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ANNUAL INTEGRATED & STATUTORY REPORT 2022



DBN
Development
Bank of Nigeria Plc
RC. 1215724



ANNUAL INTEGRATED & STATUTORY REPORT 2022



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About this report

Our fifth Integrated Report (IR) provides information and performance data on the operations of the Development Bank of Nigeria (DBN) during the calendar year 2022. The report focuses on the issues that are most material to our business and our stakeholders. It contains information on the execution of our core mandates whilst also giving insight into our financial performance in the year under review.

The decision and process to issue an integrated report has been carried out through a participatory and interactive approach involving the Bank's senior management and employees. Under DBN's sustainable banking approach, integrated reporting is an ever-developing process. To this end, at DBN, we believe comments and opinions from stakeholders will help shape the corporate strategy and contribute to the high-quality value creation process.

This report has been guided by local and international standards, which include the Nigerian Sustainable Banking Principles (NSBPs), Sustainability Standards Certification Initiative (SSCI), Global Reporting Initiative (GRI) standards and reporting criteria as well as the United Nations Sustainable Development Goals (SDGs).

This report reflects a higher standard in our approach to reporting.

(An integrated report is a new generation reporting approach in which an organisation informs its stakeholders about the capitals and relations it has created and effected. Integrated reporting is based on integrated thinking and integrated way of doing business)

For more information on our other initiatives and achievements, please visit our website: www.devbankng.com



01

Navigating the Report

01

About DBN

History of DBN

Our Vision

Our Mission

Core Values

Our Five-Year Strategic Plan

Chairman's Speech

Our Value Proposition

About DBN

History of the Development Bank of Nigeria

The Development Bank of Nigeria (DBN) was set up by the Federal Government of Nigeria (FGN) in collaboration with global development partners to address the major financing challenges facing Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria. Our main objective is to alleviate financing constraints faced by MSMEs and small corporates in Nigeria. We do this, through the provision of financing and partial credit guarantees to eligible financial intermediaries on a market-conforming and fully financially sustainable basis.

We directly contribute to alleviating specific financing constraints that hamper the growth of domestic production and commerce by providing targeted wholesale funding to fill identified enterprise financing gaps in the MSME segment.

In addition, we play a focal and catalytic role in providing funding and risk-sharing facilities by incentivizing financial institutions, predominantly deposit-money and microfinance banks and improve the capacity of our financial intermediaries by providing them with funding facilities designed to meet the needs of these smaller clients.



Our Partners include:



Core Values



Our Five-Year Strategic Plan



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



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

Chairman's Speech



After more than two years of the pandemic, conflict and uncertainty and their global effects on commodity prices, supply chains and energy costs; the ever-exacerbating climate crisis and its impact on food security, inflation, and insecurity; and everything in between, volatility and uncertainty have become a constant in the global macro-economic environment.

The Russia-Ukraine war has hastened the deceleration of global economic activities. In particular, it has led to higher commodity prices, adding to supply chain disruptions, increasing food insecurity and poverty particularly in developing and emerging economies, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty.

Global growth has decelerated and is expected to slow further in 2023. In the world economic outlook update released in October 2022, the International Monetary Fund (IMF) forecast that the global economy is expected to grow by 3.2% in 2022, a 0.8% decrease from the previous year. They however, downgraded the forecast for 2023 to 2.7%, representing 0.2 percentage points lower than their earlier forecast in July 2022. They warned of a worsening outlook for the global economy, highlighting the efforts being made to manage the highest inflation in decades, which includes

the synchronous policy tightening by major central banks across the world, worsening financial conditions, and dampening investor confidence. These would add to the damage from the war in Ukraine and China's economic slowdown.

These global disruptions have begun to have significant adverse effects on the Nigerian economy, especially as it pertains to the MSMEs in the country. The IMF projected Nigeria's economic growth at 3.2 percent in 2022, with a slow down to 2.7 percent in 2023, both representing 0.2 and 0.5 percentage points lower than the 3.4 percent for 2022, and 3.2 percent for 2023 earlier projected.

Supply chain bottlenecks as well as delays in the ports have led to higher costs passed onto businesses and households. Increases in energy cost along with continuing deficits in the needed power supply for businesses, have also led to comparative disadvantages that cut across various sectors of the economy.

In addition, the challenges around insecurity as it relates to the agriculture sector have proven to be daunting. While there have been recent gains in security, farmers continue to feel unsafe on their farmland in many parts of the country, and this has a significant effect on yields and harvest.

Since the beginning of 2022, Nigeria

has failed to capitalise on the recent oil market boom due to increased crude oil theft which has hampered official production. As crude oil prices have increased, Nigeria's foreign reserves and crude oil profit and production have continued to decline, thereby putting pressure on the Naira exchange rate. The scarcity of U.S dollars within the Nigerian banking industry continues to affect the demand for imports, hitting the manufacturers and investors who must resort to sourcing local substitutes for their inputs. MSMEs need to be adaptive and resilient to achieve growth and development despite the challenges faced.

MSMEs occupy a critical part of the Nigerian economy, contribute about 48% to Nigeria's GDP and employ about 76% of the labour force in the country. Through the activities of this subsector, Nigeria can be transformed from a consuming to a producing nation by providing solutions that allow MSMEs to overcome major challenges and transform them into a fulcrum for the transformation of the Nigerian economy. This would enable them to be at the centre of technological innovation and transformation, local value addition, non-oil export drive with dynamic linkages to larger enterprises and a veritable engine for job creation.

The Development Bank of Nigeria will deepen its commitment to continue to expand funding for

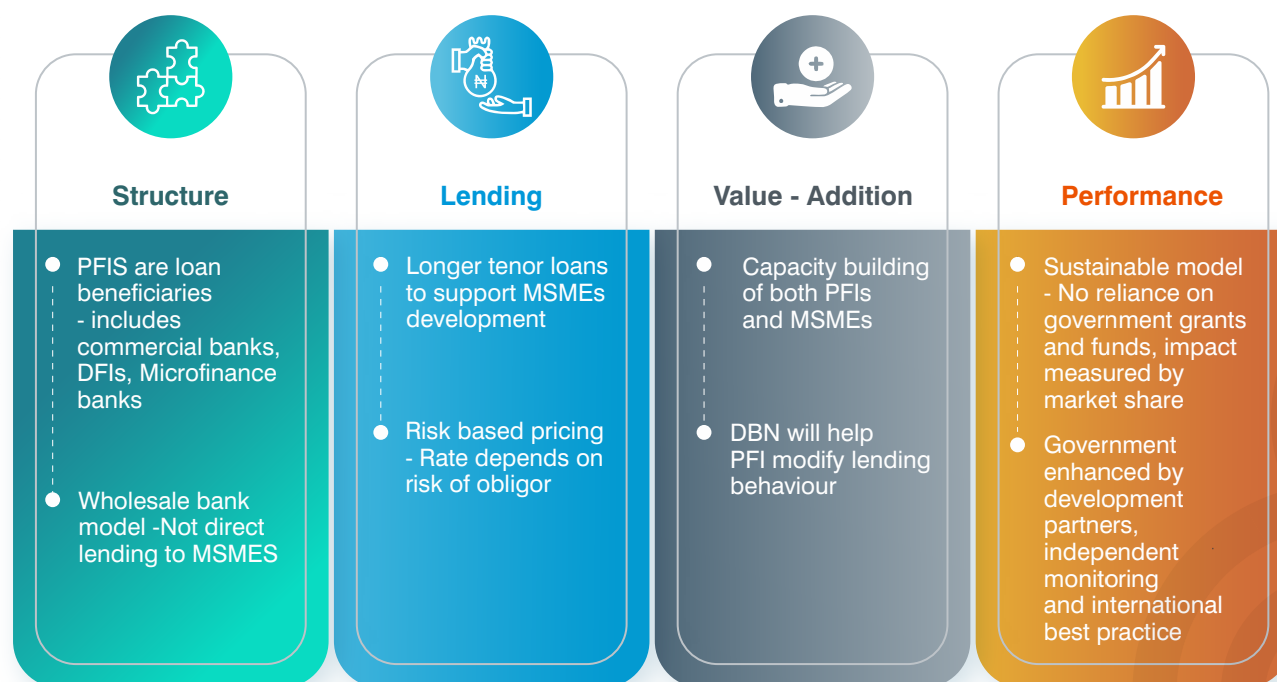
MSMEs occupy a critical part of the Nigerian economy, contribute about 48% to Nigeria's GDP and employ about 76% of the labour force in the country.

Nigerian MSMEs through our Participating Financial Institutions. The Bank will continue to engage with all stakeholders to search for solutions and influence policies aimed at addressing the constraints faced by Micro, Small, and Medium Scale Enterprises, especially as they relate to access to finance and building their capacity to upscale sustainably.

In the coming year, especially given the context of the general election and the uncertainties engendered by political transition, the Bank will intensify its efforts to develop ideas, policies, programmes, and projects to boost growth, help bolster macroeconomic frameworks, reduce financial vulnerabilities, provide support to vulnerable population groups and reduce the long-term impacts of the global shocks of recent years on the MSMEs- all critical to how we can flourish as a Nation.

Dr. Shehu Yahaya
Chairman,
Development Bank of Nigeria Plc.

1.7. Our Value Proposition



02

DBN@a Glance

02 DBN at a Glance

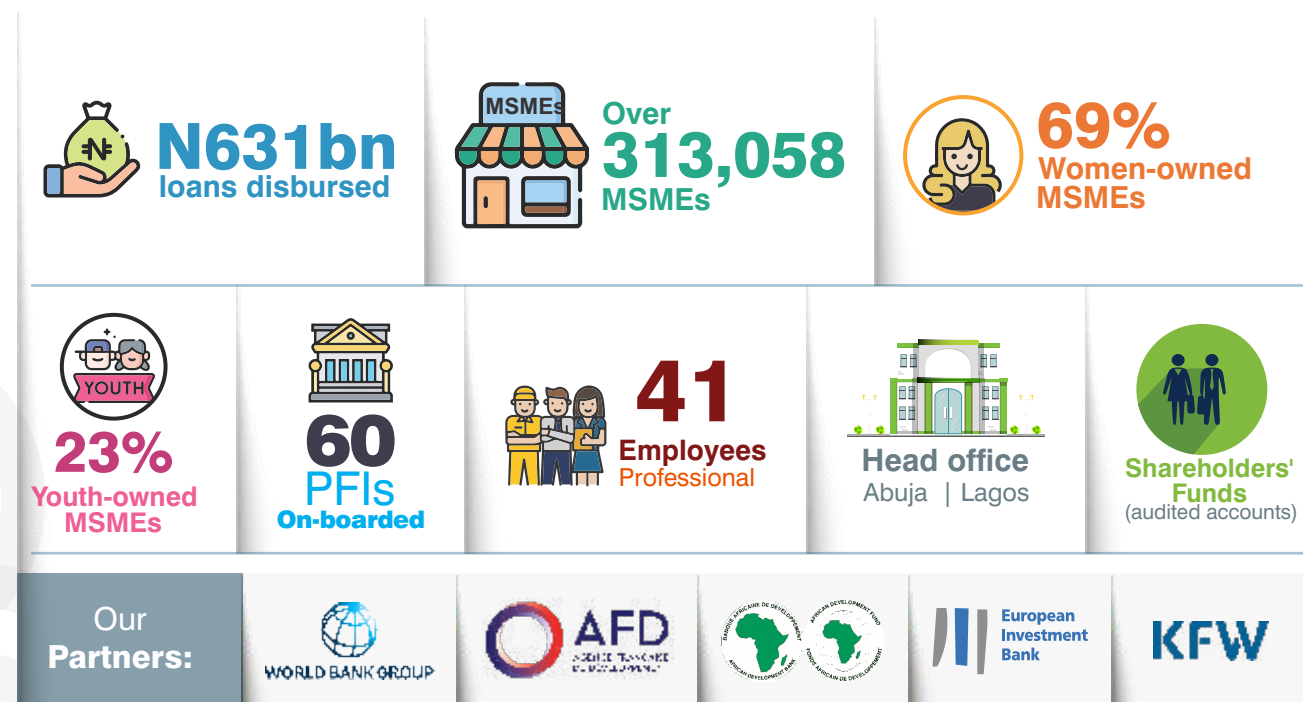
Major Highlights

DBN Ratings

DBN Customer Satisfaction
Feedback



2.1 Major Highlights



2.2 DBN Ratings



2.3 DBN Customer Satisfaction Feedback

The outcome of DBN's 2022 Customer Satisfaction Feedback and Improvement Survey is as follows:

- DBN achieved a Customer service rating of **90%** in the 2022 customer satisfaction survey
- Against the global average of 30 percent Net Promoter Score (NPS) in B2B markets, DBN in 2022 recorded a Net Promoter Score of **90%**. This means that **9 out of 10 DBN PFIs are happy to promote DBN** within their network.
- The Participating Financial Institutions are highly satisfied with DBN's product quality with a Net Promoter Score of **85%**.
- The PFIs are highly satisfied with DBN's range of products and services with an NPS of **70 %**. The Bank provides Technical Assistance in addition to on-lending funding and long-term funding.
- The PFIs find the following as key factors for recommending DBN to other financial institutions:



DBN's
Professionalism



DBN's
Customer Centricity
Approach



Excellent Quality
of DBN's Product
and Services



03

DBN Year in Review

03 DBN Year in Review

2022 Annual Lecture Series
DBN Kano MSME Summit
Entrepreneurship
World Cup



3.1 2022 Annual Lecture Series

The 3rd DBN Annual Lecture Series, held on Thursday, September 29, 2022, at the Congress Hall of the Transcorp Hilton, Abuja. The theme was, MSMEs: Thriving in the Face of Domestic and Global Disruptions; and it was a thought leadership platform that drove a robust exchange of ideas to address the challenges and opportunities that exist within the Micro, Small, and Medium Enterprise (MSME) segment of the Nigerian economy.

The interactive public lecture drew massive attendance from Ministries, Departments, and Agencies of government, development partners, key policymakers, regulators, members of the diplomatic community, MSMEs, Participating Financial Institutions (PFIs), the media, students, and other critical stakeholders.

The event commenced with a welcome address by the DBN, MD/CEO, Mr. Tony Okpanachi, followed by a remark by the DBN, Chairman, Board of Directors, Dr Shehu Yahaya, and a speech by the Special Guest of Honour, the Vice President of the Federal Republic of Nigeria, Prof. Yemi Osinbajo, represented by the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed.

Mr. Herbert Wigwe, the CEO, of Access Holdings Plc, represented by Mr. Roosevelt Ogbonna, MD/CEO of Access Bank, delivered the keynote address, followed by a robust panel session that focused on personal experiences including professional perspectives of leading economists, entrepreneurs, and business consultants in Nigeria.



Panellists shared their experiences, particularly the challenges they encountered in their businesses during the COVID-19 pandemic, and currently, the Russian-Ukraine war and the effects on their organisations.

Stakeholders across segments commended DBN for its unrelenting work in providing access to finance to MSMEs and building their capacity to excel, since commencing formal operations in 2017. They acknowledged the effect of Covid-19 on global supply chains and business continuity while commending the panellists for sharing deep insights and real-life experiences on how they survived that period.

They reiterated their commitment to continue to partner with DBN as it positions itself as a major catalyst of growth for the MSMEs. This they emphasised will enable the MSMEs, to play a big role in expanding intra-African trade, take advantage of the opportunities of the African Free Trade Agreement and contribute towards eliminating poverty through enterprise development.



3.2 DBN KANO MSME SUMMIT

As a way of deepening financial inclusion and expanding access to credit, DBN held its regional MSME Summit in Kano on June 30th, 2022, with the central objective being to broaden the knowledge base of MSMEs within the Northern region

The summit was open to the business community in Kano, most especially to entrepreneurs, business owners, deposit money banks, microfinance banks, development finance institutions, cooperatives, small corporate organisations, traders, and the general public.

Themed “The Role of Development Bank in Inclusive Financing”, the summit had in attendance eminent personalities like Alhaji Tajudeen Dantata,

CEO of Dantata Foods as the keynote speaker, alongside panellists like Aisha Tofa, Founder of Startup Kano Hub; Ify Mogeke of Ify's Kitchen; Samirah Faruk, Founder Mercy Mission Global Ltd; Olusegun Adegun, Co-Founder, Rural farmers hub and Saratu Buhari, Founder, WeKasuwa.

Participants were enlightened on how to access sustainable financing and efficiently utilise these funds to upscale their businesses. DBN further leveraged this platform to interact and better understand the challenges faced by entrepreneurs within Kano and the northern region, in order to provide effective solutions.



3.3 Entrepreneurship World Cup

The Entrepreneurship World Cup (EWC)(entrepreneurshipworldcup.com), a global program organised by the Global Entrepreneurship Network (GEN), is one of the biggest and most diverse startup pitch competitions and support programs of its kind, featuring more than 370,000 entrepreneurs from over 200 countries.

It combines a broad-reaching pitch competition, aimed at ventures ranging from idea stage to growth stage, with a virtual accelerator program to help all participants launch, strengthen and scale their enterprises.

DBN's support for the Entrepreneurship World Cup gives further expression to its 5-year strategic plan of expanding its reach, exploring new channels, advocating MSMEs, developing internal capacity, and increasing its developmental impact.





04

Operating Context



04	Operating Context
	CEO's Statement
	DBN Mandates
	Our Business Model
	Our Offerings
	Risks and Opportunities

CEO's Statement



Introduction

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen.

Since the Bank commenced operations in 2017, I am pleased to say that as an institution, we have achieved significant milestones in delivering on our mandate and set objectives towards addressing the financing constraints for MSMEs to thrive. Last year we hit one-half of a decade, providing us an incredible opportunity to reflect on the journey so far and celebrate the many wins and lessons that have come with the years. The milestones achieved in our first five years of operations reinforce our drive to remain a determined force for impact across all segments of the Nigerian economy. Thus, we look forward to scaling to even greater heights in the coming years.

As we reflect on the events that shaped the year 2022 – severe disruptions in the global and local macroeconomic conditions, the Russian invasion of Ukraine, flooding across the nations, and many other happenings, I look back with gratitude at the unflinching commitment and concerted efforts of the DBN workforce in riding against the headwinds to end the year on a commendable note. Thus, in my view, we can say: “Indeed, we made a giant stride!”

Celebrating 5 Years of Supporting Nigerian MSMEs

It has been a tenacious effort driving the DBN 5-year Strategy and this has resulted into many laudable outcomes for the Bank. Within its first five years of operation, the Bank has grown from being a DFI merely striving to navigate the waters of wholesale development finance to becoming a successful case reference for several African Development Finance Institutions (DFIs) and governments.

DBN has been recognised globally at different times for its outstanding contribution to the development of the MSME ecosystem in Nigeria, winning the best World Bank project in Nigeria within the 5-year period; recognised as a major financier for women MSMEs by the International Finance Corporation (IFC) in collaboration with the World SME Forum; blazing the trail in Sustainability Standards among DFIs in Nigeria by achieving the highest rating level of the Sustainability Standards & Certification Initiative (SSCI), among many other notable recognitions which are all testaments to the exemplary leadership of the DBN Board and Management and the great work done by the DBN workforce in actualising its mandate. All the lessons and experiences garnered will be instrumental in preparing the Bank for its next strategy cycle – the DBN Accelerated Growth Phase.

Deepening our Impact

In the five years of DBN's operations, the Bank has been at the forefront of development, playing a focal and catalytic role in alleviating financing constraints for Nigeria's underserved MSMEs. By the end of December 2022, the Development Bank of Nigeria had disbursed more than N631 billion to slightly over 313,000 MSMEs across the country, which grew from N482 billion to more than 208,000 MSMEs at the end of the previous year. This

implies a 31 percent growth in financing support and 50 percent growth in MSMEs impacted. Of the total MSME beneficiaries of DBN funds over the 5-year period, 67 percent were women and 27 percent were young people, with well more than 250,000 jobs already created.

To enable DBN to continue its drive in catalysing financing for MSME lending among financial institutions, the Bank supports many of its PFIs through a technical assistance program implemented by the Frankfurt School of Finance and Management to augment PFIs' capacity in lending to MSMEs. Over the years, this has yielded laudable outcomes with some PFIs attesting that the programme has enabled them to increase their lending to MSMEs to over 85 percent. In addition, DBN continues to explore various avenues to eliminate barriers to accessing finance by MSMEs, which places a strong importance on the role of downscaling capacity building programmes to MSMEs. In 2022, DBN developed new partnership with Google Nigeria and other organisations and a Learning Management platform through which MSMEs can enrol in entrepreneurship courses for necessary upskilling, to alleviate constraints related to accessing finance. These efforts have culminated in over 2,000 MSMEs being trained in 2022.

Strong Operational & Financial Performance

The 2022 financial year ended with an impressive operational and financial performance despite the challenges within the operating environment. By the end of the 2022 financial year, the Bank achieved earnings of N47.6 billion and PBT of N29.5 billion, cost to income ratio of 15.9%. The low cost-to-income result emphasises the impact of the cost-saving measures implemented by the Bank during the course of the financial year.



In the five years of DBN's operations, the Bank has been at the forefront of development, playing a focal and catalytic role in alleviating financing constraints for Nigeria's underserved MSMEs.

In terms of operational performance, DBN continues to reinforce its commitment to contributing to the sectoral growth of the Nigerian economy by supporting MSMEs across various sectors. By the end of 2022, among the top sectors financed by DBN were women-dominated sectors such as Trade and Commerce which helps DBN realise its impact drive around supporting more women MSMEs; labour-intensive sectors such as Manufacturing which creates a multiplier effect in translating financing into more tangible outcomes like job creation; youth-dominated sectors such as the ICT and Creative sectors to deepen the Bank's impact among Startups and to encourage the creative and enterprising spirit of young Nigerian entrepreneurs; Agriculture which helps MSMEs to contribute to the national agenda on driving Food security; Education; Health, and Energy.

On the product level, one of the Bank's objectives is to drive long-term development finance to enable MSMEs utilise funds for longer tenors and afford them more time to repay. While the average tenor of MSME loans in the Bank's books used to be about 18 months, this duration has now increased to 36 months due to the impact of the Long-Term facility. By the end of 2022, utilisation of the long-term

product was N150 billion. In addition, the Bank is now able to extend its impact to startups by leveraging the Finance-to-Finance product. The 2022FY ended with N5 billion already channelled through this product.

Our Commitment

The turn of 2023 heralds the Bank's transition into the 5th and last year of its current strategy cycle. With the winding up of the cycle, we intend to deliver a comprehensive review of what has worked and what has not in DBN over the last 5 years and incorporate the learnings into the next strategy cycle. We will continue to advocate for financially underserved MSME market segments (such as women and youth) in policy and regulatory discussions, including within the international community.

We will consolidate our catalytic role in the private sector to boost development impact in critical areas such as gender and youth, first time access, and start-ups. We will continue building our internal capacity to drive the growth objective of the institution and create bolstered impact among businesses and generally, in the Nigerian economy. In addition, we will explore more opportunities to create specialised funds across sectors and demographic segments. As we edge forward in

pursuance of promoting sustainable growth, we will consolidate on plans to position the institution as the leading Green Development Finance Institution in Nigeria. We will also continue to develop incentives to catalyse impact.

Conclusion

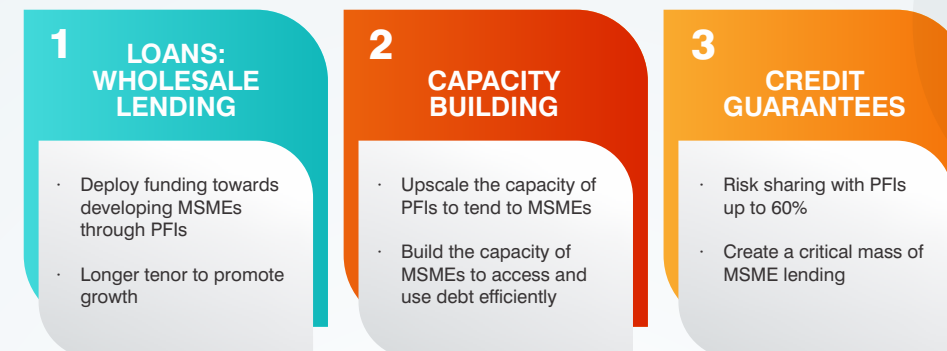
2022 was a rewarding year despite the challenges. Our focus will continue to be on our mandate. For us, the 2023 outlook is critical, and we will take every opportunity it presents to deliver more value to our stakeholders. Based on many projections for the year 2023, it will most likely constitute more challenging times, with many small businesses taking the hit. However, in all these and against all odds, we remain resolute and optimistic about a brighter tomorrow for DBN and the Nigerian MSMEs.

Please be rest assured that as we begin the other half of our journey to a decade, we will remain committed to doubling up our efforts in developing a conducive ecosystem for MSMEs to readily access financing.

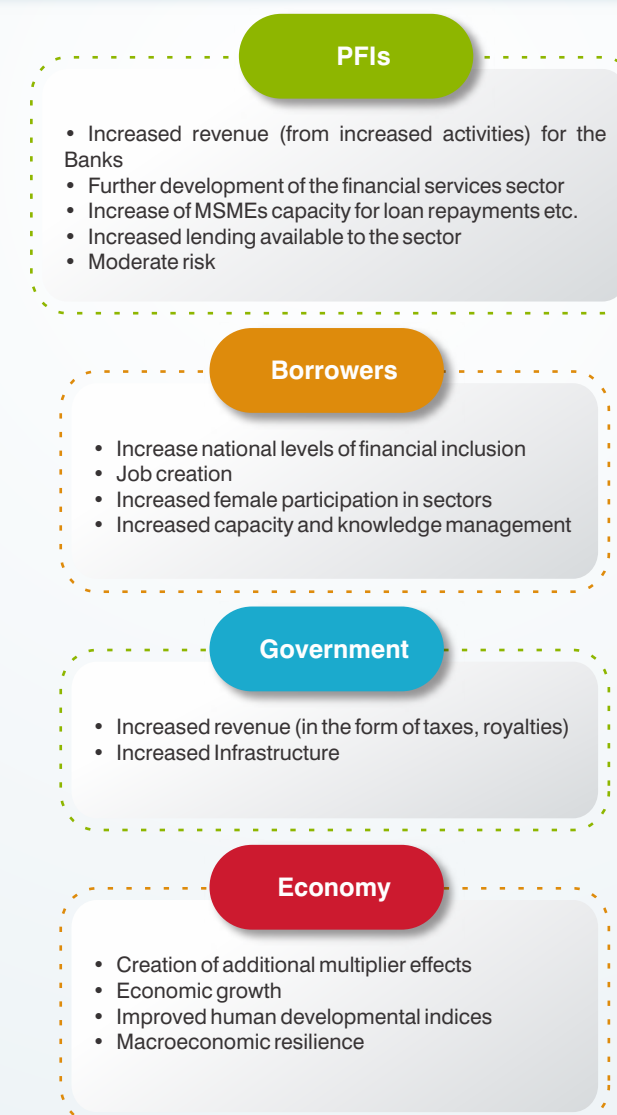


4.2 DBN Mandates

Our mandate is 3-fold:



In terms of impact, it is our aim that achievement of our set mandates would have the following direct implications for stakeholders as listed below:



MSME Classification

Enterprise Type	No of Employees	Annual Turnover	Total Assets	Max. Loan Size
MSMEs	<250	<N1.125 billion	<N1.125 billion	<N200 million
Small Corporates	<500	<N5.4 billion	<N5.4 billion	<N720 million



ACCESS TO FINANCE IS A CHALLENGE FOR MSMEs.
DBN IS SOLVING IT THROUGH PARTNERSHIP WITH FINANCIAL INSTITUTIONS.

SPEAK TO YOUR BANK TO
LevelUP

DBN offers longer tenure loans to its Participating Financial Institutions (PFIs) with longer repayments options for end beneficiaries, thereby encouraging funding for Nigeria's MSME segment.

We are Nigeria's primary development financial institution; promoting growth and sustainability.



DBN

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RC 1215724

...Financing Sustainable Growth

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4.5 Risks and Opportunities

4.5.1 Key Enterprise-Wide Risks

DBN's Board and management team continuously review the top corporate risks to ensure an appropriate understanding of the operating environment

	Risks	Risk Drivers	Mitigants
1	Credit Risk Risks arising from inappropriate credit policies, poor management, poor loan underwriting, poor credit assessment, laxity in credit assessment and poor lending practices.	- Huge credit losses due to default from counter parties as a result of poor credit assessment and inadequate collateral.	- Implementation/strict enforcement of the Credit Policy Manual. - Proper and regular Due Diligence and screening of PFIs at the onboarding stage - Periodic and frequent review of the PFIs using the CAMELS principle and other best practice risk management tools.
2	Liquidity Risk Inability of the Bank to meet maturing obligations as they fall due.	- Funding Liquidity: Sourcing of funds at a very high cost to the Bank. - Market Liquidity: Sale of assets at highly discounted value.	- Effective Management of Assets & Liabilities, through ALCO. - Cashflow analysis and Maturity Profile of Assets and Liabilities - Effective and up-to-date Liquidity Contingency Funding Plan.
3	Investment Risk Risk of sustaining losses resulting from a decline in the economic value of assets due to worsening financial conditions of entities receiving funds and to changing market environment.	- Re-investment risk arising from a decline in the interest rate environment.	- Effective management of assets and liabilities through gap analysis. - Routine brainstorming and strategic direction setting sessions.
4	Operational Risk Risk of loss from inappropriate or non- functioning internal processes, people or systems or from external events.	- Poorly designed systems and processes which may result in employees neglecting their duties. - System downtime resulting in disruption in operations.	- Well documented Standard Operating Procedures (SOP). - Up-to-date Risk Registers, Key Risk Indicators (KRIs) and Control Risk Self- Assessments (CRSA).
5	Environmental and Social Risks Risks from environmental and social issues that are related to a client's/investee's operations which might expose the Bank to credit and or reputational risk.	- Specific issues associated with a PFI's or end borrower's operations and industry may result in negative E&S issues with huge financial implications and /or reputational damage.	- Detailed review of end borrowers' lists to ensure compliance with the Exclusion list. - Strict enforcement of DBN ESMS Policy and Procedures. - Ensuring compliance with national laws and international E&S standards. - Training PFIs on best E&S practices. - Engaging development partners on the improvement of DBN's E&S practices.

	Risks	Risk Drivers	Mitigants
6	Technology Risks The inability to manage, develop and maintain secure and agile technology assets to support strategic objectives.	- A multi-channel digital experience means more technology to keep relevant, up-to-date and safe from cyber fraud attacks. - New types of devices span an extremely wide range of security requirements and have very different security postures.	- A robust ISMS that sets out controls processes and systems to manage our IT system risks.
7	Cyber/ IT Risk Risk arising from hardware and software failure, human error, spam, viruses and malicious attacks on information that will impact DBN and its clients.	- The emergence of remote presence technology may increase the avenues for cyber-attack. - Artificial Tools (AI) that simplify attack vectors. Ever changing Threat landscape.	- Development and implementation of a layered and zero-trust Security Architecture. - Solid Identity and Access Management with strict access to least privilege principle. - Extensive Disaster Recovery (DR) testing to provide assurance on the effectiveness of Bank's IT Infrastructure's resilience in the event of a disruption. - Maintenance of industry leading and regulatory certifications to further provide external and regulatory assurance on Information Security, Quality Assurance, Business Continuity and Privacy Protection. - Continuous Information Security Awareness and sensitisation campaigns for all employees. - Continuous Vulnerability Assessment and Penetration Tests to identify and rectify potential weaknesses that can be exploited by cybercriminals.
8	Governance and Compliance Compliance with CBN AML/CFT/CPF Regulations, NFIU/EFCC/Money Laundering Prohibition Act, and other related Policies Risk of non-compliance with laws and regulations, such as the SEC code, NSBP, NCCG, fraud and corruption, which might result in fine or penalty.	- Precarious liability: DBN does not liaise with MSMEs directly. Any failures on the PFIs' part poses a risk to DBN - Changing regulatory and supervisory requirements are resource-intensive and costly. - Public interest, social drivers and consumerism may initiate legislative change, requiring appropriate response strategies.	- Strict onboarding process of all prospective PFIs. - Robust due diligence engagement of PFIs. - Ensure adherence to DBN's Compliance Rule book which details all the applicable Laws, Regulations and Guidelines covering the operations and activities of DBN. - Active collaboration with Regulators and Compliance bodies. - Regular Compliance Awareness Sessions on Compliance obligations for Board and employees.

9 Reputational Risks

Risk of a loss due to damage or a decline in Bank's reputation.

- | | |
|--|--|
| <ul style="list-style-type: none"> - Negative media mention. - Fine or Penalty resulting from a breach in regulations or non-compliance with circulars issued by the regulatory authorities. - Legal action against the Bank resulting in bad publicity. - Excessive rate charge by PFIs on the Bank's loans to end borrowers. | <ul style="list-style-type: none"> - Development and Implementation of Reputational Risk Management Policy and Framework. - Regular tracking of media mention. - Analysis and management of stakeholder expectations. - DBN will avoid any situation or actions which could negatively impact its reputation and brand. When undesirable situations arise, this shall be aggressively managed to protect its reputation and brand image. |
|--|--|

10 Strategic Risk

Risk of loss resulting from defective strategy or inability of the Bank to respond timely to changes in the operating environment.

- | | |
|--|---|
| <ul style="list-style-type: none"> - Inability to sustain business operations due to undesirable outcomes from the operating environment - Emerging Risk which could challenge the business model of the Bank. | <ul style="list-style-type: none"> - DBN's strategy document/SWOT Analysis. - Stress testing and reverse stress testing. - Ensure adherence to DBN's Risk Appetite Limits. |
|--|---|

4.5.2 Environmental and Social Risk Management (ESRM) Policy

The Environmental and Social Risk Management (ESRM) Policy outlines DBN's overall approach and parameters for the provision of responsible financing. The policy seeks to introduce a systematic approach to the management of relevant social and environmental issues, and the risks inherent in DBN's business processes and operations. By leveraging the policy, DBN conducts due diligence for investment purposes in order to properly identify, monitor, and manage the environmental & social risks associated with all DBN financing. The ESRM policy considers all required covenants from our investors in managing environmental and social risk and leverages additional regulatory and voluntary standards for driving best practice such as the Central Bank of Nigeria's Nigerian Sustainable Banking Principles. These safeguards are based on the Environmental and Social Standards of the World Bank Group and drive our communications

to Partnering Financial Institutions (PFIs) on requirements of engagement with DBN. Through the application of this Policy, DBN:

- Puts in practice its commitment to integrating environmental and social considerations into credit and investment decision-making processes.
- Strives for positive development outcomes in the activities it supports and continuous commitment to the environmental and social sustainability of these activities.
- Continuously develops and maintains adequate systems, procedures, and capacity for identifying, managing, and monitoring risks and impacts of sub-borrowers and sub-projects commensurate with the types, scope, and nature of financing provided.

- Fully implements and complies with national requirements for E&S risk management in Nigeria, as well DBN's bilateral and multilateral lenders and/or shareholders' requirements.
- Sets out the requirements for PFIs assessment and management of environmental and social risks and impacts associated with the sub-borrowers and sub-projects they finance.
- Supports the capacity development of the PFIs to manage environmental and social risks.
- Promotes greater transparency and accountability on E&S issues internally and externally through disclosure and reporting.

In 2022, the ESRM policy was reviewed to ensure that the policy maintains adherence to international best practices for sustainability and environmental & social risk management standards, while complying to all national laws regarding environmental & social risk management

Managing our E&S risks

DBN is committed to operationalizing and promoting an appropriate Environmental and Social Management System (ESMS) for itself, as well as for the financial institutions it on-lends to, to enable it effectively to assess and manage the Environmental and Social risk exposures associated with its lending activities. The following are some internal practices which helps DBN to manage its E&S risks:

- Incorporation of an exclusion list (i.e., list of transactions/businesses not funded by the Bank) into the Bank's Annual Reports to increase public awareness about DBN's lending operations.
- Categorization of DBN-funded projects into Low, Medium, and High ratings.
- Creation of Terms and Conditions for lending are determined partly by the E&S categorization.
- Co-ordination of capacity-building programs for PFIs to increase their awareness regarding responsible lending and how they can adopt the lending approach.
- Except for projects categorised low on E&S risks, the Bank obtains an Environmental & Social Risk Assessment Report and an Environmental & Social Risk Management Plan (ESMP) from the PFIs.
- Continuous and rigorous improvements in all related E&S risk processes and procedures through yearly audits by expert ESMS auditors.

Other E&S Activities in 2022

- The DBN Group is committed to continuous staff development and in-house capacity building. Such programs could be technical and directed at specific functions or it could be general, directed to all staff members. In Q4 staff members were engaged in a Group-wide

capacity building and awareness session. Amongst others, the session covered Grievance Redress, E&S compliance, etc. A leading safeguard expert with international experience, and selected through a competitive bidding process, facilitated this session.

- The Bank carried out its first ESMS audit during the period and covered the 2021 financial year. The audit provided great insights into the existing ESMS of the Bank with key areas of improvement and development.
- An annual review of the ESMS policy was carried out during the period to ensure that the policy maintains adherence to international best practices for sustainability and environmental & social risk management standards, while complying to all national laws regarding environmental & social risk management.



TARGET FOR 2023

1 Provide capacity building for PFIs in the following areas:

- Emergency Preparedness and Response
- Occupational Health and Safety
- Fundamentals of ESMS Audit
- Understanding Applicable Labour Laws
- Focus on Gender, Disability, and Inclusion
- Other topical issues on Environmental and Social Risk Management

2 Strategic Partnerships and continuous engagements to improve the ESRM standards within the Nigerian financial system.



05

Leadership & Governance

05

Leadership & Governance

Our Board

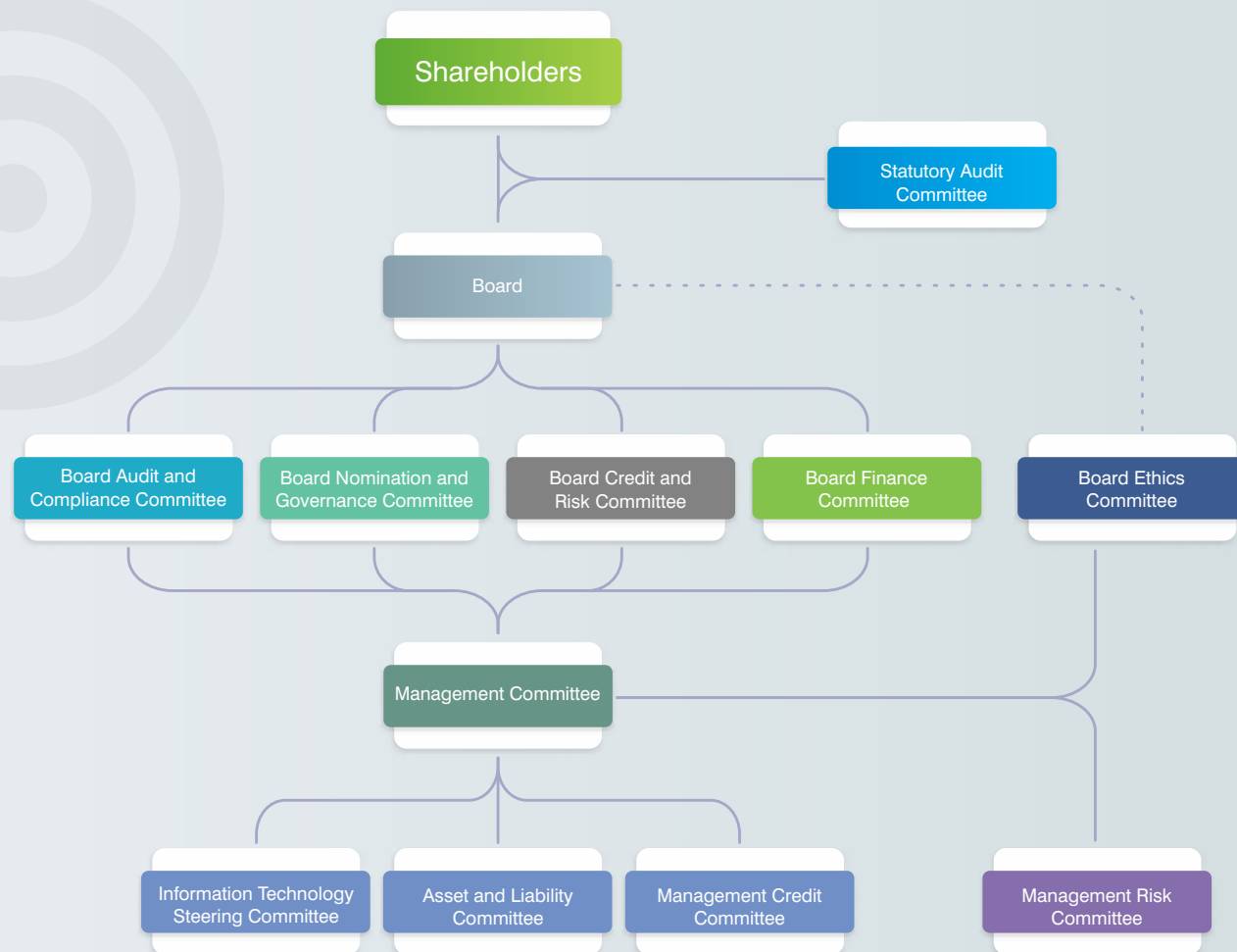
2022 Annual General Meeting

Corporate Governance at DBN

Ethics and Compliance

Whistle Blowing





The Bank's Delegation of Authority framework details the authority matrix at the Bank and the framework of the delegation from the board to its committees, and from the board to Management. By the principle of delegation, the Bank's Management, led by the Managing Director/Chief Executive Officer, is responsible for the day-to-day running of the business. Pursuant to this delegation, Management has five (5) committees (the Management Committee; the Management Risk Committee, the Management Credit Committee, the Assets & Liability Management Committee, and the Information Technology Steering Committee) which are aligned to Management responsibilities and reporting lines to the Board of Directors.

In addition to the existence of the board and committees' charters, the board enriches the Bank's governance practices by adhering to the principles and recommended practices contained in the Nigerian

Code of Corporate Governance, 2018. As a Development Finance Institution licensed by the Central Bank of Nigeria (CBN), the Bank also complies with the Code of Corporate Governance for Development Finance Institutions issued by the CBN and the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission.

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. This practice continues to differentiate the DBN, as a clear leader in corporate governance in the Development Finance space in Nigeria.

5.1 Our Board



DBN Board has developed the overarching strategy for the progress of the Bank and the attainment of its objectives and supervises Management in the attainment of that strategy, guided always, by the need for the Bank to act in the best interest of shareholders, and indeed all other stakeholders.

The Board of Directors of the DBN provides overall leadership, entrepreneurial and strategic direction for the Bank. In this regard, the Board advances the adoption of practices which promote both an ethical culture and responsible corporate citizenship, in all aspects of the Bank's operations, for the enhancement and protection of long-term value, for all stakeholders alike. Comprised of accomplished industry leaders, and tested and trusted technocrats with varied competencies, the DBN Board has developed the overarching strategy for the progress of the Bank and the attainment of its objectives and supervises Management in the attainment of that strategy, guided always, by the need for the Bank to act in the best interest of shareholders, and indeed all other stakeholders.

In addition to its oversight over the Bank's business in general, the Board keeps under review, the Bank's information security and performance monitoring systems, the systems for Internal Controls, Compliance, Risk Management, Governance and Financial reporting.

The Board sets out both the long and short-term strategic objectives of the Bank and undertakes a continuous assessment of its activities, those of its Committees, individual directors, Management, and the Bank in general, with the aim of ensuring optimal performance. With the full complement of industry knowledge and information and technical support from relevant professional advisers and Development Partners, the Board advances the attainment of the Bank's objectives.

To ensure it remains effective in the discharge of its responsibilities, the Board keeps under review, the skills, competencies, and experience, that are required for optimal performance and ensures that the Board remains comprised of an appropriate balance of these skills, competencies and experience. The practice not only enhances the performance of the Board, but engenders its independence, and integrity. The Board also pays very careful attention to issues around diversity (gender, age, geography, etc) in its composition, those of its Committees, the Management and staff of the bank.

The Board is comprised of eleven (11) board positions, of which six (6), are Independent non-executive director positions. Of the remaining five (5) positions, three (3) positions are held by non-executive directors, who are shareholder representatives, while the other two (2), are executive director positions held by the Managing Director/Chief Executive Officer and the Executive Director, Finance and Corporate Services, respectively.

In the reporting period, the Board approved the appointment of one (1) Alternate Director, while one (1) non-executive director who represented a shareholder on the board resigned from the DBN Board, having successfully completed his term of office at the appointing institution.

The Bank received the approval of the Central Bank of Nigeria for the changes in the composition of the board and these changes have been communicated to the Securities and Exchange Commission and filed at the Corporate Affairs Commission. The board also received a board nomination, to replace a retired director, from a shareholder, and this nomination was approved by the Board and presented to the Central Bank of Nigeria, for requisite approval.

The Board is headed by a Chairman, who is a non-executive director. There is a separation in the roles of the Chairman and of the Chief Executive Officer. The Chairman is responsible for providing overall leadership for the Bank and the Board, as well as eliciting the constructive participation of all directors in the affairs of the Board and the Bank. The Chairman also takes the lead in the engagements with shareholders, and where necessary, other key stakeholders.

The Managing Director/Chief Executive Officer is the head of management, and he runs the affairs of the Bank, on delegation from the Board.

The Bank has a Delegation of Authority framework which details the delegation of authority, from the Board to its Committees and to the Management.

There is a preponderance of independent non-executive directors on the Board. This is novel in our jurisdiction and sets the DBN apart from its peers and other players in the development finance and financial services industry. The independent non-executive directors bring to bear, objectivity and neutrality, including specialised/expert skills, in board decision-making, such that stakeholder trust and confidence are assured in all the Bank's dealings. The objective

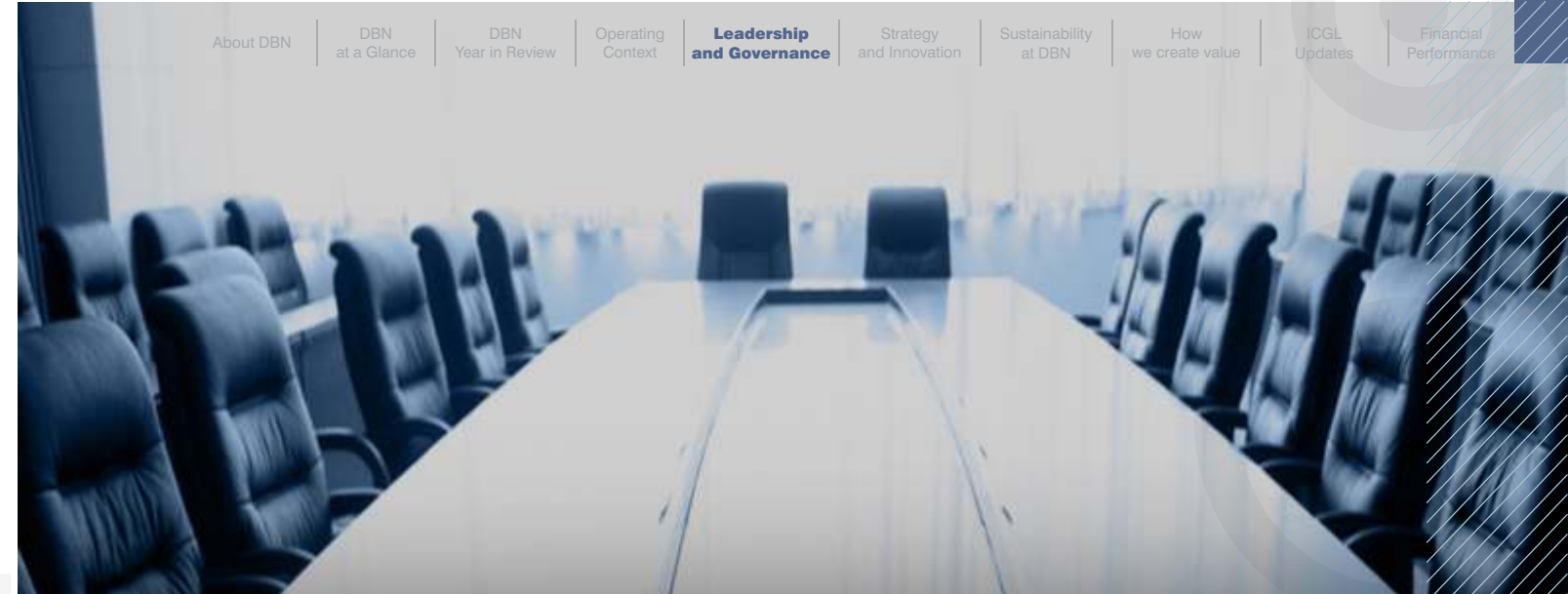
input provided by the overwhelming presence of independent non-executive directors on the board also facilitates optimal compliance with statutory rules and regulations, and ensures the inclusion of stakeholders' interests, in the board decision-making process, and ultimately, in the operations of the Bank.

The non-executive directors contribute their knowledge, expertise, and judgment on issues of strategy, business performance, banking operations, development finance and technology, amongst others, in board decisions. The non-executive directors also ensure a unique linkage between the Bank and its four Institutional shareholders, the African Development Bank, the European Investment Bank, the Ministry of Finance Incorporated and the Nigeria Sovereign Investment Authority, ensuring that the bank continues to receive the support of the shareholders and the Development Partners, the World Bank Group, the Agencie Francaise de Developpment, the KFW Development Bank, amongst others, for its initiatives and activities.

In keeping with its undertaking with a key Development Partner, the World Bank, and pursuant to its authority under the Shareholders Agreement and the Memorandum and Articles of Association, the Board of Directors, granted Observer status to its meetings, to the World Bank Group.

A representative of the World Bank who is nominated and approved by the Board of Directors as an Observer is permitted to attend all meetings of the Board and also, to receive all information provided to the Directors.

An Observer does not contribute to the Board's deliberations, is not remunerated by the Bank, and does not vote on items before the Board. The Board freely solicits information on the Board on technical issues based on the expertise possessed by the Observer, but the Board is not bound to act on such information. The World Bank Observer provides assurances to its principal that the DBN Board and the Bank are operating optimally and in alignment with the agreements.



DIRECTORS



Dr. Shehu Yahaya
Chairman,
Board of Directors

Dr. Shehu Yahaya was appointed as Chairman of the Board in March 2017.

Dr. Yahaya has had an outstanding career in Academia and Development Finance. He was at different times in his career, a Deputy General Manager at the Nigeria Export-Import Bank (NEXIM), an Executive Director at the African Development Bank, and a member of the Monetary Policy Committee of the Central Bank of Nigeria.

Before joining NEXIM, he was a lecturer in Macroeconomics at the Department of Economics, University of Sussex, United Kingdom. Prior to that, he was the Head of the Economics Department at the Bayero University Kano, Nigeria.

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

He was appointed as a member of the Economic Advisory Council in September 2019.

He holds a Bachelor's and Master's degree in Economics from the Ahmadu Bello University Zaria, Nigeria, and a Doctorate of Philosophy in Industrial Economics, from the University of Sussex, UK.



Dr. Tony Okpanachi
MD/CEO

Dr. Tony Okpanachi was appointed Managing Director/Chief Executive Officer of the Bank in January 2017.

He is a seasoned banker with over 30 years of experience. Before he was appointed Managing Director/CEO of the Bank, he was the Deputy Managing Director of Ecobank Nigeria Limited, a position he held since April 2013. Before that, he was the Managing Director, Ecobank Kenya, and Cluster Managing Director for East Africa, Ecobank (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, at 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. amongst others.

Dr. Okpanachi seats on the Board of Impact Credit Guarantee Limited, a subsidiary of DBN as a non-executive director.

He holds a Doctorate degree (Ph.D.) in Development Economics from Nile University, a Masters's degree in Business Administration (MBA) from the Manchester Business School UK, a Master of Science degree in Economics, from the University of Lagos, and a Bachelor of Science degree in Economics, from the Ahmadu Bello University, Zaria, Nigeria. He has attended several Executive Management Development Programmes in Leadership, Corporate Governance, Credit and Risk-Management at leading institutions – Harvard Business School, Harvard Kennedy School, INSEAD, IMD, etc. He is a fellow of the Chartered Institute of Bankers (FCIB) and also a fellow of the Chartered Institute of Stockbrokers (FCIS).



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

Mrs. Ijeoma Ozulumba was appointed as an Executive Director at Development bank of Nigeria in March 2021.

She is a finance professional with over 3 decades experience in banking, accounting, auditing, finance, and business strategy. She started her professional career at Price Waterhouse (Now PwC), in the audit and business advisory services division and has held progressively senior roles in financial services in Nigeria and Canada.

Over the span of her career, Ijeoma has participated in and led teams and departments in finance, strategy, business development, corporate banking, service management and internal audit. 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 (FCMB) as Chief Financial Officer, Bank of Montreal, and Scotia Bank both in Canada as Basel Risk Consultant and Finance Manager.

Her international experience in financial management, bank startup, integration, financial performance management, Basel risk management, capital raising and Mergers & Acquisitions, has resulted in significant achievements in various pioneering roles in bank business model change, repositioning and in strategy development and implementation.

At Development Bank of Nigeria, Ijeoma has responsibility for the finance and corporate services directorate, comprising treasury, investor relations, corporate development, financial reporting, budget & performance management, information technology and corporate communications.

Ms. Ozulumba holds a bachelor's degree from the University of Benin, Nigeria, an MBA with a specialization in International Business Management from Royal Holloway, University of London and an MPhil (cum laude) in Development Finance from Stellenbosch Business School. Ijeoma has attended various executive training programmes at Harvard, Wharton, Oxford and is an alumnus of the Lagos Business School.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Certified Professional Accountant of Canada (CPA), a Project Management Professional (PMP), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of the Institute of Directors (IoD), Nigeria.



Mrs. Clare Omatseye
Independent
Non-Executive Director

Mrs. Clare Omatseye was appointed in January 2017.

Mrs. Omatseye is a seasoned Healthcare Entrepreneur in Medical Technology and Pharmaceuticals. She is the Founder and Managing Director of the International Award-winning company, JNC International Limited ("JNCI"), a 20-year-old Turnkey Medical Equipment Solutions company that exclusively represents 28 Global Original Equipment Manufacturers (OEM's) and has played an integral role in the steady transformation of the healthcare infrastructure landscape in the private and public sectors in Nigeria and West Africa. She is also the Founder/Chairman of Vaccipharm Limited, a wholesale 'cold chain' Vaccine and Pharmaceutical distribution firm that she founded in 1999.

Prior to this she worked in Executive level roles at May & Baker Nig. Plc, Aventis Pasteur Nigeria and Huntleigh Healthcare

Limited. She has a B. Pharm from the Ahmadu Bello University, Zaria and a MBA from IESE Business School, Barcelona; and has attended several executive courses at the Harvard Business School, Yale University, INSEAD, IMD and the Lagos Business School (LBS).

Mrs Omatseye is visionary Entrepreneur and Leader who brings her extensive practical and boardroom experience in Entrepreneurship, Corporate Direction & Visioning, Innovation & Disruptive Technology adoption, Healthcare Reform, pharmaceutical value chain strengthening, MSME Financing, and the financial inclusion and empowerment of Women and Youth to bear in all she does. She has won a wide array of awards and was recently named one of the Top 20 Women in Healthcare in Nigeria by Heckerbella Ltd and Bora Communications.

She is an avid advocate of Healthcare Reform and has played a major role in influencing Public Health policies, bringing her vast over 32 years of experience in Health System strengthening, Project Financing, Healthcare Advisory Services, Hospital equipment Planning, Healthcare Technology Integration and Medicines security. She has been instrumental to the development of several healthcare policies and reforms in Nigeria, that unlock the potentials of the private health sector investments, and brought about Innovative Healthcare Financing (like the Cancer Health Fund), the draft Presidential Healthcare Reform Policy, Public Procurement Reform, the Policy on Public Private Partnerships (PPP's), and the need for Healthcare Federations to ensure win-win public-private dialogue and the adoption of Global Best Practices in building

of long-term sustainable public-private partnerships, in Africa; making her a sought after Regional and International speaker.

She is the current President of the West Africa Private Healthcare Federation (WAPHF/FOASPS), a non-profit advocacy group (based in Dakar, Senegal) that brings all stakeholders in the West African Private Health sector under one umbrella, to influence Regional/National healthcare policies. She also serves as the Vice President of the African Healthcare Federation (AHF) based in Kenya; and is the Pioneer and immediate past President of the Healthcare Federation of Nigeria (HFN).

