

Bulgaria

November 29, 2021

This report does not constitute a rating action.

Credit Highlights

Overview

Institutional and economic profile

The economic effects of the pandemic appear to have been manageable and we expect solid real growth rates over the medium term.

-- Domestic demand will push real GDP growth to almost 4% in 2021, despite several resurgences of the pandemic.

-- In the medium term, EU fund inflows, including from the Next Generation EU (NGEU) instrument, will support growth.

-- The results of the recent general election, the third one this year, have raised the possibility that a government could be formed.

Flexibility and performance profile

Overall debt levels remain low. Although deficits saw a substantial rise in 2020, which is predicted to be repeated in 2021, it was incurred at a record-low cost.

-- We expect fiscal deficit will narrow over the next years as the authorities start consolidating from next year.

-- The current account will remain balanced over the next few years as strong EU fund inflows, record-high reserves at the Bulgarian National Bank (BNB), and low net external debt provide further buffers against external headwinds.

-- The Bulgarian lev (BGN) was included in the European Exchange Rate Mechanism (ERM) II last year, an important milestone on the path to eurozone accession. However, we expect the process will still take several years to complete.

PRIMARY CONTACT

Niklas Steinert
Frankfurt
49-693-399-9248
niklas.steinert
@spglobal.com

SECONDARY CONTACT

Ludwig Heinz
Frankfurt
49-693-399-9246
ludwig.heinz
@spglobal.com

RESEARCH CONTRIBUTOR

Meghna A Ashtekar
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Pune

The economic effects of the pandemic appear to have been manageable in Bulgaria, despite a significant health impact. Domestic demand, particularly private consumption, has recovered strongly and the increased absorption of EU funds will lift the medium-term growth outlook. Under the previous and current EU Multiannual Financing Framework (EU MFF) and the Next Generation EU (NGEU) instrument, we estimate that Bulgaria is eligible for EU grants equivalent to about 40% of 2021 GDP.

Sizable support measures during the pandemic led to significant fiscal deficits in 2020, and we forecast similar deficits for 2021. Although some measures will continue into 2022, we expect deficits will narrow from next year, and we note Bulgaria's established record of fiscal prudence under several administrations. Although fiscal loosening has increased public leverage, Bulgaria's net government debt levels remain modest at around 20% of GDP, whereas sovereign funding costs have reduced to record-lows.

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The results of the recent elections, the third one this year, provide the opportunity to form a government consisting of newly established parties and the previous opposition, provided they manage to agree on a common agenda.

In line with global trends, inflation in Bulgaria has increased recently, due to a combination of rising food and energy prices, as well as strengthening domestic demand weighing on core inflation; we believe price increases will reduce in the second half 2022.

External risks appear manageable after several years of external net deleveraging, thanks to recurring current and capital account surpluses, which we expect to continue.

The lev was included in the ERM II and Bulgaria joined the Banking Union in 2020. Although the current currency board provides an important anchor of economic stability, our ratings also factor in the country's limited monetary policy flexibility under this arrangement.

The ratings are constrained by the country's GDP per capita, which is moderate by global standards and the remaining structural and institutional impediments.

Outlook

The stable outlook indicates that we expect Bulgaria's economic recovery to progress over the next two years, backed by further absorption of additional EU funds. Although several fiscal support measures will extend into 2022, we expect fiscal balances to narrow over the next years, which will keep public debt low. The stable outlook also signifies that we anticipate that the economy will not incur any external or financial sector imbalances.

Downside scenario

We could lower the ratings if the economic recovery is significantly delayed, for example, because the pandemic's direct effects prove more long-lasting than we currently expect. This would likely result in protracted fiscal consolidation and continuously rising net public debt over the next few years. Although unlikely over the medium term, we could also lower the ratings if we observe the emergence of imbalances in Bulgaria's financial sector.

Upside scenario

We could raise the ratings if Bulgaria's economic recovery coincides with quicker fiscal consolidation or stronger external performance than we currently project. In the long term, we could raise the ratings on Bulgaria in the course of its accession to the eurozone.

Rationale

Institutional and economic profile: Bulgaria is making slow progress on vaccination, but the direct economic impact is likely to be limited and from next year, growth rates will depend on increasing absorption of EU funds

Bulgaria, like many Central and Eastern European countries, has seen several outbreaks of the pandemic over the past two years and infection rates are presently very high by global standards. Vaccination rates in Bulgaria are relatively low, which means that the pandemic could continue to resurface in 2022. Despite several episodes of lockdowns and imposed states of emergency, most restrictions have been less stringent and more selective than in many peer sovereigns, which has limited the fallout for the economy. Accordingly, domestic demand has remained strong, which primarily explains why Bulgaria's economic contraction last year, at 4.4% of real GDP, was mild by global and regional standards. Domestic demand has further increased in 2021, particularly private consumption, supporting our projection of real GDP growth of almost 4% this year, even though several infrastructure projects have been delayed. Fiscal support measures targeting the labor market were effective, which cushioned the initial impact of the pandemic and has enabled a sharp rebound.

