



C&I Leasing Plc

Final Rating Report

 **Agusto&Co.**

Research, Credit Ratings, Credit Risk Management

C&I Leasing Plc

Long Term Rating:

Bbb

Short Term Rating:

A2

Outlook: Stable

Issue Date: 05 November 2025

Expiry Date: 30 June 2026

Previous Rating: Bbb-

Industry:

Leasing

Analysts:

Oluwatosin Akinwande

tosinakinwande@agusto.com

Adebisi Olukoya

biyiolukoya@agusto.com

Agusto & Co. Limited

UBA House (5th Floor)

57, Marina

Lagos

Nigeria

www.agusto.com

RATING RATIONALE

Agusto & Co. hereby upgrades C&I Leasing Plc's ("C&I Leasing" or "the Company") ratings to "Bbb" (long term) and "A2" (short term). The upgrades reflect C&I Leasing and its subsidiaries' ("C&I Group" "the Group") improved business profile in line with the increased stability in the global and Nigerian oil & gas sectors and rising demand for leasing services as the Nigerian and Ghanaian economies show signs of gradual recovery. The ratings are supported by C&I Group's diversified or funding sources and strong ability to refinance maturing obligations, with sustained access to bank credit lines, secured lease notes issued to institutional and individual investors and debt instruments such as commercial papers and bonds from the money and capital markets. The ratings are also upheld by the Group's leading position in the leasing and marine logistics industry, acceptable capitalisation, low leverage, and an experienced management team. However, the ratings are constrained by C&I Group's low profitability due to the high-cost profile, low bargaining power with international oil and gas operators and concentration in ownership. We have also considered the Group's exposure to fluctuations in international crude oil prices and the lingering macroeconomic headwinds.

C&I Group provides a broad suite of solutions across business logistics, personnel outsourcing, and operating lease services to international and indigenous corporates in Nigeria and Ghana. The Group offers automobile finance leases, fleet management, and car rental services under the Hertz franchise in Nigeria and the Switch Car Rental label in Ghana. C&I Group is expanding into alternative energy vehicles including electric vehicles (EVs) in Ghana and compressed natural gas (CNG) vehicles in Nigeria, under its automobile finance lease portfolio. The Group comprises the Company and three subsidiaries: EPIC International FZE, United Arab Emirates ("EPIC FZE"), C&I Leasing FZE, Nigeria ("C&I FZE") and Leasafric Ghana Plc ("Leaseafric").

C&I Group's assets predominantly comprise plant and equipment for operating leases. As at 31 December 2024, total assets stood at ₦116.3 billion (2023: ₦78.7 billion), representing a 47.7% increase from the prior year, largely driven by foreign currency translation given the depreciation of the naira against the reporting currencies of the Group's foreign subsidiaries and USD-denominated receivables from IOCs. C&I Group's plant & equipment for operating leases stood at ₦69.4 billion, constituting the bulk (59.7%) of the asset base and primarily (81.7%) comprising marine vessels. Automobiles & trucks (18.3%) accounted for a relatively small share of plant & equipment for operating leases while office equipment & cranes

The copyright of this document is reserved by Agusto & Co. Limited. No matter contained herein may be reproduced, duplicated or copied by any means whatsoever without the prior written consent of Agusto & Co. Limited. Action will be taken against companies or individuals who ignore this warning. The information contained in this document has been obtained from published financial statements and other sources which we consider to be reliable but do not guarantee as such. The opinions expressed in this document do not represent investment or other advice and should therefore not be construed as such. The circulation of this document is restricted to whom it has been addressed. Any unauthorized disclosure or use of the information contained herein is prohibited.

(0.01%) made up a fraction. The Group's marine fleet consists of 24 vessels with an average age of 10 to 15 years while continuing to invest in intermediate (every 2.5 years) and comprehensive (every 5 years) drydocking of its marine vessels to ensure high availability and optimal utilisation rates. C&I Group also recorded higher marine vessel utilisation rates, which increased to an average of 25 days per month from 20 days following the completion of dry-docking activities during the year.

As at 31 December 2024, C&I Group had ₦19 billion (2023: ₦11.4 billion) in trade and other receivables, which accounted for 16.4% of the total assets, with operating lease receivables representing the bulk (78.9%). The Group's non-performing lease receivables stood at ₦631.8 million (2023: ₦461.4 million), representing a 36.9% rise from the prior year due to delayed payments from corporate clients in the fleet management and outsourcing business segments across the fast moving consumer goods, general commerce, power, and oil & gas industries. Nonetheless, this translated to an improved non-performing lease receivables to operating lease receivables ratio of 4.7% (2023: 5.9%) slightly better than our benchmark of 5% for leasing companies. In our opinion, the C&I Group's asset quality is satisfactory.

We consider C&I Group's capitalisation acceptable, with shareholders' funds of ₦48.2 billion, which funded 41.4% of the total assets. As at the 2024 FYE, the Group had a tier 1 capital ratio of 10% and a Basel I Capital Adequacy Ratio (CAR) of 13% which was slightly better than the regulatory minimum of 12.5% for finance companies. As at the same date, C&I Group had a debt-to-equity ratio of 1.2x, which was well within our threshold of 5x and the regulatory limit of 10x. Based on the unaudited accounts as at 30 June 2025, the Group's CAR and debt-to-equity ratio were largely unchanged at 12.9% and 1.4x respectively. In our view, C&I Group's leverage is low. We expect the Group's debt-to-equity ratio to remain within our threshold in the near term, given the Board's approval to raise ₦15 billion in new equity via a rights issue and public offer.

