Supranationals

Special Edition

October 2022

S&P Global Ratings

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Supranationals' Abbreviations and Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
APICORP	Arab Petroleum Investments Corporation
ATI	African Trade Insurance Agency
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 Corporation
EBRD	European Bank for Reconstruction and Development
ECSCL	European Coal & Steel Community in liquidation
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 Developmen
ICD	Islamic Corporation for the Development of the Private Sector
IDA	The International Development Association
IDB	IDB Invest (Former Inter-American Investment Corporation)
IFAD	International Fund for Agricultural Development.
IFC	International Finance Corporation
IFFIm	International Financial Facility for Immunisation
IIB	International Investment Bank
ISDB	Islamic Development Bank
NDB	New Developement Bank
NIB	Nordic Investment Bank
OFID	The OPEC Fund for International Development

$	U.S. dollar
€	Euro
ACE	Adjusted common equity
EAD	Exposure at default
FSR	Financial strength rating
GCI	General capital increase
GDP	Gross domestic product
GRE	Government-related entity
ICR	Issuer credit rating
IMF	International Monetary Fund
LGD	Loss given default
MLI	Multilateral lending institution
NPLs	Non-performing 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 we continue our tradition and present the Supranationals 2022 Special Edition. This is our yearly report on multilateral lending institutions (MLIs) and other nonbank supranational institutions, a publication that first started already back in 1986.

We continue to only publish this in digital format to make a small contribution to reduce 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 in, please do not hesitate to contact us.

We hope you will enjoy reading our 2022 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. Multilateral lending institutions (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.)

- Preferred creditor treatment (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 2022

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MLIs Responded Well To The Pandemic And Are Now Shifting Focus Toward Recovery

More than two years have passed since the start of the pandemic. The various COVID-19 response packages approved in 2020 have been largely deployed, translating to increased flows as MLIs shifted to faster-disbursing loans. While the size of some relief packages was increased, no new relief packages were approved. During 2021 and 2022, MLIs have shifted gears to focus on recovery in their member countries amid more complicated global conditions. As a result, new loan disbursements moderated somewhat in 2021, though they're still significantly higher than pre-pandemic levels.

We expect lending to remain high as MLIs are called on to exercise their countercyclical role in a recessionary environment. However, we expect MLIs to maintain a conservative approach—balancing their ability to deploy additional capital while maintaining capital space.

In terms of new loans disbursed, a relevant measure of the impact of the sector, MLIs paid out $196 billion in 2021, down from $210 billion in 2020 but up significantly from $156 billion in 2019.

Disbursements during 2021 by region were: Europe (32%), Asia-Pacific (32%), Latin America and the Caribbean (19%), and Africa (18%). The European Investment Bank accounted for about 26% of all new disbursements, lower than 29% in 2020.

Capital Ratios Remained Robust During 2021 Despite Increased Pressures On Sovereigns

While undoubtedly there is more risk in the global environment and many sovereigns are facing rating constraints—aggravated by the economic losses and higher poverty levels from the pandemic, rising interest rates, and the Ukraine-Russia conflict—MLI capital adequacy remains resilient.

Capital adequacy assessments are largely unchanged. The proportion of MLIs with the highest capital adequacy assessment rose to 65% from 59% as of September 2022. The improvement stemmed largely from the inclusion of three new rated entities [Arab Petroleum Investments Corporation (APICORP), Arab Bank for Economic Development in Africa (BADEA), and The OPEC

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.

Fund for International Development (OFID)] that operate with low leverage. Most of the asset class manages their RAC ratios in the two highest categories (90% compared with 92% last year).

In 2021, eligible capital buffers were $469 billion compared to $475 billion in 2020. Nevertheless, only three institutions rely on these to provide uplift to their stand-alone credit profiles. The African Development Bank and EUROFIMA have relied on these buffers to support the ratings for some time. During 2022, the pressures on the Central American Bank for Economic Integration's (CABEI) balance sheet from increased lending and stress in member countries led to a change in our capital assessment from very strong to strong. However, this did not affect its rating, owing to the uplift we applied for its eligible callable capital buffers.

Based on the latest financial information and rating parameters as of September 2022, RAC ratios, on average, improved slightly by 30 basis points (bps). This excludes data on certain institutions, such as ESM and FLAR, whose RAC changes are volatile because the institutions are balance-of-payment providers. AIIB, NDB, IDB Invest, and IFAD are also excluded given that these institutions have ramped up lending because of strategic decisions to use their large capital buffers. As a result, they've had more marked declines in RAC ratios.

A handful of MLIs improved their RAC ratios, most notably the European Investment Fund (EIF), which was supported by its largest capital increase of €1.2 billion. The AfDB improved its RAC ratio by more than 300 bps on the back of a slowdown in lending after its 2020 peak.

Margin expansion in 2021 supported growth in equity, underpinning improvements in RAC ratios. The average return on equity (ROE) for the sector dropped to 1.6% in 2020, from 2.2% in 2019, owing to significant provisioning requirements to address rising risk from the pandemic, combined with volatility in valuations of equity investments and

Chart 1 - Aggregate Disbursements Across MLIs (US$ Billions)

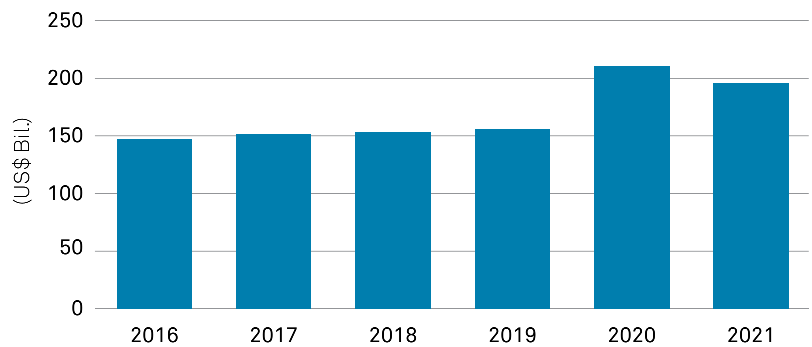


Table 1 - Supranationals' Capital Assessments

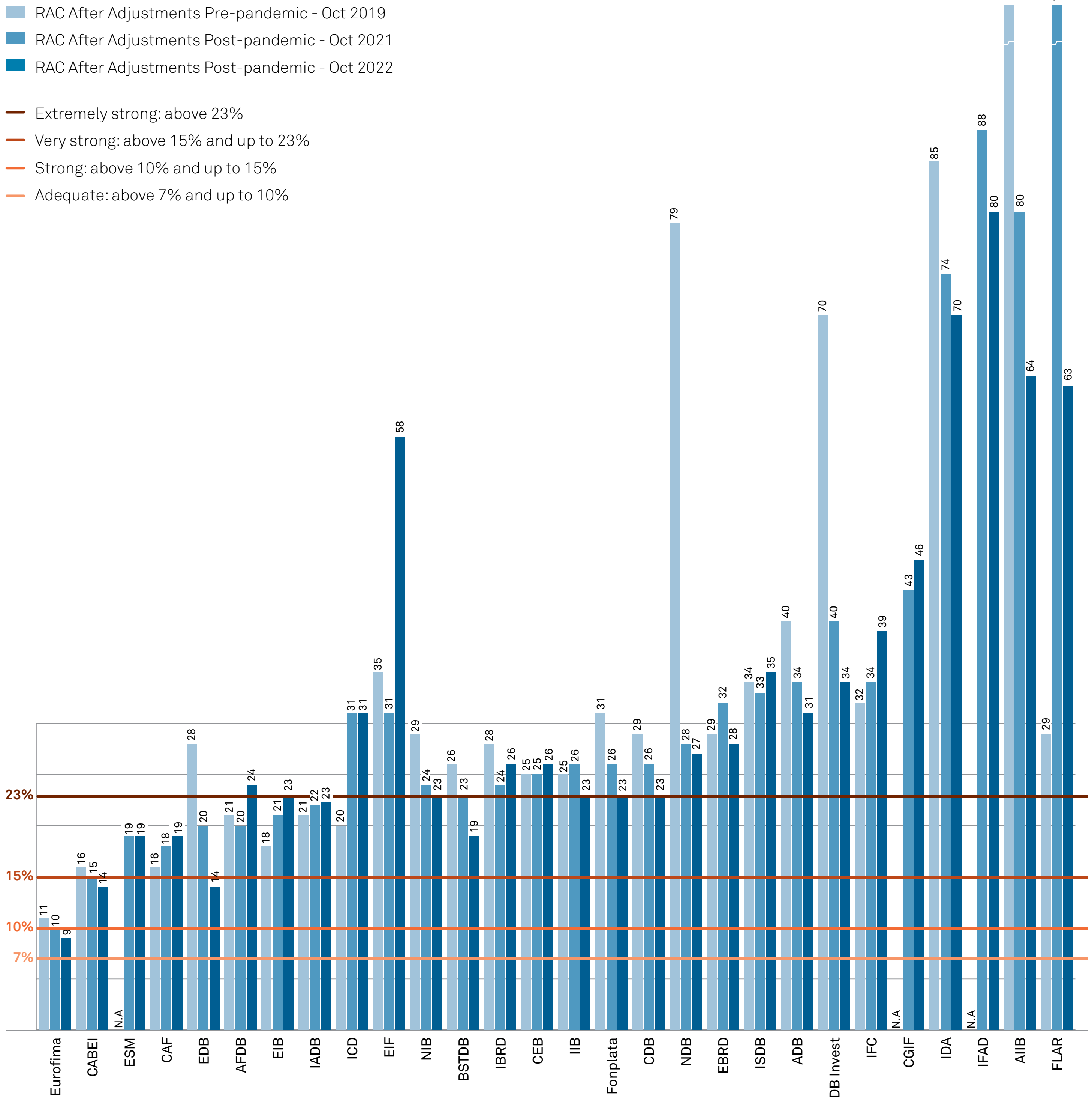
Extremely Strong	**ADB**, **AIIB**, **APICORP**, BADEA, **CDB**, **CEB**, CGIF, EBRD, EIF, FLAR, IFAD, IDA, IDB INVEST, **IBRD**, IFC, IIB, IsDB, **NDB**, **NIB**, OFID
Very Strong	**AFDB***, BSTDB, EDB, **EIB**, **ESM**, FONPLATA, **IADB**, ICD
Strong	CAF, **EUROFIMA***, **CABEI***

MLIs highlighted in RED indicate callable capital buffers present. MLIs with '*' utilize callable capital as an uplift to the final Issuer Credit Rating.

non-trading portfolios. ROE averaged 2.9% in 2021, largely driven by MLIs with large equity portfolios that rebounded on better performance in emerging markets. Provisions in general remain high given downside risk to the global economy, although have somewhat moderated in 2021, as many general provision overlays established as a precautionary measure in 2020 were removed.

While higher interest rates increased the cost of borrowings on MLI balance sheets, the majority of MLIs pass the cost of higher rates onto their borrowers or hedge the debt-funded loan and liquidity portfolios. Conversely, higher interest rates have supported higher net unrealized mark-to-market gains on loan-related derivatives and earnings owing to the portion of loan portfolios funded by equity.

Chart 2 - Supranationals' Risk-Adjusted Capital Ratios



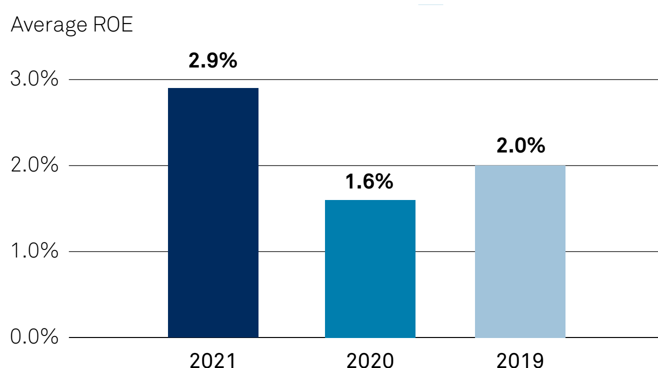
Source: S&P Global Ratings.

The direct impact of the Russia-Ukraine conflict has been limited to a handful of multilaterals with significant exposure to Russia, Belarus, or Ukraine—namely International Investment Bank (IIB), Eurasian Development Bank (EDB), and Black Sea Trade and Development Bank (BSTDB)—which hurt RAC ratios. These institutions have faced increased provisioning requirements, shareholders who left, funding constraints, and in one case (IIB) a complete stop to all operations—all of which have weighed on capital assessments and ratings. New Development Bank (NDB), with significant Russian ownership as well as credit exposure, replaced its Russian chairman on the board of directors. It also updated its bond documentation to include a use of proceed clause that indicates there will not be financing of any Russian assets in line with the bank's statements issued in March. Since the conflict started, NDB has not placed any new public U.S. dollar bonds. Asian Infrastructure Investment Bank (AIIB) has dealt with higher funding costs compared to before the conflict (see "How The Russia-Ukraine Conflict May Affect Multilateral Lenders," June 16, 2022). There are broader indirect effects of the conflict because of heightened risks to the global economy, which are captured to the degree that sovereign ratings are affected.

Private-Sector Lending Is Slowly Picking Up After A Pandemic Slump; Mobilization Targets Are Gradually Improving

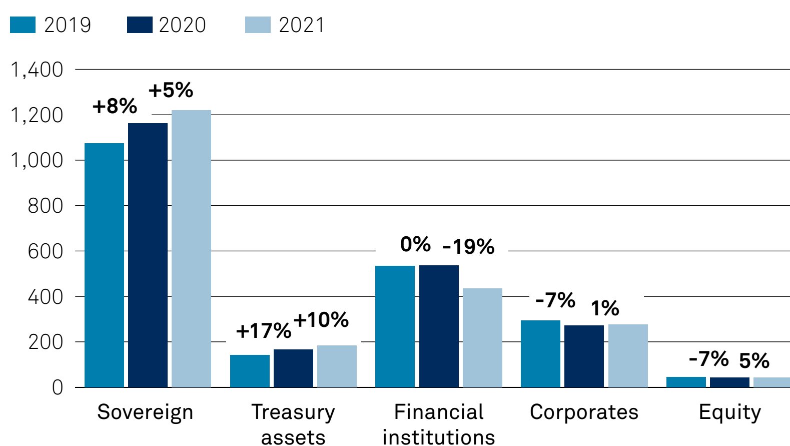
While private-sector lending, particularly corporate and infrastructure financing, took a hit during 2020 as MLIs shifted focus toward sovereign lending and providing liquidity support to financial institutions, this trend seems to be reversing. During 2021, corporate lending exposure increased by 1% across the sector, compared with a decline of 7% in 2020. New greenfield infrastructure investments have been slower to recover, although MLIs supported some new investments in the health sector, power generation projects, and airport expansions. Similarly, equity investments expanded by 5%, compared with a decline of 1% in 2020. On the

Chart 3 – Average Net Income to Shareholder Equity



Source: S&P Global Ratings.

Chart 4 – Exposure at Default by Asset Type



other hand, lending to financial institutions declined by 19%, largely because the short-term liquidity lines—in response to the pandemic—were scaled back.

Mobilizing private investment to development projects continues to be key for MLIs. Mobilization rates are picking up as well, following a decline due to lower infrastructure and corporate deals during the peak of the pandemic. IFC is, in our view, leading mobilization, with a direct mobilization ratio of more than 100% compared with its own account lending. Nevertheless, we believe direct mobilization rates from the remainder of the sector remains relatively low, particularly in low-income countries.

ESG And Climate Change Are Front And Center

MLIs, particularly the large global and regional institutions, continue to make important strides in support of ESG. In recent years, MLIs have incorporated climate change directives into their mandates, which, combined with more frequent and severe natural disasters, has led to intensifying discussions around stronger climate response mechanisms. This has included climate change lending targets and strategies and different lending instruments that can adapt to a natural disaster event.

One trend across the sector has been an increasing commitment to designate a significant share of new lending to climate change. Prior to the pandemic, many MLIs incorporated climate finance targets of 20%-40% of lending activities. We observed that these targets have been rising, with many updating climate targets at 40% or more. Some MLIs, like the Asian Development Bank, have committed to at least 75% of operations supporting climate action by the end of the decade.

There have been fewer developments in the MLI sector associated with innovative financial instruments to support climate and ESG-themes, like the inclusion of parametric features. Even so, in terms of loans, IDB is the first MLI that we are aware of that has introduced a modification (or parametric condition) on its loan repayments, dependent on a declared national emergency. Although, takeup of this modification has been limited so far. The World Bank is the only MLI that has issued a variety of CAT bonds as part of its capital-at-risk notes program. Since 2014, the World Bank issued three CAT bond transactions, one of which is a pandemic bond covering certain types of regional and global disease outbreaks, including the coronavirus. More recently, the World Bank launched a wildlife conservation bond where investors forgo coupon payments, which are redirected toward conservation investment payments based on a defined rhino growth index, underpinning incentives for parks to preserve and improve the Rhino population. Generally, we think these are useful tools, but adoption in the broader sector and the scaling of these instruments remain on the margins.

Some in the sector are also advancing their commitment toward more granular ESG reporting. Many MLIs, such as The World Bank, IADB, IDB Invest, EIB, and ADB, have also committed to making their institutions Paris Aligned over the next few years.

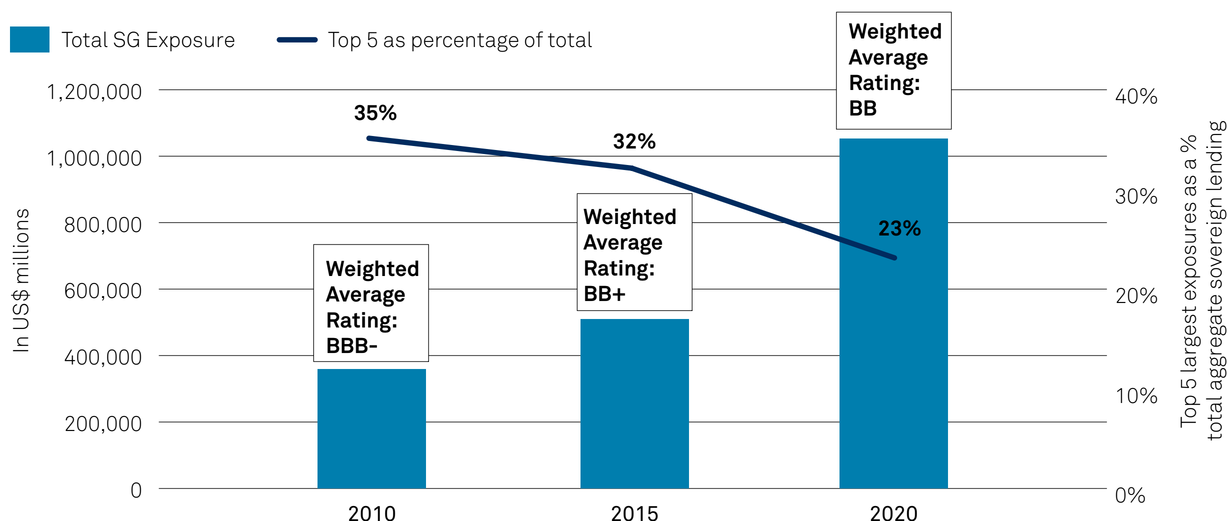
Capital Optimization Is A Mainstay For The MLI Sector

Capital optimizations continue to be at the forefront for the sector.

About five years ago, the G20 made a call to the asset class to explore capital optimizations, which prompted many MLIs to take actions that led to overall capital strengthening. Over the past years, MLIs have scaled up the use of risk transfer instruments—mainly exposure exchange agreements to reduce sovereign concentration, sovereign guarantee schemes from highly rated donors to reduce risk on the sovereign book, and securitization structures and insurance schemes to transfer risk from MLI private-sector portfolios. These have yielded reduced risk weight charges but haven't meaningfully changed our capital adequacy assessments in the asset class.

Following the pandemic response amid growing demand for multilateral resources, the G20 commissioned an independent expert panel in 2021 to urge MLIs to continue exploring ways to optimize capital. The panel published a report in 2022, "Boosting MDB's investing capacity: An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks," which outlines five action areas that would maximize the impact of MLI capital. Our response to these recommendations is outlined in "A Closer Look At The G-20 Expert Panel Review Of MLIs' Capital Adequacy Frameworks," published Oct. 11, 2022.

Chart 5 – Historical Sovereign-guaranteed Exposure, Portfolio Concentration and Weighted Average Rating across MLIs



Data taken from AfDB, AIIB, ADB, BSTDB, CDB, CABEI, CAF, CEDB, CGIF, EDB, EURFIMA, EBRD, EIB, EIF, FONPLATA, FLAR, IADB, IFAD, IDBI, IBRD,IIB, IsDB, NDB, NIB, IDA, and measures sovereign EAD, excluding treasury investments. IDA data included in 2020.

Overall, the asset class faces various issues. The average weighted average rating of the MLI sector, based on aggregated sovereign lending portfolios, declined from investment grade in 2010 ('BBB-') to 'BB+' by 2015, and it reached 'BB' in 2020—where it remains today. At the same time, MLI portfolios have grown significantly and diversified away from middle-income countries that usually receive a significant part of sovereign financing, with an increase in lending to lower-income countries. While MLI capital positions have remained largely resilient, this has been a result of conservative capital management, and we believe that further adoption of capital optimizations will continue to be a useful tool from a capital and risk management perspective considering increased demand for MLI resources amidst a more volatile environment.

Supranationals Special Edition 2022 Features Summary Analyses And Compares Financial Data On The 37 Supranational Institutions We Rate

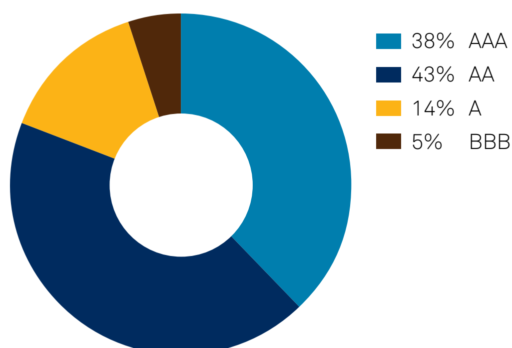
The 37 rated supranationals had a total combined balance sheet of $2.9 trillion at year end-2021, compared with $2.35 trillion in the prior year.

Credit quality among the 37 supranationals remains high. We rate 38% of them 'AAA' and most 'AA-' or higher (see chart 6).

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 94% of all supranational debt, based on year-end 2021 data, and excluding debt from the European Union (see chart 7).

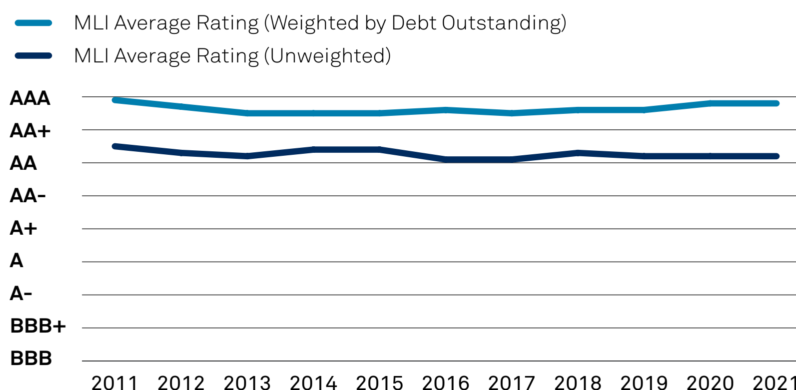
As of Oct. 6, 84% of our supranational ratings have stable outlooks, 2% (CAF and OFID) carry positive outlooks, and four entities have negative outlooks (BSTDB, EDB, EUROFIMA, and IIB) (see chart 8).

Chart 6 – Supranational Ratings Distribution 2022



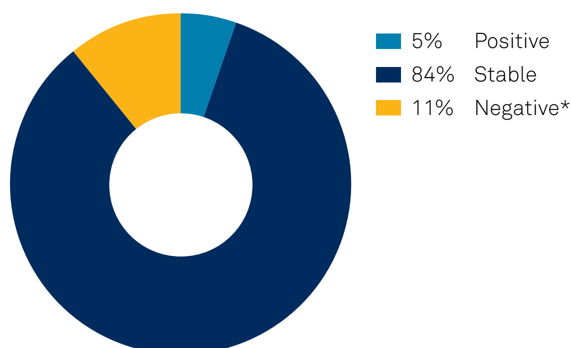
Source: S&P Global Ratings.

Chart 7 – Average Supranational Rating Versus Average Debt-Weighted Rating



Source: S&P Global Ratings.

Chart 8 – Supranationals Outlook Distribution 2022



* Ratings as of October 6, 2022
Source: S&P Global Ratings.

Table 2 – Rating Actions Since October 2021

Entity	Rating To	Rating From
BADEA	AA/Stable/A-1+	--
APICORP	AA-/Stable/A-1+	--
CAF	AA-/Positive/A-1+	A+/Positve/A-1
IIB	BBB-/Negative/A-3	BBB+/Negative/A-2
	BBB+/Negative/A-2	A-/Negative/A-2
BSTDB	A-/Negative/A-2	A/Stable/A-1
	A/Stable/A-1	A-/Positive/A-2
EDB	BBB-/Negative/A-3	BBB-/Watch Neg/A-3
	BBB-/Watch Neg/A-3	BBB/Stable/A-2
	BBB/Stable/A-2	BBB/Negative/A-2
EUROFIMA	AA/Negative/A-1+	AA/Stable/A-1+
OFID	AA/Positive/A-1+	--
Dhaman	A+/Stable/--	AA-/Negative/--
EURATOM	AA+/Stable/A-1+	AA/Positive/A-1+
EU	AA+/Stable/A-1+	AA/Positive/A-1+
EDB	BBB/Stable/A-2	BBB/Negative/A-2

* Ratings as of October 6, 2022. Source: S&P Global Ratings.

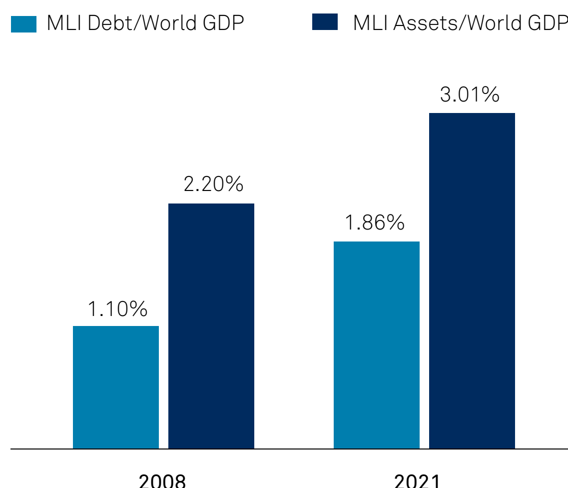
Various negative rating actions were taken on entities like BSTDB, EDB, and IIB because of the Russia-Ukraine conflict. We also lowered our rating on Dhaman due to a weakening policy role. At the same time, we raised our ratings on CAF given its stronger capital adequacy outlook as well as on the EU and EURATOM following revisions to our methodology that now reflects our view of all 27 member states' ongoing capacity and willingness to support the EU budget. We assigned new ratings to three new entities, BADEA, APICORP and OFID (see table 2).

Supranational Debt Totaled $1.8 Trillion At The End Of 2021

Supranationals' outstanding debt at year-end 2021 increased to $1.8 trillion from $1.4 trillion in the previous year. Total outstanding debt at year-end 2008 was less than $800 billion. The $1.8 trillion represented close to 1.9% of the world's GDP at year-end 2021 (see chart 9).

The pace of rated supranationals' debt growth has peaked twice, in 2009 at 16%, and in 2012 at 24%. This reflects their countercyclical role. Most increased their lending operations after the 2008 crisis to support investments in their countries of operation. The 2012 debt increase stemmed mainly from the European Financial Stability Facility (EFSF) beginning operations, when its outstanding debt surged to $208 billion from $23 billion in 2011. Many also benefited from a capital increase during the crisis and could then increase their borrowings accordingly. Debt increased by 1% in 2021 compared to 4% in 2020, reflecting moderated disbursement volumes and significant funding activity at the peak of the pandemic which was accompanied by a repurposing of lending and not large increases in new financing commitments.

Chart 9 – MLI Debt And Assets To World GDP-2008 And 2021



This report does not constitute a rating action.

Supranationals 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	Extra-ordinary support	Holistic Approach
African Development Bank	AAA	Stable	aa+	Very Strong	Very Strong	Adequate	Very Strong	Very Strong	Strong	1	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	Stable	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	A-	Negative	a-	Moderate	Moderate	Adequate	Very Strong	Very Strong	Strong	0	0
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-	Positive	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	AA	Negative	aa-	Strong	Adequate	Strong	Very Strong	Strong	Very Strong	1	0
European Financial Stability Facility	AA	Stable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Rating	Outlook	SACP	Enterprise Risk Profile	Policy Importance	Governance and Management Expertise	Financial risk profile	Capital Adequacy	Funding and liquidity	Extra-ordinary support	Holistic Approach
European Investment Bank	AAA	Stable	aaa	Extremely Strong	Very Strong	Strong	Extremely Strong	Very 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	Stable	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	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	Stable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
International Finance Corp.	AAA	Stable	aaa	Very Strong	Strong	Strong	Extremely Strong	Extremely Strong	Very Strong	0	0
International Investment Bank	BBB-	Negative	bbb-	Very Weak	Weak	Weak	Very Strong	Extremely Strong	Adequate	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 3, 2022. Source: S&P Global Ratings.

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	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

	Date	Long-term rating	Outlook	Short-term rating
Asian Development Bank	Jan. 3, 1990	AAA	Stable	A-1+
	Sept. 18, 1989	AAA	Stable	---
	April 2, 1971	AAA	---	---
Asian Infrastructure Investment Bank	Jul. 18, 2017	AAA	Stable	A-1+
Corporación Andina de Fomento	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)	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	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	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+
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

	Date	Long-term rating	Outlook	Short-term rating
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+
	June 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+
	Sept. 18, 1989	AA+	Stable	A-1+
	Jan. 17, 1989	AA+	---	A-1+
	May 18, 1988	---	---	A-1+
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	---	---

	Date	Long-term rating	Outlook	Short-term rating
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+
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	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+

	Date	Long-term rating	Outlook	Short-term rating
	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+
International Finance Facility for Immunisation	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 October 26, 2021.

Multilateral Lending Institutions and Other Supranational Institutions Ratings Methodology

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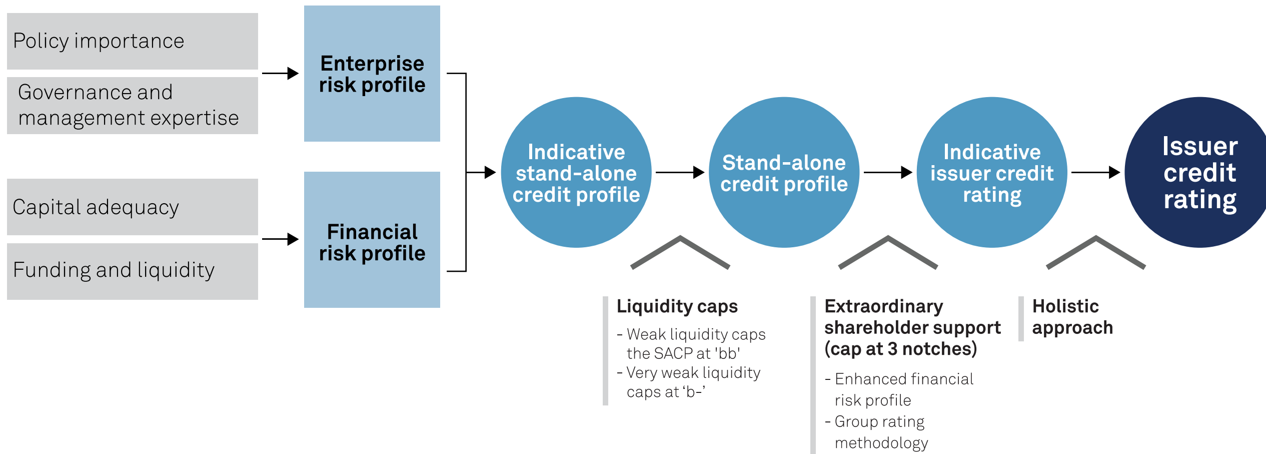
OVERVIEW AND SCOPE

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.

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.

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)



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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.

Acronyms Used In This Article

ACE	Adjusted common equity
EAD	Exposure at default
FSR	Financial strength rating
GDP	Gross domestic product
GRE	Government-related entity
ICR	Issuer credit rating
IMF	International Monetary Fund
LGD	Loss given default
MLI	Multilateral lending institution
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

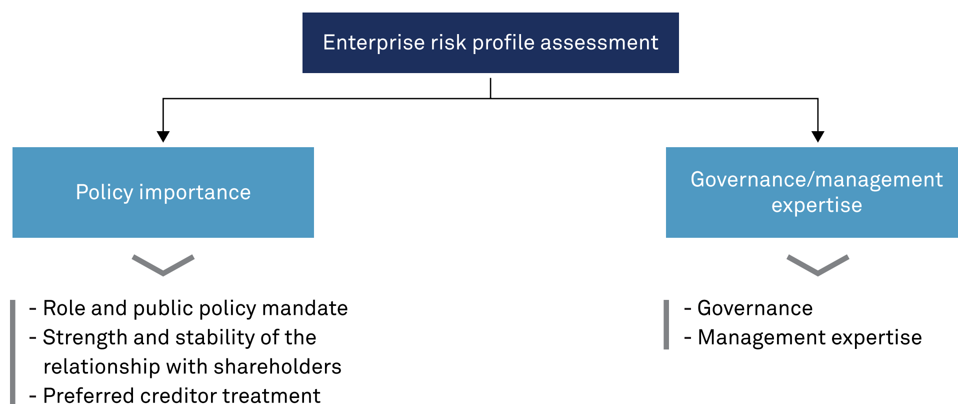
3. Our analysis begins with an assessment of a MLI's ERP and FRP. Our methodology is based on the assessment of four key credit factors that underlie the assessment of the ERP and FRP, as shown in chart 1. Table 1 shows the different scales we use to assess these factors. We use matrices to combine our 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).

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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 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).

Chart 3 - Analytical Framework For The Financial Risk Profile

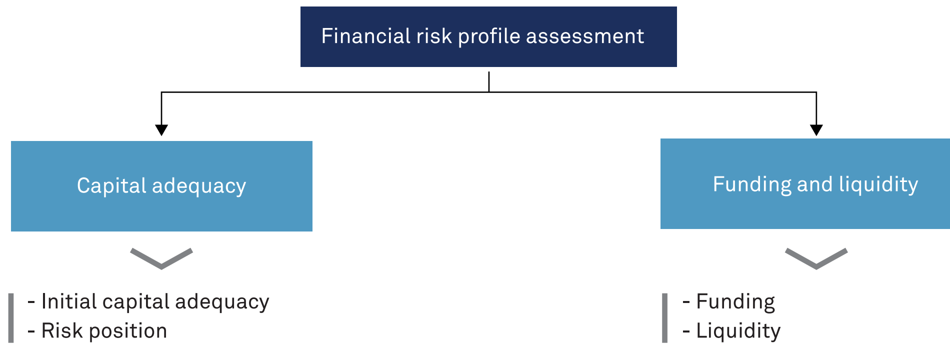

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Table 2 - Determining An Indicative Stand-Alone Credit Profile and Issuer Credit Rating For A Multilateral Lending Institution

	--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.

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.

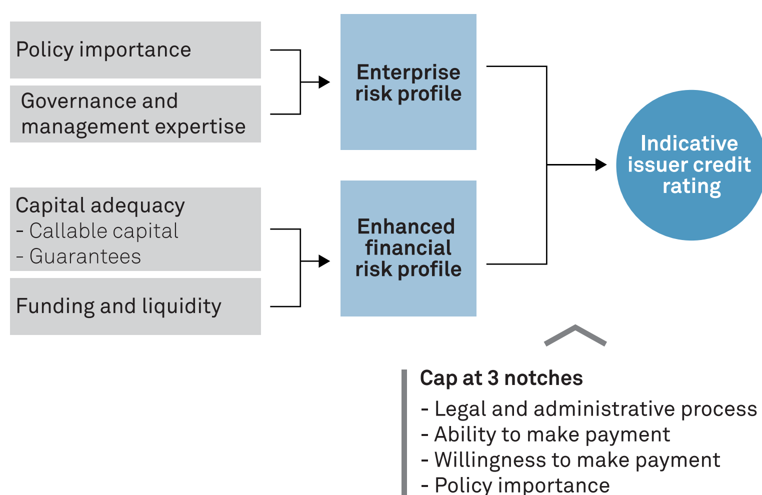
9. We use lowercase letters for SACPs to highlight that these outcomes are not themselves ratings. Instead, we consider them to be indicative credit assessments that inform our ratings.

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.

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



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

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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, 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 INSTITUTIONS

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

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

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 1 in the MLI criteria guidance document (see "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published on Dec. 14, 2018). We use these risks weights, adjusted for PCT, in our FRP assessment (see paragraph 62).

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.

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.

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%.

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.

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.

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

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

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

Governance	Strong	Adequate	Weak
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).

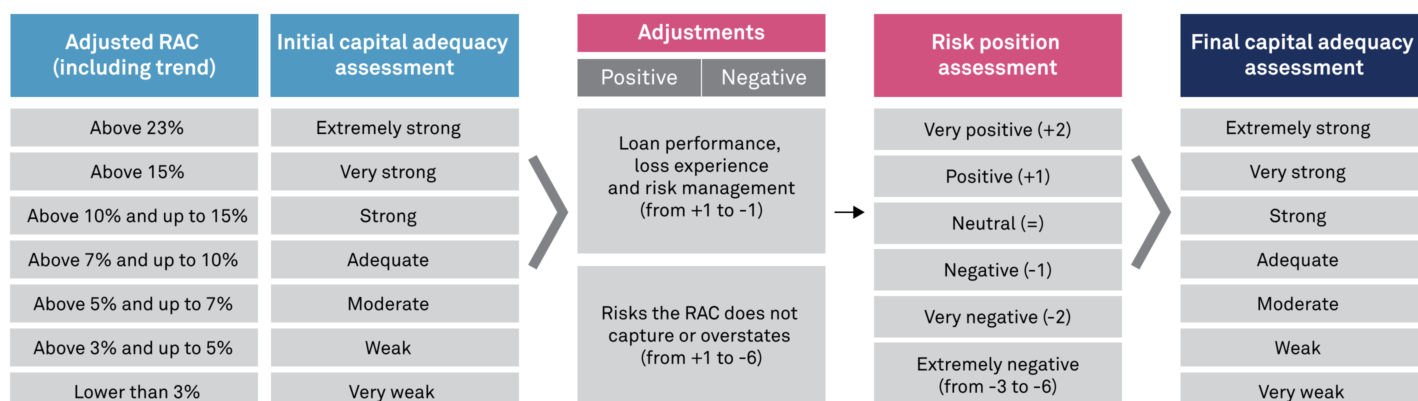
55. The first step of our capital adequacy analysis consists of determining the initial capital adequacy assessment (see chart 5). As MLIs do not have to comply with regulatory capital levels, this is based on our own measure of capital, the RAC ratio (see table 10), which uses our standard RAC framework 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 analysis by up to two categories or lower it by up to six categories (see chart 5).

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



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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. Risk-weighted assets (RWAs). 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 1 in the MLI criteria guidance document). 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 21-26 of the MLI criteria guidance document 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 2 of the MLI criteria guidance document 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 MLI criteria guidance document.

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

Risk position

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.

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

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.

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.

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

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.

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 3 in the MLI criteria guidance document 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 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.

Table 13 - 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):

- 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.

Negative adjustment factors (each one weakens the initial liquidity assessment, generally by one category, unless stated otherwise):

- Presence of covenants or triggers that could materially affect an MLI's liquidity (up to two categories).

- 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.

- 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 MLI criteria guidance document.

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.

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.

Table 14 - Main Building Blocks In Rating The European Union

Component	Direction and scale of impact Comments/factors considered	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.

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 3 of the MLI guidance (see "Guidance: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published on Dec. 14, 2018).

– 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.

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.

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.

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
- 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

Related Guidance

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

This article is a Criteria article. Criteria are the published analytic framework for determining Credit Ratings. Criteria include fundamental factors, analytical principles, methodologies, and /or key assumptions that we use in the ratings process to produce our Credit Ratings. Criteria, like our Credit Ratings, are forward-looking in nature. Criteria are intended to help users of our Credit Ratings understand how S&P Global Ratings analysts generally approach the analysis of Issuers or Issues in a given sector. Criteria include those material methodological elements identified by S&P Global Ratings as being relevant to credit analysis. However, S&P Global Ratings recognizes that there are many unique factors / facts and circumstances that may potentially apply to the analysis of a given Issuer or Issue. Accordingly, S&P Global Ratings Criteria is not designed to provide an exhaustive list of all factors applied in our rating analyses. Analysts exercise analytic judgement in the application of Criteria through the Rating Committee process to arrive at rating determinations.

This report does not constitute a rating action.

How The Russia-Ukraine Conflict May Affect Multilateral Lenders

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Key Takeaways

- Multilateral lending institutions (MLIs) with significant exposure to Russia, Belarus, or Ukraine face asset-quality issues, alongside potential weakening of policy relevance and shareholder realignment, as the impact of Russia's military actions in Ukraine spreads across the region.
- Our stress tests on six such MLIs indicate pressure on the three smallest if many of their borrowers were to default, although this is unlikely since a large amount of loans are to state-owned companies and government-guaranteed projects.
- At this stage, we see a very low likelihood of MLIs facing sanctions or having operational difficulty in paying creditors.
- All six entities have robust liquidity but, for three of them, if the current restricted access to capital markets persists for an extended period, it could eventually erode that position.

Over the years, MLIs' large capital and liquidity buffers have helped them navigate difficult operational situations, including disputes among their government shareholders. The Russia-Ukraine conflict, ensuing sanctions on entities in Russia and Belarus, and currency restrictions raise questions about whether MLIs operating in the region still have sufficient capital. S&P Global Ratings has conducted stress tests on six MLIs with varying degrees of exposure to Russia, Belarus, and Ukraine to gauge the impact on capital.

The results suggest that the MLI sector, as a whole, can weather the fallout from the Russia-Ukraine conflict. We believe that significant exposure to state-owned enterprises and corporate projects with state guarantees can shield the MLIs from the most severe stresses. That said, a default of one or more of the three sovereigns to MLIs and a complete write-down of the MLIs' corporate exposure, which we assume in the unlikely worst-case scenario, could weigh on four of the six institutions.

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This report does not constitute a rating action.

MLIs whose capital bases appear to be most at risk of weakening in our hypothetical stress scenarios are the Eurasian Development Bank (EDB; BBB-/Negative/A-3), International Investment Bank (IIB; BBB+/Negative/A-2), and Black Sea Trade and Development Bank (BSTDB; A-/Negative/A-2). This is because they all have significant corporate exposures in one or more of the three sovereigns Russia, Belarus, and Ukraine. We see the other three banks— International Bank for Reconstruction and Development (IBRD; AAA/Stable/A-1+), European Bank for Reconstruction and Development (EBRD; AAA/Stable/A-1+), and New Development Bank (NDB; AA+/Stable/A-1+)—as faring better in our scenarios because of the greater diversification of their borrowers and shareholder bases.

Although our stress tests focus mainly on the potential implications for capitalization, including preferred creditor treatment (PCT), we also examine liquidity, potential operational hurdles regarding payments, funding constraints, and the likelihood of MLIs' decreasing policy relevance, which are all part of our rating analysis. We also anticipate increasing business complexity if the institutions' shareholder structures and operating models were to undergo a transformation.

The Tests: Stress From Incrementally Higher Default Rates

The three scenarios we used for our stress tests model the hypothetical impact of declining creditworthiness of Russia, Belarus, and Ukraine, alongside rising corporate borrower default rates in those countries and—in our most severe stress—sovereign defaults to MLIs (see table 1). We expect corporate entities' operating performance and debt-repayment capacity to suffer from the knock-on effects of capital controls, sanctions, spiralling costs, and depressed economic activity. We assume that borrower defaults increase as economic and financial conditions deteriorate.

Default and loss rates have direct implications for MLIs' capital bases. For example, in our most severe (worst case) hypothetical scenario, we assume that all three sovereigns default, not only on their commercial debt but also on their debt to MLIs, and that all of the MLIs' corporate lending would not be recoverable. Because the risk weights for the three sovereigns in our risk-adjusted capital (RAC) framework are already among the highest globally, the loss rate is the key variable in the scenarios. We assume in these hypothetical situations that no MLI takes mitigating actions.

Table 1- Stressed Scenario Assumptions

	Current	Significant stress	Severe stress	Worst case
Russia				
Long-term FC sovereign rating/Outlook	SD then Withdrawn	Default	Default	Default including to MLIs
BICRA	10	10	10	10
Corporate loss rate (%)	N/A	25	50	100
Belarus				
Long-term FC sovereign rating/Outlook	CC/Watch Neg	CC	Default	Default including to MLIs
BICRA	10	10	10	10
Corporate loss rate (%)	N/A	25	50	100
Ukraine				
Long-term FC sovereign rating/Outlook	CCC+/Watch Neg	CC	Default	SD including to MLIs
BICRA	10	10	10	10
Corporate loss rate (%)	N/A	25	50	100

FC--Foreign currency. BICRA--Banking Industry Country Risk Analysis. SD--Selective default. N/A--Not applicable.

