

Moody's
INVESTORS SERVICE

Global Emerging Markets Chartbook

OCTOBER 2020

This report outlines key rating trends and drivers for emerging market sovereigns, financial institutions and nonfinancial corporates.

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Contents

- | | |
|--|---------------------------------|
| 1. Overview of global emerging markets (EMs) | <u>Slide 4</u> |
| 2. Global EM sovereigns | <u>Slide 6</u> |
| 3. Global EM non-sovereigns | <u>Slide 13</u> |
| 4. Global EM nonfinancial companies | <u>Slide 22</u> |
| 5. Appendix | |
| Definitions | <u>Slide 45</u> |
| Moody's related publications | <u>Slide 49</u> |

1

Overview of global emerging markets (EMs)

Summary

Credit risks remain historically elevated across non-investment-grade EM sovereigns and nonfinancial companies, as prolonged economic and financial disruption from the coronavirus pandemic takes its toll

Elevated share of EM sovereigns with a negative bias reflects gradual and uneven economic recovery

1

- » 30 EM sovereigns (28% of total) have a negative bias, up from 20% at the end of 2019. 68 sovereigns carry a stable outlook and eight have a positive bias
- » Economic output is unlikely to return to pre-pandemic levels across most EM economies in 2021
- » EM financial conditions are normalizing, but the pace of improvement is losing momentum amid an uneven recovery across countries

Deteriorating credit profiles of non-sovereign issuers highlight increasing credit vulnerabilities from pandemic

2

- » We rate nearly 1,700 EM non-sovereign issuers as of Q3 2020, with Asia-Pacific (APAC) and Latin America (LatAm) accounting for 37% and 31% of total EM issuers, respectively, followed by Emerging Europe (EE) with 18% and Africa/Middle East (A/ME) with 14%
- » 32% of non-sovereigns had a negative bias as of Q3 2020, with 59% from A/ME and 24% from EE

High negative bias across nonfinancial companies, indicating potential for further downgrades

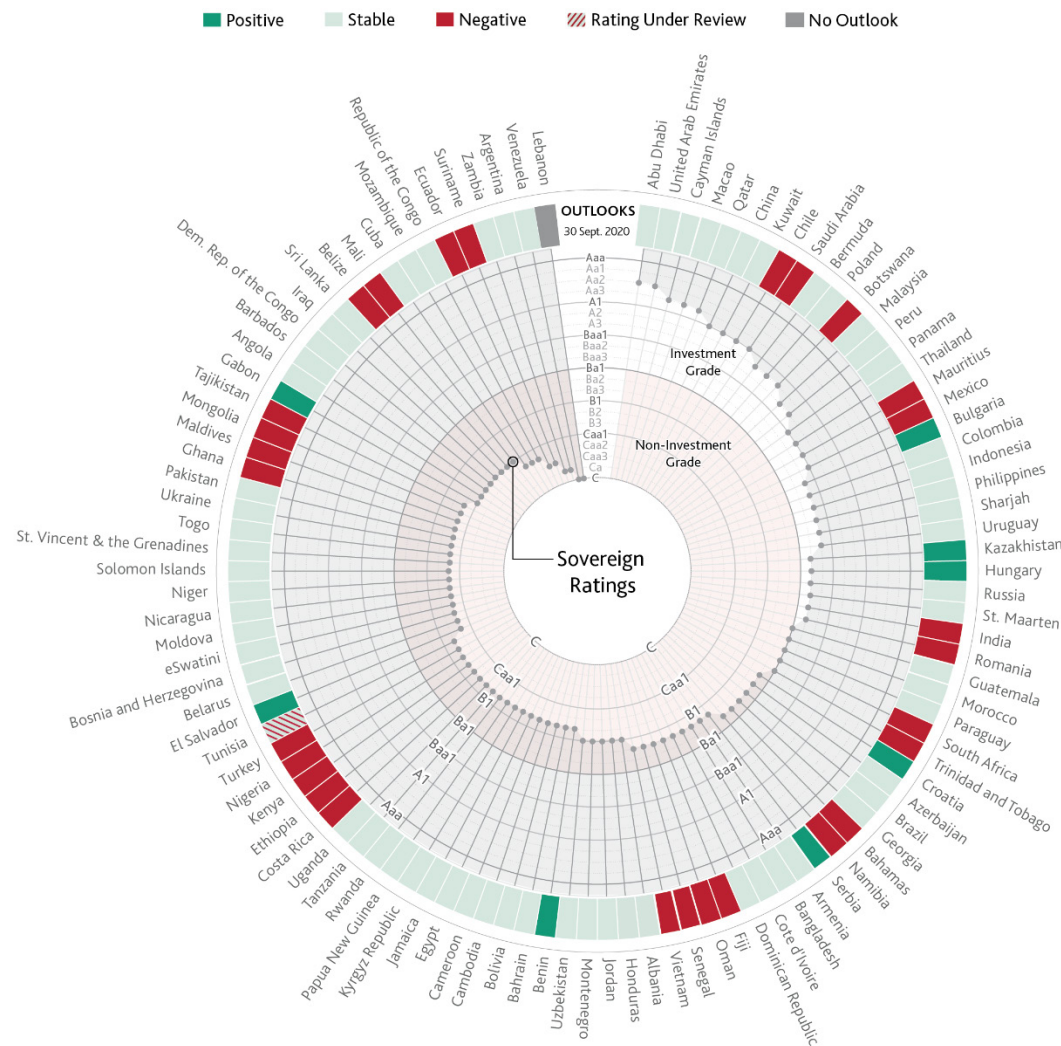
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- » The share of nonfinancial companies with a negative bias soared to 31% as of Q3 2020 from 20% at the end of 2019
- » 12-month trailing downgrade/upgrade ratio for nonfinancial companies decreased to 6.1x in September (from a record high 8.0x in June) but remains well above the long-term average of 2.2x

2

Global EM sovereigns

Global EM sovereigns



EM sovereign ratings and outlooks as of September 30, 2020.
Source: Moody's Investors Service

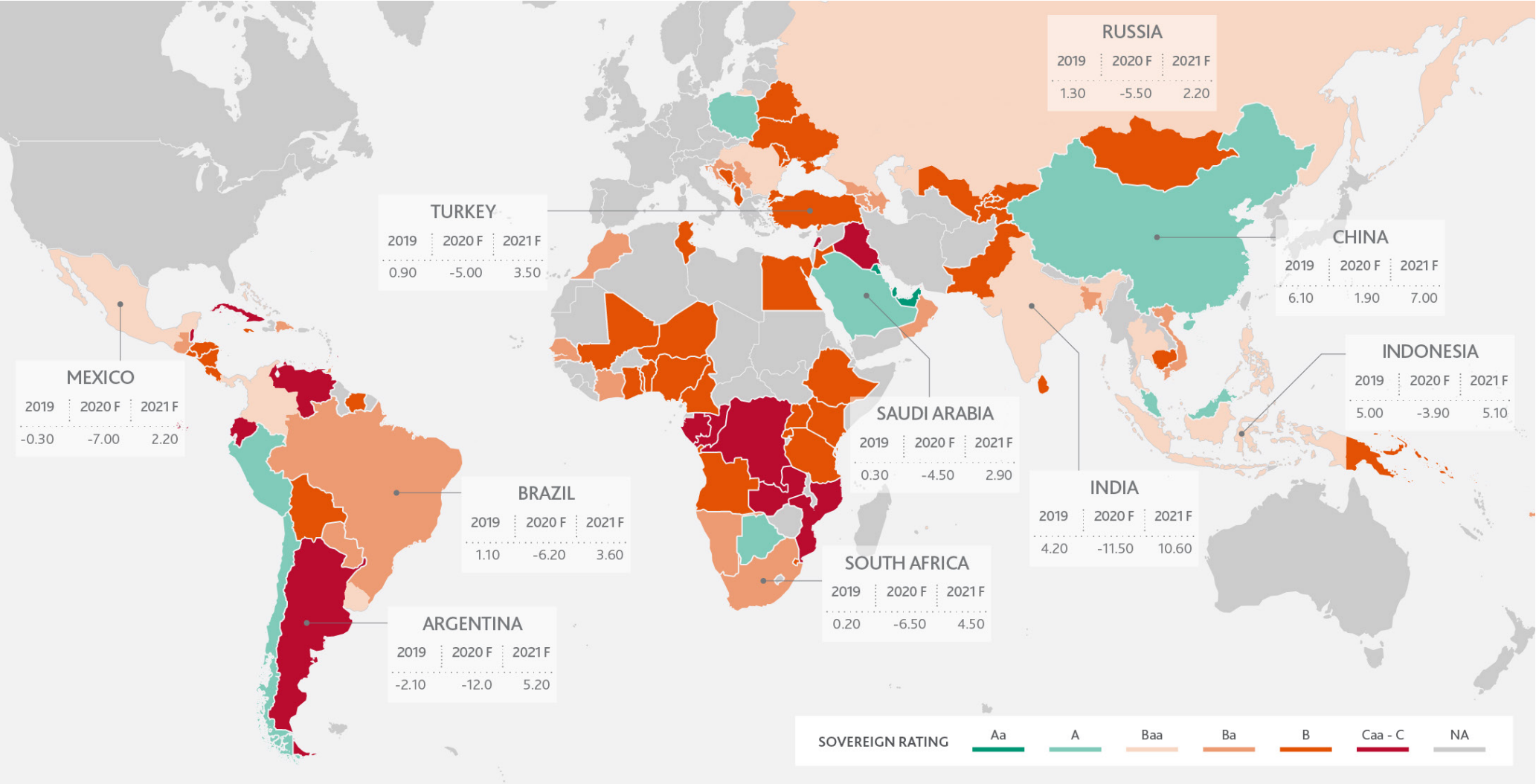
Key Takeaways

Moody's rates 107 EM sovereigns, of which 76 are sub-investment grade (sub-IG) and 31 are investment grade (IG).

- » 30 EM sovereigns (28% of total) have a negative bias, up from 20% at the end of 2019. 68 sovereigns carry a stable outlook and eight have a positive bias.
- » EM sovereign ratings range from Aa2 (Abu Dhabi, United Arab Emirates) to C (Venezuela, Lebanon).
- » We forecast real GDP of G-20 emerging market countries, excluding China, will contract by 6.9% on average in 2020. Even after projected average growth of 4.4% next year, EM economic output will not return to pre-coronavirus GDP levels across most countries by year-end 2021.
- » Supported by normalizing financial conditions, EM sovereigns issued a record \$219 billion of domestic bonds and eurobonds in Q1-Q3 2020, 93% of full-year issuance (by value) in 2019.

Global EM sovereigns

Economic output unlikely to return to pre-pandemic levels across many EMs – G-20 EM real GDP growth, % change



Sovereign ratings as of September 30, 2020. G-20 emerging market growth rate forecasts as of October 25, 2020.

Source: Moody's Investors Service

Moody's EM Financial Conditions Indicator (FCI)

Moody's EM Financial Conditions Indicator (FCI) continues to normalize from pandemic-induced volatility in Q2, although the pace of improvement is starting to lose momentum amid an uneven recovery across countries

EXHIBIT 1
Money and portfolio flows are normalizing, but improvement in bond spreads and equity markets has stalled

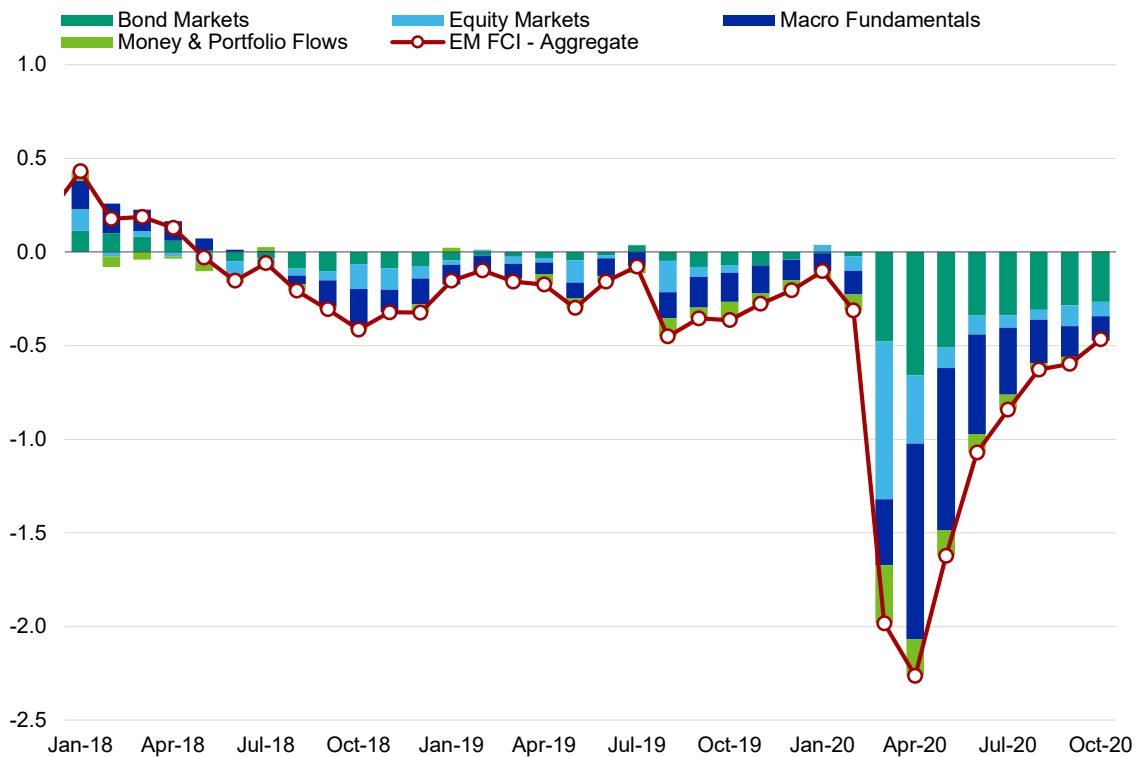
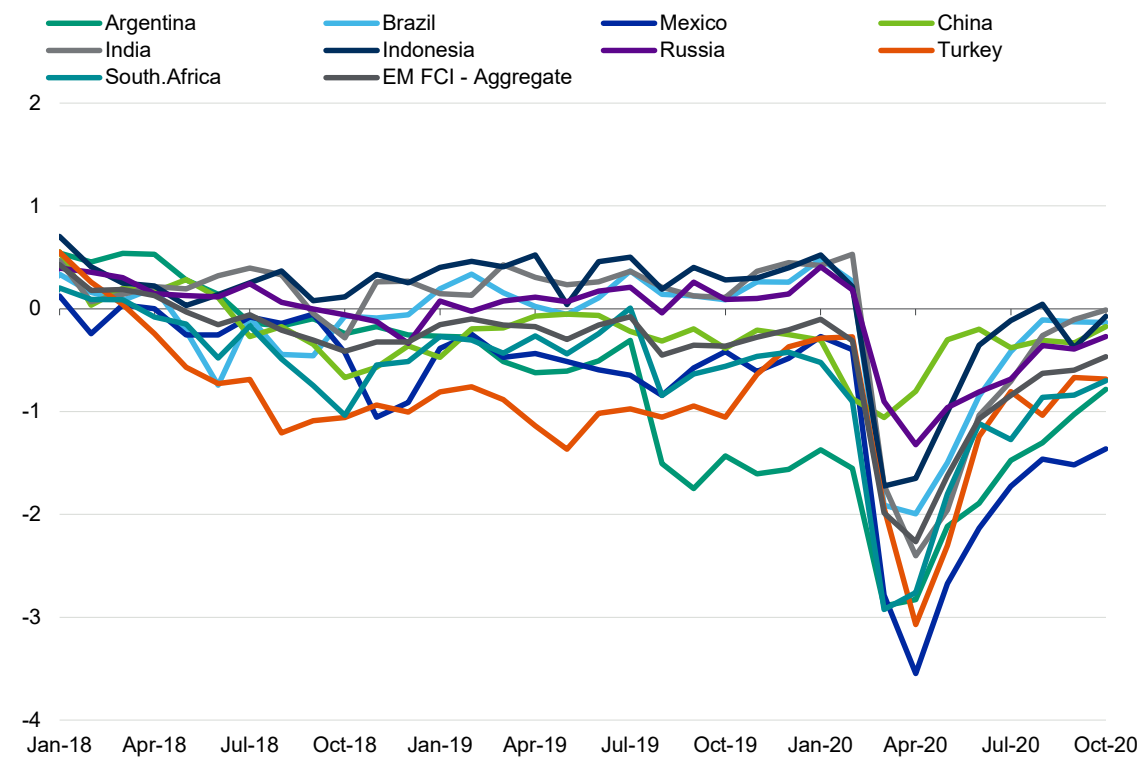


EXHIBIT 2
Recovery in economic and financial sentiment is uneven across major emerging economies globally

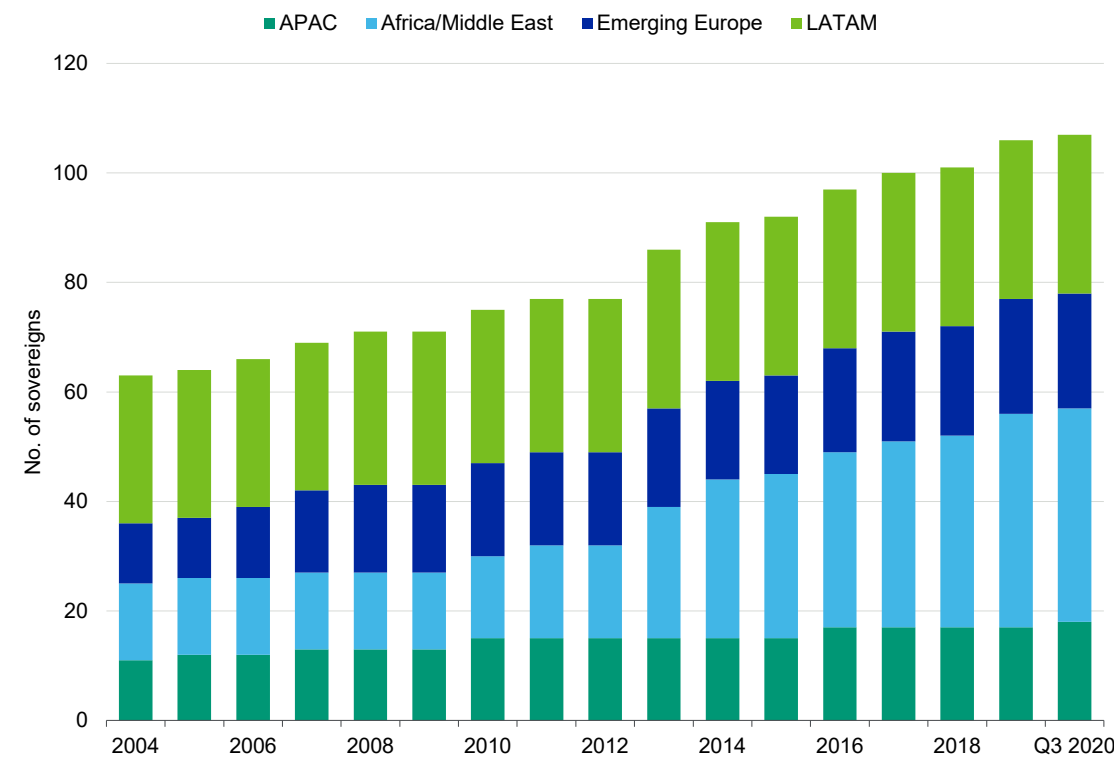


Moody's EM Financial Conditions Indicator (EM FCI) is a monthly composite of several measures of financial and economic activity across nine of the largest EM economies globally. See [EM Mid-Year Credit Conditions Report](#), published on 29 June 2020, for more information
Source: Moody's Investors Service

107 EM sovereigns as of Q3 2020

First-time issuer rating assigned to the government of Laos in January 2020 (Caa2 negative as of Q3 2020)

EXHIBIT 3
Number of rated EM sovereigns increased to 107 in Q3 2020 from 106 at the end of 2019, following addition of the government of Laos (Caa2 negative as of Q3 2020)



As of September 30, 2020.
Source: Moody's Investors Service

EXHIBIT 4
Share of sub-IG sovereigns increased marginally to 71% in Q3 2020 from 70% at the end of 2019 because of the downgrade of South Africa (Ba1 negative)

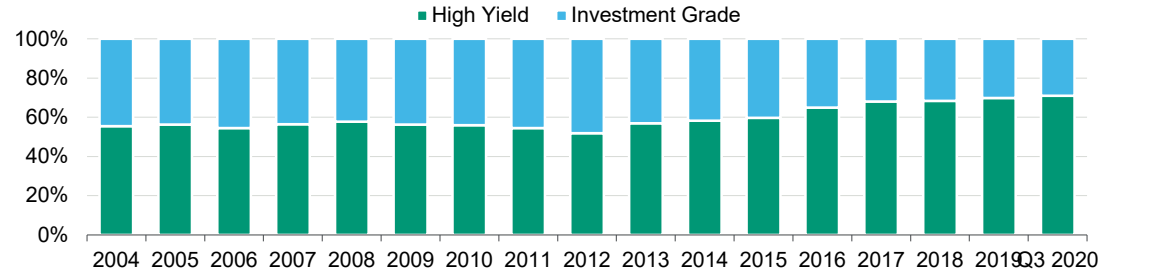
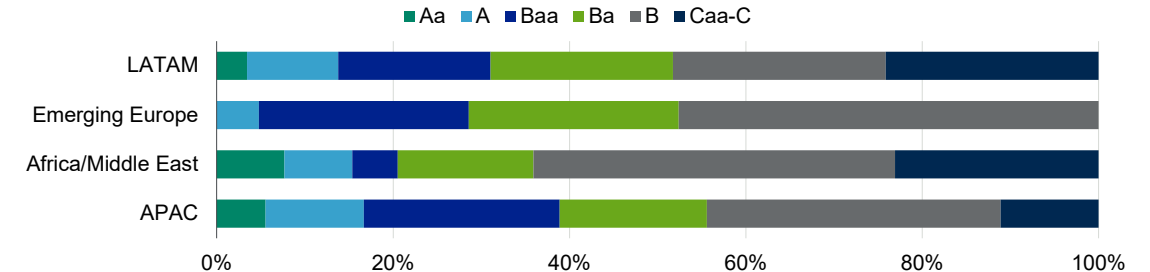


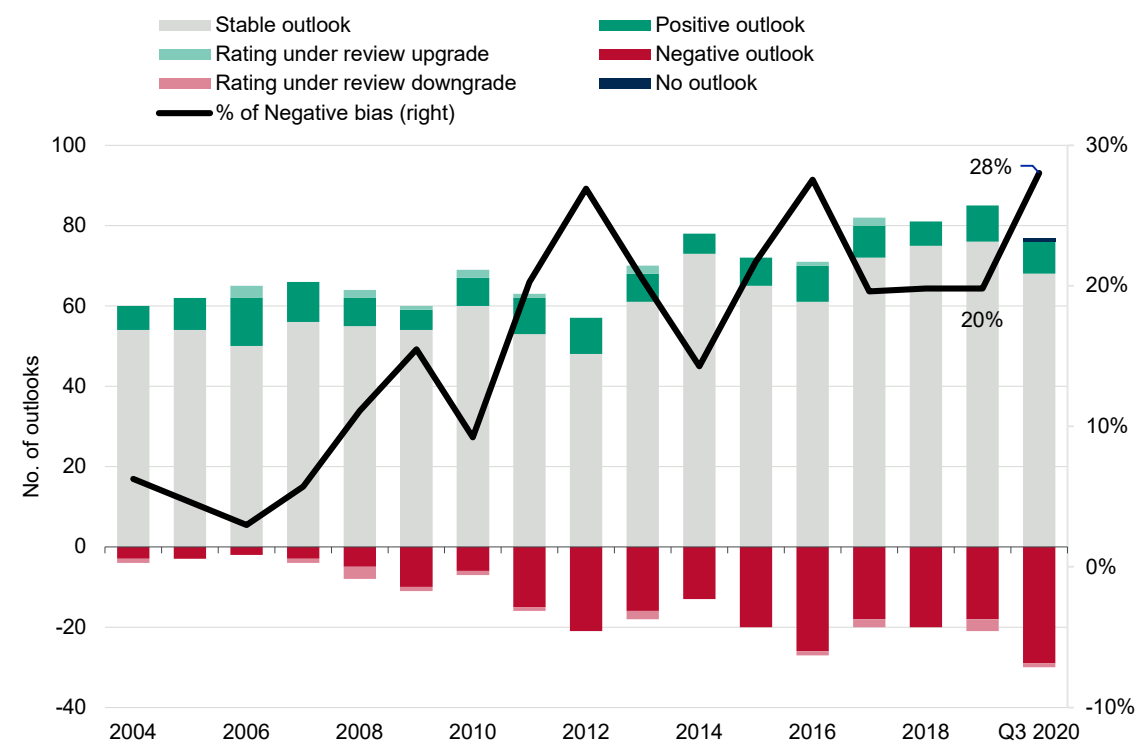
EXHIBIT 5
The largest number of rated sovereigns are in the B rating category, equivalent to 36% of all EM sovereigns globally



