



# DLM CAPITAL GROUP



## DataPro Limited

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August, 2021

# DLM CAPITAL GROUP

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## CORPORATE RATING REPORT

### References

Abiodun Adeseyoju, FCA.  
Abimbola Adeseyoju  
Oladele Adeoye

### EVALUATION

**VALID TILL: July, 2022**

Long-term Rating:	A
Short term Rating	A1
Previous Rating:	N/A
Rating Outlook:	Stable
Trend:	Up
Currency:	Naira

### EXECUTIVE SUMMARY

	2020 N'000	2019 N'000	2018 N'000
Pre Tax Profit	594,363	685,456	265,637
Equity	4,393,286	3,874,249	3,560,378
Non Current Assets	90,381	39,872	122,236
Total Asset	13,813,906	15,324,872	7,314,945
Long-term Debt	9,420,620	11,450,625	3,754,570

### RATING EXPLANATION

The Short-Term Rating of **A1** indicates **Good Credit Quality** and satisfactory 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 ability to meet its ongoing obligations.

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

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## RATING SYNOPSIS

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

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

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

The risk factors were assessed using the Group's Capital adequacy, 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:

- Good Revenue Profile
- Stable and experienced management

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## BACKGROUND

**DLM Capital Group ("The Group")**, operates as a Diversified Financial Services and Developmental Investment Banking Institution.

The Group offers general financial and investment banking related services via its subsidiaries which provide corporate/business loans, FinTech services including retail and consumer credit, Asset Management, Trust Services, Securities trading and forex dealing.

**DLM Capital Group**, the Holding Financial Services Group has seven subsidiaries regulated by the **Central Bank of Nigeria** and the **Securities and Exchange Commission**.

The detail of the members of the Group is as presented:

### DLM CAPITAL GROUP SUBSIDIARIES

NO	COMPANY NAME	RELATIONSHIP	LINE OF BUSINESS
1	DLM Capital Group Limited	Parent	<ul style="list-style-type: none"> <li>Financial Services Group</li> </ul>
2	CitiHomes Finance Company (DLM Finance Company)	Subsidiary	<ul style="list-style-type: none"> <li>Finance Company</li> </ul>
3	DLM FX	Subsidiary	<ul style="list-style-type: none"> <li>Foreign Exchange Trading</li> </ul>
4	Links Microfinance Bank (DLM Microfinance Bank)	Subsidiary	<ul style="list-style-type: none"> <li>Digital Banking</li> </ul>
5	DLM Advisory Limited	Subsidiary	<ul style="list-style-type: none"> <li>Investment Banking</li> <li>Financial Advisory</li> </ul>
6	DLM Trust Company		<ul style="list-style-type: none"> <li>Trust Services</li> </ul>
7	DLM Securities	Subsidiary	<ul style="list-style-type: none"> <li>Securities Trading</li> </ul>
8	DLM Asset Management	Subsidiary	<ul style="list-style-type: none"> <li>Investment Adviser and Fund/Portfolio Management</li> </ul>

**Source:** DLM Capital Group Limited

The Company is beneficially owned by **Dunn Loren Merrifield LLC New York** which accounted for 99.99% of its 500,000,000 Issued and fully Paid-up shares as at the year ended 2020.

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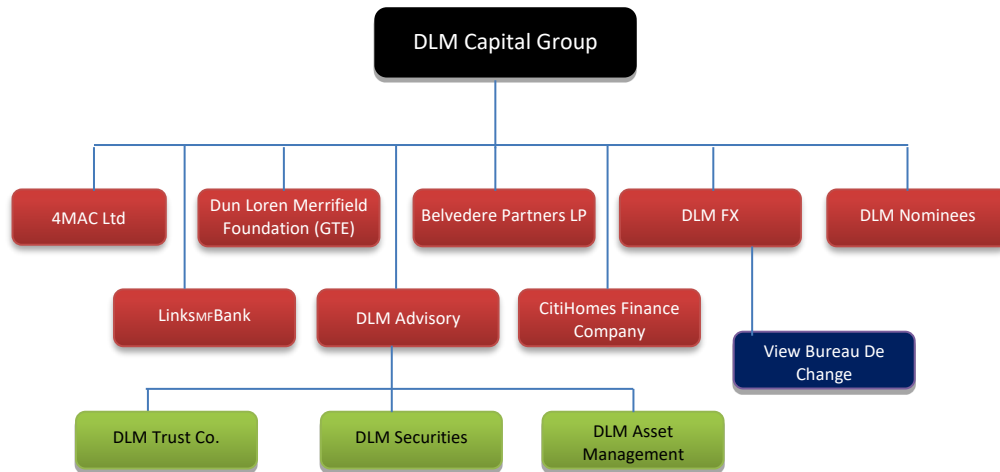
### • Report Type: Corporate Rating

