

DAVODANI MICROFINANCE BANK LTD

Long-Term Rating:

BBB

Short Term Rating: A2

Rating Outlook: Evolving

Trend: Even

Currency: Naira

Date Issued: 13 Mar., 2024

Valid Till: 12 Mar., 2025

Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

DavoDani Microfinance Bank Ltd ("The Bank") formally known as *Calm Microfinance Bank Ltd* was incorporated in Nigeria in 2008. The Bank commenced operation in 2015 after it acquired the defunct Unit Microfinance Bank in 2014. It subsequently obtained approval from the Central Bank of Nigeria to transition into a State-Licensed Microfinance Bank in 2016.

The Bank provides microfinance services to Micro, Small, and Medium Enterprises (MSMEs), offering a diverse range of products and services. Its product portfolio includes: *Save and Win*, Traditional Savings, *Easy Save*, Esusu Savings, Current Accounts, Fixed Deposits, Asset Financing, Loans, and Target Savings.

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

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

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information were obtained from the Bank's Audited and Management Accounts.

The risk factors were assessed using the Bank's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors

- Good Revenue Profile
- Good Profitability
- Experienced Management Team

Negative Rating Factor

- High Loan to Deposit Ratio
- Concentration Risk

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