Committee on financial inclusion
6.	**Environmental and Social Governance**	• Board level oversight of sustainability initiatives through Board Ethics Committee
7.	**Capacity Building**	• In 2020 the Bank held the following trainings: - Held PFI training – Technical assistance on E&S with 14 PFIs, 7 MFBs, 2 merchant banks, 1 DMB, 1 Non-interest Bank, 3 mortgage Banks - Held annual DBN Entrepreneurship program - Delivered a total of 6,844 employee learning hours across various focus areas - Held 3 webinars for the general public - Developed a Sustainability Community of Practice forum for DBN affiliated MFBs
8.	**Collaborative Partnerships**	• The Bank partnered with the following industry stakeholders: - Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) - SME Finance Forum - Nigerian Association of Small and Medium Enterprises (NASME) - The National MSME Clinic - The Montreal Group
9.	**Reporting**	• 2020 Integrated Report • Quarterly report sent to DBN Development Partners • Publication of Quarterly working paper series • Quarterly publication in Journal of Economics & Sustainable Growth. • Publication of internal newsletter – MSME Catalyst

PROFILE OF THE BOARD OF DIRECTORS

DBN's Board of Directors is composed of eleven (11) members. The members of the Board of Directors of the Bank are:

Dr. Shehu Yahaya
Chairman

Prior to his appointment as the Chairman of the Board of Directors of Development Bank of Nigeria Plc in March 2017, Dr. Yahaya was the Bank's Interim Managing Director.

He has an outstanding career in the Academia and Development Finance, having held several management and executive roles, including Executive Director at the African Development Bank and member, Monetary Policy Committee of the Central Bank of Nigeria. Before joining the African Development Bank, he served as Deputy General Manager at Nigeria Export-Import Bank (NEXIM). He was a lecturer in Macroeconomics at the Department of Economics in University of Sussex, UK and Head of Economics Department in Bayero University kano, Nigeria.

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

He holds a BSC Economics (1977); MSC Economics (1983) from Ahmadu Bello University Zaria, Nigeria; and a Doctorate of Philosophy in Industrial Economics from University of Sussex, UK (1989).

Mr. Tony Okpanachi
Managing Director/CEO

Mr. Tony Okpanachi was appointed Managing Director/CEO of Development Bank of Nigeria Plc in January 2017. He is a seasoned banker with over 30 years' experience. Before his appointment as Managing Director/CEO of DBN, he was the Deputy Managing Director of Ecobank Nigeria Limited since April 2013. Prior to that, he was the Managing Director, Ecobank Kenya and Cluster Managing Director for East Africa (comprising Kenya, Uganda, Tanzania, Burundi, Rwanda, South Sudan and Ethiopia). He was also at various times Managing Director of Ecobank Malawi and Regional Coordinator for Lagos and South West of Ecobank Nigeria.

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

He holds an MBA from Manchester Business School UK (2010); MSC Economics from University of Lagos (1989); and BSC Economics from Ahmadu Bello University, Zaria, Nigeria (1987). He has attended several Executive Management Development Programmes on Leadership, Corporate Governance, Credit and Risk-Management in leading institutions.

Mallam Bello Maccido
Independent Director

Mr. Maccido is an accomplished Corporate and Investment banker with over 31 years post graduate experience; 26 of which were in the financial services industry. He commenced his career at Ecobank Nigeria Plc and steadily rose through the ranks within the banking industry culminating in his appointment as Executive Director in charge of Retail banking at First Bank of Nigeria Limited. With the change in the structure of the First bank Group to a financial holding company in 2012, Mr. Maccido subsequently became the pioneer Group CEO of FBN Holdings PLC.

During the course of his career, he was also the pioneer CEO of Legacy Pension Managers Limited (now FCMB Pension), a pension administration company, during which period he took the company through financial breakeven to operating profitability.
He had, at different times, served on the Boards of FBN Holdings Plc, First Bank of Nigeria Plc and Legacy Pension Manager Limited and is currently the Chairman, FBNQuest Merchant Bank Ltd, the investment banking arm of FBN Group.

Mr. Maccido is a Fellow of both the Chartered Institute of Stockbrokers and the Chartered Institute of Bankers of Nigeria. He holds a LLB from Ahmadu Bello University, Zaria (1984) and Wayne State University, Detroit, Michigan, USA (1989)

He is a Barrister at Law (BL) of the Supreme Court of Nigeria and an Alumnus of the Executive Business Programs of the Harvard Business School, The Wharton School, INSEAD Business School, Fontainebleau, France and IMD, Lausanne, Switzerland.

Mr. Uche Orji
Non-Executive Director

Mr. Uche Orji is the Managing Director & Chief Executive Officer of the Nigeria Sovereign Investment Authority (NSIA) having been reappointed by the President of Nigeria for another 5-year term in 2017. A committed professional, Uche brings a wealth of global experience spanning nearly three decades in investment banking and financial services to his role as MD & CEO.

He joined the NSIA as the pioneer MD & CEO on 2nd October 2012 from UBS, where he was Managing Director in the New York branch of its Equities Division. Before then, Mr. Orji had spent 6 years at JP Morgan Securities, London, from 2001-2006, rising from the post of Vice President to Managing Director within the Equities Division.

Mr. Orji had also worked at Goldman Sachs Asset Management, London from 1998-2001. First joining as an Associate, in time, he rose to become an Executive Director before resigning in 2001. Hitherto, he was the Financial Controller at Diamond Bank Plc., Lagos, Nigeria and previously worked at Arthur Andersen & Co.

Until he assumed the role at NSIA, Mr. Orji was a regular commentator for leading research and asset management publications. In this capacity, he provided strategic advice to the Management of Semiconductor companies such as Intel Electronics, Taiwan Semiconductor Manufacturing Company, Samsung Electronics and Texas Instruments. He also co-authored more than 200 research pieces in the Semiconductor sector as well as the broader technology investment sectors. He advised several global portfolio management firms and Sovereign Wealth Funds in his role as global coordinator in the Equities Division.

Today, the organisation he leads is a trusted advisor to the Federal Government of Nigeria and has been instrumental to the actualization of a number of national economic transformation initiatives within the remit of its mandate.

Mr. Orji's visionary leadership has inspired the significant strides recorded by NSIA despite its short existence and nurtured it into one of Africa's most respected sovereign wealth funds attracting hundreds of million in foreign direct investments.

Presently, he is the Chairman of the Board of Directors of the Infrastructure Credit Guarantee Company Ltd (InfraCredit) and serves on the Boards of the DBN, Family Homes Fund Ltd (FHFL), NG Clearing, and Nigeria Mortgage Refinance Company (NMRC) as a Non-Executive Director. Uche also serves on the Board of the USA-Nigeria Council on Trade and Food Security as the Co-Chairman.

Uche studied Chemical Engineering at the University of Port Harcourt, Nigeria, graduating in 1990, and subsequently obtained an MBA from Harvard Business School in 1998.

Mr. Andrew Alli
Independent Director

Mr. Andrew Alli serves as the President and Chief Executive Officer of Africa Finance Corporation. Mr. Alli has been an Executive Director of Africa Finance Corporation Since November 01, 2008. He served as Deputy Chief Executive Officer of Travant Capital and also served as its Partner.

He was with the International Finance Corporation ("IFC"), the private sector financing arm of the World Bank Group, in Washington as an investment officer working first in the Oil, Gas and Mining Department and then in the Telecommunications Department. In 2002, he was appointed IFC's Country Manager for Nigeria, responsible for managing IFC's operations in the country. In 2006, Mr. Alli was appointed Country Manager for Southern Africa, where he was responsible for South Africa and seven other countries.

He served as a Non-Executive Director of ARM Cement Limited since October 2012 until March 24, 2017. He also served as Non-Executive Director of Guaranty Trust Bank Plc from June 2008 to June 30, 2016.

Mr. Alli holds a Bachelor's degree in Electrical Engineering from Kings College, University of London (1988); MBA (with distinction) from INSEAD, France (1995); and qualified as a Chartered Accountant with Coopers & Lybrand (PricewaterhouseCoopers) in the UK (1991).

Mr. Phillips Oduoza
Independent Director

Phillips Oduoza with about 30 years banking experience in major financial institutions, is the founder and Chairman of the board of Nova Merchant Bank Limited. Mr. Oduoza is an internationally recognized and accomplished banker with diverse knowledge and experience in commercial and corporate banking.

Prior to promoting Nova Merchant Bank, he recently retired as the global CEO of UBA Group where he firmly established the Bank as a leading African Financial Institution with global brand recognition. Mr. Oduoza was part of a small team that pioneered and established Diamond Bank Plc as one of the most successful and innovative banks in the early 90's. He led many breakthrough financial products and initiatives of Diamond Bank. As a result, he rose rapidly to the position of Executive Director in 1999. Phillips Oduoza started his banking career in 1989 with Citibank as the first set of Executive Trainees where he trained in every aspect of banking after a brief stint with International Merchant Bank (IMB).

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

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

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

Dr. Oladimeji Alo
Independent Director

Dr. Oladimeji Alo serves as Director at ARM Life Plc. He served as the Managing Director /Chief Executive Officer of FITC, where he contributed actively to the series of reforms in the Nigerian banking sector over a period of thirteen years. While in the services of the international firms of Price Waterhouse and (later) Coopers & Lybrand, Dr. Alo provided consulting assistance to several leading organizations in Nigeria. Dr. Alo was President of the West African Bankers' Association and the Chartered Institute of Personnel Management of Nigeria. He serves as a non-executive director on the board of Berger Paints Plc.

Dr. Alo is a scholar, a management consultant and a corporate governance enthusiast. He holds a BSC, Social Sciences (Sociology and Anthropology) (1978); MSC, Industrial Sociology (1981); and PHD, Industrial Sociology (1984) all from the University of Ife, Ile-Ife, Nigeria now called Obafemi Awolowo University.

Mrs. Clare Omatseye
Independent Director

Clare Omatseye, is the Founder and Managing Director of the international award winning company, JNC International Limited (JNCI) and the current President of the Healthcare Federation of Nigeria.

JNCI, a company she founded 12-years ago, is a leading Turnkey Medical Equipment Solutions Company, which exclusively represents 16 Global Medical Equipment Manufacturers; Toshiba Medical Systems-Japan, Olympus-Japan, Elekta-Sweden, Getinge-Sweden, Maquet-Germany, Medtronic-USA, and ArjoHuntleigh, EU to name a few.

As the Vice President of the West Africa Healthcare Federation and pioneer President of the Healthcare Federation of Nigeria (HFN), a non-profit advocacy group that brings all stakeholders in the Nigerian private health sector under one umbrella with the aim of influencing healthcare policy and practices in the country, Clare has been instrumental in the development of several healthcare policies and public procurement reforms.

Her vast experience has influenced policies on Public-Private Partnerships as well as Incentives for Private Sector Investments in the Nigerian Health sector.

She is a Member of the Pharmaceutical Society of Nigeria (PSN), an Associate Member of the Pediatric Association of Nigeria (PAN), a member of the Society of Quality in Healthcare in Nigeria (SQHN), and WISCAR (Women in Successful Careers). She sits on the Board of several reputable organizations, a Fellow of the Society for Corporate Governance Nigeria (SCGN), Director, Development Bank of Nigeria, Director, LEAP Africa, Vice President, Lagos Business School Alumni Association (LBSAA), Director, Aspire Coronation Trust(ACT), Founder & Chairman, Vaccipharm Limited, a cold chain Vaccines, Pharma & Medical consumables distribution firm that she founded in 1999.

Clare is passionate about improving the quality and contributions of the Healthcare industry. She continues to offer her time to activities that promote the improvement of Healthcare Standards as well as Universal Health coverage (UHC) in Nigeria and the need to adopt Global Best Practices and build Sustainable Partnerships.

She holds a B.Pharm, from Ahmadu Bello University (1990); Executive MBA, Business Administration and Management, General from Lagos Business School, Pan-Atlantic University (1999) and MBA from IESE Business School (1999)

Mrs. Ijeoma D. Ozulumba
Executive Director, Finance/Corporate Services

Mrs. Ijeoma Ozulumba, is a finance professional with over 25 years' experience in banking, accounting, auditing, finance and business strategy. She started her professional career at Price Waterhouse (Now PwC) in 1990, in the audit and business advisory services division where she performed audit and consulting work for different companies across all industries, particularly financial services.

She worked at various times at Diamond Bank, Continental Trust Bank Ltd (Now part of UBA Plc) and MBC International Bank Ltd. (Now part of First Bank), both as Financial Controller, FinBank Plc as Chief Financial Officer, Bank of Montreal and Scotia Bank both in Canada as Basel Risk Consultant and Finance Manager. Prior to joining DBN, she managed corporate budgeting and management reporting for Seplat Petroleum Development Company plc, the largest independent E&P company in Nigeria.

She holds a BSC Biochemistry from University of Benin (1988); MBA International Business from Royal Holloway, University of London (2011); and MPhil, Development Finance from University of Stellenbosch Business School (2021). She is a fellow of the Institute of Chartered Accountant of Nigeria (1992); Project Management Professional (2011); Certified Management Accountants Canada (2013); an alumnus of the Lagos Business School (2008).

Mr. Kyari Abba Bukar
Independent Non-Executive Director

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

He has an outstanding career in Engineering and Technology having been former Managing Director/CEO at Central Securities Clearing System Plc, Lagos and ValuCard Nigeria (Unified Payments Ltd), Lagos Respectively and Executive Director at FSB International Bank Plc. Before joining FSB International Bank, he served in various roles as Manufacturing Development Engineer, Marketing Program Manager, Senior IT Consultant, and as Manager in various sectors of the Hewlett Packard corporation in the United States of America.

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

He holds a BSC Physics from Ahmadu Bello University Zaria, Nigeria (1980) and MSC Nuclear Engineering from Oregon State University Corvallis, USA (1992). He is an alumnus of the Lagos Business School, Wharton Business School, and Harvard Business School

Mr. Henry Batchi Baldeh
Non-Executive Director

Mr. Baldeh is an investment banker, infrastructure developer and utility management specialist, with over 33 years of professional experience across the power value chain and financing capital structure. Mr. Baldeh is currently the Director – Power Systems Development, at the African Development Bank (AfDB), which he joined in May, 2017. He is also responsible for the management of the AfDB's private sector energy loan portfolio.

Prior to joining AfDB, Mr. Baldeh was the Director – Power Business, Investments Division, at the Africa Finance Corporation. He has also been a consultant to the World Bank, European Union / BizClim and Government of Lesotho; and was the pioneer Managing Director of Gambia's National Water and Electricity Company, from 1995 – 1999.

He is currently a Non-executive Director of the Africa Finance Corporation; and served as the Chairman of the Board of Directors of Cabeolica S.A. and Cenpower Operations and Services Limited. He was an Alternate Director and Technical Committee member of the Benin Electricity Distribution Company.

Mr. Baldeh holds an MBA from Boston University, USA(1992) and BSC Electrical & Electronic Engineering from Newcastle-upon-Tyne University, UK (1986). He is a member of the Institute of Engineering & Technology (UK) and a Fellow of the Institute of Directors, Southern Africa.

CORPORATE GOVERNANCE

The Board of Directors is committed to the adoption and observance of best-in-class corporate governance practices. The Board acknowledges that corporate governance is an intrinsic element of business success, and as such, continually evaluates and upscales its practices to ensure that these are capable of enshrining in the Bank, procedures and structures required to build a virile corporate culture which ensures that the Bank's business not only remains profitable, but is also sustainable, and remains an example for Development Finance Institutions.

Corporate Governance is a key focal point for the Bank, in its aspiration of being the reference point for international best practices in the financial services industry in Nigeria.

The Board of Directors is the highest governing body in the Bank. The Board is head by the Chairman who is primus interpares in relation to other members of the Board. The roles of the Chairman and Managing Director/Chief Executive Officer are separate and this duality is a core corporate governance principle at the Bank. To preserve this duality and the intrinsic synergies between the roles of the Chairman and Managing Director/Chief Executive Officer, the ascension of a managing Director/Chief Executive Officer, to the office of Chairman, is discouraged.

