Fitch Ratings

Banks
Universal Commercial Banks
Colombia

BBVA Colombia S.A.

Key Rating Drivers

Ratings Derived from Support: BBVA Colombia S.A.'s (BBVA Colombia, the bank) Issuer Default Ratings (IDRs) and National ratings reflect the support it would receive from its parent, Banco Bilbao Vizcaya Argentaria S.A. (BBVA S.A.; BBB+/Stable), should it be required. Fitch Ratings believes BBVA Colombia is a strategic subsidiary for its parent mainly due to the relevance of the Latin American operations and the integration and synergies among the entities. Furthermore, BBVA Colombia's profitability and growth potential also sustain our assessment of support. The LT FC IDR of 'BBB–' is rated two notches below the parent IDR as it is capped by Colombia's Country Ceiling of 'BBB–'.

Leading Franchise in Retail: The bank's Viability Rating (VR) at 'bb+' considers its business profile. BBVA Colombia is a leading franchise in retail banking in Colombia. At August 2022, it was the third largest bank in consumer loans with a market share of 12%, the third largest in mortgages (15.3%), the fourth largest in deposits (11.1%) and ranked fourth by total assets and liabilities. BBVA Colombia's rating also considered the bank's fully integrated risk management structure with that of its parent, as well as its reasonable profitability and reserve cushions, which are commensurate to its rating level. Fitch's capitalization assessment incorporates the ordinary support provided and expected from its parent company.

Good Asset Quality: In Fitch's opinion, BBVA's asset quality metrics are adequate, supported by a conservative risk management, high coverage of loan loss allowances and moderate loan concentrations. The 90-day past due loans ratio improved to 2.3% at September 2022, below the average of the past four years of 3.1%. Tighter underwriting standards implemented since the pandemic and the recovery in the economy during 2022, allowed the decrease in impaired loans. Given the bank's exposure to retail loans, the inflationary pressure and expected slowdown in the economy for YE23, Fitch expects a slight deterioration in the 90-day NPL ratio, around 3%.

Resilient Profitability: At September 2022, BBVA Colombia's profitability metrics show a significant improvement. The operating profit to risk-weighted assets (RWA) ratio was 3.6% (December 2021: 2.7%), which compares in line with the average of the financial system. Within the environment of high interest rates, BBVA Colombia has been able to adequately reprice its assets and liabilities and maintain its net interest margin. For YE23, Fitch doesn't expect 2022's exceptional result to repeat given the less benign operating environment. The core indicator is expected to be around 2.4%, pressured by a lower growth of loans, slightly tighter margins and an expected increase in loan impairment charges.

Tight Capital Metrics: At September 2022, BBVA Colombia's common equity Tier 1 (CET1) was 9.5%, showing a decrease from 10.3% in 2021 and still compares below its local and regional peers, making it the weakest feature in the bank's credit profile. However, its level is in line with the group's policy of maintaining an efficient capital. Fitch expects CET1 ratio to be around 10% at YE23, in line with the growth prospects and capital generation supported by recurrent profitability. Given the bank's importance in Colombia, BBVA S.A.'s regional franchise and its financial capacity, Fitch believes that the parent would provide BBVA Colombia with additional capital should the need arise.

Concentrated Funding, Sound Liquidity: At September 2022, loans to customer deposits ratio was 103.3%, comparing favorably against its peers' average of 109.7%. The bank's liquidity position is ample, according to the parent's strict guidelines which include Basel III guidelines and European regulatory requirements. Fitch expects the bank to continue with its stable funding structure and doesn't expect the core metric of gross loans to customer deposits to significantly deviate from its four-year average of 100.8%.

