PRESS RELEASE ´s-Hertogenbosch, the Netherlands, 22 August 2018

Van Lanschot Kempen: solid performance and proposal to return capital

- **Net result at €39.3 million (H1 2017: €62.3 million), underlying net result at €47.2 million (H1 2017: €69.6 million)**
- **Strong 13% increase in commission income**
- **Client assets stable at €83.7 billion and AuM stable at €69.1 billion**
- **€0.3 billion in net AuM inflows at Private Banking**
- **Further strengthening of capital position: fully loaded CET1 ratio at 21.4% (year-end 2017: 20.3%)**
- **Special capital return proposal of €1.50 per share**

Karl Guha, Chairman, said: “Over the past six months, we have continued to work on strengthening our position as a specialist wealth manager. Our results – a sharp increase in commission income, net inflows at Private Banking and a robust capital position – made for a solid start to the year. That said, our efficiency ratio has risen, and has our full attention.

We’re happy that our strong capital position enables us to propose returning €1.50 per share to our shareholders. We thank our clients and shareholders for their loyalty and the trust they put in us.”

At €39.3 million, the net result in the first half of 2018 came in well below the year-earlier figure, but included no significant proceeds from sales of participating interests in Van Lanschot Kempen’s private equity portfolio and investment funds. The 13% advance in commission income reflects growth in assets under management (AuM) since last year and a strong performance at Merchant Banking. Private Banking continued to grow and saw net inflows of €0.3 billion. Merchant Banking recorded a 39% increase in commission income on the back of a high number of successful corporate finance and capital market transactions.

The first quarter’s equity market volatility calmed down as the second quarter progressed, resulting in a net positive market performance of €0.1 billion for the first half. Enjoying a slight net increase, AuM ended up at €69.1 billion, compared with €69.0 billion at year-end 2017. Private Banking grew its AuM by a net €0.2 billion to €22.8 billion, whereas Asset Management saw AuM reduce by €0.1 billion to €45.4 billion in the wake of outflows from its investment strategies. Growth is expected in Asset Management, with the Arcadis pension fund mandate coming into effect on 1 July and several other mandates in the pipeline. Evi saw client numbers up by 20% and its AuM grew to €1 billion.

The CET1 ratio[i] recorded a strong increase to 21.4% from 20.3%, and return on equity amounted to 8.7%. The robust capital position enables Van Lanschot Kempen to propose a capital return of €1.50 per share. If approved, over €60 million will be paid to shareholders, taking the total payment to over €210 million and staying on course to realise its ambition to return at least €250 million to shareholders before the end of 2020.

Cost levels were up on last year, driven by the acquisition of UBS’s wealth management activities in the Netherlands, increased staff costs and higher project and consultancy costs related to the implementation of Van Lanschot Kempen’s strategy. These higher costs combined with the impact of the current low interest rates on its income to push the efficiency ratio to 81.1%. The loan portfolio benefited from the positive economic climate, enabling a net release from loan loss provisions of €3.5 million.

Van Lanschot Private Banking: AuM growth continues

Private Banking's organic growth trend, which started in 2017, continued into the first half of 2018 in the shape of net inflows of €0.3 billion. Van Lanschot in Belgium also contributed to these inflows. Although equity markets recovered after a volatile first quarter, Private Banking still recorded a net negative market performance of €0.1 billion. Despite these market swings, its clients remain focused on the long term. In particular, investing in less liquid markets and sustainable assets increasingly appeals to clients. What´s more, Private Banking´s digital transformation enables it to provide its clients with ever better and more personalised advice. AuM increased to €22.8 billion from €22.6 billion, with client assets adding €0.4 billion to €31.9 billion.

In the first six months of 2018, €10.5 million flowed into the strategic investment programme and two-thirds – i.e. €39.2 million – of the earmarked €60 million has now been spent. The development of the omni-channel Private Banking model is right on track and several client experience improvements were recorded in the first half, examples including the launch of the new website and online environment for clients, the expansion of the investment advice app to include push notifications and the roll-out of the login app. To enable it to offer its clients in Belgium the same omni-channel service model in the future, Private Banking is also working on aligning its Belgian and Dutch IT infrastructure. Under the strategic investment programme, Van Lanschot Kempen is forging ahead with the outsourcing of payments to German FinTech Fidor, the aim being to have the technical development of the new payments platform and payments app completed around the end of the year.

Van Lanschot Kempen's strategic focus on wealth management since 2013 sometimes means making hard choices, for instance about which products and propositions truly add value. This is why it no longer offers stand-alone current accounts and savings accounts. Its offering remains focused on anyone with wealth management needs.

