



# DataPro



## **CORPORATE RATING REPORT**

## **CITIBANK NIGERIA LIMITED**

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December, 2024

# CITIBANK NIGERIA LIMITED

## Long-Term Rating:

# A<sup>+</sup>

Short Term Rating: A1

Rating Outlook: Positive

Trend: UP

Currency: Naira

Date Issued: 24 Dec., 2024

Valid Till: 23 Dec., 2025

## Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju.

Oladele Adeoye.

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

## EXECUTIVE SUMMARY

|                     | 2023      | 2022      | 2021      | 2020      | 2019    |
|---------------------|-----------|-----------|-----------|-----------|---------|
|                     | ₦'M       | ₦'M       | ₦'M       | ₦'M       | ₦'M     |
| Gross Earnings      | 124,273   | 77,084    | 65,810    | 65,810    | 72,081  |
| Profit Before Tax   | 57,743    | 44,100    | 35,546    | 42,809    | 40,553  |
| Shareholders' Funds | 159,506   | 140,773   | 138,102   | 131,977   | 119,391 |
| Deposit Liabilities | 1,129,635 | 804,205   | 534,150   | 503,986   | 298,147 |
| Loans & Advances    | 270,223   | 203,582   | 173,455   | 123,945   | 153,579 |
| Total Assets        | 2,497,895 | 1,381,852 | 1,051,123 | 1,040,106 | 874,931 |

### Rating Explanation

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<sup>+</sup> 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 a 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:

- Diversified Revenue Base
- Niche Player
- Good Asset Quality
- Leverage on Parent Body
- Very Good Liquidity
- Brand Equity

### Negative Rating Factors:

- Concentration Risk in Loans & Advances

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## BACKGROUND

*Citibank Nigeria Limited ("The Bank")*, previously known as *Nigeria International Bank* was incorporated on May 2<sup>nd</sup>, 1984. It was granted a license on 14 September 1984 and commenced business as a Commercial Bank.

The Bank provides tailored financial solutions to multinational corporations, local businesses, government institutions, and non-governmental organizations. The principal services of the Bank include: transactional services, corporate finance, custodial business, money market and trading activities. The Bank also offers a comprehensive range of financial services which includes: investment banking, treasury and trade solutions, cash management and foreign exchange services.

The Bank is majorly owned by *Citibank Overseas Investment Corporation (COIC)* which holds 81.9% of its shares. *COIC* is a subsidiary of *Citibank N.A.* (National Association) the principal banking entity of *Citigroup*.

## KEY FINANCIAL INDICATORS

| Item<br>Year | Gross<br>Earnings<br>₦'M | PBT<br>₦'M | Equity<br>₦'M | Deposit<br>Liabilities<br>₦'M | Loan &<br>Advances<br>₦'M | Total<br>Assets<br>₦'M |
|--------------|--------------------------|------------|---------------|-------------------------------|---------------------------|------------------------|
| 2023         | 124,273                  | 57,743     | 159,506       | 1,129,635                     | 270,223                   | 2,497,895              |
| 2022         | 77,084                   | 44,100     | 140,773       | 804,205                       | 203,582                   | 1,381,852              |
| 2021         | 65,810                   | 35,546     | 138,102       | 534,150                       | 173,455                   | 1,051,123              |
| 2020         | 72,081                   | 42,809     | 131,977       | 503,986                       | 123,945                   | 1,040,106              |
| 2019         | 67,975                   | 40,553     | 119,391       | 298,147                       | 153,579                   | 874,931                |

*Source: CitiBank Audited Accounts*

The Bank funded its operation in Nigeria from two (2) main sources in the year 2023. The first was the Liabilities generation through Customer Deposit. Specifically, Deposit Liabilities recorded 40% growth and funded up to 45% of the Bank's Assets.

Aside the significant funding from Deposit Liabilities in the year 2023, it further complemented this source with on-lending facilities from Citibank N.A. During the year 2023, it obtained a total sum of \$357m translating to ₦339.8b

The Bank leveraged these funding to grow its Key Financial Indicators in the year 2023. Specifically, Loans & Advances, Total Assets and Equity grew by 33%, 81% and 13% respectively. The significant increases also impacted Earnings and Profitability in the year 2023. Gross Earnings increased by 61% while Pre-Tax Profit went up by 31%.

