

# Banco BBVA Peru

**April 11, 2025**

This report does not constitute a rating action.

## Ratings Score Snapshot

SACP: bbb+

**Support: --**

**Additional factors: ---**

Anchor	bbb-	
Business position	Strong	1
Capital and earnings	Strong	1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
BBB-/Stable/A-3

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## Credit Highlights

## Overview

### Key strengths

Sound business position given its diversified business portfolio and its status as the second-largest bank in Peru.

Solid operating performance and track record.

## Key risks

Low per-capita GDP weakens Peru's economic resilience and limits debt capacity.

Political volatility affecting short to medium term economic growth in the country with effects on the banking industry and the bank.

Strategically important subsidiary of Banco Bilbao Vizcaya Argentaria S.A. (BBVA).

**Banco BBVA Peru's margins have improved, which has offset the higher cost of risk stemming from the residual effects of adverse events in previous years.** In 2024, the bank's improving margins--driven by a shift in its loan mix toward expanding its retail and small to midsize enterprise (SME) segments--and higher interest rates, helped mitigate the increased cost of risk associated with the political impasse and protests and weather events in Peru after the COVID-19 pandemic. As a result, in 2024 net income remained at 2023 levels, with a return on

equity (ROE) of 15% versus 16% the previous year. For 2025, S&P Global Ratings expects the bank to maintain its ROE at levels similar to 2024, supported by improved economic prospects in the country and the mentioned changes in the loan mix.

**Asset quality metrics have improved since fourth-quarter 2024, but we expect them to remain above historical levels given the loan mix.** Since late last year, both the bank's and the industry's asset quality indicators have shown signs of improvement, driven by the stabilization of economic and social conditions, the positive effects of pension fund withdrawals, and proactive measures taken by the bank to manage risk. Nonetheless, we expect these metrics to remain above pre-pandemic levels, primarily due to the increased proportion of loans to SMEs and individual borrowers. The bank maintains robust loan loss reserves, which further supports its asset quality.

**Capitalization remains a credit strength.** The bank's capitalization metrics remain sound thanks to healthy profitability and flexible dividend distributions, if needed, despite high provisioning requirements.

**Our ratings incorporate the bank's diversified and stable funding, and sound liquidity coverage.** Banco BBVA Peru has consistent deposits. It also has wide access to domestic and international capital markets, and to central bank funding--such as during actions to reduce dollarization in the banking system, and more recently, to mitigate the effects of the pandemic.

**However, our ratings on Peru limit those on domestic financial institutions, including on Banco BBVA Peru.** This is because we don't consider that the entities could withstand a sovereign default scenario, given their large exposure to the country in the form of loans and securities.

## Outlook

The stable outlook on Banco BBVA Peru for the next two years mirrors the outlook on Peru. We expect that the ratings on the bank will move in tandem with those on the sovereign because of Banco BBVA Peru's high exposure to the domestic market. We rarely rate financial institutions higher than the sovereign where they operate because we consider it unlikely that these institutions would remain unaffected by developments in domestic economies.

Increased systemic risks for financial entities operating in Peru, combined with a hypothetical deterioration in the bank's intrinsic creditworthiness, would not affect the ratings because of parental support. However, if we revise down the stand-alone credit profile (SACP) below 'bb-', which is unlikely, that would affect our ratings. Banco BBVA Peru is a strategically important subsidiary that could receive group support, which could result in the rating being up to three notches above the bank's SACP.

### Downside scenario

We could downgrade the bank if we were to take a similar action on the sovereign.

### Upside scenario

We could raise the rating on Banco BBVA Peru if we were to take a similar action on the sovereign.

