



DataPro



BANK RATING REPORT

ADDOSSE MICROFINANCE BANK 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

July, 2024

ADDOSSER MICROFINANCE BANK LTD

Long-Term Rating:

BBB⁺

Short Term Rating: A2

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 11 July, 2024

Valid Till: 10 July, 2025

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju.
Oladele Adeoye.

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EXECUTIVE SUMMARY

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Gross Earnings	6,453,927	4,617,374	3,295,880	2,398,114	1,893,122
Profit Before Tax	1,048,546	1,103,934	820,427	547,058	437,787
Shareholders' Funds	3,195,746	2,532,155	1,896,311	1,409,538	1,072,958
Deposit Liabs	15,377,524	9,293,804	6,039,821	5,074,472	3,713,222
Loans & Advances	14,459,409	10,980,188	7,231,078	6,033,845	3,886,319
Total Assets	23,503,269	16,514,995	12,381,290	8,902,178	6,328,647

Rating Explanation

The Short-Term Rating of **A2** indicates *Fair Credit Quality* and adequate capacity for timely payment of financial commitments.

The Long-Term Rating of **BBB⁺** indicates *Slight Risk*. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by **DataPro**. This Bank, in our opinion, has the ability to meet its ongoing obligations, but its financial strength is vulnerable to adverse changes in economic conditions.

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

- Good Revenue Portfolio
- Experienced Management Team
- Good Capital Base
- Good Liquidity Profile

Negative Rating Factors

- Macro-economic Constrains
- Sectoral Concentration Risk

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BACKGROUND

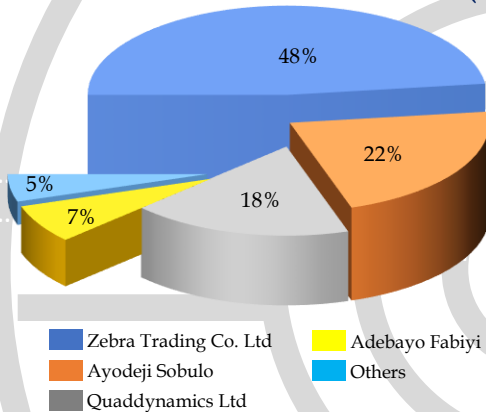
Addosser Microfinance Bank Limited (“the Bank”) was incorporated on the 27th of May 2008. It obtained a provisional license from the *Central Bank of Nigeria* (CBN) as a Unit Microfinance Bank on the 7th of August 2008 and commenced operations in that same month. On the 23rd day of October, 2012 it became a State Microfinance Bank.

The principal activity of the Bank is the provision of Microfinance, Retail and Small & Medium Enterprises (SME) banking services. The Bank offers broad range of products and services through three business groups, namely: Retail and Microenterprise Banking as well as Specialized Products and Investments.

The Bank has been able to grow its clientele base to over 181,600 in the last 15 years. These clients are serviced via a team of more than 300 employees. Its Head Office is

located in Lagos Island, Lagos State. The Bank currently has 23-branch network in 16 out of the 20 Local Government Areas (LGA’s) within Lagos State.

SHAREHOLDING STRUCTURE (2023)



Source: Addosser Microfinance Bank Limited

As at 31st of December, 2023 the following Shareholders held more than 5% of the Shares of the Bank: *Zebra Trading Co. Limited* (48.50%), *Ayodeji Sobulo* (21.75%), *Quaddynamics Limited* (18.50%) and *Adebayo Fabiyi* (6.75%).

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦'000	PBT ₦'000	Equity ₦'000	Deposit Liabs ₦'000	Loan & Advances ₦'000	Total Assets ₦'000
2023	6,453,927	1,048,546	3,195,746	15,377,524	14,459,409	23,503,269
2022	4,617,374	1,103,934	2,532,155	9,293,804	10,980,188	16,514,995
2021	3,295,880	820,427	1,896,311	6,039,821	7,231,078	12,381,290
2020	2,398,114	547,058	1,409,538	5,074,472	6,033,845	8,902,178
2019	1,893,122	437,787	1,072,958	3,713,222	3,886,319	6,328,647

Source: Addosser Microfinance Bank Ltd.

