FitchRatings

Public Finance/Corporates
Global/Non-US

政府相關實體評等準則

跨產業準則

報告更新並修正於 2018 年 10 月發布之 Government-Related Entities Rating Criteria。

Related Criteria

Corporate Rating Criteria (February 2019)

Rating Criteria for Infrastructure and Project Finance (July 2018)

Non-Bank Financial Institutions Rating Criteria (October 2018)

Rating Criteria for International Local and Regional Governments (September 2019)

Public Sector, Revenue-Supported Entities (May 2019)

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範圍

本報告說明惠譽如何針對其性質為全球性企業、基礎設施與專案融資，以及非美國政府公共融資之政府相關實體 (GRE)，授予新國際信用評等以及監督現有國際信用評等的方式。

準則載於本報告補充說明，與下列內容併同適用：Corporate Rating Criteria、Rating Criteria For Infrastructure and Project Finance、Rating Criteria for Public-Sector, Revenue-Supported Debt、International Local and Regional Governments Rating Criteria – Outside the United States 以及Non-Bank Financial Institution Rating Criteria。

這些準則不適用於商業型或投資型金融機構 (例如銀行)，但其可能適用於不具有法定所有權 (基於其架構或特定狀態，例如基金會、協會或慈善機構) 且受到政府高度管制之實體。

GRE 國內評等並非以這些準則所述方式推導產生。國內評等所表達之信用狀況，係指評等對象相對於單一國家內的全部發行機構及發行項目之信用狀況。這些準則所提供的分級指南，可能不符為該等市場提供較多評等區隔之目的。但在授予國內評等時，仍可運用這些準則作為特別支援可能性的評估原則。

評等之主要驅動因素

主要驅動因素的相對重要性：支援方面的評估結果為較強或較佳時，給予支援的政府將會是 GRE 的發行人違約評等 (IDR) 之主要影響因素。支援方面的評估結果為較弱或中等時，GRE 的自身信用狀況 (SCP) 將會是其 IDR 的主要影響因素。

在評估支援可能性時，相較於「關聯性強度」因素 (法律定位、所有權、控制權以及支援記錄與預期)，將更加側重於「支援動機」因素 (違約產生的社會政治及金融影響)。這些因素可能導致 GRE 評等與政府 IDR 一致；依據政府 IDR 調降 GRE 的評等；依據其 SCP 調升 GRE 評等，或與其 SCP 一致。

關聯性強度：本因素藉由衡量政府對 GRE 活動的涉入程度及政府向 GRE 提供支援的義務，以評估政府與 GRE 間的關聯性強度。

支援動機：本因素衡量政府向 GRE 提供所需支援的已知動機。

導致相同評等的單一因素：此外，惠譽認為僅有少數因素可獨力保證 GRE 的 IDR 可與其政府具有相同評等。

當有下列情形時，GRE 的 IDR 通常會與政府的 IDR 一致：政府對該 GRE 債務的擔保程度超過 75%，且無未能準時付款或保證程度可能變更的疑慮；該 GRE 之法定地位等同保證作用時；或該 GRE 持續贡献超過 10%的政府收入。

自身信用狀況：SCP 代表依據相關準則所确定的 GRE 信用狀況，并假定該 GRE 於陷入財務困難時未獲得政府特別支援

本報告包含中文摘譯與英文全文，譯文若與英文有出入，請以英文為準。
This report contains of summary Chinese translation and English full report. In the event of any dispute / misinterpretation, the English version shall prevail.

「政府相關」之定義

無論是全國、區域或地方政府，只要其與一實體現存上下隸屬關係並可加以充分控制，該實體即視為與「政府相關」。在本報告中，「政府」一詞適用於受評 GRE 相關的母公司。這通常表示政府對該實體 (直接及/或間接) 持有超過半數以上的經濟控制力或表決權。此外，當惠譽評估認定政府有可能支援陷入財政困境的實體，以避免違約帶來的社會政治不良影響，或該實體履行重要公共政策任務時，惠譽將認定該實體為 GRE。

架構

GRE 分析方式綜合了自身信用狀況 (SCP) 及 GRE 財務困難時獲得特別支援可能性的分析。

特別支援可能性之評估

惠譽在評估支援可能性時主要考量下列兩項關鍵評等因素，且該兩項因素可各自再細分成兩項子因素。第一項因素即評估政府對 GRE 活動的涉入程度及該政府向 GRE 提供支援的義務，以衡量其中的關聯性強度；第二項因素則是評估政府提供 GRE 所需支援的已知動機。

關聯性強度

法律定位、所有權與控制權

GRE 的法律定位使其在違約或清算的情況下，可能由政府負擔該 GRE 債務的最終償還責任。所有權與控制權可能會強化提供支援的義務。

支援記錄與預期

這包括政府向該 GRE 提供財務支援的證據，以及此支援是否為經常性且有助於該 GRE 維持適切財務狀況等證據，可用來評估該政府未來給予支援的可能性，以及未來持續給予支援的承諾。

支援動機

GRE 違約造成的社會政治影響

若缺乏替代方案，GRE 違約可能導致服務無法持續提供。GRE 違約也可能造成就業問題或社會不安等社會影響。此外，違約可能使大眾產生政府無法妥善履行其義務或責任的認知，而在政治層面造成影響。

GRE 違約造成的金融影響

GRE 違約可能會對該國政府或國內其他 GRE 未來籌措資金的能力造成影響。考量因素包括違約 GRE 與其他 GRE 相較之下可能帶來的影響、GRE 違約對融資市場的衝擊，以及違約對於政府和其他 GRE 籌資管道的影響。

每一項因素的評估，依據附錄 2 所述定義，經主觀區分為「弱」、「中」、「強」或「非常強」。每個評估等級與下表顯示的分數相關。惠譽賦予「支援動機」因素的權重是「關聯性強度」因素的兩倍，以反映出外部壓力的重要性，亦即在任何時點依情勢不同很可能出現促成實際支援的外部壓力。在判定能否獲得未來支援時，相較於涉入程度或過去已提供的協助，避免對政府造成負面結果的動機會被視為更重要的指標。

評估分數

因素評估	關聯性強度	支援動機
Very strong	10	20
Strong	5	10
Moderate	2.5	5
Weak	0	0

來源：惠譽

將每一項支援因素分數加總後，即可獲得整體性支援分數，並以表格化級別劃分法導出 GRE 的 IDR。惠譽將依據上述考量因素以區分政府可能提供支援的程度，判斷支援屬於：

