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MARKET MOVING NEWS, DATA & ANALYSIS

Monday 29th November - 5th December 2021 | Vol. 01, No. 047

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Investors sour on GTCO as doubts emerge over Agbaje's HoldCo strategy

● GTCO Stock is worst performer among major banks in 2021 ● Forced exit of executives seen as negative

PATRICK ATUANYA

Investors are not buying the rosy growth picture painted by the Group CEO of Guaranty Trust Holding Company (GTCO) Segun Agbaje, that led to the transformation of the bank into a Holding Company (HoldCo) earlier this year.

GTCO stock is the worst performer year to date among major banks tracked by MoneyCentral, with shares of the lender down 22.72 percent so far this year to (Thursday Nov. 25th), compared to a 7.05 percent increase in the Nigerian Exchange Groups (NGX) all share index in the same period.

"Segun reiterated a number of times that HoldCo was not necessary about decade ago, so what has changed that HoldCo has now become the new opportunity, if not a way to sit tight and maintain control on the bank's management," a market source told MoneyCentral on condition of anonymity due to the sensitive nature of the subject.

"The forced exits of Executives who people believe were

strong is negative," the source said.

GTCO's stock performance compares to Access Bank stock which is up 7.69 percent year to date (ytd), FBN Holdings up

67.83 percent, UBA down -5.78 percent, Zenith Bank down -1.41 percent, Stanbic IBTC Holdings down -13.73 percent and Fidelity Bank up 1.59 percent ytd.

Agbaje in a presentation late

last year in which MoneyCentral was present said the erstwhile, Guaranty Trust Bank (GTBank) decided to adopt a Holding Company model that will com-

Continues on page 14



L-R: Group Head, Customer Fulfilment Centre(CFC), United Bank for Africa Plc, Prince Ayewoh; Group Head, Personal Banking and Retail Liabilities, Ogechi Altraide; Deputy Managing Director, Oliver Alawuba; Group Managing Director/CEO, United Bank for Africa Plc, Mr. Kennedy Uzoka; Executive Director, Chiugo Ndubisi; UBA Foundation, Bola Atta; Head, Commercial and Corporate Banking, Muiywa Akinyemi, and Head of Operations, Alex Alozie, at the 2021 Christmas and New Year Light Up Ceremony of UBA Foundation, Garden, by UBA Foundation at Marina, Lagos on Friday.

COMPANIES & MARKETS

Flour Mills to inherit Honeywell's N78.55bn debt pile

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Niger Insurance's Directors' staff pay exceed revenue as losses pile

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INSURANCE HUB

Leadway Assurance premium to surplus ratio underpins strong underwriting capacity

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MONEYCENTRAL WEST

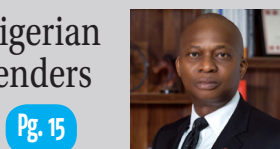


Nigeria's largest city Lagos budgets \$3.3bn for 2022 fiscal year

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MARKET EAR

UBA reports highest profit growth among Nigerian lenders



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NSE INDICES (WEEKLY)

All share
43,308.29
0.46%

NGX 30
1,748.42
0.14%

BONDS/FORWARD

FGN
23-JUL-30
12.29

FX (\$/N)
31-AUG-22
432.6

BDC Exchange Rates

Buy
555

Sell
565

\$ - NGN
765

£ - NGN
780

€ - NGN
640

COMMODITIES

BRENT (ICE)
78.02
USD/bbl

GOLD Spot
1,806.63
USD/t.oz

Bitcoin (BTC)

\$54,477
N30.77 M

I&E FX Window

\$ - NGN
Turnover
415.07
\$98.07m

MARKETS

Capex stalls at Nigerian firms as capacity utilization slides

... as revenue growth driven by price increases not volumes

BALA AUGIE

An expected pick-up in capital investment by companies has failed to occur so far this year as they are looking out for more

investment opportunities amid economic uncertainties.

There was optimism that an improvement in the economic cycle buoyed by the relaxation

of lockdown policy would make companies feel more comfortable to start sending cash, which casts a pall about the robustness of economic recovery this year.

Capex by Nigerian corporates dipped by 34.02 percent to N319.93 billion as at September 2021 from N484.90 billion as at September 2020, according to

data gathered by MoneyCentral.

This shows that companies are not investing in new manufacturing capacity, as many of them still have spare capacity," said an anonymous source.

Continues on page 14



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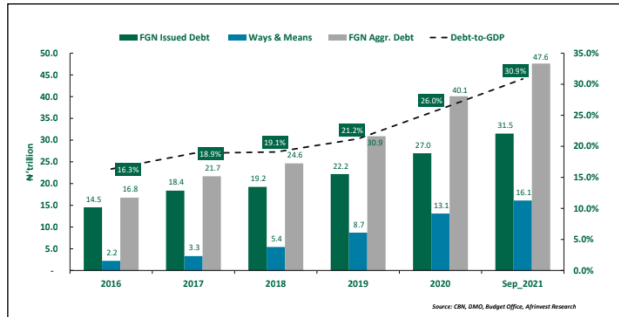
NATIONAL

CBN Ways and Means loans to FG hit N16.1trn in Sept – Afrinvest

PATRICK ATUANYA

The level of Ways and Means loans extended by the Central Bank of Nigeria (CBN) to the Federal Government (FG) stood at N16.1 trillion as at September 2021, according to data from investment firm Afrinvest.

The FG aggregate debt stood at N47.6 trillion, equivalent to about 34 percent of GDP. Ways and Means financing is basically the printing of money by the CBN to enable the FG plug its budget deficit. “Repeated recourse to large central bank financ-



ing could complicate macroeconomic management and hinder the central bank's ability to tame inflation, particularly if it exceeds limits set under existing institutional safeguards, in our view,” Fitch said in a note released in

March.

The government has plans to securitise the loans it contracted under CBN's Ways and Means (W&M) facility in recent years.

The debt will be exchanged for 30-year notes

issued to the central bank, Patience Oniha, head of the Debt Management Office (DMO) said in February.

The Nigerian government became dependent on central bank borrowing after oil prices collapsed in 2015. Earnings from crude sales account for about half of government income in Africa's largest economy. The financing helped plug spending shortfalls as non-oil revenues failed to cover the gap created by lower earnings from crude exports.

The increasing reliance on CBN overdrafts has

ENERGY

FG: Nembe oil spill now under control

AKIN AKINBOBOLA

The federal government has announced that the OML 29 oil spill in Nembe, Bayelsa State, had been brought under control, with necessary personnel and equipment deployed to begin recovery and remediation efforts.

This came more than three weeks after the eruption that affected several communities in the state.

Minister of Environment, Sharon Ikeazor, who disclosed the control of the spill at the weekly ministerial press briefing organised at the State House, Abuja.

The unfortunate incident was said to have been brought under control after the Aiteo Eastern Exploration Company (AEEPCO) succeeded in mobilising heavy equipment to the site of the Santa Barbara wellhead leak, in what it described as a “well kill” operation.

Ikeazor likened the incident to the atomic bomb site in Hiroshima City in Japan, which was devastated when the Allied Forces dropped a bomb on it during the Second World War.

She explained, “The situation has been brought under control. I got a brief from the Director General, National Oil Spillage Detection and Response Agency (NOSDRA), who

was out on the field. So, now, work has to start on the proper clean up.

“So, is this something we must tackle head-on? We are beyond talking and having workshops. On the issue of penalties, I mentioned earlier the review of the NOSDRA bill. You know most of the Acts we have passed years ago. You will see that they will give maybe N100 fine, anyone can pay that and go back and re-pollute.”

Speaking on Arise News Channel, Minister of State for Petroleum, Chief Timipre Sylva, who spoke about his visit to the host community for on the spot assessment of the impacted area, had assured that he would produce a report, after the inspection, which would be submitted to President Muhammadu Buhari for immediate action.

Sylva also disclosed that the federal government and Aiteo oil company had moved to contain the massive oil spill. He thanked the host community for their peaceful conduct.

Sylva stated, “The company, Aiteo, is making reasonable efforts to contain the spill.

“We will produce a report that will be submitted to Mr. President. We want to thank the community for being peaceful and not taking the laws into their hands.”

ECONOMY

With focus on non-oil exports, economic diversification on course – Osinbajo

... Export Development Fund activated for the first time through Buhari's ESP – Awolowo

SEUN PETERS

With the Zero-Oil Plan actively promoted by the Nigerian Export Promotion Council (NEPC), Nigeria is on the right path to economic diversification, according to Vice President Yemi Osinbajo, SAN.

Prof. Osinbajo, stated this during a courtesy visit to the Presidential Villa by a delegation from the NEPC led by its outgoing Executive Director/CEO,



Mr Segun Awolowo.

According to the Vice President, “we are set on the right path and I like the fact that we are focused

on non-oil exports, and we are facing the challenges and we are facing them head-on.

“In the next few years, those of us who are policy-makers and looking at the future, must, today, have a plan. In fact, we have set ourselves on an inevitable course of a zero-oil plan.”

The VP then commended the outgoing NEPC CEO for his foresight, stating that “I really want to commend you for

your foresight for putting in place a plan that is very well-structured and detailed.”

Said the VP, “it is very important to note that we are certainly getting away from the oil and gas era. In the past, we used to think that it will still take a while but today, with the circumstances and all of the various factors around the world (less dependence on oil, Climate Change, and COP), it is inevitable.”

AVIATION

National airline, Nigeria Air to take off April 2022– FG

SEUN PETERS

The minister of Aviation, Hadi Sirika, has disclosed that the much-awaited national carrier, Nigeria Air, is expected to take off by April 2022.

The minister made the disclosure while speaking with the State House Correspondents on Wednesday after the week's Federal Executive Council, FEC meeting.

The meeting was presided over by President Muhammadu Buhari, at the Presidential Villa, Abuja.

Mr Sirika also disclosed that the national carrier will be run by a company in which the government will hold a 5% stake.

He added that Nigerian entrepreneurs will hold 46%, while the re-



maining 49% will be reserved for yet to be assigned strategic equity partners, including foreign investors.

He further noted that the national carrier, when operational, will create about 70,000 jobs for Nigerians.

The minister had said that the airline will fly about 81 routes, 40 for domestic, regional and sub-regional and 41 for international.

“The airline will shuttle between the Lagos to Abuja airports which will add 11 million passenger's capacity in each of the two airports,” he had said.

ENTREPRENEURSHIP

Emefiele inaugurates N500m youth entrepreneurs' scheme

JESSICA MAURICE

Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, on Thursday launched the apex bank's N500 million Tertiary Institutions Entrepreneurship Scheme (TIES).

Speaking at the launch of the scheme in Abuja, Emefiele said the intervention would create an enabling business environment that supports innovation. It would also enable the youth to unleash their entrepreneurial potential, by redirecting their focus from seeking white-collar jobs to embracing a culture of entrepreneurship, he said.

The initiative, which the CBN governor hinted at earlier this year, was expected to boost entrepreneurship in higher institutions of learning.

Emefiele stressed the need for the environment to provide support in re-

orientating, training, and providing a financing model apt to the peculiarities of the sector within which the businesses operate.

He urged governments at all levels to evolve policy measures to support entrepreneurial development among the youth in the country. The CBN governor said this was particularly crucial given that about 600,000 students graduate yearly from Nigerian tertiary institutions without commensurate employment opportunities in both the public and private sectors.

Emefiele said the essence of the intervention was to create a paradigm shift from the obsession for white-collar jobs among graduates and promote entrepreneurship. He said the CBN was particularly concerned about the current level of unemployment among the youth



population.

He explained that the intervention consisted of three main components, including term loan, equity investment, and development grant.

Emefiele said the scheme would make it easy for youths to access credit and create jobs for themselves and others. He warned that the finance

to be provided was not a grant but a loan, which should be used for the intended purposes.

He said entrepreneurship remained an integral part of any economy, adding that entrepreneurs play a key role in driving growth and innovation, which in turn results in job creation.

Emefiele said in line with its mandate of ensuring monetary and price stability, and its developmental mandate of ensuring inclusive growth in the economy, the central bank had introduced several programmes to create an ecosystem that allowed the flow of affordable credit to the real sector.

He added that these interventions were industry-led and designed to support the resilience of targeted priority sectors and segments for growth and job creation.

ANALYSIS

Emefiele's unorthodox policies propel manufacturers' earnings

BALA AUGIE

The unorthodox policies of Nigeria's Central Bank (CBN) Governor Godwin Emefiele have propelled manufacturers' earnings, but there are concerns that the industry is susceptible to foreign exchange crisis and inflationary pressures.

"We attribute the performance to increased credit to the sector (4.0 percent y/y) and continued CBN's intervention in the sector," said analysts at CSL Stockbrokers Limited in a recent note.

Also, analysts are of the view that the industry is benefitting from the gradual reopening of the economy and rollout of vaccines that underpinned business and construction activities.

