

Analyst meeting



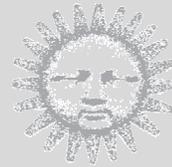
Van Lanschot

Amsterdam, 12 June 2013

Strategic review 2013-2017



Van Lanschot



KEMPEN & CO

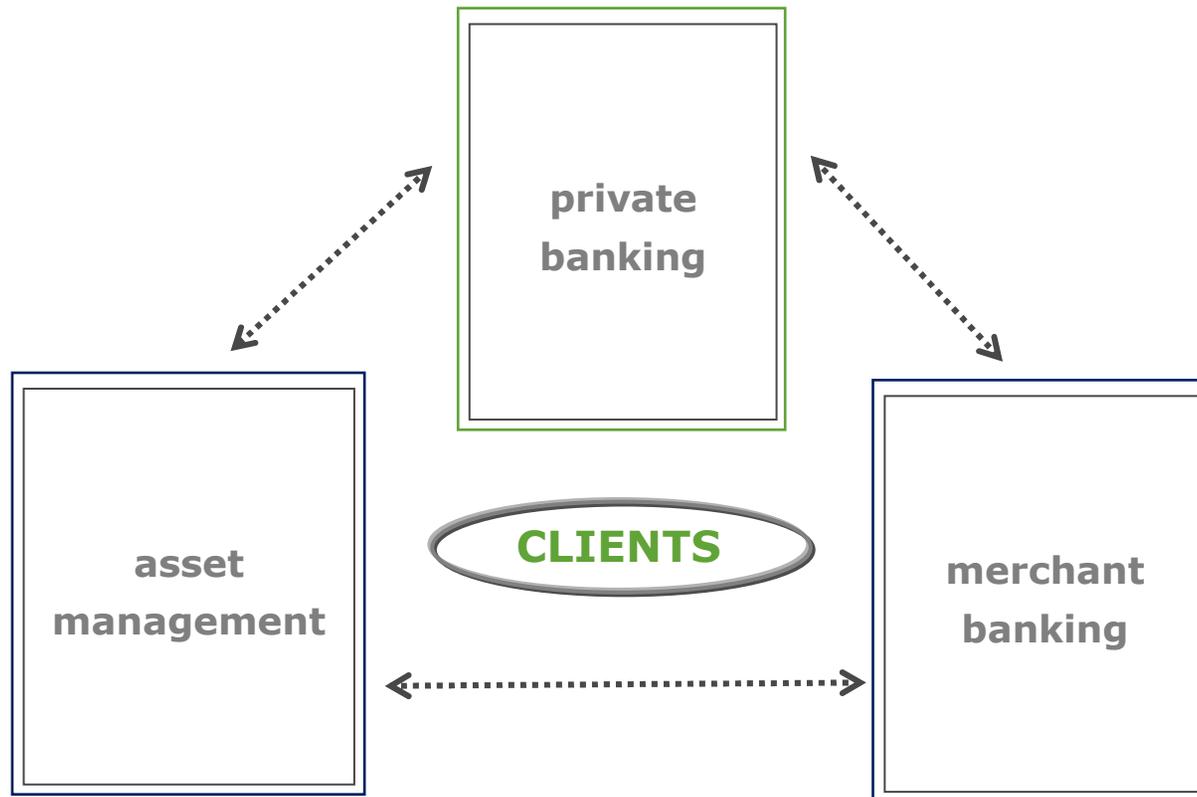
Karl Guha, CEO

Executive summary



-
- We choose to be a **pure-play, independent wealth manager**
 - Our objective is to **preserve and create wealth for clients**
 - We strongly believe that wealth management offers **attractive growth opportunities** and that we have **inherent and distinctive strengths**
 - Our strategy is to:
 - **Focus** on private banking in combination with asset management and merchant banking, and actively reduce activities not linked to private banking
 - **Simplify** our product offering, client service model and IT/operations
 - **Grow** through a revised offering to clients in private banking, and continuing the success of asset management and merchant banking
 - Our business model will allow us to have an **asset-light balance sheet and strong capital base**

We work together to preserve and create wealth for clients



We have made the choice for wealth management because ...



... of our inherent and distinctive strengths

We can build on our inherent strengths in private banking, asset management and merchant banking, and work together for the benefit of new and existing clients



... it offers attractive growth opportunities

There is room for a high-quality, high-service, independent wealth manager and it is an attractive business model

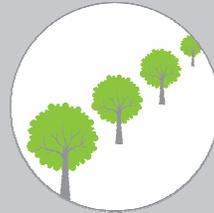
Our strategy is to focus, simplify and grow



Focus



Simplify



Grow



Our strategy is to focus – Focus means making choices



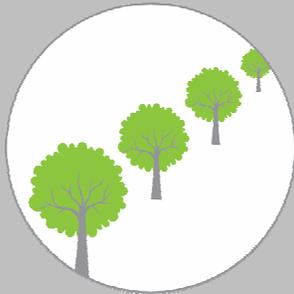
- **Reinforced** private banking offering with specific service concepts ...
 - personal banking
 - private banking
 - private office
- ... and specialist services for
 - entrepreneurs
 - healthcare professionals
 - business professionals & executives
 - foundations & associations
- **Continued focus** on asset management and merchant banking
- **Active reduction** of activities without a clear link to private banking

