



DataPro

CORPORATE RATING REPORT

NOVA BANK LIMITED

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September, 2024

NOVA BANK LIMITED

Long-Term Rating:

A⁺

Short Term Rating: A1

Previous Rating: A⁺

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 20 Sept., 2024

Valid Till: 19 Sept., 2025

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

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EXECUTIVE SUMMARY

| | 2023 ₦'000 | 2022 ₦'000 | 2021 ₦'000 | 2020 ₦'000 |
|----------------------|---------------|---------------|---------------|---------------|
| Gross Earnings | 30,598,413 | 22,964,903 | 16,875,520 | 13,260,455 |
| Profit Before Tax | 3,616,119 | 3,459,329 | 1,664,258 | 3,425,301 |
| Shareholders' Funds | 31,119,449 | 26,739,873 | 23,512,642 | 22,765,344 |
| Deposit Liabilities | 177,920,622 | 178,965,726 | 143,702,876 | 111,325,783 |
| Loans & Advances | 104,695,462 | 97,363,297 | 90,382,235 | 49,971,622 |
| Total Assets | 328,215,073 | 279,872,560 | 242,580,814 | 182,259,871 |
| Property & Equipment | 1,384,604 | 1,450,686 | 1,363,500 | 931,272 |

The Short-Term Rating of **A1+** indicates *Good Credit Quality* and satisfactory capacity for timely payment of financial commitments.

The Long-Term Rating of **A⁺** indicates *Low Risk*. It shows very good Financial Strength, Operating Performance and Business Profile when compared to the standard established by *DataPro*. This Bank, in our opinion, has strong ability to meet its ongoing obligations.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information were obtained from the Bank's Audited and Management Accounts.

The risk factors were assessed using the Bank's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Experienced Management Team
- Good Liquidity
- Very Good Asset Quality

Negative Rating Factors:

- Concentration Risk
- High Interest Cost

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

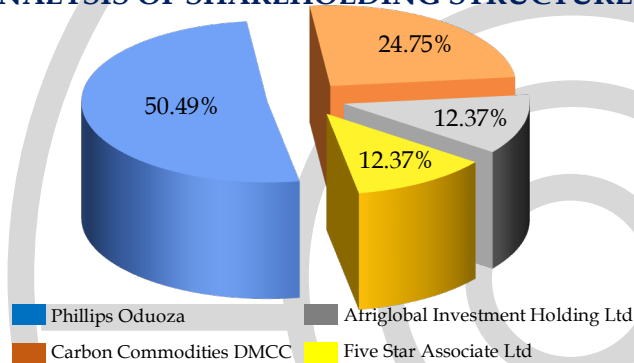
BACKGROUND

Nova Bank formally known as **Nova Merchant Bank** was incorporated on 17th May 2017. In July 2024, the Bank transitioned from a Merchant Bank to a National Commercial Bank. This milestone follows the **Central Bank of Nigeria (CBN)** approval of the final license for the Bank to commence operations as a National Commercial Bank.

The principal activities of the Bank include the provision of Corporate Banking, Investment Banking, Advisory Services, Securities, Wealth & Asset Management services to private and public sector clients. It specifically focuses on the Oil & Gas sector, Commodity & Agricultural business, Utility & Infrastructure, Fast Moving Consumer Goods, Trade & Services and Financial Institutions.

The Bank has its headquarters in Victoria Island, Lagos with one branch in the state. However, it intends to set up other branches in other parts of the state, Abuja, Port

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Nova Bank Audited Accounts

Harcourt and Kano as part of its transformation to a National Commercial Bank.

The ownership of the Bank is shared amongst four (4) Shareholders. **Phillips Oduoza** holds the majority stake in the Bank accounting for 50.49% of its Total Shares. Other significant Shareholders are: **Carbon Commodities Ltd, Five Star Associate Ltd and Afriglobal Holdings Ltd.**

KEY FINANCIAL INDICATORS

| Item Year | Gross Earning ₦'000 | PBT ₦'000 | Equity ₦'000 | Deposit Liabs ₦'000 | Loan & Advances ₦'000 | Total Assets ₦'000 |
|--------------|---------------------------|--------------|-----------------|---------------------------|-----------------------------|--------------------------|
| 2023 | 30,598,413 | 3,616,119 | 31,119,449 | 177,920,622 | 104,695,462 | 328,215,073 |
| 2022 | 22,964,903 | 3,459,329 | 26,739,873 | 178,965,726 | 97,363,297 | 279,872,560 |
| 2021 | 16,875,520 | 1,664,258 | 23,512,642 | 143,702,876 | 90,382,235 | 242,580,814 |
| 2020 | 13,260,455 | 3,425,301 | 22,765,344 | 111,325,783 | 49,971,622 | 182,259,871 |

Source: Nova Bank Audited Accounts

The Bank's Gross Earnings recorded significant growth which was driven by increases in income from financing activities and investments. In 2023, Gross Earnings rose to ₦30.63b, reflecting a 33% increase compared with ₦22.96b in the year 2022. This sustained growth highlights the Bank's ability to generate higher revenues from its core operations.

