

# MMG Bank Corporation

## Key Rating Drivers

**Stabilized Operating Environment:** MMG Bank Corporation's (MMG or the bank) Issuer Default Ratings (IDR), National Ratings and senior unsecured debt ratings are driven by its intrinsic creditworthiness, reflected in its Viability Rating (VR). The VR is moderately influenced by the bank's operating environment (OE), due to a stronger-than-expected economic recovery and declining risk that fiscal or economic pressures will affect the recovery prospects of the bank's financial performance.

**Niche Franchise and Sound Risk Management:** The bank registers a consistent and well-diversified business model with stable earnings over time from its core activities in asset management, as well as investment and commercial banking. MMG has strong risk management practices that allow it to record a good financial performance. Also, its investment guidelines and underwriting standards are well defined and regularly updated while formalized risk limits are recorded.

**Resilient Profitability and Asset Quality:** As of fiscal year-end 2021 (September 2021), operating earnings on risk-weighted assets (RWA) were 4.2% (2020: 3.8%). Loan quality has deteriorated due to the coronavirus pandemic: the ratio of non-performing loans to gross loans is a high 7.1%. Due to MMG's business model, the loan portfolio represents 37% of total productive assets, so the asset quality risk is mitigated by diversified investments of good quality.

**Strong Capitalization and High Liquidity:** The bank's ratings also contribute to its strong capitalization metrics and solid liquidity profile. As of September 2021, the Common Equity Tier 1 (CET1) to APR ratio was 22% and the ratio of gross loans to total deposits remains strong at 45.5%. To some extent, ample liquidity is offset by a structurally-high concentration of major depositors.

**Senior Debt:** MMG's short-term, national-scale senior unsecured debt rating is aligned with its short-term, national-scale issuer rating at 'F1+(pan)'.

**No Government Support:** The Government Support Rating (GSR) of 'ns' reflects that, however possible, external support cannot be relied upon, given the banking system's large size compared to the economy and weak support stance, due to Panama's lack of a lender of last resort.

## Rating Sensitivities

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

- Over the medium term, MMG's ratings could be upgraded if there is a relevant strengthening of its franchise and business model while its financial profile is maintained at solid levels in tandem with an improvement of the OE.
- As Panama is a dollarized country with no lender of last resort, an upgrade of the GSR is unlikely.

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

- Any unfavorable change in MMG's asset quality, or substantial losses derived from its assets under management that lead to a materialization of reputational risk such that the different business lines are negatively affected, could lead to a downgrade of the ratings. Material and sustained deterioration in earnings generation capacity or

## Ratings

### Foreign Currency

Long-Term IDR	BB+
Short-Term IDR	B

### Local Currency

Viability Rating	bb+
Government Support Rating	ns

### National

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

### Sovereign Risk

Long-Term Foreign-Currency IDR	BBB-
Country Ceiling	A-

### Outlooks

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

## Applicable Criteria

[Bank Rating Criteria \(November 2021\)](#)

[National Scale Rating Criteria \(December 2020\)](#)

[Non-Bank Financial Institutions Rating Criteria \(January 2022\)](#)

## Related Research

[Fitch Takes Actions on Panamanian Banks Following Sovereign and OE Outlook Revision to Stable \(February 2022\)](#)

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capitalization to levels in Fitch Ratings' core metrics below 3% (operating profit to RWA) and 17% (CET1 to RWA) could trigger a downgrade of the ratings.

- The senior unsecured debt National Short-Term Rating would move in tandem with MMG's National Short-Term Rating.
- Because these are the lowest levels in the respective scale, there is no downside potential for the GSR.

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**Issuer Ratings (Including Main Issuing Entities)**

Rating Level	Rating
Long-Term Foreign-Currency IDR	BB+
Short-Term Foreign-Currency IDR	B
Viability Rating	bb+
Government Support Rating	ns
National Long Term Rating	AA(pan)
National Short Term Rating	F1+(pan)
Outlook	Stable

Source: Fitch Ratings.

