

Rating Action: Moody's takes rating actions on 11 Iberian banks following update to banks methodology

13 Jul 2021

Senior unsecured ratings of three banks upgraded

Madrid, July 13, 2021 -- Moody's Investors Service (Moody's) has today taken rating actions on 11 Iberian banks, including the upgrade of the long-term junior senior ratings of six of them. The rating actions were driven by revisions to Moody's Advanced Loss Given Failure (Advanced LGF) framework, which is applied to banks operating in jurisdictions with Operational Resolution Regimes, following the publication of Moody's updated Banks Methodology on 9 July 2021. This methodology is available at this link: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1269625.

Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBC_ARFTL450090 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

All other Iberian bank ratings were unaffected by today's rating action and the update of the Banks Methodology.

RATINGS RATIONALE

Today's rating actions on 11 Iberian banking groups were driven by revisions to the Advanced LGF framework within Moody's updated Banks Methodology.

In particular, ratings were impacted by revised notching guidance table thresholds at lower levels of subordination in the liability structure, which have been applied to all Iberian banks. For Iberian banks with overseas subsidiaries the rating actions also reflects Moody's view that group-wide resolutions coordinated in a unified manner will be more common following the requirement to issue debt instruments eligible to internal loss absorbing capital (ILAC). The building up of ILAC will lead to a likely transfer of losses from subsidiaries to parents at the point of failure. For banks that are subsidiaries of international parents and subject to ILAC requirements the rating actions reflects the required and expected issuance of such instruments.

RATINGS RATIONALE FOR INDIVIDUAL BANKS

- BANCO SANTANDER S.A. (SPAIN) AND SANTANDER CONSUMER FINANCE S.A.

Moody's affirmed the subordinated debt ratings of Banco Santander S.A. (Spain) (Santander) and Santander Consumer Finance S.A. (SCF) at Baa2 and their subordinated programme ratings at (P)Baa2.

Moody's applies its Advanced LGF analysis on Santander's regulatory resolution perimeter, which includes the domestic activities of Santander and both domestic and international activities of SCF. Even though Moody's revised notching guidance table indicates bank's subordinated debt ratings at the level of the bank's Adjusted Baseline Credit Assessment (BCA), a sustained level of subordination at the current level would be necessary to warrant an upgrade of the current ratings.

- BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Moody's upgraded the subordinated debt ratings of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) by one notch to Baa2 from Baa3 and its subordinated programme ratings to (P)Baa2 from (P)Baa3.

Under Moody's Advanced LGF analysis, BBVA's subordinated instruments are now rated in line with the bank's BCA, better capturing the risk characteristics of this class of debt and BBVA's expected liability structure following the agency's revised view around the distribution of losses post failure.

- BANCO SABADELL, S.A.

Moody's upgraded the long-term junior senior unsecured debt ratings of Banco Sabadell, S.A. (Banco

Sabadell) to Ba2 from Ba3.

Banco Sabadell's long-term junior senior debt ratings were upgraded by one notch to Ba2 from Ba3. Under Moody's Advanced LGF analysis they are rated in line with the BCA, better capturing the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

The action also reflects Moody's expectation that Banco Sabadell's resolution will be carried out separately from its overseas subsidiary TSB Bank plc (TSB), despite TSB's issuance of ILAC instruments to its parent, given the limited strategic and operational connections between the two institutions and the regulatory "ring-fencing" of TSB in the UK.

- BANKINTER, S.A.

Moody's upgraded the long-term junior senior unsecured debt rating of Bankinter, S.A. (Bankinter) to Baa2 from Baa3.

Bankinter's long-term junior senior debt ratings were upgraded by one notch to Baa2 from Baa3, as under Moody's Advanced LGF analysis they are now rated in line with the BCA, better capturing the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

- ABANCA CORPORACION BANCARIA, S.A.

Moody's upgraded the deposits ratings of ABANCA Corporacion Bancaria, S.A. (Abanca) to Baa3/Prime-3 from Ba1/Not Prime. Concurrently, Moody's affirmed the bank's Baseline Credit Assessment (BCA) and Adjusted BCA of ba1, subordinated debt rating of Ba2, Counterparty Risk Assessment of Baa1(cr)/P-2(cr) and Counterparty Risk Rating of Baa2/P-2. The outlook on the long-term deposits ratings remains stable.

