

Berlin Hyp AG

Key Rating Drivers

Savings Banks' Support Drives IDRs: Berlin Hyp AG's Issuer Default Ratings (IDRs) are aligned with those of the German savings banks (Sparkassen-Finanzgruppe, SFG; A+/Negative) to reflect Fitch Ratings' opinion that support from SFG would be highly likely, if required. This reflects Berlin Hyp's membership of SFG's mutual support scheme as well as SFG's ownership of Berlin Hyp via its immediate parent Landesbank Berlin Holding AG. The Negative Outlook on Berlin Hyp's Long-Term IDR mirrors that on SFG's Long-Term IDR.

Very High Likelihood of Support: SFG's propensity to support Berlin Hyp is very high, in our view, since a failure to do so would damage SFG's reputation and its mutual support scheme's credibility. Any necessary support from SFG would be immaterial given Berlin Hyp's small relative size (its equity equals 1% of SFG's equity). We believe SFG would be able to devise adequate and timely support measures, if needed.

Monoline CRE Lender: Berlin Hyp's Viability Rating (VR) reflects its business model as a specialised lender focused on the cyclical commercial real-estate (CRE) sector, predominantly in Germany. Its resilient performance and sound risk appetite mitigate this concentration.

Asset Quality to Weaken: Berlin Hyp entered the crisis with a low non-performing loan (NPL) ratio of 0.7% at end-1H20, lower than those of most peers. This reflects the bank's prudent underwriting standards, including in international lending. We expect NPL inflows to rise in 2021 when state support measures recede and the effect of the crisis becomes more apparent.

Pandemic Weighs on Profitability: Our base case assumes Berlin Hyp will maintain a four-year average operating profit/risk-weighted assets (RWAs) ratio of at least 1% through the crisis. The negative outlook on the bank's earnings and profitability score reflects the risk of higher credit losses in the event of a deeper than expected recession or slower recovery.

In anticipation of a deterioration of loan quality, Berlin Hyp booked loan impairment charges (LICs) of EUR65 million in 9M20 (up from almost zero on average in 2016-2019) to account for possible lending risks from the Covid-19 crisis. Credit risks have not yet materialised though.

Stable Capitalisation: Berlin Hyp's common equity Tier 1 (CET1) ratio of 12.8% at end-3Q20 is adequate for the bank's risk profile. We expect the bank to retain most of its profits in the coming years to mitigate the RWA inflation from Basel IV, to which its monoline CRE lending model is particularly exposed.

Sound Funding and Liquidity: Berlin Hyp sources its purely wholesale funding from a diversified institutional investor base, largely through CRE-backed covered bonds. Its membership in SFG's mutual support scheme ensures privileged access to the vast excess liquidity of savings banks, for which Berlin Hyp's unsecured debt issuance carries of regulatory risk weight of 0%.

Rating Sensitivities

Weakening Integration within SFG: Berlin Hyp's IDRs are primarily sensitive to changes in SFG's ratings. Changes in its ownership structure, its strategic relationship with SFG or its membership in SFG's mutual support scheme could also result in lower IDRs.

German CRE Market Disruptions: We would downgrade Berlin Hyp's VR if we expected its four year-average impaired loans ratio to exceed 3% and its four-year average operating profit/RWAs to fall below 0.8%. This could happen if the impact of the pandemic is materially worse than expected, without credible medium term prospects to restore the financial metrics.

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1+

Viability Rating	bbb
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Support Rating	1
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Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

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

Related Research

[Fitch Affirms Sparkassen-Finanzgruppe at 'A+'; Outlook Negative \(August 2020\)](#)

[Fitch Affirms Germany at 'AAA'; Outlook Stable \(November 2020\)](#)

[Fitch Affirms Berlin Hyp's Long-Term IDR at 'A+/Negative'; VR at 'bbb' \(November 2020\)](#)

Analysts

Markus Glabach
+49 69 768076 195
markus.glabach@fitchratings.com

Caroline Lehmann, CFA
+49 69 768076 176
caroline.lehmann@fitchratings.com

Issuer Ratings		Debt Rating Classes	
Rating level	Rating	Rating level	Rating
IDRs	A+/F1+	Deposit rating	AA-/F1+
Viability Rating	bbb	Senior Preferred (SP) debt	AA-/ F1+
Support Rating	1	Senior Non-Preferred (SNP) debt	A+
Outlook	Negative		

Source: Fitch Ratings

Berlin Hyp's long-term SP debt and deposit ratings are one notch above its Long-Term IDR to reflect the protection of preferred creditors by the bank's large resolution buffers. Berlin Hyp's SNP debt rating is aligned with its Long-Term IDR.

