

SWISS CONFEDERATION

Rating Analysis - 9/3/21

EJR Sen Rating(Curr/Prj) AAA/ AAA

EJR CP Rating: A1+

EJR's 7 yr. Default Probability: 0.0%

Real GDP is projected to increase by 3.2% in 2021 and 2.9% in 2022, supported by the easing of containment measures and stronger sentiment amid the subsiding pandemic. Improving labour market prospects and the progressive reduction of currently high saving will underpin consumption growth. The government moved swiftly to support employment and incomes during the downturn. The fiscal stance is expected to remain adequately supportive in 2021. Fiscal measures should become better targeted to support viable jobs and companies.

In 2020, the authorities provided generous support to workers and firms through job retention schemes, income compensation for the self-employed and credit guarantees for enterprises. Most of these supports were extended to 2021 and the credit guarantee programme was followed by a broader "hardship clause" programme providing guarantees, loans or grants to companies significantly affected by the pandemic restrictions. Monetary policy remains very accommodative, with a negative policy interest rate and actions taken to counter safe-haven pressures on the Swiss franc and sustain dollar liquidity and bank credit. We are affirming.

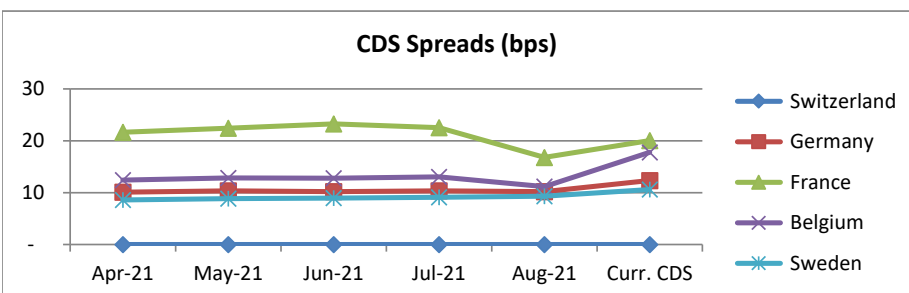
Annual Ratios (source for past results: IMF)

| CREDIT POSITION | 2018 | 2019 | 2020 | P2021 | P2022 | P2023 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Debt/ GDP (%) | 38.9 | 37.7 | 42.0 | 40.2 | 38.7 | 37.0 |
| Govt. Sur/Def to GDP (%) | 0.6 | 0.7 | 0.7 | 0.6 | 0.4 | 0.5 |
| Adjusted Debt/GDP (%) | 38.9 | 37.7 | 42.0 | 40.2 | 38.7 | 37.0 |
| Interest Expense/ Taxes (%) | 1.6 | 1.4 | 1.5 | 1.6 | 1.6 | 1.6 |
| GDP Growth (%) | 3.7 | 1.0 | -3.4 | 2.3 | 2.3 | 2.5 |
| Foreign Reserves/Debt (%) | 254.0 | 280.1 | 299.0 | 324.2 | 370.4 | 397.2 |
| Implied Sen. Rating | AAA | AA+ | AA+ | 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 |

