FitchRatings

Banks
Retail & Consumer Banks
Denmark

Nykredit Realkredit A/S

Key Rating Drivers

Strong Credit Profile: Nykredit Realkredit A/S's ratings reflect its low risk profile, as underlined by its healthy and resilient through-the-cycle asset quality and robust capitalisation. They also reflect its leading mortgage lending franchise in Denmark, healthy profitability and very high wholesale funding reliance**.**

Leading Franchise: Nykredit is a leading Danish mortgage lender with a high and stable market share of 46%. The group provides a full range of services that supplement its core mortgage products, including banking products (14% market share in non-mortgage lending) and wealth management through Nykredit Bank, which was bolstered by the acquisition of Spar Nord Bank A/S. Nykredit became the third largest commercial bank in Denmark following the acquisition of Spar Nord, which was completed in May 2025.

Low Risk Profile: The bank's underwriting standards are prudent. Its risk controls are robust and its market risk exposure is low. Credit risk exposure is dominated by mortgage lending, with tight origination standards underpinned by conservative Danish covered bond and mortgage lending legislation. Its loan book is geographically concentrated in Denmark and strongly linked to the performance of the Danish economy and real estate market.

Resilient Asset Quality: Nykredit's asset quality is a strength, underpinned by low arrears and defaults, prudent collateralisation and underwriting standards, healthy growth, and low loan impairment charges (LICs) through the cycle. Fitch Ratings expects the impaired loans ratio (end-September 2025: 1.2%) to remain broadly stable at around current levels.

Nykredit's coverage of impaired loans by loan loss allowances is adequate and reflects a predominantly collateralised loan book. On top of what is provided by its impairment model, the bank also had additional buffers at end-September 2025, mainly related to ESG and concentration risks, which would be sufficient to absorb credit losses of 10bp of gross loans.

Growing Earnings Diversification: We expect the operating profit to remain above 2.5% of risk-weighted assets (RWAs) through the economic cycle, supported by the expansion of non-mortgage activities, tight cost control and low LICs. The Spar Nord acquisition should structurally enhance profitability by adding scale in banking activities with higher margins than in mortgage lending. Impact from lower interest rates should be cushioned by higher loan growth and a stronger contribution from fee-generating business, such as wealth management.

Robust Capital: Nykredit's common equity Tier 1 (CET1) ratio of 17.4% at end-September 2025 shrank from 20.7% at end-March 2025, due to the impact of acquiring Spar Nord, but maintained adequate buffers over its regulatory requirement of 13.4%. We expect Nykredit to restore its CET1 ratio to above 18% by 2027, supported by sound internal capital generation. Our assessment of Nykredit's capitalisation also reflects its low-risk business model and limited exposure to high-risk assets, and potential ordinary support from Nykredit's main shareholders.

High Reliance on Wholesale Funding: Nykredit relies extensively on wholesale funding as mortgage lending is by law entirely funded by covered bonds in Denmark. We believe the risk of Nykredit not being able to access the covered bond market is low, due to strong demand for these bonds from Danish financial institutions, insurance companies and pension funds.

Fitch believes the deep Danish covered bond market will remain resilient even in more adverse environments, as manifested in its past record during previous periods of stress. Refinancing risk is mitigated by a low share of short-term debt maturities and ample liquidity buffers.

Ratings

Foreign Currency	
Long-Term IDR	A+
Short-Term IDR	F1
Viability Rating	a+
Government Support Rating	ns
Sovereign Risk (Denmark)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Nykredit Realkredit A/S at 'A+'; Outlook Stable (November 2025)

Nordic Banking M&A Activity: Q&A (October 2025)

Fitch Affirms Denmark at 'AAA'; Outlook Stable (October 2025)

Major Nordic Banks – Peer Review 2025 (January 2025)

Global Economic Outlook (September 2025)

Nykredit's Acquisition of Spar Nord to Strengthen Revenue Diversification (December 2024)

Nykredit's Deal With DCCA Aims to Increase Residential Mortgage Competition (October 2024)

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Rating Sensitivities

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

We would downgrade Nykredit's ratings if we expected its impaired loans ratio to increase durably above 2% or if its CET1 ratio converged towards 17% due to pressure from deteriorating asset quality or weaker earnings generation. We could also downgrade its ratings if operating profit declines below 2% of RWAs on a sustained basis without clear recovery prospects.