Focus means making choices - lending only to private banking clients



- **Active reduction** of corporate loans not related to private banking
- Managed in a separate business unit by **dedicated management**
- **Target 50% reduction** of € 4.4 billion in risk-weighted assets in the coming 5 years
- **Reallocation of capital** to areas of higher profitability

Our strategy is to simplify – Simplify means increasing our effectiveness and efficiency



- **Transparent and simplified** product and service offering
- **Efficient organisation**, with centralised teams for private banking mid-office and investment expertise
- **Lean** IT and **streamlined** back office
- **Significant reduction of cost base** from € 409 million in 2012 to around € 340 million in 2017

Our strategy is to grow – We envisage growth in all our core activities



Private banking

- Growing assets managed for our clients
- More focused service concepts
- More tailored product offering
- Maintaining client proximity

Asset management

- Leveraging strong long-term track record in niche products and integrated solutions
- Expanding client base geographically

Merchant banking

- Selective broadening of product offering
- Extending geographic footprint throughout Europe within selected niches

To facilitate growth in these key areas, we will create **70 new job positions** in the next two years

Growth in private banking means ...



private
banking

- **New service offering** – personal banking:
 - an inclusive offering for all clients seeking advice on wealth preservation and creation
 - welcoming wealth management starters
- State-of-the art **online solutions** for wealth management, investment advice and savings, supported by personal advice and service from bankers
- **Specialist expertise and advice** for more complex wealth requirements in private banking and private office, benefiting from capabilities in asset management and merchant banking
- **Local visibility** with 34 offices and client meeting centres in the Netherlands, Belgium and Switzerland

Growth in private banking means a choice of service levels for clients



Service level

Personal banking

Private banking

Private office

		<ul style="list-style-type: none"> Private equity, SRI Tailored discretionary and fiduciary management Family office offering
	<ul style="list-style-type: none"> Structuring Investment advice Mortgages and loans Pension advice Insurance 	<ul style="list-style-type: none"> International structuring Investment advice Mortgages and loans Pension advice Insurance
<ul style="list-style-type: none"> Mortgages Insurance 		
<ul style="list-style-type: none"> Financial planning 	<ul style="list-style-type: none"> Discretionary management Financial planning Estate planning 	<ul style="list-style-type: none"> Discretionary management Financial planning Estate planning
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Growth in asset management means ...



asset
management

- Building on the current excellent track record in its **selected investment strategies** and **integrated solutions** for institutional investors through:
 - Expanding in a select number of European countries with its investment strategies
 - Increasing penetration in the Dutch institutional market with its integrated solutions
 - Leveraging on investment growth within private banking

Growth in merchant banking means ...



merchant
banking

- Building on the **leading positions in corporate finance and brokerage** in the Benelux
- Expanding its strong European positions in the selected niches listed real estate, life sciences and cleantech through a vertically integrated approach
- Selective broadening of the product and service offering
- Leveraging on Van Lanschot's broad network of entrepreneurs

Key priorities for next two years to deliver short-term results



2013

- Introduction of new online proposition
- Launch of personal banking marketing campaign
- Creation of corporate banking business unit
- Rationalisation of product offering
- Completion of majority of job reductions in current programme

2014

- Migration of major part of product administration to target IT platform
- Transformation of a number of branches to new Client Meeting Centres
- Reduction of additional 250 job positions complete
- Relocation of selected departments to Amsterdam; head office remains in 's-Hertogenbosch

A wealth manager with an asset-light balance sheet and strong capital base



Focus



Simplify



Grow



Targets 2017

- Core Tier I ratio > 15%
- Return on Core Tier I equity of 10-12%
- Cost-income ratio of 60-65%

Financial targets 2017



Van Lanschot

Constant Korthout, CFRO

Financial targets for 2017



Focus



Simplify



Grow



- Core Tier I ratio > 15%
- Return on Core Tier I equity of 10-12%
- Cost-income ratio of 60-65%

Key drivers of the strategy (I)

