Israel Discount Bank Limited

Banks
Universal Commercial Banks
Israel

Key Rating Drivers

Well-Established Domestic Franchise: Israel Discount Bank Limited's (IDB) Long-Term Issuer Default Rating (IDR) is driven by its Viability Rating (VR) and reflects a good domestic universal banking franchise, resilient asset quality and profitability through the war and adequate capitalisation and funding. The sale of Israel Credit Cards Ltd (Cal), the bank's subsidiary, which Fitch Ratings expects to complete next year, does not change the assessment of IDB's franchise strength as the bank's business profile benefits from diversification across other subsectors.

High Probability of Government Support: IDB's IDRs are also underpinned by potential government support, which is reflected in a Government Support Rating of 'a-'. Israel has strong incentives to provide support, given the bank's systemic importance in the country, with about 15% of banking system assets.

Stable Underwriting Standards: IDB has maintained conservative underwriting standards, partly as a result of prudent regulatory limits and close oversight. Loan growth is broadly in line with peers' and reflects the rapid expansion of the population, which is less indebted than those in many developed markets, and its economy. IDB has increased construction and real estate lending, a higher-risk subsector, although demand is driven by high population growth, which supports housing credit demand and mitigates risks.

Resilient Asset Quality: Impaired loans were 0.7% of gross loans at end-1H25, which compares favourably with domestic and international peers. The increase in loans has moderated, supporting asset quality. We expect the impaired loans ratio to rise but remain about 1% over the next two years. Asset quality is underpinned by a high coverage of impaired loans by loan loss allowances (186%), although we expect this to reduce, but remain comfortably above 100%.

Resilient Earnings: Net interest income (NII) benefitted from loan growth in 1H25, though the net interest margin (NIM) decreased due to tighter loan margins. Nevertheless, the NIM remains strong on an international basis due to the bank's large base of stable and low-cost current accounts.

Fee income fell to 25% of revenues following the classification of Cal as a discontinued operation, bringing it in line with domestic peers. Cal's profitability was slightly lower than the group, so we expect the sale to be marginally positive for IDB's profitability, with an operating profit/risk-weighted assets (RWAs) broadly stable in 2025 and 2026, despite pressures on NII.

Stable Capital Buffers: Capital buffers have been stable and at the low end among its domestic peers, with a 10.53% common equity Tier 1 ratio at end-1H25 versus a 9.20% regulatory minimum requirement. Our assessment considers IDB's improved internal capital generation and its fairly high RWAs/assets ratio (end-1H25: 69%), as the bank uses the standardised approach to calculate credit RWAs. We do not expect the sale of Cal to materially benefit capital ratios due to likely shareholders' pressure to return excess capital.

Funding Benefits from Government Support: IDB's funding and liquidity assessment score is driven by government support and our expectation that the state's propensity to provide support is more certain in the near term, given the systemic importance of the bank. As a result, IDB's 'F1' Short-Term IDR is the higher of two possible Short-Term IDRs that map to an 'A-' Long-Term IDR. Its funding and liquidity profile is also underpinned by its stable and granular deposit base - split equally between retail and corporate deposits - and sound liquidity.

Ratings

Foreign Currency	
Long-Term IDR	A-
Short-Term IDR	F1
Long-Term IDR (xgs)	A-(xgs)
Short-Term IDR (xgs)	F2(xgs)
Viability Rating	a-
Government Support Rating	a-

Sovereign Risk (Israel)	
Long-Term Foreign-Currency IDR	A
Long-Term Local-Currency IDR	A
Country Ceiling	AA-

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

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Revises Israel Discount Bank's Outlook to Stable; Affirms IDR at 'A-' (October 2025)

Global Economic Outlook (September 2025)

Fitch Affirms Israel at 'A'; Outlook Negative (March 2025)

Fitch Affirms Israel Discount Bank at 'A-'; Outlook Negative (November 2024)

Fitch Downgrades 4 Israeli Banks to 'A-'/Negative/'F1' after Sovereign Action (August 2024)

Fitch Downgrades Israel to 'A'; Outlook Negative (August 2024)

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Rating Sensitivities

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

IDB's Long-Term IDR would be downgraded if IDB's GSR and VR were downgraded. A downgrade of the former would be triggered by a downgrade of the sovereign rating, which could also trigger a downgrade of IDB's VR, if it greatly increased pressure on the bank's financial profile. This reflects the contagion risk resulting from the links between the sovereign, the operating environment and local banks' performance.

