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MONEYCENTRAL

MARKET MOVING NEWS, DATA & ANALYSIS | Monday 23rd - 29th May 2022

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Nigerian companies borrowing costs fall ahead of MPC meeting

BALA AUGIE

Nigerian quoted companies' balance sheets are looking better, which validates their abilities to pay interest on debts even as market participants expect the central bank to hike interest rates to tame rising inflation.

The median interest coverage ratio for companies stood at 4.52 at the first quarter of 2022, however it is lower than the 8.10 recorded in 2021, according to data compiled by MoneyCentral. The figure is a measure of a company's ability to repay its debts, with a ratio of at least 2 generally considered the minimum acceptable amount for a company with solid revenues. Analysts typically prefer a coverage ratio of 3 or higher.

Interestingly, the combined interest expense or finance cost which these entities pay on money borrowed from banks was down 18.17 percent to N83.20 billion as at March 2022.

The improved financial health among firms comes as the Monetary Policy Committee of the Central Bank of Nigeria (CBN) is expected to hold its

third meeting of the year on the 23rd and 24th of May 2022.

Analysts at Cordros Securities in a note to clients say they do not rule out the possibility of a 50 basis point hike in the Monetary

Policy Rate (MPC) given the hawkish rendition among global central banks and the indirect impact of the Russian/Ukraine crisis on domestic inflationary pressure.

The central bank policymakers have held the MPR at 11.50 percent, stating the need to attract foreign direct investment and price stability as the major

Continues on page 15



Edo State Governor, Mr. Godwin Obaseki (left) with the Chairman of Peoples Democratic Party (PDP) Governors' Forum/Sokoto State Governor, Alhaji Aminu Tambuwal, during a consultation visit by the PDP presidential aspirant to the governor, in Benin City, on Friday.

NSE INDICES (WEEKLY)

All share
52,979.96
0.22%

NGX 30
2,030.37
1.47%

BONDS/FORWARD

FGN
23-JUL-30
11.42%

FX (\$/N)
30-AUG-23
459.43

COMMODITIES

BRENT (ICE)
112.55
USD/bbl
1.00

GOLD Spot
1,846.50
USD/t.oz
34.71

Bitcoin (BTC)

\$29,265
N17.457 M

I&E FX Window

\$ - NGN
Turnover
419.02
\$327.2mn

COMPANIES & MARKETS

Access Holdings to acquire majority equity stake in First Guarantee Pension

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International Breweries records fastest gross margin expansion than peer rivals

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INSURANCE HUB

Leadway Assurance reports rise in premiums as underwriting results improves

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Performance ratio (Based on Gross Profit Written)			
	2021	2020	Change
Underwriting Expense Ratio (%)	53%	54%	-2%
Claims Ratio (%)	68%	61%	+7%
Operating Expense Ratio (%)	45%	47%	-2%
Combined Ratio (%)	69%	122%	-53%
Underwriting Profit Ratio (%)	100%	100%	0%

Source: Company Financials, IAC

MARKET EAR

Tier 1 Banks' income from T-bills hit N233.15 bn in Q1

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BOTTOM LINE

5 reasons why talk of Dangote being broke is financial illiteracy



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TECHNOLOGY

Dial *671# to open MoMo wallet as MTN Payment Bank begins operations

...to enable diaspora remittances to any phone number ... Airtel SmartCash PSB also commences operations

SEUN PETERS

MTN Nigeria Communications Plc has notified the Nigerian Exchange Limited and the investing public that its fintech

subsidiary, MoMo Payment Service Bank Limited, has formally commenced commercial operations.

This follows a successful pilot

initiated on 16 May 2022.

By dialing *671# on any network, customers can open a MoMo wallet, send money to any phone number in the country

and pay their bills. In addition, MoMo wallets in the future will enable Nigerians in the Diaspora to send money to any phone number in the country, an im-

portant feature given Nigeria's ranking as the destination for the highest remittance inflow in Sub-Saharan Africa.

Continues on page 15

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NATIONAL

FIRS terminates uniform withholding tax rate for residents of treaty countries

JESSICA MAURICE

The Federal Inland Revenue Service (FIRS) has issued a Public Notice informing taxpayers of the termination of the reduced 7.5% withholding tax (WHT) rate applicable on dividends, interest and royalties earned by taxable person's resident in countries with Double Tax Agreements (DTAs) with Nigeria.

The FIRS noted that the termination follows the approval of the Honourable Minister of Finance, Budget and National Planning (HMoFBNP) to discontinue the unilateral application of a uniform 7.5% WHT rate deducted on dividends, interest and royalties earned by residents of its treaty partners under the DTAs with Nigeria. Consequently, effective from 1 July 2022, the applicable WHT rates on the above incomes will be the rates specified in the relevant tax laws,

S/N	Country	Dividend		Interest	Royalties	
		Companies with voting powers of 10% and above	All others		Payment to Companies	Payment to Individuals
1	Italy	10%	10%	10%	10%	5%
2	United Kingdom	10%	10%	10%	10%	5%
3	Belgium	10%	10%	10%	10%	5%
4	Pakistan	10%	10%	10%	10%	5%
5	Czech Republic	10%	10%	10%	10%	5%
6	Slovak Republic	10%	10%	10%	10%	5%
7	France	10%	10%	10%	10%	5%
8	Netherlands	10%	10%	10%	10%	5%
9	Romania	10%	10%	10%	10%	5%
10	Canada	10%	10%	10%	10%	5%
11	South Africa	7.5%	10%	7.5%	7.5%	5%
12	China	7.5%	7.5%	7.5%	7.5%	5%
13	Philippines	10%	10%	10%	10%	5%
14	Singapore	7.5%	7.5%	7.5%	7.5%	5%
15	Sweden	7.5%	10%	7.5%	7.5%	5%
16	Spain	7.5%	10%	7.5%	7.5%	5%

except where such rates exceed the maximum rate provided in the respective DTAs.

Based on the foregoing, the FIRS has issued an updated Information Circular No.: 2022/15 on 'The Claim of Tax

Treaties Benefits and Commonwealth Relief in Nigeria.

The Circular, which replaces the FIRS Information Circular No. 2021/05 issued on 3 June 2021, retains the clarifications on available tax treaty benefits

provided in the erstwhile Circular, and introduces additional information on the new applicable WHT rates, requirements for permanent establishments (PE) in Nigeria, and guidelines for the claim of Commonwealth Tax Relief (CTR) under Section 44 of the Companies Income Tax (CIT) Act.

The FIRS noted that the government policy statement on unilateral reduction of WHT rate to 7.5% contained in the 1999 Budget Speech was not promulgated into a Decree and published in the Official Gazette of the Federal Government. Consequently, there is no legal basis for the reduction of the applicable WHT rates to taxpayers' resident in the treaty countries. Further, the FIRS argued that relevant protocols were not executed between Nigeria and the treaty partners to mandate any reduction in the WHT rates specified in the relevant DTAs.

AGRICULTURE

Obaseki: Nigeria's future bleak with oil-dependent economy

SEUN PETERS

The Edo State Governor, Mr. Godwin Obaseki, has decried the country's overdependence on crude oil, restating the need to enhance the nation's global competitiveness through increased investment in agriculture.

The governor, who described the dependence on oil as unsustainable, noted that with increased investment in agriculture, the country will be able to grow sufficient produce to ensure food security, create jobs and improve the livelihoods of citizens.

Obaseki spoke while addressing members of the Plantation Owners Forum of Nigeria (POFON), who were on a courtesy visit, at the Government House, Benin City.

Predicting a bleak future with the country's current overreliance on crude oil, Obaseki said there's an urgent need to diversify as the nation's dependence on oil has not been able to enhance the global competitiveness of its economy.

The governor, however,



noted that his administration remains committed to economic diversification through agriculture and will sustain programmes and reforms aimed at boosting the sector and ensuring food security.

Hesaid, "As a people and a country, it is all about economic competitiveness. Whether we like it or not, the current DNA of the Nigerian economy is being forced to change. That means our overreliance on crude oil has not increased our global competitiveness, particularly in the oil trade.

"For us in Edo, we, fortunately, saw this coming and we have prepared ourselves for this transition that we are witnessing. We are in a race against time, just reading the news and seeing what other countries are going through as a result of the Ukrainian war."

POLITICS

APC has greatest potential to do the best for Nigeria, says Osinbajo in Rivers

AKIN AKINBOBOLA

The ruling All Progressives Congress (APC) has the greatest potential to do the best for Nigeria and ensure its further development and progress, according to Vice President Yemi Osinbajo, SAN.

Prof. Osinbajo stated this Thursday in Rivers State, in continuation of his nationwide consultations with stakeholders and delegates of the All Progressives Congress (APC).

Speaking briefly with the media after meeting with the State's delegates, the Vice President affirmed Nigeria's future greatness and prosperity, noting that "we are also, of course, completely at one on the idea that the party needs to be united. So, everything that needs to be done is being done, and will be done to ensure unity of the aspirants."

He further noted that, "Our party is obviously, as you know, not just the ruling party, but the party that has the greatest potential to do the best for this country.

With regards to his consultations with the delegates, Prof. Osinbajo disclosed that "What we spent our time doing today was talking more about national issues, about issues of development; and we all affirm that we have to do a lot of work; we are willing and able to do the work."

Earlier, the VP at the meeting with the Rivers' delegates, called for unity among the presidential aspirants, and the party in general.

He also restated his capacity to make a difference in committed, dedicated service to the people of the country as president if elected.

MARKETS

CBN disowns statement on withdrawal of Naira notes from circulation

SEUN PETERS

The central Bank of Nigeria (CBN) has come out to disown a news item that it intends to replace the Naira notes in circulation with digital currency, the eNaira, in due course.

In a telephone conversation with news man in Abuja over the weekend, the Director, corporate communications Department of the apex bank, Mr Osita Nwanisobi, disclaimed that the statement purportedly to have been made during a stakeholders' engagement on eNaira adoption in Asaba, Delta state was misconstrued and therefore called on the general public to disregard such in its entirety.

According to Mr Nwanisobi, the digital version of the

Naira is meant to complement the existing currency notes and therefore, will circulate simultaneously as means of exchange and store of value.

On the benefits of adopting the eNaira, the spokesman hinted that the digital legal tender aside from the safety and speedy features, it will also ensure greater access to financial services by the underbanked and unbanked populace thereby enhance financial inclusion.

Mr Nwanisobi therefore, urged members of the public and business owners to embrace the digital currency, the eNaira as it offers more possibilities.

The eNaira was formally launched into circulation by President Muhammadu Buhari in October last year.

CRIME

Danish man, Peter Nielsen to die by hanging for killing wife, daughter

SEUN PETERS

Four years after killing his Nigerian wife Zainab and three-and-a-half-year-old daughter, Petra, a Lagos High Court sitting at Tafawa Balewa Square, (TBS), Friday, sentenced a Danish man, Peter Nielsen, to death by hanging. Justice Bolanle Okikiolu-Ighile found Peter guilty on counts one and two of murder preferred against him by Lagos state.

The judge said "I hereby pronounce that you Peter Nielsen shall be hanged by the neck until death. May God



have mercy on you.

Justice Bolanle Okikiolu-Ighile began reading the judgement at 11:10am, after taking appearances of the prosecution counsel Adebayo Haroun and the defence counsel Uyi Giwa-Osaigie.

ECONOMY

Agric loan: CBN to give farming implements, not cash

ABDULWAHEED OLAYINKA
ADUBI, Kaduna

The Central Bank of Nigeria (CBN), has explained that farmers who applied for the Agricultural loan under the Central Bank of Nigeria (CBN) Anchor Borrower programme will be given farming implements to assist them in food production and not cash.

Speaking at a town hall meeting last week to sensitise farmers on the CBN Anchor borrower programme for this year's wet season, Aminu Mohammed from Kaduna State office of the CBN said experts will supervise every farm to ensure better yields.

"For Nigeria to come out

of insecurity is for us to be self-sufficient in food production. One of the objectives of this programme is to make people rich and eradicate poverty. You will be given farm inputs to go to the farm. You will be given bags of fertilizer, herbicides, insecticides to apply to the crops. Nobody is going to use your salary to pay this loan. You pay the loan from your produce after sales. And you make money from the remaining ones. However, when you default loan payment, your salary account will be deducted from the Unity bank.

"We have been doing this Anchor borrowing since 2016. But this is the first time we are doing it directly with NLC. We

want to stop importation of food. It is not only maize and rice that can be cultivated. We can grow tomatoes because Nigeria has good soils. You have to listen to experts so that you can harvest much.

"However, one of our dilemmas is that some farmers are not applying all the bags of fertilizer supplied to them. We are appealing to you to apply for all the facilities given to you," Mohammed said.

Earlier, in his remarks, the Kaduna State Chairman of Nigeria Labour Congress (NLC), Comrade Ayuba Suleiman Magaji said, "Don't rely on your salary. Start something, no matter how small so that it

can grow bigger. You must not be as rich as Dangote before you can do business. This loan is enough for farming and you have enough time to pay back the loan. You pay after harvest. You can see the crowd. They are from zone one, two and three. We are going to engage Kaduna Agricultural development programme at the local government areas. The rain season is here. By the first week of June you should start planting."

Also, while advising farmers and prospective ones, the NLC State Secretary, Christiana John-Bawa said civil servants should go into farming like poultry, fishing and crop production.

Milo basketball championship central conference ends in Ilorin as Benue and FCT win

SEUN PETERS

Akpur College, Gboko, Benue State and Government Secondary School, Karu, FCT have emerged champions in the girls and boy's categories respectively at the Central Conference of the 22nd Milo Secondary Schools Basketball Championship.