## Key Metrics

## Banco BBVA Peru key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024a	2025f	2026f
Growth in customer loans	-1,7	2,4	3,6	5.0-7.0	6.0-7.5
Growth in total assets	-3,4	6,4	6,6	4.5-5.5	5.5-6.5
Net interest income/average earning assets (NIM)	5,2	5,8	5,9	5.4-6.4	5.3-6.3
Return on average common equity	17,9	15,9	14,7	13.0-15.0	13.0-15.0
Return on assets	1,9	1,9	1,8	1.5-2.0	1.8-2.0
Gross nonperforming assets/customer loans	4,3	4,7	3,7	3.5-4.3	3.3-4.0
Net charge-offs/average customer loans	0,6	1,2	1,4	1.1-1.5	1.0-1.4
Risk-adjusted capital ratio	10,6	10,0	10,3	10.3-10.8	10.4-10.9

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

## Anchor: 'bbb-' For Banks Operating In Peru

Our criteria use our Banking Industry Country Assessment's (BICRA's) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Peru (where Banco BBVA Peru mostly operates) is 'bbb-'.

The banking sector in Peru has benefited from consistent economic policies, solid economic institutions, and a credible and effective central bank. These factors help mitigate the impact of the prolonged political impasse and post-pandemic events (such as social disturbances and climate issues) that hinder growth prospects.

Peru's economic risk is influenced by its low per-capita GDP (approximately \$8,000) and the banking sector's significant exposure to cyclical industries, particularly SMEs and microlending. These factors, and political and climate events in the country, have strained asset quality.

However, S&P Global Ratings anticipates a gradual recovery in the latter part of the year, supported by improved economic conditions, declining inflation, lower interest rates, and positive effects from pension fund withdrawals. The banking sector's resilience is bolstered by high loan-loss provisions, strong capitalization, and prudent underwriting practices, which we expect to help contain potential losses.

The regulatory framework in Peru is robust, with comprehensive supervisory oversight. Peruvian banks are aligning their operations with Basel III principles, a process that will continue through 2026. The banking system exhibits healthy capitalization, adequate capital buffers, and sufficient liquidity. Despite still-high cost of risk, the sector maintains satisfactory profitability and capital-building capacity.

The financial system benefits from a diversified funding structure, with a substantial portion of deposits from loyal customers. Furthermore, we believe the government is positioned to provide liquidity support if necessary.

**Business Position: Peru's Second-Largest Bank With Sound Market Presence And Business Stability**

Banco BBVA Peru's well-recognized franchise, wide and stable client base, and diversified business lines remain rating strengths. The bank operates in a wide variety of business lines

including wholesale, retail, and investment banking products and services through its various subsidiaries. However, as a commercial bank, its core business is lending (see chart 2).

Banco BBVA Peru is the second-largest lender in Peru with a market share in terms of loans of 22.1% as of December 2024 (see chart 1). It gained share in the industry and continued to expand its digital services, underscoring its goal to become a modern, agile, and omni-channel bank. About 54% of transactions in 2024 were performed through the mobile banking platform, and about 42% through the enterprise service platform. The bank has a wide geographic coverage through its network of retail branches (282), ATMs (1,885), and express agents (7,767).

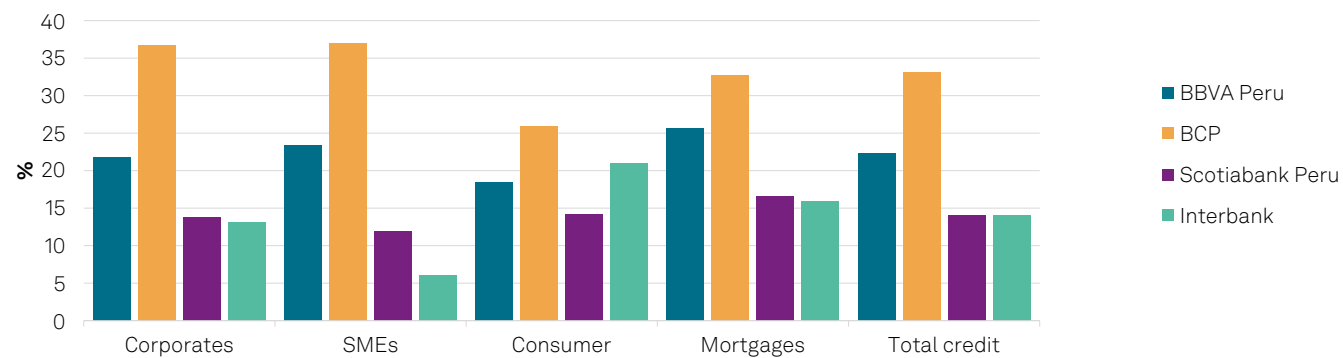
In the past three years, in line with its parent, the bank adjusted its strategy by expanding consumer and SME lending, helped by government programs implemented during the pandemic (Reactiva Peru mainly) and subsequently by the Impulso MyPeru program. As of December 2024, Banco BBVA Peru's loans granted under government programs amounted to about 5.5% of the total loan portfolio.

