

# KINGDOM OF THE NETHERLANDS

Rating Analysis - 9/2/21

\*EJR Sen Rating(Curr/Prj) AA-/ AA-

\*EJR CP Rating: A1+

EJR's 3 yr. Default Probability: 1.2%

The Netherlands is recovering from its largest economic contraction since the Second World War. The Dutch economy experienced a severe contraction in 2020, reversing six years of strong growth. The Dutch government swiftly implemented a comprehensive support package, and extended and adjusted the measures several times in response to prolonged restrictions. These policies reduced uncertainty and protected people, businesses and jobs. In combination with structural and institutional strengths and a high level of digitalisation, the generous fiscal support helped the country to weather the COVID-19 crisis with limited economic damage compared to many OECD countries.

The 2021 Economic Survey of the Netherlands foresees annual growth of 2.7% in 2021 and 3.7% in 2022, with GDP recovering the pre-crisis level at the beginning of 2022. Private consumption is seen driving the recovery, however, increased pension premiums and rising unemployment as support measures are phased out, will hold back private consumption growth. Well-targeted fiscal support should remain in place in the short term to support the recovery, but the government should also plan forward and carefully weigh permanent spending increases against pressures emerging from population ageing and related health care expenditures. The current fiscal stance is strongly expansionary and consequently, the debt-to-GDP ratio increased by 5.8 percentage points from 48.7% in 2019 to 54.5% in 2020, and is expected to rise further to 58.8% of GDP by 2022. Affirming.

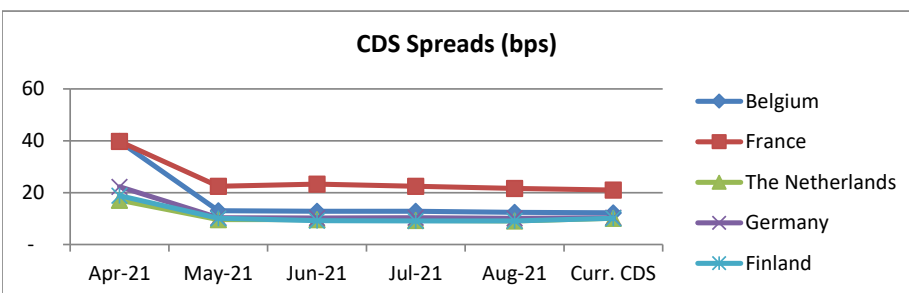
## Annual Ratios (source for past results: IMF)

CREDIT POSITION	2018	2019	2020	P2021	P2022	P2023
Debt/ GDP (%)	66.1	62.3	69.8	73.0	76.8	75.2
Govt. Sur/Def to GDP (%)	1.4	1.8	-4.0	-5.0	-5.8	-5.8
Adjusted Debt/GDP (%)	66.1	62.3	69.8	73.0	76.8	75.2
Interest Expense/ Taxes (%)	3.7	3.0	2.7	2.7	2.7	2.8
GDP Growth (%)	4.9	5.0	-1.6	5.0	4.8	4.6
Foreign Reserves/Debt (%)	0.8	0.8	0.9	0.7	0.8	0.7
Implied Sen. Rating	AA-	AA-	A+	AA-	AA-	AA-

## INDICATIVE CREDIT RATIOS

	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

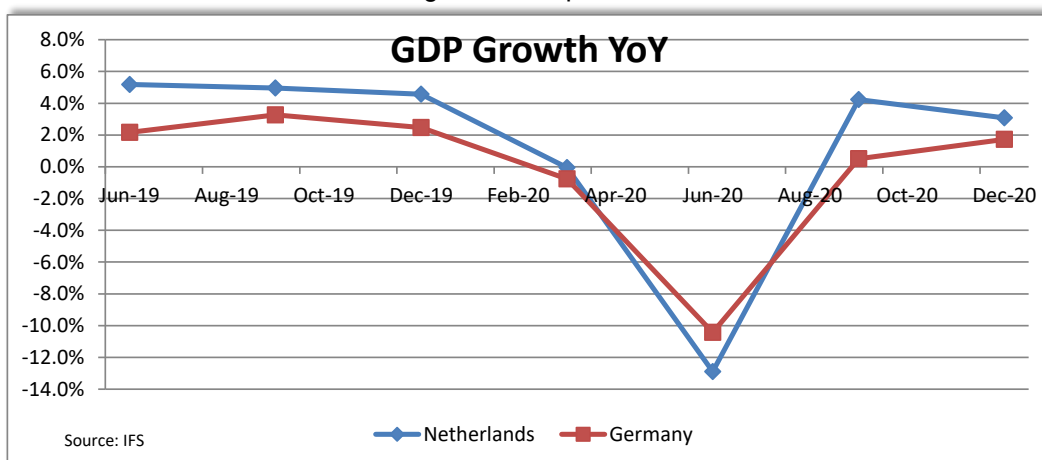
PEER RATIOS	Other NRSRO Sen.	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Federal Republic Of Germany	AAA	79.7	-4.2	79.7	2.9	-3.3	A
French Republic	AA	145.9	-8.8	145.9	4.2	-5.5	BB-
Kingdom Of Belgium	AA	142.4	-9.0	142.4	6.5	-5.3	BB
Republic Of Finland	AA+	82.0	-4.3	82.0	2.2	-1.6	A+
Kingdom Of Denmark	AAA	58.8	0.2	58.8	1.2	0.5	AA



