

# Nexent Bank N.V.

## Key Rating Drivers

**Prudent Balance-Sheet Management:** Nexent Bank N.V.'s (NXB) established franchise in commodity trade finance is a rating strength, despite its limited diversification. The ratings reflect overall improvements in the bank's credit fundamentals. Since 2018, NXB has been de-risking its balance sheet by reducing its volume of impaired loans and exposure to some emerging market (EM) countries, which improved its profitability. This has fed through to increased internal capital generation and higher capitalisation.

**Resilient Performance Despite Geopolitical Tensions:** Fitch Ratings expects a slowdown in world trade in 2025 from mounting geopolitical tensions, protectionist policies and trade disputes. However, we believe that the performance of European trade finance banks we rate will remain resilient in this context and potentially rebound from 2026, assuming tensions ease.

**Niche Trade Finance Bank:** NXB has a niche trade finance franchise, with diversification into corporate lending and retail banking in Romania. The volatility of its revenue has decreased over the past years, alongside its exposure to EM countries. The business profile benefits from NXB's growth strategy in its main franchises, with a controlled risk appetite and improved cost efficiency.

**Tightened Risk Appetite:** The bank has adopted a more conservative risk approach over the past five years by reducing its exposure to cyclical sectors, countries affected by high volatility (e.g. Turkiye) or significant geopolitical developments (e.g. Russia). These measures have led to a significant decline in NXB's non-performing exposures and minimum capital requirements.

**Low NPAs; Adequate Coverage:** NXB has recently shown satisfactory balance sheet management, although exposure to EMs add potential volatility to asset quality. The non-performing assets (NPA) ratio (which includes on- and off-balance-sheet risks, and is a better indicator of the bank's asset quality) gradually declined to about 1% at end-2024, down from 7% at end-2020, helped by tightened underwriting policies, balance sheet de-risking and lending geared towards developed markets.

Coverage of impaired loans by provisions is adequate, at 59% at end-2024. We expect the NPA ratio to remain at this level in 2025-2026.

**Improved Profitability:** Since 2023, NXB's core profitability has materially improved, thanks to the increase in net interest income and lower loan impairment charges (LICs). We expect the bank to maintain an operating profit/risk-weighted assets (RWAs) ratio of above 2% in 2025, despite decreasing interest rates and lower-than-expected trade volumes, on tight cost management and low LICs.

**Capital Buffers Improving:** NXB's common equity Tier 1 (CET1) ratio has consistently exceeded 15% over the past few years; capital encumbrance by unreserved non-performing exposures has materially reduced. The bank's capital size is modest in nominal terms, but its capital buffers have recently improved, after the local regulator's decision to reduce its minimum capital requirements.

**Moderately Stable Deposit Franchise:** NXB is mainly funded through granular retail deposits, which are collected online mostly in Germany and the Netherlands. Corporate and interbank deposits are originated from NXB's trade-finance and corporate-banking operations. The bank has a large liquidity buffer, made of central bank deposits and sovereign bonds. The short-term nature of NXB's balance sheet supports its capacity to meet its commitments.

**CEG's Ratings Equalised with NXB's:** CEG. N.V. (CEG) is the parent holding company of NXB, the group's main operating company and core bank. Their ratings are equalised, as there is low double leverage at holding company level, and as Fitch believes that the risk of failure of the two entities is substantially the same.

## Ratings

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

Viability Rating	bb
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Government Support Rating	ns
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## Sovereign Risk (Netherlands)

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

## Outlooks

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

## Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

## Applicable Criteria

[Bank Rating Criteria \(March 2025\)](#)

## Related Research

- [Fitch Upgrades CEG and Nexent Bank to 'BB'; Outlooks Stable \(July 2025\)](#)
- [Global Economic Outlook \(June 2025\)](#)

## Analysts

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## Rating Sensitivities

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

The bank retains sizeable rating headroom. However, the ratings would be downgraded if the macroeconomic environment weakens more than we expect, leading to a material asset-quality deterioration resulting in an NPA ratio of above 3% on a sustained basis, weaker operating profitability (operating profit falling below 1% of RWAs on a sustained basis) or capital position (CET1 ratio below 13%).

