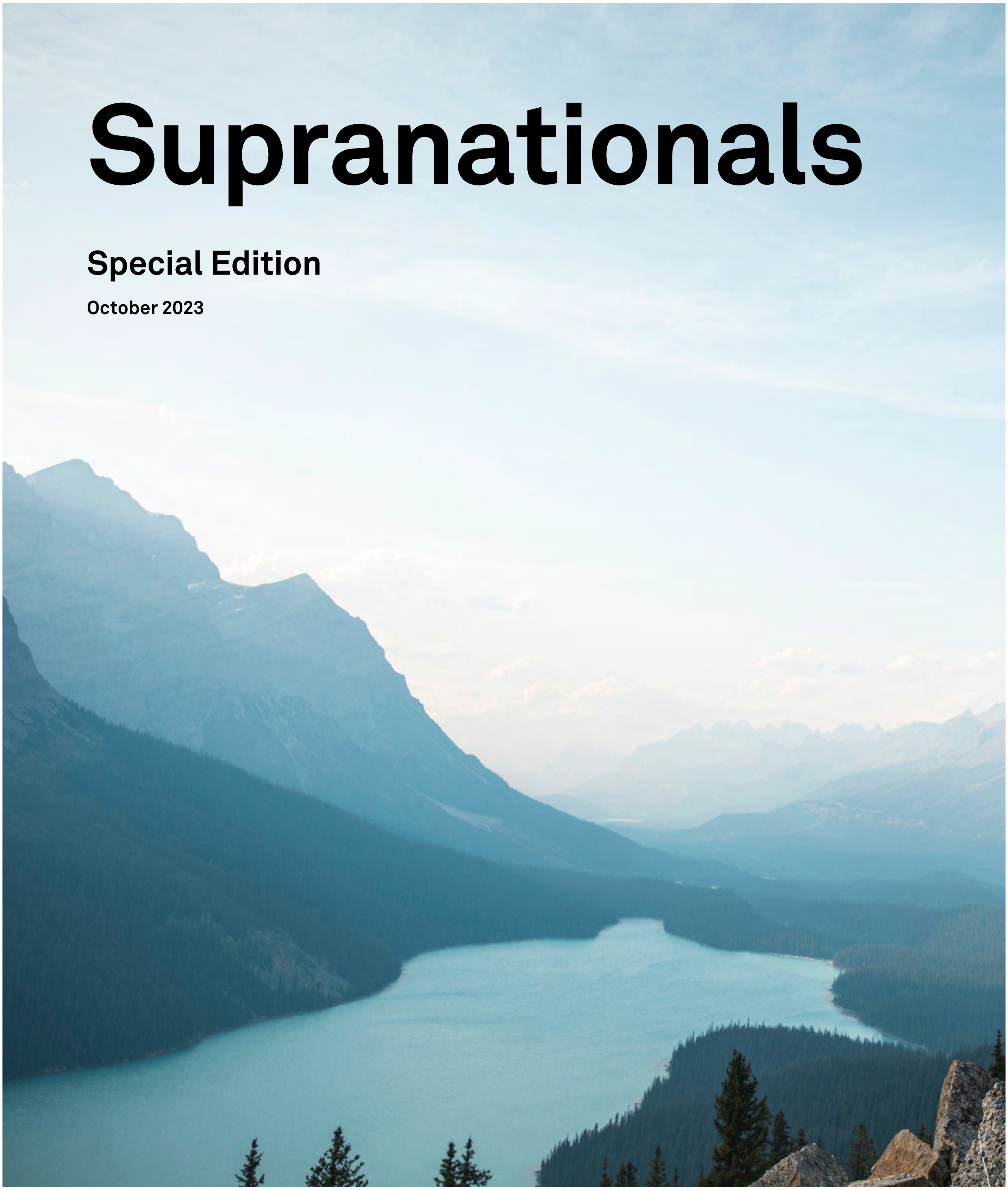
Supranationals

Special Edition

October 2023



S&P Global
Ratings

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Supranationals' Abbreviations and Acronyms

AsDB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
APICORP	Arab Petroleum Investments Corporation
ATIDI	African Trade & Investment Development Insurance
BSTDB	Black Sea Trade and Development Bank
BADEA	Arab Bank for Economic Development in Africa
CABEI	Central American Bank for Economic Integration
CAF	Corporación Andina de Fomento
CDB	Caribbean Development Bank
CEB	Council of Europe Development Bank
CGIF	Credit Guarantee and Investment Facility
Dhaman	Arab Investment and Export Credit Guarantee Corp.
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EDB	Eurasian Development Bank
EFSF	European Financial Stability Facility
EIB	European Investment Bank
EIF	European Investment Fund
ESM	European Stability Mechanism
EU	European Union
EURATOM	European Atomic Energy Community
EUROFIMA	European Company for the Financing of Railroad Rolling Stock
FLAR	Fondo Latinoamericano de Reservas
FONPLATA	Fondo Financiero para el Desarrollo de la Cuenca del Plata
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICD	Islamic Corp. for the Development of the Private Sector
IDA	International Development Association
IDB	IDB Invest (Former Inter-American Investment Corporation)
IFAD	International Fund for Agricultural Development.
IFC	International Finance Corp.
IFFIm	International Financial Facility for Immunisation
IIB	International Investment Bank
IsDB	Islamic Development Bank
NDB	New Development Bank
NIB	Nordic Investment Bank

$	U.S. dollar
€	Euro
EAD	Exposure at default
FSR	Financial strength rating
GCI	General capital increase
GDP	Gross domestic product
GRE	Government-related entity
HIPC	Heavily indebted poor countries
ICR	Issuer credit rating
IMF	International Monetary Fund
LGD	Loss given default
MLI	Multilateral lending institution
NPAs	Nonperforming assets
NPLs	Nonperforming loans
PCT	Preferred creditor treatment
PD	Probability of default
RAC	Risk-adjusted capital
RACF	Risk-adjusted capital framework
RWA	Risk-weighted assets
SACP	Stand-alone credit profile
SDR	Special drawing right

Foreword

Alexander Ekbom

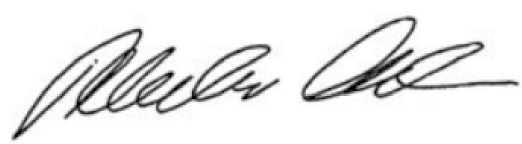
Alexis Smith-Juvelis

It is with great pleasure that we continue our tradition and present the Supranationals 2023 Special Edition. This is our yearly report on multilateral lending institutions (MLIs) and other nonbank supranational institutions, a publication that first started back in 1986.

We continue to only publish this in digital format to make a small contribution toward reducing S&P Global's imprint on the environment.

Should you have any questions or suggestions regarding the publication, data, ratings, methodology or other topics covered herewith, please do not hesitate to contact us.

We hope you will enjoy reading our 2023 edition as much as we did putting it together.



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What Are Supranationals?

Supranational institutions are those owned or established by governments of two or more countries. They are usually established by international treaties to pursue specified policy objectives and are generally not subject to commercial law. MLIs are a subset of this asset class. MLIs are usually established to promote economic development in their less-developed or regional member countries, facilitate regional integration, or expand cross-border trade.

Other rated supranational institutions include multilateral insurance companies, monetary funds, regional public policy institutions, and vehicles that provide budgetary financing or that pool overseas direct assistance. We do not include corporations that provide similar services, but are listed on an exchange, in our definition of supranational institutions.

MLIs tend to be specialized institutions established by several sovereign governments and mandated to support the public policy of their owners. This results in several unique characteristics for MLIs compared with banks, including:

- Their special status, governed by international treaties and the institution's bylaws. (MLIs are usually not subject to national banking regulation or commercial law.)

- PCT on exposures to sovereigns. This is a cornerstone of the MLI sector that historically has enabled it to operate with low credit losses.

- Generally simpler and narrower business profiles than commercial banks. Most MLIs primarily lend to or guarantee obligations of sovereign governments. They usually do not trade, or engage in underwriting.

- A higher reliance on market funding. (Most have no or limited deposits and generally no access to central bank funding.) This is mitigated, in most cases, by high levels of capital and liquid assets.

- A public-policy mandate, meaning that maximizing operating profits is not a goal. Also, MLIs' internal organization usually does not engender the potentially misaligned incentives that can be found in compensation plans or in profit-maximizing institutions, with their emphasis on quarterly profits. Although returns on equity may be lower than those of profit-maximizing institutions, MLIs' ability to generate capital internally has historically benefited from them being exempt from corporate income tax. A positive feature of MLIs is higher earnings retention, thanks to low, if any, distribution of dividends or similar payments made at the board's discretion, resulting in adequate internal capital generation.

Some MLIs also benefit from callable capital from government shareholders that are rated the same or higher than the institution's SACP.

Introduction to Supranationals Special Edition 2023

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MLIs Are Intensifying Their Commitment To A New Global Financing Pact

Momentum continues to build around the 2022 G20 report on capital adequacy frameworks that called upon improving existing capital resources to support additional lending capacity from the multilateral sector. More recently, 50 countries endorsed these reforms during the June 2023 Paris summit, aiming to support responses to global challenges via multiple channels, including optimizing capital and adopting new tools to increase MLI financing capacity.

They also reinforced the continued importance of private sector mobilization to support responses to global development challenges including climate finance, and called to build a more resilient financial system, in part by adopting climate-resilient debt clauses.

Capital Optimization Is Nothing New For MLIs

Capital optimization has been brought front and center as the pandemic, recession risk, and intensifying climate shocks continue to increase demand for MLI resources. In 2015, many country leaders endorsed a 15-year global plan to end poverty, reduce inequality, and protect the environment, as espoused in the U.N.'s 2030 Agenda for Sustainable Development and Sustainable Development Goals.

In addition, the G20 endorsed an action plan on balance sheet optimizations that has led to some significant changes to MLI balance sheets, including:

- Enhanced capital efficiencies, through which we saw many MLIs such as the World Bank and IADB update their capital frameworks,

- Merging concessional windows to optimize capital (implemented by ADB and IADB);

- Concentration management through exposure exchange agreements (with a total of $9 billion in these exchanges among AfDB, World Bank, IADB, and ADB approved thus far);

- The scaling of risk-sharing instruments for nonsovereign lending--largely pioneered by

Editor's Note: S&P Global Ratings is publishing its yearly report on multilateral lending institutions (MLIs) and other nonbank supranational institutions, a publication that first started in 1986.

IFC and EIB--through syndications, structured finance, mezzanine financing, and credit guarantee programs; and

- Net income measures to improve capital positions, with many MLIs shifting from nonconditional transfers to conditional transfers linked to capital considerations.

These capital measures did to a large extent lead to improvements in our capital assessments, underpinned by overall stronger RAC ratios. Specifically, the share of MLIs assessed with the highest capital adequacy score increased, although this also captures various entities we began rating over the period that are largely funded by equity (APICORP, BADEA, IFAD, and OFID).

Capital Optimizations Have Not Expanded MLI Lending Substantially

While MLIs have been optimizing their capital over the past few years, we have not seen this translate into significant new lending. This is in part because of the sector's low risk tolerance, but also due to somewhat higher risk on MLI balance sheets (with the aggregated weighted average rating on MLI balance sheets declining to 'BB' in 2022 from 'BB+' in 2015).

In 2016, total disbursements actually declined by 6%, driven in part by these larger balance sheet restructurings impacting the sector. After 2016, lending only gradually increased by around 2.5%, until the pandemic in 2020, when total disbursements in the sector jumped by 39%.

Lending in the sector has declined from its 2020 peak but remained elevated through 2022 compared to pre-pandemic levels. In terms of new loans disbursed, MLIs paid out $194 billion in 2022, slightly down from $196 billion in 2021 and from $210 billion in 2020 but up significantly from $156 billion in 2019.

Supporting these higher disbursement volumes, let alone increasing lending to levels beyond what we saw in 2020 to address the needs under the new global financing pact, would likely require further

Chart 1 - Capital improvements across the sector
Distribution of capital adequacy assessment, 2015 versus 2023 (%)

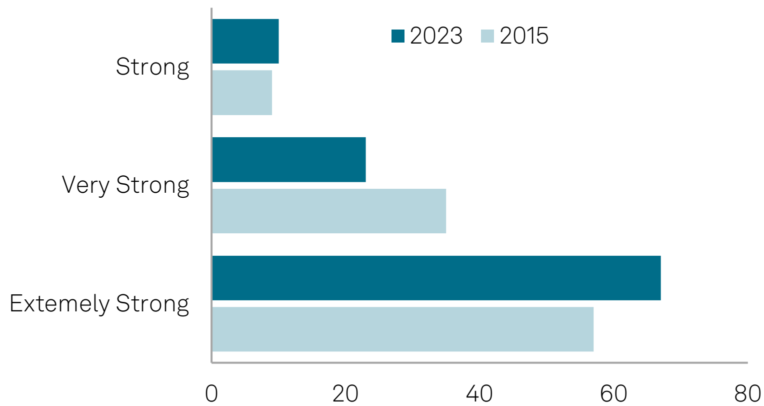
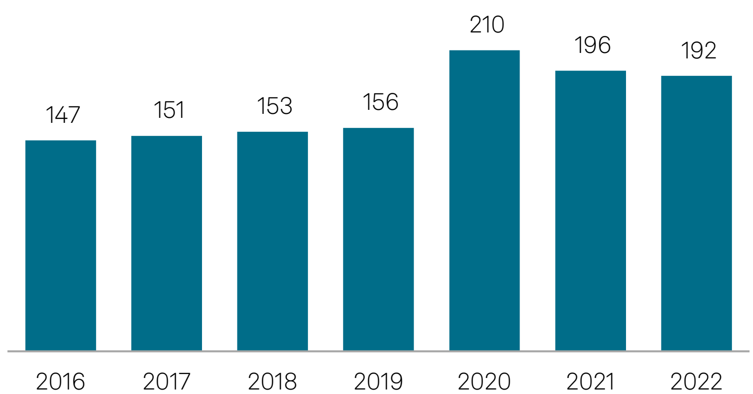


Chart 2 - Aggregate disbursements across MLIs ($B)



Source: S&P Global Ratings.

capital measures and optimizations, assuming the same risk tolerance in the sector.

Lending across regions remains relatively stable, although the share of lending from EIB increased slightly to 28% of all new disbursements compared to 26% in 2021.Disbursements by region in 2022 were: Europe (35%), Asia-Pacific (32%), Latin America and the Caribbean (17%), and Africa (15%).

Hybrid Capital Could Be A Game Changer For Additional Lending Capacity

This year, the sector has actively explored additional instruments and various capital optimization techniques to enhance capital structures. Many of these involve variations of what we have already seen on a more limited scale, such as the use of guarantees to offload risk from MLI balance sheets and other securitization structures.

One very novel instrument involves adopting hybrid capital instruments to complement the capital base. Hybrid capital could meaningfully enhance RAC ratios. AfDB has been the first market mover--with plans to issue its first undated, five- or 10-year noncallable, deeply subordinated fixed-rate reset notes--although our understanding is that this has not yet gone to market (see "African Development Bank's Proposed Inaugural Hybrid Notes Rated 'AA-'; Equity Content Assessed As Intermediate," published July 19, 2023).

Capital Ratios Are Relatively Stable And Robust

Our capital adequacy assessments are largely unchanged compared to last year. There have been some improvements on the margins, reflecting AfDB's improved capital adequacy assessment.

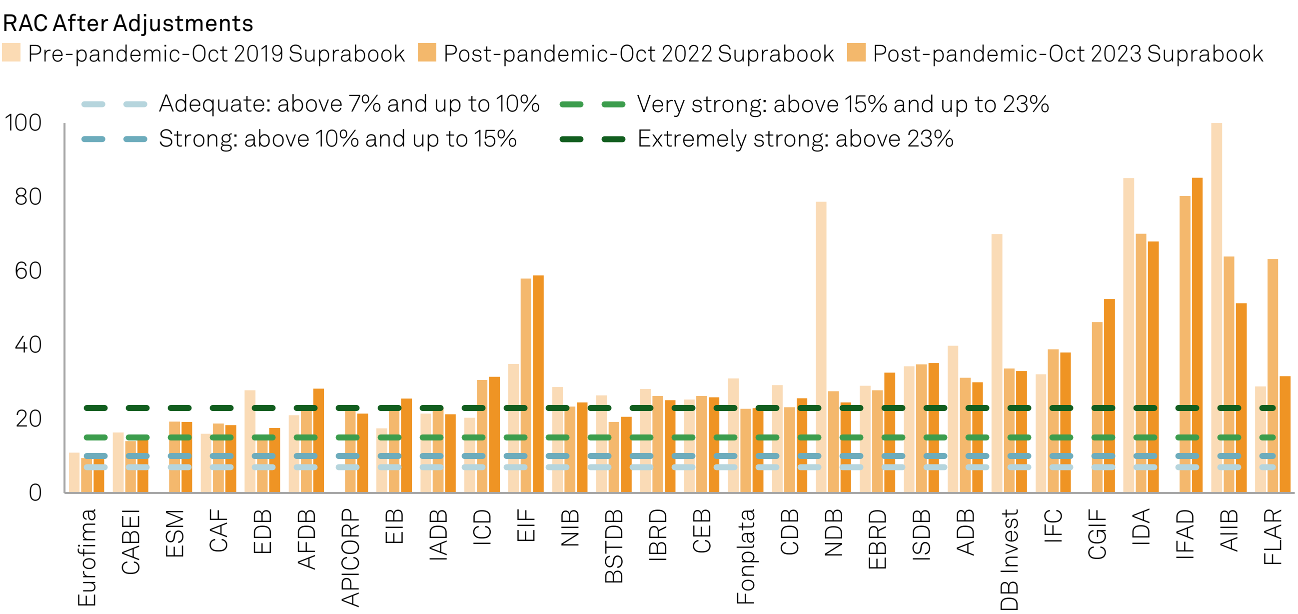
This in part illustrated the focused effort by the organization to build up capital to expand the buffers for future lending requests. With additional capacity likely coming from the proposed hybrid issuance, AfDB will make use of some of the recent buffers created to meet the significant needs of the African continent.

In 2022, eligible capital buffers were $434 billion compared to $469 billion in 2021. The slight decline mainly reflected changes in exchange rates.

Despite ongoing discussions on how to better use callable capital buffers in MLI capital structures, we have yet to see any proposals. Our impression is that there is limited appetite. While previously there were three institutions that relied on callable capital to provide uplift to the stand-alone credit profiles, there are only two after AfDB's improved RAC ratio led to the removal of this uplift.

Based on the latest financial information and rating parameters as of September 2023, RAC ratios on average improved considerably, by 80 basis points

Chart 3 - Supranationals' risk-adjusted capital ratios (%)



Source: S&P Global Ratings.

(bps). This excludes data on balance-of-payment providers, such as ESM and FLAR, whose RAC ratios are volatile.

AIIB, NDB, and IFAD are also excluded given they have ramped up lending because of strategic decisions to use their large capital buffers. This has also resulted in some of these entities showing more marked declines in RAC ratio.

Few MLIs improved their RAC ratios, most notably EBRD, which was supported by considerable internal capital generation as it came out of losses during the year. CGIF improved its RAC ratio by more than 500 bps, supported by additional capital injection during the period.

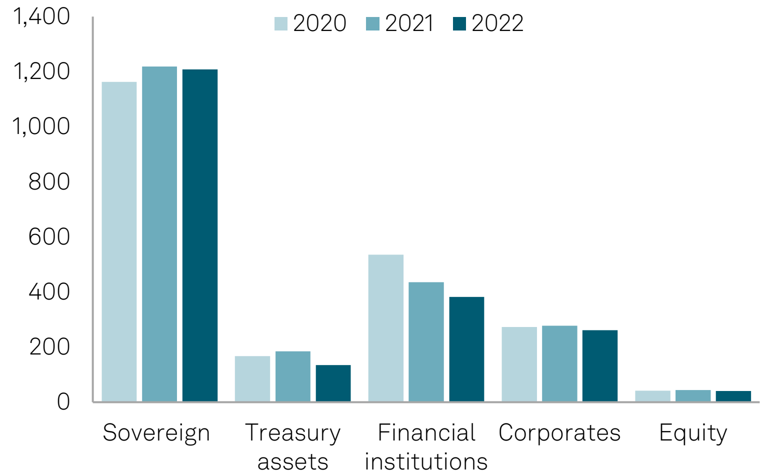
Private Sector Lending And Mobilization Has Stalled

Since the pandemic, MLIs have undoubtedly been prioritizing public sector lending over private sector lending. The overall volume of bank and corporate financing continued to decline in 2022 and has not recovered to pre-pandemic levels (see chart 4)..

Mobilization rates have also been quite low, particularly when viewed alongside the tremendous financing needed to support development goals (estimated $5 trillion-$7 trillion annually). Based on the latest data from the sector's joint report "Mobilization of Private Finance by Multilateral Development Banks," direct mobilization rates in middle- and low-income countries fell 1.2% in 2021 to $63.3 billion from $64.1 billion in 2020. Mobilization in low-income countries was $5.2 billion in 2021 compared to $15.6 billion in 2020. That said, total private mobilization (which includes indirect mobilization) did improve to $243.5 billion in 2021 compared to $169 billion the year prior.

Mobilization is generally more challenging in low-income countries given the more difficult investment climate and lack of bankable projects. This has required more upstream policy reforms that support private investments and project.

Chart 4 – Exposure at default by asset type ($B)



Source: S&P Global Ratings.

New Innovations In Climate Finance But Concessional Funding And Blended Solutions Lag

The new global financing pact also informs how MLIs mitigate and adapt to intensifying climate impacts, from natural disaster responses to climate finance. This was also underscored in the 2016 MLI Action Plan, prompting MLIs to more explicitly introduce the goal of climate finance to their broader mandates, institutional strategies, and lending targets, as well as strengthen country disaster and crisis response mechanisms.

Most MLIs have been very active in this space, introducing explicit climate financing targets that we have seen range from 35% to 75% of lending commitments. While we believe this is a positive signal, there is some inconsistency across the sector in terms of how climate finance is defined and whether "climate finance" is a direct lending project or merely represents some climate oversight or secondary component of the project.

Furthermore, since 2015 there has been increasing talk of the importance of concessional and blended resources to support climate finance. While MLIs undoubtedly tap various donor and climate funds, these represent a very small share of total financial flows. Other than IDA--which is the largest stand-alone concessional window in the asset class--concessional funds are limited, and more so when viewed solely in the context of climate.

The Climate Investment Funds, which largely channel concessional finance through six MLIs, are crucial in this space. While $11.2 billion have been pledged, only $4.4 billion have been disbursed. The Green Climate Fund also works alongside MLIs, having disbursed $3.7 billion. There are multiple other donor funds that support climate finance and blended solutions but these tend to be quite small compared to the overall MLI lending envelope and financing needs in this space.

We believe there is untapped potential in the use of concessional funding, which--combined with ongoing discussions regarding growing MLI balance sheets--could lead to more concessional funding sources. The World Bank Group, as part of its Evolution Roadmap, is already exploring how to introduce additional concessional funds to support middle income countries in its energy transition targets. Other special funds or vehicles could also come on the scene and consolidate or incorporate some form of leverage to scale concessional funding sources.

We have also seen innovations involving climate-resilient debt clauses (CRDCs). Various sovereigns have called for bilateral, multilateral, and private sector creditors to offer these CRDCs so that borrowing nationals have the necessary fiscal room to respond to shocks. CRDCs have already rolled out in various bilateral lending arrangements to low-income countries and the Caribbean.

A handful of MLIs have already incorporated CRDCs into their lending toolkit, or will soon, including:

- IADB, which introduced a principal payment option for all new loans in December 2022--a legal clause that allows the deferral of principal debt payments in the event of an eligible disaster;

- The World Bank, which is preparing to offer CRDCs to the most vulnerable countries; and

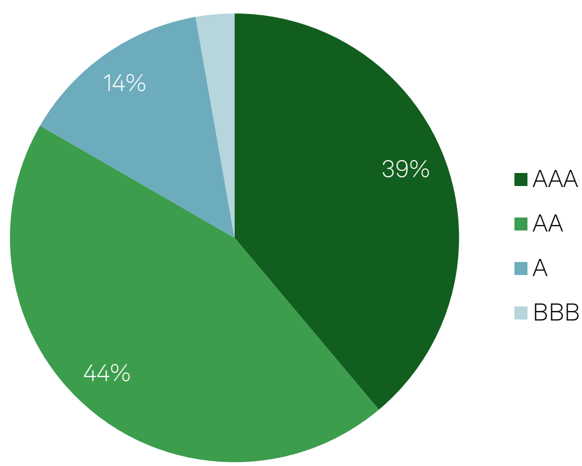
- EIB, which will include CRDCs in the finance contracts of the most vulnerable countries as part of a pilot project.

Supranationals Special Edition 2023 Features Summary Analyses And Compares Financial Data On The 36 Supranational Institutions We Rate

The 36 rated supranationals had a total combined balance sheet of $2.8 trillion at year end-2022, unchanged from the prior year.

Credit quality among the 36 supranationals remains high. We rate 39% of them ‘AAA’ and most ‘AA-’ or higher (see chart 5).

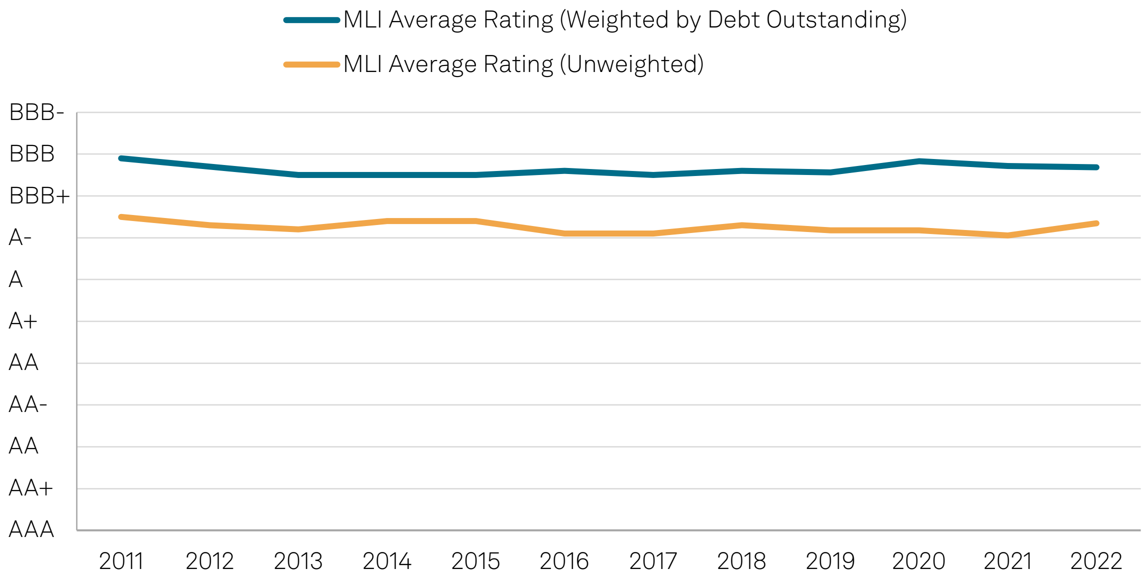
Chart 5 - Supranational ratings distribution, 2022



Source: S&P Global Ratings.

The average rating on supranational debt is ‘AA’ but ranges from 'BBB-' to 'AAA'. On a debt-weighted basis, the average creditworthiness of this asset class has been stable since 2011, and ‘AAA’ rated MLI debt represented 74% of all supranational debt, based on year-end 2022 data and excluding debt from the European Union (see chart 6).

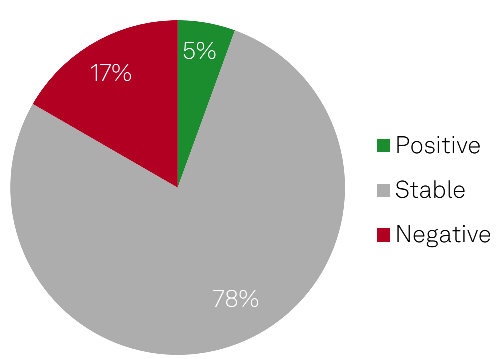
Chart 6 - Average supranational rating versus average debt-weighted rating



Source: S&P Global Ratings.

As of Sept. 2023, 78% of our supranational ratings have stable outlooks, 6% (BADEA and OFID) carry positive outlooks, and 17% have negative outlooks or are on CreditWatch with negative implications (BSTDB, EDB, EUROFIMA, EFSF, FONPLATA and IFFIm) (see chart 7).

Chart 7 - Supranationals outlook distribution, 2022



Source: S&P Global Ratings.

Some entities have remained on negative outlook for some time, such as EDB--reflecting the risks to its financial risk profile from the Russia-Ukraine war. EUROFIMA's negative outlook considers the risks to its financial risk profile, exacerbated by a gradually weakened role.

We recently lowered the ratings on BSTDB, which are on CreditWatch with negative implications given uncertainty around the policy relevance of the institution and the coherence of the shareholder collective given the war.

We lowered the ratings on IFFIm and put EFSF on negative outlook after lowering the ratings on key shareholders. Recently, a key shareholder voiced its intention to withdraw from FONPLATA, prompting a negative outlook on the institution.

Conversely, the positive outlooks on BADEA and OFID speak to positive signals that could underpin stronger policy relevance.

Supranational Debt Totaled $1.8 Trillion At The End Of 2022

Supranationals' outstanding debt of $1.8 trillion was largely unchanged at year-end 2022 compared to the previous year. Total outstanding debt at year-end 2008 was less than $800 billion. The $1.8 trillion represents close to 1.8% of the world's GDP at year-end 2022 (see chart 8).

The pace of rated supranationals' debt growth has peaked three times, in 2009 at 16%, in 2012 at 24%, and in 2021 at 20%. This reflects their countercyclical role.

Most MLIs increased lending after the 2008 financial crisis to support investments in their countries of operation. In 2012, the EFSF began operating andits outstanding debt surged to $208 billion from $23 billion in 2011. Many MLIs also benefited from a capital increase during the crisis and could then increase their borrowings accordingly. The 2021 increase in debt outstanding followed the sustained higher disbursement volumes from the pandemic.

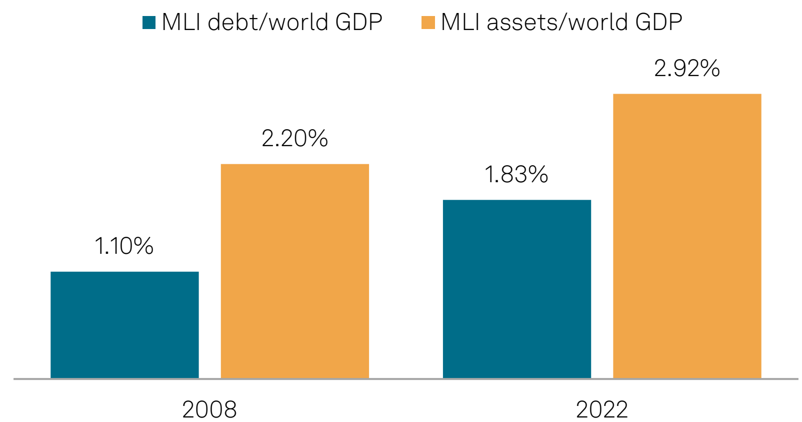
This report does not constitute a rating action.

Table 1 – Rating Actions since October 2022

Entity	Rating To	Rating From
BADEA	AA/Positive/A-1+	AA/Stable/A-1+
BSTDB	BBB+/Watch Neg/A-2	A-/Negative/A-2
CAF	AA/Stable/A-1+	AA-/Positive/A-1+
EFSF	AA/Negative/A-1+	AA/Stable/A-1+
FONPLATA	A/Negative/A-1	A/Stable/A-1
IFFIm	AA/Negative/A-1+	AA/Stable/A-1+
IIB	NR/--/NR	BB+/Negative/B
	BB+/Negative/B	BBB-/Negative/A-3

Ratings as of October 4, 2023.
Source: S&P Global Ratings.

Chart 8 - MLI debt and assets to world GDP, 2008 and 2022



Source: S&P Global Ratings.

Ratings And Rating Factors Summary

Name	Rating	Outlook	SACP	Enterprise risk profile	Policy importance	Governance and management expertise	Financial risk profile	Capital adequacy	Funding and liquidity	Extraordinary support	Holistic approach
African Development Bank	AAA	Stable	aaa	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Very Strong	0	0
African Trade Insurance Agency	A	Stable	a	Strong	Strong	Adequate	Adequate	N/A	N/A	0	0
Arab Bank for Economic Development in Africa	AA	Positive	aa	Adequate	Adequate	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Arab Investment and Export Credit Guarantee Corp. (Dhaman)	A+	Stable	a	Adequate	Adequate	Adequate	Strong	N/A	N/A	0	1
Arab Petroleum Investments Corporation	AA-	Stable	aa-	Adquate	Adequate	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Asian Development Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0
Asian Infrastructure Investment Bank	AAA	Stable	aaa	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Black Sea Trade and Development Bank	BBB+	Watch Negative	a-	Moderate	Moderate	Adequate	Very Strong	Very Strong	Strong	0	-1
Caribbean Development Bank	AA+	Stable	aa+	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Central American Bank for Economic Integration	AA	Stable	aa-	Very strong	Very strong	Adequate	Strong	Strong	Strong	1	0
Corporacion Andina de Fomento	AA	Stable	aa	Strong	Strong	Adequate	Very Strong	Strong	Very Strong	0	0
Council of Europe Development Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
Credit Guarantee and Investment facility	AA	Stable	aa	Adequate	Adequate	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Eurasian Development Bank	BBB-	Negative	bbb-	Very Weak	Moderate	Weak	Very Strong	Very Strong	Strong	0	0
European Atomic Energy Community	AA+	Stable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
European Bank for Reconstruction and Development	AAA	Stable	aaa	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
EUROFIMA European Company for the Financing of Railroad Rolling Stock	AA	Negative	aa-	Strong	Adequate	Strong	Very Strong	Strong	Very Strong	1	0

Name	Rating	Outlook	SACP	Enterprise risk profile	Policy importance	Governance and management expertise	Financial risk profile	Capital adequacy	Funding and liquidity	Extraordinary support	Holistic approach
European Financial Stability Facility	AA	Negative	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
European Investment Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
European Investment Fund	AAA	Stable	aa+	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Strong	1	0
European Stability Mechanism	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Very Strong	Very Strong	0	0
European Union	AA+	Stable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fondo Latinoamericano de Reservas	AA-	Stable	aa-	Strong	Strong	Adequate	Very Strong	Very Strong	Strong	0	0
FONPLATA	A	Negative	a	Moderate	Strong	Weak	Very Strong	Very Strong	Strong	0	0
Inter-American Development Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Very Strong	Very Strong	Strong	0	0
IDB Invest (Former Inter-American Investment Corporation)	AA+	Stable	aa+	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
International Bank for Reconstruction and Development	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0
The International Development Association	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0
The OPEC Fund For International Development	AA	Positive	aa	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
International Fund For Agricultural Development	AA+	Stable	aa+	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
International Finance Facility for Immunisation	AA	Negative	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
International Finance Corp.	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
Islamic Corporation for the development of the Private Sector	A-	Stable	a-	Moderate	Moderate	Adequate	Very Strong	Very Strong	Strong	0	0
Islamic Development bank	AAA	Stable	aaa	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
New Development Bank	AA+	Stable	aa+	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Nordic Investment Bank	AAA	Stable	aaa	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0

N/A--Not applicable.

Ratings as of Oct. 4, 2023.

History of Issuer Credit Ratings of Supranational Institutions

	Date	Long-term rating	Outlook	Short-term rating
Multilateral Development Finance Institutions				
Global Institutions				
International Bank for Reconstruction and Development	Sept. 5, 1997	AAA	Stable	A-1+
	April 5, 1990	AAA	Stable	---
	Sept. 13, 1959	AAA	Stable	---
	Jan. 10, 1950	AA	---	---
	June 30, 1947	A	---	---
International Finance Corporation	Dec. 9, 1997	AAA	Stable	A-1+
	April 5, 1990	AAA	Stable	---
	June 16, 1989	AAA	---	---
The International Development Association	Sep. 21, 2016	AAA	Stable	A-1+
Regional Institutions				
Arab Bank for Economic Development in Africa	Sep. 20, 2023	AA	Positive	A-1+
	Oct. 4, 2022	AA	Stable	A-1+
Arab Petroleum Investments Corporation	March 15, 2022	AA-	Stable	A-1+
African Development Bank	July 24, 2003	AAA	Stable	A-1+
	June 6, 2001	AA+	Stable	A-1+
	Aug. 9, 2000	AA+	Negative	A-1+
	Oct. 5, 1998	AA+	Stable	A-1+
	Aug. 30, 1995	AA+	Stable	---
	June 30, 1995	AAA	Watch Negative	---
	July 13, 1990	AAA	Stable	---
	April 10, 1990	AA+	Positive	---
	Sept. 8, 1987	AA+	---	---
	April 11, 1984	AA	---	---
African Export-Import Bank	Sept. 05, 2014	NR	NR	NR
	Jun. 25, 2014	BB+	Stable	B
	Jun. 13, 2014	BBB-	Watch Negative	A-3
	Dec. 19, 2013	BBB-	Negative	A-3
	Nov. 25, 2010	BBB-	Stable	A-3
Asian Development Bank	Jan. 3, 1990	AAA	Stable	A-1+
	Sept. 18, 1989	AAA	Stable	---
	April 2, 1971	AAA	---	---

	Date	Long-term rating	Outlook	Short-term rating
Asian Infrastructure Investment Bank	Jul. 18, 2017	AAA	Stable	A-1+
Corporación Andina de Fomento	May 23 2023	AA	Stable	A-1+
	June 16 2022	AA-	Positive	A-1+
	June 14 2021	A+	Positive	A-1
	June 16 2020	A+	Stable	A-1
	Feb. 21, 2019	A+	Negative	A-1
	June 12, 2018	AA-	Negative	A-1+
	June 30, 2017	AA-	Stable	A-1+
	Oct. 16, 2014	AA-	Negative	A-1+
	Dec. 19, 2012	AA-	Stable	A-1+
	June 2, 2010	A+	Positive	A-1
	Aug. 25, 2009	A+	Stable	A-1
	Dec. 17, 2008	A+	Negative	A-1
	April 23, 2007	A+	Stable	A-1
	June 29, 2006	A	Positive	A-1
	March 28, 2005	A	Stable	A-1
	Feb. 25, 2003	A	Negative	A-1
	Aug. 5, 1999	A	Stable	A-1
	April 21, 1999	BBB+	Watch Positive	A-2
	Nov. 26, 1996	BBB+	Stable	A-2
	March 17, 1993	BBB	Stable	---
European Bank for Reconstruction and Development	Sept. 25, 1991	AAA	Stable	A-1+
	June 18, 1991	AAA	---	A-1+
FONPLATA (Fondo Financiero para el Desarrollo de la Cuenca del Plata)	May 5, 2023	A	Negative	A-1
	Sept. 27, 2021	A	Stable	A-1
	Feb. 21, 2019	A-	Positive	A-2
	Sep. 27, 2016	A-	Stable	A-2
Inter-American Development Bank	Sept. 22, 1997	AAA	Stable	A-1+
	April 27, 1990	AAA	Stable	---
	Nov. 28, 1962	AAA	---	---
IDB Invest (Former Inter-American Investment Corporation)	June 24, 2021	AA+	Stable	A-1+
	Apr. 30, 2018	AA	Positive	A-1+
	July 29, 2010	AA	Stable	A-1+
	July 15, 2008	AA-	Positive	A-1+
	May 17, 2005	AA-	Stable	A-1+
	Aug. 22, 2002	AA	Negative	A-1+
	Dec. 18, 2000	AA	Stable	A-1+

	Date	Long-term rating	Outlook	Short-term rating
International Investment Bank	Apr. 6, 2023	NR	NR	NR
	Apr. 6, 2023	BB+	Negative	B
	Sep. 22, 2022	BBB-	Negative	A-3
	Mar. 30, 2022	BBB+	Negative	A-2
	Mar. 09, 2022	A-	Negative	A-2
	Mar. 07, 2019	A-	Stable	A-2
	Apr. 12, 2018	BBB+	Stable	A-2
	June 09, 2016	BBB	Stable	A-2
Islamic Corporation for the Development of the Private Sector	Nov. 26, 2020	A-	Stable	---
	Feb. 22, 2019	A	Negative	---
	Nov. 16, 2018	A+	Negative	
	Nov. 03, 2016	A+	Stable	---
	Aug. 31, 2016	AA	Watch Negative	---
	Dec. 14, 2015	AA	Stable	---
Islamic Development Bank	Dec. 19, 2002	AAA	Stable	A-1+
New Development Bank	Aug. 29, 2018	AA+	Stable	A-1+
Subregional Institutions				
Black Sea Trade and Development Bank	Sep. 21 2023	BBB+	Watch Negative	A-2
	Jul. 26, 2023	A-	Watch Negative	A-2
	Mar. 30, 2022	A-	Negative	A-2
	Nov. 25, 2021	A	Stable	A-1
	Mar. 08, 2019	A-	Positive	A-2
	Jan. 16, 2013	A-	Stable	A-2
	June 16, 2011	A	Stable	A-1
Caribbean Development Bank	May. 9, 2017	AA+	Stable	A-1+
	May. 16, 2014	AA	Stable	A-1+
	Dec. 12, 2012	AA	Negative	A-1+
	June 12, 2012	AA+	Stable	A-1+
	May 10, 2004	AAA	Stable	A-1+

	Date	Long-term rating	Outlook	Short-term rating
Central American Bank for Economic Integration	Mar. 08, 2019	AA	Stable	A-1+
	Jul. 13, 2018	A+	Positive	A-1
	Jul. 11, 2016	A	Positive	A-1
	Jul. 11, 2014	A	Stable	A-1
	Oct 01, 2013	A	Negative	A-1
	Aug. 6, 2012	A	Stable	A-1
	June 14, 2011	A-	Stable	A-1
	May 20, 2010	A-	Positive	A-1
	April 9, 2007	A-	Stable	A-1
	June 29, 2006	BBB+	Positive	A-2
	Dec. 23, 2004	BBB	Stable	A-2
	Feb. 26, 2003	BBB-	Positive	A-3
	May 24, 2002	BBB-	Stable	A-3
Eurasian Development Bank	May. 23, 2022	BBB-	Negative	A-3
	Mar. 11, 2022	BBB-	Watch Negative	A-3
	Oct. 13, 2021	BBB	Stable	A-2
	Mar. 27, 2020	BBB	Negative	A-2
	Mar. 28, 2019	BBB	Stable	A-2
	Oct. 3, 2016	BBB-	Stable	A-3
	Oct. 09, 2015	BBB-	Negative	A-3
	Jan. 29, 2014	BBB	Negative	A-2
	Aug. 30, 2012	BBB	Stable	A-2
	Jan. 08, 2010	BBB	Stable	A-3
	Dec. 8, 2008	BBB	Negative	A-3
	Nov. 30, 2006	BBB+	Stable	A-2
North American Development Bank	Aug. 21, 2013	NR	NR	NR
	Dec. 14, 2013	A+	Negative	A-2
	July 23, 2012	AA+	Negative	A-1+
	Jan. 27, 2010	AA+	Stable	A-1+
Other Multilateral Lending Institutions				
Council of Europe Development Bank	Feb. 15, 2019	AAA	Stable	A-1+
	Jun. 30, 2017	AA+	Positive	A-1+
	Dec. 27, 2012	AA+	Stable	A-1+
	Jan. 19, 2012	AAA	Negative	A-1+
	Dec. 07, 2011	AAA	Watch Negative	A-1+
	July 29, 1993	AAA	Stable	A-1+
	Sep. 18, 1989	AA+	Stable	A-1+
	Jan. 17, 1989	AA+	---	A-1+
	May 18, 1988	---	---	A-1+

	Date	Long-term rating	Outlook	Short-term rating
EUROFIMA (European Company for the Financing of Railroad Rolling Stock)	June 30, 2022	AA	Negative	A-1+
	June 15, 2020	AA	Stable	A-1+
	June 4, 2018	AA+	Negative	A-1+
	Jan. 15, 2013	AA+	Stable	A-1+
	Aug. 26, 2010	AAA	Stable	A-1+
	Sept. 10, 2009	AAA	Negative	A-1+
	Dec. 12, 1989	AAA	Stable	A-1+
	Feb. 22, 1988	AAA	---	A-1+
	Feb. 14, 1975	AAA	---	---
European Investment Bank	Oct. 22, 2013	AAA	Stable	A-1+
	Jan. 16, 2012	AAA	Negative	A-1+
	Dec. 07, 2011	AAA	Watch Negative	A-1+
	April 11, 1990	AAA	Stable	A-1+
	Nov. 30, 1984	AAA	---	A-1+
	May 1, 1967	AAA	---	---
Nordic Investment Bank	Sept. 18, 1989	AAA	Stable	A-1+
	Nov. 30, 1982	AAA	---	A-1+
	Nov. 23, 1981	---	---	A-1+
	Jun. 09, 1980	---	---	A-1
The OPEC Fund For International Development	Dec. 1, 2021	AA	Positive	A-1+
Multilateral Insurance Companies			---	
Arab Investment and Export Credit Guarantee Corporation (Dhaman)	March 30, 2022	A+	Stable	---
	March 30, 2021	AA-	Negative	---
	March 28, 2019	AA-	Stable	---
	March 16, 2016	AA	Stable	---
	April 13, 2015	AA	Negative	---
	April 02, 2012	AA	Stable	---
	April 11, 2011	AA	Negative	---
	March 25, 2010	AA	Stable	---
	March 27, 2008	AA-	Stable	---
African Trade Insurance Agency	March 19, 2021	A	Stable	---
	Jan. 25, 2021	A	Watch Negative	---
	March 14, 2018	A	Stable	---
	Aug. 25, 2016	A	Negative	---
	April 17, 2008	A	Stable	---
Credit Guarantee and Investment Facility	Jun. 18,2014	AA	Stable	A-1+
	May 24, 2012	AA+	Stable	A-1+

	Date	Long-term rating	Outlook	Short-term rating
Other Supranational Institutions				
European Atomic Energy Community	May 20, 2022	AA+	Stable	A-1+
	July 31, 2020	AA	Positive	A-1+
	July 07, 2016	AA	Stable	A-1+
	Aug. 04, 2015	AA+	Negative	A-1+
	Dec. 20, 2013	AA+	Stable	A-1+
	Jan. 20, 2012	AAA	Negative	A-1+
	Dec. 07, 2011	AAA	Watch Negative	A-1+
	Sept. 2, 1999	AAA	Stable	A-1+
European Coal and Steel Community	June 26, 2020	NR	NR	NR
	April 11, 1990	AAA	Stable	---
	March 22, 1974	AAA	---	---
European Financial Stability Facility	Dec. 6, 2022	AA	Negative	A-1+
	Oct. 25, 2016	AA	Stable	A-1+
	Oct. 10, 2014	AA	Negative	A-1+
	Nov. 08, 2013	AA	Stable	A-1+
	Feb. 27, 2012	AA+	Negative	A-1+
	Jan. 16, 2012	AA+	Developing	A-1+
	Dec. 06, 2011	AAA	Watch Negative	A-1+
	Oct. 28, 2011	AAA	Stable	A-1+
	Sept. 20, 2010	AAA	Stable	---
European Investment Fund	Oct. 22, 2013	AAA	Stable	A-1+
	Jan. 23, 2013	AAA	Negative	A-1+
	July 1, 2003	AAA	Stable	A-1+
European Union	May. 20, 2022	AA+	Stable	A-1+
	Jul. 31, 2020	AA	Positive	A-1+
	Jun. 30, 2016	AA	Stable	A-1+
	Aug. 03, 2015	AA+	Negative	A-1+
	Dec. 20, 2013	AA+	Stable	A-1+
	Jan. 20, 2012	AAA	Negative	A-1+
	Dec. 07, 2011	AAA	Watch Negative	A-1+
	Dec. 17, 1998	AAA	Stable	A-1+
	April 11, 1990	AAA	Stable	---
	Sept. 16, 1976	AAA	---	---
European Central Bank	Jan. 28, 1999	AAA	Stable	A-1+

	Date	Long-term rating	Outlook	Short-term rating
International Finance Facility for Immunisation	Dec. 13, 2022	AA	Negative	A-1+
	Jan. 28, 2020	AA	Stable	A-1+
	Nov. 14, 2014	AA	Negative	A-1+
	Nov. 08, 2013	AA	Stable	A-1+
	Jan. 17, 2012	AA+	Negative	A-1+
	Dec. 6, 2011	AAA	Watch Negative	A-1+
	Nov. 3, 2010	AAA	Stable	A-1+
	May 21, 2009	AAA	Negative	A-1+
	Aug. 30, 2006	AAA	Stable	A-1+
Fondo Latinoamericano de Reservas	Apr. 08 2020	AA-	Stable	A-1+
	Dec. 03, 2019	AA-	Negative	A-1+
	Mar. 12, 2019	AA	Negative	A-1+
	June 29, 2018	AA	Stable	A-1+
	Mar. 27, 2015	AA	Negative	A-1+
	Aug. 4, 2008	AA	Stable	A-1+
	June 29, 2006	AA-	Positive	A-1+
	April 14, 2003	A+	Stable	A-1

All ratings foreign currency ratings as by definition supranationals are not part of a domestic financial system.
Ratings through September 22, 2023

Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology

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Editor's note: On March 23, 2023, we republished this criteria article to correct a publishing error in paragraph 166 and updated the related publications. See the "Revisions And Updates" section for details.

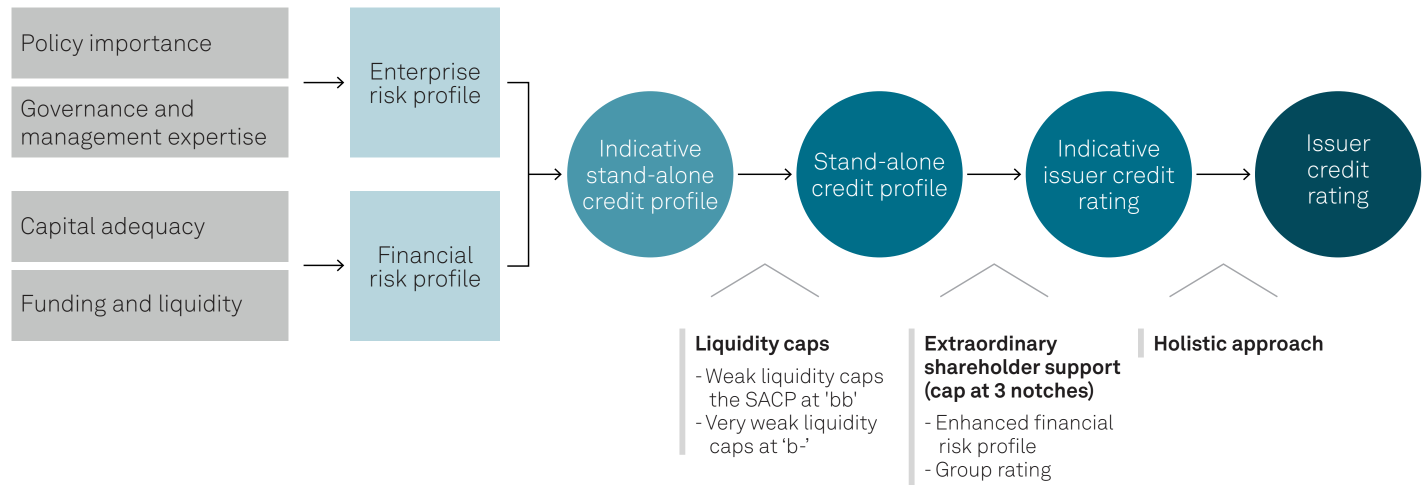
This report does not constitute a rating action.

OVERVIEW AND SCOPE

1. This article presents S&P Global Ratings' criteria for rating multilateral lending institutions (MLIs) and other supranational institutions globally. We define supranational institutions as institutions owned or established by the governments of two or more countries. Most have a mandate to pursue specified policy objectives under international treaties, for example, to promote the economic development of their less-developed or regional member countries, encourage regional integration, or facilitate the expansion of cross-border trade. Other rated supranational institutions include multilateral insurance companies, multilateral monetary funds, regional public policy institutions (including the EU), and vehicles that provide budgetary financing or that pool overseas direct assistance. We do not consider a corporation that provides a similar service, but whose primary purpose is shareholder return--as evidenced, for example, by its listing on an exchange--as an MLI or other supranational institution that falls within the scope of these criteria.

Published January 31, 2022. (Editor's Note: On March 2, 2022, we republished this criteria article to make nonmaterial changes. See the "Revisions And Updates" section for details.) This criteria article is related to "Guidance: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," Dec. 14, 2018. Our analysts consider guidance as they apply criteria and exercise judgment in the analysis and determination of credit ratings.

Chart 1 - Analytical Framework For Multiple Lending Institutions (MLIs)



Key Publication Dates

- Effective date: These criteria are effective Jan. 31, 2022, except in jurisdictions that require local registration. In those jurisdictions, the criteria are effective only after the local registration process is completed.
- This updated methodology follows "Request For Comment: Methodology For Rating The EU Within The Supranational Institutions Framework," published Sept. 29, 2021. For the changes between the RFC and the final criteria, see "RFC Process Summary: Methodology For Rating The EU Within The Supranational Institutions Framework," published Jan. 31, 2022.
- These criteria supersede the criteria articles listed in the "Superseded Criteria" section at the end of this article.
- These criteria address the fundamentals set out in "Principles Of Credit Ratings," published on Feb. 16, 2011.

METHODOLOGY – SUMMARY OF THE RATING FRAMEWORK FOR MULTILATERAL LENDING INSTITUTIONS

2. The criteria use a framework that evaluates the enterprise and financial risk of a MLI as the starting point for determining its SACP. (For a complete definition of an SACP, see "Stand-Alone Credit Profiles: One Component Of A Rating," published Oct. 1, 2010.) Chart 1 depicts how we combine the characteristics of the ERP and financial risk profile (FRP) to derive the indicative SACP. We obtain the SACP by applying caps when relevant. The issuer credit rating (ICR) is reached after incorporating any extraordinary support and considering the holistic analysis.

3. Our analysis begins with an assessment of a MLI's ERP and FRP. Our methodology is based on the assessment of four key credit factors that underlie the assessment of the ERP and FRP, as shown in chart 1. Table 1 shows the different scales we use to assess these factors. We use matrices to combine our assessments of the relevant credit factors to determine the enterprise and financial risk assessments (see tables 4, 9, and 11).

4. The ERP measures the strength of an MLI's operations in relation to the rest of the global MLI sector. We assess an MLI's ERP by evaluating its policy importance and its governance and management expertise (see chart 2).

Table 1 - Scale Of Assessment For Each Rating Factor

	Rating Factors			
	Enterprise Risk Profile		Financial Risk Profile	
Assessment scale, strongest (1) to weakest (7)	Policy importance	Governance and management expertise	Capital adequacy	Funding and liquidity
1	Very strong	Strong	Extremely strong	Very strong
2	Strong	Adequate	Very strong	Strong
3	Adequate	Weak	Strong	Adequate
4	Moderate		Adequate	Moderate
5	Weak		Moderate	Weak
6			Weak	Very weak
7			Very weak	

Chart 2 - Analytical Framework For The Enterprise Risk Profile

* For MLIs where the private-sector portfolio forms approximately 75% or more of the total purpose-related exposure, we exclude the PCT assessment from the policy importance analysis (see paragraph 40).

5. The FRP reflects our view of an MLI's capital adequacy, relative to the rest of the MLI sector, as well as its funding and liquidity profile (see chart 3).

6. Once we have determined the ERP and FRP assessments, we combine them to arrive at the indicative SACP (see table 2), which indicates our view of the MLI's intrinsic creditworthiness, before the application of caps, our

Chart 3 - Analytical Framework For The Financial Risk Profile

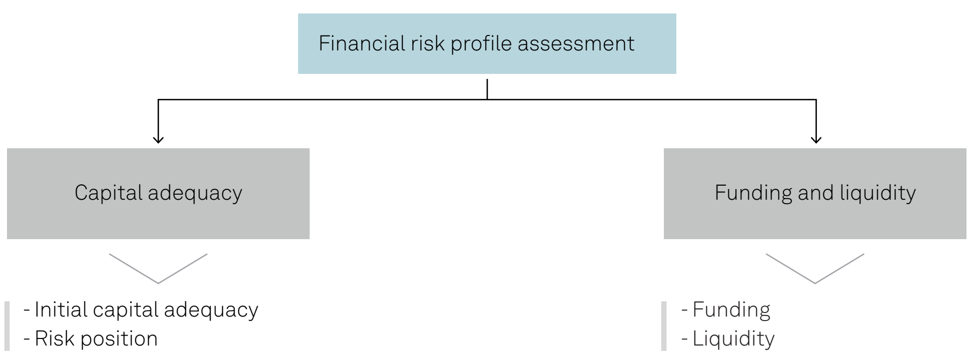


Table 2 - Determining An Indicative Stand-Alone Credit Profile and Issuer Credit Rating For A Multilateral Lending Institution

	--Financial Risk Profile--						
--Enterprise Risk Profile--	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Extremely strong	aaa	aaa/aa+	aa+/aa	aa/aa-	a+/a	a-/bbb+	bbb/bbb-
Very strong	aaa/aa+	aa+/aa	aa/aa-	a+/a	a/a-	bbb+/bbb	bb+/bb
Strong	aa+/aa	aa/aa-	a+/a	a/a-	bbb+/bbb	bbb/bbb-	bb/bb-
Adequate	aa/aa-	a+/a	a/a-	bbb+/bbb	bbb/bbb-	bb+/bb	b+/b
Moderate	a+/a	a/a-	bbb+/bbb	bbb/bbb-	bb+/bb	bb-/b+	b/b-
Weak	a-/bbb+	bbb+/bbb	bbb/bbb-	bb+/bb	bb/bb-	b+/b	b-
Very weak	bbb+/bbb	bbb/bbb-	bb+/bb	bb/bb-	b+/b	b-	b-

Assigning 'CCC+', 'CCC', 'CCC-', and 'CC' ratings is based on "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', and 'CC' Ratings," published Oct. 1, 2012.

assessment of extraordinary shareholder support, and the holistic analysis.

7. If the outcome of table 2 is a split cell, we determine which indicative SACP to choose based on:

- Our longer-term view of some of the factors that support the ERP and FRP over a three- to five-year rating horizon; and
- Our view of the MLI's credit standing, relative to that of its peers (that is, other MLIs that share similar types of exposures and have a similar risk profile).

8. Certain conditions may apply that cap the SACP (see table 3). Depending on the severity of the condition, we could also assign an SACP below the cap. When relevant, we apply our "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published Oct. 1, 2012, to determine the final SACP.

Table 3 - Caps On The SACP

Factors that would generally cap the SACP at 'bb'
A liquidity assessment of weak
Factors that would generally cap the SACP at 'b-'
A liquidity assessment of very weak

SACP--Stand-alone credit profile.

9. We use lowercase letters for SACPs to highlight that these outcomes are not themselves ratings. Instead, we consider them to be indicative credit assessments that inform our ratings.

10. After deriving the SACP, which may incorporate external ongoing support in the ERP, we analyze the extraordinary support that an MLI might receive from its shareholders if it were in financial distress (see the section titled "Assessing The Likelihood Of Extraordinary Shareholder Support," for more detail). Callable capital forms the primary component of our assessment of extraordinary support. Callable capital is a common but not universal characteristic of MLIs that refers to the portion of the MLI's capital subscriptions that is not "paid-in" but that each shareholder has committed to provide in certain circumstances (generally, only to prevent a default on an MLI's debt). Some MLIs benefit from other extraordinary forms of external support, such as guarantees, which we may factor into the ICR.

11. Typically, an MLI may use callable capital only to prevent a default on its obligations. To our knowledge, no rated MLI has ever made a call on its callable capital. We only count callable capital as a form of extraordinary support for an MLI if we consider that its shareholders have sufficient

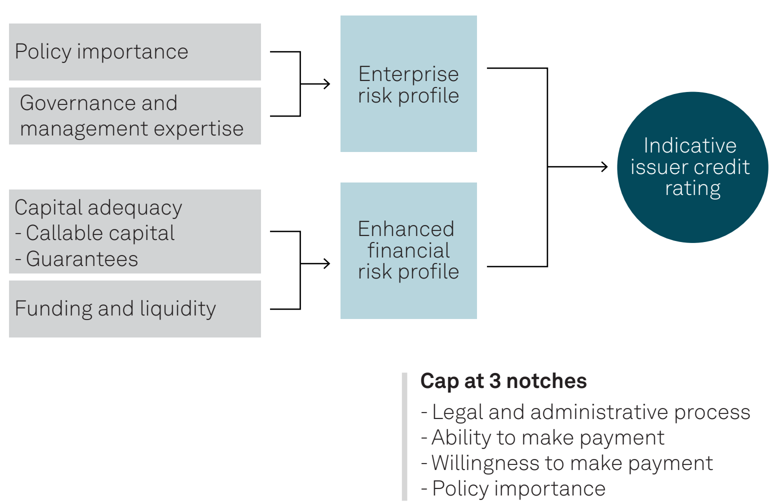
ability and willingness to pay in such capital on a reasonably timely basis. Our view is partly informed by the institution's policy importance (see paragraph 99 for more details).