- 極可能提供 (採用由上至下法) 或；
- 有可能提供 (採用由下至上法)。

級別劃分法

SCP 分為五級，然后依據整體支援分數推導出級別差距。SCP 區分為：與對應的政府評等一致或高於政府評等、低於政府評等一至三級、低於政府評等四級、低於政府評等超過四級。將政府支援納入計算後，GRE 的 IDR 可能為下列其中之一：

- 受限：GRE 的 IDR 通常受限於政府 IDR，除非 該 GRE 的 SCP 高於政府 IDR，且該政府對其 GRE 現金或資產取得權限受到限制 (例如股東協議、債務隔離條款或限制 GRE 現金或資產流至政府等類似規定)；在此情形下，GRE 的 IDR 可能高於政府 IDR。
- 一致：GRE 的 IDR = 政府 IDR
- 由上至下調降 1、2 或 3 級：GRE 的 IDR 比政府 IDR 低了一級、二級或三級
- 由下至上調升 1、2 或 3 級：GRE 的 IDR 比 GRE 的 SCP 高了一級、二級或三級
- 自身評等：GRE 的 IDR = GRE 的 SCP

分級類別的制定是根據 GRE 的 SCP (一致 / 最多差距三級 / 差距四級 / 差距超過四級) 為基礎，以反映 GRE 及政府間的評等差距越大，則越依賴支援的事實。

在未推導出 SCP 或 SCP 不具顯著重要性的情形，由於難以將發行機構與政府加以區隔，惠譽將採取 SCP 與政府評等「差距超過四級」時的所用方法 (請參照第 7 頁的分級指南表)。當未授予 SCP 或 SCP 不具顯著重要性時，可能無法對採用由下至上或自身評等方法的實體進行評等。

支援方面的評估結果呈現動態變化，这取决于 GRE 與所涉政府關係的演變，GRE 的評等方法可能從政府 IDR 的由上至下評等法改為由下至上評等法，反之亦然。舉例而言，政府持股減少、法定地位變更，或是 GRE 所處商業環境明顯改變，均可能導致惠譽不再對該 GRE 採用由上至下評等法，並採取適當的評等行動。反之，若所有權比重或策略性活動增加，或是賦予額外的公共服務義務，則可能採取相反的反應措施 (從由下而上評等法改為由上而下評等法)。

倘 GRE 很可能同時面對財務困難及政府對 GRE 支援能力下降的情形，例如 GRE 及政府的自身評等驅動因素均與特定商品 (例如油品) 密切連結，且雙方均有評等驅動因素惡化的相似弱點時，則評等委員會得採取比分級指南表更為保守的級別劃分法。

當一個以上的政府掌握 GRE 的所有權時，惠譽將依據各政府在 GRE 中的控股權及/或筹资参与程度，採用各政府加權後的平均信用狀況。惠譽會將持有或控制 25% 以上 GRE 股份的任何個別政府實體納入評等考量，直到前開實體總計持有或控制 75% 以上 GRE 股份。但加權後的平均政府信用評等，將以持有 GRE 最多股份者的信用水準作為上限。惟倘有多位政府股東 (例如超過四位)，且其中並無單一政府持有該 GRE 50% 以上股份，信評機構得認定集團成員間的關聯性未達充分緊密，其欠缺採取「由上至下」評等法的正當理由，而應適用「由下至上」評等法。

惠譽也可能遇到 GRE 股份的持有人並非明確定義之政府實體，但其仍受益於廣范的公共系統支援的情形。這項支援可能造成政府其他層級對於該 GRE 较大部分債務提供擔保、政府或其機構對該 GRE 進行全面性嚴格監管，或機構借款人 (通常是國營政策性銀行) 持續提供優惠利率或補助性貸款等結果。在此類不常見的情形中，亦即直接支援來自無法明確判定的實體或實體集團 (此即排除了「由上至下」評等法) 但具有強勁的系統性支援，惠譽可能決定採用「由下至上」評等法，並在適當時可調升超過三級。

GRE 子公司的評等方式

一如標準慣例，將採用 Parent and Subsidiary Rating Linkage (PSL) 準則為 GRE 子公司進行評等。用於 PSL 評估 的母公司信用狀況，通常是指母公司 GRE 的 IDR (含政府支援)。然而，倘惠譽確信政府支援不可能流向子公司 (例如，子公司並無從事任何讓母公司 GRE 獲得政府支援的公共服務或其他活動)，將以母公司 GRE 的 SCP (不含支援) 作為評等基準點。

考量要素如下：

- 子公司違約對於 GRE 母公司營運的影響；
- 子公司的營運是否為供應公共服務或經濟活動上不可或缺的一部分，且前開公共服務或經濟活動可促使政府向 GRE 提供支援 (例如，GRE 的外國子公司不太可能受益於政府支援，即便該子公司的規模龐大亦同)。

倘若子公司的 SCP 優於 GRE 母公司的 IDR，則子公司的 IDR 通常會受限於母公司 IDR 的等級。在 GRE 母公司對子公司現金或資產的取得權限受限的情形下 (例如受限於法律或正式營運條件規定)，委員會得認定較優 SCP 不受等級限制。「母公司 GRE」是指位於集團中最上位的實體，其負責整個集團的營運管理並擬定策略目標。因此，下列實體類型將不會被視為母公司 GRE，此意味我們在套用 GRE 準則時，將「徹底審視」此類實體：

- 主權財富基金或類似機構；
- 政府用於持有投資項目的中介型控股公司 (其無實質營運或負有債務)。

當母公司 GRE 未經評等而無法採用 PSL 評等法時，惠譽將直接套用 GRE 準則以評估子公司的政府支援，前提是惠譽需確信位於所有權結構鍊上位的實體不會禁止該子公司及時取得政府支援。

自身信用狀況

推導 SCP 時會採用各種相關主要準則，對於公司型態的 GRE，採用 Corporate Rating Criteria；對於肩負公共任務的 GRE，採用 the Public Sector, Revenue-Supported Entities Rating Critiera，此不含任何政府母公司例外支援情形；對於專案，採用 Rating Criteria For Infrastructure and Project Finance，對於某些金融型 GRE，則採用 Non-Bank Financial Institution Rating Criteria。

由於 GRE 的營運被視為政府公權力延伸，且用於評估其信用狀況的現金流過少，可能無法對該 GRE 的 SCP 做出判斷。這通常發生在 GRE 存在的主要目的在執行公共政策任務，且政府影響力對於 GRE 政策、營運及財務方面屬於不可或缺的項目，這將導致支援併入 GRE 業務規模的評估。在前開情況下，SCP 評估結果會被視為「不具顯著重要性」，且持續性支援 (納入 SCP) 及特殊支援 (納入分級) 間的區分則淪為人為形式，因此無須進行 SCP 評估。遇此情形，惠譽將不會推導 SCP，但會為了套用上開級別劃分法，假定發行機構的 SCP 與政府評等相差超過四級。

