

## CREDIT OPINION

25 March 2024

Update

 Send Your Feedback

### Contacts

Samar Maziad +1.212.553.4534  
 VP-Senior Analyst  
 samar.maziad@moodys.com

Dylan Walsh +1.212.553.3583  
 Ratings Associate  
 dylan.walsh@moodys.com

Mauro Leos +1.212.553.1947  
 Associate Managing Director  
 mauro.leos@moodys.com

Marie Diron +44.20.7772.1968  
 MD-Global Sovereign Risk  
 marie.diron@moodys.com

### CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

# Government of Uruguay – Baa1 stable

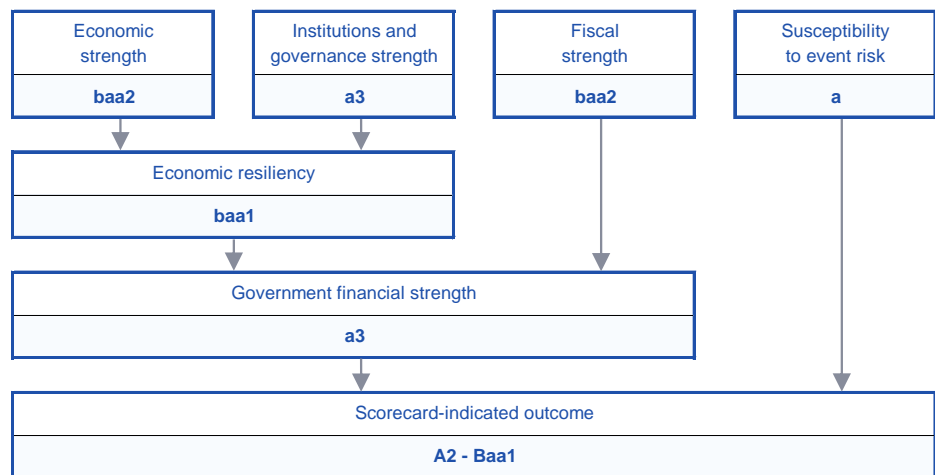
Update following upgrade to Baa1, outlook changed to stable from positive

## Summary

The credit profile of [Uruguay](#) is supported by its robust institutional strength and stronger growth prospects. Economic growth in 2022-24 will outpace the weak growth in 2015-19. Improved fiscal and monetary policy frameworks contribute to sound macroeconomic policies and support the sovereign credit profile. The government is progressing on its reform agenda to address its structural challenges, including relatively low levels of investment and spending rigidities. Compliance with the new fiscal rules will help stabilize the government's debt burden over the next three to five years.

Exhibit 1

Uruguay's credit profile is determined by four factors



Source: Moody's Ratings

## Credit strengths

- » Strong institutional framework
- » Favorable debt maturity profile and moderate government financing needs
- » Robust government liquidity buffers

## Credit challenges

- » Structural rigidities in government spending

- » Relatively high, albeit declining, share of foreign-currency denominated debt
- » Low investment levels

## Rating outlook

The stable outlook incorporates Moody's expectations that recent reforms to fiscal and monetary policy frameworks will be preserved, supporting a longer track record of compliance with fiscal targets and stable debt burden. Sustained higher growth rates and sound fiscal policy implementation balance the risks related to Uruguay's exposure to weather-related shocks that weigh on growth and fiscal outcomes. Downside risks also relate to the possibility of growth returning to previous very low rates on a sustained basis, in particular if, despite recent reforms, investment remains muted.

## Factors that could lead to an upgrade

Uruguay's sovereign credit rating could be upgraded if additional structural and fiscal reforms lead to a material drop in debt burden and lower interest burden. A significantly more pronounced improvement in growth performance than currently expected, supported by stronger private investment over an extended period of time, which lead to further economic diversification and economic resilience to shocks would also support an upgrade.

