FitchRatings

Banks
Universal Commercial Banks
Italy

CA Auto Bank S.p.A.

Ratings

Foreign Currency	
Long-Term IDR	A-
Short-Term IDR	F1
Viability Rating	bb+
Shareholder Support Rating	a-
Sovereign Risk (Italy)	
Long-Term Foreign-Currency IDR	BBB
Long-Term Local-Currency IDR	BBB
Country Ceiling	AA
Outlooks	
Long-Term Foreign-Currency IDR	Positive
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (January 2024)

Bank Rating Criteria (March 2024)

Related Research

Fitch Revises CA Auto Bank's Outlook to Positive; Affirms IDR at 'A-' (July 2024)

Global Non-Bank Financial Institutions Mid-Year 2024 Outlook (June 2024)

Fitch Affirms Italy at 'BBB'; Outlook Stable (May 2024)

CA Consumer Finance (January 2024)

EMEA Developed Markets Finance and Leasing Outlook 2024 (December 2023)

Fitch Affirms Credit Agricole at 'A+'; Outlook Stable (October 2023)

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Key Rating Drivers

Positive Outlook: The Positive Outlook indicates potential for CA Auto Bank S.p.A.'s Shareholder Support Rating (SSR) to be upgraded to three notches above Italy's 'BBB' Long-Term IDR from the current two. As the bank expands its business volumes outside Italy, it would reduce exposure to Italian sovereign distress risks. Enhanced international diversification, with non-Italian exposure nearing two-thirds of total loans, would strengthen CA Auto Bank's role as a pan-European car financing platform within the group.

Support Drives Ratings: CA Auto Bank S.p.A's Issuer Default Ratings (IDRs) are driven by support from Credit Agricole Personal Finance and Mobility (CAPFM, A+/Stable) and Credit Agricole (CA, A+/Stable). The Shareholder Support Rating (SSR) is notched down twice from CAPFM's and CA's Long-Term IDRs, reflecting that CA Auto Bank predominantly operates in Italy, which might constrain the group's ability and commitment to provide support in a sovereign distress.

The SSR is underpinned by CA Auto Bank's focus on strategically important markets for the group, moderate contribution to the group's consumer finance business, full group ownership and common brand.

Rating Above Sovereign: CA Auto Bank's Long-Term IDR is two notches above Italy's sovereign IDR, as Fitch Ratings believes that CAPFM's and CA's commitment to CA Auto Bank is likely to survive an Italian sovereign default. This reflects CA Auto Bank's role in the group, close integration with the parent, its inclusion in the group's resolution perimeter and reputational risk for the group from a subsidiary default.

Limited Sovereign Risk Exposure: CA Auto Bank has negligible direct exposure to Italian sovereign risk. Fitch also believes that it is less exposed than universal deposit-taking banks to the risk of restrictions being imposed on its ability to service its obligations. As CA Auto Bank's international diversification increases, resulting in more robust parental support, Fitch may widen the difference between the IDRs of CA Auto Bank and Italy to three notches – the maximum difference allowed by our criteria.

Post-Stellantis Strategy Adjustment: CA Auto Bank focuses on financing and mobility solutions across the European market. The bank has outperformed its preliminary forecasts by originating ample business to offset the discontinuation of its arrangement with Stellantis N.V. (BBB+/Positive). The bank is engaging in white-label contracts with additional automakers and expanding its dealer-financing operations.

While positive for business generation and diversification, this strategy is subject to execution risk due to the bank's recently revamped and fairly untested business model.

Sufficient Capitalisation: CA Auto Bank's common equity Tier 1 (CET1) ratio strengthened to 15.8% by end-2023 (end-2022: 13.9%). We expect the bank's capitalisation to remain commensurate with the low credit risk of its mostly secured lending, and for profit to be fully retained to support planned business growth.

Parent's Funding Gradually Reducing: CA Auto Bank's funding sources are sufficiently diversified, with access to various wholesale funding instruments and investor bases. CA Auto Bank will adjust its funding plans to its needs, but we do not expect a reduction in funding availability. CA's propensity to provide funding remains high. This is despite CA's strategy to increase the autonomy of its subsidiaries' funding profiles.