In the financial year-ended 2023, the Bank focused on creating a platform for accessible financial services. By extension, the Bank prioritized innovation and sustainable deposit mobilization strategy to grow its Deposit from Customers.

As part of the deposit mobilization strategy, the Bank launched a new savings product known as “*Moni matter*” in the year 2023. This effort was geared towards building a better savings habit. In addition, the Bank expanded its “*Mydormot Addosser*” agency banking network.

Therefore, the Bank recorded its highest growth in Deposits over the last five years (2019 - 2023) in the financial year. Customers Deposits scaled up from ₦9.2b (Yr. 22) to ₦15.3b (Yr. 23). In view of this, the capacity of the Bank to advance Loans was strengthened by 32%.

On the account of increased Loans and Advances, Total Assets was enhanced to ₦23.5b (Yr. 23). Also, the Earnings profile of the Bank maintained an upward trajectory. Gross Earnings, grew from ₦4.6b (Yr. 22) to ₦6.4b (Yr. 23). However, Net Profit Before Tax declined by 5% in the financial year.

In line with CBN guideline, the Bank set aside a Foreign Exchange Reserve to act as a counter-cyclical buffer in curtailing adverse movements in Foreign Exchange. This amounted to ₦157m in the year 2023. This coupled with the growth recorded in Retained Earnings strengthened the overall Equity by 26%. The Equity is above the threshold of Regulatory Requirement of ₦1b for State Microfinance Banks.

DIRECTORS PROFILE

The following persons served on the Board during the reporting period; *Mrs. Emmanuella George-Uduku – Acting Chairman, Mr. Adebayo Fabiyi – Managing Director, Mr. Ayodeji Adare, Mrs. Kemi Ampitan and Mr. Godwin Ogeh.*

The profile of the directors is as stated:

1. **Name:** Mrs. Emmanuella George-Uduku
Position: Acting Chairman
Profession: Banking/Finance & Management Consulting
Experience (Years): Over 14 years
Education/Professional Qualification:
 - B.Sc. – Covenant University
 - Fellow – the Institute of Management Consultants Nigeria
 - MBA – Hult International Business School**Previous Job Experience:**
 - Managing Partner – Hill Bridge Consulting
2. **Name:** Mr. Adebayo Fabiyi
Position: Managing Director
Profession: Banking & Human Resource Professional
Experience (Years): Over 20 years
Education/Professional Qualification:
 - B.Sc. in English Studies
 - MBA – International Bank Business

Job Experience:

- Member – The Chartered Institute of Bankers of Nigeria
- Ecobank Nigeria Plc.
- Intercontinental Bank Nigeria Plc.
- Addosser MF Bank

3. Name:

Mr. Ayodeji Adare

Position:

Executive Director, Finance

Profession:

Banking & Finance and Internal Control Professional

Experience (Years):

Over 20 years

Education/Professional Qualification:

- Higher Diploma in Accounting
- Lagos Business School
- Member – the Chartered Institute of Bankers of Nigeria
- Certified Microfinance Banker
- Fellow – the Institute of Chartered Accountants of Nigeria

Job Experience:

- Equity Bank
- Intercontinental Bank
- Addosser MF Bank

4. Name:

Mr. Godwin O. Ogeh

Position:

Non-Executive Director

Profession:

Auditing & Finance Professional

Experience (Years):

Over 30 years

Previous Job Experience:

- AFRIEXIM Bank
- NEXIM Bank
- Ecobank Nigeria
- First Bank Ltd.
- Managing Partner – Ben Omomia & Co.

