Fitch Ratings

Banks
Retail & Consumer Banks
Denmark

Realkredit Danmark A/S

Key Rating Drivers

Strong Credit Profile: Realkredit Danmark A/S's (Realkredit) ratings reflect its low risk appetite and strong asset-quality metrics, which balance its monoline business model and undiversified, but stable, earnings. They also reflect Realkredit's entrenched mortgage lending franchise in Denmark, strong capitalisation and manageable reliance on wholesale funding. The bank's ratings are also underpinned by potential support from its parent, Danske Bank A/S (A/Stable/a).

Capital Fungibility Constraints VR: Realkredit's Viability Rating (VR) is aligned with Danske's to reflect the high level of capital fungibility between both entities. As a result, Fitch Ratings is likely to retain Realkredit's VR within one notch of that of Danske, unless capital becomes less fungible.

Strong Market Position: Realkredit is the second-largest specialist mortgage bank in Denmark, with a market share of about 25%. It serves all customer segments in Denmark (where the vast majority of its credit exposure resides), while in Sweden and Norway it serves large commercial and residential real estate companies. Its monoline business model is mitigated by its low-risk appetite and stable income.

Strong Asset Quality: Realkredit's asset quality is a rating strength. Credit risk exposure solely comprises mortgage lending, the tight underwriting of which is underpinned by conservative Danish covered-bond and mortgage-lending legislation. Realkredit's loan book is geographically concentrated in Denmark and strongly linked to the performance of the Danish economy and domestic real estate market. The bank enters the current economic downturn with low arrears and default levels. We expect its impaired loan ratio to modestly increase to 1.6% by end-2023.

Undiversified but Stable Earnings: Realkredit's profitability is weaker than that of similarly rated peers as its income solely relies on lending. Its lack of revenue diversification is offset by limited credit losses and robust cost efficiency. In 2022, we expect its operating profit to rise to 2.8% of risk-weighted assets (RWAs) due to lower RWAs and broadly stable operating profit. In 2023, we expect the ratio to be modestly below 2.5%, mainly as a result of higher loan-impairment charges and mildly lower net interest income.

Strong Capitalisation: Realkredit's capitalisation is underpinned by its low-risk business model and solid capital surplus over regulatory minimums, giving the bank a sufficient cushion to absorb potential credit losses and RWAs inflation. We also consider Realkredit's high product concentration and potential ordinary capital support from the parent. We believe that capital is fungible across the Danske group, but Realkredit is subject to standalone capital requirements, which underpins our view of its capitalisation.

Solely Wholesale-Funded: Realkredit relies extensively on wholesale funding because mortgage lending is, by law, entirely funded by covered bonds in Denmark. We believe the risk of Realkredit not being able to access the covered bond market is low due to strong demand for these bonds from Danish financial institutions, insurance companies and pension funds. Refinancing risk is also mitigated by the bank's good liquidity buffer and potential ordinary support from Danske, if needed.

Shareholder Support Likely: Realkredit's Shareholder Support Rating (SSR) reflects a very high probability that support would be provided by Danske, if required. In Fitch's view, Danske would have a high propensity to support Realkredit given the latter's role as the group's main domestic mortgage provider. Any required support would likely be manageable relative to Danske's ability to provide it.

Ratings

Foreign Currency

Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	a
Shareholder Support Rating	a

Sovereign Risk

Long-Term Foreign- and Local-Currency IDRs	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-and Local-Currency IDRs	Stable

Applicable Criteria

Bank Rating Criteria (September 2022)

Related Research

Global Economic Outlook (September 2022)

Fitch Affirms Denmark at 'AAA'; Outlook Stable (August 2022)

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Rating Sensitivities

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

A downgrade of Danske's VR by more than one notch could lead to a downgrade of Realkredit's ratings, given the high correlation between the two ratings.

