



Van Lanschot

Van Lanschot NV Financial report 2013 half-year results



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KEY DATA

<i>(x € million)</i>					
	H1 2013	H2 2012 ¹		H1 2012 ²	
Statement of income					
Income from operating activities	277.4	257.2	8%	268.1	3%
Operating expenses	187.2	196.1	-5%	201.2	-7%
Gross result before non-recurring charges	90.2	61.1	48%	66.9	35%
Non-recurring charges	6.1	35.4	-83%	10.7	-43%
Impairments	46.5	189.2	-75%	46.2	1%
Operating profit before tax	37.6	-163.5	-	10.0	-
Net profit	33.7	-157.8	-	10.5	-
Underlying net profit	37.7	-8.5	-	19.6	92%
Efficiency ratio excluding non-recurring charges (%)	67.5	76.2		75.0	
<i>(x € million)</i>					
	30-06-2013	31-12-2012		30-06-2012	
Balance sheet and capital management					
Equity attributable to shareholders	1,274	1,262	1%	1,453	-12%
Equity attributable to minority interests	56	53	6%	51	10%
Savings and deposits	10,142	11,369	-11%	11,942	-15%
Loans and advances to customers	13,086	13,464	-3%	13,994	-6%
Total assets	17,054	17,941	-5%	18,410	-7%
Funding ratio (%)	77.5	84.4		85.3	
Risk-weighted assets	9,505	10,535	-10%	11,050	-14%
Core Tier I ratio (%)	12.5	11.0		11.0	
Tier I ratio (%)	12.5	11.0		11.0	
BIS total capital ratio (%)	13.4	11.9		12.1	
Leverage ratio ³ (%)	7.5	7.0		7.9	
<i>(x € billion)</i>					
	30-06-2013	31-12-2012		30-06-2012	
Client assets					
Client assets	51.3	52.3	-2%	49.4	4%
- Assets under management	41.2	40.9	1%	37.5	10%
- Savings and deposits	10.1	11.4	-11%	11.9	-15%
Assets under management	41.2	40.9	1%	37.5	10%
- Discretionary	29.8	29.0	3%	25.2	18%
- Non-discretionary	11.4	11.9	-4%	12.3	-7%
<i>(x € billion)</i>					
	30-06-2013	31-12-2012		30-06-2012	
Key figures					
Weighted average number of outstanding ordinary shares (x 1,000)	40,891	40,891	-	40,865	-
Earnings per share based on average number of ordinary shares (€)	0.71	-3.90	-	0.23	-
Return on average Core Tier I capital ⁴ (%)	5.0	-26.8	-	1.5	-
Number of staff (FTEs) ⁵	1,871	1,862		1,908	-2%

¹ The revised IAS 19 applies to all financial statements as from 1 January 2013. The new standard has consequences for the accounting treatment of employee benefits, including the disclosure of the provision for pensions in the interim report. The new standard has been applied with retroactive effect in the interim financial statements. The comparative figures in this document have been restated accordingly.

² The banking activities in Curaçao and the trust business in the Netherlands, Curaçao and Jersey were classified as held for sale in the 2012 interim report. These operations were ultimately closed down rather than being sold. The statement of income at 30 June 2012 has been restated accordingly.

³ The leverage ratio is the ratio of equity attributable to shareholders to total assets.

⁴ Annualised on the basis of half-year data.

⁵ Number of FTEs excluding non-strategic investments; including additional 54 FTEs following the insourcing of IT activities.

**RESULTS**

<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Interest	109.6	109.2	0%	127.3	-14%
Income from securities and associates	11.8	7.5	57%	13.6	-13%
Commission	119.5	108.5	10%	108.3	10%
Profit on financial transactions	36.5	32.0	14%	18.9	93%
Income from operating activities	277.4	257.2	8%	268.1	3%
Staff costs	111.7	104.2	7%	102.9	9%
Other administrative expenses	64.5	76.2	-15%	81.4	-21%
Depreciation and amortisation	11.0	15.7	-30%	16.9	-35%
Operating expenses	187.2	196.1	-5%	201.2	-7%
Gross result before non-recurring charges	90.2	61.1	48%	66.9	35%
Non-recurring charges	6.1	35.4	-83%	10.7	-43%
Gross result after non-recurring charges	84.1	25.7	-	56.2	50%
Addition to loan loss provision	41.5	73.4	-43%	41.8	-1%
Other impairments	5.0	115.8	-96%	4.4	14%
Impairments	46.5	189.2	-75%	46.2	1%
Operating profit before tax	37.6	-163.5	-	10.0	-
Operating profit before tax of non-strategic investments⁶	0.2	-12.8	-	0.9	-78%
Income tax	4.1	-18.5	-	0.4	-
Net profit	33.7	-157.8	-	10.5	-
Underlying net profit excluding non-recurring charges	37.7	-8.5	-	19.6	92%

<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Underlying net profit excluding non-recurring charges	37.7	-8.5	-	19.6	92%
Non-recurring charges	-6.1	-35.4	-83%	-10.7	-43%
Impairment on goodwill and intangible assets	-	-126.6	-	-	-
Tax effect	2.1	12.7	-83%	1.6	31%
Net profit	33.7	-157.8	-	10.5	-

⁶ A number of non-strategic investments have been included in the consolidated figures of Van Lanschot since 2009. Van Lanschot has stated that it intends to sell these investments in due course as their activities are not in line with the bank's wealth management strategy.



INCOME FROM OPERATING ACTIVITIES

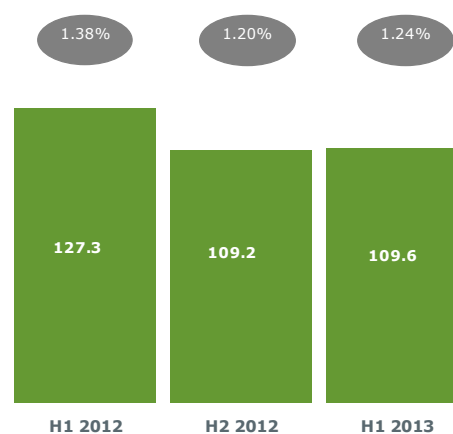
<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Interest	109.6	109.2	0%	127.3	-14%
Income from securities and associates	11.8	7.5	57%	13.6	-13%
Commission	119.5	108.5	10%	108.3	10%
Profit on financial transactions	36.5	32.0	14%	18.9	93%
Income from operating activities	277.4	257.2	8%	268.1	3%

Interest

Net interest income amounted to € 109.6 million for the first half of 2013. This represents a decline compared with the same period last year, however a slight increase compared with the second half of 2012. In the first six months of 2013 the interest margin was 124 basis points, which was lower than in the first half of 2012 (138 basis points) but slightly higher than in the second half of last year (120 basis points). The following had a significant impact on interest income:

- a fall in the amount of interest paid, due chiefly to a decline in the volume of deposits and lower rates. In the case of the premium deposit that expired earlier this year, Van Lanschot decided not to extend the deposit at the same high rate.
- a fall in interest income resulting from a decline in the volume of both mortgage and other loans, as clients use available or released funds to make repayments. Lower market rates of interest also led to a slight fall in the average interest rates on loans;
- a fall in interest income owing to the sale of bonds held in the investment portfolio at the start of 2013. The gain on the sale of these bonds is included under Profit on financial transactions.

Development of net interest income (€ million) and interest margin (%)



Income from securities and associates

<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Dividend	1.6	0.4	-	4.1	-61%
Capital gains	0.9	3.4	-74%	1.8	-50%
Valuation gains and losses	9.3	3.7	-	7.7	21%
Income from securities and associates	11.8	7.5	57%	13.6	-13%

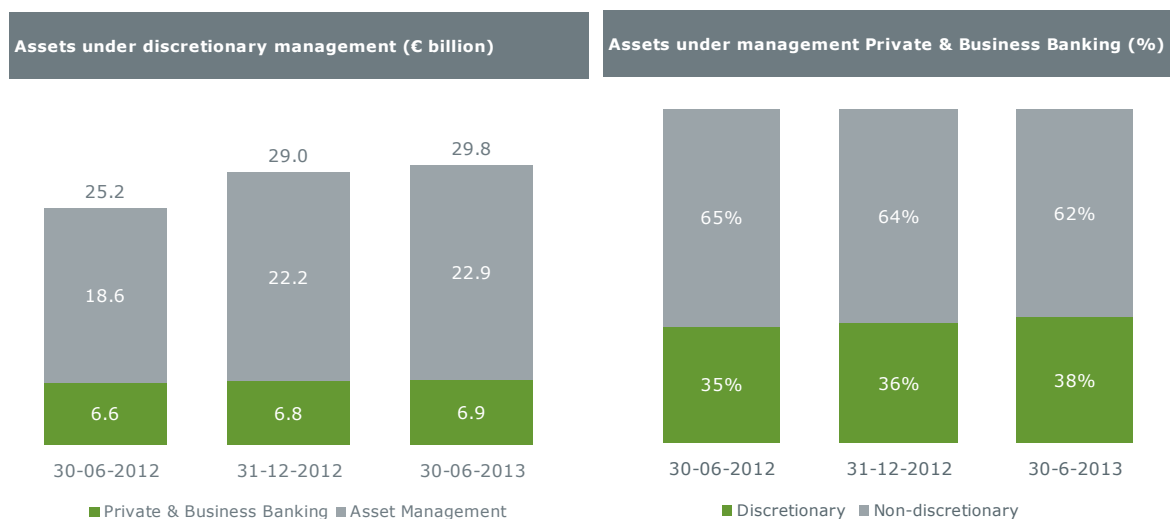
Dividend consists of dividends received on participations. Valuation gains and losses relate to the revaluation of minority interests, which include Van Lanschot's equity stake in Ducatus (H1 2013: € 0.6 million; H1 2012: € 4.5 million) and the equity stake in Van Lanschot Chabot (H1 2013: € 0.6 million; H1 2012: € 0.7 million). In addition, the valuation gains and losses include a gain on the IPO of MedSciences Capital, an investment fund of Kempen. Part of this result is attributable to other external shareholders (see section on Profit Appropriation).



