

NATIONAL

Directors of 14 listed Insurers got paid N2.06bn amid poor valuation Pg 4

INTERNATIONAL

\$100 oil bets surge after Texas turmoil Pg 5

LEADERS

Cash App: Jim Ovia to earn N15.21 billion in dividends for 2020 Pg 11



MONEYCENTRAL

MARKET MOVING NEWS, DATA & ANALYSIS | Monday 1st - 7th March 2021 | Vol. 01, No. 006 | [f moneycentral](#) | [moneycentralng](#) | [@moneycentral4](#) | [moneycentralng](#) | **N200**

Banks hooked on non-core lending income despite CBN push

• Zenith Bank earns 50.8% of revenues from fixed income trading, FX, Govt. bonds

PATRICK ATUANYA

Nigerian banks are still largely reliant on income from investment securities, and other non-core banking functions to boost revenues and juice earnings, never mind the push by the Central Bank of Nigeria (CBN) to get them to play bigger roles in the real economy via extending loans.

Zenith Bank a tier one lender booked 50.8 percent of its Full Year 2020 revenues equivalent to N342.3 billion, from fixed income trading, foreign exchange (FX) revaluation gains and income from investments in securities such as Treasury Bills and Government bonds, according to data compiled by MoneyCentral.

FBN Holdings another Tier one bank, had non-core banking income of N188.26 billion in FY 2020, equivalent to 32.7 percent of revenues, according to MoneyCentral's calculations.

MoneyCentral defines core banking revenues as interest



income from loans to customers and fee income, everything else is non-core.

The CBN Governor Godwin Emefiele in 2019, came out with a rash of banking regulations

aimed at getting lenders to extend credit to the real sectors *Continues on page 14*

COMPANIES & MARKETS

Ellah Lakes undertakes to sell down 25% of shares, but where's the value? Pg. 8

Nestle shareholders to Get N70 dividends as payout ratio tops 141% Pg. 8

INSURANCE HUB

AXA Mansard, AIICO, NEM are biggest Insurers by market cap Pg. 12

STYLE

Window Treatments: Part II Styling with Blinds Pg. 13



THE MARKET EAR

Flour Mills of Nigeria navigates recession better than peers Pg. 15

NSE INDICES (WEEKLY)		BONDS/FORWARD		BDC Exchange Rates			COMMODITIES		Bitcoin (BTC)	
All share	NSE 30	FGN	FX (\$/N)	\$ - NGN	Buy	Sell	BRENT (ICE)	GOLD Spot		
39,799.89	1,593.45	23-JUL-30	26-JAN-22	£ - NGN	470	480	64.42 USD/bbl	1,734.04		
0.74%	0.90%	10.77	435.58	€ - NGN	660	669	1.69	50.21	\$46,286.06	
					574	580			N32.47 M	

ECONOMICS

Osinbajo disavows unorthodox policies in rare rebuke of Emefiele

BALA AUGIE

Nigerian Vice President Yemi Osinbajo has in an unprecedented move disavowed a lot of the policies being spearheaded by the country's powerful Central Bank Governor, Godwin Emefiele.

Osinbajo in a keynote speech at the Central Bank of Nigeria (CBN) Bankers committee summit held over the weekend, listed four major areas he was in disagreement with Emefiele's heterodox policies, that analysts have blamed for slowing Nige-

ria's economy down, increasing unemployment and inflation. Heterodox economics refers to all the theories and schools of thought that are outside the mainstream, market-based approaches. Firstly, Osinbajo argued that

government policy should be geared to making Nigeria a value-adding economy, especially in areas of comparative advantage. "Nigeria must leverage its trading talents. We have some of the greatest traders and en-

trepreneurs in the world such that we can become a global trading hub. It is important to loosen generalized restrictions on trade," Osinbajo said. "Blanket import restrictions are a dampener on economic *Continues on page 14*



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NATIONAL

Nigerians rendered too poor to become homeowners

BALA AUGIE

Lilian Okoro, 29, who works in one of the consumer goods firms in Lagos as an office assistant said she would be a homeowner if she were a high-income earner.

The mother of one and an accounting undergraduate at the Lagos State Polytechnic earns N25,000 a month, which is even below the new minimum wage of N30,000.

Out of the abysmally poor, take home pay, she pays utility bills, feeds herself, and takes care of her daughter who is still in nursery school.

“Everybody wants to buy a house as shelter is a psychological need, but my salary isn’t enough to do a mortgage. To be candid, after paying bills, I will have no money left in my purse spring at the end of the month,” said Okoro.

She is one out of 42.92 million households whose incomes are just too low to carry a mortgage loan, while over 50 percent of a population of 200 million lives on less than \$1.98 a day.

Regrettably, Okoro’s current wage means she is shut out of the ability to access mortgage loans even if the interest rate is as low as 6 percent which is the lowest interest rate only offered in the country by the National Housing Fund (NHF).

Based on the terms of mortgage structuring which requires repayment of not less than one third or 33.3 percent of a monthly income, a borrower on N25,000 per month has to deduct approximately N8,333 for loan repayment, and a monthly payment of this sum for 30 years, as required

by law, will mean that the prospective home owner will contribute only N3 million for the 30-year period.

Analysts expect growth on the real estate market to remain subdued this year due to rising inflation and devaluation of the currency that has squeezed the consumer wallet.

Of course, affordability continues to be a major limiting factor to home ownership at the bottom of the income pyramid in Nigeria.

The consumer price index, (CPI) which measures inflation increased by 16.47 percent (year-on-year) in January 2021.

Nigeria’s unemployment rate as at the second quarter of 2020 is 27.1 percent.

Despite the reduction of cost of credit geared towards improving mortgage financing efforts or consumer credit by the central bank, the rate of mortgage financing to

housing development in the country remains very low compared to peers in the emerging market.

Adeniyi Akinlusi, former CEO, Trustbond Mortgages, notes that Mortgage deficit stands at N49.05 trillion, the mortgage-able adults are only 19.9 million, representing 45 percent of the total population.

“According to a recent report by PriceWaterhouseCoopers (PwC), there is a present deficit of over 17 million houses in Nigeria, and this requires about 700,000 new houses to be built yearly, compared to the less than 100,000 houses that are being constructed yearly,” said analysts at Cordros Capital Limited.

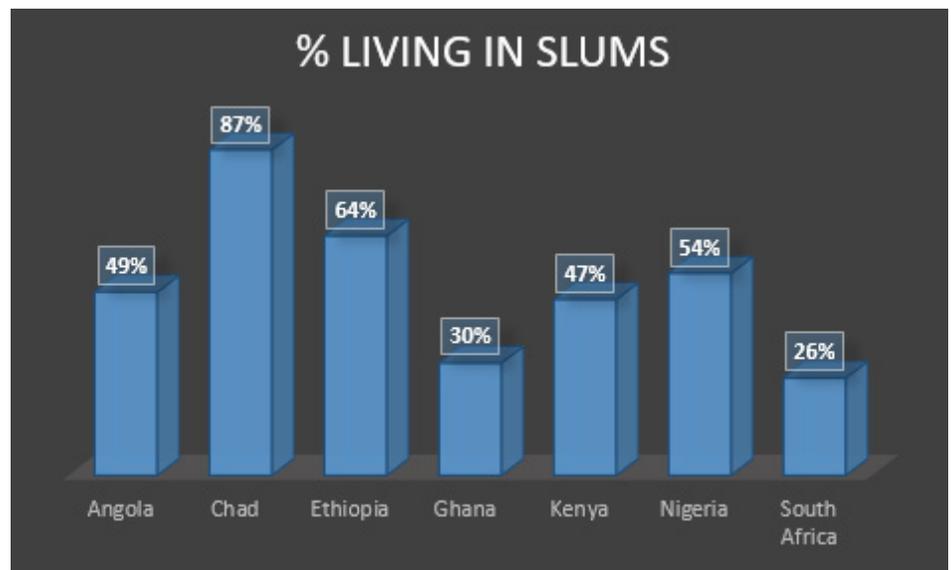
“Overall, we believe the demand for residential and commercial real estate will be affected by sub-optimal growth in GDP and infrastructure bottlenecks amidst the rising cost of building materi-

als,” said the analysts.

According to the fourth quarter (Q4) and full year 2020 GDP data released by the National Bureau of Statistics (NBS), real estate sector returned to positive growth of 2.81 percent year on year (y/y) Q4 2020 following six consecutive quarters of negative growth since the last positive growth posted in the first quarter (Q1) 2019 (0.93 percent y/y).

However, the growth in Q4 2020 was due to the full opening of the economy as many residential and commercial projects began operations fully following suspension of activities during the national lockdown.

Analysts say the President Muhammadu Buhari led government has to take urgent steps to address the housing crisis in the country as lack of transformation policies continue to forestall foreign direct investment.



Source: World Bank, MoneyCentral

ENERGY

Nigeria projects take lion share of \$4.6bn China's overseas energy lending in 2020

JESSICA MAURICE

More than half of China’s \$4.6 billion in overseas energy lending went to projects in Africa in 2020, data from Boston University’s Global Energy Finance database show.

China’s policy banks funded a gas pipeline in Nigeria, which drove most of the more than \$3bn of financing, and smaller projects in Lesotho, Rwanda and the Ivory Coast.

The Bank of China and the Chinese export and credit insurance corporation Sinosure approved a 15-year, \$2.2bn loan to the Nigerian National Petroleum Corporation (NNPC) for the construction of the \$2.6bn Ajaokuta-Kaduna-Kano gas pipeline project, which is due to enter operation in 2023.

The Nigerian government is expected to issue a sovereign guarantee to back the loan.

The NNPC will provide

the remaining 15 percent (\$400m) to fund the project.

The NNPC selected Brentex/China Petroleum Pipeline Bureau-CPP Consortium and Oilserve/China First Highway Engineering Company-CFHEC Consortium as the engineering procurement and construction (EPC) contractors for the project.

The AKK gas pipeline will deliver 3.5 bcf/d (99 mcm/d or 36.1 bcm/year) of gas from several gas projects in the south of the country. In a first phase, it will deliver 2.5 bcf/d (57 mcm/d or 20.7 bcm/year) to domestic customers.

In July 2020, Nigeria officially launched the construction of the project.

Overall overseas energy finance by China fell by 43 percent compared with 2019 and remained far below its level in recent years. Elsewhere, China lent towards projects in Bangladesh, Serbia and Pakistan.

TELECOMS

Telecoms, others take Nigeria out of recession as sector boosts GDP by 12.45%

MONEYCENTRAL

Nigeria’s telecommunications industry, regulated by the Nigerian Communications Commission (NCC), is one of the sectors whose performance lifted the country out of recession in the fourth quarter of 2020, contributing 12.45 percent to the country’s Gross Domestic product (GDP).

According to the latest data released by the National Bureau of Statistics (NBS), telecommunications & Information Services under Information and Communication grew by 17.64 percent in Q4 2020 from 17.36 percent in Q3 2020 and 10.26 percent in Q4 2019.

In the latest NBS report, agriculture, industries, and services sector, under which telecommunications is categorised, contributed 26.95 percent, 18.77 percent, and 54.28 percent respectively.

This is a pointer to the fact that telecommunications, trade, services and crop production are the main drivers of Nigeria’s exit from recession.

In specific terms, NBS report showed that largest sub-sectors in Q4 2020 are crop production at 3.68 percent, crude petroleum and natural gas at 8.2 percent, trade at 14.9 percent, telecommunications & information services at 12.45 percent, and real estate at 5.7 percent, the report says.

Telecommunication sector has, in the last five years been a major driver of the digital economy agenda of the Federal Government, as it has continued to provide the

needed digital strengths that support the economy, especially during the COVID-19 pandemic and its attendant restriction period.

Since the outbreak of the pandemic, government institutions, businesses and individuals have

relied heavily on telecoms services to carry out their daily operations and official routines. In response to the increased demand, the Commission put a number of regulatory measures in place to ensure seamless access by Nigerians to telecommunication services and protect against any adverse impact on the quality of service enjoyed by consumers.

The steady growth of the telecoms sector over the years with its pervasive positive impact on all other sectors of the economy in terms of increased automation of processes and digital transformation in service delivery has been remarkable.

The growth trend since 2015 has reawakened hope that the economic diversification dreams of the country may finally be a reality as the sector continues to energize significant economic activities in the services sector of the economy.

Through effective regulatory regime replaced by the Nigerian Communications Commission (NCC), under the leadership of its Executive Vice Chairman (EVC), Prof. Umar Garba Danbatta, telecoms investment grew from about \$38 billion in 2015 to over \$70 billion currently.

WEALTH

Family businesses need to act to protect their legacy – PwC

PATRICK ATUANYA

Leading professional services firm, PwC, has released its 10th global bi-annual survey of family business owners, which reveals the current thinking and outlook of 2801 family business leaders across 87 territories including Nigeria.

What are the trends for Family Businesses in Nigeria?

The key priorities facing Nigerian family businesses are somewhat different to the global trends which reflects the market condition.

Over the next two years Nigerian family businesses are introducing new products/services, rethinking/changing/adapting their business models, expanding into new markets/client segments, improving digital capabilities and increasing the use of new technologies.

This means whole scale transformations are the order of the day. However, they could benefit by thinking strategically. This could include:

1. finding new markets for

existing products especially with a better understanding of how the African Continental Free Trade Area (AfCFTA) agreement can help;

2. radically rethinking business models—for instance how can we serve international clients using Nigerian brains sitting in Nigeria;

3. how we can be structured to ensure we build lasting businesses that defy changing generations and provide the much-needed stability to over 60 percent of the Nigerian economy. These range from governance, tax efficiencies and great indices on the financials; and

4. how can we leverage technology especially digital capabilities. Only 40 percent feel they have strong digital capabilities in Nigeria.

The sustainability meter
91 percent of Nigerian family businesses engage in some form of social responsibility activities. In the main, this tends to involve

contribution to the local community or traditional forms of philanthropy.

There is much to be learnt from global trends of social impact investing and Environmental Social Governance (ESG) investing, which is where the world has moved on to, forcing more outcome focussed social investing. This is an area that the Nigerian market is starting to take an interest in.

The governance gap

While family businesses report good levels of trust, transparency and communication, the survey highlights the benefits of a professional governance structure.

While 79 percent say they have some form of governance procedure or policy in place, the figures fall dramatically when it comes to important areas: just over a quarter state they have a family constitution or protocol, while only 15 percent have established conflict resolution

mechanisms.

These issues will be sure to be on the agenda of all family businesses as there are growing concerns from regulators around the world about family businesses and the individuals who have the ultimate ownership.

Esiri Agbeyi, Lead for Family Business and Private Client Services Nigeria says,

“Nigerian Family Businesses have had a challenging year – but rewarding as well. They have had to face tremendous headwinds with the currency issues and stock market fluctuations in addition to the pandemic. Growth is slowly returning to the market. We have seen how they have stepped in with their generous support of the communities during the pandemic.”

The families are thinking about how to protect their legacy and getting the Next-Gen upskilled to be able to professionalise their organisations, according to Agbeyi.

