FitchRatings

Banco BOCOM BBM S.A.

Banks
Wholesale Commercial Banks
Brazil

Key Rating Drivers

Moderate Probability of Support: Banco BOCOM BBM S.A.'s (BOCOM BBM) Issuer Default Ratings (IDR) and National Ratings are driven by its shareholder support rating (SSR) and reflect support from its ultimate parent, China's Bank of Communications Co., Ltd. (BOCOM; A/Stable).

BOCOM BBM's Long-term (LT) Foreign Currency (FC) IDR is rated five notches below that of BOCOM's and is constrained by Brazil's 'BB+' Country Ceiling, while its LT Local Currency (LC) IDR is currently capped at two notches above Brazil's LC sovereign rating (BB/Stable). This reflects Fitch Ratings' view that BOCOM's ability to provide support to its subsidiary's senior creditors is linked to Brazilian sovereign risk and could be reduced in case of extreme sovereign stress, despite the group's strategic commitment to the country.

Strategically Important: The support assessment incorporates Fitch's view that BOCOM BBM's activities in Brazil are strategically important to the parent. This was demonstrated by the group's efforts to deepen commercial activity through ordinary support, including funding and capital, as well as BOCOM BBM's initiatives to increase synergies and operational integration with its parent.

BOCOM owns close to 100% of BOCOM BBM, and the parent's IDRs are driven by the Chinese state's ownership in the bank and its systemic importance. Under Fitch's assessment, Chinese state support to BOCOM would flow through to BOCOM BBM if needed. BOCOM has a strong ability to provide support, as BOCOM BBM's size is modest relative to the overall group.

Strong Subsidiary Performance Weighs on IDRs: BOCOM BBM's business profile reflects its progress as a medium-sized foreign commercial bank primarily focused on corporate lending. Fitch acknowledges the bank's strengthened banking franchise, which has experienced significant growth in recent years and has resulted in a consistent financial performance that contributes to the parent's company objectives.

Conservative Risk Profile: BOCOM BBM's viability rating (VR) considers its conservative underwriting standards, a reflection of the bank's cautious approach and appropriate risk-based pricing strategy. Credit risk is the main source of asset quality risk for BOCOM BBM.

Resilient Asset Quality: BOCOM BBM has maintained better asset quality than domestic peers in recent years due to its conservative risk profile, which provides space to absorb expected deterioration from higher interest rates and Brazil's still-low economic growth. Under the perspective of Resolution 4966, as of March 2025, stage 3 loans represented 0.5% of the total portfolio, and coverage for this stage was approximately 65%.

Strong Profitability: Core earnings have steadily strengthened in recent years, helped by growing business volumes, improved revenue mix and cost-optimization measures. The average operating profit to risk-weighted asset ratio was 3.2% for the four years from 2021 to 2024.

Adequate Capitalization: Capitalization levels are adequate considering the bank's credit risk profile, well-managed market risks, good capital flexibility and ordinary support from the parent. As of December 2024, the bank's common equity Tier 1 (CET1) capital ratio stood at 8.9% and Basel ratio at 14.7% (15.7% at March 2025).

Funding Diversified: Fitch's assessment of BOCOM BBM's funding and liquidity profile incorporates the benefits derived from being part of BOCOM. Intragroup funding accounted for 29% of BOCOM BBM's funding base at the end of March 2025. BOCOM BBM funds its loan book with a mix of customer deposits and deposit-like instruments, such as financial and agricultural letters. The bank's liquidity buffers are adequate due to limited forthcoming maturities.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Long-Term IDR (xgs)	BB(xgs)
Short-Term IDR (xgs)	B(xgs)
Local Currency	
Long-Term IDR	BBB–
Short-Term IDR	F3
Long-Term IDR (xgs)	BB(xgs)
Short-Term IDR (xgs)	B(xgs)
Viability Rating	bb
Shareholder Support Rating	bb+
National Rating	
National Long-Term Rating	AAA(bra)
National Short-Term Rating	F1+(bra)
Sovereign Risk (Brazil)	
Long-Term Foreign-Currency IDR	BB
Long-Term Local-Currency IDR	BB
Country Ceiling	BB+
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	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

National Scale Rating Criteria (December 2020)

Metodologia de Ratings de Bancos (March 2025)

Metodologia de Ratings em Escala Nacional (December 2020)

Bank Rating Criteria (March 2025)

Analysts

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Rating Sensitivities

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

IDRs, SSR and National Ratings

- BOCOM BBM's IDRs, National Ratings and SSR could be downgraded if BOCOM's IDRs, from which they are notched, are downgraded by multiple notches. However, BOCOM BBM's LT IDR would not be downgraded to a level below its VR.

