FitchRatings

Banks
Universal Commercial Banks
Nigeria

Zenith Bank Plc

Key Rating Drivers

Zenith Bank Plc's Issuer Default Ratings (IDRs) are driven by its standalone creditworthiness, as expressed by its Viability Rating (VR). The VR reflects the constraint of Nigeria's challenging operating environment and the bank's high exposure to the Nigerian sovereign (B/Stable). It also reflects the bank's strong domestic franchise and a solid financial profile by domestic standards. Zenith's 'b' VR is one notch below the 'b+' implied VR, reflecting the Operating Environment/Sovereign Rating Constraint.

Zenith's National Ratings are driven by its standalone strength. They are at the higher end of the scale, reflecting Zenith's comparatively strong domestic franchise and financial profile.

Downside to Operating Conditions: Rising global risks will weigh on domestic operating conditions. Inflation (17.7% in May 2022) is expected to remain stubbornly high, posing downside risks to our real GDP growth forecasts of 3.1% in 2022 and 3.3% in 2023. However, downside risks are mitigated by strong oil prices, which should also underpin growth in non-oil sectors and banks' asset quality.

Strong Franchise: Zenith is Nigeria's second-largest banking group, representing 15% of domestic banking system assets at end-2021.The bank has a strong corporate banking franchise and a retail-focused strategy that leverages digital channels. Revenue diversification is strong, with non-interest income representing 48% of operating income in 2021.

Moderate Credit Concentrations: Single-borrower credit concentration is moderate, with the 20 largest customer loans representing 68% of Fitch Core Capital (FCC) at end-2021. Oil and gas exposure is material, representing 22% of gross loans and 62% of FCC at end-2021. Strong loan growth may lead to asset quality weakening as the loan book seasons.

Improving Asset Quality: The impaired loans ratio decreased to 4.2% at end-1Q22 from 6.4% at end-2020 as a result of strong loan growth, write-offs and reclassifications. Stage 2 loans (22% of gross loans at end-1Q22) remain high but are concentrated within the oil and gas sector and therefore expected to benefit from high oil prices. Fitch's asset quality assessment also considers a substantial amount of non-loan assets, largely comprising government securities and cash reserves at the Central Bank of Nigeria (CBN).

Strong Profitability: Operating returns on risk-weighted assets (RWAs) have averaged 5.8% over the past four full years. Earnings are supported by a low cost of funding, strong non-interest income and manageable loan impairment charges (LICs). Profitability has weakened in recent years due to the collapse of fixed income yields and increased cash reserve requirements but is expected to improve with rising interest rates.

Strong Capitalisation: Zenith's FCC ratio of 23.5% at end-1Q22 reflects a balance sheet with low leverage. Regulatory capital ratios show material buffers above minimum requirements and Fitch expects Zenith to comfortably comply with impending Basel III capital requirements.

Stable Funding Profile: Funding is mainly through a stable and inexpensive customer deposit base, comprising a high percentage of current and savings accounts (93% at end-1Q22), with large volumes sourced from individuals and SMEs. Single-depositor concentration is very low. Liquidity coverage is comfortable in local and foreign currencies.

Ratings

Foreign Currency	
Long-Term IDR	B
Short-Term IDR	B
Viability Rating	b
Government Support Rating	ns
National Rating	
National Long-Term Rating	AA-(ng)
National Short-Term Rating	F1+(ng)
Sovereign Risk (Nigeria)	
Long-Term Foreign-Currency IDR	B
Long-Term Local-Currency IDR	B
Country Ceiling	B
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 (November 2021)

National Scale Rating Criteria (December 2020)

Related Research

Fitch Affirms Zenith Bank at 'B'; Outlook Stable (June 2022)

Nigerian Banks Face Risks Despite Oil Boost (May 2022)

Fitch Affirms Nigeria at 'B'; Outlook Stable (March 2022)

Analysts

Tim Slater
+44 20 3530 1791
tim.slater@fitchratings.com

Elie Maalouf
+44 20 3530 1304
elie.maalouf@fitchratings.com

Ratings Sensitivities

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

A sovereign downgrade would result in a downgrade of the Long-Term IDR given that Zenith does not meet Fitch's criteria to be rated above the sovereign.