## Factors that could lead to a downgrade

The sovereign credit rating could be downgraded if reforms to fiscal and monetary policy frameworks eroded, leading to the emergence of fiscal pressures and a rise in the debt burden. Prospects of a return of persistent low growth rates would also put downward pressure on Uruguay's rating.

## Key indicators

Exhibit 2

Uruguay	2018	2019	2020	2021	2022	2023E	2024F	2025F
Real GDP (% change)	0.2	0.7	-6.3	5.3	4.7	0.4	3.5	2.6
Inflation rate (% change average)	7.6	7.9	9.8	7.7	9.1	5.9	5.3	5.8
Gen. gov. financial balance/GDP (%) <sup>[1]</sup>	-3.1	-3.9	-5.8	-4.1	-3.2	-3.3	-3.0	-2.8
Gen. gov. primary balance/GDP (%) <sup>[1]</sup>	-0.5	-1.4	-3.0	-1.9	-0.9	-0.8	-0.7	-0.7
Gen. gov. debt/GDP (%)	47.5	50.9	61.7	59.3	55.9	57.4	57.8	58.3
Gen. gov. debt/revenues (%)	177.5	195.4	233.5	234.2	214.9	221.1	229.5	231.5
Gen. gov. interest payment/revenues (%)	9.7	9.5	10.5	8.8	8.8	9.2	9.1	8.6
Current account balance/GDP (%)	-0.5	1.2	-0.8	-2.5	-4.0	-5.1	-4.5	-3.8
External debt/CA receipts (%) <sup>[2]</sup>	223.4	236.1	315.7	229.9	218.1	218.5	199.9	193.1
External vulnerability indicator (EVI) <sup>[3]</sup>	107.5	98.8	108.9	97.7	106.1	138.7	135.8	--

[1] Excludes pension transfers and includes interest payments related to the 'cincuentones' law starting in 2018.

[2] Current Account Receipts

[3] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Total Nonresident Deposits Over One Year)/Official Foreign Exchange Reserves

Source: Moody's Ratings

## Detailed credit considerations

Uruguay's credit quality incorporates our "baa2" **economic strength** assessment on a global basis, above the initial score of "baa3," reflecting its moderate growth potential and relatively high income per capita, counterbalanced by the small size of the economy. At \$71 billion in 2022, the Uruguayan economy was smaller than the Baa-rated peer median of around \$245 billion. The economy expanded by around 4.7% in real terms in 2022, and we expect real GDP to continue to grow by an average of 3.1% per year in 2024 and 2025. UPM-Kymmene's (Baa1 stable) pulp mill plant project has lifted investment levels from the lows registered in 2019 and earlier, and we expect the government's pro-investment agenda to help maintain the current investment levels.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Our “a3” assessment for Uruguay's **institutions and governance strength** balances the country's strong institutional framework, which reinforces policy predictability, against its still-evolving capabilities to effectively and credibly implement such policies. The government introduced a new fiscal policy framework in 2020 that features a fiscal rule with structural balance target, limit on current expenditure growth and a ceiling on net debt. The government met all of its fiscal rule targets for four consecutive years (2020-23), establishing a limited but growing track record of strong fiscal management. Building a long track record of compliance under this new framework would help reduce fiscal imbalances, and bolster fiscal policy credibility and effectiveness. The central bank in 2020 revamped its monetary policy framework, including the reintroduction of interest rate as the main monetary policy instrument, and was among the first in the region to start tightening monetary policy in 2021.

Uruguay's “baa2” **fiscal strength** assessment balances its moderately high government debt burden, very strong asset-liability management practices and fiscal reserve assets with lingering vulnerabilities from a high, although improving, proportion of foreign-currency debt. The government's debt burden of 56% in 2022, when measured as a share of GDP, was in line with the Baa-rated peer median, while its interest burden of 8.8% of revenue was above the Baa-rated peer median of 6.6%. Although the government has managed to reduce the share of foreign-currency-denominated debt over the past decade, it remained relatively high at 45.7% as of year-end 2023, down from 52.7% in December 2021. This exposes the overall debt stock to fluctuations from an exchange-rate depreciation, which, in turn, can lead to a deterioration in the debt-to-GDP ratio. This exchange-rate risk is mitigated by the government's financial assets, which are mostly denominated in foreign currency and provide around 9 months of debt service coverage as of year-end 2023.

