

Bank Hapoalim B.M.

Key Rating Drivers

Diversified Business Model: Bank Hapoalim B.M.'s Long-Term Issuer Default Rating (IDR) is driven by its Viability Rating (VR) and reflects its strong universal banking franchise in Israel and resilient asset quality and profitability through the war. The VR also reflects the bank's adequate capital and sound funding, supported by its diversified and granular deposit base.

High Probability of Government Support: Hapoalim's IDRs are underpinned by potential government support, which is reflected in a Government Support Rating (GSR) of 'a-'. Fitch Ratings believes that Israel's sovereign has a strong incentive to provide support, given the bank's systemic importance in the country with about 30% of banking system assets.

Close Regulatory Oversight: Hapoalim's underwriting standards are conservative, helped by prudent regulatory limits and oversight. The bank has material exposure to the construction and real estate sectors, in line with other Israeli banks, leaving it vulnerable to a sharp decline in real estate prices. However, most of its exposure is to residential projects, which we expect to perform adequately, given high population growth and strong structural demand for housing in Israel.

Sound Asset Quality: Hapoalim's impaired loans ratio was 0.5% at end-1H25, which has proven resilient to the pressures of the war. The bank has sharply increased its collective provisions since the start of the war (loan loss allowances/impaired loans of 298% at end-1H25), reflecting economic uncertainty and credit growth, and we expect this to remain above 200%. We forecast the impaired loans ratio to remain below 1% over the next two years, supported by declining interest rates and sound underwriting.

Resilient Earnings: Operating profit is sound at 2.9% of risk-weighted assets (RWAs) in 1H25, reflecting strong loan growth but tighter margins. Nevertheless, the net interest margin has remained strong due to the bank's large base of stable and low-cost current accounts. Higher inflation has also supported income given the bank's net long exposure to the consumer price index.

The bank is focused on maintaining tight cost controls with a low cost/income ratio, which compares favourably with international peers'. We forecast operating profit to remain above 2% of RWAs for the next two years, supported by high loan growth and limited loan impairment charges, underpinned by substantial loan loss allowances.

Capital Buffers Adequate: Hapoalim's common equity Tier 1 (CET1) ratio of 12% at end-1H25 has adequate buffers over its 10.23% regulatory minimum requirements. This should be considered in light of the bank's high RWA density from using the standardised approach (68% at end-1H25), prudent provisioning and resilient internal capital generation. We expect capital buffers to remain broadly stable.

Large, Stable Deposit Base: Hapoalim's funding and liquidity score is driven by government support and our expectation that the government's propensity to provide support is more certain in the near term, given the bank's systemic importance. As a result, a lower funding and liquidity score would not trigger a downgrade of the bank's 'F1' Short-Term IDR, which is the higher of the two possible Short-Term IDRs that map to an 'A-' Long-Term IDR.

Hapoalim's funding and liquidity profile is also underpinned by its large deposit base, which is largely on demand but is stable and granular. The bank has proven access to domestic and international debt markets. Liquidity is strong, with a 125% liquidity coverage ratio at end-1H25.

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1

Long-Term IDR (xgs)	A-(xgs)
Short-Term IDR (xgs)	F1(xgs)

Viability Rating	a-
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Government Support Rating	a-
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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 Bank Hapoalim's Outlook to Stable; Affirms IDR at 'A-' (October 2025)
Global Economic Outlook - September 2025
Fitch Affirms Israel at 'A'; Outlook Negative (March 2025)

Analysts

Maria Shishkina
+44 20 3530 1379
maria.shishkina@fitchratings.com

Rory Rushton
+44 20 3530 1919
rory.rushton@fitchratings.com

Rating Sensitivities

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

Hapoalim's Long-Term IDR would be downgraded if its GSR and VR were downgraded. A downgrade of the bank's GSR would be triggered by a downgrade of the sovereign rating, which could also trigger a downgrade of Hapoalim's VR if it also sharply increased pressure on the 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 Hapoalim'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 a declining CET 1 ratio 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 Hapoalim'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 limited by the bank's geographical concentration and limited capital buffers.

Other Debt and Issuer Ratings

Rating Level	Rating
Subordinated: long term	BBB
Source: Fitch Ratings	

Hapoalim's Tier 2 subordinated notes are rated two notches below the bank's VR to reflect poor recovery prospects in the event of a failure or non-performance of the bank.

The Long-Term IDR (xgs) of 'A-(xgs)' is at the level of the VR. The Short-Term IDR (xgs) of 'F1(xgs)' is the higher of the two options that map to an 'A-' Long-Term IDR (xgs) due to Hapoalim's 'a' funding and liquidity score.

