FitchRatings

Banks
New Zealand

Christian Savings Limited

Key Rating Drivers

Asset Quality, Capital Underpin Ratings: Christian Savings Limited's (CSL) Long-Term Issuer Default Ratings (IDRs) are driven by its Viability Rating (VR). The VR is supported by CSL's strong asset quality, capital support and funding profile. However, these factors are offset by its modest franchise and limited pricing power relative to the larger lenders and deposit takers in the market.

Economic Growth to Slow: Fitch Ratings expects slower economic growth in New Zealand in 2024. The higher cost of living is likely to put pressure on borrowers, although we expect unemployment to remain low, supporting borrower repayment capacity. This underpins the stable outlook on our operating environment score of 'a-' for non-bank deposit takers (NBDTs). It is below the 'aa' category score implied by our criteria to reflect the high household debt in New Zealand and less-stringent regulatory oversight of NBDTs relative to registered banks.

Modest, Niche Franchise: CSL accounts for less than 0.1% of New Zealand's bank and non-bank system assets, although it is the country's largest lender within its niche market. Its business profile score of 'bb-' is above the implied 'b' category score due to its consistent business model and stable performance, which offsets its limited franchise to some degree. CSL also has some competitive advantages stemming from the close relationships with its borrowers.

Low-Risk Lending Practices: CSL's risk appetite score of 'bb+' is two notches above the business profile score. This reflects the company's conservative approach to loan origination and low loan/value ratio. CSL's close relationships with its customer base allows it to make more informed decisions on borrowing capacity and repayment ability. Its risk controls are appropriate for the organisation's size and not dissimilar to those of peers.

Strong Loan Performance: We expect CSL's impaired-loan ratio to remain very low over the next two years. It reported no stage 3 loans at end-August 2023, and we expect this to continue in the financial year ending August 2024 (FY24), reflecting CSL's underwriting and strong collateral positions across its loan portfolio. The asset-quality score of 'bbb-' is below the implied 'aa' category score, as we apply a negative adjustment for the high level of single-name and segment concentration.

Modest Weakening in Profitability: We expect a moderate weakening in earnings and profitability for CSL from contracting margins and ongoing inflationary pressures on costs. Notwithstanding this, we forecast the four-year average of operating profit/risk-weighted asset ratio to remain broadly stable and supportive of the current factor score. The assigned score of 'bb+' is lower than the implied 'bbb' category score to reflect CSL's concentration and low revenue diversification.

Appropriate Capital Buffers: We believe CSL's Fitch Core Capital (FCC) and total regulatory capital ratios will stay broadly stable and at the higher end of its peer group. Its regulatory capital ratio stood at 14.2% at FYE23. We have maintained the factor score of 'bb+', below the implied 'a' category score, due to the small absolute size of CSL's capital base.

Operations Wholly Deposit Funded: Fitch expects CSL's funding and liquidity profile to remain generally stable. Its core metric, the loan/customer deposit ratio, is likely to remain at around 100% over the next two years. The four-year average of the core metric implies an 'a' category score, but we apply a negative adjustment to reflect CSL's lack of access to the Reserve Bank of New Zealand's (RBNZ) lender-of-last-resort liquidity facilities.

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 2023)

Related Research

Fitch Affirms Christian Savings at 'BB+'; Outlook Stable (January 2024)

Asia-Pacific Developed Market Banks Outlook 2024 (November 2023)

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Rating Sensitivities

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

The VR and Long-Term IDRs are sensitive to a loss of support from CSL's target market, as this would ultimately diminish the company's viability.

The Long-Term IDRs and VR may be downgraded if there is a weakening in the business profile, potentially reflected in growth in deposits and loans that is persistently below the system's pace, ongoing above-system net interest margin attrition or a prolonged deterioration in the loan/customer deposit ratio. Growing regulatory and investment burdens in an increasingly digitised market may reduce CSL's competitive standing and put pressure on the business profile assessment. This may, in turn, prompt CSL to increase its appetite for riskier exposures, resulting in greater earnings volatility and pressure on capitalisation through the cycle.