Negative bias remains historically elevated at 28%

68 out of 107 EM sovereigns carry a stable outlook, eight have a positive bias

EXHIBIT 6
68 out of 107 rated EM sovereigns have a stable outlook (as of Q3 2020), negative bias increased to 28% in Q3 2020 from 20% at the end of 2019



As of September 30, 2020. Positive (negative) bias includes a combination of ratings with a positive (negative) outlook and ratings under review for upgrade (downgrade)
Source: Moody's Investors Service

EXHIBIT 7
LatAm has the largest share (69%) of stable outlooks, while 24% of EE sovereigns have a positive outlook

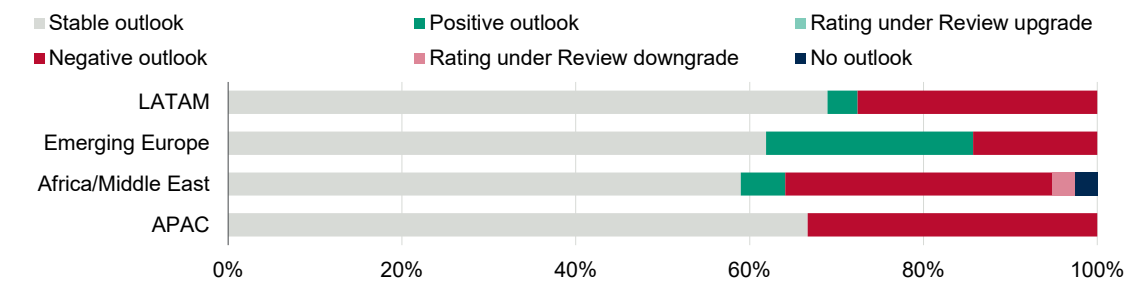
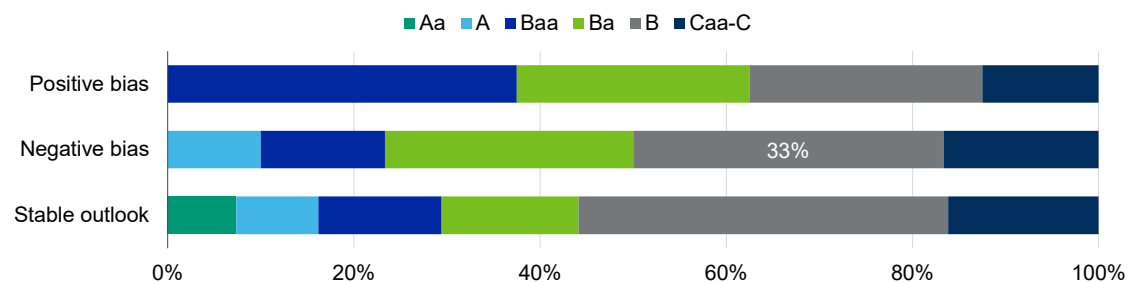


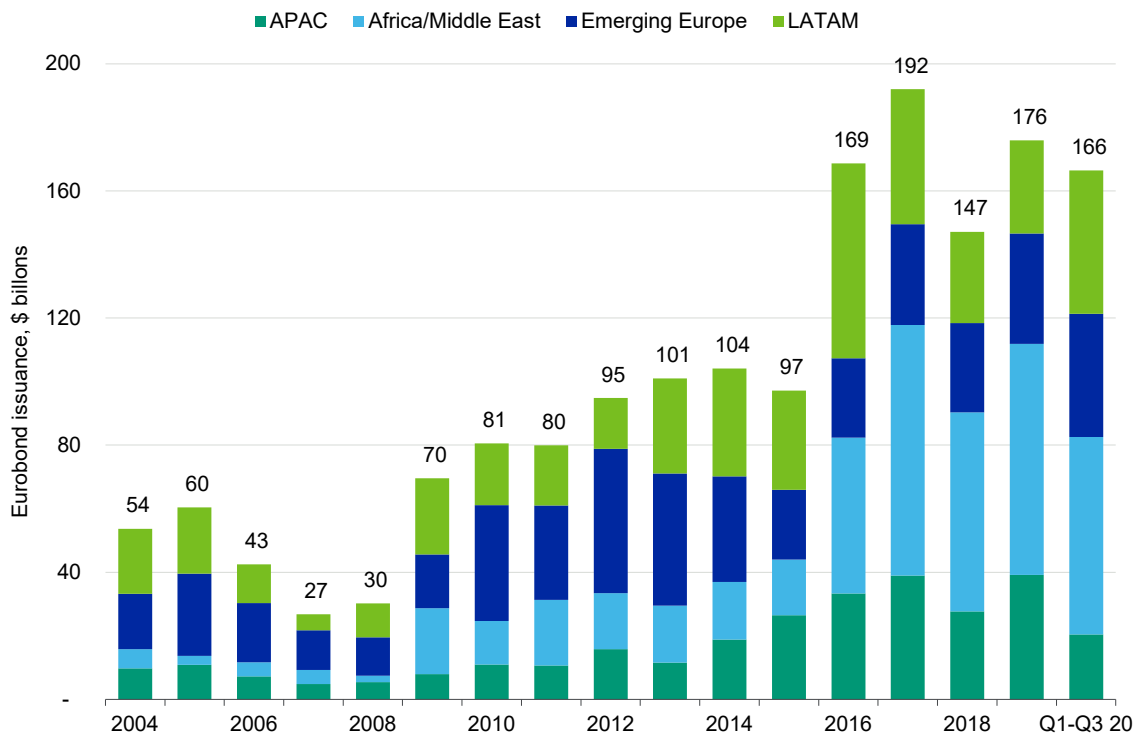
EXHIBIT 8
EM sovereigns in B rating category represent 33% of total negative bias



EM sovereigns raised \$219 billion as of Q3 2020

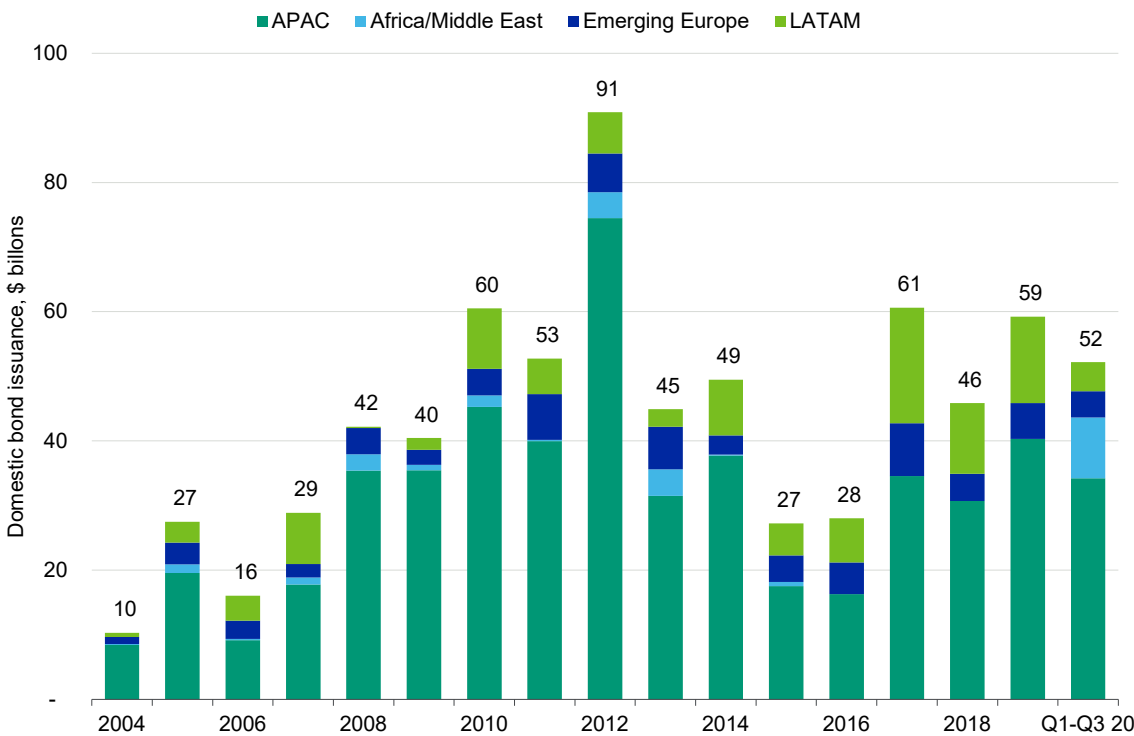
Highly rated governments are taking advantage of accommodative conditions to bolster their finances in the face of significant revenue losses and higher expenditure needs following the pandemic

EXHIBIT 9
Eurobonds placed by EM sovereigns totaled \$166 billion in Q1-Q3 2020, equivalent to 95% of total issuance in 2019



Both rated and unrated bonds issued by EM sovereigns, sub-sovereigns and local authorities are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

EXHIBIT 10
EM sovereign domestic bond issuance totaled \$52 billion in Q1-Q3 2020, with 66% of domestic bonds placed in APAC



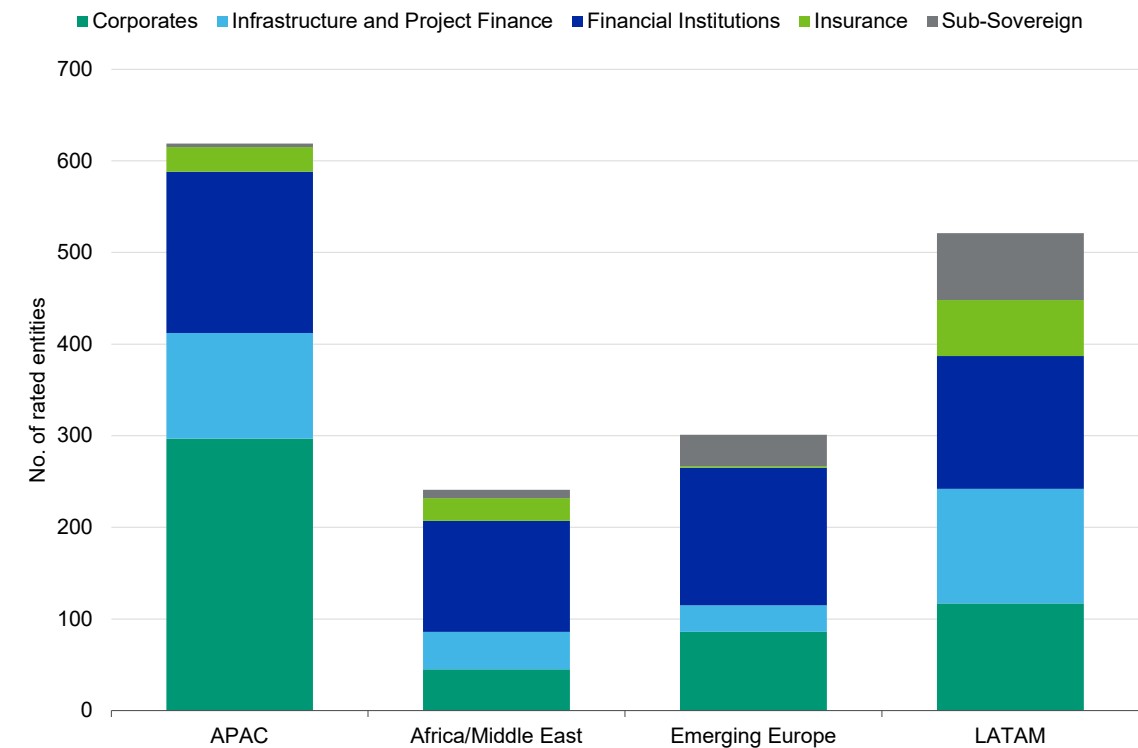
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Global EM non-sovereigns

Nearly 1,700 rated issuers spanning 74 EM economies globally

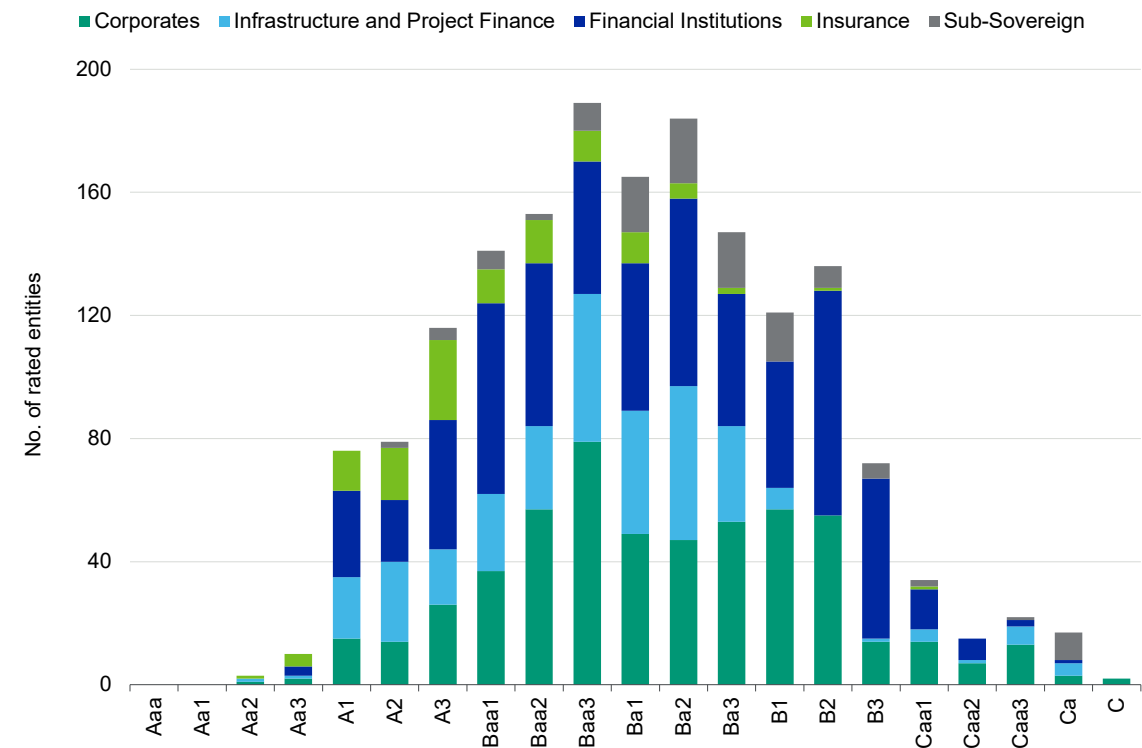
There are 1,682 rated issuers across 74 EM countries. APAC has the largest share (37%), followed by LatAm (31%), EE (18%) and A/ME (14%)

EXHIBIT 11
Financial institutions and corporates account for 35% and 32% of EM issuers, respectively; the largest share of financial institutions is in EE (50%)



As of September 30, 2020.
Source: Moody's Investors Service

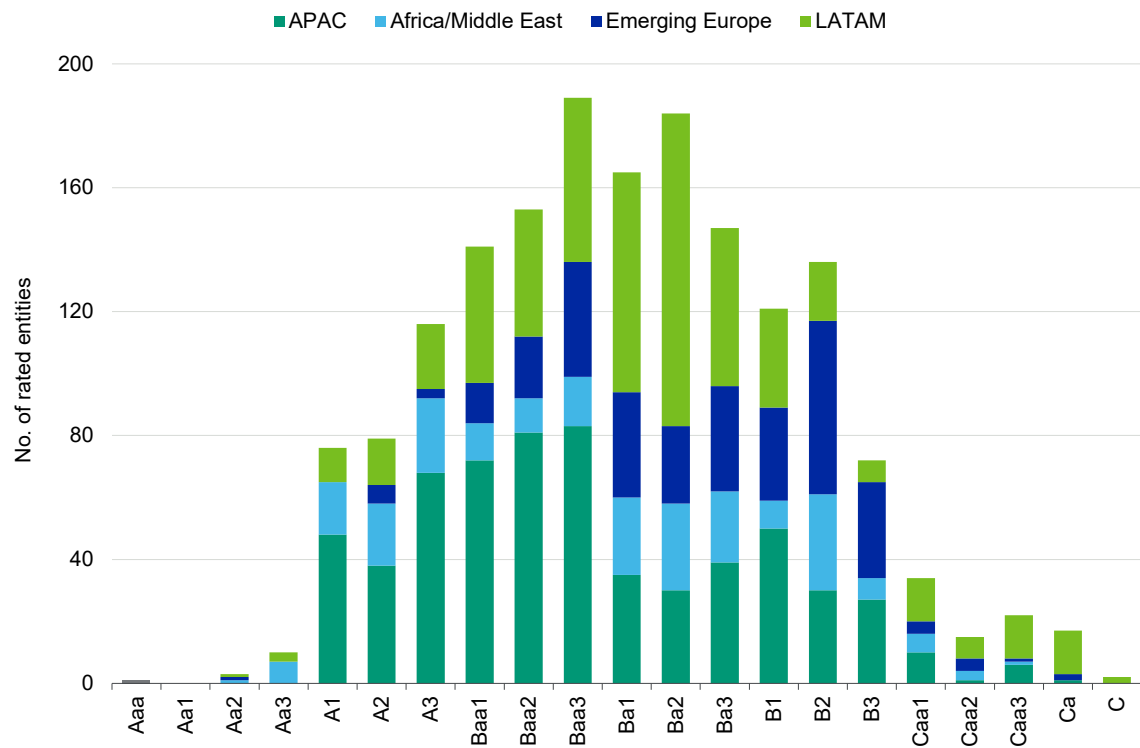
EXHIBIT 12
58% of nonfinancial companies and financial institutions have high-yield (HY) ratings, with the Ba category representing the largest rating category (29%)



32% of rated non-sovereign issuers have a negative bias

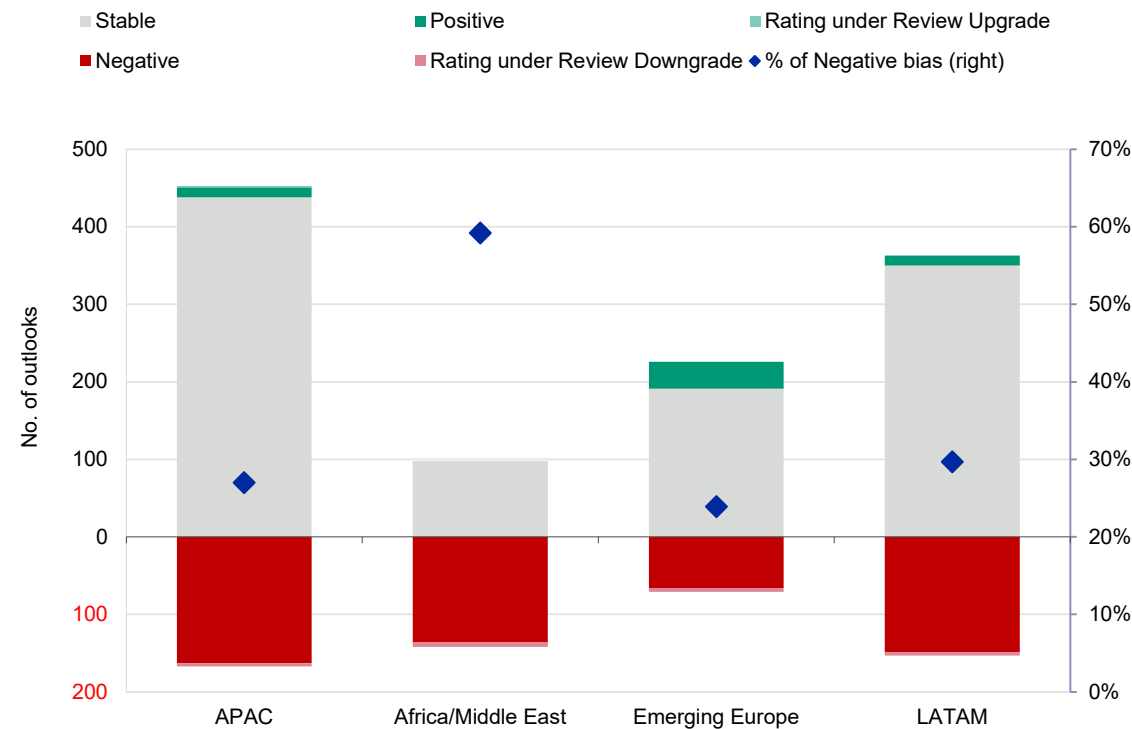
64% of issuers have a stable outlook (as of Q3 2020); 10% of issuers are rated B3 and below

EXHIBIT 13
63% of issuers in APAC are IG while 73% of issuers in EE are HY



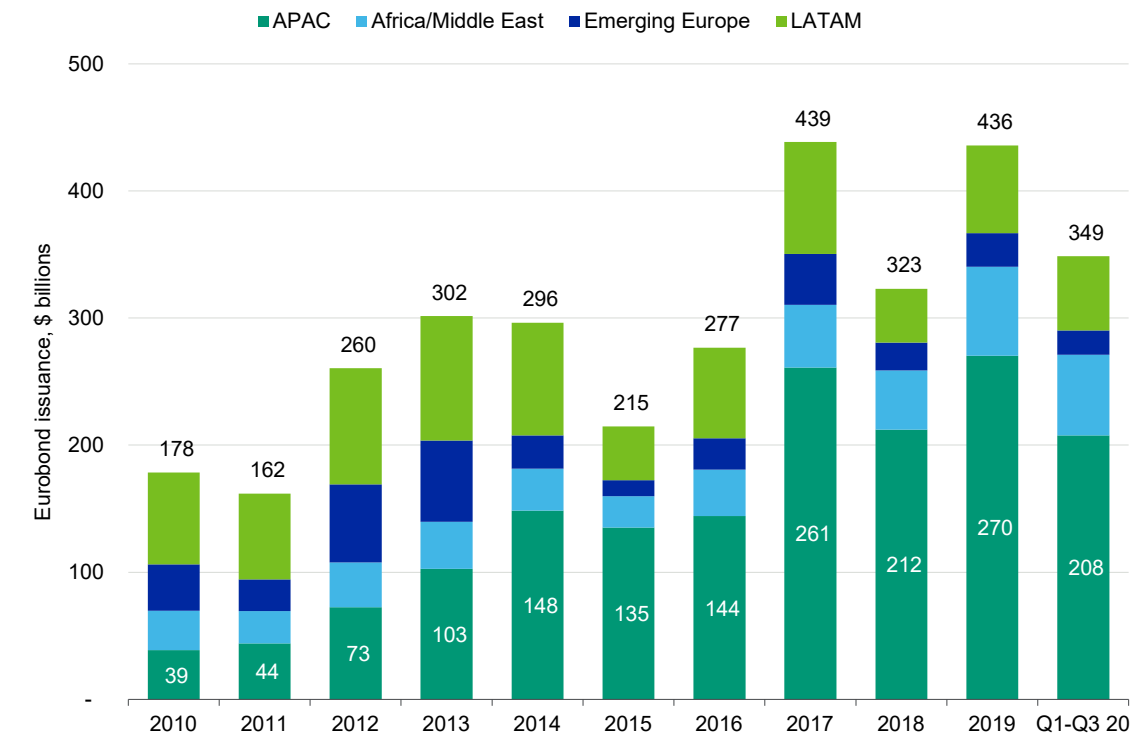
As of September 30, 2020.
Source: Moody's Investors Service

EXHIBIT 14
A/ME has the highest share of rated issuers with a negative bias (59% of total), while EE has the lowest share (24%)



