

Credit Rating Process

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Definitions

- **Issuer:** is the company or entity that issues long-term or short-term debt
- **Participating Issuer:** is the company or entity that has requested a rating on their debt instrument and will eventually publish the rating
- **Non- participating Issuer:** is the company or entity that does not participate in the rating process, and did not request a rating
- **Standing Rating Committee:** a group of 7 or more individuals who will be part of the rating determinations on an adhoc basis with their involvement in Rating Sub-committee.
- **Rating Sub-Committee:** a group of 3 voting individuals, plus the lead analyst who will determine the credit rating on the basis of the analytical recommendation.
- **Lead Analyst:** the person at FiinRating who will be responsible for the analysis and credit rating recommendation to the committee
- **Commercial/sales Department:** the group at FiinRating that will engage and interact with clients on commercial terms
- **Analytical Team:** the group at FiinRating that will engage with issuers, investors and clients on an analytical level only

Credit Rating Process

FiinRating, a business unit of FiinGroup, is responsible for providing credit ratings in order to provide transparency, clarity and integrity to the Vietnamese financial markets. Credit ratings are opinions on the ability and willingness of an issuer to repay a fixed income debt instrument, be it long-term or short-term. This document concentrates on the credit rating process implemented at FiinRating.

The credit rating process typically starts when FiinRating receives a request from a Corporate Issuer (solicited rating), the rated entity. In some cases, the request to rate might come from other organizations or individuals that are different from the rated entity. In this case, the rating is considered to be a paid non-participating rating. The entity to be rated will usually not participate in the process, and the rating decision will thus usually be based on publicly available information.

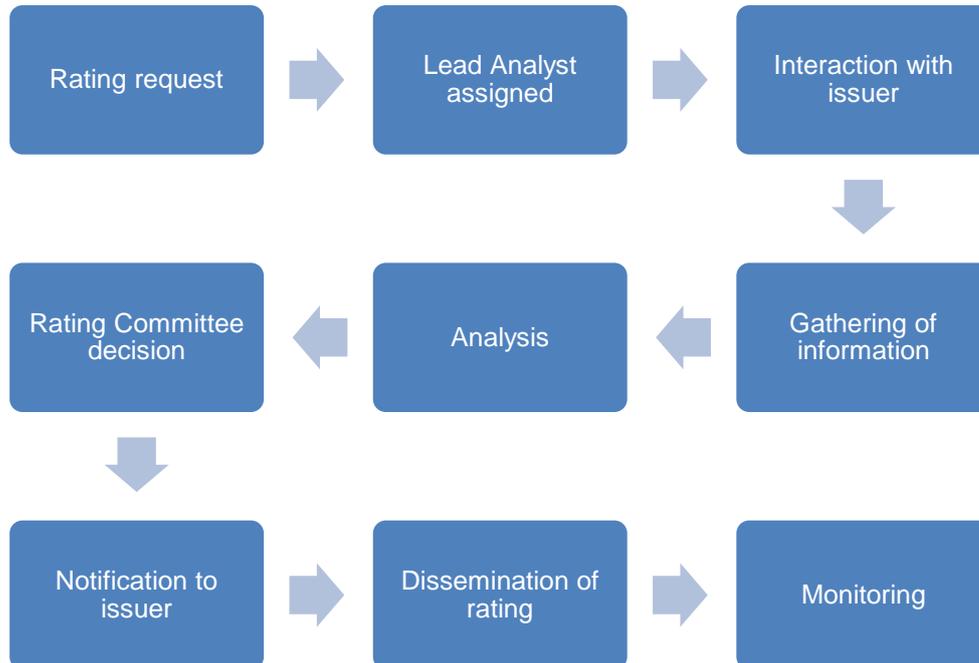
However, in both cases, the rating process is only initiated when FiinRating considers there is sufficient and qualified information to arrive at the most exact credit opinion.

A paid non-participating rating will usually not be published, and thus remains a “Private Rating”. The requester of such a rating can use such a rating opinion to make its own investment decisions.

The credit rating process includes:

1. Receipt of Rating Request
2. Analytical Team Assigned
3. Interaction with Issuer
4. Information Collection
5. Analysis
6. Rating Committee Meeting and Determination of Result
7. Rating Dissemination (Notification to the issuer / customer)
8. Publication of the outcome of the Rating Committee (if required)
9. Monitoring (tracking and updating rating)

Exhibit 1: FiinRating - Credit Rating Process



Step 1: Receipt of rating request

The commercial department of FiinRating is the first point of contact for a credit rating. After receiving a rating request from i) a corporate issuer issuing a debt instrument or ii) a client requesting a rating on a third-party issuer; FiinRating and the issuer / client will meet and conduct a conference to introduce the overall procedures of FiinRating’s credit rating services. The commercial department of FiinRating will then proceed to sign a contract to provide credit rating service with the issuer/ client, and officially initiate the rating process. The two sides discuss and decide provisions of the contract such as: scope of work, responsibility and obligation, working time, service fee and the information provided by issuer/ customers.