Ratings

Foreign Currency	
Long-Term IDR	BBB-
Short-Term IDR	F3
Local Currency	
Long-Term IDR	BBB
Short-Term IDR	F2
Viability Rating	bb+
Shareholder Support Rating	bbb–
National	
National Long-Term Rating	AAA(col)
National Short-Term Rating	F1+(col)
Sovereign Risk	
Long-Term Foreign Currency IDR	BB+
Long-Term Local Currency IDR	BB+
Country Ceiling	BBB–

Outlooks

Long-Term Foreign Currency IDR	Stable
Long-Term Local Currency IDR	Stable
National Long-Term Rating	Stable
Sovereign Long-Term Foreign Currency IDR	Stable
Sovereign Long-Term Local Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (September 2022)

National Scale Rating Criteria (December 2020)

Related Research

Colombian Banks Datawatch 2Q22 (November 2022)

LatAm Banks Semiannual Credit Tracker(November 2022)

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Rating Sensitivities

Factors that could, individually or collectively, lead to negative rating action/downgrade:

IDRs and Shareholder Support Rating

- Negative rating action on BBVA S.A.'s IDRs would lead to similar actions in BBVA Colombia's IDRs and potentially its SSR if the parent is downgraded by two notches or more.
- Negative rating action on the Colombian sovereign´s ratings would also lead to a similar action on the LT FC IDR and its SSR as they are capped by the Country Ceiling.
- BBVA Colombia's IDRs and SSR could also change if Fitch's assessment of its parent's ability and/or willingness to support the bank changes.

VR

- BBVA Colombia's VR could be negatively affected if the bank's operating profit to risk weighted assets is consistently below 1.5%, or its CET1 ratio consistently falls below 10%.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

IDRs and Shareholder Support Rating

- BBVA Colombia's IDR will likely remain at the level determined by its own VR, or one notch below the parent's IDR subject to sovereign rating and Country Ceiling considerations, whichever is higher.

VR

- Upside potential for the VR is limited in the near future, as reflected by the Operating Environment assessment and Outlook.
- While not likely in the current operating environment, a positive rating action on Colombia´s sovereign rating could lead to a similar action on BBVA Colombia's VR.

Debt Rating Classes

Rating Level	Rating
Senior Unsecured: National Long-Term	AAA(col)
Subordinated: Long-Term	BB
Subordinated: National Long-Term	AAA(col)

