Performance report 2023 half-year results

Van Lanschot Kempen NV

Notes to the reader

Managerial reporting

Diverging from their recognition in our (IFRS) financial statements, non-strategic investments, amortisation of intangible assets arising from acquisitions, expenses related to the accounting treatment of Mercier Vanderlinden, the provision for revolving consumer credit, restructuring charges and other incidental items are shown separately.

Unrounded figures

Amounts in the performance report may not add up due to being rounded up or down. The total amounts may therefore deviate from the sum of the parts. Percentage changes are based on the unrounded figures.

Changes to comparative figures

Some amounts differ from previously published reports; in these cases, explanations are given in the footnotes.

Contents

Financial and non-financial KPIs

2022-23 key performance indicators (KPIs)

To monitor whether we are on track to deliver on our ambitions and create long-term value, we set financial and non-financial KPIs and targets. These are based on industry trends and developments, stakeholder expectations, client needs and strategic relevance.

Our KPIs are focused on value creation, both financial and non-financial. The table below shows our targets and performance on these KPIs in the first half of 2023 and for full 2022.

Value creation themes	KPIs	Targets	Performance H1 2023	Performance FY 2022
Financial capital	1. CET 1 ratio	15%	21.6%	20.6%
	2. Return on equity (CET 1)	12%	11.4%	12.3%
	3. Efficiency ratio	70%	74.5%	73.1%
Manufactured capital	4. Three-year relative performance of our managed propositions	> benchmark	0.3%	0.2%
Human and intellectual capital	5. Employer Net Promoter Score (eNPS)	>10	22	18
	6. Employee engagement score	> 80%	88%	88%
	7. Percentage of employees who believe they have the opportunity for personal development and growth	≥ last pulse/EES (if below benchmark) ≥ benchmark (76%)	81%	81%
	8. Gender balance among senior staff	> 30% female > 30% male	18.4% female 81.6% male	17.9% female 82.1% male
	9. Gender pay gap	< 2.0%	3.0%	2.7%
	10. Staff turnover	5-10%	6.4%	6.4%
	11. Absenteeism	< industry average (3.2%)	2.8%	2.8%
Natural capital	12. Sustainability rating of all Van Lanschot Kempen funds by Morningstar	≥ 3.5	3.6	3.6
	13. Decrease in carbon emissions			
	a. Direct emissions via our own organisation	-7.0% per FTE yoy (from basis year 2019), target 2023: ≤1.80 ton CO2e per FTE	1.43 tonne CO2e per FTE (annualised) (-41% compared with 2019)	1.45 tonne CO2e per FTE (-40% compared with 2019)
	b. Alignment of our solutions with Paris Agreement:			
	i. Van Lanschot Kempen funds and discretionary management solutions	80% of funds comply with 7% average annual emission intensity reduction	88%	88%
	ii. Fiduciary management (FM) solutions	> 50% of FM clients have Paris Agreement-aligned goals	74%	59%
	c. Indirect emissions via our assets under management (AuM)	Coverage grows to 55-60% of CO2e emissions by end 2023	n/a	56%
	d. Indirect emissions via our mortgage portfolio	CO2e/€ < last year	-5.0%	8.7%
	14. Investment Strategies & Solutions sustainability ambition			
	a. Percentage of AuM invested in sustainable and/or impact wealth management solutions	+ 5% per year	22.0%	20.6%
	b. Percentage of assets under management in internal and external funds/mandates on the approved list that meet the basic sustainability criteria	> last year	96%	95%
	c. Van Lanschot Kempen listed funds engage with companies representing >50% of carbon footprint of the fund	Engaged with companies representing >50% of carbon footprint out of total portfolio	8/53	54/55 (divested from remaining one)

KPI more than achieved

KPI achieved

KPI almost achieved

KPI not achieved

KPI far from achieved

Value creation themes	KPIs	Targets		Performance H1 2023	Performance FY 2022
Social capital	15. Net Promoter Score (NPS):				
	a. Private Clients	20		25	36
	b. Wholesale & Institutional Clients	20		n/a	n/a
	c. Evi	10		0	-1
	16. Investment Banking Clients: number of fee-generating transactions with repeat corporate finance clients (five-year period)	50-60%		78%	78%
	17. Number of interactions by Securities with institutional investors	130 (2020 = 100)		149	103
	18. Average Morningstar medallist rating[1]	≥ last year		4 Silver, 7 Bronze and 6 Neutral	n/a
	19. Engagements for change on social and governance issues for which at least one milestone has been reached in the past year	10-15 engagements		10	30
	20. Percentage of employees who believe they have a responsibility to behave ethically	≥ last pulse/EES (if below benchmark) ≥ benchmark (86%)		89%	90%
	21. Percentage of employees who believe the company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication	≥ last pulse/EES (if below benchmark) ≥ benchmark (80%)		82%	85%
	22. Products and services are subject to strict approval and review procedures, including relevant assessments by Compliance	Yes		Yes	Yes

KPI more than achieved   KPI achieved   KPI almost achieved   KPI not achieved   KPI far from achieved

[1] Morningstar analyst ratings have been replaced by the Morningstar medallist rating. The new rating approach in place as of Q2 2023 does not allow comparison with the score for last year.

Financial capital
Financial performance and risk management are key to our organisation, as all direct stakeholders benefit from a solid capital position and sustainable performance. At the end of June 2023, our CET 1 ratio stood at 21.6%, well above our target. For CET 1 developments, please refer to page 18. Our return on CET 1 of 11.4% is just below our target of 12% through-the-cycle. Our efficiency ratio of 74.5% does not meet our target. More information on the efficiency ratio is provided on page 13 of this report.

Manufactured capital
Our wealth management solutions aim to deliver positive performances in the long-term, with our investment strategies performing well against their benchmarks. In H1 2023, the three-year average performance of our managed propositions relative to the benchmark stood at 0.3%. This figure is calculated by comparing the absolute performance of three of our main discretionary solutions over the last three years with their respective benchmarks.

Human and intellectual capital
As a wealth manager, Van Lanschot Kempen depends on hiring and retaining knowledgeable, experienced and professional staff, i.e. our human capital. We are therefore highly motivated to create an attractive work environment for our workforce and to invest in our people. We measure our employee satisfaction via a periodic pulse survey, which includes the employer Net Promoter Score (eNPS) question on whether an employee would recommend their company as a good place to work. The eNPS method is used to measure employee satisfaction and loyalty to our organisation, based on the percentage of employees who are promoters of the organisation, less the percentage of employees who are detractors. The score of 22 well exceeds our target and improved on the 2022 score of 18, with survey responses also showing improvements across every category. In particular, we outperform the financial services standard on questions related to inclusion, trust and collaboration.

We aim for a fully inclusive workforce in the broadest sense. We measure gender balance and aim for at least 30% female and 30% male among our senior staff members. Currently, 81.6% of senior staff members are male and 18.4% are female. In 2022, we defined an action plan to increase the number of women in senior staff positions. While we marked a slight improvement (up from 16.8% in H1 2022), we recognise that progress towards our 30% target is slow. We are also aiming for equal pay and the assessment of equal pay has provided us with useful insights to improve towards our target of +/- 2%. To maintain continuous awareness of our target for senior staff, and to foster commitment to achieving our shared action plan, gender diversity is regularly discussed within our management teams.

Natural capital
We focus on reducing direct emissions via our own organisation and have committed to an annual reduction target for our carbon footprint of 7% per year (compared with base year 2019). With an annualised carbon footprint per FTE of 1.43 tonnes of CO_2e per year in H1 2023, we are well ahead of the target of ≤1.80 tonnes for 2023.

We can achieve the most significant environmental and social impact by investing the wealth of our clients in a sustainable manner. The percentage of our assets under management (AuM) invested in sustainable or impact wealth management solutions stood at 22.0% at the end of June 2023 (rating 4 or 5 on our internal scoring system). We aim to grow this percentage by over 5 percentage points annually. Moreover, in H1 2023 we saw the percentage of our fiduciary management clients that have adopted Paris Agreement-aligned goals grow to 74% (2022: 59%).

In 2023, our aim is to engage with 53 companies representing over 50% of our Van Lanschot Kempen listed funds' carbon footprint. In H1 2023, we undertook eight engagements for change and awareness with our investees (H1 2022: 20 completed engagements on a target of 55). Obviously, we are not on track to meet our target of 53 by the end of this year, and we're working to improve this in the second half of this year. In H1 2023, the percentage of AuM in internal and external funds or mandates that are on our approved list and that meet our sustainability criteria (three out of five or higher on our internal scoring system) stood at 96%. This meets our target (target > last year).

Social capital
The relationship with our clients is one of our most important assets. Client satisfaction is measured, among other means, via the Net Promoter Score (NPS), specifically via the Relationship NPS[2] that indicates the percentage of promoters of the organisation less the percentage of detractors.