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

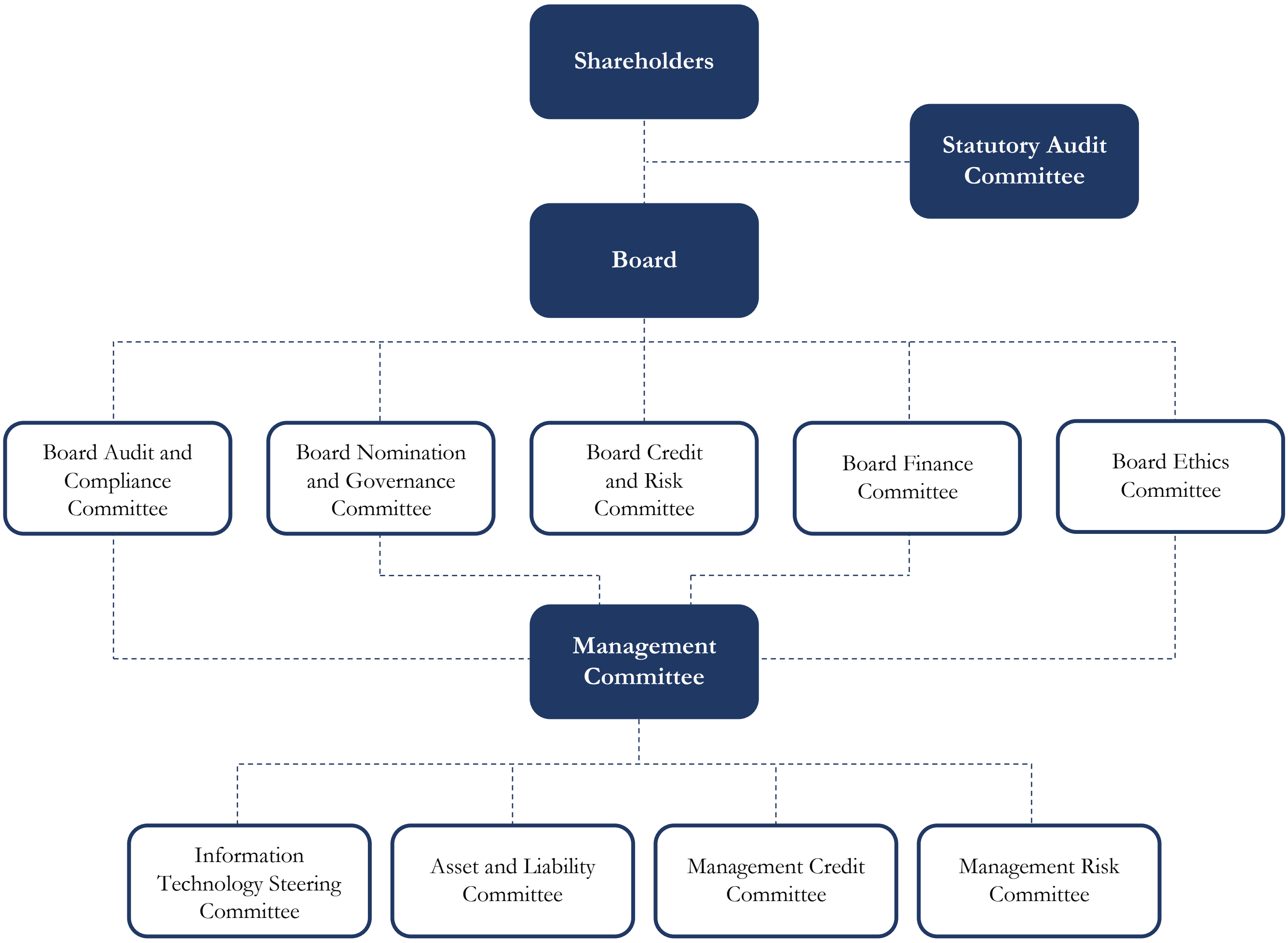
Decisions of the Board are reached based on a consensus. If any matter would be put to a vote, the Board charter, and the Bank's Article of Association, give the Chairman a casting vote. This ensures the resolution of any equality of votes.

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

The Board has five (5) committees through which its oversight of the Bank, and its affairs is exercised. These committees are the Board Audit and Compliance Committee, the Board Credit and Risk Committee, the Board Finance Committee, the Board Nomination and Governance Committee and the Board Ethics Committee.

All committees have charters which are approved by the Board of Directors. The committee charters detail the terms of reference, membership and authorization of each committee. In addition, all Board committees are chaired by independent Non-Executive Directors.

Below is the Corporate Governance Structure:



The Board provides overall strategic and entrepreneurial direction for the Bank. The charter of the Board of Directors, those of respective committees, and the Bank's Delegation of Authority policy, detail the authority matrix at the Bank, and encompasses the framework of delegation from the Board to its committees, and from the Board to Management. By the principle of delegation, the Bank's Management is responsible for the day to day running of the Bank's business.

In addition to the existence of the Board and committees' charters, the Board enriches the Bank's governance practices by ensuring adherence to the Code of Corporate Governance for Development Finance Institutions issued by the Central Bank of Nigeria (CBN), and that issued by the Securities and Exchange Commission (SEC).

The Bank also fully subscribes to the leading practices prescribed by the Financial Reporting Council of Nigeria (FRCN).

With the support of the Development Partners, the World Bank, the African Development Bank, the KFW Development Bank, the Agence Française de Développement, the Board continually strives for excellence in governance, and deliberately seeks out, and adopts tested practices that guarantee the sanctity of the Bank's business model and continues to differentiate it as a clear leader in corporate governance in the DFI space.

Board Audit and Compliance Committee (BACC)

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

Board Nomination and Governance Committee (BNGC)

- To review the Nomination and Governance Committee Charter and recommend same for Board approval
- To make recommendations to the Board for appointment of Senior Management Staff subject to processes set out for such appointments.
- To review and advise the Board on Succession planning for the Board, Board Committees and Senior Management Staff.
- To evaluate the bank's Human resources needs and recommend to the Board, plans and actions to maintain an optimal staff profile in the bank
- Periodically access and advise the Board on the extent to which the required skills are represented on the Board
- To review and recommend to the Board for Approval, Policies and Manuals on Human Resources, Conditions of Service, Compensation packages for the Staff and the Managing Director
- To review and advise the Board Directors allowances and other entitlements to enable the Board to recommend as appropriate to the General Meeting for approval.

Board Credit and Risk Committee (BCRC)

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

Board Finance Committee (BFC)

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

Board Ethics Committee (BEC)

- Advise the Board on, and review adherence to the Bank's Code of ethics, to ensure that the Bank's business is conducted in a legal and ethical manner
- Ensure that the appropriate steps are taken to communicate throughout the Bank, the banks corporate values, professional standards or codes of conducts, together with supporting policies
- Review and advise the Board on appropriate steps in relation to any adverse findings in respect of ethical compliance arising from external regulatory inspections or the Bank's own Code of Ethics, Whistleblowing and Conflict of Interest Policy
- Keep under review the Bank's image and reputation and to recommend to the Board, the adoption of, or the discontinuance of practices that have adverse impact on the Bank's reputation.
- Review the effectiveness of the Bank's communications strategy for ethics to ensure that these reinforce ethical values and good practices, while censuring unacceptable practices

Composition of the Board Committees

S/N	MEMBERS	BNGC	BACC	BCRC	BFC	BEC
1.	Mr. Tony Okpanachi					
2.	Mallam Bello Maccido					
3.	Mr. Uche Orji					
4.	Mr. Andrew Alli					
5.	Mr. Phillips Oduoza					
6.	Dr. Oladimeji Alo					
7.	Mrs. Clare Omatseye					
8.	Mr. Henry Batchi Baldeh					
9.	Mr. Kyari Abba Bukar					
10.	Mrs. Ijeoma Ozulumba					

Board Committee Chairman

Board Committee Member

BNGC Board Nomination and Governance Committee

BACC Board Audit and Compliance Committee

BCRC Board Credit and Risk Committee

BFC Board Finance Committee

BEC Board Ethics Committee

Statutory Audit Committee

The Bank constituted a Statutory Audit Committee made up of two shareholder representatives and two independent nonexecutive directors. The membership of the Bank's Statutory Audit Committee are as follows:

(a)	Stella Ojekwe-Onyejeli	Shareholder Representative	Chairperson
(b)	Abdulfatah Abdulsalam	Shareholder Representative	Member
(c)	Ahmed Salau	Shareholder Representative	Member
(d)	Andrew Alli	Independent Non-Executive Director	Member
(e)	Oladimeji Alo	Independent Non-Executive Director	Member

The duties of the Committee are as enshrined in Section 359 (3) and (4) of CAMA and relevant Codes of Corporate Governance and cover the following:

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

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

Profile of Members of the Statutory Audit Committee

Stella Ojekwe-Onyejeli
Chairperson

Mrs. Stella Ojekwe-Onyejeli is the Chief Operating Officer and an Executive Director of the Nigeria Sovereign Investment Authority (NSIA).

She joined the NSIA in October 2012 bringing more than 20 years of Financial Advisory, Risk, Governance and Controls Management experience to the Board of NSIA. She was the Chief Risk Officer of the Authority up to January 2018 and whilst in that role, she was responsible for developing, implementing and embedding effective risk management, governance and operating principles and procedures across the business. She is a core member of the Authority's Executive Committee that assesses and approves investment proposals and works closely with the Chief Executive Officer and Chief Investment officer in the continuous assessment, monitoring and management of project, portfolio and other non-financial risks facing the Authority.

Prior to joining the NSIA, she completed a distinguished tenure as Director and Head of Operational Risk and Control at Barclays, where she covered 15 countries spanning Africa, Middle East and Asia. She also served as Vice President and Head of Quality Assurance, Africa, at Citibank, with direct oversight of the Enterprise Risk and Control Environment in 14 countries across Africa.

Mrs. Ojekwe-Onyejeli is a qualified Chartered Financial and Tax Accountant. She spent over a decade at professional services firms Arthur Anderson and KPMG in Nigeria and South Africa, providing Transaction and Financial Advisory as well as Business Assurance Services to clients in various sectors.

She holds a BSC, Chemistry from the University of Lagos (19890 and an MBA from Cranfield School of Management, UK (2004). Mrs. Ojekwe-Onyejeli is an associate Chartered Institute of Taxation of Nigeria; Fellow of the Institute of Chartered Accountants of Nigeria and a member of the Oxford Business & Wharton Executive Education Alumni.

Abdulfatah Abdulsalam
Member

Abdulfatah is a Deputy Director, International development Assistance, in the International Economic Relations Department, Federal Ministry of Finance, Budget and National Planning("FMFBNP").

He joined the Federal Civil Service in February 1991 and was posted by the Office of the Head of Service of the Federation, to the FMFBNP in May 2009. He has held other postings in his career at the Ministry of Communications, the National Health Insurance Scheme and Office of Secretary to the Federal Government of the Federation. He was one of the key officers deployed by the Federal Government of Nigeria for the establishment of the National Health Insurance Scheme in March 1998.

At the FMFBNP, Abdulfatah is responsible for managing the relations with the Development Partners and Multilateral Financial Institutions and development projects funded from concessionary credits and grants from the Development Partners.

He holds a BSC in Economics from Bayero University (1989) and an MSC in Political Economy and Development Studies from the University of Abuja (2019) and has attended several local and foreign trainings.

Ahmed Salau
Member

Ahmed is the Senior Vice President, Internal Audit at Nigeria Sovereign Investment Authority. He has over 20 years of of progressive Internal Audit experience. At the NSIA, he is responsible for overseeing the preparation and execution of a risk-based audit plan, monitoring the Authority's compliance with all applicable regulations guiding its operations, instituting internal control framework and continuously evaluate the adequacy of these controls.

Prior to joining the NSIA, he was the Chief Internal Auditor at Abuja Electricity Distribution Company where he was responsible for responding to government investigations and queries as the principal point of contact and monitoring external audit review processes, maintain awareness of compliance issues, and responds to administrative inquires related to compliance issues or audit.

He also served as the Head, Internal Control and Audit at Legacy Pension Managers Ltd.; Senior Internal Control Officer, Trustfund Pensions Plc; Senior Account Officer, Transcorp Hilton Hotel and Account Officer at NNPC Finance & Accounts Dept., Abuja.

He holds a BSC from Bayero University, Kano (1997) and MBA from Ahmadu Bello University, Zaria (2004). He is a Certified Information Systems Auditor (CISA); Associate member of the Chartered Institution of Taxation of Nigeria; Fellow, Institute of Chartered Accountant of Nigeria and Certified Fraud Examiner

Mr. Andrew Alli
Member

Profile provided above

Dr. Oladimeji Alo
Member

Profile provided above

PROFILE OF THE MANAGEMENT TEAM

Mr. Tony Okpanachi
Managing Director/CEO

Profile provided above

Mrs. Ijeoma D. Ozulumba
Executive Director, Finance/Corporate Services

Profile provided above

Mr. Bonaventure Okhaimo
Chief Operating Officer

A Chartered Banker and Member of the Chartered Bankers Institute, UK with over 25 years banking experience spread across Diamond Bank, Stanbic IBTC, Standard Chartered Bank, FCMB Plc, Unity Bank Plc and has served as a Non-Executive Director with Unity Kapital Assurance (Now Veritas Assurance) PLC

His vast industry experience includes, branch operations, branch management, leadership roles in Retail/SME Banking, Development Finance, Institutional Banking, Information Technology and Strategic Operations Service Delivery.

He holds an LLB from University of Benin, Nigeria (1989); PGD, Business Administration, Rivers State University of Science (1997); MBA, Financial Management, Federal University of Technology, Owerri (2002); MBA, Chartered Banker, Bangor University, Great Britain (2020) and Associate of the Chartered Institute of Bankers of Nigeria (2021).

Mr. Olu Adegbola
Chief Risk Officer

Mr. Olu Adegbola, is the Chief Risk Officer (CRO) of Development Bank of Nigeria Plc. He started his banking career with United Bank for Africa Plc. He has over 20 years banking experience, with over 10 years in senior management level across control and risk management functions.

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

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

He is exposed to several local and international trainings. He holds a BSC, Accounting from University of Ilorin (1996); MBA from Obafemi Awolowo University (2003); MSC, Finance (2009); PGD, Economics (2015); and MSC Economics (2019) all from University of Lagos. He is a Fellow of the Institute of Chartered Accountant of Nigeria (2008); Associate of the Chartered Institute of Bankers of Nigeria (2002); Senior Associate of Risk Managers Association of Nigeria (RIMAN) (2018); and Certified Corporate Compliance Specialist-CCCS (Ethan Hathaway) (2019).

Mr. Idris Salihu
Head, Corporate Services

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

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

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

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

He Holds a BA (Hons.) from University of Lagos (1991); PGD, Business Administration (1997); and MBA, Marketing (1999) both from Enugu State University of Science & Technology.

Mr. Joshua Ohioma
Head, Internal Audit

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

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

He holds B.Sc in Economics from Lagos State University, Lagos (1989); PGD Management Studies, Nottingham Trent University, United Kingdom (2004). He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) (1994); Certified Risk Analyst, ISO 27001 Lead Auditor; and an alumnus of Lagos Business School (Senior Management Programme) 2011.

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

Prof. Joseph Nnanna
Chief Economist

Professor Joseph Nnanna currently serves as the Chief Economist of Development Bank of Nigeria PLC. A seasoned professional with numerous years of experience in the U.S mortgage, banking, manufacturing, and telecommunication industry before joining academia.

His professional career commenced in the mortgage industry as a staff Accountant responsible for budgeting, audit, and month-end close functions. He also worked as a risk analyst at J.P. Morgan Chase bank and at various times served in managerial roles in Lehigh Hanson, one of the largest producers of crushed stone and gravel in the US and Blue Lynx Media a subsidiary of the Tribune company a leader in the Telecommunication industry in the US.

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

He earned BSC, Business Administration from Southwestern Oklahoma State University USA (2005); MBA, Accounting from Florida Metropolitan University USA (2007); MA, Applied Economics from University of Oklahoma, Norman, USA (2016); and Doctor of Business Administration, Corporate Governance & Economics from Argosy University Argosy University, USA (2011). He is a member of the American Economic Association.

Mr. Shofola Osho
Company Secretary / Legal Adviser

Shofola is a Legal Practitioner with years of experience in Governance, Risk and Compliance support for major Corporates. He started his corporate career as a Legal Officer at Stallion Property & Development Company, a Joint Venture company of the Nigerian National Petroleum Corporation and Oando Plc and at various times in his career provided Legal, Compliance and Secretarial services at Intercontinental Properties, Siemens Nigeria, Access Bank Plc, and First Bank of Nigeria.

At FirstBank, Shofola was Assistant Company Secretary, and serviced the Board of the Bank, and subsidiaries within the FirstBank Group. He was a member of the inaugural stream of the FirstBank Senior Management Development Programme (**SMDP01**).

He is a Chartered Secretary (**ACIS**), Institute of Chartered Secretaries of Nigeria (ISCAN), a Certified Anti-Money Laundering Specialist (**CAMS**) and Member, Society for Corporate Governance, Nigeria. He holds a number of Governance, Risk and Compliance-related Certification

He holds a LL.B from the University of Lagos (1997); B.L, Nigerian Law School (1999); and LLM, International Commercial Law from University of Salford Manchester (2020).

