Ethias S.A

Full Rating Report

Ratings

Ethias S.A.

Insurer Financial Strength Rating	BBB
Long-Term Foreign-Currency IDR	BBB−
Undated subordinated debt	BB

Ethias Droit Commun AAM

Insurer Financial Strength Rating	BBB

Sovereign Risk

Long-Term Foreign-Currency IDR	AA
Long-Term Local-Currency IDR	AA

Outlooks

Insurer Financial Strength Ratings	Stable
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Ethias S.A

(EURm)	2012
Total adjusted equity	1,207
Total assets	22,203
Net income	180
Gross written premiums	2,473

Related Research

Belgium (March 2013)

Analysts

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Key Rating Drivers

Improved Financial Profile: After several years of reorganisation, Ethias S.A's financial statements for 2012 showed a solid improvement in profitability and capital adequacy. Fitch Ratings expects that capital strengthening and the payment of a dividend to holding company Vitrufin S.A., both of which started in 2012, will continue. Support from the Belgian authorities is no longer the main rating driver as the company has reported financial metrics that are in line with the 'BBB' rating range. Therefore, Ethias's ratings now follow standard notching.

Operations Profitable: Management has made vigorous efforts to implement the European Commission's (EC) restructuring plan, which aimed at restoring Ethias's profitability levels by 2013. As Fitch had expected, technical profit improved and was at an adequate level for the second year in row in 2012, reaching EUR211m (2011: EUR182m). Net income is mainly driven by the non-life business.

Adequate Capital Adequacy: Ethias's capital adequacy improved significantly in 2012 and is now strong for the 'BBB' rating category. This has mainly resulted from a strong level of net income in 2012 and is despite the payment of a dividend. Ethias's regulatory solvency ratio reached 184% at end-2012, up from 158% at end-2011.

Restructuring Nearly Complete: All of the restructuring measures required by the EC have been implemented, except for total disengagement from retail life. Since 2009, the restructuring process has had limited adverse effects on the group's franchise. In 2011, Ethias S.A. sold its entire equity stake in Dexia to Vitrufin, meaning that it is no longer exposed to this risk.

Belgian Authorities' Support: Fitch believes the Belgian authorities would provide further support to Ethias should the need arise. This view is based on the authorities' majority ownership of the company, combined with Ethias's role in providing insurance to Belgian public organisations and their employees.

Litigation Risk Persists: The dispute between Ethias and the Belgian tax authority, concerning management of pensions for public agents, remains unresolved to date. The EUR365m total exposure has not been reserved by Ethias as the company is confident of a positive outcome to the dispute. However, this constrains the ratings as losing the case would significantly affect the company.

Rating Sensitivities

Lasting Stabilisation: Key triggers for an upgrade would include public assessment by the EC of successful completion of the measures implemented since 2009, and a demonstration of Ethias's ability to maintain a level of capitalisation and profitability in line with Fitch's expectations for a company rated at the high end of the 'BBB' category range.

Weakening of Capitalisation: Key triggers for a downgrade include a significant deterioration of capital adequacy, particularly resulting from an unfavourable outcome to the court case between Ethias and the Belgian tax authority.

Poor Profitability: Failure to maintain an adequate level of profitability and especially a solid business position in the Belgian market could also lead to a downgrade.

Market Position and Size/Scale

Strong Market Position Moderated By Restructuring Obligations

- Solid business position concentrated on the Belgian market
- Restructuring nearly complete
- Diversified range of products
- Distribution costs lower than competitors'

Solid Business Position Concentrated on the Belgian Market

Ethias benefits from a solid business position in the Belgian insurance market. It was the fourth-largest insurer in 2011 by gross written premiums (GWP), with a market share of 8.4% (6.5% in life insurance and 11.6% in non-life insurance). However, almost all of the group's activities are concentrated in the Belgian market, which is competitive and offers limited growth opportunities.