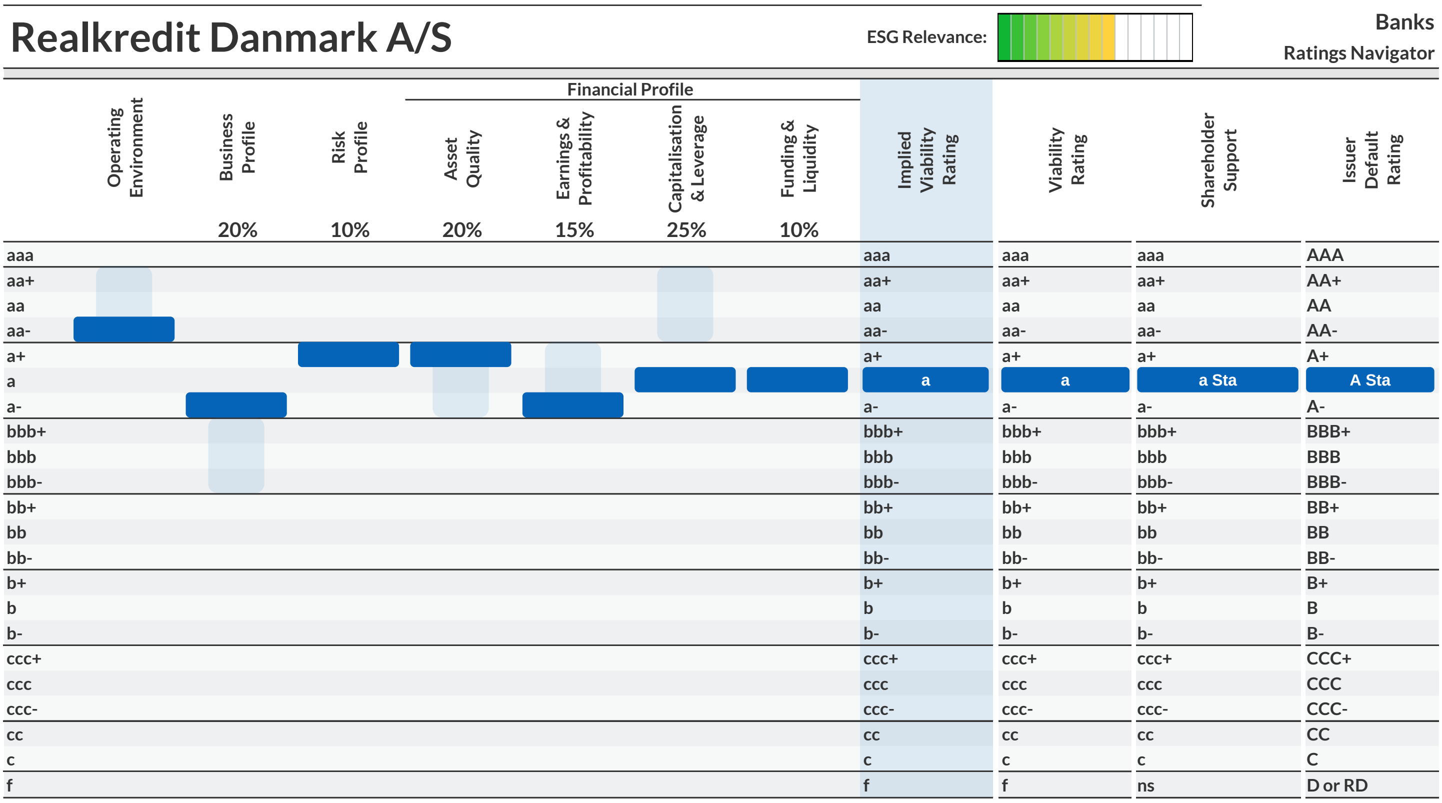
We would also downgrade Realkredit's VR if we expect its impaired loans ratio to increase durably above 2.5% and its common equity Tier (CET1) ratio to shrink durably below 14%. This could be due to a more severe and prolonged economic downturn than we currently expect.

An adverse change in investor sentiment requiring extraordinary support from the parent, due to a material weakening of Realkredit's ability to access competitively priced covered-bond funding, would be negative for the bank's VR. An increased reliance on international debt investors, who could prove less stable during periods of financial stress, would also put negative pressure on the ratings.

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

Realkredit's IDR and SSR could be upgraded if Danske's IDRs are upgraded, assuming Realkredit retains its important role within the group.

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 ‘a-’ is above the ‘bbb’ category implied score due to the following adjustment reason: market position (positive).

The capitalisation and leverage score of ‘a’ is below the ‘aa’ category implied score due to the following adjustment reasons: risk profile and business model (negative).

Company Summary and Key Qualitative Factors

Operating Environment

Realkredit's operations are concentrated in Denmark, which presents very good opportunities for banks to be consistently profitable. The economic environment and sovereign credit profile are strong and structural weaknesses are very limited, underpinned by strong levels of employment and a healthy sovereign fiscal position. We have materially revised our 2022 and 2023 GDP growth expectations to 2.6% and 0.5%, respectively, as the European gas crisis, high inflation and a sharp acceleration in monetary policy tightening are taking a heavy toll on economic prospects.