5. Name:

Mrs. Kemi Ampitan

Position:

Non-Executive Director

Profession:

Audit, Stock Broking, Banking and Risk Management Professional

Experience (Years):

Over 20 years

Education/Professional Qualification:

- Member – the Institute of Chartered Accountants of Nigeria
- Member – the Chartered Institute of Taxation of Nigeria
- Member – the Institute of Chartered Management Accountants of Nigeria
- Member – the Chartered Institute of Bankers of Nigeria

Previous Job Experience:

- Certified Risk – Frankfurt School of Finance & Management, Germany
- Prudential Securities Ltd.
- Ademola Oyinbo & Co (Chartered Accountants)
- Moving Media & M.M Digital Ltd.
- Citigate MF Bank
- AB Microfinance Bank Nigeria

SECTOR REVIEW

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

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

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

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

The Oil benchmark for the year 2024 budget is \$77.96 per barrel at 1.78 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$85.35 as at 11th of July, 2024 according to oil price.com). Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

In order to achieve a Unified Foreign Exchange regime, the CBN collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the Naira against the US dollars. The value of the Naira to the Dollar at the CBN official rate is N1,549.33/\$1 as at July 9, 2024.

On May 21st, 2024 the CBN increased the MPR to a new record of 26.25%. This marks the third-rate hike in the year 2024. This was done to manage inflation which is 33.95% as at May, 2024.

The most significant intervention in the Nigerian Banking Industry is the requirement for all operating banks in Nigeria to recapitalize within the next two years. The circular which was issued in March 2024 required that National Banks operating in Nigeria

must have a minimum of ₦200b in Share Capital and Premium. The deadline for the exercise is March 31, 2026. However, Microfinance Banks are exempted from this requirement.

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

CAPITAL ADEQUACY

Year	2023	2022	2021
Item	₦'000	₦'000	₦'000
Shareholders' Fund	3,195,746	2,532,155	1,896,311
Total Assets	23,503,269	16,514,995	12,381,290
Fixed Assets	508,146	407,528	208,552
Loans & Advances	14,459,409	10,980,188	7,231,078
Equity/Total Assets (%)	13.60	15.33	15.32
Equity/Loan & Adv. (%)	22.10	23.06	26.22
Fixed Assets/Equity (%)	15.90	16.09	11.00

Source: Addosser Microfinance Bank Ltd.

The Bank's Share Capital remained at ₦400m in the years 2022 and 2023. Notwithstanding, other components of Equity were strengthened in the year 2023. On the account of transfers from Retained Earnings, Statutory and Regulatory Reserves grew by 12% and 25% respectively. Despite movements in Retained Earnings in the financial year, it closed at a balance of ₦1.4b. This reflected a 30% increase above the prior year

balance. Additionally, Foreign Exchange Reserve of ₦157m was set aside as a counter-cyclical buffer against foreign exchange rate fluctuations. This was done in line with CBN regulation. Overall, Equity was enhanced by 26% in the year 2023. In absolute terms, it recorded a balance of ₦3.1b in the year 2023.

Total Assets included Cash and Cash Equivalents, Pledged Assets, Investment Securities, Loans and Advances, Property, Plants and Equipment (PPE) as well as Intangibles.

COMPONENT OF TOTAL ASSETS

Year	2023	%	2022	%
Item	₦'000		₦'000	
Liquid Assets	6,331,756	26.94	3,626,000	21.95
Loans & Advances	14,459,409	61.52	10,980,188	66.49
Fixed Assets	508,146	2.16	407,528	2.47
Other Assets	2,203,958	9.38	1,501,279	9.09
Total Assets	23,503,269	100	16,514,995	100

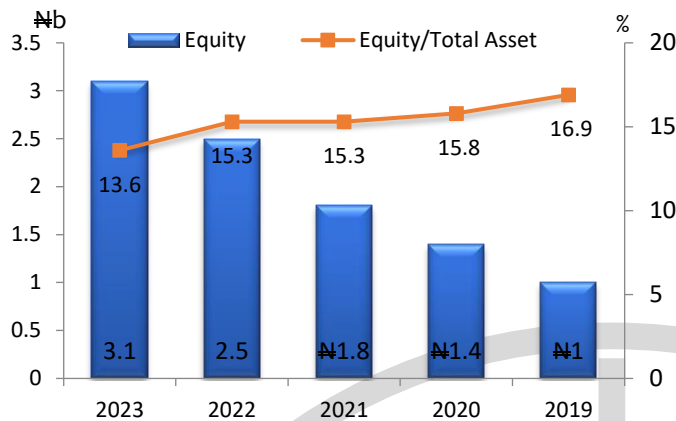
Source: Addosser Microfinance Bank Ltd.