In the girl's category, Akpur College, Gboko, Benue State defeated their Queen Amina College, Sabon-Tasha, Kaduna State counterparts 35 to 31 to emerge champions while the boys from Government Secondary School, Karu, FCT outclassed their Father O'Connell Science College, Minna, Niger State opponents 34 to 23 in a thrill-



ing encounter.

Speaking on this 2nd of the four series Conferences, Category Manager for Beverages, Nestlé Nigeria, Mr. Olutayo Olatunji said, "At MILO, we believe that through participation in sports, children learn grit and imbibe values that help them on their journey to success in life.

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TECH IN BUSINESS



Banking fraud amid increasing biometrics adoption

Nigerian banks and their customers still lose billions of naira to fraudsters, despite security measures emplaced to check such, writes **EHIME ALEX**

To fight banking fraud at Point of Sale terminals and Automated Teller Machines across payment ecosystems in Nigeria, Interswitch, a digital payments solution provider, recently announced plans to roll out a new solution designed with advanced biometric features. This comes as many Nigerian banks are faced with increasing fraud cases year-on-year.

Findings by Financial Street shows that fraud cases reported by four Nigerian banks to the Central Bank of Nigeria rose by 166.12 per cent to N7.199tn in December 2021 from N2.71tn in December 2020.

This is according to the 2021 audited financial statements of Access Holdings Plc, Guaranty Trust Holding Company Plc, Fidelity Bank Plc and Sterling Bank Plc.

Sterling Bank reported the highest figure rising by 1613.77 per cent to N3.35tn in 2021 from N195.34m in 2020. Access Bank followed with N1.99tn in 2021 from N1.02tn in 2020. While the value reported by GTCO rose slightly by 10.75 per cent to N1.21tn, Fidelity's rose by 381.498 per cent to N650.88m.

The latest report by Check Point Research Threat Intelligence on Nigeria puts the number of attacks experienced per business each week, collectively, at 2,308 across all industry sectors, adding that the figure is higher still for businesses in the financial sector.

Thus, considering the reliance of banks on Information and Communications Technology to operate their business and the rising incidence of cyber

threats and attacks targeted at financial institutions, banks should be driving their credit risk management processes using appropriate scalable technology to achieve global best practices.

Cybercrime techniques

A number of techniques are being used by scammers to defraud unsuspecting banks' customers, including phishing, hacking, malware, identity theft and ATM spoofing. Not to mention social engineering, which involves manipulating people to give out sensitive information, fraudsters use several other techniques, from card theft to Personal Identification Number compromise, in carrying out their acts.

In 2019, the CBN confirmed that transaction valued at N6.5tn was stolen from commercial banks in Nigeria by hackers. Between 2014 and 2017, the banking industry lost N12.30bn to various frauds. Between January and September 2020, more than N5.04bn was lost to fraud in the banking sector, and increased by 34 per cent to N7bn in the same period of 2021, the Nigeria Inter-Bank Settlement System Plc disclosed in its report on 'Fraud in the Nigerian Financial Services'.

Use of biometrics

As far back as 2018, the CBN had planned to ditch ATM pin codes and replace them with biometrics to streamline and add more security to the process. That thought, as logical as it was as a solution for preventing fraudsters from stealing data from customers of the bank, especially among the illiterate and older customers, who may require help to use the ATM or

PoS, the move has hardly been widespread, existing just in silos.

Huge investment

Artificial Intelligence is a potential solution, but it comes with challenges ranging from cost, limited resources, talent shortage and lack of systems. As a result, only 25 per cent of the institutions surveyed by PricewaterhouseCoopers, a multinational professional services network of firms, are using AI.

While banks strive towards enhancing cybersecurity resilience in digital financial services, continuous and regular cybersecurity awareness for consumers should be prioritised. This is even as developers said that the benefits of making effective use of biometrics outweigh the operational cost.

According to a report released in March 2022 by the Carnegie Endowment for International Peace, "It will require the financial institutions to invest significantly in, and have a robust capacity development plan for, their information technology and cybersecurity teams and top executives, as the financial sector is highly susceptible to cyber attacks, and new kinds of attacks are launched regularly, so capacity building must be frequent and consistent."

Leveraging digital offerings

The Nigerian digital financial ecosystem has witnessed remarkable growth in the past few years, according to McKinsey & Company, a management consulting firm. The country is home to over 200 fintech organisations, not counting fintech solutions provided by banks and mobile

network operators.

New service providers range from mobile money operators and payment service providers to fintech firms and other financial services providers, a trend that is increasing the need to ensure consumer security and trust.

These services come with numerous important digital components, including mobile applications, digital tokens, Unstructured Supplementary Service Data, and digital ledgers, all of which come with potential vulnerabilities, according to a report by the Carnegie Endowment for International Peace released in March. "It is increasingly important for the country's financial industry to prioritise cyber security, as it is the most targeted sector for cyber attacks."

"Over the last six months, the number of attacks against banks and other institutions in Nigeria was 3,682 per week, while globally, this figure is far lower at 774, Check Point Software Technology Regional Director for Africa, Pankaj Bhula, stated recently. "To protect this booming industry, more must be done to drive awareness around cybersecurity."

Keeping with regulation

The CBN, in line with its regulatory powers and oversight functions under the CBN Act and the Banks and Other Financial Institutions Act, has taken salient steps towards regulating this space by striving to strengthen the cybersecurity defences of banks and non-financial institutions.

The instruments for doing so

include documents like the Risk-Based Cybersecurity Framework and Guidelines for Deposit Money Banks and Payment Service Providers, the Risk-Based Cybersecurity Framework and Guidelines for Other Financial Institutions, the Regulatory Framework for Mobile Money Services in Nigeria, and the Nigerian Payments System Risk and Information Security Management Framework.

The CBN also collaborates with relevant stakeholders such as the Securities and Exchange Commission to develop market regulations for cryptocurrencies and the Nigerian Communications Commission — the telecommunications sector's regulator — to regulate mobile money operations.

Cybersecurity remains a crucial pillar in Nigeria's National Digital Economy Policy and Strategy, which outlines a vision for diversifying the country's economy. The 2021 Nigerian National Cybersecurity Policy and Strategy identifies the banking, finance and insurance sector as one of its 13 critical information infrastructure sectors.

Last line

The effect of cyber crime on commercial banks are huge financial losses, despite the assumption losses declared by banks yearly. It is unfortunate that this incident is hidden from the public in order to protect investors and customers from being alarmed and to protect their reputation. However, commercial banks are continually faced with huge losses and how they recover from these losses is still a misery.

ANALYSIS

Africa Tech & Fintech

What's bubbling under – April 2022

RENAISSANCE CAPITAL

Last month, we led CFA Nigeria's breakfast session on the valuation of fintech companies – please view the recording and slides. Through the month, we paid attention to private market valuation trends. From Forge Global, a NYSE-listed trading platform for private shares, we learnt that prices for companies that traded on it in both 4Q21 and February/March 2022 have fallen by 19.9% vs 38% and 26% for the Renaissance IPO Index and NASDAQ 100 Technology Index respectively. On its 1Q22 call, VEF CEO, David Nangle, noted that VC conservatism kicks in during these cycles as capital becomes more precious, IRR hurdle rates rise, and startups become price-takers though they have some tactical strategies they could deploy. More comments from GP Bullhound and Novastar in the note. Separately, we listened to some African fintech discussions, including the fintech revolution in Africa's FX markets, the Africa Fintech Summit in DC and Ecobank's fintech breakfast series. We also released a thematic report on tech/fintech M&A action in Africa and how incumbents could respond, as well as other notes on Stitch (API fintech/open banking), ZirooPay (offline acquirer+) and Khazna (Egyptian neobank). Looking at funding trends, April had a notable slump, reaching \$437mn (down 39% MoM, though still up 139% YoY), 60% of which was Sun King's \$260mn Series D. We wondered if this was a one-off or an indicator of weaker months ahead. In this note, we highlight some M&A trends in the African tech ecosystem, implied listed fintech and mobile money valuations, and what we've been reading this month.

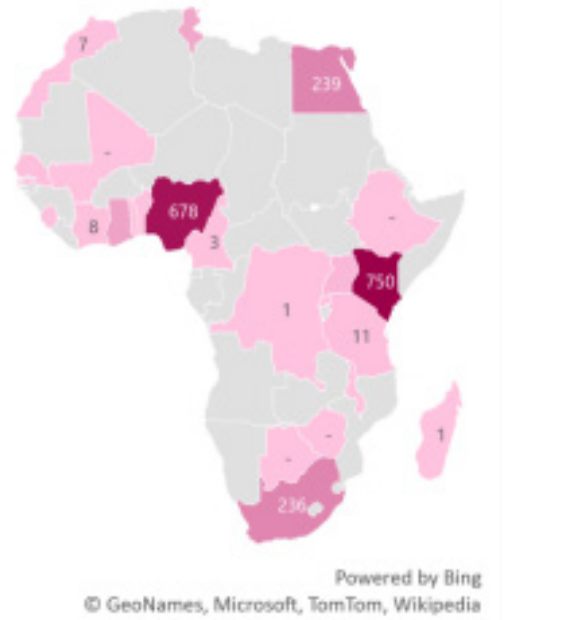
What the pros are saying about private market valuations

While global venture funding is slowing, the African tech scene had a busy first quarter. However, for the first time since December 2021, fundraising in the African tech scene slumped, as startups during April raised c. \$437mn (down 39% MoM, though still up 139% YoY) across 57 deals (down 44% MoM and 17% YoY). YTD, ~\$2.2bn has been raised across 300+ deals. Fintech continued to hold sway, accounting for c. 35% of the YTD raise. On a MoM basis, Nigeria and South Africa each saw their share of YTD funds raised decline by 3 pts each, while Egypt was unchanged. However, Kenya gained 6 pts on a MoM basis, buoyed by Sun King's \$260mn series D raise. But what are the pros telling us?

Forge Global: Private companies are rethinking their exit strategies, driven by cancelled SPACs, delayed IPOs and private companies reducing their own internal valuations. Thus, more private shareholders and companies are turning to private markets to find near-term liquidity solutions.

"43% of sellers are offering stock at an average 21% discount to the last fundraising round valuation, and 49% of buyers are seeking to

Figure 1: YtD value of funds raised by country, \$mn



buy stock at an average 24% discount to the last fundraising round valuation," said Forge Global. Overall, 60% of indications of interest on its platform are coming from sellers, and 40% from buyers. It's a buyer's market. Buyers are doing more homework on companies they like for the long term, at potentially more attractive valuations across different sectors: data software, sales and business software, payments and cyber security.

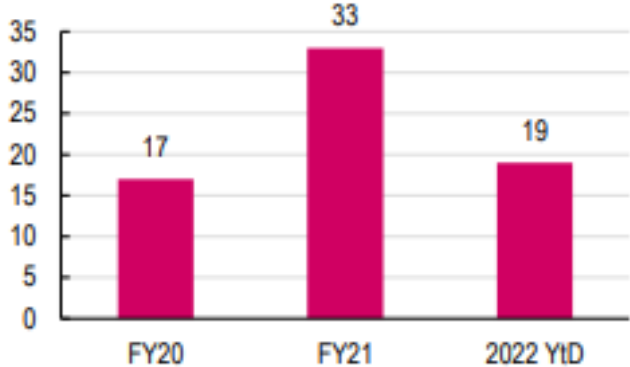
For employee shareholders, it takes some time for them to lower their valuation expectations but it's happening as public valuations reduce.

VEF (listed EM fintech VC fund): VC conservatism kicks in during these cycles as capital becomes more precious, IRR hurdle rates rise, and startups become price-takers. VEF has a 30% IRR usually, but is now asking for 40% IRR because if you can find such cheap public investment opportunities, why pay more for a private company? VEF will look for better and deeper-value opportunities. The slowdown is mostly in later-stage companies. However, this is not a good environment to be raising capital because of

valuation pressures. As the need to raise funding picks up through the year, some companies may have to consider redundancies or raise debt to tide them over. We may nonetheless see some going bust. Positive and improving unit economics are quite important in these times, with a clear path to profitability. In this market, companies are price-takers, but quality companies will still raise funding as there's still capital to deploy. Nowadays, VEF is focusing on strategy and extending runway for its portfolio companies by telling them that if they need to raise capital in 1Q23, they need to do it much sooner, or if they last raised in 4Q21, they need to do an extension round sooner which is happening. Local VC funds are well set up in emerging markets, so there's still a lot of dry powder. For VEF, early-stage opportunities abound. Public funds have been drifting into the private space, and maybe these are the ones pulling back a bit and in risk-off mode at the moment.

