

MAPPING OF ICRA LANKA’S LONG-TERM AND SHORT-TERM RATINGS

Short-Term Ratings

ICRA Lanka assigns short-term ratings with symbols from [SL]A1 through to [SL]D to debt instruments with original maturity up to one year. ICRA Lanka’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 [SL]A1 to [SL]A4. The modifier reflects the comparative standing within the category. While the short-term rating of [SL]A1 indicates that the Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, with such instruments carrying the lowest credit risk, [SL]D indicates that the Instruments with this rating are in default or expected to be in default on maturity. ICRA Lanka assigns short-term ratings to instruments such as commercial papers, 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 Lanka 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 papers are usually on-going programmes, thus warranting a longer-term rating view, in ICRA Lanka’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 Lanka 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 Lanka’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.

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



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