NATIONAL

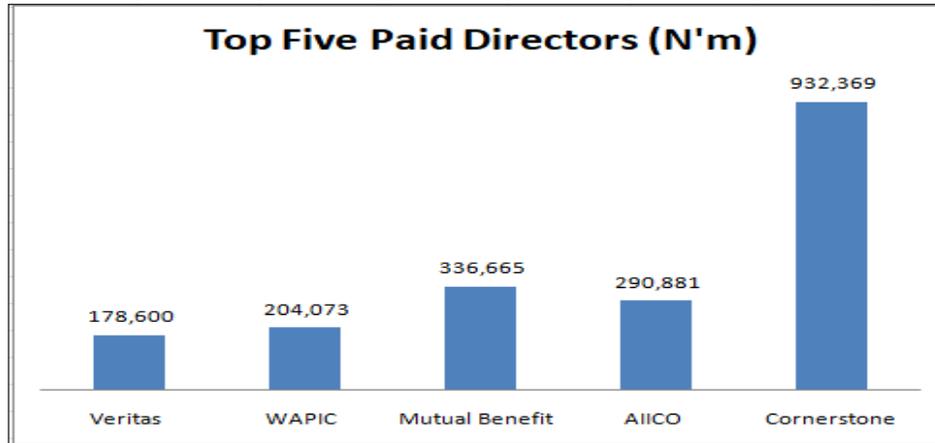
Directors of 14 listed Insurers got paid N2.06bn amid poor valuation

BALA AUGIE

While corporate executives in developed countries surrendered millions of dollars of compensation to ward off the impact of the coronavirus pandemic, Nigerian insurers are increasing emoluments and bonuses even as the share prices of their firms are abysmally poor.

MoneyCentral drilled down into the books of fourteen largest listed insurers and found that their directors were paid cumulative N2.06 billion in sundry expenses as at December 2020, which represents a 50.86 percent increase from 2019's N1.36 billion.

These companies are: AIICO Insurance Plc, AXA Mansard Plc, Coronation Insurance Plc, Mutual Benefit Assurance Plc, Cornerstone Insurance Plc, Sovereign Trust Insurance Plc, Regency Insurance Plc, Royal Exchange Insurance Plc, Linkage Assurance Plc, Veritas Kapital Assurance Plc, and Universal Insur-



ance Plc.

Interestingly, the stewards of Cornerstone Insurance Plc received N932.36 million as compensation for the year ended December 2020, that represents a 7.8 percent surge from 2019's N864.11 million the previous year.

Similarly, AIICO Insurance's figure spiked by 48.17 percent in the period under review as against N197.64 million the previous year.

However, Veritas Kapital Assurance Plc directors' pay reduced by 14.18 percent to N290.88 million in

the period under review as against N197.88 million the previous year.

Analysts are of the opinion that directors are not entitled to pay rise since the share prices of the companies they manage are not even up to N5, while valuations remain poor compared to their peers in Sub Saharan Africa.

Since the major objective of an organization is to maximize shareholders' value, directors' pay in developed countries is tied to the extent to which investors have bought the shares

of the company.

While the insurance sector was a star performer on the bourse last year as investors were impressed about the possibility of mergers and acquisition following the recapitalization dead line by the regulators, the share prices of companies are low as they declare abysmally poor dividends.

For instance, the share price of the most capitalized insurer is N1.13 as of 2:00 pm Friday in Lagos, which is far from the N2.31 share price of small and mid-sized bank, Fidelity Bank.

STATES

Obaseki reinforces ban on night grazing, orders closure of illegal cattle markets in Edo

MONEYCENTRAL

The Edo State Governor, Godwin Obaseki has reiterated the ban on night-grazing of cattles across the state between 6pm and 6am daily.

The governor also ordered the immediate closure of all illegal cattle markets across the state, urging landlords not to allow their property to be used as an illegal market for sales of cattle.

Obaseki gave the order in Benin City during a meeting with members of Arewa Community, security agencies and members of Ogheghe Community in Ikpoba Okha Local Government Area of the state, on ways to resolve the recent clash in the region.

The governor said his administration has realized that there are still illegal cattle markets operating across LGAs in the state, noting that it may have been responsible for the clash witnessed recently in Ogheghe Community.

Obaseki noted, "We realised that several illegal cattle markets are still in operation in the state. All illegal cattle markets in Edo state must be closed immediately. Local governments are to submit all approved legal cattle markets and Landlords are warned never to allow their premises to be used for sales of cattle unless such premises have been



approved. If not, the affected cattles will be confiscated."

Governor Obaseki expressed worry that the peace mechanism put in place some years ago by his administration was not working as expected, ordering that the Peace Committee be reconstituted and names of members submitted to his office before 1st of March 2021.

"The Peace Committee (Arewa Community, Local governments and traditional institutions in the local government) set up two years ago are not working effectively as they should. The committee must be reconstituted immediately and the list of members of the committee from every Local Government should be submitted to me before 1st of March

2021. Meeting schedule will be made available. Monthly report of the situation from each Local Government must reach me.

"The purpose of the committee is to give the Arewa leadership in the local governments the authority to register all members of the Arewa Community to enable us to know those operating in each community across LGAs."

Obaseki said his administration is re-enforcing the ban on night grazing in Edo State, noting that any cattle seen outside their location between the hours of 6pm and 6am in the state will be confiscated and the owners prosecuted.

On the return of motorcycles in prohibited areas in

the State, Obaseki ordered security agencies to re-enforce the ban on the operation of motorcycles in the State, adding, "With immediate effect, law enforcement agencies should arrest and confiscate any motorcycle caught in prohibited areas."

The governor also thanked the security agencies for their tireless efforts in restoring peace to the troubled Ogheghe Community, adding, "We appreciate the Eno-gie and the people of Ogheghe Community for their cooperation in ensuring peace in their Community."

Commissioner of Police, Philip Ogbadu, noted: "I want to encourage us to live in peace. Motorcycles will not be allowed in the town again to ensure crime rate is kept low.

CONFERENCES

Agile Nigeria conference 2021 set to begin today

...with Theme: Strategic Agility
...Market Creating Innovations

MONEYCENTRAL

The Agile Practitioners Association of Nigeria, Nigeria's largest Agile professional body, announced today, Monday, February 22, 2021, plans to host the 4th edition of the Annual Agile Nigeria Conference 2021, themed "Strategic Agility - Market Creating Innovations".

In a statement, the association confirmed that this year's conference would be a virtual event and that participants can expect an exciting and fully packed sessions. The conference is scheduled to take place from Monday 1st - Wednesday 3rd March, 2021.

Speaking on the conference, Chief Executive Officer/Founder, The Agile Advisor Africa, Abiodun Osoba, said it was in view of the current global realities brought about by the COVID-19 pandemic that her organization, as the event organiser decided to move the conference from a physical event as it's been the practice in the last three years to a virtual platform.

Adding that the safety of its members, expert facilitators and other participants is most paramount.

She expressed confidence at the ample opportunities and benefits that this online conference presents to everyone, most especially the conference facilitators and participants in terms of improved levels of engagement, meaningful deliberations and discussions, real time Q&A, amongst others.

"This year's conference although will be hosted online, will be no different from the previous editions aimed at seeking emerging opportunities, growing appetite and further driving the evolution of Agile in Nigeria," she assured.

Osoba added that the forthcoming 4th edition of the Agile Nigeria Conference, comes on the heels of the hugely successful 3rd edition held last year from Wednesday, 4th - Friday 6th March, 2020 at the Leisure Building, Landmark Towers, 5b Water Corporation Drive, Oniru, Lagos; which attracted over 100 executives, managers, software developers and researchers from over three countries who gathered to hear from recognized experts, authors, innovators and practitioners who offered their unique insight.

POLICY

Presidential Amnesty Program adopts hands-on-model for empowerment

... to transform beneficiaries into skilled entrepreneurs

MONEYCENTRAL

The Presidential Amnesty Programme (PAP) has launched a new model of empowerment that will transform delegates into skilled entrepreneurs and/or employable citizens contributing meaningfully to the economy of the Niger Delta region, and the nation at large.

The Interim Administrator of the PAP, Milland Dixon Dikio (rtd) announced this in a statement on Monday, describing it as an end-to-end empowerment model.

The statement says that PAP will partner with organizations that are ready and capable of training its delegates, employing successful trainees and mentoring them to achieve post training proficiency. Thereafter, they will be encouraged to branch out or own subsidiaries of the parent company. The catch is that since the delegates are potential employees, they will be well trained to fit into the company offering the training. Those who do not make it will have themselves to blame for a missed opportunity.

According to Col. Dikio

(rtd), this will curb multiplicity of the same kind of empowerment and standard empowerment packages that are not in line with the vision for the Amnesty Programme.

"We have designed a wholistic high quality empowerment package that will reduce delegates' dependence on monthly stipends."

"We cannot continue to say we are empowering our delegates and they cannot boast of anything to do or even find suitable jobs that suit the skills they have learnt."

"This is the model that is used by most businesses and organizations in the South - East and this has proven to be highly successful and effective."

The statement further explains that vendors who wish to start their training and empowerment programmes for beneficiaries must obtain a letter of approval before commencement.

Col. Dikio (rtd) assured delegates that the Presidential Amnesty Programme is currently working out the processes that will ensure that they are not short-changed or deprived of their opportunities.

INTERNATIONAL

ENERGY

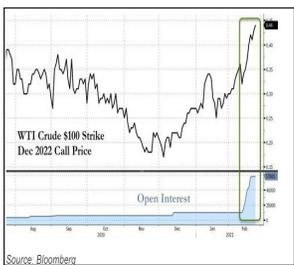
\$100 oil bets surge after Texas turmoil

Brent Crude prices could hit \$70 a barrel in the second quarter of 2021, while they are set to average \$60 this year, Bank of America said last week, raising its average price outlook by \$10 a barrel from its previous projection.

Echoing Bank of America, Morgan Stanley also sees Brent touching the \$70 mark this year, but a bit later - in the third quarter, expecting "a much-improved market," including on the demand side.

On Sunday, Goldman Sachs started the investment banks' upgrades of oil price forecasts, expecting Brent Crude prices to hit \$75 a barrel in the third quarter this year, on the back of faster market re-balancing, lower expected inventories, and traders hedging against inflation.

But those forecasts all pale in comparison to



Azerbaijan's Socar Trading SA predicts global benchmark Brent could hit triple digits in the next 18 to 24 months, and Bank of America sees potential spikes above \$100 over the next few years on improving fundamentals and global stimulus.

Bloomberg reports, speculators are also getting in on the action, increasing bets in the options market that oil will reach the vaunted level by December 2022.

As the chart below shows, the open interest in these \$100 strike Dec 2022 calls has exploded higher since the turmoil in the Texas energy markets.

However, as Bloomberg notes, these forecasts for \$100 are far from the current consensus.

The median analyst forecast compiled by Bloomberg has Brent staying below \$65 a barrel through 2025. And there are plenty of reasons to be skeptical of such a resurgence.

For one, the OPEC cuts that have limited supply are artificial, and the cartel has enough spare capacity to meet any shortfall should demand rocket following a worldwide recovery from the pandemic, according to Bloomberg Intelligence.



ExxonMobil to sell U.K. North Sea upstream assets to HitecVision

Exxon Mobil Corp, agreed to sell most of its non-operated upstream assets in the U.K. central and northern North Sea to HitecVision AS.

The sale price will be

more than \$1 billion and is subject to closing adjustments, which may include about \$300 million in contingent payments if commodity prices rise, the company said last week in a statement.

The sale includes Exxon's interest in 14 producing fields in the U.K. North Sea, including Shearwater. "We continue to high-grade our portfolio by divesting assets that are less strate-

gic and focusing our investments on our advantaged projects that are among the best in the industry," Neil Chapman, a senior vice president at Exxon, said in the statement.

TECH

Apple to hike dividends, Tim Cook says

Apple Inc. (Nasdaq: AAPL) shareholders have voted to re-elect the company's entire board of directors and also approved the 2020 executive compensation program, CNBC reported last week. The company also plans to increase the dividend.

Apple CEO Tim Cook's 2021 compensation will include a long-term equity award, the first since he was promoted to the top role in 2011, as per CNBC. The equity package was announced in September 2020.

In a proxy filing, Apple's board noted that since Cook's promotion to the role of CEO in August 2011 through September 2020, the company's market capitalization increased by more than \$1.5 trillion and total shareholder return, including dividends, was 867 percent.

Apple shareholders reportedly voted down a proposal that would require the company to reduce executive pay compared



with median employee salary across the company.

Cook said that Apple planned to raise its dividend, according to the CNBC report. The iPhone maker had declared a dividend of 20.5 cents per share in the holiday quarter.

The CEO also reportedly noted that Apple employees have been working

from home since March and have adapted well to remote work.

Regarding Apple's acquisition strategy, Cook said Apple acquires a company every month or so and has acquired about 100 companies over the last six years.

Why It Matters: Apple has thrived despite the

pandemic and reported revenues of \$111.4 billion in the recent first quarter, up 21% year-over-year. The tech giant is the biggest listed public company in the U.S. with a market capitalization of \$2.1 trillion.

Price Movement: Apple shares closed 0.1 percent lower at \$125.86 last Tuesday.

Donald Trump will win 2024 Republican nomination if he runs again - Romney

Republican Sen. Mitt Romney does not support former President Donald Trump, nor did the Utah lawmaker vote for Trump in 2016 or 2020.

But Romney predicted that Trump would secure the 2024 Republican Party presidential nomination should he run for the White House again.

What did Romney say?

During an interview, Romney admitted that Trump's enduring influence over the GOP means the former president holds the best odds of winning another presidential nomination.

"I don't know if he'll run in 2024 or not, but if he does, I'm pretty sure he will win the nomination," Romney said.

"I look at the polls, and the polls show that among the names being floated as potential contenders in 2024, if you put President Trump in there among Republicans, he wins in a landslide," he added.

Romney, himself a former GOP presidential nominee, qualified his prediction by noting that "a lot can happen between now and 2024."

Not only has Trump's political strength not weakened, but neither has Romney's opposition to Trump. Romney further explained that if Trump is the GOP nominee for the third consecutive presidential contest, he will maintain his fierce opposition toward Trump.

"I would not be voting for President Trump again. I haven't voted for him in the past. And I would probably be getting behind somebody who I thought more represented the tiny wing of the Republican Party that I represent," Romney explained.

Will Trump run again?