GP Bullhound (private tech-focused investment bank): Public software valuations using a cohort of revenue multiples have moved from 17-20x to 7-9x on average over

Figure 2: Comparative count of disclosed M&A deals in Africa



Source: Briter Bridges, Press articles, Renaissance Capital

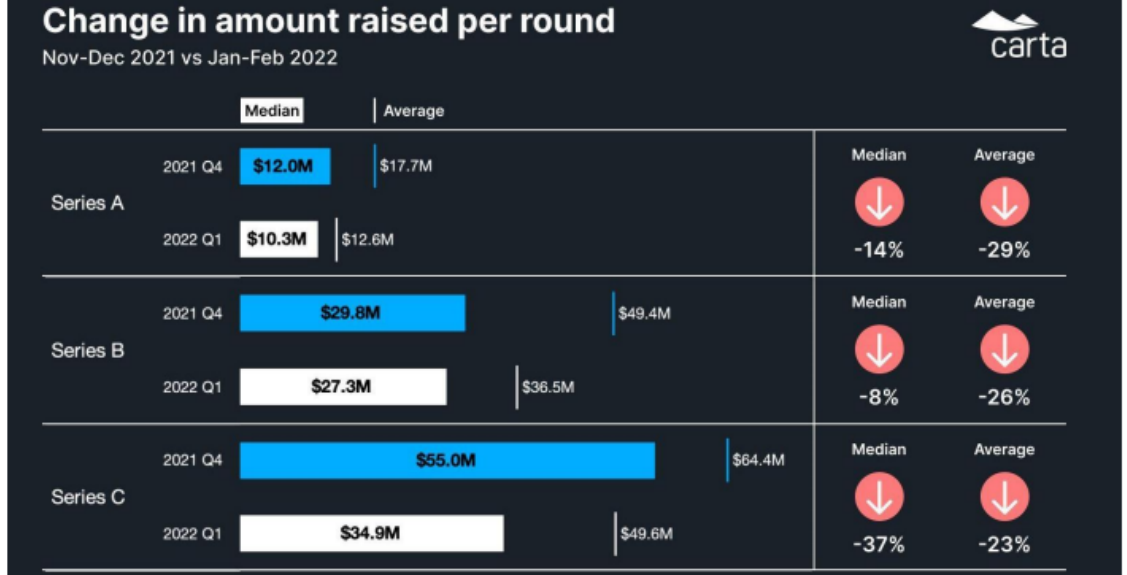
the past few months. In private markets, using M&A and investing deals, multiples haven't corrected by nearly as much. On the M&A side, valuations are still robust. There will be a migration because it's unsustainable. IPOs were happening because tech had such a good run, but IPO markets are now closed and this will have knockon effects. But there's still significant dry powder in private funds. The question is what's the right valuation and this could take six-to-eight months to settle. Investors are now looking for real category and long-run winners. For those living on hyped slides, they will struggle. Have we reached a bottom? The near-term macro clouds suggest no. Unprofitable and big tech have suffered the most.

In B2C software advertising and consumer solutions, there's real demand weakness driven by geopolitical issues, inflation etc., so there's a long way to reach the bottom. In B2B, looking at recent reporting season feedback from Microsoft, Salesforce etc., there's robust demand from industry. In an inflationary environment, businesses invest in software to reduce their cost of production. We may see some false bottoms this year. Now is the time to be conservative as an investor. Look at profitable companies or core geographies that are profitable, not making losses to prove that the tech works. It has discovered since 2000 that all tech isn't created equal as the underlying business model

and software varies. In the current downturn, will investors differentiate between computer games, enterprise software and telecoms companies? In 2000, they were all the same. It behoves the investors to truly understand what these companies do as the days where all tech companies were 10x revenues is gone. There could be a move to B2B and away from consumer-focused businesses, from growth to value, and from unprofitable to profitable companies. As inflation and interest rates pick up, remember that the big tech companies are largely unlevered, which is good news. They are the largest holders of cash outside sovereign funds on the planet. Growth funds and VC funds have also raised a lot of cash ahead of this downturn, and the best founders have raised precautionary rounds. Therefore, there is more cash around to invest in companies with loads of cash and no leverage, so you get better returns on your cash even as interest rates rise.

Novastar (top tier Africa-focused VC fund): It has been busy with both new and follow-on investment opportunities as its portfolio companies are venture assets, typically prioritising growth over profitability at this stage. With high profile international investors joining the mix last year, the deal velocity and valuations ramped up significantly, challenging companies to convert that fresh capital into value. Nowadays, the velocity of capital rounds is slowing a bit, even if there is sufficient capital for the best companies and Novastar is seeing evidence of pressure on valuations. Also, considering the upcoming election risks in Kenya and Nigeria, it's advising its portfolio companies to raise funds sooner to extend their runway to at least 18 months and reduce vulnerability. Another thing is that as companies move through stages of maturity, we should expect some bigger round deals to be announced. So, while the pace of fundraising may slow to last year's levels, the quality of decision making should improve. It is more concerned about extended shocks to purchasing power in markets such as Nigeria, or material negative headlines at large companies such as Flutterwave and sector implications.

Figure 3: Slowdown in amount raised per round in the US



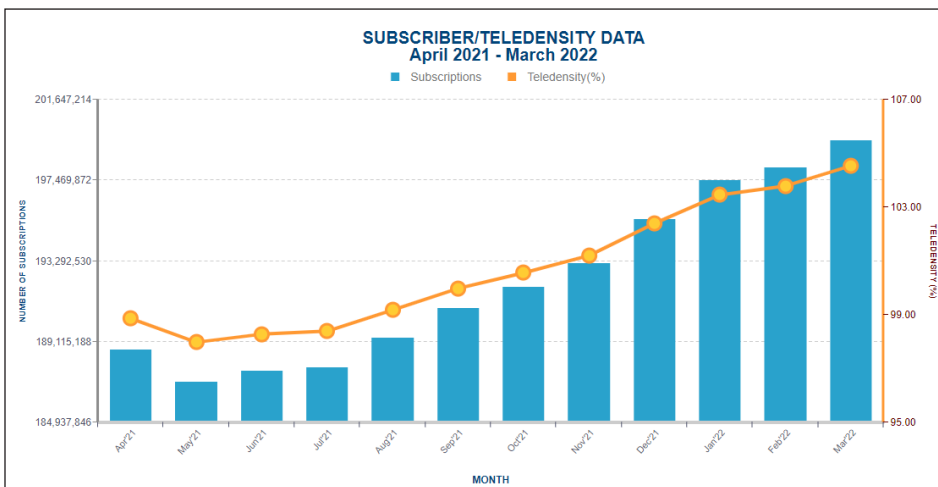
Source: Carta, Renaissance Capital

EDITORIAL

Nigerian banks: Opportunity or value trap?

Zenith Bank shares have gone nowhere in past 5 years

Charts of the week



Zenith Bank Plc, Nigeria's largest Bank by market capitalisation, trades at a price to earnings (PE) ratio of 3.06 and price to book (p/b) value of 0.6x, Guaranty Trust Holding Company the second largest by market capitalisation has a PE of 3.94, p/b value of 0.9x and dividend yield of 12.55 percent.

Nigerian Bank stocks are cheap, when compared to frontier market peers, despite a majority of them still declaring profits and paying out juicy dividends.

First Rand, South Africa's largest bank trades at a PE multiple of 12 and p/b value of 2.62x, for instance.

The two biggest Nigerian Banks just announced annual dividends for 2021 of N3.10 for Zenith and N3.00 for GTCO.

If you want to be a shareholder in GTCO you can buy it on the floor of the stock exchange for N23.65 per share (Friday closing price). In the past year it traded as high as N30/share. Zenith can be bought for N24.20 per share today even as it traded as high as N29 per share in the past year.

Zenith Bank Plc gross earnings rose by 10 percent to N765.6bn as at December 2021, from N696.5bn recorded in the corresponding period of 2020. Profit before tax also grew by 10 percent to N280.4bn last year, from N255.9bn in 2020.

Guaranty Trust Bank Holdings (GTCO) Plc, net Income dipped by 13.20 percent to N174.84 billion in December 2021 from N201.44 billion the previous year.

Clearly both banks are quite profitable and willing to reward owners of stock, even as they

battle headwinds so why are investors pricing the shares at such a discounted level to fair value?

Banks in Nigeria have been facing a number of headwinds which investors fear could dampen profits in coming years.

On the macro-side growth remains sluggish, inflation high, real per capita incomes falling, and unemployment elevated, while on the policy side regulatory uncertainty is beginning to creep in.

The Central Bank of Nigeria (CBN) set the minimum loan-to-deposit ratio (LDR) for banks at 60 percent in a bid to spur lending.

This means that for every N100 in deposits banks hold,

they must at least lend out N60 to retail clients and small businesses, instead of binging on 'risk free' Federal government securities.

As a result, investors are fretting that profitability of the banks may take a hit in the short to medium term due to potential reduction in relatively easy to earn interest income from lending to the Federal Government, as opposed to the difficult (and inherently risky) business of granting consumer and other forms of retail/SME credit.

Another potential headwind for lenders in Nigeria is the licensing by the CBN of Telecommunication firms (MTN and Airtel) to operate Payment Service Banks (see

our front page), which could be a huge game changer for financial inclusion and of course banking as we know it.

The country's mobile operators; MTN, Airtel, Globacom and 9mobile recently announced their commitment to deepen financial inclusion to at least 90 million customers in about 2 years, once issued payment service banking (PSB) or mobile money licenses.

The four Telco's combined have some 199.5 million customers, compared to the 21 DMBs with about 30 million bank accounts with unique bank verification numbers (BVNs).

The Telco's also have the

resources to deploy in the coming fight.

MTN Nigeria recently announced its audited 2021 financial statement, reporting an impressive 23.3% growth in service revenue to N1.7trillion or \$3.98 billion, despite losing 8million or 10.5% of its mobile subscribers in the year, due to restriction on new SIM sales. MTN grew profit before tax to N298.7 billion or \$720million, translating to 45.5% year-on-year growth and an expanded margin of 18.1%

No Deposit Money Bank in the country currently boasts such revenues.

There is also the issue of attractiveness of bonds relative to equities. With FGN bonds on average yielding around 12 percent per annum.

So are bank stocks currently a value trap?, defined as a stock that appears to be cheap because it has been trading at low valuation metrics such as multiples of earnings, cash flow or book value for an extended time period.

The trap springs however when investors buy into the company at low prices and the stock continues to languish or drop further.

We think the answer is that it is not quite so black and white. Huge opportunities abound in the banking space largely due to huge demographic gains to be had from a population expected to hit 350 million by 2050, cost savings from digital and technology innovations by banks, and the upside from being able to solve the financing needs of millions of Nigerians.

Lenders have no alternative to real banking as opposed to financial engineering, which should largely be left for investment banks and other players in the capital markets.

However there will be winners and losers, and investors will be well served by closely monitoring their holdings of bank stocks, trading around positions, and betting big on those names that are driving innovation in the space.

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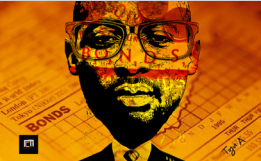
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COMPANIES & MARKETS

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All share	NGX 30	FGN	FX (\$/N)	BRENT (ICE)	GOLD Spot		\$ - NGN	
52,979.96	2,030.37	23-JUL - 30	30-AUG -23	112.55	1,846.50	\$29,265	Turnover	419.02
				USD/bbl	USD/t.oz	N17,457 M		\$327.2mn
0.22%	1.47%	11.42%	459.43	1.00	34.71			

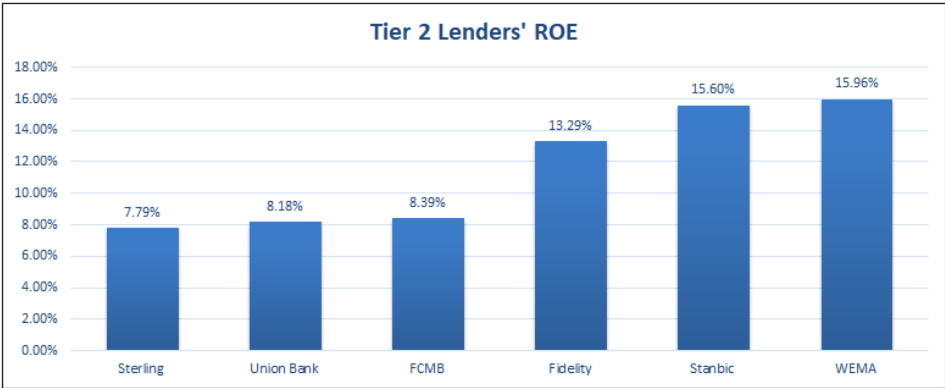


Wema Bank fires on all cylinders, outperforms peers in all metrics

BALA AUGIE

Wema Bank Nigeria Plc is firing on all cylinders as it is enjoying one of the best stock rallies since its existence, which validates a consistent earnings growth in the last three years. The small and mid-sized lender surreptitiously leapfrogged over peer rivals on the same level to record the strongest return on equity. In short, it recorded a return on equity (ROE) of 15.96 percent in the first quarter, which compares to Fidelity Bank's (13.29 percent); First City Monument Bank, (8.39 percent); Union Bank, (8.18 percent), and Sterling Bank (7.79 percent).

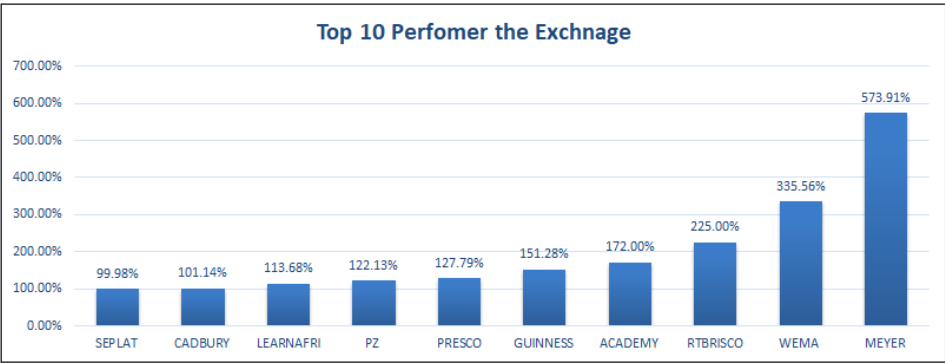
Because Wema Bank has been recording growth at the top line (gross earnings) and bottom line (profit), as its shareholders' funds moved to N71.57 billion in March 2022, from N48 billion in 2017; what this means is that it can effortlessly reward shareholders in the form of dividend payment. The lender has a year to date return (which means its shares have been gaining since the start of the year) of



395.83 percent, which outperforms the NGX-ASI Index which is up 23.49 percent and NGX30 up 19.39 percent in the same period, according to data from the NGX.