We assess Uruguay's **susceptibility to event risk** at “a,” driven by banking sector risk, government liquidity risk and external vulnerability risk. The banking sector risk assessment of “a” reflects the system's relatively large size for a Latin American economy, with domestic bank assets equivalent to 79% of GDP in 2022, and a Baseline Credit Assessment of baa3 for the banks we rate, which informs the risk assessment of potential contingent liabilities on the government's balance sheet.

Uruguay's external vulnerability risk assessment of “a” reflects its large external buffers that mitigate the exchange-rate risks stemming from the country's still-significant degree of financial dollarization. The current account deficit expanded to 4.0% of GDP in 2022 from 2.5% in 2021 because of growth in imports of metals and capital goods linked to major investment and infrastructure projects.

Uruguay's government liquidity risk assessment of “a” balances the government's relatively low gross borrowing requirements — favored by a long maturity profile — against a relatively high share of external debt in total government debt.

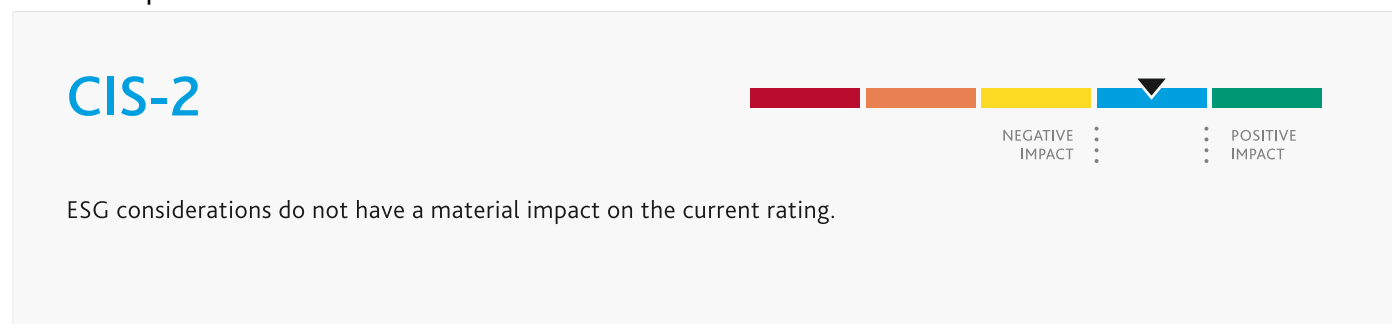
The country's political risk assessment is “aa.” The risk of political events compromising the economic, institutional or fiscal features of Uruguay's credit profile is very low.

## ESG considerations

### Uruguay's ESG credit impact score is CIS-2

Exhibit 3

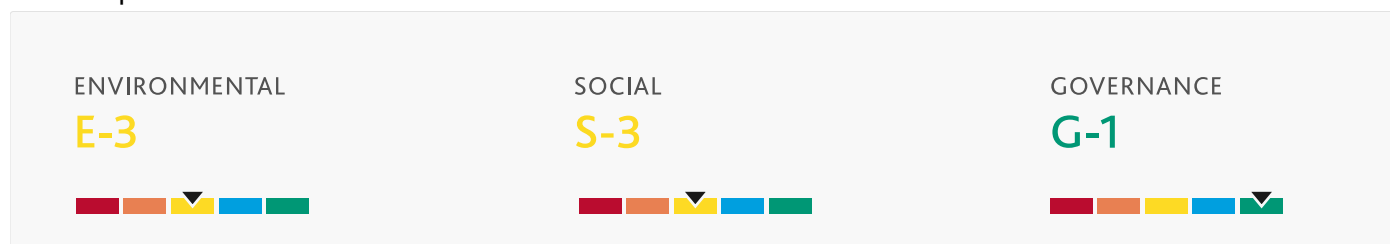
#### ESG credit impact score



Source: Moody's Ratings

Uruguay's ESG Credit Impact Score is neutral-to-low (**CIS-2**) reflecting its exposure to social risks, exposure to environmental risks and broad societal consensus that supports its governance.

