Fitch Ratings

Banks
Universal Commercial Banks
Netherlands

Van Lanschot Kempen N.V.

Ratings

Foreign Currency	
Long-Term IDR	BBB+
Short-Term IDR	F2
Viability Rating	bbb+
Support Rating	5
Support Rating Floor	No Floor
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

Fitch Revises Outlook on Van Lanschot to Stable; Affirms at 'BBB+' (July 2021)

Sovereign Data Comparator (June 2021)

Benelux Banks: Recovery to Pre-Pandemic Profitability Unlikely Before 2022 (April 2021)

Key Rating Drivers

Established Niche Franchise: Van Lanschot Kempen N.V.'s ratings reflect its well-established private banking franchise in the Netherlands, complemented by adequate diversification in asset management and merchant banking, sound asset quality and capitalisation, as well as its good funding and liquidity profile. They also reflect the bank's growth-focused strategy and moderate pricing power.

Stable Outlook: The Stable Outlook reflects Fitch Ratings' view that Van Lanschot's sound asset quality, capitalisation, and good funding and liquidity profile, which are all above its Viability Rating (VR), provide sufficient rating headroom to withstand various downside scenarios to our updated baseline economic forecast.

Moderate Profitability: We consider the bank's moderate profitability, which is still below that of private banking peers, to be of high importance for the ratings. Fitch expects profitability to moderately improve in the medium term, supported by the planned increase in the bank's assets under management (AuM) and moderate efficiency gains. The bank needs to steadily grow its AuM to move towards its profitability targets.

Growth Strategy: The bank's strategy focuses on strengthening its wealth management franchise through organic and inorganic growth. Execution in terms of organic AuM growth has been on track as the bank generated positive net new money on a recurrent basis in recent years. Van Lanschot incrementally added scale in the Netherlands from the acquisition of Hof Hoorneman Bankiers and will broaden its franchise in Belgium with the planned purchase of wealth manager Mercier Vanderlinden.

Resilient Asset Quality: Van Lanschot's Stage 3 loans ratio was sound at 2.3% at end-2020 and has improved in recent years as a result of the de-risking of its corporate loan book. We believe that loan performance will be resilient as low-risk and well-performing residential mortgage loans make up the majority of the bank's gross loans. Risks associated with other private banking loans and from the small residual corporate loan exposure are contained.

Capitalisation is a Rating Strength: The bank's risk-weighted capital ratios are sound with a common equity Tier 1 (CET1) ratio of 23.6% at end-March 2021. We expect Van Lanschot to operate with a lower CET1 ratio as operations are set to grow, although it should remain comfortably above 16% in the next 12-24 months and commensurate with the current 'a' score.

Healthy Funding, Ample Liquidity: Van Lanschot has a balanced and fairly diverse funding profile, which includes a large share of deposits. Liquidity is sound and supported by a large buffer made of cash and well-rated fixed-income securities.

Rating Sensitivities

Successful Implementation of Strategy: An upgrade would require the bank to successfully implement its growth-focused strategy, which would translate into steady and sizeable inflows of AuM and a sustained strengthening of the bank's profitability. Positive rating action would also require the bank to maintain satisfactory capital and liquidity buffers.

Weaker Profitability or Capitalisation: The ratings could be downgraded if we expect the bank's operating profit/risk-weighted assets (RWAs) ratio to fall below 0.5% for a prolonged period. Rating pressure will also arise if there are further material losses on structured products that indicate additional weaknesses in its risk controls and which would ultimately put pressure on capital.

Analysts

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Debt Rating Classes

Rating level	Rating
Senior unsecured	BBB+/F2
Tier 2 subordinated debt	BBB-

Source: Fitch Ratings

Van Lanschot's long- and short-term senior unsecured debt ratings are at the same level as its Long-Term Issuer Default Ratings (IDRs). Fitch believes the default risk of the bank's senior unsecured debt is equivalent to the default risk expressed by the Long-Term IDR.

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 and Latest Developments

Stable Outlook on Dutch Operating Environment

Van Lanschot is a Netherlands-based private bank with most of its operations in its home country. Fitch revised the outlook on the Dutch banks' operating environment score to stable from negative in June 2021. This reflects the rapid recovery of the Dutch economy post-pandemic that should help limit the impact on banks' asset quality once the government support are lifted and reduce pressure on revenue generation thanks to increased business volumes. While pressure on banks' profitability from low interest rates will persist, we no longer expect earnings to be severely affected by large pandemic-related loan impairment charges (LICs) in the next 12-24 months.

