Parthian Partners Funding SPV Plc

Three-Year 13.5% ₦10 billion Senior Unsecured Fixed Rate Short-term Bond Due 2025

Final Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

Parthian Partners Funding SPV Plc

3-Year 13.5% ₦10 billion Senior Unsecured Fixed Rate Short-term Bond Due 2025

Rating:

Bbb-

The Bond is adjudged to offer sufficient safety of timely payment of interest and principal for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for bonds in higher rated categories

Outlook: Stable
Issue Date: 9 September 2022
Expiry Date: 27 July 2023
The rating is valid throughout the life of the instrument but will be subject to annual monitoring and review.

Bond tenor: 3 years
Industry: Securities Firm

Analysts:

Tolulope Obideyi
tolulopeobideyi@agusto.com

Adebiyi Olukoya
biyiolukoya@agusto.com

Agusto & Co. Limited
UBA House (5th Floor)
57, Marina
Lagos

www.agusto.com

RATING RATIONALE

Agusto & Co. hereby assigns a **'Bbb-'** rating to Parthian Partners Funding SPV Plc's 3-Year 13.5% ₦10 billion Senior Unsecured Fixed Rate Short-term Bond Due 2025 ("the Issue" or "the Bond") under the ₦10 Billion Bond Issuance Programme. The Bond is a senior, direct, unconditional, unsecured obligation of the Issuer that rank pari passu without any preference among themselves and all unsecured creditors of the Issuer. The rating assigned to xthe Bond is supported by the use of the net proceeds to trade highly liquid Federal Government of Nigeria (FGN) securities and the obligation of the Bond Trustees (Apel Capital & Trust Limited and CardinalStone Trustees Limited) to monitor and ensure the proceeds are used only for such investments. Any deviation from these terms as stated in the Trust Deed will have a negative rating implication.

The Issue's fixed coupon rate of 13.5% will be payable semi-annually over the 3-year tenor while the principal will be repaid as a lump sum at maturity in 2025. Parthian Partners Limited ("PPL or "the Sponsor") will be responsible for ensuring that the returns on the investments in FGN securities exceed the fixed coupon rate of the Bond. The Sponsor is an inter-dealer broker licensed by the Securities and Exchange Commission (SEC) and registered with FMDQ Securities Exchange Limited. PPL provides wholesale fixed income securities brokerage services to market dealers and investors including pension fund administrators, fund managers, banks and international financial institutions.

The rating is supported by the Sponsor's good capitalisation, good profitability, strong shareholder support and experienced management

TRANSACTION PARTIES

Issuer:
Parthian Partners Funding SPV Plc

Arrangers:
Renaissance Securities Limited
CardinalStone Partners Limited
Constant Capital Markets & Securities Limited
SCM Capital Limited

Trustee:
Apel Capital & Trust Limited
CardinalStone Trustees Limited

Counsel to the Trustee:
Funmi Roberts & Co.

Counsel to the Issue:
Duale, Ovia and Alex Adedipe

Reporting Accountants:
PricewaterhouseCoopers

Auditors:
KPMG Professional Services

Registrars:
CardinalStone Registrars Limited

TRANSACTION STRUCTURE

Bond Repayment Structure:
3-year tenor with semi-annual repayment of coupon. The principal is repaid as a lump sum at maturity

Bond Status:
Direct, unsecured, senior, unconditional obligation of the Issuer that rank pari passu among themselves and equally with other existing obligations of the Issuer. The Issue is backed by an irrevocable and unconditional undertaking of the Sponsor

Use of Bond Proceeds:
The net proceeds will be passed to the Sponsor and used to trade in highly liquid FGN securities.

team. However, the rating is constrained by the limited track record of the subsidiary business and the newly resourced risk management unit. The adverse impact of the COVID-19 pandemic on the fixed income market and the economy was also taken into consideration.