VR

- The VR could be downgraded if the recovery of the Brazilian economy suffers a severe setback, causing a material weakening of the operating environment. In this scenario, pressure could stem from rapidly rising private-sector indebtedness and a permanent erosion of business prospects;
- The VR could also be downgraded if, contrary to Fitch's expectations, BOCOM BBM's impaired loan ratio rises above 5%, resulting in deterioration of profitability, with operating profits to risk-weighted assets (RWA) ratio consistently below 1.0% and CET 1 ratio below 8.0% or total capital ratio below 14%.

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

IDRs, SSR and National Ratings

- BOCOM BBM's IDRs could be upgraded if Brazil's sovereign rating is upgraded, provided BOCOM BBM remains strategically important to BOCOM.

VR

- There is limited rating upside at the current level of Brazil's sovereign rating.

Other Debt and Issuer Ratings

Ex-Government Support Ratings - Key Rating Drivers

BOCOM BBM's LT FC and LC IDRs (ex-government support [xgs]) are at 'BB(xgs)' and are one notch below its parent's LT IDR (xgs) of 'BB+(xgs)'. The Short-Term FC ans LC IDRs (xgs) have been affirmed at 'B(xgs)' and is mapped from its Long-Term IDR (xgs). The ex-government support ratings exclude assumptions of extraordinary government support from the underlying ratings.

