

GCR ASSIGNS TRIPLE “AAA” LONG TERM RATING TO DBN

Global Credit Ratings (GCR), one of the leading rating agencies in Africa, has assigned the Development Bank of Nigeria a “AAA” Long Term National Scale rating. GCR stated this on its website.

The conferment, which is the highest rating for financial institutions, is in line with the “risk-free” rating of the Nigerian Sovereign and attests to DBN’s strong fundamentals and credibility.

Managing Director/CEO, Development Bank of Nigeria, Mr. Tony Okpanachi expressed satisfaction on the development saying:

“We are pleased with this debut rating of “AAA”, with a stable outlook, from GCR, one of the foremost rating agencies in Africa.

“We appreciate the rigorous and diligent assessment of GCR as it provides an additional layer of independent review of our governance and risk management practice, ESG principles, and broader management of the institution. More importantly, the outcome of the rating exercise, as expressed in our “AAA” national scale rating, is a testament to our balance sheet capacity, quality of the risk asset portfolio, and sound risk management practice.

“We would continue to adhere to global best practice in market interventions, as we remain committed to alleviating financing constraints faced by MSMEs and Small Corporates in Nigeria, through the provision of financing and partial credit guarantees to eligible financial intermediaries on a market-conforming and fully financially sustainable basis,” Okpanachi stated.

Also reacting, DBN’s Executive Director, Finance/Corporate Services, Mrs. Ijeoma Ozulumba stated, “this credit rating reflects the strong credibility of the Bank, as we continue to preserve our strong fundamentals.

Ozulumba maintained that the Bank will consolidate its lending activities while maintaining strong capitalization, stable funding, and robust liquidity.

“We look forward to deepening our penetration and broader impact, especially as the success of our market-development initiatives reinforces our optimism on unlocking credit to the MSMEs in a sustainable way that aligns with our ultimate objective of catalyzing inclusive growth and development of the Nigerian economy.”

The “AAA” credit rating conferred on DBN, according to GCR reinforces the “unparalleled position of the Bank in meeting short and long-term obligations whilst also reflecting the unrivaled strength of the guarantee of its wholly-

owned subsidiary - Impact Credit Guarantee Limited, which provides credit enhancements to MSMEs.'

GCR noted that DBN's emergence as a leading financial institution reflects the Bank's "strong capitalization, minimal risk exposure and stable funding structure, complemented by sound liquidity profile".

It says this underscores DBN's capacity in delivering on its mission to alleviate financing constraints faced by Micro, Small, and Medium Scale Enterprises (MSMEs) in Nigeria.

GCR further added that, the rating was in recognition of DBN's strategic importance and developmental role in the provision of wholesale financing to eligible participating financial institutions (PFIs).

"The Bank's competitive position is supported by its clearly defined mandate, focused operation, and an ongoing performance monitoring and evaluation system.'

With a capital adequacy ratio above 100%, GCR acknowledges that DBN's strong capitalization and low leverage reinforce the rating strength and provides adequate headroom for scaling operations and growing the risk assets portfolio.

GCR considers DBN's risk position as "neutral ", with no credit losses from inception to date, moderate intermediate operational risk exposure, absence of foreign exchange risk, and the Bank's sound underwriting process which provides for adequate loan collateral coverage, with good recovery prospect.

"The stable outlook reflects our expectation that DBN will maintain strong capitalization and liquidity metrics over the next 12-18 months. Earnings are projected to be more reflective of core operations as the bank increases risk assets, with GCR's core capital ratio expected to remain above the 30-35% band to sustain the risk score."

GCR further commended DBN for sustaining its strong risk metrics during the Covid19 pandemic.

It says DBN maintained an enviable track record of zero non-performing loans since inception in 2017, an outstanding record which highlights the efficacy of its on-lending model and broader risk management practice.'