The most likely trigger for a downgrade of IDB's VR would be a deterioration of asset quality that results in an impaired loans ratio of above 2% for an extended period, combined with the common equity Tier 1 ratio declining below current levels and weakening internal capital generation.

The Short-Term IDR would be downgraded if Israel's Short-Term IDR was downgraded by at least two notches.

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

An upgrade of IDB's IDRs is unlikely due to the negative outlook on the operating environment for Israeli banks, which is sensitive to the drivers of a downgrade of the sovereign rating. In addition, upside is unlikely due to the bank's geographical concentration and small capital buffers.

Other Debt and Issuer Ratings

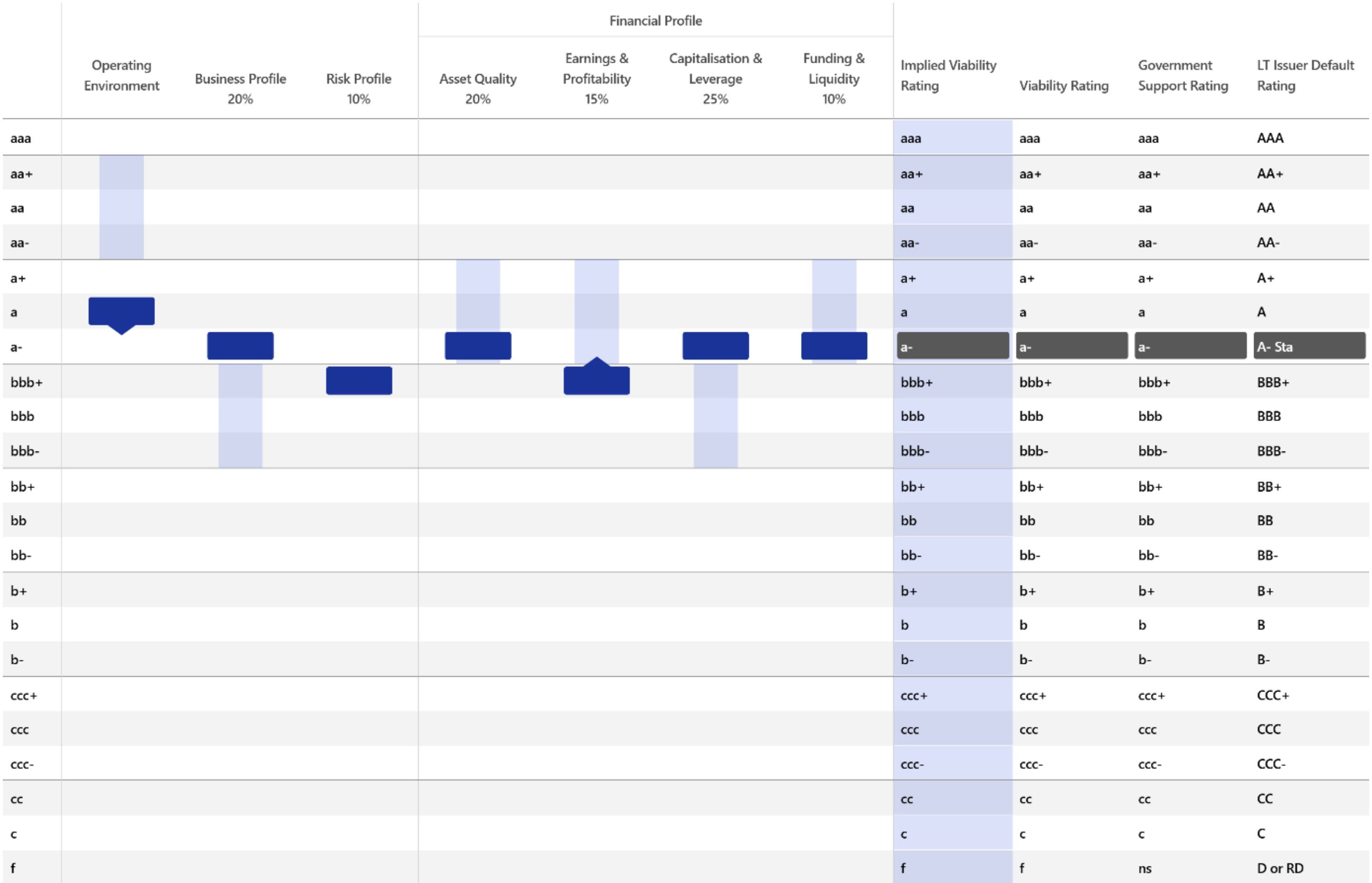
Rating Level	Rating
Senior unsecured: long term	A-

