FitchRatings

Banks
Retail & Consumer Banks
Norway

Santander Consumer Bank AS

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F2
Viability Rating	bbb+
Shareholder Support Rating	a-

Sovereign Risk

Long-Term Foreign- and Local-Currency IDRs	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign- and Local-Currency IDRs	Stable

Key Rating Drivers

Parent Support Drives IDRs: Santander Consumer Bank AS's (SCB) Issuer Default Ratings (IDRs) are driven by support from its ultimate parent, Banco Santander, S.A. (Santander; A-/Stable), potentially channelled via SCB's intermediate parent Santander Consumer Finance S.A. (SCF; A-/Stable). The Stable Outlook on SCB's Long-Term IDR mirrors that on its parents.

SCB's IDRs are equalised with Santander's as Fitch Ratings believes there is a very high probability that SCB would be supported directly by Santander, or indirectly via SCF (its 100% shareholder). This is reflected in SCB's Shareholder Support Rating (SSR) of 'a-'.

Strong Intrinsic Creditworthiness: SCB's Viability Rating (VR) reflects its leading Nordic consumer-finance franchise, underpinned by a clear and consistent business model, moderate risk appetite in auto and unsecured lending, and strong financial metrics.

The VR is one notch below the implied VR of 'a-'. This is because we attribute high importance to the business profile score of 'bbb+' to reflect the bank's limited business model diversification, which results from its focus on consumer finance. We believe this focus may have a long-term impact on SCB's financial metrics beyond that captured in the financial-profile scores.

Leading Nordic Auto Lender: SCB is a leading Nordic consumer finance bank with strong market shares and relationships in the four main Nordic countries. It is particularly strong in auto finance, where the bank holds number one positions in Norway and Denmark. SCB's franchise benefits from being part of SCF, particularly through globally arranged captive agreements, branding, and strategic partnerships.

Solid Earnings Generation: SCB's healthy and resilient pre-impairment profitability is underpinned by strong margins and robust cost efficiency, providing adequate loss-absorption capacity for its concentration on consumer finance. We forecast SCB's operating profit at 2.3% of risk-weighted assets (RWAs) in 2023 and 2024. Sluggish credit expansion, particularly in higher-yielding unsecured lending, will weigh on income growth, and inflationary pressure should limit the potential for further cost efficiencies in the short term.

Well-Controlled Credit Risk: The bank's underwriting standards are sound, underpinned by a dominant share of well-collateralised auto lending (about 85% of loans) and the generally sound repayment capacity of borrowers in the Nordic countries. Asset-quality metrics have remained resilient over the credit cycle, due to SCB's prudent risk appetite, evenly balanced geographical mix, strong risk controls and adequate risk-based pricing.

Manageable Asset-Quality Pressure: Deterioration in the operating environment will likely weigh on asset quality in 2023. However, we believe the economic slowdown will be moderate in the Nordic region. We expect SCB's impaired loan ratio to remain below 3% in 2023, and for loan-impairment charges (LICs)/gross loans to reach about 70bp in 2023 and 2024.

Sound Capitalisation: SCB's common equity Tier 1 ratio (CET1; end-2022: 18.7%) and Basel leverage ratio (12.9%) compare well with those of similarly rated peers. The parent has been supportive of SCB in recent years, providing capital injections.

Stable Funding Profile: SCB's funding is a rating weakness due to a less developed deposit and wholesale debt franchise (compared with higher-rated large Nordic banks'). Our assessment also reflects SCB's appropriate liquidity, good access to wholesale funding and the availability of ordinary support from the group.

Applicable Criteria

Bank Rating Criteria (September 2022)

Related Research

Fitch Affirms Santander Consumer Bank AS at 'A-'; Outlook Stable (March 2023)

Global Economic Outlook (March 2023)

Major Nordic Banks - Peer Review 2022 (December 2022)

Fitch Affirms Santander Consumer Finance at 'A-'; Outlook Stable (November 2022)

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Rating Sensitivities

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

SCB's IDRs and SSR would be downgraded if SCF's and Santander's IDRs are downgraded, as SCB's shareholder-support driven ratings are sensitive to the same factors that might drive a change in its parents' IDRs.

SCB's IDRs and SSR are also sensitive to a weakening of Santander's and SCF's propensity to support SCB, for example if the Nordic countries or the consumer-finance segment become less strategic for the group or if SCB becomes significantly less integrated within the group, which we do not expect.