The Group finances its operations through a mix of bank credit lines, secured lease notes issued to institutional and individual investors, and debt instruments such as commercial papers and bonds from the money and capital markets. As at 31 December 2024, C&I Group's total liabilities stood at ₦68.1 billion, with borrowings accounting for the bulk (70.5%). Consequently, the funding mix translated to a weighted average cost of funds (WACF) of 22%, which was satisfactory in our view given the elevated interest rate environment. We expect the Group's WACF to decline moderately in the near term, supported by the MPC's gradual monetary policy easing and notwithstanding the plan to raise ₦15 billion in the debt capital market. As at 31 December 2024, C&I Group had liquid assets of ₦4.4 billion and a liquidity ratio of 9.2%, which was below the regulatory minimum of 10% for finance companies. In our opinion, this indicates a potential strain in meeting short-term obligations as the Group's liquid assets provide a limited buffer against near-term funding pressures. Nevertheless, C&I Group's liquidity position is supported by ₦2 billion of overdraft facilities from two

commercial banks, of which ₦1.48 billion has been drawn down. We also note that the Group's existing commercial paper programme provides an additional source of liquidity.

C&I Group continues to drive its marine business by servicing long-term contracts with owned vessels, while short-term contracts are serviced with chartered vessels to ensure flexibility and cost-efficiency. In the fleet management segment, the Group leverages strong relationships with IOCs and other blue-chip corporates across Nigeria and Ghana to optimise asset utilisation by extending the useful life of existing vehicles through refurbishment while also expanding its fleet with new acquisitions. In the outsourcing business line, C&I Group continues to capitalise on elevated staff attrition rates across industries to right-size and increase productivity through role upscaling and staff upskilling. In 2024, the Group recorded a profit before tax of ₦2.7 billion, translating to a slightly improved pre-tax return on average assets (ROA) of 2.8% (2023: 2.3%), but a stagnant pre-tax return on average equity (ROE) of 7.2% (2023: 7.2%). Based on the unaudited accounts for the six months to 30 June 2025, C&I Group posted a pre-tax profit of ₦1.2 billion, representing a modest 30.3% of the full-year budget and translating to lower annualised ROA and ROE of 2% and 5% respectively. Nonetheless, we expect profitability ratios to improve moderately in the near term, supported by the anticipated increase in marine lease income, driven by the FGN's renewed focus on boosting upstream oil and gas production. In addition, five vessels undergoing drydocking are expected to return to service in Q4 2025. Profitability ratios should also be supported by increased demand for new vehicles in the fleet management segment, particularly in Ghana, following the recent launch of electric vehicles in the country.

Based on the aforementioned, we hereby attach a “**stable**” outlook to the rating.

Figure 1: Strengths, Weaknesses and Challenges

Strengths • Leading position in the leasing and marine logistics industry • Acceptable capitalisation • Stable and experienced management team • Diversified funding sources and ability to refinance from the debt market
Weaknesses • Weak profitability due to high cost profile • Concentration in ownership • Low bargaining power with international oil & gas operators
Challenges • Significant exposure to fluctuations in the oil & gas industry • Sustaining asset quality in the face of the weak macroeconomic climate • Driving business growth amidst the adverse business environment

Table 1: Financial Data for C&I Leasing Plc

	31-Dec-2022	31-Dec-2023	31-Dec-2024
Total Assets	₦57.7 billion	₦78.7 billion	₦116.3 billion
Gross Earnings	₦30.3 billion	₦37.9 billion	₦52.1 billion
Pre-tax return on average assets	1.8%	2.3%	2.8%
Pre-tax return on average equity	6.2%	7.2%	7.2%

Source: C&I Leasing Plc

GROUP PROFILE

C&I Leasing Plc (“C&I Leasing” or “the Company”) was incorporated as a limited liability company in Nigeria in 1990 and commenced operations in 1991. The Company converted to a public limited liability company in 1997 and was subsequently listed on the Nigeria Exchange Limited (NGX). C&I Leasing and its subsidiaries (“C&I Group” or “the Group”) provide a broad suite of solutions across business logistics, personnel outsourcing, and operating lease services to international and indigenous corporates in Nigeria and Ghana. The Group offers automobile finance leases, fleet management, and car rental services under the Hertz franchise in Nigeria and the Switch Car Rental label in Ghana. C&I Group is expanding into alternative energy vehicles including electric vehicles (EVs) in Ghana and compressed natural gas (CNG) vehicles in Nigeria, under its automobile finance lease portfolio. The Group comprises the Company and three subsidiaries: EPIC International FZE, United Arab Emirates (“EPIC FZE”), C&I Leasing FZE, Nigeria (“C&I FZE”) and Leasafric Ghana Plc (“Leasafric”).

Table 2: C&I Subsidiaries

Subsidiaries	Equity Interest	Principal Activity
EPIC International FZE, United Arab Emirates	100%	Trading in ships and boats
C&I Leasing FZE, Nigeria	100%	Provision of chartered vessels
Leasafric Ghana Plc	70.9%	Leasing

Source: C&I Leasing Plc

C&I Leasing is licensed by the Central Bank of Nigeria (CBN) as a finance company, while Leasafric operates under the licence of the Bank of Ghana as a non-bank financial institution. EPIC FZE is a Ras Al Khaimah Free Trade Zone entity in the United Arab Emirates (UAE) and licensed to trade in ships and boats, spare parts, components, and automobiles, while C&I FZE is licensed by the Nigeria Export Processing Zones Authority (NEPZA) to provide marine services. C&I Group is headquartered at C&I Leasing Drive, off Bisola Durosinmi Etti Drive, Lekki Phase I, Lagos, with operational locations in Ghana and the UAE and four branches in Nigeria located in Edo, Enugu and Rivers States and the Federal Capital Territory.