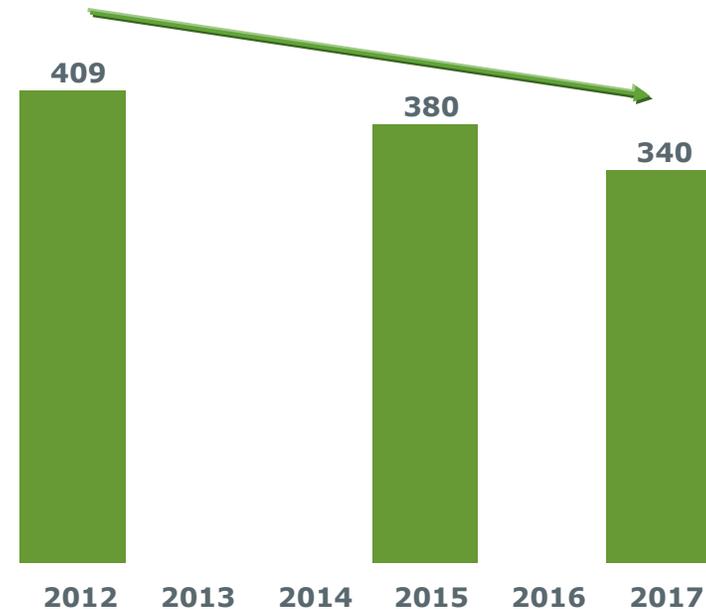


Reducing the cost base

- Simplifying the product offering
- Investing in the IT infrastructure
- Generating efficiencies
- Reducing FTEs:
 - Remaining 150 FTE from cost reduction programme
 - Additional 250 FTE



- Lower IT costs
- Lower staff costs
- Non-recurring reorganisation costs (€ 20 million)
- Operating expenses reduced to € 340 million in 2017



Key drivers of the strategy (II)



Revenue growth

- To come from:
 - Private banking and personal banking: growth in assets under management with focus on discretionary mandates
 - Kempen Capital Management: continued success in attracting new institutional mandates
 - Slight improvement in interest margin
 - Corporate banking: revenue loss from declining portfolio partially offset by repricing
- Assumed annual growth slightly above inflation
- New pricing regulations expected to have a neutral to slightly positive impact

Key drivers of the strategy (III)



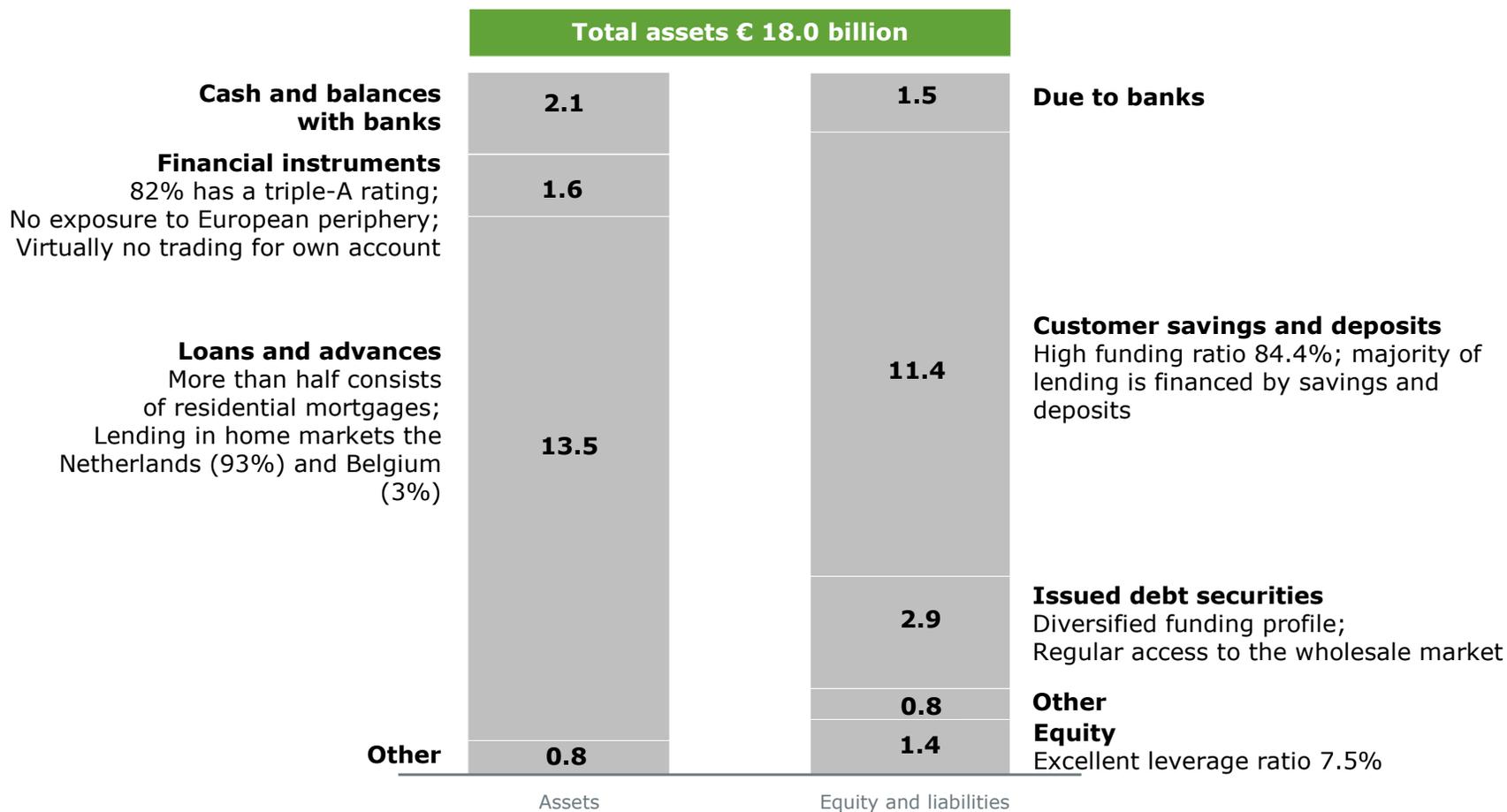
Transformation into an asset-light and capital heavy balance sheet

