

2023

INTEGRATED
& STATUTORY
REPORT





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REPORT

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About this report

ANNUAL INTEGRATED & STATUTORY REPORT 2023

Our sixth Integrated Report (IR) provides information and performance data on the Development Bank of Nigeria (DBN) Plc during the calendar year 2023. This report focuses on the most material issues to our business and stakeholders. It also includes details of how we execute our core mandates, while providing a glimpse into our financial performance over the past year.

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, and to this end, 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).

To provide feedback and comments, and for more information on our other initiatives and achievements, please visit our website: www.devbankng.com.

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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

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Navigating the Report

About DBN

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Chairman's Speech
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01

About DBN

History of the Development Bank of Nigeria

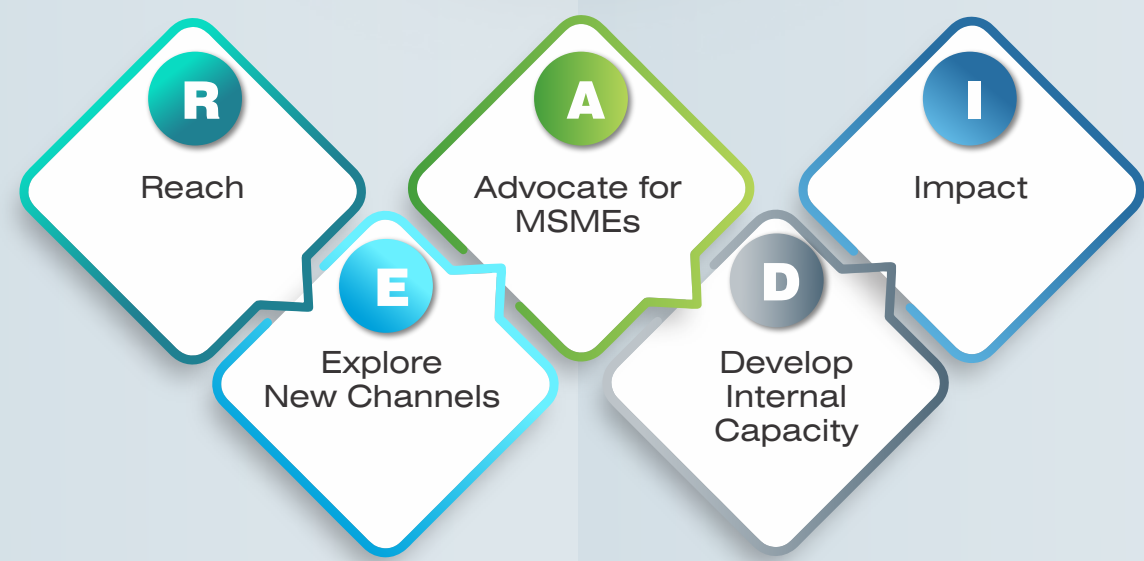
The Development Bank of Nigeria (DBN) was set up by the Federal Government of Nigeria (FGN) in collaboration with global development partners to address the major financing challenges facing Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria. Our main objective is to alleviate financing constraints 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:





www.devbankng.com
@DevBankNG

Growth is the goal, Capacity building is the path

At DBN, we support financial institutions & MSMEs to improve the lending success rates through various trainings & capacity development initiatives.

Together, we can foster economic growth.



Our Capacity Building Initiatives



Chairman's Speech



Shehu Yahaya Ph.D.
Chairman,
Development Bank of Nigeria Plc



The Nigerian economy relies on oil revenue for fiscal planning and as a source of foreign exchange for imports.

Dear Stakeholders,

2023 witnessed an intricate interplay of economic forces shaped by various factors. Inflation emerged as a significant concern for numerous economies, driven by escalating commodity prices, supply chain bottlenecks, and heightened demand, impacting both advanced and emerging economies. This led central banks globally to carefully manage monetary policy. The ongoing Russia-Ukraine conflict continued to disrupt supply chains and logistics, contributing to food inflation and an increase in commodity prices. Additionally, geopolitical tensions in the Middle East posed a threat to the global economy as a surge in the global price of crude oil would have heightened inflationary pressures and challenged central banks to attempt to keep prices stable.

In the updated World Economic Outlook released in October 2023, the International Monetary Fund (IMF) projects a deceleration in global economic growth, reducing from 3.5% in 2022 to 3.0% in 2023. Further, a continued slowdown is anticipated, with a forecast of 2.9% in 2024 – reflecting a 0.1 percentage point downgrade from its earlier

projection in July 2023. Advanced economies are expected to decline from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024. On the other hand, emerging markets and developing economies are projected to experience a modest decline, decreasing from 4.1% in 2022 to 4.0% in both 2023 and 2024.

In 2023, the Nigerian economy grappled with substantial macroeconomic challenges, commencing with a cash shortage in the first quarter triggered by the Central Bank of Nigeria's (CBN) decision to redesign certain denominations of the naira notes. Additionally, the country faced a severe foreign exchange (FX) crisis, escalating interest rates, and an 18-year high inflation rate, all of which significantly impacted the operating environment, particularly for Micro, Small, and Medium Enterprises (MSMEs).

Government policies, such as the removal of fuel subsidies and exchange rate unification, also exerted adverse effects on MSME operations, leading to increased input prices, elevated transportation costs, and higher energy expenses. These factors are expected to undeniably influence economic growth in Nigeria for the year 2023. The IMF projects a decline in Nigeria's growth from 3.3% in 2022 to 2.9% in both 2023 and 2024.

The Nigerian economy relies on oil revenue for fiscal planning and as a source of foreign exchange for imports. Despite the favourable oil prices, averaging \$83 per barrel in 2023, Nigeria was unable to fully capitalize on these elevated prices due to a contraction in production levels. The country faced setbacks in achieving its production target of 2 million barrels per day, primarily due to

persistent cases of vandalism and oil theft. Whilst there was an improvement in production in the latter part of 2023, further efforts are necessary for the country to fully reap the benefits associated with an oil price surge.

According to the latest Global Economic Prospect report, the World Bank cautioned that the ongoing conflict in the Middle East has the potential to worsen food insecurity in Nigeria and other nations within the sub-Saharan region. The World Bank emphasized that an increase in oil prices triggered by the conflict could have adverse effects on transportation and logistics costs. This, in turn, might disrupt supply chains and further intensify the already elevated food inflation observed in Nigeria. The World Bank also emphasized the susceptibility of the sub-Saharan region to extreme weather events associated with climate change, such as floods and droughts. Given that a significant number of farmers in the region engage in subsistence farming, these occurrences could exacerbate food inflation.

Nigerian MSMEs encounter numerous obstacles that impede their growth and sustainability. These challenges encompass various facets of their operations and the overall business environment. A primary impediment is the limited access to finance, a crucial factor



Nigerian MSMEs encounter numerous obstacles that impede their growth and sustainability. These challenges encompass various facets of their operations and the overall business environment.



influencing the growth of MSMEs. In addition to financial constraints, challenges such as inadequate infrastructure, insufficient skills and capacity, limited adoption of technology, and inconsistent policies pose significant threats to the sustainability of MSMEs. Effectively addressing these challenges requires a collaborative effort to establish a conducive environment that empowers MSMEs to prosper and make substantial contributions to Nigeria's economic development.

The Nigerian Government has been actively engaged in implementing a series of substantial measures aimed at bolstering support for MSMEs throughout the year. One noteworthy initiative is the FGN-ALAT Digital Skill-Novation Programme, designed to provide training to two million youths and empower one million MSMEs. In addition, the government, through the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), introduced a conditional grant scheme tailored for MSMEs. Another impactful effort involves the allocation of N75 billion in single-digit loans specifically for MSMEs. Although these initiatives are commendable and have demonstrated positive impacts on businesses, there exists a crucial need for MSMEs to secure access to a more expansive and affordable pool of long-term funding. Such access would empower them to make substantial investments in their enterprises, fostering growth, adding value to the overall economy, and creating sustainable employment opportunities. The government's ongoing commitment to enhancing the financial landscape for MSMEs is essential for fostering a thriving and resilient entrepreneurial ecosystem in Nigeria.

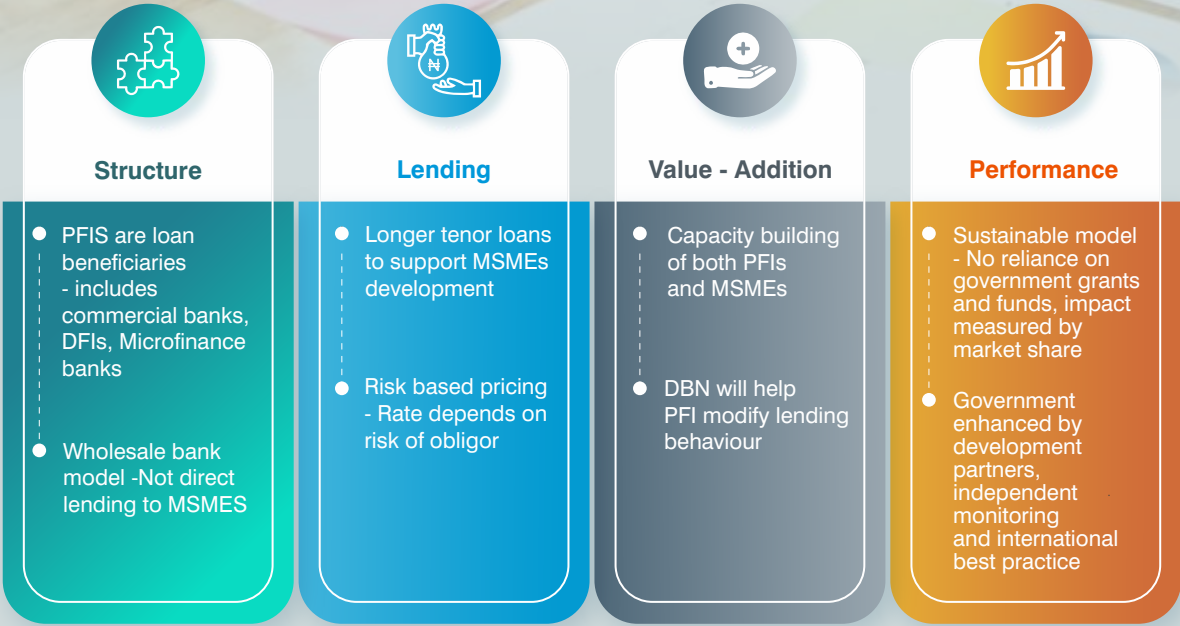
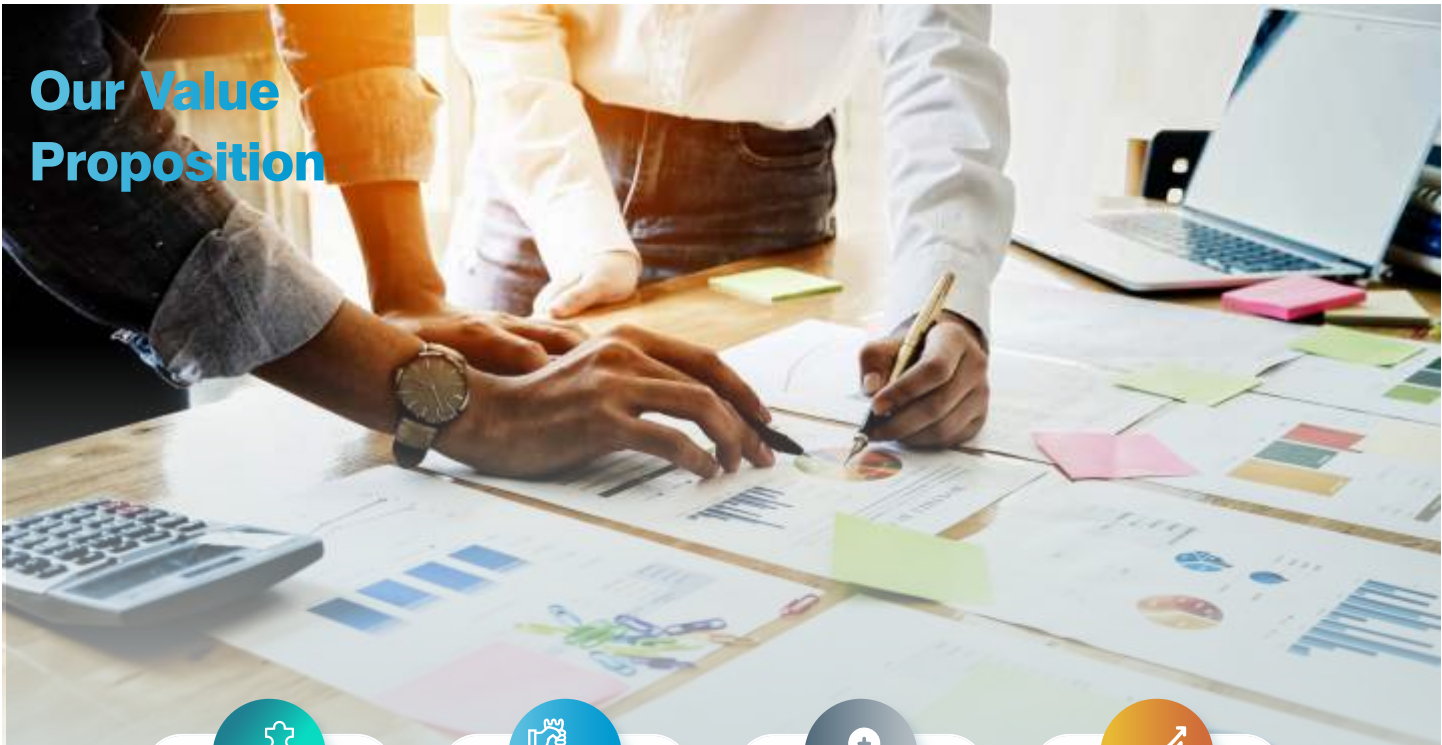
At Development Bank of Nigeria Plc, we remain committed to fostering Nigeria's economic transformation and facilitating sustainable socio-economic growth. This commitment will be upheld through a combination of financial and non-financial support mechanisms aimed at nurturing a dynamic, diverse, and expanding MSME sector. Leveraging our wholesale lending model, which involves PFIs serving as intermediaries to facilitate onward lending, allows us to offer financing opportunities to a diverse array of MSMEs, with a particular emphasis on underserved sectors.

Since our establishment, we have remained dedicated to extending financial support, capacity building, and advocacy to MSMEs. Going forward, DBN remains steadfast in supporting MSMEs by enhancing channels and refining product offerings. We will continue to deepen our knowledge of the MSME sector, tailoring products to meet its specific needs.

Shehu Yahaya Ph.D.
Chairman,
Development Bank of Nigeria Plc.

“Since our establishment, we have remained dedicated to extending financial support, capacity building, and advocacy to MSMEs.”

Our Value Proposition



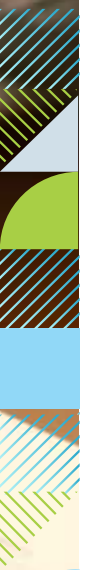


DBN@ A Glance

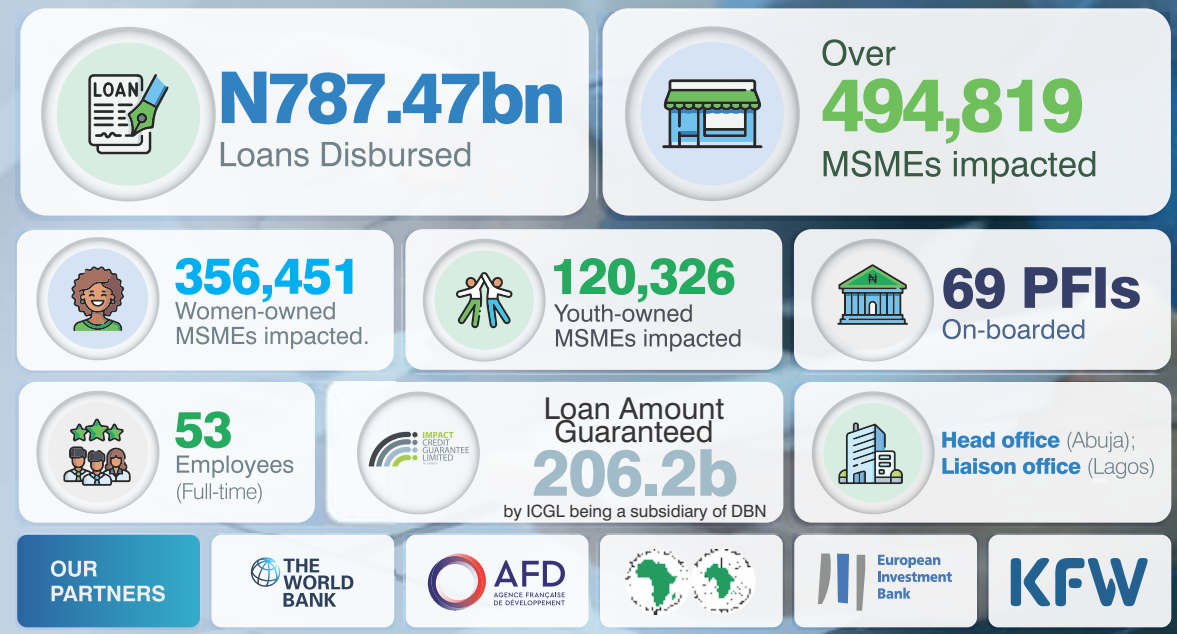
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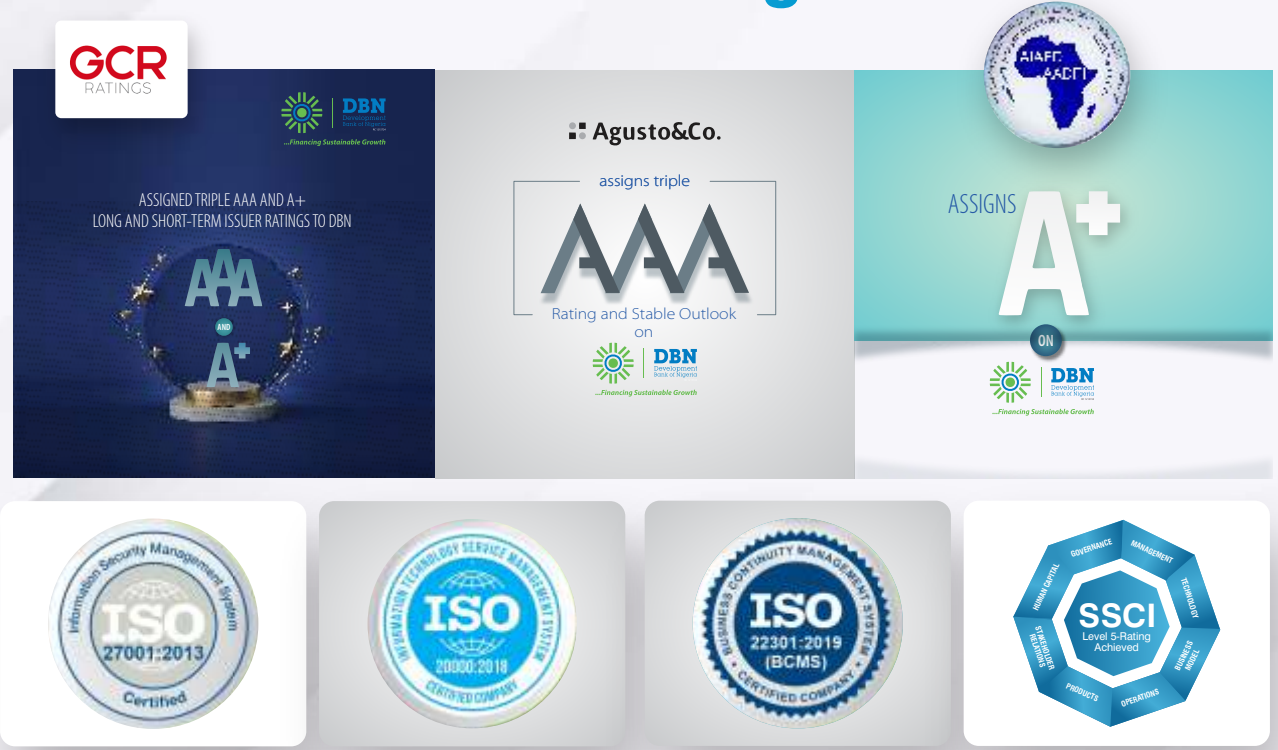
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Major Highlights



Our Ratings



Customer Satisfaction Feedback

Customer Satisfaction Survey

The outcome of DBN's 2023 Customer Satisfaction Feedback and Improvement Survey is as follows:

- 88 percent of PFIs are satisfied with the quality of service received from DBN.
- The Net Promoter Score in 2023 is recorded at 77 per cent. This means more than half of PFIs are willing to recommend DBN to their network.
- More than 90% of the PFIs rated DBN's service between Good to Excellent
- All PFIs attest to the fact that the DBN's Monitoring & Evaluation Process is helpful and received positive feedback on same from the customer MSMEs.
- PFIs view DBN as a reliable partner they can depend on regularly and appreciate that DBN stays true to its commitments.
- The PFIs rated the process of obtaining loans as timely and easy due to DBN's fast and agile onboarding process and proximity to loans.
- PFIs value DBN's innovative offerings, such as relevant product suggestions and training seminars for both PFI staff members and end borrowers.

DBN Year in Review

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Techpreneur Summit

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03



A DIGITAL NIGERIA

Leveraging Technology to Improve Ease of Doing Business for MSMEs



The DBN Annual Lecture Series, which was held on Thursday, November 30, 2023, at the Congress Hall, Transcorp Hilton, Abuja, focused on the theme: A Digital Nigeria: Leveraging Technology to Improve Ease of Doing Business.

The interactive public lecture had participants from Ministries, Departments, and Agencies of government, development partners, key policymakers, regulators, members of the diplomatic community, MSMEs, PFIs, the media, students, and other critical stakeholders.

The event commenced with a welcome address by the DBN MD/CEO, Dr Tony Okpanachi, followed by remarks by the

DBN Chairman, Board of Directors, Dr Shehu Yahaya.

A comprehensive keynote speech on "Leveraging Technology for the Ease of Doing Business" was delivered by the Director General of NITDA, Kashifu Inuwa Abdullahi, before a panel session which provided further insights into the theme of the lecture series. The moderator, Professor Joseph Nnanna, engaged the panelists, Baqi Salihu, represented by Sulaiman Umar; Bode Abifarin, Dr Omolola Salako; and Olumide Soyombo, with questions bordering on the challenges of MSMEs and how technology can be leveraged to promote ease of doing business.



The interactive public lecture had participants from Ministries, Departments and Agencies of government, development partners, key policymakers, regulators, members of the diplomatic community, MSMEs, PFIs, the media, students, and other critical stakeholders.

Arab Gulf Programme for Development (AGFUND) Award



DBN achieved a significant milestone by winning the Arab Gulf Programme for Development (AGFUND) Prince Talal International (PTI) Award, earning a grant of \$400,000.

AGFUND, an initiative backed by the late His Royal Highness Prince Talal bin Abdulaziz and supported by the Gulf Cooperation Council, is dedicated to financing projects that promote sustainable human development and alleviate poverty.

AGFUND's PTI Award serves as a vital incubator for projects aligned with its mission.

Currently, AGFUND supports over 1,712 development projects across 133 countries. The PTI Award, presented annually, focuses on specific themes related to the Sustainable Development Goals (SDGs), and the previous year's theme was in harmony with SDG Goal 8 of the 2030 Agenda, emphasizing "Decent Work and Economic Growth."

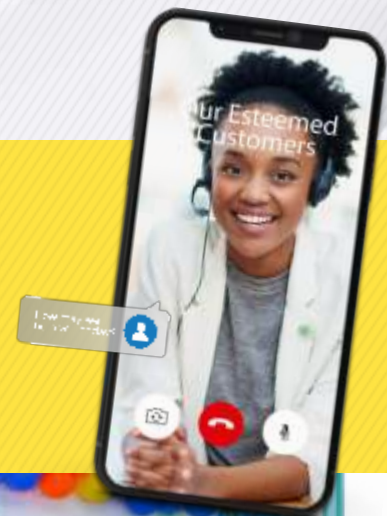
DBN, aligning with the thematic focus, applied for the PTI Prize post COP27, seeking recognition under the first category for a grant amounting to \$400,000. This category is specifically designated for projects implemented by UN agencies or international

and regional Non-Governmental Organisations (NGOs).

In a competitive field of over 100 projects within the same category, DBN emerged as the overall winner. This demonstrates our commitment to sustainable development and underscores its exemplary efforts in promoting decent work and economic growth within its community. The \$400,000 grant will further empower DBN to continue its impactful initiatives in alignment with AGFUND's overarching goals.



CUSTOMER SERVICE WEEK '23



In a bid to promote professional stakeholder engagement, we joined the rest of the world in celebrating Customer Service Week with the global theme: **"Team Service"**, out of which a sub-theme, **"Engage and Thrive"**, was crafted to align with our overarching vision of becoming a world-class Developing Finance Institution (DFI).

Activities were mapped out for the week, targeting a cross-section of internal and external stakeholders while leveraging our social media handles to drive engagement.

Here are some of the highlights:



2023



International Women's Day

#EmbraceEQUITY

March is a special month for us at DBN as it is an opportunity to use our platform to drive advocacy and awareness on women empowerment issues important to our nation and our organisation.

For the fourth year in a row, we celebrated International Women's Day by curating a theatrical performance which elaborated on the global theme #EmbraceEquity.

For us, IWD is a day to celebrate women's social, economic, cultural, and political achievements.

The curated play titled "The Market Has Ears" was performed by Beeta Productions with

material produced by Bikiya Graham-Douglas, written by Paul Ugbede and directed by Olarotimi Fakunle.

The play explored themes of financial literacy, cultural inhibitors, and girl child education while focusing on successful female MSME-led stories.

In addition to the main play, a powerful keynote address was delivered by a DBN Board Member and Founder/CEO of JNC International Limited, Mrs. Clare Omatseye. She shared her journey to success with the audience and later deep-dived into an extensive question-and-answer session which enriched the day's event.



For DBN, IWD is a day to celebrate women's social, economic, cultural and political achievements.



2023 Kano MSME Summit

As part of our stakeholder management strategy, we host regional MSME summits to create awareness around our mandate of providing access to finance to MSMEs. In 2023, the DBN MSME Summit held in Kano. The summit was organised in collaboration with the Kano Concerned Citizens Initiative Group (KCCI) and was attended by the Vice Chancellor of Bayero University, royal fathers, and other senior government officials. It provided an opportunity to enlighten participants on the DBN model while providing wide media coverage.



3RD DBN Service Ambassadors Awards



As part of celebrating excellence and recognizing our PFIs for their contributions towards the growth of MSMEs in Nigeria, we hosted our 3rd Service Ambassadors Awards Ceremony, which took place in Lagos, on Friday, 24th November 2023.



At the event, awards were presented to PFIs based on their active performances in increasing impact from their disbursements to MSMEs in Nigeria. The following PFIs, under different categories, received awards: Access Bank, Ecobank, First City Monument Bank, Fidelity Bank, AB Microfinance Bank, Accion Microfinance Bank, Baobab Microfinance Bank, LAPO Microfinance, Living Trust Mortgage Bank, NPF Microfinance Bank and Standard Microfinance Bank.

Access Bank and Ecobank Nigeria Limited emerged as the Platinum Service Ambassadors for their exceptional disbursements and impact on MSMEs in 2022.



2023 DBN Bond Issuance Ceremony

As part of expanding our funding base, we signed a N20 billion, series one bond issue under a N100 billion first domestic bond issuance program.

The bond, issued at 14.40 percent, is a medium-term bond issuance program targeted at supporting the growth of Nigerian MSMEs and was oversubscribed.

The event was attended by some of our Board members, Management team, staff, and other critical stakeholders.



TECHPRENEUR '23 SUMMIT

We held our second Techpreneur Summit in Lagos and leveraged the opportunity to showcase our partnerships and support for Nigeria's tech ecosystem. The Chief Executive Officer of Opay – Olu Akanmu delivered the keynote address. This year's session included an overview of DBN's partnership with Kamo-a technology company that has automated the credit scoring process for end borrowers.

Demonstrating our commitment to the Sustainability Development Goals (SDGs) and Nigeria's Sustainable Banking Principles (NSBPs), DBN challenged the Techpreneurs at the event to provide solutions to environmental challenges which could be addressed in a sustainable manner to promote growth.

We also launched the inaugural Eco Innovation Challenge, where we, as part of our CSR initiatives, supported 3 young tech MSMEs with working solutions on the Environment, Renewable Energy and Agriculture. Winners of the DBN Eco Innovation challenge were celebrated and presented with cash gifts for their laudable initiatives.

The event had over 400 tech professionals in attendance with over 600 individuals registered virtually.



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Chapter

04



CEO's Statement



Dr. Tony Okpanachi
Managing Director/CEO,
Development Bank of Nigeria Plc



Our commitment to supporting the priority sectors outlined by the Federal Government is evident in our disbursements, notably, N74 billion of our loans were allocated to the manufacturing sector, benefitting 3,696 end-borrowers.

Dear Stakeholders,

As we reflect on the culmination of the year 2023, I am pleased to report the operating activities, financial results and key activities of the Development Bank of Nigeria Plc for the year ended 31st December 2023.

This past year marked the completion of a significant chapter in our journey, as it concluded the Bank's maiden strategy cycle that has guided our actions and decisions for the past 6 years.

As we stand at the threshold of a new era, we embrace the opportunity to introspect, correct course where necessary, and chart a visionary course forward. The year 2023 served as a stepping stone, propelling us towards a future where innovation, resilience, and adaptability will be the cornerstones of our success.

We look to the horizon with optimism, committed to building upon our strengths and addressing the lessons of the past as we continue to strive for a brighter and more successful future.



DBN began business operations in 2017. Since then, the Bank has disbursed N786 billion in loans to 494,819 MSMEs across the country, a commendable 24% growth in support from the N631 billion and a 58% increase from the 313,000 MSMEs impacted in the preceding year.

6 years of Improving MSME Access to Finance:

Since its commencement of business operations in 2017 DBN has disbursed N786 billion in loans to 494,819 MSMEs across the country, a commendable 24% growth in support from the N631 billion and a 58% increase from the 313,000 MSMEs impacted in the preceding year.

N187 billion of the disbursements in 2023 went to 356,451 women-owned businesses and N81 billion went to 120,326 youth-owned businesses, reinforcing our commitment to financing underserved MSME market segments and resulting in the creation of an impressive 1,200,000 jobs.

Our commitment to supporting the priority sectors outlined by the Federal Government is evident in our disbursements, notably, N74 billion of our loans were allocated to the manufacturing sector, benefitting 3,696 end-borrowers. Furthermore, N38 billion was directed to agriculture, reaching 8,163 end-borrowers. These strategic investments underscore the Bank's drive to grow sectors vital to the nation's economic development.

Strategic delivery of Technical Assistance activities to our PFIs has been a cornerstone of our commitment to enhancing PFI capabilities. Tailored to strategic priorities, our TA programs aim to bolster PFIs' capacity to deliver products and services while expanding their lending portfolios, ensuring their profitability under market-conforming terms.

This year, we approached TA from two angles; each was designed to address the unique operational needs of our PFIs. The Frankfurt School of Finance and Management spearheaded the TA implemented to PFI deposit money banks, while A2F Consulting LLC took charge of

administering the second segment directed at microfinance banks. This dual-fold strategy was instrumental in ensuring that our clients are equipped with specific tools and knowledge necessary to introduce new MSME products, enhance existing offerings, and develop specialized products tailored to MSMEs especially those women and youth-led. Additionally, the Bank took a step forward to provide TA and capacity building directly to 1,121 MSMEs from financially excluded groups in the North East and North West Regions of Nigeria; the exercise focused on building business management skills and capacity to take advantage of identified business opportunities; and provide business support services as required.

Sustainability remains at the core of our values. This is evident in our concerted efforts to grow our Green Portfolio. In 2023, the Bank's Green Portfolio witnessed a substantial increase to N6 billion. This growth is particularly noteworthy as it signifies a dedicated commitment to environmentally responsible investments, aligning with global sustainability goals.



Sustainability remains at the core of our values. This is evident in our concerted efforts to grow our Green Portfolio.

It is also worth noting that this achievement follows a strategy cycle where the Green Portfolio was non-existent at the inception, showcasing our proactive approach and steadfast commitment to sustainability.

Other significant milestones were also achieved, including the issuance of the DBN's inaugural bond on the domestic market, a landmark event that marked the first instance of the bank independently raising funds in its name. This achievement is a testament to the Bank's strong financial position and favourable standing in the market, as evidenced by the recorded oversubscription of the bond. In a momentous achievement, DBN secured a major highlight by winning the Prince Talal



As DBN strides confidently into the future, we remain committed to our core values of sustainability, transparency, excellence, diversity and innovation.

International (PTI) Prize for Human Development. This prize, presented by the Arab Gulf Programme for Development (AGFUND), recognises and promotes inclusive and sustainable economic growth, employment, and decent work for all. DBN applied as a World Bank Development Finance Project and emerged as the winner in the first category.

This accomplishment underscores DBN's commitment to advancing human development and is testament to our fast growth as a global leader in the realm of development finance. The award was received in December 2023 at COP28 in Dubai.

The award serves as a catalyst for continued excellence, motivating us to push the boundaries of innovation and impact as we contribute to the betterment of micro and small medium scale enterprises.

Charting a Bold Future: DBN's Strategic Vision for Accelerated Growth

Our commitment to easing access to finance for MSMEs in Nigeria remains at the forefront of our vision. Having successfully completed our initial 5-year strategy with impactful outcomes, the DBN is excited to unveil its next strategic chapter, characterized by significant growth and an ambitious intent to achieve scale. This strategic vision reflects our commitment to elevating our impact and expanding our reach in the coming years. Looking ahead, the next five years for DBN promise to be a journey of growth, innovation,

and resilience. Together with our participating financial institutions, we are ready to embark on this exciting path, ensuring that our efforts contribute meaningfully to the economic prosperity and sustainable development of Nigeria.

We extend our sincere gratitude for the trust our stakeholders have placed in us. Your support has been instrumental in our journey, and we look forward to continuing this collaborative and mutually beneficial relationship.

As DBN strides confidently into the future, we remain committed to our core values of sustainability, transparency, excellence, diversity and innovation. The prospect of achieving scale will shape our trajectory and contribute significantly to improving access to finance for MSMEs.

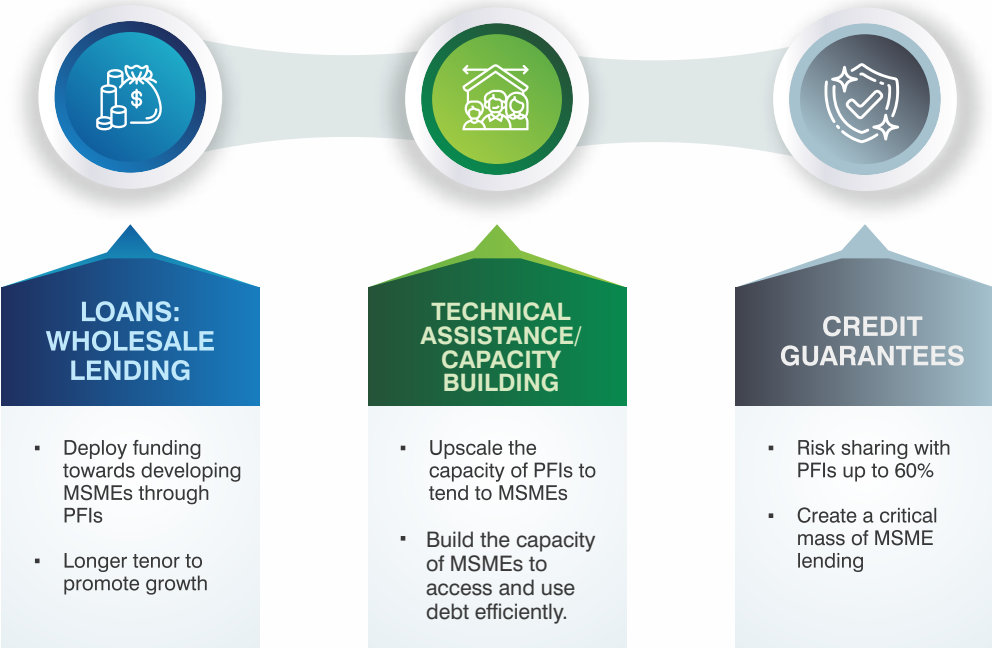
Together, let us embark on this exciting journey of growth, resilience, and positive transformation.

Thank you for being part of the DBN story.

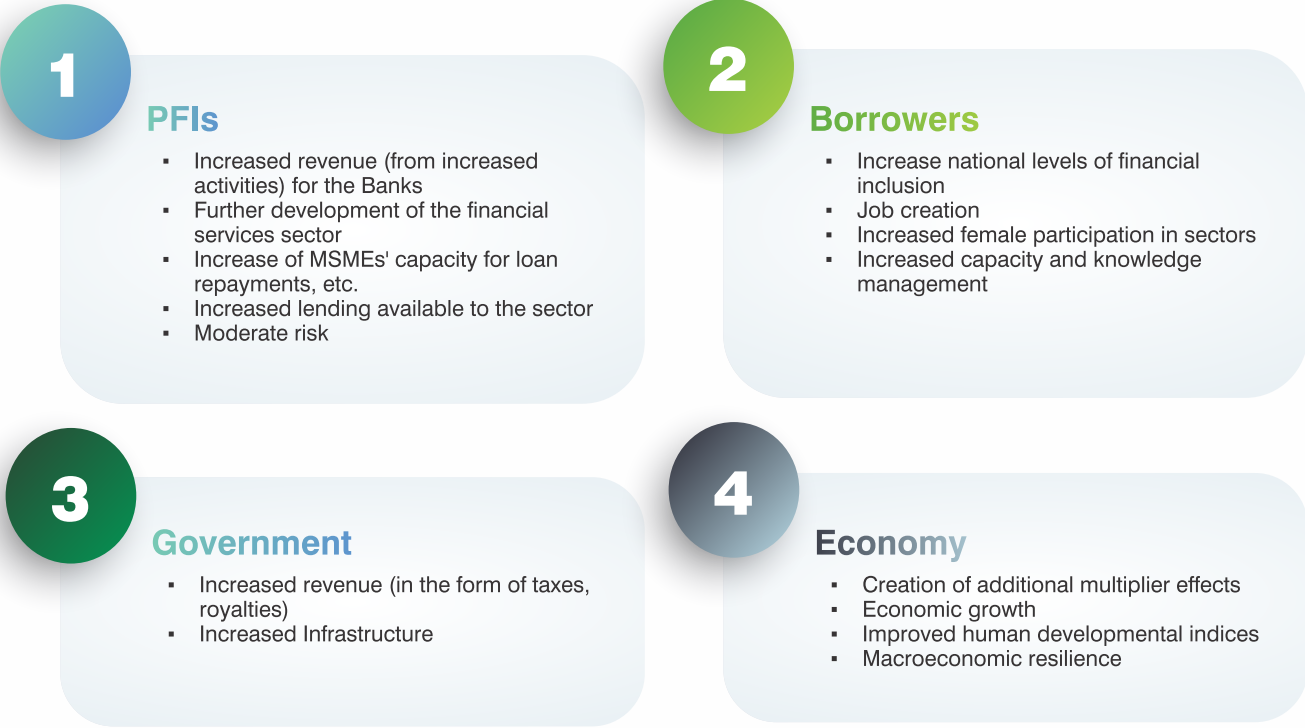
Dr Tony Okpanachi
MD/CEO,
Development Bank of Nigeria Plc.

