FitchRatings

Volksbanken-Verbund

Banks
Retail & Consumer Banks
Austria

Ratings

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

Sovereign Risk (Austria)	
Long-Term Foreign-Currency IDR	AA+
Long-Term Local-Currency IDR	AA+
Country Ceiling	AAA

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

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Revises Volksbanken-Verbund's Outlook to Negative; Affirms IDR at 'BBB+' (May 2025)

Fitch Revises Austria's Outlook to Negative; Affirms at 'AA+' (January 2025)

Global Economic Outlook - Update (April 2025)

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Key Rating Drivers

Cooperative Banking Group: Volksbanken Verbund (VB-Verbund) is a medium-sized network of regional cooperative banks, not a legal entity, and Volksbank Wien AG (VBW) acts as VB-Verbund's central organisation. The group's strong cohesion is primarily ensured by its mutual support scheme. VB-Verbund's Issuer Default Ratings (IDRs) apply to each of its member banks, in line with Fitch Ratings' criteria for rating banking structures backed by mutual support mechanisms.

The group's IDR is driven by its Viability Rating (VR). The latter reflects VB-Verbund's smaller domestic franchise and less diverse business model than higher-rated peers', which results in below-average operating profitability and cost efficiency, and ultimately limits the group's financial flexibility. The VR also reflects the group's higher reasonable, but worsening asset quality, robust capitalisation, and good liquidity and funding profile.

Sharp Asset Quality Deterioration: VB-Verbund's impaired loans ratio (Stage 3 loans/gross loans) rose sharply to 5.5% at end-2024 (2023: 2.7%), well above most European peers'. This was due primarily to major defaults in the commercial real estate sector as a result of interest rate increases since 2022 and higher construction costs, but also the impact of a weak domestic economy on the corporate loan book. We expect impaired loans to be higher than average over the medium term, despite a targeted workout strategy towards a ratio of below 3%.

Pressure on Risk Profile: The group's overall risk profile benefits from a focus on core products, lending to a well-known long-term customer base of mostly domestic retail, self-employed and SME borrowers. However, high exposures to domestic commercial real estate projects and developers have compromised the group's low loan concentrations and made it vulnerable to cyclical downturns, as evident in 2024, when the domestic commercial real estate sector came under pressure.

Established Retail Business Profile: VB-Verbund has a solid record in operating a retail-oriented cooperative franchise focused on the domestic market. Its business model principally generates revenues from traditional commercial banking. Its customer base is loyal although has few younger customers and is constrained by the bank's moderate size and regional focus, resulting in limited diversification and pricing power.

Volatile Profitability: VB-Verbund's operating profit/risk-weighted assets (RWAs) ratio of 1% at end-2024 was below last year's 2.4%. Lower net interest income and rising costs but primarily increased loan loss provisions in the commercial real estate sector well above historical levels have eroded the group's profitability. We expect another decline in operating profitability in 2025, followed by a moderate recovery from 2026, as loan impairment charges decline.

Adequate Capitalisation: The group's common equity Tier 1 (CET1) ratio (end-2024: 15.5%) is robust and offers ample headroom over its regulatory capital requirements. VB-Verbund's leverage ratio at end-2024 was solid, at 7.3%. The standardised approach for the calculation of RWAs also mitigates the impact of the recent asset quality deterioration on the group's CET1 ratio. However, we expect VB-Verbund's CET1 ratio to fall in 2025, primarily due to negative transitional Basel 4 effects.

Stable Funding Franchise: VB-Verbund's granular retail and SME deposit base is a reliable source to fully fund its customer loan growth. Customer deposits rose by almost 5% in 2024. Wholesale market activities are moderate but extended in 2024, particularly with issuance of Tier 2 debt, underpinning a broadening funding franchise. VB-Verbund's liquidity profile is solid and benefits from the group's joint pooling scheme.

Rating Sensitivities

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

Inability to stabilise or improve VB-Verbund's asset quality, leading to consistently higher impairment charges and weighing on profitability could lead to a downgrade. In particular, further pressure on VB-Verbund's operating profit, leading to a four-year average of below 1% of RWAs, would put pressure on VB-Verbund's ratings.