The VR could be downgraded if SCB's financial profile materially weakens. This would require a durable contraction of its operating profit/RWAs and CET1 ratios to below 1.5% and 15%, respectively, combined with impaired loans and LICs/gross loans ratios durably increasing above 4% and 1%, respectively.

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

SCB's IDRs and SSR would be upgraded if SCF's and Santander's IDRs are upgraded.

In the longer term, an upgrade of SCB's VR would be contingent on a more diversified business model and a longer record of funding self-sufficiency.

Other Debt and Issuer Ratings

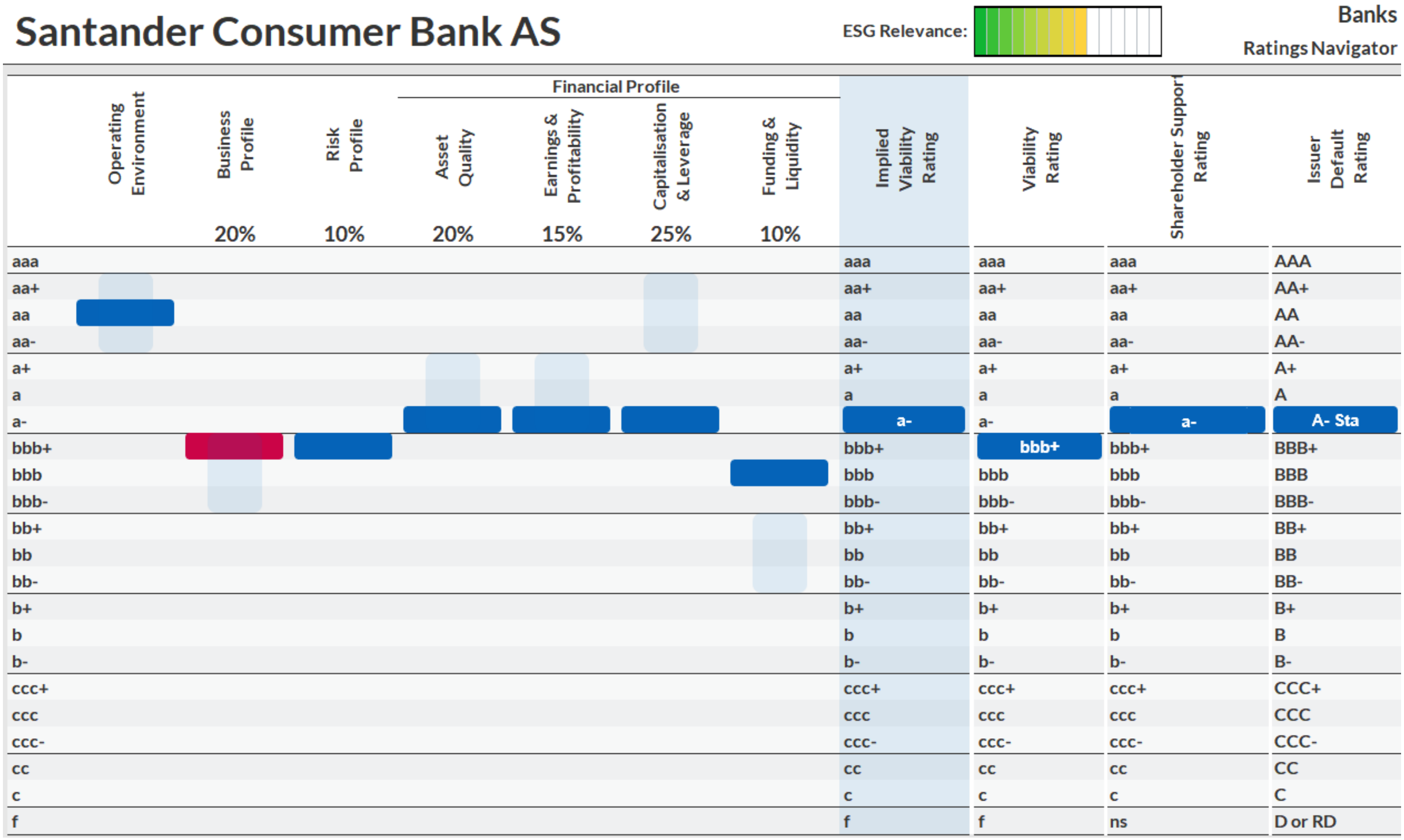
Rating level	Rating
Deposits	A/F1
Senior preferred debt	A/F1

Source: Fitch Ratings

SCB's long-term senior preferred debt and deposit ratings are one notch above the bank's Long-Term IDR. This reflects our expectation of the protection that will accrue to senior preferred debt and deposits from junior resolution debt buffers raised by the parent. This is because SCB is part of the same resolution group as Santander and SCF under the group's single-point-of-entry resolution strategy.

