Issuer Credit Rating

I. Corporate issuer credit ratings

The corporate issuer rating symbol framework applies to corporate issuer rating services, indicating the default risk of the rated entity.

Long-term corporate issuer credit ratings are classified into three categories with nine grades, represented by the symbol “AAA”, “AA”, “A”, “BBB”, “BB”, “B”, “CCC”, “CC”, and “C”. Additionally, the symbol “D” indicates that the rated entity is insolvent, and the default is confirmed.

Long-term corporate issuer credit rating symbols and definitions are shown as follows:

Symbols	Definitions
AAA	Repayment capacity is extremely strong, basically unaffected by adverse economic conditions, and the risk of default is extremely low.
AA	Repayment capacity is very strong, little impact from adverse economic conditions, and the risk of default is very low.
A	Repayment capacity is strong, more vulnerable to adverse economic conditions, and the risk of default is low.
BBB	Repayment capacity is moderate, greater impact from adverse economic conditions, and the risk of default is moderate.
BB	Repayment capacity is weak, greatly affected by the adverse economic conditions and the risk of default is high.
B	Repayment capacity depends on a favorable economic environment, and the risk of default is very high.
CCC	Repayment capacity highly depends on a favorable economic environment, and the risk of default is extremely high.
CC	The entity has limited protection in the event of bankruptcy or restructuring, resulting in minimal assurance of debt repayment.
C	The entity is insolvent.
D	Unable to meet financial commitments. Default is confirmed.

Note: Except for “AAA” and grades below “CC” (inclusive), each credit grade can be fine-tuned with “+” or “-” symbols to indicate a slightly higher or lower credit grade than the base grade.

II. Sovereign credit ratings

Sovereign credit ratings assess a sovereign issuer's ability to fulfill government debt repayment obligations in full and on time. This includes both the long-term local currency credit ratings and the long-term foreign currency credit ratings. Sovereign credit ratings are classified into three categories with nine grades. Long-term local currency credit ratings are represented by "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", and "D". And long-term foreign currency ratings are represented by "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", and "D".

Long-term local currency credit rating symbols and definitions are shown as follows:

Symbols	Definitions
AAA	Repayment capacity is extremely strong, with minimal impact from negative shocks, resulting in an extremely low probability of default on local currency debt.
AA	Repayment capacity is very strong, with little impact from negative shocks, resulting in a very low probability of default on local currency debt.
A	Repayment capacity is relatively strong, with potential impact from negative shocks, resulting in a relatively low probability of default on local currency debt.
BBB	Repayment capacity is moderate, with relatively large impact from negative shocks, resulting in moderate default risk on local currency debt.
BB	Repayment capacity is relatively weak, with huge impact from negative shocks, resulting in a relatively high probability of default on local currency debt.
B	Repayment capacity depends on a stable external environment, with a very high probability of default on local currency debt.
CCC	Repayment capacity highly depends on a stable external environment, with an extremely high probability of default on local currency debt..
CC	Repayment capacity is extremely vulnerable to political economic volatility, resulting in minimal assurance of local currency debt repayment.
C	The entity is nearly insolvent, lacking capacity to fulfill its local currency debt obligations.
D	Default is confirmed.

Note: Except for "AAA" and grades below "CC" (inclusive), each credit grade can be fine-tuned with "+" or "-" symbols to indicate a slightly higher or lower credit grade than the base grade.

Long-term foreign currency credit rating symbols and definitions are shown as follows:

Symbols	Definitions
AAA	Repayment capacity is extremely strong, with minimal impact from negative shocks, resulting in an extremely low probability of default on foreign currency debt.
AA	Repayment capacity is very strong, with little impact from negative shocks, resulting in a very low probability of default on foreign currency debt.
A	Repayment capacity is relatively strong, with potential impact from negative shocks, resulting in a relatively low probability of default on foreign currency debt.
BBB	Repayment capacity is moderate, with relatively large impact from negative shocks, resulting in moderate default risk on foreign currency debt.

BB	Repayment capacity is relatively weak, with huge impact from negative shocks, resulting in a relatively high probability of default on foreign currency debt.
B	Repayment capacity depends on a stable external environment, with a very high probability of default on foreign currency debt.
CCC	Repayment capacity highly depends on a stable external environment, with an extremely high probability of default on foreign currency debt..
CC	Repayment capacity is extremely vulnerable to political economic volatility, resulting in minimal assurance of foreign currency debt repayment.
C	The entity is nearly insolvent, lacking capacity to meet its foreign currency debt obligations.
D	Default is confirmed.