分級指南表

GRE 的 SCP 與政府評等/整體支援評分	等於或高於 45	之間 35 42.5	Between 27.5 32.5	Between 20 25	Between 15 17.5	12.5	等於或低於 10
一致或較高	自身或受限	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained	Standalone or constrained
至多與政府評等相差三級	一致	Equalised	Equalised	由上至下調降 1 級 [a]	由下至上調升 1 級，並以政府評等降 1 級為上限	Bottom up + 1 capped at government minus 1	Standalone
與政府評等相差四級	Equalised	Top down minus 1	Top down minus 1	Top down minus 2	由下至上調升 1 級	Bottom up + 1	Standalone
與政府評等相差四級以上或未推導出自身評等/自身評等不具顯著重要性 [c]	Equalised	Top down minus 1	Top down minus 2	Top down minus 3	由下至上調升 2 級或 3 級，並以政府評等降 3 級為上限 [b]	Bottom up + 1 [b]	Standalone [b]

[a] 倘 GRE 的 SCP 低於政府評等一級，GRE 信評驅動因素大部分與政府無關，則可將評等調升一級至相同等級，因為也可將政府納入考量
[b] 當未授予自身評等，或自身評等不具顯著重要性時，無法對採用由下至上法或自身評等法的實體進行評等
[c] 當發行機構實際上無法與政府脫鉤，尤其當 GRE 基本上代表政府執行政策導向任務且自身並未產生現金流時，或與政府具有相當緊密的營運及財務關聯性時，則 SCP 可能「不具顯著重要性」。
Source: Fitch

當 GRE 的 SCP 高於政府母公司的 IDR，將採用 Parent and Subsidiary Rating Linkage 所載的企業準則相關考量，以判斷 GRE 的 IDR 是否受限於政府母公司評等等級或以該等級為上限。基於相同目的，當 SCP 用於評估基礎設施及專案融資產業時，將適用 Rating Criteria for Infrastructure and Project Finance 主要準則。針對政策型 GRE，我們將運用 Public Sector, Revenue-Supported Entities Rating Criteria。

GRE 類型

GRE 可能肩負公共任務 (公共型 GRE) 或企業任務 (企業型 GRE)。

肩負公共任務的 GRE 主要提供基本公共服務，或為政府 (主權國家或次國家政府) 擔負起社會或政治發展功能。政府可能直接或間接持有該 GRE 過半數股份並加以嚴格管控，且該 GRE 可能具有特殊公共地位。此實體通常是非營利性質，並與政府具有持股、法律及/或財務關聯性。倘其受到管制，亦不應妨礙政府在必要時向該實體提供直接或間接之財務援助。此類實體的 SCP 將會依照 Rating Criteria for Public-Sector, Revenue-Supported Debt 或任何特定產業準則進行評估。

肩負企業任務的 GRE 仍得從事部分公共服務活動或履行公部門指示或任務，但这些并非其主要业务。同樣的，企業型 GRE 接受一定程度的政府融資支援或補貼，但其主要營收來源應來自商業活動 (透過銷售產品或提供服務等活動獲得營業收入)。企業型 GRE 過半數股份將由政府

直接或間接持有，且其可能具有特殊公共地位。企業型 GRE 倘受到管制，其所受管制與私部門競爭事業並無不同。此類實體 SCP 的評估方式將採用 Corporate Rating Criteria。

特殊支援或經常性影響

特殊支援是指為協助避免 GRE 違約可能而提供的支援類型。特殊支援可以多種方式呈現。例如，GRE 可自政府取得緊急流動性支援，或政府可安排公營銀行挹注資金等更加務實的方式，使 GRE 得以按時兌現其財務承諾。特殊政府支援並未納入 SCP 的評估因素。

但其他對於信譽具有正面影響的政府影響力 (例如政府持續性付款、良好监管環境或提供低於市場價格原料)，以及對影響帶來負面影響的情事 (採取必要重整措施的能力受限或股利分配政策過於沉重)，均納入 SCP 評估因素。

關聯性強度

法律定位、所有權與控制權

基於 GRE 的法律定位，若發生違約，可能將由政府負擔 GRE 債務的最終償還責任。所有權與控制權可能會強化提供支援的義務。

評估時會考量的四項主要因素為：

- 實體的法律定位：依據普通商業法規定之法律地位或特別法律地位，此涉及 GRE 解散時，政府是否自動承接債務；
- 所有權比例及相對其他股東之所有權比重；
- GRE 的營運、策略及財務活動受到政府管控的程度；
- 倘 GRE 為一政府機關 (部會或中央政府部門)，我們通常會自動將該實體視為與政府同等。

FitchRatings

Public Finance/Corporates
Global/Non-US

Government-Related Entities Rating Criteria

Cross-Sector

Scope

This report sets out Fitch Ratings' methodology for assigning new and for monitoring existing international credit ratings to government-related entities (GREs) within corporates globally, infrastructure and project finance globally, and non-US public finance.

The criteria set out in this report supplement and are applied in conjunction with: the Corporate Rating Criteria, the Rating Criteria For Infrastructure and Project Finance, the Public Sector, Revenue-Supported Entities Rating Criteria, Rating Criteria for International Local and Regional Governments and the Non-Bank Financial Institution Rating Criteria.

These criteria do not apply to commercial or investment financial institutions such as banks, but they may apply to entities which do not have, in strict terms, a legal ownership (due to their structure or specific status, such as foundations, associations or charities), but which are subject to a high level of government control.

National Ratings for GREs are not derived in the manner described in these criteria. National Ratings express an opinion of creditworthiness relative to the universe of issuers and issues within a single country. The application of the notching guidelines provided in these criteria would be inconsistent with the aim of providing greater rating differentiation in these markets. However, the principles of assessing the likelihood of Exceptional Support provided in these criteria can also be used when assigning National Ratings.

Key Rating Drivers

Relative Importance of Key Rating Drivers: When the assessment of support is strong or better, the primary driver of the GRE's IDR will be that of the supporting government. When the assessment of support is weak or moderate, the primary driver of the GRE's IDR will be its standalone credit profile (SCP).

In assessing the likelihood of support, the "incentive to support" factors (socio-political and financial implications of default) are given more weight than the "strength of linkage" factors (status, ownership and control, and support track record and expectations). These factors can result in: equalisation of the GRE rating with the government's IDR; a notching down of the GRE from the government IDR; a notching up of the GRE rating from its SCP; or the SCP.

Strength of Linkage: This factor assesses the strength of the link between the government and the GRE, measured by the involvement of the government in the GRE's activities and any responsibilities on the part of the government to provide support to the GRE.

