



DataPro

**COMMERCIAL
PAPER RATING**

CC RECEIVABLES SPV LIMITED

Ground Floor, Foresight House
163-165 Broad Street,
By Marina Water Front
Lagos, Nigeria.
☎ 234- 802 220 5312, 805 530 3677
Email: info@datapronigeria.net
dataprong@gmail.com
Website: www.datapronigeria.com

October, 2023

CC RECEIVABLES SPV LIMITED

GUARANTEED COMMERCIAL PAPER RATING

DataPro Rating:

A1^(CP)

Security Type: ₦50billion
Guaranteed
Commercial
Paper

Tenor: 270 days

Rating Watch: Applicable

Date Issued: 24 Oct., 2023

Valid Till: Maturity

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

₦50billion Guaranteed Commercial Paper Discreet Issuance

EXECUTIVE SUMMARY

ITEMS	₦
Issue Size (₦)	50,000,000,000
Guarantee @ 100% of the Issue	50,000,000,000
Total Enhancement	50,000,000,000
Guaranteed CP Obligations	50,000,000,000
Debt Coverage Ratio	1.0x

Rating Explanation

The Rating of A1^(CP) is assigned to instruments with VERY GOOD ability to meet their ongoing obligation.

ISSUE QUALITY

The Issue has the following qualities:

- The ability of the Originator to generate Revenue in the last five (5) years.
- The Investment Grade Rating of the Originator
- Full Guarantee provided by the Guarantor by way of continuing Guarantee.
- The Investment Grade Rating of the Guarantor.
- The Noteholders have a direct senior obligation owed to them by the Issuer.
- The Issue rank parri-passu with other senior unsecured obligations of the Issuer.

NB: Rating is issued subject to the regularization of transaction document

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.

THE ISSUE

The Issue is a ~~N~~50billion Guaranteed Commercial Paper (CP) Discreet Issuance of **CC Receivables SPV Limited** (“the Issuer”). The Issue is designed to provide the Issuer with short term local currency funding with a tenor of 270 days.

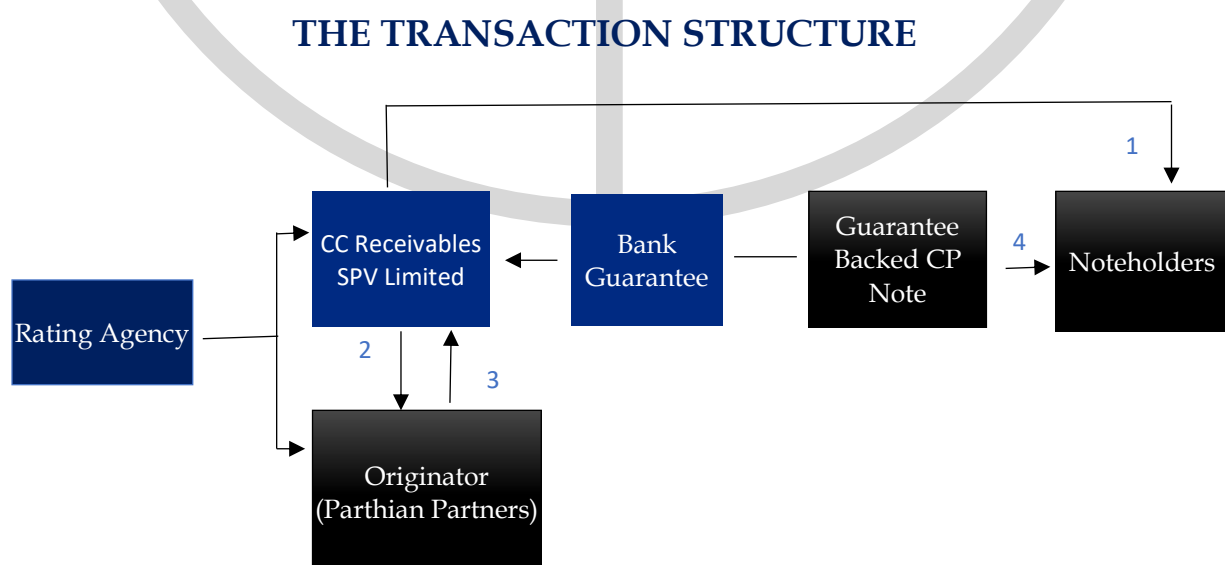
Each Note shall constitute a senior secured obligation of *the Issuer* except for certain debts mandatorily preferred by law. The Notes also rank pari-passu among themselves and with other present and future senior secured obligations of the Issuer.

