



DataPro



CORPORATE RATING REPORT

FEWCHORE FINANCE COMPANY LIMITED

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November, 2023

FEWCHORE FINANCE COMPANY LTD

Long-Term Rating:

BBB⁺

Short Term Rating: A2

Previous Rating: BBB⁺

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 10 Nov., 2023

Valid Till: 09 Nov., 2024

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

	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Gross Earnings	2,355,307	1,492,217	896,864	710,065	340,095
Profit Before Tax	238,002	270,333	178,150	205,192	72,319
Shareholders' Funds	1,420,316	778,117	529,579	367,012	180,796
Deposit Liability	6,391,315	4,763,035	2,650,566	1,804,732	880,148
Loans & Advances	5,416,651	3,896,271	2,724,578	1,502,485	657,499
Total Assets	8,104,041	6,065,948	3,699,767	2,207,895	1,075,586

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 Company, in our opinion, has an 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 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
- Good Asset Quality
- Experienced Management Team
- Improved Earnings

Negative Rating Factors:

- Concentration Risk
- Declined Profit Margin

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BACKGROUND

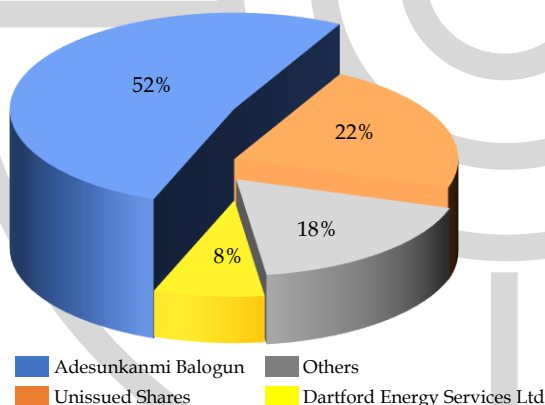
Fewchore Finance Company Limited ("The Company") was incorporated on 16th June, 2017. The Company was licensed by the *Central Bank of Nigeria (CBN)* on 25th November, 2017 to operate as a Finance House.

The Company offers specialized finance services such as: Loans and Investment, Project Appraisal, Finance Packaging and Implementation Support to Corporate bodies as well as High Networth Individuals. The various product offerings of the Company include: Consumer Loans, Fund Management, Asset Finance, Issuing of Vouchers, Debt-Factoring, Debt-Securitization, Financial Consulting, Loan Syndication, Warehouse-Receipt Finance, Local & International Trade Finance.

The Company has successfully disbursed in excess of ₦40b in loans to over 7000 customers in more than 22 sectors of the Nigerian Economy.

The Company has a clientele base of over 6,000 corporate and individual clients. It operates from its head office located in Lekki, Lagos State. This is in addition to two (2) other branches in Yaba, Lagos as well as the Federal Capital Territory, Abuja. As at 31st December, 2022, the Company had a total workforce of 101 individuals.

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Fewchore Finance Company Limited

The ownership structure of the Company is diversified, encompassing both individuals and corporate entities. The most significant Shareholder as at the year-end 2022 was *Mr. Adesunkanmi Balogun* with a shareholding of 52%. Other significant shareholder, holding 5% or more of the company's share is *Dartford Energy Services Limited*. The Company's unissued shares accounted for 22% of its Total

Shareholdings. The Company's application is presently before the *Corporate Affairs Commission (CAC)* to dilute its existing Shareholders' structure by bringing in three (3) significant shareholders.

DIRECTORS' PROFILE

The following served on the Board as at the year ended December, 2022; *Alhaji Shehu Kabir Bayero* - Chairman; *Mr. Adesunkanmi Balogun* - Managing Director; *Alhaji Dauda Salami*; *Mr. Kola Gbadamosi*; *Mr. Adedamola Dedekede*; *Mr. Bababunmi Viavor*; *Mr. Patrick Olufemi Balogun* and *Mrs. Nimotalai Iyabode Zakari*

The profile of the Company directors is as stated:

1. **Name:** Alhaji Shehu Kabir Bayero
Position: Chairman
Profession: Consultant
Years of Experience: 35 Years
Education: •B.Sc - Bayero University
Experience: •District Head Gwarzo Local Government
•District Head, Takai Local Government
•Nigeria Police Force