Source: Fitch Ratings

IDB's senior unsecured notes are rated in line with the Long-Term IDR. This reflects our view that a default on senior unsecured debt would equate to a default of the bank. It also reflects Fitch's expectation of average recovery prospects.

The Long-Term IDR (xgs) of 'A-(xgs)' is at the level of the VR. The Short-Term IDR (xsg) of 'F2(xgs)' is the lower of two possible options that map to a 'A-' Long-Term IDR (xgs) due to IDB's 'a-' funding and liquidity score.

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 ‘a’ operating environment score is below the ‘aa’ implied category score due to the following adjustment reasons: sovereign rating (negative), size and structure of economy (negative).

The ‘a-’ business profile score is above the ‘bbb’ implied category score due to the following adjustment reason: market position (positive).

The ‘bbb+’ earnings and profitability score is below the ‘a’ implied category score due to the following adjustment reason: earnings stability (negative).

The ‘a-’ capitalisation and leverage score is above the ‘bbb’ implied category score due to the following adjustment reason: leverage and risk-weight calculation (positive).

Company Summary and Key Qualitative Factors

Operating Environment

Fitch's affirmation of Israel's rating at 'A'/Negative in March 2025 reflected a diversified, resilient economy and strong external finances, counterbalanced by high public debt/GDP, security risks, and a record of unstable governments that has hindered policymaking. The Negative Outlook reflects rising public debt, domestic political and governance challenges and uncertain prospects for the war in Gaza.

We score the operating environment in line with the sovereign rating to reflect the domestic concentration of the Israeli banking sector. Our operating environment assessment also reflects our view that the resilience of the sector is a regulatory priority. The negative outlook on the operating environment reflects the Negative Outlook on the sovereign rating, which caps the score.

Business Profile

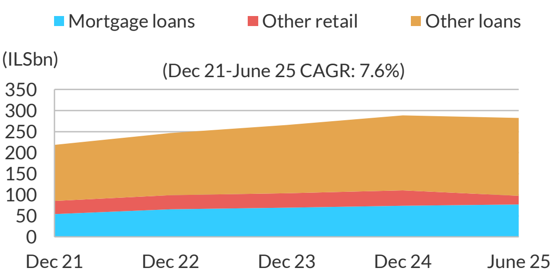
IDB is domestically focused universal bank that provides wide range of retail, commercial and private banking services. It is the fourth-largest Israeli bank by total assets and competes directly against its larger domestic peers across business segments. IDB is publicly traded on the Tel Aviv Stock Exchange and widely held by the public, with no individual shareholder exercising significant control.

In addition to its main brand, Discount Bank, which had 98 branches at end-1H25, IDB also offers banking services through its Mercantile Bank subsidiary, which had 73 branches. Mercantile has a particular focus on small business and retail banking. Mercantile has its own management team but operates on IDB's IT platform. Other subsidiaries include Discount Capital Markets, an investment banking entity that also holds equity stakes in domestic private equity funds and individual non-financial companies; and Tafnit, an asset manager for retail clients and institutions.

IDB agreed the sale of Cal, its credit card subsidiary, in September 2025 to a domestic insurer and private equity consortium. The sale was a requirement imposed by authorities to improve competition, and IDB's larger domestic peers have completed similar sales of their credit card subsidiaries in the past. The sale of Cal does not fundamentally alter IDB's strategy because, like its domestic peers, IDB will continue to receive income related to credit card distribution, mitigating some lost income, even if it does not own the card issuer.