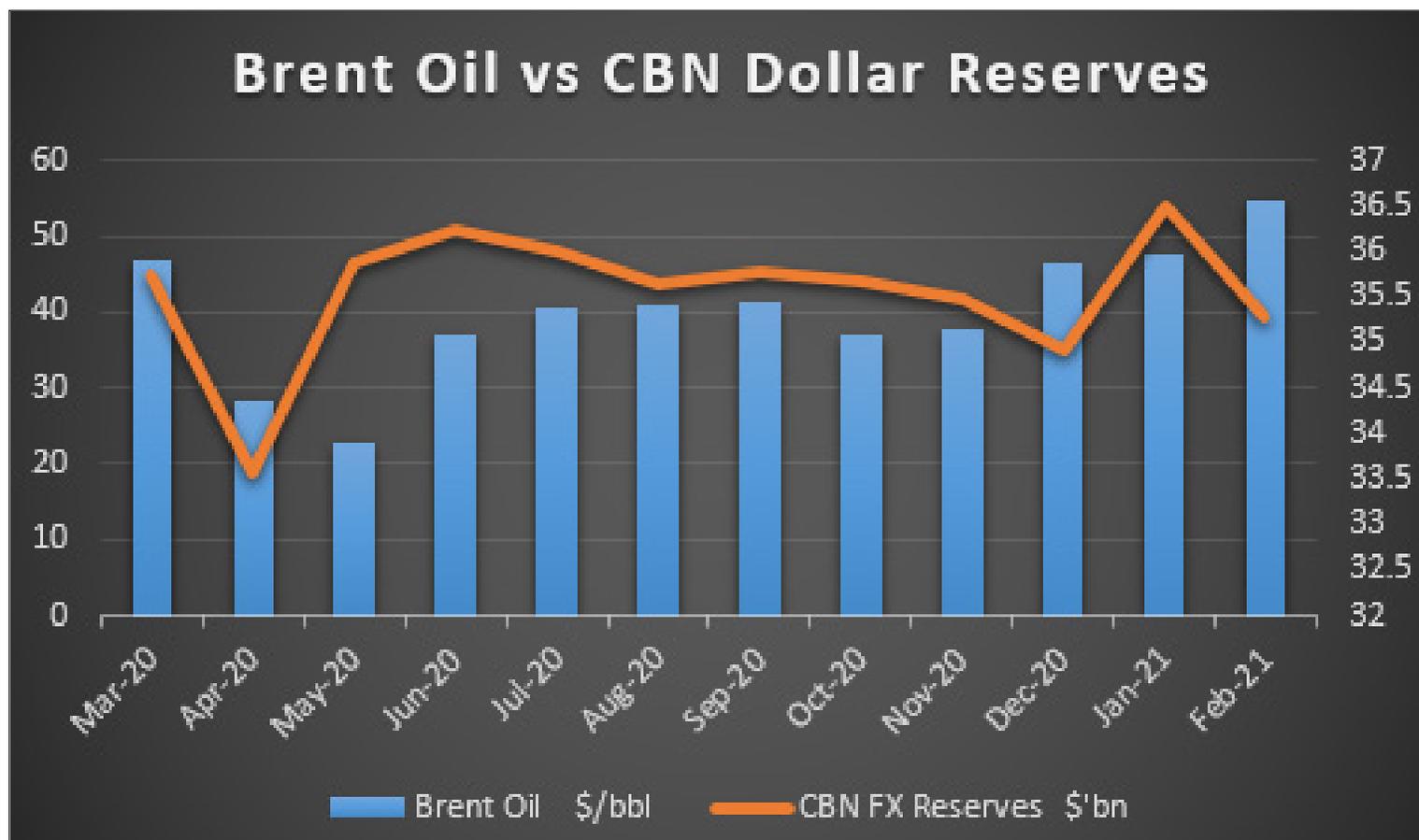
While the likelihood of Trump running again is high, the former president has not stated definitively whether he will pursue his former office in 2024.

"It's too early to say, but I see a lot of great polls out there," Trump said last week.

However, Axios reported that Trump is planning to claim "total control" over the Republican Party during his first post-presidential speech this weekend at the Conservative Political Action Conference. Sources said Trump will present himself as the "presumptive 2024 nominee" in a "show of force."

EDITORIAL

Chart of The Week



Source: MoneyCentral, CBN

Brent Crude Rises to Pre-COVID Highs

Today we plot a chart of Brent Crude versus Nigeria's Foreign Exchange (FX) reserves going back at least one year. Oil prices have risen to levels last seen since before the Covid-19 induced lockdowns in early March 2020.

The FX reserves managed by the Central Bank of Nigeria (CBN) have also rebounded albeit not as spectacular as the rise in oil prices from

the April lows.

Oil prices will rally sooner and higher than previously thought as the global energy demand recovery outpaces the supply response from the OPEC+ alliance, shale and Iran, Goldman Sachs Group Inc., said in a note to clients last week.

Consumption will get back to pre-virus levels by late July, while output from major producers is likely to remain

“highly inelastic” to the rising prices, the bank said. Goldman raised its Brent forecasts by \$10 a barrel, to \$70 next quarter and \$75 in the following three months.

The rally in Oil has also been supported by investors using crude to position for a reflationary environment, Goldman said. Brent oil traded above \$64 a barrel on Saturday and is up around 23% this year.

The rally in oil will be sweet music to ears of Nigerian Government officials from the Federal to State level as it enables them balance their check books more easily, as well as to the CBN.

However, the lack reforms during the tough times the country just witnessed suggests an unhappy return to the status quo if oil continues to rally, which would be bad for Nigeria.

ECONOMIC CALENDAR

Monday, 1 March 2021 NIGERIAN STOCK EXCHANGE

• Seplat Full Year 2020 Financials and Conference Call
Seplat Petroleum Development Company Plc, a leading Nigerian energy company

listed on the Nigerian Stock Exchange and the London Stock Exchange, will issue its Full Year 2020 Audited Financial Results on Monday 01 March 2021.

At 09:00am GMT (London) and 10:00am WAT (GMT+1)

(Lagos) on Monday 01 March 2021, the Executive Management team will host a conference call and webcast to present the Company's results.

Wednesday, 3 March 2021
NATIONAL BUREAU OF STATISTICS (NBS)

• Nigerian Capital Importation (Q4 2020)

Friday, 5 March 2021
NATIONAL BUREAU OF STATISTICS (NBS)

• Foreign Trade in Goods Statistics (Q4 2020 and Full Year 2020)

INTERNATIONAL
Wednesday, 3 March 2021

U.S. ECONOMIC REPORTS
• ADP employment report (8:15 am ET)

Friday, 5 March 2021
• Jan Trade deficit (8:30 am ET)



Our Vision

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• MoneyCentral Gives You the Inside Knowledge to Help Grow your Money

• Real Financial Journalism at its Best Providing Actionable Market Intelligence for all Classes of Nigerians

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CHANGE OF NAME:	Call for Details	

COMPANIES & MARKETS

NSE INDICES (WEEKLY)		BONDS/FORWARD		BDC Exchange Rates			COMMODITIES		Bitcoin (BTC)
All share	NSE 30	FGN	FX (\$/N)	\$ - NGN	Buy	Sell	BRENT (ICE)	GOLD Spot	\$46,286.06
39,799.89	1,593.45	23 - JUL - 30	26 - JAN - 22	£ - NGN	470	480	64.42 USD/bbl	1,734.04	N32.47 M
0.74%	0.90%	10.77	435.58	€ - NGN	660	669	1.69	50.21	
					574	580			



MARKETS

United Capital's Profit surges on investment income, fees

... to pay 70k dividend per share

BALA AUGIE

United Capital Plc has overcome the tough operating environment and the Covid-19 headwinds as profit surged, many thanks to gains from investment income and management fees on mutual funds.

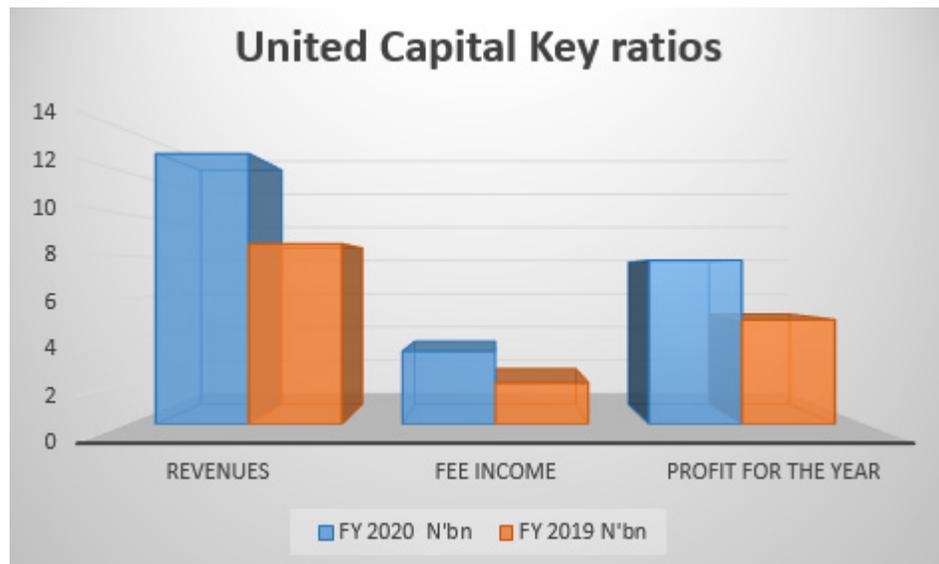
The investment bank continues to implement its business growth and continuity plans premised on risk assessment framework to ensure that its remained focused on providing best-in-class solutions to all clients.

Of course, the strategy paid off as net income spiked by 57.14 percent to N7.81 billion as at December 2020 as against N4.91 billion as at December 2019.

Net profit margin increased to 60.91 percent in December 2020 from 57.50 percent the previous year, according to MoneyCentral Calculations.

The growth at the bottom line (profit) was propelled by an uptick in investment income.

Investment income was up 42.41 percent to N8.26 billion in the period under



Source: United Capital Company financials, MoneyCentral

review as against N5.80 billion the previous year while fees and commission income surged by 77.04 percent to N3.47 billion in the period under review from N1.96 billion the previous year.

United Capital's revenue spiked by 49.82 percent to N12.87 billion in the period under review against N8.59 billion the previous year.

On the back of the strong performance, the

Directors of United Capital have proposed a dividend of 70k per share, amounting to a total of N4.2 billion dividends to be paid upon ratification by shareholders at its forthcoming AGM.

The 70k dividend per share, which is higher than the 50k per share declared in 2019, is payable to shareholders whose names appear on the Register of Members at the close of business on March

5, 2021.

The Group Chief Executive Officer, United Capital Plc, Peter Ashade, expressed delight on the

performance, which according to him is cheering news despite the challenges that most companies faced in the year 2020.

He said, "I am pleased to inform all stakeholders that United Capital delivered impressive returns amid the unprecedented environment worsened by the pandemic during the 2020 financial year with remarkable double-digit growth in Revenue, PBT and PAT and solid performance across key business parameters.

"This empowers us to adopt a more positive outlook for the year 2021 as we navigate the tough terrain compounded by a second wave of the COVID-19 pandemic among other severe economic challenges," Ashade noted.

Speaking on its plan for the 2021 financial year,

Ashade said, "Despite the tough operating environment, all stakeholder groups can be assured of our commitment to providing best-in-class solutions to diverse client segments and delivering superior returns to shareholders even as we work with regulatory authorities to strengthen the broader financial system as the domestic economy continues on the path to recovery in the year 2021."

United Capital Plc is a leading Pan-African financial and investment services group, with a mission to provide bespoke and innovative value-added services to its client.

The group aims to transform the African continent by providing innovative and creative investment banking solutions to governments, companies, and individuals.

STOCKS

Africa Prudential Registrars board approves N1bn dividends

JESSICA MAURICE

At the meeting of the Board of Directors of Africa Prudential Plc (the Company), the Board resolved that the Company's Audited Financial Statements for the year ended December 31, 2020 is hereby approved, and that payment of dividend of 50 Kobo per ordinary share, amounting

to N1,000,000,000 (One billion Naira only) will be recommended for approval of shareholders at the Annual General Meeting, subject to appropriate Withholding Tax.

Africa Prudential PLC provides share registration and digital technology services. The Company specializes in creating client-company registers of

shareholders, maintaining the register, dividend and interest payment, issuing of shares and debenture certificates, attending to shareholder's enquiries, and handling of scrip and right issues.

The shares of the company traded at N5.95 per share on Thursday for a market capitalization of N11.9 billion.

AVIATION

NAHCO suspends, recalls CEO Fagbemi

MARK MAYAH

The Board of Directors of Nigerian Aviation Handling Company Plc, has provided clarity on the suspension and recall of the Company's Group Managing Director/Chief Executive Officer (GMD/CEO), Adetokunbo Fagbemi.

According to a statement Bello Abdullahi, Company Secretary, the GMD/CEO was suspended by the Board at the Board meeting held on 27th January 2021.

"The suspension was due to Management's failure to diligently secure the delivery of a purchased equipment from the vendor within the contracted period and Management's inability to provide satis-

factory/acceptable reason for the unreasonably very long delay," the statement said.

According to Abdullahi, the suspension was in line with the Board's earlier decision that if a certified bill of lading for the equipment was not received by 2nd February 2021, the GMD/CEO shall proceed on suspension with half pay until receipt of acceptable evidence of equipment shipment from the manufacturer.

The suspension commenced from 3rd February 2021 and the Group Executive Director-Corporate Services, Olumuyiwa Olumekun acted as the Group Managing Director/Chief Executive Officer.

The statement went on to say that on Tuesday,

February 24, 2021, a satisfactory evidence of departure and arrival dates of the equipment was received by the Board from the equipment manufacturer.

"Consequently, the Board at its emergency meeting on February 24, 2021, recalled the GMD/CEO Adetokunbo Fagbemi from the suspension and she has resumed work," the statement said.

Nigerian Aviation Handling Company PLC provides air transportation support services. The Company offers aircraft, passenger, and cargo handling, as well as profiling, fueling, crew transportation, and aviation training services to Nigerian Aviation Handling serves customers in Nigeria.







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COMPANIES

TELCOS

Glo leads as internet subscriber base up 39% in 2020

The latest data published by telecom industry regulator, the Nigerian Communications Commission (NCC), has shown that National telecommunications company, Globacom, recorded a 39 percent growth in its internet subscriber base in 2020, thus supporting substantially the 12.45 percent telecoms contribution to the Gross Domestic Product (GDP), which got Nigeria out of recession.

The NCC report was also reinforced by the data released by the National Bureau of Statistics (NBS) which showed that the growth in Nigeria's telecommunications industry in the third quarter of 2020 was led by Globacom.

The Company added a total of 11,172,220 new data subscribers, representing 39 percent growth between December, 2019, and December, 2020, which is higher than the 22 percentage growth recorded in the sector in the year under review.

Globacom which ended 2019 with 28,934,439 subscribers moved to 40,106,659 at the end of

2020 to record the most growth at 39 percent, while MTN gained 21 percent growth in its data users last year to come second. Airtel occupied the third place with 20 percent increase.

On the contrary, 9mobile had reductions in the number of customers surfing the net on their network during the period. It ended the year with 12 percent loss.

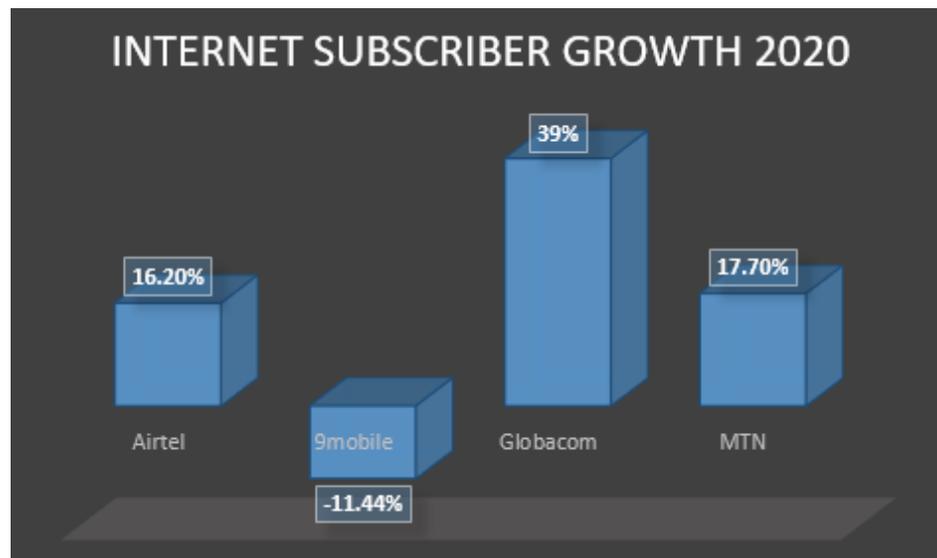
Over the years, subscribers on the Glo net-

work have been enjoying instant and efficient internet connectivity which is powered by the huge capacity international submarine cable called Glo 1. It boosts international connectivity in Nigeria, in addition to enhancing the provision of services to telecom end users.