Dutch GDP shrank by 3.7% in 2020, a milder economic fallout than the 6.5% contraction in the eurozone and the 4.8% fall in Germany, the Netherlands' largest trading partner. Fitch forecasts economic growth of 2.3% in 2021 and 3.4% in 2022 driven by pent-up domestic demand and improving external conditions.

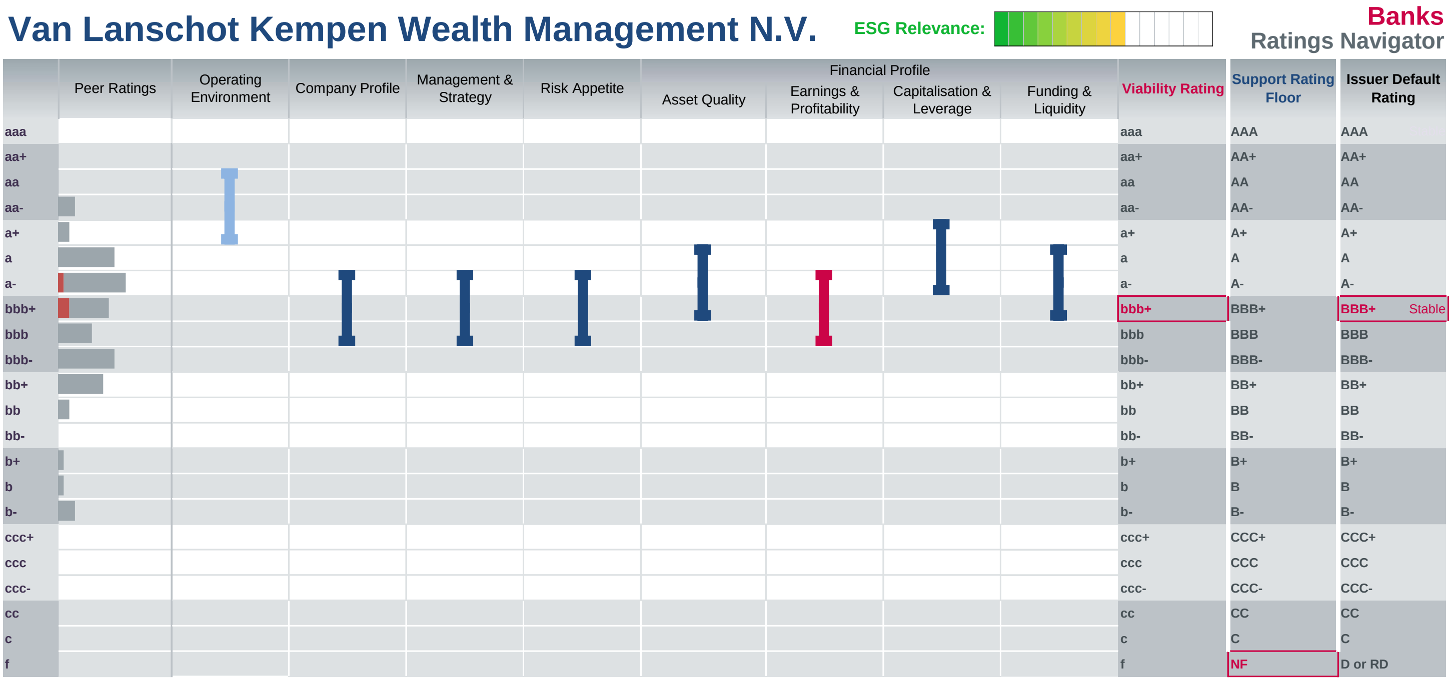
The labour market has been supported by the government's wage subsidy scheme and the Dutch unemployment rate increased by only 0.4pp in 2020 to 3.8%, which is among the lowest in the eurozone. Fitch now expects a modest increase in the unemployment rate in 2021 to 4.6% and to 4.8% in 2022 following the withdrawal of the wage subsidy scheme in 2H21.