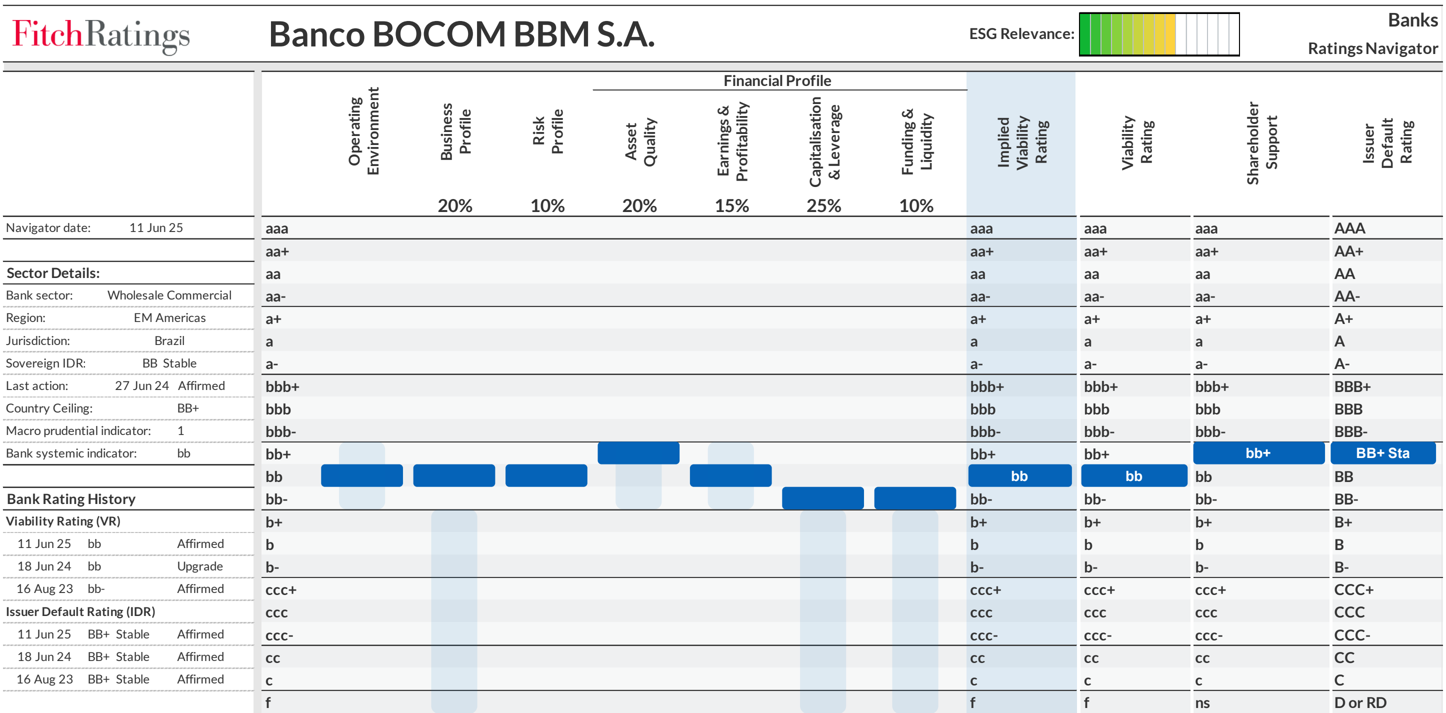
Sensitivities

BOCOM BBM's IDRs (xgs) are sensitive to changes in BOCOM's IDRs (xgs).

Significant Changes from Last Review

The improvement in the Subsidiary Performance and Prospects factor in Support Assessment is justified by the strong financial profile demonstrated by the bank in the latest analysis cycle. Over the past four years, the bank has consistently maintained robust profitability indicators, in line with the top competitors in the country. Additionally, the Brazilian subsidiary has excelled with outstanding asset quality indicators, displaying stability and maintaining a solid coverage cushion, alongside strong guarantees and collections. This stability is further evidenced by exceptionally low write-off rates, underscoring the subsidiary's prudent risk management and operational efficiency. Furthermore, the subsidiary has a long and successful record of supporting group objectives, which is likely to continue, reinforcing its integral role within the broader organizational framework.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

- The Business Profile score of 'bb' has been assigned above the implied 'b' score due to the following adjustment reason(s): Group Benefits and Risks (positive);
- The Capitalization & Leverage score of 'bb-' has been assigned above the implied 'b' score due to the following adjustment reason(s): Capital Flexibility and Ordinary Support (positive);
- The Funding & Liquidity score of 'bb-' was assigned above the implied 'b' score due to the following adjustment reason: non-deposit funding (positive).

Company Summary and Key Qualitative Factors

Operating Environment

The operating environment score for Brazilians Banks is 'bb', which aligns with the implied assessment based on Brazil's GDP per capita of USD9.90 and Fitch's Operational Rating Index (ORI) index of 46.8 (percentile ranking). Fitch projects Brazilian GDP growth of 2.0% in 2025 and 2026, reflecting normalization in agricultural output along with steady domestic demand. Consumption is expected to remain supported by the labor market, and less restrictive monetary policy could balance the impact of moderate fiscal tightening.

Banking System

Fitch's 2025 Banking Outlook for Brazil Assigned as Neutral: The 'neutral' outlook for the Brazilian banking sector reflects the stability expected, particularly in asset quality, as delinquency rates are anticipated to remain relatively stable with no signs of significant rises. In the corporate sector, growth in capital market issuances has limited the growth of banks' credit portfolios at certain levels, even at lower prices given the uptrend in domestic rates, thereby keeping delinquency levels under control.

In the retail segment, after a period of high delinquency driven by intense competition from fintechs and new entrants, banks have adjusted their credit origination strategies. As a result, unsecured retail credit segments are now experiencing controlled delinquency rates, reflecting more prudent risk management —a trend expected to continue in 2025. The sector has established an adequate balance between credit generated by public banks and by private banks, and Fitch expects this trend to continue.

What to Watch

IFRS9 Implementation: From a capital perspective, the robust generation of results and the contained growth of RWAs will support solid capital ratios. Fitch anticipates a slight strengthening in 2025, with most institutions maintaining strong levels above the minimum requirements. The implementation of Resolution 4966 (IFRS9) may negatively impact a few minors, not-systemically important institutions, without compromising the stability of the national financial system.

Competition from Credit Cooperatives: In 2024, Fitch highlighted that credit cooperatives could continue to significantly expand their market share in terms of loan and deposit growth, and this has materialized. They remain key competitors for public and private banks in Brazil, particularly within the retail segment. However, Fitch does not anticipate material changes in the competitive landscape from credit cooperatives moving forward.

Sovereign Rating

Brazil's sovereign ratings were last affirmed in July 2024 at 'BB'/Stable. Brazil's ratings are supported by its large and diverse economy, high per capita income, strong external finances and deep local markets. The ratings are constrained by weak economic growth, low governance scores, budgetary rigidities, and high and rising government debt to GDP. Uncertain prospects for fiscal consolidation remain a key source of macroeconomic vulnerability, with adverse spillovers for market confidence and monetary policy.