As at 31 December 2020, the Sponsor's total assets stood at ₦3.6 billion. As at the same date, the liquid asset portfolio constituted 31.4% of total assets and comprised cash balances (94%), Eurobonds (3.7%) and FGN Treasury bills (1.9%). The net proceeds of the ₦10 billion bond will be used by PPL to trade in highly liquid FGN securities, which are of 'Aaa' credit quality on our national rating scale. We, thus, anticipate a significant increase in the Sponsor's liquid asset portfolio size and an improvement in the Sponsor's asset quality.

As at 31 December 2020, PPL had a liquidity ratio of 31%, which was below our benchmark of 60% for investment and securities firms. Unaudited accounts as at 31 December 2021 showed that the Sponsor's liquidity ratio remained below our benchmark at 54%. We, however, expect an improvement in PPL's liquidity profile in the near term as the Bond proceeds are invested in highly liquid FGN government securities.

The Sponsor had shareholders' funds of ₦1.4 billion as at 31 December 2020, considerably higher than the regulator's minimum requirement of ₦50 million for inter-dealer brokers. As at the same date, PPL's Basel I adjusted capital to risk-weighted assets ratio was 363%, which was better than our benchmark. Based on unaudited accounts as at 31 December 2021, the Sponsor had shareholders' funds of ₦1.3 billion and a capital adequacy ratio of 198%. In our view, PPL's capitalisation is good for current business risks and we do not anticipate a significant deterioration in the capital adequacy ratio in the near term as the proceeds of the Bond will be invested in highly liquid "Aaa" credit quality securities issued by the FGN.

The Sponsor had a debt-to-equity ratio of 1.53 times as at 31 December 2020, which was better than our benchmark of 5x. When we consider the impact of the proposed Bond on PPL's unaudited financials as at the 2021 FYE, the leverage ratio rises to 7.9x, which is above our benchmark of 5x. However, the Sponsor's shareholders have provided PPL with $11.9 million (₦4.9 billion) in Eurobonds to serve as an additional buffer against the price fluctuation risk of the Issue, which when considered improves the Sponsor's debt to equity ratio considerably to 1.6x. The Sponsor will not be establishing a sinking fund to offset the bullet principal repayment at maturity. This constitutes a rating concern despite the planned investment of the Bond proceeds in highly liquid FGN securities as exposure to portfolio losses remains significant due to sizeable interest rate risk. PPL's shareholders have, thus, provided the Sponsor with $11.9 million (₦4.9 billion[1]) in Eurobonds of sub-Saharan African issuers as security to cover the price fluctuation risk of the Issue. However, we note that the Eurobonds will remain in the custody of PPL and thus the Trustees will not have direct control over the security to be able to independently apply it to any shortfall in meeting the obligations of the Bond.

During the 2020 financial year, the Sponsor recorded net earnings of ₦1.5 billion and a cost to income ratio of 44.9%. PPL posted a pre-tax profit of ₦0.8 billion, which translated to pre-tax return on average assets (ROA) and pre-tax return on average equity (ROE) of 34.1% and 69.1% respectively. The Sponsor's ROE was notably better than the average return on FGN Treasury certificates in the same period. Based on unaudited accounts for the 2021 financial year, PPL recorded ROA and ROE of 23.3% and 42.2% respectively, which remained in line with our expectations. We anticipate a moderate improvement in the Sponsor's profitability metrics in the medium term as the proceeds from the Bond are used to drive earnings growth.

Based on the aforementioned, Agusto & Co. hereby assigns a **stable** outlook to the Bond.