Restructuring Nearly Complete

In return for support from the Belgian authorities, the EC required Ethias to dispose of some of its activities. The main remaining item to be disposed of is the retail life insurance activity, which is still being managed and should be run down within the company. No new retail life policies have been underwritten since May 2010. However, outstanding reserves are still managed by Ethias, which also carries them on its books. Part of the portfolio may be ceded, but the unfavourable market conditions mean that most of it could remain at Ethias in the coming years.

To offer its clients a complete range of insurance products, Ethias has an agreement with Belgian life insurer, Integrale, to sell some of the latter's products through its distribution channels.

Diversified Range of Products

Ethias's GWP reached EUR2.5bn at end-2012, up 0.8% on 2011. This low growth was due to reduced premiums in the retail life business. The level of written premiums from the non-life segment remained stable.

Most of Ethias's life premiums are savings-type products with minimum guaranteed interest rates. At end-2012, 73% of life premiums were recurring premiums and 92% related to group life products.

The non-life activity is more balanced and quite traditional. The breakdown of premiums at end-2012 was: 33% motor, 25% accident and health, 15% fire and other property, 8% third-party liability, and 19% other. Ethias's relatively modest scale in European terms is mitigated by its historical links with Belgian local public organisations, with a market share of more than 80% in this area, and its efficient distribution process.

Distribution Costs Lower than Competitors'

As the only major direct insurer in Belgium, Ethias runs a more competitive business model than other insurance companies in the country.

Ethias distributes almost all of its business through offices manned by salaried sales staff, which deal with individual clients, and insurance inspectors, who deal with public corporate clients, mostly local governments and state-related organisations. All products offered by Ethias to individual clients are marketed directly through offices or via the internet and call centres.

Related Criteria

Insurance Rating Methodology (January 2013)

Ownership is Neutral to Rating

Corporate Governance and Management

Corporate governance and management are effective – and neutral to the ratings. In 2009, Ethias reorganised its management structure to clearly assign tasks and management responsibilities. At the same time, it entirely redesigned the internal reporting system, allowing for regular and frequent management reporting on key activities: business operations, investment and risk management.

Ethias was formed in 1919 as Société Mutuelle des Administrations Publiques (Insurance Mutual for Local Public Authorities; SMAP). One of its objectives was to offer its members – local government organisations – lower tariffs than those generally available from traditional insurers. In 2003, SMAP was renamed Ethias. Ethias was originally composed of four mutual insurance companies and their subsidiaries.

The group suffered from severe difficulties in the wake of the global financial crisis, and at end-2008 its legal structure had to be changed to allow Belgian public authorities to recapitalise it. Operational activities were placed in a limited-liability company (Ethias), owned by the holding company Vitrufin, of which the Belgian public authorities own 75% and Ethias Droit Commun AAM, one of the group's historical component companies, holds 25%. Fitch expects no change in group ownership in 2013-2014.

Ethias Droit Commun (the only mutual insurance company left in the group) includes a portion of workers' compensation business, which accounts for less than 6% of the group's premiums. The company has a 95% quota share reinsurance treaty with Ethias.

Fitch would expect the Belgian authorities to provide additional support to the group should the need arise.

Key Events

December 2008: Belgian public entities inject EUR1.5bn capital into Vitrufin (EUR500m from the Walloon region, EUR500m from the Flanders region and EUR500m from the Belgian federal government).

May 2010: The European Commission approves Ethias's restructuring plan.

May 2011: Ethias disposes of its Luxembourg-based subsidiary, Bel Re.

July 2011: Ethias announces the disposal of its shareholding in Dexia to Vitrufin.