Incentive to Support: This assesses the perceived incentive of the government to provide support to the GRE when needed.

Single Factors Leading to Equalisation: In addition, there are a limited number of factors that Fitch believes, on a sole basis, are capable of warranting equalisation of a GRE's IDR with that of its respective government.

The GRE's IDR would normally be equalised with the government's IDR when the government guarantees more than 75% of a GRE's debt with no concern that payments will not be timely or that the level of the guarantee might change, when the GRE has a legal status that is tantamount to a guarantee, or when the GRE sustainably generates more than 10% of the revenues of the government.

Table of Contents

This report updates and replaces *Government-Related Entities Rating Criteria* dated October 2018.

Applicable Criteria

Corporate Rating Criteria (February 2019)

Rating Criteria for Infrastructure and Project Finance (July 2018)

Non-Bank Financial Institutions Rating Criteria (October 2018)

Rating Criteria for International Local and Regional Governments (September 2019)

Public Sector, Revenue-Supported Entities (May 2019)

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Standalone Credit Profile: The SCP represents the credit profile of the GRE according to the relevant criteria, assuming no exceptional support from the government in a situation of financial difficulty.

Definition of "Government-Related"

An entity is deemed "government-related" when a government, either at the national, regional or local level, has sufficient control over the entity for a parent/subsidiary relationship to be present. In the rest of this report, the term "government" applies to the parent to which the GRE under consideration is related. Typically, this is indicated by the government having majority (direct and/or indirect) economic or voting control over the entity. In addition, if Fitch assesses that a government is likely to support an entity in financial distress to avoid, for example, the negative socio-political repercussions of a default, or if the entity fulfils an important public policy mission, then Fitch will consider the entity as a GRE.

Framework

The analytical approach for GREs combines an analysis of the Standalone Credit Profile (SCP) and of the likelihood of exceptional support in the event of financial difficulties at the GRE.

Assessment of Likelihood of Exceptional Support

In assessing the likelihood of support, Fitch considers two key rating factors, each sub-divided into two sub-factors, which are listed below. The first factor looks at the strength of the links, measured by the involvement of the government in the GRE's activities and any responsibilities of the government to provide support to the GRE, and the second one assesses the perceived incentive of the government to provide support to the GRE when needed.

Strength of Linkage

Status, Ownership and Control

The GRE's legal status may result in the government bearing the ultimate liability for the GRE's debt in a situation of default or liquidation. The ownership and control may reinforce the responsibility of providing support.

Support Track Record and Expectations

Evidence of the government providing financial support to the GRE, and of whether this support has been regular and has assisted the GRE in maintaining an adequate financial profile, is used to assess the future likelihood of government support together with any future commitments for continuing support.

Incentive to Support

Socio-Political Implications of the GRE's Default

A default by the GRE may result in failure to continue to provide services, with a lack of alternatives. There may be social implications caused by default of the GRE in terms of employment or social unrest. Or there may be political implications of a default that could lead to perceptions that the government has failed to adequately fulfil its mandate or responsibilities.

Financial Implications of the GRE's Default

A default by the GRE may have implications for the ability of either the government or other GREs within the country to raise financing in the future. Consideration is given to the likely impact of the defaulting GRE relative to other GREs, as well as the financing market impact of the GRE default, and the implications for funding access for both the government and other GREs.

Each of these factors is assessed with a prospective bias as "Weak", "Moderate", "Strong" or "Very Strong" based on the definitions described in Appendix 2. Each level of assessment is associated with a score shown in the table below. Fitch weights "Incentive to Support" factors at double the level of "Strength of Linkage" factors, reflecting the importance that external pressures are likely to have on the provision of practical support under different circumstances at any particular point in time. The incentive to avoid adverse consequences for the government is viewed as a more significant indicator than involvement, or previously provided assistance, in determining whether future support will be forthcoming.

Assessment Scores

Assessment of the factor	Strength of linkage	Incentive to support
Very strong	10	20
Strong	5	10
Moderate	2.5	5
Weak	0	0

Source: Fitch Ratings

An overall support score is obtained by adding the scores for each support factor and this is then used to derive the IDR of the GRE via a tabulated notching approach. Fitch differentiates between the level of government support likely to be available by determining whether support is:

- highly probable (implying a top-down approach)
- or possible (implying a bottom-up approach), based on the above-mentioned considerations.

Notching Approach

SCPs are separated into five categories which then determine the level of notching derived from the overall support score. SCPs are categorised into those that are the same or higher than the corresponding government rating; those one to three notches below the government rating; those four notches below the government rating; and those which are more than four notches below the government rating. The IDR of the GRE including government support may be one of the following:

- Constrained: the IDR of the GRE is generally constrained by the government's IDR, except when the SCP of the GRE is above the government's IDR and the government has limited access to the cash or assets of its GRE (such as where a shareholder agreement, ring-fencing debt covenant or similar restriction is in place limiting cash and asset flows from the GRE to the government), in which case the GRE's IDR may be higher than the government's IDR.
- Equalised: GRE's IDR = government's IDR
- Top-down minus 1, 2 or 3: the GRE's IDR is one, two or three notches lower than the government's IDR
- Bottom-up plus 1, 2 or 3: the GRE's IDR is one, two or three notches above the GRE's SCP
- Standalone: GRE's IDR = GRE's SCP

A classification for notching based on the GRE's SCP (same/up to three notches away/four notches away/more than four notches) is utilised to reflect the fact that the higher the rating gap between the GRE and the government, the greater the reliance on support becomes.

In the situation where the SCP has not been derived or is not meaningful because it is difficult to de-link the issuer from the government, Fitch will follow the same approach as for an SCP "more than four notches away" from the government (see p.6, Notching Guideline table). When the SCP is not assigned or not meaningful, entities for which the notching approach is bottom- up or standalone would not be capable of being rated.

The assessment of support is dynamic – a GRE can shift from being rated top-down from the government's IDR to bottom-up, or vice versa depending on the evolution of the relationship with the relevant government. For example, a reduction in a state shareholding, a change in legal status or a marked change in the commercial environment of the GRE could result in Fitch no longer rating the GRE top-down and in the agency taking an appropriate rating action. Conversely, such things as increased levels of ownership or strategic activities, additional public service obligations, could lead to a move in the opposite direction (from bottom-up to top-down).

The rating committee may adopt a more conservative notching approach than suggested by the Notching Guideline table if there is a high likelihood that the cause of the GRE finding itself in financial difficulties coincides with a reduced ability of the government to support the GRE, for example if the standalone rating drivers of the GRE and those of the government are closely linked to a specific commodity such as oil, and the vulnerability to a deterioration in these rating drivers is similar.

