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Ratings

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Assured Guaranty Ltd. And Operating Companies

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*(**Editor's Note:** The version of this article published on July 21, 2017, misstated a credit rating in the Factors Specific To The Holding Company section. A corrected version follows.)*

Rationale

None

Business Risk Profile

- Strong competitive position built on a well-diversified underwriting strategy and market leadership position
- Experienced management with a proven track record of success
- Low insurance industry and country risk assessment (IICRA)

Financial Risk Profile

- Consolidated capital adequacy ratio above 1.0x
- High-quality, liquid investment portfolio
- Largest obligor violation
- Strong operating performance due to the long-term earnings power of the U.S public finance business
- Financial flexibility neutral to the rating

Other Factors

- Strong enterprise risk management (ERM)
- Strong liquidity with conservative investment strategy
- All four operating companies core to Assured Guaranty Ltd. (rated as a consolidated group)

Outlook

The stable outlook on Assured Guaranty Ltd. (AGL) and its operating companies reflects S&P Global Ratings' view that the company's competitive profile is strong and capital adequacy very strong, as well as its leadership position in the U.S public finance market. The outlook also considers Assured's measured approach to insure international infrastructure and global structured finance transactions to capitalize on positive market trends in those markets. We expect its non-U.S. public finance business to not materially alter the overall risk profile of its insured portfolio. The maintenance of a capital adequacy ratio of more than 1.0x is essential for rating stability.

Downside scenario

We may lower our ratings if Assured exhibits significant volatility in earnings, its non-U.S. public finance business meaningfully alters the risk profile of the insured portfolio, or its capital adequacy falls below 1.0x and we believe the company will not be able to improve its capital position.

Upside scenario

Based on our view of the insurable new-issue U.S. public finance and global markets, we don't believe the company's competitive position or earnings will dramatically change, so we don't expect to raise our ratings in the next two years.

Base-Case Scenario

Company-Specific Assumptions

- Capital adequacy ratio above 1.0x
- Leadership position, in terms of total insured par, maintained
- Municipal risk-adjusted pricing (RAP) ratio of at least 4.0%
- Combined ratio below 100%

Company Description

Assured Guaranty Municipal Corp. (AGM), Municipal Assurance Corp. (MAC), and Assured Guaranty Corp. (AGC) are U.S.-based direct primary financial guarantee insurance companies owned by Bermuda-domiciled AGL. AGL, through its subsidiaries, is a full-service financial guarantor with a captive reinsurance affiliate, Assured Guaranty Re Ltd. (AG Re) that has also assumed third-party portfolio cessions. AGM insures U.S. public finance issues and global infrastructure transactions. MAC insures only U.S. public finance issues. AGC insures global structured finance transactions and some global infrastructure and public finance issues.

The European business platform is Assured Guaranty (Europe) Ltd. (AGE). We base our ratings on AGE on its close operational and financial ties to its affiliates, including risk-management policies to which the entire group adheres, underwriting support, and strong financial support in the form of quota-share reinsurance, excess-of-loss reinsurance, and net-worth-maintenance agreements. AGE writes business using a coinsurance structure. AGE coinsures municipal and infrastructure transactions with AGM. AGM also issues second-to-pay guarantees to cover AGE's financial guarantees.

Business Risk Profile

Our score for the company's adjusted competitive position is '3' and the industry risk is '2', leading to a business risk profile score of '2'.

Insurance industry and country risk: Low

We believe Assured faces low industry and country risk since it operates predominantly in the U.S. Our view of Assured's very low country risk stems from the U.S. market's higher-income nature, relatively effective and stable political institutions, sophisticated financial systems, and strong payment culture. We believe its financial guarantee operations are exposed to low industry risks because of high barriers to entry and moderate product risk. The U.S. financial guarantee market's growth prospects and overall institutional framework further support the low industry risk assessment.

