S&P Global
Ratings

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Emgesa S.A. E.S.P.

December 27, 2021

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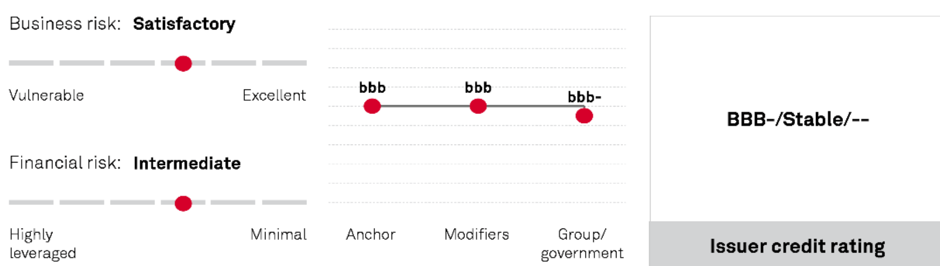
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Leading market position in Colombia's energy generation sector.	Exposure to hydrological conditions.
Relatively stable and predictable revenue stream, driven by its highly contracted nature.	Exposure to energy price fluctuations because its contract prices are partially indexed to spot prices.
Very conservative financial profile, with net debt to EBITDA around 1.5x from 2022 onward.	
The presence of a strong controlling shareholder (Enel Americas S.A.; BBB-/Stable/--) that would support the company under any circumstance, including a hypothetical sovereign default.	

Merger with Emgesa's sister companies will be credit neutral. In July 2021, Emgesa's shareholders approved the merger with Colombia-based distribution business Codensa S.A. and the renewable generators Enel Green Power Colombia S.A. and ESSA2 SpA (all not rated). The completion of the merger will be contingent on obtaining regulatory approvals in Colombia, which we expect to occur during the first quarter of 2022.

We don't expect the merger to affect our ratings on Emgesa, because those will remain linked to those on Enel Americas, its controlling sponsor. On a stand-alone basis, we believe that the merger could strengthen Emgesa's competitive position. This is mainly due to a larger scale and broader business and geographic diversification, with operations in other countries such as Guatemala, Costa Rica, and Panama. In addition, the new entity will have an increasing focus on renewables to address the challenges of the energy transition.

Because the merger hasn't occurred yet, unless explicitly mentioned, the information below refers to Emgesa only.

Emgesa will continue to be a key subsidiary for its controlling shareholder, Enel Americas. In our view, the company is integral to the group's identity and strategy, and consequently, should receive parent support under any foreseeable circumstances, including a hypothetical default of the sovereign. For this reason, we equalize our ratings on Emgesa with those on Enel Americas, allowing us to rate Emgesa above the foreign currency rating on Colombia (BB+/Stable/B).

In our view, Emgesa will maintain its leading position in Colombia's power generation sector in upcoming years. Emgesa is the largest energy generation company in Colombia by capacity, with 3,503 megawatts (MW) that represents about 20% of Colombia's net installed capacity. Emgesa is also the third largest generation company in Colombia by net production, with about 18% of market share. As of September 2021, the company provided 9,656 gigawatt hours (GWh) to the national electric grid, of which 98% were hydro-based. We expect Emgesa to maintain its leading position in the next few years, even though Empresas Publicas de Medellin E.S.P.'s 2,400 MW capacity Ituango hydropower plant will start operations in 2022.

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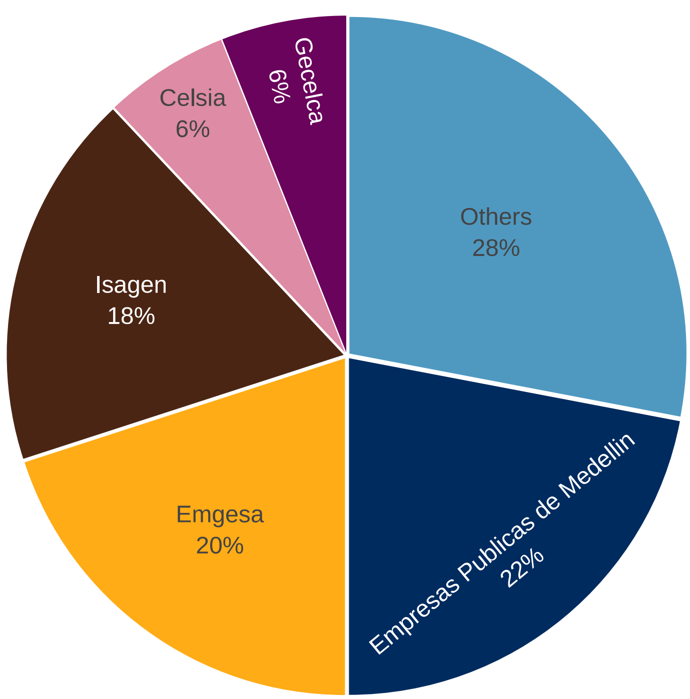
Emgesa's Contribution to SIN Generation