Pursuant to the Notes Subscription Agreement, entered into between the Originator and the Issuer, the Issuer shall utilize the net proceeds of the CP Notes to purchase Parthian Partners Notes, in line with the relevant agreements and Transaction Document.

Aside the Issuer, other professional parties to the Issue are: **Constant Capital Markets & Securities Limited** (Lead Arranger/Placing Agents), **AVA Capital Partners Limited** (Joint Arranger/Placing Agents), **G. Elias** (Transaction Counsel), **United Bank for Africa** (Collecting and Paying Agent), **BDO Professional Services** (Auditors), **BBC Professional** (Reporting Accountants) and **Sterling Bank Limited** (Guarantor).

TRANSACTION STRUCTURE

The following diagram sets out the transaction structure relating to the issuance of the Guaranteed CP Notes and purchase of Parthian Partners Notes Issued by the Originator.



Source: CC Receivables SPV Limited

1. CC Receivables Issues a Guaranteed CP Notes to Qualified Institutional Investors and Eligible Investors at a discount
2. CC Receivables purchases the Parthian Partners Notes using the proceeds of the Guaranteed CP Notes.
3. Payment obligations on the Parthian Partner Notes are paid to CC Receivables at Maturity.
4. The CP Notes is redeemed at par at maturity

The Issue shall be governed by the following Agreements:

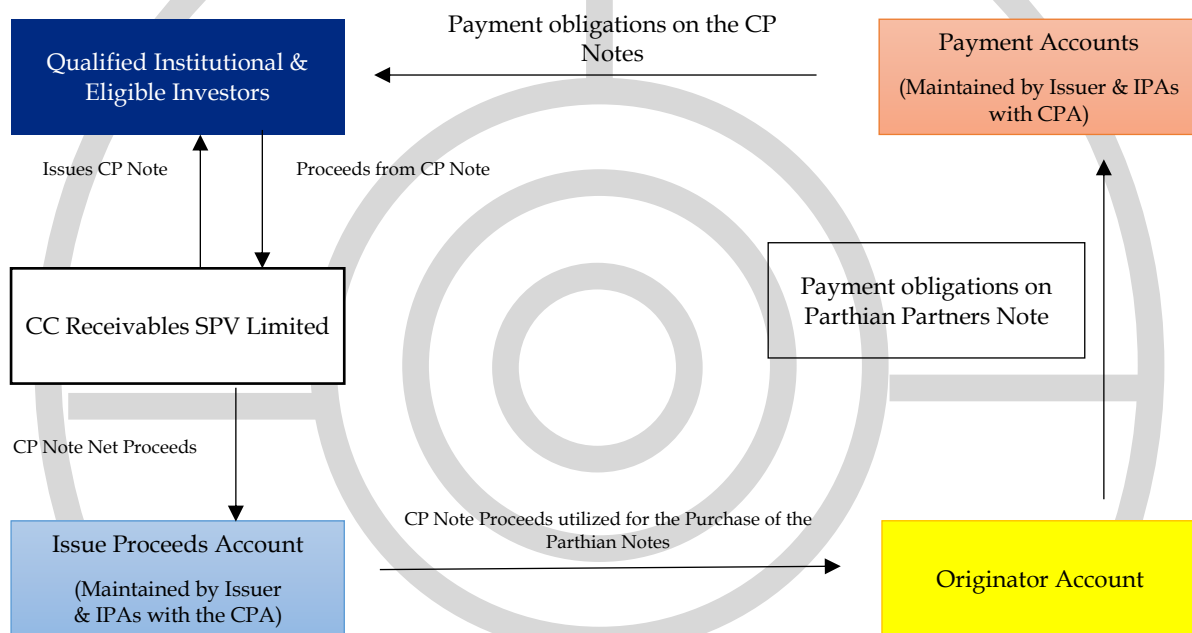
- **Issuing & Placing Agency Agreement:** This is an agreement between the Issuer and the Issuing and Placing Agent (IPA). The Issuer shall appoint the IPAs to provide certain services relating to sponsoring the registration and quotations of the commercial paper discreet issue, the issue of the commercial papers on the FMDQ platform as well as the placement of the Commercial Papers with investors at the primary issuance.
- **Collecting & Paying Agent Agreement:** This is an agreement between the Issuer and the Collecting and Paying Agent (CPA). The Issuer shall appoint the CPA to collect fund from the Noteholders, calculate redemption monies due in respect of the Notes, and apply funds received from the Issuer in respect of the Notes in accordance with the Priority of Payments.
- **Notes Subscription Agreement:** This is an agreement entered into by the Issuer and the Originator. It is an agreement that sets out the terms upon which the Issuer will utilize the Net Proceeds of the Discreet Issuance to finance the purchase of Parthian Partners Notes.
- **Deed of Covenant:** This is an agreement between the Issuer in favour of the Noteholders. This is an agreement constituting the notes and undertaking the due discharge of all the obligations of the issuer under the Information Memorandum and Transaction Documents. The Deed of Covenant shall be held by the Issuing and Placing Agents until the date on which all the obligations of the Issuer in respect of the Notes have been discharged in Full.
- **Dealer and Arranger Agreement:** This is an agreement between the Issuer and Constant Capital Markets & Securities Limited and AVA Capital Partners Limited (Dealers and Arrangers). For the purpose of the CP Issuance, the Issuer has appointed the Dealers and Arrangers to the Offer (as defined below); and each of the Dealer and Arranger has accepted its appointment as a dealer and arranger and agreed to manage, effect and co-ordinate the Offer in accordance with the terms of the Transaction Documents.
- **Deed of Guarantee:** This is an agreement made by the Guarantor (*Sterling Bank Limited*) on behalf of the Issuer, in favor of and benefit of the registered Noteholders. The Guarantor has agreed to provide an irrevocable and