Ratings Navigator

Berlin Hyp AG

ESG Relevance:

Banks
Ratings Navigator

	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Institutional Support	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA-
a+		↓								a+	A+	A+ Negative
a										a	A	A
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-

Institutional Support Assessment

Institutional Support	Value		
Parent IDR	A+		
Total Adjustments (notches)	+0		
Institutional Support:	A+		
Support Factors (negative)	Equalised	1 Notch	2+ Notches
Parent ability to support and subsidiary ability to use support			
Parent/group regulation		✓	
Relative size	✓		
Country risks	✓		
Parent Propensity to Support			
Role in group		✓	
Potential for disposal		✓	
Implication of subsidiary default	✓		
Integration		✓	
Size of ownership stake	✓		
Support track record	✓		
Subsidiary performance and prospects	✓		
Branding		✓	
Legal commitments		✓	
Cross-default clauses			✓

Bar Chart Legend

Vertical bars - VR range of Rating Factor
Bar Colors - Influence on final VR
■ Higher influence
■ Moderate influence
■ Lower influence
 Bar Arrows - Rating Factor Outlook
 ↑ Positive ↓ Negative
 ⇅ Evolving □ Stable

SFG's Support Drives Berlin Hyp's IDRs and Senior Debt Ratings

Berlin Hyp is a core service and product provider to SFG. Support for the bank is likely to come collectively from SFG through Landesbank Berlin Holding AG, a non-operating holding company, whose only assets are its stakes in Berlin Hyp and Berliner Sparkasse (Berlin's savings bank, which focuses on retail and small SME banking). We view any sale of Berlin Hyp as highly unlikely in the foreseeable future, although a sale would not significantly alter SFG's franchise.

Significant Changes

Pandemic Could Weaken SFG's Credit Profile

We lowered the operating environment score for German banks to 'aa-/Negative from 'aa'/Stable in April 2020 as the pandemic exacerbates banks' vulnerability to a rapid and severe deterioration of earnings and asset quality. The negative trend signals that we could lower the operating environment score further if there are signs that the German economy will suffer in the longer term from the crisis, or if the domestic banking sector is unable to return to acceptable profit levels. Sustainably better profitability is likely to require greater pricing discipline and consolidation to remove excess capacity from the sector.

Germany has launched comprehensive fiscal measures in the form of large aid programmes to support companies and households affected by the crisis. Together with regulatory forbearance for the classification of crisis-driven NPLs, these programmes have strongly mitigated negative rating migration, RWAs inflation and provisioning needs in 2020 to date.

However, German corporates and SMEs' credit quality (and banks' asset quality) is likely to deteriorate in 2021 despite the state support measures, because some vulnerable borrowers will not fully recover, and many others are likely to emerge markedly weaker from the crisis.

German GDP will deteriorate much less in 2020 and is likely to recover slightly faster in 2021 than other large European countries. The November 2020 revision of Fitch's economic forecast assumes a slightly less severe contraction in German GDP by 5.7% in 2020, but also a slightly less sharp recovery (4.8% in 2021) than anticipated by Fitch last September.

Resilient German CRE Market

We believe the German CRE market will remain attractive for international investors in the next few years despite the acceleration of secular trends (e.g. working-from-home, online shopping) by the Covid-19 crisis. This attractiveness is underpinned by Germany's resilient economy, robust fundamentals and stable institutional framework. The domestic property market has remained relatively resilient and valuations reasonable by international comparison despite strong price increases over the last decade. Investment yields remain more resilient than in many foreign markets despite a slight decrease in 1H20, driven by low transaction volumes in 2Q20 as deals were postponed or cancelled due to the pandemic.

The retail and hotel segments have been the most affected by the pandemic so far. If business travel does not rapidly return to pre-pandemic levels, these segments are likely to remain under pressure for longer. However, we do not expect the current crisis to ease the strong margin pressure that has been weighing for many years on banks' lending to German CRE projects.

Focus on CRE Lending Exposes to Substantial RWAs Inflation from Basel IV

We estimate the Basel IV RWAs output floor that will be phased in from 2022 to 2027 could inflate Berlin Hyp's RWAs by up to 20%. This would be above the average expected for the broader banking sector. This above-average sensitivity is driven by the bank's focus on income-producing CRE lending and by its use of internal rating models, which resulted in a low RWAs density of 32% at end-1H20.

