

Rating Symbols and Definitions

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Summary

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This article summarizes the rating symbols that are used by CSPI Ratings and their scales and definitions. Broadly speaking, CSPI Ratings assigns issuer and issuance ratings, rating outlooks, credit watches, long-term and short-term ratings, and local-currency and foreign-currency ratings. CSPI Ratings may also assign other special-purpose ratings that often specifically apply to certain asset classes or risk measures. CSPI Ratings also provides other credit-related opinions like credit estimates and credit assessments.

CSPI Ratings' credit ratings are forward-looking analytical opinions about an obligor or obligation's overall creditworthiness, which focus on the obligor's willingness and capacity to fulfill its financial commitments. Our credit ratings aim to provide an opinion on the likelihood of default of an obligor or obligation by analyzing its credit risk profile. In addition to likelihood of default, our credit ratings also take into account other relevant factors: payment priority, recovery prospect, and credit stability. CSPI Ratings' credit ratings do not contain any measurement or indication related to market price and trading information other than the credit risk of a specific issuer and obligation.

Issuer Credit Ratings

CSPI Ratings' issuer credit rating is a forward-looking analytical opinion about an obligor's overall creditworthiness, which focuses on the obligor's willingness and capacity to fulfill its financial obligations on a timely basis. The issuer credit rating focuses on the credit risks at the issuer level and does not differentiate the credit risks of certain specific financial obligations or instruments. Issuer credit ratings can be either long-term or short-term.

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Exhibit 1: Long-Term Issuer Credit Ratings

Rating Category	Definition
AAA	'AAA' rating is the highest rating assigned by CSPI Ratings and denotes the lowest expectation of default risk. It indicates that the issuer has extremely strong capacity to fulfill its financial commitments and such capacity is highly unlikely to be adversely affected by any foreseeable event.
AA	'AA' rating is the second highest rating and denotes expectations of very low default risk. It indicates that the issuer has very strong capacity to fulfill its financial commitments and such capacity has no significant vulnerability to any foreseeable event.
A	'A' rating denotes expectations of relatively low default risk. It indicates that the issuer has strong capacity to fulfill its financial commitments but such capacity may be somewhat vulnerable to adverse business or economic conditions compared to higher rating categories.
BBB	'BBB' rating denotes expectations of moderate default risk. It indicates that the issuer has adequate capacity to fulfill its financial commitments but such capacity may likely be weakened by adverse business or economic conditions.
BB	'BB' rating denotes expectations of relatively high default risk. It indicates that the issuer has less than adequate capacity to fulfill its financial commitments and such capacity faces major ongoing uncertainties and is vulnerable to adverse business, financial, or economic conditions.
B	'B' rating denotes expectations of high default risk. It indicates that the issuer currently has the capacity to fulfill its financial commitments but such capacity has a limited margin of safety and is very vulnerable to any adverse business, financial, or economic conditions.
CCC	'CCC' rating denotes expectations of very high default risk. It indicates that the issuer is currently vulnerable and depends on favorable business, financial, and economic conditions to meet its financial commitments.
CC	'CC' rating indicates that the issuer is currently highly vulnerable. Even though default has not occurred and time to default is not yet known, default is virtually a certain event.
RS	'RS' means an obligor is currently under regulatory supervision due to its financial vulnerability. The regulators may favor one class of obligations over the others, and creditors face high regulatory uncertainties.
D / SD	D and SD denote default and selective default respectively. A 'D' rating is assigned when CSPI Ratings believes an issuer is in a general default, meaning that it has failed to fulfill its payments on all or close to all of its obligations on time and in full, whether they are rated or unrated. An 'SD' rating is assigned when an issuer has defaulted on one or more of its obligations on a selective basis, whether they are rated or unrated, but CSPI Ratings believes the issuer will continue to make full and timely payments on other obligations. However, CSPI Ratings will take into consideration a stated grace period when assigning the 'D' or 'SD' rating. The obligor will also be considered in default or selective default if the creditors in question are forced to accept a distressed debt exchange offer.
WR	'WR' designation is assigned to issuers on which our long-term issuer credit ratings have been withdrawn due to reasons such as debt maturity, calls, puts, conversions, mergers and acquisitions, and the lack of sufficient information.
NR	An issuer designated 'NR' is not rated.