She is a Fellow of the Society for Corporate Governance Nigerian (SCGN), Fellow, Pharmaceutical Society of Nigeria (PSN), Fellow, the Nigerian Academy of Pharmacy (NAcPh), an Honorary Fellow of the West African College of Surgeons (WACS), and a Senior Fellow of the Nigerian Leadership Academy (NLI), an Associate Member of the Paediatrics Association of Nigeria (PAN) and the Association of Radiologists in Nigeria (ARIN) and a member of WISCAR (Women in Successful Careers).

She sits on the Board of several reputable organizations, as an Independent Director of the Development Bank of Nigeria (DBN), Independent Director of Beta Glass Plc, Chairman of LEAP Africa, Director, Aspire Coronation Trust (ACT) and is a Member, of the Governing Council, Pan Atlantic University (PAU) and its prestigious Lagos Business School (LBS).

She is a committed Rotarian and Paul Harris Fellow. She is married with three lovely children aged 28, 26 and 21.



Mr. Bello Maccido
Independent
Non-Executive Director

Bello Maccido was appointed in January 2017.

He is an accomplished Corporate and Investment banker with well over 36 years of experience. His experience spans Retail, Corporate and Investment banking at various institutions, including Ecobank Nigeria Plc., New Africa Merchant Bank Limited and FSB International Bank Plc., where he rose to become Acting Managing Director/Chief Executive.

He also, at different times served on the Boards of First Bank of Nigeria Plc, FBN Holdings Plc. and Legacy Pension Managers Limited. He was the Group Chief Executive of FBN Holdings Plc, after the adoption of a Holding Company structure by the First Bank of Nigeria Group. He is currently, Chairman of the Board, at FBNQuest Merchant Bank Limited.

Bello Maccido is a Fellow of the Chartered Institute of Stockbrokers, the Chartered Institute of Bankers of Nigeria and the Society for Corporate Governance, Nigeria.

His title 'Wakilin Sokoto', is a highly revered traditional title, which is only conferred on individuals who have greatly excelled in personal and selfless service to society.

He holds a Bachelor of Laws degree (LL.B) and a Master's degree in Business Administration (MBA) from the Ahmadu Bello University, Zaria, Kaduna, Nigeria, and Wayne State University, Detroit, Michigan, USA respectively. He is an Alumnus of the Executive Business Programs of the Harvard Business School and the IMD, Lausanne, Switzerland.



Mr. Andrew Alli
Independent
Non-Executive Director

Andrew Alli was appointed in January 2017.

He was the President and Chief Executive Officer of the Africa Finance Corporation. He was also the Deputy Chief Executive Officer of Travant Capital.

Andrew Alli was an Investment Officer at the International Finance Corporation (IFC), the private sector financing arm of the World Bank Group. In 2002, he was appointed as the IFC's Country Manager for Nigeria, with responsibility for managing its country operations. In 2006, he was appointed as the Country Manager for Southern Africa and had oversight of IFC's business in South Africa and seven other countries.

He was at different times, a non-executive director of ARM Cement Limited and an independent non-executive director of Guaranty Trust Bank Plc.

He is a non-executive director on the Board of the CDC Group, United Kingdom and MTN Communications, Nigeria.

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

Mr. Andrew Alli is a member of the bank's Statutory Audit Committee.



Mr. Phillips Oduoza
Independent
Non-Executive Director

Mr. Phillips Oduoza, FICB was appointed in January 2017.

Mr. 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.).

Mr. 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), an 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 was appointed in January 2017.

He served as the Managing Director /Chief Executive Officer of the Financial Institutions Training Centre ('FITC') and contributed immensely to a series of reforms in the Nigerian banking sector.

While in the services of the international firms of Pricewaterhouse and Coopers & Lybrand, Dr. Alo provided consulting assistance to several leading organisations in Nigeria. He also served at different times as the President of the West African Bankers' Association and the Chartered Institute of Personnel Management of Nigeria. He was also the Chairman of the Board of Berger Paints Nigeria Plc. and Lewis Berger (Ghana) Limited.

He is currently the Chairman of the Board of ARM Investment Managers Ltd and a member of the Advisory Board of the University of Lagos Business School. He is a Fellow of the Chartered Institute of Bankers of Nigeria, the Chartered Institute of Personnel Management of Nigeria and the Nigerian Institute of Chartered Arbitrators.

Dr. Alo is a scholar, management consultant and corporate governance expert. He holds a Bachelor of Science degree in Sociology, a Master of Science degree in Industrial Sociology and a Doctor of Philosophy degree in Industrial Sociology from the University of Ife (now Obafemi Awolowo University), Ile-Ife, Nigeria.

Dr. Oladimeji Alo is a member of the bank's Statutory Audit Committee.



Dr. Oladimeji Alo
Independent
Non-Executive Director



Mr. Kyari Bukar
Independent
Non-Executive Director

Mr. Kyari Bukar was appointed in March 2021.

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 and 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 Bachelor's degree in Physics from Ahmadu Bello University Zaria, Nigeria, and a Master's degree in Nuclear Engineering from Oregon State University Corvallis, USA.

I



Mr. Henry Batchi Baldeh
Non-Executive Director

Mr. Batchi Baldeh was appointed in May 2019.

He is a seasoned banker, a power & utility management specialist and has worked in over 10 countries across Africa during his career which spans well over 3 decades. He is currently the Director of Power Systems Development at the African Development Bank (AfDB), with oversight for Power, Climate and Green finance.

Before joining the AfDB, he worked across several roles and functions including the World Bank, Lesotho Electricity Corporation, Gampower Limited, UHC Gambia and Gambia Utilities Corporation as an Advisor, Freelance Consultant and Executive Director.

He also served in several Managing Director roles for companies such as Ansata Consulting, Gambia; Gambia National Water and Electricity Company and Utilities Handling Corporation.

He holds a Master's degree in Business Administration (General Management Major) from Boston University, USA and a Bachelor of Science degree in Electrical & Electronic Engineering from the University of Newcastle-Upon-Tyne, England. He is a member of the Institute of Engineering & Technology, United Kingdom and also a Fellow of the Institute of Directors, South Africa.



Mr. Omar Sefiani
Alternate Director
(Non-Executive)

Mr. Omar Sefiani was appointed as Alternate Director to Mr. Batchi Baldeh in August 2022.

He is the Division Manager of the Investment Division at the African Development Bank Group. He is a Finance expert and seasoned Development Banker. His career spans key roles at Citi Group, London, United Kingdom, Morgan Stanley, London, United Kingdom and Credit Agricole CIB, the Corporate and Investment Banking arm of Crédit Agricole Group, France.

He holds a Master of Science degree from the prestigious Ecole Nationale de la Statistique et de l'Administration

Economique, Paris, France and majored in Finance. He also holds a Master of Science degree from the Ecole Polytechnique, Paris, France and majored in Applied Mathematics and Economics. The coursework for that degree covered Development Economics, Political Economics, Macroeconomics, Microeconomics and Game Theory.



Mr. Uche Orji
Non-Executive Director

Mr. Uche Orji was appointed in February 2017.

He is the Managing Director/Chief Executive Officer of the Nigeria Sovereign Investment Authority ("NSIA") and brings a wealth of global experience in the financial services sector to his board position.

He joined the NSIA as Chief Executive Officer in October 2012, from Switzerland's largest bank, UBS Securities, where he was Managing Director in the New York branch of its Equities Division. Before his UBS experience, Mr. Orji spent six years at JP Morgan in London, 2001-2006, rising from the position of Vice President to Managing Director at the Equities Division.

Before JP Morgan, he worked for Goldman Sachs Asset Management, London, 1998-2001, as an Analyst/Portfolio Manager. Mr. Orji also worked at different times during his career at Diamond Bank Plc., and Arthur Andersen, respectively.

Mr. Uche Orji studied Chemical Engineering at the University of Port Harcourt, Nigeria, and holds a Master's in Business Administration from the Harvard Business School, USA.

Mr. Uche Orji resigned from the board on September 30, 2022, having successfully completed a second term as the pioneer Managing Director/CEO at the Nigeria Sovereign Investment Authority.



Mr. Aminu Umar-Sadiq
Non-Executive Director

Mr. Aminu Umar-Sadiq holds Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford. He has significant experience in the financial services sector spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. In his most recent role at Nigeria Sovereign Investment Authority ("NSIA"), he served as the Executive Director responsible for all direct investments and portfolio management activities of the Nigeria Infrastructure Fund (NIF), the NSIA's multi-product, cross-sector domestic infrastructure fund.

Mr. Aminu Umar-Sadiq led a team of over 20 investment professionals in originating, executing, and managing direct investments and private equity investments across the Healthcare, Agriculture, Power, Transportation, Gas-Based Industries and Technology sectors in Nigeria. He worked previously at both Morgan Stanley Investment Bank, London and Societe Generale, London, where he worked in Mergers and Acquisitions; and at Denham Capital Management, London, a natural resource, and infrastructure focused Private-Equity Fund.

He is currently the MD/CEO at the NSIA.



Dr. Ahmed Rostom
World Bank Observer

Dr. Ahmed Rostom is a Senior Financial Sector Specialist at The World Bank's Finance Competitiveness and Innovation Global Practice – Central and West Africa Region.

He joined the World Bank Group in February 2010. His duties include leading the policy dialogue on financial sector development while actively participating and contributing to multi-sectoral teams involved in policy-based and investment operations in the Africa region.

Dr. Rostom has experience in leading operations in Africa and South-East Asia regions and has contributed to several operations in Europe and Central Asia and the Middle East and North Africa regions. He also led and contributed to several Financial Sector Assessment assignments. His areas of expertise include macro-finance linkages, long-term finance, financial inclusion, and financial infrastructure in client countries. Dr. Rostom has authored more than 12 World Bank Policy Research Working Papers and

contributed to several World Bank flagship reports and analytical diagnostics in areas of macroeconomics, financial economics, time series econometrics and financial sector development. He is part of the Bank's mentoring program. His prior experience spans many positions within the Government, the Central Bank and the banking industry in Egypt.

He holds an M.Sc. in Economics and Social Policy Analysis from the University of York, United Kingdom, and received his PhD in Economics at George Washington University, in the United States.

He is a recipient of three World Bank Vice Presidency awards for operational excellence.

In line with the periodic rotation of its staff in critical functions, the World Bank has communicated the nomination of Ms. Sophie Dong, Financial Sector Specialist, to replace Mr. Ahmed Rostom, as its Observer on the Board of the bank.

5.2 2022 Annual General Meeting

The bank held its 5th Annual General Meeting on Tuesday, 26th of April 2022. The meeting was held physically with members of Board, Committees and external regulators.



1. DBN Board Members
2. AGM Proceedings, Mrs. Claire Omatseye (INED) Making a presentation
3. Mr. Babir Okunola (Partner KPMG, DBN's External Auditors) presenting the auditors report to the AGM
4. DBN's Chairman and Company Secretary/Legal Adviser.
5. DBN's Chairman, MD/CEO and Members of Statutory Audit
6. Chairman and MD/CEO with representatives of CAC, CBN and SEC (Regulators)



5.3 Whistleblowing

The Board of DBN is committed to high ethical standards and probity and ensures all employees and executives align with these standards in all their dealings with stakeholders.

To help ensure a high ethical standard, the Bank introduced the following;

1. Code of Ethics, which sets out the minimum standards of ethical conduct for management of businesses in the Bank.
2. Whistleblowing Policy, which provides a different medium for employees and other relevant stakeholders to report concerns about workplace malpractice in a confidential manner, and to enable the Internal Audit and External Consultant to investigate and deal with such.

Stakeholders are expected to comply with the above code and policy in discharging their duties and support investigations into any reported misconduct or concern and take any appropriate actions.

The Whistleblowing Policy is on the Bank's website(<http://www.devbankng.com/cms/uploads/policy/Whistle-Blowing-Policy>) and applies to both internal (staff, contract employees, management or directors) and external (customers, service providers, applicants, auditors, consultants, regulators and other stakeholders) whistleblowers.

The Policy outlines the procedure for Whistleblowing in the Bank and how all reported cases of illegal and unethical conduct or other misconduct should be dealt with.

The Policy is in line with the requirements of section 3.1 of the Central Bank of Nigeria (CBN) 'Guidelines for Whistleblowing for banks and other financial institutions in Nigeria', and the Code of Corporate Governance for Development Finance Institutions.

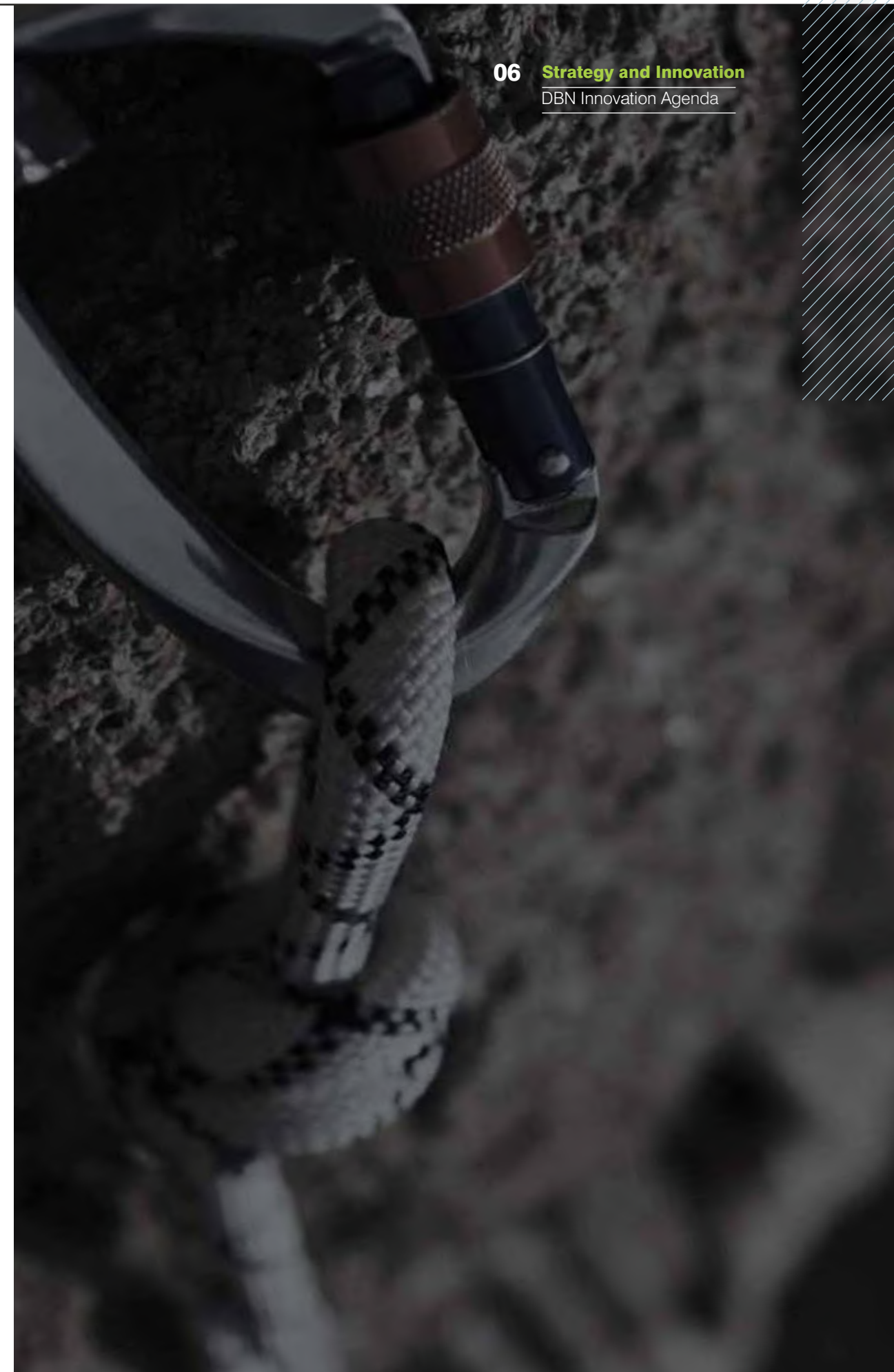
In line with the policy, a whistleblower may raise a concern through any of the following medium (this can be done either by declaration or in confidence/ anonymously):

- A formal letter to the **MD/CEO, Development Bank of Nigeria Plc. or the Head, Internal Audit, Development Bank of Nigeria Plc.**
- Dedicated phone number:
DBN Internal Whistleblowing Line – 09130720890
DBN External Whistleblowing Line - 08008476337
- Dedicated email address:
whistleblowing@devbankng.com
- Via DBN website:
www.devbankng.com/whistleblowing
- Where the concern is received by staff other than the MD/CEO or the Head, Internal Audit, the recipient of such concerns shall be required to;
- Immediately pass the concern(s) to the Head, Internal Audit with a copy to the MD/CEO Development Bank Plc.
- If the concerns affect the Head, Internal Audit, the MD/CEO shall be notified, and where a Director (including the MD/CEO) is involved, such concern shall be directed at the Chairman Board Audit & Compliance Committee.
- A whistle-blower whether internal or external may elect to disclose directly to the regulatory body – Central Bank of Nigeria using the following channels:
Complaint form:
<https://www.cbn.gov.ng/Contacts/Complaints/>
Email: **contactcbn@cbn.gov.ng**
CBN's helpline: **+234-700-225-5226**

06

Strategy and Innovation

06 Strategy and Innovation DBN Innovation Agenda





6.1 DBN Innovation Agenda

The Development Bank of Nigeria, besides its passion for Sustainability and aspiration to become the foremost promoter of Green within the Nigerian development finance ecosystem, is leaving nothing to chance in promoting a compelling culture where growth-thinking and innovation thrives. As a result of this intense internal innovation drive, the Bank is becoming well positioned to attain innovation leadership within its field of play.

In 2022, the Bank embarked on yet another exciting three months journey of its annual Innovation Challenge, providing another open platform for its employees to ideate and co-create solutions to key challenges within the Bank's businesses. The defined challenges included:

1. **Developing proposition(s) to drive more lending to Focus States by at least 200% and**
2. **Developing proposition(s) to drive more lending to start-ups by at least 200%**

The 2022 Innovation Challenge which was the second-year run of the Challenge led the way into the DBN Innovation Week 2.0, themed "Age of New Ideas". The week featured pitch sessions from the four finalists of the Innovation Challenge during which they presented their solutions to the defined challenges and intensely contested for the ultimate prize of the 2022 DBN Innovation Champion. Also programmed within the week were immersion sessions which afforded the Bank various opportunities to glean insights from Innovation thought leaders, Games, Voting, Awards and Recognitions, amongst other activities.

Overall, it was such an exciting moment of learning and bonding for the team, of which the experience garnered will enable the Bank to elevate its game with respect to promoting an innovation culture within the Bank in subsequent years.



THE DBN GREEN AGENDA



DBN drives its Green Agenda mainly through two lenses – Internal and External

Internal

In 2022, DBN strengthened its in-house cross-functional Green team, rolled out **monthly E&S Championship assessments** among employees to assess their understanding of Green and their knowledge of the Bank's efforts around Green Finance. There was also a general Sustainability and Green training conducted for all staff by the Green Team in May 2022. Six other members of staff also participated in the training on Sustainable Finance by the Public and Third Sector Academy for Sustainable Finance at the University of Oxford, and a 3-day customised training was also provided for the DBN Green Team in October 2022.

Risk Management

DBN has a Green Finance framework in place to reduce vulnerability to risks arising from green finance activities and the environment, in addition to fulfilling responsibilities for protecting the environment and providing finance to transform the economy into a resource efficient and climate resilient one.

Affiliations & Accreditations

DBN continued to pursue the Direct Access Entity (DAE) accreditation by the Green Climate Fund (GCF) to help actualise the Bank's Green aspirations in positioning the Bank as the Green DFI of Nigeria.

Partnerships

In the past year, DBN built new partnerships to ensure a continuous pipeline of green fundable projects available. An MOU was signed with the Rural Electrification Agency to provide DBN with fundable pipeline deals, and engagements were held with other international partners such as GIZ and the UNDP Financial Centres for Sustainability (FC4S).

Products & Programs

DBN continued its drive around products and programs targeted at improving support for MSMEs within the green ecosystem. The existing incentive, the Interest Drawback (IDB) program continued to be implemented as a support mechanism for PFIs that finance green businesses to enable them to do more in financing green development in Nigeria.

Learning & Capacity Building

Capacity building sessions on Green and Sustainability were delivered to MSMEs through the annual DBN Entrepreneurship Training Program. The past year also featured the completion of the DBN Learning Management System for MSMEs which has within it, modules on Green and Sustainability.

External Engagement & Awareness

DBN participated in the global conversations around green at COP27 in Egypt. The Bank also commemorated the World Environment Day of 2022 by introducing National Essay Competitions to selected public secondary schools across Nigeria and set-up of Green Clubs.

External

Green Funding

DBN in 2022 embarked on its first international roadshows to crowd-in social impact funds / green finance from international development partners to enable Nigerian MSMEs or Green project developers have access to green funding.



07

Sustainability at DBN



07 Sustainability at DBN

Sustainability Strategy

Stakeholder Management Framework

Key Sustainability Projects 2022

DBN @ COP27

7.1 Sustainability Strategy



Integrating Sustainability into the DNA of our Corporate Strategy

DBN was awarded the SSCI Certification at the highest level (Level 5) in 2020 and since then we have taken steps to ensure a holistic alignment with our existing corporate strategy to ensure that we are reflective of being a more sustainability aligned organisation.

VISION



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

"To facilitate a green, inclusive and prosperous Nigerian economy."

MISSION



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

- Goal 1: Mobilise financing for Nigeria's economic diversification.
- Goal 2: Serve unserved and underserved market segments.
- Goal 3: Facilitate innovative and eco-friendly solutions for the marketplace.

5-YEAR STRATEGIC PLAN



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

1. Governance
2. Management
3. Technology
4. Business Models
5. Operations
6. Products
7. Stakeholder Relations
8. Human Capital

Specifically, we made progress in the following Sustainable Development Goal Areas:

SDG Area	Description	2022 Activities
	No Poverty	- N149.6bn loans disbursed in 2022 - Increased staff strength and average staff salary by MSMEs following loan collection (see the section on M&E exercise)
	Gender Equality	- The International Women's Day (IWD) celebration held on March 9th 163,327 Jobs Created by women owned end-borrowers in 2022 - Percentage of female staff – 41.30
	Decent Work & Economic Growth	An estimate of 235,148 jobs created by loan beneficiaries as captured in the 2022 M&E Report
	Reduced Inequalities	- No gender pay gap - Equal learning opportunities for all - Inclusive workplace culture - Antidiscrimination/harassment policies
	Climate Action	- A total of 822kg recycled based on recycling activities out of Lagos and Abuja offices 7.12 MT of CO2 Emission saved 3 children sponsored through DBN recycled waste program
	Partnerships for the Goals	- Continuation of Sustainability Community of Practice for Micro-finance Banks - Attendance of COP27 conference in Sharm El Sheikh Egypt - Continued activities within Montreal Group Board and Sustainability and Strategy Sub-Committees

We have also achieved good mileage across the Nigerian Sustainable Banking Principles:

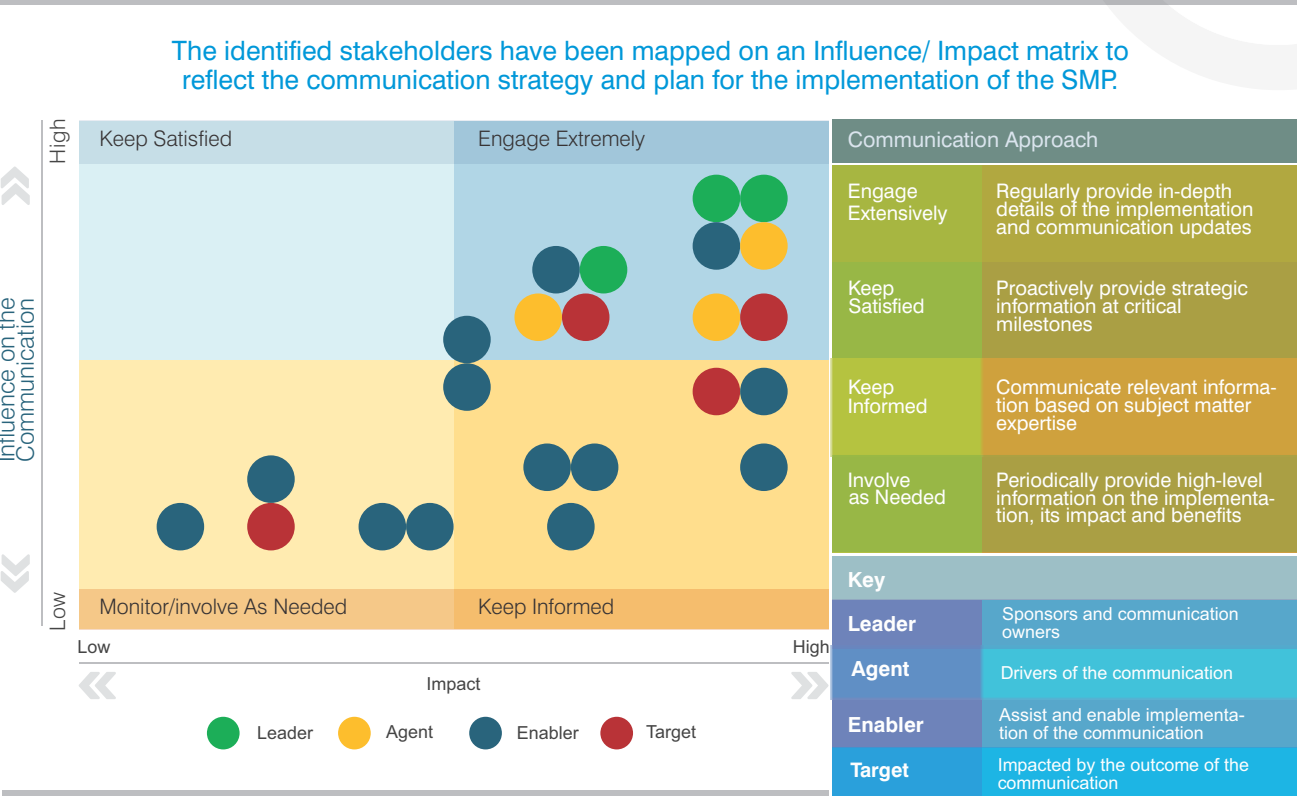
SN	NSBP Area	Achievements in 2022
1	Business Activities	100% loans screened for E&S Robust E&S processes Comprehensive risk management processes and oversight
2	Business Operations	Continuous progress on recycling Initiatives in Lagos and Abuja Implementation of Procurement Sustainability policies Developed enterprise-wide Digital Strategy Upgrade to MSME Learning Management System
3	Human Rights	Adherence to local and international human rights regulation and internal business practices
4	Women's Economic Empowerment	IWD 2022 celebration Launch of DBN-GAIN Capacity Building Program for Female Entrepreneurs (Pan-Nigeria)
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 Creation of internal sustainability working committee
6	Capacity Building	In 2022 we held the following trainings: - PFI training- Virtual capacity building for all DBN and ICGL employees on Green Finance and Sustainability Strategy - E&S Training for DBN PFIs - Held annual DBN Entrepreneurship program - Delivered a total of 5305 employee learning hours across various focus areas - Training held for Sustainability Community of Practice forum for MFBs
7	Collaborative Partnerships	We continue to partner with industry stakeholders (including but not limited to): - Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) - SME Finance Forum - Nigerian Association of Small and Medium Enterprises (NASME) - Nile University
6	Reporting	2022 Integrated Report Quarterly report sent to DBN Development Partners Publication of Quarterly working paper series Quarterly publications in Journal of Economics & Sustainable Growth

7.2 Stakeholder Management Framework

As a means of paying closer attention to our stakeholder network, the Bank created a dedicated Stakeholder Management Framework which took a short, medium and long-term view at how it communicates with its stakeholder universe. This framework identifies the Bank's different stakeholders, the roles they play,

frequency and content of communication required and the various platforms to be deployed in order to effectively communicate with these respective groups of stakeholders.

In doing so, DBN has come up with a comprehensive Stakeholder Impact Matrix:



The communication plan and matrix have also been customised to ensure that the unique nature of messaging for each of DBN's stakeholders has also been embedded into the communication methods and techniques. As a bank, we have identified 25 unique messages to be communicated throughout each engagement cycle. A depiction of this is seen below:

We have identified twenty-five (25) unique messages to be communicated throughout the engagement life-cycle...



7.3 Key Sustainability Projects 2022

7.3.1 International Women's Day Celebration 2022 (IWD)

2022 was the year of #BreaktheBias and we were back to an in-person celebration of International Women's Day. Still in recovery mode from the Covid-19 pandemic period, we felt a strong need to bring our communities back together to celebrate our resilience, partnerships and strength in communities and also create an atmosphere to birth hope for the future. The global theme #Breakthebias enabled us to re-assess current structures and have honest and in-depth conversations about our paths for the future.

The Bank held an in-person event with key stakeholders invited to attend a panel session made up of a mix of entrepreneurs and career-focused women and men. The panel topic – "Who made these rules anyway? Challenging Existing Stereotypes and Moving Forward Constructively" examined what the true cost of excluding women has cost us as a society and a nation in general. It also took a cursory glance at situations where women and men have chosen to go against the cultural and societal norms to promote women's rights/empowerment and the gains that have been experienced from such actions.

At the event, we invited our stakeholders inclusive of Participating Financial Institutions (Banks) and MSMEs to occupy stalls in a bid to foster and build relationships and a better understanding of DBN's aims when it comes to supporting its stakeholders in accordance with the Bank's mandates.

Panelists Included:

Thelma Ekiyor	- Founder, SME.NG
Bonaventure Okhaimo	- COO DBN
Mrs. Bukola Smith	- MD/CEO FSDH Bank,
Sandra Aguebor	- Founder, The Lady Mechanic Initiative
Samirah Farouk	- Founder, CEO, Serendipity Healthcare Foundation
Lolade Awogbade	-Moderator

Good will Message
Ibukun Awosika

Vote to Thanks
Clare Omatseye
DBN Board of Director



1. Panelists discussion at IWD'22
2. Clare Omatseye and Keynote Speaker
3. Keynote Speaker at IWD'22
4. Keynote Speaker and Clare Omatseye with some members of the board at IWD'22
5. Keynote Speaker at IWD'22
6. Baobab Microfinance Bank stand
7. Dignified Ladies and Mothers stand at IWD'22
8. Thelma Ekiyor
9. Chienye Obiajulu at IWD'22
10. Awa Michael at IWD'22
11. Clare Omatseye
12. Group Photograph with Keynote Speaker at IWD'22
13. Fidelity Bank Stand
- 14, 15, 16, 17. Guest at IWD'22



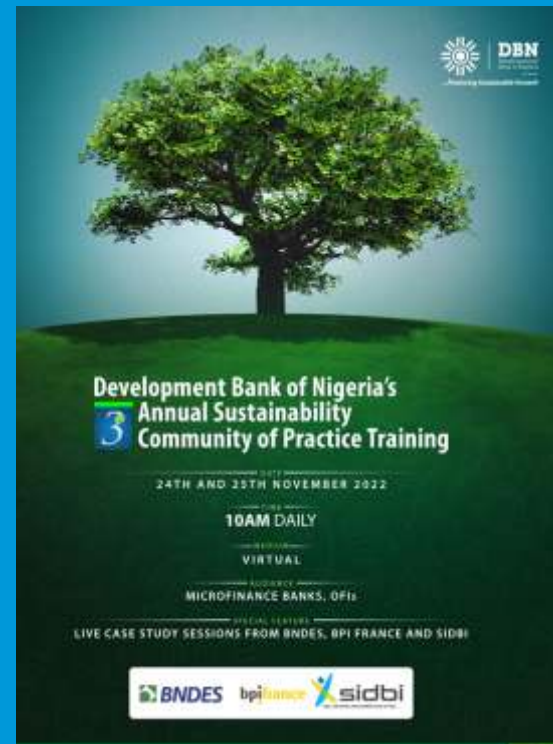
7.3.2 DBN's Community of Practice for Micro-Finance Banks (MFBs)

As an organisation, we are continuously focused on creating communities that espouse sustainability principles and as such, came up with an initiative to raise general awareness on sustainability amongst Microfinance Banks, Mortgage Banks and Other Financial Institutions (OFIs).

DBN took the initiative to act as a catalyst in helping to raise awareness around sustainability issues as well as provide technical assistance and enable the establishment of "Communities of Practice" for its PFI-MFBs. We are convinced this will enable the MFBs to have more robust propositions and open them up to a myriad of advantages including external funding, generation of deeper trust with stakeholders, legitimisation of operations etc.

Moving forward, our aim is to deepen and expand learning using virtual training modules as a level for capacity building and knowledge management. In terms of furthering the edicts of SDG 17, we will also use our unique positioning to encourage other and local and international partners to become as capacity enablers and join us in shaping the narrative on sustainability in Nigeria.

This year, we provided the training with local and international partners including Enterprise Development Center (EDC), BPI France, Development Bank of Brazil (BNDES) and Small Industries Development Bank of India (SIDBI).



DBN took the initiative to act as a catalyst in helping to raise awareness around sustainability issues as well as provide technical assistance and enable the establishment of "Communities of Practice" for its PFI-MFBs.



7.4 DBN @ COP27

COP27 stands for the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), first launched in 1994 and made up of the nations who signed up to the Paris Agreement. The climate COP is an annual meeting of delegates from over 200 countries to negotiate global goals for tackling climate change, present their individual countries' plans for contributing to those goals, and report on their progress.

COP27 took place in Sharm El-Sheikh, Egypt and marks 30 years since the United Nations Framework Convention on Climate Change (UNFCCC) was adopted and seven years since the Paris Agreement was agreed at COP21.

World leaders, ministers, and negotiators came together to agree how to jointly address climate change and its impacts. Civil society, businesses, international organisations, and the media 'observe' proceedings to bring transparency, as well as broader perspectives, to the process.

With the strapline, 'Together for implementation,' COP27 is an African COP, and the first of two COPS in the Middle East and North Africa (MENA) region.



World leaders, ministers and negotiators came together to agree how to jointly address climate change and its impacts.



08

How we create value

08

How we create value

Our value creation model

Financial Capital

Human Capital

Natural Capital

Intellectual Capital

Social Capital

Manufactured Capital

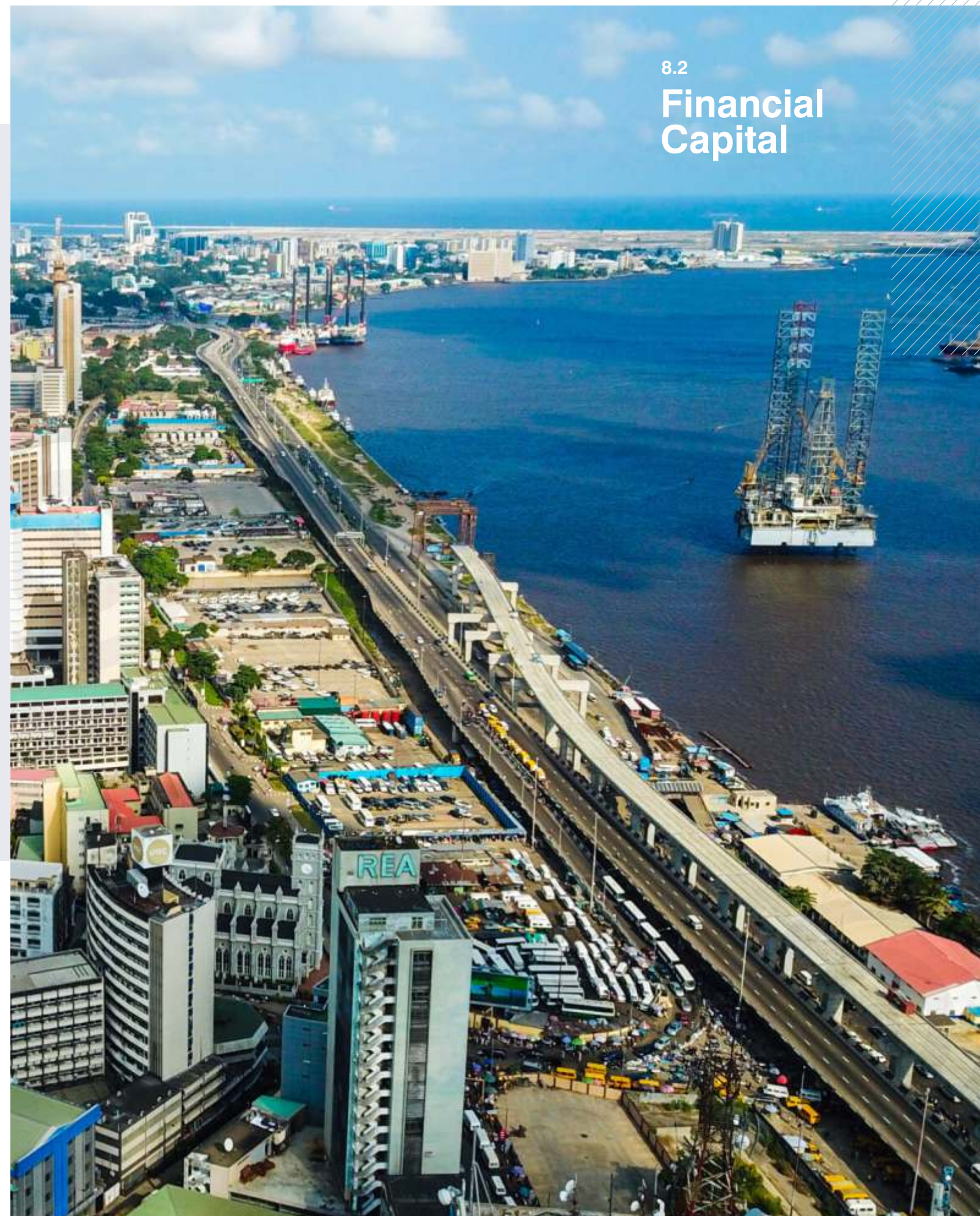
DBN and the Community



8.1 Our value creation model



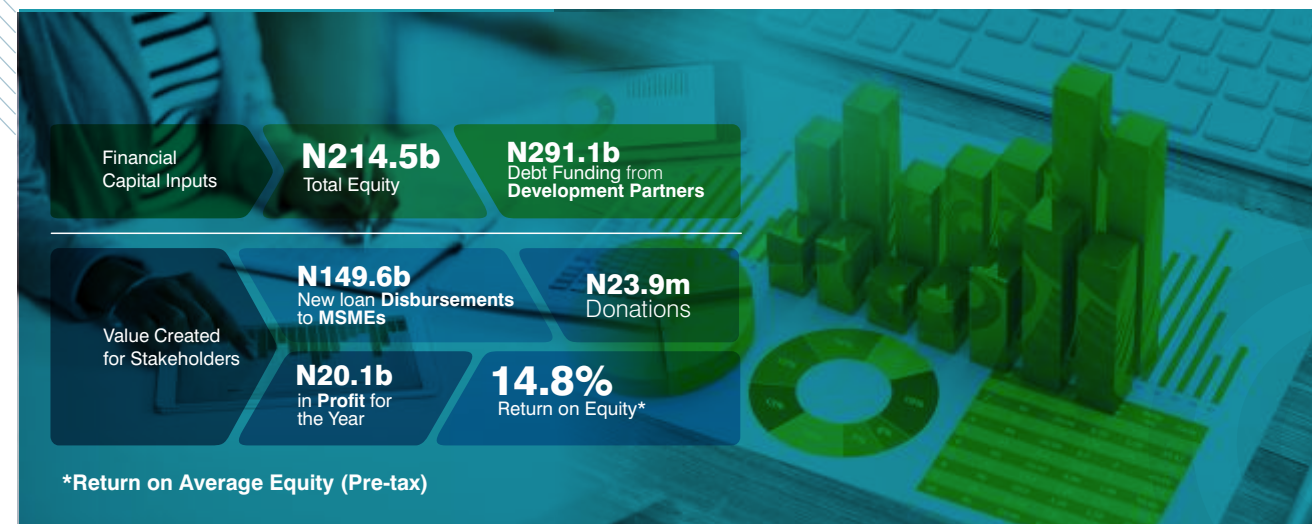
8.2 Financial Capital



8.2.1 Financial Highlights and Trend Analysis

The core of our financial capital comprises debt funding from development partners and equity.

The Bank's current financial capital sources are debt funding from International Financial Institutions, equity funds from the Federal Government of Nigeria and Development Partners, as well as internally generated profits. To ensure financial sustainability, the bank reinvested profits generated from its operations since inception. The bank aims to continue providing affordable finance to small businesses in Nigeria and, therefore, will continue to explore additional funding sources to expand its capacity.

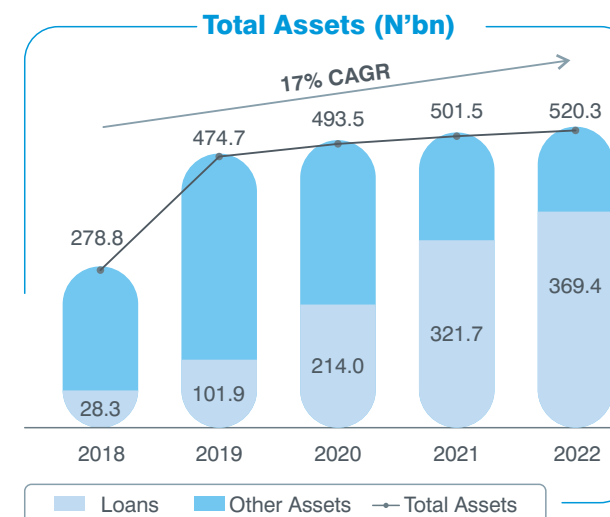


Trend in Key Financial Indicators

	N'bn	BANK				
		2022	2021	2020	2019	2018
Profitability	Gross Earning	47.6	38.2	33.6	45.8	30.6
	Net Interest Income	35.8	26.0	22.2	37.6	26.2
	Impairment Charges	(1.2)	0.4	(0.8)	(1.1)	(0.3)
	Operation Income	35.1	26.8	21.4	36.4	25.8
	Operating Expense	(5.6)	(4.1)	(3.1)	(3.7)	(2.9)
	PBT	29.5	22.8	18.3	32.7	22.9
Balance Sheet	N'bn	BANK				
		2022	2021	2020	2019	2018
	Loans & Advances	369.4	321.7	214.0	101.9	28.3
	Total Assets	517.2	499.2	492.3	474.4	278.8
	Borrowings	291.1	298.1	312.7	308.5	151.7
	Equity	212.2	192.6	176.9	159.6	126.0
Ratios		BANK				
		2022	2021	2020	2019	2018
	ROAA (pretax)	5.8%	4.6%	3.8%	8.7%	10.6%
	ROAE (pretax)	14.6%	12.1%	10.9%	22.9%	27.0%
	CIR	15.9%	15.1%	14.5%	10.2%	12.5%
	CIR loans)	17.7%	17.6%	29.5%	56.6%	590.3%

2022 Financial Performance Highlights

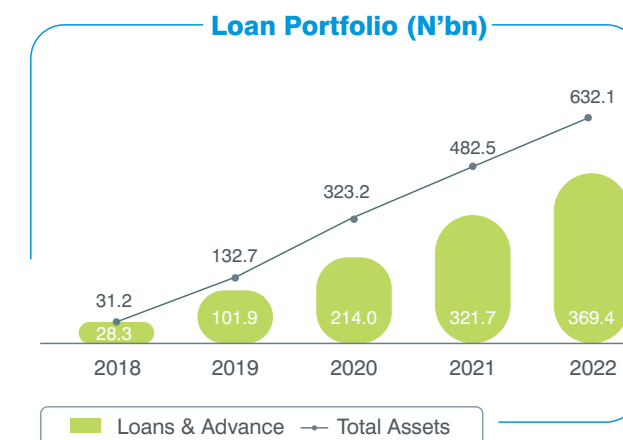
As of December 31, 2022, the group1 achieved strong financial performance with a return on assets (pre-tax) of 5.9% and a return on equity (pre-tax) of 14.8%, while also providing long-term value to all stakeholders through advocacy and capacity building activities for PFIs and MSMEs.



Asset size grew by 17% CAGR over 5 years, from N278.8bn in 2018 to close at N520.3bn as at December 31, 2022. Loan portfolio as a percentage of total assets also increased significantly from 10.1% as at December 2018 to 71.0% as at December 2022, depicting the growth of our lending base and pursuing our catalytic role in the MSME financing space.

Loan Disbursements

In line with the core mandate of the bank, loan volume of N149.6bn was disbursed in 2022 and the total loan disbursements from inception to December 31, 2022 grew by 31% from N482.5bn in 2021 to N632.1bn in 2022. The loan outstanding also increased by 15% from N321.7bn in 2021 to close at N369.4bn in 2022.



Asset Quality

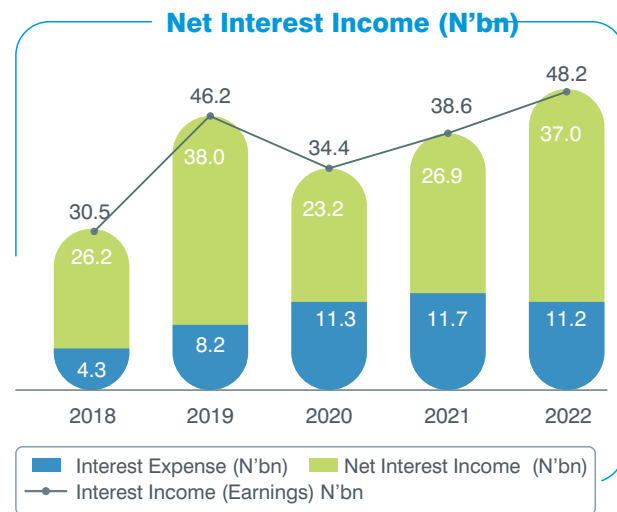
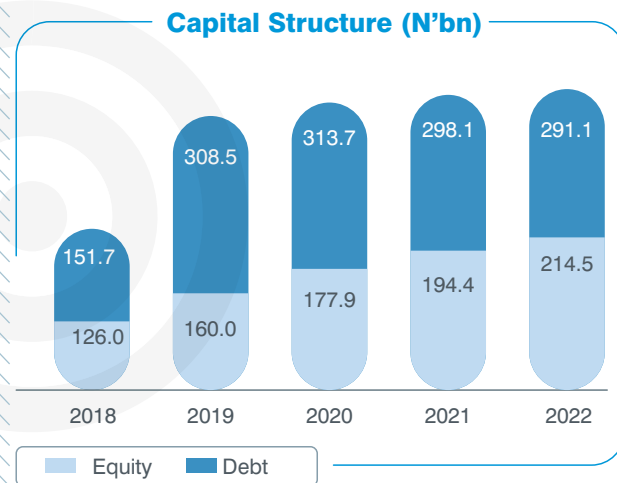
The bank's capital adequacy ratio at 64% is well above the 10% minimum regulatory threshold for wholesale development financial institutions in Nigeria. A robust risk management framework ensures value is preserved within the organization. As at 2022, all loans in the bank's portfolio are performing.

Capital Structure Equity

As of December 31, 2022, the total amount of Shareholders' funds was N214bn, with 35% representing profits reinvested into the business to establish a dependable funding base and ensure financial sustainability over the long term.

Debt

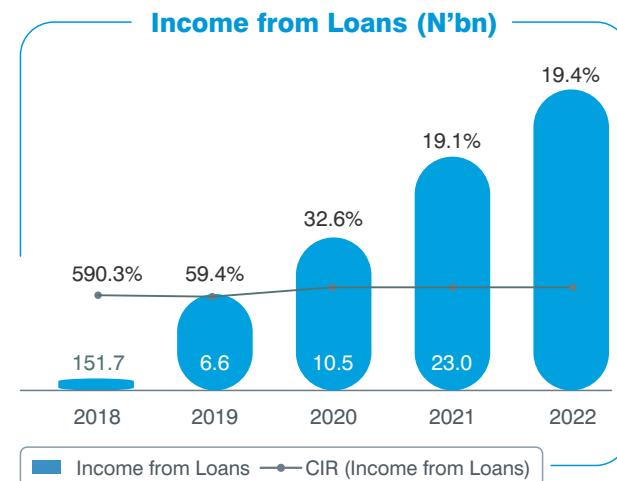
Debt to equity dropped from 153% as at December 2021 to 136% as at December 2022 driven by debt repayments made to the development partners within the year. Additional debt funding commitments from development partners (IFIs) were also received during the year. As at December 2022, we have received over 100% of debt commitment funds. A total of US\$1.27 billion has been received from Development partners in respect of loan commitments for MSME financing. These long-term funding with an average tenor of 15 years, enhance the capacity of the bank to create long tenored loans.



Earnings

The bank recorded strong earnings of N49.4bn for the year, and this represented a 25% year-on-year growth from N39.6bn recorded in 2021. This was on account of the bank's increased loan portfolio coupled with the high yields observed in the Nigerian economic climate in the latter half of the year.

Income from Loans increased by 37% year-on-year from N23.0bn in 2021 to N31.6bn in 2022.



Cost Optimization and Efficiency

Amid the aftermath of the COVID-19 pandemic and the Russia/Ukraine conflict, the country underwent a period of high inflation which impacted on the bank's operational activities and resulted in a 39% increase in operating expenses year on year.

A crucial metric for the bank, which emphasizes operational efficiency and sustaining a cost-effective profile, is the cost-to-income ratio from loans that considers the operating expense of the bank relative to the income generated from loans. This metric increased slightly from 19.1% recorded in 2021 to 19.4% in 2022.

2023 Outlook

Looking ahead to 2023, the bank remains focused on financial sustainability, while providing critical financing to the MSME sector. The bank will continue to implement a strategic approach that balances risk with opportunity. To ensure our financial sustainability, the bank will continue to monitor its liquidity closely and look for opportunities to optimize the investment earnings. At the same time, the bank will maintain a rigorous cost containment strategy to ensure that expenses remain controlled.

To continue to provide financing to the MSME sector, the bank will take deliberate steps to develop more innovative products and channels that meet their evolving needs. The bank recognizes that the MSME sector is a vital engine of economic growth and is committed to providing them with the resources they need to thrive. Overall, the bank is confident that its approach to financial sustainability and MSME financing will enable the bank to achieve its objectives and maintain strong profitability in 2023 and beyond.

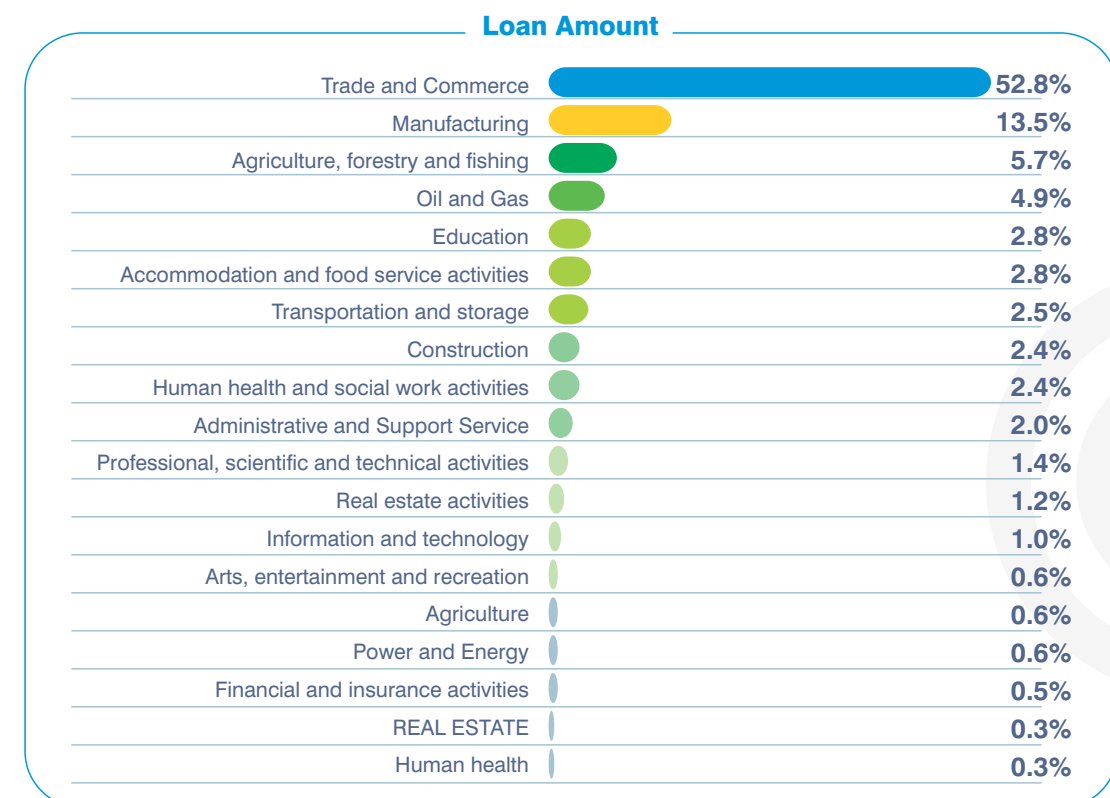
	N'bn	GROUP			BANK		
		2022	2021	y/y growth	2022	2021	y/y growth
Profitability	Gross Earning	49.4	39.6	25%	47.6	38.2	25%
	Net Interest Income	37.0	26.9	38%	35.8	26.0	37%
	Impairment Charges	(1.3)	0.3	-458%	(1.2)	0.4	-447%
	Operation Income	36.4	28.2	29%	35.1	26.8	31%
	Operating Expense	(6.1)	(4.4)	39%	(5.6)	(4.1)	37%
	PBT	30.3	23.8	27%	29.5	22.8	30%
	N'bn	GROUP			BANK		
		2022	2021	y/y growth	2022	2021	y/y growth
Balance Sheet	Loans & Advances	369.4	321.7	15%	369.4	321.7	15%
	Total Assets	520.3	501.5	4%	517.2	499.2	4%
	Borrowings	291.1	298.1	-2%	291.1	298.1	-2%
	Equity	214.5	194.4	10%	212.2	192.6	10%
		GROUP			BANK		
		2022	2021	y/y growth	2022	2021	y/y growth
Ratios	ROAA (pretax)	5.9%	4.7%	118bps	5.8%	4.6%	123bps
	ROAE (pretax)	14.8%	12.2%	256bps	14.6%	12.1%	244bps
	CIR	16.8%	15.6%	120bps	15.9%	15.1%	76bps
	CIR loans)	19.4%	19.1%	24bps	17.7%	17.6%	4bps

8.2.2 Loan Portfolio

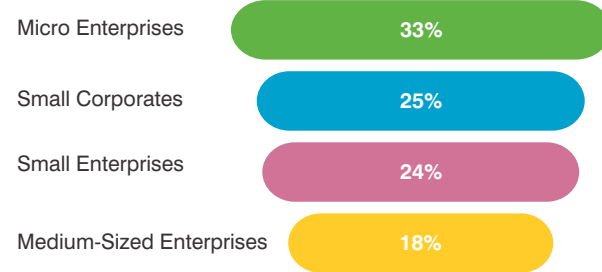
The Bank began its operations in 2017 and has steadily increased its loan portfolio. The total loans disbursed by year end 2022 was =N= 632 billion. This is a 31% year-on-year increase from N483 bn as at December 2021.

Loan Portfolio by Sector

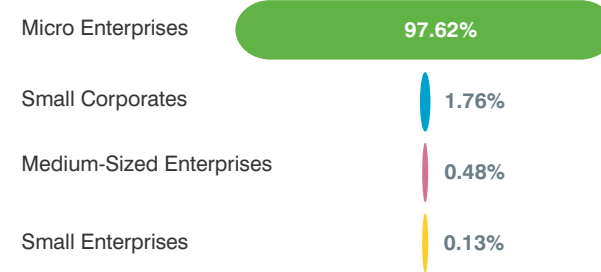
Trade and Commerce accounted for the largest proportion of loans disbursed at 52.8%. Manufacturing, Agriculture, Education and Hospitality also account for a significant proportion of loans disbursed.



Company Size by Loan Amount



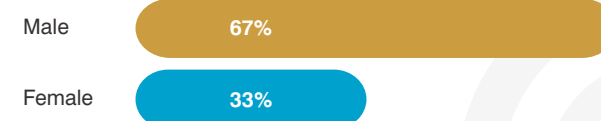
Company Size by Number of MSMEs



Gender Distribution by Loan Amount



Gender Distribution by Number of MSMEs



8.2.3 Technical Assistance and Capacity Building (PIU)

The Technical Assistance and Capacity Building component of the Development Finance Project is managed by the Project Implementation Unit (PIU) which provides broad based Project Management support, critical to achieving the objectives of the Bank.

Focus

- Providing tailored Technical Assistance to eligible Participating Financial Institutions (PFIs) to improve their MSME lending operations.
- Providing expert Consultancy Services to support DBN's Institutional development.

