Republic of North Macedonia

Key Rating Drivers

Credible Policy, Exchange-Rate Risks: North Macedonia's ratings are supported by a record of credible and consistent macroeconomic policy that underpins the long-standing exchange-rate peg to the euro, more favourable governance indicators than peer medians, and an EU accession process. The ratings are constrained by greater exposure of public debt to exchange-rate risk, banking sector euroisation, still-high structural unemployment, and weak productivity growth.

Deficits to Narrow: Fitch Ratings projects the general government deficit to be unchanged from last year at 4.5% of GDP in 2023. Reaching the official deficit target of 3.4% of GDP in 2024 has been complicated by the recent adjustments to current spending and would require new measures. Fiscal risks stem from potential overspending on the 8/10d highway project (expected to cost around 2% of GDP a year over the five years of construction).

Debt Stabilisation: Fitch's deficit projections are consistent with a stabilisation of the general government debt ratio at around 51% of GDP throughout our forecast period to end-2025 ('BB' median 52%). Government guarantees were 7.5% of GDP at end-June 2023. Government debt is significantly exposed to FX risk, although with a further 68% of government debt euro-denominated, these risks are mitigated by the credible exchange-rate peg.

Current Account Rebound: A pronounced improvement of the trade balance narrowed the current account deficit (CAD) to just 0.1% of projected full-year GDP in 1H23 compared with 4.6% in 1H22. Fitch projects the deficit at 1.9% of GDP in 2023, widening to 3.5% in 2024 and 3.9% in 2025, which will be almost entirely covered by net FDI inflows. FX reserves are expected to remain around 3.7 months of CXP coverage, which is slightly below the peer median (4.4 months), but sufficient to support the exchange-rate peg.

Growth to Recover: Private consumption and investment will continue to drive growth over the forecast period, with the latter driven by the scaling-up of work on the 8/10d highway and private investment in the energy sector. Net FDI inflows will translate into improved export capacity, and the revival of growth in key trading partners will also support a pick-up in real growth to 3.3% in 2024 and 3.8% in 2025.

Inflation Easing: Fitch expects inflation to continue to ease given base effects, the food price freeze and tighter monetary policy, although the adjustments to public-sector wages and pensions in the budget reallocation will feed into prices. Wages appear to be the key domestic risk to the disinflation process. Fitch assumes the monetary policy tightening cycle (including cumulative rate hikes of 505bp) is close to an end.

No Progress in EU Accession: There has been no progress towards passing the constitutional amendments necessary as part of North Macedonia's EU accession process. The government is exploring options, but Fitch believes it will be difficult for it to secure the necessary parliamentary support before the next elections (due by September 2024), although we believe it will remain a medium-term objective regardless of the election outcome.

Resilient Banking Sector: Banking sector indicators remain heathy. Higher net interest margins have lifted profits, which along with central bank macro-prudential measures, have enabled a strengthening of capital buffers. Non-performing loans (2.8% of total loans) have not been affected by the weaker economic environment and the uptick in stage two loans last year has been partially reversed.

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Local Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Country Ceiling	BBB-
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Rating Derivation

Component	
Sovereign Rating Model (SRM)	BB
Qualitative Overlay (QO)	+1
Structural features	0
Macroeconomic	+1
Public finances	0
External finances	0
Long-Term Foreign-Currency IDR	BB+

Source: Fitch Ratings

Data

	2023F
GDP (USDbn)	16
Population (m)	2.1

Source: Fitch Ratings

Applicable Criteria

Sovereign Rating Criteria (April 2023)
Country Ceiling Criteria (July 2023)

Related Research

Fitch Affirms North Macedonia at 'BB+'; Outlook Stable (October 2023))
Global Economic Outlook (September-2023)
Interactive Sovereign Rating Model
Fitch Fiscal Index - Analytical Tool
Click here for more Fitch Ratings content on North Macedonia, Republic of

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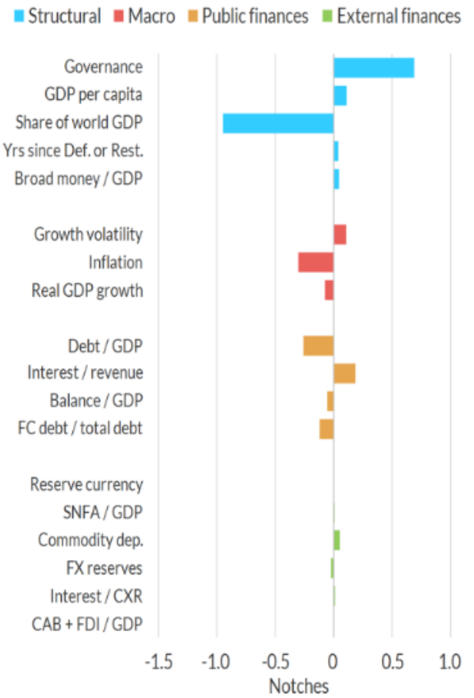
Rating Summary

Long-Term Foreign-Currency Issuer Default Rating: BB+

Sovereign Rating Model: BB

Contribution of variables, relative to BB median



Qualitative Overlay: +1

Adjustments relative to SRM data and output

Structural features: No adjustment.

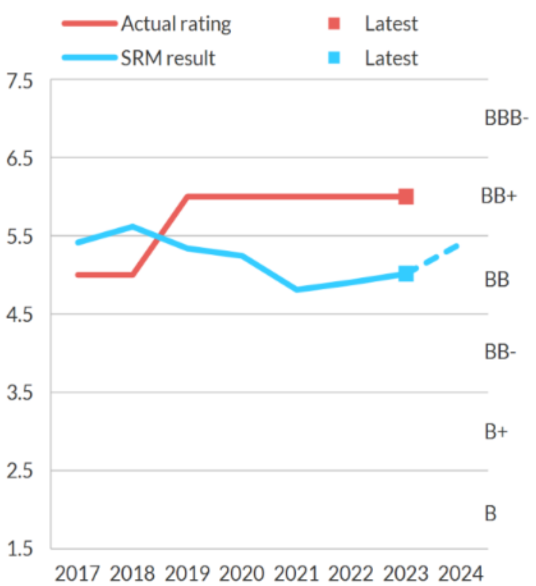
Macroeconomic outlook, policies and prospects: +1 notch, to reflect the deterioration in the SRM output driven by the Covid-19 pandemic shock and the high inflation stemming from the war in Ukraine. The deterioration of the GDP volatility variable and the jump in inflation reflects very substantial and unprecedented exogenous shocks that have hit the vast majority of sovereigns. Fitch believes that North Macedonia has the capacity to absorb them without lasting effects on its long-term macroeconomic stability.

Public finances: No adjustment.

External finances: No adjustment.