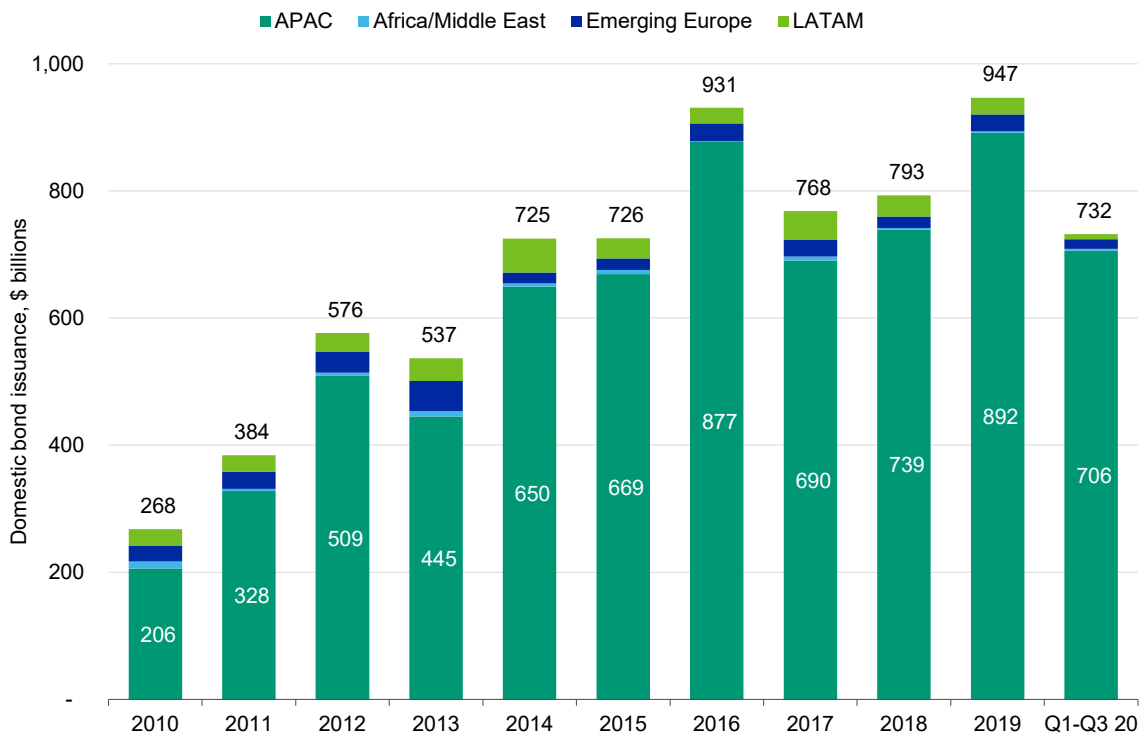
EM non-sovereign issuance volumes roughly on par with last year, led by Asia-Pacific issuers

EXHIBIT 15
Eurobond issuance totaled \$349 billion in Q1-Q3 2020, compared to \$436 billion in 2019



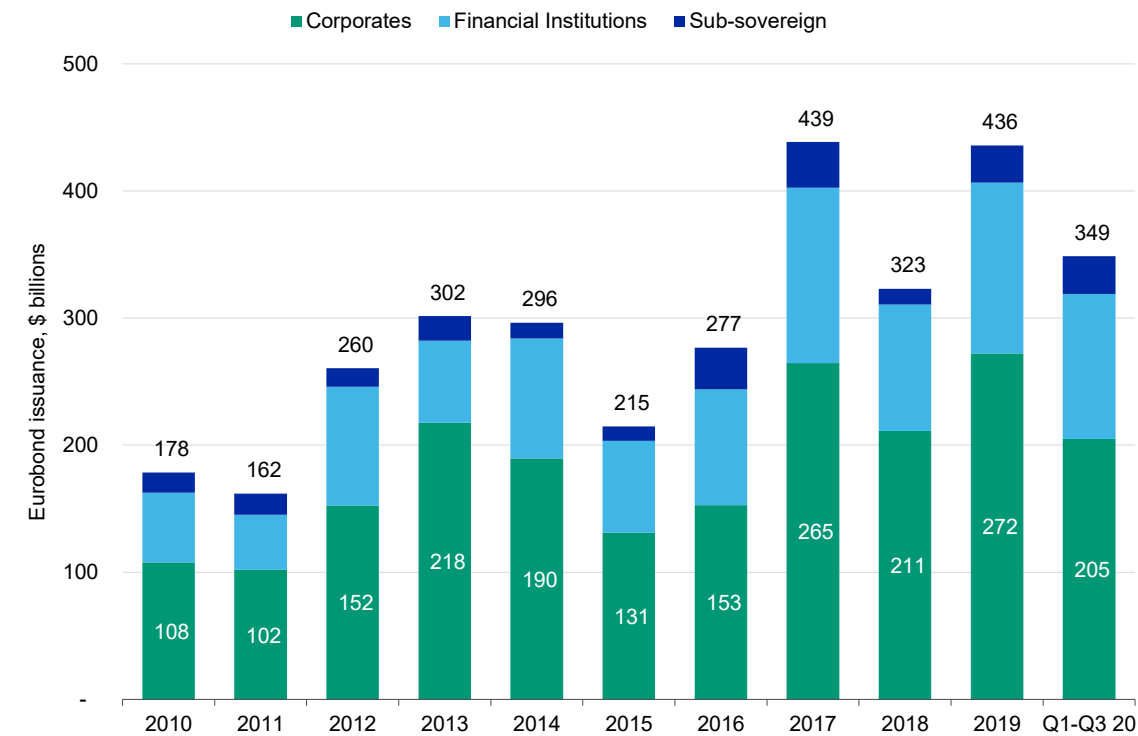
Both rated and unrated bond issuances by EM corporates, financial institutions and sub-sovereigns are included. As of September 30, 2020
Sources: Dealogic and Moody's Investors Service

EXHIBIT 16
Domestic bond issuance totaled \$732 billion in Q1-Q3 2020, dominated by APAC (96% of overall issuance by value)



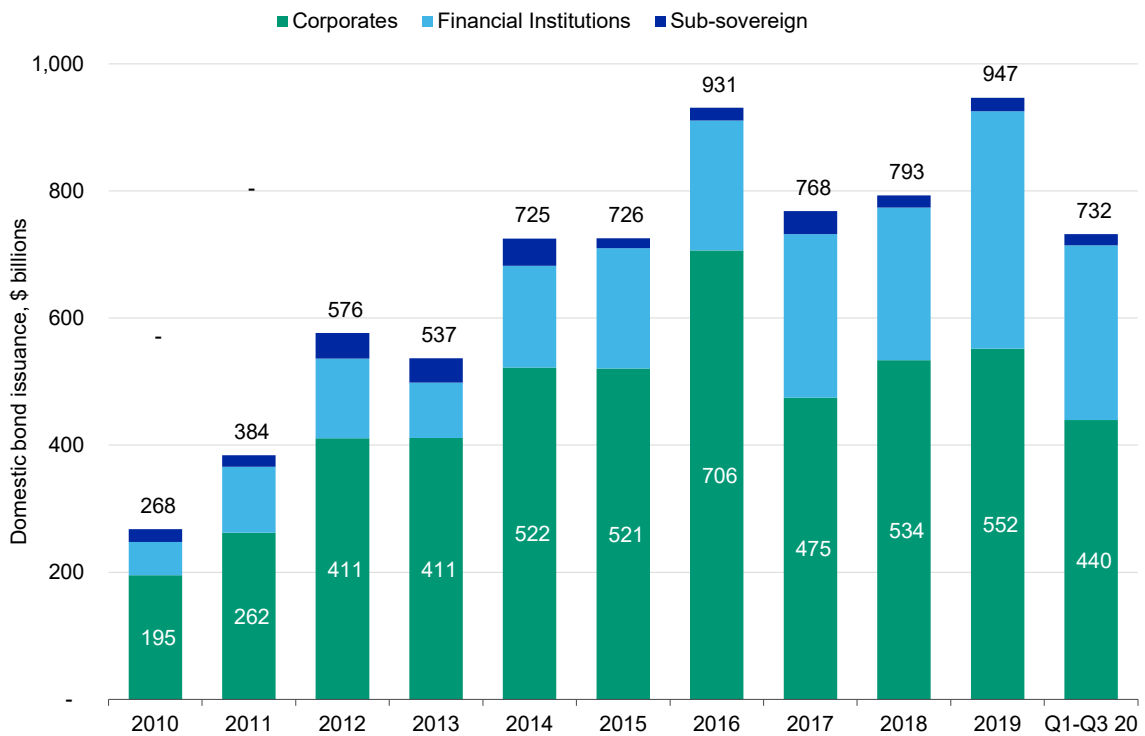
EM nonfinancial companies dominate international and domestic debt capital markets

EXHIBIT 17
Eurobond issuance totaled \$349 billion in Q1-Q3 2020 (\$436 billion in 2019), of which 59% (by value) were placed by nonfinancial companies



Both rated and unrated bond issuances are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

EXHIBIT 18
Domestic bond issuance totaled \$732 billion in Q1-Q3 2020 (\$947 billion in 2019), of which 60% (by value) were placed by nonfinancial companies



37% of rated issuers are from APAC

61% of APAC issuers are from China. 27% of rated issuers have a negative bias as of Q3 2020

EXHIBIT 19

China dominate APAC rating coverage; corporates comprise 48% of APAC rated issuers

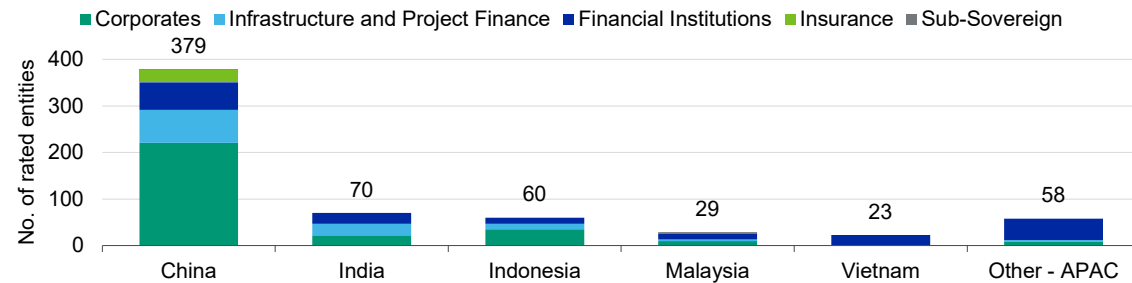


EXHIBIT 20

APAC eurobond and domestic bond issuance totaled \$914 billion in Q1-Q3 2020 (\$1,162 billion in 2019), with 62% (by value) placed by corporates

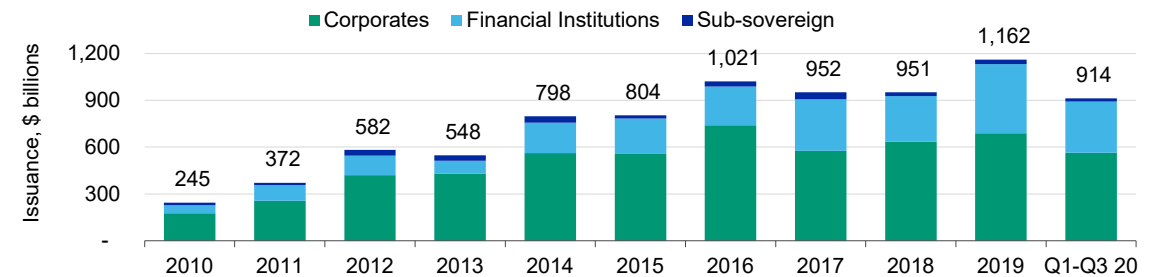


EXHIBIT 21

37% of rated issuers are HY; 47% of corporates and 37% of financial institutions have HY ratings

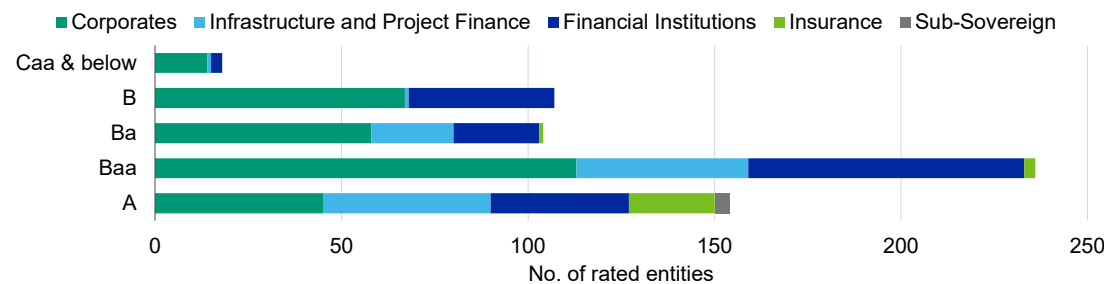
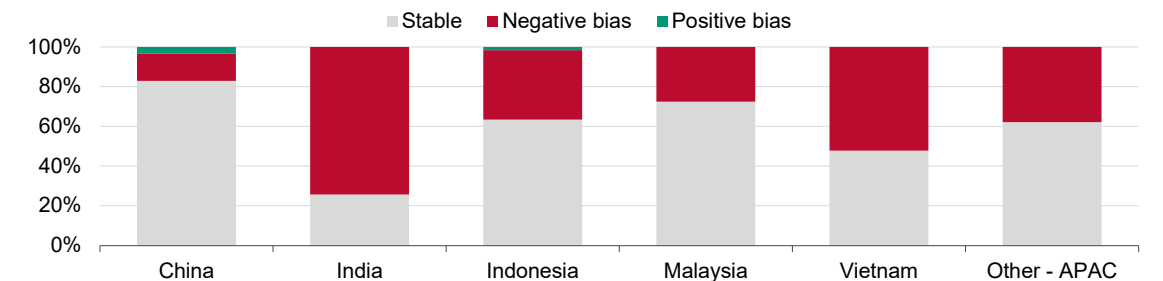


EXHIBIT 22

27% of rated issuers from APAC have a negative bias, with issuers in India (74% of total) carrying the largest share



In exhibit 20, both rated and unrated bond issuances are included. As of September 30, 2020
Sources: Dealogic and Moody's Investors Service

14% of rated issuers are from A/ME

21% and 20% of A/ME issuers are from United Arab Emirates and South Africa, respectively. 59% of rated issuers from A/ME have a negative bias as of Q3 2020

EXHIBIT 23

United Arab Emirates and South Africa dominate A/ME rating coverage; financial institutions comprise 50% of A/ME rated issuers

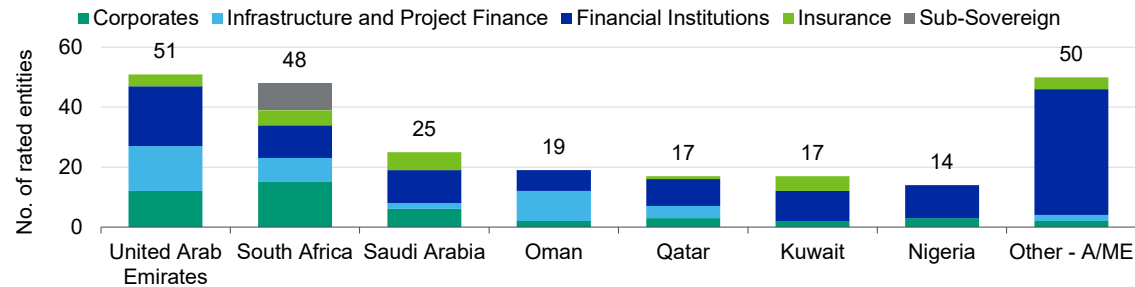


EXHIBIT 24

A/ME eurobond and domestic bond issuance totaled \$66 billion in Q1-Q3 2020 (\$76 billion in 2019), with 45% (by value) placed by financial institutions

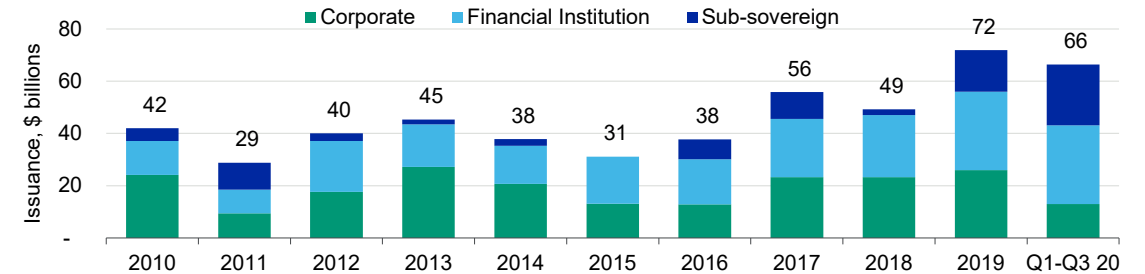


EXHIBIT 25

55% of rated issuers are HY; 59% of financial institutions and 58% of corporates have HY ratings

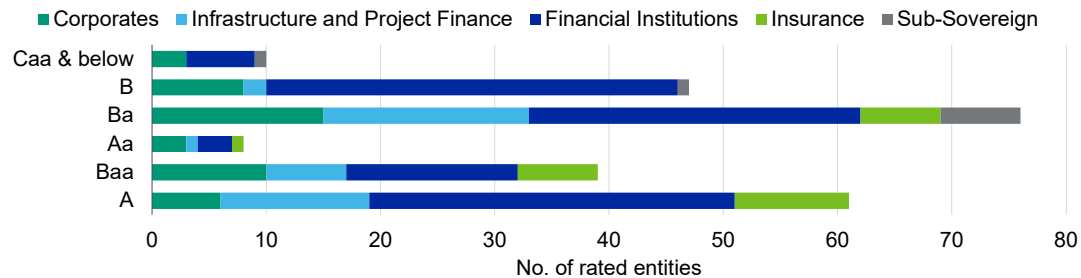
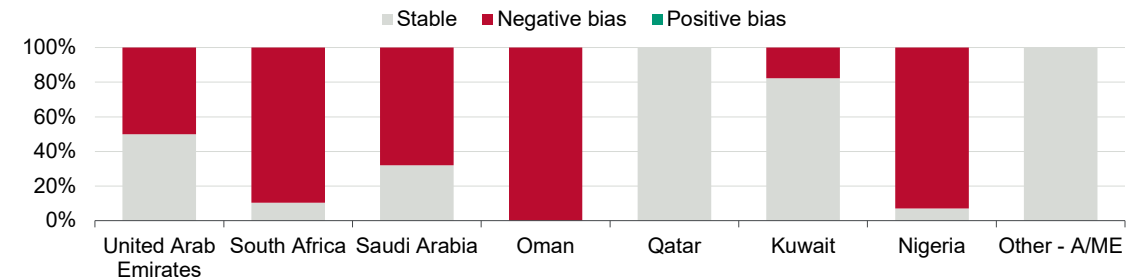


EXHIBIT 26

59% of rated A/ME issuers have a negative bias, with over 90% of issuers in South Africa, Oman and Nigeria carrying a negative bias due to sovereign interlinkages



In exhibit 24, both rated and unrated bond issuances are included. As of September 30, 2020
Sources: Dealogic and Moody's Investors Service

18% of rated issuers are from EE

42% of EE issuers are from Russia. 24% of rated issuers have a negative bias as of Q3 2020

EXHIBIT 27
Russia dominates EE rating coverage; financial institutions comprise 50% of EE rated issuers

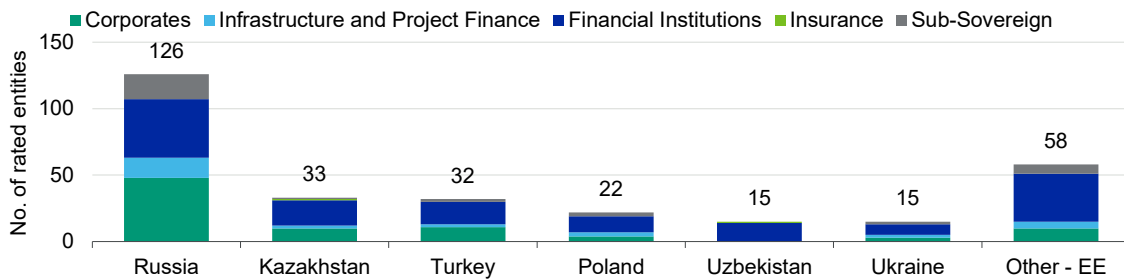


EXHIBIT 28
EE eurobond and domestic bond issuance totaled \$34 billion in Q1-Q3 2020 (\$53 billion in 2019), with 63% (by value) placed by corporates

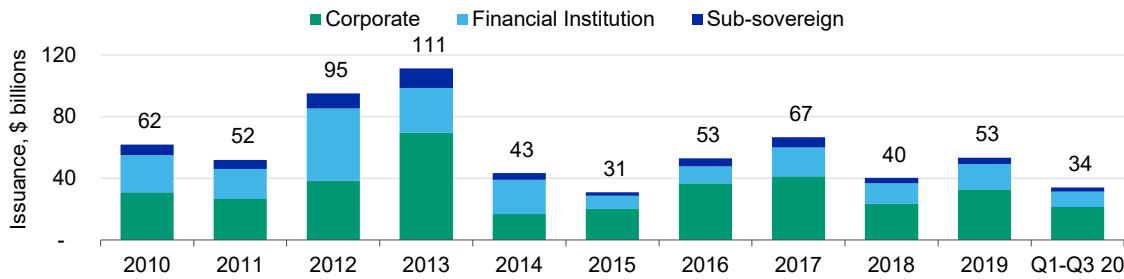


EXHIBIT 29
73% of rated issuers are HY; 79% of financial institutions and 70% of corporates have HY ratings

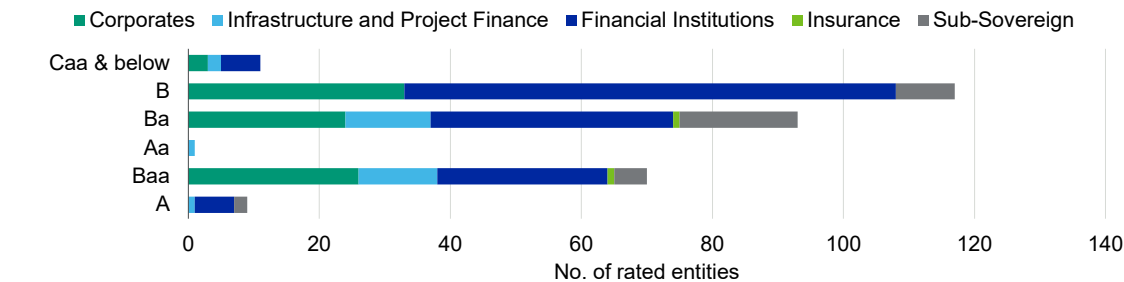
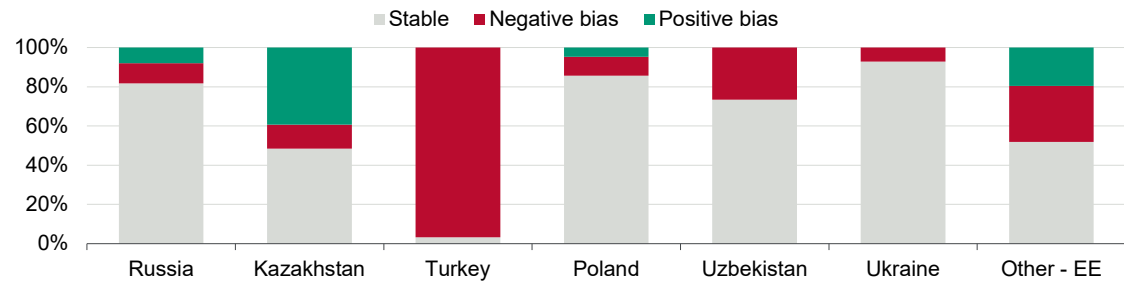


EXHIBIT 30
24% of rated issuers from EE have a negative bias, with 97% of issuers in Turkey carrying a negative bias due to sovereign interlinkages



In exhibit 28, both rated and unrated bond issuances are included. As of September 30, 2020
Sources: Dealogic and Moody's Investors Service

31% of rated issuers are from LatAm

29% of LatAm issuers are from Brazil. 30% of rated issuers have a negative bias as of Q3 2020

EXHIBIT 31

Brazil and Mexico dominate LatAm rating coverage; financial institutions comprise 28% of LatAm rated issuers

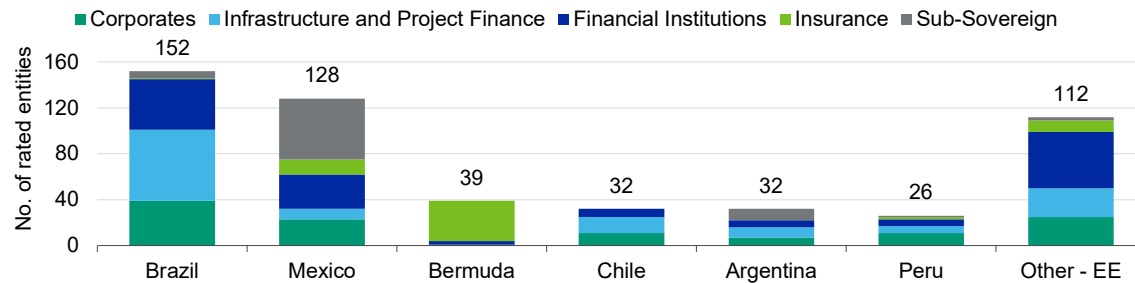


EXHIBIT 32

LatAm eurobond and domestic bond issuance totaled \$66 billion in Q1-Q3 2020, with 70% (by value) placed by corporates

