

**Andersen Consulting Cambodia**  
**Master Rating Scale**  
**(Internationally Comparable Long-Term Credit and Bond Rating Framework)**

**Detailed Master Rating Scale**

Color coding is intended to make rating migration, investor eligibility and risk escalation visible at a glance. The international comparator is indicative and should not override local rating definitions, national-scale identifiers or transaction-specific methodology.

ANDERSEN RATING	RATING GRADE	CREDIT QUALITY DEFINITION	DEFAULT PROBABILITY / RISK SIGNAL	RECOVERY / INVESTOR IMPLICATION	INSTRUMENT-LEVEL NOTCHING CONSIDERATIONS
<b>AAA</b>	Highest Investment Grade	Highest credit quality. The issuer has extremely strong capacity to meet financial commitments.	Lowest expected default risk within the rating scale.	Premium credit quality; typically associated with the tightest credit spreads and strongest investor confidence, but not risk-free.	Instrument rating may be notched lower if structurally subordinated, unsecured, or exposed to weak recovery prospects.
<b>AA+</b>	Very High Investment Grade	Very strong capacity to meet financial commitments; differs only slightly from the highest-rated obligations.	Very low expected default risk.	Very strong investor acceptance; close to top-tier credit quality.	Notching may apply for subordination, weak covenants, or lower-ranking debt.



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<b>AA</b>	Very High Investment Grade	Very strong capacity to meet financial commitments.	Very low default risk, though marginally higher than AAA / AA+.	High institutional-quality credit; strong access to capital markets.	Senior secured obligations may align with issuer rating; subordinated or hybrid instruments may be notched lower.
<b>AA-</b>	Very High Investment Grade	Very strong capacity, but marginally weaker than higher AA notches.	Very low default risk, with some sensitivity to adverse conditions.	Strong institutional-grade quality; typically, suitable for conservative portfolios.	Recovery expectations and ranking in the capital structure remain relevant.
<b>A+</b>	Strong Investment Grade	Strong capacity to meet financial commitments, but somewhat more exposed to adverse economic, business or financial conditions than AA category.	Low default risk.	Strong investment-grade profile; generally attractive to institutional investors.	Instrument rating may differ where security, guarantee support, or structural subordination materially changes expected loss.
<b>A</b>	Strong Investment Grade	Strong capacity to meet financial commitments, although adverse conditions may weaken capacity more than for AA-rated obligors.	Low default risk, but with greater sensitivity to cyclical or operating stress.	High-quality investment grade.	Notching may reflect collateral quality, guarantee coverage, contractual priority, or loss severity.
<b>A-</b>	Strong / Upper-Medium Investment Grade	Strong current capacity, but closer to the lower investment-grade categories than higher A notches.	Low to moderate-low default risk.	Still solid investment grade, but investors may require more spread than for A / A+.	Subordinated, unsecured, or weakly covenanted instruments may be notched below the issuer rating.



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<b>BBB+</b>	Medium Investment Grade	Adequate capacity to meet financial commitments; adverse economic or business conditions may weaken capacity.	Moderate-low default risk relative to higher investment-grade categories.	Upper end of the BBB category; generally, investment-grade eligible.	Security package, guarantee support, project structure, or seniority may materially influence issue rating.
<b>BBB</b>	Medium Investment Grade	Adequate capacity to meet financial commitments, but more vulnerable to adverse conditions than A-rated obligors.	Moderate default risk relative to higher investment-grade categories.	Core lower investment grade; typically, acceptable for many institutional mandates.	Instrument-level notching should be assessed where recovery prospects differ from issuer-level credit quality.
<b>BBB-</b>	Lowest Investment Grade	Adequate capacity to meet financial commitments, but with clear vulnerability to adverse economic, business or financial changes.	Highest risk within investment grade; close to speculative-grade threshold.	Investment-grade floor; rating pressure or downgrade risk may materially affect investor eligibility and pricing.	Notching is critical where debt is subordinated, unsecured, structurally junior, or dependent on weak contractual protections.
<b>BB+</b>	Highest Speculative Grade	Less vulnerable in the near term than lower-rated speculative obligations, but faces meaningful uncertainty and exposure to adverse conditions.	Elevated default risk; below investment grade.	Crossover / high-yield territory; some investors may participate selectively.	Strong collateral, guarantees or senior secured status may support issue ratings; weak recovery may result in lower notches.
<b>BB</b>	Speculative Grade	Speculative credit quality with ongoing uncertainty and material exposure to adverse business, financial or economic conditions.	Elevated default risk.	High-yield category; investor appetite depends heavily on pricing, security and outlook.	Instrument rating should distinguish between senior secured, senior unsecured and subordinated obligations.



