FitchRatings

25 AUG 2021

Fitch Rates Kansas Power Pool's Electric Utility Refunding Revenue Bonds 'A-'; Outlook Stable

Fitch Ratings - Austin - 25 Aug 2021: Fitch Ratings has assigned an 'A-' rating to the following bonds issued by the Kansas Power Pool (KPP, or the agency):

--$2.855 million electric utility refunding revenue bonds series B, 2021;

--$5.720 million electric utility refunding revenue bonds series C, 2021.

In addition, Fitch has affirmed KPP's 'A-' Issuer Default Rating (IDR) and the following outstanding bonds:

--$11.535 million electric utility revenue bonds series A, 2015, at 'A-';

--$15.2 million electric utility revenue bonds series A, 2021, at 'A-'.

The Rating Outlook is Stable.

The bonds are scheduled to price via negotiation the week of Sept. 30, 2021. Bond proceeds will be used to refund certain outstanding Series B, 2012, Series A, 2013, Series A, 2012, and Series C, 2012 bonds for savings; fund the Series B, 2021 and Series C, 2021 reserve accounts; and pay for the costs of issuance.

ANALYTICAL CONCLUSION

KPP's 'A-' rating continues to reflect the agency's strong financial profile and low leverage, which have historically been bolstered by strong operating cash flow and debt amortization. The rating also reflects the approximately $20 million in costs KPP incurred following the February 2021 winter weather event, as well as the remediation steps approved by KPP's board to ensure the full recovery of storm costs.

The rating considers the potential impact of KPP's planned construction of a 55MW natural gas-fired facility in 2023, which would replace capacity from expiring purchased power contracts (PPCs). Planned debt issuance of approximately $80 million to finance the project would increase KPP's leverage ratio, measured as net adjusted debt/adjusted funds available for debt service, but Fitch Ratings expects the resulting levels would remain supportive of KPP's rating.

KPP's strong revenue defensibility is supported by long-term PPCs with 24 full-requirements members, as well as midrange purchaser credit quality (PCQ). KPP members generally exhibit weaker service territory metrics, including income levels that trail national levels, but maintain autonomous rate-setting ability, which Fitch views favorably.

CREDIT PROFILE

KPP is a municipal energy agency created under the laws of the state of Kansas in May 2005 to provide its members with an adequate resource pool, as well as collective resource planning for current asset operations and future resources to meet system growth. KPP has a membership base of 31 members, ranging in size from 151 meters to 7,651 meters. Of the 31 member cities, 24 have signed 20-year all-requirement PPCs with KPP. KPP sets wholesale rates at a level sufficient to generate a minimum target debt service coverage ratio (DSCR) of 1.3x.

KPP initially relied exclusively on market-based energy contracts and member-owned generation under contract to meet member energy requirements. However, KPP added a 10.3% undivided ownership interest in Dogwood in 2012, a natural gas plant located in Pleasant Hill, Missouri, in addition to purchased power agreements for baseload and wind generation.

KPP's membership remains largely unchanged since 2012, when 12 of its members elected not to sign long-term PPCs, which KPP requested in order to secure financing for the acquisition of the additional stake in the Dogwood facility. KPP has since added three full-requirements members: the cities of Mulvane and Waterville, both in 2013, and the city of Glasco in 2017. KPP continues to explore opportunities to increase its membership.

Planned Recovery of Winter Storm Event Costs

KPP's management and board have taken several steps to mitigate the financial impact of the approximately $20 million in storm-related costs. KPP applied for and received an $18 million loan from the Kansas City Utility Low Interest Loan Program -- the state loan program -- which was established by the state to provide municipalities with funds to pay for costs incurred during the February 2021 weather event. The loan proceeds were used to replenish KPP's Emergency Stabilization Fund (emergency fund) and other unrestricted cash balances, in addition to fully repaying outstanding amounts on KPP's line of credit. The loan bears an initial variable interest rate of 0.25% and allows for a five-year payback period.

The KPP board also approved a surcharge of $10/MWh in March 2021 to provide for recovery of the storm-related costs. KPP management estimates the surcharge will allow for a full recovery of the $20 million in storm costs during the next two years. Funds received from the surcharge will be used to repay the state loan.

KPP has taken additional proactive steps to improve the agency's short-term liquidity. In March 2021, the KPP board authorized KPP management to seek an increase in borrowing capacity on KPP's line of credit with Bank of the West (A/Negative) to $12 million from $6 million. The increase was approved on Aug. 19, 2021 and the line was extended to May 31, 2022. Fitch believes the increased line of credit would provide the agency with additional flexibility to address short-term liquidity needs.

