

Berlin Hyp AG

Key Rating Drivers

Support Drives IDR: Berlin Hyp AG's Issuer Default Ratings (IDRs) and Shareholder Support Rating (SSR) are aligned with the IDRs of its owner, Landesbank Baden-Wuerttemberg (LBBW; A-/Stable/F1) to reflect Fitch Ratings' view that LBBW would have a very high propensity to support Berlin Hyp. We believe LBBW's reputation would be greatly damaged if, as Berlin Hyp's owner, it failed to provide support if needed. The Stable Outlook on Berlin Hyp's Long-Term IDR mirrors that on its parent.

LBBW acquired 100% of Berlin Hyp in July 2022, and considers the bank as a central pillar of its commercial real estate (CRE) strategy. We expect integration to intensify over time, although Berlin Hyp currently retains some management independence.

German CRE Lender: Berlin Hyp's Viability Rating (VR) reflects its role as a specialised CRE lender, which dominates its business model, earnings and risk profile, resulting in good asset quality, adequate profitability and capitalisation. The VR also factors in its integration into the savings banks organisation (Sparkassen-Finanzgruppe; SFG; A+/Stable/F1+), which enhances its loan origination potential and supports its liquidity and funding profile.

Focus on Core Domestic CRE: Berlin Hyp's lending mix is focused on investment and development financings – mainly in metropolitan areas and larger cities, where it has expertise. The risk/return profile of the loans originated in recent years appears reasonable and consistent over time, despite the intense competition.

Robust Asset Quality: We expect Berlin Hyp's gross impaired loans ratio to deteriorate modestly in 2023 as a result of the economic downturn, and rising interest rates and inflation, but to stay below 2% in the medium term. The bank's focus on CRE lending with inherently high loan concentration constrains our asset quality assessment.

Resilient Profitability: We expect the bank's four-year average operating profit/risk-weighted assets (RWAs) ratio to remain at about 1.0%–1.5% through the cycle. Profitability could temporarily fall below this level in the coming quarters as a challenging operating environment in Germany is likely to weaken loan demand and could lead to higher loan impairment charges (LICs), which might be only partially offset by higher revenue from rising interest rates.

Adequate Capital: Berlin Hyp's common equity Tier 1 (CET1) ratio (end-1H22: 14%) is adequate for the bank's risk profile and provides a reasonable buffer over regulatory requirements. Berlin Hyp is likely to continue to retain parts of its profits to match long-term RWA inflation that will result from the implementation of the final Basel III output floor.

Sound Funding and Liquidity Profile: Berlin Hyp is wholesale-funded, mostly through mortgage Pfandbriefe and unsecured debt. Due to Berlin Hyp's membership in SFG's institutional protection scheme, investments by SFG's members in the bank's unsecured debt benefit from a 0% regulatory risk weight. This ensures privileged access to SFG's large pool of excess liquidity. The issuance of green bonds, social bonds and sustainability-linked bonds further diversifies its institutional investor base.

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1

Viability Rating bbb+

Shareholder Support Rating a-

Sovereign Risk (Germany)

Long-Term Foreign-Currency IDRAAA	
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

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 \(September 2022\)](#)

Related Research

[Fitch Affirms Berlin Hyp's Long-Term IDR at 'A-/Stable'; VR at 'bbb+' \(November 2022\)](#)

[Fitch Affirms LBBW at 'A-'; Outlook Stable \(March 2022\)](#)

[Fitch Affirms Sparkassen-Finanzgruppe at 'A+'; Outlook Stable \(June 2022\)](#)

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Rating Sensitivities

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

A downgrade of LBBW's IDRs, or a change in the ownership structure or the owner's strategic commitment to Berlin Hyp, could lead to a downgrade of its IDRs and SSR.

Berlin Hyp's VR has moderate headroom in the event of downside risks to our forecast. We could downgrade the VR if we expect severe and sustained pressure on the performance of the CRE market to durably weaken the bank's impaired loans and operating profit/RWAs ratios to above 3.0% and below 0.8%, respectively.

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

An upgrade of the IDRs and SSR would require an upgrade of LBBW's ratings.

An upgrade of the VR is likely to require an upgrade of LBBW's VR (bbb), as Fitch would usually limit the VR of Berlin Hyp to one notch above its parent's VR, because we view both banks' credit profiles as highly correlated. Additionally, an upgrade of Berlin Hyp's VR would require a record of substantially stronger lending margins and a more diversified business model, with significant revenue sources independent from CRE lending.

