

# Infinity Trust Mortgage Bank Plc.

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## Final Servicer Rating Report

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 **Agusto&Co.**

*Research, Credit Ratings, Credit Risk Management*

# Infinity Trust Mortgage Bank Plc.

Rating:

**SR 3**

Servicer is considered to have **ADEQUATE** capacity to service loans

**Issue Date:** May 2018

**Expiry Date:** May 2019

**Previous Rating:** NA

**Industry:**  
Mortgage Banking

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## RATING RATIONALE

The rating of Infinity Trust Mortgage Bank Plc. (“Infinity Trust” or “the Servicer”) is supported by the Servicer’s good succession at the leadership level, ample business continuity framework, sound collection and recovery procedures and strong commitment to staff development. The Servicer’s rating is, however, constrained by the manual credit appraisal process. On the basis of the aforementioned, we believe that Infinity Trust’s ability to service loans is adequate. Agusto & Co. thus assigns an “**SR3**” rating to Infinity Trust Mortgage Bank Plc.

### Key Rating Drivers

#### Adequate Collections and Recovery Procedures:

**Collections:** Infinity Trust utilizes a number of payment options for collection such as direct debit mandates, bank transfers and post-dated cheques. The Servicer uses EasybankAX application which sends out reminders in the form of SMS alerts to customers. The servicer has nine functional Automated Teller Machines (ATMs), three in Lagos and six in Abuja. The Servicer also provide access to the Nigerian Interbank Settlement System (NIBSS) platform for inward transfers and the customers can transfer funds out of the bank through USSD code.

**Recovery:** The Recovery unit initiates early interventions with delinquent borrowers. The recovery process includes meetings/visitations by the credit officers and demand notice letters. Generally, the demand letter is sent three times (every seven days) from 3 days of default and if the customer is still in default after 30 days of the third demand letter, the Servicer’s legal unit or external solicitor takes legal action such as foreclosure of the property.

#### Ample Business Continuity Framework:

Infinity Trust has a good business continuity framework with disaster recovery simulations carried out quarterly. Furthermore, a periodic audit is carried out on all systems by the Internal Control unit. The Servicer also maintains a disaster recovery site which comprises replicas of the server and networking equipment at the Head Office.

#### Good Risk Management Process :

Infinity Trust has a good risk management process with effective deployment of risk management framework. However, the risk management unit is vulnerable to key man risk as the unit comprises only two personnel including the Head of Risk Management.

Also, the Credit Admin unit at the Head Office was managed by only one staff, who has resigned. However, a staff from another department was transferred to man that unit following the exit.

We believe, the Servicer may need more core staff, as the business volumes grow further.

#### **Good Succession at the Leadership Level:**

Infinity Mortgage has adequate succession at the leadership level, with four group heads supporting the Managing Director. The Servicer's Managing Director, Mr. Olabanjo Obaleye has experience in commercial and mortgage banking spanning over 20 years.

#### **Strong Commitment to Staff Development:**

The Servicer is committed to build capacities of new and current staffs, as Infinity Trust invests sufficiently in employee training and ensures that each staff attends at least one training course annually. In 2017, the Servicer utilized ₦19.2 million of a ₦20 million training budget with average training hours per staff at around 35 hours.

#### **Manual Credit Appraisal Process:**

The Servicer's credit appraisal process is not automated. Evaluation, recording and documentation are largely done manually with copies of credit documents and customer files being maintained physically. This practice of storing all relevant documents in hard copies makes the Servicer susceptible to loss or damage in the event of a disaster.

## SERVICER PROFILE

Infinity Trust Mortgage Bank Plc. (“Infinity Trust” or “the Servicer”) was incorporated in November 2002 as a limited liability company. The Servicer originally registered under the name Infinity Trust Savings & Loans Limited and commenced operations in 2003. Infinity Trust obtained a national primary mortgage bank licence in 2013, after meeting the minimum capital requirement of ₦5 billion set by the regulator. Infinity Trust was converted to a public limited liability company on 25 January 2013 and subsequently listed on the Nigerian Stock Exchange in December 2013.

Three shareholders jointly own 58% of the Bank’s equity. Engr. Adeyinka Bibilari, who is the Servicer’s Chairman, holds 31%, Adkan Services Nig. Ltd has a 16.60% stake while Labid Investment Limited holds 10.79%. The other shareholders who held more than 5% of Infinity Trust’s share capital is Mr. Olanajo Obaleye, Royal Mills Foods, Decimal Links Limited, Notec Venture Limited and Veritas Packaging Company Limited, with each holding 6%.

The Servicer provides mortgage banking, funds management and e-banking services including mortgage products such as Infinity Mortgage Finance Scheme (IMFS), National Housing Fund (NHF) and Infinity Bridging Mortgage Finance (IBMF). The Servicer’s e-banking services include debit cards and transfers via the Nigeria Inter-Bank Settlement System (NIBSS), while fund management products include Infinity High Yield, Infinity Current Plus, Infinity Premium Savings Account, Fixed Term Deposits and Infinity Save and Own a Home.

