

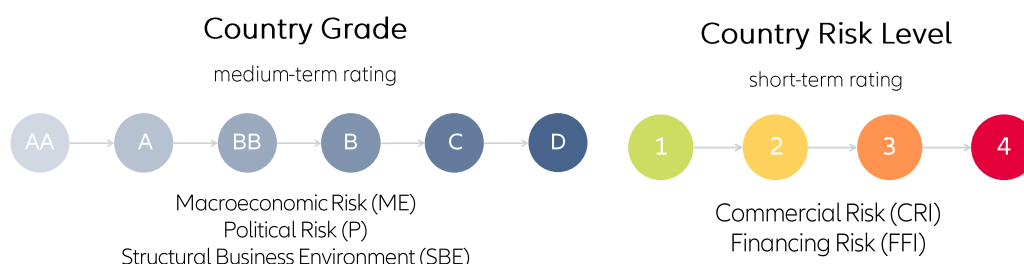
# Country risk methodology



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The Country Risk Rating by Euler Hermes Economic Research measures the risk of non-payment by companies in a given country. This risk is due to conditions or events outside any company’s control. The overall evaluation is made of two elements:

- Country Grade is a medium-term assessment ranging from AA to D (highest risk).
- Country Risk Level provides a short-term rating from 1 to 4 (highest risk level).



The Medium-Term Rating (Country Grade) measures economic imbalances, the quality of the business climate and the likelihood of political hazards. It is on a six-level scale running from AA to D, in which AA is the lowest risk level and D is the highest risk level.

The Medium-Term Rating is the combination of three scores:

- The Macroeconomic Rating (ME) based on the analysis of the structure of the economy, budgetary and monetary policy, indebtedness, the external balance, the stability of the banking system and the capacity to respond effectively to (emerging) weaknesses;
- The Structural Business Environment Rating (SBE) measures the perceptions of the regulatory and legal framework, control of corruption, relative ease of doing business and environmental sustainability; and
- The Political Risk Rating (P), which is based on the analysis of mechanisms for transferring and concentration of power, the effectiveness of policy-making, the independence of institutions, social cohesion, and international relations.

**The Short-Term Rating (Country Risk Level)** identifies more immediate threats by focusing on the direction of economic output in the next 6-12 months and those macroeconomic indicators that can signal imminent financial crisis as a result of a disruption to financing flows.

It is measured on a four-level scale running from 1 to 4, in which 1 is the lowest risk level and 4 is the highest risk level. Those four levels of risk are also labelled as low medium sensitive and high in our country risk map. The Short-Term Rating is the combination of two indicators:

- The Financing Flows Indicator (FFI), a measure of short-term financing risks for an economy that can impact payments of trade receivables between companies; and
- The Commercial Risk Indicator (CRI) which measures the short-term disruptions in demand. It includes our macroeconomic and insolvency forecasts.

# Country risk ratings

## April 2022 review

Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Afghanistan	D	4 (High)
Albania	D	3 (Sensitive)
Algeria	C	3 (Sensitive)
American Samoa	A	1 (Low)
Andorra	AA	1 (Low)
Angola	D	4 (High)
Anguilla	BB	1 (Low)
Antarctica	AA	1 (Low)
Antigua & Barbuda	C	3 (Sensitive)
Argentina	D	4 (High)
Armenia	D	3 (Sensitive)
Aruba	B	2 (Medium)
Australia	AA	1 (Low)
Austria	AA	1 (Low)
Azerbaijan	C	3 (Sensitive)
Bahamas	B	3 (Sensitive)
Bahrain	C	3 (Sensitive)
Bangladesh	D	3 (Sensitive)
Barbados	D	3 (Sensitive)
Belarus	D	4 (High)
Belgium	AA	1 (Low)
Belize	D	3 (Sensitive)
Benin	C	3 (Sensitive)
Bermuda	A	1 (Low)
BES Islands (Bonaire, St Eustatius, Saba)	AA	1 (Low)
Bhutan	C	3 (Sensitive)
Bolivia	D	4 (High)

Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Bosnia and Herzegovina	D	3 (Sensitive)
Botswana	B	1 (Low)
Bouvet Island	AA	1 (Low)
Brazil	B	3 (Sensitive)
British Indian Ocean Territory	AA	1 (Low)
British Virgin Islands	A	1 (Low)
Brunei	BB	2 (Medium)
Bulgaria	B	2 (Medium)
Burkina Faso	D	3 (Sensitive)
Burundi	D	4 (High)
Cambodia	C	3 (Sensitive)
Cameroon	D	3 (Sensitive)
Canada	AA	1 (Low)
Cape Verde Islands	C	3 (Sensitive)
Cayman Islands	A	1 (Low)
Central African Republic	D	4 (High)
Chad	D	4 (High)
Chile	BB	2 (Medium)
China	B	2 (Medium)
Christmas Island	A	1 (Low)
Cocos (Keeling) Islands	A	1 (Low)
Colombia	B	2 (Medium)
Comoros	D	4 (High)
Congo (Democratic Rep Of)	D	4 (High)
Congo (People's Rep Of)	D	4 (High)
Cook Islands	C	3 (Sensitive)
Costa Rica	B	3 (Sensitive)
Côte d'Ivoire	C	2 (Medium)
Croatia	B	2 (Medium)
Cuba	D	4 (High)
Curacao	C	3 (Sensitive)
Cyprus	B	2 (Medium)
Czech Republic	A	2 (Medium)
Denmark	AA	1 (Low)
Djibouti	C	3 (Sensitive)
Dominica	C	3 (Sensitive)
Dominican Republic	B	2 (Medium)
Ecuador	C	4 (High)

Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Egypt	C	2 (Medium)
El Salvador	B	2 (Medium)
Equatorial Guinea	D	4 (High)
Eritrea	D	4 (High)
Estonia	AA	1 (Low)
Eswatini	C	4 (High)
Ethiopia	D	4 (High)
Falkland Islands	A	1 (Low)
Faroe Islands	A	1 (Low)
Fiji	D	4 (High)
Finland	AA	1 (Low)
France	AA	1 (Low)
French Guiana	AA	1 (Low)
French Polynesia	BB	1 (Low)
French Southern Territory	AA	1 (Low)
Gabon	D	3 (Sensitive)
Gambia	D	3 (Sensitive)
Georgia	D	4 (High)
Germany	AA	1 (Low)
Ghana	C	3 (Sensitive)
Gibraltar	A	1 (Low)
Greece	B	2 (Medium)
Greenland	A	1 (Low)
Grenada	C	3 (Sensitive)
Guadeloupe	AA	1 (Low)
Guam	A	1 (Low)
Guatemala	B	2 (Medium)
Guinea (Rep Of)	D	4 (High)
Guinea Bissau	D	4 (High)
Guyana	C	3 (Sensitive)
Haiti	D	4 (High)
Heard and McDonald Islands	AA	1 (Low)
Honduras	C	2 (Medium)
Hong Kong	BB	2 (Medium)
Hungary	B	3 (Sensitive)
Iceland	B	2 (Medium)
India	B	2 (Medium)
Indonesia	B	2 (Medium)

Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Iran	D	4 (High)
Iraq	D	4 (High)
Ireland	AA	1 (Low)
Israel	BB	1 (Low)
Italy	A	2 (Medium)
Jamaica	C	2 (Medium)
Japan	A	1 (Low)
Jordan	C	3 (Sensitive)
Kazakhstan	C	4 (High)
Kenya	C	3 (Sensitive)
Kiribati	C	3 (Sensitive)
Kuwait	B	1 (Low)
Kyrgyzstan	D	4 (High)
Laos	D	4 (High)
Latvia	A	1 (Low)
Lebanon	D	4 (High)
Lesotho	C	3 (Sensitive)
Liberia	D	4 (High)
Libya	D	4 (High)
Liechtenstein	AA	1 (Low)
Lithuania	A	1 (Low)
Luxembourg	AA	1 (Low)
Macao	BB	2 (Medium)
Madagascar	D	3 (Sensitive)
Malawi	D	3 (Sensitive)
Malaysia	BB	2 (Medium)
Maldives	C	3 (Sensitive)
Mali	D	4 (High)
Malta	A	1 (Low)
Marshall Islands	D	4 (High)
Martinique	AA	1 (Low)
Mauritania	D	4 (High)
Mauritius	BB	2 (Medium)
Mayotte	A	1 (Low)
Mexico	BB	2 (Medium)
Micronesia	C	3 (Sensitive)
Moldova	D	4 (High)
Monaco	AA	1 (Low)

Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Mongolia	D	3 (Sensitive)
Montenegro	D	4 (High)
Montserrat	BB	1 (Low)
Morocco	B	3 (Sensitive)
Mozambique	D	4 (High)
Myanmar (Burma)	D	4 (High)
Namibia	C	3 (Sensitive)
Nauru	D	4 (High)
Nepal	D	4 (High)
Netherlands	AA	1 (Low)
New Caledonia	A	1 (Low)
New Zealand	AA	1 (Low)
Nicaragua	D	4 (High)
Niger	D	4 (High)
Nigeria	D	3 (Sensitive)
Niue	B	2 (Medium)
Norfolk Island	A	1 (Low)
North Korea	D	4 (High)
North Macedonia	C	2 (Medium)
Northern Mariana Islands	A	1 (Low)
Norway	AA	1 (Low)
Oman	C	3 (Sensitive)
Pakistan	D	4 (High)
Palau	C	3 (Sensitive)
Panama	BB	2 (Medium)
Papua New Guinea	D	4 (High)
Paraguay	B	2 (Medium)
Peru	B	2 (Medium)
Philippines	B	2 (Medium)
Pitcairn Islands	A	1 (Low)
Poland	BB	2 (Medium)
Portugal	BB	1 (Low)
Puerto Rico	BB	3 (Sensitive)
Qatar	B	1 (Low)
Reunion	AA	1 (Low)
Romania	B	3 (Sensitive)
Russia	D	4 (High)
Rwanda	B	1 (Low)

Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Samoa	C	3 (Sensitive)
San Marino	A	2 (Medium)
Sao Tome & Principe	C	3 (Sensitive)
Saudi Arabia	B	1 (Low)
Senegal	C	2 (Medium)
Serbia	B	2 (Medium)
Seychelles	D	3 (Sensitive)
Sierra Leone	D	4 (High)
Singapore	AA	1 (Low)
Slovakia	A	1 (Low)
Slovenia	BB	2 (Medium)
Solomon Islands	D	4 (High)
Somalia	D	4 (High)
South Africa	C	3 (Sensitive)
South Georgia/Sandwich Islands	AA	1 (Low)
South Korea	A	1 (Low)
South Sudan	D	4 (High)
Spain	A	1 (Low)
Sri Lanka	D	4 (High)
St Helena	A	1 (Low)
St. Kitts & Nevis	C	3 (Sensitive)
St. Lucia	C	3 (Sensitive)
St. Maarten	C	3 (Sensitive)
St. Pierre Et Miquelon	A	1 (Low)
St. Vincent & The Grenadines	C	3 (Sensitive)
Sudan	D	4 (High)
Suriname	D	4 (High)
Svalbard & Jan Mayen	A	1 (Low)
Sweden	AA	1 (Low)
Switzerland	AA	1 (Low)
Syria	D	4 (High)
Taiwan	A	1 (Low)
Tajikistan	D	4 (High)
Tanzania	C	3 (Sensitive)
Thailand	B	2 (Medium)
Timor Leste	D	4 (High)
Togo	D	3 (Sensitive)
Tokelau	A	1 (Low)



Country	Medium-Term Rating (Country Grade)	Short-Term Rating (Country Risk Level)
Tonga	D	4 (High)
Trinidad & Tobago	B	3 (Sensitive)
Tunisia	D	4 (High)
Turkey	C	4 (High)
Turkmenistan	D	4 (High)
Turks & Caicos	A	1 (Low)
Tuvalu	C	3 (Sensitive)
Uganda	C	3 (Sensitive)
Ukraine	D	4 (High)
United Arab Emirates	BB	2 (Medium)
United Kingdom	AA	2 (Medium)
United States	AA	1 (Low)
Uruguay	BB	2 (Medium)
US Minor Outlying Islands	AA	1 (Low)
US Virgin Islands	A	1 (Low)
Uzbekistan	D	4 (High)
Vanuatu	C	3 (Sensitive)
Vatican City	AA	1 (Low)
Venezuela	D	4 (High)
Vietnam	C	3 (Sensitive)
Wallis & Futuna	A	1 (Low)
Yemen	D	4 (High)
Zambia	D	4 (High)
Zimbabwe	D	4 (High)