

Banistmo S.A.

Key Rating Drivers

Support-Driven Rating: Banistmo's IDRs, SSR, National Ratings and senior debt ratings are underpinned by the ability and willingness of its parent, Grupo Cibest S.A. (Grupo Cibest; BB+/Negative), to provide timely support to the bank, if needed. The Negative Outlook on Banistmo's long-term ratings mirrors the Outlook of the parent.

Strategic Role in the Group: Fitch believes Banistmo plays a core and integral part in the long-term strategy of the group. The Panamanian subsidiary operates in a strategically important jurisdiction that offers significant growth potential and profit generation for the group's operations. This is highly weighted in Fitch's assessment of the propensity to provide support, resulting in Banistmo's IDR being equalized with its parent's IDR.

Reputational Risk, High Integration: Fitch's assessment moderately weighs the huge reputational risk for Bancolombia and the recently incorporated Grupo Cibest, and the potential negative impact that it may have on other related entities if Banistmo defaults. In its support analysis, Fitch also considers the significant management and operational integration between the entities, which has benefited Banistmo's business and financial performance.

Sound Domestic Franchise: Banistmo's 'bb' VR is heavily weighted toward its robust business profile and established presence in Panama's banking market, where it is the second largest bank. The bank's franchise is supported by a strong corporate and retail banking business and benefits significantly from being part of a large regional banking group, which strengthens the bank's loan and deposit base. Banistmo's competitive position is reflected in its high brand recognition and market shares of 9% by total local loans and 11% in customer deposits as of December 2024.

No Impact from New Corporate Structure: Grupo Cibest is the new holding company for Bancolombia (Banistmo's former holding company) and related entities. Fitch will monitor Grupo Cibest's process of incorporation and its evolution but does not anticipate any impact on the ratings of the banks in Colombia and Central America. We anticipate that their respective business profiles will remain unchanged under the new structure.

Asset Quality Still Pressured: Banistmo's asset quality deteriorated in 2024, supporting Fitch's negative assessment for this factor. Its Stage 3 loan ratio reached 9.5% as of December 2024 from 8.8% at 2023. The decline of Banistmo's loan portfolio further weighs on this ratio amid a still challenging operating environment and the dynamics in the mortgage and retail sector during the restructuring process. Fitch expects Banistmo's loan quality, measured as Stage 3 ratio, to remain between 9.0% and 9.5% in the mid-term. Its high level of guarantees mitigates potential deterioration of borrower payment capacity, because collateral coverage was about 65% of the portfolio by the end of 2024.

Low Profitability Metrics: As of December 2024, Banistmo's operating profit to RWA ratio deteriorated to 0.6% due to higher loan impairment charges (LICs), coupled with higher cost of funds due to the increase in term deposits under higher interest rates. Fitch does not expect increasing LICs for 2025 as the new loans should perform better, supported by the initiatives implemented by the bank in recent years as well as the improving collection process. Consequently, Fitch expects that profitability will gradually return to pre-pandemic levels in the rating horizon, although profitability remains sensitive to loan impairment challenges and the NIM volatility.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B

Viability Rating	bb
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Shareholder Support Rating	bb+
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National Rating

National Long-Term Rating	AA+(pan)
National Short-Term Rating	F1+(pan)

Sovereign Risk (Panama)

Long-Term Foreign-Currency IDR	BB+
Country Ceiling	A+

Outlooks

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

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

- [Bank Rating Criteria \(March 2025\)](#)
- [Metodología de Calificaciones en Escala Nacional \(December 2020\)](#)
- [National Scale Rating Criteria \(December 2020\)](#)
- [Metodología de Calificación de Bancos \(September 2023\)](#)

Related Research

- [Fitch Takes Action on Colombian and Central American Banks Following Colombia's Outlook Revision \(March 2025\)](#)
- [Fitch Affirms Panama at 'BB+'; Outlook Stable \(December 2024\)](#)

Analysts

Ricardo Aguilar
 +52 81 4161 7086
ricardo.aguilar@fitchratings.com

Andres Marquez
 +57 601 241 3253
andres.marquez@fitchratings.com

Sufficient Capital Buffers: Fitch views Banistmo's capitalization as adequate for its current balance sheet risks. The bank's CET1 to RWA of 11.6% and its regulatory ratio of 13.4% at December 2024 are above the regulatory requirements (4.5% and 8.5%, respectively). Fitch expects the bank to maintain its ratios in similar levels in the near term, given the expected modest loan expansion, adequate reserve coverage ratios, and the expectation that the bank will maintain steady internal capital generation. Fitch also views the parent's ordinary support favorably.

