UNITED KINGDOM

Rating Analysis - 9/3/21

EJR Sen Rating(Curr/Prj) A+/ A+

EJR CP Rating: A1

EJR's 3 yr. Default Probability: 1.3%

UK's economic rebound from COVID is gathering momentum. The key question remains whether this will translate into a self-sustaining and complete recovery, or stop short as a rapid but incomplete rebound. The answer will likely hinge on the labor market. Unemployment is now likely to fall as the economy reopens. Strong GDP growth of 7.2% in 2021 and 5.5% in 2022 is projected as a large share of the population is vaccinated and restrictions to economic activity are progressively eased. Growth is driven by a rebound of consumption, notably of services. GDP is expected to return to its pre-pandemic level in early 2022. Fiscal and monetary policies should stay supportive until the recovery firmly takes hold, facilitating structural change as support to existing firms and jobs is scaled down. Extending higher levels of cash support beyond current plans and continuing to boost training programs can help affected households. Data released by the Office for National Statistics shows in July 2021, public sector borrowing reached £10.4bn, the second highest figure for the month since records began in 1993 - a worry.

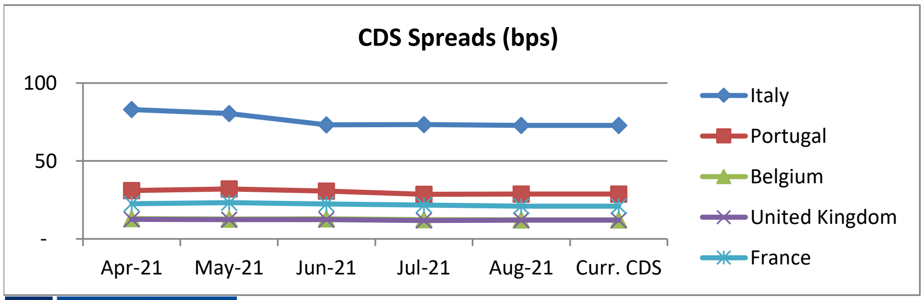
Additionally, the percentage of employees on full-time furlough (still employed but not required to work any hours) remained stable at 2% in August. Also, in August, a third of firms planned to use less office space than they would have done in the absence of COVID, in 2022 and beyond. In total, firms expected to use 8% less office space, with the use of factory space, storage space, and other types of space all expected to increase by between 1-2%. Overall uncertainty fell in August, with the percentage of businesses that viewed the overall level of uncertainty facing their business as high or very high down to 47% in July, 5 percentage points lower than the previous month. We are affirming.

Annual Ratios (source for past results: IMF)

CREDIT POSITION	2018	2019	2020	P2021	P2022	P2023
Debt/ GDP (%)	153.2	156.3	187.8	196.5	206.5	198.9
Govt. Sur/Def to GDP (%)	-3.2	-2.8	-12.8	-17.3	-19.9	-19.3
Adjusted Debt/GDP (%)	153.2	156.3	187.8	196.5	206.5	198.9
Interest Expense/ Taxes (%)	9.0	8.0	7.2	7.8	8.4	8.5
GDP Growth (%)	3.5	3.5	-4.8	4.5	5.5	5.5
Foreign Reserves/Debt (%)	3.2	3.1	2.6	2.2	1.8	1.5
Implied Sen. Rating	A-	A-	BBB-	BBB	BBB-	BBB

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	BBB
Kingdom Of Belgium	AA	142.4	-9.0	142.4	6.5	-5.3	BB+
Republic Of Italy	BBB	184.1	-9.7	184.1	11.9	-7.8	BB-
Portugal Republic	BBB	155.1	-6.3	155.1	11.8	-5.4	BB

