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DRAFT: Albaraka Turk Katilim Bankasi AS

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SACP	b+	+	Support	+1	+	Additional Factors	0

Anchor	bb+	
Business Position	Moderate	-1
Capital and Earnings	Weak	-1
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	+1
Sovereign Support	0

Issuer Credit Rating
BB-/Stable/B

Major Rating Factors

Strengths:	Weaknesses:
• Good operational track record and growth potential in Turkey's Islamic (participation) banking segment. • Good core operating performance. • Support provided by majority owner, Al Baraka Banking Group B.S.C.	• Above-average credit risk due to large, albeit declining, exposure to the construction sector. • Deteriorating capitalization and higher-than-average reliance on Tier 2 instruments for capital build. • High asset liability mismatches, in common with the wider Turkish banking system.

Outlook: Stable

S&P Global Ratings' stable outlook on Turkey-based Albaraka Turk Katilim Bankasi (Albaraka Turk) reflects our expectation that the financial profile of the bank is likely to remain unchanged over the next 12 months despite the mounting pressure in its operating environment.

A downgrade appears remote over the next 12 months as we expect the bank's asset quality indicators to remain resilient to any potential further deterioration in its operating environment. Moreover, in our opinion, the bank's profit margins are sufficient to absorb a moderate rise in nonperforming financings (NPFs) and cost of risk.

On the other hand, an upgrade also appears remote over the next 12 months as it would require a significant strengthening of the bank's capitalization through Tier 1 instruments.

Rationale

The starting point for our issuer credit rating on Albaraka Turk is the bank's 'bb+' anchor, which is based on our view of the banking system and operating conditions in Turkey. In our view, Albaraka Turk's business position is moderate, mainly reflecting the bank's relatively minor market position in the broader Turkish banking sector, though it holds a stronger position in the participation banking segment. We assess the bank's capital and earnings as weak, reflecting its RAC ratio of 4.9% as of year-end 2015, which we project to reduce to around 4.5% over the next 12-18 months. Net interest margins are likely to remain stable in 2016 before declining marginally in 2017, which, along with more subdued loan growth over the forecast period and elevated cost of risk, will reduce Albaraka Turk's profitability.

While earnings quality remains adequate, based on the strong share of intermediation and fee income in revenue generation, capital quality is under pressure given the bank's higher-than-average reliance on Tier 2 instruments. We assess Albaraka Turk's risk position as moderate, balancing the bank's satisfactory asset quality metrics with its high exposure to the construction sector and credit growth that is faster than the system average. We view the bank's funding as average and liquidity as adequate based on its short-term but relatively granular deposit base and adequate levels of liquid assets. Liquidity also benefits from Albaraka Turk's access to the central bank's rediscount credit facility, which was recently expanded following the recent attempted coup, along with a cut in the reserve requirements for Turkish banks. The combination of these bank-specific factors with the anchor translates into a stand-alone credit profile (SACP) of 'b+' for Albaraka Turk.

We incorporate one notch of uplift into the rating on Albaraka Turk to reflect group support from its parent the Albaraka Banking Group B.S.C., in accordance with our group rating methodology. Although the outlook on Albaraka Banking Group is negative, the rating on Albaraka Turk would not be affected if we downgraded the parent by one notch. This is because there is a two-notch difference between the rating on the parent and its Turkish subsidiary.

Anchor: 'bb+' for banks operating in Turkey

We use our Banking Industry Country Risk Assessment (BICRA) economic and industry risk scores to determine a bank's anchor. The BICRA scores are on scale of 1 (lowest risk) to 10 (highest risk). The anchor for a commercial bank operating only in Turkey is 'bb+'.

Our assessment of economic risk in Turkey, at '6', reflects the country's moderate per capita income compared with that of peers, its institutional challenges, sizable current account deficits, and external financing needs. Although banks have granular and well-diversified loan books, their credit risk is accentuated by their rapid growth in recent years and relatively high share of lending in foreign currency (about one-third of gross loans).

Our assessment of industry risk in Turkey, at '6', largely reflects low domestic savings, which forces banks to rely more heavily on high amounts of short-term external debt than peers in other countries. As a result, the industry is exposed to conditions in external debt capital markets. Although we consider that Turkey's bank regulation and supervision compares favorably with that in many emerging economies, we are concerned about recent measures that we consider could weaken the judiciary system's independence and that of other institutions. Positively, the system remains structurally stable and continues to adequately price risks.

