

Nelson Building Society

Key Rating Drivers

Ratings Reflect Standalone Strength: Nelson Building Society’s (NBS) Long-Term Issuer Default Ratings (IDRs) are driven by its standalone credit profile, as indicated by its Viability Rating (VR). The VR takes into consideration the building society's consistent underwriting standards and asset quality, balanced against its modest domestic franchise.

Economic Recovery: Fitch Ratings expects New Zealand's economy to pick up in 2026 following modest GDP growth in 2025 and a contraction in 2024. This growth, combined with lower unemployment, is likely to lead to improved asset quality. That said, we maintain the operating environment score below the implied 'aa' category, as household debt remains high relative to many other jurisdictions. We also incorporate the less stringent regulatory oversight of non-bank deposit takers (NBDT) relative to registered banks.

Simple, Steady Business Model: NBS's business profile factor score of 'bb+' is above the 'b' category implied score. This reflects the building society's simple and steady business model, which is focused on lower-risk residential mortgages and secured loans to small businesses. This is offset by its small franchise in New Zealand, with a market share of less than 0.2% of total banking and NBDT system assets as of end-September 2025.

Conservative Risk Profile: We view NBS's underwriting standards as conservative, evident from the exposure splits and weighting towards lower loan-to-value ratio (LVR) mortgages. NBS's risk profile is commensurate with its business model. Loans are largely restricted to residential mortgage lending, although the building society is also exposed to commercial lending.

Steady Asset Quality: We expect the impaired-loan ratio to remain steady at about 0.6% in the financial years ending March 2026 (FY26) and FY27 as rate cuts ease pressure on borrowers. The society's conservative underwriting standards, with a focus on low LVR residential mortgages and strong collateral against commercial lending should limit losses, alongside moderate unemployment. That said, the asset-quality factor score of 'bbb' is below the implied 'a' category to reflect product and geographical concentration in the loan portfolio.

Stable Earnings Outlook: We have revised the outlook on the earnings and profitability score to stable, from negative, amid improving earnings prospects. The net interest margin (NIM) widened to 3.0% in FY25, from 2.7% in FY24, despite rate cuts, thanks to commercial loan expansion. We expect operating profit/risk-weighted assets to stay at 0.6% in the next two years, underpinned by steady impairment costs and only a modest decline in the NIM. This is commensurate with the current factor score of 'bb+'.

Capitalisation Lags Peers: We expect the Fitch Core Capital ratio to improve to 6.4% by FYE26 and 6.5% by FYE27, from 6.3% in FY25, thanks to stabilising of NBS's profitability. That said, the core metric is likely to remain at a level below that of peers. The capitalisation score of 'bb' is above the 'b' category implied score, supported by a total capital ratio of 14.1% as of end-September 2025. This was well above the 8.0% regulatory minimum, which is NBS's only regulatory capital requirement.

Deposit-Focused Funding Base: We expect NBS to remain largely funded by retail deposits over the next two years, with deposit growth to lag slightly behind loan growth. The funding and liquidity score of 'bbb-' is below the 'a' category implied score, as deposit costs are likely to be significantly higher for NBS relative to larger peers in a stressed environment due to its modest franchise.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B

Local Currency	
Long-Term IDR	BB+
Short-Term IDR	B

Viability Rating	bb+
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Government Support Rating	ns
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Sovereign Risk (New Zealand)	
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

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Nelson Building Society at 'BB+'; Outlook Stable (November 2025)

Asia-Pacific Developed Market Banks Outlook 2026 (November 2025)

Developed Markets 100 Largest Banks Monitor (July 2025)

Challenges Increasing for Smaller Banks in Australia and New Zealand (June 2024)

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Rating Sensitivities

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

Long-Term IDRs and VR

The Long-Term IDRs and VR may be downgraded upon a weakening in the business profile, potentially reflected in deposit and loan growth that is persistently below the pace of the system, above-system NIM attrition due to the need to price more sharply to compete or a prolonged deterioration in the loan/customer deposit ratio.

Rising regulatory and investment burdens in an increasingly digitised market may reduce NBS's competitive standing and pressure the business profile assessment. This may prompt NBS to increase its risk appetite, adding to earnings volatility and pressuring capitalisation through the cycle.

