FitchRatings

Insurance
Life Insurers
EMEA/Bermuda

Athora Holding Ltd. and Operating Subsidiaries

Ratings

Athora Holding Ltd.	
Long-Term IDR	A-
Subsidiaries	
Insurer Financial Strength	A

Note: See additional ratings on page 9.

Outlooks	
Long-Term IDR	Stable
Insurer Financial Strength	Stable
Long-Term Debt Ratings	
Senior Unsecured	BBB+
Athora Netherlands N. V.	
Senior Unsecured	BBB+
Subordinated	BBB-
Junior Subordinated	BB+
SRLEV N. V.	
Subordinated	BBB

Financial Data

Athora Holding Ltd.

(EURm)	2022	2021
Total assets	91,891	81,457
Total equity	3,626	4,570
Net income	339	158
Total debt[a]	2,997	2,437
Group solvency (BMA, %)	183	187

Note: Reported on a consolidated IFRS basis.
[a] Includes preference shares.
Source: Fitch Ratings, Athora Holding Ltd.

Applicable Criteria

Insurance Rating Criteria (July 2023)

Related Research

Dutch Insurance Dashboard: 2022 Results (May 2023)

Belgian and Dutch Insurers Are Resilient to Rising Credit Risks (March 2023)

Investment Risk: Belgian and Dutch Insurers (March 2023)

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Key Rating Drivers

Very Strong Company Profile: Fitch Ratings regards Athora Holding Ltd.'s business profile as 'Favourable' compared with Dutch life insurers and European life consolidators. The group had total assets of EUR92 billion at end-2022, giving a leading market position and franchise in the European life consolidator market. Its operating scale is also favourable compared with peers in life consolidation.

Very Strong Capitalisation: Our assessment of Athora's capitalisation is primarily driven by our Prism Factor-Based Capital Model (Prism FBM) score of 'Very Strong' at end-2022. Fitch expects the group's capitalisation to decline modestly as Athora expands its business, but for the Prism FBM score to remain at least 'Very Strong' in the medium term.

Moderate Leverage: We expect Athora's financial leverage ratio (FLR) to remain below 30% at end-2023 (24% at end-2022). Athora issued EUR600 million senior debt in June 2023, which marginally weakens the ratio. However, the group repaid EUR250 million of bank debt from the proceeds, improving FLR.

High Investment Risk: Fitch regards Athora's investment risk as high, but manageable. Athora's risky-assets ratio remained high at 168% at end-2022 (end-2021: 169%). Most of the group's investments are holdings of investment-grade corporate and sovereign bonds. However, Athora invests in private credit assets, alternative investments and commercial mortgage loans. This results in an above-average portion of non-investment-grade bonds, most of which are unrated.

Secured Private Credit: An offsetting factor is that most of the private credit assets are secured and half of these assets have loan/values (LTVs) of 50% or less. We believe Athora has strong oversight over the credit quality of these assets. However, the valuation and availability of collaterals could come under pressure in financial distress.

Strong Financial Performance: Fitch expects Athora's profitability to benefit from the implementation of the strategic asset allocation at its subsidiary Athora Netherlands N.V. (Athora NL) favouring higher-yielding investments. We expect Athora to achieve a Fitch-calculated net income return on equity (ROE) of at least 8% in 2023. This assumes fairly stable corporate defaults and modest market volatility. Athora's net income ROE increased to 7.9% in 2022 from 3.0% in 2021, which supports the ratings.

Strong Liquidity: Liquid assets as a proportion of policyholder liabilities were 64% at end-2022 (end-2021: 70%), which we regard as strong. We regard Athora's liquidity risk as below average given strong company oversight and its limited exposure to surrender risk. As a life consolidator, Athora's in force is more mature than the life insurance sector's average, and lapse rates tend to decline with the age of life insurance contracts.

Rating Sensitivities

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

- A lower risky-assets ratio below 100% while maintaining at least a 'Very Strong' Prism FBM score and FLR below 30%. However, we regard this as unlikely in the medium term.

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

- A fall in the Prism FBM score to 'Strong' or a sustained increase in the FLR above 30%.
- A risky-assets ratio of more than 200% on a sustained basis.
- A ROE below 5% on a sustained basis.

Latest Developments

In June 2023, Athora issued EUR600 million Tier 3 (classified under the Bermudian regulatory capital tiering system) senior debt with a maturity in 2028.

