



NEWS RELEASE

Jan 23, 2026

Rating and Investment Information, Inc. (R&I) has announced the following:

Oriental Republic of Uruguay (Sec. Code: -)

[Affirmed]

Foreign Currency Issuer Rating: BBB+, Stable

Bond Rating: BBB+

RATIONALE:

Uruguay's income level is high in terms of gross domestic product (GDP) per capita, while the size of the economy is smaller than other Latin American countries. Its institutional and political stability, which stands out in the Latin American region, constitutes an advantage in creditworthiness evaluation. The economy is expected to grow solidly. With the inflation rate contained at a level consistent with the target of the Central Bank of Uruguay (CBU), price stability has increased. The country has resilience to external shocks, given its small current account deficit and ample foreign exchange reserves. Although the fiscal deficit has somewhat widened and the government debt ratio is likely to rise, R&I believes that the government will implement consolidation measures as necessary in line with new fiscal rules. Based on the above, R&I has affirmed the Foreign Currency Issuer Rating at BBB+.

Alongside cellulose and agri-business exports, the industrial base is deepening, with information and communications technology services emerging as one of the major export sectors. In 2025, exports were solid despite the uncertainty stemming from U.S. additional tariff policies, while private consumption continued to show firm growth. The real GDP growth rate is estimated to have reached just over 2% for the full year. The government projects real GDP to grow by 2.2% in 2026 and by 2.4-2.5% from 2027 onward. However, achieving these growth rates which exceed past trends requires large-scale private investments and improvement in the external environment. R&I expects growth of around 2% over the medium term.

The inflation rate has been below the CBU's 4.5% target, and market participants expect inflation to be around the target level in 2026 and 2027. This reflects improved confidence in monetary policy, in R&I's view, in addition to the appreciation of the peso against the dollar and slowing economic growth. The CBU has signalled continued interest rate cuts in 2026. R&I will keep an eye on the effects of the policy on the economy and the trend of prices.

Due to interest and dividend payouts, the primary income balance has been consistently in deficit, which has been partially offset by a surplus in the trade and service balances. The current account balance has been in deficit. The current account deficit to GDP ratio is on a downward trajectory following the temporary expansion attributable to large-scale investments and rising fuel prices. Going forward, it is likely to stay within the 1% range. Foreign exchange reserves are sufficient in comparison with the level of short-term external debts and to pay for imported goods.

The fiscal deficit likely reached 4.1% of GDP in 2025, which is wider than the government's projection and the previous year's level. The Orsi administration's policy is to promote economic growth through social spending and public investment while advancing fiscal consolidation at a moderate pace. According to the 2025-2029 fiscal plan, the fiscal deficit will gradually decline as a percentage of GDP, but the central government debt to GDP ratio is expected to rise for some time. As of end-June 2025, gross debt stood at 63.1% of GDP, while net debt, which excludes liquid assets, was 59.7% of GDP.

The government plans to achieve fiscal consolidation primarily through revenue enhancement. About half of the revenue growth is expected to come from tax reforms, while the remaining half relies on improving the tax collection efficiency of the authority. Revenue could fall short of the plan depending on economic conditions, as there is uncertainty in tax revenue expansion and the real GDP growth rate assumed by the government is higher than market consensus. The Orsi administration has shown its commitment to fiscal consolidation by revising the fiscal rules, notably through the introduction of a medium-term anchor on net central government debt as a share of GDP. Given also the government's high capacity for policy execution, additional corrective measures are likely to be implemented should circumstances require. Attention is focused on the Orsi administration's policy

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management.

R&I RATINGS:

ISSUER: Oriental Republic of Uruguay

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	Rating		Rating Outlook	
Foreign Currency Issuer Rating	BBB+		Stable	
	Issue Amount	Issue Date	Maturity Date	Rating
Japanese Yen Bonds No.5	JPY 400 mn	Dec 9, 2021	Dec 9, 2026	BBB+
Japanese Yen Bonds No.6	JPY 600 mn	Dec 9, 2021	Dec 8, 2028	BBB+
Japanese Yen Bonds No.7	JPY 400 mn	Dec 9, 2021	Dec 9, 2031	BBB+
Japanese Yen Bonds No.8	JPY 11,400 mn	Dec 9, 2021	Dec 9, 2036	BBB+
Japanese Yen Bonds No.9	JPY 29,600 mn	Dec 13, 2024	Dec 13, 2027	BBB+
Japanese Yen Bonds No.10	JPY 6,400 mn	Dec 13, 2024	Dec 13, 2029	BBB+
Japanese Yen Bonds No.11	JPY 300 mn	Dec 13, 2024	Dec 12, 2031	BBB+
Japanese Yen Bonds No.12	JPY 10,000 mn	Dec 13, 2024	Dec 13, 2044	BBB+

Primary rating methodologies applied:
R&I's Analytical Approach to Sovereigns [Jul 23, 2024]

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