12. To determine the indicative ICR, we apply table 2 by combining the "enhanced" FRP (that is, the FRP assessment that includes the benefit of any eligible callable capital or guarantee) and the ERP. If the resulting indicative ICR is higher than the SACP, we limit the indicative ICR to a maximum of three notches from the SACP. When notching up from the SACP, we take into consideration our view of the shareholders' capacity and willingness to proceed with capital call payments (see chart 4). Since the caps on the SACP (see table 3) address a weakness in liquidity and not capital, the indicative ICR, while potentially reflecting the benefit of the extraordinary support based on callable capital or guarantees, will remain capped. However, that extraordinary support may be reflected in a one-notch uplift in the final rating through the holistic approach.

13. In cases where the indicative ICR presents a range of ratings based on table 2, we generally choose the higher or lower option based on our previous selection of the indicative SACP. For instance, if the indicative SACP fell in the cell 'a+'/'a', our peer comparison or trends in the ERP and FRP led us to select the 'a' indicative SACP, and then the indicative ICR fell in the cell 'AA+'/'AA', we would generally select the lower of the two options again (in this example, 'AA'). In the same example, should the indicative ICR fall in the same cell as the indicative SACP (that is, callable capital has an impact on the RAC ratio but no impact on the FRP assessment), we would not factor in any extraordinary support and select 'A'.

14. To derive the indicative ICR, we also assess whether the MLI is a subsidiary of a group, in which case we reflect parent-subsidiary links using "Group Rating Methodology," published July 1, 2019 (see also the section below titled "Rating Approach For Subsidiaries Of Supranational Institutions"). Depending on both the group credit profile (GCP) and the group status, group support, when it strengthens the liquidity profile of the MLI, can lift the indicative ICR above the cap applicable to the SACP. In cases where a cap applies, contrary to extraordinary support consisting of callable capital,

Chart 4 - Determining An Indicative ICR Based On Extraordinary Shareholder Support



Note: Excluding the application of group rating methodology. ICR--Issuer credit rating.

group support may override the cap, depending on both the GCP and group status. This is because group support strengthens the liquidity, which is the source of weakness reflected in the SACP cap. The indicative ICR would reflect the higher of the application of either the enhanced financial risk profile or the group rating methodology.

15. To derive the final ICR, we perform our holistic analysis, which helps us capture a more comprehensive analysis of creditworthiness. It also recognizes our forward-looking view of sustained, predictable operating and financial underperformance or outperformance. We may complement our holistic analysis through competitive analysis and by examining sector-wide data, including ratio analysis. Our holistic analysis includes rare, or strongly positive or negative characteristics not separately reflected in the criteria. It can modify the indicative ICR by one notch in either direction, or not at all.

METHODOLOGY – SUMMARY OF THE RATING FRAMEWORK FOR OTHER SUPRANATIONAL INSTITUTIONS

16. Whenever possible, our methodology for rating other supranational institutions uses the framework outlined in the "Methodology – Summary Of The Rating Framework For Multilateral Lending Institutions" section, and takes a similar, two-step approach. First, we assess the entity's SACP under the applicable criteria, and then we assess the likelihood of extraordinary shareholder support. By contrast, our analytical framework for the EU uses a unique approach that does not borrow from the "Methodology – Summary Of The Rating Framework For Multilateral Lending Institutions" section.

17. In addition, the nature of the institution and the presence of various forms of support mechanisms could lead us to draw on criteria such as "Group Rating Methodology," published July 1, 2019, "Rating Government-Related Entities: Methodology And Assumptions," published March 25, 2015, and "Guarantee Criteria," published Oct. 21, 2016. The methodology section "Methodology – Key Credit Factors For Rating Other Supranational Institutions" covers these approaches.

METHODOLOGY – ASSIGNING SHORT-TERM AND ISSUE RATINGS TO MLIs AND OTHER SUPRANATIONALS

18. To assign short-term ratings to MLIs and other supranationals, we use "Methodology For Linking Long-Term And Short-Term Ratings," published April 7, 2017.

19. MLIs and supranationals typically issue unsecured debt at the enterprise level as general obligations of the issuer. This implies that all their resources would be available to repay the debt. As a result, we generally equalize the issue credit rating with the ICR, unless we determine the issue is subordinated. If the issue is subordinated, we generally notch down from the issuer's ICR, depending on our analysis of the subordination provisions.

METHODOLOGY – KEY CREDIT FACTORS FOR RATING MULTILATERAL LENDING INSTITUTIONSS

Enterprise Risk Profile

20. Table 4 shows how we combine our assessment of an MLI's policy importance and its governance and management expertise to derive its ERP.

Table 4 - Enterprise Risk Profile

--Governance/ management expertise--	--Policy Importance--				
	Very strong	**Strong**	**Adequate**	**Moderate**	**Weak**
Adequate	Extremely strong	Very strong	Strong	Adequate	Moderate
Weak	Very strong	Strong	Adequate	Moderate	Weak
Weak	Adequate	Moderate	Weak	Very weak	Very weak

Policy importance

21. This factor considers the importance of an MLI's mandate and of its public policy role for the institution's shareholders and members.

22. Under these criteria, three main factors inform our view of an MLI's policy importance:

- The role and public policy mandate;
- The strength and stability of the relationship with the shareholders (including the MLI's status); and
- The PCT (when relevant).

23. **Role and public policy mandate.** We start by analyzing an MLI's role and public policy mandate, as well as the extent to which this role can be or is performed by other institutions. In addition, we analyze the MLI's track record of implementing its public policy mandate throughout the credit cycle.

24. We generally view institutions established by treaty or equivalent more favorably than those established by less-formal intergovernmental agreements.

25. **Strength and stability of the relationships with the shareholders.** We assess the strength and stability of the relationship between the institution and its shareholders by looking at membership support over time. Supportive members are those that show that they are willing and able to provide additional resources. If membership is expanding and the MLI is gaining new, supportive shareholders, this demonstrates strengthening policy importance. Conversely, previously supportive shareholders leaving or reducing their support demonstrates weakening policy importance.

26. We recognize that MLIs can accumulate capital by different means. That said, when an MLI can command regular capital increases when needed, timely payment of new capital subscriptions, and, to a lesser extent, other forms of ongoing support such as guarantees, we view this as another sign of shareholder support.

27. **Preferred creditor treatment.** Finally, we evaluate the MLI's track record with regard to PCT and other forms of preferential treatment (see paragraphs 41-42). MLIs generally benefit from PCT, which has been vital in enabling them to experience lower default rates and higher recovery rates than commercial lenders, when lending to sovereigns. This also helps to stabilize the MLI's ERP relative to other sectors.

28. PCT status means that:

- MLIs have historically been exempt from participating in sovereign debt rescheduling coordinated by the Paris Club of bilateral creditors, while commercial lenders have generally not been exempt (under the principle of "comparability of treatment"); and
- When sovereigns do default to MLIs, these defaults are usually cured before commercial debt arrears because such clearance is usually a condition of

resumed access to funding from the International Monetary Fund (IMF) and other MLI.

29. PCT--which applies to sovereign exposures--cannot be legally enforced; it is a discretional status that borrowing member countries afford to each MLI. In our opinion, an MLI gains PCT status through its perceived role and policy importance. We observe that MLI debt is typically repaid ahead of commercial lenders because borrowers greatly value the MLI's role as a countercyclical lender. In a distressed scenario, sovereigns expect MLIs to offer additional financing, even when commercial markets have closed. In addition, as noted above, the IMF usually makes curing arrears to MLIs a condition of restoring access to IMF funding.

30. Nevertheless, there have been a few cases where sovereigns have defaulted on a MLI and cured commercial debt arrears first. In other cases, MLI debt has been included in sovereign debt restructurings.

31. Therefore, we assess a MLI's PCT status by considering arrears, typically over the past 10 years, and, based on our forward-looking view, whether a country will likely be in arrears in the near future. For the purpose of these criteria, we consider an exposure (typically a loan or a claim for insurance or sovereign guarantees provided to an MLI) to be in arrears if either interest or principal is overdue beyond 180 days. We assume cross-default, which means that we consider the full amount of outstanding exposure to be overdue and not only the payable share.

32. We consider that government-led debt relief programs are tantamount to arrears, and therefore qualify for our assessment of a sovereign in arrears, unless most of the losses are otherwise compensated.

33. Our PCT assessment is used in both the ERP and the FRP and is assessed on a five-point scale. In the ERP, it is part of the policy importance assessment. In the FRP, our PCT assessment conditions the loss given default retained in the calculation of the adjustment for single-name concentration in the sovereign portfolio. In addition, we also apply a PCT adjustment to the risk weight associated with sovereign exposures. We assess this PCT adjustment on a country-by-country basis for each institution on a three-point scale.

34. We derive the PCT assessment in two steps.

35. In step one, for each institution, we classify the arrears status of each sovereign in three categories:

- Category 1 if no arrears were accrued over the past 10 years;
- Category 2 if a country was in arrears over the past 10 years, but is now fully up to date with its payments, or if we expect a country to incur arrears in the foreseeable future; or
- Category 3 if a country is currently in arrears.

36. This categorization informs the PCT uplift associated with each sovereign vis-à-vis an institution, and its corresponding risk weights––which may change over time--can be found in table 15. We use these risks weights, adjusted for PCT, in our FRP assessment (see paragraph 61).

37. In step two, we sum all the exposures of sovereigns in category 2 or 3 and divide them by the MLI's total outstanding exposure (typically loans). We account for the full outstanding exposure (typically loans) if the country is currently in arrears (corresponding to category 3) and apply a discount factor to the outstanding exposure (typically loans) if the country has historically been in arrears or if we expect it to be in arrears in the foreseeable future (corresponding to category 2).

38. Then, we determine the final PCT assessment of the ERP by applying the outcome of step 2 to table 5.

Table 5 - Assessment Of The Components Of Policy Importance

	Very strong	Strong	Adequate	Moderate	Weak
Role and public policy mandate	Role is not or cannot be readily fulfilled by another private or domestic public institution, and we expect this role to be maintained. The MLI has a track record of more than two decades of fulfilling its public policy mandate throughout credit cycles, and we expect this to continue.	Role is or can be partially fulfilled by a private or another domestic public institution, or strong role is diminishing. Shorter track record of fulfilling its public policy mandate. Its policy mandate is less important, for instance because of the limited geographical scope of its activities.	Diminishing role that is or can be partially fulfilled by another private or domestic public institution. Shorter track record of fulfilling its public policy mandate. Its policy mandate is less important than peers in the strong category.	Weakening ability to fulfill its public policy mandate.	A large part of the MLI's activity is fulfilled by private entities. The MLI is expected not to be able in the future to fulfill its public policy mandate through the credit cycle.
Strength and stability of the relationships with shareholders	The MLI was established by treaty or equivalent. No supportive shareholder has withdrawn from the MLI in the recent past or is expected to do so in the medium term. The MLI's earnings are exempt from corporate income tax. Track record of increases and timely payments of capital subscriptions by shareholders when needed to support its public policy mandate, and we expect this to continue.	The MLI was established by treaty or equivalent. No major shareholder has withdrawn from the MLI in the recent past or is expected to do so in the medium term. The MLI's earnings are exempt from corporate income tax. Shorter track record (than for a very strong assessment) of increases and timely payments of capital subscriptions by shareholders when needed to support its public policy mandate, and we expect this to continue.	The MLI was established by treaty or equivalent. The MLI's earnings are exempt from corporate income tax. Shareholders' support is weakening (for example, a supportive shareholder recently withdrew from the MLI) or the track record of timely payment of capital subscription is weaker or shorter than for the strong assessment.	The MLI was not established by treaty or equivalent. The MLI's earnings are exempt from corporate income tax. Shareholders' support is uneven or has a limited track record.	The MLI was not established by treaty or equivalent. The MLI's earnings are not exempt from corporate income tax. Shareholders' support is weak and uncertain.
Preferred creditor treatment (PCT)	The MLI has benefitted from PCT from almost all sovereign borrowers and the calculated arrears ratio typically does not exceed 0.5%.	The MLI has benefitted from PCT from most sovereign borrowers and the calculated arrears ratio typically does not exceed 5%.	The MLI has benefitted less from PCT from one or several sovereign borrowers and the calculated arrears ratio typically does not exceed 10%.	The MLI has benefitted less from PCT from one or several sovereign borrowers and the calculated arrears ratio typically does not exceed 15%.	The MLI has benefitted less from PCT from one or several sovereign borrowers and the calculated arrears ratio exceeds 15%.

39. Table 5 contains the characteristics that we generally expect to see at different levels for each component of the policy importance assessment. An institution might exhibit most but not all of the characteristics to reach a given assessment for "Role and public policy mandate" and "Strength and stability of the relationships with shareholders."

40. Some MLIs mostly have exposure to the private sector and so cannot benefit from PCT. Nevertheless, we have observed that, historically, these MLIs often have a loan-loss track record for private-sector borrowers that surpasses that of commercial financial institutions. This may occur when the same institution undertakes both private-sector lending and public-sector loans, or when the lender operates within a broader group, one part of which makes public-sector loans.

41. In such cases, the government in whose jurisdiction the debtor operates can provide some relief to maintain good relations with the public-sector MLI lender. For example, a government might waive any transfer and convertibility restrictions that impede debt service for the debtors to MLIs, but not to other creditors. Alternatively, a government might enable an expedited restructuring of the troubled borrower when the MLI is the lender.

42. Although we do not consider that this preferential treatment of private-sector MLI lending has as much impact as PCT has for MLI public-sector lending, we believe it enhances the policy role of MLIs specialized in private-sector lending. For MLIs where the private-sector portfolio forms approximately 75% or more of the total purpose-related exposure, we exclude the PCT assessment from the policy importance analysis and instead account for the preferential treatment mostly in the FRP through a risk-weight adjustment. Specifically, we typically apply a standard enhancement to the risk weight on exposures to financial institutions or corporate entities through a one-category improvement to the Banking Industry Country Risk Assessment (BICRA) and economic risk assessment when they are '5' or weaker. Therefore, for those entities, we assess policy importance based on table 6.

43. If the private-sector share is less than about 75%, we consider an MLI as public-sector focused entity and assess PCT in determining the policy importance.

44. We apply the approach described in paragraphs 34-37 for the public-sector portion of the portfolio, even if it represents less than 25% of the exposures.

45. We use tables 6 and 7 to derive the overall policy importance assessment of public-sector-focused MLIs.

Table 6 - Policy Importance Assessment (Excluding Preferred Creditor Treatment)

	--Strength and stability of relationships with shareholders--				
--Role and public policy mandate--	**Very Strong**	**Strong**	**Adequate**	**Moderate**	**Weak**
Very Strong	Very Strong	Very Strong/ Strong	Strong	Strong/ Adequate	Adequate
Strong	Strong	Strong	Strong/ Adequate	Adequate	Adequate/ Moderate
Adequate	Strong/ Adequate	Adequate	Adequate	Adequate/ Moderate	Moderate/ Weak
Moderate	Adequate	Adequate/ Moderate	Adequate/ Moderate	Moderate	Weak
Weak	Adequate/ Moderate	Moderate/ Weak	Weak	Weak	Weak

Table 7 - Policy Importance Assessment*

--Policy importance (excluding PCT)--	--Preferred creditor treatment (PCT)--				
	Very Strong	**Strong**	**Adequate**	**Moderate**	**Weak**
Strong	Very Strong	Very Strong	Very Strong	Strong	Adequate
Adequate	Very Strong	Strong	Strong	Adequate	Adequate
Moderate	Strong	Adequate	Adequate	Moderate	Moderate
Weak	Adequate	Moderate	Moderate	Moderate	Weak
Weak	Moderate	Moderate	Weak	Weak	Weak

*Not applicable for MLIs where the private-sector portfolio forms approximately 75% or more of the total purpose-related exposure.

Governance and management expertise

46. Our analysis of governance and management expertise is mostly qualitative. Most MLIs are not regulated, nationally or internationally, and are not governed by a national law. Therefore, we consider the institution's bylaws, internal governance rules, strategy, and risk management policies as vital to our analysis. We analyze an MLI's governance and strategy in the context of its public mission, which is typically to foster economic development and integration.

47. The breadth of the MLI's ownership, the structure of its audit and control, and its dividend policy also affect our evaluation of its governance under these criteria. For instance, if a few member country shareholders--particularly borrowing member countries, whose incentives may be poorly aligned with those of the broader shareholder base--control or have significant influence over decision-making, we generally assess governance as weak.

48. Another factor that may inform our assessment of an MLI's governance standards is its larger shareholders' ranking in the World Bank's governance indicators for government effectiveness, control of corruption, and regulatory quality, and similar third-party public rankings. We use such sources as an input to our analysis of the governance standards for an MLI.

49. In our opinion, the participation of private shareholders in an MLI's capital structure may also dilute its public policy role and affect its governance because the goals of private and public shareholders may conflict, particularly in periods of stress.

50. An MLI's expertise with regard to risk management affects both its ERP and FRP through the risk position subfactor. In evaluating the impact of risk management on the ERP, we focus on management's experience and track record in operating all of its major lines of business, as well as its ability to implement strategic plans and achieve financial and operational goals.

51. We classify MLIs' governance and management expertise in three categories: strong, adequate, and weak. Table 8 contains the characteristics that we generally expect to see for both the strong and weak assessment of each component of the Governance and Management Expertise assessment.

52. We also generally cap our assessment of governance and management expertise at adequate if an MLI makes extensive use of two-way credit support annexes or repo transactions, unless it can demonstrate through robust stress testing that significant liquidity strains resulting from the use of these instruments are unlikely in the foreseeable future.

Table 8 - Governance And Management Expertise Assessment

	Strong	Adequate	Weak
Governance			
Shareholding structure	Diverse and balanced composition of government shareholders. No material private sector shareholding. Shareholders allow most MLI earnings to be retained.	MLIs other than strong and weak	The MLI is predominantly controlled by one or two shareholders. Borrowing member countries have control and a significant influence over decision making. Earnings distribution (grants and transfers) leads to base capital erosion.
Governance standards	Well-established governance standards. High ranking in governance.	MLIs other than strong and weak	Risks to governance standards or low governance ranking.
Management expertise			
Strategy	Ability to implement strategic plans and achieve financial and operational goals.	MLIs other than strong and weak	The strategic planning process is limited or plans are superficial. Management is often unable to convert strategic decisions into constructive action or often fails to reach operational or financial goals.
Risk management	The institution employs superior financial and risk management policies.	MLIs other than strong and weak	The institution employs inferior financial and risk management polices relative to its operations.
Personnel	Ability to withstand the loss of key personnel without significant disruption to operations in each of its business units.	MLIs other than strong and weak	The MLI relies on one or a small number of managers. The loss of key personnel would seriously affect the organization's operation.
Track record of management	Management has considerable expertise experience and a track record of success in operating all major lines.	MLIs other than strong and weak	The management lacks the expertise and experience and the MLI often deviates significantly from its plan.

MLI--Multilateral institution.

Financial Risk Profile

53. Table 9 shows how we combine our view of a MLI's capital adequacy and its funding and liquidity to derive our FRP assessment.

Capital adequacy

54. To determine an MLI's final capital adequacy requires two steps (see chart 5).

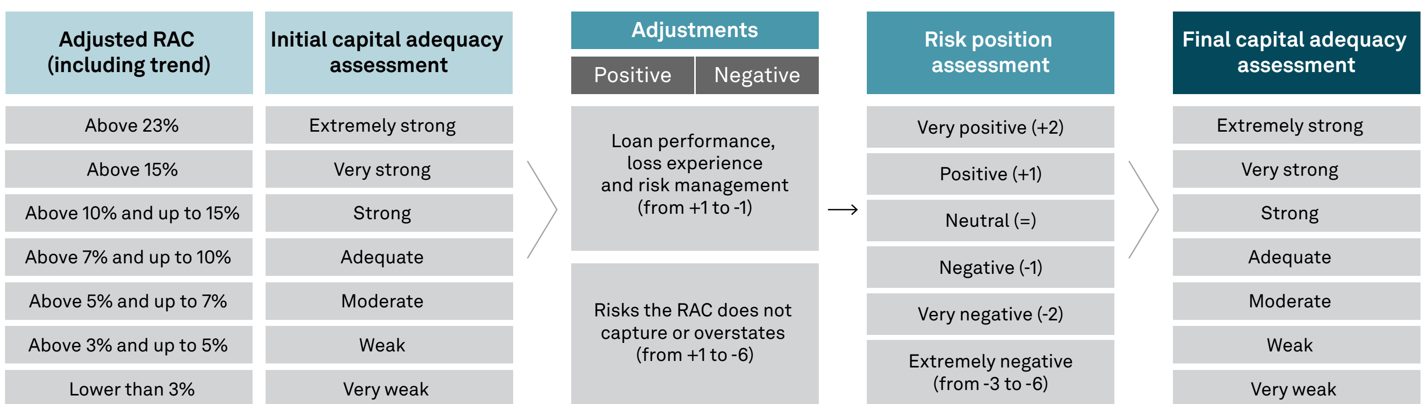
55. The first step of our capital adequacy analysis consists of determining the initial capital adequacy assessment (see chart 5). As MLIs do not have to comply with regulatory capital levels, this is based on our own measure of capital, the RAC ratio (see table 10), which uses our standard RAC framework for commercial banks, described in full in "Risk-Adjusted Capital Framework Methodology," published July 20, 2017, and adjusted for specific attributes of MLIs, namely PCT and preferential treatment, high-risk exposure cap, and diversification and concentration. The assessment is based on the most recent data as well as on our projections over a three- to five-year rating horizon.

56. In the second step, our risk position assessment takes into account qualitative aspects such as loan performance and risk management, and other risks that the RAC ratio either does not cover or overstates. The risk position adjustment ranges from very positive to extremely negative, and as such, can raise our initial capital adequacy

Table 9 - Financial Risk Profile

--Funding and liquidity--	--Capital adequacy--						
	Extremely strong	**Very strong**	**Strong**	**Adequate**	**Moderate**	**Weak**	**Very weak**
Very strong	Extremely strong	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak
Strong	Extremely strong	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Adequate	Very strong	Strong	Adequate	Moderate	Weak	Very weak	Very weak
Moderate	Strong	Adequate	Moderate	Weak	Very weak	Very weak	Very weak
Weak	Moderate	Moderate	Weak	Very weak	Very weak	Very weak	Very weak
Very weak	Weak	Weak	Very weak	Very weak	Very weak	Very weak	Very weak

Chart 5 - Risk Position And Capital Adequacy Assessments



analysis by up to two categories or lower it by up to six categories (see chart 5).

Initial capital adequacy assessment

57. The RAC ratio measures the degree to which we consider that an MLI's capital adequacy covers the losses that could arise, in our view, following an 'A' level stress in an MLI's borrowing member countries (including those an MLI has equity investments in). The RAC ratio compares an MLI's capital to its risk-weighted assets thus: Risk-adjusted capital ratio = Total adjusted capital/Risk-weighted assets.

58. We consider the RAC ratio after adjustments to be a starting point for our capital adequacy analysis.

59. We calculate the RAC ratio according to the "Risk-Adjusted Capital Framework Methodology," published July 20, 2017, but including all MLI-specific adjustments. Such adjustments mostly include PCT and preferential treatment, the high-risk exposure cap, and single-name sovereign concentration.

60. We calibrate the RAC risk charges to our view of an 'A' stress scenario, as described in "Understanding S&P Global Ratings' Rating Definitions," published June 3, 2009. Specifically, an 8% RAC ratio indicates a level of capital able to withstand an 'A' level of stress and corresponds to our adequate assessment of an MLI's capital. To account for the high capitalization we generally observe in the MLI sector, we have an additional category, extremely strong, which is not included in our bank criteria (see table 10).

Table 10 - Initial Capital Adequacy Assessment

Assessment	The risk-adjusted capital ratio is:
Extremely strong	23% and above
Very strong	From 15% to less than 23%
Strong	From 10% to less than 15%
Adequate	From 7% to less than 10%
Moderate	From 5% to less than 7%
Weak	From 3% to less than 5%
Very Weak	Less than 3%

61. Where PCT applies, it denotes a lower probability of default and higher recovery expectations for the MLI's sovereign exposures. We therefore adjust the risk weights--which may change over time--associated with sovereign exposures in the RAC framework ("Risk-Adjusted Capital Framework Methodology," published July 20, 2017) to reflect PCT strength, as assessed in the ERP (see paragraphs 34-39 and 43, as well as the risk weights--which may change over time--in table 15). When preferential treatment applies, we apply a standard enhancement to the risk weight on exposures to financial institutions or corporate entities (see paragraph 43).

62. We also add a cap on the risk weight for material high-risk exposures (for example, private equity) so that the capital allocated to such exposures does not exceed the exposed amount.

63. Last, to account for concentration and diversification, we use "Risk-Adjusted Capital Framework Methodology," published July 20, 2017, as a starting point, and include the following adjustments to adjust the RWA:

- Add a penalization to account for single-name concentration in sovereign exposures (see paragraphs relating to concentration and diversification in the Appendix for further details on the formula we apply and on the assumptions that we presently use–-which may change over time);

- Remove the penalization for geographic concentration, to avoid double counting; and

- Remove the penalization for business line concentration and diversification, because this is not relevant for MLIs.

64. Total adjusted capital (TAC). We use total adjusted capital (TAC) as our main capital measure to calculate RAC ratios for MLIs. The calculation of TAC typically includes the same adjustments as applied for commercial banks when they are relevant. On top of those, we add MLI-specific adjustments to account for the singularity of their capital structures, generally dominated by sovereigns (see table 16 for a nonexhaustive list of adjustments we may make).

65. For treatment of hybrids, see "Hybrid Capital Methodology And Assumptions."

66. After having calculated the adjusted RAC based on the last available financial data, we look at whether the RAC ratio is within 10% of the threshold, and if this is the case, we consider it to be borderline. In such cases, we take a forward-looking, qualitative approach to determine whether the RAC ratio will pass the threshold during the rating horizon, and adjust the assessment accordingly.

67. Our projected RAC ratio mostly relies, in our view, on an MLI's ability to internally generate capital as earnings from its main source of new

capital. Capital projections also include the planned disbursements of paid-in capital and the planned disbursement of loans. Overall, our forward-looking analysis focuses on earnings growth, the pace of expansion, potential changes in the institution's strategy and risk appetite, and estimated credit losses. Failure to grow capital through retained earnings at the same pace as business growth indicates to us that capital ratios will deteriorate, unless the MLI has access to external sources to make up for the deficiency. For MLIs, which are unregulated entities, we cannot rely on regulatory risk weights, so we use other assumptions that are explained in the section in the Appendix related to adjustment to risk-weighted assets.

68. Once we have calculated the adjusted RAC ratio and estimated its trend, we assess initial capital adequacy based on table 10.

Risk position

69. The second step of our capital adequacy assessment centers on the risk position assessment, which refines our view of an institution's actual and specific risks beyond the initial capital adequacy analysis.

70. The components of risk position are:

– Loan performance and risk management; and

– Other risks that the RAC ratio either does not capture or overstates.

71. Loan performance and risk management can improve the initial capital adequacy assessment (see chart 5) by one category, leave it unchanged, or worsen it by one category. In addition, if an MLI is exposed to material risks not covered in the RAC framework (see paragraph 77) or if the RAC overstates some risks, we may raise the initial capital adequacy assessment by up to one category or lower it by up to six categories, depending on the magnitude of such risks. Therefore, the risk position assessment can raise the initial capital adequacy by up to two categories or lower it by up to six categories.

72. **Loan performance and risk management.** Although we consider that an MLI's historical and expected PCT and preferential treatment generally support its loss experience, we take a positive view of an MLI that can further mitigate its credit risk losses using third-party guarantees or physical collateral, provided that we consider that it has high-quality, liquid, and enforceable collateral. We still differentiate between private-sector lenders based on the current stock of past due and impaired exposures. For sovereign lenders, our analysis focuses more on the resolution outcome of exposures previously in arrears, in terms of both timing and recovery of principal and interest.

73. Even if they can suffer arrears on payments, sovereign lenders' MLIs have historically posted very low write-offs. As a consequence, our analysis of loan performance mostly applies to private-sector lenders.

74. We assess risk management as neutral, positive, or negative. As loan performance, this assessment is mostly qualitative and based on peer analysis. We will assess risk management as positive if an MLI:

– Boasts stronger conservative risk tolerances and underwriting standards during periods of growth or changes in exposure (notably while fulfilling its countercyclical lending role), and

– Stays more focused on core activities than peers, or more prudently approaches new business, if any.

75. In contrast, we would expect an MLI with a negative risk management to typically display one or more of the following characteristics

– Aggressive risk tolerance policies;

- Weaker loan conditionality relative to peers;
- More aggressive recent organic growth and more significant prospects for future growth than in the past, compared with other MLIs in similar regions; or
- Material movement into new countries or product lines outside the traditional area of expertise.

76. **Other risks the RAC ratio does not cover or overstates.** Finally, in the risk position analysis under our criteria, we also seek to adjust for the risks not covered in the RAC framework, such as the interest rate risk and currency risk in the MLI's operations, the yearly variation of pension funding not fully recognized in the TAC deduction, the market risk of derivatives positions, and single-name concentration in private-sector exposures. In particular, an analysis of interest rate risk and currency would include a review of relevant stress scenario testing that the MLI performs, as well as its hedging policy, including basis and partial hedging risks. Under certain circumstances, we may also determine that our RAC ratio overstates risks. This may occur if, for instance, the concentration adjustment is over-penalizing (that is, results in a lower capital adequacy assessment than it should) in light of evidence that the indicated capital need is significantly higher than the amount of associated exposure.

77. We then combine these qualitative factors (loan performance and risk management, as well as risks the RAC ratio does not cover or overstates) to derive the risk position assessment.

78. Depending on the characteristics described in chart 5, we assess the risk position on a scale from very positive to extremely negative. The risk position assessment can raise the initial capital assessment by up to two categories, leave it unchanged, or lower it by up to six categories. We generally expect these adjustments to improve the initial capital adequacy assessment by one category or lower it by one or two categories.

Funding and liquidity

79. The second main factor we use to assess an MLI's FRP is based on our view of its funding and liquidity, measured on a scale from very strong to very weak (see table 11). How an MLI funds its business and the confidence-sensitive nature of its debts directly affects its ability to maintain lending volumes and to meet obligations.

Table 11 - Funding And Liquidity Assessment

	--Liquidity--					
--Funding--	**Very strong**	**Strong**	**Adequate**	**Moderate**	**Weak***	**Very weak§**
Positive	Very strong	Strong	Adequate	Moderate	Weak	Very weak
Neutral	Strong	Strong	Adequate	Moderate	Weak	Very weak
Negative	Strong	Adequate	Moderate	Weak	Very weak	Very weak

* When liquidity is weak, the institution SACP is capped at 'bb'. §When liquidity is very weak, the institution SACP is capped at 'b-'. SACP--Stand-alone credit profile.

80. **Funding.** We assess the strength and potential volatility of an MLI's funding by reviewing its funding mix and funding profile, using qualitative and quantitative measures. Unlike commercial banks, MLIs do not usually take deposits and generally have no access to central bank funding and liquidity mechanisms. They primarily fund themselves through unsecured borrowings in the capital markets, although some smaller institutions have loans from other MLIs, bilateral development banks, or commercial banks.

81. In assessing an MLI's funding mix, we chiefly consider the diversity of its funding sources and

its access to capital markets. Indicators that inform our view of an MLI's access to capital markets include the investor composition (type and diversification), access to multiple currencies and different tenors, frequency and size of issuance, composition of the MLI's yield curve, and the marginal net interest revenue. We also observe credit spreads on MLI's bonds, to the extent that these indicate a shift in MLI's credit fundamentals. Although we recognize that most MLIs have mechanisms to adjust pricing to reflect changing funding conditions, materially adverse trends (such as significant widening of spreads) or factors that could lead to a material deterioration in the MLI's funding conditions (such as a significant lowering of a shareholder rating or a questioning of the institution's policy role) weigh on the assessment.

82. We would also analyze the structural match between the duration of an MLI's assets and liabilities, looking at the schedule of its assets and liabilities in the current year and the next five years.

83. Table 12 summarizes the characteristics that we typically use to classify MLIs in terms of funding.

Table 12 - Assessing A Multilateral Lending Institutions' Financial Risk Profile: Funding

Funding assessment	Characteristics
Positive	The MLI has established and substantial market access that significantly exceeds its liquidity needs, as informed by factors such as: – An MLI is a regular benchmark issuer as needed to fund its activities; – No overreliance on a single market; – No expected material deterioration in the MLI's funding conditions, which could result from factors such as a significant lowering of its shareholders' ratings or a questioning of its policy role; and – The MLI has a conservative funding profile, with cumulative assets exceeding consistently cumulative debt for maturities up to one year and no significant gap for five years.
Neutral	Other MLIs
Negative	The MLI meets at least one of the three factors below: 1) Expected material deterioration in the MLI's funding conditions. 2) Limited access to external sources of liquidity or inadequate available market access relative to current or future funding needs as reflected by any of the following factors: – The MLI is an infrequent issuer, – Its issues are of limited size, or – It relies predominantly on bank funding. or 3) A vulnerable funding profile, as reflected by any of the following factors: – Significant reliance on short-term liabilities, – Large funding gap, or – A marginal cost of funds in excess of marginal yield on earning assets.

MLI--Multilateral lending institution.

84. **Liquidity.** Our liquidity analysis centers on an MLI's ability to manage its liquidity needs in adverse market and economic conditions and its likelihood of normal functioning over an extended period in such conditions.

85. We calculate liquidity ratios at different time horizons under different assumptions. Essentially, we calculate the sum of the discounted liquid assets for each period (the next one, three, six, and 12 months) as a proportion of the liabilities. The denominator for each ratio is the sum of all liabilities maturing by or on the horizon date, while the numerator is the sum of the assets discounted for either credit risk or liquidity risk. This gives us the potential "liquidity gap" between sources and uses of cash on a forward-looking basis. The differing exposure periods inform our view of the MLI's sensitivity to market disruptions or economic downturns, which may themselves persist for varying periods.

86. The liquidity gap analysis centers onto ratios that include loan disbursements. Should an entity show a particularly low six-month liquidity ratio, we would expand our analysis to cover shorter periods--one and three months--and consider ratios that do not include loan disbursements, to assess the effect of halting disbursements on liquidity. Should the shorter time ratios fall below 1x, we would typically assess liquidity at weak or very weak, which would cap the SACP at 'bb' or 'b-', respectively.

87. We have calibrated our credit and liquidity haircuts so that an MLI that scores adequate or above should have sufficient liquidity to withstand an extreme stress scenario in developed markets (see table 17 for details of the credit and liquidity risk haircuts we typically apply for each asset class by rating category. These may change over time). We calibrate the credit risk haircuts consistently with the capital charges we apply in calculating the RAC ratios, as detailed in "Risk-Adjusted Capital Framework Methodology," published on July 20, 2017, and we apply the 'AAA' stress described in "Understanding S&P Global Ratings' Rating Definitions." Similarly, our liquidity analysis for guarantees issued by MLIs reflects the credit risk of the underlying exposures and applies the same probabilities of default as exemplified in the credit risk haircuts.

88. Although we would not expect every issuer to survive such a stress scenario, we would compare the weaker issuers to the benchmarks set by the 'AAA' stress level. The haircuts applied to assets that mature before or on the horizon date solely reflect the credit risk of the asset, as we expect the asset to mature in time to meet a liability payment date, or default. The haircuts applied to the assets maturing after the horizon reflect the liquidity risk of the asset, for example, the expected loss on the forced sale of an asset, compared with its normal value, as reflected in the entity's accounts. The liquidity haircuts typically exceed the credit risk-based haircut due to the incremental nature of market liquidity risk. The haircuts vary based on credit quality and asset type, as each of the latter informs our view of incremental or lesser exposure to price volatility on asset liquidation. Table 13 describes how we derive the liquidity assessment for MLIs from the initial liquidity assessment.

89. Each of the following factors would improve the initial liquidity assessment, generally by one category:

- When the initial liquidity assessment is strong, we look at an MLI's ability to accelerate disbursements over a 12-month horizon under extremely stressed conditions. Given the countercyclical nature of the asset class, if we anticipate that an MLI would be able to meet an increase in loan demand, we would apply a positive adjustment.

- Ability to access a lender of last resort. The ability of an MLI to access the liquidity provided by the lender of last resort in our view enhances the creditworthiness of an MLI in adverse financial conditions. We would apply a positive adjustment

Table 13 – Liquidity Assessment

Liquidity Assessment

		Six-month liquidity ratio with disbursements		
		>1x	**0.9x-1.1x**	**<1x**
12-month liquidity ratio with disbursements	**>1x**	Strong	Strong	Adequate
	0.9x-1.1x	Strong	Adequate	Moderate
	<1x	Adequate	Adequate	Moderate or below*

The final liquidity assessment is derived from the initial liquidity assessment, adjusted by a maximum of two categories up or down, based on the net effects of adjustments outlined below and subject to the specified caps.

If the table suggests two possible values for the initial liquidity assessment, e.g., when any ratio would fall between 0.9x and 1.1x, the assessment level would be based, among other elements, on the following factors:

- Expectations of the trends in liquidity, with an improving trend corresponding to a better assessment;
- The strength of an MLI's liquidity risk management framework and controls, taking into account the type of business it undertakes and the markets in which it operates.

Positive adjustment factors (each one improves the initial liquidity assessment, generally by one category):	Negative adjustment factors (each one weakens the initial liquidity assessment, generally by one category, unless stated otherwise):
- Ability to accelerate disbursements on a 12-month horizon under extremely stressed conditions when the initial liquidity assessment is strong. - Ability to access a lender of last resort.	- Presence of covenants or triggers that could materially affect an MLI's liquidity (up to two notches). - An expected increase in liquidity needs in the next 12-24 months, which would worsen our liquidity ratios materially. - Elevated counterparty risk. - A high concentration of securities held at a single counterparty.

*If the three-month liquidity ratio without disbursements is below 1x, the assessment would be weak and the SACP capped at 'bb'. If the one-month liquidity ratio without disbursements is below 1x, the liquidity assessment would be very weak and the SACP capped at 'b-'.
SACP--Stand-alone credit profile. MLI--Multilateral lending institution.

if we anticipated that an MLI would be able to access the liquidity provided by a lender of last resort (typically a central bank) and we considered that lender willing and able to perform this role effectively.

90. Each of the following factors would weaken the initial liquidity assessment, generally by one category unless stated otherwise:

- Covenants or triggers are present that, if violated, could result in liquidity strain or a cancellation of existing facilities. We could lower the initial liquidity score by up to two categories in such cases, depending on the materiality of the covenants and triggers on the liquidity of the MLI.
- An expected increase in liquidity needs in the next 12-24 months. This could occur because of a forecast significant ramp-up in the disbursement of committed loans, or because of the materialization of important contingent liabilities.
- Elevated counterparty risk. This could be indicated by either (i) the low credit quality of derivative counterparties, or (ii) the poor management of derivative exposures.
- A high concentration of securities at a single counterparty. This would expose the MLI to significant volatility compared with a diversified securities portfolio.

91. For additional information and guidance related to the assumptions we typically make in our liquidity gap analysis, including the credit and liquidity risk haircuts and our treatment--which may change over time--of MLIs' exposure (loans and securities) to unrated LRGs and financial institutions, see the liquidity gap analysis section in the Appendix.

Assessing The Likelihood Of Extraordinary Shareholder Support

92. Once we have assessed an MLI's SACP under our criteria, we incorporate the likelihood that an institution would receive extraordinary shareholder support to service its debt obligations if needed. In the case of MLIs, extraordinary shareholder support usually comes in the form of an injection of callable capital, and less often in the form of guarantees or other types of support.

93. Callable capital is a characteristic of most MLIs. It corresponds to a commitment by each shareholder to make additional capital available, but generally, only to prevent a default on an MLI's debt or a call of a guarantee. The size of capital subscriptions generally varies among members, in proportion to their ownership shares. However, the ratio of paid-in to callable capital is generally the same for each shareholder. An MLI's callable capital is typically a multiple of its paid-in capital and often exceeds not only paid-in capital, but also shareholders' equity. If an MLI were to make a capital call, each shareholder would be responsible for providing the percentage of the capital called to which it has subscribed. Moreover, a shareholder's responsibility for meeting a call on capital, up the amount to which it has subscribed, does not depend on whether other shareholders have paid up.

94. In some cases, a joint shareholder guarantee on nonperforming outstanding loans may exist. Exercising this guarantee may be subject to certain defined conditions. Analytically, we treat these guarantees as callable capital because we would expect the process and the financial impact of calling on the guarantee to be broadly comparable with that of making use of callable capital.

95. To show the extent to which callable capital and guarantees would support the MLI's creditworthiness, we recalculate the RAC ratios to include in the numerator the callable capital from all shareholders that have foreign currency ratings equal to or higher than MLI's SACP. The denominator of the RAC ratio is unchanged. We then reapply our adjustments to include this additional capital and update our assessment as described in table 10. Assuming there is no change in the liquidity and funding profile, if capital were

called, it may improve the MLI's capital adequacy. This enables us to quantify the potential financial benefit of callable capital.

96. We determine the indicative ICR on the MLI (see chart 4) by combining the enhanced FRP (including the benefit of the eligible callable capital) and the ERP as per table 2.

97. We only include the callable capital from the shareholders rated at or above the SACP of the MLI. We make this distinction in the level of support, because in the sort of market conditions that would lead to an MLI being on the verge of default, and thus resorting to a capital call, we anticipate that its own shareholders may be under similar stress. Their capacity to provide support would therefore be diminished, which might be reflected in our ratings on the shareholders.

98. In our view, calling capital is an uncertain process. We therefore anticipate limiting the maximum support it can provide above the SACP. The maximum uplift due to callable capital is limited to three notches above the SACP. This notching depends on the shareholders' willingness and ability to make a payment on callable capital, as informed by the following considerations:

- The adequacy of the legal and administrative process in place to ensure that a capital call will be made if management believes that a call is necessary to avoid a default;

- The shareholders' ability to pay in the additional capital when called. Our view is informed by the legal and administrative processes required for the shareholders to make the payment shortly after the capital call;

- The shareholders' willingness to make the payment of capital when called. This view is informed by the shareholders' record in increasing the MLI's capital when needed to support its public policy role or its growing activity, and their record of paying on schedule the paid-in capital for general capital increases. We do not limit our assessment to the shareholders' record with regard to this specific MLI--it could extend to the shareholders' record of promptly paying capital subscriptions to other MLIs they have subscribed to. Where shareholders' have failed to pay capital subscriptions, or have repeatedly been in arrears on capital subscriptions, we may consider them to have low willingness to pay callable capital. Conversely, recent increases in paid-in capital by shareholders would affect positively our assessment of shareholder's willingness to support the MLI; and

- An MLI's policy importance (see tables 6 or 7 as applicable). If we assess policy importance as very strong or strong, the uplift due to callable capital may be up to three notches, whereas if the assessment is adequate, the uplift is capped at one notch. MLIs with moderate or weak policy importance cannot receive any uplift for callable capital.

METHODOLOGY – KEY CREDIT FACTORS FOR RATING OTHER SUPRANATIONAL INSTITUTIONS

99. This section presents the various forms of other supranational institutions and outlines corresponding rating approaches. In particular, we describe our approach when a supranational benefits from other forms of shareholder support, such as guarantees on debt obligations or support from a parent institution or from a government.

Rating Approach For Multilateral Insurance Institutions

100. Various sovereigns own multilateral insurance institutions. These differ from the insurers that fall within the scope of our insurance criteria, "Insurers Rating Methodology," published July 1, 2019, because their purpose is more aligned with the MLIs we describe here than with those covered by the insurance criteria. We therefore consider that applying the ERP assessment for MLIs gives

us a more accurate view of multilateral insurance institutions' business risk.

101. In addition, multilateral insurance institutions typically benefit from the same sort of callable capital arrangements as MLIs. Under our criteria, we give credit to both when assessing multilateral insurance institutions. For multilateral insurance institutions, assigning an ICR or financial strength rating consists of two key steps: determining the SACP and assessing the impact of extraordinary shareholder support.

Determining the SACP

102. We combine our insurance criteria with certain provisions of the MLI criteria described here to determine the SACP. In particular, we assess the ERP using the process described in the "Key Credit Factors For Multilateral Lending Institutions" section above to reflect multilateral insurance institutions' specific policy importance, assessing on a case-by-case basis whether or not they warrant PCT.

103. We generally determine the FRP by applying capital and earnings, risk exposure, and funding structure under the insurance criteria. To apply the FRP assessment from our insurance methodology in table 2 of the MLI criteria, we adapt the assessment to account for the fact that our insurance capital and RAC frameworks are calibrated differently. We derive the initial FRP assessment from table 7 of the insurance methodology and then reduce it by one category, for instance from very strong to strong. We then apply the liquidity assessment from the insurance methodology, under which less-than-adequate liquidity limits the SACP to 'bb+' and the ICR to 'BB+', and weak liquidity limits the SACP to 'b-' and the ICR to 'B-', unless the insurer has external support.

Assessing the impact of extraordinary shareholder support

104. This assessment uses the framework for MLIs in the section titled "Assessing The Likelihood Of Extraordinary Shareholder Support".

Rating Approach For Multilateral Aid Agencies

105. We base our approach to rating multilateral aid agencies on our assessment of the support offered by multiyear sovereign commitments to fund aid activities. Our analysis focuses on the nature of the commitments and the buffer between the amounts of the collective commitments and the debt that the aid agencies may incur based on these commitments.

106. More specifically, we would derive our ratings on multilateral aid agencies from the ratings on the sovereign donors, adjusted according to their history of making contributions on a timely basis, and the scope for moderate payment delays provided by the buffer.

107. Again, there are two steps to this approach:

- We assess the value of sovereigns' commitments to pay installments of multiyear grants to aid agencies, compared with their undertakings to provide paid-in capital to MLIs or their obligation to service their own debt.
- We consider the buffer provided by the excess of the present value of these commitments over the present value of the debt issued.

108. In practice, we calculate a coverage ratio by dividing total remaining pledges from donors by the total outstanding debt for the current year. We then repeat the calculation using the total projected outstanding debt for each of the subsequent years, to understand the trend. We consider that the long-term foreign currency rating on a country is a good approximation of the risk of the pledges, subject to paragraphs 107 and 108. We consider pledges in a descending order ranked by long-term foreign currency ratings on the donor countries and then look for the inflection point where the coverage ratio equals 1x. The long-term foreign currency rating on a country whose marginal donor contribution maintains the ratio above 1x (including a safety buffer for risks pertaining to pledges) is in our view

the most important point informing the risk of future pledges being needed to pay the outstanding debt. For example, if the long-term foreign currency rating on the marginal donor country was 'A+', we would typically assign an 'A+' rating to the multilateral aid agency as future payments of pledges to service debt would depend on that country.

109. Because multilateral aid agencies generally have a narrow focus and provide essential public services, we consider sovereigns more willing to fund contributions to aid agencies through multiyear grants that are legally documented obligations than they are to provide paid-in capital to MLIs. Depending on the aid agency in question, a sovereign's willingness to provide these grants could be equal to their willingness to service their own debt obligations.

110. That said, the perception that a charitable institution has become ineffective or that other factors have eroded political support for the institution could jeopardize this willingness. When we observe that sovereigns have paid their contributions late or when we have other cause to view political support for the multilateral aid agency as diminished, we would likely lower ratings to reflect the increased risk that future inflows will be insufficient to service the multilateral aid agency's debt.

111. The difference between the present values of legally documented sovereign commitments and the debt that the aid agency issues based on these commitments is, in effect, a cushion and we view it as similar to capital. Accordingly, size matters, and a default by a government with a major commitment would be more serious (and have greater implications for the rating on the multilateral aid agency) than a default by a government with a smaller commitment. Similarly, the credit standing of the government also matters; a default by the government of a highly rated sovereign would be viewed more negatively than that of a lower-rated sovereign. Finally, the timing of the default is also a factor: A default early in the life of the entity may provide the opportunity to rebuild the cushion or prompt a smaller issuance of debt.

Rating Approach For Subsidiaries Of Supranational Institutions

112. Some supranational institutions are subsidiaries; their parent institution could be another MLI or another supranational institution. In such cases, we apply our group methodology "Group Rating Methodology," published July 1, 2019, to rate the subsidiary.

Rating Approach For Supranational Institutions Issuing Debt Instruments That Benefit From Shareholder Guarantees

113. Some supranational institutions issue debt instruments that may benefit from a form of shareholder guarantee. The guarantee's impact on the issue rating on the institution depends on the guarantee mechanism, which can take many different forms.

114. If a government has guaranteed an institution's debt obligations, then we would generally base the issue rating on the guarantor's creditworthiness, provided that the terms of the guarantee meet the conditions for credit substitution in "Guarantee Criteria," published Oct. 21, 2016.

115. If the institution's shareholders have severally guaranteed its debt obligations, meaning that each sovereign government bears debt-servicing responsibility for only its own portion of the proceeds, then we generally rate the bond at the level of the lowest-rated participating sovereign on whose guarantee the full and timely repayment of the bond relies, irrespective of how large or small that sovereign's share in the bond may be. In cases where the shareholder guarantees cover more than the institution's current and expected debt program, through a form of overcollateralization, then we would determine the subset of the highest-rated shareholders, whose cumulative

overcollateralization will cover 100% of the institution's debt program. The bond will be rated at the level of the lowest-rated participating sovereign from this subset.

116. If, for an institution with a unique policy role, we are confident that all financial obligations benefit systemically from shareholder guarantees--such as cases where the entity is in wind-down mode, and where such guarantees may be called on in advance in order to meet maturing obligations--we may equalize the ICR on these entities with the issue credit rating determined in accordance with paragraphs 114-115.

Rating Approach For The EU

117. We assess the issuer credit rating on the EU based on:

- An anchor, derived from the nominal GDP-weighted average sovereign foreign currency rating on all member states (MS); plus

- Adjustment factors, when warranted, each of which would have a specific impact (positive or negative only, or bidirectional). The cumulative, combined impact of the individual adjustment factors may lead to an assessment that is higher or lower than the anchor. We apply our holistic analysis last.

118. Our assessment of both the anchor and the adjustments takes into account our forward-looking view.

119. The building blocks are summarized in the table below and includes additional information on the individual components.

Table 14 - Main Building Blocks In Rating The European Union

Component	Direction and scale of impact	Comments/factors considered
Anchor		Weighted average sovereign foreign currency rating on all MS, weighted by our GDP projections for the current year.
Adjustment factors		
Extraordinary support by member states	Can only have a positive impact, up to two notches.	Assesses our expectation that the most creditworthy MS would be willing and able to support the EU's debt service under stressed assumptions.
Political cohesion	Can have a positive or negative impact, typically one notch, but could be several notches as warranted under rare circumstances.	When warranted, conveys our view of potential changes to the political cohesion and integration of the EU.
Weak management of debt and liquidity	Can only have a negative impact, typically one notch, but could be several notches as warranted under rare circumstances.	When warranted, conveys our view that liquidity management does not secure sufficient coverage of forthcoming debt service or exposes the EU to refinancing risks.
Large guarantees	Can only have a negative impact, generally of one notch.	When warranted, conveys our view that the potential materialization of guarantee-related risks is insufficiently covered by either budget resources or extraordinary support.
Holistic analysis	Can have a positive or negative impact, generally up to one notch.	When warranted, conveys our view of any additional, significant developments that are not reflected in the anchor or other adjustments.

MS--Member states.

Anchor

120. In our view, the institutional and financial strength of the EU is closely linked to the ongoing capacity and willingness of all MS to support the EU's budget. We determine our anchor by averaging the sovereign foreign currency credit ratings on all MS, weighted by each MS' share in the EU's nominal GDP and based on our GDP projections for the current year. If the weighted average is on the border of two anchor outcomes, we would consider the trends in GDP projections to decide whether to select the higher or lower of the two anchors.

Adjustment Factors

Extraordinary support

121. This positive adjustment typically applies when:

- We assess through a quantitative measurement (a debt service coverage ratio [DSCR]) that highly rated MS could cover the EU's debt service under stressed assumptions, and

- We expect that those MS would be willing to provide the expected support.

122. Our DSCR aimed at assessing extraordinary support is based on the following:

- **Numerator:** Additional revenue coming exclusively from MS rated above the anchor, calculated as the difference between the maximum "own resources ceiling" and the actual amount appropriated each year by these MS for the EU's budget. The own resources ceiling determines the maximum amount of resources in any given year that can be called from MS to finance EU expenditure.

- **Denominator:** EU's annual debt service. This includes the interest and principal payments that are related to the EU's debt covered directly from its own budget. In addition, we include debt outside of the budget flows, which the EU borrows to onlend to MS. We adjust the onlent debt service to reflect the MS' differing capacity to repay debt to the EU. That is, we only take into account the portion of EU debt service from onlending that our hypothetical scenario assumes may not be covered by the MS. That portion is derived by using the credit risk haircuts, as defined in table 17.

- When 100% of the debt service coverage is structurally provided by MS that have a foreign currency sovereign rating at least one notch above the anchor, the adjustment to the anchor would typically be one notch; when 100% of the coverage is provided by MS that have a foreign currency sovereign rating at least two notches above the anchor, the adjustment to the anchor would typically be two notches. The uplift from the anchor based on such extraordinary support would be capped at two notches.

- Although this debt service coverage ratio is the key initial component of the extraordinary support assessment, the final decision to apply the adjustment ultimately depends on our expectation that the MS would be willing to provide the additional revenue, in addition to the revenue they have already appropriated for the EU's annual budget, and that no political or legal obstacle would prevent them from providing this support.

Political cohesion

123. This adjustment is bidirectional, based on our qualitative assessment of whether the EU's political cohesion is strengthening or deteriorating. We would typically consider plans by the MS to further solidify the EU's institutional and financial set up to be positive. By contrast, events that threaten the EU's political integration, the multiyear budget approval process, or adherence to the EU's foundational principles could be negative to its creditworthiness, as could events that signal that a MS is disengaging from the EU. In most circumstances, the adjustment would be limited to one notch. However, in rare circumstances,

where we consider that political cohesion would be severely harmed--for instance, if several key MS were to leave the union simultaneously--we could apply a multiple-notch adjustment.

Weak liquidity and debt management

124. We could apply a downward adjustment to the anchor if we qualitatively assess that the EU's cash and liquid assets are insufficient to cover its forthcoming debt service, or that its liquidity and debt policies expose the EU to elevated refinancing risks. Trends (for example, weakening liquidity policy) could lead us to make one or more negative adjustments. In most circumstances, the adjustment would be limited to one notch. However, in rare circumstances, we could adjust the anchor by several notches to reflect events such as an acute liquidity shortfall or a spike in refinancing risk.

Large guarantees

125. We could apply a downward adjustment to the anchor if we qualitatively assess that the EU would be unable to cover the potential materialization of guarantees from its liquidity and reserves, budget resources, or additional resources provided by MS. We use credit risk haircuts, as defined in table 17, to assess the impact of the guarantees materializing.

Holistic analysis

126. After incorporating all adjustments described above, and before arriving at the issuer credit rating, we perform our holistic analysis, which helps us capture a more-comprehensive analysis of creditworthiness. Our holistic analysis includes strongly positive or negative characteristics that are not included separately in the anchor or adjustments. As a result, we could apply an adjustment, generally of one notch, in either direction, or none at all.

127. Where relevant, we apply our "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012.

APPENDIX

128. This appendix provides additional information related to the application of the methodology for rating MLIs as described above, and is intended to be read and applied in conjunction with this methodology.

PCT assessment

129. **History of arrears.** The PCT assessment considers on a country-by-country basis the arrears observed typically over the past 10 years, generally corresponding to a full economic cycle. The assessment also incorporates our forward-looking view of whether a country will likely be in arrears in the near future. For new MLIs, in the absence of a track record through a full economic cycle, our assessment relies more heavily on our view of the most likely MLI experience.

130. **Definition of arrears.** We consider an exposure to be in arrears if either interest or principal is overdue beyond 180 days. This threshold is in line with the accounting recognition and treatment of arrears, which enable greater transparency and comparability between institutions.

131. In the vast majority of cases when considering the exposure in arrears, we focus on loans. However, in some cases, we consider claims for insurance or sovereign guarantees provided to an MLI, and we may also include treasury assets.

132. **Forward-looking view of PCT.** We consider the context of net flows when we assess PCT on a forward-looking basis. "Net flow" reflects the net of financial inflows and outflows between a sovereign and an institution. A positive net flow in this instance means the sovereign is receiving more funding from the institution than it is paying out to service debt to the same institution. For example, a positive net flow may create an incentive for the sovereign to continue to service its debt obligations in the short term; therefore we generally consider net positive flows to be credit-positive. However, we

may view that same activity as credit negative when it structurally and significantly contributes to an increase in the sovereign's overall debt or when we believe that loans extended will only increase the likelihood of future nonpayment.

133. We classify the arrears status of each sovereign into one of three categories. When overdue, we consider the entire outstanding exposure and not only the immediately and past-due payable amounts. Then, we apply an adjustment factor to the exposure depending on the category:

- For Category 1--if a country had no arrears over the past 10 years--we apply a factor of 0%.
- For Category 2--if a country was in arrears over the past 10 years or if we expect it to be in arrears in the foreseeable future--we apply a factor of 25%.
- For Category 3--if a country is currently in arrears--we apply a factor of 100%.

134. Then, we sum all the exposures of sovereigns in category 2 or 3 and weighted by the appropriate factor, and divide them by the MLI's total outstanding sovereign exposures (typically loans). We use this ratio in the final PCT assessment of the enterprise risk profile as per table 5 above.

135. In addition, this categorization informs which sovereign arrears status column applies (see table 15). This categorization, together with the sovereign rating, determines the risk weights--which may change over time--found in table 15 below.

136. **PCT for private-sector exposures.** For private-sector exposures, we do not give MLIs benefit for PCT or incorporate PCT in the overall enterprise risk profile assessment. We reflect preferential treatment in the financial risk profile assessment,

Table 15 - Risk Weights For Central Government And Central Banks (%)

	--Sovereign arrears status--		
Sovereign long-term foreign currency credit rating	Category 1	Category 2	Category 3
AA- and above	3	3	3
A+	3	3	5
A	3	3	9
A-	3	5	15
BBB+	3	9	26
BBB	5	15	40
BBB-	9	26	57
BB+	15	40	76
BB	26	57	99
BB-	40	76	125
B+	57	99	153
B	76	125	185
B-	99	153	219
CCC+	125	185	257
CCC	153	219	297
CCC-	185	257	340
CC	219	297	386
D	257	340	428

specifically within the RAC ratio, by applying a one-category uplift to the associated BICRA score when it is '5' or weaker for financial institutions exposures and to the associated economic risk score when it is '5' or weaker for corporate exposures. This would result in a lower risk weight than that we apply to commercial lenders.

137. However, if there is material exposure and evidence of an MLI not being afforded preferential treatment, such as in the case of not being exempted from capital controls, a debt moratorium, or other sanctions, we could remove (or not apply) this uplift to the BICRA and economic risk scores.

138. **PCT for local and regional government (LRG) exposures.** For LRG exposures, we typically do not grant benefit for PCT because we believe LRGs will not show different payment behavior toward MLIs compared with commercial creditors. When there is a sovereign guarantee, we consider an MLI's exposure to that LRG to be equivalent to its exposure to the guaranteeing sovereign (see **"What Does S&P Global Ratings Consider A Default For Sovereign And Non-U.S. Local And Regional Governments?**," published April 13, 2017).

139. **Total adjusted capital** TAC is our main capital measure for calculating RAC ratios for MLIs. The calculation of TAC typically includes the same adjustments we apply for commercial banks where relevant. For further details, please see section 1. Total Adjusted Capital (TAC) of "Risk-Adjusted Capital Framework Methodology," published on July 20, 2017. On top of those, where relevant, we add MLI-specific adjustments. These are highlighted in table 16, and described in more detail below.

Calculation Of Total Adjusted Capital*

Starting point: common shareholders' equity
Add "minority interests: equity"
Deduct capital committed (subscribed) but not yet due
Deduct capital due but not yet received
Deduct members' promissory notes
Deduct maintenance of value payment receivables due on capital
Deduct capital in restricted currencies
Deduct revaluation reserves
Add or deduct postretirement benefit adjustments
Add or deduct cumulative effect of credit-spread-related revaluation of liabilities
Deduct significant minority investments in financial institutions and investments in insurance subsidiaries
Deduct goodwill and nonservicing intangibles*
Deduct interest-only strips*
Deduct dividends not yet distributed*
Add or deduct other equity adjustments
Deduct other adjustments (e.g., unrecognized pension deficit)
= Adjusted common equity (ACE)
Add preferred stock and hybrid capital instruments (subject to limits)
= Total adjusted capital (TAC)

Note: Highlighted rows indicate MLI-specific adjustments. *These adjustments may be very rare for MLIs.

140. **Capital committed but not yet due or received.** Periodic general capital subscriptions are typically scheduled to be paid in over a number of years. When this happens, we include in adjusted common equity (ACE) only the portion received in cash and credited to paid-in capital or capital reserves. Therefore, we exclude the capital subscribed and not yet received.

141. **Value payment receivables due on capital.** There are cases where member countries are required to maintain the value of their paid-in capital made with their own currencies. Value payment receivables occur when said currencies reduce in value relative to the standard value due to movements in exchange rates, and member countries owe the MLI. Typically, these are already deducted from equity on the MLI balance sheet, but if they are not, we apply this adjustment to derive ACE.