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**Debt Rating Classes**

Rating Level	Rating
Senior Unsecured: National Short-Term	F1+(pan)

Source: Fitch Ratings.

Ratings Navigator

MMG Bank Corporation



Banks  
Ratings Navigator

Operating Environment	Business Profile	Risk Profile	Financial Profile				Implied Viability Rating	Viability Rating	Government Support Rating	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+ Sta
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.

Higher influence Moderate influence

Significant Changes

Economic Recovery Relieves Pressure on Banks Performance

Fitch revises to stable from negative the trend of the Panamanian banking operating environment (OE) and has affirmed it at 'bb+' due to a stronger-than-expected economic recovery and lessening risk that fiscal or economic pressures will affect the recovery prospects of the banks' financial performance. Fitch estimates GDP growth of 15% and 7% for 2021 and 2022, respectively, while the unemployment rate has followed a downward trend reaching 11% as of Oct. 21. Likewise, the agency believes that loan deterioration risks due to the still high proportion of modified loans (17.4% of Panamanian banking system's total loans at November 2021) varies between banks, and depends on credit diversification and ability to absorb losses, since loan relief measures ended in September 2021. In Fitch's opinion, normalizing modified loan payments continues to be Panamanian banks' main challenge in 2022.

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## Brief Company Summary

### Business Profile

Fitch believes the bank's sound business model and its niche market position factor positively in its business profile. As of 3Q 2021, MMG presents a well-diversified and consistent business model with stable earnings over time that derive from its activities in investment management, advisory, investment funds and commercial banking, complemented by recently established business of mortgage REITs and offshore banking. On the other hand, MMG is the sixth largest asset manager (through its brokerage house) in Panama, managing 4.6% of total assets under management (AUM). MMG is also the fifth largest participant (out of 30 participants) in Panama's stock exchange primary market, as ranked by business volume. On another hand, the bank's ancillary commercial banking activity represented less than 1% of the banking system's total assets and customer deposits.

The agency believes that MMG's senior management is suitable to lead the organization. The team exhibits ample and deep experience in commercial and investment banking, asset management and capital markets businesses. The team features between 10+ and 30+ years of banking experience. Also, Fitch believes that MMG's corporate governance framework is clear, appropriately disseminated, and well-defined for MMG and each Panamanian subsidiary.

Historically, MMG has set clear and defined qualitative and quantitative strategic objectives. In that regard, they align its operations to reach these targets, appropriately overseen by different committees. Fitch considers that record of meeting stated objectives to be a sound achievement. The bank focuses on highly-differentiated products and services in a wide variety of business lines. According to Fitch's analysis, MMG has shown good execution of its strategic objectives over time and the agency believes it can achieve its goals for the foreseeable future, while not exempt from the pressures that the recovering economy may still impose.

### Risk Profile

Fitch believes MMG's sound risk management practices enable it to register an adequate financial performance. The bank's investment guidelines and underwriting standards are well-defined and updated regularly while also outlining formalized risk limits. This is especially required for its AUM business line as well as its lending operation. Risk controls appear sound, effectively aiding in risk mitigation. The overall balance sheet registered sound growth of around 9%, favoring liquid assets, while gross loans remain nearly at the previous year's levels. AUM, the source of most of the company's income, grew 5% year-over-year (yoy). The issuer demonstrates sound management of market risks while maintaining an adequate operation risk management structure and not registering any material reputational risk, with the latter being particularly important, due to its investment management and financial advisory activities.

As of fiscal year-end, the bank's gross loans shrank by an immaterial 0.5%, a similar behavior in relation to the two previous fiscal periods. This is due to the bank's conservative approach to lending, especially since the start of the coronavirus pandemic. In contrast, the overall balance sheet grew 9%, namely in liquid assets as it has predominated among financial institutions, due to the current economic climate. In contrast, overall Panamanian banking system loans and balance sheets recording a 1.3% increase and a -1.1% decrease, respectively.