Commission

(x € million)	H1 2013	H2 2012	H1 2012
Securities commission	94.9	84.5	82.5
- transaction fee	23.0	19.3	19.8
- management fee ⁷	71.5	63.6	62.1
- performance fee	0.4	1.6	0.6
Other commission	24.6	24.0	25.8
Commission	119.5	108.5	108.3

Securities commission was up compared with both the first and second half of 2012. The increased trading activity among clients led to higher transaction-related income than in either half of 2012. Management fee also increased thanks to the inflow of new discretionary asset management mandates, the shift from assets under non-discretionary management to discretionary management, as well as the rise in share prices. The share of total securities commission accounted for by more stable management fee remained unchanged in the first half of 2013 at 75% (2012: 75%). At 30 June 2013, 38% of total assets under management of Private & Business Banking were under discretionary management (year-end 2012: 36%).



Other commission includes corporate finance commission, which amounted to € 11.8 million in the first half of 2013 (H1 2012: € 9.5 million). Cash transaction and funds transfer commission stood at € 8.3 million in the first half of 2013 (H1 2012: € 10.3 million).

⁷ Management fees include portfolio commission and custody fees



Profit on financial transactions

<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Profit on securities	5.2	3.2	63%	-0.3	-
Profit on currency trading	7.6	7.3	4%	7.3	4%
Profit on investment portfolio	23.8	17.7	34%	9.1	-
Profit on interest rate hedges	4.6	11.7	-61%	3.2	44%
Other income	-4.7	-7.9	-41%	-0.4	-
Profit on financial transactions	36.5	32.0	14%	18.9	93%

Profit on the investment portfolio, which stood at € 23.8 million (H1 2012: € 9.1 million; H2 2012: € 17.7 million), included an amount of € 23.5 million relating to the sale of bonds held in the investment portfolio (H1 2012: € 9.0 million; H2 2012: € 2.3 million). In addition, a profit of € 0.2 million was made on the Marked-to-Market (MtM) portfolio.

Van Lanschot applies hedge accounting to a number of swaps. These swaps serve to hedge the interest rate risk on fixed-interest mortgage loans in particular. Imperfections in these hedges and shifting interest rate curves cause ineffectiveness which is charged to profit.

<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Ineffectiveness of current hedges	-2.6	4.9	-	2.2	-
Other profit on interest hedges	7.2	6.8	6%	1.0	-
Profit on interest hedges	4.6	11.7	-61%	3.2	44%



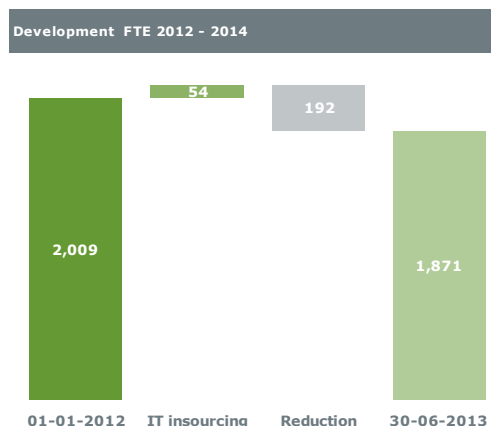
OPERATING EXPENSES

(x € million)	H1 2013	H2 2012		H1 2012	
Staff costs	111.7	104.2	7%	102.9	9%
Other administrative expenses	64.5	76.2	-15%	81.4	-21%
Depreciation and amortisation	11.0	15.7	-30%	16.9	-35%
Operating expenses	187.2	196.1	-5%	201.2	-7%

Operating expenses continued to fall, decreasing 7% compared with the same period last year and 5% compared with the second half of 2012. At the start of 2013, 54 FTEs were insourced by the IT department. This led to a decline in other administrative expenses and an increase in staff costs.

Staff costs

At 30 June 2013, the workforce consisted of 1,871 FTEs (year-end 2012: 1,862 FTEs) excluding non-strategic investments. The increase in FTEs due to IT insourcing was offset by a reduction of FTEs following the closure of foreign branches and a fall in the number of FTEs owing to the investment and cost reduction programme, which was in line with the programme's objectives. The workforce has shrunk by approximately 10% since the programme was launched at the start of 2012. A further decline in the number of FTEs will be seen in the second half of 2013, ensuring the cost reduction programme is on schedule.



Other administrative expenses

Other administrative expenses stood at € 64.5 million, which was substantially down on both the first and second half of 2012. This decrease was due in part to the insourcing of IT activities, as a result of which there was a shift in costs from other administrative expenses to staff costs.

An important part of the IT project to create a single centralised securities system was delivered, resulting in the successful migration of the entire advice platform to the new securities platform in Bankview at the start of July. In addition, a part of the payment administration has been outsourced to Equens.

As a result of the investment and cost reduction programme, € 6.1 million in non-recurring charges were recognised in the first half of 2013 (H1 2012: € 10.7 million; H2 2012: € 35.4 million). These non-recurring charges can be broken down as follows:

(x € million)	H1 2013
Accelerated investments in client services	7.5
Additional expenses and income related to branch closures and advisory fees	-0.9
Gains on sale and impairments of office buildings	-0.5
Non-recurring charges	6.1

Depreciation and amortisation

Depreciation and amortisation, which stood at € 11.0 million, dropped by 35% compared with the first half of 2012. The most significant factor in the fall in depreciation and amortisation was the additional non-recurring amortisation charge recognised at the end of 2012 relating to the intangible assets associated with the acquisition of Kempen & Co and CenE Bankiers. In addition, a number of IT projects were fully written down in the first half of 2013 on reaching the end of their depreciation period.



Efficiency ratio

Thanks to the higher income from operating activities and lower operating expenses, there was an improvement in the efficiency ratio (the ratio of operating expenses to income from operating activities), which stood at 67.5% (H1 2012: 75.0%; H2 2012: 76.2%).

IMPAIRMENTS

<i>(x € million)</i>					
	H1 2013	H2 2012		H1 2012	
Addition to loan loss provision	41.5	73.4	-43%	41.8	-1%
Impairment of investments and participations	1.6	1.5	7%	1.4	14%
Capital loss on buildings and assets obtained through the seizing of collateral	-	2.6	-	1.6	-
Impairment of goodwill and intangible assets	3.4	113.1	-97%	-	-
Other financial assets and associates	-	-1.4	-	1.4	-
Other impairments	5.0	115.8	-96%	4.4	14%
Total impairments	46.5	189.2	-75%	46.2	-1%

Addition to loan loss provision

The addition to the loan loss provision stood at € 41.5 million in the first half of 2013 (H1 2012: € 41.8 million). For further details, reference is made to the section on the Balance sheet.

Other impairments

In the first six months of 2013, several equity stakes held in the participations portfolio were impaired for a total amount of € 1.0 million. On balance, the fair value of the participations portfolio increased. In addition, a goodwill impairment was recognised on a consolidated non-strategic investment (€ 3.4 million).

INCOME TAX

Income tax for the first six months of 2013 stood at € 4.1 million (H1 2012: € 0.4 million; H2 2012: tax credit of € 18.5 million). This represents a tax burden of 10.8% (H1 2012: 3.7%; H2 2012: 10.5%). The relatively low tax burden for the first half of 2013 is due to the fact that the equity holding exemption applies to some of the income.



PROFIT PER SHARE

The consolidated profit for the first half of 2013 is allocated as follows.

(x € million)	H1 2013	H2 2012	H1 2012
Net profit	33.7	-157.8	10.5
Net interest on perpetual loans	-0.6	-0.5	-0.6
Share of other minority interests	-4.1	-1.0	-0.7
Net profit for calculation of earnings per ordinary share	29.0	-159.3	9.2
Earnings per ordinary share (€)	0.71	-3.90	0.23
Weighted average number of outstanding ordinary shares (x 1,000)	40,891	40,891	40,865

The profit attributable to other minority interests concerns on one hand the share of other external shareholders in the profit realised by MedSciences Capital (see Income from securities and associates) and on the other hand the Management Investment Plan for key staff of Kempen & Co, introduced in 2010.



BALANCE SHEET

<i>(x € million)</i>					
	30-06-2013	31-12-2012		30-06-2012	
Balance sheet and capital management					
Equity attributable to shareholders	1,274	1,262	1%	1,453	-12%
Equity attributable to minority interests	56	53	6%	51	10%
Savings and deposits	10,142	11,369	-11%	11,942	-15%
Loans and advances to customers	13,086	13,464	-3%	13,994	-6%
Total assets	17,054	17,941	-5%	18,410	-7%
Funding ratio (%)	77.5	84.4		85.3	

LOAN BOOK

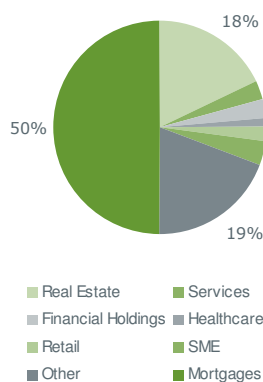
<i>(x € million)</i>				
	30-06-2013	31-12-2012		
Mortgage loans to private individuals	6,696	6,945	-4%	
Other private loans	1,986	1,827	9%	
Corporate loans	4,725	5,002	-6%	
Impairments	-321	-310	4%	
Total	13,086	13,464	-3%	

The first half of 2013 saw a 3% fall in the loan portfolio, which stood at € 13.1 billion. In keeping with general market trends, Van Lanschot saw a further decline in demand for mortgages and corporate loans. In addition, clients continue to repay their loans more frequently. The number of new loans granted in the first six months of 2013 was limited owing to the strategic objectives and the lending policy pursued at Van Lanschot.