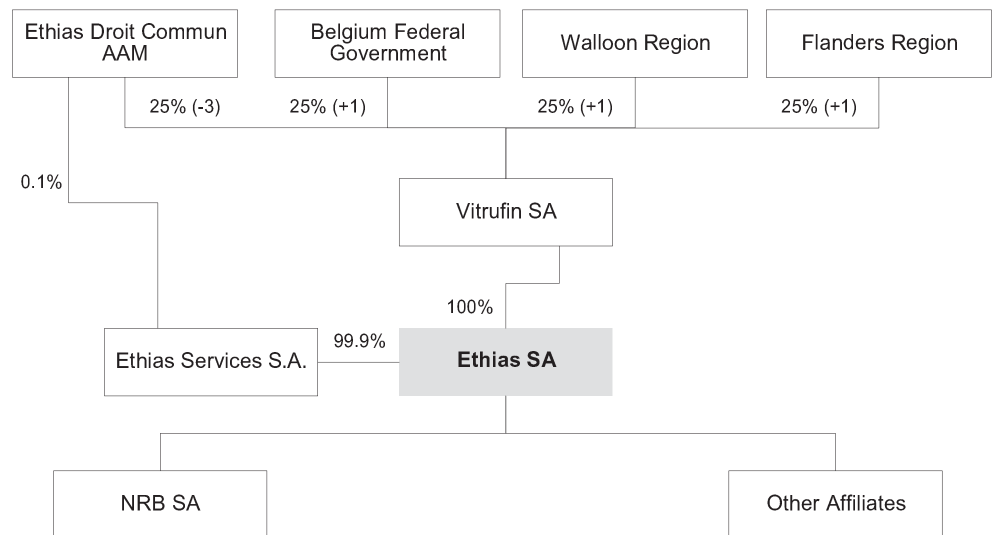
September 2011: Ethias sells Nateus to the Baloise group.

December 2011: Ethias sells Ethias Banque to Optima Financial Planners.

2012-2013: Vitrufin sells all of its shareholding in Dexia.

Figure 1

Structure Diagram at June 2013



Source: Ethias

Sovereign and Country-Related Constraints

Fitch rates the sovereign obligations of Belgium 'AA' with a Stable Outlook, and the Country Ceiling is 'AAA'. At current levels, the ratings of Belgian insurance organisations are not constrained by sovereign or macroeconomic risks.

Industry Profile and Operating Environment

Mature Market Under Pressure

Belgium is a mature insurance market, with total premiums of EUR32bn. At end-2012, total insurance premiums accounted for 8.9% of the country's GDP. Around 35% of premiums relate to non-life insurance activities; the remainder relate to life products, mostly savings.

Total insurance business has remained broadly stable over the past five years, and Fitch expects this trend to continue for the foreseeable future. Belgian insurers' profitability levels have been fairly volatile over the past five years, due to both significant financial market movements, especially in 2008 and 2011, and natural catastrophes that affected the country in 2007 and 2010.

At an industry level, net profit as a percentage of written premiums was negative in 2008 (−11%), while the 2009-2010 performances were positive but below the historical average. Fitch expects profitability to remain volatile in the foreseeable future, sustained by fierce competition and movements in the financial markets.

Peer Analysis

Major Direct Insurer in the Belgian Market

Ethias is the only major direct insurer in Belgium, where brokers and bancassurance business models are very strong. Geographical diversification and business lines differ substantially among companies (see Figure 2). Ethias's activities are focused in Belgium, while some of KBC Insurance's business comes from central European countries.

In a difficult market, Ethias has underperformed in terms of growth of premiums, but outperformed in terms of profitability, despite the large impact of invested assets' impairments.

In 2011, Ethias benefited from an 8.4% market share (6.5% in life, 11.6% in non-life), below that of KBC Insurance (13.2%), AXA Belgium (14.7%), AG Insurance (21.1%) and above Belfius Insurance (8%; not rated). The 15 largest Belgian insurers accounted for a 93.6% market share. Fitch believes that concentration in the Belgian market may increase in the coming years via potential partnerships or mergers between medium-sized players.