The ratings in between the 'AA' and 'CCC' categories may be modified with '+/-' signs to further show the relative credit standing within those categories.

A short-term issuer credit rating is our opinion on the likelihood of an obligor to default on its short-term financial obligations that usually have maturities of less than 365 days. Our short-term issuer crediting ratings focus on the obligor's willingness and capacity to meet its short-term financial commitments when come due.

Exhibit 2: Short-Term Issuer Credit Ratings

Rating Category	Definition
A-1	'A-1' rating is the highest rating assigned by CSPI Ratings and denotes the lowest expectation of default risk. It indicates that the issuer has extremely strong capacity to fulfill its financial commitments and such capacity is highly unlikely to be adversely affected by any foreseeable event. A plus sign (+) may be added to indicate exceptionally strong credit characteristics.
A-2	'A-2' rating is the second highest rating and denotes expectations of low default risk. It indicates that the issuer has very strong capacity to fulfill its financial commitments and such capacity has no significant vulnerability to any foreseeable event.
A-3	'A-3' rating denotes expectations of moderate default risk. It indicates that the issuer has adequate capacity to fulfill its financial commitments but such capacity may likely be weakened by adverse business or economic conditions.

B	'B' rating denotes expectations of high default risk. It indicates that the issuer currently has the capacity to fulfill its financial commitments but such capacity has a limited margin of safety and is very vulnerable to any adverse business, financial, or economic conditions.
C	'C' rating denotes expectations of very high default risk. It indicates that the issuer is currently vulnerable and depends on favorable business, financial, and economic conditions to meet its financial commitments.
RS	'RS' means an obligor is currently under regulatory supervision due to its financial vulnerability. The regulators may favor one class of obligations over the others, and creditors face high regulatory uncertainties.
D / SD	D and SD denote default and selective default respectively. A 'D' rating is assigned when CSPI Ratings believes an issuer is in a general default, meaning that it has failed to fulfill its payments on all or close to all of its obligations on time and in full, whether they are rated or unrated. An 'SD' rating is assigned when an issuer has defaulted on one or more of its obligations on a selective basis, whether they are rated or unrated, but CSPI Ratings believes the issuer will continue to make full and timely payments on other obligations. However, CSPI Ratings will take into consideration a stated grace period when assigning the 'D' or 'SD' rating. The obligor will also be considered in default or selective default if the creditors in question are forced to accept a distressed debt exchange offer.
WR	'WR' designation is assigned to issuers on which our short-term issuer credit ratings have been withdrawn due to reasons such as debt maturity, calls, puts, conversions, mergers and acquisitions, and the lack of sufficient information.
NR	An issuer designated 'NR' is not rated.

Issuance Credit Ratings

CSPI Ratings' issuance credit rating is a forward-looking analytical opinion about the creditworthiness of a specific financial obligation, a class of obligations, or a financial program such as medium-term note or commercial paper programs. The issuance credit ratings will also reflect the creditworthiness of credit enhancements on the obligation such as guarantees, insurance, and/or other forms of enhancement features if any. Issuance credit ratings can be either long-term or short-term.

Issuance credit ratings not only assess the likelihood of default, but also assess the relative seniority of the financial obligations and their ultimate recovery prospects in the event of default. CSPI Ratings' issuance ratings will be based on the nature and provisions of the financial obligations. In general, junior obligations will be rated below senior obligations and unsecured obligations are considered to have higher credit risks than secured obligations.