Table 2 - Sovereign And Corporate Exposure By Entity

Proportion of exposures as of Dec. 31, 2021

	Sovereign (% of total sov)			Corporate (% of total corp)		
	Russia	Ukraine	Belarus	Russia	Ukraine	Belarus
EDB	23.9	0	1.5	52.5	0	7.0
IIB	0	0	0	23.2	0	0
BSTDB*	0	0	0	19.4	14.9	0
EBRD	0	10.1	1.5	0.1	4.9	1.8
NDB	10.3	0.0	0	44.7	0	0
IBRD*	0.1	2.4	0.4	0	0	0

*Data as of June 30, 2021.

Therefore, in our calculation of capital and our default assumptions for the test, we include 50% of signed but undisbursed loans relating to these countries, although we note that a large portion of those loans might—in practice—be cancelled. In fact, all MLIs have put new lending to Russia and Belarus on hold and even stopped disbursing to ongoing projects.

The intent of our stress tests is not to capture a likely outcome in a predefined macroeconomic stress. Rather, it is to demonstrate which MLI may be most vulnerable to a hypothetical severe stress. Moreover, none of the three stress scenarios defines a base-case scenario in our rating analyses. We consider the MLIs' current creditworthiness as implied by our ratings, as well as by their exposure to Russia, Ukraine, and Belarus in terms of the share of lending and equity exposures (see table 2).

The Results: Regional Concentration Implies Greater Risk

Although all three scenarios have negative implications for the MLIs, smaller entities whose exposures are concentrated in Russia, Belarus, and Ukraine stand to lose more than the larger, more diversified entities.

In all three stress scenarios EBD's RAC ratio would be the lowest, given the starting point. The hypothetical drop in capitalization, as indicated by our RAC ratio, ranges from 2.2% in our significant stress scenario, to 12.2% in our worst-case stress scenario (see table 3). However, a very high share of EDB's corporate exposure in Russia (50% of total corporate loans) and Belarus (18%) is to state-owned enterprises and government-guaranteed projects. In our view, this should mitigate the impact on capital, making the severe and worst-case stress scenarios highly unlikely.

IIB could face pressure on its currently extremely strong capital position from its corporate exposure in Russia. That said, IIB has recently announced loan sales and the cessation of new lending to all of its shareholder countries. This would likely offset some of the impact on capital in our hypothetical stress scenarios, where we observe our RAC ratio dropping by about 2.6 percentage points to 20.6% in our significant stress scenario. IIB's portfolio in Russia, like that of EDB's, contains a high share of loans to state-owned enterprises and government-guaranteed projects. This would, in our view, make a corporate default rate surpassing 25% unlikely and would soften the impact on capital.

The asset quality of BSTDB's corporate lending portfolio in Ukraine would likely decline significantly, as could that of some of its Russian exposure. We believe BSTDB's capital position, while allowing some room to absorb loan write-offs in our hypothetical stress scenarios, could weaken further given the potential magnitude of the conflict's economic impact on geographic areas and sectors in which the bank operates. A large share of BSTDB's loan portfolio in Russia is to government-related entities, while in Ukraine most is commercial debt. In our severe stress scenario, where we factor in a 50% write-down of BSTDB's exposures in Russia and Ukraine, our RAC ratio falls slightly below the 15% commensurate with our current rating, other factors being equal (see "Black Sea Trade and Development Bank Downgraded To 'A-/A-2' On Asset Quality Risks; Outlook Negative," published March 30, 2022).

The results indicate that IBRD should be able to maintain its extremely strong stand-alone capital position, absent a loss of its PCT, all else being equal. IBRD's only meaningful exposure is to the Ukrainian government. We believe that the significant financial aid flowing into Ukraine will help keep the sovereign's loan payments current, especially those to MLIs. Nevertheless, IBRD's exposure to Ukraine is small (about 2% of its total exposure), so the impact of a default of Ukraine on IBRD's capital ratio and policy importance would most likely be low, in our opinion. IBRD also has a significant amount of eligible callable capital that, if needed, could absorb a decline in our RAC ratio (excluding callable capital).

We expect NDB's capitalization would remain extremely strong in all but the worst-case scenario. NDB's corporate exposure is low, overall, although Russian entities account for 45% of that portfolio. However, NDB could see large nonperforming loans in its sovereign portfolio in the unlikely event that Russia does not service its debt. Disbursed and undisbursed loans to Russia represent about 10% of NDB's total exposures. Under our hypothetical worst-case stress scenario, borrower nonpayment could weaken NDB's capital and also lead us to see the bank's policy importance as declining as a result of PCT. NDB has no callable capital from sovereigns rated high enough to offset a drop in capital (China has the highest rating at 'A+').

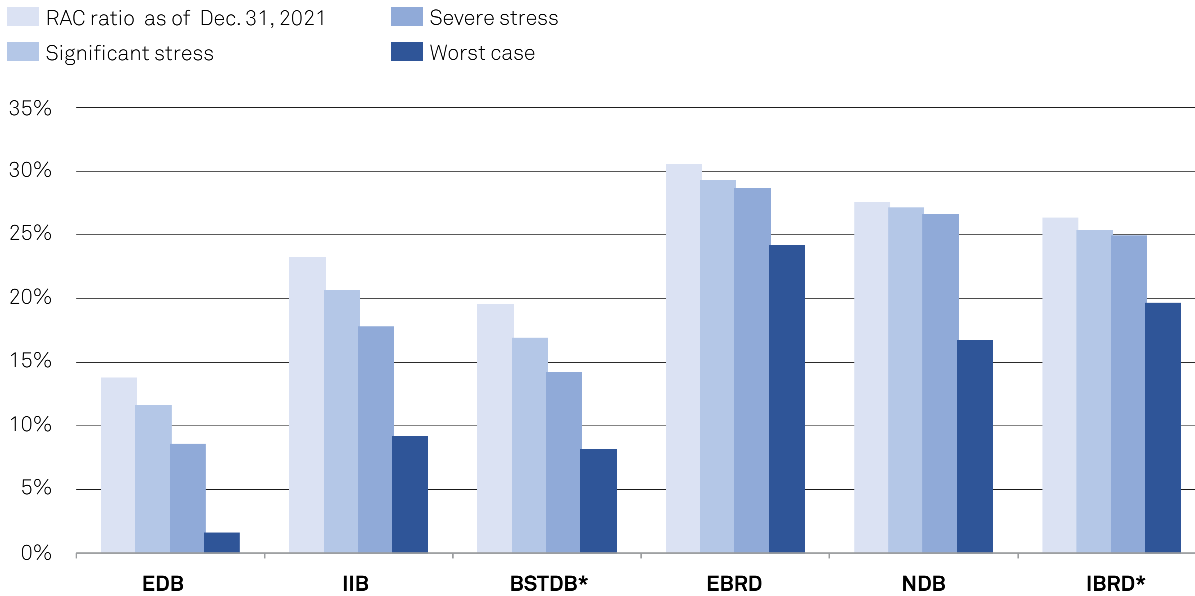
For EBRD, hypothetical changes in the RAC ratio under our three stress scenarios would not affect our assessment of capital as extremely strong, and the bank has robust capital generation ability. That said, we note that most of EBRD's corporate exposure is in Ukraine and primarily to the commercial sector, so we conclude that EBRD would likely face large losses on its approximately €1 billion corporate portfolio in Ukraine in all three scenarios.

Table 3 - Impact Of Hypothetical Scenarios On RAC Ratios

	RAC ratio as of Dec. 31, 2021 (%)	Significant stress	% change	Severe stress	% change	Worst case	% change
EDB	13.7	11.5	(2.2)	8.5	(5.2)	1.5	(12.2)
IIB	23.2	20.6	(2.6)	17.7	(5.5)	9.1	(14.1)
BSTDB*	19.5	16.8	(2.7)	14.1	(5.4)	8.1	(11.4)
EBRD	30.5	29.3	(1.2)	28.6	(1.9)	24.1	(6.4)
NDB	27.5	27.1	(0.4)	26.6	(0.9)	16.7	(10.8)
IBRD*	26.3	25.3	(1.0)	24.9	(1.4)	19.6	(6.7)

*Data as of June 30, 2021.

Chart 1- Impact On Six MLIs' Risk-Adjusted Capital Ratios Under The Stress Scenarios



*Data as of June 30, 2021. Source S&P Global Ratings.

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The Main Asset-Quality Risk Stems From Private-Sector Borrowers

In our view, Russia and Ukraine are unlikely to default to MLIs, while Belarus has announced measures that could be regarded as such. Although capital would decline, none of the entities' enterprise risk profile would likely be affected by a sovereign arrears event in Belarus. Sovereigns usually treat MLIs as preferred creditors, as recognized by their ratification of the treaty establishing the institutions and of the articles of association. In addition, because MLIs often function as a lender of last resort, we have observed strict adherence to PCT during previous periods of significant stress and commercial defaults. We therefore assume that MLIs' provisions for sovereign exposure will remain low. Nevertheless, the downgrades of all three sovereigns imply an increased risk of nonpayment on commercial debt. We capture this through higher risk weights on the MLIs' loan assets and increasing concentration adjustments in our capital model.

Losses from private-sector borrowers are likely to rise in all three countries and could be very substantial for MLIs, in particular if direct exposure to corporates and to projects that MLIs finance through commercial banks were to both go into arrears. Historically, this type of indirect financing has provided MLIs with a good cushion because banks and corporates both need to default before the MLI suffers a loss. However, we expect the cushion to be less effective if the banking sectors in Russia, Belarus, and Ukraine were to see a significant increase in defaults (see "How The Conflict In Ukraine Is Affecting Financial Institutions Ratings," published March 4, 2022).

In our three stress scenarios, we expect the high share of subsovereign entities and state-owned enterprises as borrowers will help protect MLIs' capital bases. In the case of EDB, we estimate that around 70% of its exposures in Russia and virtually all in Belarus relate to government-sponsored projects (such as public-private partnerships) or direct lending to state-owned companies. For IIB, these types of borrowers make up 80% of

its exposure in Russia; for BSTDB and EBRD, the proportion is smaller but still significant.

For all MLIs, the share of foreign currency lending to Russian or Belarusian companies is small and matched by revenue in foreign currency. Moreover, we expect Russia and Belarus to continue supporting state-owned companies to the extent that they can continue servicing debt to MLIs.

In Ukraine, we expect to see very significant losses on corporate exposures. The war has basically put a halt to most economic activity in the country and critical infrastructure has been destroyed. We also consider that it will likely take quite a long time for the economy to return to normal.

Can MLIs Make And Receive Debt Payments In The Current Environment?

MLIs are exempt from capital controls, debt moratorium, and liens on their property. This means they should be able to receive payments in both local and foreign currency from borrowers in countries where they operate. Also, there should be no restrictions for MLIs in processing payments to creditors, regardless of the creditor's location or the currency involved in the transaction. For example, a Russian corporate entity should be able to pay EDB in local or foreign currency despite the current restrictions for commercial entities in Russia. Likewise, EDB should be able to make payments on its outstanding liabilities to foreign entities and have unfettered access to its liquid assets.

These privileges are enshrined in the treaties establishing the MLIs. As far as we are aware, there have been few exceptions, and those often resulted from administrative oversight, such as an MLI not notifying governments in time to receive special treatment when announcing large restructuring packages. In our base case, we assume these privileges will be respected and that MLIs will continue receiving payments from, and making payments to, residents and non-residents in any currency. In the past, we have observed a handful of occasions when intermediaries, typically international banks, have been reluctant to facilitate transactions, so as to distance themselves from sovereigns or corporates on a sanctions list. None of the six MLIs is on a sanctions list, and we consider the likelihood of that happening to be very low.

We note that some payments to MLIs in euros via commercial banks have not been as smooth as transactions in U.S dollars. We believe this results from the more-seasoned U.S. sanctions system, supported by the U.S. Office of Foreign Assets Control's listing of MLI entities that are exempt. We understand that the MLI community is working with governments to remedy the situation regarding payments in euros.

So far, we are not aware of any MLI being unable to pay creditors in local or foreign currency for technical reasons linked to sanctions. In our base case for our ratings, we assume this would not change. A significant event that leads us to question that assumption would therefore prompt a review of our approach and our ratings on MLIs.

Liquidity Remains Ample

We consider the six MLIs to have robust liquidity positions. By our calculations, their liquidity sources would cover uses by 1.0x-2.0x for 12 months if market access were impaired (see table 4). This includes the three institutions most exposed to Russia, Belarus, and Ukraine (EDB, IIB, and BSTDB). In our view, loss of market access for a longer period would likely erode these smaller institutions' credit profiles and curtail loan growth, thereby casting doubt upon their ability to fulfil their policy mandate.

In our rating analysis, we measure the capacity of an MLI to withstand a significant stress with no access to funding markets for 12 months. We assume large haircuts to cash inflows, especially from loans and speculative-grade treasury assets, due to rising defaults, collateral constraints, or a drop in asset prices. For example, we assume that one-third of the proceeds from loans rated

‘BB+’ or lower, maturing within the next 12 months, will not be available to service outflows in the same period (see “Guidance: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology,” Dec. 14, 2018).

We include any undisbursed signed commitment for the coming 12 months as an outflow, even though we assume many new projects will be postponed and current projects halted. All six MLIs covered in this report have either announced the cessation of their activities in Russia and Belarus, or are operating on a selective basis (for instance, IIB will stop lending to all members). The decline in activity could reduce MLIs’ policy relevance but will have a positive impact on both liquidity and capital.

We expect regional MLIs’ access to funding will be limited in the current environment and carry steep costs, or potentially even be blocked. None of the regional MLIs has issued bonds since the beginning of the conflict and we consider issuance to be unlikely until the situation returns to normal. That said, their debt-redemption profiles, including securities in all currencies converted into U.S. dollars, appear to be balanced on average (see table 5).

Table 4 - Six MLIs--Stressed Liquidity Ratios

Liquidity coverage ratio (x)

	As of Dec. 31, 2021	
	Six months	**12 months**
EDB	2.3	1.3
IIB	1.4	1.0
BSTDB*	1.5	1.2
EBRD	2.4	1.9
NDB	2.3	1.7
IBRD*	2.0	2.0

*Data as of June 30, 2021.

Policy Relevance And Governance Could Be Deciding Factors

Before the conflict in Ukraine, Russia and Belarus represented 3%-60% of the six MLIs’ loan portfolios. Amid the ongoing military conflict, MLIs’ lending in those countries has stopped. What’s more, IIB has announced the possible withdrawal of four of its nine government shareholders (see “International Investment Bank Downgraded To

Table 5 - Six MLIs—Debt Redemption Profiles

$000s	Maturing within one month	Maturing in one to three months	Maturing in three to six months	Maturing in six to 12 months	Maturing in one to two years	Maturing after two years
EDB	136,166	228,593	237,327	745,272	839,548	1,399,320
% of total	3.9	6.6	6.9	21.6	24.3	40.6
IIB	30,337	157,950	32,411	189,356	487,413	483,831
% of total	2.2	11.7	2.4	14.0	36.1	35.8
BSTDB	25,101	60,065	295,159	33,960	398,399	1,780,506
% of total	1.0	2.3	11.5	1.3	15.5	69.3
EBRD	2,667,701	3,425,756	4,298,516	4,012,463	9,892,628	32,706,582
% of total	4.9	6.3	7.9	7.4	18.2	60.2
NDB	377,000	1,180,000	761,000	1,476,000	2,324,000	7,770,000
% of total	2.8	8.7	5.6	10.9	17.2	57.5
IBRD*	8,606,000	9,583,000	10,467,000	16,583,000	29,652,000	185,185,000
% of total	3.4	3.8	4.2	6.6	11.8	73.6

*Data as of June 30, 2021. Source: Data from MLIs. Currency exchange rate as of June 30, 2021 - €1/$ 1.18595; as of Dec. 31, 2021 - €/$1.1372

Table 6 - The Six MLIs' Top Five Shareholders

IIB	% of total	EBRD	% of total	BSTDB*	% of total	NDB	% of total	IBRD*	% of total	EDB	% of total
Russia	47	U.S.	10	Greece	17	Brazil	19	U.S.	17	Russia	66
Hungary	17	U.K.	9	Russia	17	Russia	19	Japan	8	Kazakhstan	33
Bulgaria	10	France	9	Turkey	17	India	19	China	5	Belarus	1
Czech Republic	9	Germany	9	Romania	14	China	19	Germany	5	Tajikistan	0
Slovak Republic	7	Italy	9	Ukraine	14	South Africa	19	France	4	Armenia	0
Total	**90**	**Total**	**44**	**Total**	**77**	**Total**	**97**	**Total**	**39**	**Total**	**100**

*As of June 30, 2021. Source: Bank data.

'BBB+' On Reducing Policy Relevance; Outlook Negative," published March 30, 2022). We see a high risk of a change in the institutions' mandates, which are typically geared toward members' social and economic development.

The potential recalibration of the MLIs' policy role, operational model, governance structure, and geographic scope implies reduced financial and governance changes that could erode some institutions' credit standing (see "Eurasian Development Bank 'BBB-/A-3' Ratings Affirmed On Clearer Capital Visibility; Outlook Negative," published May 23, 2022). The outcome will depend on the institutions' eventual shareholder structures and business strategy as time goes by.

S&P Global Ratings acknowledges a high degree of uncertainty about the extent, outcome, and consequences of the military conflict between Russia and Ukraine. Irrespective of the duration of military hostilities, sanctions and related political risks are likely to remain in place for some time. Potential effects could include dislocated commodities markets—notably for oil and gas—supply chain disruptions, inflationary pressures, weaker growth, and capital market volatility. As the situation evolves, we will update our assumptions and estimates accordingly. See our macroeconomic and credit updates here: https://www.spglobal.com/ratings/en/research-insights/topics/russia-ukraine-conflict \t _blank.

This report does not constitute a rating action.

Related Research

- Eurasian Development Bank 'BBB-/A-3' Ratings Affirmed On Clearer Capital Visibility; Outlook Negative, May 23, 2022
- Black Sea Trade and Development Bank Downgraded To 'A-/A-2' On Asset Quality Risks; Outlook Negative, March 30, 2022
- International Investment Bank Downgraded To 'BBB+' On Reducing Policy Relevance; Outlook Negative, March 30, 2022
- How The Conflict In Ukraine Is Affecting Financial Institutions Ratings, March 4, 2022
- Guidance: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Dec. 14, 2018

Arab Petroleum Investments Corporation (APICORP)

Ratings

AA-/Stable/A-1+

Ratings and outlook assigned Mar. 15, 2022

Rating Components

SACP: 'aa-'

Enterprise risk profile: 'Adequate'

Financial risk profile: 'Extremely strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible Callable capital: $2.3 billion

Purpose

The Arab Petroleum Investments Corporation (APICORP) is an energy-focused multilateral financial institution founded in 1975 by the ten 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

Rationale

APICORP was founded in 1975 by 10 OAPEC member countries to finance oil- and gas-related projects in member countries and those in nonmember countries that would contribute to knowledge transfer and capacity building for member countries. Today, APICORP is active in funding energy-sector projects and companies and providing direct equity financing and trade finance solutions in member countries and more than 15 other countries. APICORP works on a commercial basis, with a mandate to make a profit. However, unlike a commercial bank, it does not have a mandate to maximize returns on shareholder equity. We view this mandate as adequate, given that it can largely be fulfilled by other private or domestic public institutions.

Despite a mandate to support the oil and gas sector, APICORP has positioned itself to also help member countries with their long-term energy transitions. For its 2020-2024 five-year strategy, APICORP developed an environmental, social, and governance (ESG) policy framework and embedded it in its operations. ESG-related loans increased to 13% of the total loan portfolio in 2020 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 track record 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. 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. We note that dividends are more often paid during strong earnings years and timed to not put undue stress on the financial profile.

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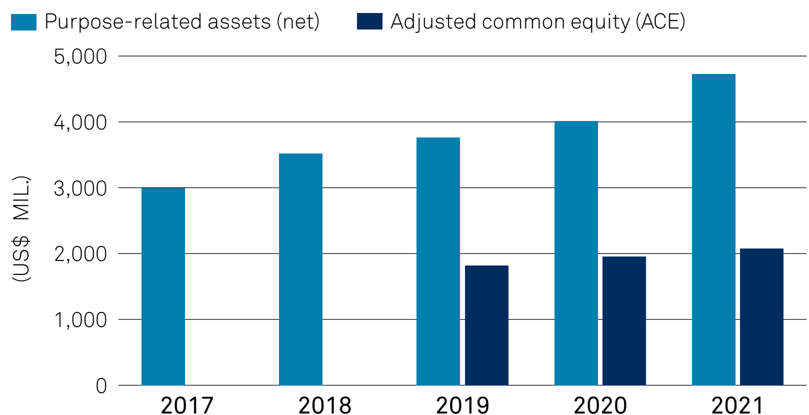
APICORP's strong internal governance and management framework balances the risks from weaker shareholders. In line with the commercial mandate, management has maintained a long track record of profitable years and a high return on equity--averaging 5.4% over the past five years, which is stronger than most rated MLIs.

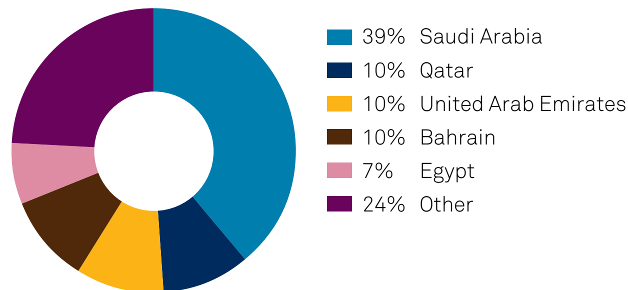
We calculate APICORP's risk-adjusted capital (RAC) ratio at 22.8%, using June 30, 2021, data and February 2022 parameters. We believe APICORP would benefit from preferential treatment in the event of convertibility or transfer risk in a member country. Asset quality at APICORP is relatively high since it does not have a focus on less developed countries. Based on APICORP's internal metrics, the average loan portfolio rating is 'BBB+'. Asset performance has been equally as good, with a nonperforming loans ratio of 0.4% at June 30, 2021. 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 only occasional funding gaps out to two years, based on year-end 2020 and half-year 2021 data. The corporation funds itself primarily in U.S. dollars and issues both bonds and sukuk. Short-term funding as a percentage of total funding reduced to 4% at June 30, 2021, from 38% in 2016 because the corporation increased issuances in international capital markets. The corporation maintains a strong liquid asset cushion, accounting for 46% of adjusted total assets and 76% of gross debt at Dec. 31, 2020. For June 30, 2021, data, and incorporating our updated liquidity haircuts, our 12-month liquidity ratio was 1.7x with scheduled loans disbursements. The six-month ratio was also 1.7x. Moreover, APICORP could potentially accelerate or increase disbursements to support member countries. We do not incorporate extraordinary support in the form of callable capital into our rating on APICORP because we assess APICORP's capital adequacy in our highest category without support. In the unlikely event APICORP's SACP weakens to 'a+' or below, we could assign uplift based on extraordinary support 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+/Negative/A-1).

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets and Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that APICORP will continue to support the energy sector in Organization of Arab Petroleum Exporting Countries (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, or a significant increase in APICORP's policy importance to member countries, could lead to an upgrade.

Arab Petroleum Investments Corp. – 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.)	4,794	4,091	3,823	3,585	3,048
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	1	0	1	5
Private-sector loans/purpose-related exposures (%)	100	99	100	99	95
Gross loan growth (%)	18	7	5	18	0
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	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	22	21	21	N.A.	N.A.
Net interest income/average net loans (%)	2	2	3	3	2
Net income/average shareholders' equity (%)	4	5	5	8	5
Impaired loans and advances/total loans (%)	0	0	0	0	2
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	39	46	46	47	49
Liquid assets/gross debt (%)	64	77	80	86	122
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.9	3.4	7.1	N.A.	N.A.
12 months (net derivate payables) (x)	1.2	1.4	3.6	N.A.	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.1	2.3	N.A.	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	61	60	58	54	40
Short-term debt (by remaining maturity)/gross debt (%)	14	14	15	33	1
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.4	1.1	4.4	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	7,992	7,893	7,349	6,953	6,237
Total liabilities	5,438	5,451	4,999	4,685	4,086
Shareholders' equity	2,554	2,441	2,351	2,268	2,150

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 Jan. 31, 2022

Rating Components

SACP: ‘aa+’

Enterprise risk profile: ‘Very Strong’

Financial risk profile: ‘Very Strong’

Extraordinary support: ‘1’

Holistic approach: ‘0’

Eligible callable capital: UA30 billion (as of Jan. 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

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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. In October 2019, the bank's shareholders approved its seventh general capital increase (GCI-VII), effectively increasing the bank's capital base by $115 billion, of which 6% is paid-in and the remaining is in the form of callable capital, to $208 billion.

We expect the capital increase will enable AfDB to continue expanding its reach, particularly in light of the renewed focus on infrastructure financing and private-sector lending. However, growth slowed in 2020 and turned negative in 2021. This slowdown largely relates to the fallout from COVID-19 and concerns over capital constraints, in the run-up to capital disbursements from the GCI-VII that begun in 2021. We expect the bank will increase approvals and disbursements as capital flows in, assuaging concerns over internal concentration and capital limits. Despite capital constraints, AfDB has played an important role supporting the region, particularly in the context of COVID-19. The institution approved an up to $10 billion relief package in 2020, of which $6.9 billion will be financed by AfDB and the remainder through its concessional lending window. This relief package largely represented a repurposing of existing lending focusing on faster disbursing policy loans to help member countries' immediate healthcare and social spending needs, preventing stress on its capital position.

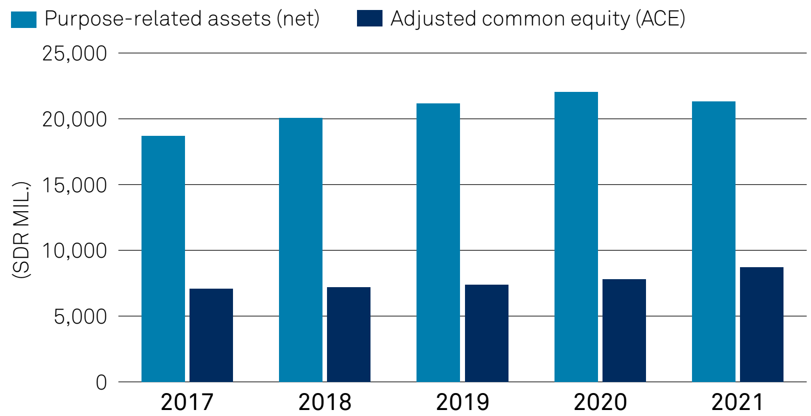
We consider AfDB's PCT to be strong, based on our calculated arrears ratio of 1.2%. Zimbabwe is the only country in nonaccrual status with the bank. Discussions about a potential arrears clearance program for Zimbabwe are ongoing, although there have been setbacks due to economic volatility in the country and the pandemic.

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. The remaining installments of paid-in capital from the GCI-VI and new installments from the GCI-VII will not change the shareholder structure, with ownership split 60% regional members and 40% non-regional members.

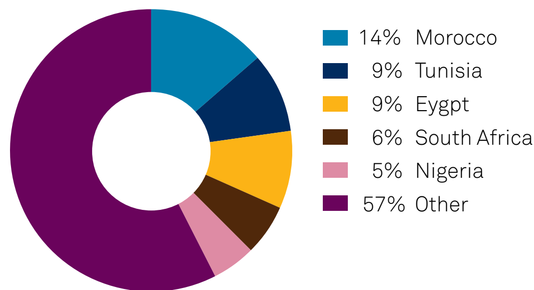
AfDB's financing capacity historically has run up against concentration and capital constraints, which have prompted it to implement a series of risk transfer mechanisms to free up capital. This, combined with active management of lending and capital and payments from the sixth and seventh general capital increase (GCI), supports a very strong capital adequacy assessment. As of June 2021, AfDB's risk-adjusted capital (RAC) ratio was 20.6%, compared with 19.6% as of June 2020. We anticipate that capital payments from the sixth and seventh CGIs and only moderate credit growth assumptions will keep the ratio around 20% over the next two years.

AfDB's funding remains diverse in terms of investor, currency, and maturity. The bank maintains a robust liquidity position, given its six- and 12-month coverage ratios of 1.9x and 1.3x, respectively, as of June 2021.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets and Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that, over the next two years, AfDB will expand lending in the sovereign and non-sovereign portfolios while continuing to benefit from preferred creditor treatment (PCT) and maintaining strong funding and liquidity profiles. We also assume shareholders will remain supportive by providing timely capital payments, and their willingness to provide extraordinary support will remain unchanged.

We could lower our ratings if we observe signs of a weakening role and public policy mandate, for instance if there is a sustained slowdown in lending or if there are significant delays in shareholders paying in capital. We could also lower the ratings if asset quality or liquidity ratios deteriorate, possibly from larger private-sector or less-creditworthy sovereign exposures, or if we perceive internal controls, for instance underwriting or risk management, to be ineffective.

African Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (SDR MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	22,703	23,632	22,697	21,105	19,522
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	79	76	72	72	73
*Private-sector loans/purpose-related exposures (%)	16	19	23	23	23
Gross loan growth (%)	-4	5	5	9	16
PCT ratio (%)	1	1	2	2	2
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	59	55	59	59	59
Concentration of top two shareholders (%)	16	21	16	16	16
Eligible callable capital	29,994	21,254	14,509	13,356	13,356
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	23	19	19	21	23
Net interest income/average net loans (%)	1	1	2	2	1
Net income/average shareholders' equity (%)	1	2	1	1	3
Impaired loans and advances/total loans (%)	3	3	3	3	5
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	36	32	35	37	39
Liquid assets/gross debt (%)	52	44	49	52	55
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	3.1	2.7	2.0	2.4	2.6
12 months (net derivate payables) (x)	1.6	1.3	1.5	1.7	1.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.0	1.2	1.2	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	69	71	72	71	71
Short-term debt (by remaining maturity)/gross debt (%)	22	23	18	16	22
Static funding gap (without planned disbursements):					
12 months (net derivate payables) (x)	1.5	1.0	1.4	1.6	1.2
SUMMARY BALANCE SHEET					
Total assets	36,325	35,349	35,244	33,771	32,576
Total liabilities	27,619	27,558	27,870	26,585	25,483
Shareholders' equity	8,706	7,791	7,374	7,186	7,093

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 Insurance Agency

Ratings

A/Stable/--

Ratings and outlook affirmed on April 13, 2022

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-state nations. ATI's key role is to encourage investments and trade among its members through its risk management activities. It offers protection for trade and investment flows among, into, and from its members, who are predominantly African governments.

Issuer Website

www.ati-aca.org

Rationale

ATI was established by treaty in 2001 with the support of the World Bank. Its mission is to provide political risk (noncommercial) and export credit guarantee (commercial) insurance to support trade and investments in its African nation-state members. The aim is to help reduce the risks and costs of doing business in Africa. The agency has also recently introduced commercial surety bonds to its product mix. In line with similar multilateral institutions, it is exempt from corporate income taxation. In recent years, African Trade Insurance Agency (ATI) has increased its market presence and growth membership. The agency increased equity to $516.3 million as of year-end 2021 and continued to demonstrate strong top-line growth, recording premiums of about $143 million. This growth has been supported by organic portfolio growth and underwriting deals in new countries. In the past three years, it has added 10 member countries and reached gross written exposure of $6.6 billion.

As evidenced by the growth in new members, ATI's strength and relationship with shareholders is a key pillar to our rating. That said, on May 20, 2019, George Otieno (then CEO) filed a constitutional petition against ATI challenging the expiry of his fixed-term contract of employment in the Employment and Labour Relations Court at Nairobi. While we expect that the Kenyan government and its court system will ultimately uphold ATI's right to immunity from legal jurisdiction (including personnel matters), an unfavorable outcome on this matter could weigh on our assessment of ATI.

Weakening fundamentals in the region could lead to an uptick in claim payouts, which could make ATI's preferred creditor status and capitalization vulnerable. In 2020, Zambia's reimbursement of one of two claims ATI had paid out exceeded our 180-day threshold by a technical margin. Two further claims were paid out during 2021 and recovered with 180 days, and another claim for $5 million was paid out in March 2022 and recovered in less than a month. We believe these actions demonstrate Zambia's willingness to uphold its preferred creditor treatment with the agency, particularly amid significant debt distress.

We view the shareholder structure as potentially vulnerable to agency risk. Most of ATI's shareholders are from African member countries, which have lower average World Bank indicators on governance effectiveness compared with other MLI peers. As of Dec. 31, 2021, the largest shareholders were: Kenya (8%), Benin (7%), Togo (7%), and Uganda (6%). Although no shareholder is dominant, we consider that a majority of

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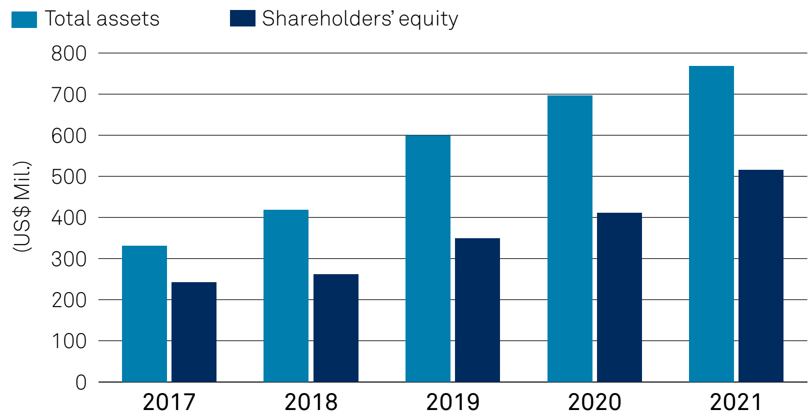
shareholding from countries with lower governance standards potentially creates risks to ATI during crisis situations. We assess ATI's financial profile as adequate, reflecting its strong capital and earnings, moderate risk exposure, and exceptional liquidity.

ATI posted net profit close to US$35 million in 2021, slightly below its $39 million in 2020, affected by lower interest income. ATI's gross incurred-loss ratio remained subdued at 2.2% in fiscal year 2021, down from 27% a year before given the full recovery of the Zambian claim. Despite the negative economic impact of COVID-19 in the region, ATI mitigated rising credit pressures to avoid claim payouts, and achieved higher commissions and portfolio growth on the top line that supported earnings. Currently, no sovereign claims are outstanding. If a claim were to be paid, we would expect preferred creditor status to be withheld. We believe noncommercial claims could increase as debt distress and macroeconomic challenges remain, although ATI is robustly capitalized to absorb this risk. Both commercial and noncommercial risks are protected in part by appropriate reinsurance, both treaty and facultative, with net exposure at $0.9 billion in 2021. We view ATI's liquidity as robust. In our view, liquid assets will remain generously in excess of the likely and stressed claim outflow.

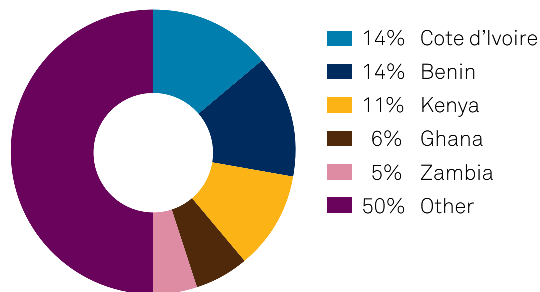
Outlook

Our stable outlook reflects our view that despite stress in the region and past difficulties in the reimbursement of the Zambia claim, ATI members will remain committed to upholding the preferred creditor treatment (PCT) with the agency over the next 12-24 months. In addition, ATI will continue consolidating its role and relevance in Africa by steadily expanding its shareholder base and underwriting activities and by strengthening key managerial and risk functions that support growth. Continued economic stress in the region compounded by an uptick in claim payouts could weaken ATI's capitalization and lead to a downgrade over the next two years. We could lower the ratings if shareholder support weakens,

Purpose-Related Assets and Shareholders' Equity



Largest Country Exposures (Unweighted) As of % of Total Net Exposure as of Dec. 31, 2021



Source: S&P Global Ratings.

such as a reemergence of diminishing preferred creditor status as 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 ATI as a multilateral institution. Additionally, any relaxation of its risk constraints or lag between the agency's revamp of its enterprise risk management framework and its growing underwriting business could pressure the rating.

We believe the likelihood of an upgrade over the next two years is remote. However, significant expansion of the shareholder base, supporting an exceptional market reach in the region, and a combination of a solid record of PCT with the development of superior risk management capabilities would point to strengthening credit fundamentals.

African Trade Insurance Agency – Selected Indicators

	As of Dec. 31 Fiscal Year End				
SUMMARY BALANCE SHEET (US$ MILLION)	2021	2020	2019	2018	2017
Assets					
Bonds	409	358	254	212	196
Cash deposits	142	115	128	82	55
Other investments	36	7	27	11	20
Total invested assets	588	480	409	305	272
Other assets	180	217	191	114	59
Total assets	768	697	600	419	331
Liabilities					
Technical reserves	181	221	191	112	61
Other liabilities	71	64	60	45	27
Total liabilities	251	286	251	157	88
Shareholder equity					
Common equity	409	328	299	237	226
Retained profit balance sheet	107	82	50	25	16
Other capital	-	-	-	-	-
Total shareholder equity	516	411	349	262	242
Selected indicators (US$)					
Gross exposure	6,627	6,262	6,449	4,787	2,391
Net exposure	934	968	1,074	1,007	878
Total assets	768	697	600	305	272
Total shareholder equity	516	411	349	262	242
Gross premiums written	144	126	112	66	45
Net premiums written	19	19	19	12	14
Net premiums earned	19	20	18	13	14
Reinsurance utilization (%)	87	84	84	82	69
EBIT	35	40	29	12	10
Net income (attributable to all shareholders)	35	39	28	12	10
Return on revenue (%)	143	145	109	63	52
Return on shareholders' equity (reported) (%)	8	2	9	5	4
P/C: net combined ratio (%)	N.M.	N.M.	N.M.	51	64
P/C: net expense ratio (%)	N.M.	N.M.	N.M.	11	30
Net investment yield (%)	1	2	2	2	1
Liquidity ratio from capital model (%)	426	345	291	277	259
Commercial exposures (%)	76	76	74	N.A	N.A
Noncommerical exposure (%)	24	24	26	N.A	N.A

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

Arab Bank for Economic Development in Africa (BADEA)

Ratings

AA/Stable/A-1+

Ratings and outlook assigned Oct. 04, 2022

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

The Arab Bank for Economic Development in Africa (BADEA) has continued since its establishment in 1975 promoting Afro- Arab cooperation through a variety of operational modalities and instruments guided by multi-years strategic plans. The bank's objective is to provide concessional financing and technical assistance to SSA countries to foster economic development and to enhance relations between the LAS and SSA.

Issuer Website

www.aiib.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's balance sheet is split, with 60% of its assets held in liquid Organisation for Economic Co-operation and Development (OECD) securities (majority fixed income and to a lesser extent in listed equity), while 40% of assets are for purpose-related loans into SSA. BADEA is almost solely focused on lending to SSA sovereigns, government related entities, and multilateral development banks, and has minimal private sector exposure. In recent years BADEA has begun providing finance through trade facilities.

BADEA plays an important role as the leading Arab institution focused on African lending and engagement. There is significant coordination between BADEA, Arab states, and Arab funds, with BADEA taking the leading role as a financier into Africa. While BADEA's lending activities into Africa have been small ($4.4 billion in cumulative disbursements over 48 years), there is significant co-financing that takes place with Arab states and funds, as well as other MLIs (including the African Development Bank and World Bank Group).

BADEA has a strong relationship with its 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 shown support in recent years and increased BADEA's capital base in April 2022. The capital base has increased to $5 billion paid in capital from $91 million in 1975, and in April 2022 callable capital worth $5 billion was added. While callable capital is available from shareholders, according to our criteria we do not consider this as eligible callable capital as all shareholders are rated below BADEA's stand-alone credit profile of 'aa'. No shareholders have withdrawn from BADEA since its inception.

We assess the bank's PCT as strong underpinned by an arrears ratio of 2.68%. While BADEA participated in the World Banks' Debt Initiative for Highly Indebted Poor Countries (HIPC), it did not allow any reprofiling or debt service suspension under the G20's Debt Service Suspension Initiative or the G20's Common Framework for restructuring. While BADEA has improved arrears management since 2016 and its nonperforming loan ratio currently stands at 0.7%, significant exposure to low-rated SSA sovereigns exposes

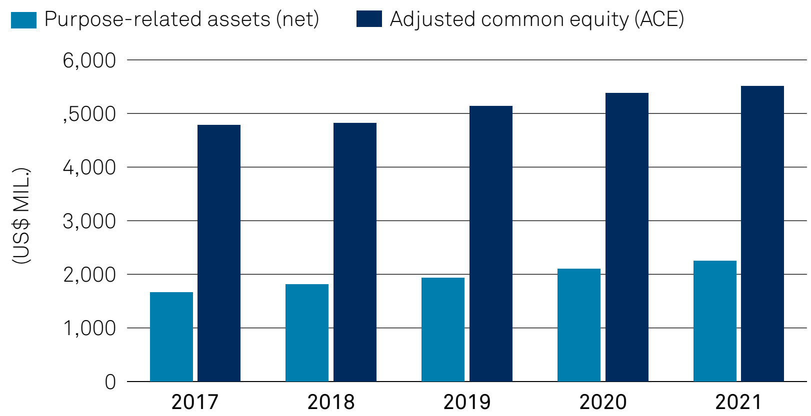
the bank to potential deterioration in its arrears ratio. Since inception there have, however, been no credit losses or loans which been written off. We asses BADEA's governance and management as adequate. The bank has a relatively diverse shareholding structure, with no controlling majority by any individual sovereign. Shareholders are not beneficiaries of lending from BADEA and there is no private shareholding. Shareholders also allow all earnings to be retained. Governance standards are strong, given well-established governance practices, which ensures stability in shareholding as well as in BADEA's operations. The bank is susceptible to operational risk, due to its main operations being situated in Khartoum, Sudan. These risks are somewhat mitigated by business continuity plans, secondary offices in Egypt, and plans to digitalize key operations.

BADEA'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 86.1% using data as of year-end 2021 and parameters as of Aug. 1, 2022. 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 will be done incrementally. Our calculations for liquidity ratios as of year-end 2021 show very strong coverage ratios of 4.7x for the six-month and 2.9x for the 12-month windows, which is above that of similarly rated peers and allows BADEA to potentially accelerate disbursements. This reflects BADEA's sizable and highly liquid asset portfolio.

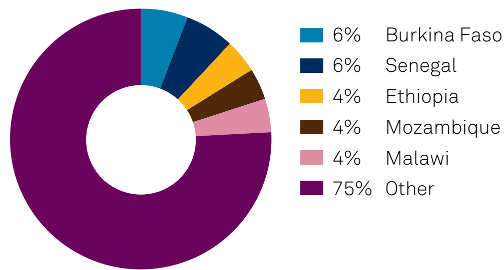
Outlook

The stable outlook reflects our expectation that BADEA will maintain its high capital and liquidity position through conservative lending and very low reliance on debt. We expect the bank will continue to fill its policy role as a leading Arab-based institution mandated to support cooperation with Africa through providing development finance and technical assistance to SSA countries. The stable outlook also balances our expectation that asset quality will remain supported by highly diversified exposures across SSA, against the bank's exposures to relatively low-rated sovereigns in the region. We could lower the rating in the next 24 months if we observe signs of a weakening role and public policy mandate, for instance if there is a sustained slowdown in lending. We could also lower the ratings if asset quality or liquidity ratios deteriorate, possibly from a deterioration in less-creditworthy sovereigns to which BADEA is exposed, indicating a deterioration in the bank's preferred creditor treatment (PCT). We believe the likelihood of an upgrade over the next two years is remote. However, an improvement in BADEA's public policy importance together with strengthening risk management and governance, for instance through a substantial increase in lending to SSA countries accompanied by resilience in capital and liquidity buffers, could lead to an upgrade.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets and Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Arab Bank for Economic Development in Africa – 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.)	2,250	2,104	1,936	1,814	1,665
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 (%)	7	9	7	9	7
PCT ratio (%)	3	N.A.	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	N.M.	N.M.	N.M.	N.M.
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	86	N.A.	N.A.	N.A.	N.A.
Net interest income/average net loans (%)	9	14	21	-1	18
Net income/average shareholders' equity (%)	3	5	7	-1	6
Impaired loans and advances/total loans (%)	2	4	3	4	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	59	61	62	62	65
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)	4.7	13.0	N.A.	N.A.	N.A.
12 months (net derivate payables) (x)	2.9	5.2	N.A.	N.A.	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.9	2.3	N.A.	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)	2.7	4.7	N.A.	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	5,627	5,465	5,205	4,890	4,850
Total liabilities	113	89	72	69	61
Shareholders' equity	5,514	5,376	5,133	4,821	4,788

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 Corporation (Dhaman)

Ratings

A+/Stable/--

Ratings lowered and outlook revised on Mar. 30, 2022

Rating Components

SACP: 'a'

Enterprise risk profile: 'Adequate'

Financial profile: 'Strong'

Extraordinary support: '0'

Holistic support: '+1'

Eligible callable capital: N/A

Purpose

To facilitate the development of Arab states' economies by providing insurance. 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.dhaman.net

Rationale

In our view, Dhaman's policy importance and development role have continued to weaken on long-standing difficulties to expand in its core business lines. Total insured business and gross premiums written recovered from a low base by about 47% and 22%, respectively, in 2021, although most of this growth stemmed from higher ECI volumes from a few oil-related policyholders.