Other Debt and Issuer Ratings

Rating Level	Rating
Long-term deposits	A
Senior non-preferred: long term	A-
Senior preferred: long term	A
Senior preferred: short term	F1
Short-term deposits	F1

Berlin Hyp's long-term senior preferred debt and deposit ratings are one notch above its Long-Term IDR due to its large buffer of senior non-preferred (SNP) debt equivalent to about 40% of the bank's RWAs at end-2021. We expect Berlin Hyp to become part of LBBW's single-point-of-entry resolution perimeter.

Berlin Hyp's short-term senior preferred debt and deposit ratings are the baseline options that map to the 'A' Long-Term ratings and are in line with LBBW's ratings.

Ratings Navigator

Berlin Hyp AG							ESG Relevance:	Banks Ratings Navigator		
Operating Environment	Business Profile	Risk Profile	Financial Profile				Implied Viability Rating	Viability Rating	Shareholder Support Rating	Issuer Default Rating
			Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity				
	20%	10%	20%	15%	25%	10%				
aaa							aaa	aaa	aaa	AAA
aa+							aa+	aa+	aa+	AA+
aa							aa	aa	aa	AA
aa-							aa-	aa-	aa-	AA-
a+							a+	a+	a+	A+
a							a	a	a	A
a-							a-	a-	a-	A- Sta
bbb+							bbb+	bbb+	bbb+	BBB+
bbb							bbb	bbb	bbb	BBB
bbb-							bbb-	bbb-	bbb-	BBB-
bb+							bb+	bb+	bb+	BB+
bb							bb	bb	bb	BB
bb-							bb-	bb-	bb-	BB-
b+							b+	b+	b+	B+
b							b	b	b	B
b-							b-	b-	b-	B-
ccc+							ccc+	ccc+	ccc+	CCC+
ccc							ccc	ccc	ccc	CCC
ccc-							ccc-	ccc-	ccc-	CCC-
cc							cc	cc	cc	CC
c							c	c	c	C
f							f	f	ns	D or RD

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 asset quality score of 'bbb+' has been assigned below the 'aa' category implied score due to the following adjustment reason(s): concentrations (negative).

The earnings & profitability score of 'bbb' has been assigned below the 'a' category implied score due to the following adjustment reason(s): revenue diversification (negative).

The capitalisation & leverage score of 'bbb+' has been assigned below the 'a' category implied score due to the following adjustment reason(s): risk appetite and business model (negative).

The funding & liquidity score of 'bbb+' has been assigned above the 'b and below' category implied score due to the following adjustment reason(s): liquidity support and ordinary support (positive).

Company Summary and Key Qualitative Factors

Operating Environment

Weaker CRE Activity Expected

CRE investment volumes contracted significantly in 2Q22 following the start of the war in the Ukraine. This followed a global recovery of CRE markets in early 2022 as investments rebounded in most regions, and as 1H22 CRE investments of EUR35.6 billion in Germany marginally exceeded the 1H21 volumes. Investors and developers have become increasingly risk-averse since then, and decision-making processes require more time due to more intense diligence procedures in a deteriorating environment. CRE market activity averaged EUR75 billion transaction volumes during the benign period of 2015–2020, and we believe that activity over the next 12–24 months will remain well below this given the sharp rise in mortgage rates and increased building costs.

However, we do not expect a strong price correction in Germany, especially as demand for modern green and ESG-compliant properties is likely to increase. In addition, real estate continues to be considered an appropriate protection against inflation by investors, while real interest rates will continue to remain negative over a longer period of time. Resilient asset prices in Germany are supported by the perception of the German economy as a relatively safe haven with sound market fundamentals for long-term investments. In 1H22, about a third of domestic investments came from foreign buyers, whose demand has remained strong so far.

Business Profile

CRE Lender Integrated into the Savings Banks Organisation

Berlin Hyp is a specialised CRE lender and operates predominantly in Germany, where about 70% of its real estate portfolio is located. Given its history and ongoing strong integration into the savings banks organisation, its product range allows the savings banks to participate in collateralised lending outside their home regions without violating the savings banks laws that restrict their operations to their local areas. The ownership change following the recent acquisition by LBBW is neutral to Berlin Hyp’s well-established cooperation with the savings banks, which enhances its loan origination potential.