Infinity Trust’s head office is located at 11 Kaura Namoda Street, Area 3, Garki, Abuja, and another branch located at Suncity, Abuja. In addition to this, the Servicer have branches in Lagos and Nassarawa. The Servicer has created mortgages on over 2000 housing units since inception and had an average of 83 employees in the period under review. Infinity Trust has plans to raise capital from foreign investors to the tune of ₦6 billion and also intends to double the asset base over the next five years. In the short term, the Servicer intends to leverage NHFS and NMRC loan book to drive business growth.

## FINANCIAL CAPACITY

Infinity Trust’s total assets have grown at a compounded annual growth rate (CAGR) of 4.28% over the last three years. As at 31 December 2017, the Servicer’s total assets stood at ₦8.13 billion, representing a growth of 0.62% over the prior period. Infinity Trust’s liquidity and funding profile was supported by loanable funds of ₦2.21 billion and long-term capital comprising equity of ₦5.75 billion, respectively funding 27.2% and 70.7% of total assets. The liquid assets to loanable funds ratio (liquidity ratio) of 62.4% was well above the regulatory benchmark of 20%, signifying good ability to meet depositor’s obligations.

The Servicer’s capitalisation is strong for current business risks, with a capital adequacy ratio of 82%, which is well above the minimum regulatory requirement of 10% for primary mortgage banks, signifying more room for risk asset creation and optimal use of capital.

Infinity Trust’s earnings have declined at a compounded annual rate (CAR) of 2.9% over the last three years, due to the tough economic environment. Profitability indicators - pre-tax return on average assets (ROA) and pre-tax return on average equity (ROE) declined in 2017 to 3.2% (4.0% in 2016) and 4.6% (5.5% in 2016) respectively. Nonetheless, the Servicer’s profitability is satisfactory by industry standards. In our opinion, Infinity Trust has satisfactory financial capacity.

## BUSINESS STRUCTURE AND STAFFING

Infinity Trust is governed by an eight-member Board of Directors (“the Board”) which is chaired by Engr. Adeyinka Bibilari. The Board comprises seven non-executive directors including two independent directors and the Managing Director, Mr. Olabanjo Obaleye. The tenure of office for executive and non-executive directors is a renewable term of four years each for three terms.

The Servicer’s Board is responsible for the establishment of broad policy guidelines and ensuring proper management and direction. The Board carries out oversight through six standing committees:

- Statutory Audit Committee
- Board Credit Committee
- Board Risk Management Committee
- Board Information Technology Steering Committee
- Board Establishment Committee
- Board Assets-Liabilities Committee

The functions of the Board are also supported by three management committees:

- Executive Management Committee
- Management Credit Committee
- Risk management Committee

**Table 1: Infinity Trust Mortgage Bank’s Board of Directors.**

Current Directors	Position	Shareholding
<b>Engr. Dr. Adeyinka Bibilari</b>	Chairman	31.0%
<b>Mr. Olabanjo Obaleye</b>	Managing Director	6.00%
<b>Mr. Dada Ademokoya</b>	Non-Executive Director	0.01%
<b>Engr. Tunde Olaleke</b>	Non-Executive Director	0.20%
<b>Mr. Akin Arikawe</b>	Non-Executive Director	0.01%
<b>Rtd. Gen. Danladi Pennap</b>	Non-Executive Director	0.10%
<b>Alhaji Abubakar Muhammad</b>	Non-Executive Director (Independent)	Nil
<b>Mrs. Okwa Ene Iyana</b>	Non-Executive Director (Independent)	Nil

Source: Infinity Trust Mortgage Bank Plc.