The affirmation of Abanca's BCA was driven by Moody's view that the bank's credit profile will remain resilient over the outlook horizon. Asset quality deterioration stemming from the economic consequences of the pandemic is expected once the public support measures put in place are progressively withdrawn. However, the negative impact will likely be moderate in light of the solid economic growth prospects in Spain and also partly compensated by the forward-looking loan loss provisions that the bank set aside in 2020 in anticipation of a rise in problem loans.

The recent integration of Bankoia, S.A. and that of the Spanish business of Novo Banco, S.A., expected before year-end 2021, weighs on the bank's capital position. Moody's estimates a negative hit on Abanca's Tangible Common Equity (TCE) ratio from both acquisitions ranging between 60 and 70 basis points. Nevertheless, the rating agency expects the hit on capital to be partly offset by net profits retention, and the bank's TCE ratio, which stood at 7.5% at end-2020, to remain in the range of 7% - 8%. Given their small size, both acquisitions will have a minor effect on Abanca's profitability, which is nevertheless expected to recover in 2021 from 2020 levels mainly thanks to a lower level of provisions.

Abanca's long-term deposits ratings were upgraded by one notch to Baa3 from Ba1 because under Moody's Advanced LGF analysis they are now rated one notch above the BCA, which better captures the risk characteristics of junior deposits following the agency's revised view around the distribution of losses post failure.

- IBERCAJA BANCO SA

Moody's upgraded the long-term deposits ratings of Ibercaja Banco SA (Ibercaja) to Ba2 from Ba3. Concurrently, Moody's upgraded the bank's Counterparty Risk Assessment (CRA) to Baa3(cr)/P-3(cr) from Ba1(cr)/NP(cr) and its long-term Counterparty Risk Rating (CRR) to Ba1 from Ba2.

Ibercaja's deposits ratings were upgraded by one notch to Ba2 from Ba3, as under Moody's Advanced LGF analysis they are now rated one notch above the BCA, which better captures the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

The upgrade of Ibercaja's CRA and CRR was driven by a higher notching uplift under Moody's Advanced LGF analysis, prompted by a higher cushion against losses provided by non-preferred deposits and debt instruments subordinated to the senior obligations represented by the CRA and to the CRR liabilities.

- CAIXA GERAL DE DEPOSITOS, S.A.

Moody's upgraded the senior unsecured debt rating of Caixa Geral de Depositos, S.A. to Baa3 from Ba1, senior unsecured programme rating to (P)Baa3 from (P)Ba1, junior senior unsecured rating to Ba1 from Ba2 and the junior senior unsecured programme rating to (P)Ba1 from (P)Ba2. At the same time, the bank's other short-term rating was upgraded to (P)Prime-3 from (P)Not Prime and its commercial paper to Prime-3 from Not Prime.

This action reflects the outcome of Moody's Advanced LGF analysis, which now better captures the risk characteristics of these classes of debt following the agency's revised view around the distribution of losses post failure.

- BANCO COMERCIAL PORTUGUES, S.A.

Moody's upgraded the junior senior unsecured programme rating of Banco Comercial Portugues, S.A. to (P)Ba2 from (P)Ba3.

This action reflects the outcome of Moody's Advanced LGF analysis, which now better captures the risk characteristics of these classes of debt following the agency's revised view around the distribution of losses post failure.

- BANCO BPI S.A.

Moody's upgraded the issuer rating of Banco BPI S.A. (Banco BPI) to Baa2 from Baa3, its senior unsecured programme rating to (P)Baa2 from (P)Baa3, its junior senior unsecured programme rating to (P)Baa3 from (P)Ba1 and its other short-term rating to (P)Prime-2 from (P)Prime-3. At the same time, the bank's long-term deposit ratings were affirmed at Baa1.

The action reflects the expectation that Banco BPI will be resolved in a unified manner alongside its Spanish parent CaixaBank S.A. The rating agency expects that Banco BPI's will issue junior senior instruments, which will be subscribed by its parent to comply with ILAC requirement. The inclusion of these instruments in Moody's Advanced LGF analysis results in an additional notch of support to the bank's issuer and programme ratings referred above, reflecting the greater levels of protection afforded to the bank's junior senior and senior creditors. Moody's has not reduced its expectation of a high probability of affiliate support, because it believes that the presence of ILAC is additive to any extraordinary support the bank might receive from its parent prior to the point of failure.