In H1 2023, Private Clients' NPS stood at 25, well above our target of 20. Clients indicated that they valued our personal approach combined with sound advice. The Private Clients' NPS of 25 is lower than the exceptionally strong score of 36 at the end of 2022. This lower NPS reflects a number of specific factors, including an increase in the price of investment advice. Evi's NPS stood at 0, which is below our target of 10; this has our continuous attention.

Among our Corporate Finance clients, client centricity is measured via the percentage of successful transactions with repeat Corporate Finance clients. A client is a repeat Corporate Finance client if they have made a successful transaction with us in the past five years. The result on this KPI indicates whether existing clients are doing business with us again and our ability to acquire new clients. In H1 2023, 78% of transactions were with repeat clients, which exceeds our target range of 50-60%.

Client centricity among our Securities clients is measured through the indexed number of interactions with Securities institutional clients compared with base year 2020. The indexed number of interactions during H1 2023 amounted to 149 and is above our target of 130.

We strive to operate in an ethical manner and encourage our employees to behave ethically and with integrity. We monitor whether our employees positively evaluate our culture regarding ethical behaviour and integrity via quarterly employee surveys. Employees are asked to evaluate whether we operate with integrity in both our internal and external dealings, and if they feel they could report dishonest or unethical practices without fear of

[2] Relationship NPS differs from Transactional NPS, which is also commonly used. Transactional NPS measures client satisfaction after a single transaction and typically leads to a higher score than Relationship NPS.

reprisal. We also ask if employees believe our company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication.

The outcomes are benchmarked against other financial services firms (by an external organisation) and were above the industry average at the end of H1 2023, in line with our target.

Financial performance

Key financial data

€ million	H1 2023	H1 2022		H2 2022	
Statement of income					
Net result	51.8	48.2	8%	36.1	44%
Underlying net result	54.7	60.7	-10%	57.1	-4%
Efficiency ratio (%)	74.5	73.7		72.5	

€ billion	30/06/2023	31/12/2022		30/06/2022	
Client assets	**130.8**	**124.2**	**5%**	**118.5**	**10%**
– Assets under management	115.2	107.8	7%	102.8	12%
– Assets under administration	4.5	3.7	22%	3.8	17%
– Savings and deposits	11.2	12.7	-12%	11.9	-6%

€ million	30/06/2023	31/12/2022		30/06/2022	
Statement of financial position and capital management					
Equity attributable to shareholders	1,252	1,281	-2%	1,244	1%
Equity attributable to AT1 capital securities	102	102	0%	102	0%
Savings and deposits	11,188	12,726	-12%	11,933	-6%
Loans and advances to clients	9,259	9,364	-1%	9,094	2%
Total assets	15,466	17,018	-9%	16,702	-7%
Loan-to-deposit ratio (%)	82.8	73.6		76.2	
Total risk exposure amount	4,274	4,272	0%	4,482	-5%
Common Equity Tier 1 ratio (%)[3]	21.6	20.6		20.2	
Tier 1 ratio (%)[3]	23.9	22.9		22.5	
Total capital ratio (%)[3]	27.4	26.4		25.8	
Leverage ratio (%)	6.6	5.7		6.1	
Liquidity coverage ratio (%)	172.2	178.3		173.0	
Net stable funding ratio (%)	147.8	158.1		160.4	

Key figures	H1 2023	H1 2022		H2 2022	
Weighted average of outstanding shares (x 1,000)	41,457	40,793	2%	40,706	2%
Underlying earnings per share (€)	1.24	1.40	-11%	1.32	-6%
Return on average Common Equity Tier 1 capital (annualised) (%)[4]	11.4	12.5		12.0	
Number of staff (FTEs at period end)	1,844	1,713	8%	1,780	4%

Market developments

Despite the economically and geopolitically uncertain outlook, the first half of 2023 was characterised by a resilient economy, higher stock prices and rising interest rates.

Economic performance in the euro zone was moderate. In particular, lower energy prices and large-scale energy support from governments kept growth more or less afloat. Those same energy prices also had a dampening effect on inflation, although it remains high. In particular, core inflation is persistent.

The ECB's response was a further tightening of monetary policy. The deposit rate went from 2.0% at the start of the year to 3.5% at the end of June. Banks responded by gradually raising savings rates. Bond markets were affected too. The Dutch ten-year yield fluctuated in a range between 2.35% and 3.10%.

European equity markets moved sharply higher, following the US market. The main drivers were optimism about new technological developments (AI), lower energy prices, resilient economic growth and investor expectations that inflation will eventually come under control.

In March, volatility in markets rose sharply, sparked by specific problems at a small number of US banks and one European bank. In the end, however, this was limited to a few players and central banks intervened.

[3] 31/12/2022 including retained earnings; 30/06/2022 and 30/06/2023 excluding retained earnings.
[4] Return on average Common Equity Tier 1 capital is calculated based on annualised underlying net result attributable to shareholders.

Financial results

Financial results (€ million)	H1 2023	H1 2022		H2 2022	
Commission	203.7	201.3	1%	206.4	-1%
– Of which securities commissions	*186.5*	*176.7*	*6%*	*173.7*	*7%*
– Of which other commissions	*17.2*	*24.6*	*-30%*	*32.8*	*-48%*
Interest	116.2	69.7	67%	93.0	25%
Income from securities and associates	5.8	6.2	-6%	1.6	
Result on financial transactions	-10.0	15.8		5.5	
Income from operating activities	**315.7**	**293.1**	**8%**	**306.6**	**3%**
Staff costs	155.8	144.3	8%	154.0	1%
Other administrative expenses	71.6	64.2	12%	59.4	21%
– Of which regulatory levies and charges	*10.2*	*11.0*	*-7%*	*1.1*	
Depreciation and amortisation	7.8	7.5	4%	8.8	-11%
Operating expenses	**235.2**	**216.0**	**9%**	**222.2**	**6%**
Gross result	**80.5**	**77.1**	**4%**	**84.4**	**-5%**
Addition to loan loss provisions	-1.9	-7.2	74%	-0.5	
Other impairments	–	1.1		–	
Impairments	**-1.9**	**-6.1**	**70%**	**-0.5**	
Operating profit before tax of non-strategic investments	-0.2	0.1		0.5	
Operating profit before special items and tax	**82.1**	**83.3**	**-1%**	**85.4**	**-4%**
Amortisation of intangible assets arising from acquisitions	7.1	7.6	-7%	7.3	-3%
Expenses related to accounting treatment of Mercier Vanderlinden	0.6	4.9	-89%	24.7	-98%
Provision for revolving consumer credit	–	–		-2.0	
Restructuring charges	3.1	0.3		0.4	
Other one-off items	–	9.9		-3.4	
Operating profit before tax	**71.3**	**60.6**	**18%**	**58.4**	**22%**
Income tax	19.5	12.4	58%	22.3	-13%
Net result	**51.8**	**48.2**	**8%**	**36.1**	**44%**
Underlying net result	**54.7**	**60.7**	**-10%**	**57.1**	**-4%**

Underlying net result (€ million)	H1 2023	H1 2022		H2 2022	
Net result	**51.8**	**48.2**	**8%**	**36.1**	**44%**
Expenses related to accounting treatment of Mercier Vanderlinden	0.6	4.9	-89%	24.7	-98%
Provision for revolving consumer credit	–	–		-2.0	
Restructuring charges	3.1	0.3		0.4	
Other one-off items	–	9.9		-3.4	
Tax effects	-0.8	-2.6	69%	1.3	
Underlying net result	**54.7**	**60.7**	**-10%**	**57.1**	**-4%**

Operating profit before special items and tax by segment

The operating profit before special items and tax for H1 2023 is the gross result adjusted for special items, i.e. expenses relating to the accounting treatment of the partnership with Mercier Vanderlinden and restructuring charges (€2.9 million net effect).

Operating profit before tax by segment (€ million)

Private Clients

The Private Clients segment achieved a strong operating result before tax of €97.1 million (H1 2022: €55.5 million), supported by higher interest and strong commission income.

Wholesale & Institutional Clients

Wholesale & Institutional Clients showed a negative operating result before tax of €1.9 million. Last year, we undertook several initiatives aimed at profitable growth in this segment. These focused on streamlining our organisation, systems and enhancing commercial effectiveness, e.g. through extensive sales training. The first positive results of these efforts are now visible. To further accelerate profitable growth, we are taking additional measures to simplify the organisational structure and to accelerate cost reductions. This includes a planned reduction of over 20 FTEs in the second half of 2023.

Investment Banking Clients

The Investment Banking Clients segment's negative operating result before tax of €4.8 million reflects difficult market conditions, which led to lower commission income. As always, we are adapting our organisation to market conditions, with a strong focus on costs and the composition of the workforce.