Sound and Diversified Funding Structure: Banistmo's funding structure is stable and robust in Fitch's opinion. This is reflected in the bank's second position in customer deposits in the local financial industry. As of December 2024, customer deposits accounted for approximately 81.6% of its total funding and its loans-to-deposits ratio improved to 107.1% (2023: 112.2%) thanks to a higher customer deposits growth compared to the decrease in loans. The diversified financing profile benefits from good access to local and international institutions, as well as to local and global markets. The financing profile also benefits from the parent's ordinary support and the synergies between them.

Rating Sensitivities

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

- Any negative action on Bancolombia's and Grupo Cibest's IDRs would lead to a similar action on Banistmo's SSR. In addition, Banistmo's IDRs, SSR and national ratings could be downgraded if Fitch's assessment of its parent's propensity and ability to provide support to the bank diminishes.
- A further deterioration in asset quality that denotes a weakening in the bank's risk profile could pressure Banistmo's VR. The VR could also be downgraded because of a sustained deterioration of profitability and asset quality ratios that undermines the bank's financial performance, driving a decline in its CET1 ratio consistently below 10% and/or its operating profitability/RWA metric consistently below 0.5%.

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

- A positive rating action on Bancolombia's and Grupo Cibest's IDRs could trigger similar rating actions on Banistmo's IDRs, SSR and national ratings. However, this is not the base scenario due to the current Negative Outlook.
- Over the medium-to-long term, an upgrade on Banistmo's VR would require its CET1, including counter cyclical buffer (CCB), to improve and be maintained at 16% of RWAs or higher, accompanied by a consistent and substantial strengthening of its core profitability ratio to levels closer to 2%, and a significant improvement in asset quality (with a Stage 3 ratio closer to 5%).

Other Debt and Issuer Ratings

Rating Level	Rating
Senior unsecured: long term	BB+
Senior unsecured	AA+

Source: Fitch Ratings, Fitch Solutions

Banistmo's senior unsecured debt rating is equal to the bank's ratings on both the international and local scales. This is due to Fitch's belief that the debt probability of default is the same as that of the issuer, since senior obligations have average recovery prospects

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

- Banistmo's senior unsecured debt would mirror any potential downgrade on the bank's international and national ratings.

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


- Banistmo's senior unsecured debt would mirror any potential upgrade on the bank's international and national ratings

Significant Changes from Last Review

After an announcement on May 16, 2025, Grupo Cibest formally became the new Holding Company for Banistmo as well as for Bancolombia and related entities, commonly known as Grupo Bancolombia. Cibest will directly consolidate Bancolombia (main subsidiary), Banistmo (Panamanian bank), Bancoagricola (El Salvadorian bank), BAM (Guatemalan bank), and other non-financial entities. Fitch will monitor the process of incorporation and its evolution but does not

anticipate any impact on the ratings of Bancolombia and related companies in Central America. Also, we anticipate that their respective business profiles will remain unchanged under the new structure.

Ratings Navigator

Banistmo S.A.							ESG Relevance: 	Banks Ratings Navigator		
Operating Environment	Business Profile	Risk Profile	Financial Profile				Implied Viability Rating	Viability Rating	Shareholder Support	Issuer Default Rating
			Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity				
	20%	10%	20%	15%	25%	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-
bbb+							bbb+	bbb+	bbb+	BBB+
bbb							bbb	bbb	bbb	BBB
bbb-							bbb-	bbb-	bbb-	BBB-
bb+	■	■					bb+	bb+	bb+	BB+ Neg
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.

VR - Adjustments to Key Rating Drivers

- The VR has been assigned above the implied viability Rating due to the following adjustment reason: Business profile (positive);
- The OE Score of 'bb+' has been assigned below the 'bbb' implied score due to the following adjustment reason: Sovereign Rating (negative).

