S&P Global
Ratings

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Research Update:

Estonia 'AA-/A-1+' Ratings Affirmed; Outlook Stable

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Overview

- Estonia's economy contracted by an estimated less than 3% in 2020, which was not as severe as our previous assumptions.
- Although fiscal deficits have been moderate, they push Estonia's government into a marginal net fiscal debt position.
- In our view, ample fiscal flexibility, strong external balances, and the European Central Bank's accommodative monetary policies buffer Estonia from COVID-19's economic fallout over the next few months.
- We are therefore affirming our 'AA-/A-1+' ratings on Estonia and maintaining the stable outlook.

Rating Action

On Feb. 19, 2021, S&P Global Ratings affirmed its 'AA-/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Estonia. The outlook is stable.

Outlook

The stable outlook reflects our view that Estonia's small and open economy should be well positioned to weather the effects of the pandemic before starting its recovery in mid-2021. Fiscal deficits will start narrowing significantly from 2022. This means that government debt, net of liquid assets, will rise to only 10% of GDP over the next few years. The European Central Bank's (ECB's) accommodative monetary policy supports to the government's fiscal efforts, and increasing EU funds will underpin economic development over the next years.

Upside scenario

We could raise the ratings if Estonia's economy strengthened beyond our current expectations and further boosted the country's income levels. We believe such a scenario would most likely reflect productivity gains in high-value-added services sectors over the next few years. A healthy economic recovery could also result in stronger fiscal balances and contained general government

debt. Furthermore, we could raise our ratings if Estonia's economy became more synchronized with that of the eurozone, for example through converging inflation trends.

Downside scenario

We could lower the ratings if Estonia's economy took a bigger-than-expected hit from the pandemic, perhaps due to a delayed vaccination roll-out or a more pronounced spike in COVID-19 cases. If so, the economic recovery would fall significantly short of our projections, and to get back on track, the country would require larger and ongoing fiscal support measures that would weaken public finances beyond our current assumptions.

Rationale

Estonia's economy has been less affected by the pandemic than we previously expected. In our view, this was thanks to less stringent domestic health restrictions, effective fiscal support, and resilient external demand. In the absence of major delays to the vaccination efforts or a marked acceleration in the infection rate, we expect the economy will start to pick up in mid-2021. Despite the elevated deficits in 2020-2021 due to support measures during the pandemic, fiscal policy space remains ample. Although rising, we believe general government debt, net of liquid assets, will only approach 10% of GDP over the next three years.

We believe the track record of strong fiscal and economic policies and the established institutional set-up continue to underpin Estonia's creditworthiness. As a eurozone member, Estonia benefits from access to the monetary union's deep capital markets and monetary policy support from the ECB. We think strong current account balances and continued external deleveraging will protect Estonia from external headwinds.

The ratings are constrained by Estonia's moderate income levels compared with those of similarly rated peers.

Institutional and economic profile: The COVID-19-induced economic contraction has been moderate so far, and the country is poised to see signs of recovery by mid-2021

- Despite a strong second wave of COVID-19 cases, Estonia's economy contracted by less than 3% in 2020.
- Another spike in COVID-19 cases in Estonia and delayed dissemination of the vaccination could alter our expectations of economic recovery.
- We believe the new government coalition will broadly follow the previous administration's track, especially regarding fiscal policy.

Estonia's economy has been generally resilient throughout the crisis, and we believe that the growth will pick up in mid-2021. However, recovery prospects could waiver because of major delays in vaccinations or a resurgence in COVID-19 cases in Estonia, or slower-than-expected recovery for its most important trading partners. Nevertheless, we estimate that Estonia could achieve 2019 real GDP levels as soon as end-2021, much quicker than most developed economies.

Although the pandemic has had a significant impact on Estonia, the economy has resisted better than we expected, with only a modest contraction of 2%-3% in 2020. The setbacks have been

much less pronounced than for many of Estonia's peers. Infection rates across Estonia remained relatively low through most of 2020. This kept government-imposed health restrictions among the least stringent of the measures rolled out by governments in the EU during the second half of 2020. This key difference caused domestic demand to contract less than its peers'.

