FitchRatings

Banks
Wholesale Commercial Banks
Austria

Kommunalkredit Austria AG

Ratings

Foreign Currency	
Long-Term IDR	BBB-
Short-Term IDR	F3
Viability Rating	bbb-
Government Support Rating	ns

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

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

Key Rating Drivers

Capital Constrains Ratings: Kommunalkredit Austria AG's (KA) ratings reflect its strong record in operating its niche franchise in infrastructure and energy (I&E) finance, sound profitability, robust asset quality and fairly diversified funding. However, the ratings are constrained by the bank's small equity base despite a recent capital injection, which leads to concentration risks and increases the bank's sensitivity to individual credit events, as well as its reliance on syndication partners.

Equity Growth Supports Positive Outlook: The Positive Outlook reflects Fitch Ratings' view that the continued growth of KA's capital base could lead to an improved assessment of both its capitalisation and business profile over the next two years. This would support an upgrade of its Long-Term Issuer Default Rating (IDR).

Niche I&E Franchise: KA focuses on opportunistically originating I&E loans mostly under EUR100 million in size in EMEA, which it structures and distributes to a diversified and mostly recurring base of syndication partners. It also finances low-risk public-sector entities, mainly in Austria. The business model relies on its highly experienced management and senior staff, and has a strong profitability record. Fitch believes that KA will benefit from the strengthening of its capital base, which will allow it to participate in larger transactions and grow its balance sheet.

Higher-Risk I&E Financing: The bank is exposed to project risk in the I&E assets that represent an increasing proportion of its loan book. KA's focus on rapid new-business and balance-sheet growth, particularly through sub-investment-grade projects often in the construction phase, and a willingness to originate junior loans indicate a higher risk appetite than peers'. Adequate underwriting standards and reasonable limits mitigate this risk.

Robust Asset-Quality Metrics: KA's asset quality benefits from its low-risk public-sector portfolio and low default rates and high recoveries in the European I&E sector. The bank recorded impaired loans in 2023 for the first time since 2016, and their volume could increase as the loan portfolio matures. The concentrated nature of the bank's loan book means that single defaults could significantly inflate its impaired loans ratio.

Strong Profitability: The bank's profitability is a rating strength and well above peers', but remains almost exclusively dependent on its lending business. KA's operating profit reached a record high in 1H24, driven by greater net interest income via rapid loan book expansion and high margins on its term deposits. We expect absolute profits to increase further in the next two years, driven by continued I&E loan growth, but higher risk-weighted assets (RWAs) will be likely to put pressure on risk-adjusted profits.

Small Capital Base: KA's small equity base relative to the large single-name exposures on its balance sheet and the underwriting of large-ticket loans before syndication limit the benefits from the loan portfolio's sound diversification by geography, asset class and industrial sector. Fitch views the capital injection by KA's new owners in 2H24 as positive for the rating. Along with strong expected organic capital generation sustained by full profit retention, it expands KA's equity base, allowing the bank to better absorb potential tail losses.

Diversified Funding, Adequate Liquidity: The bank's funding profile is adequately diversified for its size. KA has successfully grown a large, albeit price-sensitive, base of retail term deposits and has issued covered bonds and senior preferred debt to a varied investor base. The bank's liquidity is adequate given the business model's reliance on irrevocable commitments, and is supported by a balanced term structure of funding. KA's 'F3' Short-Term IDR is the only option mapping to a 'BBB-' Long-Term IDR.

Applicable Criteria

Bank Rating Criteria (March 2024)

Related Research

Fitch Affirms Kommunalkredit Austria at 'BBB-'; Outlook Positive (January 2025)

EMEA Renewable Energy Project Finance Outlook 2025 (December 2024)

EMEA Transportation Infrastructure Outlook 2025 (December 2024)

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Rating Sensitivities

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

A downgrade of the IDRs and Viability Rating (VR) is unlikely in the short term, as indicated by the Positive Outlook. However, an inability to grow KA's capital base in line with projections could result in an Outlook revision to Stable.

Pressure on the ratings could arise if the bank incurs multiple sizeable defaults in its project finance portfolio, leading to weaker capitalisation, or if it relaxes limits and underwriting standards to enable further opportunistic lending to higher-risk projects, more aggressive project-financing structures or junior financing.

