FitchRatings

Definitions of Ratings and Other Forms of Opinion

Understanding Credit Ratings – Limitations and Usage

Ratings assigned by Fitch are opinions based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. Ratings are not facts, and therefore cannot be described as being "accurate" or "inaccurate". Users should refer to the definition of each individual rating for guidance on the dimensions of risk covered by such rating.

Fitch's opinions are forward looking and include analysts' views of future performance. In many cases, these views on future performance may include forecasts, which may in turn (i) be informed by non-disclosable management projections, (ii) be based on a trend (sector or wider economic cycle) at a certain stage in the cycle, or (iii) be based on historical performance. As a result, while ratings may include cyclical considerations and typically attempt to assess the likelihood of repayment at "ultimate/final maturity", material changes in economic conditions and expectations (for a particular issuer) may result in a rating change.

Credit ratings do not directly address any risk other than credit risk. Credit ratings do not comment on the adequacy of market price or market liquidity for rated instruments, although such considerations may affect Fitch's view on credit risk, such as access to capital or likelihood of refinancing.

Ratings are relative measures of risk; as a result, the assignment of ratings in the same category to entities and obligations may not fully reflect small differences in the degrees of risk. Credit ratings, as opinions on relative ranking of vulnerability to default, do not imply or convey a specific statistical probability of default, notwithstanding the agency's published default histories that may be measured against ratings at the time of default. Credit ratings are opinions on relative credit quality and not a predictive measure of specific default probability.

Ratings are opinions based on all information known to Fitch, including publicly available information and/or non-public documents and information provided to the agency by an issuer and other parties. Publication and maintenance of all ratings are subject to there being sufficient information, consistent with the relevant criteria and methodology, to form a rating opinion.

In issuing and maintaining its ratings, 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 rating 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 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 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 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 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 can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed. If any such information should turn out to contain misrepresentations or to be otherwise misleading, the rating associated with that information may not be appropriate. The assignment of a rating to any issuer or any security should not be viewed as a guarantee of the accuracy, completeness, or timeliness of the information relied on in connection with the rating or the results obtained from the use of such information.

If a rating does not benefit from the participation of the issuer/originator, but Fitch is satisfied that “minimum threshold” information for the given criteria is available from public information and other sources available to Fitch, then the non-participatory issuer, as with all issuers, will be afforded the opportunity to comment on the rating opinion and supporting research prior to it being published.

Ratings do not constitute recommendations to buy, sell, or hold any security, nor do they comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of any payments of any security. Fitch Ratings does not have a fiduciary relationship with any issuer, subscriber or any other individual. Nothing is intended to or should be construed as creating a fiduciary relationship between Fitch Ratings and any issuer or between the agency and any user of its ratings. Fitch Ratings does not provide to any party any financial advice, or legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

Ratings may be changed, qualified, placed on Rating Watch or withdrawn as a result of changes in, additions to, accuracy of, unavailability of or inadequacy of information or for any reason Fitch Ratings deems sufficient.

The assignment of a rating by Fitch Ratings shall not constitute consent by the agency to use its name as an expert in connection with any registration statement, offering document or other filings under any relevant securities laws.

Introduction

Fitch Ratings publishes opinions on a variety of scales. The most common of these are credit ratings, but the agency also publishes ratings, scores and other relative opinions relating to financial or operational strength. For example, Fitch Ratings also provides specialized ratings of servicers of residential and commercial mortgages, asset managers and funds. In each case, users should refer to the definitions of each individual scale for guidance on the dimensions of risk covered in each assessment.

A. Credit Rating Scales

Fitch Ratings' credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested. The agency's credit ratings cover the global spectrum of corporate, sovereign (including supranational and sub-national), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

The terms "investment grade" and "speculative grade" have established themselves over time as shorthand to describe the categories 'AAA' to 'BBB' (investment grade) and 'BB' to 'D' (speculative grade). The terms "investment grade" and "speculative grade" are market conventions, and do not imply any recommendation or endorsement of a specific security for investment purposes. "Investment grade" categories indicate relatively low to moderate credit risk, while ratings in the "speculative" categories either signal a higher level of credit risk or that a default has already occurred.

A designation of "Not Rated" or "NR" is used to denote securities not rated by Fitch where Fitch has rated some, but not all, securities comprising an issuance capital structure.

Credit ratings express risk in relative rank order, which is to say they are ordinal measures of credit risk and are not predictive of a specific frequency of default or loss.

Fitch Ratings' credit ratings do not directly address any risk other than credit risk. In particular, ratings do not deal with the risk of a market value loss on a rated security due to changes in interest rates, liquidity and other market considerations. However, in terms of payment obligation on the rated liability, market risk may be considered to the extent that it influences the *ability* of an issuer to pay upon a commitment. Ratings nonetheless do not reflect market risk to the extent that they influence the size or other conditionality of the *obligation* to pay upon a commitment (for example, in the case of index-linked bonds).

In the default components of ratings assigned to individual obligations or instruments, the agency typically rates to the likelihood of non-payment or default in accordance with the terms of that instrument's documentation. In limited cases, Fitch Ratings may include additional considerations (i.e. rate to a higher or lower standard than that implied in the obligation's documentation). In such cases, the agency will make clear the assumptions underlying the agency's opinion in the accompanying rating commentary.

Summary of Primary Scales

A.1 International Issuer and Credit Rating Scales

International credit ratings relate to either foreign currency or local currency commitments and, in both cases, assess the capacity to meet these commitments using a globally applicable scale. As such, both foreign currency and local currency international ratings are internationally comparable assessments[1].

The local currency international rating measures the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled and hence does not take account of the possibility that it will not be possible to convert local currency into foreign currency, or make transfers between sovereign jurisdictions (transfer and convertibility (T&C) risk).

Foreign currency ratings additionally consider the profile of the issuer or note after taking into account transfer and convertibility risk. This risk is usually communicated for different countries by the Country Ceiling, which “caps” the foreign currency ratings of most, though not all, issuers within a given country.

Where the rating is not explicitly described in the relevant rating action commentary as local or foreign currency, the reader should assume that the rating is a “foreign currency” rating (i.e. the rating is applicable for all convertible currencies of obligation).

A.2 Recovery Ratings

The Recovery Rating scale is based upon the expected relative recovery characteristics of an obligation upon the curing of a default, emergence from insolvency, bankruptcy or following a liquidation or termination of the obligor or its associated collateral. As such, while the definitions cite rough percentage bands of recovery given default to illustrate relative orders of magnitude, it is an ordinal scale, and does not attempt to precisely predict a given level of recovery.

A.3 Other International Credit Ratings

Fitch Ratings also provides Individual and Support Ratings of banks, which opine on the likelihood that a bank would run into significant financial difficulties such that it would require support and, in that event, the likelihood that it will receive external support. Additionally, the agency assigns ratings to insurance companies, reflecting their financial strength.

A.4 National Credit Ratings

In certain markets, Fitch Ratings provides National Ratings, which are an assessment of credit quality relative to the rating of the lowest credit risk in a country. This lowest risk will normally, although not always, be assigned to all financial commitments issued or guaranteed by the sovereign state. National Ratings are not intended to be internationally comparable and are denoted by a special identifier for the country concerned. The performance of National Ratings will also not be strictly comparable over time, given the moving calibration of the entire scale to the entity or entities with the lowest credit risk in a country, whose creditworthiness relative to other entities internationally may change significantly over time.

A.5 Country Ceilings

Country Ceilings reflect the agency’s judgment regarding the risk of capital and exchange controls being imposed by the sovereign authorities that would prevent or materially impede the private sector’s ability to convert local currency into foreign currency and transfer to non-resident creditors – transfer and convertibility risk.

[1] On March 25, 2010, Fitch determined it would recalibrate its U.S. Public Finance ratings in certain sectors to maintain their comparability with other international credit ratings ("*Recalibration of U.S. Public Finance Ratings*"). Rating recalibrations of the U.S. states, Commonwealth of Puerto Rico, District of Columbia, and New York City were implemented on April 5, 2010, and the remaining affected rating recalibrations were implemented on April 30, 2010.

A.6 Additional Usage of Primary Credit Rating Scales

The primary credit rating scales may be used to provide a credit opinion of privately issued obligations or certain note issuance programs. The primary credit rating scales may also be used to provide a credit opinion of a more narrow scope, including interest strips and return of principal.

A.1 International Issuer and Credit Rating Scales

The Primary Credit Rating Scales (those featuring the symbols 'AAA'-'D' and 'F1'-'D') are used for debt and financial strength ratings. The below section describes their use for issuers and obligations in corporate, public and structured finance debt markets. For their use in the context of funds, please refer to section B.2.

A.1.1 Long-Term Rating Scales

A.1.1.1 Issuer Credit Rating Scales

Rated entities in a number of sectors, including financial and non-financial corporations, sovereigns and insurance companies, are generally assigned Issuer Default Ratings (IDRs). IDRs opine on an entity's relative vulnerability to default on financial obligations. The "threshold" default risk addressed by the IDR is generally that of the financial obligations whose non-payment would best reflect the uncured failure of that entity. As such, IDRs also address relative vulnerability to bankruptcy, administrative receivership or similar concepts, although the agency recognizes that issuers may also make pre-emptive and therefore voluntary use of such mechanisms.

In aggregate, IDRs provide an ordinal ranking of issuers based on the agency's view of their relative vulnerability to default, rather than a prediction of a specific percentage likelihood of default. For historical information on the default experience of Fitch-rated issuers, please consult the transition and default performance studies available from the Fitch Ratings website.

AAA: Highest credit quality.
'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.
'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.
'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.
'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.
'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B: Highly speculative.
'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Substantial credit risk.
Default is a real possibility.

CC: Very high levels of credit risk.
Default of some kind appears probable.

C: Exceptionally high levels of credit risk
Default is imminent or inevitable, or the issuer is in standstill. Conditions that are indicative of a 'C' category rating for an issuer include:
a. the issuer has entered into a grace or cure period following non-payment of a material financial obligation;
b. the issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; or
c. Fitch Ratings otherwise believes a condition of 'RD' or 'D' to be imminent or inevitable, including through the formal announcement of a distressed debt exchange.

RD: Restricted default.
'RD' ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased operating. This would include:
a. the selective payment default on a specific class or currency of debt;
b. the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation;
c. the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; or
d. execution of a distressed debt exchange on one or more material financial obligations.

D: Default.
'D' ratings indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.