The NGX listed manufacturers that comprise drug makers, operators in the industrial goods sector, and consumer goods collectively grew net income by 27.22 percent to N458.2 billion as at September



2021 according to data compiled by MoneyCentral.

Their combined revenue followed the same growth trajectory as it was up 31.17 percent to N3.15 trillion in September 2021 from N2.39 trillion as of September 2020.

An upward movement in earnings adds impetus to shareholders' confidence that companies have enough to pay dividends and the government will not be spooked that corporations are accumulating losses that could result in downsizing of the

workforce.

The Nigerian economy sustained its expansionary trend in the third quarter of 2021, as the country's Gross Domestic Product (GDP) grew by 4.03 percent/y in real terms compared with 5.01 percent in the second quarter of (Q2) 2021, based on the recently released GDP report.

The manufacturing sector grew 4.29 percent, the highest growth rate since the first quarter (Q1) of 2015, according to data from the National Bureau of Statistics (NBS).

It is important to note that the loans to deposit ratio policy of the central bank has forced banks to turn on the tap of lending to the private sector.

The Banking sector credit to the private sector increased month-on-month (M-o-M) by N425.9 billion to N33.84 trillion as of September, up from the N33.4 trillion it was at the end of August 2021.

Dangote Cement, BUA Cement, and Lafarge Af-

rica collectively grew net income by 43.53 percent to N384.55 billion as at September 2021, and the planned capital expenditure spending by the government is expected to accelerate the demand for cement.

Consumer goods firms saw combined revenues spike by 31.71 percent to N2.11 trillion in the period under review from N1.60 trillion the previous year.

However, cumulative net income dipped slightly by 2.01 percent to N63.78 billion as at September 2021, stoked by N13.01 billion huge losses by International Breweries.

Unilever and Guinness Nigeria posted net income of N1.08 billion and N4.04 billion from losses of N2.06 billion and N841.15 million respectively in the previous period.

Drug makers were beneficiaries of high demand for chemical and pharmaceutical products by the health sector to manage the Covid-19 health crises.

Fidson Healthcare, GlaxoSmithKline, and May and Baker saw their revenue increase by 37.15 percent to N3.32 billion in the period under review from N2.09 billion the previous year.

However, Nigerian manufacturers are lagging peers in developed countries who operate in a benign environment.

Nigerian companies are hobbled by infrastructure bottlenecks such as bad roads, supply chain debacle, and epileptic power supply.

Between 2019 to 2020, they spent about N143.29 billion on alternative power supply, according to the Manufacturers Association of Nigeria (MAN).

That is on top of a severe foreign exchange scarcity that compels firms to buy currencies at an exorbitant rate at the black market, and the small ones who do not have the cash are hindered from importing raw materials and equipment to meet production.

NEWS

INFRASTRUCTURE

Ogun creates agency to stop abandoned capital projects

AKIN AKINBOBOLA

Ogun State Government has established a government delivery unit to prevent the recurrence of abandoned capital projects and wasting resources of the state.

The government maintained that the delivery unit would ensure transparency and accountability in the government programmes and projects. The Director-General and Special Adviser to Governor Dapo Abiodun on Government Delivery, Lekan Onamusi disclosed this while addressing newsmen in his office.

Onamusi described the delivery office as a 'waste control department', adding that it would help the government manage its finances. He said the office would be technically-

driven and concentrate on the ISEYA agenda of the state government.

He said, "Immediately after His Excellency Dapo Abiodun won the election, he pledged to the good people of Ogun state that he was going to run the government with a different approach; with efficiency, accountability, transparency and change in orientation among stakeholders and that was one of the reasons why he set up this office.

"Our job here is to look at the government initiative economic programmes like projects and to see how we would support and work together to promote MDAs. We want to be sure that each project assigned to be undertaken is done with the right cost, competent people, and quality materials will be

used.

"Our work is technical, competent driven, we will need a lot of staff to be able to undertake the various work. We are going to be visiting the MDAs, trying to understand what exactly the MDA is all about, their purpose, initiatives, and the projects they have.

"We will plan our work around the ISEYA mantra, the reason why we would do that is because we want to be sure that we reach every expected departmental pillar. We don't want to over concentrate on infrastructure at the detriment of youth development, at the detriment of education, if we go in line with the projects, we would be able to give coverage to the intentions of His Excellency."

MARKETS

Elon Musk sells another \$1 billion in Tesla shares

JESSICA MAURICE

Tesla CEO Elon Musk sold about \$1.05 billion in stock, according to financial filings posted last week. The sales were scheduled in September to exercise options that were set to expire in 2022.

Musk has sold a total of \$9.85 billion in Tesla stock this month, including the \$6.9 billion he sold the week of Nov. 10 and another \$1.9 billion he sold on Nov. 15 and Nov. 16. Some of the shares were sold in part to satisfy tax obligations related to an exercise of stock options.

Musk and his trust still hold more than 169 million shares in the company.

Tesla shares fell 15.4% the week ended Nov. 12, marking the worst week for Tesla stock in 20 months after Musk began selling shares. Shares of Tesla were up about 1% on Wednesday afternoon.



Musk ran an informal Twitter poll on Nov. 6 asking his more than 60 million Twitter followers whether or not he should sell 10% of his Tesla stock. The poll ultimately ended with users telling Musk to sell.

But, Musk had already

indicated earlier this year he was likely to sell "a huge block" of his options in the fourth quarter. During an appearance at the Code Conference in September, he said when his stock options expire at Tesla, his marginal tax rate would be over 50%.



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EDITORIAL

Opportunities with eNaira

Nigeria's Central Bank Digital Currency Could be a Game Changer

Chart of the week



schemes such as subsidies.

• **Banks:** The introduction of eNaira could negatively impact banks' fees and commission income. Notably, the scheme will allow users to carry out a few transactions at no cost (e.g. Wallet to Merchant). These cheaper transaction options could force a few banked consumers to rotate out of some banking products in search of more affordable eNaira transactions. However, long-term implications for banks could be positive as the resultant increase in customer base could create cross-selling opportunities.

• **Financial Inclusion:** Financially excluded individuals and entrepreneurs are likely to benefit from being included into the formal economy. Specifically, these individuals could now have more convenient ways to accumulate, hold, and transfer value.

• **Economic growth:** The scheme could potentially be supportive for economic growth as it encourages easier access to capital and financial resources at lower interest and transaction rates.

• **Others:** In addition to the above, the scheme could also lead to: 1) Cost savings associated with the printing, distribution and storage of paper money. 2) Improved efficiency of settlement driven by the bypass of intermediaries. 3) Consumer spending may be supported by freed up disposable income represented by the proportion of income formerly taken up by high bank transaction charges. 4) Facilitate remittances and cross-border payments.

How Customers can use the eNaira

UNIFIED PAYMENT SYSTEM: Customers can now move money from their bank account to their eNaira wallet with ease.

BANK ACCOUNT MANAGEMENT: Customers can monitor their eNaira wallet, check balances and view transaction history.

CONTACTLESS PAYMENT: Customers can make in-store payment using their eNaira wallet by scanning QR codes.

PEER-to-PEER PAYMENT: Allows users to send money to one another through a linked bank account or card.

Nigeria's central bank digital currency (CBDC), the eNaira, went live after an official launching by President Muhammadu Buhari last Monday, October 25, 2021.

Nigeria is one of only a few countries in the world to develop an official digital currency.

As with all things championed by public figures in Nigeria there has been a heavy dose of skepticism from a weary public.

Shortly after the launch there was news of the eNaira application being removed from the Google Play Store.

Contrary to reports that it was pulled down however, the app went through an upgrade and is functioning properly, according to a CBN spokesperson.

Before the app went missing, negative reviews were gotten from Nigerians who were disappointed with the process of registering for the app as required by the CBN.

The main complaints about the eNaira app ranged from issues relating to errors occurring after signing up, date of birth not correct, customer support not found, information not matching, among others.

Many users encountered problems linking their email to the app which is a major requirement to be granted access.

Whatever the case now that it is up and running, the eNaira is an opportunity of immense proportions for the country to achieve faster growth, improved financial inclusion and foster greater innovation in its payments infrastructure.

At the launch, the Central Bank of Nigeria governor, Godwin Emefiele, said 500 million eNaira (\$1.21 million) has already been minted.

The central bank has also published the regulatory guidelines of the currency on its website.

"The guideline seeks to provide simplicity in the operation of eNaira, encourage general acceptability and use, promote low cost of transactions, drive financial inclusion while minimizing inherent risks of disintermediation of any negative impact on the financial system," the CBN said.

At the launch last month, President Muhammadu Buhari said the adoption of the Central Bank Digital

Currency (CBDC) and its underlying technology, called block chain, can increase Nigeria's GDP by \$29 billion over the next 10 years.

A handful of countries including China, Bahamas, and Cambodia have already issued their own CBDCs.

A 2021 survey of Central Banks around the world by the Bank for International Settlements (BIS) found that almost 90 per cent are actively researching the potential for CBDCs, 60 percent were experimenting with the technology and 14 per cent were deploying pilot projects.

In Nigeria, the eNaira will have parity with the fiat currency in the country and will also be non-interest bearing.

The key players across its transaction value chain will include the CBN, Banks, Government, Merchants, and Consumers.

"The CBN's digital currency (the e-Naira) launched in October 2021 will not only accelerate financial inclusion in the country but also im-

prove foreign exchange availability and accretion to external reserves by providing Nigerians in diaspora a new and easier option to send money home. Besides, it will allow the CBN to effectively gain real-time 42 monetary system information that would assist in monetary policy management and foster economic growth through digital innovations," said Kingsley Obiora, a Deputy Governor in the Central Bank of Nigeria.

The potential impacts of eNaira

• **Government, CBN and Regulatory Agencies:** The introduction of eNaira is likely to improve regulatory coverage for CBN and other government agencies. In particular, the scheme is likely to drive greater capturing of the informal segment of the economy, which constitutes 65.0% of overall economic activities in Nigeria according to the IMF. The effect of greater capturing could potentially help in the fight against corruption, reduce scope for tax evasion, and provide needed data for government

ECONOMIC CALENDAR

NATIONAL BUREAU of STATISTICS (NBS)

Monday, 29 NOVEMBER 2021

• Company income Tax (Q3 2021)

Tuesday, 30 NOVEMBER 2021

• Foreign Trade in Goods Statistics (Q3 2021)

• Sustainable Development Goals (SDG) Tracking Report 2020

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COMPANIES

Niger Insurance's Directors', staff pay exceed revenue as losses pile

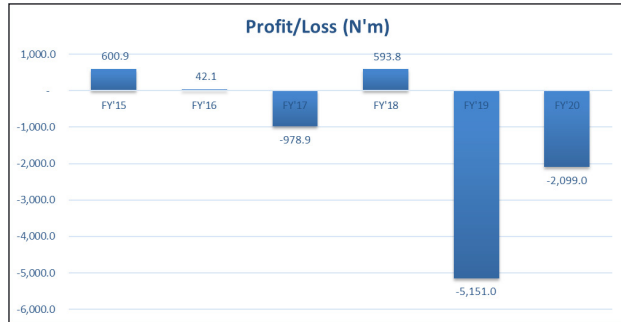
... Directors' emolument up 9,262 percent ...Solvency below the minimum required by 278 percent

BALA AUGIE

Directors of Niger Insurance Plc are drinking wine poured from a flagon into golden goblets as their emoluments and staff salaries exceed the revenue of a company drowning in recurring losses.

In a civilised clime, stewards of companies take a drastic pay cut to help shrink operating cost of a beleaguered firm.

For instance, Hui Ka Yan, the owner of debt-stricken China developer Evergrande,



has injected \$1.09 billion from his own pocket to save the firm from collapse.

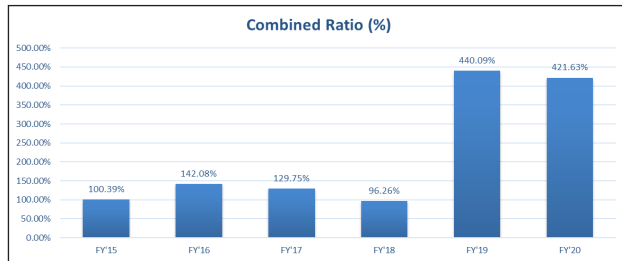
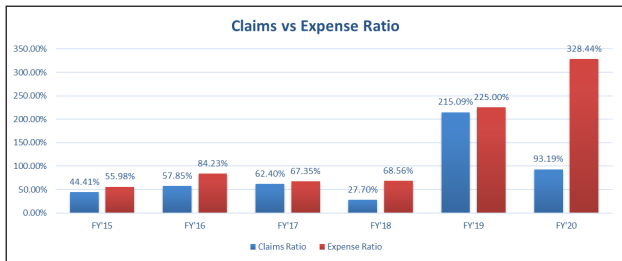
Niger Insurance has been struggling with a huge ex-

pense ratio as it continues to spend more on operating expenses in generating revenue that is deteriorating, which is why it posted a loss

of N2.10 billion in December 2020 from a net loss of N5.15 billion as at December 2019.

