FitchRatings



# Deutsche Bank AG

## Update

## Key Rating Drivers

**Restructuring Completed:** Deutsche Bank AG's ratings reflect the completion of the bulk of its restructuring and its more stable, fairly diversified, business model, albeit with a still large contribution from more volatile capital market activities and lack of pricing power in its domestic banking market. The bank's sound risk appetite, asset quality, funding and liquidity also support the ratings.

Profitability has substantially improved over the past four years, but Fitch Ratings expects it to remain below that of higher-rated global trading and universal bank (GTUB) peers in the near term. Weaker organic capital generation and a lower regulatory leverage ratio than the European peer average also result in the bank's capitalisation being only adequate.

**More Balanced Business Profile:** Deutsche Bank has a fairly diverse business model, focused on four businesses: its corporate bank (CB), investment bank (IB), private bank (PB) and the asset management (AM) business. The revenue contribution and cost/income ratios of the CB and PB have substantially improved and, together with AM, these businesses accounted for 67% of total revenue in 9M23.

**Improving Risk Controls:** Non-financial risk controls still lag behind those of peers. Large investments and improved anti-financial crime controls since 2019 have reduced litigation costs and regulatory fines, although the bank's business model will remain exposed to these risks. Underwriting standards are conservative. Appetite for market risk is fairly limited despite sizeable trading operations. Interest-rate risk in the banking book is largely hedged.

**Resilient Asset Quality:** We expect Deutsche Bank's asset quality to deteriorate moderately in the current economic downturn and its impaired loan ratio to rise to about 3% in the next two years, driven by defaults in the bank's commercial real-estate and corporate portfolios. The bank's large exposure to Germany and good record of managing credit risk mitigate lower precautionary loan loss allowances compared with peers. Non-loan assets are generally of good credit quality and are neutral to our asset-quality assessment.

**Moderate but Improving Earnings:** The bank's operating profit/risk-weighted assets (RWAs) improved to 1.9% in 9M23, as higher net interest income more than offset declining revenue in the IB and higher loan impairment charges (LICs). Net interest margins are likely to decline but the bank should maintain operating profit/RWAs above 1.5% by growing fee income in the next two years. However, the full realisation of the cost-cutting and revenue-growth initiatives remains subject to material execution risk in the increasingly volatile economic environment.

**Adequate Capitalisation:** Capitalisation is adequate in light of lower risks from the bank's restructuring. They reflect Deutsche Bank's improved, but still modest, internal capital generation relative to GTUB peers. We expect the common equity Tier 1 (CET1) capital ratio and the Basel leverage ratio to remain in line with the bank's targets of about 13% and at least 4.5%, respectively, in the next two years, as capital retention should offset regulatory RWA inflation, and controlled business growth should result in broadly flat leverage exposure.

**Diversified Funding; Sound Liquidity:** The bank took measures to maintain its solid domestic deposit franchise, limiting its reliance on market funding. The latter is well-diversified but remains more confidence-sensitive than GTUB peers, as evidenced by the sharper fall of Deutsche Bank's bond prices in late March. We expect liquidity to continue declining close to the bank's target as targeted longer-term refinancing operations drawings mature, and expect loan and deposit balances to remain broadly in line with end-September 2023 levels.

## Ratings

| **Foreign Currency** | |
|---|---|
| Long-Term IDR | A- |
| Short-Term IDR | F2 |
| Derivative Counterparty Rating | A(dcr) |
| Viability Rating | a- |
| Government Support Rating | ns |

| **Sovereign Risk (Germany)** | |
|---|---|
| Long-Term Foreign-Currency IDR | AAA |
| Long-Term Local-Currency IDR | AAA |
| Country Ceiling | AAA |

| **Outlooks** | |
|---|---|
| Long-Term Foreign-Currency IDR | Stable |
| Sovereign Long-Term Foreign-Currency IDR | Stable |
| Sovereign Long-Term Local-Currency IDR | Stable |

## Applicable Criteria

Bank Rating Criteria (September 2023)