When the ownership rests with more than one government, Fitch uses a weighted average of the credit profile of the governments based on their controlling stakes and/or funding involvement in the GRE. Fitch considers any individual government entity owning or controlling 25% or more of the GRE until such entities cumulatively own 75% or more of the GRE's stakes. The weighted average will be capped however at the level of the credit profile of the government owning the largest stake. However, if there are a large number of government shareholders (eg, more than four) with no single government having more than 50% of the shares of the GRE, the agency may conclude that there are no sufficiently strong links to any members of the group to justify a "top-down" ratings approach and instead may apply a "bottom-up" approach.

Fitch may also encounter cases where a GRE is not owned by a clearly identified government shareholder but benefits from wide public system support. This support may result in a large share of the GRE's debt being guaranteed by other tiers of government, tight and thorough GRE supervision by the government or by its agencies, or ongoing provision of preferential rates or subsidised loans by an institutional lender, often a government-owned policy bank. In such unusual cases where direct support from an entity or group of entities is not clearly identifiable (which precludes a "top-down" approach) but systemic support is strong, Fitch would decide to apply a "bottom-up" approach and may determine that more than three notches of uplift is appropriate.

Rating Approach of Subsidiaries of GREs

As a standard practice, subsidiaries of GREs will be rated using the Parent and Subsidiary Rating Linkage (PSL) criteria. The parent credit profile used in the PSL assessment will generally be the parent GRE's IDR (including government support). However, if Fitch believes that government support is unlikely to flow to the subsidiary (for example if the subsidiary does not undertake any public service or other activities which are driving government support for the parent GRE), the parent-GRE's SCP (excluding support) will be used as a starting point.

Elements taken into consideration are:

- the consequences of a default of the subsidiary on the GRE parent's operations;
- whether the subsidiary's operations are integral to the provision of the public service or economic activity which is driving the support of the government to the GRE (for example a foreign subsidiary of the GRE, even if very large, is unlikely to benefit from support from the government).

If the subsidiary's SCP is stronger than its GRE parent's IDR, the IDR of the subsidiary will normally be constrained at the same level as the IDR of the parent. In circumstances where the GRE parent's access to its subsidiary's cash or assets is limited (for example by legal or formal operational requirements) then the committee may consider that the stronger SCP is not constrained. The "parent-GRE" is defined as the highest entity in the group responsible for operational management and setting strategic goals for the whole group. For that reason the following type of entities will not be regarded as parent-GREs, meaning we will "look through" such entities when applying the GRE criteria:

- sovereign wealth funds or similar institutions;
- intermediate holding companies, with no material operations or debt, used by the government to hold its investments.

Where the PSL approach cannot be used because the parent GRE is not rated, Fitch will assess government support by applying the GRE criteria directly to the subsidiary, provided that Fitch is confident that entities upstream in the ownership chain would not prevent the subsidiary from receiving timely government support.

Standalone Credit Profile

The SCP is derived using the relevant master criteria – for corporate GREs, the Corporate Rating Criteria; for public-mission GREs, the Public Sector, Revenue-Supported Entities Rating Criteria, – excluding any benefit from exceptional support from the government parent, amongst others; for projects, the Rating Criteria For Infrastructure and Project Finance, and for some financial GREs the Non-Bank Financial Institution Rating Criteria.

The SCP of a GRE may not be capable of being determined due to the GRE operating as an extension of the government with little cash flows that could be assessed on their own merit. This would typically be the case when the GRE exists with the principal aim of executing a public policy mission and the level of government influence is integral in the strategy of the GRE, its operations and its financing – leading to support being incorporated in the assessment of the business profile of the GRE. In those cases, the assessment of the SCP would be considered 'not meaningful' and distinguishing between ongoing support (included in the SCP) and extraordinary support (included in the notching) becomes artificial; as a result, an SCP would not be required. On these occasions, Fitch would not derive an SCP, but will assume for the purpose of the notching approach described above that the SCP of the issuer is more than four notches away from that of the government.

Notching Guideline Table

SCP of GRE vs. Rating of government/overall support score	Equal or more than	Between	Between	Between	Between	Equal or less than	
	45	35 42.5	27.5 32.5	20 25	15 17.5	12.5	10
Same or above	Standalone or constrained	Standalone or constrained	Standalone or constrained	Stand-alone or constrained	Stand-alone or constrained	Stand-alone or constrained	Stand-alone or constrained
Up to three notches away from government	Equalised	Equalised	Equalised	Top-down minus 1[a]	Bottom up + 1 capped at government minus 1	Bottom up + 1 capped at government minus 1	Stand-alone
Four notches away	Equalised	Top down minus 1	Top down minus 1	Top down minus 2	Bottom up + 1	Bottom up + 1	Stand-alone
More than four notches away from government or standalone not derived/not meaningful[c]	Equalised	Top down minus 1	Top down minus 2	Top down minus 3	Bottom up + 2 or +3 capped at government minus 3[b]	Bottom up + 1b	Stand-alone[b]

[a] If the SCP of the GRE is one notch below the government and the credit drivers of the GRE are largely independent from those of the government, a one-notch uplift to the same rating as the government can also be considered
[b] When the standalone is not assigned or not meaningful, entities for which the notching approach is bottom up or standalone would not be rated
[c] The SCP may be 'not meaningful' when it the issuer cannot be effectively de-linked from the government - notably when the GRE primarily acts on behalf of the government to perform a policy driven mission and doesn't generate its own cash flows or because of very tight operational and financial links with the government
Source: Fitch Ratings

In cases when the SCP of the GRE is higher than the IDR of the government, the relevant considerations of the Parent and Subsidiary Rating Linkage criteria for Corporates will be applied to determine whether the IDR of the GRE is constrained or capped at the government's rating level. For the same purpose, where the SCP is assessed under the Infrastructure and Project Finance sector, the master criteria Rating Criteria for Infrastructure and Project Finance will be applied. For policy GREs, we will use the Public Sector, Revenue-Supported Entities Rating Criteria.

Types of GREs

A GRE may have either a public mission (public GRE) or a corporate mission (corporate GRE).

A GRE with a public mission primarily provides essential public services or may have a social or political development role for its government (the sovereign or subnational). It may be directly or indirectly majority-owned by the government, and will tend to be tightly controlled and may have a special public status. The entity would normally be not-for-profit and have shareholding, legal and/or financial links to the government. If regulated, this should not hinder the government from giving direct or indirect financial assistance to the entity in case of need. The SCP of such entities would be assessed using the Public Sector, Revenue-Supported Entities Rating Criteria, or any specific sector criteria.