CAPACITY BUILDING ACTIVITIES:

i) Provision of Downscaling Technical Assistance to Deposit Money Banks (DMBs), to expand their lending to MSMEs on sustainable and commercially viable terms.



Staff of FSDH Merchant Bank during a Capacity Building session.

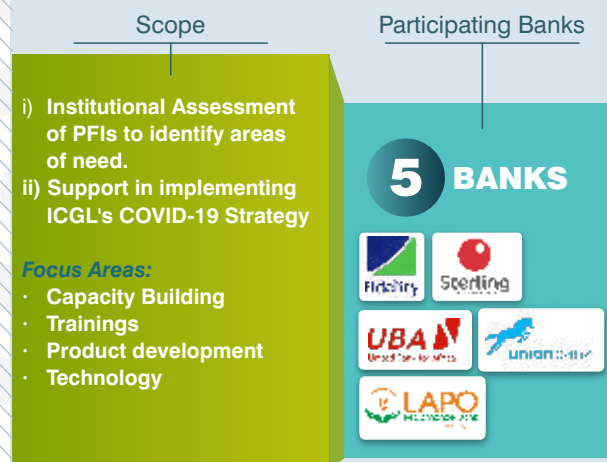


Staff of Providus Bank during a Capacity Building session.



Staff of Fidelity Bank during a Capacity Building session.

ii) Technical Assistance to Impact Credit Guarantee Limited (ICGL) to improve the uptake of Credit Guarantee Products



iii) Technical Assistance to Microfinance Banks, to improve their MSME lending operations.



iv) Environmental and Social (E&S) Risk Management Capacity Building sessions for PFIs, to ensure compliance with DBN's E&S Policy and Procedures.



A two day capacity building event on Anti-Money Laundering/Combating Financing of Terrorism/Countering Proliferation Financing (AML/CFT/CPF) event for Participating Financial Institutions (PFIs) in the category of Micro Finance Banks(MFBs), Mortgage Financial Institutions and Finance Houses within Lagos. Facilitators were from The Central Bank of Nigeria and other Consultants

Feedback

FROM SOME PARTICIPATING BANKS



"Fantastic, Interactive and worth it."



"The session was well structured and provided further insight to E&S procedures and processes".



"Phenomenal experience, providing a different perspective on the improvement of Grievance Redress Mechanisms"



"The training has revealed the importance of E&S Risk Management, knowledge gained will be used in ensuring due diligence in E&S risk assessment going forward."



"Very impactful and insightful learnings on recent trends and international best practices, which can be leveraged on to create a better society"



"We have been taught about looking into several perspectives of E&S risk management and how it relates to our personal and social lives, corporate organizations and the economy as a whole"



"The Grievance mechanism sessions were well delivered and insightful"



"The training was impactful and gave insight to the importance of E&S practices in every organization"



Staff of PFIs during the visit to Frankfurt School of Finance & Management, Germany



Training Sessions



Training Sessions



8.2.4 Product Development

Current Product Offerings:

Long Term Finance

Finance to Finance

Green Finance

Non-Interest Banking

I. Finance-2-Finance Product (F2F) Product Description:

The DBN Finance to Finance product is a finance product designed specifically for Financial Institutions (FIs) with lending operations to MSMEs. The product provides for DBN Participating Financial Institutions to make funds available to their Fis 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.

PIU FACILITATED STUDY TOURS & TRAININGS

i. PFI Study tour to Frankfurt School of Finance & Management, Germany (June 2022)

As part of the Technical Assistance to DMBs' program, a study tour to the Frankfurt School of Finance and Management, Germany, was organized for staff of Five PFIs, to promote international exposure to development finance topics.

Participants included 13 staff of PFIs including Wema Bank, Union Bank, Ecobank, Guaranty Trust Bank, Access Bank.

ii. Long Term Finance Product Description

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

iii. Non-Interest Banking Product Product Description:

In line with its commitment to increase access to Finance, the Development Bank of Nigeria has launched its Non- Interest banking product. The DBN Non-Interest banking is specially developed for non-interest banks to support funding of their MSME. This product aims to promote financial inclusion and ensure DBN's commitment to increase the availability of its funding to all MSMEs across the country. The product will be available to all Non-Interest Banks as well as other financial institutions that have non-interest banking products and wish to utilise DBN funds to deploy non-interest banking loans to their MSME customers for a tenor of up to 5 years.

Purpose:

To provide non-interest loans to DBN Participating Financial Institutions (PFIs) for on-lending to their MSMEs under the non-interest banking window.

Target PFIs:

PFIs in Nigeria that currently practice non-interest banking and/or that have or require a non-interest product for their MSMEs.

Facility Limit:

% of shareholders' funds as determined by DBN's risk assessment.

Conditions:

Maximum tenor of 5 years (60mths)



This product aims to promote financial inclusion and ensure DBN's commitment to increase the availability of its funding to all MSMEs across the country.



8.2.4.1 Programmes

DBN SERVICE AMBASSADORS PROGRAMME

The Service Ambassadors Programme is an initiative of the bank to foster collaboration and mutual growth between DBN and its Participating Financial Institutions (PFIs) so as to increase impact from its partnerships.

During its five-year Anniversary Celebration, The Development Bank of Nigeria also celebrated its Participating Financial Institutions (PFIs), at its 2nd Service Ambassadors Awards ceremony, in recognition of their contributions towards the growth of

Micro, Small and Medium Sized Enterprises in Nigeria. At the event, Access Bank, Ecobank, First City Monument Bank, Wema Bank, Fidelity Bank and LAPO Microfinance Bank, received recognition awards from DBN for their active performances in increasing impact from their disbursements to MSMEs in Nigeria under different categories in the year 2021.

Fidelity Bank and LAPO Microfinance Bank emerged as Platinum Service Ambassador winners for their outstanding performance.

8.2.5 Strategic Partnerships

DBN has developed strategic partnerships with other institutions that are key stakeholders in the MSME ecosystem and has continued to leverage on such partnerships to expand its reach and increase impact of its activities.

GIZ

In July 2022, DBN executed an MOU with GIZ to define a framework for cooperation and partnership between both parties in the areas of mutual mandates and to expand its scope in the following key areas amongst others:

- Ø Expand strategic partnership, networking activities and fora for other innovative financing solutions including green and sustainable finance to unlock sources of capital for MSMEs in Nigeria.
- Ø Capacity development for MSMEs to increase their bankability and enhance their capacities to access finance.
- Ø Partnerships on Public-Private Dialogue to provide solutions to address the supply and demand side bottlenecks for MSMEs' in Nigeria.

Finance in Common

In alignment with DBN's mandate, and its global commitments to promote gender equality and women empowerment, the Development Bank of Nigeria joined the coalition of development finance Institutions around the world on the 10th of March 2022 and signed on to the Financing statement on Gender Equality and Women's Empowerment an Initiative of the Finance In Commons.

Leveraging on its purpose to Improve advocacy, dialogue and collaboration, DBN seeks to promote gender equality to expand its gender finance activities and enhance its gender frameworks, policies and strategies both in its internal activities, and its external engagements.

NATIONAL MSME CLINIC AWARDS

DBN has been in partnership with the National MSME Clinic Secretariat since the year 2017. The National MSME Clinic Secretariat is the organising body responsible for the monthly National MSME Clinics being held across various states in Nigeria. It is an initiative of the Office of the Vice President under the supervision of the Special Assistant to the Vice President on Small and Medium Scale Enterprises (SMEs).

DBN, being a major stakeholder in the MSME space has provided support to the MSME Clinic Secretariat and has been an active participant in the activities and programs of the National MSME Clinic since its inception. There have been clinics held across 29 states of the country and the FCT, 5 National MSME Award ceremonies, which were targeted at rewarding outstanding small businesses across the country and hosted by the Vice President, Prof. Yemi Osinbajo.

Additionally, the Bank has supported the publication of a compendium of the activities of the National MSME Secretariat over the last six years. This was launched in November 2022 by the Vice President, Prof Yemi Osinbajo



Nigerian Association of Small and Medium Enterprises

DBN has been in partnership with the Nigerian Association of Small and Medium Enterprises (NASME) the APEX Business Membership Organisation (BMO) in Nigeria to expand its reach and increase advocacy amongst MSMEs in Nigeria.

DBN actively partnered with NASME to organise seminars, MSME capacity building sessions, trade events and engagement sessions.

This year DBN provided support to NASME to organise its Women's Day on March 15, 2022 and Youth Empowerment Conference which held on the July 21, 2022 during which grants were provided to women and youth MSMEs to support their business. DBN also organised engagement sessions with its PFIs to provide a platform for NASME to increase

opportunities and access to funding for its members who meet the qualifying criteria of the respective PFIs, to support their business growth.

This partnership has provided a platform for DBN to achieve the following:

- To catalyse the MSME segment by empowering the MSMEs particularly in specific sectors, segments and focus states that align with DBN's impact objectives.
- To stimulate synergies for supporting the growth of MSMEs in Nigeria towards overall growth of the economy.



NASME 25th Year Anniversary Awards



In recognition of its contributions and impact of its activities in the MSME Ecosystem in Nigeria, the Development Bank of Nigeria was recognised by NASME as the "Development Finance Institution with the most impact on MSMEs in Nigeria". The Bank received this award at NASME's 25th year anniversary awards ceremony which held on November 12, 2022 in Uyo, (Akwa Ibom State) Nigeria

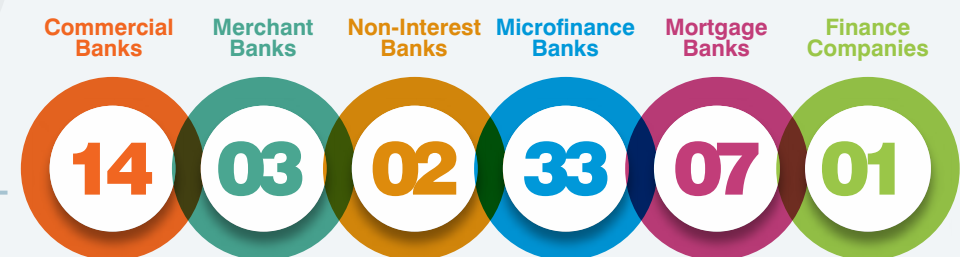


Summary of Performance

Since the Bank commenced operations in 2017, it has steadily grown its loan portfolio over the years. The total loans disbursed in the 2022 financial year amounted to N149.6b with an outstanding balance of N366b by year-end 2022. Detailed below is a snapshot of the Bank's growth in its lending activities over the last 6 financial years:

Financial Year	2017	2018	2019	2020	2021	2022
Amount Disbursed N'billion	0.2	30.2	132.7	323.2	482.2	631.8
Number of End borrowers	296	35,416	100,713	134,858	208,371	313,058
Number of Onboarded PFIs	3	22	27	40	50	60

The composition of the onboarded PFIs is as detailed below:



Development Impact Performance

The Bank has continued to place its focus on creating impact in its lending activities. Over the years, the number of beneficiaries has increased from an initial 296 in 2017 to 313,058 as at December 31st 2022 with about 67% of the beneficiaries being women. Detailed below is a summary of some of the key development impact achievements of the bank as at the end of the 2022 financial year.

Development Impact Objectives	Cumulative Position
Count	313,058
Female Owned MSMEs (Count)	67.08%
Youth Owned Enterprises (Count)	26.1%
First Time Access to Finance (Count)	12.4%
Disbursement to Start Ups (Volume)	1.05%



Process Automation

In a bid to improve the efficiency of our processes, the Bank has undertaken an upgrade of certain automated processes especially in our lending activities. Some of these processes include:

- The PFI onboarding process
- The PFI KYC documentation process
- The Loan Application and Disbursement process
- The PFI Monitoring process
- The Loan Management and Administration processes

The automation will enable the Bank to increase its turnaround time in the loan disbursement process, improve document management and maintain the integrity of its processes. Additionally, the automation enables our PFIs to have a seamless process for document submission, tracking of expiring KYC documentation and the monitoring of the PFIs in line with the policies of the Bank.

Credit Policy Manual are:

- Framework for lending to Unit Microfinance Banks
- Framework for lending to Other financial Institutions (Mortgage bank and Finance Companies)
- Framework for lending to New Banks and Other Tier 3 Banks
- Framework for the Monitoring of Unit Microfinance Banks
- Framework for the Refinancing of PFIs Loan Portfolio
- Framework for accepting Movable Assets Registered on the National Collateral Registry as Collateral

Others include the Guidelines for lending to Non-Interest Banks which was reviewed and updated in the 2022 financial year. This was developed to ensure the Bank achieves significant mileage in its drive towards financial inclusion.

Additionally, the Bank leverages the Interest Drawback Program and the Service Ambassadors Program to drive its lending activities and Development Impact Objectives.

Policy Development

The Bank adopted various policies and frameworks to its approach to lending in a safe and sustainable manner to MSMEs through regulated financial intermediaries.

The primary policy is the Credit Policy Manual. The credit policy manual is the primary guide for the Bank's lending activities. This Policy is formulated to support DBN's business strategies to optimise the shareholder's value with minimum volatility to achieve the long-term sustainability objective of the Bank, based on a sound credit culture.

The Policy has been developed keeping in view the above perspective and provides a framework that effectively establishes key credit processes in line with the Bank's business model. This Credit Policy is to be administered in consonance with the CBN Regulatory and Supervisory Guidelines for Development Finance Institutions ("DFIs").

Purpose of the Policy Manual: The purpose of the Credit Policy is to ensure that DBN's extension of credit to Participating Financial Institutions (PFIs) is consistent with both CBN regulations, as well as DBN's credit underwriting criteria in a bid to reduce bias and subjectivity in the credit decisions made at various levels of authorities within the Bank.

Other policies and frameworks embedded within the



This Policy is formulated to support DBN's business strategies to optimise the shareholder's value with minimum volatility to achieve the long-term sustainability objective of the Bank, based on a sound credit culture.

DBN Customer Engagement Session images



1. The COO DBN with the Executive management of Addosser, Bosak, Mainstreet, Davodani, Trust and AstraPolaris MFBs



2. Group Session with Executives from State MFB PFIs



3. The DBN Team with the Executive management of Addosser, Bosak, Mainstreet, Davodani, Trust and Astra Polaris MFBs.

DBN Customer Engagement Session with PFIs

Development Bank of Nigeria (DBN) held a customer engagement session in July 2022.

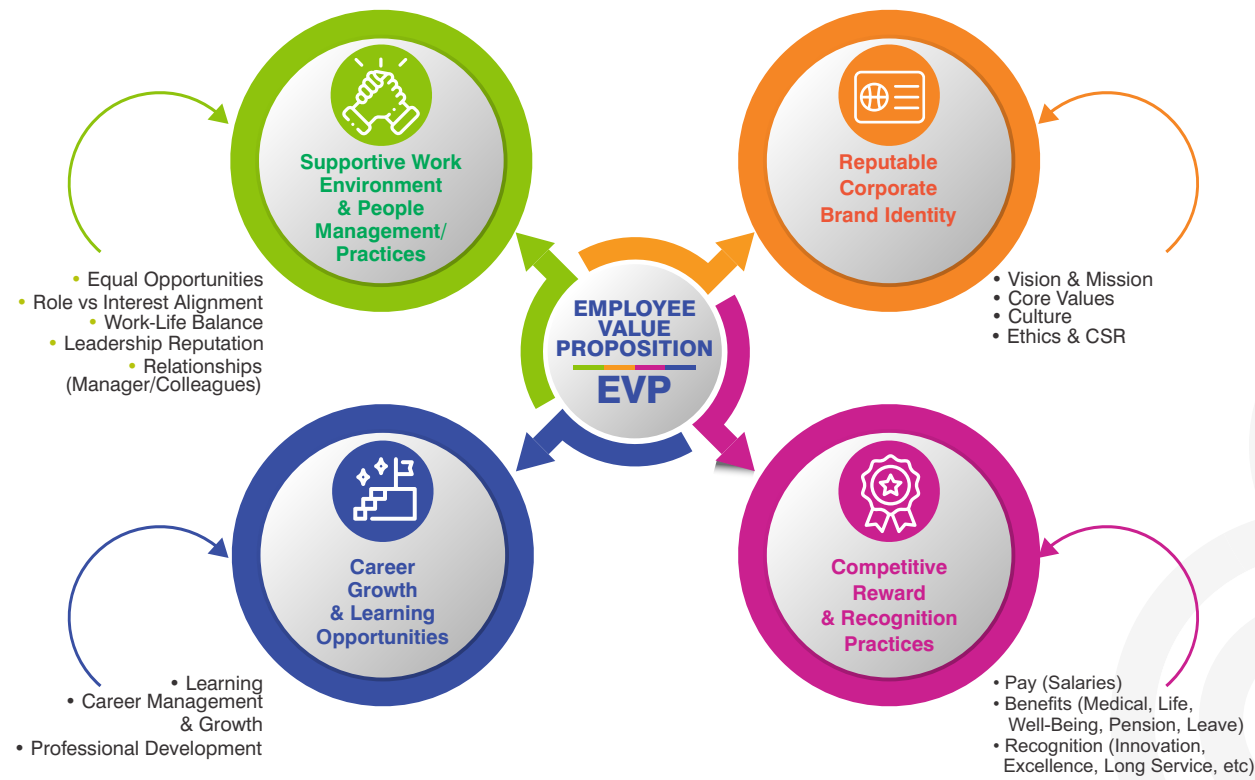
The goal of the engagement session was to create a hybrid session for interaction with the PFIs as they are key partners to the business success of DBN. The Session with some partners held in their office site with members of DBN's management in attendance whilst a group session also held with some State MFB PFIs at DBN's Lagos office.

This initiative allowed DBN to share its journey, performance, and plans with the key leadership within the PFIs. The executive management team of the PFIs also appreciated the opportunity to interact with DBN's management and provide direct feedback on the relationship, suggest improvement areas and ideas that can be employed to further strengthen the success of all stakeholders.



The goal of the engagement session was to create a hybrid session for interaction with the PFIs as they are key partners to the business success of DBN.

8.3.1 Employee Value Proposition



Our Employee Value Proposition (EVP) encapsulates the features that the talent market and employees define as the value they gain when they accept to work for DBN.

DBN recognises that its most valuable asset is its people. To that end, we actively work to improve our workforce's overall experience and keep them fully engaged and motivated. Our Employee Value Proposition was created with the aim of constantly improving positive employee experiences, while making sure that DBN has a distinct competitive edge in its rapidly changing industry and talent markets.

In DBN, we understand that our people are our first Brand Ambassadors. Hence, we have made certain that they are constantly provided with a conducive environment and a distinct culture which they are proud to identify with, and which inspires them to thrive and achieve their full potentials.

Our corporate philosophy resonates respect, diversity, innovation and excellence – this remains one of our key strategies for ensuring sustainable business performance and the achievement of the critical objectives that support the Bank's Mission.



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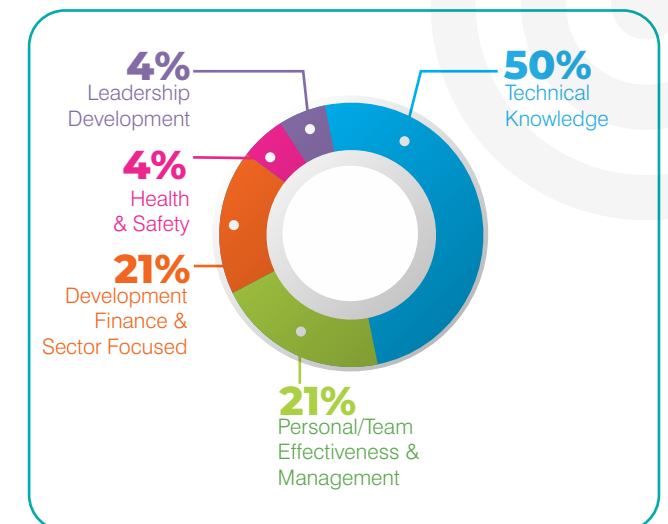
8.3.2 Training and Development

At DBN, we firmly believe that our employees' continuous empowerment and skill-upgrading is essential to enabling them to achieve the organisational goals as well as the personal objectives that they have set for themselves.

With the relaxation of COVID-19 protocols and travel restrictions, we continued to explore even more engaging and effective ways to improve our people's skills and capabilities. In 2022, the Bank remained committed to developing its workforce with the necessary skills and competencies to meet the organisation's current and future talent demands, through partnerships with reputable international and local training providers for the implementation of in-person and virtual training programs.

As shown in the chart below, the goal of our training initiatives was to increase the skills of our workforce in the following areas: technical knowledge, leadership development, development finance, personal & team effectiveness, and health & safety.

% Distribution of Learning Hours by Focus Area

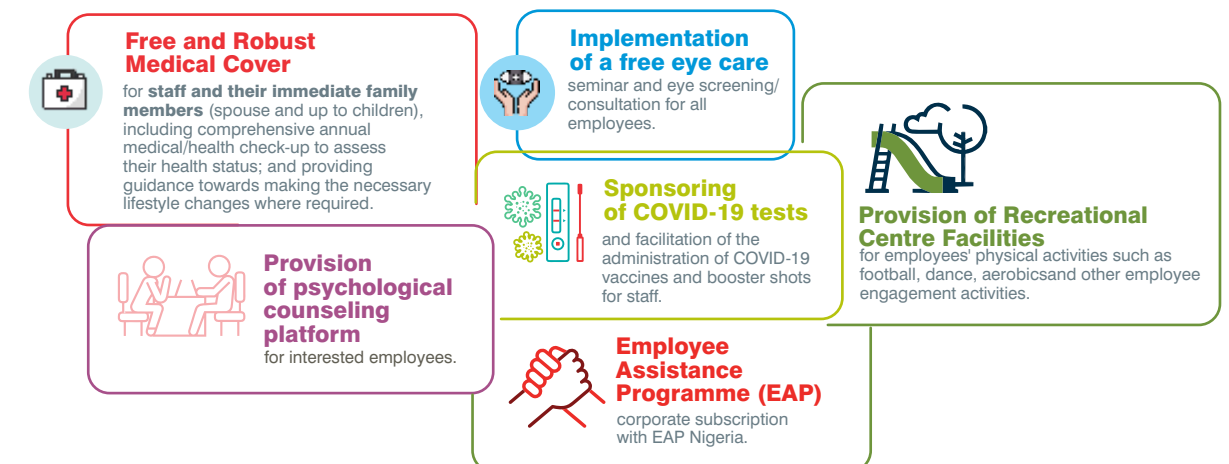


8.3.3 Employee Welfare

In DBN, we strive to continue to deliver on our promise of a rich and enjoyable experience to our most prized assets – our people. To this end, we always make deliberate efforts to foster a workplace where the happiness and wellbeing of our employees is always prioritised.

Employee Health & Total Wellbeing

The Bank continued to promote the health and total wellness of employees in an innovative and sustainable way. In 2022, we partnered with renowned healthcare providers and other professional bodies for the following.



In addition, we implemented our annual employee wellness survey, and recommended suitable interventions to address identified wellness concerns.

The Bank also continued the provision of a wide range of benefits and perks, such as subscription to gyms, fitness clubs and social clubs for eligible employees.

Employee Engagement and Work-Life Integration

Recognising that a culture of enhanced employee experience and positive psychology is a key driver of our success as an institution, we ensured that employee engagement remained the core of our people management practices.

The Bank resumed its physical employee engagement activities in 2022, following the lifting of the restriction on physical gatherings by the Federal Government. Some of the employee engagement initiatives implemented in 2022 included:

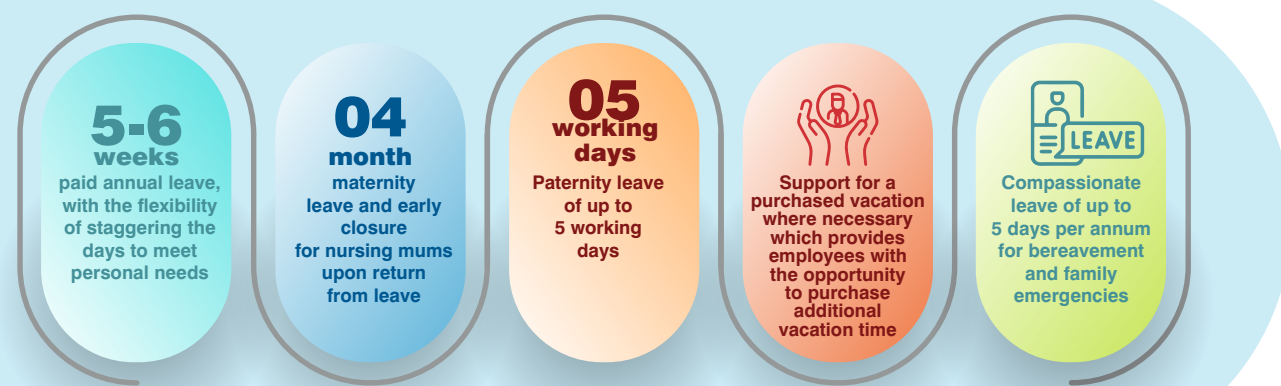


Remote and Flexible Work

Employees continued to leverage our Remote and Flexible Work arrangement to undertake work from the comfort of their home offices and/or have a flexible onsite work resumption and closing schedule. Without compromising performance, this work mode has proven to be an opportunity for enhancing employees' work-life integration, through the combination of work and personal activities.



In 2022, employees continued to take advantage of the available opportunities for time-off to attend to their personal and community responsibilities. These include:



8.3.4 Career growth and development opportunities

DBN is passionate about helping its people achieve their professional and personal developmental goals. Therefore, we encourage employees to be enthusiastic about their development, and we provide them with the right platforms to support them towards the achievement of their set objectives. We continuously invest in providing our people with opportunities to build and grow their own capabilities, leverage the collective strengths of colleagues to undertake meaningful projects that are not only fulfilling, but also socially impactful.

*As part of their social responsibility initiative, and in commemoration of the 2022 World Savings Day, staff implemented a school-based educational workshop on "Sustainability and Digital Literacy" to educate secondary school pupils on the importance and benefits of the theme - **Savings can make all the difference.***

In 2022, the Bank kept true to its promise of supporting its employees' career growth and development through the provision of:



8.3.5 Diversity & Equality

*Diversity is one of the values that we hold dear, and this drives our fair conduct as we interact with colleagues, partners and other stakeholders, regardless of their gender, family status, race, colour, nationality, ethnic or national origin, religious belief, age, or disability. At DBN, we recognise that our diversity and the individual difference in our people is a source of strength, contributing in positioning the Bank as **"A Great Place to Work"**.*

In our collective efforts to continuously promote diversity and inclusion, we continued:

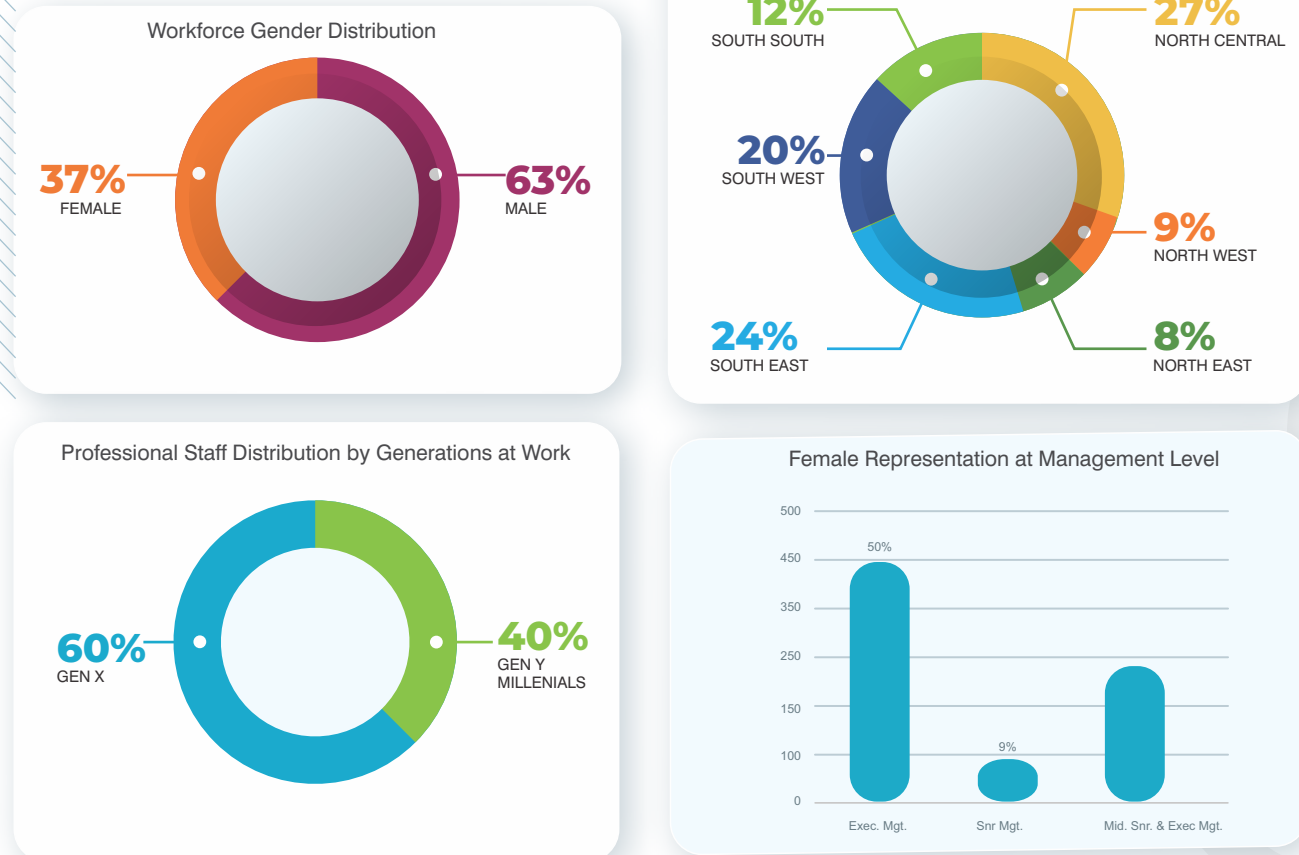
- Facilitating equal employment opportunities based on relative ability, performance or potential
- Building a safe work environment by taking action against inappropriate workplace and business behaviour that does not value diversity, including gender discrimination, harassment, bullying, victimisation, vilification and other non-inclusive behaviours
- Attracting and retaining a skilled and diverse workforce as an employer of choice. Our decision-making processes in recruitment will always take into account issues of diversity
- Creating an inclusive workplace culture where everyone is valued and respected for their

- distinctive skills, experiences and perspectives
- Creating gender sensitive structures, policies and programmes to assist employees to balance their work, family and other responsibilities effectively
- Ensuring equal access to women and men of all Bank resources and opportunities.

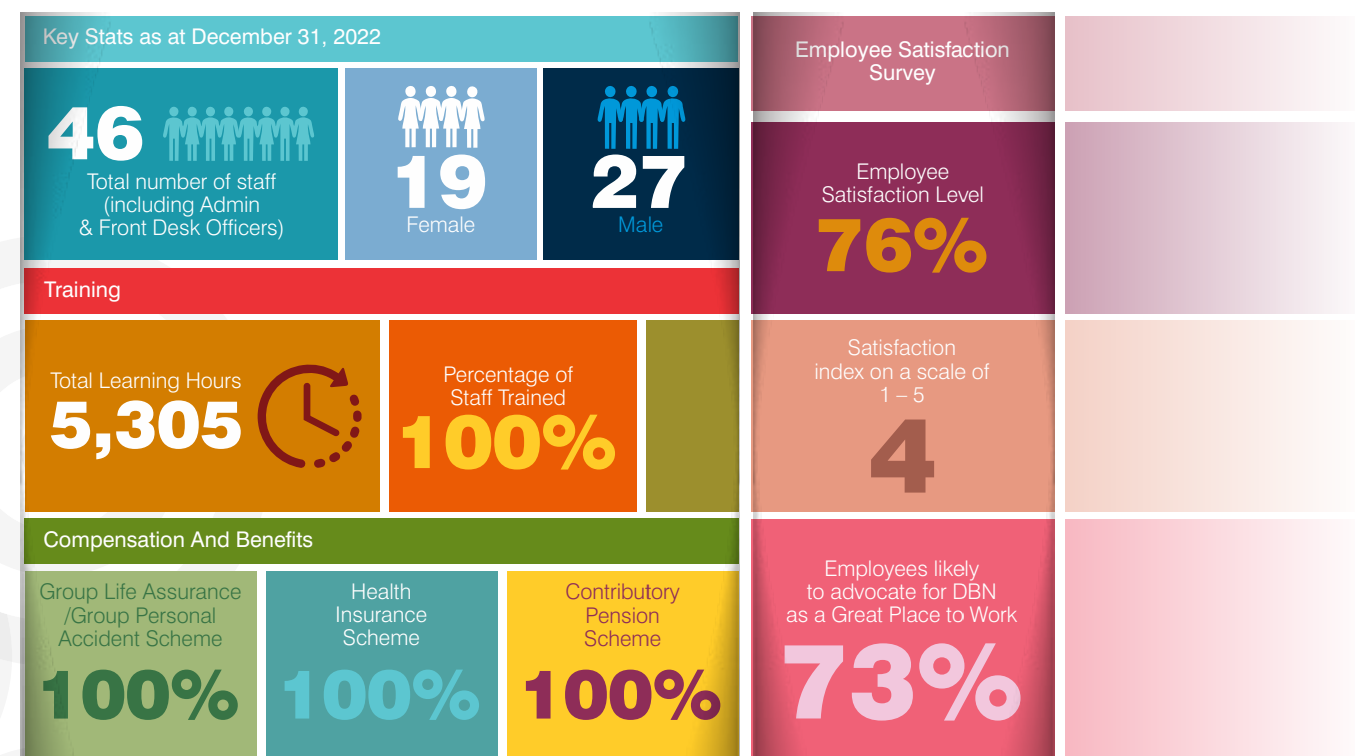
In 2022, the Bank continued to uphold its position of the prohibition of discrimination, intimidation, harassment, victimisation, and/or vilification in any form, whether obvious, indirect, physical, verbal, or non-verbal within the workplace and in all interactions between its employees and third parties.

The Bank's guiding principles for maintaining an inclusive workplace environment devoid of harassment and discrimination and where everyone is recognised and respected are outlined in its Workforce Diversity policy. The policy also helps to ensure that all employees have equal access to opportunities based on merit, and that hiring decisions are transparent, equitable and fair.

The charts below presents the Bank's diversity position as at December 2022.



8.3.6 Key Statistics



8.4 Natural Capital

We remain environmentally focused as an organisation and a number of our initiatives continue to reflect our dedication to climate positive impacts through our operations and activities. Over the course of the year, we have remained agile in respect of our interactions with the natural environment around our operations, taking into cognisance that only through the embrace of a net zero lifestyle for our organisation can DBN contribute to a climate positive future for our planet.

Below are a few of the initiatives we have championed over the past year:

8.4.1 Waste

The DBN waste management program embraces recycling as a major way of waste disposal and management. Over the past three years, in addition to embracing responsible recycling options for its internally generated waste, the bank has also carried out systemic capacity building for all its employees to ensure there is a granular understanding of waste management.

In addition, the Bank promotes a zero-waste economy by using waste as a currency to finance the education of underprivileged children. Recyclable waste generated in the bank is collected and converted to value to pay the tuition of 3 Eco-scholars.

In 2022, 822kg of waste was collected from the Bank between January and December 2022. We continue to encourage responsible water usage within our offices. In particular we have discouraged the use of single-use plastic cups at our filter centers within our organisation.



8.4.2 DBN Green Clubs

In 2021 DBN launched the first Green Clubs as an offshoot of its World Environment Day (WED) activities. The main driver behind the establishment of the Green clubs is to ensure that post- WED, there is continuous environmental education for students in respective schools. DBN has dedicated effort, time and funds into establishing these Green Clubs across the country. In addition to 2 Green Clubs established in 2021, 2022 saw the inclusion of an additional 4 clubs bringing the total number of DBN Green Clubs in existence to 6.

As part of learning activities across all the Green clubs, modules taught include:

- Climate change and its effect on the environment, man and living things.
- Global warming: its causes and effects.
- Different types of flowers.
- Propagation of marigold flower using water sachet.
- Reduce, reuse, recycle.
- Waste management



Student participating in water propagation of flowers

8.4.3 Power

In 2022, based on work done to understand our power usage within our offices, we instituted a power shut-down process daily at 17:30 pm. This has enabled us to conserve energy as well as push ourselves to have a better managed energy and net zero led organisation.

8.4.4 World Environment Day 2022



This year, we launched the inaugural nation-wide DBN essay competition which focused on inviting junior and secondary school pupils from across the 6 geo-political zones to submit essays on this year's global theme - **Only One Earth.**





8.5 Intellectual Capital



We build value through continuous innovation which helps to modernise our operations and activities. Our technology and knowledge capabilities are focused to build and deliver world-class products and services specifically designed for the Nigerian market.

8.5.1 DBN Publications

DBN adopts the following approach to publishing intellectual content:

1. Send out a call for papers for both WPS and JESG to a network in the academia, think tanks and other stakeholders.
2. Publishing top tier international peer reviewed journals gives the Bank's publication outlet more visibility and therefore attracts more submission.
3. In-press publication via Business Day on topical issues to enhance visibility.

As part of our contributions to the development of overall national knowledge economy, the following working papers and journals were created in 2022:

Publications in Journal of Economics and Sustainable Growth (JESG) 2022

Volume 4, Issue 3

1. Agricultural Credit Guarantee Scheme Fund and Performance in Nigeria
2. COVID-19 Pandemic Government Policy Responses and Stock Market Performance in Some Selected African Countries
3. Models of Financial Stability and the Intermediation Puzzle
4. Impact Of Fiscal Policy On The Growth And Development Of Nigeria

Volume 5, Issue 1

1. Examining The Response Of Inflation To The Boom-Bust Cycle Of Oil Price: Evidence From Nigeria
2. Foreign Direct Investment, Trade Openness and Industrial Sector Employment in Nigeria
3. The Effects of Global Value Chains (GVC) on Employment in Nigeria
4. Household Finance: A Review of Risk Preferences and Beliefs in Shaping Household Financial Decisions.

Working Paper Series 2022

WPS 222

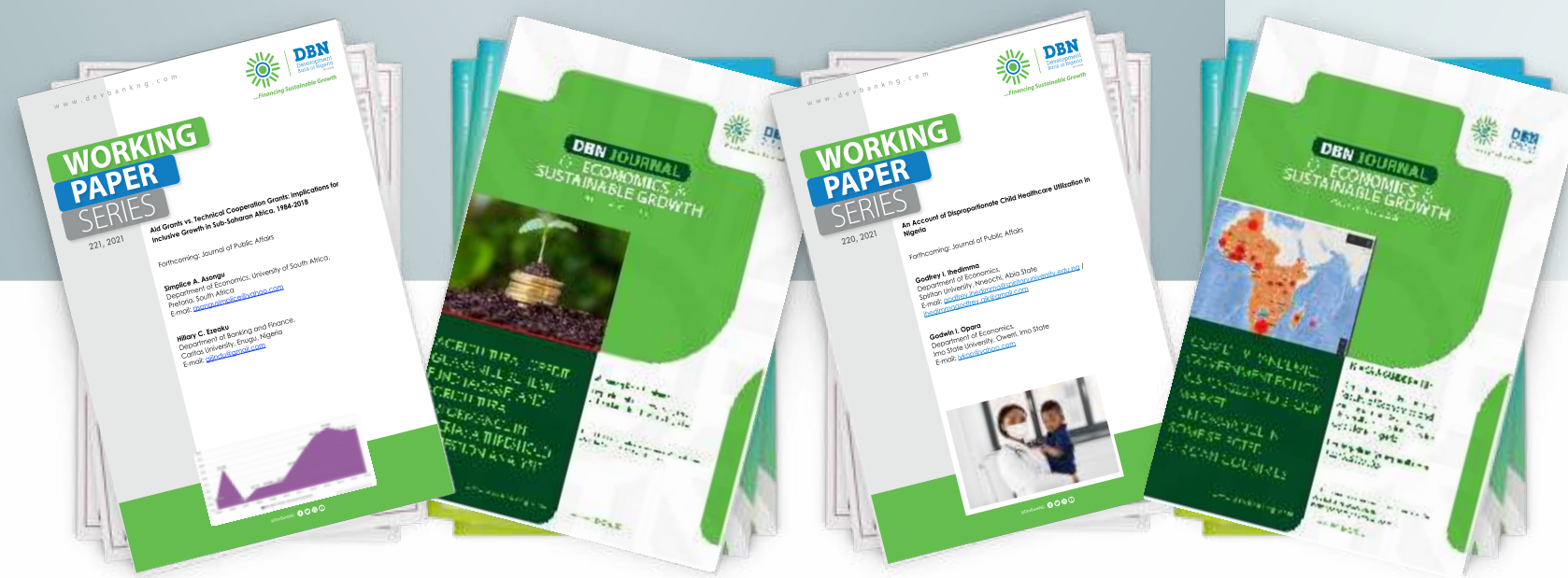
1. A Survey on Central Bank Responses
2. Agricultural Export Growth and the Poor in Africa: A Meta Analysis
3. COVID-19 Global Pandemic and Financial Development and Inclusion
4. Democracy and Terrorism in Africa
5. Educational Quality Social Media and Public Accountability
6. Effects of Infrastructures on Environmental Quality
7. Financial Development and Poverty Alleviation in Africa
8. Food Security and Governance Nexus
9. Fostering Integrated Governance Quality through Technology
10. Political Inclusion and Democracy in Africa
11. Taxing Africa for Inclusive Human Development
12. Testing the Triple Deficit Hypothesis for Sub-Saharan Africa
13. The Political Implication of Women and Industrialisation in Africa
14. The Role of Value Added across Economic Sectors in Modulating the Effects
15. The Synergy between Governance and Economic Integration
16. The-Impact-of-Financial-Inclusion-on-Household-Health-Expenditures-in-Africa
17. Tourism Management for Financial Access in Sub-Saharan Africa
18. Towards The Quest To Reduce Income Inequality In Africa
19. Unravelling the Mysteries of Underdevelopment in Africa
20. What Drives Financial Sector Development in Africa?

WPS 223

1. Corporate Governance
2. Covid-19 and SDGs
3. Education Enrollment Rate vs Employment Rate – Copy
4. Effect of Exchange Rate Volatility on Tax Revenue Performance in Sub-Saharan Africa
5. Effects of Political Institutions on the External Debt
6. Empowerment of Rural Young People in Informal Farm Entrepreneurship
7. Gender Inclusive Intermediary Education
8. Global Value Chain Participation and Inclusive Growth in Sub-Saharan Africa
9. Growth Trade and Urbanisation
10. ICT Dynamics for Gender Inclusive Intermediary Education
11. ICT-Diffusion FDI Inclusive-Growth In-SSA
12. Is Financial Development Shaping or Shaking Economic Sophistication?
13. Law Mobile Money Drivers and Mobile Money Innovations in Developing Countries
14. Mobile Phone Technology
15. Natural Resources and Wealth Inequality
16. Reputational Risks in Banks
17. Resources and Inclusive Development
18. Terrorism-Finance-Nexus
19. The Role of Finance in Inclusive Human Development in Africa Revisited
20. Women Political Empowerment and Vulnerability to Climate Change

WPS 224

1. An Integrative Framework for Formal and Informal Entrepreneurship Research in Africa
2. Bridging Africa Income Inequality Gap
3. Corruption Economic Growth and the Informal Sector
4. Demand Side Money Drivers of Financial Inclusion
5. Enhancing ICT for Female Economic Participation
6. Female Parliamentarians and Environmental Quality
7. Financial Access and Value added in Sub-Saharan Africa
8. Financing Renewable Energy Generation
9. Fiscal Incentive and Tax Compliance Behaviour
10. ICT and Agriculture in Sub-Saharan Africa
11. Information Sharing and Banking Efficiency in Africa
12. Interconnections between Governance and Socio-Economic Conditions
13. Repackaging FDI for Inclusive Growth
14. The Critical Role of Education and ICT
15. The Role of Economic Growth in Modulating Mobile Connectivity
16. The Role of Economic Prosperity on Informality in Africa
17. The Role of Mobile Characteristics on Mobile Money Innovations
18. Trade Shocks and the Labour Market in SSA
19. Women Empowerment and Environmental Sustainability in Africa
20. Women Parliamentary Representation and Environmental Quality



8.5.2 2022 DBN Entrepreneurship Programme

In 2022, over 2000 MSMEs were trained through the various Capacity-building initiatives of the Bank which included partnerships with: Emerging Entrepreneurs who trained about 290 small businesses in mushroom production and packing, shear butter products processing, entrepreneurship fundamentals and financial literacy; Google Nigeria with over 600 MSMEs trained on digital marketing; the 2022 GAIN Women Entrepreneurship 4 Nigeria program who trained 200 Women entrepreneurs; and the Bank's flagship annual DBN Entrepreneurship Training Programme.

The DBN Entrepreneurship Programme continues to equip MSMEs with the knowledge and abilities necessary to defend sound and viable business proposals, increase their ability to obtain credit, and increase their capacity for effective money management, trade, investments, and market access.

This year, in its 4th cycle, the Bank deployed its very own in-house learning management system to train users digitally and also partnered with the Enterprise Development Centre and Wider Perspective Limited to implement the face-to-face training programme. With over 1146 participants trained on the DBN learning management system, the best 200 businesses were selected to participate in the face-to-face training in Lagos and Abuja.

The programme was implemented using a blended learning format (self-paced online sessions and in-class sessions). The in-class sessions were delivered using multiple learning methods such as presentations, case studies, group activities, etc. to ensure participants were fully engaged and all learning styles catered for.

Courses taught were needs based and captured below:

For Small-businesses:

- Operations Management
- Green Financing
- Investment Readiness
- Legal & Tax aspect of Entrepreneurship
- Strategic Planning

For Micro-Businesses:

- Improving Your Market & Sales
- Financial Management
- Sustainability & Digital Marketing
- Caring for the Customer
- Developing a Bankable Business plan
- Becoming a More Effective Owner Manager
- Presentation Skills/Business Pitching
- Financing for Growing Businesses

As an additional support to the Businesses, the participants were given an opportunity to pitch their business ideas for some grant funding and a total of N10,000,000 was given to the best 18 businesses as business support.

Also, a post advisory and mentoring session commenced for all participants immediately after the training. For the small businesses, Business Experts were made available at a business clinic session to offer business advisory services based on areas of challenge identified by the businesses. The post training advisory for the micro-businesses involved business plan reviews, advising on credit facilities and general business counselling.

After each cycle of the training programme, an impact evaluation is done 6 months post training to ascertain the impact of the training programme on the businesses of the participants. From a survey carried out on participants from the 2021 training programme, the following results were recorded:



Job Creation

The evaluation of the programme showed that in addition to sustainable growth in revenue, and other areas of impacts, trainees reported significant increase in employment generation. Within the reporting period, 48% of the small and medium enterprises were able to increase their employees. For the micro businesses, about 163 employments were generated after the entrepreneurship training programme.

This is about 27% increase from the baseline.



Revenue Generation

In terms of revenue generation, most (62%) of the small and medium enterprises reported having increased revenue. For the micro businesses, the total turnover for the assessment period increased by 27% from the baseline of N89,380,082.

Results from the interviews corroborated the responses from the survey, indicating an increase in revenue for the participants. Although increase in revenue cannot be wholly attributed to the outcome of the DBN Entrepreneurship Training programme, the skills and knowledge received during the programme could contribute to the increase in revenue of the enterprises.



Access to Finance

The DBN Entrepreneurship Training programme was designed to enable the participants to access funds. From the assessment, 25% of the sampled MSMEs reported that they received funds after the program. The funding sources included family and friends, commercial banks, and microfinance institutions.



Impact on Business Operations

Evidence shows that the participants made significant improvements in their ability to manage business operations. The participants reported that they could effectively manage their business operations. 98% of micro businesses assessed have developed and are implementing their business plan with support from the team. This constitutes a 5% increase from the baseline of 93%. 98% of micro businesses assessed have now registered their business with the Corporate Affairs Commission. This constitutes a 7% increase from the baseline of 91%.



The DBN Entrepreneurship Programme continues to equip MSMEs with the knowledge and abilities necessary to defend sound and viable business proposals, increase their ability to obtain credit, and increase their capacity for effective money management, trade, investments, and market access.



8.5.3 2022 DBN-GAIN Capacity Building Programme for Women



In 2022, DBN in partnership with Grand Africa Initiative held a training programme specifically focused on women entrepreneurs in Nigeria. This partnership contributed to DBN's strategic objective of creating a robust gender proposition with a keen focus on women's empowerment and the provision of capacity building as well as loan disbursement as key goals. The programme was designed to include the key objectives of both the African Union Agenda 2063 and relevant Sustainable Development Goals 1, 2, 3, 5, 8, 9, 10, 16 and 17.

The programme focused on building the capacity of women entrepreneurs, predominantly young women who operate in the education, health, renewable energy, creative arts, etc. and was held over a period of six weeks. Modules taught include:

- **Business Idea and Pitching**
- **Topic 2: Business Model**
- **Topic 3: Communication Strategy for Your Business- The Fundamentals Inclusive of Practical Session**
- **Topic 4: Legal Aspects of Business and Intellectual Property for Business**
- **Topic 5: Business Finance, Accounting and Taxation**
- **Topic 6: Building Confidence and Personal Branding**
- **Topic 7: Business Plan**
- **Topic 8: Leadership Capital for Sustainable Enterprise**
- **Topic 9: Business Processes, Systems, Tools and Automation**

The six week programme was delivered by both local and international faculty.

8.5.4 2022 E&S Capacity Building Training for Participating Financial Institutions (PFIs)

E&S Commitment to our PFIs

The following were some actions taken by DBN in 2022, which reflect the Bank's commitment to the Environmental and Social sustainability of its Business, as well as those of its Participating Financial Institutions:

- A 2-day E&S Capacity Building programme was held for PFIs in Lagos. A total of 45 participants from 17 PFIs [3 Mortgage Banks, 2 Merchant Banks, and 12 Microfinance Banks] participated in the training. The training covered the following areas among others:
 - **Grievance Redress Mechanisms**
 - **Environmental & Social Risk Reporting**
 - **Operationalisation of an Environmental & Social Management System**
 - **Fundamentals of ESG Ratings and Certifications**
 - **Nigerian Sustainable Banking Principles**
 - **IFC Performance Standards**



Participants at the 2-day Environmental & Social (E&S) Risk Management Capacity Building for PFIs, including officials of Development Bank of Nigeria & Natural Eco Capital (training providers).

Technical Assistance to Participating Financial Institutions (PFIs) – Microfinance Banks to strengthen their business process and expand their lending to target Micro, Small, and Medium Enterprises (MSMEs)

The Development Bank of Nigeria (DBN) launched a Technical Assistance (TA) Programme to support the capacity of Ten (10) selected participating Microfinance Banks (MFBs)



The programme will strengthen their existing MSME financing portfolios in areas such as technology integration, product development, improvements in the lending process, risk management practices. Know-Your-Customer (KYC), Anti-Money Laundering (AML) & Combating The Financing Of Terrorism (CFT), and corporate governance.

In this context, DBN has engaged A2F Consulting to deliver technical assistance to the 10 selected MFBs.



Group Photo at the Capacity Building Session for State MFBs.



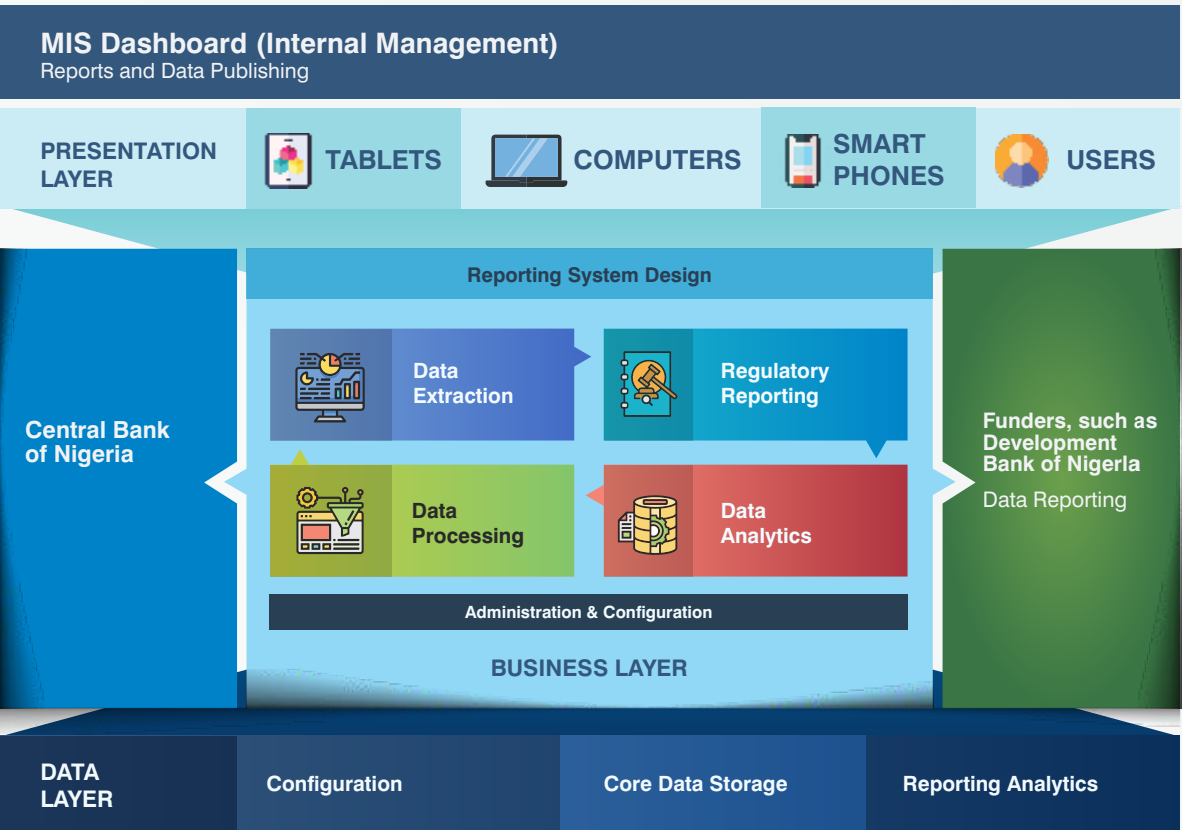
Participants at the Plenary Session for Credit Analysis.



Cross-Section of participants in a Focus Group Discussion.

Figure : The TA Programme Includes Three Pillars

Key Pillars	Components
1 Capacity Building in MSME Lending & Risk Management Practices for All PFIs	- Best Practices in Risk Management & Compliance - Enterprise Risk Governance & Reporting - AML/CFT - Cybersecurity
2 Selected Capacity Building for State PFIs	Best Practices in Credit Analysis & Portfolio Monitoring, including on gender-sensitive product designs
3 Management Information & Reporting System Upgrade for all PFIs	- State MFB 1: Support for the revision and upgrade of the risk management manual(s) - State MFB 2: Review and enhance the procedure for portfolio management - State MFB 3: Review and upgrade of ERM framework/manual - State MFB 4: Review and enhance credit operations manual - State MFB 5: Review and upgrade of the Business Continuity Plan (BCP)
	- Performance Reporting (new disbursements including sales targets) - Risk Reporting (e.g., vintage analysis), iii) Financial Reporting (e.g., ALCO) - Compliance Reporting (e.g., CBN, DBN, Financial Intelligence unit, etc.) - M&E reporting



8.6 Social Capital

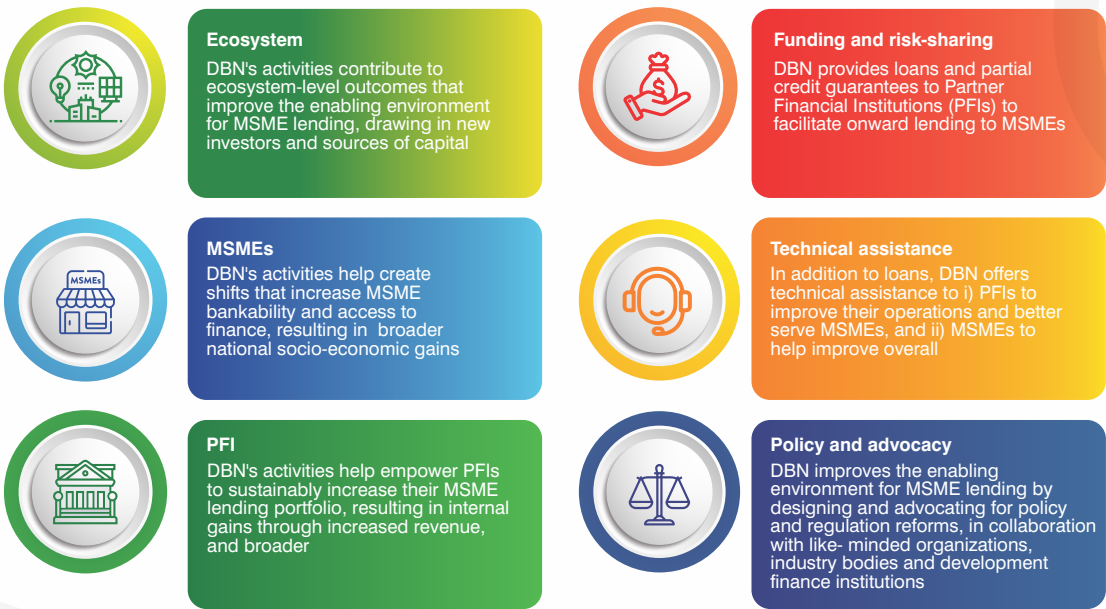
8.56.1 Development Impact Approach

To assess the performance and impact of loans provided to MSMEs by the Bank, the Bank operates a circular learning process through its Monitoring and Evaluation exercise. This is to ensure that the Bank is on the right trajectory to achieving its mandate. As such, we have created key indicators that are measured and monitored regularly by a team of qualified and experienced persons.

