



# CARDINALSTONE GROUP



## DataPro Limited

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September, 2021

# CARDINALSTONE GROUP

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## CORPORATE RATING REPORT

### References

Abiodun Adeseyoju, FCA.  
Abimbola Adeseyoju  
Oladele Adeoye

### EVALUATION VALID TILL: September, 2022

DataPro Rating:	A
Short term Rating:	A2
Previous Rating:	A <sup>-</sup>
Rating Outlook:	Stable
Trend:	UP
Currency:	Naira

### EXECUTIVE SUMMARY

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Gross Earning	7,556,508	4,297,373	3,057,481	2,865,016	1,883,246
Profit before Tax	3,272,066	1,293,998	613,715	1,023,139	380,503
Total Asset	38,349,296	26,732,292	21,165,138	17,402,892	13,054,470
Equity	5,855,681	4,322,567	1,669,581	2,036,815	1,365,914
Total Liabilities	32,493,615	22,409,725	19,495,557	15,366,077	11,688,556
Property, Plant & Eqpt.	672,478	569,218	407,633	155,039	154,933
Liabilities to Clients	18,779,818	16,143,549	13,524,624	9,387,113	6,291,745

### RATING EXPLANATION

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

The Long-Term Rating of **A** indicates **Low Risk**. It shows very good Financial Strength, Operating Performance and Business Profile when compared to the standard established by **DataPro**. This Group, in our opinion, has the ability to meet its ongoing obligations.

*This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.*

DataPro @ 2021

#### SUMMARY

- Rating:

**A**

- Report Type:  
Corporate Rating

- Client:  
CardinalStone  
Group

- Date Compiled  
30-Sep-2021

## RATING SYNOPSIS

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

The qualitative information used was based on industry and market intelligence including public information.

The quantitative information was obtained from the Group's audited and management accounts.

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

Overall, the following were observed:

### Strengths:

- Experienced Management Team
- Diversified Earning Profile
- Very Good Asset Quality
- Good Liquidity

### Weakness:

- Low Investment Return

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## BACKGROUND

**CardinalStone Partners Limited** and its subsidiaries ("**the Group**") are into the provision of **Investment Banking, Financial Advisory and Asset Management Services**.

The Parent company within the Group was incorporated and began operation in April 2008. The Group through its Subsidiaries is licensed by the **Securities & Exchange Commission ("SEC")** in Nigeria to carry on business as an **Issuing House, Fund Manager, Broker/Dealer** and Registrar. The Consumer Finance arm of the Group is also licensed by the **Central Bank of Nigeria**.

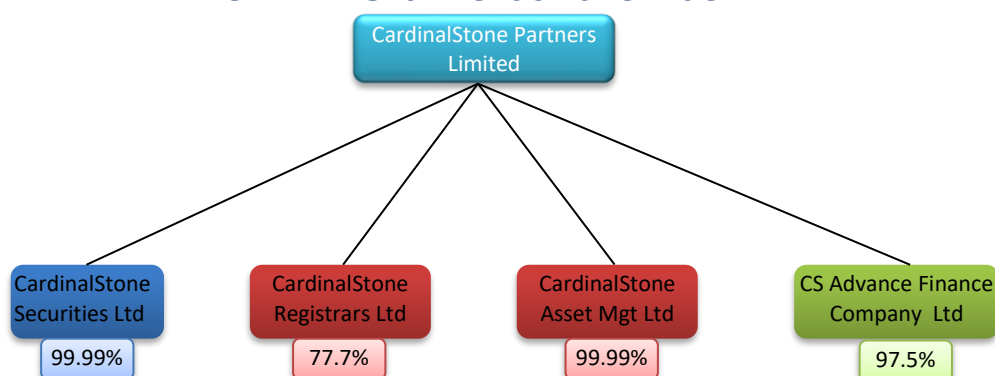
The details of the companies operating under Group are as follows:

### CARDINALSTONE GROUP

NO	COMPANY NAME	RELATIONSHIP	LINE OF BUSINESS
1	CardinalStone Partners Limited	Parent	<ul style="list-style-type: none"> <li>Investment Banking</li> <li>Financial Advisory</li> </ul>
2	CardinalStone Registrars Limited	Subsidiary	<ul style="list-style-type: none"> <li>Securities Registration</li> <li>Data administration</li> <li>Probate service provider</li> </ul>
3	CardinalStone Trustees	Subsidiary	<ul style="list-style-type: none"> <li>Trustees Service</li> </ul>
3	CardinalStone Securities Limited	Subsidiary	<ul style="list-style-type: none"> <li>Securities Trading</li> </ul>
4	CS Advance Finance Company Limited	Subsidiary	<ul style="list-style-type: none"> <li>Consumer Finance</li> </ul>
5	CardinalStone Asset Management Limited	Subsidiary	<ul style="list-style-type: none"> <li>Asset Management</li> </ul>
6	CardinalStone Financing SPV PLC	Subsidiary	<ul style="list-style-type: none"> <li>Financing</li> </ul>

The details of the group holding structure is as provided.