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The Group structure is as presented:

### DLM CAPITAL GROUP ORGANOGRAM



Source: DLM Capital Group Limited

The Group operates through its Head office situated in Lagos with access to Clients across all 36 states in Nigeria. It renders its services through a workforce of 124 employees (July 2021).

The summary of the Group financial is as presented:

### KEY FINANCIAL INDICATORS

Item	Gross Earning	PBT	Total Asset	Equity	Total Liabilities	PPE
Year	N'000	N'000	N'000	N'000	N'000	N'000
2021 (H1)	762,816	309,984	16,590,645	5,265,684	11,324,961	176,578
2020	1,363,638	594,363	13,813,906	4,393,286	9,420,620	90,381
2019	1,278,070	685,456	15,324,872	3,874,249	11,450,625	39,872
2018	583,902	265,637	7,314,945	3,560,378	3,754,568	122,236

Source: DLM Capital Group Limited

## THE PARENT COMPANY

The Parent Company within the Group is **DLM Capital Group Limited** ("The Company") formerly **Dunn Loren Merrifield Group Limited**. The Company was incorporated in the year 2009 as a private Limited Liability Company.

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The Company is a Non-Trading Holding Financial Institution. Through its subsidiaries, it provides Financial and Capital Market related services.

The Company is beneficially owned by **Dunn Loren Merrifield LLC** which accounted for 99.99% of its 500,000,000 Issued and fully Paid-up shares as at the year ended 2020.

## Directors' Profile

The following served as directors during the year under review; **Amb. Ademola Seriki - Chairman, Mr. Sonnie Babatunde Ayere - Group Managing Director/CEO, Mr. Michael Orimobi, Mrs. Olayimika Philips and Mr. Malcolm Gilroy**

The Directors' profiles are as follows.

1. **Name:** Amb. Ademola Seriki  
**Position:** Chairman  
**Years of Experience:** Over 30 years  
**Education:**
  - B.Sc - City University of New York, USA
  - Diploma - Harvard University**Job Experience:**
  - Nigerian Ambassador to Spain
  - Chairman, Corporate Affairs Commission
  - Citicorp
  - Honorable Minister of the Federal Republic Nigeria
  - Cappa and D' Alberto PLC
  
2. **Name:** Mr. Sonnie Babatunde Ayere  
**Position:** Group Managing Director/CEO  
**Years of Experience:** Over 28 years  
**Education:**
  - MA(Hons) - University of Dundee, Scotland, UK
  - MBA - Cass Business School University of London
  - London Business School**Job Experience:**
  - United Capital
  - International Finance Corporation
  - BMO Nesbitt Burns, London
  - Sumitomo Mitsui Bank
  - NatWest Bank, London
  - HSBC, London

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**3. Name:** Mr. Malcolm Gilroy  
**Position:** Non-Executive Director  
**Years of Experience:** Over 20 years  
**Job Experience:**

- World Bank Group
- FDHL
- Afrinvest West Africa
- United Capital
- Cambrian Capital Management Limited, Canada
- UBS Canada

**4. Name:** Mr. Michael Orimobi  
**Position:** Non-Executive Director  
**Years of Experience:** Over 14 years  
**Education:**

- LLB- University of Lagos
- LLM - University of Cambridge

**Job Experience:**

- Tokunbo Orimobi LP
- Ash Xander
- Bolorims Express Limited (BEX)
- Greenwich Merchant Bank Limited