On the other hand, AUM grew 5% organically, showing a recovery from the uncertainty caused by the pandemic. Fitch believes MMG has the appropriate in-house investment expertise to manage growth prospects alongside its technological capacity. Management has stated that all AUM growth must be organic

Summary Financials and Key Ratios

	9/30/21		2020	2019	2018	2017
(Years Ended Sept. 30)	USD Mil.	PAB 000	PAB 000	PAB 000	PAB 000	PAB 000
<b>Summary Income Statement</b>						
Net Interest and Dividend Income	11	11,499.6	12,661.4	13,181.1	12,250.2	11,490.1
Net Fees and Commissions	14	14,041.0	12,926.8	13,777.9	14,361.4	13,363.3
Other Operating Income	3	2,738.5	1,065.8	1,408.6	801.9	1,489.3
Total Operating Income	28	28,279.1	26,654.0	28,367.6	27,413.5	26,342.7
Operating Costs	14	14,336.9	13,809.3	13,894.7	12,669.8	12,414.6
Pre-Impairment Operating Profit	14	13,942.2	12,844.7	14,472.9	14,743.7	13,928.1
Loan and Other Impairment Charges	0	99.6	-276.3	0.0	64.1	31.3
Operating Profit	14	13,842.6	13,121.0	14,472.9	14,679.6	13,896.8
Other Non-Operating Items (Net)	N.A.	N.A.	N.A.	50.1	0.0	0.0
Tax	2	1,708.4	1,409.2	1,417.9	1,441.9	1,376.5
Net Income	12	12,134.2	11,711.8	13,105.1	13,237.7	12,520.3
Other Comprehensive Income	0	167.8	-67.5	722.4	-1,261.4	1,082.2
Fitch Comprehensive Income	12	12,302.0	11,644.3	13,827.5	11,976.3	13,602.5
<b>Summary Balance Sheet</b>						
<b>Assets</b>						
Gross Loans	242	241,524.4	242,714.7	244,799.5	250,863.1	226,373.9
- of which impaired	17	17,058.2	31,207.8	0.0	0.0	0.0
Loan Loss Allowances	1	632.2	538.9	250.8	208.4	144.3
Net Loan	241	240,892.2	242,175.8	244,548.7	250,654.7	226,229.6
Interbank	193	193,331.3	155,450.8	110,058.7	94,523.7	136,189.3
Derivatives	N.A.	N.A.	N.A.	0.0	0.0	0.0
Other Securities and Earning Assets	213	213,157.1	194,629.7	276,947.5	303,029.9	275,245.8
Total Earning Assets	647	647,380.6	592,256.3	631,554.9	648,208.3	637,664.7
Cash and Due from Banks	0	290.7	790.6	634.6	663.7	569.7
Other Assets	11	11,016.2	11,101.5	12,473.5	12,902.8	13,582.6
Total Assets	659	658,687.5	604,148.4	644,663.0	661,774.8	651,817.0
<b>Liabilities</b>						
Customer Deposits	531	531,194.1	458,417.7	474,006.2	493,677.5	526,840.8
Interbank and Other Short-Term Funding	33	33,316.4	55,505.7	74,009.2	62,918.0	45,794.2
Other Long-Term Funding	3	3,001.2	2,107.9	10,000.8	21,747.2	0.0
Trading Liabilities and Derivatives	N.A.	N.A.	N.A.	0.0	0.0	0.0
Total Funding and Derivatives	568	567,511.7	516,031.3	558,016.2	578,342.7	572,635.0
Other Liabilities	12	11,682.3	11,213.1	10,226.0	10,660.5	7,708.3
Preference Shares and Hybrid Capital	N.A.	N.A.	N.A.	0.0	0.0	0.0
Total Equity	79	79,493.5	76,904.0	76,420.8	72,771.6	71,473.7
Total Liabilities and Equity	659	658,687.5	604,148.4	644,663.0	661,774.8	651,817.0
Exchange Rate		USD1 = PAB1	USD1 = PAB1	USD1 = PAB1	USD1 = PAB1	USD1 = PAB1

N.A.: Not applicable.