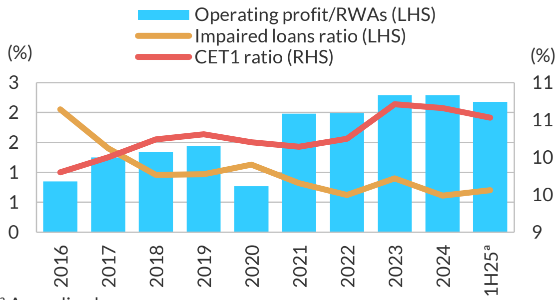
IDB also owns 85% of a US subsidiary bank, Israel Discount Bank of New York (IDBNY). It provides loans and services to Israeli clients doing business in the US as well as loans secured on commercial and multi-family residential properties. IDBNY is the largest Israeli-owned bank operating abroad, but it only represents about 12% of IDB's credit exposure at end-1H25, and we do not expect it to grow significantly given the group's strategic focus on domestic operations. It is less profitable than IDB's domestic operations, but strategic improvements are being implemented in partnership with the US private equity investor that acquired a 15% minority stake in IDBNY in November 2024.

Loan Book Breakdown



CAGR: compound annual growth rate
Source: Fitch Ratings, Fitch Solutions, IDB

Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, IDB

Risk Profile

Loan underwriting is conservative by global standards and similar to that of domestic peers. A high proportion of the loan book is secured at low loan-to-value (LTV) ratios, and the collateral is subject to robust valuations. Regulatory restrictions on higher LTV lending limit banks' ability to lower underwriting standards in order to grow market share. Loan loss allowances are high, due partly to conservative provisioning policies required by the regulator, and sector concentrations are also subject to regulatory limits.

Commercial loans for the construction of residential real estate are a significant, higher-risk lending segment, but LTV limits are set prudently to ensure that projects remain viable even if there are significant (e.g. 20%–30%) decreases in house prices. IDB also grants loans on commercial property and for infrastructure projects, some of which benefit from implicit or explicit government support. The syndication of large infrastructure loans reduces concentrations to individual projects.

Exposure to market risk consists primarily of interest rate and CPI risks in the banking book, and sensitivities to interest rate and CPI changes are subject to the bank's framework of risk limits, and to close regulatory oversight. A 3% decrease in CPI would reduce capital by ILS653 million, or about 21bp of RWAs at end-1H25. Interest rate risk is appropriately managed, and the bank's sensitivity analysis indicates a parallel 1% increase in interest rates would reduce capitalisation by about 34bp.

IDB is also exposed to market risk through Discount Capital's investments in domestic equity funds, which totalled ILS3.1 billion at end-1H25, or 9% of CET1 capital. We do not expect equity investments to increase significantly from current levels. IDB's exposure to foreign-exchange risk is higher than peers' because of its larger US operations, but mismatches between foreign-currency assets and liabilities are managed well within risk limits, using derivatives when necessary.

We view risk controls as robust, although there are risks as a result of the Israel–Hamas war. In particular, operational risk, including cyber risk, is heightened. IDB and other banks may be more exposed to market risks because of the potential impact of different war scenarios on the exchange rate, interest rates and inflation.

IDB's 1H25 auditors' review also includes an 'emphasis of a matter' statement related to allegations of money laundering involving shareholders of a Ukrainian bank. No provision has been taken as IDB is not able to evaluate the prospect of legal success. IDBNY also received consent orders, issued in 2023 by the US Federal Deposit Insurance Corporation (FDIC) and the New York Department of Financial Services (NYDFS), to improve its anti-money laundering monitoring and conduct a look-back review of accounts and transactions back to 2021. Class-action lawsuits, often relating to the fair treatment of retail and small and medium enterprise (SME) customers, are also a major operational risk for Israeli banks.

Financial Profile

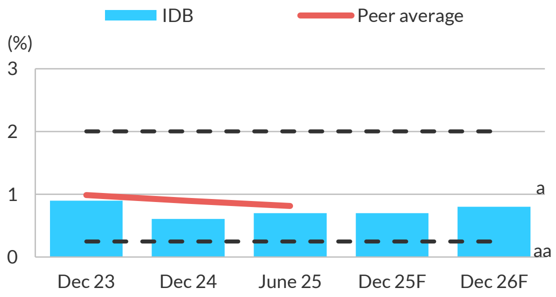
Asset Quality

Lending to individuals represented 34% of customer loans at end-1H25, most of which was mortgage lending. Construction and real estate lending, which we view as a higher-risk segment, increased modestly to about 25% of credit exposure. IDB's construction and real estate exposure is approaching regulatory concentration limits, and so we do not expect it to grow much further. Growth has been driven by continued demand for new housing construction. This long-term trend is driven by population growth. While high property prices make this lending segment somewhat vulnerable to a price correction, real estate development loans are underwritten with equity buffers to withstand substantial declines in property values.