A reduction in VB-Verbund's common equity Tier 1 ratio to below 11.5% without clear recovery prospects could also lead to a downgrade.

The Short-Term IDRs are sensitive to downgrades of the Long-Term IDRs, in conjunction with a deterioration of the group's funding and liquidity profile.

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

We could revise the Outlook to Stable if VB-Verbund's impaired loans ratio improves to below 4% and its four-year average operating profit remains comfortably above 1% of RWAs, which would indicate a recovery in VB-Verbund's credit profile.

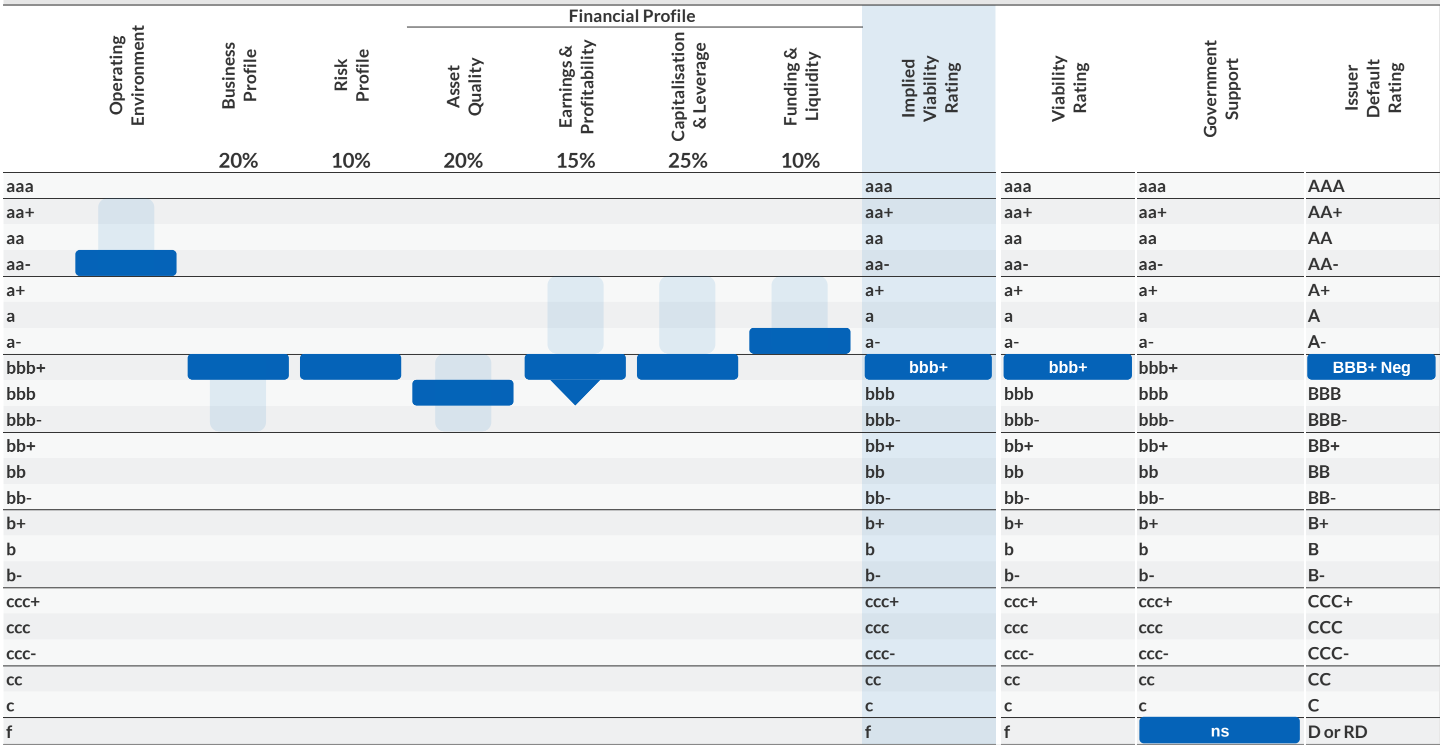
An upgrade of the IDRs and VR is unlikely over the medium term and would require a major improvement in asset quality metrics, combined with a solid and sustainable improvement in average operating profit of at least 1.5% of RWAs, while maintaining good capitalisation and a solid funding and liquidity profile. Ratings could also benefit from a stronger franchise, including more diversified customer, funding and revenues bases, together with a stable risk profile.