8.6.2 DBN's Theory of Change

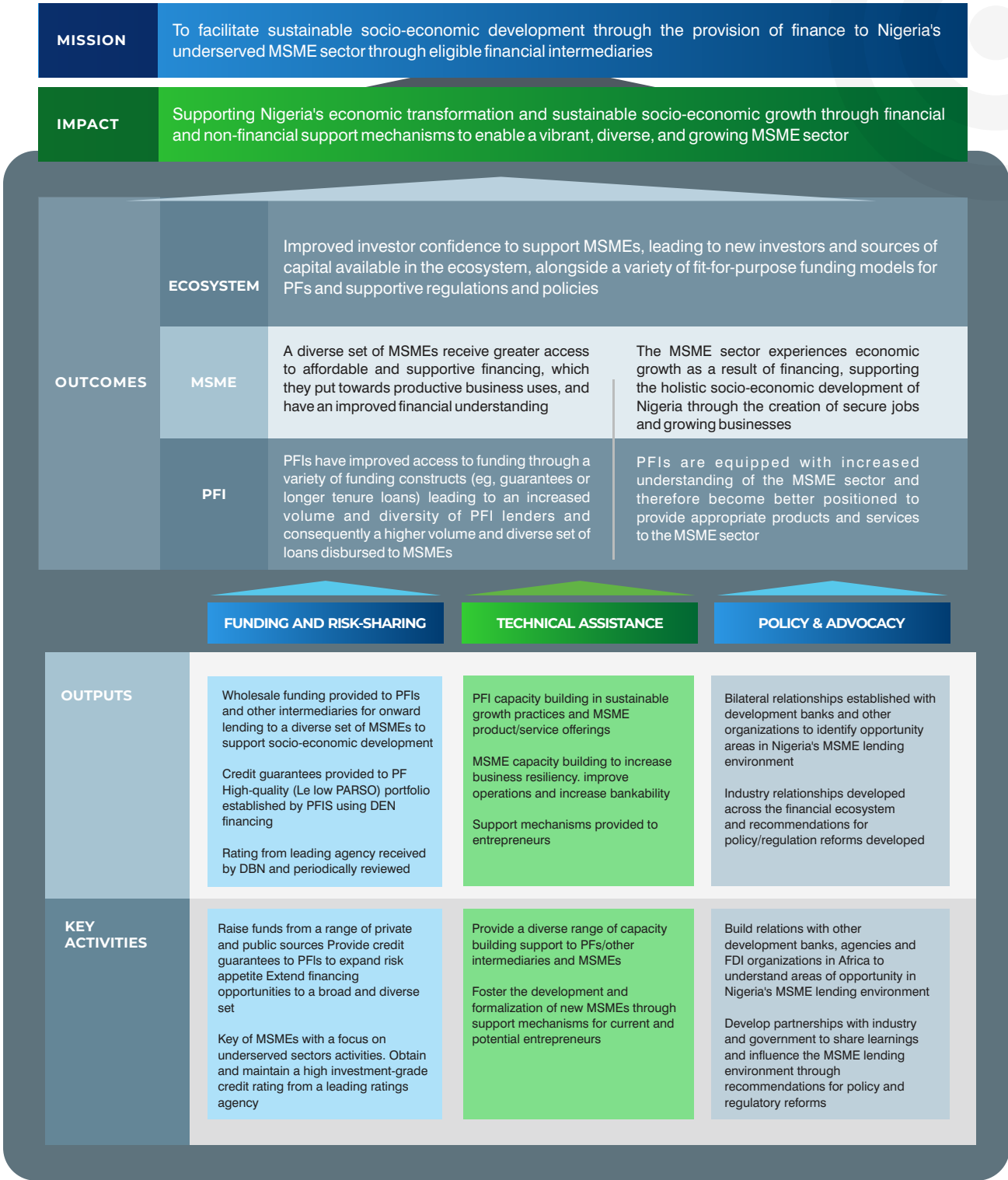
DBN is on a mission to increase MSMEs access to finance in Nigeria. DBN aspires to serve as the primary development finance institution promoting growth and sustainability in Nigeria by enabling access to finance for MSMEs which account for 48% of Nigeria's GDP and 84% of total employment. The Bank aims to transform MSME lending and support broader socio-economic growth through three core activities of funding and risk-sharing, technical assistance, and policy and advocacy, and realise impact across three dimensions: Ecosystem, MSME and PFI

Figure 1: Dimensions of impact and DBN activities to realize impact



The Theory of Change comprises five logically linked components and articulates how the individual DBN activities lead to outcomes and how these combined outcomes, in turn, deliver the organisation's target impact.

DBN's Monitoring & Evaluation is governed by its Theory of Change which captures all its activities, output and outcomes required to achieve DBN's Target Impact



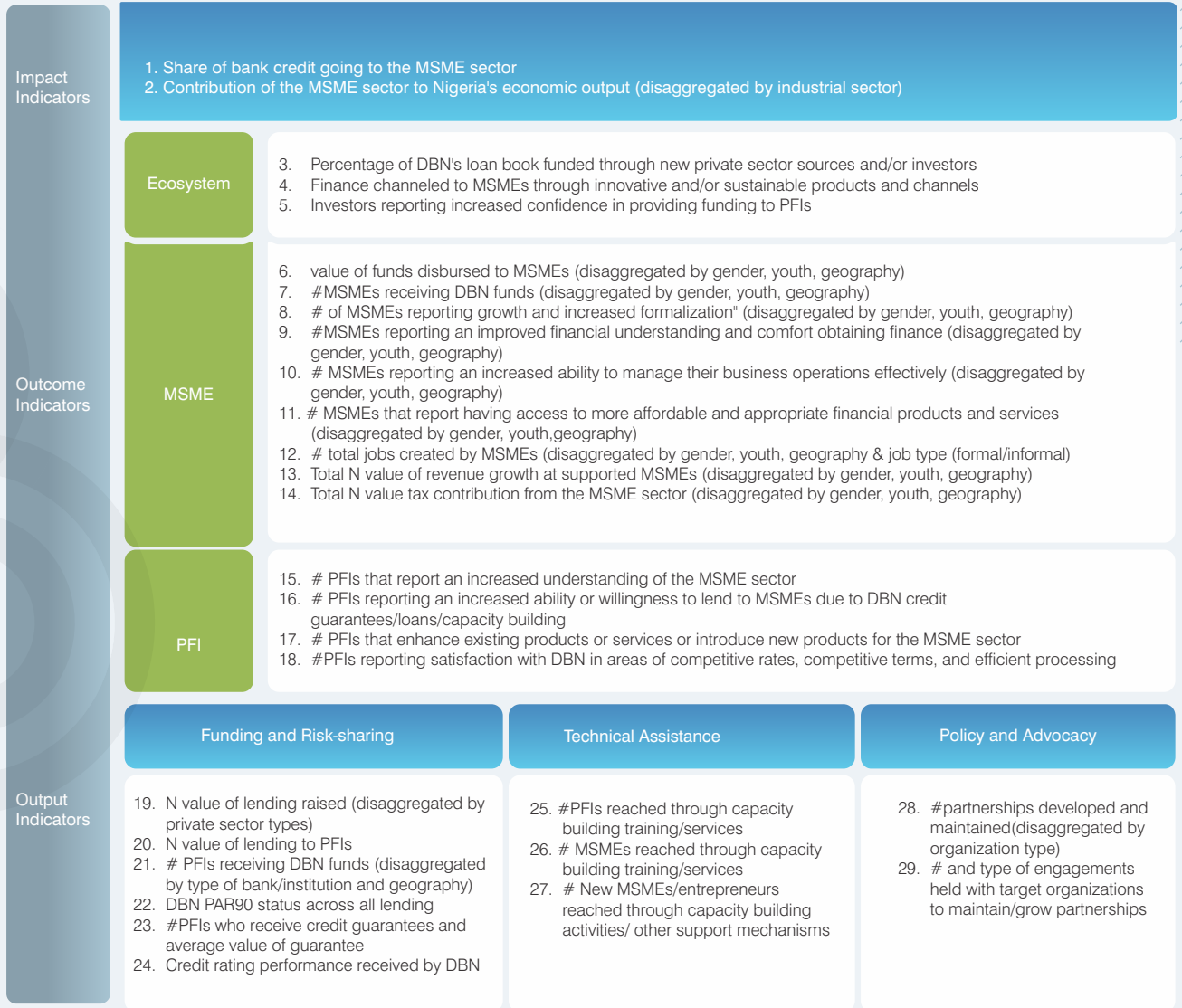
8.6.3 DBN Strategic Positioning

DBN has adopted seven strategic positions as a result of the environment in which it operates and these, in turn, inform DBN's anticipated avenues to impact realisation. The MSME lending environment in Nigeria faces challenges ranging from Naira volatility against international currencies to the market distorting effects of Apex Banks intervention funds in certain sectors amongst others. This broad range of challenges has implications for DBN across all impact dimensions, with corresponding strategic positions adopted to mitigate risks or combat challenges. The strategic position informs how DBN anticipates impact being realised, underpinning the Theory of Change and informing the learning questions which DBN will ask, to determine performance and impact attainment.



Figure 2: DBN strategic positions

DBN's logical framework defines 29 indicators based upon the theory of change (ToC) to monitor and evaluate DBN performance.



8.6.4 2022 M&E Exercise



The 2022 M&E exercise was carried out by an external party- the Enterprise Development Center (EDC) of the Lagos Business School, in line with the Bank's result-based M&E framework. The report captured the findings of the impact evaluation done on the End-borrowers and Participating Financial Institutions (PFIs) who received DBN loans and support in 2021. It showcased DBN's impact in driving driving innovation and increasing the attractiveness of MSME lending; DBN's contribution to gender and wider social impacts; and MSME and PFI activity using quantitative and qualitative analyses.

The evaluation employed a mixed methods approach, combining qualitative and quantitative methods of data collection and analysis. The quantitative method was implemented through a sample survey of the PFIs and end-borrowers that received funds in 2021. The qualitative aspect was implemented through an in-depth interview survey of purposively selected end-borrowers that received funds in 2021 and PFIs.

For the year 2021, a sample size of 20,000 MSMEs was randomly selected from the population of 73,513 end-borrowers who received DBN funds. There were 1051 valid responses from the MSMEs, and 22 interviews spread across the geopolitical zones over a period of 10 weeks. The questionnaires were administered electronically, by email and SMS. The average response rate per week was 105. There were 20 survey responses from the PFIs and 16 interview respondents. The interviews with the PFIs were conducted virtually while interviews with MSMEs were done during spot checks on their business locations in the Federal Capital Territory, Niger, Kano, Oyo, Lagos, Enugu, and Rivers. All data was collected between June and September 2022.

Evidence revealed the contribution of DBN funds to the growth of enterprises and the MSME loan portfolio of Participating Financial Institutions (PFIs). All the respondents reported that they applied for the DBN loans to grow and scale up their businesses. The DBN funds enabled small business owners to make investments in different areas which in turn impacted positively on their businesses.

The following are the impact of the DBN funds on MSMEs as revealed in the analysis.

New Employments:

A key measure of enterprise growth which also translates to improved socio-economic growth in the wider environment is the creation of new employments. For the period under review, high proportions of sampled end-borrowers reported new employment opportunities and sustained jobs. For the 2021 evaluation, an estimated two hundred and thirty-five thousand, one hundred and forty-eight (235,148) new jobs were created by the MSMEs.

Increase in Revenue:

Majority (77.1%) of the sampled respondents reported significant increase in revenue which is one of the key business indicators. Also, beneficiaries reported an increase in income and profit levels.

Improved Access to Financial Products and Services:

Beneficiaries reported that their organisations had more access to appropriate financial products and services.

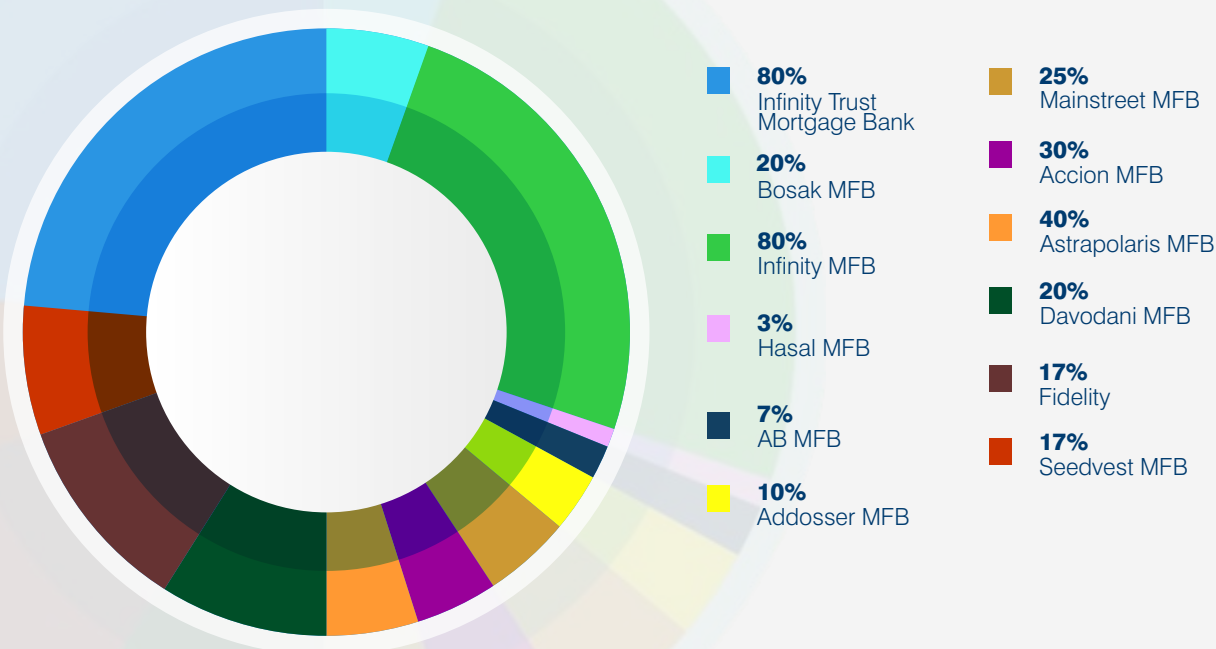
Access to More Affordable and More Appropriate Financial Product & Service

Segment	Agree	Neutral	Disagree
Male-led business	52.9%	23.3%	23.8%
Female-led business	51.9%	29.5%	18.7%
Jointly owned (equal shares)	50.0%	16.7%	3.3%
Youth-led business	51.9%	30.1%	17.9%

Participating Financial Institutions' Performance: Most (85%) PFIs reported improved lending offerings to the MSMEs. They attributed this majorly to the attractiveness of DBN offerings in terms of cost of borrowing, timely disbursement of funds and overall ease of working with the bank. Almost (95%) of all surveyed PFIs reported increased willingness to lend to the MSMEs and that the quality of products and services offered to MSMEs has significantly improved. All PFIs admitted that the DBN loans contributed significantly to their MSME loan portfolio. PFIs have also adopted initiatives, including alternative collateral requirements, and sector-specific financial products and offerings with the help of DBN offerings.

The majority (83%) of the PFIs reported that DBN loans constituted between 3% to 40% of their total MSME loan portfolio, while for Infinity Trust Mortgage Bank and Infinity Microfinance Bank, 80% of their MSME loans were financed using the DBN facility.

DBN's PERCENTAGE CONTRIBUTION TO MSME LENDING PORTFOLIO



Other KPIs in 2021

19 PFIs reporting increased understanding of MSME sector

43 PFIs reached through capacity building training/services

1000 MSMEs reached through capacity building training/services

38 Engagements/Policy/Partnership initiatives

95% PFIs reporting increased willingness to lend to the MSME sector because of DBN credit guarantee/loans/capacity building

8.6.5 Impact Stories

Longa-Ewa Lakes

Background

Longa-Ewa Lakes Limited is a Nigerian-owned international agriculture-based company. The company was incorporated in 2016 and started operations immediately. The major objective of the company is to carry on the business of agricultural production and sales. It initially commenced business with fish production, and later diversified into crop, poultry and livestock farming. The company is well equipped with suitable machinery for the growth of the crops and efficient processing of fruits to juice, and the production of yoghurt. The company's products brand name is Farm Feast, and its finished products are fresh (dehydrated) fruit snacks, and natural juice with flavours such as mango, pineapple, orange, guava and mixed fruits. The firm also produces sweetened and unsweetened yoghurt.

Journey So Far

In the year 2016, the company received a fruit dryer machine from the World Bank which was used to dry fruits at a low temperature and then packaged and sold as chips. Along the line the CEO, Njidda Ahmed realised that the profit margin on dried fruit snacks was not commensurate with the cost of resources. It required about 3000 watts to power a dryer and the company had about 24 elements, the returns were not encouraging, so Mr. Ahmed decided to focus on natural juice and yoghurts. The company has a depot in Abuja, Kano, Lagos and Port Harcourt, and also supplies their products through distributors in Kaduna, Lokoja and Maiduguri.

The first DBN loan received was used to produce bottle caps used to package the fruit juice and yoghurt. Gradually the company has been able to localise the production of her raw materials to reduce the reliance

on suppliers. Last year the CEO accessed more funds to acquire a new equipment to intensify production, transition to a more digitised process and address some challenges affecting their productivity. A few challenges that were faced were the increasing cost of raw materials and diesel. The loan received also enabled the diversification into poultry and livestock farming, alongside the fish farming the company started with initially. Mr. Ahmed purchased a foreign bull because they produce a richer taste of the milk; the idea is to have the foreign bull crossbreed the local cows to reproduce mixed-breed cows for milking purposes.

Within one year the company has employed 7 permanent workers in the production section and other farm workers. Longa-Ewa Lakes has been able to increase production at a faster pace with the purchase of this new equipment. Due to the growing demand of their natural fruit juice, the machine has helped to speed up production and ensures they can meet up with orders. Presently, the new machine can produce about 4,000 litres of fresh juice within few minutes. It has also helped to reduce human contact with the fruits and making the juice and yoghurts free from contamination.

Next Steps

With the purchase of foreign bulls, the long-term plan of the company is that 50% of the milk used for the sweetened and unsweetened yoghurt to be produced by local cows while 50% will be produced from the foreign breed. These cows are reared on the company's farm and will be milked with the milking machine and blended with the yoghurt. For the fish farming, the company plans to establish a drying and packaging process for their fishes which will be well branded with the company's name and logo.



New RIVOC Limited

Background

New RIVOC Limited previously known as Rivers Vegetable Oil Company Limited (RIVOC) was established in 1973 and officially commissioned in 1978 by the River State Government. In 2012, RIVOC operated seven active major process plants (solvent extraction plant, vegetable oil refinery, fractionation plant, baker's fat & margarine plant, toilet soap plant, detergent washing powder plant, and washing soap plant) and was the third largest fast-moving consumer goods manufacturing company in Nigeria. It was also the single largest producer of crude palm kernel oil and palm kernel extractions in the Country, unfortunately, RIVOC stopped operations in 2013 because of divestment. By 2018, it was acquired by Strides Energy Group and renamed New RIVOC Limited. Since its reopening, New RIVOC has been working towards refurbishing and manufacturing products in their plants. After the new acquisition, the company commenced operations in three major plants: the oil-producing plant, the detergent plant and the baker's fat plant.

Journey So Far

New RIVOC re-emerged with a vision to manufacture products which will be the preferred choice of consumers in every household in Africa. Currently, the detergent washing powder plant is the only plant functioning due to the cost of production and limited resources available to run the other plants. The DBN loan has enabled New RIVOC to acquire raw materials to produce detergents. The company has made

sustainable investments and acquired about 45 new permanent staff and 300 casual workers in the detergent washing powder plant. The company has a market chain and wholesalers across states like Lagos, Kano, and Ogun, also wholesalers near the border area often come in to purchase their products and sell at retail prices to people in Cameroun and other areas. New RIVOC gives back to the community by offering internships to undergraduates and providing access to healthcare for the underserved in the community.

Next Steps

New RIVOC Limited aims to improve customer gratification by delivering healthy products only. The company already possesses equipment for production in all seven plants but requires more financing to invest in raw materials. The solvent extraction plant, for instance, is capable of processing any oil-bearing seed of up to 150MT per day and the vegetable oil refinery plant has the capacity of processing 150MT of vegetable oil daily. The toilet soap plant is equipped to produce about 18,000MT/per annum of toilet soap provided other resources are available. The company also looks forward to increasing its brand awareness, by being among the top three highest demands in Nigeria through unerring market penetration activities, fast access to market activities, and instrumental decisions. Since the company is interested in reaching out its services across the borders of Nigeria, there is a commitment to work with people of diverse cultures and nationalities.

Adorable International

Background

Adorable International School is a leading international school at New Bodija, Ibadan, Oyo state committed to modelling excellence and Godliness. The school was established to provide quality education to children and also allow children to discover and develop their unique talents within a disciplined and caring school environment.

The journey so far

Prior to accessing the DBN facility, the school operated a crèche, nursery, and primary educational services. The first DBN loan received by Adorable International School was used to renovate the school at the end of the session, in expectation for more harvest. By the new session, the school attracted the attention of parents and guardians within New Bodija and its environs.

Last year, the proprietress applied for another DBN loan, this facility was utilised to start a secondary school section in September 2021. In this new establishment, the school has engaged a total of 13 staff: 6 regular teachers, 3 subject teachers, and 4 auxiliary staff. The new school plans to open its gate to students by the New Year, by this time there is a high chance of increased revenue.

Next steps

As the proprietress prepares for a new session, she plans to work on renovating the old building, revamping the playground, and making the school more attractive in order to boost enrolment. She also expects to acquire new students to the secondary school with the investments already made.

Adorable Int. School hopes to acquire a permanent site within the high-brow area; the idea is to be located in an environment that will ensure continuous patronage and wider coverage for the school. The school proprietress looks forward to getting a mortgage with a long tenor that will help the school thrive.



Mighty Miracle School

Background

Mighty Miracle International School is a citadel of learning that grooms and prepares sound intellectuals for a positive shake-up both in and out of school. This is an international-standard institution open to collaboration with international educational bodies. This educational fort with about fifteen branches is located in Ibadan the southwestern region of Nigeria.

The Journey so far

Consisting of Miracle International School is; Miracle Foundation International School, which is for the nursery, Mighty Miracle College, and Living Miracle College which are secondary schools. Amongst others like: Dynamic Miracle, Living Miracle, Excellent Miracle, etc. Since the names of the different branches of the school differ slightly from each other. In the last year, there has been an engagement of ten to fifteen teachers and workers to aid the school process. The DBN loan was accessed last year to start the construction of a new site, the new school is being constructed in a new location, where there are few educational facilities offering top-notch quality educational services.

Next Steps

There is an ongoing expansion of the Mighty Miracle International School, the proprietor is currently constructing another facility, and this process has been facilitated by the DBN. The plan is to set up a new branch and acquire new students in the school.



Gbekemo Farms

Background

The Gbekemo foods brand is the leading brand in the FCT for Chicken eggs and meat. The farm breeds both layers and broiler birds, with the layer farm having about 90,000 birds' capacity and producing about 2000 crates of eggs daily. The farm is one of the biggest egg distributors in Abuja and has a distribution centre in the heart of Abuja. This means that they supply the leading stores in the FCT, which would pay for products supplied after 30 days.

Journey So far

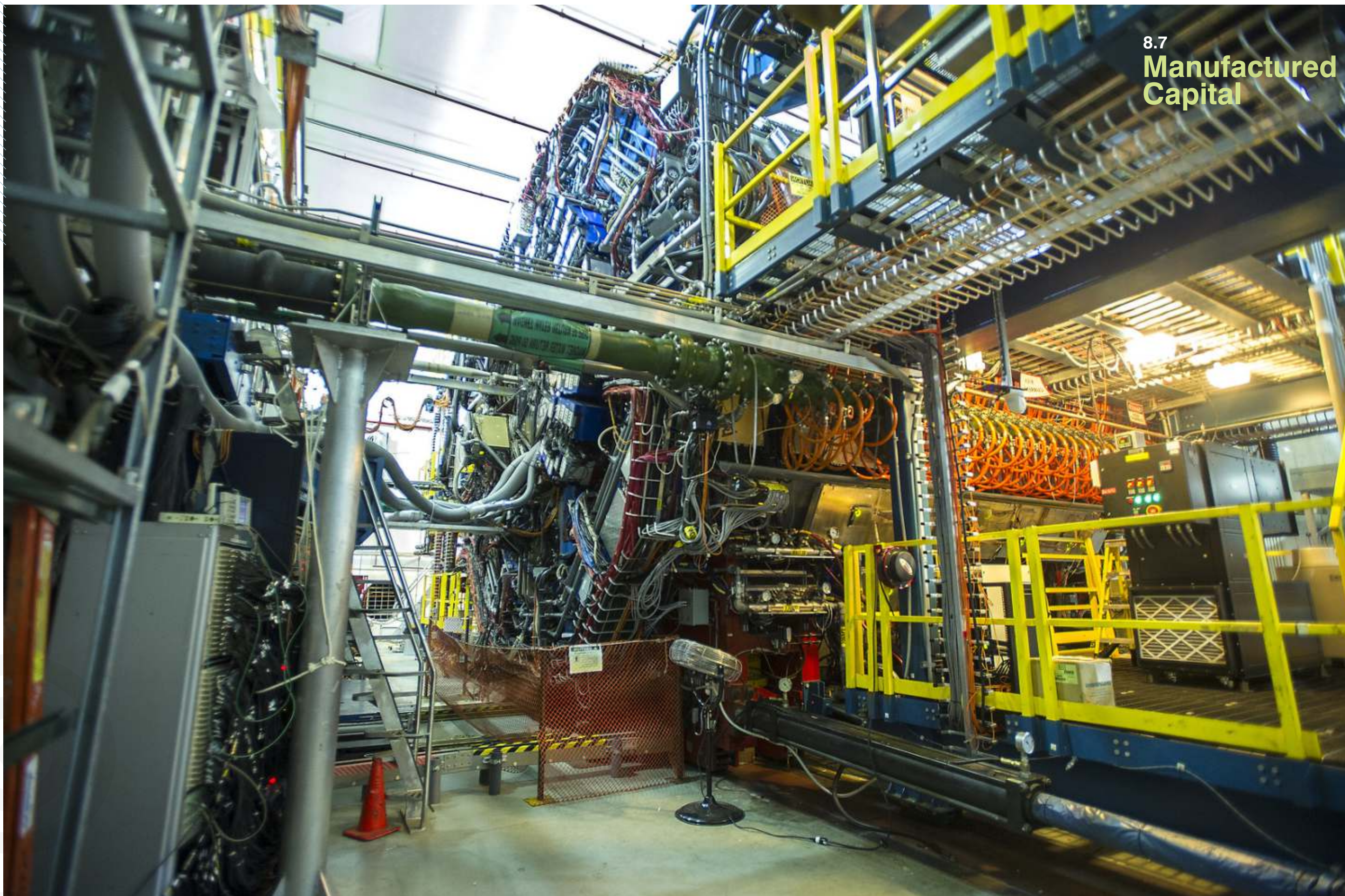
The company has a staff capacity of forty abled individuals, consisting of thirty staff, who had been employed previously, and ten who were employed in the last year.

Due to global hyperinflation, the cost of doing business went up. Therefore, there was an injection of funds into the business to mitigate the effect on the working capital. However, this didn't happen, hence the need to downsize, by way of reducing stock size. Downsizing for Gbekemo meant that there was a reduction in the flock size of their layer birds, from 120,000 to 90,000. It is pertinent to note that the farm capacity for the layer birds is 140,000.

Next Steps

With the broilers being sold completely, Gbekemo plans on getting about 20,000-day-old broilers to meet their very high demands. The CEO also plans to expand their marketing and attract new customers.

8.7 Manufactured Capital



8.7 Manufactured Capital

8.7.1 2022 ISO Recertification Exercise

International Standard Organizations certification are subject to an annual surveillance audit and a recertification exercise every 3 years. DBN conducted a recertification exercise in 2022 where our processes and procedures were rigorously audited to ensure compliance with ISO 27001, 20000 and 22301. We successfully passed the surveillance audit checks and confirmed that our operations are still in line with the requirements of these standards.



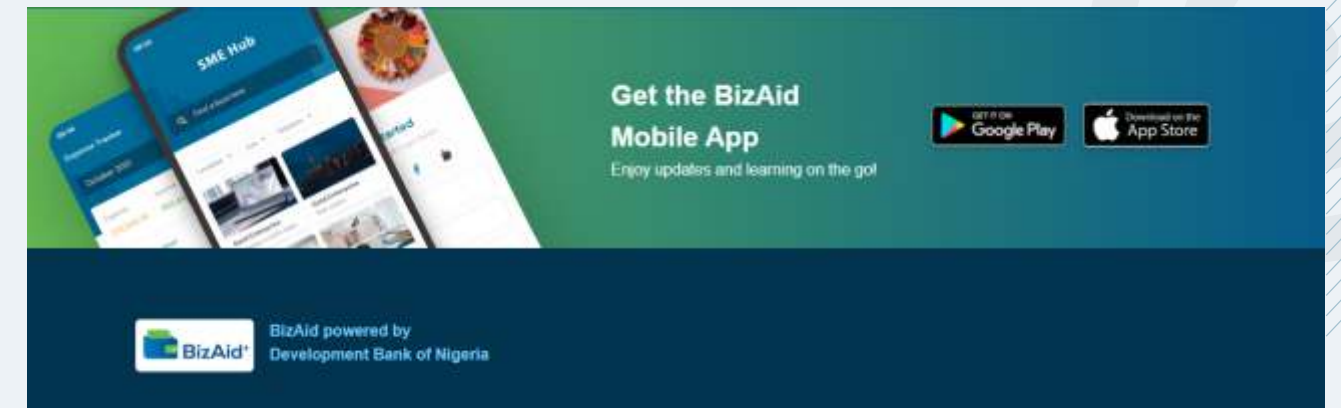
Also, we completed the certification of our wholly owned subsidiary, Impact Credit Guarantee Limited on these same set of standards in 2022 thereby ensuring that the Shared Services provided to the subsidiary also aligns with the requirements of these global standards.

8.7.2 DBN Digital Transformation

We are on course to meeting the 5 years digital strategy target to ensure that we attain a developed digital organisation on the digital maturity index.

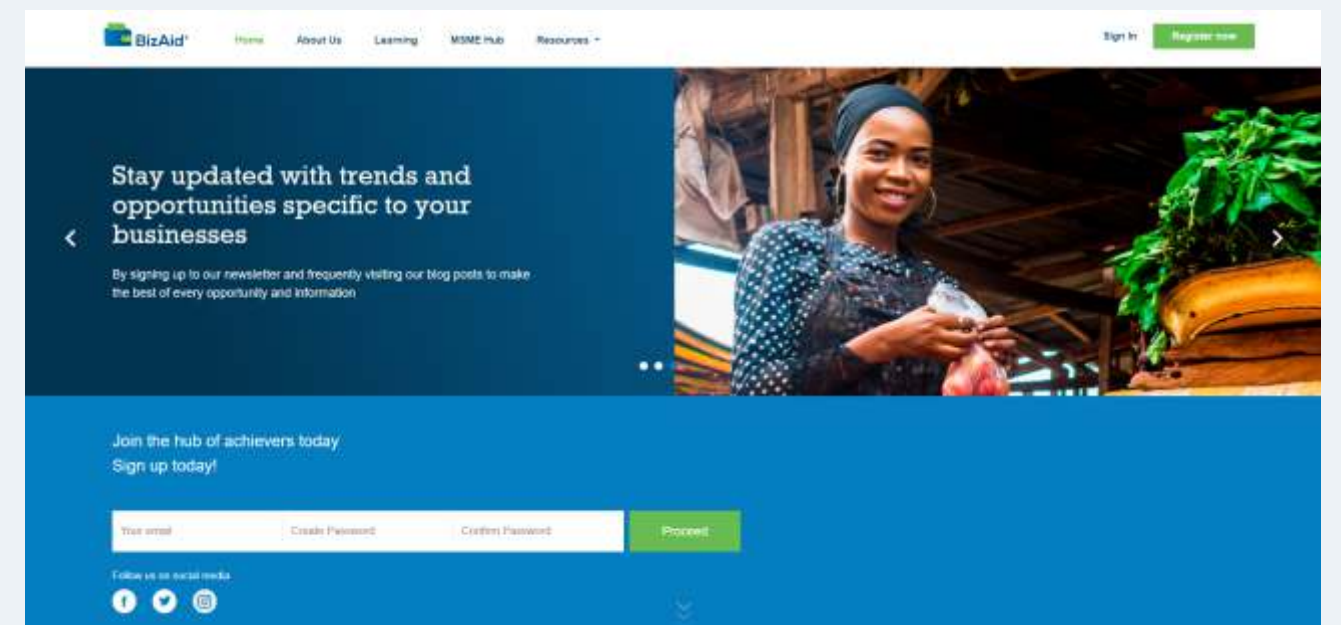


The DBN BizAid platforms (web and mobile) have been upgraded to include the MSME Learning Management System which is a resource tool for MSMEs to get trained online in important topics that can help them in building their capacity to thrive in their chosen markets.



At the end of the year, we had trained over 1,100 MSMEs in eight different subject areas like Managing Human Capital, Finance and Accounts and other areas for free. They were awarded course completion certificates digitally and some with very high test scores were further trained in the classroom.

The platforms are available for the Nigeria MSMEs at no cost, and we will continue to develop new courses.



8.8 DBN and the Community

8.8.2 CSR Activities

On October 31, 2022, DBN hosted an educational workshop at Durumi Junior Secondary School in Abuja, to educate the students on the importance, benefits, and culture of financial intelligence and savings culture.

The workshop, which was a CSR initiative of the Bank, coincided with the celebration of World Savings Day (WSD), an event occasionally designed to increase public awareness of the importance of saving both for individuals and corporations.

The central objectives were to enlighten participants about the significance of WSD, to inform, educate, and strengthen their capacity on how to develop a savings culture and drive participation in giving back to society.

Students, specifically in the JSS 3 class, were introduced to digital literacy, financial literacy, and sustainability/SDGs, and then tutored on the importance of savings in the global economy and how every depositor contributes to its development.

The commemoration of World Savings Day aligns with DBN's mandate of building capacity, most significantly, helping to build the strategic CSR pillar on poverty reduction which seeks to empower members of the society by increasing their awareness of financial literacy.



09 ICGL Update

09

ICGL Update



Impact Credit Guarantee Limited

(ICGL) is a fully owned subsidiary of the Development Bank of Nigeria Plc. (DBN), established in 2019 to fulfil one of DBN's three mandates – provision of partial credit guarantees for participating financial institutions to encourage them to take the risk of lending to MSMEs.



VISION

To be a leading nation-wide sustainable credit guarantee company, facilitating access to finance to MSMEs through eligible PFIs.



MISSION

To improve access to finance for MSMEs in Nigeria through provision of partial credit guarantees and providing technical assistance to PFIs.



MANDATE

To improve access to finance for MSMEs in Nigeria through provision of partial credit guarantees and providing technical assistance to PFIs.



CORE VALUE



Collaboration



Integrity



Diversity



Innovation



Sustainability

To drive the company's mandate and actualise the mission of alleviating MSME's financial constraints, ICGL currently offers two types of credit guarantee products to on boarded participating/partner financial institutions on loans granted to MSMEs. The following are the product offerings:

Individual Guarantees:

guarantees a single loan made by a financial institution to a single borrower whose identity is known to the guarantor. The guarantee decision is at the discretion of the Company after individual appraisal.

Blanket Guarantees:

Guarantees homogeneous loan products of financial institution and the authority to decide on the guarantee is vested with the PFIs

ICGL's product offering have the following characteristics:

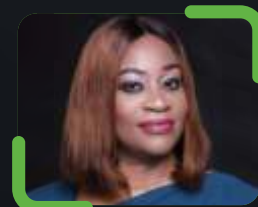
- Guarantee coverage of 60% of loan amount
- Maximum loan size of N200million and N720million for MSMEs and small corporates respectively
- Maximum loan tenor of 5 years
- All sector inclusive

Our Board

The Board of Directors of Impact Credit Guarantee Limited is tasked with providing effective leadership and strategic direction to the Company. To effectively discharge its responsibilities, the Board of Directors ensures that it is comprised of the right balance of skills and experience.

The Board is comprised of six (6) directors; three (3) independent non-executive directors, two (2) non-executive directors who represent Development Bank of Nigeria Plc., and the Managing Director/Chief Executive Officer. The Board of Directors is headed by a Chairman, who is an independent non-executive director.

The roles of the Chairman and the Chief Executive Officer are separated and held by different people. The Chairman is responsible for providing overall leadership for the Company and the Board while the Managing Director/Chief Executive Officer is the head of management.





Abubakar Jimoh
Chairman,
Board of Directors

Abubakar Aribidesi Jimoh is the founder and Group Chief Executive Officer of TrustBanc Holdings Limited, a non-operating financial holding company. He holds a bachelor and master's degree in Finance at the University of Lagos. He is a Chartered Financial Analyst, Certified General Accountant, Chartered Internal Auditor and Financial Risk Manager.

He has over 25 years of experience in the banking industry and has managed and built profitable financial institutions that have grown to become market leaders in their various market segments. Abubakar started out as a National Youth Service Corps member at Lion Bank in 1988 before joining Prime Merchant Bank Limited (Corporate Banking), where he served as the AM/ Head of Special Projects in 1990. He also served as Head of Securities Trading and Treasury, Express Discount Limited (1993); Manager (RBC Investments, IAS), RBC Financial Group, Toronto (1999); Division Chief, Private Sector Portfolio Management, African Development Bank (2005); Divisional Head/GM, Balance Sheet Management/Market Risk & Investor Relations, UBA Group (2008); and Managing Director/Chief Operating Officer (2011), Coronation Merchant Bank Limited (Formerly Associate Discount House Limited ADH). He is currently the Group Chief Executive Officer of TrustBanc Holdings Limited, a company he founded in 2013, which focuses on wealth management, ethical and conventional investment management, security trading, lending, and forex.

Abubakar is a graduate of London Business School and Lagos Business School where he underwent trainings in Strategic Investment Management and Advanced Management. He is a fellow of the Chartered Institute of Bankers and Institute of Chartered Accountants, Nigeria as well as a former member of the Central Bank of Nigeria-led Bankers' Committee.



Anthony Asonye
MD/CEO

Anthony Asonye has over 24 years Banking and Development Finance experience cutting across key leadership roles in Banking Operations, Risk Management and Business Development.

He joined the Development Bank of Nigeria PLC Group in May 2019 as the pioneer CEO of Impact Credit Guarantee Limited, a wholly owned subsidiary of the Development Bank of Nigeria PLC.

Anthony joined the United Bank for Africa PLC as a management trainee and his career has spanned Diamond Bank PLC, Stanbic IBTC Bank PLC, Standard Chartered Bank Limited and Union Bank PLC where he rose to key management positions in Risk and Business notably Head, Credit Analysis; Divisional Executive, Commercial Banking and Head, SME Banking.

As an experienced risk manager and business development enthusiast, he championed the automation of MSME, Consumer and Small Corporate Lending with the implementation of the KASTLE ULS at Diamond Bank PLC (now Access Bank Plc) and CAMS Lending Solution at Stanbic IBTC.

Anthony is an Accounting graduate of the University of Calabar and holds an MBA degree from the University of Benin. He is a Fellow of the Institute of Chartered Accountants of Nigeria and a Standard Bank certified credit coach.

He has attended a number of managerial and leadership programmes including the Executive Development programme of the Wharton Business School, The University of Pennsylvania, USA.



Chioma Sideso
Independent
Non-Executive Director

Chioma Sideso is a seasoned strategic leader with experience in complex developing markets. She has over fifteen years board experience in highly regulated sectors as an executive director, independent director and non-executive director ranging from start-ups to well established private and publicly listed companies in industries as diverse as logistics, mining, insurance, and financial services.

She spent over a decade as the CEO of NSIA Insurance Ltd, a Pan-African financial services provider with a vast footprint across Africa, participating in steering the African expansion strategy. With strengths in governance, strategy, performance improvement and culture change, she is an experienced business leader and board director with a successful record of growing and transforming businesses in diverse sectors. She has extensive knowledge of doing business in Africa and has chaired cross functional/cultural multilingual teams to ensure growth strategies are achieved. Chioma has facilitated numerous development programs promoting financial inclusion and supported projects indicative of the strong ESG business model adopted. She built her early career in banking and insurance and began forging a path in Nigeria's insurance industry where she became passionate about change management and transformation. Under her leadership, NSIA received recognition as an "Employer of Choice".

Chioma pursued a law degree at the University of Kent, Canterbury before completing her MBA at the University of Leicester UK. She is an Associate of the Chartered Insurance Institute (ACII) UK, has received a Professional Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK and is currently enroute to becoming a Chartered Director with the Institute of Directors UK.

Chioma is an avid traveller and enjoys an active lifestyle filled with sports, travel, and the pursuit of new experiences.



Baqi Salihu
Independent
Non-Executive Director

Baqi Salihu is a seasoned professional with over 18 years of substantive experience in Mobile Telecoms Engineering, Operations, RF Planning & Optimization, and Digital Services. He is a highly accomplished and result-oriented ICT expert with a proven record of building, managing, and growing technology departments and organizations. Baqi started his career in mobile communication in 2003 with ZTE Corporation of China in the Research Division. He has also worked in MTN Nigeria between 2005 and 2008 before joining Etisalat Nigeria in December 2008. Baqi holds a bachelor's degree in Electrical and Computer Engineering from the Federal University of Technology, Minna. He also has a post graduate certificate in Artificial Intelligence and Machine Learning from the McCombs School of Business, University of Texas.

Baqi led Network Quality of service and Support Department as Acting Director from November 13, 2017 and as the substantive Director of the same department since May 2018. He additionally led Network Engineering and Network Deployment up till December 2020. He has been the Deputy Chief Technical Officer since January 2021. He joined the then Etisalat in December 15, 2008, where he has been building new and refining existing technology solutions to deliver value to all stakeholders.

He has completed a two-year Massachusetts Institute of Technology Regional Entrepreneurship Acceleration Program by 2021.



Dr. Tony Okpanachi
Non-Executive Director

Dr. Tony Okpanachi was appointed Managing Director/Chief Executive Officer of the Bank in January 2017.

He is a seasoned banker with over 30 years of experience. Before he was appointed Managing Director/CEO of the Bank, he was the Deputy Managing Director of Ecobank Nigeria Limited, a position he held since April 2013. Before that, he was the Managing Director, Ecobank Kenya, and Cluster Managing Director for East Africa, Ecobank (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, at 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. amongst others.

Dr. Okpanachi seats on the Board of Impact Credit Guarantee Limited, a subsidiary of DBN as a non-executive director.

He holds a Doctorate degree (Ph.D.) in Development Economics from Nile University, a Masters's degree in Business Administration (MBA) from the Manchester Business School UK, a Master of Science degree in Economics, from the University of Lagos, and a Bachelor of Science degree in Economics, from the Ahmadu Bello University, Zaria, Nigeria. He has attended several Executive Management Development Programmes in Leadership, Corporate Governance, Credit and Risk-Management at leading institutions – Harvard Business School, Harvard Kennedy School, INSEAD, IMD, etc. He is a fellow of the Chartered Institute of Bankers (FCIB) and also a fellow of the Chartered Institute of Stockbrokers (FCIS).



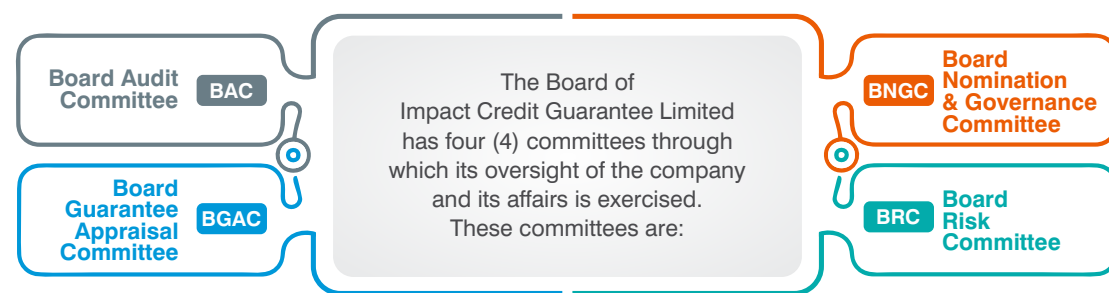
Bonaventure Okhaimo
Non-Executive Director

Bonaventure Okhaimo is the COO of DBN. He has over 25 years banking experience spread across Diamond Bank, Stanbic IBTC, Standard Chartered Bank, FCMB Plc, Unity Bank and served as a Non-Executive Director with Unity Capital Assurance (Now Veritas Assurance) PLC.

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

He has attended various credit and banking attachment programs with Standard Bank Limited, Johannesburg and Standard Chartered Bank, Zimbabwe and Kenya. He has attended various managerial trainings, including Executive Management training Programs of Queens Business School, Canada, Columbia Business School, New York and The Said Oxford Business School, UK.

He holds an LLB from the University of Benin; a BL from Nigeria Law School, Lagos; a PGD in Business Administration from RSUST Port Harcourt; an MBA in Financial Management from FUT, Owerri and a Chartered Banker MBA from Bangor University, Wales. He is both an Honorary and Associate Member of CIBN, a member of the Chartered Banker Institute, UK, NIM and a Fellow of the ICA, Nigeria.



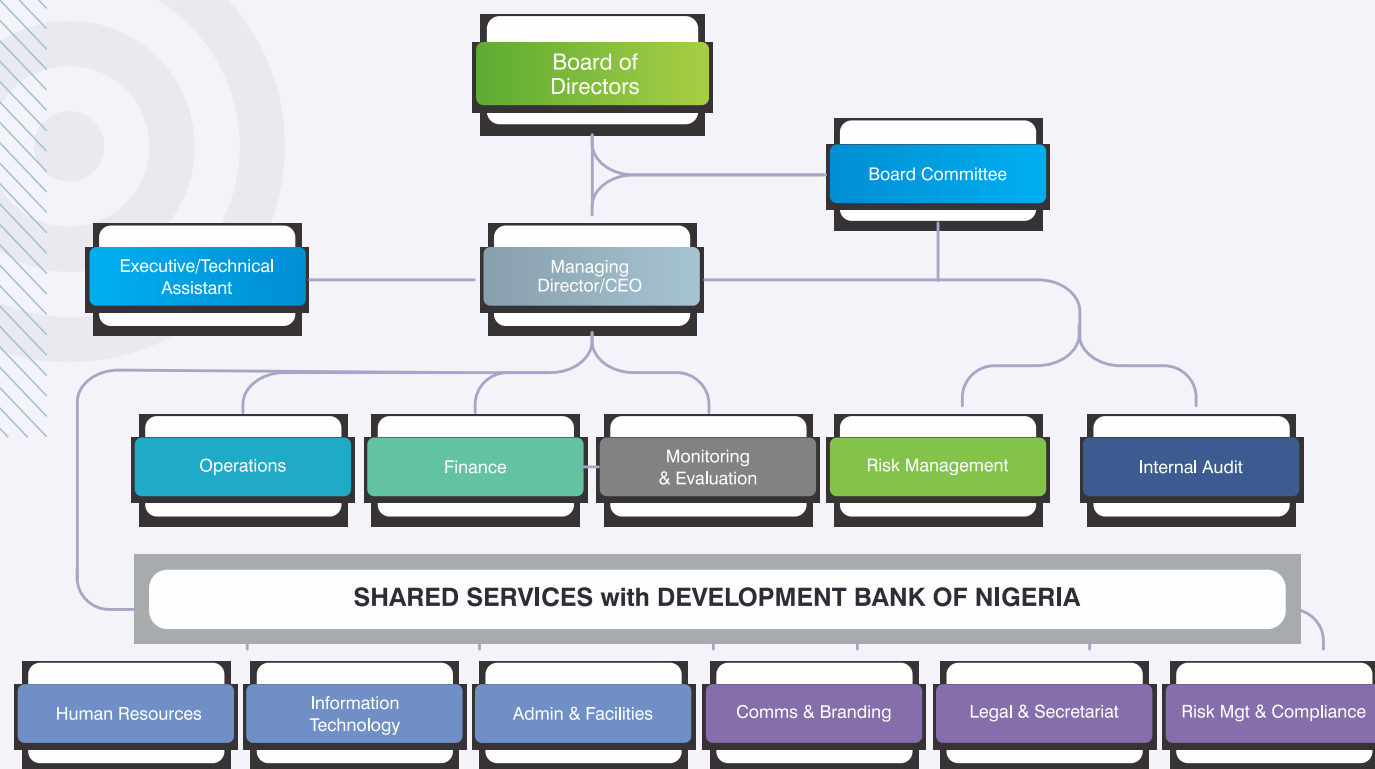
Committee	BAC	BGAC	BNGC	BRC
Chairperson	Baqi Salihu	Tony Okpanachi	Chioma Sideso	Bonaventure Okhaimo
Members	Chioma Sideso Bonaventure Okhaimo	Baqi Salihu Chioma Sideso Bonaventure Okhaimo	Tony Okpanachi Baqi Salihu	Tony Okpanachi Chioma Sideso Baqi Salihu Anthony Asonye
Purpose & Function	The purpose of the Board Audit Committee is to assist the Board in the performance of its oversight responsibility in relation to: a. reviewing the integrity of the data and information provided in the Financial Reports. b. monitoring the quality and integrity of the Company's Financial Statements, Internal Control, financial reporting and operating procedures. c. ensuring the independence of and monitoring the activities of the External and Internal Audit functions of the Company. d. obtaining and reviewing the reports by the Internal Auditor on the strength and quality of Internal controls, including any issue or recommendations for improvement, raised by the most recent internal control review of the Company.	The purpose of the Guarantee Appraisal Committee of the Board of Directors ("Board") of ICGL is to oversee the following: a. To consider, approve, and where applicable, recommend to the Board, applications for the provision of credit guarantees with respect to loans granted by PFI's to MSMEs operating in Nigeria. b. To consider, approve and regularly review the credit guarantee policies for the Company, which shall be prepared and periodically updated by management. The objective of the Credit Guarantee Policies shall be to ensure the quality of the Company's Credit Guarantee portfolio and to maintain profitability of the Company	The purpose of the Governance Committee ("Committee") of the Board of Directors ("Board") of ICGL is to oversee the following: a. To recommend to the Board and render advice to it from time to time as may be required on the structure, composition and operations of the Board and the Company in general. b. To recommend to the Board an appropriate remuneration policy for the Company's Directors and Executive Management and determine the remuneration of Executive Directors and Management. c. To identify individuals qualified to serve on the Board and recommend them to the Board, for the approval of the general meeting in accordance with the Company's Articles of Association and to fill vacancies for the remainder of the unexpired term of any elected Director/s.	The purpose of the Board Risk Committee is to assist the Board in fulfilling its oversight responsibility in relation to the: a. Management of all risks within the Company. b. Review and recommendation of the Company's Risk Management Policies including its risk appetite and risk strategy. c. Review of the adequacy and effectiveness of the Company's Risk Management processes and controls. d. Oversight of Management's process for the identification and assessment of risks across the Company and the adequacy of prevention, detection, and reporting mechanisms. e. Review of the Company's compliance level with applicable laws and regulatory requirements that may impact its risk profile.

Committee	BAC	BGAC	BNGC	BRC
Purpose & Function	f. reviewing the terms of engagement and recommending the appointment or re-appointment and compensation of the Company's External Auditors, to the Board and the Shareholders. f. reviewing with the External Auditor, any audit scope, limitations or problems encountered, the Management Letter and Management responses to same. g. reviewing the independence of the External Auditors and ensuring that there is no conflict of interest where non-audit services are provided by the External Auditors. h. considering any related party transactions that may arise within the Company. i. reporting regularly to the Board with respect to the effectiveness of the system of internal controls, accounting and operating procedures. j. reviewing and ensuring that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarised and presented to the board		d. To set performance objectives for Directors. e. To oversee the Board's annual evaluation of its performance and the performance of other Board Committees. f. To ensure and oversee the establishment and effectiveness of any policies and processes which will be required for the effective fulfillment of its duties.	f. Review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile. g. Review and recommendation for approval of the Board Risk Management procedures and controls for new products and services. h. Annual review and recommendation for the approval of the Board, of the Company's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated and relevant assets are managed effectively. i. Adequacy, appropriateness and effectiveness of risk management and internal control practices. j. Monitoring of compliance of business units and support functions with the risk policies and procedures of the Company; and k. The effectiveness of the system of internal controls, accounting and operating procedures.

People

Impact Credit Guarantee Limited ended 2022 financial year with a workforce of 8 employees, adopting a lean work structure, and supported by Development Bank of Nigeria Plc. under a shared service arrangement. The company's biggest asset remains its workforce.

The company advocates for diversity and inclusion, which is evident in its workforce gender balance (62:38 Male and Female).



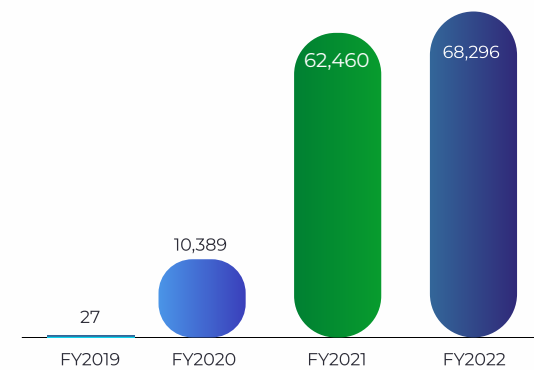
Financial and Business Highlights

The 2022 financial year started on a positive note with both global and local economies continuing the post-COVID19 recovery, however short lived by the disruption created by the Russia-Ukraine conflict. This culminated in headwinds for both the company and the end-borrowers whose loans the company guarantee.

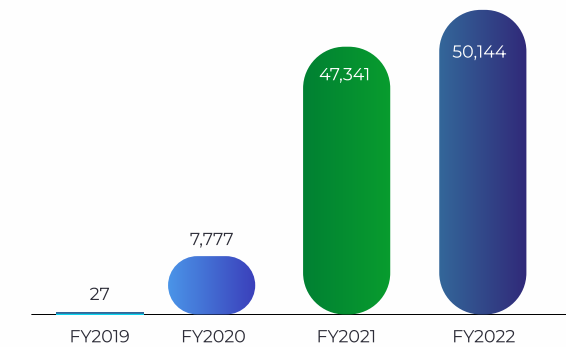
Impact Credit Guarantee Limited played a counter-cyclical role supporting MSMEs and Small Corporates as they navigated very difficult operating environment through guarantees issued to onboarded partner/participating financial institutions. The company supported 23,224 business during the year, issuing 27,194 letters of guarantees while guaranteeing loans totalling N68.30billion through ten (10) partner banks.

The company entered its fourth year in 2022 continuing to impact lives and drive sustainable growth. Despite the headwinds, the company achieved a strong result leveraging its core capital 2.13times, closing with outstanding guaranteed loan of N50.14billion. The company generated profit before tax of N729.55million while paying claims of N249.82million in respect of defaulted guaranteed loans.