Year of Board Membership: 2017
2. **Name:** Mr. Adesunkanmi Balogun
Position: Managing Director
Profession: Banker
Years of Experience: 21 Years
Education: •B.Sc (Hons) - Ogun State University, Ago-Iwoye
•Harvard Business School, Boston, USA
•London Business School
Experience: •Fewchore Finance Company
•Guaranty Trust Bank Plc
•Fountain Trust Bank
•First Bank of Nigeria Plc

Year of Board Membership: 2017
3. **Name:** Alhaji Dauda Salami
Position: Independent Non- Executive Director
Profession: Finance Expert
Years of Experience: 34 Years
Education: •HND (Accountancy) - The Polytechnic, Ibadan
•MBA- University of Ado Ekiti
Experience: •Fewchore Finance Company Limited
•ODS Global Investment Company Limited
•Nigerian Petroleum Development Company
•Warri Refining and Petrochemical Company

Year of Board Membership: 2017
4. **Name:** Mr. Kola Gbadamosi
Position: Non-Executive Director
Profession: Engineer
Years of Experience: 39 Years
Education: •B.Eng - University of Ilorin, Kwara State

Experience:

- MBA (in view)- University of Ilorin, Kwara State
- Fewchore Finance Company Limited
- Olibath Nigeria Limited
- MFB Industries Limited

Year of Board Membership: 2017

5. **Name:** Mr. Adedamola Dedeke
Position: Non-Executive Director
Profession: Human Resources Manager
Years of Experience: 19 Years
Education:

- B.Sc (Hons)- Ogun State University, Ago-Iwoye
- MBA – Olabisi Onabanjo University, Ago-Iwoye
- M.A- University of Bolton, UK

Experience:

- Fewchore Finance Company Limited
- People and People Advisory Partners Limited
- Union Bank of Nigeria Plc
- 02 Telecommunications, UK
- Nigeria Breweries Plc
- First Bank Nigeria Plc

Year of Board Membership: 2017

6. **Name:** Mr. Bababunmi Viavor
Position: Non-Executive Director
Profession: Business/Risk Analyst
Years of Experience: 19 Years
Education:

- B.Sc (Hons)- Babcock University, Ilishan-Remo

Experience:

- Elites Unlocked Limited, Lagos
- Fewchore Finance Company Limited
- Banksome Global Insurance Brokers, Limited
- StanbicIBTC Bank Plc

Year of Board Membership: 2017

7. **Name:** Mr. Patrick Olufemi Balogun
Position: Non-Executive Director
Profession: Chartered Accountant
Years of Experience: 45 Years
Education:

- B.Sc (Chemistry & Geology)- University of Ibadan

Experience:

- Fewchore Finance Company Limited
- Niger Delta Petroleum Resources Ltd
- Oilscan Limited
- International Institute of Tropical Agriculture
- Shell Petroleum Dev. Company

Year of Board Membership: 2019

- 8. Name:** Mrs. Nimotalai Iyabode Zakari
Position: Non-Executive Director
Profession: Consultant
Years of Experience: 47 Years
Education:
 - B.Sc (Accounting) – Norfolk State University, USA
 - MBA- University of Atlanta, USA**Experience:**
 - Fewchore Finance Company Limited
 - Bode Zakari Management Consultants
 - Nal Merchant Bank
 - Henry Stephens Engineering Company
 - Central Bank of Nigeria

Year of Board Membership: 2019

FINANCIAL SECTORAL REVIEW

Nigeria is the leading economy in Africa. It has a population in excess of 200 million. Nigeria's Annual Gross Domestic Product (GDP) growth rate slowed to 3.10% in 2022, compared to 3.40% in 2021. However, the economy grew by 3.52% (YoY) in real terms in the fourth quarter of 2022 (Q4 2022) compared to 2.25% in the preceding quarter. In the second quarter of 2023, GDP grew by 2.51% (year-on-year) in real terms. This growth rate is lower than the 3.54% recorded in the second quarter of 2022. According to NBS the decline is attributed to the challenging economic conditions being experienced.

The Finance Sector growth in real terms totaled 26.84% (Q2 2023), higher by 8.37% points from the rate recorded in Q2 2022 and higher by 5.47% points from the rate recorded in Q1 2023. Quarter-on-quarter growth in real terms stood at -1.72%.