Executing on the Strategy with Two Bolt-On Acquisitions

Van Lanschot's recent bolt-on acquisitions emphasise its strategy of adding scale in its two main markets, the Netherlands and Belgium. In 2021, the bank bought the small Dutch wealth manager Hof Hoorneman Bankiers, which offers private banking and online wealth management. Fitch believes the transaction is a good fit in terms of client base and will allow Van Lanschot to take advantage of its larger product offering by cross-selling to Hof Hoorneman's customers. This acquisition brings about EUR1 billion new AuM to Van Lanschot's sound Dutch private banking franchise (or 4% of its total private banking AuM at end-2020).

Van Lanschot should make another acquisition this year by taking a majority stake in the independent Belgian wealth manager Mercier Vanderlinden. This will broaden Van Lanschot's footprint and client base in Belgium as the bank will benefit from a wider geographical coverage in the country and have access to Mercier Vanderlinden's ultra-high-net-worth customers. Mercier Vanderlinden had AuM of EUR3.4 billion at end-March 2021 and the acquisition would increase Van Lanschot's private banking AuM in Belgium by about 80% to about EUR8 billion. Although the deal would strengthen the bank's franchise in Belgium, we continue to view Van Lanschot as a challenger in the country since its combined AuM with Mercier Vanderlinden will remain moderate compared with its competitors.

Ratings Navigator



Source: Fitch Ratings

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

Sound Private Banking Franchise in the Netherlands

Van Lanschot has a well-established private banking franchise (EUR27 billion AuM at end-2020) in the Netherlands where it ranks amongst the top-four private banks by AuM. Van Lanschot focuses exclusively on on-shore private banking, serving high net worth individuals, entrepreneurs, business and healthcare professionals. The bank operates principally in its domestic market with a narrow geographical diversification principally in Belgium, a very fragmented market, where it has a moderate franchise.

Van Lanschot also has an adequate franchise in asset management with about EUR71 billion AuM at end-2020, largely in the Netherlands and the UK. This business is characterised by high volumes and low margins given the bank's focus on fiduciary management. Its merchant banking segment provides some business diversification. Van Lanschot has a niche positioning in merchant banking with a focus on specific sectors, such as European real estate, life sciences and healthcare, financial institutions and fintech

The bank's operations are mainly asset-light with fee and commission income accounting on average for about 60% of revenue in 2017-2020. The contribution of net interest income (NII) to revenue (about 35% in 2017-2020) is high compared with pure private banks as residential mortgage loans are a key product marketed to Van Lanschot's clients.

Increasing AuM Is a Strategic Objective

Van Lanschot's strategy focuses on strengthening its wealth management franchise with the ambition of becoming a leading player in the Benelux region by 2025 with a return on equity target of 10%-12% (4.4% in 2020). The bank plans to grow AuM significantly both organically and inorganically and keep a balanced mix between higher-margin private banking, alternative asset management funds and lower-margin fiduciary assets. Van Lanschot has a good record in earning net new money organically in private banking and in asset management over the past five years while having grown AuM through bolt-on acquisitions, mainly in private banking.

Operating efficiency is another key focus for the bank with a cost/income target of 70%-72% by 2025 (85.7% in 2020). We expect it to benefit from its new organisational structure which we expect to streamline decision making and support cross-selling between group entities. We believe it will be challenging for the bank to achieve its cost/income target in the medium term with the successful execution being conditional upon management's ability to reach a higher scale and steer the AuM towards higher-margin assets.

Sound Underwriting Standards

Fitch expects Van Lanschot to maintain conservative risk appetite with its lending activities concentrated on mortgage lending in the Netherlands. Other inherently riskier private-banking relationship-related loans should account for a low proportion of the loan book. Underwriting standards for mortgage loans are sound and based on affordability.

The other private banking loans are solely intended for clients who have placed substantial funds with Van Lanschot and represented about 20% of the bank's gross loans at end-2020. This comprises loans to businesses, typically partners of consultancy/law firms, commercial real estate (CRE), overdraft facilities and Lombard loans that fit in the private banking relationship.

