

# Appendix to the Pillar 3 disclosures 2018



VAN LANSCHOT  
KEMPEN

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## Introduction

Our Pillar 3 disclosures take the form of a main document and an appendix. The appendix provides additional information about the risks we incur and the way we manage these risks. The tables included in the appendix do not align well with the tabular approach taken in the main document. The Pillar 3 disclosures are intended as an additional source of information to the annual report.

## Portfolio composition disclosures

Table 1 Composition of loan portfolio 2018

Item	Amount (€ million)	%
<b>Agriculture</b>		
Crop and animal production, hunting and related service activities	93	6
Other	0	0
<b>Manufacturing</b>		
Other, including rubber and plastic products	19	1
Construction of buildings	17	1
Other	0	0
<b>Wholesale and retail trade</b>		
Wholesale trade, except of motor vehicles and motorcycles	38	3
Retail trade, except of motor vehicles and motorcycles	30	2
Other	0	0
<b>Transport and storage</b>		
Other, including warehousing and support activities for transportation	1	0
<b>Accommodation and food service activities</b>		
Other, including accomodation	10	1
<b>Information and communication</b>		
Other, including computer programming, consultancy and related activities	3	0
<b>Real estate activities</b>		
Real estate activities	227	15
<b>Professional, scientific and technical activities</b>		
Legal and accounting activities	103	7
Activities of head offices, management consultancy activities	93	6
Other, including other professional, scientific and technical activities	4	0
<b>Administrative and support service activities</b>		
Other, including rental and leasing activities	11	1
<b>Education</b>		
Other	2	0
<b>Human health services and social work activities</b>		
Human health activities	48	3
Other, including residential care activities	9	1
<b>Arts, entertainment and recreation</b>		
Other, including libraries, archives, museums and other cultural activities	2	0
<b>Other services</b>		
Other, including activities of membership organisations	10	1
<b>Financial and insurance activities</b>		
Trusts, funds and similar financial entities	147	10
Other credit granting	166	11
Activities auxiliary to financial services and insurance activities	449	30
Other	5	0
<b>Total</b>	<b>1,487</b>	<b>100</b>

Table 2 Composition of loan portfolio 2017

Item	Amount (€ million)	%
<b>Agriculture</b>		
Crop and animal production, hunting and related service activities	93	5,0
Other	1	0,0
<b>Manufacturing</b>		
Other, including rubber and plastic products	43	2,3
<b>Water supply</b>		
Other, including remediation activities and other waste management services	0	0,0
<b>Construction</b>		
Construction of buildings	23	1,3
Other	5	0,3
<b>Wholesale and retail trade</b>		
Wholesale trade, except of motor vehicles and motorcycles	73	4,0
Retail trade, except of motor vehicles and motorcycles	52	2,8
Other	5	0,3
<b>Transport and storage</b>		
Other, including warehousing support activities for transportation	9	0,5
<b>Accommodation and food service activities</b>		
Accommodation	64	3,5
Other, including accomodation	2	0,1
<b>Information and communication</b>		
Other, including computer programming, consultancy and related activities	9	0,5
<b>Real estate activities</b>		
Real estate activities	293	15,9
<b>Professional, scientific and technical activities</b>		
Legal and accounting activities	110	6,0
Activities of head offices, management consultancy activities	110	6,0
Other, including other professional, scientific and technical activities	9	0,5
<b>Administrative and support service activities</b>		
Other, including rental and leasing activities	23	1,3
<b>Education</b>		
Other	4	0,2
<b>Human health services and social work activities</b>		
Human health activities	50	2,7
Other, including residential care activities	18	1,0
<b>Arts, entertainment and recreation</b>		
Other, including libraries, archives, museums and other cultural activities	4	0,2
<b>Other services</b>		
Activities of membership organisations	24	1,3
Other	0	0,0
<b>Financial and insurance activities</b>		
Trusts, funds and similar financial entities	184	10,0
Activities auxiliary to financial services and insurance activities	624	33,8
Other, including insurance, reinsurance and pension funding, except compulsory social security	12	0,7
<b>Total</b>	<b>1,843</b>	<b>100</b>

## Article 437 – Own funds

Table 3 provides information about the features of the instruments comprising the own funds of Van Lanschot Kempen (Annex II Commission Implementing Regulation 1423/2014)

