

MOODY'S

INVESTORS SERVICE

CREDIT OPINION

31 March 2022

Update



Send Your Feedback

RATINGS

BAC International Bank, Inc

Domicile	PANAMA CITY, Panama
Long Term CRR	Baa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Ba1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Anna Chabanenko +52.55.1555.5323
Analyst
anna.chabanenko@moodys.com

Marcelo De Gruttola +54.11.5129.2624
VP-Senior Analyst
marcelo.degruttola@moodys.com

Ceres Lisboa +55.11.3043.7317
Associate Managing Director
ceres.lisboa@moodys.com

» *Contacts continued on last page*

CLIENT SERVICES

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

BAC International Bank, Inc

Update to credit analysis

Summary

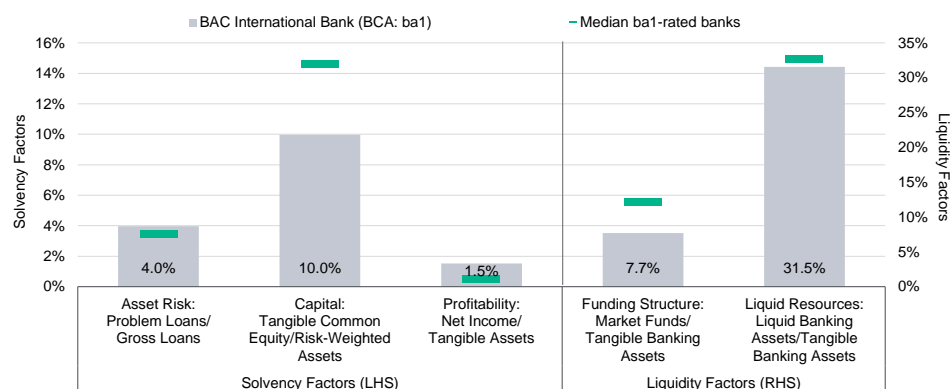
[BAC International Bank, Inc's](#) (BAC) ba1 standalone Baseline Credit Assessment (BCA) and Ba1 long-term deposit rating reflect the bank's good track record and are particularly supported by its disciplined risk structure, geographical and business diversification, strong access to core deposits and prudent liquidity management, which helps compensate for the relatively weak operating conditions in the countries where it conducts business. BAC benefits from solid and recurring earnings, supported by ample interest margins, which lead to good capital replenishment capacity. The rating also incorporates the bank's relatively low level of loan delinquencies despite its focus on the higher-risk retail segment.

BAC continues to be rated significantly above the sovereign rating of most of the countries in which it operates, reflecting its diversification and continued strong financial performance. 56% of the bank's loan portfolio is located in countries that are rated B or lower, such as [Costa Rica](#) (B2 stable), [Honduras](#) (B1 stable), [El Salvador](#) (Caa1 negative) and [Nicaragua](#) (B3 stable), with the remaining exposure in [Panama](#) (Baa2 stable) and [Guatemala](#) (Ba1 negative).

Exhibit 1

Rating Scorecard - Key financial ratios

BAC's scorecard ratios as of December 2021



For the problem loan and profitability ratios, we review the latest three year-end ratios, and the most recent intra-year ratio, where applicable; and base our starting point ratio on the weaker of the average of this period and the latest figure. For the capital ratio, we use the latest figure. For the funding structure and liquid asset ratios, we use the latest year-end figures.

Source: Moody's Financial Metrics

Credit strengths

- » Robust profitability on the back of ample margins and solid fee income
- » Favorable funding profile based on a granular and wide deposit base with good liquidity buffers
- » Sufficient capitalization

Credit challenges

- » Asset risks are driven by the economic shock caused by the pandemic, rising interest rates and inflationary pressures
- » Relatively weak operating conditions in most of the countries where the bank operates, as captured by the Weak+ weighted average Macro Profile, which in turn constrains the bank's ratings

Outlook

The outlook on BAC's ratings is stable because we expect the bank to maintain its fundamental strengths despite the difficult operating conditions.