The Israeli banking sector has offered financial support to customers directly affected by the war, but this support reduced materially in 2H24. IDB had ILS1,358 million of loans with changed terms and conditions (0.5% of gross loans) at end-1H25, with few experiencing financial difficulty. The bank had previously granted modified terms to about ILS14 billion of loans that have now returned to their normal payment terms. The bank has set up a voluntary support scheme, in line with the sector, and expects to provide about ILS200 million of benefits to customers in the first 12 months.

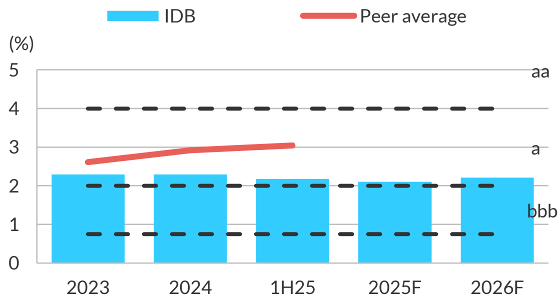
We expect IDB's through-the-cycle impaired loans ratio to be slightly higher than domestic peers' as long as it owns a credit card subsidiary, but to remain at less than 1.5% over the next two years.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

IDB's NIM decreased to 2.8% in 1H25 due partly to the classification of Cal, the credit card business, as held-for-sale. Previously, IDB's credit card business contributed to a higher NIM and higher proportion of fee income, but without Cal we expect the composition of earnings to look more like that of peers. Nevertheless, NIM remains strong on an international basis due to the bank's large base of stable and low-cost current accounts. We expect the operating profit/RWAs ratio to remain greater than 2.0% over the next two years.

While NIM decreased, total financing income benefitted from a slight increase in inflation given IDB's material proportion of CPI-linked loans, which represented about 12% of customer loans at end-1H25. The group received ILS553 million in CPI-linked finance income in 1H25, or about 8% of operating income.

Profitability has benefitted from improved cost efficiency, with the cost/income ratio decreasing below 50% in 1H25. IDB's 2025–2030 plan is focused on reaching further efficiency from centralised processes. The bank also signed a new collective labour agreement in August 2025. The agreement, which extends until 2027, gives IDB greater flexibility to reduce the size of its workforce where necessary and allows for greater alignment of salaries with individual performance.

The sale of Cal for a total consideration of up to ILS4 billion, of which IDB's share is up to ILS2.87 billion. This will result in a post-tax increase in IDB's profitability of between ILS465 million and ILS590 million.

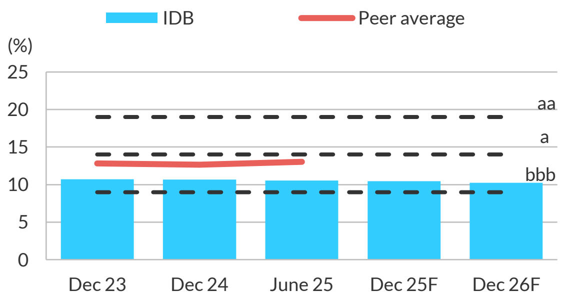
Capitalisation and Leverage

IDB's regulatory capital requirements are about 100bp lower than its largest domestic peers' due to its smaller size. The bank's conservative provisioning for credit losses reduces the risk of a sharp deterioration in asset quality reducing capitalisation. We expect the bank to maintain its management buffers over regulatory requirements at around current levels.

The sale of Cal will not materially increase capital ratios, in our view, as we expect the bank will look to distribute any excess capital to shareholders in order to maintain current buffers over requirements. IDB also increased its dividend distributions to 50% of net income in 1H25 as a result of stronger capital generation as well as the relaxation of dividend restrictions imposed by the Bank of Israel at the start of the war.

