FitchRatings

Banks
Retail & Consumer Banks
Panama

Banco La Hipotecaria, S.A.

Key Rating Drivers

Support-Driven Ratings: Banco La Hipotecaria, S.A.'s (BLH's, or the bank's) Long-Term Issuer Default Rating (IDR) is equalized to Grupo ASSA's Long-Term IDR, reflecting the high propensity of support from its parent. Fitch Ratings' assessment is highly influenced by BLH's relevant role as it strengthens the group's position in a strategically relevant jurisdiction and in complementary market segments for many of its subsidiaries.

High Integration: The integration with its ultimate parent improves the bank's franchise, as the branding is associated with its parent strengthens its business model, while providing stability in funding and business generation. In January 2022, as International Finance Corporation (IFC) exercised its put option on the shares of La Hipotecaria (Holding), Inc. under the terms agreed, Grupo ASSA acquired a larger shareholding stake of around 80%, which underpins the evaluation of integration with BLH.

High Reputational Risk: The support assessment is moderately influenced by the high reputational risk for Grupo ASSA and the significant impact that a default of its subsidiary could have on its business given the importance of its operations in Panama. Also, Fitch believes any required support, if needed, would be significant to the parent, given the size of BLH, which represents about 30% of Grupo ASSA's total consolidated assets.

Multi-Jurisdictional Niche Franchise: BLH has an established niche franchise and business profile in the residential mortgage loans segment. Further, although they held a low market share near 2.5% as of 2021 of the mortgage portfolios in Panama, they cover around 25% of their target market segment of owner-occupied, lower-middle income, government-subsidized mortgages. Fitch also considers the assessment of the multi-jurisdictional operating environment (OE) of the countries in which the bank and its subsidiaries operate, and assesses the consolidated performance of the entity as the economic recovery continues.

Asset Quality Pressured: As of 2021, non-performing loans (NPLs) stood at 4.3% of the gross loan portfolio, although the deterioration widened because the bank securitized USD112.5 million of its mortgage loans. The agency expects asset quality to weaken moderately given that in spite of the economic recovery, modified loans, with a decreasing trend, represented 9.3% of total net loans as of March 2022, according to the local regulator's criteria, and that still clouds the visibility of the agency regarding the percentage that will materialize in NPLs.

Profitability Recovered: At 2021, the bank's operating profit to risk-weighted assets (RWA) was 1.1% (0.6% in 2020), due to improvement in efficiency along with a lower loan impairment charge. Fitch estimates BLH's profitability ratio will return to pre-coronavirus pandemic levels, sustained by revenue growth from both lending and asset management related to its securitized portfolio, while loan impairment charges gradually normalize.

Adequate Capital Position: BLH's Common Equity Tier 1 (CET1) ratio decreased to a still moderate level of 11.4% at YE 2021 from 11.7% a year earlier. The bank has a buffer above its regulatory minimum capital requirement (8%) that provides reasonable headroom to absorb potential credit losses. Fitch does not expect capital ratios to decline structurally as the bank is able to sustain internal capital generation, despite dividend payments. In addition, the capitalization assessment is benefited by the ordinary support that BLH could receive from its shareholder if needed, according to Fitch's opinion.

Diversified Funding and Good Liquidity Position: Customer deposits represent less than 50% of total funding, since BLH relies on credit lines with multilateral agencies and social impact funds to finance housing on favorable terms and also relies on local issuances to diversify and better match its assets and liabilities terms. Liquidity is stable, prudently managed and

Ratings

Foreign Currency	
Long-Term IDR[a]	BBB–
Short-Term IDR[b]	F3

[a]Upgraded from 'BB+' on April 13, 2022.
[b]Upgraded from 'B' on April 13, 2022.

Viability Rating	bb-
Shareholder Support Rating[c]	bbb–

[c]Upgraded from 'bb+' on April 13, 2022

National	
National Long-Term Rating[d]	AA+(pan)
National Short-Term Rating	F1+(pan)

[d]Upgraded from 'AA(pan)' on April 13, 2022

Sovereign Risk	
Long-Term Foreign Currency IDR	BBB-
Country Ceiling	A-

Outlooks

Long-Term Foreign-Currency IDR	Stable
National Long-Term Rating	Stable
Sovereign Long-Term ForeignCurrency IDR	Stable

Applicable Criteria

Bank Rating Criteria (November 2021)

National Scale Rating Criteria (December 2020)

Related Research

Fitch Upgrades Banco La Hipotecaria's IDR to 'BBB-'; Outlook Stable (April 2022)

Fitch Revises Panama's Outlook to Stable; Affirms IDRs at 'BBB–' (January 2022)

Fitch Ratings 2022 Outlook: Latin American Banks (December 2021)

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underpinned by a buffer of liquid assets consisting of cash and highly rated liquid securities (about 20% of 2021 assets).