A GRE with a corporate mission may undertake some public service activities or fulfil a public sector mandate or role, but these may not be its primary activity. Similarly it may receive some level of funding support or subsidy from the government, but its primary revenue source will be from commercial activities (receiving revenue from activities such as selling products or providing services). The corporate GRE will be directly or indirectly majority-owned by the government, and may have a special public status. If regulated, the regulation may not distinguish between the GRE and private-sector competitors. The SCP of such entities would be assessed using the Corporate Rating Criteria.

Exceptional Support or Ordinary Influence

Exceptional support relates to any type of support which would be provided to the GRE to help avoid the possibility of default. Exceptional support could come in many ways. For instance, the GRE may have access to emergency liquidity support from the government, or more pragmatically, the government could arrange a bail-out from public banks to allow the GRE to meet its financial commitments on time. Exceptional government support is not factored into the SCP.

Other types of government influence impacting creditworthiness such as, on the positive side, on-going payments from the government, a benign regulatory environment or below-market price feedstock, and on the negative side restrictions on the ability to take necessary restructuring measures or an onerous dividend distribution policy, are however included in the SCP.

Strength of Linkage

Status, Ownership and Control

The GRE's legal status may result in the government bearing the ultimate liability of the GRE's debt in the case of default. Ownership and control may reinforce this responsibility to support.

Four main factors considered in the assessment are:

- the legal status of the entity – ordinary commercial law or special legal status which may involve an automatic transfer of liabilities to the government in case of dissolution of the GRE;
- percentage and relative percentage of ownership compared to other shareholders;
- the level of control by the government of the operational, strategic and financing activities of the GRE;
- if the GRE is a government body (a ministry or a unitary department of a government), we would normally consider the entity as automatically equalised with the government.

Status, Ownership and Control Assessment Guidelines

Very strong	• Special legal status entity (with liability transfer implications) • Ordinary commercial law status entity. Close to fully government-owned entity whose operational and financing activities are controlled by the government
Strong	• Special status involving government's involvement in the case of liquidation, but without full liability transfer • Ordinary commercial law status, entity fully or majority government-owned (between 100% to 50%) with broad control by government, covering operational activities, financial performance, funding structure and investment plans
Moderate	• Ordinary commercial law status • The government has demonstrated influence over financial and operational activities, but less extensively that in the category above. Government is the largest single shareholder but could have less than 50% ownership
Weak	• Ordinary commercial law status • Government has a minority shareholding and may not be the largest shareholder. Government influence on the GRE's financial policies and operational activities is weak

Source: Fitch Ratings

For entities which do not have, in strict terms, a legal ownership (due to their structure or their status eg, foundations), Fitch will look primarily at the level of control by the government – and not at ownership.

Support Track Record and Expectations

Evidence of the government providing financial support to the GRE, the regularity of this support and its importance in maintaining an adequate financial profile for the GRE are used to assess the future likelihood of government support.

The main factors considered in the assessment are:

- consistency of past support, for example in the form of capital injections, asset endowment, subsidies, reimbursement of losses, beneficial treatment from state-controlled financial institutions, partial debt guarantee or a special tax regime;
- whether the financial profile, notably the liquidity position, of the GRE leads to concerns about the ability to meet financial obligations in the short term;
- supportive nature of any regulatory or policy influence;
- presence of legal or political restrictions on the government supporting the GRE;
- whether the GRE has been singled out among other GREs as more (less) likely to receive exceptional support;
- in addition to a formal guarantee we also look at similar expressions of support that could be legally binding and enforceable;
- these additional expressions of support could be reflected in a higher assessment of the support track record and expectation rating factor in the criteria.

For financially strong GREs which have received little direct support because there was no need for support, the highest possible score is "Strong", provided there is an expectation of support in case of needs. When there is an uncertainty about the availability of support however, notably due to material restrictions on the ability or willingness of the government to support the GRE, the score for these financially strong GREs would be either "Moderate" or "Weak", depending on the level of the uncertainty and of the restrictions.'

Instances where GREs have experienced a sustained weakening of their financial profile without any track record of consistent support are likely to result in the entity receiving a score of Moderate or less.

Support Track Record and Expectations Assessment Guidelines

Very strong	• GRE has received consistent support (subsidies or capital injections to cover, in particular, losses or funding requirements of government-promoted investments, more than 25% of the GRE's debt being guaranteed but not to a level warranting equalisation) from the government to maintain a sufficiently strong financial profile. Continued support is expected. • Regulatory and/or policy influence is strongly supportive of financial stability/viability of the GRE. • No legal, regulatory or policy restrictions on government support.
Strong	• There is a track record of financial support but less consistent than in the category above, potentially leading to a temporary weakening of the financial profile of the GRE. This category also applies to financially strong GREs which have received little support in the past because there has been no need for it but for which we would expect support to be forthcoming in case of need. • Regulatory and/or policy influence is generally supportive of financial stability/viability of the GRE. • No or very limited legal, regulatory or policy restrictions on government support.
Moderate	• Financial support has been received but has been irregular, with the financial profile of the GRE remaining at a weaker level for an extended period of time. • Regulatory and/or policy influence is only moderately supportive of financial stability/viability of the GRE. • Some effective legal, regulatory or policy restrictions on government support exist but are unlikely to prevent timely intervention in exceptional circumstances.
Weak	• Limited history of financial support resulting in questionable financial viability for the GRE. • No regulatory or policy influence. • Significant effective legal, regulatory or policy restrictions on government support, potentially limiting the timeliness of the government's intervention.

Source: Fitch Ratings

Incentive to Support

Socio-Political Implications of a GRE's Default

The impact of a GRE's default on its activities and how those may have direct or indirect effects on the government's social and political environment are assessed. GREs may be obliged to continue to operate or provide the public service, even after default, therefore government support can range from merely ensuring continuation of activities while a substitute is found to actively seeking to prevent a default and ensure continued financial viability of the GRE. Economic functions which are dependent on regular access to financing (eg trading and import of food) would be most severely impacted by a default, whereas the default of operations based on pre-existing infrastructure requiring little additional funding above maintenance expenditure (a motorway or a bridge for example) are unlikely to have a significant socio-political impact.

The main factors considered in the assessment are:

- the presence, availability and costs of substitutes;
- the likely severity and duration of the impact of default on the GRE's operations;
- the social, political or economic repercussions of the interruption of the operations from the perspective of the GRE's government parent;
- the absence of consistent support from government letting the financial profile of a GRE deteriorate to an SCP equivalent to 'CCC' category or, when no SCP is derived, to such an extent that its financial structure becomes unsustainable or leads to recurring liquidity crises, is unlikely to be consistent with an assessment of Very Strong under this factor.

