



DataPro

CORPORATE RATING REPORT

ZEDCREST GROUP

Ground Floor, Foresight House
163-165 Broad Street,
By Marina Water Front
Lagos, Nigeria
☎ 234-802 220 5312, 805 530 3677
Email: info@datapronigeria.net
dataprong@gmail.com
Website: www.datapronigeria.com

December, 2022

ZEDCREST GROUP

Long-Term Rating:

A⁻

Short Term Rating: A2

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 7 Dec., 2022

Valid Till: 6 Dec., 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
Fund Income	12,647,305	17,890,913	9,446,072	7,037,324	2,270,891
Managed Fund	650,876	846,531	-	-	-
PBT	5,191,476	10,316,175	4,356,212	3,647,150	92,066
Total Asset	33,785,702	31,631,191	15,791,406	16,381,159	7,541,008
Equity	24,088,182	19,206,183	8,901,927	4,604,396	800,675
Fixed Asset	967,689	706,893	161,259	114,203	96,755

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 the 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 its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Good Liquidity
- Stable Management
- Diversified Earnings Profile

Negative Rating Factor

- High Non-Performing Loan 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

Zedcrest Group ("The Group") comprises of *Zedcrest Capital Limited* ("The Company") as well as its Subsidiaries. The Subsidiaries are: *Zedcap Partners Limited, Zedvance Finance Limited and Zedcrest Investment Managers Limited*.

The Group began operations on 26th March, 2013 through its flagship Company as a Securities trading firm with specific focus on Fixed Income Instruments. Currently, the Group is engaged primarily in the business of providing investing and financial solutions to individuals and corporate customers. These services include; Proprietary Trading of Fixed Income Securities, Inter Dealer Brokerage, Consumer Lending and Fund Portfolio Management.

The Group has over 530 employees as at 31st December, 2022

PARENT AND SUBSIDIARIES

NO	ENTITY	RELATIONSHIP	LINE OF BUSINESS
1	Zedcrest Capital Limited	Parent	Venture Capital and Proprietary, Debt & Equity Investments
2	Zedvance Finance Limited	Subsidiary	Finance House
3	Zedcap Partners Limited	Subsidiary	Inter-Dealer Broker
4	Zedcrest Investment Managers Limited	Subsidiary	Investment Management

Source: Zedvance Finance Limited

The Group is beneficially owned by *Adedayo Amzat* with 99.5% of the Holding Company's Shares. The balance of the shares is held by *Babatunde Amzat*. The Parent Company in turn accounted for not less than 99% in each of the subsidiaries.

DIRECTORS' PROFILE

The following served as Directors during the year under review; Mr. *Babatunde Sanda, FCA*- Chairman; Mr. *Adedayo Amzat*-Group Managing Director/CEO; Mr. *Adebola Williams*; Ms. *Stella Duru* and Mr. *Oluseyi Akinbi*.

The Directors' profiles are as follow.

- Name:** Mr. Babatunde Sanda, FCA
Position: Chairman
Profession: Auditing and Consulting
Years of Experience: 36 years
Education:
 - B. Sc. - University of Benin
 - Stanford University, California, USA
 - Institute of Chartered Accountants of Nigeria (ICAN)**Job Experience:**
 - Coopers & Lybrand
 - Ernst & Young
 - PricewaterhouseCoopers
 - Wema Bank Plc

- Banque International du Benin, Cotonou
- Societe General Bank of Nigeria Ltd

- Name:** Mr. Adedayo Amzat
Position: Group Managing Director/ CEO
Profession: Stockbroker
Years of Experience: 22 years
Education:
 - B.Sc - University of Ilorin
 - MBA - Obafemi Awolowo University
 - Chartered Financial Analyst (CFA)**Job Experience:**
 - Zedcrest Capital Limited
 - Access Bank Plc
- Name:** Ms. Stella Duru
Position: Non-Executive Director
Profession: Lawyer
Years of Experience: 20 years
Education:
 - LL.B - University of Lagos
 - Nigerian Bar**Job Experience:**
 - Zedcrest Capital Limited
 - Banwo & Ighodalo
- Name:** Mr. Adebola Williams
Position: Non-Executive Director
Profession: Journalist
Education:
 - London School of Journalism
 - London School of Marketing
 - Pan African University**Job Experience:**
 - Economy Watch on NTA
 - Nigerian Network Authority
 - Mass Media Partners
 - Amstel Malta Box Office, Lagos, Nigeria
 - RedSTRAT/The Future Project, Lagos, Nigeria.
 - RED
 - Red Media Africa
 - StateCraft Inc.
- Name:** Mr. Oluseyi Akinbi
Position: Executive Director
Profession: Stockbroker
Years of Experience: 11years
Education:
 - B.Sc- Olabisi Onabanjo University**Job Experience:**
 - Zedcrest Capital Limited
 - Zedcap Partners Limited
 - Access Bank Plc

