FitchRatings

Banks
Wholesale Commercial Banks
Netherlands

NIBC Bank N.V.

Key Rating Drivers

Niche Business, Adequate Risk Profile: NIBC Bank N.V.'s ratings reflect its niche franchise and business model and stronger risk profile. Risk concentrations in cyclical sectors, while still significant, have been materially reduced. The ratings also reflect the bank's satisfactory profitability, adequate capital buffers, and stable funding, although this remains more confidence- and price-sensitive than those of peers.

Retail Activities Dominate: NIBC remains a niche bank compared with larger and more diversified peers. This is despite its steady expansion in residential mortgage lending, which accounted for about two-thirds of total loans at end-2023, and its retail business contributes the largest share of its operating income.

With the sale of its shipping portfolio, NIBC has narrowed its corporate offering further. It now focuses on asset-based financing, in specific segments, such as commercial real estate (CRE) and digital infrastructure, in which it has considerable expertise.

Improved Risk Profile: NIBC's exposure to cyclical sectors has significantly decreased in recent years. This makes the bank less vulnerable to economic cycles, while its well-performing residential mortgage lending activities cushion likely performance swings in its remaining cyclical corporate credit exposure, mostly granular CRE loans. We believe NIBC's opportunistic appetite for developing its business is adequately controlled.

Concentration Risks, Satisfactory Asset Quality: NIBC has modest levels of impaired assets but heightened risk concentrations through its CRE and digital infrastructure exposure, together representing close to 20% of loans at end-2023. These exposures could be more vulnerable to an economic downturn. We expect a moderate weakening in the impaired loans ratio in 2024 and 2025, but believe the shift in the bank's loan portfolio over the past few years will help maintain it below 2% in the near term (end-2023: 1.1%).

Adequate Profitability: NIBC's earnings stability has improved following its de-risking process, which, combined with good cost discipline and moderate loan impairment charges, has resulted in adequate profitability in recent years. It has limited revenue diversification due to its focus on profitable niches.

We expect the bank will maintain operating profit at about 2% of risk-weighted assets (RWAs) by 2025. However, it may temporarily fall below this level in the near term due to higher RWAs from the planned shift of its corporate book to the standardised approach.

Satisfactory Capital Ratios: We expect NIBC's risk-weighted capital ratios to continue to compare well with peers in the medium term. RWA inflation could result in a near-term decline in the fully loaded common equity Tier 1 (CET1) ratio (end-2023: 18.4%). However, it will be maintained with an adequate buffer above its 13% tolerance level. We expect the ratio to recover thereafter, although at a lower level than in prior years, due to RWA relief from the implementation of Basel III endgame rules.

Stable Funding and Liquidity: NIBC's funding and liquidity have remained stable. However, the bank's loans/deposits ratio of above 160% is high, and indicates its reliance on price-sensitive online retail savings (about 56% of non-equity funding) and wholesale-funding through the issuance of senior unsecured and covered bonds. The bank's conservative liquidity management ensures that upcoming maturities are well covered with high-quality liquid assets.

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb+
Government Support Rating	ns

Sovereign Risk (Netherlands)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (March 2024)

Related Research

Global Economic Outlook (June 2024)

Mortgage Market Index - Netherlands 1H24 (April 2024)

Fitch Affirms the Netherlands at 'AAA'; Outlook Stable (February 2024)

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Rating Sensitivities

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

A downgrade could result from a significant increase in risk appetite, which could be reflected in sustained growth in corporate exposures that significantly outpaces growth in retail loans. A downgrade could also result from the combination of the CET1 ratio falling and being maintained close to the bank's medium-term tolerance level of 13%, operating profit/RWAs sustained significantly below 2%, and the impaired loans ratio durably rising to above 2%. A sharp slowdown in revenue growth in retail businesses or unexpectedly large deposit outflows that pressure liquidity would also be rating negative.

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

Fitch believes there is limited positive rating potential. An upgrade would require a considerably stronger business profile, as reflected by operating income growing to a level more in line with larger peers, and significant market share gains resulting in leading positions and increased revenue diversification. An upgrade would also require operating profit/RWAs to be sustained close to 3%, while adopting a conservative risk appetite.

A less price- and confidence-sensitive funding and liquidity profile and materially lower risk concentrations relative to higher-rated banks could also be rating positive.