Socio-Political Implications of a GRE's Default Assessment Guidelines

Very strong	• Lack of any potential substitutes. • Financial default would materially endanger continued provision of essential public services, economic activity or sovereign power for a significant period, with likely grave political or economic repercussions or social unrest at the level of the government. • Failure would be seen as of great importance for the government with significant political implications.
Strong	• Difficult to substitute in the short to medium term, with transition process likely to lead to severe service disruption. • Financial default would temporarily endanger the continued provision of essential public services, economic activity, or key government activity. • Disruption would lead to significant political or economic repercussions at the level of the government but less than in the previous category.
Moderate	• Private-sector players or other GREs can provide substitutes with only minor or temporary disruption to the service offered by the GRE. • Financial default would not materially affect provision of service . • The services provided by the GRE are of moderate political or economic importance.
Weak	• Easy and immediate substitution by other GREs or private-sector operators. • Financial default of GRE would have limited or no impact on operations. • GRE has minimal political or economic importance.

Source: Fitch Ratings

Financial Implications of a GRE's Default

The impact of a default of the GRE is assessed to determine its likely implications for access to and the availability of future financing for the government and its other GREs.

- The main aspects considered are: whether domestic or international investors see the GRE as a proxy financing vehicle for its government;
- the level of funding the GRE receives from multilateral agencies – higher and more consistent levels of multilateral funding imply stronger government support to avoid any default and keep continued access to such facilities;
- the size of the borrowing of the GRE in the relevant markets, the reliance of the government and its other GREs on these same markets for their own financing , and the potential cost and access implications of one GRE defaulting on obligations;
- whether the GRE has been singled out among other GREs as more (less) likely to receive exceptional support;
- the absence of consistent support from government letting the financial profile of a GRE deteriorate to an SCP equivalent to the 'CCC' category or, when no SCP is derived, to such an extent that its financial structure becomes unsustainable or leads to recurring liquidity crises, is unlikely to be consistent with an assessment of Very Strong under this factor.

Financial Implications of a GRE's Default Assessment Guidelines

Very strong	• Functions as a proxy financing vehicle for its government. Borrowing capacity of the GRE's government parent or its other GREs in domestic or overseas markets would be significantly impaired.
Strong	• Default would have a significant impact on availability and cost of domestic or foreign financing options for the GRE's government parent and/or its other GREs.
Moderate	• Default would have a moderate impact on the availability and cost of finance by the government and other GREs.
Weak	• Minimal impact to either the availability or cost of domestic or international financing of other GREs or the government.

Source: Fitch Ratings

Single Factors Leading to Equalisation

The government guaranteeing more than 75% of the adjusted debt of the GRE, as per Fitch criteria (including financial debt and capitalised leases but excluding debt of the GRE ultimately incurred with the government) with no concern that payments will not be timely or that the level of the guarantee might change, a legal status tantamount to a guarantee or the GRE sustainably generating more than 10% of the government's revenue would in themselves lead to an equalisation of the ratings.

Entities equalised because of their revenue contribution can run into financial difficulties due to an elevated debt burden or liquidity problems unrelated to their underlying profit generation, in which case the government has clearly a very strong incentive to prevent a default to avoid disrupting the flow of revenues. They can also be impacted by adverse business developments, most notably a fall in commodity prices, which can lead to the revenue contribution to the government falling below the 10% threshold. However, Fitch expects governments to take a long-term view and to continue supporting these entities when the fall in revenue contribution is perceived to be temporary.

If the equalisation is based on the percentage of revenues contributed by the GRE, Fitch may however choose to apply a 'notching down' from the government rather than equalise if Fitch has concerns that the financial structure of the GRE is deteriorating to an unsustainably weak level.

Near Default Situations

Fitch views the principles of these criteria as relevant and valid in cases where a near-term default would not be considered a real possibility or an expectation. Where this would be the case, the considerations leading to a potential uplift of the SCP would become irrelevant and might not adequately reflect the near-term default risk. In such cases, the rating would be determined under the appropriate criteria, including the Public Sector, Revenue-Supported Entities Rating Criteria for the policy-driven entities, the Corporate Rating Criteria for the commercial-driven entities, the Non-Bank Financial Institution Rating Criteria for financial vehicles, the Rating Criteria For Infrastructure and Project Finance for projects and infrastructure.

Variations From Criteria

Fitch's criteria are designed to be used in conjunction with experienced analytical judgement exercised through a committee process. The combination of transparent criteria, analytical judgment applied on a transaction-by-transaction or issuer-by-issuer basis, and full disclosure via rating commentary strengthens Fitch's rating process while assisting market participants in understanding the analysis behind our ratings.

A rating committee may adjust the application of these criteria to reflect the risks of a specific transaction or entity. Such adjustments are called variations. All variations will be disclosed in the respective Rating Action Commentaries, including their impact on the rating where appropriate.

A variation can be approved by a rating committee where the risk, feature, or other factors relevant to the assignment of a rating and the methodology applied to it are both included within the scope of the criteria, but where the analysis described in the criteria requires modification to address factors specific to the particular transaction or entity.

Rating Sensitivity Analysis

The GRE ratings can be impacted by:

- changes in ratings of the government;
- changes in the standalone credit profile of the GRE;
- a reassessment of the likelihood of exceptional support in case of financial difficulties of the GRE.

Criteria Disclosure

In its rating reports and rating action commentaries, Fitch expects to disclose, as applicable:

- The selection of the Notching Approach (bottom-up or top-down) and a rationale for this;
- Any deviation from the standard notching as stipulated by the criteria. For example, Fitch could adopt a more conservative notching approach than suggested by the Notching Guideline table if there is a high likelihood that the cause of the GRE finding itself in financial difficulties coincides with a reduced ability of the government to support its GRE – ie if vulnerability to a deterioration in the government and the GRE standalone rating drivers is similar. Also, when looking at the single factors leading to equalisation, Fitch could decide to apply a notching down from the government rather than equalise the rating if the equalisation is based on the consideration of a percentage of government revenues contributed by the GRE and if Fitch has concerns that the financial structure of the GRE is deteriorating to an unsustainably weak level;
- The rationale for not constraining at the parent's IDR the IDR of a subsidiary of a GRE whose SCP is stronger than that of its GRE parent (for example where the parent has limited access to the cash of its subsidiary);
- The rationale for rating a GRE higher than its government;
- Any Variation from criteria.

Limitations

Ratings, including Rating Watches and Outlooks, assigned by Fitch are subject to the limitations specified in Fitch's Ratings Definitions and available at https://www.fitchratings.com/site/definitions.

