

Citihomes Finance Company Limited

Final Rating Report

 **Agusto&Co.**

Research, Credit Ratings, Credit Risk Management

Citihomes Finance Company Limited

Rating:
SR 3

*The Servicer is considered to have **ADEQUATE** capacity to service loans*

Issue Date: 5 July 2021
Expiry Date: 5 July 2022
Previous Rating: NA

Industry:
Finance House

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RATING RATIONALE

Agusto & Co. hereby assigns Citihomes Finance Company Limited (“Citihomes” or “the Servicer”) an “**SR3**” rating. The rating of Citihomes is supported by an experienced management team, adequate governance structure, satisfactory loan administration process and adequate collections process. The rating is, however, constrained by the Servicer’s limited history and limited servicing track record given the relatively small volume of loans serviced.

The Servicer is licensed as a finance company by the Central Bank of Nigeria (CBN). Citihomes is a wholly owned subsidiary of the DLM Capital Group (formerly the Dunn Loren Merrifield Group). The Servicer carries on finance company activities permissible under the CBN’s 2014 Revised Guidelines for Finance Companies in Nigeria including Funds Management, Programme or Conduit Management, Consumer Loans, Asset Finance and Project Finance.

Key Rating Drivers

Adequate Governance Structure and Experienced Management Team

Citihomes has a qualified and experienced five-member board of directors (“the Board”), which comprises four non-executives and the Servicer’s Managing Director. In our view, the Board has a good composition which includes two independent members. However, we note the limited history of the Board, which was constituted less than one year ago. The Board has four standing committees, of which three are chaired by independent directors, in line with global best practices. The members of the Board have on average more than 25 years of experience across financial services and corporate and commercial law. Citihomes’ Managing Director, who joined in this capacity in June 2020, has over 21 years of experience in financial services. The MD is supported by three senior personnel with an average of 17 years of experience in financial services but less than five years on average in the employment of the Servicer.

Satisfactory Loan Administration Process

Citihomes currently only services self-originated loans. The Servicer provides consumer loans to salaried individuals that work for reputable organisations and corporate loans to businesses for transactions such as Local Purchase Orders (LPOs), Invoice Discounting and Receivables Collection. The loan administration process is interwoven with the loan origination process, with borrowers onboarded to the core banking software – FinTrak – ahead of

disbursement. The Business Development & Operations team confirms and uploads the customer's details to the application, verifying that conditions precedent to drawdown have been met. The disbursement memo, confirming against a checklist that all approvals have been received and all terms and conditions have been met, is reviewed by the Risk Management & Compliance team before final approval by executive management.

Adequate Collections Process

The Servicer's portfolio comprises consumer loans to salaried individuals and loans to corporate entities to finance transactions with cash flows from the ultimate sources of repayment tightly integrated with the collection process. Direct debit mandates are set up on the salary (bank) accounts of individual borrowers for monthly deductions to meet repayment obligations along with Global Standing Instruction (GSI) mandates. For loans to corporate borrowers, the terms generally include domiciliation of payment from the transaction's ultimate counterparty with Citihomes. The Credit & Loan Operations team reviews the loan portfolio daily using the core banking application while also staying abreast of macroeconomic and industry issues for early identification of problems. As at 31 December 2020, Citihomes had zero non-performing loans, which was better than our expectation for a period that was adversely impacted by a global pandemic.

Limited servicing track record

As at 15 June 2021, Citihomes had a servicing portfolio of 46 corporate and individual loans valued at ₦1.6 billion, which is a relatively small tally compared with many lenders in Nigeria with servicing portfolios comprising thousands of obligors. The Servicer has not recorded any non-performing loans, thus documented guidelines for remedial management and recovery of past due obligations have largely not been put into practice. Therefore, while Citihomes' systems and processes are adequate for current operations, we believe that more robust structures, systems and greater automation will be required as the number and complexity of loans in the servicing portfolio increase.