Rating Sensitivities

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

- Any negative action on Grupo ASSA's IDRs would also lead to a similar action on BLH's IDRs, national, SSR and senior (secured and unsecured) issuances; in addition, BLH's IDR and national could also change if Fitch's assessment of its parent's ability, or willingness to support its subsidiary changes, which is not expected at present.
- BLH's Viability Rating (VR) could be downgraded as a result of sustained low profitability, as measured by an operating income to risk-weighted assets (RWA) ratio consistently below 0.5%, or by a material deterioration in its financial performance that drives its CET1 to RWA ratio below 10%.

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

- Positive rating actions on BLH's IDR, national, SSR and senior (secured and unsecured) issuances could be driven by positive rating actions on its shareholder's IDR.
- BLH's VR could only be upgraded over the medium term as a result of the sustained strengthening of its business profile and the financial profile of the bank as reflected in an operating income to RWA ratio consistently above 1.5% and a CET1 to RWA ratio of at least 15%.

Issuer Ratings (Including Main Issuing Entities)

Rating Level	Rating
Long-Term Foreign-Currency IDR	BBB–
Short-Term Foreign-Currency IDR	F3
Viability Rating	bb-
Shareholder Support Rating	bbb-
National Long Term Rating	AA+(pan)
National Short Term Rating	F1+(pan)
Outlook/Watch	Stable

Source: Fitch Ratings.

Debt Rating Classes

Rating Level	Rating
Senior Secured by trust over loan portfolio: National Long-Term	AAA
Senior Unsecured/ Secured by Grupo ASSA's collateral: National Long-Term	AA+
Senior Secured/Unsecured Short-Term Debt	F1+

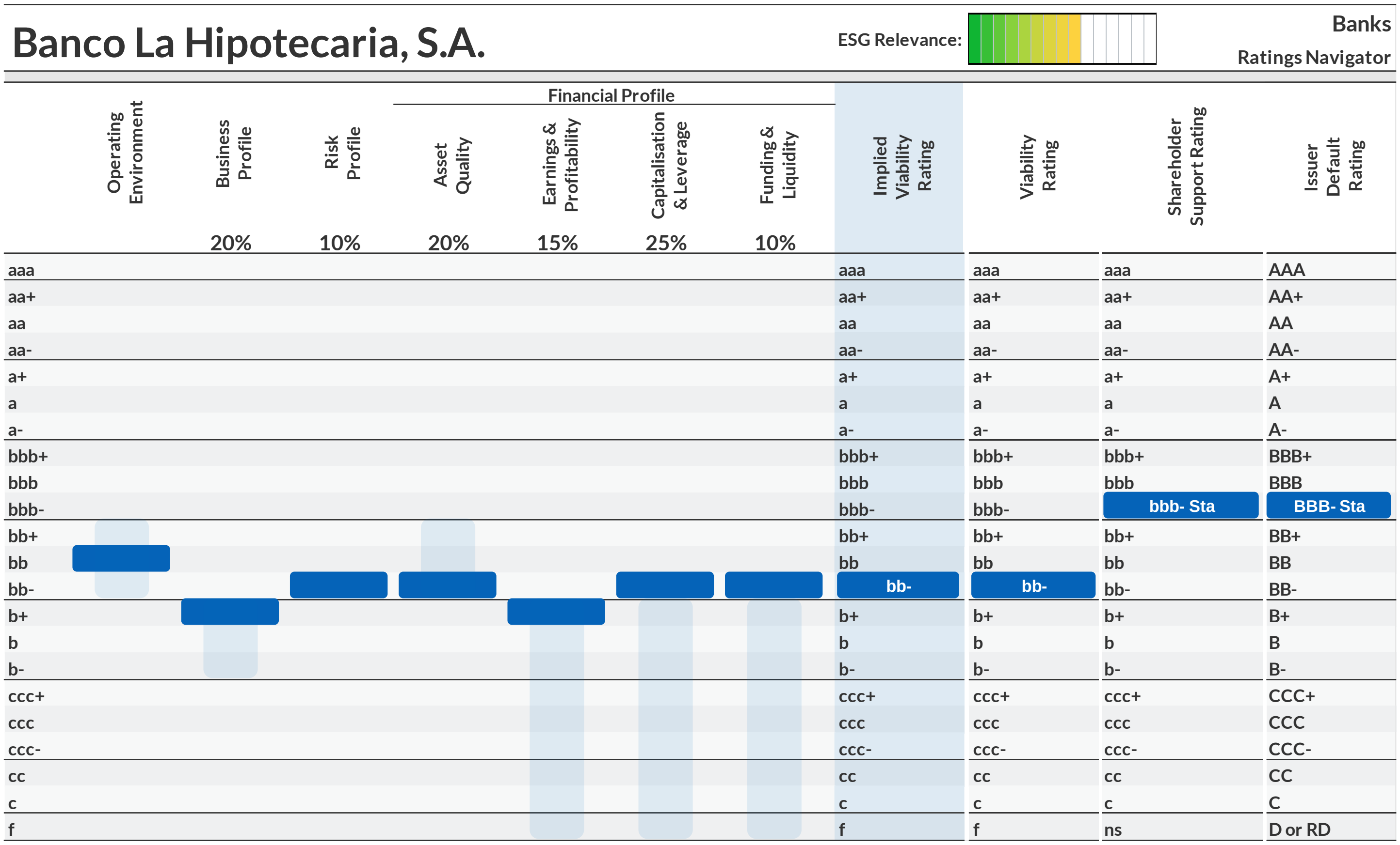
Source: Fitch Ratings.

