FitchRatings

Banks
Private Banks
Netherlands

Van Lanschot Kempen N.V.

Update

Key Rating Drivers

Niche Business Profile Drives Ratings: Van Lanschot Kempen N.V.'s ratings are underpinned by its well-established, although niche, franchise in wealth management, asset management, and investment banking. The bank also has good asset quality and capitalisation, and a stable funding and liquidity profile. The ratings also factor in the bank's improved profit-generation capability from steadily increasing assets under management (AUM).

The Viability Rating (VR) is one notch below the 'a-' implied VR because the bank's business profile has a high influence on its rating. Van Lanschot operates with a high cost base, partly explained by its niche franchise, resulting in weaker earnings stability than that of peers with larger and more diversified AUM.

Entrenched Wealth Management Franchise: Van Lanschot's wealth management franchise is well-established but small in the Netherlands, and with adequate geographic diversification, particularly in neighbouring Belgium. Its asset management and investment banking businesses provide moderate revenue diversification. We expect Van Lanschot's recently improved execution record and capacity to develop its franchise to gradually lead to a more resilient through-the-cycle performance.

Moderate Profitability: Van Lanschot's ability to attract AUM inflows in recent years has resulted in an improvement to its profitability that, if sustained, would make it less vulnerable to cyclical performance swings. Its operating profit was stable, at 3.5% of risk-weighted assets (RWAs) in 1H23 (end-2022: 3.6%), following a very strong 2021 (4.8%), but it remains well above the 2018-2020 average of 1.8%. We expect the ratio to remain above 3% over 2023 and 2024, due to stronger revenue and disciplined cost management.

Moderate Risk Profile: We expect Van Lanschot to maintain a conservative risk appetite, given its focus on low-risk mortgage lending in the Netherlands. Underwriting standards for these loans are sound, consistent and based on affordability, resulting in good credit quality, which we expect to continue. Fitch expects other inherently higher-risk private banking relationship-related loans to continue to account for a low proportion of the loan book. Market and operational risks are moderate and well-managed.

Sound Asset Quality: Fitch expects Van Lanschot's credit quality to remain resilient to macroeconomic challenges, as low-risk and performing residential mortgage loans will continue to comprise the majority of the bank's loan portfolio. Its Stage 3 loans ratio was stable at 1.2% at end-June 2023 (end-2022: 1.1%) and we expect it to remain below 1.5% in the near term, which is line with higher-rated peers'.

Strong Capitalisation: Van Lanschot's risk-weighted capital ratios are solid, with a common equity Tier 1 (CET1) ratio of 18.9% at end-September 2023. We expect the bank to operate with a lower CET1 ratio as it will continue to expand and management aims to return excess capital to shareholders, although it should remain above the bank's target of at least 15% plus a 2.5% buffer for potential bolt-on acquisitions.

Stable Funding and Liquidity: Van Lanschot has some funding diversification, although it is primarily funded through its private banking customer deposits (end-June 2023: 82% of funding), which have good granularity.

Deposits fell to EUR11.2 billion by end-June 2023 (about -12% from end-2022), mostly due to private clients converting savings into higher-yielding AUM, resulting in a reduction of the liquidity buffer. However, liquidity remains sound, supported by a large buffer of cash and highly rated fixed-income securities that we expect to exceed 25% of assets over the short term.

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb+
Government Support Rating	ns
Sovereign Risk (Netherlands)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA
Outlooks	
Long-Term Foreign-Currency IDR	Positive
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (September 2023)

Related Research

Global Economic Outlook (December 2023)

Western European Banks Outlook 2024 (December 2023)

Mortgage Market Index – Netherlands 2H23 (November 2023)

Fitch Affirms the Netherlands at 'AAA'; Outlook Stable (August 2023)

Fitch Revises Van Lanschot's Outlook to Positive; Affirms IDR at 'BBB+' (June 2023)

Analysts

Gary Hanniffy, CFA
+49 69 768076 266
gary.hanniffy@fitchratings.com

Oceane Lefebvre
+33 1 44 29 91 49
oceane.lefebvre@fitchratings.com

Rating Sensitivities

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

The Outlook on Van Lanschot's Long-Term IDR would be revised to Stable if Fitch believes that franchise development and profitability improvement would not be sustained. This would likely be reflected in a substantial slowdown of AUM inflows and a drop in operating profit to below 3% of RWAs.