Business Structure

C&I Group is structured along four core business units and 13 support functions. The business units comprise Marine, Citrack, Fleet Management, and Outsourcing. The support functions consist of Compliance, Internal Audit, Risk Management & Control, Human Resources, Treasury & Investments, Financial Control, Information & Technology, Vendor Management, Health, Safety & Environment (HSE), Legal, Supply Chain, E-Marketing and Corporate Strategy, Communications & Project Management. The Heads of the business units and E-Marketing report to the Group Chief Commercial Strategy Officer, with dotted lines to the Group Deputy Managing Director/Chief Operating Officer. The heads of Financial Control, Information & Technology and Vendor Management report to the Group Chief Financial Officer, while the Heads of HSE, Legal and Supply Chain report to the Deputy GMD/COO. Each of the operations teams in the various business units has a dotted reporting line to the Deputy GMD/COO. The Managing Directors of the subsidiaries, Deputy GMD/COO, Group Chief Financial Officer, and Group Chief Commercial Strategy Officer report directly to the Group Managing

Director/CEO. The heads of the other support functions also report to the GMD/CEO save for the heads of Compliance, Internal Audit and Risk Management & Control, who report to the Board of Directors (“the Board”) with dotted lines to the GMD/CEO on administrative matters.

Business Strategy

The Group’s near-term strategic focus is to improve operational efficiency, expand market share and optimise asset utilisation through an asset-light model supported by technology. Consequently, C&I Group is developing a digital platform to enable the aggregation and deployment of third-party assets to enhance penetration across its operating markets while reducing capital intensity. In addition, the Group plans to enhance the tax efficiency and regulatory compliance of its leasing operations by transferring the finance lease business and finance company licence in Nigeria to a dedicated subsidiary. To position for growth in the evolving clean mobility space, C&I Group is deepening its investment in renewable and alternative energy assets under the finance lease and fleet management segments. This follows successful pilot tests of EVs and CNG vehicles in Ghana and Nigeria respectively. The Group continues to drive its marine business by servicing long-term contracts with owned vessels, while short-term contracts are serviced with chartered vessels to ensure flexibility and cost-efficiency. In the fleet management segment, C&I Group leverages strong relationships with IOCs and other blue-chip corporates across Nigeria and Ghana to optimise asset utilisation by extending the useful life of existing vehicles through refurbishment while also expanding its fleet with new acquisitions. In the outsourcing business line, the Group continues to capitalise on elevated attrition rates across industries to right-size and increase productivity through role upscaling and staff upskilling. C&I Group finances its operations through a mix of bank credit lines, secured lease notes issued to institutional and individual investors, and debt instruments such as commercial papers and bonds from the money and capital markets. The Group has obtained Board approval to raise ₦15 billion in equity via a rights issue and public offer and execute a ₦15 billion bond issuance in the debt capital market by Q1 2026 to support expansion initiatives.

Information Technology

C&I Group uses Sage X3 ERP as the core enterprise application for its back office and operational functions. The Group deploys Total Business Solution HRM, an internally developed software, to manage its outsourcing operations, while the 360 Fleet Solutions Platform is used for the fleet management business. In the marine business, C&I Group employs the MX Suite Software to oversee preventive maintenance and maintain up-to-date documentation of its vessels. The Group’s data is hosted and backed up daily on the Microsoft Azure Cloud Platform, with quarterly disaster recovery tests conducted to ensure the integrity of the backups.

ANALYSTS' COMMENTS

OWNERSHIP, GOVERNANCE, MANAGEMENT & STAFF

C&I Leasing is listed on the NGX, with a shareholder base of 17,406 as at the 2024 Financial Year End (FYE). During the review year, the Company completed the conversion of its US\$10 million unsecured variable coupon convertible notes issued to Abraaj Advisers Nigeria Limited and acquired by PMT Global Investment Limited into equity, resulting in the issuance of 2.2 billion new ordinary shares. Consequently, the equity stake of PMT Global Investment Limited, ultimately owned by Dr Samuel Maduka Onyishi, increased to 67.7% (2023: 26.8%). Thus, we believe that the Group's ultimate shareholding structure shows significant concentration, which may constrain diversity in decision-making and the overall quality of governance.

Table 3: Board of Directors

Directors	Position
Dr Samuel Maduke Onyishi	Chairman
Mr Chukwuemeka Ndu	Vice Chairman
Mr Ugoji Lenin Ugoji	Group Managing Director/CEO
Mr Omotunde Alao-Olaifa	Non-Executive Director
Mr Babatunde Olakunle Edun	Non-Executive Director
Mrs Florence Okoli	Non-Executive Director (Independent)
Mr Oluyemi Abaolu Johnson	Non-Executive Director (Independent)
Mr Tom Oko Achoda	Non-Executive Director (Independent)
Alhaji Sadiq Abubakar Adamu	Non-Executive Director (Independent)

Source: C&I Leasing Plc

The Board comprises eight non-executive directors (including four independent members) and one executive director. The Board is chaired by Dr Samuel Maduke Onyishi, while Mr Ugoji Lenin Ugoji is the Group Managing Director/CEO. In our view, the Board has a strong mix of executive and non-executive directors, and a good representation of independent members. The Board provides oversight through four committees: the Board Nomination, Remuneration, & Governance Committee, Board Operations Committee, Board Risk Committee, and Board Audit Committee. The Nomination, Remuneration & Corporate Governance and Risk Committees are chaired by an independent member, while the Operations Committee is helmed by an executive director. The Audit Committee is chaired by a shareholder representative. However, we believe that the Audit Committee should also be chaired by an independent director in line with corporate governance best practice.

Management Team

Mr Ugoji Lenin Ugoji is the Group Managing Director/CEO. Prior to joining the Group as the Chief Operating Officer in 2021 and becoming the GMD/CEO in 2022, he served as the Managing Director at Aquila Asset Management and the Group Head of Treasury & Wealth Management at Aquila Capital Limited. Mr Ugoji has over 25 years of experience spanning financial advisory, treasury, and investment management. He holds a Bachelor of Science degree in Estate Management from the University of Lagos and an MBA in Banking &

Finance from the Enugu State University of Technology Business School. Mr Ugoji is also an Associate of the Certified Pension Institute of Nigeria and the Nigeria Institute of Management.