## DIRECTORS' PROFILE

The following served on the Board during the year under review; *Dr. Mahmoud Isa-Dutse - Chairman, Mrs. Nneka Enwereji- Managing Director, Mr. Oluwole Awotundun, Mrs. Ngozi Omoke-Enyi, Mr. Adebayo Adeyemo, Mr. Oyesoji Oyeleke, Mr. Oladipo Adebola, Mrs. Adebola Adefope, Dr. Evans Woherem and Mr. Silas Findley.*

The profile of the Bank directors is as follows:

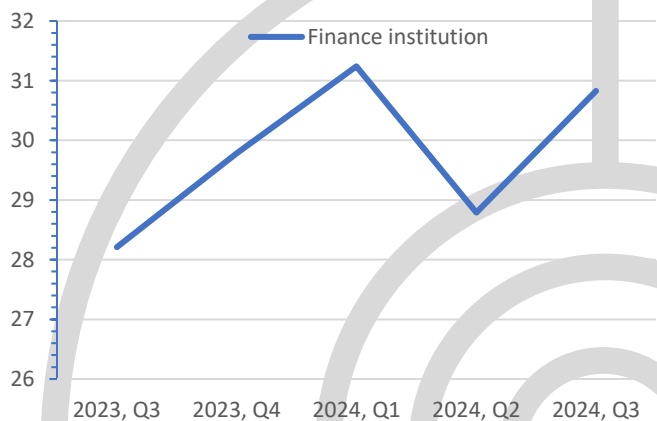
- 1. Name:** Dr. Mahmoud Isa-Dutse  
**Position:** Chairman  
**Education:**
  - Ph.D - Manchester Business School, University of Manchester
  - MBA - The Wharton School, University of Pennsylvania
  - B.Sc. - Ahmadu Bello University
  - Juris Doctorate - College of Law, University of Iowa
  - B.A. - Western Washington University, Bellingham**Experience (Years.)** Over 45 years  
**Year of Appointment:** 2024
- 2. Name:** Nneka Enwereji  
**Position:** Managing Director  
**Education:**
  - B.Sc. - Middlesex University
  - MBA- University of Bradford
  - Oxford University
  - Chartered Institute of Loans and Risk Management**Experience (Years.)** 30 years  
**Year of Appointment:** 2024
- 3. Name:** Mr. Oluwole Awotundun  
**Position:** Executive Director  
**Education:**
  - B. Eng. - University of Ilorin
  - MBA- University of Lagos**Experience (Years.)** Over 25 years  
**Year of Appointment:** 2017
- 4. Name:** Mrs. Ngozi Omoke-Enyi  
**Position:** Executive Director  
**Education:**
  - MSc University of Ibadan
  - MBA Banking and Finance, Enugu State University
  - Fellow of the Institute of Credit Administration, Nigeria
  - Member, Chartered Institute of Directors Nigeria**Experience (Years.)** Over 30 years  
**Year of Appointment:** 2020

5. **Name:** Mr. Adebayo Adeyemo  
**Position:** Executive Director  
**Education:**
  - B.Sc Accounting, University of Lagos
  - Fellow, Institute of Chartered Accountants of Nigeria (ICAN).**Experience (Years.)** Over 20 years  
**Year of Appointment:** 2023
  
6. **Name:** Mrs. Adebola Adefope  
**Position:** Non-Executive Director  
**Education:**
  - LLB School of Oriental and African Studies, University of London
  - LLM London School of Economics, University of London.
  - PGD - College of Law, London**Experience (Years.)** Over 40 years  
**Year of Appointment:** 2022
  
7. **Name:** Mr. Oladipo Adebó  
**Position:** Non-Executive Director  
**Education:**
  - Graduate of architecture, University of Bristol
  - Diploma in architecture, University of Bristol
  - Member, Nigerian Institute of Architects**Experience (Years.)** Over 40 years  
**Year of Appointment:**2022
  
8. **Name:** Mr. Oyesoji Oyeleke  
**Position:** Non-Executive Director  
**Education:**
  - LLB, Obafemi Awolowo University**Experience (Years.)** Over 40 years  
**Year of Appointment:**2017
  
9. **Name:** Dr. Evans Woherem  
**Position:** Independent Non-Executive Director  
**Education:**
  - B.Sc. - University of La Verne. California
  - M.Sc. - University of Warwick, England**Experience (Years.)** Over 25 years  
**Year of Appointment:**2024
  