There is also Glo 4G LTE, which, according to telecoms industry experts, is the country's first nationwide 4G network coverage, offering instant effi-

cient internet to millions of Nigerians at speeds multiple times faster than the 3G network. This enabling subscribers to download ultra-high definition videos in seconds.

Also with its relentless investments in robust infrastructure across its operating markets, Globacom has successfully built a unique network, through which its subscribers have been delighted with unique calling experiences.



Source: NCC, MoneyCentral

ENERGY

Dangote Refinery gets 2022 Operational Date as Mammoet Completes Work

MARK MAYAH

Mammoet has begun demobilising its heavy-lift equipment at the Dangote Refinery complex, in Nigeria, although the plant is now expected to start up in late 2022, according to a report by Energy Voice.

The company has been working there for the last two years, it said. Mammoet handled the transportation of components from the Dangote Quay Lekki, in Lagos, to the site of the 650,000 barrel per day refinery.

Mammoet's CEO Paul van Gelder said the company was honoured to have been entrusted "with the entire heavy lifting and transport scope for one of the most significant projects in Nigeria and the West Africa region."

Demobilising of its equipment comes with the

last 1,240 tonne propylene mounded bullet installed at the complex.

Mammoet used a variety of vehicles to carry out the work, from conventional trailers and trucks to two of its largest super heavy lift ring cranes. These cranes, the PTC 200 DS and PT 50, have lifting capacity of up to 5,000 tonnes.

Most significantly, Mammoet oversaw transportation of a 3,000 tonne regenerator and a 2,000 tonne crude column. These are respectively the heaviest item ever transported on a public road in Africa and the largest crude column in the world. The refinery will have the world's largest single train.

The company carried 239 items from the jetty to the site. These had a combined weight of 84,905

tonnes. It installed 154 items, with a combined weight of 68,415 tonnes. Mammoet had more than 100 workers on the project over the two-year span.

Mammoet worked in Nigeria with its local partner, Northridge Engineering. The company said it had contributed to the community by creating value and opportunities, including local employment and training.

At the time Mammoet signed the deal to work on the refinery, it was due to start up in 2019.

Dangote awarded a contract in July to Sulzer Chemtech, on the provision of column internals, packings and trays for the plant.

The plant should be operational by the end of 2022, Sulzer said in its statement.

The refinery will have more than 65 columns and require more than 15 static mixers, Sulzer said. The company will provide all the internals for the refinery's columns.

"As the requirements of the project changed, our highly responsive teams were able to redesign the internals to suit increased capacity without expanding the equipment footprint," said Sulzer's director of sales for the Middle East Ramann Sundareresan.

"By means of multiple rounds of design checks, engineering studies, discussions with licensors etc., we ensured Dangote Refinery that the most suitable and advanced internals would be utilised. We look forward to providing further technical support throughout the project."

CONSUMER GOODS

Dangote Sugar enters closed period

JESSICA MAURICE

Dangote Sugar Refinery Plc has informed the Nigerian Stock Exchange and the investing public that the meeting of the Board of Directors of the Company held as scheduled on Wednesday February 24, 2021.

The Directors considered and approved the Audited Financial Statement of the Company for the year ended December 31, 2020.

It also recommended the declaration of dividends subject to the approval of Shareholders at the Company's Annual

General Meeting to be held in due course.

Consequently, the Closed Period remains in force until 24 hours after the filing of the Financial Statements.

No insider of the Company, including its Directors, Employees, Advisers and Consultants and their connected persons may deal directly or indirectly in the Shares of the Company during the Closed Period.

Dangote Sugar Refinery PLC produces, refines, packages, and sells granulated raw white sugar domestically and regionally in Africa.

BANKS

Zenith Bank Reports 22.5% rise in Profits, Declares N3 Dividend

PATRICK ATUANYA

Zenith Bank of Nigeria Plc has reported a 22.5 percent increase in after-tax profits as net income rose to N230.56 billion in the Full Year 2020 period.

The tier one Nigeria lender also declared a final dividend of N2.70 bringing total dividend for the year to N3 per share.

Subject to appropriate

withholding tax and approval, the dividends will be paid to shareholders whose names appear in the Register of Members as at the close of business on the 8th day of March, 2021.

A rise in interest income to N420.8 billion and trading gains of N121.6 billion were responsible for the profit growth, despite an increase in operating expenses and personnel expenses.

MARKETS

Ellah Lakes undertakes to sell down 25% of shares, but where's the value?

PATRICK ATUANYA

Following discussions with the Nigerian Stock Exchange (NSE), on the lack of liquidity in the shares of Ellah Lakes Plc, due to the Company's free float of 14.55 percent, three major shareholders of Ellah Lakes have each undertaken to sell down 25 percent of their shares held in Ellah Lakes towards the resolution of the Company's free float deficiency, on or before the 15th of March 2021.

The NSE's regulations require that all companies listed on the exchange's main board must have a minimum of 20 percent of their shares held by members of the public or a free float value of Twenty Billion Naira.

Following the completion of the acquisition of Telluria in 2019, a majority of the shares of Ellah Lakes Plc were consolidated, and the free float was reduced to 13 percent (below the regulatory threshold of 20%).

"In a bid to rectify this situation, CBO Capital Partners, Blackman & Co, and Osaro Oyegun have given an undertak-

ing with the intent of bringing the Company into compliance with the 20 percent free float requirements of the Nigerian Stock Exchange (NSE).

Chuka Mordi, the CEO of Ellah Lakes Plc said: "We fully appreciate why we need to have more shares in the hands of the public, which is why we are listed on the Nigerian Stock Exchange. We are working towards compliance, and we fully expect that we can achieve this by the deadline of 15 March 2021, as to galvanise, and encourage liquidity in the shares of Ellah Lakes Plc."

However, the question we at MoneyCentral would have for Mr Mordi is where's the value?

Ellah Lakes 9 months consolidated results for the period ending April 2020, shows that the firm which could be defined as a zombie company, made zero revenues even as expenses surged.

At MoneyCentral, we define zombie companies as corporations whose cash flow is not sufficient to even cover their interest on loans, let alone other expenses.

The agricultural services firm had loans outstanding of N596 million for the period.

COMPANIES

Six things we learnt from Zenith Banks 2020 FY financials

PATRICK ATUANYA

Zenith Bank Plc, reported full year 2020 earnings last week and there are a number of things that jump out at us here at MoneyCentral.

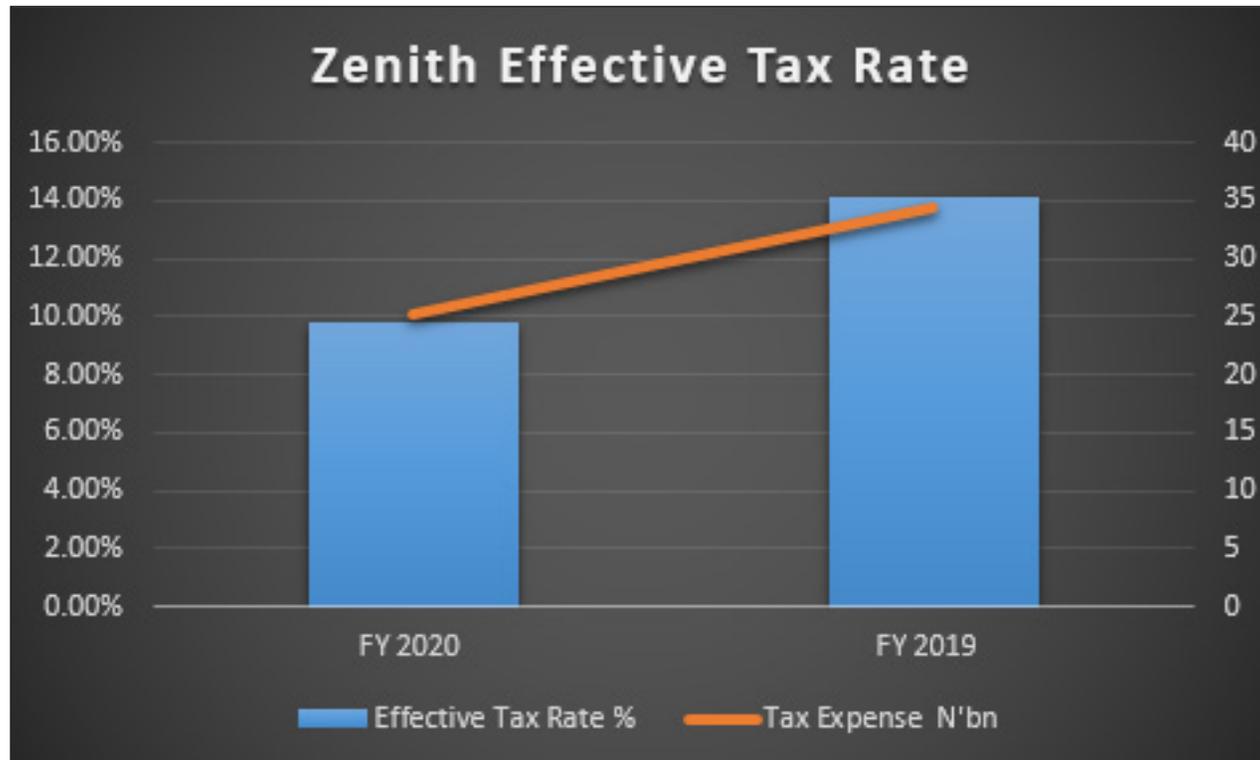
Gross earnings of the Group increased by 5.2 percent and profit before tax increased by 5.2 percent. However, profit after tax rose by 22.5 percent as net income rose to N230.56 billion in the Full Year 2020 period.

Effective tax rate falls to 9.8%

Zenith Bank's effective tax rate for the FY 2020 period fell to 9.8 percent. This compares to an effective tax rate of 14.1 percent for the full year 2019 period.

Zenith's income tax expense came in at N25.2 billion in 2020, compared to N34.45 billion in 2019.

The mix of income is probably responsible for the slide in effective tax



percent one of highest in Banking space

Zenith Bank as usual did not disappoint with bumper dividends announced for shareholders.

per share as interim dividend amounts to N3.00 per share.

This compares to N2.80 total dividends for 2019. The announced divi-

as at the time of filing this report.

The yield is also one of the highest in the Nigerian banking industry.

Top management is male dominated

Analysis of Zenith Banks Board and top management shows its largely male dominated.

Of the 13 Board members of the bank (Executive and Non-executive directors), 12 are male and 1 is female, equivalent to a ratio of 92 percent male and 8 percent female.

When we look at the levels of Assistant General Managers (AGMs) and General Managers (GMs), there are 37 males and 22 females for a total of 59, equivalent to a percentage breakdown of 63% male and 37 percent female.

Zenith's expected Credit Losses is a key audit matter

Zenith Banks expected

credit losses on loans and advances to customers was treated as a key audit matter by its auditors, PricewaterhouseCoopers or PwC.

Key audit matters are those matters that in the professional judgement of the audit firm were of most significance in their audit of Zenith Banks financial statements of the current period.

Zeniths gross balance of loans and advances to customers as at 31 December 2020 was N2.91 trillion and N2.77 trillion for the group and bank respectively.

The associated impairment allowance on loans and advances to customers was N140 billion and N133 billion for the group and bank respectively.

The auditors noted that the measurement of impairment allowance is highly subjective and involves the use of complex models and assumptions.

Related party trans-

actions

Zenith Bank says loans granted to related parties are secured over real estate and other assets of the respective borrowers and that loans granted to related parties are performing.

During the year, Zenith Bank Plc paid N1.90 billion as insurance premium to Zenith General Insurance Limited (December 31, 2019: N1.78 billion). These expenses were reported as operating expenses.

The Bank entered into a lease contract in October 2017 with Ovation Limited.

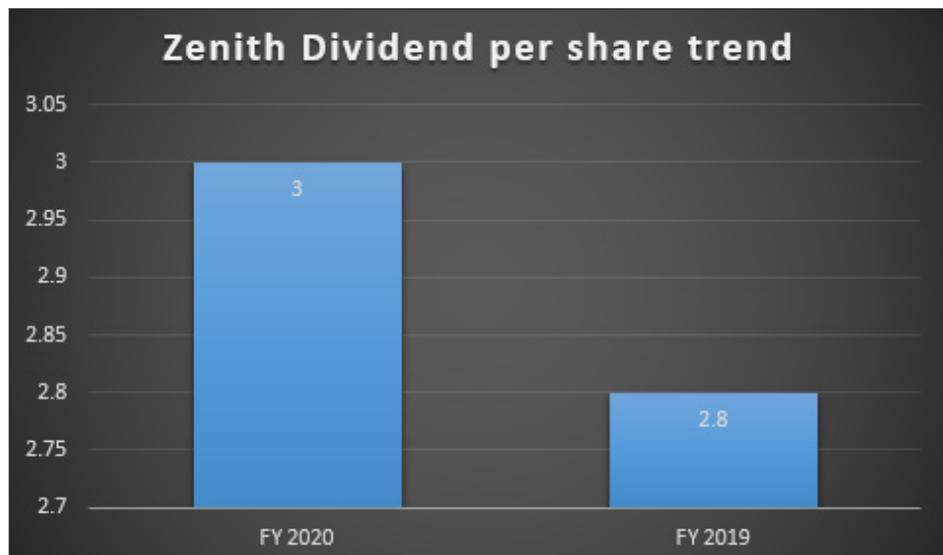
Ovation Limited has two common Directors with Zenith Bank. The finance lease agreement has Zenith Bank as lessee for a Gulfstream jet over a tenor of 10 years with annual lease payments of N2.76 billion.

The Bank paid N2.58 billion (31 December, 2019 N5.71 billion) to Cyberspace Network (in which Chairman of Zenith Bank Jim Ovia is a common significant shareholder) for various Information technology services rendered during the year.

Cash reserve deposits with CBN surges

The amount of cash held as mandatory reserve deposits with the Central Bank of Nigeria (CBN), increased by 96 percent to N1.33 trillion at the end of 2020, compared to the levels at 2019 year-end of N680.2 billion.

The CBN has hiked the Cash Reserve Requirements (CRR) for banks since 2019 in a bid to contain inflation and reduce pressure on the naira.

