FitchRatings

RATING ACTION COMMENTARY

Fitch Takes Action on 7 Mid-Sized UK Banks on Coronavirus Outbreak

Wed 01 Apr, 2020 - 3:43 PM ET

Fitch Ratings - London - 01 Apr 2020: Fitch Ratings has taken rating actions on seven mid-sized UK banking groups to reflect the downside risks to their credit profiles resulting from the economic and financial market implications of the coronavirus pandemic. The actions include:

-Investec Bank plc's, Tesco Personal Finance Group plc's and Virgin Money UK plc's Long-Term Issuer Default Ratings (IDRs) and Viability Ratings (VRs) placed on Rating Watch Negative (RWN)

-Close Brothers Group's and Metro Bank plc's Long-Term IDRs and VRs downgraded by one notch; the Outlooks on the IDRs are Negative

-The Co-Operative Bank P.L.C's Long-Term IDR and VR downgraded by one notch and placed on RWN

-Paragon's Long-Term IDR affirmed; Negative Outlook

Fitch expects global economic growth to decline sharply in 2020 and now estimates that the UK's GDP could fall by close to 4% in 2020 in its baseline forecast, followed by a sharp recovery in 2021. This expectation is based on the assumption that containment measures will be unwound in 2H20, with material downside risk to these economic forecasts.

The UK authorities have taken monetary and fiscal support measures for the private sector, which should be positive for the banking sector. Nonetheless, we expect the banks' asset quality to weaken compared with previous expectations and earnings to come under pressure from lower business volumes, higher loan impairment charges and pressure on net interest margins.

The rating actions today include upgrades, downgrades and affirmations of a number of issuer and issue ratings, which were placed on Under Criteria Observation (UCO) following the publication of Fitch's new rating criteria on 28 February 2020. The affected ratings have been removed from UCO.

RATING ACTIONS

ENTITY/DEBT	RATING		
Virgin Money UK PLC	LT IDR	BBB+	Rating Watch On
	ST IDR	F2	Affirmed
	Viability	bbb+	Rating Watch On
	Support	5	Affirmed
	Support Floor	NF	Affirmed
• subordinated	LT	BBB-	Downgrade
• subordinated	LT	BB	Upgrade

VIEW ADDITIONAL RATING DETAILS

KEY RATING DRIVERS

CLOSE BROTHERS GROUP PLC, CLOSE BROTHERS LIMITED AND CLOSE BROTHERS FINANCE PLC

Fitch has downgraded the Long-Term IDR and VR of Close Brothers Group (CBG) and of its banking subsidiary, Close Brothers Limited (CBL) to 'A-'/'a-' from 'A'/'a' as a result of the economic fallout of the pandemic. The Outlooks on the 'A-' Long-Term IDRs are Negative.

Fitch believes that the economic fallout from the pandemic has heightened risks to the group given its above-average exposure to SME lending through asset and invoice finance, to retail customers potentially affected by employment disruptions in motor finance, and to property lending that will suffer delays in completion and sales.

The ratings of CBG and CBL reflect a strong record of performance through economic cycles, which has historically compensated their appetite for higher-risk lending. In the current crisis we expect pressure on earnings through rising credit impairments and lower volumes, which will no longer be commensurate with an 'a' VR. CBG's pre-provision profit can absorb higher loan impairment charges typically over 4% of gross loans (including the pre-provision contributions of its asset management and securities businesses), so it is likely that the group will maintain profitability, albeit at depressed levels. Capitalisation was solid with a 13.4% CET1 and 11.3% leverage ratio at end-January 2020.

Fitch has downgraded CBG's senior debt rating 'BBB+' from 'A' and removed it from UCO. CBG's senior debt is anchored to the Long-Term IDR and downgraded by a notch to reflect below-average recovery prospects. In line with Fitch's new Bank Rating Criteria this reflects our expectations that buffers of holding company senior and group junior debt will remain below 10% of risk-weighted assets (RWA).

The rating of Tier 2 debt issued by CBG has been downgraded to 'BBB' from 'A-' and removed from UCO. This debt is anchored to CBG's VR and its notching has been widened to reflect the change in baseline notching for loss-severity to two notches (from one previously) from the VR.

