FitchRatings

First Credit Union

Ratings

Foreign Currency

Long-Term IDR	BB
Short-Term IDR	B

Local Currency

Long-Term IDR	BB
Short-Term IDR	B
Viability Rating	bb
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	Stable
Long-Term Local-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (September 2022)

Related Research

Fitch Affirms First Credit Union at 'BB'; Outlook Stable (February 2023)

APAC Developed Market Banks Outlook 2023 (November 2022)

Analysts

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Key Rating Drivers

IDRs Driven by VR: First Credit Union's (FCU) Long-Term Issuer Default Ratings (IDRs) are driven by its Viability Rating (VR), which is assigned in line with the implied VR. The VR captures its greater risk appetite relative to New Zealand banks and building societies, reflected in its higher exposure to personal loans than sector peers. This could make FCU's financial profile more volatile through the cycle. The ratings also capture FCU's small size compared to total system assets and geographic concentration in parts of New Zealand.

Stable Operating Environment: Fitch Ratings expects the operating environment to be broadly stable for New Zealand non-bank deposit takers (NBDTs) over the next two years, despite our forecast of a mild recession in 2023. This underpins the stable outlook on our operating environment score of 'a-', which is below the 'aa' category score implied by Fitch's criteria to reflect New Zealand's high household debt.

We also incorporate the less stringent regulatory oversight of NBDTs, relative to registered banks, in the operating environment assessment, resulting in a score one notch below that of local banks. New Zealand is in the process of aligning regulation of all deposit takers under one framework. Fitch may consider aligning the NBDT operating environment score with that of the banks once this is in place. However, finalisation of this framework is still a number of years away.

Concentrated, Consistent Business Model: FCU's simple and consistent business model partly offsets the credit union's small market position, contributing to Fitch assigning a business profile factor score of 'bb', above the 'b' category implied score. FCU accounts for less than 0.1% of combined bank and NBDT system assets, which limits its pricing power.

Higher Exposure to Non-Mortgage Loans: FCU has greater exposure to consumer loans than most New Zealand bank and building-society peers, which we consider as indicating an above-average risk appetite. The proportion of non-mortgage consumer loans in FCU's loan book has dropped over recent years, but remains high relative to broader-sector peers.

Modest Asset-Quality Weakening: We expect modest weakening of FCU's impaired loan ratio over the next two years as the impact of sharply higher interest rates is felt by borrowers. However, low unemployment and FCU's reduction in consumer loans over recent years should limit the deterioration. The factor score of 'bb' is lower than the implied 'bbb' category score due to FCU's product and geographic concentration.

Profitability Below Peers: We expect FCU's profitability metrics to be weaker than those of most peers over the financial year ended June 2023 (FY23) and FY24, driven by the merger with two smaller credit unions. Over the long term, we believe profitability will improve once the mergers are fully integrated and cost synergies are achieved.

Robust Capital Buffers: We expect modest weakening in the Fitch core capital and total regulatory capital ratios in FY23 from the merger activity, but for FCU to maintain strong buffers over regulatory minimums. Our forecast for modest loan growth means capitalisation is unlikely to be pressured over the next two years. However, retained earnings generation is also likely to be weaker. The assigned 'bb+' score is below the implied 'a' category score due to the small absolute size of the capital base of only NZD64 million (USD40 million) at FYE22.

Fully Deposit-Funded: We expect FCU's funding profile to remain stable over the next two years. The core metric is likely to improve modestly as a result of the merger activity in 2022. We have applied a negative adjustment on FCU's funding score of 'bbb-' from the 'a' category implied score to reflect the lack of access to the Reserve Bank of New Zealand's (RBNZ) liquidity facilities.