Interestingly, management expenses that comprise directors pay, workers' salaries and miscellaneous expenses stood at N3.15 billion, which is 3.18 times net premium income.

In short, total expense ratio (management and underwriting) increased to 328.52 percent in December 2020 from 223 percent the previous year, according to MoneyCentral's calculations.



MARKETS

31 firms benefit from Edo Govt, BOI's N2bn MSME fund

AKIN AKINBOBOLA

The Edo State Government in partnership with the Bank of Industry (BoI) has handed offer letters to 31 businesses who have been screened and selected to benefit from the N2bn Edo State MSME Fund.

The Edo State MSME Fund is an initiative of His Excellency, Governor Godwin

Obaseki, to provide financial and support services to qualified Micro, Small, and Medium Enterprises (MSME) in Edo State. The fund targets over 50,000 businesses in Edo State.

Some of the companies that received the fund include Seebuck leather ventures, Prospect farms, MS Above Enterprise, EDHIR Global

Nigeria, Global Ehimax Trading, among others.

Managing Director of the Edo State Skills Development Agency (EDOJOBS), Mrs. Ukinebo Dare, who represented Governor Godwin Obaseki at the handing over of the offer letters, said the fund is the product of a partnership between the Edo State Government and the Bank of Industry to help

grow and develop businesses in the state.

She also urged business owners to take advantage of the different opportunities provided by the government to stimulate economic activity in the state such as the Edo Online Marketplace on Konga, where they can advertise and sell their products.

MARKETS

InfraCredit's Guarantee supports GPC issuance of N20bn 10-Year Infrastructure bond

SEUN PETERS

InfraCredit, a 'AAA' rated specialized infrastructure credit guarantee institution has announced its guarantee of GPC SPV Company Plc's (GPC-SPV) N20.0 billion 10-Year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bonds Due 2031 (GPC Series 1 Bond) under the N50 billion Debt Issuance Programme.

GPC Energy and Logistics Limited ("GPC") is a leading, fast growing transport and logistics services provider.

With over a decade of operations, GPC provides essential transport and logistics services to several multinational companies in Nigeria operating across the FMCG, agriculture and construction sectors covering an average of 2.8million kilometers monthly.

GPC operates its fleet under term contracts as it leverages a unique integrat-



Chinua Azubike, CEO, InfraCredit

ed transport and logistics model in delivering best-in-class support to the industry.

GPC is a first-time issuer in the debt capital markets, and leveraging on InfraCredit's guarantee, the 10 year GPC Series 1 Bonds was accorded a 'AAA' long term credit rating by Agusto and Co. and DataPro Limited, reflecting the high degree of creditworthiness and the strong quality of the Bonds.

The Bonds was oversubscribed by 25.3 per cent from nine (9) institutional investors including the domestic pension funds.

The bond proceeds will be used to finance the acquisition of additional trucks to sustain the strong growth trajectory of the company in meeting the burgeoning demand from clients across key growing sectors of the Nigerian economy.

In addition, part of the proceeds would be used to refinance existing foreign currency denominated loans, thereby appropriately matching the currency of its revenues to that of its debt obligations. The success of this financing will provide up to 220 trucks under term contracts that will create 360 direct and indirect jobs.

GPC-SPV Series 1 Bonds were priced off the yield on the comparable FGN Sovereign Bond, therefore providing a unique opportunity for institutional investors to match their long-term liabilities with "AAA"-rated, low-risk assets with appropriate risk-adjusted returns.

ENERGY

Sahara Group urges more Intra-African collaboration at Libya Energy Summit

SEUN PETERS

African energy conglomerate Sahara Group has reiterated the need for more intra-African collaboration to accelerate the continent's march towards access to sustainable energy solutions and ultimately, energy transition.

Executive Director, Wale Ajibade who led Sahara Group's delegation to the Libya Energy and Economic Summit 2021 in Tripoli said collaboration geared towards promoting security on the continent remained critical to achieving sustainable development in Africa.

Ajibade said ensuring security of lives and property would enhance investment within the continent and also boost foreign direct investments needed to transform Africa's expansive oil and gas sector.

"The importance of security and political stability in Africa cannot be overemphasized. We need to see more cooperation between governments, business, the civil society and other stakeholders in this regard to

OIL

"A drop in the ocean": Goldman Sachs mocks Biden's tiny SPR release as oil jumps

JESSICA MAURICE

Goldman Sachs commodity guru Damien Courvalin in a note titled "ADrop in the Ocean" says details of government crude reserve releases, with 50 million barrels (mb) from the US and as much as 30 mb from Korea, Japan, China, India and the UK, is smaller than the market had been pricing in.

After the announcement by US President Joe Biden, Brent crude leapt 3.50% higher, finishing at \$82.25 a barrel. WTI also jumped 2.65% higher, closing at \$78.50 a barrel.

"The aggregate size of the release of c. 70-80 mb was both smaller than the 100+ mb the market had been pricing in, with the swap nature of

most of these barrels implying an even smaller c. 40 mb net increase in oil supplies over 2022-23," Courvalin said.

That, as Courvalin points out, is in the context of a market drawing up to 2mb/d at present! Translation: enjoy the low oil and gas prices while you can... we are going much higher.

How much higher? As Courvalin explains, on his pricing model, such a release would be worth less than \$2/bbl, significantly less than the \$8/bbl sell-off that occurred since late October.

So at \$82/bbl currently, Brent prices are in fact not only pricing in announced release, but an additional hit to global oil demand of 1.5 mb/d for the next three months.

DEALS

African Capital Alliance completes significant equity investment in WIOCC to drive long-term growth

AKIN AKINBOBOLA

Africa Capital Alliance (ACA), a leading pan-African alternative investment firm focused on managing investments across Africa, has made an equity investment, via its CAPE IV fund, into WIOCC (West Indian Ocean Cable Company), Africa's hyperscale infrastructure provider. ACA's investment forms part of WIOCC's \$200m capital raise. The investment will support WIOCC in its expansion strategy across Africa and accelerate its investment in enhancing the continent's digital infrastructure.

Established in 2007, WIOCC operates an exceptional hyper-

scale communications platform that delivers critical services to its wholesale clients across 30 countries in Africa and many more globally. The platform comprises more than 75,000km of terrestrial fibre interconnecting well over 100 Points of Presence (PoPs), and seamlessly integrated with its strategic investments in multiple subsea systems. One of the leading players in Africa's wholesale connectivity market, WIOCC is responsible for more than 50% of capacity activated on the Eastern Africa Submarine Cable System (EASSy), a key undersea fibre-optic cable system connecting countries and consumers in Eastern and Southern Africa to the rest of the world.



L- R: Hakim Ben Lagha, Senior Crude Oil Trader, Sahara Energy Int'l Geneva; Wale Ajibade, Executive Director, Sahara Group; Mohamed Oun, Libya Oil and Gas Minister; Jérôme Espinas, Head of Trading, Sahara Energy Int'l Geneva, and Alex Cole, Head, Business Development, Central Africa, Sahara Group, at the Libya Energy and Economic Summit 2021 in Tripoli, Libya.

COMPANIES

Zenith CEO spends N80.38mn to buy new shares in the bank



JESSICA MAURICE

The Group Managing Director/Chief Executive Officer (CEO) of Zenith Bank plc, Ebenezer Onyeagwu has just spent N80.38 million in buying new shares in the bank. Onyeagwu purchased 3,297, 238 shares at an average price of N24.38 per share, according to a disclosure on the Nigerian Exchange Group (NGX) dated 25th November,

2021. Insider share purchases are usually regarded as bullish by analysts and may suggest there is room for upside in the purchased stock. Zenith Bank shares have underperformed the broader market so far this year, and are down 1.41 percent year to date (Thursday Nov 25th). This compares to a 7.05 percent gain in the NGX all share index.

MARITIME

Maritime diplomacy: NIMASA, Korean coast guard sign MoU ... as Jamoh seeks Korea's support for IMO elections

SEUN PETERS

Nigeria, through the Nigerian Maritime Administration and Safety Agency (NIMASA) and the Republic of Korea today signed a Memorandum of Understanding (MoU) of cooperation in the field of Maritime Security and Safety. The Director General of NIMASA, Dr. Bashir Jamoh signed on behalf of NIMASA while the Director General, International Affairs and Intelligence Bureau, Korean Coast Guard, Seonggi Kang signed on behalf of Korea. The MoU which provides a framework for NIMASA and the Korean Coast Guard is to develop, Coordinate and Monitor the implementation of Maritime Security and Safety between both organisations. During the signing, NIMASA DG Dr Bashir Jamoh, said that the MoU will be implemented to the best interest of both countries adding that it will ultimately enhance safety and security in the Gulf of Guinea.



According to Dr. Jamoh, "the relationship between Nigeria and Korea spans over many decades. This MoU which started with a statement of intent in 2018 is designed to reinforce the commitment of both countries to grow bilateral trade through maritime," he said. Commenting on the emergence of Nigeria's Dr Paul Adalikwu as the newly elected Secretary General of the Maritime Organization for West and Central Africa, MOWCA, Dr Jamoh said that

it is another testimony of the trust the international community now bestows on Nigeria's leadership role in the African maritime sector. Dr Jamoh also used the occasion to call on the Korean Government to support Nigeria's quest to return to the council of the International Maritime Organisation (IMO) during the elections scheduled for the first week of December in London. "It is worthy of note that Nigeria as a leading maritime nation in the West and Central Africa region is seeking election into

Datapro@ assigns Babban Gona Farmer Services Nigeria Limited "BBB+" Rating

DataPro, the Technology-Driven Credit Rating Agency (CRA) has in its latest report assigned Babban Gona Farmer Services Nigeria Limited long-term rating of "BBB+" with a Stable outlook for the year 2021/2022. The "BBB+" indicates Slight Risk. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by DataPro. This Company, in our opinion, has the ability to meet its ongoing obligations, but its Financial Strength is vulnerable to adverse changes in economic conditions. The DataPro Rating Committee approved the Rating after assessment of the Company's Financial Performance, Corporate Governance & Risk Management, Risk Factors and Future Outlook of its current healthy profile in the medium to long-term period. The Rating of Babban Gona Farmer Services Nigeria Limited is supported by its strong Earning Profile, Good Asset Quality, Very Good Liquidity and Experienced Management Team.

PHOTO SPLASH

FairMoney Investor Conference 2021



L-R: Patryk Kalisz, Head of Controlling and Reporting, FairMoney; Siddharth Kulkarni, Executive Sponsor, Lending, Nigeria at FairMoney; Nicolas Berthozat, Co-Founder, FairMoney, and Juris Rieksts-Riekstinš, Head of Risk, Nigeria, at the FairMoney investor's conference.



L-R: Oluwatomide Oluwole, Finance Manager, FairMoney; Henry Obiekea, VP, Capital Markets, FairMoney; Yaw Mante, Head, Finance, FairMoney, and James Edeh, Head, Compliance, FairMoney, at the FairMoney investor's conference.



L-R: Seun Onayiga, Head Investment Banking, West Africa - Renaissance Capital; Nichole Yembra, Founder and Managing Partner, Chrysalis Capital; Laurin Hainy, CEO and Co-Founder of FairMoney; Sonnie Ayere, GMD/CEO, DLM Capital Group; Bayo Rotimi, MD/CEO, Greenwich Merchant Bank, and Yaw Mante, Head, Finance, FairMoney, at the FairMoney investor's conference.



L-R: Laurin Hainy, CEO and Co-Founder of FairMoney, with Nicolas Berthozat, Co-Founder, FairMoney, both at the FairMoney investor's conference.

ANALYSIS

INSURANCE HUB

Reports prepared by MoneyCentral Analyst team led by Bala Augie

Leadway Assurance premium to surplus ratio underpins strong underwriting capacity

BALA AUGIE

Leadway Assurance Plc is using its capacity to underwrite new policy as evidenced by a low net premium to policy surplus ratio, validating the recent upgrade of the insurer's national scale financial strength to AA (NG) from AA-(NG) by GCR ratings.

Net premium to surplus ratio, which is net premium written divided by policyholder surplus, fell to 55.21 percent in December 2020 from 132.12 percent as at September 2019, according to MoneyCentral calculations.

Leadway Assurance has steadily grown its ordinary shareholders' equity with solid earnings. As a result, shareholders' equity has increased by 25.63 percent to N67.44 billion in December 2020 from N53.68 billion in December 2019.

An increase in shareholders' fund or policyholder surplus means the insurer will be able to underwrite new policies and underpins the amount of premium it will receive from policyholders.