12 MONTHS 2021 MANAGEMENT ACCOUNTS

DBN Development Bank of Nigeria

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED DECEMBER 31, 2021	Notes	December 2021 N'000	November 2021 N'000	Month Variance N'000	Actual YTD December 31, 2021 N'000	Budget Full Year December 2021 N'000	Budget Variance %
Interest income	1	3,853,403	3,597,184	256,219	37,684,265	37,108,368	1.6%
Interest expense	2	(966,154)	(890,213)	(75,941)	(11,231,314)	(11,422,105)	1.7%
Net interest income		**2,887,248**	**2,706,971**	**180,278**	**26,452,951**	**25,686,263**	**3.0%**
Impairment (charge)/write-back	3	511,837	(106,409)	618,247	351,334	(1,100,000)	131.9%
Net Interest income after impairment		**3,399,086**	**2,600,561**	**798,524**	**26,804,285**	**24,586,263**	**9.0%**
Other income	4	25,441	6,318	19,123	447,516	452,665	1.1%
Fee and commission expense	5	11,265	(2,153)	13,418	(20,845)	(68,676)	69.6%
Operating expenses	6	(304,806)	(322,334)	17,528	(4,054,274)	(4,449,860)	8.9%
Profit before tax		**3,130,985**	**2,282,393**	**848,593**	**23,176,683**	**20,520,392**	**12.9%**

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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

Assets	Notes	December 2021 N'000	November 2021 N'000	Month Variance N'000	Budget Full Year December 2021 N'000	Budget Variance %
Cash and bank balances	7	237,837	4,531,729	(4,293,892)	1,450,369	-84%
Due from financial institutions	8	135,076,015	137,856,454	(2,780,439)	139,601,294	-3%
Loans and advances	9	321,694,875	314,905,940	6,788,935	309,703,769	4%
Investment securities	10	26,618,294	26,403,770	214,524	33,617,837	-21%
Investment in subsidiary	11	11,375,000	11,375,000	-	31,974,500	-64%
Other assets	12	1,068,047	1,094,183	(26,137)	452,469	136%
Intangible assets	13	149,303	108,951	40,351	232,120	-36%
Property, plant and equipment	14	2,300,425	1,982,676	317,749	4,621,527	-50%
Deferred tax	15	875,249	875,249	-	1,562,287	-44%
Total assets		**499,395,045**	**499,133,952**	**261,092**	**523,216,173**	**-5%**
Liabilities						
PFI Deposits for loan repayments	16	187,320	279,332	(92,012)	199,777	-6%
Long term debt	17	297,724,296	300,653,049	(2,928,753)	324,892,184	-8%
Income tax payable	18	2,545	2,545	-	1,631	56%
Other liabilities	19	1,377,217	1,226,346	150,872	675,207	104%
Total liabilities		**299,291,379**	**302,161,272**	**(2,869,893)**	**325,768,798**	**-8%**
Equity						
Share Capital		100,000	100,000	-	100,000	0%
Share premium		99,762,570	99,762,570	-	99,762,570	0%
Statutory reserve		23,288,071	23,288,071	-	23,288,071	0%
Credit risk reserve		4,905,519	3,195,938	1,709,581	3,195,939	53%
Retained earnings		72,047,506	70,626,101	1,421,405	71,100,795	4%
Shareholders' Fund		**200,103,666**	**196,972,681**	**3,130,985**	**197,447,375**	**2%**
Total liabilities and Equity		**499,395,045**	**499,133,952**	**261,092**	**523,216,173**	**-4%**

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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2021

	December 2021 N'000	November 2021 N'000
Cash flows from operating activities		
Profit for the period before tax	23,176,683	20,045,697
2020 FY Company Income Tax paid	(248,401)	(248,401)
Adjust for non-cash items		
Depreciation of plant and equipment	279,868	255,759
Amortization of Intangibles	49,404	39,878
Loss/(Profit) on disposal of PPE	(14,945)	(14,945)
Interest income on treasury bills	(1,886,525)	(1,672,001)
Impairment on financial assets	(351,334)	160,503
Interest expense accrual for the period	11,231,314	10,265,160
Changes in working capital		
Net increase/(decrease) in Accruals and other payables	200,086	49,214
WHT Credit notes set off against Income Tax liability	(83,942)	(83,942)
Net (increase)/decrease in Other assets	(556,962)	(583,099)
Net (increase)/decrease in loans and advances	(108,085,579)	(101,509,283)
Net increase in other financial assets ECL	804,246	597,058
Net cash flows from operating activities	**(75,486,088)**	**(72,698,400)**
Investment income received on treasury bills	464,748	464,748
Cash flows from investing activities		
Purchase of treasury bills	(25,008,268)	(25,008,268)
Proceeds from matured investment in treasury bills	14,035,252	14,035,252
Acquisition of property and equipment	(719,349)	(527,432)
2020 FY Lease accounting ROU Assets impact	237,327	238,922
2021 FY Lease accounting ROU Assets impact	(148,347)	-
Proceeds on sale of assets	31,955	31955
Purchase/(Reclass/Disposal) of intangible assets	(75,239)	(25,361)
Net cash flows used in investing activities	**(11,181,921)**	**(10,790,185)**
Cash flows from financing activities		
Principal loan repayments - KfW	(5,812,951)	(2,906,475)
Principal loan repayments - AfDB	(4,650,998)	(4,650,998)
Principal loan repayments - ADF	(574,489)	(574,489)
Principal loan repayments - AFD	(4,441,157)	(4,441,157)
Principal loan repayments - IBRD	(5,438,604)	(5,438,604)
Tranche 8 inflow - IBRD	14,185,500	14,185,500
Interest paid on long term borrowing - KfW	(2,029,272)	(1,040,840)
Interest paid on long term borrowing - AfDB	(2,556,420)	(2,556,420)
Interest paid on long term borrowing - ADF	(136,358)	(136,358)
Interest paid on long term borrowing - AFD	(1,372,019)	(1,372,019)
Interest paid on long term borrowing - IBRD	(14,405,196)	(14,405,196)
Net cash flows from financing activities	**(27,231,963)**	**(23,337,055)**
Net increase/(decrease) in cash and cash equivalents	(113,899,972)	(106,825,640)
Cash and cash equivalents, beginning of year	249,213,824	249,213,824
Cash and cash equivalents, end of period	**135,313,852**	**142,388,183**

AUDITED FINANCIAL STATEMENTS FOR FULL YEAR 2018, 2019, 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

₦'000	**2020**	**2019**	**2018**
Assets			
Cash and Cash Equivalents	259,145,775	132,663,583	63,314,138
Investment Securities	16,605,584	237,014,094	186,167,762
Loans and Advances to customers	214,023,172	101,899,673	28,289,868
Investment in Subsidiaries	-	-	-
Property and Equipment	2,023,477	1,058,155	574,445
Intangible Assets	139,533	106,472	64,452
Deferred Tax Assets	941,468	1,567,866	-
Other Assets	593,539	435,651	398,102
Total Assets	**493,472,548**	**474,745,494**	**278,808,767**
Liabilities			
Employee Benefit Obligation	1,817	1,111	-
Provision of guarantee	28,765	449	-
Current Income Tax Liability	341,474	603,010	229,109
Borrowings	313,724,945	308,484,268	151,704,062
Other liabilities	1,441,797	5,701,130	831,526
Total Liabilities	**315,538,798**	**314,789,968**	**152,764,697**
Equity			
Share Capital	100,000	100,000	100,000
Share Premium	99,762,570	99,762,570	99,762,570
Retained Earnings	51,587,170	40,675,299	17,690,389
Other Reserves:			
Statutory Reserve	23,288,071	18,102,257	8,023,196
Regulatory Risk Reserve	3,195,939	1,315,400	467,915
Attributed to equity holders of the parent	**177,933,750**	**159,855,526**	**126,044,070**
Total Liabilities and Equity	**493,472,548**	**474,645,494**	**278,808,767**

Statement of Profit or Loss and other Comprehensive Income
For the three years ended 31 December

₦'000	2020	2019	2018
Gross Earnings	**34,594,464**	**46,236,882**	**30,641,949**
Interest Income	34,423,329	46,235,570	30,511,766
Interest Expense	(11,270,015)	(8,191,950)	(4,342,680)
Net Interest Income	**23,153,314**	**38,043,620**	**26,169,086**
Impairment Losses on Financial Assets	(855,839)	(1,072,204)	(346,436)
Net Interest Income after Impairment Charge on Financial Assets	22,297,475	36,971,416	25,822,650
Guarantee Income	66,653	181	-
Other Income	104,482	1,131	-
Fee and Commission Expense	(91,451)	(133,242)	130,183
Guarantee Expense	(7,058)	(360)	(104,999)
Net Operating Income	**22,370,101**	**36,839,126**	**25,847,834**
Personnel Expenses	(1,441,782)	(1,659,385)	(1,255,950)
Depreciation and Amortisation	(458,681)	(356,274)	(164,929)
General and Administrative Expenses	(1,525,174)	(1,876,867)	(1,516,010)
Total Expenses	**(3,425,637)**	**(3,892,526)**	**(2,936,889)**
Profit for the Year before Minimum Taxation	**18,944,464**	**32,946,600**	**22,910,945**
Minimum Taxation	(83,942)	(228,776)	-
Profit for the year Before Taxation	**18,860,522**	**32,717,824**	**22,910,945**
Tax (Expense)/Credit	(882,298)	1,193,632	(229,109)
Profit for the year After Taxation	**17,978,224**	**33,911,456**	**22,681,836**
Profit for the year after taxation attributed to			
Owners of the Parent	17,978,224	33,911,456	22,681,836
Non-Controlling Interests	-	-	-
Other Comprehensive Income	-	-	-
Total Comprehensive Income	**17,978,224**	**33,911,456**	**22,681,836**
Total Comprehensive Income Attributed To:			
Owners of the Parent	17,978,224	33,911,456	22,681,836
Non-Controlling Interests	-	-	-
	17,978,224	**33,911,456**	**22,681,836**

STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDED 31 DECEMBER

₦'000	2020	2019	2018
Cashflows From Operating Activities			
Profit for the year after Tax	7,978,224	33,911,456	22,681,836
Minimum Taxation	83,942	228,776	-
Tax	882,298	(1,193,632)	229,109
Profit Before Tax	**18,944,464**	**32,946,600**	**22,910,945**
Adjustments for:			
Impairment on Loans and Advances to PFIs	369,318	637,460	95,924
Impairment on other Financial Assets	486,521	434,744	250,512
Depreciation of Plant and Equipment	409,868	324,727	150,946
Amortisation of Intangibles	48,813	31,547	13,983
Writeoff of Intangible Assets	27,309	-	-
Interest Income on Treasury Bills	(16,500,016)	(32,600,380)	(25,983,907)
Interest Income on Loans and Advances to PFIs	(10,517,652)	(6,557,456)	(556,210)
Interest Income on Borrowings	11,263,712	8,187,131	4,342,680
Lease Expenses	6,303	4,819	-
Net Increase in Provision for Guarantee	28,316	449	-
Loans and Advances to PFIs:			
Loans disbursed	(164,360,921)	(107,056,996)	(31,011,969)
Loan principal repayment received	51,529,772	33,672,354	3,006,743
Impairment on Placements with Local Banks in Cash and Cash Equivalents	-	-	(250,504)
Gain on Disposal of Plant and Equipment	713	(12)	-
	(108,263,480)	**(69,975,013)**	**(27,030,857)**
Changes In:			
Net *(Decrease)*/Increase in Other Liabilities	(4,224,872)	4,668,212	406,953
Net Increase in Employment Benefit Obligation	706	1,111	(230)
Net Increase in Other Assets	(159,089)	(143,780)	(338,638)
	(112,646,735)	**(65,449,470)**	**(26,962,772)**
Tax Paid	(601,378)	(229,109)	(41,032)
Interest Received on Treasury Bills	16,665,071	25,345,838	26,289,133
Interest Received on Loans and Advances to PFIs	10,855,984	5,694,833	357,629

Net Cash used in Operating Activities	**(85,727,058)**	(34,637,908)	**(357,042)**
Cash Flows from Investing Activities			
Acquisition of TBills	(37,352,374)	(261,273,725)	(321,647,652)
Proceeds from Matured Investment in TBills	257,958,514	217,248,358	243,936,636
Investment in Subsidiary	-	-	-
Acquisition of Intangible Assets	(109,182)	(73,567)	(68,756)
Acquisition of Property and Equipment	(1,363,955)	(446,468)	(412,275)
Proceeds From Disposal of PPE	5,302	287	-
Net Cash Flows used in Investing Activities	**219,138,305**	**(44,545,115)**	**(78,192,047)**
Cash flows from Financing Activities			
Long Term Borrowings Received	15,795,675	154,706,802	60,411,962
Repayment of Principal on Borrowings	(12,427,665)	(2,906,475)	-
Repayment of Interest on Borrowings	(9,391,045)	(3,207,252)	(950,298)
Proceeds From Issue of Share Capital	-	-	39,360,035
Share Issue Cost	-	-	(118,272)
Payment of Lease Liabilities - Principal	(51,711)	(54,620)	-
Net Cash Flows from Financing Activities	**(6,074,746)**	**148,538,455**	**98,703,427**
Net Increase in Cash and Cash Equivalents	127,330,197	69,350,613	20,154,338
Cash and Cash Equivalents, Beg. of the Year	132,915,255	63,564,642	43,159,800
Cash and Cash Equivalents, End of the Year	**260,245,452**	**132,915,255**	**63,314,138**

E&S Portfolio Update as at December 31 2020

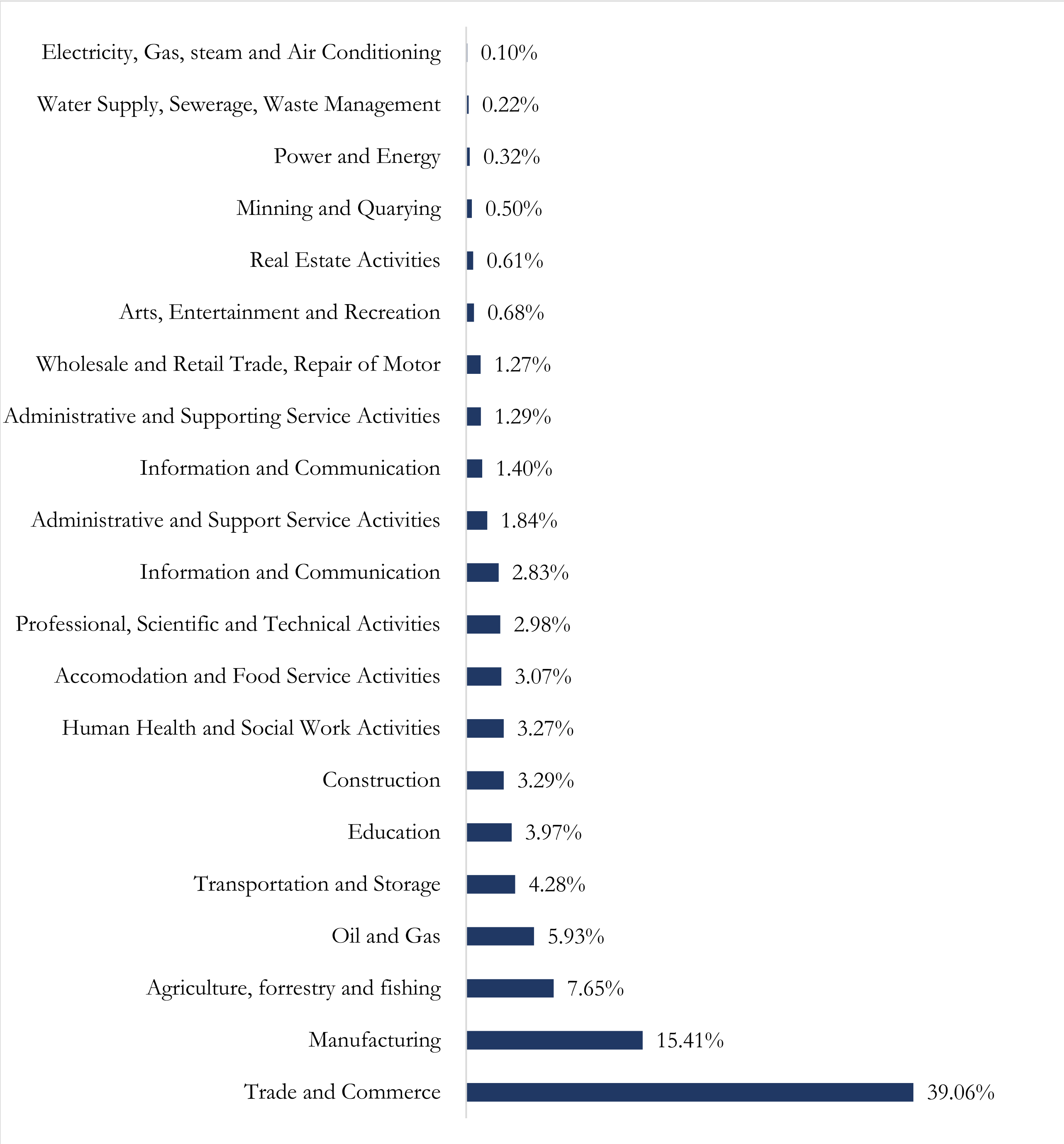
Disbursements have been made to 22 PFIs, but only 20 PFIs have running loans with portfolio size of ₦215 Billion. Details of the portfolio composition is highlighted below:

S/N	PFI	PFI TYPE	PFIS E&S RISK CATEGORY	EXPOSURE (₦'000)
1.	AB MfB	Microfinance Bank	Low	514,506
2.	Access Bank	Commercial Bank	Medium	75,789,596
3.	Accion MfB	Microfinance Bank	Low	939,609
4.	Addosser MfB	Microfinance Bank	Low	406,142
5.	Baobab MfB	Microfinance Bank	Low	1,415,761
6.	Bosak MfB	Microfinance Bank	Low	70,625
7.	Davodani MfB	Microfinance Bank	Low	63,933
8.	Ecobank	Commercial Bank	Medium	51,012,714
9.	Fidelity Bank	Commercial Bank	Medium	13,473,503
10.	FCMB	Commercial Bank	Medium	50,002,109
11.	GT Bank	Commercial Bank	Medium	-
12.	Hasal MfB	Microfinance Bank	Low	236,079
13.	Infinity MfB	Microfinance Bank	Low	237,197
14.	Lapo MfB	Microfinance Bank	Low	4,839,162
15.	Mainstreet MfB	Microfinance Bank	Low	230,816
16.	Microvis MfB	Microfinance Bank	Low	35,369
17.	NPF MfB	Microfinance Bank	Low	1,930,645
18.	Seedvest MfB	Microfinance Bank	Low	21,997
19.	Stanbic IBTC	Commercial Bank	Medium	-
20.	Trust MfB	Microfinance Bank	Low	18,672
21.	Union Bank	Commercial Bank	Medium	1,312,712
22.	Wema Bank	Commercial Bank	Medium	12,578,683

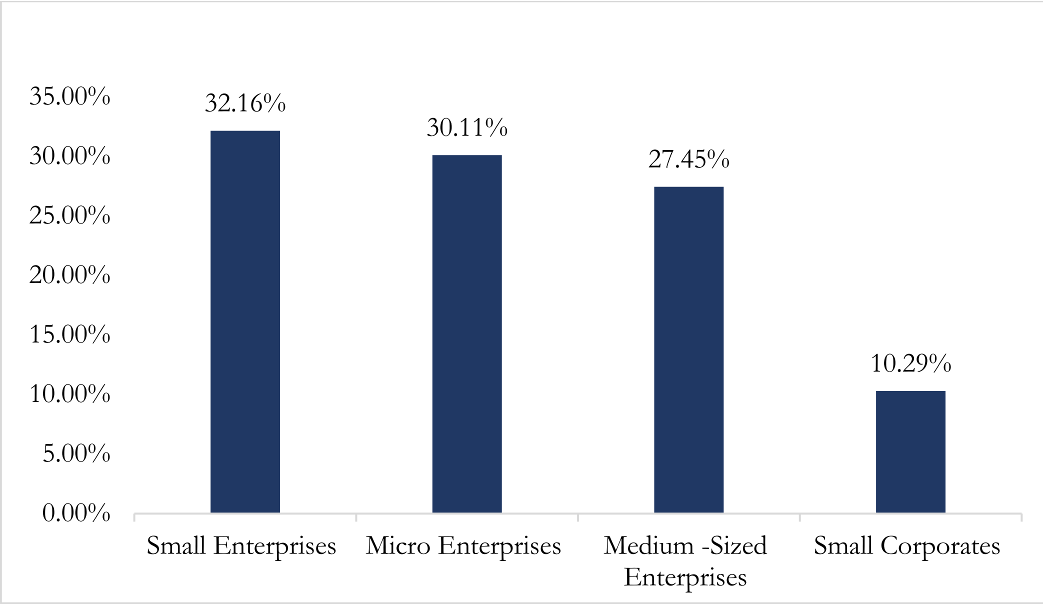
DBN'S LOAN PORTFOLIO INFORMATION AS AT DECEMBER 31 2020

The Bank began it operations in 2017 and has steadily increased its portfolio. The total loans disbursed by the year-end 2020 was ₦324 Billion.