FINANCIAL SECTORAL REVIEW

The Nigerian Financial sector comprises of Banks and Non-Bank Financial Institutions. These include; Finance Houses, Primary Mortgage Institutions, Microfinance Banks, Insurance Companies, Bureau De Change, Investment Banks, Payment Service Banks, 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 over 200 million people. The Country's Gross Domestic Product (GDP) in Q2 2022 stood at ₦45 trillion with a growth rate of 3.54% against the Q1 2022 figure of ₦45.32 and a growth rate of 3.11%. This shows a sustained positive growth for seven consecutive quarters since the recession witnessed in 2020.

However, the Q2 2022 growth rate was 1.47% below the 5.01% growth rate recorded in Q2 2021. The non-oil sector accounted for 93.67% of the total GDP while the oil sector accounted for 6.33%. The non-oil sector had a growth of 4.77%, lower than the growth of 6.08% recorded in Q1 2022. The financial sector of the economy contributed 3.63% in Q2 2022, higher than the 3.21% it recorded in the previous year, and lower than the 3.8% represented in the preceding quarter.

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 (\$81.76 as at 5th of December, 2022 according to oilprice.com).

In a bid to curtail inflation, the CBN increased the MPR from 14% to 15.5% in September and further to 16.5% in November. 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. The official Exchange Rate to the dollar as at 5th December, 2022 is ₦444.81 while the exchange rate at the parallel market stood at an average of ₦740.

Currently, Inflation Rate accelerated for the ninth straight month to 21.09% in the month of October from 20.77% in the prior month. General improvements in the economy will largely support continuous growth in the Financial Sector. The critical success factor for the operators is the ability to creatively enhance service delivery in order to retain customer loyalty.

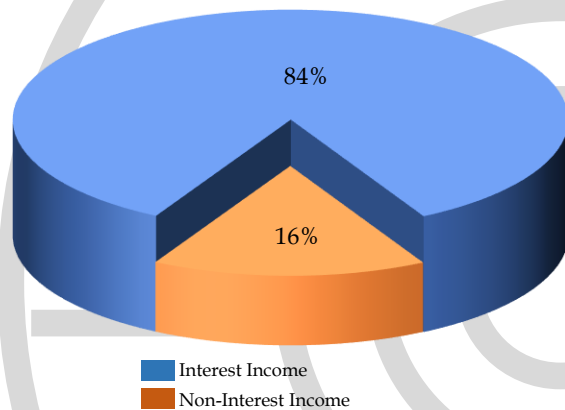
FINANCIAL PERFORMANCE

• EARNINGS PROFILE

Earnings were drawn largely from three (3) main sources. These were Fees and Commission, Interest and Trading Incomes. Besides these, there was marginal contribution to Revenue from other sources amounting to ₦469m (Yr. 21).

Interest Income derived from Loans and Advances denominated the Company's Revenue. It accounted for 84% as against 50% of the total Earnings in the year 2021. Interest Expense included cost incurred on Borrowings, Managed Funds and Lease Liabilities. This decreased by 17% to ₦376m (Yr. 21).