### CARDINALSTONE GROUP ORGANOGRAM



**Source:** CardinalStone Partners

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The Group raised a sum of ~~N5b~~ **Series 1 Bond** of 5years tenure at the cost of 7% under its ~~N10b~~ Issuance Programme. This Fund provided the needed short-term financing and enhanced Working Capital required by the Group in the year 2020.

Therefore, the Group's Gross Earning went up significantly by 75% from ~~N4.3b~~ (Yr. 19) to ~~N7.6b~~ (Yr. 20). This was further boosted by over ~~N2b~~ rise in Trading Income during the year under review. Consequently, the Group profitability became stronger in the year 2020.

## SUMMARY

The summary of the Group financial is as presented:

### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	7,556,508	3,272,066	38,349,298	5,855,681	32,493,615	672,478
2019	4,297,373	1,293,998	26,732,292	4,322,567	22,409,725	569,218
2018	3,057,481	613,715	21,165,138	1,669,581	19,495,557	407,633
2017	2,865,016	1,023,139	17,402,892	2,036,815	15,366,077	155,039
2016	1,883,246	380,503	13,054,470	1,365,914	11,688,556	154,933
2015	2,393,576	429,507	14,024,440	1,395,170	12,629,270	206,297

Source: CardinalStone Partners

## THE PARENT COMPANY

The Parent Company within the group is **CardinalStone Partners Limited ("The Company")**. The Company was incorporated on the 3<sup>rd</sup> of April, 2008. The operation of the Company is registered and regulated by the **Securities & Exchange Commission (SEC)**.

The company's Shareholders comprise of individuals and corporate bodies. The most significant Shareholder as at the year-end 2019 was **CardinalStone Limited** with a shareholding of 40.72%. Other significant Shareholders, holding 5% or more of the Company's shares are: **Bridgehampton Integrated Services Limited, Ifewona Investments Limited, Fola Adeola and Chizzy Nigeria Limited**.

The details of the shareholding are as presented.

#### • Rating:

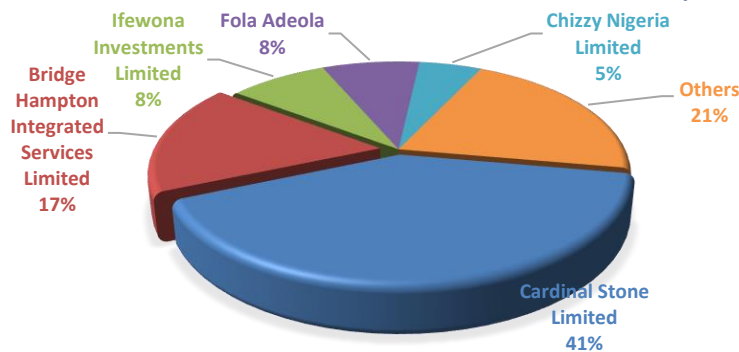
**A**

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### ANALYSIS OF SHAREHOLDING STRUCTURE (2020)



Source: CardinalStone Partners

## SUMMARY

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### Directors' Profile

The following served as directors during the year under review; *Fola Adeola - Chairman, Michael Nzewi - Managing Director/CEO, Mohammed Garuba, Femi Ogunjimi, Yomi Jemibewon, Asue Ighodalo, Mairo Bashir and Callistus Nweke.*

The Directors' profiles are as follows:

- Name:** Fola Adeola

**Position:** Chairman

**Education/Professional Qualification:**

  - Yaba College of Technology
  - Harvard Business School
  - INSEAD
  - International Institute for Management Development

**Current/Previous Appointments:**

  - Guaranty Trust Bank Plc
  - Pension Reform Committee
  - National Pension Commission
  - Transnational Corporation of Nigeria Plc
  - MainOne Cable Company
  - Allianz Insurance Plc
  - Lotus Capital
- Name:** Michael Nzewi

**Position:** Managing Director/CEO

**Education/Professional Qualification:**

  - B. Sc - University of Benin

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**Current/Previous Appointments:**