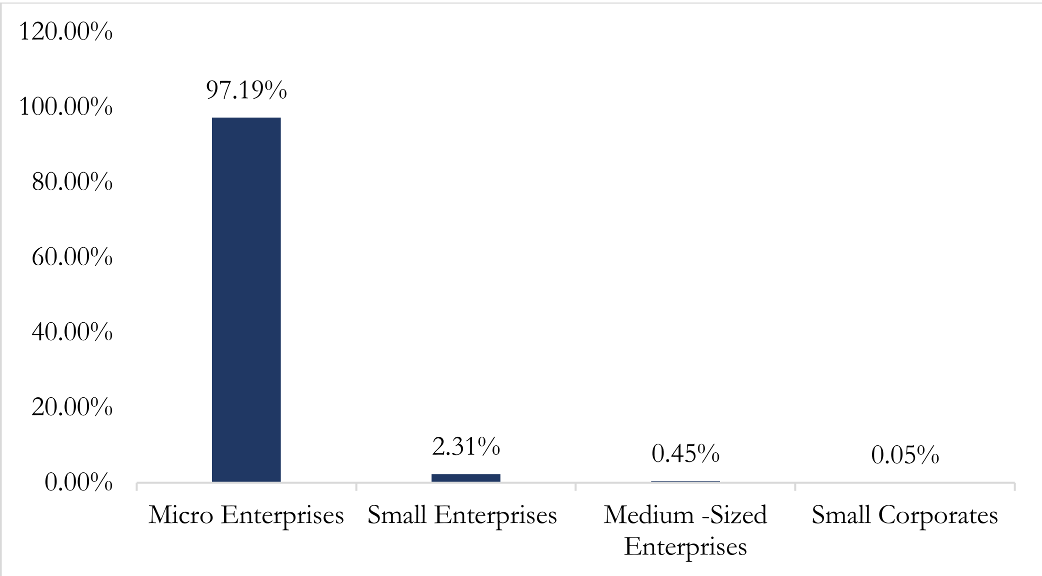
Loan Portfolio by Sector



Company Size by Loan Amount



Company Size by Number of MSMEs



Background

This Management Discussion and Analysis (MD&A) has been prepared as at 3rd February 2022 and should be read in conjunction with the 2021 Management Accounts and 2020 Audited accounts of Development Bank of Nigeria Plc ("DBN" or the "Bank").

Strategic Plans of the Bank

The Development Bank of Nigeria Plc (DBN) is a Nigerian focused Development Finance Institution charged with the mandate of alleviating the financial constraints faced by MSMEs and Small corporates in Nigeria, through the provision of financing and partial guarantees to eligible financial intermediaries on a sustainable basis. The bank achieves its objectives by providing wholesale lending and risk-sharing facilities to Participating Financial Institutions. The Bank's strategy is to continually innovate, and develop initiatives and new product offerings that will provide additional support to financial flows and domestic investment to the MSME sector, and will achieve this through the following:

- Explore new channels, to add more Participating Financial Institutions (PFIs) to its portfolio, with the aim of expanding the reach of the Bank's operations and facilities to more financially underserved MSMEs in Nigeria.

- Continue to provide technical assistance to PFIs and intensify efforts at developing the capacity of MSMEs while also increasing access to funds to segments like first-time borrowers, start-ups, women and youth, and sectors like manufacturing, green energy, etc.

- Continue to play a leading role in delivering sustainable finance to MSMEs and small corporates.

Financial Performance (NGN)

(₦'000)	FY 2021 Mgt	FY 2020 Audited	% Change
Interest Income	37,684,265	34,423,329	9.47%
Interest Expense	(11,231,314)	(11,270,015)	-0.34%
Net Interest Income	**26,452,951**	**23,153,314**	**14.25%**
Impairment (Charge)/Write-Back	351,334	(855,839)	-141.05%
Net Interest Income after Impairment	**26,804,285**	**22,297,475**	**20.21%**
Guarantee Income	-	66,653	
Other Income	447,516	104,482	328.32%
Fee and Commission Expense	(20,845)	(91,451)	-77.21%
Guarantee Expense	-	(7,058)	
Operating Expenses	(4,054,274)	(3,425,637)	18.35%
Profit Before Tax	**23,176,683**	**18,944,464**	**22.34%**

Source: Management Account 2021 and Audited Financial Statements of 2020

Comments

- Interest income improved by 9.47% from 2020 figures, and was primarily driven by increase in loans and advances to PFIs. Of the total revenue, loans and advances maintained the dominance of the revenue composition at 61%, investments in Treasury Bills accounted for 5%, while placements with banks accounted for the balance of 34%.

- Interest expense decreased marginally by 0.34% in 2021, resulting from lower interest costs incurred on borrowed funds.

- Other incomes grew significantly by 328.32% from 2020 figures, majorly from grant income and recovered shared service cost.

- Total operating expenses increased by 18.35% due to increased personnel expenses which grew by 45% year-on-year.

- Profit Before Tax grew by 22.34%, indicating a stronger financial performance and an improved efficiency of Net Interest Income.

Revenue Result

Total interest income for the year ended 2021 was ₦37.68 Billion whilst interest expense was ₦11.23 Billion resulting in a net interest income of ₦26.45 Billion, representing an improvement of 14.25% from previous year, and indicative of the favourable interest rate environment at the time.

Earning Assets & Financial Liabilities

The past two years have witnessed a major shift in the composition of the Bank's earning assets as the Bank's drive for loan creation increases. The composition shifted from the traditional treasury investments to loans and advances. The Bank continued its focus on its core mandate of loan disbursements during the financial year and maintained the dominance of the loans and advances in its earning assets mix. Loans and advances accounted for 66.40% of the earning assets and 64.42% of total assets, investments securities accounted for 5.49% while deposit with banks made up the balance of 27.88% at the year end. Total assets and total earning assets at report date were ₦499.40 Billion and ₦484.45 Billion respectively.

A total of ₦158.7 Billion was disbursed as loans and advances during the financial year compared to ₦164.36 disbursed during the prior year. Total loan disbursements from commencement of the Bank's operations to date is approaching the half a trillion Naira mark at ₦481.99 Billion, with cumulative total repayments to date of ₦158.74 Billion (31 December 2021).

Total principal repayments of ₦20.9 Billion during the financial year dropped the long term borrowings to ₦297.7 Billion (including accrued interest) at the end of 2021 financial year, from ₦313.72 Billion recorded in 2020.

Key Performance Ratios

Performance Ratios	2021	2020
Net Interest Margin	5.5%	4.8%
ROAA (Pre-tax)	4.7%	3.9%
ROAE (Pre-tax)	12.3%	11.2%
Profit Margin	60.8%	54.8%
Cost to Income	15.1%	14.5%
Cost to Income from loan	17.6%	29.5%
Liquidity ratio	54.4%	87.9%
Loans/Debt	108.1%	68.3%
Interest Coverage Ratio	3.4x	3.1x

TAX CONSIDERATIONS

The summary below does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective investor in the Bonds issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Bonds issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Bonds issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Bonds may vary. Any actual or prospective purchaser of the Bonds who intends to ascertain his/her tax position should seek independent professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Bonds bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Bonds in any manner for placing reliance upon the contents of this section.

Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

The Personal Income Tax (Amendment) Act 2011 exempt income and interest earned by holders of bonds issued by corporate bodies from the imposition of income tax. Thus, the Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders that are individuals in respect of the Bonds.

Furthermore, the proceeds from the disposal of the Bonds are exempt from tax imposed under the VAT Act by virtue of the Finance Act 2020 which now exempts securities from the definition of goods and services thus the Bonds should continue to enjoy their VAT exempt status.

However, the Bond is not exempt from VAT payable on commissions on trade transactions on any stock exchange. Accordingly, commissions payable to the FMDQ, NGX and the CSD shall be subject to VAT

CLEARING AND SETTLEMENT OF THE BONDS

The following text regarding the clearing system has been obtained from sources that the Issuing House believes are reliable, the information, however, is subject to any changes to such procedures that may be instituted by the Clearing System from time to time.

The Clearing System

Central Securities Clearing System Limited (the "CSCS"), the Clearing House of the Nigerian Stock and Bond Markets, was incorporated in July 1992 as a subsidiary of the Nigerian Exchange Group Limited (the "NGX"). It was commissioned in April 1997 and commenced operations in the same year, acting as a clearing and settlement platform for stock (and later, bond) market transactions. The CSCS also acts as an integrated central securities depository for all share certificates of quoted securities including new issues on the NGX and a sub-registry for all quoted securities in conjunction with registrars of quoted companies. The CSCS provides safe keeping and custodial services for participants in the Nigerian capital market as well as digital data storage and retrieval centre.

CSCS participants include banks (including the CBN), securities brokers and dealers and other professional financial intermediaries. The CSCS is regulated by the Securities and Exchange Commission (the "SEC"). The CSCS facilitates the clearing and settlement of transactions among its participants through electronic book-entry changes in the accounts of the participants thereby, eliminating the need for physical transfer of certificates, consequently, substantially reducing the period it takes a transaction to commence and end.

Transfer of interests in the Bonds between investors will be effected between CSCS participants in accordance with the rules and operating procedures of the CSCS. The Issuer will have no responsibility for the proper performance by the CSCS or the CSCS participants of their obligations under their respective rules and operating procedures.

Secondary Market Transactions and Settlement

Secondary market transactions will be done on a T+2 basis, with three parties (buyer, seller and CSCS) involved in the settlement of every trade. The steps involved in the settlement process are outlined below.

The Settlement Process:

Transaction Day ("Day T"): Two different trading houses close a deal and exchange reference details. The reference detail is a unique identifier used for each particular trade for easy reference, and is alpha numeric. It starts with the reference of the selling party, followed by that of the buying party and the month/year of trade and the deal number, e.g. TOO/NN/0908/00023.

Day T + 1: All the deals consummated by a particular house are noted on a schedule/settlement blotter which is forwarded to CSCS before 10a.m. on Day Two.

Day T + 2: CSCS reviews the blotters received from different houses and matches the trades. For all matched trades, CSCS crosses the bonds from seller to buyer. In cases where trades are not matched off, CSCS will notify both counter-parties and ask them to rectify the fault.

CSCS crosses the bonds and sends a schedule showing the details of the deals to the Bond Registrar. The cash consideration could be transferred directly by the counterparties using the T24 system, RTGS or direct debit to the customer's account where the customer has an account with the selling institution or any other payment system as may be agreed by the two parties.

STATUTORY AND GENERAL INFORMATION

Corporate Information

Development Bank of Nigeria Plc currently has its corporate head-office located the Clan Place**,** Plot 1386A Tigris Crescent Maitama, Abuja, Nigeria.

Incorporation and Share Capital History

The Company was duly incorporated on 19 September 2014 as Development Bank of Nigeria Plc with RC No 1215724. At incorporation, the Bank's share capital was ₦100,000,000 (One Hundred Million Naira) divided into 100,000,000 ordinary shares of ₦1.00 each.

Shareholding Structure

The share capital of the Issuer is ₦100,000,000.00 divided into 100,000,000 ordinary shares of ₦1.00 each, all of which have been issued at par and paid.

Shareholders	Shareholding	% Shareholding
Ministry of Finance Incorporated	59,868,000	60%
African Development Bank (AfDB)	17,975,000	18%
Nigerian Sovereign Investment Authority (NSIA)	14,967,000	15%
European Investment Bank (EIB)	7,190,000	7%
Total	**100,000,000**	**100%**

Directors' Beneficial Interests

No Director of DBN has any beneficial interest in the share capital of the Bank either directly or indirectly.

Subsidiaries

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

Extracts from the Memorandum and Articles of Association

Memorandum of Association

3. The objects for which the Bank is established are:

   (a) To alleviate financial constraints faced by MSMEs and small cooperates in Nigeria through provision of financing and partial credit guarantees and technical assistance to eligible financial intermediaries on a market conforming and fully financially sustainable basis for on-lending to MSMEs and small corporates;

   (b) To acquire licenses, privileges and powers necessary to carry out the objectives of the Bank;

   (c) To do all such other things as may be considered incidental or conducive to the attainment of the above objectives.

4. The company is a public limited company, with a development finance mandate

5. The liability of the members is limited by shares.
6. The share capital of the company is ₦100,000,000.00 (One Hundred Million Naira) divided into 100,000,000 into ordinary shares of ₦1.00 each.

Articles of Association

Article 9.4 Borrowing Powers of the Directors

9.4.1 The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligations of the Company; provided, that the remaining undischarged amount of monies borrowed or secured shall not at any time, without the prior approval of the Company at a general meeting, exceed the nominal amount of the share capital of the Company for the time being issue

Extract of Claims and Litigation

3. In the opinion of the Solicitor to the Issue, there are no litigation or other dispute resolution claims that may adversely affect the Issuer, the Issue or the Issuer's ability to perform its obligations in relation to the Issue.

Indebtedness

As at December 31, 2021, DBN had an indebtedness of c.₦ 297,724,296,110 which constitutes loan capital from IBRD, AFD, KfW, Local Bond, ADF, and AfDB other than those arising in the ordinary course of business.

Material Contracts

The following agreements have/will be entered into and are considered material to the Bond:

(i) Programme Trust Deed

Relationship between the Issuer and its Advisers

As at the date of this Prospectus, there is no relationship between Development Bank of Nigeria Plc and any of its advisers except in the ordinary course of business.

Mergers and Takeovers

As at the date of this Prospectus, the Directors were not aware of:

a. a merger or takeover offer by third parties in respect of the Bank's securities; and
b. a merger or take-over offer by the Bank in respect of another company's securities, during the current financial year

Costs and Expenses

The costs and expenses of and incidental to the issuance of Bonds under the Programme, including fees payable to the regulatory authorities, brokerage commission, professional parties, printing and distribution expenses, will be determined at each issuance and will not exceed the maximum amount stipulated by the regulatory authorities. In addition, these costs and expenses shall be borne by the Issuer and will be specified in the applicable Vending Agreement for each series.

Consents

The following have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

Directors of DBN	Dr. Shehu Yahaya Mr. Tony Okpanachi Mallam Bello Maccido Mr. Uche Orji Mr. Andrew Alli Mr. Phillips Oduoza Dr. Oladimeji Alo Mrs. Clare Omatseye Mrs. Ijeoma D. Ozulumba Mr. Henry Batchi Baldeh Mr. Kyari Abba Bukar
Company Secretary	Mr. Shofola Osho
Auditor	KPMG Professional Services Limited
Issuing House/Bookrunner	DLM Advisory Limited
Trustees	DLM Trust Company Limited ARM Trustees Limited
Solicitor to the Issue	Olaniwun Ajayi LP
Solicitor to the Issuer	Tokunbo Orimobi LP
Registrars	Meristem Registrars & Probate Services Ltd
Stockbroker	DLM Securities Limited

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of DLM Advisory Limited, 66-68 Alexander Avenue, Ikoyi, Lagos between the hours of 8.00am and 5.30pm Nigerian time:

(i) The Certificate of Incorporation of the Bank, duly certified by the CAC;

(ii) The Memorandum and Articles of Association of the Bank, duly certified by the CAC;

(iii) This Shelf Prospectus dated April 25, 2022;

(iv) Board Resolution approving the establishment of the Programme dated December 1, 2020

(v) The audited financial statement of Development Bank of Nigeria Plc for the period ended 31st December 2018, 2019, 2020;

(vi) The material contracts referred to on page 76;

(vii) The written Consents of each of the parties referred to above;

(viii) The Issuer's rating reports by Agusto & Co. Ltd and GCR;

(ix) The letter of approval from the Securities and Exchange Commission with respect to this Medium Term Notes Programme;

NIGERIAN MACROECONOMIC ENVIRONMENT

Introduction

Economic outcomes in Africa's giant, Nigeria have continued to show signs of improvement, despite concerns around post 2019 general election uncertainties and the recent outbreak of the Covid-19 pandemic, a global pandemic which crippled the nation's economic activities. Thankfully, election risks are out of the way and the impact of the global Covid-19 pandemic on economic activities is gradually reducing. For instance, remarkable progress has been achieved in perhaps the some of the most important and contested bills recently submitted to the senate. More recently, the President Muhammadu Buhari signed into law the 2020 Appropriation Bill, National Minimum Wage Bill, Finance Bill and the Companies and Allied Matters Bill (signed into law by President Muhammadu Buhari on August 7, 2020) to boost economic growth, encourage growth of businesses and improve ease of doing business in the country.