Exhibit 3: Long-Term Issuance Credit Ratings

Rating Category	Definition
AAA	'AAA' rating is the highest rating assigned to an obligation by CSPI Ratings and denotes the lowest expectation of default risk. It indicates that the issuer has extremely strong capacity to fulfill its financial commitment on the obligation and such capacity is highly unlikely to be adversely affected by any foreseeable event.
AA	'AA' rated obligations have very low default risk. It indicates that the issuer has very strong capacity to fulfill its financial commitment on the obligation and such capacity has no significant vulnerability to any foreseeable event.
A	'A' rated obligations have relatively low default risk. It indicates that the issuer has strong capacity to fulfill its financial commitment on the obligation but such capacity may be somewhat vulnerable to adverse business or economic conditions compared to higher rating categories.
BBB	'BBB' rated obligations have moderate default risk. It indicates that the issuer has adequate capacity to fulfill its financial commitment on the obligation but such capacity may likely be weakened by adverse business or economic conditions.
BB	'BB' rated obligations have relatively high default risk. It indicates that the issuer has less than adequate capacity to fulfill its financial commitment on the obligation and such capacity faces major ongoing uncertainties and is vulnerable to adverse business, financial, or economic conditions.
B	'B' rated obligations have high default risk. It indicates that the issuer currently has the capacity to fulfill its financial commitment on the obligation but such capacity has a limited margin of safety and is very vulnerable to any adverse business, financial, or economic conditions.
CCC	'CCC' rated obligations have very high default risk. It indicates that the issuer is currently vulnerable and depends on favorable business, financial, and economic conditions to meet its financial commitment on the obligation.

CC	'CC' rated obligations have extremely high default risk. It indicates that the obligation is currently highly vulnerable. Even though default has not occurred and time to default is not yet known, default is virtually a certain event.
C	'C' rated obligations are very near to default and the visibility of the time to default is very high. The payment seniority or recovery prospect of the 'C' rated obligations is expected to be lower than that of higher-rated obligations.
D	'D' denotes default and indicates that the payments for an obligation are not made on time when come due or in breach of an imputed promise. However, CSPI Ratings will take into consideration a stated grace period when assigning the 'D' rating. 'D' rating will also be used if the obligor files for bankruptcy petition or takes similar actions. The obligation will also be rated 'D' if it is subject to a distressed debt exchange offer.
WR	'WR' designation is assigned to bond issuances on which our long-term issuance ratings have been withdrawn due to reasons such as debt maturity, calls, puts, conversions, mergers and acquisitions, and the lack of sufficient information.
NR	An obligation designated 'NR' is not rated.

The ratings in between 'AA' and 'CCC' categories may be modified with '+/-' signs to further show the relative credit standing within those categories.

A short-term issuance credit rating is our opinion on a short-term obligation's default risk and is assigned to the obligations deemed short-term in nature. Usually obligations with original maturities of no more than 365 days are considered short-term. Medium-term notes are assigned long-term ratings.

Exhibit 4: Short-Term Issuance Credit Ratings

Rating Category	Definition
A-1	'A-1' rating is the highest rating assigned by CSPI Ratings and denotes the lowest expectation of default risk. It indicates that the issuer has extremely strong capacity to fulfill its financial commitment on the obligation and such capacity is highly unlikely to be adversely affected by any foreseeable event. A plus sign (+) may be added to indicate exceptionally strong credit characteristics.
A-2	'A-2' rated short-term obligations have low default risk. It indicates that the issuer has very strong capacity to fulfill its financial commitment on the obligation and such capacity has no significant vulnerability to any foreseeable event.
A-3	'A-3' rated short-term obligations have moderate default risk. It indicates that the issuer has adequate capacity to fulfill its financial commitment on the obligation but such capacity may likely be weakened by the adverse business or economic conditions.
B	'B' rated short-term obligations have high default risk. It indicates that the issuer currently has the capacity to fulfill its financial commitment on the obligation but such capacity has a limited margin of safety and is very vulnerable to any adverse business, financial, or economic conditions.
C	'C' rated short-term obligations have very high default risk. It indicates that the issuer is currently vulnerable and depends on favorable business, financial, and economic conditions to meet its financial commitment on the obligation.
D	'D' denotes default and indicates that the payments on an obligation are not made on time when come due or in breach of an imputed promise. However, CSPI Ratings will take into consideration a stated grace period when assigning the 'D' rating. 'D' rating will also be used if the obligor files for bankruptcy petition or takes similar actions. The obligation will also be rated 'D' if it is subject to a distressed debt exchange offer.
WR	'WR' designation is assigned to bond issuances on which our short-term issuance ratings have been withdrawn due to reasons such as debt maturity, calls, puts, conversions, mergers and acquisitions, and the lack of sufficient information.
NR	An obligation designated 'NR' is not rated.