Our 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:



Our Business Model

Vision

Mission

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

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

CORE VALUES (S.T.E.D.I)

SUSTAINABILITY

TRANSPARENCY

EXCELLENCE

DIVERSITY

INNOVATION

STRATEGIC THEMES (R.E.A.D.I)

REACH

EXPLORE NEW CHANNELS

ADVOCATE FOR MSMEs

DEVELOP INTERNAL CAPACITY

IMPACT

STRATEGIC PILLARS

Wholesale Funding

DBN provides medium to long term wholesale financing to Participating Financial Institutions for on-lending to MSMEs.

Risk Sharing

DBN will also provide Participating Financial Institutions the option to share risk with Bank upto a 60% threshold of portfolio credit exposure.

Technical Assistance

Capacity building will also be provided to the Participating Financial Institutions to bridge specific process, risk and policy gaps. DBN will also partner with PFIs to extend relevant capacity building trainings to MSMEs.

MSME Advocacy

DBN will continue to advocate for critical policy and infrastructure interventions to support the MSME ecosystem in Nigeria

PARTNERSHIPS & ALLIANCES

Development Partners

These include DBN's international funding partners i.e. (World Bank, AfDB, GCF etc.) as well as DBN's funded partners i.e. eligible retail intermediaries such as commercial banks, MFBs, existing retail DFIs etc.

Capacity Building Partners

These include partners such as Efina, GIZ, Afex, EDC etc. and other international partners that will provide technical assistance to the PFIs as well as the MSMEs

Portfolio Guarantee Partners

PGP include partners that will participate in the risk sharing activities of DBN either directly to the PFIs to facilitate DBN funding or through DBN's subsidiary to encourage PFI to lend with own funds

MSME Sector Partners

These partners include private organisations, NGOs, government or government-affiliated agencies etc. operating at various capacities in the MSME space some of which include NASME, Efina, AFEX etc.

Regulatory Partners

These include the apex bank as well as other regulatory agencies having varying degrees of oversight within the MSME space. i.e. CBN, SMEDAN, NIPC etc.

COST STRUCTURE

Cost of Funds

This represents the total cost of borrowings to the Bank

Cost of Risk

This represents the total sum of all aspects of DBN's operations that relate to risk, including retained (uninsured) losses and related loss adjustment expenses etc.

Cost of Operations

This represents the total cost of DBN's administrative operations including marketing costs, salaries and wages etc.

Interest Income

Interest income is the main source of revenue for the Bank. This incorporates interest from loans and interest from investment.

RESOURCES

People

The staff of DBN are its greatest assets and/or resources. The employee value proposition has been defined to attract the best and most competent hands to drive the Bank's mandate. Technology

Technology

The Bank recognizes the importance of technology to achieve efficiency, effectiveness and productivity within the institution. Hence, the bank has developed a digital strategy focused at ensuring the relevant technology resources are in place to support the business.

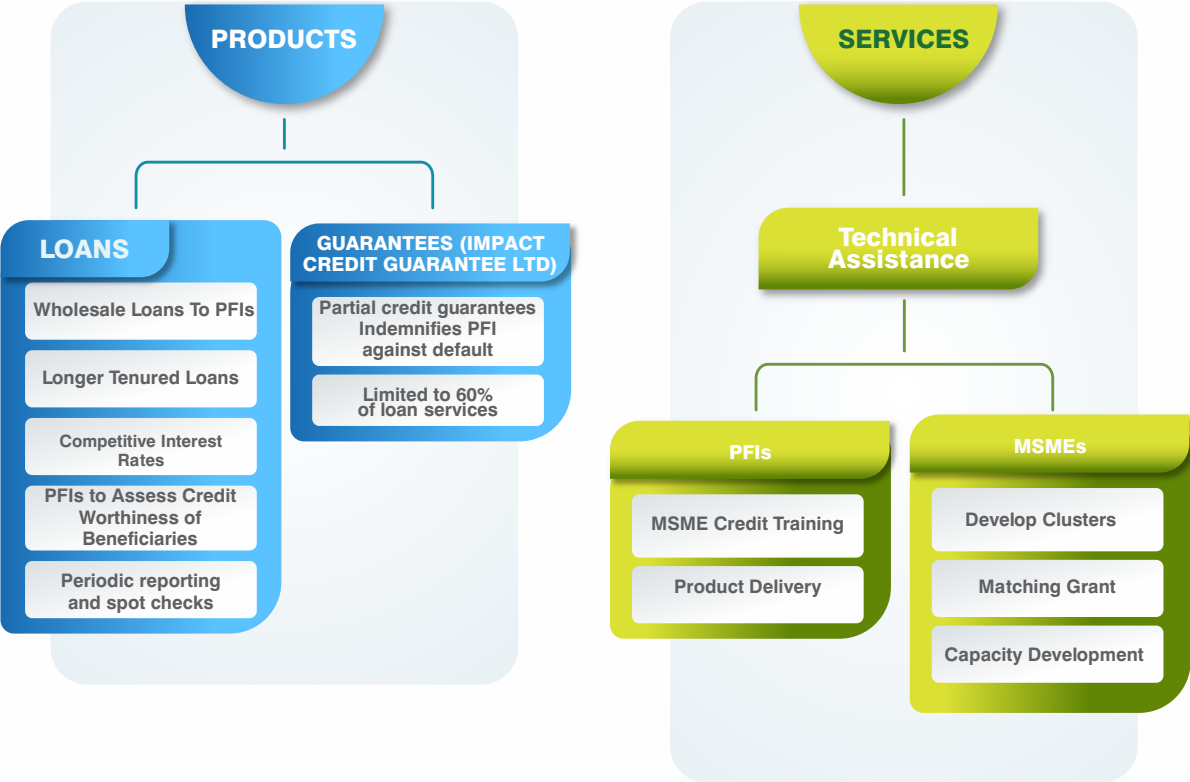
Operations & Processes

DBN's operations and processes are constantly being reviewed to ensure that it is best in class and optimal to support the business.

Organization Structure

The organization structure of the institution has been defined along functional lines. The functions are designed to cater for critical business areas of the bank that are fundamental to the achievement of the Bank's goals and objectives.

Our Offering



MSME Classification

Category	No. of Employees	Annual Turnover	Total Assets	Single Obligor Limit
MSMEs	<250	<N1.406 billion	<N1.406 billion	<N225 million
Small Corporates	<500	<N6.7 billion	<N6.7 billion	<N900 million

4.5 Risks and Opportunities

4.5.1 Key Enterprise-Wide Risks

RISKS	RISK DRIVERS	MITIGANTS
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 counterparties 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.
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 the Assets and Liabilities Committee (ALCO). • Cashflow analysis and Maturity Profile of Assets and Liabilities • Effective and up-to-date Liquidity Contingency Funding Plan.
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.
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 and Risk Self-Assessments (CRSA).

RISKS	RISK DRIVERS	MITIGANTS
Environmental and Social (E&S) 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 Environmental and Social Management System (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.
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 Information Security Management System (ISMS) that sets out controls processes and systems to manage our IT system risks.
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 Intelligence 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.

RISKS	RISK DRIVERS	MITIGANTS
		- 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.
Governance and Compliance - Compliance with CBN Anti-Money Laundering, Combating the Financing of Terrorism/Counteracting Proliferation Financing (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.

RISKS	RISK DRIVERS	MITIGANTS
Reputational Risks Risk of a loss due to damage or a decline in Bank`s reputation.	- 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.	- 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.
Strategic Risk Risk of loss resulting from defective strategy or inability of the Bank to respond timely to changes in the operating environment.	- Inability to sustain business operations due to undesirable outcomes from the operating environment - Emerging Risk which could challenge the business model of the Bank. - Excessive rate charge by PFIs on the Bank`s loans to end borrowers.	- DBN's strategy document/SWOT Analysis. - Stress testing and reverse stress testing. - Ensure adherence to DBN's Risk Appetite Limits. - 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.

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 practices, 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.
- Fully implements and complies with national requirements for E&S risk management in Nigeria and DBN's bilateral and multilateral lenders and/or shareholders' requirements.
- Strives for positive development outcomes in the activities it supports and continuous commitment to the environmental and social sustainability of these activities.
- Sets out the requirements for PFI assessments and the management of Environmental and Social risks and impacts associated with the sub-borrowers and sub-projects they finance.
- 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.
- 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.

Managing our E&S Risks

DBN is committed to operationalising and promoting an appropriate Environmental and Social Management System (ESMS) for the Bank, as well as for the financial institutions we on-lend to, to enable us effectively to assess and manage the Environmental and Social risk exposures associated with our lending activities.

The following are some internal practices which help us manage our 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.
- Categorisation of DBN-funded projects into Low, Medium, and High ratings.
- Creation of Terms and Conditions for lending is determined partly by the E&S categorisation.
- Co-ordination of capacity-building programs for PFIs to increase their awareness regarding responsible lending and how they can adopt the lending approach.
- DBN obtains an Environmental & Social Risk Assessment Report and an Environmental & Social Risk Management Plan (ESMP) from the PFIs (except for projects categorised low on E&S risks).
- 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 2023

- 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 general, directed to all staff members.
- In Q2, employees were engaged in a Group-wide capacity-building and awareness session. The session covered the Climate Finance Act and Biodiversity and was facilitated by a leading safeguard expert with international experience, selected through a competitive bidding process.
- We carried out our second ESMS audit during the period and covered the 2022 financial year. The audit provided more insights into our existing ESMS with areas of improvement and development.
- As part of our 2023 annual capacity-building plans for PFIs, a two-day training was held for employees, cutting across microfinance banks, merchant banks, and mortgage banks.

The capacity-building session covered the following topics;

- o Emergency Preparedness and Response
- o Occupational Health and Safety
- o Fundamentals of ESMS Audit
- o Understanding Applicable Labour Laws
- o Focus on Gender, Disability, and Inclusion, etc.

Target for 2024

- Provide capacity building for PFIs.
- Carry out the third annual ESMS audit for the 2023 financial year.

Carry out Environment & Social Risk Management Due Diligence visits to PFIs and MSMEs with a view to supporting them to improve their ESMS.



Impact is the goal, Partnership is the process

At DBN, we collaborate with global development partners and Participating Financial Institutions (PFIs) to provide lending to Micro, Small & Medium scale Enterprises (MSMEs).

Together, we can foster economic growth.



Our Participating Financial Institutions (Deposit Money Banks)



Leadership & Governance

Our Board
2023 Annual General Meeting
Whistleblowing
Fraud and Forgeries
Regulatory Compliance and Control

Chapter

05

Leadership & Governance



Our Delegation of Authority Framework details the authority matrix at DBN 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, with reporting lines to the Board of Directors, through relevant committees of the board.

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, we also comply with the Code of Corporate Governance for Development Finance Institutions issued by the CBN and as a public company, DBN

complies with the Corporate Governance Guidelines issued by the Securities and Exchange Commission.

With the support of the Development Partners, the World Bank Group, the African Development Bank Group, 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 not only the sanctity but also the sustainability of the Bank's business. This practice continues to differentiate DBN as a clear leader in corporate governance in the development finance space in Nigeria.



Our Board

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

Our Board of Directors provide overall leadership, entrepreneurial and strategic direction for the Bank. For this, 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.

The DBN Board is comprised of accomplished industry leaders and trusted technocrats with varied competencies. The DBN Board developed the 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 ethically, in the best interest of shareholders, and indeed all other stakeholders.

In addition to its oversight function, the Board reviews 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, information and technical support from relevant professional advisers and the Development Partners, the Board advances the attainment of the Bank's objectives.

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 overall Board performance but engenders its independence and integrity. The Board also pays careful attention to issues around diversity (gender, age, geography, etc.) in the composition of committees, the Management and staff of the Bank.

The Board is comprised eleven (11) board directors, of which six (6) are Independent non-executive directors. Of the remaining five (5), three (3) are non-executive directors who are shareholder representatives, while the other two (2) are executive directors, i.e. 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) director nominated by a shareholder, the Nigeria Sovereign Investment Authority. The Bank received the approval of the Central Bank of Nigeria for the appointment, and this has been communicated to the Securities and Exchange Commission, the Financial Reporting Council of Nigeria and registered at the Corporate Affairs Commission.

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. DBN has continued to adhere strictly to this attribute which is novel in our jurisdiction and sets the DBN apart from its peers and other players in the development finance and financial services industry in Nigeria.

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 Group, 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.

Pursuant to its authority under the Shareholders Agreement and the Memorandum and Articles of Association, the Board of Directors, retained the grant of Observer status to the World Bank Group, to meetings of DBN's Board of Directors. To this effect, a representative of the World Bank nominated and approved by the Board of Directors as an Observer, is permitted to attend all meetings

of the Board and, 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.



Dr. Shehu Yahaya, OON Chairman, Board of Directors			
Dr. Tony Okpanachi Managing Director/ Chief Executive Officer	Mrs. Ijeoma D. Ozulumba Executive Director, Finance and Corporate Services	Mr. Bello Maccido Independent Non-Executive Director	Mrs. Claire Omatseye Independent Non-Executive Director
Mr. Phillips Oduoza, FICB Independent Non-Executive Director	Mr. Andrew Alli Independent Non-Executive Director	Mr. Kyari Bukar Independent Non-Executive Director	Dr. Oladimeji Alo Independent Non-Executive Director
Mr. Aminu Umar-Sadiq Non-Executive Director	Mr. Henry Batchi Baldeh Non-Executive Director	Mr. Omar Sefiani Alternate Director (Non-Executive)	Mr. Michael Wong World Bank Observer

Directors

Dr. Shehu Yahaya, OON
Chairman, Board of Directors

Appointed:
Chairman, 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 Doctor of Philosophy in Industrial Economics, from the University of Sussex, UK.

Dr. Shehu Yahaya is an awardee of the prestigious Order of the Niger (OON) national award conferred on him by the Federal Republic of Nigeria, in recognition of his significant contributions to the economic development of the country.

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

Appointed:
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.

At DBN, 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.

She 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.

Dr. Tony Okpanachi
Managing Director/
Chief Executive Officer

Appointed:
January 2017



Dr. Tony Okpanachi is a seasoned banker with over 26 years' experience. Before he was appointed Managing Director/CEO of Development Bank of Nigeria Plc, 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.

Mr. Bello Maccido
Independent
Non-Executive Director

Appointed:
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.

Mrs. Claire Omatseye
Independent Non-Executive Director

Appointed:
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 organisations as an Independent Director of the renowned Development Bank of Nigeria Plc, 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. Phillips Oduoza, FICB
Independent Non-Executive Director

Appointed:
January 2017



Mr. Phillips Oduoza with about 35 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.

He 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 a 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, and Development Bank of Nigeria Plc, 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.



The DBN Board is comprised of accomplished industry leaders and trusted technocrats with varied competencies.



Mr. Andrew Alli
Independent
Non-Executive Director

Appointed:
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 DBN's Statutory Audit Committee.

Dr. Oladimeji Alo
Independent
Non-Executive Director

Appointed:
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 Limited 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 DBN's Statutory Audit Committee.

Mr. Kyari Bukar
Independent
Non-Executive Director

Appointed:
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 FSB International Bank, he served in various roles as a Manufacturing Development Engineer, Marketing Program Manager, Senior IT Consultant, and 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. Aminu Umar-Sadiq
Non-Executive Director

Appointed:
March 2023



He is the Managing Director/Chief Executive Officer of the Nigeria Sovereign Investment Authority ("NSIA").

He holds a bachelor's and master's degrees in engineering sciences from the University of Oxford. He has substantial experience in financial services spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. In his most recent roles 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 Morgan Stanley Investment Bank, London, Denham Capital Management, London and Société Générale Corporate & Investment Bank, London.

He brings a wealth of global experience in the financial services sector to his board position at DBN.

Mr. Henry Batchi Baldeh
Non-Executive Director

Appointed:
May 2019



He is a seasoned banker and 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. Michael Wong
World Bank Observer



Michael is a Lead Economist at the World Bank's Financial, Competitiveness and Innovation Global Practice – Central and West Africa Region.

He joined the World Bank in 2002 in the Financial and Private Sector Development, where he performed a wide range of roles in multiple regions in Africa, South Asia and Latin America. His particular focus is on development finance, special economic zones, industry competitiveness and public-private partnerships.

Michael was based in Abuja, Nigeria, as the Lead Financial and Private Sector specialist. During this time, he led several programs for the World Bank, such as the development of the Nigeria Housing Finance Refinance Facility and the Development Bank of Nigeria Plc. In South Asia, he led financing operations

in Bangladesh and in Sri Lanka. He also provided policy advice to the Governments of Mexico and Uganda covering long-term financing, SME financing and financing of special economic zones.

Before joining the World Bank, Michael worked for the Austrian Government as an economist in the Austrian Regional Office in Kampala, Uganda, leading the private sector development program, including micro-finance. He holds a master's degree in economics from the University of Vienna, Austria.

Mr. Omar Sefiani
Alternate Director
(Non-Executive)

Appointed:
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.



DBN 2023 Annual General Meeting

DBN held its 6th Annual General Meeting on Tuesday, 25th April 2023.

The meeting was held with members of the Board, Committees and external regulators in attendance.



Whistle Blowing

Our Board is committed to high ethical standards and probity, ensuring all employees and executives align with these standards in all their dealings with stakeholders.

To ensure high ethical standards, we introduced the following:

1. Code of Ethics, which sets out the minimum standards of ethical conduct for the 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 malpractices 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, 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's (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 channels (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: 0813-072-0890
- Dedicated email address: whistleblow@devbankng.com
- Via DBN website: www.devbankng.com/whistleblowing
- External Whistleblowing Channel: tip-offs@deloitte.com.ng
- 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.

Fraud & Forgeries

There were no incidents of fraud and forgery during the financial year and all relevant regulatory returns for fraud and forgeries were duly rendered to the regulators during the period.

Development Bank of Nigeria Plc and its subsidiaries, "the Group", are committed to upholding the highest standards of business and personal integrity and to its core values of partnership, passion and people. The Group is therefore determined to prevent, deter, detect and respond promptly to all forms of fraud committed against it both internally and externally.

In pursuing this aim, the Group will seek to adopt best practices, and this Anti-Fraud Strategy will have due regard to the implementation of all relevant Financial and Government regulations pertaining to fraud. The Group is committed to ensuring staff and management are aware of their responsibilities regarding preventing fraud. It will ensure that there is an ongoing training programme for staff regarding measures to minimize the risk of fraud.

As part of its strategic risk management process, the Group has a robust framework in place to mitigate the risk of fraud. The Group is committed to an outcomes-based strategy; that is, the achievement of a real reduction of losses or the risk of losses. These strategies include:

- These strategies include:
- A. Awareness and training.
 - B. Prevention, including deterrence and detection.
 - C. Investigation.
 - D. Continuous Monitoring.
 - E. Sanction

Regulatory Compliance and Control

DBN places the highest emphasis on zero tolerance for compliance breaches and the sanctity of its systems. To uphold this unwavering commitment, the Bank implements the following measures:

AML/CFT/CPF Compliance

- Under the regulatory oversight of the Central Bank of Nigeria (CBN), DBN undergoes periodic evaluations to assess its adherence to Anti-Money Laundering, Combating the Financing of Terrorism and Countering the Proliferation of Financing (AML/CFT/CPF) regulations.
- Notably, since its inception, DBN has not been subjected to any investigation due to deficiencies discovered in its AML/CFT/CPF procedures. DBN prides itself on its strict adherence to international standards, particularly the forty (40) and nine (9) recommendations of the Financial Action Task Force (FATF) and other global AML/CFT/CPF best practices.
- In compliance with international sanctions regimes, DBN continuously and systematically integrates updates from global financial and commercial sanctions to its screening mechanism. Its business relationships and transactions are meticulously scrutinized against these lists to prevent any inadvertent engagement with sanctioned entities and individuals.
- Quarterly, employees undergo comprehensive training on AML/CFT/CPF to maintain a well-informed and vigilant workforce. These awareness sessions are also extended to the Board annually. This reinforces our dedication to continuously improving and implementing robust AML/CFT/CPF policies and procedures to detect and prevent illicit financial activities.
- DBN has refused within the year disbursement of funds to 286 end borrowers by PFIs on suspicion of money laundering and terrorism financing.

To ensure compliance, PFIs are expected to adhere to all Anti-Money Laundering/Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) regulations outlined in the CBN AML/CFT/CPF Regulations 2022, Money Laundering Prohibition and Prevention Act 2022, Terrorism Prohibition and Prevention Act 2022, CBN Administrative Sanctions Regime 2023, among others. This includes establishing the Ultimate Beneficial Owners (UBO) of entities, conducting appropriate due diligence, and maintaining acceptable ratings required for a business relationship with DBN.

In 2023, DBN AML/CFT/CPF policy was among those referenced by the regulator during the 2023 Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) Peer review remediation review to showcase DFIs' AML/CFT/CPF compliance.

Participating Financial Institutions (PFI) KYC Due Diligence

Prior to the onboarding of PFIs and periodically, we conduct detailed due diligence on our PFIs. The PFIs are, through various means (Wolfsberg AML/CFT/CPF based Questionnaire, Master Lending Agreement and Supplementary Lending Agreement) subjected to scrutiny of their legal documentation and beneficial ownership details. PFIs must provide proof of their legal status, which undergo verification through the Corporate Affairs Commission (CAC) or similar evidence of incorporation before establishing any business relationship. Additionally, PFIs must also provide proof of the identity of authorized personnel, while we takes steps to verify such

identities.

The due diligence process includes annual reviews of PFIs, assessing compliance with AML/CFT/CPF requirements and addressing any noted exceptions. DBN encourages reporting of suspicious transactions during due diligence reviews to the AML/CFT/CPF Compliance Officer for investigation and appropriate action in line with regulatory guidelines. These measures collectively contribute to our commitment to maintaining robust AML/CFT/CPF compliance framework across all its activities.

Data Protection

Our collection, handling and storage process of individuals' data complies with the applicable local laws on privacy, data protection, security, and international best practices. In addition to complying with legal obligations on privacy and security, we ensure that the procedure for handling personal data provides a better customer experience, improves transparency, and enables individuals to verify information

held about them.

Automated Compliance Register & Compliance Dashboard

DBN optimizes its regulatory compliance framework through the implementation of user-specific tools and processes. In 2023, a user-centric dashboard was introduced to offer an integrated dashboard of all applicable regulatory returns associated with each department or unit and respective deadlines for completion.

This centralized dashboard ensures that departments have easy access to specific regulatory obligations pertinent to their operations. To enhance the compliance process, an automated e-mail alert system was linked to it to facilitate proactive rendition and tracking of statutory returns.

These initiatives described above underscore our unwavering commitment to maintaining the highest standards of integrity and compliance in our operations, contributing to a secure and transparent financial environment.

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These initiatives underscore our unwavering commitment to maintaining the highest standards of integrity and compliance in our operations, contributing to a secure and transparent financial environment.

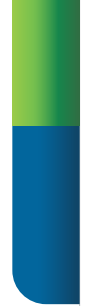


Green and Sustainability at DBN

Stakeholder Management Framework

Chapter

06



Green & Sustainability at DBN

The DBN Green Agenda

At DBN's core is a resolute commitment to sustainability, exemplified through our comprehensive Green Agenda. This initiative is not just a corporate objective; it is a dynamic force that propels us both internally and externally:

In 2023, we actively created a culture of responsibility, learning, and innovation. These initiatives align us with global standards and position DBN as a leader in driving sustainable finance within the Nigerian financial landscape.

Climate Change Act Adoption:

We took a pivotal step in aligning our operations with national climate goals by internally adopting the Climate Change Act through the identification and development of Net Zero focus areas. This strategic move demonstrates our commitment to addressing environmental challenges and contributing to the broader national agenda for sustainable development.

Holistic Sustainability and Green Training:

Mid-year, we organized a general Sustainability and Green training course for all staff. This comprehensive program aimed to instill a deep understanding of sustainability principles and green finance practices across the organisation. Additionally, tailored training sessions were provided to individual staff members to address specific needs and roles.

Revamped Green Finance Framework:

To remain at the forefront of international best practices, the Green Finance Framework was revised in 2023. This revision ensures that DBN's green initiatives and financial strategies align with the latest and most effective approaches to sustainable finance on the global stage.

Employee Engagement Through Monthly Challenges:

We launched monthly Environmental and Social (E&S) Championship Challenges to gauge employees' understanding of Green initiatives and the Bank's efforts in Green Finance. This initiative fostered awareness and encouraged a culture of continuous learning and engagement among the staff.

Operational Drive for Green Initiatives:

Our Sustainability Unit worked diligently throughout the year to drive green and sustainable initiatives. This included efforts around capacity building and setting net-zero targets, reflecting the Bank's dedication to operationalizing its commitment to sustainability.

Green Funding:

Strategic Risk Management for Sustainable Finance

We initiated a comprehensive review and update of its Green Finance and Climate Risk Management Framework. This move aimed to ensure these frameworks align seamlessly with the latest international best practices. We recognise that staying abreast of global standards is essential for fostering trust, accountability, and resilience.

Affiliations & Accreditations

Our continued pursuit of Direct Access Entity accreditation from the Green Climate Fund reflects a concerted effort to access climate finance resources directly. This accreditation would empower DBN to independently channel funds towards initiatives contributing to environmental sustainability, renewable energy, and climate resilience.

Products & Programs

To enhance PFIs' capacity to lend to green projects, we leveraged the Interest Drawback (IDB) and Technical Assistance programs; these include Portfolio Identification (Green Tagging), Enhancing Credit Approval for Green Projects, Carbon Emissions & Savings Calculations, to help the PFIs deemphasize collateral lending. Green-specific TA trainings were delivered to PFIs to enhance their ability to lend to green projects and develop tools for green financing.

Learning & Capacity Building

Modules on Sustainability and Capacity Building were incorporated into the 2023 curriculum of the DBN Entrepreneurship Development Programme. Modules on Sustainability were also incorporated into our Learning Management System to enable MSMEs and green project developers understand how they can incorporate Sustainability and Green into their operations. We also run a Community of Practice aimed at developing sustainability within Nigerian microfinance banks.

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.



SSCI
Octagon Pillars

Updates

Governance	Our strong Board and Executive Management continue to provide strategic leadership guiding our activities and operations
Management	Our leadership team remains occupied by individuals who are specialists in their respective fields and continue to pursue high performance across all departments
Technology	DBN continues to phase out manual operations and processes. We are highly digitized and continue to rely on technology and digital solutions to execute on our mandate.
Business Model	Our strategic thrusts and business model continue to meet the expectations of our vision and mission. DBN's 5 year strategy expired at the end of 2022. A new strategy will be developed and announced in 2024.
Operations	Our operations and activities remain focused and in alignment with achieving the set High Impact Goals
Products	DBN continues to innovate, and this is seen especially in product development where new products inclusive of Green/Climate and Gender products have been created
Stakeholder Relations	DBN continues to keep our stakeholders abreast of our operations and activities and have devised a stakeholder communications and strategy document to ensure that our various stakeholders are engaged in a frequency and manner most preferred.
Human Capital	DBN continues to ensure that it employs best in class employees as well as ensure the well-being and training needs of employees are constantly monitored and improved upon.



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

SDG Area	Description	2023 Activities
1 NO POVERTY	No Poverty	- N155.6bn loans disbursed in 2023. - Increased staff strength and average staff salary by MSMEs following loan collection (see the section on M&E exercise)
5 GENDER EQUALITY	Gender Equality	- The International Women's Day (IWD) celebration held on March 22nd 2023 - Percentage of female staff - 62%
8 DECENT WORK AND ECONOMIC GROWTH	Decent Work & Economic Growth	An estimate of 207,634 jobs created by loan beneficiaries as captured in the 2023 M&E Report
10 REDUCED INEQUALITIES	Reduced Inequalities	- No gender pay gap - Equal learning opportunities for all - Inclusive workplace culture - Antidiscrimination/harassment policies
13 CLIMATE ACTION	Climate Action	- A total of 216kg was recycled based on recycling activities out of Abuja office 3 children sponsored through the DBN recycled waste program
17 PARTNERSHIPS FOR THE GOALS	Partnerships for the Goals	- Continuation of Sustainability Community of Practice for Micro-finance Banks - Attendance of COP28 conference in Dubai UAE - Winner of AGFund award for Development in Dubai UAE - Continued activities within the Montreal Group Board and Sustainability and Strategy Sub-Committees

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

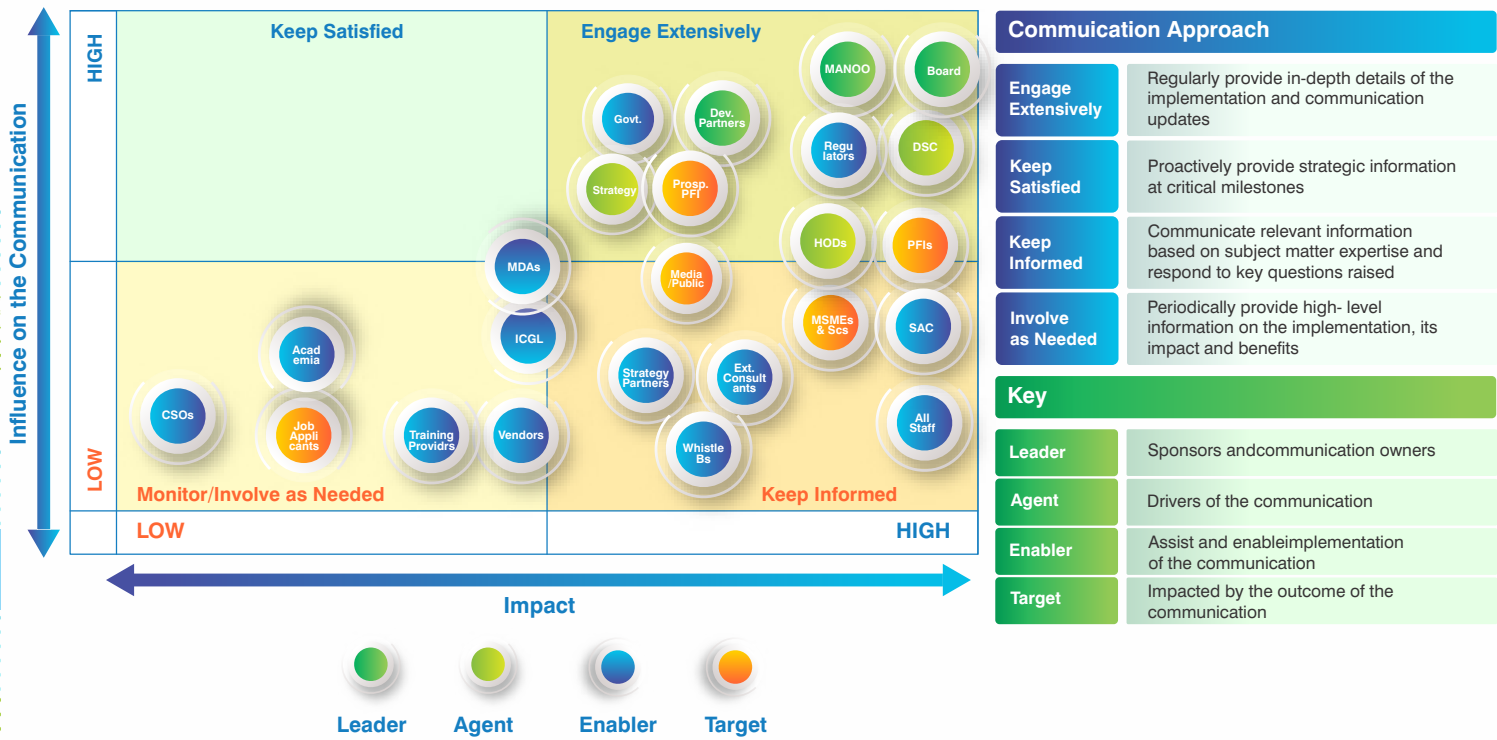
#	NSBP Area	Achievements in 2023
1	Business Activities	100% loans screened for E&S Robust E&S processes Comprehensive risk management processes and oversight
2	Business Operations	Continuous progress on recycling Initiatives in Lagos and Abuja Donation of plastic bottle receptacles to 4 states Waste Management agencies - Lagos, Abuja, Port Harcourt and Kano Development of Green and Gender products
3	Human Rights	Adherence to local and international human rights regulation and internal business practices
4	Women's Economic Empowerment	IWD 2023 celebration 2nd edition 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 - Increased focused and optimal lending to women, youth, focused states, 1st time borrowers, start-up
6	Environmental and Social Governance	Board level oversight of sustainability initiatives through Board Ethics Committee Creation of internal sustainability working committee. Creation of DBN Sustainability and Carbon Council (DBN SCC)
7	Capacity Building	In 2023, 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 6,130 employee learning hours across various focus areas Training held for Sustainability Community of Practice forum for MFBs
8	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 - Baze University
9	Reporting	2023 Integrated Report Quarterly report sent to DBN Development Partners Publication of Quarterly Working Paper Series Quarterly publications in Journal of Economics & Sustainable Growth

Stakeholder Management Framework

As a means of paying closer attention to our stakeholder network, we created a dedicated Stakeholder Management Framework, which took a short, medium and long-term view of how we communicate with our stakeholder universe. This framework identifies our different stakeholders, their roles, frequency, and content of communication required, as well as the various platforms to be deployed to communicate effectively with these respective groups of stakeholders.



In doing so, we have come up with a comprehensive Stakeholder Impact Matrix:



The communication plan and matrix have also been customized to ensure that the unique nature of messaging for each of our stakeholders have 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:





At COP21 in 2015, the Global community agreed to limit global warming to 1.5°C compared to pre-industrial levels by 2050. Science tells us that emissions must be halved by 2030 to remain on target. We only have another seven years to meet that goal.

COP28 was the 28th annual United Nations (UN) climate meeting, where governments discussed how to limit and prepare for future climate change. The summit occurred in Dubai, United Arab Emirates (UAE).

We attended the COP Summit for the third year in a row, and this year, the team participated in a myriad of activities, including receiving the winning prize of the Arab Gulf Fund Competition, participating in key panel discussions and engaging in several bilateral meetings with a plethora of other conference attendees.



Panel 1:
Green & Sustainable Finance
Mainstreaming in Nigeria



Left to Right (Dr. Tony Okpanachi, MD/CEO, DBN; Mr. Jeremiah Dan-Okayi, Head, Strategy and Policy, DBN; Ms. Lolade Awogbade, Sustainability Specialist, DBN; Ms. Sophie Dong, World Bank; Mr. Abbas Lawal Balarabe, Honourable Minister of Environment; Mrs. Iniobong Abiola Awe, Ministry of Environment; and Mr. Ekanem Isichei, CEO, ACIOE Associates).

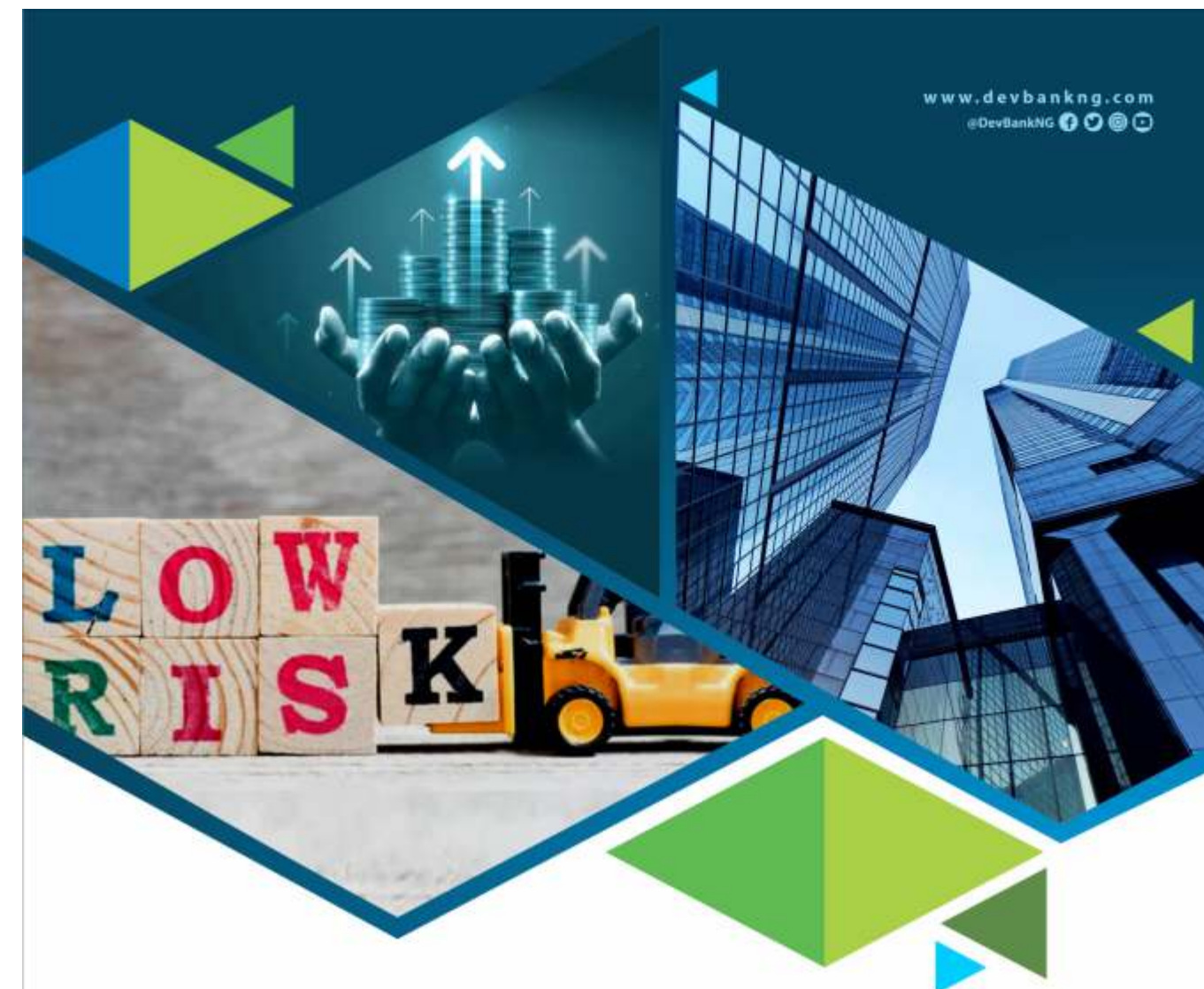
Panel 2:
Investments for Scaling Adaptation



Left to Right (Dr. Tony Okpanachi, MD/CEO, DBN; Mr. Jeremiah Dan-Okayi, Head, Strategy and Policy, DBN; Ms. Lolade Awogbade, Sustainability Specialist, DBN; Ms. Sophie Dong, World Bank; Mr. Abbas Lawal Balarabe, Honourable Minister of Environment; Mrs. Iniobong Abiola Awe, Ministry of Environment; and Mr. Ekanem Isichei, CEO, ACIOE Associates).