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

- stage 3 loans/gross loans increasing above 3% for a sustained period (FY22-FY25 average: 0.7%);
- operating profit/risk-weighted assets falling below 0.5% for a sustained period (FY22-FY25 average: 0.8%);
- the regulatory total capital ratio declining below 9.5% without a credible plan to replenish regulatory capital buffers (end-2QFY26: 14.1%);
- four-year average loan/customer deposit ratio staying significantly above 100% (FY22-FY25 average: 84.2%).

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

Long-Term IDRs and VR

The ratings may be upgraded if the society can increase its regulatory capital ratio to above 15% or its Fitch Core Capital ratio to around 14% and sustain it at this level, while improving its business profile without weakening other aspects of its credit profile.

Other Debt and Issuer Ratings

Short-Term IDRs

The Short-Term IDRs map to the Long-Term IDRs.

GSR

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

Ratings Sensitivities

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

Short-Term IDRs

A downgrade of the Short-Term IDRs appears unlikely, as this would require a downgrade of the Long-Term IDRs to 'CCC+' or below.

GSR

The GSR is already at the lowest level on Fitch's rating scale and cannot be downgraded.

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

Short-Term IDRs

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

GSR

An increased propensity for the New Zealand authorities to provide support would be required for an upgrade, but this appears unlikely in light of the resolution framework in place and NBS's small size relative to the country's overall financial system.

Ratings Navigator

	Operating Environment	Business Profile 20%	Risk Profile 10%	Financial Profile				Implied Viability Rating	Viability Rating	Government Support Rating	LT Issuer Default Rating
				Asset Quality 20%	Earnings & Profitability 15%	Capitalisation & Leverage 25%	Funding & Liquidity 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-
bbb+								bbb+	bbb+	bbb+	BBB+
bbb								bbb	bbb	bbb	BBB
bbb-								bbb-	bbb-	bbb-	BBB-
bb+								bb+	bb+	bb+	BB+ Sta
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.

Factor Outlook

■ Stable
 ◆ Evolving
 ▲ Positive
 ▼ Negative

VR - Adjustments to Key Rating Drivers

The operating environment score of 'a' has been assigned below the 'aa' category implied score for the following adjustment reasons: level or growth of credit (negative), regulatory and legal framework (negative).

The business profile score of 'bb+' has been assigned above the 'b' category implied score for the following adjustment reason: business model (positive).

The asset-quality score of 'bbb' has been assigned below the 'a' category implied score for the following adjustment reason: concentration (negative).

The earnings and profitability score of 'bb+' has been assigned below the 'bbb' category implied score for the following adjustment reason: historical and future metrics (negative).

The capitalisation and leverage score of 'bb' has been assigned above the 'b' category implied score for the following adjustment reason: regulatory capital (positive).

The funding and liquidity score of 'bbb-' has been assigned below the 'a' category implied score for the following adjustment reason: liquidity access and ordinary support (negative).

Company Summary and Key Qualitative Factors

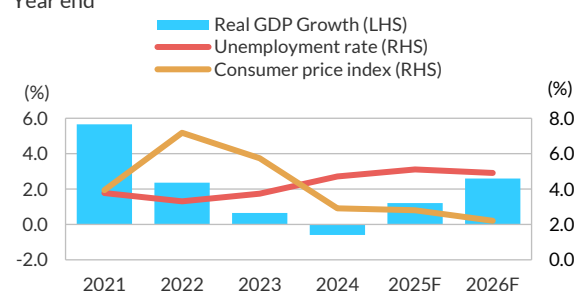
Operating Environment

We expect New Zealand's GDP growth to accelerate to 2.6% in 2026, following a 0.6% contraction in 2024 and low overall growth in 2025, as interest rate cuts start to take effect. The unemployment rate is likely to improve in 2026 as well. Asset quality should improve and losses remain low, supported by conservative underwriting and macroprudential policies that were in place before the post-Covid 19 pandemic monetary tightening cycle. This underpins our stable operating environment outlook.

Loans from the banking sector remain heavily exposed to households, primarily through residential mortgages. New Zealand has high household leverage relative to many other countries, although this has improved since 2022. Household debt/disposable income was 168% at end-June 2025, down from a cyclical high of 175% at end-2022.

