

Province of Alberta

The 'AA' Long-Term (LT) Issuer Default Rating (IDR) is based on Alberta's risk profile, assessed at 'High Midrange', and financial profile, assessed at 'aa'. These factors result in a standalone credit profile (SCP) at 'aa-', an outcome that also considers a comparison among Canadian and global peers. An additional notch uplift to the final 'AA' IDR reflects Fitch Ratings' expectation of temporary, ad-hoc, federal support available to all provinces and territories during periods of market turbulence. No other factors affect the rating.

Alberta released its Budget 2026 plan just days before the Iran conflict began. While it forecast prolonged energy price and fiscal weakness tied to high global oil inventories, the geopolitical shift is now likely to trigger a substantial revenue windfall for Alberta, notably supported by recent expansion of egress options. Fitch's review assumes a short, favorable period of high oil revenue, supporting near-term budgetary balance, elevated cash and trust fund balances, and lowered debt. The sudden windfall highlights the challenge of maintaining budgetary stability in the context of highly volatile revenues, although Alberta has a history of lowering its debt burden during periods of high energy prices. However, weakness in the original budget may demand changes to its recent fiscal management guardrails.

Key Rating Drivers

SCP Derivation: Alberta's 'aa-' SCP derives from its risk profile, at 'High Midrange', and financial profile, at 'aa'. The economic liability burden (ELB) in the 'aa' category and payback ratio one category lower suggest an SCP positioned based on the ELB at the low end the 'aa' category. Alberta has a moderate degree of headroom in the ELB metric to absorb the impact of higher provincial or federal government debt.

'High Midrange' Risk Profile: The 'High Midrange' risk profile reflects low risk, relative to international peers, that the issuer's ability to cover debt service from operating balances may weaken unexpectedly over the forecast horizon (through fiscal 2030, ending March 31) due to lower-than-expected revenues, higher-than-expected expenditures, or an unanticipated increase in liabilities or debt service requirements. It is based on four 'Stronger' assessments and two 'Midrange' key risk factor (KRF) assessments.

'aa' Financial Profile: Fitch assesses Alberta's financial profile in the 'aa' category based on a rating case scenario for economic, fiscal and debt projections through fiscal 2030. Under this scenario, Alberta's ELB metric — net adjusted debt plus a proportion of central government debt, divided by GDP, and the primary metric used to determine the financial profile — rises to 63.8% in fiscal 2030, from 53.8% in fiscal 2025. This remains on the lower end of the 'aa' category and is only modestly above the 61.3% level at Fitch's prior review.

All three secondary metrics fall into lower assessment categories. The payback ratio is 10.7x in the 'a' category; synthetic debt service coverage (DSC) is 1.0x in the 'bb' category; and the fiscal debt burden is 99%, also in the 'a' category. Although payback remains in the same category as at last year's review, it tends to fluctuate with cyclical operating performance, while very low DSC metrics are mitigated by ample internal liquidity and strong market access.

The use of ELB as the primary metric reflects Alberta's designation as a Type A subnational government under Fitch's local and regional government (LRG) criteria, meaning it has sovereign-like features including the ability to incur structural deficits. Projected federal debt, which is not stressed in the rating case, is expected to rise to nearly CAD2.1 trillion in fiscal 2030, given expected federal deficits and capital borrowing, a risk Fitch captures in its rating sensitivities for the province.

Factors Beyond the SCP: The one-notch uplift for ad-hoc support reflects the likelihood of federal support during periods of market turbulence, through potential Bank of Canada intervention to help preserve market access for provinces and territories. This uplift applies only to provinces and territories with an SCP below Canada's 'AA+' IDR.

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Ratings

Foreign Currency

Long-Term IDR	AA
Short-Term IDR	F1+

Local Currency

Long-Term IDR	AA
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Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Debt Ratings

Senior Unsecured Debt - Long-Term Rating	AA
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Issuer Profile Summary

One of the 10 Canadian provinces, Alberta's GDP is the third largest and the wealthiest by GDP per capita as of 2024. Economic performance is closely tied to its large but cyclical energy sector.

Financial Data Summary

(CAD Mil.)	2025	2030rc
Economic liability burden (%)	53.8	63.8
Payback ratio (x)	3.8	10.7
Synthetic coverage (x)	3.1	1.0
Fiscal debt burden (%)	79.9	98.6
Net adjusted debt	65,503	88,343
Operating balance	17,206	8,226
Operating revenue	82,028	89,609
Debt service	18,772	22,020
Mortgage-style debt annuity	5,491	7,897

Rc - Fitch's rating-case scenario
Source: Fitch Ratings, Fitch Solutions, Alberta

Climate Vulnerability Signals

2035 Climate Vulnerability Signal	34
Transition (Climate.VSt)	30
Physical (Climate.VSp)	20

Applicable Criteria

[International Local and Regional Governments Rating Criteria \(March 2026\)](#)

Related Research

[Global Economic Outlook - June 2026](#)
[Canadian Provinces Scorecard \(January 2026\)](#)
[Canadian Provinces - Peer Credit Analysis 2025 \(October 2025\)](#)
[Supranationals, Subnationals and Agencies Handbook \(September 2025\)](#)

Analysts

Douglas Offerman
+1 212 908-0889
douglas.offerman@fitchratings.com
Karen Krop
+1 212 908-0661
karen.krop@fitchratings.com

Rating Synopsis

Province of Alberta LT IDR Derivation Summary

KRF attribute	Key Risk Factors (KRF)						Risk Profile	Financial Profile Assessments				Standalone Credit Profile (SCP)	From SCP to LT FC IDR					
	Revenue		Expenditure		Liabilities & Liquidity			Primary metric		Secondary metrics			Financial Profile Score	Intergovernmental lending	Ad hoc support	Sovereign Rating		LT IDR Outlook
	Robustness	Adjustability	Sustainability	Adjustability	Robustness	Flexibility		Economic Liability Burden	Payback Ratio (x)	Synthetic DSCR (x)	Fiscal Debt Burden (%)					AAA	AA	
Stronger		↑		↑	↑	↑	Stronger	aaa	aaa	aaa	aaa	aaa			AAA	AAA		
							High Midrange	aa	aa	aa	aa	aa-	↑		AA+	AA+	Stable	
							Midrange	a	a	a	a	a			AA	AA		
							Low Midrange	bbb	bbb	bbb	bbb	bbb			A+	A+		
							Weaker	bb	bb	bb	bb	bb			A	A		
							Vulnerable	b	b	b	b	b			A-	A-		
															BBB+	BBB+		
															BBB	BBB		
															BBB-	BBB-		
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Source: Fitch Ratings