This report should be read in conjunction with Agusto & Co.'s 2021 Parthian Partners Limited's rating

Table 1: Financial Data for PPL

	31 December 2021*	31 December 2020	31 December 2019
Total Assets	₦1.3 billon	₦3.6 billon	₦1.2 billion
Net Earnings	₦1.2 billion	₦1.5 billion	₦0.8 billion
Pre-tax return on average assets	23.3%	34.1%	22.5%
Pre-tax return on average equity	42.4%	69.1%	26.1%

**Unaudited financial statements*

[1] *Exchange rate of ₦416.36/$*

Figure 1: Strengths, Weaknesses, Opportunities and Challenges

Strengths

- Good capitalisation
- Good profitability
- Experienced management staff
- Ownership support

Weaknesses

- Subsidiary and other related business are still at infancy
- New risk management unit yet to build track record

Challenges

- Impact of the frail macroeconomic climate on the Sponsor's performance
- Managing investment risk in the face of the weak macroeconomic climate
- Heightened competition in the matching trading and structured products businesses

SPONSOR'S PROFILE

Parthian Partners Limited ("PPL" or "the Sponsor") was incorporated as a private limited liability company in Nigeria in 2012. PPL subsequently obtained a licence to operate as an inter-dealer broker from the Securities and Exchange Commission (SEC) in 2013. The Sponsor is one of 13 FMDQ Securities Exchange Limited (FMDQ) registered inter-dealer brokers in Nigeria. PPL's outstanding shares are held by nine individuals and one corporate entity.

The Sponsor provides wholesale brokerage services to market dealers and investors, including pension fund administrators, fund managers, banks and international financial institutions. PPL facilitates trading in Federal Government of Nigeria (FGN) Bonds and Treasury Bills, State Government Bonds, Local Contractor Bonds, Corporate Bonds and Eurobonds. The Sponsor has a wholly-owned subsidiary, Parthian Securities Limited, which is licensed as a broker/dealer by SEC and is registered to trade on the floors of the NGX Exchange, NASD OTC and FMDQ Securities Exchange.

PPL has a six-member Board of Directors ("the Board"), which is led by the Chairman, Mr. Adedotun Sulaiman, while Mr Oluseye Olusoga is the Managing Director. The Board comprises one executive and five non-executive directors including two independent members. The Board members collectively account for 59.46% of the Sponsor's equity. PPL's registered office is situated at 22A Udi Street, Osborne Foreshore Estate, Lagos. The Sponsor had an average staff strength of 57 employees during the financial year ended 31 December 2021.

MANAGEMENT TEAM

Mr Oluseye Olusoga is the pioneer Managing Director/CEO of PPL. He has almost two decades of experience in investment banking, currency and commodities trading and credit. Prior to becoming the Managing Director, Mr Olusoga was the Head of the European Credit and Index team at Citigroup in London. He has also worked as a trader in Global Markets at Citigroup in London and in Debt Capital Market at Lehman Brothers London.

Mr Oluseye holds a First Class (Hons) degree in Electronic Engineering from the University of Surrey. He also holds a Master's degree in Management Sciences and Qualitative Methods from the Warwick Business School in the UK. Mr Oluseye is also an alumnus of the Said Business School Oxford and the Lagos Business School. He is a former member of the Capital Market Master Plan Committee.

The Sponsor's senior management team includes:

- Mrs Ola Oladele — Executive Vice President
- Mrs Adekemi Akinyede — Head, Human Resources
- Mr Olayinka Arewa — Chief Financial Officer

THE ISSUE

Structure

Parthian Partners Funding SPV Plc ("the Issuer") has issued a three-year ₦10 billion Senior Unsecured Fixed Rate Short-term Bond ("the Issue" or "Bond") under a ₦10 billion Debt Issuance Programme. The Bond's fixed coupon rate of 13.5% will be payable semi-annually over the life of the Issue, while the principal amount will be redeemed as a lump sum at maturity in 2025.

