

ESG Factors in Bank Credit Ratings Analysis

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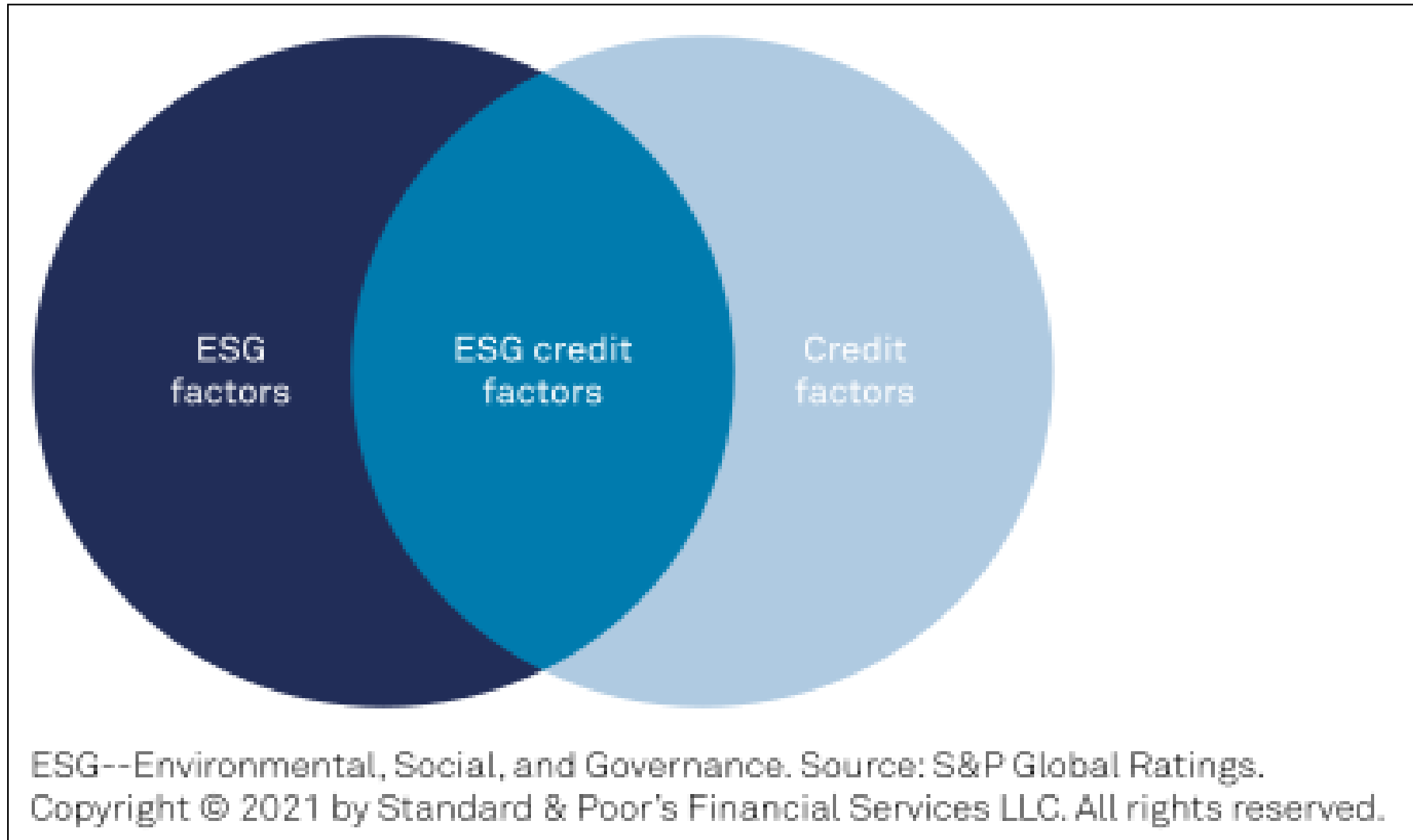
Financial Institutions - Ratings



S&P Global
Ratings









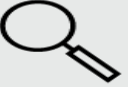




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ESG In Credit Ratings: **Materiality Is Key**



ESG Factors Potentially Affecting Our Credit Ratings

Examples of ESG Credit Factors:

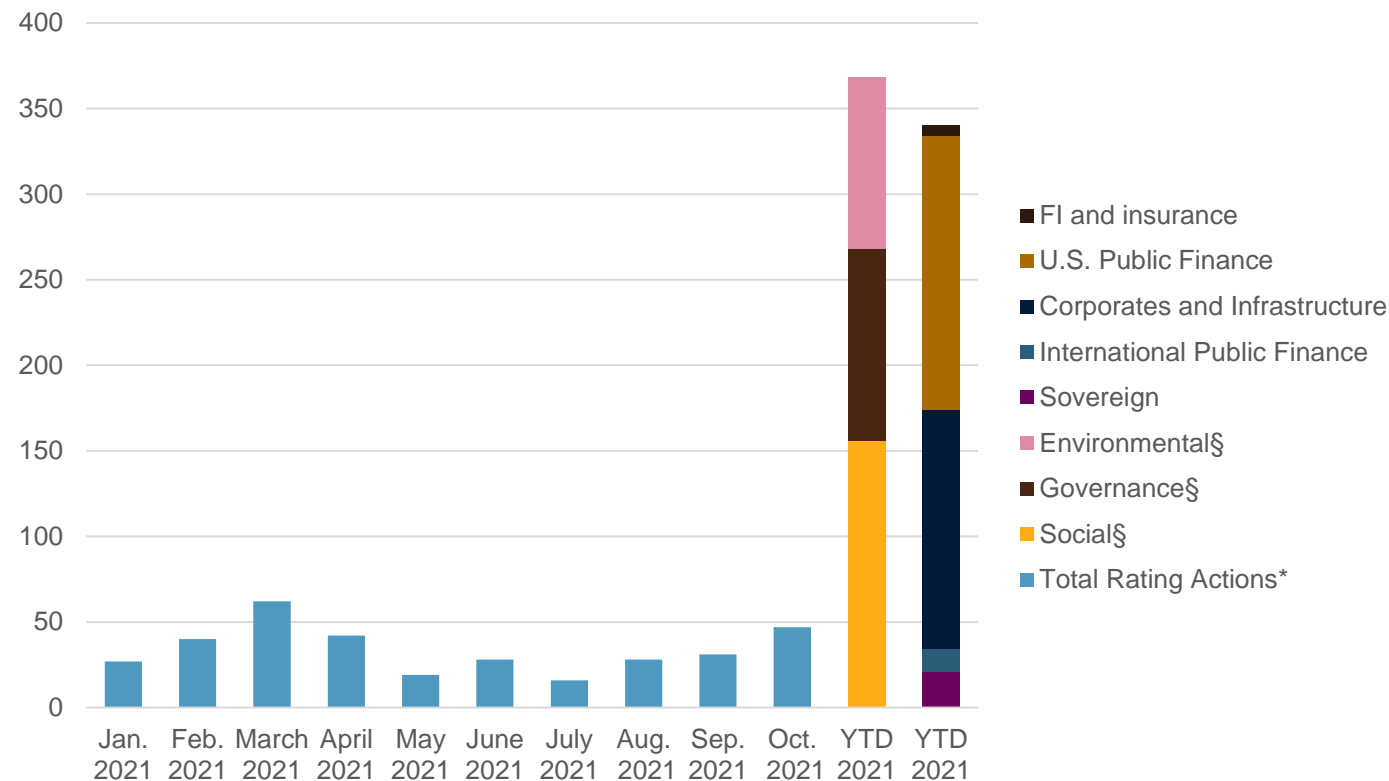
Environmental factors	Social factors	Governance factors
 Climate transition risks	 Health and safety	 Governance structure
 Physical risks	 Social capital	 Risk management, culture, and oversight
 Natural capital	 Human capital	 Transparency and reporting
 Waste and pollution	 Other social factors	 Other governance factors
 Other environmental factors		

ESG Factors Influence Our Credit Ratings

- Between January and October 2021, we had about 330 ESG-related rating actions, excluding structured finance.
- These were relatively well spread between environmental, social and governance factors.
- ESG-related rating actions mostly affected our corporate & infrastructure, as well as US public finance issuers.