Source: Fitch Ratings

Shareholder Support

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

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

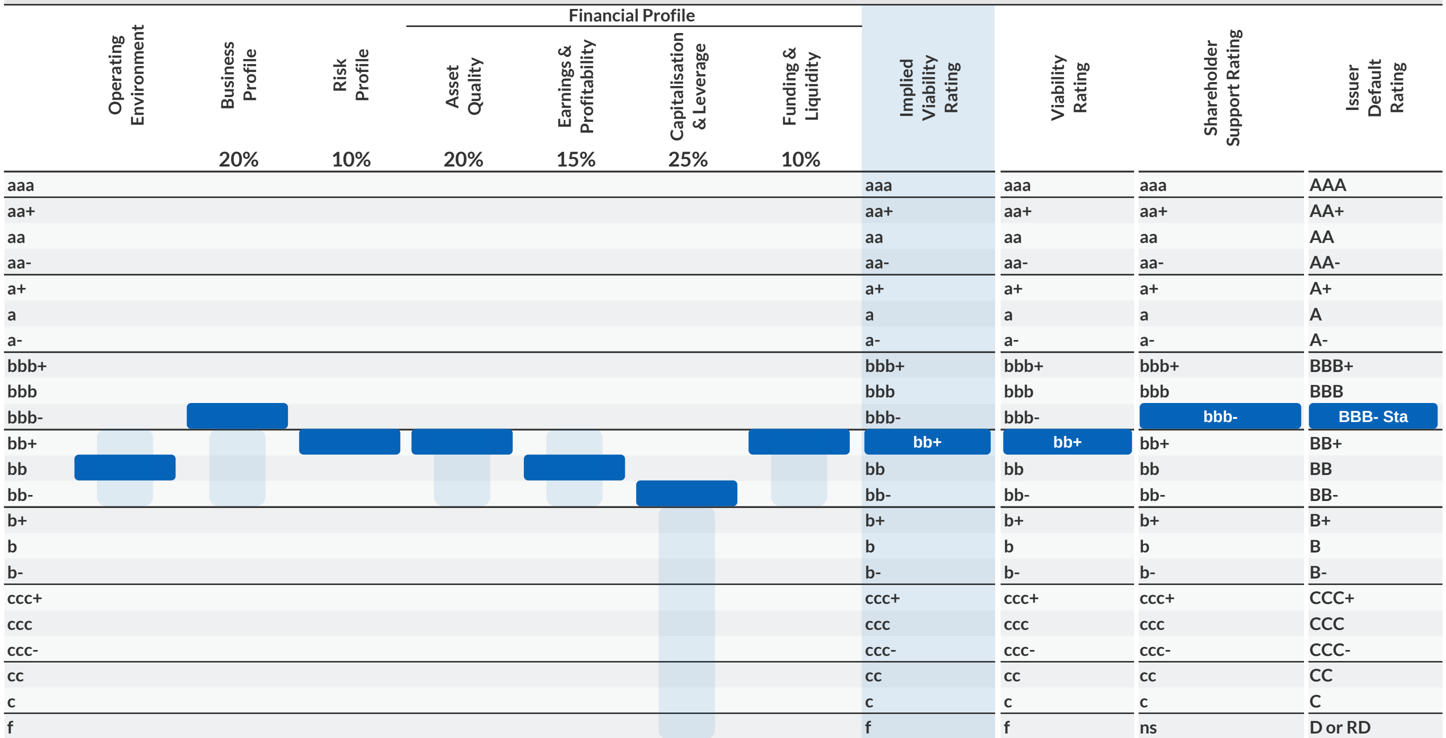
The bank's SSR of 'bbb−' reflects its role as one of BBVA S.A.'s important subsidiaries in Latam. In Fitch's opinion, BBVA Colombia is strategically important for BBVA S.A.'s strategy and institutional support should be forthcoming, if required. The parent has a consistent track record of support for its subsidiaries and its ability to support them is illustrated by its 'BBB+'/Stable.

Ratings Navigator

BBVA Colombia S.A.

ESG Relevance:

Banks
Ratings Navigator



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

VR — Adjustments to Key Rating Drivers

The Business Profile score has been assigned above the implied score due to the following adjustment reason(s): Group Benefits and Risk (positive).

The Capitalization and Leverage score has been assigned above the implied score due to the following adjustment reason: Capital Flexibility and Ordinary Support (positive).

Company Summary and Key Qualitative Factors

Operating Environment

Fitch expects the operating environment for Colombian banks to remain stable and consistent with the 'bb' factor score, despite its expectation for slowing GDP growth in 2023 and a sharp rise in interest rates throughout 2022 to address high inflation. Fitch believes sustained capitalization, improving profitability and lower loan impairment charges provide sufficient resilience to face stress for the banks.

Business Profile

BBVA Colombia is a leading franchise in retail banking in Colombia. At August 2022, it was the third largest bank in consumer loans with a market share of 12%, the third largest in mortgage (15.3%), the fourth largest in deposits (11.1%) and ranked fourth by total assets and liabilities.

The bank is a subsidiary of BBVA S.A and its operation covers corporate, commercial, consumer and mortgage loans. The bank's main business activity is retail banking, targeted at individuals through its extensive branch network, complemented with some corporate and investment banking activities. BBVA Colombia is a universal bank with a loan portfolio that is well diversified by geography, business and customers. BBVA Colombia has maintained its market share while preserving its conservative risk profile, underwriting standards and asset quality. BBVA Colombia's loan portfolio is 40% commercial, 38.1% retail and 22% mortgage. Retail loans consist mainly of payroll loans (59.7%), personal loans (22.3%) and credit cards (11%).