The insurer has been able to increase the gap between assets and liabilities by effectively

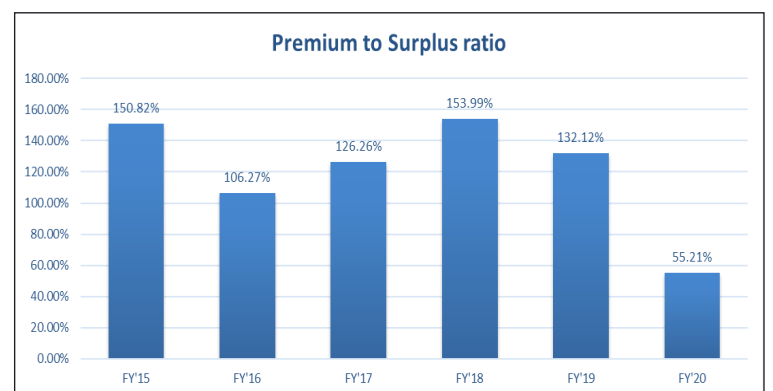
managing the risks associated with underwriting new policies, by reducing losses from claims, and by investing its premiums to achieve a return while maintaining liquidity.

Leadway Assurance's strong operating performance, solid balance sheet and financial flexibility, and diverse sources of revenues and earnings validates investment houses' optimism that it will meet the new minimum capital requirement target of the regulator.

It has an excellent asset allocation strategy and a strong liquidity that gives the impetus to invest in fixed income security, earning higher returns even amid a low yield environment.

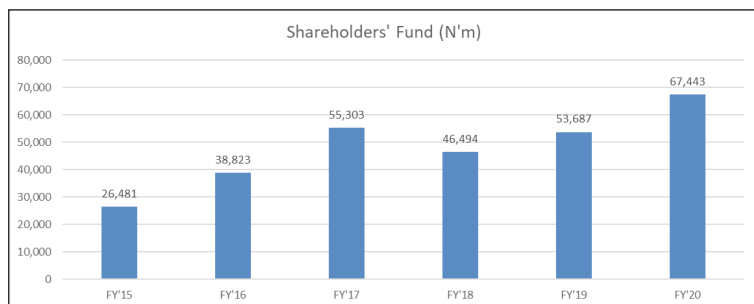
Investment income was up 55.56 percent to N37.27 billion in the period under review from N31.80 billion the previous year. Fair value gain on listed securities surged by 123.01 percent to N78.21 billion as at December 2021.

"The robustness of the com-



pany's balance sheet, which has seen us grow our Total Asset Base by 32% from N396 billion in 2019 to N523 billion in 2020, was hinged on a strong return on our investment portfolios. With a Board of reputable professionals whose strategic actions are anchored on strong corporate governance, our core values and global best practices, there is assurance of delivering sustainable performance and results," said Tunde Hassan-Odukale, Managing Director/Chief Executive

Officer, Leadway Assurance, "As we continue in this new decade, we reaffirm our mission to deliver world-class insurance services to individuals and corporates in Africa. With support from digital transformation, robust risk management tools, innovative solutions and superior financials, our existing and prospective stakeholders can rest assured that we will continually fulfil our quest of "insuring the happiness" of our publics," said Odukale.



Prestige Assurance profit hits six year high as expense ratio reduces

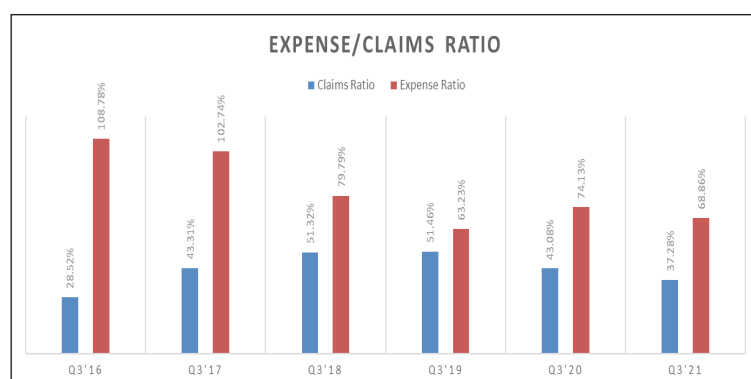
BALA AUGIE

Prestige Assurance Plc profit has hit a six-year high, buoyed by consistent growth in premium income as the insurer spends less on operating expenses to generate revenue even amid a tough and unpredictable underwriting environment.

For the first nine months through September 2021, Prestige Assurance's net income spiked by 24.75 percent to N937.08 million, from N751.17 million as of September 2020.

Interestingly, the bottom line (profit) has been growing steadily since 2019, and the only period it slumped was in 2018. Net income surged by 48.86 percent to N429.91 million in 2017 from N288.79 million in 2016.

The insurer's innovative products are making an inroad into the Nigerian market and are being accepted by customers, contributing to topline (revenue)



impressive performance.

Gross premium income (GPI) was up 39.85 percent to N7.51 billion in September 2021 from N5.37 billion the previous year.

Gross premium income increased by 32.54 percent to N6.72 billion in September 2021 from N5.07 billion as at September 2020.

Net premium income followed the same growth trajectory as it spiked by 32.46 percent to N3.55 billion as at September

2021 from N2.68 billion the previous year.

Despite inflationary pressure, currency volatility, and huge energy costs, Prestige Assurance' expense ratio reduced to 68.86 percent in September 2021 from 74.13 percent as at September 2020.

A lower expense ratio means revenue is growing faster than expenses as the company continues to provide underwriting insurance to customers across the country.

It incurred N2.44 billion in total expenses (management plus underwriting expenses), and that is 35.55 percent higher than 2020's N1.80 billion.

The insurer is spending less on claims to generate revenue as claims ratio reduced to 37.28 percent in September 2021 from 43.08 percent the previous year.

It paid N1.32 billion in claims to policyholders in September 2021, which is 25.71 percent higher than 2020's N1.05 billion

the previous year.

Its underwriting profit was up 20.27 percent to N1.10 billion in the period under review from N877.10 million recorded the previous year.

However, it posted negative underwriting results of N213.15 million in the period under review as combined ratio improved to 106.14 percent in the period under review from 117.21 percent the previous year.

Last year, Prestige Assurance planned to raise N6.28 billion rights issue as it seeks to share up capital and meet the regulatory minimum capital requirement.

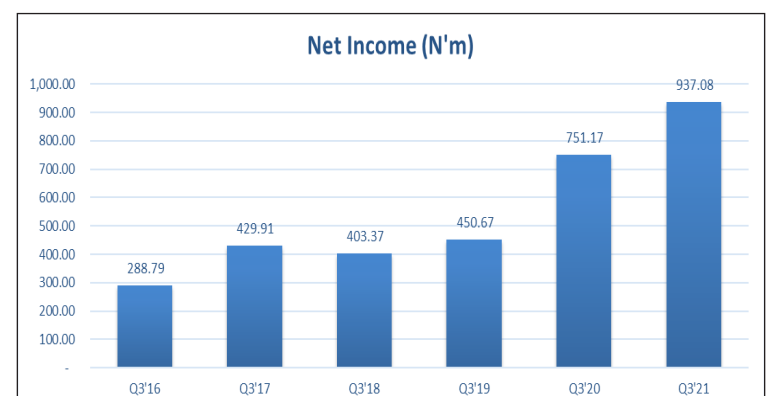
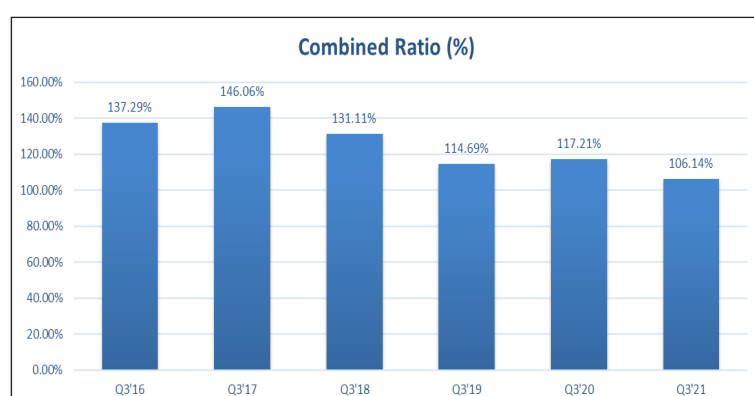
Chairman Prestige Assurance, Adedoyin Salami, said the capital raise would be deployed to strategic initiatives that would expand the company's business through increase in underwriting capacity, expansion of branch network, investment in new technology as drivers of insurance business,

and engagement in keen research and development for new products relevant to the market.

The company's shareholders' funds stood at N13 billion as at September 2021, which is higher than the N10 billion new capital requirement for underwriters in the general insurance business.

Prestige Assurance is using its capacity to write more policies as net premium to surplus ratio is as low as 27.18 percent as at September 2021, but a low ratio could mean that the insurer is not charging enough premium for its policies.

Premium to surplus ratio is net premiums written divided by policyholder surplus. Policyholder surplus is the difference between an insurance company's assets and its liabilities. The premium to surplus ratio is used to measure the capacity of an insurance company to underwrite new policies.



MONEYCENTRAL EAST

Buhari: success of Anambra election means 2023 polls not in danger

OBI MADUKA

President Muhammadu Buhari has said with the success recorded by the Independent National Electoral Commission, INEC, in the just-concluded Anambra State governorship election, nothing would threaten the 2023 general elections.

President Buhari also expressed appreciation for the successes and gains recorded by the security chiefs, the security agencies and intelligence organisations on the security situation nationwide.

The Minister of Interior, Ogbeni Rauf Aregbesola, stated these while briefing journalists at the end of the National Security Council, NSC, meeting presided over by President Buhari at the Presidential Villa,



Abuja, on Thursday.

The Interior Minister

said President Buhari was particularly pleased with

the outcome of the November 6 governorship

elections that produced former Governor of the Central Bank of Nigeria, CBN, and candidate of the All Progressive Grand Alliance, APGA, Prof. Charles Soludo, as the Anambra governor-elect.

He said: "The President was particularly happy with the fact that a free

and fair election was made possible by the INEC and our security agencies.

"We all saw the outcome. With that there is no doubt as to the commitment of our administration to promoting democracy, and ensuring that 2023 is not in any way threatened."

GRIEF

Obi, Umeh, others pay tribute as Akunyili is laid to rest

JESSICA MAURICE

The remains of the husband of late Prof. Dora Akunyili, former Minister of Information and Director General of National Agency for Food Drug Administration and Control (NAFDAC), Dr Chike Akunyili, have been laid to rest at his home town, Agulu, Anaocha Local Government Area of Anambra State.

Several dignitaries graced the burial mass held in his honour at Madonna Catholic Church, Agulu to pay tribute to the medical practitioner.

Akunyili had been killed on September 28 at Nkpor, near Onitsha by gunmen, while being chauffeur-driven from Onitsha, on his way to his base in Enugu. He had received a posthumous award bestowed on his late wife, Prof. Dora Akunyili, by the University of Nigeria, Nsukka Alumni Association when the incident took place.

He was killed alongside his driver and security aide, just as several other persons were said to have been killed on the same day.

Dignitaries, who were at Madonna Catholic Church, Agulu to witness the burial



of the late Chike praised his humility and exemplary life, while urging all to emulate his simplicity.

The dignitaries included a former Governor of Anambra State, Mr Peter Obi and his wife, Margaret; a former National Chairman of the All Progressives Grand Alliance (APGA), Senator Victor Umeh and his wife, Prisca; Anambra State deputy governor-elect, Dr Onyekachi Ibezim, and others.

The children of the late Akunyili, most of whom are based overseas, were also on ground to bury their dad, and also showered him with encomiums for being an exemplary father.

There was weeping and wailing as his body was moved from St. Charles Borromeo Hospital mortuary in Onitsha to his community on Thursday for the final rites before he was finally committed to mother earth.

HEALTHCARE

Women who give birth in Govt hospitals will get delivery pack, N500 – Ikpeazu

OBI MADUKA

Governor Okezie Ikpeazu of Abia State says women who give birth in government health facilities in the south-east state will get N500 and a delivery pack.

According to him, the move became important since access to quality healthcare is not cheap.

"Abia State has keyed into the basic health insurance for pregnant women. If you are put to bed in any of our primary healthcare centres, you get N500," the governor told Channels Television's Sunrise



Daily programme last week.

"Delivery is free; they give you a delivery pack and they give N500 for the vulnerable members of the society."

The governor, who further defended the move, said it is targeted at vulnerable and

poor people and that the delivery pack contains items needed to take care of newborn babies.

"But if you want a certain level of medicare, you should be able to pay," Ikpeazu noted, adding: "Are you asking a poor woman what she will do with N500? Some people don't have it."

While the money may be seen as little, the governor maintained that "at least it will pay their way back home."

Governor Ikpeazu, who also spoke about the non-payment of salaries to resident doctors in the state, noted that

his government is doing its best to improve healthcare.

"If you are running a hospital and you want to get paid, the way to go is not to stay at home or to take away patients that come to those hospitals to your private clinic," Ikpeazu stated but conceded that people deserve their wages.

"The way to go is for you to work. The government will do two things: not only paying salaries because paying you without equipment will amount to not giving the people optimum service. So, I said I was going to provide equipment."