SERVICER PROFILE

Citihomes Finance Company Limited (“Citihomes”, “the Servicer”) was incorporated in Nigeria in July 1991 as Universal Building Society Limited. The Servicer’s name was subsequently changed to Citihomes Savings and Loans Limited. Citihomes was acquired by the DLM Capital Group (formerly the Dunn Loren Merrifield Group) in 2014. Following the acquisition, the Servicer was converted to a finance company from a mortgage bank and renamed Citihomes Finance Company Limited. Citihomes is a wholly owned subsidiary of the DLM Capital Group and is licensed as a finance company by the Central Bank of Nigeria (CBN).

The Servicer carries on finance company activities permissible under the CBN’s 2014 Revised Guidelines for Finance Companies in Nigeria. Citihomes’ services include Funds Management, Programme/Conduit Management, Consumer Loans, Asset Finance, Project Finance, Local and International Trade Finance, Debt Securitisation and Administration, Warehouse Receipt Finance, Loan Syndication, Debt Financing and Financial Consultancy. The Servicer acted as the programme/conduit manager and servicer to the Mortgage Warehouse Funding Limited’s Asset-Back Commercial Paper Programme (ABCP).

Citihomes’ head office is situated at 66 - 68 Alexander Road, Ikoyi. Following a group restructuring exercise in 2019, the Servicer became the holding company for subsidiaries: DLM Advisory Partners Limited, DLM Trust Limited, DLM Asset Management & Research Company Limited, DLM Securities Limited and DLM FX Trading Company Limited. As at 15 June 2021, Citihomes had a staff strength of seven employees and a portfolio of 7 corporate and 39 retail loans valued at ₦1.6 billion.

FINANCIAL CAPACITY

As at 31 December 2020, Citihomes’ total assets stood at ₦8 billion, which represented a notable 15.5% growth from ₦6.9 billion in the prior financial year. The increase was driven by sizeable growth in the loan book as the Servicer shifted focus to corporate loans given the negative impact of the COVID-19 pandemic on consumer lending. Notwithstanding, loans & other receivables remained Citihomes’ third largest assets class with 19.6%, behind investments in subsidiaries and associates (48.7%) and placements with financial institutions (24.3%). The Servicer had zero non-performing loans (NPLs) as at 31 December 2020 which was better than our expectation for a finance company during a period that was adversely impacted by a global pandemic.

As at 31 December 2020, Citihomes had shareholders’ funds of ₦4.1 billion, which was significantly above the regulatory minimum of ₦100 million for a finance company. As at the same date, the Servicer had a Basel II Capital Adequacy Ratio (CAR) of 52%, which also exceeded the minimum benchmark of 12.5% set by CBN for finance companies. The vast majority or 88.7% of Citihomes’ liabilities comprised (managed) deposits from related entities and other institutional investors. The Servicer’s liquidity was supported by a matching of the tenors of deposits and loans. During the financial year ended 31 December 2021, Citihomes recorded a profit before tax of ₦58.7 million while pre-tax return on average assets (ROA) and pre-tax return on average equity (ROE) were below our expectations at 0.8% and 1.5% respectively. The Servicer’s operations and profits were relatively small in comparison to its investments in subsidiaries, which inflated total assets and equity.

BUSINESS STRUCTURE AND STAFFING

Governance

CitiHomes has a five-member board of directors (“the Board”), which is chaired by Mr Sonnie Babatunde Ayere, who is the Group Managing Director. The Board comprises four non-executives and the Servicer’s Managing Director, Mr Gbenga Alamu. In our view, although the Board has two non-executive directors who are independent members, the composition can be improved as the Chairman is an executive in the group. However, we note the limited track record of the members convening, deliberating and working as a unit, with the Board constituted less than one year ago. CitiHomes’ policy is for the longest serving directors to retire every year by rotation. Retiring directors may stand for re-election, which is not automatic but dependent on factors including performance and possessing skills that are required by the Board.