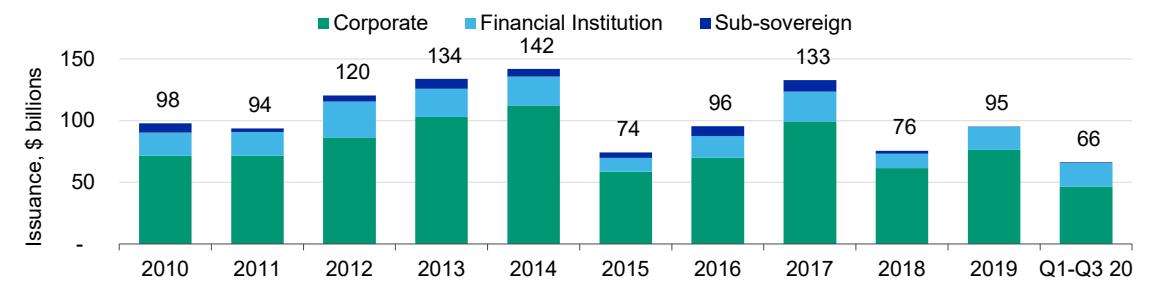


EXHIBIT 33

64% of rated issuers are HY; 84% of sub-sovereign and 76% of financial institutions have HY ratings

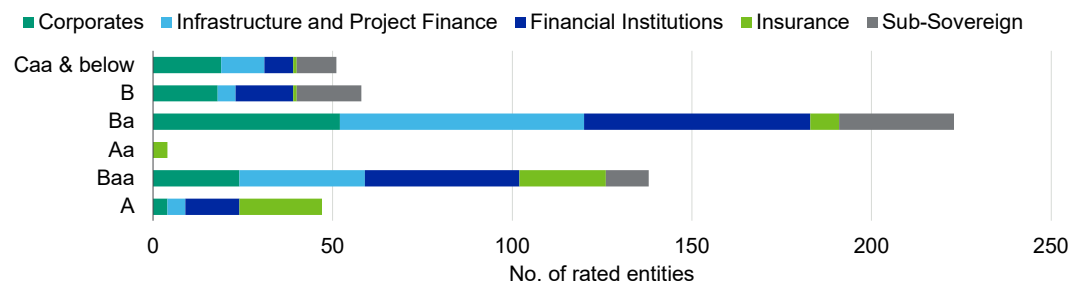
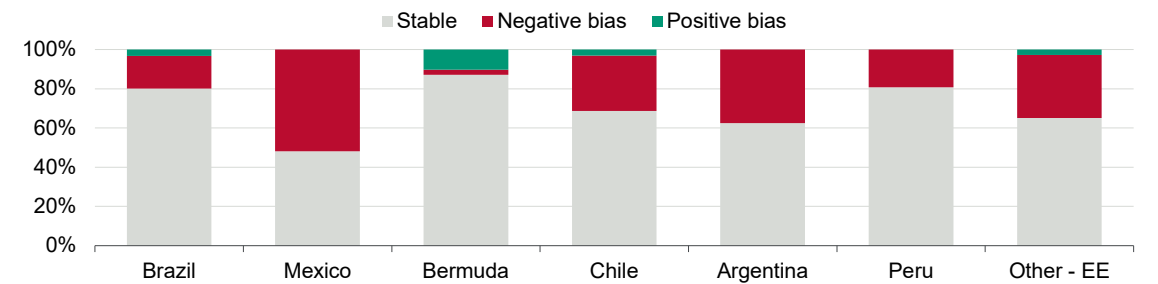


EXHIBIT 34

30% of rated issuers from LatAm have a negative bias, with 52% of issuers in Mexico carrying a negative bias due to sovereign interlinkages



In exhibit 32, both rated and unrated bond issuances are included. As of September 30, 2020
Sources: Dealogic and Moody's Investors Service

4

Global EM nonfinancial
companies

APAC dominate rated EM nonfinancial companies

EXHIBIT 35

48% and 28% of rated EM nonfinancial companies (as of Q3 2020) are from APAC and LatAm, respectively

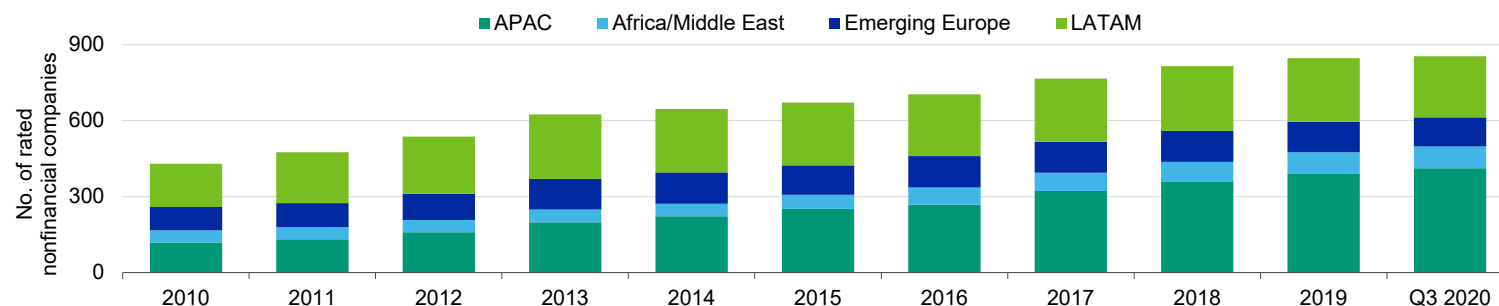
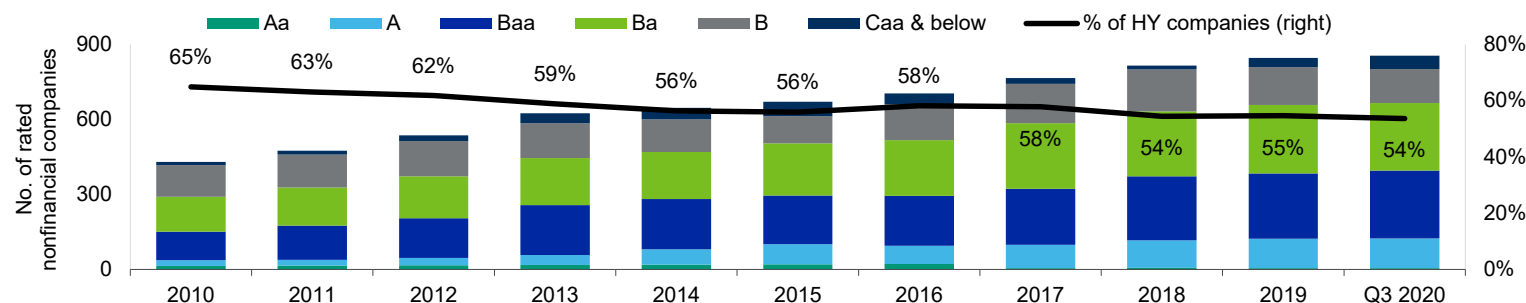


EXHIBIT 36

The share of rated EM HY nonfinancial companies marginally decreased to 54% as of Q3 2020 from 55% at the end of 2019



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. As of September 30, 2020.

Source: Moody's Investors Service

Key Takeaways

855 EM nonfinancial companies as of Q3 2020.

- » 54% of EM nonfinancial companies are HY.
- » 48% and 28% are from APAC and LatAm, respectively.
- » 34% of EM rated nonfinancial companies are from China (as of Q3 2020).
- » Negative bias increased to 31% as of Q3 2020 from 20% at the end of 2019.
- » 12-month trailing downgrade/upgrade ratio for nonfinancial companies decreased to 6.1x in September from record high, 8.0x in June 2020, well above the long-term average of 2.2x.
- » EM nonfinancial companies placed about \$205 billion of eurobonds (\$272 billion in 2019) and \$440 billion of domestic bonds (\$552 billion in 2019) in Q1-Q3 2020.

Negative rating pressure remains elevated for nonfinancial companies

Negative bias at a multi-year high of 31% in Q3 2020; 12-month trailing downgrade/upgrade ratio decreased to 6.1x in September from 8.0x in June 2020 but remains well above long-term average of 2.2x

EXHIBIT 37
The share of ratings with a negative bias increased to 31% as of Q3 2020 from 20% at the end of 2019

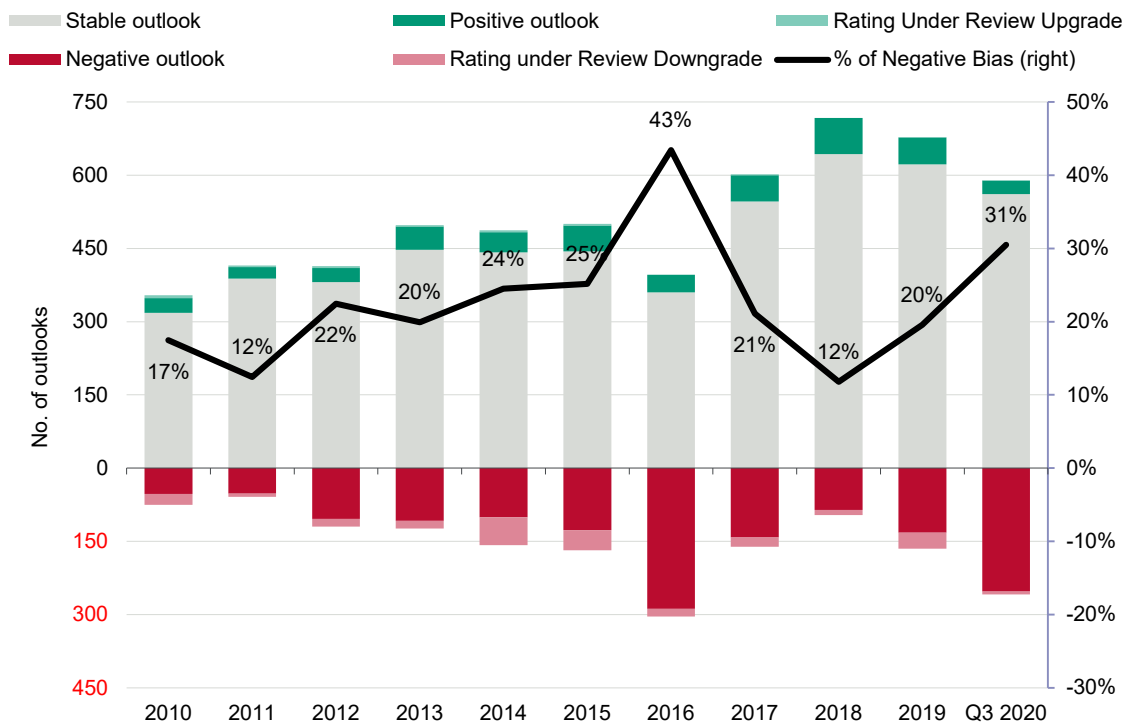
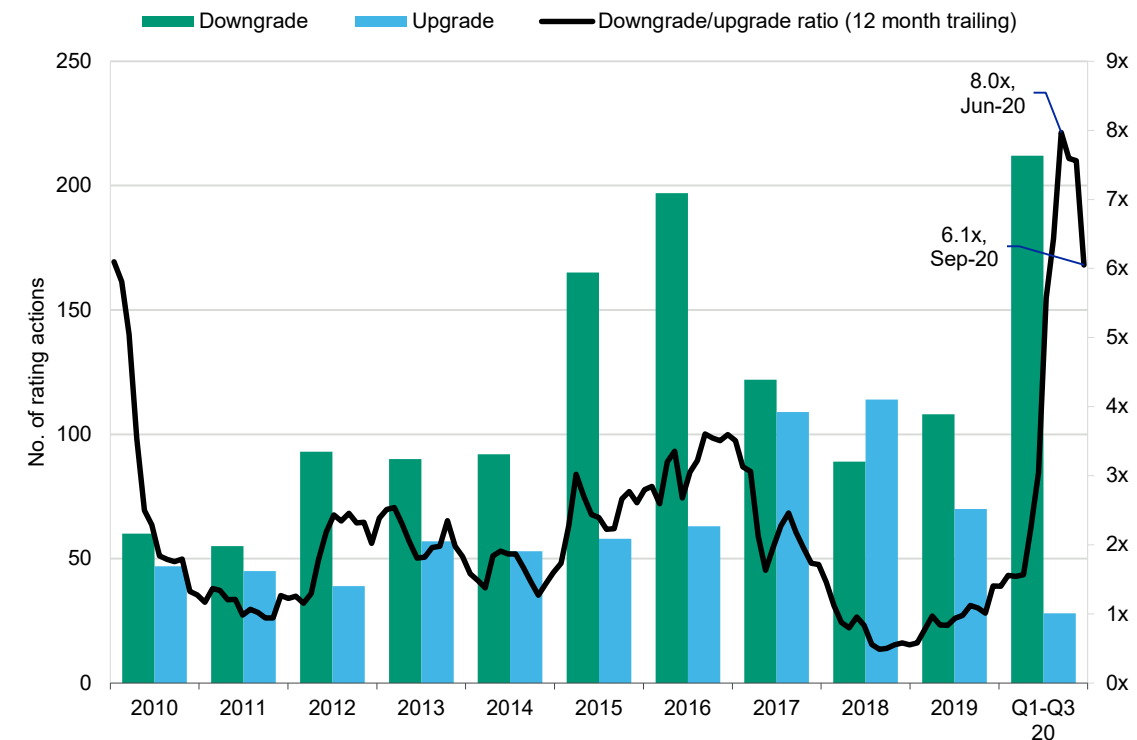


EXHIBIT 38
12-month trailing downgrade/upgrade ratio decreased to 6.1x in September, well above the long-term average of 2.2x



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. As of September 30, 2020.
Source: Moody's Investors Service

54% of nonfinancial companies are below investment grade

Share of B3 and below rated companies increased to 15% as of Q3 2020 from 14% at the end of 2019, but is still below 22% at the end of 2013

EXHIBIT 39

46% of EM rated nonfinancial companies are IG as of Q3 2020, while 69% of these are in Baa rating category (68% in 2019)

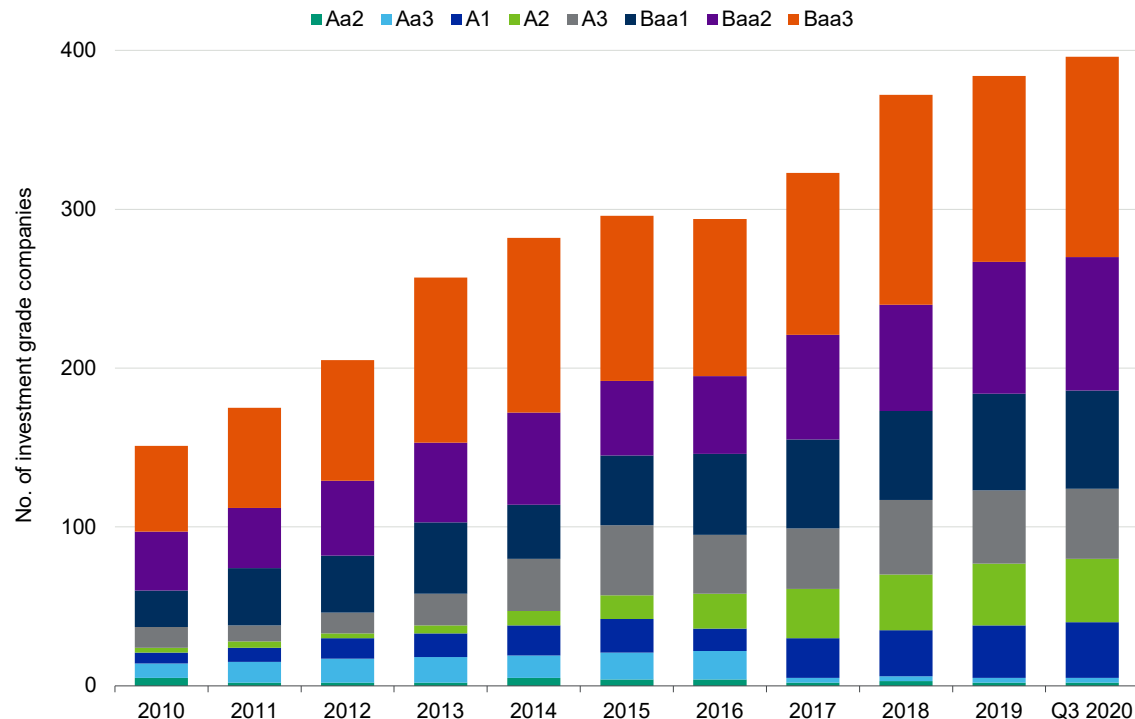
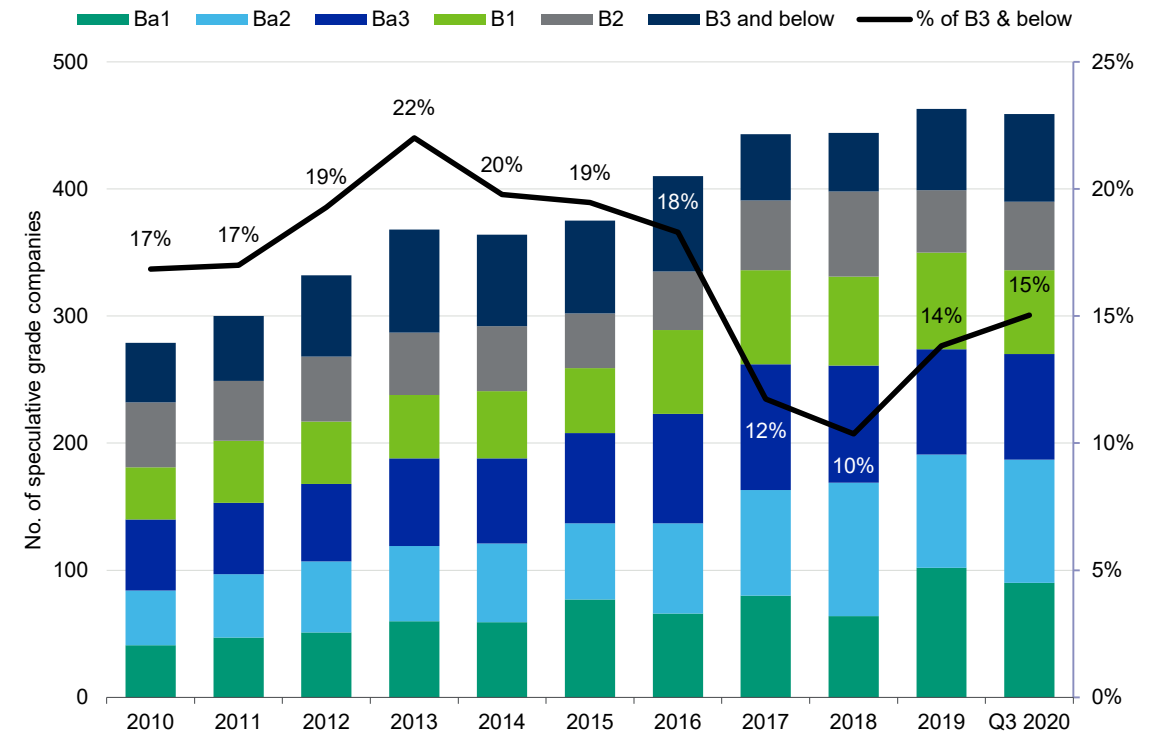


EXHIBIT 40

54% of EM rated nonfinancial companies are HY as of Q3 2020, while 15% of these are in B3 and below rating category (14% in 2019)

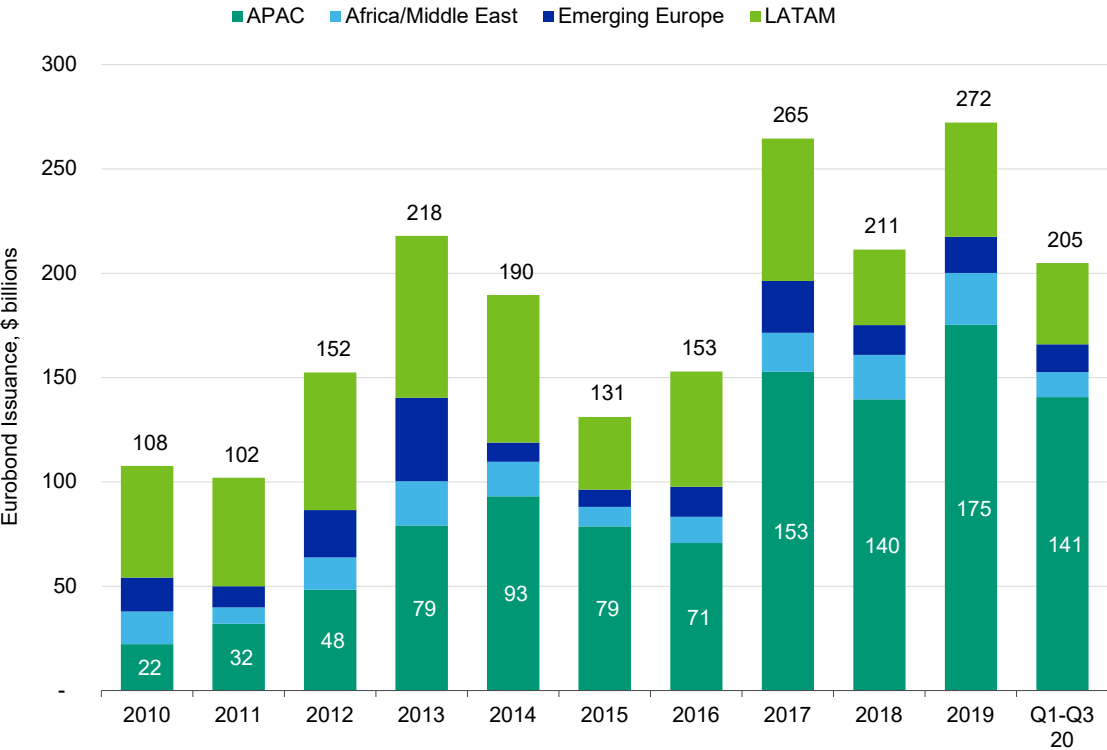


Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. As of September 30, 2020.
Source: Moody's Investors Service

Over \$645 billion of bonds issued in Q1-Q3 2020

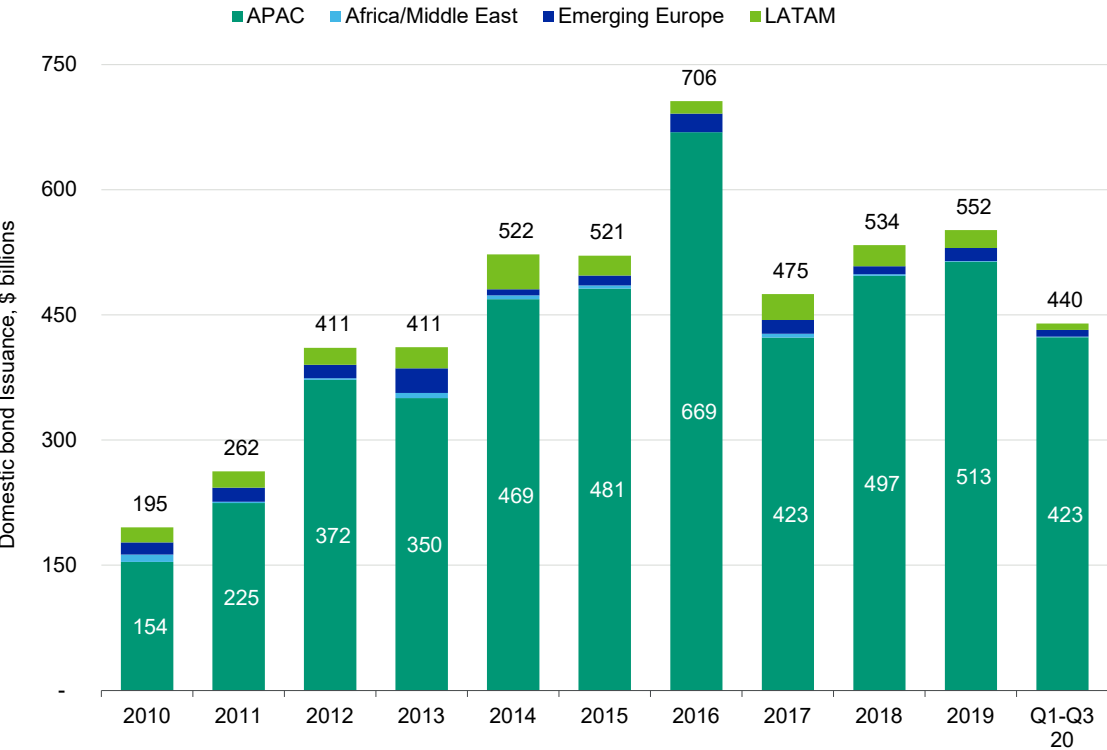
EM nonfinancial companies placed about \$205 billion of eurobonds in Q1-Q3 2020 (\$272 billion in 2019)