Table 3 Capital instruments main features template according to Annex II Commission Implementing Regulation 1423/2014						
Capital instruments main features template <sup>(1)</sup>		CET1	Tier 2	Tier 2	Tier 2	Tier 2
1	Issuer	Van Lanschot Kempen NV	F. Van Lanschot Bankiers NV	F. Van Lanschot Bankiers NV	F. Van Lanschot Bankiers NV	F. Van Lanschot Bankiers N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)		XS1508351514	XS1739254255	XS1739253950	XS1739253794
3	Governing law(s) of instrument	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands
<b>Regulatory treatment</b>						
4	Transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo or (sub-)consolidated / solo & (sub-)consolidated	Solo & (sub-) consolidated	Solo & (sub-) consolidated	Solo & (sub-) consolidated	Solo & (sub-) consolidated	Solo & (sub-) consolidated
7	Instrument type (types to be specified by each jurisdiction)	Shareholders' equity	Tier 2	Tier 2	Tier 2	Tier 2
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	€475m	€29m	€15m	€15m	€29m
9	Nominal amount of instrument	€40m	€50m	€25m	€25m	€50m
9a	Issue price	n/a	100 per cent of the aggregate nominal amount	100 per cent of the aggregate nominal amount	100 per cent of the aggregate nominal amount	100 per cent of the aggregate nominal amount
9b	Redemption price	n/a	Redemption at par	Redemption at par	Redemption at par	Redemption at par
10	Accounting classification	Equity	Debt	Debt	Debt	Debt
11	Original date of issuance		28 October 2016	29 August 2008	29 August 2008	29 August 2008
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated.
13	Original maturity date	n/a	28 October 2026	29 August 2033	29 August 2038	29 August 2043
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	n/a	28 October 2021	29 August 2028 and each subsequent specified interest payment date	29 August 2033 and each subsequent specified interest payment date	29 August 2038 and each subsequent specified interest payment date
16	Subsequent call dates, if applicable	n/a	n/a	Each subsequent specified interest payment date after 29 August 2028	Each subsequent specified interest payment date after 29 August 2033	Each subsequent specified interest payment date after 29 August 2038
<b>Coupons / dividends</b>						
17	Fixed or floating dividend/coupon	n/a	Fixed to floating	Floating	Floating	Floating
18	Coupon rate and any related index	n/a	3.396% Fixed to Float	4.463% + NL inflation	4.412% + NL inflation	4.361% + NL inflation
19	Existence of a dividend stopper	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	n/a	n/a	n/a	n/a	n/a
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Noncumulative
23	Convertible or non-convertible	n/a	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	n/a	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	n/a
30	Write-down features	No	No	No	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a
32	If write-down, full or partial	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 or pari passu with Additional Tier 1	Tier 2 or pari passu with Tier 2	Tier 2 or pari passu with Tier 2	Tier 2 or pari passu with Tier 2	Tier 2 or pari passu with Tier 2
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a

1 'n/a' inserted if the question is not applicable

## Own funds disclosure template (Annex IV comm. implementing regulation 1423/2014)

Table 4 Disclosure table according to Annex IV Commission Implementing Regulation 1423/2014			
Common Equity Tier 1 capital: instruments and reserves		(A) Amount at disclosure date	(B) Regulation (EU) No 575/2013 Article Reference
1	Capital instruments and the related share premium accounts	426,476	26 (1), 27, 28, 29,
	of which: Instrument type 1	41,362	EBA list 26 (3)
	of which: Instrument type 2	385,115	EBA list 26 (3)
	of which: Instrument type 3	–	EBA list 26 (3)
2	Retained earnings	809,008	26 (1) (c)
3	Accumulated other comprehensive income (and any other reserves, to include unrealised gains and losses under the applicable accounting standards)	–45,455	26 (1)
3a	Funds for general banking risk	–	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	–	486 (2)
5	Minority interests (amount allowed in consolidated CET1)	3,742	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	15,156	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,208,927	Sum of rows 1 and 2 to 5a
Common Equity Tier 1 (CET1) capital: regulatory adjustments		(A) Amount at disclosure date	
7	Additional value adjustments (negative amount)	–2,389	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	–200,745	36 (1) (b), 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	–11,881	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	13,509	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	–31,017	36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	–	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	14,332	33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	–	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	–8,678	36 (1) (f), 42
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	36 (1) (g), 44
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU		
20a	Exposure amount of the following items which qualify for an RW of 1250%, where the institution opts for the deduction alternative	–	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	–	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	–	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d	of which: free deliveries (negative amount)	–	36 (1) (k) (iii), 379 (3)

