de Volksbank N.V.

Key Rating Drivers

Sound Metrics, Concentrated Franchise: The ratings of de Volksbank N.V. reflect its sound asset quality and moderate risk appetite, with a focus on low-risk residential mortgage lending, high risk-weighted capital ratios and sound leverage. The bank's undiversified business model and a franchise that lacks the breadth of the large Dutch banks is a rating weakness.

Stable Outlook: The ratings have sufficient headroom to absorb significant shocks under Fitch's updated assessment of various downside scenarios to our baseline economic forecast. This primarily reflects our assessment of the bank's asset quality (a-/stable) and capitalisation (a-/stable). Asset quality and profitability will come under pressure due to the economic impact of the coronavirus pandemic. However, we expect de Volksbank's robust capital buffers to uphold the bank's current ratings even in a downside scenario.

Domestic Retail Banking Model: de Volksbank is a challenger in the concentrated Dutch banking market. It has a purely domestic retail banking business model focusing on private individuals. It has three core products: payment services, savings and residential mortgage loans. The latter make up over 90% of the bank's loans and three-quarters of total assets.

Resilient Asset Quality: de Volksbank's asset quality is mainly driven by a large and low-risk residential mortgage loan portfolio. We expect asset quality to remain largely unaffected by the pandemic. The bank's impaired loans/gross loans ratio remained broadly stable at 1.4% at end-June 2020 compared to 1.3% at end-2019. We do not expect de Volksbank to deviate from its narrow but fairly low-risk business model or to materially increase its risk appetite.

Weaker Profitability Expected: de Volksbank's revenues were eroding before the coronavirus pandemic due to a lack of diversification and intense competition in mortgage lending, which is virtually the bank's only product. Revenue will be hurt in the medium term as weaker consumer confidence, rising unemployment and stagnating wages will deter potential borrowers and lower mortgage loan underwriting. As government support schemes are phased out, impairments are likely to increase and put further pressure on de Volksbank's earnings.

Strong Capital Ratios and Leverage: de Volksbank's risk-weighted capital ratios are very strong and compare well with peers'. The bank's common equity Tier 1 (CET1) ratio of 33.8% at end-June 2020 provide strong buffers above the revised regulatory requirements and will allow the bank to withstand even material asset quality deterioration.

Manageable Capital Requirement Inflation: The bank's capital ratios greatly benefit from the low risk-weighting of mortgage loans, but remain robust when accounting for the expected inflation of risk-weighted assets (RWAs) from Basel III end-game rules. Factoring in 40% inflation in RWAs from end-June 2020 levels, the pro-forma CET1 ratio would be 24%, still well above the bank's target of at least 19%.

Granular Funding, Sound Liquidity: Stable household and SME deposits form the bulk of de Volksbank's funding. Wholesale funding is limited and the bank is a less frequent issuer in debt capital markets than its larger Dutch peers. Liquidity has remained strong since the onset of the coronavirus pandemic and its buffer of liquid asset comfortably covers upcoming wholesale funding maturities.

Rating Sensitivities

Severe Economic Stress: The bank's ratings could be downgraded if the economic and financial market disruption arising from the pandemic is materially worse than expected. This would place severe and sustained pressure on asset quality, earnings and capitalisation.

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1
Derivative Counterparty Rating	A-(dcr)
Viability Rating	a-
Support Rating	5
Support Rating Floor	NF

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

Applicable Criteria

Bank Rating Criteria (February 2020)

Related Research

Global Economic Outlook - September 2020

Mortgage Market Index - Netherlands 1H20 - October 2020

Fitch Revises de Volksbank's Outlook to Stable; Affirms IDR at 'A-' - September 2020

Major Benelux Banks: 1H20 Results - September 2020

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Debt Rating Classes

Rating Level	Rating
Senior preferred debt	A-/F1
Tier 2 subordinated debt	BBB

Source: Fitch Ratings

Derivative Counterparty Rating

de Volksbank's Derivative Counterparty Rating (DCR) is at the same level as the Long-Term Issuer Default Rating (IDR) because under Dutch legislation, derivative counterparties have no preferential status over other senior obligations in a resolution.