COMPOSITION OF GROSS EARNINGS



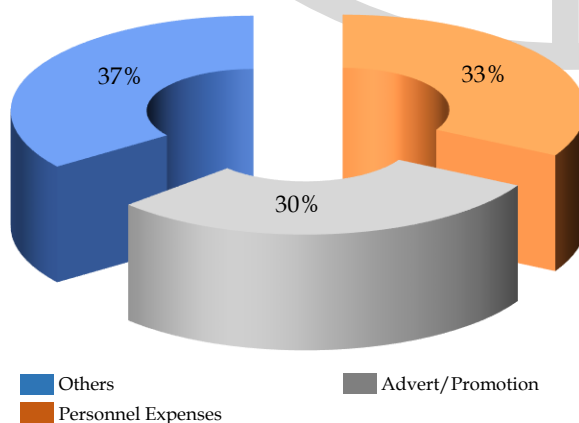
Source: Zedcrest Group

Fees and Commission Income represented earnings from services rendered at a point in time. Revenue generated from these sources amounted to ₦481m (Yr. 21) as against ₦554m (Yr. 20). The Group also derived Net Trading Income from buying and selling as well as changes in fair value of debt securities. This source of income declined significantly from ₦7.1b (Yr. 21) to ₦1.0b (Yr. 20).

On the whole, Gross Earnings from all sources in the year was ₦12.6b (Yr. 21) as against ₦17.9b (Yr. 20). This represented a decrease of 29% in the year 2021. Total Earnings for the period ended September 2022 amounted to ₦9.2b.

• PROFITABILITY

COMPONENTS OPERATING EXPENSES (2021)

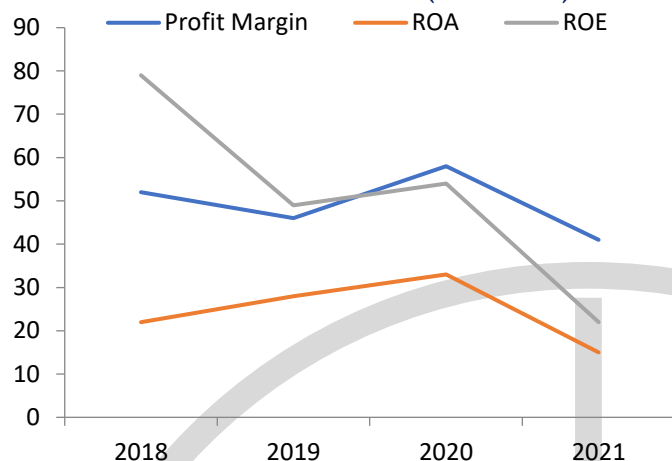


Source: Zedcrest Group

Total Operating expenses included Personnel, Advertisement and Business Promotion, Depreciation as well as Amortization. The most significant component was Personnel Cost which contributed 33% of Total Operating Expenses.

As a result of the decrease in Gross Revenue of the Group and the growth in Expenditure, Profit Before Tax decreased from ₦10.3b (Yr. 20) to ₦5.2b (Yr. 21). Therefore,

PROFITABILITY TREND (2018-2021)



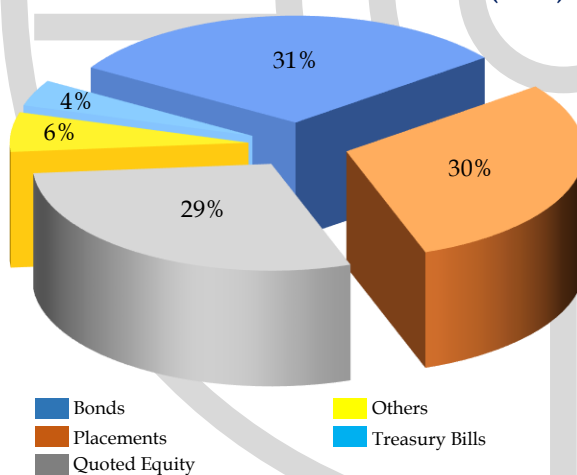
Source: Zedcrest Group

all profitability indices declined during the year 2021. The Profit Before Tax for the period ended September 2022 was ₦3.7b.

• INVESTMENT

The Group invested in Quoted and Unquoted Equity, Promissory Notes, Treasury Bills and Bonds. Total value of investments as at the year-end 2021 amounted to ₦4.0b. This represented a decline of 29% compared with the value recorded in the year 2020.