Senior debt issued by Close Brothers Finance plc has been downgraded to 'A-' from 'A', in line with the group's Long-Term IDR.

The group entities' Short-Term IDRs and debt ratings are downgraded to 'F2' from 'F1', which correspond to the 'A-' Long-Term IDR and debt ratings and CBG's 'bbb+' funding and liquidity score.

Unless noted above, the key rating drivers for Close Brothers Group plc and its subsidiaries are those outlined in our Rating Action Commentary published on

20 August 2019 (Fitch Maintains Close Brothers' 'A' Long-Term IDR on Rating Watch Negative).

INVESTEC BANK PLC

Fitch has placed the 'BBB+' Long-Term IDR, 'bbb+' VR, and debt ratings of Investec Bank plc (IBP) on RWN as its believes the economic fallout from the pandemic crisis represents a near-term risk to its ratings.

The risks stem from the bank's above-average exposure (as a proportion of gross loans) to sectors we consider as particularly vulnerable to disruption, such as small-ticket asset finance, aviation finance, corporate and acquisition finance. We also see a heightened risk of valuation losses on IBP's illiquid equity holdings, putting further pressure on operating profitability.

Deposit stability is supported by a large share of retail deposits being covered by the UK insurance guaranteed fund, although we expect these to be less stable and more price-sensitive than larger UK peers. Deposits gathered through SME and corporate channels, coupled with increased liquidity pressures among corporates and SMEs, raises the risk of deposit withdrawals should the pandemic be prolonged. This is, however, largely mitigated by a large buffer of liquid assets.

Profitability has been improving in recent years but is at risk from higher impairment charges and increased pressure on recurring fees in the bank's capital-light activities, such as wealth management and advisory from falling stock markets. IBP's ability to execute on strategic targets, including targeted growth in private banking and improving operational efficiency, is made more difficult by the weaker economic outlook.

We believe the economic and financial market fallout from the pandemic creates additional downside risks to our assessment of management and strategy, asset quality, earnings and capitalisation relative to when we last reviewed the bank's ratings.

Following publication of Fitch's updated Bank Rating Criteria, we have downgraded IBP's Tier 2 debt rating by one notch to 'BBB-'', removed it from UCO and placed it on RWN. The downgrade reflects the change in baseline notching for loss-severity to two notches (from one previously) from IBP's VR since the bank does not meet the specific conditions under our criteria for applying one notch.

Unless noted above, the key rating drivers for IBP are those outlined in our Rating Action Commentary published on 14 August 2019 (Fitch Maintains Investec Bank Plc's 'BBB+' Long-Term IDR on RWN; Affirms VR).

METRO BANK

Fitch has downgraded Metro Bank's Long-Term IDR and VR by one notch to 'BB-' and 'bb-' respectively, and assigned a Negative Outlook on the IDR. The rating action reflects heightened challenges to its business model, earnings and ability to deliver its strategy, which are further compounded by the economic fallout from the pandemic.

The coronavirus disruptions make execution on Metro Bank's strategy more difficult in the near-term because of weaker prospects for growth, lower interest rates, and slower demand for loans. The bank has been undergoing significant organisational changes, and its earnings were expected to be depressed by restructuring charges and a slowdown in lending. The pandemic also poses an operational challenge for Metro Bank given its small size, staff capacity and management turnover.

Metro Bank's earnings are very weak (GBP53 million operating loss in 2019, excluding impairment of tangible and intangible assets). Fitch expects that a return to profitability will be made more difficult by the coronavirus disruptions. Lower lending volumes, interest rates and transaction fees, and larger credit losses (from small amounts) will weigh on the 2020 loss. To a certain extent this could be compensated by lower funding costs if debt issuance is delayed in light of lower counter-cyclical buffer requirements, or if planned investments are delayed. Over the longer term the bank needs scale and better cost efficiency to break even, and the extent and speed at which they can be achieved will depend on the length and depth of the crisis, as well as the quality of execution on a range of measures management has committed to.

Asset quality is a rating strength and loans are performing and dominated by mortgage lending. Credit- risk exposure to more vulnerable sectors is mainly in Metro Bank's commercial loans portfolio, which represents less than a third of the loan book. This is skewed towards commercial real estate.