Senior Preferred Debt

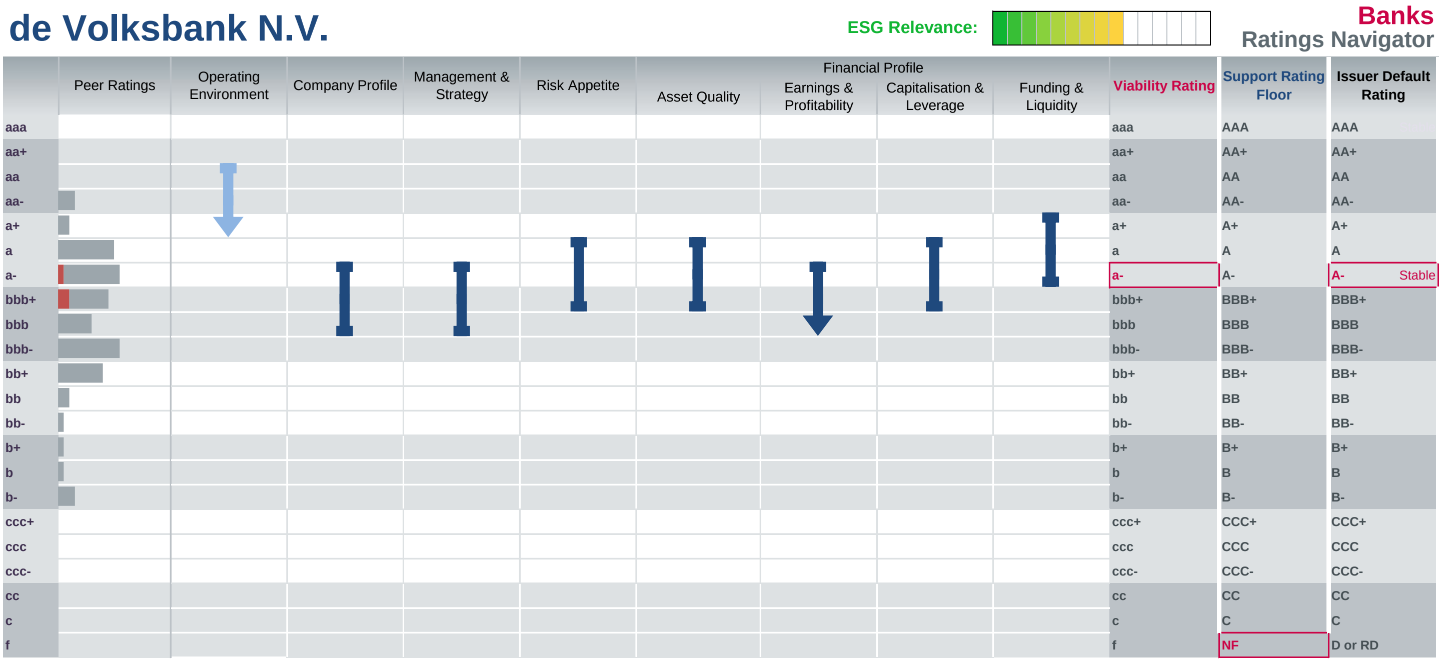
de Volksbank's senior preferred debt is rated in line with the bank's IDRs. Fitch views the probability of default on senior preferred debt as the same as that of the bank. This is because Fitch considers de Volksbank's buffers of more junior debt (estimated at 10.5% of risk-weighted RWAs since the July 2020 Tier 2 issuance) are not sustainable owing to the bank's announced early redemption of older Tier 2 instruments and expected material inflation in RWAs. de Volksbank has yet to issue senior non-preferred debt.

The long-term senior preferred debt rating could be upgraded by one notch if there was certainty the bank will not rely on preferred senior debt to comply with its total minimum requirement for eligible liabilities and own funds (MREL) over the medium term. It could also be upgraded if its subordinated and senior non-preferred debt buffer is expected to be sustainably above 10% of RWAs.

Subordinated Debt

de Volksbank's subordinated debt is rated two notches below its VR, reflecting the higher-than-average loss severity of this type of debt. Fitch does not apply additional notching for incremental non-performance risk relative to the VR given that any loss absorption would only occur once the bank reaches the point of non-viability.

