



DataPro

CORPORATE RATING REPORT

INFINITY MICROFINANCE BANK LIMITED

Ground Floor, Foresight House
163-165 Broad Street,
By Marina Water Front
Lagos, Nigeria
☎ 234-802 220 5312, 8055303677
Email: info@datapronigeria.net
dataprong@gmail.com
Website: www.datapronigeria.com

October, 2022

INFINITY MICROFINANCE BANK LTD

Long-Term Rating:

BBB⁺

Short Term Rating: A2

Previous Rating: BBB

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 21 Oct., 2022

Valid Till: 20 Oct., 2023

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju.
Oladele Adeoye.

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Gross Earnings	915,715	705,723	709,881	585,234	523,685
Profit Before Tax	200,642	107,113	145,939	113,778	121,336
Shareholders' Funds	1,131,436	955,108	857,307	720,240	611,567
Deposit Liabs	970,822	896,822	781,310	642,860	505,600
Loans & Advances	2,114,742	1,842,207	1,403,000	1,126,356	874,297
Total Assets	3,122,710	2,639,214	1,850,614	1,570,713	1,269,190

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 **BBB⁺** indicates *Slight Risk*. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by **DataPro**. This Bank, 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 was 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:

Strengths:

- Good Liquidity
- Good Capitalization
- Good Asset Quality

Weaknesses:

- Concentration Risk
- High Loan to Deposit Ratio

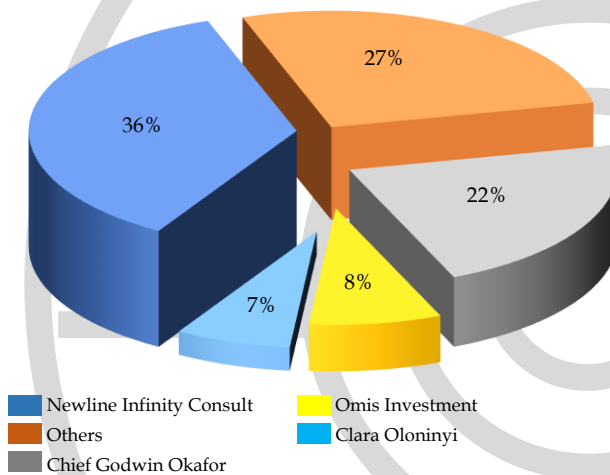
This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We 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.

BACKGROUND

Infinity Microfinance Bank Nigeria Limited ("The Bank") was incorporated as a Community Bank in March, 2005. However, it began in 2001 as an offshoot of **Infinity Community Savings**, an automated thrift system to drive Savings and Loans among grass-roots businessmen. It subsequently became licensed by the **Central Bank of Nigeria (CBN)** on 23 October 2007 to operate as a Microfinance Bank.

The Bank was eventually granted State License in principle in 2013 by the **CBN**. The principal activities of the Bank include: Consumer Financing, Deposit Mobilization, Leasing, Advisory Services, Micro, Small and Medium Enterprise (MSME) Financing, Micro Insurance & Health Insurance and Mobile Banking.

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Infinity MFB Ltd

Investment and Clara Oloninyi.

The Bank performs its activities from its Corporate Head Office located in **Kosofe Local Government Area (LGA) of Lagos** as well as through its 20 Branches all over the State. It employs over 200 staff and renders services to 150,000 customers as at 31st August, 2022.

The Bank is largely owned by **Newline Infinity Consult** which accounts for 35.5% of its total Shares. Other significant Shareholders are: **Chief Godwin Okafor, Omis**

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦'000	PBT ₦'000	Equity ₦'000	Deposit Liabs ₦'000	Loan & Advances ₦'000	Total Assets ₦'000
2021	915,715	200,642	1,131,436	970,822	2,114,742	3,122,710
2020	705,723	119,114	955,108	896,822	1,842,208	2,639,215
2019	709,881	159,690	857,307	781,310	1,403,000	1,850,615
2018	585,234	123,778	720,240	642,860	1,126,357	1,570,713
2017	523,685	133,337	611,567	505,600	874,298	1,269,191

Source: Infinity MFB Audited Accounts

The Bank's key financial indicators recorded various levels of increase during the year 2021. This was influenced by significant increase in customer base of the Bank. During the year 2021, the customer base grew to 161,873 (Yr.21). This led to enhancement in

Liabilities generation and Risk Assets creation by 19% and 18% respectively. Consequently, Gross Earnings and Profitability grew during the year 2021 by 30% and 73% respectively.

