

Introduction

CARE Ratings South Africa (Pty) Limited (CareEdge South Africa) assigns credit ratings on both global (international) scales and national (South Africa) scales, providing forward-looking opinions on the relative credit worthiness of the issuers and credit risks of financial obligations. These ratings apply to a wide range of entities, including sovereigns, corporates, financial institutions, structured finance vehicles, project finance entities, and public sector organizations.

Credit risk, as defined by CareEdge South Africa, represents the likelihood that an entity may fail to meet its contractual financial obligations as they fall due, and the potential financial loss that may occur in the event of default or impairment. Our analysis focuses on the issuer's ability to generate sufficient cash flow to timely service obligations, as well as its willingness to pay.

Long-term ratings are typically assigned to obligations with original maturities of more than one year. These ratings capture both the probability of default and the expected financial loss in the event of default. Short-term ratings, in turn, are generally applied to obligations with maturities of up to one year, reflecting the near-term credit profile and liquidity considerations of the issuer.

CareEdge South Africa issues ratings at both the issuer level and the instrument level, covering long-term and short-term obligations. While most ratings are made publicly available, private or confidential ratings may also be assigned at the request of the issuer or relevant stakeholders.

This framework ensures that CareEdge South Africa's credit ratings provide investors and market participants with transparent, comparable, and independent assessments of creditworthiness in both the domestic and international context.

Global vs. National (Local Currency) Ratings

CareEdge South Africa provides both Global (International) Scale Ratings and National Scale (Local Currency) Ratings. These two rating approaches serve different purposes:

- **Global (International) Scale Ratings:** Comparable across countries, allowing investors to benchmark a South African issuer against international peers.
- **National (South Africa) Scale Ratings:** Measure relative creditworthiness within South Africa. These ratings reflect rankings of issuers/instruments in the local context and are not directly comparable across countries. For example, 'CARE AA (za)' denotes high credit quality compared to other South African issuers but does not equate with 'AA' on the global scale.

1. Sovereign Ratings/ Global Scale Ratings

A. Long-Term Scale- Rating Symbols and Definition

Rating symbols	Definition
CareEdge AAA	Denotes highest degree of safety regarding servicing of debt obligations with lowest credit risk.
CareEdge AA	Denotes a high degree of safety regarding servicing of debt obligations carrying very low credit risk.
CareEdge A	Denotes adequate degree of safety regarding servicing of debt obligations with low credit risk
CareEdge BBB	Denotes a moderate degree of safety regarding servicing of debt obligations with moderate credit risk.
CareEdge BB	Denotes inadequate degree of safety regarding servicing of debt obligations with high credit risk.
CareEdge B	Denotes high vulnerability to default regarding servicing of debt obligations with very high credit risk.
CareEdge CCC	Denotes very high vulnerability to default regarding servicing of debt obligations with substantial credit risk.
CareEdge CC	Denotes imminent likelihood of default.
CareEdge C	Denotes imminent likelihood of default and/or restructuring with potential loss of principal.
CareEdge SD	Denotes default on one or more instruments while obligations on other instruments are being honoured.
CareEdge D	Denotes default on debt obligations.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CareEdge AA to CareEdge CCC. The modifiers reflect the comparative standing within the category.

2. Rating of Debt securities/instruments/debt facilities

- A. Long / Medium-term debt securities/**instruments/debt facilities** with original maturity exceeding one year

Rating	Definition
CARE (za) AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) AA	Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) A	Instruments with this rating are considered to have an adequate degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) BBB	Instruments with this rating are considered to have a moderate degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) BB	Instruments with this rating are considered to have a moderate risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) B	Instruments with this rating are considered to have a high risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) C	Instruments with this rating are considered to have a very high risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) D	Instruments with this rating are in default or are expected to be in default soon in South Africa.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE (za) AA to CARE (za) C. The modifiers reflect the comparative standing within the category.

- B. Short Term Debt Instruments- Rating Symbols and Definitions

Symbols	Definition
CARE (za) A1	Instruments with this rating are considered to have a very strong degree of safety regarding timely payment of financial obligations in South Africa.
CARE (za) A2	Instruments with this rating are considered to have a strong degree of safety regarding timely payment of financial obligations in South Africa.
CARE (za) A3	Instruments with this rating are considered to have a moderate degree of safety regarding timely payment of financial obligations in South Africa. They carry higher credit risk compared
CARE (za) A4	Instruments with this rating are considered to have a minimal degree of safety regarding timely payment of financial obligations in South Africa. They carry very high credit risk and
CARE (za) D	Instruments with this rating are in default or expected to be in default on maturity in South Africa.

Modifiers {"+" (plus)} can be used with the rating symbols for the categories CARE (za) A1 to CARE (za) A4. The modifiers reflect the comparative standing within the category.

3. Issuer Rating

A. Issuer Rating - Rating Symbols and Definition

Symbols	Definition
CARE (za) AAA	Issuers with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) AA	Issuers with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) A	Issuers with this rating are considered to have an adequate degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) BBB	Issuers with this rating are considered to have a moderate degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) BB	Issuers with this rating are considered to have a moderate risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) B	Issuers with this rating are considered to have a high risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) C	Issuers with this rating are considered to have a very high risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) D	Issuers with this rating are in default or are expected to be in default soon in South Africa.