Loan book by sector

The adjacent pie chart provides a breakdown of the loan book by sector. More than half of the loan book consisted of residential mortgage loans with an average Loan-To-Value (LTV) ratio of 82% at 30 June 2013 (year-end 2012: 77%). The LTV ratio is calculated on the basis of market value. The increase in the LTV ratio is due to the fall in property valuations in the Netherlands. If the more conservative index-linked foreclosure value is used as a basis, the LTV ratio at 30 June 2013 was 96% (year-end 2012: 91%). Besides providing the usual collateral, a large part of the mortgage clients also hold client assets at Van Lanschot. In addition, this portfolio is characterised by limited losses, low levels of default and few foreclosures.

Loan book by sector at 30 June 2013 (€ million)



Corporate loans are well diversified across sectors. This loan portfolio reflects our focus on our core target clients: high-net worth individuals, entrepreneurs (director-owners) and their businesses, healthcare professionals, business professionals and executives.

The portfolio consists of loans related to property. The property loan portfolio, worth € 2.4 billion, is managed by a separate, specialist team, and comprises small-scale properties in the Netherlands. The bank provides hardly any finance for property development. At 30 June 2013, the average LTV ratio based on foreclosure values was 83% (year-end 2012: 71%). The increase in the LTV ratio is due to new, lower rental factors and recent appraisals. The portfolio has a vacancy rate of 9.6%, far below the national average of almost 16%⁸.

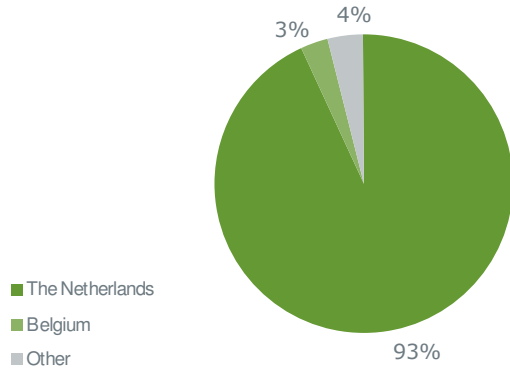
⁸ Source: NVM Business



Loan book by country

The loan book is concentrated in the Netherlands and Belgium.

**Loan book by country
at 30 June 2013**



PROVISIONS

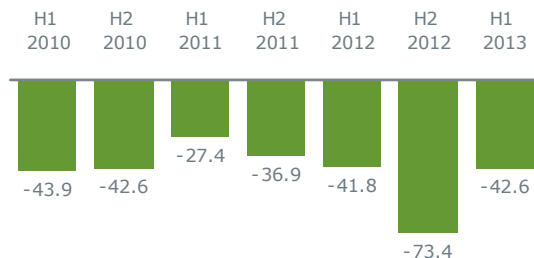
The bank has formed provisions for the impaired loans in its loan book. At 30 June 2013, impaired loans amounted to € 597 million, of which € 321 million, or 54%, had been provided for (2012: 58%).

The table below provides a more detailed breakdown of the loan book and provisions formed at 30 June 2013.

(x € million)	Loan book	Impaired loans	Provision for impaired loans	NPL ⁹	Coverage ratio
Mortgage loans to private individuals	6,696	95	60	1.4%	63%
Other private loans	1,271	105	53	8.3%	50%
Real estate	2,429	261	135	10.7%	52%
Corporate loans	3,011	136	64	4.5%	47%
Impairments	-321	-	-		
Total	13,086	597	312	4.6%	52%
Incurred But Not Reported (IBNR)			9		
Provision including IBNR			321		54%

The addition to the loan loss provision amounted to € 41.5 million in the first half of 2013. This is more or less unchanged compared to the same period last year (€ 41.8 million) and much lower than in the second half of 2012 (€ 73.4 million). The addition to the loan loss provision for the first half of 2013 corresponds to 83 basis points (annualised) of average risk-weighted assets (2012: 107 basis points on an annual basis).

**Addition to loan loss provision
(€ million)**



⁹ Non-performing loans (NPL) are the impaired loans as a percentage of the total loan portfolio



CAPITAL AND LIQUIDITY MANAGEMENT

Van Lanschot has continued to prioritise reinforcing its capital and liquidity positions in 2013.

(x € million)	30-06-2013	31-12-2012		30-06-2012	
Risk-weighted assets	9,505	10,535	-10%	11,050	-14%
Core Tier I ratio (%)	12.5	11.0		11.0	
Tier I ratio (%)	12.5	11.0		11.0	
BIS total capital ratio (%)	13.4	11.9		12.1	
Leverage ratio (%)	7.5	7.0		7.9	

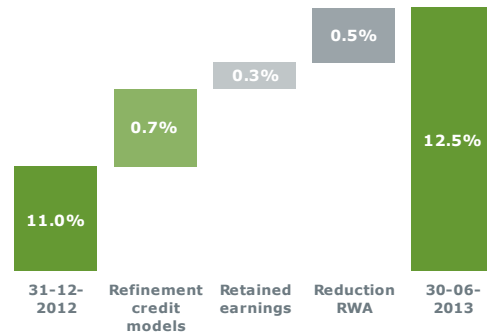
CAPITAL MANAGEMENT

At 30 June 2013 the Core Tier I ratio stood at 12.5% (year-end 2012: 11.0%), reflecting the bank’s strong capital position. Van Lanschot is therefore on track to achieving its long-term target of a Core Tier I ratio of at least 15%.

The increase in the Core Tier I ratio is primarily attributable to retained earnings and a fall in risk-weighted assets. A number of refinements to the credit models also contributed to the fall in risk-weighted assets. For example, the implementation of a new Basel II methodology for the SME portfolio in the first half of 2013 has improved risk assessment.

Our robust capital base is also reflected in a leverage ratio of 7.5% (year-end 2012: 7.0%) and compares favourably with other Dutch banks.

Development Core Tier I ratio H1 2013



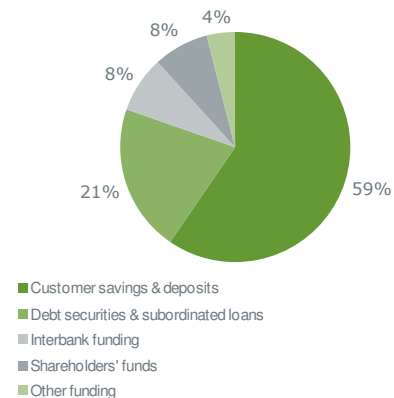
IAS 19 Employee Benefits (revised)

The revised accounting standard IAS 19 on employee benefits came into effect on 1 January 2013 and therefore impacts the statement of income for 2013. The Dutch regulator has decided that the impact of this accounting standard on prudential capital requirements is to be postponed until 1 January 2014. It will therefore not have any impact on the Core Tier I ratio in 2013.

LIQUIDITY AND FUNDING

Van Lanschot is continuing to pay close attention to diversifying its funding profile, and is seeking to achieve a balanced funding mix that draws on a range of sources and includes a variety of terms to maturity. The funding ratio remains strong at 77.5%. Customer savings and deposits fell by € 1,227 million in the first half of 2013, as clients are increasingly using their available assets to pay off debts. In addition, many clients have decided to start investing, in view of market conditions. Furthermore, there has been fierce competition in the savings market for a number of years owing to the structural shortage of private savings compared to the total mortgage debt in the Netherlands. Given this, Van Lanschot deliberately does not compete on price in the savings market. The bank decided not to extend the premium deposit that expired earlier this year for profitability reasons.

Funding mix at 30 June 2013





The funding profile was further diversified during the first half of 2013. Van Lanschot is active on the international capital markets with secured and unsecured funding instruments. In the first half of 2013, the following transactions were completed:

- April 2013: placement of € 750 million of Triple A-rated RMBS notes (securitisation of mortgage loans) at a spread of 95 basis points
- May 2013: issue of a 5-year senior unsecured bond for an amount of € 300 million and a coupon of 3.125%
- various medium term notes worth a total of some € 79 million, with terms to maturity of 3-8 years, issued as part of the structured notes programme

The Basel III guidelines include requirements for the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and a revised definition of the leverage ratio. These are future ratios which the banking sector gradually has to comply with in the period 2014 till 2018. At 30 June 2013, the ratios based on the rules as currently known were as follows.

	30-06-2013	Norm
Liquidity Coverage Ratio (%)	86.1	> 100
Net Stable Funding Ratio (%)	98.0	> 100
Leverage ratio (%)	5.3	> 3

Given the character of Van Lanschot’s balance sheet, the LCR and the NSFR are volatile. Van Lanschot expects to comply with the formal Basell III requirements in good time.