Danish banks enter the current economic downturn from a strong position given their swift post-pandemic economic recovery in 2021. The banks' residual risks from the pandemic are low and adequately cushioned by coronavirus-related provisions, which we expect to be gradually used to cushion asset quality deterioration. The banks' robust capital ratios offer large loss-absorption capacity that could withstand a severe stress. Liquidity in the banking sector is ample and we anticipate wholesale funding markets to operate normally.

Danish household indebtedness is high in an international context, due to high house ownership financed by mortgage loans. The high inflation and aggressive rise in long-term interest rates will dampen real spending power, but should be manageable for Danish households, which have accumulated sizeable savings during the pandemic.

We expect a moderate rise in bankruptcies, largely coming from financially weaker SMEs in the sectors worst-hit by the pandemic, as well as those vulnerable to higher commodity and energy prices and the interest rate hike cycle. This should also increase appetite for bank credit, which has been dampened during the pandemic by government liquidity support measures and loan schemes.

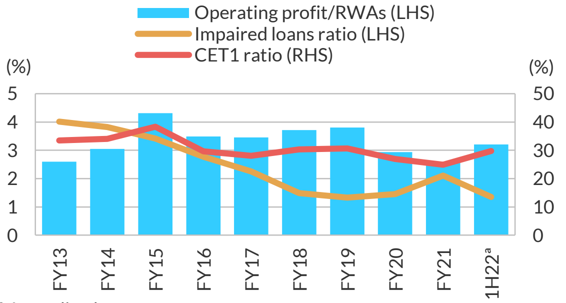
Business Profile

The bank is an integral part of Danske group and is used as the key funding vehicle for domestic mortgage lending. Management and operational integration with the parent is visible in the form of a harmonised strategy and risk management.

Realkredit has been less vulnerable to negative interest rates than commercial banks because of the mortgage financing pass-through model in Denmark. Mortgage lending is, by law, financed through covered bonds and Realkredit is a large issuer of these securities internationally.

Mortgage loans for private individuals and SMEs are distributed through Realkredit's own real estate agency chain and Danske's branch network. The largest customers in Denmark, Norway and Sweden are served by a dedicated unit specialised in property mortgage advisory.

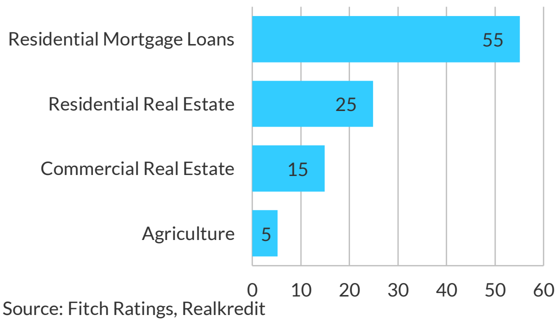
Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Realkredit

Loan Split by Sector (%)

End-2021



Source: Fitch Ratings, Realkredit

Risk Profile

Realkredit observes tight underwriting standards for mortgage loans. underpinned by the conservative Danish covered bond legislation and regulatory constraints set by the Danish FSA. Realkredit applies a loan-to-value (LTV) regulatory cap of 80% for most mortgage loans and 60% for riskier lending, such as financing for agricultural, office or retail properties.

The average LTV ratio was 48% at end-June 2022 (end-2020: 60%). Average LTVs have gradually declined across all customer segments since 2H12, driven partly by conservative underwriting standards and partly by increasing property prices. This trend will gradually reverse in 2H22 and 2023 as we expect a moderate fall in residential property prices, which we view as a natural cool-off after the pandemic-driven surge in prices in 2020–2021. Between

March 2020 and May 2022 the prices of single-family homes and apartments grew by 23% and 30%, respectively, and we expect prices to remain above the pre-pandemic levels.

Realkredit's principal segment is residential mortgage loans (owner-occupied housing and holiday homes, about 55% of loans). The remaining segments are residential and commercial real estate and agriculture. We do not expect the bank's segment mix to change in the foreseeable future.