All Tangible Assets of the Bank recorded growths in the year 2023. However, Loans and Advances recorded the most significant growth in value. It grew from ₦10.9b (Yr. 22) to ₦14.4b (Yr. 23).

Loans and Advances as a proportion of Total Assets was 62% in the year 2023 as against 66% in the year 2022. This signified a marginal reduction in the risk

outlook of the Bank.

COMPARISON OF SHAREHOLDERS' FUNDS



Source: Addosser Microfinance Bank Ltd.

As a direct consequence of the rise in Loans and Advances, the coverage provided by Equity decreased. Therefore, proportion of Equity to Loans and Advances marginally reduced by 1% as at the year-ended 2023.

The Risk Weighted Assets of the Bank increased by 32% in the financial year. Therefore, Capital Adequacy Ratio (CAR) of the Bank was 18% (Yr. 23) as against 19% (Yr.

22). This is above the mandatory regulatory requirement of 10% for Microfinance Banks.

ASSET QUALITY

Item	2023 ₦'000	2022 ₦'000
Gross Loan & Advances	14,720,325	11,156,470
Classified Loan	40,206	27,623
Provisions	34,447	26,726
Classified Loans Prov./Classified Loans (%)	85.68	96.75
Classified Loans/Equity (%)	1.08	1.09
Classified Loans/Gross Loans (%)	0.27	0.25

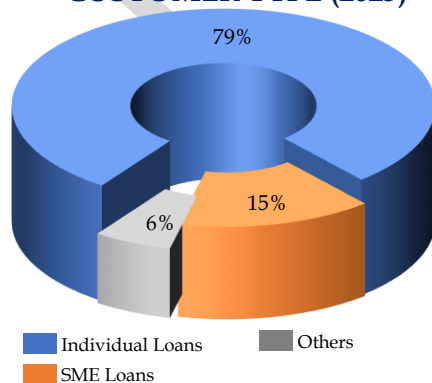
Source: Addosser Microfinance Bank Ltd.

The Bank's Gross Loan and Advances amounted to ₦14.7b in the year 2023. This reflected 32% increase compared with the previous year's figure. The Bank advanced all Loans in the Local Currency.

The Bank extended credit to Individuals, Small and Medium Businesses and Staffs. Credit facilities offered to individuals

formed bulk of the Bank's Loans and Advances in the year 2023.

DISTRIBUTION OF LOAN PORTFOLIO BY CUSTOMER TYPE (2023)



Source: Addosser Microfinance Bank Limited

The Bank had Loans and Advances largely concentrated in the Trade and Commerce Sector of the economy. Other Sectors of exposure included Agriculture & Forestry, Transport & Communication, Services, Manufacturing & Food Processing, Tourism & Hospitality, Education as well as Consumer/Personal.

The Classified Loans as represented by Stage Three (individually

impaired) classifications increased by 46%, from ₦27.6m (Yr. 22) to ₦40.2m (Yr. 23). Therefore, the impaired portion of its exposure was less than 1%.

Provision made by the Bank for Classified Loans increased from ₦26.7m to ₦34.4m in the years 2022 and 2023 respectively. However, the coverage provided declined by 11% in the financial year.

LIQUIDITY

The Bank grew its Deposit over the last five years, spanning from 2019 – 2023. Notwithstanding, the most significant growth was recorded in the year 2023. In absolute terms, Deposit Liabilities due to customers amounted to ₦15.3b. This represented a 65% increase compared with the previous year.

Item	2023	2022
Loan & Advances/Total Assets (%)	61.52	66.49
Liquid Assets/Total Assets (%)	26.94	21.96
Liquid Assets/Total Deposits (%)	41.18	39.02
Loans & Advances/Total Deposits (%)	94.03	118.15
Liquid Assets/Total Liability	31.18	25.93

Source: Addosser Microfinance Bank Ltd.

