



Van Lanschot

Van Lanschot NV Financial report 2014 annual results



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KEY DATA

With the exception of their recognition in our annual accounts, non-strategic investments and one-off gains are shown separately.

(€ million)	2014	2013	H2 2014	H1 2014
Statement of income				
Net result	108.7	33.5	224%	49.4
Net result excluding one-off pension gain	54.2	33.5	62%	49.4
Efficiency ratio excluding one-off gains (%)	69.8	70.8		66.2

(€ million)	31-12-2014	31-12-2013		30-6-2014
Statement of financial position and capital management				
Equity attributable to shareholders	1,293	1,284	1%	1,268
Equity attributable to minority interests	58	55	5%	55
Savings and deposits	10,499	10,161	3%	10,480
Loans and advances to customers	11,021	12,491	-12%	11,929
Total assets	17,259	17,670	-2%	17,694
Funding ratio (%)	95.3	81.3		87.9
Risk-weighted assets ¹	7,356	9,003	-18%	8,137
Common Equity Tier I ratio (%) ¹	14.6	13.1		13.8
Tier I ratio (%) ¹	14.6	13.1		13.8
Total capital ratio (%) ¹	15.2	13.9		14.5
Basel III				
Common Equity Tier I ratio (%) (fully loaded)	13.4	10.5		11.6
Liquidity Coverage Ratio (%)	125.1	151.3		130.6
Net Stable Funding Ratio (%)	114.3	102.9		96.9
Leverage ratio (%) (fully loaded)	5.3	5.1		4.9

(€ billion)	31-12-2014	31-12-2013		30-6-2014
Client assets				
Client assets	57.4	53.4	7%	56.0
- Assets under management	46.9	43.2	9%	45.5
- Savings and deposits	10.5	10.2	3%	10.5
Assets under management	46.9	43.2	9%	45.5
- Discretionary	35.7	31.8	12%	34.1
- Non-discretionary	11.2	11.4	-2%	11.4

	31-12-2014	31-12-2013		30-6-2014
Key figures				
Weighted average number of outstanding ordinary shares (x 1,000)	40,919	40,918	0%	40,951
Earnings per share based on average number of ordinary shares (€) ²	1.09	0.71	54%	1.14
Return on average Common Equity Tier I capital ³ (%)	4.0	2.5	60%	8.1
Number of staff (FTEs) ⁴	1,712	1,808	-5%	1,724

¹ As at 31 December 2014 and in compliance with Basel III, based on phase-in and including retained earnings. In compliance with Basel III at 30 June 2014, based on phase-in and excluding retained earnings. Comparative figures at 31 December 2013 comply with Basel II, including retained earnings.

² Earnings exclude one-off pension gain

³ At 30 June 2014 annualised on the basis of half-year data

⁴ FTE numbers exclude non-strategic investments



RESULTS

(€ million)	2014	2013		H2 2014	H1 2014
Commission	240.3	234.8	2%	126.5	113.8
- Of which securities commission	191.1	187.9	2%	96.2	94.9
- Of which other commission income	49.2	46.9	5%	30.3	18.9
Interest	213.7	213.9	0%	107.1	106.6
Income from securities and associates	51.1	14.8	245%	11.1	40.0
Result on financial transactions	41.9	66.3	-37%	7.9	34.0
Income from operating activities	547.0	529.8	3%	252.6	294.4
Staff costs	210.2	217.3	-3%	105.8	104.4
Other administrative expenses	150.7	135.0	12%	70.4	80.3
Depreciation and amortisation	20.8	22.6	-8%	10.5	10.3
Operating expenses	381.7	374.9	2%	186.7	195.0
Gross result before one-off gains	165.3	154.9	7%	65.9	99.4
One-off gains	60.3	-8.0		66.5	-6.2
Gross result after one-off gains	225.6	146.9	54%	132.4	93.2
Gross result before tax of non-strategic investments⁵	3.4	0.2		1.8	1.6
Addition to loan loss provision	76.0	102.4	-26%	40.5	35.5
Other impairments	19.5	7.3	167%	14.8	4.7
Impairments	95.5	109.7	-13%	55.3	40.2
Operating result before tax	133.5	37.4	257%	78.9	54.6
Income tax	24.8	3.9	535%	19.6	5.2
Net result	108.7	33.5	224%	59.3	49.4
Net result excluding one-off pension gain	54.2	33.5	62%	4.8	49.4

(€ million)	2014	2013		H2 2014	H1 2014
Net result excluding one-off pension gain	54.2	33.5	62%	4.8	49.4
One-off pension gain	72.7	-		72.7	-
Tax effect	-18.2	-		-18.2	-
Net result	108.7	33.5	224%	59.3	49.4

⁵ We have included a number of non-strategic investments in our consolidated figures since 2009, which we intend to sell in due course as these do not fit into our wealth management strategy. Gross results from our non-strategic investments are recognised before tax, with comparative figures adjusted accordingly.

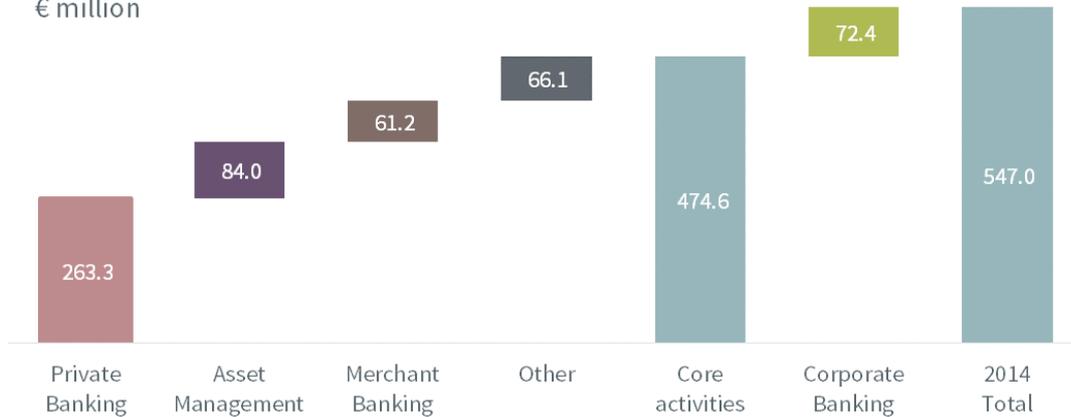


INCOME FROM OPERATING ACTIVITIES

Van Lanschot's three core activities – Private Banking, Asset Management and Merchant Banking – generate 75% of total income. Private Banking accounts for the greater proportion of this (49% of total income), with Asset Management and Merchant Banking contributing 15% and 11% respectively. Together, these three core activities account for 97% of commission income and 77% of interest income.