The contribution of the Sector to real GDP totaled 5.26%, higher than the contribution of 4.25% recorded in the Q2 of 2022 by 1.01% points, and lower than 5.35% recorded in Q1 2023 by 0.08% points.

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 (\$81.16 as at 9th of November, 2023 according to oil price.com). However, Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

In order to achieve a Unified Foreign Exchange regime, the CBN has collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the

Naira against the US dollars. The value of the Naira to the Dollar at the official market is N858.8 as at November 9th, 2023, while the parallel market value was N1123/\$1.

The Monetary Policy Committee (MPC) of the CBN at its fourth meeting for the year raised the Monetary Policy Rate (MPR) further by 25bps from 18.50% to 18.75% in July, 2023. This was done to manage inflation which remains on a steady increase. Headline Inflation rose to 26.72% in September, from 25.8% recorded in the previous month. The rise in MPR could have the effect of limiting borrowing from Financial Institutions due to the high costs and lead borrowers to find alternative sources of finance.

Therefore, deep understanding of the macro-economic trends and ability to creatively take advantage of market opportunities remain the critical success factors for operators.

CAPITAL ADEQUACY

Year	Item	2022 ₦'M	%	2021 ₦'M	%
	Liquid Assets	1,803,825	22	1,566,044	26
	Net Loans & Advances	5,416,651	67	3,896,271	64
	Property, Plant and Equipment	97,759	1	119,164	2
	Investment Securities	531,044	7	401,147	7
	Other Assets	254,762	3	83,322	1
	TOTAL ASSETS	8,104,041	100	6,065,948	100

Source: Fewchore Finance Company Limited

The Company grew its Total Assets in the year 2022 by 34%. It rose from ₦6b (Yr.21) to ₦8.1b(Yr.22). This was due to significant increases in Loans and Advances to Customers including Fixed Deposits. Total Assets for the year comprised majorly of

Loans and Advances as well as Cash and Cash Equivalents both contributing 89% of Total Assets. Other components include Investment Securities, Prepayments, Intangible Assets as well as Property, Plants and Equipment (PPE).

Year	Item	2022 ₦'000	2021 ₦'000
	Shareholders' Funds	1,420,316	778,117
	Total Assets	8,104,041	6,065,948
	Property, Plant & Equipment	97,759	119,164
	Loans & Advances	5,416,651	3,896,271
	Equity/Total Assets (%)	17.53%	12.83%
	Equity/Loan & Adv. (%)	26.22%	19.97%
	Fixed Assets/Equity (%)	6.8%	15.31%

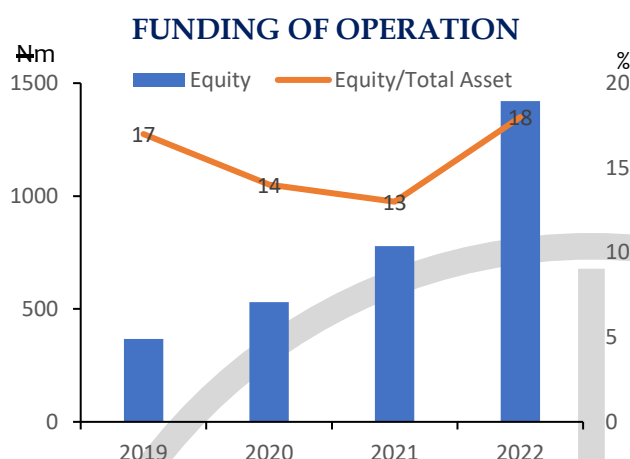
Source: Fewchore Finance Company Limited

Loans and Advances upscaled to ₦5.4b (Yr.22) compared with ₦3.9b recorded in the preceding year. This increased the Company's risk profile in the year as reflected in Loans to Total Assets Ratio which increased from 65% (Yr.21) to 67% (Yr.22).

Shareholders' Funds grew by 83% to ₦1.4b (Yr.22). This was due to growth in Share Premium arising from Share issuance in the year 2022.

Profitability also enhanced other components of Equity such as: Retained Earnings and Statutory Reserves. Retained Earnings at the year ended 31st December 2022 grew

to ₦582m (Yr. 22). Other Equity components comprised largely of Reserves amounted to ₦288m (Yr. 22). However, Share Capital remained unchanged in the years 2021 and 2022 due to pending approval from CAC.



