S&P Global
Ratings

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Belfius Bank SA/NV

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Belfius Bank SA/NV

SACP	bbb+	+	Support	+1	+	Additional Factors	0

Anchor	a-	
Business Position	Adequate	0
Capital and Earnings	Adequate	0
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

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

Issuer Credit Rating
A-/Stable/A-2

Resolution Counterparty Rating
A/--/A-1

Major Rating Factors

Strengths:	Weaknesses:
• Stable and top-tier domestic market position with good business diversification between banking and insurance services. • Low credit risk in core lending activities. • Improving earnings capacity and internal capital generation.	• Geographically concentrated in a single country. • Sensitive to market risk due to the large size of non-loan assets on the balance sheet. • Pressure on interest revenues from persistently low interest rates, as is the case for European peers.

Outlook: Stable

S&P Global Ratings' stable outlook on Belgium-based Belfius Bank reflects our view that, over the next two years, the bank will continue benefitting from its combination of banking and insurance activities, and maintain a prudent capital policy. Further strengthening of the capital position, by our measures, would not automatically lead to an upgrade, since that would lead us to adjust the amount of excess core capital contributing to the bank's additional loss-absorbing capacity (ALAC) buffer. It would, however, positively impact our rating approach for the bank's hybrid capital instruments that we notch down from the bank's unsupported group credit profile (UGCP; see below).

We could consider raising the ratings if Belfius Bank's core capital base strengthened by our measures and, at the same time, its total bail-in-able instruments protecting senior unsecured creditors increased substantially. An upgrade would also be subject to Belfius Bank further aligning its profitability with that of 'A' rated peers'.

We see a downgrade as remote in the next two years. Although not our base-case scenario, we could lower our ratings if we were to observe increasing economic imbalances or credit risk in the country, notably in the real estate sector, given the bank's pure domestic focus. We will also monitor to what extent the planned IPO could alter over time Belfius Bank's business and financial strategies, whose conservativeness has supported the ratings so far.

We do not assign outlooks to our issue ratings on bank's debt. That said, we expect our ratings on Belfius Bank's hybrid debt to move in tandem with its UGCP. Therefore we could upgrade the bank's subordinated debt instruments if we believe that the bank's capital position will continue to strenghten and remain sustainably stronger by our measures, providing an uplift to the bank's UGCP. For details on hybrid instruments ratings please see 'Hybrid issue ratings' section below.

Rationale

The ratings on Belfius Bank reflect the bank's recovered franchise and its business diversification, balanced against its lower degree of geograpical diversification compared to larger european peers.

Belfius Bank's 'bbb+' UGCP--the bank's intrinsic creditworthiness--also incorporates our view of the bank's adequate capitalization compared to its risks as measured by our own metrics; the remaining risks stemming from a reducing fixed-income portfolio in run-off inherited from when the bank belonged to the Dexia group; and a sound funding profile with loans covering lending needs.

Finally, the ratings incorporate our view of Belfius' supportive ALAC in the form of bailinable debt, for which we add one notch, leading to our view of the 'a-' ALAC-supported group credit profile.

Anchor: 'a-' for a bank with dominant domestic lending activities

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating to a bank. Our 'a-' anchor for a commercial bank operating only in Belgium is based on an economic risk score of '2' and an industry risk score of '3', on a scale of 1-10 ('1' is the lowest risk and '10' the highest). Belfius Bank's weighted economic risk score stands at '2', reflecting that most of the bank's assets are in Belgium.

Our '2' economic risk score for Belgium reflects the generally favorable domestic operating conditions for banks. We regard Belgium's economy as wealthy, highly diversified, and export oriented, with a net external asset position. High government debt and relatively high taxes constrain fiscal flexibility, but private-sector debt, especially in the corporate sector, is at the lower end of the peer spectrum. In our view, economic imbalances remain a low risk, but we will continue monitoring the buildup of households' debt fueling high real estate prices. Even if not in our base-case scenario, a real estate correction could represent a threat to banks given their material overall exposure to this segment, first and foremost via mortgage lending. We anticipate, nevertheless, a modest increase of housing prices in real terms, below 2% for the next two years, and still very low credit losses between 5 basis points (bps) and 15bps.

