

Aareal Bank AG

Key Rating Drivers

New Criteria Drove IDR Downgrade: Fitch has downgraded Aareal Bank AG's Long-Term Issuer Default Rating (IDR) to 'BBB+', the level of the bank's Viability Rating (VR). We do not expect Aareal to hold Tier 2 and additional Tier 1 (AT1) debt buffers sustainably in excess of 10% of its risk-weighted assets (RWAs) as required for an IDR uplift under our revised criteria.

Coronavirus Drives Rating Watch Negative: The near-term risk arising from the economic fallout from the coronavirus crisis drives the placement of Aareal's VR, Long-Term IDR, Derivative Counterparty Rating (DCR) and debt ratings on Rating Watch Negative.

CRE-Focused Business Model: Aareal's VR reflects its business model as an independent monoline lender focusing on the inherently cyclical commercial real estate (CRE) sector. The bank's sound capitalisation, solid and resilient performance, diversified funding mix and above-average geographical diversification mitigate its concentration on large single CRE exposures.

Sound Capitalisation: Aareal's record of steady earnings generation and modest asset growth targets supported by shrinking non-core assets underpin its sound capitalisation. We expect the coronavirus crisis to drive negative rating migrations, increasing RWAs and putting pressure on capitalisation. Nevertheless, the bank's total capital ratio of 29.9% at end-2019 remains a rating strength and offers substantial potential to absorb unexpected losses.

Pressure on Loan Quality Likely: A clean-up initiated in 2H19 has cut Aareal's non-performing loans (NPL) ratio to 3.3% at end-2019, but the ratio remains high relative to domestic peers, mainly due to Italian exposures. We expect loan quality to deteriorate during 2020, given Aareal's large exposures to the hospitality and retail property segments, which have been suffering particularly severely from the widespread lockdown measures.

Crisis Will Affect 2020 Earnings: In line with the broader banking sector, we expect corona-related asset quality deterioration to significantly weigh on Aareal's profits in 2020. In 2019, higher costs and loan impairment charges (LICs) from de-risking measures slightly reduced the bank's operating result as its revenue remained stable. Geographic diversification, especially its large US presence, has ensured higher interest margins relative to German peers.

Aareon Diversifies Business Model: We expect the costs of investments in future growth to continue to weigh on the modest contribution of Aareon (the consulting and services arm) to Aareal's profits in the medium term. In the longer term, the potential to increase Aareon's non-lending-related fee income places Aareal in a better position than monoline CRE peers.

Sound, Diversified Funding: Aareal's mortgage covered bonds ensure cheap and resilient access to market funding. The bank's large and stable deposit base from institutional clients in the housing sector is a competitive advantage over other CRE lenders as it reduces its reliance on unsecured market funding and enhances its cross-selling potential. A large pool of ECB-eligible assets ensures adequate liquidity to deal with reasonable market stress scenarios.

Rating Sensitivities

Impact of Pandemic: The RWN on Aareal's ratings reflects near-term risks from the coronavirus outbreak. There is a heightened probability we will downgrade the bank if stress in the property markets weakens the bank's asset quality and earnings prospects to an extent that could substantially erode its capital buffers.

We could affirm the ratings if the disruptions turn out to be short-lived and if the bank manages to maintain adequate asset quality and contain revenue attrition through the crisis.

Ratings

Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F2
Derivative Counterparty Rating	A-(dcr)

Viability Rating bbb+

Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Country Ceiling	AAA

Watches

Long-Term Foreign-Currency IDR	Negative
Viability Rating	Negative
Derivative Counterparty Rating	Negative

Outlook

Sovereign Long-Term Foreign-Currency IDR	Stable
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Applicable Criteria

[Bank Rating Criteria \(February 2020\)](#)

Related Research

[Fitch Takes Actions on 6 German Banking Groups on Coronavirus Uncertainties \(March 2020\)](#)

[Fitch Takes Rating Actions on German Banks; Removes Ratings from UCO \(April 2020\)](#)