However, we note that infections have risen over the past few months, prompting additional restrictions in early February. External demand has been more resilient than we expected because Estonia's most important trading partners--the other Baltic countries (Latvia and Lithuania), Finland, Sweden, and Germany (collectively, almost 50% of exports)--have been under greater pressure. Negatively, we note that the rise in unemployment, estimated at close to 3% in annual average, has been relatively high compared with the moderate GDP contraction, likely due to Estonia's high labor market flexibility. We do not believe that the unemployment rate will increase much further despite the tightened health restrictions.

The government quickly provided fiscal support at the beginning of the pandemic. The policy package totaled around 9% of GDP, but most measures did not incur direct fiscal cost. The package included two wage-support schemes, a temporary moratorium on corporate and household credit repayment, a comprehensive loan and guarantee program, and increases in direct health expenditure. The government's wage-support measures covered about 20% of Estonian workers and helped curb unemployment increases over the summer, when the adverse effects of the pandemic started to become more visible in the labor market. The utilization of the loan and guarantee programs has been relatively modest, and costs associated with the payment moratorium, which was backed by a government guarantee, were low.

We believe the government will consolidate public finances and reduce its fiscal stimulus measures as the economy recovers. At the same time, EU funds from the new EU Multiannual Financing Framework 2021-2027 (MFF) and the Next Generation EU (NGEU) will support Estonia's economic development over the next years. These program will likely amount to about €1.8 trillion. Although the final fund allocation to individual member states remains undecided, we believe that grants allocated to Estonia through the various programs could exceed €8 billion over the next seven to nine years, well above 25% of the country's GDP. We previously estimated that Estonia could see cuts of almost 25% to its cohesion funds, because its income levels had moved closer toward the EU average. Under the current proposal, the majority of MFF funds will not be disbursed before 2022. Given Estonia's track record of swift and effective absorption, we believe the country will use the funds quickly once they become available.

The country's demographic profile, including a shrinking working-age population, will remain a structural constraint to long-term economic growth. Once the economy recovers, we believe the labor market will become extremely tight again. At the same time, Estonia's demographic shifts have historically been less adverse than in other Baltic or Central Eastern European states. Unlike regional peers', Estonia's population has increased by an average 0.2% annually over the past five years, supported by net immigration, particularly from Finland, Latvia, Russia, and Ukraine. In addition, the implementation of previous labor reforms has accelerated the participation rate, and we consider the labor market to be very flexible by European standards.

Excluding these possible developments, we would expect Estonia to revert to annual growth closer to 2.5% after 2022. We note that Estonia has successfully increased its presence in specific high-value-added export sectors in recent years, primarily related to services--particularly information and communication technology (ICT), financial, and business services. In fact, ICT services' contributed more to GDP than the construction sector did in 2019, and we expect these trends to continue after 2022. That said, Estonia's export base and economic activity still encompass a substantial share of lower-value-added manufacturing and services sectors, such as transportation. Income levels therefore remain below those of peers' in the same rating

category.

Moreover, we note the recent shift in the government coalition, which now consists of a two-party government of the Reform Party and the Center Party. Frictions were visible in the previous government, which consisted of a center-right coalition of the Center Party, the conservative Pro Patria Party, and the right-wing Conservative People's Party. These developments have not changed our view of Estonia's political and institutional systems as a credit strength. Historically, Estonia has maintained sound macroeconomic management, even though few of its governments have served a full term during the past two decades. We believe that major and sustained policy shifts are unlikely. There is still a broad political consensus on key policy items, such as generally prudent fiscal policies, strengthening Estonia's competitive business environment, and Estonia's membership in the EU and NATO. However, external geopolitical risks remain, for example, due to the country's proximity to Russia and its large ethnic Russian population.

Flexibility and performance profile: Estonia's fiscal and external balances have remained resilient over the past months, and the ECB's monetary policy stance remains highly accommodative

- Fiscal deficits in 2020 and 2021 will remain moderate, and we expect fiscal consolidation from 2022.
- Estonia's net general government debt burden will approach a low 10% of GDP over the next years.
- Like other eurozone members, Estonia currently benefits from the ECB's strong and accommodative monetary policy, including increased asset-purchasing programs.

Although the government's fiscal support programs have pushed Estonia's public finances into a deficit, the shortfall has not been as bad as we initially expected. The absorption of some support measures has been low, and 2020 revenue was higher than expected, particularly regarding labor taxes and value-added taxes. We therefore estimate that the general government deficit will remain well below 6% of GDP this year. At the same time, we believe the government will continue to provide fiscal support in 2021 and that deficits are unlikely to contract much compared with last year. That said, we expect the government will consolidate public finances quickly from 2022, which could narrow deficits to below 2% of GDP as soon as 2023.