The short-term preferred senior debt and deposit ratings of 'F1' are the lower of two options mapping to the long-term ratings of 'A', in line with the parents' short-term preferred senior debt and deposit ratings.

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 VR of ‘bbb+’ is below the implied VR of ‘a-’ due to the following adjustment reason: business profile (negative).

The capitalisation and leverage score of ‘a-’ is below the ‘aa’ category implied score due to the following adjustment reasons: risk profile and business model (negative) and historical and future metrics (negative).

The funding and liquidity score of ‘bbb’ is above the ‘bb’ category implied score due to the following adjustment reasons: non-deposit funding (positive) and liquidity access and ordinary support (positive).

Company Summary and Key Qualitative Factors

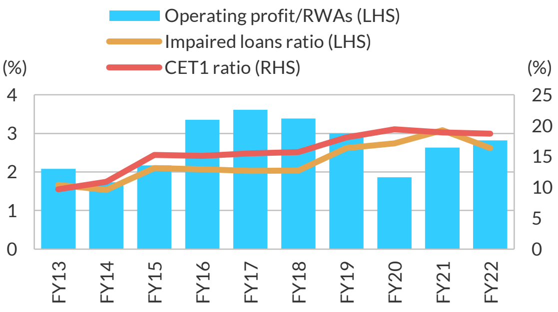
Business Profile

Auto finance is the bank's core product (about 85% of loans). It is mainly distributed through relationships with auto manufacturers, dealers, and importers and, to a lesser extent, through direct marketing and the bank's own website. Unsecured lending makes up the remainder of the loans and consists of consumer and credit card loans, and sales finance. It is sourced mainly through the internet and through business partners, with sales finance especially benefitting from online retail distribution and agreements with retailers and merchants.

Revenue almost solely consists of net interest income (around 95% of revenue). SCB has some pricing power in its four markets and benefits from the high perceived quality of the Santander brand compared with many peers. Other benefits also include efficiency advantages from technology and product-development synergies.

The bank's strategy is closely aligned with that of SCF and of Santander. The bank wants to maintain its position in auto finance in the Nordic region. SCB lost its leader position in Finland, although this does not affect our assessment of its business profile as SCB has protected its margins at the expense of lower lending volumes. SCB's senior management has a clear strategic vision and a good degree of depth. It has also demonstrated an ability to both integrate acquired businesses and grow organically, while maintaining its prudent risk appetite. Management quality and execution benefit from integration with Santander in terms of corporate culture and governance.

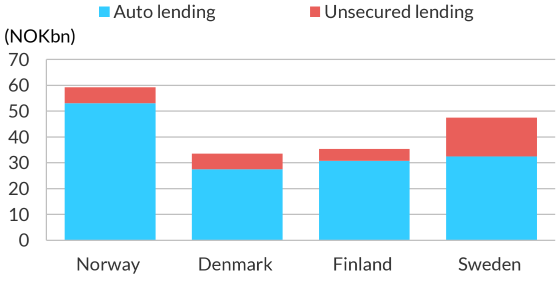
Performance Through the Cycle



Source: Fitch Ratings, SCB

Geographical Split of Gross Loans

End-2022



Source: Fitch Ratings, SCB

Risk Profile

We believe SCB's risk-management policies and procedures are good and appropriate given its business model, being closely integrated with those of the wider Santander group. This includes limits on credit, market and liquidity risk exposures, operational, compliance and IT risks.

SCB's loan growth rate has fluctuated in recent years due to foreign-exchange-rate movements, an acquisition in 2020, tightened lending standards for unsecured loans, and a solid rebound in auto financing in 2022. SCB's annual credit volume generation is high and should be viewed in light of a short effective maturity of loans (about two years for auto loans). However, the fast loan book turnover is well controlled and balance sheet growth has been comfortably matched by capital generation.

We expect the product mix (84% auto financing/16% unsecured at end-2022) to remain broadly stable in the short to medium term. We believe credit standards are largely consistent, but may vary slightly over economic cycles. The loan approval process is largely automated for auto and unsecured loans, with a stable level of acceptance. Auto financing mostly comprises loans to private individuals, followed by SMEs (fleet financing and wholesale financing). SCB's portfolio is fairly granular, given its predominantly retail nature, which reduces borrower concentration. Loans are well-diversified geographically. The residual value risk management in auto lending is prudent.