Panel 3:
Leveraging COP28
Opportunities for Impact

Left to Right: (Honourable Minister for Youth Jamila Ibrahim; DBN Sustainability Specialist, Lolade Awogbade; and CEO, Natural Eco Capital, Dr Eugene Ituah)



Increased lending is the goal, Risk sharing is the benefit

At DBN, we encourage financial institutions to give loans to MSMEs by providing credit guarantees through our subsidiary – Impact Credit Guarantee Limited.

Together, we can foster economic growth.



Our Credit Guarantee Subsidiary



www.devbankng.com
@DevBankNG

How we Create Value

Our Value Creation Model
Financial Capital
Human Capital
Natural Capital
Intellectual Capital
Social Capital
Manufactured Capital
DBN and the Community

Chapter

07



7.1 Our Value Creation Model



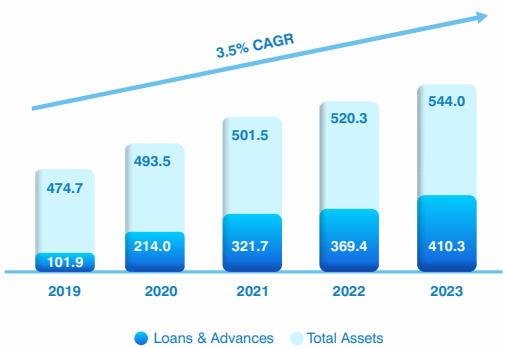
TREND IN KEY FINANCIAL INDICATORS FOR THE BANK AND GROUP

	Bank					
	Balance Sheet	2023	2022	2021	2020	2019
Profitability	Gross Earnings	52.4	47.6	38.2	33.6	45.8
	Net Interest Income	38.8	35.8	26.0	22.2	37.6
	Impairment Charges	2.6	(1.2)	0.4	0.8	(1.1)
	Operating Income	42.8	35.1	26.8	21.4	36.4
	Operating Expense	(7.4)	(5.6)	(4.1)	(3.1)	(3.7)
	PBT	35.4	29.5	22.8	18.3	32.7
	PAT	23.5	19.5	15.7	17.3	33.6
Balance Sheet	Bank					
	N'bn	2023	2022	2021	2020	2019
	Loans & Advances	410.3	369.4	321.7	214.0	101.9
	Total Assets	539.6	517.2	499.2	492.3	474.4
	Borrowings	292.2	291.1	298.1	313.7	308.5
	Equity	232.2	212.2	192.6	176.9	159.6
Ratios	Bank					
	N'bn	2023	2022	2021	2020	2019
	ROAA (aftertax)	4.4%	3.8%	3.2%	3.6%	8.9%
	ROAE (aftertax)	10.6%	9.7%	8.5%	10.3%	23.5%
	CIR	17.3%	15.9%	15.1%	14.5%	10.2%
	CIR (loans)	19.6%	17.7%	17.6%	29.5%	56.6%

2023 Financial Performance Highlights

In 2023, the group delivered strong financial performance, achieving a return on assets of 4.6% and a return on equity of 10.9%. Concurrently, the group demonstrated a commitment to long-term stakeholder value creation through advocacy and capacity building initiatives for Participatory Financing Institutions (PFIs) and Micro, Small, and Medium Enterprises (MSMEs).

Total Assets and Loans & Advances (N'bn)

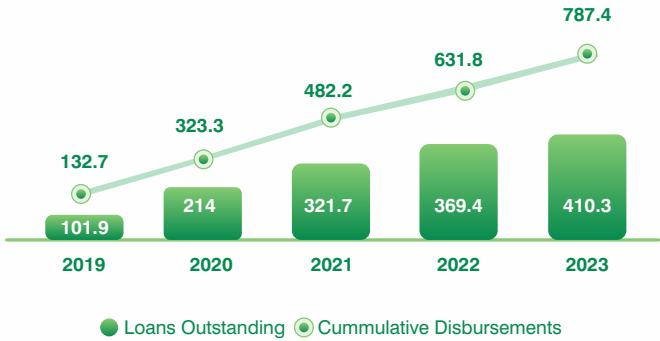


Total Assets size grew by 3.47% CAGR over 5 years, increasing from N474.7 billion in 2019 to N543.9 billion by December 31, 2023. This growth reflects a strategic focus on lending, as evidenced by the significant increase in the loan portfolio as a percentage of total assets, rising from 21.5% in December 2019 to 75.4% in December 2023. This expansion underscores our commitment to playing a catalytic role in financing the MSME space.

Loan Disbursements

Disbursements to MSMEs in 2023 amounted to N155.7bn, bringing total loan disbursements from inception to N787.4bn while loans outstanding grew by 11.1% from N369.4bn in 2022 to close at N410.3bn at the end of the year.

Loan Portfolio (N'bn)



Capital Adequacy and Asset Quality

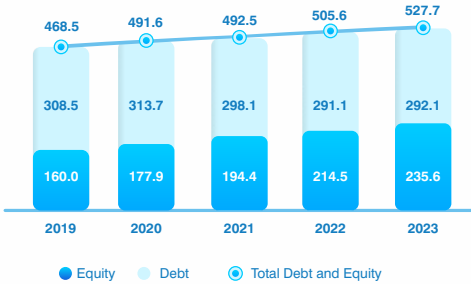
The Bank maintains a robust capital base and its capital adequacy ratio of 62.58% reflects a commitment to prudent risk management, ensuring the long-term sustainability of the organization.

Furthermore, as at 2023, the Bank maintained a healthy loan portfolio, with no non-performing loans.

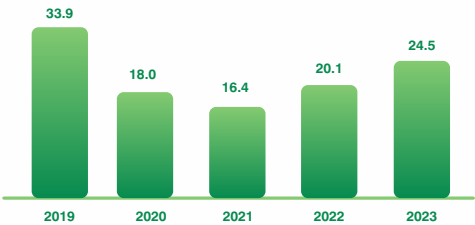
Capital Structure

The capital structure shows a robust equity base on account of retained earnings to build up loanable funds for MSME lending. Borrowings from development partners provide a stable funding base for the Bank and commitments have been received for additional debt financing over the next five years. These long-term financing arrangements, with an average duration of 15 years, provide the Bank with the essential capacity to offer long-term loans to MSMEs.

Capital Structure (N'bn)



Profit After Tax (N'bn)



Earnings

The Group grew its gross earnings by 11% from N49.4bn in 2022 to N54.8bn for the year, mainly driven by the growth in the Bank's loan portfolio. Income from loans also grew by 18.7% from N31.6bn in 2022 to N37.8bn in 2023. Profit after tax (PAT) also grew by 21.5% from N20.1bn in 2022 to N24.5bn in 2023.

Cost Optimization and Efficiency

Amidst the challenging economic condition during the year, the bank proactively implemented cost-saving initiatives to mitigate expense growth. As a result, operating expenses increased by a moderate 30% year-on-year.

Furthermore, the Group maintained a focus on operational efficiency. The cost-to-income ratio, a key metric measuring operating expenses relative to income, remained well-controlled, increasing slightly from 16.8% in 2022 to 17.9% in 2023.

2024 Outlook

In 2024, DBN commences a new strategic cycle marked by a focused effort to accelerate growth and increase impact within the MSME finance sector. The Bank remains steadfast in bridging the funding gap for MSMEs while ensuring its long-term financial viability.

To safeguard and enhance its financial resources, the Bank will maintain rigorous oversight of its liquidity position, seek additional funding sources, pursue opportunities to optimize investment returns and maintain rigorous cost management.

The Bank will prioritize expanding its presence and influence within the MSME sector by increasing market and regional penetration through the strategic expansion of its network of on-lending Participating Financial Institutions (PFIs). Furthermore, it is committed to developing financial products and solutions that address the specific needs of underserved MSME segments.

By fostering a strong financial management and nurturing a thriving MSME ecosystem, the Bank is confident in its ability to achieve its strategic objectives and maintain robust profitability in 2024 and beyond.

“The Bank will prioritize expanding its presence and influence within the MSME sector by increasing market and regional penetration through the strategic expansion of its network of on-lending Participating Financial Institutions (PFIs).”



7.2.4 Strategic Partnerships

We have developed strategic partnerships with other institutions over the years to expand our reach and increase the impact of its activities. Some of the collaborations are as follows:

Collaboration with the Rural Electrification Agency (REA)

Our commitment and efforts to promote sustainability led to a partnership with the Rural Electrification Agency (REA) to collectively increase access to finance to the REA project developers to finance their projects for Mini-grids, solar home systems and other renewable energy projects. Thus far, we have provided funding of approximately N2 billion through our PFIs to about 18 project developers.

This year, we participated in a match-making event organized by the REA to provide funding for projects. This resulted in funding being provided to 5 project developers. We will continue to nurture this partnership amongst others in contributing our quota to combating climate change and promoting sustainability.

Partnership with KfW German Investment Bank:

We solidified our commitment to sustainable finance by entering a strategic partnership with the KfW German Investment Bank. This collaboration is rooted in a shared goal of enhancing investments in renewable energies and energy efficiency in Nigeria. As a testament to the strength of this partnership, KfW extended a loan of EUR 25 million to DBN, earmarked for on-lending to our PFIs.

We will leverage the funds provided by KfW to support a spectrum of initiatives centred around renewable energy, carbon emission reduction, and various other sustainable projects. This financial collaboration underscores DBN's commitment to channeling resources towards projects that contribute to environmental sustainability and align with global climate goals.

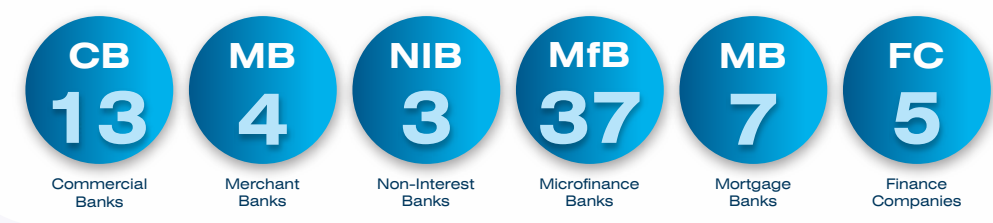


Summary of Performance

The total loans disbursed in the 2023 financial year was N155.7b with an outstanding balance of N410.3b by year-end 2023. Detailed below is a snapshot of DBN's growth in our lending activities over the last 6 financial years:

Financial Year	2017	2018	2019	2020	2021	2022	2023
Amount Disbursed N'Billion	0.2	30.2	132.7	323.2	482.2	631.8	787.4
Number of End borrowers	296	35,416	100,713	134,858	208,371	313,058	494,819
Number of Onboarded PFIs	3	22	27	40	50	60	69

The composition of the onboarded PFIs is as detailed below:



Development Impact Performance

We have continued to focus on creating impact in our lending activities. Over the years, the number of beneficiaries has increased from an initial 296, with about 72% being women.

Detailed below is a summary of some of our key development impact achievements as at the end of the 2023 financial year.

Development Impact Objectives	Cumulative Position
Count	494,819
Female Owned MSMEs (Count)	72%
Youth Owned Enterprises (Count)	24.3%
First Time Access to Finance (Count)	13.8%
Disbursement to Start Ups (Volume)	1.57%

Process Automation

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 Performance Evaluation and Monitoring process
- The Loan Management and Administration processes
- Automation of the Interest Drawback Program (IDB)

The automation will enable us increase our 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 monitoring the PFIs in line with the policies of the Bank. The automation of the IDB will ensure that we can reward our PFIs for focusing on the development impact priorities in our drive to increase impact with mileage.

Policy Development

We adopted various policies and frameworks to our approach to lending in a safe and sustainable manner to MSMEs through regulated financial intermediaries.

The primary policy, which used to be the Credit Policy Manual, has been further separated into the Credit Risk Management Policy & Guideline, domiciled with the Risk Management Department of the Bank, and the Credit Process Manual, domiciled with our Operations Department.

The Credit Risk Management Policy & Guidelines is the primary guide for our lending activities. This policy is formulated to support DBN's business strategies to optimize shareholder value with minimum volatility to achieve our long-term sustainability objectives, based on a sound credit culture.

The policy has been developed considering 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 administered in consonance with the CBN Regulatory and Supervisory Guidelines for Development Finance Institutions ("DFIs").

The purpose of the policy is to ensure that DBN's extension of credit to 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 Credit Policy Manual are:

- Framework for lending to Unit Microfinance Banks
- Framework for lending to Other Financial Institutions (Mortgage banks 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

In addition, guidelines for lending to Non-Interest Banks were reviewed and updated in the 2023 financial year. This was developed to ensure we achieve significant mileage in our drive towards financial inclusion. Three Non-Interest Banks were onboarded per the guidelines, and engagements are being finalized for disbursement to the PFIs.

Additionally, we leverage the Interest Drawback Program and the Service Ambassadors Program to drive our lending activities and Development Impact Objectives.



The Credit Risk Management policy is formulated to support DBN's business strategies to optimize shareholder value with minimum volatility to achieve our long-term sustainability objectives, based on a sound credit culture.



www.devbankng.com
@DevBankNG

Sustainability is the goal, Collaboration is the leverage

At DBN, we partner with institutions, technology companies and other stakeholders to address issues of sustainable agriculture, energy and other environmental challenges.

Together, we can foster economic growth.



Our Sustainability Initiatives



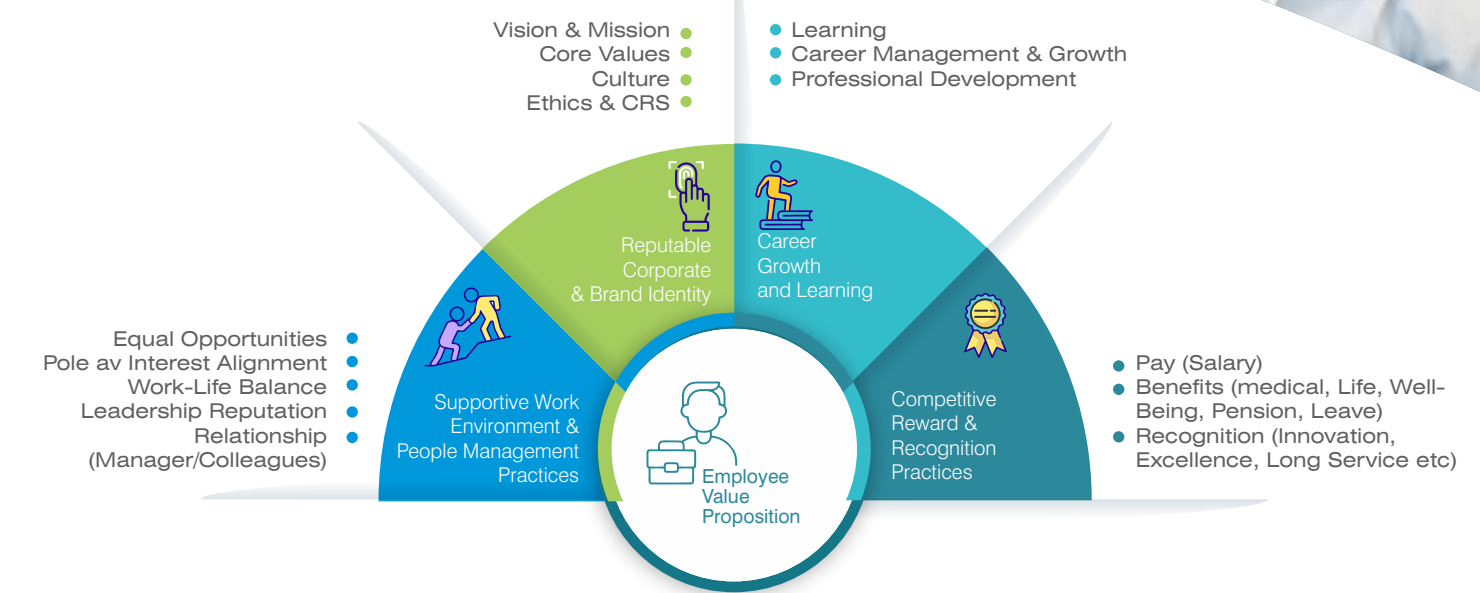
7.3 Human Capital



Employee Value Proposition

At DBN, we recognise our workforce to be our greatest asset. Consequently, we consistently enhance our employees' overall well-being and motivation. Our Employee Value Proposition (EVP) was crafted to consistently foster positive experiences for our staff while ensuring that DBN maintains a distinct competitive edge in its ever-evolving industry and talent landscapes.

Our Employee Value Proposition centers around four core areas, namely:



Acknowledging the pivotal role our employees play as our primary Brand Ambassadors, we have prioritized the creation of a supportive environment and a distinctive culture that instils pride and fosters optimal development. Our corporate philosophy emphasizes values such as respect, diversity, and excellence, serving as a fundamental strategy to sustain business performance and successfully attain the key objectives aligned with the Bank's mission.

Training and Development

We firmly believe that the continual upskilling of our people is crucial for them to achieve personal goals and contribute to the organisation's objectives.

In 2023, we remained steadfast in our dedication to ongoing investments in enhancing the skills of our workforce through our pursuit of more engaging and

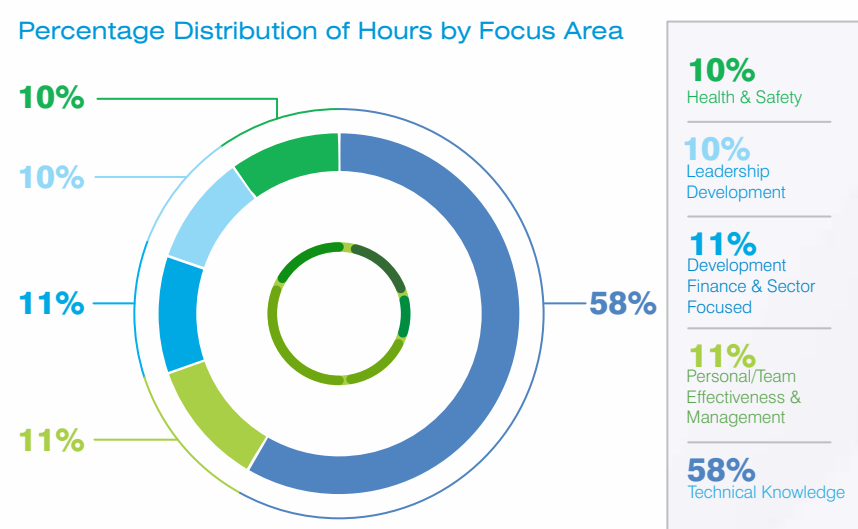
effective training methods. We supported the development and empowerment of our employees, ensuring they acquired the essential skills and competencies needed to meet current and future organisational talent requirements.

Our commitment in this regard was upheld through strategic

partnerships with reputable international and local training providers, facilitating the implementation of in-person and virtual training programs. We also partnered with Udemy business to provide diverse online training programs to all employees through our learning management platform.



These initiatives were specifically designed to improve the capabilities of our workforce in crucial areas, including Technical Knowledge, Leadership Development, Soft Skills, Development Finance, and Health & Safety, as illustrated in the chart here.



Employee Welfare

Our commitment to providing a fulfilling and enjoyable experience for our people remains unwavering. We consistently take intentional steps to cultivate a workplace culture where the happiness and well-being of our employees are always prioritized.

Below are some strategies we employed in 2023 to emphasise and prioritise our employees' health and overall well-being.

Employee Health & Total Wellbeing

In 2023, we remained focused on promoting the health and overall well-being of our employees through innovative and sustainable initiatives. We forged partnerships with reputable healthcare providers and other professional bodies for the following initiatives.

- Free and robust medical cover for staff and their immediate family members (spouse and up to children), including comprehensive annual medical/health check-ups to assess their health status and guide necessary lifestyle changes.

- Implementation of biannual employee wellness week, incorporating wellness surveys, health/wellness seminars on topical wellness issues including mental and heart health, dance/aerobics sessions, initiatives to promote healthy consumption, wellness competitions/challenges, as well as free medical screening and consultation for all employees.
- Provision of a psychological counselling platform for interested employees.

- Provision of recreational facilities for employees' physical activities such as football, dance, aerobics, and other activities that promote employee wellbeing and engagement.

- Access to an Employee Assistance Programme (EAP).

The Bank also offered a diverse array of health and wellness benefits and perks to eligible employees including subscriptions to gyms, fitness clubs, and social clubs.



Employee Engagement and Work/Life Integration

At DBN, we recognise the significance of cultivating an enriched employee experience and fostering positive psychology as integral to success. Consequently, employee engagement is prioritised as a cornerstone of its people management strategy.

Some of the initiatives implemented to foster employee engagement in 2023 included:

- Quarterly Thank God It's Friday (TGIF) team bonding events.
- Semiannual health and wellness week.
- Bank-wide team building programs.
- Town Hall Meetings.
- Visioning Sessions.
- Cadre-based focus-group discussions aimed at gaining direct and comprehensive insights into staff-specific issues, challenges, experiences, and sentiments.
- Employee Satisfaction Surveys, Internal Customer Satisfaction Surveys and other surveys to obtain employees' feedback on specific issues.
- End-of-Year party.

Remote and Flexible Work

In 2023, our employees continued to utilize the remote and flexible work arrangements, allowing them to carry out their tasks from the convenience of their home offices and/or adopt flexible schedules for onsite work resumption and closing. This approach has demonstrated its effectiveness in maintaining performance standards while allowing employees to seamlessly integrate work and personal activities, thereby enhancing their overall work-life balance.

Additionally, employees continued to avail themselves of various opportunities for paid time off to address their personal and community responsibilities.



7.3.1 Training and Development

We are deeply committed to fostering the growth of our employees. We actively promote a culture where employees are encouraged to be enthusiastic about their personal and professional development, and we wholeheartedly support them in achieving their goals. Through ongoing investments, we provide our employees with ample opportunities to enhance their capabilities.

To comprehensively support employees' career growth and development, the Bank has made the following provisions available:

- Robust knowledge management system designed to efficiently manage and share knowledge across the organisation.
- Job shadowing program structured to enable staff members to gain firsthand experience in various roles by actively participating in job-related tasks. This initiative aims to enhance employees' knowledge and understanding of specific roles, positioning them as potential successors to those roles.

- Capacity-building opportunities offered to employees include a minimum of 40 learning hours annually, tailored to identified business and/or staff development needs.
- Exam Leave of up to 10 working days to help employees prepare for and take professional exams.
- Discretionary study leave, subject to eligibility as defined in the staff handbook.
- Participation in the Bank's coaching program: Employees can engage in the Bank's coaching program for further professional development.
- Feedback and Leadership Development Mechanisms: Robust mechanisms are in place to provide constructive feedback and facilitate leadership development.
- Fast Career Progression: Consistently high-performing employees benefit from fast-tracked career progression as outlined in the career and performance management frameworks.

- Professional Membership Subscription: Approved relevant professional body memberships are sponsored by the Bank.
- Reimbursement of Exam Costs: Approved professional certification exam fees are reimbursed to further support employees' pursuit of relevant qualifications.

Additionally, we encourage employees to leverage their colleagues' collective strengths and engage in socially impactful and personally fulfilling projects.

In 2023, as part of our Corporate Social Responsibility (CSR) initiative, staff contributed to renovating a school block at Government Secondary School Durumi, Abuja. The project addressed structural issues, upgraded electrical and plumbing systems, and refurbished classrooms and common areas. Executed during the school holiday period, the initiative aimed to provide students with a safe, improved, and conducive learning environment as they resume for the next academic year.

7.3.2 Diversity, Inclusion & Equality

Diversity is a cherished value at DBN, guiding our equitable behaviour in all interactions with colleagues, partners, and stakeholders. Regardless of gender, family status, race, color, nationality, ethnic or national origin, religious belief, age, or disability, we always uphold fairness and respect. At DBN, we understand that our diversity and the unique qualities of our people serve as a source of strength, helping to establish the Bank as a great place to work.

We are dedicated to fostering an inclusive workplace culture where everyone is valued and respected for their unique skills, experiences, and perspectives.

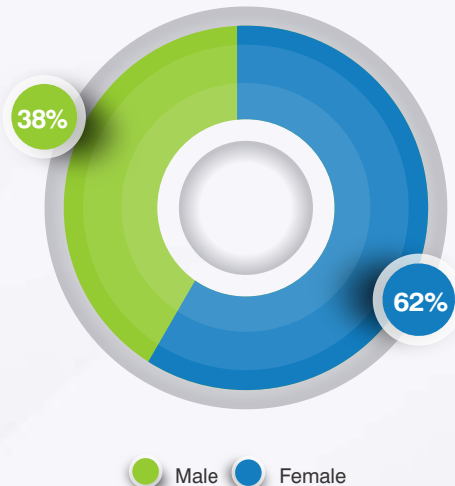
Our collective endeavour in upholding and managing diversity and inclusion encompasses the following:

- Facilitating Equal Employment Opportunities:** We ensure that employment opportunities are provided based on relative ability, performance, or potential, fostering equality in our recruitment process.
- Building a Safe Work Environment:** Action is taken against inappropriate workplace and business behaviour that fails to appreciate diversity and inclusivity. This includes addressing issues such as gender discrimination, harassment, bullying, victimization, vilification, and other non-inclusive behaviours to create a secure and respectful workplace.
- Attracting and Retaining a Skilled and Diverse Workforce:** As an employer of choice, we actively seek to attract and retain a skilled and diverse workforce. Our recruitment decision-making processes take into consideration the importance of diversity.
- Creating an Inclusive Workplace Culture:** We are dedicated to fostering an inclusive workplace culture where everyone is valued and respected for their unique skills, experiences, and perspectives.
- Implementing Gender-Sensitive Structures, Policies, and Programs:** To assist employees in effectively balancing their work, family, and other responsibilities, we have instituted gender-sensitive structures, policies, and programs.
- Ensuring Equal Access to Resources and Opportunities:** We are committed to ensuring equal access for women and men to all the Bank's resources and opportunities, promoting fairness and equality within the organisation.

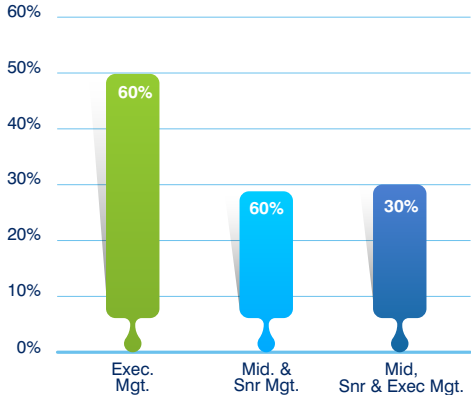


The DBN Workforce Diversity Policy delineates the guiding principles to create an inclusive workplace free from harassment and discrimination, where everyone is acknowledged and respected. This policy also ensures that all employees have equal access to opportunities based on merit and that hiring decisions adhere to principles of transparency, equity, and fairness.

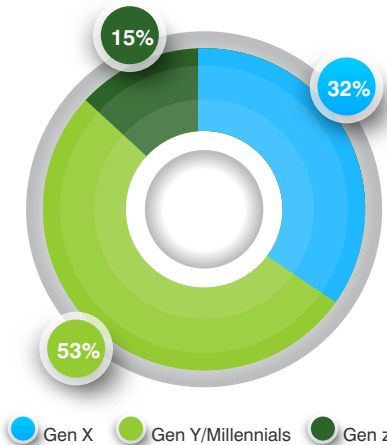
Workforce Gender Distribution



Female Representation at Management Level



Professional Staff Distribution by Generations at Work



The Bank is consistently working towards enhancing the diversity and inclusivity of its workforce, with a specific focus on improving gender composition and ensuring broader geographical representation.

KEY STATS

AS AT DECEMBER 31, 2023

Total number of staff (including Outsourced Staff)	71
Female	27
Male	44
TRAINING	
Total Learning Hours	6,130
Number of Staff Trained	100%
COMPENSATION AND BENEFITS	
Group Life Assurance/Group Personal Accident Scheme	100%
Health Insurance Scheme	100%
Contributory Pension Scheme	100%
Social Insurance Scheme (NSITF)	100%
EMPLOYEE SATISFACTION SURVEY	
Employee Satisfaction Level	86%
Satisfaction index on a scale of 1-5	4
Employees likely to advocate for DBN as a Great Place to Work	90%

7.4 Natural Capital



DBN is an environmentally focused organization. Our initiatives 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 cognizance 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:

7.4.1 World Environment Day 2023

Every year, more than 400 million tons of plastic are produced worldwide, half of which are designed to be used only once. Of that, less than 10 per cent is recycled. An estimated 19-23 million tonnes end up in lakes, rivers and seas annually. Microplastics – tiny plastic particles up to 5mm in diameter – find their way into food, water and air. It is estimated that each person consumes more than 50,000 plastic particles per year –and many more if inhalation is considered.

Nigeria generates approximately 2.5 million tonnes of plastic waste annually. It ranks ninth globally among countries with the highest contributions to plastic pollution. Unfortunately, over 88% of the plastic waste generated in Nigeria is not recycled. Instead, much of it

ends up in water bodies – rivers, lakes, drains, lagoons and the ocean.

This year, based on the global WED theme, and in alignment with the global theme – “Solution to Plastic Pollution” DBN donated recycling waste containers “receptacles” to States that have demonstrated their passion for being eco-champions. The State waste management agencies included Lagos, Port Harcourt, Kano and Abuja.

In addition to partnerships with respective sub-nationals mentioned above, our employees also visited schools in Lagos and Abuja. They conducted upcycling activities with the students using plastic bottles destined for recycling into stationary cases for the students. It was a fun and engaging way to teach young Nigerian students about the benefits of recycling and upcycling.



7.5 Intellectual Capital



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

7.5.1 Our Publications

We adopt the following approach to publishing intellectual content:

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

As part of our contributions to the development of the overall national knowledge economy, the following working papers and journals were created in 2023:

Publications in Journal of Economics and Sustainable Growth (JESG) 2023

Volume 5 Issue 2

1. Export Diversification and Income Inequality in Nigeria
2. Exchange Rate Liberalization and Asset Pricing of Quoted Firms In Nigeria
3. The Effect of Oil Revenue on Economic Growth in Nigeria - Evidence from Quantile Regression Method
4. Modelling Asymmetric Effects of Electricity Consumption and Economic Growth - Fresh Evidence from Nigeria

Volume 5 Issue 3

1. Welfare Impact of Catastrophic Out-of-pocket Spending in Nigeria
 2. Determinants of FDI in Nigeria's Services Sector
 3. Household Finance: Portfolio Decision Models and Financing Decisions
 4. Sectoral FDI, Financial Development and Economic Growth in Nigeria
 5. Does Business Cycle Affect Health Expenditure - Evidence from Nigeria
 6. Can Information Communication Technology Unlock Tax Revenue Mobilization in Sub-Saharan Africa
- Effect of Energy Sector Productivity on Economic Growth

Working Paper Series 2023



WPS 225

1. The African Continental Free Trade Area and Financial Development for Women's Economic Participation in Africa.
2. The Impact of COVID-19 and Russia-Ukraine War on Food Prices
3. Does Public Capital Expenditure Reduce Energy Poverty Evidence from Nigeria
4. Changing Role of Finance in Rural Small Enterprise Growth in Ghana
5. Gender Difference in Nutrition and Health in Agricultural Households in Nigeria
6. Historical Prevalence of Infectious Diseases and Sustainable Development in 122 Countries
7. Economic Globalization and Inclusive Green Growth in Africa
8. Remittances And Income Inequality in Africa
9. Building Social Capital Through Rural Women's Groups
10. The Determinants of Unemployment Rate in Developing Economies
11. Trust Institutions, Perceptions of Economic Performance.
12. Gender Inequalities in Rural Labour Markets
13. The Non-Linear Effects of Fixed Broadband on Economic Growth in Africa
14. Tourism, ICT, and Inclusive Development
15. Digital Technologies and Financial Inclusion in Sub-Saharan Africa
16. Law, Political Stability, Tourism Management
17. Towards Inclusive Green Growth in Africa
18. Gender Sensitive Responses to Climate Change in Nigeria
19. The Comparative Economics of Globalization and Governance in Sub-Saharan Africa
19. Information Technology, Business Sustainability and Female Economic Participation

WPS226

1. The Interaction Effect of Government Non-Financial Support and Firm's Regulatory Compliance on Firm Innovativeness in Sub-Saharan Africa
2. Foreign Investment, International Trade and Environmental Sustainability - Exploring Ecological Footprints In 37 African Countries
3. Tourism Management Synergies in Sub-Saharan Africa
4. The Comparative Economics of Globalization and Governance in Sub-Saharan Africa
5. Women's Political Empowerment and Vulnerability to Climate Change - Evidence from 169 Countries
6. Gender Political Inclusion and Democracy in Africa - Some Empirical Evidence
7. Duration of Support and Financial Health of Business Support Structures in Burkina Faso, Cameroon, and Ghana - A Micro-Econometric Analysis
8. Climate Change and Agricultural Productivity in West Africa
9. Democracy and Lifelong Learning in Africa
10. Demand-Side Mobile Money Drivers of Financial Inclusion - Minimum Economic Growth Thresholds for Mobile Money Innovations
11. Searching for Sustainable Footprints - Does ICT Increase CO2 Emissions?
12. Digital Divide, Globalization and Income Inequality in Sub-Saharan African Countries - Analysing Cross-Country Heterogeneity.
13. The Dilemmas of Relevance - Exploring the Role of Natural Resources and the Carbon Kuznets Curve Hypothesis in Managing Climate Crisis in Africa
14. Does E-Governance Reduce Income Inequality in Sub-Saharan Africa? Evidence from a Dynamic Panel
15. Resource Rents and Economic Growth - Governance and Infrastructure Thresholds

16. What Really Drives Economic Growth in Sub-Saharan Africa? Evidence from the Lasso Regularization and Inferential Techniques
 17. Globalisation, Technology and Global Health
 18. Structural Change, Environmental Pollution and Health Expenditure - Evidence from a Global Panel
 19. Gender Political Inclusion and Inclusive Finance in Africa
 20. Mobile Phone Innovation and Doing Busin
- ess In Sub-Saharan Africa

WPS 227

1. Gender Equity and Land
2. Financial Development, Human Capital and Energy Transition
3. Promoting Environmental Sustainability in Africa
4. Fintechs and the Financial Inclusion Gender Gap in Sub-Saharan African Countries
5. Green Taxation and Renewable Energy Technologies Adoption
6. Bribing to Escape Poverty in Africa
7. African Women Vulnerability Index - Focus on Rural Women
8. Information For Banking Efficiency in Africa
9. Attaining Sustainable Development Goals
10. Thresholds of External Flows in Financial Development for Environmental Sustainability in Sub-Saharan Africa
11. Oil Extraction and Gender Equality for Social Equity
12. Governance Quality and Trade Performance in Sub-Saharan Africa
13. Promoting Gender
14. Foreign Direct Investment and Inclusive Green Growth in Africa

15. Financial Development and Human Capital Thresholds for the Infrastructure Development
16. Information And Communication
17. Gender Inclusion and Sustainable Development in Africa
18. The Synergy Between Governance and Trade Openness in Promoting Female Economic Inclusion in Sub-Saharan Africa
19. The Role of Governance in The Effect of The Internet On Financial Inclusion In Sub-Saharan Africa
20. Demographic Change and Wealth Inequality

WPS228

1. Assessing the Moderating Effect of Institutional Quality on Economic Growth - Carbon Emission Nexus in Nigeria
2. Bank Accounts, Bank Concentration and Mobile Money Innovations
3. Corporate Finance, Industrial Performance and Environment in Africa: Lessons for Policy
4. Does Corruption Starve? An African Perspective
5. Economic Sectors and Globalization Channels to Gender Economic Inclusion in Sub-Saharan Africa
6. Effect of Women's Political Inclusion on the Level of Infrastructures in Africa
7. Financial Development and Renewable Energy Consumption in Nigeria
8. Government Enterprise and Empowerment Programme (GEEP) and Women's Performance in Entrepreneurship Development in Nigeria
9. The Impact of National Home-Grown School Feeding Programme (NHGSFP) on Rural Communities in Nigeria
10. Information Technology, Inequality and Adult Literacy in Developing Countries.