An upgrade of the Short-Term IDR to 'F1' would require a one-notch upward revision of the funding and liquidity score to 'a'.

Ratings Navigator

Volksbanken-Verbund

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 earnings and profitability score of ‘bbb+’ is below the implied ‘a’ category score due to the following adjustment reason: historical and future metrics (negative).

The capitalisation and leverage score of ‘bbb+’ is below the implied ‘a’ category score due to the following adjustment reason: internal capital generation and growth (negative).

Company Summary and Key Qualitative Factors

Business Profile

Medium-Sized Domestic Retail-Focused Cooperative Banking Group

VB-Verbund focuses on Austrian retail, self-employed and small clients. Its member banks collectively serve about one million clients. The group has modest retail market shares in the fairly small Austrian market, but the member banks generally have strong local franchises, underpinned by solid customer loyalty in rural areas. Real estate financing comprises a substantial part of VB-Verbund's business activities, primarily in the retail segment in form of lower risk residential properties but also in its dedicated real estate business segment, which includes higher risk commercial real estate lending.

The group complements its highly standardised product mix with consumer lending and asset-management products from DZ BANK, the German cooperative banks' central organisation. Revenue diversification from this outsourcing agreement mitigates VB-Verbund's limited size, which would make it uneconomical for the individual banks to offer these services on their own. We expect the group's increasing focus on sustainability financing to support the ecological transformation in Austria and underpin the bank's business profile. VB-Verbund has recently started a strategic growth initiative 'Aufwind', which targets client retention and acquisition of new clients through optimised digital services.

Verbund Contract Strengthens Central Organisation and Governance

VB-Verbund is a highly integrated cooperative banking group. VBW is contractually entrusted with broad discretionary powers enabling VBW's management to unilaterally issue binding orders to all or individual member banks and impose support measures if necessary. VBW is also responsible for the group's adherence to regulatory capital, liquidity and risk-management requirements, and strategic decisions and their implementation. This mechanism enables VB-Verbund's recognition as a financial institution group by the Single Resolution Board, although its member banks are legally independent.

Under the resolution strategy VB-Verbund's local banks have no longer internal requirements as they are considered affiliated entities.

Risk Profile

Residential Commercial Real Estate Exposure Highlights Risk Appetite

We generally view VB-Verbund's risk profile as robust in light of the simplified retail-focused business model that comprises about 35% of its loan book end-2024 and the standardised product offering, which has an emphasis on less complex transactions. VB-Verbund's corporate and SME lending is about the same size and broadly reflects the domestic economic structure, leading to higher exposure to segments such as tourism.

However, almost 30% of the loan book is dedicated to real estate (EUR7.8 billion), of which the commercial real estate sector is a key constituent – primarily residential housing. About EUR1.4 billion or 18% of the real estate exposure relates to project and real estate developers. This segment is inherently higher-risk than the average loan book and compromises VB-Verbund's risk appetite, evidenced by significantly higher impaired loans in this segment, partly at double-digit levels. These types of properties are generally not income-generating until sold and have been burdened by rising interest rates and construction costs. Demand simultaneously collapsed as higher financing costs significantly lowered customers' affordability. Consequently, VB-Verbund has, in cooperation with VBW, which oversees the group's centralised risk-management function, reviewed lending practices and underwriting standards to these borrowers and adapted its risk appetite accordingly.

Structural interest rate risk in the member banks' banking books is VB-Verbund's main source of market risk, primarily driven by the mismatch between its mainly short-term deposits and its long-term mortgage loans. However, this is mitigated by the fact that, similar to its Austrian peers, the majority of retail loans in the group's bank book carry variable rates.