**5. Name:** Mrs. Yimika Philips  
**Position:** Non-Executive Director  
**Years of Experience:** Over 27 years  
**Education:**

- LLB- University of Lagos

**Job Experience:**

- Olaniwun Ajayi LP
- Enterprise Practice Group

#### • EARNING PROFILE

The Group earned Revenue from two (2) main sources. These are Transaction Interest Income and Fee and Commission Income. Aside these sources, there was marginal Income from Other sources amounting to ₦81.9m (Yr.20). Fee and Commission based income contributed the largest proportion of the Group's earnings in the year 2020. It accounted for 55% of the Group's Total Earnings. This is strictly followed by Fee and Transaction Interest Income. The distribution of the Group Revenue is as presented.

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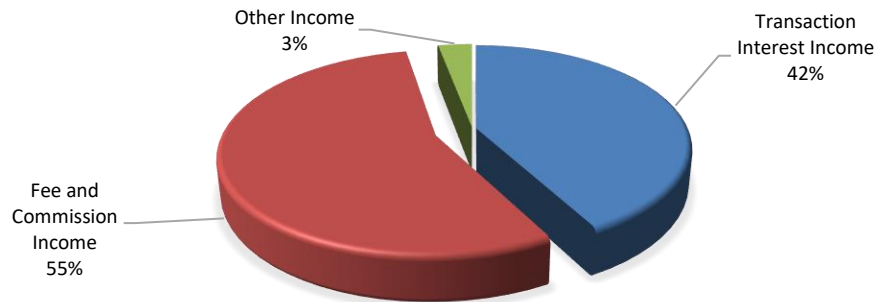
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**COMPOSITION OF REVENUE (2020)**


*Source: DLM Capital Group Limited*

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The total Fee and Commission Income of the Group during the year 2020 was ₦1.5b. There were eight (8) sources contributing to this class of Revenue. However, the most significant sources were Trustee Fee Income, Issuing House Fee and Sale of Forex. These three (3) sources accounted for 98% of Total Fee and Commission Income in the year 2020. The Group achieved less Revenue from Fee and Commission during the year under review. This was largely due to the inability of the Group to achieve the same level of Sales of Forex recorded in the Year 2019. Consequently, Fee and Commission Income declined by 57% from ₦3.6b (Yr.19) to ₦1.5b (Yr.20)

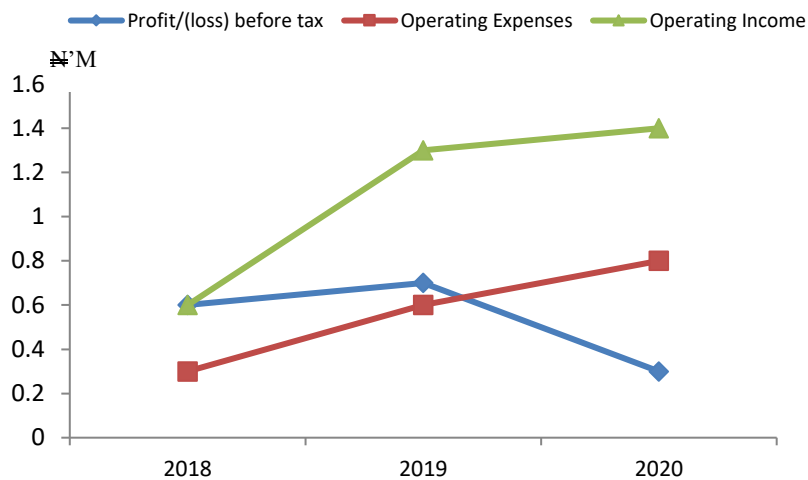
Transaction Interest Income also declined by 13% from ₦1.3b (Yr.19) to ₦1.2b (Yr.20). This represented income generated from fund placement and investment activities of the Group. The most significant items of Revenue in this segment of income are: Interest on Placement, Interest on Loan, Interest on Treasury Bills and Bonds Interest Income. The Group recorded nil Fixed Interest Trading Income in the year 2020 as against ₦485.8m (Yr. 19). This accounted for the reduction in Interest based Income during the year under review.