Income from operating activities by segment

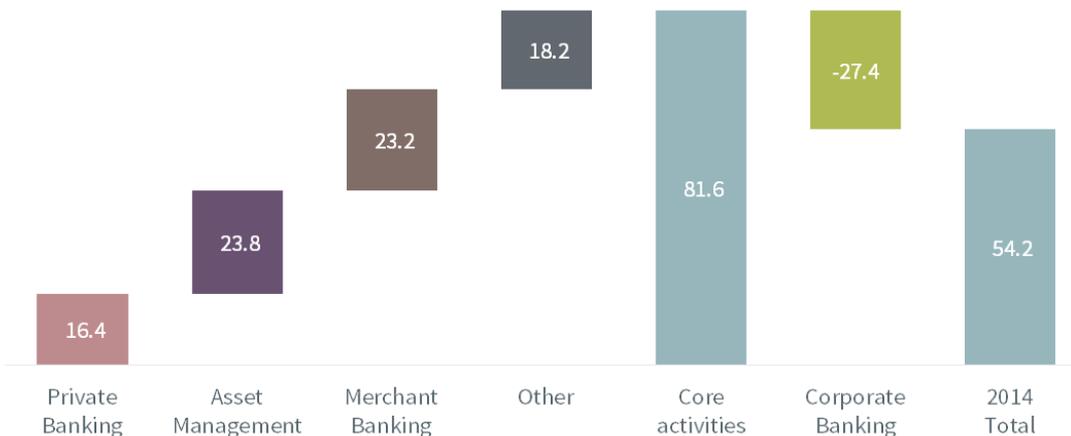
€ million



All core activities recorded positive net results in 2014, while loan loss provisioning accounts for a negative result at Corporate Banking.

Net result (excluding one-off pension gain)

€ million





Commission

In keeping with our profile as a specialist, independent wealth manager, commission income was again our main source of income in 2014.

(€ million)	2014	2013		H2 2014	H1 2014
Securities commission	191.1	187.9	2%	96.2	94.9
- Transaction fees	30.5	40.7	-25%	15.0	15.5
- Management fees ⁶	158.8	146.6	8%	80.7	78.1
- Performance fees	1.8	0.6	200%	0.5	1.3
Other commissions	49.2	46.9	5%	30.3	18.9
Commission	240.3	234.8	2%	126.5	113.8

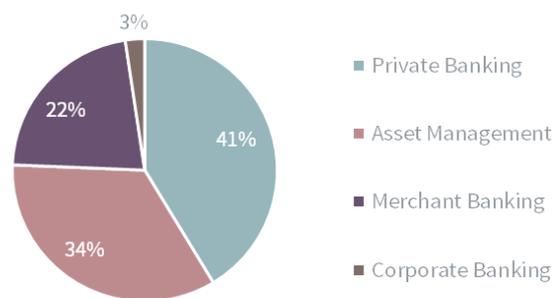
Total commission income amounted to €240.3 million, with 97% generated by our core activities Private Banking (41%), Asset Management (34%) and Merchant Banking (22%).

Securities commission edged up on 2013. The new fee structure prompted a shift away from non-discretionary management to discretionary management, and transaction fees came down as a result. By contrast, management fees rose as average assets under discretionary management benefited from a favourable stock market climate and new mandate inflows. Recurring securities commission as a share of total securities commission rose to 84% in 2014 (2013: 78%).

Other commissions came in at €49.2 million in 2014, compared with €46.9 million in 2013. These include Corporate Finance- and Securities-related commissions at Merchant Banking, which were well ahead of 2013 levels in a strong second half.

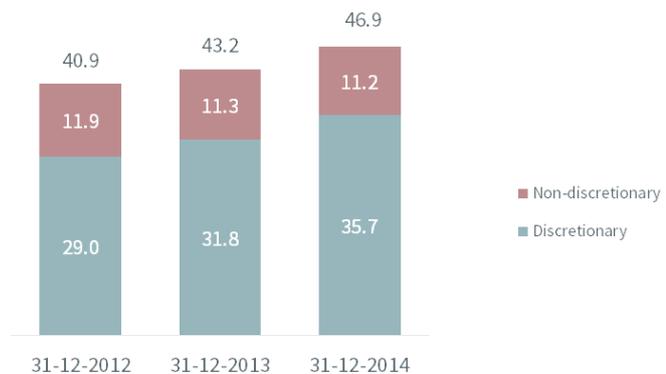
Commission income by segment

100 % = € 240.3 miljoen



Development assets under management

€ billion



⁶ Management fees include advisory and services fees.



Interest

(€ million)	2014	2013		H2 2014	H1 2014
Gross interest margin	257.0	226.2	14%	138.9	118.1
Interest equalisation	-18.2	-9.1	100%	-12.1	-6.1
Miscellaneous interest income and charges	-33.7	-15.3	-120%	-23.4	-10.3
Loan commission	8.6	12.1	-29%	3.7	4.9
Interest	213.7	213.9	0%	107.1	106.6

At €213.7 million, interest income in 2014 was virtually unchanged from the 2013 figure of €213.9 million. The interest margin held relatively steady: 119 basis points compared with 123 basis points in 2013. The same is true for the 'clean' interest margin⁷ (2014: 115 basis points; 2013: 119 basis points).

The 'clean' interest margin benefited from higher margins in both the private and corporate loan portfolios. Key detractors were lower volumes related to the wind-down of the corporate loan portfolio and the ongoing repayment trend on existing mortgages. Lower investment portfolio returns reflected lower yields in the capital markets. To prevent even thinner margins savings rates were reduced in line with the market as 2014 progressed.