Other Debt and Issuer Ratings

Rating level	Rating
Senior preferred debt: long-term/short-term	A-/F2
Senior non-preferred debt: long-term	BBB+
Additional Tier 1 and legacy hybrid Tier 1 securities: long-term	BB

Source: Fitch Ratings

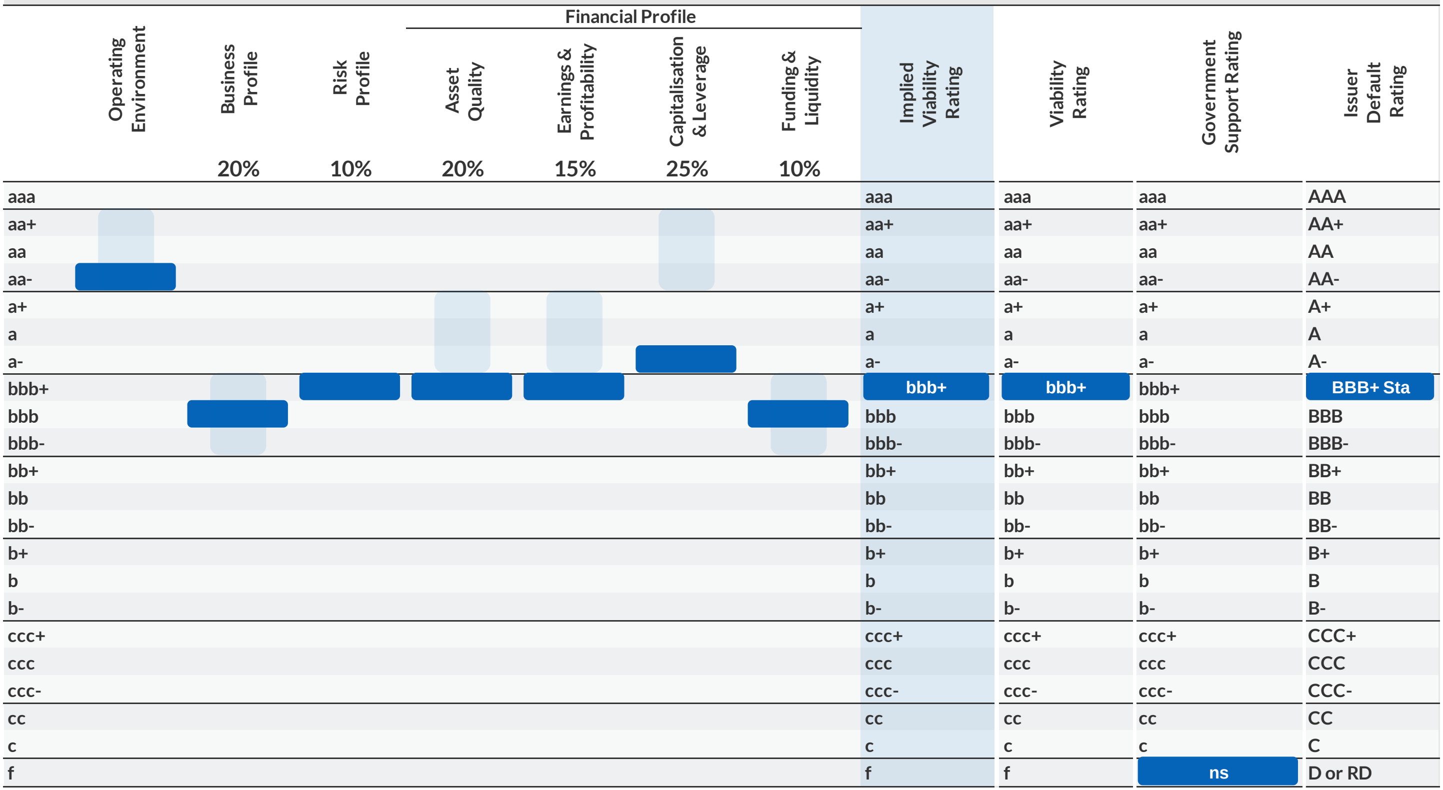
NIBC's long-term senior preferred debt is rated one notch above its Long-Term IDR. This reflects the protection that could accrue to senior preferred debt from the bank's resolution debt buffers. NIBC's senior non-preferred and junior debt buffer was about 15.7% of RWAs at end-2023 on nominal terms, and we expect the buffer to remain sustainably above 10%. For the same reasons, we equalise NIBC's long-term senior non-preferred debt with the bank's Long-Term IDR.