Key financial indicators grew moderately during the period. The Bank's Total Deposit Liabilities decreased marginally by 1% in 2023, reaching ₦177.9b as against ₦178.97b

in 2022. However, Total Assets grew by 17%, rising to ₦328.22b in 2023 from ₦279.87b in the previous year.

Equity also increased by 16% from ₦26.74 billion in 2022 to ₦31.12b in 2023, driven by profit retention. Loans and Advances as well as Profit Before Tax recorded marginal increase of 8% and 5% respectively in the year 2023.

DIRECTORS' PROFILE

There was a minor change to the Board in the year 2023. This was due to the retirement of the pioneer Managing Director during the year. The following are the serving member of the Board: **Mr. Phillips Oduoza - Chairman; Adebowale Oyediji - Chief Executive Officer/Managing Director; Mr. Shams Butt; Chief Malachy Nwaiwu; Mrs. Funke Okoya; Mr. Emmanuel Onokpasa; Mrs. Funmi Oyetunji; Mrs. Gbemisola Laditan and Mr. Chinedu Uzoho**

The profile of the Bank Directors is as stated:

1. **Name:** Mr. Phillips Oduoza
Position: Chairman
Education:
 - B. Sc. in Civil Engineering
 - MBA in Finance, University of Lagos
 - Advanced Management Programme, Harvard Business School
 - Chartered Institute of Bankers (FCIB).**Experience (Years.):** 32 years
Year of Appointment: 2017
2. **Name:** Adebowale Oyediji
Position: Chief Executive Officer/Managing Director
Education:
 - Advanced Management Program (AMP) - Harvard Business School
 - M.Sc. Financial Economics- University of London
 - B.Sc. Agricultural Economics- University of London**Experience (Years.):** 30 years
Year of Appointment: 2024
3. **Name:** Mr. Shams Butt
Position: Independent Director
Education:
 - Bachelor of Business Administration - George Washington University, Washington DC
 - MBA - George Washington University, Washington DC**Experience (Years.):** 27years
Year of Appointment: 2017
4. **Name:** Chief Malachy Nwaiwu
Position: Independent Director
Education:
 - B. Sc. Agric Economics, University of Ibadan
 - MBA in Management and Finance, University of Lagos

- B.L, University of Abuja
- Nigerian Institute of Management and the Association of Management and Administration (AMA) USA

Experience (Years.): 37 years

Year of Appointment: 2017

- Name:** Mrs. Funke Okoya

Position: Executive Director

Education:
 - B. Sc, Business Administration, University of Lagos
 - MBA, The Business School Netherlands
 - Advanced Corporate Finance Programme at INSEAD Business School

Experience (Years.): 21 years

Year of Appointment: 2020
- Name:** Mr. Emmanuel Onokpasa (FCA)

Position: Executive Director

Education:
 - B. Sc in Accounting, University of Benin
 - General Management Programme, Harvard Business School
 - Senior Management Programme, Lagos Business School

Experience (Years.): 32 years

Year of Appointment: 2021
- Name:** Mr. Chinedu Uzoho

Position: Non-Executive Director

Education:
 - B.Sc – University of Lagos
 - MBA
 - INSEAD Business School

Experience (Years.): 41 years

Year of Appointment: 2021
- Name:** Mrs. Gbemisola Laditan (FCA)

Position: Independent Non-Executive Director

Education:
 - HND Accounting, The Federal Polytechnic Ado-Ekiti
 - MBA, Obafemi Awolowo University

Experience (Years.): 31 years

Year of Appointment: 2021
- Name:** Mrs. Funmi Oyetunji (FCA, FCCA)

Position: Independent Non-Executive Director

Education:
 - B.Sc - University of Nigeria Nsukka
 - Harvard Business School
 - Risk Management in Banks and Other Corporation & Value Creation for Owners, INSEAD Business School

Experience (Years.): 41 years

Year of Appointment: 2021

BANKING SECTOR REVIEW

Nigeria is the leading economy in Africa. It has a population in excess of 200 million. In the first quarter of 2024, the Country's GDP grew by 2.98% (year-on-year) in real terms. This growth rate is higher than the 2.31% recorded in the first quarter of 2023 and lower than the fourth quarter of 2023 growth of 3.46%.

According to National Bureau of Statistics, the performance of GDP in the first quarter was driven mainly by the Services sector. It recorded a growth of 4.32% and contributed 58.04% to the aggregate GDP.

In real terms, growth in the Finance Sector totaled 31.24%. This was higher by 9.87% points from the rate recorded in 2023 first quarter and higher by 1.46% points from the rate recorded in the preceding quarter.

The contribution of Finance and Insurance to real GDP totaled 6.81%, higher than the contribution of 5.35% recorded in the first quarter of 2023 by 1.47% points, and higher than 4.95% recorded in Q4 2023 by 1.86% points.