Rating Sensitivities

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

The Outlook could be revised to Stable if CA Auto Bank fails to achieve greater international diversification, significantly increases its share of customer deposits, or takes on material exposure to Italian sovereign risk.

A downgrade of CA's and CAPFM's IDRs would result in a downgrade of CA Auto Bank's IDR and SSR, reflecting a weakening of the parents' ability to support the wholly owned subsidiary. CA Auto Bank's ratings are sensitive to adverse changes in Fitch's assumptions about CA's propensity to support the company. CA Auto Bank's attractiveness to CA is sensitive to the execution of its new strategy outside Stellantis and to unfavourable changes in both CA's strategy and in the automotive sector, should these compromise CA Auto Bank's profitability and growth prospects.

Fitch caps CA Auto Bank's IDR at two notches above Italy's Long-Term IDR. It would therefore mirror any negative action on Italy's current sovereign rating on CA Auto Bank's Long-Term IDR and SSR.

CA Auto Bank's Viability Rating (VR) could be downgraded if the bank fails to deliver its stated business plan or if its financial profile deteriorates materially.

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

The Positive Outlook reflects a probable upgrade if CA Auto Bank continues to execute on its post-Stellantis strategy and increases business outside of Italy to about two thirds of its total loans. We expect CA Auto Bank to achieve this threshold in the next two years, based on current business originations.

An upgrade could also follow an upgrade of Italy's Long-Term IDRs, provided the Italian operating environment remains stable and CA Auto Bank's exposure to Italian sovereign risk remains limited.

An upgrade of CA Auto Bank's VR would require a successful execution of the business plan, leading to a stronger franchise and new business originations, while maintaining its adequate financial profile.