Long-term and Short-term Credit Ratings Linkage

The correlation between long-term and short-term ratings represents a fundamental basis for our rating analysis, and it reveals the relative financial strength of an obligor to meet its long-term and short-term commitments respectively. The relationship between long-term and short-term ratings may be similar for issuer and issuance ratings on nonfinancial corporates, insurers, and sovereigns, but may be different for project finance ratings, finance company ratings and mortgage insurer ratings. The following table only summarizes the linkage between long-term and short-term ratings on nonfinancial corporates, insurers and sovereigns:

Exhibit 5: Long-Term and Short-Term Credit Ratings Linkage

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

Rating Outlooks

CSPI Ratings uses rating outlooks to provide markets with early indications on the likely direction of a long-term credit rating over the intermediate term, which is usually six to twenty-four months. CSPI Ratings will consider any changes on the rating factors that may impact a rating level when determining an outlook direction. However, an outlook is not necessarily a guarantee on future rating actions. CSPI Ratings' rating committees will take rating actions based on changes in economic, business and financial conditions.

There are four types of outlooks used by CSPI Ratings:

- Positive Outlook: rating may be raised
- Negative Outlook: rating may be lowered
- Stable Outlook: rating is not likely to change
- Evolving Outlook: rating may be raised or lowered

Credit Watches

A Credit Watch is our analytical opinion about the potential changes of a short-term or long-term rating. CSPI Ratings will use a Credit Watch to indicate a potential rating change if we believe certain economic, business and financial event may impact the rating materially and the rating needs to be put under immediate surveillance. A rating conclusion may not be reached immediately due to insufficient information or event development, and CSPI Ratings intends to resolve a Credit Watch within three months of time after the rating is placed under Credit Watch. However, an extension of a Credit Watch is also possible if CSPI Ratings believes more time is needed to conclude the rating actions.

A Credit Watch status does not necessarily guarantee a rating change. On the other hand, a rating may often be changed without first being put on Credit Watch. A credit rating may be placed under Credit Watch if the following occurs but the list is not meant to be exhaustive:

- An economic, business or financial event that may cause an issuer's credit fundamentals to deviate materially from our current assumptions;
- A change of criteria and methodology that may cause our analysis on the credit to change significantly;
- New or more material information has emerged and its impact on the rating has not been fully determined.

CSPI Ratings adopts three types of Credit Watches:

- CreditWatch Positive: rating may be raised
- CreditWatch Negative: rating may be lowered
- CreditWatch Evolving: rating may be raised or lowered

Local Currency and Foreign Currency Ratings

CSPI Ratings assigns issuer credit ratings in both local currency and foreign currency, which reflect our view that an obligor's willingness and capacity to fulfill its local-currency and foreign-currency commitments may be different under certain economic and financial conditions. CSPI Ratings makes such distinctions to provide more information and clarity to market participants. CSPI Ratings does not apply rating caps on local-currency or foreign-currency ratings, which means that CSPI Ratings may assign local-currency ratings that are higher than foreign-currency ratings, or vice versa.

Credit Estimates

A credit estimate is a credit opinion provided by CSPI Ratings for internal purpose or to an external third party about the likely issuer or issuance credit rating that CSPI Ratings may potentially assign to an unrated obligor or obligation. CSPI Ratings will provide the credit estimate based on a variety of information sources such as public disclosures, information provided by a third party, in-house analytical experience and knowledge, etc. Credit estimates do not involve direct interactions and discussions with an obligor's management on its operations and strategies. CSPI Ratings will conduct credit estimates according to its published rating criteria and models but will not maintain ongoing surveillance on the estimate. However, periodic reviews and updates may be provided.

In general, a credit estimate is confidential and expressed using the same CSPI Ratings rating symbols but in lower case such as 'a' and 'bbb'.