We expect investments to make a stronger contribution to economic growth from next year, when real GDP is predicted to expand by 4.3%. We believe EU fund absorption will increase in Bulgaria, as new financing facilities, such as the NGEU, become available. These funds, combined with funding from the EU MFF 2014-2020 and 2021-2027, will also underpin what we believe is a solid medium-term growth outlook. In our view, NGEU funds alone will raise Bulgaria's GDP by 2.5%-6.0% by 2026 (see "Next Generation EU Will

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Shift European Growth Into A Higher Gear," published April 27, 2021). We estimate that Bulgaria is eligible for EU grants totaling over €30 billion, which is 40% of estimated 2021 GDP, over the period to 2027, with potential absorption of these funds extending to 2030. Despite our expectation that Bulgaria will improve its utilization of EU transfers, its past modest absorption patterns suggest that it could be difficult for the country to absorb the full amount of the funds available to it over the next few years.

On the downside, we think demographics could hamper potential growth over the medium term because the labor force continues to shrink due to aging and some emigration. Before the pandemic, Bulgaria's labor force was decreasing by around 1.0%-1.2% a year, one of the highest rates in the EU. At this point, we don't think a return of Bulgarian workers after the pandemic could change this trend greatly. This highlights the need for continued reform efforts, for example, through measures that address skill mismatches, improve the business environment, spur income growth, and ultimately help slow net emigration over the medium term.

It has proved difficult to implement such structural reforms given the recent political environment, which is characterized by high political fragmentation and volatility. In November 2021, Bulgaria held its third parliamentary election of the year, after failing to form a viable government following the previous two elections in April and July. This helped to delay the signing of contracts using the Recovery and Resilience Facility funds, which we initially expected to commence in 2021. The recent elections, in which a newly established anti-graft party received the most votes, could increase the chance of a viable government emerging, but this remains uncertain. Equally likely is a period of protracted coalition formation. We cannot exclude the possibility of a minority government. Overall, we expect the decision-making process to remain complicated and unstable over the coming years.

An important point is that Bulgaria's EU membership and eurozone accession have consensus across the political spectrum. Therefore, the political environment is unlikely to impede progress on eurozone accession, in our view. We believe the most critical factor will be the political willingness of existing eurozone member states to accept new members. More broadly, we think EU membership provides an important policy anchor for Bulgaria. In our view, some EU institutions could continue to highlight the necessity for structural reforms related to specific deficiencies regarding the rule of law in Bulgaria, particularly since such assessments are likely to be tied to the absorption of EU funds going forward. However, we do not expect that such potential assessments will continue to represent an obstacle, given Bulgaria's record of adhering to the EU's recommendations in the past and its uncontentious relations with the European Commission (EC). Bulgaria's progress in some of these areas has been acknowledged in recent years, for example, under the EC's Cooperation and Verification Mechanism in 2019. The inclusion of the Bulgarian lev in the ERM II and the country's accession to the Single Supervisory Mechanism also highlights its legislative commitments to strengthen its macroprudential framework, insolvency proceedings, state-owned enterprise management, nonbanking supervision, and anti-money-laundering processes, following the preconditions set by the Eurogroup. We expect continuous progress on these items in the next few years.

Flexibility and performance profile: We expect stringent consolidation from 2022, keeping the public debt level and interest expenses low

We expect Bulgaria's fiscal deficits in 2020 and 2021 will be substantial compared with previous years, but much lower than those of most peer sovereigns, which we view as a continuation of the country's pre-pandemic fiscal prudence. Most of its fiscal loosening relates to fiscal support during the pandemic, predominantly in the form of labor market support, additional health expenditure, and increased social spending. We expect several of these measures will be extended into the first half of 2022, in line with the recent extension of the state of emergency, and that deficits will narrow thereafter. The fiscal outlook for 2022 remains uncertain, given that the caretaker government prepared the preliminary budget, which the parliament has yet to adopt, and a new administration could still make significant adjustments over the year. That said, we believe any new government will continue to comply with the country's established fiscal rules, which require decreasing deficits. At the same time, we consider that Bulgaria has built a very credible record of tight fiscal management, not least fostered by the currency board, which resulted in general government surpluses over 2016-2019.