Unconditional guarantee on behalf of the Issuer to guarantee the timely performance of the obligations of the Issuer under the terms and conditions of the Deed of Covenant.

REPAYMENT STRUCTURE

The principal payable on the CP Notes to the Noteholders will be paid from the payments received by the Issuer from its Investments in Parthian Partners Notes.

CASHFLOW DYNAMICS & TRANSACTION ACCOUNTS



Source: CC Receivables SPV Limited

The summary of the Transaction Accounts and how payments are transmitted through the Transaction Accounts is as follows:

1. Payments into the Issue Proceeds Account: Qualified and Eligible Investors, shall pay the *CP Notes* amount into the Issue Proceeds Account. The Issue Proceed Account shall be an interest-bearing account established in the name of the Issuer and the IPAs. The Issuer shall have full real time viewing rights over the Issue Proceed Account and no withdrawal shall be made from the Issue Proceed Account without the prior written consents of the Issuer.

The signatory to the Issue proceeds Account shall be the Directors of the Issuer and the IPAs.

2. Payments into the Originator Account: Upon receipt of the total CP Notes net proceeds into the Issue Proceeds Account, the net proceeds will be paid into the Originator's Account following the issuance of the Parthian Partners Note pursuant to the Note Subscription Agreement.

3. Payment into the Payment Account: No later than 10 (ten) Business Days prior to the relevant Payment/Maturity Date of the CP Notes, the Issuer shall pay into the Payment Account, the amount due and payable to the Noteholders following the redemption of the Parthian Partners Notes by the Originator.

The signatory of the Payment Account shall be the Directors of the Issuer & IPAs.

4. Payments from the Payment Account: Funds transferred into the Payment Account shall be distributed on the Relevant Payment Date in accordance with the Priority of Payment under the Collecting and Paying Agency Agreement.

THE GUARANTEE

The Issue is backed by a Deed of Bank Guarantee executed between the Guarantor and Issuer. The Guarantor is ***Sterling Bank Limited***. The Guarantor shall irrevocably, fully and unconditionally guarantees to the Issuer for the benefits of the Noteholders the payment of obligation under the Issue by way of continuing Guarantee.

The Guarantor (“The Bank”) formally known as ***NAL Bank Plc***, was the pioneer merchant bank in Nigeria. It was established on the 25th of November in 1960 as a Private Limited Liability Company. In April 1992, it transformed into a Public Limited Liability Company.

