GCR RATINGS

Rating Report| Financial Institutions | June 2026[1]

Providus Bank Limited

Rated entity	Rating class	Rating scale	Rating	Outlook
Providus Bank Limited	Long Term Issuer	National	BBB-(NG)	Evolving
	Short Term Issuer	National	A3(NG)	

Analytical entity: Providus Bank Limited

Providus Bank Limited (Providus Bank or the bank) was licensed by the Central Bank of Nigeria in May 2016 as a regional commercial bank, following nearly two decades of mortgage banking. The bank currently provides commercial and retail banking services to individuals, Small and Medium Enterprises (SMEs), and large corporates. As of 31 December 2025, Providus Bank's major shareholders were Northwest Petroleum & Gas Limited (24.7%), Vetiva Capital Limited (8.5%), Rosa Mystica Energy Fze (7.7%), and Maria Atrina Investment Ltd (7.6%), with a combined equity stake of 48.5%. The remaining 51.5% was held by other retail investors. The bank operates on a standalone and does not belong to any group. As a result, GCR has adopted a standalone credit analysis (with a cap) approach in assigning the national scale issuer ratings to Providus Bank.

Credit profile summary

Strengths

- Stable funding structure and good liquidity position

Weaknesses

- Modest competitive position due to a relatively small market share
- Pressured asset quality metrics, with the NPL ratio of 5.7% above the regulatory minimum of 5%
- Relatively low capital adequacy due to faster growth in risk-weighted assets relative to internal capital generation.

Rating summary

The ratings are underpinned by a stable funding and liquidity profile and moderate risk but remain pressured by weaker capital adequacy, as the growth in risk assets has significantly outpaced internal capital generation.

Outlook statement

The Evolving Outlook reflects GCR's expectations that following the conclusion of the anticipated merger with Unity Bank, the bank's ratings may be raised, lowered or unchanged depending on our assessment of the impact of business combination on the corporate and financial profile of Providus Bank.

Rating triggers

[1] The last rating announcement was in April 2026. Rating reports are updated at least once a year from the date of the last announcement

Although unlikely over the outlook period, the ratings may be upgraded if the GCR core capital ratio registers above 20% on a sustainable basis, alongside a significant improvement in asset quality metrics such that the NPLs and credit loss ratio is maintained on a sustained basis below current levels. Conversely, the rating could be downgraded if i) the GCR core capital ratio registers below 15.0%, ii) there is a deterioration in asset quality metrics with NPLs and credit losses registering above current levels, or iii) if the proposed merger with Unity Bank Plc results in the crystallisation of possible operational and liquidity risks.

Risk score summary

Rating Components & Factors	Score
Operating environment	**7.50**
Country risk score	3.75
Sector risk score	3.75
Business profile	**-1.50**
Competitive position	-1.50
Sustainability	0.00
Financial profile	**-0.25**
Capital and Leverage	-1.00
Risk	0.25
Funding and Liquidity	0.50
Comparative profile	**0.00**
Group support	0.00
Peer comparison	0.00
Total Risk Score	**5.75**

Analytical contacts

Primary analyst Lagos, NG | Ifunanya Ibekwe Ifunanyal@GCRratings.com | Analyst: Financial Institutions +234 1 904 9462

Committee chair Lagos, NG | Adekemi Adebambo Adekemi@GCRratings.com | Group Head of Fundamentals +234 1 904 9462

Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Financial Institutions, May 2024
GCR Ratings scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, March 2026
GCR Financial Institutions Sector Risk Score, December 2025

Ratings history

Providus Bank Limited					
Rating class	Review	Rating scale	Rating	Outlook	Date
Long Term issuer	Initial	National	BB(NG)	Stable	June 2020
Short Term Issuer	Initial	National	B(NG)	n.a	June 2020

Long Term Issuer	Last	National	BBB-(NG)	Evolving	April 2025
Short Term issuer	Last	National	A3(NG)	n.a	April 2025

Operating environment

Country risk

The Nigerian country risk score of '3.75' balances improved fiscal and external risk dynamics against vulnerabilities to exogenous factors, particularly commodity and climate risk. The adoption of a more flexible, market driven foreign exchange regime since 2023 has significantly bolstered gross external reserves, while full deregulation of the oil sector under the Petroleum Industry Act, 2021 has eased fiscal spending pressures and spurred strong oil refining productivity. Sustained fiscal consolidation efforts are also evident in improved revenue collection controls, enhanced treasury management, and broad-based tax reforms. The tight monetary policy stance of the Central Bank of Nigeria (CBN) has significantly eased inflationary pressures and enhanced exchange rate stability. However, these gains remain fragile, and are tempered by persistent structural challenges, widening fiscal deficits, rising debt servicing costs, and cost of living crises as prices remained elevated. Effective fiscal and monetary policy coordination remains critical to sustaining macroeconomic stability. Real GDP growth reflects sustained focus on infrastructure, as well as the addition of more informal sectors such as modular refineries, digital services industry, quarrying and other mining sectors to the productivity base. Looking ahead, the economy is projected to grow by 4.5% in 2026, supported by ongoing structural reforms, increased oil production and expanded domestic refining capacity. These strides notwithstanding, Nigeria's GDP per capita is forecast to track between USD1,300 and USD1,500, behind expectations for close peers.