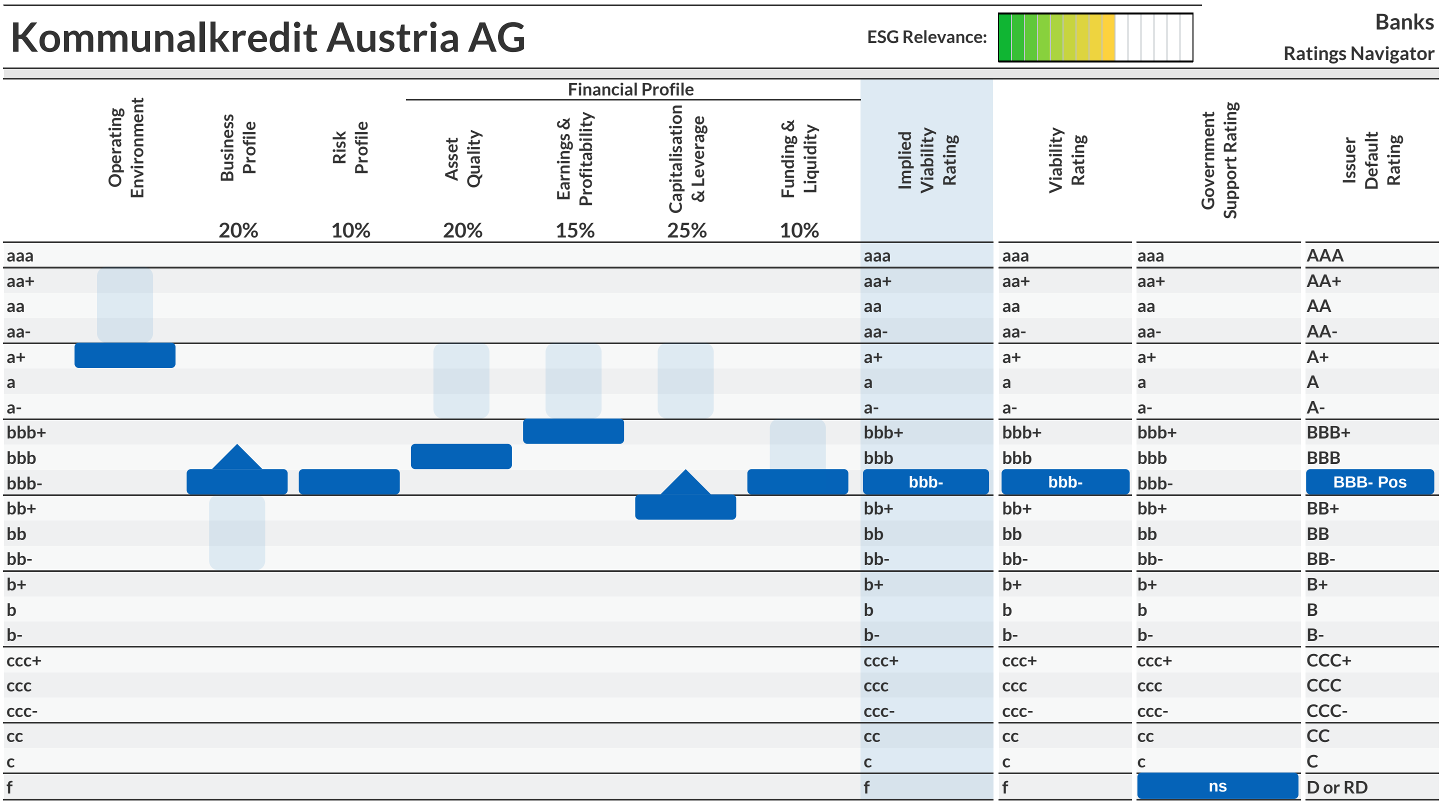
We could also downgrade the ratings if aggressive RWA growth without matching capital increases results in greater use of KA's large exposure limit. A downgrade could also result from a significant deterioration in the bank's ability to syndicate its lending commitments to a sizeable pool of external investors.

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

KA's Long-Term IDR and VR could be upgraded if the bank strengthens and increases its capital base on a sustained basis, beyond the capital injection from its new owners in 2H24.

