Article Title: ARCHIVE | Guidance | Criteria | Governments | General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology Data: (EDITOR'S NOTE: —This guidance document is no longer current. We moved relevant content into the criteria, "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Jan. 31, 2022, without any substantive changes.) Overview And Scope 1. This guidance document provides additional information and guidance related to the application of S&P; Global Ratings' "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology" (the MLI criteria), published Jan. 31, 2022. It is intended to be read and applied in conjunction with those criteria. For further explanation on guidance documents, please see the description at the end of this document. Key Publication Information Original publication date: Dec. 14, 2018. This article is related to "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Jan. 31, 2022. We may revise this guidance from time to time, including when market dynamics warrant re-evaluating the variables we generally use in our assessments of preferred creditor treatment (PCT), capital adequacy, and liquidity. Guidance Summary 2. This article provides additional information on the following aspects of the MLI criteria: PCT, in particular, how we give credit to PCT in the sovereign risk weight and single-name concentration adjustments. Capital adequacy, in particular, the details of the total adjusted capital (TAC) calculation and the adjustments we apply to the risk-weighted assets (RWA). This guidance document also covers how we assess risk weights for portfolios benefiting from hedging through credit risk transfer. The liquidity assessment, in particular, the details of the coverage ratios' calculation. Guidance PCT assessment 3. History of arrears. The PCT assessment considers on a country-by-country basis the arrears observed typically over the past 10 years, generally corresponding to a full economic cycle. The assessment also incorporates our forward-looking view of whether a country will likely be in arrears in the near future. For new multilateral lending institutions (MLIs), in the absence of a track record through a full economic cycle, our assessment relies more heavily on our view of the most likely MLI experience. 4. Definition of arrears. For the purpose of the MLI criteria, we consider an exposure to be in arrears if either interest or principal is overdue beyond 180 days. This threshold is in line with the accounting recognition and treatment of arrears, which enable greater transparency and comparability between institutions. 5. In the vast majority of cases when considering the exposure in arrears, we focus on loans. However, in some cases, we consider claims for insurance or sovereign guarantees provided to an MLI, and we may also include treasury assets. 6. Forward-looking view of PCT. We consider the context of net flows when we assess PCT on a forward-looking basis. "Net flow" reflects the net of financial inflows and outflows between a sovereign and an institution. A positive net flow in this instance means the sovereign is receiving more funding from the institution than it is paying out to service debt to the same institution. For example, a positive net flow may create an incentive for the sovereign to continue to service its debt obligations in the short term; therefore we generally consider net positive flows to be credit-positive. However, we may view that same activity as credit negative when it structurally and significantly contributes to an increase in the sovereign's overall debt or when we believe that loans extended will only increase the likelihood of future nonpayment. 7. Factors applied to the exposure in arrears. As we outline in the criteria, we classify the arrears status of each sovereign into one of three categories. When overdue, we consider the entire outstanding exposure and not only the immediately and past-due payable amounts. Then, we apply an adjustment factor to the exposure depending on the category: For Category 1--if a country had no arrears over the past 10 years--we apply a factor of 0%. For Category 2--if a country was in arrears over the past 10 years or if we expect it to be in arrears in the foreseeable future--we apply a factor of 25%. For Category 3--if a country is currently in arrears--we apply a factor of 100%. 8. Then, we sum all the exposures of sovereigns in category 2 or 3 and weighted by the appropriate factor, and divide them by the MLI's total outstanding sovereign exposures (typically loans). We use this ratio in the final PCT assessment of the enterprise risk profile as per table 5 of the MLI criteria. 9. In addition, this categorization informs which sovereign arrears status column applies (see table 1). This categorization, together with the sovereign rating, determines the risk weights--which may change over time--found in table 1 below. Table 1 Risk Weights For Central Government And Central Banks (%) --SOVEREIGN ARREARS STATUS-- SOVEREIGN LONG-TERM FOREIGN CURRENCY CREDIT RATING CATEGORY 1 CATEGORY 2 CATEGORY 3 AA- and above 3 3 3 A+ 3 3 5 A 3 3 9 A- 3 5 15 BBB+ 3 9