Ratings Navigator



Significant Changes

Deterioration in Operating Environment

Fitch revised the outlook on the Dutch operating environment to negative from stable in April 2020, reflecting our expectation of significant deterioration in Dutch banks' operating conditions from the coronavirus pandemic. GDP forecasts for the eurozone and the Netherlands have been revised downwards materially. Fitch expects the eurozone GDP to contract by 9% in 2020, followed by a rebound of about 5.5% in 2021. We forecast it will take nearly three years for the eurozone GDP to return to pre-crisis levels. Similarly, Fitch expects a sharp decline in Dutch GDP of 6.2% in 2020, followed by a 4.1% recovery in 2021.

In the short term, targeted fiscal measures to contain unemployment and to provide liquidity to businesses cushioned pressure on the economic environment. The fiscal package of about EUR90 billion or 11% of 2019 GDP includes wage subsidies, support to self-employed workers, childcare compensation benefits and a one-off lump sum allowance to firms in affected sectors. Other measures include tax deferrals, a reduction in the interest rate on tax liabilities and loan guarantees, especially for SMEs, which Fitch estimates could amount to EUR30 billion. The extent of asset quality and profitability headwinds in the banking sector will depend on the resilience of the economic activity.

Housing Turnover and Prices Set to Fall

Fitch expects that demand for houses will drop as support measures are phased out, leading to a small decline in house prices in 2021 and a recovery in 2022. Home prices continued to increase in 1H20, by 7.4% year-on-year, according to the Dutch land registry (Kadaster). This is because the underlying factors behind the price increases over recent years are still present and substantial government support schemes have subdued unemployment and kept housing demand stable at high levels.

Bar Chart Legend

Vertical bars – VR range of Rating Factor

Bar Colors – Influence on final VR

- Higher influence
- Moderate influence
- Lower influence

Bar Arrows – Rating Factor Outlook

- ⇧ Positive
- ⇩ Negative
- ⇳ Evolving
- ▫ Stable

Company Summary and Key Qualitative Assessment Factors

Domestic Retail Banking Business Model

de Volksbank is a challenger in the concentrated Dutch banking market. It has a purely domestic retail banking business model focusing on private individuals. It offers payment services, savings and residential mortgage loans. The latter make up over 90% of the bank's loans and 75% of total assets. The bank operates four separate brands under a single banking licence: SNS, RegioBank, BLG Wonen and ASN Bank. The four brands serve about 3.2 million customers and champion a strong social identity.

The bank's market share in the mortgage market (6.4% at end-June 2020) has eroded in recent years. Historically low rates have encouraged borrowers to favour loans with long fixed-rate periods, which are particularly attractive assets for insurance companies that need to match the long tenor of their policies. These structures are less favourable for de Volksbank due to higher interest rate risk.

Delayed Privatisation

de Volksbank's monoline business profile and depressed valuations across the European banking sector have so far discouraged the efforts of its state-owned shareholder to privatise the bank. We expect the pandemic to defer privatisation further. The bank's corporate governance is sound and the Dutch state is not involved in the day-to-day management of the bank, except for strategic decisions.

de Volksbank's management team has a good degree of depth and experience but the bank faced increased turnover among top executives in 2018-3Q20. The bank is currently looking for a new CFO. In August 2020, de Volksbank appointed Martijn Gribnau to the role of CEO. He has extensive experience in the banking and insurance sectors in the Netherlands and the US.

Underwriting Consistent with Industry Standards

The bank's underwriting standards for residential mortgage loans are prudent and consistent with industry standards. Dutch mortgage lending is mainly prime, owner-occupied, with a very limited buy-to-let segment due to a small and inflexible private rental market. de Volksbank's mortgage lending has been conducted at high loan-to-value (LTV) ratios by international standards, as at its Dutch peers, and driven by past tax incentives to borrow. Regulatory changes adopted since 2011 have reduced the LTV cap at loan origination to 100%, which is still high, and require new mortgage loans to be fully amortising for interest expenses to be tax deductible.

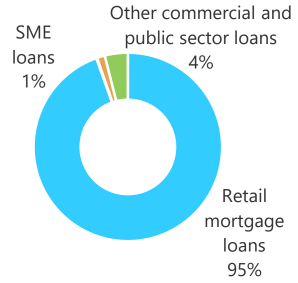
Loans with high LTVs and interest-only structures will remain a feature of Dutch banks' loan portfolios in the foreseeable future given the long maturity of the asset class. Fully interest-only loans were still about a quarter of de Volksbank's mortgage loans at end-June 2020. Fitch believes mortgage lending risks are mitigated by Dutch banks' focus on debt affordability, including under stressed interest rates. The use of centralised credit bureau data and fraud registers is widespread. The legal system is creditor-friendly and banks have full recourse to the borrowers.

