

CareEdge Global's Credit Rating Symbols and Process

Rating Symbols and definitions

Long-Term Scale

Rating symbols	Definition	
CareEdge AAA	Denotes highest degree of safety regarding servicing of debt obligations with lowest credit risk.	Investment Grade
CareEdge AA	Denotes a high degree of safety regarding servicing of debt obligations carrying very low credit risk.	
CareEdge A	Denotes adequate degree of safety regarding servicing of debt obligations with low credit risk	
CareEdge BBB	Denotes a moderate degree of safety regarding servicing of debt obligations with moderate credit risk.	
CareEdge BB	Denotes inadequate degree of safety regarding servicing of debt obligations with high credit risk.	Speculative Grade
CareEdge B	Denotes high vulnerability to default regarding servicing of debt obligations with very high credit risk.	
CareEdge CCC	Denotes very high vulnerability to default regarding servicing of debt obligations with substantial credit risk.	
CareEdge CC	Denotes imminent likelihood of default.	
CareEdge C	Denotes imminent likelihood of default and/or restructuring with potential loss of principal.	
CareEdge SD	Denotes default on one or more instruments while obligations on other instruments are being honoured.	
CareEdge D	Denotes default on debt obligations.	

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CareEdge AA to CareEdge CCC. The modifiers reflect the comparative standing within the category.

Short-Term Scale

Rating Symbol	Definition	
CareEdge A-1	Denotes very strong degree of safety regarding timely payment of debt obligations with lowest credit risk.	Investment Grade
CareEdge A-2	Denotes strong degree of safety regarding timely payment of debt obligations with low credit risk.	
CareEdge A-3	Denotes adequate degree of safety regarding timely payment of debt obligations with average credit risk	
CareEdge B	Denotes low degree of safety regarding timely payment of debt obligations with high credit risk	Speculative Grade
CareEdge C	Securities with this rating have high vulnerability to default regarding timely servicing of short-term debt obligations. Such securities carry high credit risk.	
CareEdge SD	Denotes default on one or more of debt obligations while other obligations are being honoured	
CareEdge D	Denotes default on debt obligations	

Modifiers {"+" (plus)} may be used with the rating symbol for investment grade categories. The modifier reflects the comparative standing within the category.

Definition of Default

CareEdge Global defines default as the failure of an issuer or entity to honour any promised debt servicing obligations within the stipulated timeframe and in full.

"CareEdge D" rating is also assigned when an entity or issuer applies for bankruptcy proceedings or entered into liquidation.

A sovereign is also considered to be in default if it enters into a debt exchange with its commercial financial creditors in a distress situation.

There are situations where a sovereign may restructure its debt leading to changes in terms of payments. CareEdge Global will assess the specific circumstances leading to the restructuring in assigning its ratings.

Rating Outlook

CareEdge Global's rating outlook is an opinion on likely direction of rating in the medium term which is generally up to two years for investment grade and generally up to one year for speculative grade. In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions.

Rating outlook falls into three categories: Positive, Negative and Stable. A stable outlook indicates a low likelihood of a rating change over the medium term. A Positive or Negative outlook indicates a higher likelihood of a rating change over the medium term.

Credit Watch:

CareEdge Global may place ratings under 'Credit Watch' when significant events or trends suggest a potential change in an issuer's creditworthiness. This can occur due to specific events, such as mergers, acquisitions, regulatory changes, sudden management shifts, or other developments that could affect the issuer's financial health. Additionally, ratings may be placed on Credit Watch based on emerging trends or patterns that indicate a possible shift in creditworthiness. This approach helps stakeholders stay informed about potential changes in an issuer's credit profile.

Rating Watch also indicates the expected rating trajectory, consequent to the resolution of the 'Credit watch' event. At the same time, placing a rating on Credit Watch does not always mean that a rating change is inevitable. However, in some cases, it is certain that a rating change will occur and only the magnitude of the change is unclear.

Types of Credit Watch:

1. **Positive:** Indicates a potential upgrade in the rating.
2. **Negative:** Indicates a potential downgrade in the rating.
3. **Developing:** Indicates that the rating could be either upgraded or downgraded, depending on the outcome of the event or trend being monitored.

CareEdge global would promptly publish the rationale on periodic basis to communicate the possible resolution of credit watch.