Private Banking's underlying net result fell slightly to €19.4 million (H1 2017: €20.5 million). Commission income was up €3.6 million to €64.6 million on increased AuM. The acquisition of UBS's wealth management activities in the Netherlands was among the factors that pushed up the staff costs. The Private Banking loan portfolio required a €0.4 million addition to loan loss provisions. Loan portfolio volumes were virtually flat at €7.8 billion (year-end 2017: €7.8 billion) while savings inched up to €8.4 billion (year-end 2017: €8.2 billion).

Evi van Lanschot: AuM client numbers jump 20% and AuM increase to €1 billion

Evi´s focus is on growing its client base, and the first half saw the number of Evi´s investor clients climb by a further 20% to around 15,600. AuM reached the €1 billion mark thanks to €52 million in net inflows. As expected, savings at Evi dropped €42 million to €554 million. As a result, Evi´s total client assets were unchanged at €1.5 billion. Evi's commission income added €0.1 million, taking the total to €2.1 million (H1 2017: €2.0 million). Its underlying net result was a negative €4.2 million (H1 2017: -€4.4 million).

Kempen Asset Management: AuM down slightly but new mandates coming on stream

Asset Management saw the size of its fiduciary mandates grow, whereas investment strategies faced outflows as various clients revisited their portfolios. The €0.2 billion positive market performance combined with net outflows of €0.3 billion to push down AuM by €0.1 billion to €45.4 billion. Last year's robust inflows led to a 12% rise in commission income to €50.4 million, taking the underlying net result to €6.9 million (H1 2017: €5.8 million).

Asset Management expects to see further growth going forward, with several mandates in the pipeline for the second half of this year and 2019. Arcadis Pensioenfonds´s €1.1 billion fiduciary mandate in collaboration with nederlands pensioenfonds got underway on 1 July, adding to mandates for two other pension schemes that started in the first half of 2018.

The trend towards sustainable investment solutions holds out opportunities for further growth – opportunities that Asset Management is well placed to grasp as ESG criteria are fully integrated into its investment policy. Its client product offering has been expanded in the past six months to include its Global Impact Pool and Private Markets Fund. These products have so far pulled in €50 million and €27 million, respectively, with AuM deriving from both institutional and Private Banking clients. A joint development with Private Banking, the Private Markets Fund is a fine example of synergies within Van Lanschot Kempen.

Kempen Merchant Banking: strong first half on high transaction volume

Merchant Banking had a strong half. After multiple successful transactions in the first three months, its teams continued their high-paced activity, both within and outside Europe. Capital market transactions by Xior Student Housing (Netherlands and Belgium) and Vonovia (Germany) were facilitated by its Real Estate team, which also advised Unibail Rodamco (France) on its public bid for Westfield (United States). The Life Sciences team was involved in capital market transactions by Mithra (Belgium) and Celyad (Belgium) in the United States, while Financial Institutions & FinTech advised on the Unified Post financing transaction (Belgium).

The impact of MiFID II has been relatively limited to date thanks to Merchant Banking's expertise and niche focus. Total commission income grew to €30.9 million (H1 2017: €22.3 million) and its underlying net result more than doubled to €8.0 million (H1 2017: €3.4 million). In July, Kempen Merchant Banking was licensed to act as an underwriter in equity issues on US markets, opening up opportunities to help its corporate clients tap capital in the United States, which life sciences clients in particular regularly do.

Other activities

Unlike the first six months of 2017, no significant revenues were generated by sales from the private equity portfolio, cutting income from securities and associates by €13.0 million to €16.6 million. The second half should see the sale of part of the minority stake in Ploeger Oxbo, which is expected to bring in around €10 million. The private equity portfolio also includes a few non-strategic investments[ii] and the aim is to wind these down over time. As announced previously, Van Lanschot Kempen is currently exploring the possibility of selling off its participating interest in Medsen (AIO II BV).

Persistently low interest rates squeezed interest results further in the first half of the year and options to cushion the impact became more limited. In addition, the strategic run-off of the Corporate Banking portfolio also helped take interest income down to €90.0 million (H1 2017: €103.6 million). In line with expectations, this portfolio has now shrunk to €0.7 billion (year-end 2017: €0.9 billion) and its risk-weighted assets have fallen to €0.6 billion (year-end 2017: €0.7 billion).

Acquisition and higher project and consultancy fees push up costs

Costs rose to €209.3 million compared with €194.0 million last year, in the wake of the acquisition of UBS's wealth management activities in the Netherlands, increased social security costs reflecting a higher contribution to the Dutch government's sector fund, and higher staff costs. Another key factor was the increase in organisational projects and higher consultancy fees related to the implementation of the wealth management strategy.

The efficiency ratio’s rise to 81.1% was driven both by these higher costs and by lower income caused by persistently low interest rates. Across full-year 2018, the greater proportion of costs are expected to be recorded in the first six months of the year.