KEY RATING DRIVERS

Revenue Defensibility: 'a'

Strong Long-Term, Full-Requirements Contracts

Fitch assesses KPP's revenue defensibility as strong based on KPP's unconditional full-requirements contracts with 24 members coupled with the largest members' credit quality. KPP's largest members exhibit an aggregate credit quality of midrange. Certain member service territory metrics, including income levels, remain below national levels, and rate increases could pressure affordability metrics.

Operating Risk: 'a'

Low-Cost Diversified Power Supply

KPP's operating risk assessment of strong reflects the agency's consistently low operating cost burden, which averaged 6.2 cents per kWh over the past five years. Fitch believes KPP's diversified portfolio of both owned generating assets and PPCs continues to support rate competitiveness and stability. Fitch believes any medium-term resource adequacy concerns following the expiration of KPP's 59MW contract with Evergy, Inc. (formerly Westar Energy Inc.) in 2023 can be adequately addressed but could result in higher operating costs.

Financial Profile: 'a'

Strong Financial Profile; Storm Cost Recovery Planned

KPP's financial profile assessment of strong reflects the agency's continued healthy liquidity, which was approximately 167 days' cash on hand at fiscal YE 2020. KPP also instituted a rate surcharge to recover the recent weather event costs, which Fitch believes will be sufficient to maintain KPP's leverage and liquidity metrics over the near term. Fitch expects leverage to increase following KPP's planned debt-financed construction of a 55MW natural gas-fired facility in fiscal 2023 but KPP's financial metrics will remain supportive of its strong financial profile assessment.

Asymmetric Additional Risk Considerations

No asymmetric additional risk considerations were applied in this rating determination.

RATING SENSITIVITIES

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

--Improvement in KPP's participant liquidity metrics and credit quality;

--Sustained declines in leverage below 7.0x in Fitch's base and stress cases.

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

--A decline in KPP participant credit quality;

--An inability, or unwillingness, among KPP or its members to maintain rates to support KPP's planned recovery of storm-related costs and KPP's debt and financial targets;

--Sustained increases in leverage above 8.0x in Fitch's base and stress cases;

--Future power supply decisions, including the procurement of new generating resources, resulting in financial metrics that are weaker than anticipated.

Best/Worst Case Rating Scenario

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

SECURITY

The bonds are secured by power supply system net revenues, including payments received by KPP pursuant to the PPCs with its full-requirements members.

Revenue Defensibility

DE FACTO UNLIMITED CONTRACT STEP-UP PROVISION

Fitch assesses KPP's revenue source characteristics as very strong, based on KPP's long-term unconditional take-and-pay PPCs with its 24 full-requirements members. The PPCs provide a de facto unlimited step-up among KPP's 24 full-requirements members, whereby if one member defaults, other members are required to incur the reallocated costs, including debt service.

KPP must set rates that are sufficient to meet its 1.1x rate covenant requirement, pursuant to the PPCs. Similarly, each member is required to set rates sufficient to meet their obligations. The terms of the PPCs for nearly all participants require that the bonds be fully paid prior to termination of the PPC. One member, the city of Attica, represents less than 1% of KPP's total 2020 energy sales and has a contract termination in 2033. Fitch does not view the contract termination as a material credit risk.

Rate Flexibility

VERY STRONG RATE-SETTING ABILITY

KPP's rate flexibility is assessed as very strong. KPP no longer falls under the jurisdiction of the Kansas Corporation Commission (KCC), pursuant to a June 2018 order. Fitch views the exemption favorably as it provides KPP with the independent legal ability to set rates without regulatory approval. The KPP wholesale rate is typically approved by KPP's membership committee, composed of a delegate from each of the 24 full-requirements members.

Rates are established annually and include a monthly energy cost adjustment factor to recover all costs not covered in rates. KPP wholesale member rates were approximately $63.47/MWh in fiscal 2020.

Purchaser Credit Quality

MIDRANGE PURCHASER CREDIT QUALITY

Fitch assesses KPP's PCQ as midrange based on the credit quality of its largest members and a calculated purchaser credit index (PCI) of 2.7. The PCI is based on Fitch's evaluation of KPP's two largest members, the cities of Winfield and Wellington, which together accounted for 50% of KPP's 2020 energy sales.