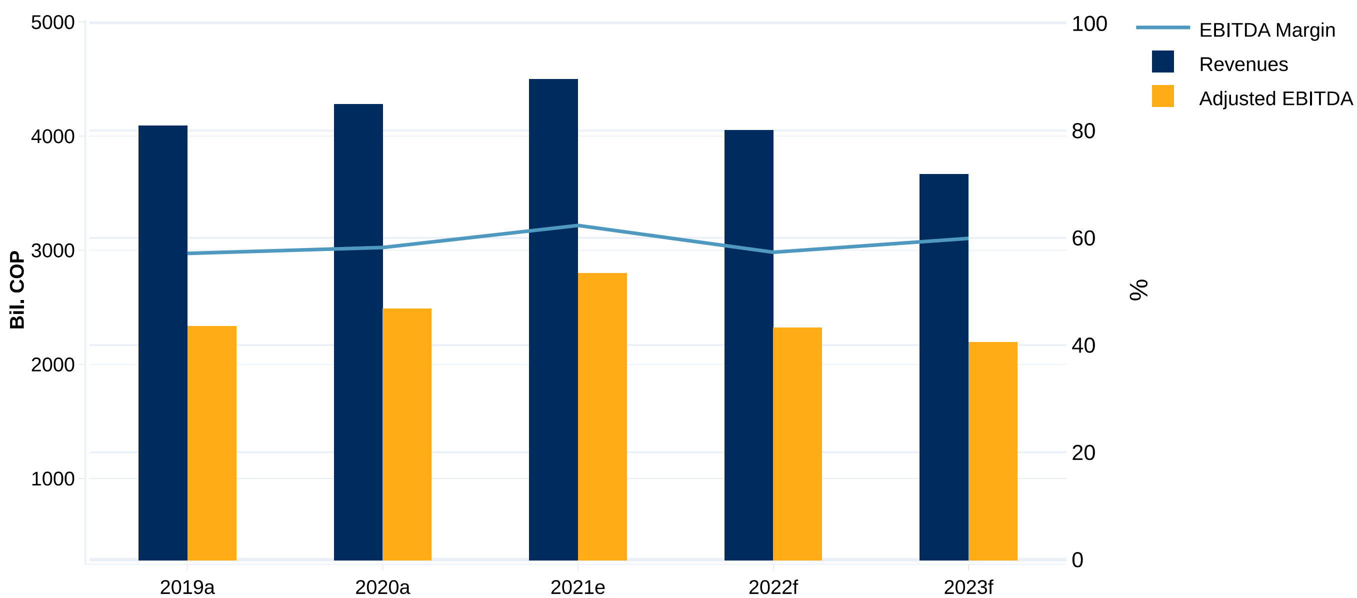
As of December 31, 2020. Source: Company disclosures.

Emgesa will maintain its leading position in Colombia after the merger, considering that Codensa is a key player that serves 3.68 million customers as of September 21 with a 24% market share in the country.

Emgesa will continue to benefit from a relatively stable and predictable revenue base due to the existence of power purchase agreements (PPAs). Emgesa's capacity is mainly contracted with creditworthy counterparties (mostly distribution companies and large consumers). More precisely, as of mid-2021, its contracted capacity accounted for almost 49% of its installed capacity, which shielded the company from the volatile macroeconomic conditions caused by the COVID-19 pandemic. The company uses the remaining capacity as a hedge for drought risk, and it is partly sold in the spot market, which we view as conservative and positive from a credit perspective.

Although most of Emgesa's contracts are due in the medium term (most of them within two to five years), we expect the company to continue renewing them--in line with what it's done in the past--and maintaining a predictable revenue base. The company currently has a significant portion of its capacity contracted for 2022 and 2023, which would ensure stable cash flow in the coming years. Nonetheless, given Ituango's entrance into the market in 2022 and new renewable capacity dispatching, we expect contracted prices to slip, which will cause EBITDA to edge down to about COP2.3- COP2.4 trillion in 2022, from about COP2.5 trillion- COP2.8 trillion in 2021.