DIRECTORS' PROFILE

The following served on the Board during the year 2021; *Mr. Bimbo Josiah-Ajayi - Chairman; Gabriel Oludotun Adewunmi - Managing Director/CEO; Chief Godwin Okafor; Dr. Samson Amedu; Tope Oloniniyi; Olajide Oyedele Diya and Kehinde Olubi (Mrs.)*

The profile of the bank directors is as stated below:

- 1. Name:** Bimbo Josiah-Ajayi
Position: Chairman
Profession: Accountant
Experience (Years): 30 years
Education: •B.Sc - Obafemi Awolowo University, Ibadan
Experience: • Gateway Bank
• Threshold Konsult
• Prudent Bank
• Aminu Ibrahim & Co. Chartered Accountants

Year of Board Membership: 2020
- 2. Name:** Gabriel Oludotun Adewunmi
Position: Managing Director/CEO
Profession: Banker
Experience (Years): 30 years
Education: • HND (Accountancy) - The Polytechnic, Ibadan
• Chartered Institute of Finance and Control of Nigeria (CIFIC)
• Chartered Institute of Bankers of Nigeria (CIBN)
Experience: • Infinity Microfinance Bank
• Wema Assets Management
• Frontage Communications Limited
• Oluwale Wright & Co.

Year of Board Membership: 2020
- 3. Name:** Dr. Samson Amedu
Position: Director
Profession: Stockbroker, Investment Banker
Experience (Years): 30 years
Education: •Ahmadu Bello University
• University of Sterling

Board Membership: 2016

4. **Name:** Chief Godwin Okafor
Position: Director
Profession: Industrialist
Experience (Years): Over 35 years
Education: •O Level
Experience: •Winco Foam Industries
Board Membership: 2016

5. **Name:** Tope Oloniniyi
Position: Director
Profession: Financial Consultant
Experience (Years): 31 years
Education: •B.Sc- Ahmadu Bello University, Lagos
•MBF - University of Lagos
•Chartered Insurance Institute London
•Doctor of Business Administration Commonwealth University.
Experience: •Sterling Asset Management & Trustees Limited
•Goldlink Insurance Company
•Insurance Brokers of Nigeria
•MIP Financial Solutions
Board Membership: 2011

6. **Name:** Olajide Diya
Position: Director
Profession: Banker
Experience (Years): 24 years
Education: •B. Sc - University of Lagos
•MBA - University of Lagos
Experience: •PJD Investment Limited
Board Membership: 2016

7. **Name:** Kehinde Olubi (Mrs.)
Position: Independent Director
Profession: Banker
Experience (Years): 30 years
Education: •B. Sc - University of Lagos
•M. Sc.- University of Lagos
Experience: •Amag Nigeria Limited
•Intercontinental Bank Plc
Board Membership: 2019

BANKING SECTOR REVIEW

Nigeria is the leading economy in Africa. It has a population of over 200 million people. The Country's Gross Domestic Product (GDP) declined between Q4 2021 and Q1 2022 from 3.98% to 3.11%. However, The Q1 2022 growth rate was higher than the 0.51% growth rate recorded in Q1 2021 by 2.60% points. The Financial Sector of the Economy contributed 3.8% to the GDP. The Sector grew at a rate of 32.29% in Q1 2022 which was greater than the rate of Q1 2021 at 30.14%.

The Nigerian Banking industry plays a key role in the economic growth of the country and is therefore one of the most heavily regulated sectors in Nigeria. The Sector consists of 23 Commercial Banks, 6 Merchant Banks, 876 Microfinance Banks and 2 Specialized Banks licensed to provide Non-Interest Banking services to Corporate Entities and Individuals. The Banking sector has undergone two phases of Regulatory driven reforms generally in 2004 and 2009.