The increased protection for depositors has not translated into an upgrade of the bank's long-term deposit ratings of Baa1, given that they already exceed the sovereign rating by two notches and are therefore constrained at that level under our Banks Methodology.

The upgrade of Banco BPI's junior senior programme ratings by one notch also reflects the fact that Moody's Advanced LGF analysis now captures better the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

- CAIXA ECONOMICA MONTEPIO GERAL, CEB, S.A.

Moody's upgraded the senior unsecured programme rating of Caixa Economica Montepio Geral, CEB, S.A. (Banco Montepio) to (P)B3 from (P)Caa1 and its junior senior unsecured programme rating to (P)B3 from (P)Caa1.

This action reflects the outcome of Moody's Advanced LGF analysis, which now better captures the risk characteristics of these classes of debt following the agency's revised view around the distribution of losses post failure.

OUTLOOK

The rating outlooks on Abanca's and Ibercaja's long-term deposit ratings and on Caixa Geral de Depositos' senior unsecured debt rating remain stable.

The outlook on Banco BPI's long-term deposit ratings was changed to positive from stable, in line with the outlook on the rating of the Government of Portugal (Baa3 positive). An upgrade of the government bond rating by one notch would lift the current constraint on the bank's long-term deposit ratings and could lead to an upgrade of these ratings to A3.

The rating outlooks for all other banks affected by today's rating action remain unchanged.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The affected long-term deposit ratings, senior unsecured debt ratings, issuer ratings, CRRs and CR Assessments could be upgraded following an improvement in the standalone creditworthiness of the banks, or an upgrade of the relevant country sovereign debt rating.

The long-term deposit, senior unsecured debt ratings, and issuer ratings could also be upgraded following a significant increase in the stock of more junior bail-in-able liabilities.

The affected ratings and assessments could be downgraded following a substantial deterioration in the standalone creditworthiness of the banks or following a significant reduction in the stock of bail-in-able liabilities.

In the case of Abanca, ratings could be upgraded as a consequence of a sustained improvement in recurrent profitability or materially stronger capital and leverage ratios. In turn, any negative development affecting the bank's capital position, e.g. prompted by a new M&A transaction, would translate into downward pressure on its ratings. A worsening of Abanca's asset quality and profitability beyond Moody's current expectations could also lead to a downgrade of its ratings.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1269625. Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moody.com/viewresearchdoc.aspx?docid=PBC_ARFTL450090 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- EU Endorsement Status
- UK Endorsement Status
- Rating Solicitation
- Issuer Participation
- Participation: Access to Management
- Participation: Access to Internal Documents
- Disclosure to Rated Entity
- Lead Analyst
- Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory

disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1288435.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moodys.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

The person who approved Banco Santander S.A. (Spain), Santander Central Hispano Issuances Ltd., Santander Issuances S.A. Unipersonal, Banco Bilbao Vizcaya Argentaria, S.A., BBVA Global Finance Ltd. credit ratings is Alain Laurin, Associate Managing Director, Financial Institutions Group, JOURNALISTS: 44 20 7772 5456, Client Service: 44 20 7772 5454. The person who approved Ibercaja Banco SA, ABANCA Corporacion Bancaria, S.A., Bankinter, S.A., Banco Sabadell, S.A., Santander Consumer Finance S.A., Banco BPI S.A., Banco Comercial Portugues, S.A., Caixa Economica Montepio Geral, CEB, S.A., Caixa Geral de Depositos, S.A., Caixa Geral de Depositos, S.A. (Paris) credit ratings is Maria Cabanyes, Senior Vice President, Financial Institutions Group, JOURNALISTS: 44 20 7772 5456, Client Service: 44 20 7772 5454.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Maria Cabanyes
Senior Vice President
Financial Institutions Group
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Alain Laurin
Associate Managing Director
Financial Institutions Group
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

© 2021 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.moodys.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 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 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 JPY125,000 to approximately JPY550,000,000.

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