Figure 2

Peer Comparison

(EURm)	IFS Rating/Outlook	Total assets	Equity	GWP	Net income	Combined ratio (%)	Solvency I ratio (%)
Ethias	BBB/Stable	22,203	1,178	2,473	180	92.4	184
AG Insurance	A+/Stable	66,781	5,501	6,403	437	101.7	173
AXA Belgium	AA−/Stable	42,399	n.a.	4,148	487	93.6	n.a.
KBC Insurance	A−/Stable	35,220	3,292	2,998	993	95	322

Source: Fitch

Figure 3

Capitalisation and Leverage

(EURm)	2008	2009	2010	2011	2012	Fitch's expectation
Total adjusted equity	1,154	1,206	1,151	1,063	1,207	Fitch expects capitalisation to continue to recover gradually. Results for 2012 started to show the benefits of management actions implemented since 2009.
Net income	-2,071	38	-199	-25	180	
Financial leverage ratio (%)	68	57	26	26	23	
Regulatory solvency ratio (%)	171	171	162	158	184	
Change in equity (%)	n.a.	4.5	-4.6	-7.6	13.5	

Source: Fitch

Strong Capital

- Ability to strengthen capital
- Manageable drag from holding company
- Significant unrealised gains
- Litigation risk persists

Ability to Strengthen Capital

As Fitch had expected, management actions taken since 2009, in line with the EC's restructuring plan, started to show a positive impact on Ethias's solvency in 2012. The regulatory solvency ratio reached 184%, excluding unrealised gains, up from 158% in 2011. This is a strong level for an insurance company rated in the 'BBB' category.

The progressive running-down of the retail life portfolio will continue to be an opportunity for the company to strengthen its capital adequacy in the coming years.

The successful implementation of the EC's requirements suggests that the recent capital strengthening should last.

Manageable Drag From Holding Company

In order to buy the Dexia shares, Vitrufin issued EUR278m of new bonds in 2012. The group plans for the payment of interest and principal on this new debt to be financed by Ethias through dividends. Vitrufin sold all of the remaining Dexia shares late 2012 and early 2013. The sale resulted in realised losses of EUR24m, which were covered by the advanced dividend paid by Ethias in Q4 2012. Therefore, Dexia shareholding-related risk has been removed.

Fitch believes the payment of interest through dividends will be possible in the coming years, based on current-year results. This view is supported by Ethias's increasing profitability and improved financial profile. Dividend payment from Ethias to holding company Vitrufin is conditional on the regulatory solvency ratio being at least 150%, which limits possible financial drag from the holding company.

Significant Unrealised Gains

Belgian government bonds were very volatile in the 12 months to end-2012. The 5.84% 10-year yield offered at end-2011 fell to 2.05% at end-2012. Ethias has significant exposure to Belgian government bonds. This transformed its fixed-income portfolio's unrealised losses at end-2011 into significant unrealised gains of EUR994m at end-2012.

Litigation Risk Persists

The dispute between Ethias and the Belgian tax authority remains unresolved. Total exposure has reached EUR365m, but the company is confident of a favourable outcome to this dispute. However, this issue constrains the rating as losing the case would significantly affect the company. The case should be resolved by the end of 2013.

Figure 4

Debt Service Capabilities and Financial Flexibility

(x)	2008	2009	2010	2011	2012	Fitch's expectation
Fixed charge coverage ratio	-142	5	-10	0	12[a]	Fitch expects the fixed charge coverage ratio to stabilise in 2013, as profitability continues to remain solid.

[a] Excludes 2012 interest charge related to Vitrufin SA subordinated debt for 2012 (EUR21m)
Source: Fitch

Financial Flexibility Relies on Belgian Public Authorities

- Likely external support
- Indirect debt burden
- Fixed charge coverage recovery

Likely External Support

Fitch would expect the Belgian authorities to provide additional support should the need arise. The agency's view is based on the authorities' majority ownership of the company, combined with Ethias's provision of insurance to Belgian public organisations and their employees.

Indirect Debt Burden

To buy the Dexia shares and comply with EC requirements, Vitrufin issued EUR278m of new bonds in 2012. Fitch expects the payment of interest and principal on this debt to be funded by Ethias. The fixed charge coverage ratio for 2012 would have been 6.2x including the interest charge related to Vitrufin's EUR278m subordinated debt.