Capital ratios were high at 15.6% CET1 ratio at end-2019 but will likely be eroded by the year's net loss. Minimum requirements for own funds and eligible liabilities (MREL) of 20.5% for 2020 (against a 22.1% position at end-2019) leave limited buffer for capital erosion before breaching requirements.

Metro Bank entered the crisis with high liquidity and a moderate 101% loans-to-deposits ratio. The disruptions will be a test of Metro Bank's deposit resilience and may impede plans to grow deposits, although we understand from management that to date retail deposits have been fairly stable. Positively, the bank will be able to access the Bank of England's Term Funding Scheme (TFS) with additional incentives for SMEs to refinance part of their existing TFS draw-down.

The senior non-preferred debt rating has been downgraded to 'BB-' from 'BB', in line with the Long-Term IDR. Senior preferred programme ratings are affirmed at 'BB'/'B' to reflect higher recovery prospects in light of MREL requirements. The subordinated Tier 2 debt rating is downgraded by two notches to 'B' from 'BB-' to reflect the switch to a baseline notching of two notches (one notch previously) below the VR for loss severity as per Fitch's updated Bank Rating Criteria. Senior preferred and Tier 2 ratings have been removed from UCO.

Unless noted above, the key rating drivers for Metro Bank are those outlined in our Rating Action Commentary published on 20 December 2019 (Fitch Affirms 19 UK Banking Groups, Off RWN).

Metro Bank has an ESG Relevance Score of 4 for 'Corporate Governance' because of weaker board independence and control oversight than at higher-rated peers. Actions are being taken to rectify this but until improvements filter through, we have assigned a 4 ESG Relevance Score for 'Governance Structure'.

PARAGON BANKING GROUP

Fitch has affirmed Paragon's Long-Term IDR at 'BBB' with Negative Outlook.

We believe that Paragon has a good record in maintaining sound asset quality and profitability, but we expect its businesses, particularly its SME and development finance business, but also buy-to-let (BTL) mortgage lending, to be at risk from asset non-performance and reduced profitability in the downturn. We also believe that funding growth at Paragon Bank will be harder to achieve, given possible pressures on saving rates if unemployment increases, and that the bank will find it harder to execute its strategy.

Unless noted above, the key rating drivers for Paragon are those outlined in our RAC published on 23 March 2020 (Fitch Revises Paragon's Outlook to Negative; Affirms IDR at 'BBB').

TESCO PERSONAL FINANCE GROUP PLC (TPFG) AND TESCO PERSONAL FINANCE PLC (TPF)

Fitch has placed the 'BBB' Long-Term IDR and senior debt rating and 'bbb' VR of TPFG on Rating Watch Negative because the economic fallout from the coronavirus crisis represents a near-term risk to TPFG's ratings. The bank enters the economic downturn from a position of relative weakness given its above-average exposure to unsecured retail lending, including credit cards and unsecured personal loans and loan impairment charges. The latter are high, particularly at this point in the cycle, but have remained stable and reflect a swift write-off policy against non-performing loans. Fitch expects asset quality to weaken relative to our previous expectations and for earnings challenges to increase due to rising loan impairment charges and weaker business volumes. The bank is also undergoing a strategic realignment following the sale of its mortgage loan portfolio, and strategic plans may now take longer to achieve.

We believe the economic and financial market fallout from the pandemic creates additional downside risks to our assessment of management and strategy, asset quality and earnings relative to when we last reviewed the bank's ratings.

The Long-Term and Short-Term IDRs of TPF have been upgraded to 'BBB+'/ 'F2' from 'BBB'/ 'F3', removed from UCO and placed on RWN. The ratings were upgraded because Fitch considers that its bank holding company parent, TPFG, has a clearly defined and credible role in protecting this operating company's external senior creditors in a resolution. The upgrade reflects our expectation under our new criteria that external senior creditors will benefit from resolution funds ultimately raised by TPFG and designed to protect TPF's senior creditors in a group failure. The upgrade of TPF's Short-Term IDR is in line with the higher Long-Term IDR.

Unless noted above, the key rating drivers for TPFG and its subsidiary TPF are those outlined in our Rating Action Commentary published on 28 June 2019 (Fitch Maintains Tesco Personal Finance Group's LT IDR on RWN; Affirms VR)

THE CO-OPERATIVE BANK P.L.C.