Other Debt and Issuer Ratings

Debt Ratings: CA Auto Bank S.p.A. Irish Branch

Rating Level	Rating
Senior unsecured	A-/F1

Source: Fitch Ratings

Debt Ratings: CA Auto Finance Suisse SA

Rating Level	Rating
Senior unsecured	A-

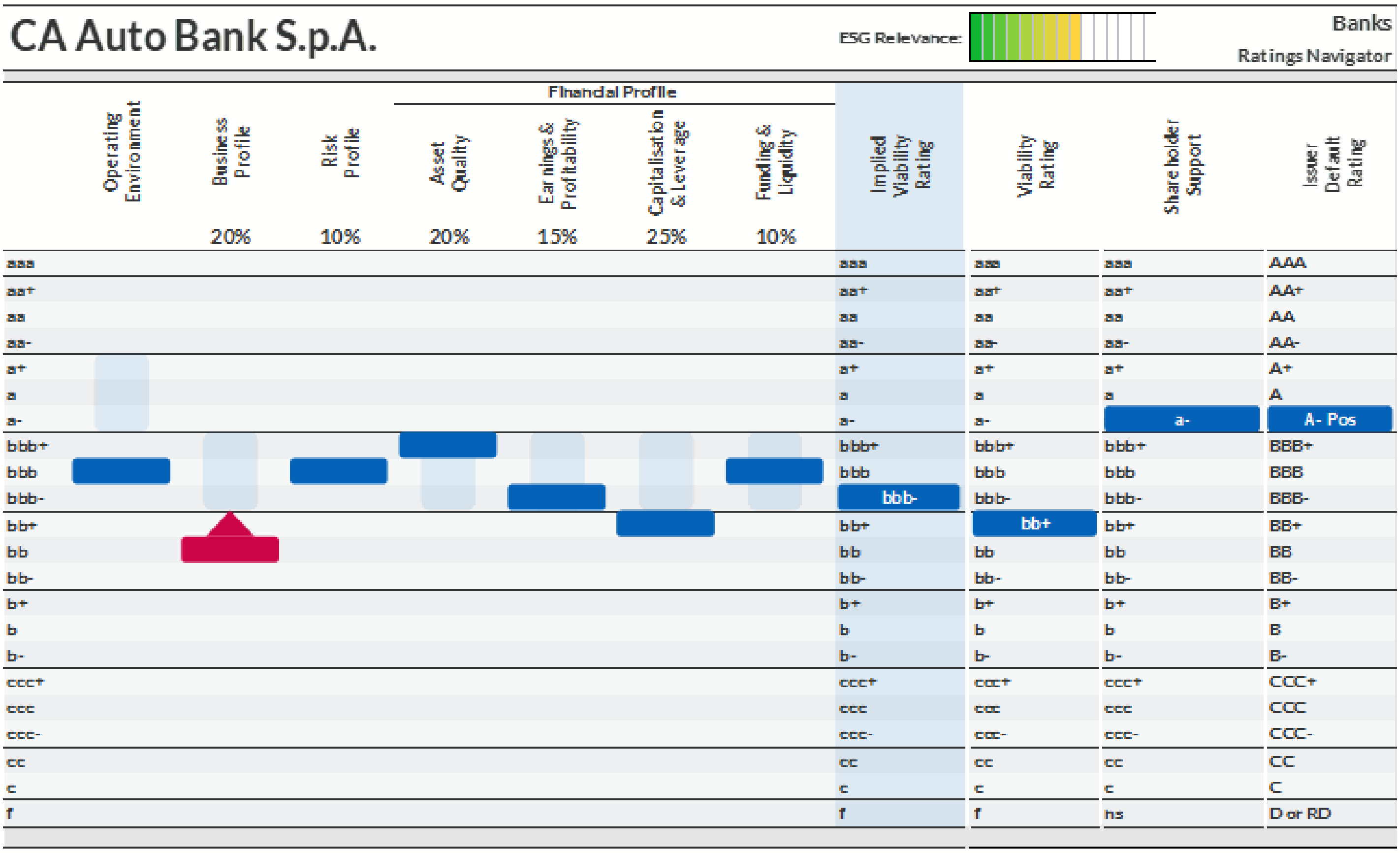
Source: Fitch Ratings

The senior unsecured debt instruments issued out of CA Auto Bank S.p.A. Irish Branch and CA Auto Finance Suisse SA are rated 'A-', in line with CA Auto Bank's Long-Term IDR. The senior unsecured notes issued by CA Auto Bank's Irish Branch rank equally with CA Auto Bank's senior unsecured obligation. CA Auto Finance Suisse SA's senior unsecured notes are unconditionally and irrevocably guaranteed by CA Auto Bank, and rank equally with the guarantor's senior unsecured obligations.

The senior unsecured debt ratings do not benefit from an uplift above the IDR, because we do not believe that internal resolution debt and equity buffers would offer obvious incremental protection over and above the institutional support benefit already factored into the bank's IDRs.

The short-term senior unsecured debt rating of CA Auto Bank S.p.A Irish Branch is 'F1', the same level as CA Auto Bank's Short-Term IDR.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The VR of ‘bb+’ is below the ‘bbb-’ implied VR due to the following adjustment reason: business profile (negative).

The operating environment score of ‘bbb’ is below the ‘a’ implied category score due to the following adjustment reason: sovereign rating (negative).

The business profile score of ‘bb’ is below the ‘bbb’ implied category score due to the following adjustment reason: historical and future developments (negative).

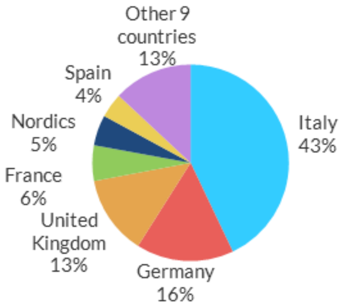
The capitalisation and leverage score of ‘bb+’ is below the ‘bbb’ implied category score due to the following adjustment reason: historical and future metrics (negative).

The funding and liquidity score of ‘bbb’ is above the ‘b & below’ implied category score due to the following adjustment reason: liquidity access and ordinary support (positive).

Company Summary and Key Qualitative Factors

Operating Environment

Outstanding Exposures by Country
End-2023



Source: Fitch Ratings, CA Auto Bank

Business Profile

CA's Pan-European Automotive and Mobility Financing Entity, Focus on Italy to Reduce

CA Auto Bank mainly provides car financing to individuals and dealers across 18 European countries and in Morocco. Italy is the largest market (43% of outstanding loans at end-2023), reflecting the bank's origin as the captive finance company of FIAT (now Stellantis).