Negative pressure on the ratings would also arise from an adverse change in investor sentiment materially affecting Nykredit's ability to access competitively priced funding or from weaker liquidity management. Increased reliance on international debt investors that may prove less stable during financial stress or increasing risk appetite – particularly at Nykredit Bank – would also put negative pressure on the ratings.

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

An upgrade is unlikely and would require an improved business profile and a more diversified franchise, including geographical expansion beyond its strong market position in Denmark.

Other Debt and Issuer Ratings

Rating Level	Rating
Long- and short-term senior preferred debt	AA-/F1+
Senior non-preferred debt	A+
Subordinated debt and Tier 2 capital notes	A-
Additional Tier 1 notes	BBB

Source: Fitch Ratings

Nykredit's Short-Term Issuer Default Rating (IDR) of 'F1' is the lower of the two options that map to a Long-Term IDR of 'A+', driven by its funding and liquidity score of 'a'.

Nykredit's long-term senior preferred debt rating of 'AA-' is one notch above its Long-Term IDR. This reflects the protection from the bank's resolution debt and equity buffers, which we expect to remain comfortably above 10% of RWAs in the long term (end-September 2025: about 17%). For the same reason, Nykredit's long-term senior non-preferred debt is equalised with the Long-Term IDR. The short-term senior preferred debt rating of 'F1+' is the only option mapping to its long-term rating.

Nykredit's Tier 2 subordinated debt and additional Tier 1 (AT1) securities are notched down from its Viability Rating (VR). We rate the Tier 2 debt two notches below the VR for loss severity due to the poor recovery prospects of this type of debt. The additional Tier 1 securities are four notches below the VR to reflect loss severity (two notches) and their high risk of non-performance (two notches). We expect Nykredit to operate with a CET1 ratio that is comfortably above maximum distributable amount thresholds.

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.

Factor Outlook

Stable Evolving Positive Negative

VR - Adjustments to Key Rating Drivers

The capitalisation and leverage score of ‘a+’ is below the ‘aa’ category implied score due to the following adjustment reasons: risk profile and business model (negative).

Company Summary and Key Qualitative Factors

Business Profile

Nykredit's strong franchise is underpinned by the fully owned Totalkredit A/S, the largest provider of residential mortgage loans in Denmark. Nykredit's mortgage lending is, by law, financed entirely through covered bonds, and it is a large international issuer of these bonds. Nykredit also carries out commercial banking and wealth management activities through another fully owned subsidiary, Nykredit Bank A/S.

Nykredit has a strategic focus on expanding and progressively diversifying its franchise in Denmark beyond its established leadership in mortgage lending. The group is actively developing its wealth management and commercial banking operations through its subsidiary Nykredit Bank to broaden its business mix. Core revenue from non-mortgage activities was about 45% of total revenue in 9M25, up from 28% in 2019. The acquisition of Spar Nord, completed in 2Q25, will further strengthen non-mortgage revenue and positioned Nykredit as the third-largest non-mortgage lender in Denmark, with a 14% market share in bank lending at end-September 2025. Spar Nord has been consolidated by Nykredit since 28 May 2025, with the legal merger and IT integration expected in 1H26 and full synergy realisation anticipated by 2027.

Totalkredit originates loans through 38 partner banks and has low administration margins on popular mortgage loans. Pricing is Nykredit's competitive advantage, as a sizeable portion of the dividend paid to Forenet Kredit (the majority owner, holding an almost 80% stake) is channelled back through the bank to borrowers in the form of discounts on mortgage loan repayments and other products.

Nykredit and the Totalkredit partner banks revised their collaboration agreement following an agreement between Nykredit and the Danish competition authority in late 2024. The updated agreement eases conditions for partner banks wishing to exit the partnership and allows greater flexibility for partner banks to collaborate with other banks in some areas. No partner banks have left the partnership since then, and Fitch does not expect these changes to have a material impact on Totalkredit, and subsequently Nykredit's business profile. This reflects our view that incentives for partner banks to leave the partnership will remain low, supported by the strong commercial offering of Totalkredit and moderate integration.