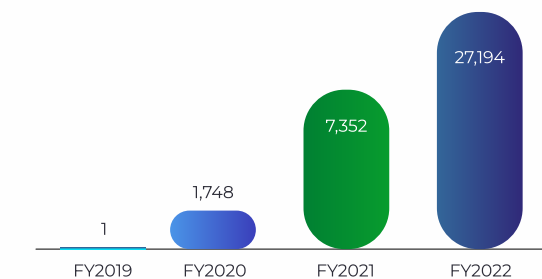
Guaranteed Loan (N'm)



Outstanding Guaranteed Loan (N'm)



Number of guarantees issued



To drive the next phase of the company's growth, the board and management of Impact Credit Guarantee Limited set the company's maiden strategy plan for the 5-year planning cycle (2023 to 2027) at its retreat. Over the next five (5) years, the company aspires to become the preferred credit guarantee partner for MSMEs in Nigeria, with this aspiration hinged on five (5) key pillars:

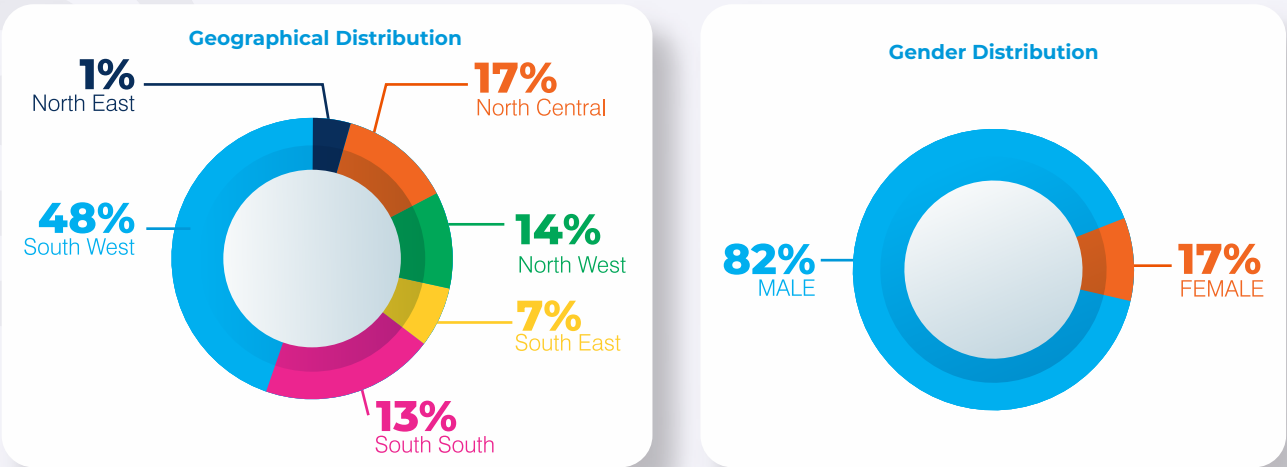


Development Impact

ICGL adopts a monitoring and evaluation framework that enables the company assess and report its achievement of developmental goals it pursues while ensuring a positive long-term impact. The developmental impact of ICGL's activities on the MSME segment of the Nigerian economy are measured by the number of businesses supported, jobs supported, jobs created, and contribution to financial inclusion.

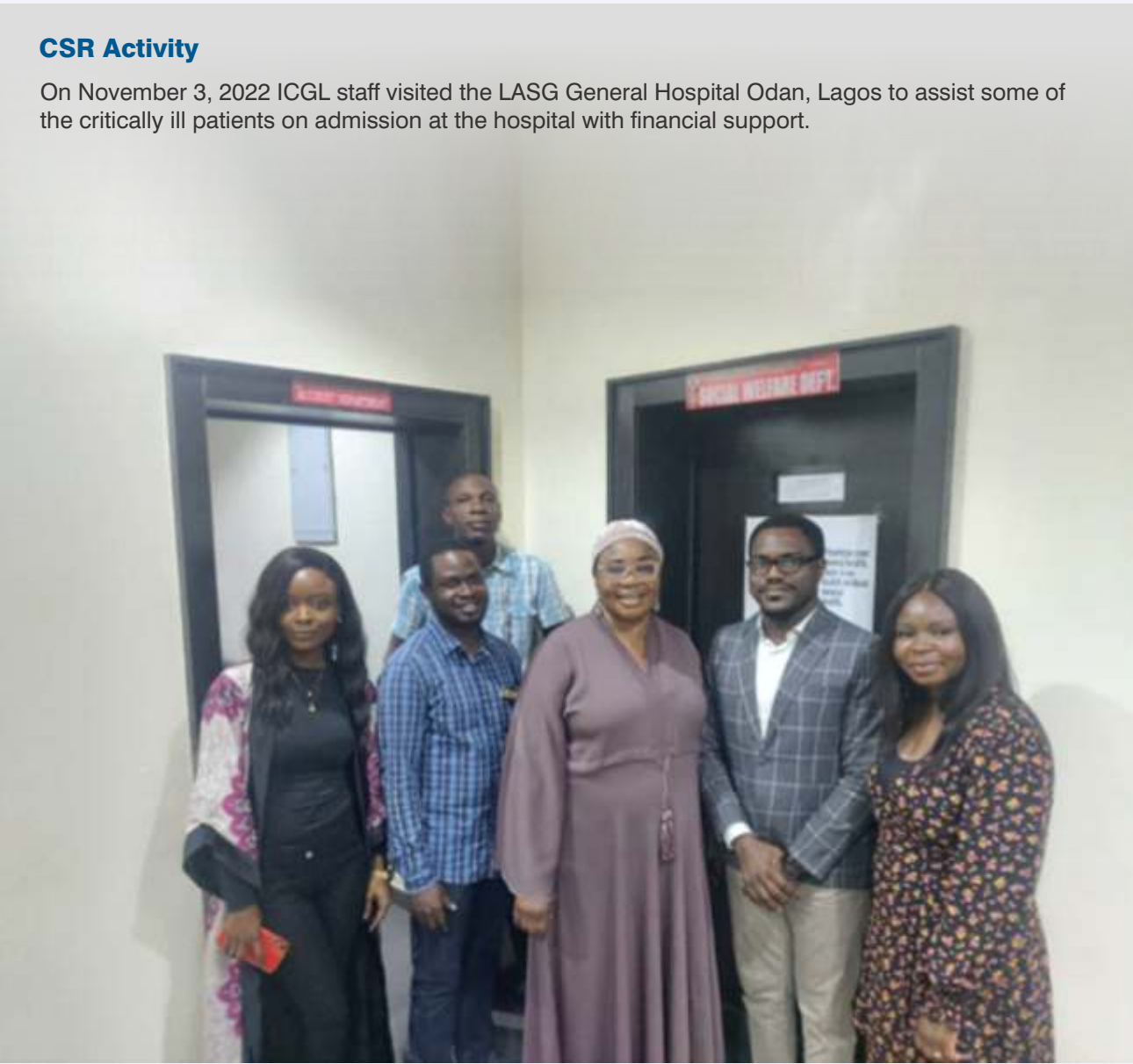
The evaluation exercise covering 2020 to 2022 estimated that ICGL supports to MSME lending resulted in the creation of 4,259 jobs and revenue growth of N13.44billion.

As at 31 December 2022, the spread of guarantee issued by the company is as follows:



CSR Activity

On November 3, 2022 ICGL staff visited the LASG General Hospital Odan, Lagos to assist some of the critically ill patients on admission at the hospital with financial support.



Financial Performance

Annual Financial Report & Accounts

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Corporate Information

Board of Directors:



1. Shehu Yahaya Chairman/Non-Executive	7. Clare Omatseye Independent Director
2. Anthony Okpanachi Managing Director	8. Henry Baldeh Non-Executive Director
3. Bello Maccido Independent Director	9. Ijeoma D. Ozulumba Executive Director
4. Oladimeji Alo Independent Director	10. Kyari Abba Bukar Independent Non-Executive Director
5. Phillips Oduoza Independent Director	11. Omar Sefiani Alternate Director
6. Andrew Alli Independent Director	

Shofola Osho
 Company Secretary
 /Legal Adviser

Registered Office:
 Plot 1386A Tigris Crescent,
 Maitama, F.C.T
 Abuja, Nigeria

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

Tax Identification Number: **18945711-0001**

RC No.: **1215724**

Bankers:

Central Bank of Nigeria	Guaranty Trust Bank Plc
Access Bank Plc	Stanbic IBTC Bank Plc
Ecobank Nigeria Limited	Union Bank of Nigeria Plc
Fidelity Bank Plc	United Bank for Africa Plc
First Bank of Nigeria Limited	Zenith Bank Plc
First City Monument Bank Limited	Wema Bank Plc

Directors' Report

For the year ended 31 December 2022

The directors present their annual report on the affairs of Development Bank of Nigeria PLC. ("DBN" or "the Bank"), and its subsidiary (together "the Group or DBN Group"), together with the audited consolidated and separate financial statements and the independent auditor's report for the year ended 31 December 2022.

Legal form

Development Bank of Nigeria Plc 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.

Principal activity

Development Bank of Nigeria Plc ("DBN") 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 mission of the DBN is to improve the access of micro, small and medium enterprises to longer tenured finance. The Bank plays 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 incentivizing 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.

Operating results

Gross earnings of the Group and Bank stood at N49.36 billion and N47.55 billion respectively (2021: Group: N39.58 billion; Bank: N38.18 billion). The Group recorded a profit after taxation of N20.13 billion and the Bank, a profit after taxation of N19.53 billion (2021: Group: N16.44 billion; Bank: N15.72 billion). Highlights of the Group's and Bank's operating results for the year under review are as follows:

<i>In thousands of Naira</i>	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Gross earnings	49,362,546	39,583,460	47,552,077	38,181,383
Interest expenses	(11,215,724)	(11,688,620)	(11,215,724)	(11,688,620)
Personnel expenses	(2,671,793)	(2,117,513)	(2,373,758)	(1,906,848)
Operating expenses	(5,222,892)	(1,996,962)	(4,440,009)	(1,826,102)
Profit for the year before taxation	30,252,137	23,780,365	29,522,586	22,759,813
Tax expense	(10,118,913)	(7,338,035)	(9,988,671)	(7,041,505)
Profit for the year after taxation	20,133,224	16,442,330	19,533,915	15,718,308
Retained earnings	76,122,381	61,604,428	73,792,283	59,873,639
Statutory reserve	33,863,738	28,003,563	33,863,738	28,003,563
Regulatory reserve	4,660,615	4,905,519	4,660,615	4,905,519

Dividend

The Board has proposed to pay 25% of the Profit After Tax as dividend in the year ended 31 December 2022 (31 December 2021: Nil).

Board of Directors

The directors who served up to the date of the report are as follows:

Shehu Yahaya	Chairman/Non-Executive	Ijeoma D. Ozulumba	Executive Director
Anthony Okpanachi	Managing Director	Henry Baldeh	Non-Executive Director
Bello Maccido	Independent Director	Kyari Abba Bukar	Independent Non-Executive Director
Oladimeji Alo	Independent Director	Omar Sefiani**	Alternate Director
Phillips Oduoza	Independent Director	Uche Orji***	Non-Executive Director
Andrew Alli	Independent Director		
Clare Omatseye	Independent Director		

Name	Role	Status	Nationality	Date of Appointment/Resignation
Sefiani Omar**	Alternate Director	Current director	Morocco	Appointed 1 August 2022
Uche Orji***	Non - Executive Director	Resigned	Nigerian	Resigned 30 September 2022

Directors and their interests

The directors do not have any interest required to be disclosed under section 303 of the Companies and Allied Matters Act (CAMA), 2020.

Directors' interests in contracts

In accordance with section 303 of the Companies and Allied Matters Act (CAMA), 2020, none of the directors have notified the Bank of any declarable interests in contracts with the Bank.

Ownership

The issued and fully paid-up share capital of the Bank was 100,000,000 (2021: 100,000,000) ordinary shares of N1 each. The shareholding structure as at the balance sheet date were as shown below:

	31 Dec 22		31 Dec 21	
Shareholders	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
In thousands				
Ministry of Finance Incorporated (MOFI)	59,868,000	60%	59,868,000	60%
Nigeria Sovereign Investment Authority (NSIA)	14,967,000	15%	14,967,000	15%
African Development Bank (AfDB)	17,975,000	18%	17,975,000	18%
European Investment Bank (EIB)	7,190,000	7%	7,190,000	7%
Total	100,000,000	100%	100,000,000	100%

The Federal Government of Nigeria is the Bank's major shareholder with the shares held in trust by the Ministry of Finance Incorporated.

Events after the end of the reporting period

There were no events after the end of the reporting period which could have a material effect on the consolidated and separate financial statements of the Group and Bank which have not been recognized and/or disclosed in the consolidated and separate financial statements.

Property and equipment

Information relating to changes in property and equipment is given in Note 22 to the consolidated and separate Financial Statements.

Donations and charitable contributions

The Group and Bank identifies with the aspiration of the country and the business environment in which it operates. To this end, the Group and Bank made donations of N23.94 million (31 December 2021: N25.95 million) to various organizations during the period: (see note 16)

31 December 2022

Purpose	Beneficiaries	Amount
Donation towards CSR Initiative to renovate Durumi School in Abuja	Durumi School	4,893,400.00
Donation towards National MSME Clinic Secretariat	Brownvalley Partners Limited	4,000,000.00
Donation towards 15th Annual CIBN Conference	The Chartered Institute of Bankers of Nigeria	2,500,000.00
Donation towards Lighters Farming World - Lighters Farming World	Lighters Farming World	1,500,000.00
Donation towards FICAN Annual Conference 2022 and FICAN AGM	Finance Correspondence Association of Nigeria	1,000,000.00
Donation towards Creamson Technology Company - First Place winner	Creamson Technology Company	1,000,000.00
Donation towards Olorun Osun Farms - 2022 DBN training program	Olorun Osun Farms	1,000,000.00
Donation towards UNIMAID Alumni Market Place Exhibition	University of Maiduguri Alumni Association	600,000.00
Donation towards Baze University Innovation & Entrepreneurship week	Baze University	500,000.00
Donation towards Kwabit General Merchant - 2022 DBN Entrepreneurship	Kwabit General Merchant	500,000.00
Donation towards Uchebuaku Enterprises - 2022 DBN entrepreneurship	Uchebuaku Enterprises	500,000.00
Donation towards Shark Integrated Farm and Agric Business	Shark Integrated Farm	500,000.00
Donation towards Nemtek Solutions Ltd	NeD Solutions Limited	500,000.00
Donation towards Homerex Integrated Services	HoD Integrated Services	500,000.00
Donation towards ENS Innovation Hub Ltd	END Innovation Hub Ltd	500,000.00
Donation towards Atorn Hrt Global Ventures Limited	Atorn Hrt Global Ventures Limited	500,000.00
Donation towards Unuafe Omamuzo Daniel - 2022 DBN Training program	Unuafe Omamuzo Daniel	500,000.00
Donation towards QSOTRADE LIMITED - 2022 DBN Entrepreneurship	Qsotrade Limited	500,000.00
Donation towards Koreteegold Food n Grocery - 2022 DBN training Program	Koreteegold Food	500,000.00
Donation towards Naom Bags from the 2022 DBN training program	Naom Bags	500,000.00
Donation towards Mygi business ventures from the 2022 DBN training	Mygi business ventures	500,000.00
Donation towards House of Zibima from the 2022 DBN training program	House of Zibima	500,000.00
Donation towards ACAEBIN 2022 General Meeting	Association of Chief Audit Executives of Banks in Nigeria	250,000.00
Donation towards RIMANs Annual International Conference	Risk Management Association of Nigeria	200,000.00
Total		23,943,400

Directors' Report

For the year ended 31 December 2022

31 December 2021

Purpose	Beneficiaries	Amount
Donation IRO MSME Clinic and MSME Awards	National MSME Clinic	15,000,000
Donation towards CIBN 2021 Annual Conference	Chartered Institute of Bankers of Nigeria	5,000,000
Donation towards renovation of School Block	Government Secondary School, Durumi	2,148,000
Donation towards Nigerian Economic Society Annual Conference	Nigerian Economic Society	1,000,000
Donation towards Nigerian British COC Presidential Inauguration Dinner	Nigerian - British Chamber of Commerce	1,000,000
Donation towards WIMBIZ eRoundtable	Women in Management, Business and Public Service	500,000
Donation towards FICAN 2021 Annual Conference/ 30th Anniversary	Finance Correspondence Association of Nigeria	500,000
Donation towards second edition of the GAIN Youth summit	Grand Africa Initiative	500,000
Donation to Rotary Club - Independent Day for Poverty Eradication	Rotary Club	300,000
Total		25,948,000

Human resources**(i) Employment of disabled persons**

The Group maintains a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitudes. The Group's policies prohibit discrimination against disabled persons in the recruitment, training and career development of employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Group continues and appropriate training is arranged to ensure that they fit into the Group's working environment.

(ii) Health, safety and welfare at work

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. The Group operates both a Group Personal Accident and Group Life Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 (as amended).

(iii) Employee involvement and training

The Group ensures that employees are informed on matters concerning them. Formal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In accordance with the Bank's policy of continuous development, the Bank draws up annual training programs. The programs include on the job training, classroom sessions and web-based training programs which are available to all staff.

(iv) Gender analysis of staff

The average number of employees of the Group and Bank during the year by gender and level is as follows:

	Group				
	31 December 2022				
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Employees	33	16	49	67%	33%
	33	16	49	67%	33%
(b) Analysis of Board and senior management staff	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Board Members (Executive & Non Executive Directors)	13	3	16	81%	19%
Senior Management	11	1	12	92%	8%
	24	4	28	86%	14%
	31 December 2022				
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Employees	37	18	55	67%	33%
	37	18	55	67%	33%
(b) Analysis of Board and senior management staff	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Board Members (Executive and Non-executive directors)	14	3	17	82%	18%
Senior Management	14	1	15	94%	6%
	28	4	32	88%	13%

	Bank				
	31 December 2022				
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Employees	28	13	41	68%	32%
	28	13	41	68%	32%
(b) Analysis of Board and senior management staff	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Board Members (Executive and Non executive directors)	8	2	10	80%	20%
Senior Management	10	1	11	91%	9%
	18	3	21	86%	14%
	31 December 2021				
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Employees	30	16	46	65%	35%
	30	16	46	65%	35%
(b) Analysis of Board and senior management staff	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
Board Members (Executive and Non-executive directors)	11	2	13	85%	15%
Senior Management	11	1	12	92%	8%
	22	3	25	88%	12%

v) Subsidiary Company - Impact Credit Guarantee Limited

The Bank has a subsidiary known as Impact Credit Guarantee Limited ("ICGL"). ICGL was established in 2019, through the support of the World Bank, and the company's remit is to provide partial credit guarantees on loans provided by banks, to eligible Micro, Small and Medium Scale Enterprises (MSMEs) and small corporates in Nigeria. In 2022, ICGL guaranteed 27,208 loans (31 December 2021: 7352 loans) in the sum of N69.37 billion.

As at the end of the year, the Company had on-boarded twelve (12) Participating Financial Institutions (31 December 2021: eleven (11) Participating Financial Institutions). The Company also recorded a gross earnings of N1.89billion (31 December 2021: N1.46billion); with earnings from core activities accounting for 37% (31 December 2021: 43%); and ended the year with a profit before tax of N729.55 million (31 December 2021: N1.02billion). The Board of ICGL consists of five(5) Non-Executive Directors whose nomination has been approved by the Central Bank of Nigeria.

Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as independent auditors to the Group and Bank. In accordance with Section 401 (2) of the Companies and Allied Matters Act (CAMA), 2020 therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD


Shofola Osho
 FRC/2016/NBA/00000014944
 Company Secretary
 Plot 1386A Tigris Crescent,
 Maitama, F.C.T Abuja, Nigeria
 27 February, 2023

Corporate Governance Report

Corporate Governance is the system by which companies are directed and controlled.

At the Development Bank of Nigeria Plc (“DBN” or “the bank”), Corporate Governance has defined the bank's governance architecture, processes and controls. Adherence to standards which are far above the minimum has informed how the bank undertakes its business, manages its interactions with shareholders and stakeholders alike, and assesses the effectiveness of its governance, controls and systems, on a continuous basis.

THE BOARD

The Board of Directors of the DBN provides overall leadership, entrepreneurial and strategic direction for the bank. In this regard, the Board advances the adoption of practices which promote both an ethical culture and responsible corporate citizenship, in all aspects of the bank's operations, for the enhancement and protection of long-term value, for all stakeholders alike. Comprised of accomplished industry leaders, and tested and trusted technocrats with varied competencies, the DBN Board has developed the overarching strategy for the progress of the bank and the attainment of its objectives and supervises Management in the attainment of that strategy, guided always, by the need for the bank to act in the best interest of shareholders, and indeed all other stakeholders.

In addition to its oversight over the bank's business in general, the Board keeps under review, the bank's information security and performance monitoring systems, the systems for Internal Controls, Compliance, Risk Management, Governance and Financial reporting.

The Board sets out both the long and short-term strategic objectives of the bank and undertakes a continuous assessment of its activities, those of its Committees, individual directors, Management, and the bank in general, with the aim of ensuring optimal performance. With the full complement of industry knowledge and information and technical support from relevant professional advisers and Development Partners, the Board advances the attainment of the bank's objectives.

To ensure it remains effective in the discharge of its responsibilities, the Board keeps under review, the skills, competencies, and experience, that are required for optimal performance and ensures that the Board remains comprised of an appropriate balance of these skills, competencies and experience. The practice not only enhances the performance of the Board, but engenders its independence, and integrity. The Board also pays very careful attention to issues around diversity (gender, age, geography, etc) in its composition, those of its Committees, the Management and staff of the bank.

The Board is comprised of eleven (11) board positions, of which six (6), are Independent non-executive director positions. Of the remaining five (5) positions, three (3) positions are held by non-executive directors, who are shareholder representatives, while the other two (2), are executive director positions held by the Managing Director/Chief Executive Officer and the Executive Director, Finance and Corporate Services, respectively.

In the reporting period, the Board approved the appointment of one (1) Alternate Director, while one (1) non-executive director who represented a shareholder on the board resigned from the DBN Board, having successfully completed his term of office at the appointing institution.

The bank received the approval of the Central Bank of Nigeria for the changes in the composition of the board and these changes have been communicated to the Securities and Exchange Commission and filed at the Corporate Affairs Commission. The board also received a board nomination, to replace a retired director, from a shareholder, and this nomination was approved by the Board and presented to the Central Bank of Nigeria, for requisite approval.

The Board is headed by a Chairman, who is a non-executive director. There is a separation in the roles of the Chairman and of the Chief Executive Officer. The Chairman is responsible for providing overall leadership for the bank and the Board, as well as eliciting the constructive participation of all directors in the affairs of the Board and the bank. The Chairman also takes the lead in the engagements with shareholders, and where necessary, other key stakeholders.

The Managing Director/Chief Executive Officer is the head of management, and he runs the affairs of the bank, on delegation from the Board.

The bank has a Delegation of Authority framework which details the delegation of authority, from the Board to its Committees and to the Management.

There is a preponderance of independent non-executive directors on the Board. This is novel in our jurisdiction and sets the DBN apart from its peers and other players in the development finance and financial services industry. The independent non-executive directors bring to bear, objectivity and neutrality, including specialized/expert skills, in board decision-making, such that stakeholder trust and confidence are assured in all the bank's dealings. The objective input provided by the overwhelming presence of independent non-executive directors on the board also facilitates optimal compliance with statutory rules and regulations, and ensures the inclusion of stakeholders' interests, in the board decision-making process, and ultimately, in the operations of the bank. The non-executive directors contribute their knowledge, expertise, and judgment on issues of strategy, business performance, banking operations, development finance and technology, amongst others, in board decisions. The non-executive directors also ensure a unique linkage between the bank and its four Institutional shareholders, the African Development Bank, the European Investment Bank, the Ministry of Finance Incorporated and the Nigeria Sovereign Investment Authority, ensuring that the bank continues to receive the support of the shareholders and the Development Partners, the World Bank Group, the Agencie Francaise de Developpment, the KfW Development Bank, amongst others, for its initiatives and activities.

In keeping with its undertaking with a key Development Partner, the World Bank, and pursuant to its authority under the Shareholders Agreement and the Memorandum and Articles of Association, the Board of Directors, granted Observer status to its meetings, to the World Bank Group.

A representative of the World Bank who is nominated and approved by the Board of Directors as an Observer is permitted to attend all meetings of the Board and also, to receive all information provided to the Directors.

An Observer does not contribute to the Board's deliberations, is not remunerated by the bank, and does not vote on items before the Board. The Board freely solicits information on the Board on technical issues based on the expertise possessed by the Observer, but the Board is not bound to act on such information. The World Bank Observer provides assurances to its principal that the DBN Board and the bank are operating optimally and in alignment with the agreements.

The profile of the World Bank's Observer for the reporting period is available on page 147

Directors



Dr. Shehu Yahaya
Chairman,
Board of Directors

Dr. Shehu Yahaya was appointed as Chairman of the Board in March 2017.

Dr. Yahaya has had an outstanding career in Academia and Development Finance. He was at different times in his career, a Deputy General Manager at the Nigeria Export-Import Bank (“NEXIM”), an Executive Director at the African Development Bank, and a member of the Monetary Policy Committee of the Central Bank of Nigeria.

Before joining NEXIM, he was a lecturer in Macroeconomics at the Department of Economics, University of Sussex, United Kingdom. Prior to that, he was the Head of the Economics Department at the Bayero University Kano, Nigeria.

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

He was appointed as a member of the Economic Advisory Council in September 2019.

He holds a bachelor's and Master's degree in Economics from the Ahmadu Bello University Zaria, Nigeria, and a Doctorate of Philosophy in Industrial Economics, from the University of Sussex, UK



Dr. Tony Okpanachi
Managing Director
/Chief Executive Officer

Dr. Tony Okpanachi was appointed Managing Director/Chief Executive Officer of the bank in January 2017.

Dr. Tony Okpanachi is a seasoned banker with over 27 years' experience. Before he was appointed Managing Director/CEO of the Development Bank of Nigeria Plc (“DBN”), he was the Deputy Managing Director of Ecobank Nigeria Limited, a position he held since April 2013. Before that, he was the Managing Director, Ecobank Kenya and Cluster Managing Director for East Africa, Ecobank (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, at 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 is the Interim Chairman of the Board at DBN's wholly-owned subsidiary, Impact Credit Guaranty Limited.

He holds a Master's in Business Administration (MBA) from the Manchester Business School UK, a Master of Science degree in Economics, from the University of Lagos and a Bachelor of Science degree in Economics, from the Ahmadu Bello University, Zaria, Nigeria.

He has attended several Executive Management Development Programmes in Leadership, Corporate Governance, Credit and Risk-Management at leading institutions.



Mrs. Clare Omatseye
Independent
Non-Executive Director

Mrs. Clare Omatseye was appointed in January 2017.

Clare Omatseye FWACS, FPSN, FNAPharm Clare Omatseye is the Founder/Managing Director of JNC International, a 19-year-old Turnkey Medical Equipment Solutions company, which exclusively represents 28 Global Original Medical Equipment Manufacturers (OEM's) like Canon Medical and Olympus - Japan, ElektaSweden, and Medtronic-USA; and the Chairman/Founder of Vaccipharm Limited, a 23-yearold cold chain Vaccine, Pharma & Medical consumable wholesale distribution company. She has a B. Pharm from Ahmadu Bello University, Zaria and an MBA from IESE Business School, Barcelona. She has attended several executive courses at the Harvard Business School, Yale University, INSEAD France, IESE Spain and the prestigious Lagos Business School (LBS).

Clare Omatseye is an innovative and visionary leader who brings her extensive practical and boardroom experience in Healthcare Visioning, Hospital and Medical Device Planning, Innovation & Disruptive Technology adoption, Corporate Direction setting, pharmaceutical value chain strengthening, Development & SME Financing, Women & Youth empowerment to bear in all she does. She is an avid advocate for Healthcare Reform and has played a major role in influencing Public Health policies bringing her vast over 32 years of seasoned experience in access to quality healthcare, health system strengthening, drug security and transparent public procurement. She is at the forefront of influencing policies that unlock the potential of the private health sector investments and advocates for strategic win-win

public-private dialogue and PPPs in Nigeria and Africa as a whole, making her a sought-after Regional and International speaker.

She is the President West African Private Healthcare Federation/(Federation Ouest Africaine du Secteur Prive de la Sante -FOASPS) with HQ in Dakar Senegal, the Vice President of the African Healthcare Federation (AHF) with HQ in Nairobi, Kenya, the immediate past and Pioneer President of the Healthcare Federation of Nigeria (HFN) where she served for 6.5 years and the Immediate Past President of the prestigious Lagos Business School Alumni Association (LBSAA). She is an Honorary Fellow of the West African College of Surgeons (FWACS), and the only pharmacist to receive this honour, a Fellow of the Pharmaceutical Society of Nigeria (PSN), a Fellow of the Nigeria Academy of Pharmacy (FNAPharm), a Senior Fellow of the Nigerian Leadership Academy (NLI) and a Fellow of the Society for Corporate Governance Nigeria (SCGN) and Fellow of Aspen's African Leadership Initiative West Africa (ALIWA). She sits on the Board of several reputable organizations as an Independent Director of the renowned Development Bank of Nigeria Plc (DBN), Beta Glass Nig Plc, and is a Member of the Governing Council of Pan Atlantic University (PAU); and two large NGO's, where she is the Chairman of Board of LEAP Africa (Youth Leadership Development) and a Director of Aspire Coronation (ACT) Foundation (of Access Bank Plc which gives grants to other Health, Leadership, Environment & Entrepreneurship NGOs).

Clare Omatseye is a committed Rotarian and triple star Paul Harris Fellow.



Mr. Bello Maccido
Independent
Non-Executive Director

Bello Maccido was appointed in January 2017.

He is an accomplished Corporate and Investment banker with well over 36 years of experience. His experience spans Retail, Corporate and Investment banking at various institutions, including Ecobank Nigeria Plc, New Africa Merchant Bank Limited and FSB International Bank Plc, where he rose to become Acting Managing Director/Chief Executive.

He also, at different times served on the Boards of First Bank of Nigeria Plc, FBN Holdings Plc and Legacy Pension Managers Limited. He was the Group Chief Executive of FBN Holdings Plc, after the adoption of a Holding Company structure by the First Bank of Nigeria Group. He is currently, Chairman of the Board, at FBNQuest Merchant Bank Limited.

Bello Maccido is a Fellow of the Chartered Institute of Stockbrokers, the Chartered Institute of Bankers of Nigeria and the Society For Corporate Governance, Nigeria.

His title 'Wakilin Sokoto', is a highly revered traditional title, which is only conferred on individuals who have greatly excelled in personal and selfless service to society.

He holds a Bachelor of Laws degree (LL.B) and a Master's degree in Business Administration (MBA) from the Ahmadu Bello University, Zaria, Kaduna, Nigeria, and Wayne State University, Detroit, Michigan, USA respectively. He is an Alumnus of the Executive Business Programs of the Harvard Business School and the IMD, Lausanne, Switzerland.



Mr. Andrew Alli
Independent
Non-Executive Director

Andrew Alli was appointed in January 2017.

He was the President and Chief Executive Officer of the Africa Finance Corporation. He was also the Deputy Chief Executive Officer of Travant Capital.

Andrew Alli was an Investment Officer at the International Finance Corporation ("IFC"), the private sector financing arm of the World Bank Group. In 2002, he was appointed as the IFC's Country Manager for Nigeria, with responsibility for managing its country operations. In 2006, he was appointed as the Country Manager for Southern Africa and had oversight of IFC's business in South Africa and seven other countries.

He was at different times, a non-executive director of ARM Cement Limited and an independent non-

executive director of Guaranty Trust Bank Plc.

He is a non-executive director on the Board of the CDC Group, United Kingdom and MTN Communications, Nigeria.

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

Mr. Andrew Alli is a member of the bank's Statutory Audit Committee.



Mr. Phillips Oduoza
Independent
Non-Executive Director

Mr. Phillips Oduoza, FICB was appointed in January 2017.

Mr. 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).

Mr. 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), an 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
Non-Executive Director

Dr. Oladimeji Alo was appointed in January 2017.

He served as the Managing Director /Chief Executive Officer of the Financial Institutions Training Centre ("FITC") and contributed immensely to a series of reforms in the Nigerian banking sector.

While in the services of the international firms of Pricewaterhouse and Coopers & Lybrand, Dr. Alo provided consulting assistance to several leading organizations in Nigeria. He also served at different times as the President of the West African Bankers' Association and the Chartered Institute of Personnel Management of Nigeria. He was also the Chairman of the Board of Berger Paints Nigeria Plc and Lewis Berger (Ghana) Limited.

He is currently the Chairman of the Board of ARM

Investment Managers Ltd and a member of the Advisory Board of the University of Lagos Business School. He is a Fellow of the Chartered Institute of Bankers of Nigeria, the Chartered Institute of Personnel Management of Nigeria and the Nigerian Institute of Chartered Arbitrators.

Dr. Alo is a scholar, management consultant and corporate governance expert. He holds a Bachelor of Science degree in Sociology, a Master of Science degree in Industrial Sociology and a Doctor of Philosophy degree in Industrial Sociology from the University of Ife (now Obafemi Awolowo University), Ile-Ife, Nigeria.

Dr. Oladimeji Alo is a member of the bank's Statutory Audit Committee.



Mr. Kyari Bukar
Independent
Non-Executive Director

Mr. Kyari Bukar was appointed in March 2021.

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 and 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 Bachelor's degree in Physics from Ahmadu Bello University Zaria, Nigeria, and a Master's degree in Nuclear Engineering from Oregon State University Corvallis, USA.



Mr. Henry Batchi Baldeh
Independent
Non-Executive Director

Mr. Batchi Baldeh was appointed in May 2019.

He is a seasoned banker, a power & utility management specialist and has worked in over 10 countries across Africa during his career which spans well over 3 decades. He is currently the Director of Power Systems Development at the African Development Bank ("AfDB"), with oversight for Power, Climate and Green finance.

Before joining the AfDB, he worked across several roles and functions including the World Bank, Lesotho Electricity Corporation, Gampower Limited, UHC Gambia and Gambia Utilities Corporation as an Advisor, Freelance Consultant and Executive Director.

He also served in several Managing Director roles for companies such as Ansata Consulting, Gambia; Gambia National Water and Electricity Company and Utilities Handling Corporation.

He holds a Master's degree in Business Administration (General Management Major) from Boston University, USA and a Bachelor of Science degree in Electrical & Electronic Engineering from the University of Newcastle-Upon-Tyne, England. He is a member of the Institute of Engineering & Technology, United Kingdom and also a Fellow of the Institute of Directors, South Africa.



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

Ms. Ijeoma Ozulumba, was appointed as an Executive Director at Development bank of Nigeria in March 2021.

She is a finance professional with over 3 decades experience in banking, accounting, auditing, finance, and business strategy. She started her professional career at Price Waterhouse (Now PwC), in the audit and business advisory services division and has held progressively senior roles in financial services in Nigeria and Canada.

Over the span of her career, Ijeoma has participated in and led teams and departments in finance, strategy, business development, corporate banking, service management and internal audit. 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 (FCMB) as Chief Financial Officer, Bank of Montreal, and Scotia Bank both in Canada as Basel Risk Consultant and Finance Manager.

Her international experience in financial management, bank startup, integration, financial performance management, Basel risk management, capital raising and Mergers & Acquisitions, has resulted in significant

achievements in various pioneering roles in bank business model change, repositioning and in strategy development and implementation.

At Development Bank of Nigeria, Ijeoma has responsibility for the finance and corporate services directorate, comprising treasury, investor relations, corporate development, financial reporting, budget & performance management, information technology and corporate communications.

Ms. Ozulumba holds a bachelor's degree from the University of Benin, Nigeria, an MBA with a specialization in International Business Management from Royal Holloway, University of London and an MPhil (cum laude) in Development Finance from Stellenbosch Business School. Ijeoma has attended various executive training programmes at Harvard, Wharton, Oxford and is an alumnus of the Lagos Business School.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Certified Professional Accountant of Canada (CPA), a Project Management Professional (PMP), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of the Institute of Directors (IoD), Nigeria.



Mr. Omar Sefiani
Alternate Director
(Non-Executive)

Mr. Omar Sefiani was appointed as Alternate Director to Mr. Batchi Baldeh in August 2022.

He is the Division Manager of the Investment Division at the African Development Bank Group. He is a Finance expert and seasoned Development Banker. His career spans key roles at Citi Group, London, United Kingdom, Morgan Stanley, London, United Kingdom and Credit Agricole CIB, the Corporate and Investment Banking arm of Crédit Agricole Group, France.

He holds a Master of Science degree from the prestigious Ecole Nationale de la Statistique et de l'Administration Economique, Paris, France and majored in Finance. He also holds a Master of Science degree from the Ecole Polytechnique, Paris, France

and majored in Applied Mathematics and Economics. The coursework for that degree covered Development Economics, Political Economics, Macroeconomics, Microeconomics and Game Theory.



Mr. Uche Orji
Non-Executive Director

Mr. Uche Orji was appointed in February 2017.

He is the Managing Director/Chief Executive Officer of the Nigeria Sovereign Investment Authority ("NSIA") and brings a wealth of global experience in the financial services sector to his board position.

He joined the NSIA as Chief Executive Officer in October 2012, from Switzerland's largest bank, UBS Securities, where he was Managing Director in the New York branch of its Equities Division. Before his UBS experience, Mr. Orji spent six years at JP Morgan in London, 2001-2006, rising from the position of Vice President to Managing Director at the Equities Division.

Before JP Morgan, he worked for Goldman Sachs Asset Management, London, 1998-2001, as an

Analyst/Portfolio Manager. Mr. Orji also worked at different times during his career at Diamond Bank Plc., and Arthur Andersen, respectively.

Mr. Uche Orji studied Chemical Engineering at the University of Port Harcourt, Nigeria, and holds a Master's in Business Administration from the Harvard Business School, USA.

Mr. Uche Orji resigned from the board on September 30, 2022, having successfully completed a second term as the pioneer Managing Director/CEO at the Nigeria Sovereign Investment Authority.



Dr. Ahmed Rostom

Dr. Ahmed Rostom is a Senior Financial Sector Specialist at The World Bank's Finance Competitiveness and Innovation Global Practice – Central and West Africa Region.

He joined the World Bank Group in February 2010. His duties include leading the policy dialogue on financial sector development while actively participating and contributing to multi-sectoral teams involved in policy-based and investment operations in the Africa region.

Dr. Rostom has experience in leading operations in Africa and South-East Asia regions and has contributed to several operations in Europe and Central Asia and the Middle East and North Africa regions. He also led and contributed to several Financial Sector Assessment assignments. His areas of expertise include macro-finance linkages, long-term finance, financial inclusion, and financial infrastructure in client countries. Dr. Rostom has authored more than 12 World Bank Policy Research Working Papers and contributed to several World Bank flagship reports and

analytical diagnostics in areas of macroeconomics, financial economics, time series econometrics and financial sector development. He is part of the Bank's mentoring program. His prior experience spans many positions within the Government, the Central Bank and the banking industry in Egypt.

He holds an M.Sc. in Economics and Social Policy Analysis from the University of York, United Kingdom, and received his PhD in Economics at George Washington University, in the United States.

He is a recipient of three World Bank Vice Presidency awards for operational excellence.

In line with the periodic rotation of its staff in critical functions, the World Bank has communicated the nomination of Ms. Sophie Dong, Financial Sector Specialist, to replace Mr. Ahmed Rostom, as its Observer on the Board of the bank.



The Board of Directors is committed to the adoption and observance of good corporate governance practices. The Board acknowledges that corporate governance is an intrinsic element of business success, and as such, continually evaluates and upscales its governance practices to ensure that these are capable of enshrining in the bank, procedures and structures that are required to build a virile corporate culture which serve to ensure that the bank's business not only remains profitable, but is also sustainable, delivers value to Shareholders and is responsive to the concerns and aspirations of shareholders.

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. Based on this, the Board deliberately implements standards of governance that exceed minimum expectations and requirements.

The Board of Directors is the highest governing body in the bank. The board is headed by the Chairman who is primus inter pares 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 an intrinsic 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, 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.

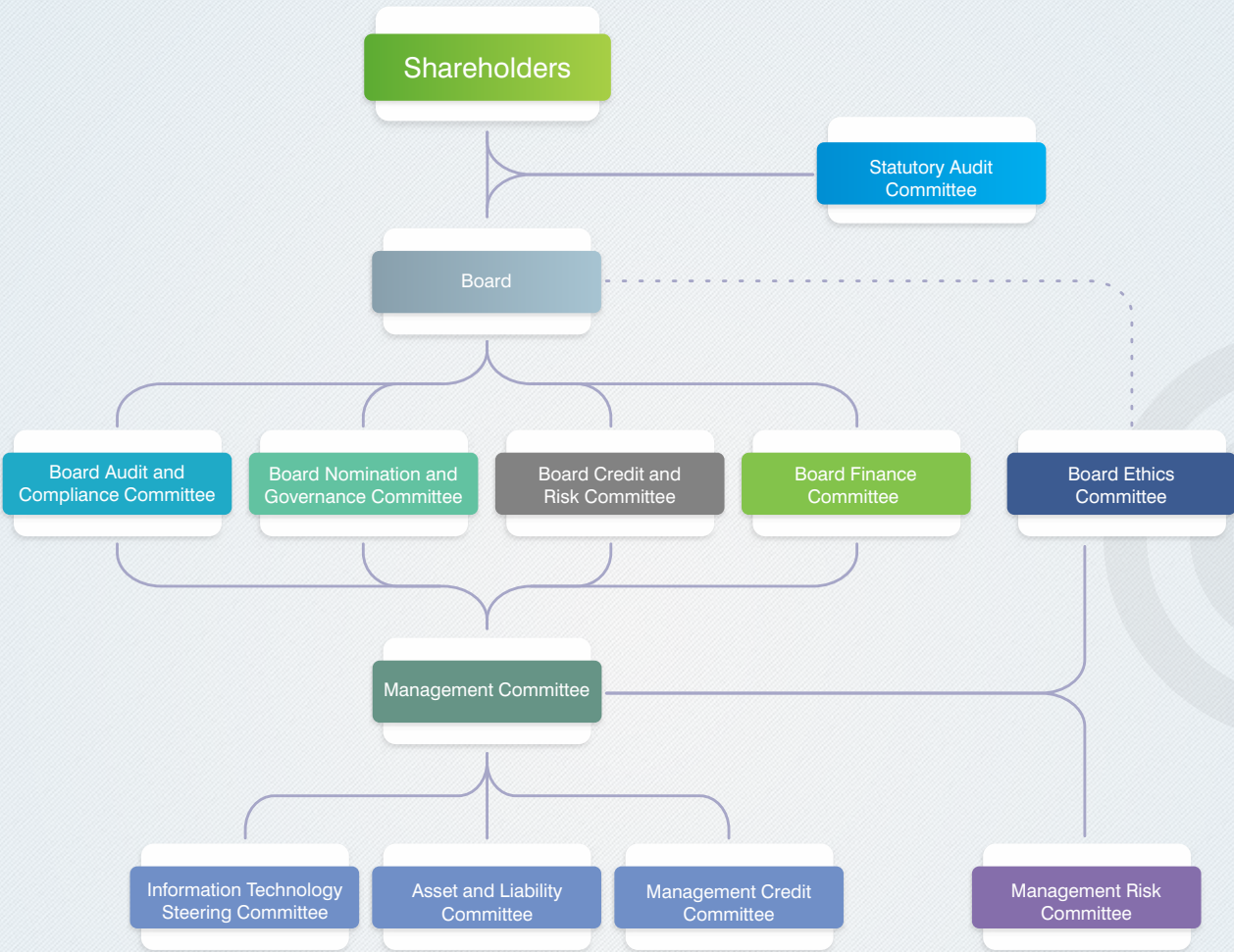
Decisions of the board are reached based on a consensus after very thorough deliberations. If any matter would be put to a vote, the board charter and the bank's Articles of Association, provide that the Chairman shall have a casting vote. This ensures the resolution of any equality of votes.

All directors disclose their memberships 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 that are approved by the Board of Directors. The committees' charters detail the terms of reference, membership, quorum and authorization of each committee. Also, all board committees are chaired by independent non-executive directors. The Chairman of the Board is not a member of any board committee.

Below is our Governance structure:



The bank's Delegation of Authority framework details the authority matrix at the bank and the framework of the delegation from the board to its committees, and from the board to Management. By the principle of delegation, the bank's Management, led by the Managing Director/Chief Executive Officer, is responsible for the day-to-day running of the business. Pursuant to this delegation, Management has five (5) committees (the Management Committee; the Management Risk Committee, the Management Credit Committee, the Assets & Liability Management Committee, and the Information Technology Steering Committee) which are aligned to Management responsibilities and reporting lines to the Board of Directors.

In addition to the existence of the board and committees' charters, the board enriches the bank's governance practices by adhering to the principles and recommended practices contained in the Nigerian Code of Corporate Governance, 2018. As a Development Finance Institution licensed by the Central Bank of Nigeria (CBN), the bank also complies with the

Code of Corporate Governance for Development Finance Institutions issued by the CBN and the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission.

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. This practice continues to differentiate the DBN, as a clear leader in corporate governance in the Development Finance space in Nigeria.

Procedure for Board Appointments

Further to Article 9.5 of the bank's Articles of Association, the first directors of the bank were appointed by shareholders based on agreed minimum criteria. The procedure for appointing the first independent directors involved the establishment by the shareholders, of an Initial Nominations Committee comprising of five (5) experts and professionals. The Initial Nominations Committee was supported by an independent executive search firm which screened potential directorship nominees against criteria that were agreed upon by shareholders, before the commencement of the executive search.

A recommended shortlist of candidates was presented to the shareholders by the Initial Nominations Committee, from where a final decision was taken. The selected candidates were then presented to the CBN for approval, and thereafter the Initial Nominations Committee was dissolved.

After the inauguration of the board, appointments to the board are undertaken by recourse to the bank's Articles of Association and it has suitable board-level oversight.

Shareholders are by the provisions of the Articles of Association, permitted to nominate their representatives to the board. Such nominees would however have to be approved by the board of directors, and the Central Bank of Nigeria, before the assumption of duty. All shareholders of the bank, except the European Investment Bank, have exercised their right to appoint directors to the DBN board.

In the year, the board received the approval of the Central Bank of Nigeria for the appointment of an Alternate Director. The Board also presented to the Central Bank of Nigeria, for approval, a nomination for the appointment of a Non-Executive Director, to represent a shareholder on the DBN Board.

The board ensures that the process for the appointment of directors is rigorous and extensive, and tailored to ensure that the bank appoints only people of integrity, the right skills, expertise and exposure, which are required to enable them to function effectively as directors of the bank.



Independent Non-Executive Directors

The preponderance of independent non-executive directors on the board is unique in the financial services industry in Nigeria. The situation is a testament to the value which shareholders attach to objectivity and the infusion of stakeholder interests, into decisions around the bank and its operations.

Before the assumption of duty, the bank's independent non-executive directors were screened by the CBN and approved as independent non-executive directors.

The board keeps under review, the status of the independent non-executive directors, to ensure that they remain independent and effective. A key remit of the annual board evaluation which is undertaken through an external consultant is to review the continued independence and effectiveness of the bank's independent non-executive directors, and to provide assurances, not only to the board but also to the shareholders and other stakeholders alike, that the independent non-executive directors remain independent.

To ensure that the board and the bank continues to harness the unique value intrinsic to the independent non-executive directors, and to preserve their objectivity, the board unanimously adopted as a standard for the bank, the definition of Independence as provided in Principle 7 of the Nigerian Code of Corporate Governance. Therefore, at DBN, an independent non-executive director is a director who is independent in character and judgment and is free from any relationships or circumstances concerning the bank, its management, or substantial shareholders as may, or appear to, impair his or her ability to make an independent judgment.

In the opinion of the board of directors, the following five (5) independent non-executive directors fulfilled the standard of Independence as enunciated in Principle 7 of the Nigerian Code of Corporate Governance, in the financial year:

- 1. Mr. Andrew Alli**
(Appointed in January 2017, length of stay on the board is 6 years)
- 2. Mr. Bello Maccido**
(Appointed in January 2017, length of stay on the board is 6 years)
- 3. Mrs. Clare Omatseye**
(Appointed in January 2017, length of stay on the board is 6 years)
- 4. Dr. Oladimeji Alo**
(Appointed in January 2017, length of stay on the board is 6 years)
- 5. Mr. Phillips Oduoza**
(Appointed in January 2017, length of stay on the board is 6 years)
- 6. Mr. Kyari Bukar**
(Appointed in March 2021, length of stay on the board is 1 year, 9 months)

Board Meetings

The board meets quarterly, with additional meetings being scheduled, and held as required, for the effective steering of the bank's business. Before the start of every financial year, the board approves a schedule of activity dates for the relevant year. The schedule contains the dates for both board and board committees' meetings, a date for the Annual General Meeting, and the annual Board/Management Retreat.

Notices of all board meetings are provided to directors in advance, and meeting agendas are pre-approved by the Chairman of the Board, in respect of board meetings, and for the respective board Committees, the Chairpersons of those committees.

The Managing Director/Chief Executive Officer provides quarterly reports to the board on the activities of Management. These reports typically provide information on the bank's business performance, financial performance, and business outlook; while functional heads such as the Chief Operating Officer, the Chief Risk Officer, the Chief Financial Officer, and

the Head, Internal Audit, also make presentations to the board, through relevant board committees.

Directors participate actively in decision-making, and the preponderance of independent non-executive directors on the board ensures that independent judgment is brought to bear on board decisions.

The board ensures that its deliberations and decisions are appropriately minuted by the Company Secretary; its decisions and directives are implemented, and its minutes are properly archived for reference.

In the period under review, the Board met eight (8) times, and the directors recorded 100% attendance at the meetings of the board and those of the respective committees.

The schedule below details the dates of meetings and the attendance at the board, and board committee meetings which were held during the financial year:

Board Meeting Dates									
	Total Attendance	Feb 22	Apr 27	Jul 15	Jul 26	Aug 18	Sep 3	Oct 26	Nov 29
Non-Executive Directors									
Dr. Shehu Yahaya*	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Uche Orji**	8/8	✓	✓	✓	✓	✓	-	-	-
Mr. Batchi Baldeh	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Independent Non-Executive Directors									
Mrs. Clare Omatseye	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Andrew Alli	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Oladimeji Alo	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Phillips Oduoza	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Bello Maccido	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kyari Bukar	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Managing Director/CEO									
Dr. Tony Okpanachi	8/8	✓	✓	✓	✓	✓	✓	✓	✓
Executive Director									
Mrs. Ijeoma Ozulumba	8/8	✓	✓	✓	✓	✓	✓	✓	✓

*In compliance with the principles of the Nigerian Code of Corporate Governance and section 2.6.3 of the CBN Code of Corporate Governance for Development Finance Institutions, Dr. Shehu Yahaya, Chairman, Board of Directors, is not a member of any Board committee.

** Resigned on September 30, 2022.

Board Committees

In terms of structure, composition, and responsibilities, all five (5) board committees (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) are compliant with the principles of the Nigerian Code of Corporate Governance and the requirements of the CBN Code of Corporate Governance for Development Finance Institutions.

All committees have charters that have been approved by the Board of Directors. In compliance with both regulatory and best practice requirements, the Board Audit and Compliance Committee and the Board Nomination and Governance Committee are composed of only independent non-executive directors. The Board Ethics Committee, which is responsible for ensuring the adoption of ethical standards and business practices by the bank, is also comprised entirely of independent non-executive directors.

All board committees meet quarterly or as required, ahead of board meetings. To ensure that all directors can contribute effectively to discussions at board meetings, directors have access to all committee papers which are uploaded on the bank's Board portal, notwithstanding their committee membership. This is to ensure that all directors are apprised of board activities and are provided with the information required to enable them to function and contribute effectively to board-level decision-making.

At the end of each committee meeting, the minutes of the meeting are developed by the Company Secretary and uploaded on the board portal, to facilitate the presentation by respective board committee chairpersons, of the report of deliberations and decisions, including the recommendations on items presented by Management.

Below are the board committees, their composition, and details of their authorization:

Board Nomination and Governance Committee

Membership	Dr. Oladimeji Alo	- Independent Non-Executive Director	- Chairman
	Mrs. Clare Omatseye	- Independent Non-Executive Director	- Member
	Mr. Bello Maccido	- Independent Non-Executive Director	- Member
	Mr. Kyari Bukar	- Independent Non-Executive Director	- Member

Key

Responsibilities

- To review the Nomination and Governance Committee Charter and recommend same for Board approval
- To make recommendations to the Board for the appointment of Senior Management Staff subject to processes set out for such appointments.
- 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.
- To review and advise the Board on succession planning for the Board, Board Committees and Senior Management Staff.
- 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 the performance of the Board of the bank's subsidiary, Impact Credit Guarantee Limited.
- 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.

The attendance of members at meetings of the Committee in the year is as shown below:

Board Nomination and Governance Committee								
	Total Attendance	Feb 17	Mar 28	Apr 19	July 19	Oct 3	Dec 6	Dec 18
Dr. Oladimeji Alo	7/7	✓	✓	✓	✓	✓	✓	✓
Mrs. Clare Omatseye	7/7	✓	✓	✓	✓	✓	✓	✓
Mr. Bello Maccido	7/7	✓	✓	✓	✓	✓	✓	✓
Mr. Kyari Bukar	6/7	✓	✓	✓	✓		✓	✓

Board Audit and Compliance Committee

Membership	Mr. Andrew Alli - Independent Non-Executive Director - Chairman Dr. Oladimeji Alo - Independent Non-Executive Director - Member Mrs. Clare Omatseye - Independent Non-Executive Director - Member Mr. Kyari Bukar - Independent Non-Executive Director - Member
Key Responsibilities	- 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.

The attendance of members at meetings of the Committee in the year is as shown below:

Board Audit & Compliance Committee						
	Total Attendance	Feb 16	Apr 13	July 20	Oct 3	Nov 28
Mr. Andrew Alli	5/5	√	√	√	√	√
Dr. Oladimeji Alo	5/5	√	√	√	√	√
Mrs. Clare Omatseye	5/5	√	√	√	√	√
Mr. Kyari Bukar	5/5	√	√	√	√	√

Board Credit and Risk Committee

Membership	Mr. Bello Maccido - Independent Non-Executive Director - Chairman Mr. Phillips Oduoza - Independent Non-Executive Director - Member Mr. Batchi Baldeh - Non-Executive Director - Member Dr. Anthony Okpanachi - Managing Director/CEO - Member Mr. Kyari Bukar - Independent Non-Executive Director - Member
Key Responsibilities	- 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 the same for Board approval; - To oversee and report to the Board on the performance of the bank's subsidiary, Impact Credit Guarantee Limited

The attendance of members at meetings of the Committee in the year is as shown below:

Board Credit and Risk Committee					
	Total Attendance	Feb 14	Apr 14	July 21	Oct 5
Mr. Bello Maccido	4/4	√	√	√	√
Mr. Phillips Oduoza	4/4	√	√	√	√
Mr. Batchi Baldeh	4/4	√	√	√	√
Dr. Tony Okpanachi	4/4	√	√	√	√
Mr. Kyari Bukar	4/4	√	√	√	√

Board Finance Committee

Membership	Mr. Phillips Oduoza - Independent Non-Executive Director - Chairman Mr. Andrew Alli - Independent Non-Executive Director - Member Mr. Uche Orji - Non-Executive Director - Member Mr. Batchi Baldeh - Non-Executive Director - Member Dr. Anthony Okpanachi - Managing Director/CEO - Member
Key Responsibilities	- 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 distributions, 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 about treasury operations, investment strategies, banking and cash management arrangements; and financial risk management (interest rate, foreign exchange, sensitivities etc.)

Board Finance Committee									
	Total Attendance	Feb 16	Apr 13	Jun 27	July 14	Aug 13	Oct 6	Oct 24	Nov 23
Mr. Phillips Oduoza	8/8	√	√	√	√	√	√	√	√
Mr. Andrew Alli	8/8	√	√	√	√	√	√	√	√
Mr. Uche Orji	4/8	√	√	-	√	√	NA	NA	NA
Mr. Batchi Baldeh	7/8	√	√	√	√	-	√	√	√
Dr. Tony Okpanachi	7/8	√	√	-	√	√	√	√	√
Mrs. Ijeoma Ozulumba	8/8	√	√	√	√	√	√	√	√

Board Ethics Committee

Membership	Mrs. Clare Omatseye - Independent Non-Executive Director - Chairperson Mr. Andrew Alli - Independent Non-Executive Director - Member Mr. Phillips Oduoza - Independent Non-Executive Director - Member Mr. Bello Maccido - Independent Non-Executive Director - Member Dr. Oladimeji Alo - Independent Non-Executive Director - Member
Key Responsibilities	- To keep under review, ethical business practices and advise the Board on their adoption by the bank. - To advise the board on the adequacy of the system for non-financial disclosures on issues such as corporate social responsibility, corporate citizenship, reporting obligations under the Freedom of Information Act, 2011, and disclosures required in relation to Senior Management. - To review the conduct of directors on referral from the board and to make recommendations to the board, on the propriety of such conduct. - To ensure that appropriate steps are taken to communicate throughout the bank, the bank's corporate values, professional standards or codes of conduct, together with supporting policies. - To review and advise the board on appropriate steps concerning any adverse findings in respect of ethical compliance, arising from regulatory inspections.