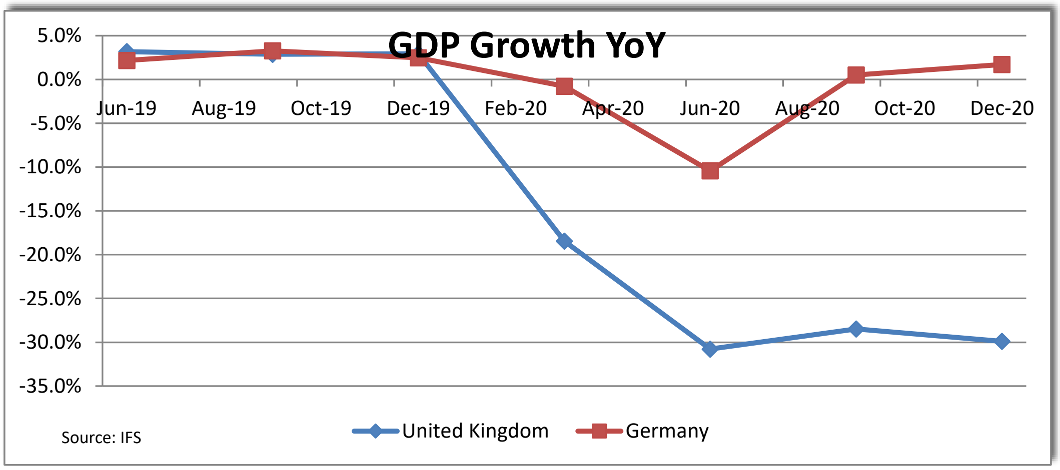


Country	EJR Rtg.	CDS
Italy	BBB-	73
Portugal	BBB-	29
Belgium	BBB	12
United Kingdom	A+	12
France	A+	21

EJR Sen Rating(Curr/Prj) A+/ A+
EJR CP Rating: A1
EJR's 3 yr. Default Probability: 1.3%

Economic Growth

UK gross domestic product grew by 4.8% on quarter in April to June 2021, recovering from a 1.6% contraction in the previous three-month period, as activity and demand rebounded following the easing of coronavirus restrictions. Household consumption jumped 7.3% (vs -4.6% in Q1) and public spending advanced 6.1% (vs 1.5% in Q1). Meanwhile, fixed investment continued to contract (-0.5% vs -1.7%) despite an increase in business investment, and net trade contributed negatively to the GDP as imports rose more than exports. In output terms, the largest contributors to this increase were from wholesale and retail trade, accommodation and food service activities, and education. The level of GDP remained 4.4% below pre-pandemic levels. Turning to Q3, momentum appears to be easing despite the removal of virtually all Covid-19 restrictions from July, with PMI readings for both the manufacturing and services sectors declining notably through August.



Fiscal Policy

British public borrowing last month was almost a fifth lower than a year earlier, when the economy was feeling the full force of the coronavirus pandemic, but rising inflation put upward pressure on debt costs. Public sector net borrowing, excluding public sector banks, fell to GBP 22.8 billion in June, still the second-highest June figure on record. Data showed Britain's budget deficit jumped to 14.2% of GDP during the financial year to the end of March 2021, its highest share of GDP since WWII. Public debt as a share of GDP, excluding public sector banks, was GBP 2.218 trillion or 99.7% of GDP in June, its highest since March 1961. However, debt servicing costs as a share of GDP remain low by historic standards, and EJR expects the pace of economic recovery to be the key factor in improving the public finances.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
United Kingdom	-12.82	187.83	11.99
Germany	-4.19	79.69	10.33
France	-8.79	145.87	21.00
Belgium	-8.97	142.45	12.23
Italy	-9.72	184.12	72.84
Portugal	-6.26	155.13	28.81

Sources: Thomson Reuters and IFS

Unemployment

The UK unemployment rate fell to 4.7% in Q2'21, from 4.9% in Q1'21 and slightly below market expectations of 4.8%, suggesting the labor market continuing to recover following the relaxation of many coronavirus restrictions. Still, the rate remained 0.8%age points higher than before the pandemic. The number of unemployed people was down by 53,000 to 1.60 million, while employment levels rose by 95,000 to 32.28 million, more than market consensus of a 75,000 increase. The report also showed the number of employees on company books rose 182,000 to 28.9 million in July 2021, as companies stepped up hiring to respond to growing demand. Job vacancies hit a record high while redundancies decreased to pre-pandemic levels.