Fitch has downgraded the Co-operative Bank's Long-Term IDR to 'B-' from 'B' and VR to 'b-' from 'b' as a result of the economic fallout of the coronavirus. The Long- and Short-Term IDRs and the VR have been placed on RWN.

The downgrades of the Co-operative Bank reflect our view that the economic disruption in the UK poses material risk to the bank's capitalisation and earnings, as well as to the stability of the business model and to management's ability to execute on its strategy to grow revenue and return to profitability, relative to when we last reviewed the ratings.

The RWN reflects our view that further near-term deterioration of the bank's financial profile is possible. The bank enters the economic downturn from a position of relative weakness given its structurally loss-making profile. The bank is vulnerable to greater-than expected losses and continues to face challenges in its ability to execute its future strategic initiatives. We also see a heightened risk of asset- quality deterioration, although this is partly mitigated by the secured nature of its loan book.

The bank's CET1 ratio (19.6% at end-2019) is strong and provides some headroom to absorb losses beyond management's current expectations, particularly as regulatory requirements have gradually been reduced as the bank's rehabilitation has progressed. However, capital remains vulnerable to earnings deterioration with little scope for absorption.

Unless noted above, the key rating drivers for Co-operative Bank are those outlined in our Rating Action Commentary published in July 2019 (Fitch Maintains The Co-Operative Bank's 'B' IDR on RWN; Affirms VR).

VIRGIN MONEY UK PLC AND CLYDESDALE BANK PLC

Fitch has placed Virgin Money UK plc's (VMUK) 'BBB+' IDR, 'bbb+' VR and 'BBB+' senior unsecured debt ratings on RWN as the economic fallout from the coronavirus crisis represents a near-term risk to VMUK's ratings. The 'A-' Long-Term IDR and senior debt rating, 'A-(dcr)' Derivative Counterparty Rating (DCR), and 'bbb+' VR of Clydesdale Bank plc have also been placed on RWN.

The economic fallout from the pandemic results in heightened risks to VMUK's ratings since the bank enters the economic downturn from a position of relative weakness given its weak profitability compared with peers' as the business continues to undergo restructuring following its 2018 merger. We have reflected the highly likely impact of the economic and financial market fallout from the pandemic in a weaker assessment of earnings relative to when we last reviewed the bank's ratings. We also see an increased likelihood of future asset-quality deterioration, particularly in SME lending and credit cards, as well as weaker capital generation.

VMUK's Tier 2 debt has been downgraded to 'BBB-' from 'BBB', removed from UCO and placed on RWN and to reflect the change in baseline notching for loss-severity to two notches (from one previously) from the VR since the bank does not meet the specific conditions under our criteria for applying one notch.

VMUK's AT1 debt has been upgraded to 'BB' from 'BB-', removed from UCO and placed on RWN. This reflects a change in baseline notching to four notches (from the previous five) from the VR, reflecting a reduction in incremental non-performance risk relative to our previous assumptions. Our assessment is based on the bank operating with a CET1 ratio that is comfortably above maximum distributable amount (MDA) thresholds and our expectation that this will continue.

Unless noted above, the key rating drivers for VMUK and its subsidiaries are those outlined in our Rating Action Commentary published on 30 July 2019 (Fitch Maintains CYBG's 'BBB+' IDR on RWN; Affirms VR).

RATING SENSITIVITIES

Unless noted below, the rating sensitivities for these banks are those outlined in our latest RACs referenced above.

CLOSE BROTHERS GROUP PLC, CLOSE BROTHERS LIMITED AND CLOSE BROTHERS FINANCE PLC

The most immediate downside risk for CBG and CBL's ratings is the economic and financial market fallout of the pandemic. This represents a clear risk to our assessment of the bank's asset quality given the group's high exposure to SMEs, many of which face severe disruptions.

CBG's ratings would likely be downgraded in case of a pronounced increase in impaired loans and a significant and sustained reduction of its operating profitability.