A combination of an increase in the impaired loans ratio significantly above 10%, and aggressive growth at home or abroad that results in very thin buffers over regulatory capital requirements, or a sharp decline in the FCC ratio without clear prospects to restore capital, would pressure the VR.

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

An upgrade of the Long-Term IDR would require a sovereign upgrade and a continued record of solid financial metrics.

Other Debt and Issuer Ratings

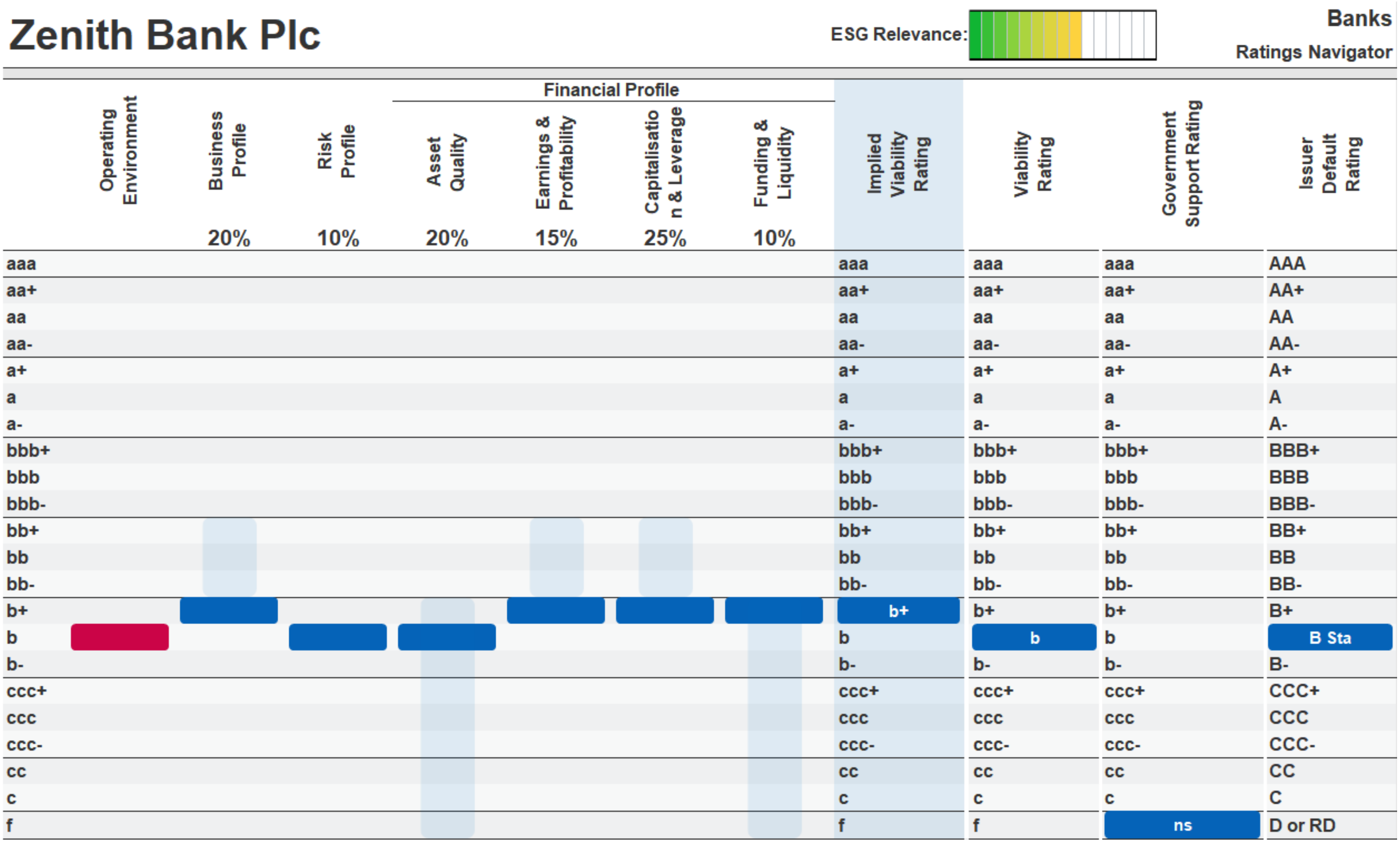
Debt Rating Classes

Rating level	Rating
Senior unsecured: Long term	B
Senior unsecured: Short term	B

Source: Fitch Ratings

Zenith's senior unsecured notes are rated in line with its Long-Term IDR because in our view the likelihood of default on these reflects that of the bank. The Recovery Rating of these notes is 'RR4', indicating average recovery prospects.

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 Business Profile Score of 'b+' has been assigned below the 'bb' category implied score due to the following adjustment reason: Business Model (negative).

The Earnings and Profitability Score of 'b+' has been assigned below the 'bb' category implied score due to the following adjustment reasons: Historical and Future Metrics (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Weakening Operating Conditions

Fitch believes operating conditions for banks will weaken compared with 2021 as global risks affect Nigeria. Inflation is expected to remain stubbornly high (17.7% in May 2022) due to rising energy and food prices, leading to weaker demand and posing downside risks to our real GDP growth forecasts of 3.1% and 3.3% in 2022 and 2023 (3.4% in 2021). While demand could fall, high inflation is not unusual in Nigeria, averaging 14% over the past six years. Downside pressure on the country's growth will be counterbalanced by strong oil prices averaging USD105/barrel in 2022 and USD85/barrel in 2023, which should also underpin growth in non-oil sectors. Given a rigid exchange rate policy, we expect the Nigerian naira to depreciate against the US dollar by 5% and 4% in 2022 and 2023, respectively. Food and energy poverty raise the prospect of social and political unrest.