- MBA - Said Business School, Oxford University, UK
- Institute of Chartered Accountant of Nigeria
- Standard Chartered Bank, London
- Vetiva Capital Management Limited
- Access Bank Plc
- Stanbic IBTC Bank Plc
- PriceWaterhouseCoopers (PWC)

**3. Name:** Mohammed Garuba  
**Position:** Executive Director  
**Education/Professional Qualification:**

- B. Sc.- University of Lagos
- MBA - London Business School
- Institute of Chartered Accountant of Nigeria
- Fellow of the Chartered Institute of Stockbrokers

**Current/Previous Appointments:**

- Intercellular Nigeria Ltd
- StanbicIBTC Bank Plc
- Zenith Securities Ltd
- Renaissance Capital

**4. Name:** Femi Ogunjimi  
**Position:** Non-Executive Director  
**Education/Professional Qualification:**

- B. Sc.- University of Lagos
- MBA - University of Pennsylvania
- Institute of Chartered Accountants of Nigeria

**Current/Previous Appointments:**

- PricewaterhouseCoopers
- Goldman Sachs, New York

**5. Name:** Yomi Jemibewon  
**Position:** Non-Executive Director  
**Education/Professional Qualification:**

- B Sc. - Virginia Tech
- M Sc. - Virginia Tech

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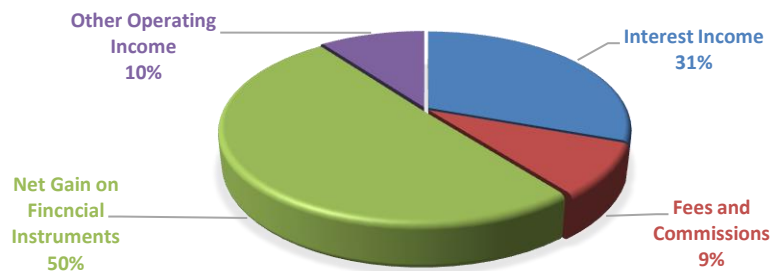
<b>Current/Previous Appointments:</b>	<ul style="list-style-type: none"> <li>•MBA - University of Pennsylvania</li> <li>•Bain and Company</li> <li>•Avante Capital</li> </ul>
<b>6. Name:</b>	Asue Ighodalo
<b>Position:</b>	Non-Executive Director
<b>Education/Professional Qualification:</b>	<ul style="list-style-type: none"> <li>•B Sc - University of Ibadan</li> <li>• LLB - London School of Economics &amp; Political Science</li> <li>•BL - Nigeria Law School</li> </ul>
<b>Current/Previous Appointments:</b>	<ul style="list-style-type: none"> <li>•Banwo &amp; Ighodalo</li> <li>•Sterling Bank Plc</li> <li>•Nigeria Sovereign Investment Authority</li> <li>• Dangote Flour Mills Plc</li> <li>• Allianz Insurance</li> </ul>
<b>7. Name:</b>	Mairo Bashir
<b>Position:</b>	Non-Executive Director
<b>Education/Professional Qualification:</b>	<ul style="list-style-type: none"> <li>•B. Sc - Ahmadu Bello University</li> <li>• MBA - University of Jos</li> </ul>
<b>Current/Previous Appointments:</b>	<ul style="list-style-type: none"> <li>•International Merchant Bank</li> <li>•United Bank for Africa Plc</li> <li>•CreditCorp Limited</li> </ul>
<b>8. Name:</b>	Callistus Nweke
<b>Position:</b>	Non-Executive Director
<b>Education/Professional Qualification:</b>	<ul style="list-style-type: none"> <li>•B. Sc - Loughborough University of Technology (now Loughborough University)</li> </ul>
<b>Current/Previous Appointments:</b>	<ul style="list-style-type: none"> <li>•Chizzy Nigeria Limited</li> <li>•Mobil Producing Nigeria Unlimited</li> <li>•International Paints West Africa Limited</li> </ul>



## • EARNING PROFILE

The Company earned Income primarily from Interest, Fees and Commissions. Interest Income was the major source of Earnings during the years 2019 and 2020.