Country	EJR Rtg.	CDS
Belgium	BBB	12
France	A+	21
The Netherlands	AA-	10
Germany	AA	10
Finland	AA	10

**Economic Growth**

Economic output contracted by 3.7% in 2020, less severe than expected partially owing to a high degree of digitalisation and teleworking already before the pandemic. The economic downturn in the fourth quarter of 2020 was less pronounced than during the first wave, even though containment measures were stricter. The Netherlands' economy expanded by 3.1% QoQ in Q2'21, recovering a 0.8% contraction in the previous period and easily beating market expectations of 1.6% growth, as activity and demand rebounded following the easing of coronavirus restrictions. Household consumption surged 5.7% (-3.5% in Q1) and public spending advanced 2.6% (vs -2.0% in Q1). In addition, net trade contributed positively to the GDP as exports jumped 4.0% and imports rose at a slower 2.6%. Fixed investment, however, contracted 1.8%, following a 3.0% expansion in Q1'21.



**Fiscal Policy**

Fiscal policy should remain supportive until the economic recovery is well underway. The crisis has exacerbated pre-existing inequalities. The current fiscal stance is strongly expansionary, with around EUR 31.5 billion (4.2% of 2019 GDP) of discretionary spending and tax cuts in 2020 and another EUR 20.6 billion in 2021 (2.7% of 2019 GDP). Most of the spending is allocated to wage subsidies under the NOW scheme, income support for self-employed entrepreneurs and compensation of companies' fixed costs.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Netherlands	-4.00	69.76	10.08
Germany	-4.19	79.69	10.33
France	-8.79	145.87	21.00
Belgium	-8.97	142.45	12.23
Finland	-4.35	82.03	10.08
Denmark	0.20	58.84	7.81

Sources: Thomson Reuters and IFS

**Unemployment**

Unemployment rose steadily from 3% at the start of 2020 peaking at 4.6% in August 2020 before falling to 3.1% by July 2021. The job retention scheme (NOW), which provides a wage cost subsidy for employers, helped to cushion the increase in unemployment. In July 2021, the number of unemployed dropped by 8,000 to 289,000 while employment increased by 2,000 to 9.07 million in July.

	Unemployment (%)	
	2019	2020
Netherlands	3.38	4.09
Germany	3.20	4.31
France	8.43	8.62
Belgium	5.36	5.55
Finland	6.80	7.90
Denmark	4.91	5.66

Source: Intl. Finance Statistics

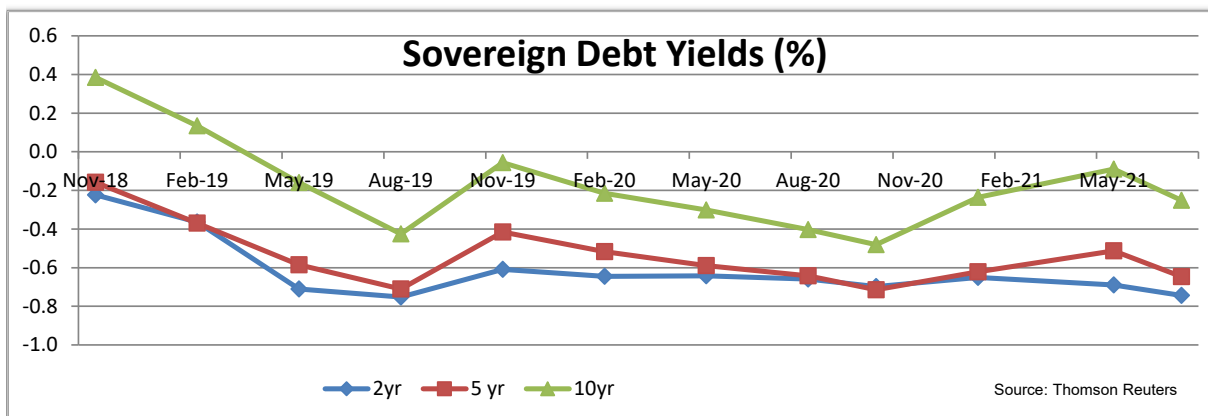
**Banking Sector**

The capitalisation of the banking sector has improved significantly in recent years, providing space to absorb the effects of the pandemic and continue to provide credit. While banks are still highly leveraged in gross terms, risk-weighted capital is well above the OECD average. Profitability is under pressure from persistently low interest rates. Banks have increased their provisions to compensate deteriorating asset quality.