Income from securities and associates

(€ million)	2014	2013		H2 2014	H1 2014
Dividends	5.7	3.0	90%	3.2	2.5
Capital gains	29.9	1.2		1.4	28.5
Valuation gains and losses	15.5	10.6	46%	6.5	9.0
Income from securities and associates	51.1	14.8	245%	11.1	40.0

Income from securities and associates mainly relates to our equity investment company Van Lanschot Participaties, which has been part of our ordinary activities since the early 1980s. Van Lanschot Participaties invests in stable, medium-sized companies in the Netherlands that have strong management in place. It focuses on companies with proven business models, strong market positions and demonstrable earnings growth potential, and currently invests in around 15 such companies. In addition, it manages the non-strategic investment that results from a debt-for-equity swap.

Dividends refer to those received from such investments, whereas capital gains were mainly driven by the sale of the 21% interest in DORC Holding B.V.. Valuation gains and losses reflect revaluations of the participating interests as well as gains and losses on our other minority shareholdings. 2013 saw the IPO of Prosensa, an equity holding of Kempen & Co's MedSciences Capital, and the newly listed company received a public bid for its shares at the end of 2014. Prosensa's share price rose in the run-up to the bid being declared unconditional in early 2015, allowing us to take profits of €6.9 million in 2014 – a proportion of which is due to other external shareholders (see 'Earnings per share').

⁷ The gross interest margin adjusted for interest equalisation and interest-related derivatives amortisation.



Result on financial transactions

(€ million)	2014	2013		H2 2014	H1 2014
Gains and losses on securities trading	2.6	3.4	-26%	1.2	1.4
Gains and losses on currency trading	9.4	13.1	-28%	5.8	3.6
Gains and losses on investment portfolio	47.2	26.4	79%	15.8	31.4
Gains and losses on interest rate hedges	-1.9	29.3		-3.7	1.8
Other income	-15.4	-5.9	-161%	-11.2	-4.2
Result on financial transactions	41.9	66.3	-37%	7.9	34.0

The 2014 profit on the investment portfolio breaks down into two separate parts: we recorded profits of €31.6 million on the sale of bonds (2013: €26.4 million), benefiting from falling interest rates and volatile credit spreads; and we made €15.6 million on the mark-to-market portfolio (2013: nil).

In 2014, we wound down fair value hedges in the portfolio, sharply reducing the risk of ineffectiveness and thus lowering results variability (in 2013, we generated significant results through the ineffectiveness of hedges).

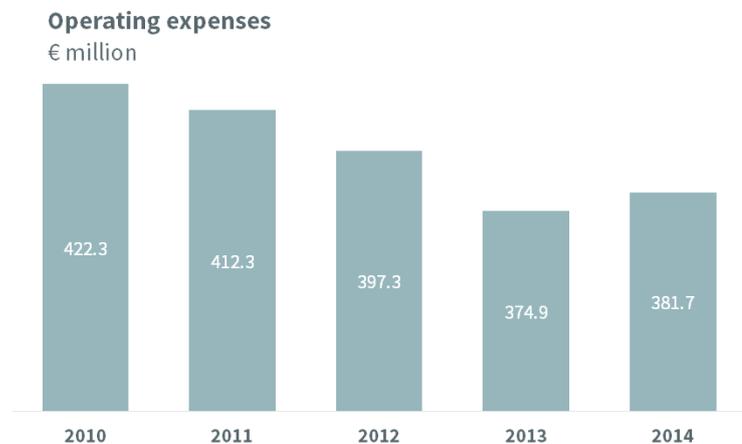
Other income mainly comprises the results recorded by medium-term notes issued by Van Lanschot. The €22 million loss in value of the MTNs was down to €11 million negative adjustment in own risk and €11 million in interest charges on notes in issue. This item also reflects the €6 million positive result generated by our Structured Products Desk.

OPERATING EXPENSES

Having cut costs by around 9% in 2012 and 2013, we are on course to achieve our efficiency targets for 2017, with total operating expenses at €381.7 million (2013: €374.9 million). We have invested in client propositions and promotional campaigns, as well as in a simplification of products, processes and organisation.

Staff costs

At year-end 2014, we employed 1,712 full-time equivalent staff (FTEs) (year-end 2013: 1,808 FTEs), excluding non-strategic investments. With the number of FTEs down by 96 in the year, costs have also fallen, whereas positive corporate results have increased variable remuneration expenditure. On balance, then, staff costs were 3% lower in 2014, at €210.2 million compared with €217.3 million in 2013.



Other administrative expenses

Other administrative expenses amounted to €150.7 million in 2014, up 12% compared to 2013 (€135.0 million). The resolution levy for the nationalisation of SNS Reaal accounted for a significant proportion of this (€8.4 million net in 2014), although the year also saw a repayment related to Icesave and DSB to a total of €4.6 million.

2014 out-of-pocket IT expenses were up from 2013, as we continued to invest in our client proposition and optimisation of our processes and systems. In both the Netherlands and Belgium, various promotional campaigns were run to further raise consumer awareness of Evi, our online savings and investment proposition. Office accommodation expenses were higher in 2014 in the wake of the move of a number of corporate departments.

Depreciation and amortisation

Depreciation and amortisation (€20.8 million) came in 8% lower than in 2013, due to reduced amortisation on office buildings.

One-off gains



In 2014, we agreed a new pension scheme for Van Lanschot, prompting a release of a €122.7 million pension liability less a one-off payment of €50.0 million into the company pension fund – recognised as a one-off gain. The net result of the pension scheme change amounts to €54.5 million, with other one-offs working out at a negative €12.4 million in 2014 (2013: - €8.0 million).

(€ million)	2014
One-off gain pension scheme change	72.7
Accelerated investment in client services	-7.2
Additional charges related to FTE reductions	-2.8
Gains and losses on the sale of an office building	-0.5
Other expenses and income	-1.9
One-off gains	60.3

In 2012 we earmarked €30 million for accelerated IT investments, which has now been fully used with the 2014 investment of €7.2 million in client services. We will of course continue to invest in our service proposition.

Efficiency ratio

The efficiency ratio, i.e. operating expenses excluding one-off gains in relation to income from operating activities, improved slightly to 69.8% (2013: 70.8%).