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

The ratings could be upgraded on further evidence that NXB's conservative risk profile allows it to generate sound risk-adjusted returns with an operating profit sustainably above 2% of RWAs through the cycle, while maintaining a CET1 ratio materially above 14%. An upgrade would also require a stable risk profile, evidenced by an NPA ratio sustainably below 2%. Tested access to wholesale funding would also be rating positive.

## Ratings Navigator

Credit Europe Bank N.V.							ESG Relevance:	Banks		
								Ratings Navigator		
Operating Environment	Business Profile	Risk Profile	Financial Profile				Implied Viability Rating	Viability Rating	Government 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+
bb							bb	bb	bb	BB Sta
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.

Note: Credit Europe Bank N.V. is the former name of Nexent Bank N.V.

## VR - Adjustments to Key Rating Drivers

The operating environment score of 'bbb' is below the category implied score of 'aa' due to the following adjustment reason: geographical scope (negative).

The earnings & profitability score of 'bb' is below the category implied score of 'bbb' due to the following adjustment reason: revenue diversification (negative).

The capitalisation & leverage score of 'bb+' is below the category implied score of 'bbb' due to the following adjustment reason: risk profile and business model (negative).

The funding & liquidity score of 'bb' is below the category implied score of 'bbb' due to the following adjustment reason: non-deposit funding (negative).

## Company Summary and Key Qualitative Factors

### Business Profile

#### *Established Trade Finance and Corporate Lending Franchise*

NXB has a niche commodity trade finance franchise (about 60% of corporate loans) with diversification in consumer finance in Romania. The bank has a long-standing experience in international trade finance and its product range includes letters of credit pre- and post-export financing as well as receivables financing. NXB mainly deals with established commodity traders in oil-related products and, to a lesser extent, in metals and soft commodities.

NXB is active in marine finance, where it finances cargo vessels during and after their construction phase (mainly in Malta), in supply chain financing, and in commercial real estate (hotels, retail, logistics). The bank also operates one of the leading credit cards franchises in Romania, with a 20% market share. In January 2025, the bank transformed its Romanian subsidiary into a branch of the Dutch entity. We expect this to result in cost savings for the bank, as it will induce lesser regulatory or foreign-currency (FC) constraints, and allow for better synergies.

#### *Clear Strategy, Satisfactory Execution in Recent Years*

The bank's performance through the cycle has been variable, due to high sensitivity to trade flows, fluctuations in commodity prices and dependence on the macroeconomic performance of emerging economies. Trade finance operations also expose NXB to higher operational risk compared with retail and commercial banking.

However, over the past four years, the bank adapted to the changing operating environment, coping effectively with geopolitical changes, market disruption and volatility, including the exit from the Russian and Ukrainian markets. NXB has been gradually decreasing its exposure to EMs, through a more targeted underwriting policy with a stronger focus on G10 countries and developed markets. We expect the bank to benefit from a reduction in earnings volatility due to its increased exposure to developed economies.

### Risk Profile

#### *Focus on Lower-Risk Operations*

NXB plans to continue developing its trade finance activities by focusing on developed economies, which is positive for the bank's risk profile, together with the self-liquidating, secured or partly secured, and short-term nature of this business.

Sector concentration and exposure to volatile industries are inherent to the bank's business model. However, NXB's exposure to several cyclical activities (tourism and real estate) has materially declined in recent years. NXB has also scaled down its operations in Turkiye, where long-term FC exposures are gradually amortising. New financing is mainly short term (60-90 days) and provided for trade finance operations' purposes. In addition, NXB has withdrawn from activities that were less relevant to its franchise (e.g. Swiss private banking operations; the subsidiary in Dubai).

#### *Limited Exposure to Market Risks*

The bank has exposure to FC risk as a significant portion of its loan book is denominated in either US dollars or Romanian leu, the latter being mitigated by deposit collection in the same currency. Moreover, NXB has appropriate hedges to limit the impact from adverse movements on its earnings. Structurally, NXB's balance sheet has limited exposure to interest rate risk, as its liabilities are generally of longer maturity than its assets, which are mostly short-term and therefore reprice quickly.