Interestingly, Wema Bank is the second best performer on the stock exchange this year, and analysts are sanguine that the lender will maintain the growth mo-

mentum. Valuations are attractive with a price-to-earnings multiples of 15.64 percent, which means investors are expecting a high growth rate in the future.



MARKETS

Access Holdings to acquire majority equity stake in First Guarantee Pension

PATRICK ATUANYA

Access Holdings Plc – trading as Access Corporation has announced that it has entered into a definitive agreement with First Guarantee Pension Limited regarding the potential acquisition of a majority equity stake in the Company. Access says the transaction is a consequential step in the Corporation's evolution from a narrow banking business into a financial service holding company positioned to gain relevant scale across Africa, global monetary centers, and beyond-banking verticals. Speaking on the transaction, Dr. Herbert Wigwe,



Herbert Wigwe, Group Chief Executive Officer, Access Corporation, said: "This transaction is a natural evolution for us. Over the last 20 years, we set our sights on and delivered ambitious plans to transform the African financial services landscape focusing on banking and have created the African Leading Bank and largest bank by customer base," Wigwe said.

"This large customer base both on the wholesale and retail segment makes the pension business a natural fit for the Corporation given its objective of ecosystem optimization. We will leverage our well-established culture of strong corporate governance, risk Management, cutting-edge technology, and digital capabilities to deliver high standards of professionalism in the management of pension assets to the benefit of our stakeholders." First Guarantee Pension Limited had 2.9% market share of the Pensions industry, equivalent to 278,321 Retirement Savings Accounts (RSA) as at December 2021.

ENERGY

Seplat Energy to further engage with stakeholders on MPNU deal

SEUN PETERS

In response to an article published in newspapers, stating that the Federal Government of Nigeria has declined consent to the acquisition of Mobil Producing Nigeria Unlimited (MPNU), Seplat Energy has confirmed that it has received a letter from the Chief Executive, Nigerian Upstream Petroleum Regulatory Commission (NUPRC) on the process. The Company says it has also been notified by the shareholders of MPNU confirming that MPNU received a letter from NU-

Under the terms of the Sale and Purchase Agreement ("SPA"), announced on 25 February 2022, which remains valid and subsisting, the Company says it will further its engagement with all relevant stakeholders. "Seplat Energy is confident that the process to obtain all approvals on the acquisition of MPNU's entire share capital is being followed and will be achieved," the firm said. This announcement was made pursuant to Rule 17.10 of the Rulebook of the Nigerian Exchange Limited, 2015 (Issuer's Rule).

BANKING

UBA upgrades chatbot features, as Leo launches service on google business chat, instagram

SEUN PETERS

Africa's Global Bank, United Bank for Africa (UBA) Plc has announced the expansion of the services of Leo, its Artificial Intelligence chatbot to Google Business Chat and Instagram. Leo – UBA's AI-powered chatbot, which enables customers to make use of their social media accounts to carry out key banking transactions – was first introduced in January, 2018. It has since evolved to become a custom-fitted, personalised virtual banker to several UBA Customers across its 20 African countries. Before now, UBA's Leo was servicing customers on Facebook Messenger, Whatsapp and Apple Chat. The bank also announced an interesting upgrade to the existing features of Leo, where customers can now carry out their activities in a 3D animated format. Armed with this upgrade and with its recent expansion to Instagram and Google Business, customers will now be able to carry out more transactions from the comfort of their homes and can now perform more activities such as funds transfer, checking balances, buying airtime and data, and getting their bank statements with ease, from any of these social media platforms. UBA's Group Managing Director/Chief Executive Officer, Kennedy Uzoka, who spoke



about the upgraded features of Leo, explained that the bank was always on the lookout for innovative ways to develop strategies aimed at easing transactions for the bank's numerous users, while ensuring utmost safety of their transactions. He said, "At UBA, we have been working with technology giants that have the global capacity to ensure not only seamless but also effortless banking for millions of our customers across Africa. We at UBA, have collaborated with the very best to actualise this unbeatable innovation that is capable of revolutionising the way banking is done in Africa." He disclosed that Leo's activities has aptly spread across Africa, changing the face of e-banking in other key African locations including Cameroon, Zambia, Cote D'Ivoire, Senegal, Congo DRC, Tanzania, Kenya, Uganda, Sierra Leone, Gabon, Chad, Congo Brazzaville, Benin, Mozambique, Zambia, Guinea, Burkina Faso, Mali.



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COMPANIES

International Breweries records fastest gross margin expansion than peer rivals

BALA AUGIE

International Breweries Plc has done well in managing cost of sales amid inflationary pressures, supply chain bottlenecks, foreign exchange scarcity, and decrepit infrastructure as the brewer recorded the fastest gross margin expansion among peer rivals.

The strong growth in gross margin was supported by the restoration of social activities as the brewer adjusted its sales and marketing strategies to suit the dynamics of the new normal.

Of course, the synchronised easing of the Covid-19 guidelines paves the way for beer drinkers to hit the bar, which has a positive effect on sales volumes.



International Breweries' gross profit margin expanded by 18.05 percent as at March 2022, according to MoneyCentral calculations.

That compares with Unilever's 9.57 percent; Cadbury, 8.58 percent; Nigerian Breweries, 7.79 percent; Guinness, 7.65 percent.

However, the majority

of consumer goods firms capitulated to rising input costs as gross margins deteriorated.

Vitafoam recorded gross margin contraction of 2.25 percent; Nestle, 0.58 percent; HoneyWell Flour, 5.21 percent; 3.99 percent PZ Cussons, 4 percent; Champions, 34.15 percent; Dangote Sugar, 6.17 percent; Nascon, 15.26 percent, and BUA foods, 3.65 percent.

International Brewers, Guinness, and Nigerian Breweries, the three dominant brewers, outperformed peer rivals in the consumer goods industry.

The brewers benefitted from the injection of a N2.80 trillion stimulus in 2021, and the country's favorable demographic (+206.0

million population with 100 million within the beer consuming age) means Nigeria has an edge over other African countries.

The National Bureau of Statistics has said that Nigerian residents spent N108.47 trillion on household consumption in 2021 in nominal terms.

The figure is higher than the N97.72 trillion recorded in 2020, showing an increase of 11 per cent amid double-digit inflation.

On the global front, the pandemic stimulus checks paid to citizens by the United States and European government quantitative easing combined with the relaxation of social distancing boosted beer consumption.

AWARDS

Heirs oil & gas' OML 17 wins PFI Africa deal of the year

JESSICA MAURICE

Heirs Oil & Gas (HHOG), Africa's integrated energy company has been awarded the 'Africa deal of the year 2021' by Project Finance International (PFI), following the \$1.1 billion financing and acquisition of 45% stake in OML 17 in 2021. The award ceremony which took place on Monday, May 9 2022 in London was a gathering of senior industry leaders across various sectors to celebrate excellence.

"On behalf of the HHOG team, I would like to thank PFI for this great honour which recognises the OML 17 acquisition deal, while also acknowledging the efforts of the entire team involved in the transaction," said Executive Director, Heirs Oil & Gas, Samuel Nwanze.

The deal, which was announced in January 2021, saw Heirs Holdings, the leading



African strategic investor, in partnership with affiliated company Transnational Corporation (Transcorp), acquire a 45% participating interest in Nigerian oil license OML 17 and related assets from the Shell Petroleum Development Company of Nigeria Limited, Total E&P Nigeria Limited, and ENI.

While acknowledging the award, Chief Executive Officer, Heirs Oil & Gas, Osayande Igiehon said "This great recognition reiterates our commitment to excellence in our bid to fulfil Africa's unique energy needs and ensure that Africa's natural resources are directed toward value creation on the continent."

MARKETS

FBN Holdings acquires 100% of Access Pension Fund Custodian

PATRICK ATUANYA

FBN Holdings (FBNH) has announced that it has entered into a definitive agreement with Access Bank Plc for the planned acquisition by First Pension Custodian Limited (a subsidiary of FBNH's First Bank of Nigeria), of 100% Share Capital of Access Pension Fund Custodian held by Access Bank Plc.

The Central Bank of Nigeria (CBN) and the National Pension Commission (PENCOM) have given their "no objection" to the Transaction, with completion subject to the receipt of all required regulatory approvals, according to FBNH in a statement.

"FBNH will update the market as appropriate and in accordance with its disclosure

	2020 (N'000)	2019 (N'000)	2018 (N'000)
Assets			
Cash & cash equivalents	3,435,189	4,274,302	3,782,273
Loans and receivable	517	9,399	15,567
Held to maturity	-	-	-
Financial asset at amortised cost	109,306	-	70,038
Trade and other receivables	46,720	55,706	64,672
Current tax assets	-	-	-
Intangible assets	55,466	74,577	72,676
Investment property	-	200,000	175,000
Non-Current Asset Held For Sale	190,000	-	-
Property and equipment	841,782	56,881	78,673
Total Assets	4,678,980	4,670,865	4,258,899

obligations," FBNH said.

Pension Fund Custodians (PFCs) are responsible for keeping safe custody of pension assets on trust on behalf of contributors.

The main functions of PFCs are to receive pension contributions on behalf of PFAs; settle transactions and undertake activities relating to

the administration of pension fund investments on behalf of PFAs and to notify the PFA within 24 hours of the receipt of pension contributions from employers.

Apart from the 2 Pension Custodians, UBA Pensions Custodian Limited and Zenith Pensions Custodian Limited are the other 2 operators.

AWARDS

Africa Fintech summit recognizes Ecobank with "Excellence in Fintech-Banking Relationships" Award

SEUN PETERS

The Africa Fintech Summit has awarded Ecobank Group with the "Excellence in Fintech-Banking Relationships" award in recognition of the bank's activities to support and facilitate fintech growth on the African continent.

The award was given at its last meeting in Washington DC, United States of America. Africa Fintech Summit is a global knowledge-sharing platform that connects innovators, regulators and entrepreneurs, facilitating conversations and partnerships that help them explore financial technology solutions to improve African individuals, economies and societies. The summit is held twice a year in Washington D.C. and a selected African

country and sees stakeholders from around the world assemble to chart a progressive course for fintech in Africa by mobilizing investments, hashing out enabling policies, and sharing growth strategies.

The Summit which was the seventh edition of the bi-annual event, also recognized TeamApt for Excellence in Digital Banking, PiggyVest- Excellence in Savings and InvestTech, Flutterwave-Excellence in Fintech Infrastructure, while Excellence in Blockchain Technology went to Appzone Group. Others are Excellence in Fintech investment - Future Africa, Excellence in Cryptocurrency - Paxful, Excellence in Ecosystem Research - Briter Bridges, Excellence in Cross-border Solutions - PAPSS, Excellence in Pay-

ments - Paystack, Excellence in InsurTech - Turaco, Excellence in Fintech and Lending - Payhippo, Excellence in Embedded Fintech - Cellulant and Excellence in TradeTech - AFEX.

Dr. Tomisin Fashina, Group Executive, Operations & Technology, Ecobank, who received the award on behalf of the bank, said the award is well deserved as it was attributable to the Pan African Bank's unparalleled influence in Africa and its unwavering support and numerous initiatives aimed at fostering relationship with fintechs to jointly win in the marketing place, stressing that the bank have put structures and initiatives in place to collaborate and cooperate with fintechs to facilitate the bank's vision of financial integration of Africa.

AGRICULTURE

Global wheat prices hit record high after Indian exports ban

SEUN PETERS

Wheat prices surged to a new record high last week after India decided to prohibit exports of the commodity as a heat-wave hit production. The price climbed to €435 (\$453) per ton as the European market opened.

Soft red winter wheat for July delivery rose 4.2%. New Delhi said last week it was curbing exports as the country, the world's second-largest wheat producer, saw its hottest March on record.

The authorities have expressed worries about the food security of the nation's own 1.4 billion people amid lower production and sharply higher global prices.

Export deals agreed before the directive issued on May 13 could still be honored but future shipments will need government approval, New Delhi said.

The export ban drew sharp



criticism from the Group of Seven industrialized nations, which said that such measures "would worsen the crisis" of rising food prices.

India, which possesses major buffer stocks, previously said it was ready to help compensate for some of the

supply shortages caused by the Russia-Ukraine conflict.

The two countries are major suppliers to the international market, accounting for around 30% of global wheat exports. The situation has raised fears that the world could be on the brink of a major food crisis.

JOBS

Alliance for Youth Nigeria equips youth across the country for employment

SEUN PETERS

Over 200 fresh graduates across Nigeria have received employability skills training facilitated by the Alliance for Youth Nigeria. The training comprised Building Winning Resumes, Career Positioning, Personal Brand Marketing, Personal Effectiveness, Time Management, and Starting the Career Journey among others.

In addition, the best performers will benefit from internship and mentoring opportunities in the six companies who form part of the Alliance. At the end of the



training, some

participants of the training also had the unique opportunity of partaking in job interviews and placements, progressing on their career journeys.

Launched in August 2021,

the Alliance is a business-driven movement of organizations passionate about working together to help young people around the country get the necessary skills to thrive in the world of work.

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ANALYSIS

INSURANCE HUB

Reports prepared by MoneyCentral Analyst team led by Bala Augie

Leadway Assurance reports rise in premiums as underwriting results improves

Leadway Assurance Company Limited, the largest insurer by total asset in Africa's most populous nation, has reported a rise in premium written (GPW) for the year ended December 2021 to N70.62 billion, as rising bond yields bolstered underwriting results.