Berlin Hyp will continue to build up its capital by allocating a significant portion of its operating profits to its reserves for general banking risks ('Other non-operating items' in the income statement overleaf) in the coming years to match the RWAs inflation from Basel IV. The bank retained EUR53 million this way in 9M20. We are confident that capital injections from SFG would be available should a prolonged and severe downturn prevent sufficient profit retention.

Summary Financials and Key Ratios

	30 Jun 20 (EURm)	31 Dec 19 (EURm)	31 Dec 18 (EURm)	31 Dec 17 (EURm)
Summary income statement				
Net interest and dividend income	168	310	316	271
Net fees and commissions	11	18	23	39
Other operating income	1	5	14	10
Total operating income	179	332	352	320
Operating costs	87	183	168	188
Pre-impairment operating profit	92	150	184	131
Loan and other impairment charges	65	-2	-37	-56
Operating profit	27	152	222	188
Other non-operating items (net)	-21	-90	-105	-70
Net income	6	61	116	117
Summary balance sheet				
Gross loans	22,385	22,487	20,955	21,089
- Of which impaired	166	181	183	256
Loan loss allowances	n.a.	84	90	115
Net loans	22,385	22,403	20,865	20,974
Interbank	481	262	1,011	442
Other securities and earning assets	5,986	3,704	3,073	4,626
Total earning assets	28,852	26,370	24,949	26,043
Cash and due from banks	1,993	26	1,815	544
Other assets	909	626	415	537
Total assets	31,754	27,021	27,178	27,123
Customer deposits	4,269	2,303	2,476	3,052
Interbank and other short-term funding	8,857	3,803	3,719	4,453
Other long-term funding	16,508	18,738	18,880	17,480
Other liabilities	746	824	839	980
Total equity	1,374	1,354	1,264	1,159
Total liabilities and equity	31,754	27,021	27,178	27,123
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	0.5	1.5	2.4	2.1
Non-interest expense/gross revenue	48.4	54.3	47.9	59.5
Net income/average equity	0.8	4.6	9.5	10.5
Asset quality				
Impaired loans ratio	0.7	0.8	0.9	1.2
Growth in gross loans	-0.5	7.3	-0.6	8.0
Loan loss allowances/impaired loans	n.a.	46.1	49.1	44.8
Loan impairment charges/average gross loans	0.5	0.0	-0.1	-0.2
Capitalisation				
Common equity Tier 1 ratio	13.1	13.3	13.5	12.5
Tangible common equity/tangible assets	4.2	4.9	4.6	4.2
Basel leverage ratio	4.0	4.6	4.3	4.0
Net impaired loans/common equity Tier 1	n.a.	7.4	7.5	12.4
Funding and liquidity				
Loans/customer deposits	524.4	976.5	846.4	691.0
Liquidity coverage ratio	251.0	158.8	160.2	183.0

Source: Fitch Ratings, Fitch Solutions, Berlin Hyp

Brief Company Summary

CRE Lender Integrated into the Savings Banks Organisation

Berlin Hyp accounts for only 2% of SFG's total assets, but its product range allows the savings banks to participate in collateralised lending outside their regions without violating the savings banks laws that restrict their operations to their local areas. Berlin Hyp's intensifying cooperation with savings banks supports its cohesion with SFG and enhances its loan origination potential.

Berlin Hyp primarily focuses on domestic CRE financing. The Berlin region accounts for a fairly high 16% of its German exposure. Its mix of investment financing for office, residential, retail and other properties, in particular in larger cities, is reasonably conservative. It has a selective approach to foreign business and focuses on lower-risk properties in capital regions. The bank aims for 33% of its loan portfolio qualifying as 'green' (i.e. buildings compliant with energy-efficiency criteria such as energy consumption thresholds) by end-2025, up from about 20% in 3Q20.

Generally Prudent Approach Mitigates Higher-Risk Profile of Asset Class CRE

Berlin Hyp's underwriting standards are reasonably prudent, with stricter requirements for foreign exposure. The risk/return profile of the new business originated in recent years appears reasonable and consistent over time, despite the intense competition. The bank avoids asset classes not identified as core areas of expertise. Its risk appetite also benefits from conservative eligibility criteria for German covered bonds, which are its primary funding source.

