

TERMS OF REFERENCE

Development Bank of Nigeria's 2022 AADFI Certification Audit

Reference No: NG-DBN- -CDS

Hiring of a Consulting Firm to conduct the DBN's Association of African Development and Finance Institutions (AADFI) Certification Audit for the 2022 Financial Year.

I. Background

The Development Bank of Nigeria (DBN) is a Wholesale Development Finance Institution licensed and supervised by the Central Bank of Nigeria (CBN), with the objective of addressing access to finance gaps of underserved Micro, Small and Medium Enterprises (MSMEs) in Nigeria. With business and governance models based on internationally recognized good practices and substantial commitment of capital, the DBN will perform a catalytic role with potentially transformational impact by facilitating financially sustainable and transparent access to finance for underserved MSMEs. This will be achieved by supporting the development of diverse lending products, including the provision of medium- and long-term loans in local currency (Naira), and partial credit guarantees to be provided to eligible Participating Financial Institutions (PFIs), with a view to expanding their outreach to MSMEs and, to a limited extent, small corporates. The DBN has been registered as a public liability company and is licensed, regulated, and supervised by the CBN.

As part of membership requirements for African Development Finance Institutions (AADFI), DBN is required to perform annual, independent self-assessments of the Bank's compliance with laid out Prudential Guidelines and Rating Systems.

The DBN requires a professional consulting firm to conduct the AADFI assessment for the 2022 Financial Year. The firm while conducting the exercise is expected to comply with the International Standard on Related Services (IRS) 4400 (Revised) Agreed-Upon Procedures, all ethical requirements of the International Ethics Standards Board for Accountants (IESBA), and the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code").

II. Objectives of the Assignment

The DBN intends to engage a professional consulting firm to perform an independent self-assessment of the Bank for the 2022 Financial Year, with respect to compliance with AADFI's Guidelines and Rating Systems.

III. Scope of Work:

The professional consulting firm shall undertake the following and conclude the assignment within five (5) months of a formal execution of the contract agreement:

1. Obtain the completed independent self-assessment forms and documents (comprising the rating questionnaire worksheet and the summary rating score sheet) from the DBN's management
2. Compare management's assessments and ratings based on related underlying documents to AADFI's prudential standards guidelines and rating system for African DFIs.
3. Provide a report that details all agreed upon procedures and findings of the above listed procedures performed.

IV. Reporting Requirements

The consultant shall work with the Finance department of DBN, and in addition to job specific milestones to be agreed upon, shall provide at project closure:

- A Final Audit report detailing all agreed upon procedures and findings of the AADFI Certification Audit performed.

V. Payment Terms

Payment will be made to the consulting firm upon conclusion of the AADFI Certification Audit and submission and approval of the Final Audit report that details all findings from the AADFI Certification Audit performed.

VI. Qualification and Experience

- The firm should be registered as authorized to practice in Nigeria and must have offered professional services, not limited to audit services to Banks and other Institutions in Nigeria for several years.
- The firm must have a minimum of five (5) years of experience in conducting Statutory Audits for Financial Institutions and for Nigerian DFIs in particular.
- The firm must have a minimum of five (5) years' experience in conducting Corporate Governance Audits for Financial Institutions and for Nigerian DFIs in particular.
- The firm must have relevant experience in implementing International Financial Reporting Standards (IFRS) 9 Expected Credit Loss Models for Financial Institutions especially with Nigerian DFIs.