



Rating Action: Moody's upgrades Oman to Ba1, changes outlook to stable

07 Dec 2023

New York, December 07, 2023 -- Moody's Investors Service (Moody's) has today upgraded the Government of Oman's long-term issuer and long-term senior unsecured ratings to Ba1 from Ba2 and changed the outlook to stable from positive. Moody's has also upgraded the Government of Oman's senior unsecured medium-term note program rating to (P)Ba1 from (P)Ba2.

The upgrade reflects Moody's expectation that the further improvements in Oman's debt burden and debt affordability metrics during 2023 will last, as the government's actions amplify the oil prices windfall gains through spending restraint and prioritization of debt repayment. A lower debt burden increases the sovereign's resilience to potential future shocks, and the improving track record of fiscal prudence and policy effectiveness increases the likelihood that the stronger debt burden and debt affordability metrics will be maintained in the next few years even if oil prices become less supportive.

The stable outlook captures the balance of risks at the Ba1 rating level. Oman's still heavy economic and fiscal reliance on the hydrocarbon sector exposes the sovereign to a potentially large and protracted deterioration in its fiscal and external accounts in case of a decline in global oil demand and prices. Upside risks are related to the government's improved reform momentum since 2020 and its efforts to increase economic and fiscal diversification, which support the prospect that, over time, Oman's reliance on hydrocarbons will decline.

Today's rating action also applies to Oman Sovereign Sukuk S.A.O.C, a special-purpose vehicle domiciled in Oman, whose obligations, in Moody's view, are ultimately the obligation of the Government of Oman. The entity's backed senior unsecured ratings and its backed senior unsecured medium-term note program rating were upgraded to Ba1 from Ba2 and to (P)Ba1 from (P)Ba2, respectively.

Oman's local currency (LC) and foreign currency (FC) country ceilings were raised by one notch. The LC country ceiling at Baa2, two notches above the sovereign issuer rating, incorporates the economy's heavy reliance on a single revenue source, the government's large economic footprint, and Oman's track record of material external imbalances, partly mitigated by predictable institutions and moderate political risk. The FC country ceiling at Baa3, one notch below the LC ceiling, reflects relatively modest transfer and convertibility risks, supported by the sovereign's robust foreign-currency buffers and Oman's track record improving fiscal policy effectiveness, set against the economy's overall high, albeit declining, level of external indebtedness.

RATINGS RATIONALE

RATIONALE FOR THE UPGRADE TO Ba1

DEBT METRICS IMPROVED FURTHER AMID SUPPORTIVE OIL PRICES AND SPENDING RESTRAINT

Oman's fiscal and external sector metrics continued to benefit from supportive oil prices during 2023. Moody's estimates that the government's fiscal balance remained in a robust surplus of around 3.5% of GDP (including oil revenue transferred to the Petroleum Reserve Fund) following a surplus of 7.5% of GDP in 2022, the highest surplus in 10 years, and a deficit of 3.1% of GDP in 2021. While most of the fiscal improvement during 2022-23 was a result of higher hydrocarbon revenue, the government's spending restraint and the value-added tax introduced in April 2021 contributed to maximizing the fiscal windfall. Moody's estimates that the increase in non-interest expenditure excluding spending related to oil and gas production during 2022-2023 (equivalent to around 2% of 2023 GDP) was broadly

offset by the increase in non-hydrocarbon revenue.

As during 2022, the government continued to prioritize debt reduction. Moody's estimates that during 2023 the nominal value of Oman's outstanding government debt declined by at least 11% (equivalent to \$5 billion of mostly external debt) after falling by 15% (or \$8.2 billion) in 2022. As a result, the debt burden likely declined below 38% of GDP by the end of 2023 from 40% of GDP at the end of 2022, the lowest debt-to-GDP ratio since 2016 and close to half its peak in 2020. This additional reduction in debt further increases Oman's fiscal space and its fiscal resilience against potential future shocks.

Some of the government debt reduction during 2022-23 was facilitated by a delegation of previously on-budget spending related to oil and gas production to government-owned Energy Development Oman (EDO), which in turn financed some of this spending from own borrowing. Nevertheless, EDO's debt increased by only around \$2 billion (or 2% of GDP) in 2023 after remaining unchanged in 2022 (excluding the shareholder bridge loan from the government) indicating that only a small portion of the government debt reduction has been achieved at the cost of rising broader public sector debt.