IMPAIRMENTS

(€ million)	2014	2013		H2 2014	H1 2014
Addition to loan loss provision	76.0	102.4	-26%	40.5	35.5
Impairment on investments and participating interests	4.8	1.1		1.0	3.8
Impairment on tangible fixed assets	3.7	0.2		3.4	0.3
Reversed impairment on tangible fixed assets	-	-1.0		-	-
Impairment on goodwill and intangible assets	5.7	5.1		5.7	-
Impairment on assets obtained through the seizure of collateral	5.3	1.9		4.7	0.6
Other impairments	19.5	7.3	167%	14.8	4.7
Impairments	95.5	109.7	-13%	55.3	40.2

Loan impairments

We added €76.0 million to the loan loss provision in 2014, 26% less than in 2013, with Corporate Banking accounting for €69.3 million (2013: €74.7 million) and mainly showing an improvement in loans to SMEs. The Private Bank recorded a substantial fall (2014: €8.9 million and 2013: €34.2 million).

Other impairments

Total other impairments amounted to €19.5 million in 2014 (2013: €7.3 million). A number of investments in the equity portfolio were impaired for a total amount of €4.8 million. We recorded a capital loss of €3.7 million on our own buildings, whose economic value had dipped below their carrying amount. The impairment on goodwill and other intangible assets was €5.7 million and we recognised a loss of €5.3 million on assets obtained through the seizure of collateral.

INCOME TAX

Income tax was recorded at €24.8 million in 2014 (2013: €3.9 million), which works out at an effective tax rate of 18.6% (2013: 10.4%). This relatively low tax rate primarily reflects the equity holding tax exemption applicable to income (including any capital gains) from securities and associates held by Van Lanschot Participaties,. The proportion of this income governed by the exemption fell in 2014, which largely accounts for the increased tax rate.

EARNINGS PER SHARE



Consolidated earnings in 2014 broke down as follows:

(€ million)	2014	2013
Net profit⁸	54.2	33.5
Net interest on perpetual loans	-1.1	-1.1
Share of other minority interests	-8.6	-3.2
Net profit for calculation of earnings per ordinary share	44.5	29.2
Earnings per ordinary share (€)	1.09	0.71
Weighted average number of outstanding ordinary shares (x 1,000)	40.919	40.918

Profit attributable to other minority interests includes the interest of other external shareholders in results recorded by MedSciences Capital (see 'Income from securities and associates') and the management investment plan launched in 2010 for selected staff at Kempen & Co (Kempen MIP).

We will propose to pay a 2014 cash dividend to Van Lanschot shareholders of €0.40 per share, a pay-out ratio of 37% (2013: €0.20, pay-out ratio of 28%).

⁸ Earnings exclude one-off pension gain



STATEMENT OF FINANCIAL POSITION

(€million)	31-12-2014	31-12-2013		30-06-2014	
Statement of financial position and capital management					
Equity attributable to shareholders	1,293	1,284	1%	1,268	2%
Equity attributable to minority interests	58	55	5%	55	5%
Savings and deposits	10,499	10,161	3%	10,480	0%
Loans and advances to customers	11,021	12,491	-12%	11,929	-8%
Total assets	17,259	17,670	-2%	17,694	-2%
Funding ratio (%)	95.3	81.3	17%	87.9	8%
Return on assets (%) ⁹	0.31	0.19	66%	0.56	-44%

LOAN BOOK

(€million)	31-12-2014	31-12-2013 ¹⁰	
Mortgages	6,041	6,446	-6%
Other loans	2,212	2,762	-20%
Private Banking	8,253	9,208	-10%
Loans to SMEs	1,289	1,643	-22%
Property financing	1,803	1,973	-9%
Corporate Banking	3,092	3,616	-14%
Impairments	-324	-333	-3%
Total	11,021	12,491	-12%

In 2014, our loan portfolio contracted by 12% to €11.0 billion, partly because of a targeted reduction in loans to SMEs and property loans, and partly because Private Banking clients continued to make additional mortgage repayments. Our loan portfolio is concentrated in the Netherlands (96%).

Private Banking

Private Banking's loan portfolio breaks down into mortgages and other loans, the latter including loans to wealthy private individuals to pay for second homes, for instance, or to provide current account overdraft facilities. This category also includes business activities that fit into the Private Banking relationship model, such as financing investments by family businesses, business professionals and executives, and healthcare professionals.

The relative share of Private Banking-provided residential mortgages in the total loan portfolio rose by 3% in 2014 to 53% (from 50% in 2013). This mortgage portfolio stands out for its low number of defaults, limited losses and low number of foreclosures. Calculated on the basis of market value, the average loan-to-value (LTV) ratio at end-2014 was 80%, a slight improvement on the previous year (year-end 2013: 81%). Taking the conservative index-linked foreclosure value, the LTV ratio works out at 94% (year-end 2013: 95%).

Corporate Banking

A team of experts within Corporate Banking is engaged in managing and winding down the property and SME loan portfolios, and risk-weighted assets have come down from €4.4 billion at the start of the exercise to €2.8 billion by year-end 2014. The €1.3 billion reduction in 2014 mainly reflects the smaller loan portfolio (€0.8 billion) and model optimisations (€0.5 billion – see 'Capital management'). The reduction in the loan portfolio – which is ahead of schedule – frees up risk-bearing capital and directly contributes to the improvement of the Common Equity Tier I ratio. An extensive review of our portfolio of loans to SMEs and property financing at the end of 2013 and in early 2014 confirmed that we have adequate buffers in place to absorb potential credit risks.

⁹ Return on assets for the year ended 31 December 2014 has been adjusted for the one-off pension gain.

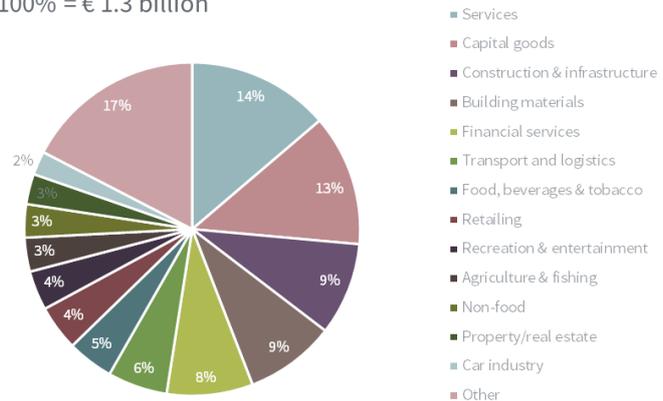
¹⁰ In 2014, property was redefined and comparative figures were restated accordingly.