Under the “International Local and Regional Governments Rating Criteria,” the six KRFs, combined according to their relative importance, collectively represent the Risk Profile of the LRG. Risk Profile and Financial Profile assessments, measuring the LRG’s debt burden and debt service requirements amid a reasonable economic or financial downturn over the rating horizon, are combined in an SCP. The SCP, together with certain additional factors not captured in SCP, like extraordinary support or rating cap, produces the IDR.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Strengthening of the ELB to levels consistently below 60% of GDP with stable or improved secondary metrics, resulting from strengthened provincial economic and fiscal performance supporting less debt issuance.
- Federal fiscal performance that leads to lower sovereign borrowing, materially lowering the pro-rata share of debt attributable to Alberta and reducing the ELB metric, could support a higher rating. However, Fitch views this as unlikely.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Erosion of the ELB to levels consistently above 70% of GDP with weakening of the payback ratio and other secondary metrics, resulting from prolonged economic and budgetary stress or a reversal of recent fiscal and debt improvements.
- Federal fiscal performance that leads to higher sovereign borrowing, adding materially to the pro-rata share of debt attributable to Alberta and raising the ELB metric.

Issuer Profile

Canadian Institutional Framework: Canada has a decentralized federal system of government, with powers shared between the federal government and 10 provinces. Given the broad powers devolved to the provinces, negotiation and consensus between provincial and federal governments are required to implement most changes. Provincial powers and responsibilities limit the federal government’s ability to impose changes unilaterally, particularly in areas falling exclusively within provincial jurisdiction.

The constitution assigns provinces responsibility for most public services and grants them virtually unlimited revenue and borrowing powers to support those obligations. These include responsibility for municipal governments,

education, healthcare, property and civil rights, transportation, civil and criminal law, labor relations and liquor sales. Federal responsibilities include defense, trade and commerce, and administration of a Canada-wide unemployment system. Vertical transfers, supported by the federal government's broad revenue powers, are intended to enhance the provinces' ability to deliver similar services, despite differing economic and fiscal profiles.

Alberta Socioeconomic Profile: Alberta is one of Canada's largest provinces by population and GDP, accounting for 15% of national GDP in 2024 and 12% of the population in 2025. GDP per capita was 126% of the national level, the highest among the provinces, reflecting substantial natural resource wealth. The economy remains dominated by energy-related activity, although Fitch expects diversification over time, given the province's growth trends and recent policy emphasis on broader development, including energy-related manufacturing and technology.

Alberta has recorded the fastest average population growth among the provinces over the past 20 years, with particularly strong gains after the pandemic. Following federal immigration curbs announced in late 2024, Alberta's population still grew by close to 2.5% in 2025, even as national growth slowed to 0.9%. However, its population declined over the two quarters ended March 2026. Slower population growth is a headwind for economic and tax revenue growth, but should also ease pressure on public services, including healthcare and schools. Housing affordability remains a concern across Canada, although Calgary and Edmonton are still considerably more affordable than Toronto and Vancouver.

Canada is the world's fourth largest oil producer, and Alberta accounted for 84% of Canadian output in 2024. Energy supports Alberta's strong wealth metrics but also creates greater economic and fiscal cyclicalities than in other Fitch-rated provinces. Although oil sands mining is the largest and fastest-growing segment, conventional drilling, natural gas, condensates and related products remain important. As of early 2026, about 90% of energy shipments were destined for the U.S. through pipeline links to the U.S. Midwest, Gulf Coast and central Canada. Alberta crude is priced to West Texas Intermediate (WTI), less a price differential reflecting its heavier grade and distance to market.

Production trends are more sensitive to export capacity than to short-term price movements. Pipeline constraints hampered recovery from the 2014-2015 global oil price shock and widened the light-heavy differential. Expanded capacity through Enbridge Line 3 and the Trans Mountain expansion (TMX) reduced the differential and supported higher production. TMX is expected to approach its full 890,000 barrels per day capacity in 2028. Additional throughput could be achieved by enhancing use of drag-reducing agents, adding pumping stations and dredging by the Vancouver Fraser Port Authority to allow ships to load fully. Alberta remains focused on expanding future egress options, with the May 2026 federal-provincial implementation agreement potentially leading to a new pipeline to the Pacific to supply Asian markets.

Key risks to Alberta's energy sector include its heavy reliance on U.S. markets, although China had emerged as the fastest-growing buyer of TMX exports even before the Iran conflict. A potential resurgence of Venezuelan heavy crude could also affect demand for Canadian exports. Over the longer term, global decarbonization could weaken fossil fuel demand and weigh on growth.

Socioeconomic Indicators

	Alberta	Canada
Population, 2025 (mil.)	5.0	41.7
GDP per capita, 2024 (CAD)	74,907	59,529
GRP growth, 2024 (%)	2.0	3.0
Inflation, 2025 (%)	2.0	2.1
Unemployment rate, 2025 (%)	7.2	6.8

Source: Fitch Ratings, national statistics, Province of Alberta

Risk Profile Assessment

Risk Profile: High Midrange

Fitch assesses Alberta's risk profile at 'High Midrange', reflecting a combination of the following assessments:

Risk Profile Assessment

Revenue robustness	Revenue adjustability	Expenditure sustainability	Expenditure adjustability	Liabilities & liquidity robustness	Liabilities & liquidity flexibility	Implied OE score	Risk profile
Midrange	Stronger	Midrange	Stronger	Stronger	Stronger	aa	High Midrange

Risk Profile Assessment

Revenue robustness	Revenue adjustability	Expenditure sustainability	Expenditure adjustability	Liabilities & liquidity robustness	Liabilities & liquidity flexibility	Implied OE score	Risk profile
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OE - Operating environment
Source: Fitch Ratings

Revenue Robustness: Midrange

Alberta’s revenue base is less diverse than other Canadian provinces and is highly sensitive to its cyclical energy sector, supporting the ‘Midrange’ assessment. The province levies a range of taxes and fees on general economic activity and non-renewable resources, although no general sales tax, a major revenue source for its provincial peers. Additionally, its non-renewable resource revenues are highly volatile. Economic growth prospects remain solid, supported by a strong demographic profile.