The above scenario may be reflected in a combination of the following:

- the four-year average of stage 3/gross loans increases to be consistently above 3% (FY20-FY23 average of 0%);
- the four-year average operating profit/risk-weighted assets falls below 0.5% for a sustained period (FY20-FY23 average of 1.2%); or
- the FCC ratio declines below 11.5% without a clear path to return to above this level (14.4% at FYE23); or
- the four-year average of the loan/customer deposit ratio sustained significantly above 100% (FY20-FY23 average of 89.8%).

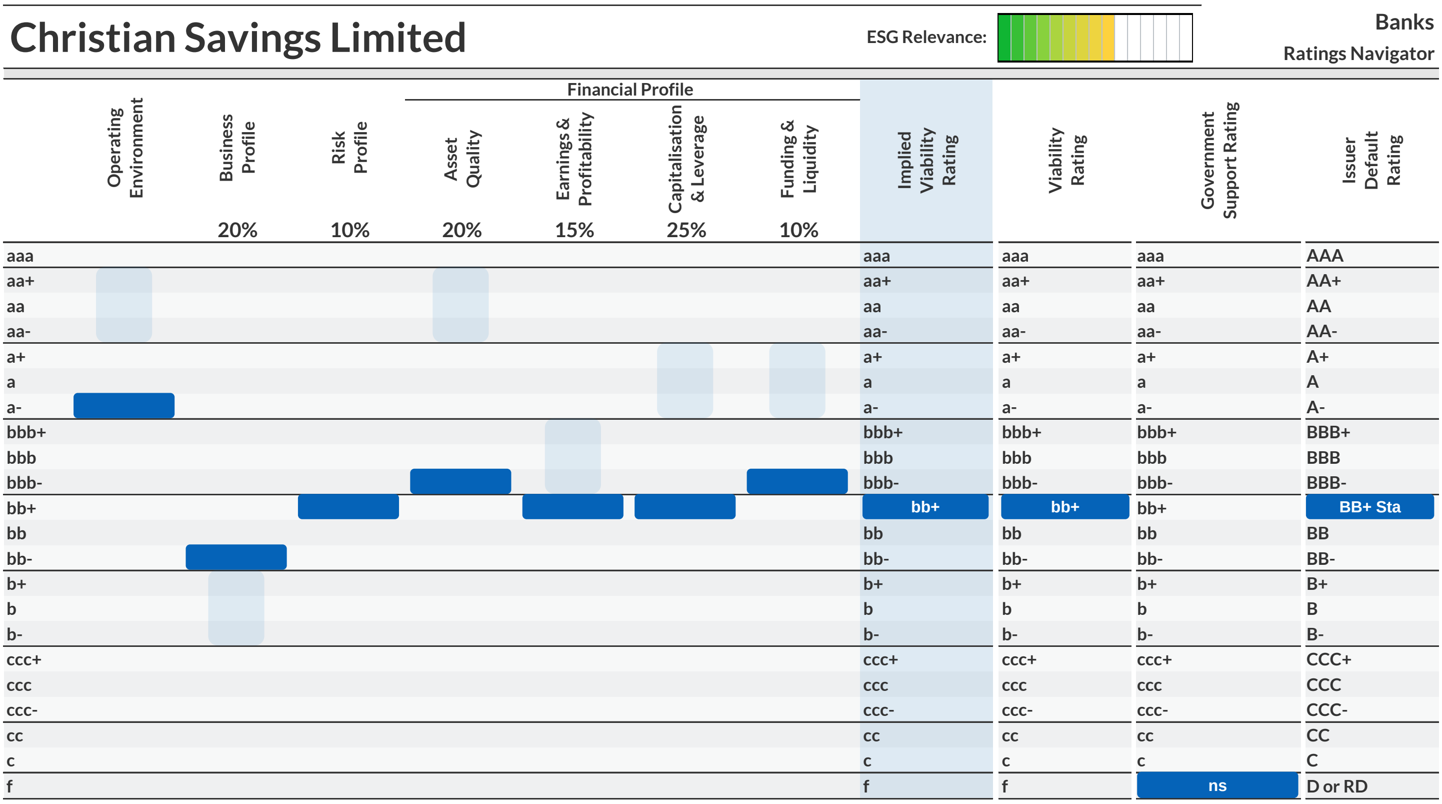
CSL's Short-Term IDR would only be downgraded if the Long-Term IDR were downgraded to 'CCC+' or below.