Ethias issued subordinated bonds totalling EUR325m in 2005 and 2008.

Fixed Charge Coverage Recovery

As Fitch had expected, the high level of net income at end-2012 resulted in a solid fixed charge coverage ratio of 12x (2011: 0x). The fixed charge coverage ratio was high for the rating range in 2012, despite the indirect debt burden of the bonds issued in 2012 by Vitrufin, which expire in early 2019. Fitch expects Ethias to pay EUR21m of interest and EUR40m of amortised principal, through dividends, each year for the next seven years starting in 2013.

Figure 5

Financial Performance and Earnings

(EURm)	2008	2009	2010	2011	2012	Fitch's expectation
Net income	-2,071	38	-199	-25	180	Fitch expects financial performance and earnings to stabilise, as fundamental changes to the company's financial profile have been made since 2010.
Operating result	-2,072	73	-191	-13	196	
Combined ratio[a] (%)	89.9	103.0	101.6	75.9	92.4	
Incurred loss ratio (%)	71.2	85.4	84.3	58.4	75.6	
Return on assets (%)	-8.5	0.2	-0.9	-0.1	0.8	

[a] Fitch calculation for combined ratio takes into account technical reserves releases
Source: Fitch

Satisfactory Profitability

- Sound non-life profitability
- Group life recovering
- Stability likely in future

Sound Non-Life Profitability

The technical non-life result for Ethias was a positive EUR189m in 2012 (2011: EUR351m; 2010: EUR7m). Ethias's net result is mainly derived from the non-life activity.

The net combined ratio for the group was 92% in 2012, up from 76% in 2011. In 2011, the ratio was improved by significant exceptional reserves releases, which accounted for 12 points of the final combined ratio.

Tight control of operating costs remains key to the group's strategy. The group's distribution cost ratio averaged 12% of net premiums written in 2008-2012, well below the Belgian non-life insurance market level of around 16%. This good expense performance was largely due to the low-cost distribution channels used by the group. The expense ratio reached 17% in 2012, which Fitch views as satisfactory. In 2011, the average expense ratio for the Belgian market was 19%.

Group Life Recovering

Total life premiums grew 2% between 2011 and 2012 but this included a solid recovery of group life products, which is the market in which Ethias has historically operated. The group segment, which accounted for 92% of life premiums in 2012, was up 13% on 2011. Individual life products were down 52%, because no new retail life policies have been underwritten since May 2010.

Stability Likely in Future

Fitch expects results to continue to reflect corrective measures in terms of tariff increases and the modification of certain product features, while the claims environment has so far been benign. The positive trend, especially coming from the non-life segment, results from fundamental changes. Fitch therefore expects the trend to prove lasting.

However, some of the features of this profitability may not be sustainable in the long term. These include the benign claims environment and the tariff increase achieved between 2010 and 2011. Consequently, Fitch expects profitability to stabilise rather than improve further.

Figure 6

Investment and Asset Risk

(%)	2008	2009	2010	2011	2012	Fitch's expectation
Risky assets to equity[a]	306	265	210	115	83	Fitch expects the investment yield to remain under pressure in the medium term due to the low interest rate environment.
Unrealised gains/losses on equity	-107	-1	-27	-60	82	
Investment yield	-8.0	3.6	1.8	1.3	3.4	
Cash/invested assets	5	9	5	7	6	

[a] This ratio is a combination of unaffiliated common stock and investments in affiliates
Source: Fitch

Prudent Investment Management

- De-risking of invested assets
- Reinvestment challenges

De-Risking of Invested Assets

Within the fixed-income portfolio, the proportion of assets invested in government bonds remained stable at 50%. At end-2012, peripheral eurozone exposure was EUR1.2bn (end-2011: EUR1.6bn) at book value, representing 5.7% of Ethias's total assets. The main exposure remaining was to Italian bonds. The investment portfolio no longer contains Greek government bonds.

The de-risking of invested assets has also included significant divestments of shares, affiliates, ABS and structured products and repos.