10. **Name:** Mr. Silas Findley  
**Position:** Non-Executive Director  
**Education:**
  - Juris Doctorate - College of Law, University of Iowa
  - B.A. - Western Washington University, Bellingham**Experience (Years.)** Over 15 years  
**Year of Appointment:**2024

## SECTOR REVIEW

Nigeria is the leading economy in Africa, with a population of over 200 million people. In the third quarter of 2024, the country's Gross Domestic Product (GDP) demonstrated a real-term growth of 3.46% year-on-year, higher than the 2.54% recorded in the same quarter of 2023 and higher than 3.19% from the second quarter of 2024. Notably, the Services sector propelled this growth, contributing 53.58% to the overall GDP with a growth rate of 5.19%.

### REAL FINANCIAL SECTOR YEAR-ON-YEAR GROWTH



Source: Nigeria Bureau of statistic

According to the data released by the NBS, the Finance and Insurance Sectors' growth in real terms totaled 30.83% (Q3 2024), higher by 2.62% points from the rate recorded in Q3 2023 and higher by 2.04% points from the rate recorded in Q2 2024.

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 (highest) is N1,517/\$1 as at 13th February, 2025.

In an effort to attain bank soundness and manage liquidity effectively, the CBN introduced in 2006 a new framework for monetary policy implementation in the market place, using the short-term interest rate known as Monetary Policy Rate as its benchmark. The MPR serves as an indicative rate for transactions in the interbank money market as well as money market rates. The Monetary Policy Committee (MPC) of the CBN at its 298th meeting on 26th November 2024, voted to raise the Monetary Policy Rate (MPR) by 25bps from 27.25% to 27.50% amid soaring inflation and skyrocketing food prices. This is the sixth consecutive MPR hike this year, showing the CBN's focus on price stability. The Apex Bank also retained the Cash Reserve Ratio (CRR) at 50% and the Liquidity ratio at 30%. The increase in MPR was done to manage the high rate of inflation.

Headline Inflation rate for December, 2024 rose to 34.80% from the November 2024 figure of 34.60%, reflecting ongoing price pressures across the Country. The rise in MPR could have the effect of limiting borrowing from Financial Institutions due to the high costs and lead borrowers to find alternative sources of finance.

On the 28th of March, 2024, the CBN announced the following upward review of the minimum Capital requirement for Banks; Banks with International operations (N500b), National Licenses (N200b), Regional licenses (N50b), National Merchant Banks (N50b), National (N20b) and Regional Non-interest Banks (N10b). It is expected that this will also affect Mortgage Banks in the long run.

## CAPITAL ADEQUACY

| Item                         | 2023<br>₦'000 | 2022<br>₦'000 | 2021<br>₦'000 |
|------------------------------|---------------|---------------|---------------|
| Shareholders' Funds          | 159,505,816   | 140,773,317   | 138,101,998   |
| Total Assets                 | 2,497,895,031 | 1,381,852,273 | 1,051,123,158 |
| Property, Plants & Equipment | 2,453,473     | 2,374,651     | 2,155,621     |
| Loans & Advances             | 270,223,175   | 203,581,696   | 173,455,023   |
| Equity/Total Assets (%)      | 6.39%         | 10.19%        | 13.14%        |
| Equity/Loan & Adv. (%)       | 59.03%        | 69.15%        | 79.62%        |
| Fixed Assets/Equity (%)      | 1.54%         | 1.69%         | 1.56%         |

Source: CitiBank Audited Accounts

The Bank Total Assets rose by 81% from ₦1.4t (Yr. 22) to ₦2.5t (Yr. 23). This included Cash and Cash Equivalents, Financial Assets, Pledged Assets, Loans and Advances, Derivative Financial Instruments, Fixed Assets, amongst others. However, Cash as well as Derivative Financial Instruments were the most prominent, making up for 34% and 25% of the Total Asset respectively. Assets pledged as collateral accounted for small portion (2%) of the Total Assets.