POLITICS

EFCC watch list: Obiano out of Nigeria, didn't disguise at airport, says Anambra commissioner

OBI MADUKA

Anambra State Commissioner for Information and Public Enlightenment, Don Adinuba, has said that the governor of the state, Willie Obiano, is currently out of Nigeria, adding that his principal did not disguise when he used one of the international airports to travel out of the country.

The commissioner also lambasted the Economic and Financial Crimes Commission for what he described as a media trial of his boss.

According to Adinuba, the EFCC has not served the governor any notice or invited him to answer for any corruption-related offences yet the anti-graft agency clandestinely announced that

it has placed the out-going governor of the state on its watch list.

Media reports emerged last week that in a letter to the Comptroller-General of the Nigeria Immigration Service dated November 15, 2021, the EFCC requested the service to place the governor on a watch list and inform it anytime he is travelling out of the country from any of the international airports and other points of entry and exit.

It is not clear why the anti-graft agency placed the governor on security watch but sources said the move is an indication that the agency may have been discreetly investigating Obiano and possibly have intelligence that he plans to escape after he hands over power to his



Gov. Willie Obiano of Anambra State

successor, Charles Soludo, as sitting governors in Nigeria have immunity from criminal prosecution while in office.

But Adinuba said the EFCC is being used by politicians who lost the Anambra governorship election to Obiano's All Progressives Grand Alliance.

In a statement titled, 'EFCC's Inelegant Drama

over Anambra Governor,' the commissioner described the move by the EFCC as politically motivated.

The statement read in part, "The EFCC knows full well that it is acting inelegantly in this instance, and so has tried as much as possible not to make an official public statement on the alleged placing of Chief Obiano on the watch list. It furtively gave a section of the media the news report it wrote based on ostensibly its letter to the NIS on November 15."

"Governor Obiano is out of the country currently. And he travelled through one of the country's international airports. He did not disguise himself, but rather left the country with his identity fully disclosed at the necessary

immigration point.

"The EFCC sounded more inelegant when it claimed in the sponsored press report that it received intelligence reports that the governor plans to 'flee' from Nigeria once he hands over power next March 17 to the newly elected Anambra State governor, Professor Charles Chukwuma Soludo. Chief Obiano has never left any person in doubt that he will relocate to his base in the United States once he finishes his tenure. As early as Wednesday, March 4, 2020, he announced his decision to a meeting of the Anambra State Council of Elders."

"It is indeed strange that the EFCC is making a show that it is investigating a high public officer. Anti-corruption

agencies, like intelligence services, conduct their investigations discreetly, and not on pages of newspapers. Media trial has never benefited the EFCC.

"The whole nation knows those behind all the present histrionics about Obiano. They are those who didn't want the November 6 election to be held. They are those in high places who unsuccessfully canvassed for emergency rule in Anambra supposedly on security grounds. They are those who masterminded the Birnin Kudu High Court charade in Jigawa State over the APGA leadership and, more importantly, the authentic APGA candidate in the November gubernatorial election in Anambra State."

MONEYCENTRAL NORTH

House to investigate uncompleted N200bn Lokoja-Benin road project

NATHANIEL GBAORON

The House of Representatives at plenary last week ordered an investigation into the rehabilitation and expansion of the road linking Lokoja in Kogi State to Benin in Edo State which has gulped N200 billion.

The order followed the adoption of a motion sponsored by Hon. Johnson Oghuma.

Moving the motion titled 'Need to Investigate the Utilisation of Over 200 Billion Naira on Construction of Lokoja to Benin Road,' Oghuma noted that the dualisation of the Lokoja-Benin federal highway from Obajana junction to Benin City was awarded to a consortium



of contractors in 1999 with a completion date of December 2021.

He said: "Over N200 billion has been budgeted from 1999 to 2021, in addition to the various loans and interventions projects such as SUKUK, among others. The road is a major highway connecting routes from the North to

East, South-south and Western parts of Nigeria. The House is dismayed that the Lokoja-Benin section is now a death trap, as people can no longer travel safely, and what was a three-hour trip has now become a whole day's journey and sometimes impassable.

"The House is con-

cerned that if no urgent intervention to construct the Lokoja-Benin road is taken, lives and goods worth billions of naira will be destroyed. The House is desirous of the need to unearth the latent and obvious reasons behind the total abandonment of the road projected for completion in December 2021."

Adopting the motion, the House mandated its Committees on Works and Finance to investigate the slow state of works on the Lokoja-Benin federal highway, compared to the colossal amounts budgeted and expended on the highway and report back within four weeks for further legislative action.

PRODUCER PRICE INFLATION

ATWAP attributes hike in sachet water price to production costs

GEORGE KAJO, Makurdi

The Benue state chapter of Association of Table Water Producers (ATWAP), has attributed the hike in price of table water, known in local parlance as pure water, to increase in cost of production.

The state Chairman of the association, Mr. Terna Gile who is also the Managing Director of Tigi Waters Company, made the disclosure while briefing newsmen after an executive meeting with members in Makurdi, the state capital.

While explaining that the increment is not only peculiar to Benue state, stressed the need to do some sensitisation for people to understand why the price of such a necessary product has to go up from N150,00 to N200 with effect from Monday last week.

Mr. Gile who is also the Coordinator of the association in the North Central, explained that the decision for the increment was discussed at the national conference in Abuja on the 26th of October where cost analysis for pro-



Mr Gile

duction was arrived at while sensitization was also carried for consumers.

"What we use as our basic raw material for production has increased by 400 percent, like the leather, polyethylene which we put water inside. What we use is the food grade which is approved by NAFDAC."

According to him, at the moment the prices of production materials has risen from N600,000 to N1.550 million and the packing bag which we pack the pure water inside has risen from N350 before Covid-19 to N3,500 and as at today, depending on the quality, is now between N11,000 to N12,000.

POLITICS

Nasarawa assembly threatens to issue arrest warrant for Access Bank CEO

NATHANIEL GBAORON, Lafia

The Nasarawa State House of Assembly has threatened to issue a warrant of arrest on the Managing Director/Chief Executive Officer (MD/CEO) of Access Bank Limited, Mr Herbert Wigwe, if he fails to appear before its Committee on Education within 24 hours.

The Chairman, House Committee on Education, Science and Technology, Hon Daniel Ogazi, gave the threat when the Zonal Head of Access Bank, Mr Alexius Ayabam, appeared before its committee Monday in Lafia.

Ogazi said that they have decided to invite the MD to explain why the bank is holding on to the state government's money meant for payment of State Universal Basic Education Board (SUBEB) contracts.

"We have invited you before and today, the story is the same. There is no progress on what we have discussed before as you have refused to do the needful.

"As non-payment of money to contractors that handled primary school projects is affecting them and the education sector negatively.

"Look at now, some people have taken loans to execute their projects, interest is accumulating in



their loans taken and the prices of building materials is increasing every day.

"Secondly, why are you people still deducting interest on money not released to SUBEB for payment of the contract.

"As representatives of our people, we will not fold our hands. Relevant laws have empowered us to investigate and intervene on any issue that will be in the interest of our people.

"We have the power to invite anybody and Access Bank is within our jurisdiction and has business with Nasarawa State. We are giving 24 hours to the MD/CEO to appear before our committee to explain to us on the issue at hand or we will use relevant laws to issue a warrant of arrest on him," he said.

Also speaking, the Zonal Head of Access Bank, Mr Alexius Ayabam, pleaded for understanding with the committee in order to solve the matter amicably.

HEALTH AND WELLBEING

Sokoto child protection law reflects character, position of our people – Tambuwal

ABDULFATAI ABDULSALAM, Sokoto

The newly signed Sokoto State Child Protection Law is a true reflection of the character and position and religious belief of the people in the State, governor Aminu Waziri Tambuwal said.

Tambuwal who spoke shortly after signing the Child Rights Act hinted that in Sokoto, after wider consultations and inputs from Ulama, the agreed on Child Protection Law which he is optimistic other States will learn and emulate in no distance time.

The governor, while debunking fears that the new law was geared towards promoting Western ideology and culture, Tambuwal said it was rather done to promote humanity and ensure egalitarian society.

Talking of how the doggedness of the United Nations Country Resident Coordinator, Mr Edward Karlon has helped in no small measure towards projecting all UN activities in Nigeria, Tambuwal applauded Karlon for visiting the 36 States in Nigeria despite security challenges.

"I want to use this avenue to commend Mr Edward Karlon as the only United Nations representative that has visited all the 36 States of the federation not minding the security challenges.

"All the 36 governors of Nigeria are very happy with Karlon that he has engaged with sub national governments better than all his predecessors," said Tambuwal.

Earlier in her submission, the acting Permanent Secretary, Ministry for Women and Children Affairs, Hajiya Kulu Nuhu divulged that no fewer than 572 cases of SGB



were recorded in Sokoto State between 2020 and 2021.

Hajiya Kulu however decried that 56 of these incidents were filed but just 22 are in Court and 7 convictions recorded with 551 of the survivors getting psycho social support within the period under review.

In her welcome address, the State commissioner for Women and children Affairs, Hajiya Kulu Abdullahi Sifawa joyfully announced that the ministry has recognized Tambuwal's commitments to the development of humanity and therefore awarded him with the title of "Advocate of Children in Nigeria."

Kulu further assured that the Sokoto State ministry of women and children affairs is leaving no stone unturned to ensure that women and children are protected from all forms of violence.

On his part, Sokoto State deputy governor, Hon Manor Dan'Iya noted that Tambuwal is one individual that remained concerned about addressing the root cause of GBV, hence committed to diverse plans towards improving the lives of women and children in Sokoto and beyond.

LAW AND ORDER

Tiv, Alago tribes agree to lay down arms

NATHANIEL GBAORON, Lafia

TIV and Alago ethnic nationalities of Nasarawa state have resolved to put aside their differences and embrace each other in the interest of peace, unity and development of their communities and the state as a whole.

Leaders of the two nations made the resolve in Lafia during a peace and reconciliation meeting which provided them the opportunity to deliberate on a number of issues assumed to be causing friction between them.

In a communique jointly signed by the President of Alago Development Association, ADA, Sir. Marthin Audu-Doma and his Tiv Development Association's counterpart, Comrade Peter Ahemba, said the move was

also aimed at supporting the peace initiatives of the state governor, Engr. Abdullahi Sule which has enhanced peace and security of the state.

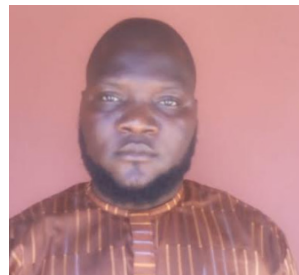
According to the communique, the existing embargo on issuance of indigene certificate to Tiv people in one of the Local Government Areas in the southern senatorial zone of the state should be lifted by the authorities concerned, pointing out however, that only Tiv persons known to be indigenous to the affected Local Government Area should be issued the certificate when need arises.

The two tribes further resolved that Village Heads in the gazetted Tiv Village Areas across the southern part of the state should be appointed by the authorities concerned in order to give the Tiv people a sense of belonging.

YPP Chairman, Mathew berates Nasarawa Gov. for failing the people

NATHANIEL GBAORON, Lafia

The Chairman of Young Progressive Party in Nasarawa state, Bishop Mathew, has lamented Governor Abdullahi Sule's negligence in delivering his campaign promises to residents of the state. Speaking with newsmen on Thursday in Lafia, Mathew explained that while the governor was campaigning in 2019 as then gubernatorial candidate of the All Progressives Congress, he promised to industrialize the state if elected into office but has failed to deliver on his promise after two years of his administration.



He called on Nasarawa residents to support YPP in the 2023 general elections, saying that the party was prepared to change the narrative by turning the fortunes of the state for the better.

MONEYCENTRAL WEST

Nigeria's largest city Lagos budgets \$3.3bn for 2022 fiscal year

SEUN PETERS

Governor Babajide Sanwo-Olu of Lagos State has presented a N1.388 trillion (\$3.3 billion) Appropriation Bill for 2022 to the House of Assembly, earmarking 59 per cent of the budget to capital expenditure in order to service key growth areas, consolidate the recovery of the state's economy, and positively transform livelihoods.

Sanwo-Olu said the state would be spending N325 billion to deliver vital infrastructure projects in key sectors to energise and expand the growth of the state's economy.

The budget proposal, christened, "Budget of Consolidation," would be the last full-year fiscal plan of the state before the next general election.

The key areas of growth identified by the governor included works and infrastructure, waterfront infrastructure development, agriculture, transportation, energy and mineral resources, tourism,



Downtown Lagos Skyline

entertainment and creative industry, commerce and industry, and wealth creation and employment.

The human capital development drive of the Sanwo-Olu administration was projected to take a leap in 2022, with a combined allocation of 21.24 per cent in the total expenditure to education and health.

Sanwo-Olu said the coming year presented an opportunity for the state government to consolidate on progress recorded by his administration, while

leveraging investment in-flow, partnership, and business-friendly policies to maximally translate his achievements into noticeable positive impact in the lives of residents.