The Oil benchmark for the year 2023 budget is \$70 per barrel and 1.69 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$89.15 as at 18th of October, 2022 according to oilprice.com).

In an effort to attain soundness in the banking industry and manage liquidity effectively, the CBN introduced in 2006 a new framework for monetary policy implementation, using the short-term interest rate known as Monetary Policy Rate (MPR) as its benchmark. The MPR serves as an indicative rate for transactions in the Interbank Money Market as well as Money Market Rates.

In a bid to curtail inflation, the CBN increased the MPR from 14% to 15.5% in September. This could have the effect of increasing cost of borrowing and encourage borrowers to find alternative sources of finance.

The CBN has maintained its periodic interventions in the Foreign Exchange Market to boost liquidity and enhance access to Foreign Exchange, unbridled demand and ensure stable Exchange Rates. The CBN has been managing its Foreign Exchange Reserves tightly because of lower Oil receipts. Currently, the official Exchange Rate to the dollar as at 18 October, 2022 is ₦435 while the exchange rate at the parallel market stood at ₦742.

Currently, Inflation Rate as at the month of September 2022 is 20.77%. This is highest in 17years.

General improvements in the economy will largely support continuous growth in the Banking Sector. The critical success factor for the operators is the ability to creatively enhance service delivery in order to retain customer loyalty

CAPITAL ADEQUACY

Year	2021	2020	2019
Item	₦'000	₦'000	₦'000
Shareholders' Funds	1,131,436	955,108	857,307
Total Assets	3,122,710	2,639,214	1,850,614
Fixed Assets	107,754	114,051	82,249
Loans & Advances	2,114,742	1,842,207	1,403,000
Equity/Total Assets (%)	36	36	38
Equity/Loan & Adv. (%)	54	52	51
Fixed Assets/Equity (%)	10	12	12

Source: Infinity MFB Audited Accounts

The Shareholders' Fund of the Bank increased during the year under review. The growth was on account of the profitability of the Bank which enhanced the Retained Earnings growth from ₦534.6m (Yr. 20) to ₦668.3m (Yr. 21). Consequently, total Shareholders' Funds went up by 18% from ₦955m (Yr. 20) to about ₦1.1b (Yr. 21).

As at 31 December 2021, the Bank's Core Tier 1 Capital stood at ₦1.1b. This was 17% higher than the level attained in the prior period. The growth was driven majorly by the increase in Retained Earnings as well as Statutory Reserves which accounted for 63% and 26% of Equity. The Bank's Tier 2 Capital comprised solely of Regulatory Risk Reserves. This increased by 34% from ₦55.9m (Yr.20) to ₦75m in the year 2021. Therefore, Total Qualifying Capital of the Bank in the year 2021 was ₦1.1b. This is above the CBN proposed new

COMPONENT OF TOTAL ASSETS

Year	2021		2020	
Item	₦'000	%	₦'000	%
Cash & Cash Equivalent	685,972	22	489,235	19
Investment Securities	97,581	3	83,609	3
Loans & Advances	2,114,742	68	1,842,208	70
Other Asset	116,660	4	110,111	4
Property, Plant & Equipment	107,754	3	114,051	4
Total	3,122,710	100	2,639,215	100

Source: Infinity MFB Audited Accounts

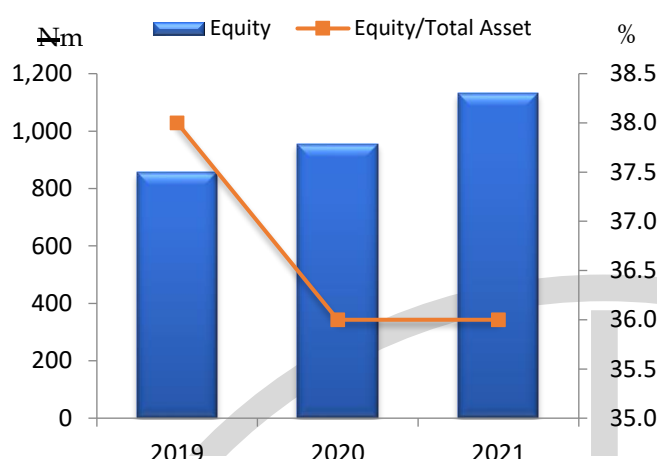
Capital for a State Microfinance Bank in Nigeria.