Factors that could lead to an upgrade

BAC's BCA and ratings could be upgraded if there was a significant and sustained improvement in the operating conditions of BAC's main countries of operation, provided that the bank sustains its solid financial performance.

Factors that could lead to a downgrade

The bank's BCA could be downgraded if asset-quality pressures proved to be more significant and prolonged than expected and resulted in a significant decline of the bank's profitability and capitalization metrics.

Key indicators

Exhibit 2

BAC International Bank, Inc (Consolidated Financials) [1]

	12-21 ²	12-20 ²	12-19 ²	12-18 ²	12-17 ²	CAGR/Avg. ³
Total Assets (USD Million)	28,065.5	26,623.9	23,965.1	22,751.7	22,018.1	6.3 ⁴
Tangible Common Equity (USD Million)	2,287.7	2,065.2	2,467.4	2,318.3	2,255.3	0.4 ⁴
Problem Loans / Gross Loans (%)	4.0	4.2	3.4	2.7	1.2	3.1 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	10.0	10.1	12.4	12.7	12.7	11.6 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	25.2	26.5	19.3	15.8	7.4	18.8 ⁵
Net Interest Margin (%)	4.8	5.1	5.8	5.7	5.8	5.4 ⁵
PPI / Average RWA (%)	4.3	4.6	5.0	5.3	5.1	4.9 ⁶
Net Income / Tangible Assets (%)	1.6	1.2	1.7	1.8	1.7	1.6 ⁵
Cost / Income Ratio (%)	56.2	56.1	56.2	54.3	55.2	55.6 ⁵
Market Funds / Tangible Banking Assets (%)	7.7	9.6	12.4	15.9	16.8	12.5 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	31.5	33.5	26.5	26.4	25.9	28.8 ⁵
Gross Loans / Due to Customers (%)	85.2	84.6	97.8	102.7	103.0	94.7 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Profile

BAC International Bank, Inc (BAC) is the largest bank in Central America. It provides banking services in Costa Rica (27% of total loans), Panama (23%), Guatemala (20%), Honduras (13%), El Salvador (11%) and Nicaragua (5%). The bank is principally focused on retail banking, with consumer loans accounting for 35% of gross loans as of December 2021 and residential mortgages for 19%. Corporate exposures represented 45% of the total. BAC reported total assets of around \$28.1 billion as of December 2021.

Recent developments

On 15 September, [Banco de Bogota S.A.](#) (Banco de Bogota, Baa2/Baa2 stable, ba1)¹ and [Grupo Aval Acciones y Valores S.A.](#) (Grupo Aval, Ba2 negative) announced their plans to separate and list 75% of their subsidiary, Leasing Bogotá S.A. Panamá (LBP), BAC's parent, via a spinoff transaction that would cede control and majority stake of BAC to the group's ultimate shareholder. The transaction was completed in March 2022.

Despite the transaction, BAC's ratings remain adequately positioned at the current level, capturing the bank's consistent financial fundamentals, as reflected by its geographical and business diversification, continued strong earnings generation even at times of stress, steady access to core deposits, and adequate liquidity management, factors that help compensate the relatively weak operating conditions in the countries where it operates. We expect the spinoff to not lead to material changes in the bank's financial and business fundamentals. The bank has a well-established franchise as the largest bank in Central America, which we expect to continue to provide it with business opportunities and access to funding.

In addition, despite our assessment before the announcement of the spinoff of a very high probability of affiliate support to BAC from Banco de Bogota, this assumption had no effect on BAC's ratings because Banco de Bogota's ba1 BCA is at the same level as BAC's BCA. Therefore, the change of BAC's affiliation to Banco de Bogota did not lead to a change of the bank's ratings. However, given the change in management oversight implied by the corporate reorganization, any deterioration in the bank's corporate governance and risk management would have credit negative implications on the bank's BCA.