142. **Members' promissory notes.** These represent contractual agreements made from a member country to an MLI to make a payment on a specified date. We also deduct promissory notes from ACE.

143. **Capital in restricted currencies.** Some MLI members make their paid-in capital contributions in their own local currency. When we believe the currencies received are nonconvertible or there are significant difficulties to convert, we will deduct these holdings from ACE. This is typically the case when the currency is very thinly traded or subject to capital controls. We could include local currency contributions in ACE if the MLI has significant lending activity in that currency, and so benefits from receiving capital contributions in that local currency for carrying out its activities.

Adjustment to risk-weighted assets

144. We adjust our RWAs to account for MLI-specific features. The main adjustments relate to:

- PCT and preferential treatment (described in the section "PCT assessment" above).
- High-risk exposure cap (HREC).
- Concentration and diversification.

145. **HREC** . Some MLIs have high RAC ratios and at the same time may be substantially exposed to risky assets and counterparts with low creditworthiness. This is why we adjust our RAC framework by capping the risk weight so that the capital allocated to such exposures (for example, private equity) does not exceed the exposed amount. The effect of applying the cap is to produce a RAC ratio at about the same level as we would obtain if we deducted 100% of these high-risk exposures from the TAC (that is, we assume that the loss under our stress scenario would amount to the entire exposure).

146. **Concentration and diversification.** We also apply a single-name concentration charge (for sovereigns) as MLIs are significantly more concentrated than commercial banks in terms of number and size of exposures. To achieve this, we use the same formula as when estimating concentration risk for corporate exposures. However, we removed the quadratic scaling we introduced for corporates given the limited information available on large exposures. For corporate exposures, we based our granularity adjustment on the 20 largest exposures, thereby extrapolating the normalized and unexpected losses of those exposures to the rest of the portfolio. As MLIs have limited sovereign loan portfolios compared to the commercial banks' corporate portfolios, we have access to the detailed composition of the sovereign loan portfolios, making the extrapolation part of the Gordy formula irrelevant. The rest of our assumptions are identical to the methodology for single-name concentration on corporate exposures, which are detailed in Appendix B of the "Risk-Adjusted Capital Framework Methodology," published July 20, 2017.

147. Specifically, we use the formula originally described and tested by Gordy and Lütkebohmert (see "Granularity adjustment for Basel II," published by the Deutsche Bundesbank as a Discussion Paper, Series 2: Banking and Financial Studies, No 01/2007 in January 2007). This simplifies to the following, based on reported sovereign purpose-related exposures:

$$\frac{1}{2K} \cdot \left(\sum_{i=1}^{n} s_i^2 \, C_i Q_i \right)$$

Where:

- s_i = EAD/Total sovereign EAD is the share of the sovereign total purpose-related exposures (exposures after default; EAD) corresponding to sovereign i.
- $Q_i = \delta(K_i + R_i) - K_i$ is used for notational convenience. Parameter δ = 4.83.
- C_i = [(LGD x LGD + 25% x LGD x (1-LGD)]/LGD. C_i can be viewed as a stressed loss-given-default (LGD) using its normalized variance.
- K_i is the Basel II unexpected loss for exposure i (as a percentage of EAD) computed using the Basel II Foundation IRB (Internal Ratings-Based) formula, where the probability of default (PD_i) is set as the long-term average S&P Global Ratings' global corporate default rate for the rating class when the exposure is rated. If the exposure is not rated, we use a proxy or internal credit estimate. The default rates are taken from, and periodically updated based on, our annual study of global corporate defaults and rating transitions.
- R_i = PD_i x LGD is the expected loss for exposure i (as a percentage of EAD).
- K is the sum of K_i for all sovereign purpose-related exposures (as a percentage of EAD).

148. To account for different levels of perceived PCT and hence the relative riskiness among MLIs, our assumptions for loss-given default (LGD) in the above formula vary from 10% to 45%. We usually assume 10% LGD for institutions with very strong PCT; 20% for institutions with strong PCT; 30% for MLIs with adequate PCT; 40% for MLIs with moderate PCT; and 45% for MLIs with weak PCT. For MLIs with 75% or more of their loans to the private sector, we do not consider PCT in determining their policy importance or enterprise risk profile. Nonetheless, we determine a PCT assessment for the remaining (sovereign-exposure-related) part of the portfolio to inform the LGD assumption that we apply in the concentration adjustment to sovereign exposures.

149. The probabilities of default we use in the single-name concentration formula are PCT-adjusted. This means that, for a given sovereign exposure, we consider the probability of default corresponding to the rating on the sovereign after considering the uplift for PCT depending on the arrears status of the sovereign.

150. We do not apply the HREC in the formula for the single-name concentration adjustment. We acknowledge that the iterative pattern of the HREC may distort the RAC metrics, particularly when RAC ratios are high. This may lead to inconsistent or volatile results, especially in the case of rating migration of large borrowers. However, to limit an excessive concentration charge on the sovereign exposure, we cap the probability of default through a probability of default floor at 'B-'. This enhances the consistency of RAC results in the abovementioned cases while limiting, as far as possible, the allocation of capital to high-risk exposures exceeding the exposed amount.

151. To avoid double counting, we then remove the concentration adjustment based on GDP for geographic concentration and do not apply the adjustment for business-line concentration and diversification. Given that many MLIs are concentrated on a few sovereigns, the single-name concentration adjustment for sovereign exposures is material, leading to a reduction of the RAC ratio in most cases

Applying risk weight to portfolios benefiting from credit risk transfer

152. Multilateral lending institutions and supranationals' efforts to maximize the utility of capital will periodically result in the transfer of risk to other entities. Here we provide additional transparency about how we address risk transfer, in particular through securitization structures, in our assessment of their capital.

153. In the "Credit risk and counterparty risk and associated risk weights" section of our risk-adjusted capital framework (RACF) criteria ("Risk-Adjusted Capital Framework Methodology," published July 20, 2017), and in particular paragraph 96, we give our assumptions for the underlying risk of exposure to securitizations when tranche ratings are unavailable. The criteria include our approach for regulated entities. MLIs are nonregulated entities, so we would not be able to infer any rating on a tranche from the regulatory risk weights because they don't have any. Even if the institution or any third party provides such calculations as per the published regulatory formula, we would typically not use those calculations and assumptions because the essential input values have not been vetted by a regulatory body.

154. **Form and structure of risk transfer.** Instead, when considering different types of risk transfer mechanisms, typically in the form of securitizations of a pool of an MLI's loans, we would first determine whether the transaction has the necessary elements that would allow the MLI to benefit from capital relief. We typically use one of three potential risk transfer approaches: synthetic risk transfer, securitization of risk exposure, or risk transfer by virtue of the MLI being the beneficiary of a financial guarantee. These elements can also be combined in one structure.

155. A synthetic risk transfer is more likely to achieve a smaller transfer of risk compared with a true sale transaction as the MLI transfers the exposure but now faces concentrated counterparty risk. This is unless the transferred risk tranches are fully collateralized upfront, potentially removing the counterparty risk. In a securitization, a significant or full risk transfer is possible with a true sale of risk. In either case, a tranche of risk or various tranches of risk may be transferred. If instead a guarantee is provided, we would require it to satisfy our general conditions in the guarantee criteria (i.e., being timely, irrevocable, and unconditional). In addition, we would want to establish a view of the materiality of the risk transferred considering aspects of the regulatory requirements of local and regional jurisdictions.

156. **Magnitude of risk transfer.** Assuming we have concluded that the form of risk transfer is effective, we then typically evaluate likely total losses emanating from the underlying portfolio. This calculation is based on our total losses adjusted for stronger or weaker economies as well as adjustments for single-name, sector, and geographic concentration or benefits. Alternatively, we could use our CDO criteria ("Global Methodologies and Assumptions For Corporate Cash Flow And Synthetic CDOs," published on Aug. 8, 2016) or our CDO mapping criteria ("Mapping A Third Party's Internal Credit Scoring System To S&P Global Ratings' Global Rating Scale," published on May 8, 2014). We would then consider the estimated losses in the context of the risk transfer structure in order to infer a ratings estimate for each tranche and that would, in turn, determine the risk weights applied.

157. For risk retained, we typically apply a risk weight of 1,250%, akin to a 100% deduction of capital on the equity tranche, which we expect to be fully utilized or consumed in a stressed loss scenario. The risk weight applied to any retained mezzanine or senior tranche would be informed by table 8 from "Risk-Adjusted Capital Framework Methodology," depending on the level of credit enhancement needed to survive a stress scenario at a specified rating level. For example, if portfolio losses, when applying our RACF to derive them, would be fully covered by junior and mezzanine tranches, we would typically infer a rating at the 'A' level for the senior tranche and use a risk weight of 50% according to table 8 in the methodology. We infer this rating level because in the RACF methodology losses are calibrated to an 'A' stress level. Alternatively, more severe stress levels could be considered by applying our CDO criteria to derive portfolio losses.

158. For tranches sold with full payment provided upfront, we would consider the risk effectively removed. Tranches that are transferred depend on the risk of the offtaker's creditworthiness,

unless they are fully collateralized during the life of the transaction. In the latter case, we would then consider the risk of the collateral if segregated and bankruptcy remote. To guaranteed tranches, we typically apply a risk weight commensurate with their underlying counterparty risk if they meet our requirements of risk substitution as per our guarantee criteria.

159. Finally, we derive the portfolio risk weight by multiplying each tranche risk weight by the thickness of the corresponding tranche.

Liquidity gap analysis

160. Liquidity gap analysis is one of the key factors in our assessment of an MLI's liquidity. The analysis compares sources of funds to uses of funds, mostly over the next six and 12 months, stressed for adverse market and economic conditions (typically corresponding to a 'AAA' stress scenario).

161. **Ratio calculation.** We assess an MLI's potential uses of cash to determine its contractual and contingent short-term obligations, including the following:

- Payments in accordance with the maturity profile of liabilities, assuming no access to the markets;
- Disbursements of undrawn loan commitments;
- Requirements to post collateral on derivatives payables;
- Potential calls under guarantees; and
- Support payments to affiliates (through earnings distributions).

162. The potential sources of cash include the following:

- Repayment of purpose-related exposures;
- Drawdown of unrestricted cash and short-term interbank placements;
- Drawdown of committed credit facilities;
- The repayment, repo, or sale of unencumbered high-quality liquid securities in the open market; and
- Disbursement of paid-in capital in line with scheduled general capital increases.

163. **Treatment of derivatives and repo transactions.** For the purpose of the liquidity gap analysis, we typically do not consider collateral posted in the context of repo or derivatives transactions as encumbered assets, but we add to liabilities the derivatives payables or the short-term interbank borrowing under the repo transaction. Credit and liquidity risk apply normally. If exposure to refinancing risk through repurchase agreement is significant, we add this to liabilities and could consider it a credit-negative.

164. The 'AAA' stress analysis applies haircuts (reductions) to the sources of liquidity to reflect both credit and liquidity risks.

165. Credit-risk haircuts reflect our assumptions that the MLI may not be repaid on its exposures (securities and loans) in full and on the due date within the time horizon we are considering. In such cases, the underlying creditworthiness of the assets matters.

166. Liquidity-risk haircuts reflect our assumptions that the MLI will only be able to sell its securities before their due date of payment (when it is beyond the time horizon we are considering) at a discounted rate in case it needs to liquidate these assets. In such cases, the liquidity of these assets matters.

167. We calibrate the credit risk haircuts we apply in our analysis of MLIs consistently with the capital charges we apply in calculating the RAC ratios under a 'AAA' stress test scenario, as detailed in "Risk-Adjusted Capital Framework Methodology," published on July 20, 2017.

168. Table 17 lists the credit and liquidity haircuts we typically apply for our liquidity gap analysis.

Table 17 - Credit And Liquidity Haircuts

Asset class	Credit risk haircut§	--Liquidity risk haircut (%)*-- Maturing within three months	Maturing between three and six months	Maturing between six and 12 months	Maturing between one and two years	Maturing beyond two years
Cash/demand deposits	0					
Unencumbered securities rated 'AA-' or above						
Sovereigns/supranationals/agencies	1	4	6	8	12	14
Local governments and sovereign-sponsored securitizations	1	14	18	26	34	38
Financial institutions	3	20	28	34	40	46
Covered bonds	2	20	28	34	40	46
Corporates	12	20	28	34	40	46
Structured finance	12	100	100	100	100	100
Unencumbered securities rated 'A+' to 'BBB-'						
Sovereigns/supranationals/agencies	5	6	8	10	14	16
Local governments and sovereign-sponsored securitizations	6	16	20	28	36	40
Financial institutions	5	24	32	38	46	50
Covered bonds	3	24	32	38	46	50
Corporates	15	24	32	38	46	50
Structured finance	15	100	100	100	100	100
Unencumbered securities rated 'BB+' to ‘BB-‘						
Sovereigns/supranationals/agencies	25	25	34	41	48	50
Local governments and sovereign-sponsored securitizations	30	40	54	66	77	80
Financial institutions	29	40	54	66	77	80
Covered bonds	19	40	54	66	77	80
Corporates	33	40	54	66	77	80
Structured finance	100	100	100	100	100	100
Unencumbered securities rated 'B+' to ‘CC‘ or below or unrated						
Sovereigns/supranationals/agencies	65	65	80	100	100	100
Local governments and sovereign-sponsored securitizations	69	80	100	100	100	100
Financial institutions	74	80	100	100	100	100
Covered bonds	49	80	100	100	100	100
Corporates	67	80	100	100	100	100
Structured finance	100	100	100	100	100	100
Other						
Loans and advances rated ‘BBB-‘ or above	15	100	100	100	100	100
Loans and advances rated 'BB+' or below or unrated	33	100	100	100	100	100
Term deposits and placements at banks rated 'AA-' or above	3	100	100	100	100	100
Term deposits and placements at banks rated 'A+' to 'BBB-'	5	100	100	100	100	100
Term deposits and placements at banks rated 'BB+' to 'BB-'	29	100	100	100	100	100
Term deposits and placements at banks rated 'B+' or below or unrated	74	100	100	100	100	100
Derivatives	100	100	100	100	100	100
Publicly listed or privately held equity shares and funds	100	100	100	100	100	100
Other assets	100	100	100	100	100	100

* The liquidity risk haircut is applied to securities maturing beyond the ratio horizon, to reflect valuation risk. For example, when computing the one-year liquidity ratio, we apply credit risk haircuts to all assets maturing within one year, and we apply the respective “between one and two years” or “beyond two years” columns to longer dated securities. All assets other than unencumbered securities that are not maturing during the stress period are applied a haircut of 100%. §This credit risk haircut is applied to all assets maturing before the end of the ratio horizon, to reflect default risk.

169. **Unrated exposures.** We generally assume unrated exposures (unless the issuer is rated and the issue rating can be inferred from the issuer's rating) to have higher credit risk and we therefore combine this category with the category of "unencumbered securities rated 'B+' or below" (see table 17).

170. However, based on the historical credit performance we have observed, we consider that such haircut assumptions can potentially overestimate credit risks when it comes to unrated LRGs' and financial institutions' exposures. Additionally, we have observed that there is a high correlation between credit risk and our institutional framework assessments for LRGs and between credit risk and our BICRAs for financial institutions.

171. As a result, in determining the credit risk haircuts in table 17, we apply the following mapping, unless country-specific features require another categorization.

Table 18 - Mapping Used For Unrated LRGs' Exposures

Institutional framework for LRGs	Rating categories for liquidity gap analysis
1 and 2	'AA-' and above
3 and 4	'A+' to 'BBB-'
5	'BB+' to 'BB-'
6 or no IF assessment	'B+' and below

LRGs--Local and regional governments.

Table 19 - Mapping Used For Unrated Financial Institutions' Exposures

BICRA for financial institutions	Rating categories for liquidity gap analysis
1 to 5	'A+' to 'BBB-'
6 or 7	'BB+' to 'BB-'
8 to 10 or no BICRA assessment	'B+' and below

172. The above mapping only relates to credit risk haircuts. We continue to apply liquidity haircuts based on the weakest rating category of 'B+' and below, as such unrated LRGs and financial institutions exposures are, in our view, less liquid than exposures to rated entities.

173. For all other (non-LRG and non-financial institution) unrated exposures, we apply table 17 above without any changes; meaning that we assess unrated exposures by asset class and classify them in the weakest rating category.

174. **Ratios used for adjustments.** Once we derive the initial liquidity score, we apply positive and/or negative adjustments, where applicable, as described in table 13 above.

175. The considerations below present various ratios that inform our view of such adjustments.

176. For a strong initial liquidity assessment, we typically consider the following to determine whether an MLI's liquidity can achieve a very strong assessment:

- Ratios with accelerated disbursements, meaning stressed liquidity sources over liquidity uses including accelerated loan disbursements, typically calculated by assuming that 50% of the entire undisbursed loan book is disbursed within one year. If this ratio comfortably and consistently exceeds 1x, we typically assess liquidity as very strong. We do not apply this ratio if the required data are unavailable.

- For all institutions--in particular those that function mainly as liquidity providers, and approve loans and disburse in a short time frame and thus do not have sizable undisbursed loan balances--we may adjust additional disbursements to reflect our expectation of countercyclical support in a stress environment.

177. When considering the application of negative adjustments, we typically look at the following:

- Stressed liquidity sources over liquidity uses including loan disbursements as planned over 24 months. This ratio helps us determine if there is a risk that an MLI would face liquidity needs in the next 12-24 months.

- Stressed liquidity sources over liquidity uses including loan disbursements, with an additional assumption of defaults on derivative assets. This ratio helps us determine if there is an elevated counterparty risk.

- Stressed liquidity sources over liquidity uses, excluding planned loan disbursements, at three months and one month. This ratio helps us determine if liquidity caps apply.

178. **Treatment of derivatives and repo transactions.** For the purpose of the liquidity gap analysis, we typically do not consider collateral posted in the context of repo or derivatives transactions as encumbered assets but we would add to liabilities the derivatives payables or the short-term interbank borrowing under the repo transaction. Credit and liquidity risk apply as per table 17.

PCT Assessment For Multilateral Insurance Institutions

179. We assess the enterprise risk profile for multilateral insurance institutions to reflect their policy importance, and we assess on a case-by-case basis whether or not to incorporate benefit for PCT.

180. We assess PCT for multilateral insurance institutions that have statutes affirming the obligation of member governments to reimburse the institution for non-commercial claims and where there is an explicit agreement that allows the institution to subrogate non-commercial claims to member governments.

181. To derive the PCT assessment, we follow the steps outlined above for MLIs.

182. Furthermore, we look at the mix of sovereign (non-commercial) exposure and commercial exposure. When an institution's total exposure is primarily (over 75%) non-commercial, we include the PCT assessment in the policy importance score. We measure exposure on a gross basis and before reinsurance.

183. We measure arrears for multilateral insurance agencies based on delayed reimbursements due from member governments to the institution. Insurance agencies typically do not have a consistent treatment of nonperforming reimbursement claims. For consistency, we apply a threshold of 180 days and consider that any claim that is not reimbursed in this time frame will involve a cross-default of the entire sovereign exposure.

CHANGES FROM PREVIOUS CRITERIA

The criteria fully supersede our previous criteria article, “ARCHIVE: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology Dec 14, 2018, by restating that criteria in full and incorporating the targeted changes described in “Request For Comment: Methodology For Rating The EU Within The Supranational Institutions Framework ," published Sept. 29, 2021.

Although the revised criteria on the EU retains the architecture of the previous criteria--that is, an anchor to which we apply various adjustment factors--we adjusted how we derive the anchor, as well as most of the adjustment factors. For instance, we moved away from basing the anchor only on member states (MS) that are net contributors to the EU's revenue. We considered that our proposal acknowledges both the EU's evolving profile and the underlying commitment of MS to supporting the expansion of the EU's mandate and its financing needs.

IMPACT ON OUTSTANDING RATINGS

According to our testing, and in light of the targeted nature of the proposed changes to our criteria, recognizing the EU's evolving financial profile, there may be a positive impact on the EU's outstanding ratings

REVISIONS AND UPDATES

Changes introduced after original publication:

- On March 2, 2022, we republished this criteria article to make nonmaterial changes related to the publication of "Hybrid Capital: Methodology And Assumptions." Specifically, we deleted the text in paragraph 65 and replaced it with a reference to the hybrid criteria. We also updated the related criteria references.
- On Dec. 2, 2022, we republished this criteria article to make nonmaterial changes by adding the Appendix. As announced in "Evolution Of The Methodologies Framework: Introducing Sector And Industry Variables Reports," published Oct. 1, 2021, we are phasing out guidance documents over time. As part of that process, we have archived "Guidance: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Dec. 14, 2018, and moved its contents to a new Appendix of these criteria without any substantive changes. In addition, we updated related publication references.
- On March 23, 2023, we republished this criteria article to correct a publishing error in paragraph 166. Specifically, we deleted the sentence "For assets maturing before three months, liquidity haircuts do not apply," which we deem an inaccurate description of our methodology. Please refer to the footnote of table 17 for a description of how we apply the liquidity and credit risk haircuts. In addition, we updated the related publications.

RELATED PUBLICATIONS

Superseded Criteria

- Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Dec. 14, 2018

Related Criteria

- Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Financial Institutions Rating Methodology, Dec. 9, 2021
- Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Group Rating Methodology, July 1, 2019
- Insurers Rating Methodology, July 1, 2019
- Risk-Adjusted Capital Framework Methodology, July 20, 2017
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Guarantee Criteria, Oct. 21, 2016
- Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Methodology For Rating Sukuk, Jan. 19, 2015
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Principles Of Credit Ratings, Feb. 16, 2011
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- Supranationals Special Edition 2021 Says Boost In Multilateral Lending Support May Not Last, Oct. 27, 2021

- Evolution Of The Methodologies Framework: Introducing Sector And Industry Variables Reports, Oct. 1, 2021
- Introduction To Supranationals Special Edition 2020, Oct. 19, 2020
- How Multilateral Lending Institutions Are Responding To The COVID-19 Pandemic, June 11, 2020
- Can Multilateral Lenders' Capital Bases Hold Up Against COVID-19?, June 9, 2020
- What Our New Criteria Has Meant For Multilateral Lending Institutions, April 12, 2019
- It's Time For A Change: MLIs And Mobilization Of The Private Sector, Sept. 21, 2018
- Key Considerations For Supranationals' Lending Capacity And Their Current Capital Endowment, May 18, 2017
- The Time Dimension Of Standard & Poor's Credit Ratings, Sept. 22, 2010

Arab Petroleum Investments Corp.

Ratings

AA-/Stable/A-1+

Ratings and outlook affirmed on March 31, 2023

Rating Components

SACP: 'aa-'

Enterprise risk profile: 'Adequate'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US$2.3 billion (as of Dec. 31, 2022)

Purpose

APICORP is an energy-focused multilateral financial institution founded in 1975 by the 10 Arab oil-exporting countries. APICORP provides corporate banking and equity solutions, and financial advisory services for strategic energy projects across the entire energy value chain.

Issuer Website

www.apicorp.org

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Rationale

APICORP was founded in 1975 by 10 members of the Organization of Arab Petroleum Exporting Countries (OAPEC) to finance oil- and gas-related projects in both member countries and nonmember countries that would contribute to knowledge transfer and capacity building. APICORP works on a commercial basis, with a mandate to make a profit. However, unlike a commercial bank, it does not have an obligation to maximize returns on shareholder equity. We view the mandate as adequate, given it can largely be fulfilled by other private or domestic public institutions.

Despite the mandate to support the oil and gas sector, APICORP has positioned itself to help member countries with their long-term energy transitions. For its 2020-2024 strategy, APICORP developed an environmental, social, and governance (ESG) policy framework and embedded it in its operations. ESG-related loans increased to 14% of the net loan portfolio in 2022, from 3% in 2018.

In 2020, shareholders approved an increase in authorized capital to $20 billion from $2.4 billion and subscribed capital to $10 billion from $2 billion. As a result, callable capital increased to $8.5 billion from $1 billion, illustrating shareholder support for the corporation. We note, however, outside of the founding capital injection of $340 million in the 1970s, APICORP has never received paid-in capital. The lack of paid-in capital differentiates APICORP from most other MLIs and weighs on our assessment of shareholder support. Instead, the corporation builds capital through internal generation, which member countries mostly allow it to keep.

Our assessment of adequate governance and management balances concerns over governance with a strong management framework. The shareholder base is narrow, relative to other similarly rated MLIs, with 10 members, which have low governance indicators on average. The top three shareholders--Kuwait, Saudi Arabia, and the United Arab Emirates--each control 17% of the corporation and a combined 51% of voting rights. All member countries are eligible to borrow from APICORP, exposing creditors to potential agency risk. The corporation occasionally pays dividends, which we view as negative because of potential capital base erosion. Dividends are more often paid during strong earnings years and timed to not put undue stress on the financial profile.

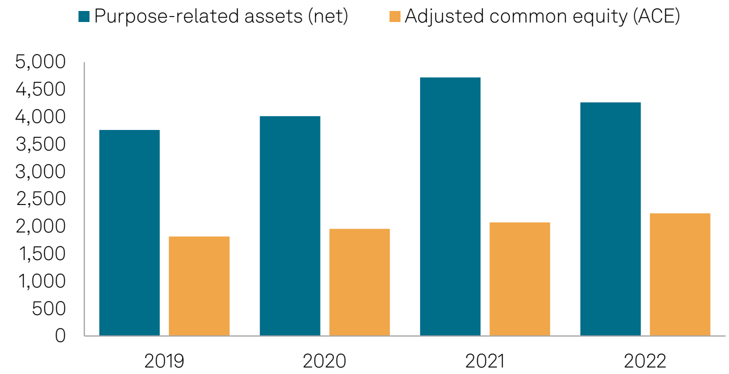
We calculate APICORP's RAC ratio at 21.6%, using Dec. 31, 2022, data, and March 2023 parameters. We believe APICORP would benefit from preferential treatment in the event of convertibility or transfer risk in a member country.

APICORP's asset quality is relatively high since it does not focus on less developed countries. Based on its metrics, the average loan portfolio rating is 'BBB'. Asset performance has been equally strong, although NPLs increased to 1.2% at year-end 2022, from 0.6% at year-end 2021. This change relates to one exposure, which we understand is currently paying and will complete its cooling off period in mid-2023. Our assessment of capital adequacy is supported by the high asset quality and the RAC ratio's position--close to the 23% threshold for extremely strong capital adequacy.

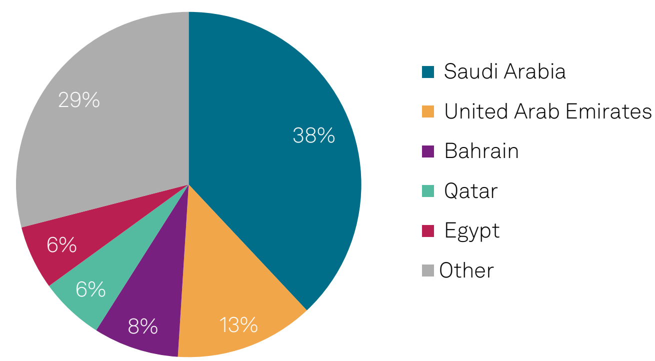
APICORP maintains a conservative funding profile, with no funding gaps out to five years, based on year-end 2022 data. The corporation funds itself primarily in U.S. dollars and issues bonds and sukuk. Short-term funding as a percentage of total funding increased to about 20% in 2022, from 4% at June 30, 2021. Although short-term funding has been a larger part of APICORP's liabilities in the past (38% in 2016), we expect APICORP to maintain an 80% long-term and 20% short-term funding mix.

Given the new funding mix and higher commitments, we believe APICORP would not be able to accelerate or increase disbursements to member countries under our stress scenario, a change from our previous assessment. Nonetheless, the corporation maintains a strong liquid asset cushion, accounting for 50% of S&P Global Ratings-adjusted total assets on Dec. 31, 2022. For Dec. 31, 2022, data, and incorporating our updated liquidity haircuts, our 12-month liquidity ratio was 1.1x with scheduled loans disbursements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross). Dec. 31, 2022



Source: S&P Global Ratings.

In the unlikely event APICORP's SACP weakens to 'a+' or below because of a weaker capital position, we could assign uplift based on extraordinary support in the form of callable capital from shareholders rated at least equal to APICORP's SACP, all things being equal. The corporation's highest rated shareholders are Qatar (AA/Stable/A-1+) and Kuwait (A+/Stable/A-1).

Outlook

The stable outlook reflects our expectation that APICORP will continue to support the energy sector in OAPEC member countries, while increasing its policy importance by helping advance the energy transition agenda in the region, without a deterioration in capital adequacy or liquidity.

We could consider a downgrade over the next 24 months if financial metrics deteriorate markedly, for example because of a rapid buildup of nonperforming assets, or if risk management practices weaken. Additionally, reduced shareholder support or decreasing policy importance would put negative pressure on the rating.

Although unlikely over the next 24 months, a strong show of shareholder support, for instance via a significant increase in paid-in capital that enhances APICORP's policy importance to member countries, could lead to an upgrade.

APICORP Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	4,372	4,794	4,091	3,823	3,585
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	1	1	1	0	1
Private-sector loans/purpose-related exposures (%)	99	99	99	100	99
Gross loan growth (%)	-8	18	7	5	18
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by regional borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	34	34	34	34	34
Eligible callable capital	2,295	2,295	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	22	22	21	21	N.A.
Net interest income/average net loans (%)	3	2	2	3	3
Net income/average shareholders' equity (%)	5	4	5	5	8
Impaired loans and advances/total loans (%)	1	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	50	39	46	46	47
Liquid assets/gross debt (%)	99	64	77	80	86
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.5	2.9	3.4	7.1	N.A.
12 months (net derivate payables) (x)	1.1	1.2	1.4	3.6	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.0	1.1	1.1	2.3	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	50	61	60	58	54.2
Short-term debt (by remaining maturity)/gross debt (%)	41	14	14	15	33
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.2	1.4	1.1	4.4	N.A.
SUMMARY BALANCE SHEET					
Total assets	8,854	7,992	7,893	7,349	6,953
Total liabilities	5,933	5,438	5,451	4,999	4,685
Shareholders' equity	2,921	2,554	2,441	2,351	2,268

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A -- Not applicable. N.A. --Not available.

African Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on June 28, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Very strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US$26.2 billion (as of Dec. 31, 2022)

Purpose

To promote sustainable economic growth and reduce poverty in Africa. Historically, the bank has pursued these goals primarily by setting medium- and long-term loans for public-sector projects; however, its focus on private-sector lending has increased. The bank also makes equity investments and provides a variety of financial and technical advisory services.

Issuer Website

www.afdb.org

Rationale

Our ratings on AfDB reflect its important role in Africa, marked by a long track record of fulfilling its policy mandate through economic cycles, combined with robust shareholder support. Its capital position strengthened significantly over 2022 because of the ongoing seventh general capital increase (GCI-VII), combined with balance sheet optimization and moderate growth in risk-weighted assets.

AfDB's sovereign portfolio saw a return to growth in 2022 and we expect this trend to continue in 2023 and 2024. Sovereign disbursements in 2021 were below the three-year average for 2018-2020, and even fell below sovereign repayments, causing the sovereign loan book to contract. Despite AfDB's limited engagement with the nonsovereign sector in Africa since the pandemic first began, we understand that private-sector lending will remain one of the bank's key focus areas in its 10-year strategy plan for 2023-2032 and expect the loan book to grow in 2023.

In our view, AfDB's shareholder support underpins its very strong enterprise profile. By March 31, 2023, shareholders had paid in 33% of the subscribed capital from the GCI-VII.

AfDB's preferred creditor status has proved to be strong. We calculate that sovereign arrears comprise only 1.8% of sovereign loans. Zimbabwe is the only country that still has legacy arrears with AfDB. We do not expect any other sovereign borrower to fall into arrears, although the economic fallout from the pandemic continues to weigh on many member countries' financial positions, including some of the largest borrowing members.

We view the bank's financial and risk management policies as conservative, and we believe it is equipped to handle the additional risk associated with increased private-sector lending. On the other hand, the shareholder structure and composition, with 60% of voting shares coming from regional members, is potentially vulnerable to agency risk, meaning the interests of borrowing members could differ from those of creditors--and this weighs on our governance assessment for AfDB.

Because GCI-VII payments outpaced the growth in risk-weighted assets over 2022, AfDB's RAC ratio rose to 27.9% at the year-end from 23.9% in June. In addition, the U.K. underwrote a $1.6 billion guarantee and several private-sector insurers provided a combined $400 million of cover on AfDB's sovereign portfolio. Based on AfDB's stronger capital position, we now assess its capital adequacy as extremely

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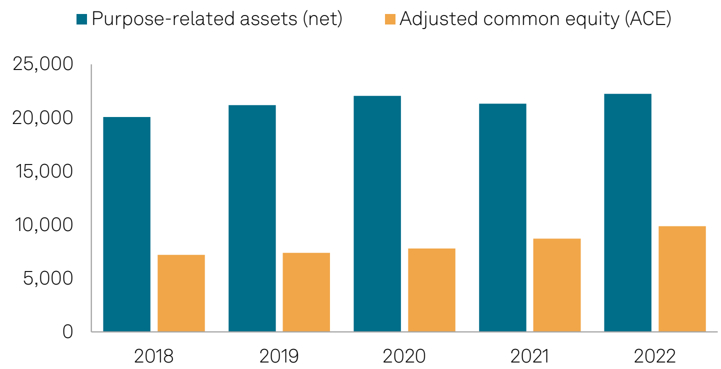
strong and have revised its SACP to 'aaa' from 'aa+'. Although AfDB plans to increase lending in 2023 and 2024, we expect the RAC ratio to remain above 25%, providing a strong capital buffer against countercyclical lending, when needed.

Although risk management is robust and in line with peers, AfDB's nonsovereign portfolio has a significantly higher proportion of NPLs than other similar institutions. Most of the nonperforming projects were approved under the old risk management framework and relate to large natural resource-based projects--rather than a weakening of underwriting standards. While economic stress brought on by the pandemic caused the 2021 spike in the NPL ratio, we consider that much of the additional increase in 2022, to 16.9%, was prompted by the shrinking of the portfolio. AfDB has a record of high recovery rates on defaulted nonsovereign sector loans.

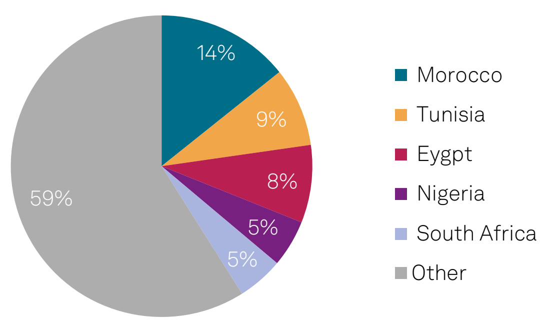
AfDB has a diverse funding profile in terms of investor base, currency, and maturity. In 2023, the bank's borrowing program allows a maximum of UA5.6 billion ($7.4 billion) to be raised from debt capital markets, of which 41% had been executed by April 30, 2023. Our funding ratios indicate that AfDB would be able to fund its scheduled loan disbursements under normal market conditions.

The bank maintains a strong liquid asset cushion, which accounted for 38% of adjusted total assets and 60% of gross debt as of Dec. 31, 2022. Liquid assets comprise high-quality bonds, largely in the 'AAA' and 'AA' rating categories; cash; and a small portfolio of asset-backed securities. We consider AfDB's liquid assets sufficient to service its borrowing and maintain operations through the next year without slowing the pace of planned disbursements. Using year-end 2022 data, our 12-month liquidity ratio was 1.8x, while the six-month ratio was 2.5x. We project that AfDB would be able to accommodate additional unplanned disbursements, even if 50% of all undisbursed loans were accelerated.

Purpose-Related Assets and Adjusted Common Equity (SDR Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets + Guarantees, Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook indicates that we expect AfDB to expand lending in both the sovereign and nonsovereign portfolios. We anticipate that it will continue to benefit from PCT and will maintain strong funding and liquidity profiles. We also assume that shareholders will demonstrate their support through timely capital payments and an unchanged willingness to provide extraordinary support if needed.

We could lower our ratings if we consider that AfDB's role and public policy mandate is weakening; for example, if there is a sustained slowdown in lending or significant delays to shareholder capital payments.

We could also lower the ratings if asset quality or liquidity ratios deteriorate, which could occur if the bank increases its private-sector exposure or lends to less-creditworthy sovereigns. We could also downgrade AfDB if we perceive that its internal controls, such as underwriting or risk management, are proving ineffective.

African Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (SDR MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	23,415	22,703	23,632	22,697	21,105
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	80	79	76	72	72
*Private-sector loans/purpose-related exposures (%)	16	16	19	23	23
Gross loan growth (%)	5	(4)	5	5	9
PCT ratio (%)	2	1	1	2	2
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	50	50	55	59	59
Concentration of top two shareholders (%)	15	16	21	16	16
Eligible callable capital	19,735	29,994	21,254	14,509	13,356
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	28	23	19	19	21
Net interest income/average net loans (%)	1	1	1	2	2
Net income/average shareholders' equity (%)	2	1	2	1	1
Impaired loans and advances/total loans (%)	3	3	3	3	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	38	36	32	35	37
Liquid assets/gross debt (%)	60	52	44	49	52
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.5	3.1	2.7	2.0	2.4
12 months (net derivate payables) (x)	1.8	1.6	1.3	1.5	1.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.3	1.2	1.0	1.2	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	63	69	71	72	71
Short-term debt (by remaining maturity)/gross debt (%)	23	22	23	18	16
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.5	1.5	1.0	1.4	1.6
SUMMARY BALANCE SHEET					
Total assets	38,221	36,325	35,349	35,244	33,771
Total liabilities	28,338	27,619	27,558	27,870	26,585
Shareholders' equity	9,883	8,706	7,791	7,374	7,186

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

African Trade & Investment Development Insurance (Former African Trade Insurance Agency)

Ratings

A/Stable/--

Ratings and outlook affirmed on April 24, 2023

Rating Components

SACP: 'a'

Enterprise risk profile: 'Strong'

Financial risk profile: 'Adequate'

Extraordinary support: '0'

Holistic approach: '0'

Purpose

To offer political risk (noncommercial) and export credit guarantee (commercial) insurance to support trade and investments in its African member states. ATIDI's key role is to encourage investments and trade among members through risk management. It offers protection for trade and investment flows among, into, and from members (predominantly African governments).

Issuer Website

www.atidi.africa

Rationale

In July 2023 African Trade Insurance Agency rebranded and now goes under African Trade & Investment Development Insurance (ATIDI). ATIDI has a strong role and public policy mandate, underpinning its strong enterprise risk profile. It continues to consolidate its market presence, with gross written exposures growing to US$8.1 billion as of year-end 2022 from US$6.6 billion in 2021. Sovereign and political risk insurance accounts for approximately 74% of total exposure.

ATIDI's strength and relationship with shareholders are a pillar of the rating, with its shareholder base growing to 21 member states from seven. Angola was the latest to join, following the incorporation of Nigeria, Niger, Cameroon, and Senegal over the past two years. On May 20, 2019, then-CEO George Otieno filed a constitutional petition against ATIDI in Nairobi's Employment and Labour Relations Court, challenging the expiry of his fixed-term employment contract. While we expect the Kenyan government and its court system will ultimately uphold ATIDI's right to immunity from legal jurisdiction (including personnel matters), an unfavorable outcome could weigh on our assessment of ATIDI.

We believe ATIDI's PCT assessment has strengthened, owing to a lack of outstanding unrecoverable claims beyond our 180-day threshold and the agency's prudent exposure management. This led our calculated PCT arrears ratio to decline to 3.9% as of year-end 2022, compared with over 5% in 2021. In 2020 and 2021, ATIDI paid various claims in Zambia. Zambia exceeded the reimbursement timeframe by a technical margin, although it eventually cleared all outstanding claims. As our PCT assessment is based on a 10-year period, and we also include arrears events from members such as Tanzania, Malawi, and Kenya that have presented difficulties in the past with the timely reimbursement of claims, although all sovereigns are now current with the agency.

Larger business volumes are balanced by the agency's strong reinsurance usage and conservative risk management and underwriting

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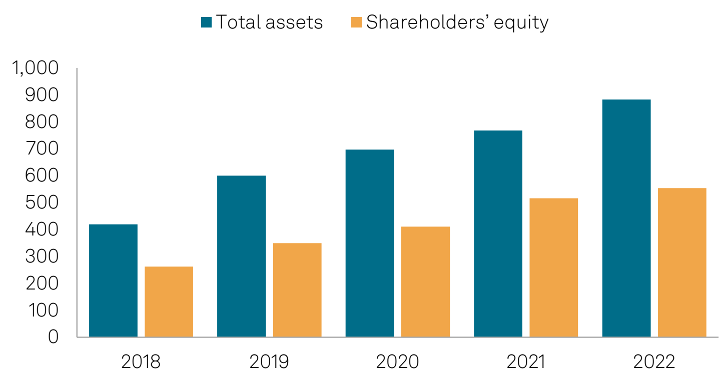
standards. ATIDI's maximum net exposure is 5x equity, with the net exposure position at 2.1x as of 2022. Additionally, ATIDI has prudently managed its noncommercial exposures in sovereign countries facing significant fiscal and debt distress by limiting noncommercial underwriting and opting instead to underwrite commercial deals, which have underpinned its improved PCT score.

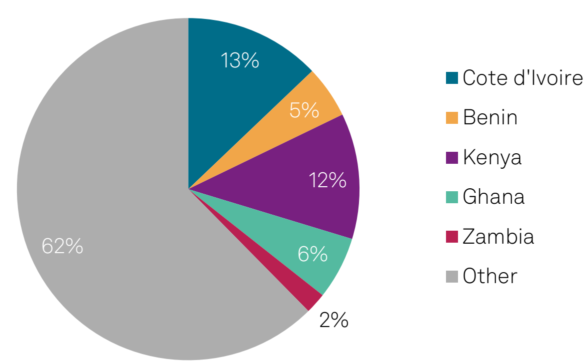
As ATIDI enters new markets and deepens its presence in member countries, it has worked to develop a more sophisticated and integrated enterprise risk management framework, approved in December 2021. This was accompanied by an underwriting system enhancement project, as well as an environmental and social management system. The management team is small, and some key person risks exist, but we believe these are commensurate with an entity of this size.

ATIDI's capitalization remains robust, with equity having increased to US$553 million in 2022 from US$516 million in 2021 (based on unaudited figures) and the agency demonstrating strong top-line growth, recording gross premiums of US$133 million. This was supported by organic portfolio growth and underwriting deals in new countries. Weakening economic fundamentals in the region with an uptick in claim payouts could increase vulnerabilities for ATIDI's preferred creditor status and capitalization. Both commercial and noncommercial risks are protected in part by appropriate reinsurance, both treaty and facultative, with net exposure of US$1.1 billion in 2022.

Total Assets and Shareholders Equity (US$ Mil.)



Five Largest Country Exposures (Unweighted) As % of Purpose Related Exposures as of Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

Our stable outlook reflects our view that despite stress in the region and past difficulties in claim reimbursement from some member countries, ATIDI members will uphold the agency's PCT over the next 12-24 months. In addition, ATIDI will continue consolidating its role and relevance in Africa by steadily expanding its shareholder base and underwriting activities, and strengthening key managerial and risk functions.

Continued economic stress in the region and an uptick in claims payouts could weaken ATIDI's capitalization, pressuring the rating over the next two years. We could lower the ratings if we were to see evidence of weakening shareholder support, such as a reemergence of diminishing preferred creditor status, indicated by unrecoverable claims from sovereign members within our 180-day recovery period. We could also lower the ratings if sovereign members do not uphold the immunity and privileges granted to ATIDI as a multilateral lending institution. Furthermore, if ATIDI relaxes its risk constraints or deficiencies in risk management materialize, this could also weigh on the rating.

We believe a significant expansion of the shareholder base that supports the agency's exceptional market penetration in the region, a solid record of PCT, and the development of superior risk management capabilities would point to strengthening credit fundamentals over the next two years, leading us to raise the rating. We could also raise the rating if ATIDI continues to improve its capital adequacy while maintaining positive operating performance.

African Trade Insurance Agency – Selected Indicators

	As of Dec. 31 Fiscal Year End				
SUMMARY BALANCE SHEET (US$ MILLION)	2022	2021	2020	2019	2018
Assets					
Bonds	441	409	358	254	212
Cash deposits	132	142	115	128	82
Other investments	68	36	7	27	11
Total invested assets	642	588	480	409	305
Other assets	240	180	217	191	114
Total assets	882	768	697	600	419
Liabilities					
Technical reserves	243	181	221	191	112
Other liabilities	86	71	64	60	45
Total liabilities	329	251	286	251	157
Shareholder equity					
Common equity	422	409	328	299	237
Retained profit balance sheet	132	107	82	50	25
Other capital		-	-	-	-
Total shareholder equity	553	516	411	349	262
Selected indicators (US$)					
Gross exposure	8053	6627	6262	6449	4787
Net exposure	1142	934	968	1074	1007
Total assets	882	768	697	600	305
Total shareholder equity	553	516	411	349	262
Gross premiums written	133	144	126	112	66
Net premiums written	20	19	19	19	12
Net premiums earned	19	19	20	18	13
Reinsurance utilization (%)		87	84	84	82
EBIT	33	35	40	29	12
Net income (attributable to all shareholders)	33	35	39	28	12
Return on revenue (%)	116	143	145	109	63
Return on shareholders' equity (reported) (%)	6	8	2	9	5
P/C: net combined ratio (%)	N.M.	N.M.	N.M.	N.M.	51
P/C: net expense ratio (%)	N.M.	N.M.	N.M.	N.M.	11
Net investment yield (%)	2	1	2	2	2
Liquidity ratio from capital model (%)	468	426	345	291	277
Commercial exposures (%)	75	76	76	74	N.A
Noncommerical exposure (%)	25	24	24	26	N.A

N.A.--Not available. N.M.--Not meaningful.

Arab Bank for Economic Development in Africa (BADEA)

Ratings

AA/Positive/A-1+

Ratings affirmed and outlook revised on Sept. 20, 2023

Rating Components

SACP: 'aa'

Enterprise risk profile: 'Adequate'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

Since establishment in 1975, BADEA has continued promoting cooperation between Arab and sub-Saharan African (SSA) countries through operational modalities and instruments guided by multi-year strategic plans. The bank's objective is to provide concessional financing and technical assistance to SSA countries to foster economic development and enhance relations between the League of Arab States and SSA.

Issuer Website

www.badea.org

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Rationale

Our ratings on BADEA reflect our assessment of its enterprise risk profile as adequate, and its financial risk profile as extremely strong. The bank has increased disbursements of purpose-related loans significantly over the past 18 months to 52.5% of total assets as of June 30, 2023, from 40.4% at year-end 2021. It focuses lending on SSA sovereigns, government-related entities, and multilateral development banks, while having minimal private-sector exposure of about 5% of purpose-related loans. The remaining 45% of its assets are held in liquid Organization for Economic Co-operation and Development (OECD) securities, the majority fixed income and to a lesser extent in listed equities.

The rising disbursements to SSA sovereigns underpin the increasingly important role BADEA plays as the leading Arab institution focused on African lending and engagement. The bank's objective is to provide concessional financing and technical assistance to SSA countries to foster economic development and enhance relations between the League of Arab States and SSA. While lending growth may moderate, we expect it will continue increasing given the signals provided by shareholders in support of a stronger and larger balance sheet. This was shown by shareholders increasing BADEA's capital base to $5 billion of paid-in capital from $91 million in 1975, and adding callable capital worth $5 billion in April 2022.

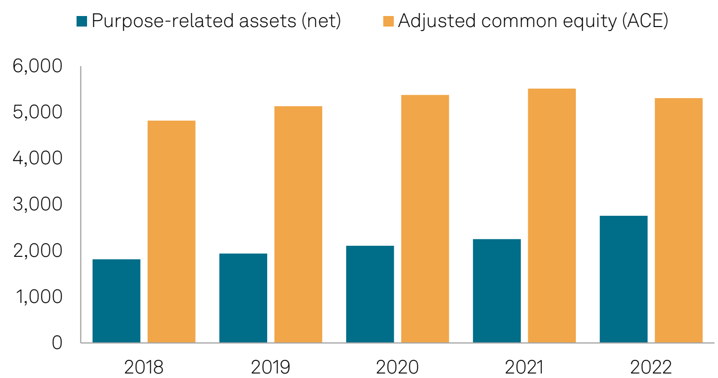
BADEA has a strong relationship with shareholders and is viewed as a critical institution in developing knowledge in SSA developmental finance, and as a vehicle to further improve international relations. Shareholders have been supportive, most recently by aiding in the relocation of staff and the bank's headquarters to avoid the negative effects of the conflict in Sudan. No shareholders have withdrawn from BADEA since its inception.

We assess the bank's PCT as strong, underpinned by an improving track record of arrears management since 2016. BADEA's arrears ratio stands at 2.06%, which is slightly lower than the 2.68% in 2022. The institution is heavily exposed to low-rated SSA sovereigns. However, its NPL ratio has improved marginally despite the rising number of sovereign defaults and increasing sovereign risk across SSA, remaining at a low 0.58% of purpose-related loans. Since inception, no credit losses or loans have been written off. Occasional technical arrears occur due to administrative challenges in SSA sovereigns but, since the implementation of stricter management policies in 2016, all such arrears are generally resolved before becoming material or above 180 days. Nevertheless, significant and rising exposure to low-rated SSA sovereigns exposes BADEA to potential deteriorations in its arrears ratio.

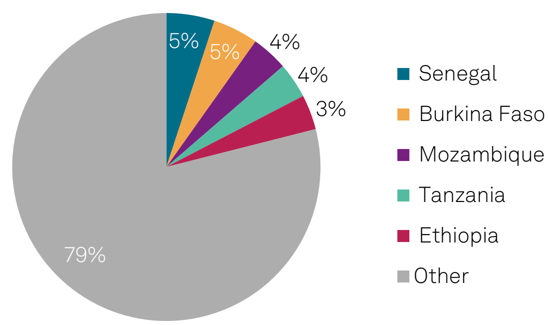
The bank has also mitigated instability in Sudan through fast implementation of business continuity plans, including relocating staff and making use of back-up offices and information technology infrastructure in Cairo, Egypt. We understand that no business operations have been affected and that all disbursements for 2023 have taken place as planned.

The bank's financial risk profile is extremely strong, driven by one of the highest RAC ratios among all MLIs rated by S&P Global Ratings. The RAC ratio after adjustments was 93.5% using data from June 30, 2023, and parameters as of Aug. 30, 2023.The bank’s funding profile is entirely dependent on its shareholders’ equity. We understand that BADEA is not likely to materially change its funding profile in favor of debt financing and that borrowing will likely be done on a small scale and incrementally. Our liquidity ratio calculations as of June 30, 2023, show very strong coverage of 2.6x for the six-month and 1.69x for the 12-month periods. These are above the coverage ratios of similarly rated peers and allow BADEA to potentially accelerate disbursements, reflecting its sizable and highly liquid asset portfolio.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross). Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The positive outlook reflects our expectation that, over the next two years, there is a greater than one-in-three likelihood BADEA will continue expanding its lending footprint in SSA through year-on-year increases in disbursements, backed by broad-based shareholder support, which could lead to a stronger role and policy importance. In our view, this could be further supported if the expected balance sheet growth continues to shift in favor of lending over treasury investments, and BADEA further enhances its role as a catalyst for the League of Arab states' investments into Africa.

Additional paid-in capital increases to support growth could also strengthen our view of the bank's policy relevance and shareholder support. This presupposes that beneficiaries will treat BADEA as a preferred creditor and maintain robust capital and liquidity ratios. We could revise the outlook back to stable if we observe signs of a weakening role and public policy mandate, for instance, due to a sustained slowdown in lending.

We could also lower the ratings if the bank's PCT weakens. This could stem from greater financial risk at less-creditworthy sovereigns, to which BADEA is exposed.

Arab Bank for Economic Development in Africa – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	4,372	2,250	2,104	1,936	1,814
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	99	99	99	99	99
Private-sector loans/purpose-related exposures (%)	1	1	1	1	1
Gross loan growth (%)	22	7	9	7	9
PCT ratio (%)	2	3	N.A.	N.A.	N.A.
Governance and management expertise					
Share of votes controlled by regional borrower member countries (%)	0	0	0	0	0
Concentration of top two shareholders (%)	41	41	41	41	41
Eligible callable capital	0	0	N.M.	N.M.	N.M.
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	76	86	N.A.	N.A.	N.A.
Net interest income/average net loans (%)	-6	9	14	21	-1
Net income/average shareholders' equity (%)	-3	3	5	7	-1
Impaired loans and advances/total loans (%)	2	2	4	3	4
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	48	59	61	62	62
Liquid assets/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	N.A.	4.7	13.0	N.A.	N.A.
12 months (net derivate payables) (x)	N.A.	2.9	5.2	N.A.	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	N.A.	1.9	2.3	N.A.	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Short-term debt (by remaining maturity)/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	N.A.	2.7	4.7	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	5,422	5,627	5,465	5,205	4,890
Total liabilities	114	113	89	72	69
Shareholders' equity	5,308	5,514	5,376	5,133	4,821

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable. N.A.--Not available. N.M--Not Meaningful.
*Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Arab Investment and Export Credit Guarantee Corp. (Dhaman)

Ratings

A+/Stable/--

Ratings and outlook affirmed on March 28, 2023

Rating Components

SACP: 'a'

Enterprise risk profile: 'Adequate'

Financial profile: 'Strong'

Extraordinary support: '0'

Holistic support: '+1'

Eligible callable capital: N/A

Purpose

Provides insurance to facilitate development of Arab states' economies. Dhaman was created in 1974 as a supranational political (investment) risk insurer and export credit guarantee provider. Its membership comprises all Arab states and certain international Arab organizations, themselves backed by Arab governments in a normal shareholding structure.

Issuer Website

www.iaigc.net

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Rationale

Dhaman's gross insured business expanded 44% in 2022, compared with 47% in 2021, on the back of a robust regional economic recovery tied to high oil prices. Total insured business in the export credit insurance business outperformed targets on strong demand from a few oil-related policyholders, while business in the trade finance line grew thanks to Dhaman's penetration into new markets, such as Iraq and Turkey.

Dhaman's leadership team recently approved a new five-year 2022-2026 strategic plan to enhance its development role and regional efforts. The new strategy aims to repurpose Dhaman's vision and mission, redefine its risk appetite, outline plans for growth including new markets and products, and specify new requirements for systems and risk management. We understand that, to revive business operations, Dhaman plans to increase marketing efforts and expand its reach to new non-Arab markets, including Asia and sub-Saharan Africa, as allowed under its mandate. The new strategy and a broader regional recovery of investment and trade activity, fueled by still-elevated oil prices, could translate into increased business volumes over the medium term, in our view.

Nevertheless, several structural challenges continue to undermine Dhaman's ability to expand its core business line. The investment guarantee line, where its development impact could be highest, remains low by historical standards, with the portfolio totaling about $162 million in 2022 from a $540 million peak in 2009. Lack of investor interest in high-income member countries (such as the Gulf Cooperation Council), coupled with broader regional geopolitical uncertainty, could continue to complicate Dhaman's expansion plans in this business. At the same time, Dhaman faces steep competition from private insurers and other development agencies in the remaining countries under cover, with some players entering the market with new products and covering a wider range of risks. Lack of awareness of Dhaman in non-member countries, the eligibility criteria for its business, and its limited range of risk coverage could undermine the company's competitive position relative to peers'.

Dhaman recently withdrew operations from Sri Lanka, narrowing its geographic coverage and scope of its business operations. Out of 21 member countries, six-to-seven, including Lebanon, Syria, Somalia, Sudan, and Yemen (alongside Iraq and Libya on a selective basis), are regularly placed off cover for geopolitical and economic reasons. Although this reflects ongoing difficult operating conditions, we believe it to be an output of Dhaman's prudent risk settings that, ultimately, could limit its development impact.

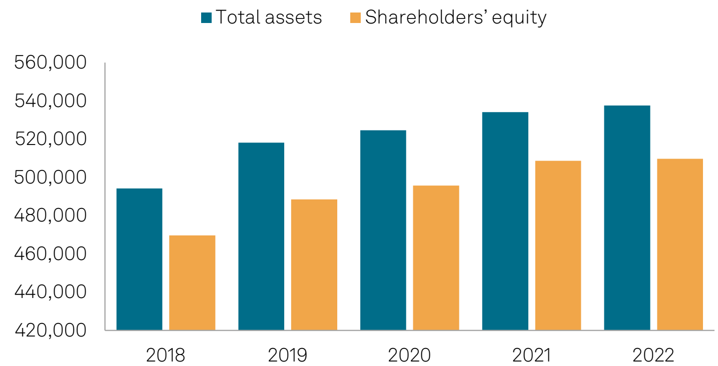
Despite high operating risks in several member countries, Dhaman's shareholder base has remained stable and supportive. It currently has 25 shareholders: 21 are Arab states and four are pan-Arab regional funds owned by similar shareholders (the funds do not have voting rights). No shareholder has left, and we do not expect any departures over the medium term.

We do not incorporate PCT in our assessment of Dhaman's enterprise risk profile because less than 25% of its insured business is noncommercial (the investment guarantee line). Within this line of business, Dhaman has a strong history of recoveries from member states, although recoveries can occur over an extended period and Dhaman has granted small waivers in the past (related to interest on late recoveries). We expect preferential treatment from member countries for Dhaman's commercial exposure, for instance, by exempting them from currency convertibility or transfer restrictions.

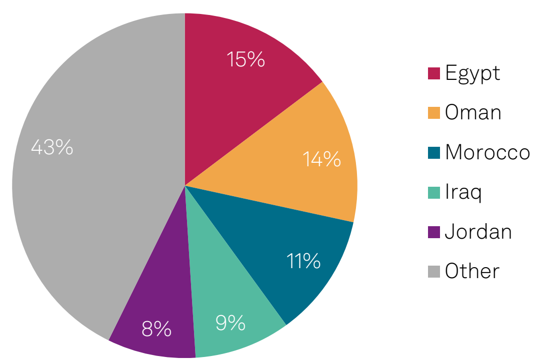
We view Dhaman's financial risk profile as strong, based on its very strong financial risk profile under our insurance criteria. Its financial risk profile is underpinned by the company's 'AAA' capital adequacy, as measured by our risk-based capital model, and its low tolerance to investment risk. Moreover, Dhaman's capital adequacy continues to show a significant buffer above the 'AAA' level. Based on the scale of operations and business growth projections, we expect Dhaman will maintain robust capital adequacy over the next two years, supported by profitable earnings.

We view Dhaman's investment portfolio as conservative. Its relatively low tolerance for investment risk is demonstrated by

Total Assets and Shareholders Equity (US$ Mil.)



Five Largest Country Exposures (Unweighted) As % of Purpose Related Exposures as of Mar. 31, 2023



Source: S&P Global Ratings.

the portfolio being denominated primarily in cash, which also contributes to its exceptional liquidity. As of Dec. 31, 2022, the investment portfolio mainly includes bank deposits and fixed-income instruments (about 78%), with only small exposure to high-risk assets like equities and real estate (about 22%). We incorporate one notch of uplift in our 'A+' long-term issuer credit rating on Dhaman. This reflects our view that the company's liquidity will remain excellent, a significant rating strength relative to peers.

Outlook

The stable outlook reflects our expectation that Dhaman will work toward implementing its new strategic plan and expand in areas where commercial insurers have a reduced presence, while maintaining its robust capital and liquidity positions.

We could lower the rating in the next two years if we observe weakening shareholder support or risks to the execution of the entity's public policy mandate, demonstrated, for example, by the withdrawal of a major shareholder or continued challenges related to expanding the core investment guarantee business line. A material deterioration of Dhaman's capital or liquidity position could also place pressure on the rating, although we currently view this as unlikely.

A track record of strong business expansion or a significant capital increase accompanied by timely member subscriptions could lead to a positive rating action. This would have to be supported by still-robust capital and liquidity levels.

The Arab Investment and Export Credit Guarantee Corp. — Selected Indicators

	As of Dec. 31 Fiscal Year End				
SUMMARY BALANCE SHEET (US$ '000)	2022	2021	2020	2019	2018
Assets					
Real estate	2,611	2,980	3,070	3,207	3,429
Equities and managed funds	338,821	248,317	193,013	196,719	310,969
Bonds	86,326	80,346	38,292	29,116	18,572
Cash deposits	104,036	200,891	285,780	282,223	156,600
Other investments					
Total invested assets	531,794	532,534	520,155	511,265	489,570
Other assets	7,052	5,260	4,512	6,988	4,694
Total assets	537,556	534,148	524,667	518,254	494,264
Liabilities					
Technical reserves	7,454	7,255	6,735	6,802	5,152
Other liabilities	20,277	18,264	22,173	22,949	19,386
Total liabilities	27,730	25,519	28,907	29,751	24,538
Shareholder equity (USD)					
Common equity	297,692	300,520	299,493	300,471	300,203
Revaluation reserves			-	-	-
Other capital	212,133	208,109	196,268	188,032	169,524
Total shareholder equity	509,825	508,629	495,760	488,502	469,727
Selected indicators (USD, unless stated oitherwise)					
Gross exposure	2,974,000	2,087,000	1,417,000	1,833,000	1,713,000
Total assets	537,556	534,148	524,667	518,254	494,264
Total shareholder equity	509,825	508,629	495,760	488,502	469,727
Gross premiums written	7,626	7,081	5,688	7,142	7,905
Net premiums written	5,466	4,837	4,340	5,062	5,614
Net premiums earned	5,199	4,656	4,739	4,718	6,236
Reinsurance utilization (%)	28	32	24	29	29
EBIT	5,973	11,212	8,767	18,304	-3,116
Net income (attributable to all shareholders)	5,973	11,212	8,767	18,304	-3,116
Return on revenue (%)	56	65	46	51	47
Return on shareholders' equity (reported) (%)	1	2	2	4	-1
P/C: net combined ratio (%)	206	211	252	250	176
P/C: net expense ratio (%)	206	203	244	214	173
Net investment yield (%)	4	3	3	4	3
Net investment yield including investment gains/(losses) (%)	2	3	3	5	0
Commercial exposures (%)	N.A.	N.A.	91%	83%	88%
Non-commercial exposure (%)	N.A.	N.A.	9%	17%	12%

N.A. --Not available.