Bank Assets (billions of local currency)		
	Assets	Mkt Cap/ Assets %
ING GROEP NV-CVA	937.3	4.94
AEGON NV	444.9	1.97
HAL TRUST	20.3	64.10
VAN LANSCHOT-CVA	15.1	6.76
WERELDHAVE NV	<u>2.7</u>	<u>20.01</u>
Total	1,420.3	
EJR's est. of cap shortfall at 10% of assets less market cap		72.4
Netherlands's GDP		800.1

**Funding Costs**

With government financing costs near historical lows, an investment fund, as proposed by the government, could help to strengthen the economy's potential to cope with the forthcoming challenges of digitalisation, climate change and population ageing. Netherlands 10Y Government Bond has a -0.259% yield, and the current 5-Years Credit Default Swap quotation is 10.30 and implied probability of default is 0.17%



**Ease of Doing Business**

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 42 (1 is best, 189 worst) is above average.

The World Bank's Doing Business Survey*			
	2021	2020	Change in
	Rank	Rank	Rank
<b>Overall Country Rank:</b>	<b>42</b>	<b>42</b>	<b>0</b>
<b>Scores:</b>			
Starting a Business	24	24	0
Construction Permits	88	88	0
Getting Electricity	58	58	0
Registering Property	30	30	0
Getting Credit	119	119	0
Protecting Investors	79	79	0
Paying Taxes	22	22	0
Trading Across Borders	1	1	0
Enforcing Contracts	78	78	0
Resolving Insolvency	7	7	0

\* Based on a scale of 1 to 189 with 1 being the highest ranking.

**Economic Freedom**

As can be seen below, Netherlands is strong in its overall rank of 76.8 for Economic Freedom with 100 being best.

<b>Heritage Foundation 2021 Index of Economic Freedom</b>				
<b>World Rank 76.8*</b>				
	<b>2021 Rank**</b>	<b>2020 Rank</b>	<b>Change in Rank</b>	<b>World Avg.</b>
<b>Property Rights</b>	<b>88.9</b>	<b>90.0</b>	<b>-1.1</b>	<b>53.6</b>
<b>Government Integrity</b>	<b>72.8</b>	<b>90.1</b>	<b>-17.3</b>	<b>45.9</b>
<b>Judicial Effectiveness</b>	<b>90.6</b>	<b>73.9</b>	<b>16.7</b>	<b>45.4</b>
<b>Tax Burden</b>	<b>51.7</b>	<b>51.7</b>	<b>0.0</b>	<b>77.7</b>
<b>Gov't Spending</b>	<b>47.7</b>	<b>45.2</b>	<b>2.5</b>	<b>67.1</b>
<b>Fiscal Health</b>	<b>95.3</b>	<b>94.1</b>	<b>1.2</b>	<b>72.1</b>
<b>Business Freedom</b>	<b>80.5</b>	<b>80.4</b>	<b>0.1</b>	<b>63.2</b>
<b>Labor Freedom</b>	<b>60.1</b>	<b>60.2</b>	<b>-0.1</b>	<b>59.5</b>
<b>Monetary Freedom</b>	<b>80.4</b>	<b>82.5</b>	<b>-2.1</b>	<b>74.7</b>
<b>Trade Freedom</b>	<b>84.0</b>	<b>86.4</b>	<b>-2.4</b>	<b>70.7</b>

\*Based on a scale of 1-100 with 100 being the highest ranking.  
 \*\*The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).  
 Source: The Heritage Foundation

**Credit Quality Driver: Taxes Growth:**

KINGDOM OF THE NETHERLANDS has seen a decline in taxes of 0.6% per annum in the last fiscal year which is disappointing. We expect tax revenues will decline by approximately 0.6% per annum over the next couple of years and 0.5% per annum for the next couple of years thereafter.