The Oil benchmark for the year 2024 budget is \$77.96 per barrel at 1.78 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$73.32 as at 20th of September, 2024 according to oil price.com). Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

In order to achieve a Unified Foreign Exchange regime, the CBN collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the Naira against the US dollars. The value of the Naira to the Dollar at the CBN official rate is N1,639.45/\$1 as at September 20, 2024.

On July 23rd, 2024 the CBN increased the MPR to a new record of 26.75%. This marks the third-rate hike in the year 2024. This was done to manage inflation which is 33.2% as at September, 2024.

The most significant intervention in the Nigerian Banking Industry is the requirement for all operating banks in Nigeria to recapitalize within the next two years. The circular which was issued in March 2024 required that National Banks operating in Nigeria must have a minimum of N200b in Share Capital and Premium. The deadline for the exercise is March 31, 2026.

It is expected that fringe operators within the Banking sector of the economy will consider Mergers and Acquisition while the big banks will embark on raising Capital from existing shareholders' and capital market.

CAPITAL ADEQUACY

Total Assets was N328b as at the year ended 2023. This is a growth rate of 17% compared with the previous year.

| Year Item | 2023 ₦'000 | 2022 ₦'000 | 2021 ₦'000 |
|-------------------------|---------------|---------------|---------------|
| Shareholders' Funds | 31,119,449 | 26,739,871 | 23,512,642 |
| Total Assets | 328,215,073 | 279,872,559 | 242,580,814 |
| Property & Equipment | 1,384,604 | 1,450,686 | 1,363,500 |
| Loans & Advances | 104,695,462 | 97,363,297 | 90,382,235 |
| Equity/Total Assets (%) | 9.48 | 9.55 | 9.69 |
| Equity/Loan & Adv. (%) | 29.72 | 27.46 | 26.01 |
| Fixed Assets/Equity (%) | 4.45 | 5.43 | 5.80 |

Source: Nova Bank Audited Accounts

The increase was significantly influenced by the rise in Investment Securities and Loans and Advances as well as other assets held during the period.

The Bank grew its Loans and Advances to customers during the year under review by 8% from ₦97b (Yr. 22) to ₦104b (Yr. 23). The moderate growth in Loans and Advances translated to static movement in the risk profile of the Bank in the year 2023. Loans and Advances as a proportion of Total Assets remained same at 10% in the years 2022 and 2023.

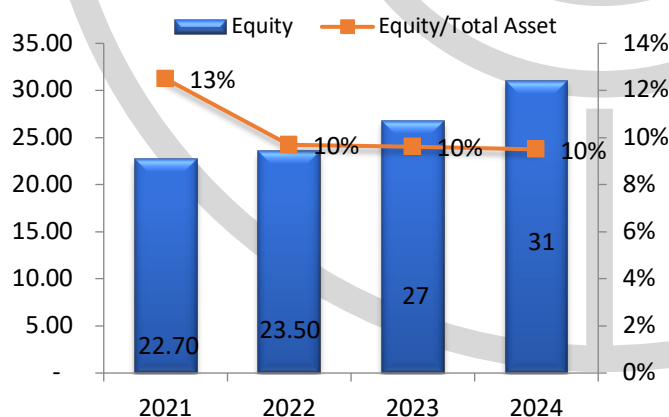
COMPONENTS OF TOTAL ASSETS

| Year Item | 2023 ₦'000 | % | 2022 ₦'000 | % | 2021 ₦'000 | % |
|----------------------|--------------------|------------|--------------------|------------|--------------------|------------|
| Liquid Assets | 124,897,847 | 38 | 94,455,505 | 34 | 75,531,636 | 31 |
| Net Loans & Advances | 104,695,462 | 32 | 97,363,297 | 35 | 90,382,235 | 37 |
| Property & Equipment | 1,384,604 | 0 | 1,450,686 | 1 | 1,363,500 | 1 |
| Other Assets | 98,621,764 | 30 | 86,603,051 | 31 | 75,303,443 | 31 |
| TOTAL ASSETS | 328,215,073 | 100 | 279,872,559 | 100 | 242,580,814 | 100 |

Source: Nova Bank Audited Accounts

Shareholders' Funds grew by 16% to ₦31b (Yr.23) from ₦26.7b (Yr.22) driven majorly by growth in Deposit for Share, Retained Earnings and Statutory Reserves. The Share Capital

COMPARISON OF SHAREHOLDERS' FUND



Source: Nova Bank Audited Accounts

remained at ₦16b the years 2022 and 2023.

The funding of operation provided by Equity remained relatively same in the years 2022 and 2023. This was 10% for both years. However, the Equity coverage of Loans and Advances grew to 30% (Yr. 23) from 27% (Yr. 22).