Leadway Assurance's premium written increased, year-on-year, by 31.14 percent from the N53.85 billion reported in FY-2020, driven by growth in all segments.

In life business, GPW was up 18.10 percent to N36.43 billion as at December 2020, while the non-life segment spiked by 47.90 percent to N34.18 billion.

The insurer notes that it continues to see strong market conditions and improvement in macro-economy, and it is optimistic that its innovative market penetrating products will continue to meet customers' needs.

Underwriting income was up 27.75 percent to N50.65 billion as at December 2021, thanks to improvement in the annuity market as a result of the lifting of lock down and general improvement in the economy after covid-19 pandemic.

Additionally, the uptick in underwriting income can be attributed to the improvement in non-specialty business arising from the change in attitude of people regarding insurance after the end Sars protest.

Leadway Assurance delivered positive underwriting results that were bolstered by rise in yield on bond securities over the year which resulted in a decrease in liabilities of its life business by N79.6 billion, specifically, in the annuity portfolio.

Performance ratio (based on Gross Profit Written)

	2021	2020	Change
Underwriting Expense Ratio (%)	13%	14%	-1%
Claims Ratio (%)	68%	81%	-13%
Operating Expense Ratio (%)	15%	17%	-2%
Combined Ratio (%)	96%	112%	-16%
Underwriting Profit Ratio (%)	101%	-192%	293%

Source: Company Financials; MC

It posted an underwriting profit of N71.64 billion in December 2021 from a loss of N103.53 billion as at December 2020.

Financial institutions have been benefitting from the gradual increases in bond yields emblematic in a benign yield environment.

When yields are rising insurers make money by packing policyholders in insecurities to earn sizable income that helps compensate for deteriorating underwriting conditions

brought on mounting claims.

The 12-month treasury yield which hovered between 1 percent and 3 percent between the last quarter of 2020 and first quarter of 2021 (pre and post pandemic period) now stands at 4.90 percent.

Also, Nigeria's 10-year yield stood at 12.0 percent on Friday, May 20, according to over-the-counter interbank yield quotes for this government bond maturity.

And that compares with 8 percent in the first quarter of

2021 and 4.18 percent in the last quarter of 2020, according to data from Statista.

Interestingly, Leadway Assurance's combined ratio of 96 percent is below the 100 percent threshold, which means it is not paying out more money in claims than it is receiving in premiums.

Higher demand and investment returns, expansion in the credit quality of fixed income securities and reduced mortality rates due to roll out of vaccine, has added impetus to the earn-

ings, reserves, and profitability of the composite insurer.

Pretax profit was up 4.73 percent to N11.95 billion in December 2021 from N11.41 billion the previous year.

The single digit growth at the bottom line (profit) was due to N83.68 billion fair value loss on assets at fair value.

The profits of the largest insurers were hard hit by fair value loss on assets as a lot of them had to book losses due to rising bond yields, and the good tidings is that such items are one off and do not occur at all times.

Leadway has maintained another year-on-year increase with N48 billion claims settlement, sustaining its five-year streak of outpacing the industry players in claims expense to policyholders.

Claims expenses were up 10 percent to N48 billion in 2021 from N43.50 billion as at December 2020.

"At the turn of the new decade last year, we reaffirmed our mission and mandate to deliver superior insurance services to individuals and corporations alike. That commitment has propelled us to maintain a year-on-year increase in our claims to our policyholders," said Tunde Hassan-Odukale, Managing Director/Chief Executive Officer, Leadway Assurance.

"This year, we paid the highest amount ever in the annals of the company and perhaps the largest in the insurance industry in 2021. Despite the prevailing economic realities and other adverse economic indices, we heralded this leadership position last year with an equally superior industry-leading payout," said Odukale.

Financial Highlights

	2021	2020	Change
Gross Premium Written (N'm)	70,624	53,858	31%
Gross Premium Income (N'm)	68,041	54,655	24%
Net Premium Income (N'm)	47,558	37,234	28%
Underwriting Profit (N'm)	71,642	-103,535	-169%

Source: Company Financials; MC

Sunu Assurance returns to profit as expenses reduce

One of the fastest growing underwriting firms in Nigeria, Sunu Assurance Plc has returned to the path of profitability on the back of a sharp reduction in expenses even amid inflationary pressures and currency volatility.

The insurer posted a profit after tax of N153.03 million in the first quarter, from a loss of N174.68 million as at March 2021.

That represents its first profit since 2019, and a double digit growth in revenue buoyed by the introduction of innovative products helped boost under-

writing results.

The improvement at the bottom was largely due to a reduction in expense ratio as the insurer spent less on expenses to generate premium income, thanks to cost control measures put in place by the management of the company.

Expense ratio reduced to 64.69 percent in 2022, from 65.62 percent in 2021, according to MoneyCentral calculations.

Further calculations by MoneyCentral shows the combined ratio improved to 94.19 percent in the period under review from 135.75 percent as at March 2021.

Of course, Sunu Assurance's underwriting profit surged by 165.26 percent to N637.51 million as at March 2022, from N240.33 million the previous year.

The combined ratio is typically expressed as a percentage. A ratio below 100 percent indicates that the company is making an underwriting profit, while a ratio above 100 percent means that it is paying out more money in claims than it is receiving from premiums. Even if the combined ratio is above 100 percent, a company can potentially still be profitable because the ratio does

not include investment income.

The insurer introduced innovative products that are increasingly making an inroad into the market, and these products are also boosted revenue.

Gross Premium income was up 40.74 percent to N1.53 billion in the period under review from N1.08 billion the previous year.

Net premium income followed the same growth trajectory as it increased by 38.22 percent to N1.28 billion in the period under review from N926.70 million as at March 2021.

The company has honored obligations to policyholders as

it paid out N378.72 million in claims, and that presents a 1.85 percent increase from 2021's N371.93 million.

However, it spent less on claims collections to generate revenue as claims ratio fell to 29.50 percent in the period under review from 40.14 percent the previous year.

To fund its expansion plans, Sunu Assurance did a private placement of N3.01 billion

The company is committed to its strategic objectives and core values, which would also guide the future and culture of the company.

MONEYCENTRAL EAST

Nigerian Keke Napep: Innoson introduces IVM-branded tricycles

OBI MADUKA

Nigerian indigenous car maker, Innoson Vehicles Manufacturing (IVM) has rolled out brand new tricycles for the Nigerian market.

The 5-seater IVM-branded tricycles popularly known as 'Keke Marwa' joins a lineup of vehicles from the company's stable, including Connect, Caris, G20 Smart, Ikenga, G40 and G80.

Pictures of the tricycles which were produced in Anambra state were shared on a Facebook page, 'For The Love of

Anambra' with the caption, "Just in: Innoson rolls out IVM keke"

Meanwhile, Innoson Motors has said it will set up a manufacturing plant in Imo state capital, Owerri. This is part of the company's effort to place itself as a vehicle manufacturing giant in Africa.

Innoson Group Chairman, Innoson Chukwuma stated this when members of Correspondents' Chapel on a facility tour Innoson's plant in Nnewi, Anambra on Friday, April 1, 2022.

Chukwuma said that the Group has already



gotten about 150,000 sqm of land for the project and commended the Nigerian

media for their support and partnership with his Group.

POLITICS

I inherited 'red treasury' in Anambra – Soludo

OBI MADUKA

Governor Charles Soludo of Anambra State has said he inherited "red treasury and pervasive insecurity" from his predecessor, Willie Obiano.

Mr Soludo disclosed this, on Thursday, during his presentation of the N170 billion revised 2022 budget proposal to the Anambra House of Assembly.

The governor had in March, during a programme on Arise TV, five days after his inauguration as the governor of the state, said he inherited about N400 million in the state treasury and over N109 billion debt.

Mr Soludo, while presenting the budget to the lawmakers, however, said his admin-



istration would take steps to overcome the "humongous" challenges confronting it.

"We have seriously started reforming our system of tax administration to significantly ramp up our internally generated revenue over the coming years. In the meantime, the dire needs of Ndi Anambra and our transformation agenda cannot wait," Mr Soludo said.

"We are working on a mixture of financing options including debt that is ring-fenced

to fund bankable projects and/or infrastructure with impacts on the economy to guarantee efficient and effective service delivery to our people while ensuring fiscal sustainability over the medium to longer terms," he added.

Mr Soludo said his administration would partner international developmental organisations, the private sector as well as the federal government to achieve some of the programmes of his administration.

"We are reforming our processes and ramping up our active engagements to maximize the benefits of such partnerships.

"For example, we have

budgeted to meet our counterpart funding requirements to access federal and development partner funds."

The governor promised to tackle the worsening insecurity in the state.

"We have chosen to confront the foundational issue of security head-on and expected that those profiting from the lucrative criminal enterprise would viciously fight back, and they have.

"Criminals taking the seven local governments of the (Anambra) South Senatorial Zone hostage were the most acute. They are testing our will and resolve. (But) let me assure you this: Anambra will win," he said.

CRIME

Police arrest IPOB/ESN members at Agwa community that killed Inspector, recover items

SABY ELEMBA, Owerri

Men of the Imo State Police Command have pounced on the den of a native doctor whose duty is to prepare charms for members of the proscribed Indigenous People of Biafra (IPOB) and its armed affiliate, Eastern Security Network (ESN).

Ubah Agwa community is an oil bearing restive and remote community in Oguta local government area of Imo State, Michael Abattam, a chief superintendent of police (CSP) as well as police public relations officer (PPRO), said.

According to him, "the Command's Tactical Teams, on 18/5/2022 at about 0600 hours hastily mobilised and with the positive revelations made in course of interrogating the suspects earlier arrested in connection with the killing, the team was able to locate the criminal hideout in Ubah Agwa in Oguta LGA of Imo State and immediately cordoned area and tactically went into the den.

"The hoodlums on sighting the police operatives, attempted to escape only to discover that the whole escape routes have been saturated with police operatives hence, they were arrested."

According to him, those arrested were, Casmire Mgbugha aged 53 years, Hyacinth Chimezie aged 30 years, Hyacinth Azunna aged 28 years, Hyacinth Ifesinachi

aged 26 years, Hyacinth Chimezie aged 23 years, Chukwuemeka Wisdom aged 22 years and Nnadike Clifford aged 72 years.

When their camp was searched, the following items were recovered ; one Toyota Camry car with registration number AKD 73 BF LAGOS, one live python, eight locally made pistols, eighteen rounds of live cartridges, one Biafran flag, a pair of police camouflage uniform belonging to late Inspector Felicia Nwagbara, a female police officer who has been declared missing since 2017 by police authorities.

And while coming out of the camp, one of the suspects, Hyacinth Chimezie for the second time, attempted escaping and was shot and maimed on the leg, he said.

In the course of interrogation, the suspects confessed to have murdered late Inspector Felicia Nwagbara who was the second wife to one of the suspects, Casmire Mgbugha. They further stated that they were the manufacturers of the locally made guns recovered from them, apart from using them to perpetrate crimes, they sell to robbers and kidnappers also.

Meanwhile, the command, has appreciated the good people of Imo State for their undaunting support and assured them of the commands commitments in sustaining the already improved security architecture in the State.

CRIME

Kidnapping: Abia varsity students, lecturers protest, destroy checkpoints

OBI MADUKA

Staff and students of the Abia State University, Uturu, and members of the neighbouring Okigwe community, on Thursday, protested against the inability of the Imo and Abia states governments and the Federal Government to stem the tide of kidnappings and killings in the area.

On Monday and Tuesday, several people, including students and lecturers of ABSU, were kidnapped, while some other motorists were killed by marauding gunmen suspected to be herdsmen.

The protesters started from Ukwunwangwu, near Marists Brothers (Catholic) Secondary School, Uturu, by blocking the Uturu-Afikpo Road.

They sang anti-government songs up to Okigwe Junction of the Umuahia-Enugu Road to demand government action against the scourge.

Sources said the Okigwe-Ihube-Uturu Road of

less than three kilometres had about 12 checkpoints mounted by the police, prison officials, and the army.

They said, however, none of the kidnappers had been caught over the years.

They called on the Abia State Government to close down the cattle market at Umuchieze in Umunneochi LGA, which they said served as a takeoff point for the herdsmen brandishing military assault rifles.

A top military commander and the Isuikwua-to LGA Chairman, Chima Agbaeze, were said to have addressed the protesters, who, as of 2pm, still blocked the road, thereby preventing vehicular movement.

Cheering news also came in that the seven students kidnapped last Monday were released.

Our correspondent could not, however, tell if any ransom was paid.

POLITICS

Imo Delegates will look favourably to Fayemi, Uzodinma declares

OBI MADUKA

Imo State Governor, Senator Hope Uzodinma, described Ekiti State Governor and Presidential aspirant under the All Progressives Congress (APC), Dr Kayode Fayemi as one of Nigeria's finest brains, manager of men and best fit for the presidency of the world's largest black nation.

Governor Uzodinma declared that Imo state delegates will look favourably towards governor Fayemi in the forthcoming primary election of the ruling party.

A statement released Saturday in Abuja by the spokesman for Dr. Kayode Fayemi Campaign Organisation, Femi Ige, said Uzodinma received the Fayemi Friday evening at the Council Chamber in Imo state before leading him to meet the national delegates of the party.

According to the statement, Senator Uzodinma told Fayemi who is also the Chairman of the Nigerian Governors



Forum (NGF) not to bother to come and campaign in the state because "he's someone who is well known to us as our chairman and leader.

"His management of affairs of the NGF is a classic testimony to his renowned man management acumen. He's a terrific team player, consensus builder, brilliant leader. The conviction behind his words provoke you to want to listen more to the wisdom in his thoughts.