Source: Fitch Ratings, Fitch Solutions and MMG Bank.

**Summary Financials and Key Ratios**

(%, Years Ended Sept. 30)	2021	2020	2019	2018	2017
<b>Ratios (Annualized as Appropriate)</b>					
<b>Profitability</b>					
Operating Profit/Risk-Weighted Assets	4.2	3.8	4.9	5.4	4.2
Net Interest Income/Average Earning Assets	2.1	2.2	2.2	1.9	1.7
Non-Interest Expense/Gross Revenue	50.7	51.8	49.0	46.2	47.1
Net Income/Average Equity	16.3	16.1	18.4	19.1	18.6
<b>Asset Quality</b>					
Impaired Loans Ratio	7.1	12.9	0.0	0.0	0.0
Growth in Gross Loans	(0.5)	(0.9)	(2.4)	10.8	53.7
Loan Loss Allowances/Impaired Loans	3.7	1.7	N.A.	N.A.	N.A.
Loan Impairment Charges/Average Gross Loans	0.0	(0.1)	0.0	0.0	0.0
<b>Capitalization</b>					
Common Equity Tier 1 Ratio	22.0	20.7	24.1	24.7	19.1
Fully Loaded Common Equity Tier 1 Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Fitch Core Capital Ratio	23.2	21.7	25.3	25.9	21.2
Tangible Common Equity/Tangible Assets	11.8	12.5	11.6	10.8	10.8
Basel Leverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Net Impaired Loans/Common Equity Tier 1	22.1	42.9	(0.4)	(0.3)	(0.2)
Net Impaired Loans/Fitch Core Capital	21.2	40.9	(0.3)	(0.3)	(0.2)
<b>Funding and Liquidity</b>					
Gross Loans/Customer Deposits	45.5	53.0	51.6	50.8	43.0
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Non-Equity Funding	93.6	88.8	84.9	85.4	92.0
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.	N.A.

N.A.: Not applicable.  
Source: Fitch Ratings, Fitch Solutions and MMG Bank.

## Key Financial Metrics – Latest Developments

### Asset Quality

As of September 2021, the bank registered an improvement of its impaired loans ratio, to 7.1% from 12.9% as of September 2020. Historically, MMG's gross loan portfolio had not registered overdue loans until the pandemic. Fitch foresees an improvement in the short term due to favorable customer behavior, including those with outstanding amounts, which coincidentally, represent the total amount of modified loans. On the other hand, the agency does not consider that there will be material changes to the portfolio's structural features of being highly concentrated by debtor and geography, but with adequate diversification by economic sector. All loans present collateral of high quality.

Non-loan exposures, namely, the bank's securities portfolio, is mostly high quality, with 59% being investment-grade securities (39% rated 'AA-' or higher) and soundly diversified by geographical region. Fitch notes the reduction of the proportion of investment-grade securities in relation to previous years (2020: 62%, 2019: 74%) but deems it feasible for the quality to improve, progressively, as the world economy improves.

AUM continue to perform well, despite the pandemic. As of September 2021, most was concentrated in fixed-income securities of high-quality corporates that yield a constant flow of fee income.

### Earnings and Profitability

As of September 2021, the bank's operating profitability exhibited a healthy recovery from the September 2020 figures. The agency believes that MMG's strategy will yield higher profitability, as the Panamanian economy recovers. Operating profit over RWAs was 4.2%, higher than the 3.8% of 2020 but still below the 2017-2019 average of 4.8%. The bank's profitability metrics have remained well above the banking system's average, mainly due to its very diversified business lines and high-quality loans and investments, alongside its AUM.