The Bank currently operates under the National Commercial Banking license obtained in the year 2011. It is primarily engaged in commercial banking with emphasis on retail and consumer banking, trade services, corporate and investment activities. It also provides wholesale banking services including the granting of loans and advances, letters of credit transactions, money market operations, electronic and mobile banking products and other banking activities. The Summary of its activities is as follows:

Item Year	Gross Earnings ₦'M	PBT ₦'M	Equity ₦'M	Deposit Liabs ₦'M	Loan & Advances ₦'M	Total Assets ₦'M
2022	172,832	20,769	153,552	1,327,805	737,735	1,840,622
2021	147,759	15,931	136,084	1,208,753	711,900	1,606,898
2020	133,413	12,240	135,390	972,124	596,827	1,281,830
2019	147,439	10,233	119,328	892,660	618,732	1,165,509
2018	147,791	9,739	98,009	760,608	621,017	1,085,876

Source: Sterling Bank Audited Accounts

The Bank currently has an Investment Grade Rating of ***BBB+*** from ***DataPro Limited*** and a short term Rating of ***A2***.

THE ISSUER

CC Receivables SPV Limited ("The Issuer") was incorporated as a Private Company limited by Shares on January 27, 2022. It is an orphan Special Purpose Vehicle (SPV) with no sponsor, subsidiaries nor affiliates.

The Issuer has an authorized share capital of ₦20,000,000 issued at par and are held by the Share Trustees at incorporation. The registered address of *CC Receivables SPV Limited* is at Ikoyi, Lagos, Nigeria.

The principal activities of the Issuer for this Discreet Issuance are to issue securities and to raise or borrow money for such purposes subject to and in accordance with the terms of the Transaction Documents.

The Directors Profile is as follows:

1. **Name:** Mr. Michael Abiodun Thomas
Profession: Business Developer & Law Practitioner
Education/Professional Qualification:
 - Lagos State University
 - Queen Mary University (London) U.K
 - International Business Law from the University of Cumbria, U.K
 - Certified Wealth Management Professional
 - Member, International Academy of Business and Financial Management (IABFM)**Job Experiences:**
 - Messrs. Rickey Tarfa & Co.
 - STL Trustees Limited (formerly Skye Trustees Limited)
 - Association of Corporate Trustees (ACT)
 - The Association of Corporate and Individual Investment Advisers of Nigeria (CIIA)
 - ARM Trustees Limited
2. **Name:** Mr. Gozie Lucky Alozieuwa
Profession: Compliance Officer & Financial Expert
Education/Professional Qualification:
 - Fellow, Chartered Institute of Bankers of Nigeria (CIBN)
 - Fellow, Association of Chartered Certified Accountants (ACCA)
 - Fellow, the Institute of Chartered Accountants of Nigeria
 - Associate, Chartered Institute Stockbrokers (CIS)**Job Experiences:**
 - FBN Quest Merchant Bank Limited
 - Kakawa Discount House Limited
 - ARM Trustees Limited

THE ORIGINATOR & SERVICER

Parthian Partners Limited ("The Originator" or "The Company") was incorporated as a private limited liability company in Nigeria in 2012. Parthian Partners subsequently obtained a license from the *SEC* in 2013 to operate as an inter-dealer broker to facilitate trades in the wholesale *OTC* market.

The Company facilitates trades between wholesale market participants, seeks to increase liquidity in the *OTC* markets, provides counterparty management, matches local and foreign trade interests, and provides price discovery. PPL facilitates trades in FGN Bonds and Treasury Bills, State Government Bonds, Local Contractor Bonds and Corporate Bonds, Eurobonds and Repurchase agreements and Transaction Funding.

Parthian Partners Limited's has 2 business operations, including, Parthian Securities Limited (an operating subsidiary company) and *Parthian Partners Funding SPV PLC* (a Special Purpose Vehicle and funding subsidiary company).

The Authorized and Issued Share Capital of the Company as at March 1, 2023 is ₦178,007,431 made up of 178,007,431 units of ordinary shares of ₦1 each

The following served on the board during the year under review; *Mr. Adedotun Sulaiman – Chairman; Mr. Oluseye Olusoga– Managing Director/CEO; Mr. Adebayo K. Adeola; Mr. Bismarck J. Rewane; Mr. Abraham Nwankwo and Mr. Rilwan Belo-Osagie*

The profiles of the Company's directors are as stated:

1. **Name:** Mr. Adedotun Sulaiman
Position: Chairman
Profession: Management and Strategy Consultant
Years of Experience: 44 Years
Education:
 - B. Sc. – University of Lagos
 - M. Sc – Harvard Business School**Experience:**
 - Accenture Nigeria
 - Barclays Nigeria Limited
 - UTC Nigeria PLC
 - Secure ID Limited
 - Interswitch Limited
 - Chairman, Financial Reporting council of Nigeria
2. **Name:** Mr. Oluseye Olusoga
Position: Managing Director/CEO
Profession: Management, Banking and Commerce
Years of Experience: 16 Years