At end-2012, the investment breakdown at book value was: 74% bonds, 5% equities (including affiliates), 6% cash and short term deposits, 4% mortgages, 2% loans, 1% real estate, 5% deposits with cedents, and 3% unit linked. The proportion of equities, at 5% of invested assets, is in line with levels at Belgian peers.

The credit quality of the life and non-life bond portfolios is adequate, with an average rating of 'BBB+'. This measure is a risk-weighted average taking into account the second-best rating available. Bonds rated 'BB' and below, together with unrated bonds, make up 5% of the bond portfolio.

Reinvestment Challenges

Ethias took advantage of the high yields offered by Belgian government bonds at end-2011, to reinvest in these instruments. The proportion of Belgian government bonds in the company's bond portfolio was 25% at end-2012 (end-2011: 24%).

However, the group faces challenges when it seeks to reinvest because of the prevailing low interest rates available in the financial markets. Together with the run-off retail life portfolio, the low interest rate environment explains the level of uninvested cash.

Figure 7

Asset/Liability and Liquidity Management

(%)	2008	2009	2010	2011	2012	Fitch's expectation
Liquid assets to technical reserves	95.7	101.0	97.1	94.4	96.6	Liquidity and asset/liability management are in line with the ratings. Fitch does not expect material changes in liquidity management.

Source: Fitch

Liquidity Problems Being Managed

- Lapses in retail life under control
- Guaranteed rates covered by coupon payments

Lapses in Retail Life Under Control

During the financial crisis, and especially at end-2008, Ethias suffered liquidity pressure due to withdrawals by clients of their investments in its main individual life products, as no penalty was associated with surrender of the policy. At the request of the EC, Ethias has ceased underwriting any new retail life products since May 2010. The company expects significant levels of surrenders, which will be monitored by management. Potential liquidity problems have therefore been anticipated.

Since 2010, individual life mathematical reserves have decreased by 24% to EUR7,193m at end-2012.

Guaranteed Rates Covered by Coupon Payments

The average coupon rates on bonds are sufficient to cover the guaranteed rates. The average guaranteed rate on the existing portfolio was 3.46% for group life and 2.99% for retail life at end-2012.

The average coupon was 4.02% for the life bond portfolio at end-2012.

Figure 8

Reserve Adequacy

(%)	2008	2009	2010	2011	2012	Fitch's expectation
Technical reserves/equity	1,559	1,507	1,598	1,712	1,374	Fitch expects reserves to remain adequate, in line with the group's prudent reserving practices.
Net technical reserves to net premiums written (non-life)	240	245	251	256	258	
Technical reserves to net premiums written (life)	715	1,105	1,172	1,308	1,159	

Source: Fitch

Adequate Reserves

- Prudent non-life reserves
- Life reserves considered adequate by Belgian regulator

Prudent Non-Life Reserves

Fitch believes that Ethias's level of technical provisions is prudent, in light of regulatory requirements and practices in Belgium. Despite the significant reserves releases booked in 2011, Fitch regards the overall level of reserving as adequate. This view is supported by the level of reserve redundancies at end-2012.

Life Reserves Considered Adequate by Belgian Regulator

The guarantee profile for the underlying life insurance book has improved in recent years, as Ethias has reduced its exposure to higher-rate guarantees. The average guaranteed interest rate on the main individual life insurance product, "First", declined to 3.18% in 2012.

The average guaranteed interest rate for group pensions is 3.69%. This level of guarantee is fairly high, but the Belgium regulator has stated that the current level of reserves is adequate. It has not required any further reserve strengthening.

Reinsurance, Risk Management and Catastrophe Risk

Reinsurance and Risk Mitigation Appropriate

- Small buyer of reinsurance
- Good-quality reinsurers
- Ethias Droit Commun reinsured by Ethias

Small Buyer of Reinsurance

The group is not a big purchaser of reinsurance, as shown by its high retention rates, averaging 94% in life insurance and 95% in non-life insurance in 2012. This corresponds to a moderate risk profile, resulting mainly from the low insurance risk related to its individual non-life and savings-type life businesses. Fitch considers the level of reinsurance protection to be appropriate, in light of the low-risk characteristics of business underwritten.