Account Type	2023 ₦'000	%	2022 ₦'000	%
Current Accounts	159,030	1.03	127,728	1.37
Savings Account	4,373,985	28.44	4,117,085	44.30
Sundry Deposits	10,165	0.07	10,417	0.11
Fixed Deposits	10,834,343	70.46	5,038,575	54.22
Total	15,377,524	100	9,293,805	100

Source: Addosser Microfinance Bank Ltd.

ANALYSIS OF DEPOSIT BASED ON MATURITY

Months	2023 ₦'000	%
Up to 1 month	4,543,181	29.55
1 – 3 Months	5,561,180	36.16
3 – 12 Months	5,273,163	34.29
Over 1 Year	-	-
Gross Total	15,377,524	100

Source: Addosser Microfinance Bank Ltd.

This growth was majorly driven by Fixed Deposits. This category formed the largest chunk of the Bank's Deposit profile. It constituted 70% of Total Deposit and increased from ₦5b (Yr. 22) to ₦10.8b (Yr. 23).

Additionally, Current Account and Savings Account recorded an increase of 26% and 6% respectively in the year 2023.

The Bank's Deposit Profile was Short Term in nature. All Deposits were set to mature within 12 months.

The amount maturing for payment within a month was ₦4.5b, translating to 30% of Total Deposits. The remaining portion was set to mature within a period of 1-3 months and 3-12 months.

The Bank's Loans and Advances with maturity profile of 1 month formed bulk of the Loan Portfolio. It accounted for 95% of the Total Loans and Advances in the year ended 2023.

ANALYSIS OF LOANS AND ADVANCES BASED ON MATURITY

Months	2023 ₦'000	%
Up to 1 month	14,061,879	95.53
1 – 3 Months	496,434	3.37
3 – 12 Months	96,332	0.65
Over 1 Year	65,680	0.45
Total	14,720,325	100

Source: Addosser Microfinance Bank Ltd.

LIQUIDITY GAP ANALYSIS (2023)

Year	2023 Loans & Advances ₦'000	2023 Deposit Liabilities ₦'000	Net Liquidity Gap ₦'000
Liquid Assets	6,331,756	-	6,331,756
Up to 1 month	14,061,879	4,543,181	15,850,454
1 – 3 Months	496,434	5,561,180	10,785,708
3 – 12 Months	96,332	5,273,163	5,608,877
Over 1 Year	65,680	-	5,674,557

Source: Addosser Microfinance Bank Ltd.

The Bank also had Loans and Advances with Long tenor.

However, this category accounted for less than 1% of the Loan books in the financial year.

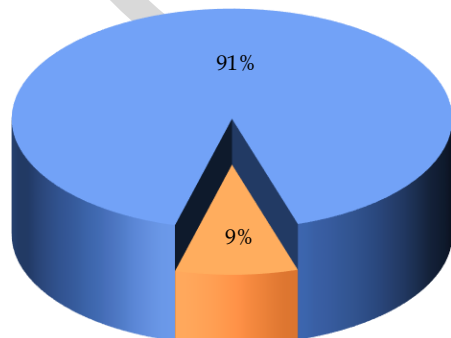
The Liquid Assets maintained by the Bank amounted to ₦6.3b as at the year-ended 2023. It included Cash and Cash Equivalents with Financial Institutions, Investment Securities and Receivables. Aggregately, these Assets formed 27% of the Total Asset balance.

After adjusting for Deposits from the Bank's Liquid Assets and Loans and Advances, a net Liquidity Surplus of ₦5.6b was ascertained. This implied that Liquid Assets provided the needed cushion for the gap between Loans books and Deposit Liabilities.

Loan to Deposit Ratio declined from 118% (Yr. 22) to 94% (Yr. 23). This is still within the regulatory benchmark of above 80%. The Bank's Liquidity Ratio as at the year-ended 2023 was 55% as against 54% (Yr. 22). This is above the CBN required Liquidity Ratio of 20%.