Table 1: CitiHomes Finance Company’s Board of Directors

Current Directors	Position
Mr Sonnie Babatunde Ayere	Chairman/Group Managing Director
Mr Gbenga Alamu	Managing Director
Mr Kennedy Ighodaro	Group Chief Financial Officer
Mrs Olayimika Philips	Non-Executive Director (Independent)
Mr Michael Orimobi	Non-Executive Director (Independent)

The Servicer’s Board has four standing committees: Board Audit Committee, Board Enterprise Risk and Credit Committee, Finance and General-Purpose Committee and Establishment and Corporate Governance Committee. Three of the four Board committees including the Audit Committee are chaired by independent directors, which is in line with best practices. The committees have been established to support the Board by providing oversight of loan origination and servicing including monitoring and reporting and reviewing the effectiveness of financial and internal controls. The committees were, however, also newly constituted following the reconstitution of the Board in September 2020, implying a limited working history.

Table 2: Key functions of the Board’s Committees

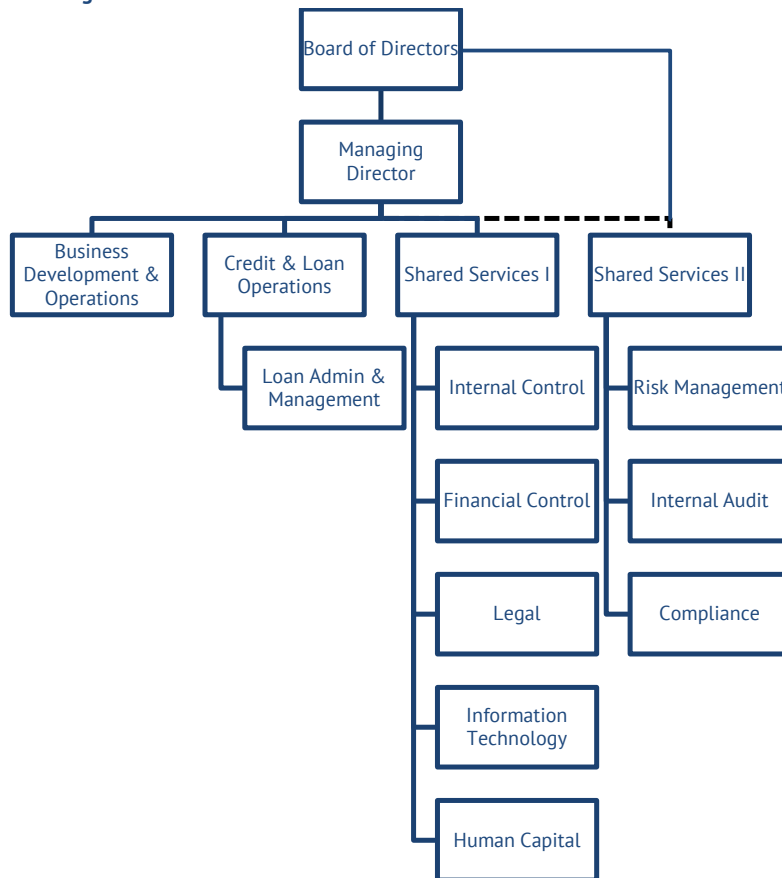
Board committee	Key function	Composition
Board Audit Committee	The committee reviews the audit of CitiHomes’ operations and the effectiveness of the financial and internal controls. The Internal Auditor and External Auditors report directly to the Board Audit Committee.	Four members <ul style="list-style-type: none"> • Mr Michael Orimobi (Chair) • Mr Sonnie Ayere • Mr Kennedy Ighodaro • Mr Toyin Sanni
Board Enterprise Risk and Credit Committee	The committee ensures that there is sufficient oversight in the development of policies, strategies and procedures to manage risks. In addition, the committee ensures that systems are in place for risk management and reviews and recommends strategies to manage the risks and the risk appetite and tolerance level.	Four members <ul style="list-style-type: none"> • Mr. Sonnie Ayere (Chair) • Mr. Gbenga Alamu • Mr Oladapo Quadri • Mr Ayoola Adesanya
Finance and General-Purpose Committee	The committee considers and advises the Board on matters relating to the Servicer’s finances, financial policies, controls, resources and other matters from time to time.	Four members <ul style="list-style-type: none"> • Mr Michael Orimobi (Chair) • Mrs Yimika Phillips • Mr Sonnie Ayere • Mr Kennedy Ighodaro