Positive Sensitivities

- **Public finances:** Progress on fiscal consolidation that durably stabilizes government debt to GDP at around current levels.
- **Macro:** Evidence of an improvement in investment and economic growth prospects within the context of macroeconomic stability and improved governance.

Negative Sensitivities

- **Public finances:** Material policy shifts that undermine fiscal policy credibility, financing flexibility and medium-term public debt sustainability.
- **Macro:** Policies that undermine macroeconomic stability and/or medium-term growth prospects.

Business Profile

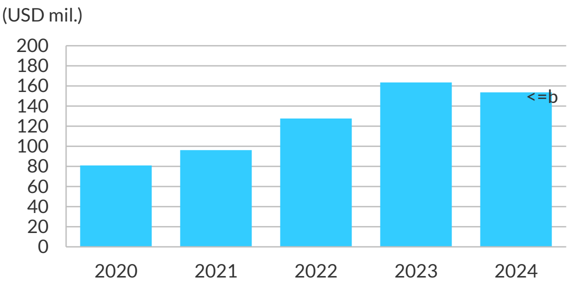
BOCOM BBM is a medium-sized commercial bank focused on corporate lending. The bank's market share by total loans is small, but it has a moderate franchise among the upper-middle-class and corporate clients. The franchise benefits from group integration, in terms of product offerings, to Chinese entities operating in Brazil, and stability in the cost of funding, given strong ordinary support from the parent.

The business model is weighted toward traditional commercial banking to upper-middle class customers and corporate entities and has an adequate degree of revenue diversification relative to pure domestic corporate lenders. BOCOM BBM generates around 25% of its revenue from fee and commission businesses, including off-balance-sheet guarantee risks, wealth and asset management, and debt capital market structuring. Fee and commission businesses materially improved in the past four years and have been a core element of the bank's business plan.

BOCOM BBM met its stated business and financial goals in recent years. Management successfully executed business expansion plans in the core corporate lending franchise while strengthening fee-based business units to support revenue diversification. Asset quality has been resilient despite instability in the economic environment. Recently, BOCOM announced its acquisition of the remaining 20% stake in BOCOM BBM from the previous controlling shareholder, granting it almost full control of the bank.

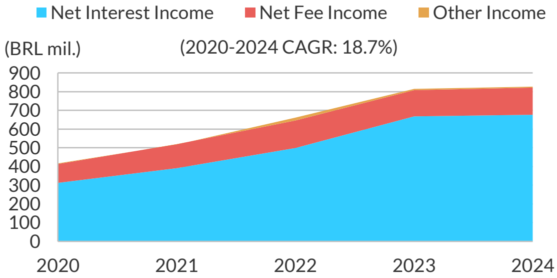
Total Operating Income

BOCOM BBM



Source: Fitch Ratings, Fitch Solutions.

Revenue Breakdown



CAGR: compound annual growth rate
Source: Fitch Ratings, BOCOM BBM.

Risk Profile

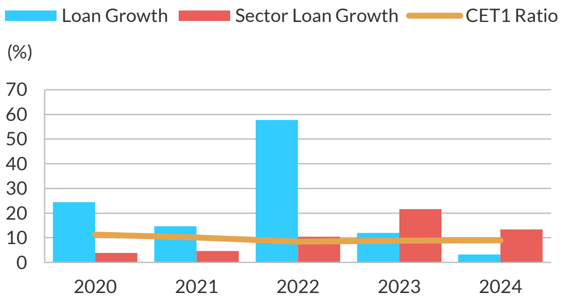
In general, BOCOM BBM's credit standards are conservative due to the bank's prudent stance and adequate risk-based pricing. Credit risk is the main source of asset quality risk for BOCOM BBM. The bank targets large corporates with good risk profiles in the domestic market, and sectors with records of resilience across cycles that typically outperform the domestic average. The bank's expanded credit risk exposure, including corporate loans and off-balance-sheet guarantees, increased to BRL17.2billion by end-March 2025, representing close to 50% of the bank's assets. This compared with exposure of BRL16.3 billion at end-March 2024 and BRL13.8 billion at end-March 2023.