The Bank's Risk Weighted Assets dipped during the year from ₦133b (Yr. 22) to ₦128b (Yr. 23). This was

contrary to the growth in Total Regulatory Capital. Consequently, Capital Adequacy Ratio improved from 23% (Yr. 22) to 28% (Yr. 23). The Capital Adequacy metric is well above the regulatory minimum stipulated by the CBN for a National Commercial Banking operation.

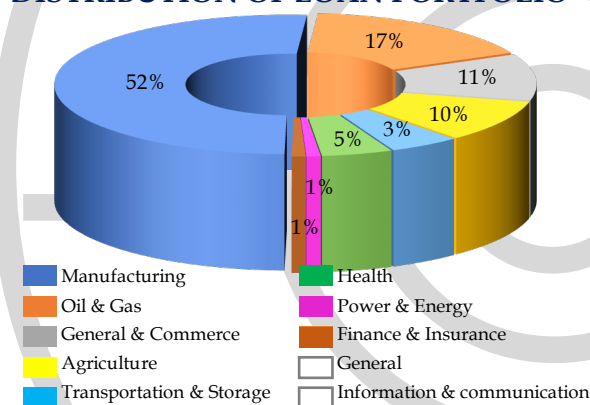
The Bank transition into a National Commercial Bank will require it to shore up its Capital base to ₦200b in line with the new Capital requirements of the CBN. This is significantly above the Bank's current balance of ₦31b as at the year end 2023. The timeline for achieving this is March, 2026.

ASSET QUALITY

| Item \ Year | 2023 ₦'000 | 2022 ₦'000 | 2021 ₦'000 |
|------------------------------------------------|---------------|---------------|---------------|
| Gross Loans & Advances | 104,695,462 | 97,363,297 | 90,382,235 |
| Classified Loan | 113,080 | 148,989 | 338,868 |
| Provisions | 379,832 | 35,361 | 41,461 |
| Classified Loan Provision/Classified Loans (%) | 335.90 | 24 | 12 |
| Classified Loan / Equity (%) | 0.36 | 0.56 | 1.44 |
| Classified loans/Gross loans (%) | 0.11 | 0.15 | 0.37 |

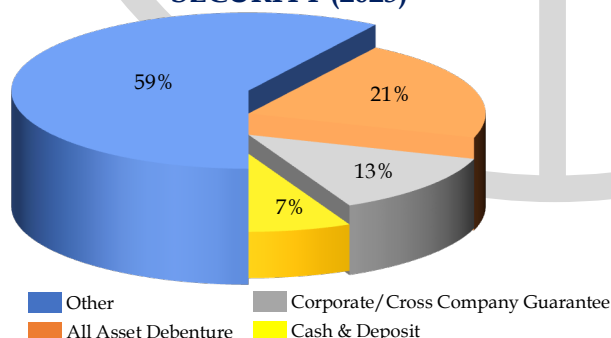
Source: Nova Bank Audited Accounts

DISTRIBUTION OF LOAN PORTFOLIO



Source: Nova Bank Audited Accounts

DISTRIBUTION OF LOAN PORTFOLIO BY SECURITY (2023)



Source: Nova Bank Audited Accounts

Gross Loans and Advances of the Bank grew marginally by 8% to ₦105b (Yr. 23). The Loans were domiciled within Nigeria.

The Bank's Loan were significantly distributed among the Manufacturing, Oil & Gas,

General Commerce Sectors to the tune of 52%, 17% and 11% of its total loan exposure respectively. Aside these sectors no other one got up to 10% in the year under review.

The Bank secured its Loans against various forms of Collateral during the year 2023. The Loans were largely secured by other assets which provided coverage of 59% for the total Loan book. All Asset Debenture and Corporate/Cross Company Guarantee were other major forms of Collateral held by the Bank representing 21% and 13% coverage respectively. The impaired portion of the Bank's Loan waned to an insignificant level of less than 1%. Similarly, Equity portion impaired by Loans and Advances was less than 1% (Yr.23).

The Bank's Provisions for Classified Loans grew significantly

in 2023 from ₦35m (Yr. 22) to ₦379m (Yr. 23). The provision made for Classified Loans went up from 24% (Yr. 22) to 336% (Yr. 23).

LIQUIDITY

The Bank's Deposit Liabilities decreased marginally by less than 1% in 2023, reaching ₦177.9b from ₦178.97b in 2022.

| Year Item | 2023 ₦'000 | 2022 ₦'000 | 2021 ₦'000 |
|-------------------------------------|---------------|---------------|---------------|
| Loan & Advances/Total Assets (%) | 31.90 | 34.79 | 37.01 |
| Liquid Assets/Total Assets (%) | 52.11 | 33.75 | 43.45 |
| Liquid Assets/Total Deposits (%) | 96.13 | 37.31 | 90.79 |
| Loans & Advances/Total Deposits (%) | 58.84 | 38.46 | 77.32 |

Source: Nova Bank Audited Accounts

ANALYSIS OF LOANS AND ADVANCES BASED ON MATURITY

| Year Item | 2022 ₦'000 | % |
|--------------------|--------------------|------------|
| Less than 3 months | 64,901,656 | 62 |
| 12 months | 14,595,806 | 14 |
| Over 1 year | 25,577,832 | 24 |
| Gross Total | 104,695,462 | 100 |

Source: Nova Bank Audited Accounts

ANALYSIS OF DEPOSIT BASED ON MATURITY

| Year Item | 2023 ₦'000 | % |
|--------------------|--------------------|------------|
| Less than 3 months | 154,599,890 | 86 |
| 12 months | 25,699,746 | 14 |
| Gross Total | 177,920,622 | 100 |

Source: Nova Bank Audited Accounts

was significantly less than 64% recorded in the previous year. However, it is within the range recorded by similar operators in the year under review.