Table 1

Albaraka Turk Katilim Bankasi AS -- Key Figures						
		--Year ended Dec. 31--				
(Mil. TRY)	**Q1 2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Adjusted assets	28,768	29,518	23,020	17,201	12,321	10,456
Customer loans (gross)	20,208	19,786	16,471	12,313	9,298	7,446
Adjusted common equity	2,058	2,049	1,754	1,486	1,210	1,000
Operating revenues	337	1,099	898	799	632	508
Noninterest expenses	201	636	493	404	342	244
Core earnings	69	322	262	241	192	160

Business position: Strong growth potential in Turkey's small participation banking sector

We assess Albaraka Turk's business position as moderate, owing to its small domestic market share of about 1.4% in deposits and 1.3% in loans on Dec. 31, 2015, in Turkey's highly competitive market. The bank has a relatively small branch network, consisting of 213 domestic branches and one international branch in Iraq. With total assets of Turkish lira (TRY) 29.6 billion (US$9.9 billion at TRY2.98 to the dollar) on Dec. 31, 2015, Albaraka Turk is the third largest player in Turkey's small Islamic or participation banking sector, which accounts for 5% of the total banking sector. It has market shares of about 23% in loans and 26.5% of deposits within this sector.

Despite its small size, Albaraka Turk has historically shown good resilience to strong competition from its peers as well as conventional players and has maintained its market shares at about 1.5%. Albaraka Turk's business is skewed toward small and midsize enterprises (SMEs) as the bank is a late entrant in the retail segment. However, the bank has been gradually reducing its lending exposure to the SME segment in recent years, while it has been increasing its corporate and retail lending. As of the first quarter (Q1) of 2016, 38.7% and 14.7% of its loan book, respectively, were comprised of corporate and retail loans. Furthermore, while it grew its overall loan book by 20% in 2015, it saw a 28% growth in its retail lending between Q1 2015 and Q1 2016. This retail lending is primarily composed of housing loans.

In our view, Albaraka Turk's management is adequate, backed by the expertise and strategic support of its 54.1%-owner, ABG. Although small, its stable market share and good track record of operational performance since its creation support this view. Key strategic plans aim to diversify the bank's loan book by increasing the share of retail lending and limiting the share of loans to the construction industry. We also forecast that Albaraka Turk will expand at slightly above the sector average rate, which, in our view, would still be high compared with the bank's projected internal capital generation. Though the share of credits (on- and off-balance-sheet) to the construction segment remained broadly stable at 18.3% (16.8% cash only) as of year-end 2015 (18.6% a year earlier), we expect it to fall further as the bank continues to reposition its lending activities. We view the business plan positively as it represents a shift from the ambitious, high-risk growth strategy the bank pursued. This business plan continues to be supported by the relatively stable nature of the bank's income, based on the high share of net income to operating revenues (82% as of Q1 2016).

Relative to domestic peers, Albaraka Turk is less diversified both from a business line and geographic perspective, and a much smaller operator in the banking sector. Larger Turkish banks, notably Garanti and Is Bank, tend to have an overseas presence, which helps mitigate their exposure to the Turkish economy; a factor that Albaraka Turk lacks.

Likewise, domestic peers tend to gain a larger share of revenues from non-interest income and from fees and commissions.

Table 2

Albaraka Turk Katilim Bankasi AS -- Business Position						
		--Year ended Dec. 31--				
(%)	**Q1 2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Total revenues from business line (mil. TRY)	336.6	1,099.0	898.0	895.0	706.0	553.0
Commercial banking/total revenues from business line	123.5	130.5	120.3	96.3	108.7	106.7
Retail banking/total revenues from business line	(21.7)	(29.2)	(39.0)	(21.8)	(31.6)	(32.9)
Commercial & retail banking/total revenues from business line	101.8	101.3	81.3	74.5	77.1	73.8
Other revenues/total revenues from business line	-1.8	(1.3)	18.7	25.5	22.9	26.2
Return on equity	12	15.6	15.4	17.8	17.3	17.3

TRY--Turkish lira.

Capital and earnings: Capitalization has tightened with a larger than average reliance on Tier II instruments

Our assessment of Albaraka Turk's capital and earnings as weak is based on our view of its weak capitalization and adequate earnings. The bank's regulatory capital adequacy ratio (CAR) as per Basel III stood at 12.2% on March 31, 2016 (down from 12.8% on March 31, 2015), below the Turkish average of 13.1%. While this is comfortably above the target minimum 8% required by the Turkish regulator, it is close to the regulator's recommended level of 12%. Of this, 74% was comprised of Tier I instruments, suggesting a larger than average reliance on Tier II instruments, therefore undermining capital quality in our view.