Our industry risk score of '3' reflects our view of the ample domestic funding sources for Belgian banks combined with the challenge of generating revenues from the reinvestment of excess resources without lowering their risk profile. The four-largest banks, including Belfius, maintain stable and dominant domestic market shares, which underpins industry stability. Regulatory standards are, in our view, in line with those of Belgium's Western European peers.

Table 1

Belfius Bank SA/NV Key Figures					
	--Year-ended Dec. 31--				
(Mil. €)	**2017**	**2016**	**2015**	**2014**	**2013**
Adjusted assets	151,376.1	160,074.4	159,228.2	173,522.7	161,384.7
Customer loans (gross)	81,210.6	78,860.2	75,416.9	75,049.6	74,598.1
Adjusted common equity	7,167.9	7,007.8	7,686.8	7,254.5	6,108.3
Operating revenues	2,733.8	2,631.1	2,470.3	2,071.0	1,841.7
Noninterest expenses	1,665.8	1,715.7	1,671.9	1,411.3	1,424.2
Core earnings	663.6	558.0	535.8	501.3	452.3

Business position: Resilient franchise in Belgium

We assess Belfius Bank's business position as adequate. Our view factors in the bank's business concentration in a single country, offset by a stable and leading domestic market position, and the diversification of revenue streams thanks to its bancassurance model.

The bank has been operating under the Belfius name since 2012, but used to belong to the Dexia group under the name Dexia Bank S.A., also know as Dexia Bank Belgium. The former Dexia Bank S.A. was acquired by the Belgium government in 2011, when the Dexia group was facing severe financial difficulties. Since then, management has strived to separate the commercial bank in Belgium from the rest of the Dexia group and to ensure the financial and operational viability of the business model. In our view, the bank's full state ownership has helped the bank navigate these difficult years of deleveraging and derisking, as well as protect its commercial franchise. The bank's strategic focus is now on optimizing its existing domestic strengths, namely bank and insurance activities, under cost controls. We also understand the bank is trying to revive its corporate segment strategy by leveraging its knowledge of the public sector to target in particular corporates dealing with government bodies.

We understand a privatization of the bank is expected in the coming quarters, but that this remains subject to government's approval. In the meantime, we expect no transformative strategic initiatives until the bank's future ownership structure is clarified.

Belfius Bank is the third-largest bank in Belgium, with a balance sheet mostly generated by domestic activities. The bank shows a 15%-17% market share on the retail market and has been able to maintain a market share above 50% in loans granted to the public sector. We also note the increasing volumes granted to domestic corporates, a segment in which Belfius Bank has historically being lagging compared to peers. We believe Belfius Bank's franchise will remain resilient in the next two years, and that its bancassurance business model, along with its growing asset-management activities, will support stable revenue generation.

Despite costs endured from its tactical derisking strategy between 2011 and 2016, Belfius Bank's pretax profit improved to €963 million in 2017 from €513 million in 2013. Although improving, profitability metrics remain below that of best performing peers' in Belgium, the Netherlands, and Nordic countries. The bank's 6.5% return on equity as of end-2017 remains at the low end of the peer distribution, while its cost-to-income ratio improved in line with the Benelux (consisting of Belgium, the Netherlands, and Luxembourg) average but still lags behind that of Nordic peers. In our view, improving efficiency and profitability is therefore the bank's key challenge in the next two years, which is not helped by the prevailing low-interest-rate environement in Europe. We also recognize the large public finance exposures have a relatively low yield.

Table 2

Belfius Bank SA/NV Business Position

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Total revenues from business line (mil. €)	2,734.6	2,640.5	2,495.6	2,071.0	1,841.7
Commercial & retail banking/total revenues from business line	80.6	82.3	89.5	104.2	79.4
Other revenues/total revenues from business line	19.4	19.4	10.5	(4.2)	(3.0)
Return on average equity	6.5	6.1	6.1	6.4	7.5

Capital and earnings: Strenghtening through retained earnings and AT1 issuance

We assess Belfius Bank's capital and earnings as adequate. We have observed a gradual strengthening of Belfius Bank's capital position over the past few years, but we believe the future capitalization levels will plateau as the bank reaches its target regulatory capital level. We also note that the bank's capital optimization strategy may evolve in the context of the planned partial IPO.