## Related Research

Fitch Upgrades Deutsche Bank to 'A-'; Outlook Stable (July 2023)

Deutsche Bank AG Rating Report (July 2023)

DM100 Banks Tracker (November 2023)

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## Rating Sensitivities

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

The ratings could come under pressure if the bank fails to at least stabilise its cost-efficiency, or if revenue significantly declines due to market-wide disruptions, or franchise erosion in core businesses relative to its peers, leading to operating profit/RWAs durably below 1.5%. Rating pressure would also arise if a deterioration of credit conditions globally hinders adequate operating profits, for example, by triggering persistently high LICs and durably eroding the CET1 ratio below 13%.

We could also downgrade the ratings if the bank's liquidity metrics fall more than expected, leading to loss of market confidence, without swift recovery prospects or following significantly higher than anticipated operational losses, for example, from civil litigation or regulatory fines.

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

Upgrade potential is limited, given Deutsche Bank's business profile. An upgrade would require an increase of the bank's CET1 ratio to well above 14%, contingent on a substantial improvement of the bank's cost-efficiency along with franchise growth in stable and profitable businesses. This would have to result in a balanced revenue profile, as seen at higher rated peers, and operating profit/RWAs sustainably above 2%. An upgrade would also require clear evidence of lower confidence sensitivity in the bank's funding and liquidity, while maintaining sound risk appetite and asset quality.

## Other Debt and Issuer Ratings

| | Deutsche Bank AG | Deutsche Bank AG, London Branch | Deutsche Bank Trust Corporation | Deutsche Bank Securities, Inc. | Deutsche Bank Trust Company Americas | Deutsche Bank National Trust Company |
|---|---|---|---|---|---|---|
| IDRs | A-/Stable/F2 | A-/Stable/F2 | A-/Stable/F2 | A-/Stable/F2 | A-/Stable/F2 | A-/Stable/F2 |
| Viability Rating | a- | | | | | |
| Government Support Rating | ns | | | | | |
| Shareholder Support Rating | | | a- | a- | a- | a- |
| Derivative Counterparty Rating | A(dcr) | A(dcr) | | A(dcr) | | |
| Deposits | A/F1 | A/F1 | | | A/F1 | |
| Senior preferred debt | A/F1 | A/F1 | | | | |
| Senior non-preferred debt | A- | A- | | | | |
| Senior unsecured debt | | | | | | |
| Subordinated Tier 2 notes | BBB | BBB | | | | |
| Hybrid Tier 1 notes | BB+ | | | | | |
| State-guaranteed notes | AA- | | | | | |

Source: Fitch Ratings

Deutsche Bank's funding and liquidity score of 'a-' constrains the bank's Short-Term IDR at 'F2', the lower of two options mapping to the Long-Term IDR of 'A-'.

Deutsche Bank's Derivative Counterparty Rating (DCR), long-term deposit and senior preferred (SP) debt ratings are one notch above Deutsche Bank's Long-Term IDR, and the senior non-preferred (SNP) debt rating is aligned with the Long-Term IDR. This reflects the protection of preferred creditors by large SNP and junior debt buffers (18.6% of RWAs at end-September 2023). The buffers are underpinned by the bank's subordinated minimum requirement for own funds and eligible liabilities (MREL) of 25.4% of RWAs, which is higher than its total loss-absorbing capacity requirement of 23.1%.

Deutsche Bank's short-term deposit and senior preferred debt ratings of 'F1' are above the bank's Short-Term IDR due to the protection of preferred creditors by large SNP and junior debt buffers.

We rate the Tier 2 notes two notches below the Viability Rating (VR) to reflect the poor recovery prospects of these instruments. We rate Deutsche Bank's additional Tier 1 (AT1) notes and legacy Tier 1 notes issued by Deutsche Postbank Funding Trust I and III four notches below the VR (two notches for poor recovery prospects and two notches for non-performance risk). The bank had a broadly stable and sufficient buffer of 278bp over the minimum required to pay coupons on its AT1s at end-September 2023.