Table 4 Disclosure table according to Annex IV Commission Implementing Regulation 1423/2014

Common Equity Tier 1 capital: instruments and reserves		(A) Amount at disclosure date	(B) Regulation (EU) No 575/2013 Article Reference
21	Deferred tax assets arising from temporary difference (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	–	36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15% threshold (negative amount)	–	48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	–	36 (1) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary difference	–	36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)	–	36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	–	36 (1) (l)
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	–226,869	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	982,058	Row 6 minus row 28
Additional Tier 1 (AT1) capital: instruments		(A) Amount at disclosure date	
30	Capital instruments and the related share premium accounts	–	51, 52
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	–	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	–	486 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	–	85, 86
35	of which: instruments issued by subsidiaries subject to phase-out	–	486 (3)
36	Additional Tier 1 (AT1) capital before regulatory adjustments	–	Sum of rows 30, 33 and 34
Additional Tier 1 (AT1) capital: regulatory adjustments		(A) Amount at disclosure date	
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	–	52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	56 (c), 59, 60, 79, 475(4)
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	56 (d), 59, 79
41	Empty set in the EU	–	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	–	56 (e)
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	–	Sum of rows 37 to 42
44	Additional Tier 1 (AT1) capital	–	Row 36 minus 43
45	Tier 1 capital (T1 = CET1 + AT1)	982,058	Sum of row 29 and row 44

Table 4 Disclosure table according to Annex IV Commission Implementing Regulation 1423/2014

Tier 2 (T2) capital: instruments and provisions		(A) Amount at disclosure date	
46	Capital instruments and the related share premium accounts	93,065	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	3,861	486 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	–	87, 88
49	of which: instruments issued by subsidiaries subject to phase-out	–	486 (4)
50	Credit risk adjustments	–	62 (c) & (d)
51	Tier 2 (T2) capital before regulatory adjustment	96,926	
Tier 2 (T2) capital: regulatory adjustments		(A) Amount at disclosure date	
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–	63 (b) (i), 66 (a), 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	–	66 (b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	66 (c), 69, 70, 79
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	–	66 (d), 69, 79
56	Empty set in the EU		
57	Total regulatory adjustments to Tier 2 (T2) capital	–	Sum of rows 52 to 56
58	Tier 2 (T2) capital	96,926	Row 51 minus row 57
59	Total capital (TC = T1 + T2)	1,078,984	Sum of rows 45 and row 58
60	Total risk-weighted assets	4,580,083	
Capital ratios and buffers		(A) Amount at disclosure date	
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.44%	92 (2) (a)
62	Tier 1 (as a percentage of total risk exposure amount)	21.44%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	23.56%	92 (2) (c)
64	Institution-specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	6.38%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	1.88%	
66	of which: countercyclical buffer requirement	0.00%	
67	of which: systemic risk buffer requirement Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	0.00%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	21.44%	CRD 128
69	[non-relevant in EU regulation]		
70	[non-relevant in EU regulation]		
71	[non-relevant in EU regulation]		



Table 4 Disclosure table according to Annex IV Commission Implementing Regulation 1423/2014

Amounts below the thresholds for deduction (before risk-weighting)		(A) Amount at disclosure date	
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	148	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	9,574	36 (1) (i), 45, 48
74	Empty set in the EU	–	
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	12,828	36 (1) (c), 38, 48,
Applicable caps on the inclusion of provisions in Tier 2		(A) Amount at disclosure date	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	–	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	–	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	–	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	–	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		(A) Amount at disclosure date	
80	Current cap on CET1 instruments subject to phase-out arrangements	–	484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase-out arrangements	–	484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase-out arrangements	3,861	484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	12,361	484 (5), 486 (4) & (5)

## Article 438 – Capital requirements

Table 5 and Table 6 provide information about the capital requirements measured under the standardised approach (SA), the foundation internal ratings based approach (F-IRB) and the advanced internal ratings based approach (A-IRB).