### Business Structure

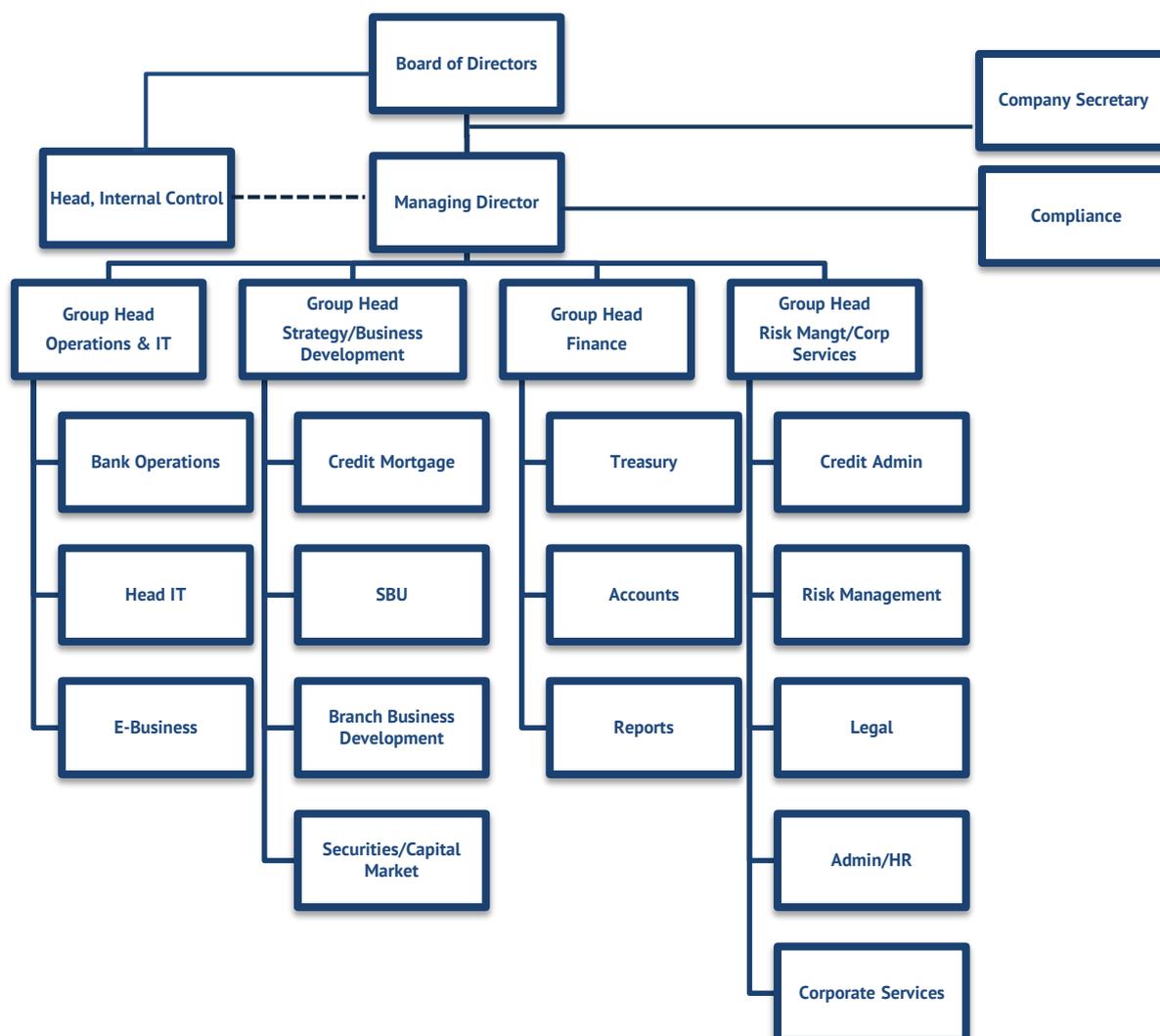
Infinity Trust is structured along four primary functions:

- Operations & Information Technology

- Strategy/Business Development
- Finance and
- Risk Management & Corporate Services.

The Group Heads of each of these primary functions along with the Compliance Officer report directly to the Managing Director. The Head of Internal Control reports to the Board of Directors via a dotted reporting line to the Managing Director. The Internal Control unit's affairs are temporarily overseen by the Compliance officer, following the resignation of the Head of Internal Control. The sub-functions under Operations & IT are Bank Operations, IT and E-Business while sub functions under Strategy/Business Development are Credit Mortgage, SBU, Branch Business Development and Securities/Capital Market. Treasury, Accounts and Reports are segmented under Finance while Credit Admin, Risk Management, Legal, Admin/HR and Corporate Services come under Risk Management/Corporate Services.

**Figure 1: Infinity Trust Mortgage Bank Plc.'s Organisational Structure**



Source: Infinity Trust Mortgage Bank Plc.

### Staffing and Training

Infinity Trust Mortgage Bank’s Managing Director, Mr. Olabanjo Obaleye, is supported by four executive management staff, with an average of 18 years of experience in commercial banking, mortgage banking and financial services. Infinity Mortgage has adequate succession planning at the leadership level, with four group heads supporting the Managing Director.

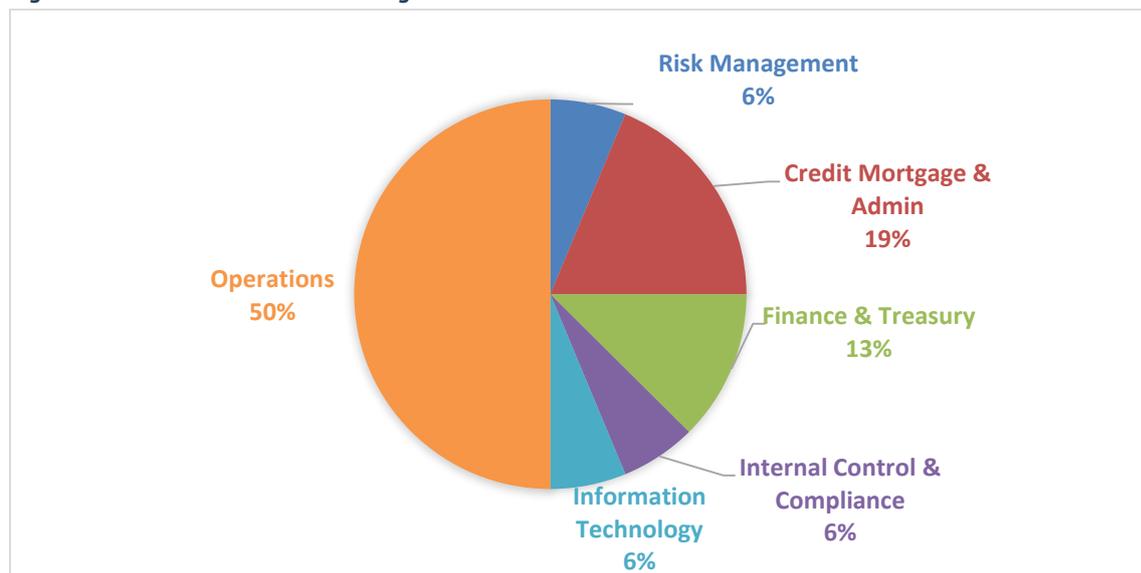
The Servicer had an average staff strength of 83 employees in the period under review, of which 30 were core servicing staff. Junior staff accounted for 44% of Infinity Trust’s staff while senior and management staff accounted for 49% and 6% respectively.