Fitch expects the banks' asset-quality metrics to perform well in 2022 as a result of high oil prices, with the banking sector's non-performing loans (NPL) ratio remaining below 5%. Oil prices have historically been a key determinant of asset quality given the banking sector's outsized exposure to the oil and gas sector (25%-30% of loans). The lifting of most Covid-19-support measures in 2021 did not lead to asset quality deterioration with the sector's NPL ratio declining by 120bp to 4.8% at end-2021, its lowest level since 1Q15.

Likely rate hikes will support net interest margins (NIM) and naira devaluation and greater market volatility will underpin non-interest revenues in 2022-23. Credit costs are expected to remain contained, with most banks guiding a manageable increase in the cost of risk in 2022. Regulatory risks are expected to remain high, with high cash reserve requirement (CRR) debits continuing to constrain NIMs and operating profitability.

Nigerian banks are currently undergoing a Basel III parallel run but Fitch does not expect such requirements to be introduced until 2023. The majority of large banks will comfortably meet Basel III capital requirements but some smaller institutions are expected to have tight buffers. We expect higher earnings retention, capital raising and slower growth to boost capital buffers for banks which are not yet compliant. Funding and liquidity remain key credit strengths for banks with over 70% of deposits comprised of low-cost current and savings accounts (CASA). Eurobonds maturing in 2022 amount to around USD700 million, and we expect banks to redeem given lower lending opportunities in FC and much tighter global financial conditions. Large maturities will only come in 2025.

Business Profile

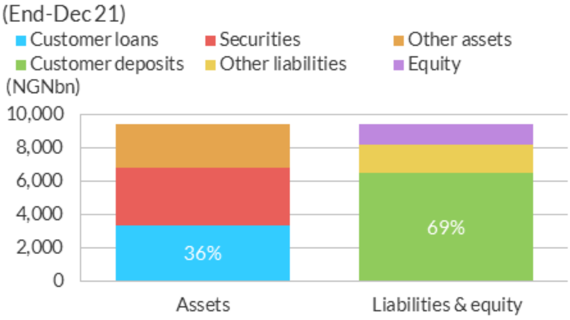
Strong Franchise

Zenith is Nigeria's second-largest banking group, representing 15% of Nigerian banking system assets at end-2021. Zenith has a strong franchise in the prime corporate segment but in recent years has placed greater emphasis on retail banking by investing in and developing digital solutions, which has resulted in increased retail customer deposits. Non-interest income, which derives from trading gains and fees and commissions (F&Cs), tends to represent a high proportion of operating income (47% in 2021) and supports revenue diversification.