Table 5 Capital adequacy requirement by exposure class at 31/12/2018

	Gross exposure	Net exposure	Specific credit risk adjustment	Average risk weighting	Risk weighting	Capital adequacy requirement
<b>Total</b>	<b>15,103,975</b>	<b>13,820,698</b>	<b>111,985</b>	<b>24%</b>	<b>3,328,934</b>	<b>266,315</b>
<b>SA exposure classes</b>						
Central governments and central banks	1,779,552		-	2%	32,071	2,566
Regional governments and local authorities	2,518	2,518	-	20%	504	40
International organisations	19,093	19,093	-	0%	-	-
Institutions		1,164,702	145	26%	304,551	24,364
Units in collective investments schemes	48,243	48,243	-	100%	48,243	3,859
Corporates	1,019,629	780,947	2,666	83%	649,149	51,954
Retail	637,674	219,146	1,169	69%	151,656	12,133
Secured by mortgages on immovable property	647,795	643,184	252	36%	229,343	18,347
Items in default	96,375	76,103	18,289	114%	86,447	6,918
Items associated with particularly high risk	38,365	38,365	-	150%	57,548	4,604
Covered bonds	496,000	495,874	126	10%	50,985	4,079
Equity exposures	40,354	40,354	-	100%	40,354	3,228
Other items	254,831	254,831	-	100%	254,795	20,384
<b>Total SA</b>	<b>7,041,819</b>	<b>5,843,089</b>	<b>22,647</b>	<b>67%</b>	<b>1,905,945</b>	<b>152,476</b>
<b>F-IRB exposure classes</b>						
Corporates	825,702	761,187	35,549	67%	512,102	40,968
Equities	47,929	47,929	-	340%	163,065	13,045
Securitisation positions	499,196	499,196	-	7%	37,021	2,962
<b>Total F-IRB</b>	<b>1,372,827</b>	<b>1,308,312</b>	<b>35,549</b>	<b>54%</b>	<b>712,188</b>	<b>56,975</b>
<b>A-IRB exposure classes</b>						
Retail – Secured by real estate property	5,530,209	5,562,185	8,654			
Retail SME	494,434	464,293	3,365			
Retail non SME	664,686	642,819	41,769	111%	710,801	56,864
<b>Total A-IRB</b>	<b>6,689,330</b>	<b>6,669,297</b>	<b>53,789</b>	<b>11%</b>	<b>710,801</b>	<b>56,864</b>

Table 6 Capital adequacy requirement by exposure class at 31/12/2017

	Gross exposure	Net exposure	Average risk weighting	Risk weighting	Capital adequacy requirement
<b>Total</b>	<b>15,593,679</b>	<b>14,903,606</b>	<b>26%</b>	<b>3,830,349</b>	<b>306,428</b>
<b>SA exposure classes</b>					
Central governments and central banks	2,142,346	2,430,468	1%	23,973	1,918
Regional governments and local authorities	67,762	67,762	0%	-	-
International organisations	43,415	43,415	0%	-	-
Multilateral development banks	50,613	50,613	0%	-	-
Institutions	1,174,032	902,295	31%	283,269	22,661
Units in collective investments schemes	42,720	42,720	100%	42,720	3,418
Corporates	456,531	250,041	87%	218,222	17,458
Retail	697,587	318,759	73%	234,103	18,728
Secured by mortgages on immovable property	487,243	483,780	35%	170,191	13,615
Items in default	37,700	32,371	113%	36,528	2,922
Items associated with particularly high risk	31,156	31,156	150%	46,734	3,739
Covered bonds	513,558	513,558	10%	51,356	4,108
Equity exposures	59,621	59,621	100%	59,621	4,770
Other items	277,699	277,699	100%	277,659	22,213
<b>Total SA</b>	<b>6,081,983</b>	<b>5,504,258</b>	<b>26%</b>	<b>1,444,376</b>	<b>115,550</b>
<b>F-IRB exposure classes</b>					
Corporates	1,977,592	1,923,622	67%	1,281,325	102,506
Equities	107,277	107,277	259%	277,894	22,232
Securitisation positions	671,367	671,367	7%	49,815	3,985
<b>Total F-IRB</b>	<b>2,756,236</b>	<b>2,702,266</b>	<b>60%</b>	<b>1,609,034</b>	<b>128,723</b>
<b>A-IRB exposure classes</b>					
Retail	6,755,460	6,697,082	12%	776,939	62,155
<b>Total A-IRB</b>	<b>6,755,460</b>	<b>6,697,082</b>	<b>12%</b>	<b>776,939</b>	<b>62,155</b>

Information about the capital requirements for market risk can be found in Table 3.3 in the annual report.