Rating Sensitivities

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

IDRs AND VR

The Long-Term IDRs and VR may be downgraded upon a deterioration in FCU's risk profile – potentially aimed at increasing market share and profitability – that leads to greater volatility in the financial profile through the cycle. This may be reflected in a combination of the following:

- impaired loans/gross loans increasing above 10% on a consistent basis
- operating profit/risk-weighted assets falling to below 0.25% for a sustained period
- the total regulatory capital ratio declining to below 9.5% without a credible plan to replenish regulatory capital buffers

Alternatively, we may downgrade the VR and Long-Term IDRs if the loan/customer deposits ratio remains significantly above 100%, as it may indicate a weakening in the business model and risk profile.

The Short-Term IDR would only be downgraded if the Long-Term IDR was downgraded to 'CCC+' or below.

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

IDRs AND VR

An upgrade of the VR and Long-Term IDRs is unlikely in the short term, as it would require a significant improvement in the risk profile that results in more stable asset quality and earnings through the cycle.

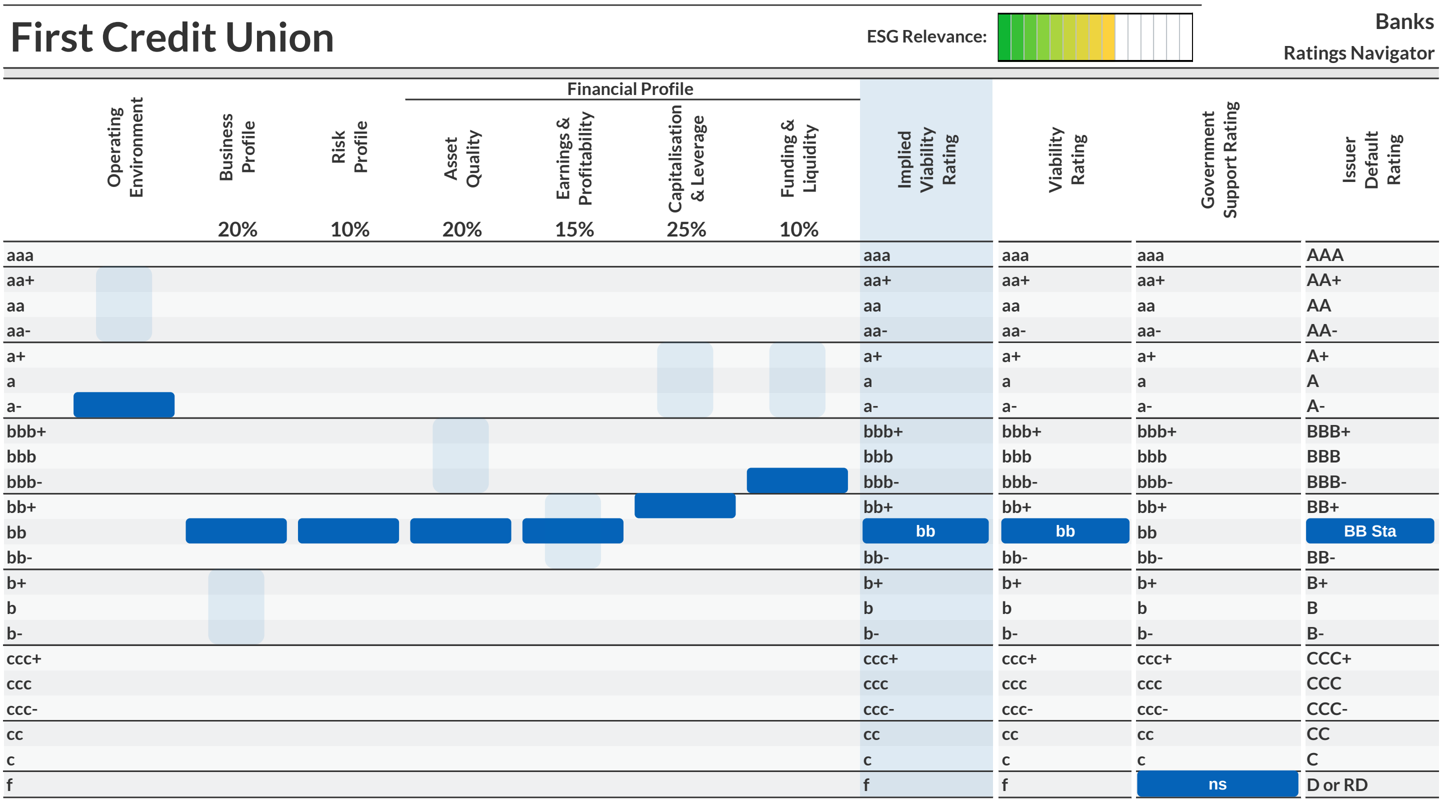
An upgrade of the Short-Term IDR would require an upgrade of the Long-Term IDR to at least 'BBB-'.