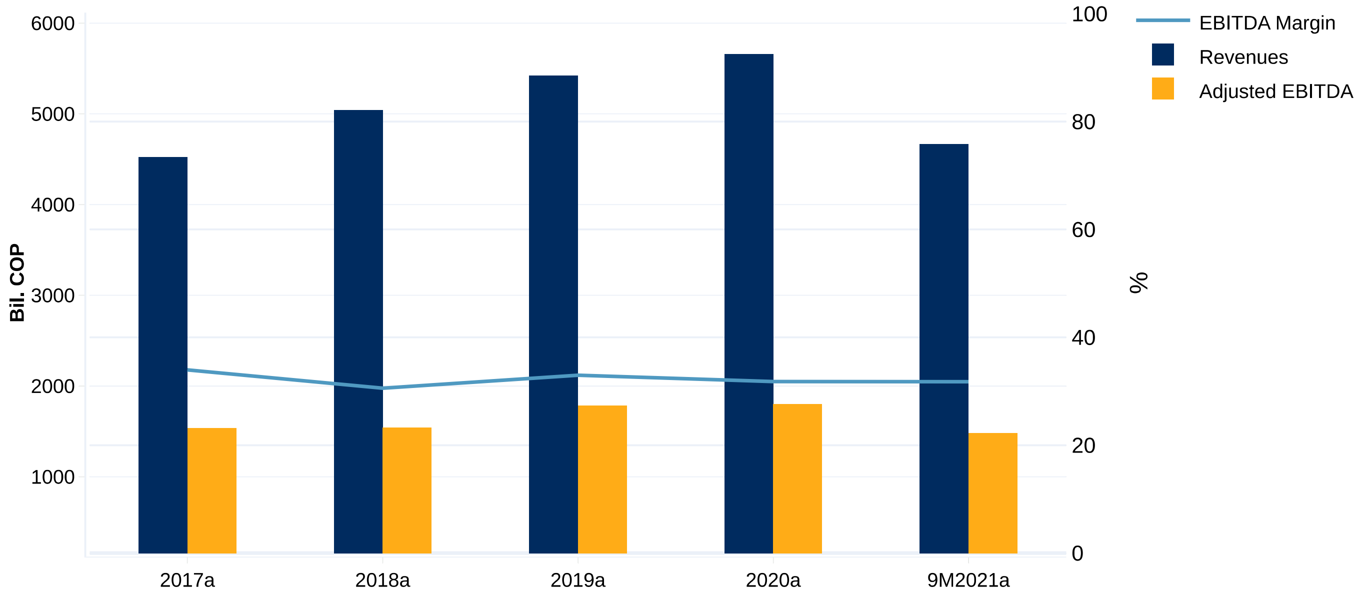
Emgesa's Revenues, Adjusted EBITDA and EBITDA Margin



As of September 30, 2021. Source: S&P Global Ratings.

Post merger, we expect that the combined entity will continue to enjoy a stable and predictable revenue stream due to its participation in the low-risk distribution business through Codensa.

Codensa's Revenues, Adjusted EBITDA and EBITDA Margin



As of September 30, 2021. Source: S&P Global Ratings.

Outlook

The stable outlook on Emgesa reflects our expectation that, in the next 18-24 months, the company will remain a core subsidiary of Enel Americas and that its parent will support it even in a hypothetical scenario of sovereign stress.

Downside scenario

We could downgrade Emgesa in the next 12 to 24 months if we downgrade Enel Americas, which could happen if we downgrade Colombia, or if we think that the latter has lower incentives to support Emgesa. This could happen if, for example, Enel Americas dilutes its voting stake or if we perceive Emgesa has become less strategic from a business perspective.

We could revise Emgesa's stand-alone credit profile (SACP) downward if its financial risk profile worsens due to, for example, a more aggressive commercial strategy amid worsening hydrology conditions or a more aggressive expansion plan, leading to a debt-to-EBITDA ratio of over 3.0x and funds from operations (FFO) to debt of less than 30%, consistently. We could also revise Emgesa's SACP downward if sources over uses of cash ratio drops below 1.2x, which could happen if EMGESA's capital expenditures (capex) plan and/or dividend policy become more aggressive.

Upside scenario

A positive rating action on Enel Americas in the next 12 to 24 months could lead us to upgrade Emgesa. Additionally, we could revise Emgesa's SACP upward if we see its financial ratios consistently improving after the merger, which could happen following a combination of lower dividend payouts and lower investments, leading to debt to EBITDA consistently below 1.0x and FFO to debt above 50%.