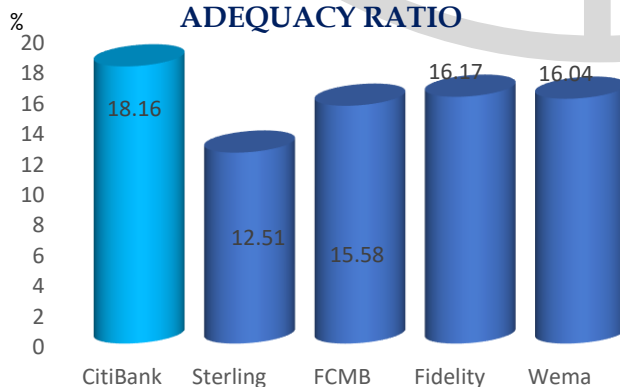
### COMPONENT OF TOTAL ASSETS

| Item                          | 2023<br>₦'M      | %          | 2022<br>₦'M      | %          |
|-------------------------------|------------------|------------|------------------|------------|
| Cash and Cash Equivalents     | 838,532          | 34         | 590,193          | 43         |
| Financial Assets              | 1,245,897        | 50         | 550,430          | 40         |
| Net Loans & Advances          | 270,223          | 11         | 203,582          | 15         |
| Property, Plant and Equipment | 2,453            | 0          | 2,375            | 0          |
| Other Assets                  | 140,790          | 5          | 35,272           | 3          |
| <b>TOTAL ASSETS</b>           | <b>2,497,895</b> | <b>100</b> | <b>1,381,852</b> | <b>100</b> |

Source: CitiBank Audited Accounts

Total Asset exposure to risk declined in the year 2023. This was reflected in Net Loans to Total Assets which dropped from 15% (Yr.22) to 11% (Yr. 23). Loans and Advances to Customers amounted to ₦270.2b (Yr. 23), representing a growth of 33% from the previous year.

### PEER COMPARISON BASED ON CAPITAL ADEQUACY RATIO



Source: DataPro Limited

As at 31st December, 2023, the Bank's Tier 1 (Core) Capital was ₦111.3b, 9% higher than the prior

year’s position. Total Equity grew from ₦140.8b (Yr.22) to ₦159.5b (Yr. 23). This was due to the increase in Retained Earnings and Reserves.

The Bank recorded no improvement in Equity to Total Assets as a result of the growth in Total Assets which outpaced that of Equity in the year. It was 3-year low at 6% in the year 2023. Similarly, Equity coverage for the riskiest Assets dipped from 69% (Yr. 22) to 59% (Yr. 23). This was also reflected in Capital Adequacy Ratio (CAR) which deflated from 19.68% (Yr. 22) to 17.94% (Yr. 23). This is however above the regulatory minimum requirement of 10%. The Bank’s Capital Adequacy Ratio was also better than its selected peers in the year 2023.

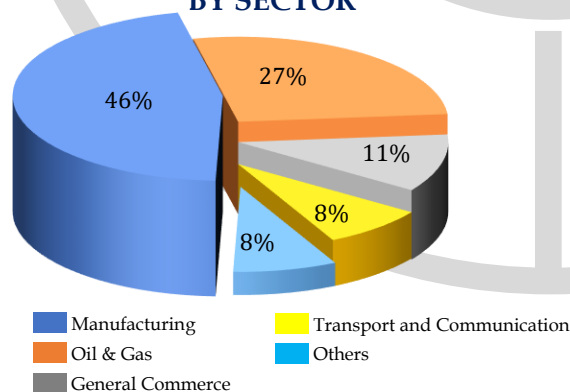
## ASSET QUALITY

| Year | Item                                        | 2023<br>₦'M | 2022<br>₦'M | 2021<br>₦'M |
|------|---------------------------------------------|-------------|-------------|-------------|
|      | Gross Loan & Advances                       | 275,814     | 204,881     | 175,360     |
|      | Classified Loan                             | 28,501      | 33,642      | 1,372       |
|      | Provisions                                  | 28,501      | 33,642      | 1,372       |
|      | Classified Loans Prov./Classified Loans (%) | 100         | 100         | 100         |
|      | Classified Loans/Equity (%)                 | 0           | 0           | 1           |
|      | Classified Loans/Gross Loans (%)            | 0           | 0           | 1           |

In the year 2023, the Bank offered trade lines and working capital funding to obligors in four (4) major sectors. These included Oil & Gas (27%), General Commerce (11%), Transport & Communication (8%) and Manufacturing (46%).