Other Debt and Issuer Ratings

Sharp Rise in Inflation and Interest Rates

New Zealand, like many countries globally, experienced a rapid increase in consumer prices during 2022. This resulted in the RBNZ increasing the overnight cash rate substantially, and we expect further increases in 2023. Rising interest rates are likely to place some pressure on New Zealand's highly indebted households, particularly as many mortgage borrowers roll out of fixed rate periods onto much higher interest rates over the next 12 months. However, New Zealand banks and NBDTs, including FCU, are unlikely to incur large losses in their mortgage portfolios because of low unemployment and solid underwriting.

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-' has been assigned below the 'aa' category implied score because of the following adjustment reasons: level and growth of credit (negative), regulatory and legal framework (negative).

The business profile score of 'bb' has been assigned above the 'b' category implied score because of the following adjustment reason: business model (positive).

The asset quality score of 'bb' has been assigned below the 'bbb' category implied score because of the following adjustment reason: concentration (negative)

The capitalisation and leverage score of 'bb-' has been assigned below the 'a' category implied score because of the following adjustment reason: size of capital base (negative).

The funding and liquidity score of 'bbb-' has been assigned below the 'a' category implied score because of the following adjustment reasons: liquidity access and ordinary support (negative).

Company Summary and Key Qualitative Factors

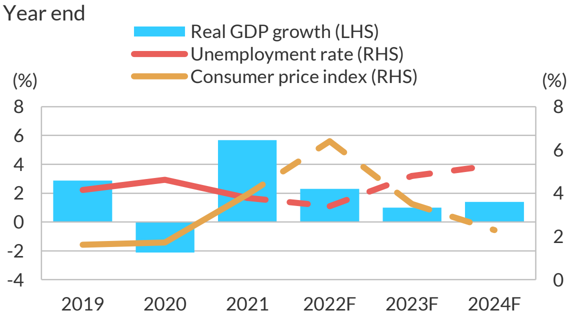
Operating Environment

We expect a further slowdown in New Zealand's GDP growth in 2023, including a mild recession mid-year, as interest rates increase to tackle high inflation. However, very low unemployment levels should offset this, resulting in a broadly stable operating environment. The unemployment rate remained near all-time lows at 3.4% in 4Q22. This should provide some support to asset quality as higher living costs, due to a sharp rise in inflation and higher interest rates, work their way through the economy.

House prices fell through 2022 after rapid increases during 2020 and 2021, and we expect further falls in 2023. The RBNZ's macroprudential limits should limit losses for banks should the downturn accelerate and unemployment increase. Most NBDTs have remained reasonably conservative in their underwriting and largely adhered to these guidelines even though they were not subject to the rules. Nevertheless, New Zealand has high household leverage relative to that of many other countries. Household debt/disposable income was at 173% at end-June 2022, close to a record high.