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

An upgrade of the Long-Term IDRs and VR is unlikely in the short term, as this would require significant growth in CSL's franchise.

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

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 'bbb-' has been assigned below the 'aa' category implied score because of the following adjustment reason: concentration (negative)

The earnings and profitability score of 'bb+' has been assigned below the 'bbb' category implied score because of the following adjustment reason: revenue diversification (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 reason: liquidity access and ordinary support (negative).

Company Summary and Key Qualitative Factors

Operating Environment

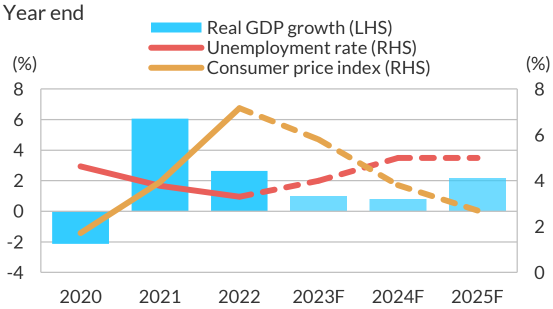
We expect a further slowdown in New Zealand GDP growth in 2024 as the full effect of the rapid interest-rate increase from 2021 to 2023 to tackle high inflation is felt by the economy. We expect unemployment to rise to around 5% as a result. Losses for banks and NBDTs should be manageable at this level, which underpins the stable operating environment outlook. The unemployment rate rose by 30bp to 3.9% in the quarter ending September 2023.

House prices fell through 2022 and 2023 after rapid increases during 2020 and 2021, although there are some signs of recovery in late 2023. The RBNZ's macroprudential limits should limit losses for banks should unemployment increase much more significantly than we expect and lead to increased stress among mortgagees. Most NBDTs have remained reasonably conservative in their underwriting and largely adhered to these guidelines even though they are not subject to the rules.

New Zealand has high household leverage relative to many other countries, although this has improved through 2022 and 2023. Household debt/disposable income was 165% at end-June 2023, the lowest level since September 2014, down from a cyclical high of 175% at end-March 2022.

New Zealand Economy

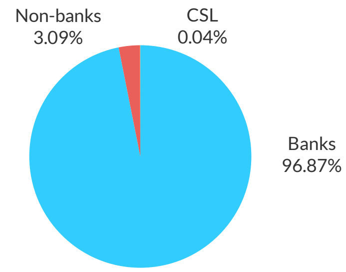
Year end



Source: Fitch Ratings, Fitch Solutions

Market Share

Total assets, end-September 2023



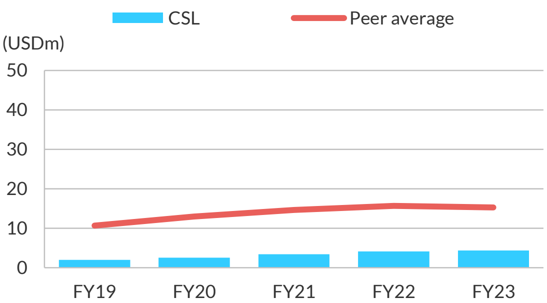
Source:Fitch Ratings, RBNZ, CSL disclosures

Business Profile

CSL's niche is providing loans to churches and other Christian charitable organisations. It is the largest lender of its type in New Zealand, but accounts for less than 0.1% of local bank and non-bank system assets, which limits its pricing power and systemic importance. However, CSL has some competitive advantages stemming from its close relationships with shareholders and borrowers. Future growth is likely to be organic as there are limited peers operating in the same segment.