Financial Profile

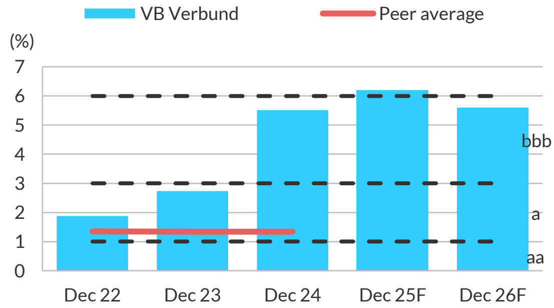
Asset Quality

Asset Quality Is Vulnerable to Real Estate Developments

VB-Verbund's asset quality generally benefits from a high level of collateralisation and solid coverage from loan loss allowances. However, it deteriorated significantly in 2024, and the group's impaired loans ratio (Stage 3 loans/gross loans) rose to 5.5% at end-2024 (2023: 2.7%), considerably higher than at peers. The inflow of new impaired loans relates predominantly to VB-Verbund's commercial real estate activities. VB-Verbund's corporate and SME portfolio also deteriorated due to the weak domestic economic environment. The high exposure to the tourism and gastronomy sectors created notable pressure due to rising costs and labour scarcity.

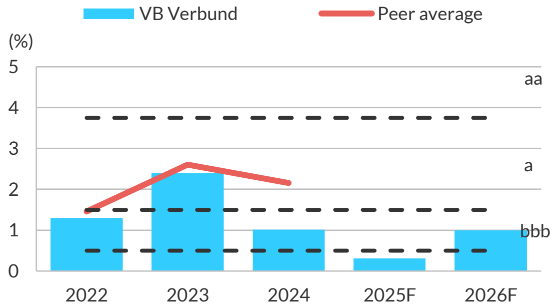
We expect a high level of impaired loans to prevail for longer, which could temporarily exceed 6% in 2025, before gradually moving down towards VB-Verbund's strategic long-term non-performing loan ratio target of below 3%. We believe that VB-Verbund's agreed loan portfolio work-out could prove challenging in the short term. This is due to weak economic fundamentals, a slow housing recovery and lack of a liquid market in Austria for impaired loan disposals. Consequently, it may result in slower restoration of asset quality than envisaged by the group. However, we believe that declining interest rates, ongoing completion of developments and a structural housing demand – particularly in the Vienna region – will improve VB-Verbund's asset quality beyond 2026.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, VB Verbund

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, VB Verbund

Earnings and Profitability

Declining Margins and High Loan Impairment Charges Drive Profitability Decline

VB-Verbund's operating profit was significantly lower in 2024 compared to a year before. The largest impact on the declining operating profit was significantly higher LICs, which more than tripled to EUR221 million (2023: EUR65 million). This amount is equivalent to about 94bp of gross loans, a level well above that of VB-Verbund's peers. In addition, the earnings volatility also highlights VB-Verbund's strong dependence on the interest rate trajectory as its net interest rate margin shrank notably by around 30bp, in line with declining euro interest rates, as a large portion of loans is variable-rate-based. Volume growth in the loan portfolio remained fairly muted below 3%. VB-Verbund also has a lack of revenue diversification sources beyond lending, despite a solid fee income base, which was up 7% in 2024.

The group's costs increased by almost 10% in 2024, due to rising employee expenses based on moderate staff increases and higher collective salary agreements, as well as further investments in its operating platform, IT structure and marketing.

Lower Medium-Term Profitability Expectations

We expect 2025 to be a challenging financial year for the group and another decline in operating profits because NII is likely to decline further, while costs continue to rise and LICs are likely to remain high until VB-Verbund's asset quality improves. However, VB-Verbund's financial performance is likely to recover from 2026 as LICs are likely to normalise again.

Capitalisation and Leverage

Higher Total Capital Ratio in 2024

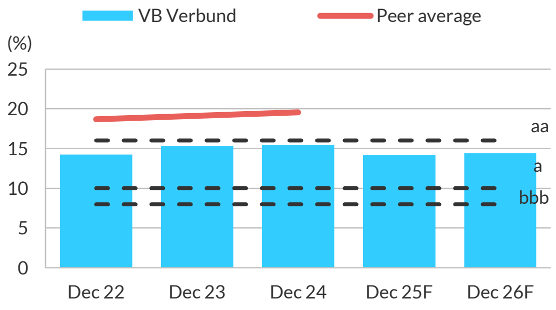
VB-Verbund's capitalisation has moderately improved in recent years and has exceeded minimum regulatory requirements by a solid margin. The group's regulatory leverage ratio of 7.3% at end-2024 is strong and well in line with retail-banking-oriented peers.