An upgrade of KA's Long-Term IDR and VR would be contingent on extending its record of business-model stability while earnings and profitability remain resilient over the medium term, with an operating profit above 3% of RWAs. An upgrade would also require the impaired loans ratio being sustained at below 3%, and evidence that the bank will not relax its current risk appetite.

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 operating environment score of 'a+' is below the 'aa' category implied score, due to the following adjustment reason: international operations (negative).

The business profile score of 'bbb-' is above the 'bb' category implied score, due to the following adjustment reason: strategy and execution (positive).

The asset quality score of 'bbb' is below the 'aa' category implied score, due to the following adjustment reason: concentrations (negative).

The earnings and profitability score of 'bbb+' is below the 'a' category implied score, due to the following adjustment reason: revenue diversification (negative).

The capitalisation and leverage score of 'bb+' is below the 'a' category implied score, due to the following adjustment reasons: size (negative); risk profile and business model (negative).

Company Summary and Key Qualitative Factors

Business Profile

Niche I&E Lender with a Balance-Sheet-Light Business Model

KA is a specialised I&E lender with EUR6 billion assets at end-1H24. Since privatisation in 2015, the bank has concentrated on transforming its business model towards the provision of advisory, structuring, financing and distributing I&E loans, leveraging on its public finance expertise in Austria and Germany and hiring experienced I&E bankers from large European banks. KA's focus is on energy and natural resources, social, transport, and digital infrastructure finance. The bank also expanded its geographic scope and now provides I&E financing in more than 20 countries, mainly in western Europe.

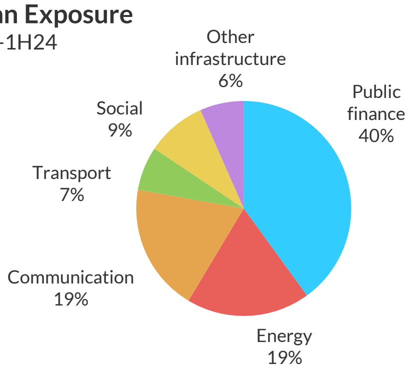
The bank's lending commitments in I&E were EUR1.6 billion–EUR2 billion in the past four years, equivalent to less than 1% of the European I&E market. KA ranked consistently in the top 20 European I&E lenders for transactions under EUR500 million, in a market dominated by large universal banks. KA's specialist knowledge and opportunistic approach to the market support its business generation and pricing capacity for complex transactions, despite increasing competition. Its business is also supported by its advisory services to project sponsors, which allow the bank to enter transactions at an early stage. It aims to build long-term relationships with sponsors to secure recurring business, but Fitch did not identify any significant dependence on a particular sponsor.

KA arranges primary market deals, which it structures and syndicates to partners, targeting final holds of EUR10 million–EUR35 million. It places most of the syndicated volumes within 120 days from closing the transactions. We view KA's syndication capacity as critical for its business model, with risk mitigated by a granular and diversified investor base. KA's placement capacity is enhanced by its own I&E debt fund, which allows the bank to pre-place large tickets and participate in bigger transactions.

Change in Ownership

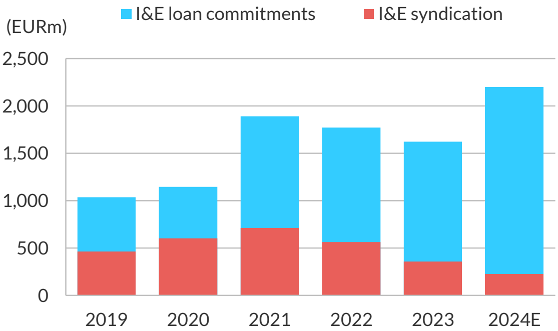
Altor Funds, a Nordic private equity investor, acquired an 80% share in KA in July 2024, with former shareholders retaining minority stakes. KA reshuffled part of its senior management team following the departure of its chief executive in 2H24, who had shaped the bank's strategy since 2017. However, we do not believe these events will significantly alter KA's strategy and growth trajectory.

Loan Exposure
End-1H24



Source: Fitch Ratings, Fitch Solutions, KA

I&E New Business Volume



Source: Fitch Ratings, Fitch Solutions, KA

Risk Profile

KA is mainly exposed to project risk in the I&E segment, which represents an increasing proportion of its loan book, and to syndication risk.