Other

The Other operating segment showed a negative operating result before tax of €19.2 million. Results on co-investments in our own funds and participating interests were outweighed by group function costs.

Operating segments in H1 2023 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	144.4	39.3	17.0	3.1	**203.7**
Interest	106.5	0.1	-0.1	9.8	**116.2**
Other income	0.6	0.2	0.3	-5.3	**-4.2**
Total income from operating activities	**251.5**	**39.6**	**17.2**	**7.5**	**315.7**
Staff costs	50.6	5.0	11.4	88.8	**155.8**
Other administrative expenses	32.7	5.4	4.6	29.0	**71.6**
Allocated expenses	64.3	30.7	5.8	-100.8	**–**
Depreciation and amortisation	0.6	0.0	0.1	7.0	**7.8**
Total expenses	**148.1**	**41.1**	**21.9**	**24.1**	**235.2**
Operating result before tax	**103.4**	**-1.5**	**-4.8**	**-16.6**	**80.5**
Impairments	-2.6	0.0	–	0.7	**-1.9**
Operating result before tax of non-strategic investments	–	–	–	-0.2	**-0.2**
Operating result before special items and tax	**105.9**	**-1.5**	**-4.8**	**-17.5**	**82.1**
Amortisation of intangible assets arising from acquisitions	6.5	0.2	–	0.4	**7.1**
Expenses related to accounting treatment of Mercier Vanderlinden	0.6	–	–	–	**0.6**
Restructuring charges	1.8	0.1	–	1.3	**3.1**
Operating result before tax	**97.1**	**-1.9**	**-4.8**	**-19.2**	**71.3**
Underlying result before tax	**99.5**	**-1.7**	**-4.8**	**-17.9**	**75.0**

Operating segments in H1 2022 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	137.0	38.3	24.3	1.7	**201.3**
Interest	68.1	0.0	0.0	1.6	**69.7**
Other income	1.5	-0.1	-1.8	22.4	**22.0**
Total income from operating activities	**206.7**	**38.2**	**22.5**	**25.7**	**293.1**
Staff costs	44.8	5.1	11.7	82.7	**144.3**
Other administrative expenses	30.6	4.4	4.3	24.9	**64.2**
Allocated internal expenses	59.8	27.7	5.1	-92.6	**–**
Depreciation and amortisation	0.7	0.0	0.1	6.7	**7.5**
Total expenses	**135.9**	**37.2**	**21.2**	**21.7**	**216.0**
Operating result before tax	**70.9**	**1.0**	**1.3**	**4.0**	**77.1**
Impairments	-6.6	–	–	0.4	**-6.1**
Operating result before tax of non-strategic investments	–	–	–	0.1	**0.1**
Operating result before special items and tax	**77.4**	**1.0**	**1.3**	**3.6**	**83.3**
Amortisation of intangible assets arising from acquisitions	6.8	0.4	–	0.4	**7.6**
Expenses related to accounting treatment of Mercier Vanderlinden	4.9	–	–	–	**4.9**
Restructuring charges	0.3	–	–	–	**0.3**
Other incidental items	9.9	–	–	–	**9.9**
Operating result before tax	**55.5**	**0.6**	**1.3**	**3.2**	**60.6**
Underlying result before tax	**70.6**	**0.6**	**1.3**	**3.2**	**75.7**

Commission

Commission (€ million)	H1 2023	H1 2022		H2 2022	
Securities commissions	186.5	176.7	6%	173.7	7%
- Management fees	*174.2*	*165.9*	*5%*	*165.4*	*5%*
- Transaction fees	*12.3*	*10.8*	*14%*	*8.2*	*49%*
Other commissions	17.2	24.6	-30%	32.8	-48%
Commission	**203.7**	**201.3**	**1%**	**206.4**	**-1%**

Commission income grew by 1% compared with H1 2022 to €203.7 million and accounted for 65% of our total operating income. Management fees increased by 5%, reflecting significant growth in AuM (+€12.4 billion relative to 30 June 2022). This was a result of net inflows and positive market performance in both our Private Clients and Wholesale & Institutional Clients segments. Other commissions decreased, mainly as a result of less M&A and equity capital markets (ECM) activity in our Investment Banking Clients segment.

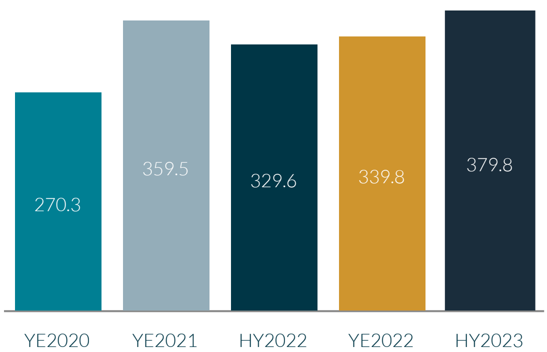
Private Clients' total commission income came in at €144.4 million. Its margin on AuM increased to 65 basis points in H1 2023 (H1 2022: 62 basis points), mainly driven by fee increases.

Wholesale & Institutional Clients brought in commission income of €39.3 million. Average margins remained stable at 12 basis points (H1 2022: 12 basis points).

Investment Banking Clients' commission income amounted to €17.0 million, a decrease compared with H1 2022 (€24.3 million) due to a challenging market in which we are seeing less M&A and ECM activity.

Annualised recurring securities commission income increased by 12% compared with year-end 2022 as a result of the growth in AuM, as well as higher margins at Private Clients. Annualised recurring securities commission is determined by multiplying the AuM on the reporting date by the management fee per client to arrive at the expected annualised management fee, assuming that AuM remains unchanged. The expected annual transaction fees related to these client portfolios are added to this number.

Annualised recurring securities commission income (€ million)



Interest

Interest (€ million)	H1 2023	H1 2022		H2 2022	
Clean interest margin	113.3	67.1	69%	92.1	23%
Loan commission	1.0	0.8	23%	0.9	10%
Prepayment penalty	3.0	4.0	-25%	1.8	71%
Miscellaneous interest income and charges	-1.1	-2.3	53%	-1.8	-40%
Interest	**116.2**	**69.7**	**67%**	**93.0**	**25%**

The first half of 2023 saw a further increase in key interest rates in the eurozone, a development which started in H2 2022. Our net interest income benefited, with H1 2023 interest income rising to €116.2 million, 67% up on the €69.7 million realised in H1 2022.

The increase was mainly driven by improved margins on savings and deposits. The European Central Bank raised the deposit rate from 2% in December 2022 to 3.5% in June 2023, compared with negative rates in H1 2022. Interest rates on client deposits gradually increased throughout H1 2023, but lagged the pace of the ECB's rate hikes. Given our asset and liability mix and duration, this resulted in higher interest income. For private clients who invest with us, we offer a wealth management arrangement which enables them to hold savings at a more favourable interest rate.

In comparison with H1 2022, the interest margin (12-month moving average) improved by 37 basis points to an average of 125 basis points. The clean interest margin rose by 39 basis points compared with its level at the end of H1 2022, to 125 basis points at the end of H1 2023. In the second quarter, savings rates for private banking clients continued to increase, causing interest margins to decline slightly in the final months of H1 2023.

Income from securities and associates

Income from securities and associates (€ million)	H1 2023	H1 2022		H2 2022	
Dividend	0.5	1.8	-71%	2.5	-79%
Realised capital gains	0.0	7.2	-100%	0.0	
Valuation gains and losses	5.3	-2.8		-0.9	
Income from securities and associates	**5.8**	**6.2**	**-6%**	**1.6**	

Income from, and book value of, securities and associates (€ million)	Income H1 2023	Income H1 2022	Book value 30 June 2023	Book value 31 December 2022
Van Lanschot Participaties (minority interests)	2.3	12.2	43.8	47.8
Bolster Investment Coöperatief UA	2.2	2.5	69.3	63.1
Co-investments in own funds	1.3	-8.5	116.7	123.3
Other equity investments	0.0	0.0	1.9	2.0
Total from securities and associates	**5.8**	**6.2**	**231.7**	**236.2**

Income from securities and associates relates to investments of our equity investment company Van Lanschot Participaties and our investment in Bolster Investments Coöperatief UA. We also take positions in our own investment funds, as this allows us to provide seed capital and align our own interests with those of our clients.

Dividend income declined to €0.5 million, from €1.8 million in H1 2022. We had no realised capital gains in H1 2023. In H1 2022, a participating interest owned by private equity fund Newion II – in which we invest – was sold. This resulted in a book profit of €7.4 million.

Valuation gains and losses rose to €5.3 million in H1 2023. This reflects the positive results of our participating interests and co-investments.

The total result of co-investments in own investment funds worked out at a negative €0.5 million (H1 2022: €1.7 million), consisting of €1.3 million on our own investment funds and -€1.8 million on hedges. The result on hedges is reported under result on financial transactions.