VB-Verbund's CET1 ratio of 15.5% increased by 20bp in 2024. It is broadly in line with that of peers, and takes into account the group's risk density of almost 49% due to the application of the standardised approach for the calculation of RWAs. VB-Verbund's total capital ratio, however, increased by about EUR1 billion or 400bp to 22.9% at end-2024 following an optimisation of its capital structure. VBW issued EUR500 million Tier 2 notes in March and again in September, eliminating its Tier 2 shortfall at end-2024, while calling its EUR220 million outstanding additional Tier 1 debt. It also tendered EUR400 million of Tier2 debt issued in 2017, which is no longer recognized as Tier 2 capital.

CET1 Ratio to Decline in 2025

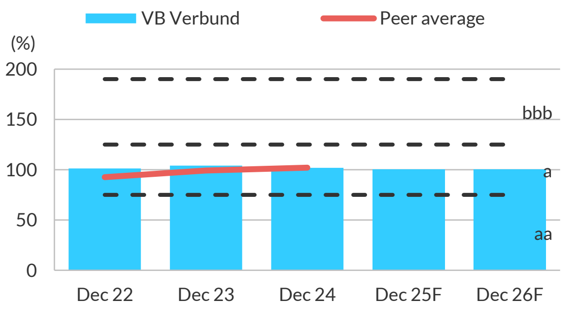
We expect VB-Verbund's capital generation capacity to slow in 2025 based on our expectation of lower operating profits, but capital levels to remain comfortably above regulatory requirements (end-2024 CET1 minimum requirement of 10.97%, including Pillar 2 guidance). We additionally expect negative effects from the transition to Basel 4 capital rules in 2025, which could increase credit risk RWAs by more than EUR1 billion and result in a CET1 ratio below 15%. The group's combined buffer requirements were lowered to 3.5% as of 1 January because the group's O-SIIB buffer halved to 45bp. However, the bank expects an additional systemic risk buffer of 0.25% for commercial real estate exposure, applicable from June 2025.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, VB Verbund

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, VB Verbund

Funding and Liquidity

Stable Funding and Liquidity, Strengthening Capital Market Franchise

VB-Verbund's funding and liquidity profile is robust, underpinned by a stable, growing and granular customer deposit base. Fitch views VB-Verbund's retail and SME customers as loyal based on long-term business relationships that support retail deposit stability, which Fitch otherwise considers confidence-sensitive. In addition, the majority of deposits are protected by the national deposit scheme due to their granular size. The share of on-demand deposits stabilised in 2024 at slightly less than 80% of all deposits as demand for term deposits vanished.

The group's wholesale market activities are small given its deposit funding, but extended substantially in 2024. This development was primarily driven by regulatory requirements to issue MREL (minimum requirements for eligible liabilities) eligible debt.

The group's liquidity profile benefits from the local banks' contractual commitment to place their excess liquidity with VBW, which has access to the ECB's and Austrian central bank's (OeNB) liquidity. VB-Verbund's liquidity portfolio is of high quality, consisting of central bank deposits, cash, bonds and retained covered bonds. The group's liquidity coverage ratio was above 175% throughout 2024. The last tranche of the central bank funds raised in 2020–2021 (TLTRO) was paid back in June 2024.

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 macroeconomic 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. 'F' represents Fitch's forecasts.

Peer average includes Erste Group Bank AG (VR: a), Corner Banca SA (bbb+), de Volksbank N.V. (a-), Genossenschaftliche FinanzGruppe (aa-) and Raiffeisen Group (a+). Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report. Data for Genossenschaftliche FinanzGruppe are as of end-2023.