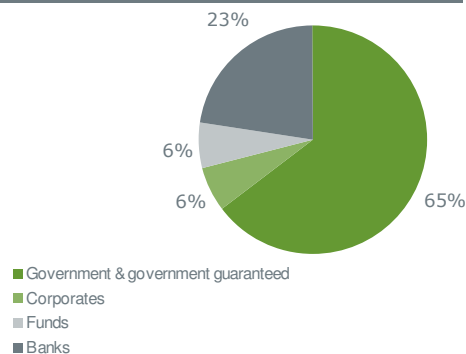
INVESTMENT AND TRADING PORTFOLIO

Van Lanschot’s total investment and trading portfolio¹⁰ stood at € 1.9 billion at 30 June 2013, compared with € 1.6 billion at year-end 2012. This increase was mainly due to the purchase of Dutch government bonds. These portfolios also include the investment portfolio set up with the money Van Lanschot raised by participating in the second tranche of the LTRO in March 2012 for an amount of € 750 million. The latter portfolio generated a net return of €1.9 million (50 basis points on an annual basis) in the first half of 2013.

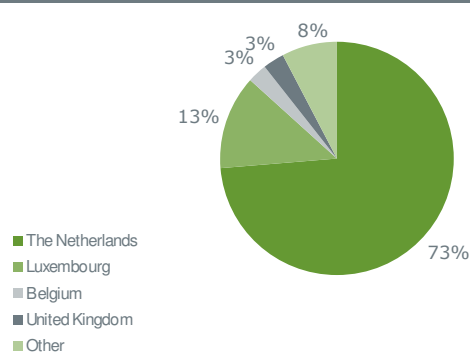
In the context of asset and liability management, the portfolios are held predominantly for liquidity purposes and therefore contain highly liquid low-risk instruments. At 30 June 2013, 88% of Van Lanschot’s available-for-sale investments comprised investments in Triple-A rated funds, while a further 3% related to investments in funds with an AA rating. Triple-A rated funds made up 89% of the portfolio included in financial assets designated at fair value through profit or loss at 30 June 2013. Van Lanschot does not have any exposure to Greece, Ireland, Italy, Portugal or Spain.

The following diagrams show the portfolio at 30 June 2013, broken down by counterparty and country.

Investment and trading portfolio by counterparty at 30 June 2013



Investment and trading portfolio by country at 30 June 2013



¹⁰ The investment and trading portfolio comprises the balance of available-for-sale investments, financial receivables from trading activities and financial assets designated at fair value through profit or loss.



CLIENT ASSETS

(x € billion)	30-06-2013	31-12-2012		30-06-2012	
Client assets	51.3	52.3	-2%	49.4	4%
Assets under management	41.2	40.9	1%	37.5	10%
Savings and deposits	10.1	11.4	-11%	11.9	-15%
Assets under management	41.2	40.9	1%	37.5	10%
Assets under discretionary management	29.8	29.0	3%	25.2	18%
- of which double-counted	1.7	1.8	-6%	1.2	42%
Assets under non-discretionary management	11.4	11.9	-4%	12.3	-7%
Assets under management	41.2	40.9	1%	37.5	10%
Private & Business Banking	18.3	18.7	-2%	18.9	-3%
Asset Management	22.9	22.2	3%	18.6	23%
Savings and deposits	10.1	11.4	-11%	11.9	-15%
Savings	7.4	7.8	-5%	7.8	-5%
Deposits	2.7	3.6	-25%	4.1	-34%

The decline in assets under management was due to an inflow of assets under discretionary management, a negative market performance and a fall in funds entrusted from private and corporate clients.

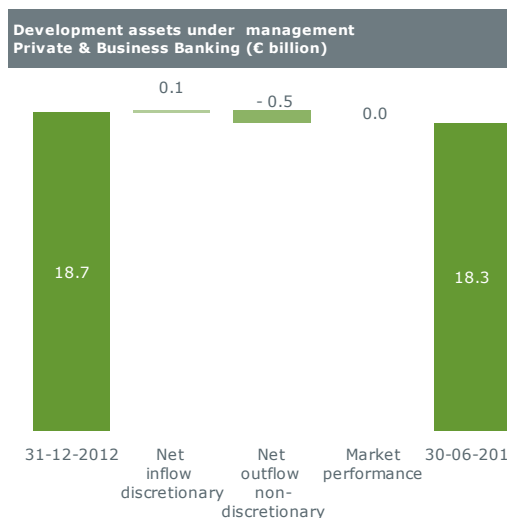
ASSETS UNDER MANAGEMENT

Total assets under management were up 1%, from € 40.9 billion at year-end 2012 to € 41.2 billion at 30 June 2013. This € 0.3 billion increase is the balance of, € 0.4 billion in net new money and a negative market performance of € 0.1 billion.

PRIVATE & BUSINESS BANKING

Assets under management at Private & Business Banking fell by € 0.4 billion to € 18.3 billion in the first half of 2013. There was an inflow of € 0.1 billion in discretionary assets. The outflow was primarily seen in non-discretionary assets and related mainly to custody assets that generated low fees.

In 2013, the trend of opting for the benefits of a discretionary mandate continued, with the share of discretionary assets increasing from 36% to 38%.



Development assets under management Asset Management (€ billion)



ASSET MANAGEMENT

Assets under management at the Asset Management segment were up 3%, from € 22.2 billion to € 22.9 billion. This increase was primarily attributable to an inflow of net new money of € 0.8 billion. Most of this inflow was in niche strategies, i.e. investment strategies such as small caps, property, high dividend shares, fixed-income investments and funds of hedge funds.



EXECUTIVE BOARD RESPONSIBILITY STATEMENT

The members of the Board of Managing Directors hereby confirm that, to the best of their knowledge, the half-year financial statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and profit or loss of Van Lanschot NV and its consolidated entities, and that the half-year report gives a true and fair view of the information to be provided pursuant to Section 5:25d (8) and (9) of the Dutch Financial Supervision Act (Wft).

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30 JUNE 2013

		30-6-2013	31-12-2012	30-6-2012
<i>€ thousand</i>				
ASSETS				
Cash and cash equivalents and balances withdrawable at central banks	1	869,804	1,647,231	871,580
Financial assets held for trading		53,548	52,427	57,530
Due from banks		402,079	430,850	498,743
Financial assets designated as at fair value through profit or loss	2	582,000	631,411	1,106,461
Available-for-sale investments	3	1,268,630	913,079	753,036
Loans and advances to the public and private sectors	4	13,085,976	13,464,234	13,993,883
Derivatives (receivables)	5	179,430	213,623	285,943
Investments in associates using the equity method	6	53,318	46,443	46,557
Property, plant and equipment	7	100,661	100,366	113,101
Goodwill and other intangible assets	8	175,405	173,875	305,207
Current tax assets		6,947	2,552	1,862
Deferred tax assets		60,558	69,698	47,175
Assets of operations held for sale		-	-	40,155
Other assets		215,875	195,076	289,150
TOTAL ASSETS		17,054,231	17,940,865	18,410,383
EQUITY AND LIABILITIES				
Financial liabilities from trading activities		809	382	863
Due to banks	9	1,385,632	1,522,640	1,802,960
Public and private sector liabilities	10	10,142,319	11,368,814	11,941,671
Financial liabilities designated as at fair value through profit or loss	11	274,824	214,355	168,977
Derivatives (liabilities)	5	298,116	364,568	428,534
Issued debt securities	12	3,145,307	2,543,905	1,871,302
Provisions	13	51,153	77,938	32,541
Current tax liabilities		8,960	7,397	12,660
Deferred tax liabilities		10,932	22,533	26,465
Liabilities of operations held for sale		-	-	74,552
Other liabilities		276,220	370,643	406,506
Subordinated loans	14	130,293	132,482	139,654
Total liabilities		15,724,565	16,625,657	16,906,685
Issued share capital		41,017	41,017	41,017
Treasury shares		-2,776	-3,638	-2,852
Share premium		479,914	479,914	479,914
Other reserves	15	726,606	895,138	925,106
Undistributed profit attributable to shareholders of Van Lanschot NV		29,046	-150,083	9,245
Equity attributable to shareholders of Van Lanschot NV		1,273,807	1,262,348	1,452,430
Equity instruments issued by subsidiaries		36,063	36,063	36,063
Undistributed profit attributable to equity instruments issued by subsidiaries		558	1,132	557
Equity attributable to equity instruments issued by subsidiaries		36,621	37,195	36,620
Other minority interests		15,144	13,995	13,995
Undistributed profit attributable to other minority interests		4,094	1,670	653
Equity attributable to other minority interests		19,238	15,665	14,648
Total equity		1,329,666	1,315,208	1,503,698
TOTAL EQUITY AND LIABILITIES		17,054,231	17,940,865	18,410,383
Contingent liabilities		199,522	217,874	251,718
Irrevocable commitments		980,678	1,033,277	536,550
		1,180,200	1,251,151	788,268

The number beside each item refers to the relevant note.

