General Criteria:

Rating Government-Related Entities: Methodology And Assumptions

March 25, 2015

*(**Editor's Note:** On June 20, 2023, we republished this criteria article to make nonmaterial changes. We also republished this criteria article on June 21, 2023, to correct a publication error in paragraph 44. See the "Revisions And Updates" section for details.)*

1. This article describes S&P Global Ratings' methodology for rating government-related entities (GREs). This article is related to our criteria article "Principles Of Credit Ratings," which we published on Feb. 16, 2011.

SCOPE OF THE CRITERIA

2. These criteria apply to the analysis of corporate (including project finance), financial institution, insurance, and public sector issues and issuers globally for entities that we define as government-related entities, per paragraphs 10 and 11 of these criteria, and for debt issues that may be expected to receive differentiated degrees of extraordinary government support, per the section "GREs: Rating Obligations," below. Throughout these criteria, unless otherwise stated, "GRE" refers to an entity or to a specific debt obligation. These GRE criteria apply to financial institutions that we consider to be government-related entities, which are those with a public policy role and/or where government ownership is strategic and long-term in nature.
3. On the other hand, the criteria "Financial Institutions Rating Methodology," published Dec. 9, 2021, describes our approach to factor in our view of potential extraordinary government support into the issuer credit rating (ICR) on systemically important commercial financial institutions. These GRE criteria do not apply to multilateral lending institutions, which we rate according to "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Jan. 31, 2022, nor to potential extraordinary support from one government to another, which we consider according to sector criteria.

SUMMARY

4. We consider an entity to be a GRE, for the purposes of these criteria, if (i) we believe the entity could, if under stress, benefit from extraordinary government support, which could enhance the entity's capacity and willingness to meet its financial commitments as they come due, or (ii) we believe an entity controlled by a government could be subject to negative extraordinary government intervention if the government is under stress. In other words, government control is not required for us to consider an entity a GRE for cases of potential government support.

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However, government control is required for us to consider an entity a GRE for cases of potential negative government intervention. By "government," we refer to sovereigns, U.S. states, and local and regional governments (LRGs) globally.

5. We consider government support, or negative intervention, as "extraordinary" when it is temporary, entity-specific, and often related to financial stress at the GRE or at the government level. In our experience to date, the determination in most cases is for support, in which case the GRE's rating may be enhanced by its relationship with the government. Conversely, instead of providing extraordinary support to a GRE, a government may intervene to redirect GRE resources to the government and weaken the GRE's credit quality.

6. S&P Global Ratings' general analytical approach to rating GREs is to consider their credit quality as falling between the inclusive bounds formed by the GRE's stand-alone credit profile (SACP) and the government's rating. The GRE rating is based on an analysis of the following elements:

   - The GRE's SACP, which represents the GRE's credit quality in the absence of extraordinary support or intervention;
   - The government's local currency ICR, which reflects the government's ability to support (or, in a negative scenario, its need to avail itself of the resources of) the GRE; and
   - Our opinion of the likelihood of sufficient and timely extraordinary government intervention in support of the GRE's meeting its financial obligations, as derived from our assessment of the importance of the GRE's role to the government (assessed as summarized in table 2, "Assessing The Importance Of A GRE's Role To The Government") as well as the link between the two (assessed as summarized in table 3, "Assessing The Strength And Durability Of The Link Between The Government And A GRE"). The link and role assessments combined form our overall likelihood of extraordinary government support assessment, per table 1, "Role-Link Matrix For Assessing The Likelihood Of Extraordinary Government Support."

7. We combine the elements listed above--(i) the GRE's SACP, (ii) the government rating, and (iii) the likelihood of extraordinary government support, using tables 4 through 8--to arrive at the potential rating on the GRE, subject to considerations such as constraints for sovereign risk or currency risk. S&P Global Ratings distinguishes between government support that enables a timely repayment of a GRE's debt and intervention that principally aims to support an entity's employment or operations but might not necessarily reduce the likelihood of default, and therefore does not qualify for rating uplift in these criteria.

8. This paragraph has been deleted.

9. This paragraph has been deleted.

METHODOLOGY

Definition Of "Government-Related Entity"

10. We consider an entity to be a GRE, for the purposes of these criteria, if (i) we believe the entity could, if under stress, benefit from extraordinary government support that could enhance the entity's capacity and willingness to meet its financial commitments as they come due, or (ii) we believe any entity controlled by a government could be subject to negative extraordinary government intervention if the government is under stress. In other words, government control is not required for us to consider an entity a GRE for cases of potential government support. However, government control is required for us to consider an entity a GRE for cases of potential

negative government intervention.

11. Government ownership or control is not required for us to classify an entity as a GRE, albeit that we would generally expect the absence of a government ownership interest to reduce the economic incentive of the government to support a GRE compared with a government-owned GRE.

12. We may classify as a non-GRE an entity we previously considered a GRE (and therefore move the entity out of scope for the purposes of these criteria) once we no longer expect the entity to potentially benefit from extraordinary government support, as long as we also do not expect the entity to potentially be subject to extraordinary negative government intervention, as the latter could reduce the entity's capacity and willingness to meet its financial commitments as they come due.

13. We may transition an entity out of GRE status when the following two conditions are met:

    - We assess the likelihood of extraordinary government support as "low," and
    - We believe the risk of extraordinary negative government intervention is remote.

14. Similarly, we may also newly classify an entity as a GRE once we believe the provisions in paragraph 10 apply.

Definition Of "Extraordinary Government Support" Or "Negative Intervention"

15. We consider government support, or negative intervention, as "extraordinary" when it is temporary, entity-specific, and often related to financial stress at the GRE or at the government level. In our experience to date, we have seen more cases of government support than of negative intervention. In cases of potential support, the GRE's rating may be enhanced by its relationship with the government. Conversely, instead of providing extraordinary support to a GRE, a government may intervene to redirect GRE resources to the government and weaken the GRE's credit quality.

16. The line between what we term "extraordinary" and "ongoing" support (or negative intervention) is not always distinct. However, "extraordinary" support usually occur in periods of a GRE's stress and take the form of liquidity injections, loans from the government or through government-owned banks, recapitalizations, or arrangement of a solvency rescue package directly from the government or through other market participants. If the GRE accounts for a substantial share of government revenues, "support" may mean the government takes less and leaves more to the GRE for its own investment and debt-service needs. Conversely, examples of negative extraordinary intervention include special tax, dividend, asset- or cash-stripping, support to or merger with stressed entities, or other measures that the government may impose to divert GRE resources to the government, as the government's needs rise.

17. S&P Global Ratings assesses the likelihood of timely and sufficient extraordinary support from the government to the GRE in the context of how this support affects the GRE's capacity and willingness to meet its financial commitments as they come due. A government's perception of need for support (e.g., amount, tenor, and timeliness) may therefore be different from our definitional standard. For instance, we treat a delay of payment on a long-term obligation as a default, unless we expect payment within the earlier of the stated grace period or 30 calendar days (or if there is no stated grace period, within five business days), and we treat a debt restructuring that we would consider to be distressed and below par as a default. (For more details on our definitions with respect to timeliness of payments and distressed restructurings, please see "S&P Global Ratings Definitions," published Nov. 10, 2021--in particular the sections

"Issue Credit Ratings--In General" and "Distressed Debt Restructuring And Issue Credit Ratings," both in the appendix--as well as "Guarantee Criteria," published Oct. 21, 2016.) Defaults could occur according to our criteria even though the government might have provided some form of support.

Stand-Alone Credit Profiles (SACPs) And Government Ratings

18. SACPs are determined according to our criteria, "Stand-Alone Credit Profiles: One Component Of A Rating," published Oct. 1, 2010, and the related sector criteria for the type of entity. As defined in our SACP criteria, it is an "opinion of an issuer's creditworthiness in the absence of extraordinary support or burden." The SACP identifies the downside for the GRE's creditworthiness if the potential for extraordinary government support dissipates. The SACP reflects ongoing government support, however. An SACP exceeding the government's ICR identifies an "upside" to the ICR in the absence of negative intervention risk and provided other conditions listed in the section, "Rating a GRE above the rating on its government," below, are met.

19. We determine an SACP for all GREs on which the rating is not equalized with that of the supporting government in order to rate these GREs. Even when we believe the likelihood of timely extraordinary government support is "extremely high" or "very high," and hence the GRE's SACP may not be the primary driver in the determination of the GRE rating, we believe it is important to determine the SACP because the SACP may help identify the possible timing and extent of a need for support. Furthermore, the GRE's SACP may help us gauge the government's contingent liability.

20. Similarly, we often, but not always, determine an SACP when our view of the likelihood of extraordinary government support is "almost certain." We may choose not to determine an SACP only if the following three conditions are met: (i) the likelihood of timely extraordinary government support is, in our view, "almost certain," (ii) we do not believe this likelihood of government support is subject to transition risk, and (iii) the entity, in our view, is a non-severable arm of the government or executes strategic government policies. Examples of the types of entities we consider as "executing strategic government policies," for the purpose of this paragraph, include entities responsible for strategic oil stockpiling or entities with a critical policy role such as a deposit insurance agency. Similarly, government guarantees for 100% of debt obligations may help us in our determination of point (iii), particularly if such guarantees meet our definition of timeliness of payment, but such guarantees are not required for us to reach such a determination.