Several structural challenges could further undermine Dhaman's ability to implement its public-policy mandate in the longer term. The investment guarantee line, where Dhaman's development impact could be highest, has stagnated, with the portfolio totalling about $120 million in 2019-2021 from a peak of $540 million in 2009. A lack of investor interest and geopolitical uncertainty in the region could continue to complicate Dhaman's expansion plans in this line of business. In addition, removing Lebanon from its portfolio in late 2019 narrowed Dhaman's geographic coverage and the scope of its business operations, since it was a key country for the letters of credit business. Five to six member countries out of 21, including Libya, Syria, Somalia, Sudan, and Yemen (alongside Iraq on a selective basis) are regularly placed off cover for geopolitical and economic reasons. Although this reflects the continued difficult operating conditions, we believe it to be an output of Dhaman's prudent risk settings that, ultimately, could limit the agency's development impact.

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 coverage of a wider range of risks. Lack of awareness of Dhaman in non-member countries, eligibility criteria for its business, and its limited range of risk coverage could undermine the company's competitive position relative to peers'. In 2021, Dhaman's leadership team introduced a new five-year strategic plan over 2022-2026 to enhance the corporation's development role and efforts in the region. The new strategy and

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a broader regional recovery of investment and trade activity, fueled by higher oil prices, could translate into increased business volumes in 2022. Nevertheless, we expect structural hurdles will continue to restrict Dhaman's ability to register sustainable growth across its main business lines.

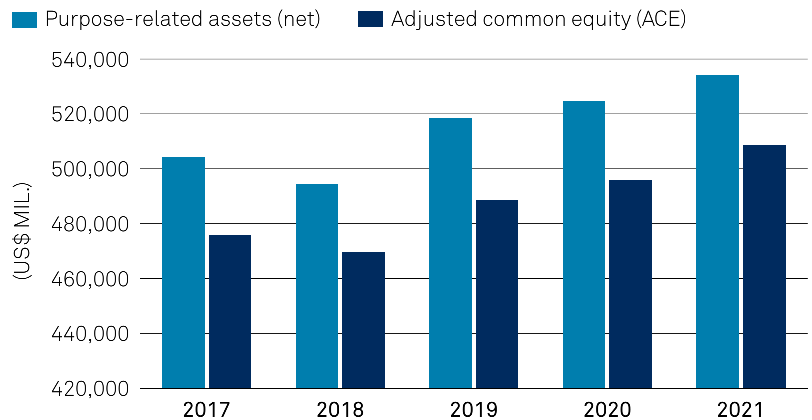
Despite high operating risks in several member countries, Dhaman's shareholder base has remained stable and supportive. It currently has 25 shareholders: 21 are Arab states and four are pan-Arab regional funds owned by similar shareholders. The funds do not have voting rights. No shareholder has left,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

We do not incorporate preferred creditor treatment 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. We expect preferential treatment from member countries for Dhaman's commercial exposure, for instance, by exempting them from currency convertibility or transfer restrictions.

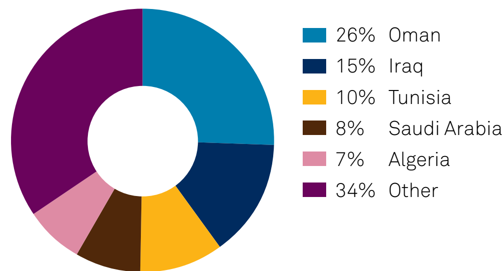
We view Dhaman's financial risk profile as strong, based on its very strong financial risk profile under our insurance criteria. Dhaman's financial risk profile is underpinned by the company's 'AAA' capital adequacy, as measured by our risk-based capital model, and its low tolerance to investment risk. 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. The company's relatively low tolerance for investment risk is demonstrated by the portfolio being denominated primarily in cash, which also contributes to its exceptional liquidity. The investment portfolio mainly includes bank deposits (about 38%) and fixed-income instruments (about 46%), with only small exposure to high-risk assets like equities and real estate (about 16%). We incorporate one notch of uplift in our 'A+' long-term issuer credit rating on Dhaman to reflect our view that the company's liquidity will remain excellent, and a significant rating strength relative to peers.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets and Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

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 Dhaman's capital or liquidity positions materially weakened, although we currently view this as unlikely. Signs of weakening shareholder support would also put pressure on the rating. We do not expect to raise the ratings over the next two years, but very strong shareholder support, demonstrated, for example, by a significant capital increase from member states, could lead to a positive rating action.

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

	As of Dec. 31 Fiscal Year End				
SUMMARY BALANCE SHEET (US$ '000)	2021	2020	2019	2018	2017
Assets					
Real estate	2,980	3,070	3,207	3,429	3,611
Equities and managed funds	248,317	193,013	196,719	310,969	210,289
Bonds	80,346	38,292	29,116	18,572	109,344
Cash deposits	200,891	285,780	282,223	156,600	170,344
Other investments	N.A.	N.A.	N.A.	N.A.	4,407
Total invested assets	525,153	520,155	511,265	489,570	497,995
Other assets	5,260	4,512	6,988	4,694	6,273
Total assets	534,148	524,667	518,254	494,264	504,268
Liabilities					
Technical reserves	7,255	6,735	6,802	5,152	7,393
Other liabilities	18,264	22,173	22,949	19,386	21,279
Total liabilities	25,519	28,907	29,751	24,538	28,672
Shareholder equity (USD)					
Common equity	300,520	299,493	300,471	300,203	299,387
Revaluation reserves	N.A.	N.A.	N.A.	N.A.	5,921
Other capital	208,109	196,268	188,032	169,524	170,286
Total shareholder equity	508,629	495,760	488,502	469,727	475,594
Selected indicators (USD, unless stated oitherwise)					
Gross exposure	2,087,000	1,417,000	1,833,000	1,713,000	1,390,000
Total assets	534,148	524,667	518,254	494,264	504,268
Total shareholder equity	508,629	495,760	488,502	469,727	475,594
Gross premiums written	7,081	5,688	7,142	7,905	7,027
Net premiums written	4,837	4,340	5,062	5,614	4,662
Net premiums earned	4,656	4,739	4,718	6,236	4,457
Reinsurance utilization (%)	32	24	29	29	34
EBIT	11,212	8,767	18,304	-3,116	17,523
Net income (attributable to all shareholders)	11,212	8,767	18,304	-3,116	17,523
Return on revenue (%)	65	46	51	47	36
Return on shareholders' equity (reported) (%)	2	2	4	-1	4
P/C: net combined ratio (%)	211	252	250	176	276
P/C: net expense ratio (%)	203	244	214	173	227
Net investment yield (%)	3	3	4	3	3
Net investment yield including investment gains/(losses) (%)	3	3	5	0	5
Commercial exposures (%)	N.A.	91%	83%	88%	87%
Non-commerical exposure (%)	N.A.	9%	17%	12%	13%

N.A.--Not available.

Asian Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Aug. 25, 2022

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 Aug. 30, 2022)

Purpose

To provide loans, technical assistance, guarantees, grants, and equity investments that promote the economic and social advancement of its 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 their 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

The ratings on AsDB reflect our assessment of the bank's extremely strong enterprise and financial risk profiles, according to our criteria. We assess the bank's stand-alone credit profile (SACP) at 'aaa'. The ratings do not incorporate extraordinary shareholder support from AsDB's callable capital because we assess the bank's capital adequacy to be in our highest category without this support.

With the bank's 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$4.3 billion in climate finance in 2021, of which 69% is expected to contribute to mitigating climate change and 31% to adaptation. The bank also increased its climate finance target to US$100 billion by 2030. Since the launch of the new strategy, the bank has increased its commitment toward operations that promote gender equality.

The bank responded swiftly to the COVID outbreak and commitments nearly tripled compared with pre-crisis lending expectations compared to many other MLIs where their response did not represent a meaningful increase in financing commitments compared with pre-pandemic deployment levels. . In our view, this enhanced ability to respond quickly with larger lending is a result of the successful merger of AsDB's OCR window with the ADF in 2017 that almost tripled the amount of equity..

Supporting AsDB's enterprise risk profile are its very strong policy importance as well as strong governance and management, which remain among the highest compared with supranational institutions globally. With the bank's 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.

The bank benefits from the support of its members and a diverse shareholder base; 49 members from Asia-Pacific own 63.4% of AsDB and 19 nonregional members own the remainder. Niue became the latest member of the bank effective March 2019. While Japan and the U.S. have always been AsDB's largest shareholders (both own 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%), Indonesia (5.4%), Canada (5.2 %), and Korea (5.0%). Nonborrowing members have about 62% of AsDB

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voting rights, outnumbering borrowing members by two to one. We believe this helps the bank adopt prudent lending and investment policies.

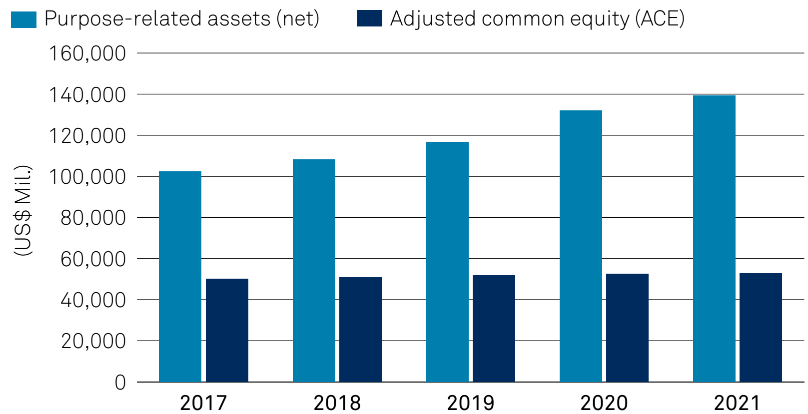
In our view, AsDB will continue to receive robust preferred creditor treatment, even with the higher credit risk exposure from loans transferred from the ADF. In our view, the payment record of ADF clients has been strong. Despite instances of arrears by Myanmar, Nauru, and the Marshall Islands, the amounts were small and were eventually repaid with interest. AsDB has no sovereign loans in nonaccrual status. Our calculated arrears ratio for the bank is 0.18%, reflecting Myanmar's nonaccrual status over the past 10 years (cleared in 2012). In our view, the addition of significant capital resources outweighs the increase in risk from adding ADF loans, as evident in AsDB's extremely strong risk-adjusted capital (RAC) ratio of 34.9% at end-June 2021. The RAC ratio decreased from 40% the year before due to an increase in overall exposure partly driven by accelerated lending and recent downgrades in some of its member countries due to the pandemic.

AsDB has been ramping up its funding and raised about US$36 billion in 2021 and 2020 and US$22.26 billion until June 10th, 2022 . The significantly larger funding in 2021 and 2020 reflects the bank's accelerated lending in relation to COVID-19. AsDB is a frequent issuer across global markets with a diversified investor base. The bank maintains a strong liquidity buffer and as of June 30, 2021, incorporating our updated liquidity haircuts, our 12-month liquidity ratio for AsDB was 1.31x with scheduled loans while the six-month ratio was 2.41x. Given AsDB's 'aaa' SACP, the ratings on the bank do not rely on callable capital. However, should AsDB's SACP weaken, we believe the bank could call on 10 'AAA'-rated shareholders to provide up to US$26 billion of callable capital to support its debt servicing requirements.

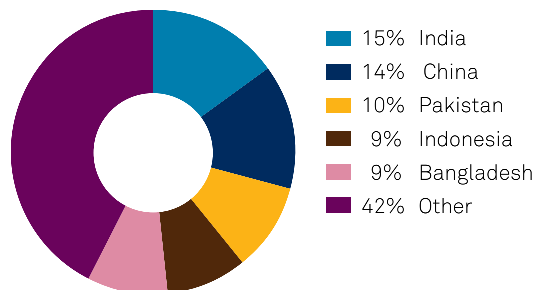
Outlook

The stable outlook on AsDB reflects our expectation that the bank will maintain its

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2021



Source: S&P Global Ratings.

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 of the bank's enterprise or financial risk profiles substantially deteriorates. For example, the ratings will come under pressure 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 preferential creditor treatment weakening on the diversified portfolio.

Asian Development Bank – 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.)	140,017	132,818	117,023	108,539	102,547
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	93	93	93	93	94
*Private-sector loans/purpose-related exposures (%)	6	6	6	6	5
Gross loan growth (%)	5	14	8	6	50
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	26,328	27,092	26,789	26,789	26,789
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	31	35	37	40	39
Net interest income/average net loans (%)	1	1	1	1	2
Net income/average shareholders' equity (%)	1	3	3	1	93
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	17	18	18	19	21
Liquid assets/gross debt (%)	36	38	39	41	44
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.5	1.7	1.7	2.1	1.6
12 months (net derivate payables) (x)	1.0	1.2	1.3	1.8	1.1
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.9	1.0	0.9	1.0	0.8
Funding ratios					
Gross debt/adjusted total assets (%)	48	47	47	47	48
Short-term debt (by remaining maturity)/gross debt (%)	21	21	19	14	22
Static funding gap (without planned disbursements):					
12 months (net derivate payables) (x)	1.0	1.1	1.2	1.4	1.0
SUMMARY BALANCE SHEET					
Total assets	282,084	271,741	221,866	191,860	182,381
Total liabilities	229,229	219,104	169,948	140,876	132,112
Shareholders' equity	52,855	52,637	51,918	50,984	50,269

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.

Asian Infrastructure Investment Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Dec. 9, 2021

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 Dec. 9, 2021)

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 is a relatively young institution that began operating in 2016. The expected size and scope of AIIB are designed to help fill the very large infrastructure financing gap in Asia, currently estimated at US$26 trillion through 2030.

AIIB continues to reach important milestones in new loan commitments, which we believe underpins its growing relevance for the region. Since inception, it has approved a total of US$35.8 billion in new projects as of Aug. 1, 2022, up from $12 billion as of December 2019. Of these, 65% are in the sovereign sector across 85 member countries.. We don't expect the Russia-Ukraine conflict will materially affect AIIB's operation. In March 2022, the bank announced it would halt all activities in Russia and Belarus, although lending exposures were already minimal, and it has no exposure to Ukraine. In our view, AIIB has an important role in filling the financing gap in Asia, further evidenced by its COVID-19 response package of up to $20 billion. AIIB was founded with a significant capital endowment of $100 billion by 57 sovereigns, reinforcing the view that owners have an important role for the entity. The shareholder base continues to expand to currently 105 member countries. The bank has all the 'AAA' rated sovereigns, excluding Liechtenstein, and 17 of the G-20 countries as its members.

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$19.05 billion received as of March 2022. In our view, this reinforces AIIB's role, enabling it to become one of the largest MLIs globally.

PCT for AIIB, as a relatively new institution, is largely untested. However, our calculated arrears ratio is 0% because we assume all borrowing members will grant AIIB PCT, supported by the strong and international backing of the institution.

The institution 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 (6.0%), and Germany (4.2%). AIIB has established a comprehensive risk-management framework. It established core operating policies, including financial policies and risk limits, by 2016. Since then, the asset liability management policy and directives on market, liquidity, and counterparty risk were rolled out. AIIB approved its risk appetite statement in January 2018 and uses an economic capital model to manage and measure the allocation of risk over its business activities.

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AIIB's financial strength remains unparalleled among MLIs. It had a risk-adjusted capital (RAC) ratio after MLI adjustments of 74% as of year-end 2021, down from 96% a year earlier, largely because of an increase in loans and equity investments. The bank's RAC ratio is highest among its peers. We expect the RAC ratio to continue declining during this growth phase but remain extremely strong for the foreseeable future.

It applied IFRS 9 from the start, and as of March 31, 2022, total expected credit losses amounted to $292.1 million, up by $95.9 million from year-end 2021. They rose mainly owing to higher credit risks associated with certain nonsovereign-backed loans, and an increase in new loan originations. Our understanding is that AIIB has not provided any relief to its private-sector borrowers in the form of payment holidays or deferrals because of COVID-19.

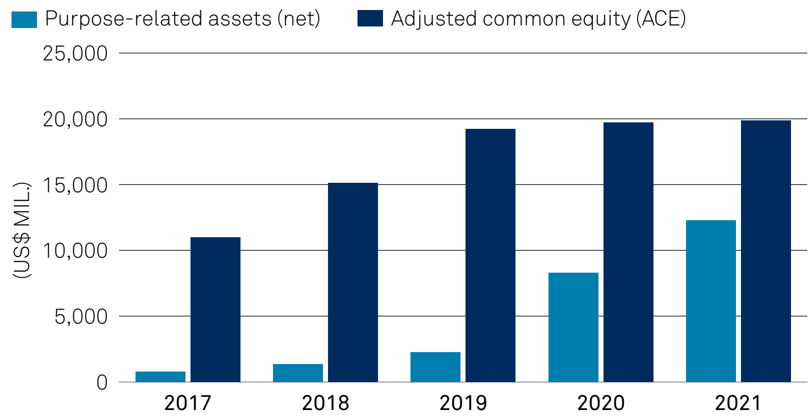
We expect AIIB to become a regular benchmark issuer and have a global investor base. AIIB currently provides non sovereign back financing in 21 hard and local currencies. The local currency financing could help reduce losses arising out of currency mismatch and may also result in lower cost of projects. We assess funding as neutral because while the strong and stable equity source is a positive factor, AIIB has yet to build a record in the market.

Given the large liquidity reserves and emergent pipeline of lending activity, 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 and without withdrawing principal resources from borrowing members should they be brought forward in time.

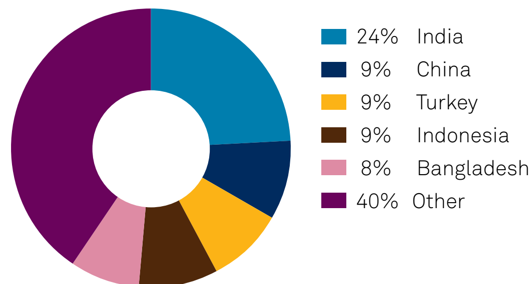
Outlook

The stable outlook reflects S&P Global Ratings' expectation that over the next two years AIIB will continue to deliver on its mandate. We expect

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), as of Dec. 31, 2021



Source: S&P Global Ratings.

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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	12,456	8,424	2,320	1,381	779
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	90	91	89	88	94
Private-sector loans/purpose-related exposures (%)	10	9	11	12	6
Gross loan growth (%)	48	262	68	77	7,820
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by regional borrower member countries (%)	76	76	76	77	75
Concentration of top two shareholders (%)	39	39	40	40	40
Eligible callable capital	10,223	10,223	10,223	10,038	9,426
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	74	96	160	186	156
Net interest income/average net loans (%)	1	5	22	23	32
Net income/average shareholders' equity (%)	0	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 (%)	67	73	89	91	93
Liquid assets/gross debt (%)	140	199	765	N.A.	N.A.
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	5.9	5.62	15.1	14.0	19.6
12 months (net derivate payables) (x)	5.1	4.6	10.3	7.3	10.9
12 months (net derivate payables) including 50% of all undisbursed loans (x)	2.7	3.2	6.9	4.4	6.0
Funding ratios					
Gross debt/adjusted total assets (%)	48	37	12	N.A.	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)	25.1	66.6	>100	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	40,238	32,082	22,632	19,562	18,973
Total liabilities	20,072	11,938	2,645	50	14
Shareholders' equity	20,166	20,144	19,986	19,512	18,959

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

A-/Negative/A-2

Ratings affirmed and outlook revised to negative on July 27, 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

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

Issuer Website

www.bstdb.org

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Rationale

We believe that BTSDB's capital position has proven more resilient than feared at the start of the military incursion, but a prolonged conflict could pressure the bank's asset quality and liquidity flows beyond what we currently expect, given that 30% of its loans are to borrowers in Russia and Ukraine.

In our view, BSTDB's lending exposures in Ukraine, which represent 12% of total loans as of May 31, 2022, face the most acute risk of credit deterioration. Nevertheless, we understand that so far the vast majority of its clients are current on their obligations and are operating without material disruptions. That said, we still see a risk of further deterioration and NPLs in the Ukraine portfolio in case the conflict is prolonged, and we anticipate the bank will face a sizable uptick in provisions by year end-2022. Importantly, the bank is coming from a strong position with no NPLs (loans older than 90 days) as of June 30, 2022, and BSTDB's ratio of impaired loans to total loans improved to 3.2% in 2021 from 3.8% in 2020 and is similar to that of other private-sector-focused peers.

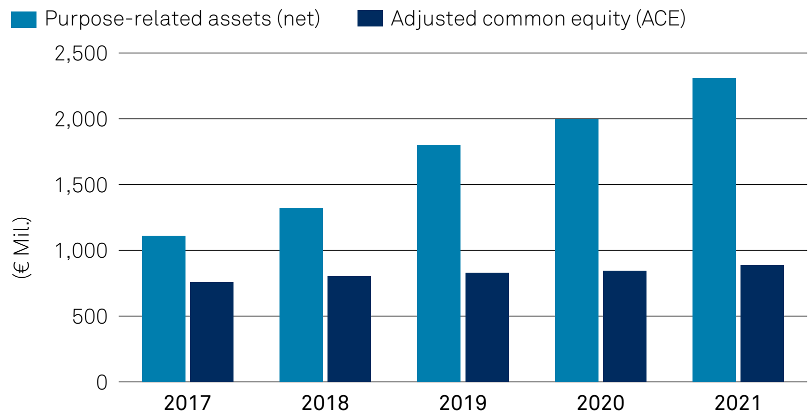
With regard to BSTDB's overall lending exposures in Russia, we note that significant portions are to public-sector-related companies, which we believe indicates resilience of their financial standing. We consider Russian borrowers' technical ability to service loans to be the key short-term risk for BSTDB, rather than an imminent drop in their credit standing. The commitments that shareholders subscribe to in the articles of agreement mean that the bank would be less likely to be subject to imposed restrictions, for example capital controls. We consider this important, also considering that parts of BSTDB's lending in Russia is conducted in hard currency. We understand that the Russian government has explicitly re-iterated its intention to respect BSTDB's MLI status.

We estimate BSTDB's RAC ratio at 19.1% using balance-sheet exposures as of Dec. 31, 2021, but also more recent parameters such as sovereign ratings and Banking Industry And Country Risk Assessments as of July 14, 2022. This ratio is down from 22.2% a year prior, primarily reflecting an increase in risk weights in the bank's exposure to Russia and Ukraine. We believe this capital position, while allowing some room to absorb loan write-offs, could weaken further owing to the potential magnitude of the economic impact on BSTDB's areas and sectors of operations from the conflict. We estimate that in a stress scenario with a significant write-down of BSTDB's exposures in Russia and Ukraine, the RAC ratio could fall below 15%, signaling erosion of the bank's capital to a level not be commensurate with the current rating.

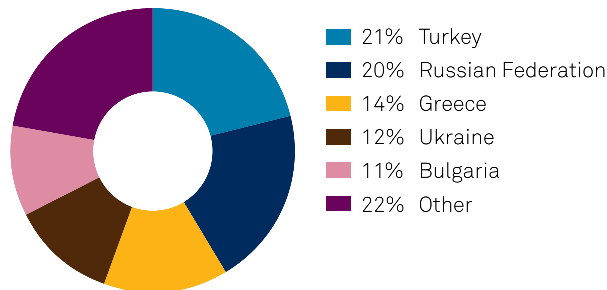
BSTDB is currently experiencing restricted access to funding markets, with any potential issuance likely carrying a high premium. At the same time, the bank has limited need to raise additional funding in next six to 12 months since liquidity sources are ample and we expect new lending to be marginal in the that time. As such, we expect the bank's liquidity buffers can cope with near-term loan payment deferrals and strained access to global financing markets. We estimate that it has €500 million in liquidity, of which more than 90% is in cash or short-dated securities. On top of this liquidity buffer, we understand the bank has €130 million in undrawn, available committed facilities with fellow MLI development banks, but since these are contingent on new disbursement, we do not consider those funds as readily available in the current circumstances. For the rest of 2022, BSTDB only has €30 million of debt liabilities coming due, and €350 million in 2023. Nonetheless, we are monitoring BSTBD's liquidity coverage and market access closely ahead of its $550 million Eurobond maturity in June 2024.

The ratings on BSTDB do not include potential extraordinary support from shareholders, since we rate all of BSTDB's sovereign shareholders lower than the bank. In addition, our view of the bank's moderate policy importance precludes the notion of extraordinary callable capital support.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets and Commitment, Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The negative outlook reflects the near-term risk that economic and financial stress from the Russia-Ukraine conflict, and restricted access to funding, could erode BSTDB's financial buffers faster than we currently expect. It also reflects the medium-term risk that a persisting conflict between Russia and Ukraine, two of BSTDB's large shareholders, would have wider repercussions for the bank's shareholder base, ultimately reducing shareholder support and altering the bank's policy role.

We could lower our rating, possibly by more than one notch if BSTDB's access to funding markets does not normalize well ahead of its June 2024 Eurobond maturity, resulting in a depletion of liquidity reserves and an extended inability to disburse under its policy mandate. The bank suffered payment delays and write-offs beyond what we currently expect, so that its capital positioned weakened and our risk-adjusted capital (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.

We could revise the outlook to stable if the pressure on the bank's financial risk profile subsided and it became clear that the ongoing conflict in Ukraine would leave only limited scars on the bank's capital and liquidity positions.

Black Sea Trade And Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	2,378	2,077	1,853	1,366	1,173
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	26	29	28	14	11
Private-sector loans/purpose-related exposures (%)	74	71	72	86	89
Gross loan growth (%)	15	12	37	18	0
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 (%)	33	33	33	33	33
Eligible callable capital (mil. curr)	0	0	0	0	0
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)*	19	23	25	26	29
Net interest income/average net loans (%)	3	2	2	3	3
Net income/average shareholders' equity (%)	5	2	2	1	1
Impaired loans and advances/total loans (%)	3	4	3	3	5
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	26	27	21	25	25
Liquid assets/gross debt (%)	38	40	34	47	52
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.2	1.3	1.6	2.0	1.7
12 months (net derivate payables) (x)	1.0	1.2	1.3	1.7	2.0
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.4	2.1	2.3	3.1
Funding ratios					
Gross debt/adjusted total assets (%)	70	67	63	53	48
Short-term debt (by remaining maturity)/gross debt (%)	33	42	43	45	18
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	2.6	2.0	6.6	3.6	6.2
SUMMARY BALANCE SHEET					
Total assets	3,233	2,809	2,343	1,796	1,515
Total liabilities	2,347	1,965	1,513	994	756
Shareholders' equity	886	844	830	802	759

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

Caribbean Development Bank

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on May 20, 2022

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 May 20, 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

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Rationale

Caribbean Development Bank (CDB) has a record of fulfilling its public policy mandate as an important source of multilateral financing in the Caribbean. CDB 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 (SFR).

CDB has played an instrumental role as its members have 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 multilateral lending institutions (MLIs) to support the region. CDB has a somewhat smaller balance sheet, and growth remained flat in 2021 with $1.33 billion in loans outstanding as of December. In 2021 CDB approved a total of $161.4 million from both its ordinary capital resources (OCR) and concessional window (Special Development Fund)—of which $90.2 million took the form of grants—and disbursed a total of $254.9 million. Total net flows to the region declined last year (to $24 million, from $120 million in 2020), stemming from COVID-19's particularly severe impact on counterparties' and government agencies' implementing capacity. That said, we view this as an extraordinary one-off event and expect a reversal in 2022.

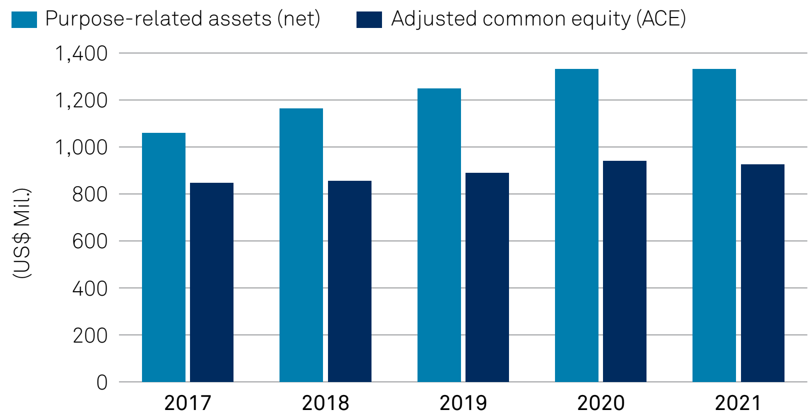
Over the years, CDB has attracted various partnerships that underpin its unique role. In 2021, CDB worked with the European Investment Bank (EIB) to repurpose a €30 million line of credit to purchase COVID-19 vaccines and approved a second line of credit with the IADB for $50 million to build disaster 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 preferred creditor treatment (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.

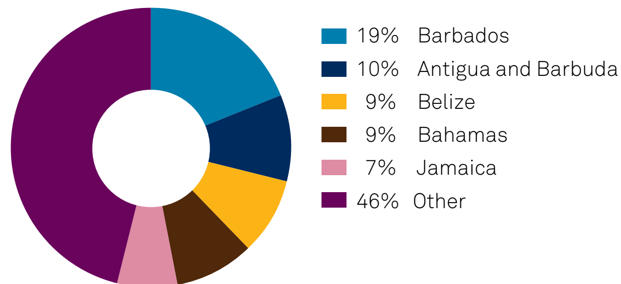
This initiative, proposed by CDB's management and supported by its board, was intended to provide borrowing member countries with fiscal space to address the negative social and economic impacts of COVID-19. We believe CDB has carefully managed its portfolio, carefully balancing the use of regular and 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) coming 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 2021, 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. CDB has historically had solid liquidity and in over view, under a stress scenario, CDB could satisfy increased demand for unplanned loan disbursements.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook is based on S&P Global Ratings' 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 COVID-19 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 risks this entails to be contained by an appropriate strengthening of the bank's 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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	1,353	1,351	1,274	1,186	1,078
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	94	94	94	96	96
Private-sector loans/purpose-related exposures (%)	6	6	6	4	4
Gross loan growth (%)	0	6	8	10	4
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 (%)	34	34	34	34	34
Eligible callable capital (mil. curr)	205	205	205	205	205
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	27	27	28	29	33
Net interest income/average net loans (%)	2	3	3	3	2
Net income/average shareholders' equity (%)	2	3	3	2	1
Impaired loans and advances/total loans (%)	0	0	0	0	1
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	36	30	35	27	28
Liquid assets/gross debt (%)	67	58	65	58	64
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	4.2	5.3	3.8	2.3	3.6
12 months (net derivate payables) (x)	2.5	2.5	2	1.7	2.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.8	1.6	1.3	1.7	1.9
Funding ratios					
Gross debt/adjusted total assets (%)	54	52	54	46	43
Short-term debt (by remaining maturity)/gross debt (%)	1	2	8	7	1
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	4.0	14.1	7.1	5.5	18.6
SUMMARY BALANCE SHEET					
Total assets (mil. $)	2,217	2,121	2,096	1,748	1,641
Total liabilities (mil. $)	1,268	1,153	1,162	849	741
Shareholders' equity (mil. $)	949	968	934	899	900

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

Central American Bank For Economic Integration (CABEI)

Ratings

AA/Stable/A-1+

Ratings and outlook affirmed on Sep. 14, 2022

Rating Components

SACP: 'aa-'

Enterprise Risk Profile: 'Very Strong'

Financial Risk Profile: 'Strong'

Extraordinary Support: '+1'

Holistic Approach: '0'

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

Purpose

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

Issuer Website

www.bcie.org

Rationale

We believe CABEI is an important provider of multilateral financing to its members and has been enhancing its franchise value in the region. The institution has provided rapid responses to members amid volatile conditions, such as with 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 risk-adjusted capital (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 resources to continue amid weaker asset quality in the region, 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 of the pressures 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 bank's board of directors and its 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 GCI, 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 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

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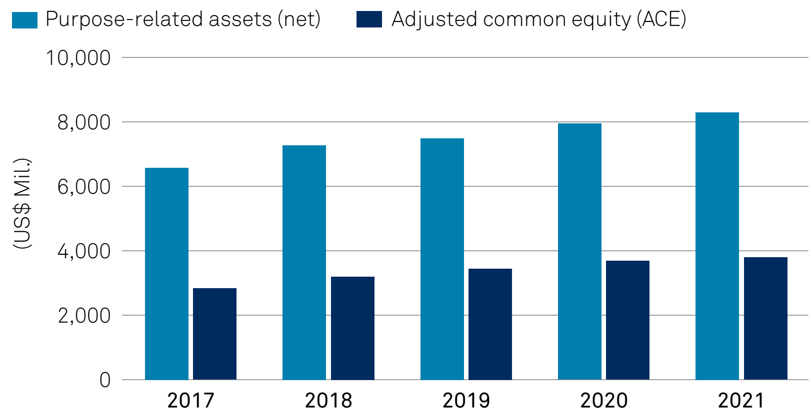
corresponded to private-sector operations and have not represented a meaningful share of the total private-sector loan portfolio, at 0.28% as of June 2022. We view CABEI's governance as transparent, prudent, and independent. The bank has no material private-sector shareholder and management has considerable expertise, which the continuity of senior staff supports. Nevertheless, compared with other highly rated multilateral lending institutions, 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.

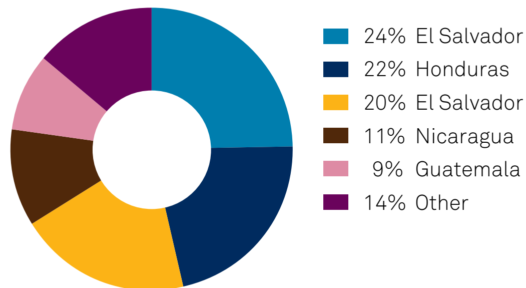
CABEI's funding and liquidity ratios have remained fairly stable. The bank is diversifying its funding by building a global investor base for its medium- and long-term bonds. Participation in capital markets grew to 86% of funding sources in 2021, from 62% in 2016. As of June 2022, CABEI had made debt 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 (ESG) issuances. CABEI will continue to use multilateral financing because this reduces its cost of funding and, subsequently, the cost pass-through to its 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 that 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 to 17.9%.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook reflects S&P Global Ratings' expectations that over the next two years, CABEI's shareholders will remain supportive and make timely capital payments, the bank will continue benefiting from preferred creditor treatment (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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	8,691	8,306	7,801	7,653	6,962
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	91	86	81	82	83
*Private-sector loans/purpose-related exposures (%)	9	14	18	18	16
Gross loan growth (%)	5	6	3	10	6
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	83	83	83	84	83
Concentration of top two shareholders (%)	23	23	23	24	24
Eligible callable capital (mil. curr)	1,055	1,055	473	375	375
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	14	16	17	16	16
Net interest income/average net loans (%)	3	3	4	4	4
Net income/average shareholders' equity (%)	2	4	7	7	3
Impaired loans and advances/total loans (%)	0	1	1	1	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	39	39	34	31	31
Liquid assets/gross debt (%)	65	66	59	54	52
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.8	2.2	1.9	2.0	1.8
12 months (net derivate payables) (x)	1.5	1.7	1.6	1.5	1.5
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.0	1.1	1.2	1.1	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	60	59	58	58	59
Short-term debt (by remaining maturity)/gross debt (%)	14	14	16	14	14
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.6	2.0	1.9	1.8	1.8
SUMMARY BALANCE SHEET					
Total assets (mil. $)	13,955	13,295	11,611	10,850	9,721
Total liabilities (mil. $)	10,161	9,607	8,168	7,652	6,890
Shareholders' equity (mil. $)	3,794	3,688	3,443	3,198	2,831

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

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

Corporación Andina de Fomento

Ratings

AA-/Positive/A-1+

Ratings revised and outlook affirmed on Jun. 16, 2022

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

Rationale

In December 2021, CAF shareholders approved a capital increase of US$7 billion. We view this as positive compared with peers in terms of shareholder support given the size and frequency of capital payments. This marks CAF's 10th capital increase—its largest in history—even as it continues to receive sizable capital payments from its ninth general capital increase, with approximately US$608 million paid in during 2021.

This is in addition to the capital from members that are increasing their participation in the institution. In March 2021, CAF approved the incorporation of Costa Rica and Mexico as full members. The board of directors approved the incorporation of the Dominican Republic as a full member shareholder, and El Salvador recently joined CAF as new member, bringing total shareholders to 20. We believe these are positive developments that will translate to increased capital resiliency and lead to further improvements to CAF's risk-adjusted capital (RAC) ratio. The RAC ratio improved to 18.3% as of December 2021, from 17.7% as of December 2020 and 14.7% as of December 2019. In December 2021, equity grew to $13.3 billion from $13 billion as of December 2020. We believe management will manage its balance sheet growth and capital prudently.

Historically, recurrent payment delays from Venezuela, beginning in 2017, reflected a weakening in preferred creditor treatment (PCT) status, which had weighed on the rating. In March 2020, CAF's shareholders assembly approved a support program for liquidity management in exceptional situations. This effectively allowed CAF to begin repurchasing Venezuela's shares to pay down its debt coming due from the sovereign and, in our view, removed the risk of a nonaccrual event materializing until 2024 and limited the risk to PCT and the rating.

As of December 2021, CAF repurchased 75,657 shares for a total of US$1.1 billion, bringing Venezuela's outstanding balance to US$2.9 billion. Once this mechanism expires, because the paid-in capital of Venezuela is being used to service the debt, a remaining balance of close to US$1.5 billion will remain. However, the overall impact to the rating of an arrears event, assuming the sovereign is unable to service its remaining debt, will be limited given the lower concentration it will represent on the balance sheet. At the same time, we consider this unusual transaction as a constraint on our capital adequacy assessment given the reduction in Venezuela's shares to repay its debt was not compensated by additional capital. CAF continued to grow its lending book during 2021 by 5%, reaching US$30.2 billion. CAF also demonstrated support to shareholders in response to the pandemic with a COVID-19

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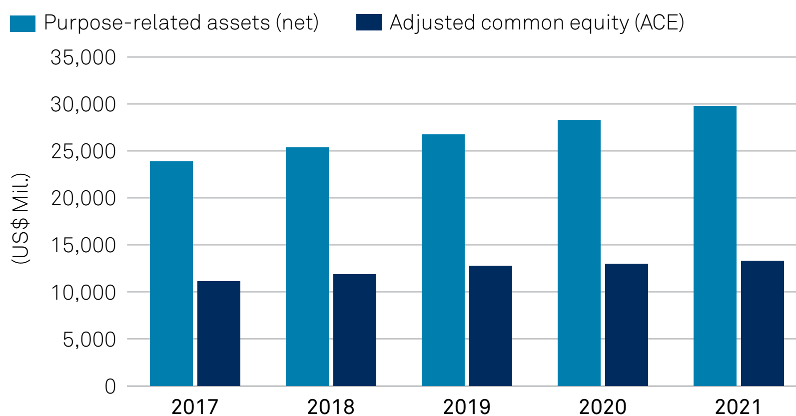
response package totaling close to US$7.2 billion during 2020 and US$9.1 billion during 2021, which underscores our view of its important role and policy importance, sustained by exceptional support from its shareholders. Our view of CAF's governance is constrained by the absence of a set of nonborrowing member countries, a weakness relative to higher-rated multilateral lending institutions with greater shareholder diversity. On the other hand, CAF maintains robust risk management practices related to its liquidity and derivatives portfolio. CAF has maintained its high liquidity levels, and we view its funding as robust—supporting our view of its financial risk. The 12-month and six-month liquidity ratios as of December 2021 was 1.3x and 1.4x with scheduled loan disbursements. CAF has kept higher stocks of 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. In May 2020, CAF issued two benchmark bonds, one for US$800 million and an inaugural social responsibility bond to manage the COVID-19 outbreak for €700 million, which demonstrates its strong access to the market during times of stress. CAF continued issuing other benchmark issues during 2021 and 2022 at competitive rates. We do not include any ratings uplift for extraordinary shareholder support because the sovereign shareholders are rated below CAF's stand-alone credit profile of 'aa-'.

Outlook

The positive outlook reflects our expectation that over the next two years, there is a greater than one-in-three likelihood that CAF's policy importance will strengthen. Our view is based on CAF expanding its reach geographically with current members increasing participation and new members joining, along with capital payments underpinning stronger capital. In addition, an upgrade could follow if CAF incorporates highly rated nonborrowing shareholders, which, in our view, would create more diversity in its governance structure. This presupposes that members will continue to treat CAF as a preferred creditor and maintain robust shareholder support through timely capital payments, as well as maintain high levels of liquidity. It also assumes that CAF will manage its exposure to Venezuela once its liquidity mechanism expires in 2024 without increasing risk on its balance sheet. We could revise the outlook to stable if there are signs of weakening support from shareholders through delays in capital payments or if there are signs of weaker policy execution. We could lower the ratings on CAF if, contrary to our expectations, any of CAF's shareholders fail to treat CAF as preferred. Rapid balance sheet growth amid worsening credit conditions in the region, reflected in significant downgrades of CAF's largest borrowers, and weakening liquidity ratios could also pressure the rating.

Purpose-Related Assets and Adjusted Common Equity



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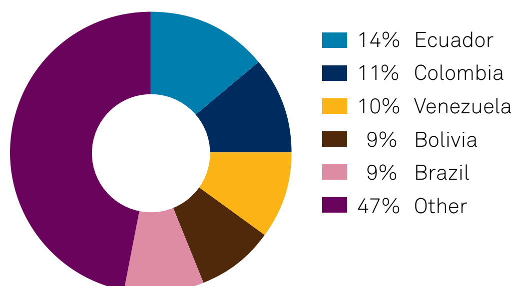

Source: S&P Global Ratings.

Corporación Andina de Fomento – 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.) (mil. $)	30,005	28,547	27,024	25,635	24,144
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	93	90	84	84	84
*Private-sector loans/purpose-related exposures (%)	6	8	15	14	14
Gross loan growth (%)	5	6	6	6	8
PCT ratio (%)	3	3	4	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	36	35	35	36
Eligible callable capital (mil. curr)	-	2	4	4	4
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	18	18	17	16	16
Net interest income/average net loans (%)	1	2	3	2	2
Net income/average shareholders' equity (%)	1	2	3	2	1
Impaired loans and advances/total loans (%)	0	0	0	0	1
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	34	31	33	33	33
Liquid assets/gross debt (%)	56	52	55	55	55
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.4	2.0	2.5	1.8	1.8
12 months (net derivate payables) (x)	1.3	1.5	1.5	1.7	1.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.4	1.4	1.6	1.4
Funding ratios					
Gross debt/adjusted total assets (%)	61	60	60	59	60
Short-term debt (by remaining maturity)/gross debt (%)	24	18	20	13	20
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.8	2.1	2.3	2.6	2.2
SUMMARY BALANCE SHEET					
Total assets (mil. $)	47,592	46,846	42,294	40,014	38,112
Total liabilities (mil. $)	34,293	33,851	29,497	28,151	26,990
Shareholders' equity (mil. $)	13,300	12,995	12,797	11,863	11,122

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.

Council of Europe Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on June 17, 2022

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 June 17, 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

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Rationale

We base our ratings on CEB's extremely strong enterprise risk and financial risk profiles. Management's actions over the past three years has strengthened the bank's financial risk profile, allowing it to mount a solid response to the wide-reaching pandemic. We believe that CEB's important ramp-up in COVID-19-related lending, through a fast track procedure introduced in the run-up to the pandemic, further accentuates the institution's policy relevance. The crisis also expanded CEB's range of borrowers, while the bank propped up existing partnerships, especially with the EU, through the extension of the Regional Housing Programme and as implementation partner for the social window of the InvestEU program.

The bank entered 2020 from a position of financial strength, with an extremely strong stand-alone capital position, and very strong liquidity and funding situation. While heightened disbursement levels consumed capital, they also benefited our risk-adjusted capital (RAC) ratio after adjusting for diluted concentration risks. In 2021, we expect CEB's activity to return to levels in line with the pre-pandemic targets of its Development Plan 2020-2022, supporting its RAC ratio above the 23% threshold over the next few years. Although modest, earnings will continue to support the internal capital generation and the capital ratio, in our view. Finally, an excellent asset quality track record despite the crisis and low cost of risk will continue to provide some relief to the bank's capital. The institution performs a key role for small member countries, although its expansion is partially through relaxation of a rule favoring traditional target countries. A significant portion of CEB's lending focuses on projects in target countries where the associated project costs, loan sizes, and business expertise deter many other institutions (both commercial and government owned). The bank's average loan size is significantly smaller than that of highly rated peers with large project-finance portfolios. Moreover, CEB offers expertise in a number of social domains (such as housing and education), technical design support, and technical assistance through the project cycle.