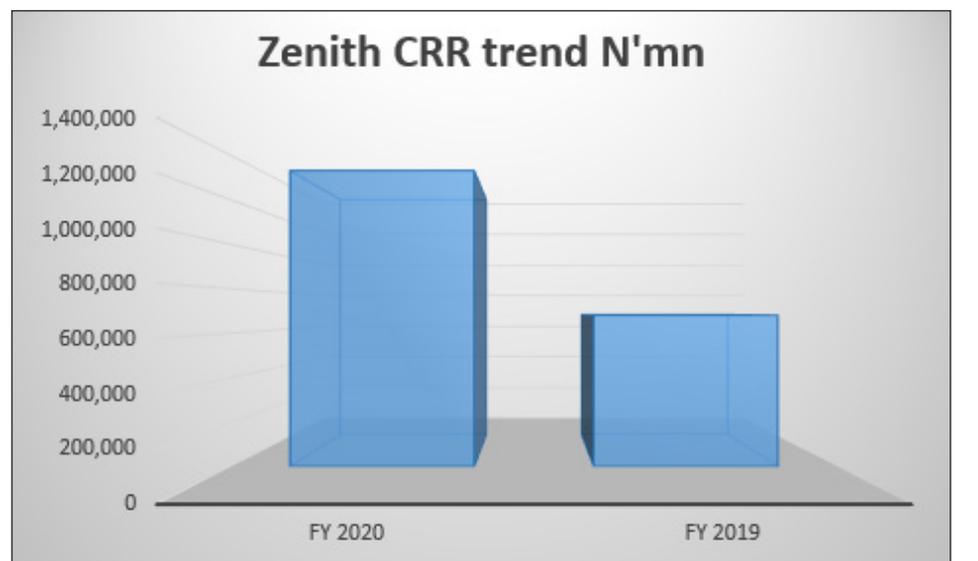
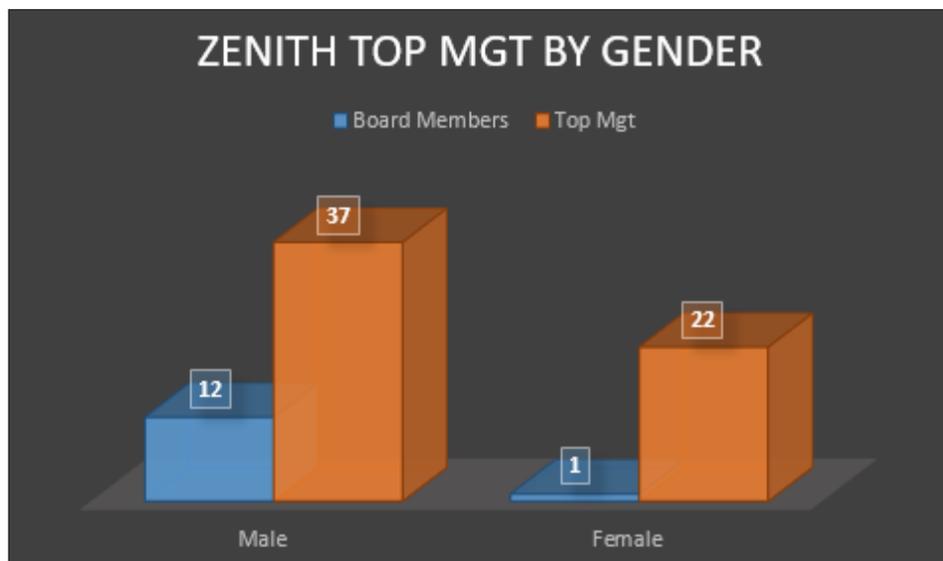


rates despite higher income in 2020, compared to the earlier levels.

Dividend Yield of 11.5

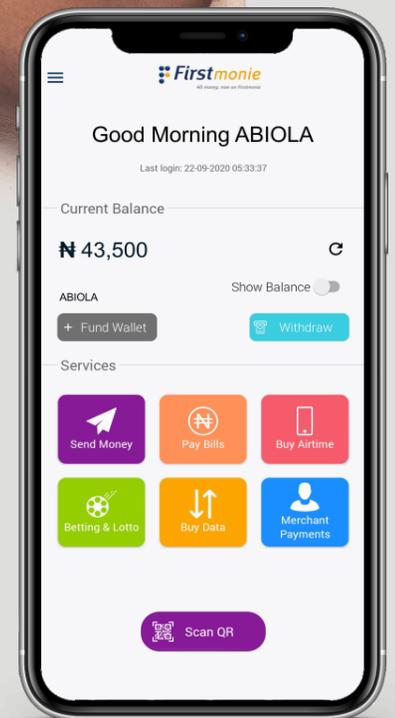
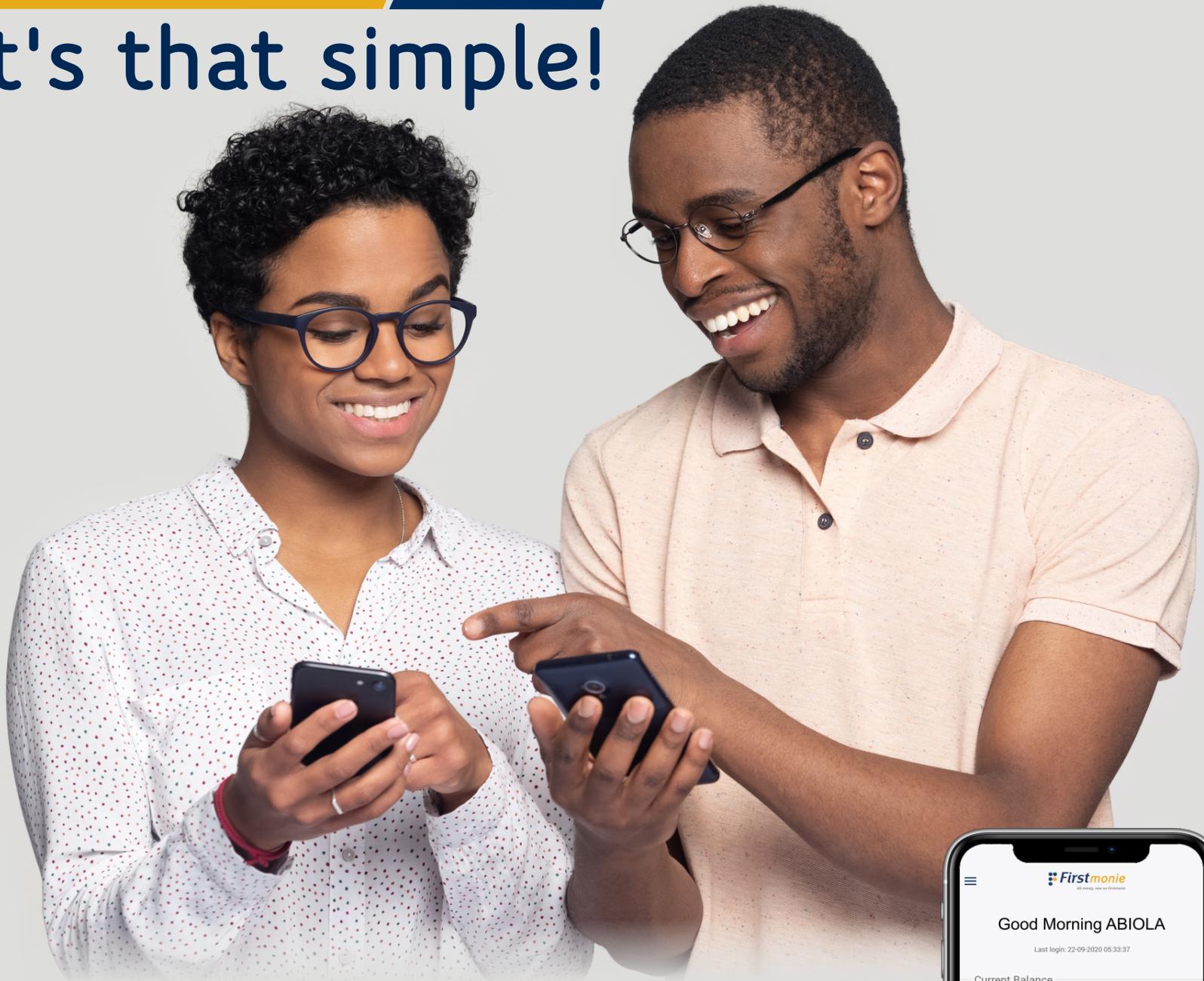
The tier-one lender proposed a final dividend of N2.70 per share which in addition to the N0.30

dividend is equivalent to a yield of 11.5 percent, with Zenith shares trading at around N25.95 per share





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ANALYSIS

LEADERS

Cash App: Jim Ovia to earn N15.21 billion in dividends for 2020

BALA AUGIE

Forgive us for remembering the afro beat street banger Cash App, by Bobby Shmurda, Zlatan Ibile and Lincoln when looking at the top people set to cash out from the N3 per share dividend announced by Zenith Bank last week.

However, while Shmurda's hit song is an ode to street life and hustle by often young and jobless Nigerians, investors in Zenith Bank (such as Jim Ovia, the chairman and largest single shareholder) have been building the bank up for the latter part of 30 years and now cleaning up handsomely.

Jim Ovia, founder and Chairman of Zenith Bank Plc, will be paid N15.21 billion in dividend out of distributable profit for the year 2020, according to MoneyCentral calculations.

The (N15.21 billion) income is 16.56 percent of N94.20 billion total dividend payment (and interim payment) of the entire company whose owners expect a minimum required rate of returns on their investment since they are risk takers.

Ovia, who owns prime real estate across Nigeria, and mo-



Ovia

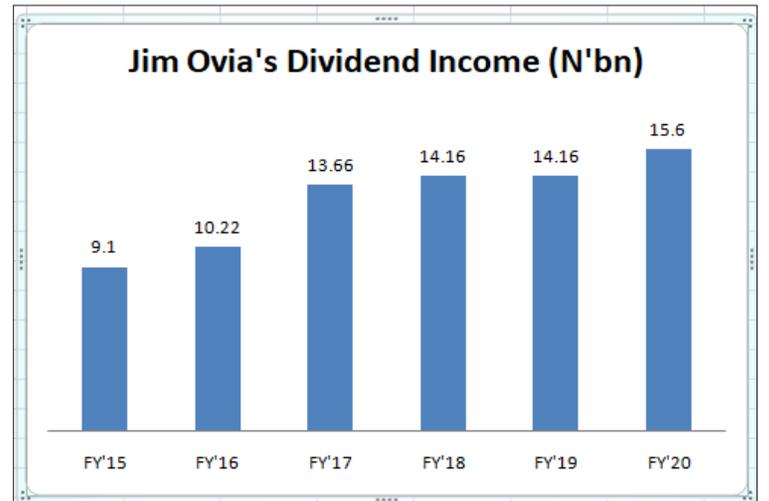
bile telecom operator Visafone, which has 3 million subscribers, has 5.072 billion shares (direct and indirect) in Zenith Bank, which means he controls 16.11 percent of the lender's total shareholdings of 31.40 billion ordinary shares.

The shareholders of Zenith Bank have approved a final dividend of N2.70 for every share of N0.50 (bringing the total dividend of the financial year ended

December 31, to N3) subject to appropriate withholding tax.

The chart below shows Jim Ovia's dividend income has grown by 71.20 percent over the past six years, and he has gotten a combined N76.90 billion from distributable profit from 2015 to date.

During the crescendo of the coronavirus pandemic that grounded commercial activities to a halt, the International Mon-



Source: Company Financials

etary Fund (IMF) and the World Bank advised banks to suspend or slash dividend payment and share buybacks so as to protect their capital positions.

However, halting dividend payments may not go down well for many retail and institutional investors, who rely on bank dividends for regular income.

For instance, Zenith Bank has a consistent dividend payment, an attractive yield that guarantees to magnify an investor's earnings.

Over the past six years, the lender has paid its directors a combined N474.64 billion, according to data gathered by MoneyCentral.

Zenith Bank has a dividend yield of 11.47 percent, while price to earnings ratio stood at 3.96 times as of 2:00 pm in Lagos.

Bobby Shmurda, Zlatan, fans of their music and young Nigerians, may have to begin to look at Ovia for inspiration, as well, as investing in Zenith Bank shares is looking like the authentic cash app.

BANKS

Wema Profit Drops Most in Four Years as Low Yields Squeezes Revenue

BALA AUGIE

Wema Bank Nigeria Plc reported its worst profit in more than four years, buffeted by the sharp drop in net treasury yields that undermined revenue as the coronavirus pandemic created a new layer of concerns.

Net income fell by 2.50 percent to N5.06 billion in December 2020 from N5.19 billion the previous year, according to preliminary results released last week Thursday. That was the biggest decline since a similar drop in 2017, according to data gathered by MoneyCentral.

The small and mid-sized lender saw operating income dip by 2.49 percent to N42.96 billion in the period under review, no thanks to a deep drop in interest on treasury bills as the central bank's decision to bar individuals and domestic firms from the Open Market Operation (OMO) and a slash in monetary policy rate sent yields crashing.

Despite the wrought caused by the coronavirus pandemic that paralyzed business activities across the country and

hindered customers from honoring their obligations, Wema Bank's impairment charge on assets reduced by 32.13 percent to N4.18 billion as at December 2020.

However, impairment losses are also anticipated to surge on the back of guidelines prescribed by IFRS 9.

The key import of IFRS 9 is the introduction of a forward-looking "expected loss" impairment standard that requires banks to provide more timely recognition of expected credit losses (ECL), based on future expectations, in place of the "incurred loss" model.

Wema Bank's gross earnings reduced by 14.79 percent to N80.85 billion in the period under review as against N94.89 billion as at December 2019.

Similarly, interest income and similar charges was down 8.41 percent to N64.73 billion as at December 2020 from N70.68 billion the previous year.

A breakdown of interest income shows interest income on loans and advances to customers and banks increased by 12.83

percent to N53.90 billion as at December 2020,

Despite the low yield environment, net interest income increased by 25.44 percent to N31.03 billion in the period under review as against N25.98 billion the previous year.

The growth in net interest income was largely driven by a 24.59 percent reduction in interest expense, which helped compensate for the sharp drop in gross earnings.

Net interest income is a financial performance measure that reflects the difference between the revenue generated from a bank's interest-bearing assets and expenses associated with paying on its interest-bearing liabilities.

Wema Bank has expanded its loan book as loans and advances were up 27.49 percent to N368.74 billion in December 2020 from N289.23 billion the previous year.

Deposit from customers was up 45.39 percent to N812.09 billion in the period under review from N577.28 billion the previous year.

MARKETS

Nestle shareholders to Get N70 dividends as payout ratio tops 141%

PATRICK ATUANYA

Shareholders of Nestle Nigeria will smile to the bank this year as the food and beverage company has announced it will pay a total of N70 per share as dividends for the 2020 financial year.

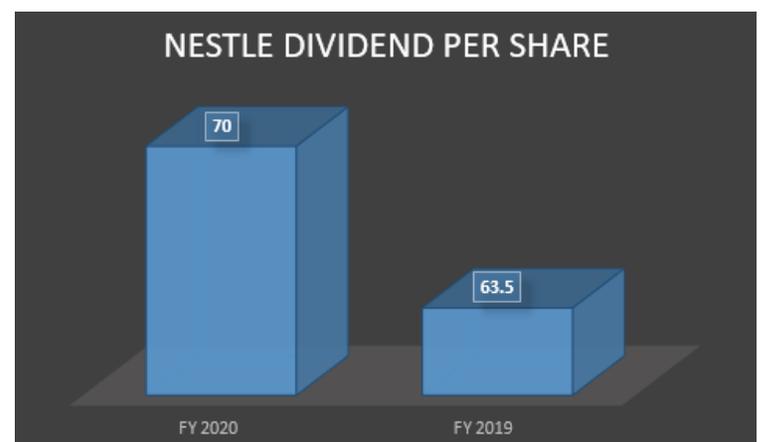
This is equivalent to a payout ratio of 141.5 percent, according to MoneyCentral calculations. Nestle had already paid an interim dividend of N25 per share last year, and it is set to pay a final dividend of N45 per share making a total of N70.

The dividend payout is 10.2 percent higher than 2019 levels when Nestle paid N63.5 per share in divi-

dends. The directors proposed that N5.00 and N6.00 of the dividends come from the after tax retained earnings for the year ended 31 December 2019 and 31 December 2018 respectively.

This is because Nestle's profits for 2020, fell by 14 percent to N39.2 billion, while the declared dividends will gulp N55.48 billion, meaning a 100 percent payout ratio and more is required for the announced dividends.

The extra dividends will be paid from the retained earnings of the firm. Nestle had retained earnings of N28.75 billion at the end of 2020. The announced dividend is equivalent to a yield of 4.82 percent.