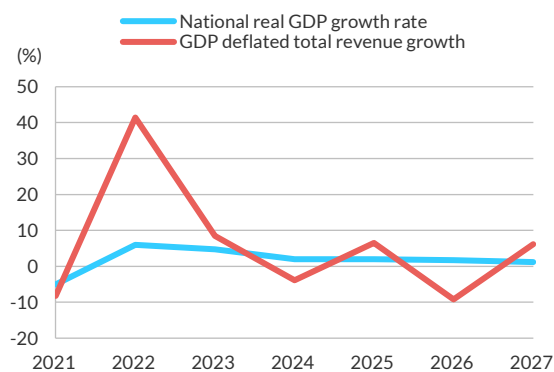
Tax revenue, mainly from personal and corporate income taxes, generated 33% of Alberta’s operating revenue in fiscal 2025. Natural resource revenue, including royalties on oil, bitumen and natural gas, contributed a further 27%. WTI averaged USD74.34/bbl in fiscal 2025, broadly in line with the prior budget assumption but below the recent peak of USD89.69 in fiscal 2023. Budget 2026 assumes WTI averages USD61.50 in fiscal 2026, softens to USD60.50 in fiscal 2027 on continued global oversupply, and rises to USD67.50 by fiscal 2029. The Iran conflict has materially altered the outlook since the budget was tabled, with WTI averaging USD98 over the three months ended April 2026.

Federal transfers, mainly the formula-based Canada Health Transfer (CHT) and Canada Social Transfer, account for more than 15% of revenue. Alberta receives no equalization transfers, given its relatively strong fiscal capacity. Over time, national GDP and population growth should support solid growth in the main transfer programs. A separate transfer tied to revenue volatility, the fiscal stabilization program, generated a one-time CAD577 million payment in fiscal 2024, reflecting volatility in fiscal 2021 revenue.

Federal CHT changes announced in February 2023 provide at least 5% annual growth over five fiscal years through fiscal 2028, alongside additional healthcare funding under a bilateral agreement. CHTs, including the minimum guarantee, are expected to total CAD24.2 billion over 10 years beginning in fiscal 2024, with a further CAD2.9 billion for Alberta under the bilateral agreement.

Fitch-calculated operating revenue grew at an average annual rate of 11.4% in the five years through fiscal 2025, outpacing 6.1% annual nominal GDP growth. Both nominal GDP and revenue growth have moderated from the rapid post-pandemic pace. Calendar year 2025 nominal GDP growth is estimated at 1.5% amid softer energy prices and tariff-related uncertainty, while tax revenue is estimated to decline 5.1% in fiscal 2026. Federal transfers in fiscal 2026 are estimated to rise by 7.4%.

Real Total Revenue and GDP



Source: Fitch Ratings, Province of Alberta

Revenue Breakdown, 2025

	Operating revenue (%)	Total revenue (%)
Personal income tax	18.5	18.3
Corporate income tax	8.6	8.5
Other taxes	5.5	5.5
Transfers	15.0	14.9
Other operating revenue	52.4	51.8
Operating revenue	100.0	99.0
Interest revenue	-	0.0
Capital revenue	-	1.0
Total revenue	-	100.0

Source: Fitch Ratings, Fitch Solutions, Province of Alberta

Revenue Adjustability: Stronger

All Canadian provinces have constitutionally unlimited power to raise revenue with no legal tax rate caps, supporting the ‘Stronger’ assessment. Alberta’s comparatively favorable tax burden suggests ample revenue adjustability, despite a historical reluctance to raise taxes. A robust and stable system of federal transfers further diversifies

revenue; major transfers are unconditional. Provincial forecasting is typically conservative and transparent, with expected performance measured against that of private forecasters.

Fitch views Alberta as having ample tax-raising capacity. The province retains a meaningful tax advantage relative to Canadian peers, most notably the absence of a general sales tax. This capacity is constrained by the political sensitivity of tax increases, particularly the introduction of a sales tax. Volatility in non-renewable resource revenue has periodically prompted policy debate around a sales tax, but recent governments have opposed such a move. Proposals to require a popular vote for tax increases, study a sales tax or otherwise reduce revenue volatility have emerged periodically, but none has resulted in policy change.

Tax rate and credit changes have, nonetheless, been common and have influenced revenue trends. In response to prolonged oil price weakness in 2019, the government introduced several measures, including a phased reduction in the corporate income tax rate to 8% from 12% between 2019 and 2022. The phase-in was accelerated in 2020 to support economic activity following the onset of the pandemic, alongside a child and family benefit tax credit, higher tobacco taxes and a pause in personal income tax (PIT) indexation.

In 2022, in response to inflation, PIT indexation resumed and fuel taxes were suspended. Effective July 1, 2025, Budget 2026 introduces a new 8% tax bracket for annual income below CAD60,000, reduced from 10%. The measure was expected to reduce revenue by CAD1.2 billion in fiscal 2026. The fiscal 2027 budget also continues a two-year phased education property tax increase intended to ensure one-third of school costs are funded through property taxes.

Expenditure Sustainability: Midrange

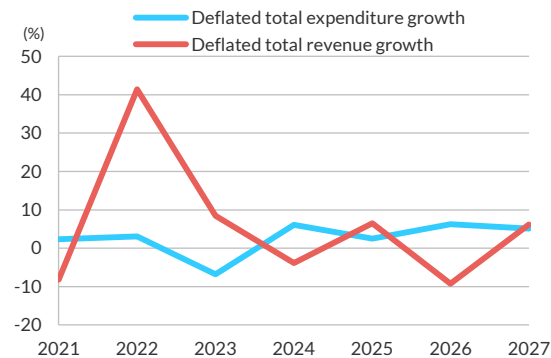
The provinces are responsible for funding a broad array of public services under Canada's constitution. These range from relatively stable education to fast-growing healthcare and social services, along with capital outlays to support growth. Alberta's 'Midrange' assessment, consistent with all provinces, reflects its broad spending mandate and Fitch's expectation that the provinces will maintain robust operating spending through economic cycles, elevating the risk of accumulating deficits over time.

The 'Midrange' assessment assumes that recessionary periods are followed by budgetary consolidation, with policy adjustments and economic recovery supporting a return to operating balance. Political pressure to avoid deficits and borrowing varies over time and across provinces, as does the effectiveness of measures to address deficits and elevated debt burdens. Federal transfers provide stability, and the federal government's responsibility for employment insurance reduces provincial countercyclical spending pressures.

Alberta historically had maintained sizable balances and a strong net asset position, measured as total liabilities minus financial assets under Canadian accounting standards. However, a prolonged period of annual operating deficits following the 2008–2009 global financial crisis and the 2014 energy price shock steadily weakened the balance sheet. Since fiscal 2017, the province has reported a net debt position, which rose to 15.9% of nominal GDP in fiscal 2021 before declining to 7.2% in fiscal 2025.