Note: Except for "AAA" and grades below "CC" (inclusive), each credit grade can be fine-tuned with "+" or "-" symbols to indicate a slightly higher or lower credit grade than the base grade.

III. Local government credit ratings

Local governments are administrative entities that exercise authority within a designated region of a country without possessing sovereignty. As a unique type of rated entity, its rating methodology, rating factors, and other elements differ from those applied to corporate entities. Local government credit ratings are classified into three categories with nine grades, represented by the symbol "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", and "C". Additionally, the symbol "D" indicates that the rated entity is insolvent, and the default is confirmed.

Credit rating symbols and definitions are shown as follows:

Symbols	Definitions
AAA	Repayment capacity is extremely strong, with minimal impact from adverse economic conditions, resulting in an extremely low probability of default.
AA	Repayment capacity is very strong, with little impact from adverse economic conditions, resulting in a very low probability of default.
A	Repayment capacity is relatively strong, with potential impact from adverse economic conditions, resulting in a relatively low probability of default.
BBB	Repayment capacity is moderate, with relatively large impact from adverse economic conditions, resulting in moderate default risk.
BB	Repayment capacity is relatively weak, with huge impact from adverse economic conditions, resulting in a relatively high probability of default.
B	Repayment capacity depends on a favorable economic environment, with a very high probability of default.

CCC	Repayment capacity highly depends on a favorable economic environment, with an extremely high probability of default.
CC	The entity is nearly insolvent.
C	The entity is insolvent.
D	Default is confirmed.

Note: "AAA" can be fine-tuned with "-" symbols, indicating a slightly lower credit grade than the base grade. For grades below "AA" and above "B", each credit grade can be fine-tuned with "+" or "-" symbols to indicate a slightly higher or lower credit grade than the base grade.

IV. Financing guarantees institution credit ratings

Financing guarantees institution credit ratings are classified into three categories with nine grades, represented by the symbol "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", and "C". Additionally, the symbol "D" indicates that the rated entity is insolvent, and the default is confirmed.

Credit rating symbols and definitions are shown as follows:

Symbols	Definitions
AAA	Represented the strongest compensatory capacity and lowest probability of default.
AA	Represented very strong compensatory capacity and a very low probability of default.
A	Represented relatively strong compensatory capacity, with potential impact from unfavourable change in internal and external factors, resulting in a relatively low probability of default.
BBB	Represented moderate compensatory capacity, impacted from unfavourable change in internal and external factors, resulting in moderate default risk.
BB	Represented relatively weak compensatory capacity, with large impact from unfavourable change in internal and external factors, resulting in certain level of default risk.
B	Represented relatively poor compensatory capacity with a relatively high probability of default.
CCC	Represented very poor compensatory capacity with a very high probability of default.
CC	Represented extremely poor compensatory capacity with an extremely high probability of default.
C	On the verge of bankruptcy, with no compensatory capacity.
D	Default is confirmed.

Note: Except for grades below "CC", each credit grade can be fine-tuned with "+" or "-" symbols to indicate a slightly higher or lower credit grade than the base grade (AAA+ is excluded).

V. Rating outlooks

Rating outlook, as an effective supplement to credit ratings, provides markets with an early indication on the likely direction of rated entities' credit ratings over the next 1 to 2 years. The driving factors are mainly the changes in the long-term fundamental elements of the rated entities.

There are four types of corporate rating outlooks: positive, stable, negative, and evolving outlook. Definitions for each type are shown as follows:

Ratings	Definitions
Positive	The rated entity's credit rating may be raised.
Stable	The rated entity's credit rating is not likely to change.
Negative	The rated entity's credit rating may be lowered.
Evolving	The rated entity's credit rating may be raised, unchanged, or lowered.

VI. Rating watches

	Definitions
Rating watches	The rating watches reflect the possible change of the long-term and short-term credit ratings for both the issuer and the debt issue of the rated entities in three months (may exceed 90 days for special cases). When the credit observation period ends, if the credit rating changes, the adjustment direction of the credit rating will align with the direction of the rating outlook. When the credit rating is raised, the rating outlook is positive. And when the credit rating is lowered, the rating outlook is negative. However, in rare cases, the adjustment direction of the credit rating may be inconsistent with the direction of the rating outlook. When the credit rating is raised, the rating outlook is negative. And when the credit rating is lowered, the rating outlook is positive. It can be removed from the rating watch if there is no need to adjust the grade.