"To us in Imo, the giant strides which you are seeing in the state either in World Bank, AfDB or other international agency interventions are handiwork of President Muhammadu Buhari and Governor Fayemi.

POLITICS

Tambuwal: Buhari's exclusion of South-East fueling insecurity

OBI MADUKA

Sokoto state governor, Aminu Tambuwal has said that the insecurity in South-East is being fueled by President Muhammadu Buhari's exclusion of the people of the zone.

Tambuwal said this while meeting with delegates from Imo State chapter of the PDP on his presidential aspiration.

The Governor who promised to quench insecurity in the region by incorporating them into his administration if elected, added that people from the zone feel cheated because Buhari left them out in the scheme of things.

He said;

"Buhari has shortchanged the South-East. I was the one who advised Saraki to choose Ike Enweremadu to become his deputy in 2015. There is a complete case of exclusion of the people of South East. The head of the ten most important parastatals are not from South-East, including the CBN governor.



"None of the service chiefs is from the South-East. The president, the vice president, the Senate president, the deputy senate president, the speaker of the House of Representatives and his deputy are not from the South-East. Under my watch that can't happen. Every part of this country will be carried along.

"South-East and Imo State in particular can't be excluded. The PDP will win back Imo when I become president. Igbo people are industrial. You will find a partner in me. We are working together with our brothers in Sokoto. We have restored normalcy now in Sokoto State. I will be a president for all Nigerians."

MONEYCENTRAL NORTH

Money from opposition will not induce voters against Gov. Sule – Achagh, APC Chieftain

NATHANIEL GBAORON, Lafia

Jacob Achagh, a Chieftain of All Progressives Congress (APC) in Nasarawa State, said the APC led administration under the leadership of Gov Abdullahi Sule has done tremendously well to be swayed by moves by the opposition to induce voters with money.

Mr Achagh who is the assistant treasurer of the APC in the state said this in an interview with MoneyCentral correspondent in Lafia.

According to the APC chieftain, the declaration of Gov. Sule's intention to contest for the second term in office came to the people of the state as glad tidings, because of his record of performances.

He said that Gov Sule had embarked on massive construction of rural roads



to ameliorate the plight of the rural dwellers.

He further said that Gov. Sule in spite of the lean resources of the state, had demonstrated a high level of financial prudence that resulted in massive infrastructural development to the state.

"Politics is not about giving money to the voters. Rural dwellers, farmers, youths and women will vote massively for the governor.

"Because they are the direct beneficiaries of peace we are witnessing here, they will not be swayed by

financial inducement from the opposition.

"Gov. Sule is someone who has performed well and he deserves to be given a second term to enable him to build on his developmental strides. He performed beyond expectations given the meagre resources available to the state," he said.

The APC chieftain described Gov Sule as a man of peace who worked round the clock to put in place security measures as well as strengthening security architecture in the state towards ensuring peace.

"The Governor believes that peace is paramount that's why he has been working tirelessly since he came on board to ensure that the relative peace we have been enjoying in the state is sustained," he said.

POLITICS

Igede stakeholders distance themselves from BRM power shift agitations

GEORGE KAJO, Makurdi

Stakeholders from Obi and Oju local government areas from Benue South senatorial district have distanced themselves from the militant agitations for governorship by the Benue Rebirth Movement (BRM), in the forthcoming general elections.

The people of Igede extraction who call themselves G-2 have also demanded that the Benue South Senatorial seat currently occupied by only Idoma people be conceded to them in the spirit of fairness and equity.

The political leaders who were led by Mr. Samson Okwu, House of Representatives Member for Obi/Oju Federal Constituency, made their feelings known when they paid a solidarity visit to Governor Samuel Ortom at the Benue People's House, Makurdi and pledged their unconditional loyalty to his leadership.

On the agitations by the Benue Rebirth Movement led by Air Vice Marshal Monday Morgan retired, the Igede leaders said they have observed recent political developments in the State and were satisfied with Governor Ortom's fatherly and well intended advice to BRM and other similar pressure groups of Benue South to dialogue with their Tiv brothers and major parties to zone the gubernatorial positions to zone C.

"We are not a party to the militant approach of the leaders of the Benue Rebirth Movement for the actualisation of an Idoma governor and will continue to stand with Governor Ortom to find a democratic solution to the governorship seat for PDP in

the next elections."

In his presentation, Chief Ibe further noted, "We are appealing to our Idoma brothers in Zone C to concede the position of Senate to Igede land in the 2023 general election for equity and fairness."

He appreciated Governor Ortom for the recognition he has given to the Igede nation in his administration, pointing out such areas as the creation of first class Chiefdom, appointments of Igede sons as Head of Service and Auditor General of the State as well as the restoration of peace in the Bonta and Ukpute-Ainu Ette border crisis.

While calling on the Governor to sustain the security patrol of the area and demarcation of the borders, the stakeholders pleaded with the Governor to re-mobilize contractors back to the site for completion of the rehabilitation work on Awajir-Oju road as well as the construction of the Aliade-Mbakine-Obarike-Ito roads.

In his response, governor Ortom thanked the stakeholders for the visit which he noted was an encouragement to sustain efforts at turning around the fortunes of the area.

The Governor commended the resilience of the Igede people despite the prevailing challenges, stressing that he was happy for the support they gave him toward resolving the Bonta-Okpute crises.

He encouraged the Igede stakeholders and people of the State generally to remain united, cautioning that actions and utterances to disunite the people along ethnic lines will not be in the best interest of the State's progress and development.

CULTURE

Nasarawa Permanent Secretary harps on revival of lost cultural values, traditions for better society

NATHANIEL GBAORON, Lafia

Yusuf Musa, Permanent Secretary, Nasarawa State Ministry of Information, Culture and Tourism has urged families to inculcate cultural values and traditions in the formative years of their children/wards to prepare them for positive and productive life for a better society.

Mr Musa said this at the maiden cultural festival organised by youths of the 500 unit Housing Estate in Lafia. According to the Permanent Secretary, it became necessary given the spate of youth involvement in crimes and other negative vices in the society.

He attributed the involvement of youths in social vices to the erosion of the culture, tradition values and norms, which were hitherto the guiding principles of the society. Musa said, to address this the family must strive to retain those values that unite and shape the child towards positivity and productive lives.

He said the administration of Gov Abdullahi Sule attached great importance to the revival and promotion of the rich cultural heritage and values as well as tourism potentials in the state. According to him, the policy direction of the state as encapsulated in the Nasarawa Economic Development Strategy (NEDS) document is geared towards speedy but organised development of the state and its people with youth as the centerpiece of its implemen-



Yusuf Musa, Nasarawa state permanent secretary ministry of information culture and tourism

tation.

The permanent Secretary, while commending organisers for their vision, pledged to support initiatives and challenged youth to take advantage of opportunities to improve their educational, economic and entrepreneurial potentials. Other speakers at the event; Salamatu Ogiri, Alago, Hajiya Halima Sarki, Kanuri and Hajiya Ruqayya Ilyasu represented Egbira all gave perspectives on their various cultural norms.

While expressing concern over the failure of stakeholders to nurture and protect the sacred values that positively shape the society, urged organisers to make the initiative a yearly festival and solicited tribal and cultural associations to embrace and support the event.

Some of the organisers who spoke to newsmen; Muhammad Muhammad, Aseku Ahmad, Abdullahi Ibrahim Abdullahi, Musa Ibrahim Orume, Binta Bawa and Aliyu Haidar Yahaya among others said the event was organised to foster unity among the different ethnic groups in the estate.

EDUCATION

Group welcomes white paper committee on school hijab issue

ABDULWAHEED OLAYINKA
ADUBI, Kaduna

A northern group under the aegis of Arewa Solidarity Group (ASG), has lauded the initiative of Governor Abdulrahman AbdulRasaq over the inauguration of the White Paper Committee to address the hijab crisis in Kwara state.

The group tasked the Committee to be more proactive in the discharge of its responsibility.

This was contained in a statement signed by the group's Chairman, Isa Ahmed and made available to newsmen.

In the statement, the group explained that it is evident that the Governor is a true lover of the Kwarans, adding that

the choice of the Committee members being Chaired by Amuda Kannike SAN, a professor in law is an indication that the issue will be addressed accordingly.

Ahmed enjoyed other members of the Committee which include: Barrister Joseph Sunday Bamigboye SAN; Dr. Haruna Baba Gogata; Mrs. F.O. Titiloye; Dr. Saadat Yetunde Yusuf; and a senior civil servant Mr. Amos Thompson (Secretary) to work collectively in the interest of the state.

While also calling on Kwarans to always tolerate one another especially on the issue relating to religion, just as the group added that dispute, crisis and any other form of misunderstanding will lead the state to no progress.

HEALTHCARE

FMC Yola now transformed to MAUTH Yola, following President Buhari's recent approval

OJOMA YUSUF, Yola

The upgrading of Federal Medical Centre Yola to a teaching hospital has long been overdue, finally the formal upgrading of the Federal Medical Centre, FMC Yola to a teaching hospital of the Modibbo Adama University, MAU Yola, Adamawa state has been granted presidential approval.

The press release issued by the Director Information, Office of the Secretary to the Government of the Federation, Mr Willie Bassey revealed that "President Muhammadu Buhari, has approved the upgrading of the Federal Medical Centre, Yola, to Modibbo Adama University Teaching Hospital, Yola,

Adamawa state.

"The approval is sequel to the demand by the people and the Adamawa state Government for the upgrade of the Federal Medical Centre, Yola to Modibbo Adama University Teaching Hospital, Yola, in order to enhance the training of medical students as well as boost health care delivery in the state."

The long awaited formal upgrading of the Federal Medical Centre, FMC Yola to a teaching hospital has long been overdue, considering the fact that almost all the clinical departments are running postgraduate (residency) training, having gained accreditations by relevant regulatory bodies.

HEALTHCARE

Comprehensive refurbishment of dental, eye centres in Kwara commendable, says Northern Group

ABDULWAHEED OLAYINKA
ADUBI, Kaduna

As Kwara state government continued in its efforts to provide modern health facilities to the Kwarans, a northern group; Arewa Solidarity Group (ASG), has commended the state government's effort.

Commending Gov. Abdulrahman AbdulRasaq in Abuja on Thursday, the leader of the group, Isa Ahmed explained that the scaled-up of the dental and eye centres with modern equipment has now made the centres top notch in Nigeria.

While speaking to journalists, Ahmed said that the comprehensive refurbishment of the centres with ultra-modern equip-

ment is another pass mark for the Governor.

"It is obvious that the standard of the dental and eye centres can compete with any private or public dental institution in the country.

"In the history of Kwara state, this is one among other projects that have direct bearing on the Kwarans.

"This is to show that Gov. Abdulrahman AbdulRasaq knows the importance of health services especially to the aged, because the aged people would benefit more from using the facilities.

"This effort is commendable, and we urged the Kwarans to continue to give all the necessary support expected of them to the Governor," the group leader said.

MONEYCENTRAL WEST

Lagos explains okada clampdown

SEUN PETERS

The Lagos State Government has described the ongoing enforcement of restrictions on the operations of commercial motorcycles, popularly called okada, in certain parts of the State as a necessary step to curb their indiscipline, save lives and improve security.

Commissioner for Information and Strategy, Gbenga Omotoso, spoke on Channels TV Sunrise Daily about the new enforcement order given by Governor Babajide Sanwo-Olu and the backlash recorded in a part of the State.

According to Omotoso, the resurgence of Okada operations and acts of indiscipline being exhibited by riders have become a serious source of concern as many people have lost their limbs and lives through Okada accidents.

His words: "Our doctors are



complaining that more and more people are coming with Okada-related emergencies. About 1,712 accidents have been recorded in Lagos in the first quarter of this year. Out of this figure, about 45 percent; to be precise, 767 of the accidents were caused by Okada. And it is shocking to know that about 54 percent of the victims are between the ages of 30 and 39. These are our able-bodied

young people who are getting cut down like that all because they mounted okada."

Attributing the high fatality rate of riders and passengers to plying about 500 highways, major roads and bridges, which the Road Traffic Law prohibited, Omotoso affirmed that Governor Babajide Sanwo-Olu's order was to reinforce the law and give the riders an opportunity to move out and

find some other things to do.

He said: "There is a Law that lists all the routes commercial motorcycles are restricted from plying. The Law is still there; it has not been repealed. So, the enforcement is not new and it is going to continue as the June 1st deadline stands."

Describing as unfortunate the insecurity in some parts of the country that has forced many people to migrate to Lagos to make ends meet by riding Okada, the Commissioner explained that the development led to complaints from residents who have expressed their rejection of okada.

"Lagosians are worried about the mystery of Okada; they don't know where they come from; the riders are unknown; they don't even have number plates. They don't come for LASRRA registration, so we can't account for them," he said.

TECHNOLOGY

Ogun begins laying of 5,000 fibre optic cable to boost internet connectivity

AKIN AKINBOBOLA

The Ogun State Government has begun laying of 5000 kilometre fibre optic cable that would link the 20 local government areas of the state.

The laying of the cable was part of the three main areas in which the state was deploying resources for Information and Communication Technology (ICT) infrastructure.

The Special Assistant to the Ogun State Governor on ICT, Mr. Olakunle Akinbola, disclosed the efforts of the government at opening of a workshop on ICT/E-Commerce Value Chain for stakeholders.

The workshop was sponsored by a German Development Agency, GIZ, organised in collaboration with the Bureau of Information Technology (BIT), Ogun State, had stakeholders from Academia, Chambers of Commerce,

business community, ICT companies and Government Agencies.