The bank's business model produces a steady flow of income throughout the economic cycle with low volatility. The main and complementary indicators of profitability maintain a moderate net interest margin of 2.1%, lower than the market average of 2.3% but benefiting from a downward financial cost. Likewise, operating efficiency remains one of the best in the industry, representing 50% of gross income (average 2017 to 2020: 48%; industry: 59.4% as of September 2021), which demonstrates the effectiveness of cost control. On the other hand, loan impairment charges are immaterial.

MMG reports a mix of revenues from its business lines that do not show a high level of dependency on each other. Its main source of income is related to commissions for asset management, investment banking and securities brokerage, while banking services have a secondary role. Asset management fees predominate, alongside investment banking ones. As of fiscal year-end 2021, non-interest income represented 59.3% of total gross revenues, a clear recovery from the 52% of the previous fiscal year and higher than the pre-pandemic 2017-2019 average of 55.1%.

### Capitalization and Leverage

As of fiscal year-end 2021, the CET1 ratio was 22%, deemed adequate to withstand any potential losses and support on-balance business growth. The agency foresees that capitalization ratios will remain strong, for the foreseeable future, due the bank's growth and profitability prospects and consistent and sound dividend policy.

Fitch considers that MMG's internal capital generation capacity is adequate, mainly due to the earnings growth of its AUM business. While dividend payment over net income has remained high, the agency does not foresee any issues that may materially affect the company's equity.

### Funding and Liquidity

As of September 2021, the loans-to-deposits ratio is a strong 45.5%, showing the ample liquidity the bank has and well above the Panamanian banking industry which focuses on traditional commercial banking (82%). Fitch believes that this ratio will remain strong in the near future as the lending business of the bank is secondary to its AUM business lines. Ample

liquidity is somewhat offset by a structurally-high concentration of depositors, as this represents 41% of total customer deposits.

One of MMG's strengths is the strong coverage of short-term liabilities by its unencumbered liquid assets. In accordance with its liquidity risk management policies, as of September 2021, liquid assets (cash and due, loans and advances and AFS securities) represented 58% of total assets and 72% of total customer deposits.

In addition, trend analysis of the issuer's EBITDA over interest expense ratio also shows that its funding, liquidity and coverage remain ample.

The bank relies on customer deposits that, while stable, are focused in demand deposits (75% of total) and a concentrated base that yields a high depositor concentration rate of 41%. Accordingly, interest expense on deposits is low (1.5% vs. the industry's 2.6%).

## Government Support

### Commercial Banks: Government Support Rating KRDs

Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	BBB- to BB
Actual jurisdiction D-SIB GSR	ns
<b>Government Support Rating</b>	<b>ns</b>
<b>Government ability to support D-SIBs</b>	
Sovereign Rating	BBB-/ Stable
Size of banking system	Negative
Structure of banking system	Neutral
Sovereign financial flexibility (for rating level)	Neutral
<b>Government propensity to support D-SIBs</b>	
Resolution legislation	Neutral
Support stance	Neutral
<b>Government propensity to support bank</b>	
Systemic importance	Negative
Liability structure	Negative
Ownership	Neutral

The GSRs of 'ns' reflect that, however possible, external support cannot be relied upon, given the banking system's large size compared to the economy and a weak support stance, due to Panama's lack of a lender of last resort.



Environmental, Social and Governance Considerations

FitchRatings MMG Bank Corporation

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Ratings Navigator

Credit-Relevant ESG Derivation

Credit-Relevant ESG Derivation		Overall ESG Scale			
MMG Bank Corporation has 5 ESG potential rating drivers		key driver	0	issues	5
<ul style="list-style-type: none"> <li>MMG Bank Corporation 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.</li> <li>Governance is minimally relevant to the rating and is not currently a driver.</li> </ul>		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	<p><b>How to Read This Page</b> 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.</p> <p>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.</p> <p>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.</p>
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	<p>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).</p> <p>Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.</p>
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	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	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	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	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	Irrelevant to the entity rating but relevant to the sector.
				1	Irrelevant to the entity rating and irrelevant to the sector.

Unless otherwise disclosed in this section, the 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 on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

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.

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