ESG-Related Rating* Actions - January-October 2021

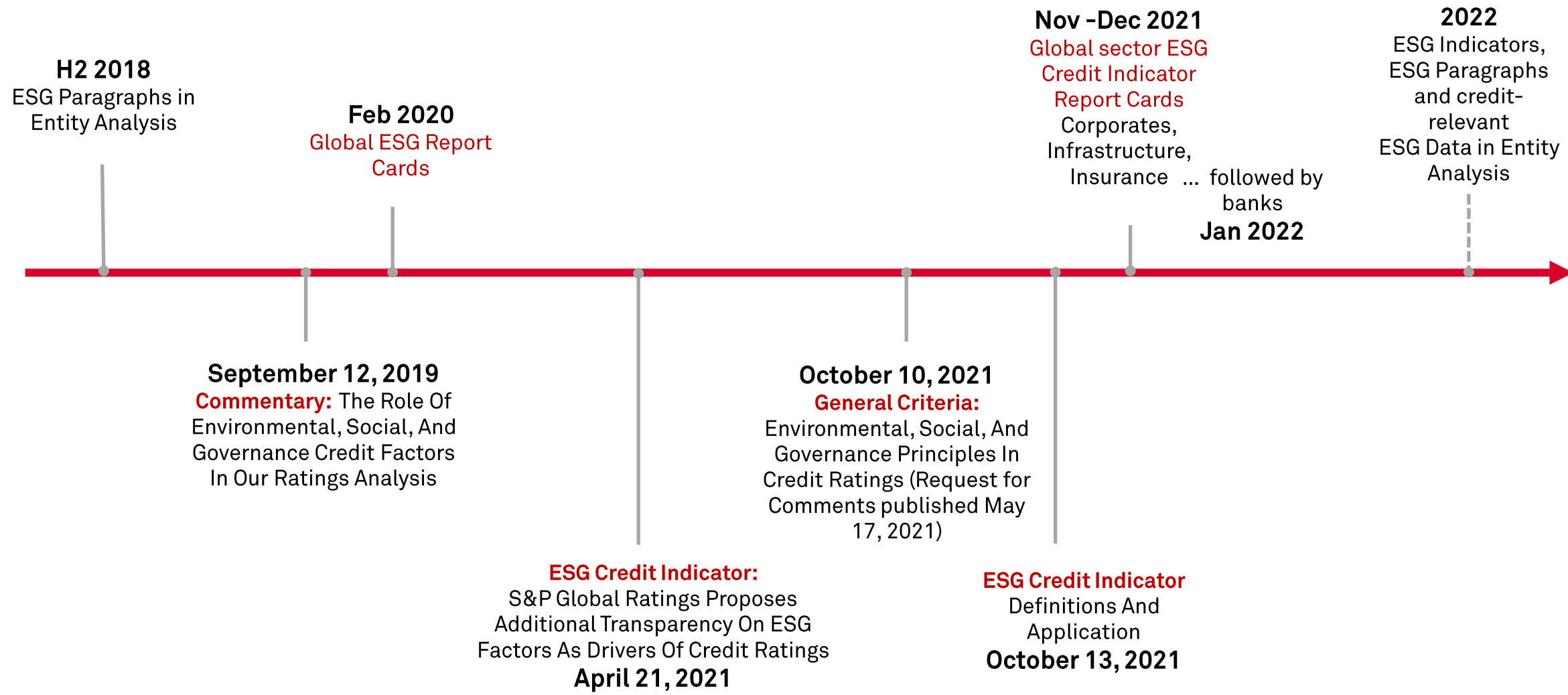
(excluding structured finance)



* Rating actions comprise ratings, CreditWatch, and outlook changes over January-October 2021.

§The sum of social, governance, and environmental actions exceeds total ESG rating actions because some actions were influenced by multiple factors.