Activities Concentrated in Nigeria

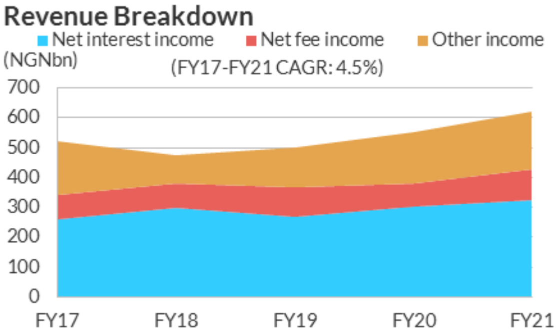
Nigerian operations represented 81% of total assets at end-2021 and 91% of net income in 2021. Zenith's UK subsidiary (12% of total assets at end-2021) and rest of Africa operations (Gambia, Ghana and Sierra Leone, which represent a combined 7%) provide a small degree of geographical diversification.

Balance Sheet



Source: Fitch Ratings, Zenith Bank Plc

Revenue Breakdown



CAGR: compound annual growth rate
Source: Fitch Ratings, Zenith Bank Plc

Risk Profile

Small Loan Book

Net loans were just 36% of total assets at end-2021. Securities represent the largest component of total assets (37% at end-2021), comprising mainly Nigerian government securities, hard-currency high-quality liquid assets held by the UK subsidiary and Ghanaian government securities. Cash and due from banks (16%) is largely in the form of cash reserves at the CBN. High sovereign exposure is a key constraint on Zenith's VR.

Corporate Lending Focus

Corporate lending (including public sector) represented 76% of gross loans at end-2021. Zenith targets good quality corporate customers in the context of its operating environment, largely including oil and gas companies, state governments and leading Nigerian and African companies. Commercial/SME lending (19% of gross loans at end-2021) and retail lending (5%) are expected to increase moderately in the medium term.

Moderate Credit Concentrations

Single-borrower credit concentration is moderate, with the 20 largest customer loans representing 68% of Fitch Core Capital (FCC) at end-2021. Oil and gas exposure is material, representing 22% of gross loans and 62% of FCC at end-2021. Manufacturing exposure (24% of gross loans at end-2021) is material, having increased significantly in recent years due to participation in on-lending programmes. Hard currency lending is material (41% of net loans at end-2021) but largely extended to customers with hard currency receivables.

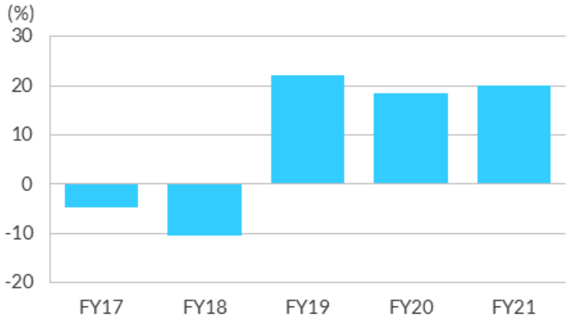
Strong Loan Growth

Growth of gross loans has averaged 20% over the past three years, driven by increased lending to the manufacturing and public sectors through intervention loans, higher exposure to the commerce sector and naira devaluation inflating foreign currency (FC) loans in naira terms. Strong loan growth, which is expected to continue in 2022 and 2023, may lead to weakening asset quality as loans season.

Large Long Net FX Position Mitigates Devaluation Risks

Zenith's balance sheet is highly dollarised, with FC assets representing 37% of total assets at end-2021. Zenith has large FX derivatives balances due to large FX swaps with the CBN. After considering this derivative position, Zenith had a large net long FC position equivalent to 54% of total equity at end-2021 on a consolidated basis. Therefore, the devaluation of the naira would lead to large currency translation gains, helping to cushion the impact of inflated FC risk-weighted assets on Zenith's capital ratios.