26 BBB 5 15 40 BBB- 9 26 57 BB+ 15 40 76 BB 26 57 99 BB- 40 76 125 B+ 57 99 153 B 76 125 185 B- 99 153 219 CCC+ 125 185 257 CCC 153 219 297 CCC- 185 257 340 CC 219 297 386 D 257 340 428 10. PCT for private-sector exposures. For private-sector exposures, we do not give MLIs benefit for PCT or incorporate PCT in the overall enterprise risk profile assessment. We reflect preferential treatment in the financial risk profile assessment, specifically within the risk-adjusted capital (RAC) ratio, by applying a one-category uplift to the associated Banking Industry Country Risk Assessment (BICRA) score when it is '5' or weaker for financial institutions exposures and to the associated economic risk score when it is '5' or weaker for corporate exposures. This would result in a lower risk weight than that we apply to commercial lenders. 11. However, if there is material exposure and evidence of an MLI not being afforded preferential treatment, such as in the case of not being exempted from capital controls, a debt moratorium, or other sanctions, we could remove (or not apply) this uplift to the BICRA and economic risk scores. 12. PCT for local and regional government (LRG) exposures. For LRG exposures, we typically do not grant benefit for PCT because we believe LRGs will not show different payment behavior toward MLIs compared with commercial creditors. When there is a sovereign guarantee, we consider an MLI's exposure to that LRG to be equivalent to its exposure to the guaranteeing sovereign (see "What Does S&P; Global Ratings Consider A Default For Sovereign And Non-U.S. Local And Regional Governments?," published April 13, 2017). Total adjusted capital 13. TAC is our main capital measure for calculating RAC ratios for MLIs. The calculation of TAC typically includes the same adjustments we apply for commercial banks where relevant. For further details, please see section 1. Total Adjusted Capital (TAC) of "Risk-Adjusted Capital Framework Methodology," published on July 20, 2017. On top of those, where relevant, we add MLI-specific adjustments. These are highlighted in table 2, and described in more detail below. Table 2 14. Capital committed but not yet due or received. Periodic general capital subscriptions are typically scheduled to be paid in over a number of years. When this happens, we include in adjusted common equity (ACE) only the portion received in cash and credited to paid-in capital or capital reserves. Therefore, we exclude the capital subscribed and not yet received. 15. Value payment receivables due on capital. There are cases where member countries are required to maintain the value of their paid-in capital made with their own currencies. Value payment receivables occur when said currencies reduce in value relative to the standard value due to movements in exchange rates, and member countries owe the MLI. Typically, these are already deducted from equity on the MLI balance sheet, but if they are not, we apply this adjustment to derive ACE. 16. Members' promissory notes. These represent contractual agreements made from a member country to an MLI to make a payment on a specified date. We also deduct promissory notes from ACE. 17. Capital in restricted currencies. Some MLI members make their paid-in capital contributions in their own local currency. When we believe the currencies received are nonconvertible or there are significant difficulties to convert, we will deduct these holdings from ACE. This is typically the case when the currency is very thinly traded or subject to capital controls. We could include local currency contributions in ACE if the MLI has significant lending activity in that currency, and so benefits from receiving capital contributions in that local currency for carrying out its activities. 18. This paragraph has been deleted. Adjustment to risk-weighted assets 19. We adjust our RWAs to account for MLI-specific features. The main adjustments relate to: PCT and preferential treatment (described in the section "PCT assessment" above). High-risk exposure cap (HREC). Concentration and diversification. 20. HREC. Some MLIs have high RAC ratios and at the same time may be substantially exposed to risky assets and counterparts with low creditworthiness. This is why we adjust our RAC framework by capping the risk weight so that the capital allocated to such exposures (for example, private equity) does not exceed the exposed amount. The effect of applying the cap is to produce a RAC ratio at about the same level as we would obtain if we deducted 100% of these high-risk exposures from the TAC (that is, we assume that the loss under our stress scenario would amount to the entire exposure). 21. Concentration and diversification. We also apply a single-name concentration charge (for sovereigns) as MLIs are significantly more concentrated than commercial banks in terms of number and size of exposures. To achieve this, we use the same formula as when estimating concentration risk for corporate exposures. However, we removed the quadratic scaling we introduced for corporates given the limited information available on large exposures. For corporate exposures, we based our granularity adjustment on the 20 largest exposures, thereby extrapolating the