Detailed credit considerations

Solid asset quality is supported by disciplined risk management and diversification but rising interest rates and inflationary pressures will increase asset risks

The bank has historically been able to maintain low delinquencies despite the difficult operating conditions in some of the countries where it operates and also despite its relatively high risk appetite given its retail focus (retail loans represented about 55% of the bank's loan book as of December 2021). BAC's good asset-quality track record reflects the management's deep knowledge of the bank's markets and the proactive treatment of problem loans.

However, similar to that of its peers, the pandemic-led recession resulted in a deterioration of BAC's asset-quality metrics. Its consolidated problem loans, measured as loans classified as Stage 3 under IFRS, increased to 4.3% as of March 2021 from 3.4% by year-end 2019, although there are indications of a declining trend, with this ratio reaching 4% as of December 2021. The deterioration has been widespread among BAC's main lines of business, with Stage 3 loans increasing to around 2.7% from 2.3% of gross loans in the commercial portfolio between 2019 and December 2021, and to 5.2% from 4.8% in the consumer portfolio, while the metric for mortgages deteriorated to 4.5% from 3.2%, over the same period.

However, 90-day past due loans decreased to 1.3% in December 2021 from 1.5% in 2019, in part supported by loan growth that accelerated to 8.7% in 2021 from 1.9% in 2020 and a 6% average between December 2016 and December 2019. However, since 2020, growth has been focused on the corporate portfolio — which generally entails a lower level of nonperforming loans, helping partially contain the deterioration in asset-risk metrics. Similar to other banks, BAC has granted payment reliefs to its borrowers whose repayment capacity deteriorated as a result of pandemic-related restrictions. However, as of December 2021, most of these borrowers resumed servicing their loans.

We expect asset-quality pressures to arise from rising inflation and interest rates, as well as a likely reduction in economic growth globally and in the region, which will worsen borrowers' repayment capacity. However, in our view, the bank is well positioned to mitigate asset-quality deterioration considering its increased reserve buffers, with loan loss reserves representing 3.5% of total loans in December 2021, compared with 3% as of year-end 2019. These reserves represent 88% of Stage 3 loans and 270% of 90-day past due loans as of the same date, compared with 89% and 200% as of year-end 2019, respectively.

Robust profitability on the back of ample margins and solid fee income

BAC's profitability is strong, benefiting from the bank's focus on credit cards and other retail lending products that result in ample margins and robust fee income. Although lending margins in the commercial business are strained by increasing competition in the region, the bank is well positioned to face this risk, given the breadth of its customer base, continued innovation and funding access.

In 2021, BAC's net income increased to 1.6% of tangible assets from 1.2% in 2020, mainly because of lower provisioning needs and improvements in fee income as economic activity started to recover following the economic shock caused by the pandemic in 2020. Loan loss provisions declined to 1.8% of gross loans, which was well below the 2.6% recorded in 2020 and even lower the historical 2.2% in 2017-19.

Still, the return remained below the 1.8% average for 2017-19, mainly because of narrower margins amid low interest rates and a modest shift towards less risky and lower-yielding assets such as corporate loans and government securities. BAC's net interest margin (NIM) was a still-good 4.8% in 2021, declining from 5.1% in 2020 and an average of 5.8% for 2016-19. However, fee income started to recover and grew 6% in 2021, after the sharp 18% contraction reported in 2020. Fee income contributed a solid 28% of the bank's net revenue.

BAC managed to contain growth in its operating expenses, which rose 3% in 2021, partly because of investments in technology. Overall, the bank maintains strict cost controls and constantly seeks optimization of business processes to help improve operating efficiency and ultimately, the bottom-line results.

Overall, we expect BAC's profitability to remain strong, supported by increasing interest rates in the region and continued recovery in fee income, which will offset a potential increase in provisions driven by the above-mentioned asset risks.

Sufficient capitalization

Our ba2 Capital score reflects the bank's Moody's-defined tangible common equity (TCE)/consolidated risk-weighted assets (RWA), or the TCE ratio, of 9.97% as of December 2021, a positive adjustment to capture our assessment of the bank's ability to access additional sources of capital and its proven ability to internally generate capital even during times of stress.