11. Microfinance Institutions and Female Entrepreneurship in Sub-Saharan Africa: Avoidable Female Unemployment Thresholds
12. Moderating Effect of ICT on the Relationship Between Governance Quality and Income Inequality in Sub-Saharan Africa
13. Natural Resource Endowments and Growth Dynamics in Africa: Evidence from Panel Cointegrating Regression
14. Telecommunications Regulation, Mobile Money Innovations and Financial Inclusion
15. The Paradox of Governance and Natural Resource Rents in Sub-Saharan Africa
16. The Political Economy of the Oil and Gas Sector in Emerging and Developing Countries
17. The Role of Mobile Money Innovations in Transforming Unemployed Women to Self-Employed Women in Sub-Saharan Africa
18. Towards Inclusive Growth in Africa: Remittances, and Financial Development Interactive Effects and Thresholds
19. Towards Sustainability: The Relationship Between Foreign Direct Investment, Economic Freedom and Inclusive Green Growth
20. Trust Institutions, Perceptions of Economic Performance and the Mitigating Role of Political Diversity in Sub-Saharan Africa

7.5.2
Capacity Building Activities:

7.5.3
Community of Practice
for Micro-finance Banks 2023

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 of sustainability amongst DBN's affiliated microfinance banks.

The overall awareness of sustainability and its translations for the microfinance ecosystem has not been as clearly articulated as it has amongst deposit money banks in Nigeria. As such, efforts to improve the general concepts around adopting sustainability principles and the advantages it has for business and the nation must be encouraged.

DBN took the initiative to act as a catalyst in helping raise awareness around sustainability issues, provide technical assistance, and enable the establishment of "Communities of Practice" for 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, legitimization of operations, etc.

In 2023, the training was titled "The Role of Microfinance Banks (MFBs) in catalysing the Green Energy Market in Nigeria." It was delivered virtually and provided participants with a comprehensive exploration of sustainable energy development and the significant role MFBs play in driving progress within Nigeria.



7.5.4
2023 DBN Entrepreneurship
Programme

In line with our core mandate to build the capacity of MSMEs in Nigeria, DBN held its 5th Annual Entrepreneurship Programme in August and September 2023 in Lagos, Abuja, and a maiden edition in Port Harcourt.

We deployed our in-house learning management system, BIZAID, to train businesses virtually and collaborated with Enterprise Development Centre and Wider Perspectives Limited to conduct a face-to-face training programme. The face-to-face training was designed and implemented through various methods, including but not limited to presentations, case studies and group activities.

A total of 1,642 participants registered and took courses on the learning management system and the best 350 businesses were invited based on their performance on the DBN BIZAID learning platform, for a 5-day, in-class training in Abuja, Lagos, and Port Harcourt. The cohort was diverse across various sectors of the economy and included male and female participants.

The annual entrepreneurship programme aims to develop the capacity of MSMEs in Nigeria through entrepreneurial and business management skills training tailored towards improving access to finance, efficient funds utilization, job creation and ultimately, the sustainability of participating businesses.

Modules covered include Planning your Business, Improving your Marketing & Sales, Financial Management, Corporate Taxation, Business Communication, Operations Management, Strategic Planning, Presentation Skills, Sustainability and Digital Marketing. Subject area experts with relevant experience in the Nigerian MSME space facilitated the training. This helped to ensure a hands-on approach backed by locally relevant information.

The training programme culminated with a pitching competition, a component of the annual entrepreneurship training program where businesses can pitch their business ideas with the possibility of winning grants. Grants were awarded to 16 businesses.

The Post Training Advisory and Mentoring for beneficiaries commenced immediately after the training was completed, while the impact assessment will be conducted six months post-completion to measure returns on learning investment.



A TOTAL OF
1,642
participants
registered
and took
courses
on the
Learning
Management
System



7.5.5
Capacity Building for MSMEs
in the North East and North West
Regions of Nigeria

MSMEs plays a pivotal role in Nigeria's economy, contributing significantly to employment, income generation, and poverty reduction. The National Bureau of Statistics reports that the MSME sector contributes over 48% to Nigeria's Gross Domestic Product (GDP) and employs more than 84% of the country's workforce. Despite these contributions, MSMEs face considerable challenges, especially in the North-East and North-West regions characterized by high poverty rates, insecurity, and poor infrastructure.

In response to these challenges, we organized a one-day capacity-building program in six states of the North-East and North-West regions. The goal was to enhance the resilience and competitiveness of MSMEs, considering our mandate to build their capacity and provide funding and risk-sharing facilities through our PFIs.

The workshop, conducted in Gombe, Adamawa, Borno, Katsina, Sokoto, and Kebbi states, targeted 1,000 MSMEs but ultimately trained 1,121. In the North-East, Gombe recorded 228 MSMEs, Yola 196, and Maiduguri 163, while in the North-West, Katsina recorded 154 MSMEs, Sokoto 128, and Kebbi 252.

Covering diverse topics such as business growth, accessing finance, creating value, online business and financial security, and the 5Cs of bank lending, the workshop employed a mix of lectures, case studies, group discussions, and hands-on exercises. Emphasizing interactivity and participation, the workshop aimed to provide practical skills and knowledge immediately applicable to the participants' businesses.



“The goal was to enhance the resilience and competitiveness of MSMEs, considering our mandate to build their capacity and provide funding and risk-sharing facilities through our PFIs.”

DBN and Ubola Rural Community
Foundation (URCF)

Financial Inclusion Intervention
Program in Borno State,
Northeast Nigeria

In collaboration with the Ubola Rural Community Foundation (URCF), DBN conducted trainings on financial inclusion in three communities in Borno state - Gongulong Busamari, Gongulong Lawanti, and Gongulong Goniri. OPAY, a user-friendly fintech, partnered with the Bank to deliver the program by facilitating the sessions and introducing instant account creation and debit card issuance.

The program emphasized financial literacy, highlighting its importance in business development and securing savings. 110 community members were trained, each receiving an Opay Account and an instant Debit Card.

Trainees conducted transactions and expressed gratitude for the opportunity, which was previously unimaginable due to their remote location. Enthusiasm led to more enrolments, with over 50 transactions occurring within 24 hours.

The project positively impacted the communities, fostering literacy and education, particularly among the youth.



“110 community members were trained, each receiving an Opay Account and an instant Debit Card.”

7.5.6 2023 DBN-GAIN Capacity Building Programme for Women



DBN
Development
Bank of Nigeria
RC 1215724

...Financing Sustainable Growth



The GAIN Entrepreneurship Masterclass for Women (Nigeria) is an empowerment initiative orchestrated by the Grand Africa Initiative (GAIN) in partnership with DBN.

This program aims to provide 200 promising young women entrepreneurs from various regions of Nigeria with the essential knowledge and skills to establish and grow their businesses, fostering job creation and economic empowerment, but due to high demand and need, GAIN eventually trained 250 women on this edition.

This year marks the second edition. GAIN has successfully implemented the program in partnership with us.



This program came at a time when I needed it. The knowledge acquired can't be monetized; the facilitators did a good job on the topics. And this program gave me a mentor for whom I am grateful to God and to GAIN.-

Blessing Iwuofor
CEO
Gapec Jo
Concept Limited

I would quickly recommend this program to others. This program is just the best. The facilitators were exceptional. I've gained too much knowledge

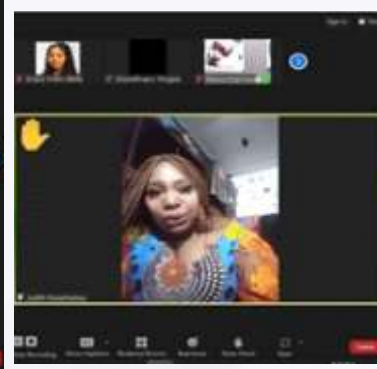
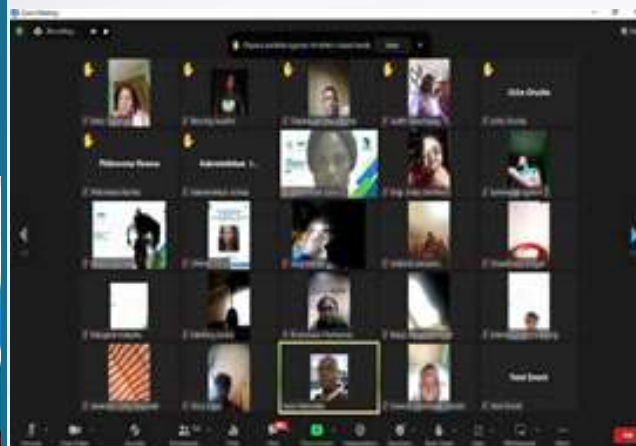
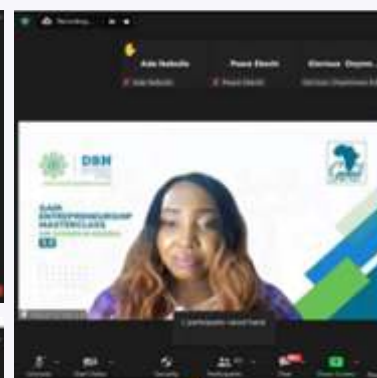
Mildred Masaimari
Mil B's Enterprise

I never knew I could gain so much business knowledge without paying. It's my first time of attending such training. I gained a lot, learned, relearned and unlearned seriously. The facilitators are all exceptional; I love them all, especially Madame Merola, lol. Yes, I would recommend this training to anyone I know

Ifeyinwa Obionu,
CEO
Ciphy Ventures

You know the moment you have a lot to say but don't know where to start, that's my situation right now. The program was too impactful, it changed my orientation about business, it taught me how to generate more sales even in dwindling economy, my business plan, strategies improved. Like I said before, this is my best masterclass

Ukamaka Okolo
CEO
Mamfrika Foods Limited



Impact is the goal, Partnership is the process

At DBN, we collaborate with global development partners and Participating Financial Institutions (PFIs) to provide lending to Micro, Small & Medium scale Enterprises (MSMEs).

Together, we can foster economic growth.



DBN
Development
Bank of Nigeria
RC 1215724

...Financing Sustainable Growth

Our Participating Financial Institutions (Microfinance Banks)



7.5.7
Technical Assistance (TA) to Microfinance Banks (MFBs)

DBN concluded the TA Program launched in 2022 to support the capacity of 10 selected microfinance banks over an eight-month period in the area of business process development and expansion of lending activities to MSMEs. The following MFBs took part in the training: AB MFB, Accion MFB, Addosser MFB, Baobab MFB, Bosak MFB, Hasal MFB, Infinity MFB, LAPO MFB, Mainstreet MFB, and NPF MFB.

The program was aimed at strengthening the institutions' MSME financing through a variety of potential improvements to their business processes. The TA covered areas such as technology integration, improvements in the lending process, and risk management practices, Anti-Money Laundering (AML) & Combating the Financing of Terrorism (CFT), and corporate governance.

Summary of the TA Activities

The different stages in implementing the TA to the MFBs are summarized below:

- Introduction of the TA consultants to each of the banks.
- Diagnostics: An assessment of each PFI to determine TA areas of need.
- Design: An inception report documenting the outcome and possible TA plans.
- Implementation: This covered capacity building and development of tailored tools
- Monitoring and Evaluation: This stage assessed the impact of the TA provided.

The first round of training on capacity building in credit analysis and portfolio monitoring was held in Lagos in two streams with a total of forty-five staff of the PFIs in attendance.



The study tour in Nairobi Kenya provided the PFIs with the opportunity to learn from peer Kenyan MFBs how to resolve similar issues faced by the Nigerian PFIs. The tour, organized by Association of Microfinance Institution Kenya (AMFI-K), aimed to help the participants identify alternative approaches in microfinance, including digital lending, that can be adapted to their institutional and lending contexts.



“The program was aimed at strengthening the institutions' MSME financing through a variety of potential improvements to their business processes.

In parallel, our consultants, A2F Consulting, worked with the five State MFBs to deliver the selected interventions ranging from upgrade of risk management manuals and procedures for portfolio management to Enterprise Risk Management (ERM) and Business Continuity Planning (BCP).



The consultant also worked with the eight MFBs that opted in, to configure and implement an MIS reporting tool. The “Management Information & Reporting System Component” laid the foundation for a significant upgrade of the existing data management framework and risk management practices at the PFIs.

The main areas of reporting supported by the new system are				
performance reporting	risk reporting	financial reporting	compliance reporting	M&E reporting.
(new disbursement including sales targets)	(e.g., vintage analysis)	(e.g., ALCO)	(e.g., CBN, DBN, financial intelligence unit, etc.)	

We received a final report assessing the overall outcome of the TA, documenting the results and lessons learned from the implementation and recommendation for future projects.



Provision of Technical Assistance to Deposit Money Banks (DMBs)

The TA to DMBs was carried out to expand their lending to MSMEs on sustainable and commercially viable terms. An institutional assessment of PFIs to identify areas for improvement was carried out on 10 PFIs with over 300 staff trained. The focus was on SME finance strategy, SME lending process, Product development and refinement, Green Finance and Agri lending.

The program was implemented by the Frankfurt School of Finance & Management (FSFM) and aimed to support downscaling activities of the PFIs to enable them to expand their lending to MSMEs in the country.

Key activities of the TA include:

- **Activity 1:** Recommendation for design and or modification of policies and procedures.
- **Activity 2:** Capacity Building / Training of MSME, risk management, branch and other staff.
- **Activity 3:** Development of MIS tools to support the MSME business, such as credit analysis tools, cashflow lending tools, and provisions for upgrades of IT platforms and other solutions that supports implementation of the revised business model introduced as an outcome
- **Activity 4:** Study tours to Germany/Turkey for the different phases of the TA.

The TA was managed by the Project Implementation Unit of the DBN, supported by the Operations Department and was focused on funding tailored TA to eligible PFIs to downscale or upscale their operations to MSMEs. The TA was carried out in Phases as highlighted below:

Technical Assistance to Banks – Phase 1

In line with our mandate to increase access to finance for MSMEs in Nigeria, and as part of our 3 pillars of achieving same, we launched our 1st Technical Assistance to PFIs in July 2020 to 5 of our PFIs: Access Bank, Ecobank, GT Bank, Union Bank and Wema Bank.

Components of Technical Assistance

- SME Portfolio Reach and Volume
- SME Portfolio Quality
- Green Finance Strategy
- Gender Finance
- Enhanced Agricultural Finance Capability
- Non-Financial Services Support for MSMEs

The TA ended with a study tour to Germany for staff of the PFIs aimed at exposing the staff to international best practices, enabling them to participate in bespoke and up-to-date university lectures on several development finance topics, and fostering exchange among the participants. This included a

classroom-based approach where the participants attended physical training sessions at one of the best private business universities in Frankfurt am Main, Germany. The classroom sessions took place from the 13th to the 18th of June 2022 with 21 participants from the 5 PFIs (Wema Bank, Union Bank, Ecobank, Guaranty Trust Bank and Access Bank) and DBN.

Technical Assistance to Banks – Phase 2

Upon successfully completing the Pilot phase of the TA to Banks, a second phase of the project was launched in 2022. The project aimed to provide TA for an additional 5 banks to support their downscaling to expand their lending to MSMEs on sustainable and commercially viable terms. The goal of the TA is to augment the level of formal credit and other financial services made available to Micro, Small, and Medium Enterprises (MSMEs) by improving the capacity of financial institutions to profitably and sustainably serve this market segment.



The phase 2 of TA was also carried out by the Frankfurt School of Finance and Management (FSFM) to 5 commercial banks – Providus Bank, Stanbic Bank, Fidelity Bank, FCMB and FSDH Merchant Bank. Other key components of the Technical Assistance

- SME Lending Strategy
- SME Lending Process & Products
- SME Credit Risk
- MIS & Digital Finance
- SME Advisory

Since some of the PFIs also provide non-financial services to MSMEs in the form of review of general business activities of MSMEs, business advisory service to MSMEs and coaching activities, were offered as a complement to the MSME advising services offered by the program. This was to improve PFIs abilities to incorporate non-financial services into their sales and relationship management to provide SMEs with additional value.

Other activities within the TA concerning the deployment of Management Information System tools include the following solutions, enhancements and capabilities:

i. SME Asset Distribution:
The SME asset distribution portal provides a snapshot of the breakdown of SME risk assets into overdraft and term loans and a

filter based on several criteria like branch, staff and account listing of the assets ranked from top to bottom.

ii. Monitoring of Past Due Obligations:

This solution was deployed to provide a way for PFIs to monitor past obligations to the Bank. This will enable the Bank to know if it is within the limits of regulatory standards regarding the classification of past due loans. The dashboard enables the Bank to monitor past due assets in real-time filtered on many parameters like asset class, product name, branch, staff, and IFRS standard of reporting past due obligations.

iii. MSME Loan Tracker and Loan Budget Analysis:

The MSME Loan Tracker will assist the PFIs in monitoring the MSME loan portfolio monthly. In addition, it will support the PFIs in conducting a comparative analysis of MSME loan trends from the previous year against the current year.

iv. MSME Monitoring Report:

A custom-made MSME monitoring report was developed following the development of new SME cash flow lending products for some PFIs. It was developed to help track the key parameters to determine the performance of the loan in terms of the amount disbursed per customer and interest income to be earned per customer

v. Intranet dashboards:

Intranet dashboards were developed to assist the PFIs with customer acquisition and credit decision-making. These reports will provide transaction reports and actionable insights (from external data) delivered in a curated form on the web browser and mobile for SME team members.

The TA rounded up with a study tour to Turkey with visits to Istanbul and Ankara. The classroom trainings focused on SME Credit and Financial Analysis, SME Finance and Supporting Activities, and Loan Portfolio Management and Monitoring.

In addition, the team visited SME and Agricultural Finance Bank where presentations on Innovations in Agricultural Finance and the Agriculture Finance System were made. Furthermore, trainings on Risk Management, Governance of Risk in Financial Institutions, Foreign Exchange Rate Risk Management and NPL Management were carried out.

The study tour rounded off with a visit to Ankara to KOSGEB - Small and Medium Enterprises Development Organization, Kred Garanti Fonu: Credit Guarantee Fund and TOBB, the Umbrella organisation of chambers of commerce/industry.

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Impact of Technical Assistance

- High SME Portfolio growth with Union Bank achieving a growth of 528%;
- Increased number of financed SMEs, with Wema Bank & Access Bank having 158% and 129% growth rate respectively.
- Larger loan sizes as a result of the refined credit risk assessment and good growth in average SME loan amount.
- Improved loan portfolio quality in three PFIs with NPL ratio below 3.5%, and growth of women SME outstanding portfolios by up to 20 times.
- The average number of SME advisory services among the beneficiary PFIs in Phase 2 of the TA to Banks increased from an average of 1,884 in 2022 to 201,905 as at February 2023.
- The average number of SME accounts opened among the beneficiary PFIs in Phase 2 of the TA to Banks increased from 199 in 2022 to 10,190 in February 2023.
- Environmental and Social (E&S) Risk Management targeted at loan officers, Senior Business & Risk Managers, E&S Risk Coordinators, and all allied roles across PFIs to ensure compliance with DBN's E&S policy and procedures.
- Trainings were conducted for 17 Banks with over 40 staff and focused on grievance redress mechanisms, E&S Risk Reporting, E&S Management system operationalisation, and the International Finance Corporation (IFC) Performance Standards.



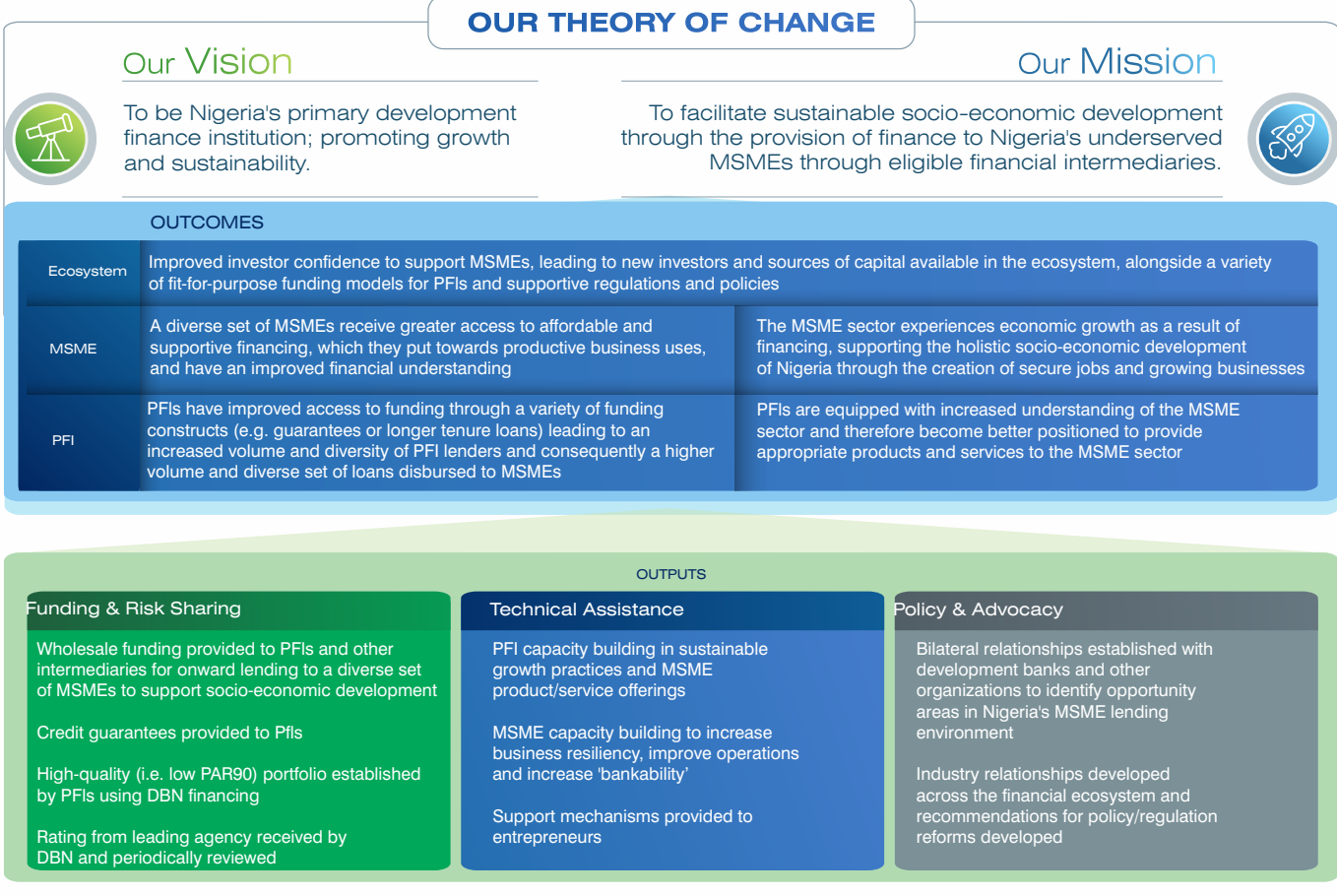
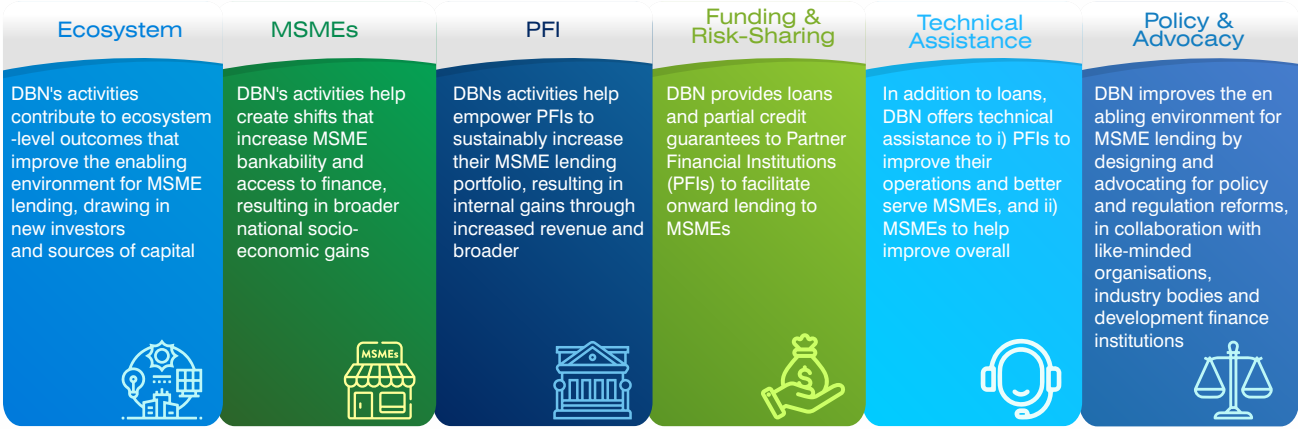
7.6 Social Capital

7.6.1 Development Impact Approach

We operate a circular learning process through our Monitoring and Evaluation exercise to assess the performance and impact of loans provided to MSMEs.

This ensures that we are on the right trajectory to achieving our mandate. As such, we have created key indicators that are measured and monitored regularly by a team of qualified and experienced persons.

Dimensions of Impact and Activities to Realize Impact

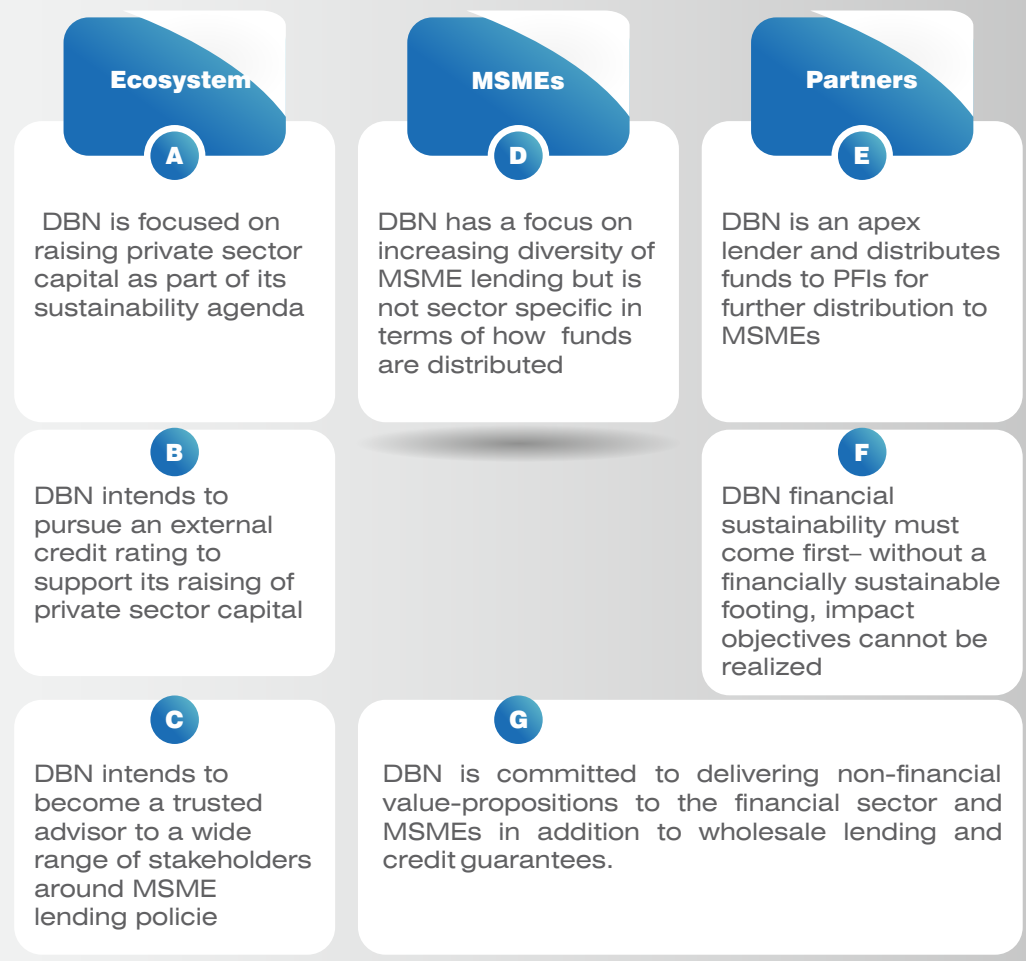


The Theory of Change comprises of five logically linked components and acts as a blueprint for evaluation with measurable indicators of success identified at each level through the logical framework. The Theory of Change forms the basis of the M&E process and is a continuous point of reference for DBN.

Our Strategic Positioning

We have adopted seven strategic positions because of the environment in which we operate and this in turn, inform our anticipated avenues to impact realisation. The MSME lending environment in Nigeria faces challenges ranging from Naira volatility against international currencies to insecurity in the farmlands and climate change risks amongst others.

This broad range of challenges has implications for DBN across all impact dimensions, with corresponding strategic positions adopted to mitigate risks. The strategic position informs how we anticipate impact being realised, underpinning the Theory of Change and informing the learning questions which we will ask, to determine performance and impact attainment. s the basis of the M&E process and is a continuous point of reference for DBN.



Strategic positions A, B, C, F & G are adopted as a result of the DBN's wider operating environment, whilst D & E are strategic decisions DBN have

7.6.2 2023 M&E Exercise

The 2023 Monitoring & Evaluation (M&E) exercise captured the remarkable impact and transformation brought about by our strategic loans to the MSME sector. It presented the significant efforts made by DBN in driving growth, fostering resilience, and encouraging sustainability across diverse sectors.

The Impact Evaluation Report provides a quantitative analysis of our achievements and PFI lending activities. It also showcases our impact in driving innovation and increasing the attractiveness of MSME lending and our contribution to gender and wider social impacts. The Impact and Change Stories report offers qualitative narratives that vividly capture the experiences of MSMEs benefiting from DBN's financial support.

The evaluation was based on a mixed-method approach, both qualitative and quantitative approaches involving consultation and meetings, desk reviews, development of tools, orientation of data collectors, use of online data collection tools, observations during field visits, in-depth interviews, survey questionnaires, and observation checklists.

The study revealed some interesting highlights on the impact of DBN funds on MSMEs: Overall, 42.9% of MSMEs reported creating new jobs during the year, resulting in an estimated total of 207,634 additional jobs. This indicates a positive trend in job creation within the MSME sector, contributing to employment opportunities. Looking at individual sectors, the Education sector stands out as a major contributor to job creation, with 100% of MSMEs in this sector reporting the creation of new jobs. On average, each MSME in the education sector generated an impressive average of 30.5 new jobs, highlighting the sector's

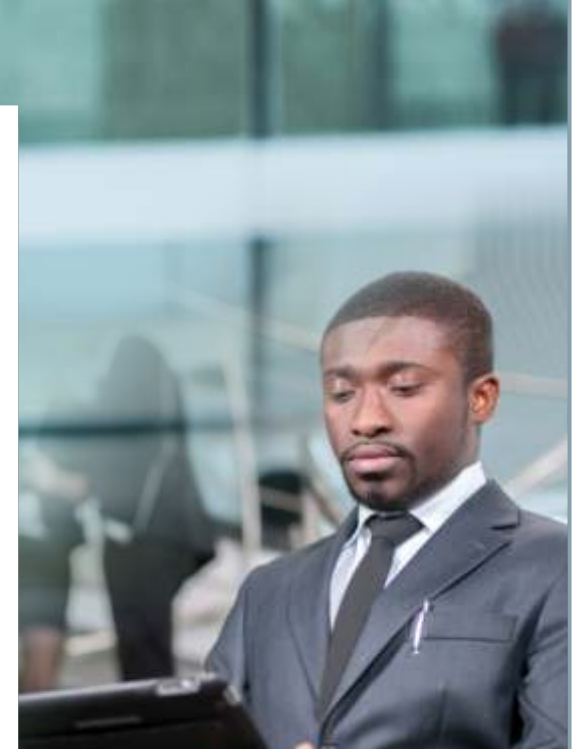
significant impact on employment. Other sectors that demonstrated notable job creation rates include Arts, Entertainment, and Recreation (60.0%), Human Health and Social Work Activities (75.0%), and Manufacturing (44.4%), each contributing to employment growth.

Most businesses (57.6%) reported an increase in revenue a key business performance indicator following their funding from DBN. However, some sectors have benefitted significantly more than others.

Our investments in education and healthcare have resulted in tangible improvements in facilities and accessibility. These advancements underscore our dedication to promoting societal development and enhancing human capital in Nigeria.



The Impact Evaluation Report provides a quantitative analysis of our achievements and PFI lending activities.



Impact of DBN Funds on PFIs:

The study revealed a robust dedication among PFIs to create a supportive environment for MSMEs, which is essential for both economic development and job creation. An overwhelming 90.9% of PFIs reported that they depend on loans supported by DBN for MSME financing. Notably, the same percentage (90.9%) of PFIs were able to disburse these loans in less than a month, indicating highly efficient loan processing systems that cater to the urgent financial needs of MSMEs. All PFIs were found to have launched various loan initiatives, with 54.5% providing extensive services to strengthen MSMEs showing a strong commitment to MSME growth.

The study also found that support from DBN has been instrumental in enabling PFIs to introduce new loan products and services. This influence reflects our role not only as a catalyst for innovation and diversification in the financial products offered to MSMEs.

7.6.3

Impact Stories

**BON-CEE
Industries**

**Wellmax +
Pharmacy**

**Hallel
Restaurant**

**Matteco
Investment
Limited**

**Healthcare &
Medical
Diagnostics**

BON-CEE INDUSTRIES LTD



Boncee Industries is committed to transforming the wood and door manufacturing industry. For over 16 years, the company has been a leader in this field, showcasing a unique blend of passion and business expertise. Boncee Industries' journey is a tale of determination, creativity, and a strong commitment to contributing positively to the Nigerian economy by creating job opportunities for young people.

Journey so far

Recognizing the limitations of a consumer-based economy, the company was determined to contribute to Nigeria's growth through production and manufacturing. This vision was fueled by the belief that the real development of Nigeria lies in empowering and employing the youth, transferring technology, and adding value across various levels of the production chain. Boncee Industries' journey has been marked by numerous challenges, typical of the manufacturing sector in Nigeria. From navigating complex financial landscapes to dealing with infrastructural hurdles, the company's

resilience has been an example of inspiration.

BON-CEE Industries Ltd became a beneficiary of DBN funds through Fidelity Bank Plc

It has consistently advocated for better support for the manufacturing sector, understanding that a thriving production industry is key to the nation's progress. The company currently employs 56 workers, with a commendable inclusion of women in the workforce. The management's philosophy centers on fairness and opportunity for all, regardless of gender.

Next Steps

Despite the hurdles, the company remains optimistic about the growth opportunities in Nigeria's manufacturing sector. It envisions a future where increased production capacity meets the nation's housing and infrastructure needs, creating a ripple effect of employment and economic growth. The company has a cautious expansion plan, due to the challenging financial environment.



Wellmax + Pharmacy

A decade ago, Ifeyinwa Obi took a bold step, transitioning from a career in Information Technology (IT) to reignite her passion in pharmacy. This marked the beginning of an inspiring journey, blending her skills in IT and her expertise in pharmacy to create a unique business model. Ifeyinwa's story is not just about the change of profession but about her innovative approach to entrepreneurship. As a pharmacist and business owner, she has been actively involved in the business for about six years. She currently manages three (3) stores with 21 direct employees, predominantly female.



Journey so far

Ifeyinwa's venture began with challenges typical to many entrepreneurs. The initial struggles included navigating the complexities of the financial world to sustain and grow her business. Despite these hurdles, Ifeyinwa's resilience shone through. Her approach to financing was cautious yet strategic, ensuring that her business was not overly reliant on high-interest loans. She leveraged her savings and occasional support from her husband, demonstrating her commitment to financial prudence.

One of the key strengths Ifeyinwa brought to her business was her background in IT. She effectively utilized her experience in system management and process

optimization to streamline operations. This integration of IT into the pharmacy business was not just innovative but proved to be a game-changer in service delivery. Pharm. Ifeyinwa expressed concerns about the burden of interest rates, noting that many people are hesitant to take bank loans for fear of working solely to pay the bank.

Ifeyinwa uses loans primarily for inventory, opening new branches, and other business needs but finds the available amounts insufficient for significant expansions like opening a new branch.

Wellmax Pharmacy became a beneficiary of DBN funds through Access Bank Plc



Next Steps

Despite the challenges in the pharmaceutical sector and the broader economy, Ifeyinwa's business continues to thrive. Her approach to utilizing loans effectively, focusing on cash flow and inventory, and prudent financial management has helped her steadily grow her revenues and business assets. Looking forward, she aims to expand her branches and upgrade her machinery, focusing on sustainable business practices.

12 HALLEL RESTAURANT

12 Hallel is a catering business run by Elizabeth Oluranti Anusie, a tenacious entrepreneur. Anusie's entrepreneurial spirit was sparked by necessity and a divine inspiration. Initially, she operated a small shop selling bags and shoes, but the venture faced financial losses. It was during this challenging period that a vivid dream about food changed the course of her life. She started small, selling homemade moi-moi, a traditional Nigerian dish, beginning with just 25 wraps. The quality and taste of her moi-moi quickly garnered attention, leading to an increase in demand.

Journey so far

Anusie caught a lucky break when she was asked to cater for an executive meeting. This opportunity enabled her to invest in her first set of chafing dishes, a small step that marked the beginning of her expanding business.

By 2020, despite the challenges posed by the COVID-19 pandemic, she opened her restaurant, '12 Hallel', a venture that grew in popularity and began to flourish as restrictions eased. Her entrepreneurial journey was not without obstacles.

She navigated the complex process of securing a loan and eventually became a beneficiary of DBN funds through Access Bank's Quick Bucks product, which she used to expand her business further.

Next Steps

Elizabeth sees significant growth opportunities for her business. She aspires to establish multiple branches across Nigeria and beyond, aiming to make '12 Hallel' a renowned and respected brand in the culinary world.



Today, 12 Hallel employs 13 people, including 9 women, reflecting Anusie's commitment to gender equality and empowerment in the workplace. The business has provided jobs and contributed positively to the local economy. Her vision for her business is ambitious and global. Elizabeth Oluranti Anusie's journey from a struggling shop owner to a successful entrepreneur exemplifies the power of perseverance, the importance of embracing opportunities, and the impact of the loans provided by DBN.

Matteco Investment Limited

Matteco Investment Limited, is an enterprise that has defied the odds and thrived in the competitive world of Micro, Small, and Medium Enterprises (MSMEs). In 1990, driven by an unquenchable passion for business, Mr. Matthew embarked on a journey that would later become Matteco Investment Limited.

Journey so far

Mr. Mathew's initial venture as an apprentice in Kwara State exposed him to the intricacies of panel beating and building materials. However, fate had other plans, and he ultimately settled on building materials. He started his business with a capital of N6,000 after completing his apprenticeship.