As of December 2024, about 28% of total loans were to the corporate segment, large companies (15%), midsize enterprises (7%), and small enterprises (10%), compared with the system averages of 32%, 11%, 5%, and 12%, respectively. The remaining 40% of Banco BBVA Peru's loans were mortgages (22%), consumer loans (13%), and credit cards (5%), compared with the system averages of 19%, 15%, and 5%.

The bank's loan growth was above the system average in 2024, partly explained by its participation in government programs (Impulso MyPeru). For 2025, we expect moderate growth in real terms but above the system average, with appetite in the retail segment and in longer term loans in the corporate and enterprises segments.

Chart 1

BBVA Peru has sound market positions across all business lines



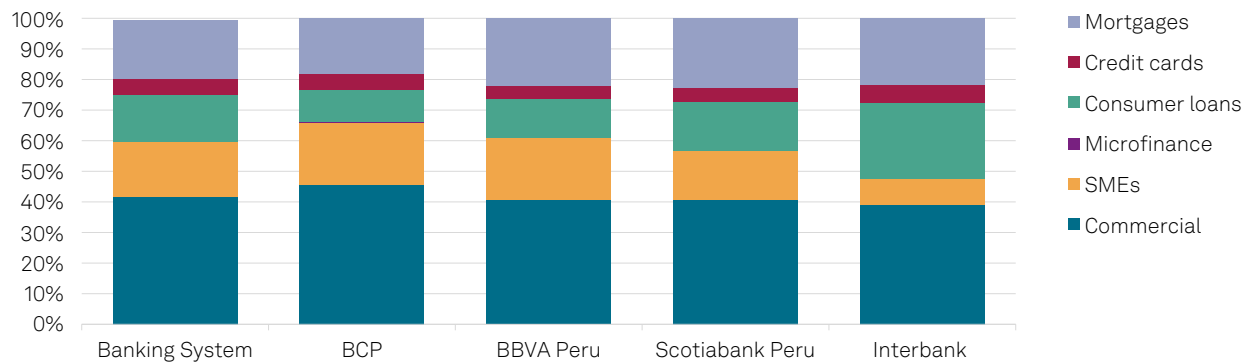
As of Dec. 31, 2024. BCP excludes MiBanco and Scotiabank Peru excludes CrediScotia. SME--Small and midsize enterprise. Source: Superintendencia de Banca y Seguros.

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Chart 2

**BBVA Peru's portfolio mix has shifted with increasing exposure to SMEs and retail**

Peruvian banks' portfolio breakdown



As of Dec. 31, 2024. BCP excludes MiBanco and Scotiabank Peru excludes CrediScotia. SME--Small and midsize enterprise. Source: Superintendencia de Banca y Seguros.

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**Capital And Earnings: Good Capitalization Metrics To Fund Its Growth Plan**

In our assessment, the bank has robust capitalization metrics, high quality of capital (which mostly consists of paid-in capital and retained earnings), and healthy earnings generation despite higher loan loss reserves. We expect the risk-adjusted capital (RAC) ratio to average 10.5% for the next 18-24 months incorporating the following base-case assumptions:

- Peru's real GDP to grow about 2.7% annually in 2025-2026;
- Moderate growth in the loan portfolio in real terms but higher than the system average;
- Still-high net interest margins given the impact of the change in the loan mix and despite declining reference interest rates;
- Cost of risk to remain at levels similar to 2024 and to decline gradually but taking into account the change in the loan mix;
- Nonperforming loans (NPLs; according to the domestic regulatory criteria) of 3.7%-3.9% of total loans in 2025 and about 3.5%-3.7% in 2026; and
- A dividend payout ratio similar to historical levels of 50% of earnings for the next two years.