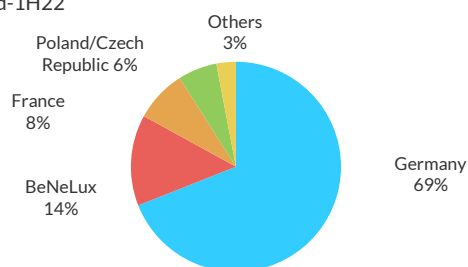
Berlin Hyp primarily focuses on lending to core domestic CRE objects, with a stable strategic mix of investment and development financing in more resilient regions, including in larger cities. The risk/return profile of the loans originated in recent years has remained reasonable, in our view, and consistent over time despite the intense competition in the sector. The bank avoids asset classes not identified as core areas of expertise. Its risk appetite also benefits from conservative eligibility criteria for German covered bonds, which are its primary funding source.

Dedicated Sustainability Targets

Berlin Hyp developed a sustainability framework in recent years and aims for a third of its loan portfolio to qualify as ‘green’ (i.e. buildings compliant with energy-efficiency criteria such as energy-consumption thresholds) by end-2025. In 2021, it became the first bank globally to issue a EUR500 million sustainability-linked bond. Failing to cut the carbon intensity of the bank’s loan portfolio by 40% from 2020 to 2030 would trigger a step-up on the final coupon. The issuance of green, social and sustainability-linked bonds under its respective frameworks has helped Berlin Hyp expand its already diversified investor base.

Real Estate Portfolio Breakdown by Country

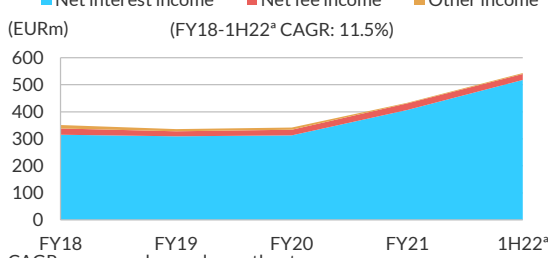
End-1H22



Source: Fitch Ratings, Berlin Hyp

Revenue Breakdown

(EURm) (FY18-1H22^a CAGR: 11.5%)



CAGR: compound annual growth rate

^a Annualised

Source: Fitch Ratings, Berlin Hyp

Risk Profile Moderate Exposure to CRE Markets in the EU

Berlin Hyp’s foreign lending focuses on lower-risk properties in capital regions in the EU, with reasonably prudent underwriting standards and stricter requirements than for domestic loans. Its asset quality has benefitted from a low

exposure to the UK (less than 3% of total loans at end-1H22) and hotels (Fitch estimates less than 5% of total loans at end-1H22), which proved more volatile during the pandemic and under the current recessionary pressure.

Berlin Hyp is significantly more exposed to development loans (20% of new lending in 1H22) than domestic peers are. We generally consider these to be higher-risk and more cyclical than cash flow-producing investment properties. However, the share of development loans has gradually declined in recent years, and the book performed well through the pandemic.

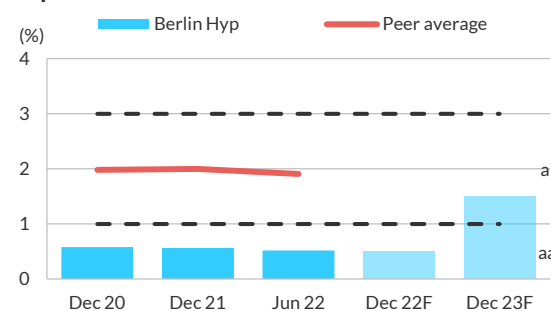
Financial Profile

Asset Quality

Modest Increase in Impaired Loans Likely

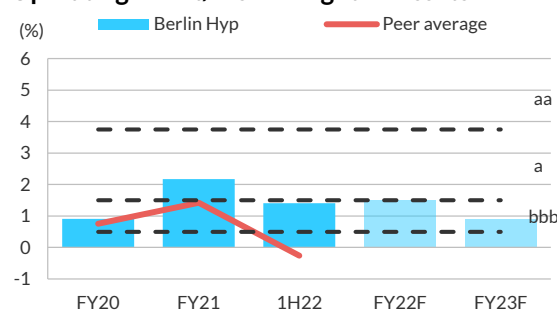
Berlin Hyp's low impaired loans ratio of 0.5% at end-1H22 is significantly stronger than most peers' and the German banking sector average, and continues to benefit from prudent underwriting standards, including in international lending. Nevertheless, the bank's domestic CRE focused business model, with inherently high loan concentrations, constrains our assessment of its asset quality. This is mitigated by Berlin Hyp's adequate provisioning and strong collateralisation, in our view. Structural changes related to the pandemic, including lower office demand due to flexible working arrangements and the shift to online shopping, could also weigh on the quality of CRE assets in the longer term.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions

Earnings and Profitability

Net Interest Income Dominates Revenue

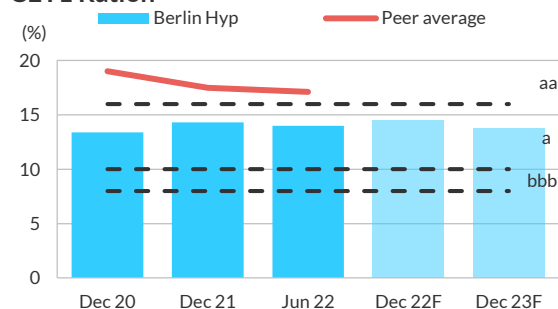
Berlin Hyp's profitability has remained adequate and commensurate with its risk profile in recent years. The bank's operating income is dominated by net interest income, while commission income remains moderate and is primarily related to lending activities. Berlin Hyp's low funding costs are helped by its membership in SFG's institutional-protection scheme and its covered bond franchise, which allows the bank to mitigate low lending margins in the competitive German CRE market. LICs have remained low in recent years, in line with the impaired loans ratio, although we expect an increase in LICs given the worsening economic environment. Berlin Hyp's cost efficiency is reasonable, despite a rise in operating expenses in 1H22, which related mainly to investment in IT, higher regulatory costs as well as one-off costs related to the takeover by LBBW.

Capital and Leverage

CRE Business Model Exposed to RWA Inflation from Final Basel III Rules

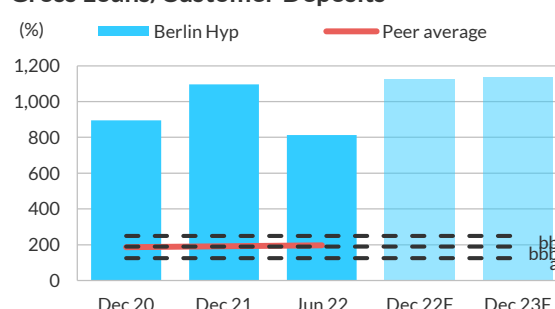
The regulatory output floor, which will be phased in by 2029, is likely to significantly inflate Berlin Hyp's RWAs – by up to 20%. This above-average sensitivity relative to the wider banking sector is driven by the bank's focus on income-producing CRE lending and its use of internal rating models, which also results in a low RWA density of 30% at end-1H22 (37% at end-2019 prior to TLTRO). We expect Berlin Hyp to continue to build up its capital by allocating a high share of its operating profits to its reserves for general banking risks (1H22: EUR50 million) to match the regulatory RWA inflation (contributions to the fund are included in 'other non-operating items' in the income statement). We believe its new owner, LBBW, would inject capital if a prolonged and severe downturn prevented sufficient profit retention.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions

Gross Loans/ Customer Deposits



Source: Fitch Ratings, Fitch Solutions

Funding and Liquidity

Resilient Funding and Liquidity Profile

Berlin Hyp is a sizeable issuer of covered bonds and senior unsecured debt, sourcing its purely wholesale funding from a diversified institutional investor base. Berlin Hyp is a regular issuer of green covered bonds, and in addition started to offer green unsecured issues to further diversify its investor base. Berlin Hyp also issued its first social bond (EUR750 million) in August 2022, with the funds used for affordable housing in Germany and the Netherlands. Berlin Hyp's liquidity coverage ratio (LCR) of 143% at end-1H22 remains inflated due to the use of the ECB's TLTRO facilities, which amounted to almost a quarter of its total funding at end-1H22. We expect the LCR to decline gradually as the bank uses some excess liquidity for new lending and liability management, but remain above its internal target of 120%. Berlin Hyp's securities portfolio of EUR5.8 billion is of a high quality and predominantly consists of government (30%) and covered (34%) bonds. Senior unsecured bonds (including corporates) account for a moderate 12% of the portfolio. Geographic diversification is reasonable, with Germany (54%), France (14%) and Scandinavia (9%) being the main regions.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of Fitch's macro-economic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Light-blue columns represent Fitch's forecasts. Peer average includes Aareal Bank AG (VR: bbb+), Landesbank Saar (bbb-), IKB Deutsche Industriebank AG (bbb), Landesbank Baden-Wuerttemberg (bbb), de Volksbank N.V. (a-)

