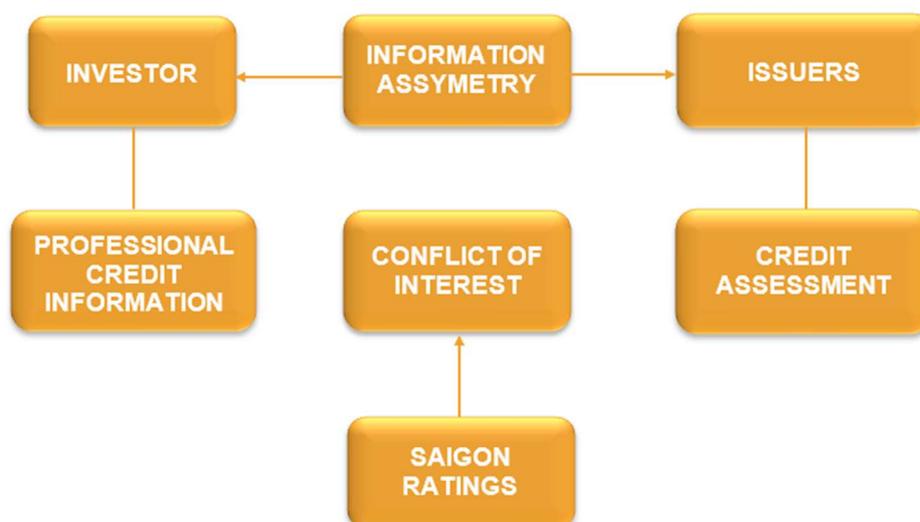


DEFINITIONS AND TERMS

THE ROLE AND SIGNIFICANCE OF CREDIT RATING

The role and significance of credit rating



Credit rating agencies are one of the intermediaries of financial markets. Credit rating is an inseparable part of debt capital market infrastructure, serving the needs of the institutional investors and individual investors in the financial market in every country.

Credit rating information can be used as an independent, objective, and useful reference for investors to minimize investment risks and effective asset management.

For issuers, rating information will be an important basis for access to more channels of capital mobilization. It can help reduce the financing costs, increase mobilization options, and restructure debt instruments to meet business development goals.

Finally, the financial market also benefits from credit rating activities as it contributes to improving market performance by minimizing information assymetry.

DEFINITION OF CREDIT RATING

Credit rating is defined as the assessment of the credit quality or credit worthiness of a debt instrument or an organization. The rating is based on analysis of qualitative and quantitative factors related to financial indicators, business activities of the borrower, credit history, repayment ...

2.1. Issuer rating (corporations or financial institutions)

Credit rating is defined as the assessment of the credit quality or credit worthiness of a debt instrument or an organization. The rating is based on analysis of qualitative and quantitative factors related to financial indicators, business activities of the borrower, credit history, repayment, ...

2.2. Issue rating

Issue credit rating is a forward-looking opinion of SaigonRatings that assesses creditor's creditworthiness of a specific financial obligation, a specific form of financial obligation, or a specific financial instrument. Our opinions reflect our views on the ability and willingness to meet financial obligations when the obligor matures. Issue credit rating integrates the assessment of committed terms, collateral, and other factors (such as the guarantor's rating or other forms of credit enhancement) that may affect debt recovery in case of default.

Issue rating applied to debt instruments can be long-term or short-term. Short-term ratings are usually assigned to short-term debt instruments (with a term not exceeding 12 months). Issue ratings of short-term debt instruments are also used to assess the creditworthiness of the obligor for exercising long-term debt options of less than 1 year of long-term debt instruments.

TYPES OF CREDIT RATINGS

According to the practices and professional standards of the world independent credit rating agencies (Credit Rating Agency (CRA)), SaigonRatings applies two types of credit ratings, solicited and unsolicited ratings:

3.1. Solicited credit rating

A solicited credit rating means the rating activity performed with rating fees when SaigonRatings signs a contract of providing rating service with the clients. In the process of solicited rating implementation, SaigonRatings pays special attention to compliance with the Internal Control system regarding management policies and mechanisms for resolving conflicts of interest to prevent, detect and promptly handle risks in the credit rating operation process.

The solicited rating may be either a public credit rating (disclosure of the rating results) or confidential credit rating (no disclosure of the rating results), depending on the requirements of the rated entities or third parties.

If the client requests SaigonRatings to protect the confidentiality of the rating results, the parties may discuss the terms of confidentiality commitment when signing the contract.

3.2. Unsolicited credit rating

An unspecified credit rating is a rating activity performed with not rating fees when SaigonRatings does not sign a contract of providing rating service with the clients. In this case, the rating results are kept confidential. Unsolicited credit rating is implemented as a part of professional operations of one CRA.

SaigonRatings does not assign ratings to specific research subjects only when we believe that there is sufficiently information to meet the requirements of the organization's rating methodologies.

OUTLOOK

The rating outlook provides additional information on the rated entity's expected rating transition trend in the medium and long term (usually six months to two years). The time horizon of Rating Outlook is longer than CreditWatch listings, and incorporate trends or risks that we believe may occur affecting creditworthiness.