Result on financial transactions

Result on financial transactions (€ million)	H1 2023	H1 2022		H2 2022	
Result on securities trading	0.3	-1.0		0.8	-67%
Result on currency trading	4.2	4.1	1%	6.9	-39%
Result on investment portfolio	-1.5	-0.1		-3.1	51%
Result on hedges	-2.9	12.0		2.1	
Other income	-10.1	0.8		-1.3	
Result on financial transactions	**-10.0**	**15.8**		**5.5**	

Result on securities trading increased to €0.3 million and reflects the trading book's positive performance. Trading activities mainly involve providing liquidity to clients.

Result on hedges decreased to -€2.9 million, mainly due to futures that are used to hedge co-investments in own funds, which recorded a result of -€1.8 million (H1 2022: €10.1 million), as mentioned under income from securities and associates. Result on hedges related to structured products activities increased to -€0.1 million (H1 2022: -€2.6 million). In addition, a €1.6.million negative result is due to hedge accounting ineffectiveness (H1 2022: €5.1 million).

Total income on structured products activities came in at €2.0 million (H1 2022: -€1.7 million), including commission income.

Other income consists almost exclusively of medium-term notes (MTNs) and stood at -€10.1 million (H1 2022: €0.8 million). The decrease was mainly due to rising interest rates on these medium-term notes. MTNs are part of our regular funding; however, interest expenses are not recognised as interest income but as result on financial transactions. Interest income resulting from MTN-generated funding is recognised as interest income and not as result on financial transactions.

Operating expenses

Operating expenses (€ million)	H1 2023	H1 2022		H2 2022	
Staff costs	155.8	144.3	8%	154.0	1%
Other administrative expenses	71.6	64.2	12%	59.4	21%
- Of which regulatory levies and charges	*10.2*	*11.0*	*-7%*	*1.1*	
Depreciation and amortisation	7.8	7.5	4%	8.8	-11%
Operating expenses	**235.2**	**216.0**	**9%**	**222.2**	**6%**

Total operating expenses were up 9% to €235.2 million (H1 2022: €216.0 million), mainly driven by an increase in staff costs.

Staff costs

Staff costs increased by €11.5 million in H1 2023. The number of staff grew to 1,844 FTEs (end of June 2022: 1,713 FTEs; end of December 2022: 1,780 FTEs). As from January 2023, a general increase in fixed salaries of 4.4% was granted to all employees with a regular contract, and from July 2023 salaries increased by an additional 1.0%.

Other administrative expenses

Other administrative expenses increased to €71.6 million, 12% above the figure for H1 2022 (€64.2 million), as a result of continuous investment in our commercial activities and high inflation. Accommodation expenses rose by €2.6 million, driven by rising energy costs.

Efficiency ratio

The efficiency ratio – i.e. the ratio of operating expenses to income from operating activities – stood at 74.5% in H1 2023 (73.7% in H1 2022). Despite the strong result in our Private Clients segment, Wholesale & Institutional Clients and Investment Banking Clients did not show positive contributions to the efficiency ratio. For Wholesale and Institutional Clients, plans are in place to improve profitability. For our Investment Banking Clients, we are adapting our organisation to market conditions, with a strong focus on costs and the composition of the workforce.

Impairments

Impairments (€ million)	H1 2023	H1 2022		H2 2022	
Addition to loan loss provision	-1.9	-7.2	74%	-0.5	
Other impairments	—	1.1		—	
Impairments	**-1.9**	**-6.1**	**70%**	**-0.5**	

Addition to loan loss provisions

In H1 2023, €1.9 million was released from loan loss provisions. This was mainly due to a reassessment of credit risk of our Belgian Lombard loans, which led to a release from provisions of €1.7 million. There was also a small release from loan loss provisions, reflecting the solid quality of our loan portfolio, especially considering current economic circumstances. The current management overlay – adjustments in the stage classification of some clients – amounts to €4.3 million (year-end 2022: €5.2 million), based on a calculation through which macroeconomic sensitivities and scenarios were applied at client level. This management overlay aims to reflect economic circumstances and uncertainties, which are not or not fully captured by the models.

In H1 2023, the annualised release to loan loss provisions relative to average total risk exposure amount (TREA) worked out at 9 basis points (H1 2022: 34 basis points).

Other impairments

We had no other impairments in H1 2023; in H1 2022, we incurred an impairment on one of our office buildings (€1.1million).

Non-strategic investments

We currently have a majority stake in one non-strategic financial investment, Allshare. The operating result (before tax) from this non-strategic investment amounted to a negative €0.2 million in H1 2023.

Special items

Special items (€ million)	H1 2023	H1 2022		H2 2022	
Amortisation of intangible assets arising from acquisitions	7.1	7.6	-7%	7.3	-3%
Expenses related to accounting treatment of Mercier Vanderlinden	0.6	4.9	-89%	24.7	-98%
Provision for revolving consumer credit	–	–		-2.0	
Restructuring charges	3.1	0.3		0.4	
Other one-off items	–	9.9		-3.4	
Special Items	**10.8**	**22.8**	**-53%**	**27.0**	**-60%**

We recognised several special items in H1 2023, totalling €10.8 million (H1 2022: €22.8 million).

The amortisation of intangible assets arising from acquisitions decreased to €7.1 million in H1 2023 (H1 2022: €7.6 million).

At the end of 2022, we agreed to accelerate the acquisition of the remaining 30% stake in Mercier Vanderlinden. As a result, the expenses related to the accounting treatment of Mercier Vanderlinden fell to €0.6 million in H1 2023 (H1 2022: €4.9 million).

We recognised €3.1 million in special items in H1 2023 for restructuring charges. This includes integration costs relating to the acquisition of Robeco's online investment platform (€1.8 million) and redundancy costs related to improving profitability at Wholesale and Institutional Clients (€1.3 million).

Income tax

Income tax for H1 2023 amounted to €19.5 million (H1 2022: €12.4 million), implying an effective tax rate of 27.3% compared with 20.4% in H1 2022.

Our effective tax rate is higher than the general Dutch tax rate of 25.8%, mainly due to non-deductible items. In H1 2022, our effective tax rate was lower than the general Dutch tax rate, as income from our private equity portfolio was subject to equity exemption rules.

Earnings per share

Earnings per share (€ million)	H1 2023	H1 2022		H2 2022	
Net result	**51.8**	**48.2**	8%	**36.1**	44%
Share of non-controlling interests	-0.0	-0.1	36%	-0.1	31%
Share of holders AT1 capital securities	-3.4	-3.4	0%	-3.4	0%
Net result for calculation of earnings per ordinary share	**48.4**	**44.8**	8%	**32.6**	**48%**
Earnings per ordinary share (€)	**1.17**	**1.10**	6%	**0.80**	**46%**
Underlying net result for calculation of earnings per ordinary share	**51.3**	**57.3**	-10%	**53.6**	**-4%**
Underlying earnings per ordinary share (€)	**1.24**	**1.40**	-11%	**1.32**	**-6%**
Weighted number of outstanding ordinary shares (x 1,000)	41,457	40,793		40,706	

Share of holders of AT1 capital securities relates to the coupon of the €100 million Additional Tier 1 bond we issued in March 2019. These securities count as Tier 1 qualifying capital when determining capital adequacy.

Client assets

Client assets (€ billion)	30/06/2023	31/12/2022		30/06/2022	
Client assets	**130.8**	**124.2**	**5%**	**118.5**	**10%**
Assets under management	115.2	107.8	7%	102.8	12%
Savings and deposits	11.2	12.7	-12%	11.9	-6%
Assets under administration	4.5	3.7	22%	3.8	17%
Client assets	**130.8**	**124.2**	**5%**	**118.5**	**10%**
Private Clients	58.9	55.1	7%	54.2	9%
Wholesale & Institutional Clients	70.2	67.4	4%	62.7	12%
Other	1.7	1.7	0%	1.6	7%

Client assets (€ billion)	Private Clients	Wholesale & Institutional Clients	Other	Total
Client assets at 31/12/2022	**55.1**	**67.4**	**1.7**	**124.2**
Assets under management in/outflow	2.2	1.0	0.0	3.2
Savings and deposits in/outflow	-1.7	0.0	0.1	-1.5
Market performance of assets under management	2.6	1.5	0.0	4.1
Change in assets under administration	0.7	0.2	-0.1	0.8
Client assets at 30/06/2023	**58.9**	**70.2**	**1.7**	**130.8**

Private Clients

Client assets at Private Clients increased by 7% in H1 2023 to €58.9 billion as a result of strong net AuM inflow of €2.2 billion, achieved in the Netherlands, Belgium and Switzerland. In addition, market performance was positive, adding €2.6 billion.