Financials

Financial Statements

	31 Dec 24		31 Dec 23	31 Dec 22	31 Dec 21
	12 months (USDm)	12 months (EURm)	12 months (EURm)	12 months (EURm)	12 months (EURm)
Summary income statement					
Net interest and dividend income	672	646	705	468	406
Net fees and commissions	291	280	262	255	253
Other operating income	42	40	-2	-7	17
Total operating income	1,004	966	966	716	676
Operating costs	612	589	536	500	515
Pre-impairment operating profit	392	377	430	216	160
Loan and other impairment charges	229	221	65	31	-89
Operating profit	163	157	365	185	250
Other non-operating items (net)	–	–	0	-69	1
Tax	26	25	39	2	32
Net income	137	132	326	115	219
Other comprehensive income	24	23	33	16	9
Fitch comprehensive income	161	155	359	131	228
Summary balance sheet					
Assets					
Gross loans	24,653	23,721	23,068	22,391	21,837
– Of which impaired	1,358	1,307	629	421	463
Loan loss allowances	543	523	330	275	273
Net loans	24,110	23,198	22,738	22,116	21,563
Interbank	238	229	234	123	257
Derivatives	270	260	271	298	115
Other securities and earning assets	3,902	3,754	3,229	2,636	2,644
Total earning assets	28,519	27,441	26,472	25,173	24,579
Cash and due from banks	4,165	4,008	3,435	3,473	6,921
Other assets	641	617	575	578	595
Total assets	33,326	32,066	30,482	29,224	32,095
Liabilities					
Customer deposits	24,170	23,256	22,180	22,105	22,747
Interbank and other short-term funding	490	471	212	1,812	3,797
Other long-term funding	4,949	4,762	4,329	2,133	2,371
Trading liabilities and derivatives	279	268	294	301	327
Total funding and derivatives	29,887	28,757	27,015	26,351	29,242
Other liabilities	734	707	708	435	521
Preference shares and hybrid capital	2	2	219	220	218
Total equity	2,702	2,600	2,540	2,218	2,115
Total liabilities and equity	33,326	32,066	30,482	29,224	32,095
Exchange rate		USD1 = EUR0.962186	USD1 = EUR0.912742	USD1 = EUR0.937559	USD1 = EUR0.884173

Source: Fitch Ratings, Fitch Solutions, Volksbanken-Verbund

Key Ratios

(%)	31 Dec 24	31 Dec 23	31 Dec 22	31 Dec 21
Profitability				
Operating profit/risk-weighted assets	1.0	2.4	1.3	1.8
Net interest income/average earning assets	2.4	2.7	1.9	1.7
Non-interest expense/gross revenue	63.6	55.6	69.7	76.1
Net income/average equity	5.1	13.8	5.3	10.5
Asset quality				
Impaired loans ratio	5.5	2.7	1.9	2.1
Growth in gross loans	2.8	3.0	2.5	0.9
Loan loss allowances/impaired loans	40.0	52.4	65.4	59.1
Loan impairment charges/average gross loans	0.9	0.3	0.1	-0.4
Capitalisation				
Common equity Tier 1 ratio	15.5	15.3	14.2	14.4
Fully loaded common equity Tier 1 ratio	15.4	15.2	14.0	14.1
Tangible common equity/tangible assets	7.9	8.2	7.3	4.8
Basel leverage ratio	7.3	8.1	7.4	6.6
Net impaired loans/common equity Tier 1	32.6	12.8	7.2	9.6
Funding and liquidity				
Gross loans/customer deposits	102.0	104.0	101.3	96.0
Liquidity coverage ratio	198.2	192.6	164.9	223.7
Customer deposits/total non-equity funding	81.6	82.3	84.1	78.1
Net stable funding ratio	138.4	135.0	135.4	138.0

Source: Fitch Ratings, Fitch Solutions, Volksbanken-Verbund

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	AA+/ Negative
Size of banking system	Neutral
Structure of banking system	Neutral
Sovereign financial flexibility (for rating level)	Neutral
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Neutral
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

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

No Support Assumed

VB-Verbund's Government Support Rating reflects Fitch's view that the EU's resolution framework is likely to require senior creditors participating in losses ahead of a bank receiving sovereign support.

Environmental, Social and Governance Considerations

FitchRatings **Volksbanken-Verbund**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Volksbanken-Verbund has 5 ESG potential rating drivers

- Volksbanken-Verbund 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

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

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

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

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the 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'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) and the Sustainability Accounting Standards Board (SASB).

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

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 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.

DISCLAIMER & DISCLOSURES