Fitch believes a downgrade of Van Lanschot's ratings is unlikely, as reflected in the Positive Outlook. However, the ratings would most likely be downgraded on a greater-than-expected fall in its capitalisation, with the CET1 ratio decreasing to below 15% for a prolonged period. This could result from a greater risk appetite, material acquisitions, or substantial operational losses, which would also lead to a reassessment of the bank's risk profile.

A major weakening of the bank's liquidity buffer or evidence of diminished deposit franchise strength would also be negative for the ratings.

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

An upgrade would most likely arise from further franchise growth, particularly in wealth management with similar trends in inflows of AUM as observed over recent years, resulting in structural improvements to Van Lanschot's earnings stability and levels. We would upgrade the bank on a consistent record of operating profit of above 3% of RWAs, while maintaining its risk profile, and solid capital and liquidity buffers.

Other Debt and Issuer Ratings

Rating level	Rating
Senior unsecured	BBB+/F2
Subordinated Tier 2	BBB-

Source: Fitch Ratings

Van Lanschot's Short-Term Issuer Default Rating (IDR) of 'F2' is the lower of the two options mapping to a 'BBB+' Long-Term IDR. This is because our 'a-' assessment of the bank's funding and liquidity is below the minimum 'a' expected for a Short-Term IDR of 'F1'.

Van Lanschot's long- and short-term senior unsecured debt ratings are at the same level as its IDRs. Fitch believes the default risk of the bank's senior unsecured debt is equivalent to the default risk implied by the IDR since senior unsecured obligations are viewed as having average recovery prospects.

The Tier 2 subordinated debt securities issued by Van Lanschot are rated two notches lower than its VR, reflecting Fitch's baseline notching for loss severity.

Significant Changes from Last Review

Resilient Environment for Banks Despite Weaker Economic Growth

The Dutch economy has slowed appreciably in 2023 from a cyclical peak. Fitch expects economic expansion in 2024 for the Netherlands to be slightly higher than in 2023, following strong, 4.4% growth in 2022. Tighter financing conditions quickly led to an adjustment in the housing market, although house prices have recovered in recent months, helped by limited supply, wage growth and a stabilisation of mortgage rates (although at a higher level). We have not seen any notable asset quality deterioration at our rated Dutch banks, given the sound domestic fundamentals and prevailing tight labour market conditions. However, we continue to see a risk of moderate pressure on banks' asset quality, mainly stemming from the most vulnerable SME and corporate borrowers.