While inflation has eased consistently, food prices remain a pressure point due to insecurity and climate related disruptions. Looking ahead, the CBN's guidance for further moderation in inflation may be distorted as volatility in crude oil prices could reignite higher food and energy prices. Stronger investor confidence has been largely anchored by commitment to reforms. The extent to which this is sustained is dependent on the effect of global headwinds on international capital flows as well as the Federal Government's continued focus on enhancing transparency and compliance.

For full details, please see GCR's Country Risk Score report. The Country Risk Scores are available for download at GCR Ratings.

Sector risk

The Nigerian financial institutions sector risk score of '3.75' reflects a broadly resilient and sound banking system, characterised by a strong competitive landscape, robust earnings generation capacity, and an increasingly coherent regulatory environment. The assessment incorporates expectations of sustained regulatory tightening, improved supervisory transparency, and clearer policy direction from the Central Bank of Nigeria (CBN). The sector's capital position improved considerably following the conclusion of the recapitalisation exercise, with 33 of 36 banks successfully meeting the new minimum capital requirements. In total, the sector raised approximately NGN4.65 trillion (USD3.4 billion) from both domestic and international investors. This capital buffer is expected to enhance the financial system's resilience, strengthen loss-absorption capacity, and improve banks' ability to withstand macroeconomic and external shocks. However, asset quality metrics were pressured, with the NPL ratio deteriorating to 8.1% as of 31 December 2025 from 4.9% in the prior year, following the expiration of regulatory forbearance in June 2025. Structural credit concentration remains a key constraint, with significant exposures to the oil and gas sector, which continues to represent a core source of systemic vulnerability. In addition, transition risks within the oil and gas sector, if not properly managed, could further weaken asset quality. Elevated operational risks, stemming from rising fraud and cyber threats also pose potential risks to earnings and capital.

For full details, please see GCR's Financial Institutions Sector Risk Score report. The Sector Risk Scores are available for download at GCR Ratings.

Business profile

Competitive position

Providus Bank's total asset base expanded by 57.3% to NGN4.0 trillion (USD2.7 billion) as of the financial year 2025, which ended 31 December 2025, and further to NGN4.1 trillion (USD2.9 billion) in the three-month period to March 2026. However, the bank's competitive position assessment remains constrained by a modest market share of approximately 2.1% of industry assets. The proposed merger with Unity Bank Plc, announced in August 2024, may support Providus Bank's efforts to tap into its relatively underpenetrated retail and SME segments by leveraging Unity Bank's established branch network and customer base, particularly in Northern Nigeria, and a potential licence upgrade; however, the impact remains uncertain pending completion and integration.

Exhibit 1: Profitability metrics (NGN'million)

	Dec- 2025	Dec- 2024	Dec-2023
Operating revenue	**130,056**	**129,967**	**91,006**
Net-interest Income	336,883	50,825	38,314
Non-interest income	60,084	79,142	52,692
Profit/(Loss) after tax	**19,211**	**33,037**	**43,546**
Total Assets	4,030,435	2,561,780	1,572,122
Gross loans	980,530	827,020	506,653
Customer deposits	2,109,514	1,574,471	1,119,141
Key Ratios (%)			
Return on Equity	16.1	25.6	45.2
Return on Assets	0.4	1.1	2.4
Net Interest Margin	2.9	3.8	5.3

Source: Providus Bank's financial statements and GCR financial tools

Operating revenue registered a three-year CAGR of 57.0% to NGN130.0 billion in 2025 (USD90.5 million), with the net interest income and non-interest income accounting for 53.8% and 46.2% of the revenue base (31 December 2024: 39.1% and 60.9%), respectively.

Sustainability

Sustainability assessment is neutral to the ratings; however, we note weaknesses in aspects of execution of internal controls and financial reporting processes per the auditor's management letter for 2025, which may weigh negatively on the assessment if not remedied. Otherwise, the board and management team are adequately constituted and aligned with minimum corporate governance standards. As of 31 December 2024, the bank was governed by a ten-member Board of Directors, consisting of three Executive Directors (including the Managing Director) and seven Non-Executive Directors (including the Chairman and three independent directors). The Board exercises oversight through the following standing committees: Board Credit Committee, Board Audit Committee, Board Risk Management Committee, Board Governance Committee, Board Finance and General-Purpose Committee, and Board Cybersecurity Committee. The level of transparency and disclosure in the financial statements and other related documents is adequate. Providus bank received an unqualified audit opinion from PricewaterhouseCoopers for the 2025 financial year.