Ratings Navigator

	Operating Environment	Business Profile 20%	Risk Profile 10%	Financial Profile				Implied Viability Rating	Viability Rating	Government Support Rating	LT Issuer Default Rating
				Asset Quality 20%	Earnings & Profitability 15%	Capitalisation & Leverage 25%	Funding & Liquidity 10%				
aaa								aaa	aaa	aaa	AAA
aa+								aa+	aa+	aa+	AA+
aa								aa	aa	aa	AA
aa-								aa-	aa-	aa-	AA-
a+								a+	a+	a+	A+
a								a	a	a	A
a-								a-	a-	a-	A- Sta
bbb+								bbb+	bbb+	bbb+	BBB+
bbb								bbb	bbb	bbb	BBB
bbb-								bbb-	bbb-	bbb-	BBB-
bb+								bb+	bb+	bb+	BB+
bb								bb	bb	bb	BB
bb-								bb-	bb-	bb-	BB-
b+								b+	b+	b+	B+
b								b	b	b	B
b-								b-	b-	b-	B-
ccc+								ccc+	ccc+	ccc+	CCC+
ccc								ccc	ccc	ccc	CCC
ccc-								ccc-	ccc-	ccc-	CCC-
cc								cc	cc	cc	CC
c								c	c	c	C
f								f	f	ns	D or RD

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

Factor Outlook

■ Stable ◆ Evolving ▲ Positive ▼ Negative

VR - Adjustments to Key Rating Drivers

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

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

The capitalisation and leverage score of 'a-' is above the 'bbb' category implied 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.

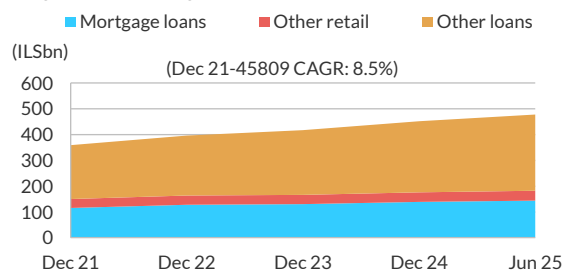
Business Profile

Hapoalim is the second-largest bank in Israel by total assets and by operating income, but it is only marginally smaller than the largest bank. Hapoalim has a universal business model providing a wide range of retail, commercial and private banking services. The bank has strong domestic market shares across business segments and is a significant provider of loans for corporate clients. The bank holds equity stakes via its private equity subsidiary (Poalim Equity Group).

The bank's business model is diversified but with some reliance on net interest income. Non-interest income is largely from fees and commissions, including account-management and loan-application fees, as well as from trading activities in Israeli government bonds and in other securities traded on behalf of clients. Hapoalim's strategy is to grow its loan book across all lending segments while improving cost efficiency through digital innovation and other cost-efficiency measures. Hapoalim has a good distribution network which underpins its ability to compete effectively in the market, which includes 160 physical branches and a digital distribution platform.

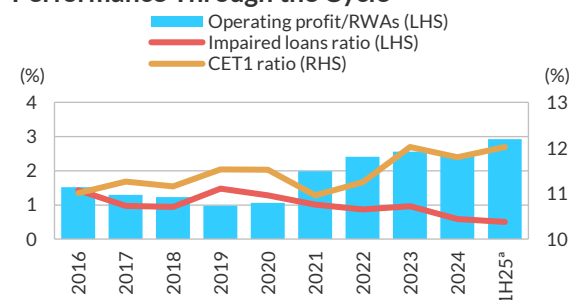
International activities, apart from the US, have closed in recent years, and customer loans outside Israel accounted for about 5% of customer loans at end-1H25. US activities mostly centre on middle-market commercial clients within the group's New York branch.

Loan Book Breakdown



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

Performance Through the Cycle



^a Annualised
Source: Fitch Ratings, Fitch Solutions, Hapoalim

Risk Profile

In our view, the downside risks to Hapoalim's performance have subsided following the de-escalation of war in the region, although residual risks persist. In particular, operational risk, including cyber risk, is high. In addition, Hapoalim and other domestic banks may be more exposed to market risks given the sensitivity of exchange and interest rates and inflation to war-related developments.

Credit risk represents the most significant risk for the bank and mainly stems from the loan book (63% of total assets at end-1H25) as well as from the securities book (20%), a large part of which relates to Israeli government bonds. Loan underwriting standards are stringent by global standards and are influenced by prudent banking regulation that seeks to limit the contingent liability that the banking sector presents to the sovereign. Residential mortgages are subject to limits prescribed by the regulator, including maximum 75% loan-to-value (LTV) ratios for first-time buyers and a maximum term of 30 years. This limits banks' ability to weaken underwriting standards to grow market share.