Education:

- B. Eng – University of Surrey
- Said Business School, Oxford
- Warwick Business School, UK

Experience

- Parthian Partners Limited
- Lehman Brothers, London
- Citibank
- Capital Market Master Plan Committee

3. **Name:** Mr. Adebayo K. Adeola
Position: Non-Executive Director
Profession: Engineering Consultancy
Years of Experience: 36 Years
Education:

- Project Management Institute (PMI)
- Institute of Civil Engineers

Experience

- Comprehensive Project Management Services (CPMS)
- UTC Nigeria PLC
- Guaranty Trust Bank Holding Company

4. **Name:** Mr. Bismarck J. Rewane
Position: Non-Executive Director
Profession: Management and Strategy Consultant
Years of Experience: 35 Years
Education:

- B. Sc. – University of Lagos
- M. Sc – Harvard Business School

Experience

- Financial Derivative Company
- International Merchant Bank
- Barclays Bank of Nigeria Limited
- Barclays Bank International PLC
- First National Bank of Chicago
- Guinness Nigeria PLC
- UBA Custodian Limited

5. **Name:** Dr. Abraham Nwankwo
Position: Non-Executive Director
Profession: Journalism, Banking and Public Debt Management
Years of Experience: Over 20 Years
Education:

- B. Sc. – University of Nigeria, Nsukka
- M. Sc– University of Nigeria, Nsukka
- Ph.D – University of Nigeria, Nsukka

Experience

- Debt Management Office

6. **Name:** Mr. Rilwan Belo-Osagie
Position: Non-Executive Director
Years of Experience: 30 Years
Profession: Banking and Management

- Education:**
- B. Eng. – Imperial College of Science and Technology
 - M. Sc – Strathclyde University, Glasgow
 - MBA – London Business School
- Experience**
- FSDH Merchant Bank
 - Chartered Bank Nigeria Limited
 - African International Bank Limited

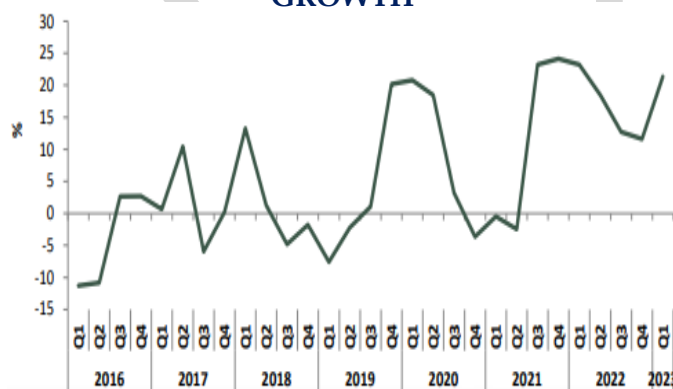
SECTOR REVIEW

Nigeria is the leading economy in Africa. It has a population of over 200 million people. The Country's Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in real terms in the second quarter of 2023. This growth rate declined from 3.54% recorded in the second quarter of 2022. The reduction in growth is attributed to challenging economic conditions being experienced.

The performance of the GDP in the second quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 4.42% and contributed 58.42% to the aggregate GDP.

In real terms, the Financial Sector grew by 30.41%. This is 1.90% points lower than the rate recorded in Q2 2022 and higher by 5.63% points from the rate recorded in the preceding quarter. Quarter-on-quarter growth in real terms stood at -0.83%. The contribution of Finance and Insurance to real GDP totaled 4.01% in Q2 2023, higher than the contribution of 3.63% recorded in the 2022, and lower than 4.11% recorded in the preceding quarter.

REAL FINANCIAL SECTOR YEAR-ON-YEAR GROWTH



Source: National Bureau of Statistic

The Oil benchmark for the year 2023 budget is \$70 per barrel and 1.69 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$89.84 as at October 24th, 2023 according to oilprice.com). However, Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

The Monetary Policy Committee (MPC) of the CBN at its fourth meeting for the year raised the Monetary Policy Rate (MPR) further by 25bps from 18.50% to 18.75% in July, 2023. This was done to manage inflation which remains on a steady increase. Headline Inflation rose to 26.72% in September, from 25.8% recorded in the previous month. 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.