Risk Profile

Total loans were mostly split between personal (end-September 2025: 56%) and business (33%) mortgage loans, with the remainder mainly made up of diversified SME and corporate loans from Nykredit Bank and Spar Nord. Credit risk outside the loan book is low. Nykredit holds a comfortable buffer of high-quality liquid assets, of which about two-thirds comprise highly rated covered bonds (mainly rated AAA), with the remainder in government bonds and cash with the central bank.

Nykredit's strong ability to control credit risk is demonstrated by its low credit losses through the cycle. It observes tight underwriting standards for mortgage loans, underpinned by the conservative Danish covered bond legislation and regulatory constraints set by the Danish Financial Supervisory Authority. Nykredit applies a loan-to-value cap of 80% for most mortgage loans and 60% for higher-risk lending, such as financing of agricultural, office or retail properties. Nykredit also benefits from a risk-sharing agreement with partner banks in mortgage lending originated through Totalkredit, through which partner banks cover the initial credit losses.

Single-name concentration in the mortgage book is moderate. Regulations for mortgage banks cap the sum of the 20 largest exposures at the bank's CET1 capital level. Credit expansion has accelerated following subdued levels in previous years, supported by lower interest rates. We expect growth to remain moderate.

Nykredit's market risk exposure is low. Structural interest rate risk in the banking book is insignificant, with no interest rate mismatch between mortgage loans and covered bonds, and both are carried at fair value. Nykredit's trading activity is small and appropriately hedged.

Financial Profile

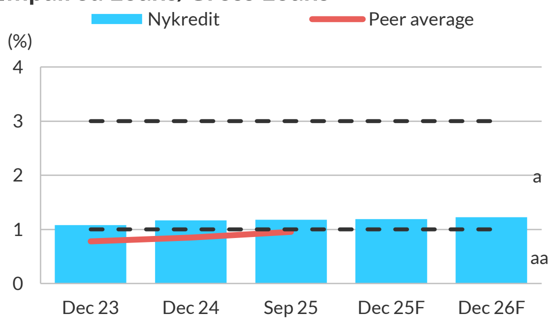
Asset Quality

Nykredit's asset-quality metrics have been strong in recent years, with an impaired loans ratio of 1.2% at end-September 2025. The ratio was not meaningfully affected by the consolidation of Spar Nord, despite the increased share of bank lending in total loans. We expect Nykredit's asset quality to remain stable, reflecting the bank's strong underwriting and a supportive operating environment.

Nykredit's loan book is well diversified across Denmark with a small average ticket size, which we believe balances concentration in domestic real estate. Residential property prices have recovered strongly since 2024 to exceed pre-correction levels before the 10% decline in 2022 and 2023.

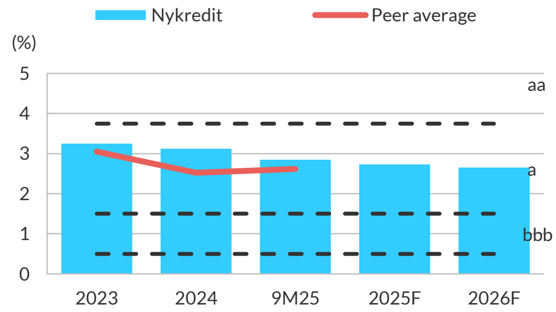
The impaired loans ratio in non-mortgage lending (end-September 2025: 3.1%, including Spar Nord) was higher than at the mortgage bank (0.9%) due to a higher risk appetite and greater focus on corporate and SME lending. Credit risk in non-mortgage lending is mitigated by healthy specific coverage by loan loss allowances of 40% at end-September 2025 and a well-diversified loan book. Loans from Spar Nord – about one-third of total non-mortgage lending – were more skewed towards retail segments and benefit from strong asset-quality metrics. Fitch believes that the lower coverage of impaired loans in mortgage lending (end-September 2025: 11%) is adequate due to robust collateralisation with prudent loan-to-value ratios, high granularity and historically low LICs. Asset quality also benefits from the Danish legislative framework that enforces creditor rights and incentivises mortgage repayment.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Nykredit's overall profitability is moderate compared to higher rated peers, mainly because of thin margins in its core mortgage lending business lines and due to its mutual ownership business model. However, this is balanced by a low-risk business model generating healthy recurring revenue, tight cost control and low credit losses.