The Information Technology and Operations had 18 staff in total while the Internal Control & Compliance and Treasury units had 1 and 4 members each.

Credit Mortgage/Admin and Risk Management units had a total of 7 employees. The Credit Admin unit was managed by only one staff, who resigned in April 2018. However, a staff from another department was transferred to man that unit following the exit.

The Internal Control unit’s affairs are temporarily overseen by the Compliance Officer, following the resignation of Head of Internal Control. The Servicer is in the process of recruiting suitable personnel to fill these positions.

**Figure 2: Breakdown of Total Servicing Staff**



Source: Infinity Trust Mortgage Bank Plc.

The Servicer’s staff turnover ratio in the period under review was moderate at 12%, representing the fraction of servicing staff members who resigned or were dismissed.

The Servicer has a rigorous recruitment process, with vacancies advertised internally and publicly in national daily newspapers, on social media or via recruitment agencies. The employee on boarding process generally takes about two weeks. Staff appraisal is carried out semi-annually, with the key performance strengths/weaknesses of each employee identified and reported to the Executive Management Committee for evaluation.

Almost all the staff of the Servicer undergo training at least once in a year. The staff are trained on the basis of needs identified and there is no compulsory training schedule for each department. The Servicer utilised ₦19.21 million of a ₦20 million training budget, with average training hours per staff at around 35 hours in 2017. The recruitment and training process at Infinity Trust is sufficient for this current scale of operation.

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## RISK MANAGEMENT & GOVERNANCE

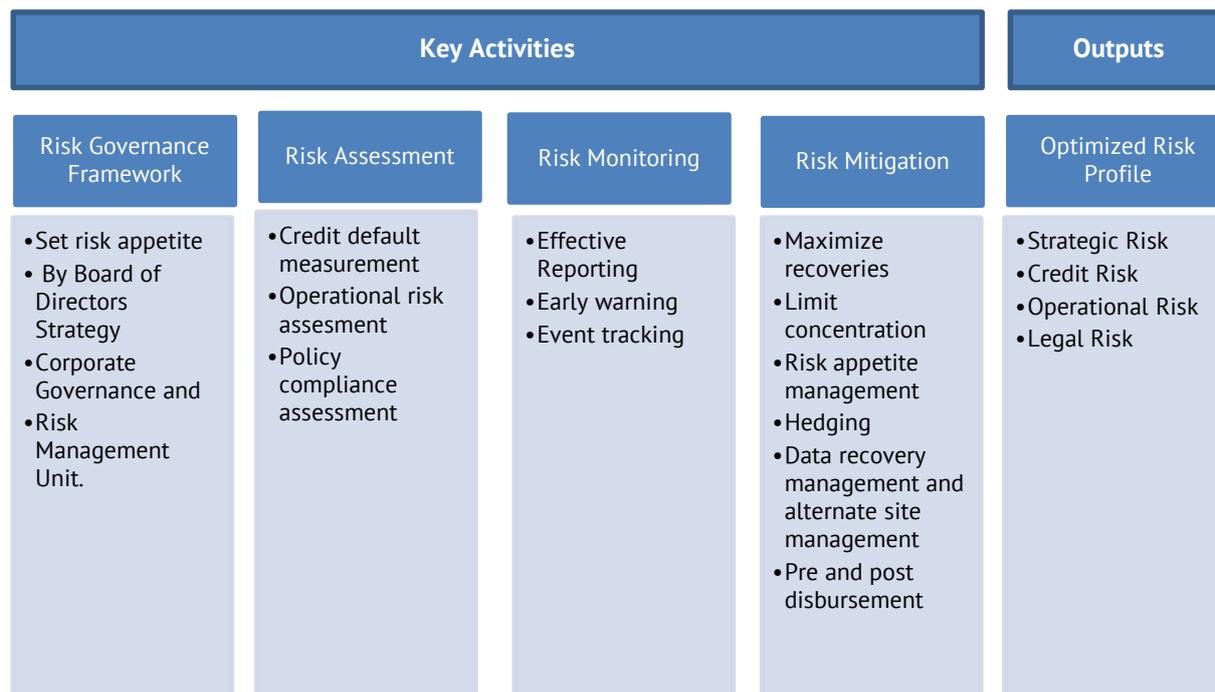
Infinity Trust's Board Risk Management Committee is responsible for approving and periodically reviewing risk strategies and policies. The Board Risk Management Committee ('BRMC') monitors the Servicer's risk profile to ensure the business remains within the set tolerance limits. The Board's risk control functions are supported by the Risk Management Committee ('RMC'), which helps the Board develop and implement various risk strategies. The RMC addresses all risks related to market, credit, liquidity, strategy and operations as well as legal risks.