Our Base-Case Scenario

Assumptions

- Macroeconomic variables that we view as relevant for the generation business, particularly GDP growth that is highly correlated to electricity demand and inflation given that it affects costs. Our forecast for Colombia's GDP growth is 9.2% in 2021, 3.5% in 2022, and 3.0% in 2023. For inflation we expect around 3.5% in 2021, 4.1% in 2022, and 3.4% in 2023. For more information, please refer to our latest Economic Outlook on Latin America, published on Nov. 29, 2021.
- Normal hydrology and stable energy capacity, given that Emgesa doesn't have significant projects in the pipeline in the short to medium term, and no nonrecurrent disruptions in plant operations. This would lead to an annual net power generation of about 14,000 GWh -15,000 GWh in 2021 and 2022, 10,000 GWh -11,000 GWh contracted in the wholesale market, and about 4,000 GWh in the nonregulated market in 2021 and 2022.
- Costs increases in line with inflation.
- Stable EBITDA margins of 55%-65%.
- Capex close to COP350 billion in 2021, COP310 billion - COP320 billion in 2022, and COP180 billion - COP200 billion in 2023.
- Dividend payout ratio of 90% annually for 2021-2023. In addition, shareholders established Emgesa's distribution of extraordinary dividends amid the company's retained profit from 2016 to 2020, which totals COP1.23 trillion (half of it already paid in December 2021 and the remainder in 2022).

Key metrics

Emgesa S.A. E.S.P.--Key Metrics*

Bil. COP	2019a	2020a	2021e	2022f	2023f
EBITDA	2,335	2,490	2,800-2,900	2,300-2,400	2,300-2,400
EBITDA margin (%)	57.1	58.2	61-63	57-59	58-60
Funds from operations (FFO)	1,570	1,629	1,900-2,000	1,500-1,600	1,400-1,500
Capital expenditure	338	302	350	310-320	180-200
Free operating cash flow (FOCF)	1,038	1,525	1,500-1,600	1,200-1,300	1,100-1,200
Dividends	696	834	1,750-1,800	2,000-2,200	1,100-1,200
Debt to EBITDA (x)	1.3	1.0	0.9-1.1	1.5	1.5
FFO to debt (%)	50.3	65.0	65-70	40-45	40-45
FOCF to debt (%)	33.3	60.8	60	30-40	30-40

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f—Forecast. Only applies to Emgesa and excludes figures post-merger because it's not approved yet.

Company Description

Emgesa is currently the largest power generator in Colombia in terms of installed capacity. The company operates in three different markets:

- The wholesale market, which includes large block energy purchases and sale operations between generators and marketers;
- The nonregulated market that comprises end-customers that consume more than 55 MWh per month and;
- The energy exchange market that allows generation deficit and surplus daily trades.

The company benefits from a diversified asset base because it owns 12 hydroelectric power plants and two thermal electric power assets with an installed capacity of about 3,503 MW (88% hydro and 12% thermal), generating 14,000 GWh last year.

Codensa serves 3.6 million customers. Codensa has authorization to operate for an indefinite duration. As of Dec. 31, 2020, residential customers accounted for 61% of Codensa's total energy sales, commercial 23%, industrial 10%, and other customers 6%. Codensa's total energy sales were 13,834 GWh.

Enel Americas holds 48.5% of Emgesa's capital stock, while Grupo Energia de Bogota S.A. E.S.P. (not rated) holds the remaining 51.5% of shares. Enel Americas has the right to appoint a majority of Emgesa's board of directors, since it holds 56.4% of Emgesa's voting shares--thus, we view Enel as Emgesa's controlling shareholder. After the merger, Enel Americas will hold 57.345% and Grupo de Energia de Bogota 42.515%.

Peer Comparison

We incorporated as peers other electricity players that we rate in the region, including Isagen S.A. E.S.P, Enel Americas S.A, AES Andes S.A., Enel Chile S.A., as well as global players such as Emgesa's ultimate controlling sponsor Enel SpA.

From a business perspective, for now, Emgesa has some differentiating characteristics to AES Andes and Enel Americas, because those two peers operate in more than one country in the region and generally in more than one segment, including electricity transmission or distribution. In our view, Emgesa is more comparable to Isagen, which only operates in Colombia and derives revenues mostly from the generation business. After the merger, we expect Emgesa's business to diversify, both in regional and business terms.