We continue therefore to project the bank's risk-adjusted capital ratio in the 9.75%-10.25% range for the upcoming 18-24 months, starting from our estimated 10.2% at year-end 2017. The large difference with the bank's 15.9% regulatory fully loaded common equity tier 1 ratio at the same date mostly relates to the higher risk weights we apply to retail exposures and the deduction of capital invested in insurances activities.

Under this scenario, we make the following assumptions for the next two years:

- Dynamic 4%-5% annual growth of the bank's risk-weighted assets (RWA) under our methodology. The increasing RWA stemming mainly from the growth of commercial lending portfolio and the increasing weight of the corporate loan book. We also take into account that the active derisking of the run-off book has ceased, hence not granting any significant RWA relieve for the coming years.

- Annual net income of €600 million-€650 million, on the back of pressured interest margins, improving commission income thanks to increased off-balance sheet savings and insurance businesses, contained cost of risk (below 15 bps), and improving efficiency.
- The €500 million additional tier 1 (AT1) instrument issued in January 2018 qualifying for an intermediate equity content, therefore reinforcing Belfius Bank's total adjusted capital. In the meantime, we do not exlude this will be counterbalanced by an extraodinary dividend in the coming quarters, since the bank's solvency ratios are already above the 15.5% target set by the management.
- A stable dividend payout of 60% in our projections, which is line with the one paid on 2017's results.

The bank's total adjusted capital (TAC) is of high quality as it consists of core equity and a single €500 million AT1. We exclude from exposure at default the amount of exposure related to insurance activities, but we deduct them from TAC. Belfius Bank's investment portfolio is sensitive to credit-spread fluctuations. We expext the bank will continue to manage smoothly the reduction of unrealized losses as underlying assets mature.

In our view, the bank's earnings generation is gradually improving thanks to business diversification generating increasing fees but, as with its peers, interest revenues are subdued by low interest rates. Like for peers, the repricing of mortgage loans and liquidity portfolios put pressure on net interest revenues generated by its retail and commercial business line. This is partly compensated by cost-cutting efforts and increased fee contribution from the offering of off-balance sheet investment and insurance products.

Table 3

Belfius Bank SA/NV Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Tier 1 capital ratio	15.9	16.1	14.9	14.7	15.4
S&P Global Ratings' RAC ratio before diversification	10.2	9.7	9.4	8.6	8.0
S&P Global Ratings' RAC ratio after diversification	9.6	9.1	10.1	9.2	8.7
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	71.4	73.9	81.9	99.0	104.1
Fee income/operating revenues	20.2	19.3	20.1	21.6	20.3
Market-sensitive income/operating revenues	8.1	5.0	2.1	(8.7)	(1.4)
Noninterest expenses/operating revenues	60.9	65.2	67.7	68.1	77.3
Preprovision operating income/average assets	0.6	0.5	0.4	0.3	0.2
Core earnings/average managed assets	0.4	0.3	0.3	0.3	0.2

RAC--Risk-adjusted capital.

Table 4

Belfius Bank SA/NV Risk-Adjusted Capital Framework Data

(Mil. €)	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global RWA**	**Average S&P Global RW (%)**
Credit risk					
Government and central banks	55,679	5,139	9	2,777	5

Table 4

Belfius Bank SA/NV Risk-Adjusted Capital Framework Data (cont.)

Institutions and CCPs	16,962	1,865	11	2,346	14
Corporate	36,129	22,245	62	28,565	79
Retail	41,468	5,063	12	15,804	38
Of which mortgage	27,125	2,738	10	6,320	23
Securitization§	660	58	9	482	73
Other assets†	1,720	1,298	75	3,463	201
Total credit risk	152,618	35,667	21	53,437	31
Credit valuation adjustment					
Total credit valuation adjustment	--	1,939	--	4,150	--
Market risk					
Equity in the banking book	726	336	46	6,323	871
Trading book market risk	--	1,841	--	2,776	--
Total market risk	--	2,177	--	9,099	--
Operational risk					
Total operational risk	--	2,938	--	3,398	--
		Basel III RWA		**S&P Global RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification		50,626		70,084	100
Total diversification/concentration adjustments		--		4,856	7
RWA after diversification		50,626		74,940	107
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		8,141	16.1	7,168	10.2
Capital ratio after adjustments‡		8,141	16.1	7,168	9.6

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2017, S&P Global.