Table 7 contains information about the capital requirements calculated under the simple risk weight approach for equities.

Table 7 IRB equities simple risk weighting method at 31/12/2018

	Gross exposure	Net exposure	Risk weighting	Capital adequacy requirement
<b>Total</b>	<b>47,929</b>	<b>47,929</b>	<b>163,065</b>	<b>13,045</b>
190% Positions in unlisted equities	1,448	1,448	2,751	220
290% Positions in listed equities	-	-	-	-
370% All other positions in equities	36,759	36,759	136,010	10,881
250% Equity positions >10% in financial companies	9,722	9,722	24,304	1,944

Table 8 contains information about the capital requirements for operational risk.

Table 8 Capital adequacy requirement for operational risk		31/12/2018		31/12/2017		
		Beta coefficient	Average income	Capital adequacy requirement	Average income	Capital adequacy requirement
<b>Total</b>			<b>497,892</b>	<b>65,326</b>	<b>504,359</b>	<b>66,961</b>
Corporate finance	18%		61,646	11,096	58,944	10,610
Trading and sales	18%		6,845	1,232	16,401	2,952
Retail brokerage	12%		130,752	15,690	126,315	15,158
Commercial banking	15%		31,203	4,680	44,189	6,628
Retail banking	12%		165,647	19,878	161,508	19,381
Payment and settlement	18%		8,884	1,599	9,857	1,774
Agency services	15%		–	–	–	–
Asset management	12%		92,917	11,150	87,145	10,458

## Article 439 – Exposures to counterparty credit risk

Table 9 contains an overview of the exposures to counterparty credit risk.

Table 9 Counterparty credit risk exposure values	31/12/2018	31/12/2017
Gross replacement cost of derivative contracts (only items with a replacement cost greater than nil)	297,514	153,810
Settlement of derivative contracts	–240,614	–47,026
Add-ons for derivative contracts arising from potential future credit risk	229,810	137,151
<b>Net credit equivalent of derivative contracts</b>	<b>286,710</b>	<b>243,935</b>

## Article 440 – Capital buffers

Table 10 and Table 11 contain information about the geographical distribution of credit exposures that are relevant for the calculation of our countercyclical capital buffer, as well as the amount of our countercyclical capital buffer.

Table 10 Geographical distribution of credit exposures for the calculation of the countercyclical capital buffer

Row		General credit exposures		Trading book exposure	
		Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book	Value of trading book for internal models
		010	020	030	040
010-011	Netherlands	2,221,951	7,176,070	–	–
010-012	Belgium	144,457	68,863	–	–
010-013	Switzerland	58,957	35,077	–	–
010-014	United Kingdom	140,339	24,506	–	–
010-015	France	36,606	54,566	–	–
010-016	Luxembourg	18,231	13,034	–	–
010-017	Other	409,777	86,732	–	–
020	Total	3,030,318	7,458,849	–	–

	Securitisation exposure		Own funds requirements			Total	Own funds requirement weights	Counter-cyclical capital buffer rate
	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: trading book exposures	Of which: Securitisation exposures			
	050	060	070	080	090	100	110	120
Netherlands	–	439,450	223,740	–	2,371	226,111	87%	0%
Belgium	–	–	13,136	–	–	13,136	5%	0%
Switzerland	–	–	4,812	–	–	4,812	2%	0%
United Kingdom	–	58,310	2,113	–	300	2,413	1%	0%
France	–	–	2,312	–	–	2,312	1%	0%
Luxembourg	–	–	2,373	–	–	2,373	1%	0%
Other	–	–	9,288	–	–	9,288	4%	0%
Total	–	497,760	257,773	–	2,670	260,443	100%	0%

Table 11 Amount of institution-specific countercyclical capital buffer

Row	Column	
010	Total risk exposure amount	3,255,537
020	Institution specific countercyclical buffer rate	0%
030	Institution specific countercyclical buffer requirement	0

## Article 442 – Credit risk adjustment

The tables below provide information about credit risk and credit risk adjustments applied by Van Lanschot Kempen.

Table 12 provides information about the total and average exposure amount.