BBVA S.A currently controls 95.43% of BBVA Colombia's shares. BBVA Colombia benefits from the support the parent organization provides to its franchises worldwide, particularly considering the value of BBVA's international operations and their strategic importance for the entity's future. Like all of the regional subsidiaries, BBVA Colombia is completely aligned with the policies of its parent and has implemented all the necessary controls in key areas to remain in compliance with the group's in-house policies and regulatory requirements.

BBVA Colombia has a clear long- term strategy. Its strategy for 2022–2024 is based on seven pillars: open market and partnerships; small and medium enterprises (SMEs); relational models; cross selling; technological improvement; sustainability; and have the best and most committed team. The main actions having a higher impact on the bank's results are: develop tailor-made solutions through current channels, with a focus on payroll and credit cards; focus on SMEs as the main driver of growth in the commercial segment; update of the relational model to increase productivity; and cross selling of products to boost the client's relationship.

Historically, BBVA Colombia have achieved its objectives; even under stressed scenarios, it has been able to maintain an adequate financial performance. At June 2022, the bank had an exceptional result. It exceeded its budget of net interest income by 162%, with significant performance in net interest margin, net commissions and lower charges of loan losses.

Risk Profile

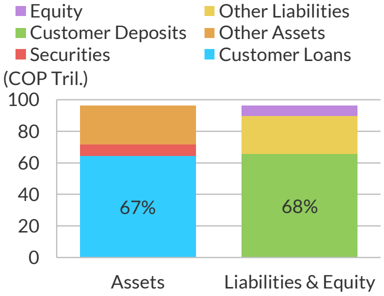
Strong Risk Management aligned with Global Risk Management Policies

Despite BBVA Colombia's retail focus, Fitch view the bank's risk profile as conservative, considering its lending requirements and sound risk management, with well-defined systems and procedures that have proven effective during periods of market turmoil. The bank's risk management structure is fully integrated with that of its parent, and it applies all of BBVA's global risk management policies. The risk appetite of the entity follows a global statement, core and specific risk metrics and capital consumption.

At June 2022, the loan portfolio increased by 11.9%, above the average of the past four years of 7.5%, and the growth of the financial system of 9%. The higher growth rate reflects the recovery of the economy, after the impact of COVID-19 in 2020 and the strategy of the bank to grow in the SMEs portfolio and pre-approved loans in the credit card segment. The increase in the corporate and retail portfolio of 17.1% and 11.7% is driving the loan's increase. The mortgage portfolio had a moderate increase of 3.7%, as the bank doesn't want to increase its market share at the expense of losses. Given that 2021 and 2022 were recovery years, along with high inflation and a less benign operating environment. For 2023 Fitch, expects a growth rate of one digit, around 5%. At the same date, total assets increased 11.9%, explained by the

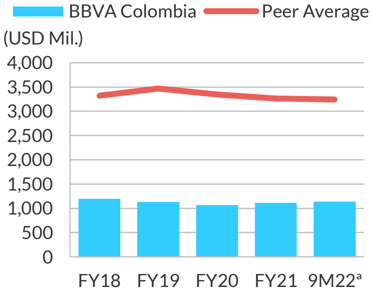
Balance Sheet

(Ended Sept. 2022)



Source: Fitch Ratings

Total Operating Income



[a]Annualized.
Source: Fitch Ratings, Fitch Solutions

increase in the loan's portfolio and the significant growth of 143.3% in derivatives. This resulted mainly from the increase of interest rate swaps and foreign currency swaps, mainly corresponding to closed operations with BBVA.