The reductions in the Transaction Interest Income and earnings from Fees and Commission affected the growth of revenue during the year 2020. Consequently, Total Revenue declined by 44% from ₦5b (Yr.19) to ₦2.8b (Yr.20).

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## • PROFITABILITY



*Source: DLM Capital Group Limited*

The Interest Expenses of the Group for the year 2020 was ₦0.5b. This is a decline of 38% compared with the interest Expenses of ₦0.8b recorded in the year 2019. The reduction in interest Expenses boosted Net Interest Margin from 40% (Yr.19) to 56% (Yr.20).

Fee and Commission based Expenses went down from ₦2.9b to ₦0.9b. this was on account of reduction in the purchase of forex from ₦2.9b (Yr. 19) to ₦0.8b (Yr. 20). The reduction in Fee and Commission Expenses was not enough to moderate the effect of the decrease in the related revenue. Therefore, Net Fee and Commission Income went down from ₦0.7b (Yr.19) to ₦0.6b (Yr.20).

The Group's Operating Expenses grew by 33% from ₦0.6b (Yr.19) to ₦0.8b (Yr.20). This included Personnel Expenses, Depreciation and Other Operating Expenses. Significant growth in cost points such as Shared Cost, Economic Subsidy, Consultancy Fees and General Operation and Administrative Cost accounted for the increase in Total Expenses during the year under review. The composition of the Group's Operating Expenses is as presented.

### SUMMARY

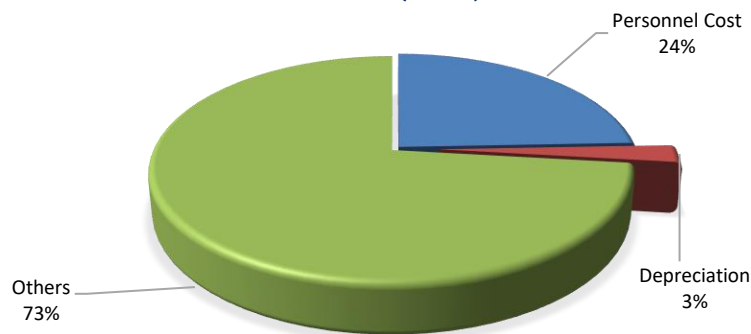
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**COST COMPOSITION (2020)**


*Source: DLM Capital Group Limited*

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The rise in Operating Expenses as well as reduction in Revenue from Fee and Commission Income impaired profitability in the year 2020. Therefore, Pre-tax profit decreased from ₦0.7b (Yr. 19) to ₦0.6b (Yr. 20).

- **INVESTMENT**

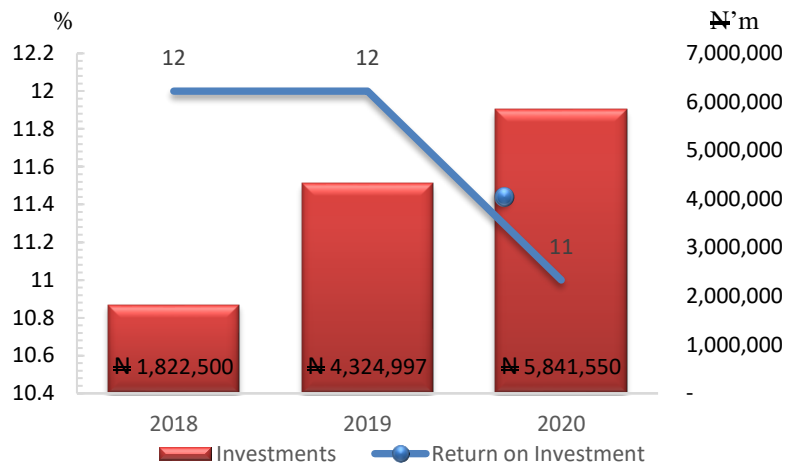
The Group's Investment portfolio comprises of Money Market Placements and Other Financial Assets. The other specific components of the investment portfolio include: Investment in Subsidiaries and Associates, corporate loans, Investment in debt and equity instruments. The distribution of the investment portfolio is as presented:

**DISTRIBUTION OF INVESTMENT PORTFOLIO (2020)**

INVESTMENTS	(2020) ₦'000	(2019) ₦'000
Placements with Banks and OFI's	4,746,882	8,283,457
Equity Investments	29,500	29,500
Investment in 4MAC Property	1,800,000	1,800,000
Investment in Subsidiary and Associates	2,383,428	2,241,296
Investment in Corporate bonds	1,628,621	49,036
Investment in Commercial Paper	-	205,165
	10,588,431	12,608,454

*Source: DLM Capital Group Limited*

Net Interest Income amounted to ₦646m in the year under review. It rose by 21% from the previous year. Return on Investment was 11% (Yr. 20) compared to 12% (Yr. 19).

**RETURN ON INVESTMENT (YEAR 2018-2020)**


Source: DLM Capital Group Limited

- CAPITALIZATION**

The Group Share Capital and Share Premium remained unchanged at ₦0.5b and ₦1.4b respectively between the year 2019 and 2020. Also, Net Equity balance arising from the Group expansion and Capital Reserve resulting from Property Revaluation remained the same during the year. However, Retained Earnings grew significantly from ₦55m (Yr.19) to ₦579 (Yr.20) leading to the overall increase of 13% in Equity. The main growth driver of equity was increase in profitability.

Total Assets was ₦13.8b (Yr. 20) as against ₦15.3b the previous year. This is a decrease of 10% arising from reduction in Placements with Financial Institutions during the year 2020. Aside this, other components of Total Assets grew significantly in the year.

In view of the growth in Equity as against the decrease in Total Assets, funding of operations using Shareholder's Funds improved from 25% (Yr.19) to 32%(Yr.20). The Group is involved in operations that are required to maintain minimum regulatory capital. The affected members of the Group are: **DLM FX, CitiHomes Finance Company, Links Microfinance Bank, DLM Advisory, DLM Trust Company, DLM Securities and DLM Asset Management**. All members of the Group operate with required Capitalization.

- LIQUIDITY**

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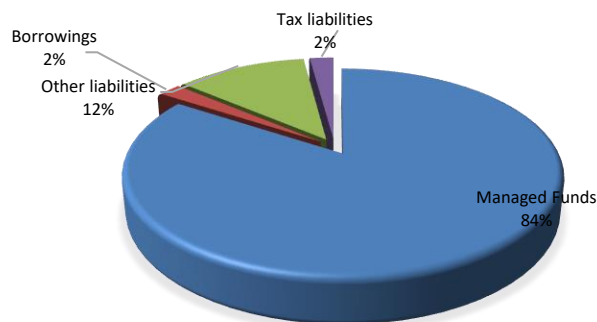
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Total Liabilities amounted to ₦9.4b in the year 2020 as against ₦11.5b (Yr. 19). This is a decrease of 18%. The Liabilities are largely concentrated in Managed Fund which accounted for 84% of Total Group's Obligations.

#### COMPOSITION OF TOTAL LIABILITIES (YEAR 2020)



Source: DLM Capital Group Limited

Managed Funds of the Group decreased from ₦8.9b (Yr. 19) to ₦7.9b (Yr. 20). The most significant is the Trust Transaction Account which made up for 55% of total Managed Fund. The Group also contracted Interest Bearing Borrowing totaling ₦188m (Yr. 20) as against ₦388.9m (Yr. 19).

The Liquid component of the Group's Total Assets declined during the year under review. Liquid Assets as a proportion of Total Assets went down from 65% (Yr. 19) to 38% (Yr. 20). The coverage provided for Managed Funds by Liquid Assets also declined from 111% (Yr. 19) to 66% (Yr. 20). Ability to settle maturing obligations using Liquid Assets equally followed the same pattern. This went down from 87% (Yr. 19) to 57% (Yr. 20).

### DLM ADVISORY LIMITED

*DLM Advisory* was incorporated in 2007 as *Dunn Loren Merrifield Limited* and commenced business operation in 2009.

