Article Title: ARCHIVE | Criteria | Governments | Sovereigns: Criteria For Multilateral Lending Institutions Data: (EDITOR'S NOTE: — This criteria article is no longer current. It has been superseded by "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Nov. 26, 2012.) Multilateral lending institutions (MLIs) are created, owned, and controlled by multiple countries (together, in a few cases, with other shareholders). As such, MLIs are inherently political—and political considerations manifest themselves, to one degree or another, throughout their operations. However, since the activities of MLIs are financial, Standard & Poor's Ratings Services takes into account both the financial profiles and the political support these institutions enjoy in determining its ratings on MLIs (see Table 1). MLIs are neither intended to be nor operated as profit-maximizing institutions; moreover, their member-country owners do not want them to default or to have to face a capital call. Accordingly, MLIs typically maintain financial profiles far stronger than those of commercial financial institutions. This article begins by laying out the criteria by which Standard & Poor's evaluates MLIs' financial profiles. It concludes by discussing shareholder support for these institutions. Financial Profiles Size Size, per se, is not a rating factor for MLIs. However, the range is huge: at one end, the total assets of the Eurasian Development Bank (EDB) were US$774 million at year-end 2006; at the other, those of the European Investment Bank (EIB) were nearly US$381 billion equivalent. The percentage of MLI assets that are directly related to their raison d'être varies substantially: for instance, at their latest fiscal year-ends, the International Finance Corporation (IFC) had loans, equity investments, and guarantees (development-related exposure [DRE]) equal to 42% of its total assets plus guarantees, while EIB had DRE equal to 89% of its total assets and guarantees. Accordingly, an institution's DRE is a better preliminary indicator of its development impact than its total assets plus guarantees. At year-end 2006, the Inter-American Investment Corporation (IIC) had DRE of US$691 million (EDB, established in 2006, had no loans or equity investments on its balance sheet as of that date), while EIB had DRE of US$337 billion equivalent. Other relevant measures of size include paid-in capital, shareholders' equity, and, for most of these institutions, the amount of callable capital, particularly the portion callable from 'AAA' rated members (see Table 2.) Liquidity Standard & Poor's looks at each institution's liquid assets relative to both gross debt and future payments, a proxy for which is the sum of undisbursed loans and equity investments and a projection of the next year's debt service. Included in liquid assets for comparison purposes are cash and deposits with banks and highly rated securities, both available for sale and held to maturity (where such distinctions are made), regardless of maturity. MLIs have their own more elaborate, and typically more restrictive, definitions. The liquid assets of MLIs are generally high quality, with deposits in highly rated banks in money centers and investments limited to highly rated sovereign or agency obligations and 'AAA' rated corporate and mortgage-backed securities. Lesser-quality assets, such as the securities issued by lower-rated member countries or private sector issuers in such member countries, are not included in calculations of liquidity but are treated as part of DRE. Some MLIs buttress their liquidity positions by maintaining credit facilities from commercial banks or, in some cases, from affiliated institutions. Standard & Poor's generally does not view the undrawn portion of these facilities as liquidity in its calculation of liquidity ratios, although it takes these into account in its rating decisions. Since MLIs are not profit maximizing and are generally well capitalized, deciding to maintain ample liquidity is easier for most of them than for commercial institutions. In particular, the fact that this is accomplished at the cost of lower returns on assets and equity is not a major concern to the shareholders of the 'AAA' rated global and regional MLIs. The large 'AAA' rated supranationals that borrow from the capital markets do so at rates well below LIBOR (after swaps); accordingly, they earn positive spreads on their liquidity that enhance their absolute levels of profitability. It thus may be no coincidence that IFC and the European Bank for Reconstruction and Development (EBRD), perhaps the most commercially oriented of the 'AAA' rated MDFIs, historically have