The Outlook on the Long-Term IDR could be revised back to Stable if the impact of the coronavirus shock to the UK economy is short and the recovery relatively fast. For example, if government-backed business loan schemes, in particular the Coronavirus Business Interruption Loan (CBIL) scheme, are successful in preventing a material proportion of SMEs from going out of business, then we may revise our view of the group's asset quality.

Ratings could be upgraded back to 'A' if the group's profitability and impaired loans ratio prove more resilient than expected to a deep economic shock.

Senior debt issued by CBG could be upgraded if the amount of holding company senior and group junior debt increases to above 10% of RWAs.

Its subordinated debt rating is sensitive to its VR.

INVESTEC BANK PLC

The RWN on IBP's ratings reflects the near-term risks arising from the coronavirus outbreak and the heightened probability that we will downgrade the bank. The above-average level of impaired loans and our expectation that asset quality will weaken relative to our previous expectations and for earnings challenges to intensify due to weaker business volumes and rising loan and securities impairment charges mean IBP has moderate rating headroom in the face of the economic and financial market disruption posed by the outbreak. The ratings could also be downgraded if IBP faces funding stress, for example in the form of a large proportion of SME/corporate deposits leaving the bank, which could affect its liquidity profile.

We expect to resolve the RWN in the near term, when the impact of the pandemic on the bank's credit profile becomes more apparent. The most likely downgrade triggers are a significant increase in impaired loan inflows, a sustained reduction of its operating profitability or a further downward revision of Fitch's expectations for the UK economy in 2020. In resolving the RWN, Fitch will seek to understand the extent to which UK government schemes aimed at mitigating direct losses from the pandemic disruption will cushion the financial impact on the bank's asset quality and earnings. Fitch expects IBP to maintain a healthy level of capital and a strong liquidity position.

In the event IBP is able to withstand rating pressure arising from the pandemic, the most likely trigger for an upgrade would arise from a record of strong asset performance and sustained improvement in risk-adjusted profitability.

METRO BANK

The most immediate rating downside risk for Metro Bank is the economic and financial market fallout arising from the coronavirus outbreak as this represents a clear near-term risk to our assessment of earnings, capitalisation and ability to implement its strategy.

Metro Bank's ratings would be downgraded if losses for 2020 rise to an extent that they threaten the ability to meet capital and MREL requirements, or if we believe that the ability to carry out its turnaround strategy will be set back further.

A revision of the Outlook to Stable is possible if the impact of the coronavirus crisis on the UK economy is short, followed by a relatively fast recovery. But this would also require Metro Bank to have remained materially on track with its restructuring strategy.

While unlikely in the short-term, the ratings could be upgraded if the bank is successful in its restructuring, which involves building up revenues and stabilising profitability, while maintaining capital ratios with adequate buffers over minimum requirements and healthy asset quality.

The Tier 2 subordinated debt rating is primarily sensitive to changes in the bank's VRs.

PARAGON BANKING GROUP

The most immediate rating downside risk for Paragon is the economic and financial market fallout arising from the coronavirus outbreak as this represents a clear risk to our assessment of its asset quality and earnings.

Paragon's ratings would likely be downgraded on materially weaker asset quality if the newer commercial lending portfolios begin to deteriorate or if there is a significant dislocation in the BTL market. The ratings could also be downgraded if Paragon faces increased refinancing risk for its funding, whether in the form of deposits, securitisations or BoE facilities.

The Outlook on the Long-Term IDR could be revised back to Stable if the impact of the pandemic on the UK economy is short and the recovery relatively fast, given Paragon's currently healthy asset quality, strong profitability, and the secured nature of the majority of the bank's loan book.

In the event Paragon is able to withstand rating pressure arising from the pandemic, the most likely trigger for an upgrade would be an improved funding profile with deposits showing resilience in a stress scenario and performance of the group's new business lines throughout the economic cycle.

TESCO PERSONAL FINANCE GROUP PLC AND TESCO PERSONAL FINANCE PLC

The RWN on TPFG's ratings reflects the near-term risks arising from the coronavirus outbreak and the heightened probability that we may downgrade the bank. The pandemic represents a clear risk to our assessment of its asset quality given the bank's focus on unsecured retail lending. Extended economic contraction would put pressure on the ability to execute its new strategy. We expect to resolve the RWN in the near term, when the impact of the pandemic on the bank's credit profile becomes more apparent. Potential downgrade triggers are a material increase in impaired loans and sustained decrease in profitability due to higher loan impairment charges and a reduction in fee income.