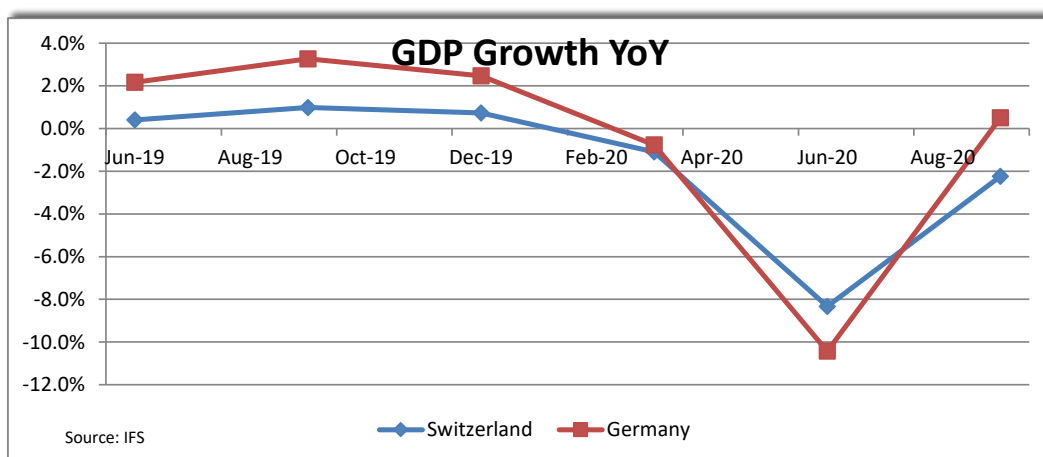
| PEER RATIOS | Other NRSRO Sen. | Debt as a % of GDP | Govt. Surp. Def to GDP (%) | Adjusted Debt/ GDP | Interest Expense/ Taxes % | GDP Growth (%) | Ratio-Implied Rating* |
|-----------------------------|------------------|--------------------|----------------------------|--------------------|---------------------------|----------------|-----------------------|
| 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 | BBB |
| Kingdom Of Belgium | AA | 142.4 | -9.0 | 142.4 | 6.5 | -5.3 | BB+ |
| Kingdom Of Sweden | AAA | 63.5 | -1.3 | 63.5 | 0.8 | -1.4 | AA+ |
| Kingdom Of Denmark | AAA | 58.8 | 0.2 | 58.8 | 1.2 | 0.5 | AA |



| Country | EJR Rtg. | CDS |
|-------------|----------|-----|
| Switzerland | AAA | N/A |
| Germany | AA | 12 |
| France | A+ | 20 |
| Belgium | BBB | 18 |
| Sweden | AA+ | 11 |

Economic Growth

The economy of Switzerland expanded 1.8% on quarter in Q2'21, rebounding from a downwardly revised 0.4% drop in the previous period, as many coronavirus restrictions were lifted or relaxed. It compares with market forecasts of a 2% growth. The service sector recovered, boosted by the hotel and catering industry (48.9%) as catering establishments have been allowed to gradually reopen and domestic tourism has restarted, although the value created by the sector is still about half of that before the crisis. Other increases were also seen in the art, entertainment and leisure sector (52.9%), trade (4.8%) and transportation (1.9%) while financial services fell 0.7%. Meanwhile, private spending surged 4.1%, public expenditure 5.5% due to extraordinary spending to deal with the pandemic and investment in capital goods 1.6%. Year-on-year, the economy expanded at a record 7.7%, although below forecasts of 9%. Against this backdrop, the SNB expects GDP growth of around 3.5% for 2021. GDP is likely to return to its pre-crisis level by the middle of the year. However, production capacity will remain underutilised for some time yet.



Fiscal Policy

In 2020, with Swiss firms struggling through lockdown, the federal government loosened its purse strings, doubling emergency aid to CHF 10 billion as part of a programme to boost the economy. The general government deficit is expected to widen to 3.8% of GDP in 2021 from 2.6% in 2020, given the higher cost of Covid-19 related expenditures. On-budget support is estimated to be around 3.3% of GDP this year from 2.1% in 2020, reflecting the larger component of on-budget spending versus guarantees relative to 2020. Debt sustainability is further underpinned by favourable financing costs, reinforced by the Swiss franc's safe-haven status.

| | Surplus-to-GDP (%) | Debt-to-GDP (%) | 5 Yr. CDS Spreads |
|-------------|--------------------|-----------------|-------------------|
| Switzerland | 0.69 | 42.00 | 0.00 |
| Germany | -4.19 | 79.69 | 12.34 |
| France | -8.79 | 145.87 | 20.04 |
| Belgium | -8.97 | 142.45 | 17.78 |
| Sweden | -1.32 | 63.50 | 10.60 |
| Denmark | 0.20 | 58.84 | 10.11 |

