

Short-Term Ratings Methodology

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This document describes how TRIS Rating assigns a short-term rating to an issuer and its short-term debt issues. The following criteria supersede the “Short-Term Rating” criteria published on 31 October 2007.

SCOPE OF THE CRITERIA

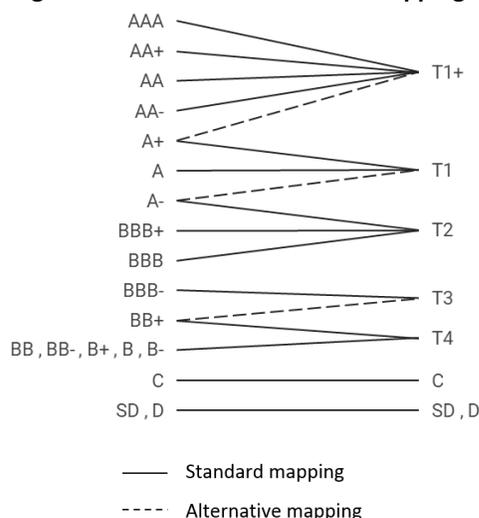
A short-term rating represents TRIS Rating’s opinion on an issuer’s ability to meet its short-term debt obligations maturing within 365 days. The obligations typically arise from issuance of short-term debt instruments such as bills of exchange, promissory notes, and other short-tenor financial instruments that have legal rights to claim principal and interest payments against the obligor according to specific terms and conditions.

METHODOLOGY

A short-term rating assigned to an issuer and its short-term debt issues correlates closely with the long-term credit fundamentals of the issuer. The preliminary step is therefore to assign a long-term issuer credit rating (ICR) to the issuer and then derive a short-term rating using a “standard mapping” (indicated by the solid lines in Fig. 1).

In some cases, we may apply an “alternative mapping” (indicated by the dotted lines in Fig. 1), which means a higher short-term rating can be assigned despite the alignment to the same long-term credit rating. The “alternative mapping” is only applied to issuers with an ‘exceptional’ liquidity position or issuers with a superior liquidity position compared with those assigned the same long-term credit rating. Issuers with committed credit facilities may be viewed as having an ‘exceptional’ liquidity profile.

Fig. 1: Standard and Alternative Mappings



Rating enhancement

For an issuer or a short-term debt issue that benefits from a guarantee that meets the necessary conditions for credit substitution or enhancement, the short-term rating on the guarantor is generally applicable to the issuer or the relevant obligations.

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