Loan Growth



Source: Fitch Ratings, Zenith Bank Plc

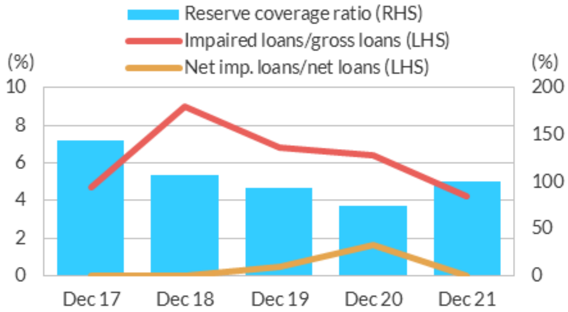
Financial Profile

Asset Quality

Zenith's impaired loans (Stage 3 loans under IFRS 9) ratio has been on a downward trend in recent years, declining to 4.2% at end-1Q22 from 9.0% at end-2018 as a result of strong loan growth, write-offs and the reclassification of some exposures to Stage 2. Specific loan loss allowance coverage of impaired loans (63% at end-1Q22) is considered adequate in view of collateral coverage and recovery prospects.

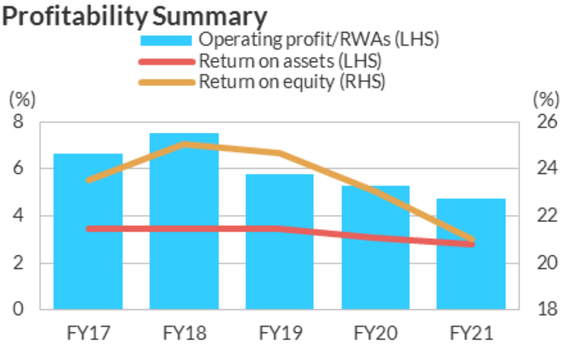
Stage 2 loans (22% of gross loans at end-2021) increased significantly at the onset of the pandemic due to the conservative classification of several large upstream oil and gas exposures that were restructured under the debt relief measures encouraged by the CBN. Stage 2 loans are mostly in the upstream oil and gas sector and are concentrated by single-obligor. The upstream exposures are well-collateralised and are benefiting from higher oil prices, and, therefore, are not expected to become impaired. Our asset-quality assessment also considers a substantial amount of non-loan assets, largely comprising government securities and cash reserves at the CBN.

Asset Quality Summary



Source: Fitch Ratings, Zenith Bank Plc

Profitability Summary



Source: Fitch Ratings, Zenith Bank Plc

Earnings and Profitability

Zenith delivers strong profitability, as highlighted by operating returns on RWAs that have averaged 5.8% over the past four full years. Strong profitability is supported by a low cost of funding, strong non-interest income, good cost control and LICs that tend to erode a small percentage of pre-impairment operating profit.

Operating returns on RWAs have been on a significant downward trend in recent years, declining from 7.5% in 2018 to 4.7% in 2021. The decline, which has mirrored a sector-wide trend, has been driven by increased cash reserve debits, a declining yield environment and extended forbearance on intervention lending that has put pressure on NIMs despite a backdrop of an improving customer deposit structure.

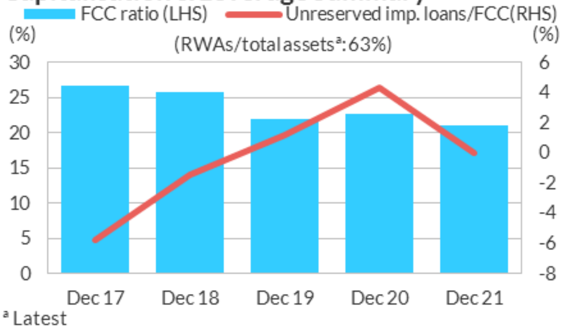
Operating returns on RWAs increased moderately to 5% on an annualised basis in 1Q22 due to a reduction in LICs and a wider NIM that benefited from improved funding costs and a higher asset yield. Fitch expects Zenith to maintain such levels of profitability in 2022, supported by a higher interest rate environment and strong F&C growth.