In November 2022, the Norwegian FSA imposed the fine of NOK150 million (about EUR14 million) for deficiencies in the SCB's internal controls and systems related to anti-money-laundering in the Norwegian operations. However, the FSA did not identify any potential money-laundering transactions. The FSA also issued four corrective orders to the bank, related to the shortcomings in SCB's routines and systems for risk assessment, reporting and follow-up, and control of the customer portfolio. The FSA's decision is neutral for our assessment of the bank's 'bbb+' VR. According to SCB's management, the four orders received from the FSA were addressed before the deadline of 1 February 2023.

Financial Profile

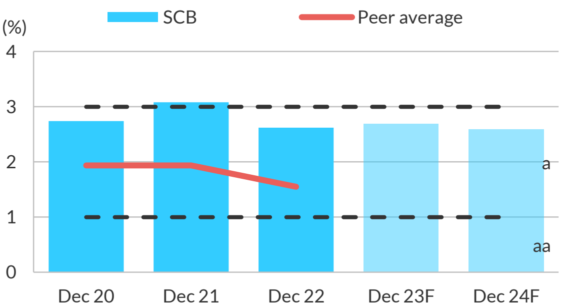
Asset Quality

Asset quality was resilient over the credit cycle, due to SCB's prudent risk appetite, its well-balanced geographical mix, strong risk controls and adequate risk-based pricing. We do not expect the cost of risk to rise above the historical average in 2023 and 2024, despite macro-economic uncertainties. This is because a high proportion of SCB's loan book is secured and the bank's recently tightened debt affordability assessment (in line with EBA guidelines) has increased the resilience of unsecured loan exposures.

The operating environment is more challenging in 2023, but SCB enters the economic downturn from a strong asset quality position. The still-modest Stage 2 ratio increased to 3.8% at end-2022 (end-2021: 3.3%), driven by auto financing, while overdue unsecured loans decreased. The bank's impaired loans are conservatively classified, with about one third comprising loans without payment arrears longer than 90 days. The impaired loans/gross loans ratio was materially higher for unsecured lending at 8.8% compared with 1.5% for auto loans. Impaired loans are comfortably covered by specific loan loss allowances (end-2022: 55%). The ratio was 46% for secured and 63% for unsecured loans.

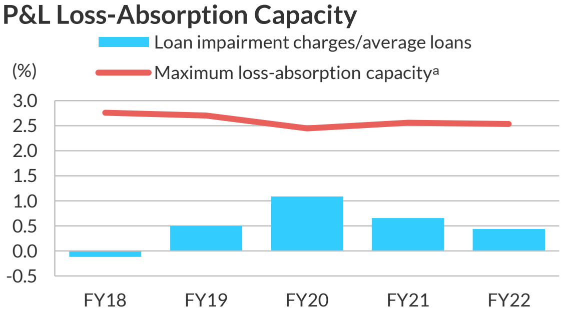
SCB's pre-impairment operating profit in the past five years has been sufficient to absorb LICs equivalent to about 260bp of average gross loans annually, while the highest credit risk cost in the past decade was 110bp (in 2020 and 2014).

Impaired Loans/Gross Loans



Source: Fitch Ratings, SCB

P&L Loss-Absorption Capacity



[a] Pre-impairment operating profit/average loans
Source: Fitch Ratings, SCB

Earnings and Profitability

SCB's strong profitability throughout the credit cycle reflects its low cost-base, sound interest margins and contained LICs. The net interest margin decreased in 2022 to 3.6% from 3.8%, but the ratio net of loan impairment charges remained stable at 3.2%. SCB's net interest income decreased 5% year-on-year. The positive impact of the loan book repricing from higher interest rates was offset by a steep increase in funding costs – particularly visible from 3Q22 – as well as increased competition, a weaker Norwegian krone and a changing product mix, leaning more towards lower-yielding secured auto lending.