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<b>BB-</b>	Speculative Grade	Speculative credit quality; adverse developments could lead to weaker payment capacity.	Elevated to high default risk.	Higher-risk high-yield credit; spreads may widen materially during stress.	Recovery analysis becomes increasingly important.
<b>B+</b>	Highly Speculative	More vulnerable to non-payment than BB-rated obligations, but currently has capacity to meet financial commitments.	High default risk, especially under adverse conditions.	High-yield / speculative; investors require meaningful compensation for credit risk.	Issue rating may vary substantially based on collateral, guarantees, covenant protection and seniority.
<b>B</b>	Highly Speculative	Vulnerable to adverse business, financial or economic conditions, though current capacity to meet obligations remains.	High default risk.	Significant credit risk; refinancing and liquidity access are important considerations.	Senior secured debt may receive better notching than unsecured or subordinated debt if recovery prospects are stronger.
<b>B-</b>	Highly Speculative	Highly vulnerable; adverse developments could materially impair capacity or willingness to meet commitments.	High to very high default risk.	Weak credit profile; investor confidence may depend on liquidity runway, sponsor support or asset coverage.	Loss severity and legal enforceability should be explicitly assessed.
<b>CCC+</b>	Substantial Risk	Currently vulnerable and dependent on favorable business, financial or economic conditions to meet commitments.	Very high default risk.	Distressed or near-distressed credit; investor focus shifts heavily to downside protection.	Recovery analysis should be central; ranking, collateral, guarantees and restructuring position are critical.



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<b>CCC</b>	Substantial Risk	Currently vulnerable to non-payment; capacity to meet commitments is highly dependent on favorable conditions.	Very high default risk; default could occur if conditions deteriorate.	Highly speculative; pricing may reflect distressed-risk expectations.	Issue-level rating should not assume the same risk as issuer rating if security or structural priority differs.
<b>CCC-</b>	Substantial / Near-Distressed Risk	Extremely vulnerable; default may be likely without favorable developments, external support, refinancing or restructuring.	Extremely high default risk.	Deeply speculative; investor analysis should focus on survival, liquidity and recovery value.	Material distinction should be made between secured, unsecured, subordinated and guaranteed instruments.
<b>CC</b>	Very High Risk / Near Default	Highly vulnerable to non-payment; default appears probable or very near, but may not yet have occurred.	Default risk is extremely high.	Distressed credit; investor focus is primarily on restructuring outcome and recoverable value.	Issue rating may vary sharply depending on collateral, legal priority and enforceability.
<b>C</b>	Near Default / Default-Like	Near default or default-like credit condition; very limited prospects for avoiding non-payment or impairment without extraordinary support or restructuring.	Default or impairment risk is imminent or extremely high.	Extremely high risk; recovery expectations should be analyzed separately, not assumed.	Subordination should be treated through notching and recovery analysis, not embedded in the general rating definition.



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D	Default	Default has occurred on one or more financial commitments, or payment is not being made as required.	Default has occurred.	Recovery is uncertain and depends on collateral, seniority, guarantees, restructuring terms, jurisdiction and enforcement.	Issue-level recovery may differ materially across instruments of the same issuer.



## Key Classification Notes

CLASSIFICATION	ANDERSEN RATING	PRACTICAL MEANING
<b>Highest Investment Grade</b>	AAA	Strongest credit quality; lowest relative expected default risk.
<b>Very High Investment Grade</b>	AA+, AA, AA-	Very strong capacity to pay; only modestly weaker than AAA.
<b>Strong Investment Grade</b>	A+, A, A-	Strong capacity, but more exposed to adverse conditions than AA.
<b>Lower / Medium Investment Grade</b>	BBB+, BBB, BBB-	Adequate capacity; more vulnerable to economic or business stress. BBB- is the common investment-grade floor.
<b>Speculative Grade / High Yield</b>	BB+, BB, BB-	Below investment grade; elevated credit risk and greater spread sensitivity.
<b>Highly Speculative</b>	B+, B, B-	Vulnerable credit profile; refinancing, liquidity and sponsor support become important.
<b>Substantial Risk / Distressed</b>	CCC+, CCC, CCC-	Very high default risk; recovery analysis becomes central.
<b>Near Default</b>	CC / C	Default appears probable, imminent, or default-like.
<b>Default</b>	D	Payment default has occurred or payment is not being made as required.



## Important Rating Notes and Limitations

<p><b>Ratings are opinions, not guarantees.</b> Ratings are independent opinions of relative creditworthiness and expected capacity to meet financial commitments. They are not recommendations to buy, sell or hold any security.</p>
<p><b>Investment-grade threshold.</b> Rating of BBB- above are generally considered investment grade. Rating of BB+ and below are generally considered speculative grade or high yield.</p>
<p><b>Default risk and recovery risk are separate.</b> A high probability of default does not automatically determine recovery. Recovery depends on collateral, seniority, guarantees, jurisdiction, restructuring terms, covenant protections and enforcement rights.</p>
<p><b>Issuer rating and issue rating may differ.</b> An issuer credit rating reflects the overall creditworthiness of the obligor. An issue or bond rating may be notched higher or lower based on security, guarantee support, contractual priority, structural subordination, loss severity and recovery prospects.</p>
<p><b>No rating should be described as risk-free.</b> Even the highest rating category does not eliminate market risk, liquidity risk, regulatory risk, legal risk, event risk or operational risk.</p>
<p><b>Local and national rating scales require caution.</b> A domestic or national-scale rating may rank relative credit risk within a country and should not be presented as automatically equivalent to an international global-scale rating.</p>