COMPONENTS INVESTMENTS (2021)



Source: Zedcrest Group

The worth of investments disposed during the year 2021 was ₦1.8b. This necessitated the decrease in value of Financial Assets. Consequently, the investment portion of the Group's Asset reduced to 12% (Yr.21) from 18% (Yr.20).

The Return recorded on all investments during the year declined significantly from ₦1.3b (Yr.20) to ₦0.7b (Yr. 21). Therefore, the Return on Investment of the Group dipped during the year from

23% in Yr. 2020 to 18% in Yr. 2021.

• LIQUIDITY

The Group's Total Liabilities was up by 14% during the year 2021. It increased from ₦19.1b (Yr. 20) to ₦19.4b (Yr. 21). The Group's Liabilities are largely concentrated in Trade and Other Payables. These accounted for 82% of the Group's Liabilities. It comprised majorly of non-interest payables owed to Statutory Agencies.

Deposit from Customers and Borrowings made up for 7% and 4% of the Group's obligations respectively. The Group reduced its borrowings significantly from ₦5.1b (Yr. 20) to ₦396m (Yr. 21). It included securities borrowed in the market by the Group during the year.

LIQUIDITY GAP ANALYSIS

Year	2021 Loans & Advances ₦'000	2021 Deposit Liabilities ₦'000	Net Liquidity Gap ₦'000
Liquid Assets			8,338,292
1-3 Months			8,338,292
3-12 Months	20,839,569	629,226	28,548,635
1 year to 10 years			28,548,635

Source: Zedcrest Group

Bonds.

Similar to the result recorded in the year 2020, the Group 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 Group's Liquid Assets. At the end of the 12-month period, the Group recorded Liquidity Surplus of ₦28.5b. Ability to repay its obligation was 86% (Yr.21) as against 95% (Yr.20).

• CAPITAL ADEQUACY

COMPOSITION OF TOTAL ASSETS

	2021 (₦'000)	%	2020 (₦'000)	%
Cash & cash	4,904,765	14.5	5,322,833	16.8
Loans and Advances	20,839,569	62.0	18,440,599	58.2
Trade and other receivables	3,541,860	10.5	1,308,232	4.0
Investments Securities	3,531,819	10.5	5,852,634	18.5
Intangible Assets	33,181		35,312	
Right-of-use assets	157,570	0.5	184,258	0.5
Property and Equipment	623,847	2.0	334,232	1.0
Deferred Tax Asset	153,091	66.9	153,091	0.5
Total Assets	33,785,702	100	31,631,191	100

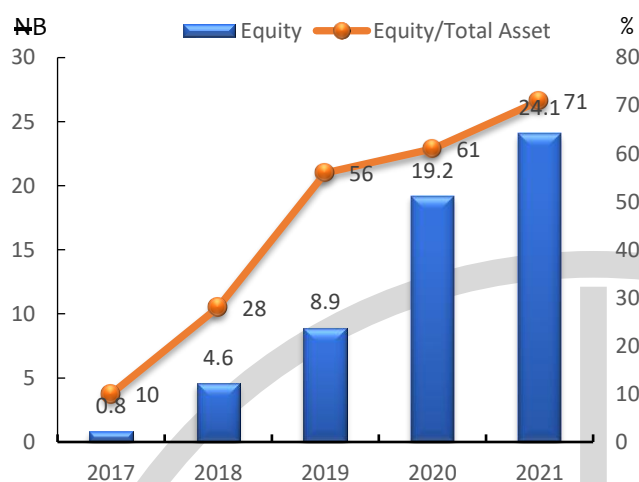
Source: Zedcrest Group

Cash and Cash Equivalents, Investment Securities, Intangible Assets, Work-in-Progress and Deferred Tax Assets.

Asset composition of the Company was less liquid in the year 2021 compared with the year 2020. The Liquid portion of the Group's Assets declined from 35% (Yr.20) to 25% (Yr. 21). Total Liquid Assets was ₦8.3b (Yr. 21) as against to ₦11.2b (Yr. 20). These Assets included Bank and Cash balances, Quoted Equities, Treasury Bills and

Total Assets recorded marginal increase of 7% during the year under review. It grew from ₦31.6b (Yr. 20) to ₦33.8b (Yr.21). The major growth was recorded in Loans and Advances, Trade and Other Receivables as well as Property & Equipment during the year. Other components include

CAPITALISATION



Source: Zedcrest Group

The Group's Share Capital remained the same in the year 2020 and 2021. However, Retained Earnings increased from ₦18.1b (Yr. 20) to ₦22.4b (Yr. 21). Regulatory and Merger Reserves for the year 2021 recorded ₦1.2b and ₦168m respectively.