The Bank's Total Assets grew significantly in the year 2021 by 18% from ₦2.6b (Yr. 20) to ₦3.1b (Yr. 21). Aside the decline recorded in Property, Plant & Equipment, all other components of Total Assets recorded increases during

the year.

The Bank's Loans and Advances for the year 2021 grew by 17% from ₦1.8b (Yr. 20) to ₦2.1b (Yr. 21). Net Loans and Advances were the most significant Assets of the Bank. These accounted for 68% of the Total Assets as against 70% (Yr.20). However, Property, Plant and Equipment accounted for 4% of the Total Assets in the 2021.

COMPARISON OF SHAREHOLDERS' FUNDS



Source: Infinity MFB Ltd

Equity as a proportion of Total Asset stood at 36% in the years 2020 and 2021. Similarly, Capital Adequacy Ratio (CAR) stood at 36% for the years 2020 and 2021. This is higher than the regulatory minimum of 10% for Microfinance Banks as prescribed by the *Central Bank of Nigeria*.

ASSET QUALITY

Item	Year	2021 ₦'000	2020 ₦'000
Gross Loan & Advances		2,184,404	1,895,314
Classified Loan		9,111	9,696
Provisions		9,111	19,083
Classified Loans Prov./Classified Loans (%)		100	197
Classified Loans/Equity (%)		1	1
Classified Loans/Gross Loans (%)		0	1

Source: Infinity MFB Audited Accounts

Advances grew by 15% over the year 2021 to ₦2.2b. The growth was enhanced by the Bank's monthly disbursement to an average of 1,500 customers.

Infinity's Total Assets grew by a three-year Compound Annual Growth Rate (CAGR) of 19%. In the year 2021, Total Assets was ₦3.1b reflecting a growth rate of 18%. The Loan portfolio remained the dominant asset class. It accounted for 68% of Total Assets in the year 2021. Gross Loans and

The Bank gave Loans to the Retail Market, Corporate Customers and High Net-Worth Individuals. These Loans were distributed among eight (8) Sectors. *Infinity MFB* has maintained a steady trajectory in lending activities and consistently surpassed the regulatory 65% minimum Loan-to-Deposit ratio benchmark introduced in July, 2019.

In terms of Sector, the Bank's largest exposure was to the Trade and Commerce Sector which accounted for 49% (Yr. 2020: 15%) of the Loan portfolio as at 31 December, 2021. This is followed by disbursements of 19% to Individual Customers. Transport & Communication as well as Education accounted for 5% and 13% of the total exposure respectively.

The Stage Three segment of the Total Loan Exposure during the year fell from ₦9.7m (Yr. 20) to ₦9.1m (Yr. 21) due to decrease in impairments during the year.

Consequently, Non-Performing Loan Ratio was reduced to less than 1%. The impaired portion of the Bank's Loans was also adequately provided for in the year under review.

LIQUIDITY

Item	2021	2020
Loan & Advances/Total Assets (%)	70	72
Liquid Assets/Total Assets (%)	25	22
Liquid Assets/Total Deposits (%)	81	64
Loans & Advances/Total Deposits (%)	225	211

Source: Infinity MFB Audited Accounts

As at 31 December 2021, The Bank's Deposit from customers was ₦971m (Yr. 21). This was a growth of 8% compared with the year 2020. Classifications of Deposits by product type include: Term, Savings and Current. Savings accounted for the largest portion of Deposits Liabilities. It grew by 11% and contributed 63% of the total obligations to Customers in the year 2021. Also, Term Deposits grew by 12% in the same period.