had the highest levels of liquid assets relative to debt (although the African Development Bank [AFDB] surpassed them as of fiscal year-end 2006). Conversely, the lower-rated subregionals (Corporación Andina de Fomento [CAF] and the Central American Bank for Economic Integration [CABEI]), which borrow at rates above LIBOR, tend to have lower liquid assets relative to debt. This is true despite the fact that they face a higher risk of impaired access to capital markets in a time of financial stress than 'AAA' rated MDFIs. Development-related exposure and preferred-creditor treatment The types of DRE vary across MLIs, and sometimes through time. For instance, the International Bank for Reconstruction and Development's (IBRD) DRE historically has consisted entirely of loans and guarantees that must be either to sovereigns or sovereign guaranteed; by contrast, none of the loans and guarantees made by IFC and IIC are sovereign or sovereign guaranteed. The Islamic Development Bank's (ISDB) DRE relates primarily to leasing, installment sales, and other forms of finance that comply with the requirements of Islamic law, and obligors and guarantors may be either public or private sector. For most of these institutions, however, sovereign and sovereign-guaranteed loans are the principal DRE and, in general, the performance of MLI sovereign and sovereign-guaranteed loans has been excellent. While numerous countries have gone into arrears with one or more of these institutions, such arrears are typically short lived and cured without any write-off of the loan. By contrast, commercial lenders have suffered far more defaults and have frequently had to write off a portion of their sovereign loans. Much of the good performance of the MLIs sovereign loan portfolios is the result of the preferred-creditor treatment generally accorded them. Preferred-creditor treatment refers to the decision made many years ago by Paris Club lenders to exempt MLIs from the application of the principle of comparability of treatment, under which all of the creditors of a country obtaining debt relief are expected to share in providing that relief. This has taken on a broader meaning and is now misunderstood by some to mean that MLIs with preferred-creditor status will not suffer defaults on sovereign and sovereign-guaranteed loans. In fact, defaults on such loans to MLIs do occur: for instance, 22 countries have had arrears of six months or more to IBRD at its fiscal year-end since its establishment. Moreover, some of these institutions have, in effect, written off a portion of their loans to countries benefiting from the Highly Indebted Poor Countries (HIPC) Initiative. Preferred-creditor treatment necessarily means something different for MLI loans to private sector borrowers, which are not sovereign-guaranteed. Here, preferred-creditor treatment has come to refer to the willingness of a central bank (or equivalent body) to sell foreign exchange to private sector borrowers to enable them to service their loans to MLIs at a time when foreign exchange is being rationed and when it would not do so to enable the same borrowers to service their loans to commercial lenders. This type of expected preferred creditor treatment is well established and the basis for the "B loan" programs of IFC, Inter-American Development Bank (IADB), and some other MLIs. However, the excellent performance of MLI sovereign and sovereign-guaranteed loan portfolios reflects more than just preferred-creditor treatment. Three other mechanisms have been used to enhance the performance of MLI loan portfolios: The movement of loans from the portfolio of the rated MLI to that of its unrated soft-loan window. IBRD has used this technique a number of times. For instance, at end-June 2002 (IBRD's fiscal year-end), the Democratic Republic of the Congo (DRC) had US$132 million in principal and charges overdue, its loans having been in nonaccrual status since 1993. On July 3, 2002, an undisclosed international financial institution provided a bridge financing that permitted DRC to pay all past-due obligations to IBRD. Those obligations having been paid, the International Development Association (IDA; IBRD's soft-loan window) disbursed a development credit to DRC the same day, part of the proceeds of which was used to repay the bridge financing. Through this mechanism, all of IBRD's hitherto nonaccrual loans to DRC were removed from its balance sheet and transformed into performing loans on IDA's balance sheet. A rescheduling of the loan. Except for project loans, most MLIs are generally extremely reluctant to reschedule sovereign and sovereign-guaranteed loans. As an example, IBRD