CREDIT OPINION
23 September 2025

Update

Send Your Feedback

Contacts

Evan Wohlmann +44.20.7772.5567
VP-Sr Credit Officer
evan.wohlmann@moodys.com

Mareike Godemann +49.69.86790.2167
Sr Ratings Associate
mareike.godemann@moodys.com

Dietmar Hornung +49.69.70730.790
Associate Managing Director
dietmar.hornung@moodys.com

Marie Diron +44.20.7772.1968
MD-Sovereign Risk
marie.diron@moodys.com

CLIENT SERVICES

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

Government of Iceland – A1 stable

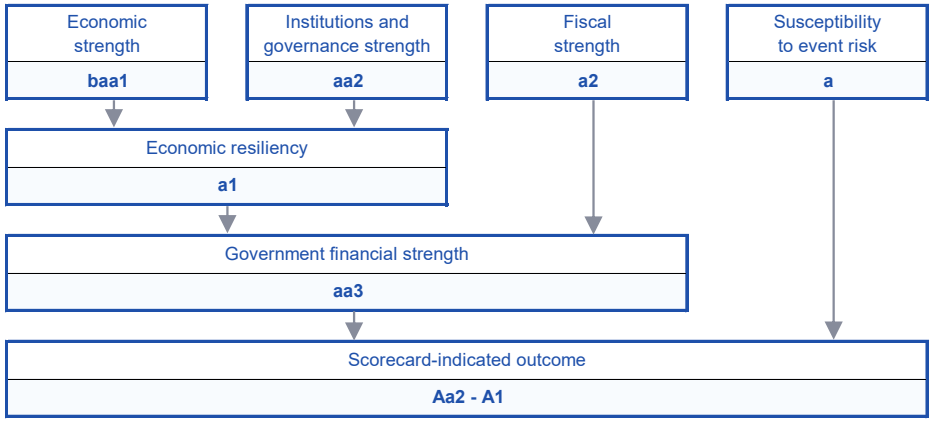
Regular update

Summary

The credit profile of Iceland is underpinned by its wealthy and flexible economy with favourable demographics that support its long-term growth prospects. The country has built significant buffers in the form of large pension assets and external reserves, which help mitigate its vulnerability to shocks due to its small size and concentration in a limited number of sectors. The general government debt burden is relatively high but the government is pursuing fiscal consolidation that is bringing debt metrics closer to peers.

Exhibit 1

Iceland's credit profile is determined by four factors



Source: Moody's Ratings

Credit strengths

» Very high wealth levels and labour market flexibility which help to absorb shocks;

» Well-funded pension system and favourable demographics which support growth potential and limit fiscal sustainability risks;

» Very large foreign-currency reserves and net external creditor position provide a buffer.

Credit challenges

» Volatile growth performance due to sectoral concentration and small currency area;

» Larger and more expensive debt burden relative to peers increases sensitivity of fiscal strength to shocks.

Rating outlook

The stable outlook reflects balanced risks at the A1 rating level. We expect fiscal consolidation to continue over the coming years and the economy is expected to return to robust growth this year, after a temporary contraction last year as tight monetary and fiscal policy helped slow the previously overheated economy. While Iceland's economic and fiscal conditions could improve faster than we expect, its small and less diverse economy makes it particularly susceptible to shocks affecting specific sectors. Additionally, Iceland has a higher debt ratio and less favorable debt affordability compared to similar-rated countries, which limits its ability to manage potential shocks.

Factors that could lead to an upgrade

Iceland's ratings were upgraded to A1 in September 2024. The rating would be upgraded further if the government debt ratio and the affordability of government debt were to improve significantly faster than our baseline assumptions, such that external shocks were materially less likely to impair fiscal strength. The rating would also be upgraded if the ongoing economic diversification efforts yielded stronger results in terms of reducing the volatility of economic growth, pointing to higher economic strength.

Factors that could lead to a downgrade

Conversely, the rating would come under downward pressure if the authorities deviated from their current medium-term fiscal consolidation plans, driving a material increase in debt burden. Moreover, a large economic shock which leads to long-lasting damage to key sectors such as tourism or fishing, materially impairing Iceland's economic resilience, or substantial capital outflows, weakening Iceland's external position and threatening financial stability, would also be credit negative.