Fitch upgraded the long-term National Ratings on BLH's senior unsecured issuances. The senior unsecured debt is rated at the same level as BLH's Long-Term and Short-Term National Ratings as the notes' likelihood of default is the same as BLH's, due to the absence of any subordination or specific guarantees.

The National Ratings for secured tranches and negotiable obligations guaranteed by Grupo ASSA's collateral were affirmed at AA+(pan), at the same level as Grupo ASSA's National Rating, reflecting the same probability of default as of its ultimate parent.

The National Ratings of the tranches and on secured by trust over loan portfolio negotiable notes were upgraded to 'AAA(pan)' from 'AA+(pan)', one notch above the bank's national long-term ratings, reflecting the benefits of such guarantees.

Ratings Navigator



Note: 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.

Significant Changes

Economic Recovery Relieves Pressure on Banks Performance

Fitch assigned Panama's OE a score of 'bb+'/Stable given the ongoing economic recovery and lower risks that fiscal or economic pressures could affect the recovery prospects of the banks' financial performance. However, in Fitch's opinion, Panama's credit growth rate and the recovery of the banks' loan quality and profitability remain sensitive to the recovery of employment and the management of loans with relief measures, which accounted for 13.5% of gross loans as of YE21. Credit growth is expected to be slower than the economic recovery, as Fitch estimates GDP growth of 7% by 2022, while credit growth will not exceed 5%. In addition, Fitch expects the non-performing loan (NPL) ratio to remain around 2.5% and return on average assets (ROAA) close to 1.0%.

Shareholder Support

Shareholder Support	
Parent IDR	BBB-
Total Adjustments (notches)	0
Shareholder Support Rating:	**bbb-**
Shareholder ability to support	
Shareholder Rating	BBB-/ Negative
Shareholder regulation	1 Notch
Relative size	2+ Notches
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	1 Notch
Integration	Equalised
Support record	1 Notch
Subsidiary performance and prospects	1 Notch
Legal commitments	2+ Notches

The colors indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

The equalized notching reflects Fitch's assessment about higher propensity of support from its ultimate shareholder Grupo ASSA, S.A., the holding company based in Panama that consolidates the insurance, investment and lending operations across Central America and Colombia. The upgrade in the agency's view is based on the increase in the group's recent shareholding to 80% from 69% in La Hipotecaria Holding Inc, a Panamanian entity of which BLH is a subsidiary. Also, Fitch's assessment of greater operational integration and BLH's fundamental role for its ultimate owner was also considered.