Credit Assessments

A credit assessment is a credit opinion provided by CSPI Ratings for internal purpose or to an external third party, and may be expressed in descriptive terms, as a broad rating category and range, or as a specific rating level to indicate the relative credit strengths and weaknesses of an obligor or obligation, a proposed financial structure or elements of such structures. A credit assessment may be done as part of a credit rating and only focuses on limited credit matters and elements. A credit assessment is a point-in-time evaluation and does not require ongoing surveillance. However, periodic reviews and updates may be provided.

In general, a credit assessment is confidential and expressed using the same CSPI Ratings rating symbols but in lower case such as 'a' and 'bbb-to-bbb+'.

Insurer Financial Strength Rating (IFSR)

Definition

CSPI Ratings' insurer financial strength rating (IFSR) is a globally comparable, forward-looking opinion about an insurance operating company's ability to repay its policyholder obligations on time and in full. Not only is the IFSR relevant to investors looking to assess an insurance company's financial status, but it is also of significant value to insurance clients, intermediaries and other credit counterparties.

The IFSR is not a recommendation to purchase insurance policies from any insurance provider. Furthermore, the IFSR does not address situations where the legitimacy of a specific insurance claim or group of insurance claims is under commercial, legal or regulatory dispute during the normal course of business.

Scope

The IFSR applies to insurance operating companies that engage in the following business lines:

- Life and annuities;
- Property & casualty ("P&C");
- Life and/or P&C reinsurance;
- Health insurance.

However, it excludes insurers that operate in:

- Mortgage insurance; and
- Credit and guarantee insurance.

Rating Scale

The IFSR follows a rating scale from AAA to D. The IFSR rating scale and the characteristics commonly associated with insurers in each rating category are shown in the table below.

The AAA to BBB categories are assigned to insurance organizations that we expect to have an "Extremely Strong" to "Adequate" ability to honor their policyholder obligations on time, namely: AAA (Extremely Strong), AA (Very Strong), A (Strong) and BBB (Adequate). +/- modifiers may be added to the AA, A and BBB rating levels to further distinguish creditworthiness within a particular level.

The BB to CC categories are assigned to insurers that we believe have a "Marginally Adequate" to "Extremely Weak" ability to repay their policyholder liabilities on time and in full. These categories consist of BB (Marginally Adequate), B (Weak), CCC (Very Weak) and CC (Extremely Weak). +/- modifiers may accompany the BB, B and CCC rating categories to provide more granularity on the credit quality within each category.

In addition, the RS designation is assigned to insurers that are currently under regulatory supervision due to their failure to meet the relevant authorities' solvency or other prudential requirements.

The D designation is assigned to insurance firms that have defaulted on their policyholder liabilities.

Exhibit 6: IFSR Rating Scale

Rating Category	Financial Strength	Description
AAA	Extremely Strong	Insurers with an IFSR in the 'AAA' category have an Extremely Strong ability to repay their policyholder obligations on time and in full. These companies are expected to consistently demonstrate superior performance across market cycles and maintain credit profiles that can withstand the most severe stress scenarios.
AA	Very Strong	Insurers with an IFSR in the 'AA' category have a Very Strong ability to repay their policyholder obligations on time and in full. These companies are expected to maintain resilient credit profiles across market cycles, but their ability to withstand the most severe stress scenarios may fall short of the requirements for a 'AAA' rating.
A	Strong	Insurers with an IFSR in the 'A' category have a Strong ability to repay their policyholder obligations on time and in full. These companies are expected to deliver strong performance across market cycles, but their credit profiles could exhibit more volatility compared to higher-rated peers.
BBB	Adequate	Insurers with an IFSR in the 'BBB' category have an Adequate ability to repay their policyholder obligations on time and in full. These companies are expected to have solid performance across market cycles, but their credit profiles could exhibit meaningfully more volatility compared to higher-rated peers.
BB	Marginally Adequate	Insurers with an IFSR in the 'BB' category have a Marginally Adequate ability to repay their policyholder obligations on time and in full. These companies are expected to have credit profiles that fluctuate widely across market cycles, and there is a relatively high degree of uncertainty with their balance sheet strength under stress scenarios.
B	Weak	Insurers with an IFSR in the 'B' category have a Weak ability to repay their policyholder obligations on time and in full. These companies are expected to have credit profiles that fluctuate significantly across market cycles, and there is a significant degree of uncertainty with their balance sheet strength under stress scenarios.
CCC	Very Weak	Insurers with an IFSR in the 'CCC' category have a Very Weak ability to repay their policyholder obligations on time and in full. These firms are expected to have credit profiles that are highly susceptible to market cycles, and any prolonged economic downturn could put the insurers' payment capacity at risk.
CC	Extremely Weak	Insurers with an IFSR in the 'CC' category have an Extremely Weak ability to repay their policyholder obligations on time and in full. These firms are expected to have credit profiles that are fully susceptible to market cycles, and any economic downturn could put the insurers' payment capacity at risk.
D	Default	The 'D' designation is assigned to insurers that have Defaulted on their policyholder obligations.
RS	Regulatory Supervision	The 'RS' designation is assigned to insurers that have been placed under Regulatory Supervision due to their failure to meet the relevant authorities' solvency or other prudential requirements.
WR	Withdrawn	'WR' designation is assigned to insurers on which our IFSR ratings have been withdrawn due to reasons such as mergers and acquisitions and the lack of sufficient information.
NR	Not Rated	The 'NR' designation is assigned to insurers that are Not Rated.