- Reducing corporate banking loan book
- Boosting capital ratios through RWA reduction and profit retention

Why run-off the corporate banking loan book?

- Van Lanschot's strategy focuses on wealth management as the area in which we excel
- Corporate banking without a link to private banking does not form part of this strategy
- Corporate loans have high capital consumption
- Asset quality is good, pricing is not

Simple and transparent balance sheet

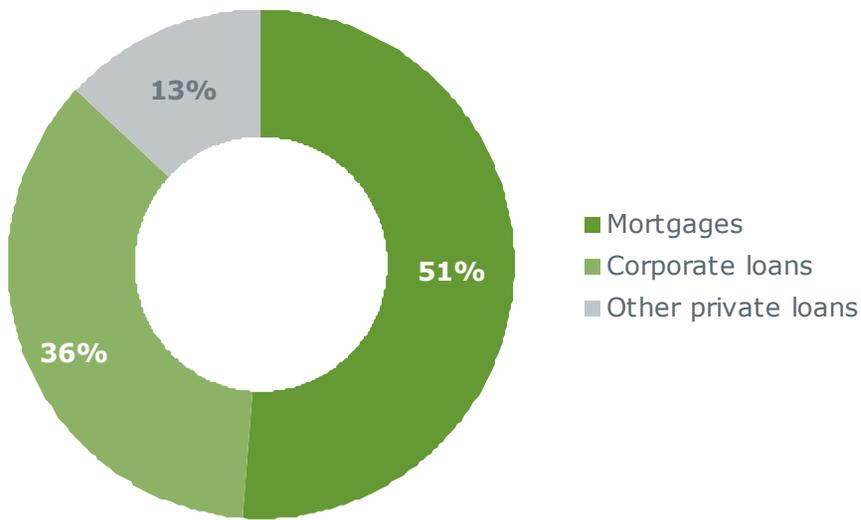


Numbers at 31 December 2012

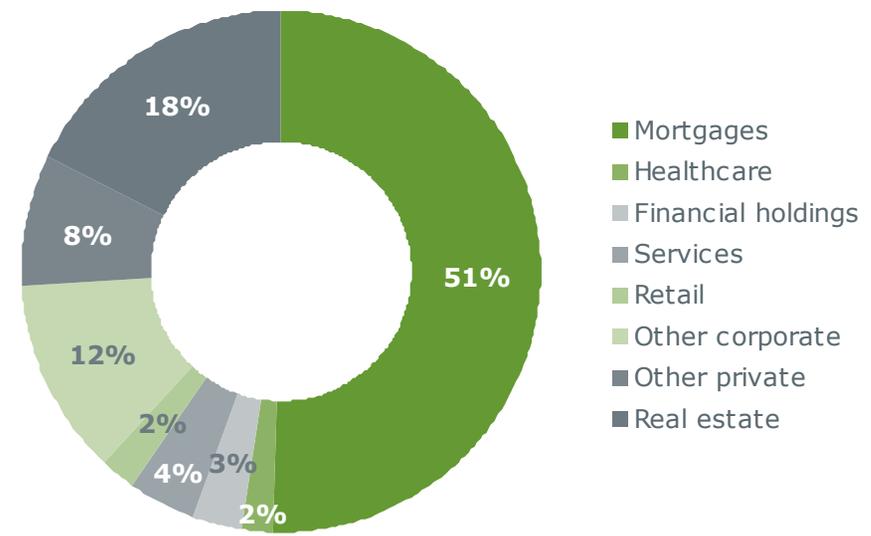
Good quality and diversified loan book



Loan book at 31 December 2012 (€ 13.5 billion)