Healthcare and education, including higher education, are Alberta's largest spending responsibilities, accounting for 45% and 26% of operating expenditure, respectively, in fiscal 2025. Healthcare costs are a significant long-term concern across Canadian provinces, including Alberta, due to population aging, staffing pressures, higher utilization, pharmaceutical costs, technological change and, more recently, care gaps exposed by the pandemic. The recent federal CHT changes described earlier are unlikely to fully shield provinces from these longer-term healthcare spending pressures.

Real Total Expenditure and Revenue Growth



Source: Fitch Ratings, Province of Alberta

Expenditure Breakdown, 2025

	Operating expenditure (%)	Total expenditure (%)
Healthcare	45.1	39.3
Education	26.3	22.9
Social Services	11.4	9.9
Other operating expenditure	17.2	14.9
Operating expenditure	100.0	87.1
Interest expenditure	-	3.3
Capital expenditure	-	9.6
Total expenditure	-	100.0

Source: Fitch Ratings, Fitch Solutions, Province of Alberta

Expenditure Adjustability: Stronger

Provinces provide high service levels and have ample flexibility to modify spending, supporting the ‘Stronger’ assessment. Adjustability is constrained by political and service demands, and the imperative to support economic activity during recessions. Flexibility is most often exercised via collective labor agreements and, to a lesser degree, by pursuit of program efficiencies, with service reductions uncommon. Operating contingencies are sizable and intended to help absorb unforeseen demands, and low debt limits the burden of interest.

Canadian provinces are not subject to constitutional or federal balanced-budget requirements. While a sustained pattern of carrying forward operating deficits could support a ‘Weaker’ assessment under this key rating factor, the temporary ability to run deficits does not necessarily indicate fiscal stress, given provinces’ broad fiscal powers. Elevated service levels also provide some expenditure flexibility, if needed.

Alberta has demonstrated a willingness to restrain spending. Following the 2019 MacKinnon Panel Report, the province targeted a reduction in per capita spending to the average of the large Canadian provinces, which it has largely achieved, including through limiting compensation growth. In Budget 2023, Alberta introduced a fiscal framework that requires annual balanced budgets, limits annual spending growth to population plus inflation, and caps unplanned in-year expense growth at the budgeted contingency amount. The framework also formalizes the use of excess cash for debt reduction or contributions to the Alberta Heritage Savings Trust Fund (AHSTF).

The framework allows deficits under certain circumstances but requires elimination within three years. A framework review is expected, as Budget 2026, tabled before the Iran conflict made a revenue windfall likely, assumed four years of deficits. Budget 2026 also includes an annual contingency of CAD2 billion from fiscal 2027 to fiscal 2029 to address potential spending overruns related to natural disasters, collectively bargained wage increases and other uncertainties.

Capital spending, including both direct outlays and grants to other entities, is a notable source of fiscal flexibility. Capex of CAD7.2 billion in fiscal 2025 equaled about 9.6% of total expenditure, according to Fitch’s calculations. Over the past five fiscal years, capex averaged about 1.6% of GDP. The budget assumes CAD40.8 billion in capex through fiscal 2029, averaging 1.9% of GDP.

Liabilities and Liquidity Robustness: Stronger

Alberta has unlimited provincial borrowing powers and comprehensively manages liquidity and debt across most of the public sector. Market access is ample both in Canada and internationally. Treasury management is sophisticated, with financing needs driven by operations, net capex and the refinancing of debt maturities. Strong debt management is supported by a long weighted average maturity estimated by Fitch at 12.1 years as of fiscal 2025, hedging of interest rate and foreign currency risks, and large internal balances that help offset risks from bullet maturities.

Alberta reported debt of CAD102.7 billion in fiscal 2025. The province used excess cash to repay, rather than refinance, maturing debt in fiscal years 2023 and 2024, reducing debt by CAD13.3 billion and CAD3.2 billion, respectively. Its fiscal sustainability policy directs surplus cash to debt repayment, savings or one-time spending. Fitch nets CAD17.3 billion of reported debt lent to public entities, including schools, universities, hospitals and local governments. Debt reporting is transparent and comprehensive, covering direct debt, public-private partnerships, government enterprises and guaranteed debt. Alberta has no debt with concessionary terms owed to other levels of government.

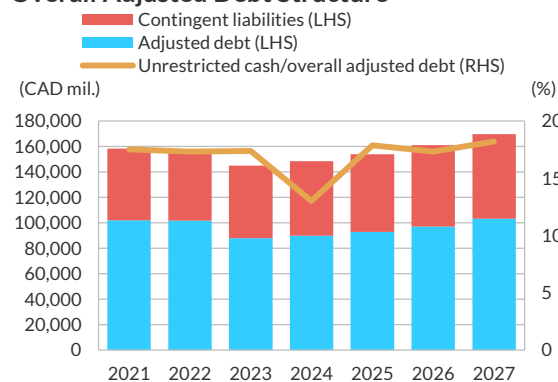
Interest rate risk is moderated by the long weighted average maturity of debt. The portfolio is structured mainly as bullet maturities. Longer-term domestic issuance is concentrated in five-, 10- and 30-year benchmark maturities, while targeted buybacks help manage upcoming maturities.

Fitch includes CAD7.5 billion of pension liabilities in its liability calculations but views the burden as manageable. The province has five open plans and several closed plans; the unfunded pre-1992 teachers' plan accounts for CAD6.7 billion of the total liability. Most plans have funding policies, joint governance with employee groups and shared contribution responsibility. Assets are managed by the Alberta Investment Management Corporation.

Contingent obligations include CAD13.8 billion of debt issued on behalf of municipal entities in fiscal 2025, which Alberta borrows and then lends the proceeds. Municipal governments are tightly regulated and cannot budget for deficits. Contingent debt also includes CAD2.9 billion related to the Agricultural Financial Services Corporation.

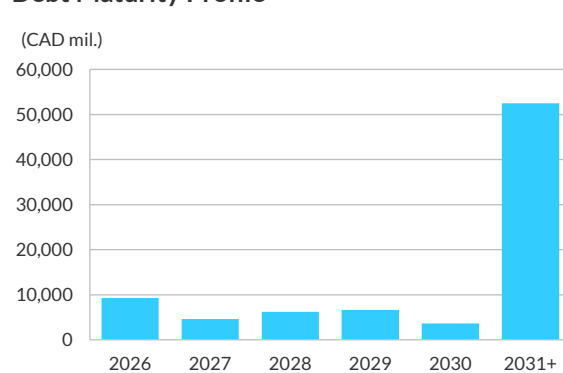
Government enterprises include ATB Financial and the Credit Union Deposit Guarantee Corporation (CUDGC). CUDGC guarantees CAD29.1 billion of deposits at 12 Alberta credit unions and held a CAD456 million guarantee fund in 2025. ATB Financial's CAD43.3 billion of deposits are directly guaranteed by the province. It also has access to up to CAD11 billion of provincial borrowing under a wholesale borrowing agreement; the limit was most recently raised in early 2025. As of March 31, 2025, wholesale borrowings totaled CAD4.6 billion. ATB paid Alberta a CAD68 million deposit guarantee fee and a CAD100 million dividend in fiscal 2025. It reported Tier 1 and total capital ratios of 12.2% and 14.9%, respectively.