Key indicators

Exhibit 2

Iceland	2019	2020	2021	2022	2023	2024	2025F	2026F
Real GDP (% change)	1.1	-6.6	5.2	8.8	5.2	-1.0	1.9	2.4
Inflation rate (% change average)	3.0	2.8	4.5	8.3	8.7	5.9	4.2	3.8
Gen. gov. financial balance/GDP (%)[1]	-1.4	-8.8	-8.0	-3.9	-2.4	-3.5	-1.8	-1.6
Gen. gov. primary balance/GDP (%)[1]	0.9	-6.3	-5.6	-0.2	1.4	-0.2	1.3	1.3
Gen. gov. debt/GDP (%)[1]	65.7	76.1	73.6	66.4	61.5	59.4	48.9	47.9
Gen. gov. debt/revenues (%)[1]	164.1	187.6	186.0	163.9	148.3	139.6	114.3	112.2
Gen. gov. interest payment/revenues (%)	5.9	6.2	5.9	9.1	9.2	7.7	7.3	6.7
Current account balance/GDP (%)[2]	7.4	1.9	-2.6	-1.6	-1.3	-2.7	-3.6	-2.3

[1] Includes public entities previously excluded from the scope of the general government
[2] Excludes DMBs undergoing winding up in 2008-2015

Source: Moody´s Ratings

Detailed credit considerations

We assess Iceland's **economic strength** at "baa1" which balances the country's small size and volatile growth performance with very high wealth levels and strong competitiveness.

Iceland's economy is highly competitive, as evidenced by its ranking at 15th place globally in the World Competitiveness Ranking in 2025 [1]. The country fares particularly well compared with peers on technological readiness, educational environment and labour market efficiency. Research and development spending has risen strongly over the past several years and now approaches the levels of the top performers in Europe, supporting the innovative capacity of businesses. Iceland's demographic profile is more favourable than that of many advanced economies because of long working lives, higher fertility rates, high participation of women in the labour force and high net migration.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Iceland's GDP per-capita – at around $79,000 in purchasing power terms in 2024 – is among the highest in our sovereign rating universe. Household assets in the form of pensions are an important shock absorber, as demonstrated during the banking crisis in 2008 and again during the pandemic when the government allowed temporary withdrawals from third-pillar pension savings.

At the same time, economic growth is volatile, reflecting limited diversification and relatively high openness, which increases the economy's vulnerability to sector-specific and external shocks. Over two thirds of the country's export revenues come from three sectors: tourism (22% of the total in Q2 2025), marine products (18%) and aluminium (17%). Diversification efforts are showing first signs of success in some sectors, including aquaculture and knowledge-intensive health and technology services, supported by R&D tax incentives, which should gradually strengthen the economy's resilience to shocks.

We assess Iceland's **institutions and governance strength** as "aa2", reflecting the country's strong government effectiveness as well as its solid track record in restoring economic and financial stability after the banking crisis. Reflecting this, Iceland consistently scores strongly in international surveys such as the Worldwide Governance Indicators (WGIs). The reforms introduced after the crisis have strengthened the macro-policy mix, and include enhanced financial regulation and supervision in line with global best practices, abolition of all capital flow restrictions and an improved fiscal framework. Moreover, tight monetary and fiscal policy has helped to moderate elevated inflation, which supports our assessment of Iceland's strong institutions and proactive and well-coordinated policy stance.

Iceland ranks highly compared with A-rated peers on the WGI measures of government effectiveness and regulatory quality, reflecting its highly professional and capable public administration, as well as a transparent and predictable legislative framework. However, key economic data series can be subject to large revisions, as happened recently with the backward revision of GDP growth data for 2022-2024, which pointed to a worse performance than initially estimated.

Furthermore, limited instances of corruption and the fact that civil society acts as an effective check on the exercise of government power helps to support the strength of the civil society and the judiciary. Iceland also scores very strongly on political stability given its long tradition of broad cooperation and consensus on economic matters between the government and employer and employee associations, which supports policy effectiveness.

The high effectiveness of fiscal policy reflects Iceland's strong fiscal framework including a set of fiscal rules, a multi-year budgeting process and an independent fiscal council. The fiscal rules were suspended during the pandemic but will be reinstated in 2026. In July 2025, the authorities replaced the current balanced budget rule with an expenditure rule, to be applied from next year, which we consider to be credit positive as it will strengthen the framework further by contributing more strongly to macroeconomic stability. That said, as a small open economy, Iceland remains highly exposed to inflationary shocks, notwithstanding significant improvements to the monetary policy framework and its governance and decision-making structure since the banking crisis. As a result, we score monetary and macroeconomic policy effectiveness somewhat lower than other aspects of Iceland's institutions at "a".

We assess Iceland's **fiscal strength** as "a2", reflecting improving fiscal metrics, with the budget deficit forecast to decline, a firmly established downward public debt trend and an expected improvement in debt affordability, which explains why the final score is set above the initial score of "a3". The government debt ratio has remained on a firm downward path in recent years and we expect continued fiscal consolidation in conjunction with positive economic growth to reduce the debt ratio further.

In addition, the consensual resolution of the HF Fund's liabilities in June 2025 and the sale of the government's remaining 45.2% stake in Islandsbanki (A2/A3 stable, baa2[2]) in May provide for an additional one-off reduction in the public debt ratio in 2025, bringing it down to 48.9% of GDP in 2025, from 59.4% in 2024. We now forecast the debt ratio to decline to around 42% by the end of the decade. The consensual settlement of the HF Fund concludes the government's long-standing plan to wind down the state-owned housing fund. We had already incorporated the expected large fiscal impact of the HF Fund settlement in 2025 through an adjustment in our scorecard such that the final score of "a2" continues to be appropriate.

