

Notes to Consolidated Financial Statements

International Business Machines Corporation and Subsidiary Companies

Past Due Financing Receivables

The company considers a client's financing receivable balance past due when any installment is aged over 90 days. The following tables present summary information about the recorded investment in lease and loan financing receivables, including recorded investments aged over 90 days and still accruing, billed invoices aged over 90 days and recorded investment not accruing.

(\$ in millions)

	Total Recorded Investment	Recorded Investment >90 Days ⁽¹⁾	Recorded Investment >90 Days and Accruing ⁽¹⁾	Billed Invoices >90 Days and Accruing	Recorded Investment Not Accruing ⁽²⁾
At December 31, 2019:					
Americas	\$ 3,419	\$187	\$147	\$11	\$ 41
EMEA	1,186	28	13	2	17
Asia Pacific	963	19	7	1	11
Total lease receivables	\$ 5,567	\$234	\$168	\$14	\$ 69
Americas	\$ 6,726	\$127	\$ 71	\$11	\$ 72
EMEA	3,901	77	8	3	72
Asia Pacific	2,395	26	6	2	21
Total loan receivables	\$13,022	\$231	\$ 85	\$15	\$166
Total	\$18,590	\$465	\$253	\$29	\$235

(\$ in millions)

	Total Recorded Investment	Recorded Investment >90 Days ⁽¹⁾	Recorded Investment >90 Days and Accruing ⁽¹⁾	Billed Invoices >90 Days and Accruing	Recorded Investment Not Accruing ⁽³⁾
At December 31, 2018:					
Americas	\$ 3,827	\$310	\$256	\$19	\$ 57
EMEA	1,341	25	9	1	16
Asia Pacific	1,152	49	27	3	24
Total lease receivables	\$ 6,320	\$385	\$292	\$24	\$ 97
Americas	\$ 6,817	\$259	\$166	\$24	\$ 99
EMEA	3,675	98	25	3	73
Asia Pacific	2,489	40	11	1	31
Total loan receivables	\$12,981	\$397	\$202	\$29	\$203
Total	\$19,301	\$782	\$494	\$52	\$300

⁽¹⁾ At a contract level, which includes total billed and unbilled amounts for financing receivables aged greater than 90 days.

⁽²⁾ Of the recorded investment not accruing, \$191 million is individually evaluated for impairment with a related allowance of \$171 million.

⁽³⁾ Of the recorded investment not accruing, \$249 million is individually evaluated for impairment with a related allowance of \$219 million.

Credit Quality Indicators

The company's credit quality indicators, which are based on rating agency data, publicly available information and information provided by customers, are reviewed periodically based on the relative level of risk. The resulting indicators are a numerical rating system that maps to Moody's Investors Service credit ratings as shown below. The company uses information provided by Moody's, where available, as one of many inputs in its determination of customer credit ratings.

The following tables present the recorded investment net of allowance for credit losses for each class of receivables, by credit quality indicator, at December 31, 2019 and 2018. Receivables with a credit quality indicator ranging from Aaa to Baa3 are considered investment grade. All others are considered non-investment grade. The credit quality indicators do not reflect mitigation actions that the company takes to transfer credit risk to third parties.