From a financial perspective, we see Emgesa as more conservative than peers, considering that its adjusted debt to EBITDA remains below 2x, while its peers are generally above 3x and have larger investment plans.

Emgesa S.A. E.S.P.--Peer Comparisons

	Emgesa S.A. E.S.P.	ISAGEN	Enel Americas S.A.	AES Andes	Enel Chile S.A.
Foreign currency issuer credit rating	BBB-/Stable/--	BB+/Stable/--	BBB-/Stable/--	BBB-/Stable/--	BBB+/Stable/--
Local currency issuer credit rating	BBB-/Stable/--	BB+/Stable/--	BBB-/Stable/--	BBB-/Stable/--	BBB+/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2020-12-31	2020-12-31	2020-12-31	2020-12-31	2020-12-31
Bil.	COP	COP	COP	COP	COP
Revenue	4,281	3,211	41,693	8,574	12,443
EBITDA	2,490	1,789	10,839	1,649	4,384
Funds from operations (FFO)	1,629	1,284	7,874	45	3,548
Interest	298	360	1,900	815	620
Cash interest paid	225	402	1,159	1,211	830

Emgesa S.A. E.S.P.--Peer Comparisons

Operating cash flow (OCF)	1,828	774	7,292	1,927	2,343
Capital expenditure	302	73	2,757	1,262	2,318
Free operating cash flow (FOCF)	1,525	701	4,535	665	24
Discretionary cash flow (DCF)	691	701	918	(476)	(1,481)
Cash and short-term investments	831	84	5,941	939	1,614
Gross available cash	831	84	5,941	939	1,614
Debt	2,508	5,936	17,765	4,314	12,336
Equity	5,156	5,958	35,336	7,904	17,299
EBITDA margin (%)	58.2	55.7	26.0	19.2	35.2
Return on capital (%)	29.2	13.9	14.4	7.5	0.3
EBITDA interest coverage (x)	8.4	5.0	5.7	2.0	7.1
FFO cash interest coverage (x)	8.3	4.2	7.8	1.0	5.3
Debt/EBITDA (x)	1.0	3.3	1.6	2.6	2.8
FFO/debt (%)	65.0	21.6	44.3	1.0	28.8
OCF/debt (%)	72.9	13.0	41.0	44.7	19.0
FOCF/debt (%)	60.8	11.8	25.5	15.4	0.2
DCF/debt (%)	27.6	11.8	5.2	(11.0)	(12.0)

Emgesa S.A. E.S.P.--Peer Comparisons

	Emgesa S.A. E.S.P.	Enel
Foreign currency issuer credit rating	BBB-/Stable/--	BBB+/Stable/A-2
Local currency issuer credit rating	BBB-/Stable/--	BBB+/Stable/A-2
Period	Annual	Annual
Period ending	2020-12-31	2020-12-31
Bil.	COP	COP
Revenue	4,281	271,125
EBITDA	2,490	62,302
Funds from operations (FFO)	1,629	47,446
Interest	298	10,466
Cash interest paid	225	8,268
Operating cash flow (OCF)	1,828	46,015
Capital expenditure	302	39,939
Free operating cash flow (FOCF)	1,525	6,076
Discretionary cash flow (DCF)	691	(14,201)
Cash and short-term investments	831	24,065
Gross available cash	831	24,065
Debt	2,508	251,325
Equity	5,156	175,441
EBITDA margin (%)	58.2	23.0
Return on capital (%)	29.2	9.5

Emgesa S.A. E.S.P.--Peer Comparisons

EBITDA interest coverage (x)	8.4	6.0
FFO cash interest coverage (x)	8.3	6.7
Debt/EBITDA (x)	1.0	4.0
FFO/debt (%)	65.0	18.9
OCF/debt (%)	72.9	18.3
FOCF/debt (%)	60.8	2.4
DCF/debt (%)	27.6	(5.7)