Robust capital position and proposed return of capital of €1.50 per share

The capital base has strengthened further in the past six months, as shown by the sharp increase in the CET1 ratio, from 20.3% to 21.4% - well above the CET1 SREP requirement of 13.0%. The total capital ratio stood at 23.3% (year-end 2017: 22.1%).

The robust capital position enables Van Lanschot Kempen to propose a special capital return to shareholders of €1.50 per share (a total payment of over €60 million). Its aim is to return at least €250 million to shareholders in the period up to and including 2020. If approved, this payment will take the total capital returned to €210 million.

The return of capital will be charged to the share premium reserve available for distribution and will be exempt from dividend tax in the Netherlands. Total share capital in issue will be unchanged and the CET1 ratio target will remain at 15-17%. The proposal will be put to a vote at the Extraordinary General Meeting on 5 October 2018. The convocation, including the agenda will be available on the website as of 24 August 2018.

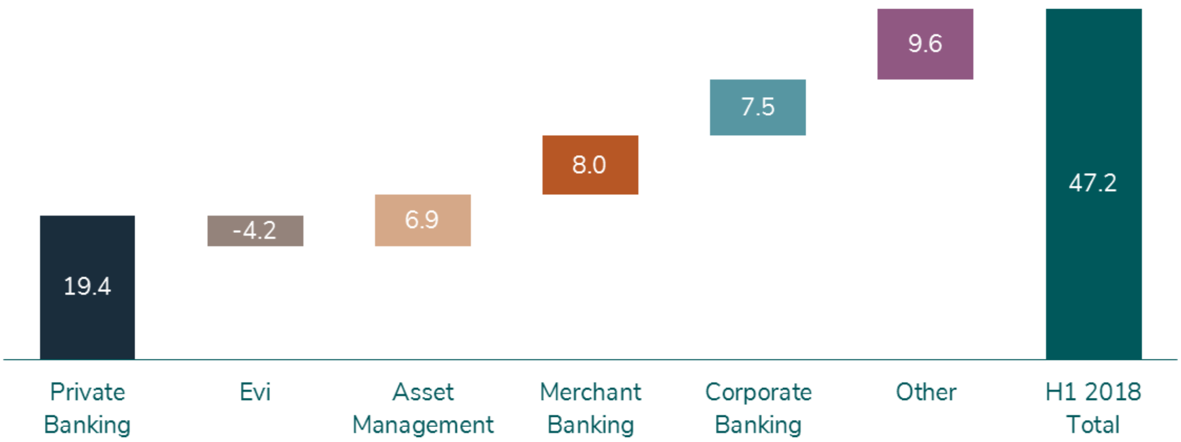
Segment information

Private Banking, Evi, Asset Management and Merchant Banking together generated 86% of total income, with Van Lanschot Kempen's core activities accounting for 99% of commission income (the same as in H1 2017) and 80% of interest income (H1 2017: 83%).

Income from operating activities by segment
€ m

All operating activities made a positive contribution to the net result, with the exception of Evi. The underlying net result for H1 2018 is the net result adjusted for costs associated with the strategic investment programme (€10.5 million gross).

Underlying net result by segment
€ m



Key data[iii]

x € m	H1 2018	H2 2017		H1 2017	
Statement of income					
Net result	39.3	32.7	20%	62.3	-37%
Underlying net result	47.2	42.7	10%	69.6	-32%
Efficiency ratio excluding special items (%)[iv]	81.1	81.8		71.1	

x € bn	30/06/2018	31/12/2017		30/06/2017	
Client assets[v]	83.7	83.6	0%	72.0	16%
- Assets under management	69.1	69.0	0%	57.1	21%
- Assets under monitoring & guidance	3.4	3.5	-2%	3.0	13%
- Assets under administration	1.9	2.0	-6%	2.5	-25%
- Savings and deposits	9.3	9.1	1%	9.4	-1%

x € m	30/06/2018	31/12/2017		30/06/2017	
Statement of financial position and capital management					
Equity attributable to shareholders	1,284	1,333	-4%	1,350	-5%
Equity attributable to non-controlling interests	11	16	-31%	15	-26%
Savings and deposits	9,281	9,145	1%	9,387	-1%
Loans and advances to clients	8,958	9,103	-2%	9,470	-5%
Total assets	14,512	14,659	-1%	14,952	-3%
Funding ratio (%)	103.6	100.5		99.1	
Risk-weighted assets	4,798	4,979	-4%	5,359	-10%
Common Equity Tier 1 ratio (fully loaded) (%)[vi]	21.4	20.3		19.6	
Tier 1 ratio (fully loaded) (%)[vi]	21.4	20.3		19.7	
Total capital ratio (fully loaded) (%)[vi]	23.3	22.1		20.6	