Table 4: C&I Leasing Senior Management Team

Management Team	Position
Mr Alexander Mbakogu	Deputy Managing Director/Chief Operating Officer
Mr Okechukwu Nnake	Chief Financial Officer
Mr. Babatunde Ogunturin	Head, Treasury
Mr Adesoji Aiyeola	Head, Finance
Mr lyke Chiobi	Managing Director, Leasafric
Mr Mustapha Momoh	General Manager, Marine
Mrs Adannaya Onwuneme	Ag. Head, Outsourcing
Mr Ayodele Babatunde	Head, Fleet Management

Source: C&I Leasing 2024 Audited Financial Statement

The Group Managing Director/CEO is supported by eight senior management personnel who have on average 16 years of experience spanning banking, asset management, project management, and equipment leasing. C&I Group had an average of 422 employees in 2024, an increase of 18.2% from the prior year, to support increased business activity across the marine, outsourcing, and fleet management segments. Nonetheless, staff productivity, measured by the number of times net earnings covered staff cost, improved to 8.7x (2023: 6.4x), as growth in net earnings outpaced the increase in personnel cost. Thus, the Group's staff productivity compared favourably to our benchmark of 3x. In our view, C&I Group's management team is experienced, while staff productivity is good.

Table 5: Productivity Indicators

	31-Dec-2022	31-Dec-2023	31-Dec-2024
No of Employees	320	357	422
Staff Cost per Employee (₦'m)	4.6	3.9	4.2
Net Earnings per Staff (₦'m)	20.5	25.2	35.7
Net Earnings/Staff Cost (Times)	4.4	6.4	8.7
Staff Cost/Operating Expenses	26.7%	18.8%	14%

Source: C&I Leasing Plc

ASSET QUALITY

C&I Group's assets predominantly comprise plant and equipment for operating leases. As at 31 December 2024, total assets stood at ₦116.3 billion (2023: ₦78.7 billion), representing a 47.7% increase from the prior year, largely driven by foreign currency translation given the depreciation of the naira against the reporting currencies of the Group's foreign subsidiaries and the USD-denominated receivables from IOCs. Nonetheless, C&I Leasing remained the largest contributor to C&I Group's total assets at 55.5% (2023: 57%), while EPIC FZE also accounted for a significant share at 32.5% (2023: 34%) and Leasafric made up a smaller balance of 12% (2023: 9%).

As at the 2024 FYE, the Group's plant & equipment for operating leases stood at ₦69.4 billion (2023: ₦46.9 billion), constituting the bulk (59.7%) of the asset base and primarily (81.7%) comprising marine vessels. Automobiles & trucks (18.3%) accounted for relatively small share of plant & equipment for operating leases while office equipment & cranes (0.01%) made up a fraction. C&I Group's marine fleet consists of 24 vessels – 21 owned (10 crew boats, five tugboats, four patrol vessels, one pilot boat, and one offshore supply vessel) and three chartered – with an average age of 10 to 15 years. The Group continues to invest in intermediate (every 2.5 years) and comprehensive (every 5 years) drydocking of its marine vessels to ensure high availability and optimal utilisation rates. C&I Group plans to make significant investment in its marine fleet, supported by the planned ₦15 billion bond issuance and ₦15 billion equity raise, to enhance competitiveness and command higher lease rates amid an anticipated increase in demand for marine vessels. This is in line with the Federal Government of Nigeria (FGN) and oil sector regulators' renewed push to increase oil production by persuading IOCs and marginal field operators to invest in exploration & product activities, which would stimulate demand for marine support vessels. Furthermore, the local content requirements of vessels operating in Nigerian waters and the high capital requirements for new entrants create substantial barriers to entry, reinforcing the positive demand outlook. Nevertheless, we believe the Group remains exposed to fluctuations in international crude oil prices, which directly affect the cash flows and operations of its clientele, particularly amid U.S. policies inclined towards lower oil prices.

As at 31 December 2024, C&I Group had ₦19 billion (2023: ₦11.4 billion) in trade and other receivables, which accounted for 16.4% of the total assets, with operating lease receivables representing the bulk (78.9%), while other account receivables (including receivables from related companies and prepayment) made up a relatively small share (21.1%). The operating receivables, representing dues from the Group's core business activities, primarily (74.3%) comprised marine receivables, while fleet management receivables (14.7%) and outsourcing receivables (11%) accounted for the balance. The marine receivables largely represent rentals due from IOCs for the use of marine vessels in daily operations, which we view as exposures to high-quality counterparties. The rental payments for marine leases are typically settled within 90 days of invoicing, in line with industry norms and C&I Group's arrangements with individual customers, and are classified as past due thereafter. We expect the receivables to record moderate growth in the near term as the Group continues to negotiate improved rates and new contracts with the IOCs and indigenous oil field operators. In addition, we anticipate a moderate growth in the fleet management business as C&I Group actively works to convert an emerging pipeline of opportunities, particularly from its Ghana subsidiary, as the economy recovers gradually.

Table 5: Receivables Ageing Profile as at 31 December 2024

Business Units	Performing		Non-Performing			Non-Performing Ratio
	Not yet due (₦'m)	0-3mths (₦'m)	3-6mths (₦'m)	6-12mths (₦'m)	12mths & above (₦'m)	
Marine	7,185	3,671	20	59	23	0.9%
Fleet management	325	180	137	69	61	34.6%
Outsourcing	1,105	271	201	35	26	16.0%
Total	8,615	4,122	358	163	111	4.7%