[German Banks' Weaknesses Exposed as Economic Outlook Worsens \(April 2020\)](#)

[Fitch Revises Aareal's Outlook to Negative; Affirms IDR at 'A-'](#)

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Debt Rating Classes

Rating level	Rating	Watch
Long-term deposits	A-	Negative
Short-term deposits	F2	
Long-term senior preferred debt (SP)	A-	Negative
Short-term SP debt	F2	
Senior non-preferred debt (SNP)	BBB+	Negative
Tier 2 subordinated debt	BBB-	Negative
AT1 notes	BB	Negative

Source: Fitch Ratings

The recent downgrade of Aareal's Long-Term IDR to 'BBB+' from 'A-' reflects our expectation that the bank will not hold subordinated Tier 2 and AT1 debt (qualifying junior debt, QJD) buffers sustainably in excess of 10% of its RWAs. This level would be required for IDR uplift under Fitch's updated criteria.

The relative increase of the QJD buffer to 10.3% of the bank's RWAs at end-2019 from 9.5% at end-3Q19 was due to a RWA contraction of 12% in 4Q19, mainly driven by de-risking measures. We believe this RWA reduction is temporary, especially as the coronavirus crisis will trigger negative PD migration. We also expect a gradual decrease of the stock of Tier 2 debt to reduce the QJD buffer.

Aareal's DCR, long-term deposit rating and long-term SP debt rating are one notch above the Long-Term IDR. This reflects the bank's large and sustainable layer of SNP debt that provides preferred creditors and counterparties with additional protection in a resolution.

The short-term SP debt and short-term deposit ratings have been downgraded to 'F2'. This is the baseline option mapping to the respective long-term ratings, because the bank's Funding & Liquidity score of 'bbb+' is not sufficient to warrant a higher short-term rating.

The recent downgrade of the Tier 2 debt to 'BBB-' reflects the switch to a baseline of two notches (from one notch previously) below the VR for loss severity under the new criteria.

The AT1 debt with fully discretionary coupons has been upgraded to 'BB', four notches (from previously five notches) below the VR, which is the baseline notching under the new criteria, to reflect a reduction in incremental non-performance risk relative to the VR. This reflects the large buffers above mandatory coupon omission triggers, which we expect to be maintained.

Ratings Navigator

	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+ <i>RWN</i>	AA+	AA+
aa										aa <i>RWN</i>	AA	AA
aa-										aa- <i>RWN</i>	AA-	AA-
a+										a+	A+	A+
a										a	A	A
a-										a- <i>RWN</i>	A-	A- <i>RWN</i>
bbb+										bbb+ <i>RWN</i>	BBB+	BBB+
bbb										bbb <i>RWN</i>	BBB	BBB
bbb-										bbb- <i>RWN</i>	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+ <i>RWN</i>	B+	B+
b										b <i>RWN</i>	B	B
b-										b- <i>RWN</i>	B-	B-
ccc+										ccc+	CCC+	CCC+
ccc										ccc	CCC	CCC
ccc-										ccc-	CCC-	CCC-
cc										cc <i>RWN</i>	CC	CC
c										c <i>RWN</i>	C	C
f										f <i>RWN</i>	NF	D or RD

Significant Changes

Likely Coronavirus Disruptions Drive RWN

The ultimate economic and financial market implications of the coronavirus outbreak are still unclear, but we consider the risks to Aareal's credit profile to be skewed to the downside, leading to the RWN on Aareal's ratings following a review of Western European bank ratings. Over 95% of the Western European bank ratings reviewed from 20 March to 7 April 2020 have Negative Outlooks or were placed on RWN due to the coronavirus outbreak.

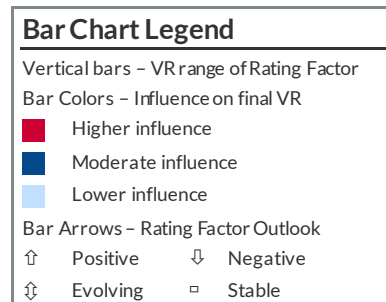
The swift and comprehensive fiscal support and regulatory forbearance measures announced in recent weeks by the German government, the European Commission, the central banks and the banking regulators signal considerable commitment to alleviating the impact of the crisis on the German economy and protecting the banking sector's ability to transmit this support to the economy. Fiscal support measures for the private sector and financial markets will mitigate the deterioration of banks' asset quality by supporting borrowers' viability.