Competitive position: Strong

Assured has a strong competitive position built on a proven track record of credit discipline and a market leadership position in terms of par insured and premiums written. AGM and MAC write financial guarantees in a broad number of U.S. public finance sectors. International infrastructure business is written by AGM and the global structured finance business written by AGC. While these other markets have proven to be risky in the past, we believe management's current approach to writing business is well thought-out and measured. Therefore, we believe this strategy provides flexibility to capitalize on growth trends and pricing opportunities in one sector while other sectors experience less-favorable trends, which we believe provides some competitive advantage vis-à-vis peers. But, importantly, we do not believe a presence in these other markets will become a significant part of the overall business.

In 2016, the company insured $17.8 billion of total gross par, a 3% increase from 2015, with 90% of total gross par in the U.S. public finance market. A significant portion of the non-U.S. public finance business was U.S. exposure and represented business done to provide regulatory relief to the insurance purchasers. Assured's business volume and pricing were somewhat supressed by compressed credit spreads and competition from bond insurers in the U.S. public finance market. But pricing has strengthened during the year with a rise in interest rates.

Table 1

Assured Guaranty Ltd. Operating Companies -- Business Statistics					
	--Year ended Dec. 31--				
(Mil. $)	**2016**	**2015**	**2014**	**2013**	**2012**
Net par exposure	296,317	358,571	403,729	459,106	519,893
Net protection and indemnity exposure	437,535	536,341	609,622	690,534	782,180
Adjusted gross premiums written§					
U.S. public finance	161.5	124.3	127.8	115.3	165.9
U.S. asset-backed and other	26.7	22.8	24.0	7.1	43.0

Table 1

Assured Guaranty Ltd. Operating Companies -- Business Statistics (cont.)					
	--Year ended Dec. 31--				
(Mil. $)	**2016**	**2015**	**2014**	**2013**	**2012**
U.S. total	188.2	147.1	151.8	122.4	208.9
International public finance	25.2	26.5	7.0	18.3	1.1
International asset-backed and other	0.5	5.5	8.8	-	-
International total	25.7	32.1	15.8	18.3	1.1
Total adjusted gross premiums written	213.9	179.2	167.6	140.7	210.0
Gross par written					
U.S. public finance	16,039	16,377	12,275	8,671	16,161
U.S. asset-backed and other	1,114	327	418	287	620
U.S. total	17,153	16,703	12,693	8,958	16,781
International public finance	677	567	128	391	35
International asset-backed and other	24	65	350	-	-
International total	701	633	478	391	35
Total gross par written	17,854	17,336	13,171	9,349	16,816

*U.S. statutory basis. §Adjusted gross premiums written include upfront and present value of installment premiums and exclude trade credit.

Assured's municipal RAP for 2016 was 4.73% and was heavily weighted toward the U.S public finance business, which generated a 4.21% RAP.--both figures were well above 2015 levels. For the first five months of 2017, the municipal RAP was 6.32% with the U.S. public finance business generating a RAP of 4.93% (with credit quality in the 'BBB+' to 'A-' range). In the international market, Assured benefits from the lack of direct bond insurer competition.

Table 2

Assured Guaranty Ltd. Operating Companies -- Portfolio Statistics*					
	--Year ended Dec. 31--				
(Mil $)	**2016 % of net par**	**2016 par**	**2015 par**	**2014 par**	**2013 par**
Public finance					
General obligation	36.35	107,717	126,255	140,276	155,277
Utility	12.69	37,603	45,936	52,090	56,324
Tax-backed	16.85	49,932	58,062	62,525	66,824
Hospitals	3.79	11,238	15,006	14,848	16,132
Transportation	6.55	19,403	23,454	27,823	30,830
Colleges and universities	3.40	10,085	11,936	13,099	14,071
Investor-owned utilities	0.24	697	916	944	991
Housing	0.53	1,559	2,037	2,779	3,386
Special revenue	0.00	-	-	-	-
Other	2.22	6,564	8,264	7,739	8,345
Total	82.61	244,798	291,866	322,123	352,180
Domestic asset-backed and corporate finance					
Mortgage-backed securities	1.54	4,573	5,704	7,679	11,442
Home equity loan	0.36	1,064	1,363	1,738	2,279