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The operation of the company is registered with the **Securities & Exchange Commission (SEC)** as an Issuing House/Underwriter. The Summary of its operation is as presented:

#### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	533,054.00	233,283.00	2,546,766.00	1,232,517.00	1,314,249.00	31,205.00
2019	615,258.00	296,843.00	2,302,882.00	1,011,587.00	1,291,295.00	22,285.00
2018	343,930.00	162,130.00	1,939,886.65	725,572.00	1,214,314.00	13,878.00
2017	97,436.00	(56,459.76)	1,945,502.90	423,074.51	1,522,428.39	12,172.35
2016	176,685.00	(41,612.00)	1,889,858.46	482,079.05	1,407,779.41	23,064.47

Source: DLM Advisory Limited

### DLM ASSET MANAGEMENT LIMITED

**DLM Asset Management Limited** previously operating from 2014 as **Dunn Loren Merrifield Asset Management & Research Company Limited**, has its roots dating back to 1999.

The company is registered with 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 N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	158,254.33	31,297.00	6,725,980.00	416,176.98	6,309,803.00	17,438.00
2019	90,448.35	32,004.00	6,977,666.00	387,671.00	6,589,995.00	2,646.00
2018	70,894.00	24,289.00	4,276,020.00	358,061.00	3,917,959.00	7,001.00
2017	27,871.69	(10,947.32)	884,993.06	331,715.69	553,277.37	4,279.52
2016	26,600.14	(15,107.49)	706,795.44	342,813.00	363,982.43	8,658.81

Source: DLM Asset Management Limited

### DLM TRUST COMPANY LIMITED

**DLM Trust Company** is a wholly owned subsidiary of the Group. The company began operation in the year 2018 as a Trustee. Its operations

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are regulated by the *Securities & Exchange Commission (SEC)*. The summary of its operation is as presented:

#### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	448,362.00	241,153.00	6,377,331.00	838,050.00	5,539,281.00	23,912.00
2019	467,800.00	363,214.00	6,552,117.00	627,789.00	5,924,328.00	8,789.00
2018	128,730.00	68,723.60	4,503,413.00	367,014.00	4,136,399.00	11,880.00

Source: DLM Trust Company Limited

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## DLM SECURITIES LIMITED

*DLM Securities Limited* formerly known as *Dunn Loren Merrifield Securities Limited* operated as *ESS Investment and Trust Limited* prior to its acquisition by the Group in 2013.

The company is registered with the *Securities & Exchange Commission (SEC)* as the Broker Dealer and Market Maker arm of the Group. The summary of its operation is as presented:

#### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	14,949.00	(35,651.00)	1,715,349.00	1,595,683.00	119,666.00	4,630.00
2019	40,637.00	(30,400.00)	1,912,163.00	1,631,376.00	280,787.00	2,475.00
2018	34,088.00	(6,077.00)	1,721,899.00	1,672,196.00	49,702.00	27,113.00
2017	26,991.21	(44,427.00)	1,771,523.86	1,678,486.75	93,037.11	38,907.28
2016	55,098.00	(35,796.00)	1,895,788.00	1,718,768.00	177,020.00	60,394.00

Source: DLM Securities Limited

## CITIHOMES FINANCE COMPANY LIMITED

*CitiHomes Finance Company Limited (DLM Finance Company Limited)* is a registered Finance Company licensed by the **Central Bank of Nigeria**. The Company was previously incorporated as CitiHomes Savings and Loans Limited in the year 1991.

The summary of its operation is as presented:

### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	135,835.00	63,933.00	8,453,780.00	4,048,254.00	4,405,526.00	17,224.00
2019	68,725.00	30,081.00	6,943,800.00	3,994,174.00	2,949,626.00	4,300.00

Source: CitiHomes Finance Company Limited

## LINKS MICROFINANCE BANK LIMITED

*Links Microfinance Bank (DLM Microfinance Bank)* was incorporated in the year 2007. The operation of the Bank is approved by the **Central Bank of Nigeria (CBN)**. The Group acquired the Bank 100% in the year 2020.