21. For other types of GREs with "almost certain" likelihood of support, such as a corporate entity or a financial institution (for example, a government-owned oil company or government-owned municipal lender), we believe it is important to determine an SACP or an estimate of the SACP. These entities are more subject to transition risk in government support, and a significant deterioration in the SACP--not accompanied by a comparable deterioration in the government's ICR--can be one signal of such a transition. Note: We may also determine an SACP for the purpose of applying the section below, titled "Rating GRE debt obligations," for rating hybrid capital instruments, for example.

22. Government ratings are determined in accordance with "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published July 15, 2019, "Sovereign Rating Methodology," Dec. 18, 2017, "U.S. Local Governments General Obligation Ratings: Methodology And Assumptions," Sept. 12, 2013, and "U.S. State Ratings Methodology," Oct. 17, 2016.

23. In some cases, S&P Global Ratings may not have a public rating on a GRE's related government. If we have sufficient information to determine a confidential rating on the government and the likelihood of government support, we will use that rating and determination in applying tables 4

through 8 to determine the GRE's rating. If we do not have sufficient information to determine a confidential rating on the government, we will determine the government's approximate creditworthiness to apply the constraints in the section below titled, "Rating a GRE above the rating on its government." Then, we would not apply the GRE tables 4 through 8, but instead rate the GRE at its SACP level, including ongoing government support subject to the constraints in that section. In other words, if we do not have sufficient information to determine a rating on the government, we would not factor in potential extraordinary support from that government in the rating on the GRE, but we may constrain the GRE's rating because of our view of potential negative intervention from the government.

Assessment Of The Likelihood Of Extraordinary Government Support

24. S&P Global Ratings evaluates the relationships between GREs and governments while observing that they are sometimes unclear and that extraordinary government intervention is not always predictable.

25. As a general principle, we believe that the higher the likelihood of sufficient and timely extraordinary support, the closer the GRE's creditworthiness is likely to be to the government's creditworthiness. The lower the likelihood of support, the closer the GRE's rating is likely to be to the GRE's SACP. To provide more specific guidelines, S&P Global Ratings has developed a matrix approach designed to focus on two parameters: the importance of the GRE's role to the government, and the link between the GRE and the government, which are defined in the section below (tables 2 and 3). Combined, these two factors help to assess the likelihood of extraordinary government support. The factors are not necessarily equally weighted but the specific combination is based on our analysis, as described in the matrix below (table 1).

Table 1

Role-Link Matrix For Assessing The Likelihood Of Extraordinary Government Support

Likelihood of Extraordinary Government Support		Importance of the GRE's **Role** to the Government			
		CRITICAL	VERY IMPORTANT	IMPORTANT	LIMITED IMPORTANCE
Link between the GRE and the Government	INTEGRAL	Almost certain	Extremely high	High	Moderately high
	VERY STRONG	Extremely high	Very high	High	Moderately high
	STRONG	High	High	Moderately high	Moderate
	LIMITED	Moderately high	Moderately high	Moderate	Low

26. We assess both the link and the role in a prospective manner based not only on currently observable facts but also on our expectation. A prospective assessment is particularly crucial when the link or role is changing, or is expected to change, rapidly following a certain event, including but not limited to change in the government regime, change in the party(ies) in power, change in the government's general strategy with the public sector, a catastrophe in the area where the GRE is relevant, or discovery of any credit issues at the GRE.

27. S&P Global Ratings analyzes the importance of the GRE's role to the government by assessing the severity of the effect that a default of the GRE would have for the government or the local economy. A GRE may be important to the government because it implements a key national policy or provides an important public service, or because it affects the proper functioning of an important economic sector. Our qualitative assessment may be supported by quantitative indicators that vary depending on the nature of the GRE's activity and may include, for instance, the number of employees, the GRE's revenues as a percentage of the country's GDP, its share in national exports, its share in the production of energy for the country, or its share in national deposits for a bank.

28. While assessing the importance of a GRE's role, we focus on the potential consequences deriving from the absence of government intervention, or more precisely, the implications that a default of the GRE would have for the government and/or the local economy. We distinguish on a continuum

between support from the government that mostly targets the continuation of the GRE's activities and/or the safeguarding of employment and that does not result in rating uplift under these criteria, and support aimed at ensuring the full and timely payment of bondholders. In our view, historically, defaults of financial institution GREs have been more disruptive to the economy than defaults of corporate GREs.

29. S&P Global Ratings has observed that the importance of the role for a particular GRE might vary over time, triggering different reactions from a government depending on the circumstances and the consequences of the GRE's default. For instance, in periods of fragile market confidence, the failure of a relatively small public bank may have systemic repercussions. Such repercussions would increase the importance of the GRE for a certain period and could prompt the government to provide extraordinary support. In our view, a different outcome might result if the entity's troubles were to occur in a more benign environment and the consequences of non-intervention were less severe. More generally, we usually try to assess a hypothetical stress scenario for a particular GRE and the government's potential response in this situation. Accordingly, our opinion of the importance of a particular GRE may evolve to reflect those considerations.

30. S&P Global Ratings distinguishes four different levels when assessing the importance of the GRE's role to the government for the purpose of determining potential extraordinary support from the government:

- Critical,
- Very important,
- Important, and
- Limited importance.

31. The criteria for determination of the importance of the GRE's role for determining potential extraordinary support from the government are described in table 2 below.

Table 2

Assessing The Importance Of A GRE's Role To The Government

Critical	A default of the GRE would have a critical impact for the government, for one of the following reasons:
	-- The GRE operates essentially on behalf of the government and its main purpose is to provide a key public service that could not be readily undertaken by a private entity and that would be likely conducted by the government itself if the GRE did not exist.
	-- The GRE is among the most important GREs in the country/region and it plays a central role in meeting key economic, environmental, social, or political objectives of the government or in the implementation of a key national or regional policy.
Very important	A default of the GRE would have a major impact for the government, for one of the following reasons:
	-- The GRE operates essentially as an independent not-for-profit entity and it plays a very important role in meeting key economic, environmental, social, or political objectives of the government or in the implementation of a key national or regional policy.
	-- The GRE operates essentially as a profit-seeking enterprise in a competitive environment, and its default/credit stress would lead to a disruption of its activities and have a significant systemic impact on the local economy.
Important	A default of the GRE would have an important but manageable impact for the government, for one of the following reasons:
	-- The GRE operates essentially as an independent not-for-profit entity, which participates in the provision of a public service as its primary role, and this individual role is important for the government.

Table 2

Assessing The Importance Of A GRE's Role To The Government (cont.)

	-- The GRE operates essentially as a profit-seeking enterprise in a competitive environment, and its credit standing is important for the government because one or more of the conditions below are met:
	* It provides essential infrastructure, goods, or services to the population.
	* Part of its activities relates to an important public policy role--for example, meeting environmental or social policy objectives.
	* Its default/credit stress would lead to a disruption of its activities and could have an important impact on a sector of the economy.
Limited importance	A default of the GRE would have a limited impact for the government, for one of the following reasons:
	-- The GRE operates essentially as an independent not-for-profit entity that participates in the provision of a public service as its primary role, but the individual importance of the entity to the government is relatively minor.
	-- The GRE is a profit-seeking enterprise in a competitive environment, whose activity is relatively important for the government, but one or more of the conditions below are met:
	* It is one among many GREs and/or its activity could easily be undertaken by a private sector entity or another larger GRE if it ceased to exist.
	* The government is primarily interested by the GRE's operations and/or employment and not so much by its credit standing.

32. Entities with less than "limited importance" to the government are not considered GREs and are not reflected in table 2 above.

Assessing the strength and durability of the link between a GRE and the government

33. We assess the strength and durability of the link between a GRE and the government primarily by analyzing the degree to which the government determines the GRE's strategy and operations and its level of supervision. Analytical considerations include the percentage of ownership of the GRE, the existence of a partial or ultimate government guarantee of the GRE's obligations, statements of support (particularly if they are made publicly), and/or reputational risk to the government if the GRE defaults according to our definitions.

34. In particular, we analyze the government's willingness to support a particular GRE as demonstrated by the government's policy, track record of past interventions, involvement in the day-to-day operations of its GREs, as well as the cultural and political aspects related to the government's intervention and its administrative capacity to provide timely support. Finally, we assess potential constraints to government support that might arise from a legal or regulatory framework.

