FitchRatings

Banks
Retail & Consumer Banks
Germany

Santander Consumer Bank AG

Ratings

Foreign Currency	
Long-Term IDR	A-
Short-Term IDR	F2
Derivative Counterparty Rating	A(dcr)
Viability Rating	a-
Shareholder Support Rating	a-
Sovereign Risk (Germany)	
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

Fitch Affirms Santander Consumer Bank AG at 'A-'; Outlook Stable (May 2024)

Global Economic Outlook (March 2024)

Analysts

Caroline Herper, CFA
+49 69 768076 176
caroline.herper@fitchratings.com

Justus Roppertz
+49 69 768076 232
justus.roppertz@fitchratings.com

Key Rating Drivers

Support and VR Drive IDRs: Santander Consumer Bank AG's (SCB AG) Issuer Default Ratings (IDRs) are driven by its Viability Rating (VR) and by Fitch Ratings' view of the strong support available from SCB AG's ultimate parent, Banco Santander, S.A. (Santander; A-/Stable), potentially channelled via SCB AG's intermediate parent Santander Consumer Finance, S.A. (SCF; A-/Stable) and underscored in a Shareholder Support Rating (SSR) of 'a-'. The Stable Outlook on SCB AG's Long-Term IDR mirrors that on its parent's.

SCB AG's VR reflects its leading German car and consumer financing franchise, which dominates its business model, earnings and risk profile. It results in good asset quality, sound profitability and adequate capital, funding and liquidity profiles. The VR also reflects the bank's only slight business diversification.

Integration Underpins Support: We view Santander's propensity and ability to support SCB AG as very high, due to SCB AG's deep integration, shared brand name, and small size relative to the group. Car and unsecured consumer financing are core businesses for the group. We believe that Santander would increase SCB AG's capital to support organic growth and acquisitions whenever needed, as it has in the past.

Focused Business Profile: SCB AG's business model has demonstrated its resilience through the economic cycle, and new business volumes have increased in the mobility segment, which is an area of focus for the bank. The increase is despite a continued economic downturn in Germany. Despite a fall in profits in 2023, we believe that SCB AG's business profile will continue to deliver a level of profitability that is in line with other consumer finance lenders'.

Sound Risk Profile: We expect SCB AG's strong consumer finance expertise, sound execution record, and well-tested risk-management framework, underpinned by sound underwriting standards, will support the bank's credit quality through the cycle.

Resilient Asset Quality: Loan quality deteriorated slightly in 2023, due in part to a lower volume of impaired loan sales. We expect impaired loans to rise in 2024 as higher interest rates persist and continue to challenge borrowers' financial headroom. However, we expect SCB AG's impaired loan ratio to increase only slightly to above 2% in the next two years (1.8% at end-2023).

Refinancing Costs Weigh on Profits: Unlike most German banks, SCB AG did not fully benefit from higher interest rates, due to the slow repricing of its loan book and a significant rise in its refinancing costs. Loan impairment charges (LIC) increased in 2023, halving pre-impairment profit, and we expect a further small rise in LICs in 2024. However, we expect SCB AG to restore its loss-absorption capacity in 2024, and to generate an operating profit of above 1.5% of risk-weighted assets (RWAs) over the next two years.

Adequate Capitalisation: Our assessment of SCB AG's capitalisation includes ordinary group support as the bank relies on capital injections from the group to back significant loan growth or acquisitions. The bank usually does not generate capital internally as annual profits are channelled to its German intermediate parent, based on a control-and-profit transfer agreement. Our assessment also considers a flexible approach to capital relief transactions and a good leverage ratio (6.3% at end-2023).

Self-Funded, Mostly Through Deposits: SCB AG's established retail deposit franchise is supplemented by regular capital-market issuance. The bank's large stock of unencumbered auto and consumer loans enables flexible management of its liquid assets through the issuance of ECB-eligible retained asset-backed securities. SCB AG has adequate liquidity buffers in place.

Rating Sensitivities

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

SCB AG's IDRs would be downgraded if both its VR and SSR are downgraded. A downgrade of Santander's IDR, the sale of a significant stake in SCB AG or a decline in SCB AG's strategic importance for the group could reduce the likelihood of extraordinary support and trigger a downgrade of SCB AG's SSR.