Default ratings are not assigned prospectively to entities or their obligations; within this context, non-payment on an instrument that contains a deferral feature or grace period will generally not be considered a default until after the expiration of the deferral or grace period, unless a default is otherwise driven by bankruptcy or other similar circumstance, or by a distressed debt exchange.

"Imminent" default typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. This may, for example, be where an issuer has missed a scheduled payment, but (as is typical) has a grace period during which it may cure the payment default. Another alternative would be where an issuer has formally announced a distressed debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

In all cases, the assignment of a default rating reflects the agency's opinion as to the most appropriate rating category consistent with the rest of its universe of ratings, and may differ from the definition of default under the terms of an issuer's financial obligations or local commercial practice.

Note:
The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

Limitations of the Issuer Credit Rating Scale

Specific limitations relevant to the issuer credit rating scale include:

- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an issuer default.
- The ratings do not opine on the suitability of an issuer as counterparty to trade credit.
- The ratings do not opine on any quality related to an issuer's business, operational or financial profile other than the agency's opinion on its relative vulnerability to default.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.1.1.2 Corporate Finance Obligations – Long-Term Rating Scales

Ratings of individual securities or financial obligations of a corporate issuer address relative vulnerability to default on an ordinal scale. In addition, for financial obligations in corporate finance, a measure of recovery given default on that liability is also included in the rating assessment. This notably applies to covered bonds ratings, which incorporate both an indication of the probability of default and of the recovery given a default of this debt instrument,

The relationship between issuer scale and obligation scale assumes an historical average recovery of between 30%-50% on the senior, unsecured obligations of an issuer. As a result, individual obligations of entities, such as corporations, are assigned ratings higher, lower, or the same as that entity's issuer rating or IDR. At the lower end of the ratings scale, Fitch Ratings now additionally publishes explicit Recovery Ratings in many cases to complement issuer and obligation ratings.

AAA: Highest credit quality.
'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.
'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.
'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.
'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.
'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

B: Highly speculative.
'B' ratings indicate that material credit risk is present[†].

CCC: Substantial credit risk.
'CCC' ratings indicate that substantial credit risk is present[†].

CC: Very high levels of credit risk.
'CC' ratings indicate very high levels of credit risk[†].

C: Exceptionally high levels of credit risk.
'C' indicates exceptionally high levels of credit risk[†].

Defaulted obligations typically are not assigned 'D' ratings, but are instead rated in the 'B' to 'C' rating categories, depending upon their recovery prospects and other relevant characteristics. This approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Note:
The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' obligation rating category, or to corporate finance obligation ratings in the categories below 'CCC'.

The subscript 'emr' is appended to a rating to denote embedded market risk which is beyond the scope of the rating. The designation is intended to make clear that the rating solely addresses the counterparty risk of the issuing bank. It is not meant to indicate any limitation in the analysis of the counterparty risk, which in all other respects follows published Fitch criteria for analyzing the issuing financial institution. Fitch does not rate these instruments where the principal is to any degree subject to market risk.

† Table of the Relationship between Performing and Non-performing Corporate Obligations in Low Speculative Grade (Recovery Ratings are discussed in section A.2)

Obligation Rating	Performing Obligation	Non-performing Obligation
B Category	Default risk is commensurate with an IDR in the ranges 'BB' to 'C'. For issuers with an IDR below 'B', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur. For issuers with an IDR above 'B', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.	The obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have extremely high recovery rates consistent with a Recovery Rating of 'RR1'
CCC Category	Default risk is commensurate with an IDR in the ranges 'B' to 'C'. For issuers with an IDR below 'CCC', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur. For issuers with an IDR above 'CCC', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.	The obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have a superior recovery rate consistent with a Recovery Rating of 'RR2'.
CC Category	Default risk is commensurate with an IDR in the ranges 'B' to 'C'. For issuers with an IDR below 'CC', the overall credit risk of this obligation is moderated by the expected level of recoveries should a default occur. For issuers with an IDR above 'CC', the overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.	The obligation or issuer is in default, or has deferred payment, but the rated obligation is expected to have a good recovery rate consistent with a Recovery Rating of 'RR3'.
C Category	Default risk is commensurate with an IDR in the ranges 'B' to 'C'. The overall credit risk of this obligation is exacerbated by the expected low level of recoveries should a default occur.	The obligation or issuer is in default, or has deferred payment, and the rated obligation is expected to have an average, below-average or poor recovery rate consistent with a Recovery Rating of 'RR4', 'RR5' or 'RR6'.

Limitations of the Corporate Finance Obligation Rating Scale

Specific limitations relevant to the corporate obligation rating scale include:

- The ratings do not predict a specific percentage of default likelihood or expected loss over any given time period.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on the suitability of an issuer as a counterparty to trade credit.
- The ratings do not opine on any quality related to an issuer's business, operational or financial profile other than the agency's opinion on its relative vulnerability to default and relative recovery should a default occur.

Recovery Ratings, in particular, reflect a fundamental analysis of the underlying relationship between financial claims on an entity or transaction and potential sources to meet those claims. The size of such sources and claims is subject to a wide variety of dynamic factors outside the agency's analysis which will influence actual recovery rates.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.1.1.3 Structured, Project & Public Finance Obligations – Long-Term Rating Scales

Ratings of structured finance, project finance and public finance obligations on the long-term scale, including the financial obligations of sovereigns, consider the obligations' relative vulnerability to default. These ratings are typically assigned to an individual security or tranche in a transaction and not to an issuer.

AAA: Highest credit quality.
'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality.
'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality.
'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality.
'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative.
'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

B: Highly speculative.
'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC: Substantial credit risk.
Default is a real possibility.

CC: Very high levels of credit risk.
Default of some kind appears probable.

C: Exceptionally high levels of credit risk.
Default appears imminent or inevitable.

D: Default.
Indicates a default. Default generally is defined as one of the following:

- failure to make payment of principal and/or interest under the contractual terms of the rated obligation;
- the bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or
- the distressed exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation to avoid a probable payment default.

Structured Finance Defaults
"Imminent" default, categorized under 'C', typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. Alternatively where an issuer has formally announced a distressed debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

Additionally, in structured finance transactions, where analysis indicates that an instrument is irrevocably impaired such that it is not expected to pay interest and/or principal in full in accordance with the terms of the obligation's documentation during the life of the transaction, but where no payment default in accordance with the terms of the documentation is imminent, the obligation will typically be rated in the 'C' category.

Structured Finance Write-downs
Where an instrument has experienced an involuntary and, in the agency's opinion, irreversible "write-down" of principal (i.e. other than through amortization, and resulting in a loss to the investor), a credit rating of 'D' will be assigned to the instrument. Where the agency believes the "write-down" may prove to be temporary (and the loss may be "written up" again in future if and when performance improves), then a credit rating of 'C' will typically be assigned. Should the "write-down" then later be reversed, the credit rating will be raised to an appropriate level for that instrument. Should the "write-down" later be deemed as irreversible, the credit rating will be lowered to 'D'.

Notes:
In the case of structured and project finance, while the ratings do not address the loss severity given default of the rated liability, loss severity assumptions on the underlying assets are nonetheless typically included as part of the analysis. Loss severity assumptions are used to derive pool cash flows available to service the rated liability.

The suffix 'sf'' denotes an issue that is a structured finance transaction. For an explanation of how Fitch determines structured finance ratings, please see our criteria available at www.Fitchratings.com.

In the case of public finance, the ratings do not address the loss given default of the rated liability, focusing instead on the vulnerability to default of the rated liability.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term Rating category, or categories below 'B'.

Enhanced Equipment Trust Certificates (EETCs) are corporate-structured hybrid debt securities that airlines typically use to finance aircraft equipment. Due to the hybrid characteristics of these bonds, Fitch's rating approach incorporates elements of both the structured finance and corporate rating methodologies. Although rated as asset-backed securities, unlike other structured finance ratings, EETC ratings involve a measure of recovery given default akin to ratings of financial obligations in corporate finance, as described in paragraph A.1.1.2.

Limitations of the Structured, Project and Public Finance Obligation Rating Scale

Specific limitations relevant to the structured, project and public finance obligation rating scale include:
- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an obligation default.
- The ratings do not opine on any quality related to a transaction's profile other than the agency's opinion on the relative vulnerability to default of each rated tranche or security.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

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A.1.2 Short-Term Ratings

A.1.2.1 Short-Term Ratings Assigned to Issuers or Obligations in Corporate, Public and Structured Finance

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as "short term" based on market convention. Typically, this means up to 13 months for corporate, sovereign, and structured obligations, and up to 36 months for obligations in U.S. public finance markets.

F1: Highest short-term credit quality.
Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2: Good short-term credit quality.
Good intrinsic capacity for timely payment of financial commitments.

F3: Fair short-term credit quality.
The intrinsic capacity for timely payment of financial commitments is adequate.

B: Speculative short-term credit quality.
Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

C: High short-term default risk.
Default is a real possibility.

RD: Restricted default.
Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.

D: Default.
Indicates a broad-based default event for an entity, or the default of a short-term obligation.

Limitations of the Short-Term Ratings Scale

Specific limitations relevant to the Short-Term Ratings scale include:

- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an obligation default.
- The ratings do not opine on any quality related to an issuer or transaction's profile other than the agency's opinion on the relative vulnerability to default of the rated issuer or obligation.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.1.2.2 Relationship between Short-Term and Long-Term Ratings in Corporate and Public Finance

For the agency's corporate and public finance ratings, issuers may often carry both Long-Term and Short-Term Ratings. These may be assigned to the issuer, to its obligations, or to both. While there are a large number of discrete factors that drive Short-Term Ratings, a linkage has typically existed between Short-Term and Long-Term Ratings. In part, this reflects the inherent importance of liquidity and near-term concerns within the assessment of the longer-term credit profile. Additionally, it ensures that the two scales do not intuitively contradict each other for a given issuer. This linkage is outlined below, and in most circumstances displays a certain asymmetry, namely:

a. higher relative short-term default risk implies an elevated risk of default in the near-term which cannot be separated from the long-term default assessment for most instruments and issuers; but
b. lower relative short-term default risk, perhaps through factors that lend the issuer's profile temporary support, may coexist with higher medium- or longer-term default risk.

The Rating Correspondence Table thus represents a "common-sense" check on the combination of a particularly weak Short-Term Rating with a high Long-Term Rating. The other asymmetry – stronger Short-Term Rating but weaker Long-Term Rating – is addressed conceptually. The Short-Term Rating within investment grade is a measure of intrinsic or sustainable liquidity, which in most cases excludes the kind of temporary or unsustainable support described in point b. above.