Exhibit 4

**ESG issuer profile scores**

Source: Moody's Ratings

**Environmental**

Uruguay's exposure to environmental risks (**E-3** issuer profile score) reflects exposure to physical climate risk, specifically excessive rains or droughts, which affects the agricultural sector and water supply.

**Social**

Exposure to social risks (**S-3** issuer profile score) is related to the country's aging population and its potential impact on the country's welfare system and public finances, and potential growth, although the recent pension reforms mitigates these risks. A deterioration in the labor market, for the younger population in particular, also poses social risks. However, adequate provision of social services and a mature political system that develops policies based on consensus help mitigate social risks.

**Governance**

The influence of governance on Uruguay's credit profile is positive (**G-1** issuer profile score). The country has a long history of strong institutions and consensus-based policy-making tradition that leads to durable policy decisions and supports social cohesion.

All of these considerations are further discussed in the "Detailed credit considerations" section above. Our approach to ESG is explained in our report on how the [scores depict varied and largely credit-negative impact of ESG factors](#) and our cross-sector methodology [General Principles for Assessing Environmental, Social and Governance Risks Methodology](#).

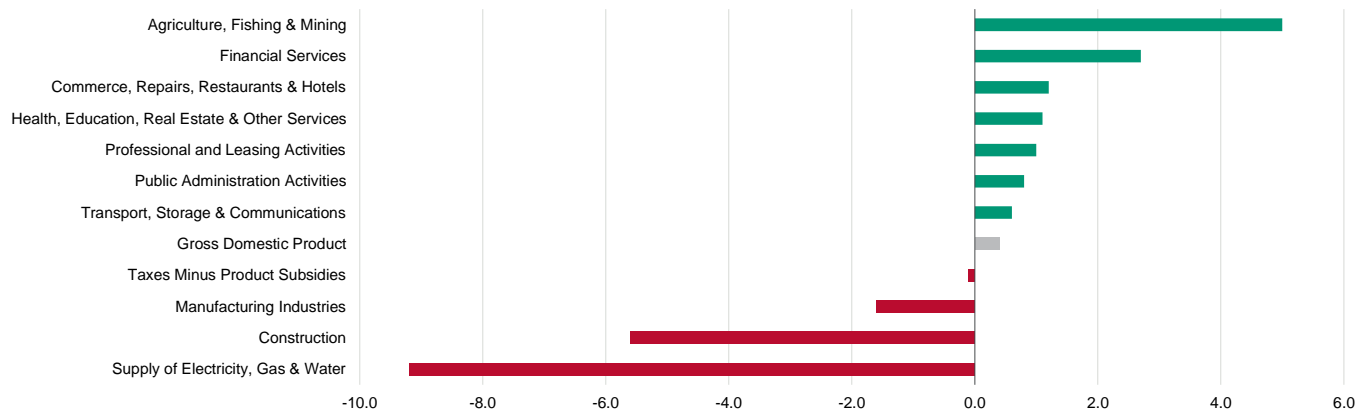
**Recent developments****GDP results indicate economic growth slowed to 0.4% in 2023**

GDP data for 2023 showed the slowdown of economic activity as growth increased 0.4%. The result was driven by growth from the summer 2023 tourism season, the start-up of the third pulp mill and improvement in agricultural yields after drought conditions subsided but was brought down by negative electricity generation and construction, as well as the closing of an oil refinery in September 2023. This is reflected in the central bank's GDP report that shows growth was impelled by the agriculture, fishing and mining sector that expanded 5.0% year-on-year, followed by financial services at 2.7% and hindered by the supply of electricity, gas and water sector contracting year-on-year by 9.2% followed by the construction sector at 5.6% (see Exhibit 5).