The government has obtained short-term facilities of above €400 million and a loan from Nordic Investment Bank, a European public-sector financial institution, of €750 million to cover the 2020 deficit. Last year the government also placed a €1.5 billion Eurobond, its first since 2002. Debt issuance amounted to almost 10% of GDP and well exceeded Estonia's financing needs for 2020, thereby boosting the government's liquid assets. The treasury also retains the option of issuing almost €1 billion of short-term debt through T-bills and a contracted credit line.

Despite this sizable increase in public debt, the administration retains ample fiscal flexibility, and Estonia will still report the lowest debt burden in the eurozone. However, we believe fiscal deficits in 2020 will be enough to push Estonia's government from a net creditor to a net debtor position. Net general government debt likely reached a modest 2% of GDP at end-2020 and will rise slowly to about 10% of GDP in the next few years, which is exceptionally low in a global comparison. As such, even a slightly looser fiscal policy would not materially weaken Estonia's public balance sheet. We believe the government will use some of the currently elevated levels of liquid assets over the next few years to fund deficits and repay debt. In assessing the country's debt burden, we exclude guarantee commitments relating to the European Financial Stability Facility, treating

them instead as contingent liabilities, in line with our approach for all eurozone members.

As a member of the eurozone, Estonia continues to benefit from access to the monetary union's highly developed capital markets and the ECB's credible monetary policy. In 2020 the ECB announced additional quantitative easing measures in the form of a Pandemic Emergency Purchasing Program, for which the current maximum amount is set to €1.85 trillion. The expansion of the ECB's balance sheet aims to absorb the increase in eurozone governments' financing needs at relatively low borrowing costs. But we think the ECB's monetary policy goals are usually better aligned with the economic cycles of larger eurozone members than with smaller ones like Estonia, which represents about 0.3% of eurozone GDP. Before the pandemic, Estonia's economy was not well synchronized with that of the monetary union. For example, it has seen much higher wage growth and inflation dynamics. Nevertheless, we believe inflation in Estonia could approach the eurozone average. Much like the rest of the eurozone, inflation is currently depressed in Estonia because of deflationary tendencies exacerbated by low demand outweighing some supply constraints, lower fuel prices, and lower-than-previous wage growth during the pandemic.

Furthermore, Estonia has established a track record of strong external balances, and the current account likely surged to a historical high of above 3% of GDP in 2020 due to high services exports and contracting net goods' imports. Estonia has generally posted current account surpluses over the past few years. This is because Estonia has significant net services exports, which have consistently offset deficits on the goods and primary income balance. Negative primary income balances reflect a sizable stock of foreign direct investment (FDI) liabilities and have reduced over the past months given generally lower corporate profitability during the pandemic. In contrast, net exports might be more resilient. Although figures for 2020 are somewhat distorted by an individual transaction, high-value-added services--such as ICT and business services--constituted about 40% of the services balance before the pandemic after expanding by more than 20% over the previous three years. We believe these services will retain their vital role in Estonia's export base, which highlights Estonia's economic progress as it positions itself in higher-value-added sectors.

Strong current account balances, EU fund inflows, and net FDI should facilitate deleveraging over the next few years. We believe that only the government sector will increase its net external debt over the next years, but these increases will be marginal. The private sector will accumulate net external assets over the next years, which will push external debt net of liquid external assets close to a mere 10% of current account receipts. The Estonian central bank's external assets and liabilities will also increase as long as the ECB's asset purchasing programs continue; the ECB is recorded as a nonresident vis-à-vis the central bank of its member states.

Estonia's banking sector entered the pandemic from a strong position. It continues to report high liquidity, solid profitability metrics, one of the lowest average nonperforming loan ratios, and the highest capital ratios in the EU. We believe this will enable banks to weather further adverse financial effects. Even in a scenario with severe credit losses, banks should be able to cover net losses from their capital buffers. Generally, Estonia's banking sector remains largely foreign owned and highly concentrated: The three largest banks occupy more than 80% of the market. However, deposit growth has outpaced private-sector credit growth almost twofold over the past years, and banks have started to use bonds as a financing option. This has continuously reduced the importance of parental funding over the past few years, which, in our view, lessens spillover risks from foreign parent companies.