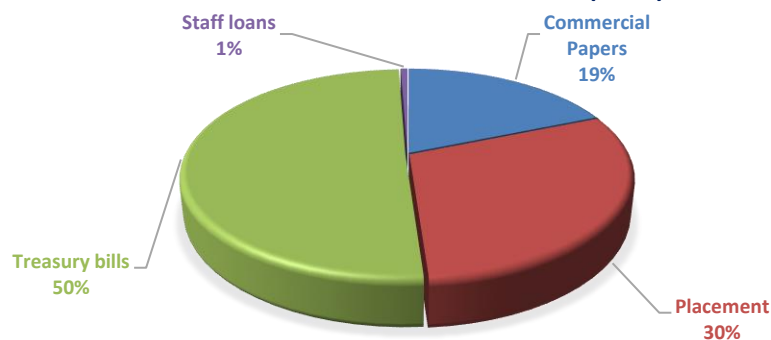
**ANALYSIS OF INCOME FOR THE (2020)**



**Source:** CardinalStone Partners

The sources of Interest Income were; Commercial Papers, Placements with Financial Institutions, Loans and Advances to Customers, Trading on Treasury Bills and Staff Loans. Treasury bills accounted for about 50% of the total Interest Income for the year ended 2020.

**DISTRIBUTION OF INTEREST INCOME (2020)**



**Source:** CardinalStone Partners

Interest Income increased by 14% from ₦1.3b (Yr. 19) to ₦1.5b (Yr. 20). However, the growth in Cost of Fund at 44% impaired the Net Interest Margin of the Company. Consequently, Net Interest Income declined by 59% from ₦417m (Yr. 19) to ₦174m (Yr. 20).

Fees and Commission Income contributed 9% to Total Income. It recorded an increase of 28% compared with the previous year. This was largely due to the rise in Financial Advisory and Management Fee. On the whole, Fees and Commissions Income went up from ₦348m (Yr. 19) to ₦445m (Yr. 20). There was no Commission and Brokerage Expenses recorded for the year 2020.

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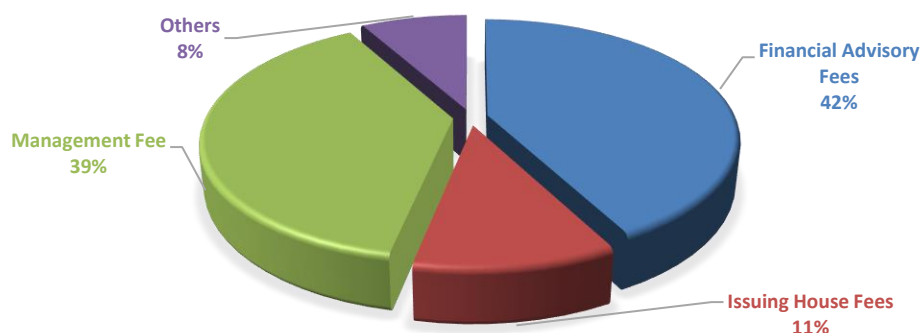
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### DISTRIBUTION OF FEES AND COMMISSIONS (2020)

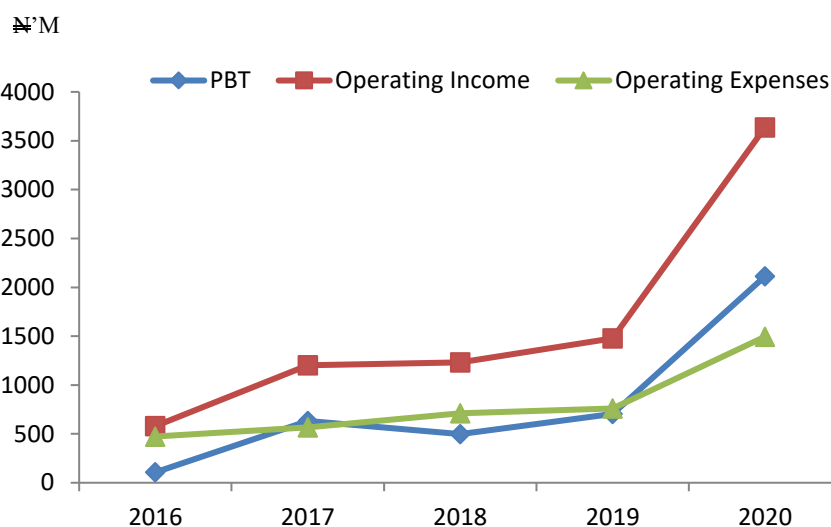


Source: CardinalStone Partners

## SUMMARY

The Company also made significant gains on the trading of its Equity Securities. Income derived from this segment rose by over 400% from N495m (Yr. 19) to N2.5b (Yr. 20). Dividend Income was also significant during the year rising from N127m (Yr. 19) to N446m (Yr. 20).

