

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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