Exhibit 5

**The agriculture, fishing and mining sector recovered strongly after drought conditions subsided**

Year-on-year change in economic activity by sector (in percentage terms)



Sources: Central Bank of Uruguay and Haver Analytics

We expect economic growth of around 3.5% for 2024 as the agricultural and tourism industries recover. There is also our expectation of strong investment moving forward as the Commission for the Application of the Investment Law (COMAP) provides tax incentives to investors. Furthermore, there could be another large investment project on the horizon as the Government of Uruguay signed a memorandum of understanding (MOU) with the company HIF. It is still early stages, but the proposed project is for the building of a green hydrogen plant in the department (province) of Paysandú, a potential investment of US\$6 billion (about 1.5x the size of the previous largest investment in the country's history) and potential generation of as many as 3,000 jobs.

**Uruguay meets its fiscal rule targets for fourth consecutive year**

On 29 February, the independent Fiscal Advisory Council (FAC) in Uruguay, which provides methodological validation for the government's fiscal framework, verified compliance with the fiscal rule in 2023, marking the fourth consecutive year of meeting its fiscal targets.

The government met targets for all three pillars of the fiscal rule: the structural deficit was 2.7% of GDP, in line with the 2.7% target; real primary spending growth was -0.4%, below the 2.1% limit; and net indebtedness was \$2.4 billion, below the \$2.9 billion target. Due to drought conditions a national emergency was called by the Lacalle Pou administration, activating the legal escape clause and increasing the target in the third pillar to \$2.9 billion from \$2.2 billion originally laid out at the beginning of the year. Meeting the targets for the fourth consecutive year demonstrates the current administration's commitment to fiscal consolidation and building a track record of compliance with the new fiscal framework.

Additionally, the Ministry of Economy and Finance (MEF) reported the fiscal deficit remained broadly stable at 3.3% of GDP in 2023 (see Exhibit 6) despite the drought conditions that was deemed a national emergency. The level deficit in 2023 reflects government efforts to restrain expenditures in line with decreased revenues because of the drought, which both fell by 0.5% of GDP, respectively.

Exhibit 6

### Breakdown of central government fiscal revenue and expenditure (2022-23) (% of GDP)

	2022	2023	Difference 2023 vs 2022
<b>Revenue</b>	<b>26.1</b>	<b>25.6</b>	<b>-0.5</b>
Central Government	19.3	18.7	-0.6
Social Welfare Bank (BPS)	6.8	6.9	0.1
<b>Expenditure</b>	<b>26.9</b>	<b>26.4</b>	<b>-0.5</b>
Central Government	25.4	25.3	-0.1
Investments	1.6	1.1	-0.4
<b>Primary Balance</b>	<b>-0.8</b>	<b>-0.8</b>	<b>0.0</b>
Interest Payments	2.2	2.2	0.1
<b>Fiscal Balance*</b>	<b>-3.2</b>	<b>-3.2</b>	<b>0.1</b>

\*Excluding income from the Social Security Trust (FSS)

Any discrepancies in the data is due to rounding

Source: Ministry of Economy and Finance

For 2024 the MEF set targets for a structural deficit of 2.9% of GDP; real primary spending limit of 2.8%; and maximum net indebtedness of \$2.3 billion. These fiscal rule targets are stable compared to the 2023 results, with exception of the real increase in primary spending that was increased slightly given the robust growth forecast. We expect the current 2024 targets will lead to a slight decrease in the fiscal deficit and a slight increase in the debt-to-GDP in 2024, at around 2.8% of GDP and around 58%, respectively.