Banco BBVA Peru's Tier 1 regulatory ratio remained sound at 12.76% and its Bank for International Settlements (BIS) regulatory capital ratio was 15.95% as of December 2024, which are similar to the industry average and well in excess of the minimum regulatory levels. We expect the bank to comply with regulatory changes in Peru that further align with Basel III principles, with implementation expected between 2023 and 2026.

**Risk Position: Asset Quality Reflects Changing Loan Mix And Residual Effects Of Previous Social And Climate Events**

We consider Banco BBVA Peru to have a satisfactory risk profile, with operations mostly in lending, and management of mismatches, along with moderate client concentrations in terms of loans and deposits.

The bank has maintained risk diversification among several economic sectors, business segments, and individual obligors. As a result, we don't detect significant risk concentrations

that could hamper its risk position. As of December 2014, the 20 largest clients accounted for 14% of the total loan portfolio.

Banco BBVA Peru continues to focus on traditional banking operations. In this regard, it has no complex products or exposure to sophisticated derivatives operations (mostly used for hedging purposes), asset-backed securities, collateralized debt obligations, or structured credits.

The level of dollar-denominated loans in Peru has fallen in the past decade thanks to the central bank's measures, but it remains higher than those of regional peers. Although Peruvian banks generally offer dollar-denominated loans to borrowers with revenue in that currency, such as exporters, a portion of these loans are offered to borrowers that generate revenue in domestic currency.

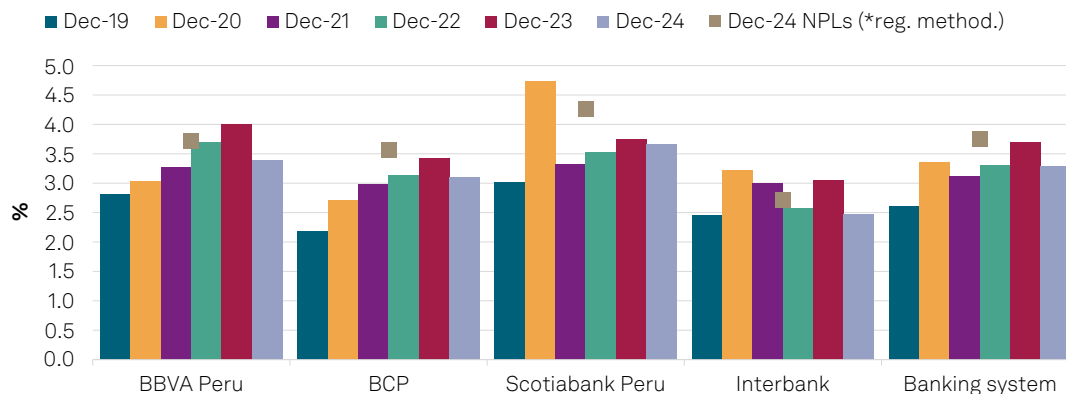
Banco BBVA Peru's dollar-denominated loans accounted for 26% of its total loans as of December 2024, slightly lower than the industry average (28%), and mostly for clients with dollar-denominated revenue. Overall, we expect relatively stable dollarization levels.

During 2024, the asset quality of both the bank and the industry improved due to several factors, including enhanced economic prospects, lower inflation and interest rates, and the positive effects of pension fund withdrawals in the fourth quarter. Additionally, improvements were driven by proactive management actions to clean up the loan portfolio and adjust origination into more secured business lines. As of December 2024, NPLs amounted to 3.7%, down from 4.7% at year-end 2023, but still above 3.0% at year-end 2019, prior to the pandemic (calculated according to the regulatory criteria). The industry average was 3.8% as of December 2024, 4.3% as of December 2023, and 3.0% in 2019. When considering the bank's NPLs plus charge-offs, metrics are better than other industry players.

