Lloyds Banking Group plc

Key Rating Drivers

Leading UK Bank: Lloyds Banking Group plc's (LBG) ratings reflect its solid, diversified business profile in the UK, supported by its leading retail and business banking franchises and insurance operations. They also reflect consistently solid profitability, as well as strong capitalisation and funding and liquidity.

Group VR: LBG acts as the holding company for the group, and its Viability Rating (VR) is equalised with that of its core banks, Lloyds Bank plc (LB) and Bank of Scotland plc (BOS), reflecting high integration and low double leverage. The subsidiaries' Issuer Default Ratings (IDRs) are one notch higher than their VRs as external senior creditors are protected by resolution funds downstreamed from LBG.

Conservative Risk Profile: LBG's risk profile is underpinned by the high share of low-risk mortgage lending (67% of loans at end-3Q25) with low loan-to-value ratios. Conservative underwriting standards mitigate risks from unsecured consumer loans (6% of gross loans) and commercial lending (19%). Fitch Ratings' assessment also incorporates LBG's strong and resilient performance through economic cycles, underpinned by robust risk controls.

Strong Asset Quality: We expect LBG's asset quality to remain strong over the next two years, with the impaired loans ratio (end-3Q25: 1.8%) remaining below 2%. We expect asset quality to be supported by falling interest rates. Loan impairment charges (LICs) should remain easily absorbable, given the largely secured loan portfolio.

Consistently Solid Profitability: LBG's profitability has been consistently strong and compares well with UK and European peers'. We expect operating profit/risk-weighted assets (RWAs; 9M25: 3.2%) to strengthen to about 3.5% in 2026 as structural hedge income more than offsets margin pressure in mortgage lending and deposits, while cost growth and LICs are contained. Revenue diversification and strategic investments into non-interest income-generating businesses should also support earnings.

Strong Capitalisation: We expect LBG's capitalisation to remain strong and commensurate with its rating despite its target to reduce the common equity Tier 1 (CET1) ratio (end-3Q25: 13.8%) to 13% by end-2026. Our assessment is supported by LBG's solid capital generation and prudent risk management. Profitability is solid and able to absorb potential additional charges linked to historical motor finance commission arrangements.

Sound Funding and Liquidity: LBG's funding and liquidity profile is sound, supported by a large and granular deposit base and leading franchise. We expect the loans/deposits ratio (end-3Q25: 97%) to remain broadly stable and liquidity to remain strong. Funding stability is underpinned by proven access to diversified wholesale funding and contingent Bank of England facilities.

LBG's Short-Term IDR of 'F1' is the lower of two options mapping to the 'A+' Long-Term IDR, as our assessment of the group's funding and liquidity profile does not warrant a higher rating. The Short-Term IDRs of LBG's subsidiaries are 'F1+', the only option for 'AA-' Long-Term IDRs.

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1
Viability Rating	a+
Government Support Rating	ns

Sovereign Risk (United Kingdom)

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

Outlooks

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

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Lloyds Banking Group's IDR at 'A+'; Outlook Stable (November 2025)

UK Bank Motor Finance Redress Payouts to Be Lower than Expected (October 2025)

Lloyds' Strong Earnings to Continue into 2026 (October 2025)

Fitch Affirms United Kingdom at 'AA-'; Outlook Stable (August 2025)

Global Economic Outlook (September 2025)

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Rating Sensitivities

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

LBG's ratings could come under pressure from an increase in the four-year average impaired loans ratio to above 3% without a clear path to reduction, and a sustained deterioration in operating profit to below 2.5% of RWAs leading to the CET1 ratio falling below 13% on a sustained basis.

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

An upgrade of LBG's ratings is unlikely, given the group's high concentration in the UK market. An upgrade would require a substantial strengthening of the group's business profile, alongside a continued record of solid operating profitability, plus strong asset quality and capitalisation.

