

Erste Group Bank AG

Key Rating Drivers

Strong Franchise, Sound Financials: Erste Group Bank AG's (Erste) ratings reflect its diversified business model, focused on retail and corporate banking, underpinned by leading franchises in Austria and in its main central and eastern European (CEE) core markets of Czech Republic, Slovakia and Romania. They also reflect the bank's sound financial profile and resilience, the strong execution of its consistent strategy and tightened risk appetite.

Impaired Loans to Increase: The dominance of Erste's fairly low-risk Austrian lending and stable Czech operations support its asset quality. Exposure to other countries in CEE gives rise to potential volatility in earnings and asset quality, but Fitch Ratings believes risk controls and credit standards are robust. We expect the impact of the pandemic on Erste's impaired loans to materialise in 2021 as state support to the economy is likely to be gradually unwound. However, Stage 3 loans ratio should remain below 5% and return towards 3% in the medium term.

Profitability to Decline: Operating profit/risk-weighted assets (RWAs) declined to 1.2% in 9M20 due to the front-loading of expected credit losses, and we expect the ratio to remain close to this level this year. Nonetheless, we believe Erste's pre-impairment profit will continue to benefit from the sound operating margins and long-term growth potential in its main markets of operation. Erste has room to improve its cost efficiency, particularly in Austria. We believe the management's cost/income ratio target of 55% for 2024 is challenging but achievable.

Adequate Capital Buffers: Erste's transitional common equity Tier 1 (CET1) ratio of 14.2% at end-3Q20 and fully-loaded target of 13.5% solidly exceed its regulatory requirements and are in line with its risk profile. Profit contribution from its geographically diversified CEE subsidiaries should support the group's capital ratios through the cycle given that their operating profit margins are higher than those in Austria.

Strong Funding and Liquidity: Customer deposits, mostly from retail clients, are the group's main source of funding and are in excess of customer loans. Erste accesses the debt capital markets through a wide range of products. Wholesale funding maturities are reasonably well spread and the ample liquidity buffer adequately mitigates refinancing risk.

MPE Resolution Strategy: Erste's preferred resolution strategy is multiple-point-of-entry (MPE), with one resolution group for each of its six EU core markets. In a resolution, this would limit intragroup contagion risk, which is already mitigated by the group's policy of largely self-funded CEE subsidiaries. However, the MPE strategy does not change our assumptions for intragroup support as we still expect Erste to support its foreign subsidiaries with pre-emptive measures, such as capital injections, guarantees or liquidity lines, in case of need.

Rating Sensitivities

Limited Rating Upside: The Negative Outlook on Erste's Long-Term Issuer Default Rating (IDR) signals that an upgrade of its ratings is unlikely in the short term. The Outlook could be revised to Stable if the pressure on asset quality and profitability is in line with our base case scenario. In the longer term, an upgrade would require an improvement of asset quality metrics and earnings generation above pre-crisis levels, together with higher capital ratios.

Lasting Weaker Financials: We could downgrade the ratings if the impaired loans ratio rises durably above 5% or if the operating profits/RWAs ratio declines materially and durably below 2%, most likely due to the severe damage to the SME and corporate loan portfolios. We would also downgrade the ratings if Erste's CET1 ratio falls materially below its target or if the share of unreserved Stage 3 loans rises materially. This could arise if the fallout from the coronavirus crisis is more severe than in Fitch's baseline scenario.

Ratings

Issuer Ratings

Long-Term IDR	A
Short-Term IDR	F1
Derivative Counterparty Rating	A(dcr)

Viability Rating	a
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Support Rating	5
Support Rating Floor	No Floor

Sovereign Ratings

Long-Term Foreign-Currency IDR	AA+
Long-Term Local-Currency IDR	AA+
Country Ceiling	AAA

Outlooks

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

Applicable Criteria

[Bank Rating Criteria \(February 2020\)](#)

Related Research

[Fitch Affirms Erste at 'A'; Outlook Negative \(December 2020\)](#)

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Debt Rating Classes

Rating level	Rating
Long-term senior preferred (SP)	A
Short-term senior preferred	F1
Senior non-preferred (SNP)	A-
Tier 2 subordinated debt	BBB+
Erste Finance (Delaware) LLC CP programme guaranteed by Erste	F1

Source: Fitch Ratings

Erste's SP debt ratings are equalised with its IDRs, and its SNP debt is rated one notch below its Long-Term IDR to reflect the risk of below-average recoveries for SNP creditors in a resolution. This is because we expect Erste to use SP debt to meet its resolution buffer requirements, and we do not expect SNP and more junior debt to sustainably exceed 10% of the Austrian resolution group's RWAs.