Source: Fewchore Finance Company Limited

The growth in Equity surpassed expansion of Assets in the year 2022. Therefore, Equity as a proportion of Total Assets improved from 13% (Yr. 21) to 18% (Yr. 22). Simultaneously, there was a significant increase in Risk Weighted Assets, escalating from ₦4.8b (Yr. 21) to ₦6.6b (Yr. 22).

This upward trajectory, combined with the concurrent growth in Regulatory Capital led to a substantial increase in the Capital Adequacy Ratio (CAR). The CAR surged from 15.28% (Yr.21) to 20.96% (Yr.22).

ASSET QUALITY

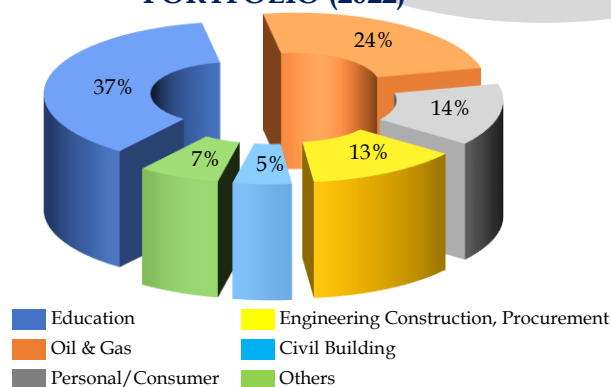
Year	2022	2021	2020
Item	₦'000	₦'000	₦'000
Gross Loan & Advances	5,133,333	3,765,737	2,868,585
Classified Loan	79,371	72,748	49,078
Provisions	125,433	76,454	144,007
Classified Loans Prov./Classified Loans (%)	158	105	178
Classified Loans/Equity (%)	6	9	15
Classified Loans/Gross Loans (%)	2	2	3

Source: Fewchore Finance Company Limited

Gross Loans and Advances recorded a significant upswing of 36% to ₦5.1b (Yr.22). The Company's Total Asset was constituted majorly of Loans and Advances recording 67% of the Total Asset Value. Other Exposures of the Company were

classified into Financial Assets, Cash and Cash Equivalents and Investment Securities.

SECTORIAL DISTRIBUTION OF LOAN PORTFOLIO (2022)



Source: Fewchore Finance Company Limited

Gross Loans & Advances comprised of Commercial Loans granted to individuals, SMEs and corporate organizations for personal and business financing.

These Loans were distributed among fourteen (14) Sectors. The major loan exposure of the Company is concentrated in the Educational Sector. This Sector accounted for 38% of the loan book

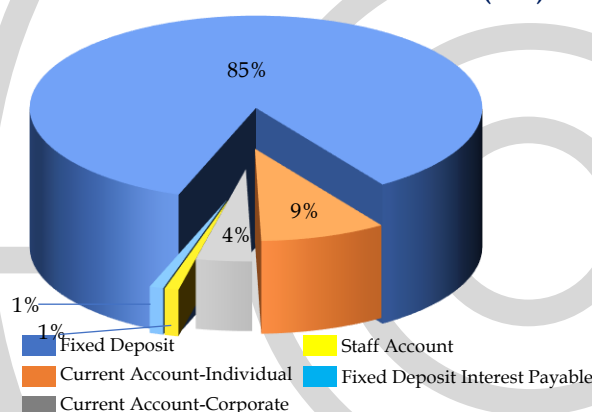
in the year 2022. Other significant Sectors in terms of Loan concentration are Oil and Gas (24%), Personal and Consumer (14%) as well as Engineering, Construction and Procurement (13%). Others contributed less than 10% of the Company's Loan Portfolio.

The Classified Loans and Advances grew during the year from ₦72m (Yr. 21) to ₦79m (Yr. 22). This made a marginal proportion of 2% of the Total Loans for the years 2021 and 2022. As at 31st December 2021, Provision for Classified Loans rose to ₦125m (Yr. 22) as against ₦76.4m (Yr. 21). This yielded an effective coverage ratio of 158% for Impaired Exposures during the year 2022.