The bank's income is mostly sourced from net interest income (about two-thirds of operating income in 9M25). Revenue from core mortgage activities is the biggest contributor, but the contribution of commercial banking activities has grown and gained further momentum with the acquisition of Spar Nord. In Denmark, mortgage loans are funded by covered bonds, with the associated costs passed directly to borrowers, while Nykredit earns revenue through administrative margins.

Fee and commission income is moderate, but has increased in recent years, driven by the bank's strategic expansion in wealth management. This revenue line will be further supported by the Spar Nord acquisition. Income from wealth management activities accounted for 15% of core revenue in 9M25 and is likely to be aided by a growing base of assets under management.

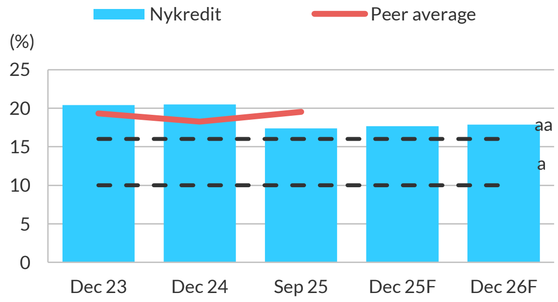
Nykredit's strong cost efficiency benefits from economies of scale due to the focused product offering, automation, and synergies with partner banks. We expect Nykredit to maintain high cost efficiency and its cost/income ratio to remain comfortably below 40% during our two-year forecast horizon.

Capitalisation and Leverage

The bank's CET1 ratio (end-September 2025: 17.4%) has reduced from 20.7% at end-March 2025 on the Spar Nord acquisition. This reflects the consolidation of Spar Nord's RWAs and the sizeable goodwill generated from the transaction. However, Nykredit still maintains adequate buffers over its capital policy target of 15.5%–16.5% and the CET1 ratio requirement of 13.4%. We expect Nykredit to restore its CET1 ratio to above 18% over the next two years. Capitalisation is also underpinned by potential ordinary support from the bank's main owners. The main owners have earmarked capital corresponding to a combined 575bp of RWAs at end-June 2025 to recapitalise the bank, if needed.

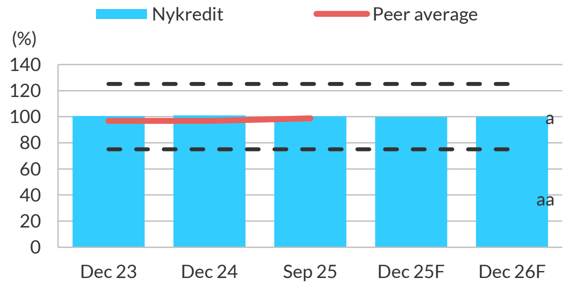
The bank's low RWA density of about 26% at end-September 2025 reflects low levels of arrears and low loan-to-value ratios in the loan book. We expect RWA density to slowly increase due to the gradual phase-in of the Basel IV output floor. However, this will not materially affect Nykredit's capitalisation metrics.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits + Covered Bonds



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Nykredit issues covered bonds (about 80% of all funding) daily through primary dealers, and loan origination is not dependent on available liquidity. The bank's refinancing risk is mitigated by the efficient Danish covered bond market (including through numerous stress periods), refinancing auctions that are distributed quarterly, and loan pricing, promoting loans with less frequent refinancing periods. Nykredit's gross loans/customer deposits plus covered bonds ratio has been stable in recent periods, and equalled 100% at end-September 2025.

The Danish covered bond law transfers the refinancing risk of variable-rate bonds to the investor in the event of a failed auction, but this has not been tested. Consequently, it is important for Nykredit to maintain a significant liquidity portfolio to ensure investor confidence. This may be particularly important in the case of foreign investors (about a quarter of all investors in Danish covered bonds at end-September 2025). Nykredit issues long-term unsecured debt for regulatory purposes only to observe its debt buffer requirement.