NIBC's 'F2' short-term senior preferred debt rating is the lower of two possible short-term ratings mapping to a 'A-' long-term rating, reflecting our 'bbb' assessment of the bank's funding and liquidity score.

NIBC's additional Tier 1 (AT1; XS2847665390) and legacy hybrid Tier 1 securities (XS0249580357) are rated four notches below the bank's VR, reflecting the poor recovery prospects of these securities (two notches) and incremental non-performance risk (two notches). Our assessment is based on the bank operating with a CET1 ratio comfortably above its maximum distributable amount restriction point, which we expect to continue. At end-2023, the buffer was about 670bp.

Ratings Navigator

NIBC Bank N.V. ESG Relevance: **Banks Ratings Navigator**



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The asset quality score of 'bbb+' has been assigned below the 'a' category implied score due to the following adjustment reason: concentrations (negative).

The earnings & profitability score of 'bbb+' has been assigned below the 'a' category implied score due to the following adjustment reason: revenue diversification (negative).

The capitalisation & leverage score of 'a-' has been assigned below the 'aa' category implied score due to the following adjustment reason: risk profile and business model (negative), historical and future metrics (negative).

Company Summary and Key Qualitative Factors

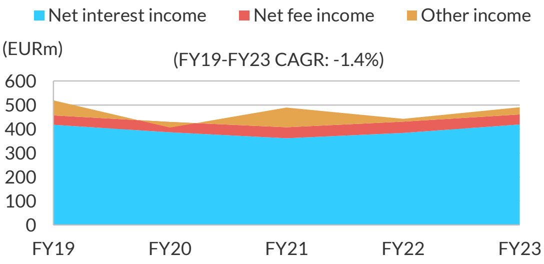
Business Profile

NIBC has a small retail banking franchise compared to many Dutch peers, but the business line is growing both organically and through acquisitions, and it now contributes considerably more revenue than corporate banking activities. NIBC's focus includes niche products such as buy-to-let mortgage loans and its 'originate-to-manage' offering has grown strongly, selling some of its residential mortgage loan production to institutional investors and receiving a recurring fee for servicing the loans. The bank also offers online savings in the Netherlands, Germany and Belgium, but it does not provide current accounts or payment services.

Historically a corporate-focused bank, NIBC has an established franchise with entrepreneurs, which is underpinned by strong sector expertise and nimble operations. We believe the bank's strength lies in its operational agility and tailored solutions, providing it with adequate pricing power in its niche markets. Following its exit from riskier business such as leveraged finance and offshore energy, and the sale of its shipping portfolio in June 2024, its corporate book is now focused on asset-based financing in CRE and digital infrastructure, as well as platform financing to the automotive sector, a nascent but fast-growing business for the bank.

The bank's medium-term financial targets include a minimum CET1 ratio target of 13%, a level that appears low relative to many larger peers but was significantly below NIBC's end-2023 ratio of about 18%. The other targets include a return on target CET1 capital of at least 15% (which we estimate is equivalent to a ROE of 10%–12%), a close-to-best-in-class cost/income ratio of 40%–45%, and a dividend pay-out ratio to its holding company of 50%. We believe the targets are achievable.

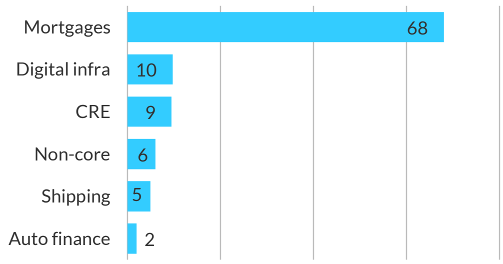
Revenue Breakdown



CAGR: compound annual growth rate
Source: Fitch Ratings, Fitch Solutions, NIBC

Loan Split by Segment (%)

End-2023



Source: Fitch Ratings, Fitch Solutions, NIBC

Risk Profile

The bank's underwriting is generally in line with market standards. Its residential mortgage lending, which accounts for a large and growing share of the bank's total loans (end-2023: about 68%; end-2016: 46%), follows Dutch mortgage regulations. CRE lending remains a core product for NIBC, which mainly lends to smaller residential real estate investors and developers in the Netherlands. Loans are granular with a maximum ticket size of EUR50 million and are well diversified by asset type. The largest portions at end-2023 were in residential (30%) and office assets (20%). The average loan-to-value (LTV) in the book was moderate (similar to peers), and should provide a significant buffer to withstand pressure on valuations.