In contrast, for speculative-grade ratings, greater emphasis is generally placed on the actual expected liquidity profile of the issuer over the 13 months that follow, including the impact of temporary improvement or declines in liquidity.

The table below is a guide only, and variations from this correspondence will occur, consistent with the criteria employed by individual rating groups, where analytically merited.

For more details, please consult: "*Short-Term Ratings Criteria for Corporate Finance*" and "*Rating Municipal Short-term Debt*".

Rating Correspondence Table

Long-Term Rating	Short-Term Rating
AAA	F1+
AA+	F1+
AA	F1+
AA-	F1+
A+	F1 or F1+
A	F1
A-	F2 or F1
BBB+	F2
BBB	F3 or F2
BBB-	F3
BB+	B
BB	B
BB-	B
B+	B
B	B
B-	B
CCC	C
CC	C
C	C
RD/D	RD/D

A.2 Recovery Ratings

Recovery Ratings are assigned to selected individual securities and obligations. These currently are published for most individual obligations of corporate issuers with IDRs in the ‘B’ rating category and below.

Among the factors that affect recovery rates for securities are the collateral, the seniority relative to other obligations in the capital structure (where appropriate), and the expected value of the company or underlying collateral in distress.

The Recovery Rating scale is based upon the expected relative recovery characteristics of an obligation upon the curing of a default, emergence from insolvency or following the liquidation or termination of the obligor or its associated collateral.

Recovery Ratings are an ordinal scale and do not attempt to precisely predict a given level of recovery. As a guideline in developing the rating assessments, the agency employs broad theoretical recovery bands in its ratings approach based on historical averages, but actual recoveries for a given security may deviate materially from historical averages.

RR1: *Outstanding recovery prospects given default*
‘RR1’ rated securities have characteristics consistent with securities historically recovering 91%-100% of current principal and related interest.

RR2: *Superior recovery prospects given default*
‘RR2’ rated securities have characteristics consistent with securities historically recovering 71%-90% of current principal and related interest.

RR3: *Good recovery prospects given default*
‘RR3’ rated securities have characteristics consistent with securities historically recovering 51%-70% of current principal and related interest.

RR4: *Average recovery prospects given default*
‘RR4’ rated securities have characteristics consistent with securities historically recovering 31%-50% of current principal and related interest.

RR5: *Below average recovery prospects given default*
‘RR5’ rated securities have characteristics consistent with securities historically recovering 11%-30% of current principal and related interest.

RR6: *Poor recovery prospects given default*
‘RR6’ rated securities have characteristics consistent with securities historically recovering 0%-10% of current principal and related interest.

Limitations of the Recovery Ratings Scale

Specific limitations relevant to the Recovery Ratings scale include:

- The ratings do not predict a specific percentage of recovery should a default occur.
- The ratings do not opine on the market value of any issuer's securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer's securities or stock.
- The ratings do not opine on any quality related to an issuer or transaction's profile other than the agency's opinion on the relative loss severity of the rated obligation should the obligation default.

Recovery Ratings, in particular, reflect a fundamental analysis of the underlying relationship between financial claims on an entity or transaction and potential sources to meet those claims. The size of such sources and claims is subject to a wide variety of dynamic factors outside the agency's analysis, which will influence actual recovery rates.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.3. Other International Credit Ratings

A.3.1 Bank Support and Viability Ratings

A.3.1.1 Support Ratings

The Purpose and Function of Support Ratings

Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

Timeliness and Effectiveness Requirements

Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

Obligations and Financial Instruments Covered

In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

Definitions:

1:

A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.

2:

A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.

3:

A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.

4:

A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of ‘B’.

5:
A bank for which there is a possibility of external support, but it cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than ‘B-’ and in many cases, no floor at all.

Support Rating Floor
Support Rating Floors are directly derived from the agency’s Support Ratings in those cases where the Support Rating is based on potential sovereign support. In exactly the same way as the Support Rating itself, the Support Rating Floor is based on the agency’s judgment of a potential supporter’s propensity to support a bank and of its ability to support it. Support Rating Floors do not assess the intrinsic credit quality of a bank. Rather they communicate the agency’s judgment on whether the bank would receive support should this become necessary. It is emphasized that these ratings are exclusively the expression of Fitch Ratings’ opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities.

The Support Rating Floor is expressed on the ‘AAA’ long-term scale and will clearly indicate the level below which the agency would not expect to lower its Issuer Default Rating in the absence of any changes to the assumptions underpinning the bank’s Support Rating. In addition to the ‘AAA’ scale, there will be one additional point on the scale – “No Floor” (NF) – which indicates that in the agency’s opinion, there is no reasonable presumption of potential support being forthcoming. In practice this approximates to a probability of support of less than 40%.

A.3.1.2 Bank Viability Ratings

Viability ratings (VRs) are designed to be internationally comparable and represent Fitch's view as to the intrinsic creditworthiness of an issuer. Together with the agency's support ratings framework, the VR is a key component of a bank's Issuer Default Rating (IDR) and considers various factors including:

- Industry profile and operating environment
- Company profile and risk management
- Financial profile
- Management strategy and corporate governance.

VRs are assigned to bank operating companies, bank holding companies and in limited cases, to similar legal entities where it is considered useful to clarify the source of an entity's financial strength. Notably, the VR excludes any extraordinary support that may be derived from outside of the entity as well as excluding potential benefits to a bank's financial position from other extraordinary measures, including a distressed restructuring of liabilities.

Specifically, Fitch would normally regard the following as indicative of a bank failing or becoming non-viable:

- Defaulting on senior obligations
- Entering a resolution regime, bankruptcy, administrative receivership or similar statutory process,
- Triggering non-viability clauses embedded in regulatory (or other) capital instruments,
- Execution of a distressed debt exchange as defined by Fitch's criteria,
- Receipt of extraordinary support such that a default or other event of non-viability is avoided.

VRs represent not only the capacity of a rated entity to meet its obligations in the absence of extraordinary support but also in the absence of extraordinary constraints (eg, transfer and convertibility risk). As such, VRs represent the capacity of the bank to maintain ongoing operations and to avoid failure, the latter being indicated by extraordinary and company specific measures becoming necessary to protect against a bank's default.

aaa: Highest fundamental credit quality

'aaa' ratings denote the best prospects for ongoing viability and lowest expectation of failure risk. They are assigned only to banks with extremely strong and stable fundamental characteristics, such that they are most unlikely to have to rely on extraordinary support to avoid default. This capacity is highly unlikely to be adversely affected by foreseeable events.

aa: Very high fundamental credit quality

'aa' ratings denote very strong prospects for ongoing viability. Fundamental characteristics are very strong and stable; such that it is considered highly unlikely that the bank would have to rely on extraordinary support to avoid default. This capacity is not significantly vulnerable to foreseeable events.

a High fundamental credit quality

'a' ratings denote strong prospects for ongoing viability. Fundamental characteristics are strong and stable, such that it is unlikely that the bank would have to rely on extraordinary support to avoid default. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

bbb Good fundamental credit quality

'bbb' ratings denote good prospects for ongoing viability. The bank's fundamentals are adequate, such that there is a low risk that it would have to rely on extraordinary support to avoid default. However, adverse business or economic conditions are more likely to impair this capacity.

bb Speculative fundamental credit quality

'bb' ratings denote moderate prospects for ongoing viability. A moderate degree of fundamental financial strength exists, which would have to be eroded before the bank would have to rely on extraordinary support to avoid default.

However, an elevated vulnerability exists to adverse changes in business or economic conditions over time.

b Highly speculative fundamental credit quality
'b' ratings denote weak prospects for ongoing viability. Material failure risk is present but a limited margin of safety remains. The bank's capacity for continued unsupported operation is vulnerable to deterioration in the business and economic environment.

ccc Substantial fundamental credit risk
Failure of the bank is a real possibility. The capacity for continued unsupported operation is highly vulnerable to deterioration in the business and economic environment.

cc Very high levels of fundamental credit risk
Failure of the bank appears probable.

c Exceptionally high levels of fundamental credit risk
Failure of the bank is imminent or inevitable.

f
'f' ratings indicate an issuer that, in Fitch's opinion, has failed, and that either has defaulted or would have defaulted had it not received extraordinary support or benefited from other extraordinary measures.

Note: The modifiers "+" or "−" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'aaa' VR category or to VR categories below 'b'. Outlooks are not assigned to VRs although at any point in time, a bank's position and prospects may have underlying trends, for example improving, deteriorating or stable.

A.3.2 Insurer Financial Strength Rating Definitions

The Insurer Financial Strength (IFS) Rating provides an assessment of the financial strength of an insurance organization. The IFS Rating is assigned to the insurance company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, such as guaranteed investment contracts. The IFS Rating reflects both the ability of the insurer to meet these obligations on a timely basis, and expected recoveries received by claimants in the event the insurer stops making payments or payments are interrupted, due to either the failure of the insurer or some form of regulatory intervention. In the context of the IFS Rating, the timeliness of payments is considered relative to both contract and/or policy terms but also recognizes the possibility of reasonable delays caused by circumstances common to the insurance industry, including claims reviews, fraud investigations and coverage disputes.

The IFS Rating does not encompass policyholder obligations residing in separate accounts, unit-linked products or segregated funds, for which the policyholder bears investment or other risks. However, any guarantees provided to the policyholder with respect to such obligations are included in the IFS Rating.

Expected recoveries are based on the agency's assessments of the sufficiency of an insurance company's assets to fund policyholder obligations, in a scenario in which payments have ceased or been interrupted. Accordingly, expected recoveries exclude the impact of recoveries obtained from any government sponsored guaranty or policyholder protection funds. Expected recoveries also exclude the impact of collateralization or security, such as letters of credit or trusteed assets, supporting select reinsurance obligations.

IFS Ratings can be assigned to insurance and reinsurance companies in any insurance sector, including the life & annuity, non-life, property/casualty, health, mortgage, financial guaranty, residual value and title insurance sectors, as well as to managed care companies such as health maintenance organizations.

The IFS Rating does not address the quality of an insurer's claims handling services or the relative value of products sold.

The IFS Rating uses the same symbols used by the agency for its International and National credit ratings of long-term or short-term debt issues. However, the definitions associated with the ratings reflect the unique aspects of the IFS Rating within an insurance industry context.