Board Ethics Committee					
	Total Attendance	Feb 17	Apr 21	July 20	Oct 24
Mrs. Clare Omatseye	4/4	√	√	√	√
Mr. Andrew Alli	4/4	√	√	√	√
Mr. Phillips Oduoza	4/4	√	√	√	√
Mr. Bello Maccido	4/4	√	√	√	√
Dr. Oladimeji Alo	4/4	√	√	√	√

Directors Remuneration

The bank has an approved Remuneration Policy. The policy ensures that board and executive remuneration are aligned with the long-term interests of the bank and shareholders. Non-executive directors' remuneration is limited to Directors' fees, Sitting allowances which are paid for board and board Committee meetings attendances, and reimbursables, which are paid for expenses incurred by directors, in the discharge of official duties.

The Board Nomination and Governance Committee considers the levels of board and executive compensation and advises the board on all matters relating to compensation in the bank.

Directors' fees, the main component of board remuneration are paid in equal instalments six months apart, and in arrears (July and Jan).

Sitting allowances are paid for each meeting attended by the directors, bank transfers, for each meeting attended by directors. Concerning directors who are shareholder representatives on the board, their remuneration is paid directly to the appointing institution. There is a disparity in the quantum of Directors' fees and sitting allowances which are paid to directors who are shareholder representatives, relative to other directors. This disparity is based on an agreement amongst shareholders of the bank.

The overarching philosophy of the bank as regards compensation is to maintain compensation at the 75th percentile of the industry practice. This philosophy assists the board in attracting and retaining key competencies to the bank in a manageable and sustainable manner.

The compensation of the Managing Director/Chief Executive Officer and the Executive Director is linked to performance and is specifically designed to prevent excessive risk-taking. The Managing Director/Chief Executive Officer and the Executive Director do not receive Directors Fees or sitting allowances for board meetings attendances. Also, as a serving executive, the Managing Director/Chief Executive Officer does not receive any Directors Fee or sitting allowances with respect to his board position at the bank's wholly owned subsidiary, Impact Credit Guarantee Limited.

Details of directors' remuneration are as set out in note 105 of the 2022 audited financial statements

Directors Training and Continuous Development

Orientation is provided to newly appointed directors upon appointment. A new director shall receive an induction pack which contains information about the bank and its business and operations.

A new director shall also receive information relating to his duties and responsibilities, details of emoluments and general information that would ensure that the director is able to fulfil the responsibilities of his office.

To ensure that directors remain conversant with recent trends and developments, the bank ensures that directors attend routine trainings tailored in line with the needs of both the directors and the bank. The bank's modalities for induction and training of directors are enshrined in the bank's Framework on Induction Training and Continuous Development for Directors.

The Directors attended a number of competency-based trainings in the year.

Rotation of Directors

In compliance with section 285 of the Companies and Allied Matters Act, 2020 and Article 10.3.3 of the bank's Articles of Association which require that directors of bank retire by rotation, three directors would be retiring at the Annual General Meeting, and being eligible, would be seeking re-election.

The directors to retire by rotation are Dr. Shehu Yahaya, non-executive director, Mr. Batchi Baldeh, non-executive director and Mr. Kyari Bukar, Independent non-executive director.

The biographical details of the directors are provided in the notes to the Resolutions to be presented to shareholders ahead of the Annual General Meeting.

Board Evaluation

In adhering to the principles enunciated in the Nigerian Code of Corporate Governance, the CBN Code of Corporate Governance for Development Finance Institutions, the Guidelines issued by the Securities & Exchange Commission (i.e. SEC Corporate Governance Guidelines) and Article 16 of the bank's Articles of Association, the board of directors ensures that there is an annual evaluation of the board, its committees and individual directors, which is undertaken by an independent consultant.

The scope of the evaluation covers the corporate governance requirements of the Nigerian Code of Corporate Governance, the CBN Code of Corporate Governance for Development Finance Institutions, the SEC Corporate Governance Guidelines, the provisions of the Companies and Allied Matters Act and the bank's Memorandum and Articles of Association. In addition to the aforementioned, the evaluation also specifically assesses the performance and effectiveness of the bank's independent non-executive directors as required by section (f) of CBN circular BSD/DIR/GEN/CIR/VOL.1/013 titled "Guidelines for the Appointment of Independent Directors".

The outcome of the evaluation is presented to the shareholders at the Annual General Meeting, and in compliance with the requirement of the CBN Code of Corporate Governance for Development Finance Institutions, is also submitted to the CBN.

Messrs PricewaterhouseCoopers were appointed to undertake the evaluation of the Board for the financial year.



The Chairman,
Development Bank of Nigeria Plc
The Clan Place
Plot 1368A Tigris Crescent, Maitama,
Abuja.

13 March 2023.

Attention: Dr. Shehu Yahaya

Dear Sir,

REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2022

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of Development Bank of Nigeria Plc ("the Bank") as required by Principle 14.1 of the Nigerian Code of Corporate Governance ("NCCG") 2018, Section 2.9.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Development of Finance Institutions in Nigeria ("the CBN Code") and the SEC Corporate Governance Guidelines ("SCGG"), for the period ended 31st December 2022.

Our responsibility was to reach a conclusion on the Board of Director's performance within the scope of our Letter of Engagement dated 10th of February 2023. In carrying out the evaluation, we relied on representations made by members of the Board and on the documents provided for our review.

The Board has complied significantly with the principles set forth in the Codes. Areas of compliance includes the Board's provision of strategic leadership towards the actualization of the Bank's strategy, sustenance of a strong ethical culture and tone at the top as well as adequate oversight of the ESG measures put in place by the Bank.

We also facilitated a Self and Peer Assessment of each Director's performance in the year under review. The Self and Peer Assessment covered each Director's time commitment to the business of the Bank and each Director's commitment to continuous learning and development. Each Individual Director's Assessment report was prepared and made available to them respectively, while a consolidated report of the performance of all Directors was submitted to the Chairman of the Board.

Details of other findings are contained in the full report.

Yours faithfully,

for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Partner
FRC/2017/ICAN/0000001665

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng *TIN: 01556757-0001* *BN: 958268*

Partners: S Abu, O Adekoya, T Adeleke, W Adetokunbo-Ajayi, S Adu, E Agbeyi, A Akingbade, UN Akpata, O Alakhume, A Alitebi, C Azobu, A Banjo, E Erhie, K Erikume, M Iwelumo, H Jaiyeola, T Labeodan, U Muogilim, C Obaro, C Ojechi, U Ojinmah, O Oladipo, W Olowofoyeku, P Omontuemen, O Osinubi, T Oyedele, O Ubah, C Uwaegbute, Y Yusuf

Management Team

Directors Remuneration

Dr. Tony Okpanachi
Managing Director/Chief Executive Officer

Dr. Tony Okpanachi was appointed Managing Director/CEO of Development Bank of Nigeria Plc (DBN) in January 2017.

He is a seasoned banker with over 26 years' experience. Before he was appointed 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.

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

Ms. Ijeoma Ozulumba, was appointed as an Executive Director at Development bank of Nigeria in March 2021.

She is a finance professional with over 3 decades experience in banking, accounting, auditing, finance, and business strategy. She started her professional career at Price Waterhouse (Now PwC), in the audit and business advisory services division and has held progressively senior roles in financial services in Nigeria and Canada.

Over the span of her career, Ijeoma has participated in and led teams and departments in finance, strategy, business development, corporate banking, service management and internal audit. 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 (FCMB) as Chief Financial Officer, Bank of Montreal, and Scotia Bank both in Canada as Basel Risk Consultant and Finance Manager.

Her international experience in financial management, bank startup, integration, financial performance management, Basel risk management, capital raising and Mergers & Acquisitions, has resulted in significant achievements in

Mr. Olu Adegbola
Chief Risk Officer

Mr. Olu Adegbola started his banking career with United Bank for Africa Plc. He has over 20 years of 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

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 a Master degree in Business Administration (MBA) from Manchester Business School UK, a Master of Science degree in Economics from the University of Lagos and a Bachelor of Science degree in Economics from Ahmadu Bello University, Zaria, Nigeria.

He has attended several Executive Management Development Programmes on Leadership, Corporate Governance, Credit and Risk-Management in leading institutions.

various pioneering roles in bank business model change, repositioning and in strategy development and implementation. At Development Bank of Nigeria, Ijeoma has responsibility for the finance and corporate services directorate, comprising treasury, investor relations, corporate development, financial reporting, budget & performance management, information technology and corporate communications.

Ms. Ozulumba holds a bachelor's degree from the University of Benin, Nigeria, an MBA with a specialization in International Business Management from Royal Holloway, University of London and an MPhil (cum laude) in Development Finance from Stellenbosch Business School. Ijeoma has attended various executive training programmes at Harvard, Wharton, Oxford and is an alumnus of the Lagos Business School.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Certified Professional Accountant of Canada (CPA), a Project Management Professional (PMP), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of the Institute of Directors (IoD), Nigeria.

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 banks of the current Sterling Bank Plc.

He is exposed to several local and international trainings. He holds a Master of Science degree in Finance, and a Postgraduate Diploma in Economics, both from the University of Lagos; an MBA from Obafemi Awolowo University, and a Bachelor of Science degree in Accounting from the University of Ilorin. He is a Fellow of the Institute of Chartered Accountant of Nigeria, an Associate of the Chartered Institute of Bankers of Nigeria, and a Senior Associate of the Risk Managers Association of Nigeria (RIMAN).

Mr. Olu Adegbola
Chief Risk Officer

Mr. Olu Adegbola started his banking career with United Bank for Africa Plc. He has over 20 years of 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

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.

Before 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 started his banking career in 1994 with the United Bank for Africa and later in 1998, moved to FSB International Bank PLC.

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 practised 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.

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 banks of the current Sterling Bank Plc.

He is exposed to several local and international trainings. He holds a Master of Science degree in Finance, and a Postgraduate Diploma in Economics, both from the University of Lagos; an MBA from Obafemi Awolowo University, and a Bachelor of Science degree in Accounting from the University of Ilorin. He is a Fellow of the Institute of Chartered Accountant of Nigeria, an Associate of the Chartered Institute of Bankers of Nigeria, and a Senior Associate of the Risk Managers Association of Nigeria (RIMAN).

When FSB International Bank Plc merged with Fidelity Bank in 2006, he became the Head, Advertising with the Marketing Communications Group and subsequently moved to serve as Business Head, Public Sector Banking Group, Abuja.

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 is a graduate of Economics with a postgraduate qualification in Business Administration. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Certified Risk Analyst, ISO 27001 Lead Auditor and an alumnus of Lagos Business School (Senior Management Programme).

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.

Professor Joseph Nnanna
Chief Economist

Professor Joseph Nnanna is 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.

Before joining DBN, Prof. Nnanna was a tenured Professor of Business and Economics at Northwestern Oklahoma State University (USA). His primary research focus was on 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 Professor 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 a Bachelor of Business Administration and MBA degrees in Accounting, a Master of Art degree in Economics and a Doctorate in Corporate Governance and Economics from Southwestern Oklahoma State University, Florida Metropolitan University, The University of Oklahoma and Argosy University respectively. He is a member of the American Economic Association.

Mr. Shofola Osho
Company Secretary / Legal Adviser

Shofola Osho has vast experience in providing Governance, Risk and Compliance support for major Corporates. He commenced his corporate career as a Legal Officer with Stallion Property & Development Company Limited (A Joint venture company of the Nigerian National Petroleum Corporation and Oando Plc). At Siemens Nigeria, he provided local content support for the implementation of the Siemens Anti-Bribery Controls and was a participant at the Talent at Compliance Program at the Siemens Leadership Center, Feldafing, Germany.

At Access Bank Plc, he was a member of the Legal Stream of "Project Star" (the N50 billion merger between the Intercontinental Bank Group by Access Bank Plc). He was a test participant at the Central Bank of Nigeria User Acceptance Test for the CBN Competency Assessment Portal. At FirstBank,

Shofola was Assistant Company Secretary and a member of the inaugural stream of the FirstBank Senior Management Development Programme (SMDP01).

He holds a Bachelor of Laws (LL.B Hons) degree from the University of Lagos and a Master's degree in International Commercial Law from the University of Salford Manchester, United Kingdom. He was called to the Nigerian Bar in 1999.

He is a Fellow of the Institute of Credit Administration, Nigeria, a Chartered Secretary (ACIS), Institute of Chartered Secretaries and Administrators of Nigeria, Member, Society For Corporate Governance, Nigeria and Member, Institute of Directors, Nigeria.

Disclosure of Managers Remuneration

In compliance with section 257 of the Companies and Allied Matters Act, 2020, the board shall disclose to shareholders, at the Annual General Meeting, the remuneration of the bank's managers.

Statutory Audit Committee

The Statutory Audit Committee of the bank is comprised of the following members:

- | | |
|---|------------|
| 1. Mr. Ahmed Salau - Shareholder Representative | - Chairman |
| 2. Mr. Steve Ohieri - Shareholder Representative | - Member |
| 3. Mr. Tade Fadare - Shareholder Representative | - Member |
| 4. Mr. Andrew Alli - Independent Non-Executive Director | - Member |
| 5. Dr. Oladimeji Alo - Independent Non-Executive Director | - Member |

The duties of the Statutory Audit Committee as enshrined in Section 404 (7) of the Companies and Allied Matters Act, 2020, and relevant Codes of Corporate Governance are to:

- 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 Company's system of accounting and internal control.
- Make recommendations to the Board concerning the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that no conflict of interest could impair their independent judgement.
- Authorize the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.

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.

The bank's Statutory Audit Committee held two meetings in the financial year, and all members of the Statutory Audit Committee were present at both meetings.

The profiles of members of the Statutory Audit Committee are on page 160

Report of the Statutory Audit Committee

For the year ended 31 December 2022

To the members of the Development Bank of Nigeria Plc

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020, the members of the Statutory Audit Committee of the Development Bank of Nigeria Plc hereby report on the audited financial statements for the year ended 31 December 2022 as follows:

We have exercised our statutory functions under section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities. We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and reinforce the Bank's internal control systems. We have deliberated on the findings of the external auditors who have confirmed that the necessary cooperation was received from management in the course of their audit and we are satisfied with management responses thereon and with the effectiveness of the Bank's system of accounting and internal controls.



Ahmed Rufai Salau

Chairperson

Statutory Audit Committee

FRC/2013/ICAN/00000000968

06 March 2023

Members of the Statutory Audit Committee are:

Ahmed Rufai Salau	Chairperson
Stephen Ohieri	Member
Tade Fadare	Member
Andrew Alli	Member
Oladimeji Alo	Member



Mr. Ahmed Salau, FCA
Chairman

Mr. Ahmed Salau holds a Bachelor of Science degree in Accounting from the Bayero University, Kano; and Master's degree in Business Administration in Finance, from the Ahmadu Bello University, Zaria, Kaduna State.

He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); a Certified Information System Auditor (CISA) and a Certified Fraud Examiner (CFE).

Prior to Joining Nigeria Sovereign Investment Authority as the Head, Internal Audit, he worked as the Chief Internal Auditor at the Abuja Electricity Distribution Company. He also worked as the Head, Internal Audit, at Legacy Pension Managers (now FCMB Pension), and at different times in his career, the Senior Audit Officer at Trustfund Pensions and the Senior Account Manager at Transcorp Hilton Hotel, Abuja FCT.



Tade Fadare, PhD
Member

Mr. Tade Fadare, PhD, is a Senior Vice President and Head of Operational Risk and Compliance at the Nigeria Sovereign Investment Authority (NSIA). In his role, he is responsible for designing, proactively identifying, implementing, and monitoring the processes by which the Authority complies with all applicable laws, regulations, and policies. Prior to joining the NSIA, he was Deputy Registrar at the Chartered Institute of Bankers of Nigeria (CIBN) and before then, the Head of Business and Operational Risk at First City Monument Bank with primary responsibility for coordinating and implementing the bank's Enterprise Risk Management project. He has worked as an Audit Senior and Audit Manager with international financial services institutions including, Barclays Bank, Royal Bank of Scotland, and Morgan Stanley. He also had a stint as Consultant/Senior Manager with the Business Risk Services practice of Grant Thornton (UK) providing advisory services to Grant Thornton (UK) clients.

He earned a first and second degree in Economics from the Obafemi Awolowo University and the University of Lagos respectively. He also obtained a Master of Science degree in Finance and Investment from the University of Edinburgh and an MBA, Finance, from the University of Manchester. He is a member of several reputable professional bodies, the Institute of Chartered Accountants of Nigeria (FCA), Association of Chartered Certified Accountants (FCCA), Chartered Institute of Bankers of Nigeria (FCIB), and the Chartered Professional Accountants of British Columbia (CPA), and the Chartered Institute of Stockbrokers of Nigeria (ACS).

Tade Fadare holds a PhD in Organizational Leadership from Regent University, Virginia, USA and has contributed peer-reviewed articles to several academic journals including The Journal of Values-Based Leadership, International Research Journal of Finance and Economics, and Journal of Research on Christian Education.



Mr. Steve Ohaeri
Member

Mr. Steve Ohaeri is a Deputy Director at the Federal Ministry of Finance, Budget and National Planning.



Mr. Andrew Alli
Independent
Non-Executive Director

Please refer to page 144 for Mr. Andrew Alli's profile



Dr. Oladimeji Alo
Independent
Non-Executive Director

Please refer to page 145 for Dr. Oladimeji Alo's profile

External Auditors

KPMG Professional Services were the Bank's external auditors for the financial year. They were first appointed in August 2016 and have served as External Auditors for six (6) years.

The bank complied with all regulatory requirements for the appointment and approval of the External Auditors.

Risk Management Risk Governance Framework

The risk governance framework in DBN is very robust and every stakeholder is aware of their responsibilities (individual and collective) for risk management, risk oversight and risk assurance. The Bank has a well-defined framework and policies for managing risks and ensuring adequacy and effectiveness of controls.

The Board has ultimate responsibility for risk management and sets the appropriate tone down the organization hierarchy. To ensure that the risk management system is in line with regulations and leading practices, the Board is supported by the following Board sub-committees:

1. Board Credit and Risk Committee (BCRC); and
2. Board Audit and Compliance Committee (BACC)

These Committees are responsible for reviewing and challenging risk, compliance, control and audit reports received from management (Management Risk Committee (MRC)); and advising the board.

The Risk Management and Compliance Department facilitates and coordinates risk management and compliance activities in the bank and reports to both the Management Credit and the Management Risk Committees monthly on key risk issues facing the bank. The Department is also straddled with the role of ensuring the adequacy of Controls by implementing the approved Internal Control Framework.

Internal and External Audit is responsible for giving independent assurance on the adequacy and effectiveness of risk management process, practices and control.

Each department in the bank is responsible for risk management and implementing internal control procedures and documenting the same in a Standard Operating Manual in compliance with the Internal Control Framework.

Whistleblowing

The Board of DBN is committed to high ethical standards and probity and ensures all employees and executives align with these standards in all their dealings with stakeholders.

To help ensure a high ethical standard, the Bank introduced the following;

1. Code of Ethics, which sets out the minimum standards of ethical conduct for management of businesses in the Bank.
2. Whistleblowing Policy, which provides a different medium for employees and other relevant stakeholders to report concerns about workplace malpractice in a confidential manner, and to enable the Internal Audit and External Consultant to investigate and deal with such.

Stakeholders are expected to comply with the above code and policy in discharging their duties and support investigations into any reported misconduct or concern and take any appropriate actions.

The Whistleblowing Policy is on the Bank's website(<http://www.devbankng.com/cms/uploads/policy/Whistle-Blowing-Policy>) and applies to both internal (staff, contract employees, management or directors) and external (customers, service providers, applicants, auditors, consultants, regulators and other stakeholders) whistleblowers.

The Policy outlines the procedure for Whistleblowing in the Bank and how all reported cases of illegal and unethical conduct or other misconduct should be dealt with.

The Policy is in line with the requirements of section 3.1 of the Central Bank of Nigeria (CBN) 'Guidelines for Whistleblowing for banks and other financial institutions in Nigeria', and the Code of Corporate Governance for Development Finance Institutions.

In line with the policy, a whistleblower may raise a concern through any of the following medium (this can be done either by declaration or in confidence/ anonymously):

- A formal letter to the **MD/CEO, Development Bank of Nigeria Plc. or the Head, Internal Audit, Development Bank of Nigeria Plc.**
- Dedicated phone number: DBN Internal Whistleblowing Line – 09130720890 DBN External Whistleblowing Line - 08008476337
- Dedicated email address: **whistleblowing@devbankng.com**
- Via DBN website: **www.devbankng.com/whistleblowing**
- Where the concern is received by staff other than the MD/CEO or the Head, Internal Audit, the recipient of such concerns shall be required to;
- Immediately pass the concern(s) to the Head, Internal Audit with a copy to the MD/CEO Development Bank Plc.
- If the concerns affect the Head, Internal Audit, the MD/CEO shall be notified, and where a Director (including the MD/CEO) is involved, such concern shall be directed at the Chairman Board Audit & Compliance Committee.

Internal control

The Board of Directors are responsible for ensuring adequate and effective internal controls exists within the Bank. These responsibilities involve establishing, maintaining and reviewing the effectiveness of internal control systems that ensures that the goals and objectives of the Bank are met, whilst complying with applicable laws and regulations including internal policies and procedures.

The Bank has an approved Internal Control Framework, developed in line with leading practice (the Committee of Sponsoring Organizations (COSO) 2013 Internal Control-Integrated Framework) The Framework address control challenges by identifying critical activities, assessing the risk exposures, determining appropriate preventive and detective control measures, and monitoring such measures to ensure compliance.

COSO 2013 Internal Control-Integrated Framework

Control Environment:

The Board and senior management establish the tone from the top regarding the importance of internal control and the expected standards of conduct. The Board is assisted in carrying out this responsibility by the Board Audit and Compliance Committee (BACC) as set out in the above Risk Governance Framework.

The overall objective of the Internal Control framework is to ensure that adequate and effective internal controls are in place and that these controls are applied consistently throughout the organisation to protect DBN and its stakeholders from potential losses. The internal control framework is managed within the five key principles of COSO which are; control environment, risk assessment, control activities, information & communication and monitoring.

The key principles relating to the control environment include:

- The Board of DBN, management and staff are committed to the highest levels of integrity and ethical values;
- The Board and its sub-committees are independent of management and provide oversight for the performance of internal controls;
- Management, with oversight from the Board, establishes structures, reporting lines and appropriate delegation of authority to ensure that the strategic and business objectives are achieved;
- The Board and management establishes and implements policies and procedures to ensure the achievement of its objectives; and
- The Bank enforces accountability for applicable stakeholders with regards to internal control responsibilities in the pursuit of its objectives.

Risk Assessment:

The Bank has a dynamic and iterative process for identifying, analysing and managing risk exposures to achieving the strategic and business objectives of DBN, It involves considering the impact of possible changes in both the internal and external environment.

The key principles relating to risk assessment include:

- Board and management set specific strategic and business objectives with sufficient clarity to enable the identification and assessment of risk exposures;
- Risk exposures that may prevent the achievement of strategic and business objectives are identified and managed;
- In assessing the risks to the Bank`s objectives, the potential for fraud shall be considered; and
- Management and Staff identify and assess changes that could significantly impact the internal control system.

Control Activities:

The management of the Bank has put in place risk mitigants to reduce risk and achieve its objectives. Such control activities are preventative or detective; automated or manual, or a combination thereof and take any of the following forms:

- authorizations and approvals;
- verifications;
- reconciliations;
- compliance with exposure limits;
- maker-checker processes;
- physical controls; and
- regular performance reviews.

Segregation of duties is typically built in the selection and development of control activities. No one individual, regardless of grade, title or function, process a specific transaction from initiation to final authorization. This implies that a transaction shall require the intervention of at least 2 individuals before completion. The key principles relating to control activities include:

- Management and staff develop and implement control activities that will contribute to risk mitigation and achievement of strategic and business objectives;

- Management and staff develop and implement control activities over technology to support the achievement of objectives; and
- Management and staff develop and implement policies and procedures (including responsibility and accountability for execution) to support the achievement of set objectives.

Information and Communication: Relevant and quality information is necessary to effectively carry out internal control responsibilities in support of the achievement of the Bank's objectives. Internal communication within the Bank (top-down, bottom-up and across) enables staff to receive clear directives from senior management that control responsibilities must be taken seriously. External communication enables in-bound communication of relevant external information while providing required information to external parties.

The key principles relating to information and communication include:

- Relevant and quality information is used to support the functioning of the internal control system;
- Appropriate internal communication of information, including objectives and responsibilities for internal control, is used to support the functioning of the internal

- control system; and
- Appropriate communication with external stakeholders regarding matters affecting the functioning of the internal control system.

Monitoring Activities: Monitoring is the process of assessing the effectiveness of the internal control system via on-going and separate evaluations, including the reporting of findings or observed deficiencies as well as assuring management and the Board of Directors.

The key principles relating to monitoring activities include:

- Management has puts in place measures to ensure on-going and/or separate evaluations to ensure that the internal control system is present and functioning as intended; and
- Internal and External Audit carries out independent reviews of internal control systems, communicating deficiencies to Board Credit and Risk Committee (BCRC), and Board Audit and Compliance Committee (BACC) and the Board; and monitor corrective actions.

Environmental and Social Risk Management

DBN considers environmental and social risk management to be an important part of its mandate for providing sustainable access to finance. As part of this mandate, DBN is committed to incorporating environmental and social (E&S) risk considerations into its decision making and lending processes in a manner that is aligned with the Nigerian legal requirements and international best practices. DBN also promotes an appropriate Environmental and Social Management System (ESMS) for itself, as well as for the financial institutions it on-lends to, to enable it effectively assess and manage the Environmental and Social risk exposures associated with its lending activities.

The following are some internal practices that help DBN to manage its E&S risks:

- Incorporation of an exclusion list (i.e., list of transactions/businesses not funded by the Bank) into the Bank's Annual Reports to increase public awareness about DBN's lending operations.
- Categorization of DBN-funded projects into Low, Medium, and High ratings.
- The creation of Terms and Conditions for lending are determined partly by the E&S categorization.
- The Bank organizes capacity building for PFIs to increase their awareness regarding responsible lending and how they can adapt the lending approach.
- For High- and Medium-risk projects, the Bank obtains the Environmental & Social Risk Assessment Report and Environmental & Social Risk Management Plan (ESMP) from the PFIs.

Additional information on the bank's Environmental & Social Risk Management is available in the Integrated Report.

Statement on Fines and Penalties

The bank has zero-tolerance for regulatory fines and penalties. The bank did not incur any fines or penalties in the financial year.

Freedom of Information

DBN complies with the Freedom of Information Act, 2011 ("FOI"). The Bank ensures that qualifying information is freely disclosed on the Bank's website, Annual Reports and through print and digital media to stakeholders, and any person or institution that request for information.

Accordingly, DBN is committed to:

- Making public records and information freely available.
- The proactive and periodic disclosure of qualifying information.
- Providing public access, to qualifying records and information.
- Protecting public records and information to the extent consistent with the public interest and the protection of personal privacy.

No. of FOI applications received	No. of Processed applications	No. of Appeals	No. of full-time staff devoted to implementation of the Act
5	5	NIL	3 Staff

Human Resources

The bank is an equal opportunities employer and actively ensures diversity (age, gender and geography) in the composition of the workforce. The bank also ensures that staff have a conducive environment for work and is responsive to the needs of staff in the workplace and furthermore in ensuring a work/life balance.

The bank has an approved flexible/remote working policy which provides staff with the opportunity to work remotely. In view of the Covid-19 situation, the bank implemented remote working arrangements and rotational work as a measure to curb infections, while ensuring that staff are able to provide value for the bank's operations. The bank also supported staff through the provision of Covid-19 advisory and free voluntary Covid-19 testing for staff.

The bank ensures that staff remain motivated through a combination of work tools to ensure optimal work, and compensation and other incentives to drive peak performance. The bank is committed to its philosophy for maintaining compensation at the 75th percentile of Industry practices.

To ensure that employee compensation is largely insulated from inflationary trends which arose principally due to the Covid-19 crisis, the bank implemented a Cost-of-Living Adjustment on staff emoluments in the year.

To advance accountability for corporate performance and reporting, the bank shall adopt and implement modalities for clawbacks in relevant policies of the bank.

Statement of Directors' Responsibilities in Relation to the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

The Directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Group and Bank's ability to continue as a going concern and have no reason to believe that the Group and Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Anthony Okpanachi

FRC/2016/CISN/00000015033

Managing Director/CEO

27 February, 2023



Shehu Yahaya

FRC/2019/IODN/00000019238

Chairman

27 February, 2023

Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Chief Executive Officer and Chief financial Officer, hereby certify the consolidated and separate financial statements of the Development Bank of Nigeria Plc for the year ended 31 December 2022 as follows:

- That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2022.
- That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the year ended 31 December 2022.
- That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to the officer by other officers of the companies, during the period ended 31 December 2022.
- That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited financial statements, and certify that the Bank's internal controls are effective as of that date.
- That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- That we have disclosed the following information to the Bank's Auditors and Audit Committee:
 - there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and
 - there is no fraud that involves management or other employees who have a significant role in the Bank's internal control.



Anthony Okpanachi
FRC/2016/CISN/00000015033
Managing Director/CEO
27 February, 2023



Ijeoma Ozulumba
FRC/2017/ICAN/00000016105
Executive Director/CFO
27 February, 2023

Audit Report



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KPMG Tower
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Development Bank of Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Development Bank of Nigeria Plc ("the Bank") and its subsidiary (together, "the group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Bank and its subsidiary as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Bank in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Registered in Nigeria No BN 000205

Partners

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Adewale K. Ayin
Afolabi O. Olorunleke
Akintunde O. Akintunde
Akintunde J. Adeniji
Ajayi L. Salami
Ayodele A. Soyinka
Ayodele H. Othman

Bilal S. Akinlo
Bilal S. Akinlo
Chibuzo N. Anyanwu
Chibuzo N. Anyanwu
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Godwin C. Odo
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Ogunbayo J. Salami
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Olufemi A. Babemi
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Osinola J. Odehinde
Osinola A. Odehinde

Tokunbo A. Odehinde
Ugochukwu N. Odehinde
Ugochukwu G. Odehinde
Victor U. Odehinde
Williams I. Odehinde

Audit Report



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined there are no key audit matters to be communicated in our report.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility and Other National Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Audit Report



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit Report



Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books.
- The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

- The Bank and Group did not pay penalty in respect of contravention of the BOFIA and CBN guidelines during the year ended 31 December 2022.
- Related party transactions and balances are disclosed in note 31 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Nneka
Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
15 March 2023
Lagos, Nigeria



CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

In thousands of Naira	Note	Group 31 December 2022	Group 31 December 2021	31 December 2022	31 December 2021
Assets					
Cash and cash equivalents	18	138,623,389	147,167,291	131,058,757	135,321,043
Loans and advances to customers	20	369,402,568	321,694,875	369,402,568	321,694,875
Investment securities	19	6,424,507	27,957,211		26,618,294
Investment in subsidiary	21		-	11,375,000	11,375,000
Property and equipment	22	2,434,577	2,332,159	2,402,019	2,293,847
Intangible assets	23	240,512	160,613	233,649	148,093
Deferred tax asset	17b	1,206,072	743,546	1,140,471	724,664
Other assets	24	1,992,219	1,445,938	1,623,938	1,066,397
Total assets		520,323,844	501,501,633	517,236,402	499,242,213
Liabilities					
Employee benefit obligation	25	1,793	1,671		-
Current tax liabilities	17c	11,754,184	7,142,706	11,575,456	6,893,466
Borrowings	27	291,139,709	298,134,621	291,139,709	298,134,621
Provision for guarantee	26	324,507	161,527		-
Other liabilities	28	2,594,347	1,685,028	2,342,031	1,568,835
Total liabilities		305,814,540	307,125,553	305,057,196	306,596,922
Equity					
Share capital	29(a)	100,000	100,000	100,000	100,000
Share premium	29(b)	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	29(c)	76,122,381	61,604,428	73,792,283	59,873,639
<i>Other reserves:</i>					
Statutory reserve	29(d)	33,863,738	28,003,563	33,863,738	28,003,563
Regulatory risk reserve	29(e)	4,660,615	4,905,519	4,660,615	4,905,519
Attributable to equity holders of the parent		214,509,304	194,376,080	212,179,206	192,645,291
Total liabilities and equity		520,323,844	501,501,633	517,236,402	499,242,213

The consolidated and separate financial statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Shehu Yahaya
Shehu Yahaya
Chairman
FRC/2019/IODN/00000019238

Anthony Okpanachi
Anthony Okpanachi
Managing Director/CEO
FRC/2016/CISN/00000015033

Additionally certified by:
Ijeoma Ozulumba
Ijeoma Ozulumba
Executive Director/CFO
FRC/2017/ICAN/00000016105

The accompanying notes are an integral part of these consolidated and separate financial statements

Consolidated And Separate Statements of Profit or Loss and other Comprehensive Income

For the year ended

In thousands of Naira	Note	Group 31 December 2022	Group 31 December 2021	Bank 31 December 2022	Bank 31 December 2021
Gross earnings	30(d)	49,362,546	39,583,460	47,552,077	38,181,383
Interest income calculated using the effective interest method	8	48,184,147	38,554,242	46,999,580	37,726,675
Interest expense	9	(11,215,724)	(11,688,620)	(11,215,724)	(11,688,620)
Net interest income		36,968,423	26,865,622	35,783,856	26,038,055
Impairment (losses)/writeback on financial assets	10	(1,250,411)	349,266	(1,217,699)	351,334
Net interest income after impairment charge on financial assets		35,718,012	27,214,888	34,566,157	26,389,389
Guarantee income	11	694,491	621,782	-	-
Guarantee expense	13b	(514,928)	(37,542)	-	-
Other income	12	483,908	407,436	552,497	454,708
Fee and commission expense	13a	(11,797)	(22,598)	(9,202)	(20,844)
Net operating income		36,369,686	28,183,966	35,109,452	26,823,253
Personnel expenses	14	(2,671,793)	(2,117,513)	(2,373,758)	(1,906,848)
Depreciation and amortization	15a	(426,427)	(438,228)	(391,933)	(410,903)
General and administrative expenses	16	(3,019,329)	(1,847,860)	(2,821,175)	(1,745,689)
Total expenses		(6,117,549)	(4,403,601)	(5,586,866)	(4,063,440)
Profit before tax		30,252,137	23,780,365	29,522,586	22,759,813
Income tax expense	17	(10,118,913)	(7,338,035)	(9,988,671)	(7,041,505)
Profit for the year		20,133,224	16,442,330	19,533,915	15,718,308
Other comprehensive income		-	-	-	-
Total comprehensive income		20,133,224	16,442,330	19,533,915	15,718,308
Profit for the year attributable to:					
Owners of the Bank		20,133,224	16,442,330	19,533,915	15,718,308
Total comprehensive income attributable to:					
Owners of the Bank		20,133,224	16,442,330	19,533,915	15,718,308
		20,133,224	16,442,330	19,533,915	15,718,308

The accompanying notes are an integral part of these consolidated and separate financial statements

Consolidated Statement of Changes In Equity

For the year ended 31 December 2022

GROUP	In thousands of Naira	Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Total equity
Balance as at 1 January 2022			100,000	99,762,570	61,604,428	28,003,563	4,905,519	194,376,080
<i>Total comprehensive income</i>			-	-	-	-	-	-
Profit for the year			-	-	20,133,224	-	-	20,133,224
Other comprehensive income for the year			-	-	-	-	-	-
Total comprehensive income			-	-	20,133,224	-	-	20,133,224
Transfer between reserves:								
Transfer to statutory reserve		29(d)	-	-	(5,860,175)	5,860,175	-	-
Transfer from regulatory risk reserve		29	-	-	244,904	-	(244,904)	-
Balance as at 31 December 2022			100,000	99,762,570	76,122,381	33,863,738	4,660,615	214,509,304
Attributable to the owners of the Bank								
In thousands of Naira		Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Total equity
Balance as at 1 January 2021			100,000	99,762,570	51,587,170	23,288,071	3,195,939	177,933,750
<i>Total comprehensive income</i>			-	-	-	-	-	-
Profit for the year			-	-	16,442,330	-	-	16,442,330
Other comprehensive income for the year			-	-	-	-	-	-
Total comprehensive income			-	-	16,442,330	-	-	16,442,330
Transfer between reserves:								
Transfer to statutory reserve		29(d)	-	-	(4,715,492)	4,715,492	-	-
Transfer to regulatory risk reserve		29	-	-	(1,709,580)	-	1,709,580	-
Balance as at 31 December 2021			100,000	99,762,570	61,604,428	28,003,563	4,905,519	194,376,080

Separate Statement of Changes in Equity

For the year ended 31 December 2022

BANK		Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Total equity
In thousands of Naira								
Balance as at 1 January, 2022			100,000	99,762,570	59,873,639	28,003,563	4,905,519	192,645,291
Total comprehensive income								
Profit for the year			-	-	19,533,915	-	-	19,533,915
Other comprehensive income for the year			-	-	-	-	-	-
Total comprehensive income			-	-	19,533,915	-	-	19,533,915
Transfer between reserves:								
Transfer to statutory reserve		29(d)	-	-	(5,860,175)	5,860,175	-	-
Transfer from regulatory risk reserve		29l	-	-	244,904	-	(244,904)	-
Balance as at 31 December 2022			100,000	99,762,570	73,792,283	33,863,738	4,660,615	212,179,206
In thousands of Naira		Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Total equity
Balance as at 1 January, 2022			100,000	99,762,570	50,580,403	23,288,071	3,195,939	176,926,983
Total comprehensive income								
Profit for the year					15,718,308			15,718,308
Other comprehensive income for the year								
Total comprehensive income					15,718,308			15,718,308
Transfer between reserves:								
Transfer to statutory reserve		29(d)	-	-	(4,715,492)	4,715,492	-	-
Transfer to regulatory risk reserve		29l	-	-	(1,709,580)	-	1,709,580	-
Balance as at 31 December 2021			100,000	99,762,570	59,873,639	28,003,563	4,905,519	192,645,291
The accompanying notes form an integral part of these consolidated and separate financial statements.			-	-	-	-	-	-

The accompanying notes form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cashflows

For the year ended 31 December 2022

In thousands of Naira		Group December 31 2022	Group December 31	Bank December 31 2022	Bank December 31 2021
	Note				
Cash flows from operating activities					
Profit after tax		20,133,224	16,442,330	19,533,915	15,718,308
Tax expense	17a	10,118,913	7,338,035	9,988,671	7,041,505
Profit before tax		30,252,137	23,780,365	29,522,586	22,759,813
Adjustments for:					
Impairment on loans and advances to customers	10	1,223,528	452,912	1,223,528	452,912
Impairment on other financial assets	10	26,882	(802,177)	(5,829)	(804,245)
Depreciation of plant and equipment	15a	373,329	383,129	345,986	361,499
Amortization of intangibles	15a	53,098	55,099	45,947	49,404
Write-off of intangible assets	23	65,448		65,448	-
Interest income on treasury bills and bonds	8	(1,306,199)	(2,018,553)	(917,267)	(1,886,525)
Interest income on loans and advances to PFIs	8	(31,608,001)	(23,036,045)	(31,608,001)	(23,036,045)
Interest expense on borrowings	9	11,128,998	11,641,639	11,128,998	11,641,639
Lease expenses	9	3,049	4,571	3,049	4,571
Net increase in provision for guarantee	30a(iv)	162,980	132,762		-
Loans and advances to PFIs:					
Loans disbursed	20a	(149,714,201)	(158,355,544)	(149,714,201)	(158,355,544)
Loan principal repayments received	20a	101,353,986	50,417,875	101,353,986	50,417,875
Gain on disposal of Investment	19a		(6,016)		-
Gain on disposal of plant and equipment	30b	(8,765)	(14,945)	(8,962)	(14,945)
		(37,993,731)	(97,364,928)	(38,564,732)	(98,409,591)
Changes in:					
Other liabilities	30a(i)	976,083	302,681	844,412	311,178
Employee benefit obligation	30a(ii)		(146)		-
Other assets	30a(iii)	(1,122,052)	(941,436)	(1,067,638)	(639,254)
		(38,139,578)	(98,003,829)	(38,787,958)	(98,737,667)
Tax paid	17c	(5,396,243)	(254,940)	(5,212,391)	(248,402)
Value Added Tax (VAT) paid	30a(vii)	3,671	12,117	(781)	3,808
Interest received on treasury bills and bonds	19a	1,471,255	1,853,497	729,016	2,074,776
Interest received on loans and advances to PFIs	20a	31,036,995	22,849,099	31,036,995	22,849,099
Payment of lease liability Interest	30c	(3,049)	(4,571)	(3,049)	(4,571)
Net cash used in operating activities		(11,026,949)	(73,548,627)	(12,238,167)	(74,062,958)
Cash flows from investing activities					
Acquisition of Federal Government Bonds	19a	(6,465,705)	(27,222,729)		(25,008,268)
Proceeds from matured investment in treasury bills	19a	27,813,295	15,139,179	26,806,545	12,425,224
Proceeds from disposed investment in treasury bills	19a		973,427		-
Acquisition of intangible assets	23	(198,445)	(76,179)	(196,951)	(74,029)
Acquisition of property and equipment	30b(ii)	(488,778)	(723,520)	(462,925)	(720,117)
Proceeds from disposal of property and equipment	30b(i)	13,813	30,012	9,745	30,012
Net cash flows from/(used in) in investing activities		20,674,180	(11,879,809)	26,156,414	(13,347,178)
Cash flows from financing activities					
Long term borrowings received	27a	16,812,000	14,185,500	16,812,000	14,185,500
Repayment of principal on borrowings	27a	(23,880,583)	(20,918,199)	(23,880,583)	(20,918,199)
Repayment of interest on borrowings	27a	(11,055,327)	(20,499,264)	(11,055,327)	(20,499,264)
Payment of lease liabilities - Principal	30c(ii)	(62,451)	(54,928)	(62,451)	(54,928)
Net cash flows used in financing activities		(18,186,361)	(27,286,891)	(18,186,361)	(27,286,891)
Net decrease in cash and cash equivalents		(8,539,130)	(112,715,325)	(4,268,116)	(114,697,026)
Cash and cash equivalents, beginning of year		147,530,127	260,245,452	135,658,170	250,355,196
Cash and cash equivalents, end of year	18b	138,990,997	147,530,127	131,390,054	135,658,170

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

1. General information

Development Bank of Nigeria Plc (DBN) is a bank domiciled in Nigeria. The address of the Bank's registered office is Plot 1386A Tigris Crescent, Maitama, F.C.T Abuja, Nigeria. The Bank is a financial institution set up primarily to bridge the funding needs of the Micro, Small & Medium Enterprises (MSMEs) in Nigeria.

The principal mission of the DBN is to increase financial inclusion by improving access to credit. The Bank plays a focal and catalytic role in providing funding and risk-sharing facilities to MSMEs and small corporates through Participating Financial Institutions (PFIs). The operation of the Bank also plays an important role in developing the Nigerian financial sector by incentivizing 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 clients. It obtained its operating license for wholesale development finance institution from the Central Bank of Nigeria on 29 March 2017. The Bank commenced lending operations on 1 November, 2017.

DBN has one subsidiary, Impact Credit Guarantee Limited, which was incorporated on 8 March 2019 with the aim to carry 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.

The consolidated financial statements as at and for the year ended 31 December 2022 comprise the Bank and its subsidiary (together referred to as "the Group or the DBN Group" and individually as "Group entities").

2. Basis of preparation

a. Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in a manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Bank and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria Circulars. The consolidated and separate financial statements were authorised for issue by the Group and Bank's board of directors on 27 February 2023.

b. Basis of measurement.

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis at each reporting date:-loans and receivables and debt securities are measured at amortized cost using effective interest rate method.-other financial liabilities that are not classified as at fair value through profit or loss are measured at amortized cost using the effective interest rate method.

c. Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 5.

d. Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

3. Changes in significant accounting policies.

Except as noted below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated and separate financial statements. A number of other new standards are also effective from 1 January 2022 but they do not have a material effect on the disclosures or on the amounts reported in these Group financial statements.

a. Annual Improvements to IFRS Standards 2018–2020

i. IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

ii. IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

3.1. New and Revised Standards and Interpretations not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these consolidated and separate financial statements. The Group and Bank do not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated. The following new and amended standards are not expected to have a significant impact on the Bank and Group's consolidated financial statements.

a. Amendments to IAS 1 Classification of Liabilities as Current or Non-current with Covenants

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

In addition, a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation

The standard is effective for annual periods beginning on or after 1 January 2023. This standard is not expected to impact the Group and Bank significantly.

b. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The standard is effective for annual periods beginning on or after 1 January 2023. The Group and Bank is still assessing the impact this standard will have on its financial statements.

c. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;

The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023. This standard is not expected to impact the Group and Bank significantly.

d. Definition of Accounting Estimates (Amendment to IAS 8)

This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarifies the following:

- an entity develops an accounting estimate to achieve the objective set out by an accounting policy.
- developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.
- a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. This standard is not expected to impact the Group and Bank significantly.

e. Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

This amendment requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and- leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. This standard is not expected to impact the Group and Bank significantly.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

4. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements.

4.1 Basis of consolidation

The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

a. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see 4.1b). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 4.18). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see 4.7a and 4.17).

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

b. Subsidiaries

'Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group. Gains or losses on the partial disposal (where control is not lost) of the group's interest in a subsidiary to non-controlling interests are also accounted for directly in equity.

In the separate financial statements, investments in subsidiaries and associates are measured at cost less any accumulated impairment losses (where applicable).

c. Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

d. Loss of Control

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

e. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4.2. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI; a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

4.3 Interest

a. Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

b. Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

c. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortization of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 4.7(g).

d. Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes interest on financial assets and financial liabilities measured at amortized cost.

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortized cost; and
- interest expense on lease liabilities
- negative interest on financial assets measured at amortised cost; and
- Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income and from other financial instruments at FVTPL (see 4.4).

Cash flows related to capitalized interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalized. Other income presented in the statement of profit or loss and OCI includes income earned from refunds of cost incurred on project implementation unit.

4.4 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

4.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 4.7 (c, g)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

4.6. Tax expense

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognized the related expenses in 'other expenses'. aCurrent income tax

a. Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current income tax consists of Company Income Tax, Education tax, National Information Technology Development Agency levy (NITDA) and Nigeria Police Trust Fund (PTF) levy. Company Income tax is assessed at 30% statutory rate of total profit whereas Education tax is computed as 2.5% of assessable profit, NITDA levy is a 1% levy on Profit Before Tax of the Bank, National Agency for Science and Engineering Infrastructure (NASENI) levy is computed as 0.25% of Profit Before Tax and PTF levy is 0.005% of the net profit (defined as profit after tax) of the Bank. The PTF levy is charged on the net profit of the company for the year and therefore falls within the scope of IAS 12 which deals with taxes levied on a net rather than on a gross amount. Current tax also includes any tax arising from dividends.

Current income tax is recognized as an expense for the period and adjustments to past periods, except to the extent that current tax related to items that are charged or credited in OCI or directly to equity. Current tax assets and liabilities are offset only if the Bank has a legal right and intention to settle on a net.

b. Minimum tax

The Bank is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), the minimum tax charge is recognized in the profit or loss presented above the income tax line as Minimum tax.

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4c. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

4.7 Financial assets and financial liabilities**a. Recognition and initial measurement**

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price. See Note 4.7(f) for a description of the policy if the fair value of a financial instrument at initial recognition differs from the transaction price.

b. Classification**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Group's wholesale banking business comprises primarily loans to PFIs that are held for collecting contractual cash flows. Sales of loans from this portfolio is very rare.

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Certain debt securities are held by Treasury units in a separate portfolio to meet everyday liquidity needs. The Group seeks to minimize the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. These securities may be sold, but such sales are not expected to be more than infrequent. The group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non- recourse loans). The group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.c DerecognitionFinancial AssetsThe Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also 4.7 d), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

d. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see 4.7c) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

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If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see "write-off" policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see 4.7(g)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see 4.3).

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes

e. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions.

f. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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g. Impairment

See also Note 6.4(c).

The Group recognizes loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- Financial guarantee contracts issued;
- No impairment loss is recognized on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see Note 6.4©).

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.-

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover. When discounting future cash flows, the following discount rates are used:
- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable; and
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment. See also Note 6.4(c) (vi).
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Measurement of 12-month ECL

12-month ECL is defined as a portion of the lifetime ECLs that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring. They are not the actual losses on financial instruments that are forecasted to actually default in the next 12 months.

Measurement of Lifetime ECL

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. They would be estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- The contractual cash flows that are due to the Group under the contract, and
- The cash flows that the Group expects to receive

As ECLs take into account both the amount and the timing of payments, a credit loss arises even if the Group expects to receive all the contractual payments due, but at a later date. The DBN Group recognizes lifetime expected credit losses on its loan and debt portfolios that have had a significant increase in credit risk since initial recognition with no objective evidence of impairment. In order to do this, management develops lifetime Probabilities of Default (PDs), Exposures At Default (EADs) and Loss Given Default (LGDs).

Significant increase in credit risk or low credit risk

For its loans to PFIs, the Group monitors the credit risk using its Internal and External Credit Rating assigned at origination of the loans, each credit rating has an assigned PD. A change in credit rating that will cause a movement between grades is considered a significant increase in credit risk. The Group has a robust system in place for determining significant increase in credit risk which are split into quantitative, qualitative and backstop indicators.

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Quantitative indicators

These include the following:

- material breach of contract, such as a default or delinquency in interest or principal payments
- the financial asset is 90 days past due except for specialized loans for which the presumption is rebutted

Qualitative indicators

These include the following:

- internal risk classification – Classification as performing, watchlist and non-performing
- actual or expected significant change in the financial instrument's credit rating
- identification of the loan or customer on a 'Watchlist' or other forbearance indicators
- significant financial difficulty of a borrower or issuer
- restructure of the facility based on financial issues with the borrower
- Management override

Backstop indicators

- This applies when the financial asset is 30 days past due on repayment of principal and interest.

Forward looking information

In determining whether there has been a significant increase in credit risk and in determining the expected credit loss calculation, IFRS 9 requires the consideration of forward-looking information. The determination of significant increase in credit risk is required to include consideration of all reasonable and supportable information available without undue cost or effort. This information will typically include forward-looking information based on expected macroeconomic conditions and specific factors that are expected to impact individual portfolios.

The incorporation of forward-looking information represents a significant change from existing accounting requirements which are based on observable events. The use of such forward-looking information will increase the use of management judgement and is expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations. The forward-looking framework will be based on the Group's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement.

The forward-looking information adopted in the Group's IFRS 9 model include the following: Inflation rate, USD exchange rate and Real GDP growth.

The list is not exhaustive, and the Group may add or remove economic indicators as it deems necessary. The forward looking macro economic indices are sourced from credible external agencies such as: Central Bank of Nigeria, (Nigerian) National Bureau of Statistics, International Monetary Fund, World Bank and any other online repository of macro-economic data.

The macro-economic indices are projected for three possible scenarios being best-estimate, optimistic and downturn forecasts. The projected macro-economic. Indices for the three (3) scenarios are then probability weighted to arrive at a single scenario which is used to calculate the ECL. Default is not specifically defined in IFRS 9. The Group's definition of default follows CBN prudential guidelines, which provides that a credit facility is deemed non-performing when:

- Interest or principal is due and unpaid for 90 days or more
- Interest payment equals to 90 days interest or more have been capitalized, rescheduled, or rolled over into a new loan (except when a loan is rescheduled and treated as a new facility, but provisioning continues until it is clear that rescheduling is working at a minimum for a period of 90 days).

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized (see 4.6d) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 6.4(c)(iii)).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

POCI financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

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Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

Collateral

The Group obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for customers in the event that the customer defaults. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are recognized when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognizes an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognized only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognized in 'other assets'. The Group presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

4.8. Loans and advances

The 'loans and advances to customers' caption in the statement of financial position are loans and advances measured at amortised cost (see 4.7(b)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the consideration paid is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.4

4.9. Investment securities

The 'investment securities' caption in the statement of financial position includes debt investment securities measured at amortised cost (see 4.7(b)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

4.10. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, restricted balances held with central banks and local banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4.11Property and equipment

a. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in the statement of profit or loss.

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b. Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The costs of the day-to-day repairs and maintenance of property and equipment are recognized in statement of profit or loss during the financial period.

c. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:	
Leasehold Land and Building	Over the shorter of the useful life of the item or lease term
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Right of Use assets	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Computer & IT equipment	3 years
Furniture and fittings	5 years
Plant & Office Equipment	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets are reviewed for impairment whenever events or changed in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

d. De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.2 Intangible assets

Software

a. Recognition and measurement

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses.

b. Subsequent costs

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Amortization is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software was changed during the year from five to three years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

d. De-recognition

An intangible item is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss in the year the intangible asset is derecognized.

4.13. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense

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4.14. Employee benefits**a. Defined contribution plans**

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

The Group operates a defined contribution pension scheme for employees. Employees and the Group contribute 8% and 10% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act.

b. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

d. Other benefits

The Bank offers death-in-service benefits to employees as part of their employment benefits. This benefit is offered on a stand alone basis and is not insured or re-insured by third parties. The benefit covers obligations that may crystalize in the event of demise of any of the Bank's staff (Death-in-Service benefit) or bereavement, i.e., where any of the Company's staff loses an immediate family member which include parents, spouse or biological children.

The benefit to staff is recognised as an expense to the extent that death has already occurred by the reporting date.

4.15. Share capital and reserves**a. Share issue costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

b. Dividend on ordinary shares

Dividends on ordinary shares are recognised in equity in the period when approved by the shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent events note.

c. Share premium

Premiums from the issue of shares are reported in the share premium.

d. Regulatory risk reserve

The Nigerian banking regulation requires Development Financial Institutions (DFIs) to create a reserve for the difference between impairment charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria. This reserve is not available for distribution to shareholders.

e. Statutory reserve

In line with the Regulatory and Supervisory Guidelines for DFIs in Nigeria, the Bank maintains a reserve fund and shall out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserves as follows:

- Where the reserve fund is less than the paid-up share capital, a minimum of 30.0 per cent of the net profits; or
- Where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 15.0 per cent of net profit;
- No transfer to the reserve fund shall be made until all identifiable losses have been made good.
- A Wholesale Development Finance Institution shall plough back all its profit after tax to reserve unless it has met the regulatory minimum capital of N100 billion or such other amount as the CBN may specify from time to time.

f. Retained earnings

Retained earnings comprise the undistributed profits and (losses) from previous periods which have not been reclassified to any specified reserves

4.16. Interest income and expense

Interest income and expense for all financial assets and financial liabilities carried at amortized cost are recognized in profit or loss using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Where financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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4.17. Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual basis regardless of the times of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of liability has arisen that can be measured reliably. Expenses are measured at historical cost. Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned. Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

4.18. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.19. Deposit from customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits from customers, is the amount repayable on demand.

4.20. Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified term of a debt instrument. Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at a higher of:-The amount determined in accordance with the expected credit loss model under IFRS 9; and-The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

4.21. Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see 4.3 Interest). If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Other fee and commission income – including upfront fee and guarantee fee – is recognised as the related services are performed.

Upfront fee is earned at a rate of 0.6% flat on disbursed loan amount, it is a one off, non-refundable processing fee charged irrespective of the tenor of the guarantee. The performance of this service is at a point in time (at the time the guarantee is issued) and as such income is recognised immediately in line with the requirements of IFRS 15. Guarantee fee is 1% per annum of disbursed loan amount. This amount represents the premium paid over the period of guarantee. The performance of this service is satisfied over time as such the income is recognised over the duration of the contract in line with the IFRS 15 revenue recognition criteria.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. 'Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

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5. Use of estimates and judgments

The Group makes estimates and assumptions that could materially affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the current best estimate of uncertain future events that are believed to be reasonable under the circumstances.

5.1. Key sources of assumption and estimation uncertainty

a. Impairment of financial instruments

Loans and advances to PFIs (see Note 20) are accounted for at amortized cost and are evaluated for impairment on a basis described in the accounting policy.