Sources: Thomson Reuters and IFS

Unemployment

The Swiss unemployment rate stood at a non-seasonally adjusted 2.8% in July 2021, unchanged from June's 16-month low figure, and matching market consensus, The number of unemployed people fell by 3,542, or 2.7%, to 128,279. Meantime, the youth unemployment rate, measuring job-seekers between 15 and 24 years old edged up to 2.3% from 2.2%, with the number of young unemployed increasing by 438, or 3.7%, to 12,201. Adjusted for seasonal factors, the unemployment rate inched down to 3.0% in June from 3.1% in the previous month.

| | Unemployment (%) | |
|-------------|------------------|------|
| | 2019 | 2020 |
| Switzerland | 2.33 | 3.14 |
| Germany | 3.20 | 4.31 |
| France | 8.43 | 8.62 |
| Belgium | 5.36 | 5.55 |
| Sweden | 6.77 | 8.29 |
| Denmark | 4.91 | 5.66 |

Source: Intl. Finance Statistics

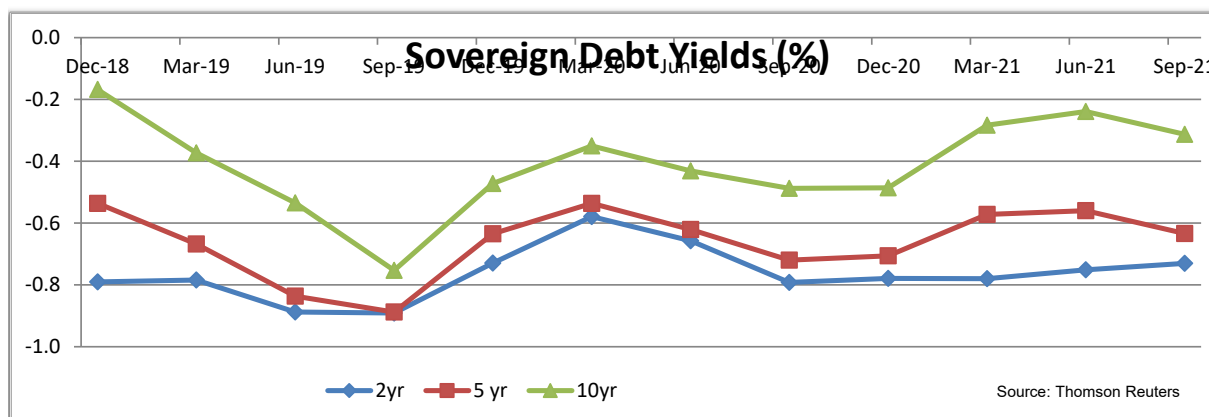
Banking Sector

The Swiss banking sector is distinguished by its size, the dominance of a small number of banks and its international integration. At the end of 2020, total banking sector assets stood at roughly CHF 3,800 billion. This is equivalent to around 500% of Swiss GDP. Domestically focused banks also proved resilient in the face of the deteriorating economic conditions in 2020, with their profitability even increasing slightly compared to 2019. At its quarterly assessment of 25 March 2021, the SNB reaffirmed its expansionary monetary policy. It kept the SNB policy rate and interest on sight deposits at the SNB at -0.75%, and in light of the highly valued Swiss franc it remained willing to intervene in the foreign exchange market as necessary.

| Bank Assets (billions of local currency) | | |
|--|--------------|----------------------|
| | Assets | Mkt Cap/ Assets % |
| UBS AG-REG | 1125.77 | 5.05 |
| UBS AG-REG BANQUE | 805.82 | 3.20 |
| CANTO-REG BASLER | 53.19 | 12.62 |
| KANTON-PC BERNER | 54.44 | 0.69 |
| KANTO-REG | <u>36.42</u> | <u>5.22</u> |
| Total | 2,075.6 | |
| EJR's est. of cap shortfall at | | |
| 10% of assets less market cap | | 115.9 |
| Switzerland's GDP | | 702.2 |