Obligations for which a payment interruption has occurred due to either the insolvency or failure of the insurer or some form of regulatory intervention will generally be rated between 'B' and 'C' on the Long-Term IFS Rating scales (both International and National). International Short-Term IFS Ratings assigned under the same circumstances will align with the insurer's International Long-Term IFS Rating.

A.3.2.1. Long-Term International IFS Ratings

The following rating scale applies to foreign currency and local currency ratings. Ratings of 'BBB-' and higher are considered "secure", and those of 'BB+' and lower are considered "vulnerable".

AAA: Exceptionally strong.
'AAA' IFS Ratings denote the lowest expectation of ceased or interrupted payments. They are assigned only in the case of exceptionally strong capacity to meet policyholder and contract obligations. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very strong.
'AA' IFS Ratings denote a very low expectation of ceased or interrupted payments. They indicate very strong capacity to meet policyholder and contract obligations. This capacity is not significantly vulnerable to foreseeable events.

A: Strong.
'A' IFS Ratings denote a low expectation of ceased or interrupted payments. They indicate strong capacity to meet policyholder and contract obligations. This capacity may, nonetheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB: Good.
'BBB' IFS Ratings indicate that there is currently a low expectation of ceased or interrupted payments. The capacity to meet policyholder and contract obligations on a timely basis is considered adequate, but adverse changes in circumstances and economic conditions are more likely to impact this capacity.

BB: Moderately weak.
'BB' IFS Ratings indicate that there is an elevated vulnerability to ceased or interrupted payments, particularly as the result of adverse economic or market changes over time. However, business or financial alternatives may be available to allow for policyholder and contract obligations to be met in a timely manner.

B: Weak.
'B' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, there is significant risk that ceased or interrupted payments could occur in the future, but a limited margin of safety remains. Capacity for continued timely payments is contingent upon a sustained, favorable business and economic environment, and favorable market conditions. Alternatively, a 'B' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for extremely high recoveries. Such obligations would possess a recovery assessment of 'RR1' (Outstanding).

CCC: Very weak.
'CCC' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, there is a real possibility that ceased or interrupted payments could occur in the future. Capacity for continued timely payments is solely reliant upon a sustained, favorable business and economic environment, and favorable market conditions. Alternatively, a 'CCC' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, and with the potential for average to superior recoveries. Such obligations would possess a recovery assessment of 'RR2' (Superior), 'RR3' (Good), and 'RR4' (Average).

CC: Extremely weak.
'CC' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, it is probable that ceased or interrupted payments will occur in the future. Alternatively, a 'CC' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, with the potential for average to below-average recoveries. Such obligations would possess a recovery assessment of 'RR4' (Average) or 'RR5' (Below Average).

C: Distressed

'C' IFS Ratings indicate two possible conditions. If obligations are still being met on a timely basis, ceased or interrupted payments are imminent. Alternatively, a 'C' IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, and with the potential for below average to poor recoveries. Such obligations would possess a recovery assessment of 'RR5' (Below Average) or 'RR6' (Poor).

Notes:

"+" or "-" may be appended to a rating to indicate the relative position of a credit within the rating category. Such suffixes are not added to ratings in the 'AAA' category or to ratings below the 'B' category.

A.3.2.2 Short-Term IFS Ratings

A Short-Term Insurer Financial Strength Rating (ST-IFS Rating) provides an assessment of the near-term financial health of an insurance organization, and its capacity to meet senior obligations to policyholders and contract-holders that would be expected to be due within one year. The analysis supporting the ST-IFS Rating encompasses all of the factors considered within the context of the IFS Rating, but with greater weighting given to an insurer's near-term liquidity, financial flexibility and regulatory solvency characteristics, and less weight given to longer-term issues such as competitiveness and earnings trends.

The agency will only assign a ST-IFS Rating to insurers that also have been assigned an IFS Rating. Currently, ST-IFS Ratings are used primarily by U.S. life insurance companies that sell short-term funding agreements.

The ST-IFS Rating uses the same international ratings scale used by the agency for short-term debt and issuer ratings.

F1
Insurers are viewed as having a strong capacity to meet their near-term obligations. When an insurer rated in this rating category is designated with a (+) sign, it is viewed as having a very strong capacity to meet near-term obligations.

F2
Insurers are viewed as having a good capacity to meet their near-term obligations.

F3
Insurers are viewed as having an adequate capacity to meet their near-term obligations.

B
Insurers are viewed as having a weak capacity to meet their near-term obligations.

C
Insurers are viewed as having a very weak capacity to meet their near-term obligations.

A.4. National Ratings

A.4.1. National Credit Ratings

For those countries in which foreign and local currency sovereign ratings are below 'AAA', and where there is demand for such ratings, Fitch Ratings will provide National Ratings. It is important to note that each National Rating scale is unique and is defined to serve the needs of the local market in question.

The National Rating scale provides a relative measure of creditworthiness for rated entities only within the country concerned. Under this rating scale, an 'AAA' Long-Term National Rating will be assigned to the lowest relative risk within that country, which, in most but not all cases, will be the sovereign state.

The National Rating scale merely ranks the degree of perceived risk relative to the lowest default risk in that same country. Like local currency ratings, National Ratings exclude the effects of sovereign and transfer risk and exclude the possibility that investors may be unable to repatriate any due interest and principal repayments. It is not related to the rating scale of any other national market. Comparisons between different national scales or between an individual national scale and the international rating scale are therefore inappropriate and potentially misleading. Consequently they are identified by the addition of a special identifier for the country concerned, such as 'AAA(arg)' for National Ratings in Argentina.

In certain countries, regulators have established credit rating scales, to be used within their domestic markets, using specific nomenclature. In these countries, the agency's National Rating definitions may be substituted by the regulatory scales. For instance Fitch's National Short Term Ratings of 'F1+(xxx)', 'F1(xxx)', 'F2(xxx)' and 'F3(xxx)' may be substituted by the regulatory scales, e.g. 'A1+', 'A1', 'A2' and 'A3'. The below definitions thus serve as a template, but users should consult the individual scales for each country listed on Fitch's regional websites to determine if any additional or alternative category definitions apply.

Limitations of the National Rating Scale

Specific limitations relevant to the National rating scale include:

- National scale ratings are only available in selected countries.
- National scale ratings are only directly comparable with other national ratings in the same country. There is a certain correlation between national and global ratings but there is not a precise translation between the scales. The implied probability of default of a given national scale rating will vary over time.
- The value of default studies for national ratings can be limited. Due to the relative nature of national scales, a given national scale rating is not intended to represent a fixed amount of default risk over time. As a result, a default study using only national ratings may not give an accurate picture of the historical relationship between ratings and default risk. Users should exercise caution if they wish to infer future default probabilities for national scale ratings using the historical default experience with international ratings and mapping tables to link the national and international ratings. As with ratings on any scale, the future will not necessarily follow the past.
- Fitch attaches less confidence to conclusions about national scale default probabilities than for International Credit ratings. There has not been a comprehensive global study of default history among entities with national scales to show that their ex-post default experience has been consistent with ex-ante probabilities implied. This is due to the relatively short history of ratings in emerging markets and the restrictive relative nature of the national scales.

The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

A.4.2. National Long-Term Credit Ratings

AAA(xxx)
'AAA' National Ratings denote the highest rating assigned by the agency in its National Rating scale for that country. This rating is assigned to issuers or obligations with the lowest expectation of default risk relative to all other issuers or obligations in the same country.

AA(xxx)
'AA' National Ratings denote expectations of very low default risk relative to other issuers or obligations in the same country. The default risk inherent differs only slightly from that of the country's highest rated issuers or obligations.

A(xxx)
'A' National Ratings denote expectations of low default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions may affect the capacity for timely repayment to a greater degree than is the case for financial commitments denoted by a higher rated category.

BBB(xxx)
'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category.

BB(xxx)
'BB' National Ratings denote an elevated default risk relative to other issuers or obligations in the same country. Within the context of the country, payment is uncertain to some degree and capacity for timely repayment remains more vulnerable to adverse economic change over time.

B(xxx)
'B' National Ratings denote a significantly elevated default risk relative to other issuers or obligations in the same country. Financial commitments are currently being met but a limited margin of safety remains and capacity for continued timely payments is contingent upon a sustained, favorable business and economic environment. For individual obligations, this rating may indicate distressed or defaulted obligations with potential for extremely high recoveries.

CCC(xxx)
'CCC' National Ratings denote that default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic conditions.

CC(xxx)
'CC' National Ratings denote that default of some kind appears probable.

C(xxx)
'C' National Ratings denote that default is imminent.

RD(xxx): Restricted default.
'RD' ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, and which has not otherwise ceased business. This would include:
a. the selective payment default on a specific class or currency of debt;
b. the uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation;

c. the extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; or
d. execution of a distressed debt exchange on one or more material financial obligations.

D(xxx)

'D' National Ratings denote an issuer or instrument that is currently in default.

A.4.3 National Short-Term Credit Ratings

F1(xxx)
Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Under the agency's National Rating scale, this rating is assigned to the lowest default risk relative to others in the same country. Where the liquidity profile is particularly strong, a "+" is added to the assigned rating.

F2(xxx)
Indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. However, the margin of safety is not as great as in the case of the higher ratings.

F3(xxx)
Indicates an adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. However, such capacity is more susceptible to near-term adverse changes than for financial commitments in higher rated categories.

B(xxx)
Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Such capacity is highly susceptible to near-term adverse changes in financial and economic conditions.

C(xxx)
Indicates a highly uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

RD(xxx): Restricted default.
Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.

D (xxx)
Indicates actual or imminent payment default.

Notes to Long-Term and Short-Term National Ratings:
The ISO International Country Code is placed in parentheses immediately following the rating letters to indicate the identity of the National market within which the rating applies. For illustrative purposes, (xxx) has been used.

"+" or "-" may be appended to a National Rating to denote relative status within a major rating category. Such suffixes are not added to the 'AAA(xxx)' Long-Term National Rating category, to categories below 'CCC(xxx)', or to Short-Term National Ratings other than 'F1(xxx)'.

A.4.4 National Insurer Financial Strength Ratings

National IFS Ratings serve the needs of local insurance markets. National IFS Ratings are assigned to an insurer's policyholder obligations and are an assessment of relative financial strength. Consistent with other forms of National Ratings assigned by the agency, National IFS Ratings assess the ability of an insurer to meet policyholder and related obligations, relative to the "best" credit risk in a given country across all industries and obligation types. Comparisons between different countries' National IFS Rating scales or between an individual country's National IFS Rating scale and the International IFS Rating scale are inappropriate. National IFS Ratings are only assigned using the Long-Term scale, as defined below.