Our loans to SMEs (€1.3 billion, 11% of the total loan portfolio) are well diversified across sectors.

Our €1.8 billion property portfolio (16% of the total loan portfolio) comprises the financing of small-scale properties in the Netherlands and we provide almost no finance for project development. Office buildings account for only 29% of the property portfolio and are located primarily in the Randstad conurbation comprising the cities of Amsterdam, Rotterdam, Utrecht and The Hague. Average LTV based on foreclosure values inched up to 89% in 2014 (year-end 2013: 87%).

Corporate Banking - Loans to SMEs
100% = € 1.3 billion



PROVISIONS

We provide for the impaired loans in our loan book. Impaired loans stood at €640 million at the end of 2014. Provisions amounted to €314 million, working out at 49% (2013: 54%). The table below breaks down the total loan portfolio and provisions at year-end 2014.

(€ million)	Loan portfolio	Impaired loans	Provision for impaired loans	Impaired ratio ¹¹	Coverage ratio	Impaired ratio ¹¹ 2013
Mortgages	6,041	100	61	1.7%	61%	1.6%
Other loans	2,212	120	61	5.4%	51%	5.0%
Private Banking	8,253	220	122	2.7%	55%	2.6%
Loans to SMEs	1,289	141	80	10.9%	57%	8.6%
Property financing	1,803	279	112	15.5%	40%	11.2%
Corporate Banking	3,092	420	192	13.6%	46%	10.0%
Impairments	-324					
Total	11,021	640	314	5.8%	49%	4.8%
Incurred but not reported (IBNR)			10			
Provision including IBNR			324			

In 2014, we added €76.0 million to loan loss provisions (2013: €102.4 million), implying 93 basis points of average risk-weighted assets (2013: 105 basis points). There has been a slight fall in the number of new debtors we have to make provisions for.

¹¹ The impaired ratio reflects the impaired loans as a percentage of the total loan portfolio.



CAPITAL AND LIQUIDITY MANAGEMENT

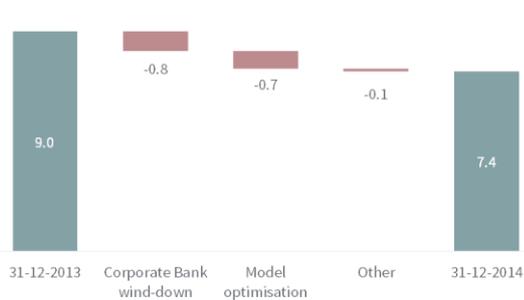
We further enhanced our solid capital and funding mix in 2014.

	31-12-2014	31-12-2013		30-06-2014	
Risk-weighted assets ¹²	7.356	9.003	-18%	8.137	-9%
Common Equity Tier I ratio (%) ¹²	14.6	13.1		13.8	
Tier I ratio (%) ¹²	14.6	13.1		13.8	
Total capital ratio (%) ¹²	15.2	13.9		14.5	

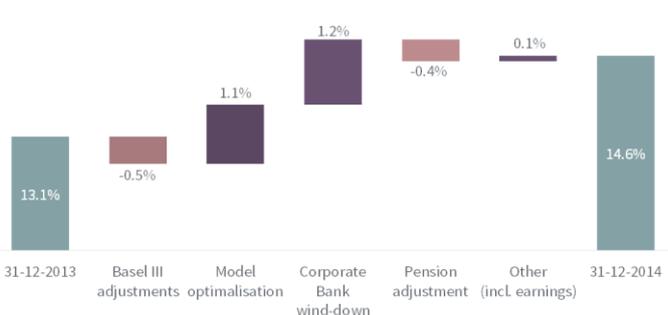
CAPITAL MANAGEMENT

The Common Equity Tier I ratio¹³ rose from 13.1% at the end of 2013 to 14.6% at the end of 2014, reflecting our robust capital position and the fall in risk-weighted assets. The RWA reduction itself was due to the net loan portfolio wind-down and the expansion of the investment portfolio, coupled with model optimisation. The Common Equity Tier I ratio should hold fairly steady in 2015, with a further reduction in the corporate loan portfolio and profit retention expected to exert upward pressure but the phase-in of Basel III, new IRB model guidelines and further development of our credit models combining to depress the ratio.

Risk-weighted assets
€ billion



Common Equity Tier I ratio (including earnings)
%



LIQUIDITY AND FUNDING

The funding and liquidity position remains strong, and we aim to retain access to both retail and capital markets through diversified funding. Between them, our smaller loan portfolio and higher savings & deposits made for a funding ratio of 95.3%.

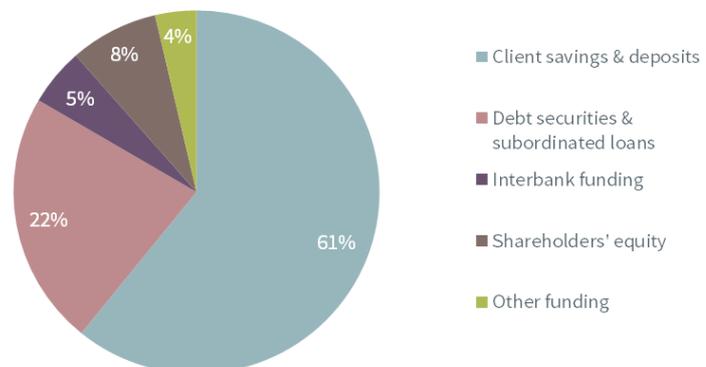
We recorded a comfortable liquidity position at the end of 2014. Clients are still using their assets to pay down debts, but savings and deposits were up by €0.3 billion on balance in 2014. Growth was mainly due to savings, including our Evi proposition in the Netherlands and Belgium.

In 2014, we again tapped the international capital markets and engaged in the following transactions:

- February 2014: €200 million issue of an institutional senior unsecured bond, with a term to maturity of over four years and a coupon at 3.125%.
- 2014: Various medium-term notes – totalling around €424 million – under the structured notes programme, with maturities between one and ten years.

Funding mix at 31-12-2014

100% = € 17.3 billion



¹² As at 31 December 2014 and in compliance with Basel III, based on phase-in and including retained earnings. In compliance with Basel III at 30 June 2014, based on phase-in and excluding retained earnings. Comparative figures at 31 December 2013 comply with Basel II, including retained earnings.