Total Loans with maturity of less than 3 months represented 62% of the Loan Portfolio for the year ended 2023. Loans and

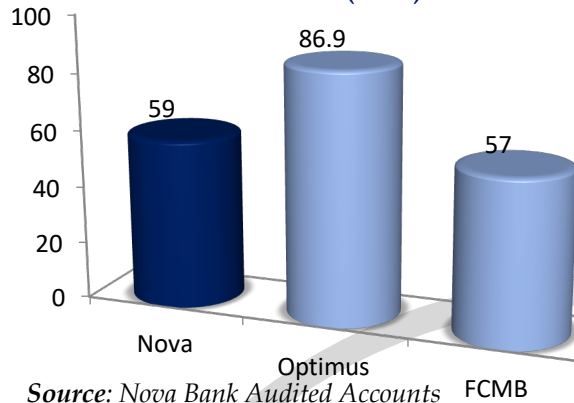
Due to the nature of the Banks Business, Term Deposits accounted for the largest portion of obligations to Customers. It constituted 84% of the total Customers' Deposits in the year 2023.

The Bank's Total Deposits were short term in nature as at the year ended 31st December 2023. The Bank's Deposits were all set to mature within a 12-month period. However, Deposits fallen due within a 3-month period accounted for 86% of Total Deposits amounting to ₦154b (Yr. 23) in absolute term.

The Bank's customers Deposits were short term in nature as at the year ended 31st December 2023. The Bank's Deposits were all set to mature within a 12-month period.

The Bank deployed 59% of its Depositors Fund to Loans and Advances in the year 2023. This

PEER COMPARISON: LOAN TO DEPOSIT RATIO (2023)



Advances maturing for payments after one year constituted 24% of the Loan Books.

The Liquid Assets for the financial year included Cash and Cash Equivalents (excluding restricted balances with CBN) and Investment Securities. These Assets summed up to ₦171b (Yr. 23).

The Liquid Assets of the Bank as well as its Short-Term Loans were sufficient to meet Short Term Liquidity Demands. There existed a net liquidity surplus of ₦99.4b. The Bank Liquidity Ratio at 52% is above the regulatory limit. However, the Bank's Loan to Deposit Ratio was below the CBN's regulatory minimum limit of 65%.

LIQUIDITY GAP ANALYSIS

| Year | 2023 Loans & Advances ₦'000 | 2023 Deposit Liabilities ₦'000 | Net Liquidity Gap ₦'000 |
|--------------------|--------------------------------------|-----------------------------------------|----------------------------------|
| Liquid Assets | 171,027,595 | - | 171,027,595 |
| Less than 3 months | 64,901,656 | 154,599,890 | 81,329,361 |
| 12 Months | 14,595,806 | 22,016,195 | 73,908,972 |
| Over 1 Year | 25,577,832 | 0 | 99,486,804 |

Source: Nova Bank Audited Accounts

PROFITABILITY

The rate of expansion of the Bank's Operations was reflected in its Gross Earnings in the year under review. Gross Earnings of the Bank went up from ₦22.9b (Yr. 22) to ₦30.6b (Yr. 23) representing over 33% growth. This was driven majorly by increased Interest Income. Interest earned on Loans and Advances grew from ₦13.5b (Yr. 22) to ₦21.9b (Yr. 23). Other sources of Interest income declined in the year 2023.

Interest Expenses related to Deposits, Margin, Bank and Lease Liabilities. The Bank incurred a total amount of ₦22b. Therefore, Net Interest Income in the year 2023 was ₦1.8b. Net Interest Margin for the year improved significantly to 8% as against 4% attained in the prior year.

Non-Interest Income only accounted for 22% of the Gross Earnings in the year ended 2023. It comprised of Fees and Commission Income, Gains on Financial Instrument at Fair Value, Foreign Exchange Gain as well as other Operating Income including Gain on Disposal of Property and Equipment.

The Bank's Operating Expenses comprised Personnel Costs, Depreciation, Amortization and Others. These items aggregated to ₦4.5b (Yr. 23) as against ₦3.8b (Yr.22). In view of significant growth in Interest Expenses as well as rising Operating Expenses, the Bank recorded a 5% marginal increase in Profit Before Tax to ₦4.5b in

the year 2023. Consequently, Net Profit Margin declined from 15% (Yr.22) to 12% (Yr.23).