New Zealand Economy

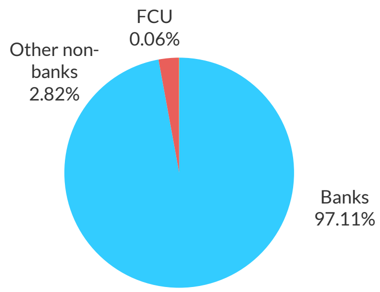
Year end



Source: Fitch Ratings, Fitch Solutions

Market Share

Total assets, end-September 2022

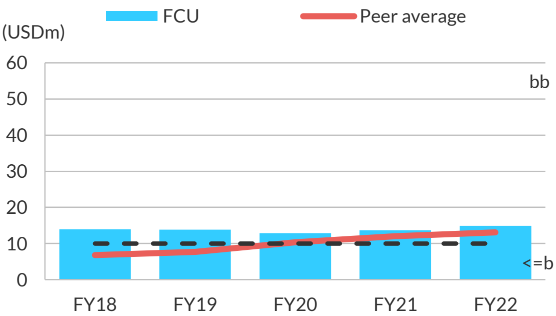


Source:Fitch Ratings RBNZ, FCU disclosures

Business Profile

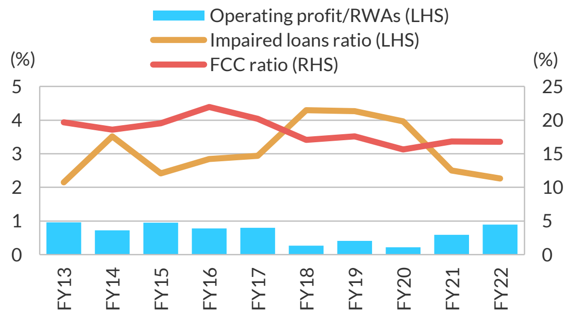
FCU is one of New Zealand's largest credit unions, primarily operating in the upper North Island around the city of Hamilton, where it is headquartered and regionally concentrated. FCU accounts for less than 0.1% of New Zealand bank and non-bank system assets. This means that it has limited competitive advantages and is generally a price-taker in its core operating segments. Its business model centres around providing residential mortgages and consumer loans to members, funded by retail deposits. The credit union has low reliance on volatile business segments, and we expect this to continue, underpinning our business profile assessment of 'bb'.

Total Operating Income



Source: Fitch Ratings, Fitch Solutions

Performance Through the Cycle



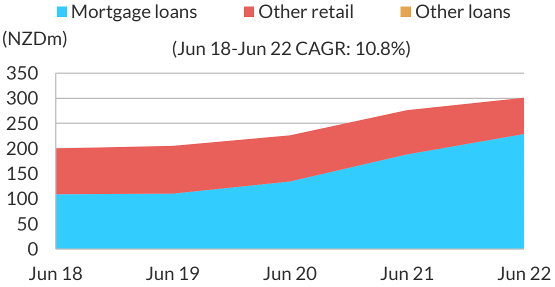
Source: Fitch Ratings, FCU

Risk Profile

FCU's underwriting standards and serviceability assessment are generally in line with industry practice. All loans are assessed on an amortising basis using an interest rate that is higher than the offered or advertised rate. Collateral is taken on most loans and is used as a backstop to losses. Exposures to commercial lending is limited.

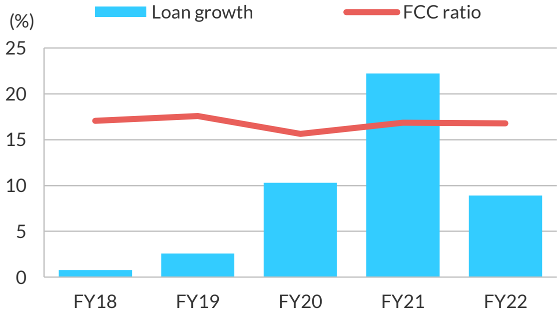
FCU's risk control framework is acceptable for its operations but less sophisticated than those observed at larger New Zealand banks. Operational and market risk frameworks are similarly acceptable, given the low sales incentive pay structure and lack of trading activity. There were no major operational risk incidents during 2022.