35. Our analysis of the link between a GRE and its government also takes into consideration our opinion of the government's general propensity to support the GRE sector in a credit-supportive and timely manner. By "GRE sector," we mean all the GREs related to a single government, across all industries. We may classify a government's general propensity to support the GRE sector as "doubtful" if any of the following conditions apply:

- If we doubt the government's willingness to provide full and timely support for policy reasons, weak administrative capacity, or past practices;

- If we have doubts about the government's capacity to support its GREs' debt (as opposed to the government's capacity to pay its own debt), considering the size of total liabilities in the GRE sector and/or the creditworthiness of the GREs in question. For sovereign governments, we assess the capacity to support the GRE sector through a combination of our rating on the government, and our assessment of its "contingent liability." We would typically determine that support is "doubtful" when our sovereign foreign currency rating is 'BB+' or lower and our "contingent liability" assessment (according to our sovereign rating methodology), is "high" or "very high." The reason is that such a combination suggests that the capacity to support is weaker than indicated by the government's rating. In certain cases, we could also classify support as "doubtful" for sovereigns rated 'BBB-' or higher because of a perceived lack of willingness to support the GRE sector, or because of "very high" contingent liabilities. For LRGs, we may classify overall likelihood to support the GRE sector as "doubtful" in the context of our view of government capacity and willingness to support and our view of the contingent liabilities; or
- If we otherwise perceive a lack of willingness to support the GRE sector.

36. When we assess government support for the GRE sector as "doubtful," we would assess the link for all GREs related to that government as "limited," even for GREs with a "critical" role, with certain exceptions described below.

37. The "doubtful" assessment would apply to all GREs related to the respective government unless, based on available evidence, we believe the government would support some GREs prioritized ahead of others, and the GREs in question account for a small share of total GRE sector contingent liabilities and government debt.

38. If we consider the correlation between the GRE's SACP and the government's rating to be high (or very high), for instance when a GRE (such as a national oil company) or a group of GREs in the same industry account for more than 50% (or 75%) of government revenue, we typically limit the overall likelihood of extraordinary government support assessment per table 1 to "moderately high" (50%) or "moderate" (75%), respectively.

39. These limits reflect the fact that creditworthiness of the GRE and the government is highly intertwined and the government is unlikely to be in a position to provide extraordinary support to the GRE in a stress scenario because the stress is likely to affect both the GRE and the government. These limits may not apply to governments that hold very large external liquid assets (more than 50% of GDP) that are uncorrelated to the creditworthiness of the GRE and the local economy and that reduce correlation between the GRE and the government.

40. S&P Global Ratings distinguishes four different levels when assessing the strength of the link between the GRE and the government:

- Integral,
- Very strong,
- Strong, and
- Limited.

41. The levels are described in table 3 below.

Table 3

Assessing The Strength And Durability Of The Link Between The Government And A GRE

Integral	The GRE is essentially an arm of, and/or very tightly controlled by, the government, and/or there is a legal framework in place that provides for explicit government support for the GRE. In addition, the government has a policy, supported by a track record, of providing considerable and timely credit support in all circumstances.
	-- The government has a policy, supported by a track record, of providing timely support to the GRE in all circumstances, AND:
	* The GRE has a special public status or is a government agency and can be considered as an extension of the government.
	* OR: The government fully owns the GRE and acts more as a manager than a shareholder. It drives the GRE's strategy, determines key budgetary decisions, and maintains a very tight degree of control to ensure the implementation of the GRE's policy role. We expect none of these factors to change in the long term.
	-- AND: The government has clear and robust processes and procedures in place that enables effective governance, monitoring and control over the GRE. It has the administrative capacity and mechanisms for responding to the GREs financial distress in a timely manner.
Very strong	The government has a very strong and durable link with the GRE, and/or there is a legal framework in place that provides for explicit government support for the GRE. In addition, the government has a policy, supported by a track record, of providing very strong and timely credit support in most circumstances.
	-- The government has a policy or a track record of providing very strong and timely credit support to the GRE in most circumstances, and one or more of the conditions below are met:
	* The government is a strong and stable shareholder and has a strong influence on the GRE's strategy and business plans. Privatization is not contemplated in the medium term;
	* The GRE benefits from a form of ultimate, statutory, or long-term guarantee from the government, implying a tighter link with the government and incentive to support; or
	* A considerable deterioration in the GRE's creditworthiness would significantly affect the government's reputation, as the latter is publicly associated with the GRE through strong political involvement and a high degree of control.
	-- AND: The government has processes and procedures in place that enables effective governance, monitoring and control over the GRE. It has the administrative capacity and mechanisms for responding to the GREs financial distress in a timely manner.
Strong	The government is an important shareholder of the GRE and has a policy and/or track record of providing strong credit support in certain circumstances, or in case the government is not an important shareholder, it has already supported the GRE and stated its intention to continue to do so.
	-- The government is an important--typically a controlling--shareholder and has a policy and/or track record of providing strong credit support to the GRE in certain circumstances, but one or more of the conditions below are met:
	* The GRE has a clear corporate governance set-up with an independent management that makes autonomous business decisions;
	* Privatization might be contemplated in the next three to five years and/or the government's involvement with the GRE is changing and rather unpredictable; or
	* A legal or regulatory framework partly constrains the government's ability to intervene.
	-- OR: The government is not a structural or important shareholder of the GRE but it has already taken some extraordinary actions--typically resulting in capital injections--and it has stated its intention to continue to do so on a temporary and exceptional basis (e.g., systemic financial crisis).

Table 3

Assessing The Strength And Durability Of The Link Between The Government And A GRE (cont.)

Limited	The government has limited interference with the GRE and has a policy, track record, and/or capacity for providing very limited credit support, or has or is expected to negatively intervene in the GRE.
	-- The government is not a shareholder or is a minority shareholder and does not interfere more than any other minority shareholder in the GRE's strategic decisions and operations.
	-- OR: The government is an important shareholder, but one or more of the conditions below are met:
	* Privatization is ongoing or contemplated within the next two years and we expect this to lead to a significant reduction in the government's ownership;
	* The government is not willing to provide support to its GREs on a timely basis, as reflected in its policy and/or track record of not interfering in the management of its GREs, and, in some cases, a track record of adverse/negative intervention leading to a weakening of the GRE's profile; or
	* The government has very limited administrative and/or legal capacity to provide support to its GREs on a timely basis.
	-- OR: We have doubts about the government's capacity or willingness to support its GREs, for instance considering the size of contingent liabilities in the GRE sector.

42. Where table 3 refers to "track record" of government support, this can be with respect to the specific GRE or for other GREs that operate in a similar industry.

Determining The GRE's Issuer Credit Rating

43. Once we have determined the likelihood of extraordinary government support (table 1) based on our evaluation of the GRE's role (table 2) and link (table 3) to the government, we establish the GRE's issuer credit rating (or equivalent, such as senior unsecured rating or general obligation rating) based on the combination of the likelihood of extraordinary government support, the SACP, and the government's local currency rating (see tables 4 through 8). These tables yield the GRE's issuer credit rating based on its SACP (listed down the left-hand side of the table), the government's local currency rating (listed across the top of the table), and our assessment of the likelihood of extraordinary government support. Ratings in the 'CCC' or 'CC' rating categories do not appear as outcomes in the tables; we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. Such criteria would apply if, for example, after factoring in potential extraordinary government support, we viewed a GRE's obligations as currently vulnerable to nonpayment and if the obligor were dependent on favorable business, financial, and economic conditions to meet its commitments on its obligations.

44. The GRE's rating might vary by one notch up or down from the rating suggested in the tables (or from the rating suggested for GREs not rated according to the tables, such as those with "almost certain" likelihood of extraordinary government support, which may be one notch down, or "low" likelihood, which may be one notch up; see paragraph 45 or 49) when a gradual transition in a GRE's role or link leads or could lead to a weakening or strengthening of the likelihood of extraordinary government support over time. This is to better reflect our holistic view of a GRE's likelihood of extraordinary government support. Considerations that inform the adjustment include our view of the relative ranking of the entity in terms of likelihood of extraordinary government support compared with other GREs. For instance, the adjustment may be applicable if

there is a gap of more than one notch between the rating suggested by its current category of assessment of likelihood of extraordinary government support and the rating suggested by the adjacent category of such support in the tables, when we consider that the GRE's role or link is in transition between these two categories

When we assess the likelihood of extraordinary government support as "almost certain"

45. We have not included a table for cases when the likelihood of support is "almost certain" because S&P Global Ratings would then equalize the rating on a GRE with that on the government, unless we applied the potential one-notch downward adjustment described in the previous paragraph.

When we assess the likelihood of extraordinary government support as highly likely (i.e., "extremely high" or "very high") and as the key rating driver

46. For GREs most closely tied to the government in terms of role and link, our opinion that the government will likely extend timely extraordinary support during periods of economic or financial stress is generally a significant credit factor. In such circumstances, the rating on the GRE tends to be close to, and move in tandem with, that on the government (see tables 4 and 5 below).

