

STANDARD
& POOR'S

Greater China Credit Rating Scale

*Offering greater comparability in an increasingly integrated market....
.... readily mapped to Standard & Poor's global scale*



Greater China Credit

What is it ?

The Greater China credit rating scale provides an independent and transparent opinion about the credit risk of borrowers active in Hong Kong, Taiwan and mainland China. The scale is the first credit rating benchmark developed for use within a Greater China context.

Who is it for ?

The scale serves issuers, counterparties, intermediaries, investors, and insurers by providing credit ratings on issuers and debt instruments based primarily on a credit assessment measure that's consistent across the Greater China region, which includes mainland China, Hong Kong, and Taiwan.

Who benefits, and how ?

- The scale is designed to meet the needs of investors participating in Greater China capital markets by providing finer distinctions of credit quality. Investors are able to clearly compare and contrast the relative creditworthiness of issues and debt issuers within a Greater China context.
- The Greater China credit rating scale is also designed to meet the needs of global investors who want to participate in the Greater China capital markets. Using Standard & Poor's criteria and methodology, the scale provides a credit assessment measure that can be transparently mapped to Standard & Poor's global rating scale.
- The scale is intended to help facilitate issuers' access to a broader pool of investors within Greater China while ensuring meaningful credit-quality comparisons within their Greater China peer group.
- The Greater China credit rating scale is designed to complement the development of the Greater China capital markets--and help facilitate an emerging Greater China asset class. The scale supports the wider use of the renminbi currency for offshore bond issuance.

Toward an increasingly integrated Greater China financial market

The Greater China bond markets have grown rapidly and will continue to deepen and further integrate. At the same time,

mainland China's strong growth prospects and investment needs are attracting investments and fund flows from within Greater China and globally. It's an increasing trend to use renminbi for global trade and investments.

By facilitating granular intraregional comparisons of issues and issuers, the scale can encourage broader regional market participation among investors and issuers.

Our global expertise and local understanding benefit regional investors

As a regional rating scale, the Greater China scale benefits from Standard & Poor's global and regional expertise, and deep local understanding.

- For 150 years, Standard & Poor's has played a leading role in providing investors with information and independent benchmarks for the investment decisions of both local and international market participants.
- Standard & Poor's has a long-standing commitment to Asia-Pacific. We cover more than 1,500 sovereign, sub-sovereign, corporate, and financial services entities across 16 Asia-Pacific markets.
- We have a strong presence in Greater China, where our deep local understanding complements our global expertise.
- We perform annual default studies on global, regional, national, and sector bases that show a strong correlation between rating levels and incidence of default.
- We have the ability to create credit rating scales, including national and regional scales.

The Greater China credit rating scale enables intra-regional credit risk comparisons . . .

The Greater China scale is the most recent addition to Standard & Poor's family of national and regional scales, and will be clearly marked with its own identifying prefix **cn**.

it Rating Scale



...by offering increased granularity

The Greater China scale is based on the same criteria and methodology as Standard & Poor's global scale. The main difference between the two scales resides in their calibrations and the basis of comparison: A regional scale rating is based on credit-risk comparisons within a specific region, while a global rating is based on global comparisons. The Greater China scale features both long- and short-term ratings. The highest long-term rating is 'cnAAA' and the highest short-term rating is 'cnA-1+'.

Compared with the global scale, the Greater China scale will provide more granular distinctions between ratings across the portion of the ratings spectrum that is most relevant to Greater China markets. Consequently, the 'BBB' to 'BB' categories on the global scale have been mapped onto an expanded range on the Greater China scale so as to offer a finer level of distinction, with an emphasis on credit risk relative to other Greater China obligors and obligations.

Standard & Poor's Greater China Credit Rating Scale: Summary Of Ratings Definitions