LIQUIDITY

The Company's Liquid Assets amounted to ₦1.8b (Yr.22). This was a 15% increase

DISTRIBUTION OF CUSTOMERS' FUND (2022)



Source: Fewchore Finance Company Limited

over the value recorded in the prior year. Its composition are: Fixed Deposits (56%) and Bank balances (44%). The Liquid portion of Total Assets stood at 22% in the year 2022 a decline from 26% for the year 2021.

In the year 2022, the Deposits Due to customers totaled ₦6.4b. This figure represented 34% increase compared with the preceding year. Deposits were largely concentrated in Fixed tenured accounts which accounted

for 84% of the total value. Other categories of Deposits Liabilities include Current accounts to Corporates and Individuals, Fixed Deposit Interest payables and staff accounts. Total Deposits Due to customers accounted for 96% of Total Liabilities.

LIQUIDITY GAP ANALYSIS

Time Band	Loans & Advances N'000	Customers Fund N'000	NET GAP N'000
Liquid Assets	1,803,825		1,803,825
0-30days	2,451,309		4,255,134
31-60 days	523,880		4,779,014
61-90 days	546,800	430,116	4,895,698
Above 90 days	1,692,344	2,767,418	3,820,624
180-360 days		3,147,028	673,596
Above 360 days		46,753	626,843

Source: Fewchore Finance Company Limited

Total Deposit Liabilities set to mature within a period of 90 days represented 7% of the Customers' Funds. The balance of obligations due to Customers had maturity ranging from 3months to 1 year. This class of liabilities contributed 93% of the Total Deposits.

Loans to Deposit Ratio rose to 84% (Yr.22) from 81% (Yr.21). This significantly high proportion enabled better coverage of

Customers obligation along time scale. The Liquid Assets combined with Loans and

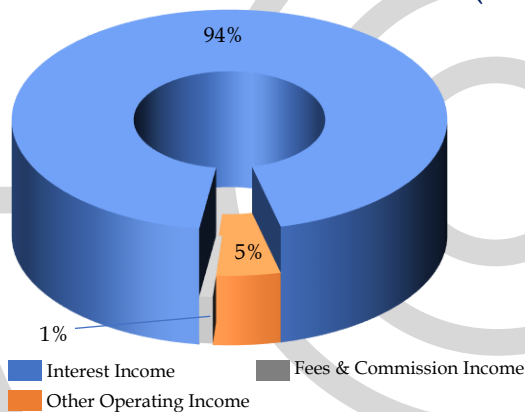
Advances yielded a short-term liquidity surplus of ₦673.6m. The Liquidity surplus narrowed marginally to ₦626.8m on a timeline exceeding one (1) year. Aside customer's Deposits, other sources of Liabilities to the Company during the year included: Tax Liabilities, Bank Overdrafts and Other Liabilities.

Liquid Assets as a proportion of Total Liabilities was 27% (Yr.22) as against 30% (Yr.21). However, it provided the needed cushion for Customers Funds in the year 2022. The Company also reported a Liquidity ratio of 37% as at the year-end 2022 as against 41% (Yr. 21).

EARNINGS PROFILE

The sources of Income to the Company include: Interest Income, Fees and Commission. Gross Earnings grew by 58% moving from ₦1.49b (Yr. 21) to ₦2.35b (Yr. 22).

COMPOSITION OF GROSS EARNINGS (2022)



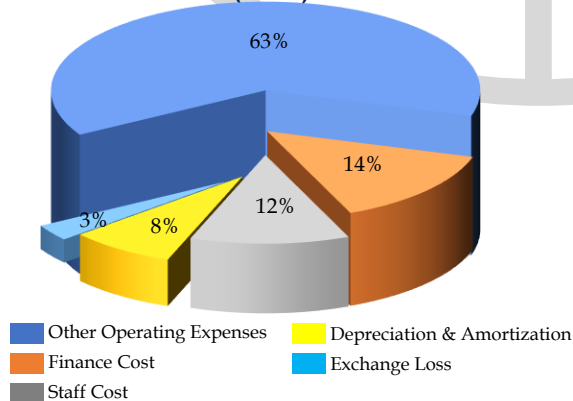
Source: Fewchore Finance Company Limited

Interest Income were derived from Loans and Advances as well as Call Investment. It accounted for 94% of the Total Earnings in the year 2022. Net Interest Margin improved marginally from 37% (Yr.21) to 38% (Yr.22).