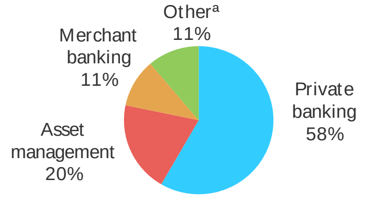
Exposure to Structured Products Highlights Weaknessess in Risk Controls

Van Lanschot's earnings are exposed to market risk arising from the structured products placed with its clients. The bank reported a large loss of EUR35 million on structured products in 2020 (about 45% of its average pre-impairment profit in 2017-2020) driven by materially higher hedging costs in the market dislocation of 1Q20.

The loss revealed a lack of sophistication of the bank's framework to measure and control market risk relative to the complexity of structured products. In our view, Van Lanschot is still exposed to extreme market volatility episodes that could reduce its earnings but this has been reduced due to corrective measures to enhance the monitoring of the bank's exposure to structured products in addition to fully hedging the market risk on the new issuances.

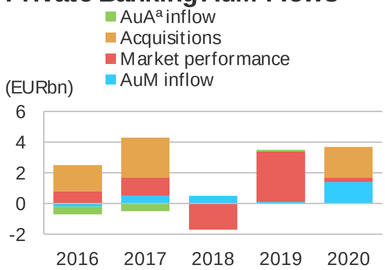
Revenue By Segment

2017-2020 average



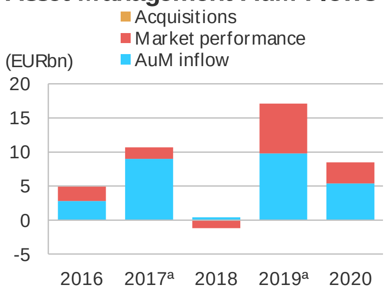
[a] Other includes group treasury. As of 2020 it also started to include structured products which were previously reported within Merchant Banking.
Source: Fitch Ratings, Van Lanschot

Private Banking AuM Flows



[a] AuA - assets under administration.
In 2019, AuA inflows were EUR0.1bn and AuM inflows were EUR0.1bn.
Source: Fitch Ratings, Van Lanschot

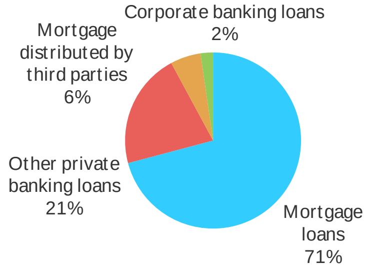
Asset Management AuM Flows



[a] 2017 and 2019 AuM inflows were mainly due to two large mandates
Source: Fitch Ratings, Van Lanschot

Gross Loans

EUR8.5bn at end-2020



Source: Fitch Ratings, Van Lanschot

Summary Financials and Key Ratios

	31 Dec 20		31 Dec 19	31 Dec 18	31 Dec 17
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
Summary income statement					
Net interest and dividend income	185	151.8	174.9	175.2	200.0
Net fees and commissions	360	296.3	290.4	293.2	267.0
Other operating income	-6	-5.3	34.8	37.8	100.2
Total operating income	539	442.8	500.1	506.2	567.2
Operating costs	467	384.0	407.2	442.5	458.0
Pre-impairment operating profit	72	58.8	92.9	63.7	109.2
Loan and other impairment charges	2	1.8	-12.1	-12.7	-15.0
Operating profit	69	57.0	105.0	76.4	124.2
Other non-operating items (net)	-3	-2.8	14.5	16.0	-3.7
Tax	5	4.4	21.1	12.1	25.6
Net income	61	49.8	98.4	80.3	94.9
Other comprehensive income	0	0.1	0.8	-19.8	-6.3
Fitch comprehensive income	61	49.9	99.2	60.5	88.6
Summary balance sheet					
Assets					
Gross loans	10,356	8,512.4	8,661.7	8,674.3	9,223.7
- Of which impaired	235	192.8	242.3	336.2	370.6
Loan loss allowances	78	64.1	63.8	112.8	120.4
Net loans	10,278	8,448.3	8,597.9	8,561.5	9,103.3
Interbank	256	210.6	297.6	289.2	186.5
Derivatives	458	376.7	367.3	332.7	322.3
Other securities and earning assets	4,197	3,449.5	3,233.2	2,943.0	2,763.2
Total earning assets	15,189	12,485.1	12,496.0	12,126.4	12,375.3
Cash and due from banks	2,710	2,227.8	1,417.2	1,406.8	1,832.8
Other assets	531	436.1	405.7	446.8	450.8
Total assets	18,430	15,149.0	14,318.9	13,980.0	14,658.9
Liabilities					
Customer deposits	12,338	10,141.1	9,545.1	9,090.9	9,145.1
Interbank and other short-term funding	610	501.1	141.7	334.9	101.6
Other long-term funding	1,998	1,642.4	1,718.2	1,695.0	2,578.6
Trading liabilities and derivatives	1,496	1,229.6	1,359.6	1,410.0	1,291.8
Total funding	16,441	13,514.2	12,764.6	12,530.8	13,117.1
Other liabilities	339	278.7	237.7	181.0	192.7
Preference shares and hybrid capital	124	101.7	101.7	n.a.	n.a.
Total equity	1,526	1,254.4	1,214.9	1,268.2	1,349.1
Total liabilities and equity	18,430	15,149.0	14,318.9	13,980.0	14,658.9
Exchange rate		USD1 = EUR0.821963	USD1 = EUR0.89015	USD1 = EUR0.873057	USD1 = EUR0.83382