Fifteen years ago, he expanded his horizons by venturing into importation, diversifying the business to include trading, marketing, sales, and distribution of building materials, carpentry tools, furniture fittings, and upholstery cloths. The journey from a modest beginning to a thriving MSME was marked by resilience, hard work, and a relentless pursuit of excellence.

Matteco Investment Limited became a beneficiary of DBN funds through Fidelity Bank Plc.

Today, Matteco Investment Limited is a household name in Dei-Dei, Abuja, serving as a one-stop shop for all things related to construction and interior furnishings. The enterprise, with its unwavering commitment to quality, has gained the trust of customers and partners alike. Matteco Investment Limited has not only grown its assets but also its workforce. With 15 dedicated employees, including both male and female workers, the company maintains a policy of equal opportunity in recruitment.

Next Steps

Matteco Investment Limited envisions the company's expansion into the nail market, aiming to manufacture nails and compete for a substantial share in the building material sub-sector within the North Central zone. Leveraging his extensive knowledge of production processes, he plans to establish and operate a nail manufacturing factory.



Safe Hand Healthcare & Medical Diagnostics

Safe Hand Healthcare and Medical Diagnostics is a thriving medical laboratory in Uyo, Akwa Ibom State. Theirs is the story of resilience, innovation, and financial empowerment that has transformed a small medical service provider into an example of hope for the community.



Journey so far

Safe Hand Healthcare was established in May 2020 with a strong desire to make a difference in the healthcare sector. The facility commenced business from a modest branch in Uyo, offering limited medical services such as scans. As the demand for medical services grew, so did the need for expansion and increased staff.

The facility was at a crossroads, seeking ways to finance its business expansion plans. Several banks were approached, hoping to secure the much-needed funding. However, the loan application process was an arduous and frustrating journey, with numerous bureaucratic hurdles and delays.

Despite the efforts, securing a loan from traditional banks remained elusive. Safe Hand Healthcare's determination never wavered, and eventually, Safe Hand Healthcare became a beneficiary of DBN funds through Accion Microfinance Bank.

The loan was used to enhance the medical laboratory's facilities, invest in state-of-the-art medical equipment, and expand the range of services offered to clients. The improved facilities not only boosted the business's revenue but also addressed the community's healthcare needs more effectively. Safe Hand Healthcare employs a diverse team of 18 individuals, promoting gender inclusivity with 12 females and 6 males in various staff roles.



Next Steps

Safe Hand Healthcare plans to expand its services further to include a complete diagnostic program and potentially partner with an optician to open an eye clinic on its premises. The ownership of the building and the modern facilities have positioned Safe Hand Healthcare for sustained growth.



Increased lending is the goal, Risk sharing is the benefit

At DBN, we encourage financial institutions to give loans to MSMEs by providing credit guarantees through our subsidiary – Impact Credit Guarantee Limited.

Together, we can foster economic growth.



Our Credit Guarantee Subsidiary



7.7 Manufactured Capital



Driving Deeper Partnerships for Credit Scoring

In 2023, we partnered with an African FinTech-Kamoa to enable MFBs in Nigeria to score and underwrite MSMEs using various alternative data sources accurately and digitally.

Through a suite of digital products, including a mobile app, MFBs in the partnership can deploy capital more efficiently, reduce their costs, improve risk and compete with digitally native lending apps across the country.

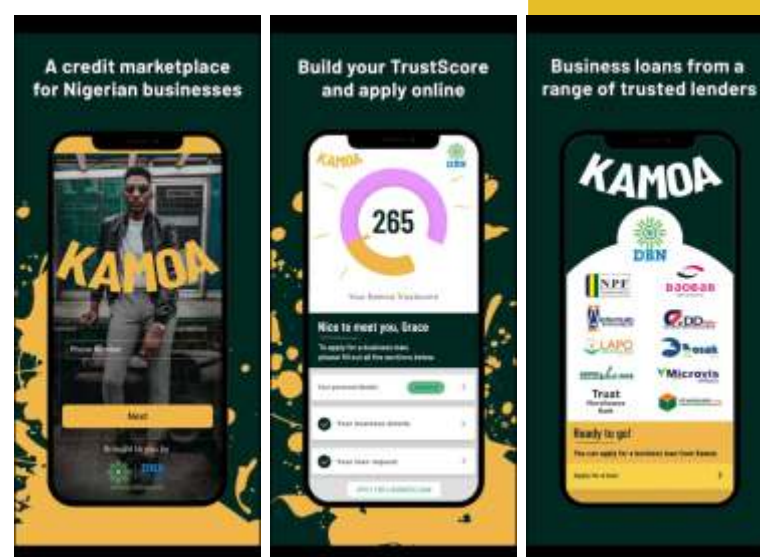
Users can then leverage their digital profile and TrustScore to access a financial marketplace for business loans within the Kamoa app. The marketplace connects (M)SMEs with appropriate loan products from a panel of trusted lenders, all of which are part of the DBN ecosystem.

This partnership is expected to increase our digital footprint and presence among other tech-savvy entrepreneurs and SMEs.

Impact of Partnership

Ten Nigerian MFBs have signed up to use the services provided by the partnership between Kamoa and DBN.

Images of the KAMOA app in partnership with DBN that allows MSMEs and individuals to build trust score and access loans from DBN Participating Financial Institutions.



A cross-section of participants from the DBN/KAMOA FinTech workshop



Members of the DBN and KAMOA teams at the workshop



The CEO of KAMOA - Frederic Nze, speaking to guests about KAMOA at the TECHPRENEUR summit

2023 DBN Software Initiatives

i

Enhancements of the DBN Loan Management System

The Loan Management System, a critical part of our operations, was enhanced as captured in our digital strategy. The enhancement was covered the following:

- Optimization of the Onboarding Process
- End Borrower List Management & Deferral Monitoring
- Customer Relationship Management
- Integration Layer Optimization

ii

Enhancement of the BizAid Application

The BizAid Application is an application for MSMEs to interact, and have access to some digital tools and other learning content. The app was enhanced to include other tools for MSMEs such as a budget manager, business management toolkits and document templates.

iii

Deployment of the DBN Data Asset

The significance of aggregated data in today's technology space cannot be over-emphasized enough. The Bank is poised to become a major source of data in the MSME space by implementing the data asset portal. The expected benefits are detailed below: -

- Consolidation of data from various sources for presentation to various stakeholders
- Support for 3rd party integration, potentially creating more frontiers for partnerships with other industry players

iv

Revamp of the Bank's Website

Our website was enhanced to increase its public digital footprint and enhance communications and brand visibility. Other digital tools were also deployed to improve the management of the bank's social media presence.

v

Deployment of a Digital Business Cards Solution

As part of the bank's sustainability and cost savings drive, a digital business cards solution was implemented. This allows members of staff to get a QR code, which can be shared electronically via mobile phone multiple times and anywhere, saving costs of printing business cards and generally reducing paper consumption.

vi

Enhancement of the Core Banking Application

The Bank's Core Banking Application was also enhanced to meet modern technology standards; the following were achieved.

- Compliance with IFRS reporting requirements and standards
- Integration with Remita to allow for Straight Through Processing of transactions
- Improved Enterprise Data Analytics and Reporting

vii

Deployment of a Governance, Risk & Compliance Software

A new software was deployed for the Risk Management and Compliance processes. This also fits into the Operational Efficiency component of the digital strategy.

viii

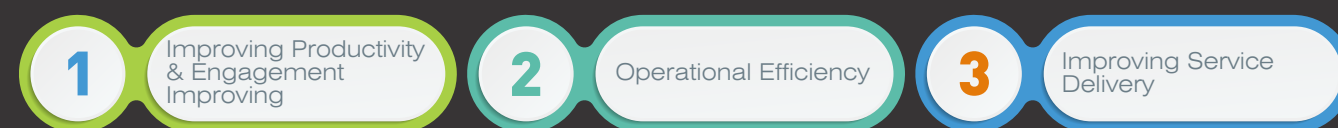
Implementation of a Digital Contracts Register

A simple digital contracts register was implemented for the legal team, to assist with managing records of contracts and other related details.

Digital Strategy:

In 2020, based on our aspirations and expectations, we crafted a **3-year digital strategy** to guide our activities to become an established digital organisation.

The strategy was anchored on 3 Pillars.



The image above shows the projects to be initiated as part of the digital strategy across the 3 pillars with varying delivery periods.

Improved Productivity & Engagement

Collaboration

Enable our people work from any location by accessing the platforms, information and people required to carry out their tasks effortlessly.

Innovation

Enable our business drive continuous improvement of people, process and technology.

People Engagement

Enable us attract and retain the right skills and talent.

Operational Efficiency

Digitalization of Process

Enable our business processes be migrated to tools and platforms that reduce manual intervention and improve the time and effort required to complete tasks.

Straight through Process

Enable our people have end-to-end visibility on processes/activities relevant to their roles.

Improved Service Delivery

Self Service

Enable us provide always-on services to our stakeholders (customers, partners and end-borrowers) at their convenience.

Data Analytics and Reporting

Enable us generate data-driven insights about our relationships with stakeholders (customer, partners and end-borrowers).

Ecosystem Partnership

Enable us quickly integrate with stakeholders (customer, partners and end-borrowers) to improve speed to market.

Digital Objectives

Operational Efficiency

Focused on digitization of processes and system integration

Improved Service Delivery

Focused on improved service delivery with platform availability and reliability, self service, etc.

Improved Productivity & Engagement

Focused on innovation, collaboration and employee engagement

Digital Initiatives

1 Optimize onboarding and loan management processes

2 Modernize EazyBank Application

3 Define and implement information security framework

6 Enhance communication and brand management

12 Back office transformation

4 Implement a robust data governance program

5 Enhance LMS platform

7 Deploy MSME Data Asset

8 Integration Layer Optimization

9 Digital channel enhancement

14 Implement a robust learning management system

10 Innovation and collaboration

11 Implement a robust learning management system

13 Digitize HR capabilities

Establish Digital Foundation (Short term: 0-6 months)

Establish Digital Foundation (Short term: 0-6 months)

Establish Digital Foundation (Short term: 0-6 months)

Results Achieved

Out of the Fourteen (14) initiatives, Thirteen (13) have been completed while One (1) is still continuous – Back office transformation.

7.7.1 2023 ISO Surveillance Audit

The International Organization for Standardization (ISO) is an independent body responsible for developing and publishing international standards. The ISO certification is subject to an annual revalidation exercise which expires every 3 years. In line with our commitment to excellence and compliance, DBN in 2023 underwent a surveillance audit where our processes and procedures were rigorously audited to ensure continued compliance with ISO 27001, 20000 and 22301. DBN successfully achieved certification in all three standards. Looking ahead, we are preparing for the re-certification process in 2024 to maintain our commitment with ISO standards.



Information Security

Implementing and enhancing the bank's cybersecurity framework was a major part of our 3-year digital strategy. We acquired more security tools for real-time network monitoring, security incidence monitoring, and file and data integrity monitoring tools.

We also carried out various user cyber-security awareness trainings to educate staff on being security aware. In addition, we also implemented a Phishing Check tool.



7.8 DBN and the Community



7.8.1 CSR Activities 2023

In line with our Corporate Social Responsibility policy, we embarked on an initiative to empower women in the Northeastern part of Nigeria. We partnered with the Organization for Environmental, Agricultural and Health Development (OEAHd) to train selected women in Gombe and Yobe states respectively.

The objective of the partnership was to provide entrepreneurial skills acquisition and capacity building to vulnerable women, including physically challenged women, in Gombe and Yobe State.

The training sessions were graced by the presence of the 1st Lady of Gombe State and the Commissioner for Women Affairs in Yobe State. Their participation demonstrated the commitment of the respective state governments to empower women and create a more inclusive society.



Impacting Education in our Communities

In 2023, we completed the renovation of one school block at GSS Durumi, Abuja, as part of our Corporate Social Responsibility (CSR) initiative. The renovation addressed structural repairs, electrical and plumbing upgrades, and refurbishment of classrooms and common areas.



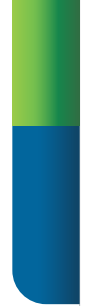
The school renovation was completed during vacation, providing students with an improved and safe learning environment for the new academic year.



ICGL Updates

Chapter

08





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.

Business Model



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 Values



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 onboarded 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:

- i. Guarantee coverage of 60% of loan amount
- ii. Maximum loan size of N200million and N720million for MSMEs and small corporates respectively
- iii. Maximum loan tenor of 5 years
- iv. 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
Managing Director/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.

Tony Okpanachi
Non-Executive Director



Dr. Tony Okpanachi is the MD/CEO of DBN and the Chairman of Impact Credit Guarantee Limited since incorporation. He is a seasoned banker with over 26 years' experience. Before his appointment as MD/CEO of DBN, he was the Deputy Managing Director of Ecobank Nigeria Limited from 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.

He holds an MBA from Manchester Business School UK, a Master of Science degree in Economics from 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.

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 Kapital 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.

The Board of Impact Credit Guarantee Limited has four (4) committees through which its oversight of the company and its affairs is exercised. These committees are:				
Board Audit Committee (BAC) Board Guarantee Appraisal Committee (BGAC) Board Nomination & Governance Committee (BNGC) Board Risk Committee (BRC)				
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	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	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 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

Purpose & Function

internal control review of the Company.

e) 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

Credit Guarantee portfolio and to maintain profitability of the Company

the Company's Articles of Association and to fill vacancies for the remainder of the unexpired term of any elected Director/s.

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.

profile.

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.

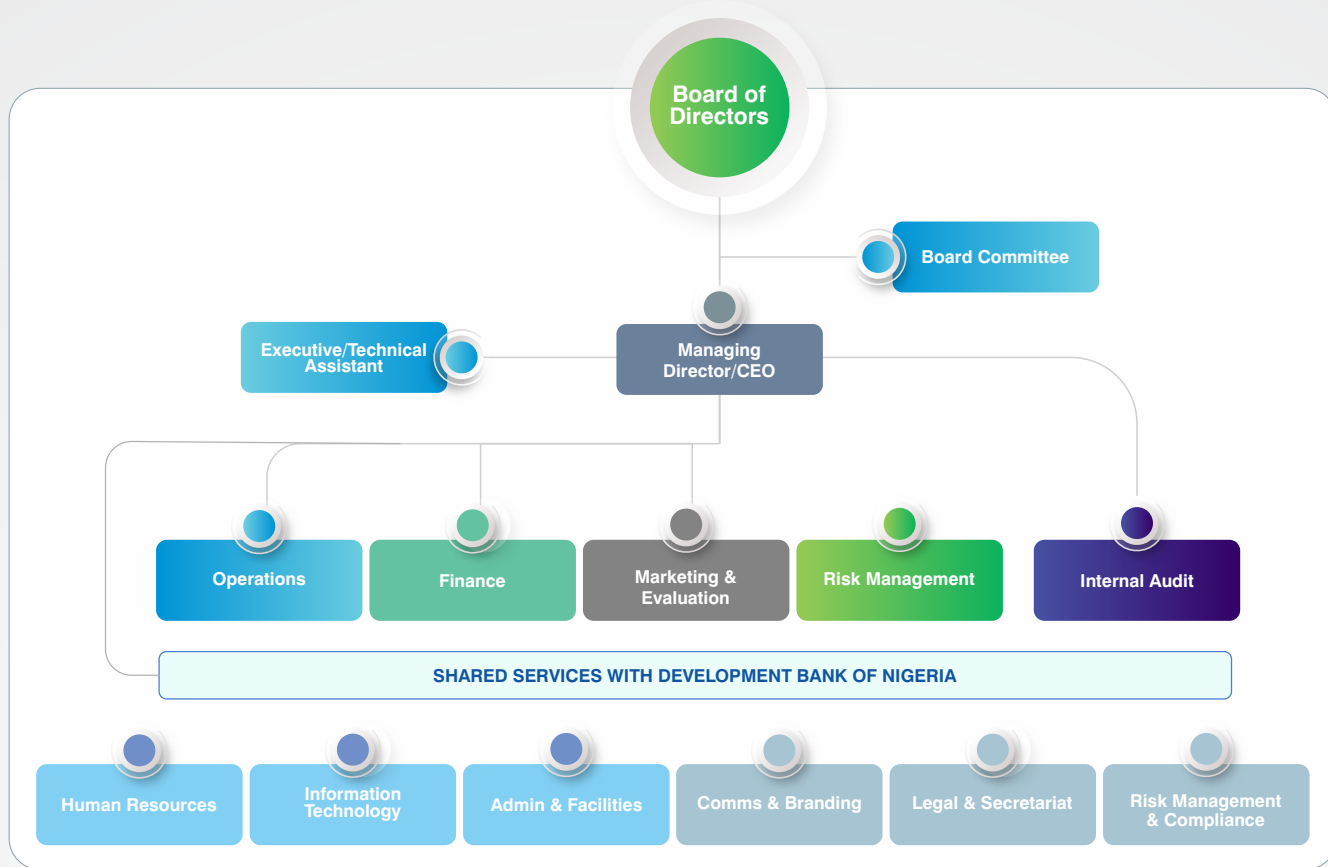
i) Adequacy, appropriateness and effectiveness of risk management and internal control practices.

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 2023 financial year with a workforce of 10 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 (50:50 Male and Female).



Financial and Business Highlights

ICGL operated in a challenging business environment in 2023 financial year, with inflation rate rising unabated, Naira devaluing and touching new lows, GDP growing at a slow pace, and foreign currency reserve depleting. The macro-economic headwinds thus created impacted the MSMEs business the most due to their vulnerability and sensitivity to economic shocks.

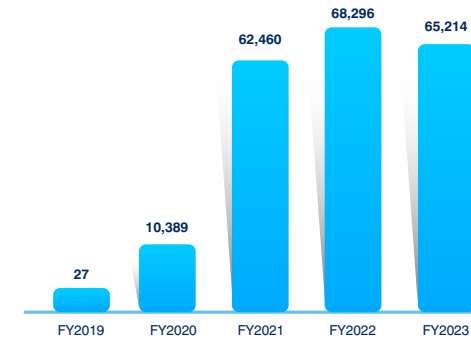
ICGL continued to play its counter-cyclical role supporting MSMEs and Small Corporates in spite of these difficulties these MSMEs had to navigate, and in the process guaranteed N65.21billion loans granted to 32,461 MSMEs and Small Corporates during the year through ten (10) partner banks. The company closed the year 2023 with outstanding guaranteed loan of N52.47billion.



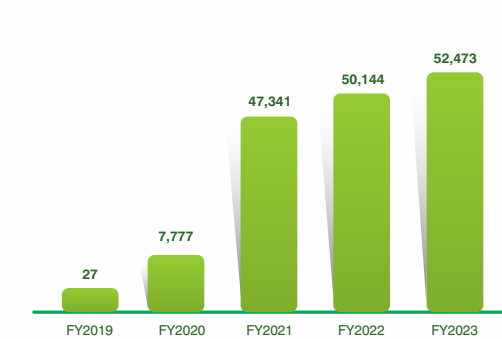
N65.21billion loans granted to **32,461 MSMEs** and Small Corporates during the year through **10 Partner Banks**



Guaranteed Loans (N'm)



Outstanding Guaranteed Loan (N'm)



The company entered its fifth year of operation in 2023 with renewed focus to ease the financing constraints of MSMEs and support these businesses in difficult times, continuing to impact lives and drive sustainable growth. The company achieved a leverage of 2.19 times of its shareholder's fund; generating profit before tax of N1.167billion while incurring loss from its guarantee portfolio (claims paid/payable) of N475.05million in respect of defaulted guaranteed loans.

The company completed the first year of its five-year strategy planning cycle (2023 to 2027) and is on course to achieving the cumulative loan guaranteed of over N1trillion over the five-year period. To strengthen the company's capital base, ICGL secured a N20.49 billion convertible loan from DBN, providing the required support to onboard more partner banks and increase guarantee uptake.

ICGL Ratings

The company obtained its maiden credit rating from Augusto & Co during the year. The company was assigned a rating of AA- with stable outlook, a testament to the company's financial strength and guarantee portfolio quality.

The company also obtained certification for ISO 27001, ISO 20000 and ISO 22301 affirming the company's commitment to information security, efficient service delivery and robust business continuity plan.

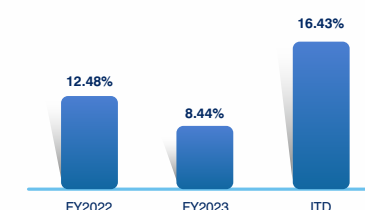
Development Impact

As a Development Finance Institution, the company's strategic aspirations include driving economic additionality and development impact within the MSME space. The developmental objectives of the company were measured by the company's contributions to loan accessed by youth-owned businesses, women-owned or managed businesses, and economic focused states. The ability of the MSMEs to scales their operations on the back of the finance

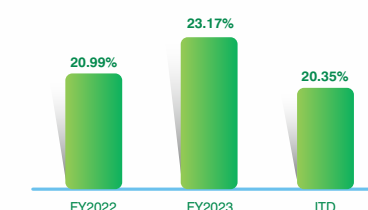
accessed and supported with ICGL guarantee is evaluated by the numbers of jobs retained and created.

The loans guaranteed by ICGL during the year and from commencement of business has facilitated the following developmental impacts:

Youth-owned businesses



Women-owned/managed businesses





ACTIVITY

In commemoration of the World Environment Day, the Managing Director/CEO joined the Executive Director Finance and Corporate Services of DBN on a visit to the Lagos Waste Management Authority to donate receptacles.



In continuation of the World Environment Day celebration, a joint team from ICGL and DBN visited Amuwo-Odofin Junior High School to share thoughts on sustainable living.



In continuation of the company's yearly corporate social responsibility efforts, representatives of ICGL visited Lagos State General Hospital, Odan to financially support the indigent patients with financial needs to meet their medical bills.



Financial Performance

Annual Financial Report & Accounts

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Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
Consolidated and Separate Statements of Changes in Equity
Consolidated and Separate Statements of Cash Flows
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Other National Disclosures

Value Added Statement
Five Year Financial Summary

CORPORATE INFORMATION DIRECTORS AND PROFESSIONAL ADVISORS

Shehu Yahaya	Chairman/Non-Executive
Anthony Okpanachi	Managing Director
Henry Baldeh	Non-Executive Director
Ijeoma D. Ozulumba	Executive Director
Kyari Abba Bukar	Independent Non-Executive Director
Aminu Umar-Sadiq	Non-Executive Director
Folakemi Fatogbe	Independent Director
Imoni Akpofure	Independent Director
Mustapha Bintube	Independent Director
U.K. Eke	Independent Director
Juilet Anammah	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 No.:

18945711-0001

RC No.:

1215724

Bankers:

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

Directors' Report
For the year ended 31 December 2023

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 2023.

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, micro-finance 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 N54.81 billion and N52.45 billion respectively (2022: Group: N49.36 billion; Bank: N47.55 billion). The Group and Bank recorded a profit after taxation of N24.46billion and N23.5 billion respectively (2022: Group: N20.13 billion; Bank: N19.53 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 2023	31 December 2022	31 December 2023	31 December 2022
Gross earnings	54,814,486	49,362,546	52,446,323	47,552,077
Interest expenses	(12,276,770)	(11,215,724)	(12,261,436)	(11,215,724)
Fee and commission expenses	(10,874)	(11,797)	(6,252)	(9,202)
Guarantee expenses	(537,405)	(514,928)	-	-
Impairment losses on financial assets	2,527,963	(1,250,411)	2,611,224	(1,217,699)
Personnel expenses	(3,213,635)	(2,671,793)	(2,919,828)	(2,373,758)
Operating expenses	(4,766,542)	(3,445,756)	(4,499,784)	(3,213,108)
Profit for the year before taxation	36,537,223	30,252,137	35,370,247	29,522,586
Tax expense	(12,080,106)	(10,118,913)	(11,900,307)	(9,988,671)
Profit for the year after taxation	24,457,117	20,133,224	23,469,940	19,533,915
Retained earnings	86,697,399	76,122,381	83,380,124	73,792,283
Statutory reserve	40,915,056	33,863,738	40,915,056	33,863,738
Regulatory reserve	8,038,653	4,660,615	8,038,653	4,660,615

Dividend

The Board has proposed to pay N32.7k per share as dividend in the year ended 31 December 2023 (31 December 2022: N34.18k per share).

Board of Directors

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

Shehu Yahaya	Chairman/Non-Executive	Henry Baldeh	Non-Executive Director
Anthony Okpanachi	Managing Director	Kyari Abba Bukar	Independent Non-Executive Director
Bello Maccido**	Independent Director	Aminu Umar-Sadiq	Non-Executive Director
Oladimeji Alo **	Independent Director	Folakemi Fatogbe***	Independent Director
Phillips Oduoza **	Independent Director	Imoni Akpofure***	Independent Director
Andrew Alli **	Independent Director	Mustapha Bintube***	Independent Director
Clare Omatseye **	Independent Director	U.K. Eke***	Independent Director
Ijeoma D. Ozulumba	Executive Director	Juilet Anammah***	Independent Director

Directors' Report
For the year ended 31 December 2023

Appointment subsequent to year end

Name	Role	Status	Nationality	Date of Appointment
Folakemi Fatogbe***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
Imoni Akpofure***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
Mustapha Bintube***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
U.K. Eke***	Independent Director	Current director	Nigerian	Appointed 15 February 2024
Juilet Anammah***	Independent Director	Current director	Nigerian	Appointed 15 February 2024

Appointment during the year end

Name	Role	Status	Nationality	Date of Resignation
Bello Maccido**	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Oladimeji Alo **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Phillips Oduoza **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Andrew Alli **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024
Clare Omatseye **	Independent Director	Retired director	Nigerian	Appointed 16 January 2024

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 (2022: Nil).

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 (2022: 100,000,000) ordinary shares of 1 each. The shareholding structure as at the balance sheet date were as shown below:

Shareholders	31 Dec 23		31 Dec 22	
	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 N43.5 million (31 December 2022: N23.94 million) to various organizations during the period: (see note 16)

Directors' Report
For the year ended 31 December 2023

31 December 2023		
Purpose	Beneficiaries	Amount (N)
Donation for Support of Academic conference	Baze University	500,000
Donation for Eco Innovation Challenge 2022	Godwin Adoga	750,000
Donation for Eco Innovation Challenge 2022	Atere Onimisi	1,500,000
Donation for Eco Innovation Challenge 2022	Solaristique Nigeria Limited	1,000,000
Donation to Kano Concerned citizens initiative (KCCI) for business upliftment in Kano and Jigawa States.	SDF Nigeria Limited	5,200,000
Support for NANS 2023 One Day Lecture on Challenges of Funding in	National Association of Nigerian Students (NANS)	1,000,000
Donation for 2023 FICAN Conference	Finance correspondence association of Nigeria	1,000,000
Renovation of Dilapidated School Blook at Durumi Government School	Durumi Government School	14,250,738
Donation to OEAHD for Empowerment initiative for NW Women	Orgainization for Environmental, Agricultural and Health Development	6,000,000
Donation to CIBN for 2023 Annual Bankers	The Chartered Institute of Bankers of Nigeria (CIBN)	2,500,000
Donation to NBCC for MSME Ideathon inititative during 2023 Presidential Inauguration	Nigerian-British chamber of commerce	500,000
Donation towards medical bills of some incapacitated patients	Lagos State General Hospital, Odan	300,000
Donation to support 2023 Beeta arts festival	Beeta Universal Arts Foundation	500,000
Donation to APWB 40th Anniversary Marquee event	Association of Professional Women Bankers (APWB)	500,000
Donation to ANDFI Annual Conference	Association of Nigerian Development Finance	3,000,000
Donation to Support for the National MSME Clinic for viable Enterprises	Brownvalley Partners Limited	2,000,000
Donation to Support to the Ubola Rural Community Foundation to provide	Ubola Rural Community Foundation	2,000,000
Donation to Support - Nigeria Economic Society for Annual Conference	The Nigeria Economic Society	1,000,000
Total		43,500,738

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

Directors' Report
For the year ended 31 December 2023

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. No disable persons was employed during the year (2022: Nil).

(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 2023					
(a) Analysis of total employees	Gender			Gender	
	Number			Percentage	
	Male	Female	Total	Male	Female
	40	23	63	63%	37%
	40	23	63	63%	37%
(b) Analysis of Board and senior management staff	Gender			Gender	
	Number			Percentage	
	Male	Female	Total	Male	Female
	14	3	17	82%	18%
	12	1	13	92%	8%
(a) Analysis of total employees	31 December 2022				
	Gender			Gender	
	Number			Percentage	
	Male	Female	Total	Male	Female
	33	16	49	67%	33%
(b) Analysis of Board and senior management staff	31 December 2022				
	Gender			Gender	
	Number			Percentage	
	Male	Female	Total	Male	Female
	13	3	16	81%	19%
(a) Analysis of total employees	31 December 2022				
	Gender			Gender	
	Number			Percentage	
	Male	Female	Total	Male	Female
	11	1	12	92%	8%
(b) Analysis of Board and senior management staff	31 December 2022				
	Gender			Gender	
	Number			Percentage	
	Male	Female	Total	Male	Female
	24	4	28	86%	14%

Bank					
31 December 2023					
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
	34	19	53	64%	36%
	34	19	53	64%	36%
(b) Analysis of Board and senior management staff	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
	9	2	11	82%	18%
	11	1	12	92%	8%
31 December 2022					
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
	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
	8	2	10	80%	20%
	10	1	11	91%	9%
31 December 2021					
(a) Analysis of total employees	Gender		Gender		
	Number		Percentage		
	Male	Female	Total	Male	Female
	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
	8	2	10	80%	20%
	10	1	11	91%	9%

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 2023, ICGL guaranteed 39,971 loans (31 December 2022: 27,208 loans) in the sum of N65.21 billion (2022: N69.37billion).

As at the end of the year, the Company had on-boarded twelve (12) Participating Financial Institutions (31 December 2022: twelve (12) Participating Financial Institutions). The Company also recorded a gross earnings of N2.84billion (31 December 2022: N1.89billion); with earnings from core activities accounting for 32% (31 December 2022: 37%); and ended the year with a profit before tax of N1.17 billion (31 December 2022: N729.55 million). The Board of ICGL consists of six(6) 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"
01 March 2024

CORPORATE GOVERNANCE REPORT

Corporate governance encapsulates the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, which include the shareholders, management, customers, financiers, the Government, and the community in which the company operates. The primary goal of corporate governance is to ensure that a company operates in an ethical, transparent, and accountable manner, while creating value for its shareholders and benefits for the stakeholders alike.

Corporate Governance has defined every aspect of the governance architecture, processes and controls at the Development Bank of Nigeria Plc ("DBN" or "the bank"). Adherence to standards which surpass the minimum have informed how the bank undertakes its business, manages its interactions with shareholders and stakeholders, 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, and entrepreneurial and strategic direction for the bank. For this, 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. The DBN Board is comprised of accomplished industry leaders, tested and trusted technocrats with varied competencies. The DBN Board developed the 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 ethically, in the best interest of shareholders, and indeed all other stakeholders.

In addition to its oversight over the bank's business, 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, information and technical support from relevant professional advisers and the Development Partners, the Board advances the attainment of the bank's objectives.

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 overall board performance, 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 directors, of which six (6) are Independent non-executive directors. Of the remaining five (5), three (3) are non-executive directors who are shareholder representatives, while the other two (2), are executive directors, i.e. 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) director nominated by a shareholder, the Nigeria Sovereign Investment Authority.

The bank received the approval of the Central Bank of Nigeria for the appointment, and this has been communicated to the Securities and Exchange Commission, the Financial Reporting Council of Nigeria and registered at the Corporate Affairs Commission.

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. DBN has continued to adhere strictly to this attribute which is novel in our jurisdiction and sets the DBN apart from its peers and other players in the development finance and financial services industry in Nigeria. 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 Group, 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.

Pursuant to its authority under the Shareholders Agreement and the Memorandum and Articles of Association, the Board of Directors, retained the grant of Observer status to the World Bank Group, to meetings of DBN's Board of Directors. To this effect, a representative of the World Bank nominated and approved by the Board of Directors as an Observer, is permitted to attend all meetings of the Board and 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 DBN Board is comprised of accomplished industry leaders, tested and trusted technocrats with varied competencies.

Directors

Dr. Shehu Yahaya, OON

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 Doctor of Philosophy in Industrial Economics, from the University of Sussex, UK.

Dr. Shehu Yahaya is an awardee of the prestigious Order of the Niger (OON) national award conferred on him by the Federal Republic of Nigeria, in recognition of his significant contributions to the economic development of the country.

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. 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.

At DBN, 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.

She 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. Claire 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 NGO's).

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.

Directors cont.

Phillips Oduoza Independent Non-Executive Director



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

Mr. Phillips Oduoza with about 35 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.

He 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 breakthroughs 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 Limited 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. Aminu Umar-Sadiq Non-Executive Director



Mr. Aminu Umar-Sadiq was appointed in March 2023.

He is the Managing Director/Chief Executive Officer of the Nigeria Sovereign Investment Authority ("NSIA").

He holds a bachelor's and master's degrees in engineering sciences from the University of Oxford. He has substantial experience in the financial services spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. In his most recent roles 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 Morgan Stanley Investment Bank, London, Denham Capital Management, London and Société Générale Corporate & Investment Bank, London.

He brings a wealth of global experience in the financial services sector to his board position at the bank.

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. Michael Wong
World Bank Observer



Michael is a Lead Economist at the World Bank's Financial, Competitiveness and Innovation Global Practice – Central and West Africa Region.

He joined the World Bank in 2002, in the Financial and Private Sector Development, where he performed a wide range of roles in multiple regions in Africa, South Asia and Latin America. His particular focus is on development finance, special economic zones, industry competitiveness and public-private partnerships.

Michael was based in Abuja, Nigeria, as the Lead Financial and Private Sector specialist. During this time, he led several programs for the World Bank such as the development of the Nigeria Housing Finance Refinance Facility and the Development Bank of Nigeria. In South Asia, he led financing operations in Bangladesh and in Sri Lanka. He also provided policy advice to the Governments of Mexico and Uganda covering long-term financing, SME financing and financing of special economic zones.

Before joining the World Bank, Michael worked for the Austrian Government as an economist in the Austrian Regional Office in Kampala, Uganda, leading the private sector development program, including micro-finance. He holds a master's degree in economics from the University of Vienna, Austria.

GOVERNING PRINCIPLES

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 best practices in the financial services industry in Nigeria. To facilitate 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.

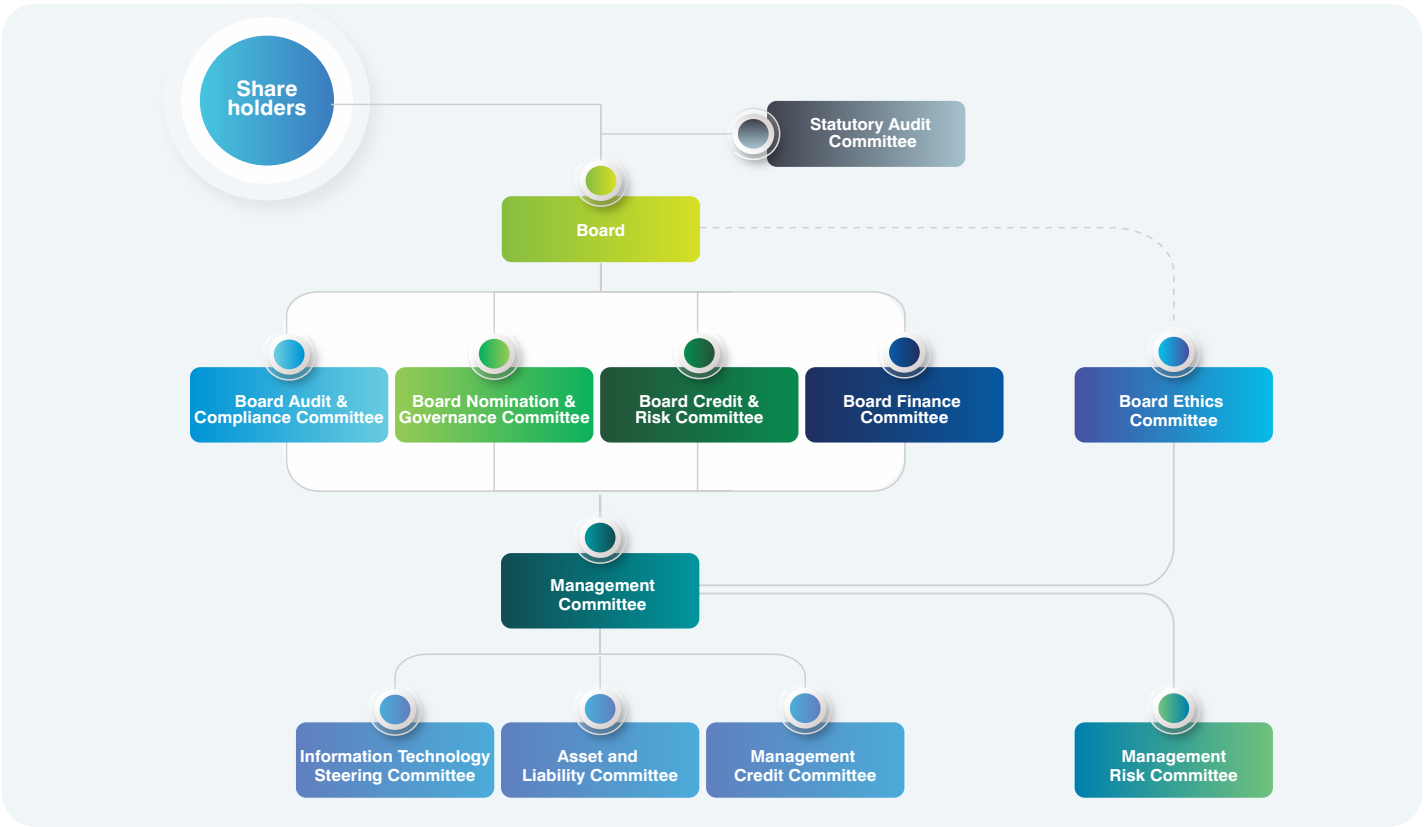
Decisions of the board are reached based on a consensus after very thorough deliberations. If any matter would be put to a vote, the board charter and the bank's Articles of Association, provide that the Chairman shall have a casting vote. This ensures the resolution of any equality of votes.

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 DBN 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, with reporting lines to the Board of Directors, through relevant committees of the board.