At the same time, debt affordability is weaker than peers due to the large share of inflation-indexed debt (25% of the central government debt as at January 2025) as well as higher domestic funding costs. We expect Iceland's interest payments to revenue ratio - our key metric for assessing debt affordability - to continue to improve over the coming years as inflation gradually moderates and given the phase-out of volcanic support measures. We forecast the ratio to average 6.9% over 2025–2027, compared to 7.7% in

2024. Our calculations also incorporate additional interest payments associated with the new bonds issued as part of the HF Fund settlement.

Although not our baseline, fiscal pressures could rise due to the need to increase national security spending. At NATO's June summit in The Hague, Iceland committed to raising defense spending to 1.5% of GDP by 2035, up from 0.2% currently. We expect this increase to be achieved largely through reclassification of existing projects, although growing pressure to expand defence capabilities presents a potential downside risk to our fiscal outlook.

We assess Iceland's **susceptibility to event risk** as "a", driven by our banking system assessment.

Political event risk is low, and scored at "aa" given consistent policy in key areas important to safeguarding the government's credit profile. Iceland has a long tradition of broad cooperation and consensus on economic matters between the government, employer and employee associations, which contributes positively to policy effectiveness. Political consensus on the economic and fiscal direction for the country is strong and we also expect this to remain under the new coalition government which took office in December 2024.

In contrast to other European sovereigns, Iceland faces limited geopolitical risks due to Russia's invasion of Ukraine (Ca stable); while the country is a founding member of NATO, it has no standing army and is besides Korea (Aa2 stable) the only country with a Bilateral Defence Agreement with the United States (Aa1 stable), in force since 1951. That said, the country is facing increasing pressure to actively participate in its own security and increase national security spending. At the same time, Iceland holds significant strategic importance for European security – Iceland´s Keflavik base serves as a NATO outpost for monitoring Russian military movements in the Arctic – particularly as geopolitical tensions are rising.

We assess **government liquidity risk** as "aa". The marked reduction in government debt after the banking crisis has reduced annual refinancing needs to below 5% of GDP while prudent liquidity management, including significant cash buffers, and a large domestic investor base in the form of pension funds are key mitigants to the government's financing needs. The government mostly issues on the domestic market, with the average maturity of the domestic marketable debt at around five years. In 2024, Iceland issued its first sovereign gender bond, after the issuance of its first green bond earlier in the same year, the first issuance in external markets since January 2021. Iceland followed this up with a €750 million Eurobond issuance in May 2025 which attracted high demand.

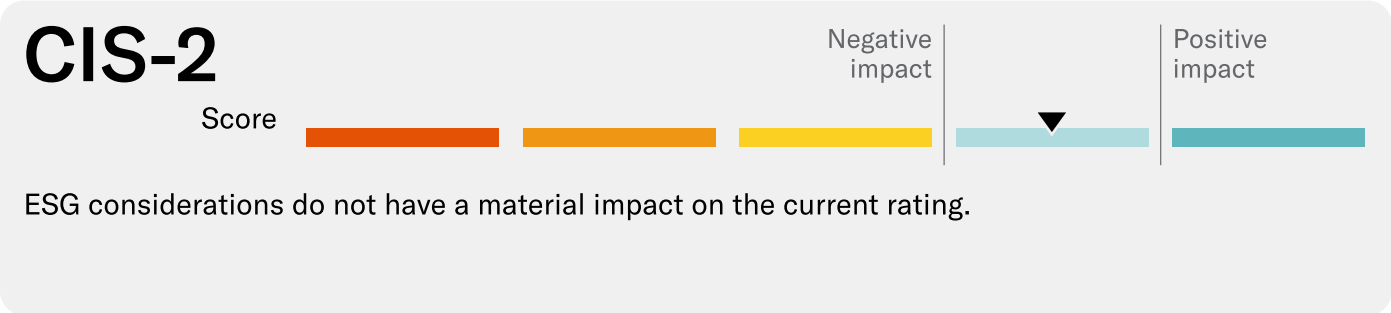
We assess **banking sector risk** at "a". The three largest banks have solid levels of capitalisation and liquidity. Aggressive monetary tightening and the introduction of several borrower-focused macroprudential measures have started to cool the housing market. The Financial Stability Committee at the central bank has also repeatedly raised the counter-cyclical capital buffer for banks to raise the resilience of the banking system.