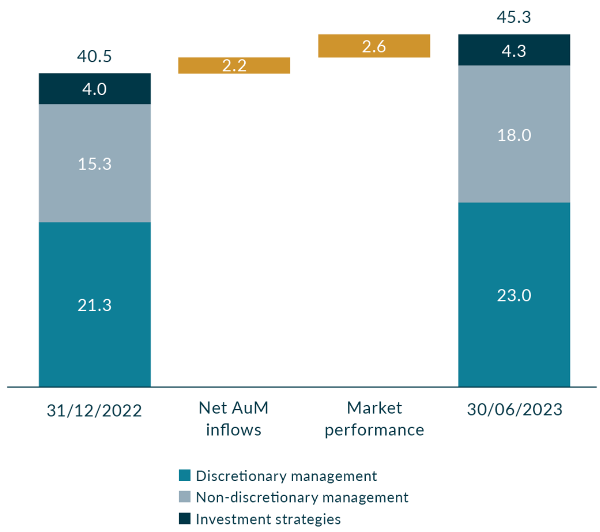
At the end of H1 2023, assets under discretionary management made up 51% of total AuM, non-discretionary management amounted to 40% and the positions of our private clients invested in our investment strategies added up to 10% of total AuM.

In Belgium, we achieved a net inflow of €0.3 billion and €0.8 billion in market performance in the first six months. Total AuM amounted to €10.3 billion (2022: €9.2 billion).

Our Evi proposition is part of the Private Clients segment. In H1 2023, AuM at Evi increased by 8% to €1.4 billion (2022: €1.3 billion) as a result of positive market performance combined with minor net inflows.

Encouraged by the positive stock market and rising capital markets rates, clients converted a proportion of their savings into investments, causing savings to decrease by €1.7 billion.

AuM at Private Clients (€ billion)



Wholesale & Institutional Clients

AuM at Wholesale & Institutional Clients increased to €69.8 billion due to net inflow (€1.0 billion) within fiduciary management and Alternative Investment Solutions (AIS). In addition, AuM was boosted by a positive market performance of €1.5 billion.

Investment strategies saw a net outflow of €0.1 billion, offset by positive market performance of €0.4 billion. The net outflow was driven by small caps, and was only partly offset by inflow in real assets and credits.

Fiduciary mandates showed a net inflow of €0.7 billion, mainly from existing clients and a positive market performance of €1.3 billion. In the UK, AuM increased slightly to €4.9 billion (2022: €4.8 billion) due to a positive market performance.

As of this year, Asset Class Solutions has been renamed to Alternative Investment Solutions (AIS), and with this change Private Markets, Farmland and Private Equity shifted from investment strategies to AIS. AIS involves the advice and selection of a wide range of illiquid asset classes for clients.

AIS showed a net inflow of €0.4 billion, mainly from non-listed real estate and direct lending, and a negative market performance of €0.1 billion. Total AIS AuM amounted to €3.0 billion at 30 June 2023 (2022: €2.8 billion).

Total client assets at Wholesale & Institutional Clients stood at €70.2 billion at the end of H1 2023 (2022: €67.4 billion).

AuM Wholesale & Institutional Clients[5]
(€ billion)

[5] At the beginning of 2023, as a reclassification, €0.4 billion was moved from investment strategies to Alternative Investment Solutions and €0.4 billion was moved from fiduciary management to Alternative Investment Solutions. Comparative figures as at 31 December 2022 have been adjusted accordingly.

Statement of financial position

Statement of financial position and capital management (€ million)	30/06/2023	31/12/2022		30/06/2022	
Equity attributable to shareholders	1,252	1,281	-2%	1,244	1%
Equity attributable to AT1 capital securities	102	102	0%	102	0%
Savings and deposits	11,188	12,726	-12%	11,933	-6%
Loans and advances to clients	9,259	9,364	-1%	9,094	2%
Total assets	15,466	17,018	-9%	16,702	-7%
Loan-to-deposit ratio (%)	82.8	73.6	12%	76.2	9%

Loan portfolio

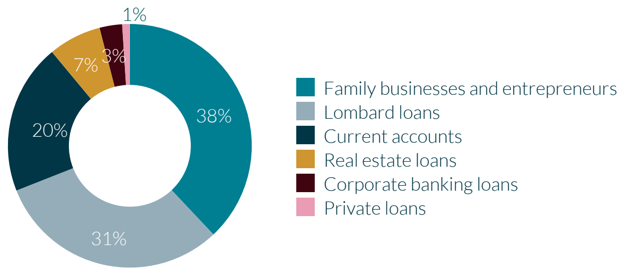
Loan portfolio (€ million)	30/06/2023	31/12/2022		30/06/2022	
Mortgages	6,314	6,341	0%	6,365	-1%
Other loans	2,311	2,371	-3%	2,376	-3%
Loan portfolio	**8,625**	**8,712**	**-1%**	**8,741**	**-1%**
Mortgages distributed by third parties	361	373	-3%	394	-9%
Other loans covered by residential real estate	311	320	-3%	—	—%
Total	**9,297**	**9,404**	**-1%**	**9,136**	**2%**
Impairments	-38	-40	-6%	-41	-8%
Total loan portfolio	**9,259**	**9,364**	**-1%**	**9,094**	**2%**

Our loan portfolio was down €0.1 billion to €9.3 billion. This portfolio breaks down into Dutch residential mortgages and other loans. Other loans comprise loans to high net-worth individuals as well as healthcare professionals, family businesses and business professionals.

Mortgages
Mortgages remained stable at €6.3 billion (2022: €6.3 billion) and make up 68% of our total loan portfolio. These mortgages are primarily granted to Dutch high net-worth individuals. The weighted average loan-to-value (LTV) ratio is 66%.

Other loans
In H1 2023, other loans decreased to €2.3 billion (2022: €2.4 billion), due to a lower volume of Lombard loans.

Other loans: type of loan
(100% = €2.3 billion)



Mortgages distributed by third parties
The portfolio of mortgages distributed by third parties consists of regular Dutch residential mortgages. It accounts for 4% of our total loan portfolio, with a volume of €361 million (2022: €373 million). No new mortgages are issued in this portfolio.

Other loans covered by residential real estate
In 2022, we invested in a fund managed by Aegon AM (formerly a.s.r. Vermogensbeheer NV). Its purpose is to enable institutional parties to invest in Dutch mortgages. The volume amounted to €311 million (2022: €320 million) and is a dedicated tranche for Van Lanschot Kempen, which consists primarily of Dutch mortgages with a Dutch national mortgage guarantee (NHG).

Impaired loans and provisions
We take provisions for impaired loans in our loan book. These totalled €112 million as of June 2023, a 6% increase compared with 2022 (€106 million) driven by a number of individual clients. The total impaired ratio edged up from 1.1% to 1.2%.

Stage 3 provisions for impaired loans amounted to €27 million, working out at a coverage ratio of 24%. The relatively low coverage ratio is explained by the high quality of the collateral pledged against these loans.

Provision as at 30 June 2023 (€ million)	Loan portfolio	Impaired loans	Provision	Impaired ratio 30/06/2023	Coverage ratio 30/06/2023	Impaired ratio 31/12/2022	Coverage ratio 31/12/2022
Mortgages	6,314	27	2	0.4%	9%	0.4%	6%
Other loans	2,311	85	24	3.7%	29%	3.5%	31%
Loan portfolio	**8,625**	**112**	**27**	**1.3%**	**24%**	**1.2%**	**25%**
Mortgages distributed by third parties	361	0	–	0.0%	–	0.0%	**2%**
Other loans covered by residential real estate	311	0	–	0.0%	–	0.0%	**0%**
Total loan portfolio	**9,297**	**112**	**27**	**1.2%**	**24%**	**1.1%**	**25%**
Provision	-38		–				
Total	**9,259**		**27**				
ECL Stage 1 and 2 (IFRS 9)			11				
Total ECL (IFRS 9)			**38**				

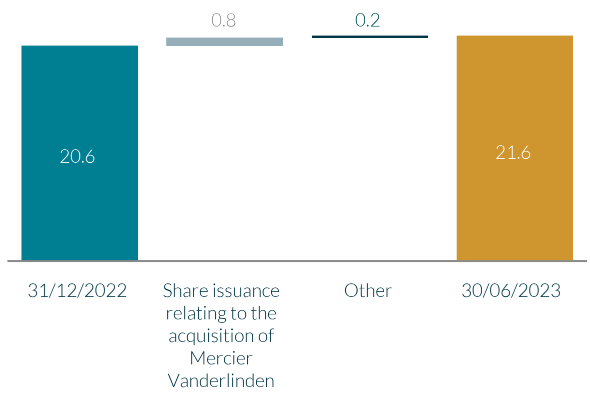
Capital management

Capital and liquidity management (€ million)	30/06/2023	31/12/2022		30/06/2022	
Total risk exposure amount	4,274	4,272	0%	4,482	-5%
Common Equity Tier 1 ratio (%)[6]	21.6	20.6		20.2	
Tier 1 ratio (%)[6]	23.9	22.9		22.5	
Total capital ratio (%)[6]	27.4	26.4		25.8	
Leverage ratio (%)	6.6	5.7		6.1	

The Common Equity Tier 1 (CET 1) ratio increased in H1 2023 to 21.6% (2022: 20.6%). This mainly reflected the increase in capital due to the issuance of new shares in 2023 related to the acquisition of the remaining 30% stake in Mercier Vanderlinden.