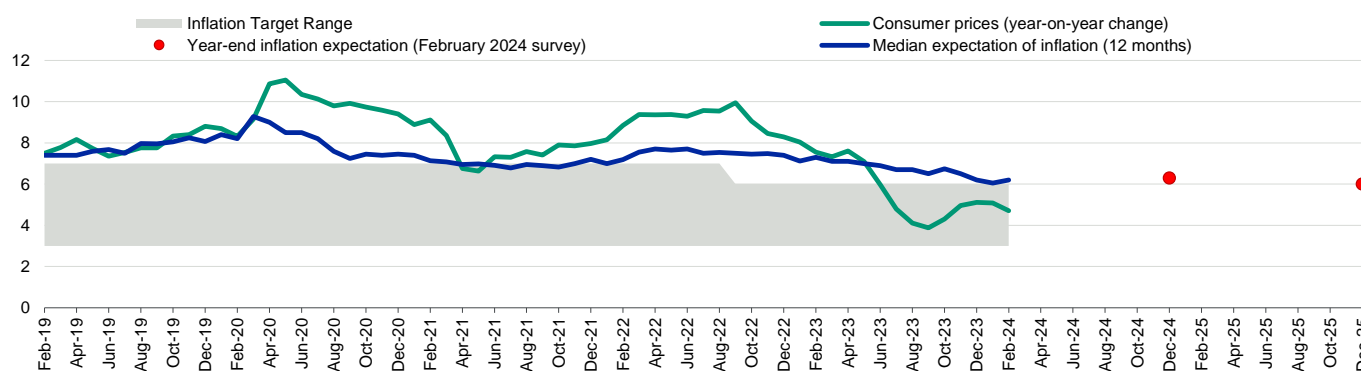
Still, there are risks to fiscal performance in the coming years, including a new administration that will take office next year. Despite the transition we expect the government to remain committed to fiscal consolidation and maintain broad compliance with the fiscal framework.

### The central bank pauses its easing cycle in latest Monetary Policy Committee decision

The Monetary Policy Committee (COPOM) maintained its policy rate at 9% in February 2024, pausing its easing cycle that led to 250 basis points of cuts in 2023. As of February 2024, year-over-year inflation in Uruguay was 4.7%, down from 5.1% in January (see Exhibit 7). It also marked nine consecutive months of inflation remaining within the central bank's target range of 3%-6%. We expect inflation to end 2024 under 6%, slightly below inflation expectations in the central bank's survey that put it above the top of the target range at 6.3% for the 2024 calendar year.