Global Economic Environment

The global economic outlook has been revised downwards from the estimates in January 2020 largely due to collapse in consumption driven by several factors including the global coronavirus pandemic, trade tensions between the US and China; weak business confidence; and BREXIT. In April 2020, the IMF underscored the high level of uncertainty around its outlook, noting that a longer, deeper crisis could result in a contraction of 6% for 2020 and 0% growth in 2021. In the Euro area, growth is projected to fall by around 8.20%, larger-than-anticipated falls in activity in France, Italy and Spain amid lockdowns that were more stringent than those in some other countries.

Emerging markets are a mixed bag; how hard they will be hit will depend largely on capital flows, level of dependence on commodities, macroeconomic policy, stimulus package roll-out and the degree of trade and investments protectionism. While monetary policymakers continue to ramp up their actions, financial conditions continue to tighten for most markets. Currently, the negative effects of the virus are particularly strong in Asia, Europe and North America. While the adverse consequences of these developments for other countries are significant, including demand for imported goods and services, a recession is unavoidable in other big economies due to spill over effects.

After the 3.5% contraction in 2020, global growth is set to rise by 5.5% in 2021 and 4.2% in 2022. In contrast to the October update, this marks a shallower contraction and an upward revision for 2021 growth thanks to vaccines and stimulus support. On an individual country level, there are substantial divergences. The improved 2021 growth outlook is largely down to advanced economies, which will grow by 4.3% (+0.4ppt vs October 2020 update), thanks to rapid vaccines rollout and supportive fiscal stimulus. This has resulted in substantial upward revisions for the US (5.1% vs 3.1% in October 2020) and Japan (3.1% vs 2.3%), which make up for the lower projections for the Euro Area (4.2% vs 5.2%) and other advanced economies, which are affected by rising infection cases and longer lockdowns. On aggregate, emerging market and developing economies (EMDE) have also seen upward revision to growth 6.3% (+0.3ppt), but the divergence in prospects remains. Emerging and Developing Asia (+8.3% in 2021; +5.9% in 2022) remains the growth locomotive of the emerging and developing world in 2021, led by India (which saw a 2.7ppt upward revision to a whopping 11.5% for the fiscal year ending March 2022) and China (+8.1%)

Oil prices plunged to 18-year low as global crude demand collapse

A rapid build-up of oil stocks is starting to saturate available storage capacity, pushing down oil prices. As of 18th March 2020, U.S. crude prices slumped below $23 a barrel - lowest level in eighteen years, while global crude sank near $26 per barrel, as investors continue to re-set prices in the wake of airline travel restrictions, collapsing China demand and a new market share battle between Russia and Saudi Arabia. The total cost of oil production in different countries varies considerably. Clearly, with Saudi Arabia boasting the lowest oil production costs (c.$9 -

total cash cost per barrel) in the world, countries with higher costs of production have been severely impacted by the downturn. The impacts will also be felt throughout oil's global supply chains and ripple into other parts of the energy sector. Notably, the outbreak of COVID-19 and failed agreement on oil production cuts has forced OPEC into a downward review of global oil demand growth to 0.99 million barrels per day (bpd) in 2020. As the world grapples with the health threat posed by the novel coronavirus, the secondary threats of the coronavirus including economic and financial consequences have come into clear view and could trigger business and sovereign debt crises.

Nigeria: General Macroeconomic Environment.

With c.200 million people and annual population growth rate of c.2.6%, Nigeria is the most populous country in the Africa continent and accounts for ¬¬c.50% of West Africa's population. Nigeria has a maximum crude oil production capacity of 2.5 million barrels per day and has consistently ranked as Africa's largest producer and eleventh largest in the world. Nigeria's petroleum industry is the largest in Africa with proven oil and gas reserves of 36.97 billion barrels and 200.79 trillion cubic feet respectively. The country's economy is driven largely by its heavy dependence on oil earnings, growing SMEs activities and a traditional subsistent agricultural economy.

The coronavirus outbreak has significantly weakened Nigeria's near-term economic prospects and medium-term outlook hangs on a framework of a coordinated policy outline. The outbreak of coronavirus has prompted the Federal Government to enforce containment measures such as business and border closures, albeit on a smaller scale, resulting in considerable domestic economic disruption and uncertainties. While the adverse consequences of these developments are significant for the economy including for financial markets, the social, financial and economic impact of the lockdown will be far reaching and will lead to realignment of the credit market. From an economic perspective, preliminary estimates suggest that Nigeria's GDP growth prospects remain subdued in the medium-term as global trade remains weak and suggests declining government revenue as merchandise trade volumes continue to contract. While declining real incomes and weak investment continue to weigh in on economic activity, inflation is expected to rise due to higher food prices resulting from border closures.

Consequently, the International Monetary Fund (IMF) estimated that the Nigerian economy will contract by 5.4% in 2020, which is lower than the 3.4% negative growth it had estimated for the country in April. However, the Central Bank of Nigeria (CBN) and the fiscal authorities have rolled out policy measures to help alleviate the negative impact of COVID-19 pandemic on the economy. The Monetary Policy Committee (MPC) reviewed the current economic developments and voted to reduce the Monetary Policy Rate (MPR) to 11.50% from 12.50%, in a bid to boost the economy.

The Federal Government announced its decision to reduce the N10.59 trillion 2020 budget by N1.5 trillion due to threat of underfunding. While it has also reduced the crude oil benchmark from $57 to $30 per barrel, we believe that policy responses will provide a calming effect. Given downside pressure on growth and FAAC allocation, we are of the view that the CBN will have to take additional measures through credit relief, and we forecast alteration in policy rate before the end of the year to stimulate the economy. In the meantime, we are of the view that the MPC will probably adopt a wait-and-see approach and seek to assess how the global pandemic and low oil prices will affect growth and currency stability before further rates cut

Low Aggregate Demand and Household Consumption

Efforts were already being made to bolster aggregate demand through increased government spending and tax cuts for businesses. However, the COVID-19 crisis will impact all components of aggregate demand. Sector-specific implications and impacts could vary. The impacts on the aviation and tourism sectors are a result of the implications of the pandemic on global travel. As spending by consumers continue to decline, hotels, and hospitality businesses are facing declining demand and patronage. The oil and gas sector is impacted by low demand and falling oil prices, and the banking sector will be similarly impacted by falling interest income and deteriorating credit quality. For manufacturers and other allied businesses, the disruption in supply chain is already taking a toll on raw materials needed for production. The fall in household consumption will stem from; 1) restrictions on movement, therefore causing consumers to spend mostly on essential goods and services; 2) Weak expectations of future income, particularly by workers in the formal and in the informal economy. The restrictions on movement will also discourage investment and expenditure.

Currency Volatility

The Naira has experienced a lot of volatility, due to weak forex earnings, persistent concerns about the impact of the Coronavirus and heightened worries about the potential drop of hard currency inflows. The pressure on naira exacerbated after crude oil prices fell below $30 per barrel at the international oil market. In response to Nigeria's weakening external position and buffers, the CBN repriced the naira exchange rate at the official window to c.N360/$1 from N307/$1 representing a 15% devaluation and therefore narrowing the spread between the official rate and the rates in other FX market segments. Elsewhere, exchange rate at the Investors and Exporters (I&E) foreign exchange window was also moved, from N360/$1 to N380/$1and BDC from c.N358/$1 to c.N378/$1. While the CBN explained that the new exchange rate was not a devaluation but an adjustment of price, the new rate effectively established a convergence that seem to eliminate the multiple exchange rate policy with a uniform exchange rate for official transactions, bureau de change (BDC) operators and importers and exporters of goods and services. Regardless, the Naira is still under pressure at the parallel market, currently trading around N450/$1. Going forward, the global uncertainty surrounding the outbreak of the virus is likely to continue exerting pressure on the naira due to the supply chain disruptions, and subdued diaspora remittances growth.

The suspension of FX sales to Bureau De Change Operators will spur speculation and drive rates across markets. The CBN explained that the suspension of FX sales to Bureau De Change Operators was a response to ABCON's request for market holidays in a bid to tame the spread of COVID-19 in Nigeria even as the shutdown of air and land borders across globe has reduced the need for FX supply locally. While we believe that the suspension of FX sales to Bureau De Change Operators will spur speculation and drive rates across markets. This may force foreign investors in both fixed income and equity markets to reprice naira risks amid lower oil prices and COVID-19 concerns.

The CBN activated the sale of dollar to itself and halted the sale of dollars to the Nigerian National Petroleum Commission by oil companies, including International Oil Companies (IOCs) that operate within the shores of the country, with the view to improving foreign exchange supply to the economy; especially funding for petroleum imports and forex funding to key local pharmaceutical companies for procurement of raw materials and equipment, which are required to increase local drug production in the country.

Economic measures by the Central Bank of Nigeria

The Central Bank of Nigeria (CBN) and the fiscal authorities have rolled out policy measures to help alleviate the negative impact of COVID-19 pandemic on the economy. Some of the measures include:

1. Reduction of interest rate on its intervention loans from 9% to 5%;
2. Floating of a new ₦50billion fund for NIRSAL Microfinance Bank for on-lending to small and medium scale enterprises;
3. Naira devaluation at the Investors & Exporters (I&E), Bureau De Change (BDC), and official markets;
4. One-year extension of moratorium on intervention loans;
5. Downward review of the 2020 fiscal budget;
6. Direction of all Oil companies and all related companies (oil services) to sell FX to CBN instead of Nigerian National Petroleum Commission (NNPC); and
7. Suspension of foreign exchange sales to members of the Association of Bureau De Change Operators of Nigeria, to check speculative demand for foreign currencies.

The ₦50billion credit facility stimulus package aims to cushion the effects of COVID-19 on households and MSMEs by supporting households and MSMEs whose economic activities have been disrupted by COVID-19 pandemic and stimulate credit to MSMEs to expand their productive capacity through equipment upgrade, research and development. While the stimulus package is a step in the right direction, in the short term, investors still have to contend with other fundamental macroeconomic issues such as the implications of lower crude oil price on FAAC, exchange rate depreciation, depletion of foreign reserves, inflationary pressures, stock market slump and general investors' sentiments.

Reduction in CBN Benchmark Interest rate

As part of its monetary and financial policy measures to further mitigate the impact of the coronavirus pandemic, the Monetary Policy Committee (MPC) reviewed the current economic developments and reduced the Monetary Policy Rate (MPR) to 11.50% from 12.50% in a bid to boost the economy amid the uncertainty and supply chain shortages caused by the Coronavirus. However, we do not expect this to pass on to bank rates. With the tough and uncertain economic environment, banks find it even more difficult to price for risk at lower interest rates. Beacuse Banks are expected to take a cautious stance in lending due to the heightened likelihood of defaults and as such we do not foresee a decline in lending interest rates, and also do not expect an increase in deposit rates at banks.

General Economic Performance

Over the last decade, several initiatives have been put in place to improve the country's macroeconomic management and international image such as tighter monetary policy and financial sector reforms. Borrowings to fund gaps in government revenue has become the norm in Nigeria and external risks stem from the fact that external debt has risen sharply by $20.75billion from $6.92billion in June 30, 2013 to $27.67billion as of December 31, 2019. Debt to GDP ratio at 19% in 2019 is conservative by international standards but appear susceptible to revenue shocks especially during lower crude oil prices.

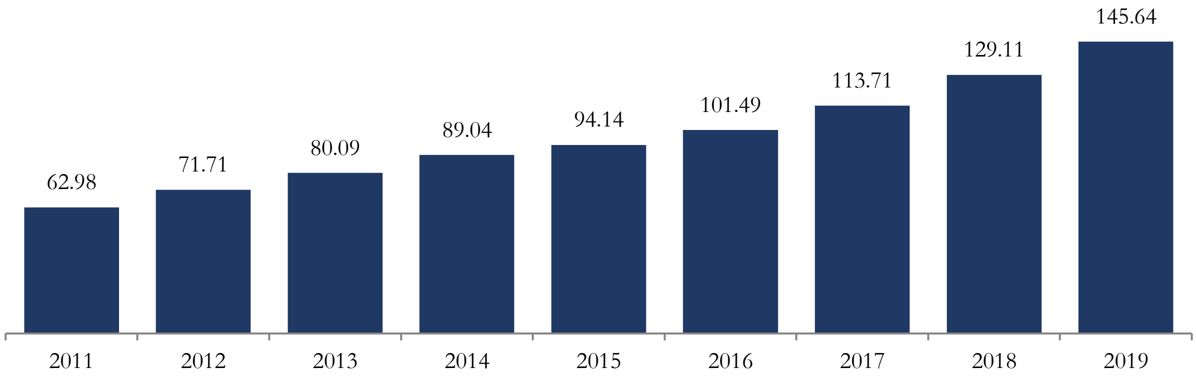
Nigeria's economic potential is constrained inadequate infrastructure, tariff and non-tariff barriers to trade, lack of confidence in currency valuation, and limited foreign exchange capacity. By Q1:2020, growth moderated to 1.8%, presenting early signs of covid-induced economic weakness. The GDP growth in real terms declined by -3.62% in Q3 2020, marking a second consecutive contraction from -6.10% recorded in the previous quarter (Q2 2020). The performance of the economy in Q3 2020 reflected residual effects of the restrictions to movement and economic activity implemented across the country in early Q2 in response to the COVID-19 pandemic. The average daily oil production recorded in the third quarter of 2020 stood at 1.67 million barrels per day (mbpd), or 0.37mbpd lower than the average production recorded in the same quarter of 2019 and 0.14mbpd lower than production volume recorded in the second quarter of 2020.

Table 1: Macroeconomic Indicators

Indicators	
GDP (₦'tr), 2019	145.64
GDP (US$'Bn), 2019	404.55
GDP Growth Rate (%)	2.27%
Population, Mn	200
GDP Per Capita (US$)	2,087.62
External Reserves (US$'Bn) *(Jan25, 2021)*	36.52
Domestic Debt, (₦'Tr) *(September. 30, 2020)*	20.04

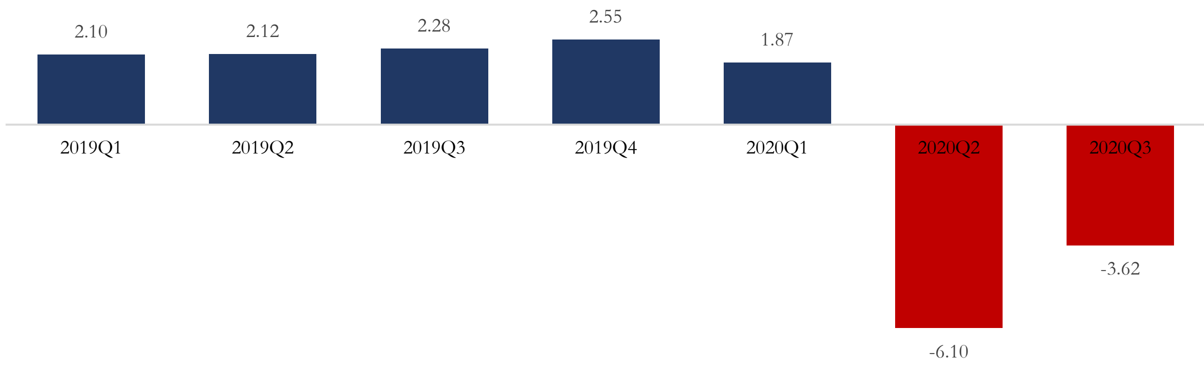
External Debt (₦ 'Tr) *(September. 30, 2020)*	12.19
Debt/GDP (%), December. 2019	22.1
Monetary Policy Rate (%) *(Feb 2021)*	11.50
Inflation (%), December, 2020	15.80
Inflation (%), 12-Mth. Av.	13.25

Figure 1: Nigeria' s GDP (N'Tr)



Source: National Bureau of Statistics

Figure 2: Nigeria's Real GDP Growth Q1 2019 – Q3 2020 (%)



Source: National Bureau of Statistics

Business Environment

Nigeria is one of the preferred investment destinations in Africa though it remains less attractive to investors than its African peers, such as Tanzania, Kenya, Ghana, and South Africa. The key challenges holding Nigeria back are its infrastructure deficit, high interest rate environment, social unrest, potential and inadequate power supply amongst other consideration. Nigeria only generates an average of 3,500MW daily, creating a deficit of 94,500MW. The low power supply, coupled with a large population, makes electricity costly. This translates to a higher operating cost for businesses as electricity is a major component of total operating expenses. A favourable business environment will lead to the start-up of new businesses and the expansion of existing ones across different sectors of the economy which would boost the economy's total out-put as the confidence of investors and business owners are usually strengthened by a thriving economy. Nigeria ranks 146 in 2019 World Bank ease of doing business out of 190 nations considered in the report.