Loan Book Breakdown



CAGR: compound annual growth rate
Source: Fitch Ratings, FCU

Loan Growth



Source: Fitch Ratings, FCU

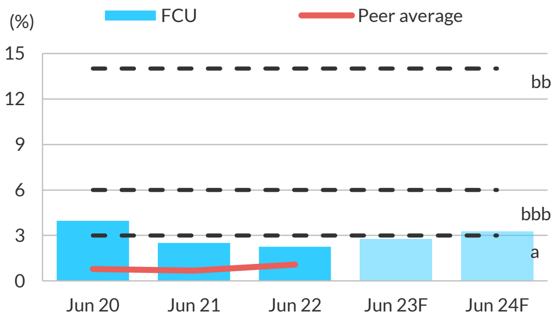
Financial Profile

Asset Quality

FCU's asset quality is likely to weaken as the impact of higher interest rates manifests through 2023, but we expect the impaired loans/gross loans ratio to peak below 4%. This reflects the risk profile of FCU's loan portfolio, which has a reasonably high level of non-mortgage exposure, as well as our expectation for only a modest weakening in unemployment.

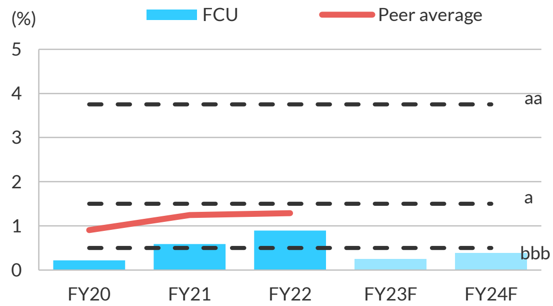
FCU's modest franchise and regional focus leaves its asset quality more susceptible to losses in the case of a regional downturn. The concentration risk is reflected in FCU's assigned factor score of 'bb', which is lower than the implied 'bbb' category score.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions

Earnings and Profitability

FCU's earnings and profitability is likely to be lower in FY23 and FY24 relative to recent years, but we still expect the core metric to remain at levels commensurate with the assigned 'bb' score. We expect the weakening in the core metric to be driven by higher operating expenses due to the completion of two mergers in the later half of 2022. Longer-term, additional scale benefits and synergies from the mergers should see an improvement in the core metric.

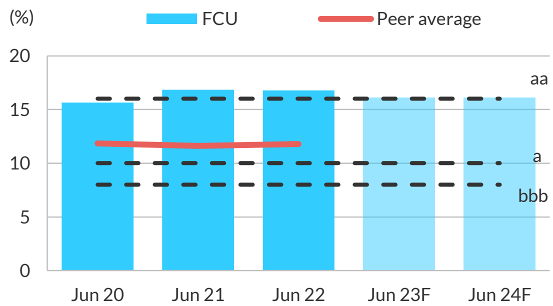
Rising interest rates should result in an improved net interest margin in FY23, before competition for both loans and deposits leads to a modest decline in FY24. Loan growth should slow, in line with our expectations for the system, while operating expenses will continue to rise, in part reflecting the inflationary environment. We expect FCU's cost/income ratio to remain above 80% and higher than those of most sector peers.

Capital and Leverage

FCU's fixed-charge coverage (FCC) ratio remains at the top end for Fitch-rated New Zealand NBDTs, and we believe this will remain the case. Loan growth slowed to 9% at FYE22 (FYE21: 21%) and we expect further moderation in line with the system, which should limit downward pressure on capitalisation ratios. The regulatory total capital ratio, which is the only regulatory capital metric required to be calculated by FCU, improved by around 100bp to 14.6% by FYE22, and remains well above the 8% regulatory minimum.