The regulator has identified the construction and real estate sector as a potential risk. Hapoalim and its peers are, therefore, subject to regulatory limits and increased scrutiny of exposures and collateral. Exposure to large local conglomerates has declined in recent years, due partly to regulatory initiatives, but one borrower group exceeded 15% of the bank's capital at end-1H25. We expect an increase in exposure to infrastructure projects, although the risk is likely to be mitigated by government support – whether direct or indirect – for these major investments and the syndication of large project loans across multiple lenders.

The bank's exposure to market risk arises mainly from interest-rate and Consumer Price Index (CPI) risks in the banking book, which we view as moderate in light of the bank's framework of limits. About 13% of customer loan balances were CPI-linked at end-1H25. A 300bp decrease in the CPI would reduce the economic value of the bank's equity by about ILS963 million at end-1H25. Market risk also arises from ILS4.9 billion of private equity and quasi-equity investments made through the bank's subsidiary Poalim Equity, which totalled 8% of the bank's CET1 capital at end-1H25. Structural foreign-exchange risk is low.

Financial Profile

Asset Quality

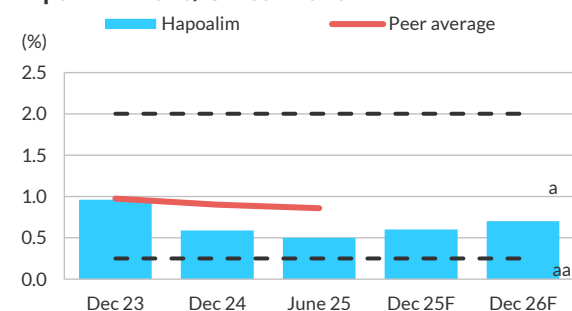
The impaired loans ratio was 0.5% at end-1H25, which has improved since the start of the war with the rebound of the Israeli economy. The Israeli banking sector has offered financial support to customers directly affected by the war, but this reduced materially in 2H24. Hapoalim has ILS909 million of loans with changed terms and conditions (0.2% of gross loans), with a low amount having financial difficulty. The bank previously granted modified terms to ILS20,032 million of loans which have since returned to normal payment terms. The bank has set up a voluntary support scheme, in line with the sector, and expects to provide a further ILS768 million of benefits and donations split across 2025 and 2026.

Residential mortgages have grown steadily, in absolute terms and as a percentage of the loan book (31% of loans at end-1H25, up from about 22% at end-2015), in line with strategy. The mortgage book has performed well, despite macroeconomic pressure, with a low impaired loans ratio of 0.5% at end-1H25, because they are highly collateralised under prudent underwriting standards, including regulatory limits on borrower leverage and affordability.

The impaired loans ratio for the commercial loan book remained low at 0.3%, supported by demand for new buildings on high population growth. Construction and real estate has been recovering from labour shortages on construction sites due to travel restrictions affecting the Palestinian territories. Growth in construction and real estate lending is likely to be supported by lending to infrastructure projects, which, in some cases, benefit from implicit or explicit government support. Hotels and other hospitality venues (about 2% of credit exposure at end-1H25) have been supported by domestic tourism against reduced international tourism to Israel.

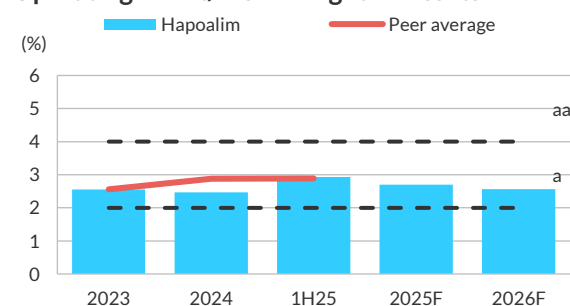
Credit risk is higher in lending from the New York branch, but is a small exposure for the group, as New York commercial real estate represents 3% of Hapoalim's customer loans. The impaired loans ratio for the international exposure was 0.9% at end-1H25.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Since the start of the war, Hapoalim, along with other Israeli banks, has reported strong profit each quarter, apart from the impact of large one-off provisions. The bank has benefitted from strong loan growth and interest rates remaining higher for longer. The net interest margin of 2.9% in 1H25 has been stable and supported by pricing power in deposits due to the concentration of the banking sector. Hapoalim maintains a net long position to the CPI, which aids earnings at times of high inflation and has provided significant benefit in recent years. Non-interest income represents 25% of total income, which reflects some diversified earnings with fees and commissions and an increase in net exchange-rate differences due to the strengthening of the shekel against the dollar.