As at the 2024 FYE, C&I Group's non-performing receivables stood at ₦631.8 million (2023: ₦461.4 million), representing a 36.9% rise from the prior year, primarily driven by higher delinquencies in the fleet management and outsourcing business segments. The elevated delinquencies in these segments were largely due to delayed payments from corporate clients across the fast-moving consumer goods, general commerce, power, and oil & gas industries, which faced tight liquidity conditions amid the heightened inflationary pressures and other weak macroeconomic indices in the review year. Nonetheless, this translated to an improved non-performing receivables to operating receivables ratio of 4.7% (2023: 5.9%), slightly better than our benchmark of 5% for leasing companies. However, we note that the rise in delinquencies was somewhat masked by the 70.5% year-on-year (YoY) increase in operating lease receivables attributable to the depreciation of the Naira. When we adjust for the considerable growth, non-performing receivables were notably higher at 8.1%, which remains below the 10% regulatory threshold for finance companies. Based on the unaudited accounts as at 30 June 2025, the non-performing receivables ratio deteriorated to 7.2% largely driven by increased delinquencies from the marine business. As at the 2024 FYE, the Group's impairment provision covered 79.4% of the non-performing receivables, with the uncovered portion equating to a marginal 0.3% of the shareholders' funds, which we view positively. We expect the non-performing receivables ratio to improve moderately in the near term, supported by the gradual easing of inflationary pressures and rise in business activity levels. Improving corporate cash flows on the back of foreign exchange market stabilisation should also enhance the repayment capacities of counterparties.

As at 31 December 2024, the Group had ₦8.9 billion (2023: ₦11 billion) in other assets, accounting for 7.7% of the asset base, which represents significant non-earning assets in our view. The other assets primarily consisted of withholding tax receivables (46%) and spare parts & inventories (43.5%), while prepayment and accrued management fee represented a small share (10.5%). We note that given the nature of operations, C&I Group does not generate sufficient corporate tax liabilities to offset its withholding tax receivables. Thus, the Group typically files and receives cash refunds from the Nigeria Revenue Service (Formerly Federal Inland Revenue Service). However, due to the bureaucratic processes in the tax system, we expect delays in the settlement of these withholding taxes. As at the 2024 FYE, C&I Group's investment in joint ventures with Sifax Group in Sifax C&I Marine Limited Nigeria and Sifax C&I Leasing Marine Limited Seychelles stood at ₦6.7 billion (2023: ₦4.2 billion) representing 5.8% of the total assets. These ventures provide towage and pilotage, and plant & equipment leasing services, respectively. We expect the Group's joint venture assets to see a modest growth in the near to medium term as opportunities arise in Nigeria's upstream oil & gas sector.

As at 31 December 2024, C&I Group had ₦5.7 billion (2023: ₦1.2 billion) in finance lease receivables, which accounted for 4.8% of the asset base. The finance lease receivables represent the present value of the net investment in finance leases. As at the 2024 FYE, the Group's finance leases showed significant concentration, with exposures to the top 20 obligors constituting 83.2% of the portfolio, reflecting the focus on large-ticket corporates. Past-due finance lease receivables stood at ₦266.6 million (2023: ₦221 million), representing 4.5% of the net investment in finance leases, slightly better than our 5% benchmark for leasing companies. Based on the unaudited figures as at 30 June 2025, non-performing finance lease receivables were largely unchanged at ₦243.5 million, translating to a lower non-performing ratio of 4.1%, supported by recoveries and improved collections from key obligors. In the near term, we expect the finance lease receivables portfolio to remain

relatively stable, as the Group restructures its finance leasing operations by executing its planned transfer of the business and licence in Nigeria to a dedicated subsidiary.

Overall, C&I Group's asset quality is satisfactory in our opinion.

RISK MANAGEMENT

The Board is responsible for defining C&I Group's risk appetite, approving risk management policies and reviewing the effectiveness of the internal control systems. The Board carries out these functions through the Board Risk Committee (BRC), which establishes and reviews the Group's risk management process. The BRC also advises the Board on C&I Group's credit, operational, market, liquidity and other risk exposures. The BRC is supported by the Management Risk Committee (MRC), which ensures the implementation of, and adherence to, the defined policies for the management of risks.

The business and support units identify risks and implement the approved risk management framework, serving as the first line of defence in C&I Group's risk management structure. The heads of these units are responsible for ensuring that the risk manuals and predefined operational standards approved by the Board are strictly adhered to. The Group appoints risk champions from each business unit and conducts continuous assessments to identify risks in business processes. The results of these assessments are documented in a risk register to monitor operational risk. The Audit, Risk and Control (ARC) unit head is C&I Group's second line of defence for risk management. The head of the ARC unit monitors the activities of C&I Leasing and the subsidiaries and oversees the day-to-day implementation of the risk management framework. The Group's risk management is decentralised with risk officers in charge of the eastern and northern regions working out of the Port Harcourt and Abuja offices respectively. The ARC unit head also supervises the regional internal control officers. The head of risk management in Ghana reports to the ARC unit head at the Company.

C&I Group is exposed to credit risk primarily from operating lease contracts with international and indigenous oil companies and finance lease contracts with operators in the telecommunications, power, construction, fast moving consumer goods, pharmaceuticals and financial services sectors. The finance function is responsible for reviewing all business proposals by the different business units to ensure consistency with the Group's risk appetite and credit exposure limits. All proposals approved by the finance team are forwarded to the MRC for approval. In addition, the treasury team is in charge of managing liquidity, foreign exchange and interest rate risks, which is largely achieved by sourcing appropriately matched funding.

In our opinion, the Group has documented guidelines and multiple review processes for minimising business risks, with oversight from the Board. However, the credit risk management structure, particularly obligor analysis, can be improved upon, given the high level of non-performing receivables in the fleet management and outsourcing business segments in the review year.

