

19 DEC 2023

Fitch Affirms Qualitas Mexico's and Qualitas Grupo's Ratings

Fitch Ratings - Monterrey - 19 Dec 2023: Fitch Ratings has affirmed the international and national scale Insurer Financial Strength (IFS) ratings for Qualitas Compania de Seguros, S.A. de C.V. (Qualitas México) at 'BBB' and 'AAA(mex)', respectively. Fitch has also affirmed the Local Currency Long-Term Issuer Default Rating (IDR) and National Long-Term rating for Qualitas Controladora SAB de CV (Qualitas Grupo) at 'BBB-' and 'AAA(mex)', respectively. The Rating Outlooks for all of the ratings are Stable.

Key Rating Drivers

Qualitas Grupo's Rating Derivation: Per Fitch's rating criteria, in countries with 'Group Solvency' regulatory environments and investment-grade sovereign IDRs, holding company (holdco) IDRs are set at the same level as subsidiary operating company (opco) IDRs. Thus, Qualitas Controladora S.A.B. de C.V.'s (Qualitas Grupo) IDR is equalized with the 'BBB-' implied IDR of Qualitas Compania de Seguros, S.A. de C.V. (Qualitas Mexico), its main operating subsidiary. This also reflects benefits at the group level due to capital management.

Strong Company Profile: The group's company profile is consistently strong. The assessment reflects the strength of Qualitas Mexico, which accounts for around 90% of the group's total liabilities. Fitch considers Qualitas Grupo's company profile 'most favorable' compared with international Latin American peers. The assessment is pressured by concentration in auto lines, which is partially offset by the group's operations abroad, and a diversification strategy that includes the recent authorization by the local regulator to operate health insurance in Mexico (country rated BBB-/Stable).

Qualitas Mexico's operating scale is 'favorable' considering premiums volume of USD2.0 billion and USD537 million of capital. Net premium written (NPW) and the group's capital are at the upper level of our methodological criteria for 'most favorable' with USD2.1 billion of retained premiums and USD1.5 billion of capital, as of 3Q23.

Capitalization Pressured by Dividend Payments: Qualitas Grupo's current dividend payment policy maintains at least a 1.5x SCRCR. The dividend pay-out policy establishes payments between 40% and 90% of the prior year's net results and depends on operating results and future projects, among other considerations. Qualitas Mexico paid MXN3.3 billion in dividends to the holdco in 2022, equivalent to 97% of 2021 net results and reported a SCRCR of 2.3x, as of 3Q22 (2.0x at 3Q23 and MXN2.5 billion of dividend payments as of 3Q23). Leverage ratios deteriorated, as of 3Q23, due to growth in premiums and decline in capital. NPW/capital rose to 5.0x, as of 3Q23, compared with a five-year average of 3.8.

Qualitas Grupo paid MXN2.64 billion in dividends to shareholders in 2022 (MXN2 billions of dividend

payments as of November 2023), historically its highest, representing 70% of 2021 net results and causing leverage ratios to deteriorate. NPW/capital increased to 2.5x, as of 3Q23, compared with 2.1x at YE 2022. The five-year average was 2.9x, showing capital strength in holdings, despite dividends paid. Fitch recognizes the possibility of capital flow between the entities in the group, if required.

Profitability to be Maintained: The auto insurance industry had a recovery in premiums from increased mobility after pandemic restrictions, a gradual restart in vehicle production and sustained inflation. At YE2020, the highest point of the pandemic of coronavirus in Mexico, Qualitas Grupo's NWP reduced 1% compared to YE2019 reaching USD1.7 billion while as of 3Q23 Qualitas Grupo's NWP grew 28% compared to the same period of 2022 reporting USD2.1 billion, 12% more of what the group registered in 2019.

Consistent with premium growth, Qualitas Mexico's loss ratio has increased from 64.3% average in 2016-2019 to 69.9% in 3Q23 (51.7% in 2020 due to lockdown policies); nonetheless, Fitch expects premium growth along adequate underwriting strategies to allow Qualitas Mexico's profitability to post year-end combined ratios below 94.4% (3Q23; 95.3%). The loss ratio could be slightly affected by the OTIS natural disaster.