¹³ The Common Equity Tier I ratio on phase-in basis, including retained earnings. Basel III had not been implemented by the end of 2013, so this 13.1% was recorded under Basel II.



BASEL III

Basel III imposes stricter capital and liquidity requirements on banks, specifically the Common Equity Tier I ratio, the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and a stricter definition of the leverage ratio. The new standards will be phased in between 2014 and 2018, and have yet to be completely finalised. At end-2014, our ratios based on Basel III rules as currently known were:

	31-12-2014	Norm
Common Equity Tier I ratio (fully loaded) (%)	13.4	> 9.5 ¹⁴
Leverage ratio (fully loaded) (%)	5.3	> 3
Liquidity Coverage Ratio (%)	125.1	> 100
Net Stable Funding Ratio (%) ¹⁵	114.3	> 100

INVESTMENT AND TRADING PORTFOLIO

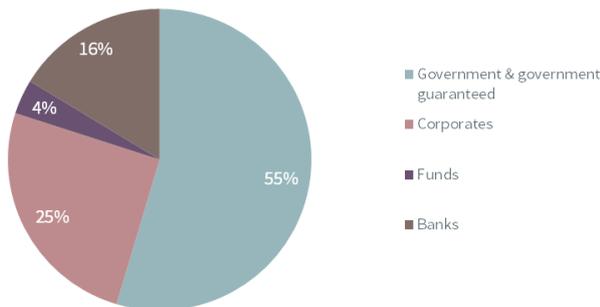
Our total investment and trading portfolio¹⁶ had risen to €3.8 billion by the end of 2014, compared with €2.0 billion at 31 December 2013, on the back of a lower loan portfolio and savings inflows. We have expanded the portfolio by adding Belgian and Dutch government bonds, bonds issued by the European Investment Bank, bonds issued by Western European financial institutions and asset-backed securities. In line with our investment strategy, in 2014 we constructed a held-to-maturity portfolio, which stood at €0.5 billion on 31 December 2014 and comprises Belgian government bonds and bonds issued by listed Western European financial institutions.

These portfolios are primarily held for asset and liability management purposes, and mainly include low-risk and highly liquid instruments.

The charts below break down these portfolios by counterparty, country and rating category.

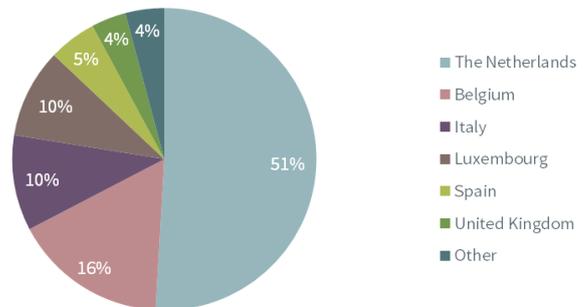
Investment and trading portfolio by counterparty at 31-12-2014

100% = € 3.8 billion



Investment and trading portfolio by country at 31-12-2014

100% = € 3.8 billion



¹⁴ The norm breaks down as follows: standard (4.5%), conservation buffer (2.5%), countercyclical (between 0% and 2.5%).

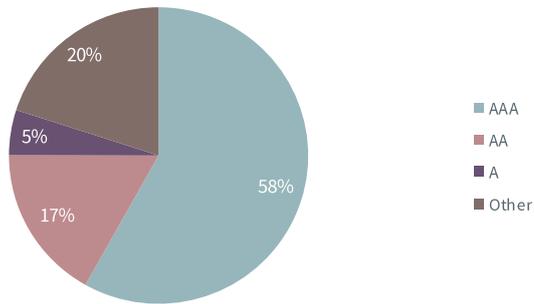
¹⁵ Based on Basel III at 31 December 2014: net stable funding ratio (BCBS 295).

¹⁶ The investment and trading portfolio comprises the balance of available-for-sale investments, financial receivables from trading activities, financial assets held to maturity and financial assets designated at fair value through profit or loss



**Investment and trading portfolio by rating at
31-12-2014**

100% = €3.8 billion





CLIENT ASSETS

(€ billion)	31-12-2014	31-12-2013		30-06-2014	
Client assets	57.4	53.4	7%	56.0	3%
Assets under management	46.9	43.2	9%	45.5	3%
Savings and deposits	10.5	10.2	3%	10.5	0%
Client assets	57.4	53.4	7%	56.0	3%
Private Banking	29.2	28.2	4%	29.1	0%
Corporate Banking	0.7	0.8	-13%	0.8	-13%
Asset Management	27.5	24.4	13%	26.1	5%
Assets under management	46.9	43.2	9%	45.5	3%
Assets under discretionary management	35.7	31.8	12%	34.1	5%
Assets under non-discretionary management	11.2	11.4	-2%	11.4	-2%
Savings and deposits	10.5	10.2	3%	10.5	0%
Savings	8.8	7.7	14%	8.4	5%
Deposits	1.7	2.5	-32%	2.1	-19%

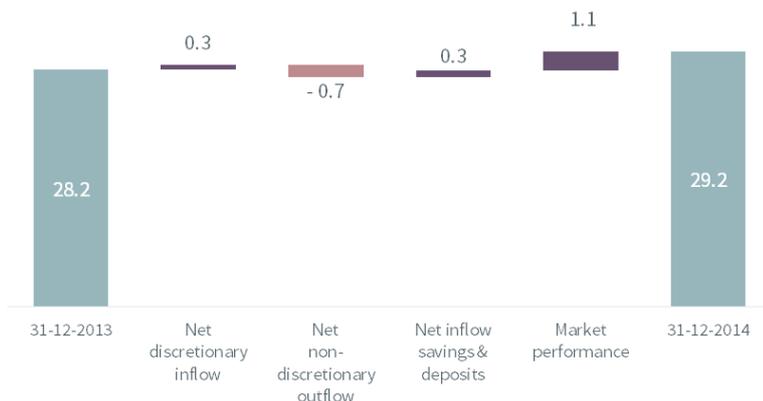
The increase in client assets was due to favourable stock market climate, an inflow of assets under discretionary management and a rise in savings and deposits of private clients. This was offset by an outflow of assets under non-discretionary management.