Our assessment of Albaraka Turk's capitalization reflects the bank's pre-diversification RAC ratio, which we expect to remain below 5% over the next 12-18 months, declining toward 4.5% as a result of a declining net interest margin (NIM) and continued risk asset growth outstripping core equity. While we expect the bank's credit growth to moderate, it is likely to remain above the system average for the next 12 months. The ratio stood at 4.9% on Dec. 31, 2015, a decline of 35 basis points (bps) relative to the previous year. Importantly, the bank's RAC ratio has declined for the past five years, from 6.3% in 2011. This ratio is the lowest among rated domestic peers.

The RAC ratio is significantly different from the bank's regulatory CAR, owing to the higher risk weights we apply to most of the asset classes, notably construction and real estate exposures, as well as the exclusion of the bank's subordinated debt. Our base-case projections assume that the bank's customer financing will continue to increase by about 13% per year, and that its net interest margin will remain close to 4.25% in 2016, before declining by 15 bps in 2017. We also expect the bank's net cost of risk to trend toward 1.0% and its dividend payout ratio to be 15%. Our projections are based on the assumption that Turkey's real GDP will grow by 3.0%-3.5% annually.

Reliance on Tier II capital is above peers': Albaraka Turk has US$200 million in subordinated debt (equivalent to one third of its common equity) issued in the second quarter of 2013. The bank has a further US$$250 million issued in November of 2015 (the first Basel III compliant Sukuk issued in Turkey. Of these, only the second Sukuk is considered as regulatory capital under Turkish regulations. The bank has nonetheless retained the Basel II Sukuk, improving its funding position. The bank's quality of capital is weaker than domestic peers, in our view, with Tier II instruments accounting for 35.8% of regulatory capital as of year-end 2015. This is because it has recently been using such hybrid issuance to boost its regulatory capital, which puts pressure on our RAC ratio, given the growth in risk assets.

In our view, Albaraka Turk's earnings quality is adequate, with the bank posting the highest NIM of its peer group, at 4.54% in Q1 2016. However, as with the rest of the banking sector, the trend is negative owing to high competition, ongoing margin squeeze, and the effect of new regulations on fees and commissions. We expect NIM to remain broadly consistent with 2015 levels in 2016, at approximately 4.25%, before declining marginally in 2017 to 4.1% as a result of increasing competition for deposits and loan repricing. Albaraka Turk's return on average assets at 0.95% as of Q1 2016, is lower than rated domestic peers, largely because a lower portion of its business comes from retail. Albaraka Turk also has one of the highest cost to income ratios among rated domestic peers at 59.8% as of Q1 2016, which we expect to remain relatively high as a result of its increasing headcount and branch expansions.

Table 3

Albaraka Turk Katilim Bankasi AS -- Capital And Earnings

		--Year ended Dec. 31--				
(%)	**Q1 2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Tier 1 capital ratio	9.1	9.9	10.9	10.8	12.3	11.9
S&P RAC ratio before diversification	N.M.	4.9	5.2	6.0	N.M.	6.3
S&P RAC ratio after diversification	N.M.	4.2	4.4	5.3	N.M.	4.9
Adjusted common equity/total adjusted capital	100	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	82.5	80.6	77.9	78.3	76.9	76.0
Fee income/operating revenues	9.6	12.4	14.3	14.2	17.9	17.8
Market-sensitive income/operating revenues	6.8	4.8	5.9	4.7	3.2	4.2
Noninterest expenses/operating revenues	59.8	57.8	54.9	50.6	54.1	48.1
Preprovision operating income/average assets	1.9	1.8	2.0	2.7	2.5	2.8
Core earnings/average managed assets	0.9	1.2	1.3	1.6	1.7	1.7

RAC--Risk-adjusted capital. N.M.--Not meaningful.

Table 4

Albaraka Turk Katilim Bankasi AS -- Risk-Adjusted Capital Framework Data

(Mil. TRY)	**Exposure***	**Basel II RWA**	**Average Basel II RW (%)**	**S&P Global Ratings' RWA**	**Average S&P Global Ratings' RW (%)**
Credit risk					
Government and central banks	6,555	-	-	3,687	56
Institutions	2,487	-	-	1,630	66
Corporate	18,813	19,138	102	30,441	162
Retail	3,024	-	-	2,076	69
Of which mortgage	2,431	-	-	1,313	54
Securitization§	-	-	-	-	-
Other assets	950	-	-	1,721	181
Total credit risk	31,829	19,138	60	39,555	124
Market risk					
Equity in the banking book†	23	-	-	245	1,074