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

### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2021 (H1)	21,389	(29,612)	833,532	452,701	380,831	2,408

Source: Links Microfinance Bank Ltd

## DLM FX TRADING LIMITED

*DLM Fx Trading* is a wholly owned subsidiary of the Group. Its line of business includes the sales and purchases of foreign Currency on a retail basis. The company began operation in the year 2019. The summary of its operation is as presented:

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### KEY FINANCIAL INDICATORS

Item Year	Gross Earning N'000	PBT N'000	Total Asset N'000	Equity N'000	Total Liabilities N'000	Fixed Assets N'000
2020	81,770.00	60,345.00	394,085.00	141,664.00	252,421.00	-
2019	11,823.00	(6,286.00)	274,579.00	99,714.00	174,865.00	-

Source: DLM FX Trading Limited

## REGULATORY ENVIRONMENT

*CitiHomes Finance Company, DLM FX Trading (through its subsidiary Viewpoint Bureau De Change) and Links Microfinance Bank* are regulated by the *Central Bank of Nigeria (CBN)* while *DLM Advisory Limited, DLM Trust Co, DLM Securities and DLM Asset Management* are regulated by the *Securities and Exchange Commission (SEC)*. The registration status of the Companies are active as at the time of compiling this report.

## CORPORATE GOVERNANCE & RISK MANAGEMENT

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

The Group provides central support structure in the areas of risk management, internal audit, compliance, 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 risk management governance structure in place within the Group is as presented.

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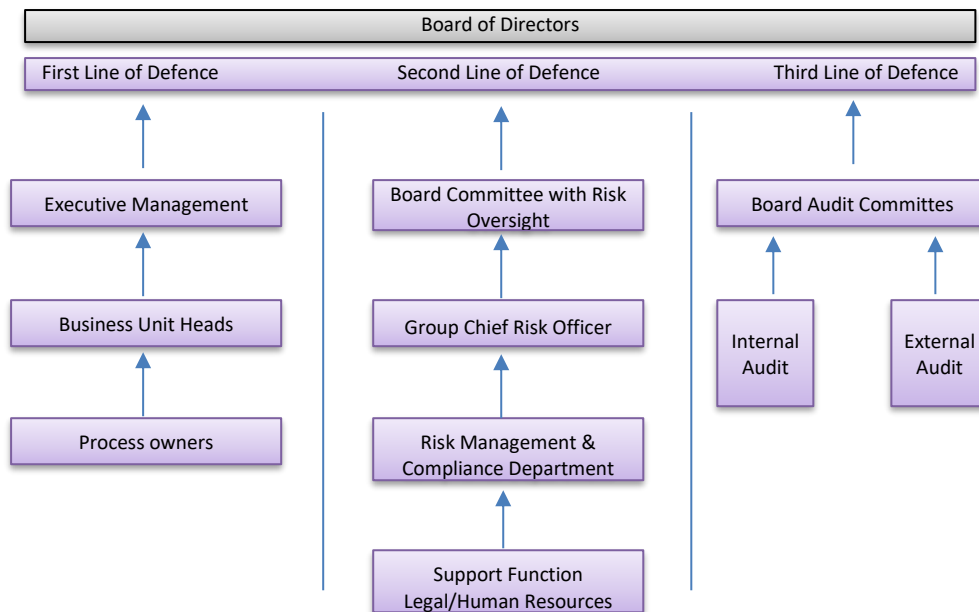
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### RISK MANAGEMENT GOVERNANCE STRUCTURE



Source: DLM Capital Group Limited

## RISK FACTORS

In the course of our review, we observed the following significant risks.

- Regulatory Risk**

This is the risk that the company will not be able to operate as a result of inability to comply with regulatory demand. Our review revealed that the company's current Shareholders' Funds is ₦4.4b as at December 2020. This is in excess of the regulatory capital requirement by the *Securities Exchange Commission (SEC)* and *Central Bank Nigeria (CBN)*.

- Credit Risk**

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

Our review revealed that over 50% of the Group's total assets as at 31<sup>st</sup> December 2019 are concentrated in third parties. Therefore, the qualities of these assets are tied to the credit quality of these third parties. However, the Group did not have Non-Performing Loan as at the end of the year 2020.