Overall Adjusted Debt Structure



Source: Fitch Ratings, Province of Alberta

Debt Maturity Profile



Source: Fitch Ratings, Province of Alberta

Liabilities and Liquidity Flexibility: Stronger

As with all provinces, Alberta has extensive powers under Canada's federal system to manage its liquidity, including mobilization of external resources as needed. It held sizable cash and equivalents of CAD9.1 billion in fiscal 2025, plus an undesignated balance estimated by Fitch at CAD18.9 billion. Supporting liquidity are diverse borrowing programs that include a USD12 billion CP program, and unlimited domestic note and T-bill programs; USD2.5 billion in CP and CAD8.2 billion in domestic notes and T-bills were outstanding as of fiscal 3Q25. The CAD24.7 billion Alberta Heritage Savings Trust Fund retains its own earnings and receives contributions from surpluses under a 2023 reform.

Alberta's liquidity management policies include issuing to benchmark maturities and maintaining sufficient cash to cover at least four weeks of needs without refinancing, and two months with short-term refinancing. Debt management policy also caps annual maturities at 15% of term debt and uses short-term debt and internal liquidity opportunistically to manage the maturity profile.

The province has unlimited domestic borrowing capacity, a USD25.5 billion U.S. SEC-registered program, a USD30 billion global multicurrency MTN program and an AUD3 billion MTN program. Fitch calculates the effective interest rate on Alberta's direct debt portfolio at 3% in fiscal 2025. Alberta also maintains a cash reserve of about CAD2 billion to support liquidity, including during market disruptions.

The fiscal framework introduced in 2023 requires 100% of net income from the Alberta Heritage Savings Trust Fund (AHSTF) to be retained and reinvested, rather than used solely for inflation-proofing. It also directs excess cash to the fund or to early debt repayment. As a result, the fund received CAD2 billion in fiscal 2024 and CAD2.8 billion in fiscal 2025. Budget 2026 projects the fund balance will reach CAD35.9 billion in fiscal 2029. Fund income net of inflation-proofing may still be redirected to the general revenue fund by Treasury Board vote.

Debt Analysis

	2024
Fixed rate (% of direct debt)	100
Debt in foreign currency (% of direct debt)	0
Apparent cost of debt (%)	2.9
Weighted average life of debt (years)	11.1

Source: Fitch Ratings, Alberta

Liquidity

(CAD mil.)	2024
Total cash, liquid deposits and sinking funds	19,311
Restricted cash	0
Cash available for debt service	19,311
Undrawn committed credit lines	0

Source: Fitch Ratings, Alberta

Financial Profile Assessment

Financial Profile: aa category

Financial Profile Score Summary

	Primary metric		Secondary metrics	
	Economic liability burden (%)	Payback ratio (x)	Coverage (x)	Fiscal debt burden (%)
aaa	$X \leq 40$	$X \leq 5$	$X \geq 4$	$X \leq 50$
aa	40 < X ≤ 70	5 < X ≤ 9	2 ≤ X < 4	50 < X ≤ 100
a	70 < X ≤ 100	9 < X ≤ 13	1.5 ≤ X < 2	100 < X ≤ 150
bbb	100 < X ≤ 140	13 < X ≤ 18	1.2 ≤ X < 1.5	150 < X ≤ 200
bb	140 < X ≤ 180	18 < X ≤ 25	1 ≤ X < 1.2	200 < X ≤ 250
b	X > 180	X > 25	X < 1	X > 250

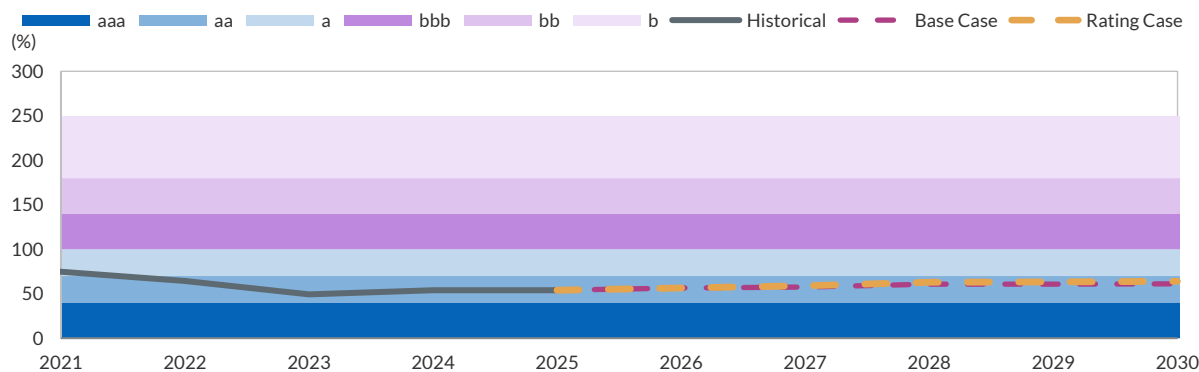
Note: Yellow highlights show metric ranges applicable to issuer.
Source: Fitch Ratings

Fitch assesses Alberta’s financial profile in the ‘aa’ category based on a rating case scenario for economic, fiscal and debt projections through fiscal 2030. Under this scenario, Alberta’s ELB metric – net adjusted debt plus a proportion of central government debt, divided by GDP, and the primary metric used to determine the financial profile – rises to 63.8% in fiscal 2030 from 53.8% in fiscal 2025. This remains on the lower end of the ‘aa’ category and is only modestly above the 61.3% level at Fitch’s prior review.

All three secondary metrics fall into lower assessment categories. The payback ratio is 10.7x, in the ‘a’ category; synthetic DSC is 1.0x, in the ‘bb’ category; and the fiscal debt burden is 99%, also in the ‘a’ category. Although payback remains in the same category as at last year’s review, it tends to fluctuate with cyclical operating performance, while very low DSC metrics are mitigated by ample internal liquidity and strong market access.