- If members of the analytical team attend an initial meeting with the issuer/client, they shall not participate in any commercial discussions (i.e. cost of the rating service, fees, etc.) and leave the room during such discussions. This ensures the independence of the analytical team from any commercial considerations of FiinRating.
- If any member of the analytical team becomes aware of commercial information, they shall follow the Policy for the Inadvertent Disclosure of Commercial Information.

Step 2: Assignment of Lead Analyst

- For each issuer, FiinRating establishes a group of analysts, including a Lead Analyst and supporting analysts. The selection of analysts and the number of analysts for each issuer are determined by FiinRating's Management Board or authorized personnel. In deciding the composition of the analytical team for an issuer, considerations are given to the size of the issuer closely following FiinGroup's Code of Conduct. Commercial considerations must not play a role in the selection of the analytical team.
- Each member of the analytical team must complete a no conflict certification prior to engaging in any analytical work for the issuer.

Step 3 and 4: Meetings with the issuer and information collection

- FiinRating conducts credit rating based on the information provided by the issuer and other external sources. Information such as financial data, business performance, risk report, etc are collected by FiinRating from company visits, teleconferences and meetings with the issuer's management board. These meetings will help analysts to better understand the issuer's business and financial plan, and management policy. Accordingly, the analysts will be able to give more exact forecast on the company's future.
 - If the rating is for a non-participating issuer (most often the case, if the rating is commissioned by a third party), the analytical team may need to rely on publicly available information.
 - Besides, FiinRating's analysts also consider economic factors, market trends and other information related to the issuer. This information is available from FiinGroup's database and could also be sourced from a third entity.
- Any data provided by the rated entity is investigated for reasonableness and if possible verified by a third-party such as external auditors etc.

Step 5: Analysis

- Analysts analyze the business risk and financial risk of the issuer based on available information. During the analyzing process, if more information is needed, analysts can directly request more information from the issuer if they are a participating issuer.
- Lead Analyst will then provide a recommendation for the rating to the Rating Committee. The recommendation will be in the form of a written document (the Rating Committee Package). For a detailed description, see the Rating Committee Policy document.

Step 6: Rating Committee: Determination of the rating

- A Rating Sub-Committee will be established to discuss the recommendation for the rating action of the Lead Analyst and assign a final rating. This group of 3 voting individuals + the lead analyst will be formed from the members of the Standing Rating Committee.
- Rating Committees are a critical mechanism in promoting the quality, consistency and integrity of the rating process. FiinRating' ratings will be determined only through rating committees, by a majority vote of the rating committees members and not be individual analysts or senior management.
- The functioning of the Rating Committee will meet the standards and procedures set out under the Rating Committee Policy.
- Based on the Lead Analyst's recommendation, the Rating Committee will conduct discussions and review sessions to determine the credit rating through voting procedures, as stated in the Rating Committee Policy.
- The Rating Committee will conclude the discussion on a specific issuer or debt obligation with a vote.

Step 7: Notification of rating to issuer

- After the rating opinion is finalised by the Rating Committee, the Chair for the Rating Committee will report the final rating to FiinRating's Management Board or authorized personnel. The Management Board or authorized personnel will sign the credit rating result report and approve that the result is provided to the issuer or client.
- If members of the Standing Rating Committee disagree with the rating outcome, they can appeal the rating outcome and call for another rating committee and activate the "Internal Appeal Process". In this case a Rating Committee is reconvened and the appellant presents new information or new argument for the committee to discuss.
- Before announcing the rating result to the public, the Lead Analyst will inform to the issuer / client and provide the issuer with a draft of public announcement (press release) and a credit rationale which will explain and substantiate the credit rating decision
- The issuer / client is notified of the outcome no more than 48 hours after the Rating Committee concluded with a vote. The issuer then has 24 hours to comment on the rating rationale. If it deems there has been information omitted, the issuer can "appeal" the Rating Committee's decision. FiinRating will decide through the "External Appeal Process" if the appeal is warranted. If not, the Rating will be published 24 hours after the notification to the issuer. A simple disagreement with the outcome is not a sufficient reason for FiinRating to accept an appeal.

Step 8: Public announcement of rating

- The result of the Rating Committee will be published on FiinRating's website 24 hours after the notification to the issuer, unless an External Appeal has been considered to be sufficiently supported by material new information so that a Rating Committee needs to be re-convened.
- If the issuer is a first time rated, it has the right to refuse the rating and its publication. If an issuer has been rated before and follow-up action has been taken, e.g. review, or outlook change, then the issuer cannot refuse publication.