Agribusiness (sugar and ethanol, grains, agriculture and agricultural supplies) is BOCOM BBM's main focus, accounting for 55% of the credit portfolio, with utilities and energy making up 8%. BOCOM BBM's underwriting standards have resulted in consistently better asset quality than the Brazilian sector average. Around 42% of BOCOM BBM's credit portfolio was backed by collateral, while the degree of collateralization for small and medium-sized enterprises (SMEs) is much higher, at around 90%. At 1Q25, the top 20 debtors represented 34% of the total portfolio, up from 31% at the end of 1Q24.

All approvals are carried out locally. Part of the loans to large Chinese companies is fully guaranteed by large Chinese banks. All lending limit approvals are carried out locally through the credit committee. Two board members participate in the credit committee, along with other credit, risk, legal affairs and compliance personnel. Planned growth is not expected to alter the bank's underwriting standards.

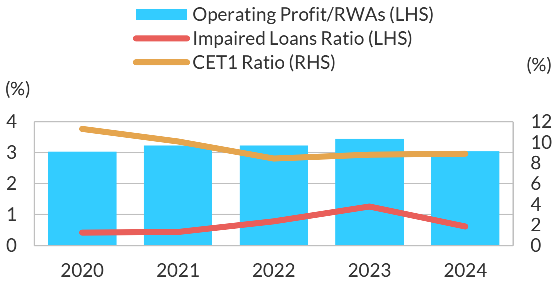
Market risk is linked to structural interest rate asset-liability mismatches arising from lending and funding maturing at different points, as well as foreign exchange (FX) risks from funding raised with its parent entity. These are generally hedged. The bank's market risk control is based on the calculation of value-at-risk (VaR), with the daily VaR limit with 95% confidence level set at 2% of shareholders' equity.

Loan Growth



Source: Fitch Ratings, BOCOM BBM

Performance Through the Cycle



Source: Fitch Ratings, BOCOM BBM

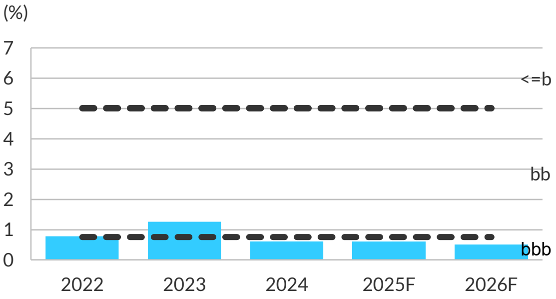
Financial Profile

Asset Quality

In recent years, BOCOM BBM maintained better asset quality than its domestic peers due to its conservative risk profile, which should position it to absorb deterioration from higher interest rates and Brazil's low economic growth. The average impaired-loan ratio for the four years from 2020 to 2024 was low, at 0.77%. While the impaired-loan ratio rose slightly to 0.6% by end-December 2024, the risk was well-covered, with the impaired loan coverage ratio at 98% at end-2024. Under Resolution 4966 in March 2025, stage 3 represented 0.5% of the total portfolio, and the coverage for this stage was approximately 65%.

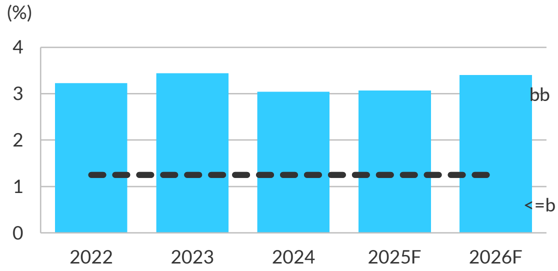
Despite facing a challenging, including a series of high-profile bankruptcy filings, BOCOM BBM maintained its loan delinquency rates remarkably low. The bank had a non-performing loan ratio (comprising loans over 90 days in arrears) of just 0.3% in 1Q25 of the expanded credit portfolio, reflecting its disciplined credit evaluation process. This process involves detailed qualitative assessments and strict quantitative modelling, practices that BOCOM BBM has been refining for decades

Impaired Loans/Gross Loans
BOCOM BBM



Source: Fitch Ratings, Fitch Solutions.

Operating Profit/Risk-Weighted Assets
BOCOM BBM



Source: Fitch Ratings, Fitch Solutions.