The Board Risk Management Committee comprises five members, including Infinity Trust's Managing Director, four non-executive directors including the two independent directors. The committee meets at least once every quarter. In 2017, the Board Risk Management Committee met four times, with one absentee in each meeting. The Board of directors who are also members of BRMC met four times during the 2017 financial year with no absentee from all meetings held. The Servicer has a mandatory training program for all board members at least once a year.

The Risk Management Committee consists of the Managing Director, Head of Strategy and Risk Management, Head of Compliance and Internal Control, Head of FINCON and Group Head, Operations. The Committee meets every month and is responsible for the implementation of risk policies and procedures specified by the Board Risk Management Committee.

The Servicer's risk arising from day to day operations are jointly managed by the Credit Admin and Risk Management units. The Credit Admin unit is responsible for loan administration while the Risk Management unit is responsible for reviewing and for monitoring the performance of the credit risk of the portfolio. The credit monitoring by the risk management unit is done continuously to ensure that the credits are managed in accordance with terms and condition of their approval. The loan portfolio review is carried out once every month and the reports are sent to Board Risk Management Committee once every quarter. In addition, the Servicer conducts a financial audit and mandatory regulatory risk based audit of the bank annually. Infinity Trust has adopted an integrated enterprise wide approach for risk management. The key elements of the ERM framework are intended to enhance risk identification, measurement, control and reporting.

**Figure 3: Infinity Trust's ERM Framework**



Source: Infinity Trust Mortgage Bank Plc.

The Servicer's risk management function comprises the Risk Management and Recovery units. The Risk Management team comprises two individuals including the Head of Risk Management, who joined Infinity Trust in 2012 and has over 18 years' experience in asset management, mortgage banking and financial services. The Recovery function is also performed by the risk management team at Infinity Trust. Monitoring of loans is carried out by the Credit Admin unit on a daily basis, with monthly reports circulated to the Risk Management unit.

The Credit Admin unit and the Risk Management unit report to the Group Head of Risk Management/Corporate Services.

All the loan exposures are insured for 150% of the outstanding amount, including fire, special perils and mortgage protection.

Agusto &Co. believes that the risk governance is well established at Infinity Trust Mortgage Bank Plc, however the Risk Management unit is exposed to key man risk as the unit comprises only two personnel including the Head of Risk Management.

### Loan Administration

Infinity Trust Mortgage Bank's loan administration process is outlined in the Servicer's credit policy manual and risk management framework, which is approved by the Board of Directors and implemented by the Credit Mortgage/Admin unit, with oversight from the Head of Risk Management. The credit policy manual is subject to continuous amendments and updates in line with mortgage banking regulations.

The Credit Mortgage unit, along with branch Relationship Managers (RMs), is responsible for loan origination while the Credit Admin unit at the Head Office is responsible for loan review and administration.

Loan origination commences once the loan application form has been received at the branch by the credit mortgage officer, who carries out a first level appraisal on the obligor. The appraisal is documented in a Credit Appraisal Memo (CAM) and forwarded to the Credit Admin unit at the Head Office. The unit performs a second and thorough credit and risk assessment of the loan request, which is then presented for approval by the Management Credit Committee or the Board Credit Committee, if the facility amount is over ₦20 million. After the approval, the Risk Management unit liaises with Legal unit to perform an independent review to ensure that all conditions precedent to loan disbursement are met.