FiinRating reserves the right to publish any rating for any issuer. This also covers rating for issuers requested by third parties, especially in situations where the rating is made public through agents other than FiinRating.

Step 9: Monitoring (Tracking, updating credit ratings)

- After the public announcement of the credit rating, FiinRating will monitor, track and re-analyze the issuer on a regular basis. Especially when there are significant changes in the issuer's business and the market, compared to FiinRating's forecast, the Lead Analyst will consider the need to discuss the issuer again in a Rating Committee.
- Updating frequency, time and scope vary based (a) frequency of data updates (b) changes in the corporate issuer and the market that lead to new factors needed being considered. Normally, FiinRating reviews credit ratings semiannually to annually. FiinRating will publish a short note even if the rating is deemed to still be appropriate during this semiannual or annual review cycle.



Table 1. Credit Rating Process when rating has been requested by a debt issuer

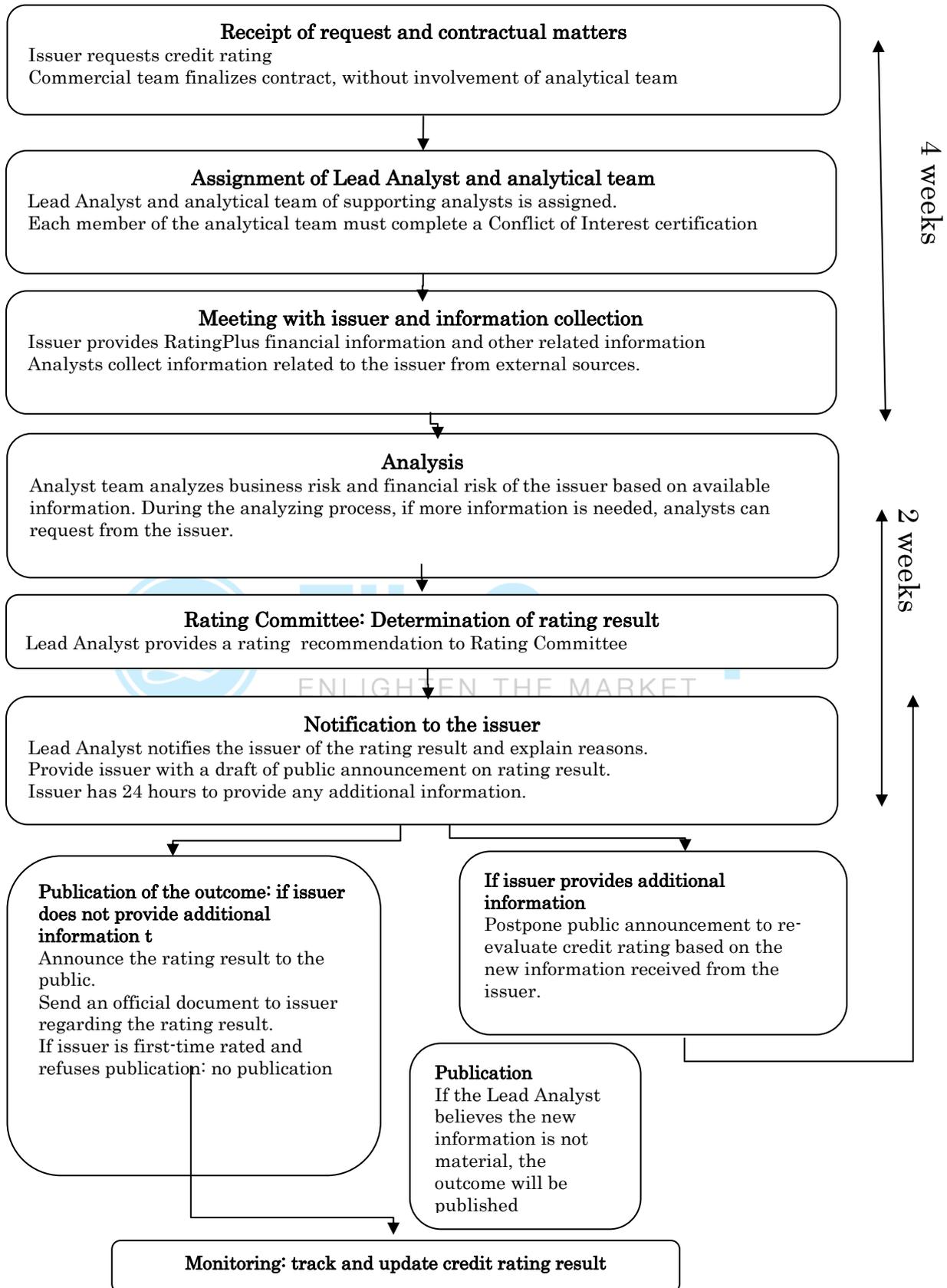


Table 2: Credit Rating Process when rating has been requested by a third-party client