PROFITABILITY

COMPOSITION OF GROSS EARNINGS



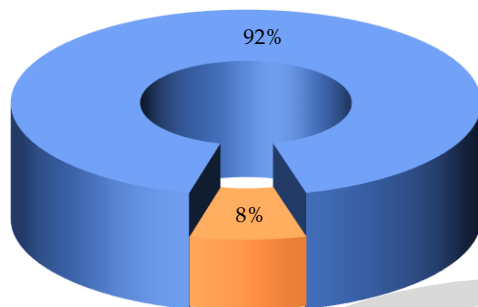
■ Interest Income
■ Non-Interest Income

Source: Addosser Microfinance Bank Limited

The Gross Earnings of the Bank amounted to ₦6.4b in the financial year-ended 2023. This reflected a significant growth of 40% when compared with the prior year's figure. Earnings were derived from Interest and Non-Interest sources during the period.

Interest Earnings associated with the Bank's primary activities constituted 91% of the Gross Earnings. These were Interest

DISTRIBUTION OF INTEREST EARNINGS (2023)



Source: Addosser Microfinance Bank Limited

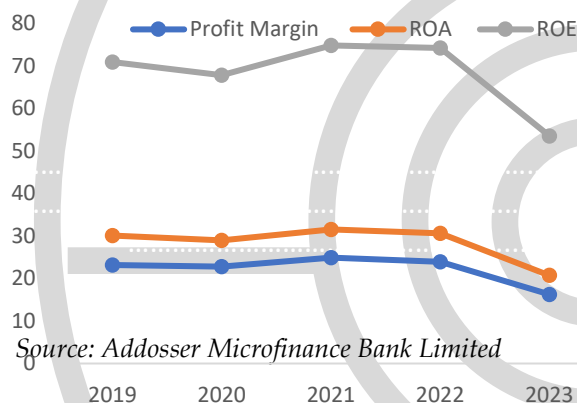
Loans & Advances
Investment Securities

associated with Investment Securities and Loans and Advances. They aggregately amounted to ₦5.8b (Yr. 23), representing 41% increase over the prior year's record of ₦4.1b. This was largely driven by the enhancement in the Bank's Loan Portfolio.

Interest associated with Loans and Advances amounted to ₦5.3b (Yr. 23) as against ₦3.8b (Yr. 22). It also accounted for 92% of the Interest Earnings in the years 2022 and 2023.

The growth in the Bank's Interest Earnings outweighed that of Interest Expenses.

PROFITABILITY INDICES



Source: Addosser Microfinance Bank Limited

Therefore, the proportion of Interest Expense to Interest Income heightened by 5% in the financial year. However, Net Interest Income scaled up from ₦2.8b to ₦3.7b in the years 2022 and 2023 respectively.

Non-Interest Earnings included Fees and Commission as well as Other Operating Income. The Bank's Total Operating Expenses increased by 53% (Yr. 23) as against 32% (Yr. 22). This included

Personnel Cost as well as Depreciation of PPE and Intangible Assets. Consequently, the Bank's Profitability indicators such as Profit Margin, Return on Asset and Return on Equity dipped.