has done so for only three countries: Bangladesh (in fiscal 1975); Bosnia and Herzegovina (in fiscal 1996); and Serbia and Montenegro (in fiscal 2002). AFDB, taking a different approach from that of IBRD, rescheduled the arrears and future payments of its loans to DRC. However, the terms of AFDB's new loans equated their present value to the present value of the amounts rescheduled. The Islamic Development Bank (ISDB) is unusual in taking a more benign attitude toward rescheduling of loans; in fact, its articles of agreement explicitly permit the rescheduling of a loan "...if a member represents that it suffers from an acute foreign exchange stringency." Donor aid, which pays a portion of some countries' debt service to MLIs. Since its launch by IBRD and the International Monetary Fund (IMF) in 1996, the HIPC Initiative has become the principal mechanism for providing debt relief to the poorest of MLI borrowers. AFDB, most of whose regional members are either now in the program or may become eligible, anticipates that most of its loans to its weakest borrowers will be repaid through the HIPC Initiative. Despite the generally excellent performance of the MLIs' sovereign and sovereign-guaranteed loan portfolios, Standard & Poor's remains concerned about the credit risk embedded in these loan portfolios, and anything that reduces that risk supports a rating. From this perspective, the best approach to arrears elimination is the transfer of loans to a soft-loan window from an MLI, since that immediately and completely removes a weak credit from the MLI's balance sheet. Repayment from own resources is the second-best solution; while this also reduces outstanding loans it does so only gradually, and the decline can be interrupted if the country experiences renewed fiscal stress. The option of rescheduling, which may eliminate loans in nonaccrual status, may be only a cosmetic improvement since all of the exposure remains on the balance sheet. Only if the ability and willingness of the borrower to service the rescheduled loan increases as a result of a rescheduling does this contribute to improving the quality of the loan portfolio. For the reasons above, when comparing two identical portfolios of sovereign and sovereign-guaranteed loans, those of MLIs will carry much lower risk—of both default and loss—than those of commercial lenders. For comparison purposes, Standard & Poor's elevates the ratings (or confidential credit assessments for countries without public ratings) of sovereign and sovereign-guaranteed loans by up to three notches when they are from MLIs rather than from commercial lenders. MLI lending to the private sector without sovereign guarantees can and does result in losses and write-offs. However, the development orientation of MLIs affects their handling of these situations. MLIs typically prefer to reschedule or find other means to recoup their investments rather than to liquidate the borrower, circumstances permitting. In the case of IFC, this approach has been rewarded by surprisingly low loan write-offs. Provisions for losses As noted, while MLIs typically have not needed to write off sovereign and sovereign-guaranteed loans, they can suffer arrears on payments. Most MLIs do not charge penalty interest on past-due obligations from sovereigns; as a consequence, these institutions suffer the economic cost of carry on their past-due loans, interest, and other charges. Even if they believe they will not be required to write off any loans even in the long run, most MLIs historically have made substantial provisions for losses on their sovereign and sovereign-guaranteed loans. However, the accounting profession's adoption of an incurred loss approach is prompting some institutions to substantially reduce their reserves for losses. For instance, during 2003 its accountants insisted that, based upon its historical experience, IADB substantially reduce its reserves for loan losses, and AFDB was compelled to do the same thing during 2005. The move toward fair value accounting has also reduced or eliminated some institutions' reserves for losses on their equity investments. Reserves for losses and shareholders' equity are both available to absorb losses on DRE. MLIs typically pay neither taxes nor dividends, and the provisions that are not made in calculating net income therefore end up, in principle, increasing shareholders' equity. This is what happened in the case of IADB, since these provisions were, in effect, transferred to reserves. In practice, some portion of net income is often distributed for special purposes, such as to fund institutions' soft-loan windows, contribute to the HIPC