### PROFITABILITY



Source: CardinalStone Partners

Operating Expenses for the year 2020 was N1.4b as against N758.7m in 2019. This comprises mainly of Employee Expenses, Depreciation and Amortization, Impairment and Other Operating Expenses. The distribution of the Company's expenses is as presented:

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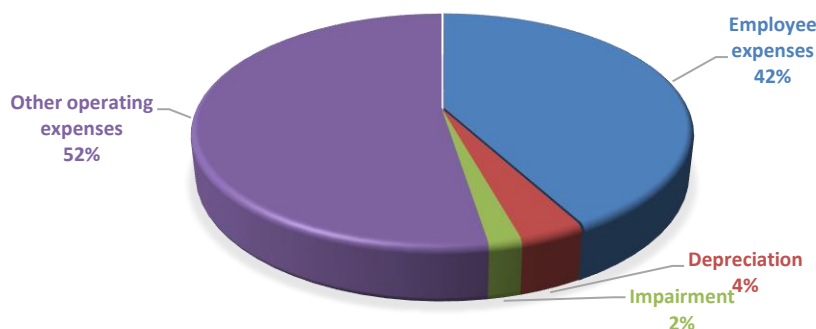
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### BREAKDOWN OF OPERATING EXPENSES (2020)



**Source:** CardinalStone Partners

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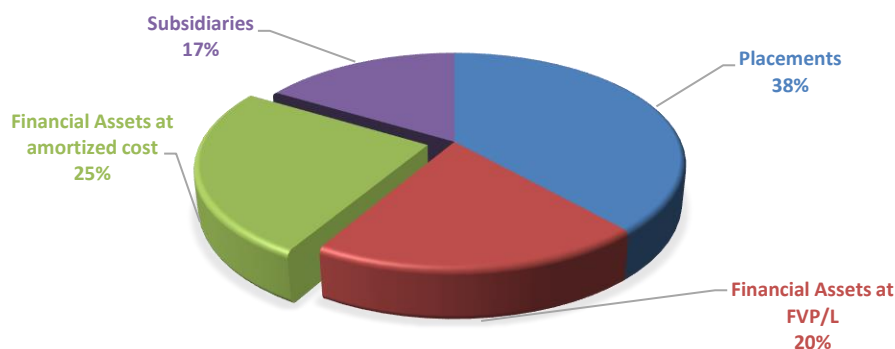
30-Sep-2021

Operating Income grew by 146% from ₦1.5b (Yr. 19) to ₦3.6b (Yr. 20). This is against the 97% increase in Operating Expenses. Therefore, Cost to Income ratio declined from 51% (Yr. 19) to 41% (Yr.20). Consequently, Pre-Tax Profit went up from ₦704.5m (Yr. 19) to ₦2.1b (Yr. 20). The Net Profit Margin was better at 42% (Yr.20) compared with 29% (Yr.19). All other profitability indices also increased during the year under review.

### • INVESTMENTS

The components of the Company's Investments include Placements, Financial Assets at Fair Value through Profit or Loss, Financial Assets at Amortized Cost and Subsidiaries. The Total Investments' value was ₦17.7b (Yr.20) as against ₦19.0b (Yr.19). The Company's Investments comprised 68% (Yr.20) of Total Assets as against 80% (Yr.19). Placements with banks contributed the largest chunk of the Company's Investments in the year 2020

### ANALYSIS OF INVESTMENTS (2020)



**Source:** CardinalStone Partners

Financial Assets at Fair Value through Profit or Loss comprised of Treasury bills and Equities. Total amount invested in these

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Instruments was ~~N~~3.6b (Yr.20). This is a marginal growth of 4% compared with the previous year.

Financial Assets at Amortized Cost dipped from ~~N~~8.7b (Yr.19) to ~~N~~4.5b (Yr.20). This class of investments comprised of Commercial Papers and Bonds. However, Commercial Papers accounted for 84% of the total amount in this segment.

The Company also invested in Structured Investment Plans totaling ~~N~~6.3m and ~~N~~6.5m in the year 2019 and 2020 respectively. Aggregate investment in Subsidiaries and Associates was ~~N~~3.1b (Yr.20) and ~~N~~3.0b (Yr.19).

Total Investment Returns for the year 2020 was ~~N~~1.5b. This is a growth of 15% compared with the Returns achieved in the year 2019. Absolute Return on Investments for the company was 8% (Yr.20) as against 7% (Yr.19).

- **LIQUIDITY**

Liquid Assets represented by Cash and Cash Equivalents, Financial Assets at fair value through Profit or Loss and Amortized Cost amounted to ~~N~~21.2b (Yr.20) and ~~N~~16.7b (Yr.19).