**Credit Quality Driver: Total Revenue Growth:**

KINGDOM OF THE NETHERLANDS's total revenue growth has been more than its peers and we assumed no decline in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions	
			Yr 1&2	Yr 3,4,5
Taxes Growth%	(4.2)	(0.6)	<b>(0.6)</b>	<b>0.5</b>
Social Contributions Growth %	(1.2)	(0.3)	<b>0.5</b>	<b>0.5</b>
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	(8.2)	<b>(4.2)</b>	<b>(4.1)</b>
Total Revenue Growth%	(2.9)	(1.3)	<b>(1.3)</b>	<b>(1.2)</b>
Compensation of Employees Growth%	2.6	5.4	<b>5.4</b>	<b>5.4</b>
Use of Goods & Services Growth%	4.0	4.4	<b>4.4</b>	<b>4.4</b>
Social Benefits Growth%	6.9	2.8	<b>2.8</b>	<b>2.8</b>
Subsidies Growth%	62.4	297.2		
Other Expenses Growth%	0.0			
Interest Expense	1.8	1.0	<b>1.0</b>	
Currency and Deposits (asset) Growth%	59.1	0.0		
Securities other than Shares LT (asset) Growth%	(3.7)	0.0		
Loans (asset) Growth%	390.2	125.4	<b>(0.6)</b>	<b>(0.6)</b>
Shares and Other Equity (asset) Growth%	5.0	(856.8)	<b>2.0</b>	<b>2.0</b>
Insurance Technical Reserves (asset) Growth%	2.5	0.0		
Financial Derivatives (asset) Growth%	6.7	(36.6)	<b>(10.0)</b>	<b>(10.0)</b>
Other Accounts Receivable LT Growth%	15.1	25.0	<b>12.5</b>	<b>16.8</b>
Monetary Gold and SDR's Growth %	0.0	0.0	<b>5.0</b>	<b>5.0</b>
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	3.8	11.3	<b>3.0</b>	<b>3.0</b>
Currency & Deposits (liability) Growth%	0.3	(4.1)	<b>0.5</b>	<b>0.5</b>
Securities Other than Shares (liability) Growth%	17.0	13.8	<b>9.6</b>	<b>9.6</b>
Loans (liability) Growth%	2.7	(6.4)	<b>0.5</b>	<b>0.5</b>
Insurance Technical Reserves (liability) Growth%	10.2	0.0		
Financial Derivatives (liability) Growth%	14.7	0.0		
Additional ST debt (1st year)(millions EUR)	0.0	0.0		

**ANNUAL OPERATING STATEMENTS**

Below are KINGDOM OF THE NETHERLANDS's annual income statements with the projected years based on the assumptions listed on page 5.

	<b>ANNUAL REVENUE AND EXPENSE STATEMENT</b>					
	<b>(MILLIONS EUR)</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>P2021</b>	<b>P2022</b>
Taxes	180,549	188,887	206,355	205,111	203,880	202,657
Social Contributions	105,535	111,734	113,150	112,809	113,373	113,940
Grant Revenue						
Other Revenue						
Other Operating Income	<u>36,595</u>	<u>37,400</u>	<u>36,069</u>	<u>33,106</u>	<u>33,106</u>	<u>33,106</u>
Total Revenue	322,679	338,021	355,574	351,026	350,359	349,703
Compensation of Employees	61,827	63,946	67,021	70,649	74,473	78,505
Use of Goods & Services	43,339	46,105	48,673	50,795	53,010	55,321
Social Benefits	157,106	162,023	169,224	173,983	178,876	183,906
Subsidies	8,561	9,101	9,701	38,536	38,540	38,544
Other Expenses				18,229	18,229	18,229
Grant Expense						
Depreciation	22,916	23,714	24,596	25,423	25,423	25,423
Total Expenses excluding interest	<u>305,714</u>	<u>320,194</u>	<u>334,532</u>	<u>377,615</u>	<u>388,551</u>	<u>399,927</u>
Operating Surplus/Shortfall	16,965	17,827	21,042	-26,589	-38,191	-50,224
Interest Expense	<u>7,396</u>	<u>6,933</u>	<u>6,231</u>	<u>5,443</u>	<u>5,496</u>	<u>5,550</u>
Net Operating Balance	9,569	10,894	14,811	-32,032	-43,687	-55,774

**ANNUAL BALANCE SHEETS**

Below are KINGDOM OF THE NETHERLANDS's balance sheets with the projected years based on the assumptions listed on page 5.