Table 4

Determining A GRE's Issuer Credit Rating: Extremely High (EH) Likelihood Of Support

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
aaa	AAA															
aa+	AAA	AA+														
aa	AAA	AA+	AA													
aa-	AAA	AA+	AA	AA-												
a+	AA+	AA	AA	AA-	A+											
a	AA+	AA	AA-	AA-	A+	A										
a-	AA+	AA	AA-	A+	A	A	A-									
bbb+	AA+	AA	AA-	A+	A	A-	A-	BBB+								
bbb	AA+	AA	AA-	A+	A	A-	BBB+	BBB+	BBB							
bbb-	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB	BBB-						
bb+	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BBB-	BB+					
bb	AA	AA-	A+	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB				
bb-	AA	AA-	A+	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	BB-			
b+	AA	AA-	A	A	BBB+	BBB+	BBB	BBB-	BB+	BB	BB	BB-	B+	B+		
b	AA-	A+	A	A	BBB+	BBB+	BBB	BBB-	BB+	BB	BB	BB-	B+	B	B	
b-	AA-	A	A	A	BBB	BBB	BBB	BBB-	BB+	BB	BB	BB-	B+	B	B-	B-
ccc+	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BB+	BB	BB-	B+	B+	B	B-	B-	*
ccc	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB	BB	BB-	B+	B+	B	B-	B-	*
ccc-	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB	BB	BB-	B+	B+	B	B-	B-	*

Table 4

Determining A GRE's Issuer Credit Rating: Extremely High (EH) Likelihood Of Support (cont.)

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
cc	BB-	BB-	BB-	BB-	BB-	BB-	BB-	B+	B+	B+	B	B	B-	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile.

47. When a GRE's SACP has a rapidly widening gap relative to the related government rating or is deteriorating to extremely weak levels ('b' or lower), we believe this could signal diminishing government support. Generally, these situations would trigger our reevaluation of a GRE's importance to and link with the government. If the GRE's SACP has deteriorated more than three notches within six months, or more than six notches in 12 months, to 'b' or lower, and the government has no credible and timely plan of action to support the GRE, we take this as evidence that support is diminishing. In such cases, the link (per table 3) would be capped at "limited" and the overall likelihood of support (per table 1) at "moderate." We may no longer apply these caps to the link and likelihood of support once we have evidence that the government has contributed support or support is forthcoming, sufficient for us to raise the SACP back at least one notch after the deterioration described in this paragraph has occurred.

Table 5

Determining A GRE's Issuer Credit Rating: Very High (VH) Likelihood Of Support

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
aaa	AAA															
aa+	AAA	AA+														
aa	AAA	AA+	AA													
aa-	AA+	AA+	AA	AA-												
a+	AA	AA	AA	AA-	A+											
a	AA	AA-	AA-	AA-	A+	A										
a-	AA	AA-	A+	A+	A	A	A-									
bbb+	AA-	AA-	A+	A	A	A-	A-	BBB+								
bbb	A+	A+	A+	A	A	A-	BBB+	BBB+	BBB							
bbb-	A	A	A	A	A-	A-	BBB+	BBB	BBB	BBB-						
bb+	A-	A-	A-	A-	A-	BBB+	BBB+	BBB	BBB-	BBB-	BB+					
bb	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB-	BB+	BB	BB				
bb-	BBB+	BBB+	BBB	BBB	BBB	BBB	BBB	BBB-	BBB-	BB+	BB	BB-	BB-			
b+	BBB+	BBB	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BB+	BB	BB-	BB-	B+	B+		
b	BBB	BBB-	BBB-	BBB-	BB+	BB+	BB+	BB+	BB+	BB	BB-	BB-	B+	B	B	
b-	BBB-	BBB-	BB+	BB+	BB	BB	BB	BB	BB	BB	BB-	B+	B	B-	B-	B-
ccc+	BB-	BB-	BB-	BB-	BB-	BB-	BB-	B+	B+	B+	B+	B+	B-	B-	B-	*
ccc	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B	B-	*	*	*

Table 5

Determining A GRE's Issuer Credit Rating: Very High (VH) Likelihood Of Support (cont.)

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
ccc-	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B	B-	B-	*	*	*
cc	B+	B+	B+	B+	B+	B+	B+	B	B	B-	B-	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile.

When we assess the likelihood of extraordinary government support as reasonably likely (i.e., "high," "moderately high," or "moderate") but not as the primary rating driver

48. For entities we view as benefiting from supportive government policies, possibly direct assistance, and potentially extraordinary government support, but where the likelihood of the latter is lower, GRE ratings are usually more closely aligned with the GRE's SACP (see tables 6 to 8 below).

Table 6

Determining A GRE's Issuer Credit Rating: High (H) Likelihood Of Support

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
aaa	AAA															
aa+	AA+	AA+														
aa	AA+	AA	AA													
aa-	AA	AA	AA-	AA-												
a+	AA-	AA-	AA-	A+	A+											
a	AA-	A+	A+	A+	A	A										
a-	AA-	A+	A+	A	A	A-	A-									
bbb+	A+	A+	A	A	A	A-	BBB+	BBB+								
bbb	A	A	A	A-	A-	A-	BBB+	BBB	BBB							
bbb-	A-	A-	A-	A-	BBB+	BBB+	BBB+	BBB	BBB-	BBB-						
bb+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB-	BB+	BB+					
bb	BBB	BBB	BBB	BBB	BBB	BBB	BBB-	BBB-	BBB-	BB+	BB	BB				
bb-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BB+	BB+	BB+	BB	BB-	BB-			
b+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB	BB	BB-	BB-	B+	B+		
b	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB-	BB-	BB-	B+	B	B	
b-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	B+	B+	B	B-	B-	B-
ccc+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B	B	B-	B-	B-	*
ccc	B	B	B	B	B	B	B	B	B	B	B-	B-	B-	*	*	*
ccc-	B-	B-	B-	B-	B-	B-	B-	B-	B-	B-	*	*	*	*	*	*

Table 6

Determining A GRE's Issuer Credit Rating: High (H) Likelihood Of Support (cont.)

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
cc	B-	B-	B-	B-	*	*	*	*	*	*	*	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile.

Table 7

Determining A GRE's Issuer Credit Rating: Moderately High (MH) Likelihood Of Support

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
aaa	AAA															
aa+	AA+	AA+														
aa	AA	AA	AA													
aa-	AA	AA-	AA-	AA-												
a+	AA-	AA-	A+	A+	A+											
a	A+	A+	A+	A	A	A										
a-	A+	A	A	A	A-	A-	A-									
bbb+	A	A	A-	A-	A-	BBB+	BBB+	BBB+								
bbb	A-	A-	A-	BBB+	BBB+	BBB+	BBB	BBB	BBB							
bbb-	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB-	BBB-	BBB-						
bb+	BBB	BBB	BBB	BBB	BBB	BBB-	BBB-	BBB-	BB+	BB+	BB+					
bb	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BB+	BB+	BB+	BB	BB	BB				
bb-	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB	BB	BB	BB-	BB-	BB-			
b+	BB	BB	BB	BB	BB	BB	BB	BB	BB-	BB-	BB-	B+	B+	B+		
b	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	B+	B+	B+	B	B	B	
b-	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B	B	B	B-	B-	B-
ccc+	B	B	B	B	B	B	B	B	B	B	B-	B-	B-	*	*	*
ccc	B-	B-	B-	B-	B-	B-	B-	B-	B-	B-	*	*	*	*	*	*
ccc-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
cc	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile.

Table 8

Determining A GRE's Issuer Credit Rating: Moderate (M) Likelihood Of Support

	--Government's local currency rating--															
SACP	**AAA**	**AA+**	**AA**	**AA-**	**A+**	**A**	**A-**	**BBB+**	**BBB**	**BBB-**	**BB+**	**BB**	**BB-**	**B+**	**B**	**B-**
aaa	AAA															
aa+	AA+	AA+														
aa	AA	AA	AA													
aa-	AA-	AA-	AA-	AA-												
a+	AA-	A+	A+	A+	A+											
a	A+	A+	A	A	A	A										
a-	A	A	A	A-	A-	A-	A-									
bbb+	A-	A-	A-	A-	BBB+	BBB+	BBB+	BBB+								
bbb	BBB+	BBB+	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB							
bbb-	BBB	BBB	BBB	BBB	BBB	BBB	BBB-	BBB-	BBB-	BBB-						
bb+	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BB+	BB+	BB+	BB+					
bb	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB+	BB	BB	BB	BB				
bb-	BB	BB	BB	BB	BB	BB	BB	BB	BB	BB-	BB-	BB-	BB-			
b+	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	BB-	B+	B+	B+	B+		
b	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B+	B	B	B	B	
b-	B	B	B	B	B	B	B	B	B	B	B	B	B-	B-	B-	B-
ccc+	B-	B-	B-	B-	B-	B-	B-	B-	B-	B-	B-	B-	B-	*	*	*
ccc	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
ccc-	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
cc	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile.

When we assess the likelihood of extraordinary government support as "low"

49. We typically rate the GRE the same as its SACP when we believe the likelihood of government support is "low" because the GRE's importance to the government is limited and the two entities are not closely linked. This would be the case, for instance, for a GRE performing a function that other market participants could easily undertake and that the private sector usually operates, or when the government acts mostly as a regulator and its interventions are primarily to enhance (or in some cases protect) the functioning of the relevant industry segment, regardless of ownership.

50. The tables in Appendix 2 comprise the same content as tables 4 through 8 above but classified on the basis of the government's rating. Tables 4 through 8 are the operative versions of the tables.