Moderate Interest Rate Risk Exposure

de Volksbank's exposure to market risk is moderate. It is mainly affected by structural interest rate risk arising from its portfolio of mortgage loans with fixed rate periods longer than one year. These represent nearly 95% of the bank's mortgage loan book. The bank calculates that a 100bp parallel downward shift in the yield curve would cause a EUR53 million decrease in trailing 12M income at end-June 2020. Credit spread risk in de Volksbank's securities portfolio is low and underpinned by the high quality of its investments. Nearly all (98%) of its investment portfolio consists in bonds issued by sovereign governments of core European countries and financial institutions with a credit rating of 'A' or above.

Gross Loans

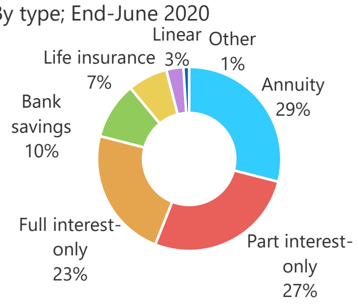
By type; End-June 2020



Source: Fitch Ratings, de Volksbank

Mortgage Loans

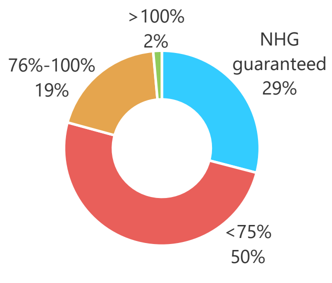
By type; End-June 2020



Source: Fitch Ratings, de Volksbank

Mortgage loans

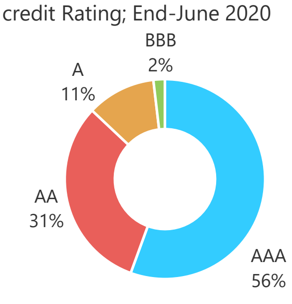
By loan-to-value; End-June 2020



Source: Fitch Ratings, de Volksbank

Investments

By credit Rating; End-June 2020



Source: Fitch Ratings, de Volksbank

Summary Financials and Key Ratios

	30 Jun 20		31 Dec 19	31 Dec 18	31 Dec 17
	6 months - interim (USDm) Reviewed - unqualified	6 months - interim (USDm) Reviewed - unqualified	Year end (USDm) Audited - unqualified	Year end (USDm) Audited - unqualified	Year end (USDm) Audited - unqualified
Summary income statement					
Net interest and dividend income	488	436	875	908	929
Net fees and commissions	32	29	51	44	49
Other operating income	17	15	3	6	50
Total operating income	538	480	929	958	1,028
Operating costs	327	292	574	609	603
Pre-impairment operating profit	211	188	355	349	425
Loan and other impairment charges	50	45	-7	-12	-24
Operating profit	160	143	362	361	449
Other non-operating items (net)	n.a.	n.a.	n.a.	n.a.	n.a.
Tax	41	37	87	93	120
Net income	119	106	275	268	329
Other comprehensive income	7	6	2	-7	-41
Fitch comprehensive income	125	112	277	261	288
Summary balance sheet					
Assets					
Gross loans	57,144	51,031	50,580	50,662	49,471
- Of which impaired	770	688	645	657	415
Loan loss allowances	184	164	119	126	149
Net loans	56,961	50,867	50,461	50,536	49,322
Interbank	7,634	6,817	3,368	3,185	2,226
Derivatives	786	702	718	732	1,075
Other securities and earning assets	6,124	5,469	5,350	4,782	5,117
Total earning assets	71,505	63,855	59,897	59,235	57,740
Cash and due from banks	1,208	1,079	2,449	1,219	2,574
Other assets	497	444	495	494	578
Total assets	73,210	65,378	62,841	60,948	60,892
Liabilities					
Customer deposits	57,775	51,594	48,142	47,265	45,848
Interbank and other short-term funding	275	246	830	1,307	3,118
Other long-term funding	7,900	7,055	8,022	7,085	5,968
Trading liabilities and derivatives	2,450	2,188	1,841	1,120	1,252
Total funding	68,401	61,083	58,835	56,777	56,186
Other liabilities	1,022	913	571	600	992
Preference shares and hybrid capital	n.a.	n.a.	n.a.	n.a.	n.a.
Total equity	3,787	3,382	3,435	3,571	3,714
Total liabilities and equity	73,210	65,378	62,841	60,948	60,892
Exchange rate		USD1 = EUR0.893017	USD1 = EUR0.89015	USD1 = EUR0.873057	USD1 = EUR0.83382

