

Rating Symbols and Definitions

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Lianhe Ratings Global Limited ("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 over the long term, while short-term credit ratings address default risk of no more than a 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 assesses its capacity and willingness to meet its financial commitment on this obligation.

In addition, Lianhe Global assigns Insurer Financial Strength ("IFS") Ratings. An IFS rating represents Lianhe Global's opinion about an insurance organization's ability to meet its obligations to policyholders in accordance with the terms of insurance contracts and can be long-term and short-term. Long-term IFS ratings address insurers' capacity to meet their obligations to policyholders over the long term, while short-term IFS ratings address insurers' capacity to meet their obligations to policyholders of no more than a year.

A credit rating is a forward-looking opinion which addresses the creditworthiness of an entity or security and is an opinion of relative vulnerability to default, instead of indicating a certain probability of default. Credit ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences.

Long-Term Issuer Credit Ratings

Credit Rating*	Definition
AAA	An issuer has the lowest probability of default and the strongest capacity to meet its financial obligations. It is the highest rating assigned by Lianhe Global.
AA	An issuer has very low probability of default and very strong capacity to meet its financial obligations. It has only a minimal difference from the highest-rated issuer.
A	An issuer has low probability of default and 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.

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Credit Rating*	Definition
C	An issuer is currently highly vulnerable and a default in the near term is likely.
SD	A 'SD' rating is assigned if an issuer has selectively defaulted on its financial obligations or Lianhe Global considers there to be a default on its specific financial obligations but the issuer will likely continue to meet its other obligations in a timely manner.
D	A 'D' rating is assigned if an issuer has defaulted on its financial obligations or Lianhe Global considers there to be a default on its financial obligations and the issuer will likely fail to pay all or substantially all of its obligations as they come due.
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 strongest capacity to meet its commitment on the financial obligation. It is the highest rating assigned by Lianhe Global.
AA	An issuer has very low probability of default and very strong capacity to meet its commitment on the financial obligation. It has only a minimal difference from the highest-rated issuance.
A	An issuer has low probability of default and 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.
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. For structured finance ratings, a suffix "sf" is added to each of the credit rating symbol such as A(sf) or BBB+(sf).

Short-Term Issuer Credit Ratings

Credit Rating	Definition
A-1	An issuer has the lowest probability of default and the strongest capacity to meet its financial obligations. It is the highest short-term rating assigned by Lianhe Global.
A-2	An issuer has low probability of default and 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.
SD	A 'SD' rating is assigned if an issuer has selectively defaulted on its financial obligations or Lianhe Global considers there to be a default on its specific financial obligations but the issuer will likely continue to meet its other obligations in a timely manner.
D	A 'D' rating is assigned if an issuer has defaulted on its financial obligations or Lianhe Global considers there to be a default on its financial obligations and the issuer will likely fail to pay all or substantially all of its obligations as they come due.
NR	Not Rated

Short-Term Issuance Credit Ratings

Credit Rating	Definition
A-1	An issuer has the lowest probability of default and the strongest capacity to meet its commitment on the financial obligation. It is the highest short-term rating assigned by Lianhe Global.
A-2	An issuer has low probability of default and 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.

Credit Rating	Definition
D	An issuer has defaulted on the financial obligation under the payment terms.
NR	Not Rated

For structured finance ratings, a suffix “sf” is added to each of the credit rating symbol such as A-1(sf) or B(sf).

Long-Term Insurer Financial Strength Ratings

IFS Rating*	Definition
AAA	An insurer has the lowest probability of ceased or interrupted payments and the strongest capacity to meet its obligations to policyholders. It is the highest long-term IFS rating assigned by Lianhe Global.
AA	An insurer has very low probability of ceased or interrupted payments and very strong capacity to meet its obligations to policyholders. It has only a minimal difference from the highest-rated insurer.
A	An insurer has low probability of ceased or interrupted payments and strong capacity to meet its obligations to policyholders.
BBB	An insurer has adequate capacity to meet its obligations to policyholders, but it is susceptible to major economic downturns.
BB	An insurer is vulnerable to adverse changes in economic, industry, and business conditions which may impact its capacity to meet its obligations to policyholders.
B	An insurer is highly vulnerable to adverse changes in economic, industry, and business conditions which would likely impact its capacity to meet its obligations to policyholders.
CCC	An insurer is currently vulnerable to any adverse change in economic, industry, and business conditions which would impact its capacity to meet its obligations to policyholders.
CC	An insurer is currently highly vulnerable to any adverse change in economic, industry, and business conditions which is almost certain to impact its capacity to meet its obligations to policyholders.
C	An insurer is currently highly vulnerable and ceased or interrupted payments are imminent or certain.

*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 Insurer Financial Strength Ratings

IFS Rating	Definition
A-1	An insurer has the lowest probability of ceased or interrupted payments and the strongest capacity to meet its obligations to policyholders. It is the highest short-term IFS rating assigned by Lianhe Global.
A-2	An insurer has low probability of ceased or interrupted payments and strong capacity to meet its obligations to policyholders.

IFS Rating	Definition
A-3	An insurer has adequate capacity to meet its obligations to policyholders, but it is susceptible to major economic downturns.
B	An insurer is vulnerable to adverse changes in economic, industry, and business conditions which may impact its capacity to meet its obligations to policyholders.
C	An insurer is currently vulnerable to any adverse change in economic, industry, and business conditions which would impact its capacity to meet its obligations to policyholders.

Relationship between Long-Term and Short-Term Ratings

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

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:

Rating Watch	Indication
Positive	Indicates a rating may be upgraded
Negative	Indicates a rating may be downgraded
Evolving	Indicates a rating may be upgraded, affirmed or downgraded

Rating Outlook

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. There are four types of Rating Outlook:



Outlook	Indication
Stable	Indicates a rating is unlikely to change
Positive	Indicates a rating may be upgraded
Negative	Indicates a rating may be downgraded
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.

PIF: Paid-In-Full

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

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