Unemployment (%)	2019	2020
United Kingdom	3.74	4.34
Germany	3.20	4.31
France	8.43	8.62
Belgium	5.36	5.55
Italy	9.95	9.31
Portugal	6.46	7.20

Source: Intl. Finance Statistics

EJR Sen Rating(Curr/Prj) A+/ A+
EJR CP Rating: A1
EJR's 3 yr. Default Probability: 1.3%

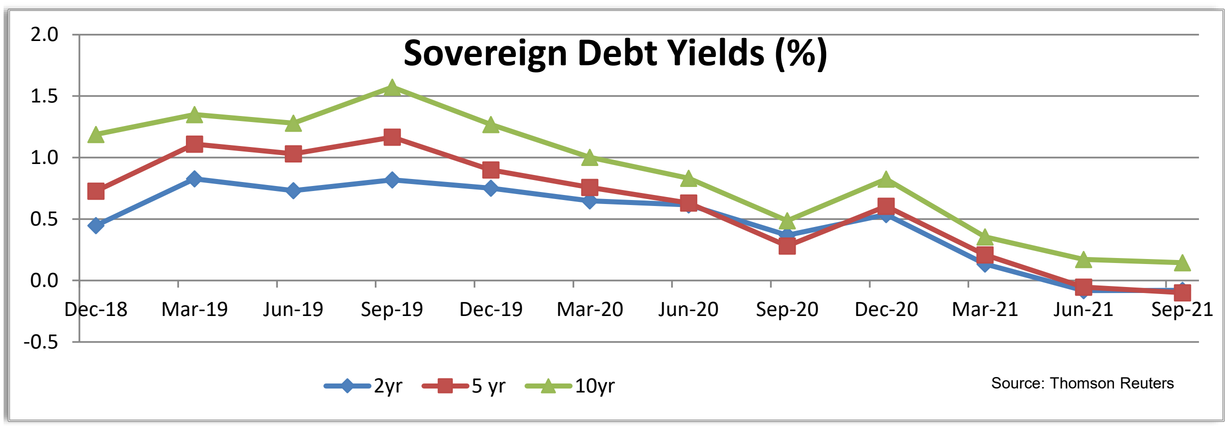
Banking Sector

The current circumstances have put strain on the financial sector, but banks have been well-prepared to manage the situation and weather the economic shock. Post-2008 regulatory reforms established robust capital and liquidity buffers to cushion the impact of shock events, and regulators have taken steps to help protect those buffers as COVID-19-related disruption continues into the long term. The progressive easing of public health restrictions will allow for a solid rebound. Output is projected to grow by 7.2% in 2021 and 5.5% in 2022. Consumption will bounce back sharply as hard-hit hospitality services and retail trade reopen.

Bank Assets (billions of local currency)	Assets	Mkt Cap/ Assets %
HSBC HLDGS PLC	2,984.2	2.65
ROYAL BK SCOTLAN	799.5	3.06
BARCLAYS PLC	1,349.5	2.31
LLOYDS BANKING	871.3	3.59
STANDARD CHARTER	789.1	1.80
Total	6,793.5	
EJR's est. of cap shortfall at 10% of assets less market cap		499.3
United Kingdom's GDP		2,111.1

Funding Costs

The effective interest rate on interest-charging overdrafts decreased by 34 basis points to 20.35% in July. This series has varied between 19.8% and 20.9% since September 2020. Rates on new personal loans to individuals increased by 18 basis points, to 5.85% in June, the highest since March 2020 (6.43%). The cost of credit card borrowing was 17.7% in July, having varied between 17.5% and 18.5% since March 2020. The United Kingdom 10Y Government Bond has a 0.678% yield and current 5-Years Credit Default Swap quotation is 9.38 and implied probability of default is 0.16%.



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 8 (1 is best, 189 worst) is extremely strong.

The World Bank's Doing Business Survey*	2021 Rank	2020 Rank	Change in Rank
Overall Country Rank:	**8**	**8**	**0**
Scores:			
Starting a Business	18	18	0
Construction Permits	23	23	0
Getting Electricity	8	8	0
Registering Property	41	41	0
Getting Credit	37	37	0
Protecting Investors	7	7	0
Paying Taxes	27	27	0
Trading Across Borders	33	33	0
Enforcing Contracts	34	34	0
Resolving Insolvency	14	14	0

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

Economic Freedom

As can be seen below, United Kingdom is strong in its overall rank of 78.4 for Economic Freedom with 100 being best.