New Zealand Economy

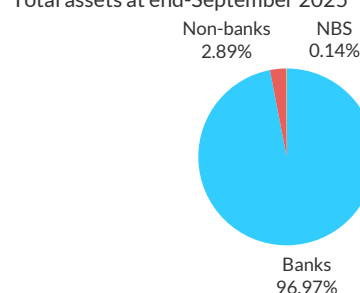
Year end



Source: Fitch Ratings, Fitch Solutions

Market Share

Total assets at end-September 2025



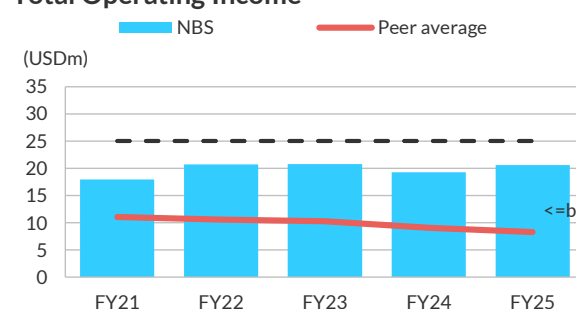
Source: Fitch Ratings, RBNZ, NBS

Business Profile

NBS is the largest NBDT in New Zealand, but its share of the country's total banking and NBDT system assets is modest. The business model is simple with the core business consisting of the provision of loans funded by retail deposits, but it has a high reliance on net interest income. Residential mortgage and commercial loans contributed 70% and 27%, respectively, of its total loans as of end-September 2025.

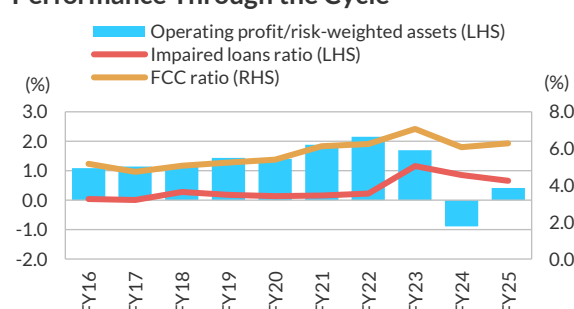
NBS's focus is on servicing its members and community. This has helped it maintain a competitive advantage, together with strong customer loyalty, particularly in the Nelson and Tasman regions. Execution of objectives has generally been good but the society's small, domestic franchise and lack of pricing power means that its ability to achieve its objectives could be more variable over the economic and interest rate cycle relative to larger peers.

Total Operating Income



Source: Fitch Ratings, Fitch Solutions, NBDTs

Performance Through the Cycle



Source: Fitch Ratings, Fitch Solutions, NBS

Risk Profile

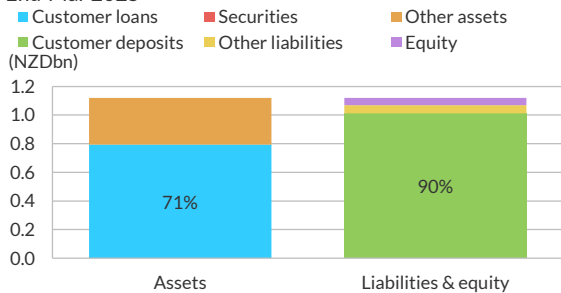
We expect NBS's risk profile to be more conservative than other NBDT peers and its risk appetite to be broadly stable in the near term. NBS's main risk is credit risk with loans accounting for 72% of its total assets at FYE25. The remaining assets were mainly cash held at New Zealand banks. We consider the building society's residential mortgage portfolio to be low risk given LVRs are largely below 80%.

The commercial loan book is well-secured, with exposure to agriculture and SME borrowers. We expect risk appetite for these exposures to remain unchanged, limited to the Nelson and Tasman regions, as management prefers not to lend outside its geographic home market.

NBS maintains appropriate risk controls that are commensurate with the scale and complexity of its business model. Market risk is limited mainly to interest-rate risk in the banking book and appears to be well-managed for an entity of NBS's size and complexity. NBS's operational risk management also seems adequate, with cyber risk a key risk for the building society.