Erste Finance (Delaware) LLC's commercial paper programme's rating is equalised with Erste's Short-Term IDR, based on our view that Erste will honour its obligations under its guarantee of the programme.

The subordinated Tier 2 debt is rated two notches below the viability rating to reflect subordinated creditors' higher loss severity. The notching reflects our expectation that the bank will not maintain buffers of Tier 2 and additional Tier 1 debt exceeding 10% of the Austrian resolution group's RWAs.

Ratings Navigator

Erste Group Bank AG

ESG Relevance: 

Banks
Ratings Navigator

	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA-
a+										a+	A+	A+
a										a	A	A Negative
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc+										ccc+	CCC+	CCC+
ccc										ccc	CCC	CCC
ccc-										ccc-	CCC-	CCC-
cc										cc	CC	CC
c										c	C	C
f										f	NF	D or RD

Significant Changes








Operating Environment Expected to Remain Challenging in 2021

We revised the outlook on Erste's operating environment score to negative from stable in April 2020 to reflect the economic fallout from the coronavirus pandemic. In the near-term, a downgrade of the score appears unlikely given the decisive and quick policy responses to the pandemic in Austria and CEE that so far have helped mitigate asset quality, profitability and liquidity risks for banks. Support and forbearance measures provided to corporate and retail customers have helped to keep reported default rates low across all customer segments, delaying the recognition of underlying asset quality deterioration.

Banks have been proactive in setting up additional provisions to cover this risk, but we expect risk costs to stay elevated in 2021 as the support schemes (including loan repayment moratoria) are unwound, resulting in a deterioration in reported asset quality. As a result, our baseline scenario assumes no significant changes in 2021 relative to the performance expected in 2020.

Lower-for-longer interest rates also outside of the eurozone will pressure net interest income, accelerating the search for alternative revenue sources. This includes the upward re-pricing of banking fees as well as stronger focus on customer advisory and complementary services. These trends could improve banks' risk/return profiles, but a search for additional revenue may also bring about increased risk appetite, especially amid less supportive operating environments in CEE. This may include a higher appetite for consumer lending, a loosening of underwriting standards for lending to SME and micro-companies, increased exposure concentrations and less restrictive policies for investment portfolios and liquidity placements.

We believe the risk management frameworks of most CEE banks benefit from strict parental and regulatory oversight, but we will monitor closely any changes in risk appetite.

Bar Chart Legend	
Vertical bars – VR range of Rating Factor	
Bar Colors – Influence on final VR	
	Higher influence
	Moderate influence
	Lower influence
Bar Arrows – Rating Factor Outlook	
	Positive
	Negative
	Evolving
	Stable

Company Summary and Key Qualitative Assessment Factors

Universal Bank with Leading Franchise in Austria and CEE

Erste's company profile benefits from its strong franchise and geographic diversification across its core Austrian and CEE markets. It is the Austrian savings banks' central institution and one of the largest banks in CEE, with leading market shares in the Czech Republic, Romania and Slovakia as well as smaller retail and corporate operations in Croatia, Hungary and Serbia, and some less material cross-border business in the Balkans.

The parent entity, Erste Group Bank AG, is the group's listed operating bank holding company. It manages the group and owns the Austrian and CEE subsidiaries. In Austria, Erste's retail and SME banking franchise includes Erste Bank der oesterreichischen Sparkassen AG (EBOe) and 43 smaller savings banks not owned (or only minority owned) but linked to the parent by an institutional protection and a cross-guarantee scheme (Haftungsverbund). Erste controls the savings banks through its 63.5% stake in the schemes' steering company and can therefore consolidate all its members.

The mutual support scheme is empowered to set, monitor and enforce common risk policies upon member banks. In exchange, it supports troubled members by guaranteeing certain liabilities. No such support measures have been required in recent years owing to the solid domestic economy and the early-warning system managed by the steering company, which has ensured timely pre-emptive actions.

The group's legal structure is more customary in CEE, where the group's parent is the dominant or sole owner of the local units. Given the core role of CEE for the group and the parent's record of extensive support in the region, we view Erste's willingness to support its CEE operations as very high, even though all foreign entities are excluded from the mutual support scheme.

