

CREDIT OPINION

27 September 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

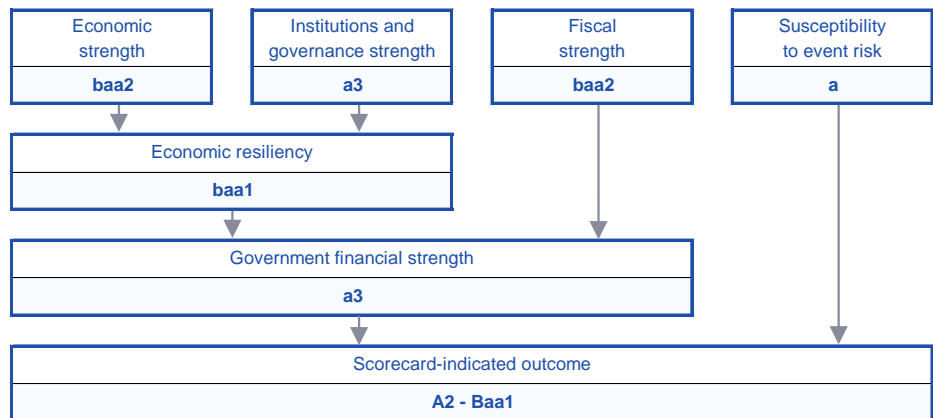
Regular update

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	2023	2024F	2025F
Real GDP (% change)	0.2	0.9	-7.4	5.6	4.7	0.4	3.5	3.0
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 (%) [1]	-3.1	-3.9	-5.8	-4.1	-3.3	-3.3	-3.1	-2.9
Gen. gov. primary balance/GDP (%) [1]	-0.5	-1.4	-3.0	-1.9	-0.9	-0.8	-0.8	-0.7
Gen. gov. debt/GDP (%)	47.4	50.8	61.7	60.0	56.7	58.6	59.0	59.3
Gen. gov. debt/revenues (%)	177.5	195.4	233.3	234.2	214.9	217.8	226.3	227.3
Gen. gov. interest payment/revenues (%)	9.7	9.5	10.5	8.8	8.8	9.2	8.9	8.4
Current account balance/GDP (%)	-0.5	1.2	-0.7	-2.5	-3.9	-3.8	-2.9	-1.9
External debt/CA receipts (%) [2]	223.4	236.1	315.2	229.7	217.5	218.7	198.5	183.9
External vulnerability indicator (EVI) [3]	107.4	98.8	109.1	98.0	111.6	132.5	131.8	--

[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, reflecting its moderate growth potential and relatively high income per capita, counterbalanced by the small size of the economy. At \$77 billion in 2023, the Uruguayan economy was smaller than the Baa-rated peer median of around \$264 billion. The economy expanded by around 0.4% in real terms in 2023, and we expect real GDP to continue to grow by an average of 3.3% 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.

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),

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.

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, one notch above the initial score of "baa3," 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 59% in 2023, when measured as a share of GDP, was slightly above the Baa-rated peer median, while its interest burden of 9.2% of revenue was in line with the Baa-rated peer median of 9.2%. Although the government has managed to reduce the share of foreign-currency-denominated debt over the past decade, it remained relatively high at 44.5% as of first quarter 2024, 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 6 months of debt service coverage as of first quarter 2024.

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 67% of GDP in 2023, 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 of 3.8% of GDP in 2023 was broadly level with the 3.9% deficit in 2022. We expect the current account deficit to narrow in 2024 to 2.9% of GDP as economic activity, especially in the agriculture sector, normalizes following the intense drought in 2023.

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.