This previously tight fiscal stance supported public deleveraging before the pandemic and resulted in a low stock of public debt net of liquid government assets of about 12% of GDP in 2019. This provided the authorities with ample space to provide fiscal support during the pandemic, and we anticipate that recent deficits and subsequent consolidation will mean net government debt will approach 21% of GDP in the next years--still one of the lowest levels within the EU. Although this slightly increases future financing needs, we consider that the government still has plentiful funding options. In addition to a liquid domestic banking system and access to financing instruments at the EU level, the current credible monetary policy arrangements have allowed Bulgaria to tap the deep eurozone capital markets at very favorable terms over recent years, which has more than halved the effective interest rate on government debt over the past 10 years. As a result, over 70% of Bulgaria's debt is denominated in euros and about 50% is held by nonresidents.

In general, Bulgaria's banking sector is profitable, very liquid, and adequately capitalized, which is why we believe it does not pose a contingent liability for the government. We expect at most a slight deterioration in asset quality over the coming months as the payment moratorium is wound down. With the transposition of the EU Banking Resolution and Recovery Directive in 2015, the resolution of a failed bank will necessitate a bail-in of shareholders and certain creditors to bear first losses, and then--if necessary, and under certain conditions-- the Single Resolution Fund operating within framework of the Single Resolution Mechanism. Only after exhausting these options and in an extraordinary situation of a systemic crisis would a bank be able to resort to government support. The BNB has consistently implemented measures to ensure the stability of banks (including subsidiaries); these include measures to strengthen their liquidity and capital buffers.

The country's energy sector has been a source of fiscal risk for the government. For example, the government has provided interest-free loans to some entities in the electricity sector in the past and continues to subsidize it. However, the authorities have reduced their direct liability to the sector.

Bulgaria's central bank has been operating under a currency board since 1997, which provides macroeconomic stability, but effectively limits the central bank's monetary policy flexibility, in our view. This was also the case during the pandemic as the BNB did not pursue independent accommodative monetary policies, as other central banks in the region did. Instead, it predominantly focused on adjusting specific macroprudential measures, aimed at further strengthening the capital and liquidity position of the banking system. The currency board guarantees the convertibility of the lev into euros and vice versa at the fixed exchange rate. Therefore, for our measure of usable reserves, we subtract the country's monetary base. Over the past two decades, authorities have accumulated fiscal and external buffers to underpin their commitment to the fixed exchange rate regime. That commitment has not wavered, despite a series of external and domestic political shocks over the same period. The BNB Law allows the provision of liquidity support to the banking system only to the extent that the BNB's foreign exchange reserves exceed its monetary liabilities. Even then, support can occur only under certain conditions and for short periods, against highly liquid collateral.

The lev was included in the ERM II and Bulgaria joined the Banking Union last year. The ERM II represents the waiting room for ultimate eurozone membership, which we expect will occur only after a few more years, given that political considerations outside Bulgaria's control could have an influence. The ultimate decision lies with the eurozone's and Denmark's finance ministers, as well as with the European Central Bank (ECB). We expect that as of now, ERM II membership will have no effects on the BNB's operations. We

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expect the ECB and BNB will further strengthen their close cooperation, particularly with respect to Bulgaria's integration into the Single Supervisory Mechanism.

In line with global trends, inflation has recently increased in Bulgaria, reaching 5.2% in October. It is expected to rise further over the coming months. Inflation is mainly fueled by energy costs, which rose by 21% year-on-year, and food costs, which rose by 5.5%. Core inflation has also increased as the economy rebounds and pent-up demand is released. In our view, most of these developments, including rising energy prices, are unlikely to be sustained, so inflation will slow down in the second half of 2022 and converge to slightly below 2% in the medium term.

We expect Bulgaria's current account will move into a slight surplus this year, benefitting from a partial rebound of tourism receipts, which generally represented about 40% of services exports before the pandemic. Going forward, we expect the sector to recover further, which will counteract rising imports relating to EU-funded investments and strong domestic demand. This will support Bulgaria's strong external position, which was characterized by significant net external deleveraging during the years before the pandemic. In our view, Bulgaria's liquid external assets will continue to exceed external debt significantly, by about 30% of current account payments over the next three years. Reserve levels remain strong, bolstered by the increase of International Monetary Fund (IMF) Special Drawing Rights allocation and also reflecting the increase in banks' excess reserves because of measures undertaken by the BNB in March 2020 aimed at strengthening the capital and liquidity position of the banking system, which remained in force in 2021. We expect external liquidity will remain at comfortable levels, with annual gross external financing needs only slightly over 100% of current account receipts and usable reserves over the coming years.