The company maintained very Liquid Assets during the period under review. Liquid Assets as a proportion of Total Assets was 82% (Yr.20) as against 74% (Yr.19)

Total Liabilities as at the year-end 2020 was ~~N~~21.2b (Yr.20). This is an increase of 15% over the ~~N~~18.4b balance for the year 2019. The company's Liabilities are mostly concentrated on Clients. Dues to Clients arising from investments in Fixed Income Notes of the Company accounted for 95% of total liabilities for the year 2020.

The current element of Liabilities to Clients was ~~N~~3b (Yr.20). This translated to 21% of the Total Liabilities to clients.

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### LIQUIDITY GAP ANALYSIS

Item	₦'000
Liquid Assets	21,169,941
Current Client Liabilities	(3,179,205)
Net after Current Client Liabilities	17,990,736
Other Current Liabilities	(505,467)
Net After Other Current Liabilities	17,485,269
Non-Current Client Liabilities	(12,052,172)
Net Liquid Assets	5,433,097

Source: CardinalStone Partners

The company recorded a negative cash balance from its operation in the year 2020. Liquid Assets as a proportion of Total Liabilities was 89% (Yr.19) and 100% (Yr. 20). However, the Liquid Assets were more than adequate for the company's most current Client obligations.

- CAPITAL ADEQUACY**

Total Assets of the company grew by 15% from ₦22.5b (Yr.19) to ₦26b (Yr.20). The expansion of Total Assets was due to significant growth in Cash and Bank Balances, Placements with Financial Institutions and Cash Balances with Brokers. It rose from ₦4.6b (Yr.19) to ₦13b (Yr.20). The composition of the company's Total Assets is as presented.

### COMPOSITION OF TOTAL ASSETS

	2020 ₦000	%	2019 ₦000	%
Cash & balances with banks and brokers	13,146,530	51%	4,590,608	20%
Financial assets at fair value through Profit or loss	3,573,347	14%	3,423,076	15%
Financial assets at amortized cost	4,450,064	17%	8,662,969	39%
Financial assets at fair value through OCI	6,469	0%	32,571	0%
Other receivables and prepayments	1,499,909	6%	2,580,940	12%
Investment in subsidiaries	2,909,637	11%	2,808,637	13%
Investment in Associates	250,000	1%	250,000	1%
Right of use Assets	6,120	0%	25,127	0%
Property and Equipment	69,675	0%	84,236	0%
Intangible Assets	7,151	0%	10,996	0%
Total Assets	25,918,902	100%	22,469,160	100%

Source: CardinalStone Partners



The company issued no additional shares during the year under review. However, Profit retention boosted Retained Earnings from ~~N~~622m (Yr.19) to ~~N~~1.2b (Yr.20). Consequently, Equity grew from ~~N~~4.1b (Yr.19) to ~~N~~4.7b (Yr.20) representing a growth of 15%.

Due to similar growth pattern in both Assets and Equity, funding structure of the Company remained same in the year 2020 and 2019. Equity funding of Total Assets remained same at 18% in the year 2020 as 2019.

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### CS ADVANCE FINANCE COMPANY LIMITED

*CS Advance Finance Company Limited* was incorporated on the 29th March, 2016. The Company was licensed as a Finance House in July 1, 2020 by the **Central Bank of Nigeria (CBN)**. It provides Short-Term Loans and Advances to Individuals in paid employment and business owners.

The Company's Equity was ~~N~~361.4m (Yr.20). The summary of the company' operation as at the year-end 2020 is as presented.

#### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	1,058,108	160,966	1,565,552	361,409	1,204,143	31,674
2019	1,109,629	121,681	2,136,425	102,949	2,033,476	53,613
2018	175,612	50,087	382,575	(1,842)	384,417	9,126
2017	132,113	6,283	364,685	50,444	415,129	5,735

Source: CS Advance Finance Company Limited

### CARDINALSTONE REGISTRARS LIMITED

*CardinalStone Registrars Limited* was incorporated as *City Securities (Registrars) Limited* on 30th April, 2002 and commenced operations in 2006. The Company's name was changed from *City Securities (Registrars) Limited* to *CardinalStone Registrars Limited* on 10th November, 2014.

The Company is licensed by the **Securities & Exchange Commission** to carry on the business of Share Registration Services. The highlight of the company's financial performance is as presented.

### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	1,412,648	951,283	6,796,676	2,180,536	4,616,140	549,046
2019	858,767	472,302	5,518,990	1,660,970	3,858,021	407,103
2018	1,031,591	650,977	5,285,088	1,366,864	3,918,224	265,879
2017	981,218	579,371	6,576,966	1,586,296	4,990,670	29,489
2016	1,033,356	649,650	6,425,371	1,358,468	5,066,903	44,001
2015	962,885	459,562	6,193,559	1,264,433	4,929,126	2,880

Source: Cardinal Stone Registrar Limited

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## CARDINALSTONE SECURITIES LIMITED

*CardinalStone Securities Limited* was incorporated on 4th April, 2008 as *Plural Securities Ltd* and commenced operations in September 2009. The Company changed its name from *Plural Securities Limited* to *CardinalStone Securities Limited* after its acquisition by the Group in 2009. It is licensed by both the *Securities & Exchange Commission (SEC)* and the *Nigerian Exchange Limited (NGX)* as a Broker Dealer and a registered dealing member of the Market. Its primary activities include provision of Securities Trading, Wide Variety Investment, Financial Related Products and services in Nigeria Capital Markets to private individuals, corporate entities and institutional clients.

The highlight of the company's financial performance is as presented.

### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	601,370	297,050	5,341,956	919,709	4,422,247	10,313
2019	316,859	77,084	1,964,425	657,371	1,307,054	13,272
2018	225,134	14,625	2,304,999	582,388	1,722,611	15,794
2017	178,779	9,660	1,074,311	572,055	502,256	17,975
2016	128,010	2,849	769,431	568,192	201,239	4,741
2015	113,143	2,711	2,095,814	566,934	1,528,880	4,328

Source: CardinalStone Securities Limited

## CARDINALSTONE FINANCING SPV PLC

*CardinalStone Financing SPV PLC* commenced operations in 2020. The primary activity of the company is to raise and borrow money for the

Group through The Issuance of Bonds, Debentures, Debenture Stocks and Other Securities or Perpetual Annuities.

The highlight of the company's financial performance is as presented.

#### KEY FINANCIAL INDICATORS

Item Year	Total Asset N'000	Equity N'000	Total Liabilities N'000
2019	5,001,750	1,000	5,000,750

Source: CardinalStone Financing SPV PLC

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### • Date Compiled 30-Sep-2021

## CARDINALSTONE ASSET MANAGEMENT LIMITED

*CardinalStone Asset Management Limited* was incorporated on April 19, 2016 as an Asset Management Company. Its operation was by the *Securities & Exchange Commission* in December 20, 2019.

The authorized Share capital of the Company is 150,000,000 ordinary shares. The highlight of the company's financial performance is as presented.

#### KEY FINANCIAL INDICATORS

Item Year	Total Asset N'000	Equity N'000	Total Liabilities N'000	Property & Equipment N'000
2020	362,838	300,000	62,838	4,619

Source: CardinalStone Asset Management Limited

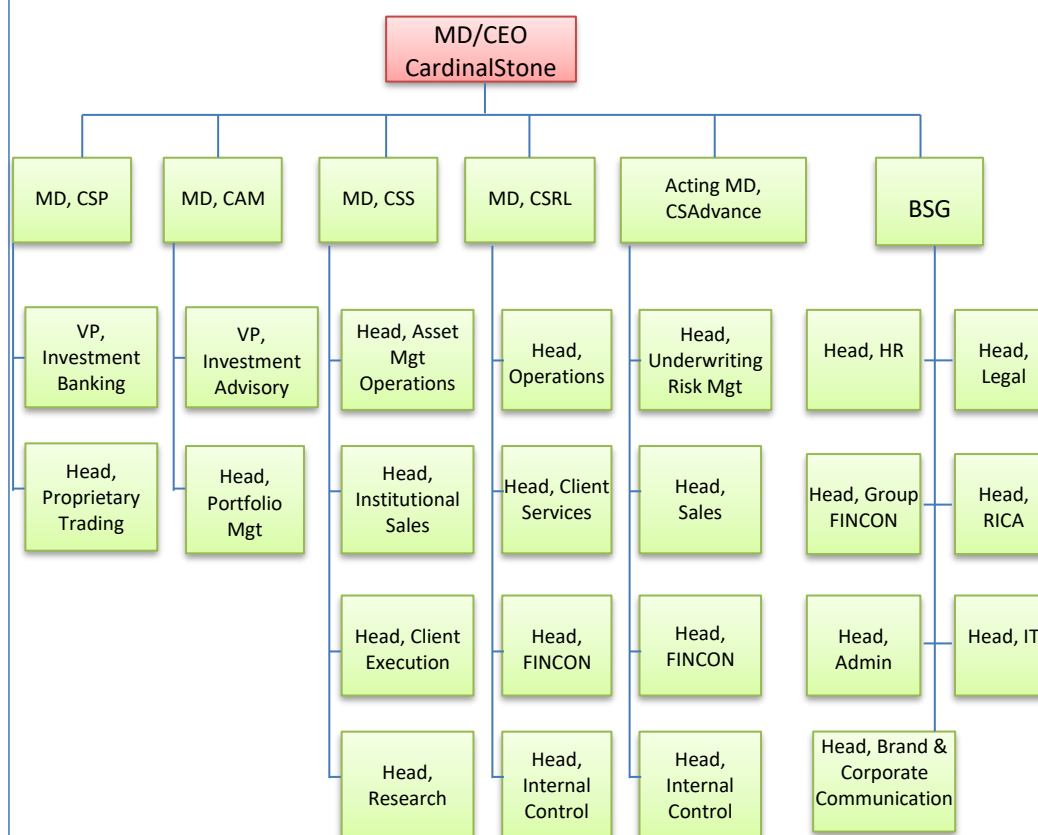
## CORPORATE GOVERNANCE & RISK MANAGEMENT