Exposure class	Total exposure amount	Average exposure amount
Central governments and central banks	1,779,552	55,764
Regional governments and local authorities	2,518	2,518
International organisations	19,093	19,093
Financial companies and financial institutions	1,961,390	3,441
Units in collective investment schemes	48,243	2,297
Corporates	1,019,629	1,287
Private individuals and medium-sized enterprises	637,674	49
Secured on real estate	647,795	117
Past due items	96,375	482
Items with a higher risk	38,365	2,740
Covered bonds	496,000	13,774
Other risk-weighted assets	254,831	3,748
Equity position SA	40,354	9,414
Corporates IRB	825,702	837
Equity position IRB	47,929	2,650
Securitisation positions	499,196	23,771
Retail IRB	6,689,330	142

Table 13 breaks down the exposure amount by country.

Exposure class	Total exposure amount
Netherlands	11,828,555
Belgium	690,601
United Kingdom	510,637
Switzerland	308,394
Germany	175,408
Other	1,590,379

Table 14 shows the residual maturity per exposure class.

Table 14 Residual maturity per exposure class	
Exposure class	Residual maturity (years)
Central governments and central banks	0.45
Regional governments and local authorities	0.83
International organisations	2.22
Institutions	4.96
Central counterparties	n/a
Units in collective investments schemes	n/a
Corporates	4.98
Retail	11.33
Secured by mortgages on immovable property	25.49
Exposures in default	10.90
Items associated with particularly high risk	4.27
Covered bonds	3.19
Other items	n/a
Equity positions SA	n/a
Corporates IRB	6.39
Equity positions IRB	n/a
Securitisation positions	43.68
Retail IRB	12.91

Table 15 provides information about impaired and past due exposures, broken down by the most relevant countries.

Table 15 Impaired and past due exposures per country				
Country	amount of the impaired exposures	amount of past due exposures	if practical, the amounts of specific and general credit risk adjustments	
The Netherlands	284,356	203,523	90,050	
Belgium	21,233	18,344	13,174	
France	12,076	–	6,270	
Spain	2,590	31	1,215	
United Kingdom	816	15	774	
Other	12,610	1,027	1,329	

Table 16 provides information about impaired and past due exposures, broken down by exposure classes.

Table 16			
	Impaired	past due	impaired and past due
<b>Total</b>	<b>333.862</b>	<b>541.890</b>	<b>318.951</b>
Corporates	–	62.803	–
Retail	–	12.242	–
Secured by mortgages on immovable property	–	12.436	–
Items in default	92.184	80.183	79.950
<b>Total SA</b>	<b>92.184</b>	<b>167.664</b>	<b>79.950</b>
Corporates	134.975	167.973	134.975
<b>Total F-IRB</b>	<b>134.975</b>	<b>167.973</b>	<b>134.975</b>
Retail secured by mortgages	43.637	119.180	41.096
Retail other SME	26.901	37.142	26.843
Retail non SME	36.164	49.931	36.087
<b>Total A-IRB</b>	<b>106.702</b>	<b>206.252</b>	<b>104.026</b>

## Article 443 – Unencumbered assets

Table 17 provides an overview of asset encumbrance at Van Lanschot Kempen on 31-12-2018.

### Template A-Assets

Table 17 Asset encumbrance 31-12-2017		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
<b>10</b>	<b>Assets of the reporting institution</b>	2,389,727	–	11,548,028	
20	Loans on demand	12,783	–	1,391,977	
30	Equity instruments	–	–	91,482	91,482
40	Debt securities	450,677	466,308	2,108,748	2,115,846
100	Loans and advances other than loans on demand	1,926,267	–	7,091,034	
120	Other assets	–	–	864,787	

### Template B-Collateral received

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
<b>130</b>	<b>Collateral received by the reporting institution</b>	–	250,000
150	Equity instruments	–	–
160	Debt securities	–	250,000
230	Other collateral received	–	–
240	Own debt securities issued other than own covered bonds or ABSs	–	–

### Template C-Encumbered assets/collateral received and associated liabilities

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	Carrying amount of selected financial liabilities	1,967,062	2,207,269

### D - Information on importance of encumbrance

Asset encumbrance mainly concerns the claims on residential mortgages that are included in secured funding programs. Asset encumbrance can also occur due to repo transactions. Out of the potential sources of asset encumbrance, the majority of asset encumbrance is generated by the conditional pass through covered bond program. We have asset encumbrance limits in place in our funding planning.



## Article 444 – Use of ECAs

Table 18 contains information about the risk weights applied to the various exposure classes and credit quality steps.