CARE SA's Issuer Rating reflects the overall credit risk of the issuer. The rating scale has been aligned with the long-term instrument rating scale ranging from AAA (Highest Safety) to D (Default). 'Is' suffix indicates 'Issuer Rating'

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE (za) AA to CARE (za) C. The modifiers reflect the comparative standing within the category

4. Fund Credit Quality Rating

A. Long Term Debt Fund Schemes: The debt fund schemes that have an original maturity exceeding one year

Symbols	Rating Definition
CARE (za) AAAf	Schemes with this rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) AAf	Schemes with this rating are considered to have the high degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) Af	Schemes with this rating are considered to have the adequate degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) BBBf	Schemes with this rating are considered to have the moderate degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) BBf	Schemes with this rating are considered to have moderate risk of default regarding timely receipt of payments from the investments that they have made.
CARE (za) Bf	Schemes with this rating are considered to have high risk of default regarding timely receipt of payments from the investments that they have made.
CARE (za) Cf	Schemes with this rating are considered to have very high risk of default regarding timely receipt of payments from the investments that they have made.

Modifiers {"+" (plus) / "-" (minus)} can be used with the rating symbols for the categories CARE (za) AAf to CARE (za) Cf. The modifiers reflect the comparative standing within the category.

B. Short Term Debt Fund Schemes: The debt fund schemes that have an original maturity of up to one year

Symbols	Rating Definition
CARE (za) A1f	Schemes with this rating are considered to have very strong degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) A2f	Schemes with this rating are considered to have strong degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) A3f	Schemes with this rating are considered to have moderate degree of safety regarding timely receipt of payments from the investments that they have made.
CARE (za) A4f	Schemes with this rating are considered to have minimal degree of safety regarding timely receipt of payments from the investments that they have made.

Modifier {"+" (plus)} can be used with the rating symbols for the categories CARE (za) A1f to CARE (za) A4f. The modifier reflects the comparative standing within the category.

CARE SA's fund quality rating is not a recommendation to purchase, sell, or hold a security/ fund. It neither comments on the current market price or suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors.

5. Structured Finance instruments/ Credit Enhancement Debt Securities

A. Rating Symbols and Definitions for Long Term Structured Finance instruments and Credit Enhanced Securities

Long / Medium-term debt securities with original maturity exceeding one year

Rating	Definition
CARE (za) AAA (SO)	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) AA (SO)	Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) A (SO)	Instruments with this rating are considered to have an adequate degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) BBB (SO)	Instruments with this rating are considered to have a moderate degree of safety regarding timely servicing of financial obligations in South Africa.
CARE (za) BB (SO)	Instruments with this rating are considered to have a moderate risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) B (SO)	Instruments with this rating are considered to have a high risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) C (SO)	Instruments with this rating are considered to have a very high risk of default regarding timely servicing of financial obligations in South Africa.
CARE (za) D (SO)	Instruments with this rating are in default or are expected to be in default soon in South Africa.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE (za) AA to CARE (za) C. The modifiers reflect the comparative standing within the category.

B. Rating Symbols and Definitions for Short Term Structured Finance instruments and Credit Enhanced Securities

Short term Credit Enhanced Securities: The securities with original maturity of up to one year

Symbols	Definition
CARE (za) A1 (SO)	Instruments with this rating are considered to have a very strong degree of safety regarding timely payment of financial obligations in South Africa.
CARE (za) A2 (SO)	Instruments with this rating are considered to have a strong degree of safety regarding timely payment of financial obligations in South Africa.
CARE (za) A3 (SO)	Instruments with this rating are considered to have a moderate degree of safety regarding timely payment of financial obligations in South Africa. They carry higher credit risk compared to instruments rated in the two higher categories.
CARE (za) A4 (SO)	Instruments with this rating are considered to have a minimal degree of safety regarding timely payment of financial obligations in South Africa. They carry very high credit risk and are susceptible to default.
CARE (za) D	Instruments with this rating are in default or expected to be in default on maturity in South Africa.

Modifiers {"+" (plus)} can be used with the rating symbols for the categories CARE (za) A1 (SO) to CARE (za) A4 (SO). The modifiers reflect the comparative standing within the category.

Solicited Ratings

Solicited Ratings are those requested by an issuer or a related party and for which CareEdge South Africa may receive fees. These ratings are typically based on detailed information provided directly by the issuer, including management discussions, financial data, and other relevant information and documents. Such engagement allows CareEdge South Africa to provide a more comprehensive and well-informed credit opinion.

Unsolicited Ratings

Unsolicited Ratings are issued by CareEdge South Africa without any formal request or compensation from the issuer or any third party. They may be produced where CareEdge believes it is important for the market to have an independent credit opinion. These ratings rely mainly on publicly available information, and while the same methodologies are applied, the lack of direct interaction with the issuer may restrict the depth of the assessment.