Initiative, or provide humanitarian assistance, and the amounts so allocated in any one year may reflect the current year's profits. For example, in fiscal 2004, IFC's board of directors agreed to designate a portion of its operating income above US$150 million to fund technical assistance and advisory services for small and midsize enterprises and similar initiatives. This was followed in fiscal 2005 by the designation of US$250 million for "performance-based grants" and in fiscal 2006 by the designation of US$150 million for IDA—the first designation for IDA in IFC's history. However, not adjusting reserves for losses for increases in the embedded risk in loan portfolios, thereby boosting net income above what it "should" be, can conceivably affect the behavior of MLI managements and board members. Moreover, by eliminating the reserve for losses on equity investments, the quality of the shareholders' equity of institutions with significant equity investments—most notably IFC and EBRD—is diminished. Accordingly, Standard & Poor's prefers that reserves for losses and, hence, provisioning in the income statement, be more forward looking and reflect changes in risk embedded in MLI loan portfolios. Balance sheet capital As noted above, most supranationals are very well capitalized. However, while most of their financial statements comply with either U.S. or international generally accepted accounting principles, there are differences in the treatment of certain items that impact upon comparisons of shareholders' equity. Standard & Poor's thus adjusts the shareholders' equity of some institutions to enhance comparability. For instance, at year-end 1997, following its capital increase, more than €1.9 billion of EBRD's €4.9 billion in "paid-in capital" reflected the asset "members' promissory notes," "payments due but not yet received," and "payments committed but not yet due" (this number dropped to €192 million by year-end 2006). By contrast, CAF, which has had two capital increases since that time, includes in shareholders' equity only those sums that have actually been received. In general, Standard & Poor's deducts the amount of receivables related to capital from shareholders' equity even when those receivables are very high quality, as they are in the case of EBRD. A second item that may be carried on MLI balance sheets as a receivable is amounts due as a consequence of maintenance-of-value payments due on capital subscriptions. These arise when members make capital contributions in their own currencies that then depreciate relative to the currency in which the MLI's capital is denominated. The amount of these obligations is also deducted from shareholders' equity. A third adjustment arises when capital subscriptions are paid in member countries' local currencies and restricted as to use. As a result, it is uncertain whether these currencies could be used to meet an institution's debt-service payments. Accordingly, these sums are also deducted from shareholders' equity. Callable capital MLIs are extremely well capitalized as a rule, especially relative to the credit risk on their balance sheets (the European Company for the Financing of Railroad Rolling Stock [EUROFIMA] is a seeming exception to that rule, but its loans benefit from guarantees from highly rated governments). Moreover, shareholders' equity for most of these institutions is buttressed by callable capital. Callable capital is a commitment by each shareholder to make additional capital available to an institution, but only in the event it is required to avoid default on that institution's borrowings or guarantees. Contributions of callable capital are usually a multiple of the paid-in capital shareholders provide; in fact, they are often much larger than even the shareholders' equity of these institutions. Shareholder countries are responsible for meeting a capital call even if other shareholder countries do not. In a worst-case scenario, there could be successive capital calls if there are more failures of shareholder countries to meet a call than expected. In no case, however, would a country be required to provide more capital than the amount of callable capital it has agreed to contribute. Standard & Poor's has two concerns regarding callable capital. First, it is uncertain whether countries would actually meet their commitments to provide callable capital. The members of most MLIs include a number of countries that have very limited ability to pay. At a time of global financial stress sufficient to require an MLI to issue a capital call, it is likely that many of these countries would be unable to comply. Standard & Poor's addresses this