

Rating Symbols and Definitions

Lianhe Global assigns credit ratings to issuers and their issuance of financial instruments. Issuer and issuance credit ratings can be long-term and short-term. Long-term credit ratings address default risk longer than 1 year while short-term credit ratings address default risk shorter than 1 year.

The issuer rating focuses on the issuer's capacity and willingness to meet its financial obligations as they come due. The issuance rating takes into account the nature of and provisions of the issuer's specific financial obligation and assess its capacity and willingness to meet its financial commitment on this obligation.

Long-term Issuer Credit Ratings

Credit Rating*	Definition
AAA	An issuer has the lowest probability of default and the highest capacity to meet its financial obligations. It is the highest rating assigned by Lianhe Global.
AA	An issuer has the second lowest probability of default and the second highest capacity to meet its financial obligations. It is the second highest rating assigned by Lianhe Global. It differs only slightly from the highest rating.
A	An issuer has a low probability of default and a strong capacity to meet its financial obligations.
BBB	An issuer has adequate capacity to meet its financial obligations but it is susceptible to major economic downturns.
BB	An issuer is vulnerable to adverse changes in economic, industry, and business conditions which may impact its capacity to meet financial obligations.
B	An issuer is highly vulnerable to adverse changes in economic, industry, and business conditions which would likely impact its capacity to meet financial obligations.
CCC	An issuer is currently vulnerable to any adverse change in economic, industry, and business conditions which would impact its capacity to meet financial obligations.
CC	An issuer is currently highly vulnerable to any adverse change in economic, industry, and business conditions which is almost certain to impact its capacity to meet financial obligations.
C	An issuer is currently highly vulnerable and a default in the near term is likely.
R	An issuer is under regulatory supervision in which the regulator may have the authority to set priority of payment on the issuer's financial obligations.
SD	An issuer has selectively defaulted on some of its financial obligations but not on other financial obligations.
D	An issuer has defaulted on its financial obligations under the payment terms.
NR	Not Rated

*The ratings between AA and CCC may be modified by the addition of a plus '+' or minus '-' sign to denote the relative standing within the rating categories.

Long-term Issuance Credit Ratings

Credit Rating*	Definition
AAA	An issuer has the lowest probability of default and the highest capacity to meet its commitment on the financial obligation. It is the highest rating assigned by Lianhe Global.
AA	An issuer has the second lowest probability of default and the second highest capacity to meet its commitment on the financial obligation. It is the second highest rating assigned by Lianhe Global. It differs only slightly from the highest rating.
A	An issuer has a low probability of default and a strong capacity to meet its commitment on the financial obligation.
BBB	An issuer has adequate capacity to meet its commitment on the financial obligation but it is susceptible to major economic downturns.
BB	An issuer is vulnerable to adverse changes in economic, industry, and business conditions which may impact its capacity to meet the commitment on the financial obligation.
B	An issuer is highly vulnerable to adverse changes in economic, industry, and business conditions which would likely impact its capacity to meet the commitment on the financial obligation.
CCC	An issuer is currently vulnerable to any adverse change in economic, industry, and business conditions which would impact its capacity to meet the commitment on the financial obligation.
CC	An issuer is currently highly vulnerable to any adverse change in economic, industry, and business conditions which is almost certain to impact its capacity to meet the commitment on the financial obligation.
C	An issuer is currently highly vulnerable and a default on the financial obligation in the near term is likely.
D	An issuer has defaulted on the financial obligation under the payment terms.

*The ratings between AA and CCC may be modified by the addition of a plus '+' or minus '-' sign to denote the relative standing within the rating categories.

Short-term Issuer Credit Ratings

Credit Rating	Definition
A-1	An issuer has the lowest probability of default and the highest capacity to meet its financial obligations. It is the highest rating assigned by Lianhe Global.
A-2	An issuer has a low probability of default and a strong capacity to meet its financial obligations.
A-3	An issuer has adequate capacity to meet its financial obligations but it is susceptible to major economic downturns.
B	An issuer is vulnerable to adverse changes in economic, industry, and business conditions which may impact its capacity to meet financial obligations.
C	An issuer is currently vulnerable to any adverse change in economic, industry, and business conditions which would impact its capacity to meet financial obligations.
R	An issue is under regulatory supervision in which the regulator may have the authority to set priority of payment on the issuer's financial obligations.
SD	An issuer has selectively defaulted on some of its financial obligations but not on other financial obligations.
D	An issuer has defaulted on its financial obligations under the payment terms.
NR	Not Rated

Short-term Issuance Credit Ratings

Credit Rating	Definition
A-1	An issuer has the lowest probability of default and the highest capacity to meet its commitment on the financial obligation. It is the highest rating assigned by Lianhe Global.
A-2	An issuer has a low probability of default and a strong capacity to meet its commitment on the financial obligation.
A-3	An issuer has adequate capacity to meet its commitment on the financial obligation but it is susceptible to major economic downturns.
B	An issuer is vulnerable to adverse changes in economic, industry, and business conditions which may impact its capacity to meet the commitment on the financial obligation.
C	An issuer is currently vulnerable to any adverse change in economic, industry, and business conditions which would impact its capacity to meet the commitment on the financial obligation.
D	An issuer has fail to pay the financial obligation under the payment terms.
NR	Not Rated

Rating Watch

Lianhe Global uses rating watch as an indication for the likely direction of an issuer's rating in the short term, usually within a 6-month period. However, ratings can be upgraded or downgraded without being placed on Rating Watch first. There are three types of Rating Watch:

1. Watch Positive indicates a rating may be upgraded
2. Watch Negative indicates a rating may be downgraded
3. Watch Evolving indicates a rating may be upgraded, affirmed or downgraded

Rating Outlooks

Lianhe Global uses rating outlook as an indication for the likely direction of an issuer's rating over the medium term, usually with a time horizon of a 12-month period for BB+ or below and a 24-month period for BBB- or above rated issuer/issuance. There are four types of Rating Outlook:

4. Outlook Stable indicates a rating is unlikely to change
5. Outlook Positive indicates a rating may be upgraded
6. Outlook Negative indicates a rating may be downgraded
7. Outlook Evolving indicates a rating may be upgraded, affirmed or downgraded

Other Symbols:

WR: Withdrawal of Rating

A credit rating could be withdrawn for various reasons, such as insufficient information, an issuer has been acquired and/or at the request of an issuer etc.

PD: Paid off in full

When an issuance has been paid off in full according to its terms, the issuance will receive a PD symbol.

Relationship between Long-term and Short-term Issuance Ratings

Long-term	Short-term
AAA	A-1
AA+	
AA	
AA-	
A+	A-2
A	A-2
A-	A-2 or A-3
BBB+	A-3
BBB	
BBB-	
BB+	B
BB	
BB-	
B+	
B	
B-	
CCC+	C
CCC	
CCC-	
CC	
C	
D	D