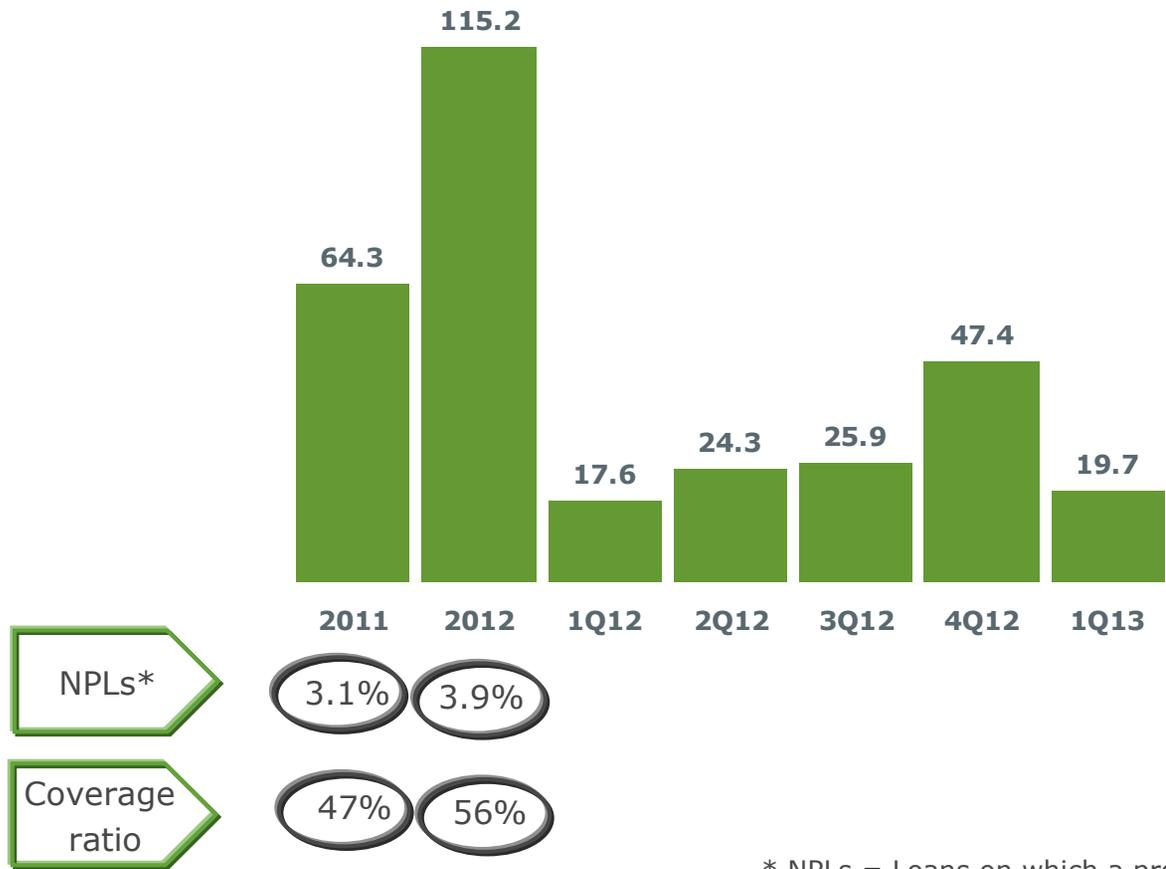
Loan book by sector at 31 December 2012



- High quality mortgage loan book represents over half of the total portfolio
- Other loans to private individuals – e.g. second homes, art collections – in line with focus on private banking
- Low sector concentration in corporate lending

Prudent provisioning reflected in high coverage ratios

Addition to loan loss provisions (€ millions)