Sovereign Investment Concentration: Qualitas Mexico's investments account for 59% of Qualitas Grupo's investments, as of 3Q23. Qualitas Mexico's investment portfolio is concentrated with 70% of the portfolio invested in Mexican sovereign instruments. Qualitas Mexico's investment portfolio is highly diversified compared with local market standards but is concentrated in sovereign instruments (sovereign investments to capital at 242.5% at 3Q23) and influenced by local stringent regulation. At the group level, due to geographical diversification and stronger capital, sovereign investment to capital ratio improves at 143.0% at 3Q23.

RATING SENSITIVITIES

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

--The ratings would be sensitive to a downgrade of Mexico's Sovereign Rating to below-investment-grade given the large investment concentrations.

--A downgrade could be driven by NPW/capital for Qualitas Grupo above 2.6x at YE 2023 and 2024.

--The National Long-Term Rating (NLTR) would be negatively affected by a downgrade on Qualitas Mexico's international rating.

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

--Given the company's current company profile, which Fitch scores 'bbb', and its high weight in the rating, the ratings would also be sensitive to an upgrade of Mexico's Sovereign Rating and Country Ceiling.

--An increase could be driven by NPW/capital for Qualitas Grupo below 2.3x at YE 2023 and 2024.

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.

ESG Considerations

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

Fitch Ratings Analysts

Eugenia Martinez

Director
Primary Rating Analyst
+52 81 4161 7055
Fitch Mexico S.A. de C.V. Prol. Alfonso Reyes No. 2612, Edificio Connexity, Piso 8, Col. Del Paseo Residencial, Monterrey 64920

Victor Perez

Associate Director
Secondary Rating Analyst
+52 55 5955 1620

Jim Auden, CFA

Managing Director
Committee Chairperson
+1 312 368 3146

Media Contacts

Elizabeth Fogerty

New York
+1 212 908 0526
elizabeth.fogerty@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Qualitas	LC LT IDR	BBB- 	Affirmed
			BBB- 

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Controladora, S. A. B. de C. V.	Natl LT	AAA(mex) ●	Affirmed
Qualitas Compania de Seguros, S.A. de C.V.	LT IFS	BBB ●	Affirmed
	Natl LT IFS	AAA(mex) ●	Affirmed

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[Insurance Rating Criteria \(pub.20 Jul 2023\) \(including rating assumption sensitivity\)](#)

[Metodología de Calificaciones en Escala Nacional \(pub.22 Dec 2020\)](#)

[Metodología de Calificación de Seguros \(pub.28 Aug 2023\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Factor-Based Capital Model, v1.8.0 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

Qualitas Compania de Seguros, S.A. de C.V. EU Endorsed, UK Endorsed

Qualitas Controladora, S. A. B. de C. V. EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (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/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

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 or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent

third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at <https://www.fitchratings.com/site/re/10238496>

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, 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.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2023 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

Endorsement policy

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

RATING ACTION COMMENTARY

Fitch Publishes Qualitas Insurance Company's 'BBB' IFS Rating; Outlook Stable

Tue 13 Feb, 2024 - 14:33 ET

Fitch Ratings - Monterrey - 13 Feb 2024: Fitch Ratings has published Qualitas Insurance Company's (QIC) 'BBB' Insurer Financial Strength (IFS) rating. The Rating Outlook is Stable.

KEY RATING DRIVERS

Core Entity to Its Group: Fitch considers QIC as a core subsidiary to Qualitas Controladora SAB de CV (Qualitas Grupo). Although its small size, Fitch's recognizes QIC's role in the group's strategy by extending the auto insurance group's focused on crossborder trucking for commercial vehicles, and on less extent domestic commercial and personal auto insurance in the U.S.

QIC is 100% owned by Qualitas Financial Services, Inc. (Qualitas Financial) which is 100% owned by Qualitas Grupo. Per Fitch's criteria, Qualitas Grupo's Issuer Default Rating (IDR) is equalized to that of its main operating subsidiary (Qualitas Mexico) implied IDR of 'BBB-'. QIC's IFS is therefore equalized to Qualitas Mexico's IFS of 'BBB'. Fitch expects QIC's book to be focused on group's strategy which will be reflected in a reduction of domestic insurance business.