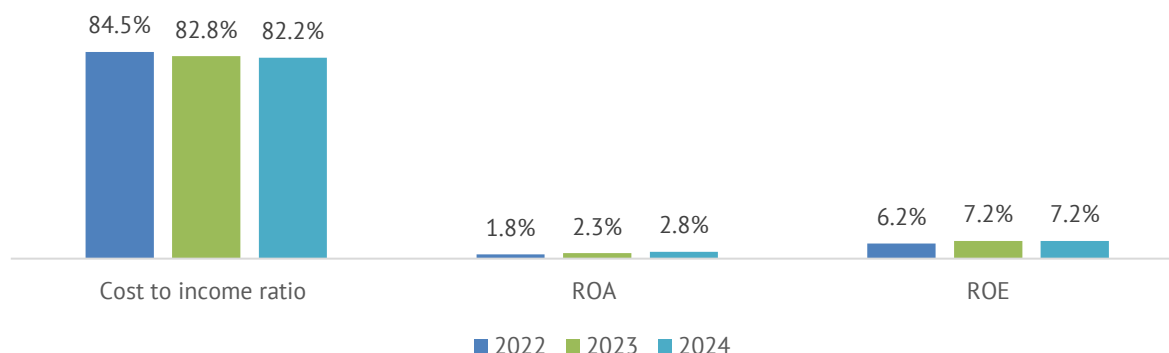
EARNINGS AND PERFORMANCE

C&I Group generates earnings primarily from operating and finance lease income from its marine and fleet management business segments. The Group also derives revenue from personnel outsourcing services, income from the installation and maintenance of tracking devices for clients, interest income from bank placements, and its share of profit from joint ventures with the Sifax Group. In the 2024 FY, C&I Group generated net earnings of ₦15.1 billion (2023: ₦9 billion), a significant increase of 67.3% from the prior year, driven by higher marine vessels utilisation, which increased to an average of 25 days per month from 20 days following the completion of dry-docking activities during the year. In addition, the elevated inflationary pressures and the FGN's upward revision of the national minimum wage have prompted a general salary review across sectors, which supported higher revenue generation in the personnel outsourcing business segment. The growth was also supported by the Group's geographical diversification across Nigeria, Ghana and the UAE. C&I Leasing contributed the bulk (69.9%) of C&I Group's earnings, while Leaseafric (19.4%) and EPIC FZE (10.7%) accounted for smaller shares. Lease income made up the bulk (64%) of earnings, while other operating income, primarily comprising the share of profit from the joint venture, gains on disposal of plant and equipment, and proceeds from the sale of used parts, represented a sizable share (26.9%). Outsourcing income accounted for the balance (9.1%) of the earnings.

Based on the unaudited accounts for the six months to 30 June 2025, C&I Group recorded net earnings of ₦15.7 billion, representing a modest annualised growth of 3.9%, largely due to the drydocking of some marine vessels. Nonetheless, we expect earnings to record moderate growth in the near term, supported by the anticipated increase in marine lease income, driven by the FGN's renewed focus on boosting upstream oil and gas production. In addition, five vessels undergoing drydocking are expected to return to service in Q4 2025. Earnings should also be supported by increased demand for new vehicles in the fleet management segment, particularly in Ghana, following the recent launch of electric vehicles in the country.

In the review year, C&I Group incurred operating expenses of ₦12.4 billion (2023: ₦7.5 billion), a 66% increase from the prior year. The rise was largely attributable to the impact of higher depreciation charges on plant and equipment for lease following the capitalisation of overhauling costs from the previous year as well as the sustained inflationary pressures on administrative expenses. Nonetheless, given that the increase in operating expenses was matched by growth in net earnings, the Group's cost-to-income ratio (CIR) was largely unchanged at 82.2% (2023: 82.8%) but remained above our maximum threshold of 75%. Based on the unaudited accounts as at 30 June 2025, the CIR weakened to 84.6%, due to the muted earnings growth. Thus, we expect the CIR to remain pressured in the near term given the elevated inflationary conditions in the macro environment and the anticipated increase in depreciation charges on lease assets arising from the drydocking of vessels.

Figure 2: Profitability Index Trend



Source: C&I Leasing Plc

In the 2024 FY, C&I Group recorded a profit before tax of ₦2.7 billion (2023: ₦1.5 billion), a considerable increase of 73.3% from the prior year and translating to slightly improved pre-tax return on average assets (ROA) of 2.8% (2023: 2.3%). However, the pre-tax return on average equity (ROE) was unchanged at 7.2% (2023: 7.2%) given the significant increase in shareholders' funds, and was significantly below the 12-month average of inflation of 33.2% in the review year. Based on the unaudited accounts for the six months to 30 June 2025, the Group posted pre-tax profit of ₦1.2 billion, representing a modest 30.3% of the full-year budget and translating to lower annualised ROA and ROE of 2% and 5% respectively. Nonetheless, we expect profitability ratios to improve moderately in the near term, supported by the anticipated higher demand for marine vessels on the back of government plans to drive output growth in the oil & gas sector.

In our opinion, C&I Group's profitability is weak.

CAPITAL & LEVERAGE

As at 31 December 2024, C&I Group had shareholders' funds of ₦48.2 billion (2023: ₦25.4 billion), a growth of 82.4% from the prior year. This increase was primarily driven by the substantial foreign currency translation reserve gains arising from the significant depreciation of the Naira against the reporting currencies of the foreign subsidiaries in the review year. Tier 1 capital (core capital), comprising a satisfactory mix of foreign currency translation reserve (71.3%), paid up capital (15%), statutory & regulatory reserve (10.1%), and revenue reserve (3.6%), funded 41.4% of the total assets. Based on the unaudited accounts as at 30 June 2025, shareholders' funds stood at ₦48.6 billion, largely unchanged. Nonetheless, we expect the Group's shareholders' funds to increase substantially in the near term, given the Board's approval to raise ₦15 billion in new equity.

As at the 2024 FYE, C&I Group had a tier 1 capital ratio of 10% and a Basel I Capital Adequacy Ratio (CAR) of 13%, which was slightly better than the regulatory minimum of 12.5% for finance companies. When subjected

to our proprietary stress test, the adjusted capital to risk-weighted asset ratio was 12%, below our expectation for a finance company. As at the same date, the Group had a debt-to-ratio¹ of 1.2x (2023: 1.8x), which was well within our threshold of 5x and the regulatory limit of 10x. Based on the unaudited accounts as at 30 June 2025, C&I Group's CAR and debt-to-equity ratio were largely unchanged at 12.9% and 1.4x respectively. Nonetheless, despite the proposed ₦15 billion bond issuance, we anticipate moderate improvements in the CAR and debt-to-equity ratio in the near term as the Group executes its planned equity raise by Q1 2026.