The share of fixed-rate residential mortgage loans (48% at end-June 2022) increased materially in 2019 and 2020, driven by low rates and high re-mortgaging activity. This abruptly reversed in 1H22 as customers switched to variable-rate loans (which will likely continue), due to a sharply steepened yield curve. We do not believe that this trend materially changes the bank's retail lending profile because of prudent LTV ratios, stress testing of repayment capacity at considerably higher rates and still relatively long interest-rate fixation periods in variable lending by international standards (generally at least one year).

During the underwriting of long-term loans with an interest-rate fixed for a short period (such as five years), the bank stress tests borrowers' repayment capacities. The customer must be able to service the principal repayments together with an interest rate equal to a fixed rate over 30 years plus 1% (currently about 6%); however, this must not be less than 4%.

Realkredit's recent lending growth has been modest. The contraction in the loan portfolio in 1H22 reflects fair-value adjustments due to higher interest rates. We expect annual credit expansion to remain subdued in 2H22 and 2023 due to the economic downturn.

Realkredit's market risk exposure is low. The structural interest rate risk in the banking book is insignificant because there is no interest rate mismatch between mortgage loans and covered bonds, and both are carried at fair value.

Financial Profile

Asset Quality

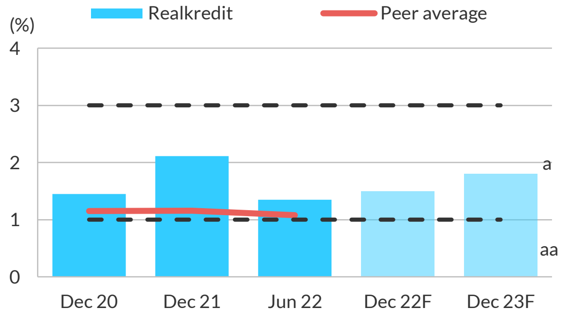
Asset quality metrics have been resilient in the past two years due to limited direct exposure to industries that are vulnerable to the pandemic, prudent collateralisation and underwriting standards, no excessive growth and the strong property market. Potential asset quality pressure from higher interest rates is low as only about 12% of loans must be refinanced in 2022.

We expect the bank's impaired loan ratio to increase only modestly to 1.6% by end-2023. The ratio was inflated by a revised definition of default in 2021. However, it soon improved to about 1.5% at end-June 2022, in line with the recent average, due to the improved quality of risk data in the portfolio.

Realkredit's low coverage of impaired loans by specific loan loss allowances (10% at end-June 2022) is appropriate given generally low LTVs and a long record of low credit losses. LICs had a decade-high of about 20bp of gross loans in 2013 and equalled about 3bp between 2017 and end-June 2022. Danish legislative framework enforces creditor rights and incentivises mortgage repayment.

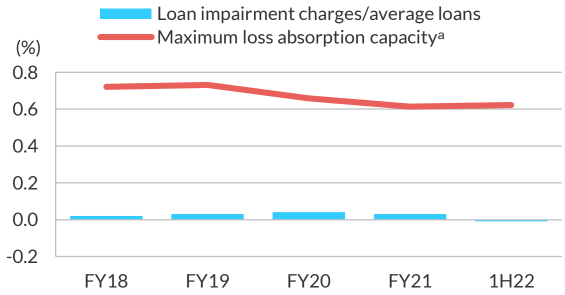
The agriculture portfolio (about 5% of loans) is the riskiest exposure, although we do not expect it to be a source of material losses in the coming periods. The Russia–Ukraine war is increasing output prices on agricultural products as well as increasing costs, but the situation is manageable, in Fitch's view. Pig breeding accounts for about 20% of the agriculture portfolio and is the most vulnerable sub-segment. Elevated costs, especially that of feed, keeps most pig farmers below the breakeven point. Moreover, African swine fever, the war in Ukraine, and decreased demand from China are causing further uncertainty.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions

P&L Loss Absorption Capacity



[a] Pre-impairment operating profit/average loans
Source: Fitch Ratings, Fitch Solutions

Earnings and Profitability

The bank's overall profitability is moderate, mainly due to thin margins, but it should be viewed in light of its low-risk business model, its healthy and recurring revenue, tight cost control and historically contained credit losses. The interest rate hike cycle will be broadly neutral for the bank's profitability because the income from mortgage lending is not directly linked to market interest rates. Mortgage loans in Denmark are funded by covered bonds, the cost of which is directly passed on to borrowers, while Realkredit charges administrative margin. The administrative margin has been under moderate pressure in 2021 due to a changing retail loan mix towards low risk, and thus less profitable, amortising loans and loans with longer refinancing periods.