Hapoalim's cost/income ratio of 33.8% compares favourably with both domestic and international peers. Costs have remained under control due to regular efficiency programmes, including a voluntary early retirement plan for 2025–2028. This plan is likely to result in a net cumulative reduction of 770 positions and ILS300 million of cost savings.

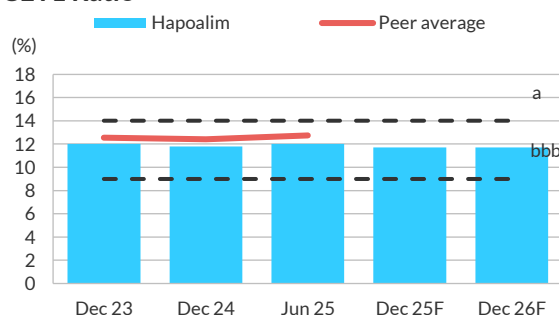
We expect loan impairment charges to increase but remain low. The bank has large buffers of loan loss allowances to absorb this deterioration. Hapoalim, like its domestic peers, increased collective credit provisions at the start of the war but has not had a significant increase in asset-quality deterioration. As a result, we expect the bank to remain profitable even if asset quality deteriorates significantly.

Capitalisation and Leverage

Hapoalim's 12% CET1 ratio at end-1H25 was 179bp above the minimum regulatory requirement, which is adequate considering the bank calculates its RWAs under the standardised approach. Hapoalim's capital ratios are lower than international peers' but tend to be more stable given the use of standardised capital models. We view the standardised risk-weights as conservative, particularly for residential mortgages given regulatory limits on LTV and affordability ratios.

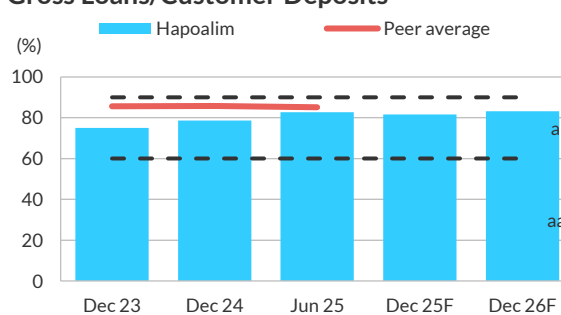
Dividend restraint by Israeli banks following the start of the war increased the buffer over requirements, but capital distributions have largely returned to pre-war levels. Hapoalim increased its dividend payout ratio to 50% in 2Q25.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Wholesale funding needs are limited, with customer deposits representing over 90% of Hapoalim's non-equity funding at end-1H25. The bank's domestic deposit franchise is strong, with deposits from retail customers, corporates and SMEs within Israel and without significant concentrations. These deposits have proven stable despite rising interest rates and geopolitical uncertainty. The bank's low cost of funding is supported by non-interest-bearing deposits, which represent 26% of the deposit base at end-1H25.

Deposit funding is supplemented with senior unsecured bonds and some subordinated securities issued on the local wholesale market to increase maturity of funding and to address demand for long-term debt by local institutional investors. There is little need to access the international capital market, but the bank has issued Tier 2 instruments in the international markets.

We would be likely to lower our funding and liquidity score if the sovereign is downgraded, given Israel's implicit support for the banking sector. This is because a sovereign downgrade would be likely to be accompanied by a deterioration in the operating environment and could result in less favourable wholesale funding conditions and put pressure on deposits, although this has not happened to date.

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 M&A activity, Fitch will not reflect these non-public future events in its published forecasts.