Senior and Tier 2 bonds issued by DSL Bank are notched up three times from Deutsche Bank's Long-Term IDR, reflecting their outstanding recovery prospects. The German government (AAA/Stable), which guarantees these bonds until maturity, is extremely likely to fully reimburse the grandfathered creditors if Deutsche Bank defaults. However, we see no certainty that a reimbursement would be on a timely basis as the DSL Transformation Act from 1999, on which the state guarantee is based, does not oblige the government to honour the guarantee on first demand.

## Significant Changes from Last Review

### Corporate and Private Banking Support Solid 9M23 Performance

Deutsche Bank had another solid quarter, leading to an adequate operating profit/RWAs ratio of 1.9% in 9M23. Revenue was up 6% year-on-year (yoy) in 9M23, driven by a strong growth in the CB and PB, due mainly to higher interest rates. This more than compensated the material decline in the IB and AM businesses, putting Deutsche Bank on track to reach the higher end of its revenue guidance of EUR29 billion for 2023.

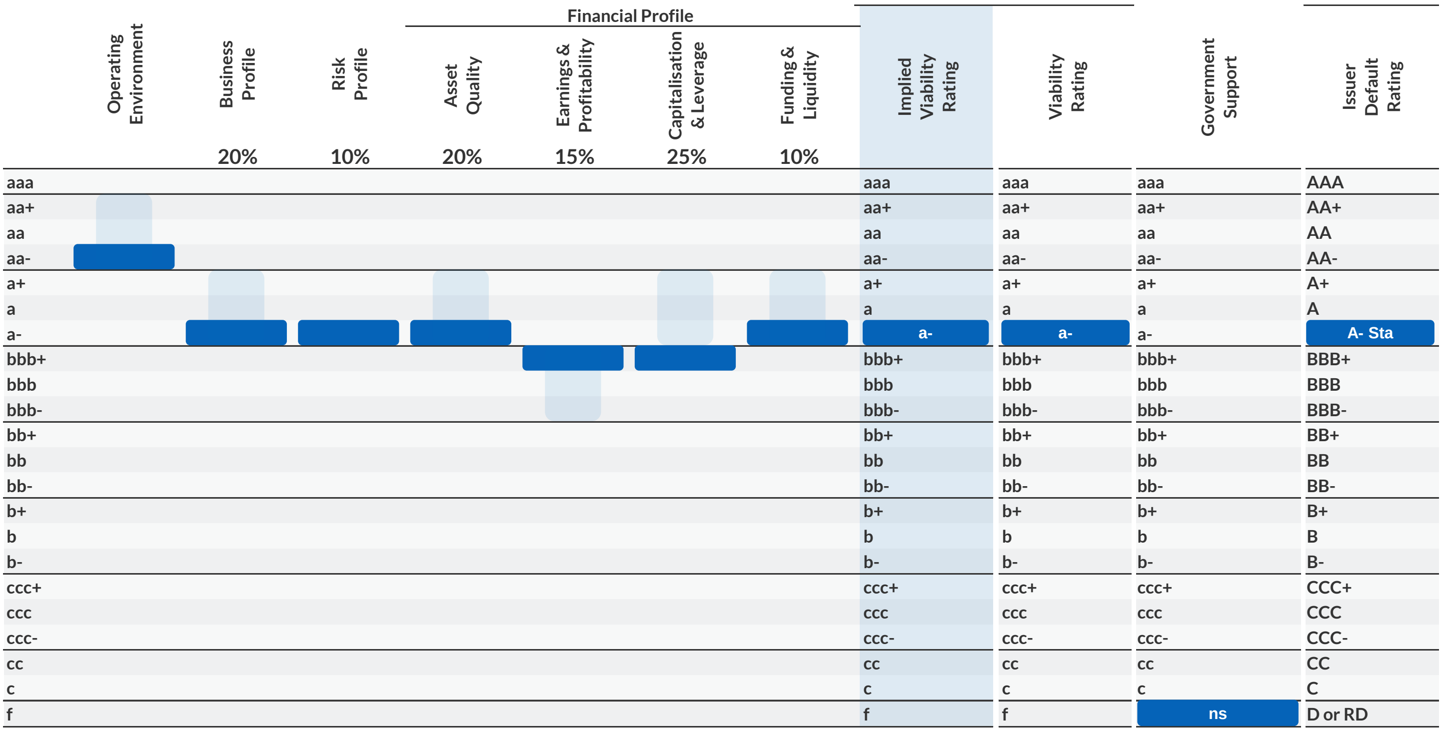
Non-interest expenses increased 7% yoy, nearly at the same pace as revenue (+6% yoy) in 9M23, mainly driven by litigation expenses in 2Q23, and restructuring and severance costs, while recurrent costs were managed tightly. In 4Q23, the impairment of about EUR250 million goodwill related to the acquisition of Numis and the booking of EUR300 million–350 million of restructuring expenses will moderately affect the bank's performance. As a result, 2023 reported costs will likely exceed their 2022 levels.