In 1H22 there was a large re-mortgaging activity in Denmark driven by increasing interest rates, which has significantly reduced the market value of the bank's loan book (down 9% since end-2021). New lending was dominated by variable rate loans, which normally have higher administrative margins, but the overall positive impact from the changing loan mix is offset by lower LTVs for refinanced loans.

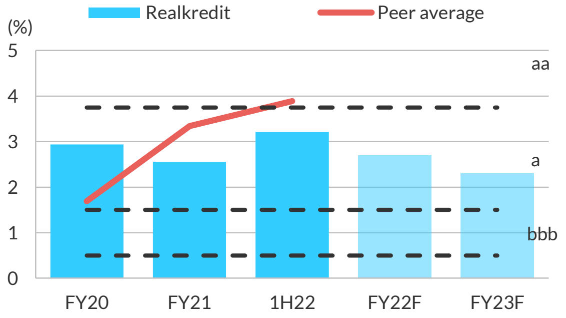
The bank's superior cost efficiency reflects the low burden from overheads that are centralised at the parent level, which we regard as ordinary support due to Realkredit's important role in the group.

Capital and Leverage

Realkredit's CET1 ratio (end-June 2022: 29.7%) benefits from low risk-weights on mortgage loans, but its leverage ratio (5.1% at end-2021) is adequate in a European context. Realkredit's total regulatory capital ratio (almost solely comprising equity) was about 14pp above the requirement. This level is sufficient to absorb the expected material inflation in RWAs in the coming years as a result of EBA guidelines and Basel IV.

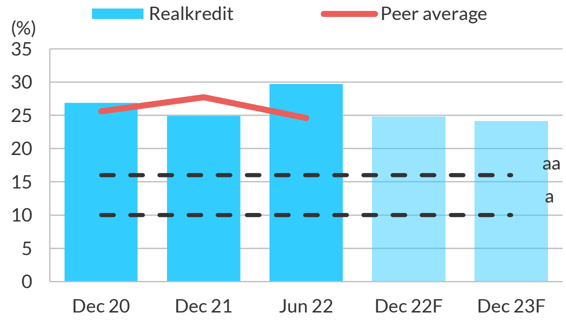
Danish mortgage banks are exempt from the minimum requirements for own funds and eligible liabilities, but must maintain a bail-in-able debt buffer corresponding to 2% of loans. Realkredit observes this buffer using mainly its capital surplus and a small senior non-preferred loan from Danske (DKK2 billion).

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions

Funding and Liquidity

Realkredit issues covered bonds on an ongoing basis and loan origination is not dependent on available liquidity. The bank's refinancing risk is mitigated by the efficient Danish covered bond market (including numerous stress periods), refinancing auctions that are distributed quarterly, and loan pricing, promoting loans with less frequent refinancing periods.

The covered bond law transfers the refinancing risk in adjustable-rate mortgage loans to the investor (in the event of a failed auction), but this has not been tested yet. Consequently, we believe it is important for Realkredit to maintain a significant liquidity portfolio to keep investor confidence. This may be particularly important in the case of foreign investors (about 25% of all covered bond investors at end-2021).

High asset encumbrance is mitigated by robust asset quality of loans, large overcollateralisation and no other outstanding senior obligations to a third-party creditor. At end-June 2022 Realkredit's liquidity buffer was about double the regulatory requirement (corresponding to at least 2.5% of mortgage loans).

About Fitch Forecasts

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 recapitalizations 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.

Peer average includes Nykredit Realkredit A/S (VR: a), Landshypotek Bank AB (a), Nationwide Building Society (a), Svenska Handelsbanken AB (aa), Swedbank AB (aa-), Yorkshire Building Society (a-), de Volksbank N.V. (a-).

Financial year-end for Nationwide Building Society is 4 April. Latest average uses FY21 data for Nationwide Building Society.