Source: Fitch Ratings, Fitch Solutions, Van Lanschot Kempen N.V.

Summary Financials and Key Ratios

	31 Dec 20	31 Dec 19	31 Dec 18	31 Dec 17
Ratios (annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	1.4	2.5	1.7	2.5
Net interest income/average earning assets	1.2	1.4	1.4	1.6
Non-interest expense/gross revenue	89.3	84.2	92.7	84.4
Net income/average equity	4.0	7.9	6.2	7.0
Asset quality				
Impaired loans ratio	2.3	2.8	3.9	4.0
Growth in gross loans	-1.7	-0.2	-6.0	-5.8
Loan loss allowances/impaired loans	33.3	26.3	33.6	32.5
Loan impairment charges/average gross loans	0.0	-0.1	-0.1	-0.1
Capitalisation				
Common equity Tier 1 ratio	24.3	23.8	21.4	20.5
Tangible common equity/tangible assets	7.3	7.5	7.8	7.7
Basel leverage ratio	7.4	7.3	6.9	6.7
Net impaired loans/common equity Tier 1	12.6	17.8	22.8	24.5
Funding and liquidity				
Loans/customer deposits	83.9	90.7	95.4	100.9
Liquidity coverage ratio	177.4	156.9	140.6	163.6
Customer deposits/funding	77.3	76.9	75.4	71.5
Net stable funding ratio	161.8	154.4	129.8	129.2

Source: Fitch Ratings, Fitch Solutions, Van Lanschot Kempen N.V.

Key Financial Metrics – Latest Developments

Asset Quality Is Underpinned by Well-Performing Mortgage Loans

Van Lanschot's impaired loans ratio has been on a positive trend since 2014 and decreased to a sound 2.3% at end-2020, which better reflects its current low credit risk appetite. This improvement was mainly achieved thanks to the winding-down of the non-core corporate loan book that fell to 2% of gross loans at end-2020. We expect asset quality to remain resilient in the medium term supported by the good-performing Dutch residential mortgage loans (including mortgage loans distributed via third parties, about 75% of gross loans) that have marginal sensitivity to economic cycles.

The bank's LICs are very low representing only 2bp of gross loans in 2020. The net reversals in previous years reflect the de-risking of the legacy corporate loan book. We expect LICs to remain at a very low level in 2021 given the improved economic prospects in the Netherlands and the bank's limited exposure to sectors directly affected by the pandemic and social distancing.

AuM Growth Critical for Profitability

Van Lanschot is structurally less profitable than Swiss private banking peers given its limited geographical diversification, lower scale and absence of higher margin offshore private banking operations. Fee income has been growing over recent years driven by higher AuM inflows and we expect this trend to continue in line with Van Lanschot's strategy, which should support a moderate improvement in the bank's profitability in the medium term.

Van Lanschot's net income declined by about half in 2020 due to a material loss on structured products in the capital markets dislocation of 1Q20. Fee and commission income was resilient and increased by 2% over the year supported by higher average AuM and stable AuM margins in private banking.

The bank continues to run with a high cost base and we expect limited improvement in the next couple of years as cost savings will be offset by higher integration costs from recent acquisitions and continued investments in digitalisation.