## Financial Profile

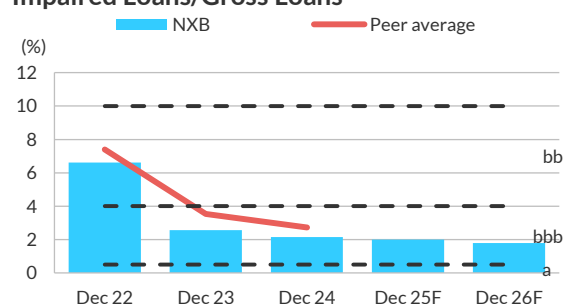
### Asset Quality

#### Material Reduction of Impaired Assets

The share of problem loans has consistently declined over the past five years, showing the bank's active derisking of its loan portfolio. NXB's impaired loans ratio dropped to 2.2% at end-2024 from 12% at end-2018. The remaining impaired exposures mainly stem from legacy mortgages in Romania, which we do not expect to be written off in the short term. However, we anticipate that the impaired loans ratio will continue to slightly decline in 2025 and 2026, to below 2%.

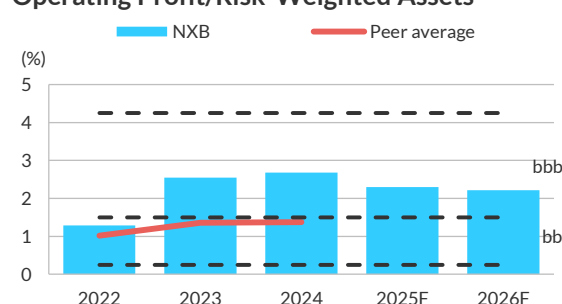
The loan loss allowance coverage of impaired loans, which was only 28% at end-2021, gradually improved to 60% at end-2024. This reflects NXB's lesser reliance on collateral in its provisioning policy, which we view as credit positive.

#### Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

#### Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

### Earnings and Profitability

#### Structural Profitability Improvement

NXB's revenues are mainly driven by interest income from its lending activities to corporate customers in developed markets, while the core source of credit risk is from EMs. Its revenues are more volatile than conventional retail and commercial banks and depend on commodity prices and trade finance volumes, but also on FC volatility, as most of NXB's trade finance volumes are carried out in US dollars, while funding is mainly sourced in euros.

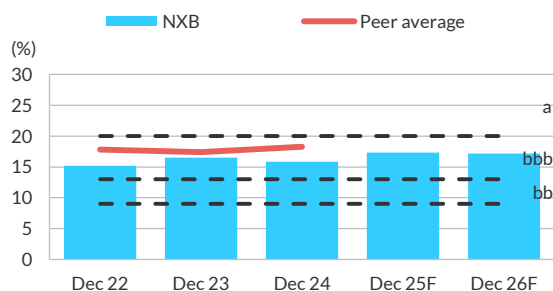
Profitability has been variable through the cycle, owing to the cyclical nature of the business model. But the bank's continuous deleveraging of its EM portfolio and focus on core trade finance activities has helped improve its performance. Operating profit/RWAs has improved to above 2% since 2023. We believe that the benefits of tighter risk and cost management, as well as a more diversified business model, will enable NXB to maintain its operating profitability close to 2% of RWAs in the medium term.