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, the bank also complies with the Code of Corporate Governance for Development Finance Institutions issued by the CBN and as a public company, the bank complies with the Corporate Governance Guidelines issued by the Securities and Exchange Commission.

With the support of the Development Partners, the World Bank Group, the African Development Bank Group, 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 not only the sanctity, but also the sustainability of the bank's business. This practice continues to differentiate the DBN, as a clear leader in corporate governance in the Development Finance Institution 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 Mr.Aminu Umar-Sadiq, as a non-executive director representing a shareholder, the Nigeria Sovereign Investment Authority, 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.

Adoption of a 40% female gender marker in the composition of the Board

The Board of Directors is committed to fostering diversity and inclusion within the bank, and particularly the composition of the Board of Directors.

To advance this commitment, in the reporting period, the Board adopted a minimum of 40%female representation in the composition of the board. The adoption of this 40% female gender marker is in consonance with Principle 4 of the Nigerian Sustainable Banking Principles.

The Board Nominating and Governance Committee actively considers gender diversity in its nomination and selection processes, seeking to identify qualified candidates. The Board recognizes that achieving a diverse and inclusive composition contributes to a broader range of perspectives, enhances decision-making, and aligns with the organization's values of fairness, equity and equality.

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 independence of the Independent non-executive directors, to ensure that they remain 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 independence of the Independent non-executive directors remain unfettered.

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 7of the Nigerian Code of Corporate Governance 2018.Therefore, at the 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 six (6) 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:

S/NO	Name of Director	Appointed in	Length of stay on the Board
1.	Mr. Andrew Alli	- January 2017	6 years, 11 months
2.	Mr. Bello Maccido	- January 2017	6 years,11months
3.	Mrs. Clare Omatseye	- January 2017	6 years,11 months
4.	Dr.Oladimeji Alo	- January 2017	6 years,11 months
5.	Mr.Phillips Oduoza	- January 2017	6 years,11 months
6.	Mr.Kyari Bukar	- March 2021	2 years,9 months

Mr. Andrew Alli, Mr. Bello Maccido, Mrs. Clare Omatseye, Dr. Oladimeji Alo and Mr.Phillips Oduoza shall complete their respective tenures as Independent non-executive directors of the bank in January 2024, and shall thereafter retire from the Board. To ensure a smooth succession and transition at the level of the Board, the Board of Directors, acting on the advice of the Board Nomination and Governance Committee, and the support of an Independent Executive Search firm, commenced the process for an Executive Search to fill the vacancies that would result from the above retirements.

All Appointments to the DBN Board are subject to both CBN and shareholder approvals.

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

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 27	Apr 25	Jul 25	Nov 2	Nov 29	Dec 12	Dec 13	Dec 28
Non-Executive Directors									
Dr. Shehu Yahaya	6/8	V	V	V	V	V	V	-	-
Mr. Aminu Umar-Sadiq*	4/8	N/A	V	V	V	-	-	-	V
Mr. Batchi Baldeh	6/8	V	V	V	V	V	-	-	V
Independent Non-Executive Directors									
Mrs. Clare Omatseye	8/8	V	V	V	V	V	V	V	V
Mr. Andrew Alli	6/8	V	V	V	V	V	-	-	V
Dr. Oladimeji Alo	8/8	V	V	V	V	V	V	V	V
Mr.Phillips Oduoza	8/8	V	V	V	V	V	V	V	V
Mr. Bello Maccido	8/8	V	V	V	V	V	V	V	V
Mr. Kyari Bukar	8/8	V	V	V	V	V	V	V	V
Managing Director/CEO									
Dr. Tony Okpanachi	5/8	V	V	V	V	V	N/A**	N/A**	N/A**
Executive Director									
Mrs. Ijeoma Ozulumba	5/8	V	V	V	V	V	N/A**	N/A**	N/A**

* Appointed on March 20, 2023. **Meeting of Non-Executive Directors

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. As required by the Nigerian Code of Corporate Governance and further to section 2.6.3 of the CBN Code of Corporate Governance for Development Finance Institutions, Dr. Shehu Yahaya, Chairman of the Board, is not a member of any Board committee.

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 entirely of Independent non-executive directors. The Board Ethics Committee, which is responsible for ensuring ethical standards at the bank, is also comprised entirely of Independent non-executive directors.

Board committees meet quarterly or as required, ahead of board meetings. To ensure that directors can contribute effectively to discussions at board meetings, directors have access to all committee papers irrespective of their committee membership. Board papers are uploaded on the bank's cloud-based Board portal. This ensures that all directors are apprised of board activities and receive 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 and reports from each meeting are developed by the Company Secretary and uploaded on the bank's board portal, to facilitate presentation to the Board, by respective board committee chairpersons.

In the financial year, the board refreshed the composition of the respective committees to ensure that the Board and the committees continued to function optimally.

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

Board Nomination and Governance Committee			
Membership			
Mr.Bello Maccido	-	Independent Non-Executive Director	- Chairman
Dr.Oladimeji Alo	-	Independent Non-Executive Director	- Member
Mr. Phillips Oduoza	-	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 on the Executive Search for Independent Non-Executive Directors.
- 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.

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

Board Nomination and Governance Committee													
	Total Attendance	Feb 21	Feb 23	Apr 13	Jun 26	July 18	Aug 09	Aug 28	Aug 31	Oct 16	Oct 24	Dec 6	Dec 18
Mr. Bello Maccido	11/11	V	V	V	V	V	V	V	V	V	V	V	V
Dr. Oladimeji Alo	11/11	V	V	V	V	V	V	V	V	V	V	V	✓
Mr. Phillips Oduoza	11/11	V	V	V	V	V	V	✓	V	V	V	V	V
Mr. Kyari Bukar	11/11	V	V	V	V	V	V	V	V	V	V	V	V

Board Audit and Compliance Committee

Membership			
Mr. Andrew Alli	-	Independent Non-Executive Director	- Chairman
Dr.Oladimeji Alo	-	Independent Non-Executive Director	- Member
Mr. Phillips Oduoza	-	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	Jan 24	Feb 22	Apr 13	Jul 20	Aug 09	Oct 13
Mr. Phillips Oduoza	6/6	V	✓	✓	V	✓	V
Dr. Oladimeji Alo	6/6	V	V	V	✓	V	V
Mr. Andrew Alli	6/6	V	V	✓	V	V	V
Mr. Kyari Bukar	6/6	V	V	V	V	V	V

Board Credit and Risk Committee			
Membership			
Mrs. Clare Omatseye	-	Independent Non-Executive Director	- Chairman
Mr. Batchi Baldeh	-	Non-Executive Director	- Member
Dr. Tony Okpanachi	-	Managing Director	- Member
Mr. Aminu Umar-Sadiq	-	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 24	Apr 14	Jul 19	Oct 30
Mrs.Clare Omatseye	4/4	V	V	V	V
Mr.Phillips Oduoza	4/4	V	V	V	V
Mr. Batchi Baldeh	4/4	V	V	V	V
Dr. Tony Okpanachi	4/4	V	V	V	V
Mr. Aminu Umar-Sadiq*	2/4	N/A	N/A	V	V

*Appointed March 20, 2023

Board Finance Committee

Membership			
Mr.Andrew Alli	-	Independent Non-Executive Director	- Chairman
Mr. Phillips Oduoza	-	Independent Non-Executive Director	- Member
Mr. Aminu Umar-Sadiq	-	Non-Executive Director	- Member
Mr. Batchi Baldeh	-	Non-Executive Director	- Member
Dr.Anthony Okpanachii	-	Managing Director/CEO	- Member
Mrs.Ijeoma Ozulumba	-	Executive Director	- 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 Credit and Risk Committee

	Total Attendance	Feb 17	Feb 21	Apr 12	Jul 20	Oct 30	Nov 26	Dec 21
Mr. Andrew Alli	7/7	V	V	V	V	V	✓	V
Mr.Phillips Oduoza	7/7	V	V	V	V	V	V	V
Mr. Aminu Umar-Sadiq*	5/7	N/A	N/A	V	V	V	V	V
Mr.Batchi Baldeh	7/7	V	V	V	V	V	V	V
Dr. Tony Okpanachi	7/7	V	V	✓	V	✓	V	V
Mrs.Ijeoma Ozulumba	7/7	V	V	V	V	V	V	V

*Approved March 20,2023

Board Ethics Committee

Membership

Dr. Oladimeji Alo	-	Independent Non-Executive Director	-	Chairman
Mr. Andrew Alli	-	Independent Non-Executive Director	-	Member
Mr. Kyari Bukar,	-	Independent Non-Executive Director	-	Member
Mr. Bello Maccido	-	Independent Non-Executive Director	-	Member
Mrs. Clare Omatseye	-	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 ensue 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 24	Apr 12	Jul 18	Oct 27
Dr. Oladimeji Alo	4/4	V	V	V	V
Mr. Andrew Alli	4/4	V	V	V	V
Mrs. Clare Omatseye	4/4	V	V	V	V
Mr. Bello Maccido	3/4	V	V	V	-
Mr. Kyari Bukar	4/4	V	V	V	V

Directors Remuneration

The bank has an approved Board Remuneration Policy. The policy ensures that board and executive remuneration are aligned with the long-term interests of the bank and shareholders. 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. In alignment with regulations, the Director's remuneration are approved by the shareholders in general meeting.

Directors' fees, the main component of board remuneration, are paid in equal instalments six months apart, and in arrears. (July and Jan). Other components are the sitting allowances and reimbursables for expenses.

Sitting allowances are paid for each meeting attended by the directors. For directors who are shareholder representatives, 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. The quantum of the fees paid to the former, are lower than what is paid to latter. 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 14(iii) of the 2023 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 will 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 several 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, two 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. Tony Okpanachi, Managing Director/ CEO and Mrs. Ijeoma Ozulumba, Executive director, Finance & Corporate Services.

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 requirements 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.

14 March 2024.

Attention: Dr. Shehu Yahaya

Dear Sir,

REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2023

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the performance of the Board of Directors of Development Bank of Nigeria Plc ("DBN Plc") or ("the Bank") as required by Principle 14.1 of the Nigerian Code of Corporate Governance 2018 ("the NCCG"), Section 2.9.1 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Development Finance Institutions in Nigeria ("the CBN Code") and the SEC Corporate Governance Guidelines ("SCGG") for the year ended 31 December 2023.

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

The Board has complied significantly with the principles set forth in the NCCG, the CBN Code and the SCGG. Areas of compliance include: the Board's provision of strategic leadership towards the development of the Bank's (5) five-year Strategy, selection of suitable incoming Board members to lead and guide Management in the actualisation of the strategy, as well as the Board's oversight of financial and non-financial reporting.

We facilitated a Self and Peer Assessment of each Director's performance in the year under review. This Assessment covered the Director's time commitment to the business of the Bank, commitment to continuous learning and development as well as a self and peer assessment. 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 Board Chairman.

Details of other findings are contained in the full report.

Yours faithfully,

for: PricewaterhouseCoopers

Partner
FRC/2017/PRO/ICAN/004/00000016809

PricewaterhouseCoopers Chartered Accountants
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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

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.

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's 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.

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

Mrs. Ijeoma Ozulumba, was appointed as an Executive Director at Development bank of Nigeria Plc 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 Pricewaterhouse (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, Mrs. Ozulumba 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 Limited (Now part of UBA Plc) and MBC International Bank Limited (Now part of First Bank of Nigeria Limited), 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 Plc, Mrs. Ozulumba 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.

Mrs. 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. Mrs. Ozulumba 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. Bonaventure Okhaimo
Chief Operating Officer

Mr. Bonaventure Okhaimo has over 27 years of banking experience spread across Diamond Bank, Stanbic IBTC, Standard Chartered Bank, FCMB Plc, Unity Bank Plc and has served as a Non-Executive Director with Unity Kapital Assurance (Now Veritas Assurance) PLC.

His vast industry experience includes branch operations, branch management, leadership roles in Retail/SME Banking, Institutional Banking, Information Technology and Strategic Operations Service Delivery. Bonaventure's extensive training over the years along with industry experience is a testament to his strategic, analytical and financial management competencies along with negotiation and business development skills.

He has attended various credit and banking attachment programs with Standard Bank Limited, Johannesburg, South Africa and Standard Chartered Bank, Zimbabwe and Kenya. He has attended various managerial training, including the Executive Management training Program of the Queens Business School, Canada.

Mr. Bonaventure holds an LLB from the University of Benin and a BL from the Nigeria Law School, Lagos. He further obtained a PGD in Business Administration and later an MBA in Financial Management from the Rivers State University of Science & Technology, Port Harcourt and the Federal University of Technology, Owerri, respectively. He is also an Honorary Member of the Chartered Institute of Bankers of Nigeria, the Nigeria Institute of Management and a Fellow of the Institute of Credit Administration, Nigeria.

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 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. 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. 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)

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.

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.	Mrs. Oluwakemi Owonubi	- 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 profiles of members of the Statutory Audit Committee are on pages 44-47.

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 2023 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 2023 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
1 March 2024

Members of the Statutory Audit Committee are:	Ahmed Rufai Salau	Chairperson	Tade Fadare	Member	Kemi Owonubi	Member
			Kyari Bukar	Member	Aminu Umar-Sadiq	Member

PROFILE OF MEMBERS OF
THE STATUTORY AUDIT COMMITTEE

Mr. Ahmed Salau, FCA
Chairman



DMr. 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.

Oluwakemi Owonubi
Shareholder Representative



Oluwakemi Owonubi is the Executive Director, Risk at the Ministry of Finance Incorporated (MOFI). She is an accomplished finance professional with expertise and over 20 years of experience in corporate finance, private equity, mergers, acquisitions, equity research, buyouts and post-merger integrations.

She has served in top management roles, including as Group Head of Mergers and Acquisition, Tangerine Financial Limited, where she was responsible for defining and driving the Tangerine group's expansion into select African markets. Ms. Owonubi served on and supported the boards of several Tangerine portfolio companies across healthcare, life and general insurance.

Prior to this, and in her role as Head Corporate Finance at Rand Merchant Bank Nigeria, she established and executed the bank's corporate finance strategy, and worked alongside business leaders, clients to originate, manage and execute the merger or acquisition process through the transaction life cycle. Ms. Owonubi holds a B.Sc in Economics from the University of Ilorin, Kwara State, Nigeria and is a Chartered Accountant. She also holds a master's in business administration from the International Institute for Management Development (IMD), Lausanne Switzerland.

Oluwakemi Owonubi
Shareholder Representative



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.

Dr. Oladimeji Alo
Independent
Non-Executive Director



Mr. Andrew Alli
Independent
Non-Executive Director



Please refer to their profiles on pages 15 and 16

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 seven (7) 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 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

Our Board is committed to high ethical standards and probity, ensuring all employees and executives align with these standards in all their dealings with stakeholders.

To ensure high ethical standards, we 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 malpractices 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: 0813-072-0890
- Dedicated email address: whistleblow@devbankng.com
- Via DBN website: www.devbankng.com/whistleblowing
- External Whistleblowing Channel: tip-offs@deloitte.com.ng
- 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.

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.

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 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:

TDBN 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.

DBN complies with the Freedom of Information Act, 2011 ("FoIA"). 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 persons or institution that request for information

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 f or 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 ("FoIA"). 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 persons 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.

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

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

Other details of the bank's Human resources practices are available of page 5

The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, Financial Reporting Council of Nigeria (FRC) (Amendment) Act, 2023, 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
1 March 2024



Shehu Yahaya
FRC/2019/IODN/00000019238
Chairman
1 March 2024

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 2023 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of the Bank for the year ended 31 December 2023.
- b) 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.
- c) 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 2023.
- d) 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 2023.
- e) That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited consolidated and separated financial statements, and certify that the Bank's internal controls are effective as of that date
- f) 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.
- g) That we have disclosed the following information to the Bank's Auditors and Audit Committee:
 - (i) *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*
 - (ii) *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
1 March 2024


Ijeoma Ozulumba
FRC/2017/ICAN/00000016105
Executive Director/CFO
1 March, 2024



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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 2023;
- 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 material 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 2023 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 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.

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 consolidated and separate 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 the matters described below to be the key audit matters to be communicated in our report.

Expected Credit Loss (ECL) Allowance on loans and advances to customers

The ECL allowance of loans and advances to customers is considered to be of most significance in the audit due to the level of subjectivity inherent in estimating the key assumptions that impact the recoverability of loan balances in arriving at the level of impairment allowance required.

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The Group uses an Expected Credit Loss (ECL) model to determine the impairment allowance for loans and advances to customers. The determination of impairment allowance using the ECL model is inherently a significant area for the Group and requires the application of certain judgements, assumptions and estimates of financial indices. These indices are estimated from historical financial data obtained within and outside the Group.

The Group's ECL model includes certain judgements and assumptions in determining the impairment allowances of loan and advances to customers comprising the:

- determination of default
- assessment of significant increase in credit risk (SICR);
- incorporation of forward-looking information based on the economic scenarios within the model;
- determination of the 12 month and lifetime probability of default (PD) used in the ECL model;
- determination of the Exposure at Default (EAD) based on the discounted future cash flows at the reporting date;
- Credit conversion factor (CCF) applied in modelling the EAD; and
- estimation of the Loss Given Default (LGD) based on collateral values and other cash flows.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- we evaluated the design and implementation of the key controls over the impairment determination process such as the Group's review of ECL allowance on loans and advances to customers and management review of relevant data elements used in the calculation of expected credit losses including evaluation of ECL impairment computation.
- we assessed the Group's default definition and other qualitative default indicators by agreeing it to the relevant accounting standards.
- we tested the appropriateness of the Group's determination of SICR, defaults and the resultant classification of loans into stages on a sample basis by inspecting customer loan offer letters for the terms of the loans and account statements for due and unpaid obligations.
- assisted by our Financial Risk Management specialists, we assessed the key data and assumptions inputted into the ECL model used by the Group as follows:
 - we challenged the appropriateness and reasonableness of the Group's ECL methodology by considering whether it reflects unbiased and probability weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.
 - for forward looking assumptions comprising monetary policy rate and inflation rate used, we corroborated the Group's assumptions using publicly available information from external sources and checked that they are appropriate in the Group's circumstances;
 - we evaluated the appropriateness of the basis of determining Exposure at Default, including the contractual cash flows, outstanding loan balance, loan repayment type, loan tenor and effective interest rate by checking them to source documents and performing a recomputation on a sample basis;
 - we assessed the CCF applied in modelling the EAD
 - we evaluated the appropriateness of the Plute Tasche methodology used to estimate Probability of Default (PD), and assessed the completeness and accuracy of the data used for default and non default categories for loans by evaluating its reasonability;
 - we evaluated the calculation of the LGD used by the Group in the ECL calculations, including the appropriateness of the use of collateral, by recomputing the LGD, cashflow validation and based on our experience of the Nigerian Market, we have applied the haircuts and time to recovery (TTR) on collaterals to obtain the secured recovery;
 - we independently reperformed the calculation of impairment allowance for loans and advances using the Group's impairment model and validated key inputs.



we evaluated the adequacy of the consolidated and separate financial statements disclosures, including the disclosures of key assumptions and judgements, and also assessed whether disclosures in the consolidated and separate financial statements appropriately reflect the Group's exposure to credit risk in line with the requirements of the relevant accounting standards.

The Group's accounting policy on impairment, related disclosures on credit risk and significant accounting judgements, estimates and assumptions, and note on impairment loss on financial assets are shown in notes 4.7(g), 5.2(f), 6.4 and 10 respectively.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Corporate Governance Report, Report of the Statutory Audit Committee Statement of Directors' Responsibilities in Relation to the Consolidated and Separate Financial Statements, Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements 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 Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 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 consolidated and separate 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. 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 consolidated and separate 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 the Statutory 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 the Statutory 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.

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 Banks and Other Financial Institutions (BOFIA) and Central Bank of Nigeria (CBN) guidelines during the year ended 31 December 2023, are disclosed in Note 38 to the consolidated and separate financial statements.
- Related party transactions and balances are disclosed in Note 32 to the consolidated and separate financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of December 31, 2023. The work performed was done in accordance with ISAE 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 25 April 2024.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
25 April 2024
Lagos, Nigeria



		Group	Group	Bank	Bank
<i>In thousands of Naira</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Assets					
Cash and cash equivalents	18	94,212,090	138,623,389	85,212,612	131,058,757
Investment securities	19	25,370,707	6,424,507	19,245,754	-
Loans and advances to customers	20	410,345,948	369,402,568	410,345,948	369,402,568
Investment in subsidiary	21	-	-	11,675,431	11,375,000
Property and equipment	22	11,961,716	2,434,577	11,888,345	2,402,019
Intangible assets	23	229,853	240,512	228,962	233,649
Deferred tax asset	17b	420,130	1,206,072	311,536	1,140,471
Other assets	24	1,422,745	1,992,219	737,691	1,623,938
Total assets		543,963,189	520,323,844	539,646,279	517,236,402
Liabilities					
Employee benefit obligation	25	1,658	1,793	-	-
Current tax liabilities	17c	12,353,214	11,754,184	12,128,833	11,575,456
Borrowings	27	267,981,310	291,139,709	267,981,310	291,139,709
Debt securities issued	28	24,235,595	-	24,244,335	-
Provision for guarantee	26	374,949	324,507	-	-
Other liabilities	29	3,469,581	2,594,347	3,060,655	2,342,031
Total liabilities		308,416,307	305,814,540	307,415,133	305,057,196
Equity					
Share capital	30(a)	100,000	100,000	100,000	100,000
Share premium	30(b)	99,762,570	99,762,570	99,762,570	99,762,570
Retained earnings	30(c)	86,732,142	76,122,381	83,414,867	73,792,283
<i>Other reserves:</i>					
Statutory reserve	30(d)	40,915,056	33,863,738	40,915,056	33,863,738
Regulatory risk reserve	30(e)	8,038,653	4,660,615	8,038,653	4,660,615
Other reserve	30(f)	(1,539)	-	-	-
Attributable to equity holders of the parent		235,546,882	214,509,304	232,231,146	212,179,206
Total liabilities and equity		543,963,189	520,323,844	539,646,279	517,236,402

The consolidated and separate financial statements were approved by the Board of Directors on 1 March 2024 and signed on its behalf by:


Shehu Yahaya

Chairman

FRC/2019/IODN/00000019238


Anthony Okpanachi

Managing Director/CEO

FRC/2016/CISN/00000015033

Additionally certified by:


Ijeoma D. Ozulumba

Executive Director/CFO

FRC/2017/ICAN/00000016105

The accompanying notes are an integral part of these consolidated and separate financial statements

		Group	Group	Bank	Bank
<i>In thousands of Naira</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Gross earnings					
Interest income calculated using the effective interest method	8	52,639,762	48,184,147	51,070,612	46,999,580
Interest expense	9	(12,276,770)	(11,215,724)	(12,261,436)	(11,215,724)
Net interest income		40,362,992	36,968,423	38,809,176	35,783,856
Impairment write-back/losses on financial assets	10	2,527,963	(1,250,411)	2,611,224	(1,217,699)
Net interest income after impairment charge on financial assets		42,890,955	35,718,012	41,420,400	34,566,157
Guarantee income	11	898,367	694,491	-	-
Guarantee expense	13b	(537,405)	(514,928)	-	-
Other income	12	1,276,357	483,908	1,375,711	552,497
Fee and commission expense	13a	(10,874)	(11,797)	(6,252)	(9,202)
Net operating income		44,517,400	36,369,686	42,789,859	35,109,452
Personnel expenses	14	(3,213,635)	(2,671,793)	(2,919,828)	(2,373,758)
Depreciation and amortization	15	(488,194)	(426,427)	(452,556)	(391,933)
General and administrative expenses	16	(4,278,348)	(3,019,329)	(4,047,228)	(2,821,175)
Total expenses		(7,980,177)	(6,117,549)	(7,419,612)	(5,586,866)
Profit before tax		36,537,223	30,252,137	35,370,247	29,522,586
Income tax expense	17	(12,080,106)	(10,118,913)	(11,900,307)	(9,988,671)
Profit for the year		24,457,117	20,133,224	23,469,940	19,533,915
Other comprehensive income		-	-	-	-
Total comprehensive income		24,457,117	20,133,224	23,469,940	19,533,915
Profit for the year attributable to:					
Owners of the Bank		24,457,117	20,133,224	23,469,940	19,533,915
Total comprehensive income attributable to:					
Owners of the Bank		24,457,117	20,133,224	23,469,940	19,533,915
		24,457,117	20,133,224	23,469,940	19,533,915

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 2023

Attributable to the owners of the Bank							
GROUP	Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Other Reserve
In thousands of Naira							equity
Balance as at 1 January 2023		100,000	99,762,570	76,122,381	33,863,738	4,660,615	-
<i>Total comprehensive income</i>							214,509,304
Profit for the year		-	-	24,457,117	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income		-	-	24,457,117	-	-	-
<i>Transactions with equity holders, recorded directly in equity:</i>							
Dividend paid	30(c)	-	-	(3,418,000)	-	-	(3,418,000)
Issue of debt notes	30(f)	-	-	-	-	-	(1,539)
<i>Transfer between reserves:</i>							
Transfer to statutory reserve	30(d)	-	-	(7,051,318)	7,051,318	-	-
Transfer to regulatory risk reserve	30(e)	-	-	(3,378,038)	-	3,378,038	-
Balance as at 31 December 2023		100,000	99,762,570	86,732,142	40,915,056	8,038,653	(1,539)
							235,546,882

Attributable to the owners of the Bank							
In thousands of Naira	Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Other Reserve
							equity
Balance as at 1 January 2022		100,000	99,762,570	61,604,428	28,003,563	4,905,519	-
<i>Total comprehensive income</i>							194,376,080
Profit for the year		-	-	20,133,224	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income		-	-	20,133,224	-	-	-
<i>Transactions with equity holders, recorded directly in equity:</i>							
Dividend paid	30(c)	-	-	-	-	-	-
Issue of debt notes	30(f)	-	-	-	-	-	-
<i>Transfer between reserves:</i>							
Transfer to statutory reserve	30(d)	-	-	(5,860,175)	5,860,175	-	-
Transfer from regulatory risk reserve	30(e)	-	-	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

Separate Statement Of Changes In Equity
For the year ended 31 December 2023

BANK							
In thousands of Naira	Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Other Reserve
							equity
Balance as at 1 January 2023		100,000	99,762,570	73,792,283	33,863,738	4,660,615	-
<i>Total comprehensive income</i>							212,179,206
Profit for the year		-	-	23,469,940	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income		-	-	23,469,940	-	-	-
<i>Transactions with equity holders, recorded directly in equity:</i>							
Dividend paid	30(c)	-	-	(3,418,000)	-	-	(3,418,000)
Issue of debt notes	30(f)	-	-	-	-	-	-
<i>Transfer between reserves:</i>							
Transfer to statutory reserve	30(d)	-	-	(7,051,318)	7,051,318	-	-
Transfer from regulatory risk reserve	30(e)	-	-	(3,378,038)	-	3,378,038	-
Balance as at 31 December 2023		100,000	99,762,570	83,414,867	40,915,056	8,038,653	-
							232,231,146

In thousands of Naira							
	Note	Share Capital	Share Premium	Retained Earnings	Statutory Reserve	Regulatory risk Reserve	Other Reserve
							equity
Balance as at 1 January 2022		100,000	99,762,570	59,873,639	28,003,563	4,905,519	-
<i>Total comprehensive income</i>							192,645,291
Profit for the year		-	-	19,533,915	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income		-	-	19,533,915	-	-	-
<i>Transactions with equity holders, recorded directly in equity:</i>							
Dividend paid	30(c)	-	-	-	-	-	-
Issue of debt notes	30(f)	-	-	-	-	-	-
<i>Transfer between reserves:</i>							
Transfer to statutory reserve	30(d)	-	-	(5,860,175)	5,860,175	-	-
Transfer to regulatory risk reserve	30(e)	-	-	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

The accompanying notes form an integral part of these consolidated and separate financial statements.

<i>In thousands of Naira</i>	Note	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Cash flows from operating activities					
Profit after tax		24,457,117	20,133,224	23,469,940	19,533,915
Tax expense	17a	12,080,106	10,118,913	11,900,307	9,988,671
Profit before tax		36,537,223	30,252,137	35,370,247	29,522,586
<i>Adjustments for:</i>					
(Writeback)/Impairment on loans and advances to customers	10	(2,611,398)	1,223,528	(2,611,398)	1,223,528
Impairment/(writeback) on other financial assets	10	83,435	26,882	174	(5,829)
Depreciation of plant and equipment	15	384,573	373,329	354,907	345,986
Amortization of intangibles	15	103,621	53,098	97,649	45,947
Write-off of intangible assets	23	-	65,448	-	65,448
Interest income on investment securities	19a	(1,326,273)	(1,306,199)	(840,181)	(917,267)
Interest income on loans and advances to PFIs	8	(37,847,519)	(31,608,001)	(37,847,519)	(31,608,001)
Interest expense on borrowings	9	10,568,478	11,128,998	10,568,478	11,128,998
Interest expense on debt securities issued	9	1,582,684	-	1,567,350	-
Lease expenses	9	61,776	3,049	61,776	3,049
Foreign exchange gains	12	(441,077)	-	(441,077)	-
Gain on disposal of plant and equipment	31b	(10,873)	(8,765)	(10,466)	(8,962)
		7,084,650	10,203,505	6,269,940	9,795,484
<i>Changes in:</i>					
Net increase in provision for guarantee	31a(iv)	50,442	162,980	-	-
Loans and advances to PFIs:					
Loans disbursed	20a	(153,627,698)	(149,714,201)	(153,627,698)	(149,714,201)
Loan principal repayments received	20a	115,845,167	101,353,986	115,845,167	101,353,986
Other liabilities	31a(i)	746,446	976,083	598,314	844,412
Employee benefit obligation	31a(ii)	(135)	122	-	-
Other assets	31a(iii)	(567,744)	(1,122,052)	(188,556)	(1,067,638)
		(30,468,872)	(38,139,578)	(31,102,833)	(38,787,958)
Tax paid	17c	(9,565,626)	(5,396,243)	(9,443,192)	(5,212,391)
Value Added Tax (VAT) net expense/(payment)	31a(vii)	6,591	3,671	(1,887)	(781)
Interest received on investment securities	19a	844,398	1,471,255	164,583	729,016
Interest received on loans and advances to PFIs	20a	37,298,068	31,036,995	37,298,068	31,036,995
Payment of lease liability - Interest	31c(ii)	(69,671)	(3,049)	(69,671)	(3,049)
Net cash used in operating activities		(1,955,112)	(11,026,949)	(3,154,932)	(12,238,167)
Cash flows from investing activities					
Acquisition of investment securities	19a	(18,868,360)	(6,465,705)	(18,637,397)	-
Investment in Subsidiary	21b	-	-	(300,431)	-
Proceeds from matured investment securities	19a	311,530	27,813,295	-	26,806,545
Acquisition of intangible assets	23	(92,962)	(198,445)	(92,962)	(196,951)
Acquisition of property and equipment	31b(iii)	(9,633,010)	(488,778)	(9,562,531)	(462,925)
Proceeds from disposal of property and equipment	31b(i)	14,967	13,813	14,560	9,745
Net cash flows (used in)/from investing activities		(28,267,835)	20,674,180	(28,578,762)	26,156,414
Cash flows from financing activities					
Long term borrowings received	27a	-	16,812,000	-	16,812,000
Repayment of principal on borrowings	27a	(22,927,987)	(23,880,583)	(22,927,987)	(23,880,583)
Repayment of interest on borrowings	27a	(10,798,890)	(11,055,327)	(10,798,890)	(11,055,327)
Debt note issue cost	30(f)	(1,539)	-	-	-
Debt Securities issued	28	22,652,911	-	22,676,985	-
Dividend paid	30c	(3,418,000)	-	(3,418,000)	-
Payment of lease liabilities - Principal	31c(ii)	(152,704)	(62,451)	(152,704)	(62,451)
Net cash flows used in financing activities		(14,646,209)	(18,186,361)	(14,620,596)	(18,186,361)
Net decrease in cash and cash equivalents		(44,869,156)	(8,539,130)	(46,354,290)	(4,268,116)
Cash and cash equivalents, beginning of year	18	138,990,997	1 47,530,127	1 31,390,054	135,658,170
Effect of exchange rate fluctuations on cash held	18	441,077	-	441,077	-
Cash and cash equivalents, end of year	18b	94,562,918	138,990,997	85,476,841	131,390,054

The accompanying notes form an integral part of these consolidated and separate financial statements.

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 2023 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 Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in a manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (FRC) (Amendment) Act, 2023, 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 1 March 2024.

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 Accounting Standards 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

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 Group and Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

3. Changes in material 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. Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2023. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments

3.1 New and Revised Standards and Interpretations not yet effective

A number of new IFRS Accounting Standards, Amendments to IFRS Accounting Standards, and Interpretations are effective for annual periods beginning after 1 January 2024 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 IFRS Accounting Standards will be adopted in the period that they become mandatory unless otherwise indicated. Those IFRS Accounting Standards, Amendments to IFRS Accounting Standards and Interpretations which may be relevant to the Group or Bank are set out below:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 1	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current Liabilities	October 2022	January 1, 2024	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 amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and impact assessment
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	September 2022	January 1, 2024	Amendments to IFRS 16 Leases 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 sellerlessee 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
				The amendments apply to supplier finance arrangements that have all the following characteristics. - A finance provider pays amounts a company (the buyer) owes it suppliers. - A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. - The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date. The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives- one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect if non-cash changes in the carrying amount of its financial liabilities that are part of supplier finance arrangement.

Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	May, 2023	January 1, 2024	The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. Companies needs to start collating additional information to meet the new disclosure requirements because some information may not always be readily available such as the carrying amount of financial liabilities for which suppliers have already received payments from finance providers. Companies may need to obtain this information from their finance providers directly. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application.
Amendments to IAS 21	Lack of Exchangeability	August, 2025	January 1, 2024	The amendments clarifies: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. Assessing exchangeability: When to estimate a spot rate. A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use: • an observable exchange rate without adjustment; or • another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include: • the nature and financial impacts of the currency not being exchangeable • the spot exchange rate used; • the estimation process; and • risks to the company because the currency is not exchangeable The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September, 2014	The effective date of this amendment has been deferred indefinitely by the IASB.	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely
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4. Material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements, except if mentioned otherwise. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

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).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c Common control transactions

Common control transactions, in which the Bank 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

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

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'.

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 3% 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 basis.

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.

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.

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 Derecognition
Financial Assets**

The 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.

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 Accounting 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.

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
- 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;
- 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.

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, Prime lending rate, Crude oil price and Monetary policy rate.

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.

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.

4.9. 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.

4.11 Property 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.

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.

4.12. 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 is 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.

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.

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. 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.
-
-

4.20. 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 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 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.

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.

In the prior financial year, the Bank adopted the external mapping approach in estimating Probability of Default (PD) for its loans and advances. This approach was changed in the current year, to Pluto-Tasche methodology, a globally recognized methodology for zero and low default portfolios. This update in approach was premised on the Bank's historical track record of zero defaults since its inception. As a result, there was a significant decline in its ECL impairment on loans and advances to customers and in turn recognition of a significant write back of N2.96billion during the year as noted below:

	31 December 2022		31 December 2023	
	Opening Balance	Additional charge/(write back)	Impact of change in estimate	Closing balance
In thousands of Naira				
Loans matured during the year 2023	124,051	(124,051)	-	-
Running loans as at year end	2,659,047	(343,687)	(2,203,695)	111,665
	2,783,098	(467,738)	(2,203,695)	111,665
New loans disbursed during the year	-	334,488	(274,452)	60,036
	2,783,098	(133,251)	(2,478,146)	171,701

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 Accounting Standards when IFRS is adopted. However, banks would be required to comply with the following:

- 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 differences in general reserve should be treated in the genral reserve account 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 differences resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the non-distributable reserve previously recognized.
- 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 2023, the difference between the Prudential provision and IFRS impairment was N8.04billion (December 2022: N4.66billion) requiring transfer of N3.38 billion (December 2022: N245 million) from retained earnings to regulatory risk reserve 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
	31 December	31 December	31 December	31 December
In thousands of Naira	2023	2022	2023	2022
Impairment on loans and advances per IFRS	(171,700)	(2,783,099)	(171,700)	(2,783,099)
Provision on loans and advances per Prudential Guidelines	8,210,353	7,443,714	8,210,353	7,443,714
Regulatory Risk Reserve	8,038,653	4,660,615	8,038,653	4,660,615
The movement in the Regulatory risk reserve during the year is shown below:				
Balance, beginning of the year	4,660,615	4,905,519	4,660,615	4,905,519
Transfer during the year	3,378,038	(244,904)	3,378,038	(244,904)
Balance, end of the year	8,038,653	4,660,615	8,038,653	4,660,615

5.2. 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)
- 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.
- 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)

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.

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.

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	
1-	
2+	PFIs are judged to be of high quality and are subject to very low credit risk.
2	
2-	
3+	PFIs are judged to be upper-medium grade and are subject to low credit risk.
3	
3-	
4+	PFIs are judged be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
4	
4-	
5+	PFIs are judged to be speculative and are subject to substantial credit risk.
5	
5-	
6+	PFIs are considered speculative and are subject to high credit risk.
6	
6-	
7	PFIs are judged to be speculative of poor standing and are subject to very high credit risk.
8	
9	
10	

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	
10	

I. 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, credit derivatives etc. are used to mitigate risks in the portfolio.

Collateral acceptable as security from PFIs for funds on-lent 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).

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.

I 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					
<i>In thousands of Naira</i>					
	Note	Stage 1	31 Dec 2023		Total
			Stage 2	Stage 3	
Loans and advances to customers at amortised cost					
(B) Low-fair risk		410,517,648	-	-	410,517,648
(B-) Higher risk		-	-	-	-
Gross loans	20	410,517,648	-	-	410,517,648
Loss allowance	20	(171,700)	-	-	(171,700)
Carrying amount		410,345,948	-	-	410,345,948
Bank					
<i>In thousands of Naira</i>					
	Note	Stage 1	31 Dec 2023		Total
			Stage 2	Stage 3	
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
Bank					
<i>In thousands of Naira</i>					
	Note	Stage 1	31 Dec 2023		Total
			Stage 2	Stage 3	
Loans and advances to customers at amortised cost					
(B) Low-fair risk		410,517,648	-	-	410,517,648
(B-) Higher risk		-	-	-	-
Gross loans	20	410,517,648	-	-	410,517,648
Loss allowance	20	(171,700)	-	-	(171,700)
Carrying amount		410,345,948	-	-	410,345,948
Bank					
<i>In thousands of Naira</i>					
	Note	Stage 1	31 Dec 2022		Total
			Stage 2	Stage 3	
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

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

The Group had employs the Pluto-Tasche methodology, a globally recognized methodology for zero and low default portfolios, in estimating Probability of Default (PD) for its loans and advances as against the external mapping approach adopted in prior years. 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.