normalized and unexpected losses of those exposures to the rest of the portfolio. As MLIs have limited sovereign loan portfolios compared to the commercial banks' corporate portfolios, we have access to the detailed composition of the sovereign loan portfolios, making the extrapolation part of the Gordy formula irrelevant. The rest of our assumptions are identical to the methodology for single-name concentration on corporate exposures, which are detailed in Appendix B of the "Risk-Adjusted Capital Framework Methodology," published July 20, 2017. 22. Specifically, we use the formula originally described and tested by Gordy and Lütkebohmert (see "Granularity adjustment for Basel II," published by the Deutsche Bundesbank as a Discussion Paper, Series 2: Banking and Financial Studies, No 01/2007 in January 2007). This simplifies to the following, based on reported sovereign purpose-related exposures: 23. To account for different levels of perceived PCT and hence the relative riskiness among MLIs, our assumptions for loss-given default (LGD) in the above formula vary from 10% to 45%. We usually assume 10% LGD for institutions with very strong PCT; 20% for institutions with strong PCT; 30% for MLIs with adequate PCT; 40% for MLIs with moderate PCT; and 45% for MLIs with weak PCT. For MLIs with 75% or more of their loans to the private sector, we do not consider PCT in determining their policy importance or enterprise risk profile. Nonetheless, we determine a PCT assessment for the remaining (sovereign-exposure-related) part of the portfolio to inform the LGD assumption that we apply in the concentration adjustment to sovereign exposures. 24. The probabilities of default we use in the single-name concentration formula are PCT-adjusted. This means that, for a given sovereign exposure, we consider the probability of default corresponding to the rating on the sovereign after considering the uplift for PCT depending on the arrears status of the sovereign. 25. We do not apply the HREC in the formula for the single-name concentration adjustment. We acknowledge that the iterative pattern of the HREC may distort the RAC metrics, particularly when RAC ratios are high. This may lead to inconsistent or volatile results, especially in the case of rating migration of large borrowers. However, to limit an excessive concentration charge on the sovereign exposure, we cap the probability of default through a probability of default floor at 'B-'. This enhances the consistency of RAC results in the abovementioned cases while limiting, as far as possible, the allocation of capital to high-risk exposures exceeding the exposed amount. 26. To avoid double counting, we then remove the concentration adjustment based on GDP for geographic concentration and do not apply the adjustment for business-line concentration and diversification. Given that many MLIs are concentrated on a few sovereigns, the single-name concentration adjustment for sovereign exposures is material, leading to a reduction of the RAC ratio in most cases. Applying risk weight to portfolios benefiting from credit risk transfer 27. Multilateral lending institutions and supranationals' efforts to maximize the utility of capital will periodically result in the transfer of risk to other entities. Here we provide additional transparency about how we address risk transfer, in particular through securitization structures, in our assessment of their capital. 28. In the "Credit risk and counterparty risk and associated risk weights" section of our risk-adjusted capital framework (RACF) criteria ("Risk-Adjusted Capital Framework Methodology," published July 20, 2017), and in particular paragraph 96, we give our assumptions for the underlying risk of exposure to securitizations when tranche ratings are unavailable. The criteria include our approach for regulated entities. MLIs are nonregulated entities, so we would not be able to infer any rating on a tranche from the regulatory risk weights because they don't have any. Even if the institution or any third party provides such calculations as per the published regulatory formula, we would typically not use those calculations and assumptions because the essential input values have not been vetted by a regulatory body. 29. Form and structure of risk transfer. Instead, when considering different types of risk transfer mechanisms, typically in the form of securitizations of a pool of an MLI's loans, we would first determine whether the transaction has the necessary elements that would allow the MLI to benefit from capital relief. We typically use one of three potential risk transfer approaches: synthetic risk transfer, securitization of risk exposure, or risk transfer by virtue of the MLI being the beneficiary of a financial guarantee. These elements can also be combined in one structure. 30. A synthetic risk transfer is more likely to achieve a smaller transfer of risk compared with a true sale transaction as the MLI transfers the exposure but now faces concentrated counterparty risk. This is unless the transferred risk tranches are fully collateralized upfront, potentially removing the counterparty risk. In a securitization, a significant or full risk transfer is possible with a true sale of risk. In either case, a tranche of risk or various tranches of risk may be transferred. If instead a guarantee is provided, we