The underwriting of large loans is mitigated by extensive project due diligence and the application of conservative covenants. Projects in lower-rated countries involve reputable western European sponsors or financing in cooperation with development banks or export credit agencies' (ECA) coverage. However, KA's risk appetite in the I&E business is above that of peers. The bank has a EUR3.3 billion I&E exposure, of which 69% is rated sub-investment grade, 44% is to projects in the construction or development phase and 16% is junior loans. We also expect KA to pursue a high-growth strategy following the capital injection from its new owners. This is offset by moderate maturities of five years on average, reasonable limits and adequate risk controls, which benefit from KA's highly experienced management and senior staff, on whom its business model is highly dependent.

Syndication risk is mitigated by a diversified and mostly recurring base of syndication partners, to which KA has syndicated EUR2.9 billion out of EUR8.5 billion in loan commitments since 2019. Syndication partners include large

European insurance companies, banks, asset managers and its own I&E debt fund Fidelio. The structuring of senior loans follows market conformity to facilitate syndication, which is an integral part of the credit process at an early stage. Pre-evaluation by syndication partners is generally carried out before closing.

Market and operational risk are neutral to our assessment of KA's risk profile. KA did not have pending legal proceedings at end-1H24, and does not have a trading book. Interest rate risk in the banking book is mainly driven by the bank's fixed-rate retail deposits, while other assets and liabilities are either floating or micro-hedged.

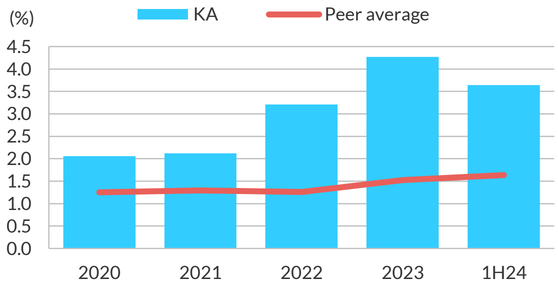
Financial Profile

Asset Quality

KA's asset quality benefits from the high credit quality of its public finance loan book (40% of loan exposure at end-1H24) and historically low default rates and good recoveries in its I&E portfolio (60% of loan exposure), which resulted in a lower impaired loans ratio (end-1H24: 1.4%) than peers'. The ratio net of coverage from ECAs was even lower, at 1.0%. We believe that the impaired loans ratio remains highly sensitive to the default of single large exposures in the lower-rated, concentrated I&E loan book, which the bank plans to significantly grow.

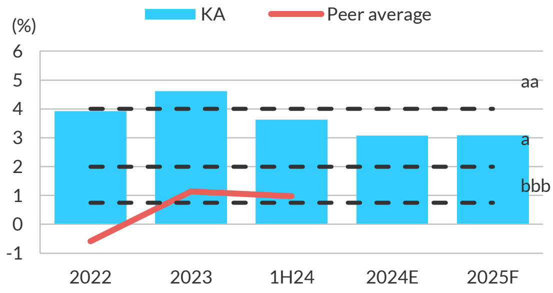
The bank released EUR0.5 million in loan impairment charges in 1H24 following lower-than-expected credit losses due to positive rating migrations and improving economic prospects. As a result, loan loss allowances decreased to EUR6.0 million at end-1H24, equivalent to 11% of impaired loans, reflecting the loans' high expected recovery rates.

Net Interest Income/Average Earning Assets



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

KA's operating profit more than doubled in the past four years, and its risk-adjusted profitability is significantly above peers'. This is mainly the result of KA's focus on bespoke, higher-margin I&E deals, a lean cost base and very low loan impairment charges. KA benefitted from a majority of variable-rate assets and the collection of retail term deposits with fixed rates when interest rates increased. This latter positive effect will fade as interest rates decline, but we believe the bank will benefit from the good growth prospects of the European I&E market and a growing capital base, which will allow it to grow its higher-margin I&E loan book. However, as this will be matched by an equivalent growth in RWAs, risk-adjusted profitability is likely to decline year on year in 2025.