Other Debt and Issuer Ratings

Rating Level	LBG	LB	BOS	HBOS plc	LBCM
Senior unsecured debt	A+/F1	AA-/F1+	AA-		AA-/F1+
Tier 2 subordinated debt	A-			A-	
Legacy upper Tier 2	BBB+	BBB+	BBB+	BBB+	
Legacy innovative Tier 1 non-discretionary/preference stock	BBB				
Additional Tier 1 debt	BBB				

LBCM: Lloyds Bank Corporate Markets plc
Source: Fitch Ratings

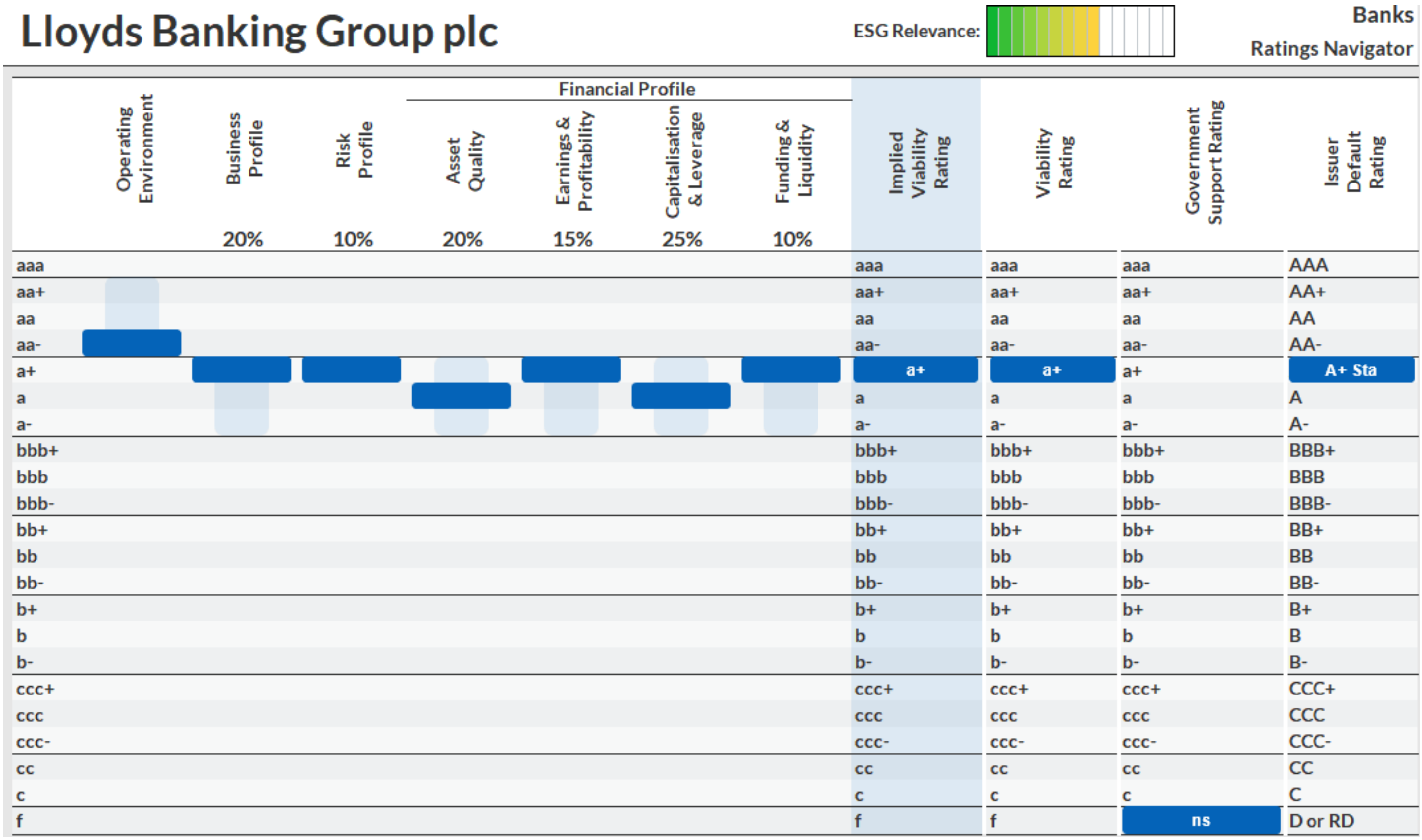
The long-term senior unsecured debt rating and Derivative Counterparty Rating (DCR) of LBG and of its subsidiaries, where applicable, are in line with their respective Long-Term IDRs.