Following the pandemic, we believe the bank's more dynamic approach will allow it to improve its lending footprint, thanks to demand for social investments throughout Europe. As of June 2021, 38 new projects were already approved for €2.5 billion and loans disbursements reached €2.4 billion, compared with a full-year 2021 €4 billion target set for project approval and loan disbursement. In addition, the European Commission has introduced the InvestEU program

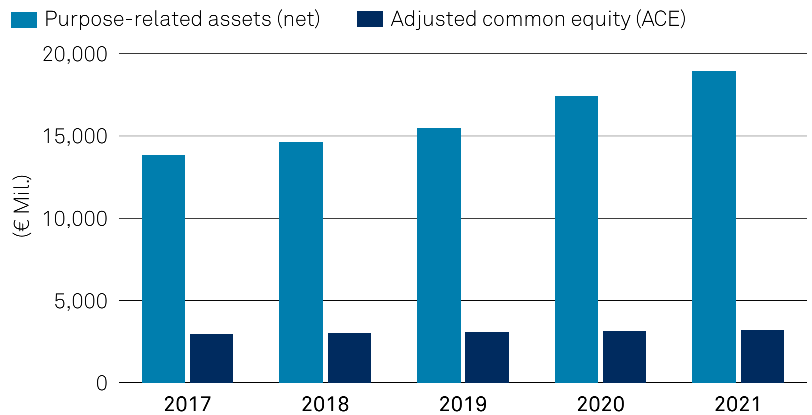
as part of the long-term budget 2021-2027, which will bring together EU financial instruments to support investment in the EU. Furthermore, CEB's shareholder base grew in 2020, with the inclusion of Andorra as the bank's 42nd member state in June 2020. CEB's history of demonstrated PCT also underlines the bank's overall enterprise risk profile. Specifically, CEB has benefited since its creation from an excellent track record of PCT by the countries in which it operates, and we expect this will continue.

In our opinion, CEB benefits from strong governance and risk management standards. Shareholders remain supportive and acknowledge the bank's importance as a key contributor in its niche financing segment. Member countries are directly involved in defining CEB's policy. While all shareholders are eligible to borrow from bank, we believe this agency risk is mitigated by the high standards on transparency, rule of law, and governance that are observable in many of its shareholders, including the largest sovereigns.

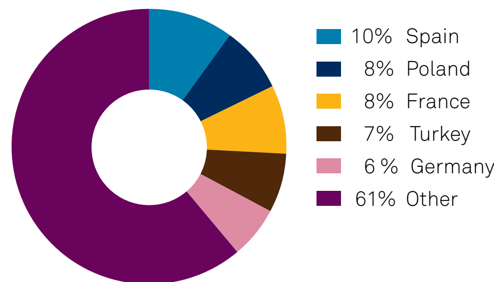
We compute its RAC ratio at 25.6% as of end-2020 after adjustments for concentration risk and PCT. In spite of an 11% increase in exposures in 2020, the improved RAC ratio after diversification adjustments reflects higher granularity within its sovereign and corporate exposures. We expect the bank's asset quality to remain strong, with no credit events and a maintained excellent PCT recognition. CEB's solid financial standing has facilitated the bank's transition into a more dynamic disbursement profile. This transition has entailed a strengthened funding profile where a move to two-way CSAs on its derivatives portfolio has opened up additional markets, and further enlarge CEB's investor base thanks to increasing issuance volumes. As of June 2021, the bank had already completed 67% of its required full-year funding, for which the annual borrowing authorization is set at €5.5 billion.

Under our liquidity stress scenario, at all horizons up to one year, CEB would fully cover its balance-sheet liabilities without market access. We assess the bank's stand-alone credit profile at 'aaa'. Because 'aaa' is the highest level, we do not incorporate extraordinary shareholder support from callable capital in our assessment.

Purpose-Related Assets and Adjusted Common Equity



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 over the next two years, the Council of Europe Development Bank (CEB) will balance its heightened disbursement levels prompted by the coronavirus pandemic and a strong lending dynamic, with a sustained, extremely strong financial profile. We expect the bank's policy relevance and funding importance will continue, with ongoing solid shareholder engagement with its activities.
We also assume CEB will continue to enjoy excellent preferred creditor treatment (PCT). We could downgrade CEB if its policy relevance for shareholders significantly deteriorated; for example, through notably declining lending activity and a lack of shareholder engagement and support for the bank's activities. If the bank's excellent track record of PCT eroded, momentum for a downgrade could build. A significant deterioration in CEB's funding and liquidity assessment could also have a negative impact on the ratings, while a deteriorating capital ratio would most likely be mitigated by the existing callable capital from highly rated sovereigns.

Council of Europe Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	18,941	17,443	15,453	14,650	13,828
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	81	79	77	76	75
Private-sector loans/purpose-related exposures (%)	19	21	24	24	25
Gross loan growth (%)	9	13	6	6	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 (%)	33	34	34	34	34
Eligible callable capital (mil. curr)	1,333	1,333	1,333	1,333	1,395
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	25	26	25	25	25
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	3	2	3	3	4
Impaired loans and advances/total loans (%)	-	-	-	-	-
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	32	30	34	33	36
Liquid assets/gross debt (%)	38	38	43	42	46
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.4	3.2	2.4	2.3	2.1
12 months (net derivate payables) (x)	1.2	1.3	1.4	1.2	1.2
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.6	1.6	1.3	1.2	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	83	79	79	79	78
Short-term debt (by remaining maturity)/gross debt (%)	19	15	17	19	26
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.4	1.5	1.7	1.4	1.3
SUMMARY BALANCE SHEET					
Total assets	29,715	27,959	26,142	24,348	23,798
Total liabilities	26,481	24,827	23,053	21,325	20,832
Shareholders' equity	3,234	3,132	3,089	3,023	2,967

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

Credit Guarantee and Investment Facility

Ratings

AA/Stable/A-1+

Ratings and outlook affirmed on Feb. 24, 2022

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

To promote economic development, to promote 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 Asian savings within the region by facilitating access by entities rated investment grade to such markets while promoting the issuance of debt securities with longer term maturities to match the gestation of investment projects.

Issuer Website

www.cgif-abmi.org

Rationale

Our assessment of CGIF's enterprise risk profile reflects the facility's role as a bond guarantor for the past four years. 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 than 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 deepening of the Association of South East Asian Nations (ASEAN) bond markets through credit enhancement will remain limited. So will the role of CGIF 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.

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. To date, CGIF's accounts, including the high-risk sectors, maintain sufficient liquidity, and a majority of its guarantee positions are backed by substantial collaterals.

That said, these high-risk sectors are vulnerable to the effects of the pandemic and reflected in the first default in CGIF's guarantee portfolio in December 2021—KNM Group Bhd., an energy-sector company. KNM missed payments on the principal (US$83 million) and the coupon (US$1.5 million) on its bonds issued in Thailand on Nov. 18, 2021. CGIF met the call on the guarantee in full and on time in December 2021. The guarantee was backed by substantial collateral and the recovery process is underway. 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's retained earnings.

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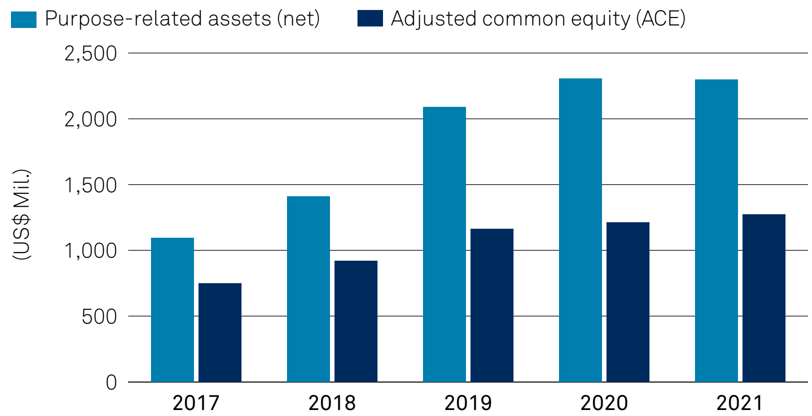
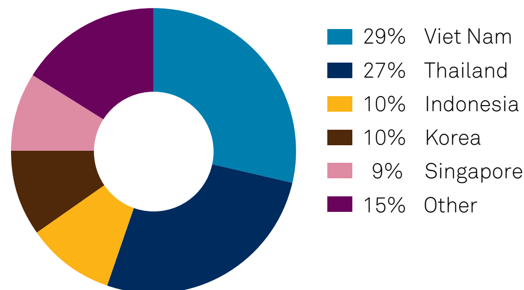
Despite the KNM default, we believe CGIF's asset quality remains sound. This is a result of the facility's guaranteed exposure representing companies in the region with relatively better credit quality, as well as its conservative risk appetite. Should a default occur, the typical size of each issue at 7%-12% of CGIF's capital levels and well spread-out maturity walls will limit the impact.

CGIF was set up as a trust fund of the ADB. 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 (31.1%), Japan (31.1%), Korea (13.4%), and the ADB (16.3%). The 10 ASEAN governments collectively hold the remaining voting rights (8.1%). CGIF's shareholders have demonstrated their support by approving its first ever capital increase to US$1.2 billion from US$700 million in December 2017. The shareholder payments are likely to be completed by the end of 2023. By increasing its capital, CGIF's guarantee capacity will be boosted to US$3 billion, from US$1.75 billion. As of end-2021, CGIF's paid in capital was $1,137 million. The facility's risk-adjusted capital (RAC) ratio after adjustments as of year-end 2021 stood at 44.4%—well above our 23% threshold for an extremely strong capital adequacy assessment. We expect CGIF to maintain the RAC ratio comfortably above 23%. CGIF does not borrow; it obtains funding for its activities solely through retained earnings and contributors' equity. We assess CGIF's liquidity position as robust. The institution should be able to comfortably pay out its guarantees for at least a year under stressed market conditions, without recourse to liquidity facilities from contributors or from the market. As of Dec. 31, 2021, our stressed liquidity ratio for CGIF was 15.7x for the next 12 months.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31, 2021



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 buffer against potential guarantee calls amid weaker macroeconomic conditions induced by the pandemic. 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. Further, 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.)	**2021**	**2020**	**2019**	**2018**	**2017**
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	2,299	2,308	2,090	1,410	1,096
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 (%)	0	10	48	29	-2
*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	9	10	10	11
Concentration of top two shareholders (%)	59	60	60	62	56
Eligible callable capital	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	44	39	32	40	39
Guarantee fee/total guarantees (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	2	2	2	1	1
Incurred claims/total guarantees (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	89	94	73	77	93
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)	58.1	30.7	>100	>100	>100
12 months (net derivate payables) (x)	15.8	9.3	>100	>100	>100
12 months (net derivate payables) including 50% of all undisbursed loans (x)	15.8	9.3	>100	>100	>100
Funding ratios					
Shareholders' equity/total guarantees (%)	56	54.8	56.4	64.6	67.4
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	1,373	1,352	1,255	958	779
Total liabilities	80	87	77	47	40
Shareholders' equity	1,292	1,265	1,178	911	739

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

* 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 affirmed and outlook revised on May 23, 2022

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) region that are thought to be of long-term benefit to the region. Members of EurAsEc are Russia, Kazakhstan, Belarus, Kyrgyzstan, Uzbekistan, and Tajikistan.

Issuer Website

www.eabr.org

Rationale

The removal from CreditWatch negative indicate what we think is a clearer visibility on EDB's capital position for the coming 12-18 months and some moderation of the immediate pressure on the bank's risk-adjusted capital (RAC) ratio. Based on financial data as of December 2021, the RAC dropped to 14.6% (using risk parameters as of May 4, 2022) from 20.0% in June 2021. This stems from increasing risks in the economic environment in Russia and Belarus. While the RAC reduction has pushed the bank's capital adequacy below the 15% threshold, our forecast for the next 12 months points to somewhat stronger capital with a ratio of about 15%. We believe that reducing loan exposure in Russia and Belarus will drive the improvement.

Despite the challenges arising from the Russia-Ukraine conflict, we believe EDB might face only moderate asset quality deterioration. The bank's portfolio in Russia and Belarus is highly concentrated in state-owned companies and quasi-sovereign institutions, and the majority of its Russian loans are in rubles. We expect these exposures to fare much better than the general corporate exposure and that provision levels will remain contained. However, we recognize that pressure on EDB's asset quality could build up, especially if the conflict persists. This could intensify the strain on EDB's RAC ratio and lead us to consider a negative rating action.

EDB has a robust liquidity profile, in our view, with coverage of the next 12 months of liabilities. As of end-2021, EDB had posted the liquidity ratio of 1.3x, and we do not expect a material change. On Dec. 31, 2021, the bank's liquid assets totaled approximately US$1.5 billion. We therefore expect the bank will cover its 2022 maturities without any new market funding. We consider the bank to be properly hedged from a currency perspective with a significant surplus of U.S. dollar assets. As of today, EDB has two outstanding Eurobond issuances: US$500 million (US$56 million of which has been bought back in the beginning of May) due in September 2022 and €300 million due in March 2026. The bank is current on all its liabilities and hasn't experienced any technical difficulties in meeting coupon payments on its Eurobonds. Although EDB's access to funding markets currently limited, the bank has limited needs to raise additional funding considering what we expect to be a stagnant loan book. However, if the Russia-Ukraine conflict and related sanctions on Russia persist over an extended period, EDB's access to funding from the international capital markets, when and if needed, could hinder its ability to carry out the mandate.

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EDB has not been sanctioned by the U.S, EU, or the U.K., so it should be able to receive foreign currency from borrowers (residents and non-residents) as well as execute outgoing foreign exchange and local currency payments. Furthermore, EDB is exempt, as per its charter and in line with other multilateral lending institutions (MLIs), from currency restrictions imposed by member governments (which would be Russia, via its central bank, in this instance).

Our long-term rating does not incorporate extraordinary shareholder support from EDB's callable capital. This is because we rate all of EDB's sovereign shareholders lower than our 'bbb' assessment of EDB's stand-alone credit profile (SACP). In addition, our assessment of the bank's policy importance as moderate precludes the notion of extraordinary support.

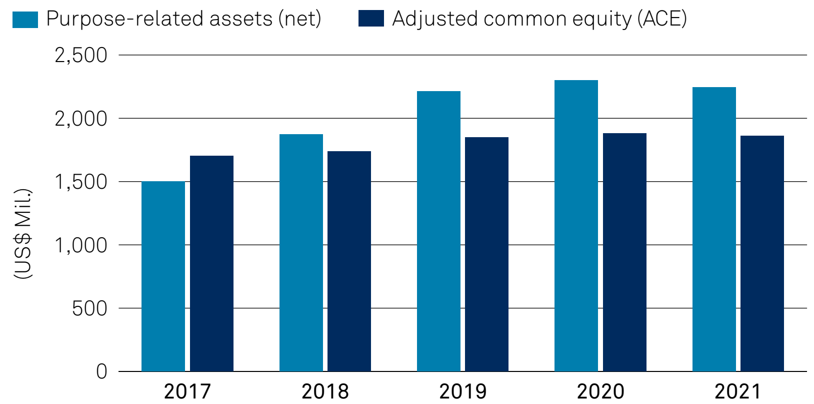
EDB's enterprise risk profile (ERP) is very weak, in our view. Our assessment is constrained by the bank's limited geographic diversification compared with other supranational peers and its highly idiosyncratic ownership structure, with Russia and Kazakhstan accounting for 99% of shares.

EDB is the key MLI for the Eurasian Economic Union (EAEU) countries. Established in 2006 by an intergovernmental agreement, EDB's purpose is to contribute to the development and growth of the market economy in member states and promote trade and economic integration among them by engaging in investment activities. EDB is improving its role and competitive position in its member countries, shown by the significant increase in the loan portfolio in 2018 and 2019, but it still remains very small compared with the economies of its members. EDB is owned by Russia (65.97%), Kazakhstan (32.99%), Belarus (0.99%), Armenia (0.01%), Tajikistan (0.03%), and Kyrgyzstan (0.01%).

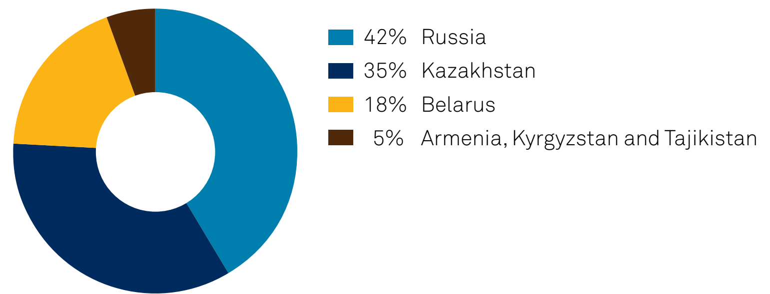
Outlook

The outlook on EDB is negative.

Purpose-Related Assets and Adjusted Common Equity



Three Largest Country (or Regional) Exposures (Unweighted) As % of Total Investment Portfolio Dec. 31, 2021



Source: S&P Global Ratings.

Ratings downside stems from the possibility of a weaker capital position over the coming 12-18 months. This could occur if economic and financial stress in both Russia and Belarus causes EDB's asset quality to deteriorate beyond our current expectations. We could lower the ratings on EDB if our RAC ratio fell and stayed below 15% following higher net losses than we currently estimate and if a potential capital increase, if one were to occur, failed to mitigate the impact. A prolonged limitation to access funds in the capital markets could also trigger a negative rating action. We could revise the outlook to stable over the next 12-18 months if we observed only marginal deterioration of the bank's asset quality or if shareholders backed the bank through a capital increase to restore capitalization to higher levels, comfortably above 15%.

Eurasian Development Bank – 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.) (mil. curr)	2,455	2,399	2,462	1,943	1,557
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
Private-sector loans/purpose-related exposures (%)	99	99	99	100	100
Gross loan growth (%)	-2	5	16	25	-5
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 (%)	99	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 (%)	15	19	18	28	28
Net interest income/average net loans (%)	3	3	5	6	6
Net income/average shareholders' equity (%)	2	2	4	4	2
Impaired loans and advances/total loans (%)	1	1	1	1	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	60	58	56	49	54
Liquid assets/gross debt (%)	176	189	132	119	150
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.3	1.9	1.3	1.5	1.1
12 months (net derivate payables) (x)	1.3	1.5	0.9	0.8	1.1
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.6	1.1	1.2	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	34	31	43	41	36
Short-term debt (by remaining maturity)/gross debt (%)	40	15	28	7	9
Static funding gap (without planned disbursements):					
12 months (net derivate payables)	1.3	2.2	1.8	3.3	2.8
SUMMARY BALANCE SHEET					
Total assets	5,808	5,600	5,161	3,710	3,320
Total liabilities	3,947	3,718	3,311	1,972	1,611
Shareholders' equity	1,861	1,882	1,850	1,738	1,710

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 20, 2022

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 July 20, 2022)

Purpose

To foster the transition to market economies by the Central and Eastern European and CIS countries by promoting private and entrepreneurial initiatives. EBRD pursues these objectives principally by lending (primarily to the private sector and to public-sector projects supporting the private sector), making equity investments, and providing guarantees.

Issuer Website

www.ebrd.com

Rationale

The EBRD was established in 1991 to foster the transition toward open-market-oriented economies in countries in Central and Eastern Europe and the Commonwealth of Independent States by promoting private and entrepreneurial initiatives. It has built a long track record of fulfilling its mandate. Over the past decade, the EBRD has widened its scope, strategically expanded its mandate, and built a strong presence in Turkey and the Southern and Eastern Mediterranean region, which includes Egypt, Jordan, Lebanon, Morocco, and Tunisia. As of December 2021, the bank has invested close to €16 billion in 320 projects in the region since 2012.

Shareholders' intention is to provide close to €1 billion of donor funds to mitigate risks arising from the bank's response to the war in Ukraine. The EBRD will use these donor funds to guarantee around 50% of the bank's investments in Ukraine and neighbouring countries affected by the war under a framework called "The Resilience and Livelihoods Framework." Although we don't expect a step-up in lending until the conditions improve, the EBRD announced the framework in March 2022 as an immediate response to the war on Ukraine for an initial value of €2 billion.

Finding new markets of operation has been one of EBRD's priorities as its exposure to Russia has declined on the back of sanctions. The EBRD made the decision in 2014 that Russia would no longer be a recipient country and stopped approving investments in Russia. This decision was reinforced by the Board of Governors in 2017 and more recently in April 2022 after Russia invaded Ukraine, when at the same time, the Board of Governors voted to stop access to financing from the bank to Belarus. The Government of Belarus decreed in April 2022 that it would repay debt to international financial institutions, including that owed to EBRD and to other multilateral lending institutions (MLIs), in local currency. Because we don't expect Belarus to solve its operational challenges in less than 180 days, we anticipate that the MLIs, including EBRD, will likely not be treated as a preferred creditor on Belarusian sovereign exposures. Sovereign exposure to Belarus from EBRD represents about 2% of the bank's total sovereign operating assets.

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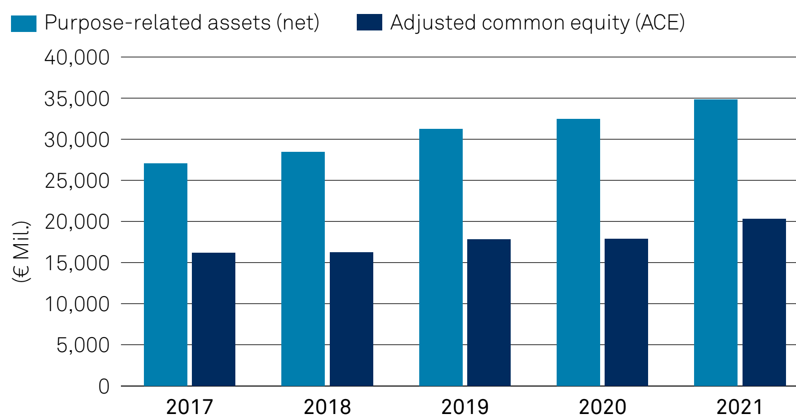
Since inception, no shareholder has left the bank and, on the contrary, the shareholder base continues increasing. From the original 40 members, the bank now has 73 shareholders after approving Algeria to join the bank in October 2021. The EBRD does not have private sector shareholding. The European Community and the European Investment Bank each hold a 3.0% share. We assess EBRD's governance and management as strong, based on its diversified shareholder base, transparent governance, experienced senior staff, and conservative risk management policy.

While maintaining an extremely strong capital position, the revised LGD assumption is the main driver of our calculation that EBRD's RAC after adjustments has reduced to 29.7% for fiscal 2021 from above 30% in 2020. Further supporting the capital position is EBRD's strong internal capital generation, with the return on equity averaging 4.2% over the past five year. Asset quality as of March 2022 remains relatively stable. The NPL ratio increased to 5.2% for first quarter 2022 from 4.9% at the end of 2021. While we expect that asset quality will likely be under higher pressure, we anticipate NPLs will remain contained below 10%.

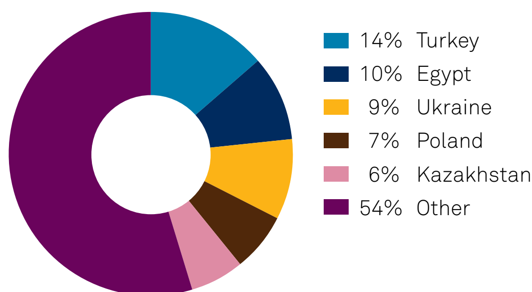
EBRD's funding profile benefits from strong access to capital markets and a diversified investor base. Our funding and liquidity ratios for EBRD indicate that the bank would be able to fulfil its mandate for at least one year, even under extremely stressed market conditions, without access to the capital markets. At year-end 2021, our stressed liquidity ratios for the EBRD increased to 2.4x at six months (from 1.8x) and 1.9x at 12 months (from 1.5x). Moreover, we estimate that 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.

EBRD's 'aaa' stand-alone credit profile (SACP) is buttressed by €6.1 billion (35% of adjusted common equity) in subscribed callable capital from members rated 'AAA'. Therefore, even if we revised down EBRD's SACP, in such a scenario, we could factor in shareholder support from eligible callable

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2021



Source: S&P Global Ratings.

capital provided by members rated above the SACP, all other things being equal.

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 to allow it to fulfil its mandate and providing support to its countries of operation, mitigating the likely deterioration 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 perceive that support from shareholders has lowered or if the quality of the bank's exposures deteriorates more than we currently expect.

European Bank for Reconstruction and Development – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	37,492	35,173	33,383	30,318	27,913
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	32	32	22	21	22
Private-sector loans/purpose-related exposures (%)	68	68	78	79	78
Gross loan growth (%)	4	6	10	7	-1
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	11	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 (%)*	31	30	30	29	30
Net interest income/average net loans (%)	3	3	3	3	3
Net income/average shareholders' equity (%)	11	1	8	1	4
Impaired loans and advances/total loans (%)	5	5	4	5	4
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	45	45	47	47	45
Liquid assets/gross debt (%)	69	68	70	71	71
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.4	1.8	1.4	1.5	2.0
12 months (net derivate payables) (x)	1.9	1.5	1.2	1.2	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.5	1.3	1.2	1.0	1.3
Funding ratios					
Gross debt/adjusted total assets (%)	66	67	67	66	63
Short-term debt (by remaining maturity)/gross debt (%)	30	30	37	37	35
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	2.4	1.9	1.4	1.4	1.6
SUMMARY BALANCE SHEET					
Total assets	74,773	69,772	68,201	61,851	56,193
Total liabilities	54,428	51,881	50,371	45,568	40,021
Shareholders' equity	20,345	17,891	17,830	16,283	16,172

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

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

Ratings

AA/Negative/A-1+

Ratings affirmed and outlook revised on June 30, 2022

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, 2022)

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 is a Switzerland-based specialized supranational and a joint-stock company created in 1956 by an international treaty. Owned mostly by the national railways of 25 continental European countries, the company finances railway equipment for its members. The outlook revision reflects our view that we could lower the ratings on EUROFIMA within the next two years if its financial profile weakens as a result of weaker liquidity metrics compared with previous averages and with peers. We could also lower the ratings if EUROFIMA's balance sheet continues to shrink, as in our view this would signify a decline in EUROFIMA's policy importance. Since 2020, the company's liquidity metrics have deteriorated compared with previous averages and with peers', mostly due to a shortening of its commercial paper duration. Nevertheless, we believe the ratios remain strong, considering its conservative financial policies. Our liquidity ratios indicate that EUROFIMA will meet its financial obligations over one year, supported by the absence of scheduled loan disbursements over that time. Our liquidity ratio factors in stressed market conditions, under which we assume that the company would not have access to the capital markets. That said, the 12-month liquidity ratios declined to 1.16x as of June 2022 compared with 1.21x in December 2020. Moreover, as of December 2021, EUROFIMA's liquid assets had decreased to €4.7 billion from €4.9 billion at year-end 2020. All these elements put some pressure on the company's funding and liquidity position,

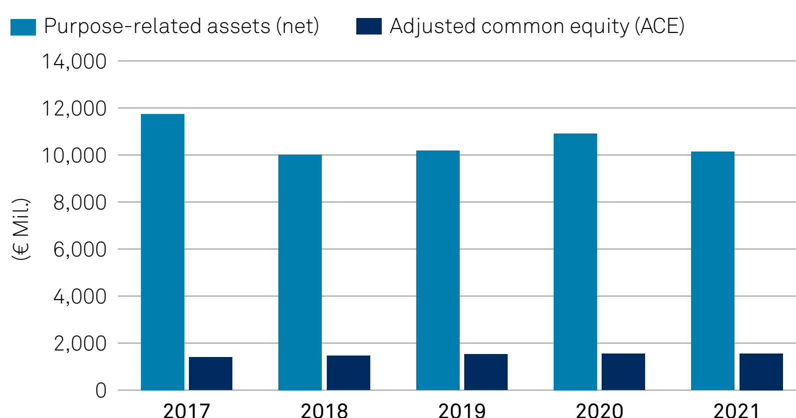
EUROFIMA balance sheet decreased by 6% in 2021, raising questions about the institution's policy importance for its owners. This after a 2020 that saw €2.9 billion of new disbursements (or 7% loan book growth). We believe EUROFIMA's role has gradually weakened, and much of its lending is highly exposed to direct price competition from commercial banks and other multilateral lending institutions (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 and capital constraints. Five borrowers have underpinned EUROFIMA's niche mandate--namely the state-owned railways of Switzerland, Belgium, Spain, Italy, and Austria. These continue to use the institution for a significant part of their rolling stock financing. The loan portfolio remain concentrated with the top 5 borrowers accounted for 93% of its total loan portfolio in 2021, up from 91% in 2020.

After the European Commission's rollout of the IV Railway Package in 2016 to open the railway market up to competition, EUROFIMA started to amend its statutes. Although the amended statutes better position EUROFIMA to attract new members and expand its balance sheet, it has proven a slow process. We understand that, as of very recently, EUROFIMA has decided to again extend loans to all shareholders and actively work with them to explore financing opportunities. Moreover, as in previous financial crises, we do not expect EUROFIMA to play a countercyclical role during the current economic slowdown. However, we note that, for the first time since 2008, it managed to increase its loan book in 2020 and 2019.

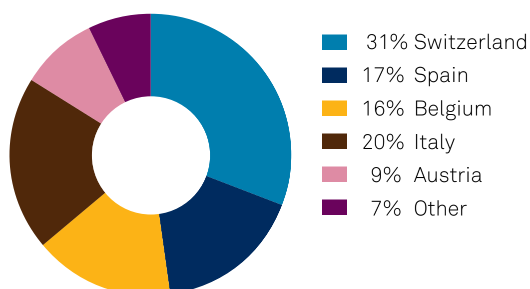
We assess EUROFIMA's governance and management expertise as strong because of its well-balanced shareholding structure, its members' high ranking in World Bank governance indicators when compared to other MLIs, and its conservative risk management and liquidity policies. We also highlight that the average rating of its lending portfolio is one of the highest among our rated MLIs. We consider EUROFIMA's PCT assessment to be very strong and all its borrowing members qualify in the strongest PCT category. We note that even after the subsidiary shareholder guarantee ceases to exist, EUROFIMA will benefit from other layers of protection. These differentiate it from other MLIs we rate. In particular, physical collateral is attached to the equipment finance transactions in the form of the financed rolling stock.

Our view of a very strong financial profile before extraordinary shareholder support considers our estimated risk-adjusted capital (RAC) after adjustments hovering at 10% in the next two years. The adjusted ratio declined marginally in 2021 and equaled 9.5% at year-end, compared with 9.8% as of year-end 2020. At the same time, the RAC ratio, before adjustments, remains extremely high. Our largest adjustment to the RAC calculation relates to sovereign single-name concentration, which captures the high concentration of EUROFIMA's lending book. The company’s robust funding strategy is based on a matching principle under which it uses derivatives to fully match interest and principal cash flows on its obligations with the proceeds received on the loan book. EUROFIMA's one-year funding gap in June 2022 was 1.17x;

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross) Dec. 31, 2021



Source: S&P Global Ratings.

the ratio is cumulative and based on scheduled receipts and payments. The ratings on EUROFIMA include potential extraordinary support from shareholders rated above the 'aa-' stand-alone credit profile. 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 provides a one-notch uplift to the rating. We cap the uplift to one notch because of the adequate policy importance assessment.

Outlook

The negative outlook reflects S&P Global Ratings' view that we could lower the ratings on EUROFIMA over the next 24 months if we observe weaker funding or liquidity metrics that could lead us to revise down our financial risk profile assessment. We could revise the outlook to stable if we observe that funding and liquidity metrics improve while the company maintains strong market access, a robust capital position, and its importance on the markets where it operates.

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

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	10,140	10,917	10,183	10,024	11,739
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 (%)	-7	7	2	-18	-5
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	1,402	1,326	1,278
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	10	10	11	11	10
Net interest income/average net loans (%)	0	0	0	0	0
Net income/average shareholders' equity (%)	1	2	2	1	1
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	30	29	28	28	21
Liquid assets/gross debt (%)	36	35	34	34	27
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.2	1.4	1.2	1.6	1.6
12 months (net derivate payables) (x)	1.2	1.2	1.1	1.3	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.2	1.1	1.3	1.3
Funding ratios					
Gross debt/adjusted total assets (%)	82	82	83	81	79
Short-term debt (by remaining maturity)/gross debt (%)	16	26	32	22	22
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.2	1.3	1.3	1.5	1.4
SUMMARY BALANCE SHEET					
Total assets	15,909	17,009	16,114	15,812	17,011
Total liabilities	14,352	15,461	14,585	14,353	15,615
Shareholders' equity	1,556	1,548	1,529	1,459	1,395

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

European Financial Stability Facility

Ratings

AA/Stable/A-1+

Ratings and outlook affirmed on August 5, 2022

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 macro-economic adjustment programme.

Issuer Website

www.efsf.europa.eu

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Rationale

The ratings on the EFSF reflect that its obligations are fully covered by irrevocable, unconditional, and timely guarantees provided by sovereigns we rate 'AA' or above. As of June. 30, 2021, the EFSF had €195.5 billion of debt outstanding, which was 106% covered by guarantees from sovereigns with long-term ratings of 'AA' or higher.

The EFSF was established as a temporary rescue mechanism in 2010 under a multilateral framework agreement among eurozone member states. It is a supranational entity incorporated in Luxembourg, and its mandate was to provide financial assistance to eurozone members, if needed. On Oct. 8, 2012, the European Stability Mechanism (ESM) replaced the EFSF's activities. As of July 1, 2013, the EFSF no longer engages in new programs, although it continues to manage existing loan programs. When Latvia and Lithuania joined the eurozone and the ESM (in 2014 and 2015, respectively), they were not obliged to join the EFSF.

Guarantors of the EFSF's bond issuances include most eurozone member states, among which we rate France and Belgium 'AA'. The coverage of outstanding EFSF long-term debt by outstanding guarantees from sovereigns rated 'AA' or above is currently greater than 100%.

Our ratings on the EFSF hinge on the creditworthiness of its guarantors because the EFSF's paid-in capital is minimal. 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 Latvia and Lithuania, which did not step in. As of Dec. 31, 2021, the EFSF had disbursed €185.5 billion in loans to Ireland, Portugal, and Greece through its assistance programs, with the majority (€141.8 billion) going to Greece.

The second Greek program ended in June 2015, with a total outstanding balance of €130.9 billion to the EFSF (€10.9 billion in EFSF bonds were returned). The subsequent program for Greece in August 2015 came from the ESM and ended in August 2018. Ireland's program concluded in December 2013, with the EFSF having disbursed a total of €17.7 billion. Portugal's program ended in May 2014, with the EFSF having disbursed a total of €26 billion. In October 2019, Portugal made an early

repayment to the EFSF of €2 billion. 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.

We expect the EFSF will continue refinancing maturing debt well ahead of the due date, backed by the explicit guarantees from the participating sovereigns. In our view, despite recent uncertainties regarding the eurozone's economy due to the COVID-19 pandemic, the EFSF is unlikely to need to call on the sovereign guarantees in the foreseeable future, since we expect Portugal, Greece, and Ireland to make their loan repayments in full and on time.

The EFSF achieved its target issuance of €16.5 billion for 2021 and targets issuance of €19.5 billion for 2022 and €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 their 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 ratings 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, 2021, the EFSF had €195.5 billion of debt securities in nominal amounts outstanding. The EFSF bill program was replaced by the ESM 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. Under the Basel framework, EFSF bonds are considered to have 0% risk weights. Furthermore, the European Central Bank (ECB) has included the EFSF in its expanded public-sector asset purchases program, which started again in November 2019 after halting in December 2018.

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 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 issues (%)
Austria	AA+/Positive/A-1+	3.0	--	4.8	4.8	4.5
Belgium	AA/Stable/A-1+	3.7	--	--	6.0	5.6
Cyprus	BBB-/Positive/A-3	--	--	--	--	--
Estonia	AA-/Stable/A-1+	0.3	--	--	--	0.4
Finland	AA+/Stable/A-1+	1.9	--	3.1	3.1	2.9
France	AA/Stable/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+/Stable/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+/Negative/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**

*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 August 1, 2022.

European Investment Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Feb. 26, 2022

Rating Components

SACP: 'aaa'

Enterprise Risk Profile: 'Extremely Strong'

Financial Risk Profile: 'Extremely Strong'

Extraordinary Support: '0'

Holistic Approach: '0'

Eligible callable capital: EUR 68.5 billion (as of Feb.26, 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 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.

EIB's enterprise risk profile incorporates its role as a countercyclical long-term lender and captures its focus on climate change and spurring economic growth in the EU, reflecting its very important mandate as the main financial entity carrying out EU policies. EIB has a historical presence in Europe and, with assets of more than €550 billion, is the largest MLI we rate. We believe that the EIB could build on the success of its targeted lending mandates and develop new initiatives in key policy areas promoted by shareholders. This follows the success of mandates such as the recently executed European Guarantee Fund (EGF) and the European Fund for Strategic Investments (EFSI). We believe that this success could spur the EIB to put structures in place to further expand its operations in support of the policy intentions of shareholders. The introduction of the InvestEU Programme, of which the EIB is a key iimplementing partner, already constitutes a meaningful move in this regard.

EIB has a strong relationship with shareholders and support has been provided in terms of timely capital payments during the three previous capital increase plans. More recently, shareholders showed their support by fully replacing the capital that would have been in shortfall upon the U.K.'s departure. EIB has only experienced sovereign arrears in its portfolio outside the EU, although guarantees fully cover such arrears. We calculate EIB's sovereign arrears ratio, which informs our view of preferred creditor treatment, at 0.2%, firmly placing EIB in our strongest category.

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

In many respects, the EIB is an environmental standard-setter among multilateral lending institutions (MLIs) and, more broadly, among all debt issuers. The EIB has also set an ambitious goal to direct at least 50% of its financing toward climate action and environmental sustainability projects

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by 2025. The share of EIB investments that went to such projects rose to 43% in 2021 from 40% in 2020. Taking into account only operations using the EIB's own funds, this share has already exceeded the target in 2021 at 51%. This puts the EIB on track to meet its target to exceed 50% by 2025.

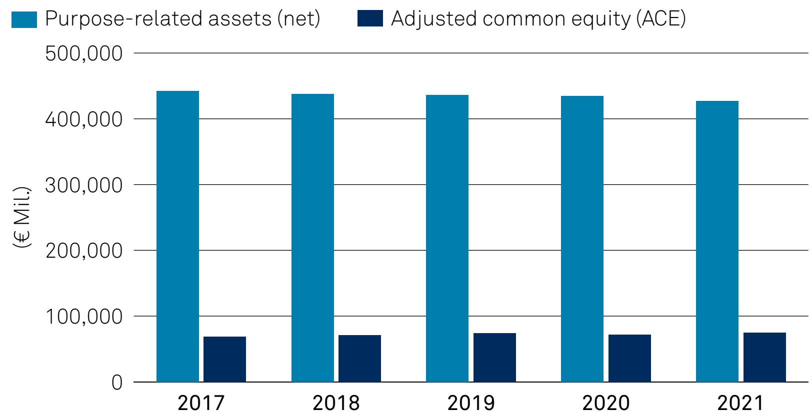
We base our assessment on EIB's RAC ratio of 22.5% as of June 30, 2021 and factoring in adjustments specific to MLIs. The ratio has increased from 19.8% compared with one year earlier, reflecting a 5% increase in total adjusted capital. The EIB has maintained strong asset quality that benefits from the continued application of sophisticated risk-mitigation techniques. EIB's own risk exposure to Ukraine and Russia is very small and will not affect the capital position of the bank if asset quality were to deteriorate significantly.

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 EIB apart from its peers and makes it less reliant on market conditions should it need emergency funding in the event of significant stress. EIB's robust funding market access is one of the strongest among MLIs we rate. EIB raises about €50 billion-€70 billion in 15-20 currencies annually, focusing on benchmark transactions in euros, U.S. dollars, and sterling.

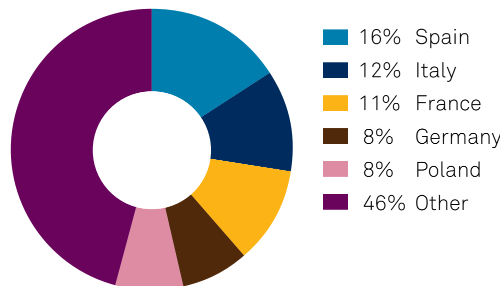
Outlook

The stable outlook reflects our expectation that the EIB will 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, alongside its comprehensive use of risk-mitigation frameworks, will ensure that its overall asset quality remains excellent as borrowing counterparts navigate their way out of the pandemic. We factor in our expectation of a continued very strong link with

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross) Dec. 31, 2021



Source: S&P Global Ratings.

shareholders. In addition, our outlook assumes a robust financial profile, with an RAC ratio comfortably above 15%, a healthy liquidity position, and continued strong access to capital market financing. Although very unlikely, our ratings on the EIB could come under pressure over the next two years if constrained financial resources curtailed the fulfilment of its mandate, with asset quality deteriorating significantly such that its preferred credit treatment (PCT) was in doubt. However, its robust financial profile is underpinned by available callable capital that could mitigate a very large drop in intrinsic capital. Therefore, an unlikely but significant drop in liquidity or interrupted market access would be more likely to trigger downward rating pressure.

European Investment Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (€ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	449,440	451,400	436,230	437,527	442,169
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	28	28	28	28	29
Private-sector loans/purpose-related exposures (%)	70	70	70	71	70
Gross loan growth (%)	-2	-1	-1	-1	0
PCT ratio (%)	0.2	0.2	0.2	0.2	0.1
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)	68,448	68,448	57,420	57,420	57,420
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	23	21	21	21	18
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	3	2	3	3	4
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	22	19	18	18	17
Liquid assets/gross debt (%)	28	24	22	22	20
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.0	1.4	1.3	1.4	1.3
12 months (net derivate payables) (x)	1.3	1.1	1.1	1.3	1.1
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.1	1.0	1.3	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	78	79	81	82	82
Short-term debt (by remaining maturity)/gross debt (%)	14	17	18	16	15
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.4	1.2	1.2	1.2	1.2
SUMMARY BALANCE SHEET					
Total assets	565,476	554,291	553,561	555,793	549,544
Total liabilities	489,407	480,787	479,873	484,468	480,558
Shareholders' equity	76,069	73,503	73,688	71,325	68,986

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

European Investment Fund

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Mar. 30, 2022

Rating Components

SACP: 'aa+'

Enterprise Risk Profile: 'Very Strong'

Financial Risk Profile: 'Extremely Strong'

Extraordinary Support: '+1'

Holistic Approach: '0'

Eligible callable capital: EUR5.41 billion (as of Dec. 31, 2021)

Purpose

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

Issuer Website

www.eif.org

Rationale

EIF has a strong track record of fulfilling its public policy mandate, high governance standard, and robust financial indicators. We continue to see EIF as fully linked to its main shareholder, the EIB, in implementing EU strategy with regard to small and midsized enterprises (SMEs). As such, the ratings reflect our view that the EIF will continue to receive extraordinary support from the EIB.

EIF has a unique role and mandate within EU strategy, albeit with a niche focus. Within the EU budget, the EIF represents the most important platform for SME projects, providing specialized expertise in SME financing while ensuring effective use of EU budget resources. Specifically, EIF fulfils its mandate by taking on exposures or providing management for three business lines: Private-equity investments, guarantees and securitization credit enhancement, and microfinance. The majority of EIF's business is managing mandates from the EIB and EU, while a smaller part is its own risk-taking.

In 2022, we expect the EIF's deployments to normalize in the €10billion-€11 billion range. Specifically, the EIF's activities will aim to achieve the targets set out by InvestEU regarding the equity and SMEs sections of the initiative. On March 7, 2022, the EIF, along with the EIB, 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, is expected to mobilize more than €145 billion by 2027. Overall, InvestEU is expected to mobilize more than €370 billion of additional investment over the next six years, contributing to the economic recovery and the EU's medium- and long-term policy priorities, including the 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 around 25% of commitments by 2025, which is a strong improvement from around 10% in 2021 (excluding EGF). However, this is still below the 50% level targeted by its parent EIB.

The EIF has historically benefited from robust shareholder support, demonstrated by the timely capital payments during the three capital increase plans seen in 2007, 2014, and recently in 2021. The 2021 capital increase was both the fastest and quickest in the EIF's history, raising €1.2 billion in the nine months between February 2021 to October 2021. This transaction increased the share capital to €7.4 billion as of year-end

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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 EC 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 57.6% on Dec. 31, 2021, using parameters as of June 2022. Profitability in 2021 was significantly boosted by unrealized gains on the equity portfolio. The EIF recorded profits of €564 million compared with €129 million in 2020. We believe profits in the coming years will be along the lines of the 2020 results. The EIF has very minor exposure to Russia and Ukraine, which in addition carries first-loss protection from the EC.

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 that equity balances any negative implications of the fund's lack of proven access to the 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 9.9x and 7.7x respectively as of year-end 2020.

The ratings on EIF benefit from our expectation of strong support from EIB. We consider the EIF core to the EIB, given the strong alignment of the strategy of the two entities and the importance of the strategic focus of the EIF 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 outlook on the EIB reflects our expectation that the institution's preferred creditor status, alongside its comprehensive use of risk-mitigation frameworks, will ensure that its overall asset quality remains excellent as borrowing counterparts navigate their way out of the pandemic. In addition, our outlook on EIB assumes a robust financial profile, with an RAC ratio comfortably above 15%, a healthy liquidity position, and continued strong access to capital market financing.