EXHIBIT 41
Eurobond issuance was \$205 billion in Q1-Q3 2020 (\$272 billion in 2019), dominated by APAC (69% of all issuance by value)



Both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020
Sources: Dealogic and Moody's Investors Service

EXHIBIT 42
Domestic bond issuance was \$440 billion in Q1-Q3 2020 (\$552 billion in 2019), dominated by APAC (96% of all issuance by value)



48% of rated EM nonfinancial companies are from APAC

71% of rated nonfinancial companies in APAC are from China. 26% of rated nonfinancial companies had a negative bias as of Q3 2020

EXHIBIT 43

71% of rated nonfinancial companies in APAC are from China (as of Q3 2020)

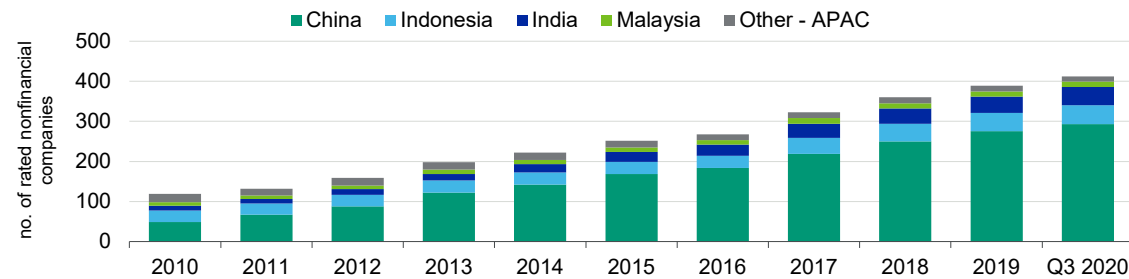


EXHIBIT 44

APAC nonfinancial companies placed \$564 billion of bonds in Q1-Q3 2020 (\$689 billion in 2019), of which 75% were domestic bonds

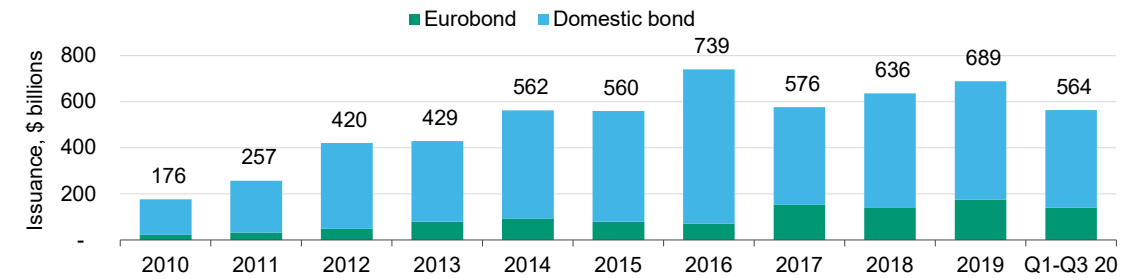


EXHIBIT 45

71% of nonfinancial companies have a stable outlook, while negative bias increased to 26% (as of Q3 2020) from 16% at the end of 2019

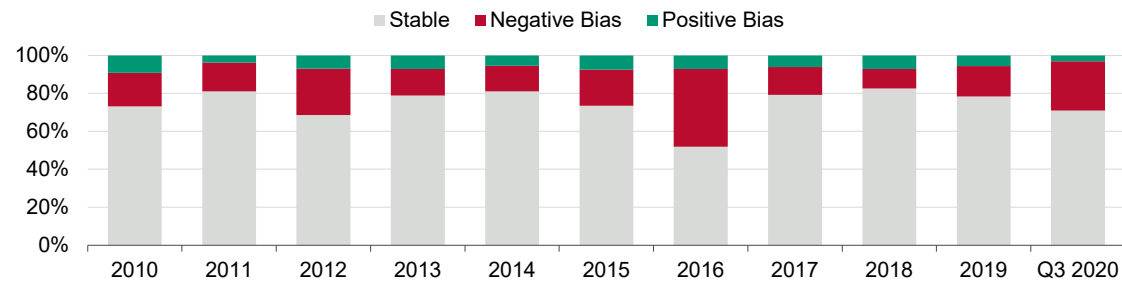
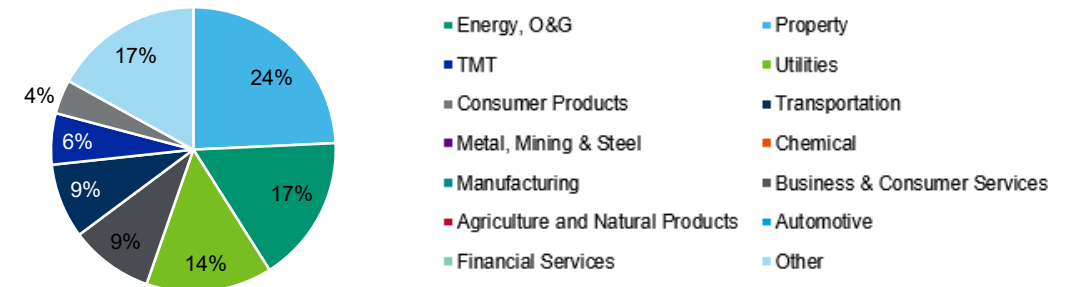


EXHIBIT 46

41% of rated EM nonfinancial companies in APAC are in property and energy sectors



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 44, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

10% of rated EM nonfinancial companies are from A/ME

31% of rated nonfinancial companies in A/ME are from United Arab Emirates. 62% of rated nonfinancial companies had a negative bias as of Q3 2020

EXHIBIT 47
31% of rated nonfinancial companies in A/ME are from United Arab Emirates (as of Q3 2020)

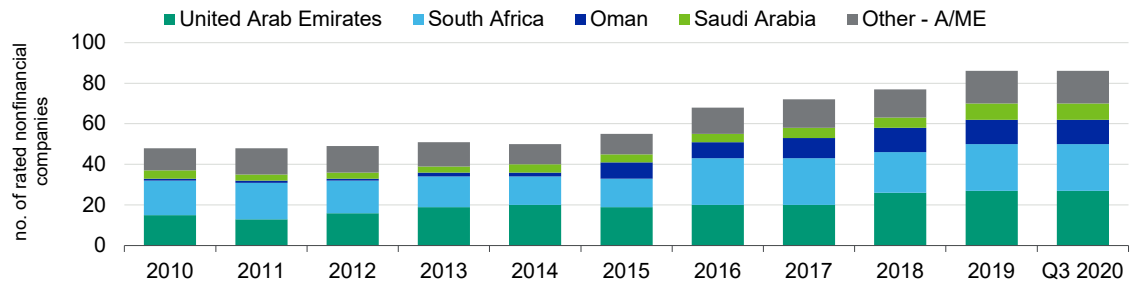


EXHIBIT 48
A/ME nonfinancial companies placed \$13 billion of bonds in Q1-Q3 2020 (\$26 billion in 2019), of which 91% were eurobonds

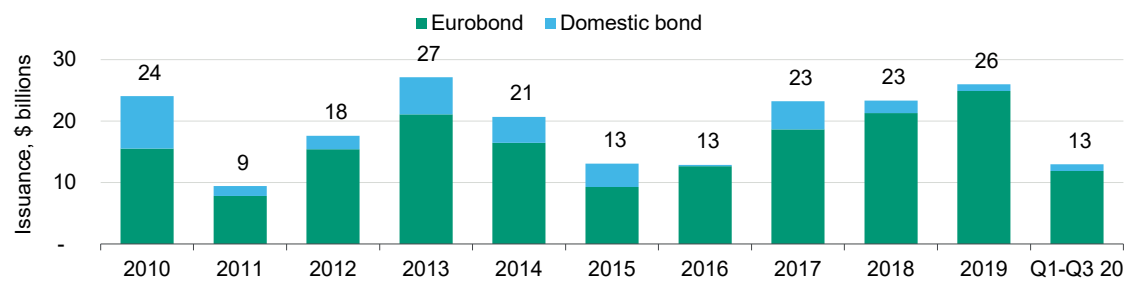


EXHIBIT 49
38% of nonfinancial companies have a stable outlook, while negative bias increased to 62% (as of Q3 2020) from 43% at the end of 2019

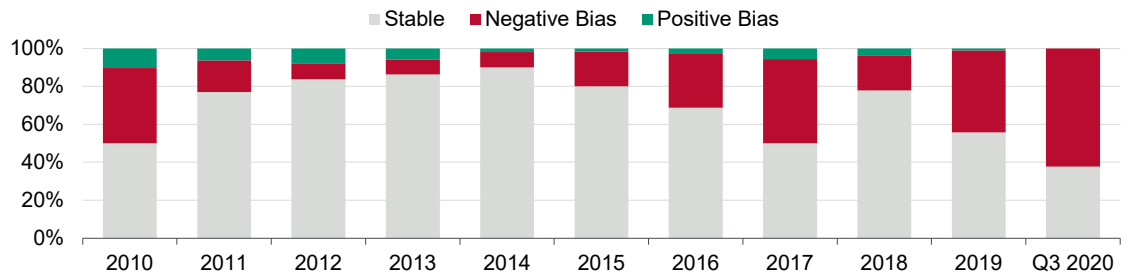
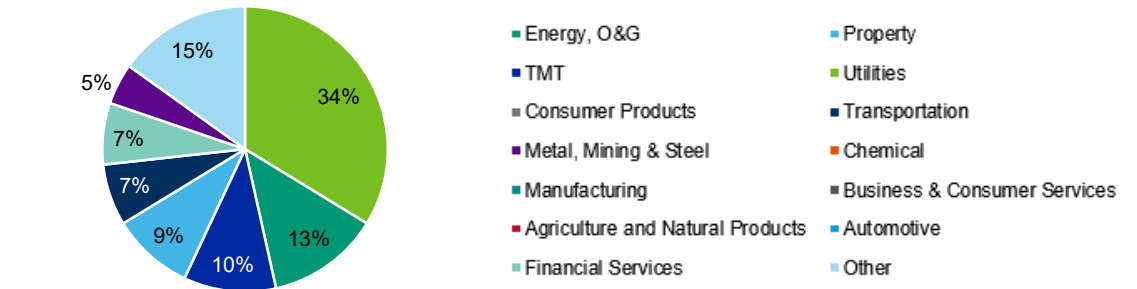


EXHIBIT 50
44% of rated EM nonfinancial companies in A/ME are in utilities and energy sectors



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 44, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

14% of rated EM nonfinancial companies are from EE

55% of rated nonfinancial companies in EE are from Russia. 23% of rated nonfinancial companies had a negative bias as of Q3 2020

EXHIBIT 51

55% of rated nonfinancial companies in EE are from Russia (as of Q3 2020)

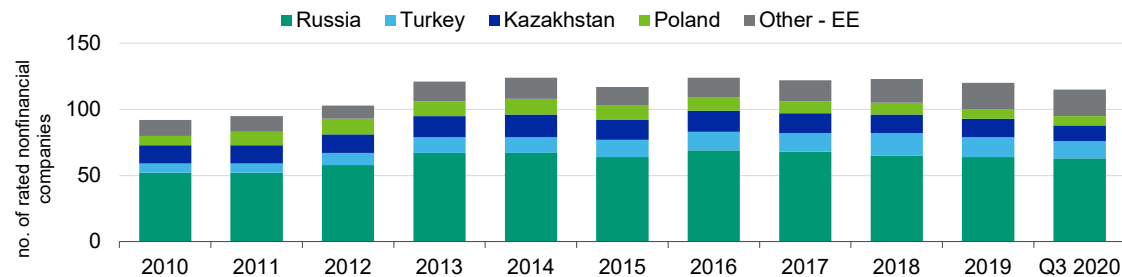


EXHIBIT 52

EE nonfinancial companies placed \$21 billion of bonds in Q1-Q3 2020 (\$33 billion in 2019), of which 63% were eurobonds

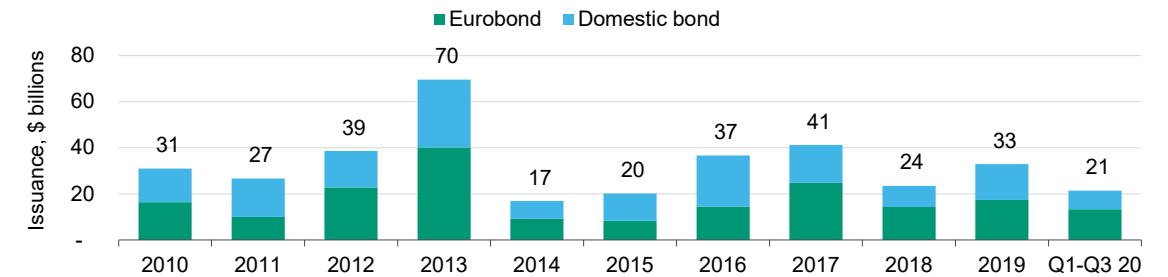


EXHIBIT 53

67% of nonfinancial companies have a stable outlook, while negative bias increased to 23% (as of Q3 2020) from 19% at the end of 2019

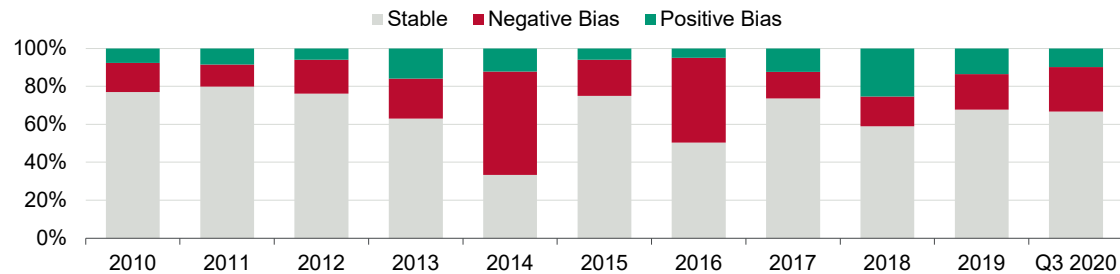
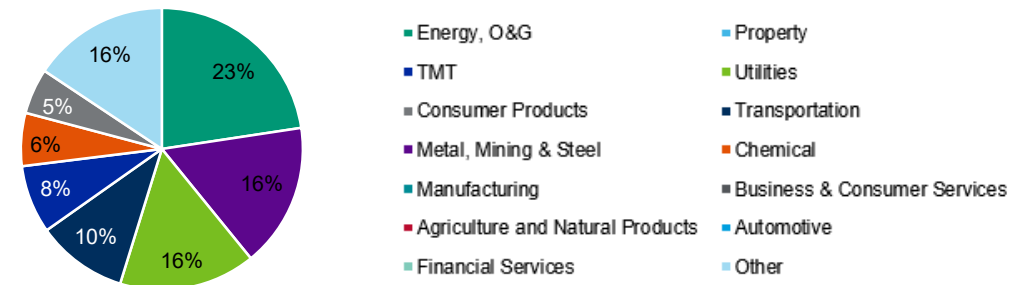


EXHIBIT 54

39% of rated EM nonfinancial companies in EE are in energy and metals, mining & steel sectors



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 52, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

28% of rated EM nonfinancial companies are from LatAm

42% of rated nonfinancial companies in LatAm are from Brazil. 30% of rated nonfinancial companies had a negative bias as of Q3 2020

EXHIBIT 55

42% of rated nonfinancial companies in LatAm are from Brazil (as of Q3 2020)

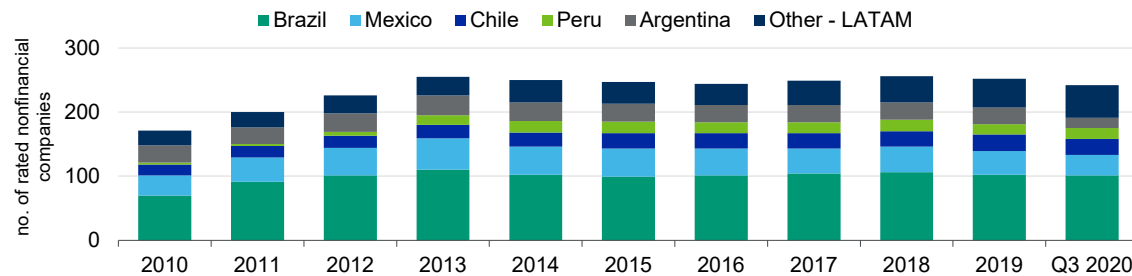


EXHIBIT 56

LatAm nonfinancial companies placed \$46 billion of bonds in Q1-Q3 2020 (\$76 billion in 2019), of which 84% were eurobonds

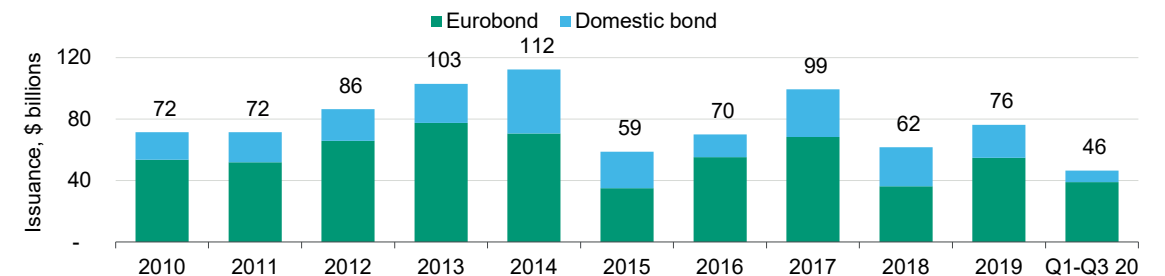


EXHIBIT 57

68% of nonfinancial companies have a stable outlook, while negative bias increased to 30% (as of Q3 2020) from 17% at the end of 2019

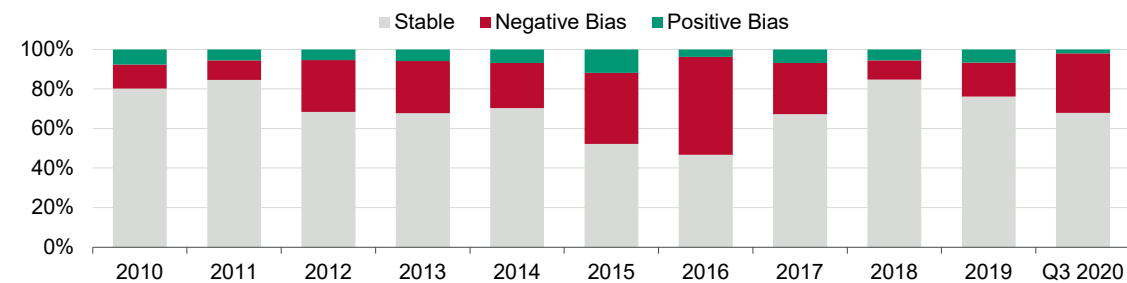
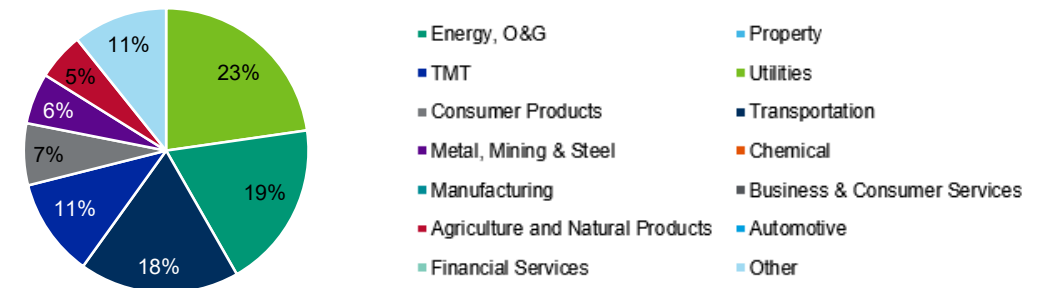


EXHIBIT 58

42% of rated EM nonfinancial companies in LatAm are in utilities and energy sectors



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 56, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

79% of rated nonfinancial companies are from top 10 EMs

Chinese nonfinancial companies dominate the number of rated entities and bond placements in EMs

EXHIBIT 59

34% of all EM rated nonfinancial companies are from China (as of Q3 2020), followed by Brazil (12%) and Russia (7%)

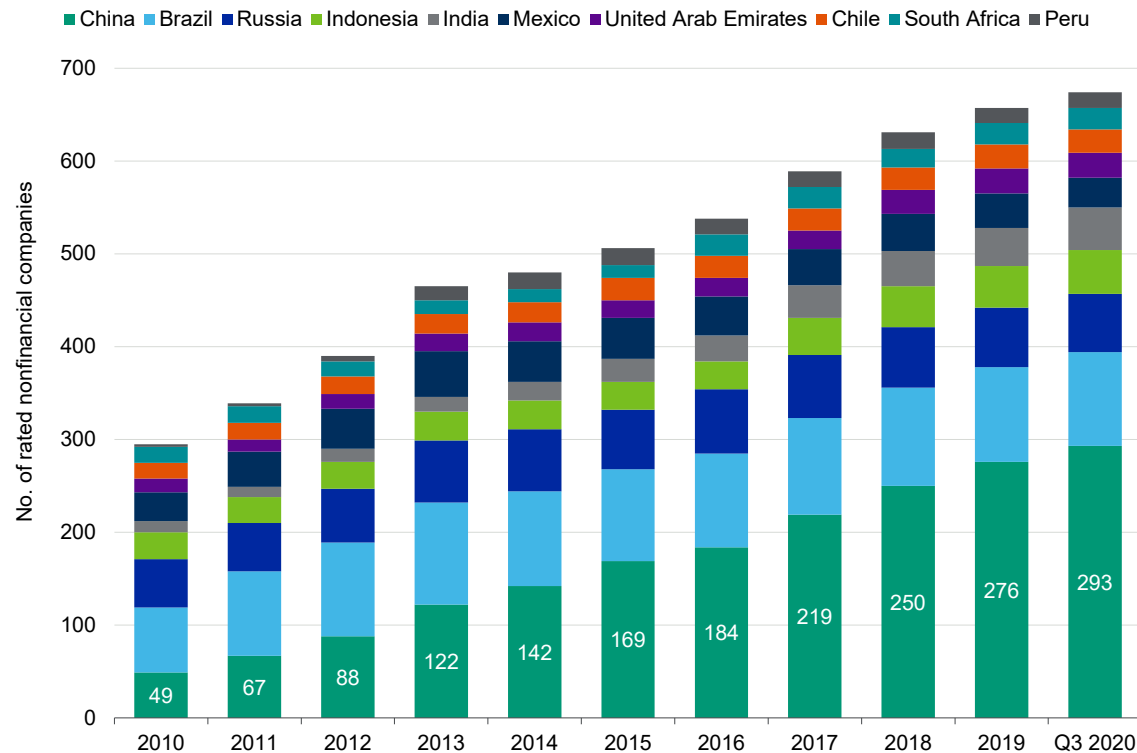
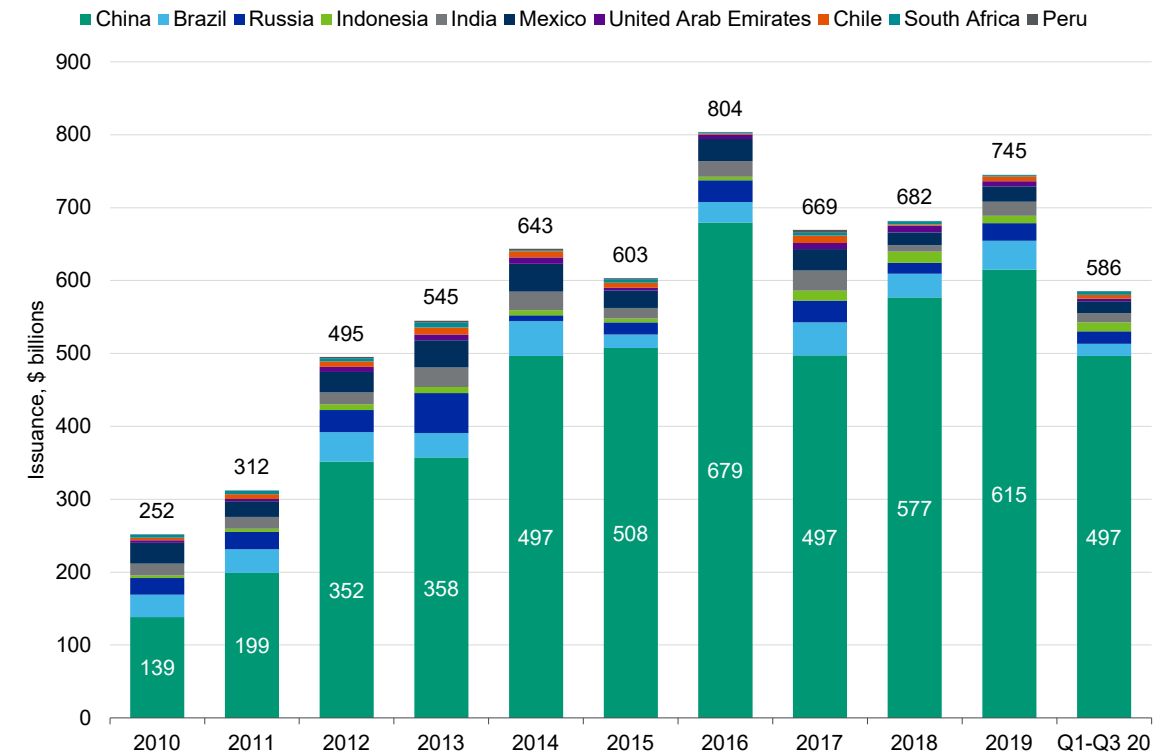