Sound Capitalisation

Van Lanschot's CET1 ratio at 24.3% at end-2020 compares well with private banking peers and is well above its 7.8% SREP minimum CET1 requirement. The bank has sufficient CET1 buffer to absorb the regulatory changes and future growth. We also expect Van Lanschot to generate 60bp-75bp capital a year organically given good earnings generation and an average dividend pay-out of 60% in recent years. We believe the introduction of floors on risk-weights for Dutch mortgage loans from early 2022 by the Dutch central bank should be manageable. Van Lanschot expects RWAs to increase by about 15% or about 317bp of the bank's CET1 capital at end-2020. The proposals do not increase end-state capital requirements for Dutch banks but rather partially bring forward the impact of the Basel III end-game rules which would have been subject to a long phase-in otherwise.

The acquisition of Mercier Vanderlinden should have a negative impact of about 400bp on the bank's CET1 ratio.

Healthy Funding and Liquidity

Van Lanschot's funding profile is underpinned by the large deposit base without material concentration risk. The bank's loans/deposits ratio has continuously improved over the past five years and Van Lanschot's reliance on wholesale funding is now limited as its shrinking loan book resulted in limited extra funding needs. We expect the share of deposit funding to grow further and to better reflects the bank's wealth manager balance-sheet profile.

Liquidity is sound. The bank's liquidity buffer of EUR5.5 billion at end-2020 mostly comprised 'AAA' rated securities and cash roughly covering five times its wholesale funding redemptions in 2021-2023. The liquidity coverage and the net stable funding ratios were strong at end-2020 at 177% and 162%, respectively. Van Lanschot participated in the third series of the ECB targeted longer-term refinancing operations for a total of EUR400 million.

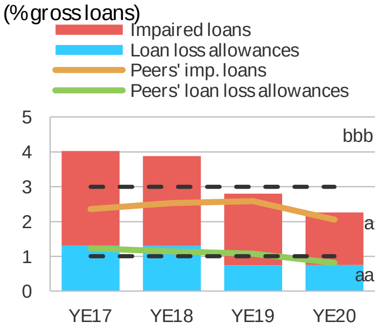
Note on Charts

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.

Peer average includes Van Lanschot Kempen Wealth Management N.V. (VR: 'bbb+'), Compagnie Lombard Odier SCmA (aa-), EFG International AG (a), Oddo BHF SCA (bbb) and Quintet Private Bank (Europe) S.A. (bbb)

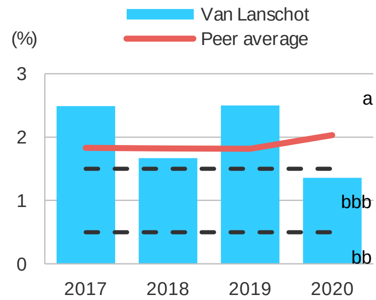
Asset Quality

(% gross loans)



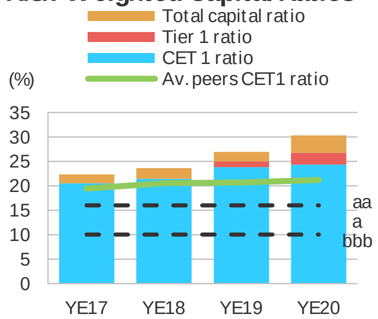
Source: Fitch Ratings, banks

Operating Profit/RWAs



Source: Fitch Ratings, banks

Risk-Weighted Capital Ratios



Source: Fitch Ratings, banks

Sovereign Support Assessment

Support Rating Floor			Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)			A+ to 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		✓	

Source: Fitch Ratings

Support Assesment Influence

- Higher influence
- Moderate influence
- Lower influence

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. The Support Rating of '5' and Support Rating Floor of 'No Floor' reflect Fitch's view that senior creditors cannot rely on receiving extraordinary support from the sovereign if Van Lanschot becomes non-viable.

Environmental, Social and Governance Considerations

FitchRatings **Van Lanschot Kempen Wealth Management N.V.** **Banks** Ratings Navigator

Credit-Relevant ESG Derivation

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

- Van Lanschot Kempen Wealth Management 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

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	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

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'. ESG issues are credit neutral or have only a minimal credit impact on Van Lanschot, either due to their nature or the way in which they are being managed by Van Lanschot. For more information on our ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.