RIDF Section 13. Sensitivity to Assumptions

Sensitivity of the Credit Rating to Assumptions Made by Fitch as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

The major assumptions made by Fitch in determining the announced credit ratings are discussed below, along with examples that illustrate the effect of the violation of those assumptions, where determinable.

Assumption

Fitch assumes that the issuer's approach to fiscal policy and public finance management remains consistent with that currently disclosed to Fitch.

- *In situations where the sovereign implements a material and unexpected change in fiscal policy (eg:- significant fiscal easing) this has the capacity to change our assessment of the strength of the sovereign's public finances to an extent that could result in a significant change to the rating level.*

Assumption

Fitch assumes that the issuer's approach to monetary and exchange rate policy remains consistent with that currently disclosed to Fitch.

- *In situations where the sovereign implements a material and unexpected change in monetary and/or exchange rate policy (eg:- aggressive monetary easing despite inflationary pressures or change in exchange rate regime) in a way that exacerbates imbalances and undermines the credibility of the policy framework, such developments could result in a significant change to the rating level.*

Assumption

Fitch assumes that the condition of the financial sector of the sovereign issuer is consistent with that currently disclosed to Fitch.

- *In situations where it becomes apparent that the financial sector is in difficulty, the potential negative impact on both the financial stability of the country and on the sovereign balance sheet (in the context of possible recapitalisation costs) could result in a significant change to the rating level.*

Assumption

Fitch assumes that information provided by issuers and their agents, including legal opinions, and operating and financial information provided by third parties is valid, accurate and meets widely accepted levels of professional standards, subject to reasonable investigation by Fitch.

- *In situations where there are material ex-post revisions to data, these could potentially result in a significant change to the rating level of the sovereign. This reflects the reality that our ratings encapsulate trends in recent historic and forecast data for key economic and financial variables, as well as the accuracy of data for the public finances.*

Assumption

Fitch assumes that the relevant key operating environments (e.g. legal, economic, political, regulatory) will remain consistent with expectations based on historical trends and currently available information, and will not be modified to the detriment of the issuer.

- *The legal, economic, political and regulatory operating environments of the country represent important rating factors for sovereign ratings. Any unexpected and material change to any of these structural features (eg:- political unrest or conflict) could result in a significant change to the sovereign rating level.*