Tier 2 debt issued by LBG and HBOS is rated two notches below LBG's VR. This is the baseline notching under our criteria, reflecting high loss severity for this type of debt.

The ratings of legacy upper Tier 2 subordinated debt issued by LBG, LB, HBOS and BOS are notched down three times: twice for loss severity and once for incremental non-performance risk, from their respective VRs (LBG's VR for HBOS).

Additional Tier 1 and legacy Tier 1 debt and preferred stock issued by LBG are rated four notches below the anchor VR, two each for loss severity and incremental non-performance risk. Our assessment is based on the group operating with a CET1 ratio comfortably above the maximum distributable amount thresholds, and we expect this to continue.

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.

Company Summary and Key Qualitative Factors

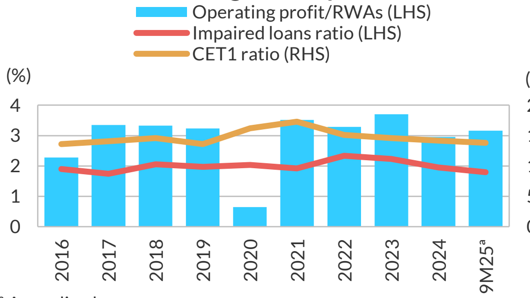
Business Profile

LBG's business profile benefits from its leading market shares in the UK and diversification into retail, business and insurance operations. As the UK's largest domestically focused bank, it controls about a fifth of total mortgage lending, and its market shares in consumer cards, retail deposits and SME/commercial lending are also strong. LBG's stable business model and diversification by product underpin its long record of solid profitability, including during years of low interest rates, despite geographical concentration in the UK.

Mortgage loans were about two-thirds of total loans at end-3Q25; unsecured lending and UK motor finance loans formed a moderate 10% of gross loans, although their contribution to earnings is greater given higher margins. Commercial banking focuses on UK-based SMEs and corporate clients. LBG's insurance services are run under the Scottish Widows Limited (A+/Stable) brand and cover a range of products. This makes LBG one of the top UK providers of life and home insurance and pensions and investments.

LBG's strategic objectives are mainly aimed at achieving higher growth potential, income diversification (including in wealth and insurance and business and commercial banking) and greater cost efficiencies, including through digital and artificial intelligence. In consumer banking, LBG aims to increase its penetration of existing customers and attract new customers, notably in the mass affluent segment, raising the group's market share in non-mortgage segments. In SME banking, it aims to advance in products and sectors where its market share is relatively low. It also targets selective growth in the corporate and institutional segment.

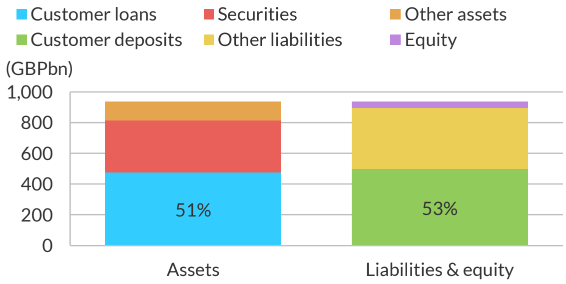
Performance Through the Cycle



ᵃ Annualised
Source: Fitch Ratings, Fitch Solutions, LBG

Balance Sheet

End-Sept 2025



Source: Fitch Ratings, Fitch Solutions, LBG

Risk Profile

LBG's underwriting standards are conservative and consistent with the bank's long-term strategy, and, in our view, risk controls, limits and reporting tools are robust. Mortgages with low loan-to-value ratios (stock average at end-1H25: 44%) dominate the loan book, providing a solid buffer against potential declines in house prices. Fitch expects modest UK house price growth in 2026.