EXHIBIT 60

Non-financial companies from top ten EM countries placed \$586 billion of bonds in Q1-Q3 2020 (2019: \$745 billion), of which 85% was from China



Notes: [1] Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 60, both rated and unrated bond issuances are included. As of September 30, 2020 [2] Top ten EMs are by number of rated nonfinancial companies
Sources: Dealogic and Moody's Investors Service

China (A1 stable)

34% of EM rated nonfinancial companies are from China (as of Q3 2020) with 27 rated on par with the sovereign; bond issuance in Q1-Q3 2020 totaled \$497 billion

EXHIBIT 61

36% of nonfinancial companies in China are HY (as of Q3 2020), down from 38% in 2019

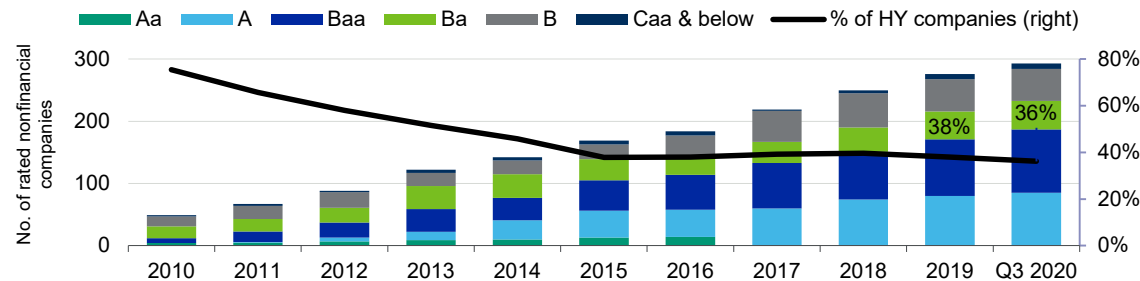


EXHIBIT 62

Bonds issued by nonfinancial companies in China totaled \$497 billion in Q1-Q3 2020 (\$615 billion in 2019), of which 79% were domestic bonds

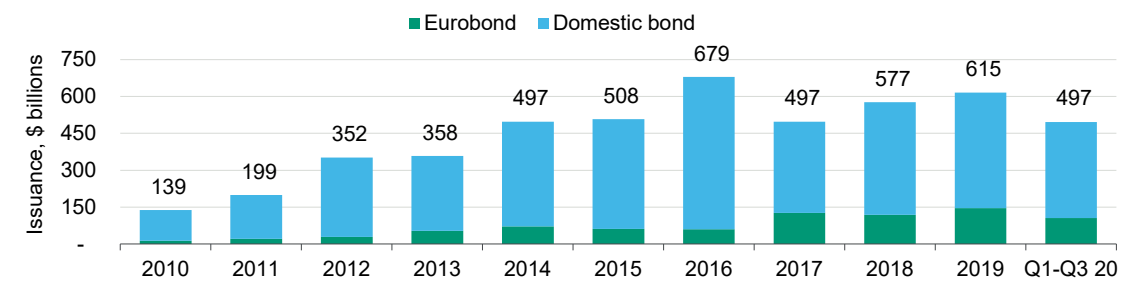


EXHIBIT 63

81% of nonfinancial companies have a stable outlook, while negative bias increased to 15% (as of Q3 2020) from 11% at the end of 2019

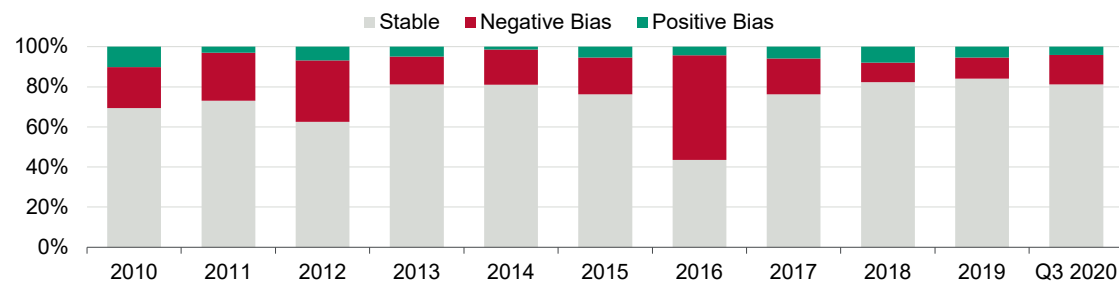
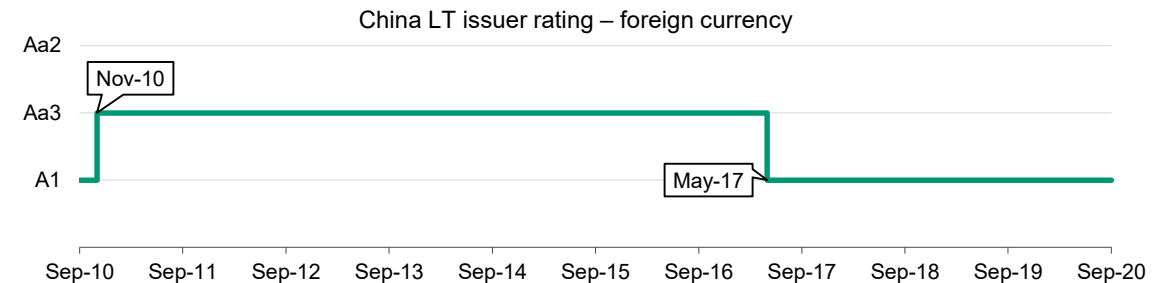


EXHIBIT 64

China's sovereign rating was downgraded to A1 stable from Aa3 negative in 2017



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 62, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

Brazil (Ba2 stable)

12% of EM rated nonfinancial companies are from Brazil (as of Q3 2020) with 43 rated on par with the sovereign and 30 above the sovereign; bond issuance in Q1-Q3 2020 totaled \$16.9 billion

EXHIBIT 65

All but two nonfinancial companies in Brazil (Ambev S.A., Baa3 stable and State Grid Brazil Holding S.A., Baa3 stable) are HY (as of Q3 2020)

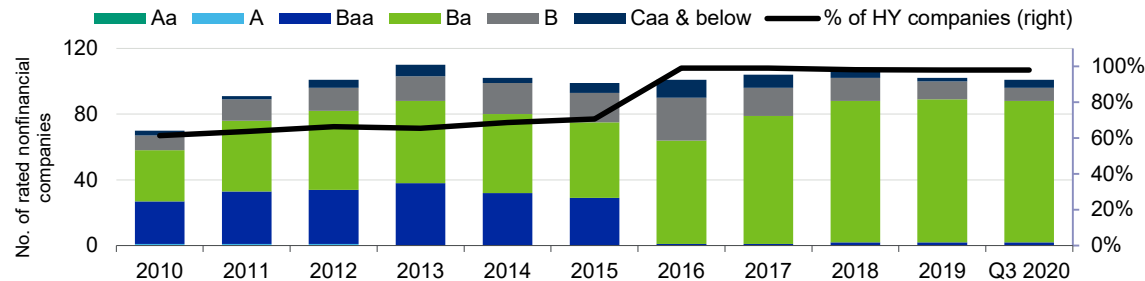


EXHIBIT 66

Bonds issued by nonfinancial companies in Brazil totaled \$16.9 billion in Q1-Q3 2020 (2019: \$39.3 billion), of which 84% were eurobonds

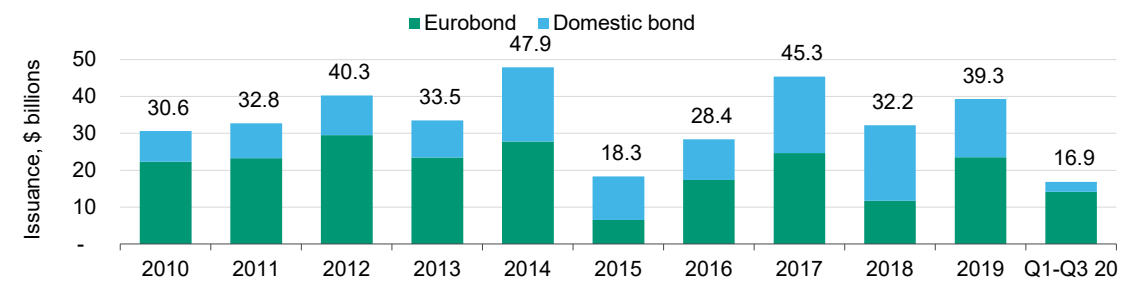


EXHIBIT 67

74% of nonfinancial companies have a stable outlook, while negative bias increased to 22% (as of Q3 2020) from 3% at the end of 2019

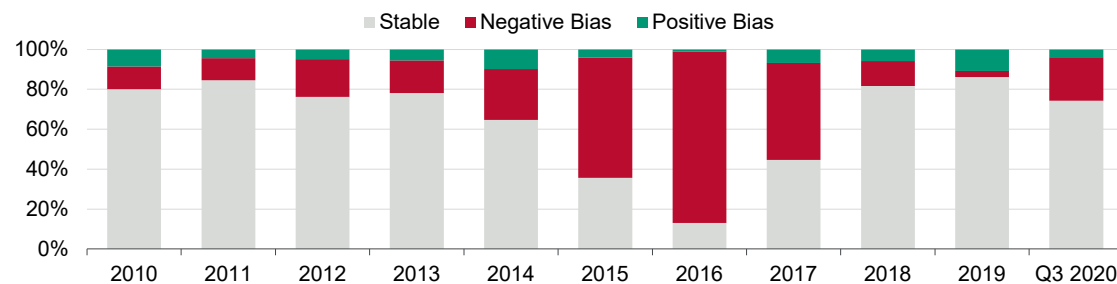
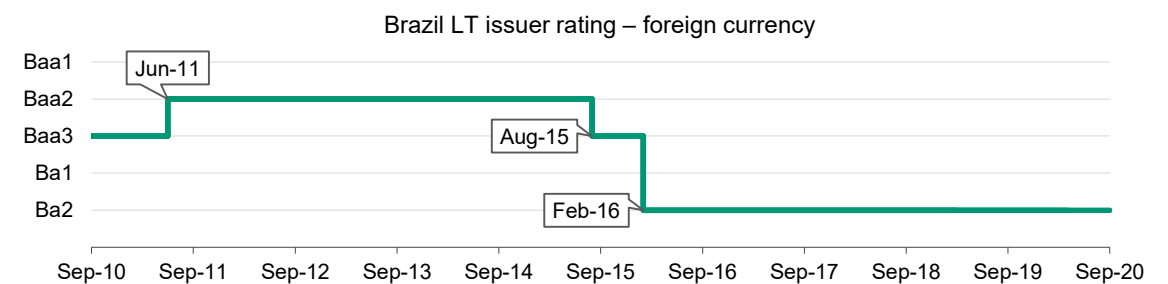


EXHIBIT 68

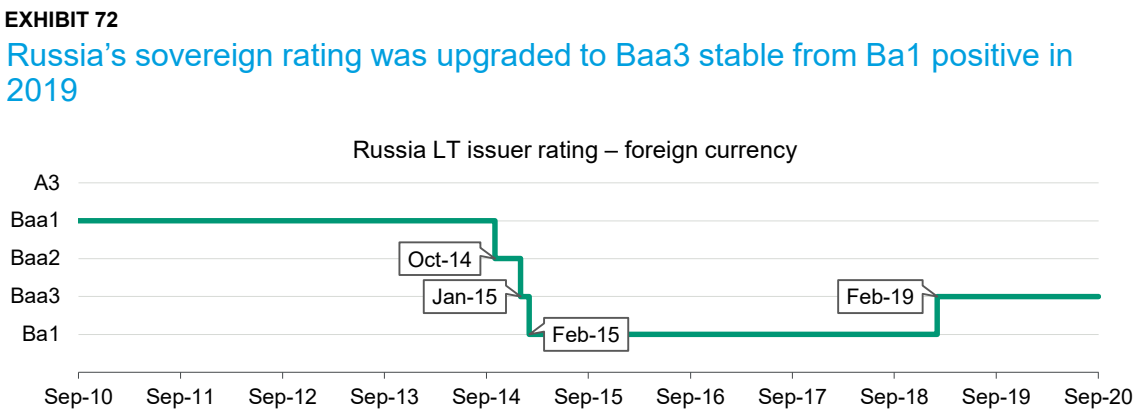
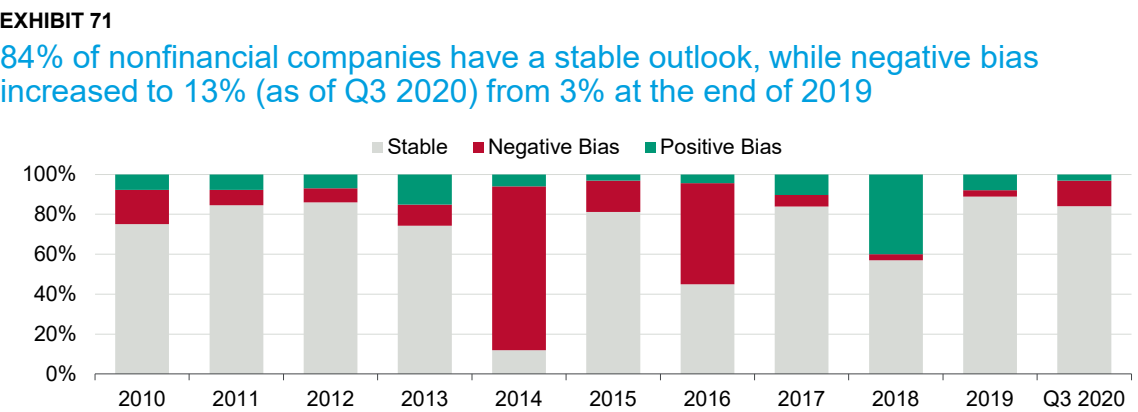
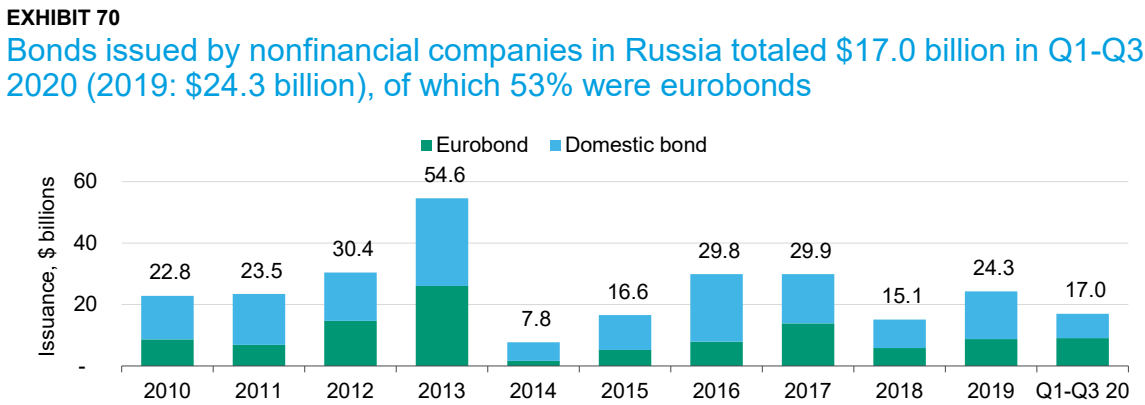
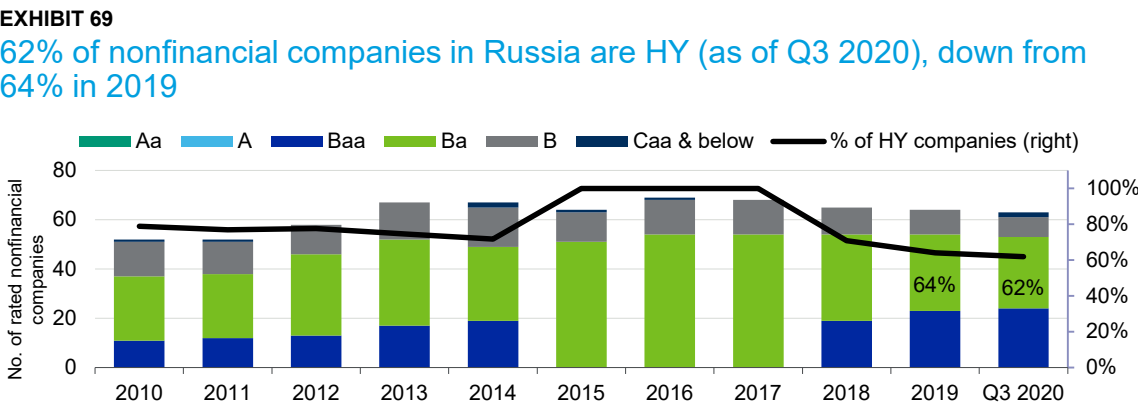
Brazil's sovereign rating was downgraded to Ba2 negative in 2016 from Baa3 on review for downgrade in 2015. The outlook changed to stable in 2018



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 66, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

Russia (Baa3 stable)

7% of EM rated nonfinancial companies are from Russia (as of Q3 2020) with 11 rated on par with the sovereign and 13 above the sovereign; bond issuance in Q1-Q3 2020 totaled \$17.0 billion



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 70, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

Indonesia (Baa2 stable)

5% of EM rated nonfinancial companies are from Indonesia (as of Q3 2020) with five rated on par with the sovereign and two above the sovereign; bond issuance in Q1-Q3 2020 totaled \$12.1 billion

EXHIBIT 73

62% of nonfinancial companies in Indonesia are HY (as of Q3 2020), down from 67% in 2019

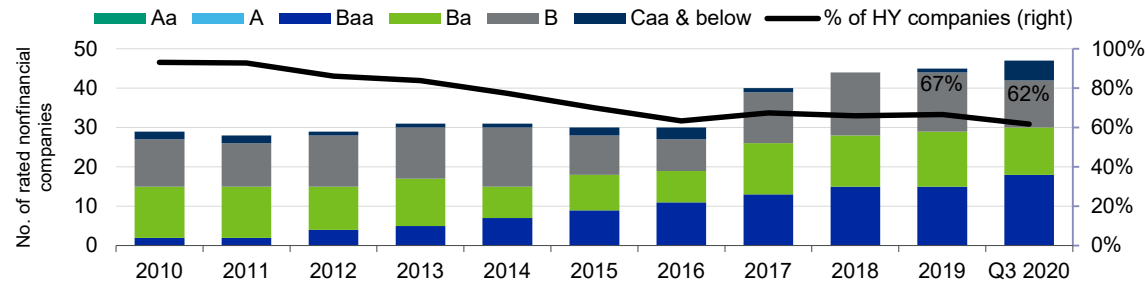


EXHIBIT 74

Bonds issued by nonfinancial companies in Indonesia totaled \$12.1 billion in Q1-Q3 2020 (2019: \$10.1 billion), of which 80% were eurobonds

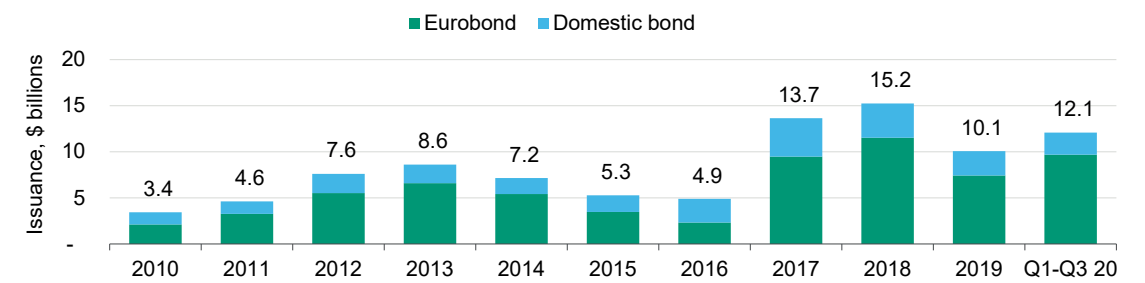


EXHIBIT 75

53% of nonfinancial companies have a stable outlook, while negative bias increased to 45% (as of Q3 2020) from 20% at the end of 2019

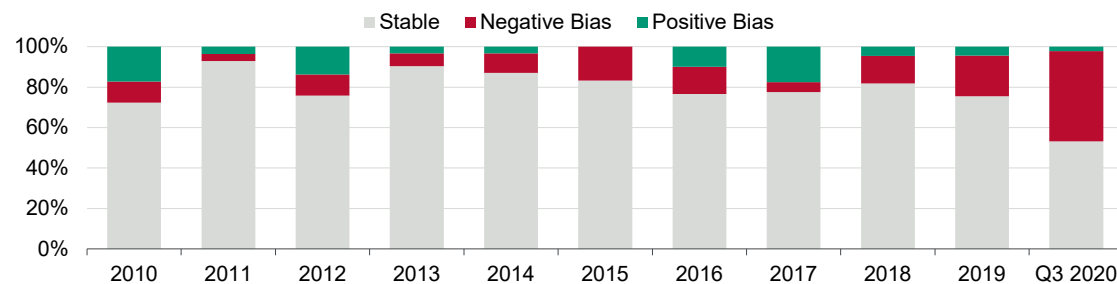
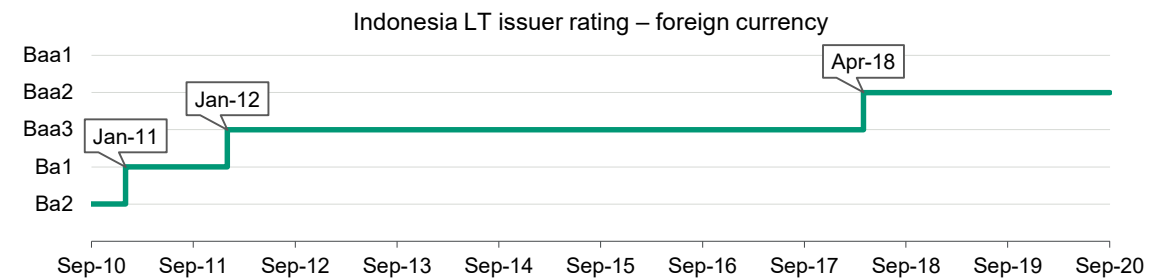


EXHIBIT 76

Indonesia's sovereign rating was upgraded to Baa2 stable from Baa3 positive in 2018



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 74, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

India (Baa3 negative)

5% of EM rated nonfinancial companies are from India (as of Q3 2020) with 20 rated on par with the sovereign and three above the sovereign; bond issuance in Q1-Q3 2020 totaled \$13.0 billion

EXHIBIT 77

50% of nonfinancial companies in India are HY (as of Q3 2020), down from 54% in 2019

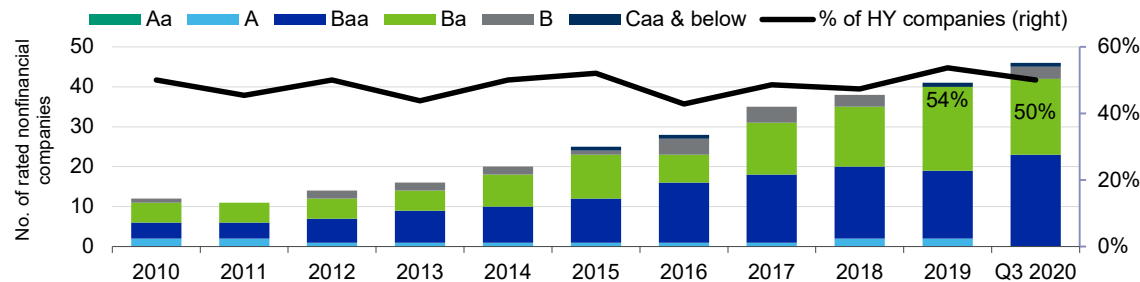


EXHIBIT 78

Bonds issued by nonfinancial companies in India totaled \$13.0 billion in Q1-Q3 2020 (2019: \$19.1 billion), of which 46% were eurobonds

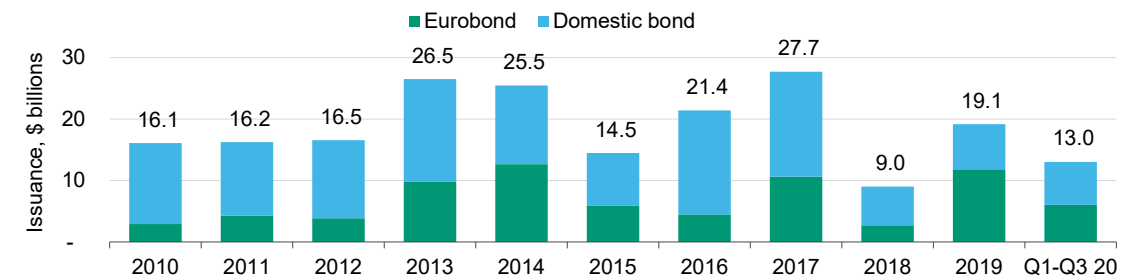


EXHIBIT 79

28% of nonfinancial companies have a stable outlook, while negative bias increased to 72% (as of Q3 2020) from 49% at the end of 2019

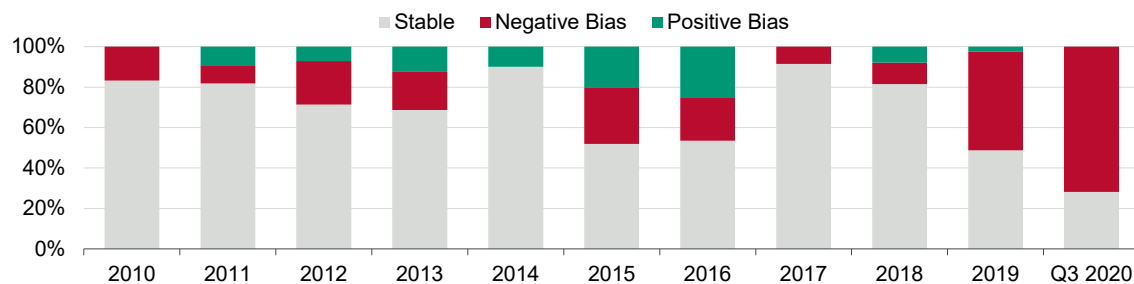
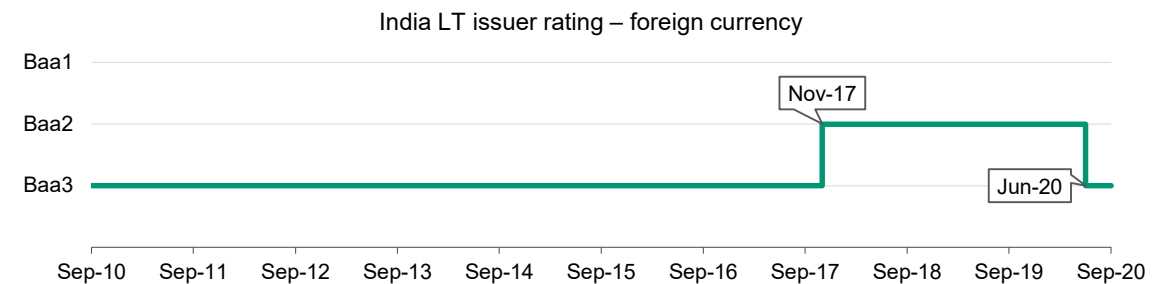


EXHIBIT 80

India's sovereign rating was downgraded to Baa3 negative from Baa2 negative in June 2020.



