

S&P Global (China) Ratings--Guarantee Methodology

English Summary:

SCOPE AND OVERVIEW

This methodology represents S&P Global (China) Ratings' approach to considering the impact of a guarantee (or similar contingent obligation) provided to support an issuer credit rating (ICR) or an issue credit rating (issue rating). This methodology may apply to ratings where a guarantee is provided and the guarantee is relevant for the rating of the securities being issued. This methodology may also apply to ratings where a similar form of contingent support facility is provided.

This methodology outlines the principles with which we may consider the provision of a guarantee to an issuer or an issue and how the guarantee may influence either an underlying view of creditworthiness or the ultimate rating that may be assigned.

A guarantee may be provided to issuers and/or issues to provide additional credit strength to the repayment obligations of an issuer or issue. Our consideration of guarantees typically focusses on two aspects, namely the credit quality of the entity providing the guarantee; and the terms and conditions of the guarantee itself. Where we believe additional credit strength is provided through the guarantee, we may adjust any rating we may assign to an issuer or issue.

METHODOLOGY

Guarantor Credit Quality

We typically consider the credit quality of the guarantee provider to determine if the provider adds credit strength to the guaranteed issuer or issue. Typically, we would consider the guarantors' credit quality by reference to their rating level, or we may separately analyze the guarantor using an appropriate methodology.

Guarantee Documentation

We typically review the guarantee documentation that governs the terms and conditions of the guarantee being provided.

The documentation review considers the contractual strength of the guarantee, the payment conditions associated with the guarantee, and any amendment or termination conditions that may impact, reduce, or deny any payment of the guarantee amount if it is called upon.

Impact On A Rating From A Guarantee

Where we determine that the credit quality of a guarantor and the associated terms and conditions of the guarantee add to the overall credit quality of the guaranteed obligation, we may elevate a rating.

OTHER CONSIDERATIONS

This methodology is not intended to be an exhaustive list of all factors we may consider in our analysis. Where appropriate, we may apply additional and/or different, quantitative and/or qualitative, considerations in our analysis to reflect the circumstances of the analysis for a particular issuer, issue or security type. A rating committee may adjust the application of the methodology to reflect individual circumstances in our analysis.