Business Risk

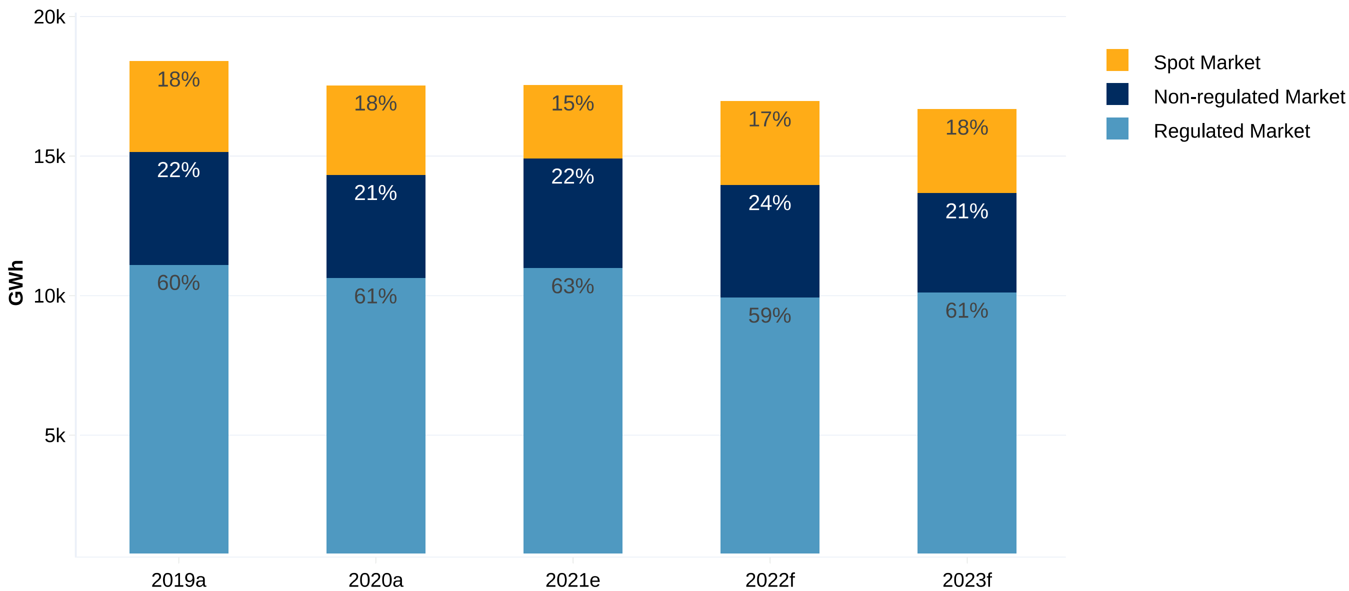
Emgesa's business risk profile is supported by our view that it will maintain a solid competitive position in the Colombian market and its relatively stable cash flow because we expect most of its capacity will remain contracted in the next two to three years. Our assessment also considers our favorable view of Colombia's regulatory, legal, and contractual framework. The key weaknesses include exposure to drought considering that its capacity is mostly hydro, and some exposure to the volatile spot market conditions.

High contracted sales for 2021, 2022 and 2023. We expect Emgesa's capacity will remain highly contracted in the upcoming two to three years. In the medium term, we anticipate some exposure to contracting risk, but we don't view this as a credit weakness for Emgesa given that this is a market condition in Colombia because the average contract life in the country has always been shorter than in the rest of Latin America. More importantly, Emgesa has been historically able to satisfactorily re-contract its capacity, which we attribute to its high efficiency and its track record in the industry.

We view Colombia's regulatory, legal, and contractual framework as supportive. The regulation in Colombia allows for the timely recovery of operating costs and capital. More importantly, we have a satisfactory record of tariff revisions and expect no significant modifications in the next few years. Therefore, we consider the framework predictable and transparent, which supports the ratings.

Emgesa has 3,097 MW of hydropower installed capacity in Colombia, followed by 406 MW of thermo generation and coal-fueled facilities. Although exposure to natural resources is high, its prudent commercial strategy partially mitigates this risk. On the other hand, we expect some exposure to the spot market given that it will dispatch a portion of its capacity there.

Emgesa's Sales By Segment



As of June 30, 2021. Source: Company disclosures.

Financial Risk

The company's debt peaked in 2015--adjusted debt to EBITDA was about 2.5x-- because of the construction of the El Quimbo power plant that required a major investment of about $1.231 billion. Since then until 2020, we've observed a gradual deleverage, and therefore improving main credit ratios.

Emgesa plans to invest COP325 billion-COP345 billion in 2021 and COP300 billion-COP320 billion in 2022 for maintenance and growth. These investments are mainly focused on the Termozipa thermal plant and on the Quimbo and Guavio hydro plants.