	<b>ANNUAL BALANCE SHEETS</b>					
	<b>(MILLIONS EUR)</b>					
<b>Base Case</b>	2017	2018	2019	2020	P2021	P2022
<b>ASSETS</b>						
Currency and Deposits (asset)	14,858	14,275	14,977	20,667	20,667	20,667
Securities other than Shares LT (asset)	7,335	8,458	7,157	6,332	6,332	6,332
Loans (asset)	1,220	1,799	1,960	4,417	4,390	4,364
Shares and Other Equity (asset)	-5,698	-229	613	-4,639	-4,732	-4,826
Insurance Technical Reserves (asset)					0	0
Financial Derivatives (asset)	11,814	8,223	9,450	5,993	5,394	4,854
Other Accounts Receivable LT	54,743	56,151	56,322	70,386	79,184	89,082
Monetary Gold and SDR's						
<b>Other Assets</b>					171,104	171,104
<b>Additional Assets</b>	<u>161,470</u>	<u>157,133</u>	<u>167,605</u>	<u>171,104</u>		
<b>Total Financial Assets</b>	245,742	245,810	258,084	274,260	282,340	291,577
<b>LIABILITIES</b>						
Other Accounts Payable	49,557	51,500	49,305	54,895	56,542	58,238
Currency & Deposits (liability)	1,974	1,608	1,688	1,618	1,618	1,618
Securities Other than Shares (liability)	386,405	377,591	373,045	424,404	465,305	510,148
Loans (liability)	85,579	80,685	82,545	77,247	120,934	176,708
Insurance Technical Reserves (liability)						
Financial Derivatives (liability)						
Other Liabilities	2	2	1	1	1	1
<b>Liabilities</b>	523,517	511,386	506,584	558,165	609,932	674,944
<b>Net Financial Worth</b>	<u>-277,775</u>	<u>-265,576</u>	<u>-248,500</u>	<u>-283,905</u>	<u>-327,592</u>	<u>-383,366</u>
<b>Total Liabilities &amp; Equity</b>	245,742	245,810	258,084	274,260	282,340	291,577

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**Comments on the Difference between the Model and Assigned Rating**

In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "AA-" whereas the ratio-implied rating for the most recent period is "A+"; the median rating for the peers is significantly higher than the issuer's rating.

**Changes in Indicative Ratios**

We have not made any adjustment in the indicative ratios at this time.



**SEC Rule 17g-7(a) Disclosure (Non-NRSRO)**

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

**1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:**

For the issuer KINGDOM OF THE NETHERLANDS with the ticker of 1533Z NA we have assigned the senior unsecured rating of AA-. There are three notches in our rating categories (e.g., A- A, and A+) except for AAA and those deep into speculative grade, i.e., CC, C, and D do not have notches.

**2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:**

We are using the Methodologies for Determining Credit Ratings (Main Methodology) version #15a available via [egan-jones.com](http://egan-jones.com) under the tab at the bottom of the page "Methodologies".

**3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:**

The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to projections on pages 1, 6, and 7 of this Rating Analysis Report.

**4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:**

Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

**5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:**

Our rating is dependent on numerous factors including the reliability, accuracy, and quality of the data relied upon in determining the credit rating. The data is sourced from publicly available information from the IMF and other similar sources. In some cases, the information is limited because of issues such as the lack of reported data, a delay in reporting data, restatements, inaccurate accounting and other issues. Such issues are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

**6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:**

EJR does not utilize third-party due diligence services.

**7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:**

Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

**8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:**

EJR uses publicly available information from the IMF, governmental filings and other similar sources for ratings on sovereign issuers.

**9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7: The information is generally high quality and readily avail.****10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:**

This rating is unsolicited.

**11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:**

Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating, include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

**12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:**

Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

**13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:**

Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			Resulting Ratio-Implied Rating		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	6.0	10.0	2.0	A1+	A1+	A1+
Social Contributions Growth %	7.0	10.0	4.0	A1+	A1+	A1+
Other Revenue Growth %		3.0	(3.0)	A1+	A1+	A1+
Total Revenue Growth%	7.0	9.0	5.0	A1+	A1+	A1+
Monetary Gold and SDR's Growth %	5.0	7.0	3.0	A1+	A1+	A1+

**14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:**

This credit rating is not assigned to an asset-backed security.

**ATTESTATION FORM**

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

- 1) No part of the credit rating was influenced by any other business activities,
- 2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
- 3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

**Analyst Signature:**

**Today's Date**

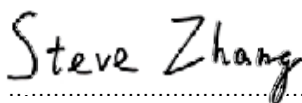


Subramanian NG  
Senior Rating Analyst

September 2, 2021

**Reviewer Signature:**

**Today's Date**



Steve Zhang  
Senior Rating Analyst

September 2, 2021

**(Note, see our senior report for additional disclosures.)**

## Sovereign Rating Methodology (Non-NRSRO)

**Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.**

**Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:**

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that the its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings

*For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.*