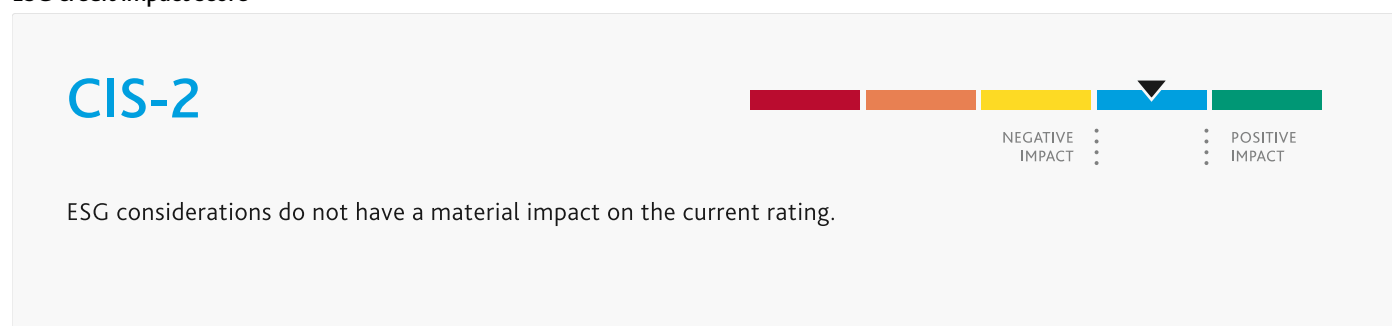
The country's political risk assessment is "aa." The risk of political events compromising the economic, institutional or fiscal features of Uruguay's credit profile is very low.

ESG considerations

Uruguay's ESG credit impact score is CIS-2

Exhibit 3

ESG credit impact score

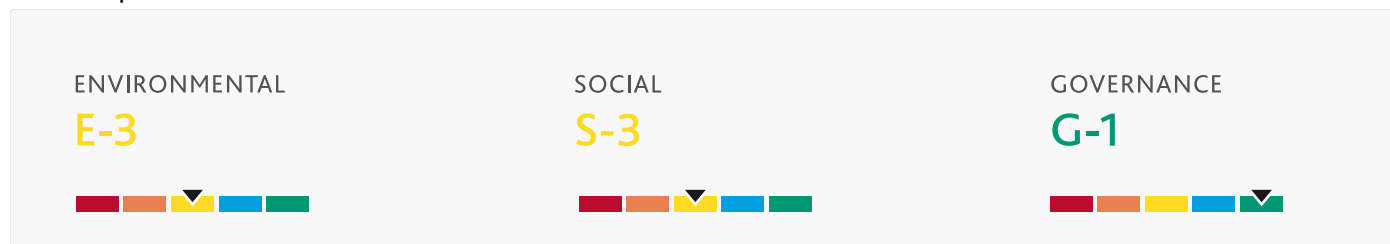


Source: Moody's Ratings

Uruguay's ESG Credit Impact Score (**CIS-2**) reflects its exposure to social risks related to aging population and to physical climate risks, mitigated by strong governance, supported by strong rule of law and broad societal consensus around economic policies.

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.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

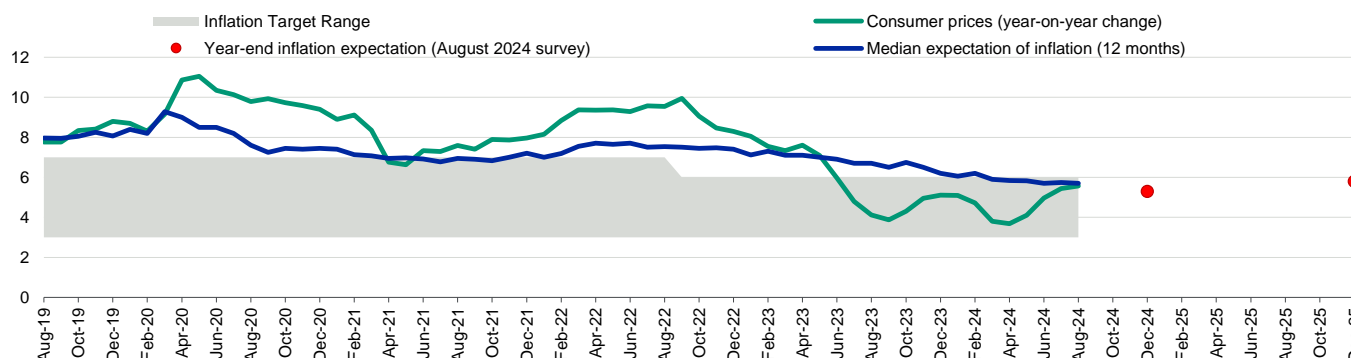
All of these considerations are further discussed in the "Detailed credit considerations" section above. Our approach to ESG is explained in our report on how the [scores depict varied and largely credit-negative impact of ESG factors](#) and our cross-sector methodology [General Principles for Assessing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

