

METHODOLOGY FOR ASSIGNING ISSUE CREDIT RATING

Issue credit rating is assigned in accordance with issuer methodology rendering an account of specific features of the issue.

RATING SCALE

LONG-TERM RATING

Investment	AAA	Extremely high capability for servicing debt-related financial obligations in a timely manner. Substantial financial stability. Excellent prospects for development. Exclusively low credit risk.
	AA	Very high capability for servicing debt-related financial obligations in a timely manner. Substantial financial stability. Very low credit risk.
	A	High capability for servicing the debt-related financial obligations in a timely manner. Low vulnerability to unfavourable changes in the political or economic environment. Financial stability. Low credit risk.
	BBB	Fair capability for servicing the debt-related financial obligations in a timely manner. Fair financial condition. Moderate vulnerability to unfavourable changes in the political or economic environment. Moderate credit risk.
Speculative	BB	The ability to service debt-related financial obligations is to a large extent influenced by the unfavourable changes in the political or economic environment. The financial condition is relatively fair. Substantial credit risk.
	B	High level of insecurity with regards to the financial stability and capability for paying off the debt-related financial obligations. High vulnerability to unfavourable changes in the political or economic environment. Relatively high credit risk.
	CCC	Unfavourable changes in the political or economic environment may bring to a considerable deterioration of creditworthiness and a failure to fulfill the debt-related financial obligations. Weaknesses in the financial condition. High credit risk.
	CC	A high risk of going into default exists. Low capability for paying off the debt-related financial obligations. Substantial problems in the financial condition.
	C	Very high risk for going into default exists. Substantial danger of failure to fulfill the debt-related financial obligations and significant dependence on favourable changes in the political environment. Very weak financial condition.
	D	Incapability to pay a debt-related financial obligation in a timely manner according to BCRA's definition for default.

Note: The symbols „+” and „-” modifying rating categories AA through CCC are used to represent the relative creditworthiness within a single rating category

SHORT-TERM RATING

A-1+	Considerable financial stability and excellent capability for timely and full payment of debt-related financial obligations to a great extent regardless of the changes in the political or economic environment.
A-1	Financial stability. Weak or inconsiderable vulnerability to the changes in the political or economic environment.
A-2	Good financial condition. Certain vulnerability exists to unfavourable changes in the political or economic environment.
A-3	Good financial condition. Moderate vulnerability to unfavourable changes in the political or economic environment.
B	Relatively fair financial condition and presence of certain risk of untimely and incomplete payment of the debt-related financial obligation. High vulnerability to unfavourable changes in the political or economic environment.
C	Substantial problems in the financial condition. Presence of dependence on favourable changes in the political or economic environment in order to avoid untimely or incomplete payment of debt-related financial obligations.
D	Incapability to pay off a debt-related financial obligation in a timely manner according to BCRA's definition for default.

DEFINITIONS

Debt-related financial obligations: obligations towards financial institutions, obligations related to bonds and other fixed-income securities and any other financial instruments that do not qualify as securities.

- In the case of Financial Strength Rating of Banks, the obligations include deposits and obligations related to bank guarantees;
- In the case of rating of the ability of insurance companies to pay claims, the obligations are insurance claims, and the definition for default consists of the competent authority taking the decision to revoke the license;
- In the case of credit rating of a corporation, group of companies and/or individual companies in the group, and leasing company, the definition for default is that the company is in insolvency or liquidation; it does not meet its financial liabilities.
- In the case of issue credit rating the definition of default is that there is an impossibility for meeting the payments under the issuance.

The **short-term rating** reflects the possibility of servicing the short-term/current liabilities (within one year).

Outlook:

Positive – reflecting expectations for passing into an upper category rating within 1 year;

Negative – reflecting expectations for passing into a lower category rating within 1 year;

Stable – reflecting expectations for keeping the rating category within 1 year;

In development – reflecting expectations of the occurrence of an event, which may have negative/positive influence on the rating category.

Watch Status:

A credit rating may be placed “under review” and, accordingly, be marked with the symbol (under review), if there are expectations that further analysis of a recent or an imminent event is likely to lead to a change in the rating category in the near future. When a credit rating is placed under review, its previously assigned outlook becomes invalid.