We could lower the rating on the EIF if we lowered our rating on the EIB. Although very unlikely, our rating on the EIB could come under pressure if its mandate fulfillment was curtailed by constrained financial resources, with asset quality significantly deteriorating such that its preferred creditor treatment was in doubt. However, its robust financial profile is underpinned by available callable capital that could mitigate a very large drop in intrinsic capital levels. Therefore, an unlikely significant drop in liquidity or interrupted market access would be more likely to trigger downward rating pressure. We could also consider lowering the rating on the EIF if its two main shareholders—the EIB and the EC—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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	14,548	8,363	13,190	10,641	8,869
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	-	-	-	-	-
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Total purpose-related exposure (loans, equity, etc.) growth (%)	74	-37	24	20	52
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 (%)	89	88	88	88	88
Eligible callable capital (mil. curr)	6,152	2,692	2,500	2,885	3,018
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)*	58	31	25	29	29
Net interest income/average net loans (%)	N.M.	N.M.	N.M.	N.M.	N.M.
Net income/average shareholders' equity (%)	19	7	9	7	6
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 (%)	N.M.	N.M.	N.M.	N.M.	N.M.
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)	14.5	9.9	11.3	4.1	7.1
12 months (net derivate payables) (x)	12.3	7.7	8.5	2.8	5.1
12 months (net derivate payables) including 50% of all undisbursed loans (x)	3.3	2.0	2.4	2.1	3.1
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)	9.6	9.2	10.3	4.0	8.4
SUMMARY BALANCE SHEET					
Total assets	5,899	3,985	3,328	3,047	2,987
Total liabilities	1,379	1,563	1,094	771	639
Shareholders' equity	4,519	2,422	2,234	2,276	2,350

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

European Stability Mechanism

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Aug. 05, 2022

Rating Components

SACP: 'aaa'

Enterprise Risk Profile: 'Extremely Strong'

Financial Risk Profile: 'Extremely Strong'

Extraordinary Support: '0'

Holistic Approach: '0'

Eligible callable capital: EUR205.2 billion (as of Aug 05, 2022)

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

www.esm.europa.eu

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Rationale

The ESM was founded in October 2012 by the "ESM treaty" to succeed the European Financial Stability Facility, which was created as a temporary rescue mechanism for euro area countries. The ESM is now viewed as a permanent resolution mechanism and has a mission of providing financial stability across the euro area. Moreover, the ESM has support from key institutions such as the European Commission (EC) and the ECB in the design and monitoring of budgetary programs. This, in our view, mitigates the ESM's somewhat shorter track record of operations compared with most established multilateral lending institutions (MLIs).

We base our ratings on the ESM's extremely strong enterprise risk profile and financial risk profile. Extraordinary shareholder support for the ESM comes in the form of €624.3 billion of callable capital, of which €205.2 billion derives from its three 'AAA' rated shareholders: Germany, Luxembourg, and the Netherlands. Although we do not explicitly factor this support into the ratings, we believe that it would shield the ESM's credit quality from a potential pronounced weakening in its financial risk profile, so long as the ratings on these sovereigns, in particular Germany, do not deteriorate by more than one notch.

The ESM has a unique role as a backstop facility, similar to the International Monetary Fund (IMF), for euro area sovereigns that have lost direct market access or face funding costs that would significantly impair their fiscal position. We regard the ESM's function of safeguarding financial stability for euro area sovereigns as very important to the EU's overall financial architecture and cohesion. Since its inception, the ESM has proven its value by offering financial assistance programs to Greece, Spain, and Cyprus. We therefore consider that the ESM enjoys steadfast support from shareholders, 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.

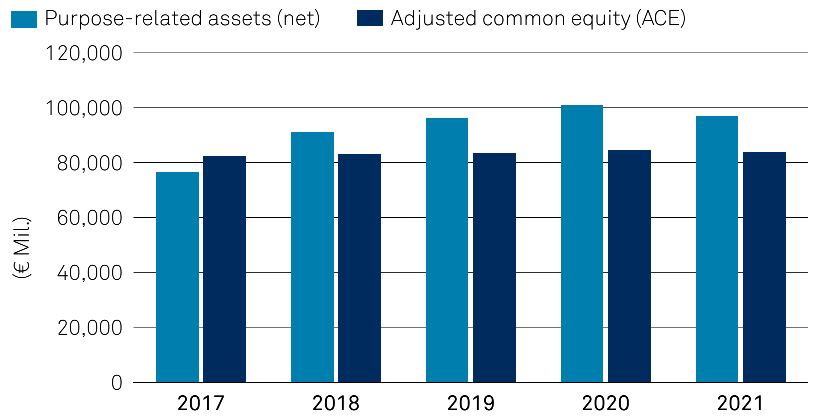
Another unique feature of the ESM is that shareholders can compensate the ESM for the negative interest rate that the ESM is charged on the cash held at national central banks. To limit the negative implications this could have on the ESM's paid-in capital, some members, like France and Germany, compensate the ESM for the amount. This represents an extraordinary income for the ESM and proves shareholder support and commitment toward capital preservation, in our view. The ESM has never experienced sovereign arrears in its portfolio, and benefits from what we assess as very strong preferred creditor treatment. We expect member states to treat the ESM preferentially, given its nature as a lender of last resort.

In our opinion, the ESM benefits from sound governance and a balanced shareholder composition, comprising all members of the euro area. Moreover, the ESM has advanced risk management policies and a conservative risk tolerance. That said, credit risk is likely to be higher and more concentrated than peers, because of its policy role.

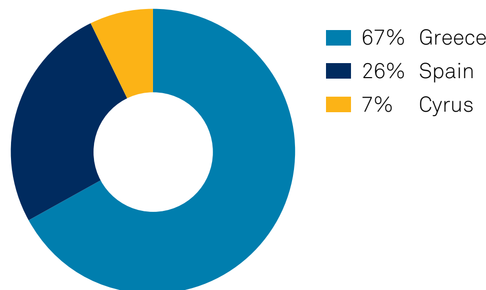
The ESM's financial profile is extremely strong, supported by our 19.5% RAC ratio as of year-end 2021 (calculated using ratings on member sovereigns as of July 20, 2022). The ratio increased from 18.5% calculated at year-end 2020 mainly due to S&P Global Ratings' upgrade of Greece in April 2022 reducing the associated risk for ESM's largest credit exposure. This ratio mainly reflects ESM's exposures to its sovereign lending activity, namely Greece, Cyprus, and Spain..

The ESM enjoys strong access to market funding and is an active issuer. It also has ample liquidity, with robust stressed liquidity ratios. As part of the ESM's liquidity risk management, its available funds should cover 12 months of liabilities at all times. We project that the ESM is prepared to operate without accessing the market for at least a year, even under stressed conditions.

Purpose-Related Assets and Adjusted Common Equity



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 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 European Investment Bank (EIB) and the European Central Bank (ECB). Our outlook incorporates our view that member states will remain highly supportive of the ESM. The ESM has been assisting euro area countries during the COVID-19 pandemic by offering a credit line and we anticipate that it will continue to do so without damaging its financial risk profile. 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 on the ESM if we consider that its 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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	96,966	100,979	96,308	91,186	76,564
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	-4	5	6	19	5
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 (%)	20	19	18	N.A.	N.A.
Net interest income/average net loans (%)	-	-	0	0	0
Net income/average shareholders' equity (%)	0	1	0	0	0
Impaired loans and advances/total loans (%)	-	-	-	-	-
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	52	50	50	50	55
Liquid assets/gross debt (%)	90	87	89	92	107
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	3.8	3.4	3.8	N.A.	N.A.
12 months (net derivate payables) (x)	2.5	2.7	2.9	N.A.	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	2.5	2.7	2.9	N.A.	N.A.
Funding ratios					
Gross debt/adjusted total assets (%)	58	58	56	54	52
Short-term debt (by remaining maturity)/gross debt (%)	31	28	28	21	28
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.9	2.1	2.3	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	202,788	204,353	195,721	182,800	172,568
Total liabilities	118,942	119,859	112,092	99,828	90,032
Shareholders' equity	83,846	84,493	83,629	82,972	82,537

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

‘European Union’ & ‘European Atomic Energy Community’

Ratings

AA+/Stable/A-1+

Ratings upgraded and outlook revised on May 20, 2022.

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 the 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 the safety and efficiency levels of nuclear power stations.

Issuer Website

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Rationale

Our rating on the EU reflects our view of all 27 member states' ongoing capacity and willingness to support the EU budget. We therefore calculate an anchor of 'aa-', considering the weighted average sovereign foreign currency rating on all member states. Under our previous methodology, we only considered the net contributors to the budget. All member states are now incorporated in our anchor calculation because we believe the EU has demonstrated a strong, coordinated, and cohesive policy response, among them Next Generation EU (NGEU), to a series of external shocks. We believe these programs have enhanced the EU's cohesion and expanded its mandate and financial size.

The NGEU recovery fund marks a change in how the EU has been providing support, and how EU debt will ultimately be repaid. Previously all EU debt issuance was lent on to individual member states that individually were fully liable for the repayments of the loan. Under the NGEU recovery fund, the loan portion is still repaid on the same principle, while now the grant portion of the NGEU recovery fund (€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 the EU will repay over an extended period until 2058.

Our revised methodology therefore also reflects our view of extraordinary support for EU debt service by highly rated member states under stressed assumptions. This assessment is based on our debt service coverage ratio (DSCR) calculation and indicates whether the EU's debt service, if needed, could be structurally supported by that contingent revenue provided by member states that have foreign currency sovereign ratings above the calculated anchor. Given the multiples of debt service coverage by contingent claims on member states that have a foreign currency sovereign rating at least two notches above the 'aa-' anchor, we apply two notches of uplift to reach a final issuer credit rating at 'AA+'. We expect the EU's debt repayments will increase gradually because debt raised in the coming years will start to be repaid. We estimate that it will reach between €10 billion-€15 billion on an annual basis, with some years climbing to €25 billion. This amount would still be comfortably covered by the contingent resources provided by member states currently rated two notches above the anchor, all else remaining equal.

In December 2021, the European Commission proposed three additional new own resources for the EU budget based on: carbon border adjustment mechanisms, emissions trading, and a reform to the international corporate taxation framework

(OECD pillar one). We don't expect the EU to come to a decision on the proposal before end-2023. However, these new resources on average would allow the EU to collect about €17 billion on average per year (2026-2030) and should contribute to the yearly repayment of debt issuance linked to the grant component of the NGEU recovery fund and finance the Social Climate Fund.

Other adjustment factors are considered neutral to the anchor.

We expect the EU to borrow about €150 billion per year up to 2026, by using long-term bonds, including green bonds. With the significant amounts to be issued over the next couple of years, the EU is set to become the largest supranational debt issuer.

We continue to think the EU will remain strongly committed to EURATOM, which we consider a core subsidiary, since the entity's mandate supports some of the EU's goals of promoting peace, sustainable development, and scientific and technological progress. We think EURATOM contributes to the EU's mission, which is ultimately to improve standards of living in the member states

Outlook

EU

The stable outlook reflects 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.

Downside scenario: We could lower our rating on the EU if the nominal GDP-weighted average sovereign foreign currency rating on member states deteriorates. We could also downgrade the EU if we saw member states' support diminishing or at risk, or diminishing 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 we view would signal a weaker cohesion of the EU.

Upside scenario: 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 the ones 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.

Upside scenario: An upgrade is possible only if we upgrade the EU.

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

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

FINANCIAL OPERATIONS AND INSTRUMENTS (€ MIL.)	Outstanding amounts at 12/31/2021	12/31/19	12/31/18	12/31/17	12/31/16
Balance of Payments loans to Member States	*200*	*200*	*200*	*1,700*	*3,050*
Hungary	0	0	0	0	0
Latvia	200	200	200	700	700
Romania	0	0	0	1,000	2,350
European financial stabilisation mechanism (EFSM)	*46,800*	*46,800*	*46,800*	*46,800*	*46,800*
Ireland	22,500	22,500	22,500	22,500	22,500
Portugal	24,300	24,300	24,300	24,300	24,300
SURE - Temporary Support to mitigate Unemployment Risks in an Emergency	*89,500*	*39,500*	*0*	*0*	*0*
Belgium	8,200	2,000	0	0	0
Bulgaria	500	-	0	0	0
Croatia	1,000	510	0	0	0
Czechia	2,000	-	0	0	0
Cyprus	600	250	0	0	0
Estonia	200	-	0	0	0
Greece	5,300	2,000	0	0	0
Hungary	500	200	0	0	0
Ireland	2,500	-	0	0	0
Italy	27,400	16,500	0	0	0
Latvia	300	120	0	0	0
Lithuania	1,000	300	0	0	0
Malta	400	120	0	0	0
Poland	8,200	1,000	0	0	0
Portugal	5,400	3,000	0	0	0
Romania	3,000	3,000	0	0	0
Slovakia	600	300	0	0	0
Slovenia	1,100	200	0	0	0
Spain	21,300	10,000	0	0	0
EURATOM loans to Member States	*50*	*78*	*113*	*153*	*196*
Bulgaria	0	6	17	34	54
Romania	50	73	96	119	142
Disbursements under NextGenerationEU	*71,586*	*0*	*0*	*0*	*0*
Member State non-repayable support	46,373	0	0	0	0
Austria	450	0	0	0	0
Belgium	770	0	0	0	0
Croatia	818	0	0	0	0
Cyprus	131	0	0	0	0
Czechia	915	0	0	0	0
Denmark	202	0	0	0	0
Estonia	126	0	0	0	0
Finland	0	0	0	0	0
France	5,118	0	0	0	0
Germany	2,250	0	0	0	0
Greece	2,310	0	0	0	0
Ireland	0	0	0	0	0

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

FINANCIAL OPERATIONS AND INSTRUMENTS (€ MIL.)	Outstanding amounts at				
	12/31/2021	12/31/19	12/31/18	12/31/17	12/31/16
Italy	8,954	0	0	0	0
Latvia	237	0	0	0	0
Lithuania	289	0	0	0	0
Luxembourg	12	0	0	0	0
Malta	41	0	0	0	0
Portugal	1,808	0	0	0	0
Romania	1,851	0	0	0	0
Slovakia	823	0	0	0	0
Slovenia	231	0	0	0	0
Spain	19,037	0	0	0	0
Member State Loans	17,970	0	0	0	0
Cyprus	26	0	0	0	0
Greece	1,655	0	0	0	0
Italy	15,938	0	0	0	0
Portugal	351	0	0	0	0
Multiannual financial framework (MFF) Programmes	7,243	0	0	0	0
EURATOM loans to certain non-member countries	*300*	*200*	*100*	*100*	*53*
Ukraine	300	200	100	100	53
MACRO-FINANCIAL ASSISTANCE	*6,400*	*5,787*	*4,729*	*4,361*	*3,901*
Sub-total Member States	208,136	86,578	47,113	48,653	50,046
Sub-total Third Countries	6,700	5,987	4,829	4,461	3,954
Total	**214,836**	**92,565**	**51,941**	**53,114**	**54,000**

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

Ratings

A/Stable/A-2

Ratings and outlook changed on Sep. 15, 2022

Rating Components

SACP: 'a'

Enterprise risk profile: 'Moderate'

Financial risk profile: 'Very Strong'

Extraordinary support: '0'

Eligible callable capital: '0'

Purpose

Its mission is to support the 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

www.fonplata.org

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Rationale

FONPLATA has a limited geographic scope and smaller size compared with other multilateral lending institutions (MLIs). However, it has strengthened its capacity to increase the pace of lending and has bolstered shareholder support following the institutional overhaul and reform beginning in 2012. FONPLATA views its value-added role as being an agile bank that is close to member countries and their needs, and aims at maintaining its niche focus. Loan portfolio growth has been 23% on average over the past six years (2016-2021), more than doubling the bank's balance sheet in the period, currently at $2 billion. The expansion comes in part from increasing the average ticket size of the projects, but mostly by expanding the number of undertakings. In 2020, amid the COVID-19 pandemic, loan disbursements increased 78%. Approvals and disbursements are likely to slow as the institution matures, although the outstanding loan portfolio will continue increasing, mostly explained by previous approvals.

As part of a goal to expand its toolkit, FONPLATA approved nonsovereign lending to public entities as a new product in 2019 (until that year, all lending was to sovereigns or with a sovereign guarantee). As of June 2022, the nonsovereign risk (NSR) portfolio consisted of loans with public banks in Brazil and Paraguay. Importantly, shareholders have increased their support for the bank following FONPLATA's 2012 reform, with a first general capital increase approved in 2013 for US$1.15 billion, of which 30.4% is 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 in 2018. As of September 2022, members' paid capital contributions for 2022 are on time and in full except Brazil, which has also delayed payments with other multilateral institutions. FONPLATA's earnings are exempt from corporate income tax, which contributes to higher net income. At the same time, FONPLATA has 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.

Constraining our assessment of FONPLATA's enterprise risk is its shareholder concentration and, on average, lower ranking in governance from its five borrowing members. We believe that this presents an agency problem, which, in an extreme scenario, could pose governance risks. Argentina and Brazil are FONPLATA's two largest shareholders (holding 66.67% of the capital

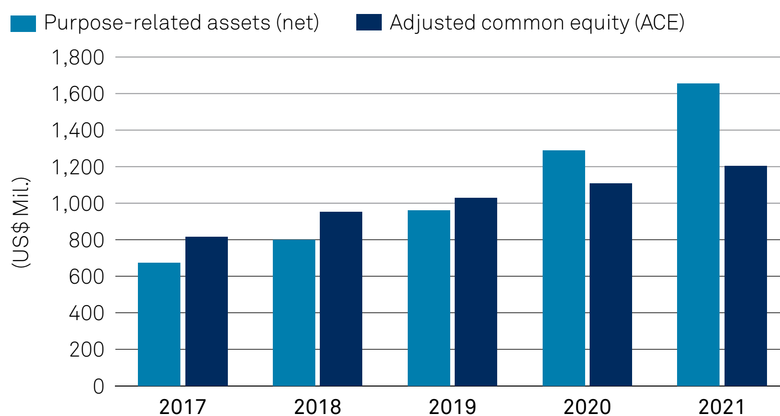
participation combined). However, each member country has equal voting rights, with all approvals and policies requiring four out of five votes in favor. This is partly counterbalanced by FONPLATA's continuous efforts to enhance accountability and transparency in decision-making and strengthen its financial and risk management framework. FONPLATA's risk-adjusted capital (RAC) ratio after MLI adjustments was 23% as of June 30, 2022, below 26% from June 2021. Our base case assumes planned capital increases in the bank until 2024 (with Brazil completing payments until 2026) will remain supportive of capital adequacy. However, we believe there will be challenges and the RAC could fall below 23% as capital space narrows following several years of ramp up in approvals and lending, and as the institution continues to consolidate its presence in the region.

We have removed the constraint on capital adequacy that we had applied in light of the loss on FONPLATA's holdings of Argentine bonds ($2.03 million). We think this event indicated a somewhat higher risk tolerance due to the maintenance of the bonds in the institution's portfolio and not an unwillingness of the Argentine government to treat FONPLATA as preferred. FONPLATA did not receive special treatment on these bonds during the restructuring but will receive indirect compensation from Argentina. Moreover, we believe a similar situation is unlikely to occur in the future. Current investment policies do not allow FONPLATA to hold speculative-grade bonds (rated 'BB+' or lower). FONPLATA is mostly equity funded and we expect no significant funding gaps over the next two years. Our calculations of FONPLATA's liquidity incorporate stressed market conditions and assume no market access. For June 2022 data, our 12-month liquidity ratio considering the netted derivatives position was 1.2x with scheduled loans disbursements, while the six-month ratio was 2.1x. However, we estimate the bank would need to slow its planned disbursements under a stress scenario.

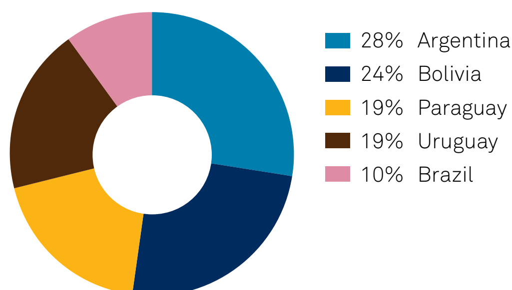
Outlook

The stable outlook reflects our expectation that, over the next two years, FONPLATA's member countries will remain supportive of the institution and continue to make timely capital payments, while preferred creditor treatment (PCT) is upheld. We expect it will maintain its stronger presence in Latin America, balanced by capital levels that will be managed prudently and remain broadly high, and liquid assets will continue to be ample and high-quality. We could lower our ratings if capital and liquidity ratios markedly deteriorate or if we observe signs of weakening support, including signs of weakening PCT from borrowing members. We could raise the ratings on FONPLATA if further consolidation of management practices and potential membership expansion support our view of the institution's overall governance, while the bank consistently maintains ample liquidity. If FONPLATA sustainably manages capitalization above 23%, this could also lead to an upgrade.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Fondo Financiero para el Desarrollo de la Cuenca del Plata – 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.) (mil. $)	1,671	1,303	977	807	680
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	94	100	100	100	100
*Private-sector loans/purpose-related exposures (%)	5.8	0	0	0	0
Gross loan growth (%)	21	34	17	21	22
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 (%)	23	26	24	33	43
Net interest income/average net loans (%)	2	3	5	5	4
Net income/average shareholders' equity (%)	2	3	3	3	3
Impaired loans and advances/total loans (%)	0	0	0	0	0
Liquidity ratios					
Liquid assets/adjusted total assets (%)	22	23	25	22	19
Liquid assets/gross debt (%)	52	68	124	288	636
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.7	1.9	1.7	2.3	2.3
12 months (net derivate payables) (x)	1.5	1.3	1.1	1.3	1.1
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.6	1.2	0.7	0.8	0.7
Funding ratios					
Gross debt/adjusted total assets (%)	43	34	20	8	3
Short-term debt (by remaining maturity)/gross debt (%)	7	24	2	7	39
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	9.1	4.0	29.6	21.1	12.6
SUMMARY BALANCE SHEET					
Total assets (mil. $)	2,157	1,695	1,308	1,043	852
Total liabilities (mil. $)	952	585	280	90	36
Shareholders' equity (mil. $)	1,205	1,110	1,028	953	816

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

*Adjustments made to reported shareholders' equity to calculate adjusted common equity (an institution's cash capital) are carried through to total assets.

*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 Apr. 26, 2022

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

Issuer Website

www.flar.net

Rationale

We believe the recent addition of the Central Bank of Chile to Fondo Latinoamericano de Reservas (FLAR) is in line with FLAR's strategy to expand its regional reach and to contribute as a liquidity source and stability mechanism in Latin America. The additional $500 million in capital and $58.6 million in reserves will strengthen capital and expand lending capacity. At the same time, we view FLAR's mandate and reach as somewhat limited compared with peers.

Due to the simultaneous impact of the pandemic on member countries, FLAR authorized an increase in leverage capacity to 162% from 65% of paid-in capital and opened the possibility of issuing debt in the market through a medium term note program for US$2 billion. Each member country could borrow up to its individual maximum capacity per the institution's policy, while liquid assets had to continue to equal at least 12 months of maturing liabilities and keeping capitalization robust. We believe this initiative was in line with FLAR's mandate as a countercyclical liquidity lender. Credit risk from Venezuela eased after the country cleared all its accumulated arrears and entire loan exposure with FLAR in 2020. The Central Bank of Venezuela's accumulated arrears with FLAR reflected its weakened capacity to service debt in full and on time. Other borrowing members continued to treat FLAR as a preferred creditor, supporting the strong enterprise risk profile.

We further see FLAR's preferred creditor treatment (PCT) as intact given the clearance of the arrears, and while the method to achieve it was highly unusual, it still demonstrates willingness to clear the arrears, sacrificing a part of its capital in FLAR. The PCT ratio following cleared arrears and exposure to Venezuela was 0%, given all other borrowing members have continued to treat FLAR as a preferred creditor.

We think that the institution could resume lending to Venezuela in the future, likely beyond our outlook horizon. This is supported by Venezuela maintaining one chair and vote in the institution's board of governors. We consider that lending to Venezuela in the future (under a shift from current economic and financial policymaking) would be part of FLAR's role and mandate, although the exposure could put pressure on its enterprise risk profile because of the history of arrears with FLAR. We believe this could be counterbalanced by a recapitalization that offsets the recent downsizing of capital.

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Although governance is limited by FLAR's concentration in its eight borrowing member countries, which have relatively low World Bank governance rankings, we view the management and financial risk frameworks as robust. Voting powers are equally distributed (one country gets one vote), and loan approvals require broad majority support.

Underpinning our 'AA-' rating on FLAR is its very strong capital adequacy, with a risk-adjusted capital (RAC) ratio of 56% as of December 2021. Nonetheless, we view the clearance of Venezuela's loan with its paid-in capital as a constraint, given that it was not compensated for by additional capital from the country. While FLAR does not have a presence in capital markets, its liquidity remains robust and supportive of its role as a countercyclical lender.

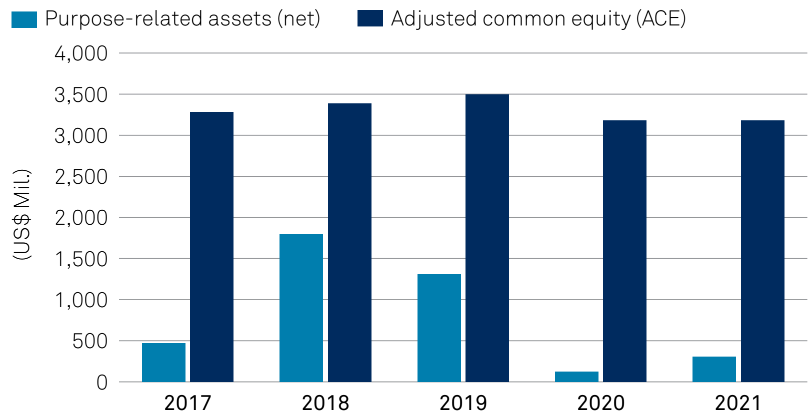
FLAR is not a frequent issuer in the markets and had no outstanding debt as of December 2021. FLAR's funding consists of deposit liabilities and shareholders' equity, which totaled 58% and 40% of adjusted total assets, respectively, plus reserves. As a deposit-taking institution mainly for its member central banks, it invests 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. Using December 2021 data and incorporating our updated liquidity haircuts, our 12-month liquidity ratio was 1.5x without loan disbursements, while the six-month ratio was 1.4x.

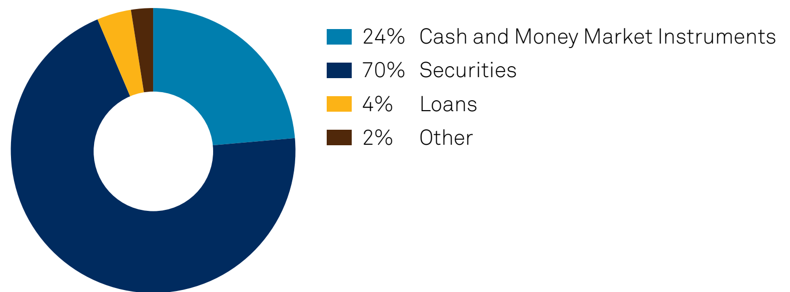
Outlook

The stable outlook reflects our view that member countries will continue to support FLAR while it maintains ample liquidity and very strong capital adequacy. Enterprise risks stemming from a

Purpose-Related Assets and Adjusted Common Equity



Asset Breakdown By Type of Product, Dec. 31, 2021



Source: S&P Global Ratings.

Venezuelan nonaccrual event have been resolved, and the new membership of the Central Bank of Chile has helped recompose the capital base to service member borrowers.

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

Fondo Latinoamericano de Reservas – 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.) (mil. $)	309	124	1,354	1,817	485
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100.0	100.0	100.0
Private-sector loans/purpose-related exposures (%)	N/A	N/A	N/A	N/A	N/A
Gross loan growth (%)	149	-91	-25	275	-32
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 (%)	40	39.5	33.7	33.4	33.7
Eligible callable capital (mil. curr)	0	0	0	0	0
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	56	119	42	26	162
Net interest income/average net loans (%)	12.0	52.6	6.6	4.8	13.2
Net income/average shareholders' equity (%)	0.0	2.0	2.5	2.5	1.9
Impaired loans and advances/total loans (%)	0.0	0.0	32.0	0.0	0.0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	94.0	97.1	80.5	73.8	92.2
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	1.8	1.6	1.4	1.5
12 months (net derivate payables) (x)	1.5	1.8	1.5	1.3	1.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.5	1.8	1.5	1.3	1.4
Funding ratios					
Gross debt/adjusted total assets (%)	0.0	0.0	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)	1.5	1.3	1.4	1.3	1.8
SUMMARY BALANCE SHEET					
Total assets (mil. $)	8,013	6,509	6,775	6,867	6,262
Total liabilities (mil. $)	4,832	3,327	3,278	3,481	2,979
Shareholders' equity (mil. $)	3,181	3,182	3,497	3,386	3,283

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 13, 2022

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 July 13, 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

Our ratings on IADB are based on our assessment of its extremely strong enterprise risk profile and very strong financial risk profile. We assess the stand-alone credit profile for IADB at 'aaa'. We therefore do not factor extraordinary support in the form of callable capital into the rating because IADB, on its own, can achieve our highest assessment. We view IADB's role in Latin America as unparalleled, supported by continued growth in its outstanding loan portfolio, which reached $109 billion as of end-March 2022. We don't believe IADB can be replaced by another multilateral lending institution (MLI) or by a commercial bank.

IADB played a key role as a countercyclical lender in response to the COVID-19 pandemic. In 2020, it repurposed a significant portion of its lending portfolio, with total approvals close to $14.2 billion, while disbursements reached a record $14.8 billion. In 2021, IADB approved $14.5 billion and disbursed $12.5 billion, focused on supporting member countries in addressing the health and economic consequences of the pandemic. Following this robust response to the pandemic, IADB expects developmental asset approvals and disbursements to revert to pre-pandemic levels, with total sovereign-guaranteed nonconcessional approvals totaling $12 billion and disbursements totaling $10 billion. Following the March 2021 annual meeting in Barranquilla, Colombia, we expect IADB to continue evaluating ways to improve its developmental impact and policy instruments, although there were no indications of another capital increase. The resolution adopted by governors at the meeting focused on evaluating ways to strengthen the developmental effectiveness and impact of the institution, reviewing financial instruments and other innovative solutions, and exploring ways to optimize the balance sheet. IADB's last capital increase—its ninth General Capital Increase—was approved in 2010 and increased its ordinary capital resources to roughly $170 billion from $100 billion. It has received all of the paid-in 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 18 years (Argentina, Belize, Dominican Republic, Ecuador, Jamaica, Paraguay, and Uruguay) have not gone into arrears with IADB.

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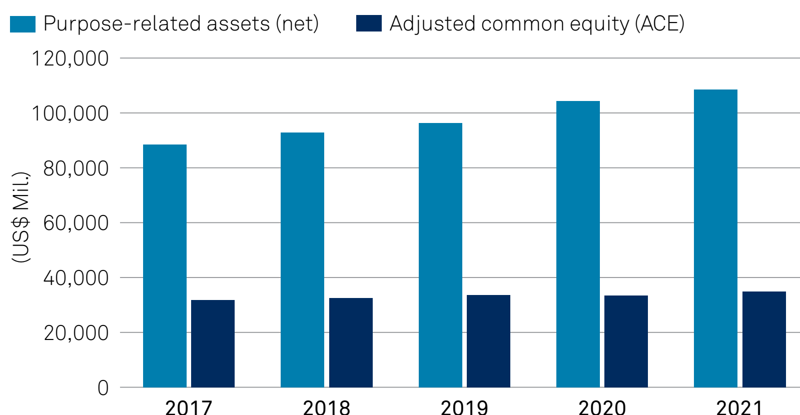
However, on May 14, 2018, Venezuela entered into nonaccrual status with IADB. By end-March 2022, $1.1 billion in principal and interest was past due and unpaid for over 180 days. The country had defaulted on its commercial obligations in November 2017. Our calculated PCT ratio of 1.92% reflects Venezuela's 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 1.3% 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 members' somewhat low governance scores. Half of IADB's voting members are borrowing members and, as such, have 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.

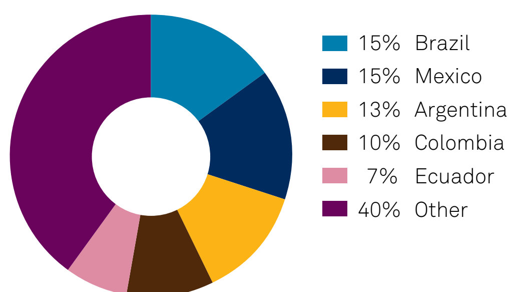
In line with its mandate, the bank has established capital buffers to facilitate countercyclical lending and has demonstrated its willingness to take corrective actions to prevent capital erosion in line with its capital adequacy and Income Management Model policies. In 2015, the bank applied a 30-basis-point 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 funding is well-diversified by both geographic market and type of investor, reflecting IADB's frequent issuance in multiple markets and currencies. The bank regularly raises funds in the international capital markets through the issuance of debt securities, with currently 26 U.S. dollar benchmarks outstanding. Under our liquidity stress scenario, IADB would fully cover its balance-sheet liabilities without market access for one year.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31, 2021



Source: S&P Global Ratings.

Using year-end 2021 data, our 12-month liquidity coverage ratio is 1.5x, including scheduled loan disbursements, while the six-month ratio is 2.5x.

Outlook

The stable outlook reflects our expectation that over the next 24 months, IADB will apply sound governance and risk management and prudently manage its capital and liquidity, 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 preferred creditor treatment (PCT). A significant deterioration in IADB's funding and liquidity could also have a negative impact on the ratings. That said, significant 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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	109,567	105,549	97,221	93,831	89,435
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	96	95	94	94	93
Private-sector loans/purpose-related exposures (%)	4	5	6	6	7
Gross loan growth (%)	4	8	4	5	9
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	21	20	23	24
Net interest income/average net loans (%)	2	2	2	2	2
Net income/average shareholders' equity (%)	3	2	4	3	2
Impaired loans and advances/total loans (%)	2	2	2	3	1
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	27	26	26	25	27
Liquid assets/gross debt (%)	36	36	37	36	39
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.5	2.8	2.3	3.0	2.9
12 months (net derivate payables) (x)	1.5	1.6	1.4	1.4	1.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.3	1.3	1.2	1.2	1.2
Funding ratios					
Gross debt/adjusted total assets (%)	75	73	71	70	70
Short-term debt (by remaining maturity)/gross debt (%)	17	16	19	18	20
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.3	1.5	1.3	1.3	1.3
SUMMARY BALANCE SHEET					
Total assets (mil. $)	151,752	151,737	136,358	129,459	126,240
Total liabilities (mil. $)	116,666	118,060	102,487	96,530	93,993
Shareholders' equity (mil. $)	35,086	33,677	33,871	32,929	32,247

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

IDB Invest (Former Inter-American Investment Corporation)

Ratings

AA+/Stable/A-1+

Ratings and outlook revised on June 27, 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

To promote the economic development of its Latin American and Caribbean member countries by financing small and midsize enterprises (SMEs) 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.idbinvest.org

Rationale

In S&P Global Ratings’ view, IDB Invest has successfully implemented its expanded mandate over the last six years. The bank has been implementing its business plan following approval of a 2015 reorganization and the implementation of an expanded mandate to manage all private-sector lending within the Inter-American Development Bank (IADB) group. We believe IDB Invest has made good progress and built a consistent record that underpins stronger enterprise risk. This includes a growing loan book, including equity investments and debt securities, with a strong developmental focus as it shifts toward more corporate and infrastructure lending. As a result of the new mandate and expanded role, IDB Invest has consolidated its efforts to staff up and increase its regional presence, along with strengthening its operational and risk capabilities.

IDB Invest leveraged its operational capacity to address the impact of COVID-19 on Latin America and the Caribbean (LAC) economies. The corporation approved $4 billion and $4.7 billion in commitments during 2020 and 2021, respectively, and continued to grow its core mobilization, which reached $3 billion in 2021. Purpose-related assets grew by 28% in 2021, reaching $5.6 billion. We expect that the corporation will moderate lending commitments in 2022 to converge with its sustainable lending level. IDB Invest has demonstrated its franchise value by becoming an important partner in key projects in the region, mobilizing third-party co-investing alongside IDB Invest projects. IDB Invest has also taken over the entire management of IADB’s private-sector assets, and its assets under management were US$17.4 billion as of year-end 2021.

IDB Invest continues to grow its portfolio in its new priority lines of business and sectors, strengthening infrastructure and energy while expanding further into transport. It also created new products, notably the Trade Finance and Facility Program (TFFP); purchased debt securities, guarantees, mezzanine financing; and expanded local bond issuances in Colombia, Dominican Republic, Mexico, and Paraguay. The share of lending to financial institutions decreased to 39% as of December 2021 from 69% as of year-end 2016. The share of loans going to smaller member countries (C&D countries, by its internal definition) was 36% as of year-end 2021, up from 23% as of year-end 2017 but down from 45% in 2019. At the same time, IDB Invest has ample capital, with a risk-adjusted capital ratio (RAC) of 30.8% as of year-end 2021, combined with robust liquidity

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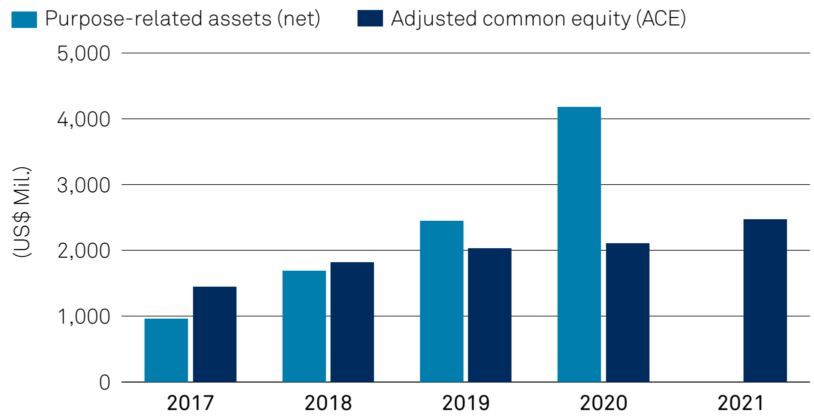
buffers. IDB Invest did not experience pressure on asset quality during the COVID-19 pandemic, in part because of limited exposure to high-risk sectors such as retail and tourism. As the corporation continues to expand, we expect capitalization to remain extremely strong, in part supported by comprehensive risk management oversight.

As of April 2022, IDB Invest had received 90% of paid-in capital from the first to sixth installments for a total of US$1.2 billion. Two countries in significant financial distress are in arrears, totaling US$130 million on their capital payments to the bank. Prepayments from other countries amounting to US$16.8 million, as well as the first, second, and third capital transfers from the IADB for US$356.5 million, counterbalance this stress, in our view.

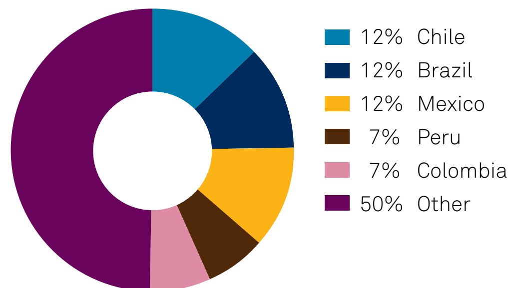
As a fully specialized private-sector lender, IDB Invest does not benefit from preferred creditor treatment (PCT), which we only apply to sovereign exposures. We believe the institution largely has a robust governance system. However, the slightly larger concentration of regional member countries, combined with somewhat lower assessments in governance effectiveness, control of corruption, and regulatory quality, can be a source of agency risk. The institution continues to strengthen its risk management framework. The resources it can draw from IADB are also a key strength and, in our view, support IDB Invest's management expertise in its major business lines and institutional continuity.

Our six- and 12-month liquidity coverage ratios were 2.5x and 1.7x, respectively, as of year-end 2021, indicating that IDB Invest 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. In addition, we believe IDB Invest would have room to accelerate disbursements, as measured by our stressed scenario, which takes into account 50% of all undisbursed loans, regardless of planned disbursement date, as if they were coming due in the next 12 months.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, Dec. 31, 2021



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 through timely capital payments. 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 nonperforming assets. If IDB Invest's enterprise risk deteriorates, either through weakening shareholder support or if its business consolidation experiences setbacks, we could lower the rating.

IDB Invest (Former Inter-American Investment Corporation) – 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.) (mil. $)	5,720	4,465	2,590	1,773	1,014
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
*Private-sector loans/purpose-related exposures (%)	95	97	96	96	95
Gross loan growth (%)	26	73	45	75	13
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	53	50	50	50
Concentration of top two shareholders (%)	27	26	25	26	27
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)	31	35	56	71	109
Net interest income/average net loans (%)	4	4	6	6	6
Net income/average shareholders' equity (%)	6	0	2	1	1
Impaired loans and advances/total loans (%)	1	1	1	2	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	26	33	35	46	55
Liquid assets/gross debt (%)	43	54	83	114	184
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.5	5.4	2.0	2.0	22.9
12 months (net derivate payables) (x)	1.7	2.0	1.9	1.7	12.9
12 months (net derivate payables) including 50% of all undisbursed loans (x)	2.4	2.9	3.2	1.7	6.6
Funding ratios					
Gross debt/adjusted total assets (%)	61	61	42	40	30
Short-term debt (by remaining maturity)/gross debt (%)	24	19	N.M.	39	3
Static funding gap (without planned disbursements):					
12 months (net derivate payables) (x)	3.3	6.0	61.6	2.2	29.0
SUMMARY BALANCE SHEET					
Total assets (mil. $)	7,551	6,424	3,900	3,209	2,185
Total liabilities (mil. $)	5,077	4,316	1,867	1,390	741
Shareholders' equity (mil. $)	2,475	2,108	2,033	1,819	1,445

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. 21, 2022

Rating Components

SACP: 'aaa'

Enterprise risk profile: 'Extremely Strong'

Financial risk profile: 'Extremely Strong'

Extraordinary support: '0'

Holistic approach: '0'

Eligible callable capital: US $41.4 billion (as of Feb. 21, 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.

Issuer Website

www.worldbank.org

Rationale

Established in 1944, IBRD is the oldest multilateral lending institution and a member of the World Bank Group (WBG). It has a long record of fulfilling its public policy mandate through economic cycles and has a wide geographical coverage unmatched by other lending institutions. IBRD's shareholder base is diverse, and its governance and management standards remain among the highest of supranational institutions globally.

IBRD has been at the forefront of the multilateral community's response to the COVID-19 pandemic, deploying $45.6 billion over April 2020 to June 2021, including drawing down about half of its $10 billion crisis buffer in fiscal year 2021. The relief package—spanning fourth quarter of fiscal 2020 through fiscal 2021—targeted the immediate health consequences of the pandemic and addressed its social and economic effects. It repurposed some previously planned loans, underscoring the importance of maintaining longer-term sustainable development projects, and still provided net positive flows of approximately $10 billion annually. IBRD had $227.3 billion of purpose-related exposures at fiscal year-end 2021, reflecting its global reach and underpinning our assessment of its extremely strong enterprise risk. In fiscal year 2021, IBRD committed $30.5 billion in new purpose-related exposures, a 9% increase from 2020. The bank's commitments remain below the recent countercyclical peak in 2010 of $44.2 billion. IBRD commitments in fiscal year 2022 could rise to $37.5 billion if its crisis buffer is fully utilized. The 2018 capital increase is progressing as planned, with $2.9 billion, or 38% of the $7.5 billion expected paid-in capital, received as of Sept. 30, 2021. This capital increase was accompanied by policies to bolster organic capital generation, such as an administrative cost reduction, formula-based transfers to IDA, and sustainable annual lending limits to support the capital base. We believe this underpins its important role and mandate to its members and reflects solid shareholder support.

IBRD aims to prioritize lending to lower-middle-income countries given their development needs. While the top five exposures are unchanged from the prior fiscal year (Brazil, China, India, Indonesia, and Mexico), we expect exposure to lower-middle-income countries to gradually increase. This is supported by updates in 2018 to its maturity-based pricing policy, which reinforce and support lower interest rate charges for lower-income countries, and to its single-borrower limit

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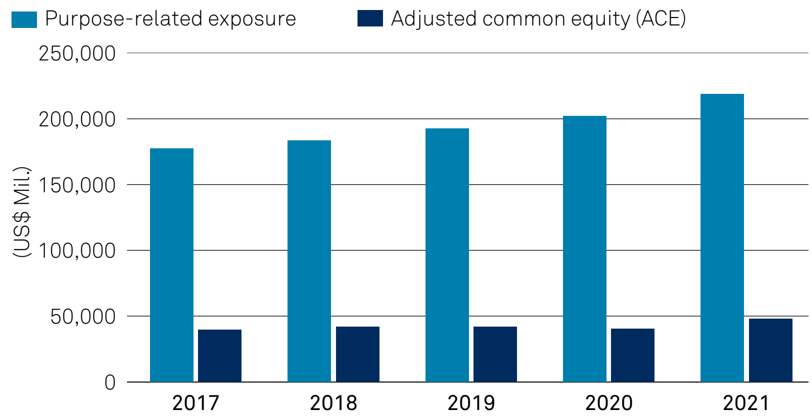
policy, which provides a higher limit to countries below graduation discussion income (i.e., gross national income per capita is below the graduation discussion income, as published in the World Bank's per capita income guidelines for operational purposes). That said, IBRD's exposures continue to be among the most diversified globally. We consider IBRD's preferred creditor treatment (PCT) to be robust, as evidenced by our calculated arrears ratio of 0.21%. This ratio considers only one sovereign, Zimbabwe, currently in arrears. The bank's PCT track record is strong and in line with its 'AAA' rated peers. IBRD's unrivaled franchise value, countercyclical lending, and the commitment of its shareholders support our expectations that the bank will continue to benefit from PCT.