The total risk exposure amount (TREA) remained stable at €4.3 billion at 30 June 2023 (year-end 2022: €4.3 billion).

Common Equity Tier 1 ratio (%)



Regulatory capital (€1,000)	30/06/2023	31/12/2022	30/06/2022
Total risk exposure amount	4,273,650	4,272,490	4,482,409
Common Equity Tier 1	922,278	878,505	906,634
Required Common Equity Tier 1	422,147	384,517	377,094
Tier 1	1,022,278	978,505	1,006,634
Required Tier 1	514,298	476,643	465,341
Total capital	1,172,551	1,128,505	1,156,634
Required total capital	637,165	599,477	583,004

[6] 31/12/2022 including retained earnings; 30/06/2022 and 30/06/2023 excluding retained earnings.

SREP

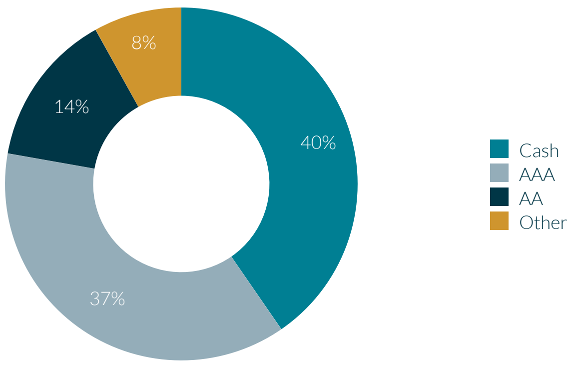
In August 2023, DNB set the new capital requirements that we have to meet. Our CET 1 requirement was set at 7.4%, whereas the total SREP capital requirement stands at 13.1%. Including current combined buffer requirements and Pillar 2 guidance, overall required CET 1 capital amounted to 11.8% of our total risk exposure amount. The table shows that, at 30 June, we met our capital requirements comfortably. In addition, as of 25 May 2023 the countercyclical buffer was increased from 0% to 1% for exposures in the Netherlands. This is a first step towards the intended 2% countercyclical buffer target in a standard risk environment.

SREP and overall capital requirements for 2023 (%)	CET 1	Tier 1	Total capital
Pillar 1	4.5	6.0	8.0
Pillar 2	2.9	3.8	5.1
Total SREP capital requirement	**7.4**	**9.8**	**13.1**
Capital conservation buffer	2.5	2.5	2.5
Countercyclical buffer	0.9	0.9	0.9
Pillar 2 guidance	1.1	1.1	1.1
Overall capital requirement	**11.8**	**14.3**	**17.5**
Capital ratios as per 30/06/2023	21.6	23.9	27.4

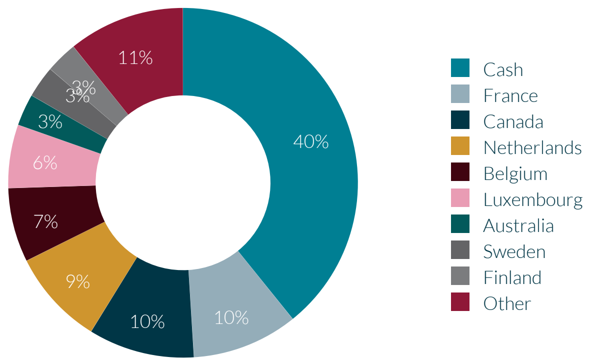
Investment portfolio and cash

The total investment portfolio and cash[7] amounted to €4.7 billion at the end of H1 2023 (year-end 2022: €6.2 billion). Cash held with central banks stood at €1.9 billion (year-end 2022: €3.0 billion). Financial assets at fair value through other comprehensive income decreased to €1.3 billion (year-end 2022: €1.7 billion). The investment portfolio is primarily held for asset and liability management purposes, and mainly comprises low-risk and highly liquid instruments.

Investment portfolio and cash by rating at 30/06/2023
(100% = €4.7 billion)

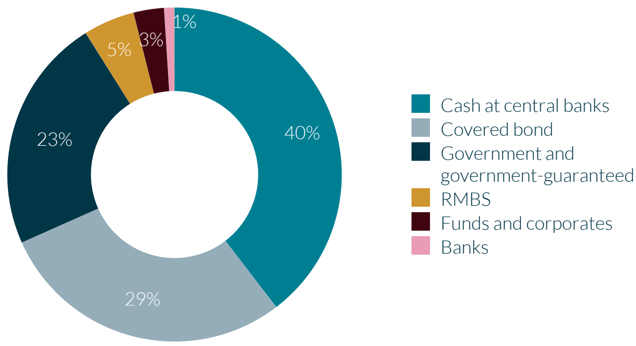


Investment portfolio and cash by country at 30/06/2023
(100% = €4.7 billion)



The Other category consists of country exposures of 2% or less, and includes New Zealand and Italy (each accounting for 2% of the total portfolio).

Investment portfolio and liquidity by counterparty at 30/06/2023
(100% = €4.7 billion)



Liquidity position

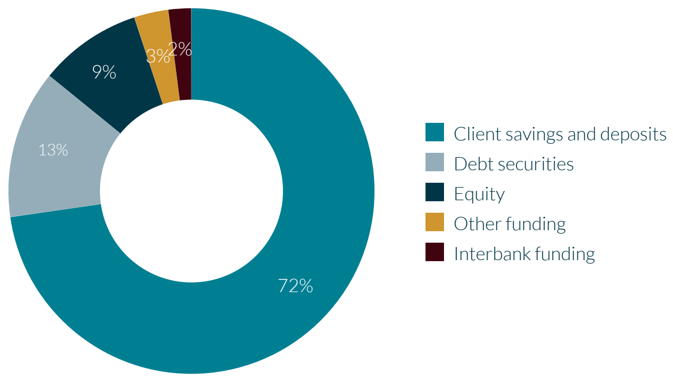
We aim to retain access to both retail and wholesale markets through diversified funding. At the end of H1 2023, our loan-to-deposit ratio had increased by 9.2 percentage points to 82.8% (year-end 2022: 73.6%).

In May 2023, we issued a €500 million soft bullet covered bond, with a three-year term and a 3.5% fixed coupon. This has led to a further strengthening and diversification of our funding profile.

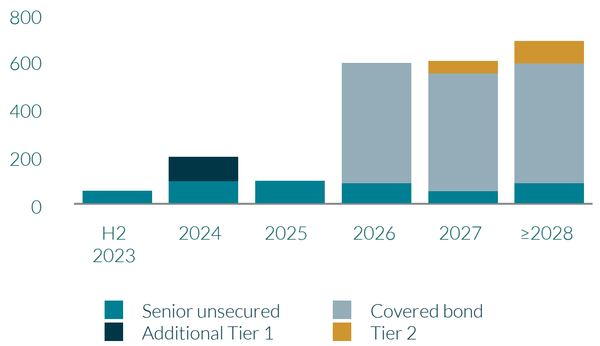
The liquidity coverage ratio remained fairly stable and totalled 172.2% at the end of H1 2023 (2022: 178.3%).

[7] Investment portfolio and cash comprises the balance of financial assets at fair value through other comprehensive income, other financial assets at amortised cost, financial assets designated at fair value through profit or loss, cash withdrawable on demand from central banks, and highly liquid (cash) investments.

Funding mix at 30/06/2023
(100% = € 15.5 million)



Redemption profile
(€ million)



Events after the reporting period

On 3 July 2023, Van Lanschot Kempen announced the completion of the acquisition of Robeco's online investment platform. This transaction has very limited impact on the 2023 half-year results. The acquisition is in line with our strategy and enables us to expand our online investment proposition. It includes the client relationships and the brand name of Robeco's online investment platform, as well as the platform itself – which will be joined with Evi van Lanschot. Both platforms combined will have approximately €6.3 billion in AuM. The acquisition will lead to recognition of intangible assets and limited recognition of goodwill.

The transaction will have a negative impact on Van Lanschot Kempen’s CET 1 ratio of approximately 0.5 percentage points. A two-year integration path is anticipated and is expected to involve one-off costs of between €8 million and €11 million. The combined platform is expected to break even by 2025 and to start making a positive contribution to Van Lanschot Kempen’s net profit thereafter.