Asian Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on April 28, 2023

Rating Components

SACP: ‘aaa’

Enterprise risk profile: ‘Extremely strong’

Financial risk profile: ‘Extremely strong’

Extraordinary support: ‘0’

Holistic approach: ‘0’

Eligible callable capital: US$26 billion (as of Dec. 31, 2022)

Purpose

To provide loans, technical assistance, guarantees, grants, and equity investments that promote the economic and social advancement of members and to encourage public- and private-sector investment for development purposes. AsDB’s mission is to help its developing member countries reduce poverty and improve quality of life. Special consideration is given to smaller and less-developed countries and projects that foster regional economic growth.

Issuer Website

www.adb.org

Rationale

AsDB was established in 1966 has strong support from its members. The bank was initially created by 31 countries; between 1966 and 2021, this number grew to 68. Niue joined most recently, with membership effective from March 11, 2019. No member has withdrawn over the bank's history and we do not expect this will happen in the medium term.

With Strategy 2030 now fully in place, we believe AsDB will continue to promote the economic and social development of its members in Asia-Pacific through loans, technical assistance, equity investments, grants, and guarantees. Despite challenges posed by the pandemic, AsDB committed US$6.7 billion in climate finance in 2022. The bank also has an ambition to hit a climate finance target of US$100 billion by 2030. Since the launch of the new strategy, AsDB has increased its commitment toward operations that promote gender equality.

The successful merger of AsDB's Ordinary Capital Resource (OCR) window with the Asian Development Fund (ADF) in 2017 drastically boosted AsDB's total lending capacity and allows it to further catalyze sovereign and private-sector lending without imperiling credit metrics.The OCR loan commitments for sovereign and nonsovereign lending in 2022 amounted to US$16.3 billion, increasing from US$12.5 billion commitments made pre-merger in 2016. We believe the increasing disbursements following the augmented capacity is positive and underpins AsDB's role in fulfilling its mandate in the region.

The bank's loan commitments for nonsovereign sector operations increased to US$1.2 billion in 2022 from US$990 million in 2021. Private-sector operations also attracted US$7 billion in aggregate co-financing in 2022, driven by the robust growth in AsDB's Trade Finance Program, a key strategic initiative. The increased focus on the private sector is more on the mobilization aspect than increasing AsDB's own lending extensively.

In our view, the payment record of ADF clients has been strong. Despite instances of arrears by Myanmar, Nauru, and the Marshall Islands, the amounts were small and eventually repaid with interest. AsDB has one sovereign concessional borrower in nonaccrual status as of end-December 2022. Our calculated arrears ratio for the bank is 0.3%. In addition, Sri Lanka (SD/SD) remains current with the ADB despite extreme challenges in maintaining external commercial repayments. We expect Sri Lanka and Pakistan (CCC+/Stable/C) to remain in accrual status to the AsDB, highlighting the robust PCT that the bank enjoys.

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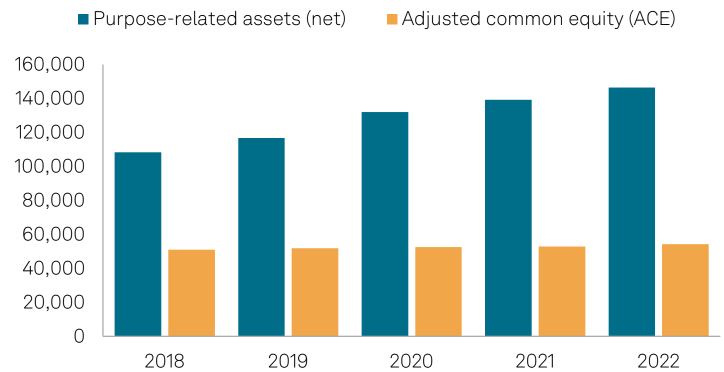
The bank benefits from the support of its members and a diverse shareholder base; 49 from Asia-Pacific own 63.4% of AsDB and 19 nonregional own the remainder. While Japan and the U.S. have always been AsDB's largest shareholders (both owning 15.6%), the bank's shareholder base is diversified with eight governments owning more than 5% of capital each. These include China (6.4%), India (6.3%), Australia (5.8%), Indonesia (5.4%), Canada (5.2 %), and South Korea (5.0%). Nonborrowing members have about 61% of AsDB's voting rights, outnumbering borrowing members by two to one. We believe this helps the bank adopt prudent lending and investment policies.

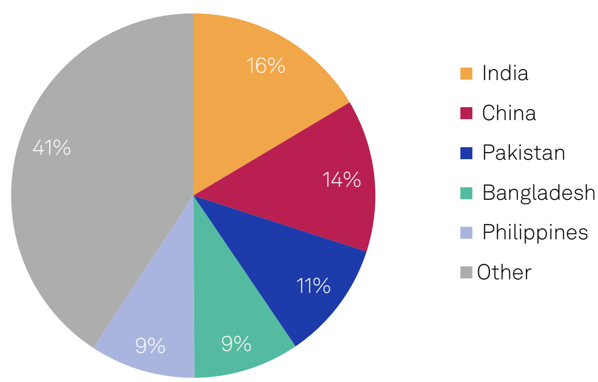
AsDB has a very strong record of repayment by borrowers. As of end-December 2022, there was one sovereign concessional loan borrower, which had 11 loans in nonaccrual status totaling US$525 million. Furthermore, there were seven nonsovereign borrowers in nonaccrual status with outstanding amounts of US$180 million, of which US$57 million was overdue by more than 180 days. This is evident in AsDB's extremely strong RAC ratio of 31.7% after adjustments for concentration risk and PCT. The RAC ratio incorporates all new parameters as of April 20, 2023, based on financial data as of end-December 2022.

We consider AsDB's market access to be strong and its investor base well-diversified In 2022, AsDB raised about US$36.1 billion (US$35.8 billion in 2021) in medium- and long-term funds through 134 borrowing transactions in 46 currencies. Our static funding gap analysis for its next 12 months at end-December 2022 indicates a balanced asset-liability match. Under our liquidity stress scenario, AsDB would fully cover its balance-sheet liabilities without market access for one year. As of end-December 2022, incorporating our updated liquidity haircuts, our 12-month liquidity ratio for AsDB was 1.18x with scheduled loans, while the six-month ratio was 1.82x. However, when considering undisbursed loans in a stress scenario (beyond those planned for the next 12 months), we believe the bank may need to spread out potential disbursements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook on AsDB reflects our expectation that the bank will maintain its extremely strong enterprise risk profile with borrowers treating AsDB as a preferred creditor. In addition, we view the extensive capital buffers as anchoring the extremely strong financial risk profile. Our base case indicates a low probability that we would lower our issuer credit ratings on the bank over the next 24 months.

We may lower the ratings on AsDB if either the bank's enterprise or financial risk profiles substantially deteriorates. For example, if contrary to our expectations, AsDB's management adopts more aggressive financial policies that could affect the bank's liquidity coverage or if poor-quality loan growth increases substantially. We may also downgrade AsDB should its other strengths deteriorate, such as its PCT weakening.

Asian Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	145,687	140,017	132,818	117,023	108,539
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	95	93	93	93	93
*Private-sector loans/purpose-related exposures (%)	4	6	6	6	6
Gross loan growth (%)	5	5	14	8	6
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	65	65	65	65	65
Concentration of top two shareholders (%)	26	26	26	26	26
Eligible callable capital	25,034	26,328	27,092	26,789	26,789
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	32	31	35	37	40
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	4	1	3	3	1
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	17	17	18	18	19
Liquid assets/gross debt (%)	37	36	38	39	41
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.8	1.5	1.7	1.7	2.1
12 months (net derivate payables) (x)	1.2	1.0	1.2	1.3	1.8
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.0	0.9	1.0	0.9	1.0
Funding ratios					
Gross debt/adjusted total assets (%)	45	48	47	47	47
Short-term debt (by remaining maturity)/gross debt (%)	19	21	21	19	14
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.1	1.0	1.1	1.2	1.4
SUMMARY BALANCE SHEET					
Total assets	290,658	282,084	271,741	221,866	191,860
Total liabilities	236,444	229,229	219,104	169,948	140,876
Shareholders' equity	54,214	52,855	52,637	51,918	50,984

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.
* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Asian Infrastructure Investment Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Dec. 8, 2022

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Very strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US$10.2 billion (as of Sept. 30, 2022)

Purpose

To foster sustainable economic development, create wealth, and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors.

Issuer Website

www.aiib.org

Rationale

AIIB was designed to help fill the very large infrastructure financing gap in Asia, currently estimated at US$26 trillion through 2030.

The bank continues to grow and diversify its lending activities, and provided support through its COVID-19 response package of up to $20 billion. As of November 2022, AIIB has financed 194 projects totaling US$37 billion, up from $29 billion as of October 2021. This was supported by its COVID-19 Crisis Recovery Facility, which has been extended until year-end 2023 and allows AIIB to provide sovereign-backed budgetary support co-financing alongside the World Bank and the Asian Development Bank.

The bank has increased its share of stand-alone projects, which we view positively. As of November 2022, 54% (67% as of June 2018) of the projects were co-financed with other MLIs, such as the World Bank Group and the EIB. Leveraging the expertise and capital of other MLIs to source deals enables AIIB to spread risk and reduce pressure on internal country limits.

AIIB is steadily increasing its private-sector lending. This was 36% of total approvals of $33.6 billion as of Sept. 30, 2022, and we expect it to reach 50% by 2030, anchored by AIIB's strategy for mobilizing private capital for infrastructure. We also project equity investments will increase, although limited to 10% of capital.

We do not expect the Russia-Ukraine conflict will materially affect AIIB's operations. In May 2022, the bank announced it would halt all activities in Russia and Belarus, although lending exposures were already minimal, supported by ample capital. The bank has heavily provisioned its nonsovereign exposure to a Russian corporate, which continues to perform.

AIIB also has a sizable capital endowment (US$100 billion), of which 20% is paid-in capital, one of the highest of all MLIs. Currently, 98% of the allocated capital has been subscribed. Capital installments have been paid on time, with US$19.08 billion received as of Sept. 30, 2022. In our view, this reinforces AIIB's role, enabling it to become one of the largest MLIs globally.

AIIB's PCT remains very strong. Our calculated sovereign arrears ratio is 0% because we assume all borrowing members will grant PCT to AIIB, supported by the international backing of the institution. AIIB's PCT was tested when Sri Lanka was downgraded to 'SD', after missed payments on its commercial debt on April 25, 2022, but remained current with the bank.

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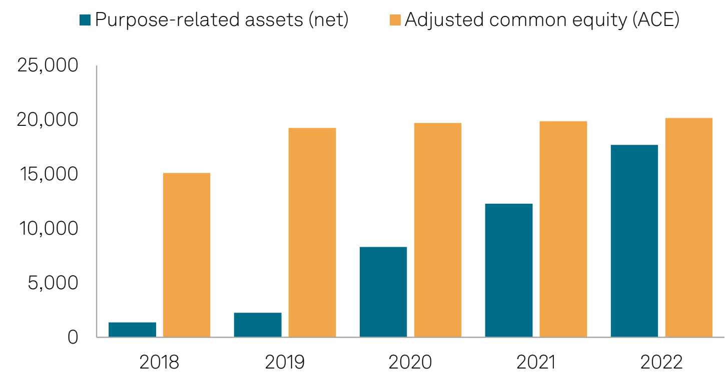
AIIB is predominantly owned by regional member countries, which could lead to conflicts of interest. China is the largest shareholder, with 26.6% of current voting share and veto power, followed by India (7.6%), Russia (6%), and Germany (4.2%). AIIB has a comprehensive risk-management framework, and as it grows lending and successfully operates through the economic cycle, which could lead to stronger governance and management.

In our view, AIIB's financial strength remains among the strongest of the MLIs. Its RAC ratio after MLI adjustments was 63% as of June 2022 (with rating parameters as of Dec. 7, 2022), down from 74% at the end of December 2022, largely because of an increase in loan exposures. The bank's RAC ratio is highest among its peers. We expect the ratio to continue declining during the growth phase but remain extremely strong. Although AIIB has been operating for only six years, it has managed its loan portfolio exceptionally well, with just one loan loss and seven bond losses reported in September 2022.

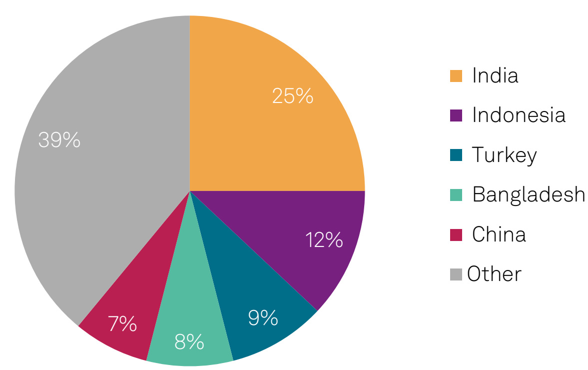
AIIB is making progress in becoming a regular benchmark issuer with a global investor base. It currently provides non-sovereign-backed financing in 21 hard and local currencies. The local currency financing could help reduce losses arising from currency mismatch and may result in lower project costs.

Given the large liquidity reserves, our calculations of AIIB's liquidity incorporating stressed market conditions show that it could survive an extremely stressed scenario without market access for 12 months. For June 2022, our 12-month liquidity ratio was 3.42x with scheduled disbursements, while the six-month ratio was 2.14x. We estimate that AIIB would not need to slow down disbursements under a stress scenario, which takes into account 50% of all undisbursed loans coming due in the next 12 months. As the bank increases commitments and continues to tap the market, we expect its liquidity ratios to decrease. Nonetheless, we assume AIIB will maintain ample liquidity, primarily because of a conservative policy that establishes a minimum liquidity level of 40% over the next three years' net cash flow requirements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % total financial approvals as of June 2022.



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that over the next two years AIIB will continue to deliver on its mandate. We expect the institution to grow loan commitments and disbursements and diversify its portfolio. We also expect a strong adherence to what we consider sound governance and risk policies and shareholders to remain supportive and grant the institution PCT.

We expect AIIB's capital and liquidity to normalize from currently extremely strong levels, but remain a significant strength compared with peers and underpin its financial profile. We could lower the ratings if AIIB does not satisfy its mandate. We consider any significant deterioration of its financial risk profile to be unlikely, but if it does deteriorate, AIIB's highly rated callable capital, the strongest among all MLIs, would act as a buffer.

Asian Infrastructure Investment Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	17,984	12,456	8424	2,320	1,381
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	92	90	91	89	88
Private-sector loans/purpose-related exposures (%)	8	10	9	11	12
Gross loan growth (%)	44	48	262	68	77
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by regional borrower member countries (%)	76	76	76	76	77
Concentration of top two shareholders (%)	39	39	39	40	40
Eligible callable capital	10223	10223	10223	10223	10038
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	54	74	96	160	186
Net interest income/average net loans (%)	2	1	5	22	23
Net income/average shareholders' equity (%)	1	0	1	2	2
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	57	67	73	89	91
Liquid assets/gross debt (%)	110	140	199	765	N.A.
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	5.0	5.9	5.6	15.1	14.0
12 months (net derivate payables) (x)	2.1	5.1	4.6	10.3	7.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	2.7	3.2	6.9	4.4
Funding ratios					
Gross debt/adjusted total assets (%)	52	48	37	12	N.A.
Short-term debt (by remaining maturity)/gross debt (%)	N.A.	N.A.	N.A.	N.A.	N.A.
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	2.0	25.1	66.6	>100	N.A.
SUMMARY BALANCE SHEET					
Total assets	47,409	40,238	32,082	22,632	19,562
Total liabilities	26,944	20,072	11,938	2,645	50
Shareholders' equity	20,466	20,166	20,144	19,986	19,512

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A.-- Not available
* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Black Sea Trade and Development Bank

Ratings

BBB+/Watch Neg/A-2

Ratings lowered and CreditWatch maintained on Sept. 21, 2023

Rating Components

SACP: 'a-'

Enterprise risk profile: 'Moderate'

Financial risk profile: 'Very strong'

Extraordinary support: '0'

Holistic approach: '1'

Eligible callable capital: N/A

Purpose

To accelerate economic development in and promote economic cooperation among member countries.

Issuer Website

www.bstdb.org

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Rationale

The downgrade reflects our view that the unexpected lack of a decision on finalizing the capital replenishment creates heightened uncertainty about the bank's medium-term policy relevance and the coherence of the shareholder collective. While we recognize that these are challenging times, we previously expressed our view that the capital subscription would be crucial to confirm the bank's policy importance in the current geopolitical environment.

The negative CreditWatch reflects our concerns that the process of finalizing the capital allocations could extend into 2024. This could delay the bank's restoration of market confidence. It could also worsen liquidity pressures ahead of its eurobond maturity or lead to an extended period of subdued lending, which would raise further questions about the bank's longer-term policy importance.

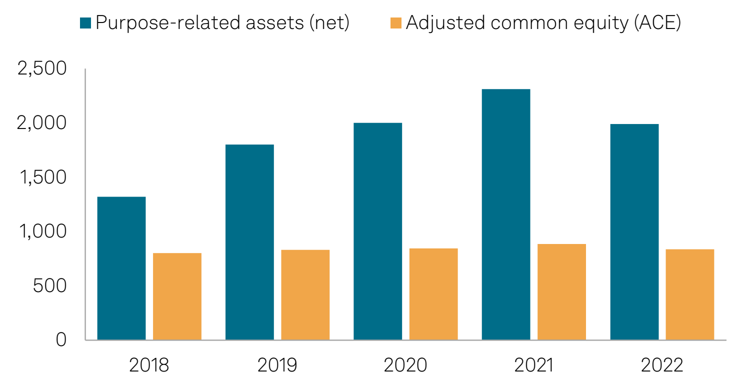
We are yet to gain clarity on the process and prospects of finalizing the capitalization program. BSTDB's shareholders demonstrated their willingness to support the bank by approving the capital replenishment program. Out of 11 shareholders, 10 subscribed according to their pro rata ownership when the capital subscription program closed on Jan. 31, 2023. So far, shares have been allocated to the shareholders that qualify without regulatory concerns, but the finalization still hinges on a decision about the remaining shares. We understand that there is no change to shareholders' willingness, but concerns have surfaced regarding the dissonance between regulatory risks and the bank's statues in the case of an asymmetrical capital allocation. According to the bank's statues, each member state shall have a reasonable opportunity to subscribe, in line with its pro rata share. We understand that Russia has expressed its willingness to participate in the capital increase, but the sanctions imposed on it could prohibit it from doing so. In our view, the lack of a conclusion in the capital process indicates that shareholders struggle with practical difficulties to support the bank in the current geopolitical environment. We believe this creates uncertainty about BSTDB's medium-term funding, its lending plans, and, potentially, its longer-term policy importance.

We continue to recognize the bank's strong liquidity levels and solid capital as cornerstones of its near-term repayment capacity. Liquidity sources are ample and new disbursements are limited, which reduces near-term liquidity pressures. We expect the bank's liquidity buffers can cope with near-term loan payment deferrals and strained access to global financing markets. As of June 30, 2023, our estimated 12-month liquidity ratio was

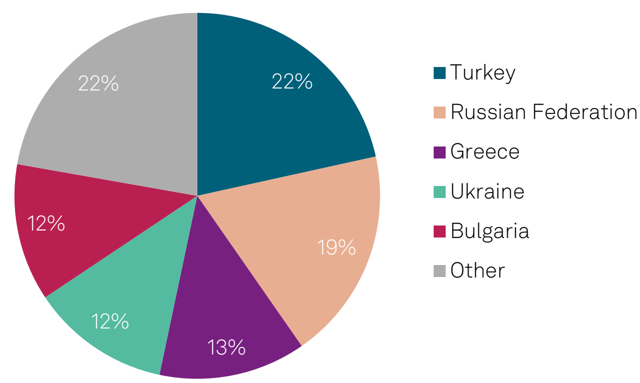
1.2x (including scheduled loan disbursements). Still, we are monitoring BSTDB's liquidity coverage and market access closely ahead of its $420 million eurobond maturity in June 2024. The initial outstanding amount of the eurobond was $550 million, but the bank repurchased $130 million in June 2023. This reduced the refinancing risk somewhat. For more information, see "Black Sea Trade and Development Bank Placed On CreditWatch Negative On Challenges To Funding Profile," published on July 26, 2023.

We believe that BTSDB's capital position has proven more resilient than we initially expected when Russia launched a full-scale invasion of Ukraine. We estimate BSTDB's RAC ratio is 20.6%, based on balance-sheet exposures as of Dec. 31, 2022, sovereign ratings, and Banking Industry Country Risk Assessments as of July 10, 2023. Even though impairments have markedly increased, in line with our expectations, we note that very few loan exposures have turned to nonperforming. Still, a prolonged conflict could pressure the bank's asset quality and liquidity flows beyond what we currently expect, given that about 30% of its loans are to borrowers in Russia and Ukraine. In the case of a stress scenario with a significant write-down of BSTDB's exposures in Russia and Ukraine, we estimate the RAC ratio could fall below 15%, signaling erosion of the bank's capital to a level not commensurate with the current rating.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

CreditWatch

The CreditWatch placement reflects our view that we could lower our ratings on BSTDB in the coming months if its access to funding markets does not normalize well ahead of its June 2024 Eurobond maturity, resulting in a depletion of liquidity reserves, or raising concerns over its public policy role.

In addition, pressure on the rating could also arise over the medium term if:

- Further pressure on the bank's asset quality occurred, so that its capital positioned weakened, and our RAC ratio fell below 15%.
- BSTDB's shareholders lessened their supportive stance toward the bank, for example by not following through on the ongoing capital replenishment program, prompting concerns about the bank's strategic role and shareholder backing.

Black Sea Trade And Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	2,137	2,378	2,077	1,853	1,366
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	N.A.	26	29	28	14
Private-sector loans/purpose-related exposures (%)	N.A.	74	71	72	86
Gross loan growth (%)	(11)	15	12	37	18
PCT ratio (%)	-	-	-	-	-
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	33	33	33	33	33
Eligible callable capital (mil. curr)	-	-	-	-	-
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	21	19	23	25	26
Net interest income/average net loans (%)	5	3	2	2	3
Net income/average shareholders' equity (%)	(3)	5	2	2	1
Impaired loans and advances/total loans (%)	9	3	4	3	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	29	26	27	21	25
Liquid assets/gross debt (%)	44	38	40	34	47
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.6	1.2	1.3	1.6	2.0
12 months (net derivate payables) (x)	1.1	1.0	1.2	1.3	1.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.2	1.4	2.1	2.3
Funding ratios					
Gross debt/adjusted total assets (%)	65	70	67	63	53
Short-term debt (by remaining maturity)/gross debt (%)	42	33	42	43	45
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	2.0	2.6	2.0	6.6	3.6
SUMMARY BALANCE SHEET					
Total assets	2,935	3,235	2,809	2,343	1,796
Total liabilities	2,099	2,349	1,965	1,513	994
Shareholders' equity	836	886	844	830	802

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A. --Not available

Caribbean Development Bank

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on April 5, 2023

Rating Components

SACP: 'aa+'

Enterprise risk profile: 'Strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US$205 million (as of Sept. 30, 2022)

Purpose

To contribute to the economic growth and development of its Caribbean member countries. CDB provides loans and guarantees to the public and private sectors.

Issuer Website

www.caribank.org

Rationale

CDB has a record of fulfilling its public policy mandate as an important source of multilateral financing in the Caribbean. It provides loans and guarantees to the public and private sector, although as of Dec. 31, 2021, 95% of its loans were to sovereigns. The bank also provides grants and concessional loans to its poorest members via its soft loan window, the Special Funds resources.

CDB has played an instrumental role for its members as they faced challenges such as natural disasters and the COVID-19 pandemic. The bank provided support to mitigate the impact of the volcanic eruption in St. Vincent and the Grenadines, and two hurricanes in Belize in 2020. Amid the pandemic, CDB repurposed some of its lending and assumed an important role alongside other MLIs to support the region.

CDB has a somewhat smaller balance sheet than peers in the MLI sector, and growth remained flat in 2021 with $1.33 billion in loans outstanding as of December. In the same year, CDB approved a total of $161.4 million from both its ordinary capital resources and concessional window (Special Development Fund), of which $90.2 million was in grants, and disbursed a total of $254.9 million. Total net flows to the region declined in 2021 (to $24 million, from $120 million in 2020), stemming from the pandemic's particularly severe impact on counterparties' and government agencies' implementing capacity. That said, we view this as an extraordinary one-off event.

Over the years, CDB has attracted various partnerships that underpin its unique role. In 2021, it worked with the EIB to repurpose a €30 million line of credit to purchase COVID-19 vaccines and approved a second line of credit with the IADB for $50 million to build disaster and climate change resilience. The bank also entered into an agreement with the EU to implement the Caribbean Action Resilience Enhancement program. We expect CDB's increased focus on climate change will continue to strengthen over the medium term. In fact, CDB has a pivotal role among its members in providing policy advice and technical support.

CDB has maintained a strong record of PCT despite increased stress in its borrowing member countries and has strengthened its risk management functions. While many borrowing member countries experienced a sharp downturn in revenue as tourism plummeted in 2020 and 2021, they continued to make full and timely payments to CDB. To some extent, this was made possible by CDB providing debt service support through its concessional window for some of its members' ordinary capital obligations, although this program expired by the end of 2021. This initiative, proposed by CDB's management and supported by its board, was intended to provide borrowing member

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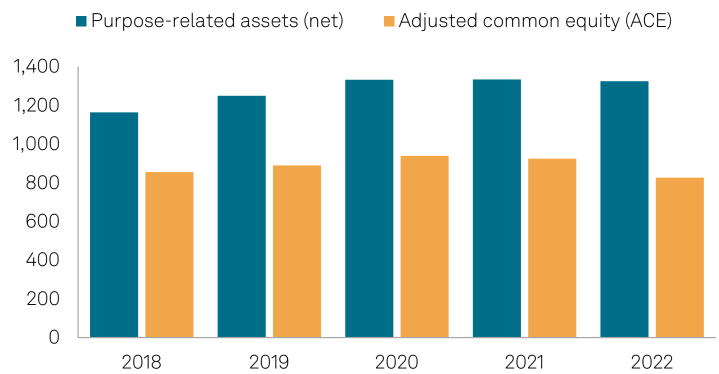
countries with fiscal space to address the negative social and economic impacts of COVID-19. We believe CDB has carefully managed its portfolio, prudently balancing the use of regular and concessional resources and managing concentrations.

The bank has a diverse shareholding structure; its members include 19 borrowing member countries in the Caribbean and nine nonregional, nonborrowing countries. We view the shareholder structure, with the majority of voting shares (55% as of 2021) from borrowing-eligible members, as potentially vulnerable to agency risk--meaning the interests of borrowing members could differ from those of creditors.

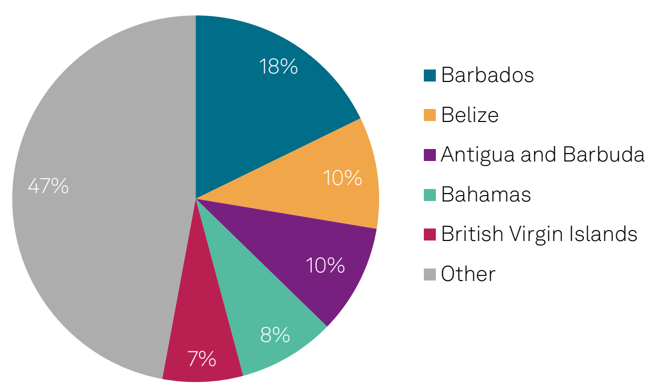
CDB's RAC ratio remained unchanged at 26.5% in 2022, well above our 23% threshold for extremely strong capital adequacy. We believe CDB's capital base would be resilient if there were additional economic pressures in the region, especially given its large concessional window, which has provided liquidity support to distressed members, and the callable capital buffer from highly rated shareholders. If borrowing members were to not maintain PCT with CDB, this could weigh on our ratings.

CDB pursues a conservative funding strategy and has low leverage (liabilities to equity was 1.28x in 2021, compared with 1.16x in 2020). In general, we view it as having adequate access to capital markets, though its global investor base is less developed than some of the more established MLIs. Historically, CDB has had solid liquidity and in our view, under a stress scenario, it could satisfy increased demand for unplanned loan disbursements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31 2022



Source: S&P Global Ratings.

Outlook

The stable outlook is based on our view that over the next two years, CDB will maintain high capitalization, even amid natural disasters that can weigh on some Caribbean economies and the lingering effects of the pandemic. We expect the RAC ratio to remain well above 23%, even if the asset quality of the loan book weakens. The stable outlook also incorporates our expectations that PCT will not deteriorate and that CDB will continue to manage its balance sheet prudently. Furthermore, we expect gradual growth in its private-sector exposure, and we expect the higher risk this entails to be contained by an appropriate strengthening of risk management.

We could lower the ratings on CDB if shareholder relationships deteriorate or if doubts arise about PCT. Financial stress among borrowing members and downgrades of highly rated shareholder callable capital could also lead us to lower the ratings. Fast growth of high-risk private-sector exposure would also be a negative rating factor. We consider these events unlikely over the outlook horizon.

We could consider raising the ratings on CDB if its policy importance strengthens, accompanied by further capital increases that could allow it to grow its loan book substantially.

Caribbean Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	1,344	1,353	1,351	1,274	1,186
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	94	94	94	94	96
Private-sector loans/purpose-related exposures (%)	6	6	6	6	4
Gross loan growth (%)	(1)	0	6	8	10
PCT ratio (%)	1	1	1	1	1
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	65	65	65	65	65
Concentration of top two shareholders (%)	35	34	34	34	34
Eligible callable capital (mil. curr)	205	205	205	205	205
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	24	27	27	28	29
Net interest income/average net loans (%)	3	2	3	3	3
Net income/average shareholders' equity (%)	2	2	3	3	2
Impaired loans and advances/total loans (%)	0	0	0	0	0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	32	36	30	35	27
Liquid assets/gross debt (%)	63	67	58	65	58
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	6.5	4.2	5.3	3.8	2.3
12 months (net derivate payables) (x)	1.9	2.5	2.5	2.0	1.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.8	1.8	1.6	1.3	1.7
Funding ratios					
Gross debt/adjusted total assets (%)	51	54	52	54	46
Short-term debt (by remaining maturity)/gross debt (%)	13	1	2	8	7
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	*3.3*	*4.0*	*14.1*	*7.1*	*5.5*
SUMMARY BALANCE SHEET					
Total assets (mil. $)	2,066	2,217	2,121	2,096	1,748
Total liabilities (mil. $)	1,220	1,268	1,153	1,162	849
Shareholders' equity (mil. $)	846	949	968	934	899

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

Central American Bank For Economic Integration (CABEI)

Ratings

AA/Stable/A-1+

Ratings and outlook affirmed on Sept. 1, 2023

Rating Components

SACP: 'aa-'

Enterprise risk profile: 'Very strong'

Financial risk profile: 'Strong'

Extraordinary support: '+1'

Holistic approach: '0'

Eligible callable capital: US$1.1 billion (as of Sept. 14, 2022)

Purpose

To promote intraregional cooperation, and economic growth and development among Central America. CABEI's focus is on projects, particularly public-sector infrastructure. Its small equity investments are predominantly in investment funds.

Issuer Website

www.bcie.org

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Rationale

We believe CABEI is an important provider of multilateral financing to members and has been enhancing its franchise value in the region. The institution provided rapid responses to members amid volatile conditions, such as a US$2.3 billion COVID-19 support program as well as various programs to address adverse weather events and rising fuel prices. While CABEI mainly focuses on infrastructure financing, in 2020 it introduced other lending instruments to draw upon, including a policy-based lending instrument.

As a result, CABEI's loan portfolio grew by 5% to US$8.6 billion, which led its RAC ratio to decline to 14% as of June 2022, from 15.7% the year prior. The increase in financing commitments amid COVID-19 and rating pressures (El Salvador was downgraded to 'CCC+' from 'B-' on June 1, 2022) have weighed on the RAC ratio. We expect high demand for CABEI's resources to continue amid weaker asset quality in the region, and compounded by the risk of recession in the U.S. On the other hand, CABEI enjoys sizable callable capital buffers from its highly rated shareholders, which offsets some pressure on its capital adequacy.

CABEI's enterprise and financial risks are supported by a growing, increasingly diversified shareholder base, and a commitment to strengthen and expand the institution's role and reach through substantial capital payments. In 2019, the Republic of Korea became a member with a US$450 million capital subscription, and the Dominican Republic, Panama, Argentina, and Taiwan increased their participation in the institution.

In September 2021, CABEI's board of governors instructed the board of directors and management to implement an action plan to increase the institution's authorized capital to US$10 billion from US$7 billion. At the same time, CABEI expects approximately US$488 million in new paid-in capital installments over the next eight years from the eighth general capital increase, of which $191 million is expected to be front-loaded by founding members in 2022.

While we expect vulnerabilities to persist in the region, the institution has demonstrated a pristine PCT track record over the past 10 years. The performance of its sovereign loan portfolio has been excellent compared with that of commercial creditors, and no borrower has been in arrears with the institution over the past 10 years, which supports our PCT calculated ratio of 0%. All overdue and nonaccrual loans have corresponded to private-sector operations and have not represented a meaningful share of the total private-sector loan portfolio (0.28% as of June 2022).

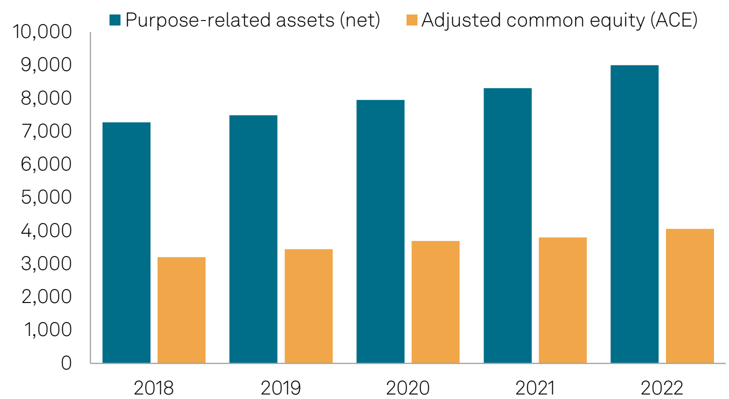
We view CABEI's governance as transparent, prudent, and independent. The bank has no material private-sector shareholder and management has considerable expertise, which the continuity of senior staff supports. Nevertheless, compared with other highly rated MLIs, CABEI's governance structure is highly concentrated in its five founding members, which presents a possible agency problem and constrains our assessment because, in our view, it is not fully offset by superior risk management structures.

CABEI's funding and liquidity ratios have remained fairly stable. The bank is diversifying its funding by building a global investor base for its medium- and long-term bonds. Participation in capital markets grew to 86% of funding sources in 2021, from 62% in 2016. As of June 2022, CABEI had made debt placements in 24 different currencies and 23 different markets. It has some way to go before becoming a recurrent benchmark issuer, like higher rated peers, although its renewed funding strategy contemplates at least one benchmark transaction per year and a stronger focus on environmental, social, and governance issuances. CABEI will continue to use multilateral financing because this reduces its cost of funding and, subsequently, the cost pass-through to borrowers.

Using year-end 2021 data and incorporating our updated liquidity haircuts, our 12-month liquidity ratio considering the netted derivatives position was 1.5x with scheduled loan disbursements, and the six-month ratio was 1.8x. However, we estimate the bank would need to slow down planned disbursements under a stress scenario.

We factor extraordinary support in the form of callable capital from CABEI's highly rated shareholders into the ratings, which provides uplift to our RAC ratio and mitigates the impact on financial risk following pressure on CABEI's capital adequacy. Currently, eligible callable capital comes from Taiwan (AA+/Stable/A-1+) at $582 million and the Republic of Korea (AA/Stable/A-1+) at $473 million, lifting the RAC ratio to 17.9%.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



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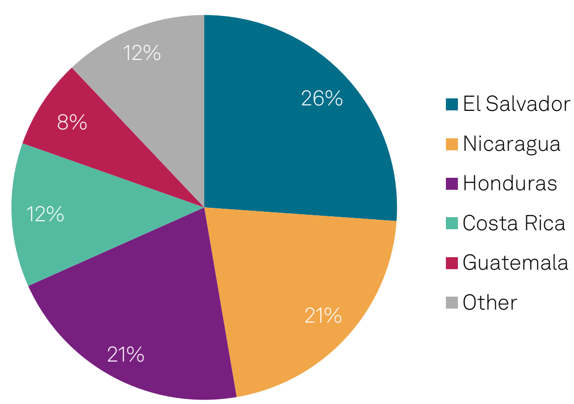

Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectations that over the next two years, CABEI's shareholders will remain supportive and make timely capital payments, the bank will continue benefiting from PCT despite growing credit pressures in the region, and the bank will manage capital levels prudently while maintaining high-quality liquid assets.

We could lower our ratings if we observe signs of weakening support, including signs of weakening PCT from borrowing members, or if capital and liquidity ratios deteriorate significantly.

We could raise the ratings if CABEI significantly strengthens its capital adequacy or if membership expansion supports our view of the institution's overall governance.

Central American Bank For Economic Integration – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	9310	8691	8306	7801	7653
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	92	91	86	81	82
*Private-sector loans/purpose-related exposures (%)	8	9	14	18	18
Gross loan growth (%)	7	5	6	3	10
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	83	83	83	83	84
Concentration of top two shareholders (%)	23	23	23	23	24
Eligible callable capital (mil. curr)	1055	1055	1055	473	375
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	14	14	16	17	16
Net interest income/average net loans (%)	3	3	3	4	4
Net income/average shareholders' equity (%)	5	2	4	7	7
Impaired loans and advances/total loans (%)	0	0	1	1	1
Liquidity ratios					
Liquid assets/adjusted total assets (%)	37	39	39	34	31
Liquid assets/gross debt (%)	67	65	66	59	54
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.5	1.8	2.2	1.9	2
12 months (net derivate payables) (x)	1.3	1.5	1.7	1.6	1.5
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.9	1	1.1	1.2	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	56	60	59	58	58
Short-term debt (by remaining maturity)/gross debt (%)	16	14	14	16	14
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	*1.4*	*1.6*	*2*	*1.9*	*1.8*
SUMMARY BALANCE SHEET					
Total assets (mil. $)	14,802	13,955	13,295	11,611	10,850
Total liabilities (mil. $)	10,747	10,161	9,607	8,168	7,652
Shareholders' equity (mil. $)	4,055	3,794	3,688	3,443	3,198

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

Corporación Andina de Fomento

Ratings

AA/Stable/A-1+

Ratings and outlook revised on May 23, 2023

Rating Components

SACP: ‘aa’

Enterprise risk profile: ‘Strong’

Financial risk profile: ‘Very strong’

Extraordinary support: ‘0’

Holistic approach: ‘0’

Eligible callable capital: ‘0’

Purpose

To promote the economic integration of member countries and help accelerate their economic and social development, primarily through lending to both public- and private-sector entities.

Issuer Website

www.caf.com

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Rationale

In March 2022, CAF’s board of governors approved a $7 billion increase in paid-in capital. CAF stands out among peers in terms of the frequency of capital increases and shareholder support given the size. This marks CAF's 10th capital increase--its largest in history--even as it continues to receive sizable capital payments from the ninth general capital increase, approved in 2015, with $725 million to be paid in until 2025.

At the same time, a number of current members have increased their equity participation in CAF and new members have joined the institution over the past couple of years, all of which has bolstered the magnitude of capital injections. Chile became a full member of the institution in March 2023 and will contribute $1.5 billion of paid-in capital.

We believe these are positive developments that will bolster the resilience of CAF's RAC ratio. The ratio was 18.3% as of December 2022, virtually unchanged from December 2021. In 2022, continued growth in capital and the decline in Venezuela’s exposure, which carries a high capital charge, offset the negative impact from the downgrades of Argentina and Bolivia. In December 2022, equity was $13.7 billion, up from $13.3 billion as of December 2021.

In March 2020, CAF's shareholders assembly approved a support program for exceptional situations that effectively allowed CAF to begin repurchasing Venezuela's equity shares to pay down the debt coming due from the sovereign, following recurrent payment delays which weighed on the rating. In our view, this program removed the risk of a nonaccrual event materializing until 2024, limiting the risk to PCT and the rating.

By December 2022, CAF had repurchased 108,693 shares, bringing Venezuela's outstanding loan balance to US$2.5 billion from US$3.5 billion in March 2020. The program essentially expires in 2024, when Venezuela’s paid-in capital used to service the debt will run down, leaving the remaining loan balance of about US$1.5 billion. At that time, we assume a potential nonaccrual event (assuming the sovereign is unable to service its remaining debt) to have a limited effect, given that Venezuela would represent a smaller proportion of CAF’s balance sheet. However, we consider this unusual transaction to be a constraint on our capital adequacy assessment, since the reduction in Venezuela's shares used to repay its debt was not compensated by additional capital.

During 2022, CAF grew its lending book by 4.5% (excluding fair value adjustments), reaching US$30.6 billion. At the same time, it has been strengthening its role in promoting green growth in the region. The institution's approvals for green financing are set to increase to 40% by 2026 (from 31% in 2022).

We believe CAF's administration will prudently manage its balance sheet growth and capital, especially if rating vulnerabilities emerge owing to weaker sovereign creditworthiness across the region. That said, we expect members to maintain a solid track record of PCT with CAF. The institution has made efforts to diversify its portfolio and gradually increase exposure to investment-grade sovereigns.

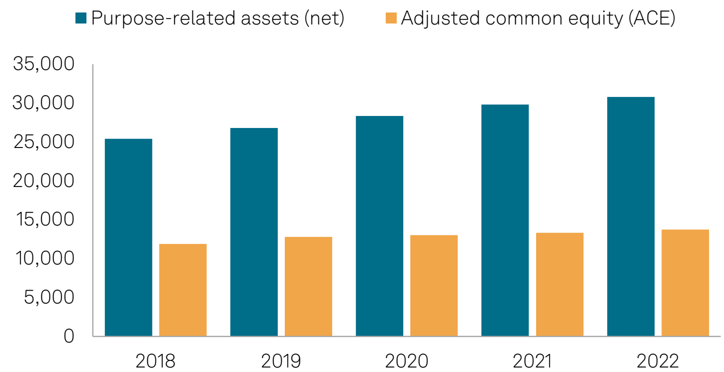
In our view, CAF's governance is constrained by the absence of a set of nonborrowing member countries. It's a weakness relative to higher-rated MLIs with greater shareholder diversity. On the other hand, CAF maintains robust risk management practices related to its liquidity and derivatives portfolio.

CAF has maintained high liquidity. Our calculated 12-month liquidity ratio as of December 2022 was 1.2x, including scheduled loan disbursements, consistent with the previous year. The six-month ratio was 1.5x as of December 2022. CAF has maintained higher liquidity compared with our additional stress test that takes into account 50% of all undisbursed loans coming due in the next 12 months. As such, we expect it to accommodate unplanned disbursements.

At the same time, CAF has a conservative funding profile, with cumulative assets consistently exceeding cumulative debt for maturities up to one year and no significant gap for five years. We estimate that CAF is able to cover its scheduled short-term debt liabilities without recourse to new issuance.

CAF's funding is also robust and diversified. The bank continues to be a regular global benchmark issuer and demonstrates exceptional access to the global markets. As of March 2023, total issuance in 2023 amounted to US$3.6 billion, almost the same as the full-year 2022 total of US$3.7 billion.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



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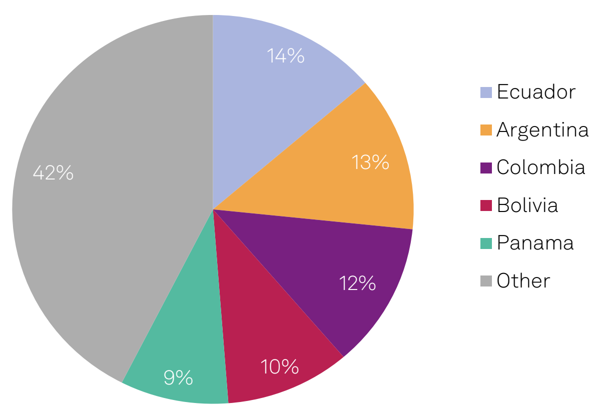

Source: S&P Global Ratings.

Finally, in terms of shareholder support, we do not include any ratings uplift for extraordinary shareholder support because the sovereign shareholders are rated below CAF's SACP of 'aa'.

Outlook

The stable outlook reflects our expectation that over the next two years CAF will continue supporting member countries and strengthening its presence in the region following recent expanded membership and its capital increase, which will also underpin its capital adequacy.

We could lower the ratings if CAF expands its balance sheet significantly beyond our expectation, leading to a weaker capital position. Signs of weakening support from shareholders through delays in capital payments or signs of weaker policy execution could also lead to a downgrade.

We could raise the ratings if CAF incorporates highly rated shareholders, which could enhance its capital ratio and create more diversity in its governance structure. This assumes members would continue to treat CAF as a preferred creditor amid robust shareholder support as CAF continues to fulfill its countercyclical lending role in the region and maintains high liquidity.

Corporación Andina de Fomento – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	30,975	30,005	28,547	27,024	25,635
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	95	93	90	84	84
*Private-sector loans/purpose-related exposures (%)	4	6	8	15	14
Gross loan growth (%)	3	5	6	6	6
PCT ratio (%)	2	3	3	4	4
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	38	38	36	35	35
Eligible callable capital (mil. curr)	N.A.	N.A.	2	4	4
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	18	18	18	17	16
Net interest income/average net loans (%)	2	1	2	3	2
Net income/average shareholders' equity (%)	1	1	2	3	2
Impaired loans and advances/total loans (%)	0	0	0	0	0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	31	34	31	33	33
Liquid assets/gross debt (%)	55	56	52	55	55
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.5	1.4	2.0	2.5	1.8
12 months (net derivate payables) (x)	1.2	1.3	1.5	1.5	1.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.2	1.4	1.4	1.6
Funding ratios					
Gross debt/adjusted total assets (%)	55	61	60	60	59
Short-term debt (by remaining maturity)/gross debt (%)	34	24	18	20	13
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	*1.3*	*1.8*	*2.1*	*2.3*	*2.6*
SUMMARY BALANCE SHEET					
Total assets (mil. $)	50,377	47,592	46,846	42,294	40,014
Total liabilities (mil. $)	36,657	34,293	33,851	29,497	28,151
Shareholders' equity (mil. $)	13,719	13,300	12,995	12,797	11,863

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A.--Not available.
* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Council of Europe Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on June 27, 2023

Rating Components

SACP: ‘aaa’

Enterprise risk profile: ‘Extremely strong’

Financial risk profile: ‘Extremely strong’

Extraordinary support: ‘0’

Holistic approach: ‘0’

Eligible callable capital: €1.3 billion (as of Dec. 31, 2022)

Purpose

To provide loans in member countries that help support social integration, environmental management, and the development of human capital.

Issuer Website

www.coebank.org

Rationale

In our view, CEB's role as a socially focused bank within Europe has solidified over the past three years. We base our opinion on the emergency loans CEB provided in 2020 to sustain health systems amid pandemic-related fallout and the support it granted Ukrainian refugees in 2022 through projects related to temporary and long-term accommodation in its member countries, as well as health and education projects. This lifted CEB’s disbursements and project approvals 50% above its activity levels in 2015-2019, and its new strategic framework for 2023-2027 incorporates this uptick, with a loan disbursement target of €3.8 billion and project approvals of €4.3 billion.

The bank provided €1.3 billion fast-track emergency loans to CEB’s members directly affected by the Russia-Ukraine war, including a €450 million loan to Poland. Ukraine’s recent admission to the CEB opens the way for projects in Ukraine. We understand CEB has already identified potential projects and that loan disbursements in Ukraine could amount to €200 million-€400 million per year over the next five years.

The governing board's approval of a €4.25 billion increase in the bank's subscribed capital points to CEB's solid relationship with shareholders. The capital increase, including €1.2 billion of paid-in capital, will enable stronger support to Ukraine and countries hosting refugees from the war. It will also support CEB’s core activities enshrined in the 2023-2027 strategic framework. In addition to operations in Ukraine, CEB’s focus will be on strengthening its ability to tackle social and inclusion challenges in each member state. We think the capital increase indicates CEB’s very strong policy importance, including the strength and stability of its relationship with shareholders, and reflects members’ satisfaction over CEB’s performance during the 2015 refugee crisis and the COVID-19 pandemic.

As the bank benefits from a significant capital increase, we believe its performance and use of funds will come under increased scrutiny from shareholders. In addition, economic risk in Ukraine is extremely high, and the bank currently has no experience operating in the country. That said, CEB’s operations will continue to benefit from strong governance, conservative risk management standards, and up-to-date financial policies which limits risks associated with the volatile environment of its lending portfolio, in our view. Overall, we believe CEB will uphold its extremely strong financial risk profile, despite potential risks in Ukraine.

CEB's RAC ratio should improve from 27% as of Dec. 31, 2022, once the capital increase becomes effective. Its total paid-in capital will strengthen

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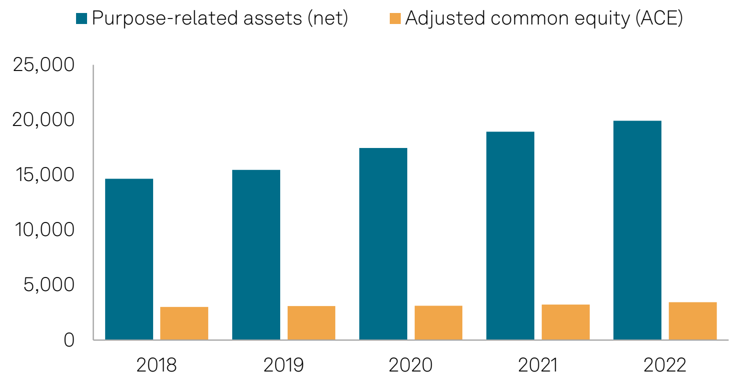
to €1.8 billion from about €600 million at year-end 2022, and S&P Global Ratings' total adjusted capital will improve by about 35%, all else being equal, providing significant buffers to CEB's RAC ratio. We expect the bank's asset quality to remain high with limited credit events and very strong PCT recognition. Also, frequent use of credit enhancements limits downside risks to asset quality through collaterals and guarantees. As of year-end 2022, 34% of CEB's outstanding loans benefitted from a credit enhancement. This underpins our assessment of a resilient and very strong RAC position.

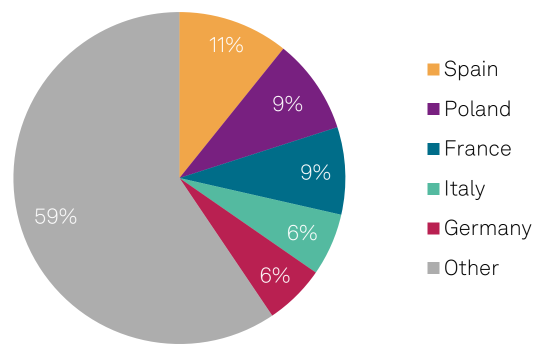
We believe CEB will retain strong access to funding markets and adequate funding diversification. Although increasing liquidity needs to cover for collateral requirements, the more modernized and conservative derivatives management entailed by the switch to two-way credit support annexes on its derivatives portfolio in 2018 has opened additional funding markets for CEB. This led to improved investors' pool diversification and funding conditions for the bank. In line with its social mandate, CEB also established a strong track record and expertise as a social-bond issuer. In 2022, it confirmed its position as the largest supranational social bond issuer with two new social inclusion bonds for €1 billion and US$1 billion. As of June 27, 2023, the bank had already completed 78% of its €6.5 billion full year funding target, including two new social inclusion bonds.

CEB should be able to fully cover its balance-sheet liabilities without market access over the coming year. This includes the additional liquidity required to cover needs of posting collateral under its two-way credit support annex arrangements. Using year-end 2022 data, our 12-month liquidity ratio was 1.32x, including scheduled loan disbursements; the six-month ratio was 1.87x. The ratios underpin our view of CEB's very strong liquidity position. We believe CEB will maintain equally strong liquidity ratios in the future thanks to its proactive funding activity.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The outlook on CEB is stable. We assume that, over the next two years, CEB will maintain an extremely strong financial risk profile, despite increased disbursements related to support for Ukrainian refugees in Europe and to funding that we expect CEB will provide for reconstruction of social infrastructure in Ukraine. Consequently, we expect the bank's policy importance to remain very strong, with continuous solid shareholder engagement in its activities. We also assume CEB will continue to enjoy very strong PCT.

We could downgrade CEB if new operations in Ukraine result in a material deterioration of the bank's asset quality. This could stem from ineffective internal controls, for instance underwriting or risk management in Ukraine's high-risk environment. If the bank's very strong track record of PCT eroded, rating pressure could build up. Additionally, a pronounced deterioration in CEB's funding and liquidity profile could constrain the rating.

Council of Europe Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	19,931	18,941	17,443	15,453	14,650
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	83	81	79	77	76
Private-sector loans/purpose-related exposures (%)	17	19	21	24	24
Gross loan growth (%)	5	9	13	6	6
PCT ratio (%)	-	-	-	-	-
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	33	33	34	34	34
Eligible callable capital (mil. curr)	1,333	1,333	1,333	1,333	1,333
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)*	27	25	26	25	25
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	2	3	2	3	3
Impaired loans and advances/total loans (%)	-	-	-	-	-
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	31	32	30	34	33
Liquid assets/gross debt (%)	37	38	38	43	42
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.9	2.4	3.2	2.4	2.3
12 months (net derivate payables) (x)	1.3	1.2	1.3	1.4	1.2
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.8	1.6	1.6	1.3	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	84	83	79	79	79
Short-term debt (by remaining maturity)/gross debt (%)	16	19	15	17	19
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	2.2	1.4	1.5	1.7	1.4
SUMMARY BALANCE SHEET					
Total assets	31,528	29,715	27,959	26,142	24,348
Total liabilities	28,086	26,481	24,827	23,053	21,325
Shareholders' equity	3,442	3,234	3,132	3,089	3,023

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

Credit Guarantee and Investment Facility

Purpose

To promote economic development and resilience of the financial markets, and to prevent disruptions to international financial order by developing deep and liquid local currency and regional bond markets. CGIF provides guarantee to enable investment-grade ASEAN+3 issuers to access local currency bond markets. This will result in efficient allocation of savings within Asia by facilitating access to investment-grade rated entities to such markets while promoting issuance of debt securities with longer-term maturities to match the gestation of investment projects.

Ratings

AA/Stable/A-1+

Ratings and outlook affirmed on Feb. 28, 2023

Rating Components

SACP: 'aa'

Enterprise risk profile: 'Adequate'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Issuer Website

www.cgif-abmi.org

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Rationale

Our assessment of CGIF's enterprise risk profile reflects the facility's role as a bond guarantor for corporates in Asia. CGIF has been steadily increasing its guarantee portfolio on the back of a larger equity base. The facility's shorter track record of fulfilling its policy mandate compared with other supranational institutions constrains its enterprise risk profile.

CGIF acts as a catalyst for bond deals, rather than helping to deepen the capital markets by boosting volumes. We believe the deepening of the Association of Southeast Asian Nations (ASEAN) bond markets through credit enhancement will remain limited. This also limits CGIF's role because its function could partially be filled by a commercial entity. To strengthen its policy role, CGIF has been focusing on frontier markets in ASEAN, first-time issuers in local currencies, and the policy priorities of the Asian Bond Market Initiatives to contribute to market creation.

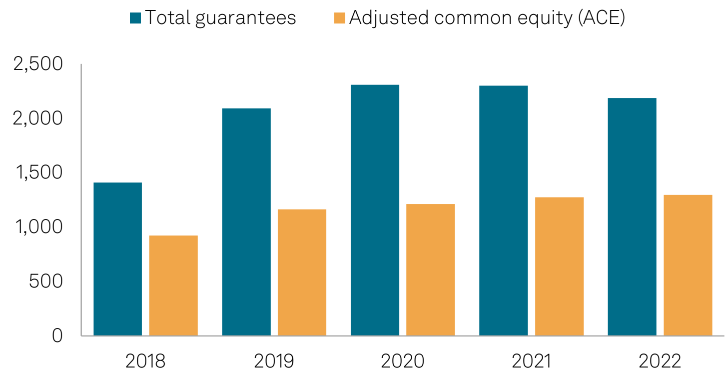
CGIF was set up as a trust fund of the AsDB. We believe CGIF's creditworthiness benefits from its relationship with its contributors and the mandate they have entrusted it with. CGIF has a balanced shareholder base, and all shareholders are either governments or government-related agencies with strong government links. The current voting rights are dominated by four contributors: China (29.9%); Japan (29.9%); Korea (14.9%); and the ADB (15.7%). The 10 ASEAN governments collectively hold most of the remaining voting rights (9.8%).

The guarantee to KNM Group Bhd that defaulted in December 2021 was backed by collateral, and the recovery process is still underway. The asset disposal process has been more protracted than we expected initially. An extended court process could also delay the timeline for recovery. Nevertheless, the impact on CGIF's portfolio is likely limited. We estimate that if CGIF could recover 50% of the payout (net of reinsurance coverage), the final loss would be roughly equal to one year of CGIF's retained earnings. Despite the KNM default, CGIF's asset quality remains sound in our assessment. We also believe CGIF's management team has the necessary expertise and experience to conduct business and achieve its mandate. We believe CGIF's capital and liquidity buffers are robust and could withstand additional pressure. Should a default occur, the typical size of each issue at 7%-12% of CGIF's capital levels and well spread-out maturity walls will limit the impact.

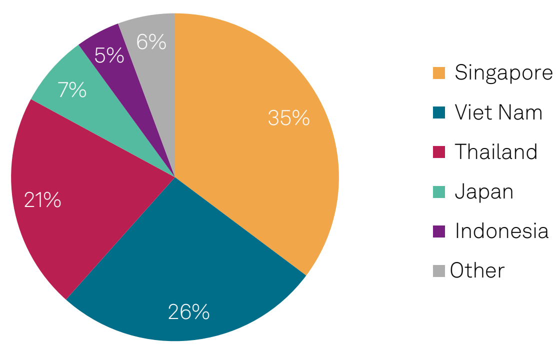
We consider CGIF's extremely strong financial profile to be a positive rating factor. The facility's RAC ratio after adjustments as of end-2022 stood at 50.3%--well above our 23% threshold for an extremely strong capital adequacy assessment. We believe CGIF has a conservative approach to underwriting. However, some of its accounts fall within high-risk sectors, such as oil and gas, real estate, and microfinance lending. These high-risk portfolios account for around one-fifth of CGIF's portfolio.

We assess CGIF's liquidity position as robust. The institution should be able to comfortably pay out under its guarantees for at least a year in stressed market conditions, without recourse to liquidity facilities from contributors or from the market. As of Dec. 31, 2022, our stressed liquidity ratio for CGIF was 6.42x for the next 12 months.

Total Guarantees and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Guarantee Portfolio. Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook on CGIF reflects our expectation that the facility will maintain a solid balance sheet over the next 24 months. This will act as a cushion against potential guarantee calls amid uncertain macroeconomic conditions.

We believe changes to the rating will most likely be driven by the effectiveness of CGIF's role in the local-currency ASEAN bond markets.

We may lower the rating if CGIF struggles to execute its mandate at a profit, or if its financial metrics weaken. This could happen if: (1) the facility aggressively expands its guarantee portfolio beyond the natural growth capacity provided with the increase in capital; or (2) it has inadequate risk management to deal with sudden surges in guarantee calls.

Furthermore, we believe a drastic pull-back in CGIF's guarantee deals over a prolonged period would indicate a diminishing policy role and lead to a downgrade.

Upward pressure on the rating could emerge if CGIF shows a record of significantly contributing to a vibrant local currency regional capital market backed by ongoing shareholder support.