AAA(xxx)
'AAA' National IFS Ratings denote the highest rating assigned within the national scale for that country. The rating is assigned to the policyholder obligations of the insurance entities with the lowest credit risk relative to all other obligations or issuers in the same country, across all industries and obligation types.

AA(xxx)
'AA' National IFS Ratings denote a very strong capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. The risk of ceased or interrupted payments differs only slightly from the country's highest rated obligations or issuers.

A(xxx)
'A' National IFS Ratings denote a strong capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. However, changes in circumstances or economic conditions may affect the capacity for payment of policyholder obligations to a greater degree than for financial commitments denoted by a higher rated category.

BBB(xxx)
'BBB' National IFS Ratings denote an adequate capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. However, changes in circumstances or economic conditions are more likely to affect the capacity for payment of policyholder obligations than for financial commitments denoted by a higher rated category.

BB(xxx)
'BB' National IFS Ratings denote a fairly weak capacity to meet policyholder obligations relative to all other obligations or issuers in the same country, across all industries and obligation types. Within the context of the country, payment of these policyholder obligations is uncertain to some degree and capacity for payment remains more vulnerable to adverse economic change over time.

B(xxx)
'B' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies a significantly weak capacity to continue to meet policyholder obligations relative to all other issues or issuers in the same country, across all industries and obligation types. A limited margin of safety remains and capacity for continued payments is contingent upon a sustained, favorable business and economic environment. Alternatively, a 'B' National IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for extremely high recoveries.

CCC(xxx)
'CCC' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies ceased or interrupted payments are a real possibility. Capacity for continued payments is contingent upon a sustained, favorable business and economic environment. Alternatively, a 'CCC' National IFS Rating

is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for very high recoveries.

CC(xxx)
'CC' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies ceased or interrupted payments appear probable. Alternatively, a 'CC' National IFS Rating is assigned to obligations that have experienced ceased or interrupted payments, but with the potential for average to below-average recoveries.

'C'(xxx)
'C' National IFS Ratings denote two possible outcomes. If policyholder obligations are still being met on a timely basis, the rating implies ceased or interrupted payments are imminent. Alternatively, a 'C' National IFS Rating is assigned to obligations that have experienced ceased or interrupted payments with the potential for below-average to poor recoveries.

Notes:
"+" or "-" are used with a rating symbol to indicate the relative position of a credit within the rating category. They are not used for the 'AAA' category or for ratings below the 'CCC' category.

The ISO International Code is placed in parentheses immediately following the rating letters to indicate the identity of the National market within which the rating applies. For illustrative purposes, (xxx) has been used.

A.5 Country Ceilings

Country Ceilings are expressed using the symbols of the long-term issuer scale described in A.1.1.1 and relate to sovereign jurisdictions also rated by Fitch Ratings on the Issuer Default Rating scale. They reflect the agency's judgment regarding the risk of capital and exchange controls being imposed by the sovereign authorities that would prevent or materially impede the private sector's ability to convert local currency into foreign currency and transfer to non-resident creditors - transfer and convertibility (T&C) risk. As such, they are not ratings, but expressions of a maximum limit for the foreign currency issuer ratings of most, but not all, issuers in a given country.

Given the close correlation between sovereign credit and T&C risks, the Country Ceiling may exhibit a greater degree of volatility than would normally be expected when it lies above the sovereign foreign currency rating.

A.6 Additional Usage of Primary Credit Rating Scales

A.6.1 Expected Ratings

Where a rating is referred to as “expected”, alternatively referred to as “expects to rate” or suffixed as (EXP), this indicates that a full rating has been assigned based upon the agency’s expectations regarding final documentation, typically based upon a review of the final draft documentation provided by the issuer. If such final documentation is received and is as expected, the expected rating will typically be converted to a final rating. However, this may not be the case where the expected rating is withdrawn in the intervening period. Similarly, the final rating may not be assigned at the same level as the original expected rating, where the expected rating has been subject to rating action in the intervening period. While expected ratings typically convert to final ratings within a short time, as determined by the issuer’s decisions regarding timing of transaction closure, in the period between assignment of an expected rating and a final rating, expected ratings may be raised, lowered or placed on Rating Watch or withdrawn, as with final ratings.

A.6.2 Private Ratings

Fitch Ratings also prepares a limited number of private ratings, for example for entities with no publicly traded debt, or where the rating is required for internal benchmarking or regulatory purposes. These ratings are generally provided directly to the rated entity, which is then responsible for ensuring that any party to whom it discloses the private rating is updated when any change in the rating occurs.

Private ratings undergo the same analysis, committee process and surveillance as published ratings, unless otherwise disclosed as “point-in-time” in nature (see above).

A.6.3 Program Ratings

Program ratings assigned to corporate and public finance note issuance programs (e.g. medium-term note programs) relate only to standard issues made under the program concerned; it should not be assumed that these ratings apply to every issue made under the program.

A.6.4 “Interest-Only” Ratings

Interest-only ratings are assigned to interest strips. These ratings do not address the possibility that a security holder might fail to recover some or all of its initial investment due to voluntary or involuntary principal repayments.

A.6.5 “Principal-Only” Ratings

Principal-only ratings address the likelihood that a security holder will receive its initial principal investment either before or by the scheduled maturity date.

A.6.6 “Rate of Return” Ratings

Ratings also may be assigned to gauge the likelihood of an investor receiving a certain predetermined internal rate of return without regard to the precise timing of any cash flows.

B Non-Credit Rating Scales

In addition, Fitch Ratings provides specialist ratings on other topics. Operational risk ratings are assigned to servicers of commercial and residential mortgages and other asset types.

Asset manager ratings opine on the relative operational and financial capabilities of asset managers, trustees and others. Fund Credit and/or Volatility Ratings are assigned to fund's or local government investment pool's portfolio. Many of these ratings are offered internationally and in some cases on a national basis applying appropriate ratings modifiers and identifiers.

B.1 Servicer Ratings

B.1.1 General Servicer Ratings

Commercial and residential mortgage loans, loans backed by assets other than mortgages, or loans without collateral can be serviced by a combination of primary, master, and/or special servicers. Many transactions have all three types of servicers present, while others may only have one or two. Some of the reasons for the various structures are age of the transaction, complexity of the loans, strength of the primary servicer, current or anticipated delinquency, and need for advancing.

Rating Definitions

The servicer ratings are designed to be an indication of a servicer's ability to effectively service commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), and asset backed securities transactions. The ratings incorporate Fitch Ratings' analysis of the servicer's experience in the servicing business, management, staff, training programs, procedures, controls, and systems among others. The influence of financial condition within an operational rating scale is very limited, and relates only to those elements where operational strength may be directly affected by financial condition. The agency's servicer ratings therefore address features of the company's profile largely independent of the entity's financial condition.

The agency rates commercial, residential and small balance commercial mortgage servicers, as well as asset backed servicers on a scale of 1-5, with 1 being the highest rating. Servicer ratings may also be assigned to servicers of assets not currently securitized. The ratings are written with either a C, R, SB, or AB prefix to denote the asset class to which it applies: 'R' for residential mortgage loans, 'C' for commercial mortgage loans, 'SB' for small balance commercial mortgage loans, 'CLL' for large commercial mortgage loans, and 'AB' for asset-backed and/or unsecured loans. The asset class prefix will then be followed by the abbreviation denoting the servicer type: 'PS' (primary servicer), 'MS' (master servicer), 'SS' (special servicer), or 'CLS' (construction loan servicer). The final component of the rating is the rating level. Within some of the rating levels, the agency further differentiates the rankings by pluses and minuses.

Level 1 Servicer Rating (ABPS1, ABMS1, ABSS1, CPS1, CMS1, CSS1, CCLS1, CLLSS1, RPS1, RMS1, RSS1, SBPS1, SBSS1)

Servicers demonstrating the highest standards in overall servicing ability.

Level 2 Servicer Rating (ABPS2, ABMS2, ABSS2, CPS2, CMS2, CSS2, CCLS2, CLLSS2, RPS2, RMS2, RSS2, SBPS2, SBSS2)

Servicers demonstrating high performance in overall servicing ability.

Level 3 Servicer Rating (ABPS3, ABMS3, ABSS3, CPS3, CMS3, CSS3, CCLS3, CLLSS3, RPS3, RMS3, RSS3, SBPS3, SBSS3)

Servicers demonstrating proficiency in overall servicing ability.

Level 4 Servicer Rating (ABPS4, ABMS4, ABSS4, CPS4, CMS4, CSS4, CCLS4, CLLSS4, RPS4, RMS4, RSS4, SBPS4, SBSS4)
Servicers lacking proficiency due to a weakness in one or more areas of servicing ability.

Level 5 Servicer Rating (ABPS5, ABMS5, ABSS5, CPS5, CMS5, CSS5, CCLS5, CLLSS5, RMS5, RPS5, RSS5, SBPS5, SBSS5)
Servicers demonstrating limited or no proficiency in servicing ability.

The servicers at level one are expected to have all areas of their company operating at top efficiency and productivity. Characteristics of a level one (1) servicer may include:

- Demonstrated expertise in servicing a diverse portfolio, i.e. loan type, property type, and geographical concentration among others.
- Highly seasoned management team with a substantial working history together.
- Stable employee base with little turnover.
- Very strong and stable financial resources.
- Very well- documented and complete policies and procedures, which are readily available to all employees.
- Fully integrated, flexible systems with versatile reporting capabilities.

Characteristics of a level two (2) servicer may include:

- Effective management of a diverse portfolio.
- Seasoned management team with a history of working together.
- Stable employee base.
- Strong, stable financial resources.
- Well- documented and complete policies and procedures.
- Strong systems and reporting capabilities.

Characteristics of a level three (3) servicer may include:

- Demonstrated proficiency in servicing diverse product groups.
- Adequate financial resources for its portfolio size.
- Effective internal controls.
- Proven proficiency in staffing and training.
- Established comprehensive policies and procedures.
- A master servicer must have experience and controls in place for monitoring primary servicers and other sub-servicers.
- A special servicer must demonstrate adequate workout and disposition experience.

Servicers that receive a level four (4) rating may be incompatible with the servicing criteria employed by Fitch Ratings in rating CMBS or RMBS transactions, unless additional support or structural features are incorporated. Listed below are a few situations that could cause the assignment of a level four (4) rating:

- Length of time or experience in servicing type or product type.
- Recent event that has not had time to be resolved or its effect fully assessed (i.e. merger, acquisition, change in management, or system conversion, among others).
- Specific concern or problem with the servicer.