Brief Company Summary

Low-Risk, Monoline Business Model

BLH has a small franchise with a niche business model. Fitch considers the bank's business model to be stable and low risk due to its niche approach in the housing financing segment. Fitch believes BLH has some competitive advantages in its key segment given the benefits from its relationship with Grupo ASSA and as it is a major player in securitizing mortgage loans in the region. However, its business model has shown sensitivity to the adverse OE, as reflected in its asset quality, with more limited results than more diversified peers. Notably, 90% of the bank's loan portfolio is secured by mortgages.

The bank's business model has remained consistent since its foundation. BLH's main business line focuses on housing loans, which has resulted in steady interest income. The bank specializes in financing long-term residential mortgages to middle-income and lower-middle-income employees, with a third of the portfolio in the public sector. BLH also offers, to a lesser extent, consumer loans but only to its mortgage customers. It is also specialized in the underwriting, administration and securitization of mortgage loans. This business model is replicated in its subsidiaries in Colombia and El Salvador.

Adequate Management and Corporate Governance

BLH's regional management structure provides an agile administrative structure to efficiently define and monitor its strategies in the different markets where the bank or its subsidiaries operate. This structure grants closer communication between countries; and encourages cost savings and efficiencies of scale. Although BLH benefits from the support and the exchange of knowledge with its parent, it has an independent senior management team that exhibits a high degree of autonomy.

Risk Appetite Consistent with Peers

The bank's risk appetite remains unchanged in the current environment. In Fitch's view, BLH's risk appetite is moderate, reflecting underwriting standards consistent with industry practice, and that provide a certain degree of protection against the possible deterioration of its portfolio. The effectiveness of underwriting standards has been reflected in the historical low levels of non-performing loans, restructuring, write-offs and foreclosures. The investment portfolio focuses on investment-grade securities for liquidity purposes and assets with high liquidity, such as U.S. Treasury notes, instead of any local sovereign debt instruments.

In Fitch's opinion, BLH’s risk framework and control have adequate depth for its business orientation and loan book composition. The regional risk unit monitors the risks the bank and its subsidiaries are exposed to. The risk governance also relies on different committees, meeting on a regular basis. BLH’s main exposure to market risk arises from interest-rate mismatch on asset and liabilities on the balance sheet. To manage risk exposure regarding the investment portfolio, the bank uses a value at risk approach measure for its market risk exposure.

Summary Financials and Key Ratios

	2021		2020	2019	2018
	USD Mil.	PAB 000	PAB 000	PAB 000	PAB 000
(Years Ended Dec. 31)	Audited - Report Not Seen	Audited - Report Not Seen	Audited - Report Not Seen	Unaudited	Audited - Report Not Seen
Summary Income Statement					
Net Interest and Dividend Income	15	15,470.5	14,238.1	16,180.7	14,448.6
Net Fees and Commissions	6	5,912.2	6,260.5	5,795.7	6,926.8
Other Operating Income	4	3,862.9	4,439.5	2,955.0	3,577.2
Total Operating Income	25	25,245.7	24,938.2	24,931.4	24,952.5
Operating Costs	17	16,943.9	17,387.5	18,666.5	17,651.5
Pre-Impairment Operating Profit	8	8,301.8	7,550.7	6,264.9	7,301.0
Loan and Other Impairment Charges	2	1,853.2	4,073.9	662.3	1,032.9
Operating Profit	6	6,448.6	3,476.8	5,602.5	6,268.2
Other Non-Operating Items (Net)	N.A.	N.A.	N.A.	N.A.	84.3
Tax	2	1,597.2	139.1	1,367.2	1,760.2
Net Income	5	4,851.3	3,337.7	4,235.3	4,592.3
Other Comprehensive Income	(5)	(5,174.0)	(1,123.3)	559.0	(1,842.1)
Fitch Comprehensive Income	0	(322.6)	2,214.4	4,794.4	2,750.2
Summary Balance Sheet					
Assets					
Gross Loans	651	650,621.9	731,201.1	702,622.0	688,536.5
- of which impaired	28	28,155.1	19,066.8	10,412.1	5,387.2
Loan Loss Allowances	4	3,914.0	4,049.0	678.8	603.0
Net Loan	647	646,707.9	727,152.1	701,943.2	687,933.5
Interbank	57	56,624.2	67,764.9	40,572.4	38,770.0
Derivatives	N.A.	N.A.	N.A.	N.A.	N.A.
Other Securities and Earning Assets	114	114,063.0	99,370.3	98,816.1	68,068.8
Total Earning Assets	817	817,395.1	894,287.4	841,331.7	794,772.3
Cash and Due from Banks	0	242.1	252.6	319.3	350.7
Other Assets	53	53,077.7	51,383.5	25,493.2	18,942.7
Total Assets	871	870,714.8	945,923.4	867,144.2	814,065.6
Liabilities					
Customer Deposits	370	370,289.7	338,468.7	289,333.7	239,743.7
Interbank and Other Short-Term Funding	349	348,666.1	439,707.0	407,013.1	238,697.8
Other Long-Term Funding	64	64,357.5	79,299.7	84,358.8	256,286.8
Trading Liabilities and Derivatives	N.A.	N.A.	N.A.	N.A.	N.A.
Total Funding and Derivatives	783	783,313.3	857,475.4	780,705.5	734,728.2
Other Liabilities	10	10,026.6	10,621.5	10,811.8	8,417.4
Preference Shares and Hybrid Capital	N.A.	N.A.	N.A.	N.A.	N.A.
Total Equity	77	77,374.9	77,826.5	75,626.9	70,919.9
Total Liabilities and Equity	871	870,714.8	945,923.4	867,144.2	814,065.6
Exchange Rate		USD1 = PAB1	USD1 = PAB1	USD1 = PAB1	USD1 = PAB1