Key Statistics

Table 1

Estonia Selected Indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Economic indicators (%)										
Nominal GDP (bil. LC)	21	22	24	26	28	27	28	30	31	33
Nominal GDP (bil. $)	23	24	27	31	31	31	34	36	38	39
GDP per capita (000s $)	17.5	18.5	20.4	23.1	23.7	23.4	25.5	27.1	28.3	29.4
Real GDP growth	1.8	3.2	5.5	4.4	5.0	(2.5)	2.6	4.1	2.5	2.3
Real GDP per capita growth	1.6	3.2	5.2	3.9	4.7	(2.5)	2.5	4.0	2.4	2.2
Real investment growth	(3.2)	5.1	7.8	3.9	11.1	(5)	6.0	5.0	3.5	3.0
Investment/GDP	24.8	24.9	25.9	27.6	27.1	26.4	27.2	27.4	27.4	27.3
Savings/GDP	26.6	26.1	28.2	28.5	29.1	29.7	29.1	28.5	28.1	27.8
Exports/GDP	76.9	76.4	75.6	74.1	72.9	67.6	70.3	70.1	71.0	72.1
Real exports growth	(1.5)	4.8	4.1	4.0	6.2	(8.8)	6.3	4.0	4.0	4.0
Unemployment rate	6.2	6.8	5.8	5.4	4.4	7.2	7.8	6.0	5.5	5.5
External indicators (%)										
Current account balance/GDP	1.8	1.2	2.3	0.9	2.0	3.3	1.9	1.2	0.7	0.5
Current account balance/CARs	2.1	1.5	2.7	1.1	2.4	4.4	2.4	1.5	0.9	0.6
CARs/GDP	84.1	84.0	83.5	82.1	80.4	74.3	78.3	77.9	78.6	79.4
Trade balance/GDP	(4.2)	(3.7)	(3.8)	(4.7)	(3.2)	(2.4)	(3.6)	(3.9)	(4.3)	(4.6)
Net FDI/GDP	(0.6)	2.4	3.9	4.7	3.5	6.0	2.5	2.0	2.0	2.0
Net portfolio equity inflow/GDP	(1.2)	(1.3)	0.0	(0.6)	(1.5)	(8.0)	(0.8)	(0.7)	(0.7)	(0.7)
Gross external financing needs/CARs plus usable reserves	164.1	157.6	149.0	149.6	140.6	139.0	136.9	135.2	132.8	130.4
Narrow net external debt/CARs	29.5	27.2	27.0	19.5	16.2	20.2	17.0	14.7	13.0	12.8
Narrow net external debt/CAPs	30.1	27.6	27.8	19.7	16.6	21.1	17.5	15.0	13.1	12.8
Net external liabilities/CARs	46.6	44.4	42.1	35.1	26.7	24.6	19.6	16.0	14.1	14.6
Net external liabilities/CAPs	47.6	45.0	43.3	35.5	27.3	25.7	20.1	16.3	14.2	14.7
Short-term external debt by remaining maturity/CARs	69.9	62.3	54.1	52.7	47.2	52.1	50.6	48.4	45.7	43.1
Usable reserves/CAPs (months)	0.3	0.2	0.2	0.2	0.4	0.8	1.0	1.1	1.1	1.1
Usable reserves (mil. $)	415	352	345	755	1,426	2,200	2,424	2,662	2,911	3,170
Fiscal indicators (general government; %)										
Balance/GDP	0.1	(0.4)	(0.7)	(0.5)	0.1	(5.5)	(4.5)	(2.5)	(1.5)	(1.5)
Change in net debt/GDP	1.9	(0.1)	(0.1)	(0.4)	(0.4)	5.5	4.5	2.5	1.5	1.5
Primary balance/GDP	0.2	(0.4)	(0.7)	(0.5)	0.1	(5.5)	(4.4)	(2.4)	(1.4)	(1.4)

