

## **AGUSTO & CO., THE FOREMOST RATING AGENCY ASSIGNS 'AAA' RATING AND STABLE OUTLOOK ON DEVELOPMENT BANK OF NIGERIA PLC**

The foremost credit rating agency, Agosto & Co. (“Agusto”) assigns an “Aaa” rating on the Development Bank of Nigeria Plc (“DBN” or the “Bank”), the highest rating possible on any institution. In summarizing the rating, which aligns with the “risk-free” rating of the Nigerian Sovereign, Agosto described DBN as “a development finance institution of impeccable financial condition and overwhelming capacity to meet obligations as and when they fall due”. In pursuit of its mandate of enhancing access to credit for micro, small and medium scale enterprises (MSMEs), DBN continues to expand the scope of its operations, onboarding more Participating Financial Institutions (PFIs) and deepening credit penetration in the low end of the market, particularly amongst women entrepreneurs, who represent over 50% of the bank’s ultimate credit beneficiaries. As observed by Agosto, “Despite the COVID-19 pandemic, DBN increased its financial support to Micro, Small and Medium Scale Enterprises (MSMEs) and small-sized corporates through participating financial institutions”. Notwithstanding the pandemic, DBN doubled its loan portfolio to ₦215.1billion, leveraging its robust risk management practice in deepening credit penetration to over 136,000 MSMEs.

Further reiterating the impeccable fundamentals of DBN, Agosto highlighted “DBN’s good asset quality, good capitalization, good liquidity, and experienced management team are also positive rating factors”. Since its inception, DBN has sustained an outstanding asset quality record of nil delinquency, unique fundamentals which attest to the efficacy of its credit creation model and overall risk management culture. Notably, the Bank maintains a BASEL II capital ratio of 75.2%, several multiples of the minimum 10% regulatory requirement. During the review period, the liquidity ratio hovered around 84%, compared to the 10% regulatory requirement, which by implication is an indication of DBN’s capacity to sustain the pursuit of deepening credit penetration amongst MSMEs. The strong financial metrics complemented by impeccable governance standards reinforce Agosto’s decision to assign “Aaa” on DBN, with a stable outlook.

In its credit rating announcement, Agosto noted DBN’s rating “Takes into cognizance the support of the Bank’s shareholders – the Ministry of Finance Incorporated, Nigeria Sovereign Investment Authority (NSIA), Africa 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. Aside from equity contribution, AfDB provides long-term borrowing, 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, which provides funding and technical support, in addition to strengthening governance.”

Commenting on the rating action, the Managing Director/CEO, Development Bank of Nigeria, Mr. Tony Okpanachi said, “we are excited by this independent assessment of our operations, as it provides an objective opinion on the bank’s credibility and capacity in meeting short and long-term obligations. The rigorous and detailed process underlying Agosto’s rating is quite commendable, and I am pleased that the bank was assigned “Aaa”, the highest rating possible.

Interestingly, this rating action aligns with a recent decision of Global Credit Ratings (GCR), another foremost rating agency that also assigned “AAA” national scale rating on DBN. As we continue to uphold gold standards in risk management and governance practices, we would sustain these well-deserved ratings, which are pertinent to our medium to long-term objectives, as we execute our unique strategies for unlocking credit for MSMEs.”

Speaking on the rating, the Executive Director, Finance & Corporate Services, Mrs. Ijeoma Ozulumba also, noted that, “Agusto’s assignment of “Aaa” on the Bank is another testament to the strong credibility and capacity of the Bank, as a distinguished development finance institution with an impeccable and overwhelming capacity to meet obligations and deliver on its core mandate. We would continue to leverage the bank’s balance sheet capacity, global best governance practice, robust risk management framework, and collaborative approach in easing access to credit for growing Nigerian MSMEs, which portend the salient capacity to create jobs, industrialize the economy and drive sustainable growth.”