Consequently, Shareholders' Fund rose by 25% from ₦19b (Yr. 20) to ₦24.1b (Yr. 21). Similarly, Funding of Operation by Equity improved to 71% from 61% in the prior period. The Equity of the Group's is well

above the regulatory requirements for its operations.

EFFICIENCY

The Group had 530 employees in the year 2021 as against 455 (Yr. 20). Personnel expenses rose during year from ₦994m (Yr. 20) to ₦1.5b (Yr. 21). This led to increase in personnel cost per staff from ₦2.2m (Yr. 20) to ₦2.8m (Yr. 21). However, average Revenue per employee dropped from ₦39.3m (Yr. 20) to ₦23.9m (Yr. 21). This is as a result of the mismatch in increase in number of employees and the growth of Revenue in the year 2021.

Total Asset deployed to operation was ₦33.8b in the year 2021 as against ₦31.6b in the year 2020. The Ability of the Company to efficiently utilize its assets to generate Revenue declined due to the decrease in revenue. It decreased from 32% (Yr. 20) to 15% (Yr.21).

THE PARENT COMPANY

The Parent Company, *Zedcrest Capital Limited* ("The Company") was incorporated as a Private Limited Liability Company on the 26th of March, 2013. The Company has over 99% shareholding in *Zedvance Limited*, *Zedcap Partners* and *Zedcrest Investment Managers Limited*.

The principal activity of the Company is the provision of financial services including proprietary trading of fixed income securities, inter-dealer brokerage, consumer lending and fund portfolio management services to corporate and individual customers.

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	PPE ₦'000
2021	26,173	(25,811)	12,076,137	3,962,043	8,114,093	-
2020	4,783,677	3,543,716	22,921,323	18,577,964	4,343,359	76,661
2019	10,266,487	7,709,979	23,645,353	15,080,064	8,565,289	96,564
2018	3,881,315	3,482,952	9,880,361	4,594,662	5,285,699	9,978
2017	987,944	55,231	3,661,306	761,011	2,900,295	19,996

Source: Zedcrest Capital Limited

ZEDVANCE FINANCE LIMITED

Zedvance Finance Limited was established by *Zedcrest Capital Limited* with 99% equity. The Company was incorporated on 25th May, 2017 and commenced operation on 1st January, 2020.

Zedvance was licensed by the *Central Bank of Nigeria (CBN)* to carry out consumer loan provision, business loans to individuals, MSME loans, real estate financing, payroll lending and consultancy in general services. The Company acquired *Zedvance Limited* on 1st January, 2020

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	PPE ₦'000
2021	10,220,004	584,214	23,087,447	1,118,554	21,988,893	523,497
2020	8,591,335	515,226	25,321,009	652,430	24,668,579	234,325
2019	4,757,303	148,733	14,194,158	169,280	14,024,878	71,250
2018	3,135,165	171,757	6,851,042	18,295	6,832,747	58,730

Source: Zedvance Finance Limited

ZEDCAP PARTNERS LIMITED

Zedcap Partners Limited is a wholly owned subsidiary of *Zedcrest Capital Limited*. The Company engages in the brokerage of financial products in sub-saharan Africa OTC *Fixed Income and Currencies Markets (FICC)*.

Zedcap Partners Limited was duly licensed by the *Financial Markets Dealership Quotation (FMDQ)* and the *Securities and Exchange Commission (SEC)* as Inter-Dealer Brokers (IDB) of Government and Corporate Bonds, Treasury Bills, Eurobonds, Money Market and Derivative Instruments.