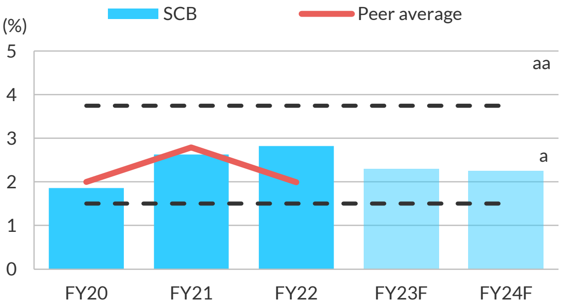
Cost efficiency is robust despite SCB's small size. The bank plans to improve its cost/income ratio to below 35% in the medium-term through disciplined operating expense management, assisted by digitalisation. The employee headcount was reduced by about 9% in 2022, reflecting further cost efficiencies – which is a key strategic objective for the bank. However, we believe that SCB's cost/income target is unlikely to be achieved in light of the inflationary pressure and limited income growth prospects. We expect the cost/income ratio in 2023 and 2024 at about 40%.

Capital and Leverage

SCB's capitalisation is sound for the rating level and the business model. At end-2022, the fully loaded CET1 ratio was 430bp above the requirement and the leverage ratio a high 12.9% owing to the banks' high risk-weighted assets density. SCB applies the standardised method for calculating capital requirements for auto loans in Denmark and all unsecured lending.

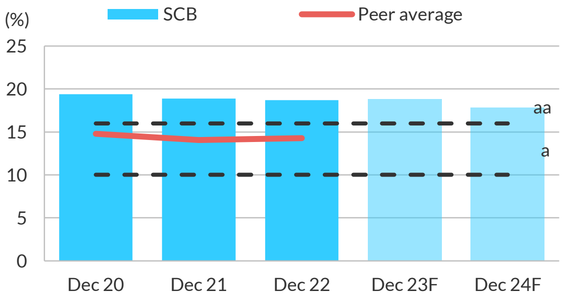
The CET1 ratio requirement will materially decrease to about 13% in June 2023 (including 1.5% Pillar 2 guidance) from 14.4% at end-2022. The lower Pillar 2 requirement will offset the higher countercyclical buffers in Norway, Denmark and Sweden. Fitch expects higher pay-out ratios once macroeconomic uncertainties reduce, as it expects the CET1 ratio to move towards 16%. The bank aims to keep the CET1 ratio at least 130bp above its requirement.

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, SCB

CET1 Ratio



Source: Fitch Ratings, SCB

Funding and Liquidity

In June 2022 SCB received minimum requirement for own funds and eligible liabilities. The bank plans to observe this requirement by issuing senior non-preferred debt to Santander or SCF. Consequently, the share of parental funding has increased to about 25% of funding at end-2022.

SCB has recently successfully increased its deposit base, in line with the group's strategy to have self-funded subsidiaries. SCB has a deposit license in Norway, Sweden and Denmark. By offering competitive prices, deposits increased by 4% in 2022 and represented about 45% of all funding at end-2022. SCB's deposits are more price- and confidence-sensitive than those of larger Nordic banking groups as its customers generally do not have other products with SCB and the bank mainly competes on price.

SCB also funds itself via securitisations and unsecured debt, and, particularly on the unsecured side, has been able to tap the markets more frequently in recent years. The use of securitisation has slightly reduced (8% of funding at end-2022) due to strict legislation in Norway, although SCB is still able to issue ABS in its other markets. Following expected regulatory changes, we expect the bank to increase its ABS issuances in Norway again.

At end-2022, SCB's liquid assets equalled about 6% of total assets which is lower than most peers, but this equalled 20% when including undrawn multicurrency committed facilities from the parent. We believe the bank would receive liquidity support from the parent if access to wholesale funding markets was uncertain or prohibitively expensive.

Additional Notes on Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's Bank Rating Criteria. They are based on a combination of 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 recapitalisations 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.

Black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Light-blue columns represent Fitch's forecasts.

Peer average includes Santander Consumer Finance, S.A. (VR: a-), LeasePlan Corporation N.V. (bbb+), Santander Consumer Bank AG (a-).

Latest average uses 9M22 data for Santander Consumer Finance, S.A.