Financial profile

Capital and leverage

Over the last two years, risk asset growth significantly outpaced core capital growth, leading to increased capital adequacy pressures. However, in 2025, the bank's risk asset growth moderated to 34.6% (2024: 121.3%), reflecting a shift in asset allocation toward less risky short-term instruments. Still, the GCR Core Capital ratio (GCR CAR) declined to 11.5% in 2025 from 14.6% in 2024. Subsequently, the ratio increased to 15.5% as of March 2026, supported by additional equity injection of NGN14.8 billion from the NGN26.3 billion rights issue. Looking ahead, we expect the GCR core capital ratio to improve subject to regulatory approval for the recognition of the remaining right issue proceeds, as equity. Therefore, we expect the GCR core capital ratio to remain around 15.0% over the next 12-18 months, if loan book growth is modest. A further decline in capitalisation metrics below current levels would place downward pressure on the ratings.

Exhibit 2: Capitalisation (%)

	2027(f)	2026(e)	2025	2024	2023
GCR Core capital to risk weighted assets	>15.0	15.0	11.5	14.6	23.5
Loan loss reserve/gross non-performing loans	>30.0	30.0	27.0	38.0	109.0

e: Based on GCR estimates f: Based on GCR forecasts
Source: Providus Bank and GCR financial tool

Risk

The bank's asset quality metrics have improved slightly, with the non-performing loan (NPL) ratio declining to 5.7% as of 31 March 2026 (2025: 7.4%), although above the 5% regulatory benchmark. The improvement is due mainly to recoveries; however, the 77.3% increase in Stage 2 loans is credit negative and suggests likely adverse migrations over the outlook period. Furthermore, loan loss reserve coverage of Stage 3 loans is only 54.6% in March 2026 (2025: 27.0%), and this implies that sudden unexpected losses can impair future earnings due to low provisioning.

Exhibit 3: Gross loans by sector: NGN'million

	2025	2024	2023
Gross loans	**980,530**	**827,020**	**505,653**
Agriculture	6.5%	6.4%	2.4%
Transport and communication	2.2%	5.4%	5.9%
Real estate and construction	13.3%	19.7%	22.3%
Financial Institutions	7.9%	8.8%	6.4%
General commerce	5.5%	10.0%	9.3%
Manufacturing	9.7%	11.3%	18.3%
Oil and Gas	27.9	19.5%	16.4%
Retail or consumer	8.8%	12.0%	11.4%
Others		6.5%	7.0
Total	**100%**	**100.0%**	**100.0%**

Source: Providus Bank

Sectorial distribution of the loan book reflects dominance of the oil and gas sectors, which accounted for 27.9% of gross loans respectively in December 2025 (December 2024: 19.5%)

Exhibit 4: Risk

	2027(f)	2026(e)	2025	2024	2023
Gross nonperforming assets/ gross customer loans (%)	<5.0	5.0	7.4	8.3	2.3
New loan loss provisions/ average customer loans	1.3	1.3	1.3	2.8	2.1
Stage 2 loans/ gross loans	10.0	10.0	10.5	14.4	18.1

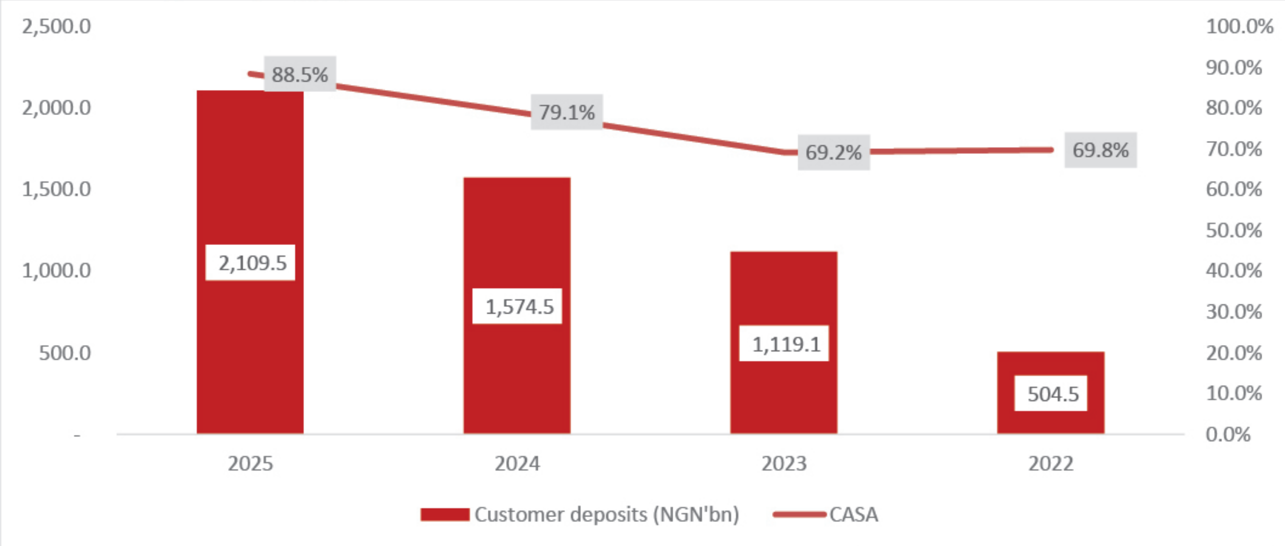
e: Based on GCR estimates f: Based on GCR forecasts
Source: Providus Bank and GCR financial tool