The use of ELB as the primary metric reflects Alberta’s designation under Fitch’s LRG criteria as a Type A subnational government, meaning it has sovereign-like features, including the ability to incur structural deficits. Projected federal debt, which is not stressed in the rating case, is expected to rise to nearly CAD2.1 trillion in fiscal 2030, given expected federal deficits and capital borrowing, a risk Fitch captures in its rating sensitivities for the province.

Economic Liability Burden - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Province of Alberta

Scenario Summary

Subnational borrowing is a high share of general government debt in Canada and, thus, Fitch’s financial profile analysis focuses on how weaker economic and fiscal performance could affect provincial debt trends. Because of the Iran conflict’s impact on energy prices, this review relies more heavily than previous reviews on estimates and assumptions in both the base and rating cases, especially for near-term economic and revenue performance.

In both scenarios, nominal GDP starts from a very weak 1.5% in 2025 (fiscal 2026) and then rebounds sharply in fiscal 2027. Growth reaches 11.4% in the base case and 9.3% in the rating case, broadly consistent with the 80th and 60th percentiles, respectively, of 20-year historical nominal GDP performance. Thereafter, growth gradually moderates back to the 20-year average by fiscal 2030.

A key driver of the near-term outlook is oil-related revenue, with adjustments based on the budget’s WTI sensitivity of CAD680 million for each USD1 change in WTI. The province had forecast WTI at USD62 in fiscal 2026, USD61 in fiscal 2027 and USD67 in fiscal 2028. Following the onset of hostilities in March 2026, Fitch expects a portion of the resulting revenue upside to accrue in fiscal 2026. For fiscal 2027, Fitch estimates WTI will average USD79/bbl, supported by prices above USD100/bbl in the first two months of the fiscal year before easing to about USD65/bbl by year-end. In fiscal 2028, Fitch assumes WTI averages USD64/bbl. The rating case assumes oil prices are USD5/bbl lower than in the base case.

Operating revenue is projected to grow at an average annual rate of 2.1% in the base case and 1.8% in the rating case. For the base case, this includes additional oil-related revenue of CAD1.7 billion in fiscal 2026 and CAD12.4 billion in fiscal 2027; for the rating case, excess oil revenue is lower, at CAD9.5 billion in fiscal 2027. Taxation revenue is expected to grow by an average of 3.9% in the base case and 3.6% in the rating case. From fiscal years 2028 through 2030, growth is assumed to grow with nominal GDP. Fitch does not adjust corporate income tax for the effects of higher WTI prices in 2026.

Operating expenditure is assumed to rise by 4.4% in the base case and 4.7% in the rating case. Fitch also assumes spending pressures above the CAD2 billion contingency, with the additional pressure increasing from 25bps in fiscal 2027 to 100bps by fiscal 2030. Capex is reduced by about 16% in both scenarios, reflecting the average gap between budgeted and actual capital spending over the past five years.

Under both scenarios, Alberta’s debt trajectory is lower than projected in Budget 2026. By fiscal 2030, direct debt in the base case is cumulatively CAD22 billion lower, including CAD14 billion attributable to the oil revenue windfall. In the rating case, direct debt is cumulatively CAD16.2 billion lower, including CAD11.2 billion from the oil windfall, with weaker growth and higher spending partly offset by lower capex.

Scenario Assumptions Summary

Assumptions	2021-2025 historical average	2026 - 2030 Average	
		Base case	Rating case
Operating revenue growth (%)	11.4	2.1	1.8
Tax revenue growth (%)	7.5	3.9	3.6
Current transfers received growth (%)	7.3	4.0	3.9
Operating expenditure growth (%)	4.6	4.4	4.7
Net capital expenditure (CAD mil.)	-5,775	-9,136	-9,136
Apparent cost of debt (%)	2.7	3.5	3.5

Outcomes	2025	2030	
		Base case	Rating case
Economic liability burden (%)	53.8	60.9	63.8
Payback ratio (x)	3.8	7.5	10.7
Overall payback ratio (x)	7.3	14.5	19.7
Actual coverage ratio (x)	0.9	0.5	0.4
Synthetic coverage ratio (x)	3.1	1.5	1.0
Fiscal debt burden (%)	79.9	86.7	98.6

Source: Fitch Ratings, Province of Alberta

Under Fitch’s LRG criteria, debt differs from the comprehensive “net debt” measure reported under Canadian accounting standards. For Alberta, net adjusted debt totaled CAD65.5 billion in fiscal 2025. This comprised CAD82.7 billion of direct debt, excluding self-supported borrowing, plus CAD10.2 billion in PPP obligations, capital leases and pension liabilities. Fitch then netted CAD27.5 billion of cash, temporary investments and other accessible liquidity, including net operating income of the AHSTF, which may be transferred to the general revenue fund subject to Treasury Board approval. Following a 2023 legal change, Alberta is prioritizing long-term growth of the AHSTF’s CAD24.7 billion accumulated surplus by retaining investment earnings and depositing excess balances. Cash is also adjusted downward for net payables.

SCP Positioning and Peer Comparison

Analytical Outcome Guidance

Risk profile	Financial profile					
Stronger	aaa or aa	a	bbb	bb	b	
High Midrange	aaa	aa	a	bbb	bb	b
Midrange		aaa	aa	a	bbb	bb or below
Low Midrange			aaa	aa	a	bbb or below
Weaker				aaa	aa	a or below
Vulnerable					aaa	aa or below
Suggested analytical outcome (SCP)	aaa	aa	a	bbb	bb	b

Source: Fitch Ratings

Alberta’s peers include other Canadian LRGs and LRGs in federal structures globally, including those with significant commodities exposure. Within Canada, the most directly comparable peers are Type-A provinces Saskatchewan (AA/Stable) and British Columbia (AA-/Negative). Both benefit from higher-growth economies and have important commodities sectors, although British Columbia’s forestry, energy and mining sectors contribute only small amounts to revenues; it now carries a Negative Outlook reflecting its rapid projected accumulation of debt. Saskatchewan’s commodity sectors are more diverse, including energy, mining and agriculture.

Australian states are also Type-A LRGs and have notable export-oriented commodities sectors, such as iron ore, copper, coal and agricultural products; however Queensland and South Australia benefit from ‘Stronger’ risk profiles, given their more diverse economies and revenue bases. South Australia has a similar ELB, but secondary metrics in lower assessment categories. Similar to Alberta and its guarantees for CUDGC and provincially-owned ATB Financial noted earlier, the Canton of Zurich (AAA/Stable) operates within a decentralized federal framework and is the sole owner and guarantor of Zuercher Kantonalbank (AAA/Stable), an important regional bank.