problem by calculating its capital-based ratios in two ways: by using balance sheet capital (adjusted where appropriate), implicitly assuming that no callable capital will be forthcoming; and by using balance sheet capital (adjusted where appropriate) plus 'AAA' rated callable capital, assuming that all 'AAA' rated countries (but no others) would in fact meet a capital call. As noted above, most MLIs are very well capitalized even without taking into account callable capital. Second, for some countries, meeting a capital call would require legislative action; accordingly, the timeliness of payment could be an issue. This problem is addressed by MLIs maintaining strong liquidity positions, which allows time for member countries to do what would be required of them to meet the capital call. IBRD and IADB benefit from special legislation that permits the U.S. Secretary of the Treasury to pay up to US$7.7 billion of the country's US$30 billion callable capital commitment to IBRD and US$3.8 billion of its US$29 billion commitment to IADB without congressional action. Whether or not the secretary would do so, and under what conditions, is an open question. There has been some tendency for MLIs to increase the callable-capital share of recent capital increases. Regardless of how seriously countries take their commitments to meet a capital call, Standard & Poor's views the increasing use of callable capital by MLIs as belying, in part, the support that a capital increase would otherwise imply. Statutory and policy controls Standard & Poor's reviews each MLI's statutory and policy controls, particularly those relating to gearing and leverage; liquidity; lending; and asset/liability management. However, Standard & Poor's focuses primarily on the actual financial profile, which may or may not be impacted by statutory and policy controls. In fact, the gearing and leverage of most MLIs are far below levels permitted by both their Articles of Agreement (or equivalent) and their policies and, thus, typically do not act as constraints. Moreover, some MLIs have amended their policies to make them less binding when it was thought to be desirable. In general, because an MLI operates within its own statutory and policy guidelines does not necessarily mean that it will maintain its current rating. The policy constraint that most commonly binds is that on loan concentration. However measured, the sizes of the countries to which MLIs lend vary tremendously. For instance, IBRD's formal country lending limit is the same for member countries with populations under one million as it is for China, with a population of 1.3 billion—US$14.5 billion for fiscal 2006. Some other institutions have more nuanced limits. Some MLIs focus on loans to a particular country or group of countries as a percentage of total loans. This is understandable in terms of the internal dynamics of these institutions. However, from a credit perspective, Standard & Poor's focuses more on loans to one or a small group of countries relative to reserves for losses plus shareholders' equity (narrow risk-bearing capacity) or narrow risk-bearing capacity plus 'AAA' callable capital (broad risk-bearing capacity), since this is the more relevant denominator in the event of losses. Most MLIs have stringent asset/ liability management policies and sophisticated controls to contain the currency, maturity, and interest-rate risk that is especially pronounced for their relatively long maturity assets. This task has been made easier for some institutions by the tendency in recent years for many borrowers to prefer single-currency, floating-rate rather than multiple-currency, fixed-rate loans. Since MLIs operate their treasuries under strict guidelines, and since the extent to which their treasury personnel can boost their compensation by successful trading activities is limited, the potential for large losses on their trading activities is limited compared to that of commercial financial institutions. Shareholder Support The second pillar of an MLI's rating is its shareholder support. In most MLIs there are two classes of shareholders: countries that (or whose residents) borrow (e.g., beneficiaries) and countries that do not (e.g., donors). In the global institutions (IBRD and IFC), donors control well over half of the votes; in regional MLIs, beneficiaries control over half of the votes; in ISDB and the subregional banks (Caribbean Development Bank, CABEI, and CAF), virtually all of the member countries are beneficiaries. However, although donor countries control less than half of the votes in the regional banks, voting rules are such that by acting in concert they can generally