

News

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MOODY'S ACQUIRES ZM FINANCIAL SYSTEMS, BOLSTERING RISK ASSESSMENT CAPABILITIES FOR U.S. BANKS

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Moody's Corporation (NYSE:MCO) announced today that it has acquired ZM Financial Systems (ZMFS), a leading provider of risk and financial management software for the U.S. banking sector. The transaction advances Moody's position as a leader in integrated risk assessment by broadening Moody's Analytics' suite of enterprise risk solutions, which help financial institutions make informed decisions.

ZMFS' product suite delivers key systems and services that banks and other financial institutions use to model and manage risk, and to make fundamental business decisions related to asset and liability management (ALM), portfolio management, liquidity, solvency, and budgeting. Using a comprehensive cash flow engine, these solutions allow banking professionals to forecast and stress test their balance sheets by analyzing data patterns, modeling positions, trading securities, and buying and selling loans.

"ZM Financial's advanced analytical tools are a trusted source for risk management software used by U.S. banks, credit unions, and broker-dealers," said Stephen Tulenko, President of Moody's Analytics. "The addition of ZM Financial's leading ALM capabilities furthers Moody's global leadership in risk assessment and will help us support financial institutions of all sizes."

The addition of ZMFS furthers the evolution of the Moody's Analytics offerings for the U.S. banking sector. ZMFS' products complement Moody's Analytics' credit origination and credit scoring, accounting, portfolio management, and forecasting tools, including CreditLens™, ImpairmentStudio®, and Capital Risk Analyzer, to form a robust suite of U.S. banking solutions.

"Joining Moody's and integrating their well-known economic and behavioral models will greatly elevate our offerings to financial institutions," said Butch Miner, Co-Founder of ZMFS. "Together, we will continue to evolve our analytical solutions and optimize processes to help customers meet their continued growth and risk management objectives," added Dai Zhao, Co-Founder of ZMFS.

Moody's Analytics will integrate ZMFS into its Enterprise Risk Solutions (ERS) line of business.

The investment was funded with cash on hand and is not expected to have a material effect on Moody's 2020 financial results.

ABOUT MOODY'S CORPORATION

Moody's (NYSE:MCO) is a global risk assessment firm that empowers organizations to make better decisions. Its data, analytical solutions and insights help decision-makers identify opportunities and manage the risks of doing business with others. We believe that greater transparency, more informed decisions, and fair access to information open the door to shared progress. With over 11,400 employees in more than 40 countries, Moody's combines international presence with local expertise and over a century of experience in financial markets. Learn more at moodys.com/about.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements contained in this release are forward-looking statements and are based on future expectations, plans and prospects for the business and operations of Moody's Corporation (the "Company") that involve a number of risks and uncertainties. Such statements may include, among other words, "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof that convey the prospective nature of events or outcomes generally indicative of forward-looking statements. The forward-looking statements and other information in this release are made as of the date hereof and the Company undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking

statements. Those factors, risks and uncertainties include, but are not limited to, the impact of COVID-19 on volatility in the U.S. and world financial markets, on general economic conditions and GDP growth in the U.S. and worldwide, and on the Company's own operations and personnel. Many other factors could cause actual results to differ from Moody's outlook, including credit market disruptions or economic slowdowns, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to Brexit and uncertainty as companies transition away from LIBOR; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs and trade barriers; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and regulations resulting from Dodd-Frank; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to Moody's Investors Service's rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which the Company may be subject from time to time; provisions in the Dodd-Frank legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate such acquired businesses; currency and foreign exchange

volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are currently, or in the future could be, amplified by the COVID-19 outbreak and are described in greater detail under "Risk Factors" in Part I, Item 1A of the Company's annual report on Form 10-K for the year ended December 31, 2019, its quarterly report on Form 10-Q for the quarter ended March 31, 2020, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.