Credit Guarantee and Investment Facility – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	2,186	2,299	2,308	2,090	1,410
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
Private-sector loans/purpose-related exposures (%)	100	100	100	100	100
Guarantee growth (%)	-5	0	10	48	29
*PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	10	10	9	10	10
Concentration of top two shareholders (%)	59	59	60	60	62
Eligible callable capital	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	50	44	39	32	40
Guarantee fee/total guarantees (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	1	2	2	2	2
Incurred claims/total guarantees (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	91	89	94	94	95
Liquid assets/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	13.3	58.1	30.7	>100	>100
12 months (net derivate payables) (x)	6.4	15.8	9.3	>100	>100
12 months (net derivate payables) including 50% of all undisbursed loans (x)	6.4	15.8	9.3	>100	>100
Funding ratios					
Shareholders' equity/total guarantees (%)	56	56	55	56	65
Short-term debt (by remaining maturity)/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	>100	>100	>100	>100	>100
SUMMARY BALANCE SHEET					
Total assets	1,305	1,373	1,352	1,255	958
Total liabilities	82	80	87	77	47
Shareholders' equity	1,223	1,292	1,265	1,178	911

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A-- Not applicable. N.M.--Not meaningful.
* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Eurasian Development Bank

Ratings

BBB-/Negative/A-3

Ratings and outlook affirmed on March 24, 2023

Rating Components

SACP: 'bbb-'

Enterprise risk profile: 'Very weak'

Financial risk profile: 'Very strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

To promote sustainable economic growth in member countries through long-term financing for private and public projects. The bank also finances projects in the Eurasian Economic Community (EurAsEC), thought to be of long-term benefit to the region. EurAsEc members are Russia, Kazakhstan, Belarus, Kyrgyzstan, Uzbekistan, and Tajikistan.

Issuer Website

www.eabr.org

Rationale

We assess EDB's enterprise risk profile (ERP) as very weak. We note the bank's still limited geographical diversification compared with supranational peers and still skewed ownership structure; Russia and Kazakhstan are the dominant shareholders with an 82% cumulative share (reduced from 99% before December 2022). Our ERP assessment also factors in the low ranking of governance effectiveness (estimated by the World Bank ranking) of the main shareholders and EDB's track record of not meeting growth targets in the past.

Russia and Kazakhstan preserve control over the decision-making process. In December 2022, Russia's share in the shareholding structure was reduced to 44.8% from 66%, while Kazakhstan's share and those of minority shareholders was increased. Also, the voting process was changed--now three-fourths of votes are required to take a decision versus the majority before the amendment. While the changes positively affected the bank's previously extremely skewed shareholder structure, Russia and Kazakhstan remain key shareholders with a blocking vote. We understand the bank's recapitalization plan is on track and will likely take place in line with the schedule outlined in its 2022-2026 strategy--$250 million in 2024 and $250 million in 2026.

EDB successfully expanded its lending activities in the region of operations during 2022. The bank's investment portfolio, which includes both the loan disbursements and the commitment lending, grew by 14% despite the difficult environment. The new loans provided in Kazakhstan, Armenia, and Uzbekistan offset the repayments in Russia and Belarus.

Capital adequacy remained very strong despite a 45% increase in total assets over 2022. Our RAC ratio after MLI-specific adjustments improved to 17.4% (assets on Feb. 15, 2023, and parameters as of March 1, 2023) from 16.1% (assets on June 30, 2022, parameters as of November 2022). The ratio benefited from the reduced exposure to Russia and Belarus and increased capital compared with mid-2022. EDB significantly reduced its exposure to Russia (to 30% of the investment portfolio from 41%) and Belarus (to 4% from 17%) over 2022, improving asset diversification and reducing risks.

So far, EDB has not faced asset quality deterioration, but provisions were elevated. The high share of government-related projects (58% of the current investment portfolio) helped keep NPAs at just 0.3%. That said, the bank created

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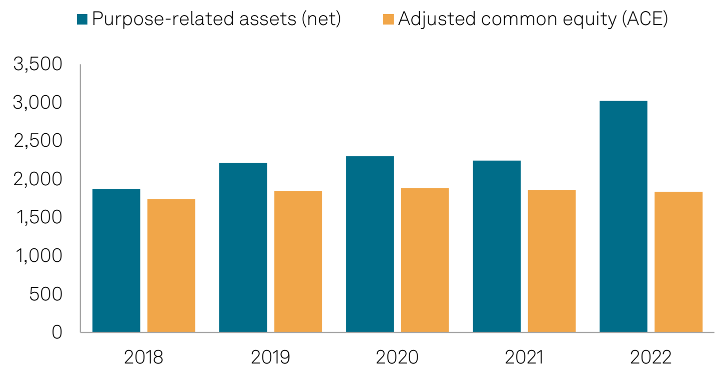
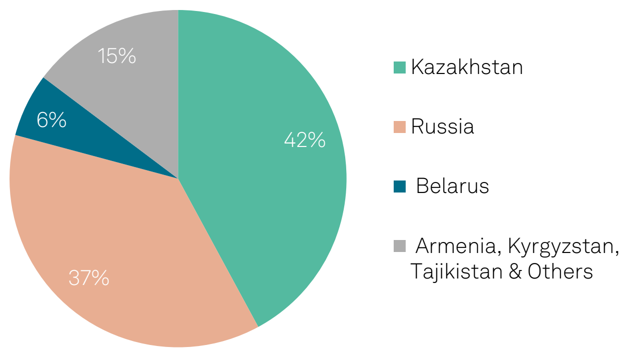
approximately $185 million of provisions over 2022 (up from $8 million over 2021) to account for deteriorated market conditions: $133.6 million referred to credit loss provisions and $51.4 million were created against the temporary blocked funds at Euroclear. As of Dec. 31, 2022, the bank had $479 million funds on the account of Russian National Settlement Depository blocked at Euroclear. On Jan. 7, 2023, EDB submitted an asset release application to the authorities of Belgium and Luxembourg, and the bank expects the assets to be unfrozen soon.

The bank has access to funding in foreign and local currencies on the Russian, Kazakh, and Chinese capital markets, but access to western markets remains difficult. During 2022, EDB issued a record high $2 billion of new debt in multiple currencies, including the four-year 3.75% coupon $700 million bond issue on the Russian market and three-year 3.5% coupon Chinese renminbi 1.9 billion (equivalent to about $270 million). The funding ratios as of December 2022 indicate that EDB is structurally able to cover its scheduled debt repayments and loan disbursements over the next year without recourse to new issuance. Liquid assets comprised $4.65 billion on Dec. 31, 2022 (of which $1.3 billion was cash) versus $3.9 billion upcoming debt repayments in the next five years.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31,2022



Source: S&P Global Ratings.

Outlook

The negative outlook reflects the potential for a weaker assessment of EDB's financial risk profile over the next 12-18 months if, for example, economic and financial stress in Russia and on other markets of operations caused a stronger-than-expected deterioration in EDB's asset quality and the bank failed to maintain its access to funding.

We could lower the rating if we observed a meaningful reduction in shareholders' support toward the bank, for example if current shareholders delayed or substantially reduced in size the capital injection currently planned for 2024. In addition, we could lower the rating if the bank's loan portfolio growth or asset quality deterioration substantially outpaced capital buildup, pushing the RAC ratio below 15%.

We could revise the outlook to stable over the next 12-18 months if EDB's importance for the region of operations strengthened further, illustrated by sustainable loan portfolio growth. A stable outlook might also stem from further diversification of the shareholder base, additional capital increases, management's commitment to its 2022-2026 strategy, and ability to maintain and deepen the bank's access to capital markets in various currencies.

Eurasian Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	3,615	2,455	2,399	2,462	1,943
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
Private-sector loans/purpose-related exposures (%)	100	99	99	99	100
Gross loan growth (%)	0	-2	5	16	25
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	82	99	99	99	99
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	17	15	19	18	28
Net interest income/average net loans (%)	4	3	3	5	6
Net income/average shareholders' equity (%)	2	2	2	4	4
Impaired loans and advances/total loans (%)	0	1	1	1	1
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	63	60	58	56	49
Liquid assets/gross debt (%)	176	176	189	132	119
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.0	2.3	1.9	1.3	1.5
12 months (net derivate payables) (x)	1.1	1.3	1.5	0.9	0.8
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.2	1.6	1.1	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	36	34	31	43	41
Short-term debt (by remaining maturity)/gross debt (%)	34	40	15	28	7
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.2	1.3	2.2	1.8	3.3
SUMMARY BALANCE SHEET					
Total assets	8,429	5,808	5,600	5,161	3,710
Total liabilities	6,592	3,947	3,718	3,311	1,972
Shareholders' equity	1,836	1,861	1,882	1,850	1,738

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A -- Not applicable.

European Bank for Reconstruction and Development

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on July 7, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Very strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: €6.1 billion (as of June 30, 2023)

Purpose

To foster central and eastern European and Commonwealth of Independent States countries' transition to market economies by promoting private and entrepreneurial initiatives. EBRD principally lends (primarily to the private sector and to public-sector projects supporting the private sector), makes equity investments, and provides guarantees.

Issuer Website

www.ebrd.com

Rationale

The EBRD was established in 1991 to foster the transition toward open-market-oriented economies in central and eastern Europe and the Commonwealth of Independent States. To ensure it can provide further support to Ukraine, both in wartime and reconstruction, the bank is looking at a potential capital increase from shareholders. We expect it will be in the range of €3 billion-€5 billion. The final decision and details will be announced by the end of 2023.

The EBRD's very strong enterprise profile reflects our expectation that shareholders will remain supportive of the bank's operations, despite the heated political environment exacerbated by the Russia-Ukraine war. We assess the EBRD's governance and management as strong, based on its diversified shareholder base, transparent governance, experienced senior staff, and conservative risk management policy. While we see a risk that asset quality deteriorates further, we estimate the EBRD will be able to sustain an intrinsic RAC ratio after adjustments above 23% and an NPL ratio broadly in line with its peers. The EBRD's eligible callable capital provides it with an additional buffer against any higher-than-anticipated deterioration of its capital position.

The EBRD announced its "Resilience and Livelihoods Framework" in March 2022 as an immediate response to the war to support Ukraine and neighboring countries affected by the war. The framework had an initial value of €2 billion and since then, the overall envelope for new investments--both within and alongside the framework--into Ukraine has increased to €3 billion over 2022-2023. Contrary to legacy exposures in Ukraine, which were primarily focused on the broader private sector, the bank primarily disburses new loans to the public sector or affiliated companies supporting critical infrastructure. We expect that these will perform better than legacy loans.

The board of governors agreed to expand the bank's mandate to sub-Saharan Africa and Iraq. First investments could start from 2025, and we expect any potential expansion will be gradual.

In April 2022, after Russia invaded Ukraine, the board of governors decided to suspend Belarus' access to financing from the bank, due to the country's support of Russia in the war. The

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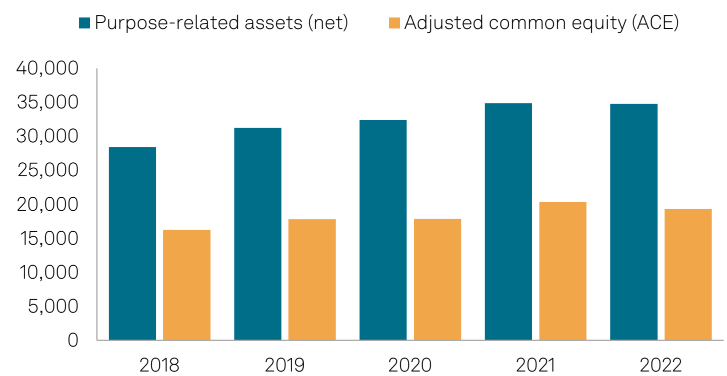
government of Belarus decreed in April 2022 that it would repay debt to international financial institutions, including that owed to the EBRD and to other MLIs, in local currency. Sovereign exposure to Belarus from the EBRD represents about 1.7% of the bank's total sovereign operating assets. As a result, our assumption of the EBRD's loss given default in our RAC calculation is 20%, compared with 10% prior to 2022.

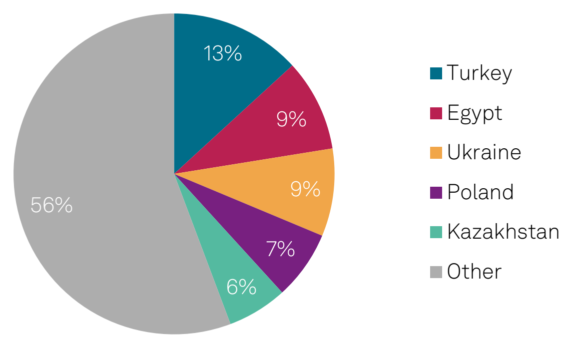
The capital position remains extremely strong and improved to 30.2% per December 2022, from 29.7% in 2021. Supporting the capital position is the EBRD's strong internal capital generation, with the return on equity averaging 3.9% over the past five years. Asset quality has deteriorated since the outbreak of the war in Ukraine last year. The NPL ratio increased to 7.8% in the first quarter of 2023, compared with 5.2% in the first quarter of 2022. We still see a risk of further deterioration in asset quality, especially in Ukraine, where NPLs already stood at 48% of total exposure to the country in December 2022. Total impairment provisions in its loan book increased by about €1.4 billion in 2022 but decreased slightly in the first quarter of 2023, partly because donor-funded exposure requires lower provisions. As of the first quarter of 2023, provisions and reserves covered the gross value of the impaired assets by 1.2x.

The EBRD's funding profile benefits from strong access to capital markets and a diversified investor base. Our funding and liquidity ratios for the EBRD indicate that the bank would be able to fulfil its mandate for at least one year, even under extremely stressed market conditions, without access to capital markets. At year-end 2022, our stressed liquidity ratios for the EBRD increased to 2.8x at six months, from 2.4x, and remained stable at 1.9x at 12 months. Moreover, we estimate that the EBRD would not need to reduce the scheduled disbursements of its loan commitments even if it were to draw down half of the total commitments in one year.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook on the EBRD reflects our expectation that, in the next 24 months, the bank will continue receiving strong support from its shareholders that will enable it to fulfil its mandate and provide support to its countries of operation, while mitigating pressure on its exposures' credit quality. Our outlook is further supported by the EBRD's ample 'AAA' callable capital, which could mitigate a significant weakening of its financial profile and support the ratings at the current level.

We could consider lowering the ratings if we observed that the quality of the bank's exposure deteriorates more than we currently expect, for example due to a sharp rise in NPLs that would not be followed up by mitigating risk management actions and shareholder support. We could also consider a downgrade if major shareholders left the bank or significantly reduced their support.

European Bank for Reconstruction and Development – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	39,177	37,492	35,173	33,383	30,318
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	33	32	32	22	21
Private-sector loans/purpose-related exposures (%)	67	68	68	78	79
Gross loan growth (%)	7	4	6	10	7
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	14	14	11	11	11
Concentration of top two shareholders (%)	19	19	19	19	19
Eligible callable capital (mil. curr)	6,088	6,088	6,088	6,088	6,088
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	30	31	30	30	29
Net interest income/average net loans (%)	4	3	3	3	3
Net income/average shareholders' equity (%)	(6)	11	1	8	1
Impaired loans and advances/total loans (%)	7	5	5	4	5
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	43	45	45	47	47
Liquid assets/gross debt (%)	70	69	68	70	71
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.8	2.4	1.8	1.4	1.5
12 months (net derivate payables) (x)	1.9	1.9	1.5	1.2	1.2
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.5	1.5	1.3	1.2	1.0
Funding ratios					
Gross debt/adjusted total assets (%)	61	66	67	67	66
Short-term debt (by remaining maturity)/gross debt (%)	30	30	30	37	37
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	2.5	2.4	1.9	1.4	1.4
SUMMARY BALANCE SHEET					
Total assets	71,625	74,773	69,772	68,201	61,851
Total liabilities	52,289	54,428	51,881	50,371	45,568
Shareholders' equity	19,336	20,345	17,891	17,830	16,283

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A-- Not applicable.

European Company for the Financing of Railroad Rolling Stock (EUROFIMA)

Ratings

AA/Negative/A-1+

Ratings and outlook affirmed on June 26, 2023

Rating Components

SACP: 'aa-'

Enterprise risk profile: 'Strong'

Financial risk profile: 'Very strong'

Extraordinary support: '+1'

Holistic approach: '0'

Eligible callable capital: CHF1.5 billion (as of June 30, 2023)

Purpose

To further the development of rail transport in Europe by financing purchases of rolling stock.

Issuer Website

www.eurofima.org

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Rationale

EUROFIMA has structurally improved its liquidity ratios by reducing its reliance on short-term commercial paper and contracting liquidity facilities with two Switzerland-based banks. Nevertheless, EUROFIMA's capital position has weakened over the past few years. Our estimated RAC ratio after adjustments decreased further to 9.3% in 2022 from 9.5% as of year-end 2021 and 9.8% as of year-end 2020. While nominal loan growth decreased by 3% in 2022, risk-weighted assets increased, which was not offset by EUROFIMA's equity generation. Our largest adjustment to the RAC calculation relates to sovereign single-name concentration, which captures the very high concentration of EUROFIMA's lending book. While EUROFIMA could register an improvement in its RAC ratio--consistent with a strong capital adequacy assessment on the back of its diversification efforts as it reactivates lending with other members--the negative outlook reflects risks that could continue to constrain the capital ratio.

EUROFIMA's flat loan portfolio over the past several years reflects its gradually weakened role, as much of its lending is highly exposed to direct price competition from commercial banks and other MLIs. Some larger shareholders finance themselves through established bond programs or with other banks, and smaller shareholders have not been able to borrow due to risk considerations and capital constraints. Five borrowers have underpinned EUROFIMA's niche mandate--namely the state-owned railways of Spain, Austria, Belgium, Italy, and Switzerland. These accounted for about 91% of the company's total equipment financing contracts on May 31, 2023.

EUROFIMA projects its portfolio will remain flat during 2023 due to the currently uncertain and volatile environment, high inflationary pressure, and rising interest rates, which continued to add uncertainty to rail investment plans. During 2022 and the first half of 2023, EUROFIMA negotiated a financing framework to reactivate lending with some existing shareholders and will continue to focus on such transactions going forward. This could provide additional diversification and support EUROFIMA's capital assessment.

Our strong enterprise risk profile assessment factors in our view of EUROFIMA's management and governance and the track record of borrowing members affording EUROFIMA PCT. No country to which EUROFIMA lends has been in arrears over the past 10 years, therefore it qualifies for the strongest PCT category.

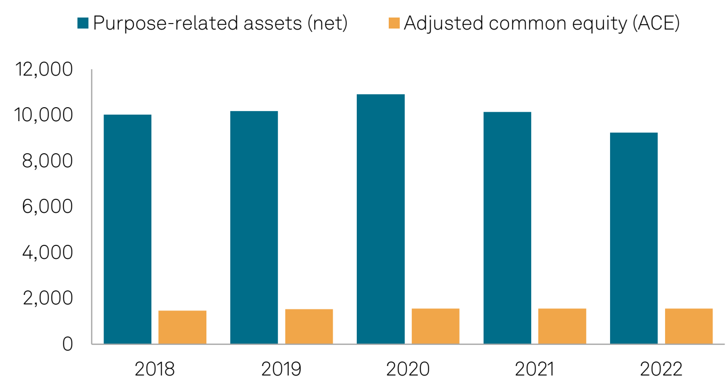
We assess EUROFIMA's governance and management expertise as strong because of its well-balanced shareholding structure, its members' high ranking in World Bank governance indicators, and its conservative risk management policies. We also highlight that the average rating of its lending portfolio is one of the highest among our rated MLIs. Our rating on EUROFIMA benefits from the institution's status as a preferred creditor, given that all its loans are backed by individual sovereign guarantees, although the percentage of the loan book that is cross guaranteed (that is, backed by all of EUROFIMA's shareholders) has declined to an estimated 45% at present from 100% in 2018.

EUROFIMA's six-month liquidity ratio improved to 1.44x and its 12-month ratio to 1.27x, as of May 31, 2023, up from 1.10x and 1.15x, respectively, one year ago. Additionally, as of December 2022, EUROFIMA's liquid assets had increased to €5.0 billion from €4.7 billion at year-end 2021. Our liquidity ratios indicate that the company will meet its financial obligations over one year, supported by the absence of scheduled loan disbursements over that time.

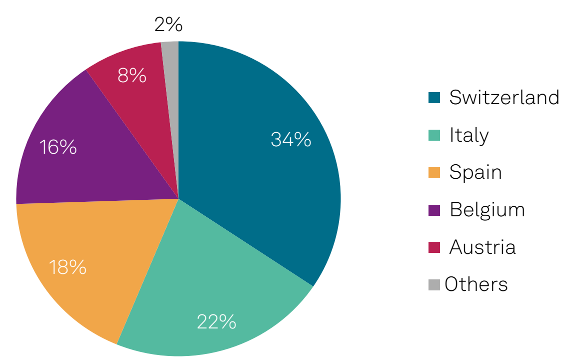
EUROFIMA's funding investor base is well diversified, and it regularly issues predominantly on the euro and U.S. dollar markets. We believe the company does not overly rely on one market and regularly taps into the capital markets. EUROFIMA's one-year funding gap, calculated as maturing assets divided by maturing liabilities, was 1.26x at the end of May 2023.

On a stand-alone basis, we base our ratings on EUROFIMA on its strong enterprise risk profile and very strong financial profile. Combining these assessments, we derive a SACP of 'aa-'. The ratings on EUROFIMA include potential extraordinary support from shareholders rated above the 'aa-' SACP. Although EUROFIMA has total callable capital of Swiss franc (CHF) 2,080 million, we incorporate CHF1,524 million of eligible callable capital into our assessment and arrive at the enhanced financial risk profile assessment of extremely strong, which leads us to apply a one-notch uplift to the rating. Our adequate policy importance assessment leads us to cap the uplift at one notch.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The negative outlook reflects our expectation that EUROFIMA's RAC ratio might decline or remain stagnant due to its high loan portfolio concentration or insufficient equity generation over the next 12-24 months. We could lower the ratings on EUROFIMA in the next 12-24 months if the adjusted RAC ratio deteriorates further, for instance, as a result of increased concentration in the loan portfolio or weaker equity generation, or if institution's relevance diminishes demonstrated by a significant reduction of new loan disbursements.

We could revise the outlook to stable if we observe that the concentration of the loan portfolio is reducing or if retained earnings or a capital injection relieve pressure on the adjusted capital ratio. This assumes that EUROFIMA will maintain a solid liquidity position and asset quality, as well as preserve its importance on the market of operation.

European Company for the Financing of Railroad Rolling Stock – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	9,232	10,140	10,917	10,183	10,024
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	(9)	(7)	7	2	(18)
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	45	45	45	45	45
Eligible callable capital (mil. curr)	1,403	1,403	1,403	1,402	1,326
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	9	10	10	11	11
Net interest income/average net loans (%)	0	0	0	0	0
Net income/average shareholders' equity (%)	1	1	2	2	1
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	32	30	29	28	28
Liquid assets/gross debt (%)	43	36	35	34	34
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.7	1.2	1.4	1.2	1.6
12 months (net derivate payables) (x)	1.4	1.2	1.2	1.1	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.4	1.2	1.2	1.1	1.3
Funding ratios					
Gross debt/adjusted total assets (%)	75	82	82	83	81
Short-term debt (by remaining maturity)/gross debt (%)	14	16	26	32	22
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.3	1.2	1.3	1.3	1.5
SUMMARY BALANCE SHEET					
Total assets	15,670	15,909	17,009	16,114	15,812
Total liabilities	14,118	14,352	15,461	14,585	14,353
Shareholders' equity	1,553	1,556	1,548	1,529	1,459

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

European Financial Stability Facility

Ratings

AA/Negative/A-1+

Ratings and outlook affirmed on Aug. 7, 2023

Purpose

The EFSF's mandate is to safeguard financial stability in Europe by providing financial assistance to euro area member states within the framework of a macroeconomic adjustment program.

Issuer Website

www.efsf.europa.eu

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Rationale

The 'AA' rating on the EFSF reflects that its obligations are fully covered by irrevocable, unconditional, and timely guarantees provided by sovereigns rated 'AA' or higher. As of June 31, 2023, it had €191.3 billion of debt outstanding, which was 106% covered by guarantees from sovereigns with long-term ratings of 'AA' or higher. Importantly, the ratings do not depend on the quality of the EFSF's borrowers, namely Greece, Ireland, and Portugal. The EFSF no longer engages in new programs as, on Oct. 8, 2012, the ESM replaced the EFSF's activities. However, the EFSF continues to manage existing loan programs and will continue refinancing maturing debt, backed by explicit guarantees from the participating sovereigns.

Our rating on EFSF hinges on the creditworthiness of its guarantors because its paid-in capital is minimal. Guarantors of the EFSF's bond issuances include most eurozone member states, among which we rate France and Belgium at 'AA'. The coverage of outstanding EFSF long-term debt by outstanding guarantees from sovereigns rated 'AA' or higher is currently greater than 100%. While the coverage of the guarantees of EFSF's long-term debt by sovereigns rated 'AA' or higher is currently greater than 100%, it would fall below 100% should we lower our long-term rating on France below 'AA'. All EFSF funding instruments are severally (but not jointly) guaranteed by eurozone members, except those that stepped out--namely Greece, Ireland, Portugal, and Cyprus as of Dec. 21, 2013--and also excluding Croatia, Latvia, and Lithuania, which did not step in.

As of June 30, 2023, the EFSF had disbursed €185.5 billion in loans to Ireland, Portugal, and Greece through its assistance programs, with the majority (€141.8 billion) paid to Greece. The EFSF currently has €171.2 billion of outstanding loans. The weighted-average tenor at inception of Greece's debt to the EFSF was extended to 42.3 years as a result of the medium-term relief measures approved for the country by the EFSF's board of directors in November 2018. The weighted-average loan tenor is 20.8 years for Portugal and Ireland. The first principal repayments will be in 2025 for Portugal and 2029 for Ireland; a first repayment of €1.4 billion was made by Greece in February 2023.

We expect the EFSF will continue refinancing maturing debt well ahead of due dates, backed by the explicit guarantees from participating sovereigns. In our view, the EFSF is unlikely to need to call on the sovereign guarantees in the foreseeable future, since we expect Portugal, Greece, and Ireland will make their loan repayments in full and on time.

The EFSF achieved its target issuance of €19.5 billion for 2022 and targets issuance of €20 billion for 2023. It uses the ESM's "Early Warning System" to anticipate any shortfall risk related to countries where it has loan exposure. If a cash shortfall were to materialize, each guarantor would be required to pay an amount up to its individual guarantee commitment corresponding to the shortfall. For this reason, our 'BB+' long-term sovereign credit rating on Greece, the EFSF's main debtor, does not affect our rating on the EFSF. We analyze the strength of the guarantees and the reliability of the mechanisms in place to assure timely payment by guarantors if the guarantees were called on.

As of June 30, 2023, the EFSF had €191.3 billion of debt securities in nominal amounts outstanding. The EFSF's bill program was replaced by the ESM's bill program in January 2013. The EFSF has benefited from low funding costs since its inception, and we expect it will continue to do so, despite the ongoing monetary tightening. Under the Basel framework, EFSF bonds are considered to have 0% risk weights.

We rate the EFSF's long-term debt issues 'AA'. For supranational institutions where we are confident all financial obligations benefit systemically from shareholder guarantees--such as in cases where the entity is in wind-down mode, and such guarantees may be called on in advance to meet maturing obligations--we may equalize the issuer credit rating with the issue rating determined as per paragraphs 113-116 of "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Jan. 31, 2022.

Outlook

The stable outlook on the European Financial Stability Facility (EFSF) is based on S&P Global Ratings' expectation that the long-term ratings on the EFSF's largest guarantors will remain at 'AA' or higher over the next two years.

We could consider lowering our ratings on the EFSF if we were to lower to below 'AA' our long-term sovereign credit ratings on one or more member state guarantors currently rated 'AA' or higher. This would imply that the similarly rated guarantees and liquid securities were no longer sufficient to cover all of the EFSF's funding instruments. We currently have a stable outlook on France, which is a 'AA' rated guarantor.

We could raise our long-term ratings on the EFSF if we were to raise our ratings on France or upgrade, to higher than 'AA', one or more EFSF member-state guarantors we currently rate 'AA' or lower.

European Financial Stability Facility - Selected Financial Indicator

Member	Foreign currency ratings (LT/outlook/ST)	EFSF amended contribution key (%)	'AAA' guarantee coverage on long-term debt (%)	'AA+' and above guarantee coverage on long-term debt (%)	'AA' and above guarantee coverage on long-term debt (%)	'A-1+' coverage on short-term debt (%)
Austria	AA+/Stable/A-1+	3.0%	--	4.8%	4.8%	4.5%
Belgium	AA/Stable/A-1+	3.7%	--	--	6.0%	5.6%
Cyprus	BBB/Stable/A-2	--	--	--	--	--
Estonia	AA-/Negative/A-1+	0.3%	--	--	--	0.4%
Finland	AA+/Stable/A-1+	1.9%	--	3.1%	3.1%	2.9%
France	AA/Negative/A-1+	21.9%	--	--	35.1%	33.1%
Germany*	AAA/Stable/A-1+	29.1%	46.7%	46.7%	46.7%	44.1%
Greece	BB+/Positive/B	--	--	--	--	--
Ireland	AA/Stable/A-1+	--	--	--	--	0.0%
Italy*	BBB/Stable/A-2	19.2%	--	--	--	--
Luxembourg	AAA/Stable/A-1+	0.3%	0.4%	0.4%	0.4%	0.4%
Malta	A-/Stable/A-2	0.1%	--	--	--	--
Netherlands*	AAA/Stable/A-1+	6.1%	9.8%	9.8%	9.8%	9.3%
Portugal*	BBB+/Stable/A-2	--	--	--	--	--
Slovakia	A+/Stable/A-1	1.1%	--	--	--	--
Slovenia	AA-/Stable/A-1+	0.5%	--	--	--	0.8%
Spain*	A/Stable/A-1	12.8%	--	--	--	--
Total		**100.0%**	**57.0%**	**64.9%**	**106.0%**	**101.2%**

* Unsolicited ratings. Cyprus, Greece, Ireland, and Portugal have stepped out of the EFSF guarantors. LT--Long-term. ST--Short-term.

Ratings are to be consulted in the sov rating section 'Sovereign Ratings And Country T&C Assessments As Of July 31, 2023.

European Investment Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Dec. 23, 2022

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: €68.5 billion (as of June 30, 2022)

Purpose

To help finance balanced economic development in EU member states. The bank provides loans and guarantees to public- and private-sector borrowers for capital investment projects, mainly in industry, energy, and the environment. It also lends to EU candidate countries to support their accession processes and to other non-EU countries in accordance with the EU's cooperation and development policies.

Issuer Website

www.eib.org

Rationale

We base our ratings on EIB's extremely strong enterprise risk and financial risk profiles. Although not incorporated in the rating, extraordinary shareholder support for EIB comes in the form of €68.5 billion of callable capital from the five remaining 'AAA' rated shareholders. We consider that this would shield the rating from a significant deterioration in EIB's financial risk profile.

We view the EIB as a key instrument for enacting contracyclical policy within the EU. It helps the EU fulfil its policy agenda in several ways; for example, the EIB is likely to contribute to the REPowerEU plan by upscaling its financing envelope for energy security over the next five years. Specifically, the EIB Group, including the EIF, has committed to contributing €30 billion over the next five years (estimated to be 90% from the EIB and 10% from the EIF) of additional funds to a package aimed at reducing Europe's dependence on fossil fuels supplied by Russia.

The new package is expected to mobilize up to €115 billion by 2027 in new investment for energy efficiency, renewables, grids, storage, etc. The EIB Group will contribute to this program in addition to the €10 billion a year it already invests in energy projects. It will finance its contribution to the REPowerEU initiative from own funds, which implies its exposure to the European energy sector will build up over the next five years. The EIB's conservative underwriting standards, which include careful scrutiny of projects, will help to contain the overall risk, despite the absence of specific sovereign guarantee commitments.

The EIB has also played a key policy role in disbursing emergency EU financial support to Ukraine. Given its engagements to Ukraine are mostly covered by dedicated guarantee programs, the financial risks borne by the bank have been more limited. The guarantees accentuate the EIB's role in enacting EU policy. It has disbursed €1.7 billion in emergency support to Ukraine since March 2022, bringing its total engagement in Ukraine to €3.7 billion, as of October 2022.

In our opinion, the EIB benefits from sound governance and advanced risk management principles and systems as well as a conservative risk appetite and balanced shareholder composition comprising all EU members.

The EIB's RAC ratio stood at 25.6% on June 30, 2022, based on its strong asset quality and solid profitability. Although there have been multiple

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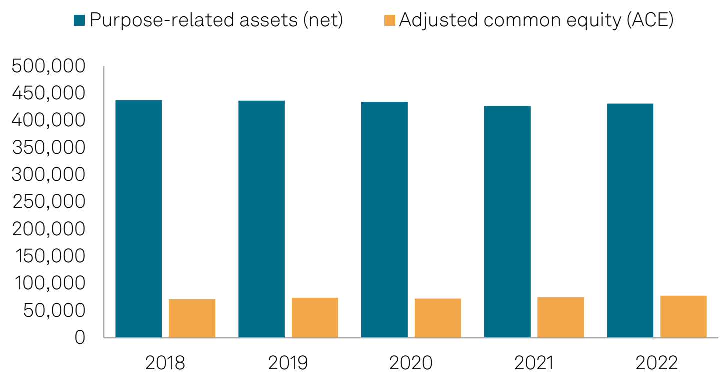
crises over the past three years, so far, these have had few financial repercussions for the EIB, which we attribute to the institution's conservative risk culture. Specifically, it makes comprehensive use of risk mitigation techniques and often employs guarantee commitments from the EU to support dedicated lending programs. Other risk-sharing mechanisms, such as first-loss arrangements, provide additional assurance. The EIB's minimal legacy exposures to Russia and Belarus, and its expanding exposure to Ukraine, are mostly covered under various guarantee schemes by the EU.

Positive movements in interest rates have increased the discount rate used to estimate the EIB's unrecognized actuarial deficit in its pension plan and health care plans, and reduced the corresponding unrecognized deficit, which we deduct from total adjusted capital (TAC). TAC is the numerator in our RAC calculation.

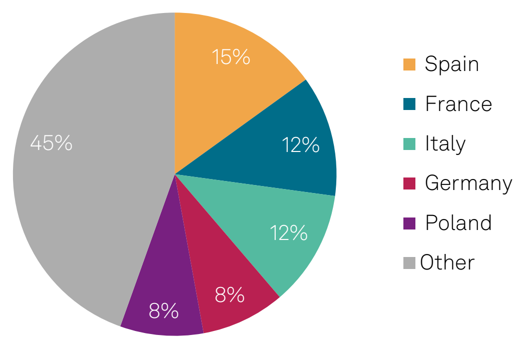
The EIB's access to a lender of last resort and its healthy liquidity position underpin our assessment of its financial risk profile. We believe access to the ECB sets the EIB apart from its peers and makes it less reliant on market conditions should it need emergency funding in the event of significant stress. In addition, our liquidity stress scenario shows that the EIB's liquidity position has strengthened over the past two years. As of June 30, 2022, our stressed liquidity ratios for the EIB were 2.48x at six months and 1.61x at 12 months. These ratios indicate strong coverage of its cumulative outflows by liquid assets

The EIB's robust funding market access is one of the strongest among MLIs we rate. It raises €45 billion-€70 billion a year in 15-22 currencies and focuses on benchmark transactions, predominantly in euros and U.S. dollars.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook indicates that we expect the EIB to maintain its extremely strong enterprise risk profile, underpinned by its role as the main policy bank for the EU. We expect the institution's preferred creditor status, combined with its comprehensive use of risk mitigation frameworks, to ensure that its overall asset quality remains excellent as its borrowing counterparts weather the strained pan-European macroeconomic conditions. Our outlook also assumes that EIB's financial risk profile will remain extremely strong.

Although unlikely, we could lower our ratings on the EIB within the next two years if constraints on its financial resources hampered it in the fulfilment of its mandate and at the same time asset quality deteriorated significantly, such that the bank's PCT was called into question. That said, the EIB's robust financial risk profile is underpinned by available callable capital that could mitigate a very large drop in intrinsic capital. While we still consider such a scenario to be remote, pressure on our ratings is more likely to stem from a significant drop in liquidity or an interruption to the EIB's market access.

European Investment Bank – Selected Indicators

ENTERPRISE PROFILE (€ MIL.)	As of Dec. 31 Fiscal Year End				
	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	455,483	449,440	451,400	436,230	437,527
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	27	28	28	28	28
Private-sector loans/purpose-related exposures (%)	70	70	70	70	71
Gross loan growth (%)	1	(2)	(1)	(1)	(1)
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	38	38	38	38	38
Eligible callable capital (mil. curr)	684,478	684,478	68,448	57,420	57,420
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	26	23	21	21	21
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	3	3	2	3	3
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	17	22	19	18	18
Liquid assets/gross debt (%)	22	28	24	22	22
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.5	2.0	1.4	1.3	1.4
12 months (net derivate payables) (x)	1.1	1.3	1.1	1.1	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.2	1.1	1.0	1.3
Funding ratios					
Gross debt/adjusted total assets (%)	79	78	79	81	82
Short-term debt (by remaining maturity)/gross debt (%)	16	14	17	18	16
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.2	1.4	1.2	1.2	1.2
SUMMARY BALANCE SHEET					
Total assets	544,588	565,476	554,291	553,561	555,793
Total liabilities	466,152	489,407	480,787	479,873	484,468
Shareholders' equity	78,436	76,069	73,503	73,688	71,325

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

European Investment Fund

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on March 28, 2023

Rating Components

SACP: ‘aa+’

Enterprise risk profile: ‘Very strong’

Financial risk profile: ‘Extremely strong’

Extraordinary support: ‘+1’

Holistic approach: ‘0’

Eligible callable capital: €5.41 billion (as of Dec. 31, 2022)

Purpose

To help create, grow, and develop micro and small and midsize enterprises (SMEs) in the EU and accession countries.

Issuer Website

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Rationale

The EIF has a unique role and mandate within EU strategy, with a focus on SMEs. The EIF represents the most important platform for SME projects from the EU budget, and it played a crucial role in delivering the EIB's response to the pandemic-related economic slump via the European Guarantee Fund (EGF). Furthermore, we expect it to play a critical role under the equity and SME segments of the InvestEU fund. That said, the EIF continues to have a much more niche focus and is considerably smaller in terms of assets deployed than its parent, the EIB. We continue to see the EIF as fully linked to its parent and main shareholder, and as such, the ratings reflect our view that the EIF will continue to receive extraordinary support from the EIB.

In 2022, as expected, the EIF’s deployments normalized to €9.2 billion while it continued fulfilling the EU's policy agenda as described in the 2021-2027 Multiannual Financial Framework. Specifically, it aims to achieve InvestEU targets for the equity and SME sections of the initiative. On March 7, 2022, along with the EIB, the EIF signed the InvestEU agreement to implement 75% (or €19.65 billion) of the EU budget guarantee of €26.2 billion. Within this, the EIF expects to leverage around €11 billion and together with the multiplier effect, we expect it will mobilize more than €145 billion by 2027. Overall, we anticipate InvestEU to mobilize more than €370 billion of additional investment over the next six years, contributing to economic recovery and the EU’s medium- and long-term policy priorities, including green and digital transitions.

We expect climate financing and sustainable projects to become a more relevant portion of the EIF’s activity. The fund targets climate-related financing of about 25% of commitments by 2025, a strong improvement from around 10% in 2021 (excluding the EGF). However, this is still below the 50% level targeted by its parent.

The EIF has historically benefited from robust shareholder support, demonstrated by timely capital payments during the three capital increase plans in 2007, 2014, and 2021. The 2021 capital increase was both the fastest and quickest in the EIF’s history, raising €1.2 billion between February and October 2021. This transaction increased share capital to €7.4 billion as of year-end 2021 from €4.5 billion as of year-end 2020, and is expected to support deployments in the InvestEU and other mandates. As of Dec. 31, 2021, the EIB and EU together accounted for 89.4% of the EIF’s subscribed capital. The remaining 10.6% is divided among more than 34 financial institutions from

European countries: two from the U.K., and two from Turkey.

The EIF's capital benefits from its frequent use of credit risk mitigation, covering most of the portfolio. Its RAC ratio stood at 58% on Dec. 31, 2022, using parameters as of May 15, 2022. Profitability in 2022 returned to pre-pandemic levels and the EIF recorded profits of €70 million compared with €564 million in 2021. 2021 profits were boosted by significant unrealized gains in equity portfolios.

The EIF's liquidity benefits from a strong treasury portfolio and low leverage, which result in strong liquidity ratios. EIF has no outstanding debt, and we believe equity balances any negative implications of the fund's lack of proven access to capital markets. We expect the EIF's liquidity position will remain robust over the next couple of years. Its six- and 12-month ratios were 10.05x and 9.35x, respectively, as of year-end 2020.

The ratings on the EIF benefit from our expectation of strong support from the EIB. We consider the EIF core to the EIB, given the two entities' strategy alignment and the importance of the EIF's strategic focus within the EIB's mission. Therefore, we align the ratings on the EIF with the ratings on the EIB, meaning a notch of extraordinary support on top of the 'aa+' stand-alone credit profile.

Outlook

The stable outlook on the EIF mirrors that on the EIB, which we assume will remain the main policy bank for the EU. This is because we expect the EIB to support the EIF under any foreseeable circumstance. The stable outlook indicates we expect the EIB to maintain its extremely strong enterprise risk profile, underpinned by its role as the main policy bank for the EU. We expect the institution's preferred creditor status, combined with its comprehensive use of risk-mitigation frameworks, to ensure its overall asset quality remains excellent as its borrowing counterparts weather the strained pan-European macroeconomic conditions. Our outlook also assumes the EIB's financial risk profile will remain extremely strong.

We could lower the rating on the EIF if we lowered our rating on the EIB. Although unlikely, we could lower our ratings on the EIB within the next two years if constraints on its financial resources hampered the fulfilment of its mandate and at the same time asset quality deteriorated significantly, such that the bank's PCT was called into question. That said, the EIB's robust financial risk profile is underpinned by available callable capital that could mitigate a very large drop in intrinsic capital. Although we still consider such a scenario to be remote, pressure on our ratings is more likely to stem from a significant drop in liquidity or an interruption to the EIB's market access.

We could also consider lowering the rating on the EIF if its two main shareholders--the EIB and the EU--no longer saw the EIF as integral to their strategy. We also see this scenario as remote.

European Investment Fund – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (USD MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)*	12,200	14,548	8,363	13,190	10,641
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	-	-	-	-	-
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Total purpose-related exposure (loans, equity, etc.) growth (%)	(16)	74	(37)	24	20
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	90	89	88	88	88
Eligible callable capital (mil. curr)	5,840	6,152	2,692	2,500	2,885

FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	58	58	31	25	29
Net interest income/average net loans (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Net income/average shareholders' equity (%)	2	19	7	9	7
Impaired loans and advances/total loans (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	8	5	7	8	12
Liquid assets/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	10.05	14.5	9.9	11.3	4.1
12 months (net derivate payables) (x)	9.4	12.3	7.7	8.5	2.8
12 months (net derivate payables) including 50% of all undisbursed loans (x)	3.5	3.3	2.0	2.4	2.1
Funding ratios					
Gross debt/adjusted total assets (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Short-term debt (by remaining maturity)/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	9.2	9.6	9.2	10.3	4.0

SUMMARY BALANCE SHEET					
Total assets	5,865	5,899	3,985	3,328	3,047
Total liabilities	1,203	1,379	1,563	1,094	771
Shareholders' equity	4,663	4,519	2,422	2,234	2,276

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable. N.M.--Not meaningful.

Balance sheet data and corresponding ratios are based on fiscal year as each institution defines it and converted to USD based on year-end exchange rates.

European Stability Mechanism

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Aug. 4, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: €628 billion (as of June 30, 2023)

Purpose

The ESM was set up as an international financial institution by the euro area member states to help euro area countries in severe financial distress.

Issuer Website

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Rationale

The ESM was founded in 2012 by treaty and as a successor of the EFSF (AA/Negative/A-1+). The ESM's shareholder base has demonstrated strong support through enabling the entity to quickly build its paid-in capital. Its largest shareholders based on paid-in capital are Germany (27%), France (20%), Italy (18%), and Spain (12%). Croatia was accepted as the 20th member on Dec. 5, 2022. As a new joiner, Croatia will contribute €422 million to the ESM paid-in capital over the next five years.

Alongside other key EU institutions, such as the European Commission, ECB, and EIB, we believe the ESM's function to safeguard financial stability for euro area sovereigns is very important for the overall European financial architecture and cohesion. We therefore believe the ESM enjoys steadfast support from shareholders, and our view is underpinned by the entity's quick access to the largest ever contribution of capital (€80.5 billion) and, if needed, a unique callable capital structure.

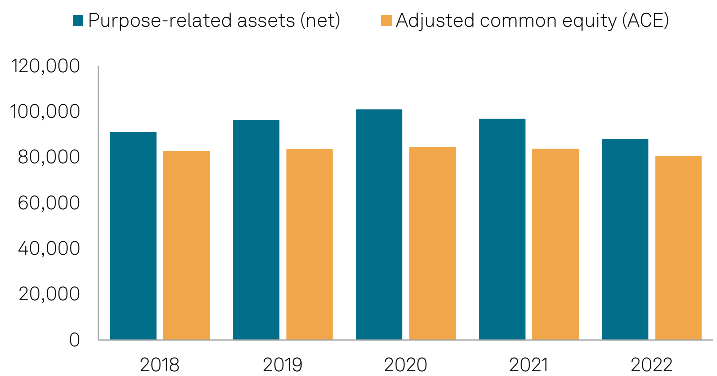
The ESM's role within the euro area will be further expanded as part of a reform to the entity that was approved in 2019. The most significant addition will be a €68 billion (maximum) backstop provided to the Single Resolution Fund. This fund is a part of the Europewide banking supervision architecture that will provide emergency funding to banking systems when needed. We believe these new responsibilities, although currently pending ratification by all members, would reinforce the ESM's already very strong policy importance. Italy is now the only country remaining yet to ratify the new treaty. Its parliament recently voted to delay the decision to November to continue internal discussions. The main point of contention is the potential ceding of control of some budgetary decisions should it need the ESM's assistance. However, we expect this will be ratified before year-end 2023. Even if the process is slightly further delayed, we believe shareholder support will remain robust for the ESM.

Since its inception, the ESM has provided financial assistance to Spain (€23.7 billion), Cyprus (€6.3 billion), and Greece (€59.9 billion). The ESM has used about 16.5% of its lending capacity and currently has €417.4 billion left for future assistance. In our view, the ESM's policy importance is also strengthened by its PCT, which it is granted by treaty. So far, the ESM has not experienced any sovereign arrears in its portfolio and all borrowing members have made timely payments, with Spain making nine voluntary early repayments between 2014 and 2018.

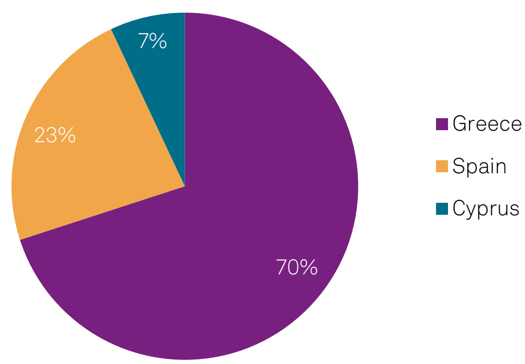
Our RAC ratio after adjustments for concentration risks for the ESM is 19.2% as of year-end 2022 (calculated using ratings on member sovereigns as of July 20, 2023), incorporating adjustments specific to multilateral institutions. This ratio mainly reflects ESM's concentrated exposures to its sovereign lending activity, namely Greece (67%), Cyprus (7%), and Spain (26%). That said, the significant callable capital buffer from highly rated sovereigns would most likely mitigate any meaningful deterioration in the intrinsic capital ratio.

The ESM is an active benchmark issuer in both euros and, since 2017, U.S. dollars, with a diversified investor base by type and geography. Total funding volumes amounted to €8 billion in 2022, the same amount that is expected for 2023. We also positively factor into our funding assessment the ESM's structural funding match, which we view as strong. The ESM has ample liquidity, in our view. Our initial assessment is driven by its very robust stressed liquidity ratios; 3.8x for the next six months and 2.5x for the next 12 months, indicating there is a strong liquid asset coverage of cumulative outflows.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that the ESM will maintain its robust enterprise risk profile because its role is to provide stability and support to euro area countries in times of crisis and wavering capital market access. We view the ESM as a key pillar for the euro area's financial architecture, alongside institutions such as the EIB and the ECB. Our outlook incorporates our view that member states will remain highly supportive of the ESM. We forecast that the ESM's RAC ratio will remain comfortably above 15%, its liquidity position healthy, and its access to capital market funding strong.

We could lower our rating over the next 24 months if we consider that the ESM's policy importance has weakened, for example, because of a lack of shareholder support, or if we see a marked deterioration in its funding and liquidity profile. The ESM's financial risk profile could weaken if there is a sizable loan disbursement that causes the RAC ratio to drop below 15%. However, if its capital ratio erodes, we expect the effect to be mitigated by the ESM's existing eligible callable capital, provided by the 'AAA' rated members.

European Stability Mechanism – Selected Financial Information

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	88,170	96,966	100,979	96,308	91,186
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	(9)	(4)	5	6	19
PCT ratio (%)		-	-	-	-
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	47	47	47	47	47
Eligible callable capital (mil. curr)	205,200	205,200	205,200	205,200	205,200
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	19	20	19	18	N.A.
Net interest income/average net loans (%)	1	-	-	0	0
Net income/average shareholders' equity (%)	(0)	0	1	0	0
Impaired loans and advances/total loans (%)	-	-	-	-	-
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	52	52	50	50	50
Liquid assets/gross debt (%)	97	90	87	89	92
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	3.9	3.8	3.4	3.8	N.A.
12 months (net derivate payables) (x)	2.7	2.5	2.7	2.9	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	2.7	2.5	2.7	2.9	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	54	58	58	56	54
Short-term debt (by remaining maturity)/gross debt (%)	25	31	28	28	21
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	2.1	1.9	2.1	2.3	N.A.
SUMMARY BALANCE SHEET					
Total assets	188,492	202,788	204,353	195,721	182,800
Total liabilities	107,857	118,942	119,859	112,092	99,828
Shareholders' equity	80,635	83,846	84,493	83,629	82,972

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A.--Not available. N/A--Not applicable.

European Union and European Atomic Energy Community

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on May 24, 2023

Purpose

EU: To promote economic and social integration of member states through the establishment of a common market and coordinated economic policies.

EURATOM: To support creation of conditions necessary for the establishment and growth of peaceful nuclear industries within EU member states, and to extend financing in central and eastern European countries to improve nuclear power stations' safety and efficiency levels.

Issuer Website

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Rationale

The EU's creditworthiness is derived from the capacity and willingness of member states to provide support and honor the EU's debt service under the unlikely scenario in which such support would be required. We derive our initial assessment from the weighted average sovereign foreign currency rating on all member states, and weigh each member state's share in the EU's nominal GDP. We include all member states in our calculation because we believe the EU has demonstrated a strong, coordinated, and cohesive policy response to a series of external shocks, including the COVID-19 pandemic and the Russia-Ukraine conflict. We therefore calculate an anchor of 'aa-' and then include two notches of uplift, based on our view of the willingness and capacity of member states rated two notches above the anchor to provide support, if needed. Currently, we estimate that own resources from member states would cover the EU's debt service over 2023-2025.

The establishment of the Next Generation EU (NGEU) recovery funds has marked a change in how the EU provides support, and how EU debt will ultimately be repaid. Under the NGEU, the loan portion will be repaid by beneficiary member states, whereas the grants portion (€338 billion) will be repaid from the EU's own budget. The EU will fund both grants and loans to member states through debt issuance that it will repay over an extended period until 2058.

So far, the EU has disbursed €105.7 billion of grants and €47.1 billion of loans under the NGEU recovery facility. Member states have until Aug. 31, 2023, to request the remaining loans; the grants portion has been fully allocated. So far, loan disbursements have been made to Cyprus (€26 million), Greece (€5.3 billion), Italy (€38 billion), Portugal (€1.1 billion), and Romania (€2.7 billion).

During 2023, the European Commission is set to provide up to €18 billion in macro-financial assistance (MFA) support to Ukraine in the form of highly concessional loans and through regular instalments. This will cover a portion of Ukraine's short-term funding needs for the year, estimated at €3 billion-€4 billion per month as per the IMF and Ukrainian authorities. The EU will raise additional bonds to finance this support, which will be backed by EU budget headroom. This adds to the €7.2 billion of MFA support sent to Ukraine in 2022.

Our debt service coverage ratio includes additional revenue exclusively from member states rated above the anchor ('aa-' and above). We conclude that extraordinary contributions from member states rated two notches above the EU's anchor

(Sweden, the Netherlands, Luxembourg, Germany, Finland, and Denmark) would cover the EU's debt repayments, if needed.

The repayment and financing costs of NGEU nonrepayable support is covered by the EU budget. Therefore, in June 2021, the European Commission made a proposal for additional resources that could bring an additional €17 billion to the budget and be used to finance the portion of grants from the NGEU program. The commission is still in discussions with member states on this proposal, and there is no clear timeframe on when it could become effective. We believe that successful implementation of these additional resources would only confirm our view of the EU's political cohesion. If this proposal fails, any resulting shortfall would be considered in future budgets.

Other adjustment factors are considered neutral to the anchor.

We continue to think the EU will remain strongly committed to EURATOM, which we consider a core subsidiary, since it contributes to the EU's mission, which is ultimately to improve standards of living in the member states.

Outlook

EU

The stable outlook mirrors the stable outlooks on the EU member states, and our view that highly rated member states would be willing to provide support over and above budgetary contributions, if needed.

We could lower our rating on the EU if the nominal GDP-weighted average sovereign foreign currency rating on member states deteriorated. We could also downgrade the EU if we saw member states' support diminishing or reducing political cohesion. Rating pressure could also arise if the proposal by the European Commission to introduce new EU revenue sources were to receive significant pushback from member states so that new revenue would not be available when debt repayments start in 2026, which could signal weaker EU cohesion.

We could raise the rating on the EU if the nominal GDP-weighted average sovereign foreign currency rating on member states improved. We could also consider upgrading the EU if we saw political cohesion from member states strengthening, as evidenced by significant additional common revenue sources on top of those already planned.

EURATOM

The stable outlook mirrors that on the EU and reflects our expectation that the creditworthiness of the EU's net contributors will remain in line with the current level, and that EURATOM remains integrated within the EU.

An upgrade is possible only if we upgrade the EU.

We could downgrade EURATOM if we lower our ratings on the EU or if we believe EURATOM's importance to the EU is reducing. However, we consider this unlikely.

European Union - Capital operations under guarantees covered by the general budget (Loans and EC guarantees)

	Outstanding amounts at						
FINANCIAL OPERATIONS AND INSTRUMENTS (MIL EUR)	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
Balance of Payments loans to Member States	*200*	*200*	*200*	*200*	*1,700*	*3,050*	*4,200*
Hungary	0	0	0	0	0	0	0
Latvia	200	200	200	200	700	700	700
Romania	0	0	0	0	1,000	2,350	3,500
European financial stabilisation mechanism (EFSM)	*46,300*	*46,800*	*46,800*	*46,800*	*46,800*	*46,800*	*46,800*
Ireland	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Portugal	23,800	24,300	24,300	24,300	24,300	24,300	24,300
SURE - Temporary Support to mitigate Unemployment Risks in an Emergency	*98,355*	*89,637*	*39,500*	*0*	*0*	*0*	*0*
Belgium	8,197	8,197	2,000	0	0	0	0
Bulgaria	971	511	-	0	0	0	0
Croatia	1,570	1,020	510	0	0	0	0
Czechia	4,500	2,000	-	0	0	0	0
Cyprus	632	603	250	0	0	0	0
Estonia	230	230	-	0	0	0	0
Greece	6,165	5,265	2,000	0	0	0	0
Hungary	651	504	200	0	0	0	0
Ireland	2,473	2,473	-	0	0	0	0
Italy	27,438	27,438	16,500	0	0	0	0
Latvia	472	305	120	0	0	0	0
Lithuania	1,099	957	300	0	0	0	0
Malta	420	420	120	0	0	0	0
Poland	11,236	8,236	1,000	0	0	0	0
Portugal	6,234	5,411	3,000	0	0	0	0
Romania	3,000	3,000	3,000	0	0	0	0
Slovakia	630	630	300	0	0	0	0
Slovenia	1,113	1,113	200	0	0	0	0
Spain	21,324	21,324	10,000	0	0	0	0
EURATOM loans to Member States	*26*	*50*	*78*	*113*	*153*	*196*	*241*
Bulgaria	0	0	6	17	34	54	76
Romania	26	50	73	96	119	142	166
Disbursements under NextGenerationEU	*99,567*	*71,586*	*0*	*0*	*0*	*0*	*0*
Member State non-repayable support	47,168	46,373	0	0	0	0	
Austria	-	450	0	0	0	0	0
Belgium	-	770	0	0	0	0	0
Bulgaria	1,369	-					
Croatia	1,400	818	0	0	0	0	0
Cyprus	85	131	0	0	0	0	0
Czechia	-	915	0	0	0	0	0
Denmark	-	202	0	0	0	0	0
Estonia	-	126	0	0	0	0	0
Finland	271	-	0	0	0	0	0
France	7,400	5,118	0	0	0	0	0
Germany	-	2,250	0	0	0	0	0
Greece	1,718	2,310	0	0	0	0	0

European Union - Capital operations under guarantees covered by the general budget (Loans and EC guarantees)

	Outstanding amounts at						
FINANCIAL OPERATIONS AND INSTRUMENTS (MIL EUR)	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
Ireland	0	0	0	0	0	0	0
Italy	20,000	8,954	0	0	0	0	0
Latvia	201	237	0	0	0	0	0
Lithuania	-	289	0	0	0	0	0
Luxembourg	-	12	0	0	0	0	0
Malta	-	41	0	0	0	0	0
Portugal	553	1,808	0	0	0	0	0
Romania	1,772	1,851	0	0	0	0	0
Slovakia	399	823	0	0	0	0	0
Slovenia	-	231	0	0	0	0	0
Spain	12,000	19,037	0	0	0	0	0
Next Generation EU (NGEU)	**45,156**	**17,970**	**0**	**0**	**0**	**0**	**0**
Cyprus	26	26	0	0	0	0	0
Greece	3,500	1,655	0	0	0	0	0
Italy	37,938	15,938	0	0	0	0	0
Portugal	960	351	0	0	0	0	0
Romania	2,732						
Multiannual financial framework (MFF) Programmes	**7,243**	**7,243**	**0**	**0**	**0**	**0**	**0**
EURATOM loans to certain non-member countries	**300**	**300**	**200**	**100**	**100**	**53**	**10**
Ukraine	300	300	200	100	100	53	10
MACRO-FINANCIAL ASSISTANCE	**14,963**	**7,438**	**5,787**	**4,729**	**4,361**	**3,901**	**2,947**
Sub-total Member States	**190,038**	**154,656**	**86,578**	**47,113**	**48,653**	**50,046**	**51,241**
Sub-total Third Countries	**15,263**	**7,738**	**5,987**	**4,829**	**4,461**	**3,954**	**2,957**
Total	**205,301**	**162,394**	**92,565**	**51,941**	**53,114**	**54,000**	**54,198**

Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA)

Ratings

A/Negative/A-1

Ratings and outlook affirmed on Sept. 20, 2023

Rating Components

SACP: 'a'

Enterprise risk profile: 'Moderate'

Financial risk profile: 'Very strong'

Extraordinary support: '0'

Eligible callable capital: '0'

Purpose

To support integration of member countries through loan transactions and grants to achieve an inclusive development within the geographical boundaries of the River Plate Basin.

Issuer Website

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Rationale

FONPLATA was founded in 1974 by its five member countries--Argentina, Bolivia, Brazil, Paraguay, and Uruguay--through the ratification of the River Plate Treaty. While the institution has limited geographic scope and is smaller than other MLIs, over the years it strengthened its capacity to increase lending and bolstered shareholder support following the institutional overhaul and reform beginning in 2012. Over 2016-2021, loan portfolio growth was 23% on average, more than doubling its balance sheet in that period. Shareholders supported FONPLATA with a first general capital increase approved in 2013 for US$1.15 billion, of which 30.4% was paid-in capital. Governors approved a second general capital increase in 2016, for US$1.375 billion, including US$550 million of capital paid-in over seven yearly installments beginning 2018.

That said, we believe FONPLATA's relationship with shareholders has recently weakened following a letter from the Argentinean Ministry of Finance, submitted on April 21, 2023, indicating its potential intention to withdraw its membership. Argentina's official statement indicates it seeks to relocate its capital from FONPLATA to other MLIs to optimize access to multilateral financing. This comes at a time when Argentina is facing heightened vulnerability, pronounced economic imbalances, and policy uncertainties, as well as pressures on its international reserves. On March 29, 2023, we lowered our long-term foreign currency rating on Argentina to 'CCC-', and revised the outlook to negative.

Despite the uncertainty of Argentina's departure, we view the potential intention of withdrawal as a deterioration of FONPLATA's shareholder support and a harbinger of diminished policy importance. Equally important, reduced support from a key shareholder could increase risks of a PCT event, which would significantly curtail FONPLATA's financial and enterprise risk profiles. Argentina is a founding member and represents one-third of total capital ($450 million). It also has the largest share in the lending portfolio, at $490 million as of December 2022, or around 28%. On the other hand, FONPLATA has historically benefited from PCT from its borrowing members over the past 10 years. The calculated arrears ratio is zero, and no country has gone into arrears with the institution for over 180 days.