Company Summary and Key Qualitative Factors

Operating Environment

In October 2024, Fitch revised the operating environment (OE) score for Panama’s banking system to stable from negative and affirmed it at ‘bb+’. Despite the economic slowdown and high interest rate environment, the banking system’s credit growth, asset quality, and profitability metrics are performing better than expected. Fitch projects a 2.6% GDP growth for 2025. This, along with an adequate Operational Risk Index percentile, implies a ‘bbb’ category level for the OE. However, the Sovereign Rating continues to constrain the OE at current levels of ‘bb+’.

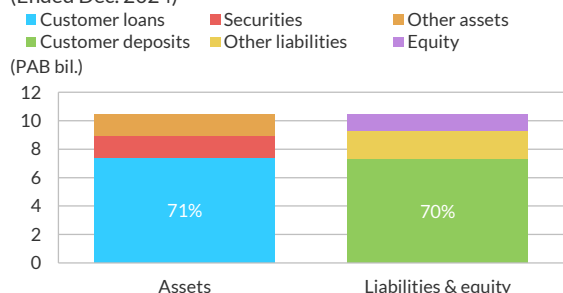
Business Profile

Banistmo is Panama’s second largest bank by total assets, with a long history of banking operations in the country. The strong competitive position is reflected in a high business recognition and market shares of 9% by total local loans and 11% in customer deposits as of December 2024. It has additionally achieved the second position in the commercial and retail segments. Banistmo is part of Grupo Cibest, which is one of the largest banking groups in Latin America, and this subsidiary is the group’s third largest operation. Group benefits for Banistmo are reflected in terms of strategy, management, technological platforms, increased customer exposure, and other key areas that strengthen its franchise and give more recognition in the local market.

The bank’s senior management team has a good degree of depth and experience, while corporate governance benefits from integration with the group. The bank’s revenue profile is underpinned by consistent interest generation from its loan book, structured equally and split in two categories at YE24: corporate and government, and retail and SMEs. This is also supported by a moderate net fee and commission generation from its private banking, leasing, and consumer credit operations. Banistmo’s strategic plan focuses on moderate growth along all business lines, with a focus on digitalization, and leveraging cross-business to increase cost efficiency. Fitch believes that the bank’s strategy may be somewhat constrained by the country’s economic prospects.

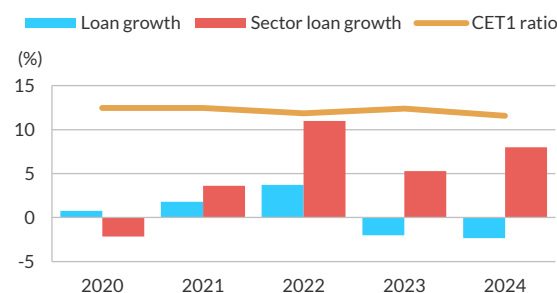
Balance Sheet

(Ended Dec. 2024)



Source: Fitch Ratings, Fitch Solutions, Banistmo

Loan Growth



Source: Fitch Ratings, Fitch Solutions, Banistmo

Risk Profile

Fitch considers Banistmo’s risk management to be commensurate with its business model and to adapt its controls to the challenges of the OE. Credit risk is the main source of risk for the bank, with net loans representing 70.9% of total assets in December 2024. The bank’s underwriting standards are deemed adequate, in line with the risk profile of its lending segments. This is further supported by the high proportion of secured lending since at YE24 64.8% of the loans are secured by mortgages or cash. The bank’s risk controls framework is robust and compares favourably with those of other regional and local peers. Being a subsidiary of Grupo Cibest and related entities such as Bancolombia provides it with a competitive advantage in terms of risk management, control, and mitigation. Banistmo has adjusted its risk appetite post-pandemic due to a model based on risk-pricing and adjustments in underwriting standards, especially in mortgages. Also, the entity has strengthened its portfolio origination and increased collection efforts.