The World Bank ranking is a step back from the 2018 ranking which placed Nigeria at 145th position out of 190 countries, with the nation moving up by 24 points from the 169th position on the 2017 ranking. According to the

World Bank, Nigeria has made starting a business easier with the introduction of an online platform to pay stamp duties, leading to a reduction in the time to start a business from 19 to 11 days. The World Economic Forum in its 2018 Global Competitiveness Index, ranked Nigeria 115 out of 140 countries, representing a downgrade from its 2017/2018 ranking of 112 out of 135 countries. However, Nigeria improved in four of twelve ranking pillars such as Infrastructure, Health, Business Dynamism, and Innovation Capability. This highlights the need for improvement in key areas such as Institutions, ICT adoption, macroeconomic environment, labour market, financial market amongst others. This provides unique insight into the drivers of productivity and prosperity of the nation's economy going forward.

Fiscal Policy and Government Debt

To finance the expected increase in the personnel cost and douse the growing concern around debt sustainability in the country, the ministry of finance recently launched strategic revenue growth initiative (SRGI) to bolster government revenue. As a follow-up, the finance bill, which seeks to review all Tax Acts in Nigeria, was sent to the senate. More specifically, the finance bill is designed with the objective to reform domestic tax laws, promote fiscal equity, incentivize investments in infrastructure & capital markets, support small businesses and raise revenues for the Government. The Federal Government is also pursuing various fiscal reforms to control expenditure and improve the Nigerian tax system, and to reduce public spending by reducing oil-related subsidies and the public payroll. The framework for these economic and fiscal reforms is set forth in Vision 20:2020, the framework economic transformation plan developed in 2009 that outlines key objectives and targets to achieve sustained economic and socio-economic development. In line with these reforms, there have been some policies by the present administration to drive revenue increase and reduce government expenditure

The Federal Government adopted an expansionary fiscal policy in 2018 and implemented a Fiscal Policy Measures (FPM) effective 27th July 2018, which replaced the 2016 FPM. The 2018 FPM is aimed at encouraging investment in certain critical industries, stimulate local production and discourage consumption of certain items, generate jobs and broaden wealth-creating opportunities to achieve inclusive growth. The Federal government's principal source of raising domestic capital includes treasury bills and issuance of Federal government bonds which now account for over 65% of domestic debt stocks.

According to the Debt Management Office (DMO), Nigeria's total public debt increased from N21.73 trillion in December 2017 to N25.7 trillion at the end June 2019, FGN's outstanding debt alone settled at N20.4trillion. This Increase was largely driven by a sharp increase in external debt amid fast-rising budget deficit. The DMO noted that the debt figures reflected the impact of the implementation of the debt management strategy, which entailed substituting high-cost domestic debt with low-cost external debt. Particularly, the DMO raised $5.3bn in Eurobonds over 2018, thereby reflecting that some measure of investor confidence has been restored. However, the Eurobond issuance brought the country's outstanding Eurobond obligation to $11.2bn. We note that Nigeria's external debt increased by $10.7bn (majorly driven by Eurobonds worth $7.0bn) to $22.1bn between 2016 in H1-18 while the domestic component stood at N15.6tillion as at Jun-18.

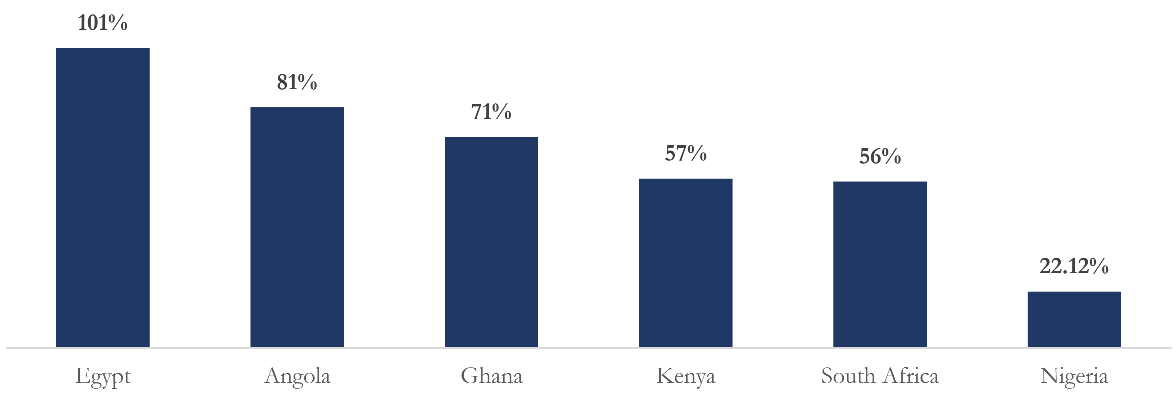
In a bid to diversify funding sources for the Government, the DMO introduced the FGN Savings Bonds, a retail savings product designed to be accessible to all income groups, in March 2017. The Bonds are to be issued monthly in tenors of 2 and 3 years with quarterly interest payments. Also, the DMO successfully raised the first Diaspora Bonds in June 2017, a total of US$300m was offered at a coupon rate of 5.625% for a 5-year tenor. Similarly, the Sovereign Sukuk Bond worth N100bn for a tenor of 7 years was launched in September 2017. More recently, the DMO extended the domestic bond yield curve by 10-year to 30-year.

Nigeria's States and Federal Debt Stock data as of 30th September 2020 reflected that the country's total public debt portfolio stood at N32.22trillion. Further disaggregation of Nigeria's total public debt showed that N12.19trillion or 37.82% of the debt was external while N20.04trillion or 62.18% of the debt was domestic

The rise in the nation's domestic debt stock was as a result of the need for the government to provide long term funding for its planned infrastructure developments and budgetary allocations. However, there is a need to adopt a cautious approach towards borrowing through improved fiscal prudence and ensuring that all debts are channeled towards specific investments in infrastructure that support the creation of employment opportunities, economic growth and ease of re-payment.

In spite of the recent rise in public debt, Nigeria enjoys healthy debt sustainability and maintains one of the lowest Debt-to-GDP ratio among Sub-Saharan African countries and other emerging market economies as presented in the following chart:

Fig 2: Debt-to-GDP Ratio (%)



Source: Trading Economics

National Budget

On 17 December 2019, the President signed the 2020 appropriation bill of ₦10.60billion into law. The 2020 National Budget seeks to continue the reflationary & consolidation policies of the 2018 and 2017 Budgets respectively. The 2020 Budget proposal was initially based on the Oil price benchmark of $57 per barrel; Oil production of c.2.18 million barrels per day, including condensates; and exchange rate of ₦305/$. The Nigerian government announced some significant changes to the 2020 budget as measures to contain the effect of the outbreak of coronavirus on the nation's economy with a cut in the oil price benchmark to $28 per barrel, oil production to 1.8 million barrel per day, and an exchange rate of ₦360/$1. The approved revised budget of ₦10.52 trillion, is lower than the ₦10.60trillion initially approved in December 2019.

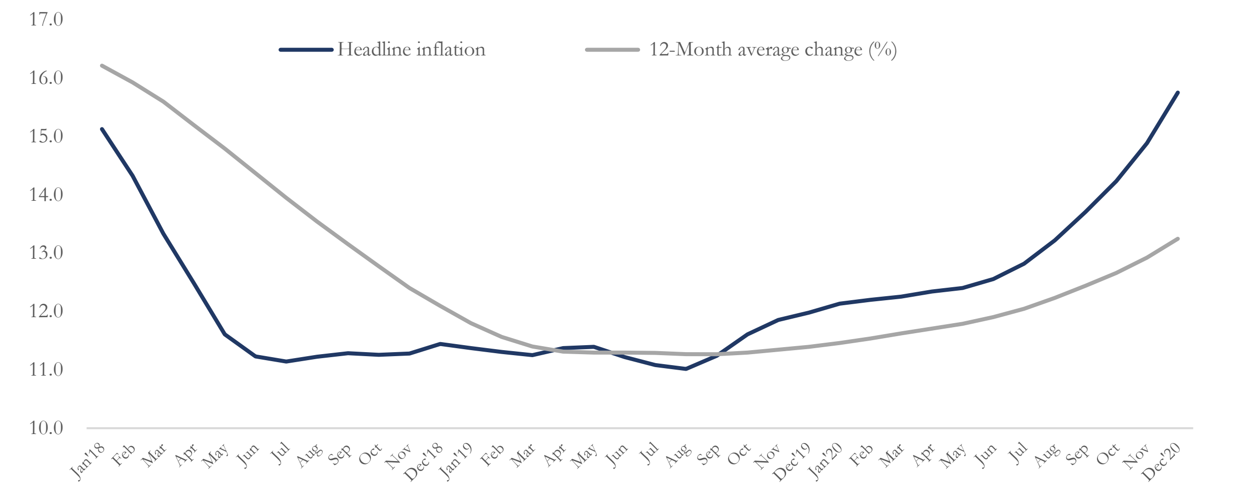
The aggregate revenue available to fund the 2020 budget is projected at ₦8.42 trillion (3.2% or ₦263.94 billion more than the Executive proposal, and 10.9% more than 2019 Budget of ₦7.59 trillion). Aggregate capital expenditure of ₦2.78 trillion is 26.2% of total expenditure; and 12.6% less than 2019. At ₦2.45 trillion, debt service is 23.2% of total expenditure, and 14.5% higher than 2019. Overall, budget deficit is ₦2.175 trillion for 2020. This represents 1.52% of GDP, which is within the threshold stipulated in the Fiscal Responsibility Act (FRA) 2007. The deficit was expected to be financed by a combination of domestic and foreign borrowing (domestic sources ₦744.99 bn; foreign sources ₦850bn; Multi-lateral / bi-lateral loan ₦328.12bn), indicating a gradual shift away from commercial to more concessionary financing. Total revenue consists of oil revenue projected at ₦2.73 trillion while non-oil revenue is estimated at ₦1.81 trillion.

Monetary Policy and Inflation

The Central Bank of Nigeria relaxed its tight monetary policy stance in May 2020 in a bid to stimulate the economy. In the pursuit of that objective, the Bank adjusted the Monetary Policy Rate (MPR) by 50bps to 12.50% after having held the rate at 13.50% since March 2019. However, the Cash Reserve Ratio (CRR) and Liquidity Ratio were retained at 27.50% and 30% respectively. The decision of the CBN to reduce the Monetary Policy Rate was informed by the impact of the Covid-19 pandemic on the economy, increased inflationary pressure, restrictions in international trade among other considerations. Subsequent to the decline in oil price and the attendant depreciation of the Naira, meeting demand for foreign exchange, and making sure that it gets to the end-users at the fixed rate has been one of the toughest tests for the Central Bank of Nigeria (CBN) in recent times. However, the gradual increase in oil prices and Federal government external commercial borrowings will help to increase foreign currency inflows into the Nigerian economy.

Nigeria's inflation rate rose further to 15.80% in December 2020, due to the spike in the prices of basic food items. The increase in inflation marked the highest reading since January 2018. The December figure is 0.86% points higher than the rate of 14.89% recorded in November 2020. On a month-on-month basis, the Headline index increased by 1.61% in December 2020. This is 0.01% points higher than the rate recorded in October 2020 (1.54%). On a month-on-month basis, the food sub-index increased by 2.05% in December 2020, up by 0.01% point from 2.04% recorded in November 2020.

Figure 3: Nigeria's Headline Inflation Rate (%); Jan. 2018 – Dec. 2020

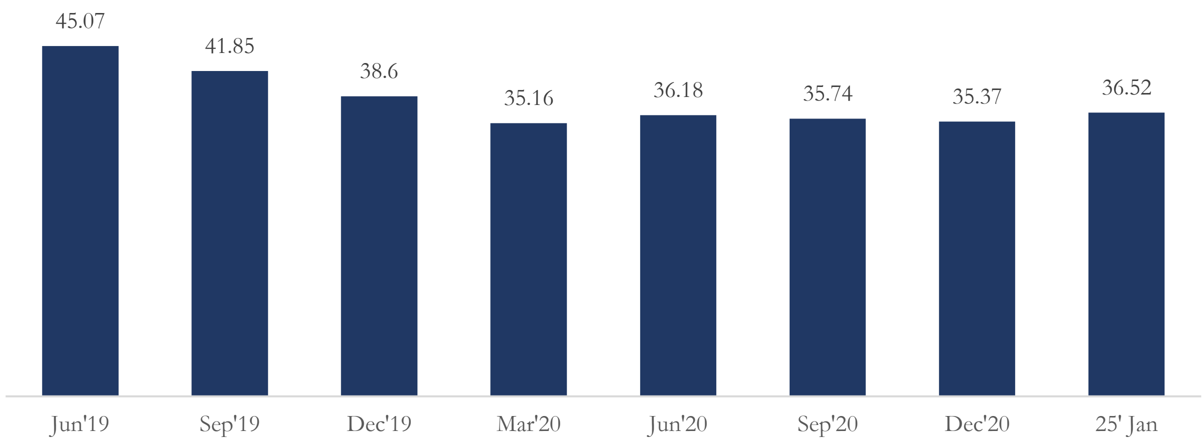


Source: NBS, DLM Research

External Reserves

Oil has remained the major source of Nigeria's foreign exchange earnings, accounting for over 90% of its foreign exchange. This explains the vulnerability observed in its capital account as a result of the fluctuations in crude oil prices. Nigeria's External reserves have recovered significantly from $23billion in October 2016. While the reliance on crude oil exposes the domestic economy to external shock, this support the need to diversify the nation's foreign earning sources. Nigeria's external reserves averaged $11,450.90billion from 1960 until 2018, reaching an all-time high of $62,081.86billion in September 2008 and a record low of $63.22million in June 1968. Nigeria's foreign reserves declined by 8.35% in 2020, closing the year below the $40billion mark. The reserves have increased 3.24% (to $36.52bn) so far in 2021. While the reserves remain exposed to shocks from the international oil market, the reserves levels of $36.52billion as at 25th Jan 2021 remain sufficient for 9 months of import cover. 2019. The current level of the reserves is despite the sharp decline in the country's import bill, as a direct result of the June 2015 CBN's policy to restrict FX access to items which could be produced locally: the "41-items policy". Despite the initial pushbacks against this policy, it has no doubt heralded significant benefits for the country's $ reserve. However, the sustainability of the reserves which is largely affected by adverse movement of oil prices in the international markets and oil production levels remains a challenge for the CBN as it continues to intervene in the FX market. Higher oil prices increased foreign portfolio inflows and less CBN interventions in the foreign exchange market are key factors likely to spur reserve accretion.

Figure 5: CBN Foreign Reserves, Jun 2019 – Jan 2021 ($'bn)



Source: CBN, DLM Research

Capital Importation

A review of foreign capital inflow into Nigeria since 2013 suggests that the bias of foreign capital into Nigeria has historically tilted in favour of portfolio investments (FPIs). However, this has shifted from interest in equities between 2013 and 2017 (with 2016 as an exception) to low risk but high yielding money market instruments from 2018 to 2019. However, while the quantum of Foreign Direct Investments (FDIs) have remained broadly low relative to other components from 2014 to Q3-19, from an average of $515.0mn per quarter in 2014 and 2015 to $250.0mn since 2016, capital flows inform of loans and other claims have continued to rise. On an annual basis, FDI flow edged higher by 21.7%y/y to $1.2bn in 2018, recovering to a 3-year high after the decline recorded in 2017.

According to the NBS, the total value of capital importation into Nigeria stood at $1,069.68million in the fourth quarter of 2020, representing a decrease of -26.81% compared to Q3 2020 and -71.87% decrease compared to the fourth quarter of 2019. Similarly, the total value of capital importation in 2020 stood at $9,680.49m, compared to $23,990.05 million in 2019, representing a decline of -59.65% between the two periods. The largest amount of capital importation by type was received through Other investment, which accounted for 73.22% ($783.26m) of total capital importation, followed by Foreign Direct Investment (FDI), which accounted for 23.49% ($251.27m) of total capital imported and Portfolio Investment which accounted for 3.29% ($35.15m) of total capital imported in Q4 2020.

The future prospect for FDI to rebound and surpass its previous inflows is uncertain. In addition, if there is no decrease in the perceived risks associated with investing in Nigeria, including those described herein, there may not be any appreciable increase in FDI, which could materially adversely affect the Nigerian economy and limit sources of funding for infrastructure and other projects requiring significant investment by the private sector, which, in turn, may have a material adverse effect on the Issuer. Indication are sustained improvement in the overall economy will sustain the inflow for foreign capital into the system going forward.

Table 2: Capital Importation

	2019	2020				
	Total	Q1	Q2	Q3	Q4	Total 2020
FDI	**934.34**	**214.25**	**148.59**	**414.79**	**251.27**	**1,028.91**
Equity	922.24	213.84	148.59	414.79	248.73	1,025.96
Other Capital	12.10	0.41	-	-	2.54	2.95
Portfolio Investment	**16,365.46**	**4,309.47**	**385.32**	**407.25**	**35.15**	**5,137.20**
Equity	1,893.19	639.72	53.25	44.10	18.05	755.12
Bonds	1,022.39	231.22	-	-	-	231.22
Money Market Instruments	**13,449.88**	**3,438.54**	**332.07**	**363.15**	**17.10**	**4,150.86**
Other Investments	**6,690.25**	**1,330.65**	**761.03**	**639.44**	**783.26**	**3,514.39**
Trade credits	0.11	0.05	-	-	-	0.05
Loans	5,078.78	559.79	726.00	624.45	668.66	2,578.90
Currency deposits	2.96	0.82	-	-	-	0.82
Other claims	1,608.40	769.99	35.04	14.99	114.60	934.62
TOTAL	**23,990.05**	**5,854.38**	**1,294.94**	**1,461.49**	**1,069.68**	**9,680.49**

OVERVIEW OF THE NIGERIAN BANKING INDUSTRY

OVERVIEW

The banking industry is a sub-sector of the financial services sector, the latter consisting of Deposit Money Banks (DMBs) and non-bank financial institutions - comprised of asset management firms, stockbroking firms, insurance companies, mortgage institutions, discount houses, merchant banks, microfinance banks and other finance companies. The Nigerian banking industry has evolved significantly in the past decade to fit with the changing realities of the domestic and global economic, social and political environments.