Note: See *Peer Analysis table* for summary data, including rating category medians; see the *Full Rating Derivation table* for detailed SRM data.
Source: Fitch Ratings

Sovereign Rating Model Trend



Recent Rating Derivation History

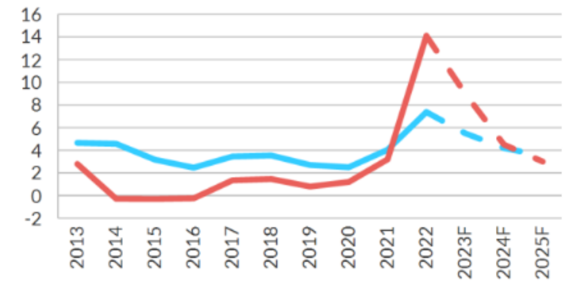
Review Date	LT FC IDR	SRM Result[ab]	QO S	M	PF	EF
Latest	BB+	BB	0	+1	0	0
14 Apr 23	BB+	BB	0	+1	0	0
28 Oct 22	BB+	BB	0	+1	0	0
29 Apr 22	BB+	BB	0	+1	0	0
5 Nov 21	BB+	BB	0	+1	0	0
7 May 21	BB+	BB	0	+1	0	0
13 Nov 20	BB+	BB	0	+1	0	0
15 May 20	BB+	BB+	0	0	0	0
13 Dec 19	BB+	BB+	0	0	0	0
14 Jun 19	BB+	BB+	0	0	0	0

[a] The latest rating uses the SRM result for 2023 from the chart. This will roll forward to 2024 in July 2024.
[b] Historical SRM results in this table may differ from the chart, which is based on our latest data, due to data revisions.
Abbreviations: LT FC IDR = Long-Term Foreign-Currency Issuer Default Rating; SRM = Sovereign Rating Model; QO = Qualitative Overlay
Source: Fitch Ratings

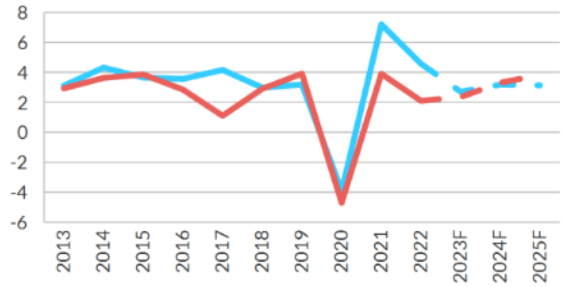
Peer Analysis

North Macedonia — BB Median

Consumer Price Inflation
(annual avg, %)

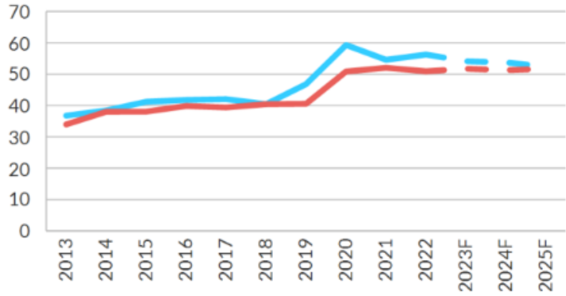


Real GDP Growth
(%)

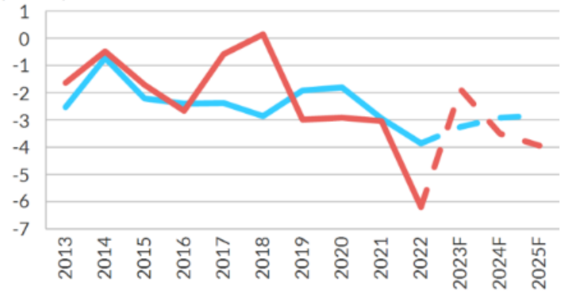


General Government Balance
(% GDP)

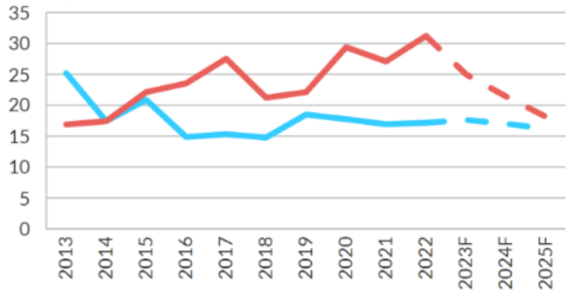
Gross General Government Debt
(% GDP)



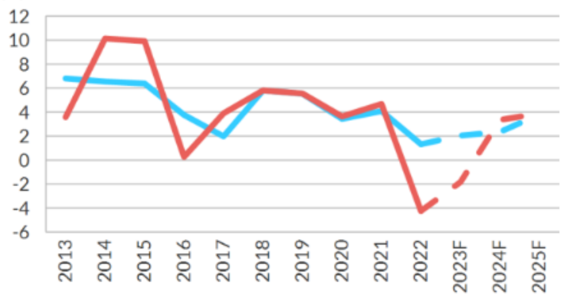
Current Account Balance
(% GDP)



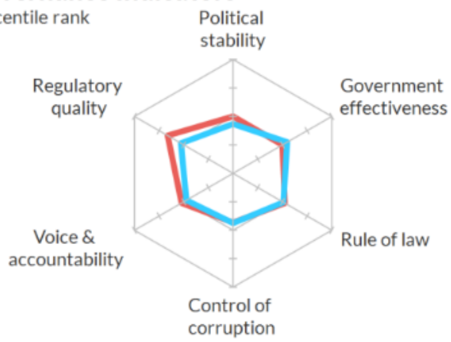
Net External Debt
(% GDP)



Real Private-Sector Credit Growth
(%)



Governance Indicators
Percentile rank



Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank

Peer Analysis

2023F[a]	North Macedonia	BB median	BBB median	B median
Structural features				
GDP per capita (USD) [SRM]	7,582	7,442	14,606	4,088
Share in world GDP (%) [SRM]	0.0	0.0	0.0	0.0
Composite governance indicator (percentile, latest) [SRM][b]	52.4	43.6	58.2	36.7
Human development index (percentile, latest)	59.4	52.5	67.6	36.6
Broad money (% GDP) [SRM]	64.9	48.6	60.9	36.7
Private credit (% GDP, 3-year average)	51.8	40.7	56.4	24.3
Dollarisation ratio (% bank deposits, latest)	46.3	36.5	15.9	32.0
Bank system capital ratio (% assets, latest)	17.7	16.5	15.8	16.9
Macroeconomic performance and policies				
Real GDP growth (%, 3-year average) [SRM]	2.6	3.8	3.1	4.1
Real GDP growth volatility (complex standard deviation) [SRM]	2.6	3.0	3.4	3.5
Consumer price inflation (%, 3-year average) [SRM]	9.2	4.7	3.2	5.6
Unemployment rate (%)	13.1	8.9	7.7	7.8
Public finances (general government)[c]				
Balance (% GDP, 3-year average) [SRM]	-4.2	-3.0	-2.6	-3.8
Primary balance (% GDP, 3-year average)	-2.8	-1.1	-0.5	-1.5
Interest payments (% revenue, 3-year average) [SRM]	4.4	8.6	7.7	9.3
Gross debt (% revenue, 3-year average)	157.6	161.5	154.5	235.5
Gross debt (% GDP, 3-year average) [SRM]	51.3	39.9	37.5	52.3
Net debt (% GDP, 3-year average)	46.3	34.5	31.7	47.1
FC debt (% gross debt, 3-year average) [SRM]	77.0	60.3	36.0	62.7
External finances[c]				
Current account balance (% GDP, 3-year average)	-3.9	-2.7	-1.7	-3.6
Current account balance + net FDI (% GDP, 3-year avg.) [SRM]	0.1	0.7	0.6	-1.3
Commodity dependence (% CXR) [SRM]	9.3	21.5	19.3	32.5
Gross external debt (% GDP, 3-year average)	78.6	48.0	54.6	51.1
Net external debt (% GDP, 3-year average)	25.9	11.9	11.9	21.9
Gross sovereign external debt (% GXD, 3-year average)	39.5	44.2	29.3	58.6
Sovereign net foreign assets (% GDP, 3-year average) [SRM]	-1.4	-2.2	2.1	-16.9
External interest service (% CXR, 3-year average) [SRM]	2.1	3.9	4.1	3.8
Foreign-exchange reserves (months of CXP) [SRM]	3.7	4.5	4.9	4.0
Liquidity ratio	128.8	141.1	138.3	151.4