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 78, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealog and Moody's Investors Service

Mexico (Baa1 negative)

4% of EM rated nonfinancial companies are from Mexico (as of Q3 2020) with six rated on par with the sovereign and three are above the sovereign; bond issuance in Q1-Q3 2020 totaled \$16.0 billion

EXHIBIT 81

31% of nonfinancial companies in Mexico are HY (as of Q3 2020), up from 27% in 2019

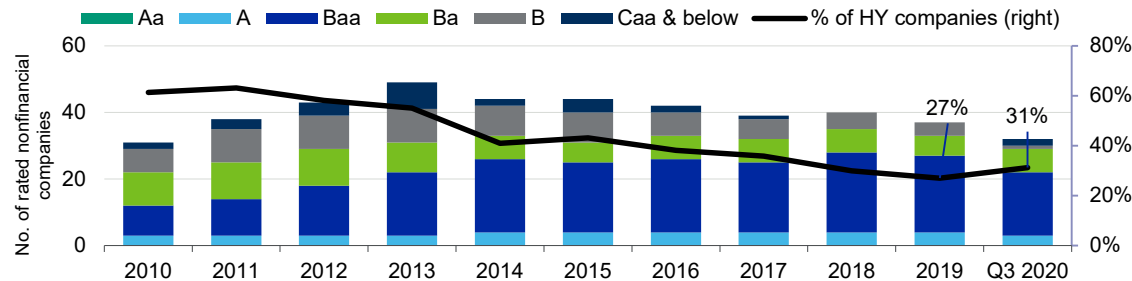


EXHIBIT 82

Bonds issued by nonfinancial companies in Mexico totaled \$16.0 billion in Q1-Q3 2020 (2019: \$21.0 billion), of which 89% were eurobonds

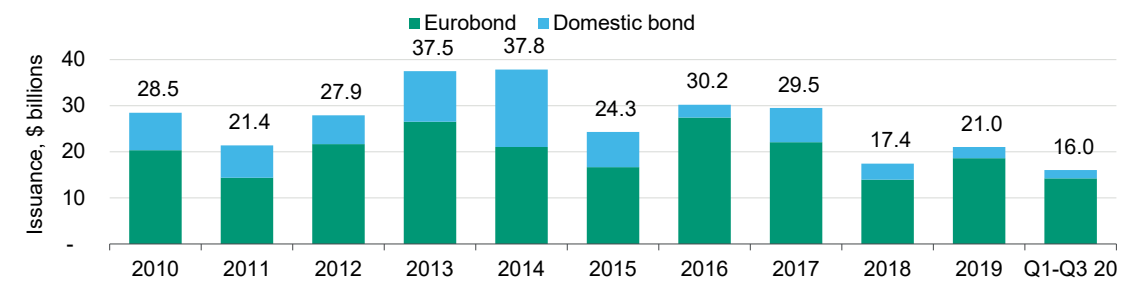


EXHIBIT 83

41% of nonfinancial companies have a stable outlook, while negative bias increased to 59% (as of Q3 2020) from 14% at the end of 2019

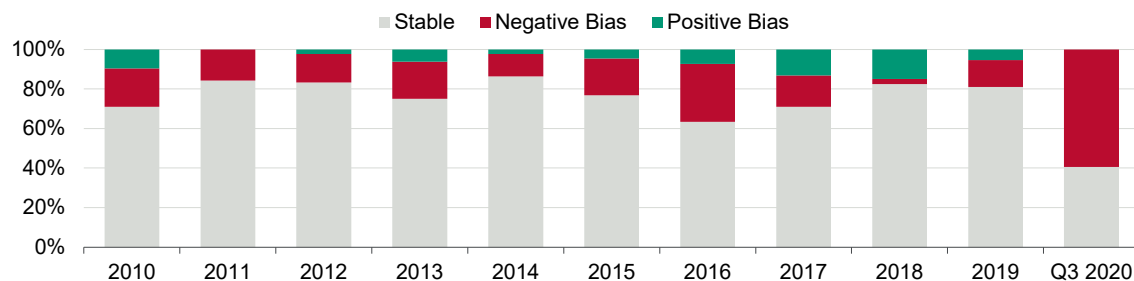
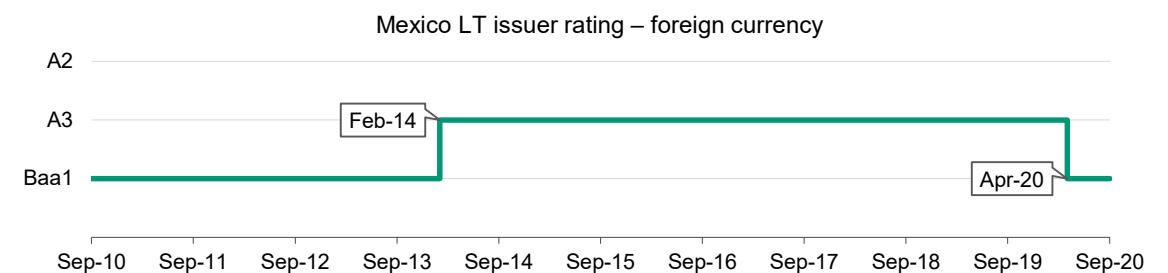


EXHIBIT 84

Mexico's sovereign rating was downgraded to Baa1 negative from A3 negative in April 2020



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 82, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

United Arab Emirates (Aa2 stable)

3% of EM rated nonfinancial companies are from United Arab Emirates (as of Q3 2020) with one rated on par with the sovereign; bond issuance in Q1-Q3 2020 totaled \$3.6 billion

EXHIBIT 85
19% of nonfinancial companies in United Arab Emirates are HY (as of Q3 2020), down from 22% in 2019

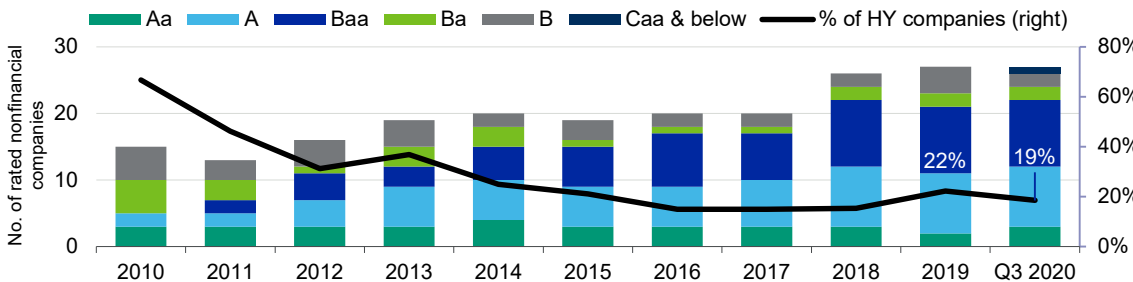


EXHIBIT 86
Bonds issued by nonfinancial companies in United Arab Emirates totaled \$3.6 billion in Q1-Q3 2020 (2019: \$7.1 billion), of which 69% were eurobonds

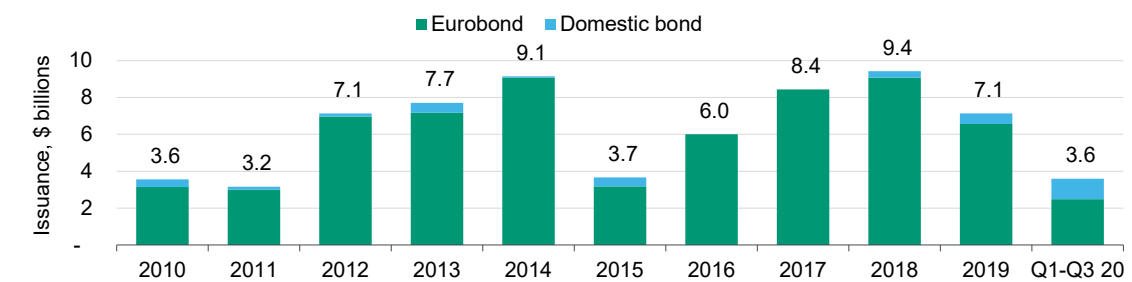


EXHIBIT 87
63% of nonfinancial companies have a stable outlook, while negative bias increased to 37% (as of Q3 2020) from 15% at the end of 2019

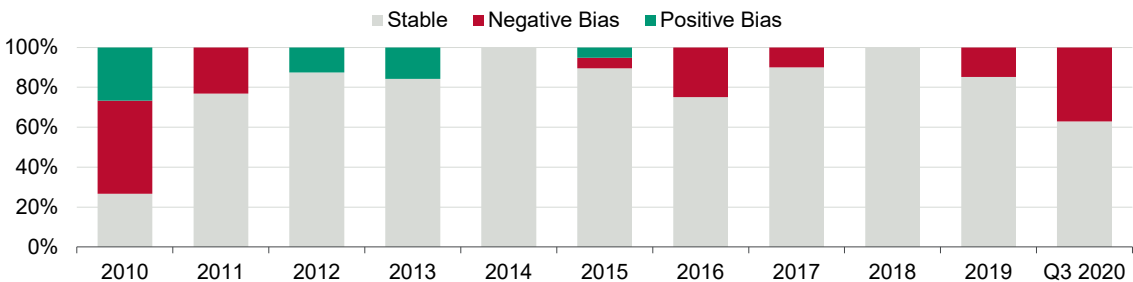
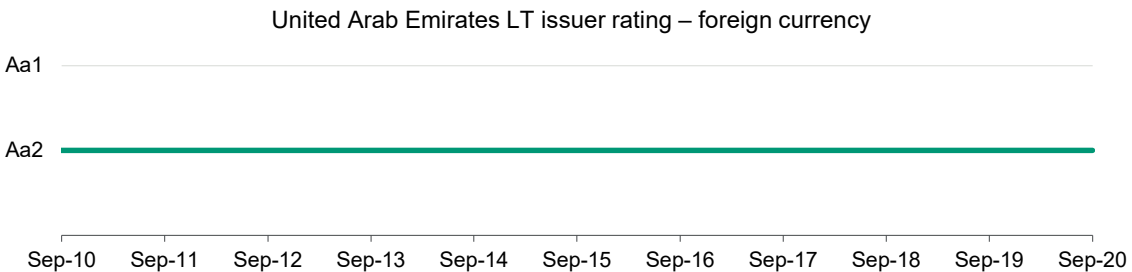


EXHIBIT 88
United Arab Emirates' sovereign rating was upgraded to Aa2 stable from Aa3 stable in 2007



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 86, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

Chile (A1 negative)

3% of EM rated nonfinancial companies are from Chile (as of Q3 2020) with all rated below the sovereign; bond issuance in Q1-Q3 2020 totaled \$5.4 billion

EXHIBIT 89

16% of nonfinancial companies in Chile are HY (as of Q3 2020), down from 19% in 2019

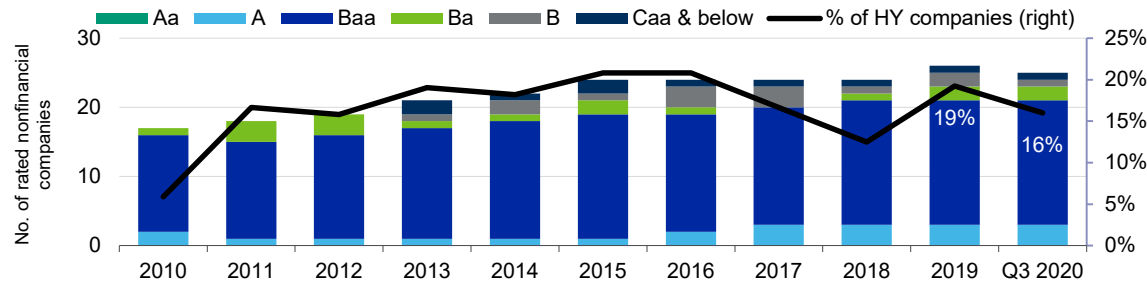


EXHIBIT 90

Bonds issued by nonfinancial companies in Chile totaled \$5.4 billion in Q1-Q3 2020 (2019: \$6.6 billion), of which 100% were eurobonds

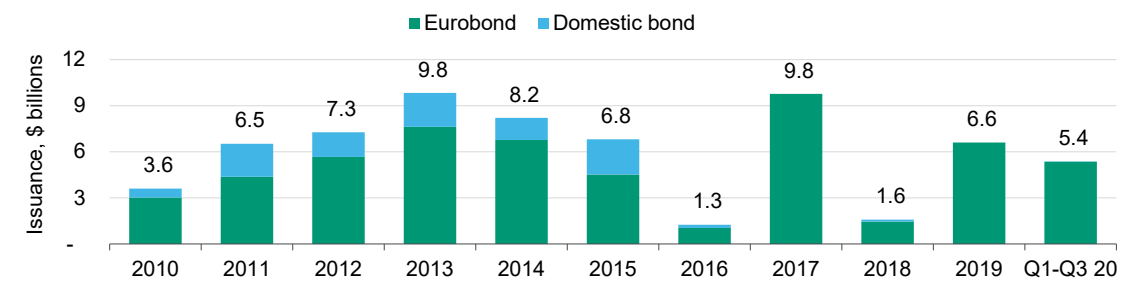


EXHIBIT 91

76% of nonfinancial companies have a stable outlook, while negative bias increased to 20% (as of Q3 2020) from 4% at the end of 2019

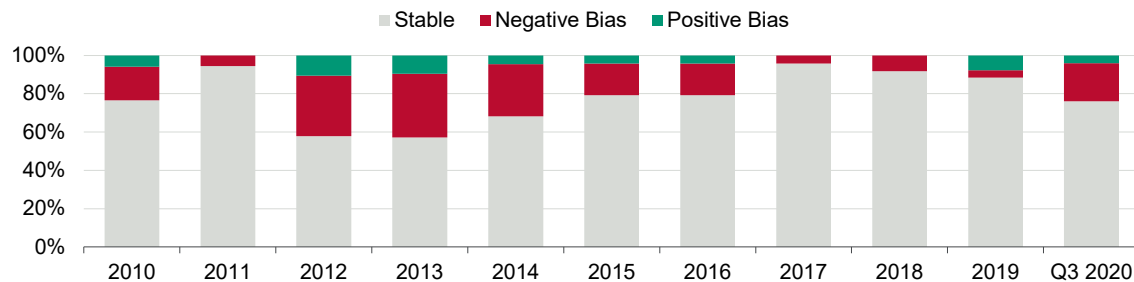
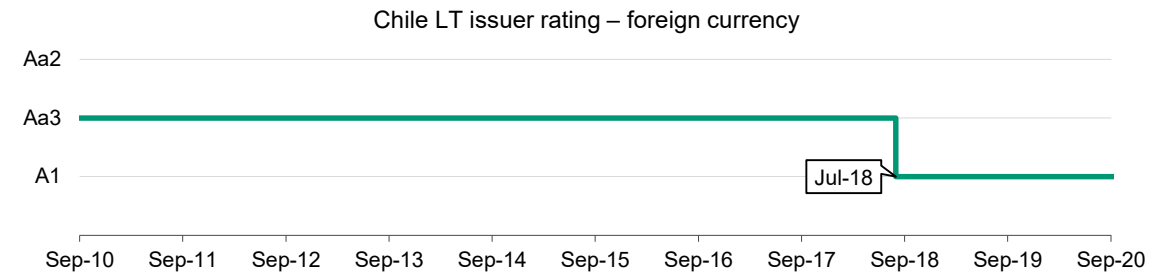


EXHIBIT 92

Chile's sovereign rating was downgraded to A1 stable from Aa3 negative in July 2018. The outlook changed to negative in August 2020



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 90, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

South Africa (Ba1 negative)

3% of EM rated nonfinancial companies are from South Africa (as of Q3 2020) with seven rated on par with the sovereign and two above the sovereign; bond issuance in Q1-Q3 2020 totaled \$4.9 billion

EXHIBIT 93

91% of nonfinancial companies in South Africa are HY (as of Q3 2020), up from 61% in 2019, driven by downgrade of sovereign rating to sub-investment grade

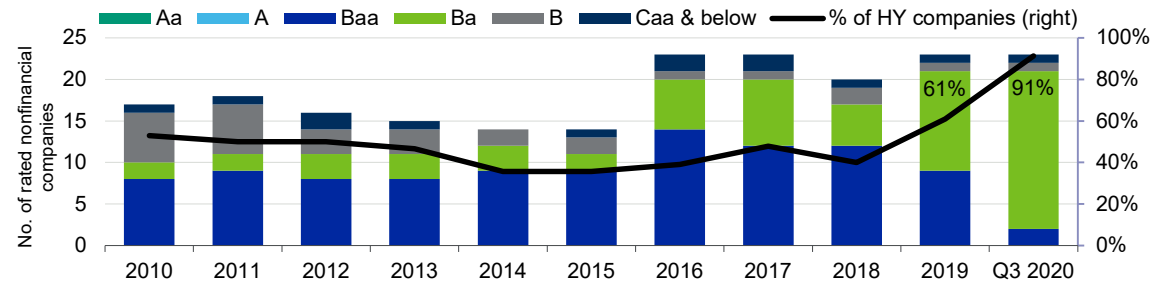


EXHIBIT 94

Bonds issued by nonfinancial companies in South Africa totaled \$4.9 billion in Q1-Q3 2020 (2019: \$1.9 billion), of which 100% were eurobonds

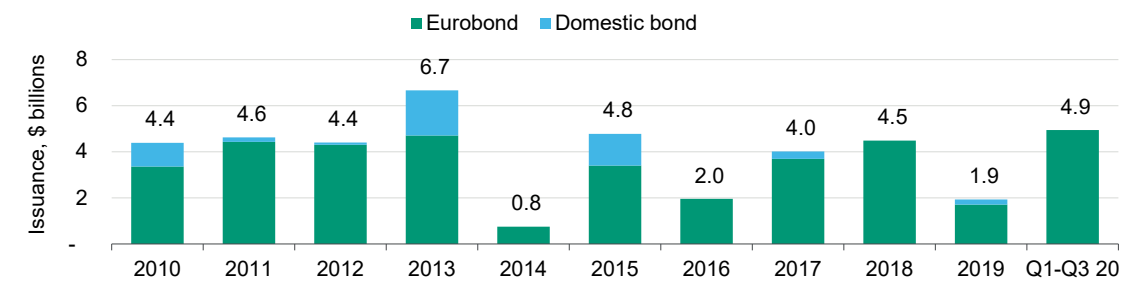


EXHIBIT 95

17% of nonfinancial companies have a stable outlook, while negative bias increased to 83% (as of Q3 2020) from 78% at the end of 2019

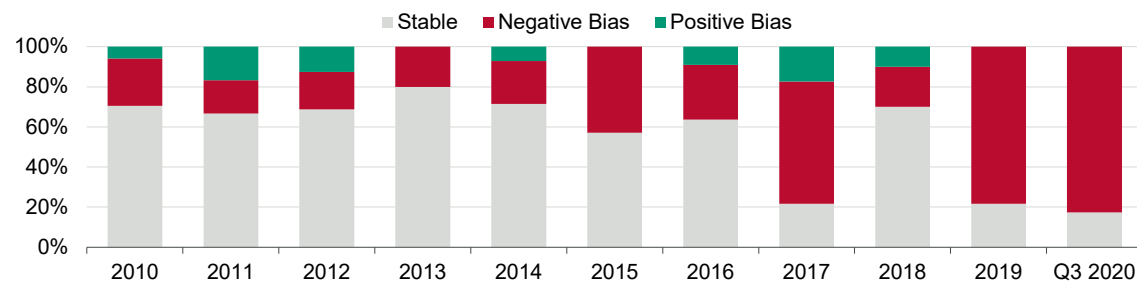
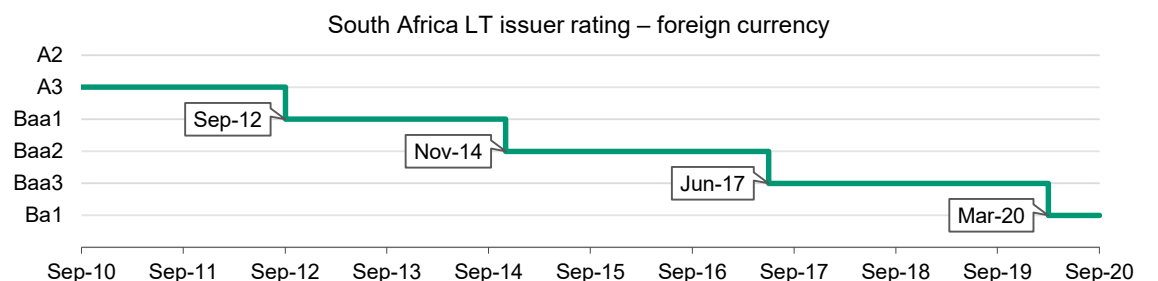


EXHIBIT 96

South Africa's sovereign rating was downgraded to Ba1 negative from Baa3 negative in March 2020



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 94, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

Peru (A3 stable)

2% of EM rated nonfinancial companies are from Peru (as of Q3 2020) with two rated on par with the sovereign; bond issuance in Q1-Q3 2020 totaled \$0.4 billion