Because of this, and due to lower economic activity and prepayments from some of its debtors, in recent years the bank has experienced a decrease in its loan book. In 2024, loans and assets decreased by 2.3%, similar to 2023. Fitch expects loans to grow around 2%-3% in 2025, in line with the expected modest growth of real GDP. In Fitch’s view, the entity’s market risk exposure is moderate, coming mainly from interest rate fluctuations and, to a lesser extent, exchange rate volatility. Adequate management of its market risks exposure is reflected in the slight improvement of its NIM.

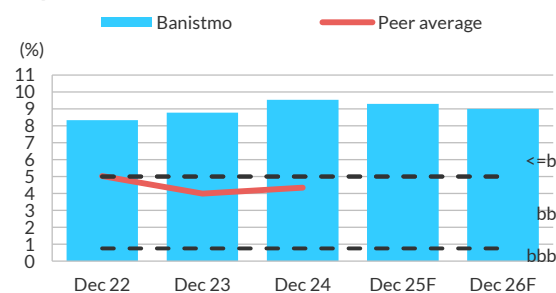
Financial Profile

Asset Quality

The bank's stage 3 loan ratio reached 9.5% as of December 2024, largely because of the dynamics in the mortgage and retail sector under the restructuring process, coupled with prepayments from commercial loans. In Fitch's view the bank's asset quality, measured as Stage 3 ratio, will remain in the 9%-10% range in the mid-term, still impacted by the challenging OE amid improving collection and underwriting standards. Concentrations by debtor remain moderate and are related to its business model and to certain sectors such as mortgage and construction. As of YE24, its top 20 debtors by economic group represented 1.3x Banistmo's equity and 18.7% of gross loans. Fitch considers the high level of guarantees to be a mitigant against potential deterioration in borrowers' payment capacity, given that collateral coverage is about 65% of the portfolio by 2024-end. Loan loss allowances for impaired loans represented 57.9% in 2024, and are lower than some peers, due to this higher percentage of guaranteed coverage.

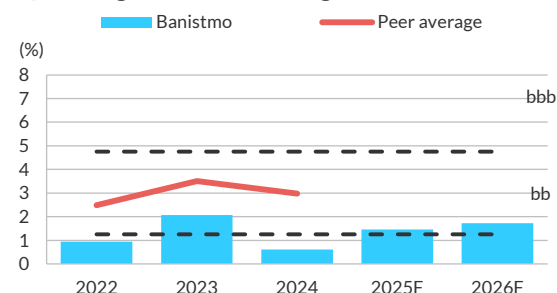
The investment portfolio, representing 14.8% of total assets as of December 2024, exhibited a high credit quality, as around 89% corresponded to investment grade instruments. It was comprised by sovereign/government securities mainly from Panama and U.S.A, as well as corporate bonds from Latin American companies, with lower participation of stocks and multilateral bonds.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

As of December 2024, the operating profit to RWA ratio deteriorated to 0.6% (2023: 2.1%; average 2020-2023: 0.75%), mainly due to higher loan impairment charges (LICs), in opposition to the trend from 2023, and coupled with higher cost of funds due to the increase in term deposits under higher interest rates. By YE24, LICs were 75.0% of pre-impairment operating profits (2023: 24.8%). Fitch does not expect increasing LICs for 2025 as the new loans should perform better, supported by the initiatives implemented by the bank in recent years as well as the improving collection process.

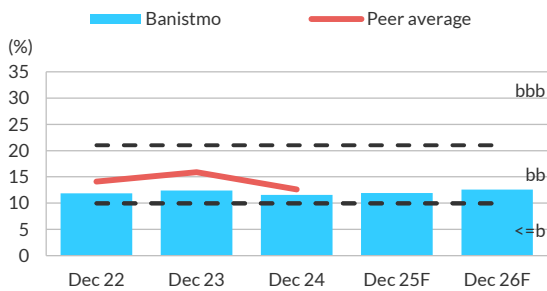
Fitch anticipates that Banistmo's performance will continue to be supported by business activity and the bank's ability to manage its interest rates, which has resulted in a relatively stable net interest margin (NIM) of 3.2% at December 2024 from 3.7% as of 2023 (2022: 3.6%), still above the system average of around 3.0%. The entity continues to enhance action to benefit its efficiency levels, which are expected to remain stable. In addition, higher income from commissions will further support the bank's profitability recovery in the short to mid-term.