PRIVATE BANKING

Private Banking saw its client assets grow by €1.0 billion in 2014 to €29.2 billion. Assets under discretionary management achieved an inflow of €0.3 billion and savings & deposits were up €0.3 billion, but non-discretionary management recorded an outflow of €0.7 billion – the latter mainly due to the introduction of the new fee structure.

Private Banking: client assets

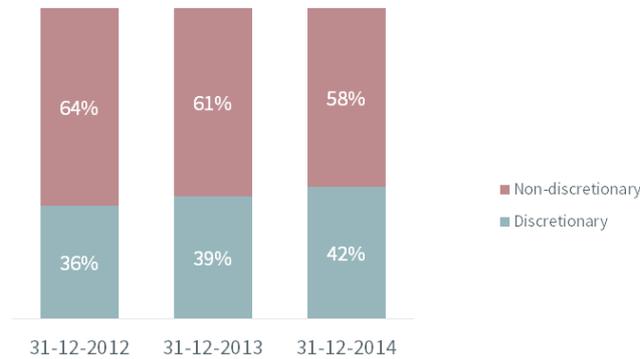
€ billion



In 2014, Private Banking clients continued the shift to discretionary mandates, increasing the share of these assets from 39% to 42%. The launch of our new advisory model prompted a transfer from investment advice to discretionary asset management and execution only, particularly in the first six months of the year.



Private Banking: Discretionary and non-discretionary assets under management



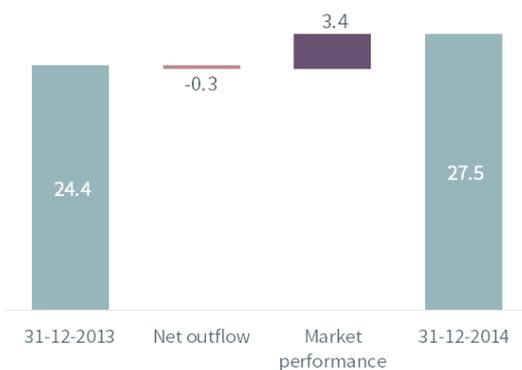
Evi van Lanschot, our online savings and investment proposition targeting newcomers to wealth management, reported encouraging results in both the Netherlands and Belgium and had brought in over €1 billion in client assets by the end of 2014. In the Netherlands, Evi is available as a discretionary asset management, investment advisory and savings product, whereas in Belgium it is offered only as the latter.

ASSET MANAGEMENT

Client assets at Asset Management were up 13% to €27.5 billion, from €24.4 billion in 2013, mainly due to €3.4 billion from market performance. Net outflows of €0.3 billion reflect the balance of lost clients, new mandates and inflows from existing clients. The success of the Kempen Global High Dividend strategy, coupled with a desire to protect the interests of its existing investors, led us to close the Kempen Global High Dividend Fund to new deposits at the start of 2014. This prompted an overall outflow, much as we had expected. The fund reopened for new deposits at the beginning of 2015 but still imposes restrictions on the size of new investments.

Asset Management: client assets

€ billion



ASSETS UNDER MANAGEMENT

Total assets under management were up 9% from €43.2 billion at the end of 2013¹⁷ to €46.9 billion year-end 2014. The €3.7 billion net increase breaks down into a net outflow of €0.9 billion and market performance of €4.6 billion.

¹⁷ A new definition has prompted a downward revision by € 0.1 billion at 31 December 2013.



DISCLAIMER

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This document contains forward-looking statements on future events. These forward-looking statements are based on the current information and assumptions of Van Lanschot's management about known and unknown risks, developments and uncertainties. Forward-looking statements do not relate strictly to historical or current facts and are subject to risks, developments and uncertainties. The actual results may differ considerably as a result of risks, developments and uncertainties relating to Van Lanschot's expectations regarding, but not limited to, estimates of income growth, costs, the macroeconomic climate, political and market trends, actions by supervisory and regulatory authorities and private entities, and changes in the law and taxation. Van Lanschot cautions that expectations are only valid on the specific dates on which they are expressed, and accepts no responsibility or obligation to revise or update any information following new information or changes in policy, developments, expectations or other such factors.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2014

(€ thousand)

	12/31/2014	12/31/2013
Assets		
Cash and cash equivalents and balances withdrawable with central banks	1,156,985	1,999,963
Financial assets held for trading	43,153	47,083
Due from banks	449,125	429,215
Financial assets designated at fair value through profit or loss	1,309,524	725,938
Available-for-sale investments	1,952,731	1,197,731
Held-to-maturity investments	533,708	-
Loans and advances to the public and private sectors	11,021,107	12,490,723
Derivatives (receivables)	275,093	208,134
Investments in associates using the equity method	50,679	50,385
Property, plant and equipment	76,392	84,638
Goodwill and other intangible assets	153,471	172,431
Current tax assets	1,258	13,616
Deferred tax assets	59,831	59,797
Other assets	176,381	190,711
Total assets	17,259,438	17,670,365
Equity and liabilities		
Financial liabilities held for trading	71	798
Due to banks	879,972	1,175,422
Public and private sectors liabilities	10,499,160	10,161,397
Financial liabilities designated at fair value through profit or loss	705,912	357,633
Derivatives (liabilities)	381,313	299,662
Issued debt securities	3,073,410	3,849,119
Provisions	21,256	35,910
Current tax liabilities	507	22,904
Deferred tax liabilities	10,095	8,358
Other liabilities	215,809	291,978
Subordinated loans	121,415	128,218
Total liabilities	15,908,920	16,331,399
Issued share capital	41,017	41,017
Treasury shares	-3,639	-2,135
Share premium	479,914	479,914
Other reserves	675,988	735,461
Undistributed profit attributable to shareholders of Van Lanschot NV	98,994	29,230
Equity attributable to shareholders of Van Lanschot NV	1,292,274	1,283,487
Equity instruments issued by subsidiaries	27,250	36,063
Undistributed profit attributable to equity instruments issued by subsidiaries	1,110	1,125
Equity attributable to equity instruments issued by subsidiaries	28,360	37,188
Other minority interests	21,287	15,140
Undistributed profit attributable to other minority interests	8,597	3,151
Equity attributable to other minority interests	29,884	18,291
Total equity	1,350,518	1,338,966
Total equity and liabilities	17,259,438	17,670,365
Contingent liabilities	115,564	177,912
Irrevocable commitments	541,373	447,342
	656,937	625,254