High balance-sheet encumbrance is mitigated by Nykredit's strong loan book quality and sizeable liquidity buffer that comfortably covers unsecured funding. Alongside covered bonds, the group has access to diversified funding sources.

Additional Notes on Charts and Forecasts

The forecasts in this report 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 recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent 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 Danske Bank A/S (VR: a+), Landshypotek Bank AB (a), National Bank of Canada (a+), Nationwide Building Society (a), Raiffeisen Group (a+), Swedbank AB (aa-), Zuercher Kantonalbank (a+), ASN Bank N.V. (a-). Latest data available for Nationwide Building Society is for FY24; for Raiffeisen Group, Zuercher Kantonalbank, ASN Bank N.V. for 1H25. Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report. FY end of National Bank of Canada is 31 October. FY end of Nationwide Building Society is 31 March.

Financials

Financial Statements

	31 Dec 22 12 months (DKKm)	31 Dec 23 12 months (DKKm)	31 Dec 24 12 months (DKKm)	30 Sep 25 9 months (DKKm)	31 Dec 25F 12 months (DKKm)	31 Dec 26F 12 months (DKKm)
Summary income statement						
Net interest and dividend income	12,394	15,973	15,713	11,500	-	-
Net fees and commissions	88	134	305	638	-	-
Other operating income	5,271	4,354	5,510	5,124	-	-
Total operating income	17,753	20,461	21,528	17,262	23,193	24,580
Operating costs	6,319	6,555	6,955	5,941	8,341	9,204
Pre-impairment operating profit	11,434	13,906	14,573	11,321	14,852	15,377
Loan and other impairment charges	-80	-177	-248	332	421	646
Operating profit	11,514	14,083	14,821	10,989	14,432	14,730
Other non-operating items (net)	-	-	-	481	-	-
Tax	2,060	3,191	3,088	2,073	-	-
Net income	9,454	10,892	11,733	9,397	11,930	11,637
Other comprehensive income	-72	6	11	-3	-	-
Fitch comprehensive income	9,382	10,898	11,744	9,394	-	-
Summary balance sheet						
Assets						
Gross loans	1,388,603	1,458,691	1,536,660	1,660,962	1,667,904	1,728,101
– Of which impaired	17,053	15,815	18,009	19,623	-	-
Loan loss allowances	9,051	8,699	8,312	8,900	-	-
Net loans	1,379,552	1,449,992	1,528,348	1,652,062	-	-
Interbank	3,416	3,004	2,644	16,901	-	-
Derivatives	8,004	6,663	6,326	5,438	-	-
Other securities and earning assets	147,180	145,825	161,672	218,427	-	-
Total earning assets	1,538,152	1,605,484	1,698,990	1,892,828	-	-
Cash and due from banks	49,659	61,056	61,480	54,722	-	-
Other assets	12,318	15,065	12,568	27,272	-	-
Total assets	1,600,129	1,681,605	1,773,038	1,974,822	-	-
Liabilities						
Customer deposits	107,392	114,208	121,483	215,463	218,669	223,043
Interbank and other short-term funding	34,117	18,209	17,103	28,561	-	-
Other long-term funding	1,326,347	1,407,664	1,485,974	1,538,826	-	-
Trading liabilities and derivatives	19,164	15,956	12,303	5,198	-	-
Total funding and derivatives	1,487,020	1,556,037	1,636,863	1,788,048	-	-
Other liabilities	16,280	24,562	31,191	72,275	-	-
Preference shares and hybrid capital	3,751	3,759	3,763	4,655	-	-
Total equity	93,078	97,247	101,221	109,844	-	-
Total liabilities and equity	1,600,129	1,681,605	1,773,038	1,974,822	-	-
Exchange rate	USD1= DKK6.9940	USD1= DKK6.7640	USD1= DKK7.1429	USD1= DKK6.3580	-	-