CORPORATE GOVERNANCE & RISK MANAGEMENT

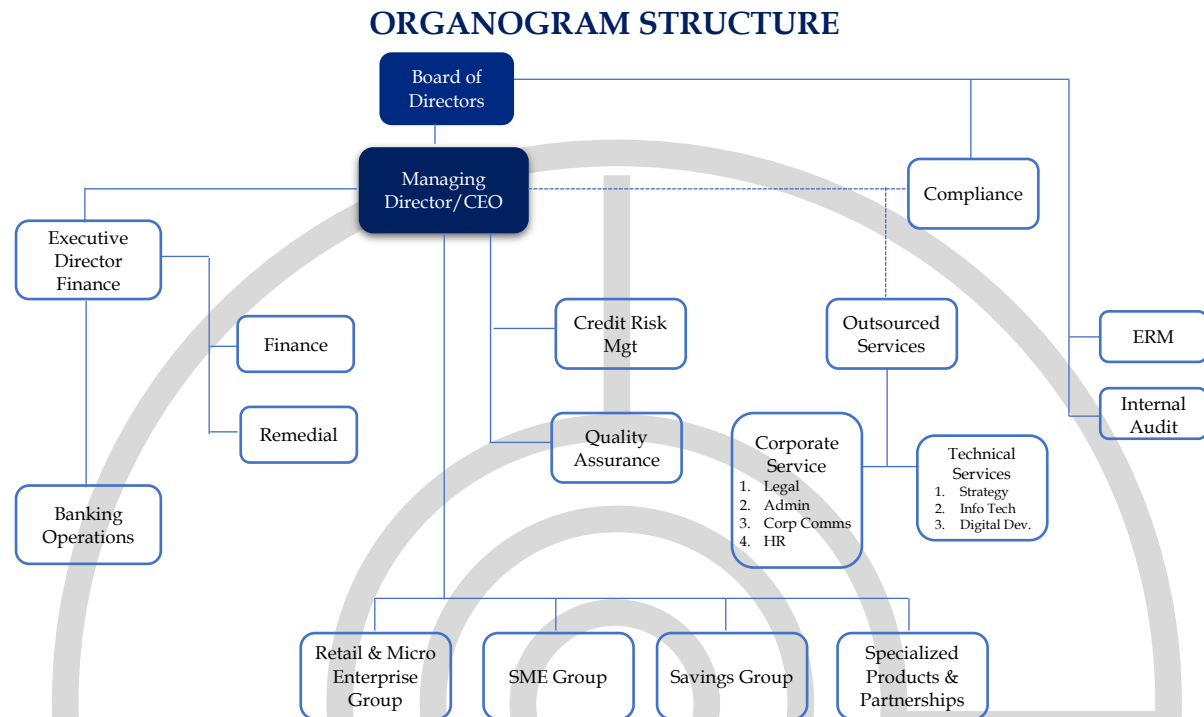
As at the year-ended 2023 the Board of the Bank comprised of five (5) members. The Non-Executive Directors were three (3) including the Acting Chairman who is an Independent member. The Executive Directors were two (2), including the Managing Director.

The Board of Directors provides policy directives for the Bank to ensure that the management is aligned with its goals and objectives.

The Board exercises its oversight responsibilities via four (4) Committees, namely: Risk Management & Audit, Credit, Finance & General-Purpose as well as Remuneration, Governance & Nominations.

Additionally, the Bank has the following Management Committees: Loan, Assets & Liabilities, Management Credit, Risk Management, Information Technology (IT) Steering, Investment and Disciplinary Committees.

The Organizational Structure of the Bank is as presented:



Source: Addosser Microfinance Bank Ltd.

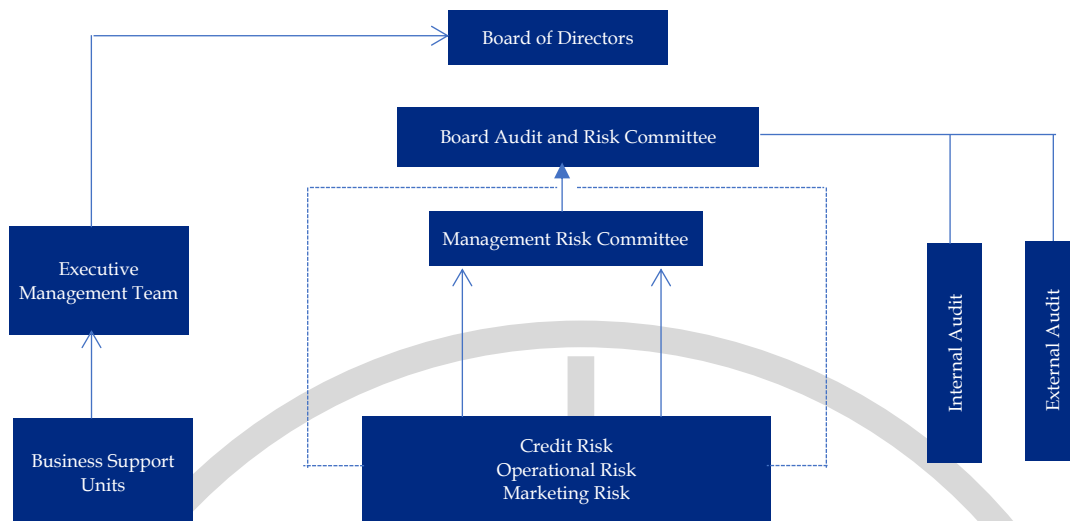
The Bank recognised its major risk areas to include Financial, Credit, Market (FX, Interest Rate & Liquidity), Operational, Reputational and Regulatory Risks.