Balance Sheet

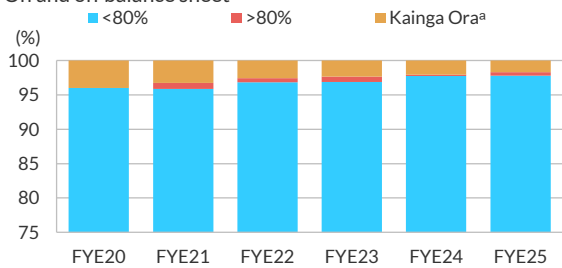
End-Mar 2025



Source: Fitch Ratings, Fitch Solutions, NBS

Mortgage by LVR

On and off balance sheet



^a Government guaranteed
Source: Fitch Ratings, NBS

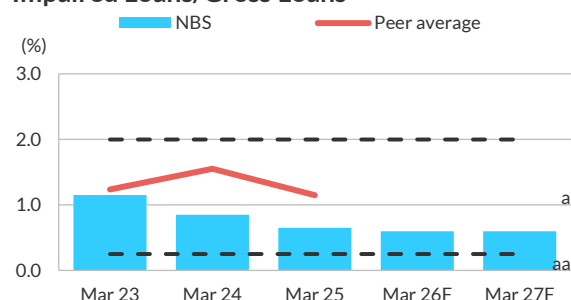
Financial Profile

Asset Quality

We expect a fall in the unemployment rate and improving economic conditions to support stable asset quality for NBS, similar to the broader sector. The stage 3 loans/gross loans ratio for residential mortgages remain stable and low, while the ratio declined to 0% for its commercial loan book given client repayment and recoveries in FY25.

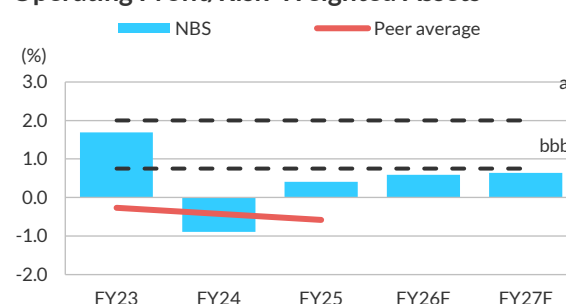
NBS reported provision coverage at 197% at FYE25, above that of NBDT peers, combined with its collateral position against the loan book, support its asset-quality score being at the top end of peers. The stage 3 loan ratio for its consumer loans increased to 3.2% in FY25 from 2.0% in FY24, due mainly to a material reduction in the consumer loan book. That said, the exposure to consumer loans remained small, at only 3% of total loans at FYE25.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, NBDTs

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, NBDTs

Earnings and Profitability

We forecast the building society's operating profit/risk-weighted asset ratio to increase to 0.6% in both FY26 and FY27 from 0.4% in FY25, reflecting a gradual decline in operating cost and low impairment charges, as well as only a modest contraction in NIM.

Similar to peers, we expect NBS to continue to invest in technology and regulatory spend could remain high. We forecast the cost/income ratio to stay above 85% in the next two years, which remains above historical levels and higher than that of larger peers. However, costs related to remediation are generally settled and should be one-off in nature. This should support a gradual decline in the overall operating costs.

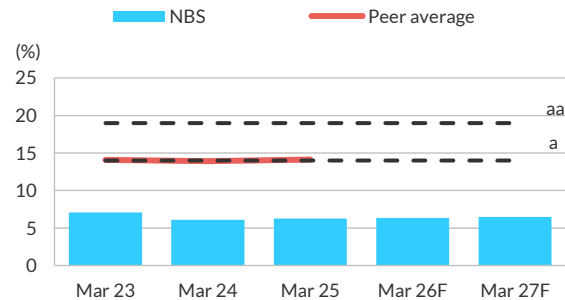
We expect NBS's impairment charges to remain low in next two years given its stable asset quality. Its high loan allowance coverage ratio should provide the building society with adequate room to manage downside risks.

Capitalisation and Leverage

NBS issues perpetual preference shares to supplement its core capital, which consists almost entirely of retained earnings due to its status as a mutual society. The non-redeemable and non-cumulative capital instruments can make up 100% of the society's regulatory capital base. They comprised 50% of total capital at end-September 2025.