<p>Establishment and Corporate Governance Committee</p>	<p>The committee sets the principles and parameters of the remuneration policy, considers and approves the remuneration arrangements of the Board, the executive directors and other senior executives and exercises oversight for remuneration issues.</p>	<p>Four members</p> <ul style="list-style-type: none"> • Mrs Yimika Phillips (Chair) • Mr Sonnie Ayere • Head, HR & Admin • Head, IT
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The members of Citihomes' Board have on average more than 25 years of experience across corporate finance, structured finance, corporate banking, asset management, accounting, audit, commercial banking, mortgage banking, real estate financing and corporate and commercial law. The Servicer plans to conduct annual self-assessments and to further scrutinise the performance of retiring directors that are up for re-election through the Establishment and Corporate Governance Committee. The Board is yet to complete a calendar year since constitution and thus the first self-assessment is yet to be conducted. In addition, self-assessments lack independence and may not be the best solution as the Board becomes more established.

Business Structure

Figure 1: Citihomes' Organisational Structure



Citihomes is structured along two core functions: Business Development & Operations and Credit & Loan Operations. The two core functions are supported by eight group shared-services units: Risk Management, Internal Audit, Compliance, Internal Control, Financial Control, Legal, Information Technology and Human Capital. The Heads of the Business Development & Operations, Credit & Loan Operations, Internal Control,

Financial Control, Legal, Information Technology and Human Capital units report to the Managing Director. The heads of the Risk Management, Internal Audit and Compliance units report to the Board with a dotted reporting line to the Managing Director.

Staffing and Training

Mr Gbenga Alamu joined Citihomes' in June 2020 in his present capacity as Managing Director. Mr Alamu has over 21 years of experience in accounting, audit, commercial banking, mortgage banking and real estate financing. Prior to joining Citihomes, he held senior management positions in financial institutions including FirstTrust Mortgage Bank (formerly TrustBond Mortgage Bank) and Homebase Mortgage Bank. Mr Alamu obtained an HND in Accountancy from the Yaba College of Technology in 1994 and an MBA from the Obafemi Awolowo University in 2012. In 1999, he became an Associate Member of the Institute of Chartered Accountants of Nigeria. Mr Alamu is supported by three senior management personnel – who are employed at the group level – with an average of 17 years of experience in the financial services industry but less than five years on average in the employment of the Servicer. In our view, Citihomes' leadership team has notable experience and expertise but is still relatively new, given the recent additions of the Managing Director and Group Head, Risk and Compliance.

Table 3: Management Staff

Staff Name	Function	Years of experience
Mr Gbenga Alamu	Managing Director	21 years
Mr Kennedy Ighodaro	Chief Financial Officer	27 years
Mr Ayoola Adesanya	Group Head, Risk and Compliance	13 years
Mr Nwabu Okonkwo	Senior Legal Counsel/Company Secretary	10 years

The Servicer has seven direct employees comprising the Managing Director, two middle-management staff and four junior staff. The group support functions – Risk Management, Compliance, Internal Control, Legal, Internal Audit, Financial Control, Information Technology and Human Capital – provide up to 10 additional staff to support servicing operations. Citihomes' direct staff strength has increased to seven in 2020 from two in 2019 as the volume of loans being serviced grew to 46 in total (valued at ₦1.6 billion) as at 31 December 2020 from 17 in total (valued at ₦267 million) at the end of 2019. The Servicer had a loan per servicing officer (LPSO) ratio of approximately 8:1 as at 31 December 2020. The LPSO ratio was better than our benchmark as the volume of loans serviced by Citihomes remains relatively small. As at 15 June 2021, the Servicer's LPSO remained the same, with staff strength and number of loans in the servicing portfolio unchanged at seven and 46 (valued at ₦1.6 billion) respectively.