Table 4

Albaraka Turk Katilim Bankasi AS -- Risk-Adjusted Capital Framework Data (cont.)					
Trading book market risk	--	103	--	154	--
Total market risk	--	103	--	400	--
Insurance risk					
Total insurance risk	--	--	--	-	--
Operational risk					
Total operational risk	--	1,435	--	2,065	--
(Mil. TRY)		**Basel II RWA**		**S&P Global Ratings' RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification	--	20,676	--	42,019	100
Total Diversification/Concentration Adjustments	--	--	--	6,804	16
RWA after diversification	--	20,676	--	48,824	116
(Mil. TRY)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		2,051	9.9	2,049	4.9
Capital ratio after adjustments‡		2,051	9.9	2,049	4.2

Footnotes: (1) EAD: Exposure at default. (2) RWA: Risk-weighted assets. (3) Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework (4) Equity Exposure includes the minority equity holdings in financial institutions. (5) For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons).

Risk position: Despite adequate indicators, asset quality is vulnerable to an economic slowdown

We assess Albaraka Turk's risk position as moderate, mainly balancing the bank's satisfactory asset quality metrics against its relatively high exposure to the construction sector, an industry we consider to be inherently high risk, as well as faster than system average credit growth in recent years. As of the end of 2015, construction and real estate already comprised more than 50% of the bank's top 20 on balance sheet exposures and 18% and 5%, respectively, of the bank's gross loan book. We acknowledge the positive trend since 2012 as the share of lending to this sector has been decreasing. However, we note that this portfolio, as well as the entire financing book, has grown rapidly since 2009 and therefore remains vulnerable to an economic slowdown. The high share of the construction and real estate segment within restructured loans confirms our view, with construction comprising 30% of the bank's top 20 non-performing assets.

Albaraka Turk's gross NPA ratio was 3.14% as of Q1 2016, a level that compares adequately with that of the wider Turkish banking system. Its net cost of risk (88 bps as of Q1 2016) also compares favorably with domestic peers. However, Albaraka Turk has the lowest coverage ratios amongst its peer group, at 50% as of the same date. We acknowledge that the NPF ratio benefits from the denominator effect as a result of recent rapid growth as well as restructured loans. Loan growth has exceeded 30% in the past three years and is above the sector average.

The NPF ratio includes restructured loans under close monitoring which accounted for about 1.0% of gross loans on the same date. A further 1% of loans were restructured loans classified as standard. In the next 12-18 months, we expect the NPF ratio to deteriorate marginally on account of a more stagnant economic environment and a slowdown in the pace of lending to approach 3.5% by 2017. The portion of Albaraka Turk's foreign currency denominated lending is high, at 42% as of Q1 2016, similar to domestic peers; it is principally in U.S. dollars (28%) and euros (14%). This remains a concern, particularly in view of the Turkish lira volatility in recent years.

Single name concentration does not affect our assessment. At year-end 2015, the largest 20 cash financings stood at 1.5x of total adjusted capital, which compares adequately with many peers in emerging markets.

Table 5

Albaraka Turk Katilim Bankasi AS -- Risk Position

		--Year ended Dec. 31--				
(%)	**Q1 2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Growth in customer loans	8.5	20.1	33.8	32.4	24.9	15.3
Total diversification adjustment / S&P RWA before diversification	N.M.	16.2	17.6	14.1	N.M.	27.3
Total managed assets/adjusted common equity (x)	14	14.4	13.1	11.6	10.2	10.5
New loan loss provisions/average customer loans	0.9	0.4	0.5	0.9	0.6	0.9
Net charge-offs/average customer loans	N.M.	0.5	0.1	0.1	0.2	0.5
Gross nonperforming assets/customer loans + other real estate owned	3.1	2.8	3.9	4.3	3.8	4.7
Loan loss reserves/gross nonperforming assets	49.9	51.6	44.4	47.9	56.1	45.8

RWA--Risk-weighted assets. N.M.--Not meaningful.

Funding and liquidity: A stable but short term deposit base, in line with domestic peers

Our view of Albaraka Turk's funding as average and liquidity as adequate draws on the high proportion of core customer deposits in the bank's funding mix--about 75% of its funding base--and its adequate liquid assets (cash, central bank, and securities), which made up 24% of assets on March 31, 2016. As of the same date, the bank's stable funding ratio stood at 111%, one of the highest among rated domestic peers. Our view on its liquidity is also supported by the ratio of broad liquid assets to short-term wholesale funding, which was 2.4x on March 31, 2016. Albaraka Turk enjoys good access to debt and capital markets abroad. In 2015, Alabaraka Turk secured a total of US$968 million in funding through two syndicated murabaha loans (a US$268M facility with a tenor of 733 days and a US$450 million euro/U.S. dollar dual tranche facility with a tenor of two years) and a Basel III compliant subordinated Sukuk issuance (Tier 2, US$250 million with a tenor of 10 years). It also issued a five year US$350M Sukuk, a USD150M syndicated murabaha loan (both in 2014) and US$200 million of 10-year subordinated debt back in April 2013.