Table 2: Bond Repayment Schedule @13.5% Coupon Rate

Period	Coupon	Principal	Total Payment	Balance
1	675,000,000	-	675,000,000	10,000,000,000.00
2	675,000,000	-	675,000,000	10,000,000,000.00
3	675,000,000	-	675,000,000	10,000,000,000.00
4	675,000,000	-	675,000,000	10,000,000,000.00
5	675,000,000	-	675,000,000	10,000,000,000.00
6	675,000,000	10,000,000,000	10,675,000,000	-

Source: *Parthian Partners Limited*

The Issue constitutes a senior, direct, unconditional and unsecured obligations of the Issuer and rank pari passu without any preference among themselves with all existing and future unsecured and unsubordinated obligations of the Issuer. The Bond is backed by an irrevocable and unconditional undertaking from PPL to ensure the due and punctual payment of coupon and any other amounts payable by the Issuer in line with the Trust Deed. The Sponsor also undertakes to ensure the due and punctual performance of each of the other provisions of the Trust Deed by the Issuer.

The Bond, which was issued by way of an offer for subscription through a book-building process, is subject to the approval of the relevant regulatory authorities and is listed on FMDQ Securities Exchange Limited.

Purpose

The net proceeds will be passed to the Sponsor and applied by PPL to trade in highly liquid FGN securities.

Negative Pledge

For as long as any of the Bond is outstanding, the Issuer shall not create any charge, mortgage, lien, pledge, or other security interest upon any of its assets or any other party or any other indebtedness guaranteed by it without the prior written consent of the Trustees. Where the Bond Trustees so consent, the Issuer shall at the same time as the creation of such indebtedness, grant to the Joint Trustees (for the benefit of the Bondholders) the same equivalent security as granted in relation to the indebtedness.

Events of Default

The Joint Trustees at their discretion may by the directive of a Special Resolution or by holders of not less than 25% of the aggregate principal amount give notice to the Issuer at its specified office that the Issue's principal amount outstanding, together with interest accrued but unpaid, shall immediately become due and payable upon the occurrence of any of the following events of default:

- Application of the net bond proceeds for purposes other than trading in FGN securities
- Non-payment of coupon
- Non-payment of principal
- Breach of other obligation
- Release of Sponsor
- Cross default
- Enforcement proceedings
- Security enforced
- Insolvency
- Winding-up
- Nationalisation
- Analogous events

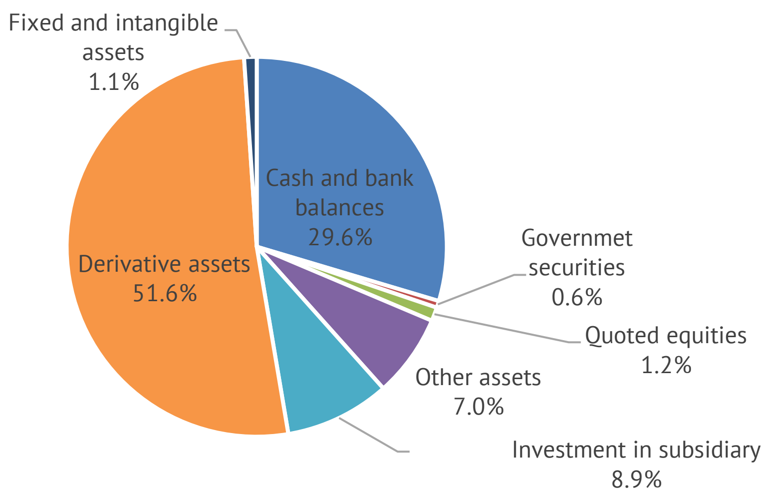
ANALYSTS' COMMENTS

SPONSOR'S FINANCIAL CONDITION

Rapid asset base growth expected in the near term

As at 31 December 2020, PPL had total assets of ₦3.6 billion, which represented a 191% increase from the ₦1.2 billion recorded at the end of the prior year. The growth was primarily driven by currency swap market opportunities, which generated liabilities of ₦1.8 billion and matching assets that represented 51.6% of total assets as at the same date. Based on unaudited accounts as at 31 December 2021, the Sponsor's total assets stood at ₦1.3 billion, down 63% from the end of 2020 following the maturity of the swap and cooling of cross-currency derivative opportunities. We, however, expect total assets to grow considerably in the near term as PPL executes plans to issue the ₦10 billion bond in the Nigerian debt capital market.