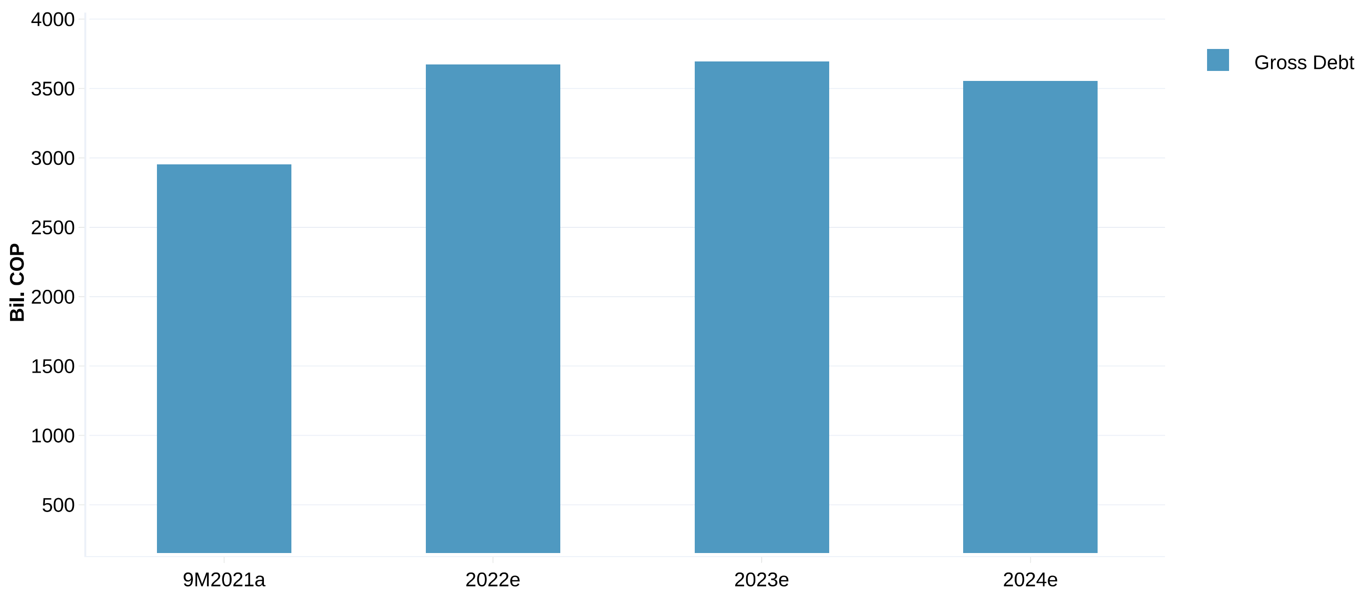
We forecast a dividend payout ratio of 90% for 2021-2023. In addition, shareholders established Emgesa's distribution of extraordinary dividends amid the company's retained profit from 2016 to 2020. These dividends total COP1.2 trillion, as discussed above.

Our updated forecast indicates Emgesa will post adjusted debt to EBITDA of 0.9x-1.1x by the end of 2021, and around 1.5x from 2022 onward. We also expect Emgesa to post FFO to debt of 60%-70% in 2021 and below 45% in 2022.

This forecast does not consider the merger because regulatory approval is still pending.

Debt maturities

Emgesa's Debt Maturity Profile



As of September 30, 2021. Source: Company disclosures.

Emgesa S.A. E.S.P.--Financial Summary

Period ending	Dec-31-2015	Dec-31-2016	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020
Reporting period	2015a	2016a	2017a	2018a	2019a	2020a
Display currency (bil.)	COP	COP	COP	COP	COP	COP
Revenues	3,268	3,514	3,425	3,718	4,092	4,281
EBITDA	1,737	1,994	2,076	2,133	2,335	2,490
Funds from operations (FFO)	924	1,049	1,251	1,301	1,570	1,629
Interest expense	347	493	378	349	313	298
Cash interest paid	329	480	409	361	280	225
Operating cash flow (OCF)	817	1,151	1,148	1,562	1,376	1,828
Capital expenditure	705	291	316	252	334	302
Free operating cash flow (FOCF)	112	860	832	1,310	1,042	1,525
Discretionary cash flow (DCF)	(933)	65	235	710	346	691
Cash and short-term investments	311	630	570	625	289	831
Gross available cash	311	630	570	625	289	831
Debt	3,989	3,999	4,099	3,780	3,121	2,508