For 2025, we expect metrics to remain at similar levels to Dec. 31, 2024, considering the loan portfolio mix will gradually strengthen as improvements in the economy consolidate. The bank has adequate coverage metrics with loan-loss reserves accounting for 143% of nonperforming assets, while focusing on risk management and collections, especially in retail lending segments and SMEs.

### Chart 3

#### Deterioration of asset quality due to a change in the portfolio mix and events in Peru



As of Dec. 31, 2024, BCP excludes MiBanco and Scotiabank Peru excludes CrediScotia. NPLs--Nonperforming loans.  
Source: Superintendencia de Banca y Seguros.

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Funding And Liquidity: Customer Deposits Represent The Bulk Of Funding

Core customer deposits remain the primary funding source for Banco BBVA Peru, accounting for about 89% of its total funding base as of December 2024, compared with the 80% average over the past three years. The bank's overall market share of deposits rose to 21.2% by year-end 2024, up from 20.8% at year-end 2023, reflecting enhanced participation in both the individual and wholesale segments. This growth occurred amid targeted campaigns by the bank aimed at capturing deposits from individuals and resulted from the withdrawal of pension savings in the latter part of the year. The bank's core customer deposit base has manageable concentrations, and we don't expect major changes. The remaining 11% of funding consists of interbank credit lines, bonds, and other financial obligations, including central bank repurchase agreements (repos) to fund loans under government programs.

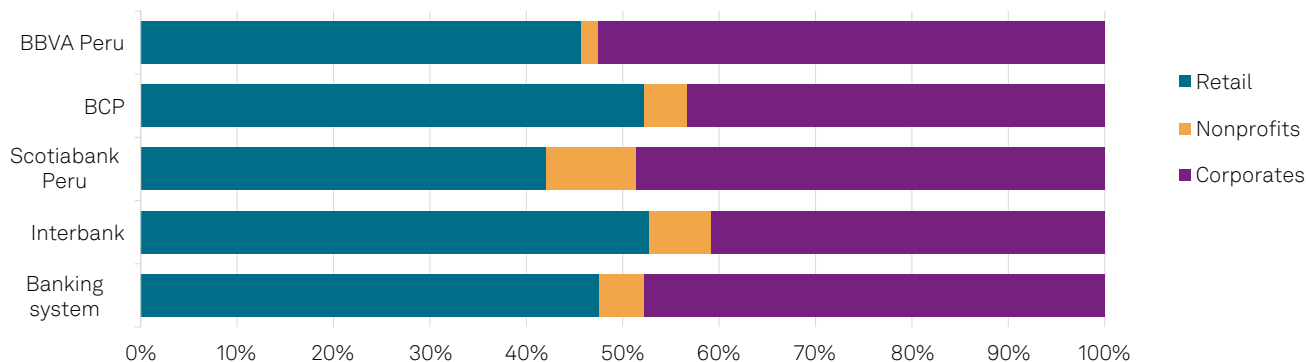
We consider that Banco BBVA Peru manages asset and liability risks well. The bank performs stress test analyses and has contingency plans in place.

The bank's stable funding ratio (calculated by S&P Global Ratings) was about 117% as of December 2024, compared with a 104% average in the three previous years. We consider Banco BBVA Peru's funding to be in line with the industry norm, and we view the bank's liquidity as adequate. As of December 2024, the bank's broad liquid assets, based on our measure, covered 6.9x its short-term wholesale funding. The three-year average ratio in the previous year was 1.8x. Metrics benefited from the longer-term debt maturity profile and a gain in deposits related to pension fund withdrawals. We consider Banco BBVA Peru's maturities for the next two years to be manageable, mainly consisting of domestic market instruments and repos.

Chart 4

BBVA Peru has a similar deposits breakdown to the Peruvian banking system

Deposits breakdown by depositor



As of Dec. 31, 2024, BCP excludes MiBanco and Scotiabank Peru excludes CrediScotia. Source: Superintendencia de Banca y Seguros.