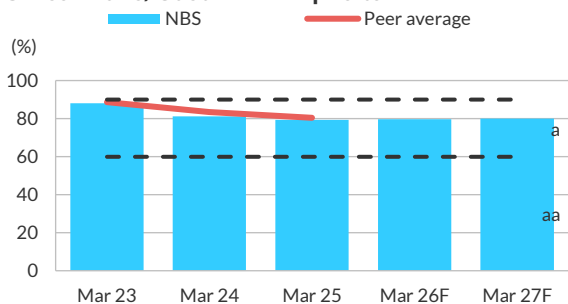
The Reserve Bank of New Zealand has finalised the requirements for a new mutual capital instrument that qualifies as common equity Tier 1, which provides another option for NBS to bolster its capitalisation if required. Successful issuance of these instruments by NBS may allow it to build its capital ratios towards peer levels more quickly than through retaining earnings alone. This would ultimately be positive for our assessment of the building society's capitalisation score, but the instruments are relatively new and the market depth remains untested.

FCC Ratio



Source: Fitch Ratings, Fitch Solutions, NBDTs

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, NBDTs

Funding and Liquidity

We expect NBS to remain mainly funded by retail deposits. Deposits are primarily sourced from the Nelson and Tasman regions, reflecting high geographic concentration. We forecast the loan/customer deposit ratio to increase modestly to 80% by FYE26 from 79% at FYE25 as loan growth slightly outpaces deposit growth.

Liquidity is generally well managed, with liquid assets primarily in the form of cash and bank deposits. NBS's liquidity requirements are guided by its trust deed, which outlines minimum ratios for certain metrics. The building society's reported ratios are well above these regulatory minimums.

Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for NBDTs operating in the environments that Fitch scores in the 'a' category. Peer average includes Christian Savings Limited, First Credit Union Incorporated, Unity Credit Union, Wairarapa Building Society. Latest data available for First Credit Union Incorporated and Unity Credit Union are for FY25. Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report. The financial year end for Nelson Building Society and Wairarapa Building Society is 31 March, for Christian Savings Limited is 31 August, and for First Credit Union Incorporated and Unity Credit Union is 30 June.

Financials

Financial Statements

	31 Mar 22 12 months (NZD 000)	31 Mar 23 12 months (NZD 000)	31 Mar 24 12 months (NZD 000)	31 Mar 25 12 months (NZD 000)	31 Mar 26F 12 months (NZD 000)	31 Mar 27F 12 months (NZD 000)
Summary income statement						
Net interest and dividend income	28,196	31,333	29,946	33,669	-	-
Net fees and commissions	1,073	1,216	1,236	1,130	-	-
Other operating income	442	530	1,004	1,273	-	-
Total operating income	29,711	33,079	32,186	36,071	35,179	34,458
Operating costs	13,522	16,571	35,478	32,012	29,481	28,424
Pre-impairment operating profit	16,189	16,509	-3,292	4,059	5,698	6,033
Loan and other impairment charges	-1,336	2,633	3,814	955	1,239	1,134
Operating profit	17,525	13,876	-7,106	3,104	4,459	4,899
Other non-operating items (net)	-	-	-	-	-	-
Tax	4,954	3,931	-1,335	884	-	-
Net income	12,571	9,944	-5,771	2,220	3,211	3,527
Other comprehensive income	-314	-	-41	-	-	-
Fitch comprehensive income	12,257	9,944	-5,812	2,220	-	-
Summary balance sheet						
Assets						
Gross loans	865,907	900,903	829,473	802,918	802,918	806,932
- Of which impaired	1,926	10,330	7,042	5,221	-	-
Loan loss allowances	3,581	5,559	10,043	10,280	-	-
Net loans	862,326	895,345	819,429	792,638	-	-
Interbank	215,572	230,088	301,913	311,909	-	-
Derivatives	-	-	-	-	-	-
Other securities and earning assets	-	-	-	-	-	-
Total earning assets	1,077,898	1,125,433	1,121,342	1,104,547	-	-
Cash and due from banks	2,173	2,430	2,106	2,403	-	-
Other assets	8,212	11,173	13,908	12,501	-	-
Total assets	1,088,284	1,139,035	1,137,357	1,119,451	1,130,128	1,144,407
Liabilities						
Customer deposits	981,296	1,022,896	1,022,510	1,012,704	1,007,641	1,007,641
Interbank and other short-term funding	-	0	0	-	-	-
Other long-term funding	-	0	0	-	-	-
Trading liabilities and derivatives	-	-	-	-	-	-
Total funding and derivatives	981,296	1,022,896	1,022,510	1,012,704	-	-
Other liabilities	4,151	5,607	13,371	6,169	-	-
Preference shares and hybrid capital	50,269	50,121	49,621	49,621	-	-
Total equity	52,568	60,411	51,855	50,958	-	-
Total liabilities and equity	1,088,284	1,139,035	1,137,357	1,119,451	-	-
Exchange rate	USD1= NZD1.4337	USD1= NZD1.5936	USD1= NZD1.6692	USD1= NZD1.7513	-	-