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- **Investment Risk**

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

Our review revealed that the company currently invest in combination of Financial Securities, Cash Placements Investment Properties, Corporate Bonds, Subsidiaries and Associates. Therefore, adverse movement in value of investment may not affect the Shareholders' Funds.

- **Reputational Risk**

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

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

- **Liquidity Risk**

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

Our review showed that the liquid portion of the company's assets was 38% as at December 2020 and can provide coverage of 57% for its Liabilities.

- **Exchange Rate Risk**

This is the risk of loss to income arising from adverse movement in Exchange Rate.

The Group is exposed to foreign exchange risk arising from its business of purchase and sale of FX.

## FUTURE OUTLOOK

The future outlook of the Group is built around its growth strategies. These include significant focus on Product Development, Market Penetration, Market Development and Diversification.

The Group is currently working to replicate some technique such as Funding Mortgage Origination via **Mortgage Warehousing Funding Limited** and its off-take via bond issuances from **NMRC** in the Micro Finance, Vehicle Finance, Agriculture and Infrastructure sectors of the Nigerian Economy. It also intends to look into the energy space, setting

up Africa Energy Investment Corporation, a Pan-Africa multi-lateral organization specializing in Oil & Gas, Mining, Alternative Energy and Power across Africa. Additionally, the Group has also invested heavily in the Digital Banking Space via its acquisition of Links Microfinance Bank

## CONCLUSION

The Rating of the company is supported by its Good Revenue Profile, Good Asset Quality and Experienced Management.

Therefore, we assigned a Rating of "A"

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**FINANCES**
**Financial Position as at**

	Dec, 2020 N'000	Δ%	Dec, 2019 N'000	Δ%	Dec, 2018 N'000
Investments	5,841,550	35.06	4,324,997	137.31	1,822,500
Trade receivables and prepayments	983,028	1,652.59	56,090	58.78	35,325
Intangible assets	4,028	546.55	623	(98.83)	53,325
Property and equipment	90381	126.68	39,872	(67.38)	122,236
Other assets	1,295,988	92.16	674,438	216.36	213,186
Goodwill	124,699	-	124,699	21.41	102,707
Deffered tax assets	106,323	-	106,323	(25.05)	141,855
<b>Total Assets</b>	<b>13,813,906</b>	<b>(9.86)</b>	<b>15,324,873</b>	<b>109.50</b>	<b>7,314,945</b>
Total Liabilities	(9,420,620)	(17.73)	(11,450,625)	204.98	(3,754,570)
Net Assets/(Liabilities)	<b>4,393,286</b>	13.40	<b>3,874,248</b>	8.82	<b>3,560,375</b>
<b>Equity Attributable to Owners</b>					
Share Capital	500,000	-	500,000	-	500,000
Share Premium	1,386,000		1,386,000		1,386,000
Retained earnings	578,532	955.14	54,830	(109.21)	(595,217)
Other equity	696,099	(2.08)	710,862	(32.38)	1,051,228
Capital Reserve	1,218,365	-	1,218,365	0.00	1,218,364
Statutory reserve	10,020	371.97	2,123		-
Risk reserve	4,270	106.28	2,070		-
<b>Total Equity</b>	<b>4,393,286</b>	<b>13.40</b>	<b>3,874,250</b>	<b>8.82</b>	<b>3,560,375</b>
<b>Statement of Comprehensive Income</b>					
Operating income	1,363,638	6.70	1,278,070	118.88	583,902
Operating expenses	(769,275)	29.81	(592,614)	86.20	(318,265)
Profit before tax/(loss)	594,363	(13.29)	685,456	158.04	265,637
Profit after tax	<b>519,037</b>	<b>(4.49)</b>	<b>543,445</b>	<b>105.15</b>	<b>264,900</b>

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**Signed:**   
**Name:** Oladele Adeoye  
**Designation:** Chief Rating Officer  
**Date:** 9th August, 2021

For and on behalf of:  
**DataPro Limited**  
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## USER GUIDE

**DataPro's** credit rating is an opinion of an issuer's 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+.

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### 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 aExcellentability 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</i>

*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

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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.

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