Capitalisation and Leverage

Banistmo's capitalization is considered reasonable to address most of its balance sheet risks. The bank's CET1 to RWA of 11.6% and its regulatory ratio of 13.4% at December 2024 are above the regulatory requirements (4.5% and 8.5%, respectively). Fitch expects the bank to maintain its ratios in similar levels in the near term, given the expected modest loan expansion, adequate reserve coverage ratios, including the dynamic reserve, and the expectation that the bank will keep a steady internal capital generation.

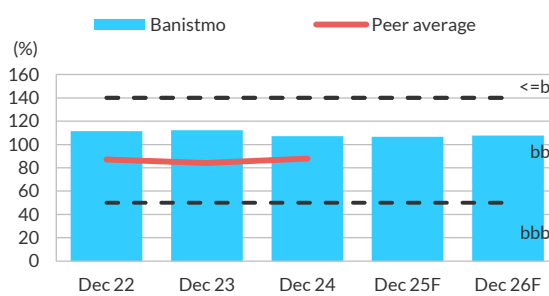
The lower capitalization level at YE24 compared to that of 2023 (CET1:12.4%) is explained by an extraordinary dividend distribution for an amount of USD120 million amid lower RWAs due to a decrease of the loan's portfolio. The bank has no explicit dividends policy but more frequent dividend payments in the future can't be ruled-out, but at a lower level compared to those of 2024. In addition to the current capital position, Banistmo's solvency also benefits from the potential ordinary support that the bank may receive from its ultimate shareholder, giving the bank room to withstand stress conditions.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Banistmo's funding structure is stable and robust in Fitch's opinion. This is reflected in the bank's second position in customer deposits in the local financial industry. As of December 2024, customer deposits accounted for approximately 81.6% of its total funding. Out of the total funding, 51.1% is term deposits and 30.5% coming from low-cost retail (December 2023: 46.7% and 32.5%, respectively). Given the broad and granular deposit base, the top 20 depositors represented a moderate 15.9% of total deposits at YE24, whose concentration risk is mitigated by their high renewal rate and its maturity structure. In December 2024, the loans-to-deposits ratio improved to 107.1% (2023: 112.2%) thanks to a higher customer deposits growth compared to the decrease in loans and assets. During the first quarter of 2025 the bank prepaid a USD320 million facility from banks.

The bank has high financial flexibility as evidenced in its access to various local and international funding sources, including securities market issues. The liquidity profile has been conservatively managed, complying with regulatory requirements. Fitch considers the refinancing risk to be low, as the bank has a good level of high-quality liquid assets sufficient to cover around 30% of its customer deposits. Also, the bank relies on the support of Grupo Cibest and Bancolombia, which should allow the bank to withstand potential adverse events.

Additional Notes on Forecasts and Charts

Years denoted with an 'F' in tables and charts in this report represent Fitch's forecasts. The forecasts reflect Fitch's forward view on the bank's financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of Fitch's macro-economic 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 recapitalizations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Financials

Financial Statements

	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
	12 months	12 months	12 months	12 months
	(PAB Mil.)	(PAB Mil.)	(PAB Mil.)	(PAB Mil.)
Summary income statement				
Net interest and dividend income	310	349	360	312
Net fees and commissions	52	58	67	55
Other operating income	11	10	16	44
Total operating income	373	416	442	411
Operating costs	216	215	239	241
Pre-impairment operating profit	158	201	203	170
Loan and other impairment charges	85	134	50	128
Operating profit	72	68	153	43
Other non-operating items (net)	-	-	-	-
Tax	14	10	29	0
Net income	58	58	123	42
Other comprehensive income	-6	-33	6	4
Total comprehensive income	52	24	130	46
Summary balance sheet				
Assets				
Gross loans	7,905	8,199	8,034	7,845
- Of which impaired	796	683	706	748
Loan loss allowances	522	443	399	433
Net loans	7,383	7,757	7,634	7,412
Interbank	678	836	738	650
Derivatives	2	5	4	3
Other securities and earning assets	1,359	1,485	1,463	1,555
Total earning assets	9,421	10,082	9,839	9,621
Cash and due from banks	205	221	207	206
Other assets	613	662	672	645
Total assets	10,239	10,965	10,718	10,472
Liabilities				
Customer deposits	7,121	7,361	7,158	7,317
Interbank and other short-term funding	440	1,059	817	893
Other long-term funding	4	252	381	761
Trading liabilities and derivatives	1,091	701	692	3
Total funding and derivatives	8,656	9,373	9,048	8,974
Other liabilities	445	433	455	356
Preference shares and hybrid capital	-	-	-	-
Total equity	1,138	1,159	1,215	1,142
Total liabilities and equity	10,239	10,965	10,718	10,472
Exchange rate	USD1= PAB1.0000	USD1= PAB1.0000	USD1= PAB1.0000	USD1= PAB1.0000