About N823.4 billion, representing 59 per cent of the 2022 budget, was earmarked for capital expenditure.

Recurrent expenditure, representing 41 per cent, was proposed at N565 billion, which included personnel cost, overhead, and debt servicing.

The governor noted that

his administration had clearly articulated its vision in governance through the T.H.E.M.E.S agenda in the last two years, adding that the state is now looking towards the future with the activation of the implementation of a 30-year development plan (2021-2051), which replaced the 13-year growth plan developed in 2012.

He said, "Year 2022 budget is the next step on our journey to true and sustainable greatness in Lagos. The challenging environment requires that we focus our interventions on areas of greatest social impact and achieve the greatest good for the greatest number in the shortest possible time. Next year is an excellent opportunity for us to consolidate on what we have done so far, and ensure that every effort, investment inflow, partnership, business policy is translating maximally into noticeable positive impact in the lives of our people."

MANUFACTURING

FG flags off campaign for made-in Nigeria products, services in Ekiti

AKIN AKINBOBOLA



showcased at the venue.

In his address, Dr Fayemi commended President Buhari's investment into the development of MSMEs and for collaborating with states to provide solutions that deepens access to finance, market and resources.

Dr Fayemi, explained that aside from creating an enabling environment for MSMEs to thrive in Ekiti, his administration in the last three years, through a collaborative multi-agency approach had attracted almost \$100 million investments in agriculture, technology and infrastructural to the State.

He told the gathering that his administration had also introduced the use of technology to drive MSMEs in the State through the introduction of automated tax payment, business premises registration and other significant economic activities which had led to the attraction of more federal agencies like Standard Organization of Nigeria and Bank of Industry to the State.

The Governor, disclosed that the completion of the State Civic and Convention Centre; which boasts of an upscale shopping area and the flagship of ultra modern Oja Oba in Ado-Ekiti, as well as model markets in all Local Government Areas would no doubt provide trading infrastructures for MSMEs businesses to thrive in the State.

The Federal Government on Thursday flagged off a comprehensive sensitization campaign for patronage of made-in-Nigeria products and services in Southwest zone of the country, as part of the highpoint of the 13th meeting of the National Council on Industry, Trade and Investment (NCITI) in Ekiti.

Flagging off the campaign at the Ekiti Civil and Convention centre in Ado Ekiti, the State capital, the Minister for Industry, Trade and Investment, Otunba Niya Adebayo, explained that the initiative was part of the Economic Recovery and Growth Plan (ERGP) Strategy and National Economic Sustainability Programme (NESP) of the Federal Government to reposition the country's economy.

He disclosed that patronage of locally made products would create more jobs, promote indigenous products, reduce poverty and also boost the development of Micro, Small and Medium Enterprise, MSMEs across the country.

Otinba Adebayo, also revealed several policies and programmes that had been put in place by the Federal Government through the ministry of Industry, Trade and Investment to reposition MSMEs as the engine room for wealth creation, economic transformation and development in the country.

At the event, where varieties of locally produced goods were exhibited, the Minister and Ekiti State Governor, Dr Kayode Fayemi, emailed other participants to inspect the various locally made products and services that were

REGIONAL TRADE

AFCTA will enhance employment, wealth generation, food security poverty alleviation in Nigeria - Abiodun

Ogun State governor, Dapo Abiodun has said that Nigeria and other members of the Africa Continental Free Trade Area Agreement (AfCTA), stand to gain immensely from the agreement in the area of employment, wealth generation, food security and poverty alleviation.

Abiodun stated this at the 36th Annual General Meeting of the Manufacturers Association of Nigeria (MAN), Ogun State branch, held in Abeokuta, on Thursday.

The governor, however, stressed the need for critical stakeholders in different African



Prince Dapo Abiodun

countries to come together to appraise and review the process of the continental agreement.

"Our production base has continued to expand and we are

harnessing the potentials of the manufacturing sector towards improving on policy formulations and programmes to internalize and mainstream African Continental Free Trade Area Agreement (AfCTA) into Nigeria's Economic Development Plan.

"Interestingly, the results have remained positive, especially, in the area of employment generation, wealth creation, food security and poverty alleviation and consequently, the continued improvement in the standards of living of Nigerians.

"No doubt, AfCTA comes with immense benefits to member Na-

tions. Nevertheless, it is important that critical stakeholders in different African countries also come together to appraise and review the process," he pointed out.

He said that the MAN's Annual General Meeting, with the theme, 'The African Continental Free Trade Area Agreement And Nigeria Manufacturing Sector - Maximizing The Gains; Mitigating The Drawbacks,' is an important platform for a cross-fertilization of ideas for the development of the manufacturing sector which he said remained the redeeming feature for Nigeria's economic survival.

HOUSING

Sanwo-Olu delivers Ibeshe LagosHOMS project, adds 480 homes to housing stock

SEUN PETERS

Determined to bridge the housing deficit and create affordable accommodation for residents, Lagos State Governor, Mr. Babajide Sanwo-Olu, over the weekend delivered and commissioned a 480-unit housing project in the Ikorodu division.

Sanwo-Olu named the LagosHOMS project built in Ibeshe after the late former President of the Nigerian Bar Association (NBA) and Asiwaju of Ikorodu, Chief Babatunde Olusola Benson, SAN.

The governor described the project as "a modern style" accommodation initiated to improve residents' comfort and wellbeing.



The project comprises 40 blocks of one-bedroom, two-bedroom and three bedrooms apartments, with fully fitted kitchen, store and guest toilets. The estate also has ample space for parking, a water treatment plant, overhead water tanks, borehole, central sewage system, seven transformers, one injection station and two dumpsites, as well as buildings for generator house and central hall.

Sanwo-Olu reiterated his administration's commitment to prioritising the development of housing projects that would enhance comfort and strengthen the aesthetic of the environment. The event, he said, was a testimony to the fulfillment of his electoral promises.

The governor, who also led the groundbreaking of Ibeshe Scheme II, said his administration had created 17,000 direct jobs and 18,000 indirect jobs through the construction of various housing schemes. He said the state's housing projects had the direct engagement of consultants, contractors and artisans in the state.

He said: "In the past two and half years, we have been

earnestly addressing the huge housing deficit in Lagos. There is no doubt that this administration is passionate about building decent and durable homes for our people. Actually, the provision of more housing facilities is a major aspect in our transformational agenda tagged THEMES.

"Through our development blueprint, the state is focusing on the built sector as a driving factor for economic development, social inclusion and job creation. In deepening our activities in this sector, the economy of the state has been greatly revitalised. This is because building homes is a capital-intensive activity that positively affects every sector of the economy."

ENTREPRENEURSHIP

Oyo offers to assist investors, young entrepreneurs

SEUN PETERS

Young entrepreneurs and investors willing to do business in Oyo State have been assured of a conducive environment as well as credit facilities.

This assurance was given by the Commissioner for Trade, Industry, Investment and Cooperatives, Mr Olasunkanmi Olaleye, at the Ibadan Business Festival, held at the Trans Amusement Park, Ibadan.

According to him, the administration of Mr Seyi Makinde is leaving no stone unturned in making the state a hub for investment.

He said one of these is by providing credit facilities for Micro, Small and Medium Enterprises (MSMEs), graduate loan schemes and other technical supports.

Mr Olayele, who was represented by the Deputy Director Trade in the ministry, Mr Olayinka Raimi, stated that

the state government has provided structured security architecture for businessmen and investors to operate unhindered in the state.

He stressed further that the pillar of any meaningful development in any nation is security hence the ranking of Oyo State as one of the safest states in the nation for the transaction of business opportunities and growth.

The Commissioner, therefore, commended the organisers of the programme, Ibadan Business Hub, for coming up with such an event which is in line with the agenda of the present administration in the state in accelerating the economic growth of the state.

Earlier in her address, the convener of the occasion, Mrs Temitope Adelakun, stated that Ibadan Business Hub is a one-stop platform that provides support for small and medium scale businesses in Ibadan and its environs to standardize and scale up their businesses.

NATIONAL

Investors sour on GTCO as doubts emerge...

Continued from page 1

prise commercial banking, payment services, and pension fund assets, to diversify its revenue base and remain competitive in the light of the regulatory environment and market dynamics.

There has been however little or no clarity on its plans to diversify its income streams since it became a Holding Company this year beyond acquiring 100 percent shareholding in Investment One Pension Managers., as it continues to struggle to grow earnings.

Investment-One Pension Managers is a fringe player in the Pension Funds industry however, with total assets of just N1.4 billion at the end of 2019 and GTCO is expected to undertake major expenses to grow the business organically going forward.

The firm had market share of just 82,585 Retirement Savings Accounts (RSA), making up 0.9 percent of the 9.3 million RSAs as at the end of March 2021.

GTCO's net income fell by -9.05 percent to N129.4 billion in the nine months' period to September 2021.

That compares to Zenith Bank's 0.80 increase in net income; Access Bank, (+19.15 percent); Fidelity Bank, (+29.92 percent); First City Monument Bank, (-71.45 percent); Stanbic IBTC Holdings, (-26.41 percent); Union Bank, (-10.79 percent); Sterling Bank (28.44 percent) and UBAs +35.61 percent.

Analysts say GTCO is struggling to grow earnings as pressure remains on its interest income, with banks

earning only 0.5% as yields on the Central Bank of Nigeria (CBN) special bills.

"GTCO struggled in the second quarter (Q2) and third quarter (Q3) as interest income moderated. Pressure from the payment service banks (PSBs) will impact on their fee and commission income as well," said Ayodeji Ebo, Head of Retail Investment at Chapel Hill Denham, at a conference in Lagos last week.

The CBN introduced special bills to banks (which they can tender for cash if need be through the Expanded Discount Window), as a means of refunding excess cash reserve ratio (CRR) debits.

The Special Bills have a tenor of 90 days, subject to roll-over at the instance of the CBN.

The CRR is a mandatory cash deposit which should be held with the Central Bank of Nigeria, as a regulatory requirement.

CRR is non-interest bearing and is not available for use in the bank's day-to-day operations. As at November 2021, the CRR in force was 27.5 percent, compared to 22.5 percent in December 2019.

Nigerian banks' restricted balances with the Central Bank of Nigeria (CBN) soared by 85 percent to N8.83 trillion (December 2019: N4.75 trillion) as at 30 September 2020, representing the cash reserve requirement (CRR), according to data compiled by MoneyCentral.

GT Holding Company

had restricted balances of N908.958 billion with the Central Bank of Nigeria (CBN) as at 30 September 2021.

Beyond the lower interest income, GTCO also had issues relating to higher expense lines on its AMCON charge and administrative expense which rose by 27.2 percent and 131 percent respectively in 9 months 2021.

It's not all doom and gloom though if GTCO can execute its plans well going forward.

"Owning a robust asset management business will help HoldCos like GTB as they are not exposed to Loan and Deposit ratio or CRR requirements and HoldCos can then sweat those assets," Ebo of Chapel Hill said.

UK bans travel from 6 nations as South Africa detects new COVID variant

SEUN PETERS

Britain on Thursday said it would ban travel from six southern African countries, after South Africa detected a new Covid-19 variant with a large number of mutations.

"The early indication we have of this variant is it may be more transmissible than the Delta variant and the vaccines that we currently have may be less effective against it," Health Secretary Sajid Javid said.

Javid said the new variant, which South Africa attributed to a surge in cases and had also been detected in travellers from the country in Botswana and Hong Kong, had not been found so far in Britain.

But he said British scientists were "deeply concerned" and as a precaution a decision



had been to suspend all flights from South Africa, Namibia, Lesotho, Eswatini, Zimbabwe and Botswana from 1200 GMT on Friday.

"We will be requiring anyone that arrives from those countries from 4:00 am on Sunday to quarantine in hotels," he added.

"If anyone arrives before then they should self-isolate at home and take a PCR test on day two and day eight.

"And if anyone has arrived from any of those countries over the last 10 days, we would ask them to take PCR tests."

SMES

31 firms benefit from Edo Govt, BOI's N2bn MSME fund

AKIN AKINBOBOLA

The Edo State Government in partnership with the Bank of Industry (BoI) has handed offer letters to 31 businesses who have been screened and selected to benefit from the N2bn Edo State MSME Fund.

The Edo State MSME Fund is an initiative of His Excellency, Governor Godwin Obaseki, to provide financial and support services to qualified Micro, Small, and Medium Enterprises (MSME) in Edo State. The fund targets over 50,000 businesses in Edo State.

Some of the companies that received the fund include Seebuck leather ventures, Prospect farms, MS Above Enterprise, EDHIR Global Nigeria, Global Ehimax Trading, among others.

Managing Director of the Edo State Skills Development Agency (EDOJOBS), Mrs. Uki-



nebo Dare, who represented Governor Godwin Obaseki at the handing over of the offer letters, said the fund is the product of a partnership between the Edo State Government and the Bank of Industry to help grow and develop businesses in the state.