Figure 2: Breakdown of PPL's total assets



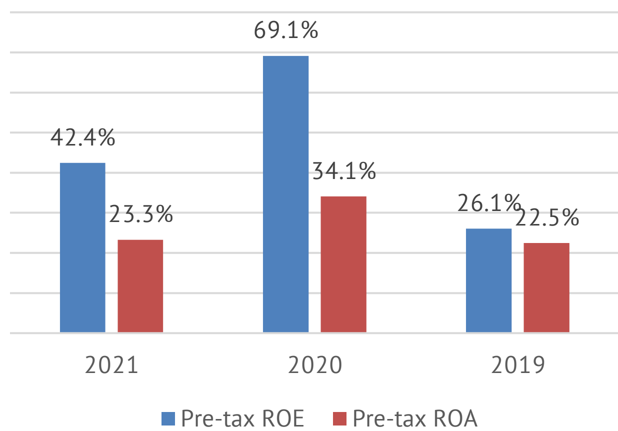
Asset quality to improve in the near to medium term

The Sponsor's liquid asset portfolio stood at ₦1.1 billion (or 31.4% of total assets) as at 31 December 2020. The portfolio mainly comprised cash balances, which accounted for 94% of the total, while Eurobonds and treasury bills investments made up the remaining 3.7% and 1.9% respectively. Based on unaudited accounts as at 31 December 2021, the liquid asset portfolio dipped to ₦561 million, with Eurobonds constituting the largest share at 56.9%, while FGN securities and cash balances accounted for the remaining 22.4% and 20.7% respectively. The Sponsor plans to use the net proceeds of the ₦10 billion bond to trade in highly liquid FGN securities. We, thus, expect the volume of FGN securities in the liquid asset portfolio to increase considerably in the near to medium term. This would lead to an improvement in the Sponsor's asset quality as we consider FGN securities to be of 'Aaa' credit quality on our national rating scale. Long-term investment in subsidiary of ₦320 million and other assets accounted for the remaining 8.9% and 8.1% respectively of PPL's total assets as at the 2020 FYE.

Net earnings and profitability set to rise in the near to medium term

The Sponsor primarily generates income from providing matched trading and structured finance services. In the 2020 financial year, PPL recorded net earnings of ₦1.5 billion, which reflected a 95% growth from ₦761 million in the prior year. The rise in net earnings was largely due to higher demand for trading in Eurobonds and domestic issuances in 2020. Based on unaudited accounts as at 31 December 2021, the Sponsor generated net earnings of ₦1.2 billion, which represented an 18.2% decline due to a dip in the trading volumes of debt securities in Nigeria. In the near term, we expect an improvement in PPL's net earnings as economic activities recover and market trading volumes increase. The Sponsor has also invested significantly in boosting portfolio management, research and risk management capacity to add a major new income stream from trading highly liquid FGN securities with the proceeds of the Issue. PPL plans to leverage this capacity to discount and trade FGN securities at yields that would provide adequate cover for the Bond's coupon.

Figure 3: Profitability Indicators (2019 - 2021)



In the 2020 financial year, PPL's cost to income ratio (CIR) improved to 44.9% from 68.2% in the prior year, largely due to the sharp increase in net earnings. In the same period, the Sponsor posted a pre-tax profit of ₦0.8 billion, which translated to pre-tax return on average assets (ROA) and pre-tax return on average equity (ROE) of 34.1% and 69.1% respectively. PPL's ROE was notably better than the average return on one-year FGN Treasury certificates in 2020. Based on unaudited accounts for the 2021 financial year, the Sponsor's CIR deteriorated to 53.2% due to the decline in net earnings. However, pre-tax ROA and pre-tax ROE were 23.3% and 42.2% respectively, which remain in line with our expectations. We anticipate a moderate improvement in the Sponsor's profitability metrics in the medium term as the proceeds from the Bond are used to drive growth in PPL's earnings.