would require it to satisfy our general conditions in the guarantee criteria (i.e., being timely, irrevocable, and unconditional). In addition, we would want to establish a view of the materiality of the risk transferred considering aspects of the regulatory requirements of local and regional jurisdictions. 31. Magnitude of risk transfer. Assuming we have concluded that the form of risk transfer is effective, we then typically evaluate likely total losses emanating from the underlying portfolio. This calculation is based on our total losses adjusted for stronger or weaker economies as well as adjustments for single-name, sector, and geographic concentration or benefits. Alternatively, we could use our CDO criteria ("Global Methodologies and Assumptions For Corporate Cash Flow And Synthetic CDOs," published on Aug. 8, 2016) or our CDO mapping criteria ("CDOs: Mapping A Third Party's Internal Credit Scoring System To Standard & Poor's Global Rating Scale," published on May 8, 2014). We would then consider the estimated losses in the context of the risk transfer structure in order to infer a ratings estimate for each tranche and that would, in turn, determine the risk weights applied. 32. For risk retained, we typically apply a risk weight of 1,250%, akin to a 100% deduction of capital on the equity tranche, which we expect to be fully utilized or consumed in a stressed loss scenario. The risk weight applied to any retained mezzanine or senior tranche would be informed by table 8 from "Risk-Adjusted Capital Framework Methodology," depending on the level of credit enhancement needed to survive a stress scenario at a specified rating level. For example, if portfolio losses, when applying our RACF to derive them, would be fully covered by junior and mezzanine tranches, we would typically infer a rating at the 'A' level for the senior tranche and use a risk weight of 50% according to table 8 in the methodology. We infer this rating level because in the RACF methodology losses are calibrated to an 'A' stress level. Alternatively, more severe stress levels could be considered by applying our CDO criteria to derive portfolio losses. 33. For tranches sold with full payment provided upfront, we would consider the risk effectively removed. Tranches that are transferred depend on the risk of the offtaker's creditworthiness, unless they are fully collateralized during the life of the transaction. In the latter case, we would then consider the risk of the collateral if segregated and bankruptcy remote. To guaranteed tranches, we typically apply a risk weight commensurate with their underlying counterparty risk if they meet our requirements of risk substitution as per our guarantee criteria. 34. Finally, we derive the portfolio risk weight by multiplying each tranche risk weight by the thickness of the corresponding tranche. Liquidity gap analysis 35. Liquidity gap analysis is one of the key factors in our assessment of an MLI's liquidity. The analysis compares sources of funds to uses of funds, mostly over the next six and 12 months, stressed for adverse market and economic conditions (typically corresponding to a 'AAA' stress scenario). 36. Ratio calculation. We assess an MLI's potential uses of cash to determine its contractual and contingent short-term obligations, including the following: Payments in accordance with the maturity profile of liabilities, assuming no access to the markets; Disbursements of undrawn loan commitments; Requirements to post collateral on derivatives payables; Potential calls under guarantees; and Support payments to affiliates (through earnings distributions). 37. The potential sources of cash include the following: Repayment of purpose-related exposures; Drawdown of unrestricted cash and short-term interbank placements; Drawdown of committed credit facilities; The repayment, repo, or sale of unencumbered high-quality liquid securities in the open market; and Disbursement of paid-in capital in line with scheduled general capital increases. 38. Treatment of derivatives and repo transactions. For the purpose of the liquidity gap analysis, we typically do not consider collateral posted in the context of repo or derivatives transactions as encumbered assets, but we add to liabilities the derivatives payables or the short-term interbank borrowing under the repo transaction. Credit and liquidity risk apply normally. If exposure to refinancing risk through repurchase agreement is significant, we add this to liabilities and could consider it a credit-negative. 39. Haircuts on the assets. The 'AAA' stress analysis applies haircuts (reductions) to the sources of liquidity to reflect both credit and liquidity risks. 40. Credit-risk haircuts reflect our assumptions that the MLI may not be repaid on its exposures (securities and loans) in full and on the due date within the time horizon we are considering. In such cases, the underlying creditworthiness of the assets matters. 41. Liquidity-risk haircuts reflect our assumptions that the MLI will only be able to sell its securities before their due date of payment (when it is beyond the time horizon we are considering) at a discounted rate in case it needs to liquidate these assets. In such cases, the liquidity of these assets matters. For assets maturing before three months, liquidity haircuts do not apply. 42.