* NPLs = Loans on which a provision has been formed

Mortgages – Low risk portfolio with few losses

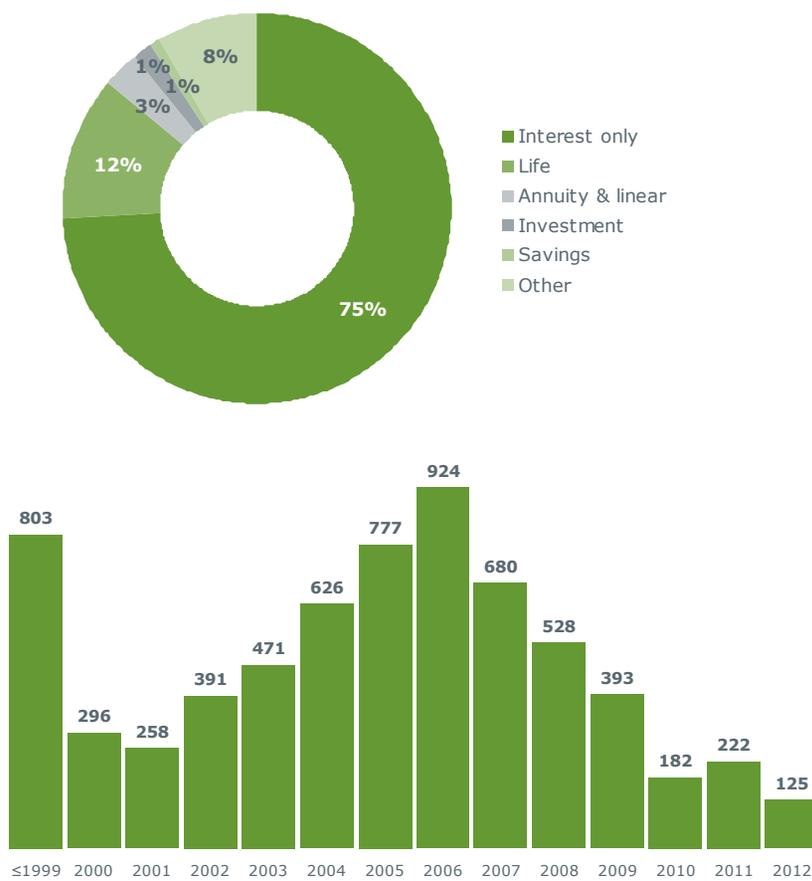


- Total mortgage loan book of € 6.9 billion at 31 December 2012
- Average amount of mortgage loan approx. € 440,000 (national average: approx. € 240,000)
- Average LTV of 91%
- In addition to the usual collateral, mortgage clients also hold client assets at the bank representing 48% of the total mortgage debt
- Low NPLs at 1.4%
- Coverage ratio of provision at 60.3%
- “Jumbo” mortgage loans (i.e. loans of more than € 2 million) make up only € 0.5 billion or 7% of total mortgage loans, but 37% of loan loss provisions on mortgages
- In 2012 only 32 foreclosures (2011: 12)

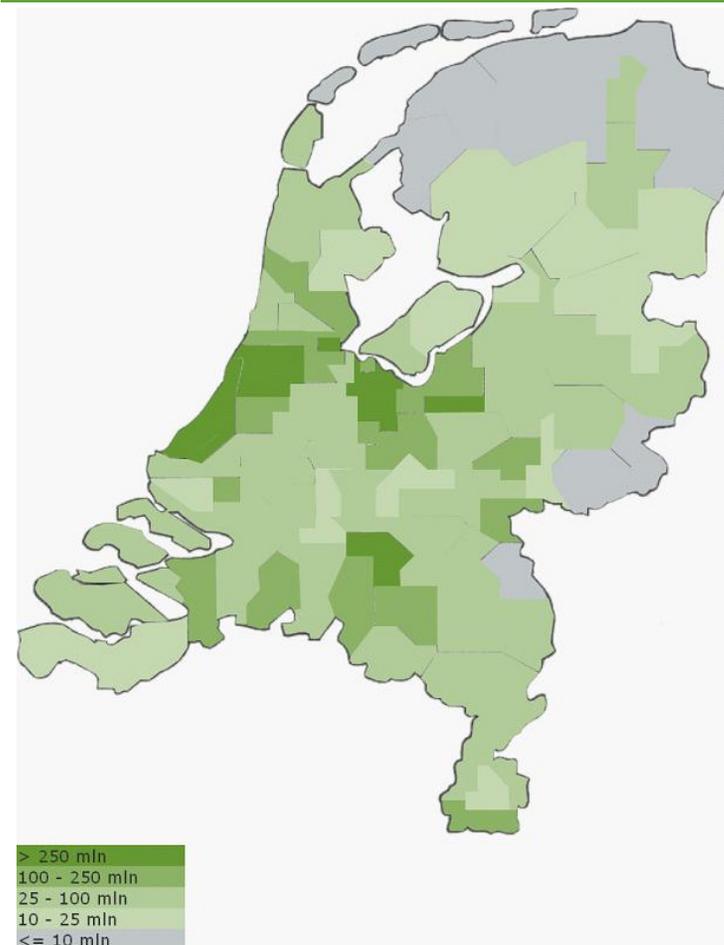
Mortgages – Portfolio reflects private banking client base



Mortgage portfolio by loan type and year of origination (€ million)



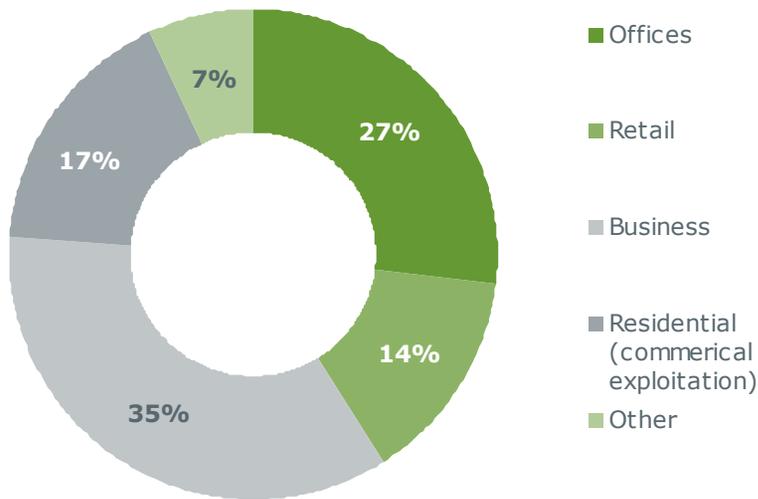
Concentration of mortgage loans in urban areas



Real estate portfolio located in the Netherlands



Property loans by sector at 31 December 2012
(€ 2.4 billion)