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	PPE ₦'000
2021	537,238	352,867	8,083,683	3,209,130	4,874,552	1,157
2020	1,581,571	1,691,707	3,248,804	3,002,149	246,655	1,495

Source: Zedcap Partners Limited

ZEDCREST INVESTMENT MANAGERS LIMITED

Zedcrest Investment Managers Limited (ZIMVEST) is a Company established in Nigeria by *Zedcrest Capital Limited* with 99% equity holdings. The Company was incorporated on 13th October, 2017 with the name *7CL Asset Management Limited*. The name was changed to *Zedcrest Investment Managers Limited* on 24th April, 2018.

The Company engages in business of providing online investment and wealth management solutions to individuals, business institutions and Family Offices. Zimvest is duly licensed and regulated by the *Securities and Exchange Commission (SEC)*.

KEY FINANCIAL INDICATORS

Item Year	Gross Earnings ₦'000	PBT ₦'000	Total Asset ₦'000	Equity ₦'000	Total Liabilities ₦'000	PPE ₦'000
2021	217,658	-25,225	3,267,606	155,785	3,111,822	22,531
2020	11,883	-24,428	1,090,694	180,694	910,000	1,848

Source: Zedcrest Investment Managers Limited

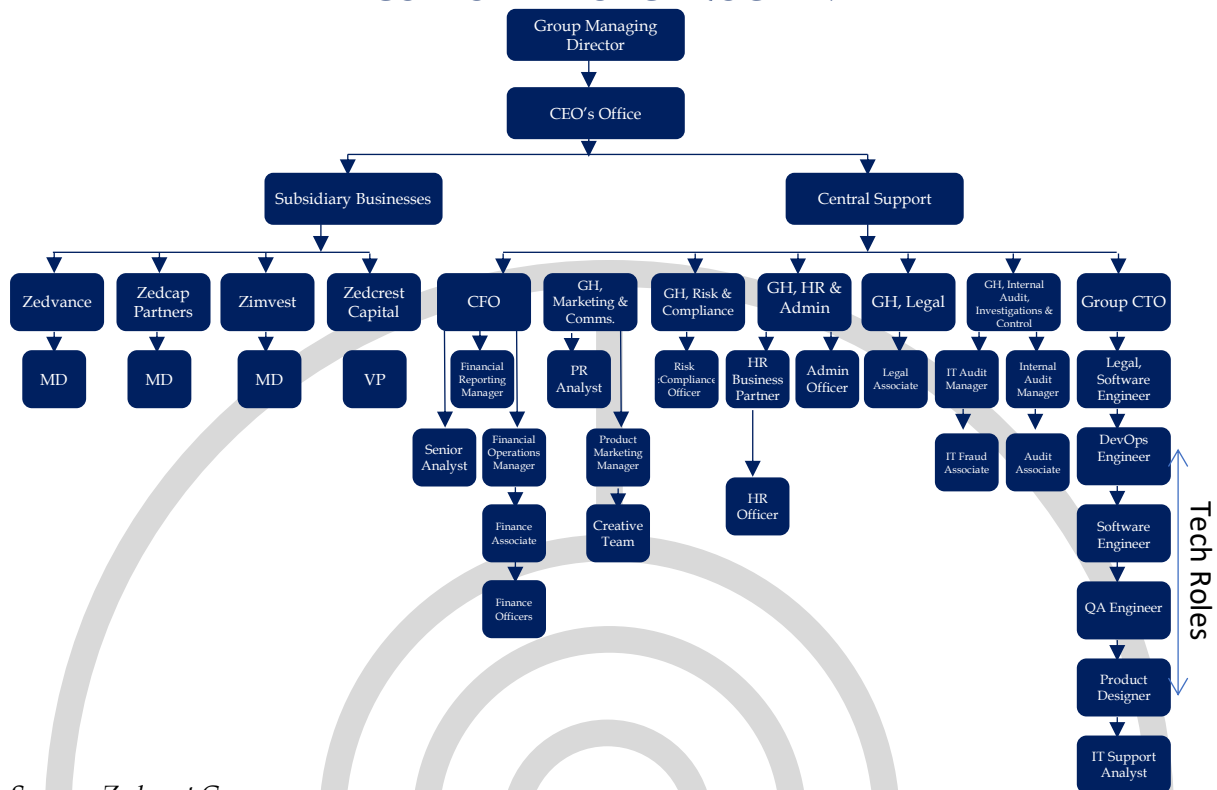
CORPORATE GOVERNANCE & RISK MANAGEMENT

The Business units of the Group are headed by Managing Directors & Business Heads. The Managing Directors & Business Heads report to Chief Executive Officer who in turn report to the Group Managing Director.

