



DataPro



CORPORATE RATING REPORT

VFD GROUP

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February, 2022

VFD GROUP

Long-Term Rating:

A

Short Term Rating: A2

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date issued: 2 Feb., 2022

Valid Till: 1 Feb., 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

	2020 ₦	2019 ₦	2018 ₦	2017 ₦	2016 ₦ M
Gross Earning	6,653,993	3,398,469	2,478,421	607,638	
Managed Fund	25,248,777	16,018,428	6,152,919	18,063,334	16,004,562
Investment	31,980,012	6,443,047	7,765,701	2,274,491	1,833,732
PBT	4,075,653	1,478,144	687,397	-60,624	
Total Asset	81,675,284	44,236,697	19,048,162	3,117,834	2,155,126
Equity	8,914,656	5,213,208	1,460,820	1,023,192	819,001

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 Company, in our opinion, has a strong ability to meet its ongoing obligations.

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 Company'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 subject's current healthy profile in the medium to long term period.

Overall, the following were observed:

Strengths:

- Stable Management
- Diversified Earning Profile
- Strong Capitalization

Weakness:

- Regulatory Constraint

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

VFD Group Plc ("**The Group**") formerly known as **Viadaz FD Limited** and **VFD Group Limited** was incorporated as a Private Limited Liability Company on the 7th of July 2009. The Group assumed its present name on the 28th of January 2019.

The Group operates through its parent and portfolio Companies in the following areas: Financial Services, Hospitality and Real Estate, Media and Arts, Power and Technology. The Financial Services of the Group involve: Business and Investment Advisory, Innovative Financial Solutions, Wealth Management, Fund Management, Banking and Bureau De Change.

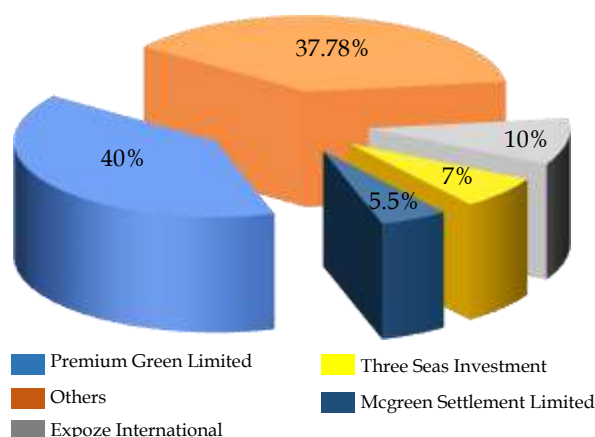
The Group operates from its head office located at Marina, Lagos, Nigeria. As at the end of the year 2020, the Group comprised of the Parent Company and 6 (six) Subsidiaries.

PARENT AND SUBSIDIARIES

NO	ENTITY	RELATIONSHIP	LINE OF BUSINESS
1	VFD GROUP PLC	Parent	Proprietary Investment Company
2	VFD Bridge Limited	Subsidiary	Real Estate
3	Everdon Bureau de Change Limited	Subsidiary	<i>Bureau de Change Limited</i>
4	VFD Microfinance Bank	Subsidiary	Banking
5	Anchoria Asset Management	Subsidiary	Asset Management
6	Kairos Capital Limited	Subsidiary	Issuing House
7	Dynasty Real Estate Limited	Subsidiary	Real Estate

Source: VFD Group Plc

COMPOSITION OF SHAREHOLDERS



Source: VFD Group

The major Shareholders of the Group include **Premium Green Limited**, **Expoze International**, **Three Seas Investment** and **Mcgreen Settlement Limited**. Aside these Companies, no other Shareholder held up to 5% of the Group's Shares.

DIRECTORS PROFILE

The following served as directors during the year under review; *Olatunde Busari – Chairman, Nonso Okpala – Group Managing Director/CEO, Adeniyi Adenubi, John Okonkwo, Folajimi Adeleye, Gbenga Omolokun, Azubike Emodi, Jewel Okwechime, Suleiman Lawal, Ngozi Aghany, Chuks Ozigbo, Kelvin Orogun and Femi Akinware*

The Directors' profiles are as follow.