Recent developments

The central bank continues to hold its easing cycle in latest Monetary Policy Committee decision

The Monetary Policy Committee (COPOM) maintained its policy rate at 8.5% in August, pausing its easing cycle that led to 300 basis points of cuts since April 2023. As of August 2024, year-over-year inflation in Uruguay was 5.6%, up slightly from 5.5% in July (see Exhibit 5). It also marked 15 consecutive months of inflation remaining within the central bank's target range of 3%-6%, the longest stretch since it began its inflation targeting regime. We expect inflation to end 2024 under 6%, in line with inflation expectations in the central bank's survey of 5.3% for the 2024 calendar year. The average inflation expectations for the Monetary Policy Horizon (24 months) fell again in August to 5.7% from 5.9% in July, the first time it was within the target range.

Exhibit 5
Uruguay's policymakers are committed to keeping inflation within target range
 In percentage terms

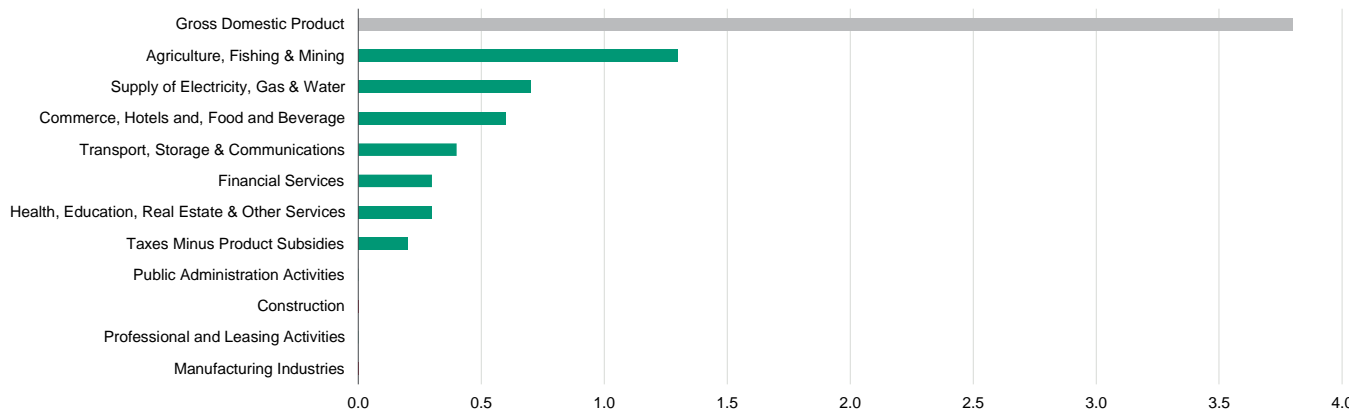


Sources: Central Bank of Uruguay, Ministry of Finance and Moody's Ratings

Strong economic growth in Q2 2024 driven by agriculture and electricity sectors

GDP data for the second quarter (Q2) 2024 showed 3.8% growth year-over-year and about 2% growth from Q1. In its report, the central bank highlighted strong activity in the agriculture, fishing and mining, and electricity sectors and weaker activity in the manufacturing sector (see Exhibit 6). The latest monthly economic activity indicator (IMAE) from June illustrated inter-annual growth of 0.5%, a significant slowdown after an expansion of nearly 5% in April and May. In 2024, we expect the economy to grow by 3.5%, as economic activity recovers following the drought conditions of 2023.