We assess **external vulnerability risks** at "aa". This reflects Iceland's positive net external creditor position and very large foreign-currency reserves, which can be used to help buffer external shocks. Historical external surpluses have allowed the central bank to build substantial foreign-currency reserves equivalent to around 16% of GDP as of July 2025, which serves as a large buffer to help limit exchange rate volatility and support the country's external position. While Iceland´s current account deficit has widened in recent years - we expect it to peak at 3.6% of GDP in 2025, driven primarily by elevated imports related to data center investments - we anticipate a gradual narrowing of the deficit as these imports normalize.

ESG considerations

Iceland's ESG credit impact score is CIS-2

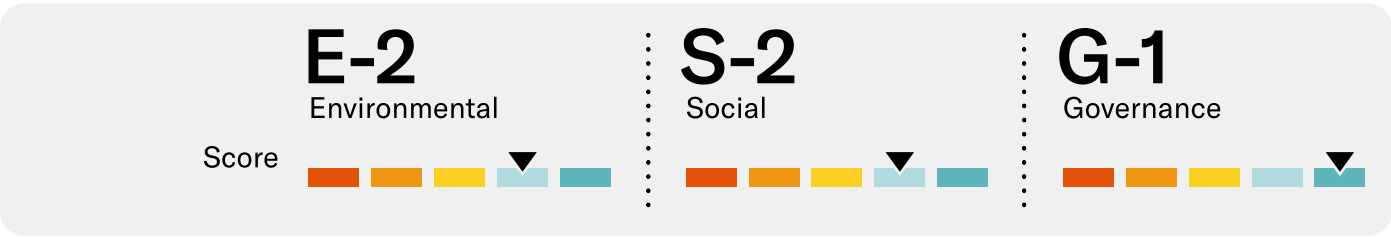
Exhibit 3
ESG credit impact score



Source: Moody's Ratings

Iceland's **CIS-2** indicates that ESG considerations have limited impact on the rating. This reflects the country's low exposure to environmental and social risks, as well as its very strong governance. Iceland's capacity to respond to external or sector-specific shock is strong, underpinned by the country's high-income levels and households' strong asset position, as well as the competitive and innovative economy, large fiscal capacity and a supportive administrative structure.

Exhibit 4
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Iceland's **E-2** environmental issuer profile score is in line with that of other advanced economies, marked by low exposure to environmental risks across all categories. Nearly all of Iceland's energy generation and consumption are covered by renewable sources, in particular hydroelectric power and geothermal energy. Iceland's unique geological features imply some exposure to physical climate risks but also offer opportunities for the country's key sectors. The impact of warming seas on fish stocks in Icelandic waters is not yet clear; while some varieties may migrate out of Iceland's waters as illustrated by the decline in capelin fish stocks in 2019, other species have migrated into Icelandic waters. Also, the sector has considerable flexibility to adapt to changing stocks, which it has proved multiple times. Warmer temperatures are favourable for plant productivity and agriculture. Around 11% of Iceland's land mass consists of glaciers; while the melting of glaciers raises the risk of landslides, it also increases availability of hydropower, at least for several decades.

Social

Iceland's **S-2** social issuer profile score reflects a more favourable demographic profile than in many other countries because of long working lives, high participation rates of women and the flexibility of the labour force. Strong inward migration further supports the economy, as immigrants' participation rate exceeds that of the domestic population. In contrast to some of the Nordic countries, immigrants and refugees are widely perceived to benefit the Icelandic economy and society. Iceland also benefits from high-quality education, access to basic services and housing availability, similar to other Scandinavian countries. Indicators for access to healthcare are very strong, as demonstrated by the fast response to the coronavirus pandemic. Households have very large pension assets, which

have shown to be effective shock absorbers in the past. While wage negotiations between employers and trade unions can affect Iceland's competitiveness, the highly coordinated collective bargaining has generally been a stabilising factor, ensuring relatively contained wage differentials and contributing to limited income disparities and social peace.

Governance

Iceland's **G-1** governance issuer profile score is underpinned by very high policy credibility and effectiveness. The fiscal framework and budget management are predictable and transparent with a focus on medium-term sustainability. There is broad political and social consensus over key fiscal policy goals, stability-oriented economic policies and the need for large buffers to deal with unavoidable shocks. Iceland has demonstrated its high shock-absorption capacity and ability to reverse debt trends in the past, most visibly in the aftermath of its banking crisis but also more recently during the coronavirus pandemic. As a result of solid budgetary out-turns and the use of one-off revenue for debt reduction, Iceland's public debt declined by 75 percentage points of GDP between the peak in 2011 and 2018, one of the strongest episodes of debt reduction globally. The score also reflects the professional public administration and the country's strong rankings in global surveys assessing rule of law, voice and accountability, and the control of corruption.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

For more details on our approach to incorporating environmental, social and governance factors in credit analysis, please see our cross-sector rating methodology.