We believe other shareholders will continue to support FONPLATA. Brazil repaid its delayed capital installments and front-loaded its remaining 2023 capital payments. The four shareholders (excluding

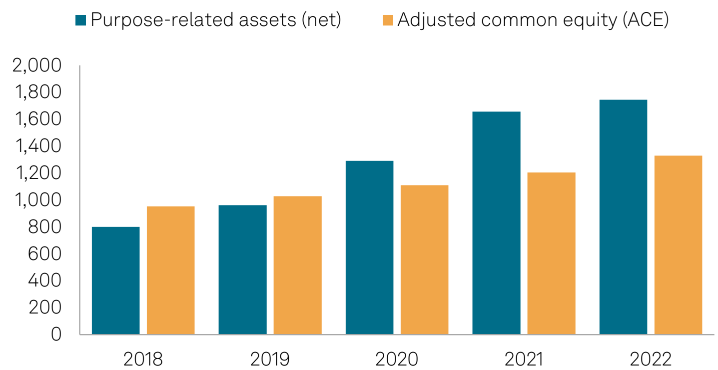
Argentina) published a joint letter on May 3 of this year, supporting the institution's role and purpose. It is unclear whether remaining shareholders will take meaningful action to offset FONPLATA's weakening shareholder support and reduced policy relevance as a result of the potential departure of a key member, such as through a capital increase to support increased lending. At the same time, the incorporation of new members could counterbalance the risks of diminished policy importance.

Constraining our assessment of FONPLATA's enterprise risk is its shareholder concentration and lower ranking in governance on average from its five borrowing members. We believe this presents an agency problem, which, in an extreme scenario, could pose governance risks. This is partly counterbalanced by FONPLATA's efforts to enhance accountability and transparency in decision-making and strengthen its financial and risk management framework.

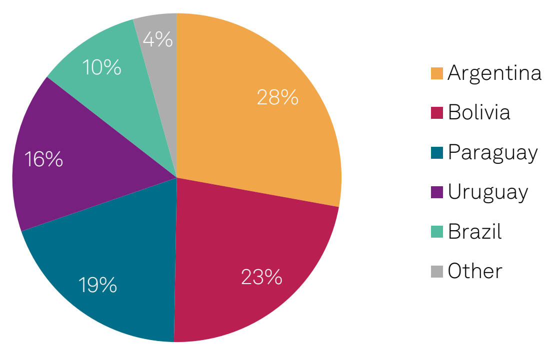
FONPLATA's RAC ratio after MLI adjustments was 21% as of December 2022, below 26% in June 2021. The RAC ratio has been declining, in line with the ramp up of lending activities over past years, offset by capital payments coming due until 2024.

FONPLATA is mostly equity funded and we expect no significant funding gaps over the next two years. Our liquidity calculations incorporate stressed market conditions and assume no market access. For December 2022 data, our 12-month liquidity ratio considering the netted derivatives position was 1.4x with scheduled loans disbursements, and the six-month ratio was 2.5x. However, we estimate the bank would need to slow its planned disbursements under a stress scenario.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31 2022



Source: S&P Global Ratings.

Outlook

The negative outlook reflects the risk of a material erosion to FONPLATA's shareholder base due to the announcement from Argentina, a key shareholder, of its potential intention to withdraw its membership. We expect a formal withdrawal request by Argentina could signal a decline in overall policy relevance and severely weigh on FONPLATA's enterprise risk profile. Weaker commitment from a key shareholder could also lead to diminished PCT. We believe these risks could materialize within the next 24 months, and would result in a multi-notch downgrade.

We could lower our ratings on FONPLATA if Argentina follows through on withdrawing from the institution, leading to a material erosion of its shareholder base while curtailing the institution's policy role. Aside from the shareholder relationship, we could downgrade FONPLATA if shareholders, including Argentina, stop treating the institution as a preferred creditor.

We could revise the outlook to stable if the withdrawing shareholder reverses course and remains current on its debt service payments to FONPLATA.

Fondo Financiero para el Desarrollo de la Cuenca del Plata – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	1,761	1,520	1,251	936	799
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	96	95	94	100	100
*Private-sector loans/purpose-related exposures (%)	4	5	0	0	0
Gross loan growth (%)	16	21	34	17	21
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	67	67	67	67	67
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	21	23	26	24	33
Net interest income/average net loans (%)	3	2	3	5	5
Net income/average shareholders' equity (%)	4	2	3	3	3
Impaired loans and advances/total loans (%)	0	0	0	0	0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	24	22	23	25	22
Liquid assets/gross debt (%)	57	52	68	124	288
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.5	2.7	1.9	1.7	2.3
12 months (net derivate payables) (x)	1.4	1.5	1.3	1.1	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.6	1.2	0.7	0.8
Funding ratios					
Gross debt/adjusted total assets (%)	42	43	34	20	8
Short-term debt (by remaining maturity)/gross debt (%)	11	7	24	2	7
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	5.1	9.1	4.0	29.6	21.1
SUMMARY BALANCE SHEET					
Total assets (mil. $)	2,337	2,157	1,695	1,308	1,043
Total liabilities (mil. $)	1,008	952	585	280	90
Shareholders' equity (mil. $)	1,329	1,205	1,110	1,028	953

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable.

*Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Fondo Latinoamericano de Reservas

Ratings

AA-/Stable/A-1+

Ratings and outlook affirmed on April 26, 2023

Rating Components

SACP: ‘aa-’

Enterprise risk profile: ‘Strong’

Financial risk profile: ‘Very strong’

Extraordinary support: ‘0’

Holistic approach: ‘0’

Eligible callable capital: N/A

Purpose

To provide support for balance-of-payments management of member countries by granting short- and medium-term loans; enhance the ability of central banks to manage international reserve operations; and contribute to member countries’ harmonization of currency, the exchange rate, and monetary and financial policies.

Issuer Website

www.flar.net

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Rationale

Compared with other MLIs in the region, FLAR's mandate and balance sheet size have limited its policy importance. Its assets totaled $8.3 billion as of December 2022. While FLAR has expanded its scope as a countercyclical lender, especially since 2017, it has lent to three of its members for balance-of-payment support in the past 20 years--the central banks of Ecuador, Venezuela, and Costa Rica. As of December 2022, the only exposure was a balance-of-payment loan to the Central Bank of Costa Rica for $1.1 billion, with a three-year maturity that supports the government’s economic policies and helps reduce tensions in foreign currency markets.

We believe the Central Bank of Chile’s addition to FLAR is in line with its strategy to expand regional reach and to contribute a liquidity source and stability mechanism in Latin America. The additional $500 million in capital and $58.6 million in reserves strengthen FLAR's capital and expand lending capacity.

FLAR is part of the Global Financial Safety Net as a regional financing arrangement and was founded as an emergency liquidity provider of foreign exchange for its member central banks. Therefore, it acts as a balance-of-payments lender for central banks and provides other services, such as issuing deposits to central banks and official institutions, or providing asset management, advisory services, and technical assistance to central banks.

Credit risk from the Central Bank of Venezuela eased after it cleared its accumulated arrears and entire loan exposure with FLAR in 2020. The central bank’s accumulated arrears reflected its weakened capacity to service debt in full and on time. Venezuela used $466.8 million of its paid-in capital to clear its outstanding debt through this mechanism. Venezuela's paid-in capital in FLAR declined to $38.6 million (1.15% of total equity), although the country maintains a presence on the board of directors and can vote in the assembly of representatives.

A significant capital reduction (18% in Venezuela's case) and weakening support from one of the largest members are generally considered negative. But we do not think this mechanism is likely to curtail FLAR's mandate or create capacity constraints for other member borrowers, mainly because of its strong, liquid balance sheet and few loans outstanding, which create headroom for additional disbursements to help its members, should they need it.

Moreover, we view FLAR's PCT as intact given the clearance of arrears, and while the method to achieve it was highly unusual, it still demonstrates Venezuela's willingness to clear its arrears by sacrificing a part of its capital. The PCT ratio following the cleared arrears and entire loan exposure to Venezuela was 0%, given that all other borrowing members continued to treat FLAR as a preferred creditor. No other members have accumulated arrears or had delays in payments.

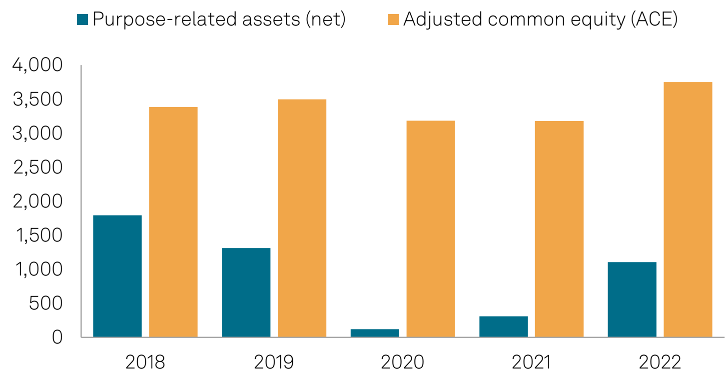
Although governance is limited by FLAR's concentration in its nine borrowing member countries, which generally have relatively low World Bank governance rankings, we view the institution's management and financial risk frameworks as robust. Voting powers are equally distributed (one country gets one vote), and long-term loan approvals require broad majority support, while short-term loans are approved by the executive president.

Underpinning our 'AA-' rating is FLAR's very strong capital adequacy, with a RAC ratio of 32% as of December 2022. Nonetheless, we view Venezuela's loan clearance with its paid-in capital as a constraint, given it was not compensated by additional capital from the country.

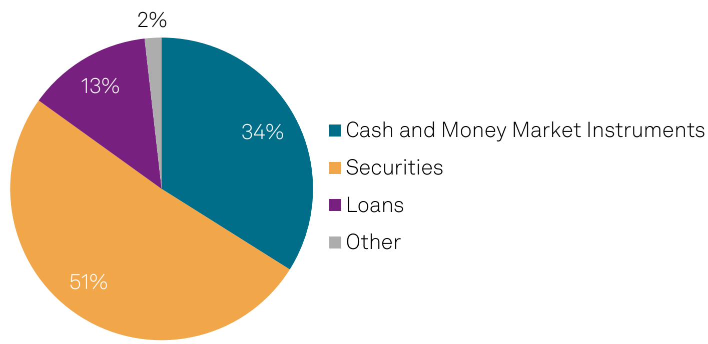
FLAR is not a frequent issuer in the markets and had no outstanding debt as of December 2022. Its funding consists of deposit liabilities and shareholder equity, which totaled 54% and 46% of adjusted total assets, respectively. As a deposit-taking institution mainly from its member central banks, it invests these funds in demand deposits with fixed returns and closely matches the maturity of its assets to its liabilities.

Our calculation of FLAR's liquidity incorporates stressed market conditions and assumes no market access. Under these conditions, we conclude that FLAR's liquid assets are sufficient to service its deposit liabilities and scheduled obligations. Given the December 2022 data, and incorporating our updated liquidity haircuts, our six- and 12-month liquidity ratio was 1.4x without loan disbursements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Asset Breakdown By Type of Product



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our view that member countries will continue to support the institution, while it maintains ample liquidity and very strong capital adequacy. Risks stemming from Venezuela's nonaccrual on FLAR's enterprise risk profile have been removed, while the new membership of the Central Bank of Chile enhanced FLAR's capital base, expanding its ability to service other member borrowers.

We could lower the rating in the next 24 months if we consider FLAR's role and mandate are weakening because of issues such as a very limited response to high liquidity needs from member countries. If any of FLAR's shareholders fail to treat it as preferred, or if we believe support from member countries has weakened, we could also lower the rating. If FLAR's capital adequacy or liquidity erodes markedly, that could also lead to an outlook revision or a downgrade.

We could raise the rating in the next 24 months if FLAR meaningfully reinforces its role and mandate in the region as a countercyclical lender for central banks, while maintaining its financial strength.

Fondo Latinoamericano de Reservas – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	1,107	309	124	1,354	1,817
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100.0	100.0
Private-sector loans/purpose-related exposures (%)	N/A	N/A	N/A	N/A	N/A
Gross loan growth (%)	259	149	-91	-25	275
PCT ratio (%)	0	0	0	0.0	6.0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	40	40	40	34	33
Eligible callable capital (mil. curr)	0	0	0	0	0
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	32	56	119	42	26
Net interest income/average net loans (%)	3	12	53	7	5
Net income/average shareholders' equity (%)	0	0	2	3	3
Impaired loans and advances/total loans (%)	0	0	0	32.0	0.0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	85	94	97	81	74
Liquid assets/gross debt (%)	N/A	N/A	N/A	N/A	N/A
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.4	1.4	1.8	1.6	1.4
12 months (net derivate payables) (x)	1.4	1.5	1.8	1.5	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.4	1.5	1.8	1.5	1.3
Funding ratios					
Gross debt/adjusted total assets (%)	0	0	0	0.0	0.0
Short-term debt (by remaining maturity)/gross debt (%)	N/A	N/A	N/A	N/A	N/A
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.4	1.5	1.3	1.4	1.3
SUMMARY BALANCE SHEET					
Total assets (mil. $)	8344	8,013	6,509	6,775	6,867
Total liabilities (mil. $)	4593	4,832	3,327	3,278	3,481
Shareholders' equity (mil. $)	3751	3,181	3,182	3,497	3,386

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable.

Inter-American Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on July 11, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely strong'

Financial risk profile: 'Very strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US$11.9 billion (as of Dec. 31, 2022)

Purpose

To accelerate economic and social development in Latin American and Caribbean countries, with an emphasis on poverty reduction and social equity, modernization and sector reform, economic integration, and the environment. In support of these objectives, the bank provides long-term financing at favorable interest rates to governments, other public-sector entities, and a limited number of private-sector borrowers. It also provides technical and advisory services.

Issuer Website

www.iadb.org

Rationale

In our view, IADB has an unparalleled role in Latin America, as seen in its ongoing financing and technical support to address developmental challenges in the region. The bank provided record net flows to the Latin America in 2020 during the pandemic, with net disbursements totaling $7.9 billion. While net disbursements fell to $5.1 billion in 2021, they remained well over their five-year average, and total developmental assets reached $109 billion. Lending reverted to pre-pandemic levels in 2022 with approvals of development assets of $14.7 billion, while gross disbursements totaled $12.0 billion.

The IADB Group's 2023 Annual Meeting in Panama continues to underscore the importance of IADB as an agent for development. The three key priorities put forth by the incoming president Ilan Goldfajn include social issues such as food security, poverty, inequality, health care, and education; climate change mitigation and adaptation, including how to deal with increasingly frequent natural disasters; and sustainable digital and physical infrastructure, with emphasis on regional integration.

IADB's outstanding loan portfolio reached $113 billion as of the end of March 2023. The institution has looked at ways to enhance value for its members, notably by introducing features in its lending products to cover financial risk caused by natural disasters and providing hedging solutions to commodity price risk. Aside from lending activities, IADB is a key provider of technical assistance and research to the region, as well as an important provider of concessional funds to its eligible members. In 2017, assets and liabilities from its concessional financing window--the Fund for Special Operations--were transferred to the bank's ordinary capital.

The performance of IADB's sovereign loan portfolio has been excellent compared with commercial creditors', as is generally the case for MLIs. Borrowing member sovereigns that have defaulted on their commercial foreign currency debt in the past 19 years (Argentina, Belize, Dominican Republic, Ecuador, Jamaica, Paraguay, and Uruguay) have not gone into arrears with IADB.

However, on May 14, 2018, Venezuela entered into nonaccrual status with IADB. By the end of March 2023, $1.3 billion in principal and interest was past

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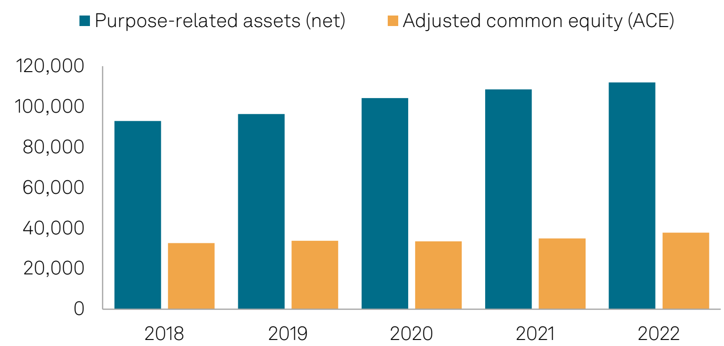
due and unpaid. The country defaulted on its commercial obligations in November 2017. Our calculated PCT ratio of 1.84% reflects Venezuela's payment arrears with IADB, of which the total loan balance of $2.01 billion has been placed in nonaccrual status. We believe this event is relatively contained, given Venezuela accounts for about 1.8% of IADB's lending book and 1.4% of its total assets. We also expect the rest of IADB's sovereign borrowers to continue to afford it PCT.

Robust and conservative risk management framework counterbalances IADB members' somewhat low governance scores. Half of the voting members are borrowing members and, as such, have an important influence over decision-making. The institution has implemented updated financial and risk measures, which have translated into a more consciously risk-based culture. In our view, this more than counterbalances the potential agency risk stemming from borrowing member countries having slightly more than 50% of the voting power on the bank's board.

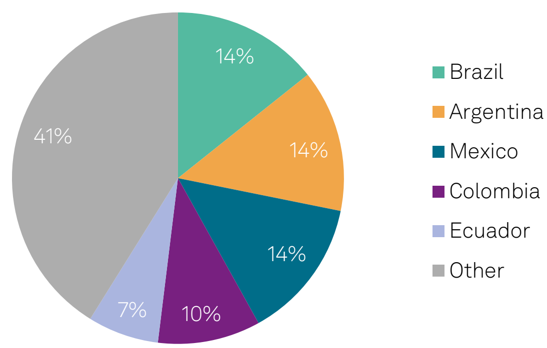
IADB has demonstrated its willingness to take corrective actions to prevent capital erosion in line with its capital adequacy and income management model policies. In 2015, the bank applied a 30 basis point retroactive increase to its sovereign loan charges, given heightened uncertainty about credit quality in the region. IADB, unlike many other MLIs, can adjust charges on its entire nonconcessional sovereign-guaranteed loan book, which enabled it to generate additional interest revenue to counterbalance rising risks.

IADB’s RAC ratio remained stable at 22.1% as of December 2022. However, the Latin American region remains vulnerable to further credit pressures and a slow economic recovery. We still expect IADB to manage the RAC ratio above the 15% threshold, anchored by conservative financial and risk policies. Callable capital from IADB's highly rated shareholders would enhance our RAC ratio, nevertheless,

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31 2022



Source: S&P Global Ratings.

and mitigate the impact on the bank's financial risk profile in the event that its capital adequacy was to deteriorate.

IADB maintains robust funding and liquidity. Its funding is well-diversified by both geographic market and type of investor, reflecting IADB's frequent issuance in multiple markets and currencies. Using year-end 2022 data, our 12-month liquidity coverage ratio is 1.4x, including scheduled loan disbursements, while the six-month ratio is 2.2x.

Outlook

The stable outlook reflects our expectation that IADB will apply sound governance and risk management, and prudently manage its capital and liquidity in the next 24 months, particularly in light of potentially increased credit stress in the region.

At the same time, we expect IADB will remain the main supplier of developmental financing in the region. We believe sovereign borrowing members will continue to treat IADB as a preferred creditor.

We could downgrade IADB if other borrowers fall into nonaccrual status, indicating weaker PCT. A deterioration in IADB's funding and liquidity could also weaken the ratings. That said, erosion of the RAC ratio would most likely be mitigated by the existing callable capital provided by IADB's highly rated sovereign shareholders.

Inter-American Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	113,799	109,567	105,549	97,221	93,831
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	96	96	95	94	94
Private-sector loans/purpose-related exposures (%)	4	4	5	6	6
Gross loan growth (%)	4	4	8	4	5
PCT ratio (%)	2	2	2	2	2
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	50	50	50	50	50
Concentration of top two shareholders (%)	41	41	41	41	41
Eligible callable capital (mil. curr)	11,925	11,925	11,925	11,925	11,925
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	22	22	21	20	23
Net interest income/average net loans (%)	2	2	2	2	2
Net income/average shareholders' equity (%)	4	3	2	4	3
Impaired loans and advances/total loans (%)	2	2	2	2	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	23	27	26	26	25
Liquid assets/gross debt (%)	32	36	36	37	36
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.2	2.5	2.8	2.3	3
12 months (net derivate payables) (x)	1.4	1.5	1.6	1.4	1.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.3	1.3	1.2	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	70	75	73	71	70
Short-term debt (by remaining maturity)/gross debt (%)	19	17	16	19	18
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.2	1.3	1.5	1.3	1.3
SUMMARY BALANCE SHEET					
Total assets (mil. $)	148,026	151,752	151,737	136,358	129,459
Total liabilities (mil. $)	110,153	116,666	118,060	102,487	96,530
Shareholders' equity (mil. $)	37,873	35,086	33,677	33,871	32,929

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

IDB Invest (Former Inter-American Investment Corporation)

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on June 20, 2023

Rating Components

SACP: 'aa+'

Enterprise risk profile: 'Strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

To promote the economic development of its Latin American and Caribbean member countries by financing small and midsize enterprises without government guarantees. This is achieved by providing loans and guarantees; making equity investments; mobilizing funding from other lenders; and providing advisory services.

Issuer Website

www.iic.org

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Rationale

In our view, IDB Invest has successfully implemented its expanded mandate over the last seven years. The bank has been executing its business plan following approval of a 2015 reorganization and the implementation of an expanded mandate to manage all private-sector lending within the IADB group. The institution, in our view, is now consolidating its expanded mandate with an annual approval level of approximately $4.75 billion, supported by a reorganization that has included efforts to increase staff and grow its regional presence.

IDB Invest has demonstrated its franchise value and become an important partner in key projects in the region, mobilizing third-party co-invested funds in its projects. The share of loans to financial institutions decreased to 35% as of December 2022 from 69% as of year-end 2016, because the institution promoted its infrastructure and energy financing. The share of loans to smaller member countries ("C&D countries," by its internal definition) was 42% as of year-end 2022, up from 23% as of year-end 2017. Core mobilization peaked at $3.1 billion in 2022. We believe its focus on private-sector mobilization underpins an important role that cannot be readily fulfilled by other private or domestic public institutions. IDB Invest has also taken over the entire management of IADB's private-sector assets, and its assets under management were $18.7 billion as of year-end 2022.

During annual meetings in March 2023, IDB Group's board of governors mandated the development of a capital increase proposal, which in our view could translate to a meaningfully larger institution with a wider reach that could lead to a stronger policy importance. At the same time, we think the proposed capital increase indicates robust shareholder support and an endorsement of the institution's success and importance in recent years. IDB Invest also received a significant amount of capital in 2022, and various countries that were in arrears are now current--except Venezuela. Following the rules laid out in the 2015 Busan resolution, Venezuela's unpaid shares will be subject to allocation to other members in 2023. The U.K. most recently joined the institution in 2023, becoming the 48th member.

We believe the institution largely has a robust governance system. However, the slightly larger concentration of regional member countries, combined with somewhat lower assessments in governance effectiveness, control of corruption, and regulatory quality, can be a source of agency risk. On the other hand, we also believe IDB Invest has demonstrated robust operational and risk capabilities, evidenced by excellent financial and nonfinancial risk management.

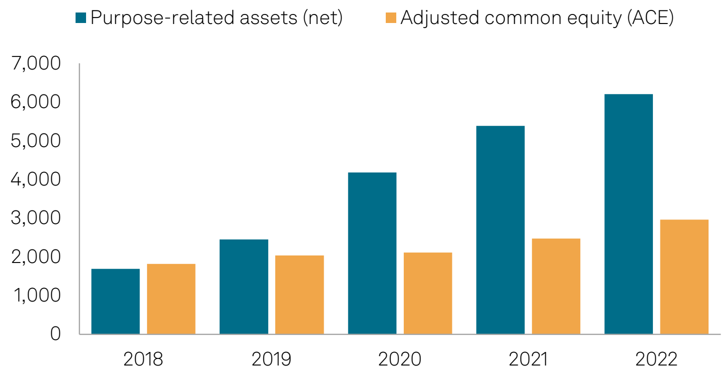
As a fully specialized private-sector lender, IDB Invest does not benefit from PCT, which we only apply to sovereign exposures.

We expect that IDB Invest will continue to keep its financial risk profile at our highest level, supported by extremely strong capitalization. As of December 2022, its RAC ratio was 34%. While IDB Invest could use some capital as it continues to consolidate its lending--combined with limited capital payments coming due as it reaches the conclusion of its 2015 capitalization--we think the institution will manage this prudently and keep the RAC ratio above the 23% threshold. Asset quality remains excellent, with NPLs at less than 1%.

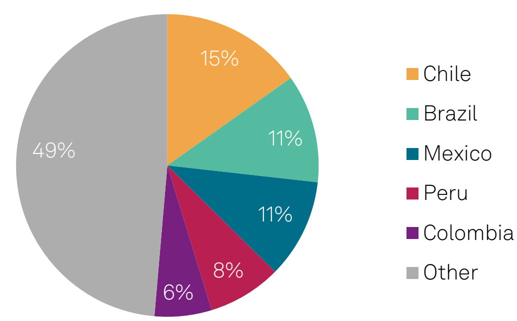
We think IDB Invest has a conservative funding profile and is gradually expanding its capital market activities in local and international markets The institution's total borrowing program for 2022 increased by more than 50% to $2.5 billion from $1.6 billion in 2021. IDB Invest has improved its annual debt amortization profile, supported by the increased size of its annual funding program combined with its ability to issue smaller benchmark bonds and private placements to improve its profile.

We expect IDB Invest's liquidity will remain robust in the next couple of years. Its six- and 12-month liquidity coverage ratios were 4.1x and 1.4x, respectively, as of year-end 2022. This indicates it would be able to finance its expansion mandate, disburse scheduled loans, and service its debt obligations without capital market access for at least one year.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31 2022



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our view that over the next 24 months, IDB Invest will continue to execute its mandate and achieve its lending and developmental targets, and that shareholders will remain supportive. We expect IDB Invest will manage its private-sector portfolio conservatively and maintain asset quality. Similarly, we expect that its capital position will remain extremely strong, and that the institution will maintain robust liquidity buffers.

We could take a negative rating action if IDB Invest's financial metrics deteriorate markedly, for example because of insufficient capitalization to absorb new exposures or because of rapid buildup of large NPAs. If IDB Invest's enterprise risk worsens, either through weakening shareholder support or if its business consolidation experiences setbacks, we could also lower the rating.

We could take a positive rating action if IDB Invest continues to build a record of conservative risk management practices through the credit cycle that could compensate for some potential agency risk in its shareholder structure. At the same time, if the bank's relevance and mandate strengthen further, illustrated by a larger balance sheet and additional capital increases, this could also prompt a positive rating action.

IDB Invest (Former Inter-American Investment Corporation) – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	6633	5720	4465	2590	1773
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
*Private-sector loans/purpose-related exposures (%)	96	95	97	96	96
Gross loan growth (%)	16	26	73	45	75
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	49	49	53	50	50
Concentration of top two shareholders (%)	27	27	26	25	26
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	34	31	35	56	71
Net interest income/average net loans (%)	6	4	4	6	6
Net income/average shareholders' equity (%)	4	6	0	2	1
Impaired loans and advances/total loans (%)	0	1	1	1	2
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	28	26	33	35	46
Liquid assets/gross debt (%)	45	43	54	83	114
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	4.1	2.5	5.4	2.0	2.0
12 months (net derivate payables) (x)	1.4	1.7	2.0	1.9	1.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.8	2.4	2.9	3.2	1.7
Funding ratios					
Gross debt/adjusted total assets (%)	62	61	61	42	40
Short-term debt (by remaining maturity)/gross debt (%)	19	24	19	N.M.	39
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	4.0	3.3	6.0	61.6	2.2
SUMMARY BALANCE SHEET					
Total assets (mil. $)	9,401	7,551	6,424	3,900	3,209
Total liabilities (mil. $)	6,437	5,077	4,316	1,867	1,390
Shareholders' equity (mil. $)	2,964	2,475	2,108	2,033	1,819

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable. N.M.--Not meaningful.
*Private-sector loans do not include the equity investments which are part of purpose-related exposures.

International Bank for Reconstruction and Development

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Feb. 7, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US$42.1 billion (as of June 30, 2022)

Purpose

To reduce poverty by promoting sustainable economic development via loans, guarantees, and related assistance for projects and programs in its developing member countries. IBRD is the largest constituent of the World Bank Group (WBG).

Issuer Website

www.worldbank.org

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Rationale

IBRD has been at the forefront of responding to multiple crises--including the COVID-19 pandemic, the Russia-Ukraine conflict, and worsening climate change--which underpins its policy importance. It deployed US$45.6 billion from April 2020-June 2021 as response to the COVID-19 pandemic, including drawing down about half of its US$10 billion crisis buffer in the fiscal year ended June 30, 2021. During fiscal 2022, new commitments were US$2.6 billion higher than the previous year, reflecting continued support for pandemic-related efforts. IBRD continues to lead in terms of climate finance and responding to climate change impacts in its member countries, and all projects are screened for climate risk. Additionally, we expect IBRD to play a crucial role in the reconstruction of Ukraine. As of Sept. 30, 2022, IBRD had disbursed US$1.5 billion since the onset of the conflict. Loans outstanding to Ukraine totaled US$7.6 billion, of which US$1.1 billion was guaranteed by highly rated third parties. In addition, IBRD provided US$0.6 billion of guarantees to Ukraine that were outstanding as of Sept. 30, 2022.

At the 2022 annual meetings, shareholders called on the WBG to clarify and expand its mission to end extreme poverty and boost shared prosperity, review its operating model, and explore options to expand its resources. Management and shareholders signaled that, absent any reforms or strengthening of capital, there could be near-term lending constraints at a time when more financing is required to regain lost ground on the 2030 U.N. Sustainable Development Goals. Consequently, shareholders may continue to explore ways to optimize capital, which, in our view, will reinforce IBRD's leading role in global development.

At IBRD's spring meetings in April 2018, the board of governors endorsed a US$60.1 billion package, which included US$7.5 billion in additional paid-in capital. As of September 2022, IBRD received cumulative subscription payments of US$4.4 billion. Shareholders can subscribe any time until 2023, although this may be extended by an additional two years.

We believe IBRD's PCT compares favorably with some 'AAA' peers, despite the increase in the PCT arrears ratio. On Oct. 17, 2022, IBRD placed Belarus on nonperforming status, which increased the PCT arrears ratio to 0.65% based on financial data as of fiscal 2022, from 0.21% in fiscal 2021. We do not think this weighs on IBRD's overall policy importance and extremely strong enterprise risk profile. On March 2, 2022, the WBG announced that it stopped all programs in Russia and Belarus, with no new lending approved to Belarus since mid-2020 and no new loans in Russia since 2014. Russia prepaid its remaining loan exposures to IBRD in December 2022. Other than Belarus, Zimbabwe remains in arrears with IBRD.

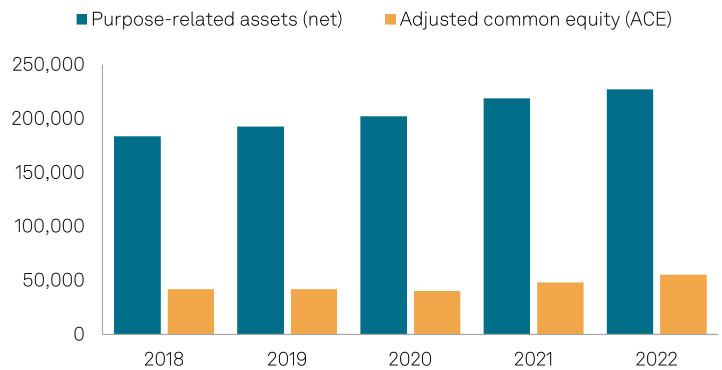
IBRD's shareholder base is diverse, and its governance and management standards remain among the highest of supranational institutions globally. On average, IBRD shareholder countries have high-ranking governance based on the World Bank's governance indicators, which supports our governance assessment. This is further enhanced by the bank's record of solid management and risk practices. IBRD has no private-sector shareholding, and shareholders allow MLI earnings to be retained, supporting our assessment.

IBRD's capital remains resilient under heightened risk conditions. Its RAC ratio declined to 25.9%, after adjustments for concentration risk and PCT. The ratio incorporates parameters as of Feb. 2, 2023, based on financial data as of June 30, 2022.

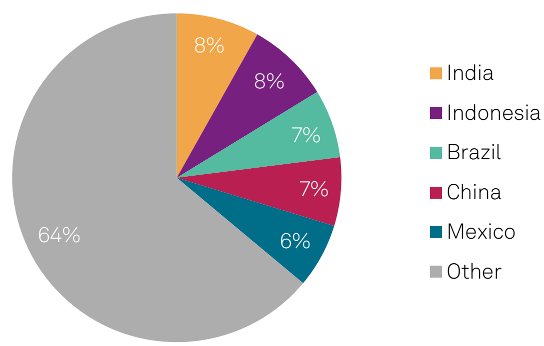
Our funding ratios for 2022 indicate IBRD does not have a funding gap below the one-year horizon. Its assets exceed liabilities at all horizons up to five years, supporting its funding. We view IBRD's funding as broadly diversified by geography and investors, given its frequent issuance in many markets and currencies. IBRD has also been a leader in the environmental, social, and governance bond space, innovating new outcome-based debt issuances, such as its wildlife conservation bond in 2022, which channels private capital to finance conservation activities, and more recently, an emission-reduction bond that incentivizes carbon credits in Vietnam.

IBRD’s liquid assets are sufficient to service its obligations through the next year without slowing the pace of planned disbursements. According to our calculations, IBRD's liquidity ratio, assuming scheduled disbursements, was 2.01x at the six-month horizon and 1.30x at the 12-month horizon, as of June 30, 2022. Under this stress scenario,

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Jun. 30 2022



Source: S&P Global Ratings.

we estimate that IBRD could also withstand an unforeseen increase in its potential disbursements to a limited extent while meeting other obligations.

Even without accounting for extraordinary shareholder support, we assess IBRD's stand-alone credit profile at 'aaa', our highest level. Should IBRD's stand-alone capital adequacy weaken, the issuer credit rating would benefit from uplift. Ten 'AAA' rated shareholders subscribed $42.1 billion of callable capital.

Outlook

Our stable outlook is based on our view that IBRD's enterprise risk profile, capital (including callable capital), funding, and liquidity are sufficiently robust and there is less than a one-in-three probability that we would lower our issuer credit rating on IBRD in the next two years.

We could lower the ratings if management--contrary to our expectations--adopts more aggressive financial policies, or if several members cease treating IBRD as a preferred creditor. IBRD's financial risk profile could weaken if liquidity ratios decline meaningfully or if the RAC ratio drops below 23%. However, if its capital ratio erodes, we expect the effect to be mitigated by the robust eligible callable capital buffers provided by the 'AAA' rated members.

International Bank for Reconstruction and Development – Selected Indicators

	As of June 30 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	235,723	227,269	211,129	202,216	191,946
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	4	8	5	5	3
PCT ratio (%)	1	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	34	34	33	34	28
Concentration of top two shareholders (%)	23	23	23	24	23
Eligible callable capital (mil. curr)	42,062	41,374	39,362	38,182	36,909
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	26	27	24	26	28
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	8	5	(0)	1	2
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	26	29	29	29	18
Liquid assets/gross debt (%)	35	35	35	36	35
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.0	2.0	2.0	1.8	2.1
12 months (net derivate payables) (x)	1.3	1.3	1.1	1.2	1.2
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.0	1.1	1.0	1.0	0.9
Funding ratios					
Gross debt/adjusted total assets (%)	74	82	82	81	52
Short-term debt (by remaining maturity)/gross debt (%)	18	17	21	22	22
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.5	1.4	1.3	1.3	1.4
SUMMARY BALANCE SHEET					
Total assets (mil. $)	317,542	317,301	296,804	283,031	403,056
Total liabilities (mil. $)	262,222	269,223	256,417	240,916	361,212
Shareholders' equity (mil. $)	55,320	48,078	40,387	42,115	41,844

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital.

Notes: Effective June 30, 2019, the presentation of derivative instruments on IBRD's balance sheet was aligned with the market practice of netting asset and liability positions by counterparty, after cash collateral received. Financial information for fiscal year 2017 to fiscal year 2018 has not been adjusted and is based on the historical presentation.

Source: S&P Global Ratings.

International Development Association

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Feb. 14, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible Callable capital: N/A

Purpose

To provide development assistance to the poorest developing countries by offering cheaper and more flexible products than those of its sister institution, the IBRD.

Issuer Website

www.ida.worldbank.org

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Rationale

In our view, IDA's shareholder support is unparalleled, reflected by consistent donor replenishments that support its unique role in providing financing to lower-income countries on concessional terms. IDA20 replenishment was launched a year early, to commence in fiscal year 2023 (ending June 30), and the IDA19 implementation period was frontloaded and shortened to two years (fiscal 2021-fiscal 2022) to augment its response to overlapping challenges from the COVID-19 pandemic, the food and fuel crisis, and the war in Ukraine. IDA19 and IDA20 are each supported by at least $23.5 billion in donor contributions, with IDA20 reflecting a historic financing package of $93 billion.

Although IDA is not the only concessional window in the MLI asset class, it exceeds the next-size windows by a considerable multiple. Other institutions could not easily replicate IDA's activities. Aside from concessional loans, it extends some nonconcessional loans at rates similar to the IBRD; those loans are only given to members IDA deems fiscally sustainable.

We believe IDA will continue to manage its capital prudently, which, combined with large equity buffers and robust donor support, somewhat counterbalances higher risk in its lending book. IDA's RAC ratio of 69% is one of the highest in the sector. While IDA introduced market debt into its funding during its IDA18 replenishment, we expect this will complement and not substitute its development-focused financing to lower income countries on more flexible terms, largely financed by donor contributions.

The institution has a considerably sized lending book, with a $54 billion policy package to support COVID-19.

Disbursements continued to remain high in fiscal 2022 at $21 billion, in line with fiscal 2020 and fiscal 2021 at $21 billion and $23 billion, respectively, largely reflecting IDA's pandemic response.

Within a broader context of international debt relief initiatives, IDA engages in the HIPC initiative and the multilateral debt relief initiative (MDRI). MDRI is funded by a dedicated dollar-for-dollar equity replenishment outside the three-year cycle, while HIPC is funded within the cycles. The write-offs were conditional on program criteria. To address the risk that sovereigns could see similar debt problems reemerging, they receive assistance wholly or mainly in the form of grants if deemed at risk of fiscal distress. Grants, like debt write-offs, are funded by new IDA donor contributions.

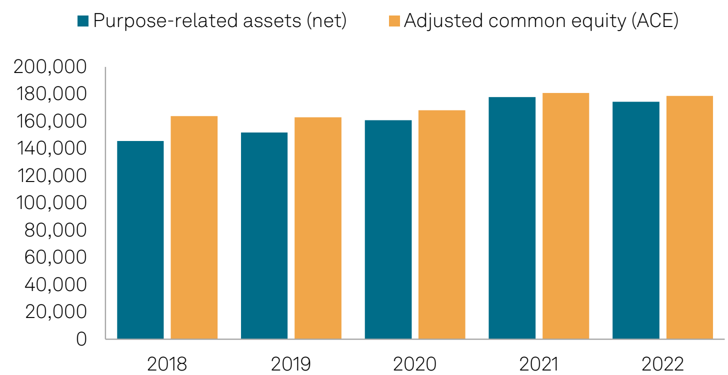
We calculate IDA's arrears ratio at 0.8% with financial information as of June 2022, consistent with strong PCT. Sudan cleared all its overdue principal and charges to the IDA in March 2021 and was restored to accrual status. In June 2021, Sudan also reached decision point under the HIPC initiative and became eligible for $114 million in debt relief. Borrowers currently in nonaccrual with IDA include Eritrea, Syria, and Zimbabwe.

Sound governance and risk management balance higher credit risk than peers' due to IDA's mandate. IDA shares its governance and management with the IBRD to a significant extent, with a structure we believe has very high standards and will underpin sound decision-making.

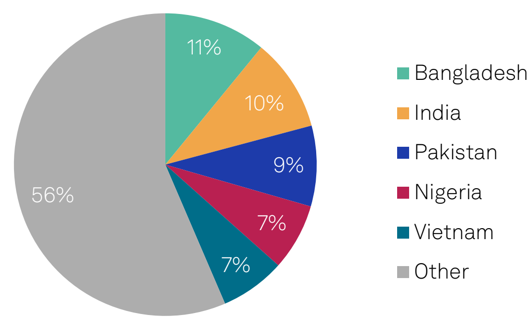
Since IDA's inaugural bond in April 2018, a U.S. dollar-denominated global bond of $1.5 billion, it raised around $27 billion across five markets, and during fiscal 2022 raised more than $9.4 billion through seven public benchmarks. In January 2022, it also issued its longest dated transaction, a €2 billion 20-year sustainable development bond maturing in January 2042. As of end-September 2022, borrowings marginally decreased to $21.4 billion ($21.9 billion as of June 30, 2021) as most major currencies depreciated against the U.S. dollar. Our calculated funding ratios indicate IDA does not have a funding gap below the one-year horizon, and its assets exceed liabilities at all horizons up to five years.

Our calculation of IDA's liquidity incorporates stressed market conditions and assumes no market access. Under these conditions, we conclude IDA's liquid assets are sufficient to service its limited borrowing and maintain operations through the next year without slowing the pace of planned disbursements. According to our calculations, IDA's liquidity ratio assuming scheduled disbursements was 2.43x at the six-month horizon and 1.56x at the 12-month horizon as of June 30, 2022. However, under this same stress scenario, IDA may need to spread out an unforeseen increase in potential disbursements while meeting other obligations.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Jun. 30 2022



Source: S&P Global Ratings.

Outlook

The stable outlook on the IDA signals that we do not see risks to its credit quality that represent a greater than one-in-three chance we would lower our rating in the next two years. We expect IDA to continue delivering on its mandate while maintaining one of the strongest capital ratios among MLIs.

We could lower the rating if IDA takes on liabilities that would lower its RAC ratio after adjustments to below 23%. Additionally, we could consider a downgrade amid unexpected deterioration in its liquidity and funding, or if delays in payments of donor replenishments increase materially. We continue to assume that IDA will execute its policy mandate through grants and concessional lending and members do not have the appetite for a multilateral debt-relief program for borrowers that does not compensate IDA, which could weigh on the rating.

International Development Association – Selected Indicators

	-As of Jun. 30 Fiscal Year End-				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	180,580	184,010	167,743	158,759	151,847
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	(2)	10	6	4	6
PCT ratio (%)	1	1	2	2	2
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	15	15	15	28	28
Concentration of top two shareholders (%)	18	18	19	19	19
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	69	70	76	82	81
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	0	(0)	(1)	(4)	(3)
Impaired loans and advances/total loans (%)	0	1	1	2	2
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	18	17	18	18	18
Liquid assets/gross debt (%)	123	134	179	323	501
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.4	2.7	2.2	3.0	3.8
12 months (net derivate payables) (x)	1.6	1.7	1.6	2.0	2.6
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.8	0.8	0.9	0.9	1.0
Funding ratios					
Gross debt/adjusted total assets (%)	15	13	10	5	4
Short-term debt (by remaining maturity)/gross debt (%)	17	17	30	19	N.M.
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	2.7	2.4	2.7	2.6	2.8
SUMMARY BALANCE SHEET					
Total assets (mil. $)	220,014	219,324	199,472	188,553	206,330
Total liabilities (mil. $)	41,346	38,448	31,301	25,571	42,385
Shareholders' equity (mil. $)	178,668	180,876	168,171	162,982	163,945

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable. N.M.--Not meaningful.
Note: Effective June 30, 2019, the presentation of derivative instruments on IDA's balance sheet was aligned with the market practice of netting asset and liability positions by counterparty, after cash collateral received. Financial information for fiscal year 2017 to fiscal year 2018 has not been adjusted and is based on the historical presentation.
Source: S&P Global Ratings.

International Finance Corporation

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Feb. 6, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

To support economic growth and development by providing loans without government guarantees and making equity investments in private entities. IFC also acts as a catalyst through its co-financings, syndications, securitizations, underwritings, and guarantees, and as a technical and financial advisor, including acting as an asset manager.

Issuer Website

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Rationale

Our assessment of IFC's role and public policy mandate is supported by its track record of more than six decades and its global geographic reach in fulfilling its mandate. Established in 1956, IFC is one of the oldest multilateral lending institutions and one of the largest by number of shareholders, and it is a member of the World Bank Group (WBG). IFC is owned by 186 member countries. The U.S. is the largest shareholder with 19% of voting rights, followed by Japan (8%), and Germany (5%). No major shareholder has withdrawn from IFC, and none are expected to withdraw in the medium term.

We believe IFC's strengthened policy importance is underpinned by shareholders' renewed commitment to private-sector-led development solutions, anchored by a capital increase; IFC's commitment to its long-term 3.0 strategy, focused on creating and opening new private-sector markets, which was accompanied by deep organizational and workforce changes; and its leading role in private-sector mobilization. On April 16, 2020, the board of governors adopted resolutions approving a US$5.5 billion capital increase for IFC as part of a US$13 billion paid-in capital increase package for IBRD and IFC. While IBRD and IDA have received numerous capital injections over the past two decades, the inclusion of IFC marks a change that means its activities are now considered more impactful in achieving developmental outcomes and where IFC plays a crucial role in the overall WBG "cascade" strategy.

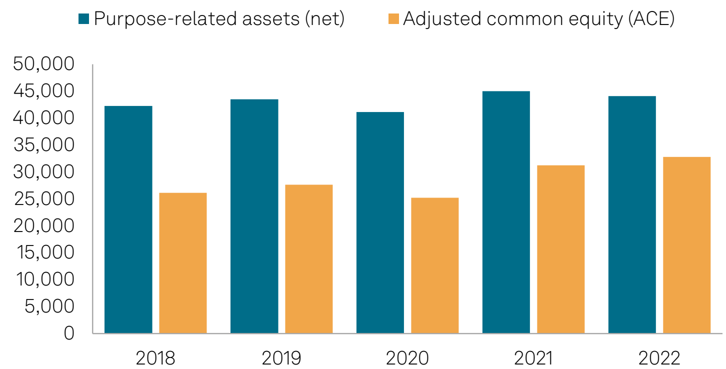
We believe IFC has demonstrated its success with and commitment to this mandate, which led us to revise up its enterprise risk profile to extremely strong. Over the past years, IFC has revamped its business model to achieve its goals, particularly with the adoption of IFC 3.0. This led to various organizational changes, including the adoption of new policies and tools and the creation of upstream units--a concept based on a proactive, early-stage market and project preparation approach to develop bankable projects, particularly in IDA and fragile and conflict-affected (FCS) countries. Furthermore, IFC made significant changes to its workforce, hiring over 500 employees with more specialized skill sets and greater field presence, of which over half were dedicated to upstream activity.

IFC's RAC ratio after diversification for the fiscal year ended June 30, 2022, increased to 38.6%, from 34% in fiscal year 2021--well above our threshold for extremely strong capital adequacy (23%). Strategic efforts to streamline its equity investment portfolio--which represented 21.6% of its disbursed portfolio in fiscal year 2022, from 28% in fiscal year 2018--have supported IFC's capital position in recent years. Its disbursed investment portfolio remains robust. The outstanding portfolio increased to US$49.5 billion at the end of fiscal year 2022 from US$48.8 billion the year before. The portfolio--including loans, equities, and guarantees--has expanded since 2015 and remains well diversified by country and sector. IFC's loss experience has consistently declined, with nonaccruing loans reaching 3.9% of average loans in fiscal year 2022, having peaked at 6.5% in 2016. Total loss reserves were 4.4% of the portfolio at the end of fiscal year 2022, down from 4.9% at the end of 2021. IFC's direct exposure to the Russia-Ukraine conflict is limited, although a qualitive provision overlay for US$135 million was applied for potential losses as of fiscal year 2022.

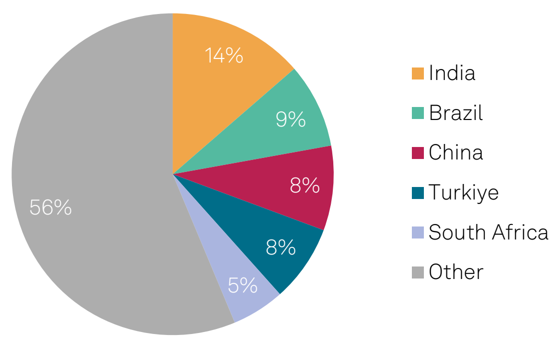
Our funding and liquidity ratios indicate that it would be able to fulfill its mandate as planned for at least one year even under stressed market conditions without access to the capital markets. For fiscal 2022 data, and incorporating our updated liquidity haircuts, our 12-month liquidity ratio considering the netted derivatives position was 1.6x with scheduled loan disbursements; the six-month ratio was 2.0x.

IFC's funding program is broadly diversified both geographically and by type of investor, given the institution's frequent issuances in many markets and currencies. In fiscal year 2022, IFC raised US$14.1 billion, including discount notes with maturities greater than three months, across 27 currencies, although the U.S. dollar remains its primary funding currency. IFC follows a matched funding policy, under which loan assets are funded by liabilities that have similar characteristics in terms of interest rate basis, currency, and duration--except for new products, approved by the board of directors, involving asset-liability mismatches.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, June 30, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that IFC will maintain an extremely strong financial risk profile, underpinned by high capital, strong liquidity, and expected continuity of its robust risk management policies. We expect IFC will continue to deliver on its mandate and IFC 3.0 strategy with continued lending in and IDA-eligible countries, and strong mobilization activity.

We could lower the ratings if, in the next two years and contrary to our expectations, relationships with shareholders deteriorate and IFC does not execute its mandate or if IFC's financial and enterprise risk profiles slip from extremely strong.

International Finance Corporation – Selected Indicators

ENTERPRISE PROFILE (US$ MIL.)	As of June 30 Fiscal Year End 2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	49,502	49,888	46,686	47,552	47,653
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	-	-	-	-	-
*Private-sector loans/purpose-related exposures (%)	75	74	76	71	70
Gross loan growth (%)	(0)	6	3	3	7
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	77	77	77	77	77
Concentration of top two shareholders (%)	28	29	27	27	27
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A

FINANCIAL RISK PROFILE	2022	2021	2020	2019	2018
Capital and earnings					
RAC ratio (%)	37	34	34	35	32
Net interest income/average net loans (%)	4	4	4	4	4
Net income/average shareholders' equity (%)	(1)	15	(6)	0	5
Impaired loans and advances/total loans (%)	4	7	5	4	4
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	47	49	48	50	48
Liquid assets/gross debt (%)	96	92	83	91	85
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.0	1.7	1.6	1.6	1.5
12 months (net derivate payables) (x)	1.5	1.6	1.4	1.5	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.6	1.7	1.4	1.5	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	49	53	58	55	56
Short-term debt (by remaining maturity)/gross debt (%)	24	21	25	21	24
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.4	1.5	1.3	1.2	1.5

SUMMARY BALANCE SHEET	2022	2021	2020	2019	2018
Total assets (mil. $)	99,010	105,264	95,800	99,257	94,272
Total liabilities (mil. $)	66,205	74,020	70,618	71,651	68,136
Shareholders' equity (mil. $)	32,805	31,244	25,182	27,606	26,136

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable.

* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

International Finance Facility for Immunisation

Ratings

AA/Negative/A-1+

Ratings affirmed and outlook revised on Dec. 13, 2022

Purpose

To accelerate the funding of the immunization and vaccine procurement programs of the Gavi Alliance.

Issuer Website

www.iffim.org

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Rationale

We revised the outlook on IFFIm to negative from stable following the outlook revisions on the U.K. and France. On Sept. 30, 2022, we revised our outlook on the U.K.--IFFIm's largest donor, with pledges representing 44% of remaining inflows as of 2023 onward--to negative from stable. On Dec. 2, 2022, we revised our outlook on France--IFFIm's third-largest donor, with pledges representing 11% of remaining inflows--to negative from stable. We consider the credit quality of pledges from the U.K. and other highly rated countries as material to IFFIm's credit quality. IFFIm's debt service coverage ratio falls below 1x if we exclude pledges from the U.K. and France.

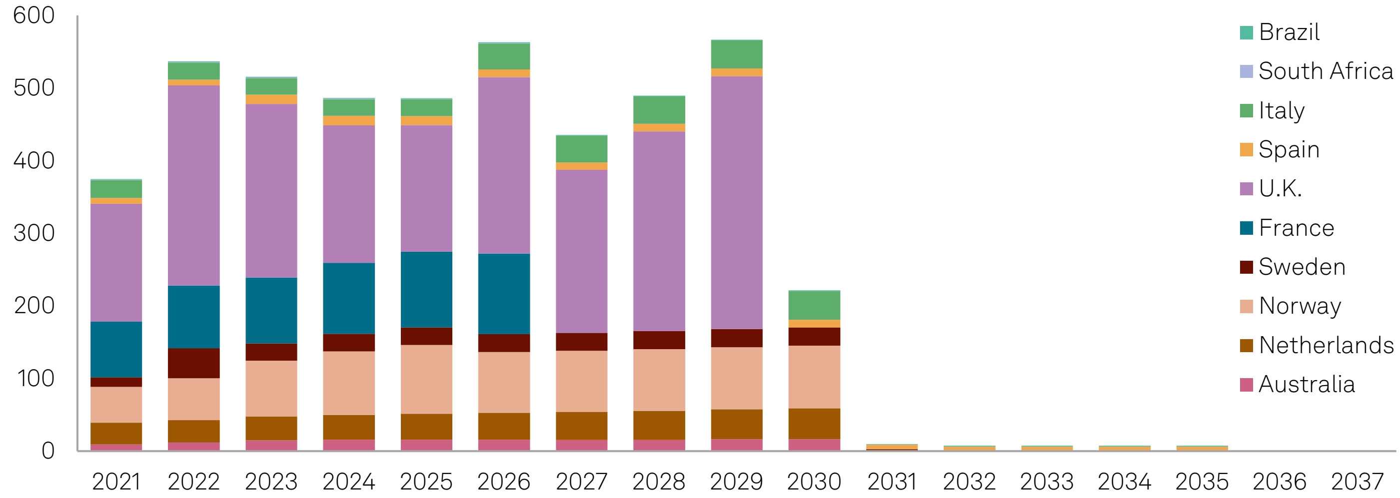
We calculate a point-in-time debt service coverage ratio, which anchors our rating, by dividing total remaining pledges at a specified stress level by the total outstanding debt. We then take a forward-looking view for the next two years by estimating additional debt issuance and future pledges. Our estimated coverage ratio only includes pledges from contributors rated at the same level as IFFIm or higher (that is, currently 'AA' or above). As of year-end 2021, IFFIm's total outstanding debt increased to $1.8 billion from $916 million in the previous year, following funding activity given an increase in pledges from members to support Gavi, particularly in its COVID-19-related efforts.

In Gavi's replenishment for the 2021-2025 period, Italy, the Netherlands, Norway, and Sweden pledged the equivalent of $937 million to IFFIm as part of the $8.8 billion in total pledges for Gavi's 2021-2025 strategic goals to support the immunization of 300 million children. We believe the 2020 Gavi replenishment, as well as other donor contributions, has demonstrated IFFIm's value proposition in support of its policy importance. Donor pledges can be reduced based on how many Gavi-eligible recipient countries have protracted arrears to the IMF. Sudan cleared its arrears to the IMF in May 2021, and Somalia cleared its arrears in March 2020. No other countries are in arrears.

We determine support for IFFIm by evaluating the support of its strongest contributors. Apart from the U.K., which contributes 44% of support, highly rated contributors include Australia, Norway, the Netherlands, and Sweden (all rated 'AAA'), which together account for 34% of the contributions IFFIm is to receive from 2023 and onward. The third-largest donor is France (rated 'AA'), which provides 11% of the total estimated remaining inflows into IFFIm. Other lower-rated contributors are Italy (7%) and Spain (3%), as well as Brazil (less than 0.4%), and South Africa (less than 0.1%).

To measure IFFIm's risk-adjusted gearing, we calculate the coverage of the outstanding debt by total remaining pledges from 'AAA' and 'AA' rated sovereigns under a severe stress scenario. We estimated this ratio to be 1.6x as of Dec. 31, 2021, and 1.0x as of Dec. 31, 2022. This ratio could drop below 1x if we exclude the U.K.'s and France's pledges. We use our sovereign ratings as proxies for

Scheduled Donor Payment (US$ Mil.)



*2021 values represent total amount expected for the year.

the credit quality of donor pledges, given we understand the pledges are legal obligations of the sovereigns. Moreover, we consider that IFFIm retains policy importance for its biggest donors, supporting global vaccinations through Gavi.

IFFIm has its own gearing ratio to manage credit risk and protect the facility from insolvency--calculated and presented to the board quarterly by IBRD. It includes a gearing ratio limit, which limits net financial obligations to the present value of scheduled payments from grantors. The limit was 74.1% as of year-end 2021, up from 70.5% in December 2020. This improvement reflects Sudan's and Somalia's arrears clearance and an increase in pledges. The actual gearing ratio was 40.3% as of December 2021, up from 15.6% as of December 2020, whilst IFFIm continues to disburse funds to Gavi.

As of Dec. 31, 2021, and Dec. 31, 2020, the minimum liquidity requirements were US$99 million and US$40 million, respectively, calculated as the equivalent cumulative contracted debt service payments for the next 12 months. IFFIm's liquid assets totaled US$615 million and US$492 million in 2021 and 2020, respectively. It has been active in the funding market over the past two years. During 2022, it issued two bonds: a £250 million three-year fixed-rate bond, and a $500 million fixed-rate bond in November.

Outlook

The negative outlook reflects potential downside risks that we believe could diminish the credit quality of IFFIm’s grant receivables over the next two years, which would weigh on its debt service coverage ratio.

We could lower the ratings on IFFIm in the next two years if we were to lower our sovereign credit ratings on its highly rated donors, or if IFFIm increases its debt outstanding absent additional donor pledges. We could also downgrade IFFIm if highly rated contributors delay donor grants or if, due to political events, we change our view that the credit quality of the countries' pledges is equal to their sovereign debt obligations.

We could revise the outlook to stable and affirm the ratings over the next two years if we were to improve the outlook on IFFIm’s highly rated donors, especially the U.K., or if additional pledges support a stronger debt service coverage ratio.

International Finance Facility for Immunisation – Selected Financial Information

	As of Dec. 31 Fiscal Year End				
BALANCE SHEET (MIL. US$)	**2022**	**2021**	**2020**	**2019**	**2018**
Assets					
Cash held in trust	27	12	14	0	2
Funds held in trust	1,005	603	478	428	817
Prepayments	35	294	0	0	0
Derivative financial instruments due within one year	-	1	0	0	1
Sovereign pledges due within one year	484	555	405	328	306
Current assets	1,551	1,464	897	757	1,127
Sovereign pledges due after more than one year	2,467	2,882	2,881	1,745	1,944
Derivative financial instruments due after more than one year	447	150	79	2	2
Total assets	**4,465**	**4,496**	**3,858**	**2,504**	**3,073**
Liabilities					
Grants payable to GAVI Fund Affiliate			0	0	0
Creditors falling due within one year	612	496	202	533	833
Derivative financial instruments due within one year	2	2	6	26	1
Current liabilities	615	498	208	559	834
Creditors falling due after more than one year	1,859	1,746	876	335	511
Derivative financial instruments due after more than one year	357	344	481	495	530
Total liabilities	**2,831**	**2,588**	**1,565**	**1,390**	**1,875**
Net assets	**1,634**	**1,908**	**2,293**	**1,114**	**1,198**
Memo item					
Net current assets	936	966	690	197	293

INCOME AND EXPENDITURE ACCOUNT (MIL. US$)	**2022**	**2021**	**2020**	**2019**	**2018**
Revenue					
Contribution revenue	541	719	1,347	59	11
Donated services	1	1	1	1	1
Investment and interest income	11	1	4	23	21
Total revenue	**554**	**721**	**1,353**	**83**	**32**
Expenses					
Program grants to GAVI Fund Affiliate	(490)	(1,449)	(210)	(216)	0
Treasury manager's fees	(3)	(2)	(2.1)	(2.1)	(1.9)
Governance costs	(2)	(2)	(2.1)	(2.1)	(2.0)
Financing income (expenses) on bonds and bond swaps	9	4	(36)	(23)	(28)
Other net financing income (expenses)	(83)	51	77	75	154
Total expenses	(569)	(1,400)	(174)	(168)	122
Surplus (deficit) for the year	(15)	(679)	1,178	(84)	154
Memo item					
Payments received from donors	553	443	349	331	339

International Fund for Agricultural Development

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on Nov. 21, 2022

Rating Components

SACP: 'aa+'

Enterprise risk profile: 'Strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

IFAD's mission is to transform rural economies and food systems by making them more inclusive, productive, resilient, and sustainable.

Issuer Website

www.ifad.org

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Rationale

Since its creation in 1977, IFAD has provided $23 billion of funding to eradicate poverty and hunger by investing in poor rural communities and currently has loan exposures in 109 countries. We believe that IFAD's unique and strongly supported mandate, to transform agriculture systems in poor rural areas improve their economic sustainability, underpins its enterprise risk profile. IFAD has 177 member countries, of which Poland was the last to join in June 2020; 12 members have signed up over the past decade. IFAD focuses on borrowers that are not serviced by private-sector entities or other MLIs. We believe IFAD has a track record of fulfilling its public policy mandate through the economic cycles and financial crises, and we expect this will remain the case for foreseeable future.