In the event TPFG is able to withstand rating pressure arising from the pandemic, the most likely trigger for an upgrade would be the successful execution of the group's new strategy, including an extended record of satisfactory asset quality and robust capitalisation.

The Long- and Short-Term IDRs of TPF are also sensitive to a change in Fitch's view regarding the probability of external senior creditors benefitting from resolution funds.

THE CO-OPERATIVE BANK P.L.C.

The most immediate downside risk for The Co-operative Bank's IDRs and VRs is the economic and financial market fallout arising from the coronavirus outbreak as this represents a clear risk to our assessment of earnings and capitalisation as well as to the bank's ability to implement its strategic turnaround through growth in the current environment. We would likely downgrade The Co-operative Bank's ratings if continued losses pose a greater risk to the bank's capital.

The bank's ratings could be affirmed and assigned a Stable Outlook if the impact of the coronavirus crisis on the UK economy is short and the recovery relatively fast, given the franchise value as well as sound funding, liquidity and the secured nature of the bank's assets.

In the event The Co-operative Bank is able to withstand rating pressure arising from the pandemic, the most likely trigger for an upgrade would be evidence of medium-term earnings and capitalisation resilience. This would be manifested in losses remaining in sufficiently small amounts such that capital is maintained at above minimum capital requirements, or in sustained improvement of structural profitability.

VIRGIN MONEY UK PLC AND CLYDESDALE BANK PLC

The Rating Watch on VMUK's ratings reflects the near-term risks arising from the coronavirus outbreak, as this represents a clear risk to the group's ability to execute its integration plans within its current timeline and budget, and the heightened probability that we may downgrade the ratings. We expect to resolve the RWN in the near term, when the impact of the pandemic on the bank's credit profile becomes more apparent. Potential downgrade triggers are a material increase in impaired loans and continued weak profitability, or material losses eroding capitalisation.

In the event VMUK is able to withstand rating pressure arising from the pandemic, the most likely trigger for an upgrade would be the successful completion of the group's integration strategy, as reflected in the realisation of cost savings and overall improved profitability.

The subordinated debt rating is sensitive to the VR.

AT1 debt is sensitive to the VR and to a change in Fitch's assessment of the probability of their non-performance relative to the risk captured in the VR.

BEST/WORST CASE RATING SCENARIO

Ratings of financial institutions issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings https://www.fitchratings.com/site/re/10111579.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The ratings of the senior unsecured notes issued by Close Brothers Finance plc are directly linked to the IDRs of CBL, the guarantee provider.

TPFG's and TPF's Support Ratings are driven by our view of the support propensity of ultimate parent Tesco plc.

ESG CONSIDERATIONS

Metro Bank has an ESG Relevance Score of 4 for 'Corporate Governance' as detailed above. Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or to the way in which they are being managed by the entity.

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

Bank Rating Criteria (pub. 28 Feb 2020) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Close Brothers Finance plc	EU Issued
Close Brothers Group PLC	EU Issued
Close Brothers Limited	EU Issued
Clydesdale Bank PLC	EU Issued
Investec Bank plc	EU Issued
Metro Bank Plc	EU Issued
Paragon Banking Group PLC	EU Issued
Tesco Personal Finance Group PLC	EU Issued
Tesco Personal Finance PLC	EU Issued
The Co-operative Bank p.l.c.	EU Issued
Virgin Money UK PLC	EU Issued

DISCLAIMER

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, THE FOLLOWING https://www.fitchratings.com/site/dam/jcr:6b03c4cd-611d-47ec-b8f1-183c01b51b08/Rating%20Definitions%20-%203%20May%202019%20v3%206-11-19.pdf DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

READ LESS

COPYRIGHT

insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.
For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001
Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

READ LESS

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ENDORSEMENT POLICY

Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

Structured Finance: Covered Bonds   Structured Finance: ABS

Structured Finance: CMBS   Corporate Finance

Structured Finance: Structured Credit   Non-Bank Financial Institutions

Structured Finance   Banks   Structured Finance: RMBS   Europe

United Kingdom