When a GRE has links to more than one government

51. When a GRE is related to two or more governments (for instance, through a split ownership), S&P

Global Ratings analyzes both the nature of the link between the GRE and each government as well as the relationships among the different governments. If, in our view, one government has a prominent link with the GRE and appears to be willing to support fully the GRE, even if the other governments do not, we would use that one government's local currency rating as a reference in tables 4 through 8. If support were to come from all governments for their respective shares (for instance, based on percentages of ownership), we would use the lowest government rating as a reference in the tables.

52. When we are of the opinion that "joint and several" support exists from all governments, we would use the highest government rating as a reference in tables 4 through 8. However, if we see a significant risk of differences in interests or slow joint decision-making (for example, a large number of governments are involved) that could weaken support to the GRE, this could bear on our assessment of the likelihood of support, and the GRE's rating could be lower than what is reflected in the tables. We also assess the materiality of the obligations in relation to the financial capacity and willingness of the strongest guarantor(s) to cover such obligations in full and on time, if required to support a GRE.

53. Note: When a transaction is guaranteed by two or three rated governments, and when the contractual terms of each guarantee meet our criteria for credit substitution, and our view is that correlation of the creditworthiness among the guaranteeing governments is not too high, we would apply our joint-support methodology (see "Methodology And Assumptions For Rating Jointly Supported Financial Obligations," published May 23, 2016) to determine the issue credit rating. The application of this methodology may result in an issue credit rating that is higher than that on either of the two highest-rated guaranteeing governments.

Application of currency considerations to tables 4 through 8

54. The GRE's local (and foreign) currency rating indicated in tables 4 through 8 would generally be capped at the level of the sovereign foreign currency rating, unless either:

- The GRE benefits from an "extremely high" or "almost certain" likelihood of sovereign support, or
- The GRE has an SACP above the sovereign's foreign currency rating.

55. In the first case described above, a GRE with "almost certain" likelihood of sovereign support would have both its local and foreign currency ratings equalized with the respective sovereign ratings. In the case of "extremely high" likelihood of support, the GRE's local currency rating would be as shown in the tables, and the GRE's foreign currency rating would be capped at the sovereign foreign currency rating.

56. In the second case described above, the GRE's local currency rating would be at the level of its SACP, subject to constraints for: (i) stress testing for a rating above the sovereign foreign currency rating, as per "Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions," published Nov. 19, 2013, and (ii) potential negative government intervention. The GRE's foreign currency rating would be the lower of the GRE's local currency rating or the country transfer and convertibility (T&C) assessment. See also the sections below, "Extraordinary government intervention may constrain a GRE rating" and "Rating a GRE above the rating on its government." GREs with a rating above the government's rating are, in our experience, relatively infrequent.

Other Considerations

Extraordinary government intervention may constrain a GRE rating

57. In most cases, the likelihood of extraordinary government support enhances a GRE's rating, leading us to rate the GRE at or above its SACP. But in a few instances, government intervention is negative, potentially draining resources and reducing financial flexibility below what it would be on a stand-alone basis. This could be the case for GREs (government-owned oil companies, for example) whose SACPs are above the rating on their related government despite the ongoing negative intervention, which is already captured in the SACP. In these situations, we could rate the GRE below its SACP to reflect our expectation of extraordinary negative intervention from the government, for instance through a tendency to increase taxes and dividends, to require the GRE to provide subsidies, or to restrict the GRE's flexibility in some other way when the sovereign faces fiscal or external stress. The risk of adverse intervention often increases when a government is in default or under financial pressure. Therefore, it is unusual for a GRE to be rated above its related government, as explained below.

Rating a GRE above the rating on its government

58. By rating a GRE above its related government, S&P Global Ratings is expressing its view that the GRE's ability and willingness to service its debt is superior to that of the government and that, ultimately, if the government defaults, there is a measurable likelihood that the GRE would not default.

59. For governments rated 'B-' or higher, the following three conditions must be met for any GRE to have a rating above that of its respective government:

- The GRE must be protected from extraordinary negative government intervention, as described in paragraph 57. The likelihood of extraordinary negative intervention should be relatively low: We should be confident that the government's willingness and ability to impair the GRE's creditworthiness in periods of stress should be limited. We also should believe the GRE can mitigate potential government interference, for example, through one or more of the following: non-government shareholder support, solid governance standards, financial resilience to interference, or a track record of a hands-off approach by the government, including in periods of stress. Therefore, if we believe there is a meaningful risk of extraordinary negative government intervention, we would not rate the GRE higher than the related government.
- The SACP, which includes ongoing positive and negative intervention, must exceed the government's rating. When a GRE rating exceeds that of its related government, the GRE rating will be no higher than its SACP. Sector-specific criteria generally indicate adjustments to be made with respect to ongoing support from the government when the entity is significantly reliant on such support and when its SACP exceeds the rating on the government. These adjustments could include caps above the related government rating or additional stressed assumptions in determination of the final SACP to reflect the ongoing link to the creditworthiness of the related government. In the absence of such sector-specific guidelines, we may further adjust the SACP to reduce a portion of the benefits of "ongoing support" (such as government appropriations, subsidies, ongoing funding, etc.) and factor in ongoing negative intervention from the related government. The GRE rating would be capped by that of the related government if we expect the GRE to default when the related government defaults. For all sectors globally, we will not rate a GRE more than three notches above the related

government rating if we view the GRE as dependent on ongoing support from the government. Per our "Ratings Above The Sovereign--Corporate And Government Ratings," published Nov. 19, 2013, in the section on GRE ratings, most sovereign-related GREs would have a maximum differential of two notches above the related sovereign foreign currency rating (as explained in paragraphs 60 through 62 of that criteria).

- The link is not "integral" or "very strong."

60. When the related government's rating is in the 'CCC' category or lower, including 'SD' (selective default) and 'D', the GRE's rating reflects its SACP as may be adjusted downward for negative intervention risk, or as per "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012.

61. For GREs whose related government is a sovereign and that meet the three conditions in paragraph 59, to further determine whether the GRE can be rated above the sovereign (and if so, by how many notches), we apply "Ratings Above The Sovereign--Corporate And Government Ratings," section E, "Government-Related Entities (GREs)" (paragraphs 60 through 62).

62. For GREs whose related government is an LRG that is itself rated above the sovereign, the GRE could be rated above the sovereign without a stress test per se, solely based on support of an LRG, as long as our stress test for rating the LRG above the sovereign incorporates all aspects of both ongoing and extraordinary support for the GRE in such a stress scenario, including funding cost, subsidies, etc.

63. For GREs whose related government is an LRG that is not rated above the sovereign, and the rating on the LRG is between 'B-' and 'A+', inclusive, we review a stress scenario as part of our process to consider a GRE rating above the rating on the respective LRG. This stress scenario uses the SACP as the starting point. The stress scenario is intended to test for resilience to government default and would include assumptions about the following aspects:

- Regional economic decline and the related effect on the GRE--The region experiences a deep recession, and regional economic output declines by approximately 6% to 10% in one year. The assumption is that the regional economic decline, if the region defaults, would mirror that of the sovereign if it defaults.
- Stress on securities of the related regional government held in liquidity reserves--We assume that the obligor would default and that recovery in a default would be as per assumptions used for LRGs in our collateralized debt obligation criteria.
- Stress on securities of other regionally based entities held in liquidity reserves--Depending on the GRE's relation to the related government, we would assume that the obligor's rating would be subject to downward transition or default, with a related effect on the market value of such securities (in the case of entities highly correlated with the LRG, we would assume they would also be in default, and recovery would be as per the paragraph above).
- Negative extraordinary intervention--For example, we may assume that the region imposes a special tax equivalent to 10% of the entities' incomes.
- Effect of ongoing support in the SACP--For example, we may assume that any income derived from the owner is halved.

64. In case a specific, clearly defined government default scenario can be determined, and this does not encompass a regional macroeconomic decline, we would not apply the above stress scenario, and instead, we would apply the case-specific scenario as the relevant stress.

65. When the related LRG is rated above 'A+', no formal stress test is required, but we must have the view, as per paragraph 58, that there is a measurable likelihood that the entity would not default if

the government defaulted. If the related LRG is rated 'CCC+' or below, we expect the current stressed conditions to represent both our base-case and the expected default scenarios, and we generally would not perform a stress test for GREs rated up to 'B-'.

Project financings

66. In assessing a project's linkages to the government, we consider the strength and durability of the link between the government and the project GRE (see table 3), and we may also analyze any statements of support from the government, any contractual commitment that provides timely, extraordinary intervention to support a project's debt issue in periods of stress, or any strong precedent of government support for financial obligations of projects that operate in an essential segment of the economy and are systemically important to a country. We would apply any GRE uplift to the project SACP and, if present, the subordinated SACP (see "General Project Finance Rating Methodology," published Dec. 14, 2022). Any GRE uplift above a project SACP is typically rare given the nature of project financings. For example, governments that award a concession or contract using a project finance structure often do so to shift the risks of constructing and operating a critical infrastructure or social asset to a private enterprise. As such, the government's incentives are typically limited to satisfying its obligations embedded in the concession or contract it awards.