ANALYSIS

INSURANCE HUB

Reports prepared by MoneyCentral Analyst team led by Bala Augie

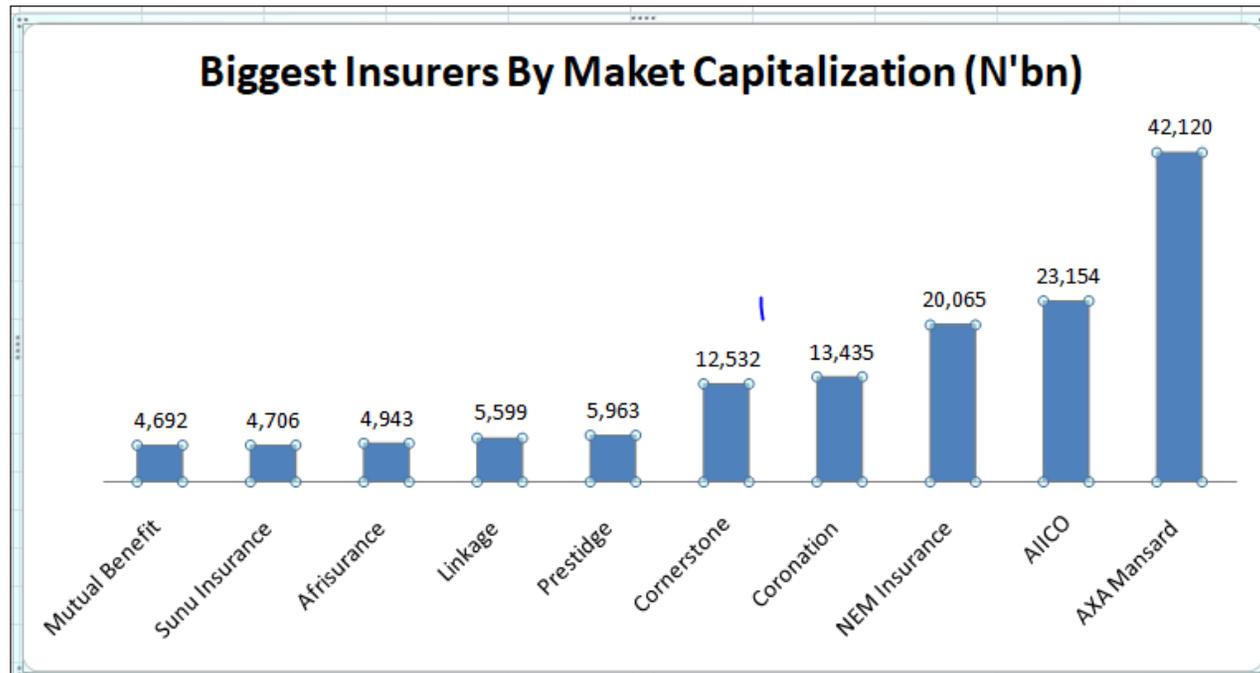
AXA Mansard, AIICO, NEM are biggest Insurers by market cap

With a market capitalization of N42.12 billion as at February 23 2021, AXA Mansard Insurance Plc is the most capitalized company in Nigeria as its impressive corporate results continue to lure investors to its shares.

Rounding out the top five are some of the recognizable firms in the industry: AIICO, (N23.15 billion); NEM Insurance, (N20.06 billion); Coronation Insurance, (N13.43 billion); Cornerstone, (N12.53 billion), and Prestige Assurance Plc, (N5.96 billion).

The market capitalization (or market cap) is the worth of a company based on the total value of all their shares; an important metric when determining the comparative value of companies for trading opportunities.

The share prices of insurers in Africa's largest economy were among the star performers on the Nigerian Stock Exchange (NSE) All Share index (ASI) in 2020 as the looming mergers and acquisition on the back of the recapitalization exercise by the regulator lifted investors' optimism.



Source: NSE ASI

However, the party has ended for the equities market as there has been rotation from equities to bond as yield on fixed income securities which were depressed last year has been on an upward trajectory since 2020 amidst strong

local demand for higher yields and the need to attract foreign interest in Nigerian securities amid a dollar shortage. The NSE ASI Index has a year to date of -0.26 percent as of February 2020, that compares with a 50 percent return as at the end of 2020 and 5.98 percent in the first month of

2021. The capital position and market value of the firms that will survive the recapitalization exercise will be strong and they will be agile to take big ticket risk. Also, they will have the financial strength to purchase high yielding assets across Africa as seen with their cousin (banks)

during the banking sector recapitalization of 2005 that shrank the number of financial institutions in the country. While the coronavirus pandemic put a brake to mergers and acquisitions deals, a couple of deals were struck in 2019. Custodian Investment Plc announced its acquisition of 51 stake in UACN property development company. This deal followed the unbundling of the UACN conglomerate. AIICO Insurance announced the injection of funds (equating to 38.86 percent of its total outstanding shares) in its business by AIICO Bahamas Nigeria Plc and Leapfrog Nigeria Insurance Holdings. Nigerian insurers have a low valuation compared to peer rivals in Sub-Saharan Africa as they often operate in a difficult business and macroeconomic environment. Nigerian insurers have an average price to book ratio of 0.43x, compared with South Africa (1.99x), Egypt (1.65x) and Kenya (0.64x). This indicates investor apathy towards the listed insurers, quite evident in their stock prices. However, a low price to book ratio also signals an attractive valuation that is an entry point for investors that want to add more investment to their portfolio.

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Listed Insurers' operating expense hits N92.48 billion in 2020

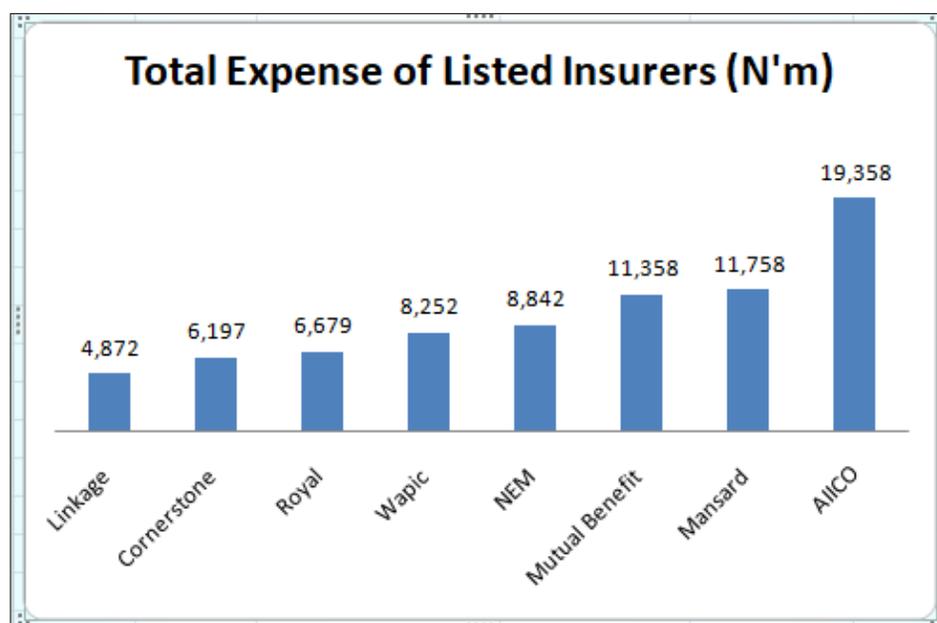
While the majority of listed insurers are spending less to generate revenue even amid an unfavorable underwriting environment, they have to focus on cost optimization and reduce expenses in order to remain agile.

The average expense ratios of the largest entities stood at 72.76 percent as at December 2020 as against 77.66 percent the previous year, according to MoneyCentral calculations. A lower figure or ratio is favorable.

However, the expense ratio of 72.76 percent, a key component of the combined ratio that insurers are trying to keep under 100 percent, is high, and the implication is that the industry will incur losses in a challenging market where returns on underwriting and investment are both low.

Total combined operating expenses (underwriting plus management expenses) increased by 6.04 percent to N92.48 billion in the period under review as against N87.21 billion the previous year, data compiled by MoneyCentral shows.

A breakdown of the figures shows total combined management expenses were up 1.01 percent to N50.10



billion in the period under review as against N49.60 billion the previous year.

While the expense growth is less than the 16.47 percent inflation figures, analysts have warned that chief executive officers (CEOs) and their team have to cut cost in the face of a low yield environment, spiraling inflation, and decrepit infrastructure such as unreliable power supply.

They added the current macroeconomic reality as

evidenced by the coronavirus pandemic that undermined business activities and tipped the country into a recession in the third quarter has compounded the woes of companies who are reeling from deteriorating profit margins.

In order to bolster the efficiency level of operators in the industry and avert financial crises, the National Insurance Association (NIA) had put a cap or ceiling on the expenditure of some

firms.

The regulator said such a decision was taken to ensure companies do not spend unnecessarily to the extent that they would not be able to attend to claims settlement and some other relevant matters in the industry.

Of course, the regulator is on point as some insurers are already spending their way into the future as expenses are exceeding revenue.

For instance, Cornerstone Insurance Plc recorded

an expense ratio of 105.38 percent, which increased from 81.67 percent the previous year. What this means is the insurer's total operating costs are 1.05 times net premium income.

Linkage Assurance Plc total expense ratio moved to 110.32 percent in the period under review as against 106.90 percent the previous year while total operating expenses spiked by 22.73 percent to N4.87 billion in December 2020 from N3.96 billion as at December 2019.

While coronation insurance Plc's total operating expenses were down 6.89 percent to N8.25 billion in the period under review, the N8.25 billion is 108.96 times net premium income of N7.57 billion.

Industry experts say that firms have to spend money on the acquisition of latest technology in order to underpin their growth objectives and meet the ever-evolving consumer demand. They added that capital outlays also help bolster efficiency.

The industry must invest handsomely in technology which is one of our key drivers for developing the market. Institutions should

be prepared to digitise their processes, procedures and systems in order to make their operation seamless and real time, according to Sunday Thomas, Commissioner for Insurance and Chief Executive of NAICOM.

Thomas stated that the Commission is investing heavily in automating its processes and expects nothing less from insurance institutions.

Meanwhile, Thomas advised the insured public not to discard insurance as part of measures to cut cost in the face of the harsh economic situation.

"It is good to reduce cost but in terms of insurance, people should ensure that all assets are adequately insured," Thomas said.

Insurance companies operate in a difficult business environment as they spend huge money on diesel fuel to power generator plants at branch offices and branches across the country.

Also, they are obliged to increase workers' salaries to compensate for the inflationary environment, and that's on top of the cost associated with hiring talented workers to help achieve the organization aims and objective.

STYLE

About Arteriors By Ella

Hi! I'm Stella, Director, Arteriors By Ella. I am an interior decorator by passion and a picture perfect planner & organizer. Arteriors By Ella is the vehicle through which I feed my penchant for delivering elegant, sophisticated and inspiring interiors with memorable experiences.

Arteriors By Ella is an Interior Design and Decoration outfit primarily focused on helping clients create lasting impressions in their home spaces. We aim to consistently deliver innovative and impactful interiors by infusing our touch of originality and innovation into every project, whilst upholding our commitment to quality operations and to delivering exceptional service to our clients.

Contact us on 0803 305 2919 or arteriorsbyella@gmail.com

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Window Treatments: Part II Styling with Blinds

BY STELLA CHIBUIKE-EZIKE,
DIRECTOR, ARTERIORS BY ELLA

Style Statement with Window Blinds

In last week's article, we established that a room isn't complete without a window treatment, especially one done right to complement the room's overall design theme and style. Today, we focus on yet another functional and decorative window covering that is sure to add elegance to your space.

Window blinds are simple, effective, yet trendy window treatments that come in various styles, textures and colors. They are made from a diverse range of materials and whether its wood, metal, plastic and even synthetic fiber, blinds can sure make a style statement that will add sophistication to your space with ease.

The rest of the article focuses on the different types of modern window blinds that can be used.

Roman Shades

Simple looking and easy to use, Roman Blinds are suitable for use in any area of your choice, be it the living room or bedroom. Mostly made of fabric with a cord that can be used to pull the blinds up and down depending on the desired height. This creates lovely, perfectly arranged pleats, adding touch to your décor. Roman blinds can come in varying fabric colors, patterns & tex-

tures and can also be lined for a fuller effect.

Venetian Blinds – Wooden

If you love wooden furniture or a touch of same, then Venetian Wooden Blinds are great for complementing your design. They are also known as horizontal blinds. They come in different shades and turn out great in living rooms and kitchens especially. Wooden Blinds are versatile and can be used to create the traditional as well as modern, contemporary décor look.

Venetian Blinds – Aluminium

Venetian Blinds are also available in aluminium slats. The Aluminium Venetian Blinds project a similar look, like its wooden counterpart, only the materials are different. They also project modern

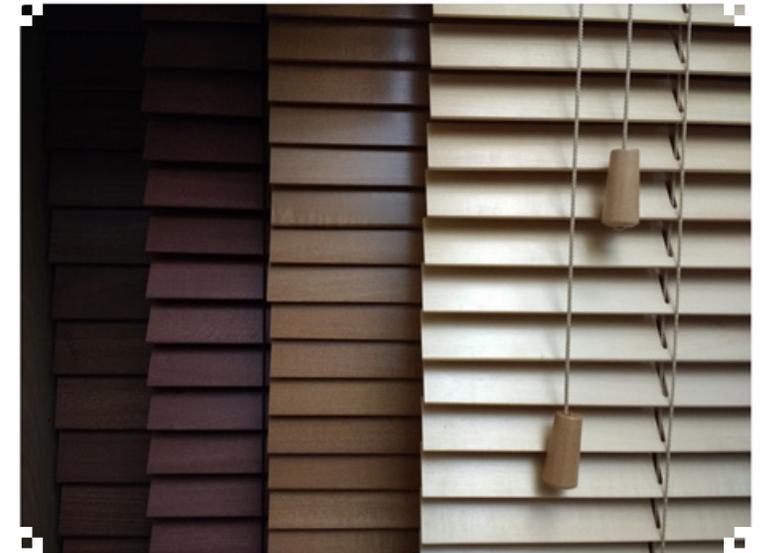
and stylish finishing and are suitable in a number of spaces, particularly in kitchens and bathrooms.

Roller Blinds

Roller Blinds are a suitable option for those that do not like the mechanism on Venetian Blinds. As the name implies, the blinds come with a "roller" for going up and pulling down. They are simple, easy to install blinds that can project a classic and elegant finishing to complement your room's look and style.