S&P Global Ratings **Transparency Initiatives** On ESG



ESG Credit Indicators | Key Concepts

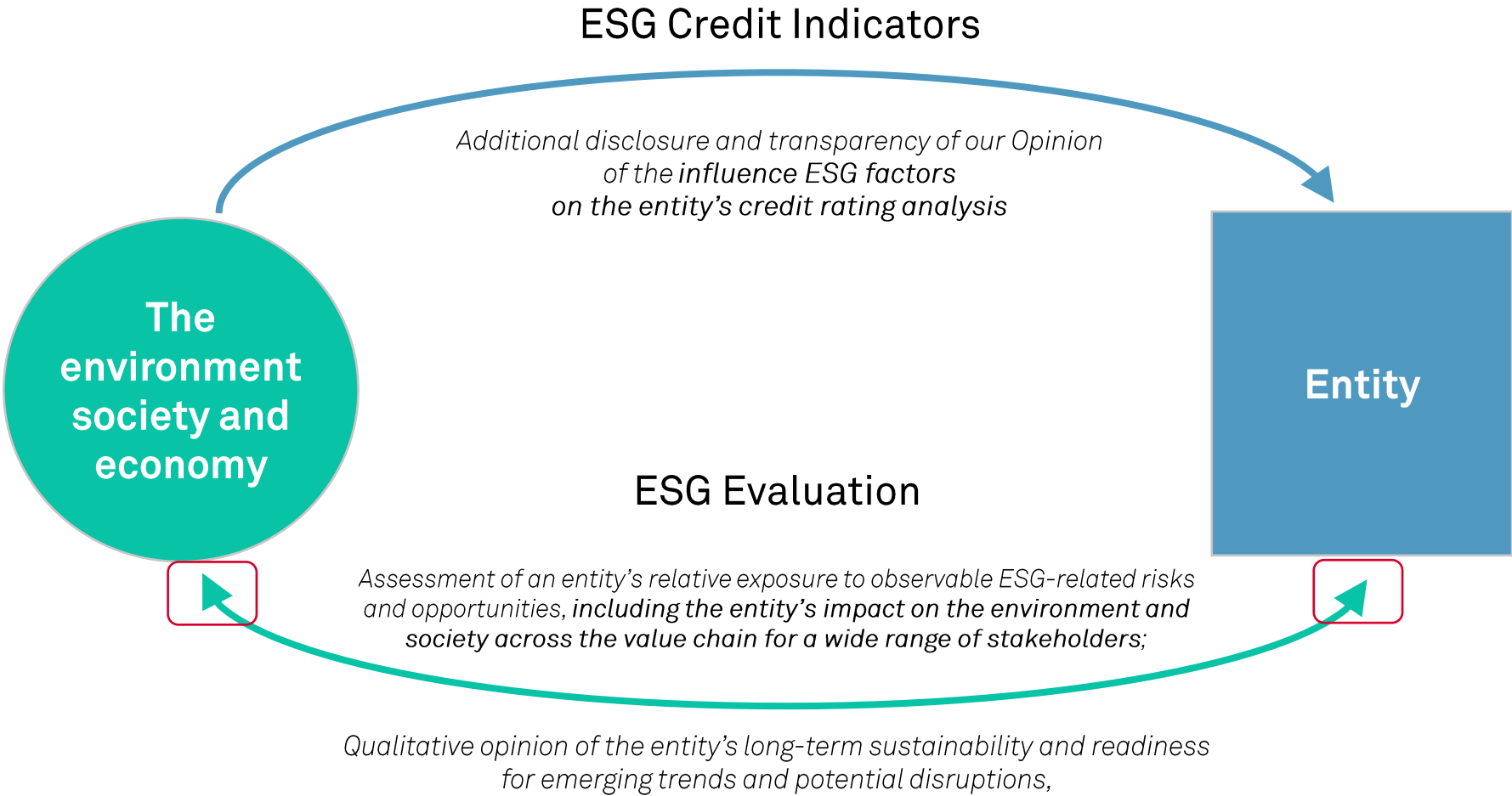
They add transparency regarding S&P Global Ratings' view on ESG credit factors

- ✓ For all public ratings
- ✓ Assessing the influence of ESG factors in our credit rating analysis
- ✓ Using a scale from 1 to 5
- ✓ Providing additional disclosure, as they are applied/updated after the rating has been determined.
- ✗ They are NOT a sustainability rating nor an S&P Global Ratings ESG evaluation.

ESG Credit Indicators

Examples Of Credit influence					ESG factor
Positive	Neutral	Moderately negative	Negative	Very negative	
E-1	E-2	E-3	E-4	E-5	Climate risk
S-1	S-2	S-3	S-4	S-5	--
G-1	G-2	G-3	G-4	G-5	Transparency

ESG Credit Indicators are NOT Sustainability Ratings nor an ESG Evaluation



ESG credit indicators are separate and distinct from S&P Global Ratings ESG evaluations.

An S&P Global Ratings ESG evaluation is not a credit rating or component of our credit rating methodology.

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