Moody's believes that the government's adherence to fiscal prudence and its prioritization of debt repayments during the period of supportive oil prices in 2022-23 increases the likelihood that the improvements in the government debt metrics will be sustained in the medium term even if oil prices continue to moderate in the next few years. Moody's assumes that oil prices will average \$80-85/barrel in 2024-25 before declining gradually to the medium-term fundamental range of \$55-75/barrel. Under these baseline assumptions, Moody's projects Oman's government debt burden to decline to around 35% of GDP in the next three years.

On the external side, Moody's estimates that Oman's current account balance remained in surplus during 2023 (around \$2 billion or 2% of GDP), following a surplus of 5% of GDP in 2022. This has allowed the government to pay down \$4 billion of its external debt without causing a significant reduction in central bank foreign-currency reserves, which declined to \$16.1 billion at the end of September 2023 from \$17.6 billion at the end of 2022. Under its baseline oil price scenario, Moody's expects Oman's current account to remain in a small surplus during 2024-25 before returning to a small deficit in 2026 due to lower oil prices.

RATIONALE FOR THE CHANGE OF OUTLOOK TO STABLE

STILL HEAVY RELIANCE ON HYDROCARBONS BALANCES IMPROVED REFORM MOMENTUM

Credit risks at the Ba1 rating level are broadly balanced. The medium-term fiscal outlook remains exposed to declines in global oil demand and prices given the sovereign's heavy economic and fiscal reliance on the hydrocarbon sector, as was underscored by the past eight years of high oil price volatility and the subsequent very significant erosion of the government's balance sheet. Furthermore, while Oman's government liquidity and external vulnerability pressures have diminished substantially since 2020, the sovereign remains susceptible to a potentially large and sudden increase in funding needs whenever oil prices decline significantly, which is also likely to be accompanied by a tightening of financing conditions facing the government.

Oil prices that Moody's assumes over the next couple of years afford the government additional time to advance its structural economic reform agenda initiated in 2020, increasing the likelihood that Oman's vulnerability to potential future declines in global oil demand and prices will be reduced to a point consistent with a higher rating level. The ongoing reforms include strengthening of public finance management through the introduction of the treasury single account, improving tax administration to reduce the tax gap, a gradual broadening of government non-hydrocarbon revenue streams, improving efficiency of Oman's public pension and social security system, better targeting of social spending including subsidies, and advancing economic diversification by improving Oman's business and investment environment. Structural reforms also include improving transparency and provision of economic statistics, such as quarterly GDP estimates.

The planned development of a large green hydrogen production capacity in Oman could, if successful, contribute to mitigating the sovereign's longer-term credit risks stemming from global carbon transition. However, Oman's relatively

limited proved hydrocarbon reserves compared to most regional peers, estimated at around 15 years of production for crude oil, are a distinct source of a longer-term downside risk, in particular if the current one-for-one rate of replacement of extracted barrels with new reserves cannot be maintained.

ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS

Oman's CIS-4 indicates the rating is lower than it would have been if ESG risk exposures were not present. Oman's main exposure is to environmental risks, especially carbon transition, due to its economic and fiscal reliance on hydrocarbon production, and physical climate risks, due to its arid climate and scarcity of freshwater resources. Carbon transition risks are partly mitigated by the ongoing economic diversification efforts, while the risks related to water stress are mitigated by seawater desalination supported by availability of domestic energy resources. However, Oman's moderate institutions and governance strength, which captures some weaknesses in policy effectiveness, may hamper the sovereign's ability to respond to negative environmental and social trends.

Oman's E-5 score reflects its exposure to carbon transition and physical climate risks. Carbon transition risks stem from the sovereign's economic and fiscal reliance on the hydrocarbon sector, which contributed on average around 30% of GDP, 58% of total exports and 80% of government revenue during 2018-22. Oman is also one of the world's most arid states and rapid economic and population growth in recent decades have increased challenges surrounding water sustainability. Risks related to water scarcity are mitigated by Oman's capacity to meet 15-20% of its freshwater demand from seawater desalination, which – while vulnerable to potential attacks and oil spills – is supported by the country's access to ample domestic energy resources.