She also urged business owners to take advantage of the different opportunities provided by the government to stimulate economic activity in the state such as the Edo Online Marketplace on Konga, where they can advertise and sell their products.

Capex stalls at Nigerian firms as...

Continued from page 1

"Notably, the growth in revenue of most FMCGs has been purely driven by price increases over the past 3 years, whilst volume of goods sold has been on the downtrend, indicating lower capacity utilization," said the source.

Operators in the industrial goods sector who used to be the biggest spenders have tightened purse strings as managers have become circumspect.

Aggressive cuts to capital expenditure were being implemented by BUA Cement as the cement maker's acquisition of property plant and equipment reduced by 72.75 percent to N34.63 billion as at September 2021 from N127.11 billion the previous year.

While Dangote Cement has taken advantage of a gradual uptick in construction activities as capex spend increased by 13.92 percent in the period under review, the growth is far behind the 45.58 percent increase in 2019.

Oil majors have put a break on aggressive capital expenditure spending such as accelerating drilling of wells as they are seeing continuing uncertainty over the outlook for global demand.

Seplat Energy, the largest upstream oil and gas firm by market capitalization, saw the

acquisition of property plant and equipment reduce by 19.13 percent to N33.32 billion as at September 2021.

Analysts are of the view that a lot of firms have not recovered from the shock caused by the coronavirus pandemic that paralyzed business across the globe, and they added that incongruousness between GDP growth and receding capex spend is not strange.

The economy sustained its expansionary trend in the third quarter of 2021, as the country's gross product grew by 4.03 percent in real terms compared to 5.01 percent in the second quarter of Q2 of 2021, according to latest data from National Bureau of Statistics (NBS).

There is light at the end of the tunnel because firms have enough cash to fund expansion plans in case the investment climate becomes benign.

The largest companies generated N1.69 trillion from cash flow from operating activities, and that is 23.63 percent higher than 2020's N1.37 trillion, according to data gathered by MoneyCentral.

Of course, the bellwether ones took advantage of the low yield environment to tap the debt market for capital that they intended to use to refinance existing debt, strengthen their balance sheet and finance the acquisition of assets.

Total borrowings (long and short term) of the non-financial firms fell by 4.62 percent to N2.87 trillion in September 2021 from N3.01 trillion the previous year.

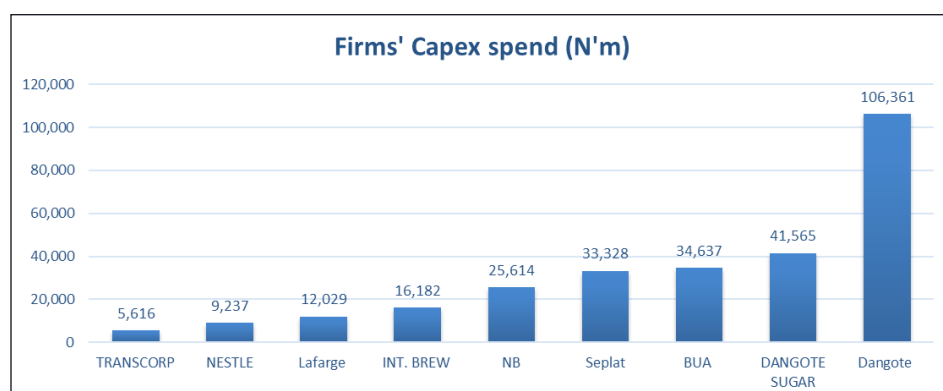
Once demand growth picks up however industrial firms like Dangote Cement, BUA Cement, and Lafarge Africa may need to boost capacity to meet

the growing market.

Analysts at Chapel Hills have said that Lafarge Africa will need to raise its installed capacity by, at least, 3mmt to remain competitive with peer rivals.

"Management said it has earmarked US\$100mn to CAPEX in FY-21E, with 60% of that going strictly to funding its debottlenecking exercise in Ashaka and Ewekoro II. We estimate that c.US\$20mn has already been spent as at H1-21," said analysts at Chapel Hill Denham Limited.

"Hopefully, as the economy grows, disposable income would begin to improve, especially as inflationary pressures begin to ease. This evolving dynamics may improve capacity utilisation in many of the factories and at some point reinforce the need and appetite of FMCGs to invest in additional capacity to meet expected growth in demand," summed the source.



Haruna Zago honored as Africa peace envoy

NATHANIEL GBAORON

As part of the commitment of the Globastorm Safety Foundation GSAFO, Consortium of United Nations International Peace Council UNIPC to promote the culture of peace among nations and strengthen capacities for conflict prevention, management, resolution and sustainable peace in country including but not limited to Chiefs, Women, Youth groups, and Community Organizations cannot be overemphasised.

It is in this regard that the Globastorm Safety Foundation GSAFO, a consortium of the United Nations International Peace Council UNIPC headed by His Excellency, Prof. h.c Oluwayiwa Babalola as Nigeria Representative honored Amb. Ahmadu Haruna Zago, a Philanthropist and Kano State APC Chair-



man with an Africa Peace Envoy Award.

He received the Award because he has been tested and trusted in the area of promoting understanding of the values of diversity, trust, tolerance, confidence building, negotiations, mediation, dialogue and reconciliation for political peace building in Nigeria.

During the presentation and decoration, the Nigeria Representative invited other wellbeing and political dignitaries to emulate the kind gesture.

MARKET EAR

UBA reports highest profit growth among Nigerian lenders

... Chapel Hill Denham places Buy recommendation on stock ...maintains good asset quality

BALA AUGIE

Despite the lower yield environment relative to pandemic level and a punitive regulatory terrain, United Bank Plc is thriving as it reported the highest profit growth among Nigerian lenders.

The pan-Africa lender operations across the continents are contributing to Group earnings, and an excellent risk management strategy or efficient portfolio allocations are responsible for

good asset quality.

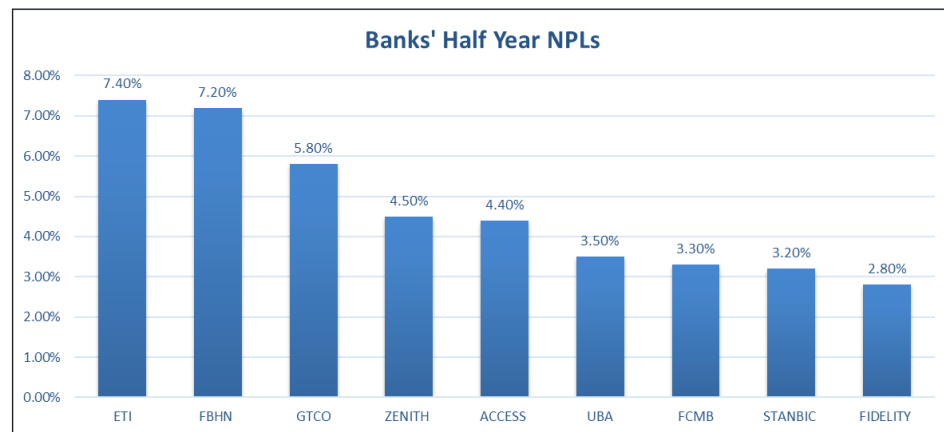
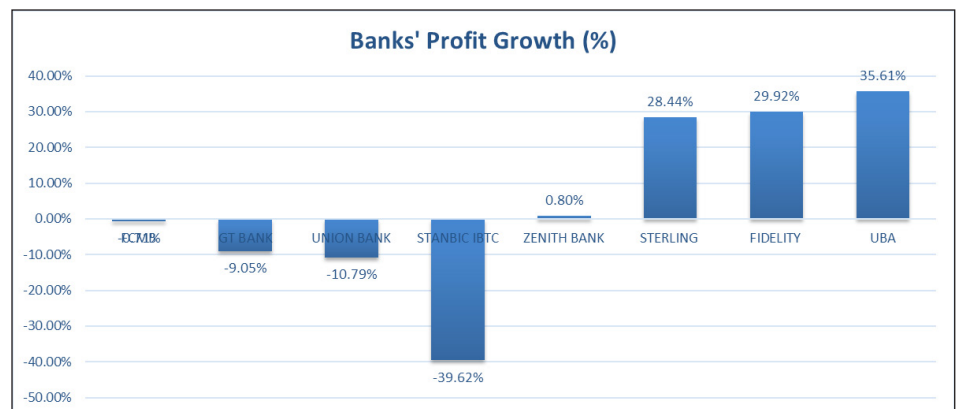
United Bank for Africa (UBA) Plc saw net income spike by 35.61 percent to N104.51 billion as at September 2021.

That compares to Zenith Bank's 0.80 increases in net income; Access Bank, (+19.15 percent); Fidelity Bank, (+29.92 percent); First City Monument Bank, (-71.45 percent); Guaranty Trust Holdings, (-9.05 percent); Stanbic IBTC Holdings, (-26.41 percent); Union Bank, (-10.79 percent),

and Sterling Bank (28.44 percent).

UBA is the fourth largest bank by profit, and if it continues to record double digit growth in earnings and some peer rivals are floundering, then it could climb up the ladder.

It uses or deploys shareholders' resources in generating higher profit as return on average equity (ROAE) rose to 19.21 percent in September 2021 from 16.40 percent the previ-



ous year.

The pan-Africa lender benefitted from an uptick in fees and commission income that spiked by 20.75 percent to N67.91 billion as at September 2021 as it consolidated its digital banking segment while meeting customers' needs.

UBA's net interest income (NII) increased by 23.24 percent to N229.26 billion as at September 2021 from N1860.2 billion the previous year.

Net interest income

reflects the difference between the revenue generated from a bank's interest-bearing assets and the expenses associated with paying its interest-bearing liabilities.

It reported Non-Performing Loans (NPLs) of 3.50 percent as at half year 2021, which is at a five-year low and the lowest among tier 1 banks.

While we support the bank's effort in keeping NPLs ratio at bay, we believe the central

bank's decision to extend covid-19 forbearance till 2022 also provided support," said analysts at Chapel Hill Denham in a note to clients.

Analysts at Chapel Hill Denham have a target price of 11.50 on UBA which implies a 41.10 percent upside as at Thursday and buy ratings on the stock. UBA currently trades at a price to book (PB) of 0.4x, discount to its five year PB of 0.50x and Tier-1 banks average of 0.60x

MARKETS

Nigeria needs short term yields at 18% to attract Foreign Portfolio Investors

JESSICA MAURICE

Nigeria is failing to attract foreign portfolio flows in any significant manner due to unattractive yields at the short end of the curve.

"Yields need to be closer to 18% - 20% to attract foreign investors," said Sami Gadio, Head of the Africa Strategy team in FX, rates and credit research at Standard Chartered Bank.

Gadio was speaking at the launch of the Afrinvest Banking report in Lagos last week.

Local rates have been range bound this year in Nigeria as the Central Bank seems comfortable with where yields are amid robust demand from domestic Pension Funds.

One year Nigerian Treasury Bills yield about 6.5 percent, according to data from the CBN.

Nigeria has struggled to attract any major dollar portfolio flows since the first quarter of 2020, when the coronavirus impact led to an exodus of foreign investors and backlogs of FX demands for repatriation.

The trend in 2020 was a "flight-to-safety" by foreign investors as the spill-over effect from the pandemic weakened Nigeria's macro-fundamentals including the interest and exchange rates.

According to the National Bureau of Statistics (NBS), Nigeria attracted a total sum of \$98.2bn between 2014 and 2020 from foreign capital flows, with the highest inflow (\$23.9bn) in 2019.

However, foreign capital flows contracted sharply by 59.2% year on year (y/y) in 2020 to \$9.7bn. This was driven largely by a 68.6% (y/y) decline in foreign portfolio investments (FPI) to \$5.1bn, which over the observed period, accounted for 68.0% of the total foreign capital inflows on average.

Foreign investors' apathy towards Nigeria continued in the first half of 2021. Total foreign capital flows stood at \$2.8bn, which translates to a 61.1% y/y decline compared to the first half of 2020 (\$7.1bn).

Resilience amidst endemic and...

Continued from back page

played out since FX illiquidity resurfaced in 2020, the CBN has resolved to adopt most of its 2015/17 strategies. As the pandemic struck globally, sending crude oil prices to the lowest level in four decades (US\$17/bbl. in April 2020), the CBN yet again was swift to implement capital control measures but was reluctant to fully devalue the Naira to reflect the forces of demand and supply. Also, the dual pressure of reduced inflows from crude oil receipt and the unsustainable support provided to the Naira (by the CBN) eroded US\$2.3bn from the foreign reserves in H1:2021, thereby raising concerns over FX sustainability.

As the margin between the official and parallel market rate widened to N86.74 by the end of Q2:2020 (from N52.10 pre-pandemic), offshore investors moved to repatriate their investment to avoid imminent exchange rate loss. However, this attempt was foiled by the CBN capital control measure as an estimated sum of US\$2.0bn offshore holdings and c.US\$5.0bn FX swap obligation was trapped due to FX illiquidity. We believe the credibility of the CBN has taken a big hit with this development and it will take a much clearer exchange rate policy and attractive yield environment for Nigeria to

attract sizeable foreign capital flow last seen in 2019 (US\$23.7bn).