Heritage Foundation 2021 Index of Economic Freedom
World Rank 78.4*

	2021 Rank**	2020 Rank	Change in Rank	World Avg.
Property Rights	87.6	92.2	-4.6	53.6
Government Integrity	76.7	89.9	-13.2	45.9
Judical Effectiveness	86.5	82.7	3.8	45.4
Tax Burden	64.9	64.7	0.2	77.7
Gov't Spending	54.8	49.5	5.3	67.1
Fiscal Health	77.3	78.1	-0.8	72.1
Business Freedom	94.4	94.7	-0.3	63.2
Labor Freedom	73.2	73.1	0.1	59.5
Monetary Freedom	81.0	80.3	0.7	74.7
Trade Freedom	84.0	86.4	-2.4	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:
UNITED KINGDOM has seen a decline in taxes of 6.4% per annum in the last fiscal year which is disappointing. We expect tax revenues will decline by approximately 6.4% 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:
UNITED KINGDOM's total revenue growth has been more than its peers and we assumed a 5.4% 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%	(6.5)	(6.4)	**(6.4)**	**0.5**
Social Contributions Growth %	(1.2)	0.6	**0.6**	**0.6**
Grant Revenue Growth %	0.0	(35.7)	**0.5**	**0.5**
Other Revenue Growth %	0.0	2.2	**(5.8)**	**(5.8)**
Other Operating Income Growth%	0.0	0.0		
Total Revenue Growth%	(5.0)	(4.4)	**(5.4)**	**(4.9)**
Compensation of Employees Growth%	2.9	7.4	**7.4**	**7.4**
Use of Goods & Services Growth%	2.2	22.7	**3.6**	**3.6**
Social Benefits Growth%	8.0	7.9	**7.9**	**7.9**
Subsidies Growth%	28.1	427.7		
Other Expenses Growth%	29.7	29.7	**29.7**	**26.7**
Interest Expense	1.8	1.0	**1.0**	
Currency and Deposits (asset) Growth%	22.9	0.0		
Securities other than Shares LT (asset) Growth%	2.2	0.0		
Loans (asset) Growth%	(108.8)	20.2	**(6.4)**	**(6.4)**
Shares and Other Equity (asset) Growth%	(30.6)	195.4	**20.0**	**20.0**
Insurance Technical Reserves (asset) Growth%	1.7	0.0		
Financial Derivatives (asset) Growth%	2.0	(198.0)	**(10.0)**	**(10.0)**
Other Accounts Receivable LT Growth%	2.6	32.4	**16.0**	**16.0**
Monetary Gold and SDR's Growth %	0.0	(59.7)	**(5.8)**	**(5.8)**
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	2.9	19.1	**3.0**	**3.0**
Currency & Deposits (liability) Growth%	0.7	18.9	**18.9**	**17.0**
Securities Other than Shares (liability) Growth%	14.4	20.7	**14.5**	**14.5**
Loans (liability) Growth%	2.4	7.5	**7.5**	**7.5**
Insurance Technical Reserves (liability) Growth%	10.3	(1.2)	**(1.2)**	**(1.2)**
Financial Derivatives (liability) Growth%	5.5	128.1	**23.0**	**25.0**
Additional ST debt (1st year)(millions GBP)	0.0	0.0		

EJR Sen Rating(Curr/Prj) A+/ A+
EJR CP Rating: A1
EJR's 3 yr. Default Probability: 1.3%