Table 2

Assured Guaranty Ltd. Operating Companies -- Portfolio Statistics* (cont.)					
	--Year ended Dec. 31--				
(Mil $)	**2016 % of net par**	**2016 par**	**2015 par**	**2014 par**	**2013 par**
Auto loan	0.00	0	0	20	73
Other consumer asset-backed	0.56	1,652	2,098	2,079	2,125
Other	4.98	14,767	22,605	29,654	42,988
Total	7.44	22,056	31,771	41,171	58,907
International					
Public finance	8.90	26,381	29,577	31,359	33,998
Asset-backed	1.04	3,082	5,358	9,077	14,021
Total	9.94	29,463	34,934	40,436	48,019
Total net par outstanding	100.00	296,317	358,571	403,730	459,106

*U.S. statutory basis.

Financial Risk Profile

Assured's capital adequacy score is '2' and operating performance score is '3', leading to a financial risk profile score of '2'.

Capital adequacy: Very strong

Assured's capital adequacy is very strong with a capital adequacy ratio above 1.0x at year-end 2016. Regarding Assured's exposure to issuers in Puerto Rico, we have not changed our scenario assumptions from last year (see "U.S. Bond Insurers' Capital Adequacy Is Likely Sufficient To Handle Potential Losses Related To Their Puerto Rico Insured Exposure," published June 15, 2016). Assured's capital position could absorb losses on its entire exposure to issuers in Puerto Rico of roughly $2.3 billion and, without accounting for any other factors, there would be no change in Assured's capital adequacy score or financial risk profile. We will continue to monitor events in Puerto Rico and their impact on the group.

For its low commercial mortgage-backed securities (CMBS) exposure, we calculate stress losses outside the model based on Assured's position in the capital structure. We also subtract any applicable deductibles the company may have.

We expect Assured to maintain a capital adequacy ratio greater than 1.0x due to its target capital strategy, refundings, and the scheduled runoff of its insured portfolio--which is greater than the amount of new business being written, allowing the company to deleverage.

As of Dec. 31, 2016, Assured has a largest obligor test violation--a limiting factor to our view of capital adequacy that could weigh on the rating. Assured's exposure to issuers in Puerto Rico may affect its capital position as losses begin to materialize.

Table 3

Assured Guaranty Ltd. Operating Companies -- Capital Statistics*					
	--Year ended Dec. 31--				
	2016	**2015**	**2014**	**2013**	**2012**
Portfolio risk					
Municipal insurance weighted average capital charge (% of average annual debt service)	19.0	17.3	15.1	14.6	14.7
Asset-backed capital charge (% of par)	19.1	12.1	12.1	4.5	4.4
Model capital inputs (mil. $)					
Statutory capital	7,044	6,813	6,472	6,136	5,944
Contingent capital	400	400	400	400	400
Excess of loss reinsurance	360	360	450	435	435
Unearned premiums	2,510	3,045	3,299	3,545	3,833
Loss reserves	888	1,043	852	773	512
Present value of installment premiums	500	645	716	858	1,005
Capital adequacy					
Margin of safety (x)	>1.00	>1.00	>1.00	>1.00	>1.00
Reliance on soft capital (%)	16.8	15.3	18.1	14.3	12.3

*U.S. statutory basis.

Investment risk modifier: Low risk

Assured's investment portfolio presents low risk because of its liability-driven investment strategy that targets sufficient liquidity to cover unexpected stress in the insured portfolio. Although external asset managers manage the portfolio, Assured is responsible for asset allocation and investment guidelines and has strict risk limits and sublimits by both sector and state that apply to municipal investments. As of Dec. 31, 2016, the fixed income investments credit quality was 'AA' and very liquid. Assured bought a significant portion of the self-insured and all speculative-grade bonds in the investment portfolio as part of its loss-mitigation strategy.