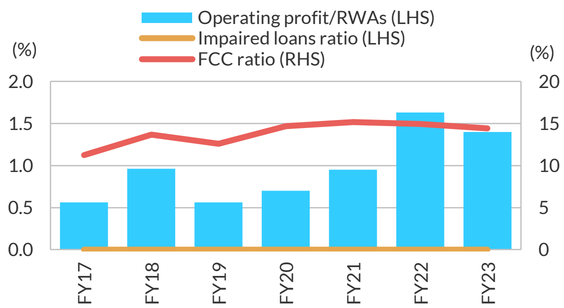
The experience and depth of CSL's management team are commensurate with the size of its operations. CSL's strategic priorities have been consistent over the last few years and management has shown an ability to attain stated targets, which we believe will continue.

Total Operating Income



Source: Fitch Ratings, Fitch Solutions, banks

Performance Through the Cycle



Source: Fitch Ratings, Fitch Solutions, CSL

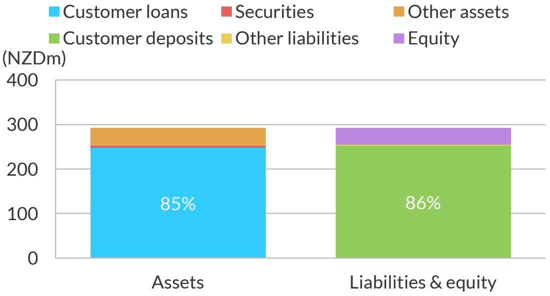
Risk Profile

CSL's risk appetite and underwriting standards reflect its niche focus on church lending. It has minimal exposure to higher-risk lending segments, and all its exposures are to churches or other charitable organisations. CSL's serviceability assessment includes a moderate buffer over offered lending rates. Most of its loans are classified as commercial due to the nature of its borrowers, with 80% of loans for residential properties and 60% for commercial properties.

CSL's risk-control framework remains acceptable for the type of operations it undertakes, but is less sophisticated than those at New Zealand banks. Its operational and market risk frameworks are similarly adequate, given the nature of its operations and lack of trading activity. Its cyber risk management is adequate and reflects the limited number of products and services CSL provides, which reduces its risk.

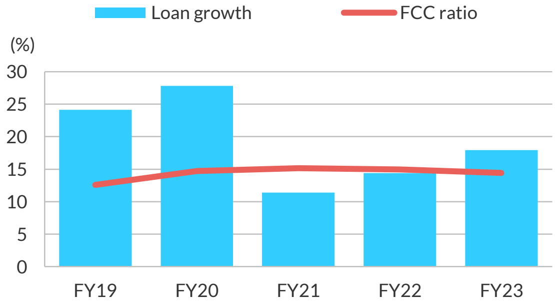
Balance Sheet

End-2023



Source: Fitch Ratings, Fitch Solutions, CSL

Loan Growth



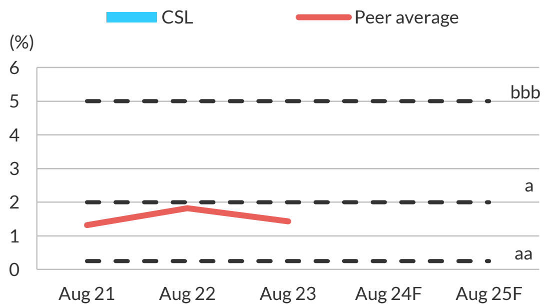
Source: Fitch Ratings, Fitch Solutions, CSL

Financial Profile

Asset Quality

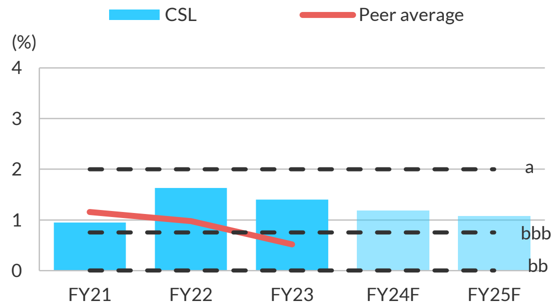
CSL's impaired-loan ratio and loan arrears are likely to stay low over the next two years. Our expectation for nominal arrears greater than 30 days throughout FY24 reflects CSL's conservative underwriting and loan-origination process. The nature of CSL's business model and relationships with its borrowers mean that any loans experiencing difficulty are often resolved by other means before becoming impaired.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