Public Ratings

Public Ratings are those opinions that CareEdge South Africa releases into the public domain through official announcements or publications. These ratings are accessible to investors, lenders, regulators, and other stakeholders and are designed to enhance market transparency. Public Ratings are actively maintained, which means they are monitored on an ongoing basis and may be affirmed, upgraded, downgraded, or withdrawn as new information becomes available.

Private Ratings

Private Ratings are assessments that remain confidential and are not disseminated publicly. They are usually prepared for internal use by the requesting organization, for regulatory compliance, or as an input into other financial evaluations. These ratings are communicated only to the requesting party or the entity being rated and are subject to strict confidentiality agreements. CareEdge South Africa applies the same analytical standards, rating committee process, and—in cases where the private rating is monitored—periodic review procedures as with public ratings. When the requesting party discloses the rating to a limited set of stakeholders, it must be under the agreed confidentiality terms, and CareEdge South Africa ensures those parties are kept updated on any changes.

Limitations and Use of Ratings

CareEdge South Africa ratings are **opinions on relative credit risk** and must not be misconstrued as an assurance or guarantees of financial performance, investment advice, or recommendations to buy, sell, or hold any securities or sanction/disburse any debt facility. They address only the **risk of default** that is, the probability that an issuer or instrument may meet its financial commitments in full and on time, and not the potential severity of loss in such an event.

These ratings do **not assess**:

- Market risk, price volatility, or liquidity of a security in the secondary market.
- The adequacy of market value, taxation, or accounting treatments of an instrument.
- Risks arising from fraud, corporate governance failures, force majeure, or operational shortcomings.
- The suitability of a security or financial instrument for a particular investor's objectives or risk appetite.

While CareEdge South Africa strives to base its ratings on credible information and rigorous analysis, they are **forward-looking opinions** subject to change as new information, market dynamics, or credit developments emerge. Ratings may therefore be upgraded, downgraded, affirmed, placed under review, suspended, or withdrawn over time.

Users of CareEdge South Africa ratings should exercise **independent judgment** and, where necessary, obtain professional financial, legal, or investment advice before making decisions. Ratings are **an input** in the investment decision-making process and should be considered alongside other market, financial, and strategic factors.

Conclusion

Through its dual approach of offering both **Global (International) Scale Ratings** and **National Scale (South Africa) Ratings**, CareEdge South Africa provides a comprehensive view of credit risk that serves the needs of both **international investors** and **domestic market participants**.

- **Global Scale Ratings** enable direct comparability of South African issuers and instruments against peers worldwide, assisting global investors in allocating capital across jurisdictions.
- **National Scale Ratings** provide a finely differentiated view of credit risk within South Africa, offering local investors and regulators a clearer understanding of relative strengths and weaknesses of the issuers in the domestic market.

This integrated framework supports greater **market transparency**, promotes **investor confidence**, and facilitates more efficient **capital allocation**. By combining rigorous methodologies with local market insights, CareEdge South Africa helps stakeholders make informed decisions while ensuring that credit risk assessments remain independent, transparent, and forward-looking.

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About Us:

CARE Ratings South Africa (Pty) Limited (CareEdge South Africa) is incorporated in 2023 to provide credit ratings and related services in South Africa. CARE SA is a wholly owned subsidiary of CARE Ratings Africa (Private) Limited (CareEdge Africa), which is a part of CareEdge Group based in India. In October 2024, CareEdge South Africa has received its license from the Financial Sector Conduct Authority (FSCA) of South Africa. CARE SA provides Ratings of various instruments such as Bonds, Money Market Instruments, Bank Deposits, Structured Finance and Bank Facilities. CareEdge South Africa also does Issuer Rating (Banks, Corporates, NBDTIs & Insurance companies). Please visit CareEdge South Africa website - <https://www.careedgesouthafrica.com>.

About CareEdge Group

CARE Ratings Ltd. (CareEdge Ratings)

CareEdge Ratings, based out of India and the parent company of the CareEdge group, was incorporated in 1993 and is the one of the largest Credit Rating Agency (CRA) of India and features amongst the top ten credit rating agencies globally. Since inception, CareEdge Ratings has rated USD 2.5 trillion worth of debt and has undertaken over 95,000 rating assignments which includes ratings of large, mid and small corporates as also sub sovereign and state utility companies. Please visit CareEdge website - <https://www.careratings.com>.

CARE Ratings (Africa) Private Limited

In the quest of supporting the development of capital market in African Union, CareEdge Group has set up the first rating agency of Mauritius - CARE Ratings (Africa) Private Limited (CareEdge Africa) in 2014, which is licensed by Financial Services Commission of Mauritius and Capital Markets Authority of Kenya. CareEdge Africa is also recognised by the Bank of Mauritius as External Credit Assessment Institution (ECAI). CareEdge Africa's shareholders are CARE Ratings, India (CARE Ratings), African Development Bank (AfDB), MCB Equity Fund (MEF) and SBM (NFC) Holdings Limited (SNHL). Please visit CARE Ratings Africa website - <https://www.careratingsafrica.com>.