Operating performance: Strong

We view Assured's operating performance as strong due to the runoff of its more-volatile legacy structured finance portfolio and long-term earnings power of its U.S. public finance business. Assured typically collects premiums associated with the U.S. public finance business up front and earns them over the life of the underlying transaction, 20 years on average. As of Dec. 31, 2016, its statutory unearned premium reserve was $2.5 billion, down from $3.0 billion from a year earlier due to normal run-off and high refundings caused by low interest rates. We expect net earned premiums excluding refundings to continue to decline as the insured portfolio runs off and new business production remains low.

Table 4

Assured Guaranty Ltd. Operating Companies -- Operating Performance*					
	--Year ended Dec. 31--				
(%)	**2016**	**2015**	**2014**	**2013**	**2012**
Operating return on equity (AGL)	14.5	11.8	8.1	10.2	9.7
Municipal risk-adjusted pricing ratio	4.7	3.9	3.6	4.5	4.5

Table 4

Assured Guaranty Ltd. Operating Companies -- Operating Performance* (cont.)					
	--Year ended Dec. 31--				
(%)	**2016**	**2015**	**2014**	**2013**	**2012**
Structured risk-adjusted pricing ratio	7.3	18.3	12.1	14.5	29.0
Statutory combined ratio	110.2	142.1	54.9	66.1	104.0
Statutory loss ratio	27.5	60.7	(26.9)	0.8	62.0
Statutory expense ratio	82.7	81.4	81.8	65.3	42.0
Statutory return on revenue	60.9	39.5	83.5	78.5	50.4
Insured portfolio speculative grade exposure	4.4	4.2	4.5	4.9	4.5

*U.S. statutory basis.

The volatility in its combined ratio over the past five years has been greatly influenced by the amount of net premiums written in any year and recoveries on its residential mortgage-backed securities (RMBS) transactions, as well as representation and warranty putbacks. But when evaluating its expense component in terms of net premiums earned, the combined ratio still displays variability due to the loss ratio, but the combined ratio, by this measure, is well under 100% as a result of a much lower expense ratio.

The acquisition of CIFG Holdings Inc. (CIFG) and Assured Guaranty (London) Ltd. (AG London) further enhances long-term earnings, adding about $16 million to the statutory unearned premium reserve. The insured portfolio assumed by Assured in these transactions does not change the risk profile of its total insured portfolio--presenting minimal earnings volatility.

Assured's operating performance could erode due to claim payments from issuers in Puerto Rico that may be greater than reserves. If this occurs, we believe it would be a single-year event since there does not appear to be any other large exposures in its insured portfolio with the same stress levels as Puerto Rico. The annual accretion of discounted reserves would not be of a size to materially affect these metrics.

Table 5

Assured Guaranty Ltd. Operating Companies -- Financial Statistics*					
	--Year ended Dec. 31--				
(Mil. $)	**2016**	**2015**	**2014**	**2013**	**2012**
Total assets	10,913	11,354	11,195	11,078	11,086
Cash and invested assets	10,421	10,961	10,781	10,635	10,543
Net premiums earned	795	664	493	620	725
Losses and loss adjustment expense	218	403	(133)	5	451
Underwriting expense	243	218	226	218	178
Investment income including gains/(losses)	385	425	345	416	366
Net income	594	327	625	710	392

*U.S. statutory basis.

Financial flexibility

Through AGL, the company has a good track record of raising capital, and we view its financial flexibility as neutral to the rating. The operating companies have no preferred stock or external surplus notes outstanding. AGC and AGM each have undrawn contingent capital facilities of $200 million. A portion of reinsurance to third parties is collateralized with high-quality assets held in trust for the benefit of AGM and AGC. Assured also has an excess-of-loss reinsurance agreement covering the U.S. municipal portfolio. We view the likelihood of future capital or liquidity needs at AGL or the operating companies as low.