We calibrate the credit risk haircuts we apply in our analysis of MLIs consistently with the capital charges we apply in calculating the RAC ratios under a 'AAA' stress test scenario, as detailed in "Risk-Adjusted Capital Framework Methodology," published on July 20, 2017. 43. Table 3 lists the credit and liquidity haircuts we typically apply for our liquidity gap analysis. Table 3 Credit And Liquidity Haircuts --LIQUIDITY RISK HAIRCUT (%)*-- ASSET CLASS CREDIT RISK HAIRCUT§ MATURING WITHIN THREE MONTHS MATURING BETWEEN THREE AND SIX MONTHS MATURING BETWEEN SIX AND 12 MONTHS MATURING BETWEEN ONE AND TWO YEARS MATURING BEYOND TWO YEARS Cash/demand deposits 0 UNENCUMBERED SECURITIES RATED 'AA-' OR ABOVE Sovereigns/supranationals/agencies 1 4 6 8 12 14 Local governments and sovereign-sponsored securitizations 1 14 18 26 34 38 Financial institutions 3 20 28 34 40 46 Covered bonds 2 20 28 34 40 46 Corporates 12 20 28 34 40 46 Structured finance 12 100 100 100 100 100 UNENCUMBERED SECURITIES RATED 'A+' TO 'BBB-' Sovereigns/supranationals/agencies 5 6 8 10 14 16 Local governments and sovereign-sponsored securitizations 6 16 20 28 36 40 Financial institutions 5 24 32 38 46 50 Covered bonds 3 24 32 38 46 50 Corporates 15 24 32 38 46 50 Structured finance 15 100 100 100 100 100 UNENCUMBERED SECURITIES RATED 'BB+' TO ‘BB-‘ Sovereigns/supranationals/agencies 25 25 34 41 48 50 Local governments and sovereign-sponsored securitizations 30 40 54 66 77 80 Financial institutions 29 40 54 66 77 80 Covered bonds 19 40 54 66 77 80 Corporates 33 40 54 66 77 80 Structured finance 100 100 100 100 100 100 UNENCUMBERED SECURITIES RATED 'B+' TO ‘CC‘ OR BELOW OR UNRATED Sovereigns/supranationals/agencies 65 65 80 100 100 100 Local governments and sovereign-sponsored securitizations 69 80 100 100 100 100 Financial institutions 74 80 100 100 100 100 Covered bonds 49 80 100 100 100 100 Corporates 67 80 100 100 100 100 Structured finance 100 100 100 100 100 100 OTHER Loans and advances rated ‘BBB-‘ or above 15 100 100 100 100 100 Loans and advances rated 'BB+' or below or unrated 33 100 100 100 100 100 Term deposits and placements at banks rated 'AA-' or above 3 100 100 100 100 100 Term deposits and placements at banks rated 'A+' to 'BBB-' 5 100 100 100 100 100 Term deposits and placements at banks rated 'BB+' to 'BB-' 29 100 100 100 100 100 Term deposits and placements at banks rated 'B+' or below or unrated 74 100 100 100 100 100 Derivatives 100 100 100 100 100 100 Publicly listed or privately held equity shares and funds 100 100 100 100 100 100 Other assets 100 100 100 100 100 100 *The liquidity risk haircut is applied to securities maturing beyond the ratio horizon, to reflect valuation risk. For example, when computing the one-year liquidity ratio, we apply credit risk haircuts to all assets maturing within one year, and we apply the respective “between one and two years” or “beyond two years” columns to longer dated securities. All assets other than unencumbered securities that are not maturing during the stress period are applied a haircut of 100%. §This credit risk haircut is applied to all assets maturing before the end of the ratio horizon, to reflect default risk. 44. Unrated exposures. We generally assume unrated exposures (unless the issuer is rated and the issue rating can be inferred from the issuer's rating) to have higher credit risk and we therefore combine this category with the category of "unencumbered securities rated 'B+' or below" (see table 3). 45. However, based on the historical credit performance we have observed, we consider that such haircut assumptions can potentially overestimate credit risks when it comes to unrated LRGs' and financial institutions' exposures. Additionally, we have observed that there is a high correlation between credit risk and our institutional framework assessments for LRGs and between credit risk and our BICRAs for financial institutions. 46. As a result, in determining the credit risk haircuts in table 3, we apply the following mapping, unless country-specific features require another categorization. Table 4 Mapping Used For Unrated LRGs' Exposures INSTITUTIONAL FRAMEWORK FOR LRGS RATING CATEGORIES FOR LIQUIDITY GAP ANALYSIS 1 and 2 'AA-' and above 3 and 4 'A+' to 'BBB-' 5 'BB+' to 'BB-' 6 or no IF assessment 'B+' and below LRGs--Local and regional governments. Table 5 Mapping Used For Unrated Financial Institutions' Exposures BICRA FOR FINANCIAL INSTITUTIONS RATING CATEGORIES FOR LIQUIDITY GAP ANALYSIS 1 to 5 'A+' to 'BBB-' 6 or 7 'BB+' to 'BB-' 8 to 10 or no BICRA assessment 'B+' and below 47. The above mapping only relates to credit risk haircuts. We continue to apply liquidity haircuts based on the weakest rating category of 'B+' and below, as such unrated LRGs and financial institutions exposures are, in our view, less liquid than exposures to rated entities. 48. For all other (non-LRG and non-financial institution) unrated exposures, we apply table 3 above without any changes; meaning that we assess unrated exposures by asset class and classify