Key Rating Drivers – Scoring Summary

Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	NR	+0
Insurer Financial Strength Rating			Final:	A
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)			Final:	A -

Bar Chart Legend:
Vertical Bars = Range of Driver
Bar Colors = Relative Importance
Higher Influence
Moderate Influence
Lower Influence
Bar Arrows = Driver Outlook
⇧ Positive
⇩ Negative
⇳ Evolving
☐ Stable

Company Profile

Very Strong Company Profile

Fitch ranks Athora's business profile as 'Favourable' compared with that of all other Dutch and European life consolidators, due to its 'Favourable' competitive positioning. Given this ranking, Fitch scores Athora's business profile at 'aa-' under its credit factor scoring guidelines. Corporate governance at 'Moderate/Favourable' is neutral to this assessment. We regard company profile as having a high influence on the ratings.

Athora is a European life consolidator, although its holding company is regulated and domiciled in Bermuda. We therefore assess the group's business profile based on a comparison with other European life insurance groups, and in particular Dutch groups, given the importance of Athora NL on Athora's operating scale: Athora NL contributed EUR65 billion to Athora's EUR92 billion total assets at end-2022.

We view Athora as having a 'Favourable' business profile versus those groups, reflecting 'Favourable' competitive positioning (including operating scale), 'Moderate' business risk profile and 'Favourable' diversification, leading to an 'aa-' business profile score.

Fitch believes that Athora has a leading position and franchise in the European life consolidator market. This is reflected in Athora having entered many large European life insurance markets. In 2022, Athora announced the acquisition of a closed life book from AXA Germany with EUR19 billion assets under management and administration, which will improve Athora's market position in Germany. We expect the acquisition to be completed in early 2024. In September 2022, Athora completed the acquisition of the Italian life insurer Amissima Vita S.p.A. The company was rebranded Athora Italia S.p.A. in November 2022. Overall, Athora has market access in the Netherlands, Germany, Belgium, Italy, Bermuda and Ireland.

Fitch views the Athora group as having a 'Moderate' business risk profile. This is because of the group's focus on traditional life insurance products with fairly high guarantees and fairly high reinvestment risk, and because of the risks arising from the operational integration of acquisitions into the group.

Athora group's diversification is 'Favourable' compared to other European life insurance groups. Athora's geographical diversification is increasing, which offsets the relatively low business line diversification. However, due to the various markets, there is a better product diversification within the different lines of business for Athora compared to peers with a focus on one country.

Corporate governance and management are 'Moderate/Favourable' and in line with market standards for developed markets and as such are adequate and neutral to the ratings.

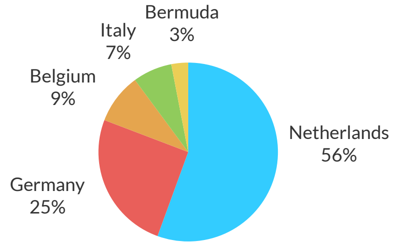
Company Profile Scoring

	Assessment	Sub-score/ impact
Business profile assessment	Favourable	aa-
Corporate governance assessment	Moderate/Favourable	0
Company profile driver score	aa-	aa-

Source: Fitch Ratings

Geographical Profile

by assets under manangement and administration, end-2022



includes AXA Germany deal on a pro-forma base
Source: Fitch Ratings, Athora Holding Ltd.

Ownership

Ownership Is Neutral for the Ratings

Athora was about 23% owned by Apollo Global Management, Inc. (Long-Term IDR: 'A'/Stable) of which about 14% were indirectly held at Athene Holding Ltd. (Long-Term IDR: 'A-'/Stable), and 77% by other institutional investors and management at end-2022. Fitch views the links to Athene, which includes a business cooperation agreement and knowledge-sharing, and Apollo, which provides asset-management services, as supportive for Athora's business profile and its ability to source return seeking assets to back acquired insurance liabilities.

Capitalisation and Leverage

Very Strong Capitalisation and Leverage

Fitch views Athora's capitalisation and leverage as very strong and as having a high influence on the ratings.

Athora's Prism FBM score fell to 'Very Strong' at end-2022 from 'Extremely Strong' at end-2021 driven by a reduced equity position resulting from unrealised losses in fixed-income investments. This development is in line with peers as the increased market rates led to significantly lower market values for this type of investments. We expect these losses to unwind over time.