Source: Fitch Ratings, Fitch Solutions, NBS

Key Ratios

	31 Mar 22	31 Mar 23	31 Mar 24	31 Mar 25	31 Mar 26F	31 Mar 27F
Ratios (%; annualised as appropriate)						
Profitability						
Operating profit/risk-weighted assets	2.2	1.7	-0.9	0.4	0.6	0.6
Net interest income/average earning assets	2.8	2.8	2.7	3.0	3.0	2.9
Non-interest expense/gross revenue	45.5	50.1	110.2	88.8	83.8	82.5
Net income/average equity	26.6	17.6	-10.3	4.3	-	-
Asset quality						
Impaired loans ratio	0.2	1.2	0.9	0.7	0.6	0.6
Growth in gross loans	20.3	4.0	-7.9	-3.2	0.0	0.5
Loan loss allowances/impaired loans	186.0	53.8	142.6	196.9	189.1	178.3
Loan impairment charges/average gross loans	-0.2	0.3	0.5	0.1	0.2	0.1
Capitalisation						
Common equity Tier 1 ratio	-	-	-	-	-	-
Fully loaded common equity Tier 1 ratio	-	-	-	-	-	-
Fitch Core Capital ratio	6.2	7.1	6.1	6.3	6.4	6.5
Tangible common equity/tangible assets	4.7	5.1	4.3	4.3	-	-
Basel leverage ratio	-	-	-	-	-	-
Net impaired loans/common equity Tier 1	-	-	-	-	-	-
Net impaired loans/Fitch Core Capital	-3.3	8.2	-6.2	-10.6	-	-
Funding and liquidity						
Gross loans/customer deposits	88.2	88.1	81.1	79.3	-	-
Gross loans/customer deposits + covered bonds	-	-	-	-	-	-
Liquidity coverage ratio	-	-	-	-	-	-
Customer deposits/total non-equity funding	95.1	95.3	95.4	95.3	-	-
Net stable funding ratio	-	-	-	-	-	-
Source: Fitch Ratings, Fitch Solutions, NBS						

Support Assessment

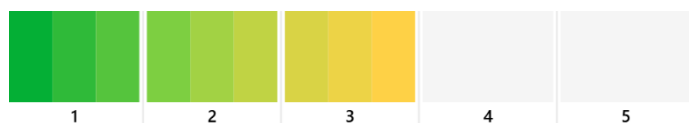
Government Support

Sovereign	New Zealand
Sovereign LT Issuer Default	● AA+/Stable
Total adjustment (notches)	—
Typical D-SIB Government Support for sovereign's rating level	a+ to a-
Actual jurisdiction D-SIB Government Support	N/A
Government Support Rating	ns
Government ability to support D-SIBs	
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 below indicate the influence of each support factor in our assessment.
Influence: Light blue = lower; Dark blue = moderate; Red = higher
Source: Fitch Ratings

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

Environmental, Social and Governance Considerations



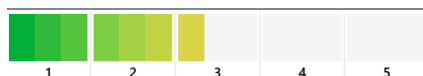
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
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



Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
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
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
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)
Employee Wellbeing	1	n.a.	n.a.
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



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)
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
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)



ESG Scoring

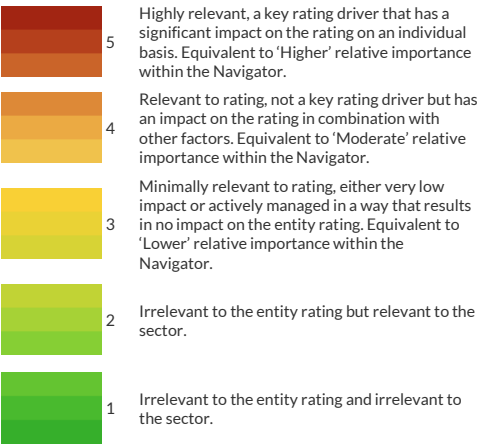
ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale



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#esgrelevance-scores>.

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