In order to achieve a Unified Foreign Exchange regime, the CBN has collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the Naira against the US dollars. Consequently, the value of the Naira to the Dollar at the official market closed at ₦795/\$1 as at October 23rd, 2023 while the parallel market value stood at an average of ₦1,500/\$1.

Nigeria is the largest investment management zone in Sub-Saharan Africa, after South Africa and Morocco with an estimated value of ₦2.6 trillion (\$6.4 billion) in managed Assets at the end of 2021. The Nigerian Fund Management sector grew at a compound annual rate of 20% between 2017 and 2021. However, the sector assets contracted in 2022 as a result of the low yield environment, heightened inflationary pressures, deteriorating socioeconomic fundamentals, and the average Nigerian's diminished propensity to save and invest.

The product offerings in the sector could be classified into three key segments – Collective Investment Schemes (CISs), Segregated Portfolios and Alternatives. CISs continue to account for a significant portion of the sector managed assets. As at 31 December 2022, the Net Assets Value (NAV) of CISs stood at ₦1.4 trillion. This is 8% growth above the year 2021 value of ₦1.3trillion. There were 133 registered CISs in Nigeria as at December 2022.

It is expected that there will be continuous growth in the earning capacity of industry operators, especially with the continuous inflow of funds from institutional investors such as Pension Fund Administrators which have a large pool of funds with limited outlets.

LEGAL OPINION

The following were observed from the document reviewed.

- **CC Receivables SPV Limited** is a legal entity and is capable of participating in a transaction of this nature.
- Each of the obligations under the **CP Issuance** when issued in definitive form will constitute legally valid, binding and enforceable obligations of the **Issuer** under Nigerian Law.
- The transaction documents with all their respective schedules and appendices are legal, valid, binding and enforceable under Nigerian Law in accordance with their terms.
- Each of the transaction documents is in proper legal form.

THE ISSUE QUALITY

The Issue has the following qualities:

- The ability of the Originator to generate Revenue in the last five (5) years.
- The Investment Grade Rating of the Originator.
- Full Guarantee provided by the Guarantor by way of continuing Guarantee.
- The Investment Grade Rating of the Guarantor.
- The Noteholders have a direct senior obligation owed to them by the Issuer.
- The Issue rank parri-passu with other senior unsecured obligations of the Issuer

RISK FACTORS

• INTEREST RATE RISKS

This is the risk of loss to income arising from adverse movement in interest rate against the Issuer's and Originator's projection.

The structure of the Issue envisages excess spread between the interest charged by the Originator and the demand by the Issuer. However, adverse movement in Interest rate may constraint achievement of excess spread.

• CREDIT RISKS


This is the risk arising from the inability of a counterparty to pay obligation under a contract as and when due.

The performance of the Issue is based on the capacity of the Originator and the Guarantor. Therefore, the inability of these parties to meet up with their required obligations as and when necessary will adversely affect the Issue.

CONCLUSION

We have reviewed document relating to the Issue. Particular attention was paid to the underlying assets and the possible rate of recovery. Considerations were also given to the governance embedded in the Transaction structure and various agreements under the Issue. More importantly, significant premium were placed on the credit quality of the Guarantor providing the Guarantee.

Consequently, we assigned a Rating of "A1" to the CP.

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 24th October, 2023

For and on behalf of:
DataPro Limited
Ground Floor, Foresight House
By Marina Water Front
163/165 Broad Street, Lagos Island, Lagos.
Tel: 234-1-4605395, 4605396
Cell: 0805-530-3677
Email: info@datapronigeria.net, dataprong@gmail.com
Website: www.datapronigeria.net

©

DataPro 2023
All right reserved.

*This report is provided for your internal business use only and may not be reproduced or re-distributed in any manner whether mechanical or without the permission of **DataPro**.*

*Whilst **DataPro** attempts to ensure that the information provided is accurate and complete, however due to the immense quantity of detailed matter used in compiling the information and the fact that some of the data are supplied from sources not controlled by **DataPro**, we will not be responsible for any omission therefrom.*

Commercial Paper Rating Definition

Rating	Explanation
Investment Grade	
A1+	Assigned to instruments with Excellent ability to meet their ongoing obligations.
A1	Assigned to instruments with Very Good ability to meet their ongoing obligations.
A1-	Assigned to instruments with Good ability to meet their ongoing obligation.
Non-Investment Grade	
1B	Assigned to instruments with Fair ability to meet their current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.
2B	Assigned to instruments with Marginal ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
C	Assigned to instruments with Weak ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
D	Assigned to instruments with Poor ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.