Structured Finance Ratings

CSPI Ratings differentiates ratings categories for structured finance instruments from ratings for other financial instruments or financial obligations by adding “(sf)” to all structured finance ratings. CSPI Ratings assigns the ratings of the following structured finance instruments with the “(sf)” identifier,

- Asset-backed securities (ABS);
- Asset-backed commercial paper (ABCP);
- Collateralized loan obligations (CLOs) and collateralized debt obligations (CDOs);
- Commercial mortgage-backed securities (CMBS);
- Credit default swaps (CDSs), with the exception of single-name CDSs;
- Multi-tranche insurance securitizations;
- Residential mortgage-backed securities (RMBS);
- Secured corporate debt transactions with a subordinated tranche of the debt whose rating is not linked to that of the sponsor;
- Structured investment vehicles (SIVs);
- Repackaged instruments where any of the underlying assets is a structured finance instrument;
- Other securitization transactions where the credit risk of an exposure or pool of exposures is tranching and payments to investors are dependent upon the performance of an exposure or pool of exposures and the subordination of tranches determining the distribution of losses during the ongoing life of the transactions.

Servicer Evaluation Ratings

To assist investors and market participants in assessing a servicer’s capacity and effectiveness, CSPI Ratings offers a servicer evaluation rating that provides an independent and standardized assessment on a servicer’s ability to perform the servicing duties and its management of operational risks.

CSPI Ratings assigns the servicer evaluation ratings using a scale of five rating categories – EXCEPTIONAL, GOOD, SATISFACTORY, WEAK and POOR (see Exhibit 7), which indicates the strength of the servicer relative to other servicers performing the same servicing role in the same country. CSPI Ratings also characterizes each servicer evaluation rating with an outlook, which represents an opinion on the potential revision of the rating for the intermediate term servicing duration. CSPI Ratings uses the same types of outlooks defined in Rating Outlooks section.

Exhibit 7 Servicer Evaluation Rating Levels

Servicer Evaluation Rating	Description
EXCEPTIONAL	Servicers exhibit the highest servicing capacity, quality, and efficiency. These servicers may be characterized as companies that have a long-term stable servicing operating history, a proven track record of superior management, demonstrated expertise incorporating industry best practices, superior financial resources, advanced information technology, and excellent internal controls, policies and procedures.
GOOD	Servicers exhibit very high servicing capacity, quality, and efficiency. These servicers may be characterized as companies that have a stable servicing operating history, a proven track record of strong management, demonstrated expertise incorporating sound industry practices, strong financial resources, well-established information technology, and strong internal controls, policies and procedures.
SATISFACTORY	Servicers exhibit proficient servicing capacity, quality, and efficiency. These servicers may be characterized as companies that have an acceptable servicing operating history, a proven track record of proficient management, demonstrated expertise in line with industry practices, adequate financial resources, sufficient information technology, and adequate internal controls, policies and procedures.
WEAK	Servicers exhibit a lack of servicing capacity, quality, and efficiency. These servicers may demonstrate some of the following characteristics: an unfavorable servicing operating history, a weak management, limited experience, weak financial resources, deficient information technology, and limited internal controls, policies and procedures.
POOR	Servicers exhibit limited or no servicing capacity, quality, and efficiency. These servicers may demonstrate some of the following characteristics: a poor servicing operating history, significant weaknesses in management, very limited or no experience, insufficient financial resources, significant deficiencies in information technology systems, and very limited or no internal controls, policies and procedures.