Financials

Financial Statements

	30 Jun 22		31 Dec 21	31 Dec 20	31 Dec 19
	6 months - interim	6 months - interim	Year end	Year end	Year end
	(USDm)	(DKKm)	(DKKm)	(DKKm)	(DKKm)
	Unaudited	Unaudited	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	431	3,088	6,285	6,496	6,905
Net fees and commissions	4	28	-127	-21	-528
Other operating income	-24	-173	-191	-296	336
Total operating income	411	2,943	5,967	6,179	6,713
Operating costs	73	522	995	864	812
Pre-impairment operating profit	338	2,421	4,972	5,315	5,901
Loan and other impairment charges	-4	-27	269	335	265
Operating profit	342	2,448	4,703	4,980	5,636
Tax	77	549	1,034	1,097	1,240
Net income	265	1,899	3,669	3,883	4,396
Other comprehensive income	-3	-18	13	14	-18
Fitch comprehensive income	263	1,881	3,682	3,897	4,378
Summary balance sheet					
Assets					
Gross loans	103,773	743,223	813,477	819,827	805,858
- Of which impaired	1,398	10,010	17,139	11,925	10,732
Loan loss allowances	397	2,845	2,930	2,801	2,736
Net loans	103,376	740,378	810,547	817,026	803,122
Interbank	141	1,008	14,969	24,993	53,772
Derivatives	11	80	40	39	128
Other securities and earning assets	6,448	46,179	46,435	47,187	52,363
Total earning assets	109,976	787,645	871,991	889,245	909,385
Cash and due from banks	629	4,507	3,674	52	54
Other assets	197	1,411	1,334	1,971	3,109
Total assets	110,802	793,563	876,999	891,268	912,548
Liabilities					
Interbank and other short-term funding	279	2,000	2,000	2,000	4,003
Other long-term funding	103,390	740,480	820,950	835,217	853,479
Trading liabilities and derivatives	10	70	16	17	5
Total funding and derivatives	103,679	742,550	822,966	837,234	857,487
Other liabilities	455	3,260	4,561	4,444	5,068
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	6,668	47,753	49,472	49,590	49,993
Total liabilities and equity	110,802	793,563	876,999	891,268	912,548
Exchange rate		USD1 = DKK7.162	USD1 = DKK6.5749	USD1 = DKK6.1138	USD1 = DKK6.6759

Source: Fitch Ratings, Fitch Solutions, Realkredit

Key Ratios

	30 Jun 22	31 Dec 21	31 Dec 20	31 Dec 19
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.2	2.6	2.9	3.8
Net interest income/average earning assets	0.8	0.7	0.7	0.8
Non-interest expense/gross revenue	17.7	16.7	14.0	12.1
Net income/average equity	7.9	7.6	8.0	9.0
Asset quality				
Impaired loans ratio	1.4	2.1	1.5	1.3
Growth in gross loans	-8.6	-0.8	1.7	0.8
Loan loss allowances/impaired loans	28.4	17.1	23.5	25.5
Loan impairment charges/average gross loans	-0.01	0.03	0.04	0.03
Capitalisation				
Common equity Tier 1 ratio	29.7	24.9	26.9	30.7
Tangible common equity/tangible assets	6.0	5.6	5.6	5.5
Basel leverage ratio	n.a.	5.1	5.0	4.9
Net impaired loans/common equity Tier 1	15.7	31.1	20.0	17.6

Source: Fitch Ratings, Fitch Solutions, Realkredit

Support Assessment

Shareholder Support	
Parent IDR	A
Total Adjustments (notches)	0
Shareholder Support Rating	a
Shareholder ability to support	
Shareholder Rating	A/ Stable
Shareholder regulation	Equalised
Relative size	1 Notch
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	Equalised
Integration	Equalised
Support record	Equalised
Subsidiary performance and prospects	Equalised
Legal commitments	2+ Notches

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

Realkredit's SSR is equalised with Danske's Long-Term IDR. Danske would have a strong propensity to provide extraordinary support as we consider Realkredit a core and integral part of the group. Danske originates all mortgage loans in Denmark via Realkredit and overall mortgage lending represents the majority of all domestic lending. Realkredit's management and corporate culture are highly integrated into Danske's and Realkredit shares some central functions and distribution channels with its parent bank, which we regard as ordinary support. Realkredit also benefits from shared risk-management practices within the group. Any required support for Realkredit would likely be manageable relative to the ability of Danske to provide it.

Realkredit's SSR is sensitive to changes in Danske's IDRs or in Danske's propensity to support.

Environmental, Social and Governance Considerations

FitchRatings **Realkredit Danmark A/S**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Realkredit Danmark A/S has 5 ESG potential rating drivers

- Realkredit Danmark A/S 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 stated 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 to the way in which they are being managed by the entity. For more information on our 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.

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