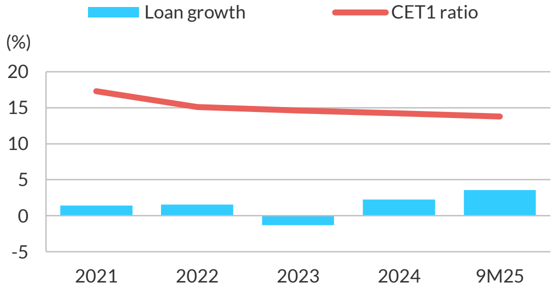
Loan book growth accelerated in 9M25, driven by falling interest rates and improved macroeconomic prospects. Growth was mainly in UK mortgages, unsecured loans and the group's European retail business (mostly mortgage lending). Commercial interest-earning assets contracted, driven by the continued repayment of government-backed lending to SMEs. We expect loan growth to remain robust in 2026, supported by lower interest rates. Growth in balance-sheet-light insurance and wealth activities is also likely to continue, supported by strategic initiatives.

Market risk arises mainly from structural interest-rate risk in the banking book, in line with the bank's lending focus, and is appropriately managed through hedging. Interest-rate risk is also mitigated by the group's structural hedge comprising of net liabilities, which are stable or less sensitive to movements in interest rates. The end-3Q25 structural hedge had a nominal balance of GBP244 billion (end-2024: GBP242 billion) and a weighted average duration of about three-and-a-half years. The structural hedge provides significant support to LBG's net interest income (NII; GBP3.5 billion in 9M25), particularly as interest rates continue to fall.

Residual value risk has increased in auto finance as used car prices are gradually softening following the sharp increase after the onset of the pandemic. LBG actively manages this risk, including through the use of residual value insurance.

LBG increased its provisions by GBP800 million in 3Q25 in light of the pending compensation scheme against historical motor finance commissions, bringing its total to GBP1.95 billion. This reflected a broader and more adverse redress scope, according to the bank. The redress scheme is set to be finalised by early 2026. We expect any additional provisions to be easily absorbable for LBG given its solid pre-impairment operating profitability.

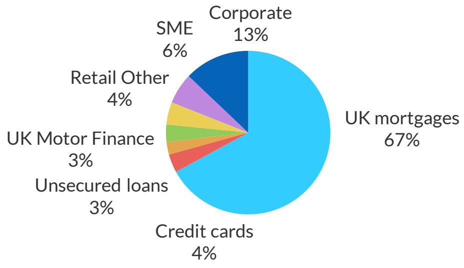
Loan Growth



Source: Fitch Ratings, Fitch Solutions, LBG

Loan Book Composition

End-3Q25



Source: Fitch Ratings, LBG

Financial Profile

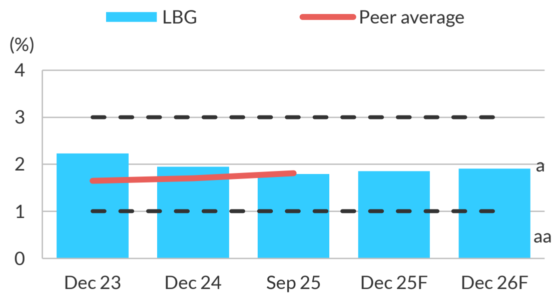
Asset Quality

LBG's loan book is concentrated in the UK, but is fairly diversified by customer segment. Asset quality has proven resilient to both slow economic growth and higher interest rates in recent years. Loan performance across portfolios was strong in 9M25, with the Stage 2 loans ratio falling to 9.3% of gross loans at end-3Q25 (end-2024: 10.4%).

LBG's impaired loans ratio was 1.8% at end-3Q25, slightly above large UK peers'. This was partly due to legacy Stage 3 purchased or originated credit-impaired loans resulting from the HBOS acquisition, which are not reflective of LBG's current risk appetite and underwriting standards. We expect asset quality to remain strong over the next two years, given lower interest rates, easing inflationary pressures and our expectation for continued progress in problem loan recoveries. LBG's unsecured and commercial loans are relatively more vulnerable, but conservative underwriting standards largely to prime borrowers are likely to support asset quality.