ANALYSIS OF DEPOSITS BASED ON TYPE

Item	2021 ₦'000	%	2020 ₦'000	%
Current	56,836	6	77,141	9
Savings Account	607,807	63	546,923	61
Term Deposits	306,178	31	272,757	30
TOTAL	970,821	100	896,822	100

Source: Infinity MFB Audited Accounts

The Bank had on record Borrowings of ₦837b as at 31 December, 2021. This was 27% more than the balance recorded in the year 2020. Borrowings funded 27% of the Asset base. Approximately 55% of the Bank's borrowings represented a term loan granted by *Development Bank of Nigeria (DBN)* while the remainder represents loan from *Oikocredit*

Ecumenical Development Cooperatives.

The maturity profile of the Bank's Deposits is significantly in short term, maturing within a year. The portion of the Bank's Loans and Advances maturing between 1-5 years amounted to 25% in the year 2021.

ANALYSIS OF LOANS AND ADVANCES BASED ON MATURITY

Months	2021 ₦'000	%	2020 ₦'000	%
1-3 Months	1,539,221	65	1,281,954	65
3-12 Months	551,585	25	525,439	27
1 year- 5 Years	93,598	4	87,917	8

Source: Infinity MFB Audited Accounts

Similar to the result recorded in the year 2020, the Bank did not record any Liquidity Gap in its operation in the year 2021. Loans and Advances provided adequate coverage for its Total Deposits. This position was further enhanced by the Bank's Liquid Assets. At the end of the 5-Year period, there was a Liquidity Surplus of ₦1.9b.

LIQUIDITY GAP ANALYSIS

Year	2021 Loans & Advances ₦'000	2021 Deposit Liabilities ₦'000	Net Liquidity Gap ₦'000
Liquid Assets			783,553
1-3 Months	1,539,221		2,322,774
3-12 Months	551,585	970,822	1,903,537
1 year to 5 years	93,598		1,997,135

Source: Infinity MFB Audited Accounts

Loan to Deposit ratio was 225% (Yr. 21) as against 211% (Yr. 20). This is significantly above the minimum limit of 65% required by the Regulator. Aside Deposit Liabilities and Borrowings, other item of Total Liabilities include Deposit for shares, current Tax Liabilities and Other Payables.

The Assets of the Bank were highly liquid in the year. The liquid portion of the Total Assets was 22% and 25% for the years 2020 and 2021 respectively. The Bank reported a Liquidity ratio of 66% as at the year-end 2021 as against 62% (Yr.20)

PROFITABILITY

The Bank's sources of Revenue can be classified into Interest, Fee and Commission.

Interest Income grew by 36% from ₦583m (Yr. 20) to ₦792m (Yr. 21). The sources of Interest Earnings were Loans, Deposits and Current Accounts. Earning from Loans and Advances contributed 97% of the total Interest Income and was the sole contributor to its increase during the year under review.

Interest Expenses were incurred on Savings and Fixed Deposit Account. This is in addition to cost of funds from *OIKO and DBN*. It increased significantly by 93% to ₦139m during the year.

The growth in Interest Income could not match that of Expenses. Consequently, Net Interest Margin declined from 88% (Yr.20) to 82% (Yr.21)

Fees and Commission Income recorded very marginal increase during the year. It improved from ₦122m (Yr. 20) to ₦123m (Yr. 21). The Bank also earned income during the period from Non-Financial services.

Operating Expenses increased by 8% to ₦532m during the year 2021. The growth was enhanced by 1%, 27% and 20% increases in Personnel Expenses, Depreciation Charge and Operating Expenses respectively.

Impairment Losses on Financial Instrument went down by 30% to ₦16.5b during the year. Additional impairment imposed by the CBN amounted to ₦26.6m.

Improvement in Operating Profit was able to accommodate the rise in operating Expenses. Consequently, Cost to Income Ratio declined to 74% in the year 2021 as

against 81% recorded in the previous year. Therefore, Pre-Tax Profit increased by 73% from ₦119m (Yr. 20) to ₦206.6 (Yr. 21).

The Bank reported PBT of ₦185.6m in the six months ended 31st August, 2022. This translated to a higher annualized Pre-tax return on Equity of 18% and Return on Average Assets of 7% as against 5% in the prior period.

CORPORATE GOVERNANCE & RISK MANAGEMENT

The Board of the Bank comprised of seven (7) members. The composition is made up of one (1) Executive and six (6) Non-Executives. One of the Non-Executive members is an Independent Director.