Source: Fitch Ratings, Fitch Solutions, de Volksbank

Summary Financials and Key Ratios

	30 Jun 20	31 Dec 19	31 Dec 18	31 Dec 17
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.0	3.7	3.9	4.6
Net interest income/average earning assets	1.4	1.5	1.6	1.6
Non-interest expense/gross revenue	60.8	61.8	63.6	58.7
Net income/average equity	6.3	7.8	7.5	9.1
Asset quality				
Impaired loans ratio	1.4	1.3	1.3	0.8
Growth in gross loans	0.9	-0.2	2.4	1.4
Loan loss allowances/impaired loans	23.8	18.5	19.2	35.9
Loan impairment charges/average gross loans	0.2	0	0	-0.1
Capitalisation				
Common equity Tier 1 ratio	33.8	32.6	35.5	34.1
Tangible common equity/tangible assets	5.1	5.5	5.9	6.1
Basel leverage ratio	5.0	5.1	5.5	5.5
Net impaired loans/common equity Tier 1	16.1	16.7	16	8.0
Funding and liquidity				
Loans/customer deposits	98.9	105.1	107.2	107.9
Liquidity coverage ratio	182.0	182.0	177.0	177.0
Customer deposits/funding	87.6	84.5	84.9	83.5

Source: Fitch Ratings, Fitch Solutions, de Volksbank

Key Financial Metrics – Latest Developments

Resilient Asset Quality amid Pandemic Stress

The bank's asset quality metrics compare well with similarly rated peers owing to its product concentration in residential mortgage lending in a stable economy. We expect the impact of the pandemic will become more visible in 2021 but the bank entered the economic downturn with sound asset quality, which we expect to hold up in a more challenging operating environment.

de Volksbank's impaired loans/gross loans ratio remained broadly stable at 1.4% at end-June 2020 and the increase in the bank's early arrears (less than 90 days past due) was still limited. Stage 2 loans increased to 6.3% of gross loans compared to 5.3% at end-2019 due to the reclassification by the bank of a higher number of performing interest-only loans as Stage 2 at the start of 2020. The bank's low coverage of impaired loans by loan-loss allowances reflects its expectations of low loss given default on mortgage loans - about 12% on average for defaulted exposures at end-June 2020. These high anticipated recoveries can be explained by the national mortgage guarantee scheme, swift collateral repossession, and full recourse to the borrower in the Netherlands.

The bank has significantly increased portfolio monitoring in the context of the coronavirus pandemic and has taken an accommodative stance towards its more vulnerable borrowers. However, only a few borrowers have taken advantage of COVID-19 related payment deferrals. At end-June 2020, the bank had effectively granted payment deferrals of up to six months on mortgage loans totalling EUR390 million (less than 1% of mortgage loans) and on loans to SMEs totalling EUR105 million (about 15% of SME loans). Similarly, recourse to the Dutch small loans guarantee scheme has been negligible among SME customers.

Net Interest Income Reliance Leads to Structural Profitability Challenges

de Volksbank has healthy operating profitability considering its business model concentration. The bank has consistently delivered a return on equity close to or above its 8% objective over the past four years, offsetting margin pressures with cost efficiency improvements. However, the bank's weak income diversification and high reliance on net interest income are rating weaknesses.

We expect the bank's profitability to be increasingly challenged in the medium-to long-term due to low interest rates, intense competition in its main revenue source, reduced opportunities for cost-cutting, and increased loan impairment charges (LICs). de Volksbank will likely incur higher impairments in the coming semesters despite regulatory relief measures on loan classification policies. In 1H20 underlying credit losses remained low, but de Volksbank's revised macroeconomic assumptions in its provisioning models led to LICs of EUR45 million or about 20bp of gross loans (compared to a net release of EUR13 million in 1H19).