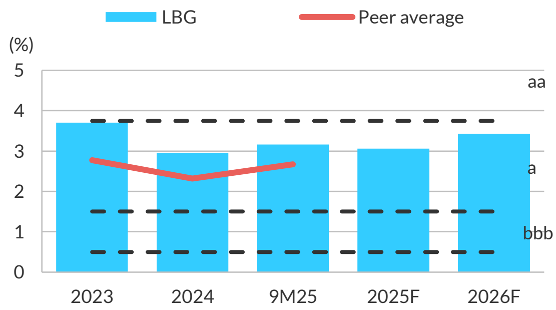
The LICs/average gross loans ratio was a low 18bp in 9M25 (2024: 11bp), supported by resilient asset quality and a largely secured loan book. We expect LICs to be about 25bp in 2026, which should be easily absorbable for LBG.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

LBG's resilient earnings record through the cycle compares favourably with peers'. Operating profitability improved to 3.2% of RWAs in 9M25 (2024: 3%), supported by year-on-year (yoy) NII and non-NII income growth. NII benefitted from recovering demand dynamics, with gross loans up by 4% in 9M25 (9M24: 2%), and from the reinvestment of structural hedges at higher rates. Operating costs increased yoy due to inflationary pressures, strategic spend and business growth costs, but the increase was more than offset by higher NII and non-NII.

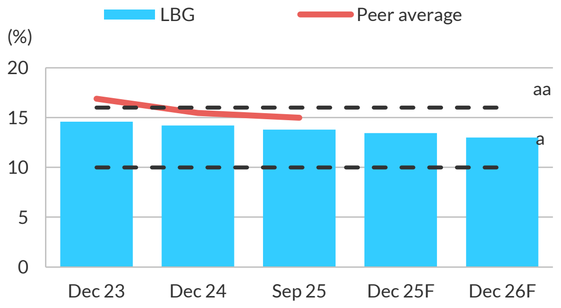
We expect structural hedge income and loan growth to continue to support profitability over the next two years. The net interest margin is likely to improve further as we expect a growing structural hedge contribution to more than offset pressures from deposit migration and tight asset margins. We expect non-NII income to improve as well, reflecting the group's strategic focus on revenue diversification. We also expect LICs and operating costs to remain contained.

Capitalisation and Leverage

LBG's capitalisation is underpinned by the bank's sound ability to generate profits, a loan book dominated by lower-risk mortgage loans with contained through-the-cycle LICs and RWA density that is comparable to peers'.

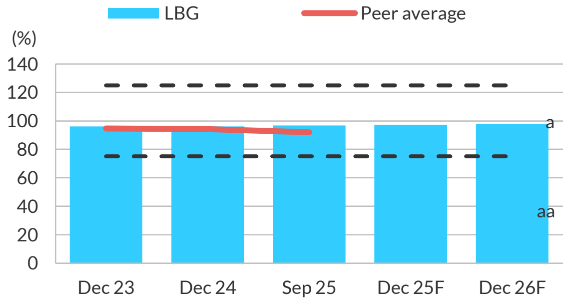
The group's CET1 ratio increased to 13.8% at end-3Q25 from 13.5% at end-2024 on a pro forma basis as capital generation more than offset increases in RWAs, motor finance provision and dividend distribution. The ratio has a solid buffer above the bank's regulatory requirement of about 12%, and the bank's UK leverage ratio of 5.2% is solid. LBG regularly uses capital-efficient securitisation activities, which helps to manage RWA increases. The bank is progressing with its 2025 buyback programme (up to GBP1.7 billion), and remains committed to dividends and further excess capital distributions as it reduces the CET1 ratio to its target of 13% by end-2026.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

LBG's funding is stable, supported by leading market shares in current accounts and savings products. The gross loans/deposits ratio deteriorated slightly yoy to 97% in 3Q25 as deposits grew more slowly than loans. However, the ratio is still significantly below its pre-pandemic level (end-2019: 108%). The shift towards savings accounts is easing with falling interest rates, which should support funding costs.

LBG has had solid wholesale funding access and is a regular issuer across different instruments and currencies. Its wholesale funding maturities are well-spread. The group had GBP17 billion of Bank of England Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) facilities outstanding at end-3Q25, corresponding to less than 3% of total funding. TFSME maturities (in 2025, 2027 and beyond) are manageable, in our view, given the strength of LBG's funding franchise, and are factored into issuance plans.