Recent developments

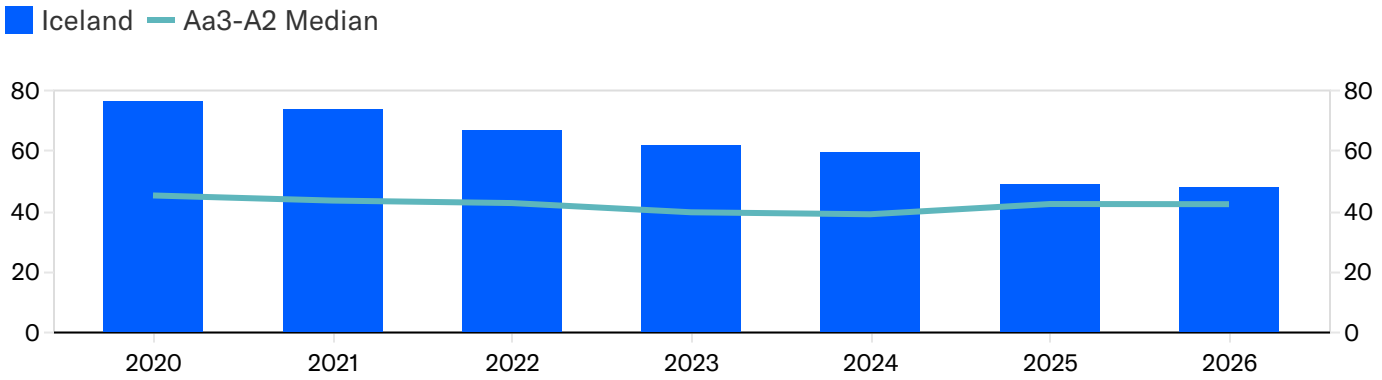
Resolution of the HF Fund's liabilities accelerates downward trend in public debt

In line with our expectations, the Icelandic government finalized a consensual settlement of the HF Fund's liabilities on 12 June 2025, concluding its long-standing plan to wind down the state-owned housing fund. The settlement proposal was approved in April by bondholders and subsequently passed by parliament. Under the agreed terms, the Icelandic government issued ISK540 billion, or 11.8% of 2024 GDP, in new Treasury bonds to refinance its debt to the HF Fund and settle its obligations, as well as providing other securities including cash in domestic and foreign currency.

This agreement allowed the government to wind-down the Fund and exit its guarantee of collection on the bonds, resulting in a substantial one-off reduction in the government debt. We estimate that the impact of the transaction is to lower our estimate of general government debt by 6.5 percentage points of GDP in 2025. Additionally, the settlement reduces state-guaranteed debt by 87%, leaving outstanding guarantees at approximately 2% of GDP.

On 16 May, the government also sold its remaining 45.2% stake in Íslandsbanki through a public share offering, generating approximately ISK 90.58 billion (1.9% of GDP), with proceeds used to reduce debt. As a result of both the HF Fund settlement and the Íslandsbanki sale, we forecast general government debt to decline to 48.9% of GDP in 2025, down from 59.4% in 2024 - a reduction of 10.5 percentage points. Together, these measures reflect the government's commitment to prudent fiscal management. We had already incorporated the expected large fiscal impact of the HF Fund settlement in 2025 through an adjustment in our scorecard such that the final score of "a2" continues to be appropriate.

Exhibit 5
Iceland's debt ratio falls sharply in 2025, narrowing the gap to peers
General government debt, % of GDP

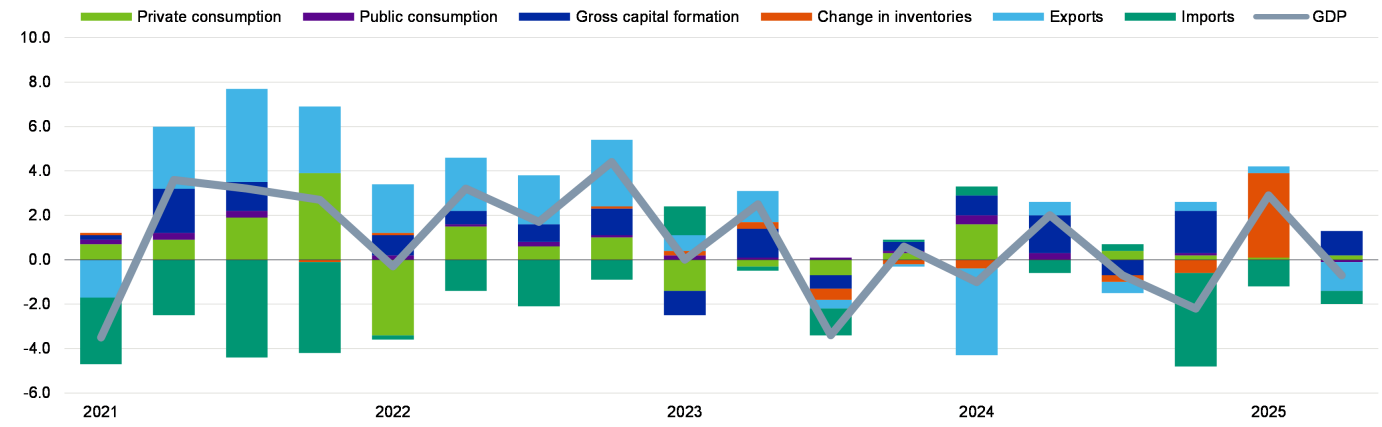


Source: Moody's Ratings

Domestic demand will drive the recovery in economic growth this year, after a contraction in 2024