Reconciliation of IFRS and management reporting

Reconciliation of IFRS and management reporting (€ million)	IFRS	Non-strategic invest-ments	Amorti-sation of intangible assets arising from acquisi-tions	Expenses related to accoun-ting treatment of Mercier Vander-linden	Restruc-turing charges	Other adjust-ments	Managerial
Commission	203.8	–	–	–	–	-0.1	203.7
Interest	116.2	0.0	–	–	–	–	116.2
Income from securities and associates	5.8	–	–	–	–	–	5.8
Result on financial transactions	-10.0	–	–	–	–	–	-10.0
Other income	2.0	-2.0	–	–	–	–	–
Income from operating activities	**317.9**	**-2.0**	**–**	**–**	**–**	**-0.1**	**315.7**
Staff costs	160.8	-3.0	–	-0.6	-1.4	–	155.8
Other administrative expenses	72.7	0.8	–	–	-1.7	-0.1	71.6
Depreciation and amortisation	14.9	-0.1	-7.1	–	–	–	7.8
Operating expenses	**248.4**	**-2.3**	**-7.1**	**-0.6**	**-3.1**	**-0.1**	**235.2**
Gross result	**69.5**	**0.2**	**7.1**	**0.6**	**3.1**	**–**	**80.5**
Impairments	-1.9	–	–	–	–	–	-1.9
Operating profit before tax of non-strategic investments	–	-0.2	–	–	–	–	-0.2
Operating result before special items and tax	**71.3**	**–**	**7.1**	**0.6**	**3.1**	**–**	**82.1**
Amortisation of intangible assets arising from acquisitions	–	–	7.1	–	–	–	7.1
Expenses related to accounting treatment of Mercier Vanderlinden	–	–	–	0.6	–	–	0.6
Restructuring charges	–	–	–	–	3.1	–	3.1
Operating profit before tax	**71.3**	**–**	**–**	**–**	**–**	**–**	**71.3**
Income tax	19.5	–	–	–	–	–	19.5
Net result	**51.8**	**–**	**–**	**–**	**–**	**–**	**51.8**

Financial report 2023 half-year results

Consolidated statement of financial position

Consolidated statement of financial position		30/06/2023	31/12/2022
Assets			
Cash and cash equivalents and balances at central banks	1	2,063,300	3,141,785
Due from banks		148,388	108,186
Derivatives	2	475,079	549,642
Financial assets at fair value through profit or loss	3	194,248	379,518
Financial assets at fair value through other comprehensive income	4	1,323,042	1,704,938
Loans and advances to the public and private sectors	5	9,258,562	9,363,958
Other financial assets at amortised cost	6	1,298,223	1,088,358
Investments in associates using the equity method		112,653	103,265
Property and equipment	7	60,717	69,347
Goodwill and other intangible assets	8	299,607	306,753
Current tax assets		937	213
Deferred tax assets		12,224	12,965
Other assets		219,185	188,984
Total assets		**15,466,166**	**17,017,913**
Equity and liabilities			
Due to banks	9	363,530	387,063
Public and private sector liabilities	10	11,187,662	12,726,194
Derivatives	2	218,491	226,503
Financial liabilities at fair value through profit or loss	11	488,899	473,883
Issued debt securities	12	1,424,315	1,342,131
Provisions	13	32,214	32,293
Current tax liabilities		8,860	6,277
Deferred tax liabilities		22,402	23,369
Other liabilities		195,721	246,945
Subordinated loans	14	170,503	170,882
Total liabilities		**14,112,597**	**15,635,540**
Issued share capital		43,040	41,362
Treasury shares		-14,407	-15,109
Share premium reserve		296,679	262,658
Other reserves	15	877,968	914,223
Undistributed profit attributable to shareholders		48,419	77,405
Equity attributable to shareholders		**1,251,699**	**1,280,539**
AT1 capital securities		100,000	100,000
Undistributed profit attributable to holders of AT1 capital securities		1,688	1,688
Equity attributable to AT1 capital securities		**101,688**	**101,688**
Other non-controlling interests		134	—
Undistributed profit attributable to other non-controlling interests		49	146
Equity attributable to other non-controlling interests		182	146
Total equity		**1,353,569**	**1,382,372**
Total equity and liabilities		**15,466,166**	**17,017,913**
Contingent liabilities		91,947	97,713
Irrevocable commitments		990,717	1,043,724
Contingent liabilities and irrevocable commitments		**1,082,663**	**1,141,437**

The number beside each item refers to the Notes to the consolidated statement of financial position.

Consolidated statement of income

For the six months ended 30 June

Consolidated statement of income		H1 2023	H1 2022
Income from operating activities			
Interest income calculated using the effective interest method		141,394	101,165
Other interest income		67,445	-855
Interest expense calculated using the effective interest method		46,240	29,796
Other interest expense		46,384	13,622
Net interest income	16	**116,215**	**56,892**
Income from associates using the equity method		4,542	14,664
Other income from securities and associates		1,290	-8,461
Income from securities and associates	17	**5,833**	**6,203**
Commission income		207,481	205,287
Commission expense		3,652	4,063
Net commission income	18	**203,829**	**201,224**
Result on financial transactions	19	**-10,008**	**16,818**
Net sales		3,431	3,597
Cost of sales		1,385	957
Other income	20	**2,046**	**2,640**
Total income from operating activities		**317,915**	**283,777**
Expenses			
Staff costs	21	160,771	150,291
Other administrative expenses	22	72,722	63,523
Staff costs and other administrative expenses		**233,493**	**213,814**
Depreciation and amortisation		14,937	15,303
Operating expenses		**248,430**	**229,117**
Impairments of financial instruments		-1,855	-7,209
Other impairments		–	1,284
Impairments	23	**-1,855**	**-5,925**
Total expenses		**246,575**	**223,192**
Operating profit before tax		**71,340**	**60,585**
Income tax	24	19,497	12,370
Net result		**51,843**	**48,215**
Of which attributable to shareholders		48,419	44,764
Of which attributable to holders of AT1 capital securities		3,375	3,375
Of which attributable to other non-controlling interests		49	76
Earnings per share (€)	25	1.17	1.10

The number beside each item refers to the Notes to the consolidated statement of income.

Consolidated statement of comprehensive income

For the six months ended 30 June

Consolidated statement of comprehensive income		H1 2023	H1 2022
Net result (as per consolidated statement of income)		**51,843**	**48,215**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Other comprehensive income through revaluation reserve			
Revaluation of financial assets at fair value through other comprehensive income		4,182	-30,592
Realised gains/losses on financial assets at fair value through other comprehensive income	19	1,715	—
Impairments of financial assets at fair value through other comprehensive income		-65	264
Income tax effect		-1,503	7,825
Total other comprehensive income through revaluation reserve	15	**4,329**	**-22,503**
Other comprehensive income from value changes of derivatives (cash flow hedges)			
Increase in fair value of derivatives directly recognised in equity		439	439
Income tax effect		-113	-113
Total other comprehensive income from value changes of derivatives (cash flow hedges)	15	**326**	**326**
Other comprehensive income from currency translation differences			
Other comprehensive income from currency translation differences		-5	1,161
Income tax effect		—	—
Total other comprehensive income from currency translation differences	15	**-5**	**1,161**
Total other comprehensive income to be reclassified in subsequent periods to profit or loss		**4,650**	**-21,016**
Other comprehensive income not to be reclassified in subsequent periods to profit or loss			
Change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss			
Change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss		-7,270	4,604
Income tax effect		1,876	-1,188
Total change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss	15	**-5,394**	**3,416**
Remeasurement of defined benefit plans			
Remeasurement of defined benefit plans		3,920	1,618
Income tax effect		-980	-404
Total remeasurement of defined benefit plans	15	**2,940**	**1,214**
Total other comprehensive income not to be reclassified in subsequent periods to profit or loss		**-2,454**	**4,630**
Total other comprehensive income		**2,196**	**-16,386**
Total comprehensive income		**54,039**	**31,830**
Of which attributable to shareholders		50,615	28,378
Of which attributable to holders of AT1 capital securities		3,375	3,375
Of which attributable to other non-controlling interests		49	76

The number beside each item refers to the Notes to the consolidated statement of financial position and the Notes to the consolidated statement of income.