The cities of Winfield and Wellington exhibit weak-to-midrange service territory metrics, as evidenced by median household income and unemployment levels that lag national averages. Both cities serve smaller populations of less than 15,000 and the economies focus on the manufacturing and retail sectors. Customer concentration exists at both utilities, with the top-10 customers representing nearly 53% and 34% of total revenues at Winfield and Wellington, respectively. The concentrated customer base presents additional revenue stability risk.

All KPP members maintain autonomous rate-setting ability and are not subject to KCC oversight, which Fitch views favorably. Wellington's electric rates remain materially higher than the state's average rate, which limits the city's rate flexibility. Winfield's residential retail rates are more competitive and slightly below the state average. The residential rates of the next five largest purchasers are also competitive with the state average; rate affordability is not a concern.

Winfield exhibits weak liquidity and does not maintain a liquidity financial policy or target. Cash levels declined in recent years, primarily due to transfers that averaged approximately 11% of electric utility operating revenues during the five-year period ended in fiscal 2019. Favorably, Winfield's electric utility has not issued any debt. Wellington exhibits strong cash flow, low leverage and healthy cash balances. In aggregate, the utilities are supportive of a midrange PCQ assessment.

Operating Risk

DIVERSIFIED LOW COST POWER SUPPLY

Fitch assesses KPP's operating cost burden as low. Power supply costs averaged 6.2 cents/kWh during the past five years, maintaining a fairly narrow range of 5.9 cents/kWh- 6.5 cents/kWh.

Operating Cost Flexibility

KPP maintains a diversified power supply of owned generation assets and purchased power resources. KPP's 2020 capacity sources include natural gas (66%), coal (18%), wind (11%) and other (6%). KPP's 10.3% ownership share (62MW) in the Dogwood natural gas-fired facility and its PPC with Evergy

(59MW) remain important sources of baseload power. The Dogwood facility continues to benefit from low natural gas prices, and its quick-start capabilities have allowed it to operate effectively in the Southwest Power Pool (SPP) market where wind generation can fluctuate throughout the day. Additionally, recent coal and steam facility closures have increased its significance in the SPP market.

KPP's most recent additions to its power supply have been renewable resources, including a 20-year PPC with Marshall County Wind Farm for 25MW of wind energy in May 2016. KPP's board also approved an engineering contract with ZeMac, LLC in August 2018 to add six 25kW solar arrays located in six different KPP cities. One solar installation was completed at Winfield in November 2019, and two other KPP participants are moving forward with construction of solar facilities in 2021.

Renewable energy resources represented approximately 15% of KPP's total 2020 energy capacity, up slightly from 13% in 2018. Fitch views KPP's additions to its power supply favorably, as it further diversifies its owned generating resources and provides more reliable access to capacity. KPP also has the ability to supplement its power supply with economic market purchases through its agreement with Tenaska Power Services.

KPP management is reviewing its power supply resource plan due to Evergy's contract expiring in 2023 and the 15MW contract with Grand River Dam Authority expiring in 2026. KPP's financial forecast reflects the effects of adding a 55MW natural gas-fired generating facility to replace the expiring contracts. To the extent construction of the natural gas-fired facility is delayed, KPP management intends to purchase short-term power generation to ensure adherence to SPP market resource requirements. However, this could result in higher power costs. KPP management also plans to incrementally add renewable resources to its power supply.

The agency provides transmission services for all of its members through the SPP. KPP has firm transmission and congestion rights for all paths necessary to serve its member city loads. KPP also made necessary arrangements with SPP to secure a firm transmission path for the additional Dogwood capacity.

Capital Planning and Management

Fitch assesses the capital planning and management as very strong, based on an average age of plant of approximately five years. Capex has tempered since KPP's acquisition of an additional 3.3% stake in the Dogwood facility in 2015. Construction of a new natural gas-fired plant, which management estimates could cost approximately $80 million, is included in KPP's financial forecast.

KPP's capital plan also includes the construction of a battery facility, installation of two substations, transmission and distribution improvements, and automated metering infrastructure improvements. Fitch does not believe the capital improvements present any material concerns that would affect KPP's strong operating risk assessment.

Financial Profile

STRONG FINANCIAL PERFORMANCE

KPP's leverage ratio has continued its slow but steady decline to 5.7x as of fiscal YE 2020 from 8.4x at fiscal YE 2015 due to debt amortization and increasing cash levels. The higher levels observed in 2015 reflected KPP's issuance of the series A, 2015 revenue bonds to finance the acquisition of its additional stake in the Dogwood facility.