block decisions to which they are opposed. The establishment and continued existence of these institutions is evidence that they provide benefits to both beneficiaries and donors. How most beneficiary countries benefit from membership in MLIs is obvious: they obtain financing on better terms than they could from commercial lenders or in the capital markets (or, for some countries, when they have no access to commercial lenders). In addition, in times of financial stress, MLIs will lend when commercial lenders will not, assuming that borrowers meet their conditions for borrowing. The poorest and least-creditworthy members, who cannot borrow from some MLIs, may also be able to access the soft-loan windows maintained by some of these institutions. Since loans from soft-loan windows are at concessional rates, countries that are eligible and borrow from the soft-loan windows are the biggest beneficiaries. Finally, MLIs are an important source of impartial financial and technical advice, and they have proven to be excellent training grounds for senior government and central bank officials. The benefit of MLIs to donor countries is primarily political. They serve as a concrete expression of donor countries' interest in development; they help countries (especially the G7 countries) propagate their views on appropriate economic policies to promote sustainable development and to alleviate poverty; and, given the MLIs' ability to fund themselves in the capital markets, they are a way for donor countries to leverage their aid to beneficiary members. How is the support for these institutions manifested? For beneficiary countries, the most important sign of support is repaying their loans to MLIs, even in a time of financial stress. A second sign of support is participation in the periodic capital increases of most of these institutions, although this should be viewed in light of both the willingness and ability to pay (a number of beneficiary countries in financial stress have either not subscribed to capital increases or are not meeting the schedule of payments for the capital increases of AFDB and IIC, although they would no doubt do so under more favorable economic circumstances). A more subtle measure of shareholder support is the pricing policies of these institutions. Since net income tends to flow to shareholders' equity, and since most income derives from beneficiaries' interest payments on their loans, the willingness to support relatively high pricing on sovereign and sovereign-guaranteed loans is, in effect, a substitute for a capital increase. For instance, CAF charges more for loans to its member countries than do IBRD or IADB. For donor countries, the most important sign of support is the willingness to increase contributions of paid-in capital and, secondarily, callable capital. Another important sign of support is the willingness to provide funding to soft-loan windows, since they are a key element in the franchise value of some institutions (most notably AFDB, 38 of whose 53 regional members are eligible to borrow only from the soft-loan window, and IBRD, 66 of whose 145 members eligible to borrow could do so only from the soft-loan window as of fiscal year-end 2005). In addition, donor countries provide executive directors and some key senior officials to these institutions. CAF and CABEI, both subregional institutions, are interesting because, until recently, all member countries of both were beneficiaries. However, the members of CAF and CABEI have acted somewhat differently toward them historically, even during times of financial stress. CAF's members have been extremely supportive, always repaying their sovereign and sovereign-guaranteed loans to CAF while defaulting to commercial lenders (in one case, even to IBRD and IADB). A recent example of strong shareholder support is Argentina, which joined CAF and contributed US$4 million in paid-in capital even as it remained in default to commercial lenders. Moreover, CAF's members have supported almost continuous increases in paid-in capital for many years. This reflects shareholder understanding of the benefits of maintaining the creditworthiness of the institution. On the other hand, CABEI's shareholders have been seemingly less supportive in recent years with respect to capital increases. CABEI's founding member countries have not increased their paid-in capital since 1995. All of this member support ultimately is reflected in the financial profiles of these institutions. For instance, the preferred-creditor treatment generally accorded by beneficiary countries contributes to high-quality loan portfolios. The willingness to price loans at