Clearly-Defined Strategic Commitment to CEE

Erste's new management has so far coped well with the crisis, and its strategy is in continuity with that of the previous management team. Cyclical headwinds and a series of adverse political, legislative and regulatory measures tested the resilience of Erste's Austrian and CEE businesses and Erste's commitment to some CEE operations in 2013-2015. Disruptions prompted high risk provisions and goodwill impairments during the global financial crisis and at the height of tensions with CEE legislators in 2014-2015. Recent initiatives by CEE governments to levy onerous taxes from local banks are a reminder that Erste remains exposed to material financial drains in the CEE region. This is especially the case as long as the sound profits of the region's banking sector represent an attractive source of funds to fill the governments' budgetary gaps.

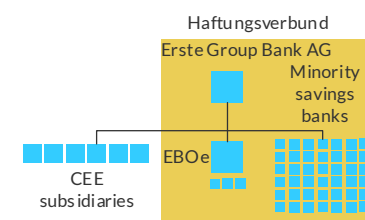
We believe this will remain an element of unpredictability for Erste's earnings in CEE, although overall a manageable one. However, we do not expect this to fundamentally affect Erste's strong long-term commitment to its core region. Erste plans to expand organically in CEE, but also monitors the market to identify M&A opportunities and potential portfolio acquisitions.

Adequate Underwriting Standards

Erste's credit standards are generally prudent, supported by the predominance of Austrian and Czech credit exposures. Its local credit standards are low-risk and more stringent than wider industry standards, underpinned by a centralised, sophisticated risk control framework. The share of unsecured loans in the retail portfolios varies by country but, with the exception of Croatia, mortgages make up the majority of retail loans in CEE and Austria. Debt-to-income and loan-to-value ratios indicate reasonable risk appetite. We also understand that Erste did not loosen its underwriting after most countries eased minimum regulatory standards to sustain credit supply during the pandemic. Except for euro-denominated loans in Serbia and Croatia, unsecured lending in CEE is generally extended in local currency, as is secured lending, although euro loans are permitted to clients with matching euro income.

Erste's corporate loan book is SME-heavy. However, sector diversification, conservative underwriting and improved borrowers' credit profiles in recent years should mitigate credit losses in the economic downturn. Erste has also tightened its approach to commercial real estate lending. Its EUR36 billion portfolio focuses on capital cities and regional centres in CEE. As well as a significant portion of hotels, retailers and office buildings, it includes a EUR7 billion exposure to Austrian housing associations, which we consider lower-risk.

Structure Diagram

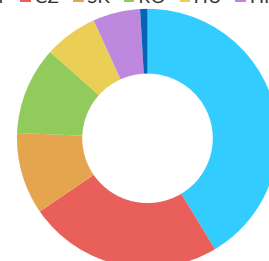


Source: Fitch Ratings

Core Markets Overview

9M20 Pre-Impairment Profit

■ AT ■ CZ ■ SK ■ RO ■ HU ■ HR ■ RS



Source: Fitch Ratings, Erste

AT= Austria; CZ = Czech Republic;
SK = Slovakia; RO = Romania; HU = Hungary;
HR = Croatia; RS = Serbia