Bulgaria--Selected Indicators

	2015	2016	2017	2018	2019	2020	2021bc	2022bc	2023bc	2024bc
Economic indicators (%)										
Nominal GDP (bil. BGN)	89.6	95.4	102.7	110.0	120.4	120.0	129.3	138.3	146.5	154.3
Nominal GDP (bil. \$)	50.8	54.0	59.2	66.4	68.9	69.9	78.2	81.3	87.1	92.6
GDP per capita (000s \$)	7.1	7.5	8.3	9.4	9.8	10.1	11.3	11.8	12.7	13.6
Real GDP growth	3.4	3.0	2.8	2.7	4.0	(4.4)	3.9	4.3	3.8	3.3
Real GDP per capita growth	4.1	3.7	3.5	3.4	4.8	(3.7)	4.4	4.8	4.3	3.8
Real investment growth	2.7	(6.6)	3.2	5.4	4.5	0.6	(2.0)	8.5	11.0	7.5
Investment/GDP	21.0	19.0	19.8	21.2	21.0	20.3	19.3	20.0	21.3	22.2
Savings/GDP	21.0	22.0	23.1	22.2	22.9	20.1	19.5	20.9	22.0	23.0
Exports/GDP	63.8	63.9	67.0	65.7	63.9	55.3	57.0	58.7	59.1	59.8
Real exports growth	6.5	8.6	5.8	1.7	4.0	(12.1)	7.3	7.5	4.5	4.5
Unemployment rate	9.3	7.7	6.3	5.3	4.3	5.2	5.5	5.0	4.8	4.6
External indicators (%)										
Current account balance/GDP	0.0	3.1	3.3	1.0	1.9	(0.3)	0.3	0.9	0.7	0.8
Current account balance/CARs	0.0	4.3	4.4	1.3	2.6	(0.4)	0.4	1.3	1.0	1.1
CARs/GDP	71.5	71.3	74.8	73.0	71.0	61.2	63.4	66.4	67.3	68.3
Trade balance/GDP	(5.8)	(2.0)	(1.5)	(4.8)	(4.7)	(3.2)	(2.8)	(2.7)	(3.4)	(3.7)
Net FDI/GDP	4.1	1.2	2.5	1.4	2.0	3.5	1.5	1.5	1.8	1.8
Net portfolio equity inflow/GDP	(0.7)	(0.2)	(0.8)	(0.8)	0.7	(1.7)	(1.5)	(0.5)	(0.5)	(0.5)

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Bulgaria--Selected Indicators

Gross external financing needs/CARs plus usable reserves	118.6	105.3	98.8	102.7	102.2	105.8	104.3	108.3	109.9	110.3
Narrow net external debt/CARs	(5.2)	(12.9)	(19.3)	(23.3)	(26.7)	(40.9)	(32.6)	(30.2)	(29.9)	(29.9)
Narrow net external debt/CAPs	(5.2)	(13.5)	(20.2)	(23.6)	(27.5)	(40.7)	(32.7)	(30.6)	(30.2)	(30.2)
Net external liabilities/CARs	84.2	63.6	61.1	49.2	42.7	46.3	38.1	36.4	32.5	29.0
Net external liabilities/CAPs	84.2	66.4	63.9	49.8	43.8	46.1	38.3	36.9	32.8	29.3
Short-term external debt by remaining maturity/CARs	43.6	27.2	24.0	24.8	23.6	27.2	25.1	23.9	22.7	21.5
Usable reserves/CAPs (months)	2.5	2.1	2.6	2.5	2.3	2.5	2.4	1.6	1.3	1.1
Usable reserves (Mil. \$)	6,429.7	9,314.7	9,790.2	9,011.8	8,835.2	9,692.0	7,133.6	6,284.9	5,766.0	5,480.8
Fiscal indicators (general government %)										
Balance/GDP	(1.9)	0.3	1.6	1.7	2.1	(4.0)	(5.0)	(2.5)	(1.7)	(1.0)
Change in net debt/GDP	1.7	(0.2)	(1.1)	(1.1)	0.4	5.1	3.0	2.9	2.1	1.3
Primary balance/GDP	(0.9)	1.2	2.4	2.4	2.7	(3.5)	(4.5)	(2.1)	(1.2)	(0.5)
Revenue/GDP	38.5	35.1	36.4	38.7	37.6	37.8	38.0	38.0	37.5	37.5
Expenditures/GDP	40.4	34.8	34.8	36.9	35.5	41.8	43.0	40.5	39.2	38.5
Interest/revenues	2.4	2.5	2.2	1.7	1.5	1.4	1.3	1.3	1.3	1.2
Debt/GDP	25.9	29.1	25.1	22.1	20.0	24.7	27.2	26.9	27.5	27.4
Debt/revenues	67.3	82.9	69.0	57.2	53.2	65.3	71.6	70.8	73.2	73.0
Net debt/GDP	18.0	16.8	14.5	12.5	11.7	16.9	18.7	20.4	21.3	21.6
Liquid assets/GDP	7.9	12.3	10.6	9.7	8.3	7.8	8.5	6.5	6.1	5.8
Monetary indicators (%)										
CPI growth	(1.1)	(1.3)	1.2	2.6	2.5	1.2	3.6	2.4	1.9	1.8
GDP deflator growth	3.0	3.3	4.8	4.2	5.2	4.2	3.8	2.6	2.1	2.0
Exchange rate, year-end (BGN/\$)	1.8	1.9	1.6	1.7	1.7	1.6	1.7	1.7	1.7	1.7
Banks' claims on resident non-gov't sector growth	(1.6)	1.8	4.5	8.9	9.7	4.6	8.0	6.0	5.0	5.0
Banks' claims on resident non-gov't sector/GDP	56.8	54.3	52.7	53.6	53.7	56.4	56.5	56.0	55.5	55.3
Foreign currency share of claims by banks on residents	33.1	29.1	25.3	23.6	23.5	20.4	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	40.3	38.7	36.9	35.9	34.6	36.1	N/A	N/A	N/A	N/A
Real effective exchange rate growth	(3.3)	0.2	1.1	3.3	0.5	2.8	N/A	N/A	N/A	N/A