Residential mortgage servicers that receive a level five (5) rating exhibit aspects in their operations, process, or financial condition that are incompatible with Fitch Ratings' criteria for rated RMBS transactions unless strong additional support or structural features are incorporated.

B.2 Fund Ratings

B.2.1 International Fund Credit Ratings

International Fund Credit Ratings are an opinion as to the vulnerability to losses as a result of defaults in a bond fund's or local government investment pool's portfolio. The ratings are stated using the same scale as International Long-Term Credit Ratings; however, they do not measure expectation of default risk for the fund itself, as a fund generally cannot default. Rather, the ratings are based on the actual and prospective average credit quality of the fund's invested portfolio. International Fund Credit Ratings have an element of rating momentum embedded and therefore also capture the likelihood that the fund maintains a given credit quality over time.

Fund Credit Ratings are generally complemented by Fund Volatility Ratings to distinguish them from Long-Term Credit Ratings.

International Fund Credit Ratings do not address any risk other than credit risk. In particular, these ratings do not address the risk of loss due to changes in prevailing interest rates, credit spreads and other market conditions, nor do they comment on the adequacy of market value or address the extent to which fund expenses and costs might reduce distributions to shareholders.

Limitations of the Fund Credit Rating Scales

Specific limitations relevant to bond Fund Credit Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Fund Credit Ratings do not opine on any quality related to a fund other than the actual and prospective average credit quality of the fund's invested portfolio.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.2.2 International Fund Volatility Ratings

International Fund Volatility Ratings are an opinion as to the relative sensitivity of a portfolio's total return (including income and market value) and/or net asset value to assumed changes in credit spreads and interest rates as well as certain other market risk parameters, and taking into account the effects of leverage, where applicable. International Fund Volatility Ratings do not predict the direction or magnitude of changes in such market conditions and therefore do not predict whether, or the extent to which, any particular fund will perform favourably or adversely in the future. Furthermore, International Fund Volatility Ratings do not gauge the sensitivity of a bond fund to extreme risks that may result from reduced liquidity in secondary markets during certain periods.

International Fund Volatility Ratings are expressed on a scale of 'V-1' (very low market risk) to 'V-6' (very high market risk). For certain illiquid markets and/or asset classes, it may not be feasible to derive a Fund Volatility Rating. In these instances, Fitch assigns a 'V-NR' rating in lieu of a volatility rating to indicate this. Additionally, in a limited number of markets, the rating scale is determined by the local regulatory authorities, which may preclude the use of volatility ratings.

V-1: Very Low Market Risk

Funds rated 'V-1' are considered to have very low sensitivity to market risk. On a relative basis, total returns are expected to exhibit high stability, performing consistently across a broad range of market scenarios. These funds offer very low risk exposure to interest rates, credit spreads and other risk factors. They are generally short-term government or high credit quality bond funds.

V-2: Low Market Risk

Funds rated 'V-2' are considered to have low sensitivity to market risk. On a relative basis, total returns are expected to exhibit relative stability, performing consistently across a broad range of market scenarios. These funds offer low risk exposure to interest rates, credit spreads and other risk factors. They are typically short- to medium-term government or high credit quality bond funds with various investment objectives.

V-3: Moderate Market Risk

Funds rated 'V-3' are considered to have moderate sensitivity to market risk. On a relative basis, total returns are expected to perform consistently over medium- to long-term holding periods, but will exhibit some variability over shorter periods due to greater exposure to interest rates, credit spreads and other risk factors. They are generally medium-term government or short-term corporate bond funds.

V-4: Moderate to High Market Risk

Funds rated 'V-4' are considered to have moderate to high sensitivity to market risk. On a relative basis, total returns are expected to experience significant variability across a broad range of market scenarios. These funds typically exhibit significant exposure to interest rates, credit spreads and other risk factors. They are typically longer-term government or medium-term corporate bond funds with some low investment grade or high yield exposure.

V-5: High Market Risk

Funds rated 'V-5' are considered to have high sensitivity to market risk. On a relative basis, total returns are expected to experience substantial variability across a broad range of market scenarios. These funds generally exhibit substantial exposure to interest rates, credit spreads and other risk factors. They are typically very long-term government or long-term corporate bond funds with low investment grade or high yield exposure.

V-6: Very High Market Risk

Funds rated 'V-6' are considered to have very high sensitivity to market risk. On a relative basis, total returns are expected to experience extreme variability across a broad range of market scenarios. These funds generally exhibit very substantial exposure to interest rates, credit spreads and other risk factors. They are typically long-term corporate bond funds with substantial low investment grade and/or high yield exposure.

V-NR

A 'V-NR' rating is assigned in certain illiquid markets and/or asset classes, where it may not be feasible to derive a volatility rating.

Limitations of the Fund Volatility Rating Scales

Specific limitations relevant to Fund Volatility Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Fund Volatility Ratings do not opine on any quality other than the sensitivity of the fund's total return to assumed changes in credit spreads and interest rates as well as certain other market risk parameters, and taking into account the effects of leverage, where applicable.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

FitchRatings

B.2.3 International Money Market Fund Ratings

International Money Market Fund Ratings are an opinion of the capacity of a money market fund to preserve principal and provide shareholder liquidity. Fitch's International Money Market Fund Ratings are based on an evaluation of several factors, including credit, market, and liquidity risk, overall levels of portfolio diversification, maturity distribution of assets in the portfolio, and stability of the shareholder base. International Money Market Fund Ratings also reflect an opinion of the fund sponsor's willingness and ability to provide support to a fund through dedicated resources, investment management oversight, and, in extreme cases, financial support. International Money Market Fund Ratings address, on a relative basis, the capacity to preserve invested principal and provide shareholder liquidity in accordance with the fund's offering terms.

AAAmmf:
"AAAmmf" ratings denote extremely strong capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.

AAmmf:
"AAmmf" ratings denote very strong capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.

Ammf:
"Ammf" ratings denote strong capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk.

BBBmmf
"BBBmmf" ratings denote adequate capacity to achieve money market fund's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk. Capital preservation may be at greater risk due to adverse market conditions, heightened redemptions, and/or credit risk.

BBmmf
"BBmmf" ratings denote uncertain capacity to achieve principal preservation. Money market fund shareholder liquidity impaired due to wholesale imposition of redemption restrictions.

Bmmf
"Bmmf" ratings denote failure to preserve capital. Some loss of invested principal is likely, but recovery is expected to be high.

Limitations of the Money Market Fund Rating Scales

Specific limitations relevant to Fund Credit and Volatility and Money Market Fund Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Money Market Fund Ratings do not opine on any quality related to a money market fund other than its ability to maintain a stable net asset value.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.2.4 Fund Quality Ratings

A Fund Quality Rating provides an in-depth assessment of a fund's key attributes and consistency of longer-term returns relative to its peer group and/or benchmarks. Key areas analysed in determining the rating include (1) investment philosophy and processes (including risk management), (2) resources supporting the investment process (staffing and technology), and (3) the investment manager's strategic commitment, experience and financial resources. In addition to this "front office" analysis, an operational "pass/fail" review of the fund's regulatory and control framework is undertaken to assess whether key aspects of the operational environment are sufficiently robust. Collectively, these qualitative factors are used to derive a Qualitative Assessment on a scale of 'Strong,' 'Satisfactory,' or 'Weak.' Fund Quality Ratings are assigned on the basis of this Qualitative Assessment and, for all FQRs other than 'Qualifying', in combination with an analysis of the fund's historical risk-adjusted performance relative to its benchmarks and/or sector peers, specifically to identify and adjust for performance outliers.

'Excellent'
'Excellent' Fund Quality Ratings are assigned to funds that demonstrate, in Fitch's opinion, the highest proficiency and strongest resource commitments in key areas of the investment management process and have delivered high, consistent long-term risk-adjusted returns relative to peers and/or relevant benchmarks. The management company's investment processes and resources strongly support the fund's ability to deliver high, consistent performance relative to peers over the longer term.

'**Strong'**
'Strong' Fund Quality Ratings are assigned to funds that demonstrate, in Fitch's opinion, high proficiency and strong resource commitments in most key areas of the investment management process and have delivered good, consistent long-term risk-adjusted returns relative to peers and/or relevant benchmarks (top 'quintile' typically). The management company's investment processes and resources support the fund's ability to deliver good, consistent performance relative to peers over the longer term.

'Satisfactory'
'Satisfactory' Fund Quality Ratings are assigned to funds that demonstrate, in Fitch's opinion, adequate proficiency and resource commitments in key areas of the investment management process and have delivered average long-term risk-adjusted returns relative to peers and/or relevant benchmarks. In some cases, ratings at this level may be assigned to funds with below-average track records provided the management company can demonstrate substantially revised investment processes that materially address shortcomings in historical performance. The management company's investment processes and resources support the fund's ability to deliver average risk-adjusted performance relative to peers over the longer term.

'Weak'
'Weak' Fund Quality Ratings are assigned to funds that, in Fitch's opinion, fail to demonstrate adequate proficiency and resource commitments in key areas of the investment management process and/or have delivered poor, inconsistent, or an unsubstantiated long-term risk-adjusted track record relative to peers and/or relevant benchmarks. At this time, weaknesses in the management company's investment processes and resources impair the fund's ability to deliver consistent performance relative to peers over the longer term.

'Inadequate'
'Inadequate' Fund Quality Ratings are assigned to funds that exhibit an inconsistent, weak track record (bottom 'quintile' typically) coupled with 'Weak' proficiency and resource commitments.

'Qualifying'
The 'Qualifying' designation is applied to funds that, as determined by Fitch, lack a three-year track record (or substantially similar proxy track record) but are judged to be at least 'Satisfactory' under Fitch's fund Qualitative Assessment.

Fitch may use an alternative ratings scale for Fund Quality Ratings in certain markets where regulations mandate, or the stage of fund industry development calls for a particular scale and/or ratings methodology. In such markets, Fitch will conform its ratings scale and methodology to the local market's regulatory framework and practices. For example, all funds may be rated on a numerical scale rather than the FQR six-tier qualitative scale. Fitch will fully disclose its ratings methodology and scale to the extent they differ in certain markets from this published criteria.

Criteria Scope and Limitations of Fund Quality Ratings

The primary focus of this criteria report is on funds that are actively managed for third-party investors and rely on a defined investment process and seek to outperform their investment peer group and/or target benchmarks.