Sound Capitalisation, Conservative Capital Planning

The buffer above the CET1 requirement was about 24.4% of RWAs or EUR2.3 billion at end-June 2020. Assuming the bank generates pre-impairment profit of EUR300 million, it would be able to withstand loan losses of about 500bp of gross loans before breaching its CET1 requirement. The expected RWAs inflation relating to the finalisation of the Basel III accord over 2023-2028 will be gradual, and the bank's pro forma CET1 ratio of 24.1% will remain a rating strength.

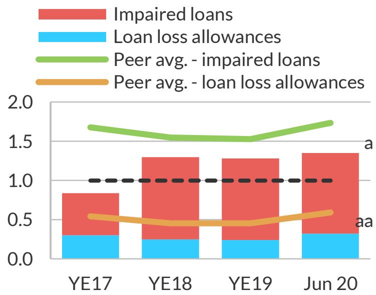
de Volksbank has not received a binding MREL from the Single Resolution Board but it assumes in its capital planning MREL amounting to 8% of total liabilities and own funds by 1 January 2024. The bank expects to use only subordinated and senior non-preferred liabilities to meet this requirement. Based on end-June 2020 balance sheet, we estimate that it needs to issue about EUR1.3 billion eligible liabilities (most likely senior non-preferred debt).

Stable Deposit Funding, Sound Liquidity

de Volksbank's wholesale funding mainly consists of covered bonds and preferred senior debt. The bank maintains a large buffer of high-quality liquid assets, which was about EUR8 billion at end-June 2020 (excluding retained securitisations) and comfortably covered short-term funding and medium-to long-term funding coming due in one year. The bank's liquidity coverage ratio was a strong 182% at end-June 2020.

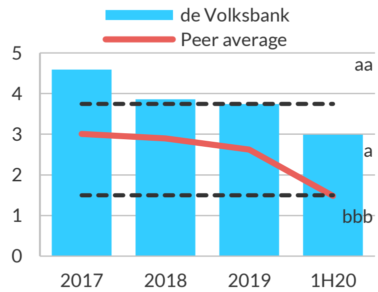
Note on Charts
Black dashed lines in the charts represent indicative quantitative ranges and corresponding implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category.
Peer average includes de Volksbank N.V. (VR: 'a-'), Cooperatieve Rabobank U.A. (a+), ING Groep N.V. (a+), ABN AMRO Bank N.V. (a), Realkredit Danmark A/S (a), Nykredit Realkredit A/S (a), Landshypotek Bank AB (a), Leeds Building Society (a-) and Skipton Building Society (a-).

Asset Quality
(% gross loans)



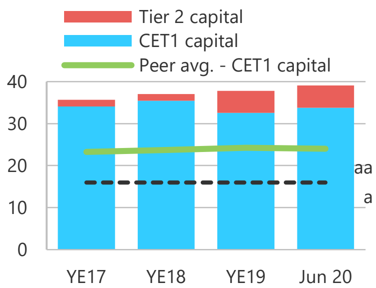
Source: Fitch Ratings, banks

Operating Profit
(% of risk-weighted assets)



Source: Fitch Ratings, banks

Regulatory Capital
(% of risk-weighted assets)



Source: Fitch Ratings, banks

Sovereign Support Assessment

Support Rating Floor			Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)			A or A-
Actual country D-SIB SRF			NF
Support Rating Floor:			**NF**
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system relative to economy			✓
Size of potential problem	✓		
Structure of banking system			✓
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support		✓	
Government statements of support			✓
Sovereign propensity to support bank			
Systemic importance		✓	
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

The Support Rating of '5' and Support Rating Floor of 'No Floor' reflect Fitch's view that senior creditors cannot rely on receiving full extraordinary support from the sovereign if de Volksbank becomes non-viable. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks that is likely to require senior creditors participating in losses, if necessary, instead of or ahead of a bank receiving sovereign support.

Environmental, Social and Governance Considerations

FitchRatings **de Volksbank N.V.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

de Volksbank N.V. has 5 ESG potential rating drivers

- de Volksbank 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.

			Overall ESG Scale
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)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
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	Company Profile; Management & Strategy; Risk Appetite; 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	Company Profile; Management & Strategy; Risk Appetite	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; Company Profile; Management & Strategy; Risk Appetite	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy	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	Company Profile; Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	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	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy	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 Priniciples 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.

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 de Volksbank, either due to their nature or to 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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