SCB AG's VR could be downgraded if the bank's operating profit durably declines below 1.5% of RWAs without credible prospects to restore it above this threshold over the medium term, combined with a significant and structural deterioration in SCB AG's asset quality, as reflected in an impaired loan ratio above 3% over a prolonged period. A downgrade of Santander's VR could also put pressure on SCB AG's VR as the latter factors in the ordinary support benefits from being part of the group.

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

An upgrade of Santander's IDRs would trigger an upgrade of SCB AG's IDRs.

An upgrade of SCB AG's VR would first require an upgrade of Santander's VRs, as well as a major and sustained increase in revenue diversification at SCB AG, with limited dilution of its operating profit/RWAs ratio.

Other Debt and Issuer Ratings

Rating level	Rating	Outlook
Long-term deposits	A	–
Senior non-preferred: long term	A-	–
Senior preferred: long term	A	–
Senior preferred: short term	F1	–
Senior secured: long term	AAA	Stable
Short-term deposits	F1	–

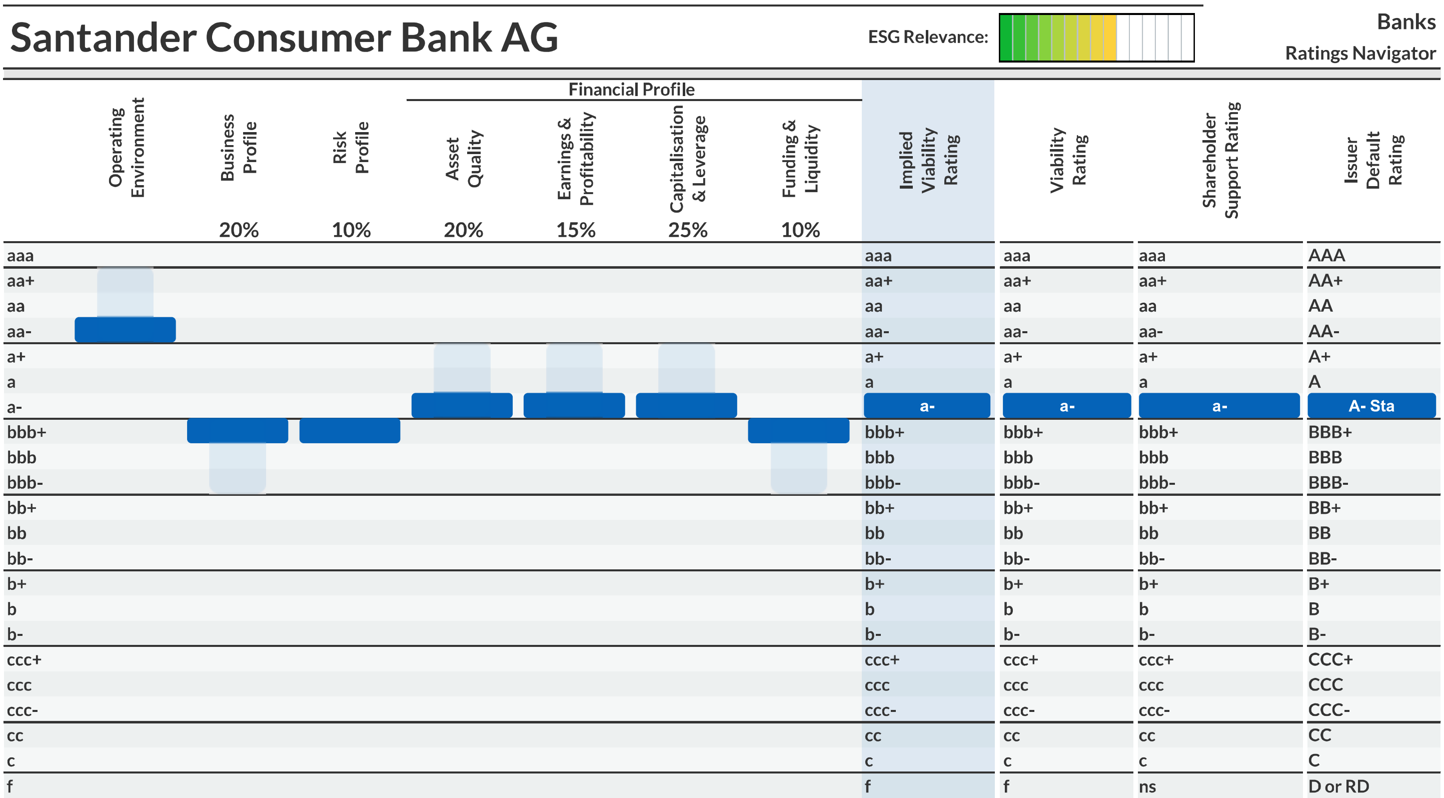
Source: Fitch Ratings

The Derivative Counterparty Rating (DCR) and long-term senior preferred debt and long-term deposit ratings are all one notch above the Long-Term IDR to reflect the protection accruing to preferred creditors from the senior non-preferred and junior debt buffers. SCB AG issues its resolution debt buffers internally to SCF or Santander, as it is part of the same resolution group. The short-term senior preferred debt and deposit ratings of 'F1' are the lower of the two options mapping to the long-term ratings of 'A', because the liquidity and funding score of 'bbb+' prevents a higher Short-Term IDR, and are in line with the parent's short-term senior preferred debt and deposit ratings.

SCB AG's senior non-preferred debt rating is aligned with its Long-Term IDR, as we expect the bank to continue to meet its resolution buffer requirements with senior non-preferred and more junior debt only.

SCB AG's 'F2' Short-Term IDR is aligned with Santander's. It is also the lower of the two options mapping to the Long-Term IDR of 'A-', because SCB AG's liquidity and funding score of 'bbb+' prevents a higher Short-Term IDR and is line with the parent's Short-Term IDR.

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.

Company Summary and Key Qualitative Factors

Business Profile

Highly Profitable Consumer Lending Operations

SCB AG runs Santander's German operations and focuses primarily on consumer finance, one of the group's core markets. Its four business segments are mobility, consumer financial services – including invoicing for dealerships and e-commerce business – direct lending (unsecured consumer loans, credit cards and mortgage lending), and business and corporate banking, mostly for the self-employed and for export-driven SMEs. It also has small asset-management operations.