Citihomes carries out training for staff at various levels using in-house and external resources. However, during 2020, due to the COVID pandemic, the Servicer like many other companies in Nigeria did not use external training sources and relied on in-house training instead. Under normal circumstances, Citihomes sends employees to seminars, conferences, workshops and courses in Nigeria and overseas. Staff are also encouraged to pursue relevant professional qualifications, with the Servicer refunding a substantial portion of the expenses on successful completion. Training needs are identified during initial induction and from on-going supervision, reviews and performance management with staff appraisals carried out annually. In our view, Citihomes has a satisfactory general training policy. However, a more specific policy outlining a structured curriculum for servicing staff will be required as the business continues to grow.

RISK MANAGEMENT

Citihomes' Board of Directors is responsible for establishing the Servicer's risk management framework and monitoring its effectiveness. The Board exercises oversight of the risk management framework through the Board Enterprise Risk and Credit Committee ("BERCC"). The BERCC's activities are supported by management committees including the Management Executive Committee and Management Credit & Investment Committee. The ownership of Citihomes' risk management framework rests with the Group Head, Risk Management & Compliance, who is responsible for its implementation and ensuring compliance with laws and regulations under the supervision of the Managing Director.

The Servicer's Enterprise Risk Management Framework document sets out the risk appetite and the risk management philosophy, strategy and governance structure. Citihomes' risk management framework employs three lines of defence with the Executive Management, Business Unit Heads and Process Owners occupying the first line. The second line of defence is provided by the Board Enterprise Risk and Credit Committee, the Group Head, Risk Management & Compliance, the Risk Management & Compliance unit and support functions such as the Legal and Human Resources units. The Board Audit Committee provides the third and final line of defence.

The daily identification, analysis, control and management of the risks of loan servicing operations are thus firstly the responsibility of the Servicer's Managing Director, Business Development & Operations unit and Credit & Loan Operations unit. The Risk Management & Compliance team reviews Citihomes' exposure to credit, market and operational risk regularly with findings reported to the Servicer's Chairman/Group CEO monthly and the Board quarterly. The Group Head, Risk Management & Compliance has over 13 years of experience in risk management, compliance and internal control working in financial services in Nigeria. The Internal Audit team carries out annual audits of Citihomes and reports to the Board.

In our opinion, the Servicer's risk management structure is suitable for current business risks.

Loan Administration

Citihomes currently only services self-originated loans. The Servicer provides consumer loans to salaried individuals that work for reputable organisations and corporate loans to businesses to finance transactions such as Local Purchase Orders (LPOs), Invoice Discounting and Receivables Collection. As at 31 December 2020, 9% (or four) of Citihomes' serviced loans were corporate loans which accounted for 95% of the value of the servicing portfolio. Thus, as at the same date, 91% (or 42) of the serviced loans were consumer loans, which accounted for 5% of the value of the servicing portfolio.

The loan administration process is outlined in the Servicer's Credit Policy and Enterprise Risk Management Framework documents, which were approved by the Board of Directors. As Citihomes currently only services self-originated loans, the loan administration process is interwoven with the loan origination process and is thus the joint responsibility of the Business Development & Operations and Credit & Loan Operations teams with oversight from the Risk Management & Compliance team.

Loan origination commences with the Business Development & Operations team, who are tasked with asset creation and submitting loan requests. The Credit & Loan Operations team subsequently reviews the

loan requests, evaluating the credit and making a recommendation while setting conditions precedent and subsequent to drawdown. For consumer loans to salaried individuals, the credit evaluation includes a credit rating based on factors such as monthly net income, industry of employment, collateral, total debt service and equity contribution. While there is no formal credit rating model for corporate loans to businesses, the credit evaluation is based on an assessment of factors such as industry overview, company performance, transaction dynamics and the quality of the ultimate transaction counterparty. The evaluation of the credit is documented in a Credit Approval Memo (CAM), which goes through a second-level review, confirmation and verification by the Group Risk Management & Compliance team before approval by the Servicer's Managing Director and Chairman/Group Managing Director.