Liquidity assessment for corporate GREs

67. We assess liquidity at the SACP level, which would include ongoing support but not extraordinary support. As outlined in "Stand-Alone Credit Profiles: One Component Of A Rating," published Oct. 1, 2010, the determination of an SACP incorporates direct support already committed and the influence of ongoing interactions or influence from the government, parent, or affiliate. In the case of GREs, the support can be channeled through government-owned or -controlled banks or agencies and would typically include ongoing certain and timely cash contributions or access to funding provided to a GRE from a government or another GRE, or government-directed funding from government-owned or -controlled banks or agencies. To be included under our liquidity assessment at the SACP level, such ongoing liquidity or funding support would need to be certain and timely and be demonstrated by a track record and government policy, or an agreed and established process and ongoing interactions by the government and government-owned or -controlled funding bank(s) or agencies to provide such liquidity or access to funding as required. The short-term rating on a GRE would, however, be based on a liquidity descriptor that has been adjusted for extraordinary support (see "Methodology For Linking Long-Term And Short-Term Ratings," published April 7, 2017).

GREs: Rating Obligations

Government guarantees

68. Some GREs' obligations have timely, irrevocable, and unconditional government guarantees. S&P Global Ratings' criteria for rating guaranteed obligations are explained in "Guarantee Criteria," published Oct. 21, 2016.

69. If the sovereign or other relevant governmental unit does not guarantee a particular issuance or GRE according to the above criteria, we use our GRE methodology and any other relevant criteria to determine the relevant rating assigned to such obligations or issuer.

70. Certain GREs or their obligations benefit from statutory guarantees, whereby the government would be ultimately liable for all of the GRE's obligations or the specific obligation if the entity ceased to exist. In many cases, the defining characteristic of such guarantees is that they do not promise timely payment and thus do not generally require the guarantor to meet the obligations on their respective payment dates but only after the resources of the guaranteed entity are exhausted (a process that could take some time). In those cases, we would account for the existence of this statutory guarantee as one factor among others that might create an incentive for the government to provide timely support in accordance with our GRE methodology for determining the GRE's ICR or senior debt rating. More specifically, we would view this as one of the elements that could lead us to assess the link between the GRE and its related government as "very strong," as described in table 3. In addition, if there is a legal or contractual basis for support of a specific obligation that is different from that which forms the basis of the ICR, we may rate such obligation based on government support specific to the obligation. We would expect the application to be narrow because we rate to timely support, and the guarantees considered under this paragraph may not meet this requirement. Similarly, if the existence of a guarantee means there is a legal or contractual basis for government support of a subordinated instrument that mitigates risks associated with post-default recovery or position in bankruptcy, we may rate such obligations based on government support specific to the obligation.

71. In rare cases, when a GRE is transitioning from one of the top support categories ("almost certain" or "extremely high") to a lower support category, the supporting government may publicly state support for existing ("grandfathered") debt while not stating such support for debt issued after a certain date. If we are confident of such support based on evidence or statements from the government, we may rate such supported debt issues higher than the ICR (or senior debt rating) on the GRE by applying tables 2 and 3 (role and link) and 4 through 8 of the GRE criteria separately to the grandfathered debt issues.

Rating GRE debt obligations

72. As for any other entity, we might rate specific obligations issued by a GRE differently from its ICR, depending on our view of default risk of the obligation and the payment priority or expected recovery on the instrument in the case of obligor default. We generally rate such obligations, including hybrid capital and other subordinated debt, in line with the relevant sector criteria. For ratings on GRE debt obligations in the 'CCC' category, we also apply "Criteria for Assigning ‘CCC+’, ‘CCC’, ‘CCC-‘, And ‘CC’ Ratings," published Oct. 1, 2012, as further explained in "Credit FAQ: Applying Criteria For Assigning ‘CCC+’, ‘CCC’, ‘CCC-‘, And ‘CC’ Ratings To Subordinated and Hybrid Capital Instruments," published July 16, 2014.

73. For hybrid capital instruments issued by a GRE, we apply "Hybrid Capital: Methodology And Assumptions," published March 2, 2022. When we determine the SACP using financial institutions methodology, we apply paragraph 64. When the GRE's SACP is determined using corporate or insurance methodology, or when the GRE is a financial services company that uses the corporate approach under table 3 of those criteria, we apply the section "Starting point for notching in corporate and insurance entities."

74. For nondeferrable subordinated debt instruments, we also generally rate according to the sector criteria used to determine the SACP of the GRE, which specifies how we notch down such instrument ratings from the ICR or the SACP (for banks, see the section "Nondeferrable subordinated bank debt" in "Hybrid Capital: Methodology And Assumptions," published March 2, 2022; for insurance companies, see the section "Assigning Issue Ratings To Instruments Other Than Equity Hybrids" in "Insurers Rating Methodology," published July 1, 2019; for corporate entities, see "Reflecting Subordination Risk In Corporate Issue Ratings," published March 29,

2018). See also paragraph 70, above, for treatment of subordinated instruments that benefit from statutory guarantees from a government.

75. For countries and sectors where we apply recovery ratings, such as for corporate entities and certain types of financial institutions, with ICRs of 'BB+' or below (in certain jurisdictions), we apply our recovery and related issue credit rating criteria to GREs that meet all of the following characteristics:

- The GRE is in a country where we have performed insolvency regime analysis and where we assign recovery ratings;
- The likelihood of support to the GRE is not one of the top two categories, i.e., not "almost certain" nor "extremely high." This is because for these, we assume the government would heavily influence the debt restructuring, rather than assuming a restructuring under the local insolvency regime; and
- We need to have concluded that the GRE would be subject to the local insolvency regime in case of a default, and that recovery outcomes would be equally predictable as those for private-sector corporates.

76. Similarly, for sectors in which we apply recovery ratings and where an issue is backed by a government guarantee that provides for ultimate recovery rather than for timely payment, we factor in the amount of the guarantee in line with our recovery methodology, "Recovery Rating Criteria For Speculative-Grade Corporate Issuers," published Dec. 7, 2016. For rated issues of corporate GREs with issuer credit ratings of 'BB+' or weaker, on which we do not apply our recovery rating methodology (because of the support category or because we reached an analytical or legal conclusion that the issuer would not be subject to the local insolvency regime), we apply the issue credit rating criteria in "Reflecting Subordination Risk In Corporate Issue Ratings," published March 29, 2018. This means we do not notch up for well-secured debt, but we may notch down for junior/subordinated GRE debt, the latter using either the hybrid capital criteria or the same guidelines we use for jurisdictions where we do not apply recovery ratings.

77. For transactions backed by non-debt payments from a GRE, such as a transaction backed by lease payments, we will perform a transaction-specific analysis of the likelihood of government support to such obligations of the GRE. We align such likelihood of support or payment with either (i) the SACP on the GRE (if we do not expect extraordinary government support for the transaction backed by non-debt payments), or (ii) with the ICR or senior debt rating on the GRE if we do expect the same level of extraordinary government support for the transaction backed by non-debt payments. In addition, we may assess the likelihood of payment at a level between the SACP and the ICR or senior debt rating on the GRE.

Rating GRE Subsidiaries

78. When rating a subsidiary of a GRE, we analyze the subsidiary's relationships both with its group, using "Group Rating Methodology" (GRM) where applicable, and with the government.

79. We may choose to rate based solely on potential extraordinary government support for the subsidiary, and not consider the group credit profile (GCP), as long as we believe the government would mitigate the effects of potential negative extraordinary intervention from the group, and as long as any potential ongoing negative intervention from the group is considered as part of the entity's SACP.

80. In certain limited cases for a "core" subsidiary, we may apply tables 4 through 8 by using the group SACP in place of the subsidiary's SACP. This would be only when both of the following conditions

apply:

- We believe both group and government support can apply; and
- We believe that (i) the group has the willingness and capacity, equivalent to its group SACP, to support classes of debt of subsidiaries that carry statements of government support (albeit short of a guarantee meeting our criteria for a rating substitution), as opposed to merely relying on the government to service such classes of debt, and (ii) the government will support the obligations in line with our GRE analysis, despite the availability of group support.

81. In such cases, no SACP is required for the subsidiary.

82. For a subsidiary of a GRE that is out of scope for the group rating methodology, we assess whether government support would likely accrue to rated members of the group as follows:

- If we believe the government is likely to extend such extraordinary support directly to that subsidiary (bypassing the parent), we would add any rating uplift for such support to the SACP of that subsidiary in determining the ICR.
- If we believe the government is likely to extend such extraordinary support indirectly, via the parent or group, to the subsidiary, we would use the parent's ICR (which would include uplift, if any, for such support) as the reference point in determining the ICR for that subsidiary. Therefore, the rating on the subsidiary would likely be between the subsidiary's SACP and the parent's ICR, depending on the degree of support expected from the parent.
- If we believe the government is unlikely to extend such extraordinary support to the subsidiary, we would consider the parent's willingness and capacity to support its subsidiary as measured by the parent's SACP. Therefore, the rating on the subsidiary would likely be between the subsidiary SACP and the parent SACP (or potentially higher, if the subsidiary SACP is above the parent SACP), depending on the degree of support expected from the parent.