The Group provides central support structure in the areas of Risk Management, Internal Audit, Compliance, Marketing, Legal and Human Resources to its operating arms. The Group recognizes that it has Market Risk, Credit Risk, Operational Risk and Liquidity Risk. In line with details contained in its Enterprise Risk Management framework, it has measures in place to deal with its various risks.

The Governance structure in place within the Group is as presented.

CORPORATE ORGANOGRAM



Source: Zedcrest Group

RISK FACTORS

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

• CREDIT RISK

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

The Group is significantly exposed to credit risk from Loans and Advances to Customers. It is Group policy to assess the credit risk of new customers before entering into contracts. Loans and Advances accounted for 61% of the Group's Assets. The Non-Performing elements of the Group Asset was 19% (Yr.21)

• LIQUIDITY RISK

This is the risk that the Group will not be able to meet its obligations as and when due.

Based on our review, the Liquid assets of the Group provided adequate coverage for its Managed Funds during the year.

- **INTEREST RATE RISK**

This is the risk arising from adverse changes in Interest Rate.

The Company has Investments in interest paying securities. However, majority of these investments have fixed interest rate, reducing the Group's exposure.

- **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.

- **REGULATORY RISKS**

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

The Group's operations are subject to CBN and SEC regulations. The major requirement is to maintain Statutory Capital Requirements. The Shareholders' Fund of the Group at ₦26.3b (September, 2022) is considered adequate for its operation

CONCLUSION

The Rating of the Group is supported by its diversified Earning Profile, Good Liquidity and Good Return on Investment.

Consequently, we assigned a Rating of "A-".

FINANCES

Financial Position as at

	Dec., 2021		Dec., 2020		Dec., 2019
	N'000	Δ%	N'000	Δ%	N'000
ASSETS					
Cash and bank balances	4,904,765	(7.85)	5,322,833	711.64	655,816
Loan and Advances	20,839,569	13.01	18,440,599	60.85	11,464,722
Trade and other receivables	3,541,860	170.74	1,308,232	26.06	1,037,769
Investment Securities	3,531,819	(39.65)	5,852,634	136.77	2,471,840
Intangible Assets	33,181	(6.03)	35,312	1,218.10	2,679
Right-of-use-asset	157,570	(14.48)	184,258	409.35	36,175
Work-in-Pogress	-		-		-
Property , Plant and equipment	623,847	86.65	334,232	357.14	73,114
Deferreed Tax Asset	153,091	-	153,091	210.59	49,291
Total Assets	33,785,702	6.81	31,631,191	100.31	15,791,406
LIABILITIES					
Customer Deposits	650,876	(23.11)	846,531	#VALUE!	-
Borrowings	396,323	(92.16)	5,057,418	-	4,643,628
Trade and Other Payables	7,983,411	32.03	6,046,659	-	2,018,144
Current Income Tax Liability	613,974	45.68	421,464	2,555.46	227,707
Deferred Tax Liability	52,936	-	52,936	-	-
Total Liabilities	9,697,520	(21.95)	12,425,008	80.35	6,889,479
Equity					
Ordinary shares	300,000	-	300,000	-	300,000
Retained earnings	22,446,221	24.25	18,064,964	112.59	8,497,669
Fair Value Reserves	(16,189)	(116.06)	100,777	(3.34)	104,258
Regulatory Risk Reserve	1,189,870	107.96	572,162		-
Merger Reserve	168,280	-	168,280		-
Total Equity	24,088,182	25.42	19,206,183	115.75	8,901,927
Total Liabilities and Equity	24,088,182	(23.85)	31,631,191	100.31	15,791,406
Revenue	12,647,305	(29.31)	17,890,913	89.40	9,446,072
Profit Before Tax	5,191,476	(49.68)	10,316,175	136.82	4,356,212

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 7th December, 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 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 <i>DataPro Limited</i> . 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.