Following approval of a loan, the borrower is onboarded to CitiHomes' core banking software – FinTrak – by the Business Development & Operations team ahead of disbursement. The Business Development & Operations team confirms and uploads the customer's details to the application while verifying that conditions precedent to drawdown such as any security documentation, two satisfactory credit bureau checks and an executed Global Standing Instruction (GSI) mandate have been met. The disbursement memo, confirming against a checklist that all approvals have been received and all terms and conditions have been met, is reviewed by the Risk Management & Compliance team before final approval by executive management.

Following loan disbursement, the Credit & Loans Operations team ensures all conditions subsequent to drawdown such as purchase of credit life insurance and provision of additional documents are completed. All loan documents including the CAM, disbursement memo and supporting documentation are stored physically in fire-proof filing cabinets on the Servicer's premises and electronically on cloud storage drives. Collateral documents are also stored securely in a fire-proof safe on CitiHomes' premises with access rights overseen by the Risk Management & Compliance and Legal teams.

We consider the credit administration process to be satisfactory for the scale of the Servicer's operations. However, a greater segregation of duties will be required as CitiHomes' servicing portfolio grows, with the two major multifunction units slit up into more dedicated departments.

COLLECTIONS

CitiHomes' Credit & Loan Operations team is primarily responsible for daily loan monitoring and ensuring timely collection of interest and principal from borrowers. As the Servicer currently only services self-originated assets comprising consumer loans to salaried individuals and loans to corporate entities to finance transactions, the cash flows from the ultimate sources of repayment are tightly integrated with the collection process. Direct debit mandates are set up on the salary (bank) accounts of individual borrowers for monthly deductions to meet repayment obligations while Global Standing Instruction (GSI) mandates are also set up to recover past due obligations from any other funded bank account of the borrower. For loans to corporate borrowers, the terms generally include the domiciliation of payments from the ultimate counterparty in the (LPO, Invoice Discounting or Receivables Collection) transaction with CitiHomes. Credit enhancements such as guarantees and collateral (cash, securities, properties or other transaction assets) are also generally required for loans to corporate entities.

The Credit & Loan Operations team reviews the loan portfolio daily to ensure borrowers are current on their obligations. The daily monitoring is supported by the Servicer's core banking application – FinTrak – which has the functionality to generate reports on the performance of the loans in the servicing portfolio. The Credit & Loan Operations team also stays abreast of macroeconomic developments and issues in the industries in which obligors operate for early identification of events that may lead to a deterioration in the credit quality on loans. The Credit & Loan Operations team, thus, conducts ongoing reviews of the servicing portfolio to see what impact stress in the economic environment will have on the performance of the obligors. However, we note that because of the relatively small number of loans in the portfolio, there is no explicit timetable for stress testing the servicing portfolio. Instead, stress testing is carried out on an ad hoc basis as part of portfolio monitoring activities.

The Risk Management & Compliance team also conducts weekly independent reviews of the performance of the servicing portfolio. The Risk Management & Compliance team notifies the Business Development & Operations and Credit & Loans Operations teams and the Managing Director of Citihomes of any issues or delinquencies discovered. The Risk Management & Compliance team also reports on the performance of the servicing portfolio to the Servicer's Chairman/Group CEO monthly and Board quarterly. Given the measured growth in Citihomes' portfolio since conversion to a finance company and the relatively strict lending criteria and collection process, the Servicer has not recorded any non-performing loans. We note, however, that Citihomes has some documented guidelines for remedial management and recovery of past due obligations, which have largely not been put into practice. The remedial management and recovery guidelines include provisions for restructuring, transfer to debt recovery and sale of collateral.

Overall, we consider the Servicer's collection process to be adequate for current servicing operations. However, more robust structures and systems will be required if the number of loans in the servicing portfolio grows to a level that will make it impractical to have intimate knowledge of each borrower. We, however, note that as of 22 April 2021, Citihomes has begun to focus exclusively on corporate loans to finance transactions such as LPOs, Invoice Discounting or Receivables Collection in different sectors and no longer originates retail loans. This new strategy means that the Servicer's portfolio is unlikely to grow significantly in terms of loan numbers, with the servicing of retail loans expected to end in the near term as individual borrowers pay down existing obligations.

