

Debt Credit Rating

Debt issue credit ratings reflect the rated entity's ability to fully repay the principal and interest of a specific debt on time, as well as the relative level of risk. It serves as a forecast of the probability of default and the extent of loss in the event of default. Debt issue credit ratings apply to the credit rating of debts or debt-related derivatives issued by the rated entity, including medium and long-term debt issue rating symbols and definitions, short-term debt issue rating symbols and definitions, structured debt issue rating symbols and definitions, etc.

I. Medium and long-term debt issue rating symbols and definitions

Medium and long-term debt refers to debt with a repayment term of more than one year, and the rating results are directly influenced by the characteristics of the debts, the relevant terms, and the safeguards. The medium and long-term debt issue credit rating is divided into three categories with nine grades, represented by the symbols "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", and "C". Additionally, the symbol "D" indicates that the rated entity cannot fulfill its obligations, and the default is confirmed. The meanings of each grade are as follows:

Symbols	Definitions
AAA	The debt is extremely safe, the risk of default is extremely low, or the risk of default loss is extremely low.
AA	The debt is very safe, the risk of default is very low, or the risk of default loss is very low.
A	The security of the debt is high, the default risk is low, or the default loss risk is low.
BBB	The security of the debt is general, the default risk is general, or there is a certain risk of default loss.
BB	The security of debt is weak, the risk of default is high, and the risk of default loss is high.
B	The security of debt is low, the risk of default is high, and the risk of default loss is high.
CCC	The security of the debt is very low and the risk of default is very high.
CC	The security of the debt is extremely low, and the risk of default is extremely high.
C	The debt cannot be repaid.
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. Short-term debt issue rating symbols and definitions

Short-term debt refers to debt with a maturity of one year or less, and the rating results are directly related to the characteristics, terms, and safeguards of the specific short-term debt. Short-term debt issue credit ratings are classified into four categories with six grades, represented by the symbols “A-1”, “A-2”, “A-3”, “C”, and “D”. The meanings of each grade are as follows:

Symbols	Definitions
A-1	Represents the highest-grade short-term debt issue, with the highest debt repayment capacity and the highest security.
A-2	The ability to repay the capital and interest is strong, and the security is high.
A-3	The ability to repay the capital and interest is general, and the safety is vulnerable to adverse environmental changes.
B	The ability to repay the capital and interest is weak, and there is certain risk of default.
C	The ability to repay the capital and interest is very weak, and the risk of default is high.
D	Unable to repay the principal and interest on time.

Note: Each credit grade cannot be fine-tuned.

III. The linkage of long-term and short-term debt issues ratings

Long-term debt issue credit ratings can be mapped with short-term debt issue credit ratings, shown in the graph below:

Mapping of Long-term and Short-term Debt Issue Credit Ratings	
Long-term Debt Issue Credit Ratings	Short-term Debt Issue Credit Ratings
AAA	A-1
AA+	
AA	
AA-	A-2
A+	
A	
A-	A-3
BBB+	
BBB	
BBB-	B
BB+	
BB	
BB-	C
B+	
B	
B-	D
CCC	
CC	
C	

IV. Trust plan product credit ratings

A trust plan credit rating primarily reflects the credit quality of the underlying assets and the structure of the trust transaction. It assesses the extent of potential loss to the trust plan resulting from default on the underlying assets or transactions within the trust plan.

Trust products credit ratings are classified into three categories with nine grades, represented by the symbols “AAA”, “AA”, “A”, “BBB”, “BB”, “B”, “CCC”, “CC”, and “C”. The meanings of each grade are as follows:

Symbols	Definitions
AAA	The trust beneficiaries have an extremely high level of protection for principal and expected returns, with an extremely low risk of default.
AA	The trust beneficiaries have a very high level of protection for principal and expected returns, with a very low risk of default.
A	The trust beneficiaries have a relatively high level of protection for principal and expected returns, with a relatively low risk of default.
BBB	The trust beneficiaries have a moderate level of protection for principal and expected returns, with moderate default risk.
BB	The trust beneficiaries have a relatively low level of protection for principal and expected returns, with a relatively high risk of default.
B	The trust beneficiaries have a low level of protection for principal and expected returns, with a high risk of default.
CCC	The trust beneficiaries have a very low level of protection for principal and expected returns, with a very high risk of default.
CC	The trust beneficiaries have an extremely low level of protection for principal and expected returns, with an extremely high risk of default.
C	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.

V. Debt investment plan (beneficiary certificates) credit ratings

Debt investment plans (beneficiary certificates) credit ratings are classified into three categories with nine grades, represented by the symbols “AAA”, “AA”, “A”, “BBB”, “BB”, “B”, “CCC”, “CC”, and “C”. Additionally, the symbol “D” indicates that the rated entity cannot fulfill its obligations, and the default is confirmed. The meanings of each grade are as follows:

Symbols	Definitions
AAA	The debt investment plan demonstrates extremely strong security, with an extremely low risk of default.
AA	The debt investment plan demonstrates very strong security, with a very low risk of default.
A	The debt investment plan demonstrates relatively strong security, with a relatively low risk of default.
BBB	The debt investment plan demonstrates moderate security, with moderate default risk.
BB	The debt investment plan demonstrates relatively weak security, with a relatively high risk of default.
B	The debt investment plan demonstrates weak security, with a high risk of default.
CCC	The debt investment plan demonstrates very weak security, with a very high risk of default.
CC	The debt investment plan demonstrates extremely weak security, with an risk high probability of default.
C	The debt investment plan is insolvent.
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.