Oman's S-3 score reflects social pressure that arises from the labor market due to the current and expected rapid population and labor force growth over the coming decades and high expectations of the native population for the provision of services and employment by the government. The effectiveness of labor market nationalization policies in controlling the unemployment rate among citizens will remain the key policy challenge and an important driver of social risks in the foreseeable future, although a relatively large share of expatriates in the overall labor force partly mitigates these risks.

Oman's G-2 score reflects a well-defined institutional framework that supports monetary and macroeconomic policy effectiveness within the limitations imposed by the economy's heavy reliance on hydrocarbons and the country's relatively concentrated decision-making structure. Fairly robust control of corruption and enforcement of contracts is balanced by the absence of strong civil society institutions and generally slow dispute resolution. Fiscal policy effectiveness has been improving, but remains constrained by the government's social commitments, which represent the key impediment to the sovereign's ability to adjust to adverse social and environmental trends and external shocks.

GDP per capita (PPP basis, US\$): 38,699 (2022) (also known as Per Capita Income)

Real GDP growth (% change): 4.3% (2022) (also known as GDP Growth)

Inflation Rate (CPI, % change Dec/Dec): 1.9% (2022)

Gen. Gov. Financial Balance/GDP: 7.4% (2022) (also known as Fiscal Balance)

Current Account Balance/GDP: 5% (2022) (also known as External Balance)

External debt/GDP: 63.9% (2022)

Economic resiliency: baa3

Default history: No default events (on bonds or loans) have been recorded since 1983.

On 04 December 2023, a rating committee was called to discuss the rating of the Oman, Government of. The main points raised during the discussion were: The issuer's economic fundamentals, including its economic strength, have

not materially changed. The issuer's institutions and governance strength, have not materially changed. The issuer's fiscal or financial strength, including its debt profile, has materially increased. The issuer's susceptibility to event risks has not materially changed.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Steadily diminishing vulnerability to cyclical declines in oil demand and prices and to longer-term risks stemming from global carbon transition would, over time, exert upward pressure on Oman's credit profile, allowing for migration to higher rating levels. Such pressure would likely be reflected in declining non-hydrocarbon fiscal and current account deficits, underpinned by a material expansion of the government's non-hydrocarbon revenue base and growth in non-hydrocarbon exports, and a trend improvement in non-hydrocarbon sector growth, jointly pointing to reduced economic and fiscal reliance on the hydrocarbon sector. In the meantime, further strengthening in the government's debt metrics through continued fiscal prudence and improving non-oil revenue generation could prompt an upgrade.

A material and durable reversal of the improvements in the debt burden and debt affordability metrics achieved during 2022-23 would exert negative pressure on the rating. Such pressure could result from a large and persistent oil price shock unmet by an equally large fiscal policy adjustment, or from a significant reversal of the fiscal adjustment implemented by the government in recent years, increasing Oman's exposure to potential future declines in oil demand and prices. In the longer term, materially slower progress in implementing further fiscal reforms and advancing economic and fiscal diversification than Moody's currently expects would constrain and possibly exert negative pressure on the rating, in particular if accompanied by growing evidence that global carbon transition is accelerating compared to Moody's current baseline. Evidence of a significant tightening of financing conditions facing hydrocarbon producers, when investors begin to price in risks related to accelerating carbon transition, would also exert downward pressure on the rating.

The principal methodology used in these ratings was Sovereigns published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/395819>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The weighting of all rating factors is described in the methodology used in this credit rating action, if applicable.

The local market analyst for these ratings is Alexander Perjessy, +971 (423) 795-48.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to

jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moodys.com> for additional regulatory disclosures for each credit rating.

David Rogovic
VP - Senior Credit Officer
Sovereign Risk Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.

JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Matt Robinson
Associate Managing Director
Sovereign Risk Group
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

© 2023 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 BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") 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 PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS 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 PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS 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 ITS PUBLICATIONS 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 PUBLICATIONS 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 PUBLICATIONS 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.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS 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 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 Publications.

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 to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service 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 www.moody.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

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 61 003 399 657 AFSL 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 Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.