OPERATIONAL PROCESSES & SYSTEMS

The FinTrak Software is employed as Citihomes' core enterprise application. FinTrak Software has the functionality to support recording and processing of servicing transactions, management of information and portfolio monitoring and reporting. Citihomes also uses the MS Office suite of applications including MS Word for the preparation of Credit Approval Memos (CAM) and MS Excel for analysing the performance of the servicing portfolio. Borrowers are onboarded to the FinTrak Software at the point of disbursement, with an officer inputting the information and the Head of the Business Development & Operations unit authorising the uploaded information to ensure adequate segregation of duties. The Servicer's operations are guided by documented policies including the Enterprise Risk Management Framework and Credit Policy and standard operating procedures including Customer Profiling, Credit Risk Management and Approved Loan Request.

In our view, CitiHomes' operational processes and systems are adequate for current business activities. However, we believe the Servicer would benefit from greater automation of processes as the number and complexity of loans in the servicing portfolio increase.

Information Management

CitiHomes operates from one location situated in Lagos, with an IT infrastructure that facilitates work from any location with an internet connection. The Servicer's core banking application – FinTrak Software – is hosted in the cloud using Microsoft's Azure platform. CitiHomes deploys Sophos as the firewall solution to protect against threats of cyber-attacks and malware. The Servicer has a computer to servicing staff ratio of one to one. CitiHomes has a primary server in the cloud in one part of the world and a disaster recovery server in the cloud in another part of the world, both hosted on the Microsoft Azure platform. The Servicer's database is backed up daily before the end of the day and imported to the disaster recovery server, which is live. CitiHomes keeps all data on the servers indefinitely subject to the availability and existence of the technologies used.

We believe the IT infrastructure at the Servicer is adequate with frequent data backup and established disaster recovery provisions. Notwithstanding, we believe that using different cloud service providers for the primary and disaster recovery servers would reduce the risk of disruption in the unlikely event that there is a major technical, security or even political challenge with one provider.

SERVICER RATING: METHODOLOGY & DEFINITIONS

An Agosto & Co **SERVICER** rating is based largely on qualitative factors. The factors considered before arriving at a rating for each institution falls under the following criteria.

- Business Structure
- Quality of Staff, Ownership & Management
- Quality of Operational Systems
- Risk Management

Rating Methodology

To arrive at a rating, the Servicer is scored in terms of:

- Competence and expertise of management and non-management staff
- Ability to service financial assets
- The functionality of the operating systems; and
- The robustness of the risk management processes and monitoring compliance.

The category scores are weighted according to our view of their importance in capturing a Servicer's ability to carry out loan administration, investor reporting, general administration and risk management functions. The final rating is derived from the weighted score of a servicer.

RATING DEFINITIONS

SR 1	A Servicer with an IMPECCABLE CAPACITY to service loans. The Servicer demonstrates strong ability to carry out servicer functions. The risk management framework and practice are very good and supports the effective monitoring and controlling of risks.
SR 2	A Servicer with STRONG CAPACITY to service loans. The Servicer demonstrates high ability to carry out servicer functions. The risk management framework and practice are good and supports the effective monitoring and controlling.
SR 3	A Servicer with ADEQUATE CAPACITY to service loans. The Servicer demonstrates proficiency in overall servicing ability. The risk management framework and practice is satisfactory for the scale of operations.
SR 4	Servicer's ability to service loans is INADEQUATE but obligations are still being met as and when they fall due. The risk management framework and practice is inadequate for general servicing operations and reflects low quality of procedures and controls.
SR 5	A Servicer with POOR CAPACITY or no proficiency in servicing loans. Obligations are not met when fall due. Servicer's poor ability is largely due to multiple significant flaws. The Servicer has major deficiencies in servicing operations.



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