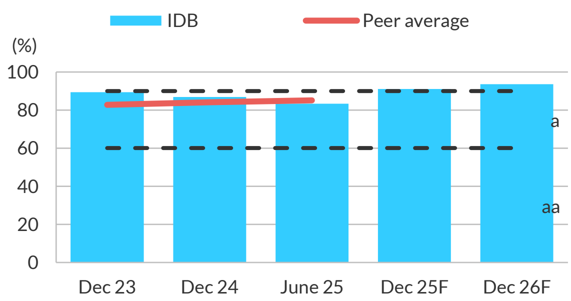
RWA density (RWAs/total assets: 69% at end-1H25) is high compared to international peers' average, which is closer to 40%. IDB's 6.7% leverage ratio is similar to peers' and comfortably above the current 4.5% regulatory requirement, as well as the higher 5.0% requirement that will take effect in 1H26.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

IDB's gross loans/customer deposits ratio improved to 83% at end-1H25. About a third of deposits came from households (including private banking) and another third from business customers (including SMEs). Financial institutions represented 18% of deposits and IDBNY 11%. Deposit growth has been higher among medium and large businesses, where IDB is looking to grow its market share. These business deposits include a high proportion of transaction accounts, which we view as more stable. Non-interest-bearing balances have been stable at about 20% of total deposits for several years. We expect IDB's deposit stability and funding costs to continue to benefit significantly from its high proportion of low-cost current accounts, with two-thirds of domestic demand deposits paying no interest.

Wholesale funding needs are limited because of IDB's low loans/deposits ratio, but regular issuance supports funding diversification. IDB has good access to domestic-currency wholesale funding as a frequent issuer in the local debt-capital market, as well as more recent access to international markets, which has further diversified its funding base. Nevertheless, we IDB's ability to access international markets as slightly weaker than that of its two largest domestic peers given its smaller size, which we reflect in a lower 'a-' assessment for funding and liquidity.

Liquidity is sound, with an average liquidity coverage ratio (LCR) of 129% in 2Q25. High-quality liquid assets of ILS87 billion represented 19% of total assets at end-1H25. A third of deposits are in foreign currency - mainly US dollars – but we view the foreign-currency liquidity as prudently managed, with a US dollar LCR of 191% and a euro LCR of 209% at end-1H25.

Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'a' category. Peer average includes Bank Hapoalim B.M. (a-), Bank Leumi Le-Israel B.M. (a-), Mizrahi Tefahot Bank Ltd (a-), Ceska Sporitelna, a.s. (a), Woori Bank (a-). Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Dec 22 12 months (ILSm)	31 Dec 23 12 months (ILSm)	31 Dec 24 12 months (ILSm)	30 Jun 25 1st half (ILSm)	31 Dec 25F 12 months (ILSm)	31 Dec 26F 12 months (ILSm)
Summary income statement						
Net interest and dividend income	8,707	10,956	10,860	5,089	-	-
Net fees and commissions	3,404	3,495	3,693	1,044	-	-
Other operating income	499	1,302	1,510	666	-	-
Total operating income	12,610	15,753	16,063	6,799	13,719	14,453
Operating costs	7,217	7,966	8,329	3,195	6,390	6,582
Pre-impairment operating profit	5,393	7,787	7,734	3,604	7,344	7,887
Loan and other impairment charges	467	1,607	778	157	401	368
Operating profit	4,926	6,180	6,956	3,447	6,942	7,519
Other non-operating items (net)	421	415	24	34	-	-
Tax	1,806	2,316	2,629	1,316	-	-
Net income	3,541	4,279	4,351	2,165	4,360	6,456
Other comprehensive income	-734	457	340	-43	-	-
Fitch comprehensive income	2,807	4,736	4,691	2,122	-	-
Summary balance sheet						
Assets						
Gross loans	246,887	266,014	288,264	282,776	314,208	339,344
– of which impaired	1,520	2,384	1,746	1,966	-	-
Loan loss allowances	3,209	4,214	4,168	3,660	-	-
Net loans	243,678	261,800	284,096	279,116	-	-
Interbank	-	-	-	-	-	-
Derivatives	11,420	11,106	9,610	13,761	-	-
Other securities and earning assets	47,003	61,490	70,051	77,845	-	-
Total earning assets	302,101	334,396	363,757	370,722	-	-
Cash and due from banks	65,713	51,115	62,584	59,245	-	-
Other assets	8,940	10,213	10,199	31,038	-	-
Total assets	376,754	395,724	436,540	461,005	491,604	521,905
Liabilities						
Customer deposits	292,410	297,673	332,070	339,286	345,353	362,620
Interbank and other short-term funding	19,115	23,970	21,985	20,471	-	-
Other long-term funding	12,308	15,491	20,035	23,684	-	-
Trading liabilities and derivatives	9,348	10,469	8,812	15,644	-	-
Total funding and derivatives	333,181	347,603	382,902	399,085	-	-
Other liabilities	18,095	18,883	20,553	27,542	-	-
Preference shares and hybrid capital	-	-	-	-	-	-
Total equity	25,478	29,238	33,085	34,378	-	-
Total liabilities and equity	376,754	395,724	436,540	461,005	-	-
Exchange rate	USD1= ILS3.5190	USD1= ILS3.6270	USD1= ILS3.6470	USD1= ILS3.3720	-	-