Other Assessments

Enterprise risk management

We view Assured's ERM framework as strong, reflecting our positive assessment of its risk management culture, especially its influential chief risk officer who reports directly to the board of directors independent of management, the presence of a robust risk-reporting framework, and well-developed risk tolerance statement. Our favorable opinion of risk controls relating to underwriting risks, surveillance, and loss mitigation reflects the company's structured process for risk identification and monitoring, detailed risk limits and policies, and system of enforcement through well-defined authorities. Our strategic risk assessment of management is positive given its deliberate consideration of risk in its decision-making. We assess its emerging risk management and risk models as neutral.

Management and Governance

We view Assured's management and corporate strategy as satisfactory. Management's priorities include increasing penetration in the U.S. public finance market, increasing new business in U.S. structured finance and international segments, and assisting in the wind-down of inactive companies. It has made efforts in achieving these goals with its 2015 acquisition of Radian Asset Assurance Inc., the 2016 acquisition of CIFG, and 2017 acquisition of AG London. The experienced management team demonstrates a strong understanding of the various risks the company faces.

We have not identified any governance deficiencies in our assessment.

Liquidity

We view Assured's liquidity as strong due to its conservative investment strategy that adequately supports its liquidity needs. As of Dec. 31, 2016, Assured had $342 million in cash and short-term investments with no bank line in place. It has a limited number of credit default swap contracts with counterparties that require the posting of eligible collateral based on the marked-to-market valuation. Most of the credit support agreements in force to support the credit default swap notional exposures are conservatively capped based on our current ratings on the company.

Table 6

Assured Guaranty Ltd. Operating Companies Liquidity Statistics*

	--Year ended Dec. 31--				
(%)	**2016**	**2015**	**2014**	**2013**	**2012**
Underwriting cash flow ratio	44.0	N.M.	418.0	286.8	52.1
Liquid assets	87.9	86.4	93.1	92.8	94.2
Cash and short-term assets to loss payable ratio	123.0	335.0	366.8	652.7	256.8

*U.S. statutory basis. N.M.--Not meaningful.

Factors Specific To The Holding Company

Assured Guaranty US Holdings Inc. (Assured Holdings) and its subsidiary, Assured Guaranty Municipal Holdings Inc. (AGMH), are the obligors for all debt and hybrid securities for the consolidated group. The operating performance and debt-service needs of Assured Holdings and AGMH and our 'A' issuer credit rating on AGL depend on the ability of AGC, AGM, and AG Re to pay dividends. Projected annual dividend capacities for AGM and AGC in each of the next three years are at least $300 million--far more than the respective holding companies' debt-service needs. AG Re's projected dividend capacity is more than the planned shareholder dividend payments at AGL and could help support debt-service needs at Assured Holdings and AGMH.

Table 7

Assured Guaranty Ltd. Financial Statistics*					
	--Year ended Dec. 31--				
	2016	2015	2014	2013	2012
Interest coverage (x)	11.5	10.5	8.8	11.5	9.0
Fixed-charge coverage (x)	8.2	8.2	6.8	8.7	7.0
Debt leverage (%)	13.6	14.4	14.3	8.5	8.5
Financial leverage (%)	22.8	24.1	23.8	18.9	19.0

*U.S. generally accepted accounting principles basis.

Accounting Considerations

We view AGL's accounting policies as generally consistent with industry standards and neutral to our ratings. AGL files consolidated statements according to U.S. generally accepted accounting principles (GAAP), whereas AGC, AGM, and MAC file financial statements under statutory accounting principles. AGM and AGC also publish consolidated GAAP financial statements. AG Re files financial statements according to U.S. GAAP.

The Financial Accounting Standards Board Accounting Standards Codification (ASC) 810 "Consolidation" addresses whether certain legal entities often used in securitization and other structured finance transactions should be included in the consolidated financial statements of any particular interested party. The remediation rights AGC or AGM might gain once an insured structured finance transaction experiences stress may give AGC and AGM power over the most significant activities of the special-purpose entity (SPE). As a result, the assets and liabilities of the insured transaction may be consolidated on Assured's balance sheet. We do not view consolidation of these transactions as indicating different or incremental risk relative to the company's nonconsolidated insurance exposure. From a risk perspective, we assess the guaranteed transactions as a capital charge for capital-adequacy modeling purposes. Because of this, we do not include the debt associated with SPEs in any leverage calculations or fixed-charge coverage ratios.