Summary Financials

	9/30/22 Nine Months — Third Quarter		2021	2020	2019
	(USD Mil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)	(COP Bil.)
(Year End as of Dec. 31)	Reviewed — Unqualified	Reviewed — Unqualified	Audited — Unqualified	Audited — Unqualified	Audited — Unqualified
Summary Income Statement					
Net Interest and Dividend Income	629	2,849.0	3,282.7	3,170.9	3,134.3
Net Fees and Commissions	58	263.8	217.7	206.4	36.1
Other Operating Income	60	272.9	660.1	563.5	538.3
Total Operating Income	747	3,385.7	4,160.5	3,940.8	3,708.7
Operating Costs	217	984.9	1,846.9	1,731.5	1,682.4
Pre-Impairment Operating Profit	530	2,400.8	2,313.6	2,209.3	2,026.3
Loan and Other Impairment Charges	180	817.9	977.5	1,501.2	952.8
Operating Profit	349	1,582.9	1,336.1	708.1	1,073.5
Other Non-Operating Items (Net)	N.A.	N.A.	(0.1)	(4.4)	(2.2)
Tax	131	594.0	444.2	240.1	337.7
Net Income	218	988.9	891.8	463.6	733.6
Other Comprehensive Income	(40)	(179.1)	(26.1)	133.6	188.8
Fitch Comprehensive Income	179	809.8	865.7	597.2	922.4
Summary Balance Sheet					
Assets					
Gross Loans	14,979	67,886.4	58,953.0	52,377.4	49,656.6
- of which impaired	303	1,372.3	1,536.8	1,374.4	1,718.5
Loan Loss Allowances	774	3,507.2	3,223.2	3,224.2	2,573.3
Net Loan	14,205	64,379.2	55,729.8	49,153.2	47,083.3
Interbank	145	657.0	761.0	520.5	489.9
Derivatives	2,250	10,197.9	3,291.0	3,809.9	2,071.6
Other Securities and Earning Assets	1,651	7,482.0	7,452.8	7,558.3	8,801.8
Total Earning Assets	18,251	82,716.1	67,234.6	61,041.9	58,446.6
Cash and Due From Banks	2,401	10,880.4	10,268.7	5,746.0	5,152.3
Other Assets	622	2,817.7	2,416.7	2,100.6	2,134.8
Total Assets	21,274	96,414.2	79,920.0	68,888.5	65,733.7
Liabilities					
Customer Deposits	14,508	65,749.1	59,165.9	51,951.6	47,320.1
Interbank and Other Short-Term Funding	791	3,583.2	3,696.7	506.3	5,221.2
Other Long-Term Funding	1,722	7,805.5	5,362.7	4,911.2	3,976.4
Trading Liabilities and Derivatives	2,201	9,975.6	3,454.8	4,107.2	2,039.1
Total Funding and Derivatives	19,222	87,113.4	71,680.1	61,476.3	58,556.8
Other Liabilities	617	2,794.8	2,100.0	1,904.0	1,965.0
Preference Shares and Hybrid Capital	N.A.	N.A.	N.A.	N.A.	N.A.
Total Equity	1,436	6,506.0	6,139.9	5,508.2	5,211.9
Total Liabilities and Equity	21,274	96,414.2	79,920.0	68,888.5	65,733.7
Exchange Rate		USD1 = COP4532.07	USD1 = COP3997.71	USD1 = COP3444.90	USD1 = COP3294.05

N.A. – Not applicable.
Source: Fitch Ratings

Key Ratios

(%, as of Dec. 31)	9/30/22	2021	2020	2019
Ratios (annualized as appropriate)				
Profitability				
Operating Profit/Risk-Weighted Assets	3.6	2.7	1.6	2.1
Net Interest Income/Average Earning Assets	5.0	5.2	5.1	5.6
Non-Interest Expense/Gross Revenue	29.1	44.4	43.9	45.4
Net Income/Average Equity	21.2	15.6	8.9	15.2
Asset Quality				
Impaired Loans Ratio	2.3	2.6	2.6	3.5
Growth in Gross Loans	15.2	12.6	5.5	7.4
Loan Loss Allowances/Impaired Loans	255.6	209.7	234.6	149.7
Loan Impairment Charges/Average Gross Loans	1.7	1.8	2.9	2.0
Capitalization				
Common Equity Tier 1 Ratio	9.5	10.3	10.3	N.A.
Fully Loaded Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.
Fitch Core Capital Ratio	10.7	12.1	12.7	10.3
Tangible Common Equity/Tangible Assets	6.6	7.5	7.8	7.8
Basel Leverage Ratio	N.A.	N.A.	N.A.	N.A.
Net Impaired Loans/Common Equity Tier 1	(37.8)	N.A.	N.A.	N.A.
Net Impaired Loans/Fitch Core Capital	(33.7)	(28.1)	(33.6)	(16.4)
Funding and Liquidity				
Gross Loans/Customer Deposits	103.3	99.6	100.8	104.9
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Non-Equity Funding	85.2	86.7	90.6	80.8
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable.
Source: Fitch Solutions, Fitch Ratings, BBVA Colombia