Rating	Definitions for Long-Term Issuers Credit Ratings
cnAAA	An obligor rated 'cnAAA' has a VERY STRONG capacity to meet its financial commitments relative to that of other Greater China obligors. 'cnAAA' is the highest issuer credit rating assigned according to the Standard & Poor's Greater China credit rating scale.
cnAA	An obligor rated 'cnAA' differs from the highest-rated obligors only to a small degree, and has a STRONG capacity to meet its financial commitments relative to that of other Greater China obligors.
cnA	An obligor rated 'cnA' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. Still, the obligor has a MODERATELY STRONG capacity to meet its financial commitments relative to that of other Greater China obligors.
cnBBB	An obligor rated 'cnBBB' has a REASONABLY ADEQUATE capacity to meet its financial commitments relative to that of other Greater China obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
cnBB	An obligor rated 'cnBB' denotes SOMEWHAT WEAK capacity to meet its financial commitments, although it is less vulnerable than other lower-rated Greater China obligors. However, it faces ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity on the part of the obligor to meet its financial commitments.
cnB	An obligor rated 'cnB' is more vulnerable than obligors rated 'cnBB'. The obligor currently has a WEAK capacity to meet its financial commitments relative to other Greater China obligors. Adverse business, financial, or economic conditions would likely impair the obligor's capacity or willingness to meet its financial commitments.
cnCCC	An obligor rated 'cnCCC' is CURRENTLY VULNERABLE relative to other Greater China obligors and is dependent upon favorable business and financial conditions to meet its financial commitments.
cnCC	An obligor rated 'cnCC' is CURRENTLY HIGHLY VULNERABLE to defaulting on its financial commitments relative to other Greater China obligors.
cnC	An obligor rated 'cnC' is under REGULATORY SUPERVISION owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. Please see Standard & Poor's debt credit ratings for a more detailed description of the effects of regulatory supervision on specific issues or classes of obligations.
SD or D	An obligor rated 'SD' (selective default) or 'D' has failed to pay one or more of its financial obligations (rated or unrated) when it came due.

Mapping Of Greater China Scale To Global Scale Local Currency Ratings

Global Credit Rating Scale	Greater China Credit Rating Scale	
Long-term rating	Long-term rating	Short-term rating
AAA AA+ AA AA- A+	cnAAA	cnA-1+
A	cnAAA cnAA+	cnA-1+ cnA-1
A-	cnAA+ cnAA cnAA-	cnA-1
BBB+	cnAA- cnA+	
BBB	cnA+	cnA-1
	cnA cnA-	cnA-2
BBB-	cnA- cnBBB+	cnA-2
BB+	cnBBB+ cnBBB	cnA-2 cnA-3
BB	cnBBB cnBBB-	cnA-3
	cnBB+	cnB
BB-	cnBB+ cnBB	cnB
B+	cnBB cnBB-	
B	cnBB- cnB+	
B-	cnB+ cnB cnB-	
CCC+	cnCCC+	cnC
CCC	cnCCC	
CCC-	cnCCC-	
CC	cnCC	
C	cnC	
SD	SD	SD
D	D	D

To learn more about Standard & Poor's Greater China credit rating scale, please contact your nearest Standard & Poor's office.

Beijing

Suite 1601, 16/F Tower D,
Beijing CITC
A6 Jianguo Menwai Avenue
Chaoyang District
Beijing 100022, P.R.China
Tel: (86) 10 6569 2909

Hong Kong

Suite 3003, 30th Floor,
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong
Tel: (852) 2533 3500

Melbourne

Level 45, 120 Collins Street
Melbourne Vic 3000
Australia
Tel: (61) 3 9631 2000

Singapore

30 Cecil Street
Prudential Tower #17-01/08
Singapore 049712
Tel: (65) 6438 2881

Seoul

2nd Floor, Seian Building
116 Shinmunro 1-ga, Jongno-gu
Seoul 100-700, Korea
Tel: (82) 2 2022 2300

Shanghai

Suite 1601, 16/F,
Jing An Kerry Centre
1515 West Nanjing Road,
Jing An District
Shanghai 200040, P.R. China
Tel: (86) 21 2208 0800

Mumbai

CRISIL House – Central Avenue
Hiranandani Business Park
Powai, Mumbai 200 076
India
Tel: (91) 22 3342 3000

Sydney

Level 27, 259 George Street
Sydney, New South Wales
Australia 2000
Tel: (61) 2 9255 9800

Taipei

Taiwan Ratings Corp. (TRC)
49th Floor, Taipei 101 Tower
No. 7, Xinyi Road, Section 5
Taipei 11049 Taiwan R.O.C.
Tel: (8862) 8722 5800

Tokyo

28/F Marunouchi Kitaguchi Bldg
1-6-5 Marunouchi Chiyoda-ku
Tokyo, Japan, 100-0005
Tel: (81) 3 4550 8000

www.standardandpoors.com

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