SCB AG has consistently been one of the most profitable German banks and a reliable source of strong returns for Santander, achieving an average return on equity of about 12% over the past four years. It closely aligns its strategic objectives and performance targets with Santander's and benefits from the group's resources and expertise. It has played a key role in SCF's formation of a leading European consumer banking operation through acquisitions over the past decade. The bank generally fills senior management vacancies with Santander executives with substantial international experience, reinforcing intragroup cohesion and consistency.

Mobility and Unsecured Consumer Lending Dominates Business Mix

We expect the mobility sector to remain SCB AG's largest segment. The bank is the largest non-captive car financing provider in Germany and the second-largest overall behind VW Bank. We also expect further activities in electric car financing, as the bank established new partnerships with additional manufacturers of electric vehicles in 2023.

SCB AG is well-advanced in its transition to an omni-channel distribution model in its direct segment, reflected by the growing share of fully digitalised processes. However, the bank's small market share and the intense competition in Germany results in considerable challenges for SCB AG to gain and keep profitable retail customers.

SCB AG completed the purchase of MCE Bank GmbH at end-May 2023. MCE Bank GmbH is the captive partner for financing Mitsubishi and Isuzu vehicles in Germany, thus compensating for the sale of PSA Bank Deutschland GmbH, the sale of which SCB AG completed at end-March 2023.

SCB AG has strengthened its strategic focus on car and consumer financing by transferring all its retail partners to Openbank (Santander Group's pan-European 'buy now, pay later' platform) in 2023, effectively closing down its consumer financial services segment, which included point-of-sales and buy now, pay later activities. In addition, the bank has announced that it will no longer underwrite mortgage loans. As part of these changes, the bank also plans to reduce the number of full-time equivalent jobs by 500 until 2026.

Risk Profile

Sound Underwriting Standards

SCB AG benefits from its decades-long expertise in German consumer lending, which includes tested and highly effective proprietary scoring, underwriting, monitoring and impaired loan collection processes. The bank's risk-management organisation is also closely integrated into Santander's. SCB AG's much shorter risk-management record in housing and corporate lending has yet to be tested through the cycle.