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 Mizrahi Tefahot Bank Ltd (VR: a-), Bank Leumi Le-Israel B.M. (a-), Israel Discount Bank Limited (a-), Ceska Sporitelna, a.s. (a), Woori Bank (a-). Unless otherwise stated, financial year 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	13,510	16,141	16,978	9,089	-	-
Net fees and commissions	3,705	3,892	3,980	2,205	-	-
Other operating income	802	1,296	909	874	-	-
Total operating income	18,017	21,329	21,867	12,168	23,606	24,019
Operating costs	7,972	8,231	9,007	4,102	8,260	8,343
Pre-impairment operating profit	10,045	13,098	12,860	8,066	15,346	15,676
Loan and other impairment charges	10	1,879	693	573	1,018	1,066
Operating profit	10,035	11,219	12,167	7,493	14,328	14,610
Other non-operating items (net)	46	71	27	-	-	-
Tax	3,548	3,930	4,559	2,527	-	-
Net income	6,533	7,360	7,635	4,966	8,883	9,496
Other comprehensive income	-1,476	986	817	578	-	-
Fitch comprehensive income	5,057	8,346	8,452	5,544	-	-
Summary balance sheet						
Assets						
Gross loans	396,419	417,550	452,173	478,604	483,825	517,693
- Of which impaired	3,444	4,012	2,678	2,404	-	-
Loan loss allowances	5,535	6,994	6,820	7,156	-	-
Net loans	390,884	410,556	445,353	471,448	-	-
Interbank	7,170	6,244	6,149	-	-	-
Derivatives	21,832	25,229	22,149	37,470	-	-
Other securities and earning assets	109,496	133,372	125,525	158,004	-	-
Total earning assets	529,382	575,401	599,176	666,922	-	-
Cash and due from banks	126,254	101,486	110,904	80,569	-	-
Other assets	9,717	9,643	10,764	10,594	-	-
Total assets	665,353	686,530	720,844	758,085	759,517	804,670
Liabilities						
Customer deposits	535,850	557,031	575,217	578,789	592,474	622,097
Interbank and other short-term funding	22,573	15,364	29,038	35,392	-	-
Other long-term funding	26,866	21,800	20,190	26,637	-	-
Trading liabilities and derivatives	19,043	24,240	20,915	39,416	-	-
Total funding and derivatives	604,332	618,435	645,360	680,234	-	-
Other liabilities	14,518	15,665	17,334	15,728	-	-
Preference shares and hybrid capital	-	-	-	-	-	-
Total equity	46,503	52,430	58,150	62,123	-	-
Total liabilities and equity	665,353	686,530	720,844	758,085	-	-
Exchange rate	USD1= ILS3.5190	USD1= ILS3.6270	USD1= ILS3.6470	USD1= ILS3.3720	-	-

Source: Fitch Ratings, Fitch Solutions, Hapoalim

Key Ratios

	31 Dec 22	31 Dec 23	31 Dec 24	30 Jun 25	31 Dec 25F	31 Dec 26F
(%; annualised as appropriate)						
Profitability						
Operating profit/risk-weighted assets	2.4	2.6	2.5	2.9	2.7	2.6
Net interest income/average earning assets	2.8	2.9	2.9	2.9	2.9	2.7
Non-interest expense/gross revenue	44.5	38.6	41.1	33.8	35.0	34.7
Net income/average equity	14.7	14.9	13.8	16.6	-	-
Asset quality						
Impaired loans ratio	0.9	1.0	0.6	0.5	0.6	0.7
Growth in gross loans	10.2	5.3	8.3	5.9	7.0	7.0
Loan loss allowances/impaired loans	160.7	174.3	254.7	297.7	270.0	245.7
Loan impairment charges/average gross loans	0.0	0.5	0.2	0.2	0.2	0.2
Capitalisation						
Common equity Tier 1 ratio	11.3	12.0	11.8	12.0	11.7	11.7
Fully loaded common equity Tier 1 ratio	-	-	11.8	12.0	-	-
Tangible common equity/tangible assets	6.7	6.9	7.3	8.2	-	-
Basel leverage ratio	6.3	6.9	7.2	7.5	-	-
Net impaired loans/common equity Tier 1	-4.5	-5.7	-7.1	-7.7	-	-
Funding and liquidity						
Gross loans/customer deposits	74.0	75.0	78.6	82.7	-	-
Liquidity coverage ratio	122.0	129.0	131.0	125.0	-	-
Customer deposits/total non-equity funding	91.6	93.8	92.1	90.3	-	-
Net stable funding ratio	130.0	128.0	125.0	117.0	-	-
Source: Fitch Ratings, Fitch Solutions, Hapoalim						

Support Assessment

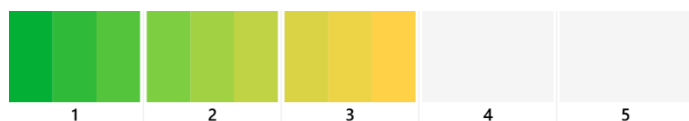
Government Support

Sovereign	Israel
Sovereign LT Issuer Default	● 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

Hapoalim's IDRs are underpinned by its 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 Hapoalim, if needed.

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



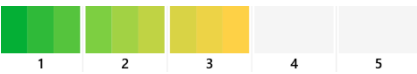
Social Relevance Scores

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	Credit-Relevant ESG Scale	
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.		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. Our 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 our ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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