Earnings and Profitability

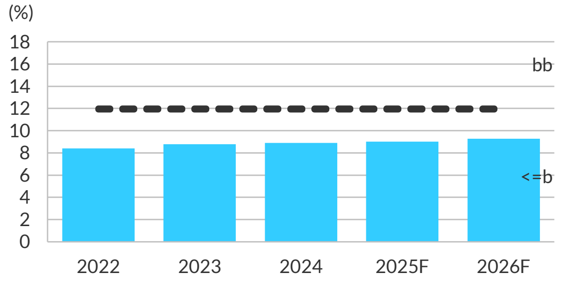
BOCOM BBM's ratio of operating profit to RWAs was 3.0% in FY 2024 and averaged 3.4% over the past four years, supported by sound revenue performance. Fitch expects the bank maintain its profitability ratios stable over the next two years.

Core earnings improved in recent years, helped by growing business volumes, an improving business mix and cost optimization measures. BOCOM BBM's profits remained relatively stable in 2024, with net income of BRL267million and a return on average equity (ROAE) of 21% (25% in 2023). Operating profit was BRL460 million, resulting in an operating profit to RWA ratio of 3.0%. The bank's profitability is likely to remain resilient due to growing corporate lending volumes, as well as continued expansion in new businesses and the client asset management, capital market and sales and trading divisions.

Capitalisation and Leverage

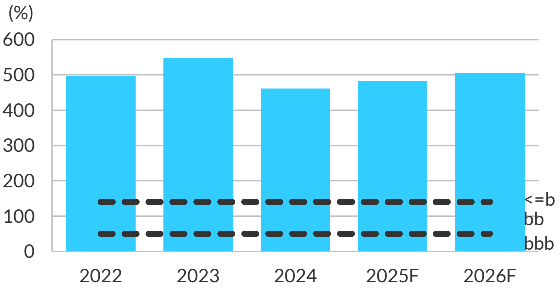
Capitalization is adequate considering BOCOM BBM's credit risk profile, limited market risks and ordinary support from the parent. Fitch's capital assessment also considers BOCOM BBM's low capital encumbrance from unreserved impaired loans. Loss absorption capacity is available in the form of hybrid instruments, enhanced by Additional Tier 1 perpetual notes placed within its group of around BRL200 million. In 2024, BOCOM BBM showed good access to wholesale debt markets through an issuance of BRL696 million of Tier 2 subordinated debt and BRL1.6 billion of Tier 1 debt. These raised the total regulatory capital ratio to 15.7% by end-March 2025 from 16.0% at end-March 2024.

CET1 Ratio
BOCOM BBM



Source: Fitch Ratings, Fitch Solutions.

Gross Loans/Customer Deposits
BOCOM BBM



Source: Fitch Ratings, Fitch Solutions.

Funding and Liquidity
The volume of funding raised in the domestic and international markets closed the 2024 at BRL23.5 billion (as of December 31, 2023, BRL19.8 billion). Intragroup funding accounted for 34% of BOCOM BBM's funding base at end-December 2025. BOCOM BBM funds its loan book with a mix of customer deposits and deposit-like instruments, such as financial letters, agricultural letters of credit (LOC) and real estate LOC. The bank's liquidity buffers are adequate given limited forthcoming maturities.

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 macroeconomic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events, such as planned recapitalizations or M&A 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 'bb' category. Light-blue columns represent Fitch's forecasts.

Financials

Financial Statements

	December 31, 2024		December 31, 2023	December 31, 2022	December 31, 2021
	12 months	12 months	12 months	12 months	12 months
	(USD Mil.)	(BRL Mil.)	(BRL Mil.)	(BRL Mil.)	(BRL Mil.)
	Audited – unqualified	Audited – unqualified	Audited – unqualified	Audited – unqualified	Audited – unqualified
Summary income statement					
Net interest and dividend income	109	677	668	500	391
Net fees and commissions	24	146	141	147	128
Other operating income	7	46	47	75	25
Total operating income	140	869	856	721	544
Operating costs	63	393	384	339	276
Pre-impairment operating profit	77	476	472	383	268
Loan and other impairment charges	3	16	15	9	9
Operating profit	74	460	457	373	259
Other non-operating items (net)	-1	-3	1	1	1
Tax	30	186	184	153	112
Net income	44	270	274	221	147
Other comprehensive income	-1	-3	3	5	-31
Fitch comprehensive income	43	267	277	225	117
Summary balance sheet					
Assets					
Gross loans	2,180	13,501	13,077	11,677	7,400
– Of which impaired	13	83	164	91	33
Loan loss allowances	13	81	84	76	50
Net loans	2,167	13,419	12,992	11,601	7,350
Interbank	197	1,217	1,474	2,838	1,782
Derivatives	696	4,309	1,552	283	195
Other securities and earning assets	2,324	14,388	10,119	7,182	5,131
Total earning assets	5,384	33,334	26,137	21,904	14,458
Cash and due from banks	100	617	30	167	873
Other assets	134	832	1,599	497	319
Total assets	5,618	34,782	27,766	22,568	15,649
Liabilities					
Customer deposits	472	2,924	2,389	2,345	2,569
Interbank and other short-term funding	654	4,047	2,823	2,969	2,499
Other long-term funding	3,266	20,222	16,655	15,501	8,779
Trading liabilities and derivatives	844	5,226	2,870	127	340
Total funding and derivatives	5,236	32,418	24,737	20,942	14,187
Other liabilities	157	970	1,819	616	621
Preference shares and hybrid capital	–	–	–	–	–
Total equity	225	1,394	1,210	1,010	841
Total liabilities and equity	5,618	34,782	27,766	22,568	15,649
Exchange rate		USD1 = BRL6.1917	USD1 = BRL4.9186	USD1 = BRL5.1439	USD1 = BRL5.6904