Fees and Commission Income were earned from Loan processing services and pre liquidation fees. Earnings in this regard amounted to ₦28.4m (Yr. 22) as against ₦18.4m

(Yr. 21).

COMPOSITION OF OPERATING EXPENSES (2022)



Source: Fewchore Finance Company Limited

Other Operating Income earned rose significantly by 89% to ₦107m (Yr.22).

The Total Operating Expenses of the Company escalated by 144% from ₦285m (Yr.21) to ₦694m (Yr.22) due to a rise in general and administrative cost including all other operating cost components. Therefore, Cost to Income ratio went up from 19% (Yr.21) to 30% in the year 2022.

Consequently, Pre-Tax Profit declined by 12% to ₦238m. Similarly, Net Profit Margin slumped to 10% (Yr. 22) compared to 18% in the preceding year. Return on Asset also declined to 3% as against 5% (Yr.21).

RISK FACTORS

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

- **INTEREST RATE RISK**

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

The Company has Investment in interest paying Securities. Therefore, adverse movement in Interest Rate may affect income.

- **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 Company is significantly exposed to the Education and Oil & Gas both accounting for 62% of the company's Loan. Therefore, adverse changes in the highlighted sectors may have negative impact on its Earnings.

- **LIQUIDITY RISK**

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

Based on our review, the Company reported a Liquidity ratio of 37%.

- **REGULATORY RISK**

Regulatory Risk is the inability of the Company to meet regulatory requirements for its operations.

The major requirement for the Company is to maintain a Capital Adequacy Ratio (CAR) of 10%. Based on our review, it maintained CAR of 21%

CONCLUSION

We have reviewed the document presented by the Company. The Rating is supported by the Company's very good Liquidity and Asset Quality.

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

FINANCES

Financial Position as at

	Dec., 2022		Dec., 2021		Dec., 2020
	₹'000	Δ%	₹'000	Δ%	₹'000
ASSETS					
Cash and Cash Balances	1,803,825	15.18	1,566,044	209.57	505,875
Investment securities	531,044	32.38	401,147	139.36	167,593
Loans and advances to customers	5,007,900	35.74	3,689,283	35.41	2,724,578
Other Receivables	408,751	97.48	206,988	31.68	157,185
other assets	224,551	326.41	52,661	52.61	34,506
Property , plant and equipment	97,759	(17.96)	119,164	35.67	87,833
Intangible assets	30,211	(1.47)	30,661	38.13	22,197
TOTAL ASSETS	8,104,041	33.60	6,065,948	63.95	3,699,767
LIABILITIES					
Due to Customers	6,391,315	34.19	4,763,035	79.70	2,650,566
Tax Payable	58,833	321.05	13,973	35.23	10,333
Deferred tax Liabilities	23,462	9.16	21,493	35.09	15,910
Other Liabilities	56,113	130.63	24,330	(14.27)	28,379
Deposit for Shares		-	465,000		465,000
Bank Overdraft	154,002		-		-
Total Liabilities	6,683,725	26.40	5,287,831	66.80	3,170,188
EQUITY					
Share capital	100,000	-	100,000	-	100,000
Share Premium	449,500			-	
Retained earnings	582,781	11.98	520,430	69.79	306,509
Statutory reserve	125,861	26.77	99,281	61.00	61,664
Other reserve	33,026	88.44	17,526	-	17,526
Non distributable regulatory reserve	129,148	215.92	40,880	(6.84)	43,880
Total Equity	1,420,316	82.53	778,117	46.93	529,579
Total Liabilites and Equity	8,104,041	33.60	6,065,948	63.95	3,699,767
Income statement					
Gross Income	2,355,307	57.84	1,492,217	66.38	896,864
Profit/(Loss) before taxation	238,002	(11.96)	270,333	51.74	178,150
Taxation	-60,802	210.91	-19,556	22.15	-16,010
Profit/(Loss) after taxation	177,200	(29.34)	250,777	54.67	162,140
Earnings/(Loss) per share	2	(33.33)	3	50.00	2

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 10th November, 2023

For and on behalf of:
DataPro Limited
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By Marina Water Front
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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 <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.