Competition from large banks in smaller I&E loans has picked up in the past two years, but KA's small size should allow it to remain selective on pricing. Net commission income represents only a small proportion of the bank's revenue, and is mainly earned by KA's public consulting unit, which operates on a cost-plus model and does not significantly contribute to profits. KA plans to grow its net commission income by expanding its advisory and asset management business.

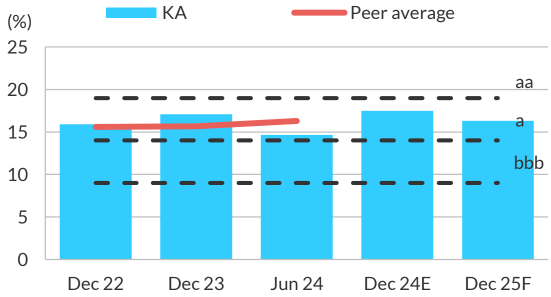
KA's costs increased by more than 60% in the past four years as the bank invested in expanding its staff and modernising its IT infrastructure. Nevertheless, KA maintained a leaner cost structure than peers', despite its limited scale.

Capitalisation and Leverage

KA's common equity Tier 1 (CET1) ratio of 14.7% at end-1H24 comfortably exceeded its minimum regulatory requirement. The ratio declined from 17.1% at end-2023, mainly due to loan growth in the I&E segment, but we expect it to improve at end-2024 following a EUR100 million capital injection (2.9% of end-1H24 RWAs) by the new owner and earnings retention. This increase should be temporary in light of KA's loan growth targets in the I&E segment, as a large majority of its I&E book has a 100% risk weight, with the CET1 ratio likely to be close to the 15% management target. At the same time, the underwriting of large tickets before syndication can make balance-sheet usage and capital ratios fluctuate.

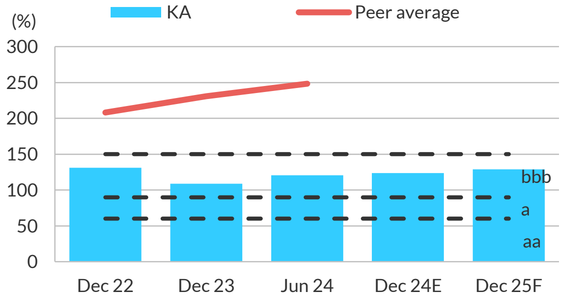
The bank uses the standardised approach for the calculation of RWAs. We therefore do not expect a substantial impact on capital ratios from implementation of the Basel III final framework beyond a small increase in RWAs in 2025. KA's leverage ratio is also above the average of European banks.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

KA's loan book has become increasingly deposit-funded as the bank is able to attract online term deposits from retail customers in Austria and Germany (67% of end-1H24 deposits), corporate and institutional clients (12%) and municipalities (21%). Deposits amounted to 64% of KA's total funding at end-1H24. Retail deposits are predominantly term deposits, with a maturity of 29 months on average, and benefit from the Austrian deposit insurance, but are also highly price-sensitive when extensions are due.

The bank's capital market franchise is fairly well developed relative to its size. KA issues covered bonds from its EUR1.2 billion pool of mainly Austrian municipal loans (20% of total funding). It also issues senior preferred debt from its EUR5 billion debt issuance programme and private placements (together 16% of total funding). KA is not subject to any resolution debt buffer requirements, but has small amounts of additional Tier 1 and Tier 2 debt outstanding. We view KA's investor base as adequately diversified.

KA's liquidity of EUR1.5 billion at end-1H24 (25% of total assets) comprises deposits with the Austrian National Bank (65%) and a portfolio of highly rated liquid bonds. We view this as adequate given the business model's reliance on irrevocable commitments (EUR1.2 billion at end-1H24) and underwriting of large tickets, which is mitigated by a balanced term structure of capital market issues and fairly long maturities of term deposits. This also results in high regulatory funding and liquidity ratios. We believe that the bank will continue to grow its deposits and capital market issues to fund its ambitious new business targets, while maintaining adequate liquidity buffers.

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 M&A activity, Fitch will not reflect these non-public future events in its published forecasts. However, when 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 'a' category.

The peer average includes Landesbank Saar (VR: bbb-), Triodos Bank N.V. (bbb), IKB Deutsche Industriebank AG (bbb-), Norddeutsche Landesbank Girozentrale (bb+).