[a] Three-year averages are centred on this year. Fitch does not forecast indicators labelled 'latest', meaning data may be lagging.
[b] Composite of all six World Bank Worldwide Governance Indicators (see chart on the previous page).
[c] See Appendix 2: Data Notes and Conventions for details of data treatment for public finances and external finances.
Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank, United Nations

Supplementary Information

BSI / MPI = n.a. / 1. About the BSI and MPI: Fitch's bank systemic indicator (BSI) equates to a weighted average Viability Rating. The macro-prudential risk indicator (MPI) focuses on one potential source of financial stress, ranging from '3' – high potential vulnerability to financial stress over the medium term based on trends in credit expansion, equity and property prices and real exchange rates – to '1' – low likelihood. For more information, refer to Fitch's most recent Macro-Prudential Risk Monitor report.

Year cured from the most recent default or restructuring event, since 1980 = 2000: London Club commercial banks 1997

The de facto exchange-rate regime, based on the latest IMF Annual Report on Exchange Arrangements and Exchange Restrictions report, is 'Stabilized arrangement'.

Rating Factors

Strengths

- A credible policy mix, consistent with the long-standing exchange-rate peg to the euro.
- Governance and human development indicators are more favourable than the median of 'BB' category peers.
- Commodity dependence is low but it is a highly open economy with a high dependence on the eurozone.
- The banking sector has been resilient to political uncertainty and significant economic shocks.

Weaknesses

- The economy is exposed to exchange-rate risk. About 75% of government debt is denominated in foreign currency.
- Euroisation is also present in the banking sector, accounting for around 46.4% of deposits at end-2022.
- Net external debt/GDP and a highly negative international investment position are higher than the 'BB' median.
- Unemployment is structurally high, at 14.4% at end-2022, reflecting a large informal economy and skills shortages.

Rating	Sovereign
BBB-	India
	Mexico
	Panama
	Romania
BB+	**North Macedonia**
	Aruba
	Azerbaijan
	Colombia
	Greece
	Morocco
	Oman
	Paraguay
	Serbia
BB	Brazil
	Georgia
	Guatemala
	San Marino
	Vietnam

Source: Fitch Ratings

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- **Public Finances:** Materially higher-than-forecast general government debt/GDP over the medium term, for example, due to weaker growth prospects or expectations of a looser fiscal policy.
- **Macro & External Finances:** Persistently high inflation, low growth and a deterioration in the external position that exerts pressure on foreign-currency reserves and/or the currency peg against the euro.
- **Structural:** Adverse political developments that negatively affect governance standards, the economy and EU accession progress.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- **Structural/Macro:** Improvement in medium-term growth prospects and/or governance standards, for example, due to progress towards EU accession and reduction in political and policy risk.
- **Public Finances:** A sharp and sustained decline in general government debt/GDP, reflecting implementation of fiscal reforms.

Forecast Summary

	2020	2021	2022	2023F	2024F	2025F
Macroeconomic indicators and policy						
Real GDP growth (%)	-4.7	3.9	2.1	2.4	3.3	3.8
Unemployment (%)	16.6	15.8	14.5	13.1	13.0	12.8
Consumer price inflation (annual average % change)	1.2	3.2	14.1	9.0	4.5	3.0
Policy interest rate (annual average, %)	1.7	1.3	2.3	5.9	5.2	4.1
General government balance (% GDP)	-8.2	-5.4	-4.5	-4.5	-3.8	-3.5
Gross general government debt (% GDP)	50.8	52.0	50.9	51.7	51.3	51.7
MKD per USD (annual average)	54.1	52.1	58.6	56.8	56.7	56.7
Real private credit growth (%)	3.6	4.7	-4.2	-1.8	3.3	3.9
External finance						
Merchandise trade balance (USDbn)	-2.1	-2.8	-3.6	-3.1	-3.2	-3.3
Current account balance (% GDP)	-2.9	-3.0	-6.2	-1.9	-3.5	-3.9
Gross external debt (% GDP)	84.8	78.5	85.3	76.9	73.7	71.4
Net external debt (% GDP)	29.4	27.1	31.2	25.0	21.4	18.1
External debt service (principal + interest, USDbn)	1.2	1.6	1.0	1.6	1.5	2.1
Official international reserves including gold (USDbn)	4.1	4.1	4.1	4.4	4.6	4.9
Gross external financing requirement (% int. reserves)	37.2	42.9	38.9	40.2	38.5	51.5
Real GDP growth (%)						
US	-2.8	5.9	2.1	2.0	0.3	2.1
China	2.2	8.4	3.0	4.8	4.6	4.8
Eurozone	-6.4	5.4	3.5	0.6	1.1	1.7
World	-3.0	6.1	2.7	2.5	1.9	2.8
Oil (USD/barrel)	43.3	70.6	98.6	80.0	75.0	70.0

Source: Fitch Ratings

Sources and Uses

Public Finances (General Government)

(MKDbn)	2023	2024
Uses	**55.3**	**47.0**
Budget deficit	39.6	36.6
MLT amortisation	15.6	10.4
Domestic	15.6	10.4
External	0.0	0.0
Sources	**55.3**	**47.0**
Gross borrowing	74.7	42.1
Domestic	44.6	26.4
External	30.0	15.7
Privatisation	0.0	0.0
Other	-9.0	-0.2
Change in deposits (- = increase)	-10.4	5.1

Source: Fitch Ratings

External Finances

(USDbn)	2023	2024
Uses	**1.7**	**1.7**
Current account deficit	0.3	0.6
MLT amortisation	1.4	1.1
Sovereign	0.6	0.4
Non-sovereign	0.7	0.7
Sources	**1.7**	**1.7**
Gross MLT borrowing	1.9	1.8
Sovereign	1.0	0.7
Non-sovereign	0.9	1.1
FDI	0.5	0.6
Other	-0.6	-0.5
Change in FX reserves (- = increase)	-0.2	-0.2

Source: Fitch Ratings

Credit Developments

Gradual Fiscal Consolidation, Fiscal Risks

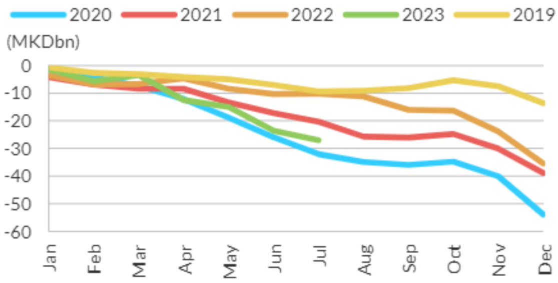
The authorities view the budget as on track to hit the 4.6%-of-GDP deficit target for this year, which was reaffirmed in a budget reallocation in September. The central government deficit for 8M23 was 3.5% of GDP, with both revenues and expenditure at 62% of the full-year target.