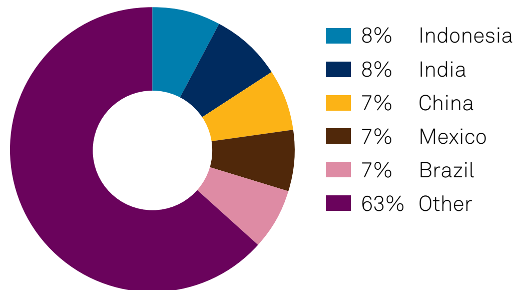
IBRD has an extremely strong financial risk position, in our view, based on its risk-adjusted capital (RAC) ratio of 27.2% as of fiscal year 2021. We expect this ratio to stay above 23% in the next two years as an expected increase in lending would be offset by higher paid-in capital under the capital increase and supported by its financial sustainability framework and superior risk management policies. Our funding ratios for 2021 indicate that IBRD does not have a funding gap below the one-year horizon: IBRD's assets exceed its liabilities at all horizons up to five years, supporting its robust funding. We view IBRD's funding as broadly diversified by both geography and investors, given its frequent issuance in many markets and currencies.

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 1.95x at the six-month horizon and 1.30x at the one-year horizon, as of June 30, 2021. Even without accounting for extraordinary shareholder support, we assess IBRD's stand-alone credit profile (SACP) 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 $41.4 billion of callable capital (16% of total gross debt as of fiscal year-end 2021).

Purpose-Related Exposure and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, June 30, 2021



Source: S&P Global Ratings.

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. We continue to assume that while the bank is proactive in responding to the global pandemic, there is no shareholder appetite for a multilateral debt-relief program for borrowers that is not compensated by capital. 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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	227,269	211,129	202,216	191,946	185,142
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	8	5	5	3	6
PCT ratio (%)	0	0	0	0	0
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	34	33	34	28	28
Concentration of top two shareholders (%)	23	23	24	23	23
Eligible callable capital (mil. curr)	41,374	39,362	38,182	36,909	36,909
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	27	24	26	28	28
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	5	0	1	2	-1
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	29	29	29	18	18
Liquid assets/gross debt (%)	35	35	36	35	36
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.0	2.0	1.8	2.1	0.9
12 months (net derivate payables) (x)	1.3	1.1	1.2	1.2	0.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	1.0	1.0	0.9	0.6
Funding ratios					
Gross debt/adjusted total assets (%)	82	82	81	52	51
Short-term debt (by remaining maturity)/gross debt (%)	17	21	22	22	19
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.4	1.3	1.3	1.4	1.2
SUMMARY BALANCE SHEET					
Total assets (mil. $)	317,301	296,804	283,031	403,056	405,898
Total liabilities (mil. $)	269,223	256,417	240,916	361,212	366,100
Shareholders' equity (mil. $)	48,078	40,387	42,115	41,844	39,798

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

Note: 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.

International Development Association

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Feb. 14, 2022

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 International Bank for Reconstruction and Development.

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. Donors agreed to frontload the 19th regular replenishment cycle (IDA19) and advance the IDA20 replenishments in support of the institution's robust response to the COVID-19 pandemic to support IDA countries addressing the challenges arising from the crisis and get them back on track toward the Sustainable Development Goals and the World Bank Group Twin Goals. Each replenishment cycle translates to at least $23.5 billion in donor contributions, with IDA20 reflecting a historic financing package of $93 billion.

IDA directs activities toward borrowers who are not serviced by private-sector entities or the main lending window of most MLIs. Although IDA is not the only concessional lender in the MLI asset class, it exceeds the next-size lenders by a considerable multiple. Other institutions could not easily replicate IDA's activities. IDA's product offerings are different than those of its sister institution, IBRD. Seventy-four member countries are eligible for funds. The institution has been consistently growing its lending book, with a $55 billion policy package to support COVID-19. Outstanding loans grew by 10% reaching $178 billion as of fiscal year 2021, and disbursements reached record levels in fiscal years 2020 and 2021 of $21 billion and $23 billion, respectively.

IDA's two debt write-off programs are fully donor funded. Within a broader context of international debt relief initiatives, IDA engages in the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). MDRI was 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. That said, their size was significant. Cumulative debt relief represents almost one-quarter of IDA's total exposures. To address the risk that sovereigns could see similar debt problems reemerging, they receive their assistance wholly or mainly in the form of grants if they are deemed at risk of fiscal distress. Grants, like debt write-offs, are funded by new IDA donor contributions.

We calculate IDA's PCT arrears ratio at 0.8% as of June 2021, consistent with strong preferred creditor treatment (PCT). In March 2021, Sudan

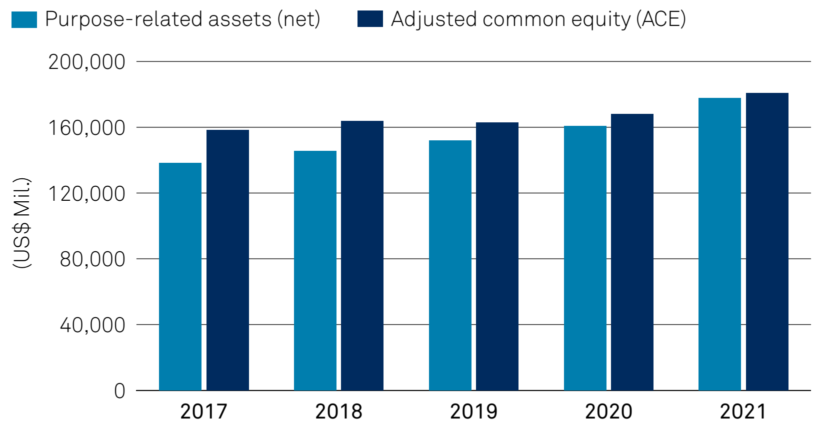
cleared all of its overdue principal and charges to the IDA. In June 2021 Sudan also reached a decision point under the HIPC debt relief initiative and became eligible for $114 million in debt relief. As a result, IDA recorded a $114 million provision for losses under HIPC on Sudan's outstanding loans during that period. 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 IBRD to a significant extent with a structure we believe has very high standards and will underpin sound decision-making.

We believe IDA will continue to manage its capital prudently, which, combined with large equity buffers and robust donor support, counterbalances somewhat higher risk in its lending book. IDA's risk-adjusted capital ratio of 70% is one of the highest in the sector. While IDA introduced market debt into its funding mix during its IDA18 replenishment, we expect this will complement the funding sources and IDA's development-focused financing to lower-income countries on more flexible terms would remain largely financed by donor contributions.

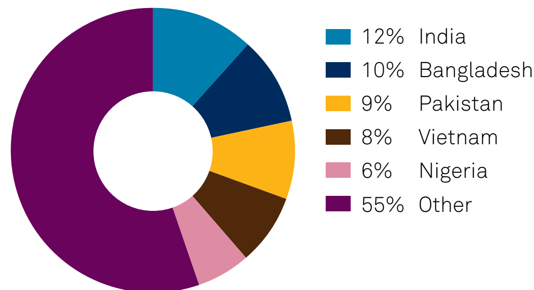
In April 2018, IDA issued its inaugural U.S. dollar-denominated global bond of $1.5 billion; the five-year fixed-rate bond was well-received. IDA also established its short-term bills program in 2019, and as of September 2021, borrowings totaled $22.1 billion ($12.1 billion as of June 30, 2020), supported by new issuances of medium- and long-term instruments during the period. Our calculated funding ratios are less meaningful for IDA given its limited market issuance to date.

Our calculation of IDA's liquidity incorporates stressed market conditions and assumes no market access. According to our calculations, IDA's liquidity ratio assuming scheduled disbursements was 2.67x at the six-month horizon and 1.68x at the one-year horizon as of fiscal year 2021. 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



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, June 30, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook on International Development Association (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 to deliver on its mandate while maintaining one of the strongest capital ratios among multilateral lending institutions (MLIs). We could lower the rating if IDA takes on liabilities that would lower its risk-adjusted capital (RAC) ratio after adjustments to below 23%. Additionally, we could consider a downgrade amid unexpected deterioration in its liquidityand funding, or if delays in payments of donor replenishments increase materially. We continue to assume that while IDA is proactive in responding to the pandemic with grants and concessional lending, members do not have the appetite for a multilateral debt-relief program for borrowers that does not compensate IDA.

International Development Association – Selected Indicators

ENTERPRISE PROFILE (US$ MIL.)	-As of Jun. 30 Fiscal Year End-				
	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	184,010	167,743	158,759	151,847	143,381
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	100	100	100	100	100
Private-sector loans/purpose-related exposures (%)	-	-	-	-	-
Gross loan growth (%)	10	6	4	6	4
PCT ratio (%)	1	2	2	2	N.A.
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	15	15	28	28	28
Concentration of top two shareholders (%)	18	19	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 (%)	70	76	82	81	81
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	0	-1	-4	-3	-2
Impaired loans and advances/total loans (%)	1	1	2	2	2
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	17	18	18	18	17
Liquid assets/gross debt (%)	134	179	323	501	888
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.7	2.2	3.0	3.8	2.0
12 months (net derivate payables) (x)	1.7	1.6	2.0	2.6	1.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.8	0.9	0.9	1.0	0.8
Funding ratios					
Gross debt/adjusted total assets (%)	13	10	5	4	2
Short-term debt (by remaining maturity)/gross debt (%)	17	30	19	N.M.	N.M.
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	2.4	2.7	2.6	2.8	2.5
SUMMARY BALANCE SHEET					
Total assets (mil. $)	219,324	199,472	188,553	206,330	197,041
Total liabilities (mil. $)	38,448	31,301	25,571	42,385	38,565
Shareholders' equity (mil. $)	180,876	168,171	162,982	163,945	158,476

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

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.

International Finance Corporation

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Feb. 24, 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 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

www.ifc.org

Rationale

International Finance Corp. (IFC) has been making progress on implementing its IFC 3.0 strategy and mobilizing new sources of funds to support private-sector solutions. On April 16, 2020, IFC's Board of Governors approved a $5.5 billion paid-in capital increase, largely to support IFC's 3.0 strategy for a more deliberate approach to creating and opening new private-sector markets, particularly in International Development Association (IDA)-eligible and supporting larger mobilization volumes. IFC has made significant progress re-shaping core elements of its business by establishing new tools and approaches as well as the appropriate operational leadership teams and upstream units. During FY2021, IDA-17 eligible and fragile countries accounted for 25% of IFC's own-account long-term finance commitments, with a FY30 ambition of 40%; and mobilization at 86% of own-account new commitments. We believe as IFC continues this strategy, its enterprise risk profile will strengthen.

In our view, IFC's business model with the adoption of the IFC 3.0 long-term strategy represents a more deliberate and systematic operating model to support market creation. We think the successful implementation of this strategy—evidenced by an increase in exposure to FCS and IDA-eligible countries, growing use of IFC's advisory services, and co-lending platforms, combined with increased risk mitigating and credit enhancement products—would lead to a stronger enterprise risk profile over the medium term. At the same time, we believe IFC has been successful in its mobilization efforts. In fiscal year 2021, IFC's total core mobilization was $10.8 billion. The institution primarily mobilizes private-sector capital through loan participations or parallel loans, where it can act as lead arranger or lender of record and its advisory support. IFC's Asset Management Company (AMC) invests third-party capital along with IFC capital in its equity investments, having raised a total of $10.1 billion funds since inception, in which $7.1 billion has been committed. Its Managed Co-Lending Portfolio Program (MCPP) is another mobilization platform where investors pledge capital upfront and IFC identifies eligible loan investments. As of fiscal-year 2021, 11 global investors have pledged about US$10 billion, of which US$6.3 billion has been committed.

IFC's ability to act as a countercyclical lender was evidenced by its response to the COVID-19 crisis. Of the estimated support of $47 billion through June 2021, IFC had delivered $43 billion (91%) by that

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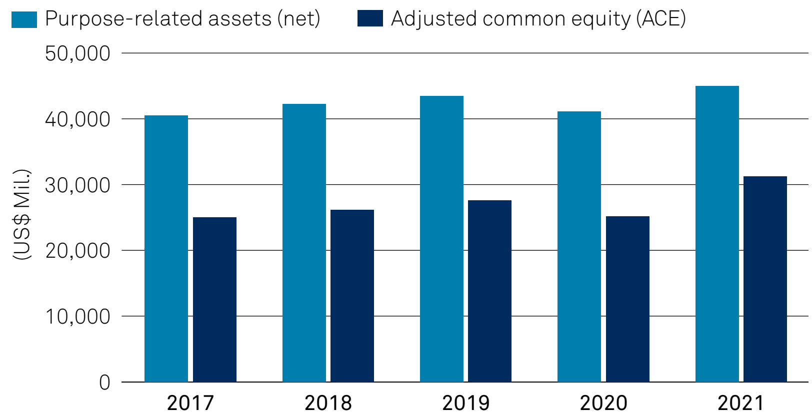
date. This is part of the WBG's COVID-19 response package of $160 billion. While the planned volumes are largely consistent with the pre-pandemic approval levels, IFC also repositioned its pipeline to represent more short-term financing through financial institutions and its global trade finance program. During FY21, IFC committed $12.5 billion in long-term investments for its Own Account, combined with $10.8 billion in Core Mobilization, which totaled $23.3 billion in long-term finance, 6% higher than the previous fiscal year. As of the first quarter of FY2022, COVID-19 response commitments totaled $971 million, of which $325 million were Own Account and $646 million were Core Mobilization. IFC disbursed $11.4 billion for its own account in fiscal year 2021, as compared with $10.5 billion in the previous fiscal year.

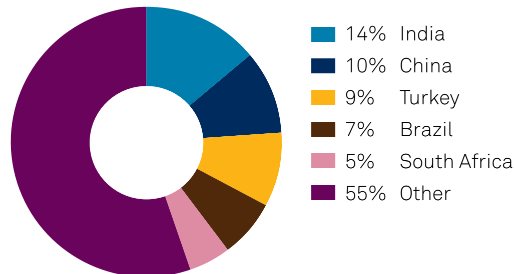
As a fully specialized private-sector lender, IFC does not benefit from preferred creditor treatment (PCT)—which we only apply to sovereign exposures. However, IFC does generally benefit from preferential treatment granted by the governments of countries in which it operates.

We view IFC's shareholder diversity with, on average, countries with high-ranking governance as supportive of its governance assessment based on the World Bank's Governance Indicators—which is further enhanced by its robust management expertise and its risk practices. We assess IFC's financial risk profile as extremely strong based on a risk-adjusted capital ratio of 34.0% as of FY21, combined with robust liquidity buffers. Over the medium term, we expect the general capital increase to strengthen IFC's capital base, although this will be counterbalanced, in our view, by the strategic increase in lending to IDA-eligible and FCS countries, possibly neutralizing the benefit of the RAC ratio. Asset quality has remained in line with peers, with non-performing loans declining to 4.4% in FY21 from 5.5% in FY20. Non-performing loans are concentrated in Turkey, Lebanon, and Jordan; although we believe IFC will carefully manage risks and new lending, which will keep asset quality in line with peers. Regarding exposure to Russia and Ukraine, both loans and equity is limited at around $600 million. IFC's funding is broadly diversified

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country Loan Exposures (Unweighted) As % of Purpose-Related Assets (gross) And Guarantees, June 30, 2021



Source: S&P Global Ratings.

geographically and by type of investor, given the institution's frequent issuance in many markets and currencies. Our robust funding and liquidity ratios support IFC's financial risk.

Outlook

The stable outlook reflects S&P Global Ratings' 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 further expect IFC will maintain a very strong enterprise risk profile while remaining relevant for its member countries and for the World Bank Group's (WBG) general strategy under the cascade approach. We could lower the ratings if in the next two years, and contrary to our expectations, relationships with shareholders deteriorate or IFC's financial indicators slip from currently extremely strong.

International Finance Corporation – Selected Indicators

	As of June 30 Fiscal Year End				
ENTERPRISE PROFILE (US$ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. $)	49,888	46,686	47,552	47,653	45,530
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	-	-	-	-	-
*Private-sector loans/purpose-related exposures (%)	76	76	71	70	68
Gross loan growth (%)	6	3	3	7	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 (%)	29	27	27	27	27
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
*RAC ratio (%)	34.0	34.4	34.9	32.3	29.0
Net interest income/average net loans (%)	4	4	4	4	5
Net income/average shareholders' equity (%)	15	-6	0	5	6
Impaired loans and advances/total loans (%)	7	5	4	4	6
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	49	48	50	48	50
Liquid assets/gross debt (%)	92	83	91	85	85
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.7	1.6	1.6	1.5	1.9
12 months (net derivate payables) (x)	1.6	1.4	1.5	1.3	1.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.7	1.4	1.5	1.1	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	53	58	55	56	59
Short-term debt (by remaining maturity)/gross debt (%)	21	25	21	24	26
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	1.5	1.3	1.2	1.5	1.4
SUMMARY BALANCE SHEET					
Total assets (mil. $)	105,264	95,800	99,257	94,272	92,254
Total liabilities (mil. $)	74,020	70,618	71,651	68,136	67,201
Shareholders' equity (mil. $)	31,244	25,182	27,606	26,136	25,053

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/Stable/A-1+

Ratings and outlook affirmed on Jan. 28, 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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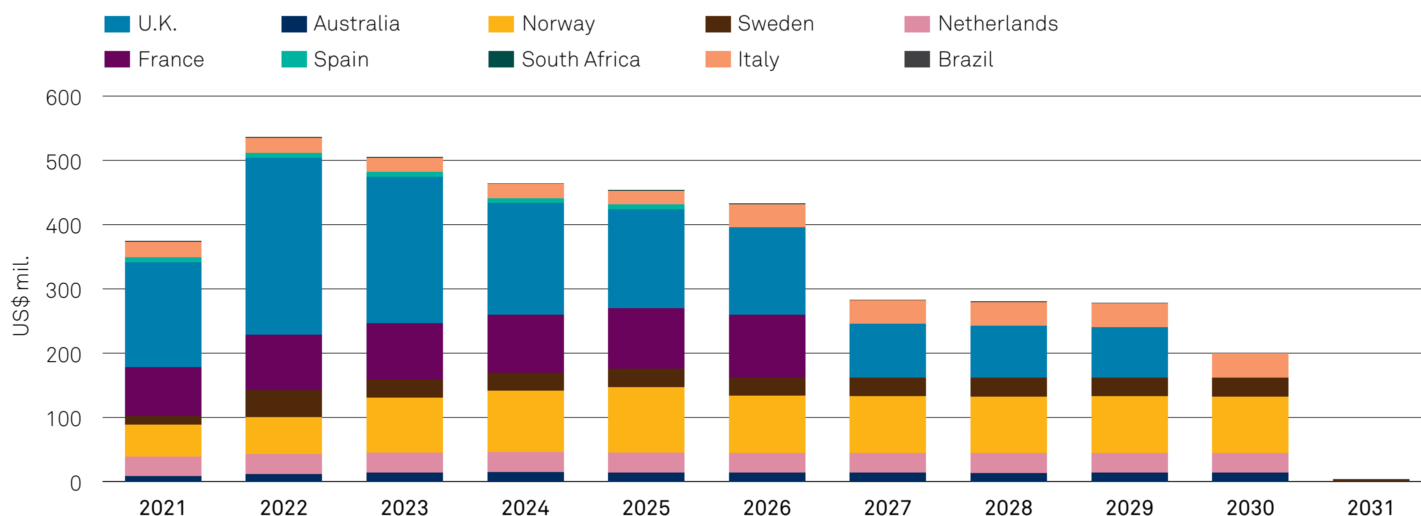
Rationale

We affirmed our ratings on IFFIm based on our view of the commitment of its highly rated donors to its mandate of supporting child immunization programs in the world's poorest countries. We also consider IFFIm's efforts to address the COVID-19 pandemic, while accounting for the risks stemming from the creditworthiness of its main donor countries in relation to the debt that IFFIm has incurred based on these commitments.

IFFIm, an innovative financial tool, has issued a variety of debt instruments against future donor pledges to provide annual grants over two decades to Gavi, the Vaccine Alliance—a public-private partnership. Gavi has found itself at the center of the international response to the COVID-19 pandemic, coordinating COVAX with the Coalition for Epidemic Preparedness Innovations (CEPI), WHO, and UNICEF by launching the COVAX facility. The COVAX facility is a global risk-sharing mechanism for pooled procurement and equitable distribution of COVID-19 vaccines. In addition, within the COVAX facility, the Gavi Advance Market Commitment (AMC) for COVID-19 was launched to provide equitable access to COVID-19 vaccines for low-income and lower-middle-income countries. IFFIm facilitated donor support for the Gavi COVAX AMC, with approximately $1.2 billion pledged, which would be made available through its vaccine bonds. Gavi has utilized IFFIm's front-loading capability to support its program for CEPI—a global public-private partnership whose mission is to accelerate the development of vaccines against emerging infectious diseases and enable equitable access to these vaccines. In November 2018, the Gavi board approved the CEPI arrangement, which allows IFFIm to front-load a pledge from Norway of Norwegian krone (NOK) 600 million (US$66 million) paid over six years. In June 2020, Norway committed and signed an additional NOK2 billion (approximately US$200 million), and Italy committed and signed $6 million so that IFFIm could issue vaccine bonds to expedite funding through Gavi to CEPI to support the development of COVID-19 vaccine candidates.

In Gavi's replenishment, 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. Disbursements from IFFIm to GAVI reached $1.2 billion in 2021. IFFIm was founded in 2006 with US$4 billion pledged over 20 years by six sovereign donors. As of Dec. 31, 2021, donors' pledges have increased to US$7.9 billion, of which US$3.8 billion will be paid from 2021 to 2037. Donors' 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.

Scheduled Donor Payment



*2021 values represent total amount expected for the year.

We determine support for IFFIm by evaluating the support of its strongest contributors. Apart from the U.K., which contributes 36% of support, highly rated contributors include Australia, Norway, the Netherlands, and Sweden (all rated 'AAA'), which as of January 2022 together account for 41% of the contributions IFFIm is to receive. The third-largest donor is France (rated 'AA'), which provides 14% of the total estimated remaining inflows into IFFIm. Other lower-rated contributors are Italy (8%) and Spain (1%), 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 2.8x as of Dec. 31, 2020, and 1.4x as of Dec. 31, 2021. We expect the coverage ratio could decline following continued debt issuances to fund Gavi and given fewer remaining donor pledges, but this is sensitive to IFFIm disbursement and funding decisions. We expect IFFIm will issue enough debt to maintain its planned disbursements to Gavi and sustain its liquidity requirements to cover 12 months of upcoming debt service payments.

We use our sovereign ratings as proxies for 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. As of January 2022, there were no delays in donor pledges. IFFIm has been active in the funding market over the past two years. On April 21, 2021, IFFIm issued US$750 million five-year fixed-rate vaccine bonds, which provided Gavi with immediately available funding to support routine immunization. In November 2021, IFFIm increased the April bond issuance by US$250 million, bringing the total size to US$1 billion. This also accelerated critical funding for the Gavi COVAX AMC.

Outlook

The stable outlook balances IFFIm's robust debt service coverage ratio, which could withstand a stressed protracted arrears scenario from Gavi-eligible recipient countries, with the resilience of the sovereign ratings on IFFIm's highly rated donors. We could lower our ratings on IFFIm in the next two years if we lowered our sovereign credit ratings on its highly rated donors or if IFFIm experiences a funding squeeze that weighs on its debt service coverage ratio. 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 raise the ratings on IFFIm in the next two years if we raised our sovereign credit ratings on the U.K. and other key donors.

International Finance Facility for Immunisation – Selected Financial Information

BALANCE SHEET (MIL. US$)	As of Dec. 31 Fiscal Year End 2021	2020	2019	2018	2017
Assets					
Cash held in trust	12	14	0	2	0
Funds held in trust	603	478	428	817	912
Prepayments	294	0	0	0	0
Derivative financial instruments due within one year	1	0	0	1	1
Sovereign pledges due within one year	555	405	328	306	298
Current assets	1,464	897	757	1,127	1,211
Sovereign pledges due after more than one year	2,882	2,881	1,745	1,944	2,290
Derivative financial instruments due after more than one year	150	79	2	2	1
Total assets	**4,496**	**3,858**	**2,504**	**3,073**	**3,502**
Liabilities					
Grants payable to GAVI Fund Affiliate	0	0	0	0	0
Creditors falling due within one year	496	202	533	833	343
Derivative financial instruments due within one year	2	6	26	1	61
Current liabilities	498	208	559	834	404
Creditors falling due after more than one year	1,746	876	335	511	1,346
Derivative financial instruments due after more than one year	344	481	495	530	708
Total liabilities	**2,588**	**1,565**	**1,390**	**1,875**	**2,458**
Net assets	**1,908**	**2,293**	**1,114**	**1,198**	**1,044**
Memo item					
Net current assets	966	690	197	293	807

INCOME AND EXPENDITURE ACCOUNT (MIL. US$)	2021	2020	2019	2018	2017
Revenue					
Contribution revenue	719	1,347	59	11	199
Donated services	1	1	1	1	1
Investment and interest income	1	4	23	21	15
Total revenue	**721**	**1,353**	**83**	**32**	**215**
Expenses					
Program grants to GAVI Fund Affiliate	(1,449)	(210)	(216)	0	(50)
Treasury manager's fees	(2)	(2.1)	(2.1)	(1.9)	(2.0)
Governance costs	(2)	(2.1)	(2.1)	(2.0)	(1.8)
Financing income (expenses) on bonds and bond swaps	4	(36)	(23)	(28)	(22)
Other net financing income (expenses)	51	77	75	154	93
Total expenses	(1,400)	(174)	(168)	122	17
Surplus (deficit) for the year	(679)	1,178	(84)	154	232
Memo item					
Payments received from donors	443	349	331	339	296

International Fund for Agricultural Development

Ratings

AA+/Stable/A-1+

Ratings and outlook affirmed on Nov. 24, 2021

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

The mission is to transform rural economies and food systems by making them more inclusive, productive, resilient, and sustainable.

Issuer Website

www.ifad.org

Rationale

Our ratings on IFAD reflect our assessment of its enterprise risk profile as strong and its financial risk profile as extremely strong. IFAD does not have callable capital from its members, though members have proven to be supportive throughout the 11 capital replenishment cycles, 12th replenishment in progress, and other supplementary contributions since inception.

IFAD's strong policy importance and adequate governance and management expertise underpins its enterprise risk profile. IFAD is currently active in 94 countries and has delivered more than $22 billion of financing through loans and grants to lower- and middle-income countries across the globe since its inception. We believe IFAD's policy importance is supported by a mandate focusing on borrowers that are not serviced by private-sector entities and not serviced by other multilateral institutions (MLIs). While other MLIs also invest in rural and poor areas, IFAD's projects target the poorest of the poor in the most rural areas and are characterized by small project sizes and few co-investors. Loans and grants to low and lower-middle income countries represented the vast majority of IFAD's investments. IN 2021, the loan book grew again after having declined in 2020 mainly because of difficulties to appraise and visit projects due to the pandemic. Many MLI peers increased their lending especially because of shifting from project loans, which also slowed down, to faster disbursement of policy-based financing. IFAD does not have that loan product. In our view, the continued support by IFAD to its borrowers, despite challenges, reinforces its importance among its member states.

IFAD's policy importance is demonstrated by what we view as very strong support from its member states. This is evident in 11 successful capital replenishment cycles, which typically occur every three years, with members contributing $9.3 billion leading up to and including the 2019-2021 cycle. IFAD launched its 12th replenishment (IFAD12) cycle targeting a higher contribution amount of $1.3 billion and so far they reached 98% of that target compared with $1.1 billion in IFAD11. As part of IFAD12, IFAD has also launched a borrowing framework to include debt funding from private placements. IFAD has 177 member countries (91% of the U.N. nations), and Poland was the last country to join in June 2020, while an additional 12 members signed up in the past decade. All G20 countries are IFAD members, except for Australia, which is the only member to ever withdraw from the institution. IFAD's membership is open to any U.N. member or member of other U.N. agencies. In our view, IFAD's policy importance is also

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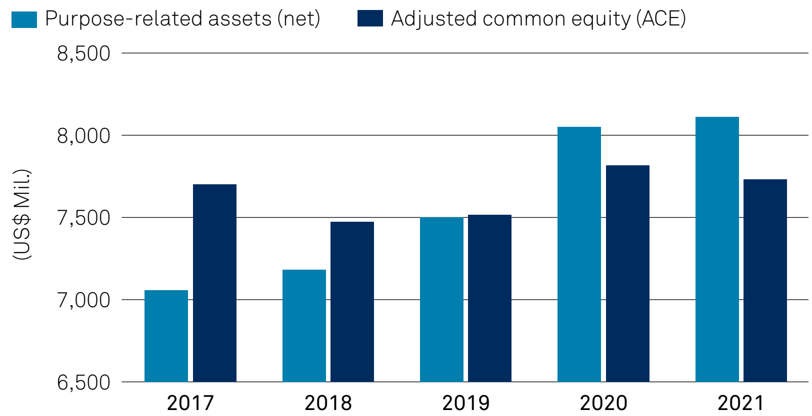
strengthened by our preferred creditor treatment (PCT) assessment for IFAD. IFAD's arrears ratio stood at 2.1% of outstanding loans at end-June 2021, with only four countries being currently in arrears with IFAD. IFAD's write-offs historically have been limited due to its strong enforcement measures to pay. IFAD participates in the Heavily Indebted Poor Countries initiative. Nevertheless, IFAD receives contributions from its members in compensation, which in our view mitigates capital deterioration.

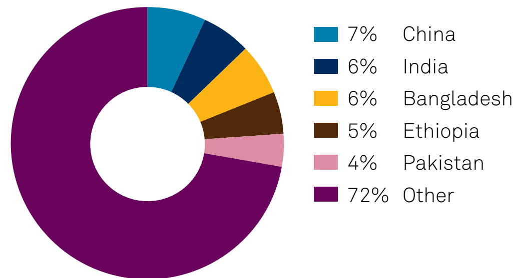
IFAD's governance structure is diversified, supported by its large membership and no private-sector holdings. Members' voting powers are determined by their capital contributions. While some members can also be borrowing countries, we believe agency risk is limited due to the fact that loans amounts are determined by formula and objective indicators. Moreover, IFAD's top-10 members by contributions have on average high governance standards according to World Bank indicators. IFAD's creditworthiness is underpinned by its extremely strong financial risk profile, largely supported by our assessment of IFAD's extremely strong capital. At end-June 2021, IFAD's RAC ratio stood at 87% (using rating parameters as of Nov. 23, 2021), incorporating adjustments specific to MLIs. Our main adjustments to IFAD's RAC are its single-name exposure concentration, which is more than offset by the benefit that accrues from its preferred creditor treatment. IFAD's funding is supported by a strong one-year funding gap where assets were 13.54x its liabilities at end-June 2021.

IFAD's funding structure is comprised of capital contributions from its members, and more recently the introduction of sovereign loans and concessional partner loans, but lacks a track record of market funding. We expect IFAD's liquidity to remain robust. IFAD's 12- and six-month liquidity ratios at end-June 2021 surpass our threshold for a strong liquidity assessment, at 1.52x and 2.4x, respectively, proving that IFAD's current cash inflows exceed its scheduled disbursements. IFAD's current liquidity policy suggests that its liquidity coverage ratio should be 60% of gross disbursements.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross), Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

Our stable outlook on IFAD reflects that we do not see any signs of IFAD's enterprise or financial risk profile weakening in the next two years. We could consider a negative rating action if we observed waning support for IFAD from 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 we consider it unlikely in the next 24 months, 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 other newly developed policies and processes--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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	8,234	8,177	7,614	7,313	7,140
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 (%)	1	7	4	2	12
PCT ratio (%)	2	2	3	N.A	N.A
Governance and management expertise					
Share of votes controlled by eligible borrower member countries (%)	50	50	51	N.A	N.A
Concentration of top two shareholders (%)	10	11	11	N.A	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 (%)	83	86	90	N.A	N.A
Net interest income/average net loans (%)	1	1	2	2	2
Net income/average shareholders' equity (%)	-4	-4	-4	-4	-3
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	14	12	11	12	16
Liquid assets/gross debt (%)	92	101	135	182	282
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.5	2.4	2.1	N.A	N.A
12 months (net derivate payables) (x)	1.4	1.4	1.4	N.A	N.A
12 months (net derivate payables) including 50% of all undisbursed loans (x)	0.6	0.5	0.4	N.A	N.A
Funding ratios					
Gross debt/adjusted total assets (%)	16	12	8	7	6
Short-term debt (by remaining maturity)/gross debt (%)	2	3	2	0	0
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	11.4	14.8	8.6	N.A	N.A
SUMMARY BALANCE SHEET					
Total assets	10,596	9,883	9,400	9,286	8,940
Total liabilities	2,012	1,681	1,273	959	872
Shareholders' equity	8,584	8,203	8,126	8,327	8,068

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

International Investment Bank

Ratings

BBB+/Negative/A-2

Ratings downgraded and outlook revised on March 30, 2022

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

The International Investment Bank (IIB) is a multilateral institution for development that promotes social and economic development. The Bank provides loans primarily through leading domestic publicly owned financial institutions, development banks, export and import banks and agencies, or lends in partnership with other international institutions for development. It operates in Eastern Europe and some Asian countries.

Issuer Website

www.iib.int

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Rationale

We base our ratings on what we view as IIB’s very strong financial risk profile and its moderate enterprise risk profile. We assess the bank’s stand-alone credit profile (SACP) at ‘a-’,. However, we incorporate a negative holistic notch to arrive at the final rating of ‘BBB+’. Even though IIB has callable capital from the higher-rated sovereigns such as the Czech Republic and Slovakia, we do not incorporate it, due to our assessment of the bank’s moderate policy importance as per our assessment of eligible callable capital.

The downgrade in March, 2022 reflects our assessment that IIB’s policy relevance is reducing as it downscales its operations to manage the repercussions of the Russia-Ukraine conflict on its operations. These include heightened risks to asset quality; reputation risk from its ownership structure and lending book where Russia holds dominant positions, which has disrupted IIB’s access to financial markets; and considerable uncertainty regarding IIB’s public policy relevance and its relationship with shareholders. IIB is taking steps to preserve its financial standing including an indefinite pause of all new loan disbursements, the selloff of loans, and introduction of bond-buyback arrangements. We believe this imminent deleveraging will sustain IIB’s liquidity and risk-adjusted capital (RAC) ratio over the short term. At Dec. 31, 2021, the bank’s risk-adjusted capital (RAC) ratio—which we calculate using parameters as of March 2022, stood at 23.3%.

After Russian troops entered Ukraine, several of IIB’s shareholders announced they intend to withdraw their participation of the bank. A formal exit process has not yet started, but if all of those shareholders withdraw from IIB as announced, those would reduce IIB’s shareholder base by 30%. The withdrawal of several EU shareholders would erode IIB’s shareholder base sufficiently to weaken IIB’s policy mandate and potentially also its governance structure, while materially altering its geographic reach. Shareholder concentration remains significant and continues to constrain our governance assessment. Despite there being nine member-state shareholders, four of them—Russia, Bulgaria, Hungary, and the Czech Republic—account for about 84% of paid-in capital. In December 2021, the member states unanimously decided to admit the Republic of Serbia as a shareholder state. We believe IIB holds solid internal governance principles and risk management frameworks that balance our view of its concentrated shareholder structure. We believe that the bank’s NPLs and associated provisioning will increase over 2022 as the conflict in Ukraine produces direct and indirect economic effect on IIB’s operational geography. We consider the financial fallout will not be limited to its Russian

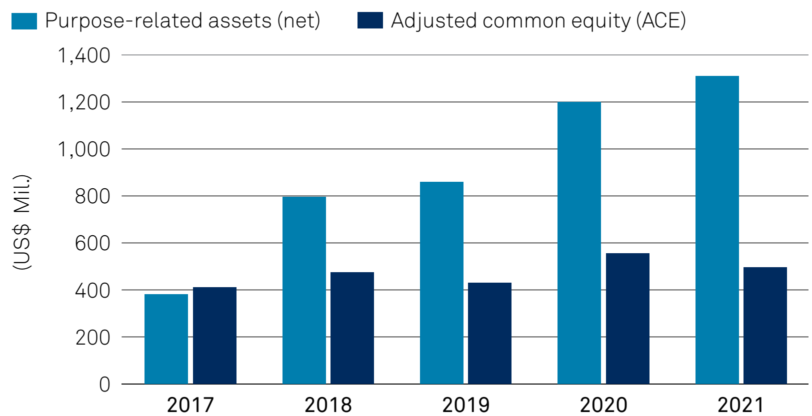
exposures but believe economic repercussions will gradually erode the debt servicing ability of its wider loan book. At this point, the degree of the fallout on IIB's asset quality is unclear. However, about 23% of IIB's loan portfolio represents Russian counterparts and we understand that about 80% of these exposures are to state-owned entities and consider that this mitigates payment concerns in Russia. Amidst all uncertainty and downside risks, IIB's pre-invasion NPL position was solid. NPLs stood at 2.3% of the loan book at year-end 2021, slightly down from 2.4% one year earlier.

Alongside the current deleveraging process undertaken by IIB, the disrupted access to financial markets could pile pressure on the financial profile as the banks market access is disrupted . We believe that IIB will tap into its liquidity to buffer any short-term fallout if payment disruption on its assets materializes. At year-end 2021, IIB had close to €500 million in liquid assets against debt securities of €235 million maturing in 2022. Following a bond redemption in March 2022, the bank has debt obligations of €160 million remaining for 2022, with bonds in Hungarian forint and Romanian leu coming due in October and November, respectively. We expect that the bank will reinforce its liquidity position by selling off loan assets worth €275 million to cater for downside risks. We understand that €125 million has already been executed and warehoused as cash. At this point we have not observed any disruption in IIB's main banking relationships.

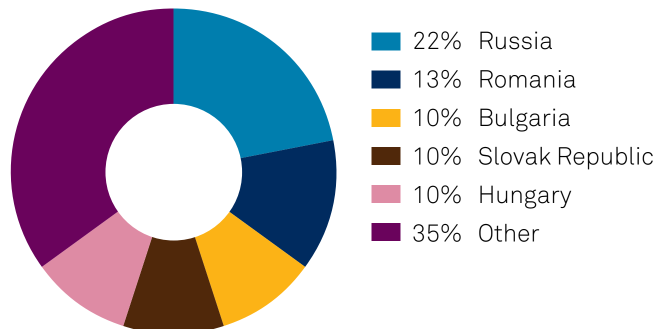
Outlook

The negative outlook reflects the risks of a material erosion of IIB's shareholder base due to the announced exit of several key shareholders. If executed, we believe this will erode the bank's policy role, raising concerns regarding its institutional depth and requiring significant changes to its fundamental strategy to avoid losing its policy relevance. These factors pose significant risks to the bank's enterprise risk profile. We believe the shareholder withdrawal process could

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross) Dec. 31, 2021



Source: S&P Global Ratings.

materialize within the next 12 months, leading to an adverse scenario that could result in a multi-notch downgrade. We could lower our ratings if shareholders follow through on their intentions to withdraw from the institution, leading to a material erosion of IIB's shareholder base while altering its policy role and institutional underpinnings. Aside from the developing shareholder situation, we could downgrade the bank if financial pressures heighten, for example from a material deterioration of asset quality or disruption to counterparts' payment abilities that depletes IIB's liquidity buffers. We could revise the outlook to stable if the withdrawing shareholders reverse course and the bank takes successful steps to reposition its policy function and overall policy relevance while containing asset-quality deterioration.

International Investment Bank – 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.) (mil. curr)	1,405	1,263	1,096	956	833
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	-	-	-	-	-
Private-sector loans/purpose-related exposures (%)	100	100	100	100	100
Gross loan growth (%)	18	10	17	14	78
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 (%)	65	62	59	59	61
Eligible callable capital (mil. curr)	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)*	23	26	24	N.A.	25
Net interest income/average net loans (%)	2	2	3	3	1
Net income/average shareholders' equity (%)	2	2	2	2	0
Impaired loans and advances/total loans (%)	2	2	2	3	2
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	29	32	28	29	30
Liquid assets/gross debt (%)	48	55	46	50	54
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.4	1.1	1.7	N.A.	1.0
12 months (net derivate payables) (x)	1.0	0.7	1.0	N.A.	1.0
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.1	0.7	1.1	N.A.	1.1
Funding ratios					
Gross debt/adjusted total assets (%)	61	59	63	57	55
Short-term debt (by remaining maturity)/gross debt (%)	22	24	41	20	5
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	0.8	0.6	1.4	1.3	3.3
SUMMARY BALANCE SHEET					
Total assets	2,035	1,984	1,525	1,366	1,315
Total liabilities	1,499	1,427	1,067	936	841
Shareholders' equity	536	556	458	430	475

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

Islamic Corporation for the Development of the Private Sector

Ratings

A-/Stable/--

Rating and outlook affirmed on Nov. 25, 2021

Rating Components

SACP: 'a-'

Enterprise Risk Profile: 'Moderate'

Financial Risk Profile: 'Very strong'

Extraordinary Support: '0'

Holistic Approach: '0'

Purpose

Islamic Corporation for the Development of the Private Sector 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

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Rationale

Over the past few years, ICD encountered difficulty fulfilling its mandate. In our view, ICD's policy importance assessment is constrained by slow pace of operational activities, declining portfolio size and shorter track record compared to some of its peers. As of June 30, 2021, purpose-related assets stood at $1.04 billion (36% of total assets), down from $1.3 billion (50% of total assets) at year-end 2019. In response to the COVID-19 pandemic, ICD repurposed part of its 2020 lending envelope to provide $250 million in financing to member countries directly affected by the pandemic.

ICD operates globally, with operations concentrated in the Middle East and Africa. In 2020, 61% of disbursements went to those regions. Disbursements were concentrated in the financial services sector (63%), followed by infrastructure and energy (30%), and industry and mining (7%). ICD continues to operate in member countries that are in fragile or conflict-affected situations.

Going forward, S&P Global Ratings believe institutional capacity constraints will decrease and operational activities will expand. We have seen gross purpose-related assets shrink since peaking in 2016 and the corporation has generated losses over the 2017-2020 period. A new management team joined ICD in 2018, with the goal of expanding operational activities. This team has improved operational capabilities and updated the organizational structure in 2019.

Shareholder support remains uneven. The three largest shareholders (the Islamic Development Bank [IsDB], Saudi Arabia, and the Saudi Public Investment Fund) fully subscribed and completed their capital payments for the second general capital increase (GCI). However, support from the smaller shareholders is still uncertain and there have been delays in capital payments, although we note some member countries face special circumstances.

We view ICD's governance and risk management framework as adequate. The corporation's members are the IsDB, five public financial institutions, and 55 member countries, the same countries as for the IsDB, except for Oman and Guyana. The IsDB and Saudi Arabia (including shares held by the Ministry of Finance and the Public Investment Fund) own just over 70% of the corporation. Although under the umbrella of the IsDB Group, ICD is a separate entity and the

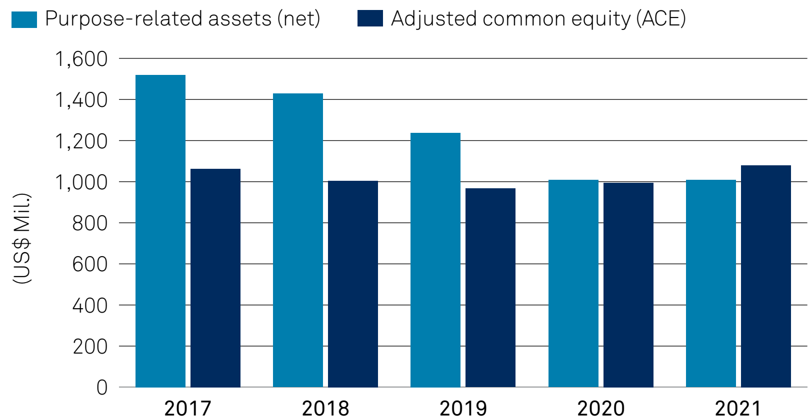
IsDB maintains its own private-sector portfolio. Governance indicators for member countries are, on average, low relative to higher-rated MLIs. ICD paid a small, nonrecurring dividend in 2017 of $1.6 million, split between the five public financial institution shareholders, which we viewed as negative because it eroded the potential capital base. We note, however, that these institutions contributed $95 million in capital as part of the second GCI.

Capitalization has strengthened, but there are still concerns over asset quality. The RAC ratio after MLI adjustments increased to 30.7% at June 30, 2021, from 22.9% at June 30, 2020. ICD has been reporting net losses since 2017, which have weighed on its capital, but reported net income of $17 million in first-half 2021 (half-year data are unaudited). The nonperforming assets (NPA) ratio was 13% at Sept 30, 2021, despite management's efforts to improve risk management processes.

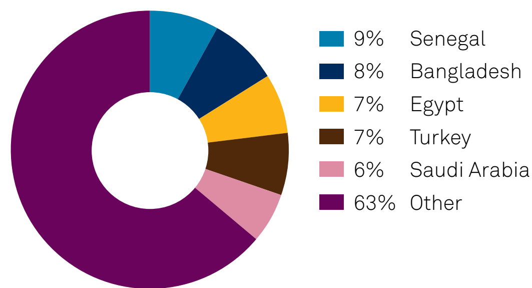
Under our liquidity stress scenario, at all horizons up to one year, the corporation can fully cover its balance-sheet liabilities without market access. Using first-half 2021 data, ICD's liquidity ratio was 3.6x (1.7x at year-end 2020) at the one-year horizon including scheduled loan disbursements. We estimate that, if needed, the corporation could accelerate its scheduled disbursements. We estimate that, if needed, the corporation could accelerate its scheduled disbursements. We foresee no funding gaps for ICD over the next five years, excluding loan disbursements.