Looking ahead, we expect the asset quality to further improve as the bank continues to adopt a cautious approach to risk asset growth.

Funding and liquidity

The bank's funding and liquidity is slightly positive to the ratings, reflecting a stable funding base and a liquid balance sheet. Deposits accounted for 64.0% of the funding base as of 31 December 2025 (2024: 71.8%). The GCR stable funding and long-term funding ratio registered at 52.8% and 68.2%, respectively, in 2025 (2024: 61.6% and 77.7% respectively).

Exhibit 5: Funding and liquidity (%)



Source: Providus Bank

Exhibit 6: Funding and liquidity

	2026(f)	2026(e)	April-2026	2025	2024
GCR Long-term funding ratio (%)	>65.0	>65.0	63.4	68.2	78.1
GCR Stable funding ratio (%)	>65.0	>65.0	57.8	52.8	61.9
GCR Liquid assets/ customer deposits (%)	>80.0	>80.0	111.4	98.8	60.8
GCR liquid assets/wholesale funding (x)	1.5	1.5	1.5	1.8	1.5

e: GCR estimates; f: GCR forecasts.
Source: Providus Bank's financial results and GCR financial tool

Liquidity is sound, with GCR liquid assets coverage of customer deposits and wholesale funding improving to 98.8% and 1.8x, respectively in 2025 (2024: 60.8% and 1.5x).

Comparative profile

Peer analysis

The peer analysis is neutral to the rating.

Group support

Group support is not applicable to the ratings.

Rating adjustment factors

Structural adjustments

No structural adjustments have been made to the Anchor Credit Evaluation in arriving at the final ratings.

Instrument ratings

No instrument rating adjustments.

Glossary

Affirmation	See GCR Rating Scales, Symbols and Definitions.
Capital	The sum of money that is invested to generate proceeds.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Customer Deposit	Cash received in exchange for a service, including safekeeping, savings, investment, etc. Customer deposits are a liability in a bank's books.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Downgrade	The rating has been lowered on its specific scale.
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
Financial Institution	An entity that focuses on dealing with financial transactions, such as investments, loans and deposits.
Income	Money received, especially on a regular basis, for work or through investments.
Liquid Assets	Assets, generally of a short term, that can be converted into cash.
Liquidity Risk	The risk that a company may not be able to meet its financial obligations or other operational cash requirements due to an inability to timeously realise cash from its assets. Regarding securities, the risk that a financial instrument cannot be traded at its market price due to the size, structure or efficiency of the market.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Obligor	The party indebted or the person making repayments for its borrowings.
Performing Loan	A loan is said to be performing if the borrower is paying the interest on it on a timely basis.
Performing	An obligation that performs according to its contractual obligations.
Portfolio	A collection of investments held by an individual investor or financial institution. They may include stocks, bonds, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
Provision	The amount set aside or deducted from operating income to cover expected or identified loan losses.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Rating Watch	See GCR Rating Scales, Symbols and Definitions.
Retention	The net amount of risk the ceding company keeps for its own account.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Short Term	Current; ordinarily less than one year.
Term Deposit	A savings account held for a fixed term. Also called a time deposit. Generally, there are penalties for early withdrawal.
Total Risk	Both systematic and unsystematic risks.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.
Upgrade	The rating has been raised on its specific scale.

Salient points of accorded ratings

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- The audited financial results to 31 December 2025
- Unaudited three-month management account as of 31 March 2026
- Other related documents
- Exchange Rate Source: Central Bank of Nigeria USD1.00 =NGN1387.00 (31 March 2026), NGN1436.31 (31 December 2025)