Capital and Leverage

Zenith's FCC ratio (23.5% at end-1Q22) is one of the highest of all Nigerian banks under Fitch's coverage, reflecting low balance sheet leverage. Zenith's bank-solo Capital Adequacy Ratio (CAR; 19.6% at end-1Q22) has a large buffer over the 16% minimum requirement and Fitch expects Zenith to comfortably meet impending Basel III requirements.

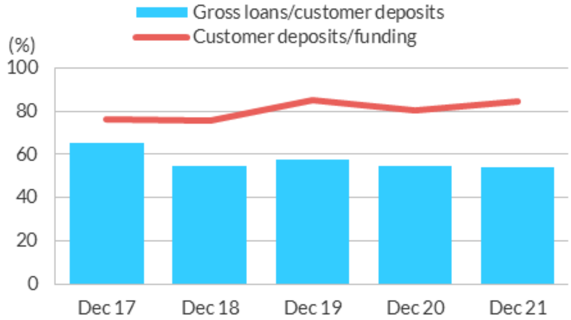
Asset quality does not impair our view of capitalisation, with impaired loans net of specific loan loss allowances representing just 4% of FCC at end-1Q22. Pre-impairment operating profit is strong (10% of average gross loans in 2021), providing a large buffer to absorb LICs without affecting capital. Fitch expects Zenith's dividend pay-out ratio to remain between 40%-50% of net income, providing sufficient internal capital generation to support strong growth.

Capitalisation & Leverage Summary



[a] Latest
Source: FItch Ratings, Zenith Bank Plc

Funding & Liquidity Summary



Source: Fitch Ratings, Zenith Bank Plc

Funding and Liquidity

The funding profile is dominated by customer deposits (87% of total funding at end-1Q22). The customer deposit base comprises a high proportion of current and savings accounts (93% at end-2021), supporting funding stability and among the lowest funding costs in the banking sector. The proportion of retail and commercial/SME customer deposits has increased significantly in recent years, aided by digital delivery channels and increasing financial inclusion, supporting funding costs and stability. Depositor concentration is low, with the 20 largest depositors representing just 10% of total customer deposits at end-2021. Non-deposit funding is mainly in the form of funds for on-lending, short-term trade finance-related liabilities and repurchase agreements with international banks.

Zenith's low gross loans/customer deposits ratio (51% at end-1Q22) is reflective of a small loan book. Liquidity coverage is comfortable in both local and foreign currencies, reflecting large holdings of liquid assets. Zenith repaid the outstanding USD107 million of its USD500 million Eurobond in May 2022. Zenith's bank-solo regulatory liquidity ratio (61% at end-1Q22) remains significantly above the 30% minimum requirement.