Traditional banking in Nigeria is giving way to the utilisation of digital technologies to offer both core banking and non-core banking products and services. Banks have employed the use of digital innovations in the Nigerian market, which remains very dynamic, in order to keep pace with sophisticated customer demands. The use of technology has helped to improve efficiency, reduce costs and increased revenues for the banks. The Nigerian banking industry is currently made up of 29 banks. In 2018, there was a merger between Access Bank PLC and Diamond Bank PLC. Of these institutions, twenty-two (22) are commercial banks, five (5) are merchant banks, and two (2) is a non-interest bank.

Commercial banks are the major players in the industry accounting for about 80% of the industry's total assets. As at 31 December 2018, the total assets and liabilities of commercial banks stood at ₦38.1 trillion, which represents a 10% increase from December 2017. The funds were sourced, mainly, from core banking operations, and interest from fixed-income assets. The funds were used to increase claims on the central bank and the private sector, acquire foreign assets, increase accretion to reserves and reduce unclassified liabilities.

Major Players

In an effort to strengthen the largest and most interconnected banks operating in the country, the CBN has implemented stricter standards for the country's most important banks. The six largest banks operating in Nigeria are Access Bank, Ecobank Nigeria, First Bank of Nigeria, Guaranty Trust Bank, United Bank for Africa, and Zenith Bank. These banks are generally classified as Systemically Important Banks (SIBs). Among the stricter standards for SIBs, Tier-2 capital may only account for 25% of qualifying capital, with Tier-1 capital accounting for the remaining 75%. The Tier-2 capital limit for other banks is 50%. Additionally, the minimum liquidity for SIBs stands at 35%, higher than the 30% required from other banks. Implementation of this rule was scheduled for July 2016, but was delayed indefinitely amidst general weakness in the economy.

Credit Growth

Following the recession in 2016, several businesses suffered, and some had to cease operation activities. Demand was weak, and top-line and bottom-line revenues for businesses were low. As a result, businesses were able to deliver positive returns to shareholders and other investors. The banking industry also witnessed reduced business activities in the wake of the recession. Customers' deposits reduced, loans given out reduced and this adversely affected businesses' operations. Banks turned to investing in government treasuries to secure their returns on investment. In a bid to stimulate the weak growth of the Nigerian economy, the CBN adopted several initiatives aimed at promoting the availability of credit to the private sector. Some of these initiatives include the increase of the Loan-to-Deposit Ratio (LDR) of banks to 65%, restriction of the sale of open market operation (OMO) bills to individuals and local corporates, and the creation of low-rates funds such as the creative industry financing initiative. In July 2019, the CBN demanded all Depository Money Banks to maintain a minimum LDR of 60% by September 30, 2019 in order to ramp up growth of the Nigerian Economy. The CBN revealed that in Q4 2019, the banking sector credit to the private sector increased by 5.76%, down from the 7.39% that was recorded in the preceding quarter. In recent times the CBN has initiated some policies to stimulate the extension of credit to the private sectors by the banks.

Supervision and Regulation of the Banking Sector

The major regulators of Nigeria's financial sector are the CBN and NDIC. Since January 1999, the CBN has acted autonomously from the Nigerian Federal Ministry of Finance ("FMF") (which formerly supervised the CBN) and now has the power to formulate and implement monetary and exchange rate policies. The principal governing body of the CBN is its board of directors which consists of the Governor of the CBN, who acts as Chairman, four Deputy Governors, the Permanent Secretary of the FMF, the Accountant General of the Federation and five directors who are appointed by the President and confirmed by the Senate. Each Deputy Governor overlooks one directorate of the CBN. The directorates are Operations, Corporate Services, Financial System Stability, Governors and Economic Policy.

There are four departments under the remit of the Financial System Stability Directorate: banking supervision, financial policy and regulation, development finance and other financial institutions supervision. The functions of the Financial System Stability Directorate include supervision of banks, which involves amongst others, onsite examination of banks, especially in relation to their financial condition, internal control systems, reliability of information provided and compliance with corporate governance codes. The CBN also monitors trends in the banking sector, generates industry reports on a monthly and quarterly basis, evaluates the development of the finance sector and monitors other financial institutions. Activities such as changes of auditors, announcements of audited financial statements, opening and closure of branches, and changes in control and appointments of directors by banks are subject to the prior approval of the CBN.

Central to the post-crisis restructuring was the CBN's ring-fencing of deposit-taking institutions from other financial services businesses, such as investment banks and insurance companies. Barred from the universal banking model that characterized the post-2004 era, investors could either incorporate holding companies for these activities or sell off auxiliary activities. The CBN also segmented capital requirements according to four types of licenses, offering different Capital Adequacy Ratios ("CARs") and prices depending on the category of bank: national commercial banks; banks operating internationally barred from recapitalizing foreign subsidiaries from Nigeria; merchant banks barred from taking deposits; and specialized banks and regional banks, including sharia-compliant ones

In recent times, the banking sector has gone through several regulatory driven reforms and various intervention measures have been put in place to further strengthen the system.

Trends and Developments in the Nigerian Banking Industry

ICT deepening & Digital solutions

In the banking industry, there has been the introduction of technology-based innovation to increase profits, satisfy customer needs and gain competitive edge. Information and Communications Technology (ICT) based tools such as Automated Teller Machines (ATMs), Point-of-Sale (POS) terminals, mobile applications and other interbank platforms are now employed in customer acquisition and market penetration. Digitalisation has enabled banks to increase interface with their customers and enhance integration among their branches. In addition, banks have commenced the utilization of robotics and automation processes in their business operations. This has helped in driving financial inclusion in the country. Digitalisation has been cited to be a critical driver for the promotion of financial inclusion which the CBN predicts that, by 2020, the number of adult Nigerians with access to payment services will increase to around 70%.

Cashless Policy

The Central Bank of Nigeria introduced the cashless policy which stipulates a cash handling charge on daily cash withdrawals or cash deposits that exceed ₦500,000 for individuals and ₦3,000,000 for corporate entities. This policy is aimed at reducing the amount of physical cash circulating within the economy and encouraging more electronic based transactions. The policy started on March 30, 2012 in Lagos and was introduced in other states of the Federation in 2015. The result has been as follows;

- Modernization of the payment systems in line with Nigeria's 2020 goal of being amongst the top 20 economies by the year 2020;
- Reduction in the cost of banking services;
- Improvements in the effectiveness of monetary policy in managing inflation and driving economic growth.

CBN Revised Charges by Banks

In December 2019, the CBN issued new directives contained in its new Guide to Bank Charges where the apex bank revised some of the fees that banks charge on their products, services, and platforms. Specifically, in the new directive, the fee charge for the use of other banks' Automated Teller Machines (ATM) was reduced to ₦35, from ₦65. Also, card maintenance fee was reviewed to N50 every three months (quarterly), from the initial ₦50 monthly charge. Charges on foreign currency denominated debit and credit cards were reduced to $10 per annum, from $20 per annum. The directives in the new Guide took effect from 1 January 2020 and penalties were established for breaches.

New Entrants

The CBN issued merchant banking licenses to Coronation Merchant Bank Limited and Nova Merchant Bank Limited in 2015 and 2018 respectively. In addition to these, Titan Trust and Globus Bank acquired commercial banking license, while TAJ Bank acquired a non-interest banking license. These new entrants have helped to increase the competition amongst banks in the industry. This competition has led to improved business processes and operations, improved customer relations and innovation.

Foreign Exchange Market

In 2017, the Central Bank of Nigeria (CBN) introduced the Investors' & Exporters' (I&E) FX Window, which allowed portfolio investors, export banks and the regulator (CBN) to trade US dollars at a rate determined on the forces of demand and supply. The aim is to allow currency to be traded more freely, making the sector more attractive for foreign investments.

OVERVIEW OF THE SME FINANCING LANDSCAPE IN NIGERIA

SMEs IN NIGERIA

Governments and financial institutions around the world have varied definitions for SMEs. In Nigeria, different institutions have employed varying metrics in defining SMEs including asset size, turnover, number of staff and loan size. The widely used definition of SMEs in Nigeria is provided by the Small and Medium Enterprises Development Agency of Nigeria which classifies SMEs based on number of staff and value of assets.

Table 1 Classification of SMEs by SMEDAN

Size Category	Employment (No. of persons)	Turnover (₦)
Nano/Homestead Enterprises	1-2	<3 million
Micro Enterprises	3-9	3 - 25 million
Small Enterprises	10 – 49	25 – 99 million
Medium Enterprises	50 – 199	100 – 999 million

The Central Bank of Nigeria which is the primary regulator of the financial services industry in Nigeria classifies SMEs based on turnover and the loan size sought.

Table 2 Classification of SMEs by CBN

Size Category	Annual Turnover (₦'Mn)	Minimum loan size (₦)
Micro Enterprises	1-10	<1mn
Small Enterprises	10-100	1mn – 1bn
Medium Enterprises	100-500	>1bn

The International Finance Corporation (IFC) classifies SMEs based on the number of employees, total assets, and total annual sales. A business must meet the employee size criteria and at least one other financial criteria to be categorised as either a micro, small, or medium enterprise.

Table 3 Classification of SMEs by IFC

Size Category	Annual Turnover/ Asset Size (US$)	Employee size	Loan Size (US$)
Micro Enterprises	$100,000 (N38mn)	<10	< $10,000 (N3.8mn)
Small Enterprises	$100,000 – $3mn (N38mn – N1.2bn)	10 < 50	< $100,000 (N38mn)
Medium Enterprises	$3mn – $15mn (₦1.2bn – 5.8bn)	50 < 300	< $1mn (N380mn)

While the revenue classification of the International Finance Corporation (IFC) is way above the CBN's classification as well as those by commercial banks in Nigeria, there is an alignment between the parties in the number of employees and loan sizes. According to the CBN, where a conflict exists in the classification between turnover and loan size, the loan size should be the determinant of the processing directorate.

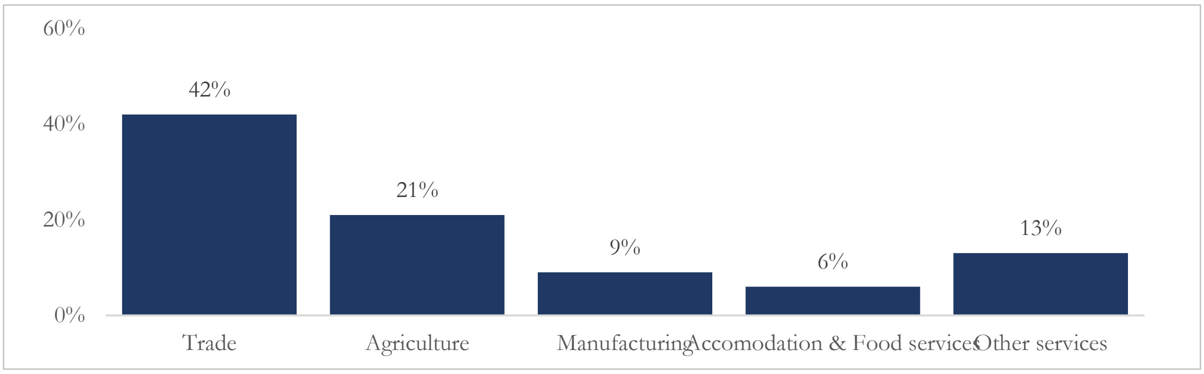
Commercial banks in Nigeria segment businesses primarily based on turnover. Generally, many commercial banks define SMEs as registered businesses that earn an annual revenue between ₦0 and ₦400 million, which is consistent with CBN's segmentation. The Bank of Industry extends this band to 500 million and one of the commercial banks covered in the Study extends this revenue band to ₦2.5 billion.

Going by the SMEDAN definition, 99.8% of businesses classified as SMEs in Nigeria (41.4mn)[1] fall within the micro segment meaning that they employ less than 10people and have less than N10mn in assets.

DISTRIBUTION OF SMEs IN NIGERIA

The NBS/SMEDAN SME Report published in 2017 provides an overview of the Nigerian SME landscape covering the population of SMEs in Nigeria, distribution of SMEs by business size, location (state and region), ownership type and gender. According to the Report, **SMEs in Nigeria were over 41.5 million in 2017 and grew by 3% in size between 2013 and 2017.** They contributed over 49.8% to the GDP, employed 86.3% of the national workforce, accounted for 90% of industrial businesses and 63% of trade or agricultural companies. Close to half of the SME population in Nigeria play in the trade sector followed by Agriculture and manufacturing.

Figure 1 Sectoral distribution of SMEs in Nigeria



SMEs in Nigeria are concentrated in the South-West followed by the North Central. Key states within these regions are Lagos and Abuja respectively and this may be attibuted to the availability of critical infrastructure, access to market, literacy levels and proliferation of bank branches/ access to financial services in these locations. For example, 35% of commercial bank branches (1,860) are situated in Lagos state and the FCT[2]. This dispoportionate distribution of commercial bank branches and by extention, access to finance, has implications for SME access to finance across regions and states in Nigeria.

Table 4 Geographical distribution of SMEs in Nigeria

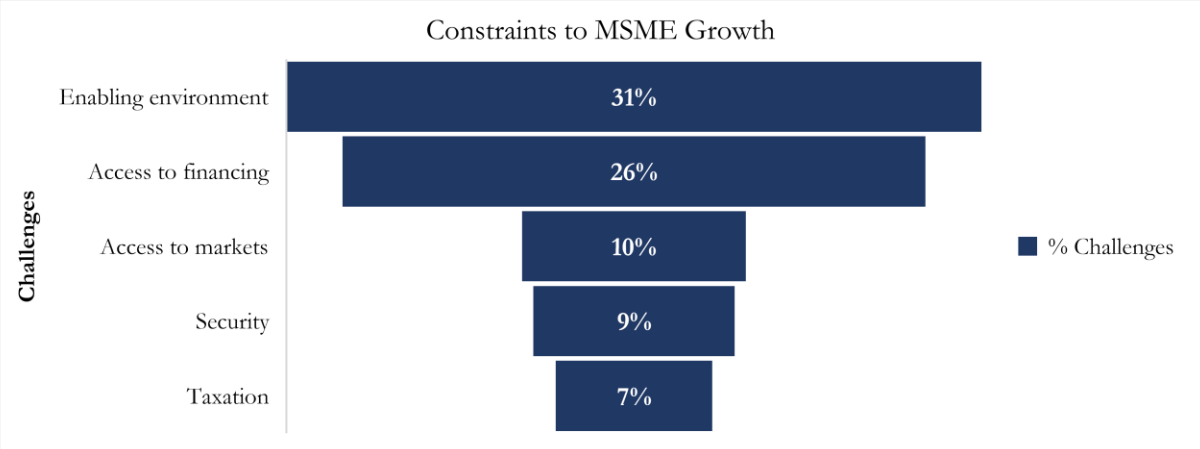
S/N	Region	Total SMES per geo-political region (millions)	Percentage Distribution
1	South-West	23,289	32%
2	North-Central	13,378	18%
3	South-South	9,502	13%
4	South-East	9,731	13%
5	North-West	11,731	16%
6	North-East	5,449	7%

Despite the enormous growth potentials SMEs in Nigeria possess, their growth is constrained by several factors including access to finance. Based on the 2017 NBS/SMEDAN report, the top five areas of assistance required by SMEs include an enabling environment which refers to public infrastructure such as electricity,

[1] *2017 NBS/SMEDAN SME survey*
[2] *CBN*

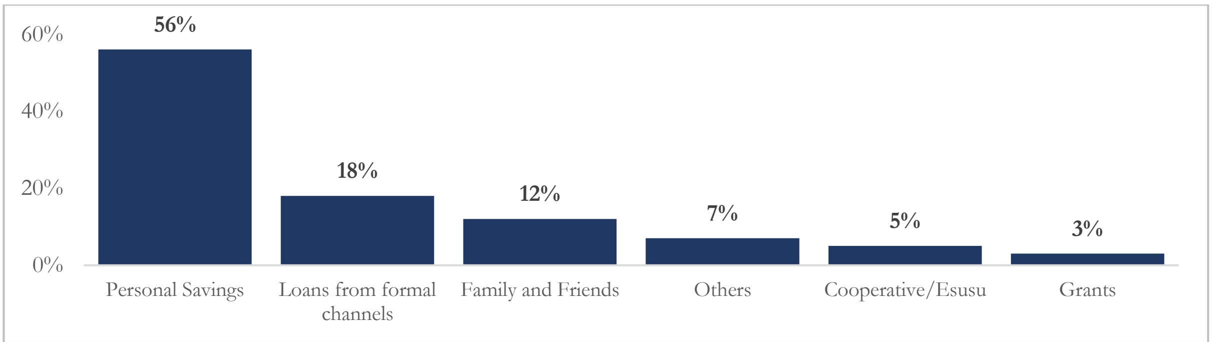
transport network, and business-friendly policies/regulations that foster innovation, trade and investment, followed by access to finance, access to markets, security and taxation.