*CardinalStone Partners Limited* is governed by an eight-man Board of Directors, comprising four (4) Non-Executive Directors and two (2) Independent Directors. The oversight function of the Board is carried out by various Board Committees.

The Company recognizes that it has Market Risk, Credit Risk and Liquidity Risk. In line with details contained in its Annual Report and information provided, the Company has in place measures to deal with its various risks.

The reporting line of the company is presented below in its organogram.

### COMPANY ORGANOGRAM



### SUMMARY

#### • Rating:

**A**

#### • Report Type:

Corporate Rating

#### • Client:

CardinalStone Group

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Source: CardinalStone Partners

### RISK FACTORS

#### • Credit Risk

This is the risk arising from the inability of counterparties to honor their obligations as at when due.

Our review revealed that over 86% of the Group's Total Assets as at 31<sup>st</sup> December 2020 are concentrated in third parties. Therefore, the quality of these Assets is tied to the credit quality of these third parties.

#### • Investment Risk

This is risk of loss to income as a result of deterioration in the value of investment.

Our review revealed that the company current Investment in Quoted Equities is valued at ~~A~~3.5b (Yr. 20). Adverse movement in the value of these investments may impair the Shareholders Fund of the organization.

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- **Reputational Risk**

This is the risk that the company may be exposed to reputational damage of its brand which may lead to loss of business.

In the course of our review, there was no negative public information or adverse press report against the company or its Board of Directors.

- **Liquidity Risk**

This risk is the potential loss arising from the company's inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses.


Our review showed that the Liquid portion of the company's assets was 79% as at December 2020 and can provide coverage of 574% for its current liabilities.

## CONCLUSION

The Rating is supported by Experienced Management Team, Diversified Earning Profile, Good Asset Quality and Liquidity Profile.

Consequently, we assigned a Rating of **"A"**



**Signed:**   
**Name:** Oladele Adeoye  
**Designation:** Chief Rating Officer  
**Date:** 30th September, 2021  
 For and on behalf of:  
**DataPro Limited**  
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 Website: [www.datapronigeria.net](http://www.datapronigeria.net)

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## USER GUIDE

**DataPro's** credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our **short-term** ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA(f) through DD(f). Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long-term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

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### LONG-TERM RATING

#### Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk	(Superior) Assigned to companies which have superior financial strength, operating performances and profile when compared to the standards established by DataPro Limited. These companies, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	(Excellent) Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by DataPro Limited. These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	(Very Good) Assigned to companies which have very good financial strength, operating performance And profile when compared to the standards established by DataPro Limited. These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	(Fair) Assigned to companies which have fair financial strength, operating performance and profile when compared to the standards established by DataPro Limited. These companies, in our opinion, have an ability to meet their current obligations, but their

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### • Client: CardinalStone Group

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financial strength is vulnerable to adverse changes in economic conditions.

#### Non-Investment Grade

Indicator	Meaning
BB	Moderate Risk

B	High Risk
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CCC	Higher Risk
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DD	Highest Risk
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#### Explanation

*(Marginal)* Assigned to companies which have, marginal financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.

*(Weak)* Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by *DataPro Limited*. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.

*(Poor)* Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established *DataPro Limited*. These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

*(Very Poor)* Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

#### SHORT-TERM RATING

Indicator	Meaning
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A1+	Highest credit quality
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A1	Good credit quality
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#### Explanation

Indicates the strongest capacity for timely payment of financial commitments. May have an added "+" to denote any exceptionally strong credit feature.

A satisfactory capacity for timely payment of financial commitments, but the margin of

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		safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.
D		Indicates an entity that has defaulted on all its financial obligations.