Not audited



CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2013

<i>€ thousand</i>		H1 2013	H2 2012	H1 2012
INCOME FROM OPERATING ACTIVITIES				
Interest income		390,316	422,899	497,897
Interest expense		281,500	314,201	371,085
Net interest income	16	108,816	108,698	126,812
Income from associates using the equity method		8,748	1,970	4,931
Other income from securities and associates		5,435	5,496	8,691
Income from securities and associates	17	14,183	7,466	13,622
Commission income		122,692	113,040	111,130
Commission expense		3,659	4,541	2,843
Net commission income	18	119,033	108,499	108,287
Profit on financial transactions	19	36,519	31,983	18,942
Other income	20	10,608	8,620	8,835
TOTAL INCOME FROM OPERATING ACTIVITIES		289,159	265,266	276,498
EXPENSES				
Staff costs	21	117,549	119,679	117,166
Other administrative expenses	22	75,768	93,599	88,037
Staff costs and other administrative expenses		193,317	213,278	205,203
Depreciation and amortisation		11,517	16,976	13,743
Operating expenses		204,834	230,254	218,946
Addition to loan loss provision		41,545	73,361	40,004
Other impairments		4,986	137,940	6,716
Impairments	23	46,531	211,301	46,720
TOTAL EXPENSES		251,365	441,555	265,666
Operating profit before tax		37,794	-176,289	10,832
Income tax		4,096	-18,553	377
NET PROFIT from continuing operations		33,698	-157,736	10,455
Discontinued operations		-	-	-
NET PROFIT		33,698	-157,736	10,455
Of which attributable to shareholders of Van Lanschot NV		29,046	-159,328	9,245
Of which attributable to equity instruments issued by subsidiaries		558	575	557
Of which attributable to other minority interests		4,094	1,017	653
Earnings per ordinary share (€)	24	0.71	-3.90	0.23
Diluted earnings per ordinary share (€)	25	0.71	-3.89	0.23

The number beside each item refers to the relevant note.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE FIRST HALF OF 2013

<i>€ thousand</i>	H1 2013	H1 2012
Net profit (as per income statement)	33,698	10,455
Other comprehensive income		
Other comprehensive income through the revaluation reserve		
Revaluation of equity instruments	-573	5,584
Revaluation of debt instruments	-10,193	16,429
Realised return on equity instruments	-911	-2,651
Realised return on debt instruments	-23,702	-8,996
Impairments of equity instruments through profit or loss	-	75
Reclassifications to associates using the equity method *	-	-6,776
Tax	7,664	-3,012
Total other comprehensive income through the revaluation reserve	-27,715	653
Other comprehensive income from defined benefit plans *	16,049	923
Tax *	-4,012	-231
Total other comprehensive income from defined benefit plans	12,037	692
Other comprehensive income from value changes of derivatives (cash flow hedges)		
Increase in value of derivatives directly added to equity	289	7,040
Decrease in value of derivatives directly charged against equity	-3,266	-8,346
Realised gains and losses through profit or loss	-	1,735
Tax	744	-107
Total other comprehensive income from value changes of derivatives (cash flow hedges)	-2,233	322
Other comprehensive income from currency translation differences	-317	271
Tax	-	-
Total other comprehensive income from currency translation differences	-317	271
Total other comprehensive income	-18,228	1,938
Total comprehensive income	15,470	12,393
Of which attributable to shareholders of Van Lanschot NV	10,818	11,183
Of which attributable to equity instruments issued by subsidiaries	558	557
Of which attributable to other minority interests	4,094	653

* In future periods, these items will not be recognised in the statement of income.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FIRST HALF OF 2013

<i>€ thousand</i>	H1 2013	H1 2012
Cash flow from operating activities		
Operating profit before tax	37,794	10,832
Adjustments for:		
- Depreciation and amortisation	12,065	17,500
- Valuation results on associates using the equity method	-8,748	-4,788
- Valuation results on financial assets designated as at fair value through profit or loss	13,084	-23,324
- Valuation results on financial liabilities designated as at fair value through profit or loss	-9,315	2,675
- Valuation results on derivatives (receivables and liabilities)	-7,114	22,721
- Impairments	46,531	46,720
Cash flows from operating activities	84,297	72,336
Net increase/(decrease) in operating assets and liabilities		
- Financial assets/liabilities from activities held for trading	-694	-6,237
- Financial assets designated at fair value through profit or loss	36,327	-567,806
- Due from/due to banks	-135,752	1,303,524
- Loans and advances to public and private sectors/public and private sector liabilities	-889,782	-871,862
- Derivatives (receivables and liabilities)	-22,922	-1,666
- Provisions	-10,736	17,724
- Other assets and liabilities	-117,945	-58,895
- Deferred tax assets/liabilities	-3,959	-27,616
- Current tax assets/liabilities	-6,928	5,755
Total movement in assets and liabilities	-1,152,391	-207,079
Net cash flow from operating activities	-1,068,094	-134,743
Net cash flow from discontinued operations	-	-
Cash flow from investing activities		
Investments and acquisitions		
- Investments in debt instruments	-763,735	-199,821
- Investments in equity instruments	-1,718	-97
- Investments in associates using the equity method	194	-1,970
- Property, plant and equipment	-9,753	-3,175
- Goodwill and other intangible assets	-11,329	-2,356
Divestments, repayments and sales		
- Investments in debt instruments	397,840	299,273
- Investments in equity investments	251	4,566
- Investments in associates using the equity method	1,673	4,379
- Property, plant and equipment	3,720	15,607
- Goodwill and other intangible assets	36	-1
Net cash flow from investing activities	-382,821	116,405

Continued on the next page

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

FOR THE FIRST HALF OF 2013

	H1 2013	H1 2012
€ thousand		
Cash flow from financing activities		
Options issued	862	2,985
Other reserves	-22,233	-62,256
Equity instruments issued by subsidiaries	-1,132	-7,587
Other minority interests	-521	-978
Redemption of subordinated loans	-2,189	-13,110
Receipts on debt securities	1,082,112	3,274
Redemption of debt securities	-480,710	-453,809
Receipts on financial liabilities designated as at fair value through profit or loss	100,339	149,165
Redemption of financial liabilities designated as at fair value through profit or loss	-30,555	-3,028
Dividends paid	-	-16,366
Net cash from financing activities	645,973	-401,710
Net increase in cash and cash equivalents and balances withdrawable at central banks	-804,942	-420,048
Cash and cash equivalents and balances withdrawable at central banks at 1 January	1,670,625	1,210,702
Cash and cash equivalents and balances withdrawable at central banks at 30 June	865,683	790,654
Supplementary disclosure		
Cash flows from interest received	378,758	467,790
Cash flows from interest paid	-346,972	-402,812
Cash flows from income tax	1,264	6,509
Cash flows from dividends received	3,297	8,012



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AT 30 JUNE 2013

Equity attributable to holders of equity instruments of Van Lanschot								30-6-2013
	Share capital	Treasury shares	Share premium	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to third parties	Total equity
<i>€ thousand</i>								
Balance at 1 January 2013	41,017	-3,638	479,914	895,138	-150,083	1,262,348	52,860	1,315,208
Net profit (as per income statement)	-	-	-	-	29,046	29,046	4,652	33,698
Total other comprehensive income	-	-	-	-18,228	-	-18,228	-	-18,228
Total comprehensive income	-	-	-	-18,228	29,046	10,818	4,652	15,470
Options exercised	-	862	-	-194	-	668	-	668
To other reserves	-	-	-	-158,167	158,167	-	-	-
Dividends	-	-	-	-	-	-	-2,802	-2,802
Other changes	-	-	-	8,057	-8,084	-27	-	-27
Acquisition of/change in minority interests	-	-	-	-	-	-	1,149	1,149
Balance at 30 June 2013	41,017	-2,776	479,914	726,606	29,046	1,273,807	55,859	1,329,666

The movements on Other changes relate to in particular the adaption of the comparative figures due to IAS 19R.

Equity attributable to holders of equity instruments of Van Lanschot								30-6-2012
	Share capital	Treasury shares	Share premium	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to third parties	Total equity
<i>€ thousand</i>								
Balance at 1 January 2012	41,017	-5,837	479,914	911,739	34,499	1,461,332	58,623	1,519,955
Net profit (as per income statement)	-	-	-	-	9,245	9,245	1,210	10,455
Total other comprehensive income	-	-	-	1,938	-	1,938	-	1,938
Total comprehensive income	-	-	-	1,938	9,245	11,183	1,210	12,393
Options exercised	-	2,985	-	-1,949	-	1,036	-	1,036
To other reserves	-	-	-	18,133	-18,133	-	-	-
Dividends	-	-	-	-	-16,366	-16,366	-7,587	-23,953
Other changes	-	-	-	-4,755	-	-4,755	-	-4,755
Acquisition of/change in minority interests	-	-	-	-	-	-	-978	-978
Balance at 30 June 2012	41,017	-2,852	479,914	925,106	9,245	1,452,430	51,268	1,503,698

Summary of significant accounting policies

Basis of preparation

Van Lanschot's consolidated interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated interim report does not contain all financial information as disclosed in the financial statements. The consolidated interim report should therefore be read in conjunction with the financial statements of Van Lanschot at 31 December 2012. This interim report has not been audited. All amounts are denominated in thousands of euros, unless stated otherwise.

Valuation policies

The accounting policies applied in this consolidated interim report are in accordance with those applied in the financial statements of Van Lanschot at 31 December 2012. Insofar as subsequent changes are considered necessary, the comparative figures have been restated.

Changes in the presentation

IAS 19 Employee benefits

The new IAS 19 standard applies to all financial statements for periods commencing on or after 1 January 2013. This standard has an impact on the accounting treatment of employee benefits, including provisions for pensions in the interim report. The new standard has been applied with retroactive effect in the interim report. The comparative figures have been restated accordingly.

Assets acquired through foreclosures

In the 2012 financial statements, assets acquired through foreclosures were included in Other assets, whereas previously there were included in Property, plant and equipment. This change did not impact the accounting policies for these assets. The comparative figures as at 30 June 2012 have been restated accordingly.