Summary Financials and Key Ratios

	30 Sep 20		31 Dec 19	31 Dec 18	31 Dec 17
	9 months	9 months	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
Summary income statement					
Net interest and dividend income	4,221	3,605	4,775	4,611	4,397
Net fees and commissions	1,696	1,448	2,000	1,908	1,852
Other operating income	272	232	505	402	577
Total operating income	6,188	5,285	7,280	6,921	6,826
Operating costs	3,909	3,339	4,750	4,486	4,633
Pre-impairment operating profit	2,279	1,947	2,531	2,436	2,193
Loan and other impairment charges	1,019	870	39	-59	115
Operating profit	1,261	1,077	2,491	2,495	2,078
Tax	309	264	419	333	410
Net income	953	814	1,911	2,163	1,668
Summary balance sheet					
Gross loans	197,050	168,305	163,444	152,885	143,509
- Of which impaired	4,767	4,072	3,838	4,354	5,776
Loan loss allowances	4,437	3,790	3,175	3,563	3,977
Net loans	192,613	164,515	160,269	149,322	139,532
Interbank	30,057	25,672	23,055	19,103	9,126
Derivatives	4,249	3,629	2,932	3,170	4,218
Other securities and earning assets	52,166	44,556	42,919	42,250	40,729
Total earning assets	279,085	238,372	229,174	213,844	193,605
Cash and due from banks	32,604	27,848	10,693	17,549	21,796
Other assets	6,748	5,763	5,825	5,398	5,259
Total assets	318,437	271,983	245,693	236,792	220,659
Customer deposits	212,916	181,856	171,826	161,155	149,903
Interbank and other short-term funding	35,734	30,521	15,836	21,043	18,464
Other long-term funding	33,439	28,561	29,181	27,836	24,046
Trading liabilities and derivatives	3,576	3,055	2,690	2,785	4,449
Total funding	285,665	243,993	219,533	212,819	196,863
Other liabilities	7,672	6,552	5,683	5,104	5,508
Preference shares and hybrid capital	2,327	1,988	1,490	993	993
Total equity	22,773	19,451	18,987	17,876	17,295
Total liabilities and equity	318,437	271,983	245,693	236,792	220,659
Ratios (annualised as appropriate)					
Profitability					
Operating profit/risk-weighted assets		1.2	2.1	2.2	1.9
Net interest income/average earning assets		2.0	2.1	2.2	2.3
Non-interest expense/gross revenue		63.3	65.4	64.9	68.0
Net income/average equity		5.7	10.4	12.5	10.0
Asset quality					
Impaired loans ratio		2.4	2.4	2.9	4.0
Growth in gross loans		3.0	6.9	6.5	6.1
Loan loss allowances/impaired loans		93.1	82.7	81.8	68.9
Loan impairment charges/average gross loans		0.6	0.1	0.0	0.1
Source: Fitch Ratings, Fitch Solutions, Erste					

Summary Financials and Key Ratios

	30 Sep 20	31 Dec 19	31 Dec 18	31 Dec 17
Capitalisation				
Common equity Tier 1 ratio	14.2	13.8	13.5	13.4
Fully loaded common equity Tier 1 ratio	14.1	13.7	13.5	12.9
Tangible common equity/tangible assets	6.6	7.2	7.0	7.2
Basel leverage ratio	6.4	6.8	6.6	6.6
Net impaired loans/common equity Tier 1	1.7	4.1	5.1	12.2
Funding and liquidity				
Loans/customer deposits	92.6	95.1	94.9	95.7
Liquidity coverage ratio	n.a.	148.0	150.1	145.2
Customer deposits/funding	74.7	78.6	76.2	77.3

Source: Fitch Ratings, Fitch Solutions, Erste

Key Financial Metrics – Latest Developments

Impaired Loans to Increase in SME Portfolio

Erste has cut its impaired loans ratio by about three quarters from its peak in 2013 through strong loan growth, aggressive non-performing loan (NPL) sales and work-outs amid rapidly improved economic conditions, and the emergence of an increasingly liquid and sophisticated secondary market for impaired loans in CEE. Tightened risk appetite since the last credit cycle should help navigate the downturn with significantly lower impaired loans generation.

The impact of the pandemic on Erste's asset quality has so far been mostly visible through a doubling of its Stage 2 loans ratio to 16.7% at end-3Q20 from 8.3% at end-2019. Erste has implemented a heatmap approach to selectively migrate customers into Stage 2 and reported EUR38.7 billion of high-risk exposures at end-3Q20 (13.5% of its total exposure). The Stage 3 loans ratio remained stable at 2.4% at end-3Q20. As in 2Q20 and 3Q20, we expect any asset deterioration in 4Q20 to be cushioned by the various fiscal measures and loan moratoria in place in Erste's countries of operation. Around 4% of Erste's loan exposure was under moratoria at end-3Q20.

Erste forecasts non-performing loans to remain below 3% in 2020. We expect a material increase in Stage 3 loans in 2021 as support measures are gradually unwound, and given the group's relatively high exposure to the SME and corporate sectors (48% of gross loans at end-3Q20). However, under our baseline scenario, we expect the Stage 3 loan ratio to remain below 5% and return towards 3% in the medium term.

Sound Pre-Impairment Profit Sustains Capital Ratios

We believe Erste's operating profit/RWAs peaked at 2.2% in 2018, driven by record low credit losses. The ratio declined to 1.2% in 9M20 due to the front-loading of expected credit losses, and we expect it to remain close to this level in 2021. However, we believe Erste's pre-impairment profit will continue to benefit from robust operating margins and long-term growth potential available in its CEE countries of operations, with only moderate variability over the cycle.