Source: CitiBank Audited Accounts

### DISTRIBUTION OF LOANS AND ADVANCES BY SECTOR



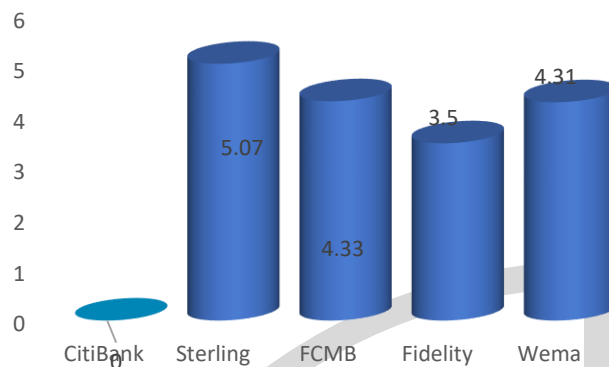
Source: CitiBank Audited Accounts

The analysis of the Bank’s Net Loans based on currency identified Dollar denominated Loans accounted for 57% of total exposure. The balance was distributed between Naira (35%), Euro (7%) and GBP (0.3%) denominated Loans. The Bank had in its books, Financial Assets which amounted to ₦2.5t (Yr. 23) and are classified into Naira (63%), Dollar (36%), Euro (1%) and GBP (0.1%)

Its loan portfolio is further classified into Corporate Cards, Discounted Bills, Overdrafts and Term Loans.

It held no Collateral over its Loans and Advances in the year under review. Total Advances were unsecured in the year.

**PEER COMPARISON BASED ON NPL**



Source: DataPro Limited

A small portion of its Loans were Classified as Stage 3 in the year 2023. Classified Loans declined from ₦33.6m (Yr. 22) to ₦28.5m (Yr. 23), accounting for a little below 1%. Provision made for delinquent Loans also remained at 100% for the years 2022 and 2023. Its NPL was also better than the selected peers in the year 2023.

**LIQUIDITY**

| Item                                | 2023 | 2022 | 2021 |
|-------------------------------------|------|------|------|
| Loan & Advances/Total Assets (%)    | 11   | 15   | 17   |
| Liquid Assets/Total Assets (%)      | 68   | 70   | 71   |
| Liquid Assets/Total Deposits (%)    | 150  | 121  | 140  |
| Loans & Advances/Total Deposits (%) | 24   | 25   | 32   |

Source: CitiBank Audited Accounts

As at 31st December 2023, the Bank grew its Customers Deposit from ₦804.2b (Yr.22) to ₦1.1t (Yr. 23), representing a 40% increase.

**ANALYSIS OF DEPOSITS BASED ON TYPE**

| Item            | 2023<br>₦'M      | %          | 2022<br>₦'M    | %          |
|-----------------|------------------|------------|----------------|------------|
| Demand Deposits | 975,253          | 86         | 700,734        | 87         |
| Term Deposits   | 154,382          | 14         | 103,471        | 13         |
| <b>TOTAL</b>    | <b>1,129,635</b> | <b>100</b> | <b>804,205</b> | <b>100</b> |

Source: CitiBank Audited Accounts

These Naira dominated Deposits were mobilized from Medium Sized Corporates, Financial Institutions and High Net-worth Individuals. Its Top 25 depositors accounted for 62% of Total Deposits as at 31st December, 2023.

**ANALYSIS OF DEPOSITS BASED ON MATURITY (2023)**

| Months            | 2023<br>₦'M | %  |
|-------------------|-------------|----|
| Less than 1 month | 1,049,360   | 93 |
| 1 - 3 Months      | 75,112      | 6  |
| 3 - 12 months     | 5,169       | 1  |

Source: CitiBank Audited Accounts

It held deposits in Local and Foreign currencies during the year. The foreign currencies were mainly *US Dollar, GBP* and *Euro*. These accounted for 40% of Total Deposits in the year 2023 as against 30% recorded in the prior year.

The Bank's Deposit Liabilities funded 45% of Total Assets. Deposits were classified into Demand (86%) and Term Deposits (14%).

**ANALYSIS OF LOANS AND ADVANCES BASED ON MATURITY**

| Months             | 2023<br>₦'M | %  |
|--------------------|-------------|----|
| Less than 1 months | 46,857      | 17 |
| 1 - 3 Months       | 91,599      | 34 |
| 3 - 12 months      | 71,271      | 26 |
| 1 - 5 Years        | 36,691      | 14 |
| More than 5 Years  | 23,805      | 9  |

Source: CitiBank Audited Accounts

maturity periods spanning one to five years and above.