IFAD's policy importance is demonstrated by what we view as very strong support from its member states. The most recent IFAD12 capital replenishment cycle targets $1.55 billion in contributions from members. As of October 2022, 108 countries have pledged a total of $1.3 billion. In IFAD12, about 47 countries planned to increase their contributions compared to IFAD11, and major G7 countries increased their contributions by more than 30%. All G20 countries are IFAD members except Australia, the only member to withdraw from the institution. Generally, when a member decides to leave an MLI, we consider it negative for the MLI. However, Australia withdrew from IFAD two decades ago, in 2003, and was not among the top 20 contributors at the time.

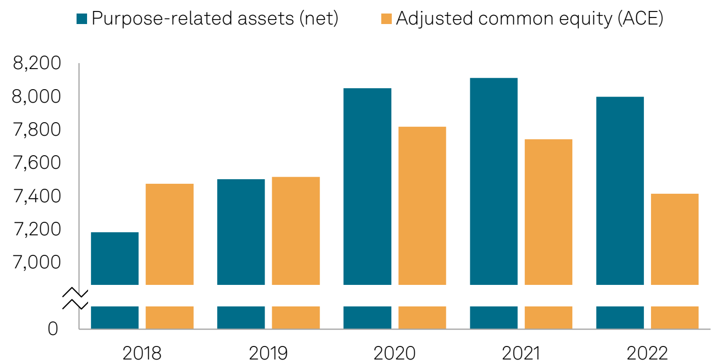
In our view, IFAD's policy importance is strengthened by its PCT. IFAD's arrears ratio stood at 2.5% of outstanding loans at end-June 2022, with four countries currently in arrears. The institution has never written off a loan, due to its strong payment-enforcement measures.

IFAD's governance structure is diversified by its large membership, with no private-sector holdings. Members' voting powers are determined by their capital contributions, which have not varied significantly over the past year, with the U.S. being the largest contributor (6%). While some members can also be borrowing countries, we believe agency risk is limited because loan amounts are determined by formula and objective indicators. Moreover, IFAD's top 10 members by contributions generally have high governance standards according to the World Bank's indicators. We believe that IFAD's management, with its new president appointed in 2022, will implement the new risk frameworks (liquidity, enterprise risk management, and borrowing), and align the organizational setup and processes in a gradual and prudent way while focusing on building its capacity to respond to the food crisis.

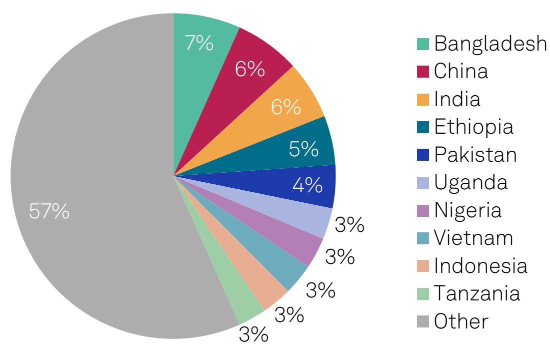
At end-June 2022, the fund's RAC ratio stood at 81% (using parameters as of Nov. 17, 2022), incorporating adjustments specific to MLIs. Our main adjustment to IFAD's RAC ratio is its single-name exposure concentration, which is essentially offset by the benefit that accrues from its PCT. Since we expect capital contributions will remain the cornerstone of IFAD's funding mix, we also expect its portion of concessional loans and grants to have the largest share of investments. Therefore, due to the nature of the institution, IFAD is likely to remain loss-making, as grants and the debt sustainability framework expenses weigh on its income statement, exceeding interest-earning loans.

IFAD's funding structure comprises capital contributions from its members, and more recently, the introduction of sovereign loans and concessional partner loans, but it lacks a track record of market funding. In December 2021, IFAD established a euro medium-term note program, under which in June 2022 it made its first inaugural private placement issuance of $100 million, followed by a second placement of $50 million. We expect IFAD will increase its leverage in a prudent and gradual manner, with debt equity not exceeding 35% during IFAD12. We assess IFAD's liquidity as strong; its six- and 12-month liquidity ratios stood at 2.43x and 1.74x, respectively, at end-June 2022, proving that its current cash inflows comfortably exceed its scheduled outflows.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook on IFAD reflects our view that its mandate will continue to be strong and supported by increasing needs in the poorest countries most affected by the ongoing macroeconomic challenges that have materialized following the outbreak of COVID-19 and the conflict in Ukraine. The stable outlook also reflects our view that IFAD will continue to be mainly equity funded, despite the institution introducing capital market funding, with shareholders capital contributions.

We could consider a negative rating action if we observed waning support for IFAD from its member states, implying a weaker policy importance. Although unlikely, we could also take a negative rating action if we saw IFAD’s RAC ratio deteriorating significantly to below 23%, or liquidity dropping to less than 1x its commitments for the next 12 months.

Although unlikely, we could take a positive rating action if IFAD significantly strengthened its governance, showing a structural track record of effective implementation of its new borrowing framework and adherence to its newly developed policies while maintaining robust support from its members.

International Fund For Agricultural Development – Selected Indicators

	As of June 30 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	82,58	8,234	8,177	7,614	7,313
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	0	0	0	0	0
Gross loan growth (%)	0	1	7	4	2
PCT ratio (%)	2	2	2	3	N.A.
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	50	50	50	51	N.A.
Concentration of top two shareholders (%)	11	10	11	11	N.A.
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)*	78	83	86	90	N.A.
Net interest income/average net loans (%)	1	1	1	2	2
Net income/average shareholders' equity (%)	-5	-4	-4	-4	-4
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	15	14	12	11	12
Liquid assets/gross debt (%)	77	92	101	135	182
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.7	2.5	2.4	2.1	N.A.
12 months (net derivate payables) (x)	1.5	1.4	1.4	1.4	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.7	0.6	0.5	0.4	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	19	16	12	8	7
Short-term debt (by remaining maturity)/gross debt (%)	3	2	3	2	0
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	16.2	11.4	14.8	8.6	N.A.
SUMMARY BALANCE SHEET					
Total assets	10,240	10,596	9,883	9,400	9,286
Total liabilities	2,274	2,012	1,681	1,273	959
Shareholders' equity	7,966	8,584	8,203	8,126	8,327

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A. --Not available. N/A-- Not applicable.

Islamic Corp. for the Development of the Private Sector

Ratings

A-/Stable/A-1+

Ratings and outlook affirmed on Nov. 30, 2022

Rating Components

SACP: 'a-'

Enterprise risk profile: 'Moderate'

Financial risk profile: 'Very strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

ICD operates as a multilateral financial institution for the development of its member countries through investment in the private sector. It offers long- and short-term financing, advisory, and arrangement services for small- and medium-sized businesses, governments, and public and private companies.

Issuer Website

www.icd-ps.org

Rationale

Over the past few years, ICD has encountered difficulty in fulfilling its mandate. Its purpose-related assets as a percentage of total assets have steadily declined since 2016, largely the result of a revaluation of equity exposures. We believe institutional capacity constraints will ease, and operational activities will expand. As of June 30, 2022, ICD's new management team had approved about US$400 million worth of projects (US$244 million at year-end 2021) while we expect a further US$600 million in 2023, signalling the early stages of a new expansionary strategy and highlighting its commitment to growing purpose-related exposures.

Established in 1999, ICD's purpose is to promote private-sector development across member countries. All of ICD's member countries are also members of the Organization of Islamic Cooperation. Although under the umbrella of the IsDB Group, ICD is a separate and distinct entity from the IsDB. In 2021, 60% of project approvals were allocated to the Middle East and North Africa region, with a growing proportion channelled to the Central Asia region, including Uzbekistan and Kazakhstan. Disbursements were concentrated in the financial services sector (62%), followed by transportation (19%), infrastructure and energy (14%), and industry and mining (5%). ICD continues to operate in member countries that are in fragile or conflict-affected situations.

The three largest shareholders (IsDB, Saudi Arabia, and the Saudi Public Investment Fund) fully subscribed and completed their capital payments for the second general capital increase. However, support from smaller shareholders remains uncertain and there are still delays in capital payments, although we note some member countries face unique circumstances.

We view ICD's governance and risk management framework as adequate. The corporation's members are IsDB, five public financial institutions, and 55 member countries, the same countries as the IsDB, except for Oman and Guyana. IsDB and Saudi Arabia (including shares held by the Ministry of Finance and the Public Investment Fund) own just over 70% of the corporation. Management has changed frequently in the past five years and in 2022 another management team was introduced under a new interim CEO; the current CEO of the International Islamic Trade Finance Corporation--a subsidiary of the IDB Group. We expect that the new team will remain committed

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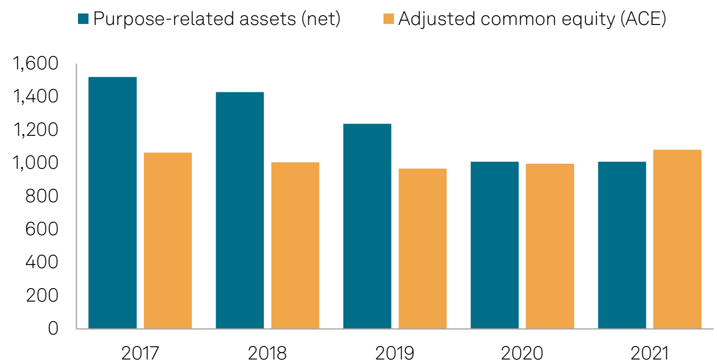
to expanding approvals, disbursements, and advancing ICD's existing mandate.

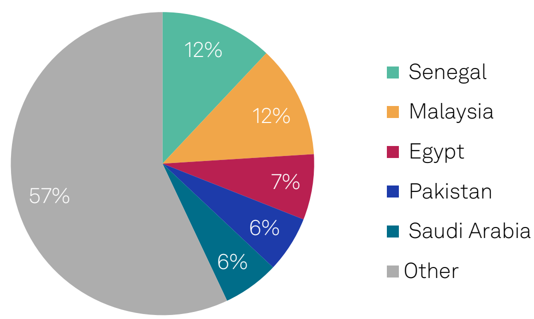
Profitability has improved but there remain concerns over asset quality. The RAC ratio after MLI adjustments fell to 26.5% on June 30, 2022, from 30.7% on June 30, 2021, after a drop in total adjusted capital. This mainly occurred because of a revaluation of liquid assets; we expect the change in value to reverse over time. ICD has been reporting net losses since 2017, which have weighed on its capital, but reported net income of US$9 million at year-end 2021. The NPA ratio stood at 14.4% on June 30, 2022, which remains elevated in comparison with that of peers. However, they originate from more than five years ago and 90% are covered by provisions.

ICD maintains a conservative funding profile with shareholder equity as the primary funding source. We estimate that its funding profile has no gaps of up to two years, excluding loan disbursements. The bank maintains a very high level of liquidity. Liquid assets accounted for 64% of adjusted total assets and 105% of gross debt at year-end 2021. That said, we expect this ratio will decline below 50% over the next few years, in line with our assumption of increasing disbursements. Using June 30, 2022, data, ICD's liquidity ratio was 5.0x (3.6x on June 30, 2021) at the one-year horizon, including scheduled loan disbursements. We estimate that, if needed, the corporation could accelerate its scheduled disbursements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that ICD will pursue its mandate by expanding its loan book and increasing off-balance-sheet activities while maintaining current levels of capitalization. In our view, this would likely require additional shareholder funds or a strengthening of ICD's earnings capacity.

We could lower the rating over the next two years if ICD's capital or liquidity positions deteriorates. In addition, we could take a negative rating action if ICD's purpose-related assets continue to stagnate or decline, suggesting management is unable to convert strategic decisions into practice.

We could raise the rating over the next two years if risk management improves; for example, if NPA levels decline, while ICD maintains strong capitalization levels. Furthermore, a positive rating action could follow if ICD creates a track record of meaningfully increasing purpose-related assets and other activities, especially if growth stems from high-quality projects that support its mandate.

Islamic Corp. for the Development of the Private Sector – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	1,115	1123	1311	1541	1574
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
*Private-sector loans/purpose-related exposures (%)	68	71	73	70	56
Gross loan growth (%)	-6	-17	-11	23	4
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	N.A.	58	57	59	56
Concentration of top two shareholders (%)	N.A.	76	74	74	73
Eligible callable capital	N.A.	N.A.	N.A.	N.A.	N.A.
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	30	26	24	20	21
Net interest income/average net loans (%)	1	-2	-11	-20	-4
Net income/average shareholders' equity (%)	1	-2	-11	-32	-10
Impaired loans and advances/total loans (%)	19	16	13	13	14
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	64	67	47	50	43
Liquid assets/gross debt (%)	105	101	80	76	69
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	5.2	2.2	5.0	2.8	4.0
12 months (net derivate payables) (x)	4.4	1.7	2.5	2.5	3.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	5.7	1.9	3.1	2.7	3.4
Funding ratios					
Gross debt/adjusted total assets (%)	61	66	59	66	63
Short-term debt (by remaining maturity)/gross debt (%)	61	54	80	55	48
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	4.3	1.4	2.8	3.1	4.4
SUMMARY BALANCE SHEET					
Total assets	2,965	3,268	2,529	3,071	3,001
Total liabilities	1,886	2,272	1,562	2,067	1,938
Shareholders' equity	1,079	995	967	1,004	1,063

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A.-- Not applicable. N.A.-- Not available.

* Private-sector loans do not include the equity investments which are part of purpose-related exposures. N.A. --Not available.

Islamic Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Nov. 22, 2022

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Very strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: N/A

Purpose

To foster the economic development and social progress of member countries, all of which are predominantly Islamic, and Muslim communities in nonmember countries. These activities are to be conducted according to the principles of Sharia.

Issuer Website

www.isdb.org

Rationale

IsDB began operations in 1975 with a mandate to foster and promote economic development and social progress in member countries, and in Muslim communities in nonmember countries. The bank conducts all business in a Sharia-compliant manner, and, in our view, this unique role cannot not be fulfilled by any other MLI or commercial bank. The bank is connected to the Organization of Islamic Cooperation (OIC), the leading intergovernmental organization for Muslim countries, through a solidarity agreement. All of IsDB's member countries are also members of the OIC. IsDB's enterprise risk profile incorporates the bank's important role in promoting economic development and social progress in member countries and Muslim communities in nonmember countries. The bank has a long track record of fulfilling its role through credit cycles. IsDB also enjoys stronger geographic diversity than most regional MLIs, given its mandate is not defined under geographic terms.

IsDB is primarily a sovereign lender, with sovereign exposure at about 87.4% of its portfolio of purpose-related assets. IsDB has consistently maintained its private sector portfolio below 10% (5.6% as of end-2021) and additionally has equity investments accounting for 7.8% of its portfolio. IsDB's private sector portfolio consists mostly of project finance, though we note the overlap with the ICD, the main private sector lender, which IsDB partially owns. Because of the asset-backing principles inherent in Islamic finance, IsDB does not extend policy loans, balance of payments loans, or budget support.

Despite strong shareholder support, there are ongoing tensions among major shareholders. These include longstanding tensions between the bank's largest shareholder, Saudi Arabia, and its third-largest, Iran. In addition, two shareholders, Libya--the second-largest--and Yemen, are embroiled in civil wars, with several shareholders supporting different sides. Positively, in 2021 several shareholders, including Saudi Arabia, Bahrain, and Egypt, ended a boycott of Qatar (the sixth-largest shareholder) and reopened commercial, trade, and transport links.

Although not all member countries have paid every capital contribution on time, in our view, this is compensated for by their agreement to frequent general capital increases. The amount of capital that was overdue as of 2021 was higher than peers, but did not meaningfully impair IsDB's ability to extend lending. On Dec. 31, 2021, overdue amounts represented about 2.7% of called-up capital ($364 million, or Islamic dinar 259.56 million, using that date's exchange rate). The ratio of overdues to called-up capital has risen gradually since 2017

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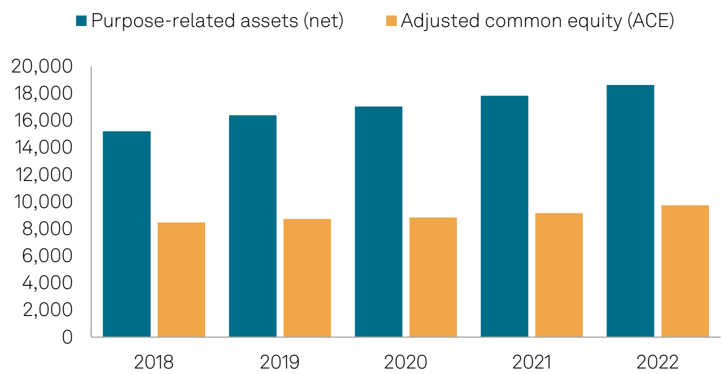
when it was 1.3%. Libya is member country with the most overdue capital subscriptions. Other large shareholders, such as Nigeria and Iran, also have overdue subscriptions. We are monitoring the situation carefully for signs of further deterioration.

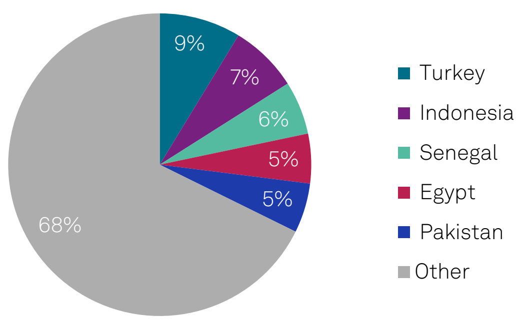
The arrears ratio for June 30, 2022, is in line with our expectations at 3.8% (2.4% on June 30, 2021). The recent uptick indicates that Sudan is again in arrears and IsDB, together with other lenders, is now discussing debt relief measures as Sudan reached its completion point under the World Bank's HIPC initiative. We view IsDB's governance and risk management framework as conservative, but lagging that of most 'AAA' rated peers. Since 2018, IsDB has undertaken several initiatives to enhance its enterprise-wide risk management and governance processes. It formulated a risk appetite framework, enhanced oversight of market and liquidity, and improved its risk review function at the portfolio level. It also made improvements related to credit risk management and is entering the final stages of implementing an economic capital model.

IsDB maintains a robust capital position, with a RAC ratio higher than most similarly rated peers. The RAC ratio after MLI adjustments as of end-June 2022 (parameters as of Nov. 14, 2022) was 34.2%. In our view, IsDB has a sound funding and liquidity profile. The bank relies on Sharia-compliant funding with the majority of liabilities from sukuk issuance. Under our liquidity stress scenario, at all horizons up to one year, IsDB would fully cover its balance sheet liabilities without market access.

Purpose-Related Assets and Adjusted Common Equity (SDR Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross). Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook indicates that we expect IsDB's financial profile to remain extremely strong over the next 24 months. In addition, the bank is likely to continue to enjoy PCT and strong shareholder support.

We could lower the ratings if support from shareholders weakens, such that we see a significant and prolonged increase in overdue capital payments, or if tensions between member countries hurt the bank's operations, ultimately curtailing its strategy and lending expansion.

We could also lower the ratings if IsDB's financial or risk management profiles deteriorated, as indicated by consistent and significant increases in leverage or a pronounced weakening in the bank's sovereign or private sector lending books. A deterioration could be triggered, for example, if rising political and economic risks in member countries caused any of IsDB's larger borrowers to fall into arrears.

Islamic Development Bank – Selected Indicators

	Dec. 31 Year-end				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	19,122	18,278	17,460	16,751	15,591
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	85	85	86.2	84.4	84.6
*Private-sector loans/purpose-related exposures (%)	7	7	6.4	7.1	6.8
Gross loan growth (%)	-5	5	6.0	7.8	9.1
PCT ratio (%)	4	4	3	4	5
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	33	33	33	33	33
Eligible callable capital	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	36	35	33	32	34
Net interest income/average net loans (%)	4	4	4	4	4
Net income/average shareholders' equity (%)	2	1	1	2	1
Impaired loans and advances/total loans (%)	1	1	1.6	3.7	4.1
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	31	31	30	30	30
Liquid assets/gross debt (%)	50	51	50	57	57
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.7	2.7	2.2	1.8	1.8
12 months (net derivate payables) (x)	1.7	2.0	1.6	1.4	1.2
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.3	1.5	1.2	1.1	0.8
Funding ratios					
Gross debt/adjusted total assets (%)	61	61	59.3	52.4	53.6
Short-term debt (by remaining maturity)/gross debt (%)	18	12	16.0	12.3	24.8
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	2.3	3.7	2.8	2.5	2.1
SUMMARY BALANCE SHEET					
Total assets	27,058	26,027	24,422	23,574	22,047
Total liabilities	16,985	16,482	15,307	14,509	13,307
Shareholders' equity	10,073	9,544	9,115	9,065	8,740

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A--Not applicable
* Private-sector loans do not include the equity investments which are part of purpose-related exposures.
**Does not include non-sovereign impaired loans

New Development Bank

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on Feb. 26, 2023

Rating Components

SACP: 'aa+'
Enterprise risk profile: 'Very strong'
Financial risk profile: 'Extremely strong'
Extraordinary support: '0'
Holistic approach: '0'
Eligible callable capital: N/A

Purpose

The bank mobilizes resources for infrastructure and sustainable development projects in Brazil, Russia, India, China, and South Africa (BRICS) and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development.

Issuer Website

www.ndb.int

Rationale

The affirmed ratings reflect our opinion that NDB will establish itself as a catalyst to reduce the infrastructure deficits faced by BRICS members. At the same time, we expect the bank to continue to instill sound governance and risk management principles across its operations. This expectation supports our assessment of NDB's very strong enterprise risk profile and extremely strong financial risk profile.

NDB remains vulnerable to adverse geopolitical developments from the ongoing Russia-Ukraine conflict. That said, the bank has been swift and effective in responding to the repercussions of Russia's involvement in the bank. Within days of the invasion, NDB suspended all operations in Russia. The bank introduced governance changes, resulting in the director from South Africa being appointed as the interim chairperson of the board of directors. We believe these decisive actions proactively assuaged market concerns on NDB's institutional integrity.

NDB's upward trajectory as a catalytic lender paused in 2022. Disbursements contracted to US$1.1 billion from US$5.7 billion the year before. This was the result of a confluence of factors, including the suspension of all lending to Russia, completion of COVID-related disbursements, and slowdown in loan demand from members. We view the accelerated disbursements during the pandemic years of 2020-2021 as temporary, and expect NDB to revert to a more sustainable level of disbursements of US$3 billion-US$4 billion over the next three years.

Strong shareholder support underpins our assessment of NDB's enterprise risk profile. The five founding member nations made an equally large paid-in contribution (US$2 billion each), which signals ongoing and likely future support. For all member countries, except China, the commitment represents the largest invested amount and biggest stake in any MLI. Russia continues to demonstrate strong shareholder support to NDB, despite the fallout from its invasion of Ukraine. It has remained current on all its obligations to the bank. Through a presidential decree, Russia has waived all capital controls for NDB, such that the bank is able to receive all repayments in foreign currencies.

We assess NDB's risk management policies as sound and similar to those of highly rated peers. We believe NDB's management is balanced and capable of delivering on its mandate. The senior management team has wide experience in MLIs with significant hands-on involvement in running crucial departments of development institutions.

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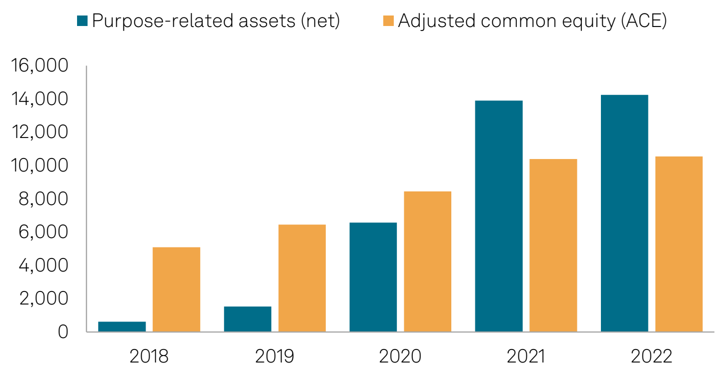
Given NDB's short period of operations, the institution has not yet built a track record of strong repayment behavior and PCT from borrowing countries. We base our assessment of NDB's PCT on a forward-looking basis. Russia's treatment of NDB as a preferred creditor in the wake of the war has thus far justified our view.

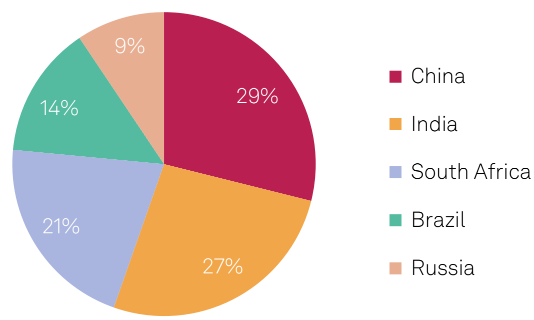
Despite the lower disbursements last year, NDB's RAC ratio declined to 25.6% as of end-2022 from 29% a year earlier. The decrease was predominately driven by the bank's exposure to Russia (about 12% of total portfolio). The sovereign rating on Russia was 'BBB-' before the war. Russia was downgraded to 'SD' and the rating withdrawn in April 2022. This caused the risk weights on NDB's sovereign exposure to increase precipitously.

We note NDB did not issue dollar bonds in 2022, likely due to excessive premium to be paid from association with Russia, but also due to lower disbursements needs. The bank filled the funding gap with larger-than-usual issuances in the Chinese renminbi market. As these reputational risks recede, we expect NDB to tap international capital markets in 2023 with dollar bond issuances. NDB's liquidity is very robust, and comprises deposits with various financial institutions in China, Hong Kong, and Singapore. Using end-December 2022 data and incorporating our liquidity haircuts, our six-month and 12-month liquidity coverage ratios for NDB are 1.50x and 1.23x, respectively, including scheduled loan disbursements.

Purpose-Related Assets and Adjusted Common Equity (US$ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that NDB will establish itself as an important player in the funding of infrastructure in BRICS countries over the next two years.

NDB's capital adequacy metrics have fallen due to its Russia exposure. However, we expect the bank's financial profile to remain healthy and support the ratings at the current level, when combined with a very strong enterprise risk profile.

We would lower the ratings on NDB if we believe the bank's relationship with shareholders has deteriorated. While highly unlikely, this could take the form of any of the founding members withdrawing their membership. In addition, any material deviation from NDB's business plan or best practice application of policies could have a negative effect on the ratings. Furthermore, we may lower the ratings if the bank's RAC and liquidity ratios deteriorate to an extent that its financial ratios are no longer compatible with those of similarly rated peers.

We would upgrade NDB if the bank is able to further raise its public policy profile and importance. In this scenario, we envisage a substantial geographical expansion of NDB's operations through an increase in the number of shareholders with more than token stakes. Also, we would expect the loan portfolio to be more evenly balanced, with active disbursements to new members. Such developments could strengthen our assessment of NDB's enterprise risk profile.

New Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	14,374	13,937	6,609	1,538	625
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	87	85	86	83	88
*Private-sector loans/purpose-related exposures (%)	13	15	13	17	12
Gross loan growth (%)	3	111	330	146	2,518
PCT ratio (%)	-	-	-	-	-
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	95	100	100	100	100
Concentration of top two shareholders (%)	38	40	40	40	40
Eligible callable capital	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	26	27	27	45	79
Net interest income/average net loans (%)	3	1	4	18	34
Net income/average shareholders' equity (%)	1	1	1	2	2
Impaired loans and advances/total loans (%)	-	-	-	-	-
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	44	43	61	95	89
Liquid assets/gross debt (%)	78	76	123	405	1,109
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.5	2.3	1.8	2.6	>100
12 months (net derivate payables) (x)	1.2	1.7	1.1	1.6	1.9
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.3	1.1	2.7	3.7
Funding ratios					
Gross debt/adjusted total assets (%)	57	57	49	20	8
Short-term debt (by remaining maturity)/gross debt (%)	21	24	34	45	3
Static funding gap (without planned disbursements):					
12 months (net derivate payables) (x)	1.9	2.2	2.9	8.5	> 100
SUMMARY BALANCE SHEET					
Total assets	26,351	24,888	18,844	11,821	10,402
Total liabilities	15,536	14,155	8,511	1,649	458
Shareholders' equity	10,815	10,733	10,333	10,171	9,945

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A -- Not applicable.
* Private-sector loans do not include the equity investments which are part of purpose-related exposures.

Nordic Investment Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on March 26, 2023

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Very strong'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: €5.8 billion (as of June 30, 2023)

Purpose

To promote sustainable economic growth in member countries via long-term financing for private and public projects. It also finances projects in emerging markets outside of member countries that are of mutual interest to member and borrowing countries.

Issuer Website

www.nib.int

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Rationale

Established in 1975, NIB is a regional multilateral institution that finances projects in Nordic and Baltic countries. Its policy mandate focuses on providing loans to productivity- and environment-enhancing investments in the region. We believe the bank's operations will continue to benefit from strong demand for long-term funding from public-sector entities in the Nordics and Baltics. Sweden, Norway, Denmark, Finland, and Iceland founded NIB as the Nordic countries' joint international financial institution in 1975. In January 2005, the bank's membership expanded with the entrance of Estonia, Latvia, and Lithuania, reflecting the new members' economic integration with the Nordic countries.

NIB continues building a strong record of increasing its presence and fulfilling its mandate. Its countercyclical role as a long-term lender in the region was further illustrated during the pandemic, and market turbulence triggered by the escalation of war in Ukraine in 2022. As an immediate response to the pandemic, the bank substantially increased its lending activities that, at end-2020, resulted in total lending volumes reaching a record €5.6 billion and disbursements of €4.9 billion, of which €1.5 billion was disbursed as response loans to its Baltic sovereign members with a maturity of 10-15 years. The bank's sovereign-related exposures stood near 10% of the total at end-2022, so we consider that the PCT awarded on sovereign exposure does not substantially improve the enterprise risk profile. Instead, we reflect it in lower risk weights in our capital framework.

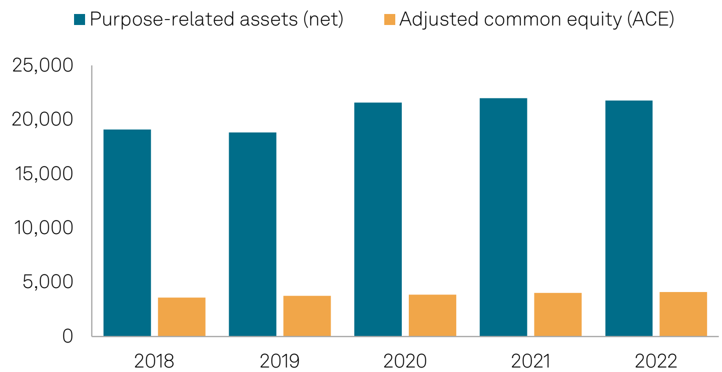
We believe NIB has sound governance and risk management frameworks. Our assessment reflects the bank's diversified shareholder base, transparent governance, and seasoned senior staff, who have considerable experience and know-how.

As of end-2022, NIB's RAC ratio after adjustments was a high 23.8% (calculated using parameters as of March 13, 2023). This is a minor weakening from 24.2% in 2021, due to increases in lending and the treasury portfolio. We expect the RAC ratio to remain at these levels in the near term, on the back of solid lending growth and sound retained earnings. The ratio has decreased significantly from 28%-31% in 2017-2019. This is because the response loans increased the adjustment for single-name concentration to sovereign exposure. The quality of combined credit exposure is sound. As of end-2022, NIB had two NPLs totaling about €10 million (approximately 0.05% of the total lending portfolio), one to Russia (€1.3 million), and one to Belarus (€8.5 million). This is down from €76 million as of end-2021, as the bank wrote off the old NPLs in 2022. Other than the two NPLs, the bank does not have any exposure or commitments to Russia, Belarus, or Ukraine. The bank's exposure to the weaker segments of the corporate sector, such as small and midsize enterprises, remains modest.

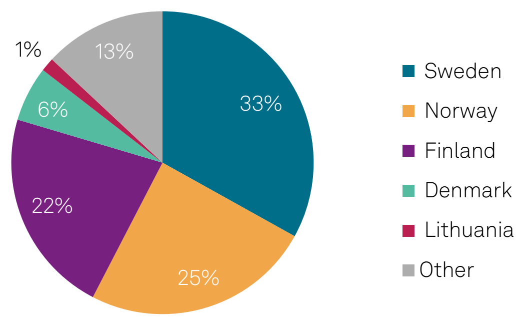
We observe the continuous consolidation of a more dynamic funding strategy at NIB, resulting in more frequent issuances. Historically, NIB's benchmark issuance resulted in episodically short-term financing needs, which are uncharacteristic of other highly rated MLIs. However, the occasional slight funding gaps between the bank's maturing assets and liabilities have narrowed over the past few years because the institution has been expanding its issuance profile to cater for collateral posting under two-way credit support annexes. NIB's explicit environmental mandate places the bank in a solid position to issue green bonds and allocate green funds to projects supporting the mandate. Our six- and 12-month liquidity ratios, at 1.76x and 1.45x, respectively, indicate the bank could cover all committed lending and debt repayments for at least one year, even under extremely stressed market conditions, without access to capital markets. Moreover, we believe NIB could fully accelerate its legally binding commitments in one year without spreading disbursements.

Our 'AAA' rating on NIB is supported by €5.8 billion (about 1.5x of total adjusted capital) in subscribed callable capital from members rated 'AAA': Denmark (unsolicited ratings), Sweden (unsolicited ratings), and Norway. In our opinion, the callable capital mechanism for the bank is one of the strongest among rated MLIs, and funds have already been approved by national parliaments or governments. Because of NIB's extremely strong stand-alone financial risk profile, we do not incorporate uplift for extraordinary support; however, this provides strong resilience to any unexpected deterioration of capital adequacy.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our view that, in the next 24 months, NIB will continue to fulfil its mandate through the credit cycle, and that its robust risk management policies will ensure high credit quality on its lending book. We also expect the bank to maintain extensive support from its shareholders, endorsing its mandate and enabling strong internal capital generation.

We could lower the rating if, contrary to our expectations, NIB's relevance diminished, shareholder support weakened, or loosening governance substantially eroded the bank's capital base through higher dividend distributions. Also, a material deterioration in asset quality and less robust liquidity policies could pressure NIB's financial standing and lead to a lower rating.

Nordic Investment Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2022	2021	2020	2019	2018
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	21,796	22,049	21,653	18,840	19,104
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	51	51	49	43	44
Private-sector loans/purpose-related exposures (%)	49	49	51	57	56
Gross loan growth (%)	-1	2	15	-1	11
PCT ratio (%)	N/A	N/A	N/A	N/A	N/A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	100	100	100	100	100
Concentration of top two shareholders (%)	56	56	56	56	56
Eligible callable capital (mil. curr)	5,803	5,803	5,803	4,415	4,415
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	24	24	24	31	29
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	3	4	4	5	5
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	39	37	34	37	35
Liquid assets/gross debt (%)	47	43	41	44	43
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.8	1.9	1.7	1.8	1.4
12 months (net derivate payables) (x)	1.5	1.3	1.2	1.3	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.6	1.4	1.4	1.5	1.5
Funding ratios					
Gross debt/adjusted total assets (%)	82	86	84	85	83
Short-term debt (by remaining maturity)/gross debt (%)	26	25	20	21	22
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.4	1.2	1.3	1.4	1.5
SUMMARY BALANCE SHEET					
Total assets	39,280	37,553	35,422	32,653	31,710
Total liabilities	35,179	33,555	31,561	28,918	28,132
Shareholders' equity	4,101	3,999	3,861	3,735	3,578

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A-- Not applicable.

The OPEC Fund For International Development

Ratings

AA/Positive/A-1+

Ratings and outlook assigned Dec. 22, 2022

Rating Components

SACP: ‘aa’

Enterprise risk profile: ‘Strong’

Financial risk profile: ‘Extremely strong’

Extraordinary support: ‘0’

Holistic approach: ‘0’

Eligible Callable capital: N/A

Purpose

VThe OPEC Fund was established by treaty in 1976 by the member states of the Organization of the Petroleum Exporting Countries (OPEC). Its mission is to assist developing countries with the aim of alleviating poverty. It has a track record of operations and a global mandate, resulting in a diversified portfolio with a development footprint that spans more than 125 countries across Africa, Asia, the Middle East, Latin America, the Caribbean, and Europe.

Issuer Website

www.opecfund.org

Rationale

The OPEC Fund’s ownership is concentrated, with three countries holding 64% of the shares, led by Saudi Arabia at 35.2%, at year-end 2022. The OPEC Fund's shareholders rank lower in terms of the World Bank's transparency and governance indicators than those of peer MLIs. Still, no shareholder borrows from the fund, and we believe this mitigates some risk of potential political influence over lending decisions.

We consider the OPEC Fund’s current policy reach and developmental impact as constrained by its limited portfolio size. With purpose-related assets of $4.6 billion, it is markedly smaller than other MLIs that share global aid ambitions. However, the new strategic framework, approved in July 2019, lays out the institution’s plans through 2030 to expand its lending. A key part of this expansion is endowing the institution with the ability to leverage its balance sheet. In addition to direct loans extended, we expect the OPEC Fund to scale up its mobilization activities, deepening relationships with regional development institutions, in particular under the auspices of the Arab Coordination Group. Therefore, we believe the OPEC Fund's policy relevance could strengthen sustainably if the entity builds a track record under its ongoing expansion agenda.

Our assessment of the OPEC Fund's strong enterprise risk profile is anchored by our PCT assessment. Myanmar was the only sovereign with arrears in the past decade, corresponding to less than 0.4% of sovereign exposure outstanding. We consider the OPEC Fund's PCT status well tested. Over 2011-2022, nine sovereigns defaulted to commercial lenders (most recently Sri Lanka in 2022) while continuing to pay the OPEC Fund, reflecting its established role and position in the global development finance space.

Shareholders have shown their support for the OPEC Fund with four GCIs since inception. However, currently 11% of the total subscribed capital is in arrears. In this regard, we also acknowledge a wide discrepancy in financial strength and capacity across the limited group of shareholders.

As of June 30, 2022, the OPEC Fund's RAC ratio stood at 81% (using rating parameters as of Nov. 9, 2022), incorporating adjustments specific

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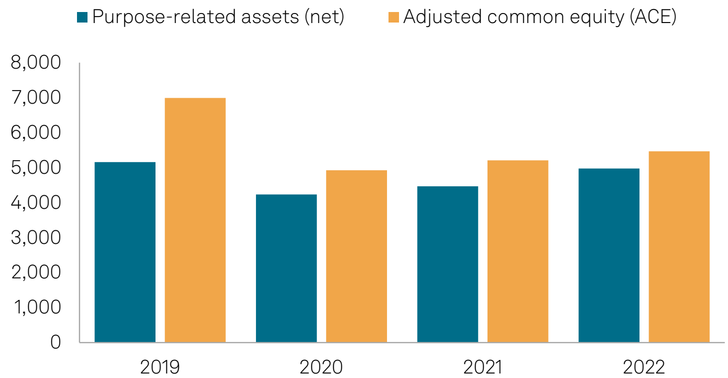
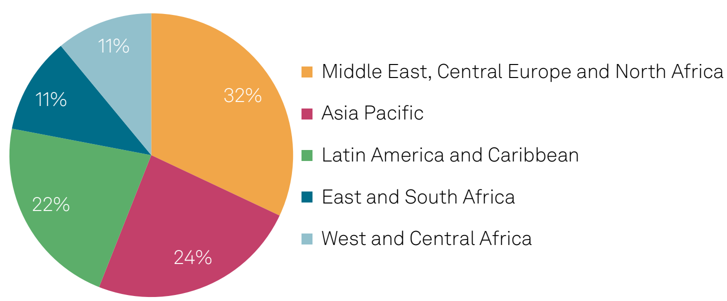
to MLIs. The OPEC Fund's RAC ratio is higher than that of most other MLIs and benefits from geographical and sectoral diversification as well as the PCT adjustments. In our view, the OPEC Fund's risk management policies are very conservative and currently there are no NPLs on the sovereign portfolio. The nonsovereign portfolio has $69.6 million of NPLs but, at 1.5% of total loans, this compares well with peers.

The OPEC Fund accessed the public markets in January 2023 raising $1 billion in a debut benchmark issuance. We expect these funds will finance the institution's ambitious lending agenda and help replenish the liquidity reserves utilized over 2022. In our view, the OPEC Fund could build a track record of capital market penetration over 2023-2024, as it expands its presence in the public funding market. We expect the OPEC Fund's liquidity to remain solid as it expands the liability side of its balance sheet and replenishes its liquidity over the coming two years. Today, its six- and 12-month liquidity ratios surpass our threshold for a strong liquidity assessment, at 1.76x and 1.26x respectively, proving that its current cash inflows and securities holdings (after 'AAA' stress scenario haircuts) comfortably exceed its scheduled disbursements.

Purpose-Related Assets and Adjusted Common Equity (€ Mil.)



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross). Dec. 31, 2022



Source: S&P Global Ratings.

Outlook

The positive outlook reflects our view that the OPEC Fund could solidify its developmental relevance and strengthen its policy relationship with shareholders over the next 12 months if it successfully executes its 2023-2025 business plan's expansion agenda in a turbulent market. The positive outlook assumes that the institution's financial risk profile will remain extremely strong, and that the OPEC Fund will manage financial risks prudently as it begins to leverage its balance sheet and meaningfully access market funding in 2023.

We could raise the rating if the OPEC Fund's development impact and public policy role strengthened sustainably. We would expect this scenario to entail continued dynamic lending growth and for the fund to establish a presence in public capital markets, supporting its increased disbursements. Confirmed engagements from shareholders, for example, a reduction in capital arrears from key members or an expansion of the institution's membership base, would also increase the likelihood of an upgrade.

We could revise our outlook to stable if the OPEC Fund's expansion agenda underwhelms or if we observed a meaningful reduction in shareholder support, for example, if shareholders lessened their interest in the policy function of the OPEC Fund to focus their developmental ambitions through other channels. In addition, although unlikely, pressures on its financial risk profile or an erosion of the OPEC Fund's very strong PCT could also result in us revising the outlook to stable.

The OPEC Fund For International Development – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	5,094	4,569	4,441	5,645	5,386
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	67	68	68	79	79
Private-sector loans/purpose-related exposures (%)	33	32	32	22	21
Gross loan growth (%)	11	4	-23	5	6
PCT ratio (%)	0	0	0	N.A	N.A
Governance and management expertise					
Share of votes controlled by regional borrower member countries (%)	0	0	0	0	0
Concentration of top two shareholders (%)	51	51	51	51	51
Eligible callable capital	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	87	82	78	N.A	N.A
Net interest income/average net loans (%)	4	4	4	4	4
Net income/average shareholders' equity (%)	1	3	3	4	1
Impaired loans and advances/total loans (%)	1	2	2	2	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	16	22	24	25	25
Liquid assets/gross debt (%)	>100	N.M.	N.M.	N.M.	N.M.
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.2	1.5	3.1	N.A.	N.A.
12 months (net derivate payables) (x)	1.0	1.3	1.7	N.A.	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.2	1.4	N.A.	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	1	N.M.	N.M.	N.M.	N.M.
Short-term debt (by remaining maturity)/gross debt (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	68.2	>100	56.7	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	6,232	6,086	5,919	7,224	7,380
Total liabilities	166	194	270	1,785	177
Shareholders' equity	6,066	5,892	5,649	5,438	7,203

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N/A -- Not applicable. N.A. --Not available. N.M -- Not Meaningful.
*Figures from 2020 onwards reflect the segregation of Special Capital Resources from Ordinary Capital Resources.

Comparative Data for Multilateral Lending Institutions

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The Supranationals Edition 2023 includes comparative data for 30 supranational institutions with public ratings assigned by S&P Global Ratings.

The data includes our PCT ratio, which measures how much an institution benefits from its PCT status, as well as ratios related to the institutions' governance structure and extraordinary shareholder support in the form of eligible callable capital.

Balance-sheet, off-balance-sheet, and income statement items address size and profitability, while the ratios address capital adequacy, credit quality and loss provisioning, leverage, liquidity, and profitability.

We used the most recent data we received from the institutions to calculate the RAC and liquidity ratios, incorporating the latest rating parameters. Most of the RAC and liquidity data is based on June 2023 financial information unless the information was not made available. Balance-sheet data and corresponding ratios are based on fiscal year-end accounts.

Historical data for the years 2017-2022 is generally as of the end of the fiscal year as each institution defines it. For the majority of institutions, the fiscal year-end is Dec. 31. For the International Bank for Reconstruction and Development, the International Finance Corp., and the International Development Assn., the fiscal year-end is June 30. The Islamic Development Bank and the Islamic Corp. for the Development of the Private Sector reporting periods correspond to the Gregorian calendar.

A Guide To The Tables' Main Components

Purpose-related exposure

Gross disbursed loans, securities held in lieu of loans, equity investments, and guarantees together constitute an institution's purpose-related exposure (PRE). PRE is a simple numerical indicator of an institution's aggregate policy impact (ignoring the value of the catalytic role and the advisory and technical services that many of these institutions provide, as well as the efficiency with which funds are spent).

Preferred creditor treatment

Our PCT ratio helps us determine how much an institution benefits from its PCT status. The ratio sums, with separate weights, current exposures in arrears--as well as exposures that historically entered or were expected to enter arrears--and divides this amount by the institution's total sovereign exposure.

Callable and paid-in capital

Our measure of eligible callable capital only includes callable capital from shareholders rated at or above the SACP of the institution. We make this distinction because in market conditions that would lead to an institution being on the verge of default and thus resorting to a capital call, we anticipate that the shareholders would be under similar stress.

Paid-in capital as reported on an institution's balance sheet may be adjusted to increase comparability, given differences in accounting treatments. Adjustments include subtractions of 1) the portion of the paid-in capital that is not yet due (when carried as an asset), 2) receivables on account of subscribed capital, 3) restricted currency holdings, and 4) maintenance of the value of payments receivable, all of which may be unavailable to meet an institution's obligations in a time of financial stress and, hence, are not reliable components of its cushion for losses.

Shareholders' equity

Shareholders' equity as reported on an institution's balance sheet may be adjusted by subtracting the adjustments to paid-in capital from the reported shareholders' equity, investments in funds whose value is highly uncertain, and other adjustments when deemed material (for example, an unrecognized pension deficit). Adjusted shareholders' equity is also called adjusted common equity (ACE). To arrive at total adjusted capital (TAC), we add to ACE eligible preferred stock and hybrid capital instruments (subject to limits).

Risk-adjusted capital

The RAC framework is our starting point for a capital adequacy assessment on an MLI, and it represents a more granular approach compared with our previous capitalization ratios and credit quality index. It quantifies risks beyond credit risk in the sovereign and nonsovereign loan and equity portfolios and allows us to make comparisons across the asset class.

The RAC ratio is equal to TAC divided by RWA. To determine an MLI's RWA, we apply specified risk weights to its various exposures. The methodology we use to determine RWA before adjustments is identical to the one we use for banks to ensure the comparability of these entities' RAC ratios. We use the sovereign ratings for the risk weights of loans and other exposures to sovereigns, and we use our Banking Industry Country Risk Assessments and economic risk scores for countries to calculate the risk weights of lending to the private sector in those countries (see "Banking Industry Country Risk Assessment Methodology And Assumptions," Dec. 9, 2021). Equities receive a risk weight based on the volatility of the markets where they are invested, consistent with S&P Global Ratings' insurance and financial institutions capital frameworks.

We make specific adjustments to reflect unique traits of MLIs. The RAC incorporates key parameters related to probabilities of default and loss-given-default assumptions to reflect our view of the strength of the PCT. To adjust for concentration and diversification, we generally follow our "Risk-Adjusted Capital Framework Methodology" but introduce a single-name concentration charge for sovereign exposures and remove adjustments not relevant for MLIs. We calibrated the RAC risk charges to our view of an 'A' stress scenario, as described in "S&P Global Ratings Definitions," published June 9, 2023. Specifically, an 8% RAC ratio indicates a level of capital able to withstand an 'A' rating level of stress and corresponds to our adequate assessment of an MLI's capital and earnings.

Liquid assets
Liquid assets include cash, deposits in banks, and holdings of high-quality securities, regardless of maturity. They exclude securities held by some institutions in lieu of loans, which are more properly viewed as, and are included in, PRE.

Gross debt
Gross debt includes short-term as well as medium- and long-term debt. One-year debt service includes interest expense for the latest year (as an imperfect proxy for the following year's interest expense), as well as year-end short-term debt and the scheduled amortization of medium- and long-term debt during the current year.

Liquidity
The assessment of an MLI's liquidity position centers on a liquidity gap analysis. We calculate liquidity gap ratios at six- and 12-month time horizons. The denominator for each ratio is the sum of all liabilities maturing by or on the horizon date, while the numerator is the sum of the assets discounted for either credit risk or liquidity risk. We also include a stress scenario where we assume the MLI would need to accelerate scheduled disbursements.

Funding
We base the assessment of an MLI's funding mix mostly on the diversification of its funding sources and its access to capital markets. We also observe credit spreads on an MLI's bonds to the extent they indicate a shift in the MLI's credit fundamentals. Finally, we analyze the structural match between the duration of an MLI's assets and liabilities, looking at the schedule of its assets and liabilities over the current year and next two years.

This report does not constitute a rating action.

Ratings and rating factors summary

Name	Rating	Outlook	SACP	Enterprise risk profile	Policy importance	Governance and management expertise	Financial risk profile	Capital adequacy	Funding and liquidity	Extraor-dinary support	Holistic approach
African Development Bank	AAA	Stable	aaa	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Very Strong	0	0
African Trade Insurance Agency	A	Stable	a	Strong	Strong	Adequate	Adequate	N/A	N/A	0	0
Arab Bank for Economic Development in Africa	AA	Positive	aa	Adequate	Adequate	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Arab Investment and Export Credit Guarantee Corp. (Dhaman)	A+	Stable	a	Adequate	Adequate	Adequate	Strong	N/A	N/A	0	1
Arab Petroleum Investments Corporation	AA-	Stable	aa-	Adquate	Adequate	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Asian Development Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0
Asian Infrastructure Investment Bank	AAA	Stable	aaa	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Black Sea Trade and Development Bank	BBB+	Watch Negative	a-	Moderate	Moderate	Adequate	Very Strong	Very Strong	Strong	0	-1
Caribbean Development Bank	AA+	Stable	aa+	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Central American Bank for Economic Integration	AA	Stable	aa-	Very strong	Very strong	Adequate	Strong	Strong	Strong	1	0
Corporacion Andina de Fomento	AA	Stable	aa	Strong	Strong	Adequate	Very Strong	Strong	Very Strong	0	0
Council of Europe Development Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
Credit Guarantee and Investment facility	AA	Stable	aa	Adequate	Adequate	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Eurasian Development Bank	BBB-	Negative	bbb-	Very Weak	Moderate	Weak	Very Strong	Very Strong	Strong	0	0
European Atomic Energy Community	AA+	Stable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
European Bank for Reconstruction and Development	AAA	Stable	aaa	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
EUROFIMA European Company for the Financing of Railroad Rolling Stock	AA	Negative	aa-	Strong	Adequate	Strong	Very Strong	Strong	Very Strong	1	0

Ratings and rating factors summary *continued*

Name	Rating	Outlook	SACP	Enterprise risk profile	Policy importance	Governance and management expertise	Financial risk profile	Capital adequacy	Funding and liquidity	Extraordinary support	Holistic approach
European Financial Stability Facility	AA	Negative	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
European Investment Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
European Investment Fund	AAA	Stable	aa+	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Strong	1	0
European Stability Mechanism	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Very Strong	Very Strong	0	0
European Union	AA+	Stable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fondo Latinoamericano de Reservas	AA-	Stable	aa-	Strong	Strong	Adequate	Very Strong	Very Strong	Strong	0	0
FONPLATA	A	Negative	a	Moderate	Strong	Weak	Very Strong	Very Strong	Strong	0	0
Inter-American Development Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Very Strong	Very Strong	Strong	0	0
IDB Invest (Former Inter-American Investment Corporation)	AA+	Stable	aa+	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
International Bank for Reconstruction and Development	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0
The International Development Association	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0
The OPEC Fund For International Development	AA	Positive	aa	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
International Fund For Agricultural Development	AA+	Stable	aa+	Strong	Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
International Finance Facility for Immunisation	AA	Negative	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
International Finance Corp.	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
Islamic Corporation for the development of the Private Sector	A-	Stable	a-	Moderate	Moderate	Adequate	Very Strong	Very Strong	Strong	0	0
Islamic Development bank	AAA	Stable	aaa	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
New Development Bank	AA+	Stable	aa+	Very Strong	Very Strong	Adequate	Extremely Strong	Extremely Strong	Strong	0	0
Nordic Investment Bank	AAA	Stable	aaa	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Strong	0	0

N/A--Not applicable.