The Italian exposure has been decreasing quickly since CAPFM took over full ownership. The share of loans granted to Italian customers decreased to 43% at end-2023 (end-2021: 51%). Fitch expects this share to decrease further as the legacy portfolio from Stellantis amortises and the bank develops in business in northern and western Europe, and Poland, markets that we view as more attractive for the bank's current and target partners, including Asian car manufacturers and large dealer networks.

CA Auto Bank obtained its banking licence in 2015. It is regulated directly by the Bank of Italy and indirectly (through CA) by the ECB.

Wholly Owned CA Subsidiary

CA Auto Bank is a wholly owned subsidiary of CAPFM, following the reorganisation of Stellantis's captive finance JVs over 2H22–1H23. CA acquired 100% ownership of the then FCA Bank S.p.A. in 2Q23, buying a 50% stake from Stellantis, and renamed it to CA Auto Bank.

International Growth of Drivalia

CA Auto Bank retained Leasys' short-term rental business, now renamed Drivalia. CA Auto Bank plans to expand it to about 300,000 cars by end-2026 and 350,000 by end-2028 (end-2023: 174,000) across 18 countries. We expect inorganic growth to continue, but with modest deal sizes.

Strategy Outside Stellantis

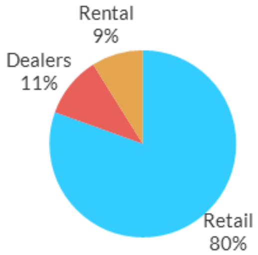
CA Auto Bank has effectively mitigated the volume loss from Stellantis's exit. Stellantis accounted for about 75% of new loan volumes over 2017–2022, with Jaguar Land Rover contributing another 15%.

Since it became an independent from Stelantis, CA Auto Bank focused on developing retail car financing with non-Stellantis manufacturers, car-dealer financing, and Drivalia's short-term rental and leasing businesses. The bank signed partnerships with niche equipment manufacturers and new entrants in the European market, which do not have local captive lenders. As a result, the bank originated EUR14 billion of new business volumes in 2023, far exceeding the management plan and our expectations.

Non-Stellantis fleet accounted for about EUR11 billion, or 87% of financing and leasing volumes. The number of brands served increased to 50 at the end-2023 (end-2022: 24), including notable new partners such as Tesla and Mazda. We believe that competition between Leasys and Drivalia exposed the bank to some execution risk in the rental business, although CA Auto Bank's car dealer finance strategy is less risky due to well-established relationships.

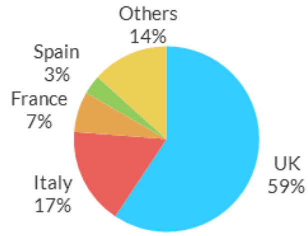
As a result of strong business origination, assets grew by 15% to EUR27.3 billion at end-2023 from EUR23.7 billion (excluding Leasys) at end-2022, mainly driven by the financing and leasing segment. CA Auto Bank still retains loans originated for Stellantis and Jaguar Land Rover, but these are quickly amortising given their average duration of three years.

Business Lines by Portfolio
Share of revenue-generating assets at end-2023



Source: Fitch Ratings, CA Auto Bank

Residual Value Risk by Country
End-2023



Source: Fitch Ratings, CA Auto Bank

Risk Profile

Robust Risk Governance Driven by CAPFM

CA Auto Bank's risk appetite mirrors CAPFM's, and is ultimately monitored at CA's level. The corporate reorganisation has not changed the credit risk management policies. CA Auto Bank's credit policies and scorecards are set centrally, while approval authority at each operating entity is limited. Scorecards are tailored for each product and country, with regular calibration and no possibility of manual overrides. The impairment policy is prudent, in Fitch's view, and the general loss provision is accrued according to statistical models.

Foreign exchange and interest rates are hedged with plain-vanilla derivatives and we view CA group's standards on liquidity-matching as conservative.