Source: Fitch Ratings, Fitch Solutions, Banistmo

Key Ratios

	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	1.1	0.9	2.1	0.6
Net interest income/average earning assets	3.3	3.6	3.7	3.2
Non-interest expense/gross revenue	57.8	51.7	54.1	58.5
Net income/average equity	5.2	5.0	10.3	3.5
Asset quality				
Impaired loans/gross loans	10.1	8.3	8.8	9.5
Growth of gross loans	1.8	3.7	-2.0	-2.4
Loan loss allowances/impaired loans	65.6	64.8	56.6	57.9
Loan impairment charges/average gross loans	1.3	1.6	0.6	1.5
Capitalisation				
Common equity Tier 1 capital ratio	12.5	11.9	12.4	11.6
Fully loaded common equity Tier 1 capital ratio	-	-	-	-
Fitch core capital ratio	-	-	-	-
Tangible common equity/tangible assets	9.1	9.7	10.5	10.0
Basel leverage ratio	8.6	8.2	8.9	8.1
Net impaired loans/common equity Tier 1	32.5	28.1	33.6	38.9
Net impaired loans/Fitch core capital	-	-	-	-
Funding and liquidity				
Gross loans/customer deposits	111.0	111.4	112.2	107.2
Gross loans/customer deposits + covered bonds	-	-	-	-
Liquidity coverage ratio	-	-	-	-
Customer deposits/total non-equity funding	82.3	78.6	79.2	81.6
Net stable funding ratio	-	-	-	-
Source: Fitch Ratings, Fitch Solutions, Banistmo				

Support Assessment

Shareholder Support	
Shareholder IDR	BB+
Total Adjustments (notches)	0
Shareholder Support Rating	bb+
Shareholder ability to support	
Shareholder Rating	BB+/ Negative
Shareholder regulation	1 Notch
Relative size	2+ Notches
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	Equalised
Integration	Equalised
Support record	1 Notch
Subsidiary performance and prospects	1 Notch
Legal commitments	2+ Notches

The colours indicate the weighting of each KRD in the assessment.

Higher influence Moderate influence Lower influence

Banistmo's IDRs and SSR are based on Fitch's assessment of the support the bank would receive from its ultimate shareholder, Grupo Cibest, if required. In Fitch's view, the strong propensity to support Banistmo is driven by the key and integral role that the Panamanian subsidiary plays in the group's diversification and business strategy. Fitch also considers in its support rationale, with a moderate weighting, the high level of integration between the entities, which has resulted in operational and management synergies that have benefited Banistmo's business and risk profile. The high reputational risk that Banistmo's potential default would pose for Grupo Cibest and Bancolombia, damaging its franchise or affecting other subsidiaries, is also considered moderately.

Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

<p>Banistmo S.A. has 5 ESG potential rating drivers</p> <ul style="list-style-type: none"> ➔ Banistmo 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. 	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

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 reflect a negative impact unless indicated with a '+' sign for positive impact. Scores of 3, 4 or 5) and provides a brief explanation for the score.

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

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.

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance	CREDIT-RELEVANT ESG SCALE How relevant are E, S and G issues to the overall credit rating?
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5	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.
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	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.
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3	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.
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2	2 Irrelevant to the entity rating but relevant to the sector.
				1	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>.

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