Ratings as of October 4, 2023

Five-year comparative data for multilateral institutions (mil. $)

	Multilateral Development Finance Institutions															
	Global Institutions			Regional Institutions												
	IBRD	IFC	IDA	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FONPLATA	IADB	IDB Invest	ISDB	ICD	NDB
ENTERPRISE PROFILE																
Policy Importance																
Total purpose related exposure (Loans, equity, guarantees, etc..)																
2022	235,723	49,502	180,580	31,276	147,125	17,984	2,754	30,975	41,811	94,098	1,761	113,799	6,633	25,542	N.A.	14,374
2021	227,269	49,888	184,010	31,830	140,017	12,456	2,250	30,005	42,636	110,270	1,520	109,567	5,720	25,626	1,115	13,937
2020	211,129	46,686	167,743	34,079	132,818	8,424	2,104	28,547	43,045	123,578	1,251	105,549	4,465	25,219	1,123	6,609
2019	202,216	47,552	158,759	31,384	117,023	2,320	1,936	27,024	37,468	108,092	936	97,221	2,590	23,163	1,311	1,538
2018	191,946	47,653	151,847	29,351	108,539	1,381	1,814	25,635	34,663	102,344	799	93,831	1,773	21,682	1,541	625
Public-sector (incl. sovereign-guaranteed) loans / Purpose related assets (%)																
2022	100	0	100	80	95	92	99	95	33	100	96	96	0	85	0	87
2021	100	0	100	79	93	90	99	93	32	100	95	96	0	85	0	88
2020	100	0	100	76	93	91	99	90	32	100	94	95	0	86	0	86
2019	100	0	100	72	93	89	99	84	22	100	100	94	0	84	0	83
2018	100	0	100	72	93	88	99	84	21	100	100	94	0	85	0	88
Private-sector loans / Purpose related assets (%)																
2022	0	75	0	16	4	8	1	4	67	0	4	4	96	7	N.A.	13
2021	0	74	0	16	6	10	1	6	68	0	5	4	95	7	68	15
2020	0	76	0	19	6	9	1	8	68	0	6	5	97	6	72	13
2019	0	71	0	23	6	11	1	15	78	0	0	6	96	7	74	17
2018	0	70	0	23	6	12	1	14	79	0	0	6	96	7	70	12
Equity exposure / Purpose related assets (%)																
2022	0	25	0	5	1	0	0	1		0	0	0	4	7	N.A.	0
2021	0	26	0	4	1	0	0	1	17	0	0	0	5	8	32	0
2020	0	24	0	4	1	0	0	2	15	0	0	0	3	7	28	0
2019	0	29	0	5	1	0	0	2	15	0	0	0	4	8	26	0
2018	0	30	0	4	1	0	0	2	18	0	0	0	4	9	30	0
Gross loan growth (%)																
2022	4	(0)	(2)	5	5	44	22	3	7	(9)	16	4	16	(5)	N.A.	3
2021	8	6	10	(4)	5	48	7	5	4	(4)	21	4	26	5	(6)	111
2020	5	3	6	5	14	262	9	6	6	5	34	8	73	6	(17)	330
2019	5	3	4	5	8	68	7	6	10	6	17	4	45	8	(11)	146
2018	3	7	6	9	6	77	9	6	7	19	21	5	75	9	23	2,518
Preferred creditor treatment (PCT) ratio																
2022	0.7	N/A	0.8	1.8	0.3	0.0	2.5	2.2	N/A	0.0	0.0	1.8	N/A	3.7	N/A	0.0
2021	0.2	N/A	0.8	1.2	0.2	0.0	2.7	2.8	N/A	0.0	0.0	1.9	N/A	3.9	N/A	0.0
2020	0.2	N/A	1.6	1.5	0.2	0.0	N.A.	3.4	N/A	0.0	0.0	2.0	N/A	2.6	N/A	0.0
2019	0.3	N/A	1.9	1.7	0.1	0.0	N.A.	4.3	N/A	0.0	0.0	2.2	N/A	4.4	N/A	0.0
2018	0.3	N/A	1.9	1.8	0.1	0.0	N.A.	4.4	N/A	0.0	0.0	2.3	N/A	4.8	N/A	0.0
Governance Structure and Shareholder Support																
Share of votes controlled by eligible borrower member countries (%)																
2022	34	77	15	50	65	76	0	100	14	100	100	50	49	100	N.A.	95
2021	34	77	15	50	65	76	0	100	14	100	100	50	49	100		100
2020	33	77	15	55	65	76	0	100	11	100	100	50	50	100	58	100
2019	34	77	28	59	65	76	0	100	11	100	100	50	50	100	57	100
2018	28	77	28	59	65	77	0	100	11	100	100	50	50	100	59	100
Share of votes controlled by top two shareholders (%)																
2022	23	28	18	15	26	39	41	38	19	47	67	41	27	33	N.A.	38
2021	23	29	18	16	26	39	41	38	19	47	67	41	27	33		40

Five-year comparative data for multilateral institutions (mil. $)

	Multilateral Development Finance Institutions															
	Global Institutions			Regional Institutions												
	IBRD	IFC	IDA	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FONPLATA	IADB	IDB Invest	ISDB	ICD	NDB
2020	23	27	19	21	26	39	41	36	19	47	67	41	26	33	76	40
2019	24	27	19	16	26	40	41	35	19	47	67	41	25	33	74	40
2018	23	27	19	16	26	40	41	35	19	47	67	41	26	33	74	40
Eligible callable capital (USD Millions)																
2022	42,062	N/A	N/A	40,098	25,034	10,223	963	0	6,088	218,996	0	11,925	N/A	N/A		N/A
2021	41,374	N/A	N/A	42,052	26,328	10,223	0	0	6,923	233,353	0	11,925	N/A	N/A	N/A	N/A
2020	39,362	N/A	N/A	30,650	27,092	10,223	N.M.	2	7,450	251,124	0	11,925	N/A	N/A	N/A	N/A
2019	38,182	N/A	N/A	18,529	26,789	10,223	N.M.	4	6,832	230,308	0	11,925	N/A	N/A	N/A	N/A
2018	36,909	N/A	N/A	18,565	26,789	10,038	N.M.	4	6,961	230,308	0	11,925	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE																
Capital and Earnings																
RAC-ratio (%)*																
Jun-23	N.A.	38	N.A.	28	30	51	93	18	33	N.A.	23	21	33	N.A.	N.A.	24
2022	25	37	69	28	32	54	76	18	30	19	21	22	34	35	31	26
2021	27	34	70	23	31	74	86	18	30	19	23	22	31	35	30	27
2020	24	34	76	19	35	96	N.A.	18	30	19	26	21	35	33	26	27
2019	26	35	82	19	37	161	N.A.	15	30	18	24	22	56	32	24	45
2018	28	32	81	21	40	186	N.A.	16	29	N/A	33	24	71	34	20	79
Net interest income/average net loans (%)																
2022	1.1	4.0	1.1	1.4	1.3	2.4	(6.5)	1.5	3.9	1.4	2.9	1.7	5.7	4.2	N.A.	2.6
2021	1.1	4.0	1.2	0.6	1.2	0.5	8.9	1.1	3.1	(0.0)	2.1	1.7	4.2	3.5	1.3	1.5
2020	1.1	4.1	1.2	0.8	1.3	4.8	13.9	1.8	2.9	(0.0)	3.3	1.6	4.0	3.9	(2.0)	4.5
2019	1.0	4.0	1.1	1.9	1.4	22.0	20.8	2.6	3.3	0.0	4.6	2.0	6.4	4.4	(11.2)	18.4
2018	1.0	4.3	1.2	1.9	1.4	23.5	(0.8)	2.0	3.3	0.0	4.6	1.9	5.8	3.7	(20.4)	34.0
Net income/average shareholder's equity																
2022	7.7	(1.5)	0.0	1.9	4.1	0.9	(3.4)	1.3	(6.2)	(0.1)	3.8	4.0	3.9	1.8	N.A.	1.0
2021	4.6	14.9	(0.2)	0.5	1.4	0.3	3.2	0.8	10.9	0.4	2.1	3.2	5.7	1.2	0.8	1.0
2020	(0.1)	(6.3)	(0.7)	1.8	2.6	0.9	5.0	1.9	1.0	0.5	3.1	1.8	0.3	1.3	(1.6)	1.5
2019	1.2	0.4	(4.1)	0.7	3.0	2.0	7.5	2.6	7.7	0.4	2.9	4.2	2.3	1.6	(10.7)	2.2
2018	1.7	5.0	(3.2)	0.6	1.5	1.6	(0.6)	2.0	1.3	0.3	3.0	2.6	1.5	1.0	(31.5)	1.7
Impaired loans and advances/ Total loans (%)																
2022	0.2	3.9	0.5	3.2	0.5	0.0	0.6	0.4	6.9	0.0	-	1.9	0.5	1.2	N.A.	0.0
2021	0.2	6.5	0.5	3.2	0.1	0.0	2.4	0.4	4.8	0.0	0.0	2.2	0.5	1.2	18.7	0.0
2020	0.2	5.4	1.3	2.7	0.1	0.0	4.1	0.3	5.5	0.0	0.0	2.4	0.8	1.6	15.9	0.0
2019	0.2	3.9	1.6	2.9	0.1	0.0	2.9	0.3	4.2	0.0	0.0	2.4	1.3	3.7	13.1	0.0
2018	0.2	4.1	1.7	2.6	0.1	0.0	3.7	0.5	4.6	0.0	0.0	2.6	1.8	4.1	13.1	0.0
Funding and Liquidity																
Liquidity Ratios																
Liquid assets / adjusted total assets (%)																
2022	26	47	18	38	17	57	48	31	43	52	24	23	28	31	N.A.	44
2021	28	49	17	36	17	67	59	34	45	52	22	27	26	31	64	43
2020	29	48	18	32	18	73	61	31	45	50	23	26	33	30	67	61
2019	29	49	17	35	18	89	62	33	47	50	25	26	35	30	47	81
2018	18	48	18	37	19	91	62	33	47	50	22	25	46	30	50	89
Liquid assets / gross debt (%)																
2022	35	96	123	60	37	110	N.M.	55	70	97	57	32	45	50	N.A.	78
2021	35	92	134	52	36	140	N.M.	56	69	90	52	35	42	51	105	76

Five-year comparative data for multilateral institutions (mil. $)

Multilateral Development Finance Institutions

	Global Institutions			Regional Institutions												
	IBRD	IFC	IDA	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FONPLATA	IADB	IDB Invest	ISDB	ICD	NDB
2020	35	83	179	44	38	199	N.M.	52	68	87	68	36	54	50	101	123
2019	36	91	323	49	39	765	N.M.	55	70	89	124	37	83	57	80	405
2018	35	85	501	52	41	N.A.	N.M.	55	71	92	288	36	114	57	76	1,109
Liquidity coverage ratio (with planned disbursements):																
6 months (net derivate payables)																
Jun-23	N.A.	1.8	N.A.	N.A.	2.1	3.6	2.6	1.6	3.1	N.A.	2.2	2.0	2.2	N.A.	N.A.	2.4
2022	2.0	2.0	2.4	2.5	1.8	5.0	N.A.	1.5	2.8	3.9	2.5	2.2	4.1	2.7	2.5	1.5
2021	2.0	2.4	2.7	3.1	1.5	5.9	13.0	1.4	2.4	3.8	2.7	2.5	2.5	2.7	5.2	2.3
2020	2.0	1.6	2.2	2.7	1.7	5.6	N.A.	2.0	1.8	3.4	1.6	2.8	5.4	2.2	2.2	1.8
2019	1.8	1.6	3.0	2.0	1.7	15.1	N.A.	2.5	1.4	3.8	1.7	2.3	2.0	1.8	5.0	2.6
2018	2.1	1.5	3.8	2.4	2.1	14.0	N.A.	1.8	1.5	N.A.	2.3	3.0	2.0	1.8	2.8	>100
12 months (net derivate payables)																
Jun-23	N.A.	1.6	N.A.	N.A.	1.2	1.9	1.7	1.3	1.9	N.A.	1.0	1.4	1.5	N.A.	N.A.	1.4
2022	1.3	1.5	1.6	1.8	1.2	2.1	N.A.	1.2	1.9	2.7	1.4	1.4	1.4	1.7	1.6	1.2
2021	1.3	1.9	1.7	1.6	1.0	5.1	5.2	1.3	1.9	2.5	1.5	1.5	1.7	2.0	4.4	1.7
2020	1.1	1.4	1.6	1.3	1.2	4.6	N.A.	1.5	1.5	2.7	0.8	1.6	2.0	2.2	1.7	1.1
2019	1.2	1.5	2.0	1.5	1.3	10.3	N.A.	1.5	1.2	2.9	1.1	1.4	1.9	1.4	2.5	1.6
2018	1.2	1.3	2.6	1.7	1.8	7.3	N.A.	1.7	1.2	N.A.	1.3	1.4	1.7	1.2	2.5	1.9
12 months (net derivate payables) including 50% of all undisbursed loans																
Jun-23	N.A.	1.6	N.A.	N.A.	1.0	1.5	1.5	0.9	1.5	N.A.	1.0	1.1	1.9	N.A.	N.A.	1.6
2022	1.0	1.6	0.8	1.3	1.0	1.1	N.A.	1.1	1.5	2.7	1.1	1.2	1.8	1.3	2.0	1.2
2021	1.1	2.0	0.8	1.2	0.9	2.7	2.3	1.2	1.5	2.5	1.6	1.3	2.4	1.5	5.7	1.3
2020	1.0	1.4	0.9	1.0	1.0	3.2	N.A.	1.4	1.3	2.7	0.7	1.3	2.9	1.2	1.9	1.1
2019	1.0	1.5	0.9	1.2	0.9	6.9	N.A.	1.4	1.2	2.9	0.7	1.2	3.2	1.1	3.1	2.7
2018	0.9	1.1	1.0	1.2	1.0	4.4	N.A.	1.6	1.0	N.A.	0.8	1.2	1.7	0.8	2.7	3.7
Funding Ratios																
Gross debt / adjusted total assets (%) Fiscal year																
2022	74.1	48.8	15.3	63.5	45.3	52.0	N.M.	55.5	60.6	53.9	41.7	70.1	61.5	61.2	N.A.	56.7
2021	82.0	52.9	12.9	69.1	47.5	48.2	N.M.	60.6	65.7	57.7	43.0	75.3	61.1	60.7	60.8	56.8
2020	82.0	57.9	9.9	71.0	47.4	36.6	N.M.	60.1	67.3	57.5	33.5	72.6	60.8	59.3	66.3	49.4
2019	81.4	54.5	5.4	72.3	47.4	11.7	N.M.	60.2	67.2	56.4	20.2	71.2	42.3	52.4	58.7	19.9
2018	51.6	56.3	3.5	71.0	47.2	N.A	N.M.	58.8	65.9	53.8	7.6	69.7	40.1	53.6	65.8	8.0
Short-term debt (by remaining maturity) / gross debt (%)																
2022	18.0	24.1	17.3	23.5	19.4	N.A	N.M.	34.3	29.6	25.4	10.7	18.5	19.5	18.4	N.A.	20.6
2021	17.4	20.5	16.7	22.0	21.2	N.A	N.M.	24.0	29.9	31.0	7.1	17.4	23.7	11.5	61.1	23.7
2020	21.1	25.2	29.6	22.9	20.9	N.A	N.M.	17.7	30.2	28.1	23.8	16.1	19.2	16.0	53.8	33.6
2019	21.8	20.5	18.8	18.5	19.4	N.A	N.M.	20.5	37.4	27.8	2.0	18.9	N.M.	12.3	79.8	45.4
2018	21.6	23.5	N.A.	16.1	14.2	N.A	N.M.	13.2	36.9	21.3	6.8	18.2	38.9	24.8	55.5	3.0
Static Funding Gap (without planned disbursements)																
12 months (net derivate payables)																
Jun-23	N.A.	1.5	N.A.	N.A.	1.1	1.8	18.0	1.5	2.7	N.A.	2.9	1.2	3.0	N.A.	N.A.	2.9
2022	1.5	1.4	2.7	1.5	1.1	2.0	N.A.	1.3	2.5	2.1	5.1	1.2	4.0	2.3	1.1	1.9
2021	1.4	1.8	2.4	1.5	1.0	25.1	2.7	1.8	2.4	1.9	9.1	1.3	3.3	3.7	4.3	2.2
2020	1.3	1.3	2.7	1.0	1.1	66.6	N.A.	2.1	1.9	2.1	1.8	1.5	6.0	2.8	1.4	2.9
2019	1.3	1.2	2.6	1.4	1.2	>100	N.A.	2.3	1.4	2.3	29.6	1.3	61.6	2.5	2.8	8.5
2018	1.4	1.5	2.8	1.6	1.4	N.A.	N.A.	2.6	1.4	N.A.	21.1	1.3	2.2	2.1	3.1	> 100

Five-year comparative data for multilateral institutions (mil. $)

	Multilateral Development Finance Institutions															
	Global Institutions			Regional Institutions												
	IBRD	IFC	IDA	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FON PLATA	IADB	IDB Invest	ISDB	ICD	NDB
SUMMARY BALANCE SHEET																
Total assets (USD Millions)																
2022	317,542	99,010	220,014	51,052	290,658	47,409	5,422	50,377	76,440	201,164	2,337	148,026	9,401	36,141	N.A.	26,351
2021	317,301	105,264	219,324	50,928	282,084	40,238	5,627	47,592	85,032	230,611	2,157	151,752	7,551	36,489	2,965	24,888
2020	296,804	95,800	199,472	50,976	271,741	32,082	5,465	46,846	85,387	250,087	1,695	147,533	6,424	35,275	3,268	18,844
2019	283,031	99,257	188,553	48,734	221,866	22,632	5,205	42,294	76,546	219,669	1,308	136,358	3,900	32,597	2,529	11,821
2018	403,056	94,272	206,330	46,965	191,860	19,562	4,890	40,014	70,716	205,168	1,043	129,459	3,209	30,661	3,071	10,402
Total liabilities (USD Millions)																
2022	262,222	66,205	41,346	37,852	236,444	26,944	114	50,377	55,804	115,108	1,008	110,153	6,437	22,687	N.A.	15,536
2021	269,223	74,020	38,448	38,722	229,229	20,072	113	34,293	61,896	135,261	952	116,666	5,077	23,108	1,886	14,155
2020	256,417	70,618	31,301	39,743	219,104	11,938	89	33,851	63,492	146,684	585	113,856	4,316	22,110	2,272	8,511
2019	240,916	71,651	25,571	38,537	169,948	2,645	72	29,497	56,534	125,807	280	102,487	1,867	20,062	1,562	1,649
2018	361,212	68,136	42,385	36,972	140,876	50	69	28,151	52,099	112,043	90	96,530	1,390	18,506	2,067	458
Shareholder's equity (USD Millions)																
2022	55,320	32,805	178,668	13,200	54,214	20,466	5,308	50,377	20,636	86,056	1,329	37,873	2,964	13,454	N.A.	10,815
2021	48,078	31,244	180,876	12,206	52,855	20,166	5,514	13,300	23,136	95,350	1,205	35,086	2,475	13,381	1,079	10,733
2020	40,387	25,182	168,171	11,235	52,637	20,144	5,376	12,995	21,895	103,403	1,110	33,677	2,108	13,165	995	10,333
2019	42,115	27,606	162,982	10,196	51,918	19,986	5,133	12,797	20,012	93,862	1,028	33,871	2,033	12,535	967	10,171
2018	41,844	26,136	163,945	9,993	50,984	19,512	4,821	11,863	18,617	93,124	953	32,929	1,819	12,155	1,004	9,945

N/A -- Not available. N.A. -- Not applicable N.M. -- Not meaningful.

* Balance sheet data and corresponding ratios are based on fiscal year as each institution defines it and converted to USD based on year-end exchange rates. Financial statements for various entities have not yet been published, and therefore the data is left blank.

** Our June 2023 RAC ratios are calculated with rating parameters as of Sept. 15, 2023; if June 2023 RAC ratios are not available for the MLI, we calculate its Dec. 2022 RAC ratio with these rating parameters; differences may exist between MLI individual tables and RAC ratios in the comparative file due to different rating parameter dates, the former reflecting most recent publications.

*** Effective June 30, 2019, the presentation of derivative instruments on IBRD's balance sheet was aligned with the market practice of netting asset and liability positions by counterparty, after cash collateral received; financial information for fiscal year 2017 and fiscal year 2018 has not been adjusted and is based on the historical presentation.

**** The breakdown of sovereign and non-sovereign loans for AIIB and NDB are based on loans and loan commitments.

CGIF loan growth and impaired loans ratio refers to its guarantees

RAC ratios updated under Dec. 2022 column for EDB relates to Feb. 15, 2023.

EIB public sector loans refers to disbursed sovereign loan exposure and sovereign-guaranteed signed exposure

AfDB--African Development Bank. ADB--Asian Development Bank. AIIB--Asian Infrastructure Investment Bank. ADB—Asian Development Bank. APICORP--Arab Petroleum Investments Corporation. BADEA--Arab Bank for Economic Development in Africa. BSTDB--Black Sea Trade and Development Bank. CABEI--Central American Bank for Economic Integration. CAF--Corporacion Andina de Fomento. CDB--Caribbean Development Bank. CEB--Council of Europe Development Bank. EBD--Eurasian Development Bank. EBRD--European Bank for Reconstruction and Development. EIB--European Investment Bank. EIF--European Investment Fund. EUROFIMA -- European Company for the Financing of Railroad Rolling Stock. FONPLATA--Fondo Financiero para el Desarrollo de la Cuenca del Plata. FLAR--Fondo Latinoamericano de Reservas. IADB--Inter-American Development Bank. IBRD--International Bank for Reconstruction and Development. IDA--The International Development Association. IDB Invest--Inter-American Investment Corp. IFC--International Finance Corp. ISDB--Islamic Development Bank. ICD--Islamic Corporation for the Development of the Private Sector. IFAD--International Fund For Agricultural Development. NDB--New Development Bank. NIB--Nordic Investment Bank. OFID--The OPEC Fund For International Development.

	Other													
	Subregional Institutions				Other Multilateral Lending Institutions							Other Supranational Institutions		
	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR

ENTERPRISE PROFILE

Policy Importance

	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
Total purpose related exposure (Loans, equity, guarantees, etc..)														
2022	2,280	1,344	9,310	3,615	8,258	21,271	9,853	486,106	23,261	4,372	5,094	12,200	2,186	1,107
2021	2,704	1,353	8,691	2,455	8,234	21,539	11,531	511,104	25,074	4,794	4,569	14,548	2,299	309
2020	2,542	1,351	8,306	2,399	8,177	21,347	13,360	552,423	26,499	4,091	4,390	8,363	2,308	124
2019	2,079	1,274	7,801	2,462	7,614	17,344	11,429	501,368	21,145	3,823	5,645	13,190	2,090	1,354
2018	1,562	1,186	7,653	1,943	7,313	16,749	11,463	512,206	21,842	3,585	5,386	10,641	1,410	1,817
Public-sector (incl. sovereign-guaranteed) loans / Purpose related assets (%)														
2022	N.A.	94	92	-	100	83	100	27	51	1	67	-	-	100
2021	26	94	91	-	100	81	100	28	51	1	68	-	-	100
2020	29	94	86	-	100	79	100	28	49	1	68	-	-	100
2019	28	94	81	-	100	77	100	28	43	-	79	-	-	100
2018	14	96	82	-	100	76	100	28	44	1	79	-	-	100
Private-sector loans / Purpose related assets (%)														
2022	N.A.	6	8	100	-	17	-	70	49	97	31	-	100	-
2021	73	6	9	99	-	19	-	70	49	97	30	-	100	-
2020	70	6	14	99	-	21	-	70	51	96	30	-	100	-
2019	71	6	18	99	-	24	-	70	57	98	19	-	100	-
2018	84	4	18	100	-	24	-	71	56	98	19	-	100	-
Equity exposure / Purpose related assets (%)														
2022	N.A.	-	0	0	-	-	-	3	-	2	2	100	-	-
2021	1	-	0	1	-	-	-	2	-	2	2	100	-	-
2020	1	-	0	1	-	-	-	2	-	3	2	100	-	-
2019	2	-	0	1	-	-	-	2	-	2	2	100	-	-
2018	2	-	0	-	-	-	-	2	-	1	2	100	-	-
Gross loan growth (%)														
2022	(11)	(1)	7	40	0	5	(9)	1	(1)	(8)	11	N.A.	(5)	259
2021	15	0	5	(2)	1	9	(7)	(2)	2	18	4	N.A.	(0)	149
2020	12	6	6	5	7	13	7	(1)	15	7	(23)	N.A.	10	(91)
2019	37	8	3	16	4	5	2	(1)	(1)	5	5	N.A.	48	(25)
2018	18	10	10	25	2	6	(18)	(1)	11	18	6	N.A.	29	275
Preferred creditor treatment (PCT) ratio														
2022	N/A	0.7	0.0	N/A	1.7	0.0	0.0	0.2	0.0	N/A		N/A	N/A	0.0
2021	N/A	0.7	0.0	N/A	2.0	0.0	0.0	0.2	0.0	N/A	0.1	N/A	N/A	0.0
2020	N/A	0.8	0.0	N/A	2.1	0.0	0.0	0.2	0.0	N/A	0.1	N/A	N/A	0.0
2019	N/A	0.8	0.0	N/A	2.9	0.0	0.0	0.2	0.0	N/A	N.A	N/A	N/A	0.0
2018	N/A	0.9	0.0	N/A	N.A	0.0	0.0	0.2	0.0	N/A	N.A	N/A	N/A	6.0

Governance Structure and Shareholder Support

	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
Share of votes controlled by eligible borrower member countries (%)														
2022	100	65	83	100	50	100	100	100	100	100		100	10	100
2021	100	65	83	100	50	100	100	100	100	100	-	100	10	100
2020	100	65	83	100	50	100	100	100	100	100	-	100	9	100
2019	100	65	83	100	51	100	100	100	100	100	-	100	10	100
2018	100	65	84	100	N.A	100	100	100	100	100	-	100	10	100

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), *continued*

	Subregional Institutions				Other									
					Other Multilateral Lending Institutions							Other Supranational Institutions		
	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
Share of votes controlled by top two shareholders (%)														
2022	33	35	23	82	11	33	45	38	56	34	51	90	59	40
2021	33	34	23	99	10	33	45	38	56	34	51	89	59	40
2020	33	34	23	99	11	33	45	38	56	34	51	88	60	40
2019	33	34	23	99	11	33	45	38	56	34	51	88	60	34
2018	33	34	24	99	N.A	33	45	38	56	34	51	88	62	33
Eligible callable capital (USD Millions)														
2022	N/A	205	1,055	N/A	N/A	1,422	1,497	73,050	-	2,295	N/A	6,232	N/A	N/A
2021	N/A	205	1,055	N/A	N/A	1,516	1,673	77,839	6,599	2,295	N/A	6,152	N/A	N/A
2020	N/A	205	1,055	N/A	N/A	1,631	1,666	83,766	7,102	N.A.	N/A	2,692	N/A	N/A
2019	N/A	205	473	N/A	N/A	1,496	1,543	64,446	4,955	N.A.	N/A	2,500	N/A	N/A
2018	N/A	205	375	N/A	N/A	1,524	1,470	65,676	5,048	N.A.	N/A	2,885	N/A	N/A
FINANCIAL RISK PROFILE														
Capital and Earnings														
RAC-ratio (%)*														
Jun-23	N.A.	26	15	N.A.	85	26	9	N.A.	25	N.A.	93	59	52	32
2022	21	24	14	18	78	27	9	26	24	21	87	58	50	32
2021	19	27	14	14	83	25	10	23	24	21	82	58	44	56
2020	23	27	16	19	86	26	10	21	24	21	78	31	39	120
2019	25	28	17	18	90	25	11	21	31	21	N.A	25	32	42
2018	26	29	16	28	N.A	25	11	21	29	N.A	N.A	29	40	26
Net interest income/average net loans (%)														
2022	4.5	2.7	2.9	3.8	1.2	0.7	0.1	0.7	1.0	3.0	4.1	N.M.	N.M.	3.0
2021	2.8	2.0	3.1	3.1	1.4	0.8	0.2	0.8	0.9	1.7	3.7	N.M.	N.M.	11.7
2020	2.4	2.9	3.3	3.1	1.4	0.9	0.2	0.7	1.0	2.2	3.5	N.M.	N.M.	9.1
2019	2.4	3.4	3.6	4.7	1.7	1.0	0.2	0.7	1.1	3.0	4.0	N.M.	N.M.	5.5
2018	2.8	3.0	3.5	5.7	1.6	1.1	0.1	0.7	1.2	3.4	4.1	N.M.	N.M.	7.6
Net income/average shareholder's equity														
2022	(3.2)	2.4	4.8	1.7	(5.1)	2.4	1.1	3.1	3.4	5.4	1.1	1.7	1.1	0.3
2021	5.1	2.3	2.5	2.0	(4.2)	3.0	1.4	3.4	4.1	4.0	2.7	19.0	2.3	(0.0)
2020	1.7	3.1	4.1	1.8	(3.8)	2.4	1.6	2.3	4.3	4.8	2.6	6.5	2.0	5.0
2019	1.7	2.7	6.9	3.8	(3.6)	3.4	1.5	3.3	5.0	4.9	3.7	8.8	2.2	3.1
2018	0.7	1.6	7.4	3.9	(3.5)	3.3	1.0	3.3	4.9	8.3	1.3	6.5	2.0	3.0
Impaired loans and advances/ Total loans (%)														
2022	9.2	0.1	0.2	0.3	0.0	0.0	0.0	0.0	0.1	1.2	1.4	N.M.	0.0	0.0
2021	3.0	0.1	0.5	0.9	0.0	0.0	0.0	0.0	0.3	0.3	1.6	N.M.	0.0	0.0
2020	3.9	0.1	0.8	1.1	0.0	0.0	0.0	0.0	0.3	0.4	2.2	N.M.	0.0	0.0
2019	2.8	0.2	0.9	1.4	0.0	0.0	0.0	0.0	0.4	0.4	2.1	N.M.	0.0	32.0
2018	3.1	0.4	0.7	1.2	0.0	0.0	0.0	0.0	0.4	0.4	2.7	N.M.	0.0	0.0
Funding and Liquidity														
Liquidity Ratios														
Liquid assets / adjusted total assets (%)														
2022	29	32	37	63	15	31	32	17	39	50	16	8	91	85
2021	26	36	39	60	14	32	30	22	37	39	22	5	89	94
2020	27	30	39	58	12	30	29	19	34	46	24	7	94	97
2019	21	35	34	56	11	34	28	18	37	46	25	8	94	81

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), *continued*

					Other									
	Subregional Institutions				Other Multilateral Lending Institutions							Other Supranational Institutions		
	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
2018	25	27	31	49	12	33	28	18	35	47	25	12	95	74
Liquid assets / gross debt (%)														
2022	44	63	67	176	77	37	43	22	47	99	>100	N.M.	N.M.	N.M.
2021	38	67	65	176	92	38	36	28	43	64	N.M.	N.M.	N.M.	N.M.
2020	40	58	66	189	101	38	35	24	41	77	N.M.	N.M.	N.M.	N.M.
2019	34	65	58	132	135	43	33	22	44	80	N.M.	N.M.	N.M.	N.M.
2018	47	58	54	119	182	42	34	22	43	86	N.M.	N.M.	N.M.	N.M.
Liquidity coverage ratio (with planned disbursements):														
6 months (net derivate payables)														
Jun-23	N.A.	2.5	1.8	N.A.	2.9	2.8	1.5	N.A.	2.7	N.A.	2.6	10.9	11.8	1.4
2022	1.6	6.5	1.5	1.0	2.7	1.9	1.7	1.5	1.8	1.5	1.2	10.1	13.3	1.4
2021	1.2	4.2	1.8	2.3	2.5	2.4	1.2	N.A	1.9	2.9	1.5	14.5	58.1	1.4
2020	1.3	5.3	2.2	1.9	2.4	3.2	1.4	1.4	1.7	3.4	3.1	9.9	30.7	1.8
2019	1.6	3.8	1.9	1.3	2.1	2.4	1.2	1.3	1.8	7.1	N.A	11.3	>100	1.5
2018	2.0	2.3	2.0	1.5	N.A	2.3	1.6	1.4	1.4	N.A	N.A	4.1	>100	1.4
12 months (net derivate payables)														
Jun-23	N.A.	2.0	1.4	N.A.	1.8	1.2	1.3	N.A.	1.4	N.A.	1.7	8.4	5.1	1.4
2022	1.1	1.9	1.3	1.1	1.5	1.3	1.4	1.1	1.4	1.1	1.0	9.4	6.4	1.4
2021	1.0	2.5	1.5	1.3	1.4	1.2	1.2	N.A	1.3	1.2	1.3	12.3	15.8	1.5
2020	1.2	2.5	1.7	1.5	1.4	1.3	1.2	1.1	1.2	1.4	1.7	7.7	9.3	1.8
2019	1.3	2.0	1.6	0.9	1.4	1.4	1.1	1.1	1.3	3.6	N.A	8.5	>100	1.5
2018	1.7	1.7	1.5	0.8	N.A	1.2	1.3	1.3	1.3	N.A	N.A	2.8	>100	1.3
12 months (net derivate payables) including 50% of all undisbursed loans														
Jun-23	N.A.	2.0	1.0	N.A.	1.0	0.9	1.3	N.A.	1.5	N.A.	2.0	2.8	5.1	1.4
2022	1.1	1.8	0.9	1.1	0.7	0.8	1.4	1.1	1.6	1.0	1.1	3.5	6.4	1.4
2021	1.2	1.8	1.0	1.2	0.6	1.6	1.2	N.A	1.4	1.1	1.2	3.3	15.8	1.5
2020	1.4	1.6	1.1	1.6	0.5	1.6	1.2	1.1	1.4	1.1	1.4	2.0	9.3	1.8
2019	2.1	1.3	1.2	1.1	0.4	1.3	1.1	1.0	1.5	2.3	N.A	2.4	>100	1.5
2018	2.3	1.7	1.1	1.2	N.A	1.2	1.3	1.3	1.5	N.A	N.A	2.1	>100	1.3
Funding Ratios														
Gross debt / adjusted total assets (%)														
2022	65.0	51.1	55.6	36.0	19.4	83.8	74.6	79.4	82.2	50.4	0.8	N.M.	N.M.	-
2021	70.0	54.0	59.7	33.9	15.7	82.8	81.6	78.0	86.0	61.3	N.M.	N.M.	N.M.	-
2020	67.4	51.9	59.4	30.7	12.2	78.7	82.3	78.7	84.1	60.5	N.M.	N.M.	N.M.	-
2019	63.4	53.5	58.0	42.8	8.4	78.9	82.5	81.2	84.6	57.9	N.M.	N.M.	N.M.	-
2018	53.1	46.3	57.5	41.1	6.8	78.6	81.2	81.9	82.7	54.2	N.M.	N.M.	N.M.	-
Short-term debt (by remaining maturity) / gross debt (%)														
2022	42.2	12.6	15.9	33.9	2.5	16.4	13.8	15.9	25.7	40.8	N.M.	N.M.	N.M.	N.M.
2021	32.7	11.1	14.4	39.6	2.4	18.6	16.2	14.3	25.4	13.6	N.M.	N.M.	N.M.	N.M.
2020	42.3	2.0	14.1	14.9	3.1	15.4	26.3	17.0	20.3	13.8	N.M.	N.M.	N.M.	N.M.
2019	43.0	8.0	15.9	27.7	2.0	17.4	32.1	18.0	20.9	14.6	N.M.	N.M.	N.M.	N.M.
2018	45.1	6.6	13.8	7.3	-	18.5	22.4	15.6	22.3	33.4	N.M.	N.M.	N.M.	N.M.
Static Funding Gap (without planned disbursements)														
12 months (net derivate payables)														
Jun-23	N.A.	4.2	1.6	N.A.	20.7	1.9	1.3	N.A.	1.3	N.A.	25.9	10.5	>100	1.3
2022	2.0	3.3	1.4	1.2	16.2	2.2	1.3	1.2	1.4	1.2	68.2	9.2	>100	1.4
2021	2.6	4.0	1.6	1.3	11.4	1.4	1.2	N.A	1.2	1.4	>100	9.6	>100	1.5

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), *continued*

								Other							
	Subregional Institutions				Other Multilateral Lending Institutions							Other Supranational Institutions			
	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
2020	2.0	14.1	2.0	2.2	14.8	1.5	1.3	1.2	1.3	1.1	56.7	9.2	>100	1.6
2019	6.6	7.1	1.9	1.8	8.6	1.7	1.3	1.2	1.4	4.4	N.A	10.3	>100	1.4
2018	3.6	5.5	1.8	3.3	N.A	1.4	1.5	1.2	1.5	N.A	N.A	4.0	>100	1.3
SUMMARY BALANCE SHEET														
Total assets (USD Millions)														
2022	3,133	2,066	14,802	8,429	10,240	33,648	16,724	581,200	41,920	8,854	6,232	5,865	1,305	8,344
2021	3,676	2,221	13,955	5,808	10,596	33,792	18,091	643,060	42,706	7,992	6,086	5,899	1,373	8,013
2020	3,438	2,121	13,295	5,600	9,883	34,217	20,816	678,341	43,350	7,893	5,919	3,985	1,352	6,509
2019	2,630	2,096	11,611	5,161	9,400	29,341	18,085	621,295	36,649	7,349	7,224	3,328	1,255	6,775
2018	2,053	1,748	10,850	3,710	9,286	27,838	18,083	635,455	36,255	6,953	7,380	3,047	958	6,867
Total liabilities (USD Millions)														
2022	2,240	1,220	10,747	6,592	2,274	29,974	15,067	497,492	37,544	5,933	166	1,203	82	4,593
2021	2,672	1,271	10,161	3,947	2,012	30,114	16,321	556,554	38,158	5,438	194	1,379	80	4,832
2020	2,405	1,153	9,607	3,718	1,681	30,383	18,921	588,388	38,625	5,451	270	1,563	87	3,327
2019	1,698	1,162	8,168	3,311	1,273	25,874	16,370	538,590	32,456	4,999	1,785	1,094	77	3,278
2018	1,137	849	7,652	1,972	959	24,381	16,414	553,907	32,164	4,685	177	771	47	3,481
Shareholder's equity (USD Millions)														
2022	893	846	4,055	1,836	7,966	3,674	1,657	83,709	4,377	2,921	6,066	4,663	1,223	3,751
2021	1,007	949	3,794	1,861	8,584	3,677	1,770	86,506	4,547	2,554	5,892	4,519	1,292	3,181
2020	1,033	968	3,688	1,882	8,203	3,833	1,894	89,953	4,725	2,441	5,649	2,422	1,265	3,182
2019	932	934	3,443	1,850	8,126	3,467	1,716	82,705	4,192	2,351	5,438	2,234	1,178	3,497
2018	916	899	3,198	1,738	8,327	3,456	1,669	81,548	4,090	2,268	7,203	2,276	911	3,386

N.A. -- Not applicable N.M. -- Not meaningful.

* Balance sheet data and corresponding ratios are based on fiscal year as each institution defines it and converted to USD based on year-end exchange rates. Financial statements for various entities have not yet been published, and therefore the data is left blank.

** Our June 2023 RAC ratios are calculated with rating parameters as of Sept. 15, 2023; if June 2023 RAC ratios are not available for the MLI, we calculate its Dec. 2022 RAC ratio with these rating parameters; differences may exist between MLI individual tables and RAC ratios in the comparative file due to different rating parameter dates, the former reflecting most recent publications.

*** Effective June 30, 2019, the presentation of derivative instruments on IBRD's balance sheet was aligned with the market practice of netting asset and liability positions by counterparty, after cash collateral received; financial information for fiscal year 2017 and fiscal year 2018 has not been adjusted and is based on the historical presentation.

**** The breakdown of sovereign and non-sovereign loans for AIIB and NDB are based on loans and loan commitments.

CGIF loan growth and impaired loans ratio refers to its guarantees

RAC ratios updated under Dec. 2022 column for EDB relates to Feb. 15, 2023.

EIB public sector loans refers to disbursed sovereign loan exposure and sovereign-guaranteed signed exposure

AfDB--African Development Bank. ADB--Asian Development Bank. AIIB--Asian Infrastructure Investment Bank. ADB—Asian Development Bank. APICORP--Arab Petroleum Investments Corporation. BADEA--Arab Bank for Economic Development in Africa. BSTDB--Black Sea Trade and Development Bank. CABEI--Central American Bank for Economic Integration. CAF--Corporacion Andina de Fomento. CDB--Caribbean Development Bank. CEB--Council of Europe Development Bank. EBD--Eurasian Development Bank. EBRD--European Bank for Reconstruction and Development. EIB--European Investment Bank. EIF--European Investment Fund. EUROFIMA --European Company for the Financing of Railroad Rolling Stock. FONPLATA--Fondo Financiero para el Desarrollo de la Cuenca del Plata. FLAR--Fondo Latinoamericano de Reservas. IADB--Inter-American Development Bank. IBRD--International Bank for Reconstruction and Development. IDA--The International Development Association. IDB Invest--Inter-American Investment Corp. IFC--International Finance Corp. ISDB--Islamic Development Bank. ICD--Islamic Corporation for the Development of the Private Sector. IFAD--International Fund For Agricultural Development. NDB--New Development Bank. NIB--Nordic Investment Bank. OFID--The OPEC Fund For International Development.

Risk-adjusted capital

	Global Institutions			Regional Institutions												
In USD Millions	**IBRD**	**IFC**	**IDA**	**AfDB**	**ADB**	**AIIB**	**BADEA**	**CAF**	**EBRD**	**ESM**	**FON PLATA**	**IADB**	**IDB Invest**	**ISDB**	**ICD**	**NDB**
Reporting Date	**Jun-22**	**Jun-23**	**Jun-22**	**Jun-23**	**Jun-23**	**Jun-23**	**Jun-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Dec-22**	**Jun-23**
Risk-Adjusted Capital Ratio After Adjustments (%)	**25**	**38**	**68**	**28**	**30**	**51**	**93**	**18**	**33**	**19**	**23**	**21**	**33**	**35**	**31**	**24**
Credit Risk- Exposure																
Government and central banks	305,718	23,454	238,341	47,189	205,535	33,419	5,660	38,135	17,418	122,500	2,681	136,345	1,736	29,305	422	18,622
Institutions	49,475	38,868	22,082	6,309	16,161	21,003	93	16,133	40,490	11,064	246	21,959	3,983	8,358	1,522	9,068
Corporate	50	26,397		2,413	6,753	2,017		1,113	19,881		15	4,105	5,717	1,001	677	1,417
Retail								26	-							
Securitization	1,599	6,931	168	4	1,602	259		305	1,238			492	331			
Other assets	2,983	5,259	110	114	757				1,336	1,843	7	1,173		396	37	
Total credit risk exposure	359,825	100,910	260,701	56,027	230,808	56,698	5,753	55,712	80,363	135,407	2,950	164,074	11,767	39,060	2,658	29,107
Credit Risk- Risk Weighted Assets																
Government and central banks	309,718	2,514	277,671	51,578	175,044	23,385	4,113	62,162	22,153	54,504	4,194	183,873	79	47,130	389	15,726
Institutions	11,067	26,755	4,762	3,554	4,236	6,709	26	4,337	17,828	1,688	136	5,935	3,082	3,285	1,443	3,661
Corporate	42	37,300		4,580	8,357	3,127		1,578	26,413		17	5,740	7,246	1,530	1,043	2,192
Retail								78	-							
Securitization	315	1,987	34	12	379	52		61	359			167	393			
Other assets	5,469	8,813	159	327	1,293				3,859	1,976	23	1,319		888	80	
Total credit risk	326,611	77,368	282,625	60,050	189,310	33,273	4,139	68,216	70,611	58,168	4,369	197,034	10,801	52,833	2,955	21,579
Credit Risk - Average Risk Weight (%)																
Government and central banks	101	11	117	109	85	70	73	163	127	44	156	135	5	161	92	84
Institutions	22	69	22	56	26	32	28	27	44	15	55	27	77	39	95	40
Corporate	84	141		190	124	155		142	133		113	140	127	153	154	155
Retail								296								
Securitization	20	29	20	342	24	20		20	29			34	119			
Other assets	183	168	144	288	171				289	107	338	113		224	217	
Total credit risk	91	77	108	107	82	59	72	122	88	43	148	120	92	135	111	74
Credit Valuation Adjustment																
Average risk weight (%)																
Market Risk- Exposure																
Equity in the banking book	2,318	11,870		1,272	1,570	777	799	284	4,777				208	1,224	347	76
Trading book market risk																
Total market risk	2,318	11,870		1,272	1,570	777	799	284	4,777				208	1,224	347	76
Market Risk- Risk Weighted Assets																
Equity in the banking book	9,228	28,448		4,505	5,249	1,515	855	1,552	14,431				631	2,161	1,103	308
Trading book market risk								2,355								
Total market risk	9,228	28,448		4,505	5,249	1,515	855	3,908	14,431				631	2,161	1,103	308
Average risk weight (%)	398	240		354	334	195	107	546	302				303	177	318	408
Operational Risk																
Total operational risk	6,779	11,777	6,347	3,132	6,032	2,828	529	4,096	5,153	4,764	243	7,910	621	1,738	227	1,169
Risk Transfer Mechanism																
Average risk weight (%)																
RWA before MLI adjustments	342,618	117,593	288,972	67,687	200,591	37,615	5,522	76,220	90,196	62,932	4,612	204,944	12,052	56,732	4,285	23,056
MLI Adjustments																
Single Name (On Corporate Exposures)	672	714		1,298	1,843	2,260		395	2,343			740	907	945	245	3,620
Sector (On Corporate Portfolio)	(48)	(3,547)		(481)	(989)	(517)		(87)	(2,474)		1	(295)	(524)	(264)	(102)	53
Geographic	(37,278)	(19,369)	(21,293)	(5,338)	(19,137)	(4,948)	(203)	(7,162)	(14,605)	(1,287)	(343)	(20,183)	(2,183)	(5,959)	(777)	(2,148)

Risk-adjusted capital *continued*

	Global Institutions			Regional Institutions												
In USD Millions	IBRD	IFC	IDA	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FON PLATA	IADB	IDB Invest	ISDB	ICD	NDB
Reporting Date	Jun-22	Jun-23	Jun-22	Jun-23	Jun-23	Jun-23	Jun-23	Jun-23	Jun-23	Dec-22	Jun-23	Jun-23	Jun-23	Dec-22	Dec-22	Jun-23
Preferred Creditor Treatment (On Sovereign Exposures)	(184,796)		(107,645)	(28,132)	(100,788)	(14,122)	(711)	(30,615)	(10,128)	(42,796)	(2,242)	(101,661)		(24,490)		(8,734)
Preferential Treatment (On FI & Corporate Exposures)	(433)	(7,008)	(179)	(876)	(1,310)	(1,097)	-	(379)	(4,067)		(19)	(821)	(938)	(749)	(365)	(826)
Single Name (On Sovereign Exposures)	99,145		102,501	13,228	96,411	19,311	1,250	37,977	7,260	446,434	4,349	93,435		9,329		26,229
Total MLI adjustments	(122,738)	(29,211)	(26,617)	(20,301)	(23,970)	887	336	130	(21,671)	402,351	1,745	(28,784)	(2,738)	(21,188)	(999)	18,194
RWA after MLI diversification	219,880	88,382	262,355	47,386	176,621	38,502	5,858	76,350	68,525	465,283	6,358	176,160	9,314	35,543	3,286	41,250
Total adjusted capital	55,233	33,561	178,346	13,383	52,824	19,748	5,477	13,976	22,271	89,466	1,457	37,468	3,072	12,480	1,033	10,098

RAC -- Risk-adjusted capital. RWA -- Risk-weighted assets. TAC -- Total adjusted capital. Rating parameters for calculation as of May 02, 2023. CEB, NIB, ESM, EIF, EUROFIMA, BSTDB, and EBRD have been converted from EUR to USD using the exchange rate as of December 31, 2021, June 30, 2022 or December 31, 2022. AfDB has been converted from UA to USD using the exchange rate as of December 31, 2022. IsDB has been converted from ID to USD using the exchange rate as of June 30, 2022. AfDB--African Development Bank. ADB--Asian Development Bank. AIIB--Asian Infrastructure Investment Bank. ADB—Asian Development Bank. APICORP--Arab Petroleum Investments Corporation. BSTDB--Black Sea Trade and Development Bank. CABEI--Central American Bank for Economic Integration. CAF--Corporacion Andina de Fomento. CDB--Caribbean Development Bank. CEB--Council of Europe Development Bank. EBD--Eurasian Development Bank. EBRD--European Bank for Reconstruction and Development. EIB--European Investment Bank. EIF--European Investment Fund. EUROFIMA - European Company for the Financing of Railroad Rolling Stock. FONPLATA--Fondo Financiero para el Desarrollo de la Cuenca del Plata. FLAR--Fondo Latinoamericano de Reservas. IADB--Inter-American Development Bank. IBRD--International Bank for Reconstruction and Development. IDA--The International Development Association. IDB Invest--Inter-American Investment Corp. IFC--International Finance Corp. ISDB--Islamic Development Bank. ICD--Islamic Corporation for the Development of the Private Sector. IFAD--International Fund For Agricultural Development. NDB--New Development Bank. NIB--Nordic Investment Bank. OFID--The OPEC Fund For International Development.

Risk-Adjusted Capital

	Other													
	Subregional Institutions				Other Multilateral Lending Institutions							Other Supranational Institutions		
	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EURO FIMA	EIB	NIB	API CORP	OFID	EIF	CGIF	FLAR
Reporting Date	**Dec-22**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**	**Dec-22**	**Jun-23**	**Jun-23**	**Jun-23**	**Jun-23**
Risk-Adjusted Capital Ratio After Adjustments (%)														
	21	**26**	**15**	**18**	**85**	**26**	**9**	**26**	**25**	**22**	**93**	**59**	**52**	**32**
Credit Risk- Exposure														
Government and central banks	228	1,661	15,657	3,059	11,459	26,579	12,455	343,283	10,966	1,574	6,501	2,071	1,166	2,747
Institutions	1,170	0	3,208	2,042	245	12,630	4,241	90,415	13,438	1,718	1,129	1,298	220	4,182
Corporate	1,589	159	127	3,339	17	1,258	405	164,943	16,638	5,361	658	390	2,048	1,249
Retail			38											
Securitization								18,325	6		83	10,369		201
Other assets	136		59	44	264			1,396	330	157	292	1		158
Total credit risk exposure	3,123	1,820	19,089	8,483	11,985	40,467	17,101	618,362	41,379	8,809	8,663	14,129	3,435	8,536
Credit Risk- Risk Weighted Assets														
Government and central banks	434	2,902	22,273	1,306	9,712	7,526	1,505	75,848	646	202	4,919	148	80	1,749
Institutions	898	0	1,661	2,263	52	2,956	652	28,213	1,654	1,083	751	270	43	982
Corporate	2,914	216	239	5,750	11	1,123	311	139,837	11,497	6,157	701	304	2,561	1,031
Retail			37											
Securitization								11,081	3		17	5,077		44
Other assets	437		155	117	310			1,381	327	241	292	1		178
Total credit risk	4,683	3,118	24,366	9,436	10,085	11,605	2,468	256,360	14,127	7,682	6,680	5,800	2,684	3,985
Credit Risk - Average Risk Weight (%)														
Government and central banks	190	175	142	43	85	28	12	22	6	13	76	7	7	64
Institutions	77	96	52	111	21	23	15	31	12	63	67	21	20	23
Corporate	183	136	188	172	66	89	77	85	69	115	107	78	125	83
Retail			97											
Securitization								60	50		20	49		22
Other assets	322		264	264	117			99	99	154	100	99		113
Total credit risk	150	171	128	111	84	29	14	41	34	87	77	41	78	47
Credit Valuation Adjustment														
Average risk weight (%)														
Market Risk- Exposure														
Equity in the banking book	15			15				13,855		1,238	82	1,540		10
Trading book market risk														
Total market risk	15			15				13,855		1,238	82	1,540		10
Market Risk- Risk Weighted Assets														
Equity in the banking book	75			87				54,294		2,568	88	2,616		7
Trading book market risk														
Total market risk	75			87				54,294		2,568	88	2,616		7
Average risk weight (%)	485			570				392		207	108	170		66
Operational Risk														
Total operational risk	128	164	1,060	274	222	302	65	8,664	866	742	487	993	110	163

Risk-Adjusted Capital *continued*

	Other													
	Subregional Institutions				Other Multilateral Lending Institutions							Other Supranational Institutions		
	BSTDB	CDB	CABEI	EDB	IFAD	CEB	EURO FIMA	EIB	NIB	API CORP	OFID	EIF	CGIF	FLAR
Reporting Date	**Dec-22**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**	**Jun-23**	**Jun-23**	**Dec-22**	**Jun-23**	**Dec-22**	**Jun-23**	**Jun-23**	**Jun-23**	**Jun-23**
Risk Transfer Mechanism														
Risk Transfer Mechanism								47,243						
Average risk weight (%)								35						
RWA before MLI adjustments	4,885	3,282	25,426	9,798	10,307	11,906	2,534	336,030	14,993	10,992	7,255	9,409	2,794	4,155
MLI Adjustments														
Single Name (On Corporate Exposures)	1,106	252	47	2,337	76	1,147	218	15,084	2,702	1,417	277	180	652	257
Sector (On Corporate Portfolio)	(394)	(36)	(13)	(615)	3	136	(51)	(14,499)	(1,309)	(453)	(85)	(53)	(191)	(130)
Geographic	(618)	(119)	(1,019)	(775)	(872)	(1,183)	(194)	(40,069)	(1,934)	(1,237)	(942)	(1,344)	(443)	(108)
Preferred Creditor Treatment (On Sovereign Exposures)	(2)	(1,582)	(12,581)	(154)	(2,922)	(4,643)	(1,007)	(44,890)	(59)	(17)	(1,750)			(1,072)
Preferential Treatment (On FI & Corporate Exposures)	(459)	(21)	(160)	(1,182)	-	(89)	(4)	(7,499)	(169)	(997)	(18)	(16)	(292)	(13)
Single Name (On Sovereign Exposures)	23	1,592	19,216	1,511	2,367	7,135	17,226	83,752	4,412	714	1,357			9,050
Total MLI adjustments	(343)	86	5,489	1,122	(1,349)	2,504	16,188	(8,121)	3,644	(572)	(1,162)	(1,233)	(274)	7,982
RWA after MLI diversification	4,542	3,368	30,916	10,920	8,958	14,410	18,722	327,909	18,637	10,420	6,093	8,176	2,519	12,137
Total adjusted capital	937	863	4,495	1,916	7,635	3,730	1,724	83,674	4,570	2,240	5,668	4,814	1,322	3,837

RAC -- Risk-adjusted capital. RWA -- Risk-weighted assets. TAC -- Total adjusted capital. Rating parameters for calculation as of May 02, 2023. CEB, NIB, ESM, EIF, EUROFIMA, BSTDB, and EBRD have been converted from EUR to USD using the exchange rate as of December 31, 2021, June 30, 2022 or December 31, 2022. AfDB has been converted from UA to USD using the exchange rate as of December 31, 2022. IsDB has been converted from ID to USD using the exchange rate as of June 30, 2022. AfDB--African Development Bank. ADB--Asian Development Bank. AIIB--Asian Infrastructure Investment Bank. ADB—Asian Development Bank. APICORP--Arab Petroleum Investments Corporation. BSTDB--Black Sea Trade and Development Bank. CABEI--Central American Bank for Economic Integration. CAF--Corporacion Andina de Fomento. CDB--Caribbean Development Bank. CEB--Council of Europe Development Bank. EBD--Eurasian Development Bank. EBRD--European Bank for Reconstruction and Development. EIB--European Investment Bank. EIF--European Investment Fund. EUROFIMA - European Company for the Financing of Railroad Rolling Stock. FONPLATA--Fondo Financiero para el Desarrollo de la Cuenca del Plata. FLAR--Fondo Latinoamericano de Reservas. IADB--Inter-American Development Bank. IBRD--International Bank for Reconstruction and Development. IDA--The International Development Association. IDB Invest--Inter-American Investment Corp. IFC--International Finance Corp. ISDB--Islamic Development Bank. ICD--Islamic Corporation for the Development of the Private Sector. IFAD--International Fund For Agricultural Development. NDB--New Development Bank. NIB--Nordic Investment Bank. OFID--The OPEC Fund For International Development.

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As of Aug. 31, 2023, S&P Global Ratings rates 138 sovereign governments and has established transfer and convertibility (T&C) assessments for each country with a rated sovereign, as shown in the table below.

A T&C assessment is the rating associated with the likelihood of the sovereign restricting nonsovereign access to foreign exchange needed for debt service. For most countries, S&P Global Ratings' analysis concludes that this risk is less than the risk of sovereign default on foreign-currency obligations; thus, most T&C assessments exceed the sovereign foreign currency rating. Foreign currency ratings of nonsovereign entities or transactions generally can be as high as the T&C assessment if their stress-tested operating and financial characteristics support the higher rating.

If a sovereign, through membership in a monetary or currency union, has ceded monetary and exchange rate policy responsibility to a monetary authority that the sovereign does not solely control, the T&C assessment reflects the policies of the controlling monetary authority, vis-à-vis the exchange of its currency for other currencies in the context of debt service. The same applies if a sovereign uses as its local currency the currency of another sovereign. A T&C assessment may change sharply if a sovereign introduces a new local currency, by entering or exiting a monetary/currency union, or through some other means. This is because the new local currency, and in some cases the new monetary authority, may operate in very different monetary and exchange regimes. The T&C assessment does not normally reflect the likelihood of change in a country's local currency.

For historical information on these ratings and assessments, please see "Sovereign Ratings History," published monthly on RatingsDirect.

This report does not constitute a rating action.

Sovereign ratings and country T&C assessments as of Aug. 31, 2023

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Abu Dhabi	AE	AA/Stable/A-1+	AA/Stable/A-1+	AA+*
Albania	AL	B+/Stable/B	B+/Stable/B	BB
Andorra	AD	BBB+/Positive/A-2	BBB+/Positive/A-2	AAA*
Angola	AO	B-/Stable/B	B-/Stable/B	B-
Argentina	AR	CCC-/Negative/C	CCC-/Negative/C	CCC-
Armenia	AM	BB-/Stable/B	BB-/Stable/B	BB
Aruba	AW	BBB/Stable/A-2	BBB/Stable/A-2	BBB
Australia	AU	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Austria	AT	AA+/Stable/A-1+	AA+/Stable/A-1+	AAA*
Azerbaijan	AZ	BB+/Stable/B	BB+/Stable/B	BB+
Bahamas	BS	B+/Stable/B	B+/Stable/B	BB-
Bahrain	BH	B+/Positive/B	B+/Positive/B	BB-
Bangladesh	BD	BB-/Negative/B	BB-/Negative/B	BB-
Barbados	BB	B-/Stable/B	B-/Stable/B	B-
Belarus	BY	SD/--/SD	CCC/Negative/C	CC
Belgium	BE	AA/Stable/A-1+	AA/Stable/A-1+	AAA*
Belize	BZ	B-/Stable/B	B-/Stable/B	B-
Benin	BJ	B+/Stable/B	B+/Stable/B	BBB-*
Bermuda	BM	A+/Stable/A-1	A+/Stable/A-1	AA+
Bolivia	BO	B-/Negative/B	B-/Negative/B	B-
Bosnia and Herzegovina	BA	B+/Stable/B	B+/Stable/B	BB
Botswana	BW	BBB+/Stable/A-2	BBB+/Stable/A-2	A
Brazil	BR	BB-/Positive/B	BB-/Positive/B	BB+
Bulgaria	BG	BBB/Stable/A-2	BBB/Stable/A-2	A
Burkina Faso	BF	CCC+/Stable/C	CCC+/Stable/C	BBB-*
Cameroon	CM	CCC+/Stable/C	B-/Stable/B	BBB-*
Canada	CA	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Cape Verde	CV	B-/Stable/B	B-/Stable/B	B+
Chile	CL	A/Stable/A-1	A+/Stable/A-1	AA-
China	CN	A+/Stable/A-1	A+/Stable/A-1	A+
Colombia	CO	BB+/Stable/B	BBB-/Stable/A-3	BBB

Sovereign ratings and country T&C assessments as of Aug. 31, 2023 *continued*

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Congo (DRC)	CD	B-/Stable/B	B-/Stable/B	B-
Congo-Brazzaville	CG	B-/Stable/B	B-/Stable/B	BBB-*
Cook Islands	CK	B+/Stable/B	B+/Stable/B	AAA*
Costa Rica	CR	B+/Stable/B	B+/Stable/B	BB
Cote d'Ivoire	CI	BB-/Stable/B	BB-/Stable/B	BBB-*
Croatia	HR	BBB+/Stable/A-2	BBB+/Stable/A-2	AAA*
Curacao	CW	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-
Cyprus	CY	BBB/Stable/A-2	BBB/Stable/A-2	AAA*
Czech Republic	CZ	AA-/Stable/A-1+	AA/Stable/A-1+	AA+
Denmark	DK	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Dominican Republic	DO	BB/Stable/B	BB/Stable/B	BBB-
Ecuador	EC	B-/Stable/B	B-/Stable/B	AAA
Egypt	EG	B/Negative/B	B/Negative/B	B
El Salvador	SV	CCC+/Stable/C	CCC+/Stable/C	AAA*
Estonia	EE	AA-/Negative/A-1+	AA-/Negative/A-1+	AAA*
Ethiopia	ET	CCC/Negative/C	CCC/Negative/C	CCC
Falkland Islands (The)	FK	A+/Stable/A-1	A+/Stable/A-1	A+
Fiji	FJ	B+/Stable/B	B+/Stable/B	B+
Finland	FI	AA+/Stable/A-1+	AA+/Stable/A-1+	AAA*
France	FR	AA/Negative/A-1+	AA/Negative/A-1+	AAA*
Georgia	GE	BB/Stable/B	BB/Stable/B	BBB-
Germany	DE	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA*
Ghana	GH	SD/--/SD	CCC+/Stable/C	CCC+
Greece	GR	BB+/Positive/B	BB+/Positive/B	AAA*
Guatemala	GT	BB/Stable/B	BB/Stable/B	BBB-
Guernsey	GG	A+/Stable/A-1	A+/Stable/A-1	AAA*
Honduras	HN	BB-/Negative/B	BB-/Negative/B	BB
Hong Kong	HK	AA+/Stable/A-1+	AA+/Stable/A-1+	AAA
Hungary	HU	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB+
Iceland	IS	A/Positive/A-1	A/Positive/A-1	A
India	IN	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB+

Sovereign ratings and country T&C assessments as of Aug. 31, 2023 *continued*

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Indonesia	ID	BBB/Stable/A-2	BBB/Stable/A-2	BBB+
Iraq	IQ	B-/Stable/B	B-/Stable/B	B-
Ireland	IE	AA/Stable/A-1+	AA/Stable/A-1+	AAA*
Israel	IL	AA-/Stable/A-1+	AA-/Stable/A-1+	AA+
Italy	IT	BBB/Stable/A-2	BBB/Stable/A-2	AAA*
Jamaica	JM	B+/Stable/B	B+/Stable/B	BB-
Japan	JP	A+/Stable/A-1	A+/Stable/A-1	AA+
Jersey	JE	AA-/Stable/A-1+	AA-/Stable/A-1+	AAA*
Jordan	JO	B+/Stable/B	B+/Stable/B	BB
Kazakhstan	KZ	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB
Kenya	KE	B/Negative/B	B/Negative/B	B+
Korea	KR	AA/Stable/A-1+	AA/Stable/A-1+	AAA
Kuwait	KW	A+/Stable/A-1	A+/Stable/A-1	AA-
Latvia	LV	A+/Negative/A-1	A+/Negative/A-1	AAA*
Lebanon	LB	SD/--/SD	CC/Negative/C	CC
Liechtenstein	LI	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA*
Lithuania	LT	A+/Negative/A-1	A+/Negative/A-1	AAA*
Luxembourg	LU	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA*
Madagascar	MG	B-/Stable/B	B-/Stable/B	B
Malaysia	MY	A-/Stable/A-2	A/Stable/A-1	A+
Malta	MT	A-/Stable/A-2	A-/Stable/A-2	AAA*
Mauritius	MU	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB
Mexico	MX	BBB/Stable/A-2	BBB+/Stable/A-2	A
Mongolia	MN	B/Stable/B	B/Stable/B	B+
Montenegro	ME	B/Stable/B	B/Stable/B	AAA*
Montserrat	MS	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-*
Morocco	MA	BB+/Stable/B	BB+/Stable/B	BBB
Mozambique	MZ	CCC+/Stable/C	CCC+/Stable/C	CCC+
Netherlands	NL	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA*
New Zealand	NZ	AA+/Stable/A-1+	AAA/Stable/A-1+	AAA
Nicaragua	NG	B/Stable/B	B/Stable/B	B+

Sovereign ratings and country T&C assessments as of Aug. 31, 2023 *continued*

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Nigeria	NG	B-/Stable/B	B-/Stable/B	B-
North Macedonia	MK	BB-/Stable/B	BB-/Stable/B	BB
Norway	NO	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Oman	OM	BB/Positive/B	BB/Positive/B	BB+
Pakistan	PK	CCC+/Stable/C	CCC+/Stable/C	CCC+
Panama	PA	BBB/Stable/A-2	BBB/Stable/A-2	AAA*
Papua New Guinea	PG	B-/Stable/B	B-/Stable/B	B-
Paraguay	PY	BB/Stable/B	BB/Stable/B	BB+
Peru	PE	BBB/Negative/A-2	BBB+/Negative/A-2	A-
Philippines	PH	BBB+/Stable/A-2	BBB+/Stable/A-2	A-
Poland	PL	A-/Stable/A-2	A/Stable/A-1	A+
Portugal	PT	BBB+/Stable/A-2	BBB+/Stable/A-2	AAA*
Qatar	QA	AA/Stable/A-1+	AA/Stable/A-1+	AA+
Ras Al Khaimah	AE	A-/Stable/A-2	A-/Stable/A-2	AA+*
Romania	RO	BBB-/Stable/A-3	BBB-/Stable/A-3	A-
Rwanda	RW	B+/Stable/B	B+/Stable/B	B+
Saudi Arabia	SA	A/Stable/A-1	A/Stable/A-1	A+
Senegal	SN	B+/Stable/B	B+/Stable/B	BBB-*
Serbia	RS	BB+/Stable/B	BB+/Stable/B	BBB-
Sharjah	AE	BBB-/Stable/A-3	BBB-/Stable/A-3	AA+*
Singapore	SG	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Slovakia	SK	A+/Stable/A-1	A+/Stable/A-1	AAA*
Slovenia	SI	AA-/Stable/A-1+	AA-/Stable/A-1+	AAA*
South Africa	ZA	BB-/Stable/B	BB/Stable/B	BB+
Spain	ES	A/Stable/A-1	A/Stable/A-1	AAA*
Sri Lanka	LK	SD/--/SD	CC/Negative/C	CC
St Helena	SH	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-
Suriname	SR	SD/--/SD	SD/--/SD	CCC
Sweden	SE	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Switzerland	CH	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA

Sovereign ratings and country T&C assessments as of Aug. 31, 2023 *continued*

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Taiwan	TW	AA+/Stable/A-1+	AA+/Stable/A-1+	AAA
Tajikistan	TJ	B-/Stable/B	B-/Stable/B	B-
Thailand	TH	BBB+/Stable/A-2	A-/Stable/A-2	A
Togo	TG	B/Stable/B	B/Stable/B	BBB-*
Trinidad and Tobago	TT	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB
Turkiye	TR	B/Negative/B	B/Negative/B	B
Turks and Caicos	TC	BBB+/Stable/A-2	BBB+/Stable/A-2	AAA
Uganda	UG	B/Negative/B	B/Negative/B	B
Ukraine	UA	CCC/Negative/C	CCC+/Stable/C	CCC+
United Kingdom	GB	AA/Stable/A-1+	AA/Stable/A-1+	AAA
United States	US	AA+/Stable/A-1+	AA+/Stable/A-1+	AAA
Uruguay	UY	BBB+/Stable/A-2	BBB+/Stable/A-2	A
Uzbekistan	UZ	BB-/Stable/B	BB-/Stable/B	BB-
Vietnam	VN	BB+/Stable/B	BB+/Stable/B	BB+
Zambia	ZM	SD/--/SD	CCC+/Stable/C	CCC+

*These T&C assessments are for countries that are either members of monetary or currency unions or use as their local currency the currency of another sovereign. Because of this, the assessment shown is based on S&P Global Ratings' analysis of either the monetary authority of the monetary/currency union or the sovereign issuing the currency. Thus, for European Economic and Monetary Union (EMU) members (Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, and Spain), the T&C assessments reflect our view of the likelihood of the European Central Bank restricting nonsovereign access to foreign exchange needed for debt service. Similarly, the T&C assessments for countries with rated sovereigns in the Eastern Caribbean Currency Union (Montserrat) reflect the current and projected policies of the Eastern Caribbean Central Bank. Likewise, the T&C assessments for countries with rated sovereigns in the West African Economic and Monetary Union (Benin, Burkina Faso, Cote d'Ivoire, Senegal and Togo) are based on the policies of the Central Bank of West African States, and the T&C assessments for countries with rated sovereigns in the Central African Economic and Monetary Community (Cameroon and Congo-Brazzaville) are based on the policies of the Bank of Central African States. As for countries that use the currency of another, the T&C assessments of El Salvador and Panama are equalized with that of the U.S., while those of Ras Al Khaimah and Sharjah are equalized with that of Abu Dhabi, the largest member of the United Arab Emirates; Andorra and Montenegro with EMU members; the Cook Islands with New Zealand; and Liechtenstein with Switzerland. LT--Long-term rating. ST--Short-term rating. ISO--International Organization for Standardization.

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