Funding & liquidity profile is expected to improve

The Sponsor primarily funds growth in business volumes with liabilities. PPL was 60% funded by liabilities and 40% funded by equity as at 31 December 2020. The Sponsor's liabilities predominantly comprised derivative financial liabilities of ₦1.9 billion, which funded 57% of total assets. However, based on unaudited accounts as at 31 December 2021, PPL was funded 97% by equity and 3% by liabilities following the maturity of the derivative financial liabilities subsequent to the 2020 financial year. Notwithstanding, we expect liabilities to return to being the dominant funding source if the issuance of the Bond is successful.

PPL's liquidity ratio as at 31 December 2020 was 31%, lower than our benchmark of 60% for investment and securities firms. However, when we strip out the cross-currency swaps, the Sponsor's liquidity ratio improved to 65%. Unaudited accounts as at 31 December 2021 showed that PPL's liquidity ratio remained below our benchmark at 54%. We expect an improvement in the Sponsor's liquidity profile in the near to medium term as the Bond proceeds are invested in highly liquid FGN government securities.

Capitalisation to remain good while leverage is expected to increase

PPL had shareholders' funds of ₦1.4 billion as at 31 December 2020, up 48% from ₦0.9 billion in the prior year due to accretion to retained earnings. As at the 2020 FYE, the Sponsor's capitalisation exceeded the SEC's minimum requirement of ₦50 million for inter-dealer brokers. As at the same date, core capital funded a 40% share of the total assets, which was in line with our expectation. Our estimate of PPL's Basel I adjusted capital to risk-weighted assets ratio as at the 2020 FYE was 363%, which was better than our benchmark. Based on unaudited accounts as at 31 December 2021, the Sponsor's shareholders' fund stood at ₦1.3 billion, down 10% from the prior year due to dividend payment to shareholders. PPL's share of total assets funded by equity rose to 97% following the maturity of the derivative financial liabilities, which funded the bulk of total assets in the prior year. Notwithstanding, our estimate of the Sponsor's Basel I adjusted capital to risk-weighted assets ratio remained above our expectations at 198%. In our view, PPL's capitalisation is good for current business risks and we do not anticipate a significant deterioration in the Sponsor's capital to risk-weighted assets ratio in the near term as the proceeds of the Bond will be invested in highly liquid "Aaa" credit quality securities issued by the FGN.

As at 31 December 2020, the Sponsor had a debt to equity ratio of 1.53 times, which was better than our benchmark of 5 times. From March to April of 2021, PPL issued ₦20 billion in commercial papers which were invested in municipal promissory notes with matching or slightly shorter tenors. Unaudited accounts as at 31 December 2021 showed that the debt to equity ratio improved markedly to 0.1 times as the commercial papers and derivative financial liabilities matured prior to the 2021 financial year-end. We expect the Sponsor's debt to equity ratio to exceed our benchmark of 5 times following the issuance of the Bond. Furthermore, PPL has disclosed that no sinking fund will be established to offset the bullet principal repayment at maturity. This is a rating concern as, despite trading in highly liquid FGN securities which are of 'Aaa' credit quality on our national rating scale, exposure to portfolio losses remains material due to the sizeable interest rate risk. PPL's shareholders have, thus, provided the Sponsor with $11.9 million (₦4.9 billion[2]) in Eurobonds of sub-Saharan African issuers as security to cover the price fluctuation risk of the Issue. However, we note that the Eurobonds will remain in the custody of PPL and thus the Trustees will not have direct control over the security to be able to independently apply it to any shortfall in meeting the obligations of the Bond.