Funding Costs

The narrowing of domestically focused banks' interest rate margins has slowed considerably despite the renewed decline in mortgage interest rates relative to 2019. The current low interest rate environment is expected to persist, and with it the incentives for greater risk-taking. This means that risks to financial stability are likely to remain in the spotlight. Containing these risks will continue to require the participation and support of all market players: the authorities, the lenders, and the borrowers.



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 36 (1 is best, 189 worst) is above average.

| The World Bank's Doing Business Survey* | | | |
|---|-----------|-----------|-----------|
| | 2021 | 2020 | Change in |
| | Rank | Rank | Rank |
| Overall Country Rank: | 36 | 36 | 0 |
| Scores: | | | |
| Starting a Business | 81 | 81 | 0 |
| Construction Permits | 71 | 71 | 0 |
| Getting Electricity | 13 | 13 | 0 |
| Registering Property | 18 | 18 | 0 |
| Getting Credit | 67 | 67 | 0 |
| Protecting Investors | 105 | 105 | 0 |
| Paying Taxes | 20 | 20 | 0 |
| Trading Across Borders | 26 | 26 | 0 |
| Enforcing Contracts | 57 | 57 | 0 |
| Resolving Insolvency | 49 | 49 | 0 |

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

Economic Freedom

As can be seen below, Switzerland is strong in its overall rank of 81.9 for Economic Freedom with 100 being best.

| Heritage Foundation 2021 Index of Economic Freedom | | | | |
|---|---------------|-------------|------------------|--------------|
| World Rank 81.9* | | | | |
| | 2021 | 2020 | Change in | World |
| | Rank** | Rank | Rank | Avg. |
| Property Rights | 85.4 | 87.4 | -2.0 | 53.6 |
| Government Integrity | 82.2 | 90.1 | -7.9 | 45.9 |
| Judicial Effectiveness | 87.9 | 81.5 | 6.4 | 45.4 |
| Tax Burden | 70.4 | 70.1 | 0.3 | 77.7 |
| Gov't Spending | 67.6 | 65.3 | 2.3 | 67.1 |
| Fiscal Health | 96.9 | 96.7 | 0.2 | 72.1 |
| Business Freedom | 73.6 | 74.2 | -0.6 | 63.2 |
| Labor Freedom | 72.5 | 72.4 | 0.1 | 59.5 |
| Monetary Freedom | 85.4 | 84.4 | 1.0 | 74.7 |
| Trade Freedom | 86.0 | 86.6 | -0.6 | 70.7 |

*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:

SWISS CONFEDERATION has seen a decline in taxes of 1.6% per annum in the last fiscal year which is disappointing. We expect tax revenues will decline by approximately 1.6% 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:

SWISS CONFEDERATION's total revenue growth has been more than its peers and we assumed a 0.6% 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) | (1.6) | (1.6) | 0.5 |
| Social Contributions Growth % | (1.0) | NMF | | |
| Grant Revenue Growth % | 0.0 | 0.0 | | |
| Other Revenue Growth % | 0.0 | (0.3) | (1.4) | (1.4) |
| Other Operating Income Growth% | 0.0 | 0.0 | | |
| Total Revenue Growth% | (2.9) | (1.3) | (0.6) | (0.5) |
| Compensation of Employees Growth% | 2.6 | (1.4) | (1.4) | (1.4) |
| Use of Goods & Services Growth% | 2.2 | 0.5 | 0.5 | 0.5 |
| Social Benefits Growth% | 6.9 | 0.3 | 0.3 | 0.3 |
| Subsidies Growth% | 71.9 | (2.0) | | |
| Other Expenses Growth% | 0.0 | 0.0 | | |
| Interest Expense | 1.8 | 0.4 | 0.4 | |
| Currency and Deposits (asset) Growth% | 33.8 | 0.0 | | |
| Securities other than Shares LT (asset) Growth% | (3.7) | 0.0 | | |
| Loans (asset) Growth% | 10.8 | (0.8) | (1.6) | (1.6) |
| Shares and Other Equity (asset) Growth% | (23.8) | 0.0 | | |
| Insurance Technical Reserves (asset) Growth% | 0.0 | 0.0 | | |
| Financial Derivatives (asset) Growth% | 6.7 | 3.4 | (1.6) | (1.6) |
| Other Accounts Receivable LT Growth% | 12.8 | 2.1 | 2.1 | 2.1 |
| Monetary Gold and SDR's Growth % | 0.0 | (2.1) | (1.4) | (1.4) |
| Other Assets Growth% | 0.0 | 0.0 | | |
| Other Accounts Payable Growth% | 3.8 | (14.3) | 3.0 | 3.0 |
| Currency & Deposits (liability) Growth% | 1.2 | (2.5) | 0.5 | 0.5 |
| Securities Other than Shares (liability) Growth% | 14.5 | (1.8) | (1.3) | (1.3) |
| Loans (liability) Growth% | 2.7 | (0.1) | 0.5 | 0.5 |
| Insurance Technical Reserves (liability) Growth% | 10.3 | 0.0 | | |
| Financial Derivatives (liability) Growth% | 5.5 | 0.0 | | |
| Additional ST debt (1st year)(millions CHF) | 0.0 | 0.0 | | |

ANNUAL OPERATING STATEMENTS

Below are SWISS CONFEDERATION's annual income statements with the projected years based on the assumptions listed on page 5.

ANNUAL REVENUE AND EXPENSE STATEMENT

| | (MILLIONS CHF) | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2018 | 2019 | 2020 | P2021 | P2022 |
| Taxes | 68,267 | 69,254 | 71,615 | 70,435 | 69,308 | 68,199 |
| Social Contributions | | | | | 5 | 5 |
| Grant Revenue | 724 | 992 | 533 | 762 | 762 | 762 |
| Other Revenue | 3,257 | 3,467 | 3,489 | 3,478 | 3,428 | 3,378 |
| Other Operating Income | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Revenue | 72,248 | 73,713 | 75,637 | 74,675 | 73,503 | 72,344 |
| Compensation of Employees | 5,480 | 5,495 | 5,653 | 5,574 | 5,496 | 5,419 |
| Use of Goods & Services | 6,276 | 5,983 | 5,926 | 5,954 | 5,983 | 6,012 |
| Social Benefits | 248 | 231 | 229 | 230 | 231 | 231 |
| Subsidies | 2,110 | 2,120 | 2,208 | 2,164 | 2,164 | 2,165 |
| Other Expenses | 2,712 | 4,262 | 4,329 | 4,295 | 4,295 | 4,295 |
| Grant Expense | 46,929 | 47,162 | 47,815 | 47,488 | 47,164 | 46,842 |
| Depreciation | 3,048 | 3,063 | 2,996 | 3,030 | 3,030 | 3,030 |
| Total Expenses excluding interest | <u>66,802</u> | <u>68,316</u> | <u>69,156</u> | <u>68,736</u> | <u>68,363</u> | <u>67,993</u> |
| Operating Surplus/Shortfall | 5,446 | 5,397 | 6,481 | 5,939 | 5,140 | 4,351 |
| Interest Expense | <u>1,388</u> | <u>1,136</u> | <u>1,038</u> | <u>1,087</u> | <u>1,091</u> | <u>1,095</u> |
| Net Operating Balance | 4,058 | 4,261 | 5,443 | 4,852 | 4,049 | 3,256 |

ANNUAL BALANCE SHEETS

Below are SWISS CONFEDERATION's balance sheets with the projected years based on the assumptions listed on page 5.