levels that permit consistent, if sometimes volatile, profitability manifests itself in increases in shareholders' equity and, hence, an institution's ability to increase its DRE. The willingness to increase paid-in capital also increases shareholders' equity. Finally, the willingness to contribute callable capital is an untested, much-less-tangible, and more-difficult-to-assess form of support—but real nonetheless. Shareholder support from donor and beneficiary countries may change in the future. If additional resources from the donor countries diminish or disappear (due to fewer general capital increases), beneficiary countries may come to regard MLI debt as no different in priority from bilateral government debt, which historically has had a much poorer track record of repayment. Similarly, if donor countries conclude that the policy lending and technical advice of the MLIs are ineffective, they may begin to divert their resources for development elsewhere. In the extreme, they could wind down the lending activities of these institutions, as advocated by some critics on the left and the right. Conversely, beneficiary and donor countries may ascribe even greater value to their MLIs, given the sudden interruption in private sector cross-border portfolio flows. The debate on the future role of MLIs in international finance highlights the importance of maintaining their financial strength, which currently is the tangible manifestation of past shareholder support. The future financial positions of MLIs—and, hence, their ratings—will ebb and flow with shareholder decisions that are made today. Table 1 Supranationals MULTILATERAL DEVELOPMENT FINANCE INSTITUTIONS GLOBAL INSTITUTIONS RATING* International Bank for Reconstruction and Development AAA/Stable/A-1+ International Finance Corporation AAA/Stable/A-1+ REGIONAL INSTITUTIONS African Development Bank AAA/Stable/A-1+ Asian Development Bank AAA/Stable/A-1+ European Bank for Reconstruction and Development AAA/Stable/A-1+ Inter-American Development Bank AAA/Stable/A-1+ Inter-American Investment Corporation AA-/Stable/A-1+ Islamic Development Bank AAA/Stable/A-1+ SUBREGIONAL INSTITUTIONS Caribbean Development Bank AAA/Stable/A-1+ Central American Bank for Economic Integration A-/Stable/A-1 Corporación Andina de Fomento (CAF) A+/Stable/A-1 Eurasian Development Bank BBB+/Stable/A-2 OTHER MULTILATERAL LENDING INSTITUTIONS Council of Europe Development Bank AAA/Stable/A-1+ EUROFIMA European Company for the Financing of Railroad Rolling Stock AAA/Stable/A-1+ European Investment Bank AAA/Stable/A-1+ Fondo Latinoamericano de Reservas AA-/Positive/A-1+ Nordic Investment Bank AAA/Stable/A-1+ OTHER SUPRANATIONAL INSTITUTIONS European Atomic Energy Community AAA/Stable/A-1+ European Central Bank AAA/Stable/A-1+ European Coal & Steel Community AAA/Stable/— European Community AAA/Stable/A-1+ European Investment Fund AAA/Stable/A-1+ *As of Aug. 31, 2007. Table 2 Country Distribution Of Loans, Equity Investments, And Guarantees By Standard & Poor’s Rating Category —MULTILATERAL DEVELOPMENT FINANCE INSTITUTIONS— —OTHER SUPRANATIONALS— (%) —GLOBAL INSTITUTIONS— —REGIONAL INSTITUTIONS— —SUBREGIONAL INSTITUTIONS— AT YEAR-END: IBRD* IFC* IADB ASDB EBRD AFDB ISDB¶ IIC CAF CABEI CDB EDB EIB EUROFIMA CEB NIB 2006 A- and above 17 11 2 26 7 1 19 13 0 0 13 0 91 97 78 83 BBB 23 34 10 1 73 27 4 11 0 0 19 0 6 2 16 8 BB 45 37 55 60 12 33 24 57 67 68 23 0 3 1 6 8 B 12 15 29 12 4 7 33 12 15 32 31 0 0 0 0 0 CCC+ and below 3 3 3 2 3 32 21 6 18 0 14 0 0 0 0 0 2005 A- and above 15 10 2 24 15 0 16 10 0 0 16 N.A. 93 99 83 84 BBB 23 29 17 1 67 27 8 8 0 0 19 N.A. 4 1 9 8 BB 40 38 45 28

9 28 15 54 53 67 22 N.A. 3 1 7 6 B 19 19 33 45 5 10 39 23 31 33 29 N.A. 1 0 0 1 CCC+ and below 2 4 3 2 4 36 23 6 16 0 14 N.A. 0 0 0 0 2004 A- and above 5 3 2 9 21 1 11 12 0 0 3 N.A. 95 99 86 85 BBB 31 30 17 22 28 28 9 11 0 0 35 N.A. 2 1 6 8 BB 37 41 46 25 34 28 18 45 52 66 21 N.A. 2 0 8 6 B 25 22 13 42 12 14 44 20 31 34 32 N.A. 1 1 0 2 CCC+ and below 2 4 23 1 4 30 18 12 17 0 9 N.A. 0 0 0 0 2003 A- and above 5 4 2 9 15 1 15 14 0 0 18 N.A. 93 98 86 83 BBB 27 21 16 20 30 24 7 11 0 0 16 N.A. 3 1 6 10 BB 26 32 23 29 39 25 12 27 46 66 23 N.A. 2 0 1 3 B 32 33 36 42 10 23 50 28 36 34 39 N.A. 2 1 7 4 CCC+ and below 10 10 24 1 5 27 17 20 18 0 4 N.A. 0 0 0 0 2002 A- and above 6 6 2 13 15 1 9 12 0 0 18 N.A. 93 98 84 81 BBB 26 15 16 24 28 24 9 11 0 0 18 N.A. 2 1 5 10 BB 27 30 22 27 29 23 16 27 48 56 24 N.A. 1 0 1 3 B 31 35 35 9 20 11 44 30 17 44 37 N.A. 2 1 11 2 CCC+ and below 10 14 25 26 7 41 22 21 35 0 3 N.A. 0 0 0 3 *As of June 30 of the following year. ¶As of the end of the preceding Gregorian calendar year. N.A.—Not available.