Table 1

Estonia Selected Indicators (cont.)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue/GDP	39.4	38.7	38.5	38.7	39.0	40.0	39.0	38.5	38.5	38.5
Expenditures/GDP	39.2	39.1	39.2	39.2	38.9	45.5	43.5	41.0	40.0	40.0
Interest/revenues	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Debt/GDP	7.7	7.7	6.9	6.1	6.5	14.9	16.3	17.0	17.8	18.5
Debt/revenues	19.6	19.8	17.8	15.8	16.7	37.4	41.7	44.1	46.1	48.1
Net debt/GDP	(3.3)	(3.2)	(3.0)	(3.2)	(3.4)	2.0	6.4	8.5	9.6	10.7
Liquid assets/GDP	11.0	10.9	9.9	9.4	9.9	12.9	9.9	8.5	8.1	7.8
Monetary indicators (%)										
CPI growth	0.1	0.8	3.7	3.4	2.3	(0.6)	1.3	1.9	1.8	1.7
GDP deflator growth	1.1	2.3	3.1	4.2	3.2	(0.8)	1.5	2.0	1.9	1.9
Exchange rate, year-end (LC/$)	0.92	0.95	0.83	0.87	0.89	0.81	0.83	0.83	0.83	0.83
Banks' claims on resident non-gov't sector growth	5.2	6.7	0.7	5.2	4.3	4.0	5.0	4.5	4.0	4.0
Banks' claims on resident non-gov't sector/GDP	68.9	69.7	64.5	62.4	60.1	64.6	65.1	64.1	63.8	63.7
Foreign currency share of claims by banks on residents	1.0	0.7	0.5	0.4	0.3	0.4	0.4	0.4	0.4	0.4
Foreign currency share of residents' bank deposits	7.4	6.7	6.1	5.8	4.9	N/A	N/A	N/A	N/A	N/A
Real effective exchange rate growth	2.5	(1.2)	7.5	4.8	2.4	N/A	N/A	N/A	N/A	N/A

Sources: Eurostat and Statistics Estonia (economic indicators); Bank of Estonia, Eurostat, and IMF (Monetary indicators); Eurostat (fiscal and debt indicators); Bank of Estonia (external indicators).

Adjustments: Debt to GDP excludes European Financial Stability Facility -related guarantees.

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. LC--Local currency. 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

Table 2

Estonia Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	2	Generally strong track record of policies that deliver sustainable public finances. Unbiased enforcement of contracts and respect for rule of law. Broadly effective checks and balances between institutions. Free flow of information throughout society, with open debate of policy decisions. Timely and reliable data and statistical information. We also factor in coordination requirements at the eurozone level that may hinder timely policy response.
Economic assessment	3	Based on GDP per capita ($) as per the Selected Indicators table above.
External assessment	2	Based on narrow net external debt as per the Selected Indicators in the table above. In the context of our external assessment, we consider Estonia, a member of the Economic and Monetary Union, as if the currency was actively traded
Fiscal assessment: flexibility and performance	2	Based on the change and trend 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 expenditure (% of general government revenue) as per the Selected Indicators in Table 1.
Monetary assessment	3	In the context of our monetary assessment, we consider the euro to be a reserve currency. The ECB has an established track record in monetary authority independence with clear objectives and a wide array of policy instruments, including nonconventional tools. The CPI is low and largely in line with that of its trading partners. Estonia is a member of Economic and Monetary Union. Estonia's GDP per capita remains below the EU average and the country's economic base is narrow. Wage and inflation dynamics are well above eurozone average figures.
Indicative rating	aa	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	-1	Estonia's GDP figures remain significantly below peers at the 'AA' level and are more in line with its Baltic peers' (Latvia and Lithuania). All three countries are rated in our 'A' category.
Sovereign credit rating		
Foreign currency	AA-	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	AA-	

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

- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- 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, Feb. 3, 2021
- Sovereign Ratings History, Feb. 3, 2021
- Sizing Sovereign Debt And The Great Fiscal Unwind, Feb. 2, 2021
- Sovereign Ratings Score Snapshot, Feb. 2, 2021
- Global Sovereign Rating Trends 2021: Mounting Debt And Uncertainty Underpin A Negative Outlook Bias, Jan. 27, 2021
- Economic Research: European Economic Snapshots: Policy Is Keeping The Impact Of The Second COVID Wave At Bay, Dec. 16, 2020
- Sovereign Risk Indicators, Dec. 14, 2020. A free interactive version is available at http://www.spratings.com/sri
- Default, Transition, and Recovery: 2019 Annual Sovereign Default And Rating Transition Study, May 18, 2020

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed

Estonia	
Sovereign Credit Rating	AA-/Stable/A-1+
Transfer & Convertibility Assessment	AAA
Senior Unsecured	AA-
Short-Term Debt	A-1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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