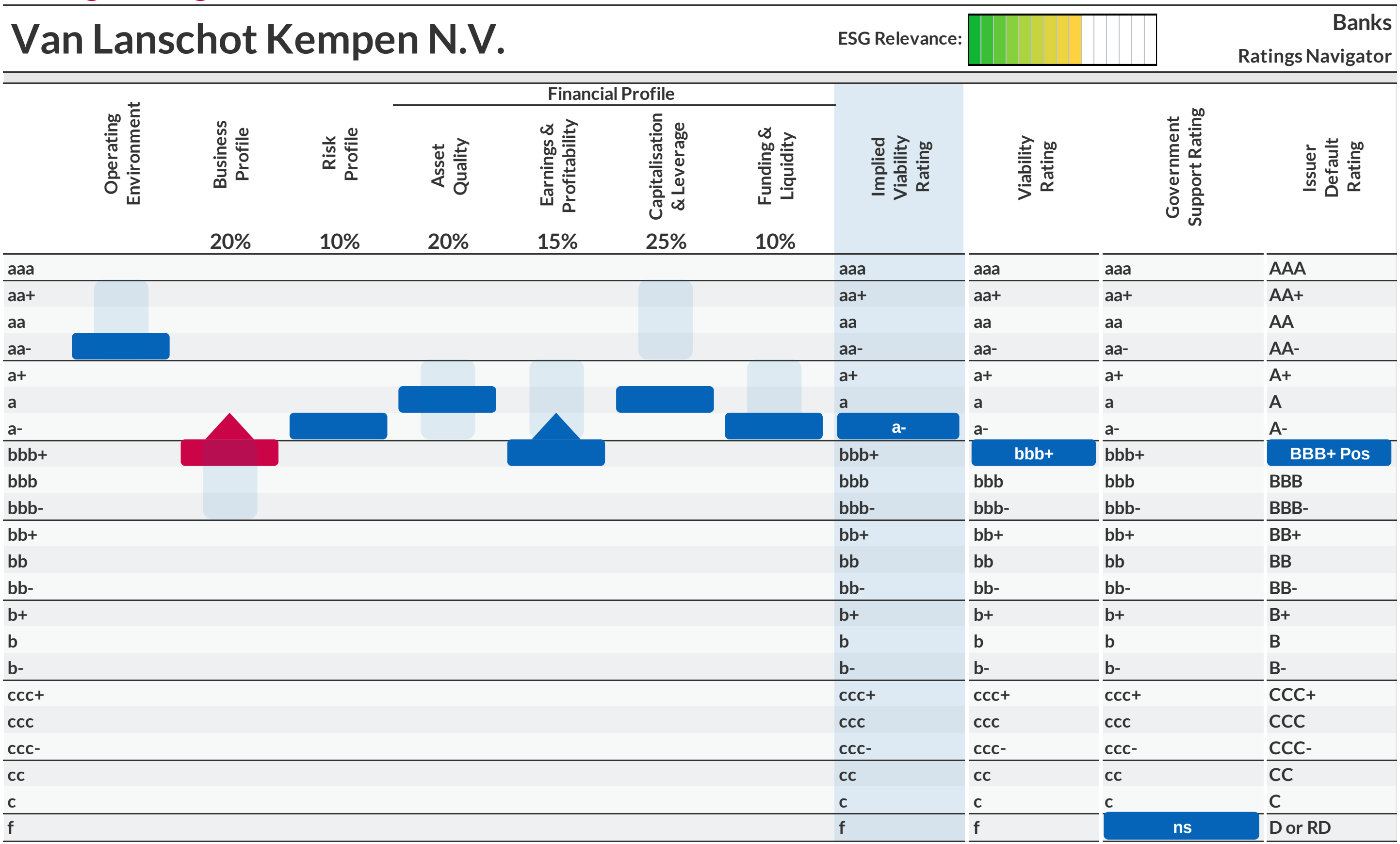
The slowing growth is unlikely to damage the stable and well-developed Dutch economy and, thus, should not impair Dutch banks' capacity to generate good business volumes. We believe the operating environment score, at 'aa-'/stable, reflecting a tight labour market, high household savings and ample fiscal room, has some headroom to absorb a weakening of the domestic economy. Fitch's neutral sector outlook for Benelux banks in 2024 incorporates our expectation of moderating but still healthy profitability, modestly deteriorating impaired loan ratios and overall stable funding and liquidity for Dutch banks.

AUM Growth Momentum Maintained

Van Lanschot's AUM reached almost EUR118 billion at end-September 2023, driven by both net inflows (9M23: EUR3.6 billion; 9M22: EUR5.5 billion) and through the acquisition of Robeco's online investment platform (AUM: EUR4.7 billion) in July 2023. We expect full-year 2023 earnings to benefit from improved fee and commission income as a result of its larger AUM and better net interest income (NII) due to the higher rates environment. However, we believe the bank's NII to have peaked in 1H23 and to moderate from 2H23, reflecting increased pass-through rate on deposits and higher cost of wholesale funding.

The bank's CET1 ratio fell to 18.9% by end-September 2023 (end-June 2023: 21.6%) mainly due to capital distribution but it remained well above the bank's minimum requirement of 11.8% (including Pillar 2 guidance). We expect the ratio to decrease further in the near-term (in line with the bank's target ratio of at least 15% plus a 2.5% add-on for potential bolt-on acquisitions) but to remain commensurate with its moderate risk profile and sufficient to finance future growth.

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 earnings & profitability score of 'bbb+' is below the 'a' implied category score due to the following adjustment reason: earnings stability (negative).

The capitalisation & leverage score of 'a' is below the 'aa' implied category score due to the following adjustment reason: historical and future metrics (negative).