The Group reviews its credit portfolio continuously (at least once in a quarter) with a view to recognising any deterioration in credit quality. Such reviews systematically classify credit exposures based on the perceived risks of default. Some of the criteria adopted to assess the default risk include, but are not limited to, repayment performance, borrower's repayment capacity on the basis of current financial condition and net realizable value of collateral. The classifications and provisioning for its onlending facilities to MSMEs through PFIs, take into consideration the cash flows and gestation period. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of loans and advances.

b. Determination of regulatory risk reserves

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS. As a result of the differences in the methodology/provision basis, there will be variances in the impairment allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria, which is also applicable to DBN stipulates that banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, banks would be required to comply with the following:

- i. Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:
 - Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.
 - Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.
- ii. The non-distributable reserve should be classified under Tier 1 as part of core capital. DBN has complied with the requirements of the guidelines as follows:As at 31 December 2022, the difference between the Prudential provision and IFRS impairment was N4.6billion (December 2021: N4.9billion) requiring transfer of N245 million (December 2021: N1.71 billion) from regulatory risk reserve to retained earnings as disclosed in the statement of changes in equity. This amount represents the difference between the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and the impairment reserve as determined in line with IFRS 9 as at year end.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the value of the regulatory risk reserve.

Statement of prudential adjustments	GROUP	GROUP	BANK	BANK
In thousands of Naira	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Impairment on loans and advances per IFRS	(2,783,099)	(1,559,570)	(2,783,099)	(1,559,570)
Provision on loans and advances per Prudential Guidelines	7,443,714	6,465,089	7,443,714	6,465,089
Regulatory Risk Reserve	4,660,615	4,905,519	4,660,615	4,905,519
The movement in the Regulatory risk reserve during the year is shown below:				
Balance, beginning of the year	4,905,519	3,195,939	4,905,519	3,195,939
Transfer during the year	(244,904)	1,709,580	(244,904)	1,709,580
Balance, end of the year	4,660,615	4,905,519	4,660,615	4,905,519

Critical accounting judgments in applying the Group's accounting policies

Critical accounting judgments made in applying the Group's accounting policies include:

a. Financial asset and financial liability classification

DBN's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories. Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding is based on management's judgement. See note 4.7

b. Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

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Determination of impairment of property and equipment and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

c. Recoverability of deferred tax assets

Deferred tax assets were recognised on the basis described in note 4.6(c). Information about assumptions made in the recognition of deferred tax assets and availability of future taxable profit against which tax losses carried forward can be used is included in Note 17(b). The Directors have adopted the current tax practice of carrying forward commencement losses indefinitely for the purpose of determining the unrelieved losses carried forward applicable for deferred tax. Actual results may differ from these estimates based on the interpretation by the tax authorities.

d. Determination of fair value of financial instruments

The Group's accounting policy on fair value measurements is discussed in note 4.7(f). The Group measures fair values using a fair value hierarchy which reflects the significance of inputs used in making the measurements. IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

e. Provisions and contingencies

In the measurement of provisions and contingencies, the Group estimates the amount of the liability using judgment. The provisions and contingencies recognised by the Group are mostly with regards to litigations and claims. In making the estimates, the Group relied on the advice of their internal and external legal counsel.

f. Criteria for determining significant increase in credit risk

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. See note 4.7(g)

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6. Financial risk management**6.1. Introduction and overview**

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. The aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance. This note presents information about the Group's exposure to financial risks, its risk management policies/frameworks, processes for measuring and managing these risks, and its management of capital.

6.2. Enterprise risk management (ERM).

The underlying premise of the Group's Enterprise Risk Management is that every entity exists to provide value for its stakeholders. The Group faces uncertainty that presents both risk and opportunities in pursuit of its mandate and these uncertainties can either erode or enhance value. Managing the enterprise risk in a consistent, efficient and sustainable manner is a critical priority, as the business environment faces unprecedented levels of complexity, changing geopolitical threats, new regulations and increasing shareholder demand. The Group seeks to achieve an appropriate balance between risk and reward in its business and strategy, and continues to build and enhance the risk management capabilities that will assist it in achieving its mandate in a controlled and risk cautious environment. The main benefits and objectives of the ERM Framework include the following:

- It provides a platform for the Board and Management to confidently make informed decisions regarding the trade-off between risk and reward;
- It aligns business decisions at the operating level to the appetite for risk;
- It balances operational control with the achievement of strategic objectives;
- It enables Management to systematically identify and manage significant risks on an aggregate basis; and
- It minimizes operational surprises and related costs or losses.

The Group has made significant progress in its risk management process. Its revised framework (ERM Framework) addresses specific risk areas such as credit, market, liquidity, operational, compliance and reputational risks. Also, the following standalone policies were introduced:

- The Information Security Risk Framework.
- Business Continuity Management Policy.
- Stress Testing Framework.
- IFRS 9 Impairment Policy and Model Documentation
- Operational Risk Management Framework
- Reputational Risk Management Framework

To ensure seamless service and to manage security threats before they cause harm to the information technology and assets of the Bank, the Bank subscribed and implemented three major ISO standards and certifications, the standards are:

- ISO27001 Certification: The standard for Information Security;
- ISO 22301 Certification: The standard for Business Continuity Management; and
- ISO 20000 Certification: Information Technology Service Standard.

6.3. Risk management governance structure

The following Management committees, comprising of senior management staff support the Management Committee in performing its risk management roles:

a. Asset and Liability Management Committee (ALCO)

The Asset and Liability Committee (ALCO) is responsible for market, liquidity and investment risk management. The committee is responsible for implementing the Asset and Liability Management (ALM) policy.

b. Management Credit Committee (MCC)

The Management Credit Committee (MCC) is responsible for the effective and efficient management of all credit risks in the Bank and reports to the Board Management Credit and Risk Committee (BCRC) on all credit risk matters.

c. Management Risk Committee (MRC)

The Committee is responsible for managing other risks comprising of; Operational risks, Strategic risk, concentration risk, Reputational Risk, Legal Risk, Information security risk, Business Continuity Management, etc. Reports, deliberation and decisions at the committee are inputs to the quarterly Board Credit and Risk Committee (BCRC) reports.

- The Group has exposures to the following risks from financial instruments:
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

6.4. Credit risk management

Credit risk is the risk that a borrower or counterparty may not be able to honour its repayment obligations as and when due and in accordance with agreed loan terms and conditions; thereby exposing the Group to the risk of loss of earnings, capital impairment. Credit risks arise anytime the Group's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

The Group's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. Extension of credit is guided by the Credit Policy Manual, which sets out specific rules for risk origination and management of the loan portfolio. The Policy also sets out the risk governance structure and the roles and responsibilities of different individuals and committees involved in the credit process.

The Group recognizes the fact that one of its main assets is its loan portfolio. Therefore, it actively safeguards and strives to continually improve the health of the portfolio. All PFI applications are scrutinized and it is ensured that they meet the eligibility criteria, execute the Master Lending Agreement and have no exceptions during due diligence and rigorous analysis is conducted before loan disbursement. Non-eligible PFIs are weeded out through the administration of preliminary eligibility criteria questionnaire and eligibility due diligence. Loans disbursed to on-boarded PFIs are constantly monitored to identify possible signs of impairment.

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The Group's Credit risk capital computation is in line with the CBN Guidance Notes on the Calculation of Capital Requirement for Credit Risk using the Standardized Approach. However, the goal of DBN is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems would form the foundation when applying the internal rating-based approach to the calculation of capital requirements. The development, implementation and application of these models would be guided by the DBN Group's Basel II framework and strategy. The pricing of each credit granted is cost based and also reflects the level of risk inherent in the obligor. Subject to competitive forces, the Group implements a consistent pricing model for loans to PFIs. Each PFI's interest is guarded at all times and collateral quality is never the sole reason for a positive credit decision. Provisions for credit losses meet both prudential guidelines set forth by the Central Bank of Nigeria, both for loans for which specific provisions exist as well as for the portfolio of performing loans, and IFRS 9 Expected Credit Loss (ECL) model. Development Bank of Nigeria Plc's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Management Credit Committee and Board Credit and Risk Committee perform reviews of the quality of our loan portfolio on a monthly and quarterly basis respectively. These are in addition to daily reviews performed by our Risk Management Department.

a. Principal Credit Policies

The following are the principal credit policies:

i. Credit Policy Manual

The core objective is to define in detail, the credit process and outline objectives, scope and responsibilities. This helps reduce bias and subjectivity in the credit decisions made at various levels of authority. The guidelines and requirements set forth in this policy are structured to maintain quality assets through a systematic approval process and a comprehensive system of requirements for credit monitoring and management. Embedded within the Credit Policy Manual are the different Internal Rating Models e.g. CAMELS used in determining the credit rating of PFIs and an independent servicer quality rating is also adopted for the purpose of assessing the PFIs' credit and loan administration and collection strength.

ii. Collateral Management Policy and Procedure

The objective of this policy is to ensure there are appropriate collaterals for all funds on-lent to end-borrowers through PFIs to minimize the risk of credit loss in the event of a default by a PFI. The Policy proffers the collateral acceptable as security from PFIs based on their category.

iii. Enterprise-wide Risk Management Policy

The core objective is to provide a reasonable degree of assurance to the Board of Directors that the risks threatening the Group's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

b. Credit process

The credit process starts with the assessment of PFIs. Credit is initiated by the Relationship Management team and the proposed credit is subjected to review and approval by applicable credit approval authorities. Further to appropriate approval, loans are disbursed to beneficiaries that meet pre-disbursement requirements. On-going management of loans is undertaken by both the Relationship Management team and the Risk Management team.

If a preliminary analysis of a loan request by the Credit Operations Department indicates that it merits further scrutiny, it is then analysed in greater detail by the department, with further detailed review by Risk Management. The concurrence of Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size of the facilities.

I. Credit risk measurement.**Risk Rating Methodology**

The credit rating of the PFI plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. The Group employs a robust credit rating system in the determination of the PFI risks and this allows the maintenance of asset quality at a desired level.

The objective of the guideline on Risk Rating contained in the Credit Risk Manual is to ensure reliable and consistent PFI Risk Ratings and Facility Risk Ratings throughout the Group. The Risk rating methodology incorporates credit risk rating models which estimate risk of PFI default. All the Group's businesses that extend credit are subject to the Credit Policy Manual.

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Credit Risk Rating Models in Development Bank of Nigeria Plc

The Group's risk rating model for measuring the risk of PFIs is based on the CAMELS Rating system.

Risk Rating Process

All PFIs are subjected to the Risk Rating Process. The Risk Rating Process is an end-to-end process and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a PFI undertakes in order to arrive at the risk ratings.

Responsibilities of Business Units and Independent Risk Management

The Business unit and independent risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities.

Risk Rating Scale and external rating equivalent

The Group plans to operate a 10-point risk rating scale in line with those of international rating agencies, which will provide sufficient granularity to ensure better diversification of the risk profile of the Group's portfolios while avoiding excessive rating concentrations. The grade is composed of numbers from 1 to 10 (or AAA to D). The risk rating scale and the external rating equivalent is detailed below:

Grade	Explanatory Note
1+	PFIs are judged to be of the highest quality, subject to the lowest level of credit risk.
1	PFIs are judged to be of high quality and are subject to very low credit risk.
1-	
2+	
2	PFIs are judged to be upper medium grade and are subject to low credit risk.
2-	
3+	
3	PFIs are judged be medium grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
3-	
4+	
4	PFIs are judged to be speculative and are subject to substantial credit risk.
4-	
5+	
5	PFIs are considered speculative and are subject to high credit risk.
5-	
6+	
Grade	Explanatory Note
6	PFIs are judged to be speculative of poor standing and are subject to very high credit risk.
6-	
7	
8	PFIs are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
9	PFIs are the lowest rated and are typically in default, with little prospect for recovery of
10	Lost.

ii. Credit Risk Control & Mitigation policy**Authority Limits on Credit**

The highest credit approval authority is the Board of Directors, supported by the Board Credit and Risk Committee and further by the Management Credit Committee. The principle of central management of risk and decision authority is maintained by the Group.

Collateral Policy

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

Strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, derivatives etc. are used to mitigate risks in the portfolio

Collateral acceptable as security from PFIs for funds on-lend to end-borrowers shall include:

- Treasury Bills, FGN or State Government Bonds;
- Corporate Bonds (Investment grade & above);
- Marketable securities (Stocks & Shares) of Investment grade companies;
- Legal Mortgage on quality residential or business premises;
- Legal Mortgage or debenture on PFI assets;
- Equitable Mortgages on quality real estates and legal mortgage on other locations;
- Equitable Mortgages on other locations;
- Guarantees: Personal, Corporate and Bank Guarantee; and
- Notification of DBN interest on movable securities pledged by end-borrowers to PFIs, registered in the National Collateral Registry (NCR).

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Credit related commitments

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

iii. Credit Quality

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4.7(g).

Group					
In thousands of Naira	Note	Stage 1	31 Dec 2022 Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost					
(B) Low-fair risk		372,185,667	-	-	372,185,667
(B-) Higher risk		-	-	-	-
Gross loans	20	372,185,667	-	-	372,185,667
Loss allowance	20	(2,783,099)	-	-	(2,783,099)
Carrying amount		369,402,568	-	-	369,402,568

In thousands of Naira	Stage 1	31 Dec 2021 Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
(B) Low-fair risk	323,254,445	-	-	323,254,445
(B-) Higher risk	-	-	-	-
Gross loans	20	323,254,445	-	323,254,445
Loss allowance	20	(1,559,570)	-	(1,559,570)
Carrying amount		321,694,875	-	321,694,875

Bank					
In thousands of Naira	Note	Stage 1	31 Dec 2022 Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost					
(B) Low-fair risk		372,185,667	-	-	372,185,667
(B-) Higher risk		-	-	-	-
Gross loans	20	372,185,667	-	-	372,185,667
Loss allowance	20	(2,783,099)	-	-	(2,783,099)
Carrying amount		369,402,568	-	-	369,402,568

In thousands of Naira	Stage 1	31 Dec 2021 Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
(B) Low-fair risk	323,254,445	-	-	323,254,445
(B-) Higher risk	-	-	-	-
Gross loans	20	323,254,445	-	323,254,445
Loss allowance	20	(1,559,570)	-	(1,559,570)
Carrying amount		321,694,875	-	321,694,875

c. Amounts arising from ECL**i. Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:-the remaining lifetime probability of default (PD) as at the reporting date; with-the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures. For some portfolios, information purchased from external credit reference agencies is also used.

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Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, the exposure is more than 30 days past due on the contractual amount.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

The Group identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed based on the estimation of PDs and consideration of qualitative factors, each of which are designed to reflect forward-looking information, on an individual instrument basis as described above. However, if the Group identifies a key driver that is not considered in the individual assessment on a timely basis, then the Group will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to all or some of a portfolio. This may lead to the Group concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage1) & lifetime PD (Stage2)

ii. Definition of default

- The Group considers a financial asset to be in default when:-the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
 - it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances

iii. Incorporation of forward-looking information

The Group formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasts.

Due to limited historical internal forecasts, the International Monetary Fund's forecast on GDP and Inflation for Nigeria was taken as the central scenario, while internal forecast was made on exchange rates. Assumptions of 10% deterioration in the forecasted GDP, Inflation and exchange rates were taken as the downside scenario and 10% improvements in the forecasted economic variables were taken as the upside scenario. Scenario probability weights were taken as 20%:50%:30% for Upside, Central and Downside respectively. There were no changes in significant assumptions within the period.

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The scenario probability weightings applied in measuring ECL are as follows.

At 31 December	2022			2021		
	Upside	Central	Downside	Upside	Central	Downside
Scenario probability weighting	30%	40%	30%	30%	40%	30%

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Group's senior management. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers for credit risk for wholesale portfolios are: GDP, inflation rates and exchange rates.

v. Sensitivity of ECL to future economic conditions.

The ECL are sensitive to judgements and assumptions made regarding formulation of forward looking scenarios and how such scenarios are incorporated into the calculations. IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

The Group has opted for the bottom-up approach (this approach entails adjusting the components of ECL (Exposure At Default, EAD, Loss Given Default, LGD, and Probability of Default, PD) for Forward Looking Information (FLI) such that upon arriving at the ECL, it would need no further adjustment for FLIs) by using logistic regression to incorporate FLI into PD estimation. However, the Group will manually adjust the base case EAD and LGD estimates for periods where these parameters are expected to be significantly different from their historical averages based on forward-looking macroeconomic information.

v. Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 4.7d.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of: its remaining lifetime PD at the reporting date based on the modified terms; with the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

- When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time)

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 4.7(g)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

I. Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the variables below. The parameters are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information.

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

- ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

PD is an estimate of the likelihood of default over a given time horizon, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

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Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The methodology for estimating PDs is discussed above under the heading 'Generating the term structure of PD'

LGD is the measure of the proportion of the outstanding balance that the Bank stands to lose in the event of a default. Multi-year LGD is a collection of LGD values referring to different time periods over the lifetime of a financial instrument. The Group determines LGD based on the following: market value of collateral, collateral haircut, direct recovery cost, time to recovery, unsecured recovery and effective Interest Rate.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which may include: instrument type, credit risk grade, collateral type, LTV ratio for retail mortgages, date of initial recognition, remaining term to maturity, industry and geographic location of the borrower. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

Discount rate

IFRS 9 provides guidance on the discount rate to be used to factor in time value of money into ECL:

Generally, ECL shall be discounted using EIR at initial recognition or current EIR if the exposure has variable interest rate

vii. For purchased or originated credit-impaired financial instruments, credit-adjusted EIR at origination will be used in discounting,

For the purpose of multi-year ECL computation, the Effective Interest Rate (EIR) is used as the discount rate.

- Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy; see Note 4.7.

Group					
in thousands of Naira	Note	Stage 1	2022 Stage 2	Stage 3	Total
Loans and advances to customers at amortized cost					
Balance at 1 January		1,559,570	-	-	1,559,570
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		1,712,519	-	-	1,712,519
Loan repayments received during the year		(488,991)	-	-	(488,991)
Balance at 31 December	20	2,783,098	-	-	2,783,098
in thousands of Naira	Note	Stage 1	2021 Stage 2	Stage 3	Total
Loans and advances to customers at amortized cost					
Balance at 1 January		1,106,658	-	-	1,106,658
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		712,269	-	-	712,269
Loan repayments received during the year		(259,357)	-	-	(259,357)
Balance at 31 December	20	1,559,570	-	-	1,559,570
Investment securities treasury bills (in thousands of Naira)					
			2022		2021
Balance at 1 January			467		61,453
Additions to investment securities			20,525		467
Redemption of investment securities			(467)		(61,453)
Balance at 31 December	19		20,525		467
Cash and cash equivalent Placements (in thousands of Naira)					
			2022		2021
Balance at 1 January			362,836		1,079,919
Additions to placements			367,608		362,836
Redemption of placements			(362,836)		(1,079,919)
Balance at 31 December	18		367,608		362,836

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Provision for guarantee (in thousands of Naira)			2022	2021
Balance at January 1			7,992	7,418
Guarantee expense for the period			514,928	37,542
Claims paid during the period			(394,460)	(6,968)
Balance at 31 December			158,460	37,992

Bank					
in thousands of Naira	Note	Stage 1	Stage 2	2022 Stage 3	Total
Loans and advances to customers at amortized cost					
Balance at 1 January		1,559,570	-	-	1,559,570
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		1,712,519	-	-	1,712,519
Loan repayments received during the year		(488,991)	-	-	(488,991)
Balance at 31 December	20	2,783,098			2,783,098

in thousands of Naira	Stage 1	2021 Stage 2	Stage 3	Total
Loans and advances to customers at amortized cost				
Balance at 1 January	1,106,658	-	-	1,106,658
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Loans disbursed during the year	712,269	-	-	712,269
Loan repayments received during the year	(259,357)	-	-	(259,357)
Balance at 31 December	20	1,559,570	-	1,559,570

Investment securities - treasury bills (in thousands of Naira)			2022	2021
Balance at 1 January			-	433,279
Additions to investment securities			-	-
Redemption of investment securities			-	(433,279)
Balance at 31 December			19	

Cash and cash equivalent - Placements (in thousands of Naira)			2022	2021
Balance at 1 January			337,127	1,079,919
Additions to placements			331,297	337,127
Redemption of placements			(337,127)	(1,079,919)
Balance at 31 December			331,297	337,127

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d. Exposure to credit risk
Credit risk exposures relating to financial assets are as follows:

Group	Note	Cash and cash equivalents				Loans and advances to PFIs				Investment securities				Other assets			
In thousands of Naira		31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21		
Carrying amount		138,623,389	147,167,291	369,402,568	321,694,875	6,424,507	27,957,211	525,358	336,124								
Guaranteed amount		-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Collectively impaired:																	
Cash and cash equivalents	18	138,990,997	147,530,127	-	-	-	-	-	-	-	-	-	-	-	-		
Investment securities	19	-	-	-	-	6,445,032	27,957,678	-	-	-	-	-	-	-	-		
Performing loans and advances	20	-	-	372,185,667	323,254,445	-	-	-	-	-	-	-	-	-	-		
Other assets	24	-	-	-	-	-	-	-	-	-	-	-	-	533,707	342,421		
Gross amount		138,990,997	147,530,127	372,185,667	323,254,445	6,445,032	27,957,678	533,707	342,421								
Allowance for impairment		(367,608)	(362,836)	(2,783,099)	(1,559,570)	(20,525)	(467)	(8,349)	(6,296)								
Carrying amount		138,623,389	147,167,291	369,402,568	321,694,875	6,424,507	27,957,211	525,358	336,124								
Total carrying amount - amortised cost		138,623,389	147,167,291	369,402,568	321,694,875	6,424,507	27,957,211	525,358	336,124								
Bank	Note	Cash and cash equivalents				Loans and advances to PFIs				Investment securities				Other assets			
In thousands of Naira		31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21		
Carrying amount		131,058,757	135,321,043	369,402,568	321,694,875	-	-	26,618,294	357,883	56,691							
Guaranteed amount		-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Collectively impaired:																	
Cash and cash equivalents	18	131,390,054	135,658,170	-	-	-	-	-	-	-	-	-	-	-	-		
Investment securities	19	-	-	-	-	-	26,618,294	-	-	-	-	-	-	-	-		
Performing loans and advances	20	-	-	372,185,667	323,254,445	-	-	-	-	-	-	-	-	-	-		
Other assets	24	-	-	-	-	-	-	-	-	-	-	-	-	357,883	56,691		
Gross amount		131,390,054	135,658,170	372,185,667	323,254,445	-	26,618,294	357,883	56,691								
Allowance for impairment		(331,297)	(337,127)	(2,783,099)	(1,559,570)	-	-	-	-	-	-	-	-	-	-		
Carrying amount		131,058,757	135,321,043	369,402,568	321,694,875	-	26,618,294	357,883	56,691								
Total carrying amount - amortised cost		131,058,757	135,321,043	369,402,568	321,694,875	-	26,618,294	357,883	56,691								

Balances included in Other Assets above are those subject to credit risks. The tables above shows a worst-case scenario of credit risk exposure to the Group and Bank as at 31 December 2022 and 31 December 2021, without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on net amounts reported in the statements of financial position. The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and advances portfolio and Investment securities.

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The movement in the allowance for impairment in respect of loans and advances during the year was as follows:

In thousands of Naira	Specific		IFRS 9 ECL	
	Impairments	Impairments		
Balance at 1 January 2022	-	(1,559,570)		
Impairment loss recognised	-	(2,783,099)		
Amounts written off	-	1,559,570		
	-	(2,783,099)		

Cash and cash equivalent: The Group held cash and cash equivalents with maturity profile of less than 3 months with local banks and the Central Bank of Nigeria (CBN), assessed to have good credit ratings
Investment securities: The Group limits its exposure to credit risk by investing in highly liquid money market instruments issued by the Central Bank of Nigeria. The Bank did not have any investment securities, carried at amortised cost, that were impaired as at 31 December 2022 (2021:Nil)
Other assets: The Group's other asset is made up of receivables from World Bank in respect of the project implementation unit, month-end cash advances to staff and advanced professional fees. The credit risk on this is considered low

Concentration of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

Group	Note	Cash and cash equivalents				Loans and advances to PFIs				Investment securities				Other assets			
In thousands of Naira		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21		
Carrying amount		138,623,389	147,167,291	369,402,568	321,694,875	6,424,507	27,957,211	525,358	336,125								
Concentration by sector:																	
Finance		138,303,536	146,945,173	369,402,568	321,694,875	-	-	6,424,507	27,957,211	-	-	512,456	-	322,538	-		
Government		319,853	222,118	-	-	-	-	-	-	-	-	-	-	-	-		
Others		-	-	-	-	-	-	-	-	-	-	12,902	-	13,587	-		
		138,623,389	147,167,291	369,402,568	321,694,875	6,424,507	27,957,211	525,358	336,125								
Cash and cash equivalents																	
Loans and advances to PFIs																	
Investment securities																	
Other assets																	
Concentration by location:																	
In thousands of Naira																	
Abuja		319,853	222,118	23,826,466	15,216,168	6,424,507	27,957,211	222,553	13,587								
North East		-	-	3,029,101	1,447,627	-	-	-	-								
North West		-	-	16,216,773	16,116,913	-	-	-	-								
North Central		-	-	25,341,016	16,695,964	-	-	-	-								
South South		-	-	56,075,310	57,969,416	-	-	-	-								
South West		138,303,536	146,945,173	198,775,522	176,160,114	-	-	-	-								
South East		-	-	46,138,380	38,088,673	-	-	-	-					279,307	-		
Outside Nigeria		-	-	-	-	-	-	302,805	43,231								

Concentration by location for loans and advances are measured based on the location of the borrower. Concentration by location for Investment securities are measured based on the location of the issuer

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Bank In thousands of Naira	Note	Cash and cash equivalentsLoans and advances to PFIs				Investment securities		Other assets	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Carrying amount		138,623,389	147,167,291	369,402,568	321,694,875	-	26,618,294	357,883	83,841
Concentration by sector:									
Finance		138,303,536	146,945,173	369,402,568	321,694,875	-	-	348,798	70,381
Government		319,853	222,118	-	-	-	26,618,294	-	-
Others		-	-	-	-	-	-	9,085	13,460
		138,623,389	147,167,291	369,402,568	321,694,875	-	26,618,294	357,883	83,841
Concentration by location:									
In thousands of Naira		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Abuja		319,853	222,118	23,826,466	15,216,168	-	26,618,294	9,085	13,460
North East		-	-	3,029,101	1,447,627	-	-	-	-
North West		-	-	16,216,773	16,116,913	-	-	-	-
North Central		-	-	25,341,016	16,695,964	-	-	-	-
South South		-	-	56,075,310	57,969,416	-	-	-	-
South West		138,303,536	146,945,173	198,775,522	176,160,114	-	-	45,993	27,150
South East		-	-	46,138,380	38,088,673	-	-	-	-
Outside Nigeria		-	-	-	-	-	-	302,805	43,231
		138,623,389	147,167,291	369,402,568	321,694,875	-	26,618,294	357,883	83,841

Concentration by location for loans and advances are measured based on the location of the borrower.
Concentration by location for Investment securities are measured based on the location of the issuer

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f. **Estimate of the fair value of collateral and other security enhancements**

The general credit worthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

The Group does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Group's focus on credit worthiness, the Group aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers. For impaired loans, the Group obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

There is no collateral held against other financial assets. There were also no repossessed collateral during the year.

The table below sets out the carrying amount and the value of identifiable collateral held against loans and advances to customers measured at amortised cost. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

Group	31 December 2022		31 December 2021	
in thousands of Naira	Carrying Amount	Collateral	Carrying Amount	Collateral
Stages 1 and 2	369,402,568	466,594,460	321,694,875	426,196,176
Stage 3	-	-	-	-

Bank	31 December 2022		31 December 2021	
in thousands of Naira	Carrying Amount	Collateral	Carrying Amount	Collateral
Stages 1 and 2	369,402,568	466,594,460	321,694,875	426,196,176
Stage 3	-	-	-	-

6.5
Market Risk Management

Market risk is the risk that movements in market factors, such as foreign exchange rates and interest rates, credit spreads and equity prices, will reduce the Group's income or the value of its portfolios. The Group is mainly exposed to market risk arising from non-traded interest rate risk in its banking book.

Market risk management and control

The Group's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. The Group is exposed to market risk mainly through adverse movements in interest rates. Market risk is managed in line with the approved Asset and Liability Management (ALM) Policy. The limits and thresholds contained in the policy are monitored by the Risk Management department to ensure compliance.

The market risk exposure limits, or any changes to them, are proposed by the Head, Treasury and Investments and then reviewed by the Chief Risk Officer, who then presents the proposed review for the consideration of the Board Credit and Risk Committee, the committee thereafter recommend the amendment(s) for Board approval. The size of each limit is based on, among other factors, underlying liquidity, risk appetite, as well as legal limitations on individual positions imposed by authorities in Nigeria.

All market risks are reported to the Asset and Liability Committee (ALCO) monthly and Board Credit and Risk Committee (BCRC) quarterly with recommendations made concerning the risk profile including risk appetite, limits and utilization. The Heads of Business, assisted by the Risk Management Department, is accountable for all market risks associated with its activities.

The Group has a dedicated risk team with the sole responsibility of implementing the market risk section of the Enterprise Risk Management Framework.

Identifying the growing importance of market risks in the Group's operations, management has continued to ensure adequate internal controls and capital resources to address these risks. A range of tools for managing market risk are used, including:-

Stress/Scenario testing

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist management in capital planning decisions.

Notes to the Consolidated and Separate Financial Statements

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In line with the Board approved Stress Testing Framework, a consistent stress testing methodology is applied to the Balance sheet. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. The Group performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, liquidity and credit spread risk. Secondly, multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads and liquidity risk. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Risk limits

Risk limits are set and reviewed at least annually to control treasury activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Appropriate performance triggers are also used as part of the risk management process.

a Interest Rate Risk

Interest rate risk is the exposure of the Group's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Group is exposed to interest rate risk through the interest bearing assets and liabilities in its book. Interest rate risk is the risk to earnings or capital arising from movement of interest rates. It generally arises from:

- Repricing risk: risks related to the timing mismatch in the maturity and repricing of assets and liabilities and off balance sheet short and long term positions
- Basis risk: risks arising from hedging exposure to one interest rate with exposure to a rate which reprices under slightly different
- Yield curve risk: risks arising from changes in the slope and the shape of the yield curve
- Optional risk: risks arising from options, including embedded options

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustments within a specified period. The most important source of interest rate risk is the Group's lending, funding and investment activities, where fluctuations in interest rates are reflected in carrying values of these instruments as well as interest margins and earnings.

The objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Group is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the 90-day Treasury Bills, 10 year Bond and different types of interest. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities and advances to banks to manage the overall position arising from the non-trading activities.

Interest-rate risk is monitored with a Repricing Gap report and Sensitivity Analysis of the Net Gap Position. Also, a limit framework is in place to ensure that retained risk remains within approved appetite.

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For the year ended 31 December 2022

A summary of the Group's interest rate gap position on financial instruments is as follows:

A summary of the Group's interest rate gap position on financial instruments is as follows:											
			Re-pricing period								
31 December 2022			Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount	
In thousands of Naira	Note										
Cash and balances with banks	18		357,299	-	-	-	-	357,299	319,853	677,152	
Placements with Banks	18		132,460,636	5,485,601	-	-	-	137,946,237	-	137,946,237	
Investment securities	19		-	-	-	-	6,424,507	6,424,507	-	6,424,507	
Loans and advances	20		430,858	2,097,703	2,970,418	19,095,782	344,807,807	369,402,568	-	369,402,568	
Other assets	24		-	-	-	-	-	-	525,358	525,358	
			133,248,793	7,583,305	2,970,418	19,095,782	351,232,314	514,130,611	845,211	514,975,822	
Borrowings	27		(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	-	(291,139,709)	
Other financial liabilities	28		-	-	-	-	-	-	(2,330,357)	(2,330,357)	
			(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	(2,330,357)	(293,470,066)	
Total interest repricing gap			117,758,058	7,583,305	2,970,418	19,095,782	75,583,341	222,990,903	(1,485,146)	221,505,756	
31 December 2021			Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount	
In thousands of Naira	Note										
Cash and balances with banks	18		322,553	-	-	-	-	322,553	222,118	544,671	
Placements with Banks	18		133,894,359	12,728,261	-	-	-	146,622,621	-	146,622,621	
Investment securities	19		-	992,635	26,964,575	-	-	27,957,211	-	27,957,211	
Loans and advances	20		193,631	597,769	2,014,684	19,647,298	299,241,493	321,694,875	-	321,694,875	
Other assets	24		-	-	-	-	-	-	336,125	336,125	
			134,410,542	14,318,666	28,979,259	19,647,298	299,241,493	496,597,259	558,243	497,155,502	
Borrowings	27		-	-	-	-	(298,134,621)	(298,134,621)	-	(298,134,621)	
Other financial liabilities	28		-	-	-	-	-	-	(1,595,041)	(1,595,041)	
			-	-	-	-	(298,134,621)	(298,134,621)	(1,595,041)	(299,729,662)	
Total interest re-pricing gap			134,410,542	14,318,666	28,979,259	19,647,298	1,106,872	198,462,638	(1,036,798)	197,425,839	

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A summary of the Bank's interest rate gap position on financial instruments is as follows:

Re-pricing period									
31 December 2022									
	Note	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount
In thousands of Naira									
Cash and balances with banks	18	297,405	-	-	-	-	297,405	319,853	617,258
Placements with Banks	18	130,397,992	43,507	-	-	-	130,441,499	-	130,441,499
Investment securities	19	-	-	-	-	-	-	-	-
Loans and advances	20	430,858	2,097,703	2,970,418	19,095,782	344,807,807	369,402,569	-	369,402,568
Other assets	24	-	-	-	-	-	-	357,883	357,883
		131,126,255	2,141,210	2,970,418	19,095,782	344,807,807	500,141,473	677,736	500,819,208
Borrowings	27	(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	-	(291,139,709)
Other liabilities	28	-	-	-	-	-	-	(2,107,276)	(2,107,276)
		(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	(2,107,276)	(293,246,985)
Total interest re-pricing gap		115,635,521	2,141,210	2,970,418	19,095,782	69,158,834	209,001,765	(1,429,540)	207,572,223
Re-pricing period									
31 December 2021									
	Note	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total amount sensitive to rate	Non rate sensitive	Carrying amount
In thousands of Naira									
Cash and balances with banks	18	22,911	-	-	-	-	22,911	222,118	245,029
Placements with Banks	18	124,350,868	10,725,146	-	-	-	135,076,014	-	135,076,014
Investment securities	19	-	-	26,618,294	-	-	26,618,294	-	26,618,294
Loans and advances	20	193,631	597,769	2,014,684	19,647,298	299,241,493	321,694,875	-	321,694,875
Other assets	24	-	-	-	-	-	-	83,841	83,841
		124,567,409	11,322,915	28,632,978	19,647,298	299,241,493	483,412,094	305,959	483,718,053
Borrowings	27	-	-	-	-	(298,134,621)	(298,134,621)	-	(298,134,621)
Other liabilities	28	-	-	-	-	-	-	(1,499,511)	(1,499,511)
		-	-	-	-	(298,134,621)	(298,134,621)	(1,499,511)	(299,634,132)
Total interest re-pricing gap		124,567,409	11,322,915	28,632,978	19,647,298	1,106,872	185,277,473	(1,193,552)	184,083,921

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Group Interest sensitivity analysis - 31 December 2022

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,253,414)	1,253,414
6 months	(29,704)	29,704
12 months	(190,958)	190,958
	(1,474,076)	1,474,076

Group Interest sensitivity analysis - 31 December 2022

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,487,292)	1,487,292
6 months	(289,793)	289,793
12 months	(196,473)	196,473
	(1,973,558)	1,973,558

Bank Interest sensitivity analysis - 31 December 2022

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,177,767)	1,177,767
6 months	(29,704)	29,704
12 months	(190,958)	190,958
	(1,398,429)	1,398,429

Bank Interest sensitivity analysis - 31 December 2022

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk	
	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(1,358,903)	1,358,903
6 months	(286,330)	286,330
12 months	(196,473)	196,473
	(1,841,706)	1,841,706

The table above sets out the impact on net interest income of a 100 basis points parallel downward shift or upward shift in interest rates. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Group to mitigate interest rate risk.

In practice, the Assets and Liability Committee, ALCO seeks proactively to manage the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Foreign Exchange Risk

Foreign Exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group 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 (N) (functional and presentation currency) relative to the US dollar would have an insignificant effect on operations, financial position and cash flows. The Group did not enter into any forward exchange contracts to manage currency risk fluctuations.

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The table below summarises financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

Group					
<i>In thousands of Naira</i>		Total	Naira N	US \$	GBP £
31 December 2022					
Cash and cash equivalents	18	138,623,389	138,489,621	132,972	796
Investment securities	19	6,424,507	6,424,507	-	-
Loans and advances	20	369,402,568	369,402,568	-	-
Other assets	24	525,358	525,358	-	-
		514,975,822	514,842,054	132,972	796
Borrowings	27	291,139,709	-	291,139,709	-
Other liabilities	28	2,330,357	2,150,361	179,996	-
		293,470,066	2,150,361	291,319,705	-
Net Local Currency Exposure		221,505,756	512,691,693		
Net Foreign Currency Exposure				(291,186,733)	796

Group					
<i>In thousands of Naira</i>		Total	Naira N	US \$	GBP £
31 December 2021					
Cash and cash equivalents	18	147,167,291	147,001,134	165,575	582
Investment securities	19	27,957,211	27,957,211	-	-
Loans and advances	20	321,694,875	321,694,875	-	-
Other assets	24	336,124	336,124	-	-
		497,155,501	496,989,344	165,575	582
Borrowings	27	298,134,621	298,134,621	-	-
Other liabilities	28	1,595,041	1,595,041	-	-
		299,729,662	299,729,662	-	-
Net Local Currency Exposure		197,425,838	197,259,681		
Net Foreign Currency Exposure				165,575	582

Bank					
<i>In thousands of Naira</i>		Total	Naira N	US \$	GBP £
31 December 2022					
Cash and cash equivalents	18	131,058,757	130,924,989	132,972	796
Investment securities	19	-	-	-	-
Loans and advances	20	369,402,568	369,402,568	-	-
Other assets	24	357,883	357,883	-	-
		500,819,208	500,685,440	132,972	796
Borrowings	27	291,139,709	-	291,139,709	-
Other liabilities	28	2,107,276	1,927,280	179,996	-
		293,246,985	1,927,280	291,319,705	-
Net Local Currency Exposure		207,572,223	498,758,160		
Net Foreign Currency Exposure				(291,186,733)	796

Bank					
<i>In thousands of Naira</i>		Total	Naira N	US \$	GBP £
31 December 2021					
Cash and cash equivalents	18	135,321,043	135,154,886	165,575	582
Investment securities	19	26,618,294	26,618,294	-	-
Loans and advances	20	321,694,875	321,694,875	-	-
Other assets	24	83,841	83,841	-	-
		483,718,053	483,551,896	165,575	582
Borrowings	27	308,509,166	308,509,166	-	-
Other liabilities	28	1,499,511	1,499,511	-	-
		310,008,678	310,008,678	-	-
Net Local Currency Exposure		173,709,375	173,543,218		
Net Foreign Currency Exposure				165,575	582

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6.6

Liquidity Risk Management

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 Group. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. The Group is managed to preserve a high degree of liquidity so that it can meet its obligations at all times including periods of financial stress.

The Group has a liquidity management framework embedded in the Asset and Liability Manual (ALM) based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme scenarios such as suspension of inflows from developmental partners, full utilization of credit lines, systemic crisis and loss of placements in the money market are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

Liquidity has consistently been above the minimum liquidity ratio and the recommendations/action plan arising from routine stress tests are adhered to. Funding and liquidity risk management activities are centralized within Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimize borrowing costs and facilitates timely responses to liquidity events. However, the Risk Management Department analyse and monitors our liquidity risk and ensures excess liquidity is maintained.

The Board approved the ALM Manual, including establishing liquidity risk tolerance levels. The Group's ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Group's net liquidity gap and by comparing selected ratios with targets as specified in the ALM manual. Also, a Liquidity Contingency Funding Plan is in place.

The expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, borrowings due to foreign development finance institutions are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.

Quantifications

The Group has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

- Funding and Liquidity planning;
- Liquidity Gap Analysis; and
- Ratio Analysis.

Liquidity Contingency Plan

The Group has an approved liquidity contingency funding plan which describes actions and processes necessary for the prevention, management and containment of a liquidity crisis within the group. The plan has been developed in line with the Central Bank of Nigeria's contingency planning framework and the group's Assets and Liabilities Management policy.

The plan defines what constitutes a liquidity crisis and clearly states the responsibilities of relevant officers of the group in the process leading to the identification and eventual declaration of a crisis situation. In detail, the plan harnesses the group's strategy for handling a liquidity crisis and describes procedures for managing and making up cashflow shortfalls in stressed liquidity situations. The plan is built upon the output of a stress test and scenario analysis on the Group's capital.

More so, the framework stipulates the policy review process and defines review frequency as every two years to be executed by the Assets and Liabilities Committee of the group and approved by the Board of Directors. Ownership of the plan as defined in the framework resides with the Chief Financial Officer.

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Residual contractual maturities of financial assets and liabilities

Group 31 December 2022 In thousands of Naira		Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
Non-derivative asset:									
Cash and balances with banks	18b		677,152	677,152	677,151	-	-	-	-
Placements with banks	18b		137,946,237	139,349,566	133,689,924	5,659,642	-	-	-
Investment securities	19		6,424,507	7,727,528	26,250	364,956	-	391,206	6,945,117
Loans and advances	20		369,402,568	372,185,674	430,903	2,099,354	2,975,718	19,212,846	347,466,854
Other assets	24		525,358	525,358	525,358	-	-	-	-
			514,975,822	520,465,278	135,349,587	8,123,951	2,975,718	19,604,052	354,411,971
Non-derivative asset:									
Borrowings	27		(291,139,709)	(291,139,708)	(15,490,735)	-	-	-	(275,648,973)
Other liabilities	28		(2,330,357)	(2,330,358)	(1,263,181)	(1,042,248)	-	-	(24,928)
			(293,470,066)	(293,470,066)	(16,753,916)	(1,042,248)	-	-	(275,673,902)
Gap (asset-liabilities)			221,505,756	226,995,212	118,595,671	7,081,703	2,975,718	19,604,052	78,738,069
Cumulative liquidity gap					118,595,671	125,677,373	128,653,091	148,257,143	226,995,211
Group 31 December 2021 In thousands of Naira		Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
Non-derivative liabilities:									
Cash and balances with banks	18b		544,671	544,671	544,671	-	-	-	-
Placements with banks	18b		146,622,621	136,660,297	127,041,455	9,618,842	-	-	-
Investment securities	19		27,957,211	28,855,000	-	1,000,000	27,855,000	-	-
Loans and advances	20		321,694,875	323,254,445	193,632	598,081	2,019,517	19,668,485	300,774,731
Other assets	22		336,125	336,125	336,125	-	-	-	-
			497,155,502	489,650,537	128,115,882	11,216,923	29,874,517	19,668,485	300,774,731
Non-derivative liabilities:									
Borrowings	27		(298,134,621)	(375,190,481)	-	-	(17,023,121)	(16,377,723)	(341,789,637)
Other liabilities	28		(1,595,041)	(1,595,041)	(723,967)	(775,711)	-	-	(95,363)
			(299,891,190)	(376,785,522)	(723,967)	(775,711)	(17,023,121)	(16,377,723)	(341,885,000)
Gap (asset-liabilities)			197,264,312	112,865,015	127,391,915	10,441,212	12,851,395	3,290,762	(41,110,269)
Cumulative liquidity gap					127,391,915	137,833,127	150,684,522	153,975,284	112,865,015
Bank 31 December 2022 In thousands of Naira		Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
Non-derivative liabilities:									
Cash and balances with banks	18b		617,258	617,258	617,258	-	-	-	-
Placements with banks	18b		130,441,499	131,665,661	131,620,883	44,778	-	-	-
Investment securities	19		-	-	-	-	-	-	-
Loans and advances	20		369,402,568	372,185,674	430,903	2,099,354	2,975,718	19,212,846	347,466,854
Other assets	24		357,883	357,883	357,883	-	-	-	-
			500,819,208	504,826,476	133,026,926	2,144,132	2,975,718	19,212,846	347,466,854
Non-derivative liabilities:									
Borrowings	27		(291,139,709)	(291,139,708)	(15,490,735)	-	-	-	(275,648,973)
Other liabilities	28		(2,107,276)	(2,107,277)	(1,085,073)	(997,276)	-	-	(24,928)
			(293,246,985)	(293,246,986)	(16,575,808)	(997,276)	-	-	(275,673,902)
Gap (asset-liabilities)			207,572,223	211,579,490	116,451,119	1,146,855	2,975,718	19,212,846	71,792,952
Cumulative liquidity gap					116,451,119	117,597,974	120,573,692	139,786,538	211,579,490
31 December 2021 In thousands of Naira		Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
Non-derivative liabilities:									
Cash and balances with banks	18b		245,029	245,029	245,029	-	-	-	-
Placements with banks	18b		135,076,014	135,839,246	124,991,263	10,847,983	-	-	-
Investment securities	19		26,618,294	27,500,000	-	-	27,500,000	-	-
Loans and advances	20		321,694,875	323,254,445	193,632	598,081	2,019,517	19,668,485	300,774,731
Other assets	24		83,841	83,841	83,841	-	-	-	-
			483,718,053	486,922,561	125,513,765	11,446,064	29,519,517	19,668,485	300,774,731
Non-derivative liabilities:									
Borrowings	27		(298,134,621)	(375,190,481)	-	-	(17,023,121)	(16,377,723)	(341,789,637)
	28		(1,499,511)	(1,499,511)	(669,809)	(734,339)	-	-	(95,363)
			(299,634,132)	(376,689,992)	(669,809)	(734,339)	(17,023,121)	(16,377,723)	(341,885,000)
Gap (asset-liabilities)			184,083,921	110,232,569	124,843,955	10,711,725	12,496,395	3,290,762	(41,110,269)
Cumulative liquidity gap					124,843,955	135,555,680	148,052,076	151,342,838	110,232,569

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6.7

Operational Risk Management

Operational risk is defined "as the risk of loss resulting from inadequate and/or failed internal processes, people and systems or from external events". The underlying philosophy of the Bank's Operational Risk Management is that effective management of operational risk is central to maintaining and improving a competitive advantage in today's rapidly changing global competitive marketplace. Consequently, the Bank's Operational Risk philosophy is anchored on the implementation of a process driven framework that ensures that all major Operational risks in the Bank are proactively identified, properly assessed, adequately monitored and appropriate controls/mitigants are put in place to reduce losses to the barest minimum while providing adequate support to market facing units to take advantage of opportunities in the market at acceptable risk adjusted return to the Bank.

The Bank's Operational Risk Management framework was created to provide guidelines for the identification, assessment, measurement, monitoring, controlling and reporting of operational risk in a consistent manner across the Bank in line with the Bank's enterprise wide risk management framework and best practice operational risk management. The ORM framework shall be reviewed every two years to reflect new developments in the management of operational risk as well as changes in the Bank's approach to the management of operational risk. The main benefits and objectives of the ORM in the Bank include the following:

Reduction of losses arising from operational risk
Improvement in performance measurement
Provision of early warning signals; and.

Raising the level of awareness of operational risk in the Bank. The following is a summary of some areas covered by the ORM Framework:

- Conceptual Definitions in Operational Risk Management: This section gives a general overview of operational risk management, including its definition, risk types and relationship to other risks.;
- DBN Operational Risk Strategy: This section highlights the Bank's operational risk strategy and objectives, its operational risk appetite and the key principles for the management of operational risk.;
- DBN Operational Risk Governance Structure: This section defines the Bank's operational risk governance structure, including the roles and responsibilities for the Risk Management department and other stakeholders in the Bank.
- DBN Operational Risk Management Process: This section outlines the methodology and procedures for the identification, assessment, measurement, monitoring, controlling and reporting of operational risks within the Bank.
- DBN Capital Assessment Methodology: This section covers the DBN approaches to capital calculation under Basel II, and the criteria for mapping the Bank's activities into the Basel defined business lines.
- Operational Risk Systems: This section covers the requirement for technology support in the implementation of the Bank's Operational Risk Management Policy Manual.

The ORM Framework also provides for the minimum control standards that the Bank expects to be in place in various business units and support functions. The absence of these minimum standards will expose the Bank to greater operational risk. These standards include: but not limited to adequate segregation of duties, Well-defined delegated authorities/limits, Compliance with all regulatory and legal requirement and Bank's policies, Anti-Money Laundering (AML) & Counter Financing of Terrorism (CFT) Compliance, Vacation and Leave enforcement, Contingency planning and security/protection.

The ORM framework mandates process owners, in conjunction with the operational risk management function to work hand in hand to identify and assess the operational risk inherent in all material products, activities, processes and, systems of the Bank using techniques like the Risk and Control Self- Assessment (RCSA), Key Risk Indicators (KRIs), Incidence Reporting, Seminars and Interviews. The findings from this assessment and other recommendations from incidents recorded during the year, internal and external audits were documented in the Bank's risk register and was used in developing the Heatmap and KRIs for 2023. The KRIs of all business units were consistently monitored by the risk management function throughout the year, to ensure containment within tolerance levels.

Operational risk issues are presented to the MRC, BCRC and the Board in line with the approved policy.

6.8

Information Security Risk Management

Information security risk is defined as the risk that arise from the threats and vulnerabilities associated with the operation and use of information systems as well as the environments in which those systems operate. The Bank mitigates its information security-related risk primarily through the selection, implementation, maintenance, and continuous monitoring of preventive, detective, and corrective security controls to protect information assets from compromise or to limit the damage should a compromise occur.

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The Bank improved and strengthened its defences and security architecture by significant investments in:

1. Vulnerability scanner to automate the checking of the Bank's networks, systems and applications for security weaknesses that could expose us to attacks. They are utilized in the identification and detection of vulnerabilities arising from mis-configurations or flawed programming within a network-based asset such as a firewall, router, web server, application server, etc.
2. Web filter to screen incoming Web pages to determine whether some or all of it should not be displayed to employees. The filter checks the origin or content of a Web page against a set of policies provided by Risk Management.

The Web filter enables the Bank to block out pages from Web sites that are likely to include objectionable advertising, pornographic content, spyware, viruses, malicious sites and other objectionable content.

Automation was a key success indicator as the Bank gained strides with various API integrations and automation mechanisms. The secure automation of the Loan Management System (LMS) eased the loan lifecycle process from onboarding to disbursement. The workflow process also experienced migration from paper journeys to full automation as a management system was successfully deployed. The Bank has made significant progress in its Information Security Risk Management process. Several Policies, Frameworks and Standards have been developed:

1. **The Data Sharing Framework** was developed in 2020 to guide the Bank through her data sharing journey and outline key considerations for the Bank to take into account when planning data partnerships. The framework outlines the principles, standards of conduct and legal and justifiable basis for using and sharing information by partner organizations working with Development Bank of Nigeria (DBN) Plc.

Embedded in the The Data Sharing Framework, is a Data Sharing Agreement between DBN and ICGL reflects the arrangements and addresses the Security requirements that must be met and to establish the terms and condition under which data can be shared between both Parties and explains the purposes for which that Data may be used.

2. **The Mobile Computing and Teleworking Policy** defines controls that ensure physical and logical security of the information during mobile computing and/or teleworking (remote working).
3. **The Virtual Private Network (VPN) Security Standard** address the VPN solution's Information Security requirements in line with business requirements and the Information Security Policy (ISP) and defines the functional architecture of the VPN security solution consisting of various technology components and their interrelationships.
4. **Plan for 2023:** The 2023 financial year for DBN marks the 5th and last year of its current strategy cycle. With the winding up of the cycle, the Bank intends to deliver a comprehensive assessment of the successes and learnings from the past 5 years. Advocacy will be sustained for financially underserved MSME market segments (such as women and youth) in policy and regulatory discourses within the local and international policy spaces. DBN will continue to consolidate its catalytic role in the private sector to boost development impact in critical areas such as gender and youth, first time access, start-ups, and economically-disadvantaged locations. It will also sustain intense investments in boosting its internal capacity – especially human capital and technology - to drive the growth aspiration of the institution. In addition, the Bank plans to continue exploring more opportunities to create specialized products across sectors and demographic segments. As the Bank edges forward in its efforts towards promoting sustainable growth, DBN will build on plans to position itself as the leading Green Development Finance Institution in Nigeria.

6.9

Capital Management

The Group's objectives when managing capital (Tier 1 and Tier 2 capital), which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Group and the Group's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum capital adequacy ratio of 10% is to be maintained by Development Financial Institutions. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve is excluded from the capital computation. Standardized approach has been adopted in computing the risk weighted assets for Credit, Operational and Market Risk.

The CBN Basel II regulatory capital requirements are strictly observed when managing capital and this comprises of two tiers: Tier 1 capital (only permanent shareholder's equity and disclosed reserves) and Tier 2 capital. Tier 1 capital comprises share capital,

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share premium, retained earnings and reserves created by appropriations of retained earnings; the carrying amount of intangible assets is deducted in arriving at Tier 1 capital. The Group is expected to maintain a minimum ratio of Tier I capital to total assets of 5%. Tier 2 capital includes the Group's qualifying loan capital and shall not exceed 33.33% of Tier 1 capital.

The Basel II capital adequacy ratio was 63.96% as at 31 December 2022 (31 December 2021: 64.21%), with Bank above the CBN minimum capital adequacy requirements of 10%. The Central Bank of Nigeria issued a circular on 18 October 2018 relating to the treatment of IFRS expected credit loss for regulatory purposes. Banks were directed to use the balance in regulatory risk reserve as at 1 January, 2018 to offset the impact of IFRS 9 expected credit loss amount as at transition date. Where the additional ECL provision is higher than the balance in regulatory risk reserve, the excess shall be amortized in line with the transitional arrangements.

The following table provides an overview of the capital levels and risk-weighted assets (RWA):

<i>In thousands of Naira</i>	Note	31 December 2022	31 December 2021
Tier 1 capital			
Ordinary share capital	29(a)	100,000	100,000
Share premium	29(b)	99,762,570	99,762,570
Retained earnings	29(c)	73,792,283	59,873,639
Statutory reserve	29(d)	33,863,738	28,003,563
Tier 1 Capital Before Regulatory Deduction		207,518,591	187,739,772
Less:			
Intangible assets		(233,649)	(148,093)
Deferred tax assets		(1,140,471)	(724,664)
Investment in subsidiary - 50%		(5,687,500)	(5,687,500)
Eligible Tier 1 Capital		200,456,971	181,179,515
<i>In thousands of Naira</i>		31 December 2022	31 December 2021
Tier 2 Capital Before Regulatory Deduction			
Tier 2 Capital (restricted to 1/3 of Tier 1 Capital)		68,714,824	60,387,132
Less:			
Investment in subsidiary - 50%		(5,687,500)	(5,687,500)
Eligible Tier 2 Capital		63,027,324	54,699,632
Total Eligible Capital		263,484,295	235,879,147
Risk-weighted assets			
Risk-weighted Amount for Credit Risk		358,784,040	313,538,927
Risk-weighted Amount for Operational Risk		53,136,407	53,825,710
Risk-weighted Amount for Market Risk		-	-
Total weighted risk assets		411,920,447	367,364,637
Capital ratios			
Risk weighted Capital Adequacy Ratio (CAR)		63.96%	64.21%

Operational Risk Capital Charge computation used for Capital Adequacy Ratio calculation Gross Income Calculation for Basic Indicator Approach

<i>In thousands of Naira</i>	Year-1	Year-2	Year-3
Particulars			
Interest Income	33,429,735	37,726,675	46,999,580
Interest Expenses	-11,270,015	-11,688,620	-11,215,724
Net Interest Income	22,159,720	26,038,055	35,783,856
Fees and Commission Income	-	-	-
Fees and Commission Expenses	-87,524	-20,844	-9,202
Net Fees and Commission Income	-87,524	-20,844	-9,202
Any other operating income	146,985	454,708	552,497
Total net non-interest income	59,461	433,864	543,295
Total Gross Income	22,219,181	26,471,919	36,327,151
Capital Charge for Operational Risk (Average of Year 1-3 Total Gross Income)*15%			4,250,913
Operational Risk Calibrated Risk-weighted Amount using Basic Indicator Approach			53,136,407

As shown above, DBN currently has a capital adequacy ratio of 63.96% (2021: 64.21%), which is significantly above the set benchmark of 10% for Development Finance Institutions.

Regulatory Minimum Capital Requirement

As a Wholesale Development Finance Institution, the Central Bank of Nigeria (CBN) requires DBN to maintain a minimum capital (i.e. minimum shareholders' fund) of N100,000,000,000 (One Hundred Billion Naira). This amount should be fully paid up over a maximum period of 4 years.

As at 31 December 2022, the bank was in compliance of the minimum capital requirement as the shareholders funds as at reporting date was in excess of N100 billion.