Liquidity is well-managed and robust, supported by a large pool of high-quality liquid assets (end-3Q25: GBP132 billion; 27% of customer deposits), a significant proportion of which are in the form of cash and cash equivalents or high-quality government bonds. GBP78 billion of available borrowing capacity at central banks provides additional support.

Additional Notes on Charts

Black dashed lines represent boundaries for 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.

Peer average includes NatWest Group plc (VR: a+), Santander UK Group Holdings plc (a), Nationwide Building Society (a), Barclays plc (a), Credit Agricole (a+), ABN AMRO Bank N.V. (a). Latest data available for Santander UK Group Holdings plc, Credit Agricole, ABN AMRO Bank N.V. is for 1H25; for Nationwide Building Society FY24. Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report. FY end of Nationwide Building Society is 31 March.

Financials

Financial Statements

	31 Dec 22 12 months (GBPm)	31 Dec 23 12 months (GBPm)	31 Dec 24 12 months (GBPm)	30 Sep 25 9 months (GBPm)	31 Dec 25F 12 months (GBPm)	31 Dec 26F 12 months (GBPm)
Summary income statement						
Net interest and dividend income	13,957	13,298	12,277	9,808	-	-
Net fees and commissions	1,503	1,831	1,759	-	-	-
Other operating income	2,749	4,069	4,558	4,444	-	-
Total operating income	18,209	19,198	18,594	14,252	19,860	21,546
Operating costs	9,781	10,778	11,502	8,139	11,847	12,202
Pre-impairment operating profit	8,428	8,420	7,092	6,113	8,013	9,344
Loan and other impairment charges	1,500	313	440	619	904	1,177
Operating profit	6,928	8,107	6,652	5,494	7,109	8,166
Other non-operating items (net)	-	-604	-681	-816	-	-
Tax	1,373	1,985	1,494	1,356	-	-
Net income	5,555	5,518	4,477	3,322	4,637	6,002
Other comprehensive income	-6,829	110	-635	-	-	-
Fitch comprehensive income	-1,274	5,628	3,842	3,322	-	-
Summary balance sheet						
Assets						
Gross loans	459,417	453,485	463,669	480,320	484,366	501,242
– Of which impaired	10,753	10,110	9,021	8,622	-	-
Loan loss allowances	4,518	3,717	3,191	3,449	-	-
Net loans	454,899	449,768	460,478	476,871	-	-
Interbank	10,632	10,764	7,900	-	-	-
Derivatives	24,753	22,356	24,065	19,062	-	-
Other securities and earning assets	267,506	294,450	314,259	340,270	-	-
Total earning assets	757,790	777,338	806,702	836,203	-	-
Cash and due from banks	91,388	78,110	62,705	61,846	-	-
Other assets	28,651	26,005	37,290	39,415	-	-
Total assets	877,829	881,453	906,697	937,464	944,228	982,774
Liabilities						
Customer deposits	475,331	471,396	482,745	496,722	498,193	512,640
Interbank and other short-term funding	86,877	82,013	78,348	45,109	-	-
Other long-term funding	64,101	70,544	71,129	118,352	-	-
Trading liabilities and derivatives	30,760	21,723	24,093	15,932	-	-
Total funding and derivatives	657,069	645,676	656,315	676,115	-	-
Other liabilities	172,769	187,946	203,936	215,716	-	-
Preference shares and hybrid capital	5,767	7,406	6,753	5,200	-	-
Total equity	42,224	40,425	39,693	40,433	-	-
Total liabilities and equity	877,829	881,453	906,697	937,464	944,228	982,774
Exchange rate	USD1= GBP0.8286	USD1= GBP0.7898	USD1= GBP0.7971	USD1= GBP0.7442	-	-