The bank's TCE ratio declined slightly in 2021 from 10.06% as of year-end 2020, mainly because of loan growth, although it decreased substantially from 12.45% as of year-end 2019. The decline in the TCE ratio was driven by a change in the composition of its capital. The bank paid \$620 million in extraordinary dividends in 2020, which led to a decrease in its Common Equity Tier1 (CET1) capital. In addition, the bank issued an Additional Tier 1 (AT1) instrument of \$520 million in May 2020 — in turn 100% subscribed by the bank's ultimate parent as the time of the issuance of the AT1 instrument (Grupo Aval) — which is considered in the regulatory capital ratios. Following a recent revision of our [Banks Methodology](#), this instrument is no longer considered part of the bank's TCE, therefore leading to a decline in BAC's Moody's-defined capital ratio. BAC's AT1 instrument includes a 7% CET1 trigger, which is higher than most similar instruments issued by its peers in the region. The bank's reported total capital ratio was 12.5% as of December 2021.

All of BAC's operating subsidiaries should comply with higher minimum total capital requirements than the 8% minimum applied to BAC according to Panamanian regulations. However, we expect regulators in each country to potentially prevent capital transfers among subsidiaries to maintain stability within their respective banking systems.

Stable funding structure and good liquidity buffers

BAC continues to benefit from a sound funding profile, supported by its broad and steady base of customer deposits, consistent with its well-established banking franchise in the region, which significantly reduces refinancing and repricing risks. As a result, its reliance on market funds, which were 8% of tangible banking assets as of December 2021, will likely remain low. In 2020-21, the bank experienced an inflow of deposits, which funded 78% of the bank's assets in 2021 compared with an average of around 70% for 2017-19. Corporate clients accounted for 76% of deposits.

This strong funding profile is combined with adequate liquidity buffers which account for almost a third of the balance sheet, further supporting BAC's financial flexibility. The bank's ample liquidity buffers reflect high liquidity reserve requirements in the countries where it operates, given the absence of a lender of last resort in some of its main markets. Liquid resources comprise cash, dues from banks, government debt, corporate debt and equity securities.

BAC's ratings are constrained by its Weak+ weighted average Macro Profile

BAC's Macro Profile is derived from a blended score, reflecting the composition of its loan portfolio as a bank operating in countries with Moderate to Very Weak+ Macro Profile scores: Panama ([Moderate](#)), Costa Rica ([Weak+](#)), Guatemala ([Weak](#)), Honduras, El Salvador ([Very Weak+](#)), and Nicaragua. The overall Weak+ Macro Profile reflects the relatively small economies in the region, with low GDP per capita, developing institutions and lack of true lenders of last resort in some cases, which increase the bank's susceptibility to event risks. The bank's Macro Profile is balanced by positive economic and institutional trends during the past decade, and strengthening of bank regulatory frameworks.

ESG considerations

BAC INTERNATIONAL BANK, INC's ESG Credit Impact Score is Neutral-to-Low CIS-2

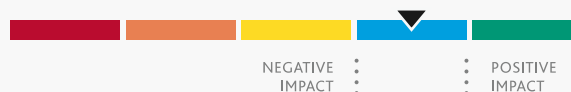
Exhibit 3

ESG Credit Impact Score

CIS-2

Neutral-to-Low

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.



Source: Moody's Investors Service

BAC's ESG Credit Impact Score is neutral-to-low (**CIS-2**). This reflects the limited credit impact of environmental and social risk factors on the rating to date and the bank's moderate risk for governance. BAC's track record of good risk management practices and consistently good financial results offset governance risks stemming from a concentrated ownership and a complex corporate structure.

Exhibit 4

ESG Issuer Profile Scores

ENVIRONMENTAL

E-3

Moderately Negative



SOCIAL

S-4

Highly Negative



GOVERNANCE

G-3

Moderately Negative



Source: Moody's Investors Service

Environmental

BAC faces moderate exposure to carbon transition risk stemming from its corporate loan book. The bank operates in Central American countries that are exposed to excessive rains, droughts and hurricanes, but has small loan portfolios with rural and tourism segments. Also, the bank's exposure to environmental risks is mitigated by the diversification of its geographical footprint and its loan book to different industries.