Day and Night Blinds

These blinds are actually one of my favorites. They are unique in design and functionality and made of two types of material, a light transparent one that represents the "day" and a darker one for the "night". By the design, the two different fabric materials are arranged,

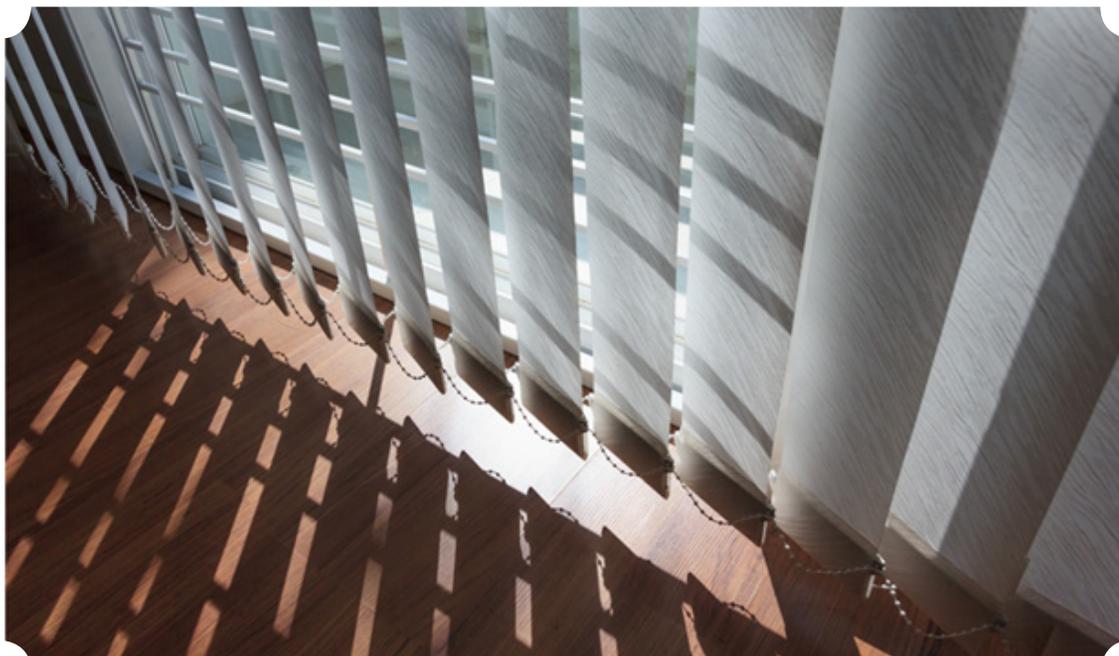


one after the other such that you are able to draw either of the fabrics to cover the entire window, thereby the creating the daytime or night time illusion. You can also decide to draw the blinds, such that each fabric type takes us half the window space. This gives much more flexibility with regards to light regulation and privacy. These highly versatile blinds are a bit more delicate to maintain but can last a long time when cleaned regularly and maintained properly.

Going the Blinds Way

Generally, window blinds are easier to maintain than curtains or drapes and a lot of home owners are loving to use blinds as their preferred window covering. With the various

options and styles available to choose from, you should be able to narrow down on one that works best for your space.



NATIONAL

Banks hooked on non-core lending income...

Continued from page 1

of the Nigerian economy rather than to park cash in Government securities.

Emefiele ordered banks in July 2019 to use a minimum of 60 percent of their deposits for loans, the so called loan to deposit ratio (LDR) by Oct. 1, 2019, after which the target was then raised to 65 percent.

Early last year, banks also had to cut charges across a range of services from cash withdrawals to account-maintenance fees.

The CBN Governor increased the cash reserve requirements or CRR (percentage of deposits that lenders need to park with the regulator which doesn't earn interest) to 27.5 percent.

Emefiele said at the time that the move was consistent with the bank's drive to increase lending.

Emefiele then barred individuals and local non-banking firms from buying high-yielding short-term central bank open-market operations (OMO) bonds, a move designed to stimulate bank loans for purposes other than market speculation.

Bank funds sit idle at CBN as LDR threshold not met

The CBN said in a September 2019 statement that banks that didn't comply with the CBN's directive to loan out at least 65 percent of deposits risk an additional cash-reserve requirement (CRR) equal to 50

percent of the lending shortfall implied by the ratio.

Many banks have been unable to meet the threshold as they find it difficult to see lending opportunities in an economy that was in recession in 2020.

Zenith Banks loan to deposit ratio (LDR) was equivalent to 52 percent at the end of 2020, according to MoneyCentral's calculations.

FBN Holdings LDR was even much lower than the regulatory minimum, coming in at 44.7 percent. FBNH had total loans and advances to customers of N2.2 trillion, compared to customer deposits of N4.95 trillion, at the end of 2020, according to data compiled by MoneyCentral.

tral.

The banks seem to have resigned themselves to fate as the CBN CRR penalties kicked in and their mandatory reserves (earning zero) with the CBN soared.

Zenith Banks mandatory reserve deposits (CRR) with the central bank surged by 95.6 percent to N1.33 trillion in 2020, while FBN Holdings mandatory reserves with the CBN surged by 51.3 percent in the same period.

Loan growth vs. Investment in securities

Banks pulled back on loan growth in 2020 as seen by the low LDR thresholds as the economy nosedived.

A look at bank assets, plotting loan growth ver-

sus investment in securities at the end of 2020, shows this trend clearly.

Zenith Bank for instance grew its loan book by 20.5 percent in 2020, while assets invested in securities jumped by 68 percent in the same period to N996.9 billion.

While banks pull back from lending they trying for now to keep loan losses at the minimum, despite an expectation that they will rise this year.

FBN Holdings saw its impairment charges for loan losses stable at N50.8 billion in 2020, compared to 2019 levels. Zenith Bank for its part saw loan impairment losses rise sharply by 64 percent to N39.5 billion, compared to 2019 levels.

Fitch Ratings said in a December 2020 report, that Nigerian bank asset

quality is expected to weaken over the next 12 months-18 months.

"The sector has performed better than expected since the start of the crisis, limiting the rise in credit losses (in 2020) due to a combination of debt relief afforded to customers, a stabilisation in oil prices, the hedging of financial exposures and the widespread restructuring of loans to the sector following the 2015 crisis," Fitch Ratings said.

Bank asset quality has historically fallen with oil prices, according to Fitch, while the oil sector represented 28 percent of loans at end of the first half of 2020.

Upstream and mid-stream oil companies which make up 7 percent of banks gross loans have been affected by low oil prices and production

cuts.

Fitch expects that foreign exchange (FX) revaluation and trading gains, and the containment of credit losses will support profitability in 2020.

No succor from CBN on-lending facilities

The outstanding firepower to be used as on-lending facilities fell for the two major banks that have released full year 2020 results at the time of filing this report.

FBN Holdings outstanding funds for on-lending fell by 19 percent to N67 billion in 2020,

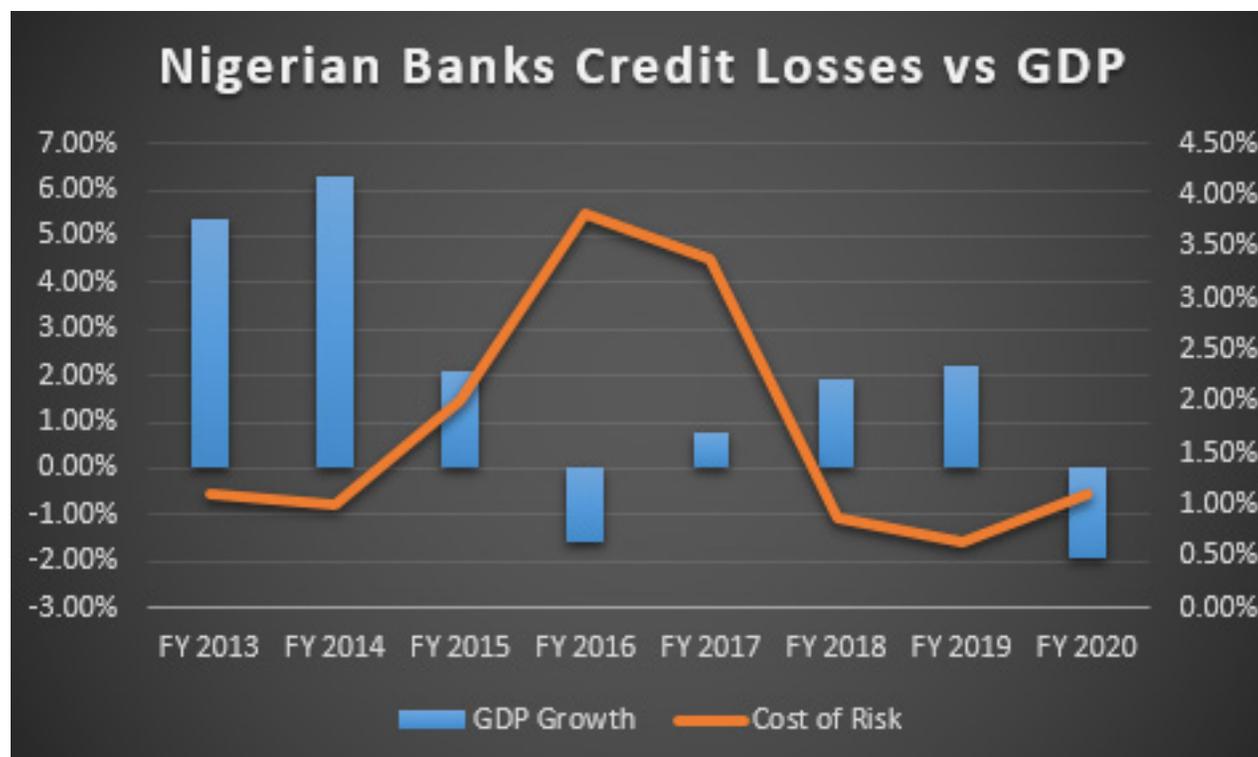
The funds include the CBN and Bank of Industry (BOI) refinancing of bank's loans to the manufacturing sector at 7 percent per annum, as well as the CBN, Ministry of Agriculture and Water Resources Commercial Agricultural Credit Scheme (CACS) Loans at 9 percent per annum.

Zenith Banks outstanding firepower for onlending also fell some 2.1 percent in the period.

While Nigeria's economy exited recession in the fourth quarter (Q4) of 2020, with an 0.11 percent expansion, there may be little demand for credit expansion even as unemployment remains high and factories battle to get foreign exchange to import raw materials.

In the meantime banks are still profitable with help from investment in securities that are often tax free, even as the economy wobbles on.

It is a guess as to how long the divergence can continue without the banks beginning to feel the pain on main street.



Osinbajo disavows unorthodox policies in rare rebuke...

Continued from page 1

activity because a lot of items that might be needed in the manufacturing process might be affected with consequent negative impact on value addition in the economy.

Importation itself is not the problem. It is what you import and what you do with it. It is value-added that matters. This is how jobs and wealth can be created. Many countries of the world who manufacture are huge importers. And they import far more than Nigeria."

CBN Governor Emefiele has been a cheerleader of import substitution growth strategy and the banning of the notorious 42 items from getting foreign exchange (FX) from the CBN for imports.

Emefiele has also been publicly supportive of the

Federal Government led by President Muhammadu Buhari's border closure that put a chill on trade between Nigeria and its neighbors in West Africa.

Osinbajo next attacked the notion of demand management of foreign exchange by the CBN saying what needs to be done promptly, is to combine a strategy of managing limited supplies with one of aggressively expanding the supply base.

"This is particularly true of foreign exchange. We must address supply... and move towards a more market reflective exchange rate," Osinbajo said.

This paper documented last week how the CBN Governor, Godwin Emefiele began to implement a restrictive FX regime in 2016, that effectively undermined the free trading of foreign exchange by

banks, and other dealers, through two-way quotes.

Not too long afterwards Nigeria's economy fell into recession after contracting by 2.06 percent in the second quarter (Q2), of 2016.

The CBN's forex policy spawned black market supremacy of forex deals, and multiple FX rates with wide disparity and lack of convergence.

The shutdown of the free functioning interbank FX market by the CBN, led to a collapse in supply of dollars into the Nigerian economy as other sources of FX inflows such as remittances and foreign portfolio investors reduced.

Osinbajo next tackled the need to boost exports in order to earn foreign exchange, and the removal of barriers to exports put in place by the CBN.

"The removal of any existing export restrictions,

creation of special export terminals, export promotion of non-traditional agricultural commodities such as sesame, fruits, horticulture, hibiscus, and cashews, are all crucial," Osinbajo said.

"Of utmost importance is that we must remove restrictions on the use of export proceeds. The way to incentivize exporters is to give them the liberty to bring their export proceeds into the economy and use as they please."

The CBN especially under Emefiele has imposed rules forcing exporters to repatriate their funds into the country at the CBN's official rate of exchange.

Last year, the CBN ordered exporters to register with it through an online portal to ensure the repatriation of proceeds.

Emefiele has also ordered banks to report exporters that fail to repatriate income earned abroad.

Osinbajo then said the government must find a way of moving the Nigerian digital economy into overdrive especially with the topical issue of blockchain technology, digital assets, and cryptocurrencies.

Emefiele to the chagrin of many young Nigerians banned the sale and purchase of cryptocurrencies through the Nigerian banks or financial system, leading to a suspension of regulatory pronouncements on Bitcoins and other cryptocurrencies by the Securities Exchange Commission (SEC).

The Vice President said despite the position of the CBN, the Securities Exchange Commission, SEC, and some of the anti-corruption agencies on the possible abuses of cryptocurrencies their position should be the subject of further reflection.

"There is a role for regulation here. And it is in the

place of both our monetary authorities and SEC to provide a robust regulatory regime that addresses these serious concerns without killing the goose that might lay the golden eggs," Osinbajo said.

"It should be thoughtful and knowledge-based regulation, not prohibition in my view. The point I am making is that some of the exciting developments we see, call for prudence and care in adopting them and this has been very well articulated by our regulatory authorities, but we must act with knowledge and not fear. We must ensure that we are in a position to benefit and in a position to prevent any of the adverse side effects or even possible criminal acts that may arise as a consequence of adopting any of these options."

(See full speech of Vice President Osinbajo on Backpage)

THE MARKET EAR

Market Intelligence produced by MoneyCentral's Team of Analysts

Flour Mills of Nigeria navigates recession better than peers

BALA AUGIE

While other consumer goods firms are reeling from deteriorating consumer purchasing power, decrepit infrastructure, and inherent economic uncertainties, Flour Mills of Nigeria Plc is generating enough profit from sales.

It is interesting to note that only Flour Mills of Nigeria has recorded significant expansion in profit margins as its revenue growth exceeded expense growth even amid high inflationary environment and abrupt devaluation of the currency by the central bank.

For instance, the largest miller by market capitalization saw net profit margin increase to 2.80 percent as at nine months September 2021 as against 1.92 percent as at nine month September 2020.

That compares with Unilever Nigeria and Guinness Nigeria, which both recorded negative net profit margins of 2.58 percent and 0.44 percent respectively as at December 2020 following a huge net loss brought on by the coronavirus pandemic crisis that dealt a great blow on the demand and the supply side of the market.

Interestingly, Nigerian

Breweries Plc, the largest brewer by market capitalization, capitulated to the macroeconomic headwinds as net margins fell to 2.19 percent in December 2020 from 5 percent the previous year.

Similarly, Cadbury Nigeria saw net margins reduce to 0.49 percent in December 2020 from 2.72 percent the previous year, according to data gathered by MoneyCentral.

The net profit margin is equal to how much net in-

come or profit is generated as a percentage of revenue. Net profit margin is the ratio of net profits to revenues for a company or business segment.

Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each dollar in revenue collected by a company translates into profit.

Flour Mills of Nigeria manages its expenses so as to maximize profitability

more than peer rivals who are spending more on input cost to produce each unit of revenue, which means the miller is making more money from core operations.

Flour Mills' operating income margin increased to 6.34 percent as at nine-month to 2021 from 5.83 percent the previous year.

That compares to Unilever Nigeria, which recorded a negative operating margin of 4.95 percent as at December 2020, while Nigerian Brew-

eries saw operating margin reduced to 8.78 percent in December 2020 from 10.90 percent the previous year.

Similarly, Cadbury Nigeria's margin fell to 0.34 percent in the period under review as against 3.44 percent the previous year. Guinness Nigeria's margin dipped to 5.14 percent in December 2020 from 5.21 percent the previous year.

Operating Profit Margin is a profitability or performance ratio that reflects the percentage of profit a company produces from its operations, prior to subtracting taxes and interest charges.

The ratio is calculated by dividing the operating profit by total revenue and expressing as a percentage. The margin is also known as EBIT (Earnings Before Interest and Tax) Margin.