Athora's Bermuda group solvency capital ratio was 183% at end-2022, down from 187% at end-2021. We expect group solvency to remain broadly stable at end-2023, helped by strong operating capital generation as interest rates remain high and Athora implement their new asset allocation favouring higher-yielding assets. Athora's life insurers reported strong and very strong Solvency II ratios ranging from 150% to 210% at end-2022; Athora NL, which still dominates Athora's balance sheet, reported a Solvency II ratio of 205% for end-2022, up from 180% at end-2021.

The group's FLR was stable at 24% at end-2022. In June, Athora issued EUR600 million Tier 3 (classified under the Bermudian regulatory capital tiering system) senior debt, which will increase the FLR. However, Athora repaid EUR250 million bank debt from the proceeds, which improved the FLR.

We regard Athora's total financing and commitments (TFC) ratio of 0.8x as neutral to the ratings. Operating and asset leverage scored both in line with the 'aa' category at end-2022.

Financial Highlights

(x)	2022	2021
Net financial leverage (goodwill supported) (%)	23.5	23.6
TFC/equity	0.8	0.8
Group solvency ratio (BMA, %)	183	187
Operating leverage	12.0	9.8
Asset leverage	17.0	14.1

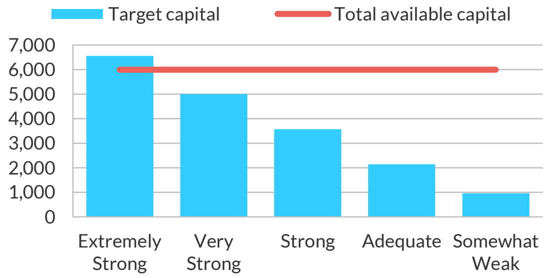
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- The FLR to weaken, but to remain below 30% at end-2023.
- Capitalisation to decline as the company grows its business, but the Prism FBM score to remain at least 'Very Strong' in the medium term.

Capitalisation Adequacy

Prism FBM (EURm)



Source: Fitch Ratings

Financial Highlights

	2022	2021
Prism score	Very Strong	Extremely strong
Prism total AC (EURm)	5,989	5,851
Prism AC/TC at Prism score (%)	120	114
Prism AC/TC at higher Prism score (%)	91	n.a.

AC – Available capital. TC – Target capital
Source: Fitch Ratings, Athora Holding Ltd.

Debt Service Capabilities and Financial Flexibility

Strong Financial Flexibility and Coverage

Fitch views debt service capabilities and financial flexibility as strong and as having a low influence on the ratings.

Athora reported a stable fixed-charge coverage of 6.3x in 2022 (2021: 6.7x). The group's fixed-charge coverage is supported by strong operating income and an improving fixed-cost basis, but remains negatively affected by integration costs from acquired businesses.

Athora's strong financial flexibility is demonstrated by the group repeatedly issuing debt and raising paid-in equity and preference shares in recent years. As an example, the group issued EUR600 million senior debt at favourable terms in June 2023.

Financial Highlights

(x)	2022	2021
Fixed-charge coverage ratio (including gains and losses)	6.3	6.7

Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- Athora's fixed-charge coverage to stand at least 5x in the medium term.
- Financial flexibility to remain strong.

Financial Performance and Earnings

Strong Financial Performance and Earnings

Fitch regards Athora's profitability as strong and as having a moderate influence on the rating.

Athora reported a 'Strong' Fitch-calculated ROE of 7.9% for 2022, significantly higher than the 3% in 2021. Net income in 2021 was held back by high taxes, so pre-tax income increased less than net income, although it still rose by 25%. However, 2022 total comprehensive income was a loss of EUR1.6 billion, driven by the fact that most liabilities' interest rates are locked in while market values on the asset side deteriorated driven by the increase in market rates.

The company will continue to apply its strategic asset allocation at its largest company Athora NL, and we expect that profitability will continue to improve following the implementation of the new strategy.

Financial Highlights

(%)	2022	2021
Net income return on equity	7.9	3.0
Pre-tax operating profit return on equity	14.6	12.3
Pre-tax operating ROA (including realised and unrealised gains)	0.7	0.6
Pre-tax income (EURm)	488	381
Net income (EURm)	339	158

Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- An ROE of at least 8% in 2023.
- Profitability to benefit from the implementation of Athora's strategic asset allocation at Athora NL favouring investments with higher expected returns.
- Additional savings from increased economies of scale.