NIBC has significantly wound down and seeks to fully exit its exposures to non-core activities. These fell to EUR1.5 billion at end-2023; equivalent to about 6% of total assets (end-2021: EUR5.4 billion and 24%, respectively), helped by the sales of its collateralised loan obligation (CLO) platform and investment franchise, NIBC Investment Partners. We expect further steady reduction in these assets in the near term.

We believe NIBC has moderate exposure to market risk. Its sensitivity to interest rate increases (2% of net interest income from a 200bp parallel shift in the yield curve) was low and well below its tolerance level at end-2023. NIBC's assets can re-price fairly quickly given mostly floating-rate lending to corporate borrowers, while longer duration home loans are originated for the balance sheets of third-party investors. However, movements in interest rates could pass through quicker to the bank's online retail deposits than for high street banks' savings and deposit accounts given higher price sensitivity. NIBC's banking book credit spread risk exposure is low as liquidity buffer investments have strong credit ratings and short durations.

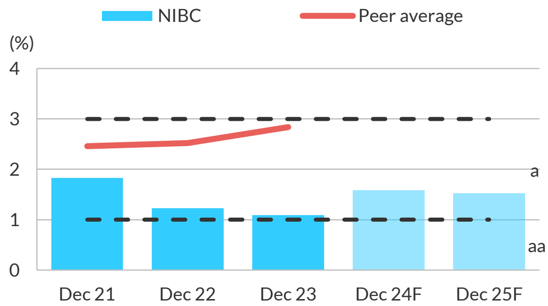
Financial Profile

Asset Quality

NIBC's asset quality will continue to be underpinned by its large, high-quality residential mortgage portfolio in the Netherlands. The bank's residential mortgage loan portfolio of about EUR13 billion has performed strongly and we expect it to continue to do so as unemployment should remain low. The portfolio had a satisfactory average LTV of 59% at end-2023. NIBC's impairments are concentrated in non-core activities, and resolving these assets will also help the bank maintain an impaired loan ratio of below 2% over 2024–2025, despite slower economic growth, lingering inflationary pressure and higher interest rates.

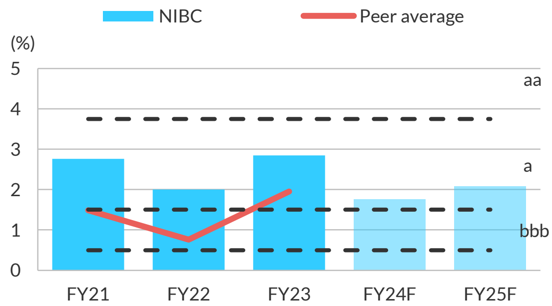
NIBC has substantially reduced its exposure to cyclical sectors such as oil and gas, leveraged finance, and shipping. It still has some concentration in CRE where it believes it can deliver adequate risk-adjusted returns. CRE loans accounted for about 9% of total gross loans and 110% of CET1 capital at end-2023, and, in our opinion, represent the main source of vulnerability for NIBC's asset quality. However, we expect potential near-term inflows of impaired loans in the segment to be contained and adequately provisioned for.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

NIBC's revenue is mainly sourced from its lending activity, with net interest income typically comprising more than 80% of revenue. This is complemented by fee income from expansion of loan origination activities to third-party investors, which we view as a stable source of recurring income, though the contribution is likely to remain low at about 10% of total revenue.

The bank's profitability benefited considerably from higher interest rates in 2023, similar to its peers, with net interest income growth of close to 10%, despite its continued retreat from riskier, but high-margin, non-core business. The operating profit/RWAs ratio rose to a high 2.9% in 2023 (2022: 2.3%), but we expect it to be maintained close to 2% in the near term, mostly due to tighter margins and moderately higher loan impairment charges.