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).

i. 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

ii. 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.

The inflation rate and monetary policy rate (MPR) for Nigeria was taken as the macroeconomic variables for the purpose of factoring forward-looking information (FLI) into the ECL estimate across its portfolios. An estimation of 18% deterioration in the forecasted inflation and MPR were taken as the downside scenario and 2% improvements in the forecasted economic variables were taken as the upside scenario. Scenario probability weights were taken as 2%:80%:18% for Upside, Central and Downside respectively. The Bank performed linear regression using the Bank wide NPL ratio as its dependent variable. The NPL ratio was used as a proxy for the default rate as the dependent variable.

The scenario probability weightings applied in measuring ECL are as follows.

At 31 December	2023			2022		
	Upside	Central	Downside	Upside	Central	Downside
Scenario probability weighting	2%	80%	18%	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 are: inflation rates and monetary policy rate.

iv. 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 (Loss Given Default and Probability of Default) for Forward Looking Information (FLI) such that upon arriving at the ECL, it would need no further adjustment for FLIs) by using linear regression to incorporate FLI into PD estimation.

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.

vi. 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.

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					
		2023			
<i>in thousands of Naira</i>	Note	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortized cost					
Balance at 1 January		2,783,098	-	-	2,783,098
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		64,255	-	-	64,255
Loan repayments received during the year		(2,675,653)	-	-	(2,675,653)
Balance at 31 December	20	171,700	-	-	171,700

Group					
		2022			
<i>in thousands of Naira</i>	Note	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortized cost					
<i>in thousands of Naira</i>	Note	Stage 1	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
Investment securities - treasury bills and FGN bonds (in thousands of Naira)				2023	2022
Balance at 1 January				20,525	467
Additions to investment securities				92,505	20,525
Redemption of investment securities				-	(467)
Balance at 31 December	19			113,030	20,525
Cash and cash equivalent - Placements (in thousands of Naira)				2023	2022
Balance at 1 January				367,608	362,836
Additions to placements				246,839	367,608
Redemption of placements				(263,619)	(362,836)
Balance at 31 December	18			350,828	367,608
Provision for guarantee (in thousands of Naira)				2023	2022
Balance at 1 January				158,460	37,992
Guarantee expense for the period				537,405	514,928
Claims paid during the period				(475,047)	(394,460)
Balance at 31 December	26			220,818	158,460
Bank					
		2023			
<i>in thousands of Naira</i>	Note	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortized cost					
Balance at 1 January		2,783,098	-	-	2,783,098
Transfer to Stage 1		-	-	-	-
Transfer to Stage 2		-	-	-	-
Transfer to Stage 3		-	-	-	-
Loans disbursed during the year		64,255	-	-	64,255
Loan repayments received during the year		(2,675,653)	-	-	(2,675,653)
Balance at 31 December	20	171,700	-	-	171,700
		2022			
<i>in thousands of Naira</i>		Stage 1	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
Investment securities - treasury bills and FGN bonds (in thousands of Naira)				2023	2022
Balance at 1 January					-
Additions to investment securities				67,241	-
Redemption of investment securities					-
Balance at 31 December	19			67,241	-
Cash and cash equivalent - Placements (in thousands of Naira)				2023	2022
Balance at 1 January				331,297	337,127
Additions to placements				62,056	331,297
Redemption of placements				(129,124)	(337,127)
Balance at 31 December	18			264,229	331,297

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
<i>in thousands of Naira</i>					
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-22
Carrying amount	94,212,090	138,623,389	410,345,948	25,370,707	525,358
Guaranteed amount	-	-	-	6,424,507	299,802
12-month ECL:					
Cash and cash equivalents	18	94,562,918	138,990,997	-	-
Investment securities	19	-	-	25,483,737	6,445,032
Performing loans and advances	20	-	410,517,648	372,185,667	-
Other assets	24	-	-	-	315,861
Gross amount		94,562,918	410,517,648	25,483,737	533,707
Allowance for impairment		(350,828)	(171,700)	(2,783,099)	(8,349)
Carrying amount		94,212,090	410,345,948	25,370,707	525,358
Total carrying amount - amortised cost		94,212,090	410,345,948	25,370,707	525,358
Bank					
<i>in thousands of Naira</i>					
	Note	Cash and cash equivalents	Loans and advances to PFIs	Investment securities	Other assets
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-22
Carrying amount		85,212,612	131,058,757	19,245,754	357,883
Guaranteed amount		-	-	-	-
12-month ECL:					
Cash and cash equivalents	18	85,476,841	131,390,054	-	-
Investment securities	19	-	-	19,312,995	-
Performing loans and advances	20	-	410,517,648	372,185,667	-
Other assets	24	-	-	-	87,173
Gross amount		85,476,841	410,517,648	19,312,995	357,883
Allowance for impairment		(264,229)	(171,700)	(67,241)	-
Carrying amount		85,212,612	410,345,948	19,245,754	357,883
Total carrying amount - amortised cost		85,212,612	410,345,948	19,245,754	357,883

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 2023 and 31 December 2022, 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.

The movement in the allowance for impairment in respect of loans and advances during the year was as follows:

<i>In thousands of Naira</i>	Specific Impairments		IFRS 9 ECL Impairments	
Balance at 1 January 2023	-		(2,783,099)	
Additional Impairment charge	-		-	
Amounts written back	-		2,611,398	
	-		(171,701)	

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 2023 (2022:Nil)

Other assets: The Group's other asset is made up of guarantee fee receivables, receivables from month-end cash advances to staff and advanced professional fees. The credit risk on this is considered low.

e 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	
<i>In thousands of Naira</i>		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Carrying amount		94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358
Concentration by sector:									
Finance		94,034,110	138,303,536	410,345,948	369,402,568	1,744,197	-	277,031	512,456
Government		177,980	319,853	-	-	23,626,510	6,424,507	-	-
Others		-	-	-	-	-	-	22,771	12,902
		94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358

Cash and cash equivalents Loans and advances to PFIs Investment securities Other assets									
Concentration by location: <i>In thousands of Naira</i>	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-22
Abuja	177,980	319,853	25,400,414	23,826,466	23,626,510	6,424,507	28,760	222,553	
North East	-	-	3,487,941	3,029,101	-	-	-	-	
North West	-	-	26,713,522	16,216,773	-	-	-	-	
North Central	-	-	36,684,927	25,341,016	-	-	-	-	
South South	-	-	45,630,469	56,075,310	-	-	-	-	
South West	94,034,110	138,303,536	236,482,370	198,775,522	1,744,197	-	271,042	-	
South East	-	-	35,946,305	46,138,380	-	-	-	-	
Outside Nigeria	-	-	-	-	-	-	-	302,805	
	94,212,090	138,623,389	410,345,948	369,402,568	25,370,707	6,424,507	299,802	525,358	

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.

Bank	Note	Cash and cash equivalents		Loans and advances to PFIs		Investment securities		Other assets	
<i>In thousands of Naira</i>		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Carrying amount		85,212,612	138,623,389	410,345,948	369,402,568	19,245,754	-	87,173	357,883
Concentration by sector:									
Finance		85,034,632	138,303,536	410,345,948	369,402,568	-	-	58,413	348,798
Government		177,980	319,853	-	-	19,245,754	-	-	-
Others		-	-	-	-	-	-	28,760	9,085
		85,212,612	138,623,389	410,345,948	369,402,568	19,245,754	-	87,173	357,883

Concentration by location: <i>In thousands of Naira</i>	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-22
Abuja	177,980	319,853	25,400,414	23,826,466	19,245,754	-	28,760	9,085	
North East	-	-	3,487,941	3,029,101	-	-	-	-	
North West	-	-	26,713,522	16,216,773	-	-	-	-	
North Central	-	-	36,684,927	25,341,016	-	-	-	-	
South South	-	-	45,630,469	56,075,310	-	-	-	-	
South West	85,034,632	138,303,536	236,482,370	198,775,522	-	-	58,413	45,993	
South East	-	-	35,946,305	46,138,380	-	-	-	-	
Outside Nigeria	-	-	-	-	-	-	-	302,805	
	85,212,612	138,623,389	410,345,948	369,402,568	19,245,754	-	87,173	357,883	

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

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 2023		31 December 2022	
<i>in thousands of Naira</i>	Carrying Amount	Collateral	Carrying Amount	Collateral
Stages 1 and 2	410,345,948	301,484,930	369,402,568	466,594,460
Stage 3	-	-	-	-

Bank	31 December 2023		31 December 2022	
<i>in thousands of Naira</i>	Carrying Amount	Collateral	Carrying Amount	Collateral
Stages 1 and 2	410,345,948	301,484,930	369,402,568	466,594,460
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.

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.

A summary of the Group's interest rate gap position on financial instruments is as follows:

Re-pricing period								
31 December 2023								
<i>In thousands of Naira</i>	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
Cash and balances with banks	18	1,051,618	-	-	-	-	1,051,618	177,980
Placements with Banks	18	-	-	-	-	-	-	92,541,415
Investment securities	19	-	525,773	615,464	17,454,672	6,774,798	25,370,707	25,370,707
Loans and advances	20	125,374	65,816,868	31,625,823	45,552,725	267,225,158	410,345,948	410,345,948
Other assets	24	-	-	-	-	-	-	299,802
		1,176,992	66,342,641	32,241,287	63,007,397	273,999,956	436,768,273	93,019,197
								529,787,470
Borrowings	27	-	-	-	-	(267,981,310)	(267,981,310)	-
Debt security issued	28	-	-	-	-	(24,235,595)	(24,235,595)	-
Other financial liabilities	29	-	-	-	-	-	-	(3,040,509)
		-	-	-	-	-	-	(3,040,509)
Total interest re-pricing gap		1,176,992	66,342,641	32,241,287	63,007,397	(18,216,949)	144,551,368	89,978,688
								(295,257,414)
								234,530,056
Re-pricing period								
31 December 2022								
<i>In thousands of Naira</i>	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
Cash and balances with banks	18	357,299	-	-	-	-	357,299	319,853
Placements with Banks	18	-	-	-	-	-	-	137,946,237
Investment securities	19	-	-	-	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	-
Other assets	24	-	-	-	-	-	-	525,358
		788,157	2,097,703	2,970,418	19,095,782	351,232,314	376,184,375	138,791,448
								514,975,822
Borrowings	27	(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	-
Other financial liabilities	29	-	-	-	-	-	-	(2,330,357)
		(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	(2,330,357)
Total interest re-pricing gap		14,702,578	2,097,703	2,970,418	19,095,782	75,583,341	85,044,667	136,461,091
								221,505,756

A summary of the Bank's interest rate gap position on financial instruments is as follows:

Re-pricing period								
31 December 2023								
<i>In thousands of Naira</i>	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
Cash and balances with banks	18	907,795	-	-	-	-	907,795	619,057
Placements with Banks	18	-	-	-	-	-	-	83,685,760
Investment securities	19	-	-	-	19,245,754	-	19,245,754	-
Loans and advances	20	125,374	65,816,868	31,625,823	45,552,725	267,225,158	410,345,948	-
Other assets	24	-	-	-	-	-	-	87,173
		1,033,169	65,816,868	31,625,823	64,798,480	267,225,158	514,626,334	84,391,990
								514,891,487
Borrowings	27	-	-	-	-	(267,981,310)	(267,981,310)	-
Debt security issued	28	-	-	-	-	(24,244,335)	(24,244,335)	-
Other liabilities	29	-	-	-	-	-	-	(2,667,421)
		-	-	-	-	(292,225,645)	(292,225,645)	(2,667,421)
Total interest re-pricing gap		1,033,169	65,816,868	31,625,823	64,798,480	(25,000,487)	138,273,852	81,724,569
								219,998,421
Re-pricing period								
31 December 2022								
<i>In thousands of Naira</i>	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
Cash and balances with banks	18	297,405	-	-	-	-	297,405	319,853
Placements with Banks	18	-	-	-	-	-	-	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	-
Other assets	24	-	-	-	-	-	-	357,883
		728,263	2,097,703	2,970,418	19,095,782	344,807,807	369,699,974	131,119,235
								500,819,208
Borrowings	27	(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	-
Other liabilities	29	-	-	-	-	-	-	(2,107,276)
		(15,490,735)	-	-	-	(275,648,973)	(291,139,708)	(2,107,276)
Total interest re-pricing gap		(14,762,472)	2,097,703	2,970,418	19,095,782	69,158,834	78,560,266	129,011,959
								207,572,223

Group Interest sensitivity analysis - 31 December 2023

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Cashflow interest rate risk		
Time Band	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(675,196)	6 75,196
6 months	(322,413)	322,413
12 months	(630,074)	630,074
	(1,627,683)	1,627,683

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)

Cashflow interest rate risk		
Time Band	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

Bank Interest sensitivity analysis - 31 December 2023

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Cashflow interest rate risk		
Time Band	100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(668,500)	6 68,500
6 months	(316,258)	316,258
12 months	(647,985)	647,985
	(1,632,743)	1,632,743

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)

Cashflow interest rate risk		
Time Band	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

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.

b 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.

The table below summarises financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

Group					
In thousands of Naira	Note	Total	Naira ₦	US \$	GBP £
31 December 2023					
Cash and cash equivalents	18	94,212,090	93,761,328	449,016	1,746
Investment securities	19	25,370,707	25,370,707	-	-
Loans and advances	20	410,345,948	410,345,948	-	-
Other assets	24	299,802	299,802	-	-
		530,228,547	529,777,785	449,016	1,746
Borrowings	27	267,981,310	267,981,310	-	-
Debt security issued	28	24,235,595	24,235,595	-	-
Other liabilities	29	3,040,509	3,040,509	-	-
		295,257,414	295,257,414	-	-
Net Local Currency Exposure		234,971,133	234,520,371		
Net Foreign Currency Exposure				449,016	1,746

Group					
In thousands of Naira	Note	Total	Naira ₦	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	29	2,330,357	2,150,361	179,996	-
		293,470,066	293,290,070	179,996	
Net Local Currency Exposure		221,505,756	221,551,984	-	-
Net Foreign Currency Exposure		-	-	47,024	796

Bank					
In thousands of Naira	Note	Total	Naira ₦	US \$	GBP £
31 December 2023					
Cash and cash equivalents	18	85,212,612	84,761,850	449,016	1,746
Investment securities	19	19,245,754	19,245,754	-	-
Loans and advances	20	410,345,948	410,345,948	-	-
Other assets	24	87,173	87,173	-	-
		514,891,487	514,440,725	449,016	1,746
Borrowings	27	267,981,310	267,981,310	-	-
Debt security issued	28	24,244,335	24,244,335	-	-
Other liabilities	29	2,667,421	2,667,421	-	-
		294,893,066	294,893,066	-	-
Net Local Currency Exposure		219,998,421	219,547,659		
Net Foreign Currency Exposure				449,016	1,746

Bank					
<i>In thousands of Naira</i>					
31 December 2022					
		Total	Naira ₦	US \$	GBP £
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	29	2,107,276	1,927,280	179,996	-
		293,246,985	293,066,989	179,996	-
Net Local Currency Exposure		207,572,223	207,618,451		
Net Foreign Currency Exposure				(47,024)	796

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;

- a) Funding and Liquidity planning;
- b) Liquidity Gap Analysis; and
- c) 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.

a. Residual contractual maturities of financial assets and liabilities									
Group	31 December 2023 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
<i>Non-derivative asset:</i>									
Cash and balances with banks	18b		1,670,675	1,670,675	-	-	-	-	-
Placements with banks	18b		93,808,019	65,980,095	27,827,924	-	-	-	-
Investment securities	19		33,433,264	109,175	909,622	5,672,917	19,854,364	6,887,187	-
Loans and advances	20		410,345,948	531,997,080	126,608	67,016,203	32,804,810	50,412,099	381,637,360
Other assets	24		299,802	299,802	-	-	-	-	-
			530,228,547	661,208,840	68,186,355	95,753,749	38,477,727	70,266,463	388,524,547
<i>Non-derivative liabilities:</i>									
Borrowings	27		(267,981,310)	(327,486,386)	-	-	(16,223,641)	(16,140,549)	(295,122,196)
Debt security issued	28		(24,235,595)	(39,560,000)	(1,656,000)	-	(1,656,000)	-	(36,248,000)
Other liabilities	29		(3,040,509)	(3,040,509)	(1,498,255)	(1,395,129)	-	-	(147,125)
			(295,257,414)	(370,086,895)	(3,154,255)	(1,395,129)	(17,879,641)	(16,140,549)	(331,517,321)
Gap (asset - liabilities)			234,971,133	291,121,945	65,032,100	94,358,620	20,598,086	54,125,914	57,007,226
Cumulative liquidity gap					65,032,100	159,390,720	179,988,806	234,114,720	291,121,946
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
<i>Non-derivative asset:</i>									
Cash and balances with banks	18b		677,152	677,152	-	-	-	-	-
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	22		525,358	525,358	-	-	-	-	-
			514,975,822	520,465,278	135,349,588	8,123,951	2,975,718	19,604,052	354,411,971
<i>Non-derivative liabilities:</i>									
Borrowings	27		(291,139,709)	(291,139,708)	(15,490,735)	-	-	-	(275,648,973)
Other liabilities	29		(2,330,357)	(2,330,357)	(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	118,595,672	7,081,703	2,975,718	19,604,052	78,738,069
Cumulative liquidity gap					118,595,672	125,677,374	128,653,092	148,257,144	226,995,212

Bank	Carrying	Gross nominal					
31 December 2023	amount	inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
In thousands of Naira							
Non-derivative asset:							
Cash and balances with banks	1,526,852	1,526,852	1,526,852	-	-	-	-
Placements with banks	83,685,760	84,755,111	61,847,584	22,907,526	-	-	-
Investment securities	19,245,754	21,085,417	20,833	41,667	5,022,917	16,000,000	-
Loans and advances	410,345,948	531,997,080	126,608	67,016,203	32,804,810	50,412,099	381,637,360
Other assets	87,173	87,173	87,173	-	-	-	-
	514,891,487		63,609,051	89,965,396	37,827,727	66,412,099	381,637,360
Non-derivative liabilities:							
Borrowings	(267,981,310)	(327,486,386)	-	-	(16,223,641)	(16,140,549)	(295,122,196)
Debt security issued	(24,244,335)	(39,560,000)	(1,656,000)	-	(1,656,000)	-	(36,248,000)
Other liabilities	(2,667,421)	(2,667,421)	(1,191,808)	(1,328,488)	-	-	(147,125)
	(294,893,066)	(369,713,807)	(2,847,808)	(1,328,488)	(17,879,641)	(16,140,549)	(331,517,321)
Gap (asset - liabilities)	219,998,421	269,737,826	60,761,243	88,636,908	19,948,086	50,271,550	50,120,039
Cumulative liquidity gap			60,761,243	149,398,151	169,346,236	219,617,786	269,737,825

Bank	Carrying	Gross nominal					
31 December 2022	amount	inflow/(outflow)	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year
In thousands of Naira							
Non-derivative asset:							
Cash and balances with banks	617,258	617,258	617,258	-	-	-	-
Placements with banks	130,441,499	131,665,661	131,620,883	44,778	-	-	-
Loans and advances	369,402,568	372,185,674	430,903	2,099,354	2,975,718	19,212,846	347,466,854
Other assets	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	(291,139,709)	(291,139,708)	(15,490,735)	-	-	-	(275,648,973)
Other liabilities	(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

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 2024. 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. 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:

- 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.
- 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).
- 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.
- Plan for FY2024:** Development Bank of Nigeria embarks on a new strategic cycle in 2024 with a focus on accelerating growth and scaling impact. The Bank is committed to amplifying its efforts to provide finance to Nigeria's underserved MSMEs, particularly those led by women and youth, while expanding its reach in underdeveloped regions of the country. The Bank will maintain its sector-neutral approach while identifying priority impact sectors and supporting innovative ventures.

Additionally, the Bank will strengthen advocacy efforts, engaging with government bodies and regulatory authorities, and collaborating with both local and international stakeholders to foster an enabling environment for MSMEs. The Bank also remains steadfast in its commitment to championing the mainstreaming of green and climate finance in Nigeria and positioning itself as Nigeria's premier Green Development Finance Institution. As the Bank embarks on the next phase, it will ensure financial sustainability by mobilizing funding to support and catalyze growth for MSMEs 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, 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 62.58% as at 31 December 2023 (31 December 2022: 63.96%), 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>	<i>Note</i>	31 December 2023	31 December 2022
Tier 1 capital			
Ordinary share capital	30(a)	100,000	100,000
Share premium	30(b)	99,762,570	99,762,570
Retained earnings	30(c)	83,414,867	73,792,283
Statutory reserve	30(d)	40,915,056	33,863,738
Tier 1 Capital Before Regulatory Deduction		224,192,493	207,518,591

<i>In thousands of Naira</i>	<i>Note</i>	31 December 2023	31 December 2022
Less:			
Intangible assets		(228,962)	(233,649)
Deferred tax assets		(311,536)	(1,140,471)
Investment in subsidiary - 50%		(5,837,716)	(5,687,500)
Eligible Tier 1 Capital		217,814,280	200,456,971
Tier 2 Capital Before Regulatory Deduction			
Tier 2 Capital (restricted to 1/3 of Tier 1 Capital)		74,550,665	68,714,824
Less:			
Investment in subsidiary - 50%		(5,837,716)	(5,687,500)
Eligible Tier 2 Capital		68,712,950	63,027,324
Total Eligible Capital		286,527,229	263,484,295
Risk-weighted assets			
Risk-weighted Amount for Credit Risk		393,497,540	358,784,040
Risk-weighted Amount for Operational Risk		64,361,066	53,136,407
Risk-weighted Amount for Market Risk		-	-
Total weighted risk assets		457,858,606	411,920,447
Capital ratios			
Risk weighted Capital Adequacy Ratio (CAR)		62.58%	63.96%

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	37,726,675	46,999,580	51,070,612
Interest Expenses	(11,688,620)	(11,215,724)	(12,261,436)
Net Interest Income	26,038,055	35,783,856	38,809,176
Fees and Commission Income	-	-	-
Fees and Commission Expenses	(20,844)	(9,202)	(6,252)
Net Fees and Commission Income	(20,844)	(9,202)	(6,252)
Any other operating income	454,708	552,497	1,375,711
Total net non-interest income	433,864	543,295	1,369,459
Total Gross Income	26,471,919	36,327,151	40,178,635
Capital Charge for Operational Risk (Average of Year 1-3 Total Gross Income)*15%			5,148,885
Operational Risk Calibrated Risk-weighted Amount using Basic Indicator Approach			64,361,066

As shown above, DBN currently has a capital adequacy ratio of 62.58% (2022: 63.96%), 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 2023, the bank was in compliance of the minimum capital requirement as the shareholders funds as at reporting date was in excess of N100 billion.

7. Fair Values of Financial Instrument

Financial instruments not measured at fair value

The Bank does not have any financial assets measured at fair value as all financial assets are measured at amortised cost.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Group	Note	Level 1	Level 2	Level 3	Total Fair Values	Total carrying amount
31 December 2023		N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	18	-	94,212,090	-	94,212,090	94,212,090
Investment securities	19	21,057,568	4,554,962	-	25,612,530	25,370,707
Loans and advances to customers	20	-	410,345,948	-	410,345,948	410,345,948
Other financial assets	24	-	299,802	-	299,802	299,802
		21,057,568	509,412,802	-	530,470,370	530,228,547
Borrowings	27	-	267,981,310	-	267,981,310	267,981,310
Debt securities issued	28	-	24,235,595	-	24,235,595	24,235,595
Provision for guarantee	26	-	374,949	-	374,949	374,949
Other financial liabilities	29	-	3,040,509	-	3,040,509	3,040,509
		-	295,632,363	-	295,632,363	295,632,363
Group	Note	Level 1	Level 2	Level 3	Total Fair Values	Total carrying amount
31 December 2022		N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	18	-	138,623,389	-	138,623,389	138,623,389
Investment securities	19	27,989,560	-	-	27,989,560	25,370,707
Loans and advances to customers	20	-	369,402,569	-	369,402,569	369,402,569
Other financial assets	24	-	525,358	-	525,358	525,358
		27,989,560	508,551,316	-	536,540,876	533,922,023
Borrowings	27	-	291,139,709	-	291,139,709	291,139,709
Provision for guarantee	26	-	324,507	-	324,507	324,507
Other financial liabilities	29	-	1,595,041	0	1,595,041	2,330,357
		-	293,059,258	-	293,059,258	293,794,573
Bank	Note	Level 1	Level 2	Level 3	Total Fair Values	Total carrying amount
31 December 2023		N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	18	-	85,212,612	-	85,212,612	85,212,612
Investment securities	19	10,434,009	9,353,670	-	19,787,679	19,245,754
Loans and advances to customers	20	-	410,345,948	-	410,345,948	410,345,948
Other financial assets	24	-	87,173	-	87,173	87,173
		10,434,009	504,999,402	-	515,433,411	514,891,487
Borrowings	27	-	267,981,310	-	267,981,310	267,981,310
Debt securities issued	28	-	24,244,335	-	24,244,335	24,244,335
Other financial liabilities	29	-	2,667,421	-	2,667,421	2,667,421
		-	294,893,066	-	294,893,066	294,893,066
Bank		Level 1	Level 2	Level 3	Total Fair Values	Total carrying amount
31 December 2022		N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	18	-	135,321,043	-	135,321,043	131,058,757
Investment securities	19	-	-	-	-	-
Loans and advances to customers	20	-	369,402,569	-	369,402,569	369,402,569
Other financial assets	24	-	357,883	-	357,883	357,883
		-	505,081,495	-	505,081,495	500,819,209
Borrowings	27	-	291,139,709	-	291,139,709	291,139,709
Other financial liabilities	29	-	2,107,276	-	2,107,276	2,107,276
		-	293,246,985	-	293,246,985	293,246,985

For financial assets and financial liabilities that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate the fair value. This assumption is also applied to financial liabilities without a specific maturity. The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they are first recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest bearing deposits is based on discounted cashflows using prevailing money market rates for debts. The carrying amount represents the fair value which is receivable at maturity. The carrying amounts of other financial assets and other financial liabilities are reasonable approximation of their fair values which are repayable on demand.

Where they are available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

8. Interest income calculated using the effective interest method		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Placements with banks	18a	13,465,970	15,269,947	12,382,912	14,474,312
Investment in Treasury bills	19a	581,835	932,883	481,585	917,267
Investment in Commercial papers	19a	80,310	-	-	-
Investment in Debt notes	19a	-	-	358,596	-
Investment in Government bonds	19a	664,128	373,316	-	-
Loans and advances to Participating Financial Institutions (PFIs)	20a	37,847,519	31,608,001	37,847,519	31,608,001
		52,639,762	48,184,147	51,070,612	46,999,580

Total interest income, calculated using the effective interest rate method reported above that relate to financial assets carried at amortized cost are ₦52.64billion and ₦51.07billion (31 December 2021: ₦48.18billion and ₦46.99billion) for Group and Bank respectively.

9. Interest expense		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Borrowings (See (i) below)	27a	10,568,478	11,128,998	10,568,478	11,128,998
Provision IDB (Interest Draw-Back) Expense	29ii	63,832	83,677	63,832	83,677
Lease expense	31c(ii)	61,776	3,049	61,776	3,049
Debt Securities Issued	28a	1,582,684	-	1,567,350	-
		12,276,770	11,215,724	12,261,436	11,215,724

- (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 (writeback)/loss on financial assets		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Loans and Advances to customers	20(b)	(2,611,398)	1,223,528	(2,611,398)	1,223,528
Other financial assets					
Cash and cash equivalents	18c	(16,780)	4,772	(67,067)	(5,829)
Investment securities	19b	92,505	20,058	67,241	-
Other financial receivables	24a	7,710	2,053	-	-
		83,435	26,882	174	(5,829)
		(2,527,963)	1,250,411	(2,611,224)	1,217,699

11. Guarantee Income		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>					
Upfront fee		499,078	374,256	-	-
Guarantee fee		399,289	320,235	-	-
		898,367	694,491	-	-

Guarantee income is earned in the Group in respect of operations of the Bank's subsidiary - Impact Credit Guarantee Limited. Upfront fee 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 represents a premium that is earned over the tenor of the guarantee.

12. Other incomes		GROUP	GROUP	BANK	BANK
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>	<i>Note</i>				
Foreign exchange gains		441,077	9,302	441,077	9,302
Other sundry income (See (i) below)		835,280	474,606	822,221	459,430
Income from subsidiary - shared services (See (ii) below)		-	-	112,413	83,765
		1,276,357	483,908	1,375,711	552,497

- (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 N112.41m for the year ended 31 December 2023 (31 December 2022: N83.77m). The amount has however been eliminated at the group.

13. Fees and commission & Guarantee expenses

a Fees and commission expense

	GROUP	GROUP	BANK	BANK
<i>In thousands of Naira</i>	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Custodian fees on treasury bills	10,874	11,797	6,252	9,202
	10,874	11,797	6,252	9,202

b. Guarantee expenses

	GROUP	GROUP	BANK	BANK
<i>In thousands of Naira</i>	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Guarantee fees	26	537,405	514,928	-
	537,405	514,928	-	-

14. Personnel expenses

	GROUP	GROUP	BANK	BANK
<i>In thousands of Naira</i>	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Wages and salaries	2,022,677	1,622,361	1,799,973	1,373,922
Pension contribution	100,439	80,160	89,836	68,112
Performance bonus	1,077,398	961,568	1,030,019	931,724
Other allowances	13,121	7,704	-	-
	3,213,635	2,671,793	2,919,828	2,373,758

I. The number of employees in employment as at:

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Executive Management	3	3	2	2
Senior Management	20	12	19	11
Middle Management	13	13	11	10
Officer	27	21	21	18
	63	49	53	41

- ii. Employees whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Below N1,000,000	-	2	-	-
N1,000,001 - N 3,000,000	1	1	1	1
N3,000,001 - N 6,000,000	16	10	14	6
N6,000,001 - N 9,000,000	7	2	5	2
N9,000,001 - N 15,000,000	12	11	9	11
N15,000,001 and above	27	23	24	21
	63	49	53	41

- iii The remuneration paid to directors are as follows:

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Fees as director	226,080	163,903	191,080	128,965
Sitting Allowances	117,200	114,500	105,500	100,600
Other Directors' emolument	760,728	262,755	661,117	259,581
	1,104,008	541,158	957,697	489,146
Highest paid director	206,290	154,384	206,290	154,384
Fees and other emoluments disclosed above include amounts paid to:				
Chairman	47,300	41,750	33,100	26,350

15. Depreciation and amortization and lease expenses

		GROUP	GROUP	BANK	BANK
<i>In thousands of Naira</i>	<i>Note</i>	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Amortization of intangibles	23	103,621	53,098	97,649	45,947
Depreciation of property and equipment	22	384,573	373,329	354,907	345,986
		488,194	426,427	452,556	391,933

16. General and administrative expenses

	GROUP	GROUP	BANK	BANK
	31 December	31 December	31 December	31 December
<i>In thousands of Naira</i>	2023	2022	2023	2022
Business promotion and advertisement	300,779	196,371	300,779	196,371
Donations	43,501	23,943	43,201	23,943
Legal and secretarial fees	5,082	12,283	3,673	12,283
Electricity expenses	48,545	42,173	48,545	42,173
Audit fees	39,753	25,500	31,500	19,000
Professional services (See note(i) below)	543,917	398,460	520,743	363,178
Board expenses	403,914	178,707	348,558	172,775
Newspapers and periodicals	15,606	19,655	15,606	19,655
Corporate subscriptions	31,471	30,414	31,203	29,609
Office consumables	20,494	18,049	20,494	18,049
Staff welfare	43,233	37,110	43,233	37,110
Project Implementation unit (PIU) related expense	787,761	413,877	787,761	413,877
Insurance Expenses	142,961	112,674	129,434	99,103
Maintenance	44,457	31,924	40,354	30,681
Stationery, IT and Communication expenses	332,853	266,904	305,025	207,595
Travels and Hotels	305,354	131,273	285,271	107,540
Recruitment & Training, Subscription and Contract cost	522,081	564,939	520,963	561,112
Director Emolument and expenses	542,482	278,403	495,782	229,565
Bank Charges	15,184	180,749	13,839	179,537
Other expenses	88,920	55,921	61,264	58,019
Foreign exchange loss				
	4,278,348	3,019,329	4,047,228	2,821,175

(l) Included in professional fees is ₦11.5 million relating to non-audit services rendered by KPMG Professional Services (2022: ₦10 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.