APPENDICES

Appendix 1: This Appendix Has Been Deleted

83. This paragraph has been deleted.

Appendix 2: Determining A GRE's Issuer Credit Rating: Tables Presented By Government Rating

84. Tables 9 through 24 below indicate what would be the GRE's issuer or senior credit rating based on its SACP (listed down the left-hand side of the table), our assessment of the likelihood of extraordinary government support (listed across the top of the table), and the government's local currency rating.

Table 9

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'AAA'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
aaa	AAA	AAA	AAA	AAA	AAA	AAA	AAA
aa+	AAA	AAA	AAA	AA+	AA+	AA+	AA+
aa	AAA	AAA	AAA	AA+	AA	AA	AA
aa-	AAA	AAA	AA+	AA	AA	AA-	AA-
a+	AAA	AA+	AA	AA-	AA-	AA-	A+
a	AAA	AA+	AA	AA-	A+	A+	A
a-	AAA	AA+	AA	AA-	A+	A	A-
bbb+	AAA	AA+	AA-	A+	A	A-	BBB+
bbb	AAA	AA+	A+	A	A-	BBB+	BBB
bbb-	AAA	AA+	A	A-	BBB+	BBB	BBB-
bb+	AAA	AA+	A-	BBB+	BBB	BBB-	BB+
bb	AAA	AA	BBB+	BBB	BBB-	BB+	BB
bb-	AAA	AA	BBB+	BBB-	BB+	BB	BB-
b+	AAA	AA	BBB+	BB+	BB	BB-	B+
b	AAA	AA-	BBB	BB	BB-	B+	B
b-	AAA	AA-	BBB-	BB-	B+	B	B-
ccc+	AAA	BBB-	BB-	B+	B	B-	*
ccc	AAA	BB+	B+	B	B-	*	*
ccc-	AAA	BB+	B+	B-	*	*	*
cc	AAA	BB-	B+	B-	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 10

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'AA+'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
aa+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
aa	AA+	AA+	AA+	AA	AA	AA	AA
aa-	AA+	AA+	AA+	AA	AA-	AA-	AA-
a+	AA+	AA	AA	AA-	AA-	A+	A+
a	AA+	AA	AA-	A+	A+	A+	A
a-	AA+	AA	AA-	A+	A	A	A-

Table 10

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'AA+' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bbb+	AA+	AA	AA-	A+	A	A-	BBB+
bbb	AA+	AA	A+	A	A-	BBB+	BBB
bbb-	AA+	AA	A	A-	BBB+	BBB	BBB-
bb+	AA+	AA	A-	BBB+	BBB	BBB-	BB+
bb	AA+	AA-	BBB+	BBB	BBB-	BB+	BB
bb-	AA+	AA-	BBB+	BBB-	BB+	BB	BB-
b+	AA+	AA-	BBB	BB+	BB	BB-	B+
b	AA+	A+	BBB-	BB	BB-	B+	B
b-	AA+	A	BBB-	BB-	B+	B	B-
ccc+	AA+	BBB-	BB-	B+	B	B-	*
ccc	AA+	BB+	B+	B	B-	*	*
ccc-	AA+	BB+	B+	B-	*	*	*
cc	AA+	BB-	B+	B-	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 11

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'AA'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
aa	AA	AA	AA	AA	AA	AA	AA
aa-	AA	AA	AA	AA-	AA-	AA-	AA-
a+	AA	AA	AA	AA-	A+	A+	A+
a	AA	AA-	AA-	A+	A+	A	A
a-	AA	AA-	A+	A+	A	A	A-
bbb+	AA	AA-	A+	A	A-	A-	BBB+
bbb	AA	AA-	A+	A	A-	BBB+	BBB
bbb-	AA	AA-	A	A-	BBB+	BBB	BBB-
bb+	AA	AA-	A-	BBB+	BBB	BBB-	BB+
bb	AA	A+	BBB+	BBB	BBB-	BB+	BB
bb-	AA	A+	BBB	BBB-	BB+	BB	BB-
b+	AA	A	BBB-	BB+	BB	BB-	B+
b	AA	A	BBB-	BB	BB-	B+	B

Table 11

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'AA' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b-	AA	A	BB+	BB-	B+	B	B-
ccc+	AA	BBB-	BB-	B+	B	B-	*
ccc	AA	BB+	B+	B	B-	*	*
ccc-	AA	BB+	B+	B-	*	*	*
cc	AA	BB-	B+	B-	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 12

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'AA-'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
aa-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
a+	AA-	AA-	AA-	A+	A+	A+	A+
a	AA-	AA-	AA-	A+	A	A	A
a-	AA-	A+	A+	A	A	A-	A-
bbb+	AA-	A+	A	A	A-	A-	BBB+
bbb	AA-	A+	A	A-	BBB+	BBB+	BBB
bbb-	AA-	A+	A	A-	BBB+	BBB	BBB-
bb+	AA-	A+	A-	BBB+	BBB	BBB-	BB+
bb	AA-	A+	BBB+	BBB	BBB-	BB+	BB
bb-	AA-	A+	BBB	BBB-	BB+	BB	BB-
b+	AA-	A	BBB-	BB+	BB	BB-	B+
b	AA-	A	BBB-	BB	BB-	B+	B
b-	AA-	A	BB+	BB-	B+	B	B-
ccc+	AA-	BBB-	BB-	B+	B	B-	*
ccc	AA-	BB+	B+	B	B-	*	*
ccc-	AA-	BB+	B+	B-	*	*	*
cc	AA-	BB-	B+	B-	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 13

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'A+'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
a+	A+	A+	A+	A+	A+	A+	A+
a	A+	A+	A+	A	A	A	A
a-	A+	A	A	A	A-	A-	A-
bbb+	A+	A	A	A	A-	BBB+	BBB+
bbb	A+	A	A	A-	BBB+	BBB+	BBB
bbb-	A+	A	A-	BBB+	BBB	BBB	BBB-
bb+	A+	A	A-	BBB+	BBB	BBB-	BB+
bb	A+	A	BBB+	BBB	BBB-	BB+	BB
bb-	A+	A	BBB	BBB-	BB+	BB	BB-
b+	A+	BBB+	BBB-	BB+	BB	BB-	B+
b	A+	BBB+	BB+	BB	BB-	B+	B
b-	A+	BBB	BB	BB-	B+	B	B-
ccc+	A+	BBB-	BB-	B+	B	B-	*
ccc	A+	BB+	B+	B	B-	*	*
ccc-	A+	BB+	B+	B-	*	*	*
cc	A+	BB-	B+	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 14

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'A'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
a	A	A	A	A	A	A	A
a-	A	A	A	A-	A-	A-	A-
bbb+	A	A-	A-	A-	BBB+	BBB+	BBB+
bbb	A	A-	A-	A-	BBB+	BBB	BBB
bbb-	A	A-	A-	BBB+	BBB	BBB	BBB-
bb+	A	A-	BBB+	BBB	BBB-	BBB-	BB+
bb	A	A-	BBB+	BBB	BBB-	BB+	BB
bb-	A	A-	BBB	BBB-	BB+	BB	BB-
b+	A	BBB+	BBB-	BB+	BB	BB-	B+
b	A	BBB+	BB+	BB	BB-	B+	B

Table 14

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'A' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b-	A	BBB	BB	BB-	B+	B	B-
ccc+	A	BBB-	BB-	B+	B	B-	*
ccc	A	BB+	B+	B	B-	*	*
ccc-	A	BB+	B+	B-	*	*	*
cc	A	BB-	B+	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 15

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'A-'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
a-	A-	A-	A-	A-	A-	A-	A-
bbb+	A-	A-	A-	BBB+	BBB+	BBB+	BBB+
bbb	A-	BBB+	BBB+	BBB+	BBB	BBB	BBB
bbb-	A-	BBB+	BBB+	BBB+	BBB	BBB-	BBB-
bb+	A-	BBB+	BBB+	BBB	BBB-	BBB-	BB+
bb	A-	BBB+	BBB	BBB-	BB+	BB+	BB
bb-	A-	BBB+	BBB	BBB-	BB+	BB	BB-
b+	A-	BBB	BBB-	BB+	BB	BB-	B+
b	A-	BBB	BB+	BB	BB-	B+	B
b-	A-	BBB	BB	BB-	B+	B	B-
ccc+	A-	BBB-	BB-	B+	B	B-	*
ccc	A-	BB+	B+	B	B-	*	*
ccc-	A-	BB+	B+	B-	*	*	*
cc	A-	BB-	B+	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 16