	H1 2018	H2 2017		H1 2017	
Other key data					
Weighted average outstanding ordinary shares (x 1,000)	41,240	40,960		40,976	
Underlying earnings per share (€)	1.07	0.98	9%	1.63	-34%
Return on average Common Equity Tier 1 capital (%)[vii]	8.7	7.8		12.5	
Number of staff (FTEs at period end)	1,640	1,658	-1%	1,647	0%

x € m	H1 2018	H2 2017		H1 2017	
Commission income	149.9	134.7	11%	132.3	13%
- Of which securities commissions	*120.9*	*118.3*	*2%*	*112.3*	8%
- Of which other commissions	*29.0*	*16.4*	*77%*	*19.9*	45%
Interest	90.0	93.0	-3%	103.6	-13%
Income from securities and associates	16.6	7.4		29.7	-44%
Result on financial transactions	1.7	6.9	-76%	7.2	-77%
Income from operating activities	**258.2**	**242.0**	**7%**	**272.7**	-5%
Staff costs	125.2	120.7	4%	115.4	9%
Other administrative expenses	80.6	74.9	8%	75.3	7%
Depreciation and amortisation	3.5	2.4	41%	3.3	4%
Operating expenses	**209.3**	**198.0**	**6%**	**194.0**	8%
Gross result	**48.9**	**44.0**	**11%**	**78.7**	-38%
Addition to loan loss provision	-3.5	-9.9	-65%	-1.9	82%
Other impairments	-1.1	-3.0		0.5	
Impairments	**-4.6**	**-13.0**	**-65%**	**-1.5**	
Operating profit of non-strategic investments before tax	8.8	5.6	58%	7.0	26%
Operating profit before special items and tax	**62.3**	**62.6**	**0%**	**87.2**	-29%
Strategic investment programme	10.5	11.7	-10%	9.7	8%
Derivatives recovery framework	0.0	1.7		0.0	
Amortisation of intangible assets arising from acquisitions	4.2	3.4	26%	2.7	56%
Operating profit before tax	**47.6**	**45.8**	**4%**	**74.7**	-36%
Income tax	8.3	13.1	-37%	12.4	-34%
Net result	**39.3**	**32.7**	**20%**	**62.3**	-37%
Underlying net result	**47.2**	**42.7**	**10%**	**69.6**	-32%

Underlying net result

x € m	H1 2018	H2 2017		H1 2017	
Net result	**39.3**	**32.7**	**20%**	**62.3**	-37%
Strategic investment programme	10.5	11.7	-10%	9.7	8%
Derivatives recovery framework	-	1.7		-	
Tax effects	-2.6	-3.4	-22%	-2.4	8%
Underlying net result	**47.2**	**42.7**	**10%**	**69.6**	-32%

FINANCIAL REPORT / PRESENTATION / WEBCAST

For a detailed discussion of Van Lanschot Kempen's results and balance sheet, please refer to our financial report and presentation on the 2018 half-year results at www.vanlanschotkempen.com/results.

In a conference call for analysts on 22 August at 9.00 am CET, we will discuss our 2018 half-year figures in greater detail. This may be viewed live at the webpage mentioned above and played back at any later date.

ADDITIONAL INFORMATION

For additional information, go to www.vanlanschotkempen.com/financial

FINANCIAL CALENDAR

5 October 2018	Extraordinary General Meeting
2 November 2018	Publication of 2018 Q3 trading update
21 February 2019	Publication of 2018 annual results

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About Van Lanschot Kempen

Van Lanschot Kempen, a wealth manager operating under the Van Lanschot, Evi and Kempen brand names, is active in Private Banking, Asset Management and Merchant Banking, with the aim of preserving and creating wealth for its clients. Van Lanschot Kempen, listed at Euronext Amsterdam, is the Netherlands' oldest independent financial services company with a history dating back to 1737.

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[i] Fully loaded, excluding retained earnings.

[ii] Results from non-strategic investments are recognised under Operating profit of non-strategic investments before tax.

[iii] This press release uses unrounded figures and total amounts may deviate from the sum of the parts. Percentage changes are based on these unrounded figures.

[iv] Operating expenses (and thus the efficiency ratio) exclude costs incurred for our strategic investment programme, the amortisation of intangible assets arising from acquisitions, and a one-off charge for the derivatives recovery framework.

[v] As of 01/01/2018, €0.2 billion of AuM has been transferred to AuA. The comparative figures for 31/12/2017 have been adjusted accordingly.

[vi] Full-year 2017 including retained earnings; half-year 2017 and half-year 2018 excluding retained earnings.

[vii] Based on the (annualised) underlying net result.