them in the weakest rating category. 49. Ratios used for adjustments. Once we derive the initial liquidity score, we apply positive and/or negative adjustments, where applicable, as described in table 13 of the MLI criteria. 50. The considerations below present various ratios that inform our view of such adjustments. 51. For a strong initial liquidity assessment, we typically consider the following to determine whether an MLI's liquidity can achieve a very strong assessment: Ratios with accelerated disbursements, meaning stressed liquidity sources over liquidity uses including accelerated loan disbursements, typically calculated by assuming that 50% of the entire undisbursed loan book is disbursed within one year. If this ratio comfortably and consistently exceeds 1x, we typically assess liquidity as very strong. We do not apply this ratio if the required data are unavailable. For all institutions--in particular those that function mainly as liquidity providers, and approve loans and disburse in a short time frame and thus do not have sizable undisbursed loan balances--we may adjust additional disbursements to reflect our expectation of countercyclical support in a stress environment. 52. When considering the application of negative adjustments, we typically look at the following: Stressed liquidity sources over liquidity uses including loan disbursements as planned over 24 months. This ratio helps us determine if there is a risk that an MLI would face liquidity needs in the next 12-24 months. Stressed liquidity sources over liquidity uses including loan disbursements, with an additional assumption of defaults on derivative assets. This ratio helps us determine if there is an elevated counterparty risk. Stressed liquidity sources over liquidity uses, excluding planned loan disbursements, at three months and one month. This ratio helps us determine if liquidity caps apply. 53. Treatment of derivatives and repo transactions. For the purpose of the liquidity gap analysis, we typically do not consider collateral posted in the context of repo or derivatives transactions as encumbered assets but we would add to liabilities the derivatives payables or the short-term interbank borrowing under the repo transaction. Credit and liquidity risk apply as per table 3. PCT Assessment For Multilateral Insurance Institutions 54. We assess the enterprise risk profile for multilateral insurance institutions to reflect their policy importance, and we assess on a case-by-case basis whether or not to incorporate benefit for PCT. 55. We assess PCT for multilateral insurance institutions that have statutes affirming the obligation of member governments to reimburse the institution for non-commercial claims and where there is an explicit agreement that allows the institution to subrogate non-commercial claims to member governments. 56. To derive the PCT assessment, we follow the steps outlined in the MLI criteria. 57. Furthermore, we look at the mix of sovereign (non-commercial) exposure and commercial exposure. When an institution's total exposure is primarily (over 75%) non-commercial, we include the PCT assessment in the policy importance score. We measure exposure on a gross basis and before reinsurance. 58. We measure arrears for multilateral insurance agencies based on delayed reimbursements due from member governments to the institution. Insurance agencies typically do not have a consistent treatment of nonperforming reimbursement claims. For consistency, we apply a threshold of 180 days and consider that any claim that is not reimbursed in this time frame will involve a cross-default of the entire sovereign exposure. Revisions And Updates This article was originally published on Dec. 14, 2018. Changes introduced since original publication: On Jan. 31, 2022, we republished this guidance document to link it to the revised MLI criteria, "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology". On March 2, 2022, we republished this guidance document to remove paragraph 18 related to hybrids. Related Criteria Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Jan. 31, 2022 Risk-Adjusted Capital Framework Methodology, July 20, 2017 Related Research Criteria And Guidance: Understanding The Difference, Dec. 15, 2017 What Does S&P; Global Ratings Consider A Default For Sovereign And Non-U.S. Local And Regional Governments?, April 13, 2017 This article is a guidance document for Criteria (Guidance Document). Guidance Documents are not Criteria, as they do not establish a methodological framework for determining Credit Ratings. Guidance Documents provide guidance on various matters, including: articulating how we may apply specific aspects of Criteria; describing variables or considerations related to Criteria that may change over time; providing additional information on non-fundamental factors that our analysts may consider in the application of Criteria; and/or providing additional guidance on the exercise of analytical judgment under our Criteria. Our analysts consider Guidance Documents as they apply Criteria and exercise analytical judgment in the analysis and determination of Credit Ratings. However, in applying Criteria and the exercise of

analytic judgment to a specific issuer or issue, analysts may determine that it is suitable to follow an approach that differs from one described in the Guidance Document. Where appropriate, the rating rationale will highlight that a different approach was taken.