Investment and Asset Risk

High Investment Risk, Weaker than Rating Level

Fitch regards Athora's investment and asset risk as higher than peers, with a risky assets/capital ratio of 168% at end-2022. This level results in a 'Good' asset risk score in our analysis and has a high influence on the ratings.

Most of Athora's investments are holdings of investment-grade corporate and government bonds. At end-2022, Athora's fixed-income investments consisted of 41% government bonds, 17% traded corporate bonds, 13% private credit loans, 15% residential mortgage loans and 14% direct mortgages and other loans.

However, the group also invests in private credit assets, alternative investments and commercial mortgages. We consider these investments to be risky because many are unrated, and we include the unrated investments in our risky-assets ratio.

An offsetting factor is that a large portion of the unrated private credit investments are secured. In addition, Athora has reduced its risk appetite as economies deteriorated, for example, by reducing the LTV target. We believe that the intrinsic credit quality of Athora's unrated instruments is good on average, and only a minority share of unrated bonds falls into the speculative bonds pocket in terms of expected credit defaults. This assessment is supported by Athora's sophisticated risk-selection processes. We have factored these mitigants into our assessment of Investment and Asset Risk.

Financial Highlights

(%)	2022	2021
Risky assets/capital	167.8	169.2
Unaffiliated shares/capital	63.2	49.0
Non-investment-grade bonds/ capital	103.6	117.6
Investments in affiliates/capital	1.1	2.6

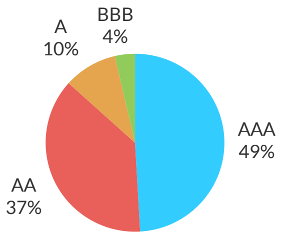
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- Athora's risky-assets ratio to weaken but to remain below 200% in 2023, as Athora NL concludes the implementation of its strategic asset allocation.
- Athora to maintain its sophisticated credit risk-selection processes.

Government Bonds Rating

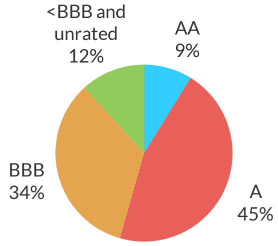
EUR16.5bn at end-2022



Source: Fitch Ratings, Athora Holding Ltd.

Traded Corporate Bonds Rating

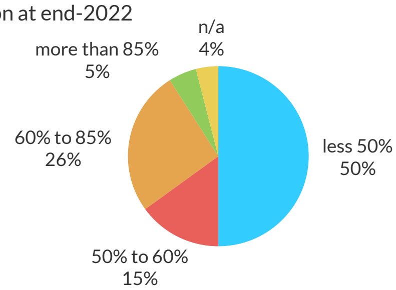
EUR6.8bn at end-2022



Source: Fitch Ratings, Athora Holding Ltd.

Private Credit by Loan-to-Value

EUR5.2bn at end-2022



n/a: held in investment funds
Source: Fitch Ratings, Athora Holding Ltd

Asset/Liability and Liquidity Management

Strong ALM and Liquidity Management

Fitch regards Athora's asset liability and liquidity management (ALM) as strong and as having a moderate influence on the ratings.

This view is based on the group's sophisticated ALM frameworks, duration-matched assets and liabilities and an investment strategy that seeks to minimise capital volatility.

Athora Life Re Ltd.'s (Athora Re) and Athora Ireland plc's (Athora Ireland) liquidity and duration matching for reinsured blocks is set in line with the group's internal risk appetite, and is managed by repositioning assets into the target strategic asset allocation following receipt from the cedent.

Liquid assets as a proportion of policyholder liabilities scored strongly at end-2022. We regard Athora's liquidity risk as below average given strong company oversight and its limited exposure to surrender risk. As a life consolidator, Athora's in force is more mature than the life insurance sector's average, and lapse rates tend to decline with the age of life insurance contracts. In addition, the vast majority of pay-out annuities cannot be lapsed further improving Athora's liquidity risk.

Financial Highlights

	2022	2021
Liquid assets/policyholder liabilities (%)	63.8	70.0

Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- Athora to maintain a liquid balance sheet and the group's assets and liabilities to continue to be well duration-matched.

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarises the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Athora NL, Athora Re, Athora Ireland and SRLEV N.V.'s ratings are based on an analysis of Athora Holding's consolidated accounts. Fitch regards Athora NL, Athora Re, Athora Ireland and SRLEV N.V. as 'Core' to Athora. They share the same IFS rating and Issuer Default Rating based on the combined assessment of the Athora group.