We expect SFG's risk-averse culture to ensure that Berlin Hyp will maintain its prudent risk appetite. The bank's operations are monitored by an independent advisory council that comprises board members of savings banks. Material changes to Berlin Hyp's risk standards or strategic priorities require SFG's support. For instance, we believe that the savings banks, whose operations are purely domestic, are particularly conservative when determining Berlin Hyp's foreign business strategy.

Key Financial Metrics -Latest Developments

Pandemic Drives Increase in Impaired Loans

In April 2020, we changed the Outlook on Berlin Hyp's asset quality score to negative as part of the Covid-19-driven review of German banks, as we believe the economic fallout from the pandemic will weigh on Berlin Hyp's asset quality in the next two years. The pandemic is likely to lead to a strong increase in the number of insolvencies in Germany in 2021 despite the government's extensive intervention that strongly mitigates credit losses by containing the deterioration in corporate cash flows and by guaranteeing KfW's emergency loans.

We expect asset quality to come under manageable pressure in 2021 and potentially beyond due to the near-and-mid-term economic impact of the pandemic, which is reflected in the negative outlook on Berlin Hyp's asset quality score. Asset quality remained resilient in 1H20 as the bank's NPL ratio even declined slightly, and more time will be needed for the asset quality implications of the crisis to become clearer. The economic downturn will affect particularly the retail and tourism segments by reducing business activities, but it could also speed up structural shifts for office demand. Additionally, Berlin Hyp's risk concentration exposes the bank to tail risks from dislocations in the CRE market. Both effects are likely to lead to a higher level of NPLs.

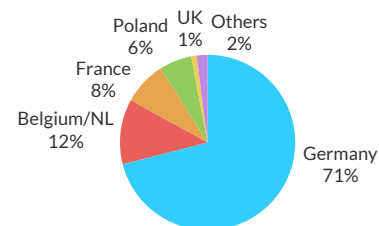
Berlin Hyp's asset quality had benefited from strong economic conditions prior to the pandemic, leading to historically low NPLs after years of decrease. The high loan concentration inherent in CRE is mitigated by the bank's focus on standard property types in more resilient locations, granular tenant structures and conservative collateral valuation.

LICs and Margin Pressure Will Weigh on Profitability

We expect high LICs to intensify earning pressure in 2021 and 2022. Berlin Hyp booked LICs of EUR65 million in 9M20 (an annualised 40bp of total loans, up from almost nil on average in 2016-2019) to factor in the anticipated near-term deterioration of asset quality as a result of the economic fallout from Covid-19. However, credit risks have not yet materialised.

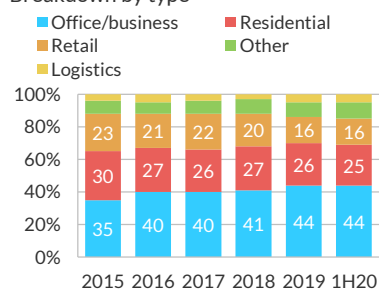
Real Estate Portfolio Breakdown by Country

End-July 2020



Source: Fitch Ratings, Berlin Hyp

Real Estate Portfolio Breakdown by type



Source: Fitch Ratings, Berlin Hyp

We expect the bank's pre-impairment profits to remain a sufficient first line of defence. Our base case assumes Berlin Hyp will maintain a four-year average operating profit/RWAs of at least 1% through the crisis, in line with its earnings and profitability score of 'bbb'.

However, a deeper than expected recession or a slower economic recovery could lead to higher than anticipated credit losses and net annual losses in the next two years.

Berlin Hyp's profitability has remained adequate and commensurate with its risk profile in recent years. However, its operating profit peaked in 2018 and weakened moderately in 2019. This is because low interest rates and considerable competitive pressure in the German CRE lending market weigh on lending margins, while net interest income dominates the bank's revenues. Low margins will weigh on revenues beyond the coronavirus crisis, because the bank's new business is likely to remain predominantly domestic in the medium term.

Adequate Capital

We revised the trend on Berlin Hyp's capitalisation and leverage score to stable from negative in November 2020. This was because our sensitivity analysis indicated robust revenues and manageable credit losses throughout the Covid-19 crisis, with only moderate pressure on capitalisation.