Changing Market Trends Increase Residual Value Risk

CA Auto Bank bears residual value (RV) risk on operating lease contracts and rental & mobility operations. It is particularly concentrated in UK, where the bank's contracts grant early-termination option. A sharp increase in prices for used cars over 2020–1H22 enabled sizeable gains on car sales, mitigating RV risk. The trend then reversed in 2H22–2023, exposing CA Auto Bank to potential RV losses. Increasing share in the bank's portfolio of emerging brands and EVs, where the secondary market is less seasoned or less liquid, further increase the RV risk.

According to the group's guidelines, RV is assessed quarterly against the evolution of the market prices for second-hand cars. We expect that established risk controls will help to contain the risk.

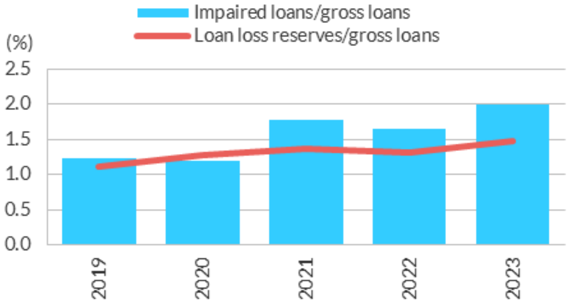
Financial Profile

Asset Quality

Low Impaired Loans Generation

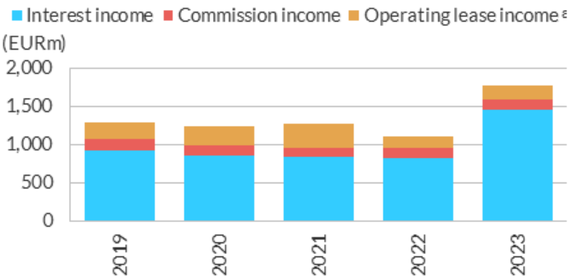
Impaired loans generation accelerated to 1.1% in 2023 (2022: 0.6%) but remained manageable, driving impaired loans up to 2% of gross loans at end-2023 (end-2022: 1.6%). Fitch expect asset quality to remain broadly stable in the next two years, as the portfolio should be increasingly diversified markets, where asset quality has traditionally been stronger than in Italy.

Asset Quality



Source: Fitch Ratings, CA Auto Bank

Revenue Composition



a net of operating costs and depreciation charges

Earnings and Profitability

Resilient Margins

Fitch expects pressure on CA Auto Bank's profitability in 2024 and 2025 from the ongoing business transformation and the seasoning of its recently generated assets. Average pre-tax income to risk-weighted assets ratio over 2020–2023 was a moderate 3.3%, supported by good cost control and to the absence of a proprietary outlet network. In Fitch's view, CA Auto Bank has been able to protect its margins by channelling higher interest rates onto its customers. However, uncertainty on the financed asset and the partnerships may put pressure on future loan yields. The revenue contribution by new mobility services and short-term rental have increased to 9% of net profit in 2023, from 1.5% in 2022. Fitch expects Drivalia's revenue contribution to further increase in the coming years, but its profitability at scale is yet to be tested.

CA Auto Bank's profitability is moderate through the cycle, reflecting the low credit risk in its portfolio. Funding costs benefit from consistent appetite for CA Auto Bank's secured and unsecured issuance programmes among wholesale investors.

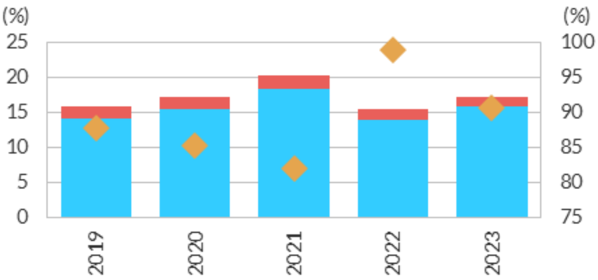
Capital and Leverage

Profit Retention Underpins Capital Adequacy

CA Auto Bank's capitalisation is adequate. The bank's CET1 ratio increased to 15.8% at end-2023 (end-2022: 13.9%) supported by full profit retention. This provided sufficient 8.2% cushion against regulatory requirement of 7.6%. Capitalisation is underpinned by the secured nature and low credit risk of the bank's loan portfolio. The bank also routinely completes synthetic securitisation to optimise risk-weighted asset (RWA) absorption.

