

SPEECH PRESENTED BY DR. SHEHU YAHAYA, CHAIRMAN, DEVELOPMENT BANK OF NIGERIA PLC, AT THE COURTESY CALL BY MR. PIERRE GUISLAIN, VICE PRESIDENT, PRIVATE SECTOR, INFRASTRUCTURE AND INDUSTRIALIZATION, AFRICAN DEVELOPMENT BANK (AFDB)

THE CLAN PLACE, PLOT 1386A, TIGRIS CRESCENT, MAITAMA - ABUJA, ON WENESDAY, NOVEMBER 22, 2017

Mr. Pierre Guislain, Vice President, African Development Bank; other distinguished Ladies and Gentlemen here present, good morning to you all. Mr. Guislain, it is my pleasure to welcome you to Nigeria and to Development Bank of Nigeria and to thank you for the continuing support of AFDB to our Bank. Your visit gives us an opportunity to update our partners on the developments within DBN since the establishment of the Bank.

The Federal Government of Nigeria (FGN) in close partnership with international development finance institutions such as the AfDB Group established DBN to provide sustainable financing through eligible Participating Financial Institutions (PFIs), for on-lending to Micro, Small and Medium Enterprises (MSMEs) for the development of that segment.

DBN obtained its wholesale Development Banking license earlier this year. With an audacious vision to be Nigeria's primary development finance institution; promoting growth and sustainability, we seek to fulfill three key mandates: Increase access to financing for MSMEs, provide partial credit guarantees and capacity building for PFIs.

In a nation where MSMEs contribute to over 50% of the GDP, yet less than 5% have access to credit within the financial system, DBN's achievement of these key mandates will impact Nigeria's development significantly.

With our flexible loan repayment tenure (up to 10 years with a moratorium period of up to 18 months) and pragmatic pricing (which is referenced to market rates), DBN's lending model will also address the lapses that affect existing financing models.

UPDATES

COMMENCEMENT OF LENDING ACTIVITIES

DBN recently completed its initial on-boarding process with three (3) National Microfinance Banks – Fortis MFB, LAPO MFB, and NPF MFB, enabling us reach more MSMEs across the nation. On October 30, 2017,

DBN disbursed a total of N5billion to these Micro Finance Institutions (MFIs) for on-lending to over 20,000 MSMEs across the nation. There are also plans to on-board two more MFIs in the pipeline, namely Infiniti MFB Ltd and Microcred MFB Ltd.

CURRENT PRE-QUALIFICATION FOR COMMERCIAL BANKS

We have commenced the engagement of commercial banks. Eligibility questionnaires have been sent to all commercial banks out of which 12 have responded and expressed interest in assessing the DBN loan.

The on-boarding process for banks that met our eligibility criteria have commenced; 2 Commercial Banks have already signed our Master Lending Agreement and due diligence on these Banks will commence shortly while we work towards signing on 2 more Commercial Banks this month.

Overall, a total of 36 PFIs were engaged, of which 32 responded and were duly assessed with only 21 meeting DBN eligibility criteria.

THE GROWING CONCERN FOR MSME SPACE

Undoubtedly, the MSME sector is critical to the development of the Nigerian economy, as it possesses great potential for employment generation and output diversification. Nigeria's population growth and urbanization has resulted in a spike in demand for consumer goods, which creates the market for small and medium enterprises to thrive.

We continue to see emphasis placed on support to MSMEs through various agencies of government, NGOs and financial institutions. The second half of 2017 has seen a roll-out of numerous MSME programs by agencies and organizations.

The MSME space is a mass market with huge funding needs and corresponding potentials. DBN continues to explore its strategy of cooperation with other players in the MSME field as a viable means of achieving traction in delivering our mandate. We seek to play a leadership role not only by the volume of lending but also through thought leadership, strategic alliances and actual impact on the Nigerian economy.

The Development Bank of Nigeria remains committed to the global agenda of sustainable development and we will continue to lean on the support of the African Development Bank in financing sustainable growth in Nigeria.

Ladies and Gentlemen, thank you for listening.