Revenues rose 12% in 8M23, with social contributions 19% higher and taxes up 7%. The weaker growth in tax relative to nominal GDP was due to VAT, which was affected by a delay in passing a planned VAT reform and the lapsing after 12-months of a one-off measure put in place in April 2022. Total spending was 21% higher, driven by a 142% increase in capex reflecting the first payments for the 8/10d highway. Current spending rose by 12%.

The budget adjustment in September saw around MKD8 billion (1% of GDP) reallocated. Savings were roughly equally split between lower-than-budgeted spending on energy measures and underexecuted capital projects were used primarily to finance a 10% pay hike and new holiday allowance for public-sector workers (MKD4.2 billion), and a 6% increase in pensions (MKD3.2 billion). Delayed tax reforms that reduce exemptions for CIT and VAT were also passed in September together with a solidarity tax. The latter, which should raise MKD3.1 billion is a one-time tax on private-sector companies deemed to have made windfall profits and its design is consistent with those applied in the EU (notably Croatia).

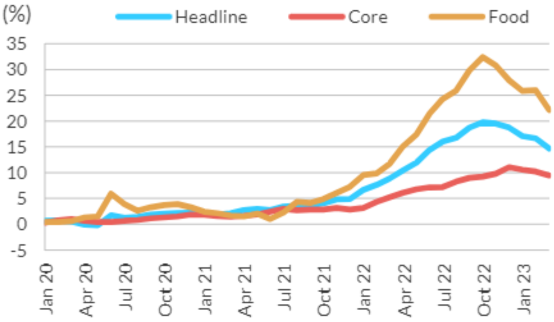
Fiscal Performance

CG, cumulative



Source: Fitch Ratings, Ministry of Finance

Inflation



Source: Fitch Ratings, State Statistical Office

Fitch expects a deficit of just below the government's target, at 4.5% of GDP, as further capex underexecution is likely. The recent adjustments to current spending complicate efforts to reach the official deficit target of 3.4% of GDP in 2024 and would require new measures. Rules in the organic budget law (approved in 2022) constrain the scope for additional election-related spending in 2024, and Fitch sees greater fiscal risks from potential overspending on the 8/10d highway. This EUR1.3 billion project is expected to cost around 2%-of-GDP a year over the five years of construction. The authorities are moving ahead with improvements to public finance management and parliament recently approved membership of the new fiscal council.

Financing has largely come from the domestic market since the issuance of the EUR500 million Eurobond in March. Net domestic issuance is running well above target and was bolstered by the launch of a debut retail security in July, which is to be followed in October by local green bonds. Significant IFI financing is in the pipeline, with the authorities preferring this for cost benefits and reform conditionality, although some is conditional on the approval of the delayed first review of the IMF programme. The next Eurobond maturity is not until January 2025, but the authorities could build a buffer for this ahead of elections in 2024 in case of uncertainty related to the polls. Fitch's fiscal projections are consistent with a stabilisation of debt/GDP at around current levels until end-2025.

Lower Current Account Deficits, FDI Financed

A pronounced improvement of the trade balance narrowed the CAD to just 0.1% of projected full-year GDP in 1H23 compared to 4.6% in the same period of 2022. This largely reflects higher domestic energy production, lower prices of energy imports and the reversal of the building of raw material inventories in 2022. Imports for the 8/10d highway are not yet discernible, although payments have been made through the services account and there has been a jump in trade credit outflows in the financial account. Growth in remittances has remained strong and tourism revenues are on track for another record high year.

Net FDI inflows fellslightly from a record high in 2022, but remained robust at 1.7% of projected full-year GDP in 1H23. Official reserves climbed by EUR71 million to EUR3.9 billion in 8M23, despite the absence of the planned funds from the first review of the IMF precautionary liquidity line. Approval was delayed for technical reasons around one of the structural benchmarks, and Fitch expects it to be resolved before the end of this year.

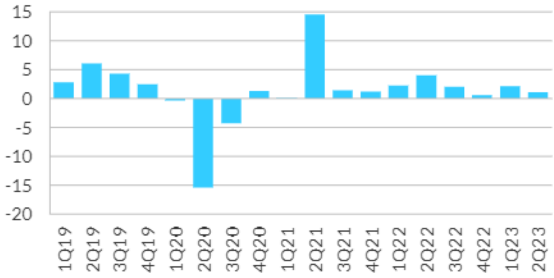
Imports for the 8/10d highway will cause the CAD to widen, although there is uncertainty over timing. A recovery in external demand and continued inflow of export-orientated FDI will partially offset this CAD increase. Fitch projects the CAD at 1.9% of GDP in 2023, widening to 3.5% in 2024 and 3.9% in 2025, which will be almost entirely covered by net FDI inflows.

Growth to Pick Up, Easing of Inflationary Pressures

Economic activity was relatively subdued in 1H23, but looks set to recover. Real GDP growth was 1.6% yoy in the period. Private consumption was the main driver, but weakened compared with 2022 given the pressure from inflation on real incomes. Net trade also supported growth, driven by reduced energy imports, although this was partially offset by the drawing down of raw material stocks built up last year (captured in investment). High-frequency indicators are weak, with retail sales and industrial production both negative in yoy terms in July and August.

Real GDP Growth

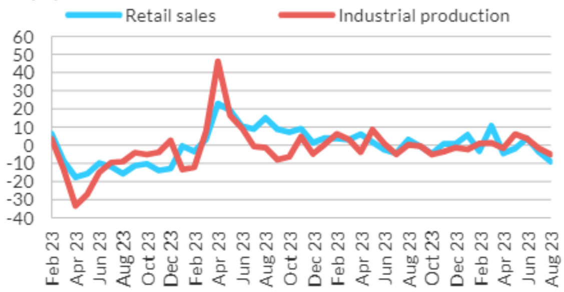
(% yoy)



Source: Fitch Ratings, State Statistical Office

High-Frequency Indicators

(% yoy)



Source: Fitch Ratings, State Statistical Office

Growth should pick up in the remainder of 2023 as real wages have started growing again and higher pensions boost consumption. The impact from the construction of the 8/10d highway should also be felt, although the magnitude and timing is unclear. The highway contract, which is not in the public domain, appears to contain local content requirements, although the project will have a large import component that will damp the overall impact on growth.

Private consumption and investment will continue to drive growth over the forecast period, with the latter driven by the scaling up of work on 8/10d and private investment in the energy sector. Net FDI inflows will translate into improved export capacity, and the revival of growth in key trading partners will also support a pick-up in real growth to 3.3% in 2024 and 3.8% in 2025. North Macedonia could be well positioned to benefit from nearshoring, although there is only moderate evidence of this to date and labour market constraints, including skills shortages will pose a challenge.

Inflation has returned to single digits owing to base effects and tighter monetary policy. Headline inflation dropped to 8.3% in August, with the annual rate slowing each month since the peak of 19.8% in October 2022. Core inflation is also easing, though more slowly, from a peak of 11.1% in December to 7.4% in August. Food inflation remains high and relatively sticky, reflecting both production inefficiencies and profit margin expansion across supply chains. To tackle the latter, the government introduced price freezes on about 50 basic food items in September.