Banking activities on Curacao and the trust activities in The Netherlands, Curacao and Jersey

In the 2012 consolidated interim report, the banking activities on Curacao and the trust activities in the Netherlands, Curacao and Jersey were classified as 'held for sale'. In the statement of financial position, the assets and liabilities were recognised under Assets of operations held for sale and Liabilities of operations held for sale. The results were recognised under discontinued operations in the statement of income. The banking activities on Curacao and the trust activities in the Netherlands, Curacao and Jersey were indeed ended, but subsequently not sold. As a result, the profit and loss account and cash flow statement as at 30 June 2012 have been restated accordingly.

Estimation uncertainty

In the process of applying Van Lanschot's accounting policies, estimates and assumptions are made which have significant impact on the amounts shown in the interim report. The estimates and assumptions are based on the most recent information available. Actual amounts in the future may differ from the estimates and assumptions.

IFRS standards

Three new or revised standards or interpretations became effective as from 1 January 2013 and have an impact on the 2013 interim report.

IAS 1 Presentation of Financial Statements

The change to IAS 1, which was published on 16 June 2011 and became effective as from 1 July 2012, provide guidance on the disclosures in the statement of comprehensive income regarding which items qualify or not for recognition in the statement of income.

IAS 19 Employee benefits

The new IAS 19 standard applies to all financial statements for periods commencing on or after 1 January 2013. The new standard includes the following changes compared with the current standard:

- The corridor approach is eliminated and unrecognised actuarial results are directly recognised in Equity.
- Future actuarial results are also recognised in Equity.
- (Net) interest is no longer classified as pension costs under *Staff costs* but is classified as *Interest* in the statement of income.
- Additional disclosures for defined benefit plans.

This new standard has no impact on the Core Tier I ratio as at 30 June 2013 as the Dutch Central Bank has decided to postpone implementation of IAS 19 for the purposes of the capital adequacy calculation. When the new capital adequacy guidelines come into force on 1 January 2014, the impact on the new IAS 19 rules on the Core Tier I ratio will be recognised gradually over time. Based on the figures at 30 June 2013, full implementation of IAS 19 would have a negative impact on the Core Tier I ratio of approximately 0.7%.



For comparison purposes, the 2012 figures have been restated. The following tables show the impact of IAS 19R on the 2012 financial statements.

	Pension asset / liability	Deferred tax	Attributable to shareholders of Van Lanschot NV
Balance at 1 January 2012	62,723	-15,943	1,507,245
Effect of first-time adoption of IAS 19R	-61,217	15,304	-45,913
Pro forma balance at 1 January 2012	1,506	-639	1,461,332

	Pension asset / liability	Deferred tax	Attributable to shareholders of Van Lanschot NV
Balance at 31 December 2012	76,087	-4,601	1,352,824
Effect of first-time adoption of IAS 19R at January 2012	-61,217	15,304	-45,913
Effect on Profit/(loss) for 2012	10,779	-2,695	8,084
Effect on Other comprehensive income for 2012	-70,355	17,708	-52,647
Pro forma balance at 31 December 2012	-44,706	25,716	1,262,348

The effect on the income statement is as follows:

	2012
Lower pension expenses	9,996
Higher interest income	783
Higher income tax	-2,695
Increase of net profit	8,084

IFRS 13 Fair Value Measurement

IFRS 13 is the product of a joint project with the American regulator, the FASB, to develop a unique framework for fair value measurement. The standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The new IFRS 13 will affect the determination of the fair value of derivatives, because the credit risk of both the counterparty and Van Lanschot itself should be included. In determining the fair value the security under Credit Support Annexes (CSAs) is taken into account. A negative amount of € 0.9 million for credit risk on derivatives is recognised in the profit and loss under Profit on financial transactions. The credit risk on derivatives before 1 January 2013 is € 1.3 million negative. In addition to this adjustment in receipt of CVA/DVA on derivatives, in 2013 Van Lanschot has recognised an amount of € 1.7 million on other own credit risk.

**Selected notes to the statement of financial position**

€ thousand

1 Cash and cash equivalents and balances withdrawable at central banks

	30-6-2013	31-12-2012
Total	869,804	1,647,231
Cash	1,185	1,212
Withdrawable on demand at central banks	772,782	1,455,666
Statutory reserve deposits at central banks	28,377	20,282
Amounts due from banks	67,460	170,071

2 Financial assets designated as at fair value through profit or loss

	30-6-2013	31-12-2012
Total	582,000	631,411
Debt instruments		
Government paper and government-guaranteed paper	190,811	196,380
Covered bonds	354,517	362,582
Asset-Backed Securities	-	24,628
Total debt instruments	545,328	583,590
Equity instruments		
Shares unlisted	36,672	47,821
Total equity instruments	36,672	47,821

Financial assets designated at fair value through profit or loss by external rating *

	30-6-2013	%	31-12-2012	%
AAA	514,733	89%	552,805	87%
AA	30,595	5%	30,785	5%
A	-	0%	-	0%
Other	36,672	6%	47,821	8%
Total	582,000	100%	631,411	100%

* Most recent Fitch ratings as known to Van Lanschot

3 Available-for-sale investments

	30-6-2013		31-12-2012	
	Fair value	Face value	Fair value	Face value
Total	1,268,630	1,146,071	913,079	824,983
Debt instruments				
Government paper and government-guaranteed paper	873,242	778,926	492,066	431,957
Banks and financial institutions listed	31,134	31,000	39,700	39,500
Covered bonds	69,145	70,000	64,079	61,500
Asset-Backed Securities	215,787	215,284	237,159	241,165
Companies cumprefs (shareholdings)	37,815	50,861	38,417	50,861
Total debt instruments	1,227,123	1,146,071	871,421	824,983
Equity instruments				
Shares listed	4,345		4,156	
Shares unlisted	9,183		8,995	
Shareholdings	27,979		28,507	
Total equity instruments	41,507		41,658	

Available-for-sale investments by external rating *

	30-6-2013	%	31-12-2012	%
AAA	1,122,705	88%	715,896	78%
AA	36,491	3%	78,474	9%
A	-	0%	8,588	1%
Other	109,434	9%	110,121	12%
Total	1,268,630	100%	913,079	100%

* Most recent Fitch ratings as known to Van Lanschot



4 Loans and advances to the public and private sectors

	30-6-2013	31-12-2012
Total	13,085,976	13,464,234
Mortgage loans	6,696,058	6,946,277
Current accounts	1,761,375	1,807,435
Loans	4,299,724	4,454,741
Securities-backed loans and settlement claims	404,874	357,457
Subordinated loans	47,016	33,323
Value adjustment fair value hedge accounting	197,437	175,379
Impairments	-320,508	-310,378

Impairments	Specific	IBNR	Total
Balance at 1 January 2013	298,924	11,454	310,378
Loans written off	-31,415	-	-31,415
Additions to or release of provision	43,851	-2,306	41,545
Balance at 30 June 2013	311,360	9,148	320,508

Citadel 2010-I

On 2 July 2010, Van Lanschot finalised the RMBS transaction Citadel 2010-I. This concerns securitisation of Dutch home mortgage loans. The transaction involved an amount of € 1.2 billion. The credit risk was not transferred. A substantial part of the A2 notes were placed with a broad group of institutional investors. The sale of these notes results in a further diversification of the funding. The carrying amount of the securitised loans, exclusive of accrued interest, for the Citadel 2010-I transaction was € 970 million at 30 June 2013.

Citadel 2010-I	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 06/30/2013	Spread
Total				1,249,400	979,490	
Senior Class A1	2-7-2010	-	-	247,400	-	1.30%
Senior Class A2	2-7-2010	AAA	AAA	753,350	743,240	1.40%
Mezzanine Class B	2-7-2010	-	AAA	75,450	75,450	0.00%
Mezzanine Class C	2-7-2010	BBB	BBB+	129,900	129,900	0.00%
Junior Class D	2-7-2010	-	-	30,900	30,900	0.00%
Subordinated Class E	2-7-2010	-	-	12,400	-	0.00%

The first call option date of all these debt instruments is 26 August 2015 and the contractual date of maturity is 26 November 2042.

Citadel 2010-II

On 30 July 2010, Van Lanschot finalised the RMBS transaction Citadel 2010-II. The transaction involved an amount of € 1.3 billion and concerns Dutch home mortgage loans. The credit risk was not transferred. Initially, Van Lanschot decided to purchase the debt securities itself. These eligible assets can serve as collateral with the Dutch Central Bank. In H1 2013 a substantial part of the A notes were placed with a broad group of institutional investors. The sale of these notes results in a further diversification of the funding. The carrying amount of the securitised loans, exclusive of accrued interest, for the Citadel 2010-II transaction was € 999 million at 30 June 2013.

Citadel 2010-II	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 06/30/2013	Spread
Total				1,255,450	1,008,335	
Senior Class A	30-7-2010	AAA	AAA	990,650	755,985	1.20%
Mezzanine Class B	30-7-2010	-	AA-	84,550	84,550	0.00%
Mezzanine Class C	30-7-2010	BBB	BBB+	136,700	136,700	0.00%
Junior Class D	30-7-2010	-	-	31,100	31,100	0.00%
Subordinated Class E	30-7-2010	-	-	12,450	-	0.00%

The first call option date of all these debt instruments is 26 August 2015 and the contractual date of maturity is 26 November 2042.

Citadel 2011-I

On 9 February 2011, Van Lanschot finalised the RMBS transaction Citadel 2011-I. The transaction involved an amount of € 1.5 billion and concerns Dutch home mortgage loans. The credit risk was not transferred. Van Lanschot decided to purchase the debt securities itself. These assets are eligible, and can serve as collateral with the Dutch Central Bank. In this way, this transaction supports the bank's liquidity management. The carrying amount of the securitised loans, exclusive of accrued interest, for the Citadel 2011-I transaction was € 1,229 million at 30 June 2013.