### Capitalisation and Leverage

#### Sound Solvency Metrics

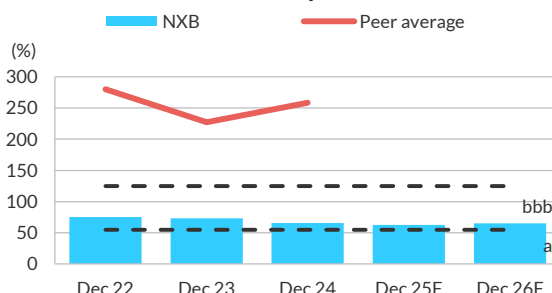
NXB's local regulator recently revised the bank's capital requirements downward, following the results of the last ICAAP, resulting in a material improvement of the bank's capital buffers. The bank's CET1 ratio reached 15.8% at end-2024, down 60bp yoy. This is mainly due to a 10% increase in RWAs, but NXB's internal capital generation remained sound and partly offset the RWA growth. Unreserved impaired exposures also dropped further and only encumbered about 4% of the bank's CET1 capital at end-2024, down from 27% at end-2021. We expect NXB to maintain a CET1 capital ratio above 15% over the next two years.

## CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

## Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

## Funding and Liquidity

### Price-Sensitive Deposit Funding, Ample Liquidity Buffer

NXB's retail customer deposit base slightly increased in 2024, up 4% from end-2023. Household deposits are granular, but price sensitive, although the average cost of funding started to decrease in 2H24, due to the decline in interest rates. Concentration in corporate deposits, which originated from NXB's trade finance and corporate banking operations, remains moderate. Wholesale debt only comprises a single Tier 2 USD105 million bond.

Liquidity is ample, with about EUR1.6 billion of cash and securities rated 'A-' or above (29% of total assets) covering 38% of NXB's customer deposit base at end-2024. In 2024, the bank's liquidity coverage ratio remained largely above its 140% internal target (444% at end-2024). We believe liquidity is not fully fungible between NXB's subsidiaries, but they are mostly self-funded with retail and corporate deposits.

### Additional Notes on Charts and Forecasts

The forecasts in this report reflect Fitch's forward view on the bank's core financial metrics in line with 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, it will not reflect these in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bb' category.

Peer average includes Banque de Commerce et de Placements SA (VR: bbb-), Union de Banques Arabes et Francaises – U.B.A.F. (bb-), Banca UBAE S.p.A. (b+), FIMBank p.l.c. (b+), Arap Turk Bankasi A.S. (b). Unless otherwise stated, financial year end is 31 December for all banks in this report.

## Financials

### Financial Statements

	31 Dec 21 12 months (EURm)	31 Dec 22 12 months (EURm)	31 Dec 23 12 months (EURm)	31 Dec 24 12 months (EURm)	31 Dec 25F 12 months (EURm)	31 Dec 26F 12 months (EURm)
<b>Summary income statement</b>						
Net interest and dividend income	91	128	201	160	-	-
Net fees and commissions	31	35	45	46	-	-
Other operating income	51	34	-3	39	-	-
Total operating income	173	197	244	245	212	216
Operating costs	150	149	158	154	126	127
Pre-impairment operating profit	23	48	86	91	86	88
Loan and other impairment charges	-5	3	-4	-13	2	3
Operating profit	28	45	90	104	84	85
Tax	-9	5	27	29	-	-
Net income	37	39	63	74	63	64
Other comprehensive income	3	-43	8	-2	-	-
Fitch comprehensive income	40	-4	70	73	-	-
<b>Summary balance sheet</b>						
<b>Assets</b>						
Gross loans	2,828	2,580	2,960	2,769	2,492	2,742
– Of which impaired	213	171	76	60	-	-
Loan loss allowances	59	73	49	35	-	-
Net loans	2,769	2,507	2,911	2,734	-	-
Interbank	283	461	321	847	-	-
Derivatives	70	113	110	165	-	-
Other securities and earning assets	767	453	381	487	-	-
Total earning assets	3,889	3,533	3,723	4,233	-	-
Cash and due from banks	935	1,104	1,639	1,267	-	-
Other assets	282	259	226	118	-	-
Total assets	5,106	4,896	5,589	5,618	5,377	5,596
<b>Liabilities</b>						
Customer deposits	3,326	3,417	4,031	4,204	3,994	4,193
Interbank and other short-term funding	799	441	506	285	-	-
Other long-term funding	133	142	124	102	-	-
Trading liabilities and derivatives	88	151	137	229	-	-
Total funding and derivatives	4,346	4,151	4,798	4,820	-	-
Other liabilities	63	79	88	74	-	-
Preference shares and hybrid capital	44	47	45	48	-	-
Total equity	653	620	658	677	702	727
Total liabilities and equity	5,106	4,896	5,589	5,618	5,377	5,596
Exchange rate	USD1= EUR0.8842	USD1= EUR0.9376	USD1= EUR0.9127	USD1= EUR0.9622	-	-

Source: Fitch Ratings, Fitch Solutions, Nexent Bank N.V.