ICD is an infrequent issuer on capital markets. In 2016, ICD issued its inaugural $300 million sukuk. In 2020, ICD issued its second sukuk, a five-year $600 million issuance. Additional funding comes from private sukuk placements and sharia-compliant bank borrowing. The corporation predominately raises U.S. dollar funding to match operational requirements, but occasionally raises funds in euros or Saudi riyals. We note that ICD's mandate creates a structural reliance on Islamic finance markets, reducing potential funding diversification.

Purpose-Related Assets and Adjusted Common Equity



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 work toward expanding its loan book and increasing off-balance-sheet catalyst activities while maintaining current capitalization and liquidity levels. We could raise the rating over the next two years if risk management improves, for example, if NPA levels decline, while ICD maintains current capitalization levels. Although unlikely over the next two years, 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. We could lower the rating over the next two years if ICD's capital or liquidity positions deteriorates.

Islamic Corporation for the Development of the Private Sector – Selected Indicators

	Dec. 31 Year-end				
ENTERPRISE PROFILE (US$ MIL.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	1,115	1,123	1,311	1,541	1,574
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	0	0	0	0	0
*Private-sector loans/purpose-related exposures (%)	N.A.	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 (%)	N.A.	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 (%)	N.A.	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)	N.A.	2.2	5.0	2.8	4.0
12 months (net derivate payables) (x)	N.A.	1.7	2.5	2.5	3.3
12 months (net derivate payables) including 50% of all undisbursed loans (x)	N.A.	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)	N.A.	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 available. N/A--Not applicable.

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

Islamic Development Bank

Ratings

AAA/Stable/A-1+

Ratings and outlook affirmed on Nov. 23, 2021

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

We base our ratings on IsDB's very strong enterprise risk profile and extremely strong financial risk profile. We assess the bank's stand-alone credit profile (SACP) at 'aaa'. The long-term rating does not incorporate extraordinary shareholder support from IsDB's callable capital, because we already assess its capital adequacy in our highest category without this support. In addition, rating uplift is not applicable because we rate all of IsDB's member shareholders lower than the institution's SACP.

IsDB began operations in 1975 with a mandate to foster and promote economic development and social progress in its member countries, and in Muslim communities in nonmember countries. The bank conducts all of its 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 the 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 that its mandate is not defined under geographic terms.

In response to the COVID-19 pandemic, the bank has re-purposed $1.5 billion to fund medical supplies and small and midsized enterprise working capital. These re-purposed funds do not represent an increase to their already planned disbursement levels for the year, but show a commitment to funding the needs of member countries.

IsDB is primarily a sovereign lender, with sovereign exposure at about 86.2% of its portfolio of purpose-related assets. IsDB has consistently maintained its private sector portfolio below 10% (5.5% as of end-2021) and additionally has equity investments accounting for 8.4% of its portfolio. IsDB's private sector portfolio consists mostly of project finance, though we note the overlap with the Islamic Corporation for the Development of the Private Sector (ICD), the main private sector lender, which is partially owned by IsDB. Because of the asset-backing principles inherent in Islamic finance, IsDB does not extend policy loans, balance of payments loans, or budget support.

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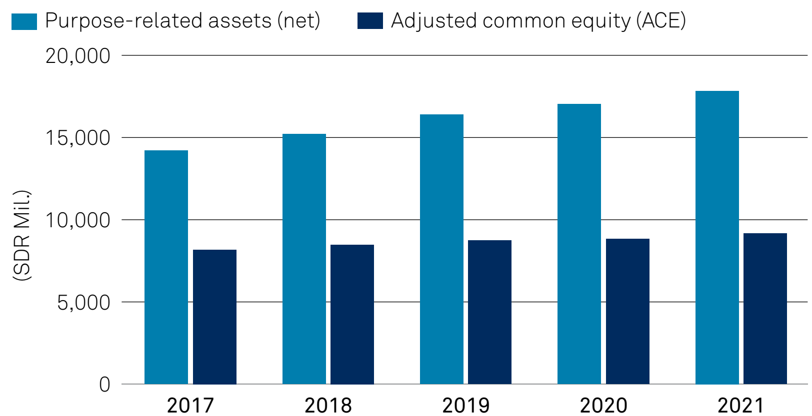
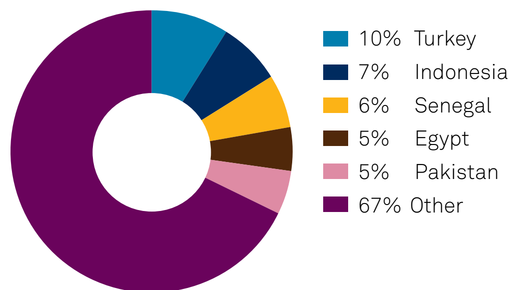
IsDB has a strong and stable relationship with shareholders, despite the ongoing tensions among themselves. Shareholders have supported the bank through regular general capital increases (GCIs), although there are recurring delays in the payment of capital installments from smaller shareholders and shareholders in special circumstances. The board of governors approved the GCI 6 in 2021, increasing total subscribed capital to ID55.5 ($77 billion). The ID5.5billion ($7.6 billion) will be paid over 14 years starting 2023. Payments from the GCI 6 will run in parallel with the remaining payments from the GCI 4, which began in 2016 and are expected over a 20-year period. Over 2021-2030, we expect cumulative paid-in capital of ID2.3 billion ($3.2 billion), excluding inflows from GCI 6.

We expect the bank will continue benefiting from preferred creditor treatment from its government borrowers. We calculate an arrears ratio of 2.4% for end-June 2021. The majority of the bank's sovereign nonaccruals relate to sovereigns in special circumstances, including war or absence of a functioning government. In our view, IsDB's governance and risk management framework, although conservative, is behind that of most 'AAA' rated peers. All of IsDB's voting shareholders are also eligible to borrow and, therefore, have complete control over decision-making at the bank. Governance indicators for member countries are, on average, lower than those for member countries of IsDB's peers. We regard as positive that IsDB has not distributed dividends to members. 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 2021 (parameters as of Nov 1, 2021) was 32.8%, down from 33.3% calculated as of end-June 2020. The portfolio remains within its geographic concentration limits, with top-5 and top-10 exposures constituting 36% and 56% of its outstanding loan portfolio, respectively. 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



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross), Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectation that the IsDB's financial profile will remain extremely strong over the next 24 months. We also expect that the bank will continue to enjoy preferred creditor treatment and other strong shareholder support. We could lower the ratings if support from shareholders weakens. This could be shown with 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 the IsDB's financial or risk management profiles deteriorate, as indicated by consistent and significant increases in leverage or a pronounced weakening in the bank's sovereign or private-sector lending books. This could occur, for example, as a result of rising political or economic risks in member countries translating into arrears from any of the IsDB's larger borrowers.

Islamic Development Bank – Selected Indicators

	As of Dec. 31 Fiscal Year End				
ENTERPRISE PROFILE (SDR MIL.)	**2021**	**2020**	**2019**	**2018**	**2017**
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	18,278	17,460	16,751	15,591	14,538
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	85	86	84	85	84
*Private-sector loans/purpose-related exposures (%)	7	6	7	7	6
Gross loan growth (%)	5	6	8	9	9
PCT ratio (%)	4	3	4	5	6
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 (%)	35	33	32	34	34
Net interest income/average net loans (%)	4	4	4	4	4
Net income/average shareholders' equity (%)	1	1	2	1	2
**Impaired loans and advances/total loans (%)	1.2	1.6	3.7	4.1	4.8
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	31	30	30	30	27
Liquid assets/gross debt (%)	51	50	57	57	54
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.7	2.2	1.8	1.8	2.0
12 months (net derivate payables) (x)	2.0	1.6	1.4	1.2	1.7
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.5	1.2	1.1	0.8	0.9
Funding ratios					
Gross debt/adjusted total assets (%)	60.7	59.3	52.4	53.6	50.1
Short-term debt (by remaining maturity)/gross debt (%)	11.5	16.0	12.3	24.8	9.9
Static funding gap (without planned disbursements)					
12 months (net derivate payables) (x)	3.7	2.8	2.5	2.1	4.5
SUMMARY BALANCE SHEET					
Total assets	26,027	24,422	23,574	22,047	19,676
Total liabilities	16,482	15,307	14,509	13,307	11,161
Shareholders' equity	9,544	9,115	9,065	8,740	8,515

PCT--Preferred creditor treatment. RAC--Risk-adjusted capital. N.A.--Not available. 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. 28, 2022

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 shall mobilize resources for infrastructure and sustainable development projects in 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

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Rationale

The ratings reflect our opinion that NDB will establish itself as a catalyst in reducing the infrastructure deficits faced by its BRICS members. We do not factor any uplift into our issuer credit rating on the institution from extraordinary shareholder support, given that we rate all of NDB's member shareholders lower than the 'aa+' stand-alone credit profile on the bank.

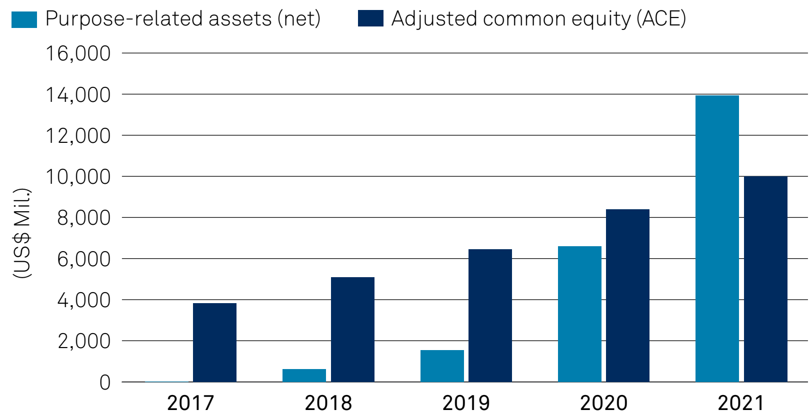
We believe the bank's role and public policy mandate have strengthened, given that it has made quick progress, and in certain respects, exceeded the targets in its strategy for 2017-2021. This is demonstrated by accelerated disbursements over the COVID-19 pandemic, meaningful rebalancing of loans beyond China and India, and the commencement of membership expansion outside the founding BRICS countries. In 2021, the bank added Bangladesh, Uruguay, the United Arab Emirates (UAE), and Egypt as new members. While this is a positive development, all four new members made relatively small capital contributions. Moreover, loans to these members are likely to only bring about modest diversification benefits in the next couple of years. We believe the addition of new members, which will have significant capital stakes and provide more meaningful diversification, could strengthen NDB's role and relevance.

NDB remains vulnerable to adverse geopolitical developments from the ongoing and escalating Russia-Ukraine conflict. However, we envisage that the negative impact on the bank's risk-adjusted capital (RAC) ratio will not be material and NDB's asset quality will remain pristine. Since inception, NDB has been compliant with all sanctions on Russia. We expect it to continue to do so in the wake of new sanctions, without overly disrupting the bank's operations and funding needs.

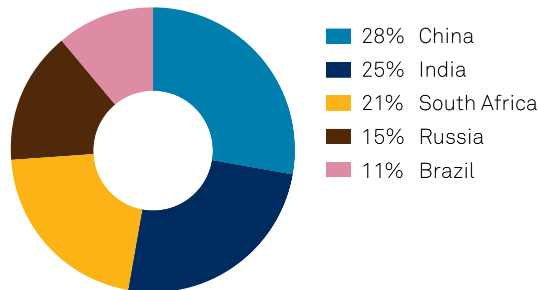
Strong shareholder support underpins our assessment of NDB's enterprise risk profile. The commitment from the five founding member nations to make an equally large paid-in contribution (US$2 billion each) signals ongoing and likely future support. As of Dec. 31, 2020, NDB had received around 81% of the paid-in capital. The Brazilian authorities have assured NDB of its continued strong commitment to the bank and that the delayed payment will be settled soonest possible. We assess NDB's risk management policies as sound and similar to its highly rated peers'. We believe NDB's management is balanced and capable of delivering on its mandate. The shareholder structure, with borrowing-eligible members holding all the voting shares, could present a certain degree of agency risk, in our view. This potential conflict of interest and the fact that the shareholders do not rank very high in terms of governance constrain our assessment of NDB's

governance and management expertise. However, we note that no member holds veto power. We expect borrowing members to grant NDB preferred creditor and preferential treatment. The bank's current arrears ratio is 0%. As of end-December 2021, the bank's RAC ratio after MLI adjustments was 29%. The main adjustment in NDB's RAC ratio is its high single-name exposure to borrowing member countries. In our view, the credit quality of NDB's lending portfolio is fairly strong, given that the majority of its exposure is to investment-grade sovereigns as opposed to many MLIs with speculative-grade exposure. NDB's liquidity is very robust. The bank has made significant progress in diversifying its treasury assets beyond deposits. Using end-December 2021 data and incorporating our liquidity haircuts, our six-month and 12-month liquidity coverage ratios for NDB are 2.32x and 1.69x, respectively, including scheduled loan disbursements. While we expect liquidity to deteriorate as the portfolio grows, we estimate NDB can in the foreseeable future survive an extremely stressed scenario without market access for 12 months and without withdrawing any principal resources from borrowing members.

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross), Dec. 31, 2021



Source: S&P Global Ratings.

Outlook

The stable outlook reflects our expectations that NDB will establish itself as an important player in the funding of infrastructure in BRICS countries over the next two years. We expect NDB to make continual progress in deploying its significant resources toward its loan commitments. Although NDB's shareholder structure could present agency risks, we believe the institution will manage potential conflicts through governance best practices and prudent risk management. NDB's capital adequacy metrics has fallen following the ramp up of operations. 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. Such a scenario will cast serious doubts on NDB's ability to fulfill its mandate to deliver on infrastructure funding among BRICS and developing economies. In addition, any material deviation from NDB's business plan or best practice application of policies could have a negative rating impact. 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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.)	13,937	6,609	1,538	625	24
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	88	86	83	88	74
*Private-sector loans/purpose-related exposures (%)	12	13	17	12	26
Gross loan growth (%)	111	330	146	2,518	N/A
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 (%)	40	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 (%)	27	27	45	79	83
Net interest income/average net loans (%)	1	4	18	34	418
Net income/average shareholders' equity (%)	1	1	2	2	2
Impaired loans and advances/total loans (%)	0	0	0	0	0
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	43	61	95	89	99
Liquid assets/gross debt (%)	76	123	405	1,109	942
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	2.3	1.8	2.6	>100	>100
12 months (net derivate payables) (x)	1.7	1.1	1.6	1.9	2.4
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.3	1.1	2.7	3.7	4.9
Funding ratios					
Gross debt/adjusted total assets (%)	57	49	20	8	10
Short-term debt (by remaining maturity)/gross debt (%)	24	34	45	3	3
Static funding gap (without planned disbursements):					
12 months (net derivate payables) (x)	2.2	2.9	8.5	> 100	> 100
SUMMARY BALANCE SHEET					
Total assets	24,888	18,844	11,821	10,402	10,224
Total liabilities	14,155	8,511	1,649	458	456
Shareholders' equity	10,733	10,333	10,171	9,945	9,769

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 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: €5.8 billion (as of March 22, 2022)

Purpose

To promote sustainable economic growth in member countries via long-term financing for private and public projects. The bank also finances projects in emerging markets outside 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 development 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.

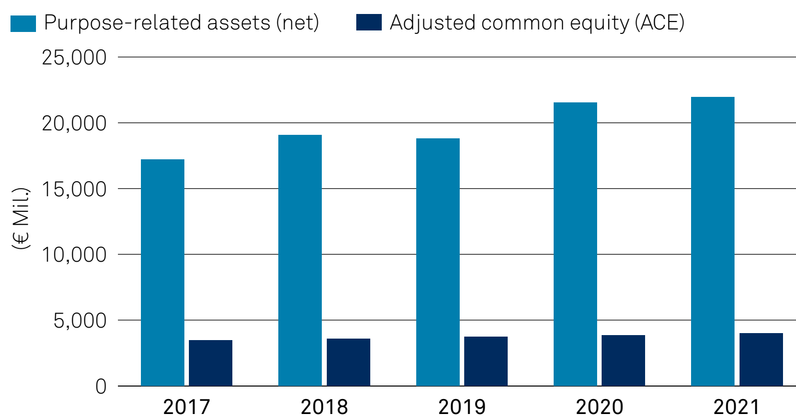
NIB continues building a strong record of increasing its presence and fulfilling its mandate. The pandemic's onset and the ensuing economic downturn in 2020 highlighted NIB's countercyclical role as a long-term lender in the region. As an immediate response, the bank substantially increased its lending 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 sovereign members. In 2021, as pandemic risk faded and economic recovery resumed, new lending volumes and disbursements normalized to €1.9 billon and €2.4 billion respectively, of which €340 million were disbursements of Response Loans. Lending outstanding at year-end 2021 amounted to €22.31 billion (versus €21.73 billion at year-end 2020). NIB's sovereign related exposures is about 11% of the total at the end of 2021, so we consider that the Preferred Creditor Treatment awarded on sovereign exposure does not substantially improve the bank's 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 its diversified shareholder base, transparent governance, and experienced senior staff, who have considerable experience and expertise.

As of year-end 2021, NIB's RAC ratio after adjustments was at a high 24.2% (calculated using parameters as of March 18, 2022). The ratio improved modestly from 23.5% in 2020, supported by a steady growth in NIB's retained earnings. We expect the RAC ratio to continue gradually improving in the near term and remain sustainably above the 23% threshold. The ratio decreased significantly from 28%-31% in 2017-2019. This was because the Response Loans increased the adjustment for single-name concentration to sovereign exposure. The quality of combined credit exposure is sound and has been stable through the pandemic. As of end-2021, the bank had three nonperforming loans totaling €76 million, broadly stable from €71 million as of end-2020. Almost 97% of

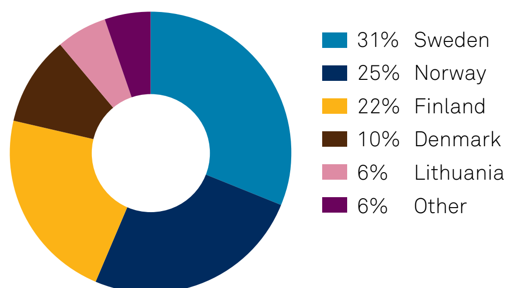
disbursements were to counterparties in the investment-grade risk classes, largely explained by lending to the public and financial sectors. The bank's exposure to the weaker segments of the corporate sector, such as small and midsize enterprises, remains modest. At the beginning of 2022, NIB has no direct exposure to Ukraine and only €1 million of direct exposure to Russia. The bank also has very low exposure to Belarus which amounts to about €8 million. We observe the continuous consolidation of a more dynamic funding strategy at NIB, resulting in more frequent issuances. In 2021, the bank issued €6.9 billion through 71 transactions in 11 currencies. 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 (CSAs). 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. In 2021, it raised €898 million under the NIB Environmental Bond program.

Our six- and 12-month liquidity ratios, at 1.89x and 1.25x, respectively, indicate that the bank could cover all committed lending and debt repayments for at least one year, even under extremely stressed market conditions, without access to the capital markets. Moreover, we believe NIB could fully accelerate in one year its legally binding commitments without spreading disbursements. Our 'AAA' rating on NIB is also supported by €5.8 billion (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 stand-alone extremely strong financial profile, we do not incorporate uplift for extraordinary support;

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Assets (gross) Dec. 31, 2020



Source: S&P Global Ratings.

however, it provides strong resilience under any unexpected deterioration on its capital adequacy.

Outlook

The stable outlook reflects S&P Global Ratings' 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.)	2021	2020	2019	2018	2017
Policy importance					
Total purpose-related exposure (loans, equity, etc.) (mil. curr)	22,049	21,653	18,840	19,104	17,278
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	51	49	43	44	45
Private-sector loans/purpose-related exposures (%)	49	51	57	56	55
Gross loan growth (%)	2	15	-1	11	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 (%)	100	100	100	100	100
Concentration of top two shareholders (%)	56	56	56	56	56
Eligible callable capital (mil. curr)	5,803	5,803	4,415	4,415	4,415
FINANCIAL RISK PROFILE					
Capital and earnings					
RAC ratio (%)*	24	24	31	29	29
Net interest income/average net loans (%)	1	1	1	1	1
Net income/average shareholders' equity (%)	4	4	5	5	6
Impaired loans and advances/total loans (%)	0	0	0	0	1
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	37	34	37	35	38
Liquid assets/gross debt (%)	43	41	44	43	46
Liquidity coverage ratio (with planned disbursements):					
Six months (net derivate payables) (x)	1.9	1.7	1.8	1.4	1.2
12 months (net derivate payables) (x)	1.3	1.2	1.3	1.3	1.1
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.4	1.4	1.5	1.5	1.3
Funding ratios					
Gross debt/adjusted total assets (%)	86.0	84.1	84.6	82.7	82.1
Short-term debt (by remaining maturity)/gross debt (%)	25.4	20.3	20.9	22.3	24.4
Static funding gap (without planned disbursements)					
12 months (net derivate payables)	1.2	1.3	1.4	1.5	1.3
SUMMARY BALANCE SHEET					
Total assets	37,553	35,422	32,653	31,710	29,953
Total liabilities	33,555	31,561	28,918	28,132	26,497
Shareholders' equity	3,999	3,861	3,735	3,578	3,456

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

The OPEC Fund For International Development

Ratings

AA/Positive/A-1+

Ratings and outlook assigned Dec. 01, 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

The OPEC Fund was established by treaty in 1976 by the member states of the Organization of the Petroleum Exporting Countries (OPEC). Its stated 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

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Rationale

The OPEC Fund’s shareholders today include 12 countries, which are mostly OPEC Group members except Ecuador and Indonesia. There is no private sector shareholding. As per the establishment agreement, there is no provision for dividend payments and hence all earnings are retained. In 2019, the OPEC Fund amended the management of its capital resources by creating a special fund known as Special Capital Resources (SCR) that provides long-term and low-cost loans to the least developed countries. The ratings are based on the existing capital resources of the OPEC Fund, renamed Ordinary Capital Resources (OCR).

The OPEC Fund’s new strategic framework was approved in July 2019 and 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.

The OPEC Fund has a track record of very strong preferred creditor treatment (PCT), but we consider its policy reach and developmental impact constrained by it limited portfolio size. With purpose-related assets of $4.4 billion, it is markedly smaller than other multilateral lending institutions (MLIs) that share global aid ambitions. We consider the OPEC Fund to benefit from adequate shareholder commitment and support of its activities. Ownership is concentrated, with three countries holding 64% of the shares, led by Saudi Arabia at 35.4% at year-end 2020. We note that the OPEC Fund’s shareholders rank lower in terms of World Bank transparency and governance indicators than those of peer MLIs. That said, we consider it key that none of the shareholders borrow from the fund, since we believe this set up mitigates some risk of potential political influence over lending decisions.

The shareholders have shown their support toward the OPEC Fund with four general capital increases since inception. However, currently 11% of the fourth GCI payments stand in arrears, including

from main shareholder countries. The meaningful level of capital arrears from key shareholders weighs on our assessment of shareholder support. In this regard, we also acknowledge a wide discrepancy in financial strength and capacity across the limited group of shareholders.

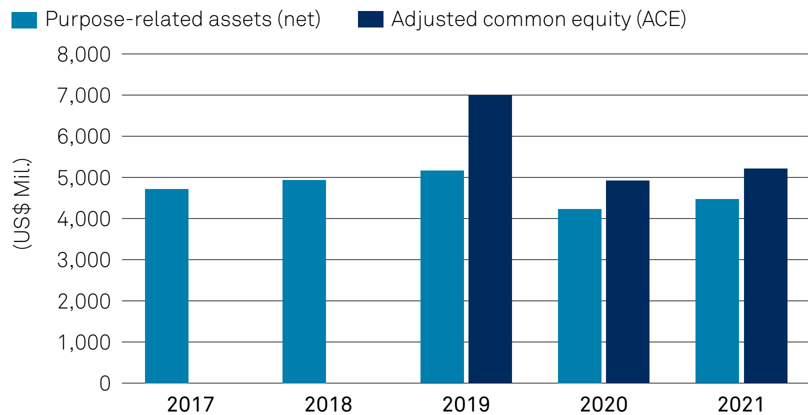
In our view, the OPEC Fund holds strong risk mitigation frameworks, together with comprehensive prudential guidelines and limits through board approved policies. That said, we acknowledge an element of implementation risk because the institution is about to gear up its loan book and expand its funding activities. The OPEC Fund's creditworthiness is underpinned by its extremely strong financial risk profile, largely supported by our assessment of its extremely strong capital. At year-end 2020, the OPEC Fund's RAC ratio stood at 78% (using rating parameters as of Sept. 2, 2021), incorporating adjustments specific to MLIs. 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 $92.1 million of NPLs but, at 2.2% of total loans, this compares well with other MLI peers.

We expect the OPEC Fund to start tapping the markets in 2022. The OPEC Fund currently has no funding gap, with assets outnumbering liabilities by 56x. This reflects that the OPEC Fund's funding structure so far consists only of capital contributions and retained earnings Although a very conservative financing structure, the institution lacks a track record of market funding, which will require effort to establish. We expect the OPEC Fund's liquidity to remain solid as it expands the liability side of its balance sheet over the coming two years. Today its, six- and 12-month liquidity ratios surpass our threshold for a strong liquidity assessment, at 3.13x and 1.69x, respectively, proving that its current cash inflows and securities holdings (after 'AAA' stress scenario haircuts) comfortably exceed its scheduled disbursements.

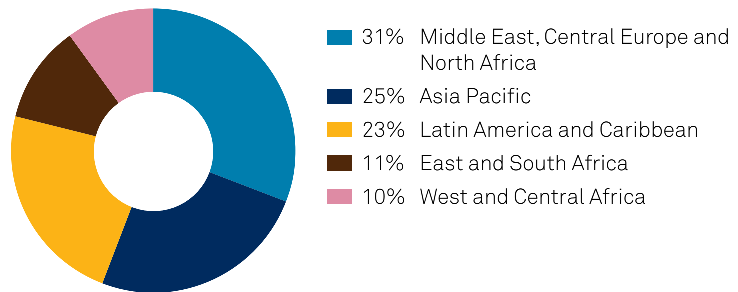
Outlook

The positive outlook reflects our view that the OPEC Fund's planned lending growth could expand the institution's developmental relevance and further strengthen its policy relationship with

Purpose-Related Assets and Adjusted Common Equity



Five Largest Country (or Regional) Exposures (Unweighted) As % of Purpose-Related Asset (gross), Dec. 31, 2021



Source: S&P Global Ratings.

shareholders over the next 24 months. We expect the institution's financial risk profile will remain extremely strong, and it will manage financial risks prudently as it begins to leverage its balance sheet and tap the capital markets in 2022. 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 dynamic lending growth and enhanced operational capabilities to execute and maintain a conservative risk culture. 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 would revise our outlook to stable if the OPEC Fund's expansion agenda underwhelms. Similarly, if capital arrears from shareholders linger beyond the committed payment calendar, this could also lead to an outlook revision to stable. In addition, although unlikely, pressures on its financial risk profile or an erosion of the OPEC Fund's very strong preferred creditor treatment could also weigh on the ratings.

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.)	4,569	4,441	5,645	5,386	5,101
Public-sector (including sovereign-guaranteed) loans/purpose-related exposure (%)	68	68	79	79	76
Private-sector loans/purpose-related exposures (%)	32	32	22	21	24
Gross loan growth (%)	4	-23	5	6	10
PCT ratio (%)	0	0	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 (%)	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 (%)	82	78	N.A	N.A	N.A
Net interest income/average net loans (%)	4	4	4	4	4
Net income/average shareholders' equity (%)	3	3	4	1	2
Impaired loans and advances/total loans (%)	2	2	2	3	3
Funding and liquidity					
Liquidity ratios					
Liquid assets/adjusted total assets (%)	22	24	25	25	26
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)	1.5	3.1	N.A.	N.A.	N.A.
12 months (net derivate payables) (x)	1.3	1.7	N.A.	N.A.	N.A.
12 months (net derivate payables) including 50% of all undisbursed loans (x)	1.2	1.4	N.A.	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)	>100	56.7	N.A.	N.A.	N.A.
SUMMARY BALANCE SHEET					
Total assets	6,086	5,919	7,224	7,380	7,318
Total liabilities	194	270	1,785	177	189
Shareholders' equity	5,892	5,649	5,438	7,203	7,129

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 2022 includes comparative data for 31 supranational institutions with public ratings assigned by S&P Global Ratings.

We have included data on three newly rated entities: Arab Petroleum Investments Corp. (APICORP), Arab Bank for Economic Development in Africa (BADEA) and The OPEC Fund for International Development (OFID). The data includes our preferred creditor treatment (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 2022 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 2017-2021 are 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 latest 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 stand-alone credit profile 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 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 multilateral lending institution's (MLI's) capital adequacy assessment and 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 risk-weighted assets (RWAs). To determine an MLI's RWAs, we apply specified risk weights to its various exposures. The methodology we use to determine RWAs 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 Assessment 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," Nov. 9, 2011). 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 multilateral institutions. 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 the "Risk-Adjusted Capital Framework Methodology" but introduce a single-name concentration penalization 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 Nov. 10, 2021. 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 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.

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$)

	Multilateral Development Finance Institutions													
	Regional Institutions													
	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FON-PLATA	IADB	IDB Invest	ISDB	IIB	ICD	NDB
ENTERPRISE PROFILE														
Policy Importance														
Total purpose related exposure (Loans, equity, guarantees, etc..)														
2021	31,830	140,017	12,456	2,250	30,005	42,636	110,270	1,671	109,567	5,720	25,626	1,405	1,115	13,937
2020	34,079	132,818	8,424	2,104	28,547	43,045	123,578	1,303	105,549	4,465	25,219	1,263	1,123	6,609
2019	31,384	117,023	2,320	1,936	27,024	37,468	108,092	977	97,221	2,590	23,163	1,096	1,311	1,538
2018	29,351	108,539	1,381	1,814	25,635	34,663	102,344	807	93,831	1,773	21,682	956	1,541	625
2017	27,800	102,547	779	1,665	24,144	33,501	85,932	680	89,435	1,014	20,703	833	1,574	24
Public-sector (incl. sovereign-guaranteed) loans / Purpose related assets (%)														
2021	79	93	90	99	93	32	100	94	96	0	85	0	0	88
2020	76	93	91	99	90	32	100	94	95	0	86	0	0	86
2019	72	93	89	99	84	22	100	100	94	0	84	0	0	83
2018	72	93	88	99	84	21	100	100	94	0	85	0	0	88
2017	73	94	94	99	84	22	100	100	93	0	84	0	0	74
Private-sector loans / Purpose related assets (%)														
2021	16	6	10	1	6	68	0	6	4	95	7	100		12
2020	19	6	9	1	8	68	0	6	5	97	6	100	71	13
2019	23	6	11	1	15	78	0	0	6	96	7	100	73	17
2018	23	6	12	1	14	79	0	0	6	96	7	100	70	12
2017	23	5	6	1	14	78	0	0	7	95	6	100	56	26
Equity exposure / Purpose related assets (%)														
2021	4	1	0	0	1	17	0	0	0	5	8	0		0
2020	4	1	0	0	2	15	0	0	0	3	7	0	29	0
2019	5	1	0	0	2	15	0	0	0	4	8	0	27	0
2018	4	1	0	0	2	18	0	0	0	4	9	0	30	0
2017	4	1	0	0	2	19	0	0	0	5	10	0	44	0
Gross loan growth (%)														
2021	(4)	5	48	7	5	4	(4)	21	4	26	5	18	(6)	111
2020	5	14	262	9	6	6	5	34	8	73	6	10	(17)	330
2019	5	8	68	7	6	10	6	17	4	45	8	17	(11)	146
2018	9	6	77	9	6	7	19	21	5	75	9	14	23	2,518
2017	16	50	7,820	7	8	(1)	5	22	9	13	9	78	4	N.A.
Preferred creditor treatment (PCT) ratio														
2021	1.2	0.2	0.0	2.7	2.8	0.0	N.A	0.0	1.9	N/A	3.9	N/A	N/A	0.0
2020	1.5	0.2	0.0	N.A.	3.4	0.0	0.0	0.0	2.0	N/A	2.6	N/A	N/A	0.0
2019	1.7	0.1	0.0	N.A.	4.3	0.0	0.0	0.0	2.2	N/A	4.4	N/A	N/A	0.0
2018	1.8	0.1	0.0	N.A.	4.4	0.0	0.0	0.0	2.3	N/A	4.8	N/A	N/A	0.0
2017	1.8	0.1	0.0	N.A.	4.1	0.0	0.0	0.0	2.4	N/A	5.6	N/A	N/A	0.0
Governance Structure and Shareholder Support														
Share of votes controlled by eligible borrower member countries (%)														
2021	50	65	76	0	100	14	100	100	50	53	100	100		100
2020	55	65	76	0	100	11	100	100	50	50	100	100	58	100
2019	59	65	76	0	100	11	100	100	50	50	100	100	57	100
2018	59	65	77	0	100	11	100	100	50	50	100	100	59	100
2017	59	65	75	0	100	11	100	100	50	50	100	100	56	100

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions													
	Regional Institutions													
	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FON-PLATA	IADB	IDB Invest	ISDB	IIB	ICD	NDB
Share of votes controlled by top two shareholders (%)														
2021	16	26	39	41	38	19	47	67	41	26	33	65		40
2020	21	26	39	41	36	19	47	67	41	26	33	62	76	40
2019	16	26	40	41	35	19	47	67	41	25	33	59	74	40
2018	16	26	40	41	35	19	47	67	41	26	33	59	74	40
2017	16	26	40	41	36	19	47	67	41	27	33	61	73	40
Eligible callable capital (USD Millions)														
2021	42,052	26,328	10,223	0	0	6,923	233,353	0	11,925	N/A	N/A	N/A	N/A	N/A
2020	30,650	27,092	10,223	N.M.	2	7,450	251,124	0	11,925	N/A	N/A	N/A	N/A	N/A
2019	18,529	26,789	10,223	N.M.	4	6,832	230,308	0	11,925	N/A	N/A	N/A	N/A	N/A
2018	18,565	26,789	10,038	N.M.	4	6,961	230,308	0	11,925	N/A	N/A	N/A	N/A	N/A
2017	18,964	26,789	9,426	N.M.	4	7,307	230,308	0	11,925	N/A	N/A	N/A	N/A	N/A
FINANCIAL RISK PROFILE														
Capital and Earnings														
RAC-ratio (%)* - 2017-June-2022														
22-Jun	24	31	64		19	28		23	23	34	35			
2021	23	31	74	86	18	31	19	23	22	31	35	23		27
2020	19	35	96	N.A.	18	30	19	26	21	35	33	26	26	27
2019	19	37	161	N.A.	15	30	18	24	22	56	32	24	24	45
2018	21	40	186	N.A.	16	29	N/A	33	21	71	34	N.A.	20	79
2017	23	39	156	N.A.	16	30	N/A	43	24	109	34	25	21	83
Net interest income/average net loans (%)														
2021	0.6	1.2	0.5	8.9	1.1	3.1	(0.0)	2.1	1.7	4.2	3.5	2.2	1.3	1.5
2020	0.8	1.3	4.8	13.9	1.8	2.9	(0.0)	3.3	1.6	4.0	3.9	1.9	(2.0)	4.5
2019	1.9	1.4	22.0	20.8	2.6	3.3	0.0	4.6	2.0	6.4	4.4	2.7	(11.2)	18.4
2018	1.9	1.4	23.5	(0.8)	2.0	3.3	0.0	4.6	1.9	5.8	3.7	3.3	(20.4)	34.0
2017	1.4	1.5	31.7	18.2	1.7	3.4	0.1	3.8	2.2	6.0	3.9	0.7	(3.6)	417.9
Net income/average shareholder's equity														
2021	0.5	1.4	0.3	3.2	0.8	10.9	0.4	2.7	3.2	5.7	1.2	1.7	0.8	1.0
2020	1.8	2.6	0.9	5.0	1.9	1.0	0.5	3.1	1.8	0.3	1.3	1.7	(1.6)	1.5
2019	0.7	3.0	2.0	7.5	2.6	7.7	0.4	2.9	4.2	2.3	1.6	1.5	(10.7)	2.2
2018	0.6	1.5	1.6	(0.6)	2.0	1.3	0.3	3.0	2.6	1.5	1.0	1.5	(31.5)	1.7
2017	2.6	93.4	1.4	6.0	0.7	3.7	0.1	2.6	2.1	1.4	2.3	0.3	(10.3)	1.6
Impaired loans and advances/ Total loans (%)														
2021	3.2	0.1	0.0	2.4	0.4	4.8	0.0	0.0	2.2	0.5	1.2	2.4		0.0
2020	2.7	0.1	0.0	4.1	0.3	5.5	0.0	0.0	2.4	0.8	1.6	2.4	15.9	0.0
2019	2.9	0.1	0.0	2.9	0.3	4.2	0.0	0.0	2.4	1.3	3.7	1.9	13.1	0.0
2018	2.6	0.1	0.0	3.7	0.5	4.6	0.0	0.0	2.6	1.8	4.1	2.5	13.1	0.0
2017	4.6	0.0	0.0	2.8	0.6	3.7	0.0	0.0	0.5	2.8	4.8	2.2	13.5	0.0

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions													
	Regional Institutions													
	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FON-PLATA	IADB	IDB Invest	ISDB	IIB	ICD	NDB
Funding and Liquidity														
Liquidity Ratios														
Liquid assets / adjusted total assets (%)														
2021	36	17	67	59	34	45	52	22	27	26	31	29	64	43
2020	32	18	73	61	31	45	50	23	26	33	30	32	67	61
2019	35	18	89	62	33	47	50	25	26	35	30	28	47	81
2018	37	19	91	62	33	47	50	22	25	46	30	29	50	89
2017	39	21	93	65	33	44	55	19	27	55	27	30	43	99
Liquid assets / gross debt (%)														
2021	52	36	140	N.M.	56	69	90	52	35	42	51	48	105	76
2020	44	38	199	N.M.	52	68	87	68	36	54	50	55	101	123
2019	49	39	765	N.M.	55	70	89	124	37	83	57	46	80	405
2018	52	41	N.A.	N.M.	55	71	92	288	36	114	57	50	76	1109
2017	55	44	N.A.	N.M.	55	71	107	636	39	184	54	54	69	942
Liquidity coverage ratio (with planned disbursements):														
6 months (net derivate payables)														
22-Jun	2.2	2.0	7.0	4.7		4.4		2.1		3.7	3.6			
2021	3.1	1.5	5.9	13.0	1.4	2.4	3.8	2.7	2.5	2.5	2.7	1.4		2.3
2020	2.7	1.7	5.6	N.A.	2.0	1.8	3.4	1.6	2.8	5.4	2.2	1.1	2.2	1.8
2019	2.0	1.7	15.1	N.A.	2.5	1.4	3.8	1.7	2.3	2.0	1.8	1.7	5.0	2.6
2018	2.4	2.1	14.0	N.A.	1.8	1.5	N.A.	2.3	3.0	2.0	1.8	N.A.	2.8	>100
2017	2.6	1.6	19.6	N.A.	1.8	2.0	N.A.	2.3	2.9	22.9	2.0	1.0	4.0	>100
12 months (net derivate payables)														
22-Jun	1.3	1.2	3.4	2.9		2.2		1.2		2.4	1.8			
2021	1.6	1.0	5.1	5.2	1.3	1.9	2.5	1.5	1.5	1.7	2.0	1.0		1.7
2020	1.3	1.2	4.6	N.A.	1.5	1.5	2.7	0.8	1.6	2.0	2.2	0.7	1.7	1.1
2019	1.5	1.3	10.3	N.A.	1.5	1.2	2.9	1.1	1.4	1.9	1.4	1.0	2.5	1.6
2018	1.7	1.8	7.3	N.A.	1.7	1.2	N.A.	1.3	1.4	1.7	1.2	N.A.	2.5	1.9
2017	1.4	1.1	10.9	N.A.	1.4	1.3	N.A.	1.1	1.4	12.9	1.7	1.0	3.3	2.4
12 months (net derivate payables) including 50% of all undisbursed loans														
22-Jun	1.1	1.0	2.1	1.9		1.8		1.0		4.1	1.4			
2021	1.2	0.9	2.7	2.3	1.2	1.5	2.5	1.6	1.3	2.4	1.5	1.1		1.3
2020	1.0	1.0	3.2	N.A.	1.4	1.3	2.7	0.7	1.3	2.9	1.2	0.7	1.9	1.1
2019	1.2	0.9	6.9	N.A.	1.4	1.2	2.9	0.7	1.2	3.2	1.1	1.1	3.1	2.7
2018	1.2	1.0	4.4	N.A.	1.6	1.0	N.A.	0.8	1.2	1.7	0.8	N.A.	2.7	3.7
2017	1.1	0.8	6.0	N.A.	1.4	1.3	N.A.	0.7	1.2	6.6	0.9	1.1	3.4	4.9
Funding Ratios														
Gross debt / adjusted total assets (%) Fiscal year														
2021	69.1	47.5	48.2	N.M.	60.6	65.7	57.7	43.0	75.3	61.1	60.7	61.3	60.8	56.8
2020	71.0	47.4	36.6	N.M.	60.1	67.3	57.5	33.5	72.6	60.8	59.3	58.8	66.3	49.4
2019	72.3	47.4	11.7	N.M.	60.2	67.2	56.4	20.2	71.2	42.3	52.4	62.6	58.7	19.9
2018	71.0	47.2	N.A	N.M.	58.8	65.9	53.8	7.6	69.7	40.1	53.6	57.0	65.8	8.0
2017	71.1	47.9	N.A	N.M.	60.1	62.5	51.7	3.1	70.3	29.6	50.1	55.2	62.6	10.5
Short-term debt (by remaining maturity) / gross debt (%)														
2021	22.0	21.2	N.A	N.M.	24.0	29.9	31.0	7.1	17.4	23.7	11.5	21.6	61.1	23.7
2020	22.9	20.9	N.A	N.M.	17.7	30.2	28.1	23.8	16.1	19.2	16.0	23.9	53.8	33.6
2019	18.5	19.4	N.A	N.M.	20.5	37.4	27.8	2.0	18.9	N.M.	12.3	40.7	79.8	45.4

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions													
	Regional Institutions													
	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM	FON-PLATA	IADB	IDB Invest	ISDB	IIB	ICD	NDB
2018	16.1	14.2	N.A	N.M.	13.2	36.9	21.3	6.8	18.2	38.9	24.8	20.4	55.5	3.0
2017	22.3	22.1	N.A	N.M.	20.0	35.2	27.9	38.5	19.8	3.2	9.9	5.0	47.8	3.1
Static Funding Gap (without planned disbursements)														
12 months (net derivate payables)														
22-Jun	1.2	1.1	4.6			3.0		6.7		19.5	3.0			
2021	1.5	1.0	25.1	2.7	1.8	2.4	1.9	9.1	1.3	3.3	3.7	0.8		2.2
2020	1.0	1.1	66.6	N.A.	2.1	1.9	2.1	1.8	1.5	6.0	2.8	0.6	1.4	2.9
2019	1.4	1.2	>100	N.A.	2.3	1.4	2.3	29.6	1.3	61.6	2.5	1.4	2.8	8.5
2018	1.6	1.4	N.A.	N.A.	2.6	1.4	N.A.	21.1	1.3	2.2	2.1	1.3	3.1	> 100
2017	1.2	1.0	N.A.	N.A.	2.2	1.6	N.A.	12.6	1.3	29.0	4.5	3.3	4.4	> 100
SUMMARY BALANCE SHEET														
Total assets (USD Millions)														
2021	50,928	282,084	40,238	5,627	47,592	85,032	230,611	2,157	151,752	7,551	36,489	2,035	2,965	24,888
2020	50,976	271,741	32,082	5,465	46,846	85,387	250,087	1,695	147,533	6,424	35,275	1,984	3,268	18,844
2019	48,734	221,866	22,632	5,205	42,294	76,546	219,669	1,308	136,358	3,900	32,597	1,525	2,529	11,821
2018	46,965	191,860	19,562	4,890	40,014	70,716	205,168	1,043	129,459	3,209	30,661	1,366	3,071	10,402
2017	46,389	182,381	18,973	4,850	38,112	67,442	193,684	852	126,240	2,185	28,019	1,315	3,001	10,224
Total liabilities (USD Millions)														
2021	38,722	229,229	20,072	113	34,293	61,896	135,261	952	116,666	5,077	23,108	1,499	1,886	14,155
2020	39,743	219,104	11,938	89	33,851	63,492	146,684	585	113,856	4,316	22,110	1,427	2,272	8,511
2019	38,537	169,948	2,645	72	29,497	56,534	125,807	280	102,487	1,867	20,062	1,067	1,562	1,649
2018	36,972	140,876	50	69	28,151	52,099	112,043	90	96,530	1,390	18,506	936	2,067	458
2017	36,289	132,112	14	61	26,990	48,033	101,048	36	93,993	741	15,894	841	1,938	456
Shareholder's equity (USD Millions)														
2021	12,206	52,855	20,166	5,514	13,300	23,136	95,350	1,205	35,086	2,475	13,381	536	1,079	10,733
2020	11,235	52,637	20,144	5,376	12,995	21,895	103,403	1,110	33,677	2,108	13,165	556	995	10,333
2019	10,196	51,918	19,986	5,133	12,797	20,012	93,862	1,028	33,871	2,033	12,535	458	967	10,171
2018	9,993	50,984	19,512	4,821	11,863	18,617	93,124	953	32,929	1,819	12,155	430	1,004	9,945
2017	10,100	50,269	18,959	4,788	11,122	19,409	92,636	816	32,247	1,445	12,125	475	1,063	9,769