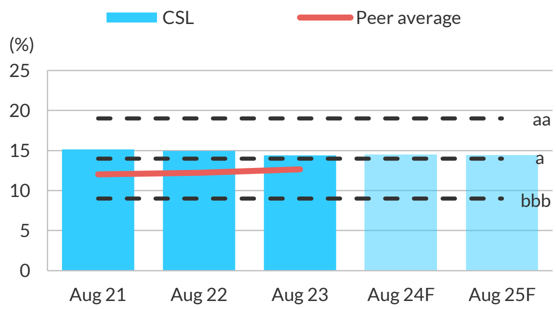
Earnings and Profitability

Slowing loan growth and inflationary pressure on operating expenses are likely to weigh on CSL's earnings in FY24. However, we do not expect pressure on the current earnings and profitability score as a result, given the reasonable buffers in place. We believe CSL is unlikely to focus on profit maximisation with rising funding costs to be partially absorbed rather than passed onto borrowers. This reflects CSL's charitable business model and relationship with its niche customer base. Strong loan performance should continue to support earnings as impairment charges remain minimal.

Capital and Leverage

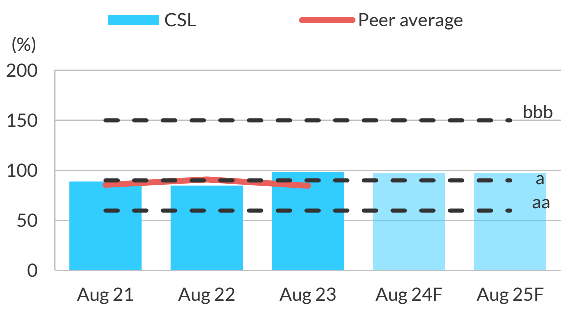
Moderate loan growth compared with that of recent years means we expect broadly stable FCC and total regulatory capital ratios over the next two years, with limited need for additional capital raising. Its capitalisation is likely to be maintained at the higher end of the peer group. Fitch monitors closely the total regulatory capital ratios of NBDTs such as CSL and would regard a breach of the minimum requirement as indicative of a failure. These ratios are the only regulatory capital requirement placed on these entities. Our base case is for CSL to maintain significant headroom above the 8% regulatory minimum through to FY25.

FCC Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

We do not anticipate any material changes in CSL's funding profile over the next two years. The company is likely to remain funded entirely by retail deposits and deposits from churches. Its deposit re-investment rates have been broadly stable, and we believe the core metric is likely to remain comparable with that of peers at around 100% over the next two years.

CSL has modest geographical concentration in its depositor base. However, its single-name concentration is higher than that of NBDT peers due to the larger deposits from churches.

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 'a' category. Light-blue columns represent Fitch's forecasts.