Data Sources

Key assumptions underlying these criteria are developed by the analysis of data on GREs, their vulnerability to credit risk and the availability of support from government parents. This includes the analysis of the key rating drivers and their performance over prolonged periods, analytical conclusions drawn from financial reports, public- and private-sector information, and analytical information received from issuers and other market participants. Assumptions are derived from experienced analytical judgement using such information. The information mentioned herein is also used when Fitch evaluates the relationship of a GRE to the government and assigns the scores as described in this document.

Information used to establish the Standalone Credit Profile is the information used in the application of the relevant master criteria (the Public Sector, Revenue-Supported Entities Rating Criteria for policy driven entities) the Corporate Rating Criteria for corporate entities, the Non-Bank Financial Institution Rating Criteria for financial GREs and the Rating Criteria For Infrastructure and Project Finance for projects and infrastructure).

Appendix I

Guidelines for Local and Foreign-Currency Ratings' Notching

When notching down from the government rating, the same amount of notching down is normally applied to both the foreign-currency (FC) and local-currency (LC) rating. Thus, where the government's LC IDR is higher than its FC IDR and the notching-down is assessed at, say, one notch, the LC rating for the rated entity will be one notch below the government LC IDR, and one notch below the government FC IDR.

Using different starting points for notching down acknowledges that there can be a difference between a government's ability, and possibly willingness, to support a rated entity's FC rather than its LC obligations. This consideration does not apply to notch uplift considerations.

Limitations for LC and FC Notching

Fitch has identified a number of potential circumstances that require a notching approach that is different from the standard criteria outlined in this report. These circumstances include the ones listed below.

Additional Foreign-Exchange-Related Risks

A wider notching than indicated by the standard approach may be justified where, on consultation with the sovereign group, it is felt that certain foreign-exchange-related risks exist that are not already fully captured in the standard notching.

This may, for instance, be the case where the supported entity's FC obligations are sizeable in comparison with the government's FC resources, possibly limiting the government's ability to provide support in FC (beyond a possible already existing difference between a government's FC and LC rating).

Privileged Access to Foreign-Currency Funding

It is not inconceivable that GREs based in countries with a Country Ceiling above the FC IDR have good access to FC funding even if the government is in financial distress.

Where a rated entity generates a substantial portion of its earnings in FC and – crucially – the government parent would be unlikely or unable to prevent it from applying these funds to make payments to foreign creditors in a government debt crisis (if funds are held offshore, for example, which is the case for a number of state-owned oil companies), there may be a case for assigning an FC instrument rating above the government FC IDR. To the extent that this can be demonstrated (and provided that the GRE's standalone creditworthiness is stronger than that of the government), its FC rating could be rated above the government's FC IDR.

Absence of Government Rating

In cases where Fitch does not rate the government to which the GRE is linked, the agency would generally rate the GRE based on its standalone profile. If there is not enough information available to conduct a standalone credit analysis of the GRE, Fitch will be prevented from rating the GRE.

On the other hand, where Fitch has developed an internal view of a government's creditworthiness in LC and/or FC, without there being a public government rating in place, the criteria outlined in this report can typically be applied. Issuer research will contain clear language expressing the degree of linkage and the approach applied (ie notching down from the government assessment or notching up from the GRE standalone assessment).

Appendix II

Factor Assessment Summary Table

	Strength of linkage		Incentive to support	
	Status, ownership and control	**Support track record and expectations**	**Socio-political implications of GRE's default**	**Financial implications of GRE's default**
Very strong	• Special legal status entity (with liability transfer implications). • Ordinary commercial law status entity. Close to fully government-owned entity whose operational and financing activities are controlled by the government.	• GRE has received consistent support (subsidies or capital injections to cover, in particular, losses or funding requirements of government-promoted investments, more than 25% of the GRE's debt being guaranteed but not to a level warranting equalisation) from the government to maintain a sufficiently strong financial profile. Continued support is expected. • Regulatory and/or policy influence is strongly supportive of financial stability/viability of the GRE. • No legal, regulatory or policy restrictions on government support.	• Lack of any potential substitutes. • Financial default would materially endanger continued provision of essential public services, economic activity or sovereign power for a significant period, with likely grave political or economic repercussions or social unrest at the level of the government. • Failure would be seen as of great importance for the government with significant political implications.	• Functions as a proxy financing vehicle for its government. Borrowing capacity of the GRE's government parent or its other GREs in domestic or overseas markets would be significantly impaired.
Strong	• Special status involving government's involvement in the case of liquidation, but without full liability transfer. • Ordinary commercial law status, entity fully or majority government-owned (between 100% and 50%) with broad control by government, covering operational activities, financial performance, funding structure and investment plans.	• A track record of financial support but less consistent than in the category above, potentially leading to a temporary weakening of the financial profile of the GRE. This category also applies to financially strong GREs that have received little support in the past because there has been no need for it but for which we would expect support to be forthcoming in case of need. • Regulatory and/or policy influence is generally supportive of financial stability/viability of the GRE. • No or very limited legal, regulatory or policy restrictions on government support.	• Difficult to substitute in the short-to-medium term, with transition process likely to lead to severe service disruption. • Financial default would temporarily endanger the continued provision of essential public services, economic activity or key government activity. • Disruption would lead to significant political or economic repercussions at the level of the government but less than in the previous category.	• Default would have a significant impact on the availability and the cost of domestic or foreign financing options for the GRE's government parent and/or its other GREs.
Moderate	• Ordinary commercial law status. • The government has demonstrated influence over financial and operational activities, but less extensively that in the category above. The government is the largest single shareholder but could have less than 50% ownership.	• Financial support has been received but has been irregular, with the financial profile of the GRE remaining at a weaker level for an extended period of time. • Regulatory and/or policy influence is only moderately supportive of financial stability/viability of the GRE. • Some effective legal, regulatory or policy restrictions on government support exist but are unlikely to prevent timely intervention in exceptional circumstances.	• Private-sector players or other GREs can provide substitutes with only minor or temporary disruption to the service offered by the GRE. • Financial default would not materially affect provision of service. • The services provided by the GRE are only of moderate political or economic importance.	• Default would have a moderate impact on the availability and cost of finance by the government and other GREs.
Weak	• Ordinary commercial law status. • The government has a minority shareholding and may not be the largest shareholder. Government influence on the GRE's financial policies and operational activities is weak.	• Limited history of financial support resulting in questionable financial viability for the GRE. • No regulatory or policy influence. • Significant effective legal, regulatory or policy restrictions on government support, potentially limiting the timeliness of the government's intervention.	• Easy and immediate substitution by other GREs or private-sector operators. • Financial default of GRE would have limited or no impact on operations. • GRE has minimal political or economic importance.	• Minimal impact to either the availability or cost of domestic or international financing of other GREs or the government.

Source: Fitch Ratings