The central bank has continued to raise the policy rate in the face of high inflation, most recently to 6.3% in September. The size of increments has fallen, to 0.15bp at the past two meetings, taking account of easing inflation. These moves have been supported by reserve requirement adjustments favouring local-currency liabilities to enhance monetary policy transmission given the high level of euroisation.

Fitch expects inflation to continue to ease given base effects, stagnant food prices, and tighter monetary policy, although the adjustments to public-sector wages and pensions in the budget reallocation will feed into prices. Wages appear to be the biggest domestic risk to the disinflation process, but Fitch assumes that headline inflation will return to low single digits during 2024. Fitch assumes the monetary policy-tightening cycle is close to an end, with any further moves based on the ECB (Fitch expects a final 25bp hike for this cycle this year) and that the reserve requirement changes may not be unwound during the subsequent easing process.

No Progress in Constitutional Amendment

No progress has been made towards passing the constitutional amendments necessary as part of North Macedonia's EU accession process. The government can command 72 votes, but this is below the 80 (two-thirds of parliament) required to change the constitution. The change to the constitution was informally targeted ahead of an inter-governmental conference in December at which the accession progress to date will be screened (alongside Albania's). While the proposed change in the wording of the constitution, to include Bulgarians as an ethnic minority, appears relatively uncontroversial, the opposition continues to block it seemingly for political reasons.

Recent reforms to the criminal code appear partly related to the government's strategy for approval of the constitutional amendment. Thirty-eight changes were made to the code, 35 of which were to align it to the EU acquis. The other three had the effect of removing the conviction on former prime minister and leader of the main opposition party (VMRO) Nikola Gruevski, who is in exile in Hungary. Securing the support of Mr. Gruevski could split VMRO and ensure the governing coalition can pass the vote threshold. However, given VMRO's strong internal discipline and the fact that it is well ahead in opinion polls, the likelihood of this is uncertain.

The government will press ahead with securing sufficient votes to pass the amendment before parliamentary elections due in September 2024. The opposition seems to support EU accession and the public is in favour, but a delay beyond the elections could set back the process for some time.

Healthy Banking Sector

Banking sector indicators have remained heathy. Higher net interest margins have lifted profits, enabling a strengthening of capital buffers, with the capital adequacy ratio rising to 18.2% at end-2Q23 from 17.7% at end-2022 (Tier 1 capital is up to 17.1% from 16.6% in the same period). Non-performing loans (2.8% of total loans) have not been affected by the weaker economic environment and the uptick in stage two loans last year has been partially reversed. Real estate prices are slowing after a period of rapid growth (by 38% since end-2020) reflecting higher interest rates, hikes in the counter-cyclical buffer and borrower-based prudential measures. Central bank stress tests show banks can comfortably absorb a further 400bp rise in rates.

Energy Risks

The country is in better position ahead of the winter from an energy supply perspective than it was last year, although a very cold winter could cause challenges. Domestic energy production has risen throughout the year, reflecting a large increase in renewables capacity; coal stocks are higher, there is spare capacity in the gas interconnector with Bulgaria, and the private sector has become more efficient in its use of energy. However household electricity tariffs have not been adjusted this year and remain low on a regional basis and below cost recovery, meaning the main impact of adverse winter weather would be on the public finances. A new planned gas interconnector with Greece and large hydro facility will not be ready for several years.

Public Debt Dynamics

According to Fitch's baseline projections, gross general government debt/GDP will be roughly stable from 2023. A failure to reduce the primary budget deficit would be the biggest risk to debt stability based on Fitch's stylised scenarios.

Debt Dynamics - Fitch's Baseline Assumptions

	2021	2022	2023	2024	2025	2026	2027
Gross general government debt (% of GDP)	52.0	50.9	51.7	51.3	51.7	52.6	53.6
Primary balance (% of GDP)	-4.2	-3.3	-3.0	-2.2	-1.3	-1.3	-1.3
Real GDP growth (%)	3.9	2.1	2.4	3.3	3.8	3.5	3.5
Average nominal effective interest rate (%)	2.7	2.4	2.6	3.6	4.2	4.7	5.0
MKD/USD (annual average)	52.1	58.6	56.8	56.7	56.7	56.7	56.7
GDP deflator (%)	3.6	8.1	9.4	4.2	3.0	2.0	2.0
Stock-flow adjustments (% of GDP)	0.0	0.0	2.5	-0.5	0.4	0.0	0.0

Source: Fitch Ratings

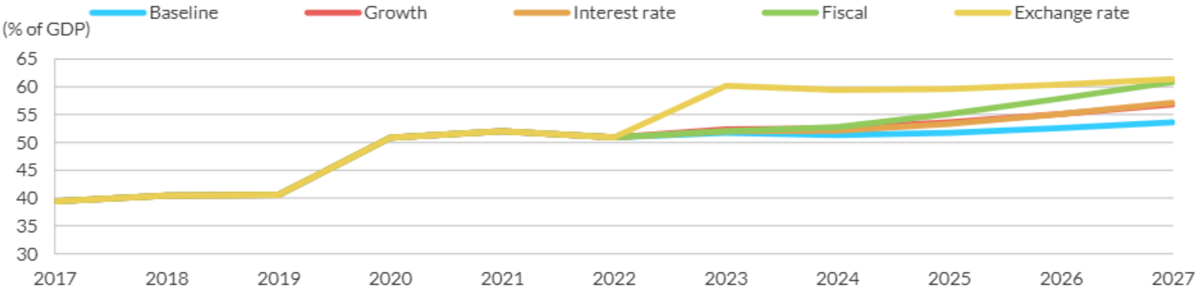
Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	GDP growth 1.3% lower (half standard deviation lower)
Interest rate	Marginal interest rate 250bp higher
Fiscal	Stable primary balance deficit of 3.3% of GDP starting 2023
Exchange rate	30% devaluation at end-2023

Source: Fitch Ratings

Sensitivity Analysis

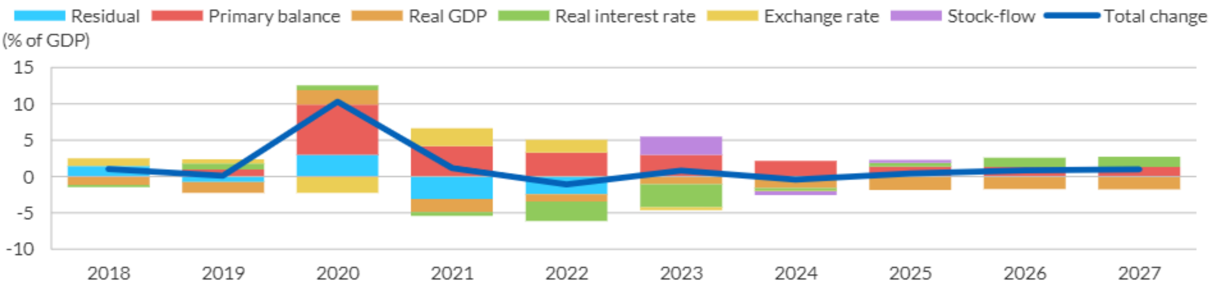
Gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