Source: Fitch Ratings, Fitch Solutions, IDB

Key Ratios

	31 Dec 22	31 Dec 23	31 Dec 24	30 Jun 25	31 Dec 25F	31 Dec 26F
Ratios (%; annualised as appropriate)						
Profitability						
Operating profit/risk-weighted assets	2.0	2.3	2.3	2.2	2.1	2.2
Net interest income/average earning assets	3.1	3.4	3.1	2.8	2.7	2.7
Non-interest expense/gross revenue	57.4	50.5	52.0	47.1	46.6	45.5
Net income/average equity	14.7	15.6	14.0	12.9	-	-
Asset quality						
Impaired loans ratio	0.6	0.9	0.6	0.7	0.7	0.8
Growth in gross loans	12.8	7.8	8.4	-1.9	9.0	8.0
Loan loss allowances/impaired loans	211.1	176.8	238.7	186.2	204.3	176.3
Loan impairment charges/average gross loans	0.2	0.6	0.3	0.1	0.1	0.1
Capitalisation						
Common equity Tier 1 ratio	10.3	10.7	10.7	10.5	10.4	10.3
Tangible common equity/tangible assets	5.9	6.5	6.8	7.5	-	-
Basel leverage ratio	6.2	6.7	6.7	6.7	-	-
Net impaired loans/common equity Tier 1	-6.7	-6.3	-7.5	-5.1	-	-
Funding and liquidity						
Gross loans/customer deposits	84.4	89.4	86.8	83.3	-	-
Liquidity coverage ratio	130.5	130.7	130.1	128.5	-	-
Customer deposits/total non-equity funding	90.3	88.3	88.8	88.5	-	-
Net stable funding ratio	124.8	122.3	121.4	117.9	-	-

Source: Fitch Ratings, Fitch Solutions, IDB

Support Assessment

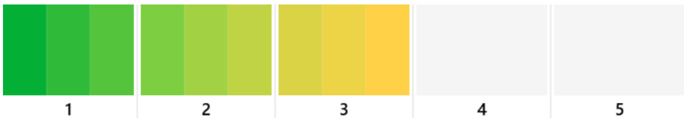
Government Support

Sovereign	Israel
Sovereign LT Issuer Default Rating/Outlook	A/Negative
Total adjustment (notches)	-1
Typical D-SIB Government Support for sovereign's rating level	a- or bbb+
Actual jurisdiction D-SIB Government Support	a-
Government Support Rating	a-
Government ability to support D-SIBs	
Size of banking system	Neutral
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Positive
Government propensity to support D-SIBs	
Resolution legislation	Neutral
Support stance	Neutral
Government propensity to support bank	
Systemic importance	Positive
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

IDB's IDRs are driven by its Government Support Ratio (GSR), which is in line with the domestic systemically important bank (D-SIB) GSR for Israel and reflects Fitch's view of a very high probability that Israel would provide support to IDB, if needed. Fitch believes Israel's ability and propensity to support IDB are very high, particularly given IDB's systemic importance in the country, with a market share of about 15% of banking-sector assets.

Environmental, Social and Governance Considerations

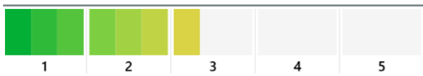


Environmental Relevance Scores

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

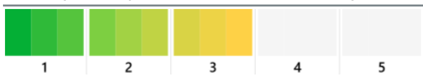
Social Relevance Scores

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.

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.

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