Berlin Hyp's fully-loaded CET1 ratio of 12.8% at end-3Q20 is adequate for its risk profile. The bank has stabilised its CET1 ratio in the past few years by retaining almost half of its operating profits to match the RWAs inflation triggered by the bank's continued shift to CRE loans from public sector loans and debt securities investments. We expect that the bank will continue to retain a large share of its profits to mitigate the RWAs inflation from the revised Basel III regime, to which its monoline CRE lending model is particularly exposed.

Established Covered Bond Franchise; Privileged Unsecured Funding Access to SFG

Berlin Hyp is purely wholesale-funded and benefits from its privileged access to SFG's large excess liquidity. Savings banks purchase a large proportion of its unsecured debt, which carries a 0% regulatory risk weight for members of SFG's mutual support scheme. The bank also aims to expand its already broad investor base outside SFG by issuing further green Pfandbriefe.

Berlin Hyp's stock of equity and debt eligible for its minimum requirement for own funds and eligible liabilities (MREL) was equivalent to a very high 61% of RWAs at end-3Q20 and mainly included about EUR5 billion of SNP bonds (47% of RWAs at end-1H20). The bank has started to gradually replace maturing legacy SNP debt with cheaper SP debt, but we believe it will retain a comfortable buffer of SNP or more junior instruments over its MREL in the foreseeable future, given the long residual maturity of its stock of SNP debt.

ECB funding (predominantly TLTRO) rose to 25% of Berlin Hyp's total funding at end-1H20 (see interbank on the chart across) from 8% at end-2019. This strong increase reflects the bank's opportunistic take-up of TLTRO III, whose conditions the ECB further eased in 2Q20 to tackle the impact of the pandemic. Depending on market conditions over the next quarters, we believe the bank will arbitrage between using the large excess liquidity accumulated for new lending or to cut funding costs by reducing its stock of mortgage Pfandbriefe.

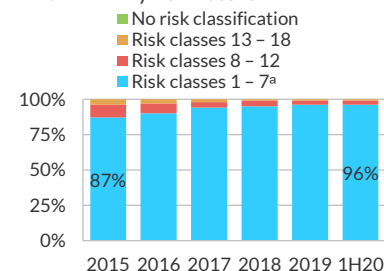
Adequate Liquidity Against the Background of SFG's Support

Berlin Hyp manages its liquidity prudently. Its liquidity coverage ratio (LCR) is consistently well above regulatory requirements, and management aims to maintain a ratio of at least 120%. The bank sources a significant share of its total funding (typically mostly SNP debt) from members of SFG's mutual support scheme. The resulting above-average funding stability allows Berlin Hyp to minimise the drag on earnings from the low interest-rate environment by optimising the size of its liquidity buffer more than it would probably do it was independent from SFG. As the share of SNP debt in the funding mix is set to decrease, so could the proportion of funding from SFG members, although we expect the latter to remain significant in the long term.

The large TLTRO III take-up strongly inflated Berlin Hyp's excess liquidity buffer in 1H20, leading to an exceptionally high LCR of 293% at end-1H20 as the bank's cash and securities holdings surged to 25% of total assets (from 13% at end-2019). We expect the LCR to gradually normalise and return to the usual 150%-180% range as the bank deploys this excess liquidity for new lending and debt management.

Loan Exposure

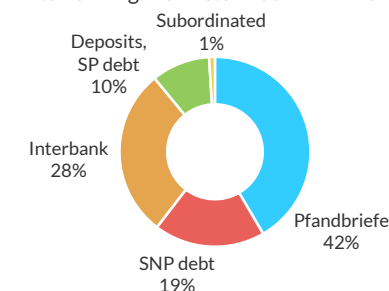
Breakdown by risk classes



^a Investment grade
Source: Fitch Ratings, Berlin Hyp

Funding Breakdown

Total funding: EUR25.6bn at end-1H20



Source: Fitch Ratings, Berlin Hyp

Environmental, Social and Governance Considerations

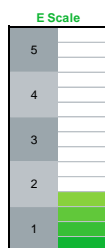
Berlin Hyp's highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact, either due to their nature or the way in which they are being managed by the bank. For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

Credit-Relevant ESG Derivation

Berlin Hyp AG has 5 ESG potential rating drivers			Overall ESG Scale	
<ul style="list-style-type: none"> Berlin Hyp 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. 	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.

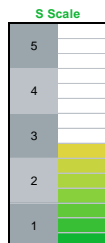
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far 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.

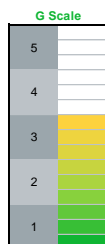
Social (S)

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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