The workshop was organised under the heading, "Pro-Poor Growth and Promotion of Employment in Nigeria Programme- known as SEDIN."

Akinbola, who disclosed that the state had laid about 2000 kilometre optic cables, said the essence of the project was to make internet connectivity available to all local governments in the first instance.

He said: "The essence of the project is to have internet connectivity across the state."

"The idea is that as soon as we get into local governments, from each local government, we can now go into phase two of the project, which is to deliver the fibre connectivity to schools and hospitals so that those establishments can enjoy internet connectivity."

INFRASTRUCTURE

Governor Fayemi reiterates commitment to timely completion of Airport, school projects

SEUN PETERS

The Governor of Ekiti State, Dr Kayode Fayemi has expressed delight at the pace and quality of work at the Ekiti airport, model colleges and other projects embarked upon by his administration with an assurance to hand over the projects before the expiration of his administration in October.

Dr Fayemi, stated this in a chat with journalists after inspecting on-going terminal buildings, runway and other sections of the Ekiti airport in Ado Ekiti on Wednesday, during a tour of projects within the state capital.

The Governor, who expressed confidence in the ability of the company in charge of the projects to deliver within the agreed frame time, said over 720



workers are currently working 24 hours at the airport project site.

He added that the company had no reason not to deliver at the expected time frame because it has necessary materials, equipment, experience, and expertise required for the timely completion of the project.

According to him, "the terminal, the runway is almost completely done, the major section of it is already asphalted, the rest is just concrete stone base and it will be asphalted and I believe they will complete that within the time frame we have agreed."

Digitalisation of Ondo Civil Service will be given utmost priority — Akeredolu

SEUN PETERS

Ondo State Governor Rotimi Akeredolu has said that his government will not relent in giving priority to the digitalisation of the Civil Service for smarter, faster and better service delivery.

Governor Akeredolu stated this during the opening ceremony of the South-West Head of Service Summit in Akure, the state capital.

He maintained that Nigeria's industrial policy must be linked to a digital-led strategy to give room to development, saying his government has already digitalised some of its administrative processes to function well.

The governor who was represented by his deputy, Hon. Lucky Aiyedatiwa at the summit



said his administration would continue to support the growth of public service through innovation and technology for efficient service delivery.

He noted that the introduction of Information and Communication Technology (ICT) has been helping the civil service to deliver its policies and programmes more effectively as evidently seen in the state through the various achievements.

POLITICS

Ekiti Government debunks spending millions on private jets for campaign travels

AKIN AKINBOBOLA

The attention of the Governor of Ekiti State, Dr Kayode Fayemi, has been drawn to a news report in Newspapers on May 20, 2022, where the Governor was alleged to have squandered millions of state funds on chartered flight in the course of his recent political activities.

The unduly generalised report, titled: "Wiike, Fayemi, Tambuwal, six other governors squander millions on private jets," is not only inaccurate and misleading, it is bereft of facts, which made it fall short of the journalistic standard," according to a statement by Yinka Oyeboode Chief Press Secretary to the Governor, Ekiti State.

"One wonders how the newspaper arrived at the number of chartered flights the Governor has taken in the course of his recent political activities, which it put at 16. We also consider it poor journalistic work for the newspaper to assume that all the trips

to the states mentioned in the report were via private jets."

"For the avoidance of doubt, while it is correct that Governor Fayemi occasionally uses private jets to get to some difficult to reach places and when commercial flights disappoint, alternative arrangements are made for such trips, more often than not, supported by friends.

"It must be stated that Governor Fayemi does not use state resources for his personal or political trips, as these are distinct from official trips.

"While we do not dispute the role of the media to inform the public, we are of the opinion that such should be done with due regard for fairness and accuracy of information."

Oyeboode then challenged the newspaper to provide evidence that Ekiti State funds were used for private jets, otherwise he demanded that the report be retracted.

BUDGET

Ondo assembly passes 2022 OSOPADEC budget into law

AKIN AKINBOBOLA

Ondo State House of Assembly on Thursday passed into law the 2022 estimate of the Ondo State Oil Producing Areas Development Commission (OSOPADEC) put at N11.4 billion.

This followed the submission and consideration of the joint report of the House Committees on Finance and Appropriation as well as OSOPADEC at plenary.

The Chairman, House Committee on Finance and Appropriation, Mr Sunday Olajide explained that the proposal for personnel cost was increased from N1.3 billion to N1.5 billion, while project development rose from N5 billion to N6 billion.

He recommended that all ongoing projects should get the needed attention with a view to ensuring their quick completion.

The Majority Leader, Oluwale Ogunmolasuyi moved

the motion for the bill to be passed into law and it was seconded by the Deputy Speaker, Mr Samuel Adereboye.

The Speaker, Mr Bamidele Oleyelogun ruled for the bill to be passed into law after the lawmakers gave their nods through voice vote.

Oleyelogun charged OSOPADEC to ensure proper distribution of funds in the estimate for the benefit of the people in the mandate area.

Also the house cleared outstanding issues and queries raised in the 2015 to 2018 report of the state Auditor-General after the submission and consideration of reports of the House Committee on Public Account.

Earlier, the Chairman of the committee, Mr Festus Adefiranye said the affected accounting officers were not on top of their jobs and failed to put in place a proper record-keeping system in their various establishments.

Stories by Charles Ifeanyi Tel: 08029772561

SPORTSCENTRAL

NPFL breaks new grounds, signs sponsorship deal with fintech firm Bitnob

Fans of the Nigeria Professional Football League (NPFL) have this good news to cheer about as the League Management Company (LMC) a body that manages Nigerian Football League announced that leading financial technology company, Bitnob has agreed on a three-year sponsorship deal with the NPFL to change the face of Nigerian football.

Speaking at the official signing ceremony of the sponsorship in Lagos, the Chief Executive Officer, Bitnob, Bernard Parah, believes the partnership would link his organisation to the people's need solutions and also help them to work with the NPFL to develop the league.

"Bitcoin, just like football, is about hope, one-



ness, and freedom, and at Bitnob, we are excited to be making this happen to inspire hope and showcase possibilities in our league. If we don't believe in what is ours, then who will?

"We are young investors and are happy with the willingness of the League Management Company to partner with us to give the league a facelift.

In his response, League

Management Company (LMC) Chairman, Mallam Shehu Dikko commended Bitnob for the support they have rendered to the Nigerian Football League, just as he hoped the partnership makes the league a model in Africa.

"We are excited to see young minds choosing to invest in the growth and development of our domestic league. Football is a major passion point in the country, and we believe that the marriage of football and technology is critical to the next phase of football in our nation," Dikko posited.

Bitnob provides payment solutions and other financial services for individuals and businesses partnered with the NPFL as an elite sponsor in the financial technology category.



Amnesty orders FIFA to pay \$440m compensation to Qatar migrant workers

Amnesty International, Football Supporters Europe and eight other human rights groups have urged FIFA to pay the sum of \$440 million as compensation for hundreds of thousands of abused Qatar migrant workers.

The call follows allegations that FIFA was slow to safeguard against the exploitation of workers who flooded into the tiny Gulf state to work on World Cup infrastructure.

In an open letter sent to FIFA President Gianni Infantino, the coalition of 10 groups say FIFA should work with Qatar to "establish a comprehensive programme to ensure all labour abuses to which FIFA contributed are remedied."

"With six months until the opening of the FIFA World Cup Qatar 2022, hundreds of thousands of migrant workers have not received adequate remedy, including financial compensation, for serious labour abuses they suffered while building and servicing infrastructure essential for the preparation and delivery of the World Cup in Qatar."

"FIFA should reserve an amount not less than the US\$440 million prize money offered to teams participating in the World Cup, to be invested in funds to support remediation."

The letter claims Qatari authorities have "failed to investigate the causes of deaths of thousands of migrant workers since 2010", the year the tournament was awarded to the country.

The 10 signatories are Amnesty International, Human Rights Watch, FairSquare, The Army of Survivors, Building and Wood Workers' International (BWI), Business & Human Rights Resource Centre (BHRRC), Equidem, Football Supporters Europe (FSE), Independent Supporters Council |

North America (ISC) and Migrant-Rights.org.

While recognising the significant progress made to protect workers' rights in the country, the letter, written by Amnesty general secretary Agnès Callamard, states FIFA and Qatar "can and should act to provide redress and prevent further abuses from taking place."

Foreign workers, mainly from South Asia, make up more than two million of Qatar's 2.8 million population and the letter adds: "Given the history of human rights abuses in the country, FIFA knew - or should have known - the obvious risks to workers when it awarded the tournament to Qatar."

"Despite this, there was not a single mention of workers or human rights in its evaluation of the Qatari bid and no conditions were put in place on labour protections. FIFA has since done far too little to prevent or mitigate those risks."

"By turning a blind eye to foreseeable human rights abuses and failing to stop them, FIFA indisputably contributed to the widespread abuse of migrant workers involved in World Cup-related projects in Qatar, far beyond the stadiums and official hotels."

"Providing compensation to workers who gave so much to make the tournament happen, and taking steps to make sure such abuses never happen again, could represent a major turning point in FIFA's commitment to respect human rights."

In response FIFA was quoted as saying that it was working with Qatar's World Cup organisers, known as the Supreme Committee for Delivery and Legacy, to "implement an unprecedented due diligence process" concerning protecting workers' rights.

Flying Eagles are Champions of 2022 WAFU B U20 Championship

Nigeria's U20 boys, Flying Eagles defeated the Young Squirrels of Benin Republic 3-1 in the final of the WAFU B U20 Championship in Niamey, capital of Niger Republic to emerge champions of West Africa B Zone.

Tolulope Ojo set Nigeria on the path to victory in the 38th minute with a marvellous goal at the Stade General Seyni Kountché.

Ojo, who plays his club football for Ikenne-based Remo Stars FC, made it two for Nigeria in the 62nd minute as the Beninoise began to see the handwriting clearly on the wall.

Ibrahim Muhammad, a Nigerian forward who plays for Maikunkele FC, made it 3-0 with 16 minutes to go when he cleverly won the ball as the Beninoise goalkeeper tried to launch an attack, and then heaved the ball over the goalie's head.

Benin Republic scored a consolation goal minutes to the end of the game. Benin Republic won their Group A which included host nation Niger Republic, Cote d'Ivoire and Togo, before edging Burkina Faso in the first semi-final on Tuesday.

Nigeria, seven-time African champions, were worthy winners of



the trophy. They started their campaign with a 2-0 spanking of tournament title holders and continental champions, Ghana, before a 2-2 draw with Burkina Faso that took them to the last four. In the semi-finals, they were stretched to the

limit by an Ivorian team with a blistering pace and superb turn but edged the tie 2-1 after extra time.

Nigeria and Benin Republic will fly the WAFU B zone's flag at the 2023 Africa U20 Cup of Nations in Egypt.

UEFA dumps proposed €6bn Covid-19 relief package for European clubs

European football governing body UEFA is reportedly shelving plans for a €6 billion financial package to help European football recover from the effects of the Covid-19 pandemic.

Bloomberg reports that the UEFA will not proceed with the €6 billion rescue package arranged with US Bank Citigroup. UEFA's plans have been complicated by how the fund would fit within the governing body's financial structure, particularly around the distribution to the clubs.



In the summer of 2021, UEFA proposed giving cash-strapped teams access to their future earnings from club competitions like the Champions League.

However, the plans seem to have foundered on the potential conflicts between UEFA both overseeing/regulating the financial viability of clubs and providing them with

money. However, UEFA has not entirely discarded the idea and is weighing its options for the future, including a joint venture with other bodies.

In 2020, FIFA approved a \$1.5 billion Covid-19 relief fund for world football. Member associations were eligible to apply for two tranches of \$500,000 as well as \$500,000 for the women's game. Federations were also entitled to a minimum loan of \$500,000 and a maximum loan of \$5 million. In addition, each confederation could access a loan of up to \$4 million.

MARKET EAR

Tier 1 Banks' income from T-bills hit N233.15 bn in Q1

BALA AUGIE

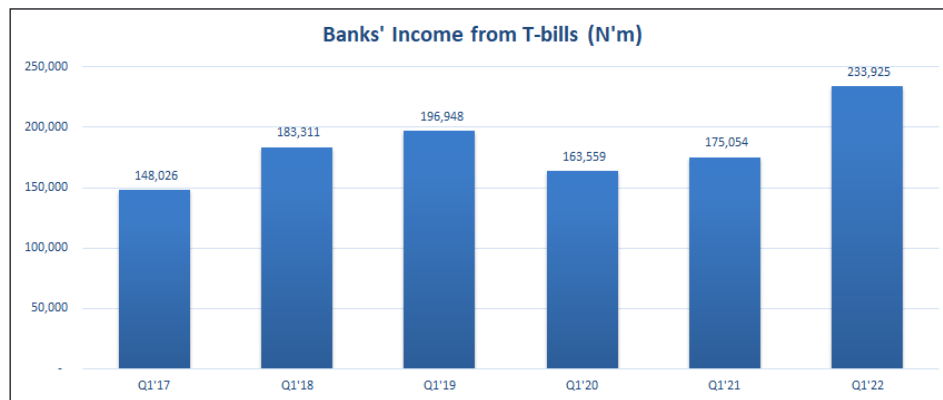
The top 5 largest banks in Africa's largest economy are gradually enjoying juicy yields as income from treasury bills, government bonds and others grew at the fastest pace in a decade.

It is noteworthy that lenders pack their money in fixed income securities when yields are high to earn sizable income, which means central bank's monetary policies are pivotal to sector players' earnings growth.