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8 Interest income calculated using the effective interest method

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Placements with banks	18a	15,269,947	13,499,644	14,474,312	12,804,105
Investment in Treasury Bills	19a	932,883	2,018,553	917,267	1,886,525
Loans and advances to Participating Financial Institutions (PFIs)	20a	31,608,001	23,036,045	31,608,001	23,036,045
Investment in Federal Government of Nigeria Bonds	19a	373,316	-	-	-
		48,184,147	38,554,242	46,999,580	37,726,675

9 Interest expense

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Borrowings (See (i) below)	27a	11,128,998	11,641,639	11,128,998	11,641,639
Provision IDB (Interest Draw-Back) Expense		83,677	42,410	83,677	42,410
Lease expense	30c(ii)	3,049	4,571	3,049	4,571
		11,215,724	11,688,620	11,215,724	11,688,620

(i) The amount reported above is calculated using the effective interest method, and relates to borrowings measured at amortised cost

(ii) Provision - IDB (Interest Draw-Back) relates to an agreement the Bank has with PFIs with active MSME loan portfolio to refund an agreed percentage of the total loan interest upon liquidation of the loan.

10 Impairment loss/ (writeback) on financial assets

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Loans and Advances to customers	20(b)	1,223,528	452,912	1,223,528	452,912
Other financial assets					
Cash and cash equivalents	18c	4,772	(736,841)	(5,829)	(742,792)
Investment securities	19b	20,058	(70,432)	-	(61,453)
Other financial receivables	24a	2,053	5,095	-	-
		1,250,411	(349,266)	1,217,699	(351,333)

11 Guarantee Income

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Upfront fee	Note	374,256	420,295	-	-
Guarantee fee		320,235	201,487	-	-
		694,491	621,782	-	-

Guarantee income is earned in the Group in respect of operations of the Bank's subsidiary - Impact Credit Guarantee Limited. Upfront fee is earned at a rate of 0.6% flat on disbursed loan amount, it is a one off, non-refundable processing fee charged irrespective of the tenor of the guarantee. The upfront fee is recognised immediately the service is performed. Guarantee fee is 1% per annum of disbursed loan amount for the guarantee of loans and is earned over the tenor of the guarantee

12 Other income

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Foreign exchange gains	Note	9,302	-	9,302	-
Other sundry incomes (See (i) below)		474,606	407,436	459,430	401,420
Income from subsidiary shared services		-	-	83,765	53,288
		483,908	407,436	552,497	454,708

(i) Other sundry income earned during the year relates to grant income to the Bank from International Bank for Reconstruction and Development (IBRD), in respect of the project implementation unit cost that was incurred by the Bank in prior year.

(ii) Income from subsidiary relates to shared services amounted to N83.76m for the year ended 31 December 2022 (31 December 2021: however been eliminated at the group).

13 Fees and commission & Guarantee expenses**a Fees and commission expense**

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Custodian fees on treasury bills		11,797	22,598	9,202	20,844
		11,797	22,598	9,202	20,844

b Guarantee expenses

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Guarantee fees		514,928	37,542	-	-
		514,928	37,542	-	-

14 Personnel expenses

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira					
Wages and salaries		1,622,361	1,502,811	1,373,922	1,325,992
Pension contribution		80,160	74,681	68,112	66,081
Other allowances		969,272	540,021	931,724	514,775
		2,671,793	2,117,513	2,373,758	1,906,848

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i The number of employees in employment as at:

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Executive Management	3	3	2	2
Senior Management	12	14	11	12
Middle Management	13	8	10	7
Officer	21	30	18	25
	49	55	41	46

ii Employees whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Below N1,000,000	2	-	-	-
N1,000,001- N 3,000,000	1	10	1	8
N3,000,001- N 6,000,000	10	6	6	5
N6,000,001- N 9,000,000	2	4	2	2
N9,000,001- N 15,000,000	11	11	11	11
N15,000,001 and above	23	24	21	20
	49	55	41	46

iii The remuneration paid to directors are as follows:

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Fees as director	177,803	130,118	128,965	125,868
Sitting Allowances	162,805	85,267	100,600	80,050
Other Directors' emolument	262,755	233,534	259,581	233,281
	603,363	448,919	489,146	439,199
Highest paid director	154,384	154,384	154,384	154,384
Fees and other emoluments disclosed above include amounts paid to:				
Chairman	41,750	26,008	26,350	24,550

15 Depreciation and amortization

		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
a In thousands of Naira					
Amortization of intangibles	Note	53,098	55,099	45,947	49,404
Depreciation of property and equipment	22	373,329	383,129	345,986	361,499
		426,427	438,228	391,933	410,903

16 General and administrative expenses

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Business promotion and advertisement	196,371	236,500	196,371	236,500
Donations	23,943	25,948	23,943	25,948
Legal and secretarial fees	12,283	6,489	12,283	6,489
Electricity expenses	42,173	14,671	42,173	14,671
Audit fees	25,500	21,769	19,000	16,125
Professional services (See note(i) below)	398,460	227,130	363,178	194,244
Board expenses	178,707	51,865	172,775	51,865
Newspapers and periodicals	19,655	21,607	19,655	21,606
Corporate subscriptions	30,414	29,418	29,609	29,417
Office consumables	18,049	14,946	18,049	14,946
Staff welfare	37,110	15,262	37,110	15,262
Project Implementation unit (PIU) related expense	413,877	368,852	413,877	368,852
Insurance Expenses	112,674	78,822	99,103	67,650
Maintenance	31,924	20,966	30,681	20,761
Stationery, IT and Communication expenses	266,904	188,801	207,595	174,771
Travels and Hotels	131,273	63,632	107,540	58,050
Recruitment & Training, Subscription and Contract cost	564,939	191,684	561,112	177,179
Director Emolument and expenses	278,403	209,743	229,565	205,493
Bank Charges	180,749	5,801	179,537	3,429
Other expenses	55,921	53,954	58,019	42,431
	3,019,329	1,847,860	2,821,175	1,745,689

(i) Included in professional fees is ₦10 million relating to non-audit services rendered by KPMG Professional Services (2021: ₦9 million) which includes:- Certification of assessment of compliance with the Association of African Development Finance institutions guidelines and rating system and- Report of factual findings on the extent of compliance with CBN code of Corporate governance and whistle blowing guidelines.

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17 Taxation

a Tax Expense	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
i <i>Minimum Tax</i>				
Minimum Tax	-	-	-	-
ii <i>Current Tax</i>				
Company Income Tax	9,412,788	6,305,282	9,256,829	6,090,087
Tertiary Education Tax	790,805	541,634	777,138	517,795
NITDA Levy	302,525	235,453	295,226	225,345
Nigerian Police Trust Fund levy	1,515	844	1,479	793
NASENI Levy	73,806	56,900	73,806	56,900
	17c	10,581,439	7,140,113	10,404,478
				6,890,920
iii <i>Deferred Tax</i>				
Deferred Tax due to reversing timing difference (see (b))	(462,526)	197,922	(415,807)	150,585
	10,118,913	7,338,035	9,988,671	7,041,505
Total income tax expense	10,118,913	7,338,035	9,988,671	7,041,505
Reconciliation of effective tax rate-Group		31 December 2022		31 December 2021
<i>In thousands of Naira</i>				
Profit before tax		30,252,137		23,780,365
Income tax using the domestic corporation tax rate @ 30%	30%	9,075,641	30%	7,134,109
Tax effect of:				
Non-deductible expenses	0.2%	55,771	0.9%	222,289
Tax exempt income	-0.4%	(134,994)	2.9%	(678,186)
Information technology tax levy	1.0%	302,525	1.0%	235,453
Education tax	2.6%	790,805	2.3%	541,634
NASENI Levy	0.2%	73,806	0.2%	56,900
Tax incentive	-0.2%	(46,157)	0.7%	(175,008)
Nigerian Police Trust Fund levy	0.0%	1,515	0.0%	844
Total income tax expense	33%	10,118,913	31%	7,338,035
Reconciliation of effective tax rate-Bank		31 December 2022		31 December 2021
<i>In thousands of Naira</i>				
Profit before tax		29,522,586		22,759,813
Income tax using the domestic corporation tax rate @ 30%	30%	8,856,776	30%	6,827,944
Tax effect of:				
Nondeductible expenses	0.2%	44,496	0.8%	174,757
Tax exempt income	0.1%	(22,999)	2.8%	(638,574)
Information technology tax levy	1.0%	295,226	1.0%	225,345
Education tax	2.6%	777,138	2.3%	517,795
NASENI Levy	0.3%	73,806	0.2%	56,900
Tax incentive	0.1%	(37,251)	0.5%	(123,455)
Nigerian Police Trust Fund levy	0.0%	1,479	0.0%	793
Total income tax expense	34%	9,988,671	31%	7,041,505

b. Deferred tax asset

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group's deferred tax asset balance is as a result of unutilized capital allowances, ECL impairment on financial assets and unrealised foreign exchange difference.

There are no unrecognized deferred tax asset during the year ended 31 December 2022 (31 December 2021: Nil)

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Property and equipment	(106,776)	(94,031)	(99,762)	(85,763)
Intangibles	-	(8,943)	-	(8,943)
ECL allowance	1,318,208	629,490	1,245,593	602,340
Provisions and Leases	-	214,729	-	214,729
Unrealised foreign exchange difference	(5,360)	2,301	(5,360)	2,301
	1,206,072	743,546	1,140,471	724,664
The movement in the deferred tax asset during the year was as follows:	GROUP 2022	GROUP 2021	BANK 2022	BANK 2021
In thousands of Naira				
Balance, beginning of the year	743,546	941,468	724,664	875,249
<i>Recognized in profit or loss:</i>				
Property and equipment	(12,745)	(38,262)	(13,998)	(22,240)
Intangible	8,943	(8,943)	8,943	(8,943)
ECL allowance	688,719	(94,029)	643,253	(114,724)
Provisions and Leases	(214,729)	(4,677)	(214,729)	(4,678)
Unrealized foreign exchange difference	(7,662)	2,301	(7,662)	-
Unrelieved tax losses	-	(54,312)	-	-
Total amount recognised in profit or loss	462,526	(197,922)	415,807	(150,585)
Balance, end of the year	1,206,072	743,546	1,140,471	724,664

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For the year ended 31 December 2022

c Current income tax liability

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
<i>In thousands of Naira</i>				
Balance, beginning of the year	7,142,706	341,474	6,893,466	334,889
<i>Charge for the period:</i>				
Current tax	17a 10,581,439	7,140,113	10,404,478	6,890,920
Withholding tax credit note utilised	(573,718)	(83,941)	(510,097)	(83,941)
Tax paid	(5,396,243)	(254,940)	(5,212,391)	(248,402)
	11,754,184	7,142,706	11,575,456	6,893,466

18 Cash and cash equivalents

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
<i>In thousands of Naira</i>				
Current Account Balance with Central Bank of Nigeria (i)	301,327	204,287	301,327	204,287
Other current account balances with Central Bank of Nigeria (ii)	18,526	17,831	18,526	17,831
Current account balances with local banks	357,299	322,553	297,405	22,911
	677,152	544,671	617,258	245,029
Placements with local banks (iii)	138,313,845	146,985,456	130,772,796	135,413,141
Cash and cash equivalents in the statement of cash flows	138,990,997	147,530,127	131,390,054	135,658,170
Less: Allowance for impairment	30a(v) (367,608)	(362,836)	(331,297)	(337,127)
Cash and cash equivalents in the statement of financial position	138,623,389	147,167,291	131,058,757	135,321,043

- (i) ` This represents balances held in the current account balances with the Central Bank of Nigeria and available for the Group and Bank's use.
- (ii) This represents balances in development partners collection accounts with the Central Bank of Nigeria available for the Group and Bank's use without restriction
- (iii) Placements with local banks comprise deposits with maturity of less than 90 days from the value date of the instruments. From placements with local banks, Development Bank of Nigeria has set aside a fund for settlement of Staff death in service benefit as the obligation arises. The Bank has a death - in-service benefit policy for its staff members which is aimed at compensating the family of staff member who dies in the course of service with the bank and also to pay staff members who loses an immediate family member (i.e parent, spouse or biological children). The amount earmarked as at 31 December 2022 under this policy is N43.82m (2021: N40.09m). See details of the death-in-service policy in note 4.14

a. Movement in Placements with local banks

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<i>In thousands of Naira</i>				
Opening	146,985,456	259,445,601	135,413,141	249,949,828
Purchase of placements with local banks	1,624,681,935	2,161,666,143	1,579,040,165	2,150,263,951
Interest Income earned on placements with local banks	15,269,947	13,499,644	14,474,312	12,804,105
Proceeds from matured placements with local banks	(1,635,057,552)	(2,274,924,196)	(1,585,384,516)	(2,265,598,546)
Interest received	(13,565,941)	(12,701,736)	(12,770,306)	(12,006,197)
Closing	138,313,845	146,985,456	130,772,796	135,413,141

b. The breakdown of the carrying amount of Cash and cash equivalents for Group and Bank is as follows:

Group 31 December 2022	Gross amount	Impairment	Carrying amount
Current account balances with Central Bank of Nigeria	301,327	-	301,327
Other current account balances with Central Bank of Nigeria	18,526	-	18,526
Current account balances with local banks	357,299	-	357,299
Total cash and balances with banks	677,152	-	677,152
Placements with local banks	138,313,845	-367,608	137,946,237
Cash and cash equivalents	138,990,997	-367,608	138,623,389
31 December 2021	Gross amount	Impairment	Carrying amount
Current account balances with Central Bank of Nigeria	204,287	-	204,287
Other current account balances with Central Bank of Nigeria	17,831	-	17,831
Current account balances with local banks	322,553	(262)	322,291
Total cash and balances with banks	544,671	(262)	544,409
Placements with local banks	146,985,456	-362,574	146,622,882
Cash and cash equivalents	147,530,127	-362,836	147,167,291
Bank 31 December 2022	Gross amount	Impairment	Carrying amount
Current account balances with Central Bank of Nigeria	301,327	-	301,327
Other current account balances with Central Bank of Nigeria	18,526	-	18,526
Current account balances with local banks	297,405	-	297,405
Total cash and balances with banks	617,258	-	617,258
Placements with local banks	130,772,796	-331,297	130,441,499
Cash and cash equivalents	131,390,054	-331,297	131,058,757

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31 December 2021	Gross amount	Impairment	Carrying amount
Current account balances with Central Bank of Nigeria	204,287	-	204,287
Other current account balances with Central Bank of Nigeria	17,831	-	17,831
Current account balances with local banks	22,911	-	22,911
Total cash and balances with banks	245,029	-	245,029
Placements with local banks	135,413,141	-337,127	135,076,014
Cash and cash equivalents	135,658,170	-337,127	135,321,043

c Movement in allowances for impairment

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Balance at 1 January	362,836	1,099,677	337,127	1,079,919
Charge for the year (see note 10)	4,772	(736,841)	(5,829)	(742,792)
Closing balance	367,608	362,836	331,297	337,127

19 Investment Securities

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Investments in treasury bills (measured at amortized cost)	-	27,957,678	-	26,618,294
Investment in Federal Government Bonds	6,445,032	-	-	-
Less: Allowance for impairment	(20,525)	(467)	-	-
	6,424,507	27,957,211	-	26,618,294

**a Movement in Investment securities
Treasury bills**

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira	Note			
Opening balance	27,957,211	16,605,584	26,618,294	14,162,048
Purchase of treasury bills	-	27,222,729	-	25,008,268
Gain on disposal of treasury bills	-	6,016	-	-
Interest income on treasury bills	8	932,883	917,267	1,886,525
Interest received	(1,097,939)	(1,853,497)	(729,016)	(2,074,776)
Disposal of treasury bills	-	(973,427)	-	-
Maturity of treasury bills	(27,792,155)	(15,139,179)	(26,806,545)	(12,425,224)
Impairment writeback	30a(v)	70,432	-	61,453
Closing balance	-	27,957,211	-	26,618,294

Federal Government of Nigeria Bonds

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira	Note			
Opening balance	-	-	-	-
Purchase of FGN Bonds	6,465,705	-	-	-
Gain on disposal of FGN Bonds	-	-	-	-
Interest income on FGN Bonds	8	373,316	-	-
Interest received	(373,316)	-	-	-
Disposal of FGN Bonds	-	-	-	-
Maturity of FGN Bonds	(21,140)	-	-	-
Impairment loss	30a(v)	(20,058)	-	-
Closing balance	6,424,507	-	-	-

b Movement in allowances for impairment

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Balance at 1 January	467	70,899	-	61,453
Charge/(write-back) for the year (see note 10)	20,058	(70,432)	-	(61,453)
Closing balance	20,525	467	-	-

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20 Loans and advances to customers

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira	Note			
Loans and advances to PFIs at amortised cost	372,185,667	323,254,445	372,185,667	323,254,445
Less: Allowance for impairment (see (b))	(2,783,099)	(1,559,570)	(2,783,099)	(1,559,570)
	369,402,568	321,694,875	369,402,568	321,694,875

The carrying value of the loans and advances approximate the fair value of the loans

a Movement in Loans and advances to PFIs at amortised cost

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Principal	318,574,755	210,637,086	318,574,755	210,637,086
Impairment	-1,559,570	-1,106,658	-1,559,570	-1,106,658
Interest	4,679,690	4,492,744	4,679,690	4,492,744
Opening	321,694,875	214,023,172	321,694,875	214,023,172
Impairment charge during the year	10	(1,223,528)	(1,223,528)	(452,912)
Loans disbursed	149,714,201	158,355,544	149,714,201	158,355,544
Interest income on loans	8	31,608,001	31,608,001	23,036,045
Loan principal payments received	(101,353,986)	(50,417,875)	(101,353,986)	(50,417,875)
Interest received	(31,036,995)	(22,849,099)	(31,036,995)	(22,849,099)
Closing	369,402,568	321,694,875	369,402,568	321,694,875
Closing-Loans and advances to PFIs	369,402,568	321,694,875	369,402,568	321,694,875
Principal	366,934,970	318,574,755	366,934,970	318,574,755
Impairment	-2,783,098	-1,559,570	-2,783,098	-1,559,570
Interest	5,250,696	4,679,690	5,250,696	4,679,690

b Movement in allowances for impairment

	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Balance at 1 January	1,559,570	1,106,658	1,559,570	1,106,658
Charge for the year (see note 10)	1,223,528	452,912	1,223,528	452,912
Closing balance	2,783,098	1,559,570	2,783,098	1,559,570

c Impairment allowance reconciliation between IFRS9 and CBN prudential guideline General Loan Loss Provision (GLLP)

In thousands of Naira				
Impairment provision as per IFRS 9 Expected Credit Loss	2,783,099	1,559,570	2,783,099	1,559,570
Regulatory risk reserve as at 31 December 2021	4,905,519	3,195,939	4,905,519	3,195,939
	7,688,618	4,755,509	7,688,618	4,755,509
Impairment provision as per GLLP	(7,443,714)	(6,465,089)	(7,443,714)	(6,465,089)
Excess IFRS9 ECL over GLLP written back/ (additional transfer) (See note 29e)	244,904	(1,709,580)	244,904	(1,709,580)

21 Investment in Subsidiary**a Subsidiaries**

			31 December 2022		
In thousands of Naira	Note	% Holding	Cost	Impairment	Carrying Value
Impact Credit Guarantee Limited		100	11,375,000	-	11,375,000
		100	11,375,000	-	11,375,000

			31 December 2021		
In thousands of Naira	Note	% Holding	Cost	Impairment	Carrying Value
Impact Credit Guarantee Limited		100	11,375,000	-	11,375,000
		100	11,375,000	-	11,375,000

b Movement in gross investment in subsidiary

			BANK 31 December 2022	BANK 31 December 2021
In thousands of Naira				
Balance as at the beginning of the year			11,375,000	11,375,000
Additions			-	-
Balance as at end of year			11,375,000	11,375,000

c General information about the subsidiary

This wholly owned subsidiary, incorporated on 8 March 2019 as a limited liability company, was set up to carry 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. The subsidiary's principal place of business is 952/953 Idejo Street, Victoria Island, Lagos.

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Property and equipment											
Group	Motor Vehicles		Office Equipment	Computer Equipment	Furniture & Fittings	Leasehold improvement	Right of Use Assets (ROU)	Work in Progress	Total		
In thousands of naira	Note										
Cost											
Balance as at 1 January 2022		935,420	110,091	232,702	87,682	105,937	346,413	1,533,112	3,351,357		
Additions during the year		318,634	1,293	151,016	2,935	-	6,624	14,900	495,402		
Write offs		-	-	-	-	-	(14,608)	-	(14,608)		
Disposals		(112,450)	-	(18,898)	(220)	-	-	-	(131,568)		
Balance as at 31 December 2022		1,141,604	111,384	364,820	90,397	105,937	338,429	1,548,012	3,700,583		
Accumulated Depreciation											
Balance as at 1 January 2022		426,829	68,918	173,233	52,022	94,331	203,864	-	1,019,197		
Charge for the year	15	195,397	18,513	58,634	16,780	11,606	87,007	-	387,937		
Write offs		-	-	-	-	-	(14,608)	-	(14,608)		
Disposals		(107,425)	-	(18,898)	(197)	-	-	-	(126,520)		
Balance as at 31 December 2022		514,801	87,431	212,969	68,605	105,937	276,263	-	1,266,006		
Carrying amounts											
Balance at 31 December 2021		508,591	41,173	59,469	35,660	11,606	142,549	1,533,112	2,332,160		
Balance at 31 December 2022		626,803	23,953	151,851	21,792	-	62,166	1,548,012	2,434,577		
In thousands of naira											
Cost											
Balance as at 1 January 2021		776,489	100,779	213,481	79,900	103,925	379,492	1,286,836	2,940,902		
Additions during the year		424,859	9,762	27,991	7,782	6,850	-	246,276	723,520		
Write offs		-	-	-	-	-	(33,079)	-	(33,079)		
Disposals		(265,928)	(450)	(8,770)	-	(4,838)	-	-	(279,985)		
Balance as at 31 December 2021		935,420	110,091	232,702	87,682	105,937	346,413	1,533,112	3,351,358		
Accumulated Depreciation											
Balance as at 1 January 2021		482,112	47,346	125,798	35,316	86,699	140,154	-	917,425		
Charge for the year	15	197,399	21,842	56,205	16,706	10,828	80,150	-	383,130		
Write offs		-	-	-	-	-	(16,440)	-	(16,440)		
Disposals		(252,682)	(270)	(8,770)	-	(3,196)	-	-	(264,916)		
Balance as at 31 December 2021		426,829	68,918	173,233	52,022	94,331	203,864	-	1,019,199		
Carrying amount as at 1 January 2021											
		294,377	53,433	87,682	44,584	17,226	239,338	1,286,836	2,023,477		
Carrying amount as at 31 December 2021											
		508,591	41,173	59,469	35,660	11,606	142,549	1,533,112	2,332,159		

- i There were no impairment losses on any class of property and equipment during the year. (31 December 2021: Nil)
- ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2021: Nil)
- iii There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2021: Nil)
- iv There were no capital commitments as at year end. (31 December 2021: Nil)
- v The Right of Use (ROU) asset relates to the DBN's lease of its Abuja and Lagos offices

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Bank	Property and equipment									
In thousands of naira	Note	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Leasehold improvement	Right of Use Assets (ROU)	Work in Progress	Total	
Cost										
Balance as at 1 January 2022		861,700	107,808	224,293	87,201	105,937	346,413	1,533,112	3,266,464	
		299,284	1,247	144,559	2,935	-	6,624	14,900	469,549	
		-	-	-	-	-	(14,608)	-	(14,608)	
		(96,705)	-	(18,898)	(220)	-	-	-	(115,823)	
		1,064,279	109,055	349,954	89,916	105,937	338,429	1,548,012	3,605,582	
Accumulated Depreciation										
Balance as at 1 January 2022		384,571	68,116	169,906	51,829	94,331	203,864	-	972,617	
	15	173,189	17,989	54,120	16,683	11,606	87,007	-	360,594	
		-	-	-	-	-	(14,608)	-	(14,608)	
		(95,944)	-	(18,898)	(198)	-	-	-	(115,040)	
		461,816	86,105	205,128	68,314	105,937	276,263	-	1,203,563	
Carrying amounts										
Balance at 31 December 2022		477,129	39,692	54,387	35,372	11,606	142,549	1,533,112	2,293,847	
Balance at 31 December 2022		602,463	22,950	144,826	21,602	-	62,166	1,548,012	2,402,019	
In thousands of naira										
Cost										
Balance as at 1 January 2021		702,769	98,496	208,474	79,419	103,925	379,492	1,286,836	2,859,411	
		424,859	9,762	24,589	7,782	6,850	-	246,276	720,117	
		-	-	-	-	-	(33,079)	-	(33,079)	
		(265,928)	(450)	(8,770)	-	(4,838)	-	-	(279,985)	
		861,700	107,808	224,293	87,201	105,937	346,413	1,533,112	3,266,464	
Accumulated Depreciation										
Balance as at 1 January 2021		458,284	47,068	125,052	35,219	86,699	140,154	-	892,476	
	15	178,969	21,318	53,624	16,610	10,828	80,150	-	361,499	
		-	-	-	-	-	(16,440)	-	(16,440)	
		(252,682)	(270)	(8,770)	-	(3,196)	-	-	(264,918)	
		384,571	68,116	169,906	51,829	94,331	203,864	-	972,617	
Carrying amount as at 1 January 2021										
Balance as at 31 December 2021		244,485	51,428	83,422	44,200	17,226	239,338	1,286,836	1,966,935	
Carrying amount as at 31 December 2021										
Balance as at 31 December 2021		477,129	39,692	54,387	35,372	11,606	142,549	1,533,112	2,293,847	

- i There were no impairment losses on any class of property and equipment during the year. (31 December 2020: Nil)
- ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2020: Nil)
- iii There were no liens or encumbrances on assets as at the year end. No assets have been pledged as security for borrowing. (31 December 2020: Nil)
- iv There were no capital commitments as at year end. (31 December 2020: Nil)
- v The Right of Use (ROU) asset relates to the DBN's lease of it's Abuja and Lagos offices.

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23 Intangible Assets

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Cost					
Opening Balance		311,451	235,272	292,340	218,311
Additions		198,445	76,179	196,951	74,029
Write offs *		(76,914)	-	(76,914)	-
Closing Balance		432,982	311,451	412,377	292,340
Amortization					
Opening Balance		150,838	95,739	144,247	94,843
Charge during the period	15	53,098	55,099	45,947	49,404
Write offs		(11,466)	-	(11,466)	-
Closing balance		192,470	150,838	178,728	144,247
Carrying amount (Opening)		160,613	139,533	148,093	123,468
Carrying amount (Closing)		240,512	160,613	233,649	148,093

Intangible assets include software and licences

- There were no impairment losses on intangible assets during the year (31 December 2021: Nil)
- There were no capitalized borrowing cost related to acquisition of intangible assets during the year. (31 December 2021: Nil)
- There were no liens or encumbrances on intangible assets as at the year end (31 December 2021: Nil)
- All intangible assets are non-current. All intangible assets have finite useful lives and are amortized over three years.
- There are no internally generated or leased assets included in the above intangible assets account.
- There are no capital commitments as at year end (31 December 2021: Nil)

* Intangible assets written off represents write off of payments to software developers that were earlier capitalized now expensed.

24 Other assets

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Financial assets					
Cash Advances		9,085	13,363	9,085	13,363
Guarantee Fee Receivables		218,000	285,603	-	-
Receivable from ICGL		-	-	45,993	27,150
Other Receivables		306,622	43,455	302,805	43,328
Less: Impairment on other financial asset	30a(v)	(8,349)	(6,296)	-	-
		525,358	336,125	357,883	83,841
Non-financial assets					
Prepaid expenses		90,991	75,869	85,829	68,865
WHT receivables		1,375,870	1,033,944	1,180,226	913,691
		1,466,861	1,109,813	1,266,055	982,556
Total		1,992,219	1,445,938	1,623,938	1,066,397

- Guarantee fee receivables relates to guarantee fee income for which payments have been not been received during the year.
- WHT receivable relates to WHT on interest income on placements with banks for which credit notes are yet to be used against company income tax as at report date.
- Other receivable relates to World Bank Project Implementation Unit (PIU) expenses, largely technical assistance related expenses, paid by the Bank on behalf of the PIU during the year for which the Bank is yet to reimbursed by World Bank as at report date.

a Movement in allowances for impairment

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Balance at1 January	6,296	1,201	-	-
Charge for theyear(see note10)	2,053	5,095	-	-
Closing balance	8,349	6,296	-	-

25 Employee benefit obligation

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Defined pension contribution				
Opening balance	1,671	1,817	-	-
Additions during the year	12,048	66,081	68,112	66,081
Payments	(11,926)	(66,227)	(68,112)	(66,081)
Balance, end of the year	1,793	1,671	-	-

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26 Provision for guarantee

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Deferred Guarantee Income					
Balance, beginning of the year		123,535	21,347	-	-
Deferred Guarantee Income		42,512	102,188	-	-
Balance, end of the year		166,047	123,535	-	-
ECL Allowance on financial guarantee					
Balance, beginning of the year		37,992	7,418	-	-
Guarantee expense for the year	13b	514,928	37,542	-	-
Claims paid during the year		(394,460)	(6,968)	-	-
Balance, end of the year		158,460	37,992	-	-
Total		324,507	161,527	-	-

This amount represents the higher of (i) the fair value of guarantees initially recognized, less the cumulative amounts of income recognized with respect to guarantee contracts entered into by the Group; (ii) the Expected Credit losses on guarantee exposures as at 31 December 2022. There was a total claim of N394 million paid during the year ended 31 December 2022 (31 December 2021: N7million).

The Bank does not offer credit guarantee services, this service is only provided by the Subsidiary - Impact Credit Guarantee Limited and as such no provision for guarantee was recognised at the Bank for the year ended 31 December 2022 (31 December 2021: Nil).

Borrowings

Borrowings comprise loans from the Federal Government of Nigeria, received and to be repaid in Naira, for on-lending to Participating Financial Institutions, who on-lend these funds to eligible MSMEs in Nigeria. The exposure of borrowings to interest rate risks and liquidity risks can be found at Note 6.5a and Note 6.6 respectively. There are no collateral or lien over the assets of the Bank as a result of the borrowings. The Federal Government of Nigeria obtained the financing from the International Development Partners, and the carrying amounts are as analysed below:

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
International Bank for Reconstruction and Development (IBRD) (see note (i))				
	147,900,494	139,346,822	147,900,494	139,346,822
Agence Francaise de developpement (AFD) (see note (ii))				
	33,551,972	38,020,125	33,551,972	38,020,125
KfW German Development Bank (see note (iii))				
	40,695,688	46,509,910	40,695,688	46,509,910
African Development Bank (AfDB) (see note (iv))				
	56,324,921	61,015,420	56,324,921	61,015,420
African Development Fund (Fund of AfDB) (see note (v))				
	12,666,634	13,242,344	12,666,634	13,242,344
Balance, end of the year	291,139,709	298,134,621	291,139,709	298,134,621

The Bank has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year.

- The amount due to International Bank for Reconstruction and Development (IBRD) of N147.90 billion (Principal: N146.34 billion, Interest: N1.56billion) represents the carrying amount of the first, second, third, fourth and fifth drawdown of the World Bank's US\$480 million commitment to the Federal Government of Nigeria ("FGN"). A subsidiary agreement exists between the FGN and DBN denominated in Naira, in respect of this borrowing. The purpose of the borrowing is to provide funds to Micro, Small and Medium Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs). The first tranche of the borrowing was received on 29 August 2017 and the loans are repayable (in Naira) in 42 semi-annual instalments; with a moratorium of 5 years on principal repayment. The interest rate is 4 % per annum; and the last repayment date of the facility is 15 October 2036.
- The amount due to Agence Francaise de development ("AFD") of N33.55 billion (Principal: N33.31 billion, Interest: N243.29 million) represents the carrying amount of the first, second and third drawdown of the AFD's \$130 million commitment to the Federal Government of Nigeria ("FGN"). A subsidiary agreement exists between the FGN and DBN denominated in Naira, in respect of this borrowing. The purpose of the borrowing is to provide funds to Micro, Small and Medium Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs). The 3 tranches of the borrowing was received on 7 September 2017, 25 January 2019 and 24 December 2020. The loan is repayable (in Naira) in 20 semi-annual instalments, with the first payment due on 31 October 2020 and last due on 30 April 2030. The interest rate is 3.55 % per annum.
- The amount due to KfW German Development Bank ("KfW") of N40.70 billion (Principal: N40.70 billion, Interest: N5.031 million) represents the carrying amount of the N18.57billion first tranche, N9.30billion second tranche, N9.32billion third tranche and N9.31billion fourth tranche of total drawdown of the KfW's \$200 million commitment to the Federal Government of Nigeria ("FGN") and Development Bank of Nigeria ("DBN"). The funds were received by the Bank in Naira from the Federal Government of Nigeria (FGN) through the Ministry of Finance and is repayable by the Bank in Naira.

Although, the Development Bank of Nigeria and the Federal Government of Nigeria ("FGN") are both named borrowers in the borrowing agreement with the foreign development partner; the funds are received directly from KfW by the FGN; who undertakes to provide the funding to DBN. The purpose of the borrowing is to provide funds to Micro, Small and Medium Scale Enterprises (MSMEs) through eligible Participating Financial Institutions (PFIs). The first tranche of the borrowing was received on 12 October 2017 and the loan is repayable (in Naira) in semi-annual instalments, with the first payment due on 30 December 2019 and last due on 30 December 2029. The interest rate is 3.99 % per annum.

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- iv The amount due to African Development Bank ("AfDB") of N56.32 billion (Principal: N55.81 billion, Interest: N512.95 million) represents the carrying amount of the first and second drawdown of the AfDB's \$400 million commitment to the Federal Government of Nigeria ("FGN") and Development Bank of Nigeria ("DBN"). Although, the Development Bank of Nigeria and the Federal Government of Nigeria ("FGN") are both named borrowers in the borrowing agreement with the foreign development partner; the funds are received directly from AfDB by the FGN; who undertakes to provide the funding to DBN. The inflows were received on 27 March, 2018 and 10 October, 2019 and the loans are repayable (in Naira) in semi-annual instalments over 15 years in 30 equal instalments with the last instalment due on 15 October 2034. The interest rate is 4 % per annum.
- v African development fund ("ADF") is a special fund of the African Development Bank ("AfDB"). The N13.24 billion (Principal: N13.21 billion, Interest: N29.09 million) ADF represents the carrying amount of the first, second and third tranches of the ADF borrowing commitment to the Federal Government of Nigeria ("FGN") and Development Bank of Nigeria ("DBN"). The actual inflow of the three tranches were received on 31 January 2018, 9 April, 2018 and 11 October 2019 respectively and the loans are repayable (in Naira) in semiannual instalments over 15 years in 30 equal instalments with the last instalment due on 15 October 2044. The interest rate is 1 % per annum.

a Movement in borrowings

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Principal		295,859,547	302,592,246	295,859,547	302,592,246
Interest		2,275,074	11,132,699	2,275,074	11,132,699
Opening		298,134,621	313,724,945	298,134,621	313,724,945
Additional long term debt		16,812,000	14,185,500	16,812,000	14,185,500
Long term principal repayment		(23,880,583)	(20,918,199)	(23,880,583)	(20,918,199)
Interest expense for the year	9	11,128,998	11,641,639	11,128,998	11,641,639
Interest paid		(11,055,327)	(20,499,264)	(11,055,327)	(20,499,264)
Closing		291,139,709	298,134,621	291,139,709	298,134,621
Principal		288,790,963	295,859,547	288,790,963	295,859,547
Interest		2,348,746	2,275,074	2,348,746	2,275,074

The carrying amount of the borrowings approximate the fair value of the borrowings

28 Other liabilities

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
<i>Financial Liabilities</i>				
Audit fees	25,500	21,769	19,000	16,125
Accrued directors emolument	-	8,000	-	4,500
Accrued performance bonus (see note (i))	1,016,261	753,943	978,276	718,214
Payables to vendors	432,299	342,063	400,749	297,993
Sundry creditors- Project Implementation Unit (PIU)	327,042	186,583	179,996	179,996
Lease liability	24,928	95,363	24,928	95,363
Deposit from Participating Financial Institutions	504,327	187,320	504,327	187,320
	2,330,357	1,595,041	2,107,276	1,499,511
<i>Non Financial liabilities</i>				
PAYE payable	8,150	6,063	891	461
NHF payable	50	47	-	-
WHT payable	107,941		105,231	22,217
VAT payable	19,028	15,357	3,055	3,836
NSITF payable	353	286	-	-
ITF payable	2,890	2,055	-	-
Insurance claim payable	133	400	133	400
Provision - IDB	125,445	42,410	125,445	42,410
	263,990	89,987	234,755	69,324
Total	2,594,347	1,685,028	2,342,031	1,568,835

- i Accrued performance bonus relates to accrual for 5% of the Bank's profit before tax in respect of employee performance bonus in line with the Bank's policy. The amount is subject to payment to staff members upon approval by the board of directors.
- ii Provision - IDB (Interest Draw-Back) relates to an agreement the Bank has with PFIs with active MSME loan portfolio to refund an agreed percentage of the total loan interest on IDB loan product upon liquidation of the loan.

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29 Capital and Reserves

(a) Ordinary Share Capital

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
<i>Authorised ordinary share capital</i>				
100,000,000 shares of ₦1 each	100,000	100,000	100,000	100,000
	100,000	100,000	100,000	100,000
Issued and paid up : 100,000,000 ordinary shares at ₦1 each				
Opening balance	100,000	100,000	100,000	100,000
Closing balance	100,000	100,000	100,000	100,000

(b) Share Premium

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Balance, beginning of the year	99,762,570	99,762,570	99,762,570	99,762,570
Balance, end of the year	99,762,570	99,762,570	99,762,570	99,762,570
The share premium of N99,762,570,000 represents a premium of ₦998 per share on 100 million ordinary shares paid up by the Bank's shareholders.				

(c) Retained Earnings

This account represents the retained earnings of the Group and Bank up to the statement of financial position date. The movement in this account during the year was as follows:

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Balance, beginning of the year	61,604,428	51,587,170	59,873,639	50,580,403
Profit for the year	20,133,224	16,442,330	19,533,915	15,718,308
Transfer to statutory reserves (see note 29(d))	(5,860,175)	(4,715,492)	(5,860,175)	(4,715,492)
Transfer from regulatory risk reserves (see note 29(e))	244,904	(1,709,580)	244,904	(1,709,580)
Balance, end of the year	76,122,381	61,604,428	73,792,283	59,873,639

(d) Statutory Reserves

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.15(1) of the Banks and Other Financial Institution Act, 2020, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. As at 31 December 2022, the Bank's statutory reserves is less than its paid up share capital of N100,000,000 and share premium of N99,762,570,000; hence 30% of the profit after tax was appropriated to the Statutory Reserve.

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Balance, beginning of the year	28,003,563	23,288,071	28,003,563	23,288,071
Transfer from appropriation (see note 29(c))	5,860,175	4,715,492	5,860,175	4,715,492
Balance, end of year	33,863,738	28,003,563	33,863,738	28,003,563

(e) Regulatory risk reserves

The regulatory risk reserve represents the difference between the impairment on loans and advances computed under Nigeria GAAP based on the Central Bank of Nigeria prudential guidelines and the expected credit loss model required by IFRS 9 for the years ended 31 December 2022 and 31 December 2021. As at 31 December 2022, the Bank's NGAAP provision was less than the IFRS impairment; hence, a transfer of N245 million (2021: N1.71billion) was made out of Regulatory risk reserve to Retained earnings.

In thousands of Naira	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Balance, beginning of the year	4,905,519	3,195,939	4,905,519	3,195,939
Transfer from appropriation (see note 29(c))	(244,904)	1,709,580	(244,904)	1,709,580
Balance, end of year	4,660,615	4,905,519	4,660,615	4,905,519

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30 Cash flow workings

a Changes in working capital

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
(i) Other liabilities					
Opening		1,669,671	1,438,557	1,564,999	1,325,388
Change in lease liability (see c(ii) below)		(70,435)	(71,567)	(70,435)	(71,567)
Change in other liabilities		976,083	302,681	844,412	311,178
Closing	28	2,575,319	1,669,671	2,338,976	1,564,999

(ii) Employee benefit obligation

Opening		1,671	1,817	-	-
Movement		122	(146)	-	-
Closing	25	1,793	1,671	-	-

The Bank did not recognise any employment benefit obligation during the year ended 31 December 2022 (31 December 2021 : Nil).

(iii) Other assets

Opening		1,445,938	593,539	1,066,397	511,085
Impairment loss on guarantee fee receivable	22	(2,053)	(5,095)	-	-
Withholding tax credit note utilised		(573,718)	(83,942)	(510,097)	(83,942)
Movement		1,122,052	941,436	1,067,638	639,254
Closing	22	1,992,219	1,445,938	1,623,938	1,066,397

(iv) Provision for guarantee

Opening		161,527	28,765	-	-
Movement		162,980	132,762	-	-
Closing	26	324,507	161,527	-	-

The Bank did not recognise any provision for guarantee during the year ended 31 December 2022 (31 December 2021 : Nil).

(v) Impairment loss on financial assets comprises the following:

Impairment loss on cash and cash equivalents		(4,772)	736,841	5,829	742,792
Impairment write-back/(charge) on investment securities		(20,058)	70,432	-	61,453
Impairment loss on other financial receivables	24	(2,053)	(5,095)	-	-
Total impairment writeback/(loss) on financial assets	10	26,883	(802,178)	(5,829)	(804,245)

(vi) Impairment loss on Cash and cash equivalent

Opening		(362,836)	1,099,677	(337,127)	1,079,919
Movement		(4,772)	(736,841)	5,830	(742,792)
Closing	18	(367,608)	(362,836)	(331,297)	(337,127)

(vii) Vat paid

Opening		15,357	3,240	3,836	28
Movement		3,671	12,117	(781)	3,808
Closing	28	19,028	15,357	3,055	3,836

b Property and equipment

(i) Gain on disposal of property and equipment

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Cost of assets	22	131,568	279,985	115,823	279,985
Accumulated depreciation		(126,520)	(264,918)	(115,040)	(264,918)
Carrying value		5,048	15,067	783	15,067
(Loss)/Gain on disposal		8,765	14,945	8,962	14,945
Proceeds from disposal		13,813	30,012	9,745	30,012

(ii) Purchase of property and equipment

In thousands of Naira		GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
Additions to property and equipment	22	495,402	723,520	469,549	720,117
Additions: Right of Use Assets	22	(6,624)	-	(6,624)	-
Purchase of property and equipment		488,778	723,520	462,925	720,117

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c Right of Use Assets (ROU) and Payment of lease liability

In thousands of Naira	Note	GROUP 31 December 2022	GROUP 31 December 2021	BANK 31 December 2022	BANK 31 December 2021
(i) Movement in lease liability:					
Opening		95,363	166,930	95,363	166,930
Changes in lease liability (see (ii) below)		(70,435)	(71,567)	(70,435)	(71,567)
Closing Balance	28	24,928	95,363	24,928	95,363

(ii) Changes in lease liability is summarised below:

Addition to lease liability (non -See(iii) below	22	6,624	-	6,624	-
Interest expense cash)	9	3,049	4,571	3,049	4,571
Interest paid		(3,049)	(4,571)	(3,049)	(4,571)
Write off / lease modification		(14,608)	(16,639)	(14,608)	(16,639)
Cash paid during the year		(62,451)	(54,928)	(62,451)	(54,928)
		(70,435)	(71,567)	(70,435)	(71,567)

(iii) Movement in ROU asset

Opening		(142,549)	(239,338)	(142,549)	(239,338)
Addition to ROU asset (non cash) See (ii) above	22	(6,624)	-	(6,624)	-
Depreciation	22	87,007	96,789	87,007	96,789
Closing	22	(62,166)	(142,549)	(62,166)	(142,549)

Addition to ROU in note 22 is the sum of cash and non cash additions

31. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel.

a Parent and ultimate controlling party

The Federal Government of Nigeria is the Bank and Group's ultimate controlling party with the shares held in trust by the Ministry of Finance Incorporated (MoFI). The shares of the Bank held by MoFI as at 31 December 2022 stood at 59,868,000 units of share (31 December 2021: 59,868,000 units), constituting 60% shareholding.

b. Group and Bank

i. Transactions with key management personnel

The Group and Bank's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel includes close members of family of key personnel and any entity over which key management personnel exercises control. The key management personnel has been identified as the Managing Director of the Group. The Group and Bank did not have any transactions with key management personnel except for the following compensation disclosed below:

In thousands of naira	31 December 2022	31 December 2021
Salaries and wages	146,592	146,592
Pension contribution	7,792	7,792
	154,384	154,384

ii. Transaction with subsidiary

There is an existence of a shared service agreement between the Bank and its subsidiary - Impact Credit Guarantee Limited where the Bank rendered Human resources, Information technology, Administrative, Corporate communication and branding, Finance, Internal audit, Risk management, Legal and Secretarial Services to its subsidiary either directly or through a third party. Income realised by the Bank from these shared services amounted to N83.76m for the year ended 31 December 2022 (31 December 2021: N53.28m). The amount has however been eliminated at the group. (See Note 12)

There was an intercompany receivable of N45.99m (31 December 2021: N27.15m) between ICGL and the bank as at 31 December 2022. (See Note 24)

iii Other related parties and balances are listed below:

In thousands of Naira

Related Entities	Relationship	Note	Nature	31 December 2022	31 December 2021
Federal Government of Nigeria (represented by the Ministry of Finance Incorporated)	Shareholder	27	Additional borrowings received	16,812,000	14,185,500
		27	Principal repayments made	23,880,583	20,918,199
		27	Interest expense incurred	11,128,998	11,641,639
		27	Interest repayments made	11,055,327	20,499,264
		27	Outstanding balance	291,139,709	298,134,621

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

32. Events after the reporting date

There were no events after the end of the reporting period which could have a material effect on the consolidated and separate financial statements of the Bank which have not been recognised and/or disclosed in the financial statements.

33 Commitments

The Group has a commitment to the Federal Government of Nigeria (FGN) as a secondary party to a funding agreement for on-lending to MSMEs. To achieve this, the FGN is in contract with the following foreign development partners to obtain the financing for the loan funding:

Foreign Development Partner <i>In thousand dollars</i>	Amount
World Bank	480,000
KfW (German Development Bank)	200,000
Agence Francaise de development	130,000
African Development Bank	450,000
	1,260,000

The funds are long tenored loans to the Group and will be drawn down contingent upon meeting certain disbursement linked indicators. See note 27 for details of drawdown on borrowings as at 31 December 2022.

34 The following table shows the analysis of assets and liabilities and on the basis of their current/ non-current classification.

Group In thousands of Naira	Note	31 December 2022 Carrying Amount	31 December 2022 Current	Non Current
Assets				
Cash and cash equivalents	18	138,623,389	138,623,389	-
Investment securities	19	6,424,507	6,424,507	-
Loans and advances to customers	20	369,402,568	24,718,820	344,683,748
Property and equipment	22	2,434,577	-	2,434,577
Intangible assets	23	240,512	-	240,512
Deferred tax asset	17b	1,206,072	-	1,206,072
Other assets	24	1,992,219	1,992,219	-
Total Assets		520,323,844	171,758,935	348,564,908
Liabilities				
Employee benefit obligation	25	1,793	1,793	-
Provision for guarantee	26	324,507	324,507	-
Current tax liabilities	17c	11,754,184	11,754,184	-
Borrowings	27	291,139,709	-	291,139,709
Other liabilities	28	2,594,347	2,594,347	-
Total Liabilities		305,814,540	14,674,831	291,139,709
Group In thousands of Naira	Note	31 December 2021 Carrying Amount	31 December 2021 Current	Non Current
Assets				
Cash and cash equivalents	18	147,167,291	147,167,291	-
Investment securities	19	27,957,211	27,957,211	-
Loans and advances to customers	20	321,694,875	22,453,382	299,241,493
Property and equipment	22	2,332,159	-	2,332,159
Intangible assets	23	160,613	-	160,613
Deferred tax asset	17b	743,546	-	743,546
Other assets	24	1,445,938	1,445,938	-
Total Assets		501,501,633	199,023,822	302,477,811
Liabilities				
Employee benefit obligation	25	1,671	1,671	-
Provision for guarantee	26	161,527	161,527	-
Current income tax liability	17c	7,142,706	7,142,706	-
Borrowings	27	298,134,621	-	298,134,621
Other liabilities	28	1,685,028	1,685,028	-
Total Liabilities		307,125,553	8,990,932	298,134,621

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2022

Group In thousands of Naira	Note	Carrying Amount	31 December 2022 Current	Non Current
Assets				
Cash and cash equivalents	18	131,058,757	131,058,757	-
Investment securities	19	-	-	-
Loans and advances to customers	20	369,402,568	24,718,820	344,683,748
Investment in subsidiary	21	11,375,000	-	11,375,000
Property and equipment	22	2,402,019	-	2,402,019
Intangible assets	23	233,649	-	233,649
Deferred tax asset	17b	1,140,471	-	1,140,471
Other assets	24	1,623,938	1,623,938	-
Total Assets		517,236,402	157,401,515	359,834,887
Liabilities				
Current tax liabilities	17c	11,575,456	11,575,456	-
Borrowings	27	291,139,709	-	291,139,709
Other liabilities	28	2,342,031	2,342,031	-
Total Liabilities		305,057,196	13,917,487	291,139,709

Bank In thousands of Naira	Note	Carrying Amount	31 December 2022 Current	Non Current
Assets				
Cash and cash equivalents	18	135,321,043	135,321,043	-
Investment securities	19	26,618,294	26,618,294	-
Loans and advances to customers	20	321,694,875	22,453,382	299,241,493
Investment in subsidiary	21	11,375,000	-	11,375,000
Property and equipment	22	2,293,847	-	2,293,847
Intangible assets	23	148,093	-	148,093
Deferred tax asset	17b	724,664	-	724,664
Other assets	24	1,066,397	1,066,397	-
Total Assets		499,242,213	185,459,116	313,783,097
Liabilities				
Current income tax liability	17c	6,893,466	6,893,466	-
Borrowings	27	298,134,621	-	298,134,621
Other liabilities	17c	1,568,835	1,568,835	-
Total Liabilities		306,596,922	8,462,301	298,134,621

35 Dividend

The directors have proposed a dividend of N3,418,435,000.00 which represents 25% of retained earnings (Profit After Tax and after statutory reserves transfers) in the year ended 31 December 2022 (31 December 2021: Nil). The basis of the proposed dividend is N34.18 per share.

Other National Disclosures

Other National Disclosures*Value Added Statement***GROUP**

<i>In thousands of Naira</i>	31 December 2022	%	31 December 2021	%
Gross income	49,362,546		39,583,460	
Interest expense	(11,215,724)		(11,688,620)	
Impairment (losses)/write -back on financial assets	(1,250,411)		349,267	
Bought in materials and services - local	(3,546,054)		(1,908,001)	
	33,350,357		26,336,106	
Applied to pay:				
Employees				
Employees as personnel expenses	2,671,793	8	2,117,513	8
Government				
Taxation	10,118,913	30	7,338,035	28
Retained in business				
Replacement of property and equipment/Intangible assets	426,427	2	438,228	2
Increase in reserves	20,133,224	60	16,442,330	62
	33,350,357	100	26,336,106	100

This statement represents the distribution of the wealth created through the use of the Group's assets and its employees' efforts

Other National Disclosures*Value Added Statement***BANK**

<i>In thousands of Naira</i>	31 December 2022	%	31 December 2021	%
Gross income	47,552,077		38,181,383	
Interest expense	(11,215,724)		(11,688,620)	
Impairment (losses)/write-back on financial assets	(1,217,699)		351,334	
Bought in materials and services - local	(2,830,377)		(1,766,533)	
	32,288,277		25,077,564	
Applied to pay:				
Employees				
- Employees as personnel expenses	2,373,758	7	1,906,848	8
Government				
- Taxation	9,988,671	31	7,041,505	28
Retained in business				
Replacement of property and equipment/Intangibles	391,933	2	410,903	2
- Increase in reserves	19,533,915	60	15,718,308	62
	32,288,277	100	25,077,564	100

This statement represents the distribution of the wealth created through the use of the Bank's assets and its employees' efforts

Other National Disclosures

Five Year Financial Summary

GROUP*In thousands of Naira*

	31 DEC 2022	31 DEC 2021	31 DEC 2020	31 DEC 2019
Assets				
Cash and cash equivalents	138,623,389	147,167,291	259,145,775	132,663,583
Investment securities	6,424,507	27,957,211	16,605,584	237,014,094
Loans and advances	369,402,568	321,694,875	214,023,172	101,899,673
Investment in subsidiaries	-	-	-	-
Property and equipment	2,434,577	2,332,159	2,023,477	1,058,155
Intangible assets	240,512	160,613	139,533	106,472
Deferred tax asset	1,206,072	743,546	941,468	1,567,866
Other assets	1,992,219	1,445,938	593,539	435,651
Total assets	520,323,844	501,501,633	493,472,548	474,745,494
Liabilities				
Employee benefit obligation	1,793	1,671	1,817	1,111
Deposit for shares	-	-	-	-
Provision for guarantee	324,507	161,527	28,765	449
Current income tax payable	11,754,184	7,142,706	341,474	603,010
Borrowings	291,139,709	298,134,621	313,724,945	308,484,268
Other liabilities	2,594,347	1,685,028	1,441,797	5,701,130
Total liabilities	305,814,540	307,125,553	315,538,798	314,789,968
Equity				
Share capital	100,000	100,000	100,000	100,000
Share premium	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	76,122,381	61,604,428	51,587,170	40,675,299
<i>Other reserves:</i>				
Statutory reserves	33,863,738	28,003,563	23,288,071	18,102,257
Regulatory risk reserve	4,660,615	4,905,519	3,195,939	1,315,400
Total equity	214,509,304	194,376,080	177,933,750	159,955,526
Total liabilities and equity	520,323,844	501,501,633	493,472,548	474,745,494
Gross income	49,362,546	39,583,460	34,594,464	46,236,882
Profit before tax	30,252,137	23,780,365	18,944,464	32,946,600
Taxation	(10,118,913)	(7,338,035)	(966,240)	964,856
Profit for the year	20,133,224	16,442,330	17,978,224	33,911,456

The Subsidiary - Impact Credit Guarantee Limited was incorporated in 2019. Hence, the Group started operations in 2019 and the financial summary represents financial information for four years.

Other National Disclosures

Five Year Financial Summary

BANK*In thousands of Naira*

	31 DEC 2022	31 DEC 2021	31 DEC 2020	31 DEC 2019	31 DEC 2018
Assets					
Cash and cash equivalents	131,058,757	135,321,043	249,275,276	130,431,689	63,314,138
Investment securities	-	26,618,294	14,162,048	227,587,961	186,167,762
Loans and advances	369,402,568	321,694,875	214,023,172	101,899,673	28,289,868
Investment in subsidiaries	11,375,000	11,375,000	11,375,000	11,375,000	11,375,000
Deferred tax asset	1,140,471	724,664	875,249	1,546,819	875,249
Other assets	1,623,938	1,066,397	511,085	426,429	398,102
Intangible assets	233,649	148,093	123,468	106,472	64,453
Property and equipment	2,402,019	2,293,847	1,966,935	989,172	574,445
Total assets	517,236,402	499,242,213	492,312,233	474,363,215	278,808,767
Liabilities					
Employee benefit obligation	-	-	-	-	-
Deposit for shares	-	-	-	-	-
Current income tax payable	11,575,456	6,893,466	334,889	600,043	229,109
Borrowings	291,139,709	298,134,621	313,724,945	308,484,268	151,704,062
Other liabilities	2,342,031	1,568,835	1,325,416	5,637,966	831,526
Total liabilities	305,057,196	306,596,922	315,385,250	314,722,277	152,764,697
Equity					
Share capital	100,000	100,000	100,000	100,000	100,000
Share premium	99,762,570	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	73,792,283	59,873,639	50,580,403	40,360,711	17,690,389
<i>Other reserves:</i>					
Statutory reserves	33,863,738	28,003,563	23,288,071	18,102,257	8,023,196
Regulatory risk reserve	4,660,615	4,905,519	3,195,939	1,315,400	467,915
Total equity	212,179,206	192,645,291	176,926,983	159,640,938	126,044,070
Total liabilities and equity	517,236,402	499,242,213	492,312,233	474,363,215	278,808,767
Gross income	47,552,077	38,181,383	33,576,720	45,755,228	30,641,949
Profit before tax	29,522,586	22,759,813	18,290,873	32,650,093	22,910,945
Taxation	(9,988,671)	(7,041,505)	(1,004,828)	(1,004,828)	(229,109)
Profit for the year	19,533,915	15,718,308	17,286,045	33,596,869	22,681,836