However, structural weaknesses including years of underperformance prompted us to lower our assessment of the German banking sector's operating environment to 'aa-/Negative' from 'aa/Stable' in March 2020. We could lower the score further if there are signs that the domestic economy suffers from the crisis for longer than we currently expect, or if the banking sector is unable to restore acceptable profitability post-crisis.

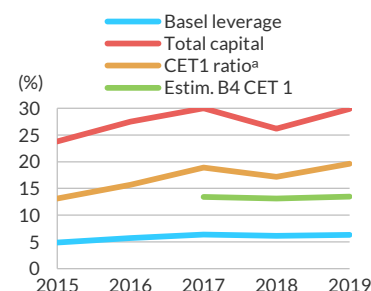
Aareal's geographical diversification makes it much less reliant on Germany than its domestic peers. However, the negative outlook on the bank's operating environment score reflects our view that its other core markets will also face pressure from the coronavirus crisis. This notably includes recent sharp reduction of interest rates in the US, Aareal's largest market, which has been instrumental in upholding the bank's robust interest margins in recent years.

Aareal is entering the sudden economic downturn with some vulnerability despite the recent de-risking that has significantly improved its asset quality. As the bank remains focused on the cyclical CRE market, the crisis is likely to particularly likely to affect its large exposure to hotels (33% of total loans at end-2019) and retail properties/shopping malls (24%), partially in more vulnerable regions including southern Europe.

Aareal's CET1 ratio of 19.6% at end-2019 covers more than twice its SREP requirement of 9.41% for 2020, offering a substantial cushion against asset quality deterioration. The bank



Strong Capital Ratios



^a Fully loaded
Source: Fitch Ratings, Aareal

has followed the ECB's guidance to suspend dividend proposals for 2019 at least until October 2020. A final cancellation of the initially planned dividend would increase the bank's CET1 ratio to 20.7% on a pro-forma basis. We believe management is likely to support a dividend at a later stage, provided the impact of the pandemic can be assessed with more certainty

Aareal announced in March 2020 it would not call its EUR300 million AT1 notes on the first call date on 30 April 2020. Besides the recent market dislocation, the decision reflects the bank's assessment of current and future regulatory importance of the respective capital instrument, which underlines Aareal's prudent capital management.

Company Summary and Key Qualitative Assessment Factors

Above-Average Geographical Diversification Supports Margins

Aareal operates two core segments: structured property finance (SPF) and consulting services (CS). SPF provides CRE lending (EUR26.7 billion at end-2019) in over 20 countries in Europe, Asia and North America, with a particular focus on the US market. The bank also recently entered the Australian market. Target clients include property companies, institutional investors and, to a lesser extent, owners of residential property portfolios.

CS Segment Provides Stable Deposits and Moderate Revenue Diversification

CS's provision of IT (through Aareal's subsidiary Aareon) and banking services to the institutional housing sector moderately diversifies Aareal's revenue mix. CS's large stock of sticky deposits from the housing sector (EUR9.7 billion at end-2019), predominantly in Germany, strengthens the bank's funding mix and net stable funding ratio. However, the coronavirus crisis will keep interest rates extremely low for even longer than previously expected. As a result, Aareal's housing deposit business will remain loss-making in the longer term due to low interest rate environment.

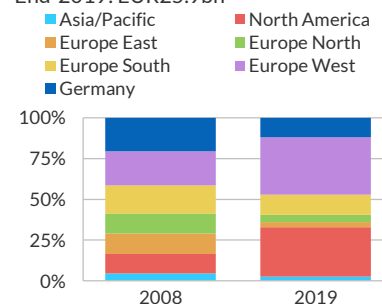
Sound, Crisis-Tested Execution Record

As one of very few pure CRE lenders that are not backed by large universal banking groups, Aareal has a fairly limited margin of error to protect its viability through the cycle in the demanding re-regulated environment.