Ban on FX Sales to BDCs: The Case of a Sacrificial Goat?

In a similar fashion to the January 2016 episode, the CBN governor at the end of the July 2021 MPC meeting placed a ban on FX sales to BDC operators and suspended the issuance of new BDC licenses over allegations of FX racketeering. This was followed by a directive to DMBs to set up an FX teller desk in all branches to cater to approved FX transactions.

Although this development could help boost the FX and commission income of DMBs (due to increased transactions), we are less optimistic on how it would restore complete sanity in the FX market given the huge FX needs that are met outside the official delineation. Besides, the import-substitution objective of the FG cum CBN which led to the blacklisting of 41 items from accessing FX at the official window in 2016 has not yielded any significant fruit that could help reduce the demand for FX in the parallel market.

Recall that, currency crisis worsened in the aftermath of the 2016 ban of FX sales to BDCs, despite the instruction to commercial banks to fill the void. This on one hand

was driven by the insufficient FX supply to banks by the CBN, and on the other hand, customers' apathy to banks' cumbersome processes. Consequently, demand for FX at the parallel market remained elevated, aided by the large market already created by the CBN's ban on FX sales to importers of the blacklisted 41 import items. By extension, these fueled a steep rise in the inflation rate (Jan'16: 9.6% to Dec'16: 18.6%) and the deterioration of offshore investors' confidence which resulted in large capital flow reversal of 67.2% y/y to US\$1.8bn in 2016.

Interestingly, the CBN had in the last 20 months expanded its list of banned items to 45 items (Maize, Fertilizer, Milk, and Sugar being the new additions), while foreign capital inflow declined 61.1% y/y in H1:2021 to 2.9tn. This is reminiscent of the 2016 trend, especially as the import-substitution objective of the FG has not yielded desired results.

BANKING SECTOR PERFORMANCE in 2020 and H1:2021

Industry Stays Strong in a Pandemic-induced Environment

Amidst the tough macro and tight regulatory environment, banks remained resilient. This is evident in banks delivering a 15.6% and 6.8% y/y growth in total assets and profit respectively in H1:2021 despite elevated CRR debits and compulsory LDR levels. With the pandemic,

the Nigerian Banking sector vulnerability heightened which required swift policy responses from the CBN. Consequently, the CBN rolled out stimulus packages to critical sectors with significant loan exposure, reduced interest

rate on intervention facilities (from 9.0% to 5.0%) and granted banks the forbearance to restructure loan exposure. As a result, real GDP growth in the financial institutions sector grew by 13.3% y/y.

Nonetheless, the sector's earnings and profitability slowed in 2020, hurt by the stringent implementation of the CRR policy (27.5%) which effectively sits at north of 50.0% for some banks due to CBN's non-refund policy and the discretionary excess debits. In addition, the low interest rate environment in H2:2020 and H1:2021 drove weak yield on assets for the sector despite the drive to expand asset base. These factors coupled with deposits reduction in both consumer and business segments, exposure to currency risk and increased credit default, affected Nigerian bank's profitability. Consequently, aggregate gross earnings for the banks within Afrinvest's coverage (5 Tier-1 and 8 Tier-2 Banks) marginally grew by 2.8% in 2020 relative to 9.9% in 2019. Meanwhile, earnings weakened as the industry's PBT fell 2.3% from a growth of 13.2% in 2019 while PAT slightly grew by 0.4% y/y compared to 13.1% in 2019.

THE BOTTOM LINE

2021 Nigerian Banking Sector Report

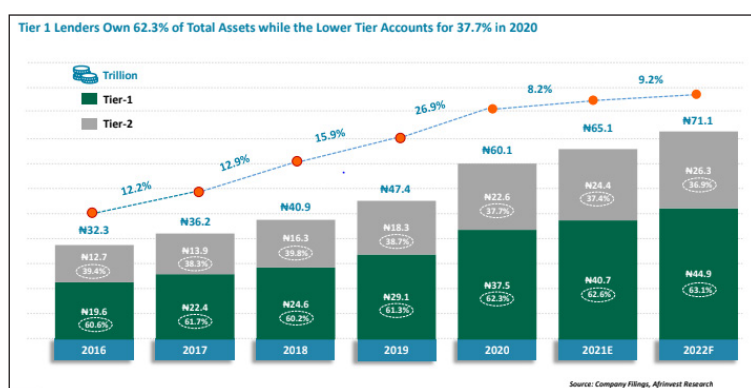
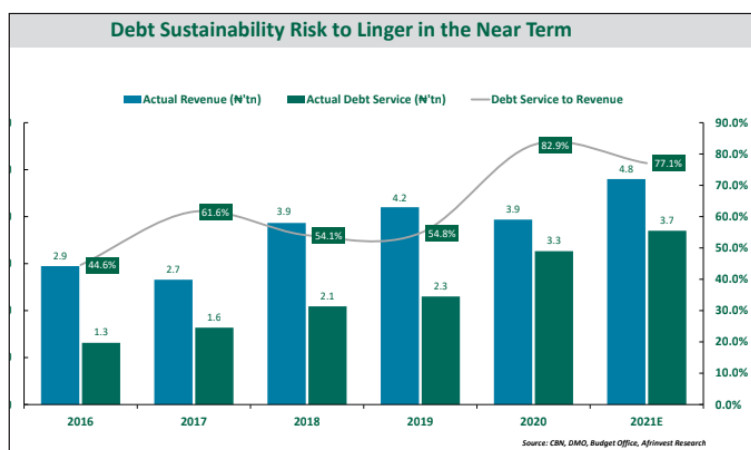
Resilience amidst endemic and pandemic constraints

Monetary Policy Direction in Post-2020 Lockdown... Still in Search of the Right Mix?

Since the CBN Governor, Godwin Emefiele, assumed office in 2014, the dynamics of monetary policy tools have been steadily anchored on an unorthodox policy model. Before the pandemic in 2020, the domestic monetary policy environment was utterly focused on exchange rate stability, while perspicuous rhetoric was on price stability and growth stimulation.

Meanwhile in 2021, major global central banks continued the accommodative monetary policy measures put in place to mitigate the devastating effect of the pandemic and propel their economies out of distress. Same way, the CBN sustained its stimulus measures whilst keeping MPR steady at 11.5% despite the high inflation rate. In addition, other policy parameters – the asymmetric corridor at +100/-700 basis points, CRR at 27.5%, and LR at 30.0% were retained. This policy direction was expected to sustain the gradual recovery of the economy, as policy-tightening (to rein in inflation) will increase the cost of capital, and by extension weigh on the recovery drive. Amidst this dilemma, high inflation pressure shaped the CBN's position on the yield environment. Consequently, the average T-bill's rate rose from a record low of 3bps in December 2020 to 2.0% in January 2021, then rallied to 9.2% by the end of H1:2021. Similarly, the 10-year government bond yield rose from 6.2% in December 2020 to 12.6% by the end of H1:2021. Despite this, real return remained in the negative territory amidst the high inflation rate.

Meanwhile, the 60.7% y/y surge in import bills to N13.8tn recorded in H1:2021 driven by the devaluation of the Naira and weak capacity to fill the demand gap mounted pressure on the FX reserve as demand for FX increased. On the other hand, supply remains subdued because of low export earnings and dwindling reserves, following the impact of COVID-19. As the demand for imports accelerated, speculation on the Naira increased, with the CBN depleting the reserves to meet demand through the official channels. The FX reserves which opened the year at US\$35.4bn declined by 5.9% to US\$33.3bn by the end of H1:2021. Accordingly, the CBN removed the official spot rate of N379.00/US\$1.00 from its website in May 2021 replacing it with the NAFEX rate of N410.50/US\$1.00, effectively devaluing the currency.



While this move temporarily brought the exchange rate unification closer by reducing the spread between the parallel market and official rates to N91.25/US\$1 in June 2021 (from N116.00/US\$1.00), we maintained our position that this was not sufficient to calm the pressure. Accordingly, the spread has continued to widen – increasing to N94.00/US\$1 by the end of July 2021, despite the recovery in crude oil prices above the US\$70.00/bbl threshold. This increased divergence was further worsened by the CBN's stoppage of FX supply to Bureau De Change (BDC) operators, as the spread crossed N130.00/US\$1.00 on September 10, 2021, and with no sign of a near-term improvement at sight.

A Resurgence of the Exchange Rate Conundrum... Some Historical Perspectives

No doubt, the exchange rate crisis in Nigeria pre-dates the tenure of Mr. Godwin Emefiele as the governor of the CBN. Although the CBN remains the only institution saddled with the primary responsibility of ensuring monetary and price stability, the failure of the fiscal authorities to implement complementary policies has over the years contributed to Nigeria's exchange rate problems. Prior to 1958 when the CBN was established, Nigeria operates the Shillings & Pence as a legal tender under the ruling of the British government (1880 – 1912). This was replaced by banknotes and coins issued by the West African Currency Board (WACB) between 1912

and 1959. By 1959 when the CBN issued Nigeria's first banknotes, the Naira value was pegged to the highest between the US dollar and the British pounds at a rate of N0.71 to US\$1.00/£1.00. This exchange rate regime was supported by Nigeria's position as a net exporter of primary commodities to the rest of the world and this trend subsisted over the next two decades.

Between 1973 and 1986, Nigeria's exchange rate policy changed four times, driven by the joint impact of political and policy instability, widespread corruption, over-bloated governance structure, and the neglect of labour-elastic sectors such as

agriculture and manufacturing sector for "oil money". At this point, Nigeria had become a net importer from the rest of the world, notably, manufacturing and services products. By the end of 1986, the Naira had devalued by more than 100.0% to N2.02/US\$1.00. This trend became worse from 1987 when Nigeria began implementing the recommendations of the Structural Adjustment Programme (SAP) of the IMF and the World Bank as preconditions for assessing fresh borrowing. Aside from the inherent currency devaluation mechanism of the SAP on the beneficial countries, the gross impunity and high-handedness that prevailed during the military administration from 1990 to 1999 further compounded the exchange rate crises, as the domestic supply of primary and secondary products hit new lows. By 1999 when Nigeria returned to a democratic system of governance, the exchange rate had fallen to N108.00/US\$1.00, while external borrowings under the SAP (which ended abruptly in 1993) and other facilities added US\$6.9bn to external debt stock increasing it to US\$29.1bn.

Despite the external debt relief arrangement (worth US\$30.0bn) in 2006, which was followed by a strong accretion of the FX reserves in the seven years to 2013 (averaging US\$42.3bn), the exchange rate further moderately ebbed to N157.42/US\$1.00 by the end of 2013 from N108.00/US\$1.00 in 1999. This was aided by pockets of oil price shock in 2003/4 and the global financial crises cum oil price shock of 2008/9. Notwithstanding, the strategic management of both crises by the Soludo (2003-2009) and

Sanusi (2009-2014) led administrations at the CBN through timely rate adjustment and the attraction of FPI's with market-friendly policies prevented the crises from escalating.

2015/17 Exchange Rate Crises... A Case of a Wrong Approach to Good Intention?

The 2015 - 2017 episode of the exchange rate crisis will go down in history as one of the worst faced by Nigeria. Although the CBN could be absolved of the root cause of the crises (like the case of previous episodes), its management approach to the crises led to a more devastating experience.

For context, Nigeria faced a severe FX illiquidity situation at the beginning of 2015 following the crash in global crude oil prices to below US\$50.00/bbl. in Q4:2014 from US\$114.6/bbl. as of H1:2014. The illiquidity situation worsened as offshore investors began to pull out from the Nigerian market, following CBN's reluctance to devalue the exchange rate. Resultantly, the CBN's resolved to capital control measures, blacklisting 41 import items from accessing the official FX market. With the spillover of the demand from the ban hitting the parallel market, the crisis aggravated.

As the scarcity worsened, demand for FX ramped up in the parallel market, leading to the wide margin between the official and parallel market rates of N61.30 by December 2015 (from N4.22 in June 2014). In a surprise reaction to this development, the CBN in January 2016 announced a ban on the sale of FX to BDCs over allegations of FX racketeering – a development that further worsened the FX crises until mid-2017 when the CBN set up the Investors & Exporters (I&E) window and also reached a truce with the BDC operators.

Reincarnation of the FX Crises in 2021... Same Ailment but Wrong Treatment

In our 2020 BSR, we emphasized that "the Nigerian economy may be heading for another currency crisis, just three years after it began recovery from the last episode. While the reverberating effect of the crash in global crude oil prices has been the dominant trigger of many of the recent currency crises, we highlighted that the CBN's management strategy during the last episode was inadequate. We posited that the current management of the CBN takes a cue from measures that were adopted by the prior CBN governors (timely devaluation and other proactive responses) to manage the 2003/4 and 2008/9 FX crises."

Based on the reality that

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