**CONSOLIDATED STATEMENT OF INCOME**

FOR 2014

(€ thousand)

	2014	2013
Income from operating activities		
Interest income	735,397	780,728
Interest expense	522,927	568,517
Net interest income	212,470	212,211
Income from associates using the equity method	36,593	10,602
Other income from securities and associates	18,683	6,524
Income from securities and associates	55,276	17,126
Commission income	248,330	240,294
Commission expense	8,021	7,017
Net commission income	240,309	233,277
Profit on financial transactions	41,971	66,273
Other income	16,161	22,306
Total income from operating activities	566,187	551,193
Expenses		
Staff costs	151,669	239,662
Other administrative expenses	162,958	153,081
Staff costs and other administrative expenses	314,627	392,743
Depreciation and amortisation	22,511	15,890
Operating expenses	337,138	408,633
Addition to loan loss provision	75,998	102,385
Other impairments	19,531	2,732
Impairments	95,529	105,117
Total expenses	432,667	513,750
Operating result before tax	133,520	37,443
Income tax	24,819	3,937
Net result	108,701	33,506



SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

FOR 2014

(€ thousand)

	2014	2013
Cash and cash equivalents at 1 January	1,986,037	1,670,625
Net cash flow from operating activities	893,627	-813,298
Net cash flow from investing activities	-1,261,003	-320,935
Net cash flow from financing activities	-496,730	1,449,645
Cash and cash equivalents at 31 December	1,121,931	1,986,037



SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR 2014

(€ thousand)

	2014	2013
Opening balance	1,338,966	1,315,208
Net result for the year	108,701	33,506
Revaluation of shares, investments and derivatives (other comprehensive income)	-82,100	-8,977
Dividends	-12,857	-2,802
Movements by virtue of share option plan	-339	1,038
Redemption equity instruments issued by subsidiaries	-8,813	-
Acquisition of/change in minority interests	6,535	1,145
Others	425	-152
Closing balance	1,350,518	1,338,966



SEGMENT INFORMATION

FOR 2014

Operating segments 2014 (€ millions)	Private Banking	Corporate Banking	Asset Management	Merchant Banking	Other activities	Total
Statement of income						
Interest income	735.4	138.1	-	3.6	-141.7	735.4
Interest expense	573.8	71.3	-	0.8	-123.0	522.9
Net interest income	161.6	66.8	-	2.8	-18.7	212.5
Income from securities and associates	-	-	2.6	-	52.7	55.3
Commission income	103.1	5.6	81.4	56.7	1.5	248.3
Commission expense	3.0	-	-	4.6	0.5	8.1
Net commission income	100.1	5.6	81.4	52.1	1.0	240.2
Profit on financial transactions	1.6	-	-	6.3	34.1	42.0
Other income	-	-	-	-	16.2	16.2
Total income from operating activities	263.3	72.4	84.0	61.2	85.3	566.2
Of which income from other segments	-2.6	4.8	14.7	3.8	-20.7	-
Staff costs	118.9	20.2	36.3	25.4	-49.1	151.7
Other administrative expenses	104.6	19.3	13.9	9.7	15.5	163.0
Depreciation and amortisation	6.9	0.1	0.8	0.6	14.1	22.5
Impairments	13.0	69.3	-	2.0	11.2	95.5
Total expenses	243.4	108.9	51.0	37.7	-8.3	432.7
Operating result before tax	19.9	-36.5	33.0	23.5	93.6	133.5
Income tax	3.5	-9.1	9.2	0.3	20.9	24.8
Net result	16.4	-27.4	23.8	23.2	72.7	108.7
Efficiency ratio (%)	88%	55%	61%	58%	-23%	60%
Staff (number of FTEs)	984	202	271	170	145	1,772
Statement of financial position						
Total assets	8,118.2	2,785.1	125.6	464.7	5,765.8	17,259.4
Of which investments using the equity method					50.7	50.7
Total liabilities	11,392.5	992.1	114.6	159.7	3,250.0	15,908.9
Investments	10.2	1.7	-	-	1.3	13.2



SEGMENT INFORMATION

FOR 2013

Operating segments 2013 (€ millions)	Private Banking	Corporate Banking	Asset Management	Merchant Banking	Other activities	Total
Statement of income						
Interest income	765.6	143.2	-	3.2	-131.3	780.7
Interest expense	613.1	88.1	-	0.8	-133.5	568.5
Net interest income	152.5	55.1	-	2.4	2.2	212.2
Income from securities and associates	-	-	-	-	17.1	17.1
Commission income	107.3	7.5	75.9	47.1	2.5	240.3
Commission expense	2.4	-	-	2.2	2.4	7.0
Net commission income	104.9	7.5	75.9	44.9	0.1	233.3
Profit on financial transactions	1.3	-	-0.1	2.8	62.3	66.3
Other income	-	-	-	-	22.3	22.3
Total income from operating activities	258.7	62.6	75.8	50.1	104.0	551.2
Of which income from other segments	-17.1	-	14.2	3.9	-1.0	-
Staff costs	122.9	20.2	37.8	28.7	30.1	239.7
Other administrative expenses	96.1	13.7	14.2	6.6	22.5	153.1
Depreciation and amortisation	16.2	2.3	0.7	0.9	-4.2	15.9
Impairments	34.7	74.7	-	1.4	-5.7	105.1
Total expenses	269.9	110.9	52.7	37.6	42.7	513.8
Operating result before tax	-11.2	-48.3	23.1	12.5	61.3	37.4
Income tax	-2.9	-12.0	8.2	1.7	8.9	3.9
Net result	-8.3	-36.3	14.9	10.8	52.4	33.5
Efficiency ratio (%)	91%	58%	70%	72%	47%	74%
Staff (number of FTEs)	1,057	200	230	181	324	1,992
Statement of financial position						
Total assets	8,725.9	3,614.1	153.8	377.5	4,799.1	17,670.4
Of which investments using the equity method	-	-	-	-	50.4	50.4
Total liabilities	10,999.8	1,343.4	134.2	100.3	3,753.7	16,331.4
Investments	10.0	0.6	-	-	19.9	30.5