Citadel 2011-I	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 06/30/2013	Spread
Total				1,515,000	1,251,810	
Senior Class A1	10-2-2011	AAA	AAA	324,000	75,810	1.10%
Senior Class A2	10-2-2011	AAA	AAA	801,000	801,000	1.40%
Mezzanine Class B	10-2-2011	A+	AAA	120,000	120,000	0.00%
Mezzanine Class C	10-2-2011	-	-	135,000	135,000	0.00%
Junior Class D	10-2-2011	-	-	120,000	120,000	0.00%
Subordinated Class E	10-2-2011	-	-	15,000	-	0.00%

The first call option date of all these debt instruments is 26 April 2016 and the contractual date of maturity is 26 April 2043.

Van Lanschot maintains a beneficial interest in the Citadel entities, and has therefore fully consolidated these entities.



Mezzanine loans

Mezzanine loans are typically subordinated loans. In the order of priority of creditors, they rank before the shareholders, but behind all other creditors. Mezzanine loans are often used in leveraged buyouts, in addition to ordinary loans and equity.

Movements in mezzanine loans

	2013
Balance at 1 January 2013	13,498
Repayments	-992
Provisions	-
Balance at 30 June 2013	12,506

5 Derivatives

	30-6-2013			31-12-2012		
	Asset	Liability	Contract amount	Asset	Liability	Contract amount
Total	179,430	298,116	8,895,513	213,623	364,568	12,522,584
Derivatives used for trading purposes	22,314	17,301	60,641	19,140	20,825	61,829
Derivatives used for hedge accounting purposes	16,810	110,839	2,079,546	14,592	108,311	1,487,938
Other derivatives	140,306	169,976	6,755,326	179,891	235,432	10,972,817

6 Investments in associates using the equity method

	30-6-2013	31-12-2012
Total	53,318	46,443
Listed	-	-
Unlisted	53,318	46,443

The movements were as follows:

	2013	2012
Balance at 1 January	46,443	43,986
Purchases and contributions	1	2,803
Income from associates	8,749	6,309
Impairments	-6	-1,678
Dividend received	-1,667	-4,754
Other changes	-202	-223
Balance at 30 June	53,318	46,443

7 Property, plant and equipment

	30-6-2013	31-12-2012
Total	100,661	100,366
Buildings	80,312	81,623
IT, operating software and communication equipment	7,058	7,738
Other assets	13,003	10,926
Work in progress	288	79

8 Goodwill and other intangible assets

	30-6-2013	31-12-2012
Total	175,405	173,875
Goodwill	135,725	128,614
Other intangible assets	39,680	45,261

**9 Due to banks**

	30-6-2013	31-12-2012
Total	1,385,632	1,522,640
Special loans European Central Bank	750,000	750,000
Deposits	23,328	26,273
Settlement claims securities transactions	29,124	-
Repo transactions	504,944	676,710
Loans and advances drawn	77,490	68,874
Value adjustments fair value hedge accounting	746	783

10 Public and private sector liabilities

	30-6-2013	31-12-2012
Total	10,142,319	11,368,814
Savings	3,572,443	3,645,295
Deposits	2,727,685	3,618,590
Other funds entrusted	3,838,879	4,100,643
Value adjustments fair value hedge accounting	3,312	4,286

11 Financial liabilities designated as at fair value through profit or loss

	30-6-2013	31-12-2012
Total	274,824	214,355
Unstructured debt instruments	135,521	158,599
Structured debt instruments	139,303	55,756

12 Issued debt securities

	30-6-2013	31-12-2012
Total	3,145,307	2,543,905
Bond loans and notes	1,540,186	1,231,540
Bank and savings bonds	-	37
Notes within the scope of securitisation transactions	1,280,876	556,442
Floating rate notes	311,745	343,403
Medium term notes	12,500	412,483

13 Provisions

	30-6-2013	31-12-2012
Total	51,153	77,938
Provisions for pensions	32,197	52,096
Provision for jubilee benefits scheme	3,615	3,507
Provision for employee rebates	4,427	3,855
Restructuring provision	8,637	14,770
Other provisions	2,277	3,710

14 Subordinated loans

	30-6-2013	31-12-2012
Total	130,293	132,482
Certificates of indebtedness	100,000	100,000
Other subordinated loans	30,293	32,482



15 Other reserves

	Revaluation reserve available-for-sale investments			Actuarial gains and losses on defined benefit plans	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total
	equity instruments	debt investments	held for sale					
Balance at 1 January 2013	19,717	24,025	-	-90,476	-687	-3,191	945,750	895,138
Net change in fair value	-567	-7,686	-	-	-	-2,233	-	-10,486
Realised gains/losses through profit or loss	-911	-18,551	-	-	-	-	-	-19,462
Profit appropriation	-	-	-	-	-	-	-158,167	-158,167
Share and option plans	-	-	-	-	-	-	-194	-194
Actuarial gains and losses	-	-	-	12,037	-	-	8,084	20,121
Other changes	-	-	-	-	-317	-	-27	-344
Balance at 30 June 2013	18,239	-2,212	-	-78,439	-1,004	-5,424	795,446	726,606
Tax effects	6	7,658	-	4,012	-	744	-	12,420



Selected notes to the consolidated statement of income

€ thousand

16 Net interest income

Interest income	H1 2013	H1 2012
Total	390,316	497,897
Interest income on cash equivalents	344	1,483
Interest income on banks and private sector	249,376	300,409
Other interest income	338	933
Interest income on items not recognised at fair value	250,058	302,825
Interest income on available-for-sale investments	5,911	8,935
Interest income on loans at fair value	8,331	11,893
Interest income on derivatives	126,016	174,244
Interest expense	H1 2013	H1 2012
Total	281,500	371,085
Interest expense on banks and private sector	92,245	138,660
Interest expense on issued debt securities	35,869	32,744
Interest expense on subordinated loans	4,998	3,777
Other interest expense	746	-
Interest expense on items not recognised at fair value	133,858	175,181
Interest expense on derivatives	147,642	195,904

17 Income from securities and associates

	H1 2013	H1 2012
Total	14,183	13,622
Dividend and fees	1,630	4,058
Movements in value of investments at fair value through profit or loss	550	2,791
Gains/losses on sale of available-for-sale equity investments	922	1,842
Other gains/losses on sale	2,333	-
Income from associates using the equity method	8,748	4,931

18 Net commission income

	H1 2013	H1 2012
Total	119,033	108,287
Securities commission	26,586	23,981
Management commission	68,281	58,513
Cash transactions and funds transfer commission	8,343	10,313
Corporate Finance commission	11,423	9,494
Other commission	4,400	5,986

19 Profit on financial transactions

	H1 2013	H1 2012
Total	36,519	18,942
Profits and losses on securities trading	3,743	1,043
Profits and losses on currency trading	7,613	7,460
Unrealised gains/losses on derivatives under hedge accounting	-4,606	-2,399
Realised/unrealised gains/losses on trading derivatives	2,269	-295
Realised gains on available-for-sale debt instruments	23,534	8,995
Profits and losses on economic hedges	10,497	-17,931
Profits and losses on financial assets designated as at fair value through profit or loss	-6,531	22,069

**20 Other income**

	H1 2013	H1 2012
Total	10,608	8,835
Sales	66,284	75,242
Cost of sales	-55,676	-66,407

21 Staff costs

	H1 2013	H1 2012
Total	117,549	117,166
Salaries and wages	90,683	94,633
Pension costs defined contribution schemes	3,678	2,362
Pension costs defined benefit schemes	8,462	4,958
Other social security costs	10,208	10,287
Share-based payments	485	618
Other staff costs	4,033	4,308

22 Other administrative expenses

	H1 2013	H1 2012
Total	75,768	88,037
Accommodation expenses	9,978	10,826
Marketing and communication	3,509	4,464
Office expenses	7,891	8,172
IT expenses	30,289	37,922
External auditor	1,245	953
Consultancy fees	5,091	4,967
Other administrative expenses	17,765	20,733

23 Impairments

Impairments represent the balance of the required impairments and the release of such impairments.

	H1 2013	H1 2012
Total	46,531	46,720
Loans and advances to the private sector	41,545	40,004
Available-for-sale investments	1,044	868
Other financial assets and associates	6	1,906
Property, plant and equipment	-	530
Goodwill and intangible assets	3,436	1,838
Assets acquired through foreclosures	500	1,574



Additional notes

€ thousand

24 Earnings per ordinary share

	H1 2013	H1 2012
Net profit	33,698	10,455
Interest on equity instruments issued by subsidiaries	-558	-557
Minority interests	-4,094	-653
Profit attributable to shareholders of Van Lanschot NV	29,046	9,245
Weighted average number of ordinary shares outstanding	40,890,780	40,864,935
Earnings per ordinary share (€)	0.71	0.23

25 Diluted earnings per ordinary share

	H1 2013	H1 2012
Profit attributable to shareholders of Van Lanschot NV	29,046	9,245
Weighted average number of ordinary shares outstanding	40,890,780	40,864,935
Potential ordinary shares	218,210	70,327
Weighted average number of ordinary shares outstanding fully diluted	41,108,990	40,935,262
Diluted earnings per ordinary share (€)	0.71	0.23