Baseline Scenario: Debt Creating Flows

Change in gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

About the Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Data Tables

General Government Summary

(% GDP)	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Revenue	31.0	30.4	31.4	29.9	32.4	32.4	32.4	32.8	32.9
Expenditure	33.8	31.5	33.5	38.1	37.8	36.9	36.9	36.7	36.3
o/w interest payments	1.4	1.2	1.2	1.2	1.3	1.2	1.5	1.7	2.1
Interest payments (% revenue)	4.4	3.9	3.7	4.0	3.9	3.6	4.5	5.1	6.5
Primary balance	-1.5	0.1	-1.0	-7.0	-4.2	-3.3	-3.0	-2.2	-1.3
Overall balance	-2.8	-1.1	-2.1	-8.2	-5.4	-4.5	-4.5	-3.8	-3.5
Gross government debt	39.4	40.4	40.6	50.8	52.0	50.9	51.7	51.3	51.7
% of government revenue	127.2	133.0	129.3	169.9	160.5	157.1	159.5	156.2	157.4
Issued in domestic market	15.7	15.3	15.9	19.7	20.8	20.1	21.2	21.4	22.3
Issued in foreign markets	23.6	25.1	24.6	31.2	31.2	30.8	30.5	29.9	29.4
Local currency	8.5	8.6	9.9	11.9	12.2	11.9	12.1	12.0	12.1
Foreign currency	30.8	31.8	30.6	38.9	39.8	39.0	39.6	39.3	39.6
Central government deposits	3.8	5.6	4.8	6.7	5.3	4.8	5.5	4.6	4.6
Net government debt	35.6	34.8	35.7	44.1	46.8	46.1	46.2	46.7	47.1
Financing		1.1	2.1	8.2	5.4	4.5	4.5	3.8	3.5
Domestic borrowing		0.6	1.3	3.2	2.5	1.2	3.3	1.7	2.3
External borrowing		1.9	0.1	8.5	-0.1	0.8	3.4	1.6	1.4
Other financing		-1.4	0.7	-3.5	3.0	2.4	-2.2	0.5	-0.3
Change in deposits (- = increase)		-2.1	0.5	-1.7	1.0	-0.1	-1.2	0.5	-0.3
Privatisation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		0.7	0.2	-1.8	2.0	2.4	-1.0	0.0	0.0

Source: Fitch Ratings, Ministry of Finance

Balance of Payments

(USDbn)	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Current account	-0.1	0.0	-0.4	-0.4	-0.4	-0.8	-0.3	-0.6	-0.7
% GDP	-0.6	0.1	-3.0	-2.9	-3.0	-6.2	-1.9	-3.5	-3.9
Goods	-2.0	-2.1	-2.2	-2.1	-2.8	-3.6	-3.1	-3.2	-3.3
Services	0.4	0.4	0.4	0.5	0.6	0.8	0.6	0.4	0.4
Primary income	-0.4	-0.5	-0.6	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8
Secondary income	2.0	2.2	2.0	1.7	2.4	2.6	2.9	2.9	3.0
Capital account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	0.1	-0.5	-0.7	-0.5	-0.7	-1.0	-0.5	-0.8	-1.0
Direct investment	-0.2	-0.7	-0.4	-0.2	-0.5	-0.7	-0.5	-0.6	-0.7
Portfolio investment	0.0	-0.4	0.2	-0.3	-0.1	0.0	-0.2	-0.1	-0.1
Derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.3	0.6	-0.5	0.0	-0.1	-0.3	0.2	-0.2	-0.3
Net errors and omissions	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0
Change in reserves (+ = increase)	-0.2	0.7	0.4	0.1	0.4	0.2	0.2	0.2	0.3
International reserves, incl. gold	2.8	3.3	3.7	4.1	4.1	4.1	4.4	4.6	4.9
Liquidity ratio (%)	193.7	142.5	213.3	173.1	165.7	195.5	128.8	163.2	142.0
Memo									
Current external receipts (CXR)	8.5	10.1	10.1	9.2	11.9	13.1	13.8	14.3	14.7
Current external payments (CXP)	8.6	10.1	10.5	9.5	12.3	13.9	14.1	14.9	15.4
CXR growth (%)	13.8	18.7	0.2	-9.3	29.3	10.0	5.9	3.4	2.8
CXP growth (%)	10.5	17.6	4.1	-9.2	28.8	13.0	1.6	5.5	3.5
Gross external financing requirement	0.7	1.1	0.9	1.4	1.8	1.6	1.7	1.7	2.4
% International reserves	25.0	37.9	26.9	37.2	42.9	38.9	40.2	38.5	51.5
Net external borrowing	0.1	0.5	0.6	0.8	1.4	1.7	0.8	1.0	1.1

Source: Fitch Ratings, IMF

External Debt and Assets

(USDbn)	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Gross external debt	8.8	9.0	9.1	10.5	10.9	11.6	12.0	12.5	12.9
% GDP	78.0	70.8	72.4	84.8	78.5	85.3	76.9	73.7	71.4
% CXR	103.5	88.8	90.0	114.1	91.4	88.7	87.0	87.1	87.7
Short-term debt (% GXD)	14.0	13.8	14.3	13.0	14.2	18.6	14.4	14.2	14.3
By debtor									
Sovereign	3.1	3.3	3.2	4.1	4.3	4.4	4.8	5.1	5.4
Monetary authorities	0.1	0.1	0.1	0.1	0.4	0.7	0.7	0.7	0.8
General government	3.1	3.2	3.1	4.0	3.8	3.7	4.1	4.3	4.6
Banks	0.7	0.7	0.7	0.9	0.9	1.0	1.1	1.2	1.3
Other sectors	5.0	5.0	5.1	5.5	5.6	6.2	6.2	6.2	6.2
Gross external assets (non-equity)	5.7	6.3	6.3	6.9	7.1	7.3	8.1	8.8	9.6
Sovereign	2.8	3.3	3.7	4.1	4.2	4.3	4.5	4.8	5.1
International reserves, incl. gold	2.8	3.3	3.7	4.1	4.1	4.1	4.4	4.6	4.9
Other sovereign assets	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Banks	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	1.0
Other sectors	2.1	2.2	2.0	2.0	2.1	2.3	2.7	3.1	3.5
Net external debt	3.1	2.7	2.8	3.6	3.7	4.2	3.9	3.6	3.3
% GDP	27.5	21.2	22.1	29.4	27.1	31.2	25.0	21.4	18.1
Sovereign	0.3	0.0	-0.4	0.0	0.1	0.1	0.2	0.3	0.3
Banks	-0.1	-0.2	0.0	0.1	0.1	0.2	0.2	0.3	0.3
Other sectors	2.9	2.8	3.2	3.5	3.5	3.9	3.4	3.1	2.7
International investment position									
Assets	6.2	6.8	6.9	7.6	8.0	8.2	9.1	9.9	10.8
Liabilities	13.2	13.7	14.1	16.1	16.2	16.9	17.6	18.2	18.8
Net	-7.0	-6.9	-7.2	-8.5	-8.2	-8.7	-8.5	-8.3	-8.1
Net sovereign	-0.3	0.0	0.4	0.0	-0.1	-0.1	-0.2	-0.3	-0.3
% GDP	-3.1	-0.3	3.4	0.0	-0.8	-0.9	-1.6	-1.7	-1.4
External debt service (principal + interest)	0.8	1.3	0.7	1.2	1.6	1.0	1.6	1.5	2.1
Interest (% CXR)	2.0	2.0	1.9	2.3	2.0	1.7	2.0	2.7	3.2