Most of SCB AG's retail loans are secured by mortgages on residential real estate or by the transfer of title of the financed vehicles by way of security or by the security assignment of wage claims to the bank. Strict valuation and Pfandbrief eligibility criteria support its mortgage underwriting standards. Competition in the market is increasing, driven by an increasing number of banks (including large ones) that have belatedly identified consumer lending as one of a few areas that enable sound risk/return profiles in German banking. In this context, SCB AG's high market penetration in consumer finance makes any incremental gains of market shares increasingly challenging.

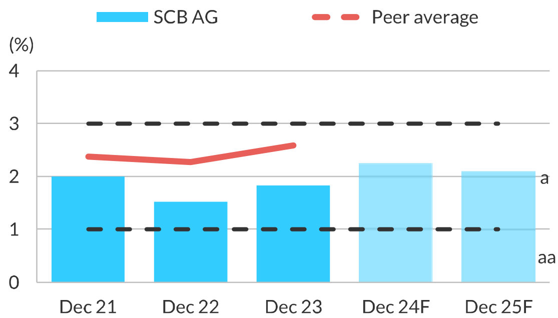
Financial Profile

Asset Quality

Robust Asset Quality Through the Cycle

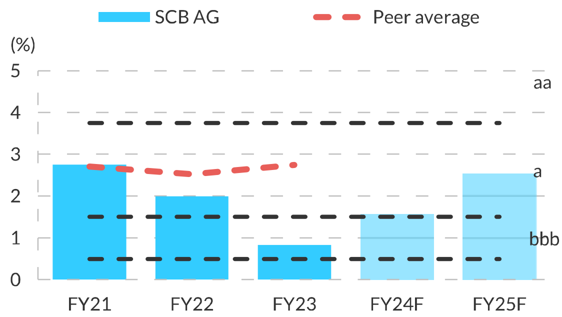
SCB AG's asset quality metrics reflect its reasonable risk appetite, strong risk controls and adequate risk-based pricing despite the cyclicality of its loan exposures. Regular sales of defaulted exposures have also contributed to the bank's stable asset quality. Nevertheless, in 2023 the bank's impaired loan ratio increased to 1.9%. We expect a further increase in SCB AG's impaired loan ratio this year, due to higher interest rates continuing to exert pressure on borrowers' financial headroom, but also for it to remain well below 3% in the medium term. SCB AG's coverage ratio of impaired loans by loan loss allowances is sound.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

SCB AG's through-the-cycle profitability has been well above the domestic sector average and reflects generally wide interest rate margins, a competitive cost base and contained LICs. In contrast to other German banks, SCB AG did not fully benefit from the higher level of interest rates, due to the slow repricing of its loan book and a significant rise in its refinancing costs. SCB AG was able to pass on the higher interest rates in 2023 to a significant share of its customers, but with a time lag, despite the relatively short tenor of its assets. This delay arose in particular in the bank's mobility segment, due to the delay between the vehicle order and delivery. Typically, the refinancing of each car occurred at the point of delivery at market conditions, reflecting higher interest rates.

Interest expenses simultaneously rose significantly in 2023 due to the adverse modification of the ECB's targeted longer-term refinancing operations (TLTRO) facility, as well as the bank's shift to other funding sources, including commercial paper, medium-term notes and customer deposits. We expect the repricing of the bank's loan book to continue to feed into 2024, leading to an improvement in SCB AG's profitability in the medium term, as reflected in its operating profit/RWAs ratio increasing towards 2.5%.

A decline in the bank's net commission income also contributed to the fall in operating profit in 2023, mainly due to significantly lower income from insurance brokerage, which has been affected by the reformed German Insurance Supervision Act, as well as a rise in commission fees paid to business intermediaries such as car dealers. The continued deterioration of the operating environment also caused LICs to increase in 2023, in particular due to an increase in the default of instalment loans, as well as a change in the default definition, higher specific valuation allowances for corporate clients and lower income on impaired loan sales.