Financials

Financial Statements

	30 Jun 22		31 Dec 21	31 Dec 20	31 Dec 19
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
Summary income statement					
Net interest and dividend income	269	259	407	313	310
Net fees and commissions	12	11	25	20	18
Other operating income	1	1	2	5	5
Total operating income	282	271	433	339	332
Operating costs	135	130	194	183	183
Pre-impairment operating profit	147	142	239	155	150
Loan and other impairment charges	64	61	2	62	-2
Operating profit	83	80	238	94	152
Other non-operating items (net) ^a	-52	-50	-187	-70	-90
Tax	0	0	1	0	1
Net income	31	30	50	23	61
Summary balance sheet					
Assets					
Gross loans	28,027	26,983	26,240	24,452	22,487
- Of which impaired	146	141	146	141	181
Loan loss allowances	44	42	49	69	84
Net loans	27,984	26,941	26,191	24,383	22,403
Interbank	815	785	152	112	262
Other securities and earning assets	6,059	5,833	6,799	6,226	3,704
Total earning assets	34,857	33,559	33,141	30,721	26,370
Cash and due from banks	4,214	4,057	2,654	1,895	26
Other assets	515	495	415	808	626
Total assets	39,586	38,111	36,210	33,423	27,021
Liabilities					
Customer deposits	3,444	3,316	2,394	2,732	2,303
Interbank and other short-term funding	9,268	8,923	8,809	9,324	3,803
Other long-term funding	24,391	23,482	22,637	19,192	18,738
Total funding and derivatives	37,103	35,721	33,841	31,248	24,843
Other liabilities	758	730	759	751	824
Total equity	1,725	1,661	1,611	1,424	1,354
Total liabilities and equity	39,586	38,111	36,210	33,423	27,021
Exchange rate		USD1 = EUR0.96274	USD1 = EUR0.884173	USD1 = EUR0.821963	USD1 = EUR0.89015

^a Refers to contributions to the fund for general banking risks, as per Article 340g German GAAP

Source: Fitch Ratings, Fitch Solutions, Berlin Hyp AG

Key Ratios

	30 Jun 22	31 Dec 21	31 Dec 20	31 Dec 19
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	1.4	2.2	0.9	1.5
Net interest income/average earning assets	1.6	1.3	1.1	1.2
Non-interest expense/gross revenue	47.9	44.8	53.7	54.3
Net income/average equity	3.7	3.3	1.7	4.6
Asset quality				
Impaired loans ratio	0.5	0.6	0.6	0.8
Growth in gross loans	2.8	7.3	8.7	7.3
Loan loss allowances/impaired loans	29.9	33.7	49.2	46.1
Loan impairment charges/average gross loans	0.1	0.1	0.4	0.0
Capitalisation				
Common equity Tier 1 ratio	14.0	14.3	13.4	13.3
Tangible common equity/tangible assets	4.2	4.3	4.2	4.9
Basel leverage ratio	4.1	4.2	4.1	4.6
Net impaired loans/common equity Tier 1	6.2	6.2	5.2	7.4
Funding and liquidity				
Gross loans/customer deposits	813.8	1,096.0	894.9	976.5
Liquidity coverage ratio	142.6	128.4	140.7	158.8
Customer deposits/total non-equity funding	9.3	7.1	8.7	9.3

Source: Fitch Ratings, Fitch Solutions, Berlin Hyp AG

Support Assessment

Shareholder Support

Shareholder 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	1 Notch
Reputational risk	Equalised
Integration	1 Notch
Support record	1 Notch
Subsidiary performance and prospects	Equalised
Legal commitments	1 Notch

The colours indicate the weighting of each KRD in the assessment.

■ Higher influence ■ Moderate influence ■ Lower influence

Berlin Hyp's SSR reflects our view of LBBW's very high propensity of support. This is because LBBW's reputation would be greatly damaged if, as Berlin Hyp's owner, it failed to provide support, should this ever be needed.

Environmental, Social and Governance Considerations

FitchRatings Berlin Hyp AG

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Berlin Hyp AG has 5 ESG potential rating drivers

- ➔ Berlin Hyp AG 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.

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

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.

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.

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