Table 18 Credit quality step by relevant exposure class						
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Central government and central banks	0	20	50	100	100	150
Regional government and local authorities	20	50	100	100	100	150
Financial companies and financial institutions	20	50	50	100	100	150
Current receivables from corporate and financial companies	20	20	20	50	50	150
Corporates	20	50	100	100	150	150

Table 19 contains information about the exposure values and the exposure values after credit risk mitigation associated with each credit quality step.

Table 19 Exposure values before and after risk mitigation associated with each credit quality step (€1,000)	31/12/2018		31/12/2017	
	Gross exposure	Net exposure	Gross exposure	Net exposure
<b>Total</b>	<b>7,041,819</b>	<b>5,843,089</b>	<b>6,081,983</b>	<b>5,502,463</b>
0%	1,785,853	2,066,030	2,294,588	2,582,700
2%	91,843	91,843	–	–
10%	482,023	481,901	513,558	513,558
20%	1,248,440	947,589	936,132	701,098
35%	612,342	610,142	479,094	477,429
50%	810,232	318,324	181,736	172,898
75%	637,674	219,146	697,587	318,545
100%	1,297,658	1,032,626	928,472	688,510
150%	62,926	62,660	41,227	39,931
250%	12,828	12,828	9,589	7,794

## Article 445 – Exposure to market risk

Table 20 provides a breakdown of the capital adequacy requirements for market risk.

Table 20 Capital adequacy requirements for market risk (€1,000)	
Market risk exposure type:	Capital adequacy requirement
Position risk in the trading book	25,951
Large exposures in the trading book	–
FX risk (all books)	50
Settlement risk (all books)	261
Commodities risk (all books)	–
<b>Total</b>	<b>26,262</b>

## Article 447 – Exposure in equities not included in the trading book

Table 21 provides information about the equity exposures in the banking book.

Exposure type	Balance sheet value	Fair value	For those exchange-traded, a comparison to the market price where it is materially different from the fair value
Equity exposure in management book KCo	70,281	70,281	–
Equity exposure in management book VL	22,222	22,222	–
Equity exposure in banking book VL Participating interests	14,814	14,814	–
Instruments in associates using the equity method (including Bolster)	63,645	63,645	–

Table 22 provides information about equity positions in the banking book.

Equity position type	Amount
Exchange traded	70,281
Private equity (sufficiently diversified)	1,448
Other exposures	99,233

The total realised gains or losses arising from sales and liquidations of equity positions in the banking book during 2018 amounted to €15.2million.

## Article 451 – Leverage ratio

Van Lanschot Kempen calculates its leverage ratio based on fully loaded capital definitions. Table 23 provides a breakdown of the total exposure measure as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements. Table 24 provides information about the calculation of the leverage ratio.

Table 23 LRSum		Applicable Amount
1	Total assets as per published financial statements	13,980,007
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(42,252)
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	–
4	Adjustments for derivative financial instruments	(11,942)
5	Adjustment for securities financing transactions (SFTs)	422,440
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	264,934
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	–
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	–
7	Other adjustments	(467,852)
8	Leverage ratio total exposure measure	14,145,335

Table 24 LRCom

On-balance sheet exposures (excluding derivatives and SFTs)		CRR leverage ratio exposure
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	13,414,825
2	(Asset amounts deducted in determining Tier 1 capital)	(243,643)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	13,171,182
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	142,295
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	144,485
EU-5a	Exposure determined under original exposure method	–
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–
8	(Exempted CCP leg of client-cleared trade exposures)	–
9	Adjusted effective notional amount of written credit derivatives	–
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–
11	Total derivatives exposures (sum of lines 4 to 10) SFT exposures	286,780
<b>SFT exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	394,157
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–
14	Counterparty credit risk exposure for SFT assets	28,283
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	–
15	Agent transaction exposures	–
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	–
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	–
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposures at gross notional amount	1,102,242
18	(Adjustments for conversion to credit equivalent amounts)	(837,309)
19	Other off-balance sheet exposures (sum of lines 17 and 18)	264,933
<b>Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on- and off-balance sheet)</b>		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	–
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	–
<b>Capital and total exposure measure</b>		
20	Tier 1 capital	982,058
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	14,145,335
<b>Leverage ratio</b>		
22	Leverage ratio	6.9%
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>		
EU-23	Choice on transitional arrangements for the definition of the capital measure	fully phased in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	n/a