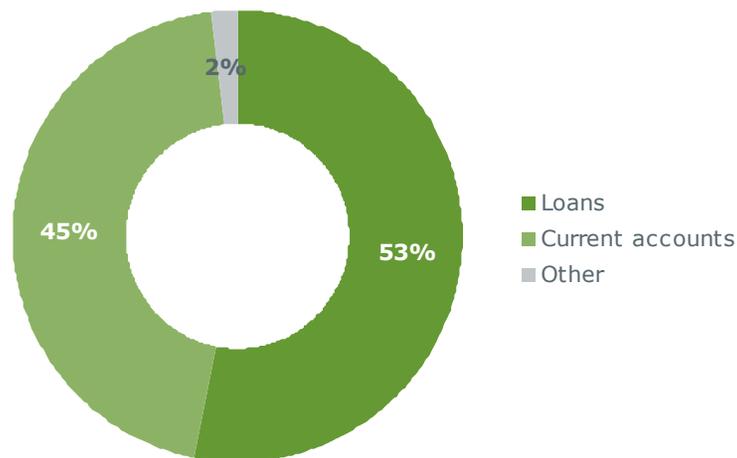
- Small loans; average loan size at year-end 2012 € 2.3 million
- Virtually no project development
- Relatively large portion relates to property wholly or partly for own use
- Vacancy rates are relatively low at 8.3%
- NPLs at 8.5%
- Coverage ratio of provision at 55.7%
- In many cases, additional collateral is provided in addition to the underlying property

Corporate banking business unit

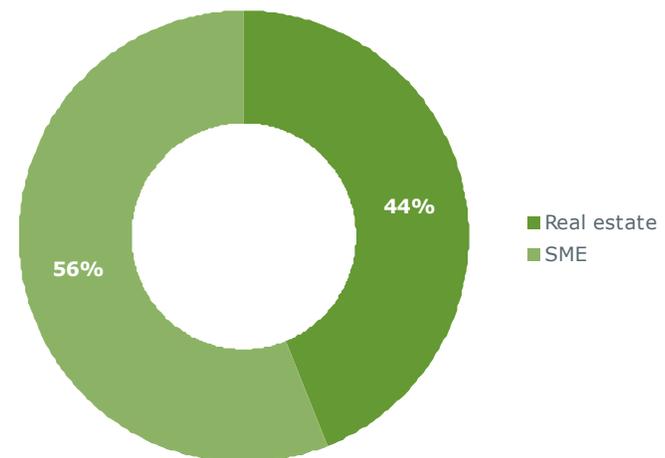


- Corporate banking loan book to be managed in a separate business unit
- Total corporate banking loan book of approximately € 4.8 billion (2,700 clients, 4,500 loan items)
- Real estate approximately 44% of the corporate banking loan book

Loan type



Loans by segment

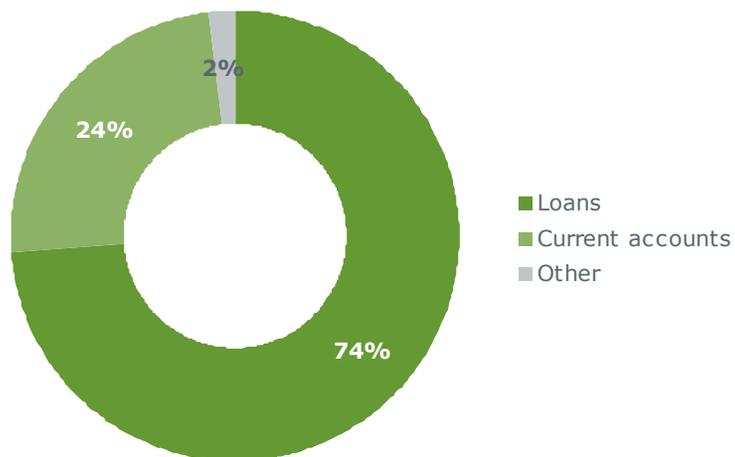


Corporate banking – 50% reduction by 2017

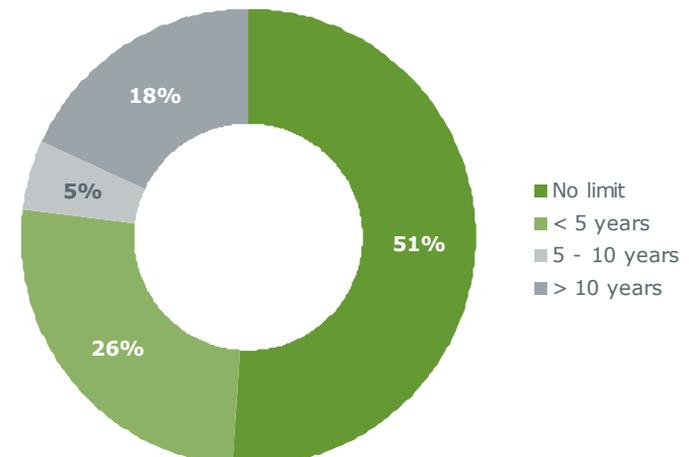


- Dedicated management and experienced bankers
- Key portfolio reduction drivers:
 - Interest rate reset date
 - Loan maturity date