Sales and profits expand

Flour Mills of Nigeria's revenue surged by 31.13 percent to N523.34 billion in the period under review, and that compares with a mere 1.90 percent uptick in Unilever Nigeria's revenue; Nigerian Breweries, (4.30 percent); Guinness, (5.88 percent), and Cadbury, -1 percent.

The growth in Flour Mills' top line (sales) was largely driven by broad-based growth across all business segments.

The turnover of the food business increased by 39.0 percent year on year (yoy) in the third quarter of (Q3) -21 to N127.99 billion, while sugar sales rose by 41.2 percent year on year (yoy) in (Q3) 2021 to N32.02 billion.

Similarly, the turnover of the agro-allied division

expanded by 5.1 percent year on year (yoy) to N33.54 billion, trailed by the support services revenue, which increased by 9.9 percent yoy (to N5.56 billion) on the back of demand for BAGCO (by local cement, flour and sugar manufacturers amongst others).

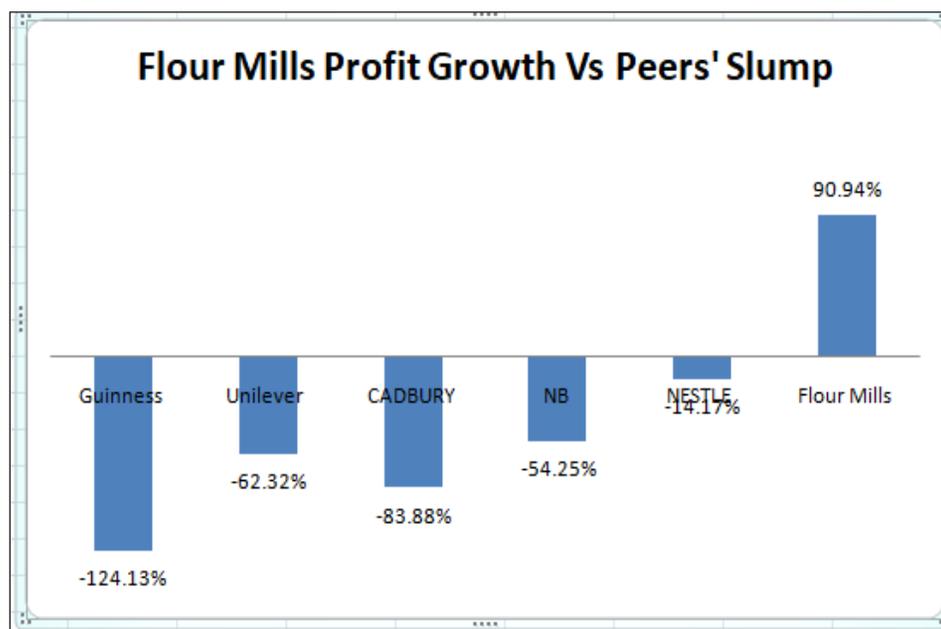
"Ability to stay resilient, while growing organically in a rapidly changing environment, validates our investment strategy, and the strength of our diversified portfolio," said Boye Olanusa, Group Managing Director of Flour Mills of Nigeria,

"We are keeping a stride with the government's vision to ensure food sufficiency and have delivered another truly remarkable result this year. Our priorities remain the same-feeding growth and productivity in Nigeria's food and Agro sector, feeding communities with empowerment, and feeding Nigeria's future with significant backward integration projects," said Olanusa.

The company's net income surged by 90.93 percent to N15.58 billion as nine-month September 2021, that compares with N1.59 billion and N317.16 million losses that Unilever Nigeria and Guinness Nigeria posted respectively, and an 83.38 percent, 54.25 percent, reduction at the top line by Cadbury Nigeria and Nigerian Breweries.

Flour Mills of Nigeria's marketing & distribution strategy has had a positive impact on turnover.

The company created an innovative direct sales model, which supported the improved B2C sales, especially within the food segment of the group.



How Monetary Policy COVID Response May Have Saved The Economy

JESSICA MAURICE

The combination of a health pandemic and an oil price crash was enough to send Nigeria into its deepest recession in decades, but the swift response of the monetary policymakers may have helped Nigeria to one of its fastest recoveries from an economic recession ever.

It may not have been the most glamorous of monetary policy decisions but 2 interest rate cuts and 2 exchange rate devaluations later, Nigeria sneaked out of an economic recession with 0.11 percent growth in the fourth quarter of 2020.

An economic recession is a negative decline in at least 2 consecutive economic quarters. In 2020, Nigeria's economy declined by 6.1 percent in Q1 and 3.62 percent in Q2. While economists feared this declining economic performance could continue for at least a year, the Central Bank of Nigeria had other ideas.

On March 16, CBN an-

nounced its first round of stimulus to help rescue the economy from a then imminent economic recession. The CBN announced a 6-point monetary policy measure which included, extending moratoriums on intervention loans, interest rate deductions from 9% to 5% on all intervention loans, created a N50 billion credit facility to help support households and businesses most affected by COVID-19, issued credit facilities to the healthcare industry, regulatory forbearance for banks to allow temporal and time-limited restructuring of loans to businesses most affected by the pandemic and holding the Loan to Deposit ratio at 65 percent to encourage bank lending.

While the impact of these policies on the economy is hard to estimate, economists say the impact of its later policies on interest rate cuts and exchange rate devaluations had far larger impacts on the economy.

Barely 4 days after announcing its 6-point monetary policy response to COVID-19, CBN devalued Naira for the first time in 130 weeks as the apex monetary authority allowed the dollar exchange rate to rise by 18 percent from N305 to N360.

Two months later, after the National Bureau of Statistics had announced that the economic growth had slowed in Q1 2020 to 1.87 percent from 2.1 percent in Q1 2019, CBN decided to cut interest rate by 100 basis points from 13.5 percent to 12.5 percent in hope that it will lessen the impact of the economic recession on businesses.

By the end of Q2, NBS had announced Nigeria's single biggest quarterly drop in GDP as the economy was now on its way to its second recession in just 4 years. CBN responded even more aggressively, devaluing the exchange rate for the second time in 2020. CBN allowed the exchange rate trade officially

at N380 in August 2020 barely 5 months after its first devaluation in 4 years.

One month later, CBN cut interest rate again by 100 basis points in September 2020 from 12.5 percent to 11.5 percent, marking a significant policy deviation from its 2016 response to the recession which saw them raise interest rate by 200 basis points from 12 percent to 14 percent in 2016.

Interestingly, the 200-basis points interest rate cut, and 25 percent exchange rate devaluation worked! 3 months after the second interest rate cut and 4 months after the second exchange rate devaluation, Nigeria had miraculously recovered from its deepest economic recession in decades. Whether the economy could have recovered in such a short time without the policy response from the Central Bank is unknown, but it can hardly be denied the positive impact the policies played in restoring growth in Nigeria.

MARKETS

11 Plc to list on NASD OTC following exit from NSE

PATRICK ATUANYA

11 Plc, (formerly Mobil Oil Nigeria Plc) has said that the delisting of its shares from the Nigerian Stock Exchange (NSE), is not meant to make the Company private.

"It is only a cessation of trading of the Company's shares on the NSE platform. Hence there is no forceful acquisition of shares from the minority shareholders," 11 Plc said in a statement today.

"The company's shares will be listed on the NASD OTC, thus still making its shares tradable."

Shareholders will have a choice of selling their shares now at the price indicated by the company at the NSE platform before the delisting cutoff date, or to sell on the NASD platform after delisting or to hold on to their shares and continue to receive their dividend.

11 Plc said the company could choose to return to the NSE platform sometime in the future.

"The minority shareholders have nothing to fear or worry about in connection with the delisting," the firm said.

THE BOTTOM LINE

Nigeria can be a global trading hub, factory for the continent

Keynote address by his excellency, Prof. Yemi Osinbajo, SAN, GCON, Vice President of the Federal Republic of Nigeria at the CBN Bankers' Committee Summit on the Economy on the 26th of February, 2021

It is a pleasure to be with you this morning. To start with, I think it would be important to address the issue of growth from two perspectives. First is the immediate and pressing need to recover from the economic crisis caused by the COVID-19 pandemic. The other is to bring about increased and inclusive growth in the economy.

It is of course, no longer news that the Nigerian economy has climbed out of its second recession in four years with the economy growing by 0.11% in the fourth quarter of 2020 after two successive quarters of negative growth. The growth rate of 0.11% though marginal is encouraging because it is a V-shaped recovery with a growth of 3.74 percentage points from the previous quarter. Indeed, although growth for the full year 2020 was still negative at -1.92%, it was far better than predicted by domestic analysts and international agencies.

We all as policymakers, lawmakers and business leaders have cause to cheer this relatively good performance in the face of the negative impact of the COVID-19 pandemic. It shows what we can achieve as a nation if all of us work together with sincerity and a sense of purpose towards achieving a common objective.

This encouraging growth performance owes a great deal to the early actions of Mr. President, first in providing an initial stimulus and then, constituting the Economic Sustainability Committee and the Economic Sustainability Plan.

In addition, direct support and easier credit terms with the proactive support of CBN given to individuals, households, businesses and some specific sectors, greatly helped.

Let me stress however that we cannot afford to get carried away or to let up on our efforts. For one thing, COVID-19 is still with us and even when we overcome its economic challenges, we still have our ultimate objective of achieving sustained, sustainable and inclusive growth to lift millions of Nigerians out of poverty.

We must remember that there is still the risk of a W-shaped economic recovery where the economy slides back into negative growth, if the health outlook worsens or, indeed, if we let up in our efforts to stimulate the economy.

In terms of health, if the COVID-19 virus continues to mutate or we relax our non-pharmaceutical interventions of social distancing, face masking and hand sanitization, then we might be faced with increasing infection rates that may call for tightening of restrictions. Vaccinations as early as possible will of course help greatly in stemming the tide of the disease and its economic impact.

Moving beyond the pandemic



Osinbajo

induced crisis, I feel that the first step in achieving lasting growth is to focus on productivity and value addition.

We simply must encourage value addition in every sector of our economy. For example, in agriculture our focus must be on processing of raw produce, adding value means more jobs and the value chain makes more money. Same with mining, more beneficiation, already we have seen quite a few investments in gold refining. A lot of value that will be added to the mining of gold has a multiplier effect on our economy.

Manufacturing, especially light manufacturing is key, we can be the factory for the continent, we have been discussing the prospects of zero taxes for machinery generally, machines mean production in one form or the other.

We must of course encourage investments in information and communications technologies, creative industries, tourism amongst others.

In sum government policy should be geared to making Nigeria a value-adding economy, especially in our areas of comparative advantage.

Talking of comparative advantage, Nigeria must leverage its trading talents. We have some of the greatest traders and entrepreneurs in the world such that we can become a global trading hub. It is important to loosen generalized restrictions on trade.

Blanket import restrictions are a dampener on economic activity because a lot of items that might be needed in the manufacturing process might be affected with con-

sequent negative impact on value addition in the economy.

Importation itself is not the problem. It is what you import and what you do with it. It is value-added that matters. This is how jobs and wealth can be created. Many countries of the world who manufacture are huge importers. And they import far more than Nigeria.

Let us take the example of garment manufacturing. Bangladesh the world's leading garment manufacturer does not produce most of the cotton it uses.

As a matter of fact, it only grows 2% of its annual cotton requirement. In 2019 Bangladesh imported \$11.8 billion dollars' worth of textiles and apparel while it exported \$37.94 billion dollars worth of garments in the same year. There is every need for us to look at areas where we may have an advantage, and in those areas, we may need to expand our export capacity.

The tourism, hospitality, and entertainment sectors suffered severely as a result of the COVID-19 pandemic, but these sectors can make significant contributions to economic growth. Some of the interesting ideas coming from the Ministry of Trade and Industry involve boosting tourism by combining it with trade, such that Africans including those in Diaspora see Nigeria as the best destination for shopping for cosmetics, electronics, gadgets, clothes, shoes, (just like Dubai attracts people from all over the world, and in many ways, has become the shopping capital of the world).

A starting point will then be the introduction of a national shopping

month, so that rather than having "Black Friday" (a day where a lot of shopping takes place), it can be a Nigeria Month for shopping tied to tourism.

Another thing that we need to do promptly and about which discussions are going on, is to combine a strategy of managing limited supplies with one of aggressively expanding the supply base. This is particularly true of foreign exchange. We must address supply.

Aside from moving towards a more market reflective exchange rate, we have accepted that we need to take more dramatic steps to boost exports in order to earn foreign exchange. In this regard there is consensus about other urgent steps required. These include the establishment and promotion of export trading houses; ensuring that companies in Special Economic Zones export most of their products; expanding and revitalizing the export expansion grant scheme, (the President has approved a N50 billion export expansion facility, as part of the Economic Sustainability Plan, to provide support for exporters particularly MSMEs).

Also, the removal of any existing export restrictions, creation of special export terminals, export promotion of non-traditional agricultural commodities such as sesame, fruits, horticulture, hibiscus, and cashews, are all crucial. Of utmost importance is that we must remove restrictions on the use of export proceeds. The way to incentivize exporters is to give them the liberty to bring their export proceeds into the economy and use as they please.

In a similar context, it is clear to government that we must find a way of moving the Nigerian digital economy into overdrive. Of course, the Telecoms sector in Nigeria has made giant strides with its value growing almost 40 times from 1990 to date.

The point though is that we still have a lot more to do. For instance, although widespread computing started less than 30 years ago, India has already managed to build its software exports from scratch to \$136 billion worth by 2019.

Similarly, the "Big Six" Technology Companies Facebook, Amazon, Apple, Alphabet, Microsoft and now Tesla, account for up to half of the value of the NASDAQ 100 and had nearly \$1 trillion in revenues in 2019.

By contrast, Nigeria's GDP in 2019 was just about \$450 billion. What this shows is that as a nation,

we have to embrace technology and learn to use it for our own developmental purposes.

The banking industry demonstrated that it could do this with the introduction and deployment of BVN, but it is yet to demonstrate the same innovative spirit in relation to FinTech and mobile payments.

Take for instance, the challenge that small businesses face in accessing credit because they lack collateral. It is clear that the way to go now is the use of solutions based on artificial intelligence and machine learning algorithms to determine the creditworthiness of people and entities for the purposes of lending without collateral.

We are seeing a good number of small FinTech companies offering this service. This principle is already in play in the mobile telephone sector where it is possible for subscribers to borrow credit based on the value of their past purchases of airtime. So, there is a lot to be done in that area, especially because of the sheer number of MSMEs in Nigeria and the questions around access to credit. We simply have to make access to credit easier. Technology is offering us new opportunities and new vistas and we must take advantage of them.

On the very topical issue of block chain technology, digital assets, and cryptocurrencies, let me say two things. First is that there is no question that blockchain technology generally and cryptocurrencies, in particular, will in the coming years challenge traditional banking, including reserve banking, in ways that we cannot yet imagine. So we need to be prepared for that seismic shift. And it may come sooner than later.

Already remittance systems are being challenged. Blockchain technology will provide far cheaper options to the kind of fees being paid today for cross-border transfers by banks.

I am sure you are all aware of the challenge that the traditional SWIFT system is facing from new systems like Ripple which is based on the blockchain distributed ledger technology with its own crypto tokens.

There are of course a whole range of digital assets spawned daily from blockchain technology. Decentralized finance, using smart contracts to create financial instruments, in place of central financial intermediaries such as banks or brokerages, is set to challenge traditional finance. The likes of Nexo Finance offer instant loans using cryptocurrency as collateral. Some reserve banks are investigating issuing their own digital currencies.

Clearly, the future of money and finance, especially for traditional banking, must be as exciting as it is frightening. But as we have seen in many other sectors, disruption makes room for efficiency and progress.

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