Financials

Summary Financials

	30 June 2023		31 December 2022	31 December 2021	31 December 2020
	6 months - interim (USDm) Unaudited	6 months - interim (EURm) Unaudited	12 months (EURm) Audited - unqualified	12 months (EURm) Audited - unqualified	12 months (EURm) Audited - unqualified
Summary income statement					
Net interest and dividend income	126	116.2	151.6	148.4	151.8
Net fees and commissions	221	203.8	407.7	386.0	296.3
Other operating income	-2	-2.2	35.1	64.0	-5.3
Total operating income	345	317.8	594.4	598.4	442.8
Operating costs	266	244.7	446.4	423.5	387.9
Pre-impairment operating profit	79	73.1	148.0	174.9	54.9
Loan and other impairment charges	-2	-1.9	-7.7	-11.7	1.8
Operating profit	81	75.0	155.7	186.6	53.1
Other non-operating items (net)	-4	-3.7	-36.7	-8.1	1.1
Tax	21	19.5	34.7	34.7	4.4
Net income	56	51.8	84.3	143.8	49.8
Other comprehensive income	2	2.2	1.3	7.9	0.1
Fitch comprehensive income	59	54.0	85.6	151.7	49.9
Summary balance sheet					
Assets					
Gross loans	10,102	9,296.5	9,404.0	8,925.1	8,512.4
- Of which impaired	122	112.0	106.0	153.0	186.0
Loan loss allowances	41	37.9	40.0	49.5	64.1
Net loans	10,060	9,258.6	9,364.0	8,875.6	8,448.3
Interbank	161	148.4	108.2	71.3	210.6
Derivatives	516	475.1	549.6	252.9	376.7
Other securities and earning assets	3,182	2,928.1	3,276.1	2,800.1	3,449.5
Total earning assets	13,920	12,810.2	13,297.9	11,999.9	12,485.1
Cash and due from banks	2,242	2,063.3	3,141.8	3,714.2	2,227.8
Other assets	644	592.7	578.2	592.5	436.1
Total assets	16,806	15,466.2	17,017.9	16,306.6	15,149.0
Liabilities					
Customer deposits	12,157	11,187.7	12,726.2	11,729.6	10,141.1
Interbank and other short-term funding	360	331.7	372.0	100.3	91.8
Other long-term funding	1,767	1,626.6	1,528.1	1,991.5	2,051.7
Trading liabilities and derivatives	769	707.4	700.4	740.6	1,229.6
Total funding and derivatives	15,053	13,853.4	15,326.7	14,562.0	13,514.2
Other liabilities	282	259.2	308.8	335.3	278.7
Preference shares and hybrid capital	111	101.7	101.7	101.7	101.7
Total equity	1,360	1,251.9	1,280.7	1,307.6	1,254.4
Total liabilities and equity	16,806	15,466.2	17,017.9	16,306.6	15,149.0
Exchange rate		USD1 = EUR0.920302	USD1 = EUR0.937559	USD1 = EUR0.884173	USD1 = EUR0.821963

Source: Fitch Ratings, Fitch Solutions, Van Lanschot

Key Ratios

	30 June 2023	31 December 2022	31 December 2021	31 December 2020
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	3.5	3.6	4.8	1.3
Net interest income/average earning assets	1.8	1.2	1.2	1.2
Non-interest expense/gross revenue	78.1	77.2	74.3	90.2
Net income/average equity	8.3	6.6	11.2	4.0
Asset quality				
Impaired loans ratio	1.2	1.1	1.7	2.2
Growth in gross loans	-1.1	5.4	4.9	-1.7
Loan loss allowances/impaired loans	33.8	37.7	32.4	34.5
Loan impairment charges/average gross loans	0.0	-0.1	-0.1	0.0
Capitalisation				
Common equity Tier 1 ratio	21.6	20.6	23.7	24.3
Tangible common equity/tangible assets	6.3	5.8	6.2	7.3
Basel leverage ratio	6.6	5.7	6.3	7.4
Net impaired loans/common equity Tier 1	8.0	7.5	11.1	11.9
Funding and liquidity				
Gross loans/customer deposits	83.1	73.9	76.1	83.9
Liquidity coverage ratio	172.2	178.3	172.0	177.4
Customer deposits/total non-equity funding	81.4	83.7	81.0	77.3
Net stable funding ratio	147.8	158.1	163.0	161.8

Source: Fitch Ratings, Fitch Solutions, Van Lanschot

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	Negative
Government propensity to support bank	
Systemic importance	Negative
Liability structure	Neutral
Ownership	Neutral

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

No Government Support

Van Lanschot's Government Support Rating of 'no support' is driven by Fitch's view that sovereign support for the bank, while possible, cannot be relied on. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a resolution framework under which it is likely that senior creditors will be required to participate in losses, if necessary, instead of or ahead of the bank receiving sovereign support.

Environmental, Social and Governance Considerations

FitchRatings **Van Lanschot Kempen N.V.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Van Lanschot Kempen N.V. has 5 ESG potential rating drivers

- Van Lanschot Kempen 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	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	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.

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

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

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.