Drivalia is not part of the regulated banking group and is consolidated by equity method. Its assets (net fleet amounted to only 7% of bank's total assets at end-2023) are therefore not included in CA Auto Bank's RWAs. Fitch expects the inclusion of long-term rental within the RWA calculation to have a negative impact of up to 150bp on CA Auto Bank's CET1 ratio, which we view as manageable in the context of the bank's current capital cushion and internal capital-generation prospects.

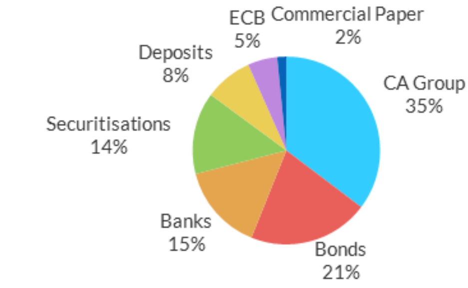
Capitalisation & Leverage



Source: Fitch Ratings, CA Auto Bank

Funding Sources

End-2023



Source: Fitch Ratings, CA Auto Bank

Funding and Liquidity

Diversified Wholesale Funding, Small Portion of Deposits

CA Auto Bank's funding and liquidity are underpinned by support from the CA Group. Intragroup funding increased to 35% of total non-equity funding at end-2023 (end-2022: 26%) as the group supported the bank's strong commercial performance. CA is committed to provide funding and liquidity to CA Auto Bank at market rates and in sufficient amounts to meet the bank's needs, even in the most stressful scenarios. Fitch believes funding support from CA, if needed, would be timely and adequate, but also expects CA Auto Bank to maintain an autonomous funding profile.

The bank's autonomous funding is largely wholesale (e.g. unsecured bonds, ABS, bank debt, ECB loans). CA Auto Bank has significantly diversified wholesale funding, both in terms of counterparties and instruments. It regularly taps the debt capital markets through its EUR12 billion medium-term note programme, securitisations and European commercial papers.

The bank has been collecting customer deposits since 2015, when it received a full banking licence. The share of deposits is modest (8% of total non-equity funding at end-2023) and we do not expect it to increase materially.

Financials

Balance Sheet

(EURm)	2023	2022	2021	2020	2019
Assets					
Cash & equivalents	1,674	3,140	2,259	572	585
Due from banks & financial assets	277	186	858	2,069	2,093
Gross client receivables	24,965	23,214	20,190	22,366	24,176
Memo: impaired receivables included above	498	382	358	268	299
Less: receivable loss allowances	-369	-303	-275	-286	-271
Net client receivables	24,596	22,911	19,915	22,080	23,905
Net rental fleet	2,294	359	4,089	3,337	3,092
Goodwill and intangible assets	192	121	322	296	263
Tax assets	218	177	359	360	300
Fixed assets	330	173	108	124	105
Other assets	1,581	1,242	1,549	1,339	1,363
Total assets	31,162	28,309	29,459	30,177	31,706
Liabilities					
Deposits from clients	2,408	2,781	2,495	2,100	1,799
Loans and deposits from banks	14,449	11,874	11,411	10,372	10,278
Debt securities	9,675	8,402	9,948	12,438	14,857
Tax liabilities	285	178	317	311	238
Other liabilities	1,313	1,345	1,387	1,303	1,363
Total liabilities	28,131	24,580	25,557	26,523	28,535
Total equity	3,031	3,728	3,902	3,654	3,171
Total liabilities and equity	31,162	28,309	29,459	30,177	31,706

Source: Fitch Ratings, CA Auto Bank S.p.A.