Emgesa S.A. E.S.P.--Financial Summary

Common equity	3,558	3,496	3,848	4,239	4,743	5,156
Adjusted ratios						
EBITDA margin (%)	53.1	56.7	60.6	57.4	57.1	58.2
Return on capital (%)	20.3	23.2	24.5	24.3	26.6	29.2
EBITDA interest coverage (x)	5.0	4.0	5.5	6.1	7.5	8.4
FFO cash interest coverage (x)	3.8	3.2	4.1	4.6	6.6	8.3
Debt/EBITDA (x)	2.3	2.0	2.0	1.8	1.3	1.0
FFO/debt (%)	23.2	26.2	30.5	34.4	50.3	65.0
OCF/debt (%)	20.5	28.8	28.0	41.3	44.1	72.9
FOCF/debt (%)	2.8	21.5	20.3	34.6	33.4	60.8
DCF/debt (%)	(23.4)	1.6	5.7	18.8	11.1	27.6

Reconciliation Of Emgesa S.A. E.S.P. Reported Amounts With S&P Global Adjusted Amounts (Bil. COP)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2020									
Company reported amounts	2,758	5,156	4,281	2,490	2,243	290	2,490	2,038	834	310
Cash taxes paid	-	-	-	-	-	-	(636)	-	-	-
Cash interest paid	-	-	-	-	-	-	(216)	-	-	-
Lease liabilities	8	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	63	-	-	0	0	0	-	-	-	-
Accessible cash and liquid investments	(831)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	0	0	8	(8)	(8)	-	(8)
Power purchase agreements	510	-	-	0	0	0	0	0	-	0
Nonoperating income (expense)	-	-	-	-	20	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(202)	-	-

Reconciliation Of Emgesa S.A. E.S.P. Reported Amounts With S&P Global Adjusted Amounts (Bil. COP)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Noncontrolling/ minority interest	-	0	-	-	-	-	-	-	-	-
Total adjustments	(249)	0	0	0	20	8	(861)	(210)	0	(8)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	2,508	5,156	4,281	2,490	2,264	298	1,630	1,828	834	302

Liquidity

We continue to view Emgesa's liquidity as adequate. Although for the next 12 months, the company's sources of cash will be lower than its uses, mainly due to the extraordinary dividend to be paid in 2021 and 2022, given Emgesa's merger with its sister companies, our analysis is not capturing the cash from the absorbed companies yet. In addition, we continue to believe that Emgesa has adequate financial flexibility, with proven access to the capital markets and banks, which in our view, is enhanced by its ownership structure. Moreover, the company's financial policies were generally prudent. Finally, Emgesa is not subject to financial covenants on its outstanding bonds as long as it is rated in the investment-grade category.

Principal liquidity sources

- Cash balance and short-term investments of COP393 billion as of September 2021;
- FFO of COP1.60 trillion-COP1.65 trillion;

Principal liquidity uses

- Short-term debt maturities of about COP800 billion;
- Maintenance capex of COP160 billion - COP 180 billion; and
- Dividend distributions of about COP2.0 trillion, representing a 90% dividend payout and an additional distribution of extraordinary dividends amid the company's retained profit from 2016 to 2020.

Environmental, Social, And Governance

Environmental factors are a moderately negative consideration in our credit rating analysis of Emgesa. Almost 90% of the company's installed capacity is hydro based, while the remainder is thermal. Emgesa is in the process of merging with its sister companies, the distribution company Codensa S.A. and the renewable generator Enel Green Power Colombia. We will monitor and incorporate relevant changes to the indicator, once the transaction materializes during the first quarter of 2022.

Group Influence

We consider Emgesa a core subsidiary of Enel Americas, its controlling shareholder. We expect the parent to have the ability and willingness to provide sufficient support even during a potential sovereign default. This view allows us to rate Emgesa above our ratings on Colombia, and also provides downside protection in case Emgesa's credit quality worsens on a stand-alone basis. As of Dec. 30, 2020, Enel Américas holds 56.4% of Emgesa's voting shares, while EEB holds 43.5%.

Rating Above The Sovereign

Please refer to Group Influence section.

Issue Ratings--Subordination Risk Analysis

Capital structure

There's no structural subordination because rated debt is at the operating level.

Rating Component Scores

Foreign currency issuer credit rating	**BBB-/Stable/--**
Local currency issuer credit rating	**BBB-/Stable/--**
Business risk	**Satisfactory**
Country risk	Moderately High
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Ratings Detail (as of December 27, 2021)*

Emgesa S.A. E.S.P.	
Issuer Credit Rating	BBB-/Stable/--
Issuer Credit Ratings History	
20-May-2021	BBB-/Stable/--
27-Mar-2020	BBB/Negative/--
31-Aug-2017	BBB/Stable/--

*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.