**LIQUIDITY GAP ANALYSIS**

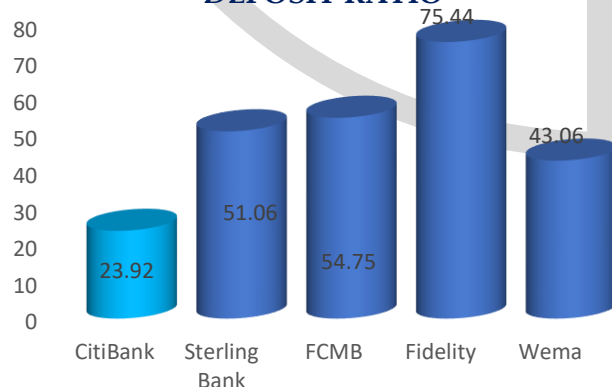
| Year              | 2023<br>Loans &<br>Advances<br>₦'M | 2023<br>Deposit<br>Liabilities<br>₦'M | Net<br>Liquidity<br>Gap<br>₦'M |
|-------------------|------------------------------------|---------------------------------------|--------------------------------|
| Liquid Assets     | 1,696,451                          |                                       | 1,696,451                      |
| Less than 1 month | 46,857                             | 1,049,360                             | 693,954                        |
| 1 - 3 Months      | 91,599                             | 75,112                                | 710,441                        |
| 3 - 12 months     | 71,271                             | 5,169                                 | 776,543                        |
| 1 - 5 Years       | 36,691                             |                                       | 813,234                        |
| More than 5 Years | 23,805                             |                                       | 837,039                        |

Source: CitiBank Audited Accounts

Balance and Bank Placements.

As at 31st December 2023, Liquid Assets, comprising Financial Assets due in the periods between 1 to 12 months amounted to ₦1.7t and provided coverage for 150%

**PEER COMPARISON BASED ON LOAN TO DEPOSIT RATIO**



Source: DataPro Limited

peers in the period under review.

Its Total Deposits were largely short term in nature as at the year ended 31st December 2023.

Approximately 93% of these Deposits will be due between a month. As at 31st August, 2024 the Bank's Deposit had grown to ₦1.4t.

Its Loans and Advances had maturity period falling due between 1 and 12 months.

Deposits of the Bank were significantly larger than its Loans and Advances, making up for almost four times its size in the year 2023.

Its Liquidity profile was supported during the period under review by its Cash

of Total Deposits. Its Liquid Assets were adequate to cushion the gap arising from the mismatch in maturity of Loans and Deposits. Consequently, there was a short-term Liquidity surplus of ₦776.5b and long-term Liquidity surplus of ₦837.0b.

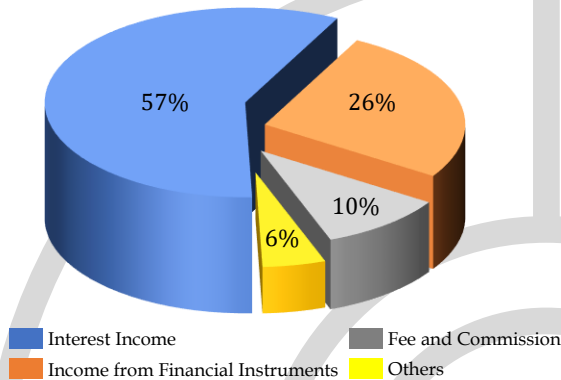
Loan to Deposit Ratio declined marginally from 25% (Yr. 22) to 24% (Yr. 23). This is well below the regulatory benchmark of 50% and the average performance of selected

It however was able to maintain a statutory Liquidity Ratio of 89% (Yr. 23), well above the regulatory requirement of 30%.

## PROFITABILITY

The Bank earned Interest Income, Investment Income, Fees & Commissions and Income from Financial Instruments in the year 2023. Gross Earnings amounted to ₦124.3b in 2023, up by 61% from the prior year.

COMPOSITION OF REVENUE



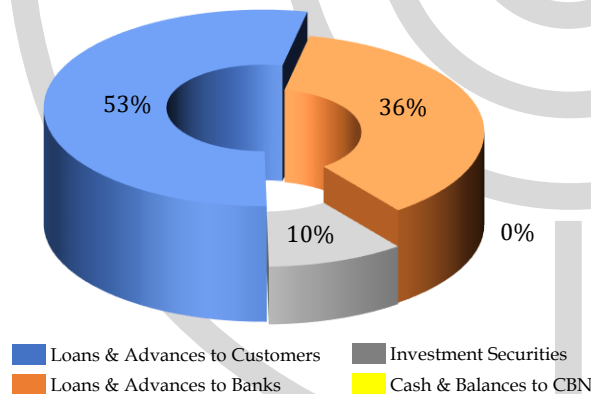
Source CitiBank Audited Accounts

Interest Income strengthened by 135%. It comprised interest on Cash and Bank Balances, Loans and Investment Securities during the year.