Albaraka Turk's loan-to-deposit ratio stood at about 100% in the past five years and was 104% as of March 31, 2016. This is slightly better than the average of 106% for the Turkish banking system.

However, like peers, Albaraka Turk's funding is mainly short term, leading to high levels of asset-liability mismatches. On a positive note, about half of the bank's customer deposits are covered by Turkey's Savings Deposits Insurance Fund's guarantee scheme, implying that these are more stable. Owing to Albaraka Turk's more granular funding base, this is significantly more than conventional Turkish banks. Likewise, the bank relies on significantly less short-term wholesale funding than its domestic peers, with such funding accounting for only 11.46% of its funding base in Q1 2016 relative to a domestic peer group average of 19%. We expect the bank to maintain its current funding and liquidity metrics in the coming 12 months.

Table 6

Albaraka Turk Katilim Bankasi AS -- Funding And Liquidity						
		--Year ended Dec. 31--				
(%)	Q1 2016	2015	2014	2013	2012	2011
Core deposits/funding base	74.9	74.9	78.6	80.1	83.9	85.8
Customer loans (net)/customer deposits	104	98.4	100.7	99.5	102.2	93.4
Long term funding ratio	89.4	92.7	86.8	87.4	85.5	87.2
Stable funding ratio	110.8	120.9	106.5	107.3	98.9	106.7
Short-term wholesale funding/funding base	11.5	7.9	14.4	13.8	16.1	14.2
Broad liquid assets/short-term wholesale funding (x)	2.4	3.9	1.8	1.9	1.4	1.9
Net broad liquid assets/short-term customer deposits	27.2	34.4	16.2	16.1	8.2	15.4
Short-term wholesale funding/total wholesale funding	45.7	31.3	67.2	69.4	100.0	100.0
Narrow liquid assets/3-month wholesale funding (x)	N/A	6.7	4.0	N/A	N/A	N/A

N/A--Not available.

Support: One notch of uplift over the SACP for group support

The long-term rating on Albaraka Turk is one notch above its SACP, because we view the bank as having moderate strategic importance for its parent, Al Baraka Banking Group B.S.C. (BB+/Negative/B). We base our view on the likelihood of support, if required, on Albaraka Turk's majority ownership and control by its parent. Albaraka Turk accounts for a significant portion of the group's assets, over 40%, and is closely linked to its parent's reputation, name, and brand. Although we classify the Turkish government as supportive of the country's banking sector, we view Albaraka Turk as having low systemic importance within the Turkish banking system. As a result, we do not incorporate into the ratings any notches of uplift for extraordinary government support from the Turkish authorities.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria And Research

Related criteria

- Banks: Commercial Paper I: Banks, March 23, 2004
- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, June 1, 2016
- Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Methodology For Rating Sukuk, Jan. 19, 2015
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Banks: Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Banks: Bank Capital Methodology And Assumptions, Dec. 6, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related research

- Republic of Turkey Foreign Currency Ratings Lowered To 'BB/B'; Outlook Negative, July 20, 2016

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	5	**6**	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	**bb+**	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of August 23, 2016)

Albaraka Turk Katilim Bankasi AS		
Counterparty Credit Rating		BB-/Stable/B
Turkey National Scale		trA+/--/trA-1
Counterparty Credit Ratings History		
17-Aug-2016		BB-/Stable/B
30-Jun-2011		BB/Negative/B
30-Jun-2010		BB/Stable/B
17-Aug-2016	*Turkey National Scale*	trA+/--/trA-1
22-Feb-2010		trAA-/--/trA-1
25-Sep-2009		trA+/--/trA-1
Sovereign Rating		
Turkey (Republic of)		
Foreign Currency		BB/Negative/B
Local Currency		BB+/Negative/B
Turkey National Scale		trAA+/--/trA-1
Related Entities		
Al Baraka Banking Group B.S.C.		
Issuer Credit Rating		BB+/Negative/B
Jordan Islamic Bank		
Issuer Credit Rating		BB-/Negative/B

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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