Following a period of overheating after the pandemic, the Icelandic economy cooled in 2024, with real GDP contracting by 1% largely due to a downturn in exports, particularly in services. This figure was revised downward from an earlier estimate of -0.5% after a revision to Statistics Iceland's historical data.

Exhibit 6
Economic growth contracted in 2024, after two years of above-potential growth
QoQ change (%)



Source: Statistics Iceland, Central Bank of Iceland

For 2025, we forecast a rebound in GDP growth to 1.9%, driven by strong domestic demand. Both consumption and investment showed solid momentum early in the year: investment surged by 18% year-on-year in Q1, led by robust growth in residential construction and business investment linked to data center development. Private consumption also posted its strongest year-on-year growth in two years at 2.3% in Q1 and 3.1% in Q2, supported by rising real wages - aligned with the 2024 wage agreements - and gradually easing inflation. Nonetheless, inflation has proven more persistent than expected posing ongoing headwinds.

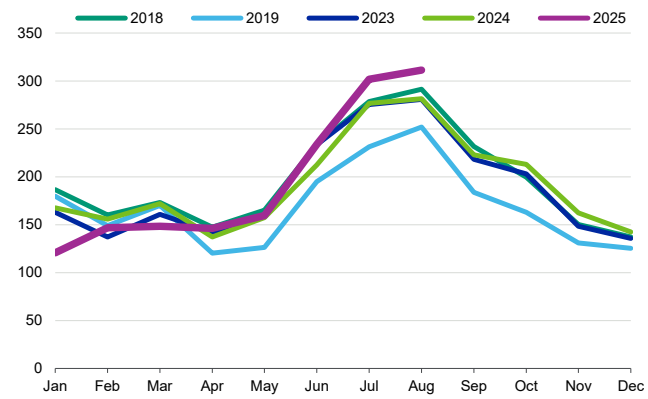
We expect net exports to weigh on GDP growth in 2025. Although exports are projected to strengthen - supported by increased foreign tourism, with Q2 2025 tourist arrivals surpassing previous years - we expect imports to grow even more sharply, particularly due to investment-related inputs for data centers. These imports are a key driver behind our projected current account deficit of 3.6% for 2025, which we expect to narrow once data center-related imports subside.

Global trade tensions pose a downside risk to the outlook. The US has imposed a 15% tariff on Icelandic goods - excluding some products such as pharmaceuticals - but Iceland is relatively well positioned to absorb this shock. Exports to the US account for 11.5% of total goods exports, primarily comprising marine products, aquaculture products, pharmaceuticals, and medical equipment. The specialized and essential nature of medical products makes them relatively price inelastic, while the marine and pharmaceutical sectors have demonstrated pricing power, flexibility, and adaptability, and would likely be able to redirect exports if needed. Although not our baseline, a significant downturn in the US economy would affect US tourist numbers, who constituted 38% of all tourists visiting Iceland in 2024. So far, however, US tourist numbers have remained stable in recent months.