- 1. Name:** Olatunde Busari (SAN)
Position: Chairman
Profession: Lawyer
Education:
 - B.Sc - University of Ife, Ile Ife
 - LL.B - University of Ibadan
 - LL.M – University of Lagos
 - Nigerian Bar**Job Experience:** VFD Group Plc
- 2. Name:** Nonso Okpala
Position: Group Managing Director/CEO
Education/Professional Qualification:
 - BSc - University of Nigeria, Enugu
 - The Institute of Chartered Accountants of Nigeria (ICAN)
 - Chartered Alternative Investment Analyst (CAIA)**Job Experience:**
 - VFD Group Plc
 - Heirs Holdings
 - KPMG
 - BGL
 - United Bank for Africa Plc
- 3. Name:** Adeniyi Adenubi
Position: Executive Director
Years of Experience: 10 years
Education/Professional Qualification:
 - BSc. - University of Ibadan, Nigeria
 - Corporate Finance Course (BPP)**Job Experience:**
 - VFD Group Plc
 - Royal Bank of Scotland
 - ATOS Consulting
- 4. Name:** John Okonkwo
Position: Executive Director

Years of Experience: 15 years

Education/Professional

Qualification: Institute of Chartered Accountants of Nigeria (ICAN).

Job Experience:

- VFD Group Plc
- Heirs Holdings Limited
- KPMG

5. **Name:** Folajimi Adeleye

Position: Executive Director

Years of Experience: 12 years

Education/Professional

Qualification:

- Bachelor of Science in Economics
- Member, Institute of Chartered Accountants of Nigeria (ICAN)

Job Experience:

- VFD Group Plc

6. **Name:** Gbenga Omolokun

Position: Non-Executive Director

Years of Experience: 12 years

Education:

- B. Sc - Obafemi Awolowo University Ile-Ife

Job Experience:

- VFD Group Plc

7. **Name:** Azubike Emodi

Position: Non-Executive Director

Years of Experience: 17 years

Education:

- B.Sc. - University of Nigeria, Enugu
- MBA - University of Nigeria, Enugu

Job Experience:

- VFD Group Plc
- Zenith Bank Plc
- Maxxon Pro Service Inc

8. **Name:** Jewel Okwechime

Position: Non-Executive Director

Years of Experience: 15 years

Education:

- M. Eng - University of Surrey, United Kingdom.

Job Experience:

- VFD Group Plc

9. **Name:** Suleiman Lawal

Position: Non-Executive Director

Years of Experience: 20 years

Education:

- M.B.A - Strayer University, Washington, DC, US

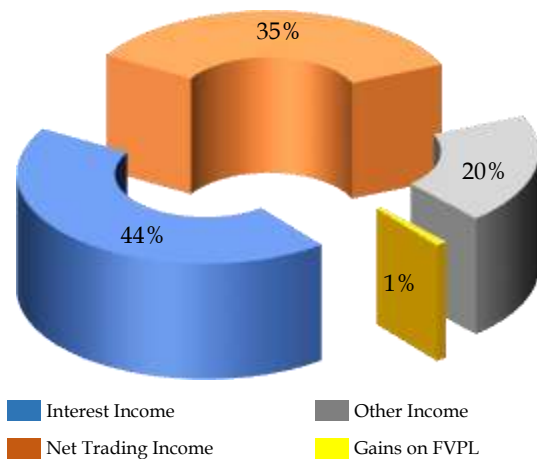
- Job Experience:**
- B.Sc. - Strayer University, Washington, DC, US
 - VFD Group Plc

- 10. Name:** Ngozi Aghanya
Position: Non-Executive Director
Profession: Lawyer
Years of Experience: 13 years
Education/Professional Qualification:
- LL. B - Nnamdi Azikiwe University, Awka
 - B. L. - Nigerian Law School, Lagos B.L
 - Manchester Business School, The University of Manchester
 - Qualified Lawyers Transfer Scheme (QLTS) (In View)
- Job Experience:**
- VFD Group Plc
- 11. Name:** Chuks Ozigbo
Position: Non-Executive Director
Years of Experience: 21 years
Education:
- MBA - University of Lagos
- Job Experience:**
- VFD Group Plc
 - Lyca Digitals Ltd
 - United Bank for Africa Plc
- 12. Name:** Kelvin Orogun
Position: Non-Executive Director
Years of Experience: 23 years
Education:
- B. Sc - University of Benin
 - MBA – Cass Business School – City University London
- Job Experience:**
- VFD Group Plc
 - Cashpot Limited
- 13. Name:** Femi Akinware
Position: Non-Executive Director
Years of Experience: 24 years
Education:
- MSc - University of London
 - MBA - University of Lagos
 - B.Sc. - Lagos State University
- Job Experience:**
- VFD Group Plc