Figure 2 Top five areas of assistance required by SMEs in Nigeria[3]



Access to finance is critical for SME growth as it helps entrepreneurs innovate, expand to new markets and create jobs. However, majority of SMEs in Nigeria are unable to acquire the financing required to fund their capital project and working capital needs. Most SME promoters meet their financing needs through personal savings, goodwill from family members and friends and cooperative societies. Personal savings and family sources contribute 68% of total financing for SMEs while 18% of SME funding is obtained from formal sources. The 2017 NBS/SMEDAN SME survey reveals that SMEs account for only about 5%[4] of commercial banks' total loan portfolio in Nigeria, one of the lowest in Sub-Saharan Africa when compared to an average of 15% recorded in other developing countries such as Kenya (17%), Rwanda (17%), Tanzania (14%) and South Africa (8%)[5].

Figure 3 SME funding sources[6]



The hurdles associated with accesing finance from commercial banks makes lending propositions from microfinance banks and lending FinTechs more attractive to SMEs despite the high interest rates estimated at 30-60%[7] per annum compared to rates from commercial banks at about 12% - 30%[8].

ANALYSIS OF THE SME FUNDING GAP

One of the most pressing issues SMEs face when it comes to accessing finance is the reluctance of lending institutions to extend loans to the segment. In Nigeria, out of 73,081 SMEs in 2017 who sought loans,

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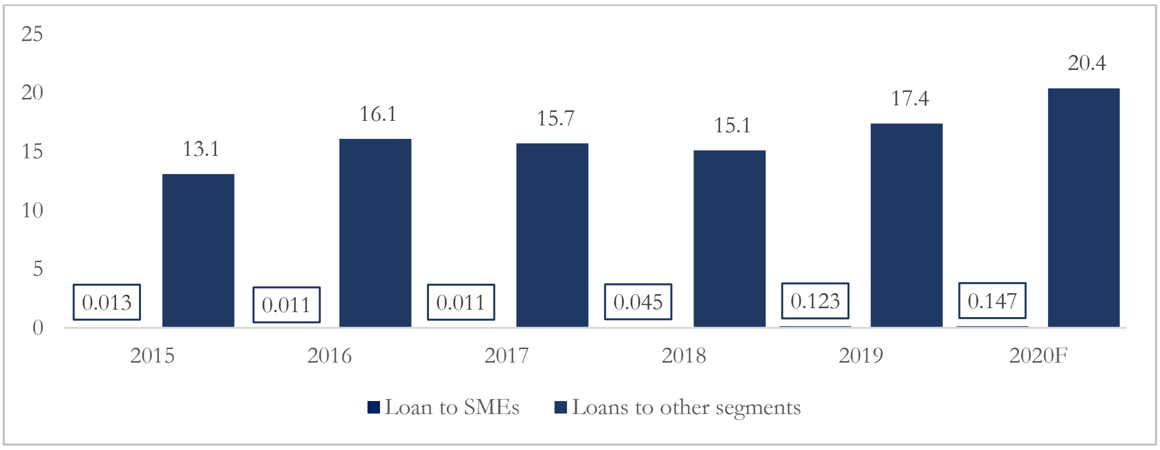
[3] *2017 NBS/SMEDAN SME survey*
[4] *2017 NBS/SMEDAN SME Report*
[5] *KPMG SME Banking Analysis 2018*
[6] *2017 NBS/SMEDAN SME survey*
[7] *KPMG/WBG Nigeria WE-FI Project Survey Findings*
[8] *CBN*

92% sought loans from Commercial Banks, while others sought loans from Microfinance Banks (5%) and Development Financial Institutions (1%)[9]. Yet less than 6 of commercial bank loans are allocated to SMEs. Banks allude that the sector is largely informal and comprise of businesses that are not bankable – lacking a verifiable credit history and unable to meet banks' risk management criteria.

Figure 4 Loans to SMEs Vs other segments (₦Trillion[10])



In 2019, the total loans disbursed by commercial banks to the private sector in Nigeria was ₦17.4 trillion Naira and less than 1% of this loan value (₦123 billion) was provided to SMEs[11]. Leveraging data which posits that funding from comercial banks account for 18% of SME financing need, we have estimated a funding gap of at least ₦988 billion in 2019 – inclusive of capital required for operational expenses and investment in fixed assets.

SMEs largely require financing for business expansion ambitions including acquisition of land/building, product expansion or geographical expansion. Roughly 40% of the SMEs surveyed in this study require loans for business expansion purposes. This is followed by the need to purchase inventory and equipment. However, most unsecured loans offered by Banks to SMEs are tied to operational needs such as payment of rent, salaries, shipping and clearance of goods, and sometimes purchase of inventory/stock. This presents a level of mismatch between SME financing needs and the proposition for unsecured/ minimally secured loans by banks.

LIMITATIONS TO SME FINANCING

disproportionately affect SMEs - small and micro enterprises are more constrained by these factors compared to medium-sized businesses which are sufficiently serviced by commercial banks.

Supply side constraints to accessing formal credit

Lending institutions comprising commercial banks, microfinance banks and lending FinTechs are constrained from lending to SMEs for the following reasons:

- **Poor record-keeping and credit history:** banks require the financial history of SMEs to determine their eligibility for loans. However, most entrepreneurs do not properly track and record their business transactions. To address this, some banks provide customers with a template to manage the cashflow of their businesses documenting information such as revenue, expenses, value of stock, etc.

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[9] *2017 NBS/SMEDAN SME survey*
[10] *CBN*
[11] *CBN*

- **Poor structure and organization of SMEs:** Most SMEs operate in the informal sector. Often, they are not registered with the CAC and are largely unstructured making banks wary of lending to micro businesses. Some banks have set up advisory desks to help interested customers with the business registration process and other value-added services covering business plan development etc.

- **Inadequate collateral:** Lending institutions require collateral to manage the credit risk associated with lending. Hence, the required collateral value is typically higher than the loan amount- in some cases up to 120%[12]. Requiring collateral of up to 120% higher than the loan amount is typically for risk management purposes and varies by bank. The forced sale value of any collateral is 60-70% of the market value (stock is 70%; tangible collateral is 60%), the banks also incur costs in recovering bad loans. The practice is to set the collateral value higher than the loan amount, so that they are able to cover their losses in case of default. SMEs are however unable to meet collateral requirements for the loan sizes they require. To address this, the CBN established a web-based National Collateral Registry (NCR) in 2015. The NCR is digital platform for lending insitutions to register their priortity interests in moveable assets presented as collaterals for credits by borrowers.

  - Since inception of the NCR through to October 2020, a total of **694 financial institutions have registered on its portal**.
  - Based on a total of 113,153 financing statements registered on the NCR in respect of movable assets offered as collateral, **lending banks availed credit amounting to ₦1.80 trillion (US$1.36 billion) to 273,435 borrowers**, comprising: **262,904 individuals; 1,421 large-, 4,260 medium-, 1,433 micro and 3,417 small- businesses.**

- **SMEs are deemed to be high-risk for lending:** When the aforementioned limitations are unpacked, lending to **SMEs** are deemed risky compared to large firms. Hence, several banks rely largely on available on-lending facilities from DFIs and seek credit guarantee schemes where the risk sharing arrangement provides more than 50% guarantee-this is scarcely available.

Demand side constraints to accessing formal credit

Micro, small, and medium enterprises shared several reasons why they are not able to access formal credit or prefer not to do so. These include:

- **High cost of funding:** Loan pricing and fees above 15% are considered high compared to loans obtained from contributory schemes i.e., cooperative societies.

- **Lack of collateral:** Banks often require collateral such as land and real estate with proof of certificate of occupancy, which SMEs are largely unable to provide.

- **Short repayment period:** The maximum tenor for a loan facility is 12 months for working capital and 2 – 5 years for fixed assets. Many SMEs seek loans for business expansion which take some time to start yielding returns. Often, bank loans extended to SMEs are limited to a tenor far too short to repay any sizeable investment.

- **Small loan amount for most SMEs:** To hedge risks, banks typically approve loan amounts which are much smaller than the business requests for – ranging from ₦1 million – ₦5 million. Hence, the business owner is forced to seek other alternatives.

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[12] *KPMG/WBG Project WE-FI Survey Findings*

- **Untenable requirements for guarantors:** Requirements for guarantors are usually strict and discourages those who are willing to act as guarantors to SMEs. Requirements include guarantor's Bank Verification Number, presence at the bank, and other financial details which most guarantors are reluctant to divulge.

- **Limited Support from Banks Relationship Managers (RMs):** Bank officers sometimes do not provide useful information on applicable loan offerings, bank services and even business development services to SMEs. This inadequate knowledge results in back and forth between the applicant and the officer, thereby elongating the application process and making some SMEs weary of continuing with the 4process.

- **Capacity and Knowledge Constraints:** Most SMEs lack knowledge on how to properly position themselves to access credit from financial institutions and thus usually will not meet the eligibility criteria for the loan. Most SMEs do not have adequate knowledge of the various loans they could access from their banks and hence do not even go to banks for a loan. Also, SMEs whose loan applications were rejected, rarely get notified on the reasons for rejection and the pitfalls to avoid.

EXISTING INITIATIVES TO ADDRESS SME FINANCING CHALLENGES

Overtime, several initiatives have been deployed by the Federal Government, Development Finance Institutions (DFIs), Multilateral agencies and financial institutions to improve access to funding for SMEs. Some of the following initiatives and schemes have been deployed by the CBN, state government, DBN and IFC, to ease SME funding challenges include:

- Upward review of the LDR from 60% to 65% in 2018 by the CBN
- Development of the National Collateral Registry by the CBN in partnership with IFC in 2016
- ₦220 billion SME Development Fund (SMEDF) launched in 2013 by the CBN
- US$500 million Nigeria Incentive-Based Risk Sharing system for Agricultural Lending (NIRSAL) set up by the CBN
- The Agri-Business/Small and Medium Enterprise Investment Scheme (AGSMEIS) set up by the CBN
- ₦50 billion Targeted Credit Facility set up by the CBN, in light of the COVID-19 pandemic
- The Lagos State Employment Trust Fund (LSETF) set up the Lagos state government
- Impact Credit Guarantee Limited (ICGL) set up by the DBN, in partnership with the World Bank
- IFC's Small Loan Guarantee Program (SLGP) - a $25 million risk-sharing facility to expand Union Bank's lending to SMEs in Nigeria

KEY FINDINGS ON SME FINANCING

Lending to SMEs is still relatively low, inhibiting their ability to survive and scale-up. To improve access to financing for SMEs, four key issues need to be addressed:

- **Collateral requirements:** Lending institutions require tangible collaterals to securitise loans and guarantee repayments, but most SMEs do not own collateral-worthy assets. Hence, depending on the loan sizes, banks are exploring alternatives to traditional collateral requirements such as indexing a customer's loan request to their cashflow profile, use of guarantors, flexible collateral arrangements such as stock, post-dated cheques from another bank, domiciliation of proceeds, floating charge on stock. Nonetheless, it is imperative that adequate risk management and loan monitoring systems are deployed by lending institutions while developing loan products that require no collateral.

- **Credit risk sharing facilities:** Risk sharing facilities are loss-sharing agreements between credit guarantee/ risk sharing providers and the originator of loans (DMBs, MFBs) in which the guarantor reimburses the originator with a portion of the principal losses incurred on a loan portfolio. Although risk sharing facilities are available in Nigeria, the recurring theme among banks is that coverage ratio is lower than the risk of default associated with SME financing.

  To improve SME financing, lending institutions may seek out risk sharing schemes with high coverage ratios – typically between 70%-80% of the principal losses while financial intervention programmes with low coverage ratios may consider increasing the coverage of losses incurred, to improve uptake of these facilities by lending institutions.

- **Capacity building programmes:** Lending institutions offer advisory services and capacity building programmes/trainings in partnership with trade associations, educational centres, and financial intermediary partners to boost the financial management capacity of SMEs. The aim of these capacity building programmes is to enhance the capacity of SMEs to manage their finances, explore growth and innovation opportunities, and generally address skills bottlenecks.

FORM OF PRICING SUPPLEMENT

Set out below is the form of the Pricing Supplement which will be completed by the Issuer for each Series of Bonds issued under the Programme:

Pricing Supplement
To the Base Shelf Prospectus dated [■]

DEVELOPMENT BANK OF NIGERIA PLC

Issue of [●] [Title of Bonds]

Under the ₦100,000,000,000 Medium Term Notes Programme

Issue Price: [●] per unit
Payable in full on Application

Application list Opens: [●]
Application list Closes: [●]

This Pricing Supplement is prepared for the purpose of Rule 279(3)(5)(i) of the Rules and Regulation of the Securities & Exchange Commission ("the Commission" or "SEC") in connection with the ₦100,000,000,000 Medium Term Notes Programme (the "Securities" or "Bonds") established by Development Bank of Nigeria Plc ("the Issuer"). This Pricing Supplement is Supplementary to, and should be read in conjunction with, the Base Shelf Prospectus dated [●] ("Shelf Prospectus") and any other supplement to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement. This Pricing Supplement is directed solely at Qualified Institutional Investors and High Networth Individuals as defined in Rule 321 of the SEC Rules and Regulations.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall be deemed to amend the Shelf Prospectus. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained from the Issuing House.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the Securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No Securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three (3) years after the date of the issue of the Shelf Prospectus unless renewed by the SEC. The Offer Documents can be found on www.devbankng.com or www.dlm.group or the Commission's website on www.sec.gov.ng

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder. An application will be made to FMDQ for the admission of the Bonds to the Daily Quotations List of FMDQ. The Issuer may also consider a dual listing on the NSE.

Without prejudice to the provision of section 85 (1) (Civil Liability for Mis-statements in Prospectus) of the Investments & Securities Act No. 29 2007, the Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Further, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

FINAL TERMS OF SERIES [▪] BONDS

1.	Issuer:	Development Bank of Nigeria Plc
2.	Series Number:	[●]
3.	Aggregate Principal Amount of Series:	[●]
4.	(i) Issue Price:	[●]
	(ii) Net Proceeds:	[●]
5.	Denomination(s):	[●]
6.	(i) Issue Date:	[●]
	(ii) Coupon Commencement Date (if different from Issue Date):	[●]
7.	Maturity Date:	[●]
8.	Coupon Basis:	[● % Fixed Rate]
		[● % Floating Rate]
9.	Redemption/Payment Basis:	[●]
10.	Status:	[●]
11.	Security:	[Applicable/Not Applicable]
12.	Listing(s):	[●]
13.	Method of Distribution:	[●]
14.	Offer Period:	[●]

PROVISIONS RELATING TO COUPON (IF ANY) PAYABLE

15.	Fixed Rate Bond Provisions	
	(i) Coupon Rate(s):	[● %]
	(ii) Coupon Payment Date(s):	[●]
	(iii) Coupon Amount(s):	[●]
	(iv) Day Count Fraction:	[●]
	(v) Business Day Convention:	[Following Business Day Convention/ Preceding Business Day Convention/ Modified Business Day]
	(vi) Business Day:	[●]

	(vii) Other terms relating to method of calculating interest for Fixed Rate Bonds:	[Not Applicable/Give Details]
16.	Floating Rate Bond Provisions	[Applicable/Not Applicable] *(if not delete the remaining sub-paragraphs of this paragraph)*
	(i) Coupon Rate:	[●]
	(ii) Benchmark:	[●]
	(iii) Spread to Benchmark:	[●]
	(iv) Minimum Rate of Interest:	[●%]
	(v) Maximum Rate of Interest:	[● %]
	(vi) Coupon Payment Date(s):	[●]
	(vii) First Coupon Payment Date:	[●]
	(viii) Party responsible for calculating	[●]
	interest rate and interest amount(s):	[●]
	(ix) Coupon Reset Date:	[●]
	(x) Coupon Determination Date(s):	[●]
	(xi) Day Count Fraction:	[●]
	(xii) Business Day Convention:	[●]
	(xiii) Business Day:	[●]

PROVISIONS RELATING TO REDEMPTION

17.	Optional Early Redemption (Call Option):	[Applicable/Not Applicable]
18.	Optional Early Redemption (Put Option):	[Applicable/Not Applicable]
19.	Scheduled Redemption/Amortisation:	[Applicable/Not Applicable]
20.	Redemption Amount(s):	[●]
21.	Scheduled Redemption Dates:	[●]
22.	Final Redemption Amount:	[●]

GENERAL PROVISIONS APPLICABLE TO THE BONDS

23.	Form of Bonds:	Dematerialised Bonds
	(i) Form of Dematerialised Bonds:	[Registered]
	(ii) Registrar:	[●]
24.	Bond Trustee(s):	[●]

25.	Record Date:	[●]
26.	Other terms or special conditions:	[●]

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS

27.	Book-building:	[●]
28.	Underwriting:	[●]
29.	Clearing System:	Central Securities Clearing System Limited

GENERAL

30.	Issue Rating:	[●]
31.	Taxation:	[●]
32.	Governing Law:	Nigeria

APPENDICES

33.	Appendices:	[List and Attach Appendices if applicable]

USE OF PROCEEDS

[specify use of proceeds]

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this document and in the Shelf Prospectus dated [●] and the supplementary shelf prospectus [dated], there has been no significant change in the financial or trading position of the Issuer since [●] and no material adverse change in the financial position or prospects of the Issuer since [●].

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Shelf Prospectus referred to above, contains all information that is material in the context of the issue of the Bonds.

Signed on behalf of the Issuer:

____
Company Secretary/Director

____
Chief Financial Officer

____
Managing Director/CEO

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