Exhibit 7

Foreign tourist arrivals have exceeded previous levels in recent months…

Thousands

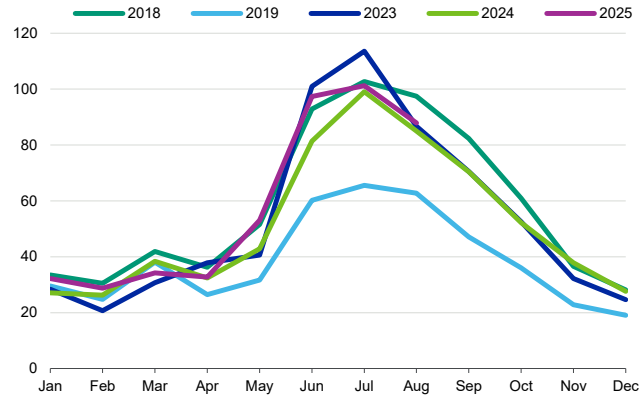


Source: Icelandic Tourist Board, Statistics Iceland and Moody´s Ratings

Exhibit 8

…and US tourist numbers remain relatively strong despite tariffs

Thousands



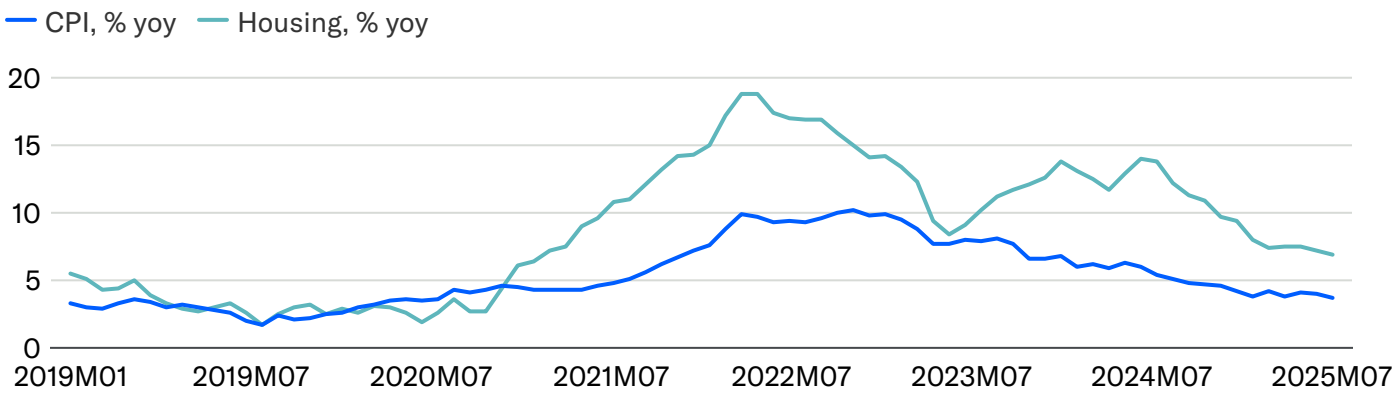
Source: Icelandic Tourist Board, Statistics Iceland and Moody´s Ratings

Inflation, while persistent, is on a gradual downward path

After peaking at 10.2% in February 2023, consumer price inflation moderated significantly to 3.8% by August 2025. However, the decline has been less consistent than expected - having already fallen to 3.8% in March, inflation edged back up to 4.2% in June. Excluding housing, which has been the main contributor to inflation in recent months - partly due to increased demand from the evacuated population of Grindavík - the inflation rate stood at 3% in July, down from a peak of 8.9%. Since October 2024, the central bank has lowered its policy rate at every consecutive meeting - from 9.25% to 7.5% - with the exception of the most recent meeting in August, when the rate was held steady.

We now expect inflation to average 4.2% in 2025, slightly above our earlier projections, before gradually declining in the coming years and reaching the Central Bank of Iceland's 2.5% target by 2027.

Exhibit 9
Inflation is declining but has been more sticky than expected



Source: Statistics Iceland, CBI and Moody's Ratings

Government targets fiscal consolidation; pressures to boost defense spending are growing

Following a central government budget deficit of 2.9% of GDP in 2024 - driven by high interest costs, support for collective wage agreements, and expenses related to volcanic activity in the Reykjanes peninsula - the government aims to reduce the central government deficit to 0.7% in 2025 and then reach and maintain a balanced budget by 2027. To achieve this, the Medium-Term Fiscal Plan 2026-2030 outlines five years of consolidation, including annual expenditure savings of 0.2-0.4% of GDP and a revenue increase from 0.6% of GDP in 2026 to 1.1% by 2030. Key measures include merging public institutions, revising unemployment benefits, increasing taxes on carbon and hotel stays, tightening tax exemptions, and reforming motoring taxes.

In July, the Icelandic parliament also approved a new fiscal rule, which we view as credit positive as it strengthens the fiscal framework further by contributing more strongly to macroeconomic stability. The rule caps real annual growth in government expenditure - excluding certain items and accounting for new revenue measures - at 2%, and will be reinstated in 2026 in agreement with the IMF. Over the medium term, we expect the government's commitment to fiscal consolidation to reduce the general government deficit to 1.8% of GDP in 2025 and narrow further to 0.8% by 2030. This slower pace of improvement compared to the government's own targets in the Medium-Term Fiscal Plan 2026-2030 reflects our more cautious assumptions regarding savings from efficiency measures and tax efforts.

Amidst rising geopolitical tensions, there is an increasing debate in Iceland regarding its role in global defense and the necessity for the country to actively participate in its own security and increase defence spending. Although a NATO member, Iceland has historically spent just 0.2% of GDP on defense. At NATO's June summit in The Hague, Iceland committed to raising defense spending to 1.5% of GDP by 2035. We expect this increase to be achieved largely through reclassification of existing projects, leveraging dual-use investments in areas such as infrastructure, cybersecurity, and telecommunications. While some of these initiatives are likely already reflected in the government's Medium-Term Fiscal Plan, growing pressure to expand defence capabilities presents a potential downside risk to our fiscal outlook.