Financials

Financial Statements

Summary Financials and Key Ratios

	31 Dec 21		31 Dec 20	31 Dec 19	31 Dec 18
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(NGNbn)	(NGNbn)	(NGNbn)	(NGNbn)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	783	323.6	301.4	269.0	297.4
Net fees and commissions	252	104.0	79.3	100.1	81.8
Other operating income	470	194.3	170.4	129.9	96.1
Total operating income	1,506	621.8	551.1	499.0	475.3
Operating costs	719	297.1	256.0	232.2	225.5
Pre-impairment operating profit	786	324.7	295.0	266.8	249.8
Loan and other impairment charges	108	44.4	40.2	23.6	18.4
Operating profit	679	280.3	254.9	243.1	231.4
Other non-operating items (net)	0	0.1	1.0	0.1	0.3
Tax	87	35.8	25.3	34.5	38.3
Net income	592	244.6	230.6	208.8	193.4
Other comprehensive income	29	11.9	32.9	5.8	6.3
Fitch comprehensive income	621	256.4	263.5	214.7	199.7
.					
Summary balance sheet					
Assets					
Gross loans	8,479	3,501.9	2,919.3	2,462.4	2,016.5
- Of which impaired	356	146.8	187.6	168.0	181.8
Loan loss allowances	354	146.2	140.3	156.8	193.4
Net loans	8,125	3,355.7	2,779.0	2,305.6	1,823.1
Interbank	1,674	691.2	810.5	707.1	674.3
Derivatives	136	56.2	44.5	92.7	88.8
Other securities and earning assets	8,381	3,461.3	2,873.3	2,014.2	2,158.8
Total earning assets	18,316	7,564.4	6,507.3	5,119.6	4,745.0
Cash and due from banks	3,604	1,488.4	1,591.8	936.3	954.4
Other assets	957	395.1	382.2	291.0	256.3
Total assets	22,877	9,447.8	8,481.3	6,346.9	5,955.7
.					
Liabilities					
Customer deposits	15,671	6,472.1	5,339.9	4,262.3	3,690.3
Interbank and other short-term funding	1,537	634.7	728.5	215.5	343.2
Other long-term funding	1,285	530.8	569.3	538.9	848.5
Trading liabilities and derivatives	36	14.7	11.1	14.8	17.0
Total funding and derivatives	18,529	7,652.2	6,648.8	5,031.5	4,899.0
Other liabilities	1,249	515.9	715.0	373.5	240.9
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	3,099	1,279.7	1,117.5	941.9	815.8
Total liabilities and equity	22,877	9,447.8	8,481.3	6,346.9	5,955.7
Exchange rate		USD1 = NGN412.99	USD1 = NGN381	USD1 = NGN307	USD1 = NGN306.31

Source: Fitch Ratings, Fitch Solutions, Zenith

Key Ratios

Summary Financials and Key Ratios

	31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
Ratios (annualised as appropriate)				
.				
Profitability				
Operating profit/risk-weighted assets	4.7	5.3	5.8	7.5
Net interest income/average earning assets	4.8	5.3	5.6	6.7
Non-interest expense/gross revenue	47.8	46.5	46.5	47.4
Net income/average equity	21.0	23.0	24.7	25.1
.				
Asset quality				
Impaired loans ratio	4.2	6.4	6.8	9.0
Growth in gross loans	20.0	18.6	22.1	-10.5
Loan loss allowances/impaired loans	99.5	74.8	93.3	106.4
Loan impairment charges/average gross loans	1.3	1.4	1.3	0.6
.				
Capitalisation				
Common equity Tier 1 ratio	n.a.	n.a.	n.a.	n.a.
Fully loaded common equity Tier 1 ratio	n.a.	n.a.	n.a.	n.a.
Fitch Core Capital ratio	21.1	22.7	21.9	25.8
Tangible common equity/tangible assets	13.3	13.0	14.5	13.4
Basel leverage ratio	n.a.	n.a.	n.a.	n.a.
Net impaired loans/common equity Tier 1	n.a.	n.a.	n.a.	n.a.
Net impaired loans/Fitch Core Capital	0.1	4.3	1.2	-1.5
.				
Funding and liquidity				
Gross loans/customer deposits	54.1	54.7	57.8	54.6
Liquidity coverage ratio	n.a.	n.a.	n.a.	n.a.
Customer deposits/total non-equity funding	84.7	80.5	85.0	75.6
Net stable funding ratio	n.a.	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, Zenith

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	B
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	**ns**
Government ability to support D-SIBs	
Sovereign Rating	B/ Stable
Size of banking system	Neutral
Structure of banking system	Neutral
Sovereign financial flexibility (for rating level)	Negative
Government propensity to support D-SIBs	
Resolution legislation	Neutral
Support stance	Negative
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

High Propensity to Support; Weak Ability

Fitch considers the authorities' propensity to support the banking system to be high and there is a record of recent support across the sector. However, government support for commercial banks cannot be relied on given Nigeria's weak ability to support, particularly in foreign currency. The Government Support Rating of all commercial banks is at 'no support' (ns), reflecting our view that senior creditor cannot rely on receiving full and timely extraordinary support from the authorities should a bank become non-viable.

Environmental, Social and Governance Considerations

FitchRatings **Zenith Bank Plc**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Zenith Bank Plc has 5 ESG potential rating drivers

- Zenith Bank Plc has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color 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.

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

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

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