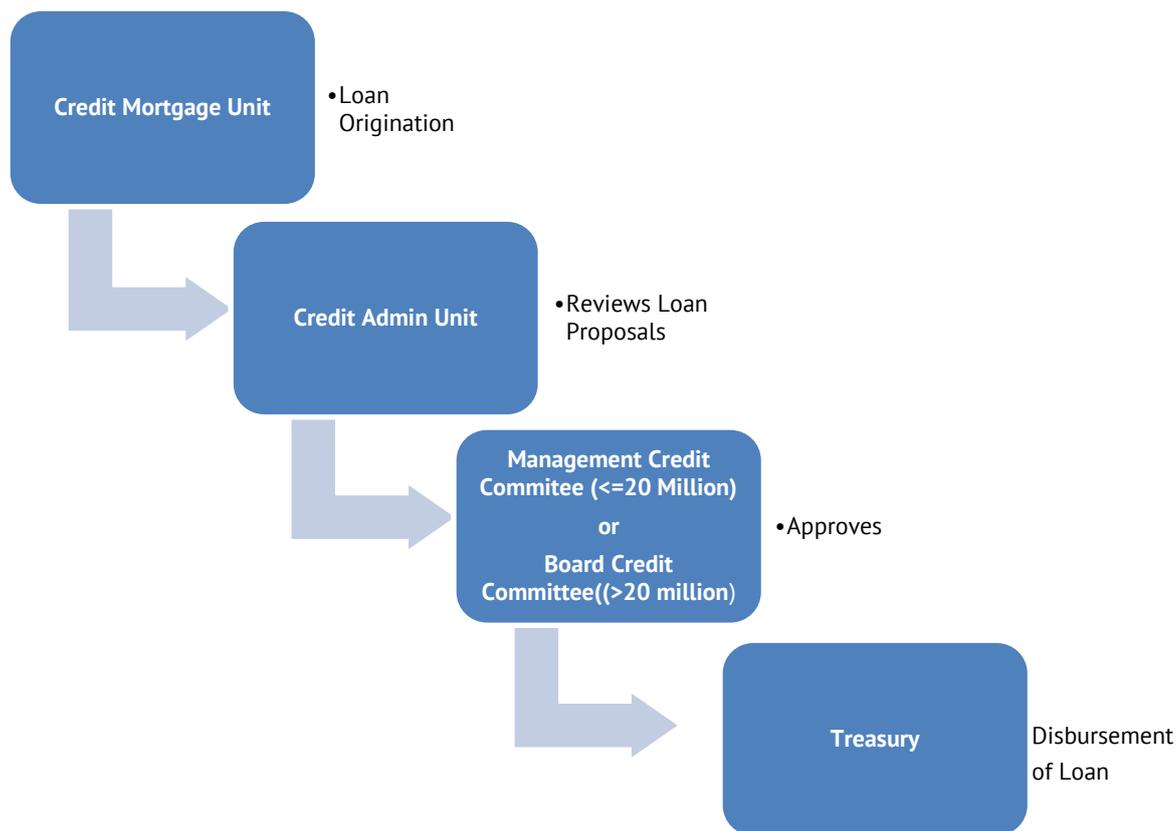
The customer loan (and servicing) accounts are set-up at the point of disbursement on EazyBankAX software, which is the Servicer's central banking application. The authorised account officer creates a loan account for the customer and enters the facility's details into the application. Loan monitoring is carried out by the risk management unit on a daily basis, with monthly reports circulated to the Risk Management unit.

**Figure 4: Internal Rating Parameters for Mortgage Loans**

Parameter	Risk weights (%)
Collateral (Types, Loan to Value, Location)	30
Cash flow Coverage	50
Tenor	20
Total	100%

Source: Infinity Trust Mortgage Bank Plc.

**Figure 5: Credit Disbursement Process**



Source: Infinity Trust Mortgage Bank Plc.

**Table 2: Credit Approval Limits**

Loan Amount	Final Approving Authority
Below 20 million	MCC
Over 20 million	BCC

Source: Infinity Trust Mortgage Bank Plc.

All relevant documents including CAM are kept in hard copies in the customer’s file on the Servicer’s premises in a cabinet. The collateral documents are stored securely in a vault with Infinity Trust’s Head of Operations controlling access while the Servicer’s Legal team manages the contents. We note that Infinity Trust’s loan and collateral documents are not electronically stored. The sole storage of all relevant documents in a vault could add to losses in the event of a disaster or theft. However, the risk can be mitigated by having copies of the documents stored electronically in a cloud or other physical server.

In our opinion, the credit administration process at Infinity Trust is satisfactory.

## Asset Administration

Asset administration duties and tasks are largely performed by the Credit Admin unit with support from the Servicer's Risk Management and Legal units. Infinity Trust also employs the services of external vendors such as lawyers, valuers and estate agents in the administration of assets. Reputation and standing are the principal determinants in the Servicer's selection process for external vendors. In addition, valuers are required to be members of Nigerian Institute of Estate Surveyors and Valuers (NIESV)

The following are the list of valuers, approved by the MCC:

- Ubosi Eleh and Co.
- Oladele Hamzat and Associates
- Banjo Adeleke and Co.
- Bayo Falade and Co.

For delinquent loans, the first option is always to restructure based on the customer's current situation. The account officer along with the Risk Management unit prepares a new repayment structure after examining the client's cash flows. However, where the recovery chances under a restructured agreement are low, Infinity Trust recalls the facility and disposes of property or other collateral to cover the obligation. The asset disposal process is coordinated by the Servicer's Recovery and Legal unit with the aid of external vendors such as valuers, estate agents and lawyers.

For mortgage loans that have been provided for renovation or construction, credit officers visit the site at least every month to monitor the progress of the development. Infinity Trust also requests regular photographic update of the progress of the construction or renovation. For the existing properties that are mortgaged, the Servicer receives regular update and visits the site every quarter.

Infinity Trust currently services 329 loans, with a total value of ₦ 3.2 billion. The Servicer's asset administration process is satisfactory for current scale of operations and delinquent loans, which as at 31 December 2017 was at 6.3% of total loans, below our benchmark limit of 10%. We also note that this is in line with Infinity Trust's credit risk objective, which is to keep non-performing loans at less than 10% of total loan exposure.