FINANCIAL PERFORMANCE

• EARNING PROFILE

COMPONENTS OF REVENUE (2020)



Source: VFD Group

We reviewed the Group Financials covering the period 2018 till 2020. This is in addition to its Unaudited 9months Result for the year 2021. The Group is audited by *Deloitte & Touche*. The Auditor issued unqualified opinion in respect of the accounts covering the period under review.

In 2020, the Company generated Revenue from Interest Income, Net Trading Income, Net Gains from Financial Assets and Other Income.

Interest and Similar Income represented earnings from Loans and Advances, Placements, Treasury Bills and Investments. This category of Revenue contributed 44% to Total Earnings during the year 2020. The lending arm of the Group business was use to drive growth during the year under review. Consequently, Interest and Similar Income grew by 90% in the year 2020.

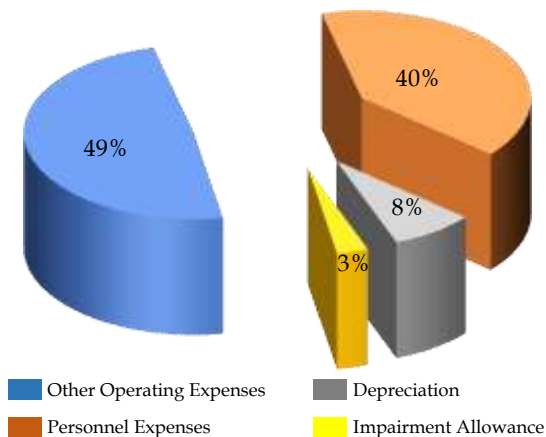
Trading Income accounted for 35% of the Group Total Revenue. This amounted to an aggregate of ₦2.9b (Yr. 20). However, over 90% of the Trading Income was solely generated by the Parent Company in the year 2020. The Components of the Trading Income are: Brokerage Fees, Business Support, Derivative Income, Disposal of Financial Assets and Investment Income. All components of the Net Trading Income contributed to the growth of 164% recorded in this segment of the Group's Revenue.

Other Income segment of Total Revenue fell by 46% from ₦3.2b (Yr.19) to ₦1.7b (Yr.20). Major constraints were Gains from disposal of shares and unclassified earnings in the year 2020. However, ₦74.5m was made from the valuation of Equity Instruments.

The Group Revenue grew yearly from 2017 to 2020. The latest growth was 96% representing an increase from ₦3.3b (Yr. 19) to ₦6.6b (Yr. 20). This was largely supported by increases in Interest Earnings and Net Trading Income. Revenue reported for the period ended September 2021 was ₦7.2b.

• PROFITABILITY

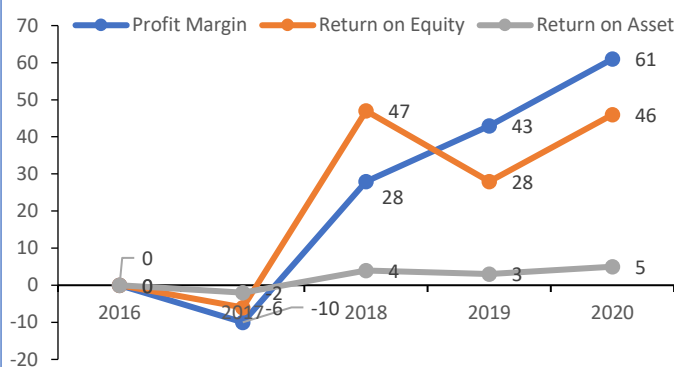
COMPONENTS OF EXPENSES



Source: VFD Group

The Group's Operating Expenditure recorded a growth of 37% during the year 2020. The Operating Expenditure comprised of Personnel Expenses, Operating Expenses, Depreciation and Impairment Allowance. It rose from ₦1.9b (Yr. 19) to ₦2.5b (Yr. 20). In line with the expansion objective of the Group, Personnel Expenses contributed largely to the growth in Operating Expenditure. Specifically, Personnel Expenses grew significantly from ₦722m (Yr. 19) to ₦1b (Yr. 20).