Interest Expense, comprising expenses on Deposit and Lease Liability, spiked to ₦28.5b (Yr.23) from ₦8.7b in the year 2022.

Net Interest Income amounted to ₦42.7b (Yr. 23), 97% higher than the prior year.

COMPOSITION OF INTEREST INCOME



Source CitiBank Audited Accounts

However, Net Interest Margin weakened to 60% (Yr. 23) from 71% in 2022, mirroring the impact of higher funding cost.

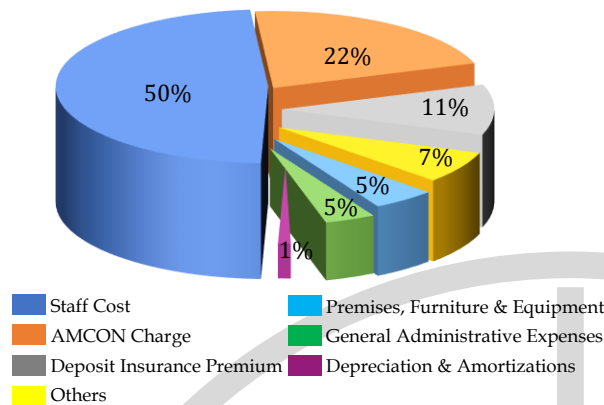
Supporting its Earnings during the period was Non-Interest Income of ₦53.0b. Approximately 26% and 10% of this class of Income originated from Trading in Financial Assets and Fees & Commission, respectively.

Other Income recorded by the Bank included Foreign Currency Trading

Income, Rental Income, Gains on disposal of Properties and Fair Value gains. A total of ₦7.2b (Yr. 23) was earned from these sources as against a loss of ₦7.3b recorded in the year 2022.

During the year, the Bank recorded losses on its net foreign currency short position, resulting from the impact of the devaluation in Naira. These losses amounted to ₦164.4b in the year 2023.

### COMPOSITION OF OPERATING EXPENSES



Source CitiBank Audited Accounts

The Bank's Total Operating Expenses was ₦34.9b (Yr. 23), representing a 37% increase from the prior year. Major cost items comprised Personnel Cost, Depreciation and Amortization, AMCON Charge, Deposit Insurance Premium amongst others.

The rise in Expenditure impacted profitability growth. Pre-Tax Profit recorded 31% increase, moving from ₦44.1b (Yr. 22) to ₦57.7b (Yr. 23). However, Net Profit Margin

declined from 57% (Yr.22) to 46% (Yr.23).

## CORPORATE GOVERNANCE & RISK MANAGEMENT

The Bank continues to conduct its affairs through the use of relevant Committees. These Committees include: Board Governance & Nominations Committee, Credit Committee, Audit Committee and Risk Management Committee

Board of Directors oversees the management of the Bank. As at the review period, the Board comprised an Independent Chairman, four (4) Executive Directors and five (5) Non-Executives which includes an Independent member.

## RISK FACTORS

In the course of our review of the Bank's documents, 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 a *CAR* of 17.94% and Shareholders' Fund of ₦159.5b as at December, 2023.

- FOREIGN CURRENCY RISK**

This is the risk arising from adverse movements in Exchange Rates.

Analysis of the Bank's Loans based on currency identified Dollar denominated Loans accounted for 57% of total exposure. The balance was distributed between Naira (35%), Euro (7%) and GBP (0.3%) denominated Loans. Also, Financial Assets which amounted to ₦2.5t (Yr. 23) and are classified into Naira (63%), Dollar (36%), Euro (1%) and GBP (0.1%)

- **LIQUIDITY RISK**

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

The CBN requires all Deposit Money Banks (DMBs) to maintain minimum Loan-to-Deposit Ratio (LDR) of 50% and Liquidity Ratio of 30%. Based on our review, the Bank maintained a Loan to Deposit Ratio of 23.9% and a Liquidity Ratio of 89.0% as at December 2023.