CORPORATE GOVERNANCE & RISK MANAGEMENT

The Bank has a Board comprising of a Non-Executive Chairman, five (5) Non-Executive Directors and two (2) Executive Directors.

The activities of the Bank are directed by its various Board Committees. The Committees are: Board Risk Management and Audit, Board Finance and General-Purpose, Board Nomination & Governance and the Board Credit and Investment Committees.

The activities of the Committees are detailed in the Annual Reports.

RISK FACTORS

In the course of our review, we observed the following risk factors:

- **REGULATORY RISK**

This is the risk that a Bank may cease to operate due to its inability to meet regulatory requirements of its primary regulator (*Central Bank of Nigeria*).

The major requirement for the Bank is to maintain a *Capital Adequacy Ratio (CAR)* of 10%.

Based on our review, *the Bank* maintained *CAR* of 27.8% as at 31 December, 2023.

- **CONCENTRATION RISK**

This is the risk of loss to income as a result of significant exposure to an individual, connected entity or a particular sector.

Based on our review, the *Bank* is significantly exposed to the Manufacturing sector. This sector accounted for 52% of the Bank's Loans and Advances

We therefore consider that adverse changes in the highlighted sector may have negative impact on the Bank's Earnings.

- **LIQUIDITY RISK**

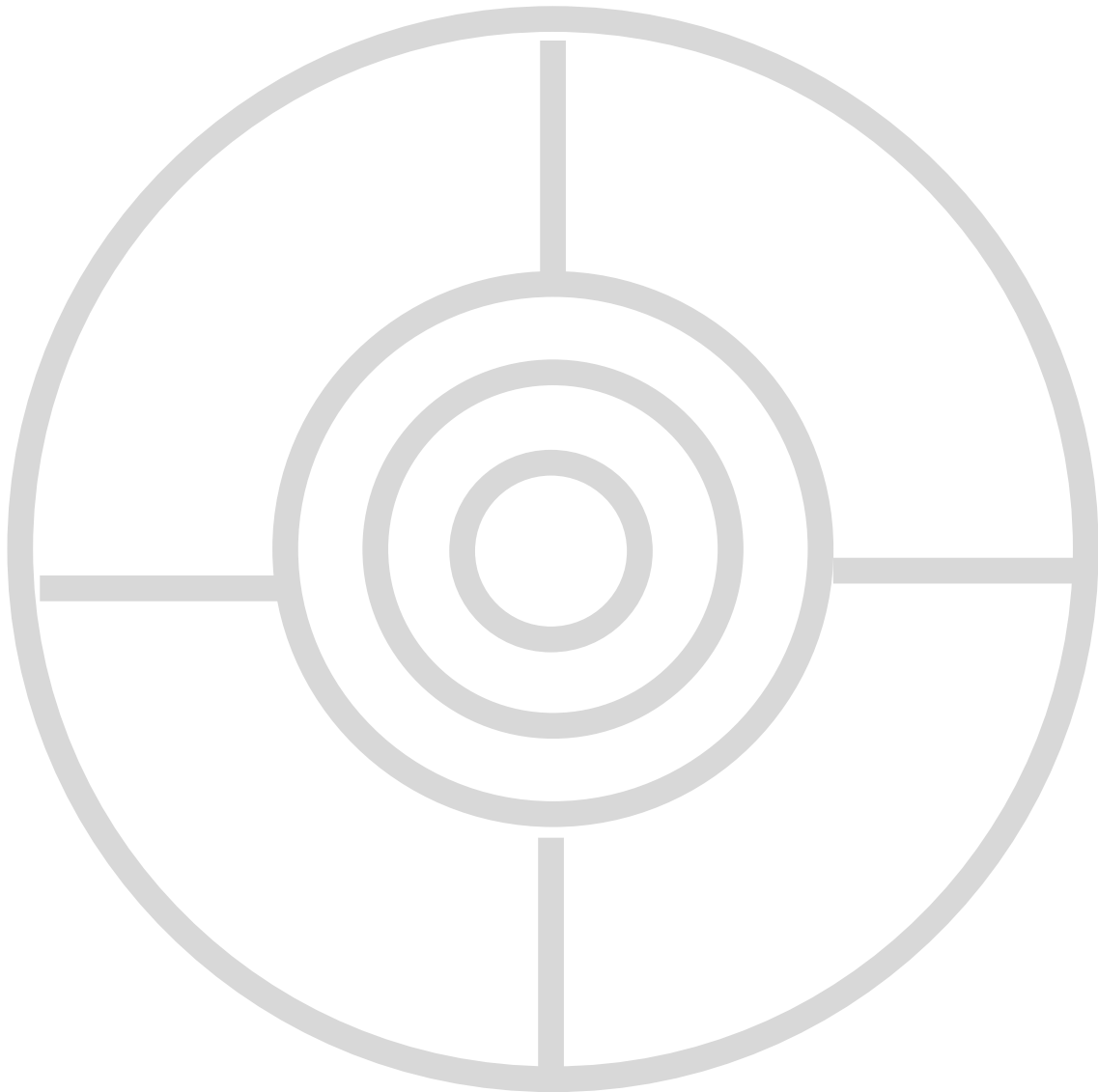
This is the risk arising from inability to meet obligations as they fall due.