Costs were well controlled, despite the inflationary environment, as reflected in a cost/income ratio of 45% (based on Fitch's calculation) that was considerably below the peer average of about 61%. Loan impairment charges were low, at 11bp, and we expect them to be maintained close to a moderate 20bp a year in the near term, based on our expectation of a slight deterioration in the bank's asset quality due to a lagged effect from the still-uncertain macroeconomic environment.

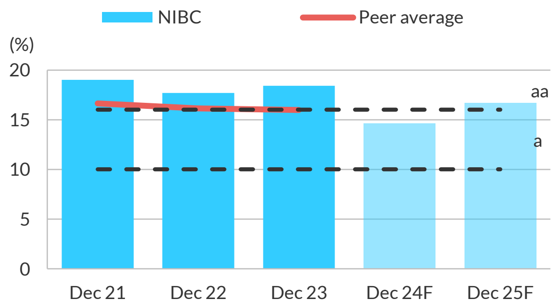
Capital and Leverage

Capitalisation is a relative rating strength for NIBC as we believe its buffer above its capital requirement, coupled with its good pre-impairment profitability, is sufficient to absorb potential asset quality shocks from the more cyclical segments of its corporate loan portfolio. The bank's CET1 ratio rose to 18.4% by end-2023 (end-2022: 17.7%), mostly due to a release of capital from the reduction in non-core business.

The application of the standardised approach, instead of AIRB, for certain corporate asset classes will lead to a significant increase in RWAs. However, we expect the CET1 ratio in the next 12–18 months to be maintained with an adequate buffer above the bank's medium-term tolerance level of 13%. Its tolerance level is below some similar-sized peers, but well above its minimum requirements and should be adequate to cushion growth and a high dividend pay-out.

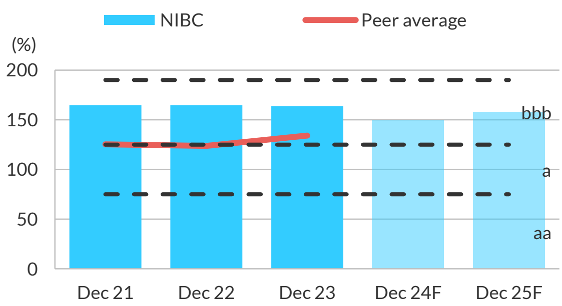
NIBC's minimum requirement for own funds and eligible liabilities (MREL) was 11.8% of the total risk exposure amount at end-2023. This was equivalent to the bank's total capital requirement excluding buffer requirements. NIBC would not be put into resolution in the event of failure but would instead be wound up under normal national insolvency proceedings, according to the Dutch National Bank. NIBC can comfortably meet MREL solely with CET1 capital.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

NIBC has a stable funding and liquidity profile, which we view as resilient. The bank's largest source of funds is retail savings collected online in the Netherlands, Germany and Belgium. Although sensitive to pricing, these savings have been granular and stable over several years, which we expect to continue. Wholesale funding mostly comprises senior unsecured and covered bonds, and maturities are well spread.

Liquid assets (excluding retained securitisations and covered bonds) of about EUR2.5 billion at end-2023 (11% of total assets) mainly consisted of central bank deposits and comfortably covered 2024 maturities of EUR1.4 billion. The bank's liquidity coverage and net stable funding ratios were satisfactory at end-2023.

About Fitch Forecasts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics in accordance with its *Bank Rating Criteria*. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Light-blue columns represent Fitch's forecasts.

Peer average includes Aareal Bank AG (VR: bbb), Landesbank Baden-Wuerttemberg (bbb+), Close Brothers Group PLC (bbb+), Investec Bank plc (bbb+), ABN AMRO Bank N.V. (a), Triodos Bank N.V. (bbb), de Volksbank N.V. (a-). Financial year (FY) end for all banks is 31 December unless otherwise stated. FY end for Close Brothers Group PLC is 31 July. FY end for Investec Bank plc is 31 March. Latest average uses 1H24 data for Close Brothers Group PLC; 1H23 data for Investec Bank plc.