Financials

Financial Statements

	31 Dec 22		31 Dec 21	31 Dec 20	31 Dec 19
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(NOKm)	(NOKm)	(NOKm)	(NOKm)
	Audited	Audited	Audited	Audited	Audited
Summary income statement					
Net interest and dividend income	687	6,754	7,088	7,655	7,178
Net fees and commissions	37	367	318	262	366
Other operating income	-7	-65	0	-101	52
Total operating income	718	7,056	7,406	7,816	7,596
Operating costs	267	2,472	2,871	3,369	3,178
Pre-impairment operating profit	451	4,434	4,535	4,447	4,418
Loan and other impairment charges	86	850	1,176	1,999	807
Operating profit	364	3,584	3,359	2,448	3,611
Other non-operating items (net)	n.a.	-150	n.a.	253	n.a.
Tax	89	877	793	571	742
Net income	275	2,707	2,566	2,130	2,869
Other comprehensive income	32	315	-49	71	-9
Fitch comprehensive income	307	3,022	2,517	2,201	2,860
Summary balance sheet					
Assets					
Gross loans	19,058	187,401	175,589	181,267	165,331
- Of which impaired	500	4,918	5,402	4,961	4,324
Loan loss allowances	450	4,425	4,949	5,004	3,939
Net loans	18,608	182,976	170,640	176,263	161,392
Interbank	373	3,663	4,391	7,238	3,968
Derivatives	73	717	102	18	37
Other securities and earning assets	610	6,000	9,692	6,851	11,567
Total earning assets	19,664	193,356	184,825	190,370	176,964
Cash and due from banks	578	5,680	3,784	3,363	66
Other assets	392	3,858	3,748	5,159	3,911
Total assets	20,634	202,894	192,357	198,892	180,941
Liabilities					
Customer deposits	7,721	75,925	73,304	81,142	65,484
Interbank and other short-term funding	3,718	36,561	30,443	29,363	32,173
Other long-term funding	5,471	53,797	53,981	54,037	53,825
Trading liabilities and derivatives	90	883	63	25	22
Total funding and derivatives	17,000	167,166	157,791	164,567	151,504
Other liabilities	508	4,992	4,711	5,153	4,347
Preference shares and hybrid capital	229	2,250	2,250	2,250	2,250
Total equity	2,897	28,486	27,605	26,922	22,840
Total liabilities and equity	20,634	202,894	192,357	198,892	180,941
Exchange rate		USD1 = NOK9.8332	USD1 = NOK8.8517	USD1 = NOK8.7324	USD1 = NOK8.7997

Source: Fitch Ratings, Fitch Solutions, SCB

Key Ratios

	31 Dec 22	31 Dec 21	31 Dec 20	31 Dec 19
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	2.8	2.6	1.9	3.0
Net interest income/average earning assets	3.6	3.8	4.0	4.1
Non-interest expense/gross revenue	35.0	38.8	43.1	41.8
Net income/average equity	9.9	9.3	8.3	13.2
Asset quality				
Impaired loans ratio	2.6	3.1	2.7	2.6
Growth in gross loans	6.7	-3.1	9.6	1.6
Loan loss allowances/impaired loans	90.0	91.6	100.9	91.1
Loan impairment charges/average gross loans	0.4	0.7	1.1	0.5
Capitalisation				
Common equity Tier 1 ratio	18.7	18.9	19.4	18.1
Fully loaded common equity Tier 1 ratio	18.7	18.7	19.2	17.8
Tangible common equity/tangible assets	13.5	13.8	13.0	12.1
Basel leverage ratio	12.9	13.5	13.8	13.1
Net impaired loans/common equity Tier 1	2.0	1.9	-0.2	1.8
Funding and liquidity				
Gross loans/customer deposits	246.8	239.5	223.4	252.5
Liquidity coverage ratio	184.5	144.0	237.0	187.0
Customer deposits/total non-equity funding	45.1	45.8	48.7	42.6
Net stable funding ratio	107.2	110.1	114.4	108.0

Source: Fitch Ratings, Fitch Solutions, SCB

Support Assessment

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

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

We consider SCB a key and integral part of Santander's consumer-finance activities. SCB operates in one of SCF's core geographies, and Santander considers consumer finance one of its core markets. Any required support for SCB would be immaterial relative to Santander's ability to provide it due to SCB's modest size.

SCB is highly integrated into the Santander group and has received ordinary support in the form of funding and capital from its parent to support business growth. SCB's management and corporate culture are highly integrated into SCF's, and ultimately into Santander's. SCB also benefits from shared risk-management practices within the group and operates under the Santander brand name.

Environmental, Social and Governance Considerations

FitchRatings **Santander Consumer Bank AS**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Santander Consumer Bank AS has 5 ESG potential rating drivers

- Santander Consumer Bank AS 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	5	issues	2
	4	issues	1

Environmental (E)

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

Social (S)

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

Governance (G)

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

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

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

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

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

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

CREDIT-RELEVANT ESG SCALE

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

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

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 SCB, either due to their nature or the way in which they are being managed by the bank. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

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