Peer Comparison

	Risk profile	Financial profile score	SCP	Extraordinary support	Sovereign rating	LT IDR	National rating
Alberta, Province of	High Midrange	aa	aa-	1	AA+	AA/Stable	N.A.
Saskatchewan, Province of	High Midrange	aa	aa-	1	AA+	AA/Stable	N.A.
British Columbia, Province of	Stronger	bbb	a+	1	AA+	AA-/Negative	N.A.
Ontario, Province of	Stronger	bbb	a+	1	AA+	AA-/Stable	N.A.
Queensland, State of	Stronger	a	aa+	N.A.	AAA	AA+/Stable	N.A.
New South Wales, State of	Stronger	aa	aaa	N.A.	AAA	AAA/Stable	N.A.
Zurich, Canton of	Stronger	aa	aaa	N.A.	AAA	AAA/Stable	N.A.

Source: Fitch Ratings, Province of Alberta

Long Term Rating Derivation

From SCP to Long-Term Foreign-Currency IDR: Factors Beyond the SCP

SCP	Sovereign Long-Term Foreign Currency IDR	Support			Rating cap	Leeway above sovereign (notches)	Long-Term Foreign Currency IDR
		Intergovernmental financing	Ad hoc Support	Floor			
aa-	AA+	–	1	–	–	AA	

Source: Fitch Ratings, Alberta

Alberta's IDR, at 'AA', is driven by its SCP, at 'aa-', reflecting a 'High Midrange' risk profile and a financial profile in the 'a' category. The final IDR reflects a one-notch uplift provided to all Canadian provincial and territorial ratings when the SCP is below Canada's 'AA+' IDR.

Short Term Rating Derivation

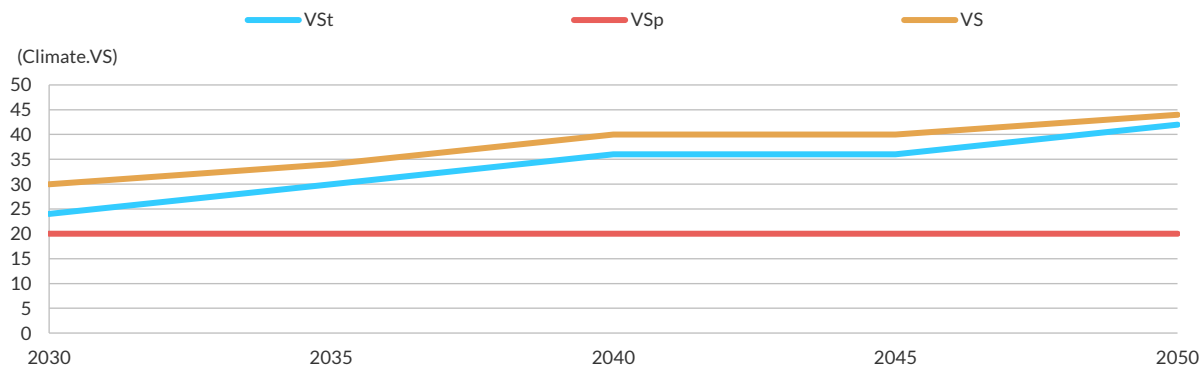
The 'F1+' ST IDR corresponds with Alberta's 'AA' LT IDR, as provided in Fitch's "International Local and Regional Governments Rating Criteria."

Climate Vulnerability Signals

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's "International Local and Regional Governments Rating Criteria."

The Climate.VS for 2035 is 34 out of 100. This reflects a VSp of 20 and a VSt of 30.

Climate Vulnerability Signals



Source: Fitch Ratings

ESG Considerations

Alberta has an ESG Relevance Score of '4' for Biodiversity and Natural Resource Management due to its exposure to the impact of natural resource management on the economy and governmental operations. This, in combination with other factors, has a negative impact on the credit profile and is relevant to the rating in conjunction with other factors.

The highest level of ESG credit relevance for other factors is a score of '3', meaning that ESG issues are credit-neutral or have only a minimal credit impact on the entity, due to either their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Appendix A: Financial Data

Province of Alberta

(CAD mil.)	2021	2022	2023	2024	2025	2026rc	2027rc	2028rc	2029rc	2030rc
Fiscal performance										
Taxes	19,578	23,506	26,524	26,747	30,356	28,794	30,470	32,830	34,586	36,159
Transfers received	9,874	10,787	10,783	11,621	11,851	12,728	12,787	13,253	13,775	14,369
Fees, fines and other operating revenues	14,806	30,511	38,154	36,750	39,821	34,587	39,438	35,483	37,380	39,081
Operating revenue	44,258	64,804	75,461	75,118	82,028	76,109	82,695	81,566	85,741	89,609
Operating expenditure	-51,441	-55,964	-56,437	-62,441	-64,822	-69,102	-73,177	-75,442	-77,433	-81,383
Operating balance	-7,183	8,840	19,024	12,677	17,206	7,007	9,518	6,124	8,308	8,226
Interest revenue	0	0	0	0	0	0	0	0	0	0
Interest expenditure	-2,211	-2,150	-2,197	-2,250	-2,437	-2,343	-2,977	-3,799	-4,431	-4,865
Current balance	-9,394	6,690	16,827	10,427	14,769	4,664	6,541	2,325	3,877	3,361
Capital revenue	696	880	650	844	851	922	1,012	854	598	847
Capital expenditure	-7,090	-6,548	-5,755	-6,224	-7,181	-9,541	-10,977	-11,056	-9,217	-9,122
Capital balance	-6,394	-5,668	-5,105	-5,380	-6,330	-8,619	-9,965	-10,202	-8,619	-8,275
Total revenue	44,954	65,684	76,111	75,962	82,879	77,031	83,707	82,420	86,339	90,456
Total expenditure	-60,742	-64,662	-64,389	-70,915	-74,440	-80,986	-87,131	-90,297	-91,081	-95,370
Surplus (deficit) before net financing	-15,788	1,022	11,722	5,047	8,439	-3,955	-3,424	-7,877	-4,742	-4,914
New direct debt borrowing	25,204	8,667	3,254	13,428	8,355	21,720	17,407	20,872	17,464	26,821
Direct debt repayment	-3,071	-4,922	-13,354	-9,886	-16,335	-17,369	-10,967	-7,320	-4,984	-17,156
Net direct debt movement	22,133	3,745	-10,100	3,542	-7,980	4,351	6,440	13,552	12,480	9,665
Overall results	6,345	4,767	1,622	8,589	459	396	3,016	5,675	7,738	4,751
Debt and liquidity										
Short-term debt	8,668	8,475	893	5,847	17,393	8,445	9,070	10,384	11,595	12,532
Long-term debt	81,281	81,602	75,385	73,351	65,317	78,616	84,431	96,668	107,937	116,665
Intergovernmental debt	0	0	0	0	0	0	0	0	0	0
Direct debt	89,949	90,077	76,278	79,198	82,710	87,061	93,501	107,052	119,532	129,197
Other Fitch-classified debt	11,991	11,581	11,514	10,784	10,244	10,017	9,634	9,138	8,614	8,172
Adjusted debt	101,940	101,658	87,792	89,982	92,954	97,078	103,135	116,190	128,146	137,369
Guarantees issued (excluding adjusted debt portion)	87	93	108	149	150	150	150	150	150	150
Majority-owned GRE debt and other contingent liabilities	56,156	54,347	57,069	58,298	60,589	63,595	66,259	68,635	71,096	73,791
Overall adjusted debt	158,183	156,098	144,969	148,429	153,693	160,823	169,544	184,975	199,392	211,310
Total cash, liquid deposits and sinking funds	27,684	27,029	25,192	19,311	27,452	27,847	30,863	36,537	44,274	49,026
Restricted cash	0	0	0	0	0	0	0	0	0	0
Unrestricted cash	27,684	27,029	25,192	19,311	27,452	27,847	30,863	36,537	44,274	49,026
Net adjusted debt	74,256	74,629	62,600	70,671	65,503	69,231	72,272	79,653	83,872	88,343
Net overall debt	130,499	129,069	119,777	129,118	126,242	132,976	138,681	148,438	155,118	162,284
Enhanced net adjusted debt	74,256	74,629	62,600	70,671	65,503	69,231	72,272	79,653	83,872	88,343
Enhanced net overall debt	130,499	129,069	119,777	129,118	126,242	132,976	138,681	148,438	155,118	162,284
Memo:										
Debt in foreign currency/direct debt (%)	0	0	0	0	0	-	-	-	-	-
Issued debt/direct debt (%)	100	100	100	100	100	-	-	-	-	-
Floating interest rate debt/direct debt (%)	0	0	0	0	0	-	-	-	-	-

