



Sovereigns' Rating Symbols and Definitions

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LOCAL EXPERTISE, SHARED INSIGHT,
BETTER JUDGMENT

Medium and Long-Term Issuers

Low Risk Range

AAA

An obligor rated "AAA" has the highest possible Issuer's Credit Rating assigned by ARC Ratings. It has not only the ability to show an extremely strong capacity to meet its financial commitments but also benefits from a full set of circumstances that actually turn the possibility of credit default into a strictly remote event.

AA

An obligor rated "AA" also has very strong capacity to meet its financial commitments. It differs from the highest rated obligors by only a very small degree.

A

An obligor rated "A" has a quite strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions when compared to obligors in highest-rated categories.

Moderate Risk Range

BBB

An obligor rated "BBB" exhibits an adequate capacity to meet its financial commitments. However, adverse economic conditions or suddenly changing circumstances are more likely to lead to a weakened capacity to the obligor to meet its financial commitments.

BB

An obligor rated "BB" exhibits a fair capacity to meet its financial obligations. However, it faces major on-going uncertainties or exposure to adverse business, financial or economic conditions, which could lead to an unforeseen deterioration of the obligor's capacity to meet its financial commitments.

High Risk Range

B

An obligor rated "B" is more vulnerable than the obligors rated "BB", in the sense that its capacity to meet its financial commitments may, under adverse business, financial or economic conditions very likely impair such capacity or even the willingness to service its debts.

CCC

An obligor rated "CCC" is currently very vulnerable, and is thus strictly dependent upon favourable business, financial and economic conditions to meet its financial commitments.

Imminent or Actual Default

CC

An obligor rated "CC" is highly vulnerable to not being able to meet future obligations, although not showing payment delays at present.

C

Default would appear to be imminent. A debt restructuring procedure may be under way either by creditors' own initiative or through a judicial ordinance.

D

A "D" rating is assigned when the obligor is currently in default.

The ratings from "AA" to "CCC" may be modified by the addition of "+" or "-" to show their relative standing within their own rating categories. The rating outlook (**positive**, **stable**, **negative** or **developing**) highlights the potential direction of a rating during the course of an 18 months to 2 years period. An outlook is not necessarily a precursor of a rating change or future review ahead of schedule.

Short-Term Issuers

A-1

An obligor rated "A-1" shows a strong capacity to meet its financial commitments. It is rated in the highest category by ARC Ratings. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is very strong.

A-2

An obligor rated "A-2", although pertaining to the strong debt-paying capacity level, may be somewhat more susceptible to certain adverse effects from changes in the expected economic conditions. However, the obligor's capacity to meet its financial commitments is considered to remain very satisfactory.

A-3

An obligor rated "A-3" exhibits adequate endogenous capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Outside conditions thus become a relevant issue here.

B

An obligor rated "B" is regarded as having significant vulnerabilities to a changing environment. Notwithstanding the obligor's current capacity to meet its financial commitments, the timely and full payment thereof faces major on-going uncertainties.

C

An obligor rated "C" is currently more likely than not to under-perform and thus remains very dependent upon favourable business, financial and economic conditions to fully meet its financial commitments.

D

An obligor rated "D" has failed or is about fail to pay one or more of its financial commitments (rated or unrated) when it/they came due.

Medium and Long-Term Issues

Low Risk Range

AAA

An obligation rated "AAA" has the highest possible rating assigned by ARC Ratings. The obligor's future cash flow capacity to meet its financial commitments on the obligation is gauged as extremely strong. A timely and full payment of principal and interest thereof is only remotely subject to adverse influence of an outside force or future event.

AA

An obligation rated "AA" differs from the highest rated obligations only in a very small degree. The obligor's capacity to meet its financial commitments on the obligation remains very strong.

A

An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions when compared to obligations in highest categories. However, the obligor's capacity to meet its financial commitments on the obligation remains quite strong.

Moderate Risk Range

BBB

An obligation rated "BBB" always exhibits an adequate set of protection parameters. However, adverse economic conditions or suddenly changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments on the obligation.

BB

An obligation rated "BB" exhibits a fair set of financial protection parameters. However, the obligor may face a future deterioration of its payment capacity due to adverse business, financial or economic conditions, which could lead to an unforeseen deterioration of the chances of a timely and full debt servicing.

High Risk Range

B

An obligation rated "B" is more vulnerable than obligations rated "BB", in the sense that its obligor, while currently showing a limited capacity to meet its financial commitments on the obligation, may under adversely changing business, financial or economic conditions very likely impair such capacity or even the willingness to service its debt.

CCC

An obligation rated "CCC" is currently very vulnerable, and is thus strictly dependent upon favourable business, financial, and economic conditions facing the obligor to meet its financial commitment. Upon the event of adverse business, financial or economic conditions, the obligor will most likely not have the capacity to meet its financial commitments on the obligation.

Imminent or Actual Default

CC

An obligation rated "CC" is highly vulnerable to payment delays and/or partial default although not showing payment delays at present, due to its own endogenous limitations, notwithstanding the outside conditions facing the obligor.

C

An obligation rated "C" faces an imminent default. The "C" rating may be used to cover a situation where a bankruptcy petition has been filed or similar action taken, but payments on this obligation have not yet been discontinued.

D

An obligation rated "D" is currently under payments default.

The ratings from "AA" to "CCC" may be modified by the addition of "+" or "-" to show their relative standing within their own rating categories. The rating outlook (**positive**, **stable**, **negative** or **developing**) highlights the potential direction of a rating during the course of an 18 months to 2 years period. An outlook is not necessarily a precursor of a rating change or future review ahead of schedule.

Short-Term Issues

A-1

A short-term obligation rated "A-1" is rated in the highest category by ARC Ratings. The obligor's capacity and willingness to meet its financial commitments is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is very strong.

A-2

A short-term obligation rated "A-2", although pertaining to the strong debt-paying capacity level, may be somewhat susceptible to certain adverse effects from changes in the expected economic conditions. However, the obligor's capacity to meet its financial commitments on such obligation is considered to remain very satisfactory.

A-3

A short-term obligation rated "A-3" exhibits adequate endogenous protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments on the obligation. Outside conditions thus become a relevant issue here.

B

A short-term obligation rated "B" is regarded as having significant vulnerabilities to a changing environment. Notwithstanding the obligor's current capacity to meet its financial commitments, the timely and full payment thereof faces major on-going uncertainties.

C

A short-term obligation rated "C" is currently more likely than not to under-perform and thus remains very dependent upon favourable business, financial, and economic conditions for the obligor to fully meet its financial commitments on the obligation.

D

A short-term obligation rated "D" is or is likely to enter into default at maturity.

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