Green Evaluations

CSPI Ratings' green evaluations provide a relative ranking of debt instruments based on its forward-looking opinion on their ability to deliver environmental benefits via their financing or refinancing of specific assets. The debt instruments CSPI Ratings may evaluate under these criteria include, without limitation, bonds, loans, and other fixed-income financing vehicles whose proceeds are earmarked, either wholly or partially, for environmentally beneficial assets.

Green evaluations are not credit ratings. They do not, in any way, reflect an issuer's ability and willingness to fulfill its financial obligations on time and in full. They also do not account for a debt instrument's likelihood of default or recovery prospects in the event of default. Instead, green evaluations are designed as a tool for issuers, investors and other market participants to decide whether a debt instrument's green attributes are consistent with their internal environmental objectives.

The product of our green evaluation is a score out of five that corresponds to one of five categories ranging from "Very Strong" to "Very Weak". Our evaluation is conducted at the issuance level. It is, therefore, possible for an issuer to have different green evaluation scores and categories assigned to different instruments across its capital structure.

Exhibit 8: Green Evaluation Scale

Green Evaluation Category	Green Evaluation Score	Description
Very Strong	≥ 4.5	The instrument has a very strong ability to deliver environmental benefits via its (re)financing of specific assets.
Strong	3.5 – 4.5	The instrument has a strong ability to deliver environmental benefits via its (re)financing of specific assets.
Moderate	2.5 – 3.5	The instrument has a moderate ability to deliver environmental benefits via its (re)financing of specific assets.
Weak	1.5 – 2.5	The instrument has a weak ability to deliver environmental benefits via its (re)financing of specific assets.
Very Weak	< 1.5	The instrument has a very weak ability to deliver environmental benefits via its (re)financing of specific assets. An instrument would be considered "Very Weak" if it is assigned a score of '1' on any of the use of proceeds, process for project evaluation and selection, management of proceeds, or reporting sub-factors.

National Scale Credit Ratings

CSPI Ratings' national scale credit ratings are opinions on the creditworthiness of an obligor or obligation relative to other obligors and obligations within a single country. The main purpose of assigning national scale credit ratings is to provide a greater credit differentiation among obligors and obligations in countries whose country-specific risks result in using only a partial section of the rating scale and ratings that are clustered within a few rating categories. CSPI Ratings' national scale credit ratings are derived based on country-specific mapping tables that determine the relationship between our global and national scale credit ratings.

To distinguish from global scale credit ratings, national scale credit ratings will have a suffix(xx) to denote the country (e.g., 'AAAru' for Russia). CSPI Ratings' national scale credit ratings contain both long-term and short-term credit ratings. Credit Watch and Outlooks are assigned in the same manner as we do for our global scale credit ratings.