KPP has also continued to build liquidity over the past five years, with days cash on hand increasing to 167 days at fiscal YE 2020. The additional liquidity provided some cushion to meet the increased power costs during the February 2021 winter storm. KPP management has since replenished its unrestricted cash balances and its board-designated emergency fund with loan proceeds from the state loan program.

Liquidity has historically accumulated as a result of KPP's rate-setting strategy, which targets a DSCR of 1.3x, above the 1.1x resolution requirement. KPP's $6 million line of credit provided an additional 46 days of liquidity at fiscal YE 2020; KPP does not currently have any outstanding amounts on the line of credit. The line of credit was recently increased to $12 million and extended to May 31, 2022.

Fitch Analytical Stress Test (FAST) - Base and Stress Case

Fitch used management's forecast revenues and expenses to establish a base case in the FAST scenario analysis. The base case also incorporates KPP's board-approved $10/MWh surcharge over the next two years, which management intends to use to recover the winter storm costs and repay the Kansas state loan. Fitch expects KPP's leverage to decline over the next two years under the base case, as the agency's operating cash flow benefits from the winter storm surcharge mechanism. A substantial decline in rates is expected in 2023 following the expiration of the Evergy contract, which KPP does not expect to renew, and as the surcharge terminates following the full recovery of the storm costs.

KPP intends to replace the expiring Evergy contract with a newly constructed 55MW natural gas-fired facility. Planned debt issuance to fund the costs of construction, which management estimates could exceed $80 million, is expected to increase KPP's leverage ratio to nearly 7.0x (Fitch conservatively estimated 15% of contingency costs in the scenario analysis). However, Fitch believes management's policy of budgeting to 1.3x DSCR will provide sufficient operating cash flow to support the additional debt.

Fitch's stress case applies a moderate stress to management's forecast energy sales by using the FAST model demand stress outputs, which are calculated based on KPP's historical demand volatility. Fitch notes that KPP's rates include a monthly energy cost adjustment factor, which ensures full recovery of the agency's costs. As a result, Fitch does not believe a moderate decline in energy sales would materially affect KPP's operating cash flow or leverage metrics. However, Fitch believes an early termination of the KPP winter storm surcharge would pressure KPP's operating cash flows and could result in stress scenario leverage metrics that are no longer consistent with an 'a' financial profile assessment.

Debt Profile

KPP reported total debt of $40.1 million as of Dec. 31, 2020, all of which is fixed rate. Fitch's 2020 leverage calculation also included a total of $74.3 million of obligations, which includes both capitalized fixed charges for purchased power and pension obligations. KPP also maintains a line of credit, which the agency recently increased to $12 million from $6 million, although no amounts are currently drawn on the line of credit. The line of credit extends to May 31, 2022.

Asymmetric Additional Risk Considerations

No asymmetric additional risk considerations were applied to this rating determination.

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

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

Fitch Ratings Analysts

Tim Morilla
Director
Primary Rating Analyst
+1 512 813 5702
Fitch Ratings, Inc. 2600 Via Fortuna, Suite 330 Austin, TX 78746

Parker Montgomery
Director
Secondary Rating Analyst
+1 212 908 0356

Douglas Scott
Managing Director
Committee Chairperson
+1 512 215 3725

Media Contacts

Sandro Scenga
New York
+1 212 908 0278

sandro.scenga@thefitchgroup.com

Applicable Criteria

Public Sector, Revenue-Supported Entities Rating Criteria (pub.23 Feb 2021) (including rating assumption sensitivity)

U.S. Public Power Rating Criteria (pub.09 Apr 2021) (including rating assumption sensitivity)

Applicable Models

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

FAST Econometric API - Fitch Analytical Stress Test Model, v3.0.0 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

Kansas Power Pool (KS)	EU Endorsed, UK Endorsed

Disclaimer

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, THE FOLLOWING HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DOCUMENT DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND

SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE OR ANCILLARY SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF PERMISSIBLE SERVICE(S) FOR WHICH THE LEAD ANALYST IS BASED IN AN ESMA- OR FCA-REGISTERED FITCH RATINGS COMPANY (OR BRANCH OF SUCH A COMPANY) OR ANCILLARY SERVICE(S) CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.

Copyright

Copyright © 2021 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.
The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective

work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Endorsement policy

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