## Policies and Procedures

The Servicer has a number of policies and procedures that support operations including the Credit Policy Manual, Operations Manual, Enterprise Risk Management Framework, Risk Management Manual and IT Policies & Procedure Manual.

The Head of Risk Management is tasked with ensuring the Servicer's established policies and procedures are adhered to across the Bank. The unit produces monthly and quarterly credit portfolio reports. The monthly credit portfolio reports are produced for the Management Credit Committee while quarterly reports are produced for Board Credit Committee. The credit portfolio report assesses asset performance as well as the Servicer's exposure to credit, interest rate and liquidity risk. The Risk Management unit also has complementary support of corporate services and legal units with respect to reputation and legal risk respectively.

The Internal Control unit at the Head Office continually accesses the Servicer's processes to identify control gaps and has an established and documented yearly audit programme. The unit reports directly to Board of Directors via a dotted reporting line to the Managing Director. Any issues discovered are escalated to the relevant Group Head and the Managing Director. However, we note that the Servicer does not have a dedicated in house Internal Audit unit and the Internal Control functions are temporarily performed by the Compliance Officer, following the resignation of the Internal Control Officer.

Infinity Trust has a well-defined whistle blowing policy, which enables confidential and anonymous reporting of observed infringements. Overall, we consider the Servicer's policies and procedures to be satisfactory.

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## OPERATIONAL PROCESSES & SYSTEMS

Infinity Trust's credit administration processes are executed on the EazyBankAX application. The Risk Management unit makes use of Microsoft Excel for all other functions. The Servicer reviews the operations policy manual at least once annually. The contingency and business continuity plan is managed through controls provided by the Risk Management unit. Business continuity activities are conducted regularly to demonstrate Infinity Trust's ability to continue normal operations with customers, staff and other stakeholders. These activities include the full backup of infrastructure and critical applications, which is carried out daily.

### Information Management

The IT unit comprises four persons including the Group Head of Operations & IT. The Servicer manages nine servers with EasybankAX banking application software to process transactions. The software generates various credit reports on the loan portfolio. It also sends out reminders in the form of SMS alerts to customers three days before the due date. The system also identifies defaults early and generates reports which are sent to the branch credit officers. The Servicer deployed CISCO firewall to protect customer credential data and to block threats such as advanced malware attacks. Infinity Trust has a ratio of one person to one computer for core servicing staff and manages over 60 work stations across all the branches.

Infinity Trust utilises a number of payment options for collection such as direct debit mandates, bank transfers and post-dated cheques. The Servicer also has nine functional Automated Teller Machines, three in Lagos, two in Nasarawa and four in Abuja, which also provide access to the NIBSS platform for inward transfers. Though the Servicer is yet to conclude arrangements to allow outward transfers, customers can transfer funds out of the bank using the USSD code.

The Servicer has a designated disaster recovery site situated at Sun City, Abuja – 30 minutes' drive from the Head Office. The centre is fully equipped with replicas of the servers and networking equipment at the Head Office. Disaster recovery testing is carried out every quarter and data is backed up daily. A periodic audit is also carried out on all systems by the Internal Control unit. The Servicer's systems and IT infrastructure has ample business continuity framework.

## Investor Reporting

The IT/ FINCON generates monthly reports for the regulator – Central Bank of Nigeria - using the EazyBankAX application. The quarterly report contains detailed information on the loan portfolio. Investors reporting to shareholders is handled by the Servicer's FINCON unit. The Servicer communicates with the shareholders through the issuer's portal of the NSE and its registrars.

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## COLLECTIONS

The Servicer's collection is handled by the Credit Mortgage unit, with the support of the branch operations unit. Infinity Trust receives monthly repayments using direct debit mandates, transfers and post-dated cheques. To support collections, the Servicer uses a number of e-banking platforms such as NIBSS, ATMs and debit cards.

Loan repayments are monitored daily at the close of the business day by the credit officers and the report is sent to Internal Control unit at the Head Office. The daily loan monitoring is supported by the Servicer's banking application, EasyBankAX, which provides detailed reports on the loan portfolio. The reports include details on the last payment date, customer contact details and outstanding interest & principal. Infinity Trust sends prior notice, via SMS, to each customer three days before repayment due.