Athora focuses on acquiring or reinsuring traditional life insurance portfolios in various European markets. Athora Re and Athora Ireland provide intra-group reinsurance to these acquired portfolios and external reinsurance coverage. Athora Re and Athora Ireland have an integral role in Athora's capital-management strategy. SRLEV is the main subsidiary of Athora NL and a market leader in the corporate pension business in the Netherlands. It represents around 70% of Athora's total assets.

Name	Type	Rating	Outlook
Athora Holding Ltd.	Issuer Default Rating	A-	Stable
Athora Netherlands N.V.	Issuer Default Rating	A-	Stable
SRLEV N.V.	Insurer Financial Strength	A	Stable
SRLEV N.V.	Issuer Default Rating	A-	Stable
Athora Ireland plc	Insurer Financial Strength	A	Stable
Athora Life Re Ltd.	Insurer Financial Strength	A	Stable

Source: Fitch Ratings

Notching

For notching purposes, Fitch assesses the regulatory environments of Bermuda, the group's leading regulator, as well as the main countries in which Athora operates, including Germany, Ireland and the Netherlands, as being 'Effective' and classified as following a group solvency approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of 'Good' applies to the IFS rating, and standard notching was used from the IFS 'anchor' rating to the operating company IDR.
Operating Company Debt
Not applicable.
Holding Company IDR
Standard notching was applied between the insurance operating company and holding company IDRs for a group solvency regulatory environment.
Holding Company Debt
A baseline recovery assumption of 'Below Average' was applied to Athora Holding and Athora NL's senior notes. Athora Holding's senior debt (classified as Tier 3 under Bermuda's solvency regime) includes hybrid features. However, we regard the non-performance risk of Athora Holding's senior debt as 'minimal', and no further notching is applied to the notes' rating.
Hybrids
For Tier 2 subordinated debt issued by Athora Netherlands, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk. For restricted Tier 1 (RT1) subordinated debt issued by Athora Netherlands, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Four notches were applied relative to the IDR, which was based on two notches for recovery and two notches for non-performance risk. For the grandfathered RT1 subordinated debt issued by SRLEV, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating
Source: Fitch Ratings

Debt Maturities

		(EURm)
As of end-August 2023	**First Call Date**	**Maturity**
2024	-	61
2025	300	-
2026	380	600
2027	500	-
2028	-	600
later (incl. perpetual for maturity)	-	1,290
Total	**1,180**	**2,551**

Source: Fitch Ratings; Athora Holding Ltd.

Short-Term Ratings

Not applicable.

Hybrid – Equity/Debt Treatment

Regarding Athora's EUR600 million senior debt with hybrid features, we do not assign capital credit to the notes in our Prism FBM, despite regulatory recognition. Fitch also treats the notes as 100% debt in its FLR calculation. These treatments reflect our view that as senior debt instruments, the notes lack material loss absorption features prior to contractual maturity.

Hybrids Treatment

Hybrid	Amount (EURm)	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
Athora Holding Ltd.				
Preference shares	800	100	n.a.	0
6.625% Tier 3 senior debt	600	0	0	100
Athora Netherlands N.V.				
7.0% RT1 perpetual subordinated debt (2025)	300	100	n.a.	0
5.375% Tier 2 subordinated debt (2027/2032)	500	0	100	100
2.25% Tier 2 subordinated debt (2026/2031)	300	0	100	100
SRLEV N.V.				
5.334% grandfathered RT1 perpetual subordinated debt annually callable	CHF105 million	0	100	50
Athora Italia S.p.A.				
7.0% Tier 2 subordinated debt (2026/2031)	80	0	100	100

CAR – Capitalisation ratio. FLR – Financial leverage ratio
For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. For FLR, % shows portion of hybrid value included as debt in the numerator.
Source: Fitch Ratings

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings — Athora Group — Insurance Navigator EMEA Life

Credit-Relevant ESG Derivation

Athora Group has 6 ESG potential rating drivers

- Athora Group has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk but this has very low impact on the rating.
- Athora Group has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	2	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events/natural catastrophes on operations or asset quality; credit concentrations	Financial Performance & Earnings; Investment & Asset Risk	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk	Industry Profile & Operating Environment; Company Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company Profile	5
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	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page

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

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

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.

ESG Considerations

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. 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 http://www.fitchratings.com/esg.

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.