Source: Fitch Ratings, Fitch Solutions, LBG

Key Ratios

	31 Dec 22	31 Dec 23	31 Dec 24	30 Sep 25	31 Dec 25F	31 Dec 26F
(%; annualised as appropriate)						
Profitability						
Operating profit/risk-weighted assets	3.3	3.7	3.0	3.2	3.1	3.4
Net interest income/average earning assets	1.8	1.8	1.6	1.6	1.6	1.7
Non-interest expense/gross revenue	53.7	56.1	61.9	57.1	59.7	56.6
Net income/average equity	12.6	13.4	11.2	11.0	-	-
Asset quality						
Impaired loans ratio	2.3	2.2	2.0	1.8	1.9	1.9
Growth in gross loans	1.6	-1.3	2.3	3.6	4.5	3.5
Loan loss allowances/impaired loans	42.0	36.8	35.4	40.0	40.8	39.9
Loan impairment charges/average gross loans	0.3	0.1	0.1	0.2	0.2	0.2
Capitalisation						
Common equity Tier 1 ratio	15.1	14.6	14.2	13.8	13.5	13.0
Fully loaded common equity Tier 1 ratio	14.9	14.5	14.2	-	-	-
Tangible common equity/tangible assets	3.4	3.2	3.0	4.3	-	-
Basel leverage ratio	4.9	5.2	5.1	4.8	-	-
Net impaired loans/common equity Tier 1	19.6	20.0	18.2	16.1	-	-
Funding and liquidity						
Gross loans/customer deposits	96.7	96.2	96.1	96.7	97.2	97.8
Gross loans/customer deposits + covered bonds	93.8	93.4	93.8	-	-	-
Liquidity coverage ratio	144.0	142.0	146.0	145.0	-	-
Customer deposits/total non-equity funding	74.4	74.5	75.3	74.7	-	-
Net stable funding ratio	-	130.0	129.0	126.0	-	-

Source: Fitch Ratings, Fitch Solutions, LBG

Support Assessment

Commercial Banks: Government Support	
Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a or a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns
Government ability to support D-SIBs	
Sovereign Rating	AA-/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Negative
Support stance	Negative
Government propensity to support bank	
Systemic importance	Neutral
Liability structure	Neutral
Ownership	Neutral

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

The Government Support Ratings (GSRs) of 'no support' (ns) for LBG, LB and BOS reflect Fitch's view that senior creditors cannot rely on extraordinary support from the UK authorities if these issuers become non-viable, due to UK legislation and regulations that provide a framework requiring senior creditors to participate in losses following a failure.

Subsidiaries and Affiliates

Rating Level	LBG	LB	BOS	HBOS	LBCM	LBCMW	LGmbH
Long-Term IDR/Outlook	A+/Stable	AA-/Stable	AA-/Stable	AA-/Stable	AA-/Stable	AA-/Stable	AA-/Stable
Short-Term IDR	F1	F1+	F1+	F1+	F1+	F1+	F1+
VR	a+	a+	a+	-	-	-	-
GSR/SSR	ns	ns	ns	a+	a+	a+	aa-
DCR	-	AA-(dcr)	AA-(dcr)	-	AA-(dcr)	-	-

LB, BOS, HBOS and Lloyds Bank GmbH (LGmbH) are the ring-fenced entities of the group; LBCM and Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH (LBCMW) are the group's non-ring-fenced entities.
SSR: Shareholder Support Rating
Source: Fitch Ratings

The 'a+' SSRs of HBOS, LBCM and LBCMW reflect a very high probability of shareholder support, given their strategic roles in the wider group, high level of ownership by LBG and reputational risks for LBG from a default. LGmbH's 'aa-' SSR reflects its direct and strategic ownership by LB.

The 'AA-' Long-Term IDRs of LB and BOS are notched up once from their VRs to reflect the presence of a large buffer of qualifying junior debt and senior holding company debt downstreamed in a subordinated manner, underpinned by minimum requirement for own funds and eligible liabilities regulations. We also incorporate this benefit into the IDRs of HBOS, LBCM, LBCMW and LGmbH. These entities have not been assigned VRs as Fitch believes that these entities cannot be assessed meaningfully on a standalone basis. Their IDRs reflect a very high probability of shareholder support from LBG.

Environmental, Social and Governance Considerations

FitchRatings **Lloyds Banking Group plc** Banks Ratings Navigator

Credit-Relevant ESG Derivation

Lloyds Banking Group plc has 5 ESG potential rating drivers

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

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

Environmental (E)

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

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.

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.

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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.

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