Risk position: Low credit risk on customer loans, but concentrated in single country

We assess Belfius Bank's risk position assessment as moderate. This reflects our view that the bank's loans exposure is geographically concentrated in a single country, and the sensitivity of some assets to interest rate risk. Structurally low credit risk on the customer loan book only partly offsets this weakness.

We consider Belfius Bank's residual exposure to Dexia S.A. to be negligible. It has materially reduced from €44 billion observed in 2011, including with the gradual reimbursment at end-2014 of the €13.4 billion bonds issued by Dexia Credit Local and guaranteed by the Belgian, French, and Luxembourg states in the form of government-guaranteed bonds. The remaining exposures are mainly interest rate swaps that are hedged with third parties, the open exposure being limited to €154 million at end-2017.

The bank's securities portfolio is sensitive to interest rate fluctuations, mainly due to a long average maturity, but of generally sound quality, with 98% of notional being investment grade. In addition, the bank holds a substantial amount of derivatives (€34.3 billion as of December 2017) with varying mark to market value that can create profit and loss volatility.

Belfius Bank's customer loan portfolio is generally of very good quality. It is dominated by prime mortgage loans, followed by loans to public and social services sectors, and loans to enterprises and professionals. We expect the share of consumer lending to remain rather limited. For 2018, we expect that the domestic cost of credit risk will be in the 5-15 bps range, in line with the wider Belgian banking system for this mix of credit exposures. The ratio of nonperforming loans to total loans stood at 2.3% at end-2017. We note that the coverage of nonperforming loans by provisions is higher than Belgian peers' at 79%.

Table 5

Belfius Bank SA/NV Risk Position

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Growth in customer loans	3.0	4.6	0.5	0.6	(1.0)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	6.9	6.2	(6.8)	(7.1)	(8.0)
Total managed assets/adjusted common equity (x)	23.4	25.2	23.0	26.8	29.9
New loan loss provisions/average customer loans	0.0	0.2	0.1	0.1	(0.1)
Net charge-offs/average customer loans	0.2	0.1	0.1	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	2.3	3.0	2.7	2.8	2.8
Loan loss reserves/gross nonperforming assets	78.9	67.2	74.1	72.5	71.0

RWA--Risk-weighted assets.

Funding and liquidity: Balanced funding profile thanks to a stable deposit base

We consider Belfius Bank's funding average and its liquidity position adequate.

Belfius Bank's stable funding ratio stood at 102.5% at end-2017 as per our calculations. This metric is now in line with European peers', as it improved from 80% in 2012 in tandem with the bank's deleveraging plan. The bank reported a 116% regulatory net stable funding ratio on the same date. We note that, according to our computation, core customer deposits almost cover customer loans and represent two-thirds of the funding base. The bank has also placed about €8.6 billion of bonds with retail clients, which are not included in our measure. Since 2012, the bank has diversified its investor base through the issuance of mortgage covered bonds, public-sector covered bonds, residential mortgage-backed security, tier 2 and in 2017 senior nonpreferred notes.

Our assessment of Belfius Bank's liquidity as adequate reflects the bank's reduced recourse to central bank funding, still declining legacy assets that generate lower short-term wholesale funding, and the bank's enhanced capacity to withstand stress thanks to €24 billion of high-quality liquid assets at end-2017. We calculate that short-term wholesale funding was covered 2.5x by these broad liquid assets at the same date. Belfius Bank reported a regulatory liquidity coverage ratio of 130% in 2017 compared with 109% three years before. Funding from the European Central Bank dropped massively in 2015 following the reimbursement of the funding to Dexia Group, and we understand the bank has now replaced its targeted longer-term refinancing operations (TLTRO) aid by TLTRO II, which we consider to be long-term opportunistic funding.