17. Taxation
a. Tax Expense

	GROUP	GROUP	BANK	BANK
	31 December	31 December	31 December	31 December
<i>In thousands of Naira</i>	2023	2022	2023	2022
<i>ii. Current Tax</i>				
Company Income Tax	9,837,740	9,412,788	9,647,391	9,256,829
Tertiary Education Tax	1,000,279	790,805	979,648	777,138
NITDA Levy	365,851	302,525	354,050	295,226
Nigerian Police Trust Fund levy	1,781	1,515	1,770	1,479
NASENI Levy	88,513	73,806	88,513	73,806
	17c			
	11,294,164	10,581,439	11,071,372	10,404,478
<i>iii. Deferred Tax</i>				
Deferred Tax due to reversing timing difference (see (b))	785,942	(462,526)	828,935	(415,807)
	12,080,106	10,118,913	11,900,307	9,988,671
Total income tax expense	12,080,106	10,118,913	11,900,307	9,988,671

Reconciliation of effective tax rate - Group
In thousands of Naira

		31 December		31 December
		2023		2022
Profit before tax		36,537,223		30,252,137
Income tax using the domestic corporation tax rate @ 30%	30%	10,961,167	30%	9,075,641
<i>Tax effect of:</i>				
Non-deductible expenses	0.8%	286,983	0.9%	55,771
Tax exempt income	(1.3)%	(458,536)	(2.9)%	(134,994)
Information technology tax levy	1.0%	365,851	1.0%	302,525
Education tax	2.7%	1,000,279	2.3%	790,805
NASENI Levy	0.2%	88,513	0.2%	73,806
Tax incentive	(0.4)%	(164,344)	(0.7)%	(46,157)
Changes in estimates relating to prior years	0.0%	(1,589)	0.0%	
Nigerian Police Trust Fund levy	0.0%	1,781	0.0%	1,515
Total income tax expense	33%	12,080,106	31%	10,118,913

Reconciliation of effective tax rate - Bank
In thousands of Naira

		31 December		31 December
		2023		2022
Profit before tax		35,370,247		29,522,586
Income tax using the domestic corporation tax rate @ 30%	30%	10,611,074	30%	8,856,776
<i>Tax effect of:</i>				
Non-deductible expenses	0.8%	274,212	0.8%	44,496
Tax exempt income	(0.7)%	(259,874)	(2.8)%	(22,999)
Information technology tax levy	1.0%	354,050	1.0%	295,226
Education tax	2.8%	979,648	2.3%	777,138
NASENI Levy	0.3%	88,513	0.2%	73,806
Tax incentive	(0.4)%	(149,086)	(0.5)%	(37,251)
Nigerian Police Trust Fund levy	0.0%	1,770	0.0%	1,479
Total income tax expense	34%	11,900,307	31%	9,988,671

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 2023 (31 December 2022: Nil)

	GROUP	GROUP	BANK	BANK
	31 December	31 December	31 December	31 December
<i>In thousands of Naira</i>	2023	2022	2023	2022
Property and equipment	(173,594)	(106,776)	(162,177)	(99,762)
Intangibles	(48,724)	-	(48,724)	-
ECL allowance	286,057	1,318,208	166,046	1,245,593
Provisions and Leases	501,946	-	501,946	-
Unrealised foreign exchange difference	(145,555)	(5,360)	(145,555)	(5,360)
	420,130	1,206,072	311,536	1,140,471

The movement in the deferred tax asset during the year was as follows:

	GROUP	GROUP	BANK	BANK
	31 December	31 December	31 December	31 December
<i>In thousands of Naira</i>	2023	2022	2023	2022
Balance, beginning of the year	1,206,072	743,546	1,140,471	724,664
<i>Recognized in profit or loss:</i>				
Property and equipment	(66,818)	(12,745)	(62,415)	(13,998)
Intangible	(48,724)	8,943	(48,724)	8,943
ECL allowance	(1,032,151)	688,719	(1,079,547)	643,253
Provisions and Leases	501,946	(214,729)	501,946	(214,729)
Unrealized foreign exchange difference	(140,195)	(7,662)	(140,195)	(7,662)
Total amount recognised in profit or loss	(785,942)	462,526	(828,935)	415,807
Balance, end of the year	420,130	1,206,072	311,536	1,140,471

c. Current income tax liability

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Balance, beginning of the year	11,754,184	7,142,706	11,575,456	6,893,466
Charge for the year:				
Current tax	17a 11,294,164	10,581,439	11,071,372	10,404,478
Withholding tax credit note utilised	(1,129,508)	(573,718)	(1,074,803)	(510,097)
Tax paid	(9,565,626)	(5,396,243)	(9,443,192)	(5,212,391)
	12,353,214	11,754,184	12,128,833	11,575,456

18. Cash and cash equivalents

Note	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Current Account Balance with Central Bank of Nigeria (I)	301,327	167,578	167,578	301,327
Other current account balances with Central Bank of Nigeria (ii)	10,402	18,526	10,402	18,526
Current account balances with local banks	1,051,618	357,299	907,795	297,405
Effect of exchange rate fluctuations	441,077	-	441,077	-
	1,670,675	677,152	1,526,852	617,258
Placements with local banks (iii)	92,892,243	138,313,845	83,949,989	130,772,796
Cash and cash equivalents in the statement of cash flows	94,562,918	138,990,997	85,476,841	131,390,054
Less: Allowance for impairment (see note c below)	(350,828)	(367,608)	(264,229)	(331,297)
Cash and cash equivalents in the statement of financial position	94,212,090	138,623,389	85,212,612	131,058,757

- (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 2023 under this policy is N45m (2022: N43.82m). See details of the death-in-service policy in note 4.14

a. Movement in Placements with local banks

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Opening	138,313,845	146,985,456	130,772,796	135,413,141
Purchase of placements with local banks	65,357,989	1,624,681,935	19,716,219	1,579,040,165
Interest Income earned on placements with local banks	8 13,465,970	15,269,947	12,382,912	14,474,312
Proceeds from matured placements with local banks	(112,483,597)	(1,635,057,552)	(67,368,542)	(1,585,384,516)
Interest received	(11,761,964)	(13,565,941)	(11,553,396)	(12,770,306)
Closing	92,892,243	138,313,845	83,949,989	130,772,796

b. The breakdown of the carrying amount of Cash and cash equivalents for Group and Bank is as follows:

Group

31 December 2023	Gross amount	Impairment	Carrying amount
Current account balances with Central Bank of Nigeria	167,578	-	167,578
Other current account balances with Central Bank of Nigeria	10,402	-	10,402
Current account balances with local banks	1,051,618	-	1,051,618
Effect of exchange rate fluctuations	441,077	-	441,077
Total cash and balances with banks	1,670,675	-	1,670,675
Placements with local banks	92,892,243	(350,828)	92,541,415
Cash and cash equivalents	94,562,918	(350,828)	94,212,090

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

Bank

31 December 2023	Gross amount	Impairment	Carrying amount
Current account balances with Central Bank of Nigeria	167,578	-	167,578
Other current account balances with Central Bank of Nigeria	10,402	-	10,402
Current account balances with local banks	907,795	-	907,795
Effect of exchange rate fluctuations	441,077	-	441,077
Total cash and balances with banks	1,526,852	-	1,526,852
Placements with local banks	83,949,989	(264,229)	83,685,760
Cash and cash equivalents	85,476,841	(264,229)	85,212,612

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

c. Movement in allowances for impairment

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Balance at 1 January	367,608	362,836	331,297	337,127
(Writeback)/Charge for the year (see note 10)	(16,780)	4,772	(67,067)	(5,829)
Closing balance	350,828	367,608	264,230	331,297

19. Investment securities	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Investments in Debt notes (measured at amortized cost)	-	-	4,893,582	-
Investments in commercial paper (measured at amortized cost)	1,744,197	-	-	-
Investments in treasury bills (measured at amortized cost)	16,432,359	-	14,419,413	-
Investment in government Bonds (measured at amortized cost)	7,307,181	6,445,032	-	-
	25,483,737	6,445,032	19,312,995	-
Less: Allowance for impairment (see (b))	(113,030)	(20,525)	(67,241)	-
	25,370,707	6,424,507	19,245,754	-

a. Movement in Investment securities

Group						
<i>In thousands of naira</i>	<i>Note</i>	<i>Debt Notes</i>	<i>Commercial Papers</i>	<i>Treasury bills</i>	<i>Federal Government of Nigeria Bonds</i>	<i>Total</i>
31 December 2023						
Opening balance	-	-	-	-	6,445,032	6,445,032
Additional investment during the year	-	-	1,975,418	15,850,524	1,042,419	18,868,360
Interest income on Investment securities	8	-	80,310	581,835	664,128	1,326,273
Interest received on Investment securities	-	-	-	-	(844,398)	(844,398)
Disposed/matured of investment securities	-	-	(311,530)	-	-	(311,530)
Closing balance	-	-	1,744,197	16,432,359	7,307,181	25,483,737

Group						
<i>In thousands of naira</i>	<i>Note</i>	<i>Debt Notes</i>	<i>Commercial Papers</i>	<i>Treasury bills</i>	<i>Federal Government of Nigeria Bonds</i>	<i>Total</i>
31 December 2022						
Opening balance	-	-	-	27,957,678	-	27,957,678
Additional investment during the year	-	-	-	-	6,465,705	6,465,705
Interest income on Investment securities	8	-	-	932,883	373,316	1,306,199
Interest received on Investment securities	-	-	-	(1,097,939)	(373,316)	(1,471,255)
Disposed/matured of investment securities	-	-	-	(27,792,622)	(20,673)	(27,813,295)
Closing balance	-	-	-	-	6,445,032	6,445,032

Bank						
<i>In thousands of naira</i>	<i>Note</i>	<i>Debt Notes</i>	<i>Commercial Papers</i>	<i>Treasury bills</i>	<i>Federal Government of Nigeria Bonds</i>	<i>Total</i>
31 December 2023						
Opening balance	-	-	-	-	-	-
Additional investment during the year	-	4,699,569	-	13,937,828	-	18,637,397
Interest income on Investment securities	8	358,596	-	481,585	-	840,181
Interest received on Investment securities	-	(164,583)	-	-	-	(164,583)
Closing balance	-	4,893,582	-	14,419,413	-	19,312,995

Bank						
<i>In thousands of naira</i>	<i>Note</i>	<i>Debt Notes</i>	<i>Commercial Papers</i>	<i>Treasury bills</i>	<i>Federal Government of Nigeria Bonds</i>	<i>Total</i>
31 December 2022						
Opening balance	-	-	-	26,618,294	-	26,618,294
Interest income on Investment securities	8	-	-	917,267	-	917,267
Interest received on Investment securities	-	-	-	(729,016)	-	(729,016)
Disposed/matured of investment securities	-	-	-	(26,806,545)	-	(26,806,545)
Closing balance	-	-	-	-	-	-

b. Movement in allowances for impairment

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Balance at 1 January	20,525	467	-	-
Charge for the year (see note 10)	92,505	20,058	67,241	-
Closing balance	113,030	20,525	67,241	-

20. Loans and advances to customers

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Loans and advances to PFIs at amortised cost	410,517,648	372,185,667	410,517,648	372,185,667
Less: Allowance for impairment (see (b))	(171,700)	(2,783,098)	(171,700)	(2,783,098)
	410,345,948	369,402,569	410,345,948	369,402,569

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	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
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
Opening	369,402,568	321,694,875	369,402,568	321,694,875
Impairment charge during the year	10	2,611,398	2,611,398	(1,223,528)
Loans disbursed	153,627,698	149,714,201	153,627,698	149,714,201
Interest income on loans	8	37,847,519	31,608,001	37,847,519
Loan principal payments received	(115,845,167)	(101,353,986)	(115,845,167)	(101,353,986)
Interest received	(37,298,068)	(31,036,995)	(37,298,068)	(31,036,995)
Closing	410,345,948	369,402,568	410,345,948	369,402,568
Principal	404,717,501	366,934,970	404,717,501	366,934,970
Impairment	(171,700)	(2,783,098)	(171,700)	(2,783,098)
Interest	5,800,147	5,250,696	5,800,147	5,250,696
Closing - Loans and advances to PFIs	410,345,948	369,402,568	410,345,948	369,402,568

b. Movement in allowances for impairment

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Balance at 1 January	2,783,098	1,559,570	2,783,098	1,559,570
(Writeback)/Charge for the year (see note 10)	(2,611,398)	1,223,528	(2,611,398)	1,223,528
Closing balance	171,700	2,783,098	171,700	2,783,098

c. Impairment allowance reconciliation between IFRS 9 and CBN prudential guideline General Loan Loss Provision (GLLP)

	GROUP	GROUP	BANK	BANK
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In thousands of Naira</i>				
Impairment provision as per IFRS 9 Expected Credit Loss	171,700	2,783,098	171,700	2,783,098
Regulatory risk reserve as at 31 December 2023	4,660,615	4,905,519	4,660,615	4,905,519
	4,832,315	7,688,617	4,832,315	7,688,617
Impairment provision as per GLLP	(8,210,353)	(7,443,713)	(8,210,353)	(7,443,713)
Excess IFRS 9 ECL over GLLP (additional transfer)/written back (See note 29e)	(3,378,038)	244,904	(3,378,038)	244,904

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21. Investment in Subsidiary

Subsidiaries In thousands of Naira	Note	% Holding	31 December 2023 Cost	Impairment	Carrying Value
Impact Credit Guarantee Limited		100	11,675,431	-	11,675,431
		100	11,675,431	-	11,675,431

Subsidiaries In thousands of Naira	Note	% Holding	31 December 2022 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

In thousands of Naira	BANK 31 December 2023	31 December 2022
Balance as at the beginning of the year	11,375,000	11,375,000
Additions	300,431	-
Balance as at end of year	11,675,431	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.

22. Property and equipment

Group	Note	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Leasehold improvement	Right of Use Assets (ROU)	Work in Progress	Total
In thousands of naira									
Cost									
Balance as at 1 January 2023		1,141,604	111,384	364,820	90,397	105,937	338,429	1,548,012	3,700,583
Additions during the year		438,099	5,057	43,158	1,290	1,011	282,796	9,144,395	9,915,806
Write offs		-	-	-	-	-	(133,503)	-	(133,503)
Disposals		(177,772)	-	(1,324)	-	-	-	-	(179,096)
Balance as at 31 December 2023		1,401,931	116,441	406,654	91,687	106,948	487,722	10,692,407	13,303,790
Accumulated Depreciation									
Balance as at 1 January 2023		514,801	87,431	212,969	68,605	105,937	276,263	-	1,266,006
Charge for the year	15	223,708	13,485	71,872	12,154	129	63,225	-	384,573
Write offs		-	-	-	-	-	(133,503)	-	(133,503)
Disposals		(174,256)	-	(746)	-	-	-	-	(175,002)
Balance as at 31 December 2023		564,253	100,916	284,095	80,759	106,066	205,985	-	1,342,074
Carrying amounts									
Carrying amount as at 1 January 2023		626,803	23,953	151,851	21,792	-	62,166	1,548,012	2,434,577
Carrying amount as at 31 December 2023		837,678	15,525	122,559	10,928	882	281,737	10,692,407	11,961,716
In thousands of naira									
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	72,399	-	373,329
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 amount as at 1 January 2022		508,591	41,173	59,469	35,660	11,606	142,549	1,533,112	2,332,160
Carrying amount as at 31 December 2022		626,803	23,953	151,851	21,792	-	62,166	1,548,012	2,434,577

v There were no impairment losses on any class of property and equipment during the year. (31 December 2022: Nil)

ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2022: 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 2022: Nil)

iv There were no capital commitments as at year end. (31 December 2022: 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		Motor	Office	Computer	Furniture &	Right of Use	Work in
In thousands of naira	Note	Vehicles	Equipment	Equipment	FittingsImprovement	Assets (ROU)	Progress
Cost							Total
Balance as at 1 January 2023		1,064,279	109,055	349,954	89,916	105,937	1,548,012
Additions during the year		368,224	4,453	43,158	1,290	1,011	9,845,327
Write offs		(137,122)	-	-	-	(133,503)	(133,503)
Disposals		1,295,381	113,508	391,788	91,206	106,948	13,178,960
Balance as at 31 December 2023		461,816	86,105	205,128	68,314	105,937	-
Accumulated Depreciation							
Balance as at 1 January 2023		198,652	12,947	67,896	12,089	63,225	1,203,563
Charge for the year	15	(133,606)	-	-	-	(133,503)	354,907
Write offs		526,862	99,052	(746)	-	-	(133,503)
Disposals		602,463	22,950	144,826	21,602	205,985	(134,352)
Balance as at 31 December 2023		768,519	14,456	119,509	10,884	281,737	1,290,615
Carrying amounts							
Carrying amount as at 1 January 2023		602,463	22,950	144,826	21,602	62,166	1,548,012
Carrying amount as at 31 December 2023		477,129	39,692	54,387	35,372	142,549	2,402,019

Bank		Motor	Office	Computer	Furniture &	Right of Use	Work in
In thousands of naira	Note	Vehicles	Equipment	Equipment	FittingsImprovement	Assets (ROU)	Progress
Cost							Total
Balance as at 1 January 2022		861,700	107,808	224,293	87,201	105,937	1,533,112
Additions during the year		299,284	1,247	144,559	2,935	-	3,266,464
Write offs		(96,705)	-	-	(220)	-	469,549
Disposals		1,064,279	109,055	349,954	89,916	105,937	(14,608)
Balance as at 31 December 2022		384,571	68,116	169,906	51,829	94,331	(115,823)
Accumulated Depreciation							
Balance as at 1 January 2022		173,189	17,989	54,120	16,683	11,606	972,617
Charge for the year	15	(95,944)	-	(18,898)	(198)	-	-
Disposals		461,816	86,105	205,128	68,314	105,937	345,986
Balance as at 31 December 2022		477,129	39,692	54,387	35,372	11,606	(115,040)
Carrying amount as at 1 January 2022		602,462	22,951	144,826	21,602	-	1,203,563
Carrying amount as at 31 December 2022		477,129	39,692	54,387	35,372	142,549	2,293,847

- i There were no impairment losses on any class of property and equipment during the year. (31 December 2022: Nil)
- ii There were no capitalized borrowing cost related to acquisition of property and equipment during the year. (31 December 2022: 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 2022: Nil)
- iv There were no capital commitments as at year end. (31 December 2022: Nil)
- v The Right of Use (ROU) asset relates to the DBN's lease of it's Abuja and Lagos offices.

23. Intangible Assets

		GROUP	GROUP	BANK	BANK
In thousands of Naira	Note	31 December	31 December	31 December	31 December
		2023	2022	2023	2022
Cost					
Opening Balance		432,982	311,451	412,377	292,340
Additions		92,962	198,445	92,962	196,951
Write offs *		-	(76,914)	-	(76,914)
Closing Balance		525,944	432,982	505,339	412,377
Amortization					
Opening Balance		192,470	150,838	178,728	144,247
Charge during the year	15	103,621	53,098	97,649	45,947
Write offs		-	(11,466)	-	(11,466)
Closing balance		296,091	192,470	276,377	178,728
Carrying amount (Opening)		240,512	160,614	233,649	148,093
Carrying amount (Closing)		229,853	240,512	228,962	233,649

Intangible assets include software and licences

- i There were no impairment losses on intangible assets during the year (31 December 2022: Nil)
- ii There were no capitalized borrowing cost related to acquisition of intangible assets during the year. (31 December 2022: Nil)
- iii There were no liens or encumbrances on intangible assets as at the year end (31 December 2022: Nil)
- iv All intangible assets are non-current. All intangible assets have finite useful lives and are amortized over three years.
- v There are no internally generated or leased assets included in the above intangible assets account.
- vi There are no capital commitments as at year end (31 December 2022: Nil)

* Intangible assets written off represents write off of payments to software developers that were earlier capitalized now expensed.

24. Other assets

		GROUP	GROUP	BANK	BANK
In thousands of Naira	Note	31 December	31 December	31 December	31 December
		2023	2022	2023	2022
Financial assets					
Cash Advances		23,098	9,085	23,098	9,085
Guarantee Fee Receivables (see note (i))		282,685	218,000	-	-
Receivable from ICGL		-	-	58,413	45,993
Other Receivables (see note (iii))		10,078	306,622	5,662	302,805
Less: Impairment on other financial asset (see note (a))		(16,059)	(8,349)	-	-
		299,802	525,358	87,173	357,883
Non-financial assets					
Prepaid expenses		222,737	90,991	65,771	85,829
WHT receivables (see note (ii))		900,206	1,375,870	584,747	1,180,226
		1,122,943	1,466,861	650,518	1,266,055
Total		1,422,745	1,992,219	737,691	1,623,938

- (i) Guarantee fee receivables relates to guarantee fee income for which payments have not been received during the year
- (ii) 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.
- (iii) 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 be reimbursed by World Bank as at report date.

a Movement in allowances for impairment

	GROUP	GROUP	BANK	BANK
In thousands of Naira	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
Balance at 1 January	8,349	6,296	-	-
Charge for the year (see note 10)	7,710	2,053	-	-
Closing balance	16,059	8,349	-	-

25. Employee benefit obligation

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
Defined pension contribution				
Opening balance	1,793	1,671	-	-
Additions during the year	100,438	12,048	89,836	68,112
Payments	(100,573)	(11,926)	(89,836)	(68,112)
Balance, end of the year	1,658	1,793	-	-

26. Provision for guarantee

		GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>	<i>Note</i>				
Deferred Guarantee Income					
Balance, beginning of the year		166,047	123,535	-	-
Net movement during the year		(11,916)	42,512	-	-
Balance, end of the year		154,131	166,047	-	-
ECL Allowance on financial guarantee					
Balance, beginning of the year		158,460	37,992	-	-
Guarantee expense for the year	13b	537,405	514,928	-	-
Claims incurred during the year		(475,047)	(394,460)	-	-
Balance, end of the year		220,818	158,460	-	-
Total		374,949	324,507	-	-

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 2023. There was a total claim of N475 million incurred during the year ended 31 December 2023 (31 December 2022: N394million).

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 2023 (31 December 2022: Nil)

27. 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:

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
International Bank for Reconstruction and Development (IBRD) (see note (i))	140,317,971	147,900,494	140,317,971	147,900,494
Agence Francaise de developpement (AFD) (see note (ii))	29,067,026	33,551,972	29,067,026	33,551,972
KfW German Development Bank (see note (iii))	34,882,208	40,695,688	34,882,208	40,695,688
African Development Bank (AfDB) (see note (iv))	51,633,991	56,324,921	51,633,991	56,324,921
African Development Fund (Fund of AfDB) (see note (v))	12,080,114	12,666,634	12,080,114	12,666,634
Balance, end of the year	267,981,310	291,139,709	267,981,310	291,139,709

The Bank has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year

i. The amount due to International Bank for Reconstruction and Development (IBRD) of N140.32billion (Principal: N138.89billion, Interest: N1.43billion) 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.

ii. The amount due to Agence Francaise de development ("AFD") of N29.07billion (Principal: N28.88billion, Interest: N199.50million) 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.

iii. The amount due to KfW German Development Bank ("KfW") of N34.88billion (Principal: N34.88billion, Interest: N4.50million) represents the carrying amount of the N13.93billion first tranche, N6.98billion second tranche, N6.99billion third tranche and N6.99billion 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.

iv. The amount due to African Development Bank ("AfDB") of N51.63billion (Principal: N51.16billion, Interest: N462.39million) 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 N12.08billion (Principal: N12.06billion, Interest: N26.47million) 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 semi-annual 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

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
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
Opening	291,139,709	298,134,621	291,139,709	298,134,621
Additional long term debt	-	16,812,000	-	16,812,000
Long term principal repayment	(22,927,987)	(23,880,583)	(22,927,987)	(23,880,583)
Interest expense for the year	10,568,478	11,128,998	10,568,478	11,128,998
Interest paid	(10,798,890)	(11,055,327)	(10,798,890)	(11,055,327)
Closing	267,981,310	291,139,709	267,981,310	291,139,709
Principal	265,862,975	288,790,963	265,862,975	288,790,963
Interest	2,118,335	2,348,746	2,118,335	2,348,746

28. Debt Securities Issued

Development Bank of Nigeria Plc. issued a local bond on July 13, 2023 with a coupon rate of 14.4% payable semi-annually. The bond has a tenor of 5 years and is due on July 13, 2028. The principal amount on the local bond is payable at maturity, whilst interest is payable on a semi-annual at 14.4%.

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Debit securities at amortized cost:				
Local Bond	24,235,595	-	24,244,335	-
Balance, end of the year	24,235,595	-	24,244,335	-
a Movement in debt securities issued				
<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Opening	-	-	-	-
Additional debt issued	22,652,911	-	22,676,985	-
Interest expense for the year	1,582,684	-	1,567,350	-
Closing	24,235,595	-	24,244,335	-
Principal	22,652,911	-	22,676,985	-
Interest	1,582,684	-	1,567,350	-

29. Other liabilities

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Financial Liabilities				
Audit fees	37,303	25,500	28,488	19,000
Accrued directors emolument	-	-	-	-
Accrued performance bonus (see note (i))	1,357,826	1,016,261	1,300,000	978,276
Payables to vendors	500,797	432,299	469,749	400,749
Sundry creditors - Other Payables	615	180,435	-	179,996
Provision for Guarantee (Incurred Loss)	274,784	146,607	-	-
Lease liability	147,125	24,928	147,125	24,928
Dividend payable	646,073	-	646,073	-
Deposit from Participating Financial Institutions	75,986	504,327	75,986	504,327
	3,040,509	2,330,357	2,667,421	2,107,276
Non Financial liabilities				
PAYE payable	8,531	8,150	2,842	891
NHF payable	45	50	-	-
WHT payable	154,615	107,941	149,400	105,231
VAT payable	25,619	19,028	1,168	3,055
NSITF payable	25,244	353	24,806	-
ITF payable	25,663	2,890	25,663	-
Insurance claim payable	78	133	78	133
Provision - IDB (see note (ii))	189,277	125,445	189,277	125,445
	429,072	263,990	393,234	234,755
Total	3,469,581	2,594,347	3,060,655	2,342,031

- 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.

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Balance, beginning of the year	125,445	42,410	125,445	42,410
Payment made during the year	-	(642)	-	(642)
Interest expense for the year	9	83,677	63,832	83,677
Balance, end of year	189,277	125,445	189,277	125,445

30. Capital and reserves

(a) Ordinary share capital

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
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

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
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 N998 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:

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Balance, beginning of the year	76,122,381	61,604,428	73,792,283	59,873,639
Profit for the year	24,457,117	20,133,224	23,469,940	19,533,915
Dividend paid to shareholders	(3,418,000)	-	(3,418,000)	-
Transfer to statutory reserves (see note 30(d))	(7,051,318)	(5,860,175)	(7,051,318)	(5,860,175)
Transfer from regulatory risk reserves (see note 30(e))	(3,378,038)	244,904	(3,378,038)	244,904
Balance, end of the year	86,732,142	76,122,381	83,414,867	73,792,283

(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 2023, 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

<i>In thousands of Naira</i>	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
Balance, beginning of the year	33,863,738	28,003,563	33,863,738	28,003,563
Transfer from appropriation (see note 30(c))	7,051,318	5,860,175	7,051,318	5,860,175
Balance, end of year	40,915,056	33,863,738	40,915,056	33,863,738

(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 2023 and 31 December 2022.

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
Balance, beginning of the year	4,660,615	4,905,519	4,660,615	4,905,519
Transfer to retained earnings (see note 30(c))	3,378,038	(244,904)	3,378,038	(244,904)
Balance, end of year	8,038,653	4,660,615	8,038,653	4,660,615

(f) Other reserves

The reserve for convertible debt notes comprises the amount allocated to the equity component for the convertible debt notes issued by the Subsidiary(Impact Credit Guarantee Limited) in 2023 (see Note 28)

	GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>				
Balance, beginning of the year	-	-	-	-
Issue of debt notes	(1,539)	-	-	-
Balance, end of year	(1,539)	-	-	-

31 Cash Flow Workings

a Changes in working capital

		GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>	<i>Note</i>				
(i) <i>Other liabilities</i>					
Opening		2,575,319	1,669,671	2,338,976	1,564,999
Change in lease liability (see c(ii) below)		122,197	(70,435)	122,197	(70,435)
Change in other liabilities		746,446	976,083	598,314	844,412
Closing	29	3,443,962	2,575,319	3,059,487	2,338,976
(ii) <i>Employee benefit obligation</i>					
Opening		1,793	1,671	-	-
Movement		(135)	122	-	-
Closing	25	1,658	1,793	-	-
The Bank did not recognise any employment benefit obligation during the year ended 31 December 2023 (31 December 2022 : Nil).					
(iii) <i>Other assets</i>					
Opening		1,992,219	1,445,938	1,623,938	1,066,397
Impairment loss on guarantee fee receivable	22	(7,710)	(2,053)	-	-
Withholding tax credit note utilised	17c	(1,129,508)	(573,718)	(1,074,803)	(510,097)
Movement		567,744	1,122,052	188,556	1,067,638
Closing	22	1,422,745	1,992,219	737,691	1,623,938
(iv) <i>Provision for guarantee</i>					
Opening		324,507	161,527	-	-
Movement		50,442	162,980	-	-
Closing	26	374,949	324,507	-	-

The Bank did not recognise any provision for guarantee during the year ended 31 December 2023 (31 December 2022 : Nil).

(v) Impairment loss on financial assets comprises the following:

Impairment write-back/(charge) on cash and cash equivalents		16,779	(4,772)	67,067	5,829
Impairment charge on investment securities		(92,505)	(20,058)	(67,241)	-
Impairment loss on other financial receivables	24	(7,710)	(2,053)	-	-
Total impairment writeback/(loss) on financial assets	10	83,435	26,883	174	(5,829)
(vi) <i>Impairment loss on Cash and cash equivalent</i>					
Opening		(367,608)	(362,836)	(331,297)	(337,127)
Movement		16,780	(4,772)	67,068	5,830
Closing	18	(350,828)	(367,608)	(264,229)	(331,297)
(vii) <i>Vat paid</i>					
Opening		19,028	15,357	3,055	3,836
Movement		6,591	3,671	(1,887)	(781)
Closing	29	25,619	19,028	1,168	3,055

b. Property and equipment

(i) Gain on disposal of property and equipment

		GROUP 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>	<i>Note</i>				
Cost of assets	22	179,096	131,568	138,446	115,823
Accumulated depreciation		(175,002)	(126,520)	(134,352)	(115,040)
Carrying value		4,094	5,048	4,094	783
(Loss)/Gain on disposal		10,873	8,765	10,466	8,962
Proceeds from disposal		14,967	13,813	14,560	9,745

(ii) Purchase of property and equipment

		GROUP 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>					
Additions to property and equipment	22	9,915,806	495,402	9,845,327	469,549
Additions: Right of Use Assets	22	(282,796)	(6,624.00)	(282,796)	(6,624)
Purchase of property and equipment		9,633,010	488,778	9,562,531	462,925

c. Right of Use Assets (ROU) and Payment of lease liability

		GROUP 31 December 2023	GROUP 31 December 2022	BANK 31 December 2023	BANK 31 December 2022
<i>In thousands of Naira</i>	<i>Note</i>				
(i) <i>Movement in lease liability:</i>					
Opening		24,928	95,363	24,928	95,363
Changes in lease liability (see (ii) below)		122,197	(70,435)	122,197	(70,435)
Closing Balance	29	147,125	24,928	147,125.00	24,928
(ii) <i>Changes in lease liability is summarised below:</i>					
Addition to lease liability (non cash) -See (iii) below	22	282,796	6,624	282,796	6,624.00
Interest expense	9	69,671	3,049	69,671	3,049
Interest paid		(69,671)	(3,049)	(69,671)	(3,049)
Write off / lease modification		(7,895)	(14,608)	(7,895)	(14,608)
Cash paid during the year		(152,704)	(62,451)	(152,704)	(62,451)
		122,197	(70,435)	122,197	(70,435)
(iii) <i>Movement in ROU asset</i>					
Opening		(62,166)	(142,549)	(62,166)	(142,549)
Addition to ROU asset	22	(282,796)	(6,624.00)	(282,796)	(6,624.00)
Depreciation	22	63,225	63,007	63,225	87,007
Closing	22	(281,737)	(62,166)	(281,737)	(62,166)

Addition to ROU in note 22 is the sum of cash and non cash additions

32. 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 2023 stood at 59,868,000 units of share (31 December 2022: 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 Group and Bank did not have any transactions with key management personnel except for the following compensation disclosed below:

	31 December 2023	31 December 2022
<i>In thousands of naira</i>		
<i>Executive Directors</i>		
Salaries and wages	538,876	146,592
Pension contribution	22,650	7,792
	561,526	154,384
<i>Other Key management staff:</i>		
Salaries and wages	928,517	963,156
Pension contribution	37,427	40,134
	965,943	1,003,291

i. 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 N112.41m for the year ended 31 December 2023 (31 December 2022: N83.76m). The amount has however been eliminated at the group. (See Note 12)

During the year, the bank invested in ICGL debt securities issued to the tune of N5bn (31 December 2022:Nil) at a rate of 4% for a period of one year (See Note 19). There was an intercompany receivable of N58.41m (31 December 2022: N45.99m) between ICGL and the bank as at 31 December 2023(See Note 24).

iii Other related parties and balances are listed below:

<i>In thousands of Naira</i>					
Related entities	Relationship	Note	Nature	31 December 2023	31 December 2022
Federal Government of Nigeria (represented by the Ministry of Finance Incorporated)	Shareholder	27	Additional borrowings received	-	14,185,500
		27	Principal repayments made	22,927,987	20,918,199
		27	Interest expense incurred	10,568,478	11,641,639
		27	Interest repayments made	10,798,890	20,499,264
		27	Outstanding balance	267,981,310	291,139,709

33. 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

34. 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	Amount
<i>In thousand dollars</i>	
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 2023.

35. The following table shows the analysis of assets and liabilities and on the basis of their current/ non-current classification.

Group		31 December 2023		
<i>In thousands of Naira</i>	Note	Carrying Amount	Current	Non Current
Assets				
Cash and cash equivalents	18	94,212,090	94,212,090	-
Investment securities	19	25,370,707	16,432,359	7,194,151
Loans and advances to customers	20	410,345,948	24,718,820	385,627,128
Property and equipment	22	11,961,716	-	11,961,716
Intangible assets	23	229,853	-	229,853
Other assets	24	1,422,745	1,422,745	-
Total Assets		543,963,190	136,786,014	405,432,978
Liabilities				
Employee benefit obligation	25	1,658	1,658	-
Current tax liabilities	17c	12,353,214	12,353,214	-
Borrowings	27	267,981,310	-	267,981,310
Debt securities issued	28	24,235,595	-	24,235,595
Provision for guarantee	26	374,949	374,949	-
Other liabilities	29	3,469,581	3,469,581	-
Total Liabilities		308,416,307	16,199,402	292,216,905
Group		31 December 2022		
<i>In thousands of Naira</i>	Note	Carrying Amount	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	-
Current income tax liability	17c	11,754,184	11,754,184	-
Borrowings	27	291,139,709	-	291,139,709
Provision for guarantee	26	324,507	324,507	-
Other liabilities	29	2,594,347	2,594,347	-
Total Liabilities		305,814,540	14,674,831	291,139,709

Bank

31 December 2023

<i>In thousands of Naira</i>	<i>Note</i>	<i>Carrying Amount</i>	<i>Current</i>	<i>Non Current</i>
Assets				
Cash and cash equivalents	18	85,212,612	85,212,612	-
Investment securities	19	19,245,754	19,245,754	-
Loans and advances to customers	20	410,345,948	24,718,820	385,627,128
Investment in subsidiary	21	11,675,431	-	11,675,431
Property and equipment	22	11,888,345	-	11,888,345
Intangible assets	23	228,962	-	228,962
Other assets	24	737,691	737,691	-
Total Assets		539,646,279	129,914,877	409,731,402
Liabilities				
Current tax liabilities	17c	12,128,833	12,128,833	-
Borrowings	27	267,981,310	-	267,981,310
Debt securities issued	28	24,244,335	-	24,244,335
Other liabilities	29	3,060,655	3,060,655	-
Total Liabilities		307,415,133	15,189,488	292,225,645

Bank

31 December 2022

<i>In thousands of Naira</i>	<i>Note</i>	<i>Carrying Amount</i>	<i>Current</i>	<i>Non Current</i>
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 income tax liability	17c	11,575,456	11,575,456	-
Borrowings	27	291,139,709	-	291,139,709
Other liabilities	17c	2,342,031	2,342,031	-
Total Liabilities		305,057,196	13,917,487	291,139,709

32. Dividend

The directors have proposed a dividend of N3,270,000,000 which represents 25% of retained earnings (Profit After Tax and after statutory reserves transfers) in the year ended 31 December 2023 (31 December 2022: N3,418,435,000). The basis of the proposed dividend is N32.70k per share.

37. Contingent liabilities

a. Contingent liabilities

In thousands of naira

	31-Dec-23	31-Dec-22
Financial guarantees	29,975,321	29,188,206
No of outstanding guarantees (unit)	31,382	24,361

As at the end of the year, the group estimated the on-balance sheet value of the guarantee contract as at the end of the year in line with the requirements of IFRS 9. The group also recognised in the profit or loss account the probable outflow of economic resources that would be required to settle all known claims obligation. The value of guarantees disclosed as contingent liabilities represents the the group's guarantee coverage on all active loans with PFIs that the company issued letter of guarantees on.

At 31 December 2023, the amount in respect of financial guarantee contracts issued represents the sum of an ECL provision of N220.82million (2022: N158.46million) and the amounts recognised at issuance less cumulative amortisation of N154.13million (2022: N166.05million)

38. Compliance with banking regulations

The bank did not pay any penalty for non compliance to banking regulations during the year (31 December 2022: Nil).

Other National Disclosures

Other National Disclosures For the year ended 31 December 2023

GROUP

<i>In thousands of Naira</i>	31 December 2023	%	31 December 2022	%
Gross income	54,814,486		49,362,546	
Interest expense	(12,276,770)		(11,215,724)	
Impairment writeback/(losses) on financial assets	2,527,963		(1,250,411)	
Bought in materials and services - local	(4,826,627)		(3,546,054)	
	40,239,052		33,350,357	
Applied to pay:				
Employees				
- Employees as personnel expenses	3,213,635	8	2,671,793	9
Government				
- Taxation	12,080,106	30	10,118,913	30
Retained in business				
Replacement of property and equipment/Intangible assets	488,194	1	426,427	1
- Increase in reserves	24,457,117	61	20,133,224	60
	40,239,052	100	33,350,357	100

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENTS

BANK

<i>In thousands of Naira</i>	31 December 2023	%	31 December 2022	%
Gross income	52,446,323		47,552,077	
Interest expense	(12,261,436)		(11,215,724)	
Impairment writeback/(losses) on financial assets	2,611,224		(1,217,699)	
Bought in materials and services - local	(4,053,480)		(2,830,377)	
	38,742,631		32,288,277	
Applied to pay:				
Employees				
- Employees as personnel expenses	2,919,828	8	2,373,758	8
Government				
- Taxation	11,900,307	31	9,988,671	31
Retained in business				
Replacement of property and equipment/Intangibles	452,556	1	391,933	1
- Increase in reserves	23,469,940	60	19,533,915	60
	38,742,631	100	32,288,277	100

GROUP					
<i>In thousands of Naira</i>	31 DEC 2023	31 DEC 2022	31 DEC 2021	31 DEC 2020	31 DEC 2019
Assets					
Cash and cash equivalents	94,212,090	138,623,389	147,167,291	259,145,775	132,663,583
Investment securities	25,370,707	6,424,507	27,957,211	16,605,584	237,014,094
Loans and advances	410,345,948	369,402,568	321,694,875	214,023,172	101,899,673
Property and equipment	11,961,716	2,434,577	2,332,159	2,023,477	1,058,155
Intangible assets	229,853	240,512	160,613	139,533	106,472
Deferred tax asset	420,130	1,206,072	743,546	941,468	1,567,866
Other assets	1,422,745	1,992,219	1,445,938	593,539	435,651
Total assets	543,963,189	520,323,844	501,501,633	493,472,548	474,745,494
Liabilities					
Employee benefit obligation	1,658	1,793	1,671	1,817	1,111
Current income tax payable	12,353,214	11,754,184	7,142,706	341,474	603,010
Borrowings	267,981,310	291,139,709	298,134,621	313,724,945	308,484,268
Debt securities issued	24,235,595	-	-	-	-
Provision for guarantee	374,949	324,507	161,527	28,765	449
Other liabilities	3,469,581	2,594,347	1,685,028	1,441,797	5,701,130
Total liabilities	308,416,307	305,814,540	307,125,553	315,538,798	314,789,968
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	86,732,142	76,122,381	61,604,428	51,587,170	40,675,299
<i>Other reserves:</i>					
Statutory reserves	40,915,056	33,863,738	28,003,563	23,288,071	18,102,257
Regulatory risk reserve	8,038,653	4,660,615	4,905,519	3,195,939	1,315,400
Other reserves	(1,539)	-	-	-	-
Total equity	235,546,882	214,509,304	194,376,080	177,933,750	159,955,526
Total liabilities and equity	543,963,189	520,323,844	501,501,633	493,472,548	474,745,494
Gross income	54,814,486	49,362,546	39,583,460	34,594,464	46,236,882
Profit before tax	36,537,223	30,252,137	23,780,365	18,944,464	32,946,600
Taxation	(12,080,106)	(10,118,913)	(7,338,035)	(966,240)	964,856
Profit for the year	24,457,117	20,133,224	16,442,330	17,978,224	33,911,456

BANK					
<i>In thousands of Naira</i>	31 DEC 2023	31 DEC 2022	31 DEC 2021	31 DEC 2020	31 DEC 2019
Assets					
Cash and cash equivalents	85,212,612	131,058,757	135,321,043	249,275,276	130,431,689
Investment securities	19,245,754	-	26,618,294	14,162,048	227,587,961
Loans and advances	410,345,948	369,402,568	321,694,875	214,023,172	101,899,673
Investment in subsidiaries	11,675,431	11,375,000	11,375,000	11,375,000	11,375,000
Property and equipment	11,888,345	2,402,019	2,293,847	1,966,935	989,172
Intangible assets	228,962	233,649	148,093	123,468	106,472
Deferred tax asset	311,536	1,140,471	724,664	875,249	1,546,819
Other assets	737,691	1,623,938	1,066,397	511,085	426,429
Total assets	539,646,279	517,236,402	499,242,213	492,312,233	474,363,215
Liabilities					
Current income tax payable	12,128,833	11,575,456	6,893,466	334,889	600,043
Borrowings	267,981,310	291,139,709	298,134,621	313,724,945	308,484,268
Debt securities issued	24,244,335	-	-	-	-
Other liabilities	3,060,655	2,342,031	1,568,835	1,325,416	5,637,966
Total liabilities	307,415,133	305,057,196	306,596,922	315,385,250	314,722,277
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	83,414,867	73,792,283	59,873,639	50,580,403	40,360,711
<i>Other reserves:</i>					
Statutory reserves	40,915,056	33,863,738	28,003,563	23,288,071	18,102,257
Regulatory risk reserve	8,038,653	4,660,615	4,905,519	3,195,939	1,315,400
Total equity	232,231,146	212,179,206	192,645,291	176,926,983	159,640,938
Total liabilities and equity	539,646,279	517,236,402	499,242,213	492,312,233	474,363,215
Gross income	52,446,323	47,552,077	38,181,383	33,576,720	45,755,228
Profit before tax	35,370,247	29,522,586	22,759,813	18,290,873	32,650,093
Taxation	(11,900,307)	(9,988,671)	(7,041,505)	(1,004,828)	(1,004,828)
Profit for the year	23,469,940	19,533,915	15,718,308	17,286,045	33,596,869