Similar to 2022, net income in 2023 will likely benefit from one-offs, including a deferred tax asset valuation adjustment and a potential restitution payment from the German resolution fund.

Annualised LICs declined to 20bp in 3Q23 from 33bp in 2Q23, resulting in 28bp for 9M23, which is in line with European average and the bank's guidance of 25bp–30bp for 2023. The quarterly decline resulted from a release of model-driven precautionary provisions, while Stage 3 impairments remained broadly in line with 1H23. We continue to view the bank's EUR40 billion CRE non-recourse exposure as particularly vulnerable to higher interest rates, but Deutsche Bank's impaired loan ratio of 2.6% at end-September 2023 remains fairly low.

The CET1 ratio increased 19bp quarter-on-quarter to 13.9% at end-September 2023 as data improvements and other RWA optimisation measures offset the acquisition of Numis and regulatory-driven model changes. The CET1 ratio is now comfortably above the bank's target of about 13%. The bank has also lowered its estimate of the Basel III endgame rules-driven increase in RWAs by EUR10 billion–15 billion and increased its RWA reduction target from EUR15 billion-20 billion to EUR25 billion-30 billion, therefore increasing the scope for distributions. Deposits increased 3% quarter-on-quarter at end-September 2023, mainly in the CB, after net outflows in 1H23. Liquidity metrics are also resilient, despite the repayment of TLTRO tranches.

## 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 capitalisation and leverage score of 'bbb+' is below the 'a' category implied score, due to the following adjustment reason: internal capital generation and growth (negative).