Exhibit 6
The construction and manufacturing sectors continue to lag as interest rates remain high
 Year-on-year change in economic activity by sector (%)



Sources: Central Bank of Uruguay and Haver Analytics

We expect economic growth of around 3% for 2025 as economic activity begins to normalize. 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.

12-month headline fiscal deficit for July remained at 3.4%

The Ministry of Economy and Finance reported a headline fiscal deficit of 3.4% for the 12 months that ended in July 2024, unchanged from the June result. We maintain our forecast of a 3.1% fiscal deficit for 2024, which will decrease slightly to 2.9% of GDP in 2025.

The level deficit in 2024 reflects the authorities adherence to spending outlined in the accountability report and decreased tax collection due to lower increase in prices.

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 increase in the debt-to-GDP in 2024, at around 59%.

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.

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

Factor / Sub-Factor	Metric	Indicator Year	Indicator	Initial Factor Score	Final Factor Score	Weights
Factor 1: Economic strength						
Growth dynamics	Average real GDP growth (%)	2019-2028F	1.8	ba3		25%
	MAD Volatility in Real GDP Growth (%)	2014-2023	1.1	baa2		10%
Scale of the economy	Nominal GDP (\$ billion)	2023	77.2	ba1		30%
National income	GDP per capita (PPP, Int\$)	2023	28,499.1	a1		35%
Adjustment to factor 1	# notches				0	max ±9
Factor 2: Institutions and governance strength						
Quality of institutions	Quality of legislative and executive institutions			a		20%
	Strength of civil society and the judiciary			aa		20%
Policy effectiveness	Fiscal policy effectiveness			baa		30%
	Monetary and macroeconomic policy effectiveness			baa		30%
Specified adjustment	Government default history and track record of arrears				0	max -3
Other adjustment to factor 2	# notches				0	max ±3
F1 x F2: Economic resiliency						
Factor 3: Fiscal strength						
Debt burden	General government debt/GDP (%)	2023	58.6	baa2		25%
	General government debt/revenue (%)	2023	217.8	baa1		25%
Debt affordability	General government interest payments/revenue (%)	2023	9.2	a3		25%
	General government interest payments/GDP (%)	2023	2.5	a3		25%
Specified adjustments	Total of specified adjustment (# notches)			-2	-2	max ±6
	Debt Trend - Historical Change in Debt Burden	2015-2023	15.1	0	0	
	Debt Trend - Expected Change in Debt Burden	2023-2025F	0.7	0	0	
	General Government Foreign Currency Debt/ GDP	2023	26.8	-2	-2	
	Other non-financial public sector debt/GDP	2023	2.6	0	0	
	Government Financial Assets including Sovereign Wealth Funds / GDP	2023	2.6	0	0	
Other adjustment to factor 3	# notches				1	max ±3
F1 x F2 x F3: Government financial strength						
Factor 4: Susceptibility to event risk						
Political risk	Domestic political risk and geopolitical risk			aa		
				aa		
Government liquidity risk	Ease of access to funding			a	a	
				a		
Specified adjustment	High refinancing risk				0	max -2
Banking sector risk	Risk of banking sector credit event (BSCE)	Latest available	baa2	baa3		
	Total domestic bank assets/GDP	2023	66.8	<80		
Adjustment to F4 BSR	# notches				0	max ±2
External vulnerability risk	External vulnerability risk			a	a	
				a		
Adjustment to F4 EVR	# notches				0	max ±2
Overall adjustment to F4	# notches				0	max -2
F1 x F2 x F3 x F4: Scorecard-indicated outcome						
				A2 - Baa1	A2 - Baa1	

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 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 Clasificadora 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.

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454