

INTELLIGENCE
AFRICA
RATINGS



RATING SCALES, DEFINITIONS AND TERMINOLOGY



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Introduction

Intelligence Africa (IA) is a credit rating agency that provides forward-looking analytical opinions on the credit risk of issuers and debt instruments. These opinions assess the likelihood that financial obligations will be met in full and on time. IA's analytical outputs include credit ratings, financial strength ratings for insurance companies and other evaluations produced in accordance with IA's established framework. Some of these evaluations may assess risks or characteristics other than creditworthiness but are clearly identified as such in IA publications.

This document sets out the scales, definitions, and terminology used by IA in communicating its analytical opinions.

What a credit rating is (and is not)

A credit rating is a forward-looking opinion about relative credit risk i.e., the likelihood of timely and full payment of financial obligations, expressed through a standardized scale. Credit ratings are opinions and not guarantees of future performance or creditworthiness.

Types of Ratings and Assessments

Initial Credit Score (ICS) (Not a credit rating)

The Initial Credit Score (ICS) represents the preliminary quantitative outcome generated by IA's analytical framework. The ICS is derived from a range of financial indicators designed to capture the fundamental credit characteristics of an issuer.

The ICS reflects the initial model-based assessment of credit strength before broader analytical considerations and rating panel deliberation.

Unadjusted Credit Assessment (UCA) (Not a credit rating)

The Unadjusted Credit Assessment (UCA) represents the initial rating-category outcome implied by the ICS when mapped to IA's rating scale.

Adjusted Credit Score (ACS) (Not a credit rating)

The Adjusted Credit Score (ACS) reflects the analytical outcome after the application of adjustments and other analytical considerations. These adjustments may reflect factors such as business profile, environment, social and governance profile, industry profile, support profile considerations and other relevant elements.

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Issuer [Credit] Rating

IA's opinion of a company/entity's overall capacity and willingness to meet its senior financial obligations as they fall due. In market convention, an issuer rating is typically treated as a proxy for the company/entity's senior unsecured credit risk.

Issue / Instrument Rating

IA's opinion of the relative credit risk of a specific debt obligation (e.g. bond). The issue rating may equal the issuer rating or be notched depending on seniority/structure.

Expected Ratings (.EXP)

An ".EXP" suffix indicates an Expected Rating.

An Expected Rating is assigned based on draft documentation and reflects IA's view of the likely final rating outcome, assuming final transaction documents are executed in a form substantially consistent with the information reviewed by IA. An Expected Rating is therefore preliminary in nature and may be affirmed or revised before final issuance if the final documentation, transaction structure, credit characteristics, or other relevant considerations differ from those initially presented.

Insurance Ratings/Financial Strength Rating

IA uses a Financial Strength Ratings (FSR) for insurers; IA explicitly treats the FSR as a proxy for senior unsecured obligations and then notches insurance instruments around it depending on seniority.

Asset Management Assessment (AMA) (Not a credit rating)

IA's AMA is a standalone forward-looking evaluation of an asset manager's business profile, governance, investment processes, operating structure, and risk management. AMA is not a credit rating and does not express an opinion on ability/willingness to meet financial obligations. Rather, it provides a standalone assessment of institutional strength and operational effectiveness within the asset-management environment.

Fund Ratings

Fund Ratings are forward-looking analytical opinions on the credit quality of the underlying investments held within bond funds and similar collective investment vehicles that invest in fixed income securities.

Public and Private Ratings

Intelligence Africa may assign ratings that are designated as either Public Ratings or Private Ratings, depending on the disclosure arrangements agreed with the rated entity.

Public Ratings

A Public Rating is a rating opinion that is published and made available to market participants through Intelligence Africa's website and other public communication channels. Public ratings are typically assigned where issuers or instruments access capital markets or where broader market transparency is considered beneficial.

Public ratings are subject to ongoing surveillance and monitoring. IA continuously monitors developments that may affect the credit profile of the rated entity or instrument, including financial performance and changes in operating conditions.



Private Ratings

A Private Rating is a rating opinion that is provided exclusively to the requesting entity and is not published publicly. Private ratings may be used for internal risk assessment, transaction structuring, regulatory purposes, or other confidential analytical uses.

Private ratings are not publicly disseminated and may only be shared with parties disclosed to IA. Where broad disclosure is requested, IA may determine that the rating should instead be made public.

Depending on the terms of engagement, private ratings may also be subject to periodic review and monitoring in accordance with IA's analytical framework.

Transition Between Public and Private Ratings

Where a Private Rating is proposed to be converted to a Public Rating, or a Public Rating to a Private Rating, Intelligence Africa will conduct an analytical review to confirm that the rating is correctly positioned within the rating scale based on the most recent available information. This confirmation will be published at the time of the transition as either an assignment announcement (for a Private-to-Public transition) or a withdrawal announcement (for a Public-to-Private transition) (see Rating Withdrawal section below).

Long-term vs short-term ratings

Long-term rating (LT)

A Long-Term rating addresses obligations with maturities typically greater than one year.

Short-term rating (ST)

A Short-Term rating addresses near-term obligations with maturities typically less than one year (for example, commercial paper).

IA LT/ST mapping

IA's framework includes a long-term to short-term ratings mapping table.

Rating Scales: National, Regional and International

IA's rating framework supports the expression of analytical opinions on different rating scales depending on the relevant peer universe for comparison. The framework is designed so that issuer fundamentals are first assessed through IA's analytical methodology, after which Rating Scale Modifiers derived from country risk assessments may be applied to enable comparability regionally and/or globally (see IA's framework for more detail).

National vs regional vs international scale

National Scale Ratings

A National Scale Rating ranks credit risk within a single country and is intended primarily for comparisons among domestic peers. Where the domestic peer universe is not sufficiently broad, entities of the same asset class as the one under review and operating in jurisdictions with broadly similar country risk profiles may be included in the analysis.