Limited Company Profile: QIC's company profile is limited by its "least favorable" operating scale category, minimum franchise within the U.S. and its monoline operation in auto insurance. At 3Q23 QIC's reported net premium written of USD71 million and end of period surplus of USD31 million. Fitch expects QIC's company profile to gradually improve considering group's strategy to return to focus on crossborder commercial vehicles coverage which as of YE 2023 represents 37% of entity's book (31% in domestic and the 32% remaining in other products) which may be reflected in a reduction on entity's risk profile with positive impact on financial performance.

Weak Profitability Likely to Improve: Since 2019, QIC has posted combined ratios above 100% due to the increase participation of domestic auto insurance in the U.S. which has also resulted in negative net income since 2020. QIC was established to expand Qualitas Grupo from Mexico to the U.S. mainly through crossborder commercial vehicles coverage; nonetheless, management pursued an opportunity in domestic auto insurance who has also resulted in higher losses than expected which has influenced the decision to revert the strategy to focus on less risky products. Fitch expects QIC's financial performance and earnings assessment to gradually improve considering group's strategic shift to focus on crossborder program which may gradually lead to financial performance improvement and potentially a reduction on litigation related risks; although the agency expects the subfactor's rating to be maintained during 2024.

Leverage Aligned to Assumed Risks: QIC's main capitalization and leverage ratios fall above 'bbb' rating category; although NAIC RBC ratio of 85% at 3Q23 is consistent with 'b' rating category per criteria guidelines. Fitch expects entity ratios, specially the NAIC RBC to improve boosted by financial earnings. Fitch recognizes the support provided by Qualitas Grupo to QIC when necessary reflected in USD109.3 million capital injection from 2018-2022.

Conservative Investment Policy: QIC's investment and liquidity risks are aligned to risks assumed. At YE 2022, QIC's risky asset ratio stood at 26.9% (3YA: 27.9%) and equity investment to capital ratio of 23% (3YA:27.9%) boosted by a conservative investment policy. Fitch expects subfactor's assessment to be maintained in the midterm considering stability of the investment policy.

Low Reliance of Reinsurance: Consistent with short-tailed risks focused on auto insurance, QIC's retention ratio is consistently above 82%. QIC's turnover strategy will likely result in a cession reduction which has already been reflected in 2022 figures with low impact to overall rating.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--An upgrade would be driven by an improvement of Qualitas Grupo's rating.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--A downgrade of one or even multiple notches would be driven by a change in Fitch's view of QIC's strategic importance relative to its parent reflected in an increase of domestic products of QIC's book as of YE2023 and/or or by a reduction or elimination of Qualitas Grupo support of this subsidiary, particularly in the event of a reduction in capital adequacy measures for QIC that indicates a need for a parent capital infusion.

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.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕
Qualitas Insurance Company	LT IFS BBB Rating Outlook Stable Publish

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Eugenia Martinez

Director

Primary Rating Analyst

+52 81 4161 7055

eugenia.martinez@fitchratings.com

Fitch Mexico S.A. de C.V.

Prol. Alfonso Reyes No. 2612, Edificio Connexity, Piso 8, Col. Del Paseo Residencial,
Monterrey 64920

Victor Perez

Associate Director

Secondary Rating Analyst

+52 55 5955 1620

victor.perez@fitchratings.com

Jim Auden, CFA
Managing Director
Committee Chairperson
+1 312 368 3146
jim.auden@fitchratings.com

MEDIA CONTACTS

Elizabeth Fogerty
New York
+1 212 908 0526
elizabeth.fogerty@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 20 Jul 2023\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Qualitas Insurance Company

EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (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/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

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 or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts,

including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at <https://www.fitchratings.com/site/re/10238496>

The information in this report is provided “as is” without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, 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.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2024 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

[READ LESS](#)

SOLICITATION STATUS

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

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.