Income Statement

(EURm)	2023	2022	2021	2020	2019
Revenues					
Interest income	1,458	830	835	864	930
Interest expense	-946	-165	-197	-209	-237
Commission income	131	134	128	133	148
Commission expense	-74	-61	-49	-43	-46
Net interest and commission income	569	737	716	745	795
Income from operating leasing, net	208	178	321	259	231
Labour and administrative costs	-262	-244	-286	-274	-278
Depreciation & amortisation	-35	-142	-26	-29	-25
Other operating income/expenses	14	-11	-12	48	0
Other income, net	142	2	3	-15	-39
Impairment expenses	-83	-66	-30	-71	-47
Gains on disposal of investments	n.a	647	n.a	n.a	n.a
Pre-tax income	554	1,100	685	663	638
Income tax	-154	-163	-191	-162	-171
Net income of continuing operations	400	937	494	501	467
Net income of subsidiaries held for disposal	0	82	0	0	0
Net income	400	1,019	494	501	467
Net income attributable to minority shareholders	7	8	9	7	7
Net income for shareholders of the holding company	393	1,011	485	494	460

Source: Fitch Ratings, CA Auto Bank S.p.A.

Summary Analytics

	2023	2022	2021	2020	2019
Business Profile					
Total Operating Income (USD million)	982	1,038	1,277	1,108	1,130
Asset Quality Metrics (%)					
Impaired Loans / Gross Loans	2.0	1.6	1.8	1.2	1.2
Loans Loss Allowances / Impaired Loans	74.0	79.5	76.6	106.9	90.5
Origination of New Stage 3 Loans	0.9	0.6	0.5	0.3	0.5
Loans Impairment Charges / Average Gross Loans	0.3	0.3	0.1	0.3	0.2
Growth of Gross Loans	7.5	15.0	-9.7	-7.5	1.3
Earnings and Profitability Metrics (%)					
Pre-Tax Income / Average Risk-Weighted Assets	2.9	6.2	3.7	3.3	3.0
Pre-Tax Income / Average Assets	1.9	4.1	2.3	2.1	2.1
Net Income / Average Equity	11.9	27.0	13.1	14.7	15.5
Operating Expenses / Net Revenues	47.8	33.6	40.1	37.1	35.2
Interest Income / Average Gross Loans	6.6	4.4	4.5	4.3	4.5
Interest Expense / Average Debt	4.1	1.0	1.0	1.0	1.1
Capitalization and Leverage Metrics					
CET1 Ratio (%)	15.79	13.92	18.37	15.43	14.20
Capital Adequacy Ratio (%)	17.23	15.54	20.33	17.21	15.82
Debt / Tangible Equity (x)	10.1	6.7	7.4	8.3	10.3
Impaired Receivables Less Loss Allowances / CET1 (%)	4.4	2.8	2.6	-0.6	1.0
Funding and Liquidity Metrics (%)					
Unsecured Debt / Total Debt	86.4	91.3	92.4	100.0	100.0
Parental Funding / Total Non-Equity Funding	34.1	22.1	19.7	0.0	0.0
Unsecured Debt / Total Non-Parental Debt	79.3	88.9	90.6	100.0	100.0
Deposits / Total Non-Equity Funding	8.0	9.5	10.1	0.0	0.0
Short-term Debt / Total Debt	18.2	72.1	28.8	41.6	34.7
Cash and Equivalents / Short-derm Debt	40.4	20.0	45.3	25.5	28.7
Short-term Assets / Short-term Debt	142.2	84.6	151.2	135.4	147.2
LCR	186	199	243	282	259
NSFR	112	113	116	106	110
EUR1=USD	1.067	1.132	1.228	1.120	1.144

Source: Fitch Ratings, CA Auto Bank S.p.A.

Support Assessment

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

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

Role in Group Underpins SSR; Lingering Sovereign Constraint

The SSR is notched off twice from CAPFM's and CA's Long-Term IDRs, mainly reflecting that CA Auto Bank still predominantly operates in Italy, which might constrain the group's ability and commitment to provide support in a period of sovereign distress. The SSR is underpinned by CA Auto Bank's focus on strategically important markets for the group, a moderate contribution to the group's consumer finance business, its full group ownership, and common branding.

Environmental, Social and Governance Considerations

FitchRatings **CA Auto Bank S.p.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

CA Auto Bank S.p.A. has 7 ESG potential rating drivers

- CA Auto Bank S.p.A.
- CA Auto Bank S.p.A.
- CA Auto Bank S.p.A. 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	7	issues	3
not a rating driver	4	issues	2
	3	issues	1

Environmental (E) Relevance Scores

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

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

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

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

Governance (G) Relevance Scores

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

CREDIT-RELEVANT ESG SCALE

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

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

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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