26 Fair value

Financial instruments at fair value	30-6-2013			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	6,694	46,203	651	53,548
Financial assets designated as at fair value through profit or loss	545,328	19,847	16,825	582,000
Available-for-sale investments	1,051,245	3,898	213,487	1,268,630
Derivatives (receivables)	17,756	161,657	17	179,430
Total assets	1,621,023	231,605	230,980	2,083,608
Liabilities				
Financial liabilities held for trading	806	-	3	809
Financial liabilities designated as at fair value through profit or loss	-	258,312	16,512	274,824
Derivatives (liabilities)	15,471	280,815	1,830	298,116
Total liabilities	16,277	539,127	18,345	573,749

Breakdown of movements in financial assets and liabilities classified under level 3							
	Balance at 1 January 2013	To statement of income	To equity	Purchases/ issues	Sales / settlements	Transfers	Balance at 30 June 2013
Assets							
Financial assets held for trading	1,343	-	-	404	-1,096	-	651
Financial assets designated as at fair value through profit or loss	16,593	-73	-	305	-	-	16,825
Available-for-sale investments	218,615	442	-96	616	-6,090	-	213,487
Derivatives (receivables)	70	-32	-	-	-21	-	17
Total assets	236,621	337	-96	1,325	-7,207	-	230,980
Liabilities							
Financial liabilities held for trading	-	-	-	3	-	-	3
Financial liabilities designated as at fair value through profit or loss	16,265	-58	-	305	-	-	16,512
Derivatives (liabilities)	2,132	-302	-	-	-	-	1,830
Total liabilities	18,397	-360	-	308	-	-	18,345

During the first half of 2013, there were no transfers between level 1, level 2 and level 3. More information on determination of fair values of financial assets and liabilities is disclosed in Van Lanschot's 2012 Annual report (from page 130).



27 Associates acquired and sold

Holowell Holding BV

On 4 January 2013, Van Lanschot reached an agreement on the acquisition of 90% of the shares of Holowell Holding BV as part of a debt conversion. This company's income and expenses are for the account of Van Lanschot with effect from 1 January 2013. Van Lanschot's investment in Holowell Holding BV is of a non-strategic nature. Van Lanschot intends to dispose of these shares in due course.

28 Related parties

	H1 2013			
	Income	Expenses	Amounts receivable	Amounts payable
Total	24,258	32,506	159,963	330,265
Parties with a shareholding in Van Lanschot of at least 5%	23,023	31,283	105,852	322,884
Associates	-	-	-	-
Shareholdings in which Van Lanschot is a participant	1,235	1,223	54,111	7,381

More information on related parties is disclosed in Van Lanschot's 2012 Annual report (from page 185).

	H1 2012			
	Income	Expenses	Amounts receivable	Amounts payable
Total	17,911	21,067	151,959	289,545
Parties with a shareholding in Van Lanschot of at least 5%	17,255	19,907	117,722	283,984
Associates	-	-	-	-
Shareholdings in which Van Lanschot is a participant	656	1,160	34,237	5,561



Segment information

The segmentation basis is determined based on operating segments since Van Lanschot's risks and rates of return are affected predominantly by differences in the products and services produced. Van Lanschot's activities are divided into four operating segments. Intra-segment transactions are conducted based on commercial conditions and market circumstances (at arm's length).

- **Private & Business Banking** Van Lanschot offers high-income or high net-worth private individuals a broad range of products in the private banking market. Van Lanschot mainly focuses on medium-sized businesses in the corporate market, with a special interest in family businesses. A spin-off to private banking activities is crucial in this respect.
- **Asset Management** The asset management services focus on high net-worth private individuals, institutions and the in-house funds.
- **Corporate Finance & Securities** The activities in the field of Corporate Finance & Securities focus on a specific target group. This often concerns separate assignments for which one-off fees and commissions are received.
- **Other activities** This comprises the other activities in the field of interest rate, market and liquidity risk management and income and/or expenses that cannot be allocated to other segments.

Operating segments					H1 2013
	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other activities	Total
€ million					
Statement of income					
Interest income	351.2	-	1.6	37.5	390.3
Interest expense	205.4	-	0.4	75.7	281.5
Net interest income	145.8	-	1.2	-38.2	108.8
Income from securities and associates	-	2.6	-	11.6	14.2
Commission income	60.7	36.9	23.9	1.2	122.7
Commission expense	2.7	-	0.9	0.1	3.7
Net commission income	58.0	36.9	23.0	1.1	119.0
Profit on financial transactions	0.7	2.6	0.5	32.7	36.5
Other income	-	-	-	10.6	10.6
Total income from operating activities	204.5	42.1	24.7	17.8	289.1
Of which income from other segments	-9.0	7.1	2.1	-0.2	-0.0
Staff costs	74.2	19.9	14.0	9.4	117.5
Other administrative expenses	53.7	7.0	3.8	11.3	75.8
Depreciation and amortisation	6.4	2.1	2.2	0.8	11.5
Impairments	41.5	-	0.5	4.5	46.5
Total expenses	175.8	29.0	20.5	26.0	251.3
Operating profit before tax	28.7	13.1	4.2	-8.2	37.8
Income tax	6.6	3.5	0.9	-6.9	4.1
Net profit from continuing operations	22.1	9.6	3.3	-1.3	33.7
Discontinued operations	-	-	-	-	-
Net profit	22.1	9.6	3.3	-1.3	33.7
Efficiency ratio (%)	66%	69%	81%	121%	71%
Number of staff (FTE's)	1,376	238	188	254	2,056
Statement of financial position					
Total assets	13,084	184	399	3,387	17,054
Of which investments using the equity method	-	-	-	53	53
Total liabilities	11,260	206	108	4,151	15,725
Investments	2.4	-	-	18.6	21.0



Operating segments	H2 2012				
	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other activities	Total
€ million					
Statement of income					
Interest income	358.7	-	1.6	62.6	422.9
Interest expense	203.1	-	0.5	110.6	314.2
Net interest income	155.6	-	1.1	-48.0	108.7
Income from securities and associates	-0.9	-	-	8.4	7.5
Commission income	58.8	33.9	18.9	1.4	113.0
Commission expense	3.5	-	0.9	0.1	4.5
Net commission income	55.3	33.9	18.0	1.3	108.5
Profit on financial transactions	9.1	-	1.9	21.0	32.0
Other income	-	-	-	8.6	8.6
Total income from operating activities	219.1	33.9	21.0	-8.7	265.3
Of which income from other segments	-7.3	6.9	1.8	-1.4	-
Staff costs	72.3	17.4	12.5	17.5	119.7
Other administrative expenses	66.2	5.8	3.4	18.2	93.6
Depreciation and amortisation	11.5	1.5	2.7	1.3	17.0
Impairments	183.2	-	0.4	27.7	211.3
Total expenses	333.2	24.7	19.0	64.7	441.6
Operating profit before tax	-114.1	9.2	2.0	-73.4	-176.3
Income tax	-9.2	3.5	-0.4	-12.5	-18.6
Net profit from continuing operations	-104.9	5.7	2.4	-60.9	-157.7
Discontinued operations	-	-	-	-	-
Net profit	-104.9	5.7	2.4	-60.9	-157.7
Efficiency ratio (%)	68%	73%	89%	-425%	87%
Number of staff (FTE's)	1,380	224	178	228	2,010
Statement of financial position					
Total assets	13,522	102	407	3,910	17,941
Of which investments using the equity method	-	-	-	46	46
Total liabilities	12,157	139	86	4,245	16,626
Investments	3.8	0.1	-	1.1	5.0

Operating segments	H1 2012				
	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other activities	Total
€ million					
Statement of income					
Interest income	434.2	-	1.7	62.0	497.9
Interest expense	268.3	-	0.5	102.2	371.0
Net interest income	165.9	-	1.2	-40.2	126.9
Income from securities and associates	-0.1	-	-	13.7	13.6
Commission income	64.7	25.8	19.6	1.0	111.1
Commission expense	2.0	-	0.7	0.1	2.8
Net commission income	62.7	25.8	18.9	0.9	108.3
Profit on financial transactions	6.5	-	-0.8	13.2	18.9
Other income	-	-	-	8.8	8.8
Total income from operating activities	235.0	25.8	19.3	-3.6	276.5
Of which income from other segments	-0.1	3.3	1.6	-4.8	-
Staff costs	75.1	13.3	11.6	17.2	117.2
Other administrative expenses	70.2	4.8	4.1	8.9	88.0
Depreciation and amortisation	12.1	1.7	2.8	-2.9	13.7
Impairments	44.1	-	0.1	2.5	46.7
Total expenses	201.5	19.8	18.6	25.7	265.6
Operating profit before tax	33.5	6.0	0.7	-29.3	10.9
Income tax	8.9	2.2	-	-10.7	0.4
Net profit from continuing operations	24.6	3.8	0.7	-18.6	10.5
Discontinued operations	-	-	-	-	-
Net profit	24.6	3.8	0.7	-18.6	10.5
Efficiency ratio (%)	67%	77%	96%	-644%	79%
Number of staff (FTE's)	1,442	196	186	228	2,052
Statement of financial position					
Total assets	14,375	171	408	3,456	18,410
Of which investments using the equity method	-	-	-	47	47
Total liabilities	12,670	229	131	3,877	16,907
Investments	4.1	-	-	1.4	5.5



DISCLAIMER

Forward-looking statements

This document contains forward-looking statements concerning future events. Those forward-looking statements are based on the current information and assumptions of the Van Lanschot management concerning known and unknown risks and uncertainties. Forward-looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to Van Lanschot's expectations regarding such matters as the assessment of market risk or income growth or, more generally, the economic climate and changes in the law and taxation. Van Lanschot cautions that expectations are only valid on the specific dates, and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like. The financial data regarding forward-looking statements concerning future events included in this document have not been audited.