Sources: Eurostat (Economic Indicators), Bulgarian National Bank (External Indicators), Eurostat (Fiscal Indicators), and Bulgarian National Bank, IMF (Monetary Indicators).

Adjustments: Usable reserves adjusted by subtracting monetary base from reported international reserves.

Bulgaria--Selected Indicators

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. BGN--Bulgarian lev. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	4	Reduced predictability of future policy responses, for example, in episodes of heightened political volatility. Transparency and checks and balances can at times be hampered.
Economic assessment	4	Based on GDP per capita (US\$) and growth trends as per Selected Indicators in Table 1.
External assessment	2	Based on narrow net external debt and gross external financing needs/(CAR + usable reserves) as per Selected Indicators in Table 1.
Fiscal assessment: flexibility and performance	2	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1. Over 70% of gross government debt is denominated in foreign currency. The lev has been fixed to the euro via a currency board.
Monetary assessment	5	The Bulgarian National Bank (BNB) has been successful in maintaining a currency board, supported by political commitment to prudent fiscal policies. As per its charter--and according to the currency board regime under which it operates--the BNB's ability to act as a lender of last resort is limited.
Indicative rating	bbb-	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	1	A change in the fiscal assessment or the external assessment could lead to a mult notch change in the indicative rating. We think that the weakening of the fiscal assessment might prove transitory after the COVID-19 pandemic, given Bulgaria's strong track record of fiscal prudence. At the same time, a quicker recovery of the export base or a further increase in reserve levels could result in an improvement of the external score.
Final rating	BBB	
Foreign currency	BBB	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	BBB	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental Social And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017

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- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, Nov. 3, 2021
- Sovereign Ratings History, Nov. 3, 2021
- Sovereign Ratings Score Snapshot, Nov. 3, 2021
- Sovereign Risk Indicators, Oct. 12, 2021; a free interactive version is available at <http://www.spratings.com/sri>
- Bulgaria's Third Election Of The Year Isn't Likely To Have A Credit Impact Anytime Soon, Sept. 20, 2021
- EMEA Emerging Markets Sovereign Rating Trends Midyear 2021, June 29, 2021
- Economic Outlook EMEA Emerging Markets Q3 2021: Faster Recovery, Higher Inflation, June 25, 2021
- Next Generation EU Will Shift European Growth Into A Higher Gear, April 27, 2021
- Default Transition and Recovery: 2020 Annual Sovereign Default And Rating Transition Study, April 12, 2021

Ratings Detail (as of November 23, 2021)*

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Sovereign Credit Rating	BBB/Stable/A-2
Transfer & Convertibility Assessment	A
Senior Unsecured	BBB
Short-Term Debt	A-2

Sovereign Credit Ratings History

29-May-2020	BBB/Stable/A-2
29-Nov-2019	BBB/Positive/A-2
01-Jun-2018	BBB-/Positive/A-3
01-Dec-2017	BBB-/Stable/A-3
02-Jun-2017	BB+/Positive/B

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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