Key Financial Metrics — Latest Developments

Asset Quality

In Fitch's opinion, BBVA Colombia's asset quality metrics are adequate, supported by a conservative risk management, high coverage of loan loss allowances and moderate loans' concentrations. The 90-day past-due loans ratio improved to 2.3% at September 2022, below the average of the past four years of 3.1%. Tighter underwriting standards implemented since the pandemic and the recovery in the economy during 2022, allowed the decrease in impaired loans. Given the bank's exposure to retail loans, the inflationary pressure and expected slowdown in the economy for YE23, Fitch expects a slight deterioration in the 90-day NPL ratio, around 3%.

In Fitch's opinion, BBVA Colombia has an adequate level of loan loss allowances to offset the risk from potential loan impairments. At September 2022, reserve coverage continues high at 255.6%, and compares favorably with the banking system average of 162.5%. Concentration by industry is moderate; on a consolidated basis, its top 20 group exposures represented 16.6% of gross loans at June 2022. Currently, no economic sector is a source of concern for the bank. Historically, chargeoffs have remained below 1%; however, at September 2022, net chargeoffs to average gross loans increased to 1.5%.

Earnings and Profitability

At September 2022, BBVA Colombia's profitability metrics show a significant improvement. The operating profit to RWA ratio was 3.6% (December 2021: 2.7%), which compares in line with the financial system average. Within the environment of high interest rates, BBVA Colombia has been able to adequately reprice its assets and liabilities and maintain its net interest margin. Moreover, the increase in gross loans, accompanied with good asset quality and the improvement in efficiency, have underpinned the bank's profitability.

For YE23, Fitch doesn't expect 2022's exceptional result to repeat given the less benign operating environment. The core indicator is expected to be around 2.4%, pressured by a lower growth of loans, slightly tighter margins and an expected increase in loan impairment charges.

BBVA has made significant progress in cost savings through the implementation of different optimization plans, the later in addition to the increase in operating income, resulted in an operating efficiency ratio (non-interest expense/gross revenues) of 29.1% at September 2022, which compares favorably to its peer average of 43.1%. At the same date, loan impairment charges accounted for 34.% of pre-impairment operating profit, improving significantly from 68% in 2020.

Capitalization and Leverage

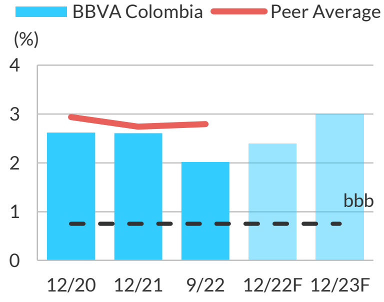
At September 2022, BBVA Colombia's CET1 was 9.5%, showing a decrease from 10.3% in 2021 and still compares below its regional peers, making it the weakest feature in the bank's credit profile. However, its level is in line with the group´s policy of maintaining an efficient capital. The increase of 20% of total RWAs is the main driver of the contraction in the capitalization metrics. Despite this, in Fitch's opinion, the bank's capital ratios remain adequate, considering its conservative risk management, profitability and ordinary support. Fitch expects CET1 ratio to be around 10% at YE23, in line with the growth prospects and capital generation supported by recurrent profitability.