Financials

Financial Statements

	31 Dec 23		31 Dec 22	31 Dec 21	31 Dec 20
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	459	419	383	361	386
Net fees and commissions	45	41	47	46	43
Other operating income	36	33	12	83	-23
Total operating income	540	493	442	490	406
Operating costs	241	220	230	217	211
Pre-impairment operating profit	299	273	212	273	195
Loan and other impairment charges	22	20	28	36	133
Operating profit	277	253	184	237	62
Other non-operating items (net)	10	9	-6	-11	0
Tax	73	67	30	36	1
Net income	214	195	148	190	61
Other comprehensive income	-89	-81	37	-39	-2
Fitch comprehensive income	125	114	185	151	59
Summary balance sheet					
Assets					
Gross loans	21,267	19,411	18,484	18,678	16,883
- Of which impaired	232	212	228	342	211
Loan loss allowances	168	153	197	201	183
Net loans	21,099	19,258	18,287	18,477	16,700
Interbank	118	108	309	205	645
Derivatives	171	156	162	334	494
Other securities and earning assets	1,157	1,056	1,271	1,184	1,225
Total earning assets	22,545	20,578	20,029	20,200	19,064
Cash and due from banks	2,656	2,424	2,619	2,392	1,909
Other assets	53	48	44	66	82
Total assets	25,254	23,050	22,692	22,658	21,055
Liabilities					
Customer deposits	12,993	11,859	11,227	11,333	11,137
Interbank and other short-term funding	65	59	744	702	1,000
Other long-term funding	9,800	8,945	8,362	8,330	6,507
Trading liabilities and derivatives	141	129	232	154	271
Total funding and derivatives	22,999	20,992	20,565	20,519	18,915
Other liabilities	80	73	82	111	85
Preference shares and hybrid capital	219	200	200	200	252
Total equity	1,956	1,785	1,845	1,828	1,803
Total liabilities and equity	25,254	23,050	22,692	22,658	21,055
Exchange rate		USD1 = EUR0.912742	USD1 = EUR0.937559	USD1 = EUR0.884173	USD1 = EUR0.821963

Source: Fitch Ratings, Fitch Solutions, NIBC Bank N.V.

Key Ratios

	31 Dec 23	31 Dec 22	31 Dec 21	31 Dec 20
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.9	2.0	2.8	0.8
Net interest income/average earning assets	2.1	1.9	1.9	2.0
Non-interest expense/gross revenue	44.9	52.0	44.4	52.0
Net income/average equity	10.7	8.1	10.5	3.3
Asset quality				
Impaired loans ratio	1.1	1.2	1.8	1.3
Growth in gross loans	5.0	-1.0	10.6	-6.3
Loan loss allowances/impaired loans	72.2	86.4	58.8	86.7
Loan impairment charges/average gross loans	0.1	0.2	0.2	0.8
Capitalisation				
Common equity Tier 1 ratio	18.4	17.7	19.0	21.3
Tangible common equity/tangible assets	7.7	8.1	8.1	8.6
Basel leverage ratio	7.7	7.6	8.4	9.2
Net impaired loans/common equity Tier 1	3.6	1.9	8.7	1.7
Funding and liquidity				
Gross loans/customer deposits	163.7	164.6	164.8	151.6
Gross loans/customer deposits + covered bonds	118.5	121.3	121.7	119.4
Liquidity coverage ratio	240.0	206.0	184.0	216.0
Customer deposits/total non-equity funding	56.3	54.7	55.1	58.4
Net stable funding ratio	133.0	135.0	129.0	129.0

Source: Fitch Ratings, Fitch Solutions, NIBC Bank N.V.

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AAA/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Negative
Liability structure	Neutral
Ownership	Neutral

The colours indicate the weighting of each KRD in the assessment.
Higher influence (Resolution legislation) Moderate influence (Systemic importance) Lower influence (all other factors)

The Government Support Rating of 'no support' (ns) reflects Fitch's view that senior creditors cannot rely on receiving full extraordinary support from the sovereign, if NIBC becomes non-viable. This reflects the bank's lack of systemic importance in the Netherlands, as well as the implementation of the EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism. These provide a framework for resolving banks that is likely to require senior creditors to absorb losses, if necessary, instead or ahead of, a bank receiving sovereign support.

Environmental, Social and Governance Considerations

FitchRatings **NIBC Bank N.V.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

NIBC Bank N.V. has 5 ESG potential rating drivers

- NIBC Bank N.V. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

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

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

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

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

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

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

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

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

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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