Moody's rating methodology and scorecard factors: Iceland - A1 stable

Factor / Sub-Factor	Metric	Indicator Year	Indicator	Initial Factor Score	Final Factor Score	Weights
Factor 1: Economic strength				**baa1**	**baa1**	**50%**
Growth dynamics	Average real GDP growth (%)	2020-2029F	2.3	baa3		25%
	MAD Volatility in Real GDP Growth (%)	2015-2024	1.5	ba1		10%
Scale of the economy	Nominal GDP ($ billion)	2024	33.3	b1		30%
National income	GDP per capita (PPP, Intl$)	2024	79,049.1	aaa		35%
Adjustment to factor 1	*# notches*				0	max ±9
Factor 2: Institutions and governance strength				**aa2**	**aa2**	**50%**
Quality of institutions	Quality of legislative and executive institutions			aa		20%
	Strength of civil society and the judiciary			aaa		20%
Policy effectiveness	Fiscal policy effectiveness			aa		30%
	Monetary and macroeconomic policy effectiveness			a		30%
Specified adjustment	Government default history and track record of arrears				0	max -3
Other adjustment to factor 2	*# notches*				0	max ±3
F1 x F2: Economic resiliency				**a1**	**a1**	
Factor 3: Fiscal strength				**a3**	**a2**	
Debt burden	General government debt/GDP (%)	2024	59.4	baa2		25%
	General government debt/revenue (%)	2024	139.6	aa3		25%
Debt affordability	General government interest payments/revenue (%)	2024	7.7	a1		25%
	General government interest payments/GDP (%)	2024	3.3	ba2		25%
Specified adjustments	*Total of specified adjustment (# notches)*			1	1	max ±6
	Debt Trend - Historical Change in Debt Burden	2016-2024	-21.9	0	0	
	Debt Trend - Expected Change in Debt Burden	2024-2026F	-11.6	1	1	
	General Government Foreign Currency Debt/ GDP	2024	6.9	0	0	
	Other non-financial public sector debt/GDP	2024	0.6	0	0	
	Government Financial Assets including Sovereign Wealth Funds / GDP	2024	7.3	0	0	
Other adjustment to factor 3	*# notches*				1	max ±3
F1 x F2 x F3: Government financial strength				**a1**	**aa3**	
Factor 4: Susceptibility to event risk				**a**	**a**	Min
Political risk				aa		
	Domestic political risk and geopolitical risk			aa		
Government liquidity risk				aa	aa	
	Ease of access to funding			aa		
Specified adjustment	High refinancing risk				0	max -2
Banking sector risk				a	a	
	Risk of banking sector credit event (BSCE)	Latest available	baa2	baa3		
	Total domestic bank assets/GDP	2024	131.4	80-180		
Adjustment to F4 BSR	*# notches*				0	max ±2
External vulnerability risk				aa	aa	
	External vulnerability risk			aa		
Adjustment to F4 EVR	*# notches*				0	max ±2
Overall adjustment to F4	*# notches*				0	max -2
F1 x F2 x F3 x F4: Scorecard-indicated outcome				**Aa3 - A2**	**Aa2 - A1**	

Note: While information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the scorecard-indicated outcome. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the scorecard-indicated outcome. For more information please see our Sovereign Ratings Methodology.

Footnotes: (1) Initial factor score: scorecard indicators combine with the automatic adjustments to produce an initial factor score for every rating factor, as detailed in Moody's Sovereign Ratings Methodology. **(2) Final factor score:** where additional analytical considerations exist, initial factor scores are augmented to produce a final factor score. Guidance on additional factors typically considered can be found in Moody's Sovereign Ratings Methodology; details on country-specific considerations are provided in Moody's research. **(3) Scorecard-indicated outcome:** Factor 1: Economic Strength, and Factor 2: Institutions and Governance Strength, combine with equal weight into a construct we designate as Economic Resiliency (ER). An aggregation function then combines ER and Factor 3: Fiscal Strength, following a non-linear pattern where Fiscal Strength has higher weight for countries with moderate ER and lower weight for countries with high or low ER. As a final step, Factor 4, a country's Susceptibility to Event Risk, is a constraint which can only lower the government financial strength as given by combining the first three factors. **(4) There are 20 ranking categories for quantitative sub-factors:** aaa, aa1, aa2, aa3, a1, a2, a3, baa1, baa2, baa3, ba1, ba2, ba3, b1, b2, b3, caa1, caa2, caa3, ca and 8 ranking categories for qualitative sub-factors: aaa, aa, a, baa, ba, b, caa, ca **(5) Indicator value:** if not explicitly stated otherwise, the indicator value corresponds to the latest data available.

Endnotes

1 See IMD Global Competitiveness Ranking 2025

2 Deposit and senior unsecured debt ratings and corresponding outlook, as well as Baseline Credit Assessment.

© 2025 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.
CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.
MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.
ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.
MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.
All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.
To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.
To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.
NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.
Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at ir.moodys.com under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."
Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V, I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Calificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.
Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.
Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.
Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

REPORT NUMBER 1459529