Social

BAC faces high industrywide social risks related to regulatory and litigation risk, requiring the bank to meet high compliance standards, particularly related to its large retail portfolio. High cyber and personal data risks are mitigated by a strong IT framework. Opportunities from financial inclusion are reflected in a better than industrywide exposure to demographic and societal trends.

Governance

BAC faces moderate governance risks. The bank has adequate corporate governance and risk management practices, supported by a management team with good track record in delivering its strategic goals. This strength mitigates risks stemming from concentrated shareholder ownership and a complex organizational structure, reflecting the bank's multiple international subsidiaries.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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.

Support and structural considerations

Government support

We do not incorporate government support uplift in BAC's deposit ratings because of the lack of a true lender of last resort in its home market of Panama, which is fully and legally dollarized, and in its other main markets, most of which are either fully or highly dollarized.

Counterparty Risk Ratings (CRRs)

BAC's CRRs are Baa3/Prime-3

BAC's CRRs, before government support, are positioned one notch above the Adjusted BCA of ba1 and, therefore, above deposit ratings. This reflects our view that BAC's CRR liabilities have a lower probability of default than the bank's deposits, as they will more likely be preserved to minimize banking system contagion and losses, and avoid disruption of critical functions.

The CRRs do not incorporate government support uplift, in line with our support assumptions on deposits.

Counterparty Risk (CR) Assessment

BAC's CR Assessment is Baa3(cr)/Prime-3(cr)

BAC's CR Assessment, before government support, is positioned one notch above the bank's Adjusted BCA of ba1 and, therefore, above the deposit ratings. This reflects our view that the probability of default is lower than that of deposits. Senior obligations represented by the CR Assessment will be more likely preserved to limit contagion, minimize losses and avoid disruption of critical functions.

We do not assign any government support uplift to the CR Assessment, in line with the deposit rating

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our rating committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 5

BAC International Bank, Inc

Macro Factors						
Weighted Macro Profile		Weak +	100%			
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	4.0%	ba2	↔	ba1	Expected trend	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	10.0%	b2	↔	ba2	Access to capital	
Profitability						
Net Income / Tangible Assets	1.5%	ba1	↔	ba1		
Combined Solvency Score		ba3		ba1		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	7.7%	ba1	↔	ba1	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	31.5%	ba2	↔	ba2		
Combined Liquidity Score		ba1		ba1		
Financial Profile				ba1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Baa2		
BCA Scorecard-indicated Outcome - Range				baa3 - ba2		
Assigned BCA				ba1		
Affiliate Support notching				0		
Adjusted BCA				ba1		
Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	1	0	baa3	-		Baa3
Counterparty Risk Assessment	1	0	baa3 (cr)	-	Baa3(cr)	
Deposits	0	0	ba1	-	Ba1	Ba1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 6

Category	Moody's Rating
BAC INTERNATIONAL BANK, INC	
Outlook	Stable
Counterparty Risk Rating	Baa3/P-3
Bank Deposits	Ba1/NP
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment	Baa3(cr)/P-3(cr)

Source: Moody's Investors Service

Endnotes

¹ The bank ratings shown in this report are the bank's deposit rating, senior unsecured debt rating (where available) and Baseline Credit Assessment

© 2022 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 BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") 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 PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS 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 PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS 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 ITS PUBLICATIONS 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 PUBLICATIONS 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 PUBLICATIONS 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.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS 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 rating process or in preparing its Publications.

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 fees ranging from \$1,000 to approximately \$5,000,000. 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 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 — Director and Shareholder Affiliation Policy."

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 61 003 399 657 AFSL 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 Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Contacts

Marcelo De Gruttola +54.11.5129.2624
VP-Senior Analyst
marcelo.degruttola@moodys.com

Ceres Lisboa +55.11.3043.7317
Associate Managing
Director
ceres.lisboa@moodys.com

Anna Chabanenko +52.55.1555.5323
Analyst
anna.chabanenko@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454