PROFITABILITY TREND (2016 - 2020)

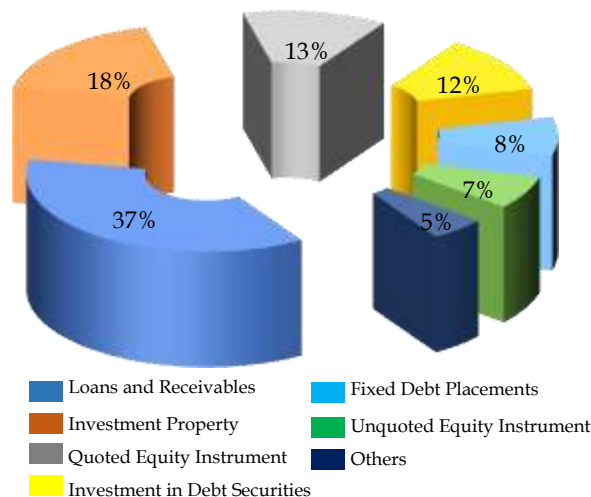


Source: VFD Group

The rise in Revenue outpaced the growth in Expenditure during the year under review. Consequently, Profit Before Tax improved significantly by 176% from ₦1.5b (Yr. 19) to ₦4.1b (Yr. 20). This resulted in an improved Profit Margin of 61% (Yr.20) as against 43% (Yr. 19). All profitability indices for the year increased in the year 2020.

• INVESTMENT

COMPOSITION OF INVESTMENTS



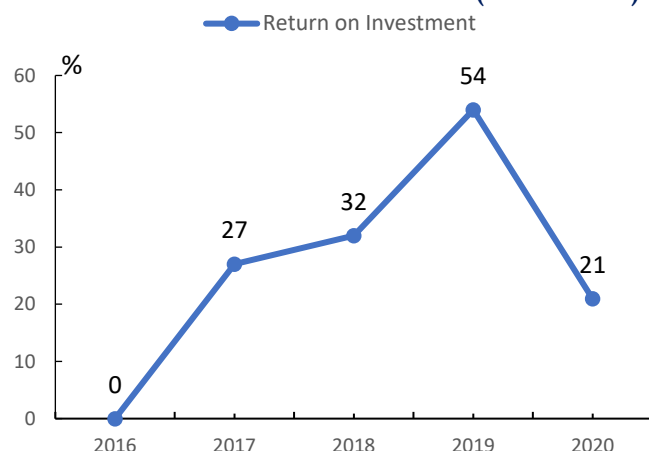
Source: VFD Group

The Group had several Investments during the year 2020. This included Quoted and Unquoted Equity, Proprietary Investment, Treasury Bills, Fixed Debt Placements, Investment Property, Loans and Receivables and Debt Securities. The Group improved the Investment proportion of its Assets from 15% (Yr.19) to 39% (Yr. Yr.20).

In absolute term, The Investment of the Group grew significantly during the year 2020 from ₦6.4b (Yr. 19) to ₦31.8b (Yr. 20). This was due to additions of several Financial Assets over the course of the year. Loans and Receivables in particular rose from ₦4.8b (Yr. 19) to ₦12.2b (Yr. 20). This contributed the largest portion of the Investments.

The rise in the Investments of the Group outpaced the increase in Income. Consequently, the Return on Investments of the Company declined during the year 2020. Return on average Investments was 34% in the year 2020.

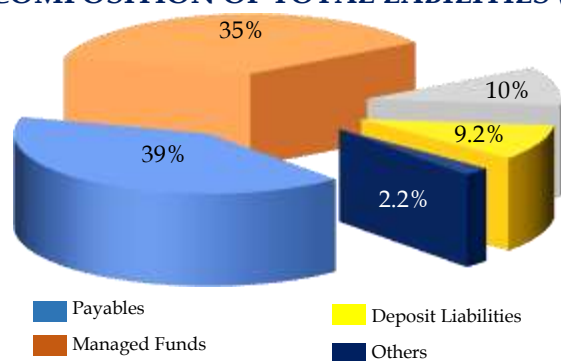
RETURNS ON INVESTMENT (2016 - 2020)



Source: VFD Group

LIQUIDITY

COMPOSITION OF TOTAL LIABILITIES (2020)



Source: VFD Group

The Company's Total liabilities increased significantly during the year 2020. It grew by 88% from ₦38.2b (Yr. 19) to ₦71.7b (Yr. 20). The Group Liabilities are largely concentrated in Fund Management and Payables. These accounted for 74% of the Group's Liabilities.