SCB AG's cost efficiency is good despite its sizeable nationwide branch network. It is supported by a rising loan generation capacity through direct banking activities. Nevertheless, the bank's cost/income ratio increased to 67% at end-2023 (end-2022: 61%), mainly due to the decline in net interest income and net commission income.

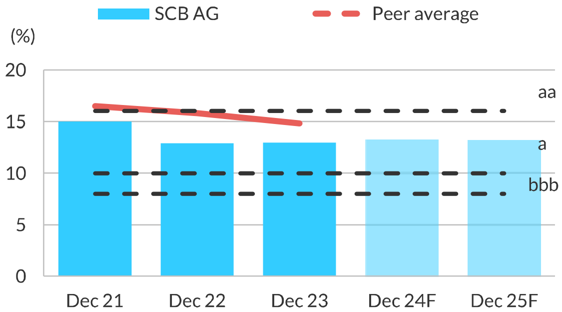
Capital and Leverage

SCB AG generally up-streams its full annual profits to its intermediate parent Santander Consumer Holding under the control-and-profit transfer agreement, which strictly limits its capital generation flexibility except some allowance to retain some profits for investments and growth. This makes the bank vulnerable to RWA inflation, which it counters by regular capital relief transactions, using its pool of consumer collateral.

The bank's CET1 ratio increased slightly to around 13% at end-2023, due to a EUR75 million capital injection from its sole shareholder. This leaves a sufficient, but not generous, buffer to absorb potential cyclical swings against its CET1 requirement. However, the buffer over the total capital ratio regulatory requirement is smaller, although this is in part compensated for by the quality of SCB AG's regulatory capital (almost 90% of its own funds are core capital). The bank expects minimal RWA inflation from the output floor to be implemented as part of the Basel III reform by 2027. This is plausible, in our view, given its small exposure to real-estate loans, which are among the most sensitive to the output floor.

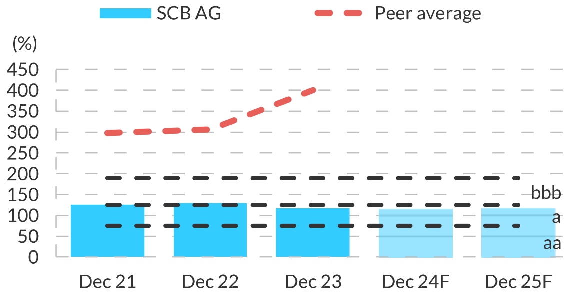
We expect the CET1 ratio to remain at 12.5%–13.5%, accommodating its expected loan growth. SCB AG plans to move further portfolios that are currently measured under the standardised approach to the risk-weight measurement under the advanced ratings base approach (IRBA).

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

In line with the group's strategy to have mainly self-funded subsidiaries, retail deposits, and, to a lesser extent, wholesale deposits are SCB AG's main funding source. This offers above-average flexibility to increase its stock of deposits by raising their remuneration if needed. Despite the general stickiness of these deposits, investors' preference for higher-yielding term deposits, in combination with the repayment of most of its targeted longer-term refinancing operations (TLTRO) funding from the ECB, had a significant negative impact on the bank's funding costs in 2023. SCB AG also had about EUR1.5 billion intra-group funding at end-2023.

The conditions of the third series of TLTRO III were recalibrated by the ECB in October 2022, and SCB AG subsequently repaid a further EUR8 billion in 2023, after reaching a peak volume of EUR10.3 billion in 2022. The bank repaid the rest (about EUR0.5 billion) in March 2024. SCB AG has mostly replaced its TLTRO funding with customer deposits. Its liquidity coverage ratio remained a comfortable 221% at end-2023.

In light of its adapted funding strategy, SCB AG has grown its deposit base significantly in 2023 and plans to grow this further to become its main funding source. To support the growth in its customer deposits (in particular term deposits), we expect SCB AG to compete with other banks on pricing, which already led to higher funding costs in 2023. SCB AG's commercial paper programme (established in 2018, current volume of EUR7 billion) also provides additional flexibility to address short-term funding needs. SCB AG will continue to make extensive use of retained auto and consumer ABS as collateral to access ECB funding, generate liquidity and achieve capital relief. The bank also has about EUR1 billion of covered bonds outstanding.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's 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 Santander Consumer Finance, S.A. (VR: a-), Santander Consumer Bank AS (bbb+), Banco Santander, S.A. (a-), Corner Banca SA (bbb+), CA Auto Bank S.p.A. (bb+). Unless otherwise stated, financial year (FY) end for all banks is 31 December.