Table 6

Belfius Bank SA/NV Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2017	2016	2015	2014	2013
Core deposits/funding base	70.5	69.8	69.7	62.0	58.5
Customer loans (net)/customer deposits	101.4	100.4	100.6	104.0	106.9
Long-term funding ratio	92.0	90.9	89.7	79.4	72.4
Stable funding ratio	102.5	96.0	90.8	85.1	84.5
Short-term wholesale funding/funding base	8.7	9.9	11.1	22.0	29.1
Broad liquid assets/short-term wholesale funding (x)	2.5	2.2	1.9	1.2	1.0
Net broad liquid assets/short-term customer deposits	19.5	17.5	15.1	7.3	(0.4)
Short-term wholesale funding/total wholesale funding	29.5	32.6	36.7	57.9	70.2
Narrow liquid assets/3-month wholesale funding (x)	4.7	4.6	6.1	1.7	1.3

Support: One notch of ALAC support

We believe that the prospect of extraordinary government support for the Belgian banking sector is uncertain under the EU resolution regime. This is because we believe it contains a well-defined bail-in process under which authorities would permit nonviable, systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities. Given Belfius Bank's build-up of loss-absorption capacity, mainly through the issuance of bailinable debt protecting senior creditors in a resolution scenario, we include a notch of uplift in Belfius' 'A-' long-term credit ratings.

We estimate that Belfius Bank's ALAC ratio was 5.3% of our adjusted RWA at year-end 2017, and we expect it will remain above our 5% threshold for a one-notch uplift over our two-year projection period. We include in this calculation Belfius Bank's hybrid capital instruments that have capacity to absorb losses without triggering a default on senior obligations, but not the AT1 instrument as it was issued in January 2018. Including the €500 million AT1 instrument issued in January 2018, we estimate the ALAC buffer would have been 6.0% pro forma.

Additional rating factors: None

No additional factors affect the ratings.

Hybrid issue ratings

We notch ratings on hybrid debt from Belfius's UGCP, because we expect these instruments to be written down or converted into equity in a bail-in resolution scenario. Therefore, they do not benefit from the bank's ALAC buffer.

Our 'BB' and 'BBB-' ratings on Belfius Bank's AT1 instrument and tier 2 contingent convertible instruments stand four and two notches below the bank's 'bbb+' UGCP. We derive this gap as follows:

- One notch for subordination for both tier 1 and tier 2 instruments;
- Two additional notches for the AT1 to take into account the risk of nonpayment at the full discretion of the issuer and the hybrid's inclusion in Tier 1 regulatory capital. No notches for the tier 2 contingent capital instruments because they are nondeferrable; and

- One further notch for both the AT1 and the tier 2, reflecting the mandatory contingent capital clause leading to temporary write down of the securities. According to this clause, the write down would occur if Belfius Bank's common equity tier 1 ratio (solo or consolidated) falls below 5.125%, which we do not consider as a going concern trigger.

Resolution counterparty ratings assigned in June 2018

On June 12, 2018, we assigned a 'A/A-1' long- and short-term resolution counterparty ratings (RCR) to Belfius Bank, along with 30 other European banking groups (see "31 European Banking Groups Assigned Resolution Counterparty Ratings; Four Collateralized Notes Upgraded; UCO Removed," published on RatingsDirect). It followed the publication of our RCR methodology on April 19, 2018. An RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an effective bail-in resolution process for the issuing financial institution. RCRs apply to issuers in jurisdictions where we assess the resolution regime to be effective and the issuer is likely to be subject to a resolution that entails a bail-in if it reaches nonviability. We typically position the long-term RCR up to one notch above the long-term issuer credit rating (ICR) when the ICR ranges from 'BBB-' to 'A+'.

Related Criteria

- Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Financial Institutions - Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- 31 European Banking Groups Assigned Resolution Counterparty Ratings; Four Collateralized Notes Upgraded; UCO

Removed, June 12, 2018

- Banking Industry Country Risk Assessment: Belgium, June 5, 2018
- Belgium-Based Belfius Bank 'A-/A-2' Ratings Affirmed; Outlook Stable, Oct. 27, 2017

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 July 18, 2018)

Belfius Bank SA/NV	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Certificate Of Deposit	
Local Currency	A-/A-2
Junior Subordinated	BB
Junior Subordinated	BB+
Senior Secured	AAA/Stable
Senior Subordinated	BBB
Senior Unsecured	A-
Short-Term Debt	A-2
Subordinated	BBB-
Issuer Credit Ratings History	
10-Nov-2016	A-/Stable/A-2
26-Apr-2012	A-/Negative/A-2
08-Dec-2011	A-/Watch Neg/A-2
Sovereign Rating	
Belgium	AA/Stable/A-1+

*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.