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Support: BBVA's Strategically Important Subsidiary

Spain-based BBVA (A/Stable/A-1) and the Breca group (not rated) jointly control 94.26% of Banco BBVA Peru. In our view, the bank is a strategically important subsidiary of BBVA, given that the Peruvian bank's operations, risk management practices, and strategy are consistent with those of the BBVA group. This status results in up to three notches of support for the

issuer credit rating on Banco BBVA Peru, subject to a cap of one notch below the parent's group credit profile.

We view Banco BBVA Peru as having high systemic importance for the Peruvian financial system, given the bank's sound competitive position and its importance for the domestic payment system.

#### Environmental, Social, And Governance (ESG)

ESG factors don't influence Banco BBVA Peru's credit quality more than those of its industry and domestic peers. Banco BBVA Peru is aligned with the BBVA group's strategy in terms of climate change and sustainable development. This involves providing solutions to clients to help them in the transition to a low-carbon economy and promoting sustainable financing and inclusion.

Peru is somewhat exposed to natural disasters such as earthquakes, volcanic activity, landslides, and the El Niño climate phenomenon. However, Banco BBVA Peru, like other domestic banks, has contained credit and operating losses at moderate levels during such conditions. The bank's exposure to the agriculture sector, for instance, is low. More generally, the bank's loan book is more diversified than some domestic peers, reflecting Banco BBVA Peru's wider risk control framework.

Nevertheless, the Peruvian economy depends to some extent on the commodity metals sector, which domestic banks generally don't finance. Still, banks are indirectly exposed to those sectors through the whole supply chain (suppliers, subcontractors, and employees of the sector who are also retail clients).

The country's transition to a cleaner energy mix is an indirect and medium-term challenge for banks to manage. Banks have benefited from the wealth generated by the commodity metals sector and the large international investments in it.

The political landscape has been marked by corruption investigations and political confrontation between the executive and legislative branches. The risk of social protests, particularly against some mining projects over profit or environmental concerns, will remain elevated, with potential effects on governability and investment decisions and, consequently, on economic growth prospects. The ability to reconcile concerns among the central government, local authorities, and industries remains a challenge for Peru.

#### Additional Rating Factors

Our ratings on Peru limit those on domestic financial institutions including on Banco BBVA Peru, because we don't consider that the entities could withstand a sovereign default scenario, given their large exposure to the country in the form of loans and securities.

## Key Statistics

#### Banco BBVA Peru key figures

Mil. PEN	2024	2023	2022	2021	2020
Adjusted assets	110,755	103,925	97,667	101,177	107,052
Customer loans (gross)	78,275	75,546	73,785	75,092	71,013
Adjusted common equity	12,781	11,863	10,966	9,883	8,957
Operating revenues	7,884	7,292	6,141	5,174	4,695



## Banco BBVA Peru

### Banco BBVA Peru key figures

Noninterest expenses	3,225	2,895	2,481	2,169	2,056
Core earnings	1,883	1,874	1,922	1,561	648
PEN--Peruvian nuevo sol.					

### Banco BBVA Peru business position

(%)	2024	2023	2022	2021	2020
Loan market share in country of domicile	21.3	20.53	20.6	21.4	21.7
Deposit market share in country of domicile	20.8	20.3	20.3	19.3	21.6
Return on average common equity	14.7	15.9	17.9	16.0	7.0

### Banco BBVA Peru capital and earnings

(%)	2024	2023	2022	2021	2020
Tier 1 capital ratio	12.8	12.3	10.6	10.3	10.8
S&P Global Ratings' RAC ratio before diversification	10.3	10.0	10.6	10.4	10.3
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	74.2	73.5	75.1	69.6	69.1
Fee income/operating revenues	13.7	13.9	14.6	16.9	17.3
Market-sensitive income/operating revenues	11.6	11.3	10.0	13.5	14.1
Cost to income ratio	40.9	39.7	40.4	41.9	43.8
Provision operating income/average assets	4.3	4.4	3.7	2.9	2.8
Core earnings/average managed assets	1.8	1.9	1.9	1.5	0.7