For instance, Zenith Bank, Access Bank, United Bank for Africa, Guaranty Trust Holdings Company, and FirstBank Holdings saw their combined income from investment securities jump 33.63 percent to N233.92 billion as at March 2022, according to data gathered by MoneyCentral.

In the 2020 financial year, income from both short and long term government securities jumped 7.03 percent to N175.04 billion.

Tier 1 lenders witnessed a drop of 18.20 percent in income from short and long term government securities to N163.55 billion, as the decision of the central bank to ban individuals and local corporates from investing in its OMO bills sent T-bills yields crashing.



In the last six years, these five lenders made N1.01 trillion in income from investment securities, and analysts are optimistic they will continue to enjoy juicy yields on the expectation of a benign interest rate environment.

The 12-month treasury yield which hovered between 1 percent and 3 percent between the last quarter of 2020 and first quarter of 2021 (pre and post pandemic period) now stands at 4.90 percent.

Also, Nigeria's 10-year yield stood at 12.0 percent on Monday, May 16, according to over-the-counter interbank yield quotes for this government bond maturity.

And that compares with 8 percent in the first quarter of 2021 and 4.18 percent in the last quarter of 2020, according to data from

Statista.

Zenith Bank realised N71.07 billion in short and long term government securities, which is 52.30 percent higher than 2021's N46.66 billion. It raked in N304.66 billion in the last six years.

Access Bank, the largest lender by total assets, saw income from investment securities spike by N67.97 billion in the first quarter of 2022 and it made N192.41 billion in the last six years.

United Bank for Africa (UBA) saw income from treasury bills and bonds increase by 30.75 percent to N49.30 billion as at March 2022.

Guaranty Trust Holdings Company or GTCO's income from investment securities were up 22.74 percent to N11.82 billion in March 2022 from N9.63 billion the previous year.

The strong growth in investment securities bolstered the bottom line (profit) of banks, as they weathered a punitive regulatory environment, but downside risk to earnings remains political risk associated with the 2023 elections, effective tax rate, and sluggish economic growth.

Data gathered by MoneyCentral shows the mega lenders saw combined net income move to N242 billion in the three months period to March 2022.

Drilling down the numbers, historic analysis shows they collectively grew net income by 5.53 percent to N223.63 billion in March 2021. Profit was up 2.21 percent to N211.90 billion in 2020 and it rose by 17.53 percent to N207.37 billion in 2019, 13.81 percent to N177.03 billion in 2018 Q1 period.

Dial *671# to open MoMo wallet as MTN...

Continued from page 1

"We are grateful to the Central Bank of Nigeria (CBN) for their support and guidance through the process," said Karl Toriola, CEO of MTN Nigeria.

"This is an important milestone for MTN Nigeria in our mission to support the government's drive towards financial inclusion in Nigeria. Not just for those in urban centres and markets, but also people in the rural and remote areas of the country who remain excluded from the financial system," he added.

With an expansive agent network of over 166,000 active agents and digitized partnership infrastructure, MoMo PSB is poised to enable millions of unbanked and underserved Nigerians to access a wide range of financial service products. MoMo PSB will continue to scale its agent network in order to reach Nigerians across the country and remove friction from everyday payment by digitizing cash payments.

MoMo PSB CEO, Usoro Usoro said: "Providing easy to use, accessible and affordable financial services to all Nigerians is essential to executing the CBN's financial inclusion strategy and the digital inclusion agenda of the Minister of Com-

munications and Digital Economy. We look forward to playing our part and are excited about the opportunities to partner with relevant institutions across various sectors to co-create and expand access nationwide."

Airtel Africa, also announced that its subsidiary SmartCash Payment Service Bank Limited (SmartCash PSB), has commenced operations in Nigeria.

Services will initially be available at selected retail touchpoints, and operations will be expanded gradually across the country over the next few months.

Segun Ogunsanya, chief executive officer, said: "I am very excited to announce our commencement of operations for financial services in Nigeria through SmartCash PSB. This is the beginning of our journey to revolutionise the financial services landscape in the country. To help further digitise the economy, and most importantly to help bank the unbanked by reaching the millions of Nigerians who do not currently have access to financial services by delivering current and savings accounts, payment and remittance services, debit and prepayment cards and more sophisticated services."

Kwande APC stakeholders boost Orbunde's Guber bid

GEORGE KAJO, Makurdi

Major stakeholders of the All Progressives Congress (APC), drawn from the 26 council wards of Ushongo and Kwande local government areas have given Pastor Terwase Orbunde the greenlight to pursue his governorship aspiration on the party's platform.

They spoke at Ushongo town when the former Chief of Staff to the Governor sought their blessings for participation in the forthcoming 2023 governorship primaries.

Former Kwande Deputy Chairman, Imoter Nungwa who spoke for Kwande Barakur, said Orbunde was welcome back home to a platform which gave him the electoral victory he desired for Governor Samuel Ortom in 2015 and wished him another success story in 2023.

John Moughsha, former Ushongo Council Chairman who spoke for Kwande Barazov, said he was happy that the former Chief of Staff who was a key factor in the victory of the other

side has returned to turn the tide in favour of the APC in 2023.

Pastor Orbunde informed the gathering that with the experience he had acquired through various positions of public service at the local, state, and national levels cutting across the legislative and executive arms of government he had requisite capacity to serve the state as Governor.

He stressed that he was convinced that the Kwande

Intermediate Area deserved to be given the opportunity to produce the next Chief Executive of the State next year; that was why he was seeking another platform when the first door closed.

Orbunde expressed appreciation to Kwande people for the privileges they gave him to serve them in the past and solicited their blessings for a successful political journey ahead.

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Nigerian companies borrowing costs fall...

Continued from page 1

reasons for their dovish stance.

When interest rates rise, it makes it more expensive for companies to raise capital. Making it more costly to raise capital can put a damper on growth and earnings. Of course, risky assets are beaten down due to selloff of shares as investors are most likely to move their money to save haven assets.

Company balance sheets are healthy as executives took advantage of cheap debt to refinance during the Covid-19 crisis, which puts them in an advantageous position to weather rising interest rates.

Total debts (long and short term) in the balance sheet of the largest quoted firms stood at N1.86 trillion as at March 2022, and that is 6.81 percent higher than 2021's N1.74 trillion, according to data gathered by MoneyCentral.

MTN Nigeria Communications (MTNN) Plc, Dangote Cement Plc and 14 others raised N339.46 billion on commercial papers (CPs) in 2021.

Commercial papers are short-term debt securities typically

issued by credit worthy corporations looking to raise funds from the public to meet working capital requirements, as a viable alternative to bank credit. In simple terms, companies borrow money from the public by issuing short-term promissory notes, usually unsecured, with the promise of repayment at the date of maturity.

In April 2020, Dangote Cement successfully completed the issuance of N100 billion series 1 fixed rate 5-year bond at a rate of 12.5 percent, according to information on its website.

The largest producer of the building material and most capitalized firm in Nigeria has issued an aggregate N450 billion in commercial papers since 2018.

Early last year, BUA Cement issued N115 billion series 1 fixed rate senior unsecured bond under its N200 billion bond issuance programme, which became the largest in the Nigerian debt market.

A gradual recovery in the economy, rally in crude oil price, and price adjustments that strengthened sales led

to strong growth in operating income and cash flow which covered interest expense.

The combined total operating profit of bellwether firms increased by 40.60 percent to N366.95 billion in the period under review from N260.30 billion the previous year.

Their combined sales spiked by 35.68 percent to N2.21 trillion in March 2022 from N1.63 trillion in March 2021.

The reason for this is the strong growth in the operating profit that most of the quoted companies have recorded so far, according to Ayodele Akinwunmi, equity research analysts at FSDH Merchant Bank.

"I expect this trend to continue in the near full all things being equal," said Akinwunmi.

Nigerian residents spent N108.47 trillion on household consumption in 2021 in nominal terms, according to recent data from the National Bureau of Statistics (NBS). The figure is higher than the N97.72tn recorded in 2020, showing an increase of 11 per cent amid double-digit inflation.

The Nigerian economy grew by 3.98 percent year on year (yoy) in the last quarter of 2021, according to the statistics body.

THE BOTTOM LINE

5 reasons why talk of Dangote being broke is financial illiteracy

PATRICK ATUANYA

Recently there have been publications in some online media to the effect that Africa's richest man Aliko Dangote is broke, with his holding Company Dangote Industries Limited (DIL) said to be unable to complete its multi-billion dollars 650,000-barrel refinery in the outskirts of Lagos.

We believe such reports to be financial illiteracy and a lack of understanding of how modern finance works.

A simple definition of financial illiteracy is the opposite of financial literacy. Financial literacy is the knowledge necessary to make important financial decisions. It can help with decisions about budgets, debt, and investing.

Dangote is the 66th richest man in the world, and worth \$21 billion, according to the Bloomberg Billionaires Index.

MoneyCentral will below breakdown the reasons Dangote cannot be 'broke' and how the current and future cash flows from all of his productive assets (sugar, cement, refining, salt, agriculture, fertilizer etc) are the source of his wealth.

DIL is a diversified conglomerate in Nigeria with a leading share in the cement business and a future key operator in the petrochemical industry through its fertiliser and oil refinery business.

Its strategy is to gradually establish a downstream industry in Nigeria and be the largest urea producer in Nigeria. It also aims to make Nigeria a net exporter of refined petroleum products and petrochemicals by 2026.

Dangote Cement shares is as good as currency...stupid!

Dangote Cement Plc (DCP), the flagship company of DIL, is a significant contributor to DIL's consolidated profile.

The company is supported by large-scale operations in Nigeria and Pan-Africa. In 2021, DCP's earnings before interest, taxes, depreciation, and amortization or EBITDA contribution to DIL stood above 90%.

In 2021, revenues from cement sales in all its operations



Dangote smiling all the way to the bank

(Nigeria and the rest of Africa) rose by 34% and amounted to N1.383 trillion. After paying taxes and making other expenses Dangote Cement reported profit of N346.4 billion.

Fitch Ratings forecasts that Dangote's cement business will average \$1.1 billion per annum in EBITDA between 2022 and 2025, making it one of the most profitable cement firms in the world.

DIL owns 85.8% of Dangote Cement.

Because of the expected free cash flows from the cement operations, Dangote cement stock which are listed on the Nigeria Exchange Limited, are valued at 14 times earnings, for a market capitalization of N5.11 trillion.

This means that from just one of his firms, Dangote Cement alone, Aliko Dangote is liquid to the tune of N4.38 trillion (representing DIL's 85.8% ownership).

A liquid asset is an asset that can easily be converted into cash in a short amount of time. Stocks,

money market instruments and marketable securities are generally considered liquid assets.

This alone debunks the notion of Dangote being broke as he can sell down his stake in the cement firm or borrow against its assets if he chooses, as a way to raise money.

Dangote Cement also pays a healthy dividend.

In 2021 the Directors recommended a dividend of N20 per share for shareholders. MoneyCentral calculates that DIL received N292 billion as dividends last year from Dangote Cement.

Fitch estimates that DIL's refinery project is still on track to be completed by 2023, and requires additional \$1.1 billion (N462 billion) of capex in 2022.

Equity sale in refinery

The Nigerian National Petroleum Corporation (NNPC) in 2021 took a 20% stake worth \$2.76 billion in the Dangote refinery Project valuing the refinery at \$13.8 billion then.

We believe the valuation is

much higher today with the refinery nearing completion and current geopolitical landscape with the Russia - Ukraine war, which has sent commodities soaring.

Funding for the completion of the refinery project could then be gotten through further asset sales in the project.

DIL could today probably raise \$2 billion with a 10% - 15% sale of stake in the refinery, more than is needed to complete the project.

MoneyCentral however believes this is unlikely as the refinery project is a future cash cow for DIL. Once operational, Fitch expects the project to contribute around \$1 billion to EBITDA annually when ramped up from 2024.

Assets for loan

One way through which companies finance expansions or acquisitions is through loans backed by their existing assets.

Dangote Industries Limited (DIL) is planning to establish a

local bond programme amounting to \$750 million to partially finance the completion of its refinery and petrochemical plant.

Dangote Oil Refining Company Limited (DORC) and Dangote Fertiliser Limited (DFL), DIL's subsidiaries, will be co-obligors under the proposed programme.

The bond programme, together with DIL's retained earnings from its other operations should be enough cash to complete the refinery in MoneyCentral's opinion.

Fertilizer

Dangote's fertilizer plant was commissioned last year and there were 2 lines operational as of April 2022.

The fertilizer plant line 1 is expected to gradually ramp up to an average 60% capacity utilisation in 2022-2023 and to around 80% by 2025, from 25% in 2021. Line 2 will ramp to around 80% capacity rate by 2025 from 50% in 2022, according to Fitch.

The fertilizer plant is expected to be highly profitable also with 66% EBITDA margin in 2022-2025.

Prices of urea have soared as the Russia - Ukraine war affected commodity prices. urea FOB US Gulf for May delivery traded at USD630/ton yesterday (May 17).

Dangote Fertilizer plant has also begun exports of its product meaning it is earning foreign exchange for DIL, which can be channeled into the completion of the refinery project.

DIL Liquidity

Fitch estimates DIL to have an adequate liquidity score at 1.5x for 2021 with estimated total external group debt of \$3.8 billion.

It has no significant maturities until 2023 when Fitch expects the refinery to start generating cash flow.

"We expect positive free cash flow FCF from 2023 when both projects (refinery and fertilizer plants) are ramped up and capex is moderate," Fitch said.

In essence Aliko Dangote is far from broke and will continue to smile all the way to the bank as all his major projects: cement, refinery and fertilizer generate mountains of cash annually into the foreseeable future.