rc - rating case
Source: Fitch Ratings, Province of Alberta

Appendix B: Financial Ratios

Province of Alberta

	2021	2022	2023	2024	2025	2026rc	2027rc	2028rc	2029rc	2030rc
Fiscal performance ratios										
Operating balance/operating revenue (%)	-16.2	13.6	25.2	16.9	21.0	9.2	11.5	7.5	9.7	9.2
Current balance/current revenue (%)	-21.2	10.3	22.3	13.9	18.0	6.1	7.9	2.9	4.5	3.8
Operating revenue annual growth (%)	-7.5	46.4	16.4	-0.5	9.2	-7.2	8.7	-1.4	5.1	4.5
Operating expenditure annual growth (%)	-0.9	8.8	0.9	10.6	3.8	6.6	5.9	3.1	2.6	5.1
Surplus (deficit) before net financing/total revenue (%)	-35.1	1.6	15.4	6.6	10.2	-5.1	-4.1	-9.6	-5.5	-5.4
Surplus (deficit) before net financing/GDP (%)	-5.2	0.3	2.5	1.1	1.8	-0.8	-0.7	-1.4	-0.8	-0.8
Total revenue annual growth (%)	-7.5	46.1	15.9	-0.2	9.1	-7.1	8.7	-1.5	4.8	4.8
Total expenditure annual growth (%)	3.1	6.5	-0.4	10.1	5.0	8.8	7.6	3.6	0.9	4.7
Debt ratios										
Primary metrics										
Economic liability burden (%)	74.7	64.3	49.2	54.0	53.8	56.5	59.0	62.8	63.2	63.8
Enhanced economic liability burden (%)	74.7	64.3	49.2	54.0	53.8	56.5	59.0	62.8	63.2	63.8
Payback ratio (x) (net adjusted debt to operating balance)	-10.3	8.4	3.3	5.6	3.8	9.9	7.6	13.0	10.1	10.7
Secondary metrics										
Fiscal debt burden (%) (net debt-to-operating revenue)	167.8	115.2	83.0	94.1	79.9	91.0	87.4	97.7	97.8	98.6
Synthetic debt service coverage ratio (x)	-1.2	1.5	3.7	2.2	3.1	1.2	1.5	0.9	1.1	1.0
Actual debt service coverage ratio (x)	-1.4	1.3	1.2	1.0	0.9	0.4	0.7	0.6	0.9	0.4
Other debt ratios										
Liquidity coverage ratio (x)	3.6	5.2	3.0	3.1	2.0	1.8	2.7	3.3	4.8	2.4
Direct debt maturing in one year/total direct debt (%)	25.1	24.8	11.3	21.9	57.1	9.7	9.7	9.7	9.7	9.7
Direct debt (annual % change)	26.5	0.1	-15.3	3.8	4.4	5.3	7.4	14.5	11.7	8.1
Apparent cost of direct debt (interest paid/direct debt) (%)	2.8	2.4	2.6	2.9	3.0	2.8	3.3	3.8	3.9	3.9
Revenue ratios										
Tax revenue/total revenue (%)	43.6	35.8	34.9	35.2	36.6	37.4	36.4	39.8	40.1	40.0
Current transfers received/total revenue (%)	22.0	16.4	14.2	15.3	14.3	16.5	15.3	16.1	16.0	15.9
Interest revenue/total revenue (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital revenue/total revenue (%)	1.6	1.3	0.9	1.1	1.0	1.2	1.2	1.0	0.7	0.9
Expenditure ratios										
Staff expenditure/total expenditure (%)	36.5	35.0	35.5	34.6	35.3	0.0	0.0	0.0	0.0	0.0
Current transfers made/total expenditure (%)	23.2	21.8	23.4	22.9	23.9	0.0	0.0	0.0	0.0	0.0
Interest expenditure/total expenditure (%)	3.6	3.3	3.4	3.2	3.3	2.9	3.4	4.2	4.9	5.1
Capital expenditure/total expenditure (%)	11.7	10.1	8.9	8.8	9.7	11.8	12.6	12.2	10.1	9.6

rc - rating case

Source: Fitch Ratings, Province of Alberta

Appendix C: Data Adjustments

Specific Adjustments

Adjustments have been made to Alberta's financial statement and budget data to calculate historical, base and rating case metrics under Fitch's international LRG rating criteria and to facilitate comparisons across Canadian and international LRGs. Adjustments to calculating the operating balance are net of federal infrastructure transfer revenue, replacing historical government business enterprise net income with dividends and netting interest on debt, capital grants and depreciation expenses. The debt data reflect calculations of direct debt and unrestricted liquidity as defined in Fitch's criteria and detailed above.

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