

MAPPING OF ICRA NEPAL'S LONG-TERM AND SHORT-TERM RATINGS

Short-Term Ratings

ICRA Nepal assigns short-term Ratings with symbols from [ICRANP]A1 through to [ICRANP]A5 to debt instruments with original maturity up to one year. ICRA Nepal's short-term Ratings measure the probability of default on the Rated debt securities over their entire tenure. For the short-term Ratings modifiers {"+" (plus)} can be used with the Rating symbols for the categories ICRANP]A1 to ICRANP]A4. The modifier reflects the comparative standing within the category. While the short-term Rating of ICRANP]A1 indicates that the Instruments with this Rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk, [ICRANP]A5 indicates that the Instruments with this Rating are in default or expected to be in default on maturity. ICRA Nepal assigns short-term Ratings to instruments such as commercial paper, certificates of deposit, short-term debentures, other money market related instruments maturing within one year from the date of issuance and bank loans with contractual maturity of up to one year.

Linkage between Long-term and Short-term Ratings

Although ICRA Nepal Ratings are specific to the Rated instruments, the short-term Ratings in general have a linkage with the assigned or implicit long-term Ratings of the issuers concerned. Besides the fact that short-term instruments like commercial paper are usually on-going programmes, thus warranting a longer-term Rating view, in ICRA Nepal's opinion, refinancing risk or an issuer's access to other sources of funding, is also largely influenced by the issuer's longer-term credit profile.

Thus, apart from focusing on short-term factors like near-term business risk drivers and liquidity position of the issuers, ICRA Nepal also factors in an issuer's long-term credit profile while assigning short-term Ratings to debt instruments issued by it. The following *table* presents a broad guidance to the linkage between ICRA Nepal's short-term and long-term Ratings. The linkage shown is not rigid but only indicative. Significantly, an issuer with a speculative grade long-term credit Rating will in most cases be Rated in the speculative grade in the short-term too.

Mapping Of ICRA Nepal's Long-Term And Short-Term Ratings

	Long Term	Short Term						
Investment Grade	[ICRANP] AAA	[ICRANP] A1+						
	[ICRANP] AA+							
	[ICRANP] AA							
	[ICRANP] AA-							
	[ICRANP] A+							
	[ICRANP] A		[ICRANP] A1					
	[ICRANP] A-			[ICRANP] A2				
	[ICRANP] BBB+				[ICRANP] A3			
	[ICRANP] BBB							
	[ICRANP] BBB-							
Non Investment Grade	[ICRANP] BB+					[ICRANP] A4+		
	[ICRANP] BB						[ICRANP] A4	
	[ICRANP] BB-							
	[ICRANP] B+							
	[ICRANP] B							
	[ICRANP] B-							
	[ICRANP] C+							
	[ICRANP] C							
	[ICRANP] C-							
	[ICRANP] D							[ICRANP] A5

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