N.A. – Not applicable.
Source: Fitch Ratings, Fitch Solutions, Banco La Hipotecaria, S.A..

Summary Financials and Key Ratios

(%, Years Ended Dec. 31)	2021	2020	2019	2018
Ratios (Annualized as Appropriate)				
Profitability				
Operating Profit/Risk-Weighted Assets	1.1	0.6	1.0	1.3
Net Interest Income/Average Earning Assets	1.8	1.6	2.0	2.0
Non-Interest Expense/Gross Revenue	67.1	69.7	74.9	70.7
Net Income/Average Equity	6.3	4.4	5.8	6.5
Asset Quality				
Impaired Loans Ratio	4.3	2.6	1.5	0.8
Growth in Gross Loans	(11.0)	4.1	2.1	15.7
Loan Loss Allowances/Impaired Loans	13.9	21.2	6.5	11.2
Loan Impairment Charges/Average Gross Loans	0.3	0.6	0.1	0.1
Capitalization				
Common Equity Tier 1 Ratio	11.4	11.7	12.2	12.9
Fully Loaded Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.
Fitch Core Capital Ratio	12.9	13.4	13.8	14.8
Tangible Common Equity/Tangible Assets	8.7	8.1	8.6	8.6
Basel Leverage Ratio	7.7	7.1	7.7	N.A.
Net Impaired Loans/Common Equity Tier 1	36.3	22.6	15.2	7.8
Net Impaired Loans/Fitch Core Capital	32.1	19.7	13.1	6.8
Funding and Liquidity				
Gross Loans/Customer Deposits	175.7	216.0	242.8	287.2
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Non-Equity Funding	47.3	39.5	37.1	32.6
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable.
Source: Fitch Ratings, Fitch Solutions, Banco La Hipotecaria, S.A..

Key Financial Metrics – Latest Developments

Asset Quality

The housing lending segment was slow to reflect the effect of the Covid-19-related crisis. However, after the maturity of the relief measures in June 2021, BLH's impaired loan ratio rose by 2021 to 4.3% from 2.6% at end-2020, above the local banking system's average (2.0%), but influenced by portfolio securitization. As of December 2021, its modified portfolio represented about 14% of the bank's net loans and of these, 60% (8.1% of the total loans) were classified as Substandard, Doubtful and Unrecoverable loans. The modified portfolio shows a declining trend, as reflected in March 2022 where it accounted 9.3% of the net portfolio, however, Fitch does not rule out that pressure on the bank's asset quality will continue.

Mortgage loans are highly fragmented but showed a small bias towards Panama City reflecting the high influence of economic activity in this area and a limited franchise, leaving BLH more susceptible to asset quality deterioration than larger more diversified domestic peers. The 20 largest debtors represent less than 1% of the portfolio and 5% of equity.

Fitch views positively the high level of collateral, which provides a mitigating factor for a possible reduction in the debtors' payment capacity. At 2020, provisions for impaired loans increased close to 21.2% as BLH has made additional voluntary provisions, but for 2021 they decreased to 13.9%; however, this was still about 2x above 2019's level (6.5%). The bank does not rule out the possibility of additional reserves, if required.