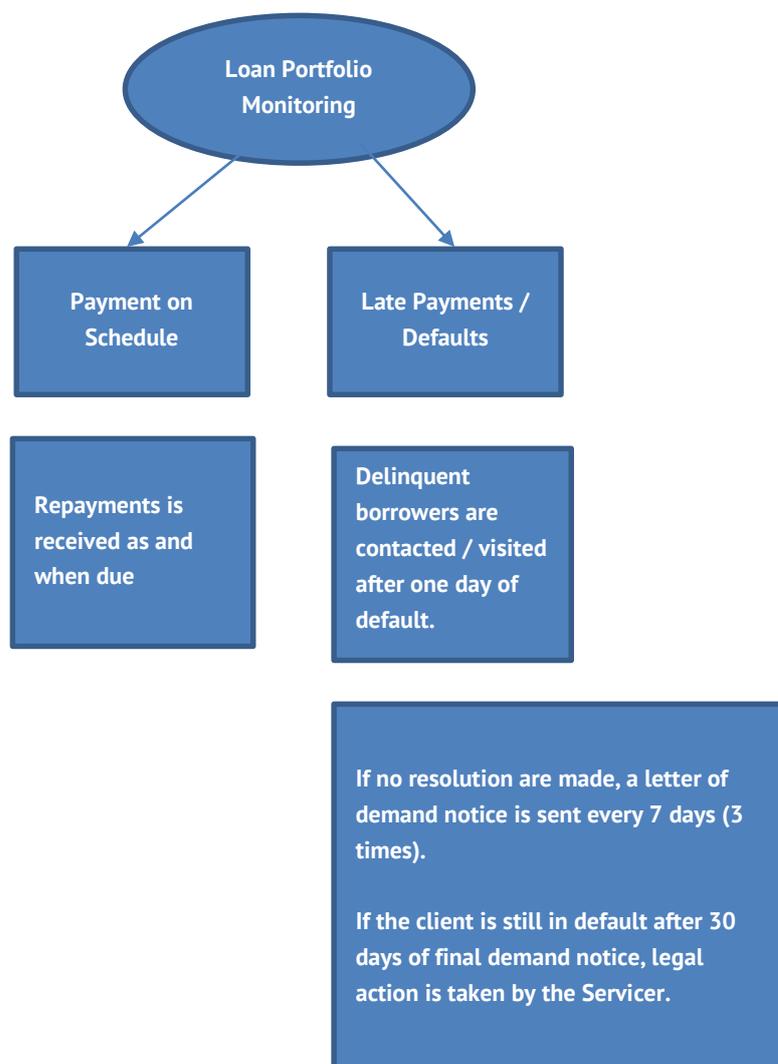
For delinquent loans, the first option is to contact the borrower at most a day after default, for further discussions which may include the option to restructure the facility. However, if no resolutions are made from the customer calls or visitations, the recovery personnel sends a letter of demand to the borrower and also liaises with the Servicer's external solicitor in this regard. Generally the demand letter is sent three times (every seven days) from 3 days of default and if the customer is still in default after 30 days of the third demand letter, the Servicer's legal unit or external solicitor takes legal action such as foreclosure of property.

Daily settlement and reconciliation is done by the Servicer's Operations unit at the branches. The report is sent to the Operations unit at the Head Office to ensure that the collections are credited to the respective loan accounts.

Infinity Trust's non-performing loans stood at ₦262.4 million as at 31 December 2017, representing a 25% increase from ₦210.6 million recorded at 31 December 2016. However, the average recovery rate for the year 2017 was over 28%. The deterioration in NPL is mainly attributable to weak macroeconomic environment that prevailed last year. However, the Servicer's NPL ratio stood at 8.2% below our benchmark limit of 10%. Infinity Trust's cumulative loan loss provision is adequate, providing a coverage of 53% for NPLs as at 31 December 2017. In addition, the Servicer had maximum loan to value ratio of 60%, to provide adequate shrinkage margin.

Overall, we believe the Servicer has adequate collections and recovery process.

Figure 6: The Servicer's Collection Process



Source: Infinity Trust Mortgage Bank Plc.

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## SERVICER RATING: METHODOLOGY & DEFINITIONS

An Agosto & Co **SERVICER** rating is based largely on qualitative factors. The factors considered before arriving at a rating for each institution falls under the following criteria.

- Business Structure
- Quality of Staff, Ownership & Management
- Quality of Operational Systems
- Risk Management

### Rating Methodology

To arrive at a rating, the Servicer is scored in terms of:

- Competence and expertise of management and non-management staff
- Ability to service financial assets
- The functionality of the operating systems; and
- The robustness of the risk management processes and monitoring compliance.

The category scores are weighted according to our view of their importance in capturing a Servicer's ability to carry out loan administration, investor reporting, general administration and risk management functions. The final rating is derived from the weighted score of a servicer.

## RATING DEFINITIONS

SR 1	A Servicer with an <b>IMPECCABLE CAPACITY</b> to service loans. The Servicer demonstrates strong ability to carry out servicer functions. The risk management framework and practice are very good and supports the effective monitoring and controlling of risks.
SR 2	A Servicer with <b>STRONG CAPACITY</b> to service loans. The Servicer demonstrates high ability to carry out servicer functions. The risk management framework and practice are good and supports the effective monitoring and controlling.
SR 3	A Servicer with <b>ADEQUATE CAPACITY</b> to service loans. The Servicer demonstrates proficiency in overall servicing ability. The risk management framework and practice is satisfactory for the scale of operations.
SR 4	Servicer's ability to service loans is <b>INADEQUATE</b> but obligations are still being met as and when they fall due. The risk management framework and practice is inadequate for general servicing operations and reflects low quality of procedures and controls.
SR 5	Servicer with <b>POOR CAPACITY</b> or no proficiency in servicing loans. Obligations are not met when fall due. Servicer's poor ability is largely due to multiple significant flaws. The Servicer has major deficiencies in servicing operations.



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