Notation: IA should use a country suffix e.g. AAA.NG for Nigeria, AAA.ZA for South Africa or AAA.KE for Kenya.

Regional Scale Ratings

A regional scale aims to support comparability across regions. For example, for an African Rating Scale, the peers in the country risk dataset used in determining the Rating Scale Modifier are African countries.

International Scale Ratings

For an international rating scale, the peers in the country risk dataset used in determining the Rating Scale Modifier are all countries worldwide.

IA Long-Term National Scale Rating Scale & Definitions

IA's long-term rating scales are alpha-symbolic, using combinations of letters to rank relative levels of credit quality, with higher categories indicating stronger credit profiles and lower categories indicating greater vulnerability to adverse developments. Within the main rating categories (except AAA, CC, C and D), IA may apply notches to provide additional differentiation: "+" (plus) denotes the upper end of a category, no symbol denotes the midpoint (flat), and "-" (minus) denotes the lower end of the category.

Rating Category	Definition
AAA	Highest credit quality Exceptionally strong capacity to meet financial commitments on time. Very low credit risk.
AA	Very high credit quality Very strong capacity. Very low credit risk.
A	High credit quality Strong capacity; more susceptible to adverse business/economic changes than higher categories.
BBB	Moderate credit quality Moderate capacity; adverse changes could weaken ability to meet obligations.
BB	Speculative credit quality Elevated credit risk; capacity less certain under stress.
B	Highly speculative credit quality High credit risk; ability to meet obligations is vulnerable and more dependent on favorable conditions.
CCC-D	Very high credit risk / default CCC/CC/C: increasingly vulnerable; default may be likely or imminent D: default on a obligation.



IA Short-Term National Scale Rating Symbols & Definitions

Short-term Rating	Definition
A1	Highest short-term credit quality; strongest capacity for timely payment in the next 12 months.
A2	Satisfactory short-term credit quality.
B	Speculative short-term credit quality; heightened near-term vulnerability.
C-D	Very high short-term default risk / default.

Fund Rating Scale

Intelligence Africa may assign Fund Ratings to certain collective investment vehicles or pooled investment funds. A Fund Rating represents IA's forward-looking opinion of the relative level of credit risk and volatility associated with a fund's portfolio.

Fund Ratings are denoted using the suffix ".F" to clearly distinguish them from issuer or instrument credit ratings. Fund Ratings follow the same notching methodology described above, with "+", no symbol (flat), and "-" indicating the upper, midpoint, and lower positions within a rating category (except AAA) respectively.

Rating Category	Definition
AAA.F	Funds rated AAA.F exhibit very strong portfolio resilience and minimal susceptibility to adverse credit developments. Holdings are typically concentrated in the highest quality securities and are expected to maintain strong capital stability even during challenging market conditions.
AA.F	Funds rated AA.F demonstrate very strong underlying portfolio characteristics, with only limited sensitivity to changes in credit or market conditions.
A.F	Funds rated A.F maintain solid underlying portfolio quality, though performance may show greater variability during periods of economic or financial stress compared with higher-rated categories.
BBB.F	Funds rated BBB.F display moderate underlying portfolio strength and may experience more pronounced changes in performance under adverse conditions.
BB.F	Funds rated BB.F are characterised by material exposure to lower-quality or higher-risk assets, which may lead to significant variability in performance.
B.F	Funds rated B.F exhibit substantial exposure to speculative or lower-quality assets, making them highly sensitive to changes in credit conditions.
CCC.F	Funds rated CCC.F are highly vulnerable to loss of principal, with portfolios exposed to very high-risk instruments or significant credit deterioration.



Outlooks and Rating Watch

Outlook (12–18 month directional signal)

- Stable (STA): no change expected under base-case.
- Positive (POS): upgrade possible if trends continue.
- Negative (NEG): downgrade possible if pressures persist.
- Developing (DEV): direction unclear.

Rating Watch (near-term event risk)

A “Watch” indicates a specific event may lead to action in the near term.

- Positive: review for possible upgrade (UPG).
- Negative: review for possible downgrade (DNG).
- Unclear: direction unclear (UNC).

Rating Action Definitions

- Assign: first-time assignment of a rating to an issuer/instrument/fund.
- Affirmation (Affirmed): rating is confirmed at the same level following review (may include outlook change).
- Upgrade: rating is raised (improved credit profile/reduced risk).
- Downgrade: rating is lowered (weakened credit profile/increased risk).
- Placement on Watch: rating is placed under review for potential action.
- Withdrawal: rating as an active opinion.

Rating Withdrawal

A withdrawn rating means IA no longer maintains the rating in the form in which it was previously assigned or published. Withdrawal may occur for a variety of reasons, including at the issuer’s request, where a public rating is converted to a private rating, where the rated instrument has matured or been redeemed, where insufficient information is available to maintain the rating, or where IA determines that it is no longer appropriate or feasible to continue maintaining the rating for analytical or business reasons.

Prior to withdrawing a rating, IA will confirm that the rating is correctly positioned within the rating scale based on the most recent available information. The confirmed rating will be published in the withdrawal announcement to reflect IA’s analytical view at the time of withdrawal.



Credit ratings, outlooks, Unadjusted Credit Assessments (“UCAs”), scores, commentaries and related research published by Intelligence Africa (IA) represent IA’s current opinions on the relative credit risk of an entity, issuer or obligation as at the date of publication. Credit risk refers to the risk of default or failure to meet contractual financial obligations as they fall due. UCAs are point-in-time, model-driven assessments based primarily on quantitative and publicly available information and do not constitute a final or committee-approved credit rating.

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