Earnings and Profitability

During 2021 the bank's operating profit/RWAs recovered to 1.1% (0.6% in 2020), mainly due to improvement in efficiency along with lower loan impairment charges (LIC). Despite these improvements, Fitch estimates that BLH's profitability could still be constrained by further portfolio impairments. However, the deterioration in the core metric should be modest, as it could be offset by a better performance by the overall economy.

BLH's narrow net interest margin, consistent with its business model, increased to 1.8% in 2021, from 1.6% in 2020, comparing unfavorably with the banking system average with different risk exposure and diversification. Its slight improvement is related to better cost of funds, although it has not yet reached its pre-coronavirus pandemic levels. Non-interest income has also contributed to revenues and has represented close to 38.7% of total operating income in recent years.

LICs levels remain moderate given the high collateral coverage. As of December 2021, LICs decreased substantially to 22.3% from 54.0% in 2020, a year in which the bank prudently increased its volume. Despite this, they remain nominally above pre-pandemic levels. According to the bank's forecast, provision expenses should remain moderate in 2021 thereby favoring its profitability indicators; however, unexpected portfolio impairments that could quickly reduce BLH’s already thin margins and pre-impairment profits, are not ruled out.

Capitalization and Leverage

BLH's CET1 ratio decreased to a still moderate level of 11.4% at YE2021 from 11.7% a year earlier on higher-earning assets related to an increase in securities, although these were partially limited by losses generated by variations in foreign currency (the Colombian peso). However, the capital ratios compare favorably with those of some peers. The bank has a moderate buffer above its regulatory minimum capital requirement, reasonable for its lower-risk niche segment, that provides reasonable headroom to absorb potential credit losses. Fitch does not expect capital ratios to decline structurally as the bank is able to sustain internal capital generation despite dividends payments.

Funding and Liquidity

The stable funding profile is supported by a growing retail customer deposit base. However, its loan-to-deposit ratio remained high, at YE2021 at 175%. Further, 99% of deposits are concentrated in term deposits, which have shown good stability and renewal rates close to 80%. The bank has a moderate concentration risk since its deposits are comprised of a broad depositor base in which the top 20 represented close to 20% of the total, partially mitigated by tiered maturities to avoid single-period concentrations.

BLH relies on a strategy of diversifying its funding. Credit lines with multilateral agencies ensure finance housing on favorable terms in the medium and long term. BLH also benefits from medium-term credit lines from social impact funds for all three countries. By 2021, the bank had negotiated new lines as well as the renewal of existing lines, with extended terms and more-advantageous interest rates, which benefits its cost of funds. The bank also relies on local issuances to diversify and better match its assets and liabilities terms.

The bank´s liquidity is stable, prudently managed and underpinned by a buffer of liquid assets consisting of cash and highly-rated liquid securities (about 20% of 2021 assets). By December 2021, BLH's liquidity coverage ratio was 90.7% of total deposits. The 30-day regulatory liquidity requirement mandates a minimum month-end LCR of 50%, BLH as of December 2021 exhibited more than 2,000%.

Environmental, Social and Governance Considerations

FitchRatings **Banco La Hipotecaria, S.A.**

Banks
Ratings Navigato

Credit-Relevant ESG Derivation

Banco La Hipotecaria, S.A. has 5 ESG potential rating drivers

- Banco La Hipotecaria, S.A. 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.

			Overall ESG Scale
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)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
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 scores range from 1 to 5 based on a 15-level color gradatior Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) table break out the individual components of the scale. The right-han box shows the aggregate E, S, or G score. General Issues ar relevant across all markets with Sector-Specific Issues unique to particular industry group. Scores are assigned to each secto specific issue. These scores signify the credit-relevance of th sector-specific issues to the issuing entity's overall credit rating. Th Reference box highlights the factor(s) within which th corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ES score. This score signifies the credit relevance of combined E, and G issues to the entity's credit rating. The three columns to th left of the overall ESG score summarize the issuing entity's sub component ESG scores. The box on the far left identifies some c the main ESG issues that are drivers or potential drivers of th issuing entity's credit rating (corresponding with scores of 3, 4 or 5 and provides a brief explanation for the score.

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

Sector references in the scale definitions below refer to Sector a displayed in the Sector Details box on page 1 of the navigator.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
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)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
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.

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.

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