Based on our review, the Bank achieved a Statutory Liquidity ratio of 52% (Yr. 23) which is above the Regulatory minimum.

CONCLUSION

We have reviewed the document presented by *the Bank*. The Rating is supported by the Bank's Very Good Earning Profile, Good Liquidity and Very Good Asset Quality.

Consequently, we assigned a Rating of A+.



FINANCES

Financial Position as at

| | Dec., 2023 N'000 | Δ% | Dec., 2022 N'000 | Δ% | Dec., 2021 N'000 |
|-------------------------------------------------|---------------------|-----------------|---------------------|----------------|---------------------|
| Assets | | | | | |
| Balances with banks | 65,284,072 | (18.27) | 79,877,938 | 42.37 | 56,107,545 |
| Loans to banks and other financial institutions | - | - | - | #DIV/0! | - |
| Loans and advances to customers | 104,695,462 | 316.20 | 97,363,297 | 7.72 | 90,382,235 |
| investment securities | 59,613,775 | 308.94 | 14,577,567 | (24.95) | 19,424,091 |
| investment in subsidiaries | 431,167 | - | 431,167 | - | 431,167 |
| Derivative financial assets | - | (100.00) | 9,214,855 | 192.60 | 3,149,319 |
| Pledged assets | 7,083,899 | (83.92) | 44,055,112 | (11.92) | 50,016,537 |
| Property and equipment | 1,384,604 | (4.56) | 1,450,686 | 6.39 | 1,363,500 |
| Right of use asset | 217,280 | (6.81) | 233,167 | (6.38) | 249,054 |
| Intangible assets | 532,536 | 107.86 | 907,539 | (51.41) | 544,976 |
| Other assets | 88,856,339 | 183.73 | 31,317,735 | 53.00 | 20,468,893 |
| Deferred tax assets | 115,939 | 102.87 | 443,497 | (53.28) | 443,497 |
| Total assets | 328,215,073 | (136.30) | 279,872,560 | (80.09) | 242,580,814 |
| Liabilities | | | | | |
| Due to banks | 15,353,153 | (43.12) | 26,993,262 | | 26,813,409 |
| Due to customers | 162,567,469 | 6.97 | 151,972,464 | 30.01 | 116,889,467 |
| Derivative financial liabilities | - | (100.00) | 9,160,449 | 198.18 | 3,072,162 |
| Lease liabilities | 150,449 | 16.08 | 129,607 | (53.93) | 111,651 |
| Current Tax Liabilities | 329,463 | 25.36 | 262,804 | | 80,646 |
| Other liabilities | 108,167,172 | 99.44 | 54,235,631 | | 61,739,140 |
| Debt securities issued | 10,527,916 | 1.44 | 10,378,471 | | 10,361,697 |
| Total liabilities | 297,095,622 | 17.37 | 253,132,688 | 15.55 | 219,068,172 |