## Key Ratios

(%)	31 Dec 21	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25F	31 Dec 26F
<b>Profitability</b>						
Operating profit/risk-weighted assets	0.7	1.3	2.6	2.7	2.3	2.2
Net interest income/average earning assets	2.4	3.4	5.7	4.1	-	-
Non-interest expense/gross revenue	83.8	74.7	64.8	62.9	-	-
Net income/average equity	5.9	6.3	9.8	11.0	-	-
<b>Asset quality</b>						
Impaired loans ratio	7.5	6.6	2.6	2.2	2.0	1.8
Growth in gross loans	6.0	-8.8	14.8	-6.4	-	-
Loan loss allowances/impaired loans	27.5	42.8	64.6	58.9	-	-
Loan impairment charges/average gross loans	-0.2	0.1	-0.1	-0.5	-	-
<b>Capitalisation</b>						
Common equity Tier 1 ratio	15.1	15.2	16.5	15.8	17.4	17.2
Tangible common equity/tangible assets	11.4	11.2	10.8	11.5	-	-
Basel leverage ratio	12.0	11.5	10.9	11.9	-	-
Net impaired loans/common equity Tier 1 capital	27.1	18.6	4.6	4.0	-	-
<b>Funding and liquidity</b>						
Gross loans/customer deposits	85.0	75.5	73.4	65.9	62.4	65.4
Liquidity coverage ratio	397.0	524.0	578.0	444.0	-	-
Customer deposits/total non-equity funding	77.3	84.4	85.7	90.6	-	-
Net stable funding ratio	159.0	177.0	192.0	205.0	-	-

Source: Fitch Ratings, Fitch Solutions, Nexent Bank N.V.

## Support Assessment

### Commercial Banks: Government Support

Typical D-SIB GSR for sovereign's rating level (assuming high propensity)	a+ to a-
Actual jurisdiction D-SIB GSR	ns
Government Support Rating	ns

### Government ability to support D-SIBs

Sovereign Rating	AAA/ Stable
Size of banking system	Negative
Structure of banking system	Negative
Sovereign financial flexibility (for rating level)	Neutral

### Government propensity to support D-SIBs

Resolution legislation	Negative
Support stance	Neutral

### Government propensity to support bank

Systemic importance	Negative
Liability structure	Neutral
Ownership	Negative

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

Higher influence Moderate influence Lower influence

## No Support Factored into Ratings

NXB's Government Support Rating (GSR) of 'no support' reflects Fitch's view that, although external extraordinary sovereign support is possible, it cannot be relied on. Senior creditors can no longer expect to receive full extraordinary support from the sovereign in the event the bank becomes non-viable. This is because the EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks that requires senior creditors participating in losses, if necessary, instead of or ahead of a bank receiving sovereign support.



## Environmental, Social and Governance Considerations

### Credit-Relevant ESG Derivation

				ESG Relevance to Credit Rating	
Credit Europe Bank N.V. has 5 ESG potential rating drivers ➔ Credit Europe Bank N.V. 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	<b>How to Read This Page</b> 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.  <b>The Environmental (E), Social (S) and Governance (G) tables</b> 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.  <b>The Credit-Relevant ESG Derivation table's</b> 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 result in 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.  <b>Classification</b> 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.
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	

### Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance	<b>How to Read This Page</b> 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.  <b>The Environmental (E), Social (S) and Governance (G) tables</b> 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.  <b>The Credit-Relevant ESG Derivation table's</b> 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 result in 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.  <b>Classification</b> 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.
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) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance	<b>CREDIT-RELEVANT ESG SCALE</b> 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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