Financials

Financial Statements

	30 Jun 24		31 Dec 23	31 Dec 22	31 Dec 21
	1st half (USDm)	1st half (EURm)	12 months (EURm)	12 months (EURm)	12 months (EURm)
Summary income statement					
Net interest and dividend income	96	90	192	126	79
Net fees and commissions	23	21	39	30	29
Other operating income	0	0	0	23	24
Total operating income	119	110	231	179	133
Operating costs	52	49	95	78	65
Pre-impairment operating profit	66	62	136	101	67
Loan and other impairment charges	-1	-1	1	2	0
Operating profit	67	62	136	99	67
Tax	16	15	35	21	18
Net income	51	47	101	78	49
Summary balance sheet					
Assets					
Gross loans	4,329	4,029	3,605	2,789	2,603
– Of which impaired	61	57	53	0	0
Loan loss allowances	6	6	7	6	4
Net loans	4,323	4,023	3,598	2,783	2,599
Interbank	77	72	56	103	129
Derivatives	186	173	181	201	130
Other securities and earning assets	753	701	1,094	998	996
Total earning assets	5,339	4,968	4,928	4,086	3,853
Cash and due from banks	1,069	995	896	503	543
Other assets	54	50	47	39	31
Total assets	6,462	6,014	5,871	4,628	4,428
Liabilities					
Customer deposits	3,593	3,344	3,314	2,126	1,710
Interbank and other short-term funding	121	113	120	157	481
Other long-term funding	1,793	1,669	1,595	1,572	1,582
Trading liabilities and derivatives	177	164	171	199	169
Total funding and derivatives	5,683	5,289	5,200	4,054	3,942
Other liabilities	117	109	95	103	49
Preference shares and hybrid capital	67	62	62	62	62
Total equity	595	553	515	410	376
Total liabilities and equity	6,462	6,014	5,871	4,628	4,428
Exchange rate		USD1 = EUR0.930665	USD1 = EUR0.912742	USD1 = EUR0.937559	USD1 = EUR0.884173

Source: Fitch Ratings, Fitch Solutions, Kommunalkredit Austria AG

Key Ratios

	30 Jun 24	31 Dec 23	31 Dec 22	31 Dec 21
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.6	4.6	3.9	3.3
Net interest income/average earning assets	3.6	4.3	3.2	2.1
Non-interest expense/gross revenue	44.0	41.0	43.6	50.0
Net income/average equity	17.7	21.8	20.3	13.3
Asset quality				
Impaired loans ratio	1.4	1.5	0.0	0.0
Growth in gross loans	11.8	29.2	7.2	7.2
Loan loss allowances/impaired loans	10.6	12.2	–	–
Loan impairment charges/average gross loans	0.0	0.0	0.1	0.0
Capitalisation				
Common equity Tier 1 ratio	14.7	17.1	15.9	17.0
Tangible common equity/tangible assets	9.0	8.6	8.7	8.5
Basel leverage ratio	8.6	9.0	–	–
Net impaired loans/common equity Tier 1	10.1	9.3	-1.5	-1.3
Funding and liquidity				
Gross loans/customer deposits	120.5	108.8	131.2	152.2
Gross loans/customer deposits + covered bonds	–	83.0	91.4	101.4
Liquidity coverage ratio	476.0	542.0	348.0	735.0
Customer deposits/total non-equity funding	64.5	65.1	54.3	44.6
Net stable funding ratio	132.0	135.0	129.0	122.0

Source: Fitch Ratings, Fitch Solutions, Kommunalkredit Austria AG

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	Negative
Liability structure	Neutral
Ownership	Neutral

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

The Government Support Rating of 'no support' reflects KA's lack of systemic importance and our view that the EU's resolution framework is likely to require senior creditors participating in losses, if necessary, instead or ahead of a bank receiving sovereign support. The IDRs also do not factor in any support from KA's owners, because Fitch generally considers that support from financial investors, while possible, cannot be relied upon.

Environmental, Social and Governance Considerations

FitchRatings **Kommunalkredit Austria AG**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Kommunalkredit Austria AG has 5 ESG potential rating drivers

- Kommunalkredit Austria 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 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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