



Jurisdictional Supplement for Criteria

2 August 2019


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1. GCR Ratings ("GCR") is occasionally required to qualify credit ratings issued within specific markets or jurisdictions in order to reflect any divergent or market related nuances which have the potential to detract from the comparability of GCR credit ratings across jurisdictions within which GCR provides credit rating services.
2. As of the 2nd of August 2019, GCR wishes to bring to the public's attention on an ongoing basis the following qualifications:
 - a. **Zimbabwe:** At the time of this publication, the Zimbabwean government and her agents are failing to honour obligations in foreign currency ("FCY") in a timely manner and have restricted the private use of FCY for domestic payments. Therefore, GCR believes the risk of honouring such obligations are severely impaired for all rated and non-rated entities operating in the country. In order to maintain a credit hierarchy, which allows investors to most accurately assess risk on a relative basis, GCR is no longer going to reflect the non-payment of FCY lines as a default event for national scale ratings on entities operating in Zimbabwe, if the default is purely that of transfer & convertibility and not of general liquidity. I.e., the rated entity must prove that it has the local currency equivalent to pay a foreign currency obligation(s), but not necessarily in the originally contracted currency, to avoid a default rating.

Consequently, whilst GCR's Zimbabwean national scale ratings continue to reflect the relative creditworthiness of the rated entities within the country, they overlook elements of currency control and deposit freeze that would otherwise possibly warrant a lower credit rating, as per GCR's Rating Scales, Symbols and Definitions. As a result, the national scale credit ratings on Zimbabwean entities are not directly comparable to credit ratings and risk scores within other markets.

At the same time, GCR will continue to reflect a default event, for both foreign and local currency obligations, for the international issuer and issue scale ratings of Zimbabwean entities. This may lead to dislocations between the international and national scale ratings on a Zimbabwean entity on a GCR risk score or GCR definitions basis.

- b. **Nigeria:** There has been no change since the publication on the 8th July. Therefore, the Nigerian national scale ratings will not be reviewed using the newly published GCR Ratings Framework and associated criteria. These credit ratings will reflect the criteria under which they were issued and shall be monitored, reviewed and updated according to those criteria. As a result, the credit ratings issued in Nigeria cannot be mapped back to a GCR risk score, nor are such ratings directly compared with other GCR national or international scale ratings. Please note, that all reports and rating actions note the criteria used to assess the credit rating.



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