RWA by loan type (€ 4.4 billion)



Loan year to maturity



Corporate banking – conclusion



- Reduction of corporate banking loan book:
 - Activities do not form part of our strategy
 - Capital heavy
 - Asset quality is good, pricing is not
- Separate business unit with dedicated management
- 50% portfolio reduction by 2017
- Will result in capital release and higher Core Tier I ratio

In summary



Targets 2017

- Core Tier I ratio > 15%
- Return on Core Tier I equity of 10-12%
- Cost-income ratio of 60-65%

IT Roadmap



Van Lanschot

Arjan Huisman, COO

The story since 2010 – Controlled and managed IT policy



- Phased implementation of IT changes
 - Planning includes well-defined, short-term deliverables; no big bang implementations
 - Close alignment with the business
 - Use of proven technology wherever possible
- IT management and organisation strengthened
- Changed perspective on outsourcing
 - Direct control of essential IT components
 - Outsourcing of business services with less competitive advantage (e.g. payment services)
- Increased investments in IT taken through profit and loss account

Delivery of IT projects according to plan



- For example, in 2012:
 - More than 150 IT projects across the group
 - Cumulative spend on projects below allocated budget
- Main constraint is business capacity and the available release weekends

Significant upgrade of IT landscape since 2010 (I)



Online	<ul style="list-style-type: none">✓ Upgrade of Online Banking portal (technical, look & feel)✓ Introduction of VIP Advies✓ Apps for online asset management✓ Introduction of online execution only
Wealth management	<ul style="list-style-type: none">✓ New securities platform in the Netherlands✓ Migration of execution only clients to new platform✓ New securities platform in Switzerland
Other services	<ul style="list-style-type: none">✓ Outsourcing of SEPA payment processing to Equens (SDD initiation in Q3)✓ Digitalisation of client files✓ More than 25% reduction in back office workforce since 2010 (including planned redundancies in 2013)
IT platforms	<ul style="list-style-type: none">✓ Upgrade of hardware (servers, desktops, storage, etc.)✓ Move of prime data centre to external data centre in Eindhoven✓ Insourcing of IBM activities✓ More than 15% reduction of IT running costs since 2010

Significant upgrade of IT landscape since 2010 (II)

New data centre



Empty archives



Significant upgrade of IT landscape since 2010 (III)



Execution Only

v0.1.10

Van Lanschot

Home Portefeuille **Orders** Archief Beleggingsinformatie Uitloggen 7000659858 Portefeuille

Aandelen Beleggingsfondsen Obligaties Opties Zoek een fonds Orderstatus Orderhistorie

Beleggingsfondsen zoeken Detail **Orderinvoer** Bevestiging

Orderinvoer - Aankoop

Product

Naam A FIDELITY SE ASIA FUND - DIS Koers 4,712 EUR (01-06-2012 00:00)

ISIII-code LU0069452877

Instrument Beleggingsfonds

Aantal

Order type Bestensorder

Ik heb de EBI ontvangen en snap dat het belangrijk is om, voordat ik mijn order geef, kennis te nemen van de inhoud van de EBI om de aard en de risico's van een beleggingsfonds te begrijpen en een goede beleggingsbeslissing te nemen.

Bij beleggingsfondsen is het niet mogelijk een limiet mee te geven. Voor het roteren van orders in beleggingsfondsen en het opgeven van limietorders in Exchange-Traded Funds (ETF's / Trackers) dient u telefonisch contact op te nemen met de Centrale Orderdesk (tel: 073 548 37 38).

In de Essentiële Beleggingsinformatie (EBI) leest u de essentiële informatie voor het begrijpen van de aard en de risico's van een beleggingsfonds. De EBI wordt opgesteld door de fondsaanbieder. Van Lanschot is verplicht tot de EBI van het beleggingsfonds waarin u wilt beleggen te verstrekken voordat u een order inlegt voor dat beleggingsfonds. Van Lanschot verstrekt u de EBI via haar Van Lanschot Beleggingsinformatie. Kunt u de EBI daar niet vinden? Neem dan contact op met de Centrale Orderdesk. Dit kan op openingsdagen van de Amsterdamse beurs van 8.30 tot 17.30 uur via telefoonnummer +31 73 548 37 38.

[Terug](#)

VIP Invest app



IT and operations agenda for the coming years



Streamlining product portfolio

Online services

- Integration of portals
- Self support tools

Migration of product administration to Bankview (e.g. savings, lending, etc.)

Replacement of several other relatively expensive platforms



Transparent offering and cost efficiencies

Improved service offering to clients

Simplification of IT landscape and cost efficiencies

Reduction of IT license and maintenance costs

Analyst meeting



Van Lanschot

Amsterdam, 12 June 2013

Disclaimer



Forward looking statements

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