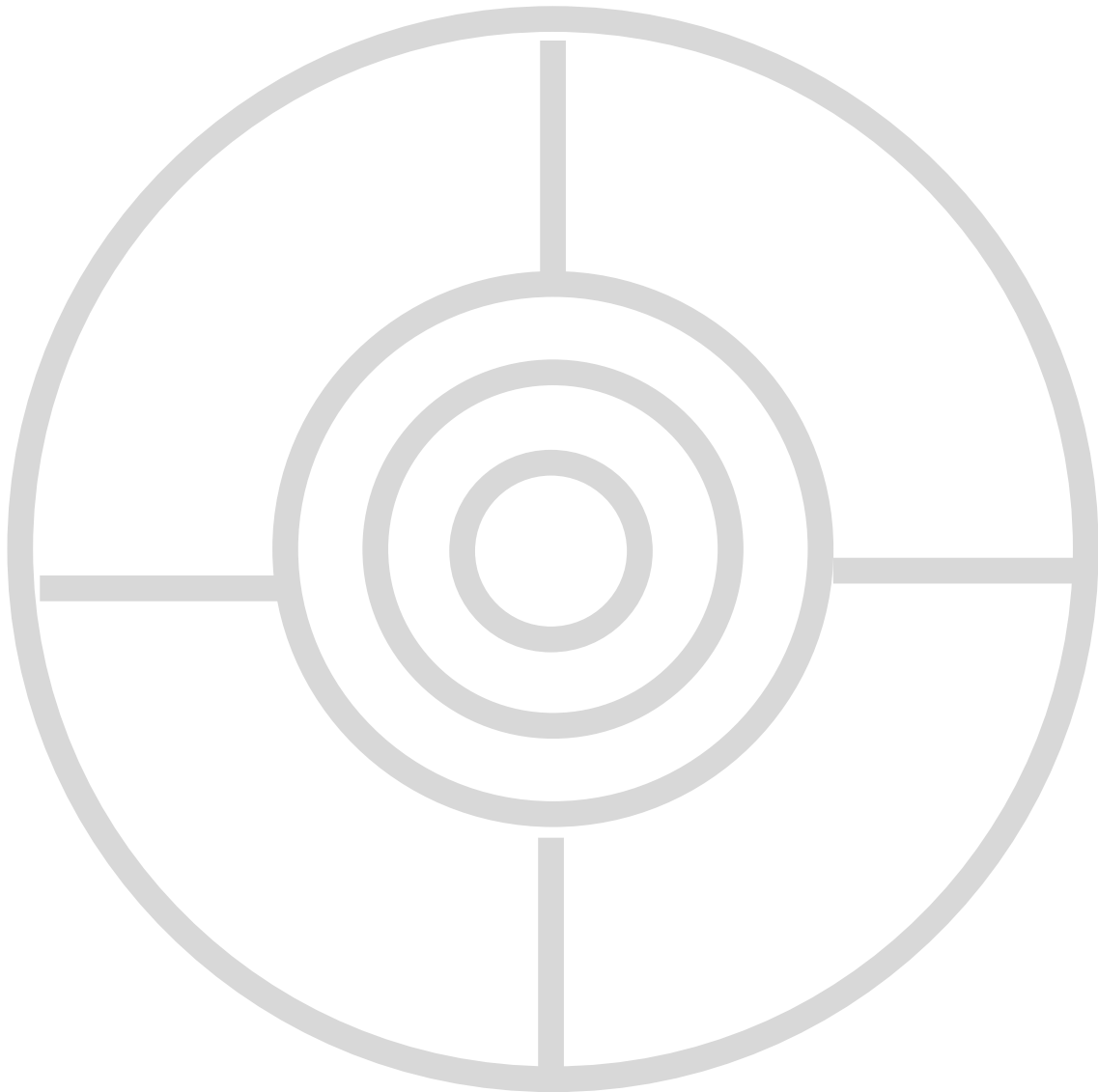
Equity

Statement of Profit or Loss and Other Comprehensive Income

| Dec., 2023 N'000 | Δ% | Dec., 2022 N'000 | Δ% | Dec., 2021 N'000 |
|---------------------|----|---------------------|----|---------------------|
|---------------------|----|---------------------|----|---------------------|

PROFIT OR LOSS ACCOUNT FOR THE

| | | | | | |
|-----------------------------------|------------|---------|-----------|----------|-------------|
| Total Income | 11,808,903 | (50.23) | 5,877,514 | (88.06) | 701,690 |
| Profit before income tax expenses | 2,227,617 | (73.27) | 595,333 | (298.61) | (1,182,363) |
| Income tax expenses | 797,208 | (27.35) | 579,195 | 0.47 | 581,936 |
| Profit after income taxation | 3,024,825 | (61.17) | 1,174,528 | (151.12) | (600,427) |



Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 20th September, 2024

For and on behalf of:
DataPro Limited
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long-term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

| Indicator | Meaning | Explanation |
|-----------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAA | Lowest Risk. | (<i>Superior</i>) Assigned to banks which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have a strong ability to meet their ongoing obligations. |
| AA | Lower Risk | (<i>Excellent</i>) Assigned to banks which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have a very strong ability to meet their ongoing obligations. |
| A | Low Risk | (<i>Very Good</i>) Assigned to banks which have very good financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have a strong ability to meet their ongoing obligation. |
| BBB | Slight Risk | (<i>Fair</i>) Assigned to banks which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion, have an ability to meet their current obligations, but their financial strength is vulnerable to adverse changes in economic conditions. |

Non-Investment Grade

Indicator Meaning Explanation

| | | |
|-----|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BB | Moderate Risk | (<i>Marginal</i>) Assigned to banks which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions. |
| B | High Risk | (<i>Weak</i>) Assigned to banks which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These banks, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions. |
| CCC | Higher Risk | (<i>Poor</i>) Assigned to banks, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These banks, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions. |
| DD | Highest Risk | (<i>Very Poor</i>) Assigned to banks, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions. |

SHORT-TERM RATING

| Indicator | Meaning | Explanation |
|-----------|---------|-------------|
|-----------|---------|-------------|

| | | |
|-----|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A1+ | Highest credit quality | Indicates the strongest capacity for timely payment of financial commitments. May have an added “+” to denote any exceptionally strong credit feature. |
| A1 | Good credit quality | A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings. |
| A2 | Fair credit quality | The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non-investment grade. |
| B | Speculative | Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions. |
| C | High default risk | Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment. Indicates an entity that has defaulted on all its financial obligations. |