ASC 815 "Derivatives and Hedging" requires derivatives to be marked to market at each reporting date. Insofar as it relates to the financial guarantee insurance industry, we believe this has introduced some earnings volatility that has little bearing on either the likelihood of a potential claim or a bond insurer's intrinsic earnings power. Unlike other financial sectors for which ASC 815 may be more relevant, bond insurers' contracts are not traded, and there is no business intention to trade to realize gains. Therefore, recording a marked-to-market loss because of changing spreads in the marketplace does not make sense from our analytic perspective. Because almost all credit-default swap (CDS) contracts expire without a claim, we usually zero out corresponding marked-to-market positions at maturity. We believe Assured's statutory loss reserves indicate potential claims and, so, are better representations of the economics of the financial guarantee. We also view our own capital charge evaluations as good indicators of changes to the credit profile of any bond insurers' insured sectors.

Under ASC 820 "Fair Value Measurements and Disclosures," the valuation of Assured's derivative liabilities must take into account the market's perception of AGL's nonperformance risk by incorporating the spreads of Assured's CDS. From a ratings perspective, the market's view of Assured's ability to settle its obligations does not relieve it of its obligation to pay on its obligations, and it can't transfer the obligation at the market value. We do not consider any gains taken from the deterioration in Assured's own creditworthiness as economic or real for the purposes of our ratings analysis. We don't factor in any market-based movement unrelated to fundamental credit deterioration when considering capital and earnings.

AGM holds $300 million in surplus notes from AGC. Although its capital position benefits from the purchase of the notes, we have classified these notes as affiliated bonds with a 100% charge against AGM's surplus. We have adjusted the leverage and return ratios that we use for AGL for the impact of ASC 810, 815, and 820.

Related Criteria

- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria - Insurance - Bond: Bond Insurance Rating Methodology And Assumptions, Aug. 25, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Ratings Detail (As Of July 24, 2017)	
Assured Guaranty Ltd.	
Counterparty Credit Rating	A/Stable/--
Related Entities	
Assured Guaranty Corp	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	
Local Currency	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--

Ratings Detail (As Of July 24, 2017) (cont.)	
Assured Guaranty (Europe) Ltd.	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	
Local Currency	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--
Assured Guaranty (London) LTD.	
Financial Strength Rating	
Local Currency	BB/Watch Pos/--
Financial Enhancement Rating	
Local Currency	BB/Watch Pos/--
Assured Guaranty Municipal Corp.	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	
Local Currency	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--
Assured Guaranty Municipal Holdings Inc.	
Issuer Credit Rating	
Local Currency	A/Stable/--
Junior Subordinated	BBB+
Senior Unsecured	A
Assured Guaranty Re Ltd.	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	
Local Currency	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--
Assured Guaranty Re Overseas Ltd.	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	
Local Currency	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--
Assured Guaranty (UK) Ltd.	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--

Ratings Detail (As Of July 24, 2017) (cont.)	
Assured Guaranty US Holdings Inc	
Issuer Credit Rating	A/Stable/--
Municipal Assurance Corp.	
Financial Strength Rating	
Local Currency	AA/Stable/--
Issuer Credit Rating	
Local Currency	AA/Stable/--
Financial Enhancement Rating	
Local Currency	AA/Stable/--
Sutton Capital Trust I	
Preferred Stock	A+
Sutton Capital Trust II	
Preference Stock	A+
Sutton Capital Trust III	
Preferred Stock	A+
Sutton Capital Trust IV	
Preferred Stock	A+
Woodbourne Capital Trust I	
Preferred Stock	A+
Woodbourne Capital Trust II	
Preferred Stock	A+
Woodbourne Capital Trust III	
Preferred Stock	A+
Woodbourne Capital Trust IV	
Preferred Stock	A+
Domicile	Bermuda

*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.