

Credit Ratings (The Core Opinion)

A **forward-looking opinion** of creditworthiness expressed on a rating scale (e.g., AAA to D). It reflects the current assessment of default risk based on a multidimensional analysis, including business and financial profile, industry and macroeconomic conditions, governance and structural features, and the expected ability and willingness to meet obligations. Ratings may also play a regulatory role, notably in determining financial institutions' capital requirements, whereas outlooks and watches do not.

Purpose: Provide a stable, typically through-the-cycle evaluation of credit risk.

Rating Outlooks (Medium-Term Direction)

Indicate the **likely direction** of a rating over the next **12–24 months**:

- **Positive:** upgrade more likely
- **Negative:** downgrade more likely
- **Stable:** no change expected
- **Developing:** uncertain direction

Outlooks do not imply an imminent rating change; they reflect evolving medium-term trends rather than discrete events and do not, on their own, alter the rating category.

Purpose: Signal the medium-term trajectory of creditworthiness.

Watches (Short-Term, Event-Driven)

Alerts that the rating is under **active review** due to a specific event (agency-defined terminology; no regulatory definition), e.g., M&A transactions, major regulatory or financial developments). Their types can be:

- **Watch Positive**
- **Watch Negative**
- **Watch Developing** (Or equivalent “Under Review”)

Watches are short-term, event-driven signals - typically spanning a few weeks to around three months - indicating heightened urgency and often preceding a rating action.

Purpose: Flag immediate risks or opportunities requiring rapid reassessment.

Ratings show the level, outlooks show the direction, watches signal urgency.

Disclaimer

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