Users of ratings should be aware of the general limitations on the nature of the information that rated entities or their agents make available to Fitch. In issuing and maintaining Fund Quality Ratings, Fitch relies on factual information it receives from fund managers or sponsors and from other sources the rating agency believes to be credible (including Lipper). When assigning Fund Quality Ratings, Fitch does not perform due diligence but conducts a reasonable investigation of the factual information relied upon by it in accordance with its rating methodology and may obtain reasonable verification of that information from independent sources (eg. auditors or regulators), to the extent such sources are available for a given fund or in a given jurisdiction. Fund managers may choose not to share certain information with external parties, including rating agencies, at any time. While Fitch expects that each manager that has agreed to participate in the rating process will supply promptly all information relevant for evaluating the ratings of the fund, Fitch neither has, nor would it seek, the right to compel the disclosure of information by any agents of the fund.

Fund Quality Ratings may not incorporate “event risk”. Event risk is defined as an unforeseen event which, until the event is known, is not included in the existing ratings. Prominent event risks for funds include sudden, dramatic and unexpected changes in financial market prices or liquidity, adverse regulatory decisions, litigation, redemptions, fraud or other unforeseeable breakdowns in control and governance, among others.

Fund Quality Ratings involve an assessment of historical risk-adjusted performance based primarily on net returns. To limit distortion from fee levels, Fitch generally considers the lowest fee share class. As such, Fund Quality Ratings will not directly factor in the extent to which a higher fee share class’s expense structure deviates from historical norms and, therefore, may reduce future returns and distributions to a shareholder class. Differences in tax regimes may also influence the actual, after-tax returns that investors experience.

The ratings do not predict a particular investment outcome or a particular risk-adjusted return. As they are relative within a given peer group, Fund Quality Ratings are not comparable across peer groups. For example, a ‘Strong’ rated emerging market fund may be intrinsically more volatile than other sector funds at the same ratings level.

Fund Quality Ratings are not credit ratings nor are they intended as inputs to credit ratings. Therefore, any attempt to compare Fund Quality Ratings with credit ratings in their ratings levels, transition rates or other traditional “performance metrics” would not be appropriate.

The FQRs are not and should not be construed as an investment recommendation. They should be viewed as one of many potential inputs into an investor’s decision-making process. The FQRs do not opine on the fund’s liquidity or the market value of its assets.

B.2.5 National Fund Credit, Fund Volatility, and Money Market Fund Ratings

B.2.5.1 National Fund Credit Ratings

In the case of countries with foreign and local currency sovereign ratings significantly below 'AAA', Fitch Ratings may provide National Fund Credit Ratings. Such ratings are based on the same scale as that applicable to national long-term credit ratings, which results in the assignment of an 'AAA' long-term credit rating to the lowest default risk relative to all the issuers or issues in the same country.

National Fund Credit Ratings provide a relative assessment of the safety of invested principal and the ability to maintain a stable market value for the fund's shares solely within the context of the country in question.

B.2.5.2 National Fund Volatility Ratings

National Fund Volatility Ratings are an opinion of the relative sensitivity of the total return (including market price) on a fund's shares to a broad array of assumed interest rates, liquidity of the portfolio, spreads, currency exchange rates, and other market conditions. Unlike International Fund Volatility Ratings, these National Fund Volatility Ratings are solely an opinion of the relative risk of such factors endogenous to the sovereign state in which the fund operates. National Fund Volatility Ratings are expressed in terms of the same scale and description as International Volatility Ratings and are signified by the addition of a special identifier for the country concerned, such as, for example, "V-1(mex)" in the case of Mexico.

B.2.5.3 National Money Market Fund Ratings

National Money Market Fund Ratings provide a relative opinion of the capacity of a money market fund to preserve principal and provide shareholder liquidity solely within the context of the country in question. The ratings in question are not internationally comparable since each country has a National Rating of 'AAA' assigned to the lowest default risk or "best" credit available in that country and other credits are rated only relative to the entity or transaction with the lowest relative default risk for that country. National Money Market Fund Ratings are signified by the addition of a special identifier for the country concerned, such as, for example, "AAAmmf(mex)" in the case of Mexico.

Limitations of the Fund Credit and Volatility and Money Market Fund Rating Scales

Specific limitations relevant to Fund Credit and Volatility and Money Market Fund Rating Scales include the following:

- The ratings do not predict a specific level or range of performance of a fund over any given time period.
- The ratings do not opine on the suitability or otherwise of a fund for investment or any other purposes.
- Fund Credit Ratings do not opine on any quality related to a fund other than the average credit quality of its underlying assets and their diversification.
- Volatility Ratings do not opine on any quality other than the sensitivity of the fund's total return to assumed changes in interest rates, mortgage prepayment speeds, spreads, currency exchange rates and a limited number of other market conditions.
- Money Market Fund Ratings do not opine on any quality related to a money market fund other than its ability to maintain a stable net asset value.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section titled *Understanding Credit Ratings - Limitations and Usage* for further information on the limitations of the agency's ratings.

B.3 Asset Management Ratings

Fitch publishes ratings of asset management activities for the use of institutional investors. The agency issues Asset Manager Ratings to provide investors with an independent assessment of an asset management organization's vulnerability to operational and investment management failures.

Among others, these failures can take the form of:
- mismanaged risk budget;
- excessive counterparty risk taking;
- fund closure and/or fire sale due to mis-calibrated liquidity or asset liability risks;
- illegal or unethical market practices (price manipulation, unfair dealing, insider trading);
- poor investment oversight leading to major style drift or run-off portfolios;
- inconsistency in investment decision making leading to material financial losses;
- valuation, settlement/payment or subscription/redemption errors;
- miscommunication; and
- business disruption (for operational or financial reasons).

The ratings are issued on a five-tier scale of 'M1' – 'M5' with 'M1' being the highest rating. The agency may further differentiate ratings by plus (+) and minus (-), as warranted by the scores achieved. The agency may change or withdraw a company's Asset Manager Ratings at any time based on information garnered from reliable sources, the agency's surveillance data and regular updates provided by the asset manager, or because of lack of information provided by the manager.

The agency assigns National Asset Manager Ratings to asset management companies operating in countries where, for some rating factors, a comparison with international standards is irrelevant. Those factors are evaluated taking into consideration local specificities. National Asset Manager Ratings, which display a special identifier for the country concerned, e.g. 'M3(mor)' for Morocco, are comparable only to National Asset Manager Ratings assigned in the same country.

B.3.1 Asset Manager Rating Definitions

Level 1 Rating – M1– Superior
Asset manager operations demonstrate the lowest vulnerability to operational and investment management failure.

Level 2 Rating – M2– Strong
Asset manager operations demonstrate low vulnerability to operational and investment management failure.

Level 3 Rating – M3– Adequate
Asset manager operations demonstrate limited vulnerability to operational and investment management failure.

Level 4 Rating – M4– Weak
Asset manager operations demonstrate elements of vulnerability to operational and investment management failure, including heightened risks regarding the match between the organization's current and near-term competencies and its ability to adequately meet its business and investment management objectives.

Level 5 Rating – M5– Deficient
Asset manager operations demonstrate material vulnerability to operational and investment management failure. The organization may have deficiencies in the infrastructure required to meet its business and investment management objectives. Available financial information disclosed to Fitch Ratings may indicate uncertainty as to the organization's ability to remain commercially viable over the following 12 months or be insufficient to form a judgment on financial condition. Other management, risk control or operational practice deficiencies may be indicated.

Limitations of the Asset Manager Rating Scales

Specific limitations relevant to the rating scales applied to asset managers include:

- The Asset Manager Ratings relate to specific operational units and specific geographies within an asset manager – they do not necessarily relate to legal entities.
- The ratings do not predict a specific likelihood of asset manager failure over any given time period.
- The ratings do not opine on the market value of any asset manager's investments.
- The ratings do not opine on the liquidity of the asset manager's investments or that asset manager's own securities.
- The ratings do not opine on the suitability or otherwise of an asset manager for investment or any other purposes.
- The ratings do not opine on any quality related to an asset manager's business, operational or financial profile other than an observational opinion on its operational strength in a limited number of areas.
- The ratings do not opine on the investment strategies implemented by the asset manager.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The above list is not exhaustive, and is provided for the reader's convenience. Readers are requested to review the section *Understanding Credit Ratings – Limitations and Usage* for further information on the limitations of the agency's ratings.

B.3.2 National Asset Manager Rating Definitions

Level 1 Rating (xxx) – 'M1(xxx)' Superior

Denote the highest rating assigned by the agency in its National Asset Manager rating scale for that country. This rating is assigned to asset manager operations demonstrating the lowest vulnerability to operational and investment management failure, relative to all other asset managers in the same country.

Level 2 Rating (xxx) – 'M2(xxx)' Strong

This rating is assigned to asset manager operations demonstrating low vulnerability to operational and investment management failure, relative to all other asset managers in the same country.

Level 3 Rating (xxx) – 'M3(xxx)' Adequate

This rating is assigned to asset manager operations demonstrating limited vulnerability to operational and investment management failure, relative to all other asset managers in the same country.

Level 4 Rating (xxx) – 'M4(xxx)' Weak

This rating is assigned to asset manager operations demonstrating elements of vulnerability to operational and investment management failure, including heightened risks regarding the match between the organisation's current and near-term competencies and its ability to adequately meet its business and investment management objectives.

Level 5 Rating (xxx) – 'M5(xxx)' Deficient

This rating is assigned to asset manager operations demonstrating material vulnerability to operational and investment management failure. The organisation may have deficiencies in the infrastructure required to meet its business and investment management objectives; available financial information disclosed to Fitch Ratings may indicate uncertainty as to the organization's ability to remain commercially viable over the following 12 months, or be insufficient to form a judgment on financial condition; or other management, risk control or operational practice deficiencies may be indicated.

C. Other Forms of Opinion

In addition to published international and national scale ratings, Fitch Ratings offers a number of additional forms of opinion within the core rating business.

C.1.1. Rating Assessment Service

Fitch Ratings can provide Rating Assessment Service (RAS) opinions to rated and unrated entities under certain circumstances. RAS opinions indicate to the issuer or their agent what rating level that issuer and its obligations would be likely to receive, given a set of hypothetical assumptions provided by the assessed entity. These might include details relating to a reconfiguration of the capital structure or the impact of an acquisition or disposal. This assessment is a rating-level opinion performed by the analytical group responsible for that entity, and feedback is provided to the assessed entity, or its agent, or the entity's majority owner, or their agent, including a detailed list of assumptions and limitations applied in the assessment.