ANNUAL OPERATING STATEMENTS

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

ANNUAL REVENUE AND EXPENSE STATEMENT (MILLIONS GBP)						
	2017	2018	2019	2020	P2021	P2022
Taxes	563,293	583,174	597,616	559,527	523,717	490,199
Social Contributions	131,958	136,905	145,303	146,189	147,080	147,977
Grant Revenue	379	147	115	74	74	75
Other Revenue	71,904	74,714	74,519	76,188	71,800	67,664
Other Operating Income						
Total Revenue	767,534	794,940	817,553	781,978	742,672	705,915
Compensation of Employees	169,640	181,610	191,794	205,892	221,026	237,273
Use of Goods & Services	157,277	162,593	173,171	212,400	220,046	227,968
Social Benefits	275,544	281,527	286,755	309,390	333,812	360,161
Subsidies	17,751	20,016	22,815	120,394	120,406	120,418
Other Expenses	91,047	102,464	91,773	119,043	154,416	200,300
Grant Expense	18,440	21,316	22,543	24,560	26,757	29,152
Depreciation	41,208	42,169	43,856	44,964	44,964	44,964
Total Expenses excluding interest	770,907	811,695	832,707	1,012,083	1,121,428	1,220,236
Operating Surplus/Shortfall	-3,373	-16,755	-15,154	-230,105	-378,756	-514,321
Interest Expense	55,634	52,608	47,545	40,494	40,908	41,325
Net Operating Balance	-59,007	-69,363	-62,699	-270,599	-419,664	-555,646

EJR Sen Rating(Curr/Prj) A+/ A+
EJR CP Rating: A1
EJR's 3 yr. Default Probability: 1.3%

ANNUAL BALANCE SHEETS

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

ANNUAL BALANCE SHEETS
(MILLIONS GBP)

Base Case						
ASSETS	2017	2018	2019	2020	P2021	P2022
Currency and Deposits (asset)	96,392	98,339	103,685	131,511	131,511	131,511
Securities other than Shares LT (asset)	87,910	95,303	95,340	109,274	109,274	109,274
Loans (asset)	-3,487	5,460	11,265	13,542	12,675	11,864
Shares and Other Equity (asset)	-4,817	-4,236	-456	-1,347	-1,616	-1,940
Insurance Technical Reserves (asset)	646	643	619	667	667	667
Financial Derivatives (asset)	-2,999	-3,774	-1,205	1,181	1,063	957
Other Accounts Receivable LT	96,997	96,045	90,824	120,253	139,493	161,812
Monetary Gold and SDR's	1,231	1,624	893	360	339	320
Other Assets					366,483	366,483
Additional Assets	346,301	339,898	352,108	366,483		
Total Financial Assets	618,174	629,302	653,073	741,924	759,890	780,948
LIABILITIES						
Other Accounts Payable	41,954	48,296	52,642	62,680	64,560	66,497
Currency & Deposits (liability)	188,368	190,326	200,364	238,312	238,312	238,312
Securities Other than Shares (liability)	2,060,910	2,058,726	2,205,189	2,660,790	3,045,601	3,486,064
Loans (liability)	72,086	81,765	76,122	81,865	501,529	1,057,175
Insurance Technical Reserves (liability)	873,622	891,288	921,558	910,673	899,917	889,287
Financial Derivatives (liability)	1,473	1,264	1,008	2,299	2,828	3,478
Other Liabilities	10,681	11,102	10,680	10,983	10,983	10,983
Liabilities	3,249,094	3,282,767	3,467,563	3,967,602	4,405,232	4,981,936
Net Financial Worth	-2,630,920	-2,653,465	-2,814,490	-3,225,678	-3,645,342	-4,200,988
Total Liabilities & Equity	618,174	629,302	653,073	741,924	759,890	780,948

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 adjustment which are reflected in the results for the projected ratings. We have assigned a rating of "A+" whereas the ratio-implied rating for the most recent period is "BBB-"; the median rating for the peers is significantly higher than the issuer's rating. s

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

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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 UNITED KINGDOM with the ticker of 6152Z LN we have assigned the senior unsecured rating of A+. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no 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%	(6.4)	(2.4)	(10.4)	BBB-	BBB-	BBB-
Social Contributions Growth %	0.6	3.6	(2.4)	BBB-	BBB-	BBB-
Other Revenue Growth %	(5.8)	(2.8)	(8.8)	BBB-	BBB-	BBB-
Total Revenue Growth%	(5.4)	0.1	(7.4)	BBB-	BBB-	BBB-
Monetary Gold and SDR's Growth %	16.0	18.0	14.0	BBB-	BBB-	BBB-

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:

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Subramanian NG

Senior Rating Analyst

Today's Date

September 03, 2021

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Reviewer Signature:

Steve Zhang

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Steve Zhang

Senior Rating Analyst

Today's Date

September 03, 2021

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(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 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.