[2] *Exchange rate of ₦416.36/$*

OUTLOOK

Following the exit from the last recession, Nigeria's economic performance has maintained an upward trajectory, albeit slow, given the 3.4% growth recorded in 2021. We expect the improved economic performance to be sustained in the near term as the average price of crude oil – Nigeria's key export product – rose to $89.71 (2021: $56.4) per barrel in the first two months of 2022, due to the growing supply concerns in the wider energy market. We expect this to translate into a moderate improvement in government revenue, with the impact trickling down to the broader economy. The general level of economic activities has also increased as most sectors adjust to new realities. We, therefore, expect the trading volume in the fixed-income market to increase moderately in the near term as investors such as pension fund administrators, insurance companies and fund managers witness larger inflows of funds for investment. We, however, expect competition in the inter-dealer broker and structured finance space to intensify in the near term as commercial banks begin to take notice and invest resources to provide similar products and services.

We expect the Sponsor's debt to equity ratio to exceed our maximum benchmark of 5 times in the near term on account of the proposed ₦10 billion bond issuance. However, we expect PPL's capitalisation to remain good for risks undertaken. We also expect the proceeds from the proposed bond issuance to drive an improvement in the Sponsor's asset quality, funding, liquidity, net earnings and profitability in the near to medium term as the Bond proceeds are deployed for trading in highly liquid FGN securities.

Based on the aforementioned, we attach a **stable** outlook to Parthian Partners Funding SPV Plc's ₦10 Billion Three year 13.5% ₦10 billion Senior Unsecured Fixed Rate Short-term Bond Due 2025.

Financial Summary

PARTHIAN PARTNERS LIMITED	31-Dec-21*		31-Dec-20		31-Dec-19	
BALANCE SHEET AS AT	₦'000		₦'000		₦'000	
ASSETS						
Cash & bank balances	146,493	1.1%	1,060,098	29.6%	334,808	27.2%
Short term investments	561,696	42.6%	62,771	1.8%	464,820	37.8%
Total other assets	181873	13.8%	251,729	7.0%	84,813	6.9%
Total other long-term investments	320,000	24.3%	2,167,074	60.5%	320,000	26.0%
Total fixed assets & intangibles	107,666	8.2%	38,212	1.1%	26,055	2.1%
TOTAL ASSETS	**1,317,728**	**100%**	**3,579,884**	**100%**	**1,230,496**	**100%**
LIABILITIES & EQUITY	=N='000		=N='000		=N='000	
Total interest-bearing liabilities	-	-	-	-	-	-
Total other liabilities	45,330	3.4%	2,165,350	60.5%	274,398	22.3%
Funds under management (FUM)	-	-	-	-	-	-
Total liabilities	45,330	3.4%	2,165,350	60.5%	274,398	22.3%
Share Capital	178,077	13.5%	178,077	5.0%	176,577	14.4%
Share Premium	572,688	43.5%	572,688	16.0%	564,063	45.8%
Revenue Reserve	521,645	39.6%	663,769	18.5%	215,458	17.5%
Shareholders' equity	1,272,410	96.6%	1,414,534	39.5%	956,098	77.7%
TOTAL LIABILITIES & EQUITY	**1,317,740**	**100%**	**3,579,884**	**100%**	**1,230,496**	**100%**

