

# Jubilee-Life Mortgage Bank Plc

| <b>Ratings</b>       |               |                       |                   |                    |
|----------------------|---------------|-----------------------|-------------------|--------------------|
| <b>Awarding Body</b> | <b>Rating</b> | <b>Rating Outlook</b> | <b>Issue Date</b> | <b>Expiry Date</b> |
| Agusto & Co Limited  | Bbb           | Stable                | December 2023     | June 30, 2024      |
| Agusto & Co Limited  | Bbb           | Stable                | June 2018         | June 30, 2019      |
| Agusto & Co Limited  | Bbb           | Stable                | October 2016      | June 30, 2017      |

# Jubilee-Life Mortgage Bank Plc

Rating:

**Bbb-**

**Outlook:** Stable

**Issue Date:** June 2018

**Expiry Date:** 30 June 2019

**Previous Rating(s):**

2017: NR

2016: Bb

**Industry:**  
**Mortgage Banking**

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## RATING RATIONALE

The rating of Jubilee-Life Mortgage Bank Plc (“Jubilee-Life” or “the Mortgage Bank”) is supported by the Mortgage Bank’s good captive market penetration, good support from shareholders, adequate capitalisation and good liquidity and funding profile. Jubilee-Life’s profitability and asset quality is however, constrained by significant non-earning receivables and moderate to high credit risk exposure in placements. The Mortgage Bank also recorded high turnover in the leadership of the organisation during the review period. Jubilee-Life is one of Nigeria’s five largest mortgage banks and is 70% owned by Christ the Redeemers Ministry, part of the Redeemed Christian Church of God (RCCG) one of Nigeria’s largest religious organisations. The Mortgage Bank targets deposit generation from and mortgage assets creation for the parishes and congregation of the RCCG ministry as well as the wider market. Jubilee-Life has achieved good penetration of this target market and retains the support of the ultimate majority shareholder. The Mortgage Bank’s loan book is well diversified across sectors with 46% comprising loans to individuals and 54% to organisations including real estate developers, churches and other corporate/commercial entities. Although there was obligor concentration, with top 20 accounting for 43% of the loan book. Jubilee-Life’s nonperforming loan (NPL) ratio at 7.7% in 2017 was worse than our benchmark of 5% but satisfactory in comparison to peers. As at 31 December 2017, the Mortgage Bank’s cumulative loan provision covered 9% of NPLs, which we consider insufficient. Jubilee-Life’s peers, Infinity Trust Mortgage Bank and Abbey Mortgage Bank, had cumulative loan provisions with more significant coverage for non-performing loans of 53% and 75% respectively. However, 66% of Jubilee-Life’s loan book is secured against real estate and another 31% against security such as provincial guarantees from the RCCG mission. While the Mortgage Bank’s mortgage asset are of satisfactory quality, placements are with commercial banks tht Agusto & Co. considers moderate to high risk and a large fraction of recievables are non earning and liquid.