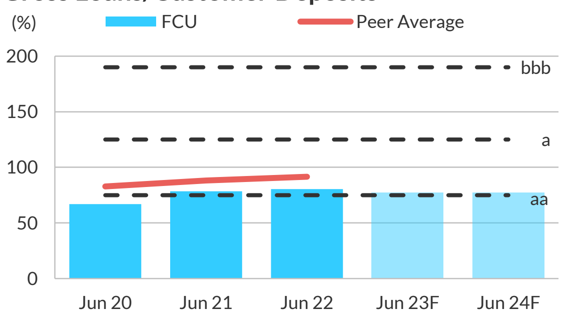
The RBNZ is consulting on a new instrument that can be issued by mutual banks and NBDTs and qualify as common equity Tier 1 for banks (and therefore FCC for NBDTs). Once finalised, this could provide another option for the NBDTs to bolster their FCC ratio. This is likely to be available to mutual banks and NBDTs during 2023, although FCU has no plans for issuance of the instrument at this stage.

FCC Ratio



Source: Fitch Ratings, Fitch Solutions

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions

Funding and Liquidity

Fitch expects FCU's funding and liquidity profile to remain generally stable over the next two years. FCU is likely to maintain one of the strongest core metrics, loans/customer deposits, within its peer group, at around 75%-80%. It is funded entirely by retail deposits, which we also believe will continue. We expect limited funding and liquidity pressure for FCU, with modest loan growth and liquidity in the system remaining high. Deposit reinvestment rates remain stable and geographical concentration is unlikely to change, in line with its business model.

FCU's core metric implies a score in the 'a' category but was adjusted to 'bbb-' to reflect FCU's lack of access to the RBNZ's lender-of-last-resort facilities, which could lead to deposit outflows in a funding market shock.

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.

The peer average includes Nelson Building Society (VR: bb+), Wairarapa Building Society (bb+), Unity Credit Union (bb) and Christian Savings Limited (bb+). The financial year-end of First Credit Union and Unity Credit Union is 30 June. The financial year-end of Nelson Building Society, Wairarapa Building Society is 31 March. The financial year-end of Christian Savings Limited is 31 August. The latest average uses FY22 data for Nelson Building Society and 1H23 data for Wairarapa Building Society.

Financials

Financial Statements

	30 Jun 22		30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
	Year end (USDm) Audited - unqualified	year end (NZD000) Audited - unqualified	year end (NZD000) Audited - unqualified	year end (NZD000) Audited - unqualified	year end (NZD000) Audited - unqualified	year end (NZD000) Audited – unqualified (Emphasis of matter)
Summary income statement						
Net interest and dividend income	9	14,896.0	12,566.0	13,072.0	13,091.0	13,173.0
Net fees and commissions	4	6,201.0	6,254.0	5,906.0	6,350.0	6,334.0
Other operating income	1	1,503.0	1,172.0	1,301.0	1,223.0	18.0
Total operating income	14	22,600.0	19,992.0	20,279.0	20,664.0	19,525.0
Operating costs	11	18,441.0	16,990.0	17,803.0	17,434.0	17,964.0
Pre-impairment operating profit	3	4,159.0	3,002.0	2,476.0	3,230.0	1,561.0
Loan and other impairment charges	1	1,099.0	1,150.0	1,786.0	2,128.0	819.0
Operating profit	2	3,060.0	1,852.0	690.0	1,102.0	742.0
Other non-operating items (net)	n.a.	n.a.	15.0	108.0	1,883.0	6.0
Tax	0	1.0	0.0	14.0	29.0	n.a.
Net income	2	3,059.0	1,867.0	784.0	2,956.0	748.0
Other comprehensive income	1	1,413.0	n.a.	n.a.	95.0	n.a.
Fitch comprehensive income	3	4,472.0	1,867.0	784.0	3,051.0	748.0
Summary balance sheet						
Assets						
Gross loans	187	301,057.0	276,441.0	226,184.0	205,065.0	199,897.0
- Of which impaired	4	6,796.0	6,900.0	8,966.0	8,763.0	8,588.0
Loan loss allowances	2	2,775.0	2,880.0	2,960.0	2,770.0	2,670.0
Net loans	185	298,282.0	273,561.0	223,224.0	202,295.0	197,227.0
Interbank	58	94,107.0	95,625.0	133,865.0	142,235.0	123,299.0
Derivatives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other securities and earning assets	4	6,998.0	9,061.0	1,012.0	3,949.0	5,410.0
Total earning assets	248	399,387.0	378,247.0	358,101.0	348,479.0	325,936.0
Cash and due from banks	17	26,610.0	20,924.0	18,895.0	15,663.0	11,633.0
Other assets	10	16,359.0	16,142.0	23,922.0	18,837.0	20,454.0
Total assets	275	442,356.0	415,313.0	400,918.0	382,979.0	358,023.0
Liabilities						
Customer deposits	233	374,298.0	352,156.0	337,358.0	319,929.0	298,196.0
Interbank and other short-term funding	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other long-term funding	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trading liabilities and derivatives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total funding and derivatives	233	374,298.0	352,156.0	337,358.0	319,929.0	298,196.0
Other liabilities	3	4,091.0	3,662.0	3,218.0	3,492.0	3,320.0
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	40	63,967.0	59,495.0	60,342.0	59,558.0	56,507.0
Total liabilities and equity	275	442,356.0	415,313.0	400,918.0	382,979.0	358,023.0
Exchange rate		USD1 = NZD1.6093	USD1 = NZD1.42898	USD1 = NZD1.556178	USD1 = NZD1.493875	USD1 = NZD1.483459