Borrowings constituted 10% of the total Group's obligations. However, this is largely Related Parties Loans

and other forms of Deposits. The Group reduced its Borrowings significantly in the year 2020. This declined from ₦15.7b (Yr. 19) to ₦7.3b (Yr. 20).

The Group held more Liquid Assets during the year under review. Aggregate Liquid Assets comprising of Cash Balances, Funds Under Management, Debt Securities,

LIQUIDITY GAP ANALYSIS

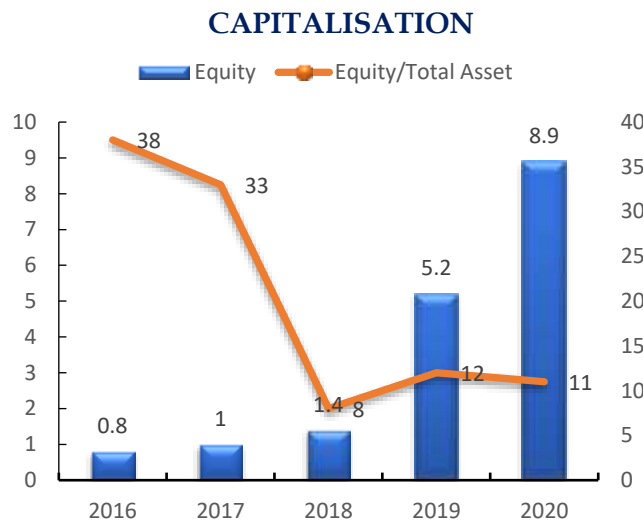
	LOANS AND ADVANCES ₦'000	LIABILITIES ₦'000	BALANCE ₦'000
Liquid Assets			29,713,956
0-180days	8,936,018	17,542,807	21,107,167
181-365days	3,142,169	10,356,861	13,892,475
>365days	1,171,821	2,430,704	12,633,592

Group Assets declined from 50% (Yr.19) to 36% (Yr.20).

Treasury Bills, Quoted Equity, Proprietary Investments and Mutual Fund grew from ₦22b (Yr.19) to ₦29.7b (Yr.20). However, the growth rate is marginal compared with the significant rise in Total Assets. Therefore, the Liquid portion of the

The Group maintained appropriate Liquid Assets for its obligations across different time band. Surplus Liquid Asset as at year end 2020 was ₦12.6b.

• CAPITAL ADEQUACY



Source: VFD Group

The Equity of the Group grew during the year under review. It grew from ₦5.2b (Yr. 19) to ₦8.9b (Yr. 20). This was mainly due to the growth of Retained Earnings as a result of increased Profitability in the year 2020.

Total Assets equally went up by 85% from ₦44.2b (Yr. 19) to ₦81.6b (Yr. 20). This was due to increases in the majority of the Assets' components.

The growth of Assets was greater than that of Equity. Consequently,

the Equity to Total Assets of the Company declined marginally to 11% as against 12% (Yr. 19).

The Group operates subsidiaries that are regulated for Capital. These Subsidiaries operate as Issuing House, Bureau De Change, Bank and Asset Manager. The Group's Book Value of Equity at ₦8.9b was well above the regulatory demands. As at September 2021, Equity has grown further to ₦11b.

• EFFICIENCY

The Group had 139 employees in the year 2020 as against 135 (Yr.19). Personnel Expenses rose during the year under review from ₦722m (Yr. 19) to ₦1b (Yr. 20). This led to increase in Personnel Expenses per staff from ₦5.4m (Yr.19) to ₦7.2m (Yr.20). However, average Revenue per employee surged from ₦25.2m (Yr.19) to ₦47.9m (Yr. 20).

Total Asset deployed to operation was ₦81.6b in the year 2020 as against ₦44.2b (Yr. 19). The ability of the company to efficiently utilize its assets to generate Earnings declined marginally during the year due to the significant rise in the Total Assets. It went down from 12% (Yr. 19) to 11% (Yr. 20).