C.1.2 Credit Opinions ('*')

Where a rating symbol is suffixed with an asterisk (e.g. 'BBB+*') or (cat) notation, this indicates that the opinion is conditional. Credit Opinions are not generally intended for publication, and are generally used as input opinions to other rating work. The exact nature of the conditionality should be taken from the qualifications accompanying the credit opinion. The credit opinion may be point-in-time rather than monitored, it may be based on a lower level of information, or it may give an indicative rating level subject to further analysis or to the occurrence of certain events. It may represent an otherwise full analysis that excludes one or more (disclosed) analytical elements, precluding the credit opinion from representing a full rating opinion. In each case, the '*' suffix indicates that the credit opinion is not fully comparable in all regards with published ratings at that level.

C.1.3 Opinions Provided by Fitch Non-Rating Affiliates

Fitch Ratings' sister company, Fitch Solutions, also provides opinions for risk management professionals, including Market-Implied Ratings and U.S. Financial Institution Scores. These opinions are provided by staff within Fitch Solutions. The scales used in opinions provided by non-rating affiliates of Fitch Ratings are not interchangeable with or equivalent to those used for ratings or scores assigned by the agency.

D. Rating Watches and Rating Outlooks

D.1.1 Rating Watch

Rating Watches indicate that there is a heightened probability of a rating change and the likely direction of such a change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or affirmed. However, ratings that are not on Rating Watch can be raised or lowered without being placed on Rating Watch first, if circumstances warrant such an action.

A Rating Watch is typically event-driven and, as such, it is generally resolved over a relatively short period. The event driving the Watch may be either anticipated or have already occurred, but in both cases, the exact rating implications remain undetermined. The Watch period is typically used to gather further information and/or subject the information to further analysis. Additionally, a Watch may be used where the rating implications are already clear, but where a triggering event (e.g. shareholder or regulatory approval) exists. The Watch will typically extend to cover the period until the triggering event is resolved or its outcome is predictable with a high enough degree of certainty to permit resolution of the Watch.

Rating Watches can be employed by all analytical groups and are applied to the ratings of individual entities and/or individual instruments. At the lowest categories of speculative grade ('CCC', 'CC' and 'C') the high volatility of credit profiles may imply that almost all ratings should carry a Watch. Watches are nonetheless only applied selectively in these categories, where a committee decides that particular events or threats are best communicated by the addition of the Watch designation.

D.1.2 Rating Outlook

Rating Outlooks indicate the direction a rating is likely to move over a one- to two-year period. They reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. The majority of Outlooks are generally Stable, which is consistent with the historical migration experience of ratings over a one- to two-year period. Positive or Negative rating Outlooks do not imply that a rating change is inevitable and, similarly, ratings with Stable Outlooks can be raised or lowered without a prior revision to the Outlook, if circumstances warrant such an action. Occasionally, where the fundamental trend has strong, conflicting elements of both positive and negative, the Rating Outlook may be described as Evolving.

Outlooks are currently applied on the long-term scale to issuer ratings in corporate finance (including sovereigns, industrials, utilities, financial institutions and insurance companies) and public finance outside the U.S.; to issue ratings in public finance in the U.S.; to certain issues in project finance; to Insurer Financial Strength Ratings; to issuer and/or issue ratings in a number of National Rating scales; and to the ratings of structured finance transactions. Outlooks are not applied to ratings assigned on the short-term scale and are applied selectively to ratings in the 'CCC', 'CC' and 'C' categories. Defaulted ratings typically do not carry an Outlook.

D.1.3 Deciding When to Assign Rating Watch or Outlook

Timing is informative but not critical to the choice of a Watch rather than an Outlook. A discrete event that is largely clear and the terms of which are defined, but which will not happen for more than six months – such as a lengthy regulatory approval process – would nonetheless likely see ratings placed on Watch rather than a revision to the Outlook.

An Outlook revision may, however, be deemed more appropriate where a series of potential event risks has been identified, none of which individually warrants a Watch but which cumulatively indicate heightened probability of a rating change over the following one to two years.

A revision to the Outlook may also be appropriate where a specific event has been identified, but where the conditions and implications of that event are largely unclear and subject to high execution risk over an extended period – for example a proposed, but politically controversial, privatization.

E. Rating Actions

Standard Rating Actions, Rating Modifiers, Data Actions, Historical Actions

Fitch takes certain actions in relation to its ratings. These actions can indicate a change in the relative credit quality of the rated entity (See Standard Rating Actions) or a relative change in servicing quality. In addition, actions regarding Outlooks or Watches provide an indication of a potential rating change (See Rating Modifier Actions), or other events (See Data Actions).

E.1.1 Standard Rating Actions

Affirmed*
The rating has been reviewed and no change has been deemed necessary.

Confirmed
Action taken in response to an external request or change in terms. Rating has been reviewed in either context, and no rating change has been deemed necessary. For servicer ratings, action taken in response to change in financial condition or IDR of servicer where servicer rating is reviewed in that context exclusively, and no rating action has been deemed necessary.

Downgrade*
The rating has been lowered in the scale.

Matured*/Paid-In-Full

a. 'Matured' - This action is used when an issue has reached the end of its repayment term and rating coverage is discontinued. Denoted as 'M'.
b. 'Paid-In-Full' - This action indicates that the issue has been paid in full. As the issue no longer exists, it is therefore no longer rated. Denoted as 'PIF'.

New Rating*
Rating has been assigned to a previously unrated issue primarily used in cases of shelf issues such as MTNs or similar programs.

No Longer Applicable (NLA)
Rating formerly assigned is no longer relevant due to a change in scale or some other non-credit event.

Prerefunded *
Assigned to long-term US Public Finance issues after Fitch assesses refunding escrow.

Publish*
Initial public announcement of rating on the agency's website, although not necessarily the first rating assigned. This action denotes when a previously private rating is published.

Upgrade*
The rating has been raised in the scale.

Withdrawn*

The rating has been withdrawn and the issue or issuer is no longer rated by Fitch Ratings. Indicated in rating databases with the symbol ‘WD’.

Rating Modifier Actions

Modifiers include Rating Outlook, Rating Watch, Distressed Recovery Rating, and Recovery Rating.

Rating Watch Maintained*
The issue or issuer has been reviewed and remains on active Rating Watch status.

Rating Watch On*
The issue or issuer has been placed on active Rating Watch status.

Rating Watch Revision*
Rating Watch status has changed.

Support Floor Rating Revision

Applicable only to Support ratings related to Financial Institutions, which are amended only with this action.

Under Review*

Applicable to ratings that may undergo a change in scale not related to changes in fundamental credit quality. Final action will be “Revision Rating”

The Following Actions Will Only Apply in Structured Finance Transactions.

Revision Outlook
Rating Outlook status has changed independent of a full review of the underlying rating.

**A rating action must be recorded for each rating in a required cycle to be considered compliant with Fitch policy concerning aging of ratings. Not all Ratings or Data Actions, or changes in rating modifiers, will meet this requirement. Actions that meet this requirement are noted with an * in the above definitions.*

E.1.2. Data Actions

Data Actions refer to actions taken on individual issuers or issues that denote the assignment or change of a rating but which do not imply any change in the credit quality of the entity.

Deleted
Rating has been removed from Fitch’s database due to inaccuracy or for some other non-credit related reason.

Revision Enhancement
Some form of the credit support affecting the rating opinion has been added or removed.

Revision IDR
Issuer's long-or short-term rating has been converted to an Issuer Default Rating. This action is used in cases where the change does not denote an upgrade or downgrade.

Revision Rating
Rating has been modified for reasons that are not related to credit quality, such as to reflect the introduction of a new rating scale.

E.1.3 Historical Actions

In the evolution of the ratings process, Fitch has employed actions designed to meet a single purpose. These actions remain in rating history but are not expected to be re-used.

Change
Bank Support Rating was changed to reflect new criteria. Last used in 2005.

Database Add
Initial rating listed in Fitch Ratings' database, though not necessarily the first rating assigned.

Distressed Recovery Rating Revision
Change to an issue's Distressed Recovery Rating that is independent of its long- or short-term rating. The term "Distressed Recovery Ratings" exists only in rating history. These were replaced by Recovery Ratings as of 2009. Recovery Ratings for Structured Finance transactions were withdrawn in November 2011.

Bank Individual Ratings

Bank Individual Ratings were assigned on a scale of A through F. These ratings, attempted to assess how a bank would be viewed if it were entirely independent and could not rely on external support. Bank Viability Ratings are now assigned.

Loss Severity Rating Revision
Change to an issue's Loss Severity Rating that is independent of its long-term or short-term rating.

Recovery Rating Revision
Change to a Corporate Finance issue's Recovery Rating that is independent of its long or short-term rating. Recovery Ratings are no longer assigned or revised for Structured Finance issues.

Revision MMF
Rating has been revised to denote money market fund through addition of MMF suffix. Action was completed in January 2010.

Revision Outlook
Rating Outlook status for a Corporate or U.S. Public Finance rating has changed, reflecting a full review of the underlying rating.

Withdrawn – Prerefunded
Indicates that a prerefunded issue no longer carries an underlying rating in cases where Fitch is not asked to re-rate the issue based on the refunding escrow.

E.2.1 Withdrawals

Numerous factors are considered by Fitch Ratings when reviewing a rating for withdrawal. An entity may cease to exist in the course of a merger process or following a bankruptcy. A rated transaction may be repaid in full. Information available to the agency may be insufficient to maintain a rating. This may occur where an issuer de-lists from a stock exchange, or where it ceases to cooperate with the agency and the balance of public disclosure is insufficient to support a rating. Finally, the agency may withdraw ratings where the level of market interest, sector coverage, or resource allocation leads the agency to discontinue analytical coverage.

With the exception of transactions that are repaid in full on schedule, all withdrawals of public ratings are disclosed in a rating action commentary, published on the agency's websites, and disseminated through the agency's electronic rating feeds. The withdrawal announcement will typically simply state the rating has been withdrawn, the level of the rating at withdrawal, the reason for the withdrawal and that analytical coverage will cease.

Withdrawals cannot be used to forestall a rating action. Every effort is therefore made to ensure that the rating opinion upon withdrawal reflects an updated view. Where significant elements of uncertainty remain (for example, a rating for an entity subject to a takeover bid) or where information is otherwise insufficient to support a revised opinion, the agency attempts when possible to indicate in the withdrawal disclosure the likely direction and scale of any rating movement, had coverage been maintained.