Since the 2008 financial crisis, the management team has successfully navigated adverse market conditions, served by its expertise, cautious balance-sheet management and underwriting standards, a good record of integrating acquisitions and steady strategic objectives. This experience will be a valuable asset in navigating the upcoming severe recession and, when the global economy emerges from the crisis, adapt to any acceleration of secular trends already affecting the property sector before the crisis.

CRE Book by Region

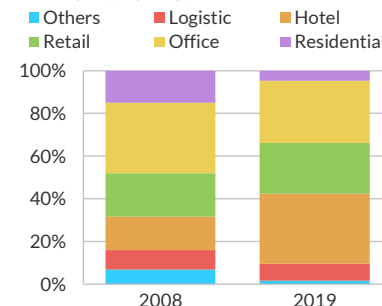
End-2019: EUR25.9bn



Source: Fitch Ratings, Aareal

CRE Book by Asset Types

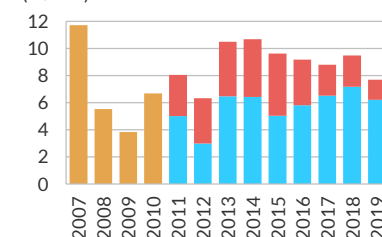
End-2019: EUR25.9bn



Source: Fitch Ratings, Aareal

New Business Volume

(EURbn)
Legend: Newly originated (blue), Total new lending (orange), Prolongations (red)



Source: Fitch Ratings, Aareal

Summary Financials and Key Ratios

	31 Dec 19 (EURm)	31 Dec 18 (EURm)	31 Dec 17 (EURm)	31 Dec 16 (EURm)
Summary income statement				
Net interest and dividend income	533	535	634	701
Net fees and commissions	229	215	206	193
Other operating income	64	45	81	55
Total operating income	826	795	921	949
Operating costs	488	462	511	547
Pre-impairment operating profit	338	333	410	402
Loan and other impairment charges	90	72	82	97
Operating profit	248	261	328	305
Tax	85	90	115	132
Net income	163	226	213	234
Summary balance sheet				
Gross loans	28,656	29,257	27,845	31,203
- Of which impaired	944	1,587	1,220	1,500
Loan loss allowances	383	577	540	554
Net loans	28,273	28,680	27,305	30,649
Interbank	1,363	1,000	779	1,583
Derivatives	1,794	1,934	2,253	2,983
Other securities and earning assets	7,332	9,031	8,747	9,964
Total earning assets	38,762	40,645	39,084	45,179
Cash and due from banks	1,494	1,265	2,081	1,786
Total assets	41,137	42,687	41,908	47,708
Customer deposits	12,404	13,421	12,987	13,696
Interbank and other short-term funding	906	858	1,914	1,703
Other long-term funding	21,928	22,815	21,432	24,849
Trading liabilities and derivatives	2,165	1,934	1,703	3,181
Total funding	37,403	39,028	38,036	43,429
Preference shares and hybrid capital	300	300	505	544
Total equity	2,561	2,628	2,624	2,829
Total liabilities and equity	41,137	42,687	41,908	47,708
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.2	2.0	2.8	2.1
Net interest income/average earning assets	1.3	1.4	1.5	1.5
Non-interest expense/gross revenue	59.2	58.1	55.5	57.6
Net income/average equity	6.3	8.7	8.1	8.5
Asset quality				
Impaired loans ratio	3.3	5.4	4.4	4.8
Growth in gross loans	-2.1	5.1	-10.8	-9.7
Loan loss allowances/impaired loans	40.6	36.4	44.3	36.9
Loan impairment charges/average gross loans	0.3	0.3	0.3	0.3

Summary Financials and Key Ratios (Cont.)