Unaudited financial statements

INCOME STATEMENT FOR THE YEAR ENDED	31-Dec-21*		31-Dec-20		31-Dec-19	
	₦'000		**₦'000**		**₦'000**	
Portfolio Management	**-**	**-**	-	-	-	-
Securities Trading & Dealing	144,985	11.9%	140,795	9.5%	232,042	30.5%
Financial Advisory	-	-	-	-	-	-
Fees & Commissions	882,778	72.5%	1,247,170	83.8%	517,800	68.0%
Other income	190,227	15.6%	100,225	6.7%	11,449	1.5%
NET EARNINGS	1,217,990	100.0%	1,488,190	100.0%	761,291	100%
Staff costs	(360,668)	-29.6%	(432,581)	-29.1%	(303,253)	-40%
Depreciation expense	(32,078)	-2.6%	(13,394)	-0.9%	(13,810)	-2%
Other operating expenses	(255,059)	-20.9%	(222,621)	-15.0%	(202,467)	-27%
TOTAL OPERATING EXPENSES	(647,805)	-53.2%	(668,596)	-44.9%	(519,530)	-68%
PROFIT (LOSS) BEFORE TAXATION	570,185	46.8%	819,594	55.1%	241,761	32%
Tax (expense)/benefit	-	-	(15,128)	-1.0%	(8,275)	-1%
PROFIT (LOSS) AFTER TAXATION	570,185	46.8%	804,466	54.1%	233,486	31%
GROSS EARNINGS	**1,217,990**	**100.0%**	**1,488,190**	**100.0%**	**761,291**	**100.0%**

Unaudited financial statements

KEY RATIOS	31-Dec-21	31-Dec-20	31-Dec-19
PROFITABILITY			
Revenue Growth	-18.2%	95.5%	105.5%
Operating profit margin	46.8%	55.1%	31.8%
Operating expenses/ net earnings	53.2%	44.9%	68.2%
Return on average equity (pre-tax)	42.4%	69.1%	26.1%
Return on average assets (pre-tax)	23.3%	34.1%	22.5%
Gross earnings/Total assets & contingents (average)	49.7%	61.9%	70.8%
LIQUIDITY & FUNDING			
Liquid assets/total assets	54%	31%	65%
Liquid assets/short term IBD	N/A	N/A	N/A
Liquid assets/ Managed funds	N/A	N/A	N/A
Adjusted capital & long term debt/illiquid assets	313%	65%	277%
CAPITAL & LEVERAGE			
Adjusted capital/risk weighted assets	198%	363%	261%
Gross debt/equity (times)	-	1.5	0.3
Gross debt/Adjusted equity (times)	-	2.0	0.4
IBD (net of cash) as % of equity without revaluation	-24%	-76%	-56%
IBD (net of cash) as % of adjusted capital	-16%	-98%	-53%
Interest cover	N/A	N/A	N/A
STAFF INFORMATION			
Average number of employees	57	26	24
Staff cost per employee (₦'000)	6,328	16,638	12,636
Net earnings per staff (₦'000)	21,368	57,238	31,720
Staff cost/Net earnings	30%	29%	40%
Staff costs/Operating expenses	56%	65%	58%
OTHER KEY INFORMATION			
Year operations started	2013	2013	2013
Age (in years)	9	8	7
Number of offices	1	1	1

RATING DEFINITIONS

Aaa	This is the highest rating category. The Bond is adjudged to offer highest safety of timely payment of interest and principal.
Aa	The Bond is adjudged to offer high safety of timely payment of interest and principal.
A	The Bond is adjudged to offer adequate safety of timely payment of interest and principal; however, changes in circumstances can adversely affect such issues more than those in the higher rated categories.
Bbb	The Bond is adjudged to offer sufficient safety of timely payment of interest and principal for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for bonds in higher rated categories.
Bb	The Bonds is adjudged to carry inadequate safety of timely payment of interest and principal; while they are less susceptible to default than other speculative grade bonds in the immediate future, the uncertainties that the issuer faces could lead to inadequate capacity to make timely interest and principal payments.
B	The Bond is adjudged to have greater susceptibility to default; while currently interest and principal payments are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
C	The Bond is adjudged to have factors present that make them vulnerable to default; timely payment of interest and principal is possible only if favourable circumstances continue.
D	The Bond is in default and in arrears of interest or principal payments or are expected to default on maturity.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

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UBA House (5th Floor)
57 Marina Lagos
Nigeria.
P.O Box 56136 Ikoyi
+234 (1) 2707222-4
+234 (1) 2713808
Fax: 234 (1) 2643576
Email: info@agusto.com