



GCR Assigns an Indicative Rating of BBB_{-(NG)(IR)} to WSTC Financing SPV Plc's Proposed N5bn Series 1 Senior Unsecured Bonds

Lagos, 16 April 2021 - GCR Ratings ("GCR") has assigned a national scale long term indicative rating of BBB_{-(NG)(IR)} to WSTC Financing SPV Plc's proposed N5bn Series 1 Senior Unsecured Bonds, with a Stable Outlook.

Issue	Rating class	Rating scale	Rating	Outlook / Watch
Up to N5bn Series 1 Senior Unsecured	Long term issuer	National	BBB _{-(NG)(IR)*}	Stable Outlook

*IR stands for indicative rating.

Rating Rationale

The Series 1 Bonds are being issued under WSTC Financing SPV Plc's ("the Issuer") N15bn Bond Issuance Programme. The Issuer is permitted through a resolution of its Board of Directors ("board") dated 05 February 2021, to issue the Bonds in tranches, different forms, and under different terms and conditions as the board may deem fit, subject to the approval of the relevant regulatory authorities. Accordingly, the Series 1 Bonds will constitute direct, unsubordinated and unsecured obligations of the Issuer.

Notwithstanding the fact that the Series 1 Bonds are being issued by WSTC Financing SPV Plc, repayment of the obligations under the Issue ultimately depends on the performance of WSTC Financial Services Limited ("WSTC" or "the sponsor"), as the direct obligor of the Issue. The Sponsor irrevocably and unconditionally undertakes to the Trustee the due and punctual payment in accordance with the Trust Deed of the principal of and interest on all Bonds and of any other amounts payable by the Issuer under the Trust Deed. Consequently, cognisance must be taken of the sponsor's credit profile.

Cognisance has also been taken of the unsubordinated and unsecured nature of the Notes ("WSTC Notes") to be issued to the Issuer by the Sponsor, which will rank at par with all senior unsecured indebtedness and the claims of WSTC's creditors. Accordingly, the Series 1 Bonds have been accorded an *indicative, public national scale long-term rating* of BBB_{-(NG)(IR)} in line with the Sponsor's rating.

**The indicative rating assumes that the conditions in the Series 1 Bonds' transaction documents will not change and will receive regulatory approval. GCR expects to issue a final rating upon receiving all finalised and signed transaction documents in respect of the Series 1 Bonds.*

Outlook Statement

The stable outlook reflects the sponsor's strong capitalisation, good risk position, and adequate liquidity but with a substantial short tenored funding.

Rating Triggers

Timely honouring of the Issuer's obligations under the Issue is dependent on the performance of the Sponsor. Hence, the accorded rating would be sensitive to a positive rating action on the Sponsor. Conversely, non-compliance with covenants, and/or a downgrade of the Sponsor's rating, could trigger a negative rating action.

Analytical Contacts

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Related Criteria and Research

Criteria for the GCR Ratings Framework, May 2019
Criteria for Rating Financial Institutions, May 2019
GCR Ratings Scale, Symbols & Definitions, May 2019
GCR Nigeria Country Risk Scores, February 2021
GCR Nigeria Financial Institutions Sector Risk Score, February 2021

Ratings History

WSTC Financing SPV Plc

Rating class	Review	Rating scale	Rating class	Outlook	Date
Long Term Issue	Initial/Last	National	BBB _{(NG)(IR)}	Stable	April 2021

Risk Score Summary of the Sponsor

Rating Components & Factors	Risk scores
Operating environment	6.25
Country risk score	3.75
Sector risk score	2.50
Business profile	(2.50)
Competitive position	(2.50)
Management and governance	0.00
Financial profile	2.25
Capital and Leverage	2.75
Risk	0.75
Funding and Liquidity	(1.25)
Comparative profile	0.00
Group support	0.00
Government support	0.00
Peer analysis	0.00
Total Score	6.00

Glossary

Balance Sheet	Also known as Statement of Financial Position. A statement of a company's assets and liabilities provided for the benefit of shareholders and regulators. It gives a snapshot at a specific point in time of the assets the company holds and how they have been financed.
Capital	The sum of money that is invested to generate proceeds.
Cash	Funds that can be readily spent or used to meet current obligations.

Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Income	Money received, especially on a regular basis, for work or through investments.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer	The party indebted or the person making repayments for its borrowings.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Long Term Rating	See GCR Rating Scales, Symbols and Definitions.
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.

Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Short Term Rating	See GCR Rating Scales, Symbols and Definitions.
Short Term	Current; ordinarily less than one year.

Salient Points of Accorded Ratings

GCR affirms that a.) no part of the rating was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit rating has been disclosed to WSTC Financing SPV Plc and WSTC Financial Services Limited (the sponsor). The rating above was solicited by, or on behalf of, the rated entity, and therefore, GCR has been compensated for the provision of the rating.

WSTC Financial Services Limited (the sponsor) participated in the rating process via telephonic management meetings, and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from WSTC Financial Services Limited and other reliable third parties to accord the indicative rating included:

The sponsor's audited financial results as at 30 September 2020

The sponsor's three years of comparative audited numbers

Draft Programme Shelf Prospectus

Draft Programme Trust Deed

Draft Series 1 Trust Deed

Draft Pricing Supplement

Draft Master Bonds Purchase Agreement

Draft Deed of Undertaking

Other related documents.