### Banco BBVA Peru risk position

(%)	2024	2023	2022	2021	2020
Growth in customer loans	3.6	2.4	(1.7)	5.7	19.7
Total diversification adjustment/S&P Global Ratings' RWA before diversification	21.8	21.6	25.0	28.2	27.1
Total managed assets/adjusted common equity (x)	8.7	8.8	8.9	10.3	12.0
New loan loss provisions/average customer loans	2.9	2.6	1.3	1.0	2.7
Net charge-offs/average customer loans	1.4	1.2	0.6	0.6	0.4
Gross nonperforming assets/customer loans + other real estate owned	3.7	4.7	4.4	3.7	3.2
Loan loss reserves/gross nonperforming assets	143.3	138.5	145.4	167.6	193.4

### Banco BBVA Peru funding and liquidity

(%)	2024	2023	2022	2021	2020
Core deposits/funding base	87.8	82.60	81.1	72.6	75.1
Customer loans (net)/customer deposits	93.3	102.1	104.7	111.4	93.9
Long-term funding ratio	96.4	90.3	87.0	79.4	82.8
Stable funding ratio	117.3	107.7	104.5	99.5	115.4
Short-term wholesale funding/funding base	4.2	11.0	14.7	23.0	18.8

**Banco BBVA Peru funding and liquidity**

Broad liquid assets/short-term wholesale funding (x)	6.9	2.5	1.7	1.1	1.8
Broad liquid assets/total assets	23.3	22.4	20.8	22.5	30.2
Broad liquid assets/customer deposits	32.6	33.7	30.9	36.1	45.7
Net broad liquid assets/short-term customer deposits	61.5	41.3	37.4	17.5	61.9
Short-term wholesale funding/total wholesale funding	34.1	63.4	77.7	83.7	75.4
Narrow liquid assets/3-month wholesale funding (x)	11.4	8.5	8.5	8.0	15.8

## Related Criteria

- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Three Spanish Banks Upgraded, The Rest Affirmed On Stronger Industry Dynamics, March 27, 2025

**Ratings Detail (as of April 10, 2025)\*****Banco BBVA Peru**

Issuer Credit Rating	BBB-/Stable/A-3
Subordinated	BB+

**Issuer Credit Ratings History**

26-Apr-2024	BBB-/Stable/A-3
14-Dec-2022	BBB/Negative/A-2
21-Mar-2022	BBB/Stable/A-2
15-Oct-2021	BBB+/Negative/A-2
25-Jun-2021	BBB+/Stable/A-2

## Banco BBVA Peru

### Ratings Detail (as of April 10, 2025)\*

16-Jul-2020	BBB+/Negative/A-2
<b>Sovereign Rating</b>	
<b>Peru</b>	
<i>Foreign Currency</i>	BBB-/Stable/A-3
<i>Local Currency</i>	BBB/Stable/A-2
<b>Related Entities</b>	
<b>Banco BBVA Argentina S.A.</b>	
Issuer Credit Rating	
<i>Argentina National Scale</i>	raA-/Stable/raA-2
Senior Unsecured	
<i>Argentina National Scale</i>	raCCC+/Negative
<b>Banco Bilbao Vizcaya Argentaria S.A.</b>	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Senior Subordinated	BBB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB
<b>Banco Bilbao Vizcaya Argentaria Uruguay</b>	
Issuer Credit Rating	BBB+/Stable/A-2
<i>Uruguay National Scale</i>	uyAAA/Stable/--
<b>BBVA Global Markets B.V.</b>	
Issuer Credit Rating	A/Stable/A-1
<b>BBVA Mexico S.A.</b>	
Issuer Credit Rating	BBB/Stable/A-2
<i>CaVal (Mexico) National Scale</i>	mxAAA/Stable/mxA-1+
Senior Unsecured	
<i>CaVal (Mexico) National Scale</i>	mxAAA
Subordinated	BB

\*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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