## Financials

### Financial Statements

| | 30 September 2023 | | 31 December 2022 | 31 December 2021 | 31 December 2020 |
|---|---|---|---|---|---|
| | 9 months - 3rd quarter | 9 months - 3rd quarter | Year end | Year end | Year end |
| | (USDm) | (EURm) | (EURm) | (EURm) | (EURm) |
| | Unaudited | Unaudited | Audited - unqualified | Audited - unqualified | Audited - unqualified |
| **Summary income statement** | | | | | |
| Net interest and dividend income | 10,994 | 10,378 | 13,650 | 11,155 | 11,526 |
| Net fees and commissions | 7,447 | 7,029 | 9,838 | 10,934 | 9,424 |
| Other operating income | 5,099 | 4,813 | 3,534 | 3,322 | 3,079 |
| Total operating income | 23,540 | 22,220 | 27,022 | 25,411 | 24,029 |
| Operating costs | 17,187 | 16,223 | 20,439 | 21,523 | 21,247 |
| Pre-impairment operating profit | 6,353 | 5,997 | 6,583 | 3,888 | 2,782 |
| Loan and other impairment charges | 1,077 | 1,017 | 1,226 | 493 | 1,761 |
| Operating profit | 5,276 | 4,980 | 5,357 | 3,395 | 1,021 |
| Other non-operating items (net) | 0 | 0 | 237 | -5 | 0 |
| Tax | 1,608 | 1,518 | -65 | 880 | 397 |
| Net income | 3,668 | 3,462 | 5,659 | 2,510 | 624 |
| Other comprehensive income | -195 | -184 | -267 | 1,334 | -1,386 |
| Fitch comprehensive income | 3,473 | 3,278 | 5,392 | 3,844 | -762 |
| | | | | | |
| **Summary balance sheet** | | | | | |
| Assets | | | | | |
| Gross loans | 513,554 | 484,760 | 493,764 | 476,074 | 431,803 |
| - Of which impaired | 13,289 | 12,544 | 11,713 | 11,925 | 11,848 |
| Loan loss allowances | 5,347 | 5,047 | 4,790 | 4,754 | 4,808 |
| Net loans | 508,208 | 479,713 | 488,974 | 471,320 | 426,995 |
| Interbank | 6,578 | 6,209 | 7,195 | 7,342 | 9,130 |
| Derivatives | 304,680 | 287,597 | 301,103 | 299,732 | 343,455 |
| Other securities and earning assets | 264,531 | 249,699 | 221,692 | 230,001 | 249,755 |
| Total earning assets | 1,083,997 | 1,023,218 | 1,018,964 | 1,008,395 | 1,029,335 |
| Cash and due from banks | 179,757 | 169,678 | 178,896 | 192,021 | 166,208 |
| Other assets | 175,199 | 165,376 | 138,928 | 123,577 | 129,716 |
| Total assets | 1,438,953 | 1,358,272 | 1,336,788 | 1,323,993 | 1,325,259 |
| | | | | | |
| **Liabilities** | | | | | |
| Customer deposits | 647,616[a] | 611,305[a] | 536,403 | 519,435 | 492,599 |
| Interbank and other short-term funding | 13,036 | 12,305 | 139,278 | 142,484 | 124,643 |
| Other long-term funding | 213,180 | 201,227 | 138,112 | 150,149 | 154,634 |
| Trading liabilities and derivatives | 337,857 | 318,914 | 333,756 | 341,826 | 372,091 |
| Total funding and derivatives | 1,211,689 | 1,143,751 | 1,147,549 | 1,153,894 | 1,143,967 |
| Other liabilities | 148,439 | 140,116 | 116,411 | 101,541 | 117,775 |
| Preference shares and hybrid capital | 9,629 | 9,089 | 9,078 | 8,833 | 7,145 |
| Total equity | 69,196 | 65,316 | 63,750 | 59,725 | 56,372 |
| Total liabilities and equity | 1,438,953 | 1,358,272 | 1,336,788 | 1,323,993 | 1,325,259 |
| Exchange rate | | USD1 = EUR0.943931 | USD1 = EUR0.937559 | USD1 = EUR0.884173 | USD1 = EUR0.821963 |

[a] Include deposits from banks, not disclosed separately in interim reports
Source: Fitch Ratings, Fitch Solutions, Deutsche Bank

## Key Ratios

| | 30 September 2023 | 31 December 2022 | 31 December 2021 | 31 December 2020 |
|---|---|---|---|---|
| **Ratios (%; annualised as appropriate)** | | | | |
| | | | | |
| **Profitability** | | | | |
| Operating profit/risk-weighted assets | 1.9 | 1.5 | 1.0 | 0.3 |
| Net interest income/average earning assets | 1.4 | 1.3 | 1.1 | 1.1 |
| Non-interest expense/gross revenue | 73.0 | 76.1 | 85.0 | 88.9 |
| Net income/average equity | 7.2 | 9.2 | 4.3 | 1.1 |
| | | | | |
| **Asset quality** | | | | |
| Impaired loans ratio | 2.6 | 2.4 | 2.5 | 2.7 |
| Growth in gross loans | -1.8 | 3.7 | 10.3 | 1.0 |
| Loan loss allowances/impaired loans | 40.2 | 40.9 | 39.9 | 40.6 |
| Loan impairment charges/average gross loans | 0.3 | 0.2 | 0.1 | 0.4 |
| | | | | |
| **Capitalisation** | | | | |
| Common equity Tier 1 ratio | 13.9 | 13.4 | 13.2 | 13.6 |
| Tangible common equity/tangible assets | 3.8 | 4.0 | 3.9 | 3.7 |
| Basel leverage ratio | 4.7 | 4.6 | 4.9 | 4.8 |
| Net impaired loans/common equity Tier 1 capital | 15.2 | 14.4 | 15.4 | 15.8 |
| | | | | |
| **Funding and liquidity** | | | | |
| Gross loans/customer deposits | 79.3[a] | 92.1 | 91.7 | 87.7 |
| Liquidity coverage ratio | 137.0 | 135.0 | 133.1 | 144.8 |
| Customer deposits/total non-equity funding | 69.4[a] | 61.4 | 59.3 | 59.8 |
| Net stable funding ratio | 121.0 | 120.0 | 121.0 | n.a. |