The Board operates with four (4) Committees. These are: Finance and Management, Credit, Audit and Risk Management Committees.

The Board manages its risk through the Board Risk Management Committee.

RISK FACTORS

In the course of our review of the Bank's documents, we observed the following risk factors:

- CONCENTRATION RISK**

Concentration Risk is the risk of loss to income as a result of significant exposure to an individual, connected entity or a particular sector.

Based on our review, the Bank's exposure to Trade and Commerce as a proportion of its entire loan portfolio was 49% (Yr. 20). Consequently, adverse movement in the economy may affect the Bank's Earnings

- LIQUIDITY RISK**

Liquidity risk is the risk arising from inability to meet obligations as they fall due.

Based on our review, the Bank achieved a Statutory Liquidity ratio of 66%. This is above the regulatory demand.

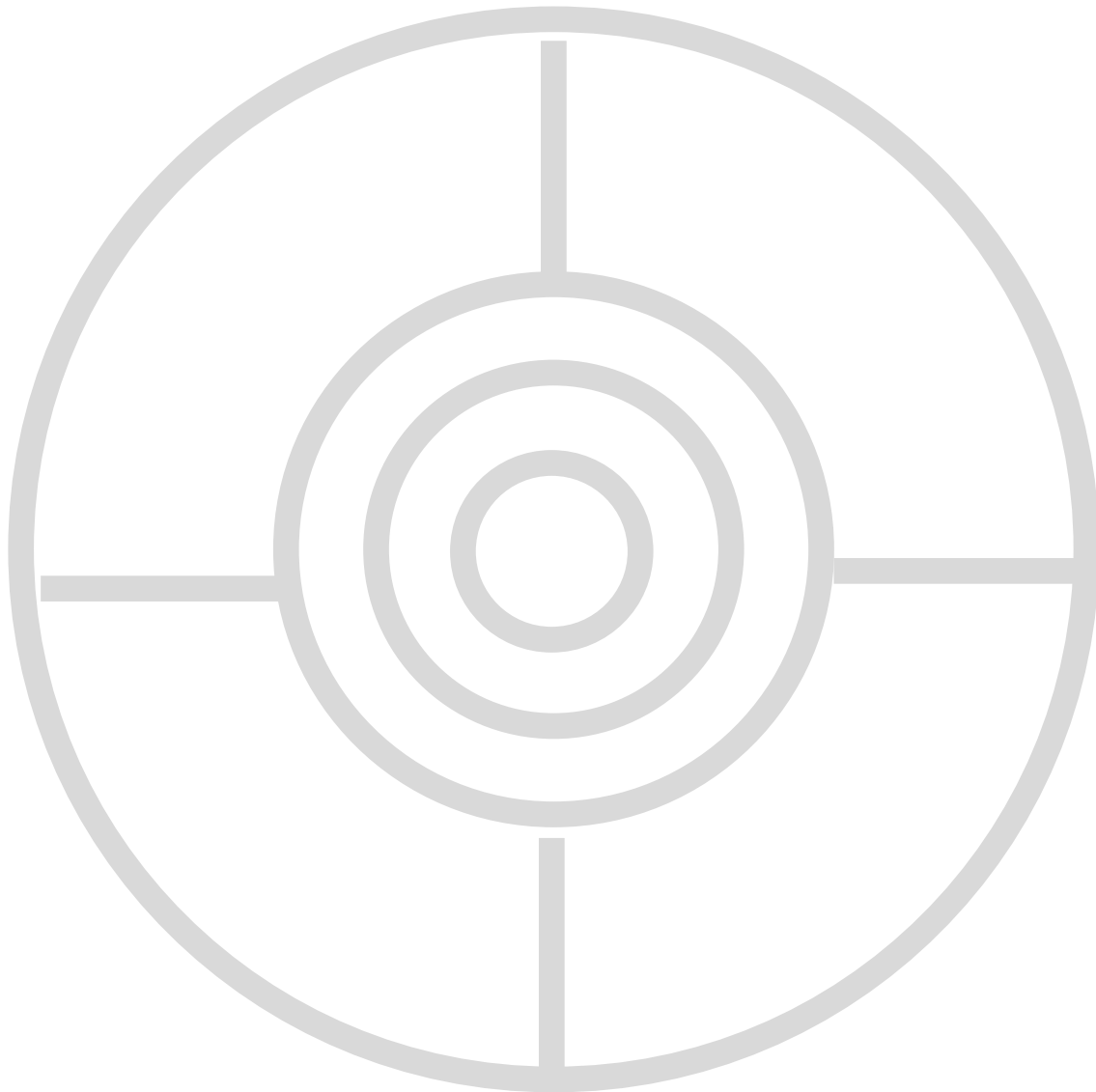
FUTURE OUTLOOK

The Bank issued Commercial Papers to raise funds from Investors. This is to enable the Bank increase its outreach and operate profitably.

CONCLUSION

We have reviewed the document presented by the **Bank**. The Rating is supported by the Bank's very Good Liquidity Position, Good Profitability and Asset Quality.

Consequently, we assigned a Rating of **BBB⁺**.



FINANCES

Financial Position as at

	Dec, 2021		Dec, 2020		Dec, 2019
	₦'000	Δ%	₦'000	Δ%	₦'000
ASSETS					
Cash and cash equivalent	685,972	40.21	489,236	132.21	210,683
Leans and advances	2,114,742	14.79	1,842,208	31.30	1,403,000
Investment Securities:					
-Available-for-sale securities	14,591	217.82	4,591	-	4,591
-Hefld to maturity securities	82,989	5.03	79,018	1.03	78,211
Other assets	116,660	5.95	110,111	83.89	59,880
Property and equipment	107,754	(5.52)	114,051	38.66	82,250
Total assets	3,122,708	18.32	2,639,215	42.61	1,850,615
Liabilities:					
Deposit liabilities	970,822	8.25	896,822	14.78	781,370
Deposit for shares	35,023	(0.00)	35,024		
Current tax liabilities	19,579	81.32	10,798	(40.05)	18,011
Term loans	836,892	26.84	659,792	347.40	147,472
Other liabilities	128,957	57.90	81,671	75.81	46,453
Total liabilities	1,991,273	18.24	1,684,107	69.55	993,306
Net assets	1,131,435	18.46	955,108	11.41	857,309
Equity:					
Share capital	110,906	-	110,906	-	110,906
Retained earnings	668,340	25.01	534,629	18.75	450,219