Source: Fitch Ratings, Fitch Solutions, Nykredit

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	2.6	3.3	3.1	2.9	2.7	2.7
Net interest income/average earning assets	0.8	1.0	1.0	0.9	0.9	0.9
Non-interest expense/gross revenue	35.6	32.1	32.3	35.1	36.4	37.5
Net income/average equity	10.5	11.6	12.0	11.9	-	-
Asset quality						
Impaired loans ratio	1.2	1.1	1.2	1.2	1.2	1.2
Growth in gross loans	-5.3	5.1	5.4	8.1	8.5	3.6
Loan loss allowances/impaired loans	53.1	55.0	46.2	45.4	48.3	48.8
Loan impairment charges/average gross loans	0.0	0.0	0.0	0.0	0.0	0.0
Capitalisation						
Common equity Tier 1 ratio	19.5	20.4	20.5	17.4	17.7	17.9
Tangible common equity/tangible assets	5.7	5.7	5.6	4.9	-	-
Basel leverage ratio	5.1	5.1	5.3	4.7	-	-
Net impaired loans/common equity Tier 1	9.3	8.0	10.0	11.9	-	-
Funding and liquidity						
Gross loans/customer deposits	1,293.0	1,277.2	1,264.9	770.9	-	-
Gross loans/customer deposits + covered bonds	101.9	100.7	101.1	100.3	99.7	100.0
Liquidity coverage ratio	283.0	310.0	463.0	521.2	-	-
Customer deposits/total non-equity funding	7.3	7.4	7.4	12.1	-	-
Net stable funding ratio	149.0	147.0	142.0	138.7	-	-

Source: Fitch Ratings, Fitch Solutions, Nykredit

Support Assessment

Government Support

Sovereign		Denmark
Sovereign LT Issuer Default Rating/Outlook	●	AAA/Stable
Typical D-SIB Government Support for sovereign's rating level		a+ to a-
Actual jurisdiction D-SIB Government Support		ns
Government Support Rating		ns
Government ability to support D-SIBs		
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	●	Neutral
Government propensity to support bank		
Systemic importance	●	Neutral
Liability structure	●	Neutral
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

Nykredit's Government Support Rating of 'no support' (ns) reflects Fitch's view that senior creditors cannot rely on receiving full extraordinary support from the sovereign if the bank becomes non-viable. The EU's Bank Recovery and Resolution Directive provides a framework for resolving banks that requires senior creditors to participate in losses, if necessary, instead of, or ahead of, a bank receiving sovereign support.

Subsidiaries and Affiliates

Nykredit Bank A/S

Rating Level	Rating
Long-Term IDR	A+/Stable
Short-Term IDR	F1
Shareholder Support Rating	a+
Short-term senior preferred debt	F1+
Long- and short-term deposit ratings	AA-/F1+

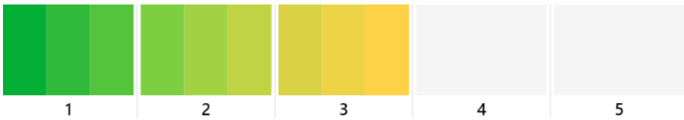
Source: Fitch Ratings

Nykredit Bank's IDR and Shareholder Support Rating are aligned with Nykredit's IDRs. This reflects a very high probability of support from Nykredit, in light of the subsidiary's core role within the group and high reputational risk for Nykredit if Nykredit Bank defaults. We have not assigned a VR to Nykredit Bank because it cannot have a meaningful standalone franchise without the ownership of the parent, given its close integration into the larger group.

Nykredit Bank's long-term deposit rating is one notch above its Long-Term IDR, because Fitch expects preferred creditors to be protected by Nykredit's resolution buffers. The short-term deposit rating is mapped to the respective long-term rating.

The ratings of Nykredit Bank's short-term senior preferred debt programme are mapped to Nykredit's corresponding long-term rating.

Environmental, Social and Governance Considerations

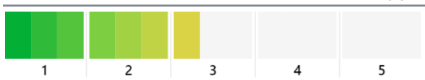


Environmental Relevance Scores

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

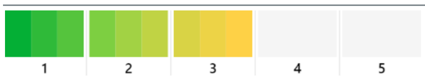
Social Relevance Scores

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

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 the 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 the 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 the Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

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.