

MINIMUM ELIGIBILITY CRITERIA

1. To be eligible to receive financing from DBN, the PFI shall have met the minimum eligibility requirements set out below on the Cut-Off Date. The PFI shall maintain the minimum eligibility requirements throughout the Financing Period.
2. DBN or its representative will conduct an annual due diligence process to confirm that the PFI is not in breach of the minimum eligibility requirements and may declare all advances to the PFI immediately payable if the PFI is in breach of one or more of the requirements or fails to remedy the breach of a requirement within any grace period allowed by DBN at DBN's absolute discretion.
3. To be eligible to receive financing from DBN, the PFI shall:
 - 3.1. hold a duly issued and valid license from CBN to carry on business as a bank or finance company;
 - 3.2. demonstrate within the three most recent financial years, two years of profitable lending operations, with effective risk management procedures, controls, and acceptable levels of loan portfolio quality and performance;
 - 3.3. ensure that its shareholders and Board of Directors shall be qualified persons of proven integrity and shall be knowledgeable in business and financial matters, in accordance with the applicable regulatory guidelines on fit and proper persons;
 - 3.4. show evidence of compliance with all applicable laws and applicable CBN regulations;
 - 3.5. have qualified and experienced management, adequate organisation and institutional capacity for its specific risk profile;
 - 3.6. have well defined policies and written procedures for management of all types of financial risks (liquidity, credit, currency, interest rate and market risk, as well as risks associated with balance sheet and income

- statement structures);
 - 3.7. maintain adequate capital as prescribed by prudential regulations issued by the CBN;
 - 3.8. maintain adequate liquidity in line with required levels as prescribed by the CBN;
 - 3.9. has in place adequate procedures for Anti-Money Laundering(AML) and Counter Financing Terrorism (CFT) in line with DBN requirements;
 - 3.10. comply with KYC circulars issued by CBN and DBN requirements;
 - 3.11. has in place an Environmental and Social practice compliant with DBN requirements;
 - 3.12. comply with all existing and future applicable laws and regulation on consumer protection, including measures to review each customer's ability to repay before entering the lending agreement;
 - 3.13. have an arrangement with at least two credit bureaus;
 - 3.14. have a risk profile acceptable to DBN;
 - 3.15. have an adequate portfolio quality in line with the PFI's criteria
 - 3.16. conduct, maintain and enforce adequate internal audits and controls for its specific risk profile;
 - 3.17. have adequate management information systems; and
 - 3.18. demonstrate commitment to serving the MSME sector by having in place, a satisfactory MSME/Small Corporate loan approval processes and risk management procedures.
4. The PFI shall not be deemed to be in good standing, and ineligible for financing from DBN if the PFI:
- 4.1. is under CBN's holding action
 - 4.2. receives a qualified audit opinion on its most recent audited financial statements
 - 4.3. if the PFI, is unprofitable for four (4) consecutive quarters at any time following its start-up period which shall be three (3) years from the date it commenced business;

- 4.4. fails to meet its capital adequacy requirements as at the most recent examination and is unable to inject additional capital to meet the regulatory threshold; and
- 4.5. is a borrower for which DBN has received a written notice from CBN expressing material concerns about the PFI's financial condition or business operations resulting from its most recent supervisory inspection?