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

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions						
	Global Institutions			Subregional Institutions			
	IBRD	IFC	IDA	BSTDB	CDB	CABEI	EDB
ENTERPRISE PROFILE							
Policy Importance							
Total purpose related exposure (Loans, equity, guarantees, etc..)							
2021	227,269	49,888	184,010	2,704	1,353	8,691	2,455
2020	211,129	46,686	167,743	2,542	1,351	8,306	2,399
2019	202,216	47,552	158,759	2,079	1,274	7,801	2,462
2018	191,946	47,653	151,847	1,562	1,186	7,653	1,943
2017	185,142	45,530	143,381	1,407	1,078	6,962	1,557
Public-sector (incl. sovereign-guaranteed) loans / Purpose related assets (%)							
2021	100	0	100	26	94	91	-
2020	100	0	100	29	94	86	-
2019	100	0	100	28	94	81	-
2018	100	0	100	14	96	82	-
2017	100	0	100	11	96	83	-
Private-sector loans / Purpose related assets (%)							
2021	0	74	0	73	6	9	99
2020	0	76	0	70	6	14	99
2019	0	71	0	71	6	18	99
2018	0	70	0	84	4	18	100
2017	0	68	0	87	4	16	100
Equity exposure / Purpose related assets (%)							
2021	0	26	0	1	-	0	1
2020	0	24	0	1	-	0	1
2019	0	29	0	2	-	0	1
2018	0	30	0	2	-	0	-
2017	0	32	0	3	-	0	-
Gross loan growth (%)							
2021	8	6	10	15	0	5	(2)
2020	5	3	6	12	6	6	5
2019	5	3	4	37	8	3	16
2018	3	7	6	18	10	10	25
2017	6	7	4	(0)	4	6	(5)
Preferred creditor treatment (PCT) ratio							
2021	0.2	N/A	0.8	N/A	0.7	0.0	N/A
2020	0.2	N/A	1.6	N/A	0.8	0.0	N/A
2019	0.3	N/A	1.9	N/A	0.8	0.0	N/A
2018	0.3	N/A	1.9	N/A	0.9	0.0	N/A
2017	0.3	N/A	N.A.	N/A	1.0	0.0	N/A
Governance Structure and Shareholder Support							
Share of votes controlled by eligible borrower member countries (%)							
2021	34	77	15	100	65	83	100
2020	33	77	15	100	65	83	100
2019	34	77	28	100	65	83	100
2018	28	77	28	100	65	84	100
2017	28	77	28	100	65	83	100

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions						
	Global Institutions			Subregional Institutions			
	IBRD	IFC	IDA	BSTDB	CDB	CABEI	EDB
Share of votes controlled by top two shareholders (%)							
2021	23	29	18	33	34	23	99
2020	23	27	19	33	34	23	99
2019	24	27	19	33	34	23	99
2018	23	27	19	33	34	24	99
2017	23	27	19	33	34	24	99
Eligible callable capital (USD Millions)							
2021	41,374	N/A	N/A	N/A	205	1,055	N/A
2020	39,362	N/A	N/A	N/A	205	1,055	N/A
2019	38,182	N/A	N/A	N/A	205	473	N/A
2018	36,909	N/A	N/A	N/A	205	375	N/A
2017	36,909	N/A	N/A	N/A	205	375	N/A
FINANCIAL RISK PROFILE							
Capital and Earnings							
RAC-ratio (%) - 2017-June-2022							
22-Jun		39			23	14	
2021	27	34	70	19	27	14	14
2020	24	34	76	23	27	16	19
2019	26	35	82	25	28	17	18
2018	28	32	81	26	29	16	28
2017	28	29	81	29	33	16	28
Net interest income/average net loans (%)							
2021	1.1	4.0	1.2	2.8	2.0	3.1	3.1
2020	1.1	4.1	1.2	2.4	2.9	3.3	3.1
2019	1.0	4.0	1.1	2.4	3.4	3.6	4.7
2018	1.0	4.3	1.2	2.8	3.0	3.5	5.7
2017	1.0	5.0	1.1	2.5	2.2	3.7	5.8
Net income/average shareholder's equity							
2021	4.6	14.9	(0.2)	5.1	2.3	2.5	2.0
2020	(0.1)	(6.3)	(0.7)	1.7	3.1	4.1	1.8
2019	1.2	0.4	(4.1)	1.7	2.7	6.9	3.8
2018	1.7	5.0	(3.2)	0.7	1.6	7.4	3.9
2017	(0.6)	6.0	(1.5)	1.1	0.9	3.0	2.5
Impaired loans and advances/ Total loans (%)							
2021	0.2	6.5	0.5	3.0	0.1	0.5	0.9
2020	0.2	5.4	1.3	3.9	0.1	0.8	1.1
2019	0.2	3.9	1.6	2.8	0.2	0.9	1.4
2018	0.2	4.1	1.7	3.1	0.4	0.7	1.2
2017	0.2	5.9	1.8	5.4	0.5	0.4	2.9
Funding and Liquidity							
Liquidity Ratios							
Liquid assets / adjusted total assets (%)							
2021	28	49	17	26	36	39	60
2020	29	48	18	27	30	39	58
2019	29	49	17	21	35	34	56
2018	18	48	18	25	27	31	49
2017	18	50	17	25	28	31	54

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions						
	Global Institutions			Subregional Institutions			
	IBRD	IFC	IDA	BSTDB	CDB	CABEI	EDB
Liquid assets / gross debt (%)							
2021	35	92	134	38	67	65	176
2020	35	83	179	40	58	66	189
2019	36	91	323	34	65	58	132
2018	35	85	501	47	58	54	119
2017	36	85	888	52	64	52	150
Liquidity coverage ratio (with planned disbursements):							
6 months (net derivate payables)							
22-Jun		2.0			5.6	1.7	
2021	2.0	2.4	2.7	1.2	4.2	1.8	2.3
2020	2.0	1.6	2.2	1.3	5.3	2.2	1.9
2019	1.8	1.6	3.0	1.6	3.8	1.9	1.3
2018	2.1	1.5	3.8	2.0	2.3	2.0	1.5
2017	0.9	1.9	2.0	1.7	3.6	1.8	1.1
12 months (net derivate payables)							
22-Jun		1.6			2.9	1.3	
2021	1.3	1.9	1.7	1.0	2.5	1.5	1.3
2020	1.1	1.4	1.6	1.2	2.5	1.7	1.5
2019	1.2	1.5	2.0	1.3	2.0	1.6	0.9
2018	1.2	1.3	2.6	1.7	1.7	1.5	0.8
2017	0.7	1.4	1.3	2.0	2.4	1.5	1.1
12 months (net derivate payables) including 50% of all undisbursed loans							
22-Jun		1.8			1.9	0.9	
2021	1.1	2.0	0.8	1.2	1.8	1.0	1.2
2020	1.0	1.4	0.9	1.4	1.6	1.1	1.6
2019	1.0	1.5	0.9	2.1	1.3	1.2	1.1
2018	0.9	1.1	1.0	2.3	1.7	1.1	1.2
2017	0.6	1.1	0.8	3.1	1.9	1.1	1.2
Funding Ratios							
Gross debt / adjusted total assets (%) Fiscal year							
2021	82.0	52.9	12.9	70.0	54.0	59.7	33.9
2020	82.0	57.9	9.9	67.4	51.9	59.4	30.7
2019	81.4	54.5	5.4	63.4	53.5	58.0	42.8
2018	51.6	56.3	3.5	53.1	46.3	57.5	41.1
2017	50.7	58.7	1.9	47.7	43.2	59.3	36.2
Short-term debt (by remaining maturity) / gross debt (%)							
2021	17.4	20.5	16.7	32.7	1.4	14.4	39.6
2020	21.1	25.2	29.6	42.3	2.0	14.1	14.9
2019	21.8	20.5	18.8	43.0	8.0	15.9	27.7
2018	21.6	23.5	N.A.	45.1	6.6	13.8	7.3
2017	18.9	25.7	N.A.	18.1	1.3	13.6	9.0
Static Funding Gap (without planned disbursements)							
12 months (net derivate payables)							
22-Jun		1.7			5.7	1.4	
2021	1.4	1.8	2.4	2.6	4.0	1.6	1.3
2020	1.3	1.3	2.7	2.0	14.1	2.0	2.2
2019	1.3	1.2	2.6	6.6	7.1	1.9	1.8

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Multilateral Development Finance Institutions						
	Global Institutions			Subregional Institutions			
	IBRD	IFC	IDA	BSTDB	CDB	CABEI	EDB
2018	1.4	1.5	2.8	3.6	5.5	1.8	3.3
2017	1.2	1.4	2.5	6.2	18.6	1.8	2.8
SUMMARY BALANCE SHEET							
Total assets (USD Millions)							
2021	317,301	105,264	219,324	3,676	2,217	13,955	5,808
2020	296,804	95,800	199,472	3,438	2,121	13,295	5,600
2019	283,031	99,257	188,553	2,630	2,096	11,611	5,161
2018	403,056	94,272	206,330	2,053	1,748	10,850	3,710
2017	405,898	92,254	197,041	1,818	1,641	9,721	3,320
Total liabilities (USD Millions)							
2021	269,223	74,020	38,448	2,669	1,268	10,161	3,947
2020	256,417	70,618	31,301	2,405	1,153	9,607	3,718
2019	240,916	71,651	25,571	1,698	1,162	8,168	3,311
2018	361,212	68,136	42,385	1,137	849	7,652	1,972
2017	366,100	67,201	38,565	908	741	6,890	1,611
Shareholder's equity (USD Millions)							
2021	48,078	31,244	180,876	1,007	949	3,794	1,861
2020	40,387	25,182	168,171	1,033	968	3,688	1,882
2019	42,115	27,606	162,982	932	934	3,443	1,850
2018	41,844	26,136	163,945	916	899	3,198	1,738
2017	39,798	25,053	158,476	911	900	2,831	1,710

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

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Other Multilateral Lending Institutions							Other Supranational Institutions		
	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
ENTERPRISE PROFILE										
Policy Importance										
Total purpose related exposure (Loans, equity, guarantees, etc..)										
2021	8,234	21,539	11,531	511,104	25,074	4,794	4,569	14,548	2,299	309
2020	8,177	21,347	13,360	552,423	26,499	4,091	4,390	8,363	2,308	124
2019	7,614	17,344	11,429	501,368	21,145	3,823	5,645	13,190	2,090	1,354
2018	7,313	16,749	11,463	512,206	21,842	3,585	5,386	10,641	1,410	1,817
2017	7,140	16,597	14,090	542,185	20,736	3,048	5,101	8,869	1,096	485
Public-sector (incl. sovereign-guaranteed) loans / Purpose related assets (%)										
2021	100	81	100	28	51	-	68	-	-	100
2020	100	79	100	28	49	1	68	-	-	100
2019	100	77	100	28	43	-	79	-	-	100
2018	100	76	100	28	44	1	79	-	-	100
2017	100	75	100	29	45	5	76	-	-	100
Private-sector loans / Purpose related assets (%)										
2021	-	19	-	70	49	98	30	-	100	-
2020	-	21	-	70	51	96	30	-	100	-
2019	-	24	-	70	57	98	19	-	100	-
2018	-	24	-	71	56	98	19	-	100	-
2017	-	25	-	70	55	94	21	-	100	-
Equity exposure / Purpose related assets (%)										
2021	-	-	-	2	-	2	2	100	-	-
2020	-	-	-	2	-	3	2	100	-	-
2019	-	-	-	2	-	2	2	100	-	-
2018	-	-	-	2	-	1	2	100	-	-
2017	-	-	-	1	-	1	3	100	-	-
Gross loan growth (%)										
2021	1	9	(7)	(2)	2	18	4	N.A.	(0)	149
2020	7	13	7	(1)	15	7	(23)	N.A.	10	(91)
2019	4	5	2	(1)	(1)	5	5	N.A.	48	(25)
2018	2	6	(18)	(1)	11	18	6	N.A.	29	275
2017	12	1	(5)	0	4	0	10	N.A.	(2)	(32)
Preferred creditor treatment (PCT) ratio										
2021	2.0	0.0	0.0	N.A	0.0	N/A	N.A	N/A	N/A	0.0
2020	2.1	0.0	0.0	0.2	0.0	N/A	0.1	N/A	N/A	0.0
2019	2.9	0.0	0.0	0.2	0.0	N/A	N.A	N/A	N/A	0.0
2018	N.A	0.0	0.0	0.2	0.0	N/A	N.A	N/A	N/A	6.0
2017	N.A	0.0	0.0	0.1	0.0	N/A	N.A	N/A	N/A	0.0
Governance Structure and Shareholder Support										
Share of votes controlled by eligible borrower member countries (%)										
2021	50	100	100	100	100	100	-	100	10	100
2020	50	100	100	100	100	100	-	100	9	100
2019	51	100	100	100	100	100	-	100	10	100
2018	N.A	100	100	100	100	100	-	100	10	100
2017	N.A	100	100	100	100	100	-	100	11	100

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Other Multilateral Lending Institutions							Other Supranational Institutions		
	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
Share of votes controlled by top two shareholders (%)										
2021	10	33	45	38	56	34	51	89	59	34
2020	11	33	45	38	56	34	51	88	60	40
2019	11	33	45	38	56	34	51	88	60	34
2018	N.A	33	45	38	56	34	51	88	62	33
2017	N.A	33	45	38	56	34	51	88	56	34
Eligible callable capital (USD Millions)										
2021	N/A	1,516	1,673	77,839	6,599	2,295	N/A	6,152	N/A	N/A
2020	N/A	1,631	1,666	83,766	7,102	N.A.	N/A	2,692	N/A	N/A
2019	N/A	1,496	1,543	64,446	4,955	N.A.	N/A	2,500	N/A	N/A
2018	N/A	1,524	1,470	65,676	5,048	N.A.	N/A	2,885	N/A	N/A
2017	N/A	1,670	1,530	68,781	5,299	N.A.	N/A	3,018	N/A	N/A
FINANCIAL RISK PROFILE										
Capital and Earnings										
RAC-ratio (%) - 2017-June-2022										
Jun-22	80	26			23	23			46	63
2021	83	25	10	23	24	21	82	58	44	56
2020	86	26	10	21	24	21	78	31	39	119
2019	90	25	11	21	31	21	N.A	25	32	43
2018	N.A	25	11	21	29	N.A	N.A	29	40	26
2017	N.A	25	10	18	29	N.A	N.A	29	39	162
Net interest income/average net loans (%)										
2021	1.4	0.8	0.2	0.8	0.9	1.7	3.7	N.M.	N.M.	11.7
2020	1.4	0.9	0.2	0.7	1.0	2.2	3.5	N.M.	N.M.	9.1
2019	1.7	1.0	0.2	0.7	1.1	3.0	4.0	N.M.	N.M.	5.5
2018	1.6	1.1	0.1	0.7	1.2	3.4	4.1	N.M.	N.M.	7.6
2017	2.0	1.2	0.1	0.8	1.4	2.2	3.8	N.M.	N.M.	10.5
Net income/average shareholder's equity										
2021	(4.2)	3.0	1.4	3.4	4.1	4.0	2.7	19.0	2.3	(0.0)
2020	(3.8)	2.4	1.6	2.3	4.3	4.8	2.6	6.5	2.0	5.0
2019	(3.6)	3.4	1.5	3.3	5.0	4.9	3.7	8.8	2.2	3.1
2018	(3.5)	3.3	1.0	3.3	4.9	8.3	1.3	6.5	2.0	3.0
2017	(3.1)	3.9	1.0	4.2	6.3	5.0	2.4	5.7	1.5	1.3
Impaired loans and advances/ Total loans (%)										
2021	0.0	0.0	0.0	0.0	0.3	0.3	1.6	N.M.	0.0	0.0
2020	0.0	0.0	0.0	0.0	0.3	0.4	2.2	N.M.	0.0	0.0
2019	0.0	0.0	0.0	0.0	0.4	0.4	2.1	N.M.	0.0	32.0
2018	0.0	0.0	0.0	0.0	0.4	0.4	2.7	N.M.	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.6	2.1	2.7	N.M.	0.0	0.0
Funding and Liquidity										
Liquidity Ratios										
Liquid assets / adjusted total assets (%)										
2021	14	32	30	22	37	39	22	5	89	94
2020	12.3	30	29	19	34	46	24	7	94	97
2019	11.4	34	28	18	37	46	25	8	94	81
2018	12.3	33	28	18	35	47	25	12	95	74
2017	15.8	35	21	16	38	49	26	11	95	92

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Other Multilateral Lending Institutions							Other Supranational Institutions		
	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
Liquid assets / gross debt (%)										
2021	92	38	36	28	43	64	N.M.	N.M.	N.M.	N.M.
2020	101	38	35	24	41	77	N.M.	N.M.	N.M	N.M.
2019	135	43	33	22	44	80	N.M.	N.M.	N.M	N.M.
2018	182	42	34	22	43	86	N.M.	N.M.	N.M	N.M.
2017	282	46	27	20	46	122	N.M.	N.M.	N.M	N.M.
Liquidity coverage ratio (with planned disbursements):										
6 months (net derivate payables)										
22-Jun	2.5	1.9			2.0	1.4			18.1	
2021	2.5	2.4	1.2	N.A	1.9	2.9	1.5	14.5	58.1	1.4
2020	2.4	3.2	1.4	1.4	1.7	3.4	3.1	9.9	30.7	1.8
2019	2.1	2.4	1.2	1.3	1.8	7.1	N.A	11.3	>100	1.5
2018	N.A	2.3	1.6	1.4	1.4	N.A	N.A	4.1	>100	1.4
2017	N.A	2.1	1.6	1.3	1.2	N.A	N.A	7.1	>100	1.5
12 months (net derivate payables)										
22-Jun	1.7	1.4			1.3	1.3			7.1	
2021	1.4	1.2	1.2	N.A	1.3	1.2	1.3	12.3	15.8	1.5
2020	1.4	1.3	1.2	1.1	1.2	1.4	1.7	7.7	9.3	1.8
2019	1.4	1.4	1.1	1.1	1.3	3.6	N.A	8.5	>100	1.5
2018	N.A	1.2	1.3	1.3	1.3	N.A	N.A	2.8	>100	1.3
2017	N.A	1.2	1.3	1.1	1.1	N.A	N.A	5.1	>100	1.4
12 months (net derivate payables) including 50% of all undisbursed loans										
22-Jun	0.9	1.6			1.4	1.3			7.1	
2021	0.6	1.6	1.2	N.A	1.4	1.1	1.2	3.3	15.8	1.5
2020	0.5	1.6	1.2	1.1	1.4	1.1	1.4	2.0	9.3	1.8
2019	0.4	1.3	1.1	1.0	1.5	2.3	N.A	2.4	>100	1.5
2018	N.A	1.2	1.3	1.3	1.5	N.A	N.A	2.1	>100	1.3
2017	N.A	1.2	1.3	1.1	1.3	N.A	N.A	3.1	>100	1.4
Funding Ratios										
Gross debt / adjusted total assets (%)										
2021	15.7	82.8	81.6	78.0	86.0	61.3	N.M.	N.M.	N.M.	-
2020	12.2	78.7	82.3	78.7	84.1	60.5	N.M.	N.M.	N.M.	-
2019	8.4	78.9	82.5	81.2	84.6	57.9	N.M.	N.M.	N.M.	-
2018	6.8	78.6	81.2	81.9	82.7	54.2	N.M.	N.M.	N.M.	-
2017	5.6	77.5	79.2	81.8	82.1	40.4	N.M.	N.M.	N.M.	-
Short-term debt (by remaining maturity) / gross debt (%)										
2021	2.4	18.6	16.2	14.3	25.4	13.6	N.M.	N.M.	N.M.	N.M.
2020	3.1	15.4	26.3	17.0	20.3	13.8	N.M.	N.M.	N.M.	N.M.
2019	2.0	17.4	32.1	18.0	20.9	14.6	N.M.	N.M.	N.M.	N.M.
2018	-	18.5	22.4	15.6	22.3	33.4	N.M.	N.M.	N.M.	N.M.
2017	-	25.9	22.3	14.8	24.4	1.0	N.M.	N.M.	N.M.	N.M.
Static Funding Gap (without planned disbursements)										
12 months (net derivate payables)										
Jun-22	14.1	1.6			1.2	2.1			>100	1.7
2021	11.4	1.4	1.2	N.A	1.2	1.4	>100	9.6	>100	1.5
2020	14.8	1.5	1.3	1.2	1.3	1.1	56.7	9.2	>100	1.6
2019	8.6	1.7	1.3	1.2	1.4	4.4	N.A	10.3	>100	1.4

Five-Year Comparative Data For Multilateral Lending Institutions (Mil. US$), continued

	Other Multilateral Lending Institutions							Other Supranational Institutions		
	IFAD	CEB	EUROFIMA	EIB	NIB	APICORP	OFID	EIF	CGIF	FLAR
2018	N.A	1.4	1.5	1.2	1.5	N.A	N.A	4.0	>100	1.3
2017	N.A	1.3	1.4	1.2	1.3	N.A	N.A	8.4	>100	1.8
SUMMARY BALANCE SHEET										
Total assets (USD Millions)										
2021	10,596	33,792	18,091	643,060	42,706	7,992	6,086	5,899	1,373	8,013
2020	9,883	34,217	20,816	678,341	43,350	7,893	5,919	3,985	1,352	6,509
2019	9,400	29,341	18,085	621,295	36,649	7,349	7,224	3,328	1,255	6,775
2018	9,286	27,838	18,083	635,455	36,255	6,953	7,380	3,047	958	6,867
2017	8,940	28,562	20,418	659,557	35,949	6,237	7,318	2,987	779	6,262
Total liabilities (USD Millions)										
2021	2,012	30,114	16,321	556,554	38,158	5,438	194	1,379	80	4,832
2020	1,681	30,383	18,921	588,388	38,625	5,451	270	1,563	87	3,327
2019	1,273	25,874	16,370	538,590	32,456	4,999	1,785	1,094	77	3,278
2018	959	24,381	16,414	553,907	32,164	4,685	177	771	47	3,481
2017	872	25,002	18,743	576,761	31,801	4,086	189	639	40	2,979
Shareholder's equity (USD Millions)										
2021	8,584	3,677	1,770	86,506	4,547	2,554	5,892	4,519	1,292	3,181
2020	8,203	3,833	1,894	89,953	4,725	2,441	5,649	2,422	1,265	3,182
2019	8,126	3,467	1,716	82,705	4,192	2,351	5,438	2,234	1,178	3,497
2018	8,327	3,456	1,669	81,548	4,090	2,268	7,203	2,276	911	3,386
2017	8,068	3,561	1,675	82,796	4,148	2,150	7,129	2,350	739	3,283

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.

** 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.

*** Our June 2022 RAC ratios are calculated with rating parameters as of September 20th, 2022. If June 2022 RAC ratios are not available for the MLI, we calculate its December 2021 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.

**** The breakdown of sovereign and non-sovereign loans for AIIB and NDB are based on loans and loan commitments.

***** Financial statements for various entities have not yet been published, and therefore the data is left blank.

CGIF loan growth and impaired loans ratio refers to its guarantees.

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. IIB--International Investment 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

	Multilateral Development Finance Institutions		
	Global Institutions		
In USD Millions	**IBRD**	**IFC**	**IDA**
Reporting Date	Jun-21	Jun-22	Jun-21
Risk-Adjusted Capital Ratio After Adjustments (%)	26	39	70
Credit Risk- Exposure			
Government and central banks	310,709	23,604	244,467
Institutions	50,497	36,900	15,802
Corporate	58	22,277	
Retail			
Securitization	1,706	4,818	152
Other assets	3,192	4,959	209
Total credit risk exposure	366,162	92,559	260,630
Credit Risk- Risk Weighted Assets			
Government and central banks	279,772	2,332	271,859
Institutions	9,644	23,027	3,396
Corporate	51	31,315	
Retail			
Securitization	314	1,332	217
Other assets	5,424	8,407	266
Total credit risk	295,205	66,412	275,738
Credit Risk - Average Risk Weight (%)			
Government and central banks	90	10	111
Institutions	19	62	21
Corporate	88	141	
Retail		-	-
Securitization	18	28	143
Other assets	170	170	127
Total credit risk	81	72	106
Market Risk- Exposure			
Equity in the banking book	2,091	12,025	
Trading book market risk		-	
Total market risk	2,091	12,025	-
Market Risk- Risk Weighted Assets			
Equity in the banking book	7,986	27,930	
Trading book market risk	-	-	
Total market risk	7,986	27,930	-
Average risk weight (%)	382	232	
Operational Risk			
Total operational risk	6,819	12,614	6,347
Risk Transfer Mechanism			
Risk Transfer Mechanism			
Average risk weight (%)			
RWA before MLI adjustments	310,010	106,956	282,085
MLI Adjustments			
Single Name (On Corporate Exposures)	790	1,542	-
Sector (On Corporate Portfolio)	(55)	(3,243)	-
Geographic	(31,954)	(17,437)	(19,501)
Preferred Creditor Treatment (On Sovereign Exposures)	(173,759)	-	(110,550)
Preferential Treatment (On FI & Corporate Exposures)	(62)	(6,339)	(144)
Single Name (On Sovereign Exposures)	78,244	-	105,841
Total MLI adjustments	(126,796)	(25,477)	(24,354)
RWA after MLI diversification	183,213	81,479	257,731
Total adjusted capital	47,971	31,624	180,552

RAC -- Risk-adjusted capital. RWA -- Risk-weighted assets. TAC -- Total adjusted capital. Rating parameters for calculation as of September 20, 2022. CEB, NIB, ESM, EIF, EUROFIMA, BSTDB, and EBRD have been converted from EUR to USD using the exchange rate as of December 31, 2021 or June 30, 2022.

In USD Millions	AfDB	ADB	AIIB	BADEA	CAF	EBRD	ESM
	Multilateral Development Finance Institutions						
	Regional Institutions						
Reporting Date	Jun-22	Jun-22	Jun-22	Dec-21	Jun-22	Jun-22	Dec-21
Risk-Adjusted Capital Ratio After Adjustments (%)	24	31	64	86	19	28	19
Credit Risk- Exposure							
Government and central banks	47,236	192,957	25,177	6,457	35,022	16,522	131,851
Institutions	5,284	15,841	18,824	436	14,429	40,283	15,940
Corporate	2,090	5,689	2,049		1,207	18,912	
Retail					20	-	
Securitization	14	1,593	158		262	1,601	
Other assets	109	700				1,032	1,026
Total credit risk exposure	54,734	216,781	46,208	6,893	50,940	78,349	148,817
Credit Risk- Risk Weighted Assets							
Government and central banks	51,487	157,378	16,806	4,805	53,619	21,507	54,059
Institutions	3,201	4,895	7,129	174	2,875	17,460	2,986
Corporate	4,389	7,624	2,897		1,450	25,328	
Retail	-				57	-	
Securitization	36	1,503	32		52	399	
Other assets	290	1,213	-		-	3,019	1,068
Total credit risk	59,404	172,614	26,864	4,979	58,053	67,713	58,112
Credit Risk - Average Risk Weight (%)							
Government and central banks	109	82	67	74	153	130	41
Institutions	61	31	38	40	20	43	19
Corporate	210	134	141		120	134	
Retail					291		
Securitization	250	94	20		20	25	
Other assets	265	173			-	293	104
Total credit risk	109	80	58		114	86	39
Market Risk - Exposure							
Equity in the banking book	1,226	1,380	532	782	302	3,845	
Trading book market risk							
Total market risk	1,226	1,380	532	782	302	3,845	-
Market Risk- Risk Weighted Assets							
Equity in the banking book	5,146	4,431	831	914	1,607	13,515	
Trading book market risk	-	-	-	-	2,164	-	
Total market risk	5,146	4,431	831	914	3,771	13,515	-
Average risk weight (%)	420	321	156	117	532	351	
Operational Risk							
Total operational risk	3,825	5,616	2,013	733	5,042	4,936	4,666
Risk Transfer Mechanism							
Risk Transfer Mechanism							
Average risk weight (%)							
RWA before MLI adjustments	68,375	182,661	29,708	6,626	66,866	86,165	62,778
MLI Adjustments							
Single Name (On Corporate Exposures)	1,495	1,641	1,641	-	730	2,260	0
Sector (On Corporate Portfolio)	(588)	(978)	(385)	-	(68)	(2,384)	0
Geographic	(5,319)	(16,264)	(3,784)	(289)	(5,366)	(13,410)	(1,420)
Preferred Creditor Treatment (On Sovereign Exposures)	(28,392)	(92,576)	(10,491)	(1,062)	(25,882)	(9,652)	(42,163)
Preferential Treatment (On FI & Corporate Exposures)	(742)	(1,487)	(1,469)	(8)	(281)	(4,573)	(0)
Single Name (On Sovereign Exposures)	13,778	93,419	15,834	1,177	34,287	7,665	435,753
Total MLI adjustments	(19,767)	(16,245)	1,345	(182)	3,420	(20,093)	392,170
RWA after MLI diversification	48,608	166,416	31,053	6,444	70,287	66,071	454,948
Total adjusted capital	11,582	51,816	19,856	5,514	13,206	18,345	87,679

RAC -- Risk-adjusted capital. RWA -- Risk-weighted assets. TAC -- Total adjusted capital. Rating parameters for calculation as of September 20, 2022. CEB, NIB, ESM, EIF, EUROFIMA, BSTDB, and EBRD have been converted from EUR to USD using the exchange rate as of December 31, 2021 or June 30, 2022.

Risk-Adjusted Capital, continued

	Multilateral Development Finance Institutions						
	Regional Institutions (continued)						
In USD Millions	**FONPLATA**	**IADB**	**IDB Invest**	**ISDB**	**IIB**	**ICD**	**NDB**
Reporting Date	Jun-22	Jun-22	Jun-22	Jun-22	Dec-21	Jun-21	Dec-21
Risk-Adjusted Capital Ratio After Adjustments (%)	23	23	33.6	35	23	31	27
Credit Risk- Exposure							
Government and central banks	2,453	136,441	1,144	28,638	265	560	16,988
Institutions	147	21,256	3,186	8,535	306	1,479	9,577
Corporate		3,779	4,221	1,100	1,212	578	1,562
Retail							
Securitization		488	253				
Other assets	6	1,019	-	360	118	85	
Total credit risk exposure	2,607	162,982	8,805	38,633	1,902	2,703	28,127
Credit Risk- Risk Weighted Assets							
Government and central banks	3,126	158,153	39	44,734	36	477	14,055
Institutions	117	3,461	2,922	3,226	414	1,332	3,664
Corporate		5,441	5,557	1,695	1,564	943	2,519
Retail			0				
Securitization		1,219	404				
Other assets	18	1,147	-	779	289	200	
Total credit risk	3,261	169,421	8,921	50,435	2,303	2,952	20,238
Credit Risk - Average Risk Weight (%)							
Government and central banks	127	116	3	156	13	85	83
Institutions	80	16	92	38	135	90	38
Corporate		144	132	154	129	163	161
Retail			-				
Securitization		250	160				
Other assets	276	113	-	217	245	234	
Total credit risk	125	104	101	131	121	109	72
Market Risk- Exposure							
Equity in the banking book			222	1,194	3	277	14
Trading book market risk							
Total market risk	-	-	222	1,194	3	277	14
Market Risk- Risk Weighted Assets							
Equity in the banking book			660	2,250	15	906	51
Trading book market risk			-				
Total market risk	-	-	660	2,250	15	906	51
Average risk weight (%)			297	188	430	327	364
Operational Risk							
Total operational risk	101	8,413	586	1,408	66	225	625
Risk Transfer Mechanism							
Risk Transfer Mechanism							
Average risk weight (%)							
RWA before MLI adjustments	3,362	177,833	10,166	54,093	2,383	4,083	20,914
MLI Adjustments							
Single Name (On Corporate Exposures)	-	894	742	934	631	243	1,670
Sector (On Corporate Portfolio)	-	(293)	(453)	(276)	(222)	(63)	(49)
Geographic	(228)	(16,005)	(1,623)	(5,746)	(331)	(706)	(1,783)
Preferred Creditor Treatment (On Sovereign Exposures)	(1,854)	(91,689)	-	(23,065)	-	-	(7,330)
Preferential Treatment (On FI & Corporate Exposures)	(16)	(645)	(808)	(766)	(225)	(355)	(835)
Single Name (On Sovereign Exposures)	4,147	86,004	-	9,153	-	-	23,812
Total MLI adjustments	2,049	(21,733)	(2,143)	(19,766)	(147)	(881)	15,485
RWA after MLI diversification	5,411	156,100	8,024	34,327	2,237	3,203	36,398
Total adjusted capital	1,233	35,883	2,698	11,938	520	979	10,009

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Risk-Adjusted Capital, continued

In USD Millions	Multilateral Development Finance Institutions				
	Subregional Institutions				
	BSTDB	**CDB**	**CABEI**	**EDB**	**IFAD**
Reporting Date	Dec-21	Jun-22	Jun-22	Dec-21	Jun-22
Risk-Adjusted Capital Ratio After Adjustments (%)	19	23	14	14	80
Credit Risk- Exposure					
Government and central banks	255	1,893	13,568	1,962	11,067
Institutions	1,497	155	2,771	1,270	297
Corporate	1,997	173	151	2,843	16
Retail	-	-	35		-
Securitization	-	-	-		-
Other assets	42	9	43	58	275
Total credit risk exposure	3,791	2,230	16,568	6,134	11,655
Credit Risk- Risk Weighted Assets					
Government and central banks	453	3,162	19,349	2,415	9,995
Institutions	1,433	34	1,651	2,426	84
Corporate	3,681	227	255	5,550	10
Retail	-	-	34	-	-
Securitization	-	-	-	-	-
Other assets	123	5	110	179	343
Total credit risk	5,691	3,427	21,400	10,570	10,433
Credit Risk - Average Risk Weight (%)					
Government and central banks	178	167	143	123	90
Institutions	96	22	60	191	28
Corporate	184	131	169	195	66
Retail			98		
Securitization					
Other assets	290	52	254	306	125
Total credit risk	150	154	129	172	90
Market Risk- Exposure					
Equity in the banking book	29			16	
Trading book market risk	-			-	
Total market risk	29			16	-
Market Risk- Risk Weighted Assets					
Equity in the banking book	153			112	
Trading book market risk	-			-	
Total market risk	153	-		112	-
Average risk weight (%)	521			701	
Operational Risk					
Total operational risk	114	215	823	274	768
Risk Transfer Mechanism					
Risk Transfer Mechanism					
Average risk weight (%)					
RWA before MLI adjustments	5,957	3,642	22,223	10,956	11,201
MLI Adjustments					
Single Name (On Corporate Exposures)	1,196	358	60	2,956	73
Sector (On Corporate Portfolio)	(459)	(23)	(25)	(449)	3
Geographic	(732)	(141)	(435)	(596)	(784)
Preferred Creditor Treatment (On Sovereign Exposures)	(3)	(1,690)	(10,778)	(166)	(3,366)
Preferential Treatment (On FI & Corporate Exposures)	(635)	(22)	(151)	(845)	(11)
Single Name (On Sovereign Exposures)	31	1,550	17,413	1,255	2,198
Total MLI adjustments	(602)	32	6,084	2,155	(1,887)
RWA after MLI diversification	5,355	3,674	28,307	13,110	9,313
Total adjusted capital	1,028	853	3,973	1,870	7,476

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Risk-Adjusted Capital, continued

	Multilateral Development Finance Institutions					
	Other Multilateral Lending Institutions					
In USD Millions	**CEB**	**EUROFIMA**	**EIB**	**NIB**	**APICORP**	**OFID**
Reporting Date	Jun-22	Dec-21	Dec-21	Jun-22	Jun-22	Dec-21
Risk-Adjusted Capital Ratio After Adjustments (%)	26	9	23	23	23	82
Credit Risk- Exposure						
Government and central banks	23,806	14,447	375,634	13,992	1,163	5,117
Institutions	14,034	3,596	126,339	11,054	1,703	1,081
Corporate	989	412	167,573	15,853	5,401	679
Retail	-					
Securitization	-		21,698	10		77
Other assets	-		1,087	155	118	290
Total credit risk exposure	38,829	18,454	692,331	41,064	8,385	7,244
Credit Risk- Risk Weighted Assets						
Government and central banks	6,987	1,616	79,652	561	150	4,855
Institutions	2,963	402	34,432	1,580	1,226	781
Corporate	810	323	139,860	10,939	6,406	802
Retail	-				-	
Securitization	-		16,890	5	-	90
Other assets	-		1,079	153	181	296
Total credit risk	10,761	2,341	271,913	13,238	7,963	6,824
Credit Risk - Average Risk Weight (%)						
Government and central banks	29	11	21	4	13	95
Institutions	21	11	27	14	72	72
Corporate	82	78	83	69	119	118
Retail						
Securitization			78	50		117
Other assets			99	99	154	102
Total credit risk	28	13	39	32	95	94
Market Risk- Exposure						
Equity in the banking book			14,620		1,027	111
Trading book market risk						
Total market risk	-	-	14,620	-	1,027	111
Market Risk- Risk Weighted Assets						
Equity in the banking book			63,309		2,178	136
Trading book market risk						
Total market risk	-	-	63,309	-	2,178	136
Average risk weight (%)			433		212	122
Operational Risk						
Total operational risk	307	68	9,187	829	683	728
Risk Transfer Mechanism						
Risk Transfer Mechanism			50,605			
Average risk weight (%)			38			
RWA before MLI adjustments	11,067	2,409	363,449	14,067	10,824	7,688
MLI Adjustments						
Single Name (On Corporate Exposures)	1,096	151	14,422	2,717	782	206
Sector (On Corporate Portfolio)	114	(49)	(13,157)	(1,269)	(433)	(96)
Geographic	(1,128)	(169)	(42,650)	(1,847)	(1,253)	(963)
Preferred Creditor Treatment (On Sovereign Exposures)	(4,239)	(1,057)	(45,324)	(80)	(60)	(1,714)
Preferential Treatment (On FI & Corporate Exposures)	(72)	(3)	(7,646)	(168)	(1,028)	(26)
Single Name (On Sovereign Exposures)	6,416	17,484	89,325	4,384	417	1,269
Total MLI adjustments	2,189	16,357	(5,030)	3,737	(1,575)	(1,324)
RWA after MLI diversification	13,256	18,766	358,419	17,805	9,249	6,363
Total adjusted capital	3,477	1,766	82,772	4,165	2,134	5,211

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In USD Millions	Multilateral Development Finance Institutions		
	Other Supranational Institutions		
	EIF	CGIF	FLAR
Reporting Date	Dec-21	Jun-22	Jun-22
Risk-Adjusted Capital Ratio After Adjustments (%)	58	46	63
Credit Risk- Exposure			
Government and central banks	1,653	1,077	1,689
Institutions	1,275	315	3,973
Corporate	451	2,225	1,793
Retail		-	-
Securitization	12,843	-	318
Other assets	2	-	82
Total credit risk exposure	16,223	3,617	7,855
Credit Risk- Risk Weighted Assets			
Government and central banks	118	83	530
Institutions	272	108	986
Corporate	353	2,835	1,424
Retail		-	-
Securitization	5,473	-	464
Other assets	2	-	93
Total credit risk	6,217	3,025	3,497
Credit Risk - Average Risk Weight (%)			
Government and central banks	7	8	31
Institutions	21	34	25
Corporate	78	127	79
Retail			
Securitization	43		146
Other assets	99		114
Total credit risk	38	84	45
Market Risk- Exposure			
Equity in the banking book	1,506		5
Trading book market risk			
Total market risk	1,506	-	5
Market Risk- Risk Weighted Assets			
Equity in the banking book	1,667		2
Trading book market risk	-		-
Total market risk	1,667	-	2
Average risk weight (%)	111		44
Operational Risk			
Total operational risk	978	137	321
Risk Transfer Mechanism			
Risk Transfer Mechanism			
Average risk weight (%)			
RWA before MLI adjustments	8,862	3,163	3,820
MLI Adjustments			
Single Name (On Corporate Exposures)	185	698	60
Sector (On Corporate Portfolio)	(57)	(218)	(151)
Geographic	(1,324)	(465)	(223)
Preferred Creditor Treatment (On Sovereign Exposures)	-	-	(182)
Preferential Treatment (On FI & Corporate Exposures)	(15)	(367)	(45)
Single Name (On Sovereign Exposures)	-	-	2,600
Total MLI adjustments	(1,211)	(353)	2,058
RWA after MLI diversification	7,651	2,810	5,879
Total adjusted capital	4,439	1,298	3,719

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Sovereign Ratings List

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As of Sept. 30, 2022, S&P Global Ratings rates 137 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 Sept. 30, 2022

	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+/Stable/A-2	BBB+/Stable/A-2	AAA*
Angola	AO	B-/Stable/B	B-/Stable/B	B-
Argentina	AR	CCC+/Stable/C	CCC+/Stable/C	CCC+
Armenia	AM	B+/Stable/B	B+/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+/Stable/B	B+/Stable/B	BB-
Bangladesh	BD	BB-/Stable/B	BB-/Stable/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-/Stable/B	BB-/Stable/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	B-/Stable/B	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
Congo (DRC)	CD	B-/Stable/B	B-/Stable/B	B-
Congo-Brazzaville	CG	CCC+/Stable/C	CCC+/Stable/C	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-*

Sovereign Ratings And Country T&C Assessments As Of Sept. 30, 2022

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
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	BB+
Ecuador	EC	B-/Stable/B	B-/Stable/B	AAA
Egypt	EG	B/Stable/B	B/Stable/B	B
El Salvador	SV	CCC+/Negative/C	CCC+/Negative/C	AAA*
Estonia	EE	AA-/Stable/A-1+	AA-/Stable/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/Stable/A-1+	AA/Stable/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	CCC+/Negative/C	CCC+/Negative/C	CCC+
Greece	GR	BB+/Stable/B	BB+/Stable/B	AAA*
Guatemala	GT	BB-/Positive/B	BB/Positive/B	BB+
Guernsey	GG	AA-/Negative/A-1+	AA-/Negative/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/Negative/A-2	BBB/Negative/A-2	A-
Iceland	IS	A/Stable/A-1	A/Stable/A-1	A
India	IN	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB+
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-/Negative/A-3	BBB-/Negative/A-3	BBB

Sovereign Ratings And Country T&C Assessments As Of Sept. 30, 2022

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Kenya	KE	B/Stable/B	B/Stable/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+/Stable/A-1	A+/Stable/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+/Stable/A-1	A+/Stable/A-1	AAA*
Luxembourg	LU	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA*
Madagascar	MG	B-/Positive/B	B-/Positive/B	B-
Malaysia	MY	A-/Stable/A-2	A/Stable/A-1	A+
Malta	MT	A-/Stable/A-2	A-/Stable/A-2	AAA*
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	B-/Stable/B	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	NI	B-/Stable/B	B-/Stable/B	B-
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-/Stable/B	BB-/Stable/B	BB
Pakistan	PK	B-/Negative/B	B-/Negative/B	B-
Panama	PA	BBB/Negative/A-2	BBB/Negative/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/Stable/A-2	BBB+/Stable/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+/Negative/B	B+/Negative/B	B+

Sovereign Ratings And Country T&C Assessments As Of Sept. 30, 2022

	ISO code	Foreign currency ratings (LT/outlook/ST)	Local currency ratings (LT/outlook/ST)	T&C assessment
Saudi Arabia	SA	A-/Positive/A-2	A-/Positive/A-2	A
Senegal	SN	B+/Stable/B	B+/Stable/B	BBB-*
Serbia	RS	BB+/Stable/B	BB+/Stable/B	BBB-
Sharjah	AE	BBB-/Negative/A-3	BBB-/Negative/A-3	AA+*
Singapore	SG	AAA/Stable/A-1+	AAA/Stable/A-1+	AAA
Slovakia	SK	A+/Negative/A-1	A+/Negative/A-1	AAA*
Slovenia	SI	AA-/Stable/A-1+	AA-/Stable/A-1+	AAA*
South Africa	ZA	BB-/Positive/B	BB/Positive/B	BB+
Spain	ES	A/Stable/A-1	A/Stable/A-1	AAA*
Sri Lanka	LK	SD/--/SD	CCC-/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
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
Turkey	TR	B/Stable/B	B/Stable/B	B
Turks and Caicos	TC	BBB+/Stable/A-2	BBB+/Stable/A-2	AAA
Uganda	UG	B/Stable/B	B/Stable/B	B
Ukraine	UA	CCC+/Stable/C	CCC+/Stable/C	CCC+
United Kingdom	GB	AA/Negative/A-1+	AA/Negative/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 Abu Dhabi, Ras Al Khaimah and Sharjah are equalized with that 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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