Other reserves	352,190	13.77	309,573	4.52	296,184
Total equity attributable to equity holders of the company	1,131,436	18.46	955,108	11.41	857,309
Gross earnings	915,715	29.76	705,723	(0.59)	709,881
Profit before taxation	200,642	68.45	119,113	(25.41)	159,690
Taxation	-15,000	25.00	(12,000)	(12.73)	(13,750)
Profit after taxation	185,642	73.31	107,114	-26.60	145,940

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 21st October, 2022

For and on behalf of:
DataPro Limited
Ground Floor, Foresight House
By Marina Water Front
163/165 Broad Street, Lagos Island, Lagos.
Tel: 234-1-4605395, 4605396
Cell: 0805-530-3677
Email: info@datapronigeria.net, dataprong@gmail.com
Website: www.datapronigeria.net

©
DataPro 2022
All right reserved.

*This report is provided for your internal business use only and may not be reproduced or re-distributed in any manner whether mechanical or without the permission of **DataPro**.*

*Whilst **DataPro** attempts to ensure that the information provided is accurate and complete, however due to the immense quantity of detailed matter used in compiling the information and the fact that some of the data are supplied from sources not controlled by **DataPro**, we will not be responsible for any omission therefrom.*

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 through DD. 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+.

LONG-TERM RATING

Investment Grade

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

but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator Meaning Explanation

BB	Moderate Risk	(Marginal) Assigned to banks which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	(Weak) Assigned to banks which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These banks, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	(Poor) Assigned to banks, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These banks, 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.
DD	Highest Risk	(Very Poor) Assigned to banks, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These banks, 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	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added “+” to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of 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. Indicates an entity that has defaulted on all its financial obligations.