VFD BRIDGE

VFD Bridge is a Loan Investment Company that provides personal finance service to Individuals and Small Businesses with the aim of providing an alternative source of finance for short terms needs.

The operation of the company is registered with the Lagos State Government. The Summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	1,087,261	278,668	8,287,691	417,290	7,870,401	311,959
2019	844,141	88,711	4,382,949	226,983	4,155,966	10,041
2018	561,133	143,046	2,623,513	179,995	2,443,518	3,001
2017	291,561	5,332	1,147,699	84,291	1,063,408	5,578
2016	158,648	23,198	508,572	82,304	426,268	10,205

Source: VFD Group Plc

VFD MICROFINANCE BANK

VFD Microfinance Bank renders Banking Services *to* Corporate, Private, and Individuals with a focus on meeting their financial needs. This is achieved through High Yield Savings Accounts, Low Interest Loans, and Banking as a Service (BaaS) offerings via digital platforms.

The Company is registered with the *Central Bank of Nigeria (CBN)* as a Microfinance Bank. The Summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	886,718	138,857	10,787,005	1,266,644	9,520,361	12,180
2019	427,224	76,735	2,188,615	127,787	2,060,828	4,132
2018	76,443	17,123	926,762	46,198	880,564	4,317
2017	25,637	4,990	89,065	29,075	59,990	1,607
2016	14,356	-24,061	64,257	24,085	40,172	3,273

Source: VFD Group Plc

ANCHORIA ASSET MANAGEMENT

Anchoria Asset Management provides Financial Planning and Wealth Management Services to Institutions and Individuals.

Its operations are regulated by the *Securities & Exchange Commission (SEC)* as an Investment Adviser and Fund/Portfolio Manager. The summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	828,085	524,461	34,565,837	1,041,228	33,524,609	20,385
2019	513,531	199,870	19,701,222	598,845	19,102,377	27,512
2018	239,686	(26,264)	6,670,106	385,366	6,284,740	20,314
2017	16,890	(7,1940)	848,046	130,807	717,239	61,540
2016	1,333	(12,062)	149,759	137,938	11,821	60,966

Source: VFD Group Plc

EVERDON BUREAU DE CHANGE LTD

Everdon Bureau De Change Ltd formerly known as Dun and Bradstreet Certified Foreign Exchange company headquartered in Lagos, Nigeria.

The Company was given its license by *Central Bank of Nigeria (CBN)* in 2014. The summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	20,624	(2,344)	106,543	59,358	47,185	2,480
2019	24,820	11,672	104,269	61,092	43,177	2,606
2018	22,762	14,529	87,711	53,158	34,553	1,435
2017	5,342	(3,455)	76,206	45,612	30,594	3,689
2016	11,326	(9,036)	79,483	45,973	33,510	6,729

Source: VFD Group Plc

ATIAT LEASING

ATIAT Leasing is a Company that focuses on providing structured Finance, Fleet Management, Driver Outsourcing, Lending and Insurance Brokerage Services to Individuals and Corporate Bodies.

The summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	1,444,388	64,383	1,991,181	489,594	1,501,587	15,121
2019	1,683,180	-152,534	1,731,197	93,952	1,637,245	14,113
2018	1,379,766	-87,058	1,339,707	246,491	1,093,216	21,678
2017	1,164,046	19,548	1,778,517	555,871	1,222,646	11,292
2016	1,164,704	-12,842	1,361,985	135,088	1,226,897	22,685

Source: VFD Group Plc

VFD TECH

VFD Tech is a Financial Technology Company that provides Technology Functions, Business Development Insights, Products & Marketing, Resources, Finance and Strategy Direction as well as disrupting existing markets to accrue high potential Revenues for businesses.

The summary of the Bank's operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	(515,422)	(515,422)	566,350	15,422	581,772	386,893

Source: VFD Group Plc

DYNASTY REAL ESTATE

Dynasty Real Estate is a Real Estate Company dealing in Renovations, Project Management and turnkey projects offering Estates, Commercial, and Residential Properties.

The Summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	137,630	62,695	3,457,799	1,376,886	2,080,913	15,794
2019	154,697	110,226	1,571,499	1,415,643	155,856	1,814
2018	109,209	49,563	358,619	112,568	246,051	4,281
2017	2,816	(60,191)	611,799	62,317	549,482	6,592

Source: VFD Group Plc

ATIAT INSURANCE BROKERS LTD

Atiat Insurance Brokers Ltd provides Insurance Brokerage Services that help individuals and companies manage risks effectively and efficiently.

The operation of the company is registered with the *National Insurance Commission (NAICOM)* as Insurance Brokerage Company. The Summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	130,856	8,798	57,734	43,183	14,551	90
2019	115,544	2,794	56,670	35,524	21,146	182
2018	8,385	(5,204)	45,690	7,452	38,476	-
2017	7,941	(4,840)	15,821	12,804	3,017	120
2016	6,311	(7,311)	19,434	(2,298)	21,732	170

Source: VFD Group Plc

ANCHORIA INVESTMENTS AND SECURITIES

Anchoria Investment and Securities Limited provides Investment and Financial Services tailored to satisfy the needs of Individual and Institutional Clients, operating in both Primary and Secondary Markets.

The operation of the company is registered with the *Securities & Exchange Commission (SEC)* as an Investment Adviser. The Summary of its operation is as presented:

KEY FINANCIAL INDICATORS

Item Year	Gross Earning ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	Fixed Assets ₦'000
2020	89,051	25,215	616,142	139,324	476,818	3,560
2019	68,904	-6,389	666,950	355,486	311,464	155,756
2018	76,413	5,253	863,308	514,981	346,327	136,729
2017	28,279	534	133,189	94,345	38,844	35,957
2016	13,951	(11,960)	105,240	86,819	18,420	20,789

Source: VFD Group Plc

THE NIGERIAN FINANCIAL SECTOR

The Nigerian Financial sector comprises of Banks and Non-Bank Financial Institutions. These include Finance Companies, Primary Mortgage Institutions, Microfinance Banks, Insurance Companies, Bureau De Change, Investment Banks, Payment Service Bank, Digital Payment Company and FinTech Bank.

The Nigerian Financial sector is highly regulated. The regulators include: *Central Bank of Nigeria (CBN)*, *Nigeria Deposit Insurance Corporation (NDIC)*, *Securities and Exchange Commission (SEC)* and *National Insurance Commission (NAICOM)*.

Nigeria is the leading economy in Africa. It has a population of nearly 200 million people. This is projected to reach over 400m people by the year 2050 according to statista.com. The Country's Gross Domestic Product (GDP) grew by 4.03% in the third quarter of 2021. The Nigerian financial sector contributed significantly to the growth. It recorded a growth rate of 23.23% in the third quarter of 2021. This growth is higher by 20.02% from the rate recorded during the same period in 2020 and up by 25.71% points from the rate recorded in the previous quarter.

In an effort to attain Bank soundness and manage liquidity effectively, the CBN introduced in 2006 a new framework for monetary policy implementation in the market place, 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. The CBN in its meeting held on 25th of January, 2022 retained the MPR at 11.50% with an asymmetric corridor of +100/-700 basis points. The retention of the MPR came amidst rising inflation which stood at 15.63% in December, 2021.