	31 Dec 19	31 Dec 18	31 Dec 17	31 Dec 16
Capitalisation				
Common equity Tier 1 ratio	19.6	17.2	19.6	16.2
Total Capital Ratio	29.9	26.2	30.0	27.5
Tangible common equity/tangible assets	5.8	5.8	5.9	5.7
Basel leverage ratio	6.3	6.1	n.a.	5.7
Net impaired loans/common equity Tier 1	25.6	45.1	29.5	40.2
Funding and liquidity				
Loans/customer deposits	231.0	218.0	214.4	227.8
LCR	n.a.	234.3	n.a.	n.a.
Customer deposits/funding	34.9	35.9	35.3	33.6

Source: Fitch Ratings, Fitch Solutions, Bank

Key Financial Metrics - Latest Developments

Solid Pre-Crisis Collateralisation Mitigates Vulnerability to Drops in Asset Values

Aareal's prudent underwriting standards and low loan-to-value (LTV) ratios provide some protection against the inevitable deterioration of asset quality that will result from the coronavirus crisis. The bank had an average LTV ratio of 57% (based on market values) at end-2019. 96% of the loan book had an LTV ratio of below 60%, in line with the management's target, and only 4% was in the 60%-80% range.

Single CRE loans are inherently large relative to the bank's capital, but large exposures are often collateralised with several properties of various CRE types or in different locations. This provides some valuable diversification, although the benefit thereof is significantly muted by the global nature of the current crisis, with strict lockdown measures notably affecting hospitality, retail and office properties in all major locations simultaneously.

Aareal actively reduced its NPL portfolio in 2H19, mainly through repayments, in part to mitigate the impact of new guidelines on prudential provisioning of non-performing exposures. With hindsight, this clean-up appears well timed, as it allows the bank to enter the crisis with a more manageable NPL ratio of 3.3% at end-2019, down from a peak of 6.1% at end-1H19.

However, Aareal's asset quality remains weaker than those of domestic peers, and the crisis will make a reduction of remaining legacy NPLs much more challenging in the short term. Based on the bleak short-term economic outlook in all key markets, we expect its NPL ratio to rise during 2020, given its large exposure to the hospitality and retail sectors, which are severely affected by lockdown measures. Fitch especially expects global travel bookings to drop by 40% yoy and hotels' revenues per available room by up to 48% yoy in 2020, respectively.

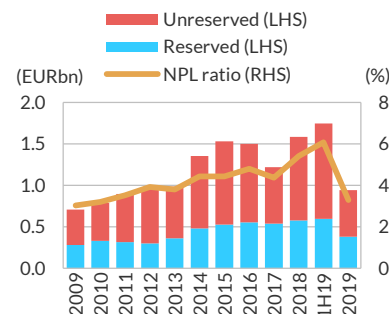
Entering the Crisis with Sound and Resilient Operating Performance

Aareal's operating performance has been stable through the latest business cycle, characterised by an extended period of strong CRE market developments and high property investments, fuelled by accommodating monetary policies in most key jurisdictions. Earnings remained sound in 2019 despite additional LICs from the accelerated NPL reduction.

The bank is implementing a growth programme for its consulting and services division Aareon, although we expect it to take several years to materially improve earnings diversification.

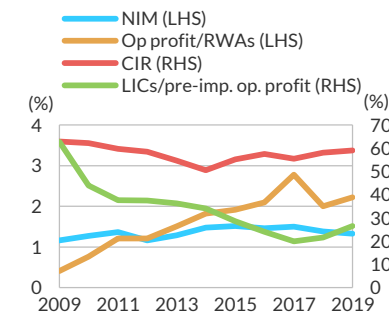
In the near-term, however, we expect profitability to weaken. A strong increase in LICs is likely, especially if the economic recovery from the crisis in Aareal's main markets is slower than currently expected. In such a scenario, significantly more borrowers may not be able to fully recover despite the extensive state support measures available in many countries. This could inflate LICs during 2H20, as regulators' guidance to take a medium-term, through-the-cycle view when applying IFRS 9 staging would then be less effective at containing LICs.