Table 25 LRSpl

		CRR leverage ratio exposure
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	13,414,825
EU-2	Trading book exposures	71,888
EU-3	Banking book exposures, of which:	13,342,937
EU-4	Covered bonds	496,000
EU-5	Exposures treated as sovereigns	1,779,401
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	21,611
EU-7	Institutions	1,568,915
EU-8	Secured by mortgages of immovable properties	5,993,674
EU-9	Retail exposures	921,732
EU-10	Corporate	1,351,910
EU-11	Exposures in default	343,465
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	866,228

Table 26 LRQua

Row 1	Description of the processes used to manage the risk of excessive leverage:  Van Lanschot Kempen's leverage ratio is well in excess of the expected regulatory minimum of 3%. ALCO monitors the leverage risk incurred by Van Lanschot Kempen.
Row 2	Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage Ratio refers:  During the reporting period, the leverage ratio decreased moderately. This was due to both a slight decrease in the capital measure (numerator) and an increase in the exposure measure (denominator).

## Article 452 – Use of the Internal Ratings Based Approach for credit risk

In regards to non-retail credit risk exposures, Van Lanschot Kempen uses an internal model for its corporate portfolio. Table 27 contains key information about this portfolio.

Table 27 Corporates

Corporates	Value:
Total exposure	825,702
Sum of outstanding loans	640,985
Exposure values for undrawn commitments	184,717
Exposure-weighted average risk weight	62%

Table 28 SME Retail

SME Retail	Value:
Total exposure	494,434
Sum of outstanding loans	347,536
Exposure values for undrawn commitments	146,898
Exposure-weighted average risk weight	31%

Table 29 Retail secured by mortgages

Retail secured by mortgages	Value:
Total exposure	5,530,209
Sum of outstanding loans	5,530,201
Exposure values for undrawn commitments	8
Exposure-weighted average risk weight	7.9%

Table 30 Expected loss and realised loss for internally modelled retail and non-retail exposure classes

EL 31-12-2017	1.96%
RL 31-12-2017	0.38%
EL 31-12-2018	1.59%
RL 31-12-2018	0.14%

Table 31 and Table 32 provide geographical information about PD and LGD for A-IRB portfolios.

**Table 31 Geographical breakdown of PD and LGD for SME Retail**

Exposure class SME Retail	Exposure-weighted average LGD	PD
Netherlands	36.6%	3.1%
Belgium	36.6%	31.8%
Switzerland	36.6%	0.3%
United Kingdom	36.6%	73.9%
Other	36.6%	6.3%

**Table 32 Geographical breakdown of PD and LGD for retail mortgages**

Exposure class Retail secured by mortgages	Exposure-weighted average LGD	PD
Netherlands	12.36%	1.26%
Belgium	34.08%	21.39%
Switzerland	19.62%	0.2%
United Kingdom	11.92%	0.26%
Other	12.10%	3.85%

Table 33 provides geographical information about PD for F-IRB portfolios.

**Table 33 Geographical breakdown of PD for corporates**

Corporates	Exposure-weighted average PD
Netherlands	20.29%
Belgium	1.21%
Switzerland	0.63%
Other	46.96%

## Article 453 – Use of credit risk mitigation techniques

Table 34 Impact of credit risk mitigation techniques of SA and F-IRB

For SA and F-IRB portfolios	Total exposure value (after, where applicable, on or off-balance sheet netting) that is covered — after the application of volatility adjustments — by eligible financial collateral, and other eligible collateral; (453 f)	Total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees or credit derivatives. (453 g)
<b>SA exposure classes</b>		
Central governments and central banks	–	–
Regional governments and local authorities	–	–
International organisations	–	–
Multilateral development banks	–	–
Financial companies and financial institutions	598,463	187,891
Units in collective investment schemes	–	–
Corporates	147,661	–
Private individuals and medium-sized enterprises	84,764	92,113
Secured on real estate	–	–
Past due items	–	–
Items with a higher risk	–	–
Covered bonds	–	–
Other risk-weighted assets	–	–
<b>Total SA</b>	<b>830,888</b>	<b>280,004</b>
<b>F-IRB exposure classes</b>		
Corporates	389,349	–
Equities	–	–
Securitisation positions	–	–
<b>Total F-IRB</b>	<b>389,349</b>	<b>–</b>