Exhibit 9: National Scale Long-Term Credit Ratings

Rating Category	Definition
AAAx	'AAAx' rating is the highest rating assigned by CSPI Ratings in its national scale for that country. It is assigned to issuers or obligations with the lowest expectation of default risk relative to other issuers or obligations within the same country.
AAx	'AAx' rating is the second highest rating assigned by CSPI Ratings in its national scale for that country. It denotes expectations of very low default risk relative to other issuers or obligations within the same country.
Ax	'Ax' rating denotes expectations of relatively low default risk relative to other issuers or obligations within the same country.
BBBx	'BBBx' rating denotes expectations of moderate default risk relative to other issuers or obligations within the same country.
BBx	'BBx' rating denotes expectations of relatively high default risk relative to other issuers or obligations within the same country.
Bx	'Bx' rating denotes expectations of high default risk relative to other issuers or obligations within the same country.
CCCx	'CCCx' rating denotes expectations of very high default risk relative to other issuers or obligations within the same country.
CCx	'CCx' rating denotes expectations of extremely high default risk relative to other issuers or obligations within the same country.
Cxx	'Cxx' rated obligations are very near to default and the visibility of the time to default is very high. The payment seniority or recovery prospect of the 'Cxx' rated obligations is expected to be lower than that of higher-rated obligations.
RSxx	'RSxx' means an obligor is currently under regulatory supervision due to its financial vulnerability. The regulators may favor one class of obligations over the others, and creditors face high regulatory uncertainties.
Dxx / SDxx	'Dxx' and 'SDxx' denote default and selective default respectively. A 'Dxx' rating is assigned when CSPI Ratings believes an issuer is in a general default, meaning that it has failed to fulfill its payments on all or close to all of its obligations on time and in full, whether they are rated or unrated. An 'SDxx' rating is assigned when an issuer has defaulted on one or more of its obligations on a selective basis, whether they are rated or unrated, but CSPI Ratings believes the issuer will continue to make full and timely payments on other obligations. However, CSPI Ratings will take into consideration a stated grace period when assigning the 'Dxx' or 'SDxx' rating. The obligor will also be considered in default or selective default if the creditors in question are forced to accept a distressed debt exchange offer.
WRxx	'WRxx' designation is assigned to issuers on which our long-term issuer credit ratings have been withdrawn due to reasons such as debt maturity, calls, puts, conversions, mergers and acquisitions, and the lack of sufficient information.
NRxx	An issuer designated 'NRxx' is not rated.

The ratings in between the 'AAAx' and 'CCCx' categories may be modified with '+/-' signs to further show the relative credit standing within those categories.

Exhibit 10: National Scale Short-Term Credit Ratings

Rating Category	Definition
A-1xx	'A-1xx' rating is the highest rating assigned by CSPI Ratings in its national scale for that country. It is assigned to issuers or obligations with the lowest expectation of default risk relative to other issuers or obligations within the same country. A plus sign (+) may be added to indicate exceptionally strong credit characteristics.
A-2xx	'A-2xx' rating is the second highest rating assigned by CSPI Ratings in its national scale for that country. It denotes expectations of low default risk relative to other issuers or obligations within the same country.
A-3xx	'A-3xx' rating denotes expectations of moderate default risk relative to other issuers or obligations within the same country.
Bxx	'Bxx' rating denotes expectations of high default risk relative to other issuers or obligations within the same country.
Cxx	'Cxx' rating denotes expectations of very high default risk relative to other issuers or obligations within the same country.
RSxx	'RSxx' means an obligor is currently under regulatory supervision due to its financial vulnerability. The regulators may favor one class of obligations over the others, and creditors face high regulatory uncertainties.
Dxx / SDxx	Dxx and SDxx denote default and selective default respectively. A 'Dxx' rating is assigned when CSPI Ratings believes an issuer is in a general default, meaning that it has failed to fulfill its payments on all or close to all of its obligations on time and in full, whether they are rated or unrated. An 'SDxx' rating is assigned when an issuer has defaulted on one or more of its obligations on a selective basis, whether they are rated or unrated, but CSPI Ratings believes the issuer will continue to make full and timely payments on other obligations. However, CSPI Ratings will take into consideration a stated grace period when assigning the 'Dxx' or 'SDxx' rating. The obligor will also be considered in default or selective default if the creditors in question are forced to accept a distressed debt exchange offer.
WRxx	'WRxx' designation is assigned to issuers on which our short-term issuer credit ratings have been withdrawn due to reasons such as debt maturity, calls, puts, conversions, mergers and acquisitions, and the lack of sufficient information.
NRxx	An issuer designated 'NRxx' is not rated.

Related Research, Publications and Criteria

General Principles of Credit Ratings, 21 November 2017

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