EXHIBIT 97

65% of nonfinancial companies in Peru are HY (as of Q3 2020), up from 63% in 2019

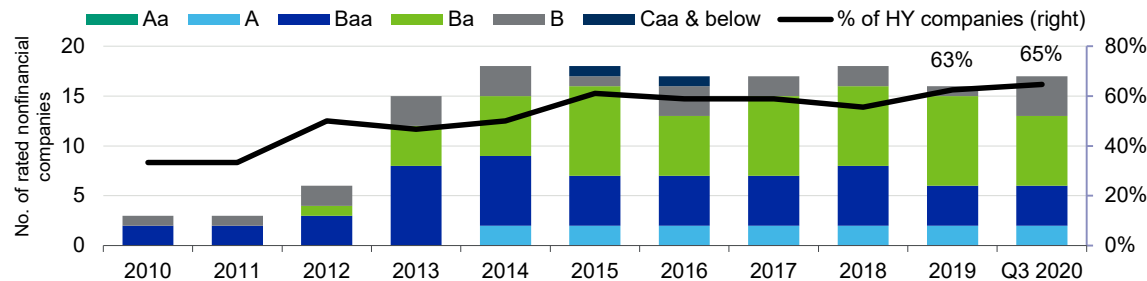


EXHIBIT 98

Bonds issued by nonfinancial companies in Peru totaled \$0.4 billion in Q1-Q3 2020 (2019: \$0.5 billion), of which 100% were eurobonds

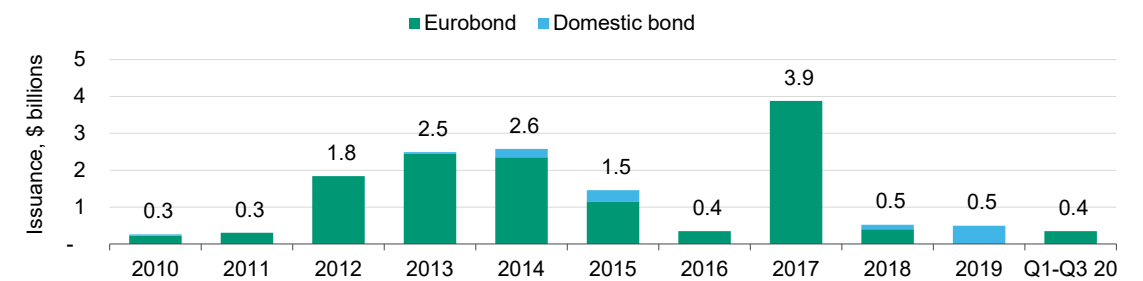


EXHIBIT 99

71% of nonfinancial companies have a stable outlook, while negative bias increased to 29% (as of Q3 2020) from 6% at the end of 2019

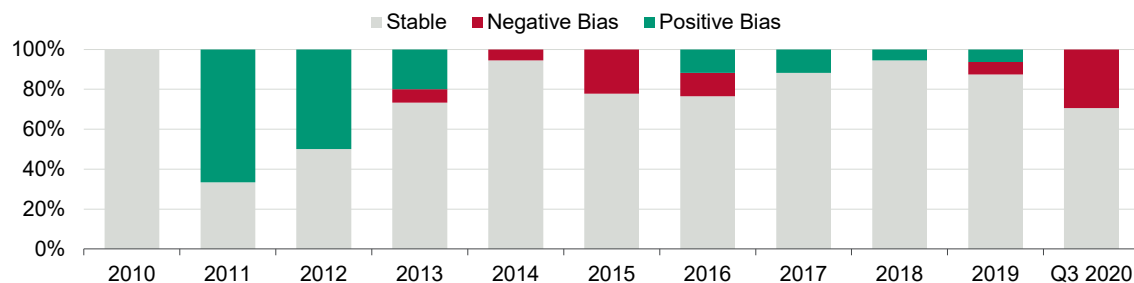
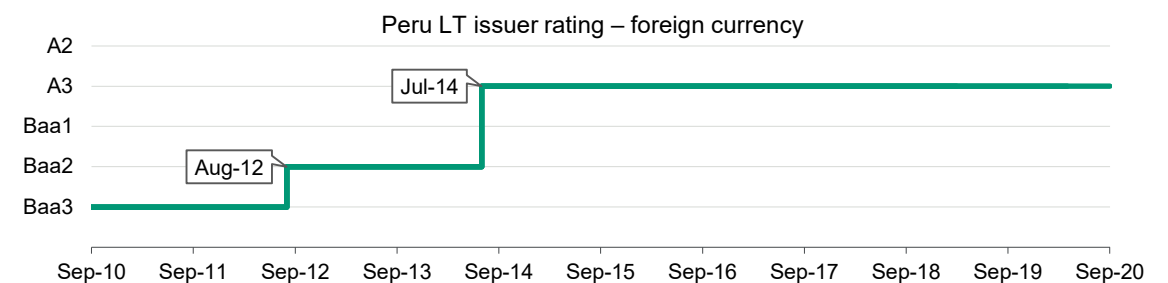


EXHIBIT 100

Peru's sovereign rating was upgraded to A3 stable from Baa2 negative in July 2014



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. In exhibit 98, both rated and unrated bond issuances by nonfinancial companies are included. As of September 30, 2020.
Sources: Dealogic and Moody's Investors Service

EM HY nonfinancial companies are lead by LatAm and APAC

23%, 22% and 8% of EM rated HY nonfinancial companies are from China, Brazil and Russia (as of Q3 2020)

EXHIBIT 101

38% and 36% of HY nonfinancial companies (as of Q3 2020) are from LatAm and APAC respectively

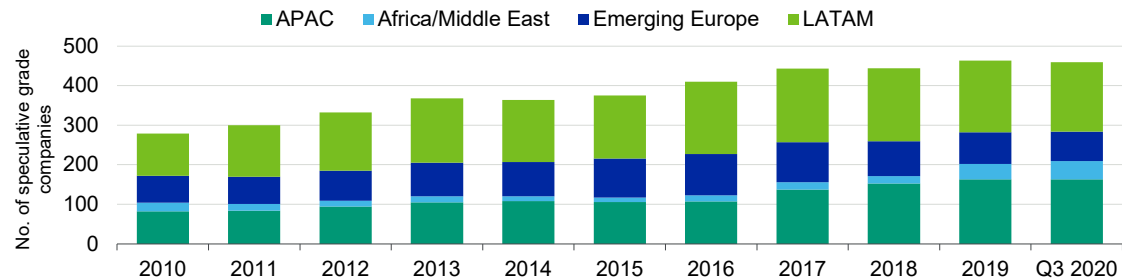
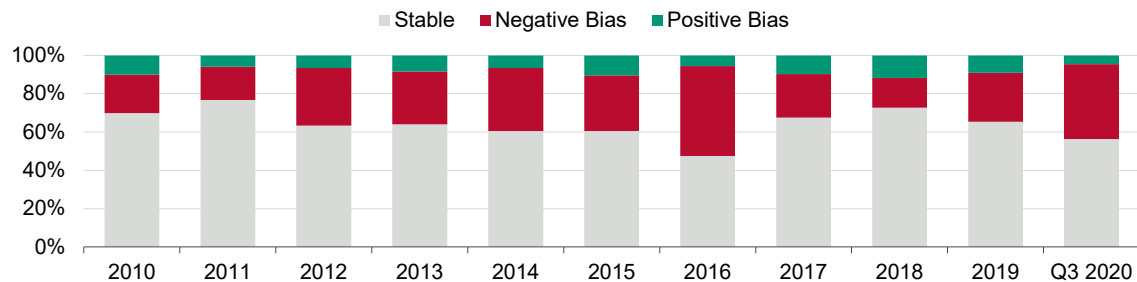


EXHIBIT 103

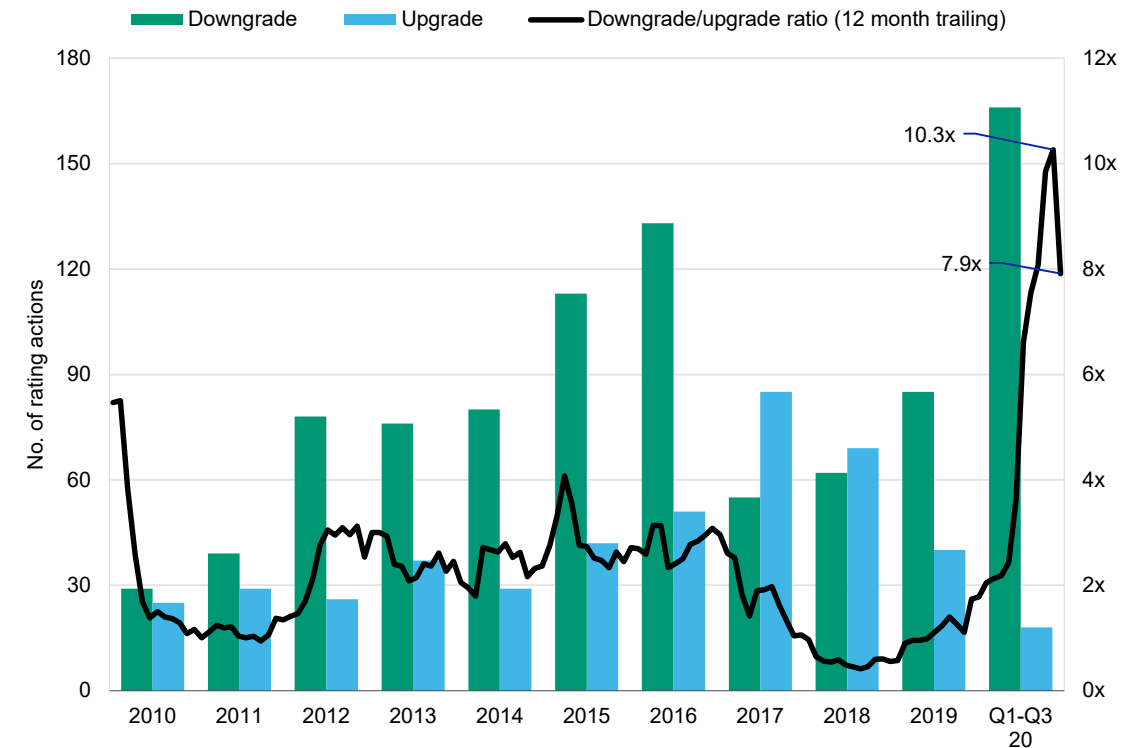
56% of EM HY nonfinancial companies have a stable outlook, while negative bias increased to 39% (as of Q3 2020) from 25% at the end of 2019



Issuer location is defined as territory/country of principal operation, center of management decision-making or territory/country with bulk cash generation rather than country of domicile or listing. As of September 30, 2020.
Source: Moody's Investors Service

EXHIBIT 102

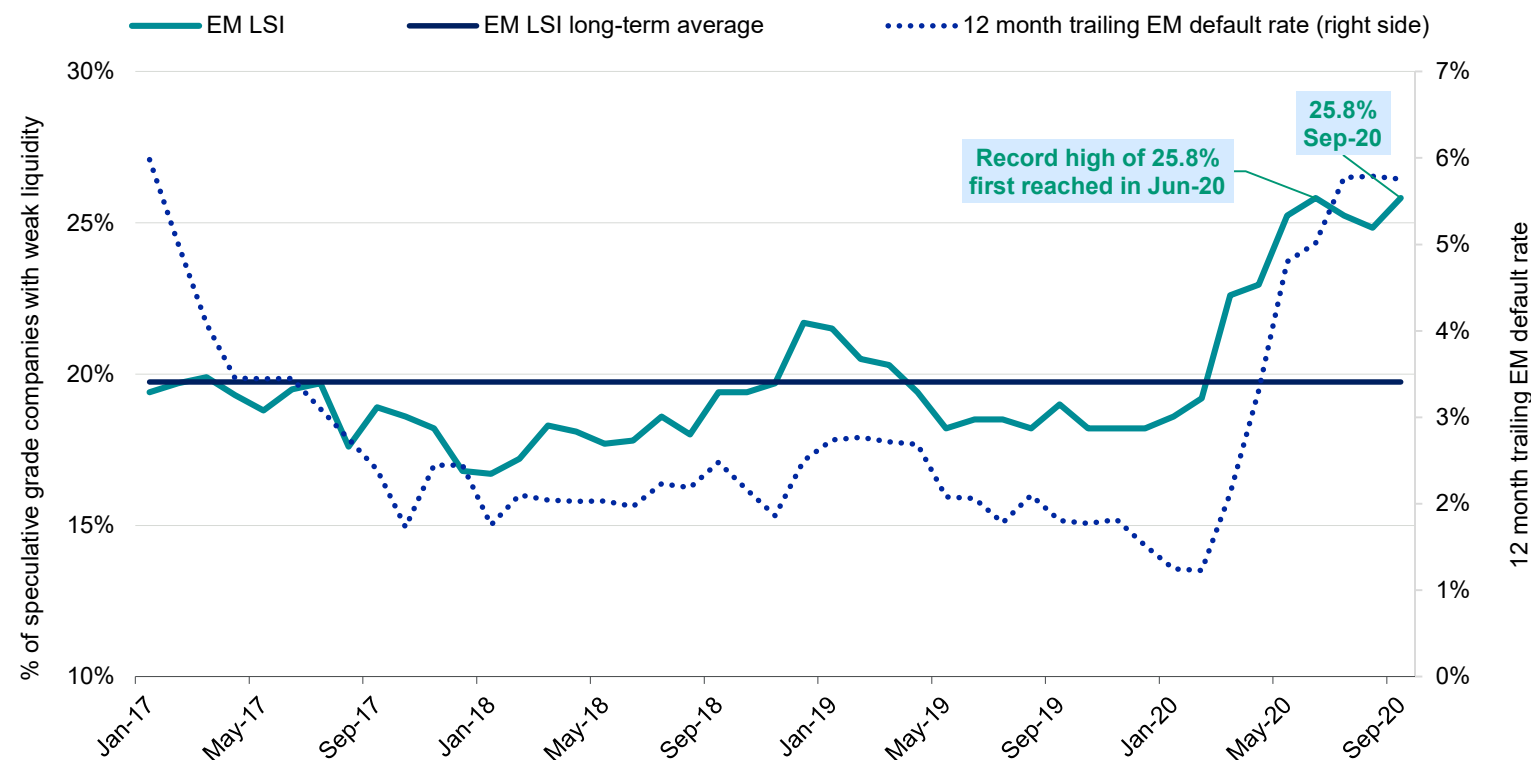
12 month trailing downgrade/upgrade ratio for HY nonfinancial companies decreased to 7.9x in September from record high of 10.3x in August 2020



EM LSI jumps back to all-time high of 25.8% in September from 23.0% in April 2020

EXHIBIT 104

Liquidity remains weak for 79 out of the 306 rated EM HY companies as access to the capital markets remains challenging, while liquidity buffers are limited for some lower rated companies



[1] Long-term average is from January 1, 2017 to September 30, 2020. [2] The EM speculative-grade default rate captures the rating performance of rated issuers in 55 EM countries. Please see [Annual emerging markets default study: Coronavirus will push up default rates](#) published 30 April 2020, for more information. Source: Moody's Investors Service

Key Takeaways

The EM Liquidity Stress Indicator (LSI) captures liquidity scores of 306 companies spread across 36 countries as of September 2020. The indicator captures 79 companies with weak liquidity (SGL-4 score).

- » The EM LSI weakened to 25.8% in September 2020, climbing well above its long-term average¹ of 19.7% and jumping back to its all-time high of 25.8%, which was first reached in June 2020.
- » The rising indicator between September and April 2020 primarily reflects:
 - the weakening liquidity profiles of 17 companies combined with the addition of two newly rated companies with weak liquidity and two fallen angels.
 - partially offset by the improved liquidity positions of nine companies and the withdrawals of six companies with weak liquidity.
- » Sound fiscal and monetary policies by central banks eased market conditions although defaults continued to rise through September.

5

Appendix

Definitions

Emerging market (EM): Moody's Investors Service has adopted the definition from the IMF (International Monetary Fund). The main criteria used by the IMF World Economic Outlook to classify the world into advanced economies and emerging market and developing economies are (1) per capita income level, (2) export diversification—so oil exporters that have high per capita GDP would not make the advanced classification because around 70% of its exports are oil, and (3) degree of integration into the global financial system. For further details, please refer to the link: <https://www.imf.org/external/pubs/ft/weo/faq.htm#q4b>

Below are 107 rated EM sovereigns by region:

- » **Asia-Pacific (APAC):** Bangladesh(Ba3 stable); Cambodia(B2 stable); China(A1 stable); Fiji(Ba3 stable); India(Baa3 negative); Indonesia(Baa2 stable); Laos(Caa2 rating under review); Macao(Aa3 stable); Malaysia(A3 stable); Maldives(B3 negative); Mongolia(B3 negative); Pakistan(B3 rating under review); Papua New Guinea(B2 stable); Philippines(Baa2 stable); Solomon Islands(B3 stable); Sri Lanka(Caa1 rating under review); Thailand(Baa1 stable); Vietnam(Ba3 negative).
- » **Africa/Middle East (A/M.E):** Abu Dhabi(Aa2 stable); Angola(Caa1 rating under review); Bahrain(B2 stable); Benin(B2 positive); Botswana(A2 negative); Cameroon(B2 rating under review); Cote d'Ivoire(Ba3 stable); Democratic Republic of the Congo(Caa1 stable); Egypt(B2 stable); eSwatini(B3 negative); Ethiopia(B2 rating under review); Gabon(Caa1 positive); Ghana(B3 negative); Iraq(Caa1 stable); Jordan(B1 stable); Kenya(B2 negative); Kuwait(A1 rating under review); Lebanon(C stable); Mali(Caa1 stable); Mauritius(Baa1 negative); Morocco(Ba1 stable); Mozambique(Caa2 stable); Namibia(Ba2 negative); Niger(B3 stable); Nigeria(B2 negative); Oman(Ba3 rating under review); Qatar(Aa3 stable); Republic of the Congo(Caa2 stable); Rwanda(B2 stable); Saudi Arabia(A1 negative); Senegal(Ba3 stable); Sharjah(Baa2 stable); South Africa(Ba1 negative); Tanzania(B2 negative); Togo(B3 stable); Tunisia(B2 rating under review); Uganda(B2 stable); United Arab Emirates(Aa2 stable); Zambia(Ca stable).
- » **Emerging Europe (E.E):** Albania(B1 stable); Armenia(Ba3 stable); Azerbaijan(Ba2 stable); Belarus(B3 stable); Bosnia and Herzegovina(B3 stable); Bulgaria(Baa2 positive); Croatia(Ba2 positive); Georgia(Ba2 stable); Hungary(Baa3 stable); Kazakhstan(Baa3 positive); Kyrgyz Republic(B2 stable); Moldova(B3 stable); Montenegro(B1 stable); Poland(A2 stable); Romania(Baa3 negative); Russia(Baa3 stable); Serbia(Ba3 positive); Tajikistan(B3 negative); Turkey(B2 negative); Ukraine(B3 positive); Uzbekistan(B1 stable).
- » **Latin-America (LatAm):** Argentina(Ca negative); Bahamas(Ba2 rating under review); Barbados(Caa1 stable); Belize(Caa1 negative); Bermuda(A2 stable); Bolivia(B2 negative); Brazil(Ba2 stable); Cayman Islands(Aa3 stable); Chile(A1 stable); Colombia(Baa2 stable); Costa Rica(B2 stable); Cuba(Caa2 stable); Dominican Republic(Ba3 stable); Ecuador(Caa3 negative); El Salvador(B3 positive); Guatemala(Ba1 stable); Honduras(B1 stable); Jamaica(B2 stable); Mexico(Baa1 negative); Nicaragua(B3 stable); Panama(Baa1 stable); Paraguay(Ba1 stable); Peru(A3 stable); St. Maarten(Baa3 stable); St. Vincent and the Grenadines(B3 stable); Suriname(Caa3 negative); Trinidad & Tobago(Ba1 negative); Uruguay(Baa2 stable); Venezuela(C stable).

EM sovereign rating and outlook as of September 30, 2020.
Source: Moody's Investors Service

Definitions

- » **Moody's global rating scales:** Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by nonfinancial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Please refer to the link for further details, https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004

Global Long-Term Rating Scale

Aaa Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

Baa Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B Obligations rated B are considered speculative and are subject to high credit risk.

Caa Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

Ca Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.*

Note: For more information on long-term ratings assigned to obligations in default, please see the definition "Long-Term Credit Ratings for Defaulted or Impaired Securities" in the Other Definitions section of this publication.

* By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Source: Moody's Investors Service

Definitions

- » **Moody's rating outlook:** A Moody's rating outlook is an opinion regarding the likely rating direction over the medium term. Rating outlooks fall into four categories: Positive (POS), Negative (NEG), Stable (STA), and Developing (DEV). Outlooks may be assigned at the issuer level or at the rating level. Where there is an outlook at the issuer level and the issuer has multiple ratings with differing outlooks, an "(m)" modifier to indicate multiple will be displayed and Moody's press releases will describe and provide the rationale for these differences. Please refer to the link for further details, https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004
- » **Moody's rating review:** A review indicates that a rating is under consideration for a change in the near term. A rating can be placed on review for upgrade (UPG), downgrade (DNG), or more rarely with direction uncertain (UNC). A review may end with a rating being upgraded, downgraded, or confirmed without a change to the rating. Ratings on review are said to be on Moody's "Watchlist" or "On Watch". Ratings are placed on review when a rating action may be warranted in the near term but further information or analysis is needed to reach a decision on the need for a rating change or the magnitude of the potential change. Please refer to the link for further details, https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004
- » **Positive bias:** A combination of ratings with a positive outlook (POS) and ratings under review for upgrade.
- » **Negative bias:** A combination of ratings with a negative outlook (NEG) and ratings under review for downgrade.
- » **Investment grade (IG):** Long-term ratings at Baa3 and above.
- » **Sub-investment grade or speculative grade or high-yield (HY):** Long-term ratings at Ba1 and below.
- » **EM LSI:** The EM LSI measures the percentage of high-yield (HY) nonfinancial companies in emerging markets (EM) with our weakest speculative-grade liquidity score (SGL-4) as a proportion of the total number of EM HY corporate family ratings (CFRs). The EM LSI increases as liquidity weakens across the portfolio and decreases as liquidity broadly improves. LSI trends are a more meaningful indicator than absolute levels for predicting default rates.

Source: Moody's Investors Service

Definitions

Moody's liquidity assessment: We assess the liquidity of each company on an ongoing basis to evaluate its ability to fund itself. Our standard assumptions are conservative, including that all debt is payable on scheduled maturity dates; all put options are fully exercised on the first available put date; all dividend policies remain intact; and existing short-term, uncommitted and working capital lines are not renewed as of the next rollover date. Speculative-grade liquidity is categorized in one of four ways, as described below.

- » **Issuers rated SGL-1 possess very good liquidity.** These companies are most likely to have the capacity to meet obligations over the coming 12 months through internal resources without relying on external sources of committed financing.
- » **Issuers rated SGL-2 possess good liquidity.** These companies are likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. The company's ability to access committed financing is highly likely based on Moody's evaluation of near-term covenant compliance.
- » **Issuers rated SGL-3 possess adequate liquidity.** These companies are expected to rely on external sources of committed financing. Based on Moody's evaluation of near-term covenant compliance, there is only a modest buffer and the company may require covenant relief to maintain orderly access to funding lines.
- » **Issuers rated SGL-4 possess weak liquidity.** These companies rely on external sources of financing, and the availability of that financing is highly uncertain in Moody's opinion.
- » Ultimately, liquidity must be assessed case by case.
- » For more information, please see: [General Principles of Liquidity Risk Assessment](#)

Moody's related publications

Global emerging markets

- » [Emerging Markets – Global: Global Emerging Markets Chartbook – October 2020 \(Excel Data Supplement\)](#), 29 Oct 2020
- » [Emerging Markets – Global: Emerging Markets Liquidity Stress Indicator \(EM LSI\) – October 2020](#), 27 Oct 2020
- » [Emerging Markets – Global: Quarterly EM Issuance Monitor – October 2020](#), 13 Oct 2020
- » [Sovereign – Emerging Markets: Recovering revenue post coronavirus crisis will be crucial but challenging](#), 12 Oct 2020
- » [Emerging Markets Insight: October 2020](#), 08 Oct 2020
- » [EM Covenant Monitor: EM covenant quality scores reach all-time worst level amid slowing issuance](#), 05 Oct 2020
- » [Emerging Markets – Global: Financial conditions stabilise, but pandemic fallout casts shadow on H2 credit prospects](#), 29 Jun 2020

Sector research

- » [Macroeconomics – Asia: Prolonged dollar weakness would have limited effects on Asia ex-Japan issuers](#), 26 Oct 2020
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- » [Emerging Markets](#)
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