[a] Include deposits from banks, not disclosed separately in interim reports
Source: Fitch Ratings, Fitch Solutions, Deutsche Bank

## Support Assessment

| Commercial Banks: Government Support | |
|---|---|
| Typical D-SIB GSR for sovereign's rating level (assuming high propensity) | a+ to a- |
| Actual jurisdiction D-SIB GSR | ns |
| Government Support Rating | ns |
| | |
| **Government ability to support D-SIBs** | |
| Sovereign Rating | AAA/ Stable |
| Size of banking system | Negative |
| Structure of banking system | Neutral |
| Sovereign financial flexibility (for rating level) | Positive |
| | |
| **Government propensity to support D-SIBs** | |
| Resolution legislation | Negative |
| Support stance | Negative |
| | |
| **Government propensity to support bank** | |
| Systemic importance | Neutral |
| Liability structure | Neutral |
| Ownership | Neutral |

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

Deutsche Bank's Government Support Rating (GSR) of 'no support' reflects our view that, due to German resolution legislation, senior creditors cannot rely on receiving full extraordinary state support if the bank becomes non-viable.

## Subsidiaries and Affiliates

Deutsche Bank AG, London Branch's ratings are equalised with Deutsche Bank's as they refer to the same legal entity.

The IDRs of Deutsche Bank's US subsidiaries Deutsche Bank Securities, Inc., Deutsche Bank Trust Corporation, Deutsche Bank Trust Company Americas (DBTCA), and Deutsche Bank National Trust Company are based on their Shareholder Support Ratings (SSRs), which are aligned with Deutsche Bank's Long-Term IDR. This reflects the subsidiaries' high integration and core roles in supporting the group's capital-market activities.

The DCR of Deutsche Bank Securities Inc. and the deposit ratings of DBTCA also reflect the protection that could accrue to derivative counterparties from the bail-in debt and equity buffers at the level of the intermediate holding company DB USA Corporation, and that the depositor preference in the US would result in good recovery prospects.

The ratings of the above entities are primarily sensitive to Deutsche Bank's IDRs, from which they are derived. The subsidiaries' ratings are also sensitive to a perceived decline in their strategic importance to the group.

## Environmental, Social and Governance Considerations

FitchRatings **Deutsche Bank AG**

**Banks**
**Ratings Navigator**

**Credit-Relevant ESG Derivation**

| | | | | ESG Relevance to Credit Rating |
|---|---|---|---|---|
| Deutsche Bank AG has 5 ESG potential rating drivers<br>➡ Deutsche Bank AG 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.<br>➡ Governance is minimally relevant to the rating and is not currently a driver. | key driver | 0 | issues | 5 |
| | driver | 0 | issues | 4 |
| | potential driver | 5 | issues | 3 |
| | not a rating driver | 4 | issues | 2 |
| | | 5 | issues | 1 |

**Environmental (E) Relevance Scores**

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

**Social (S) Relevance Scores**

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

**Governance (G) Relevance Scores**

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

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

**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

**The Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

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

**CREDIT-RELEVANT ESG SCALE**

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

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://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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