The Bank has an Enterprise Risk Management Framework as guidelines for the management of its risks in an integrated manner. The risk governance framework is structured along the three lines of defence. The first line of defence comprises business units and line functions with primary responsibilities for risk management. At this level, preventive control measures and control failures can be detected at the transaction level.

The second line of defence has the overall objective of providing oversight of the execution of the frontline controls. It is responsible for monitoring the internal controls that have been designed.

The third line of defence consists of all functions with primary responsibilities for assessing and providing independent assurance on the adequacy, aptness and efficacy of the Bank's overall risk management framework, policy and risk plan implementation.

RISK GOVERNANCE FRAMEWORK



Source: Addosser Microfinance Bank Ltd.

RISK FACTORS

In the course of our review of the Bank's documents, we observed the following risk factors:

- LIQUIDITY RISK**

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

Based on our review, the Bank achieved a Statutory Liquidity Ratio of 55% (Yr. 23) which is above Regulatory threshold for Microfinance Banks.

- CAPITAL RISK**

This is the risk arising from inability of the Bank to operate with the required amount of Capital or the regulatory *Capital Adequacy Ratio*.

In line with CBN requirement, Microfinance Banks are supposed to maintain a *Capital Adequacy Ratio* of 10%. As at the year-end 2023, the Bank's CAR was 18%. Additionally, the Bank's Capital of ₦3.1b is above the minimum regulatory capital of ₦1b.

CONCLUSION


We have reviewed the document presented by the Bank. The Rating is supported by the Bank's Good Liquidity Position, Good Revenue Profile, Good Capitalization and Experienced Board.

Consequently, we assigned a Rating of **BBB+**.

FINANCES

Financial Position as at

	Dec, 2023 ₦	Δ%	Dec, 2022 ₦
Assets			
Cash & Cash Equivalents	4,765,523,456	66	2,873,179,606
Pledged Assets	2,103,990,330	51	1,389,986,013
Investment Securities:	1,281,406,615	116	593,043,578
Loans & Advances	14,459,408,615	32	10,980,187,609
Other Assets	284,826,999	78	159,775,654
Property, Plant & Equipment	508,145,831	25	407,528,364
Intangible Assets	28,159,774	(25)	37,532,684
Right of Use Assets	71,807,849	(3)	73,761,283
Total Assets	23,503,269,469	42	16,514,994,791
Liabilities			
Deposit Liabilities	15,377,523,506	65	9,293,804,271
Lease Liabilities	4,000,000	(50)	8,000,000
Other Liabilities	382,257,679	118	175,361,263
Current Tax Liabilities	413,995,647	2	405,247,559
Borrowings	4,091,333,291	(0)	4,092,949,192
Deferred tax liabilities	38,412,772	414	7,477,095
Total Liabilities	20,307,522,895	(23)	13,982,839,380
Equity			
Share capital	400,000,000	-	400,000,000
Retained Earnings	1,404,919,438	30.32	1,078,027,783
Statutory Reserve	690,596,224	11.76	617,904,617
Regulatory Reserve	543,172,604	24.52	436,223,010
Revaluation Exchange Reserve	157,057,891	-	-
Total Equity	3,195,746,157	635	2,532,155,410

Signed: 
Name: **Oladele Adeoye**
Designation: Chief Rating Officer
Date: 11th July, 2024

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

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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.