Financials

Financial Statements

	31 Dec 23		31 Dec 22	31 Dec 21	31 Dec 20
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
Summary income statement					
Net interest and dividend income	1,064	971	1,054	1,071	1,010
Net fees and commissions	118	107	163	182	158
Other operating income	70	64	142	193	130
Total operating income	1,252	1,143	1,359	1,446	1,298
Operating costs	785	716	774	752	780
Pre-impairment operating profit	468	427	585	694	518
Loan and other impairment charges	264	241	141	161	124
Operating profit	204	186	444	533	394
Other non-operating items (net)	85	78	—	—	—
Tax	0	0	0	0	1
Net income	289	264	444	533	394
Summary balance sheet					
Assets					
Gross loans	40,388	36,864	32,784	29,407	29,749
– Of which impaired	741	676	498	589	528
Loan loss allowances	1,108	1,011	740	551	532
Net loans	39,281	35,853	32,044	28,856	29,217
Interbank	10,642	9,714	6,778	2,755	2,860
Other securities and earning assets	7,098	6,479	12,962	12,730	12,196
Total earning assets	57,021	52,046	51,784	44,341	44,273
Cash and due from banks	753	687	1,291	10,758	5,349
Other assets	539	492	535	525	506
Total assets	58,313	53,225	53,610	55,623	50,127
Liabilities					
Customer deposits	34,355	31,357	25,250	23,390	22,774
Interbank and other short-term funding	2,219	2,025	8,686	10,473	7,254
Other long-term funding	16,375	14,946	14,707	16,712	15,217
Total funding and derivatives	52,948	48,328	48,643	50,576	45,245
Other liabilities	1,189	1,085	1,245	1,326	1,161
Preference shares and hybrid capital	463	423	409	408	408
Total equity	3,712	3,388	3,313	3,313	3,313
Total liabilities and equity	58,313	53,225	53,610	55,623	50,127
Exchange rate		USD1 = EUR0.912742	USD1 = EUR0.937559	USD1 = EUR0.884173	USD1 = EUR0.821963

Source: Fitch Ratings, Fitch Solutions, Santander Consumer Bank AG

Key Ratios

	31 Dec 23	31 Dec 22	31 Dec 21	31 Dec 20
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	0.8	2.0	2.8	2.0
Net interest income/average earning assets	1.9	2.2	2.4	2.3
Non-interest expense/gross revenue	64.1	61.1	52.0	60.1
Net income/average equity	7.9	13.4	16.1	12.4
Asset quality				
Impaired loans ratio	1.8	1.5	2.0	1.8
Growth in gross loans	12.5	11.5	-1.2	-2.5
Loan loss allowances/impaired loans	149.6	148.6	93.6	100.8
Loan impairment charges/average gross loans	0.6	0.4	0.5	0.4
Capitalisation				
Common equity Tier 1 ratio	13.0	12.9	15.0	14.4
Tangible common equity/tangible assets	6.0	5.8	5.6	6.2
Basel leverage ratio	6.3	6.7	7.3	7.5
Funding and liquidity				
Gross loans/customer deposits	117.6	129.8	125.7	130.6
Gross loans/customer deposits + covered bonds	113.8	124.8	120.4	125.1
Liquidity coverage ratio	220.8	231.7	519.6	236.6
Customer deposits/total non-equity funding	64.3	51.5	45.9	49.9

Source: Fitch Ratings, Fitch Solutions, Santander Consumer Bank AG

Support Assessment

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

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

We view Santander's propensity and ability to support SCB AG as very high, due to SCB AG's deep integration, shared brand name and small size relative to the group. Car and unsecured consumer financing are core business for the group. We believe that Santander would increase SCB AG's capital to support organic growth and acquisitions whenever needed, as it has in the past.

Environmental, Social and Governance Considerations

FitchRatings **Santander Consumer Bank AG**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Santander Consumer Bank AG has 5 ESG potential rating drivers

- Santander Consumer Bank AG 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 reflect 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.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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