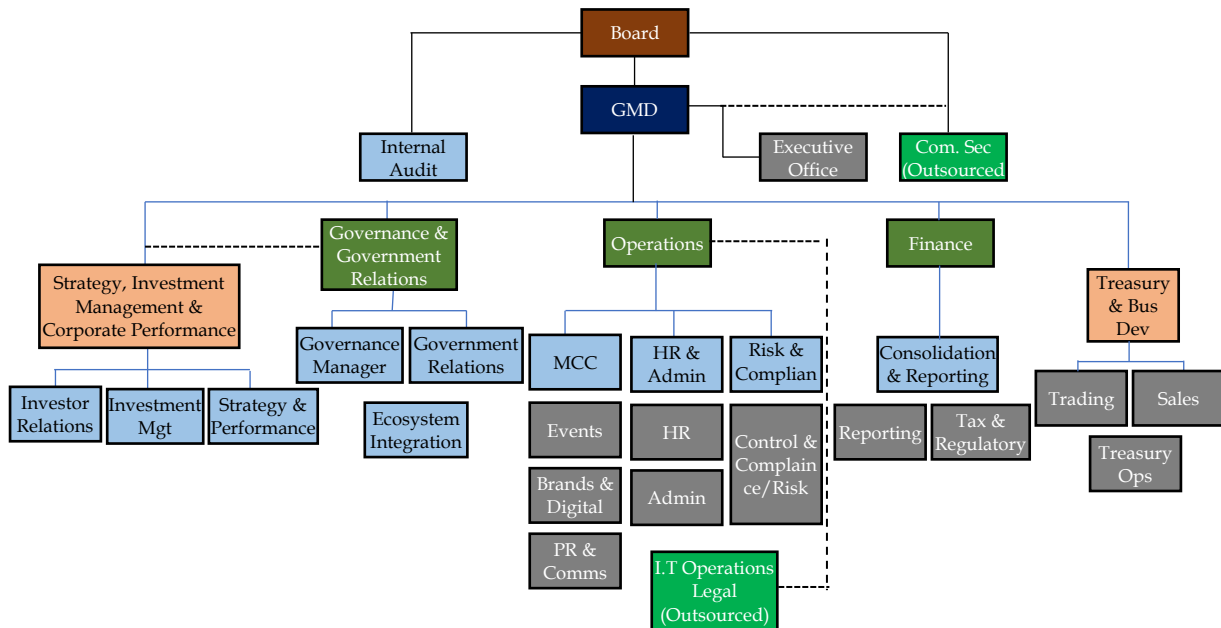
The *CBN* has maintained its periodic interventions in the Foreign Exchange Market to boost liquidity and enhance access to Foreign Exchange, unbridled demand and ensure stable Exchange Rates. The CBN has been managing its Foreign Exchange Reserves tightly because of lower Oil receipts. The official Exchange Rate to the dollar as at January 21, 2022 was ₦416.26 while the exchange rate at the parallel market was an average of ₦560.

The *Group's* operation is largely in the Financial Services Sector. Consequently, improvements in the economy will support the *Group's* ability to generate Revenue.

CORPORATE GOVERNANCE & RISK MANAGEMENT

VFD Group directs its affairs through its Board of Directors. The reporting line of the Group is presented in its Corporate Organogram. During the year under review, the Group had 9 Non-Executive Directors.

CORPORATE ORGANOGRAM



Source: VFD Group

The functions of the Board are carried out through five (5) Board Committees and two (2) Executive Committees. The Board Committees are: Finance & General, Governance, Remuneration, Audit, Investment, Risk and Compliance Committee.

The Board recognizes that it has Market, Liquidity, Credit, Operational and Regulatory Risk. In line with the document provided, the Board has developed procedure for its Risk Management.

RISK FACTORS

• REGULATORY RISK

This is the risk that the Group will not be able to operate as a result of inability to comply with regulatory demand.

The major demand of the Group's primary regulators as it relates to some of its subsidiaries is to maintain appropriate Shareholders Fund for its operations. Our review of the Group's financial records revealed that it currently operates with a Shareholders Fund of ₦11b (Yr. 20).

• FOREIGN EXCHANGE RISK

This is the risk arising from loss of capital or earnings due to adverse movements in the Exchange rates of assets or liabilities.

Our review revealed that one of the subsidiaries within the Group is trading in foreign currencies. Therefore, adverse changes in Exchange Rate or policy may affect Group's profitability.

- **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 it's Board of Directors.

FUTURE OUTLOOK

The applicable law to the operation of the company is *Investment and securities Act of 2007*. Consequently, the company is subject to the Regulation of *Securities & Exchange Commission (SEC)*.

Current information on the website of *Securities & Exchange Commission (SEC)* confirmed that the company is licensed as a Capital Market Operator.

CONCLUSION

The Rating is supported by its Stable Management Team, Diversified Revenue Base and Strong Capitalization

Consequently, we assigned a Rating of "A".

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 4th February, 2022

For and on behalf of:
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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 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 companies which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	(<i>Excellent</i>) Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	(<i>Very Good</i>) Assigned to companies which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	(<i>Fair</i>) 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 financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator	Meaning	Explanation
BB	Moderate Risk	(<i>Marginal</i>) Assigned to companies which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . 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.
B	High Risk	(<i>Weak</i>) Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . 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.
CCC	Higher Risk	(<i>Poor</i>) Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . 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.
DD	Highest Risk	(<i>Very Poor</i>) Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . 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	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.