Source: Fitch Ratings, Fitch Solutions

Key Ratios

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.0	3.4	3.2	3.2
Net interest income/average earning assets	2.3	2.8	2.7	2.9
Non-interest expense/gross revenue	47.5	47.1	51.3	53.2
Net income/average equity	20.7	24.7	23.9	18.3
Asset quality				
Impaired loans ratio	0.6	1.3	0.8	0.4
Growth in gross loans	3.2	12.0	57.8	14.7
Loan loss allowances/impaired loans	98.3	51.2	83.8	152.3
Loan impairment charges/average gross loans	0.1	0.1	0.1	0.1
Capitalisation				
Common equity Tier 1 ratio	8.9	8.8	8.4	10.1
Fully loaded common equity Tier 1 ratio	–	–	–	–
Fitch Core Capital ratio	–	–	–	–
Tangible common equity/tangible assets	2.8	3.7	4.3	5.2
Basel leverage ratio	4.7	4.9	–	–
Net impaired loans/common equity Tier 1	0.1	6.9	1.5	–
Net impaired loans/Fitch Core Capital	–	–	–	–
Funding and liquidity				
Gross loans/customer deposits	461.8	547.4	498.0	288.0
Gross loans/customer deposits + covered bonds	–	–	–	–
Liquidity coverage ratio	–	–	–	–
Customer deposits/total non-equity funding	10.8	10.9	11.3	18.6
Net stable funding ratio	–	–	–	–

Source: Fitch Ratings, Fitch Solutions

Support Assessment

BOCOM BBM's IDRs, National Ratings and SSR reflect Fitch's assessment of the high probability of support from its parent bank, BOCOM, if needed. This reflects the agency's view that BOCOM's propensity and ability to provide support to its subsidiary is linked to Brazil's sovereign risk. This support may be reduced in the case of extreme sovereign stress, despite the group's strategic commitment to the country.

BOCOM owns nearly 100% of BOCOM BBM. The parent's IDRs are driven by the Chinese state's ownership of the bank and its systemic importance. Fitch assesses that Chinese state support to BOCOM could extend to BOCOM BBM, should the need arise. BOCOM has a strong capacity to provide support, if needed, given BOCOM BBM's modest size relative to the overall group. Fitch considers BOCOM BBM a strategically important subsidiary of BOCOM, given its role in fulfilling the strategies and long-term growth plans of the group in Brazil and the potential synergies between the two entities. This is considered a highly important factor for the rating.

Shareholder Support	
Parent IDR	A
Total Adjustments (notches)	-5
Shareholder Support Rating	bb+
Shareholder ability to support	
Shareholder Rating	A/ Stable
Shareholder regulation	1 Notch
Relative size	Equalised
Country risks	2+ Notches
Shareholder propensity to support	
Role in group	1 Notch
Reputational risk	1 Notch
Integration	1 Notch
Support record	Equalised
Subsidiary performance and prospects	Equalised
Legal commitments	2+ Notches

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

Environmental, Social and Governance Considerations

FitchRatings **Banco BOCOM BBM S.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Banco BOCOM BBM S.A. has 5 ESG potential rating drivers

- Banco BOCOM BBM S.A. 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 reflect 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 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.