## CONCLUSION

The Rating of the *Bank* is supported by its Diversified Revenue Base, Experienced Management Team, Very Good Liquidity Position, Strong parental support and Good Asset Quality.


Consequently, we assigned a Rating of A+.

## FINANCES

### Financial Position as at

|                                                       | Dec, 2023            |              | Dec, 2022            |              | Dec, 2021            |
|-------------------------------------------------------|----------------------|--------------|----------------------|--------------|----------------------|
|                                                       | ₦'000                | Δ%           | ₦'000                | Δ%           | ₦'000                |
| <b>ASSETS</b>                                         |                      |              |                      |              |                      |
| Cash and cash balances with banks                     | 838,532,214          | 42.08        | 590,192,929          | 78.40        | 330,820,496          |
| Loans and advances to banks                           | -                    | -            | -                    | (100.00)     | 518,279              |
| Financial assets at fair value through profit or loss | 291,260,665          | (4.62)       | 305,374,609          | 17.61        | 259,643,719          |
| Derivative financial instruments - assets             | 631,858,596          | 1,450.33     | 40,756,417           | 86.55        | 21,847,735           |
| Assets pledged as collateral                          | 52,611,747           | 29.07        | 40,761,747           | (3.55)       | 42,261,747           |
| Loans and advances to Customers                       | 270,223,175          | 32.73        | 203,581,696          | 17.37        | 173,455,023          |
| Fair value through other comprehensive income         | 270,166,354          | 65.20        | 163,537,921          | (20.33)      | 205,271,155          |
| Other assets                                          | 136,085,089          | 295.76       | 34,386,048           | 130.94       | 14,889,830           |
| Investment in associate                               | 246,556              | -            | 246,556              | -            | 246,556              |
| Property and equipment                                | 2,453,473            | 3.32         | 2,374,651            | 10.16        | 2,155,621            |
| Right of use Assets                                   | 52,976               | (38.91)      | 86,719               | 622.84       | 11,997               |
| Investment in subsidiary                              | 1,000                | -            | 1,000                | -            | 1,000                |
| Deferred tax assets                                   | 4,403,186            | 697.70       | 551,982              | 100.00       | -                    |
| <b>Total Assets</b>                                   | <b>2,497,895,031</b> | <b>80.76</b> | <b>1,381,852,273</b> | <b>31.46</b> | <b>1,051,123,158</b> |
| <b>LIABILITIES</b>                                    |                      |              |                      |              |                      |
| Deposits from banks                                   | 23,038,853           | 3,876.51     | 579,374              | 116.61       | 267,471              |
| Deposits from customers                               | 1,129,635,091        | 40.47        | 804,205,457          | 50.56        | 534,150,279          |
| Derivative financial instrument-                      | 442,112,837          | 1,862.92     | 22,523,190           | 192.62       | 7,696,973            |
| Lease liabilities                                     | 71,425               | (9.73)       | 79,128               | 214.91       | 25,127               |
| Current tax liabilities                               | 21,162,285           | 51.77        | 13,943,263           | 388.73       | 2,852,945            |
| Other borrowed funds                                  | 423,366,474          | 69.96        | 249,091,249          | 6.64         | 233,570,954          |
| other liabilities                                     | 297,896,817          | 99.39        | 149,400,834          | 12.08        | 133,299,481          |
| Provisions                                            | 1,105,433            | (12.02)      | 1,256,461            | 50.80        | 833,170              |
| Deferred tax liability                                | -                    | -            | -                    | -            | 324,760              |
| <b>Total Equity</b>                                   | <b>159,505,816</b>   | <b>13.31</b> | <b>140,773,317</b>   | <b>1.93</b>  | <b>138,101,998</b>   |
| <b>Total Equity and Liabilities</b>                   | <b>2,497,895,031</b> | <b>80.76</b> | <b>1,381,852,273</b> | <b>31.46</b> | <b>1,051,123,158</b> |
| <b>STATEMENT OF COMPREHENSIVE INCOME</b>              |                      |              |                      |              |                      |
| Gross Earnings                                        | 124,272,866          |              | 77,083,563           |              | 65,810,469           |
| Profit Before Tax                                     | 57,742,627           |              | 44,100,477           |              | 35,546,319           |

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**Signed:**   
**Name:** Oladele Adeoye  
**Designation:** Chief Rating Officer  
**Date:** 24th December, 2024

For and on behalf of:  
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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 Excellent 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. |