Source: Fitch Ratings, Fitch Solutions, First Credit Union

Key Ratios

	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18
Ratios (annualised as appropriate)					
Profitability					
Operating profit/risk-weighted assets	0.9	0.6	0.2	0.4	0.3
Net interest income/average earning assets	3.8	3.4	3.7	3.9	4.0
Non-interest expense/gross revenue	84.2	86.0	87.8	84.4	92.0
Net income/average equity	5.0	3.1	1.3	5.1	1.3
Asset quality					
Impaired loans ratio	2.3	2.5	4.0	4.3	4.3
Growth in gross loans	8.9	22.2	10.3	2.6	0.8
Loan loss allowances/impaired loans	40.8	41.7	33.0	31.6	31.1
Loan impairment charges/average gross loans	0.4	0.5	0.8	0.3	0.4
Capitalisation					
Common equity Tier 1 ratio	n.a.	n.a.	n.a.	n.a.	n.a.
Fully loaded common equity Tier 1 ratio	n.a.	n.a.	n.a.	n.a.	n.a.
Fitch Core Capital ratio	16.8	16.9	15.6	17.6	17.1
Tangible common equity/tangible assets	14.5	14.3	13.9	14.3	14.3
Basel leverage ratio	n.a.	n.a.	n.a.	n.a.	n.a.
Net impaired loans/common equity Tier 1	n.a.	n.a.	n.a.	n.a.	n.a.
Net impaired loans/Fitch Core Capital	7.0	7.5	12.3	12.6	12.8
Funding and liquidity					
Gross loans/customer deposits	80.4	78.5	67.1	64.1	67.0
Liquidity coverage ratio	n.a.	n.a.	n.a.	n.a.	n.a.
Customer deposits/total non-equity funding	100.0	100.0	100.0	100.0	100.0
Net stable funding ratio	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, First Credit Union

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

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

The GSR of 'ns' (no support) reflects our view that there is no reasonable assumption that support from the New Zealand sovereign would be forthcoming if required. We believe that the existence of an open bank resolution scheme lowers the propensity of the sovereign to support its banks. The scheme allows for the imposition of losses on depositors and senior debt holders to recapitalise a failed institution.

Environmental, Social and Governance Considerations

FitchRatings **First Credit Union**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

First Credit Union has 5 ESG potential rating drivers

- First Credit Union 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.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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