Good-Quality Reinsurers

Most of the protection purchased is in the form of non-proportional treaties, sometimes supplemented by facultative covers. The quality of Ethias's external reinsurance providers is good on average. The main carriers are SCOR S.E. (IFS Rating: A+) and Hannover Rueck SE (IFS Rating: A+).

Ethias Droit Commun Reinsured by Ethias

Ethias reinsures 95% of Ethias Droit Commun's activities.

Figure 9

Key Non-Insurance Operations/Exposure

(EUR000)	2008	2009	2010	2011	2012	Fitch's expectation
Net premiums	8,003	6,155	7,373	7,113	10,427	Fitch does not expect significant changes for the Ethias Droit Commun entity in the coming years.
Net result	-438,371	591	1,416	1,404	3,053	
Net premiums to equity (%)	1.6	1.2	1.4	1.4	2.0	
Shareholders' funds	512,326	512,917	514,333	515,737	518,790	
Technical provisions	860,784	926,954	967,456	942,025	995,637	

Source: Fitch

Well-Managed Mutual Company

- Strong capitalisation
- Niche player
- Holding company's shareholder

Strong Capitalisation

Capitalisation is strong at the group's mutual company Ethias Droit Commun, with the regulatory solvency ratio at 3,306% at end-2012, unchanged from 2011. Ethias Droit Commun is the only mutual insurance company left in the group.

Niche Player

Ethias started to sell public agents' workers' compensation insurance products in Belgium in 1924. It is now the leader in this market, with EUR154m of gross premiums underwritten and 1,608 policyholders in 2012.

Holding Company's Shareholder

Ethias Droit Commun held 25% of the group's holding company Vitrufin at end-2012. This participation represents almost one-third of the insurer's total invested assets. Fitch does not expect significant changes in the company's activity, structure or management in the coming years.

Appendix: Other Ratings Considerations

Below is a summary of additional ratings considerations of a "technical" nature that are part of Fitch's ratings criteria.

Group IFS Rating Approach

Ethias S.A is the group's main operating entity. Fitch also regards Ethias Droit Commun as a "Core" entity under the agency's group rating methodology, because it is 95% reinsured by Ethias S.A, and it has a 25% share in Ethias's holding company, Vitrufin. They share the same IFS Rating based on Fitch's evaluation of the strength of the group as a whole.

Notching

European primary insurers (including those in Belgium) operate in what Fitch characterises as a "Strong" regulatory environment, as policyholder claims benefit from priority in the case of liquidation as well as both payment restrictions from operating to holding companies and a strong capital regime.

Notching Summary

Holding Company

Not applicable.

IFS Ratings

Due to the policyholder priority, a baseline recovery assumption of "Good" is used for the IFS Rating, and based on standard notching it is one notch above the company's IDR.

Debt

Not applicable (no rated debt issues).

Hybrids

The subordinated debt of Ethias is rated using a baseline recovery assumption of "Below Average". In addition, it is designated by Fitch as having "Material" loss absorption features (such as ability to defer coupons). Based on the combination of these two characteristics, standard notching was applied, placing the ratings two notches below the IDR of Ethias.

Hybrids – Equity/Debt Treatment

Figure 10

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR Reg. Override (%)	FLR Debt (%)
Ethias S.A.				
Subordinated debt	250	0	100	100
Subordinated debt	75	0	100	100

CAR – Capitalisation ratio: FLR – Financial leverage ratio. N.A. – Not Applicable
For CAR, % tells portion of hybrid value included as Available Capital, both before (Fitch %) and after the Regulatory Override
For FLR, % tells portion of hybrid value included as debt in numerator of leverage ratio
Source: Fitch

Exceptions to Criteria/Ratings Limitations

No exceptions.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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