Exhibit 7

### Uruguay's policymakers are committed to keeping inflation within target range In percentage terms



Sources: Central Bank of Uruguay, Ministry of Finance and Moody's Ratings

## Moody's rating methodology and scorecard factors: Uruguay - Baa1 stable

Factor / Sub-Factor	Metric	Indicator Year	Indicator	Initial Factor Score	Final Factor Score	Weights
<b>Factor 1: Economic strength</b>				<b>baa3</b>	<b>baa2</b>	<b>50%</b>
<b>Growth dynamics</b>	Average real GDP growth (%)	2018-2027F	1.6	b1		25%
	MAD Volatility in Real GDP Growth (%)	2013-2022	1.7	ba2		10%
<b>Scale of the economy</b>	Nominal GDP (\$ billion)	2022	71.2	ba1		30%
<b>National income</b>	GDP per capita (PPP, Int\$)	2022	27,769.8	a1		35%
<b>Adjustment to factor 1</b>	# notches				1	max ±9
<b>Factor 2: Institutions and governance strength</b>				<b>a3</b>	<b>a3</b>	<b>50%</b>
<b>Quality of institutions</b>	Quality of legislative and executive institutions			a		20%
	Strength of civil society and the judiciary			aa		20%
<b>Policy effectiveness</b>	Fiscal policy effectiveness			baa		30%
	Monetary and macroeconomic policy effectiveness			baa		30%
<b>Specified adjustment</b>	Government default history and track record of arrears				0	max -3
<b>Other adjustment to factor 2</b>	# notches				0	max ±3
<b>F1 x F2: Economic resiliency</b>				<b>baa1</b>	<b>baa1</b>	
<b>Factor 3: Fiscal strength</b>				<b>baa2</b>	<b>baa2</b>	
<b>Debt burden</b>	General government debt/GDP (%)	2022	55.9	baa2		25%
	General government debt/revenue (%)	2022	214.9	baa1		25%
<b>Debt affordability</b>	General government interest payments/revenue (%)	2022	8.8	a2		25%
	General government interest payments/GDP (%)	2022	2.3	a3		25%
<b>Specified adjustments</b>	Total of specified adjustment (# notches)			-2	-2	max ±6
	Debt Trend - Historical Change in Debt Burden	2014-2022	19.2	0	0	
	Debt Trend - Expected Change in Debt Burden	2022-2024F	2.0	0	0	
	General Government Foreign Currency Debt/ GDP	2022	26.5	-2	-2	
	Other non-financial public sector debt/GDP	2022	2.5	0	0	
	Government Financial Assets including Sovereign Wealth Funds / GDP	2022	2.4	0	0	
<b>Other adjustment to factor 3</b>	# notches				0	max ±3
<b>F1 x F2 x F3: Government financial strength</b>				<b>a3</b>	<b>a3</b>	
<b>Factor 4: Susceptibility to event risk</b>				<b>a</b>	<b>a</b>	<b>Min</b>
<b>Political risk</b>					aa	
	Domestic political risk and geopolitical risk			aa		
<b>Government liquidity risk</b>					a	a
	Ease of access to funding			a		
<b>Specified adjustment</b>	High refinancing risk				0	max -2
<b>Banking sector risk</b>					a	a
	Risk of banking sector credit event (BSCE)	Latest available	baa3	baa3		
	Total domestic bank assets/GDP	2022	67.1	<80		
<b>Adjustment to F4 BSR</b>	# notches				0	max ±2
<b>External vulnerability risk</b>					a	a
	External vulnerability risk			a		
<b>Adjustment to F4 EVR</b>	# notches				0	max ±2
<b>Overall adjustment to F4</b>	# notches				0	max -2
<b>F1 x F2 x F3 x F4: Scorecard-indicated outcome</b>				<b>A2 - Baa1</b>	<b>A2 - Baa1</b>	

**Note:** While information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the scorecard-indicated outcome. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the scorecard-indicated outcome. For more information please see our Sovereign Ratings Methodology.

**Footnotes: (1) Initial factor score:** scorecard indicators combine with the automatic adjustments to produce an initial factor score for every rating factor, as detailed in Moody's Sovereign Ratings Methodology. **(2) Final factor score:** where additional analytical considerations exist, initial factor scores are augmented to produce a final factor score. Guidance on additional factors typically considered can be found in Moody's Sovereign Ratings Methodology; details on country-specific considerations are provided in Moody's research. **(3) Scorecard-indicated outcome:** Factor 1: Economic Strength, and Factor 2: Institutions and Governance Strength, combine with equal weight into a construct we designate as Economic Resiliency (ER). An aggregation function then combines ER and Factor 3: Fiscal Strength, following a non-linear pattern where Fiscal Strength has higher weight for countries with moderate ER and lower weight for countries with high or low ER. As a final step, Factor 4, a country's Susceptibility to Event Risk, is a constraint which can only lower the government financial strength as given by combining the first three factors. **(4) There are 20 ranking categories for quantitative sub-factors:** aaa, aa1, aa2, aa3, a1, a2, a3, baa1, baa2, baa3, ba1, ba2, ba3, b1, b2, b3, caa1, caa2, caa3, ca and 8 ranking categories for qualitative sub-factors: aaa, aa, a, baa, ba, b, caa, ca **(5) Indicator value:** if not explicitly stated otherwise, the indicator value corresponds to the latest data available.

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody's.com](http://www.moody's.com) under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Calificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.