In our opinion, C&I Group's capitalisation is acceptable, while leverage is low.

LIQUIDITY AND FUNDING

C&I Group primarily obtains funding from financial institutions and the issuance of secured leased notes to institutional and individual investors. The Group also raises funds from the money and capital markets via debt instruments, such as commercial papers and bonds. As at 31 December 2024, C&I Group's total liabilities stood at ₦68.1 billion (2023: ₦52.3 billion), funding 58.6% of the asset base, with borrowings accounting for the bulk (70.5%), while other liabilities comprising account payables and tax liabilities made up a smaller balance (29.5%). Consequently, the funding mix translated to a weighted average cost of funds (WACF) of 22%, which was satisfactory in our view given the elevated interest rate environment. We expect the Group's WACF to decline moderately in the near term, supported by the MPC's gradual monetary policy easing and attendant anticipated downward trajectory in the benchmark rate and notwithstanding the plan to access the debt capital market for additional borrowings.

As at the 2024 FYE, C&I Group's borrowings stood at ₦48 billion (2023: ₦38.9 billion), representing a 23.5% increase from the prior year from additional facilities obtained from banks in Ghana. The borrowings largely comprised term loans (37.4%) and secured leased notes (27.3%), while redeemable bonds (16.9%), commercial notes (14.7%) and bank overdraft (3.6%) accounted for smaller shares. The term loans represent credit facilities from various financial institutions in Nigeria and Ghana, extended to C&I Leasing and Leaseafric respectively, for vessel overhaul, asset acquisition and fleet financing. The facilities are secured by legal ownership of the financed assets. There was moderate concentration in the borrowing base, with the largest lender accounting for 36.1% of the total credit facilities, while the remaining exposures were reasonably diversified across nine financial institutions.

The secured lease notes are issued to individual and institutional investors under term loan agreements with a tenor of 50–60 months to finance the construction of vessels for the Group, with investors granted equity holdings in the vessels as security. The top 20 investors accounted for 98.3% of the total leased notes, which shows considerable concentration in our view. We believe that this level of reliance on a few investors leaves C&I Group vulnerable to a significant funding gap in the event of sudden withdrawals by high value financiers. In addition, the dependence on a small funding base negatively impacts the competitiveness of the Group given the high bargaining power of such investors. Based on the unaudited accounts as at 30 June 2025,

¹ Debt-to-equity is measured as borrowings divided by shareholders' funds less investment in the joint ventures

borrowings stood at ₦57.9 billion, up 20.6% from the 2024 FYE to support the expansion of the fleet and operating lease assets. We expect borrowings to rise moderately in the near term, driven by the planned issuance of a ₦15 billion bond.

As at 31 December 2024, C&I Group had liquid assets of ₦4.4 billion and a liquidity ratio of 9.2%, which was below the regulatory minimum of 10% for finance companies. In our opinion, this indicates a potential strain in meeting short-term obligations as the Group's liquid assets provide a limited buffer against near-term funding pressures. Nevertheless, C&I Group's liquidity position is supported by ₦2 billion of overdraft facilities from two commercial banks, of which ₦1.48 billion has been drawn down. We also note that the Group's existing commercial paper programme provides an additional potential source of liquidity.

In our opinion, C&I Group's funding and liquidity profile are adequate, supported by diversified funding sources and a strong ability to refinance maturing obligations through sustained access to bank credit lines, secured lease notes and debt instruments from the money and capital markets.

OUTLOOK

Nigeria's macroeconomic outlook remains cautiously optimistic, underpinned by sustained improvement in crude oil production and continued government efforts to stabilise the foreign exchange market and boost oil revenue. The economy recorded a GDP growth of 4.2% YoY in Q2 2025, driven largely by a strong rebound in the oil sector, which expanded by 20.4% following improved security across key production corridors and the FGN's sustained drive to increase daily crude output closer to the OPEC² quota. Consequently, average crude production rose to 1.68 million barrels per day (mbpd) in Q2' 2025, from 1.41 mbpd in the corresponding period of 2024. Thus, the positive momentum in the oil and gas industry is expected to spur increased demand for marine logistics and offshore support services. Nevertheless, the volatility in global crude oil prices remains. This is reflected in the decline of the OPEC basket crude oil price³ to an average of US\$69.7 per barrel in August 2025 (from US\$79.5 in 2024), amid concerns of weakening global demand and rising U.S. shale output.

C&I Group plans to continue investing in operating lease assets, particularly the marine fleet, to position itself for opportunities in the oil services industry. The Group also plans to continue driving growth of its finance leasing following pilot tests of electric vehicles in Ghana and CNG vehicles in Nigeria. Thus, we expect these initiatives to boost profitability in the near term. However, due to the macroeconomic challenges in Nigeria and Ghana, which continue to negatively impact clients, we expect asset quality to remain threatened by lease receivables delinquencies. The funding and liquidity profile should improve as the Group executes its near-term funding plan, deepens relationships with financial institutions in its operating countries, and accesses the debt market through its commercial papers and bond programmes. We expect C&I Group's capitalisation

² Organization of the Petroleum Exporting Countries

³ The OPEC basket crude oil price is a weighted average of the prices of petroleum blends from OPEC member countries, serving as a benchmark for global crude oil prices.

to remain acceptable for business risks, supported by revenue reserve accretion and the planned equity capital raise by Q1 2026.

Based on the aforementioned, we hereby attach a '**stable**' outlook to the rating.

FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION AS AT	31-Dec-22		31-Dec-23		31-Dec-24	
	₦'m		₦'m		₦'m	
ASSETS						
Cash & equivalents	1,155	2%	2,154	2.8%	4,359	3.7%
Marketable Securities	12	0%	26	0%	37	0.0%
Liquid Assets	1,167	2%	2,181	2.9%	4,396	3.8%
Investment in finance lease	2,112	3.7%	1,193	2%	5,684	4.9%
Assets under operating lease	31,390	54.4%	46,923	59.6%	69,416	59.7%
Total other assets	19,175	33.2%	22,246	28.3%	27,964	24.1%
Unconsolidated subsidiaries & associates	3,205	5.6%	4,248	5.4%	6,706	5.8%
Property, plant & equipment (for own use)	623	1.1%	1,772	2%	2,098	1.8%
Goodwill & other intangible assets	25	0%	11	0%	6	0%
Total Fixed Assets & Intangibles	649	1.1%	1,783	2%	2,105	1.8%
TOTAL ASSETS	57,754	100%	78,698	100%	116,273	100%
LIABILITIES & EQUITY						
Short term borrowings	15,179	26.3%	21,092	27%	8,778	7.5%
Current portion of long-term borrowings	5,349	9%	5,385	7%	12,261	10.5%
Long term borrowings	14,886	25.8%	12,393	16%	26,978	23.2%
TOTAL BORROWINGS	35,414	61.3%	38,870	49%	48,016	41.3%
TOTAL OTHER LIABILITIES	5,626	10%	13,433	17%	20,105	17.3%
Total Liabilities	41,039	71.1%	52,302	66.5%	68,121	58.6%
Shareholders' Equity	16,714	28.9%	26,396	33.5%	48,152	41.4%
TOTAL LIABILITIES & EQUITY	57,754	100%	78,698	100%	116,273	100%
Auditors	EY		EY		EY	
Opinion	CLEAN		CLEAN		CLEAN	

INCOME STATEMENT FOR THE YEAR ENDED	31-Dec-22		31-Dec-23		31-Dec-24	
	₦'m		₦'m		₦'m	
Net lease & interest income	2,407	8%	4,665	12%	9,654	18.5%
Net outsourcing income	1,307	4%	1,166	3%	1,367	3%
Other income	2,856	9.4%	3,181	8.4%	4,056	7.8%
Operating Income	6,570	21.7%	9,012	23.8%	15,078	28.9%
Staff costs	(1,483)	-5%	(1,401)	-4%	(1,737)	-3.3
Depreciation expense	(3,085)	-10%	(4,629)	-12%	(7,975)	-15.3%
Other operating expense	(990)	-3%	(1,435)	-4%	(2,682)	-5.1%
Total Operating Expenses	(5,553)	-18%	(7,465)	-20%	(562)	-23.8%
Profit/(loss) before taxation	1,015	4%	1,548	4%	2,683	5.1
Tax (expense)/benefit	(438)	-1%	(1,275)	-3%	(1,078)	-2.1%
Profit/(loss) after taxation	577	2%	273	1%	1,604	3.1%
Gross Earnings	30,264	100%	37,912	100%	52,100	100.0%

KEY RATIOS AS AT	31-Dec-22	31-Dec-23	31-Dec-24
PROFITABILITY & EARNINGS			
Lease gross margin	37.2%	39.8%	41.4%
Loan loss expense/Interest income	0.4%	0.9%	0.1%
Operating expenses/operating income	84.5%	82.8%	82.2%
Return on average assets (pre-tax)	1.8%	2.3%	2.8%
Return on average equity (pre-tax)	6.2%	7.2%	7.20%
ASSET QUALITY RATIOS			
Receivables past due/total receivables	6.4%	5.9%	4.7%
Lease receivables past due/Equity	1.7%	1.4%	1%
CAPITAL ADEQUACY & LEVERAGE			
Debt/Equity (Times)	2.6	1.8	1.2%
Adjusted capital/Risk weighted assets	27%	21%	39%
Total Equity/Total Assets	29%	34%	41%
LIQUIDITY & FUNDING			
Short Term Debt/ Total Debt	58%	68%	44%
Short term lease receivables/ short term debt	10.3%	4.6%	4.5%
Short term debt (less cash & equivalents)/equity less revaluation	116%	90%	121%
STAFF INFORMATION			
Average number of employees	320	357	422
Staff cost per employee (₦'m)	4,630	3,924	4,117
Net earnings per staff (₦'m)	20,534	25,246	35,730
Staff cost/Net earnings	22.5%	15.5%	11.5%
Staff costs/Operating expenses	26.7%	18.8%	14.0%
OTHER KEY INFORMATION			
Year operations started	1991	1991	1991
Age (in years)	33	34	35

LONG TERM RATING DEFINITIONS

Aaa	A financial institution of the best financial condition and strongest capacity to meet obligations as and when they fall due relative to all other issuers in the same country.
Aa	A financial institution of very good financial condition and strong capacity to meet its obligations as and when they fall due relative to all other issuers in the same country.
A	A financial institution of good financial condition and strong capacity to meet its obligations relative to all other issuers in the same country.
Bbb	A financial institution of satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due relative to all other issuers in the same country.
Bb	A financial institution with satisfactory financial condition but limited capacity to meet obligations as and when they fall due relative to all other issuers in the same country.
B	A financial institution with weak financial condition and weak capacity to meet obligations as and when they fall due relative to all other issuers in the same country.
C	A financial institution with very weak financial condition and very weak capacity to meet obligations as and when they fall due are relative to all other issuers in the same country.
D	In default.

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.

SHORT TERM RATING DEFINITIONS

A1+	A financial institution/company with the strongest capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country.
A1	A financial institution/company with a strong capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country.
A2	A financial institution/company with adequate capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country.
A3	A financial institution/company with limited capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country.
B	A financial institution/company with weak capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country.
C	A financial institution/company with very weak capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country.
D	A financial institution/ company in default.

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.



www.agusto.com

© Agosto & Co.
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