Source: Fitch Ratings, central bank, IMF, World Bank

External Debt Service Schedule on Medium- and Long-Term Debt at October 2023

(EURm)	2023	2024	2025	2026	2027
External Debt Amortisations	**596.9**	**335.3**	**804.0**	**1,041.7**	**861.4**
Official bilateral	6.8	6.5	6.2	7.0	9.7
Multilateral	140.1	203.8	172.7	334.6	351.7
Bonds	450.0	125.0	625.0	700.0	500.0
External Interest	**138.3**	**152.2**	**185.6**	**229.0**	**258.0**
Domestic Debt Amortisation	**253.8**	**168.7**	**227.5**	**239.7**	**229.3**
Domestic Interest	**71.8**	**107.6**	**129.4**	**147.0**	**167.2**
Total Government Debt Service	**1,060.9**	**763.7**	**1,346.5**	**1,657.5**	**1,516.0**

Source: Fitch Ratings, Ministry of Finance, central bank

Full Rating Derivation

Long-Term Foreign-Currency Issuer Default Rating (SRM + QO)	BB+

Sovereign Rating Model

Sovereign Rating Model							Applied Rating[d]	BB
							Model Result and Predicted Rating	5.01 = BB
Input Indicator	**Weight (%)**	**2022**	**2023**	**2024**	**Adjustment to Final Data**	**Final Data**	**Coefficient**	**Output (notches)**
Structural features								**3.47**
Governance indicators (percentile)	21.4	n.a.	52.5	n.a.	-	52.5	0.077	4.06
GDP per capita (USD)	12.4	n.a.	7,582	n.a.	Percentile	35.6	0.038	1.36
Nominal GDP (% world GDP)	13.9	n.a.	0.02	n.a.	Natural log	-4.2	0.627	-2.61
Most recent default or restructuring	4.6	n.a.	2000	n.a.	**Inverse 0-1[a]**	0.0	-1.822	-0.01
Broad money (% GDP)	1.2	n.a.	64.9	n.a.	Natural log	4.2	0.158	0.66
Macroeconomic performance, policies and prospects								**-1.15**
Real GDP growth volatility	4.6	n.a.	2.6	n.a.	Natural log	1.0	-0.728	-0.70
Consumer price inflation	3.4	14.1	9.0	4.5	**3-yr avg.[b]**	9.2	-0.067	-0.62
Real GDP growth	2.0	2.1	2.4	3.3	3-yr avg.	2.6	0.065	0.17
Public finances								**-2.10**
Gross general govt debt (% GDP)	8.9	50.9	51.7	51.3	3-yr avg.	51.3	-0.023	-1.16
General govt interest (% revenue)	4.5	3.6	4.5	5.1	3-yr avg.	4.4	-0.044	-0.19
General govt fiscal balance (% GDP)	2.4	-4.5	-4.5	-3.8	3-yr avg.	-4.2	0.044	-0.19
FC debt (% of total general govt debt)	2.7	77.8	76.6	76.6	3-yr avg.	77.0	-0.007	-0.55
External finances								**0.04**
Reserve currency (RC) flexibility	7.3	n.a.	0.0	n.a.	**RC score 0 - 4.5[c]**	0.0	0.509	0
SNFA (% of GDP)	7.4	-0.9	-1.6	-1.7	3-yr avg.	-1.4	0.011	-0.02
Commodity dependence	1.2	n.a.	9.3	n.a.	Latest	9.3	-0.004	-0.04
FX reserves (months of CXP)	1.5	n.a.	3.7	n.a.	n.a. if RC score> 0	3.7	0.029	0.11
External interest service (% CXR)	0.4	1.7	2.0	2.7	3-yr avg.	2.1	-0.007	-0.01
CAB + net FDI (% GDP)	0.1	-1.0	1.5	-0.1	3-yr avg.	0.1	0.001	0.00
Intercept Term (constant across all sovereigns)								**4.76**

[a] Inverse 0-1 scale, declining weight; [b] of truncated value (2%-50%); [c] Declining weight; [d] Sovereign rating committee can override SRM Predicted Rating if a marginal change in the Model Result leads to a notch change which is judged to be temporary or caused by a re-estimation of the SRM, a process that Fitch undertakes on at least an annual basis. Please refer to the Rating Action Commentary for further information when the Applied Rating differs from the Predicted Rating.
Note: This table contains data as at the date of the most recent rating action. There may be minor differences to data presented elsewhere in this report, which may have been updated where appropriate, for example in the event of subsequent data releases.
Source: Fitch Ratings

Qualitative Overlay (notch adjustment, range +/-3)	+1
Structural features	0
Macroeconomic outlook, policies and prospects	+1
Public finances	0
External finances	0

Source: Fitch Ratings

About the SRM and QO

Fitch's SRM is the agency's proprietary multiple regression rating model that employs 18 variables based on three-year centred averages, including one year of forecasts, to produce a score equivalent to a Long-Term Foreign-Currency (LT FC) IDR. Fitch's QO is a forward-looking qualitative framework designed to allow for adjustment to the SRM output to assign the final rating, reflecting factors within our criteria that are not fully quantifiable and/or not fully reflected in the SRM.

Supplementary Ratings

Local-Currency Rating

North Macedonia's Long-Term Local-Currency IDR is line with the Long-Term Foreign-Currency IDR. In Fitch's view, neither of the key factors cited in the criteria that would support an upward notching of the Long-Term Local-Currency IDR above the Long-Term Foreign-Currency IDR is present: strong public finance fundamentals relative to external finances; or previous preferential treatment of local-currency creditors.

Country Ceiling

The Country Ceiling for North Macedonia is 'BBB-', 1 notch above the LT FC IDR. This reflects moderate constraints and incentives, relative to the IDR, against capital or exchange controls being imposed that would prevent or significantly impede the private sector from converting local currency into foreign currency and transferring the proceeds to non-resident creditors to service debt payments.

Fitch's Country Ceiling Model produced a starting point uplift of 0 notches above the IDR. Fitch's rating committee applied a +1 notch qualitative adjustment to this, under the Long-Term Institutional Characteristics pillar reflecting our view that trade and financial integration are stronger than the model outputs given the EU accession process.