Funding and Liquidity

In Fitch's opinion, BBVA Colombia has an adequate funding structure and liquidity. At September 2022, loans to customer deposits ratio was 103.3%, comparing favorably against its peers' average of 109.7%. Customer deposits accounted for 85.2% of total funding; additional funding sources include borrowings from banks and subordinated bonds, which allows the bank to manage the mismatch of assets and liabilities. Fitch expects the bank to continue with its stable funding structure, and doesn't expect the core metric of gross loans to customer deposits to significantly deviate from its four-year average of 100.8%.

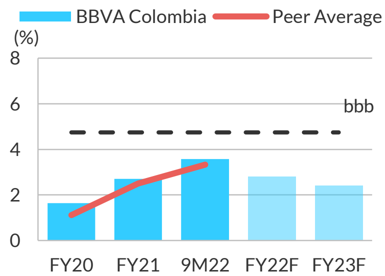
The deposit base consisted primarily of saving accounts (50.1%), followed by term deposits (34.2%) and current accounts (14.1%), however the bank has been changing this composition, decreasing term deposits and increasing savings accounts, as a strategy to adequately manage

Impaired Loans/Gross Loans



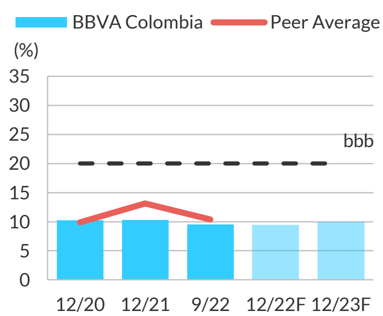
Source: Fitch Ratings, Fitch Solutions

Operating Profit/ Risk-Weighted Assets



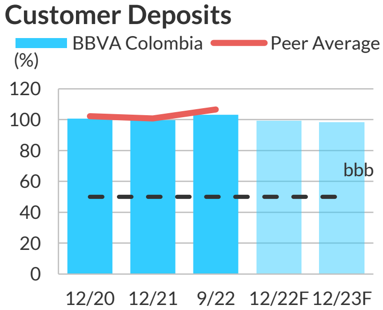
Source: Fitch Ratings, Fitch Solutions

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions

Gross Loans/ Customer Deposits



Source: Fitch Ratings, Fitch Solutions

its financial margin. The bank has a moderate concentration by depositor, with the top 20 equaling 21.8% of deposits at June 2022. In the last years, the bank has been decreasing its concentration from institutional depositors, thus the depositor's concentration has improved. However, at June 2022, nearly 77% of deposits still come from institutional investors, resulting in higher funding costs compared to banks with a wider retail deposit base.

BBVA has a clear policy defining how liquidity is managed and what minimum levels of liquidity are to be maintained. The banks liquidity position is ample, according to the parent's strict guidelines which include Basel III guidelines and European regulatory requirements. At June 2022, BBVA Colombia's liquid assets covered 30% of deposits.

About Fitch Forecasts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of our macroeconomic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may differ significantly from the guidance provided by the rated entity to the market. To the extent Fitch is aware of material nonpublic information with respect to future events such as planned recapitalizations or mergers and acquisitions activity, Fitch will not reflect these nonpublic future events in our published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process. Black-dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bb' category. Light-blue columns represent Fitch's forecasts. Peer average includes Bancolombia S.A. (VR: bb+), Banco de Bogota, S.A. (bb+), Banco Davivienda S.A. (bb+), Grupo Financiero Banorte, S.A.B. de C.V. (bbb-), Banco General S.A. (bbb-), Banco de Credito del Peru S.A. (bbb). Latest average uses 3Q22 data for all banks and FY21 data for Grupo Financiero Banorte, S.A.B. de C.V.

Environmental, Social and Governance Considerations

FitchRatings **BBVA Colombia S.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

BBVA Colombia S.A. has 5 ESG potential rating drivers

- BBVA Colombia S.A. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.