

Appendix 1

The Credit Rating Scale

Rating	Grade	Definition
AAA		Obligations rated AAA are judged to be of the highest quality, subject to the lowest level of credit risk.
AA+		
AA		Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
AA-		
A+		
A	Investment grade	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.
A-		
BBB+		
BBB		Obligations rated BBB are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
BBB-		
BB+		
BB		Obligations rated BB are judged to be speculative and are subject to substantial credit risk.
BB-		
B+		
B		Obligations rated B are considered speculative and are subject to high credit risk.
B-		
CCC+		
CCC		Obligations rated CCC are judged to be speculative of poor standing and are subject to very high credit risk.
CCC-		
CC+	Speculative grade	
CC		Obligations rated CC are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
CC-		
C+		
C		Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.
C-		
D	Default	




**Note: MIRA appends numerical modifiers positive, stable, and negative to each generic rating classification from AA through CCC. The modifier positive indicates that the obligation ranks in the higher end of its generic rating category; the modifier stable indicates a mid-range ranking; the modifier evolving can be changed; and the modifier negative indicates a ranking in the lower end of that generic rating category.*

The terms "investment grade" and "speculative grade" have established themselves over time as shorthand to describe the categories '**AAA**' to '**BBB**' (**investment grade**) and '**BB**' to '**D**' (**speculative grade**). "Investment-grade" categories indicate relatively low to moderate credit risk, while ratings in the "speculative" categories either signal a higher level of credit risk or that a default has already occurred.

The terms "investment grade" and "speculative grade" are market conventions and do not imply any recommendation or endorsement of a specific security/ instrument for investment purposes.

The Credit Rating Outlook

Along with the credit rating, MIRA assigns an outlook (positive, stable, negative, and evolving) to the financial company, which indicates the direction of the rating is likely to move over the 1-year horizon.

Outlook	Outlook sign
Positive	
Negative	
Evolving	
Stable	