Overall Country Ceiling Uplift (CCM + QA, notches)			**+1**
Country Ceiling Model (CCM, notches)			**0**
Pillar I = Balance of payments restrictions			**0**
Current account restrictions (% of 40)	Latest	45.0	+1
Capital account restrictions (% of 69)	Latest	55.1	0
Combined pillar II & III incentives score			**+1**
Pillar II = Long-term institutional characteristics			**+1**
Governance (WB WGI)	Latest	52.5	+2
International trade			+2
Trade openness	2019-23 avg	86.7	+3
Volatility of change in CXR (across 10yrs)	2023	12.3	+1
Export share to FTA partners	2019-23 avg	94.1	+3
International financial integration[a]	2019-23 avg	35.5	+1
Pillar III = Near-term risks			**+1**
Macro-financial stability risks			+1
Composite inflation risk score			0
Volatility of CPI (across 10yrs)	2023	4.8	0
Recent CPI peak	2019-23 max	14.1	+2
Cumulative broad money growth	2018-23 chg %	38.5	+2
Volatility of change in REER (across 10yrs)	2023	3.4	+2
Dollarisation	Most recent	46.3	+1
Exchange rate risks			+1
Net external debt (% of CXR)	2021-23 avg	30.8	+1
Exchange rate regime	Latest	ilized arrangem	+1
Qualitative Adjustment (QA, notches)			**+1**
Pillar I = Balance of payments restrictions			0
Pillar II = Long-term institutional characteristics			+1
Pillar III = Near-term macro-financial stability risks			0

[a] Data for international financial integration is the average of private external assets (% of GDP) & private external debt (% GDP).
Source: Fitch Ratings

Full Rating History

	Foreign-Currency Rating			Local-Currency Rating			
Date	Long-Term	Short-Term	Outlook/Watch	Long-Term	Short-Term	Outlook/Watch	Country Ceiling
14 Apr 23	BB+	B	Stable	BB+	B	Stable	BBB-
15 May 20	BB+	B	Negative	BB+	B	Negative	BBB-
14 Jun 19	BB+	B	Stable	BB+	B	Stable	BBB-
02 Feb 18	BB	B	Positive	BB	B	Positive	BB+
19 Aug 16	BB	B	Negative	BB	B	Negative	BB+
22 Jul 16	BB+	B	Negative	BB+	B	Negative	BBB-
21 Aug 15	BB+	B	Negative	BB+	-	Negative	BBB-
27 Oct 10	BB+	B	Stable	BB+	-	Stable	BBB-
21 May 09	BB+	B	Negative	BB+	-	Negative	BBB-
04 Nov 08	BB+	B	Stable	BB+	-	Stable	BBB-
14 Aug 07	BB+	B	Positive	BB+	-	Positive	BBB-
17 Aug 06	BB+	B	Stable	BB+	-	Stable	BBB-
13 Jun 06	BB+	B	Stable	BB+	-	Stable	BB+
01 Nov 05	BB	B	Positive	BB	-	Positive	BB

Source: Fitch Ratings

Appendix 1: Environmental, Social and Governance (ESG)

Credit Relevance Scores

General Issues	Key Sovereign Issues	SRM	QO	Score[a]
Environmental (E)				
GHG Emissions and Air Quality	Emissions and air pollution as a constraint on GDP growth	2	2	2
Energy Management	Energy resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Water Resources and Management	Water resource availability and management as a constraint on GDP growth	2	2	2
Biodiversity and Natural Resource Management	Natural resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Natural Disasters and Climate Change	Impact of adverse climate trends, and likelihood of and resilience to shocks	3	2	3
Social (S)				
Human Rights and Political Freedoms	Social stability, voice and accountability, regime legitimacy	4	2	4 +
Human Development, Health and Education	Impact of human development, health and education on GDP per capita and GDP growth	3	2	3
Employment and Income Equality	Impact of unemployment and income equality on GDP per capita, GDP growth and political and social stability	3	2	3
Public Safety and Security	Impact of public safety and security on business environment and/or economic performance	3	2	3
Demographic Trends	Population decline or aging, rapidly rising youth population; pensions sustainability	3	2	3
Governance (G)				
Political Stability and Rights	Political divisions and vested interests; geo-political risks including conflict, security threats and violence; policy capacity: unpredictable policy shifts or stasis	5	2	5 +
Rule of Law, Institutional & Regulatory Quality, Control of Corruption	Government effectiveness, control of corruption, rule of law, regulatory quality	5	2	5 +
International Relations and Trade	Trade agreements, membership of international organisations, bilateral relations; sanctions or other costly international actions	3	2	3
Creditor Rights	Willingness to service and repay debt	4	2	4 +
Data Quality and Transparency	Availability, limitations and reliability of economic and financial data, including transparency of public debt and contingent liabilities	3	2	3

Source: Fitch Ratings

About ESG Credit Relevance Scores

The scores signify the credit relevance of the respective E, S and G issues to the sovereign entity's credit rating, according to the following scale:

- 5 – Highly relevant to the rating, a key rating driver with a high weight.
- 4 – Relevant to the rating, a rating driver.
- 3 – Relevant, but only has an impact on the entity rating in combination with other factors.
- 2 – Irrelevant to the entity rating but relevant to the sector (sovereigns).
- 1 – Irrelevant to the entity rating and irrelevant to the sector (sovereigns).

The score for each 'General Issue' is comprised of a component SRM and QO score, and is simply the higher of the two. SRM scores are fixed across all sovereigns as the weights in the SRM are the same for all sovereigns; QO component scores vary across all sovereigns.

All scores of '4' or '5' result in a negative impact on the rating, unless indicated otherwise. Where a positive impact is occurring, the score of '4' or '5' is appended with a '+' symbol. Scores of '3', '2' and '1' do not have a direction of impact assigned.

Please refer to ESG Relevance Scores for Sovereigns for further information on the framework, including 'Sovereign Rating Criteria References' (which identify specific potentially related SRM variables and QO factors for each 'General Issue').

Credit-Relevant ESG Derivation

North Macedonia has an ESG Relevance Score of '5[+]' for Political Stability and Rights as World Bank Worldwide Governance Indicators (WBGI) have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and a key rating driver with a high weight. As North Macedonia has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

North Macedonia has an ESG Relevance Score of '5[+]' for Rule of Law, Institutional & Regulatory Quality and Control of Corruption as WBGI have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and are a key rating driver with a high weight. As North Macedonia has a percentile rank above 50 for the respective Governance Indicators, this has a positive impact on the credit profile.

North Macedonia has an ESG Relevance Score of '4[+]' for Human Rights and Political Freedoms as the Voice and Accountability pillar of the WBGI is relevant to the rating and a rating driver. As North Macedonia has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

North Macedonia has an ESG Relevance Score of '4[+]' for Creditor Rights as willingness to service and repay debt is relevant to the rating and is a rating driver for North Macedonia, as for all sovereigns. As North Macedonia has track record of 20+ years without a restructuring of public debt and captured in our SRM variable, this has a positive impact on the credit profile.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg:

Appendix 2: Data Notes and Conventions

Acronyms

Acronyms used in the above table and elsewhere in report are: Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Current Account Balance (CAB), Foreign Direct Investment (FDI), World Bank Worldwide Governance Indicators (WBGI), Sovereign Rating Model (SRM), Qualitative Overlay (QO). For a full list of indicator definitions, please refer to the most recent Sovereign Data Comparator.

Medians

Medians underlying the SRM relative to rating category chart on the Rating Summary page and as reported in the Peer Analysis table on page 4 are long-term historical medians. These are based on actual data since 2000 for all sovereign-year observations when the sovereign was in the respective rating category at year-end. Current year ratings and data are excluded.

Chart medians on page 3 are based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.

Notes for North Macedonia, Republic of

All data are on a calendar-year basis, which aligns with the domestic fiscal year for this sovereign.

Public finances data referenced in this report relate to the consolidated general government, as per our principal approach, unless specifically noted otherwise where cited.

The external balance sheet data referenced in this report are derived from the international investment position dataset, as per our principal approach.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.