Rating outlook is assessed by SaigonRatings, including 04 levels: **Stable**, **Positive**, **Negative**, **Developing**.

- The "**Stable**" outlook shows that the rating is not likely to change.
- The "**Positive**" outlook indicates that rating is likely to be upgraded.
- The "**Negative**" outlook indicates that rating is likely to be lowered.
- The "**Developing**" outlook shows that ratings is likely to be updated or lowered.

When SaigonRatings issues a "Positive" or "Negative" outlook rating, it does not imply that a rating must necessarily be upgraded or downgraded in the future.

SaigonRatings discloses the outlook of the rated entity to be the "Positive" or "Negative" when an event or trend has less impact on the ability to change ratings than CreditWatch.

The Outlook is disclosed to be "Positive" or "Negative" when the occurrence of an event or trend may lead to a change in rating in the medium term. For example, a company with rapid improvement in income and cash flow may still have a "Stable" outlook if SaigonRatings considers this as an unsustainable trend which will be less likely to upgrade its rating.

CREDIT WATCH

CreditWatch highlights the potential direction of a short-term or long-term rating. The events happening to the rated entity in Credit Watch list will be the basis to put the rating under special supervision.

Events can originate from:

- Changes in macroeconomics. For example: changes in exchange rates, interest rates, epidemic outbreak, or the regulations ...
- Changes in the industry environment. For example: changes in the price of production materials, increase in the level of competition in the industry ...
- Changes in business operations of corporation. For example: implementing M&A, restructuring, expanding operations, large fixed asset investment cost (CAPEX)

SaigonRatings uses CreditWatch when we think it is necessary to monitor the credit rating of that business within 90 days.

Ratings of issuers or issues will be included in CreditWatch list in the following situations:

- **Case 1:** When an event that deviates from the expected trend has occurred and additional information is needed to make a rating conclusion.

- **Case 2:** The credit rating of corporation or debt instrument is likely to change in the short term due to a significant change in the issuer's operations.
- **Case 3:** When there is a change in the rating criteria, SaigonRatings must re-evaluate the issuers and the debt instruments affected.

Typical examples:

- **Case 1:** Issuers are usually put under the rating supervision if arising events such as refinancing, or developing unusual business activities.
- Such ratings will be completed as soon as SaigonRatings receives the necessary information and completes the analysis. The usual time is within 90 days unless the review last longer than expected and are pending.
- **Case 2:** The rated entity may be placed under such surveillance as the result of identified performance deterioration until we complete our analysis of the magnitude of the rating impact, normally within 90 days.
- **Case 3:** The rated entity may be placed under such surveillance as the result of being affected by a change in criteria.

In cases where the CreditWatch is maintained for more than 90 days or when the event is significant or there is a change other than the expected trend, SaigonRatings will provide temporary updates to assess the actual current situation of the business. .

In cases where ratings are placed on CreditWatch due to a deterioration in the effectiveness of assets or due to changes in criteria and evaluation analysis in excess of 90 days, SaigonRatings will announce the expected time frame for completing the assessment of situation mentioned above.

- If CreditWatch is positive, the rating may be upgraded.
- If CreditWatch is negative, the rating may be downgraded.
- If CreditWatch is developing, the rating may be upgraded, downgraded or maintained.

CREDIT UPDATE

After the entity is put under supervision or included in CreditWatch, SaigonRatings will issue a CreditUpdate notification in the following cases:

- Significant events that affect the current rating and have sufficient data to review the current rating; or
- The issuer rated issue additional debt; or
- The current rating is cancelled.

At that time, CreditUpdate will be notified as "upgraded", "downgraded", "reserved", or "cancelled".

DISCONTINUE RATING AND WITHDRAW CREDIT RATING

If the rated entity fails to provide appropriate, accurate and sufficient information, SaigonRatings will lack an objective and reliable information to maintain rating surveillance, and must discontinue ratings of issuers or issues.

SaigonRatings reserves the right at its sole discretion to suspend or revoke the credit rating at any time in case the rated organization violates the contract and SaigonRatings has sufficient legal basis regarding.

Discontinue rating

Credit rating may not be updated continuously in the following cases:

- The enterprise has paid off the financial obligations arising from the debt;
- Most of liabilities of the issuer are transferred to another party;
- The debt obligation terminates in accordance with the terms agreed upon by the related parties; and
- Other reasons.

Withdraw rating

SaigonRatings may unilaterally withdraw the announced rating of corporates/ issuers/ issues in the following cases.

- At the request of the rated entity;
- The deadline for supervision and update of ratings is overdue;
- The rated entities do not provide sufficient information and do not cooperate with SaigonRatings in rating surveillance;
- The enterprise does not fulfill the obligation of rating service fees payments according to the agreed contract.
- The surveillance of rating is not necessary, for example, the business is going bankrupt.

The rating withdrawal will be reviewed and determined by SaigonRatings Committee and can be performed at any time when any of the above cases arise.