| Base Case | ANNUAL BALANCE SHEETS | | | | | |
|--|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ASSETS | (MILLIONS CHF) | | | | | |
| | 2017 | 2018 | 2019 | 2020 | P2021 | P2022 |
| Currency and Deposits (asset) | 74,864 | 76,089 | 78,859 | 77,474 | 77,474 | 78,763 |
| Securities other than Shares LT (asset) | 534,424 | 608,182 | 706,720 | 657,451 | 657,451 | 657,451 |
| Loans (asset) | 32,707 | 32,877 | 33,380 | 33,129 | 32,599 | 32,077 |
| Shares and Other Equity (asset) | | | | | | |
| Insurance Technical Reserves (asset) | | | | | 0 | 0 |
| Financial Derivatives (asset) | 40 | 45 | 42 | 44 | 43 | 42 |
| Other Accounts Receivable LT | 6,308 | 7,269 | 6,980 | 7,124 | 7,272 | 7,423 |
| Monetary Gold and SDR's | 38,579 | 40,240 | 42,007 | 41,124 | 40,531 | 39,948 |
| Other Assets | | | | | 0 | 0 |
| Additional Assets | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | | |
| Total Financial Assets | 686,922 | 764,702 | 867,988 | 816,345 | 815,369 | 815,703 |
| | | | | | | |
| LIABILITIES | | | | | | |
| Other Accounts Payable | 18,382 | 23,675 | 33,145 | 28,410 | 29,262 | 30,140 |
| Currency & Deposits (liability) | 83,796 | 88,462 | 93,042 | 90,752 | 86,645 | 84,592 |
| Securities Other than Shares (liability) | 145,441 | 135,625 | 140,776 | 138,201 | 136,431 | 134,683 |
| Loans (liability) | 66,733 | 66,241 | 66,320 | 66,281 | 62,232 | 58,975 |
| Insurance Technical Reserves (liability) | | | | | | |
| Financial Derivatives (liability) | | | | | | |
| Other Liabilities | | | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Liabilities | 314,353 | 314,003 | 333,284 | 323,644 | 318,619 | 315,696 |
| | | | | | | |
| Net Financial Worth | <u>372,569</u> | <u>450,699</u> | <u>534,704</u> | <u>492,701</u> | <u>496,750</u> | <u>500,007</u> |
| Total Liabilities & Equity | 686,922 | 764,702 | 867,988 | 816,345 | 815,369 | 815,703 |

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Egan-Jones is not an NRSRO (as defined by the SEC) for sovereign/municipal issuers and structured finance/ABS issuers.

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 "AAA" whereas the ratio-implied rating for the most recent period is "AA+"; we expect results to improve.

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 SWISS CONFEDERATION with the ticker of 344758Z SW we have assigned the senior unsecured rating of AAA. 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 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 used 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 adequate and acceptable.

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% | (1.6) | 2.4 | (5.6) | AAA | AAA | AA+ |
| Social Contributions Growth % | 0.0 | 3.0 | (3.0) | AA+ | AA+ | AA+ |
| Other Revenue Growth % | (1.4) | 1.6 | (4.4) | AA+ | AA+ | AA+ |
| Total Revenue Growth% | (0.6) | 1.4 | (2.6) | AA+ | AA+ | AA+ |
| Monetary Gold and SDR's Growth % | 2.1 | 4.1 | 0.1 | AA+ | AA+ | AA+ |

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.

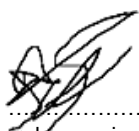
ATTESTATION FORM

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

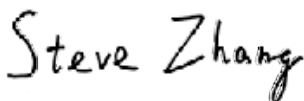


September 03, 2021

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Srifamian NG
Senior Rating Analyst

Reviewer Signature:

Today's Date



September 03, 2021

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Steve Zhang
Senior Rating Analyst

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 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.