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BBB+'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bbb+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
bbb	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB
bbb-	BBB+	BBB	BBB	BBB	BBB-	BBB-	BBB-
bb+	BBB+	BBB	BBB	BBB	BBB-	BB+	BB+
bb	BBB+	BBB	BBB	BBB-	BB+	BB+	BB
bb-	BBB+	BBB	BBB-	BB+	BB	BB	BB-
b+	BBB+	BBB-	BBB-	BB+	BB	BB-	B+
b	BBB+	BBB-	BB+	BB	BB-	B+	B
b-	BBB+	BBB-	BB	BB-	B+	B	B-
ccc+	BBB+	BB+	B+	B+	B	B-	*
ccc	BBB+	BB	B+	B	B-	*	*
ccc-	BBB+	BB	B+	B-	*	*	*
cc	BBB+	B+	B	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 17

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BBB'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bbb	BBB	BBB	BBB	BBB	BBB	BBB	BBB
bbb-	BBB	BBB	BBB	BBB-	BBB-	BBB-	BBB-
bb+	BBB	BBB-	BBB-	BBB-	BB+	BB+	BB+
bb	BBB	BBB-	BBB-	BBB-	BB+	BB	BB
bb-	BBB	BBB-	BBB-	BB+	BB	BB	BB-
b+	BBB	BB+	BB+	BB	BB-	BB-	B+
b	BBB	BB+	BB+	BB	BB-	B+	B
b-	BBB	BB+	BB	BB-	B+	B	B-
ccc+	BBB	BB	B+	B+	B	B-	*
ccc	BBB	BB	B+	B	B-	*	*
ccc-	BBB	BB	B+	B-	*	*	*

Table 17

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BBB' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
cc	BBB	B+	B	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 18

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BBB-'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bbb-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
bb+	BBB-	BBB-	BBB-	BB+	BB+	BB+	BB+
bb	BBB-	BB+	BB+	BB+	BB	BB	BB
bb-	BBB-	BB+	BB+	BB+	BB	BB-	BB-
b+	BBB-	BB	BB	BB	BB-	BB-	B+
b	BBB-	BB	BB	BB-	B+	B+	B
b-	BBB-	BB	BB	BB-	B+	B	B-
ccc+	BBB-	BB-	B+	B+	B	B-	*
ccc	BBB-	BB-	B+	B	B-	*	*
ccc-	BBB-	BB-	B+	B-	*	*	*
cc	BBB-	B+	B-	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 19

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BB+'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bb+	BB+	BB+	BB+	BB+	BB+	BB+	BB+
bb	BB+	BB	BB	BB	BB	BB	BB
bb-	BB+	BB	BB	BB	BB-	BB-	BB-
b+	BB+	BB	BB-	BB-	BB-	B+	B+
b	BB+	BB	BB-	BB-	B+	B+	B

Table 19

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BB+' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b-	BB+	BB	BB-	B+	B	B	B-
ccc+	BB+	B+	B+	B	B-	B-	*
ccc	BB+	B+	B+	B-	*	*	*
ccc-	BB+	B+	B	*	*	*	*
cc	BB+	B	B-	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 20

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BB'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bb	BB	BB	BB	BB	BB	BB	BB
bb-	BB	BB-	BB-	BB-	BB-	BB-	BB-
b+	BB	BB-	BB-	BB-	B+	B+	B+
b	BB	BB-	BB-	BB-	B+	B	B
b-	BB	BB-	B+	B+	B	B	B-
ccc+	BB	B+	B+	B	B-	B-	*
ccc	BB	B+	B	B-	*	*	*
ccc-	BB	B+	B-	*	*	*	*
cc	BB	B	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 21

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BB-'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
bb-	BB-	BB-	BB-	BB-	BB-	BB-	BB-
b+	BB-	B+	B+	B+	B+	B+	B+
b	BB-	B+	B+	B+	B	B	B

Table 21

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'BB-' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b-	BB-	B+	B	B	B	B-	B-
ccc+	BB-	B	B-	B-	B-	B-	*
ccc	BB-	B	B-	B-	*	*	*
ccc-	BB-	B	B-	*	*	*	*
cc	BB-	B-	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 22

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'B+'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b+	B+	B+	B+	B+	B+	B+	B+
b	B+	B	B	B	B	B	B
b-	B+	B	B-	B-	B-	B-	B-
ccc+	B+	B-	B-	B-	*	*	*
ccc	B+	B-	*	*	*	*	*
ccc-	B+	B-	*	*	*	*	*
cc	B+	*	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 23

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'B'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b	B	B	B	B	B	B	B
b-	B	B-	B-	B-	B-	B-	B-
ccc+	B	B-	B-	B-	*	*	*
ccc	B	B-	*	*	*	*	*
ccc-	B	B-	*	*	*	*	*

Table 23

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'B' (cont.)

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
cc	B	*	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

Table 24

Determining A GRE's Issuer Credit Rating: Government With A Local Currency Rating Of 'B-'

	--Likelihood of extraordinary government support--						
SACP	**AC**	**EH**	**VH**	**H**	**MH**	**M**	**L**
b-	B-	B-	B-	B-	B-	B-	B-
ccc+	B-	*	*	*	*	*	*
ccc	B-	*	*	*	*	*	*
ccc-	B-	*	*	*	*	*	*
cc	B-	*	*	*	*	*	*

*These combinations may suggest an issuer credit rating in the 'CCC' or weaker rating categories. As per paragraph 43, we only assign issuer credit ratings for GREs in these rating categories based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012. SACP--Stand-alone credit profile. AC--Almost certain. EH--Extremely high. VH--Very high. H--High. MH--Moderately high. M--Moderate. L--Low.

85. This paragraph has been deleted.

REVISIONS AND UPDATES

This article was originally published on March 25, 2015.

Changes introduced after original publication:

- Following our periodic review completed on March 24, 2017, we updated the contact information and criteria references.
- Following our periodic review completed on March 22, 2018, we updated the contact information and criteria references. We added the "Revisions And Updates" section.
- On May 22, 2019, we republished this criteria article to make nonmaterial changes. We updated the contact information and criteria references. We deleted Appendix 3, which outlined key changes from the previous "Rating Government-Related Entities: Methodology And Assumptions," published Dec. 9, 2010.
- On July 1, 2019, we republished this criteria article to make nonmaterial changes. We deleted paragraph 83 (Appendix 1), which was a reproduction of specific sections of the superseded GRM criteria published in 2013. We also made changes to paragraph 78, primarily deleting

specific references to the superseded GRM criteria from 2013. In addition, we aligned the terminology we use in paragraph 80 with what is used in the GRM criteria that we published on July 1, 2019. And we updated the "Related Criteria And Research" section.

- On May 13, 2020, we republished this criteria article to make nonmaterial changes. We updated paragraphs 73 and 74 as a result of the publication of "Insurers Rating Methodology" as well as "Hybrid Capital: Methodology And Assumptions" on July 1, 2019, which superseded "Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions," published Jan. 29, 2015, and "Hybrid Capital Handbook: September 2008 Edition," published Sept. 15, 2008. We also updated the contact information and the "Related Criteria" section.
- On June 4, 2020, we republished this criteria article to add "Guidance: Rating Implications Of Exchange Offers And Similar Restructurings, Update" to the "Related Criteria And Research" section.
- On April 21, 2021, we republished this criteria article to make nonmaterial changes. We updated the contact list and criteria references.
- On Oct. 11, 2021, we republished this criteria article to make nonmaterial changes. We updated table 2, "Assessing The Importance Of A GRE's Role To The Government," to include examples describing how we incorporate environmental, social, and governance credit factors in our criteria framework. We also updated the "Related Publications" section.
- On Aug. 29, 2022, we republished this criteria article to make nonmaterial changes to update criteria references.
- On June 20, 2023, we republished this criteria article to make nonmaterial changes to paragraph 44 to add examples of when the GRE rating may vary one notch up or down. We also updated criteria references and the contact list.
- On June 21, 2023, we republished this criteria article to correct a publication error that occurred in paragraph 44 on the June 20, 2023, republication.

RELATED PUBLICATIONS

Partially Superseded Criteria

- Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Nov. 26, 2012

Related Criteria

- General Project Finance Rating Methodology, Dec. 14, 2022
- Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Jan. 31, 2022
- Financial Institutions Rating Methodology, Dec. 9, 2021
- Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019

- Group Rating Methodology, July 1, 2019
- Insurers Rating Methodology, July 1, 2019
- Reflecting Subordination Risk In Corporate Issue Ratings, March 29, 2018
- Sovereign Rating Methodology, Dec. 18, 2017
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Guarantee Criteria, Oct. 21, 2016
- U.S. State Ratings Methodology, Oct. 17, 2016
- Methodology And Assumptions For Rating Jointly Supported Financial Obligations, May 23, 2016
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities, Dec. 9, 2014
- Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- U.S. Local Governments General Obligation Ratings: Methodology And Assumptions, Sept. 12, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- CDOs And Pooled TOBs Backed By U.S. Municipal Debt: Methodology And Assumptions, April 3, 2012
- Principles Of Credit Ratings, Feb. 16, 2011
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- Credit FAQ: Applying "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings" To Subordinated And Hybrid Capital Instruments, July 16, 2014

(Watch the related CreditMatters TV segment titled "Standard & Poor's Updates Its Criteria For Rating Government-Related Entities," dated March 25, 2015.)

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This report does not constitute a rating action.

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