

GCR

RATINGS

Jurisdictional Supplement for Criteria

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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 the jurisdictions within which GCR provides credit rating services.
2. As of September 2021, 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 continue to fail to honour obligations in foreign currency ("FCY") in a timely manner and restrict the free use of FCY for domestic transaction. 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 does not reflect the non-payment of FCY lines as a default event for national scale ratings on entities operating in Zimbabwe. This is only if the default is purely that of transfer and convertibility and not of general liquidity, i.e., the rated entity must continue to 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.

Furthermore, Zimbabwe is going through a period of hyperinflation and has witnessed above regional average monetary and exchange control policy changes over the last 12-18 months. Government issued directives dictating accounting treatment on the part of rated and non-rated entities resulted in deviation from some International Financial Reporting Standards. These combined factors have resulted in the 2020 audited accounts often being qualified. We believe therefore, that audited accounts could be open to unusually high volatility from one period to another and comparability challenges. Due to the reliance (by any credit rating agency) on audited accounts, we expect Zimbabwean ratings to be volatile versus other markets.

As a result, in our opinion, the national scale credit ratings on Zimbabwean entities are not directly comparable to credit ratings and risk scores within other markets. Furthermore, outlook statements may fail to capture forward looking trends due to the high volatility in the operating environment and audited opinions.

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 can 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: All Nigerian ratings released since Jan 31st 2021, are in line with the GCR ratings framework. As a result, all ratings continue to be valid until a rating is withdrawn or suspended, therefore the 'valid until' rating dates written on credit rating announcements are no longer valid. In line with GCR policies and procedures, all ratings are reviewed within a 12-month period from the publication date of last review or placed on ratings review extension.

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