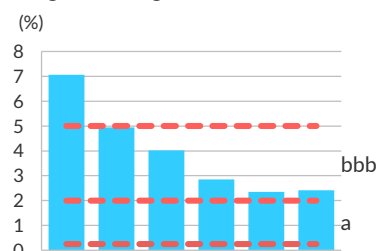
Erste expects to raise its fee income to EUR2.4 billion in the next five years by using its high retail deposit market shares to promote bancassurance and asset management products. Converting excess deposits to fee-generating off-balance sheet investment products would help contain the pressure on interest margins. Erste has also some room to improve cost efficiency, particularly at the Austrian parent entity and at EBOe, and we believe that the management's cost/income ratio target of 55% for 2024 is challenging but achievable. We do not expect material cost reductions in the Austrian savings bank segment, which accounts for a quarter of the group's cost base but has caused half of the total cost inflation over recent years.

Erste's transitional CET1 ratio of 14.2% at end-3Q20 and fully loaded target of 13.5% clearly exceed its regulatory requirements and are broadly commensurate with its risk profile. We

Dashed lines define indicative ranges and implied scores for Asset Quality and Earnings and Profitability for banks operating in an environment scored 'a'.

NPL Ratio at Cyclical Low

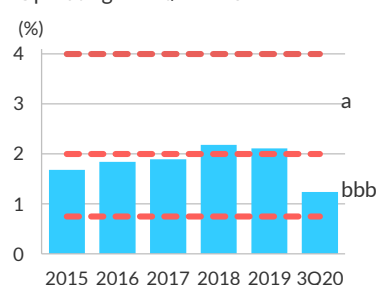
Stage 3 loans/ gross loans



Source: Fitch Ratings, Erste

LICs to Weigh on Profitability

Operating Profit/ RWAs



Source: Fitch Ratings, Erste

expect sound pre-impairment profits to shield the capital ratios from higher credit losses through the crisis in our baseline scenario. An expected maximum payout ratio of 50% in the long run and limited RWAs inflation from the implementation of Basel IV should also allow Erste to accommodate robust loan growth while maintaining its current capitalisation level. Erste's capital ratios also benefit from its control over the mutual support scheme which, under EU regulation, exempts the group from deducting EUR4 billion of minority interests in Austrian savings banks from the group's CET1 capital.

MPE Resolution Strategy Drives Increased Issuance at Local Subsidiaries

Funding and liquidity are rating strengths. Erste's funding is primarily underpinned by leading deposit franchises in its core markets, particularly in Austria, where it sources over half of its client deposits. Wholesale funding maturities are reasonably well spread, and its ample liquidity buffer adequately mitigates refinancing risk. The group has cut its wholesale funding needs over the past decade by developing the local deposit franchises of its CEE units, which are now largely deposit-funded and have excess liquidity in local currencies. The resilience of CEE deposits has also improved. The group's parent will continue to issue most of Erste's wholesale funding, which is well-diversified by type of instrument and maturity, but we expect the CEE subsidiaries to increase their SNP debt issuance to meet their resolution buffer requirements by 2024.

Sovereign Support Assessment

Erste's Support Rating and Support Rating Floor reflect our view that, since the EU's Bank Recovery and Resolution Directive came into force in Austria in 2015, senior creditors have no longer been able to rely on full extraordinary sovereign support if Erste becomes non-viable.

Support Rating Floor:			NF
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy		✓	
Size of potential problem		✓	
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support			✓
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance		✓	
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	

Environmental, Social and Governance Considerations

Erste's highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact, either due to their nature or the way in which they are being managed by the bank. For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

FitchRatings Erste Group Bank AG

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

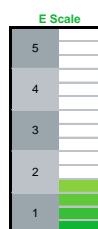
Erste Group Bank AG has 5 ESG potential rating drivers

- Erste Group 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.
- 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
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	Company Profile; Management & Strategy; Risk Appetite; Asset Quality



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.

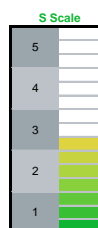
The **Credit-Relevant ESG Derivation** table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the 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.

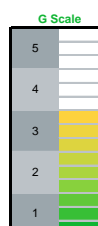
Social (S)

General Issues	S 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	Company Profile; Management & Strategy; Risk Appetite
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; Company Profile; Management & Strategy; Risk Appetite
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy
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	Company Profile; Financial Profile



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
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	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy



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.

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