NPL Ratio Peaked at End-1H19



Source: Fitch Ratings, Aareal

Sound Performance



Source: Fitch Ratings, Aareal

Similar to peers, weak demand will compound Aareal's revenue pressure, especially as long as uncertain prospects of restoring acceptable occupation rates in the office, hotel and retail segments hinder investment appetite and transaction volumes. In the medium term, earnings could also suffer from the likelihood that interest rates will remain extremely low for even longer than previously expected as central banks try to sooth the aftermath of the crisis.

Relative to German peers, Aareal's geographical diversification underpins its sound margins and its ability to offset the particularly intense margin pressure prevailing in Germany. The bank's large exposure to the higher-margin US CRE market should a remain strength, even though the Fed's reduction of its target federal funds rate to 0%-0.25% from 1.5%-1.75% is likely to add pressure on margins until a firm economic recovery is in sight.

We do not expect a crisis-driven rise in market funding costs to significantly impact Aareal, because price-inelastic deposits from the German housing sector and cheap German covered bonds account for three quarters of its funding mix. The bank's very large SNP debt buffer equivalent to 49% of its RWAs at end-2019 much exceeds its MREL requirements. In the absence of a need to issue SNP or more junior debt over the next quarters, Aareal does not materially rely on confidence-sensitive market funding.

Unlike other specialised CRE lenders, Aareal's sound regulatory leverage ratio of 6.3% at end-2019 will not constrain its ability to support borrowers' liquidity through the crisis by extending or rolling over credit facilities. Its CRE lending model is particularly exposed to RWA inflation from the planned Basel III revisions. However, the very long implementation time, and Aareal's pro-forma common equity Tier 1 (CET1) ratio of 13.5% under the revised Basel III at end-2019, is adequate and does not require any mitigating measures.

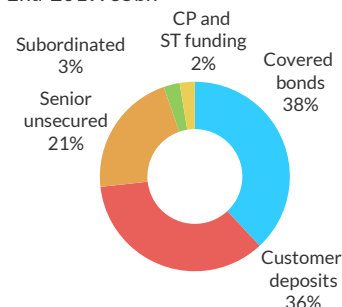
Sovereign Support Assessment

The Support Rating and Support Rating Floor reflect our view that, due to the EU's Bank Recovery and Resolution Directive, Aareal's senior creditors can no longer rely on full extraordinary support from the German sovereign if the bank becomes non-viable.

Support Rating Floor		Value	
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)		A+ to A-	
Actual country D-SIB SRF		NF	
Support Rating Floor:		NF	
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy			✓
Size of potential problem	✓		
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)	✓		
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance		✓	
Liability structure of bank	✓		
Ownership		✓	
Specifics of bank failure		✓	

Diversified Funding Mix

End-2019: 35bn



Source: Fitch Ratings, Aareal

Environmental, Social and Governance Considerations

The highest level of ESG credit relevance is a score of '3'. ESG issues are credit-neutral or have only a minimal credit impact on Aareal, either due to their nature or to the way in which they are being managed by the bank. For more information on our ESG Relevance Scores, visit www.fitchratings.com.

FitchRatings Aareal Bank AG

Banks Ratings Navigator

Credit-Relevant ESG Derivation

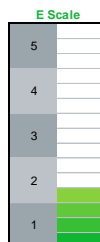
Aareal Bank AG has 5 ESG potential rating drivers

- ➔ Aareal Bank AG has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale	
key driver	0	issues	5	
driver	0	issues	4	
potential driver	5	issues	3	
not a rating driver	4	issues	2	
	5	issues	1	

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

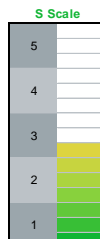
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

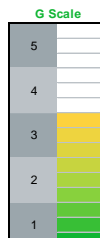
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy



CREDIT-RELEVANT ESG SCALE		
How relevant are E, S and G issues to the overall credit rating?		
5		Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4		Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3		Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2		Irrelevant to the entity rating but relevant to the sector.
1		Irrelevant to the entity rating and irrelevant to the sector.

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