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

Financials

Summary Financials

	31 Aug 23		31 Aug 22	31 Aug 21	31 Aug 20	31 Aug 19
	Year end	Year end	Year end	Year end	Year end	Year end
	(USDm)	(NZD 000)	(NZD 000)	(NZD 000)	(NZD 000)	(NZD 000)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement						
Net interest and dividend income	4	6,743.0	5,897.0	4,449.0	3,527.0	2,701.0
Net fees and commissions	0	-17.0	-12.0	-9.0	-8.0	-11.0
Other operating income	0	343.0	302.0	293.0	286.0	215.0
Total operating income	4	7,069.0	6,187.0	4,733.0	3,805.0	2,905.0
Operating costs	2	3,335.0	2,522.0	2,741.0	2,313.0	2,059.0
Pre-impairment operating profit	2	3,734.0	3,665.0	1,992.0	1,492.0	846.0
Loan and other impairment charges	0	130.0	-146.0	36.0	165.0	0.0
Operating profit	2	3,604.0	3,811.0	1,956.0	1,327.0	846.0
Other non-operating items (net)	0	-21.0	n.a.	-71.0	-3.0	6.0
Tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income	2	3,583.0	3,811.0	1,885.0	1,324.0	852.0
Other comprehensive income	n.a.	n.a.	n.a.	-38.0	20.0	n.a.
Fitch comprehensive income	2	3,583.0	3,811.0	1,847.0	1,344.0	852.0
Summary balance sheet						
Assets						
Gross loans	149	249,047.0	211,169.0	184,550.0	165,634.0	129,609.0
- Of which impaired	0	0.0	0.0	0.0	0.0	0.0
Loan loss allowances	0	186.0	56.0	201.0	165.0	0.0
Net loans	149	248,861.0	211,113.0	184,349.0	165,469.0	129,609.0
Interbank	n.a.	n.a.	9,000.0	27,000.0	39,000.0	11,009.0
Derivatives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other securities and earning assets	3	4,749.0	4,895.0	4,499.0	2,225.0	n.a.
Total earning assets	151	253,610.0	225,008.0	215,848.0	206,694.0	140,618.0
Cash and due from banks	23	38,530.0	60,011.0	23,312.0	14,047.0	42,372.0
Other assets	1	968.0	730.0	600.0	725.0	539.0
Total assets	175	293,108.0	285,749.0	239,760.0	221,466.0	183,529.0
Liabilities						
Customer deposits	151	252,487.0	248,636.0	207,395.0	191,407.0	162,778.0
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.	0.0
Trading liabilities and derivatives	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total funding and derivatives	151	252,487.0	248,636.0	207,395.0	191,407.0	162,778.0
Other liabilities	2	3,389.0	2,142.0	1,134.0	1,903.0	1,559.0
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	22	37,232.0	34,971.0	31,231.0	28,156.0	19,192.0
Total liabilities and equity	175	293,108.0	285,749.0	239,760.0	221,466.0	183,529.0
Exchange rate		USD1 = NZD1.6756	USD1 = NZD1.6308	USD1 = NZD1.423285	USD1 = NZD1.4839	USD1 = NZD1.588057

Source: Fitch Ratings, Fitch Solutions, Christian Savings Limited

Key Ratios

	31 Aug 23	31 Aug 22	31 Aug 21	31 Aug 20	31 Aug 19
Ratios (annualised as appropriate)					
Profitability					
Operating profit/risk-weighted assets	1.4	1.6	1.0	0.7	0.6
Net interest income/average earning assets	2.8	2.7	2.1	2.0	2.1
Non-interest expense/gross revenue	47.2	40.8	56.7	59.3	70.9
Net income/average equity	9.9	11.5	6.4	5.6	4.6
Asset quality					
Impaired loans ratio	0.0	0.0	0.0	0.0	0.0
Growth in gross loans	17.9	14.4	11.4	27.8	24.2
Loan loss allowances/impaired loans	n.a.	n.a.	n.a.	n.a.	n.a.
Loan impairment charges/average gross loans	0.1	-0.1	0.0	0.1	0.0
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	14.4	15.0	15.2	14.7	12.6
Tangible common equity/tangible assets	12.7	12.2	13.0	12.6	10.5
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	-0.5	-0.2	-0.7	-0.6	0.0
Funding and liquidity					
Gross loans/customer deposits	98.6	84.9	89.0	86.5	79.6
Gross loans/customer deposits + covered bonds	n.a.	n.a.	n.a.	n.a.	n.a.
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, Christian Savings Limited

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) assigned to CSL reflects our expectation that there is no reasonable assumption of support being forthcoming because of New Zealand's open bank resolution scheme (OBR). CSL is not part of the OBR, which allows for the imposition of losses on depositors and senior debt holders to recapitalise failed institutions. Fitch believes that the existence of the scheme, in conjunction with CSL's low systemic importance, makes sovereign support doubtful.

Environmental, Social and Governance Considerations

FitchRatings **Christian Savings Limited**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Christian Savings Limited has 5 ESG potential rating drivers

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

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E) Relevance Scores

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

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

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

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