Consolidated statement of changes in equity

For the six months ended 30 June

Consolidated statement of changes in equity

	Share capital	Treasury shares	Share premium reserve	Other reserves	Undistri-buted profit	**Total equity attributable to shareholders**	Equity attribut-able to AT1 capital securities	Equity attributable to other non-controlling interests	**Total equity**
At 1 January 2023	**41,362**	**-15,109**	**262,658**	**914,223**	**77,405**	**1,280,539**	**101,688**	**146**	**1,382,372**
Net result (as per consolidated statement of income)	–	–	–	–	48,419	**48,419**	3,375	49	**51,843**
Total other comprehensive income	–	–	–	2,196	–	**2,196**	–	–	**2,196**
Total comprehensive income	**–**	**–**	**–**	**2,196**	**48,419**	**50,615**	**3,375**	**49**	**54,039**
Share plans	–	10,334	–	903	–	**11,237**	–	–	**11,237**
Shares to be issued	1,678	–	34,022	-35,105	–	**595**	–	–	**595**
Profit appropriation	–	–	–	77,405	-77,405	**–**	–	–	**–**
Repurchased treasury shares	–	-9,632	–	–	–	**-9,632**	–	–	**-9,632**
Dividends	–	–	–	-74,324	–	**-74,324**	-3,375	–	**-77,699**
Other changes	–	–	–	-7,330	–	**-7,330**	–	–	**-7,330**
Change in non-controlling interests	–	–	–	–	–	**–**	–	-12	**-12**
At 30 June 2023	**43,040**	**-14,407**	**296,679**	**877,968**	**48,419**	**1,251,699**	**101,688**	**182**	**1,353,569**

In H1 2023, 1,678,270 new shares were issued to the amount of €35 million, related to the acquisition of the remaining 30% stake in Mercier Vanderlinden by Van Lanschot Kempen.

Consolidated statement of changes in equity

	Share capital	Treasury shares	Share premium reserve	Other reserves	Undistri-buted profit	**Total equity attributable to shareholders**	Equity attribut-able to AT1 capital securities	Equity attributable to other non-controlling interests	**Total equity**
At 1 January 2022	**41,362**	**-11,853**	**323,719**	**817,333**	**136,983**	**1,307,544**	**101,688**	**95**	**1,409,327**
Net result (as per consolidated statement of income)	–	–	–	–	44,764	**44,764**	3,375	76	**48,215**
Total other comprehensive income	–	–	–	-16,386	–	**-16,386**	–	–	**-16,386**
Total comprehensive income	**–**	**–**	**–**	**-16,386**	**44,764**	**28,378**	**3,375**	**76**	**31,830**
Share plans	–	5,572	–	-2,499	–	**3,073**	–	–	**3,073**
Profit appropriation	–	–	–	55,558	-55,558	**–**	–	–	**–**
Repurchased treasury shares	–	-12,485	–	–	–	**-12,485**	–	–	**-12,485**
Dividends	–	–	–	–	-81,425	**-81,425**	-3,375	–	**-84,800**
Other changes	–		–	-1,348	–	**-1,348**	–	–	**-1,348**
Change in non-controlling interests	–	–	–	–	–	**–**	–	-32	**-32**
At 30 June 2022	**41,362**	**-18,766**	**323,719**	**852,657**	**44,764**	**1,243,736**	**101,688**	**139**	**1,345,563**

Consolidated statement of cash flows

For the six months ended 30 June

Consolidated statement of cash flows		H1 2023	H1 2022
Cash flow from operating activities			
Operating profit before tax		71,340	60,585
Adjustments for			
- Depreciation and amortisation		14,841	15,320
- Costs of share plans		2,247	1,299
- Results on associates using the equity method		-4,519	-14,664
- Valuation results on financial assets at fair value through profit or loss		-1,634	8,802
- Valuation results on financial liabilities at fair value through profit or loss		17,582	-61,877
- Valuation results on derivatives		—	56,344
- Impairments	23	-1,855	-5,926
- Changes in provisions		5,996	12,707
Cash flow from operating activities		**103,998**	**72,590**
Net change in operating assets and liabilities			
- Financial assets/liabilities from trading activities		-3,248	4,643
- Due from/to banks		-29,082	231,603
- Loans and advances to public and private sectors / Public and private sector liabilities		-1,449,959	-251,931
- Derivatives		130,963	1,378
- Withdrawals from restructuring provision and other provisions		-2,155	-2,096
- Other assets and liabilities		-82,612	-13,039
- Tax assets and liabilities		—	8
- Income taxes paid		-18,584	-12,463
- Dividends received - from operating activities		—	1,833
Total net change in operating assets and liabilities		**-1,454,677**	**-40,065**
Net cash flow from operating activities		**-1,350,679**	**32,525**
Cash flow from investing activities			
Investments and acquisitions			
- Debt instruments		-533,096	-545,277
- Equity instruments		-9,526	-3,884
- Associates using the equity method		-6,328	-10,196
- Property and equipment		-2,523	-3,140
Divestments, redemptions and sales			
- Debt instruments		930,022	320,811
- Equity investments		17,844	76,349
- Associates using the equity method		952	9,234
- Property and equipment		3,458	587
Dividends received		507	1,767
Net cash flow from investing activities of continuing operations		**401,309**	**-153,749**

The number beside each item refers to the Notes to the consolidated statement of income.

Consolidated statement of cash flows (continued)	H1 2023	H1 2022
Cash flow from financing activities		
Share plans	8,990	1,773
Repurchased treasury shares	-9,632	-12,485
Change in non-controlling interests	-12	-32
Redemption of subordinated loans	-113	-113
Receipts of issued debt securities	500,000	500,000
Redemption of issued debt securities	-500,000	-475,810
Receipts on financial liabilities at fair value through profit or loss	80,816	95,626
Redemption of financial liabilities at fair value through profit or loss	-91,224	-95,563
Payment of lease liabilities	-5,585	-6,005
Dividends paid	-77,699	-84,800
Net cash flow from financing activities of continuing operations	**-94,459**	**-77,410**
Net change in cash and cash equivalents and balances at central banks	**-1,043,829**	**-198,633**
Cash and cash equivalents and balances at central banks at 1 January[1]	3,139,784	3,714,979
Cash and cash equivalents and balances at central banks at 30 June[1]	2,095,954	3,516,346
Additional disclosure		
Cash flows from interest received	202,411	101,480
Cash flows from interest paid	78,075	42,671

[1] Cash and cash equivalents and balances at central banks also include amounts due from/to banks available on demand.

Notes to the condensed interim consolidated financial statements

General

Van Lanschot Kempen NV is an independent specialist wealth manager. Our purpose is to preserve and create wealth for our clients and for society in a sustainable way.

Van Lanschot Kempen NV ("Van Lanschot Kempen") has its registered office at Hooge Steenweg 29, 5211 JN ´s-Hertogenbosch, the Netherlands. Van Lanschot Kempen is a public limited company incorporated under Dutch law and registered under number 16038212 at the Chamber of Commerce.

Basis of preparation

The condensed interim consolidated financial statements of Van Lanschot Kempen and its subsidiaries (for the half-year reporting period ended 30 June 2023) have been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements do not include all financial information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements of Van Lanschot Kempen NV as at 31 December 2022. The condensed interim consolidated financial statements have not been audited or reviewed. Unless stated otherwise, all amounts are presented in thousands of euros. The totals may not always match the sum of the individual values due to rounding.

Continuity

The Management Board has assessed the ability of Van Lanschot Kempen to continue its operations and concluded that Van Lanschot Kempen is able to do so for the foreseeable future.

Economic context

In summary, the first half year of 2023 saw a resilient economy, higher stock prices and rising interest rates. Despite lower energy prices supported by government measures, inflation remains high. The ECB has responded with a further tightening of monetary policy. A lot is still unknown about the impact of these and future developments on the private clients, entrepreneurs and family businesses we – as Van Lanschot Kempen – finance. That said, the impact of current economic circumstances is considered to be limited for Van Lanschot Kempen. In general, we have not experienced major disquiet among our clients, either existing or new.

Van Lanschot Kempen has a solid capital and liquidity position. Our capital and liquidity positions remained robust and our net result in H1 2023 amounted to €51.8 million (H1 2022: €48.2 million).

In H1 2023, the impact on our credit portfolio of the uncertain economic circumstances caused, among other factors, by higher inflation, interest rates and volatility in the equity markets, was limited. Despite applying a management overlay for these uncertain economic circumstances, the net impact on our credit portfolio has been relatively minor. This is reflected in a decrease in loss allowance for expected credit loss (ECL). The management overlay takes into account uncertainties in the economic outlook/ macroeconomic climate which are not yet considered to be fully reflected in the model parameters. For more information, see Note 26, Loss allowance for expected credit losses (including sensitivity analyses we have performed).

Conclusion

Van Lanschot Kempen is well positioned to cope with the uncertain economic circumstances, thanks to its solid capital and liquidity positions, and solid financial performance. Considering the above, we can affirm that there are no indications that may cast significant doubt over Van Lanschot Kempen's ability to continue as a going concern. The condensed interim consolidated financial statements have been prepared on this basis.

Summary of significant accounting policies

Accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of Van Lanschot Kempen NV for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective from 1 January 2023.

Significant accounting judgements and estimates

In the process of applying our accounting policies, we use estimates and assumptions which can have a significant impact on the amounts recognised in the condensed interim consolidated financial statements. There were no changes to the significant accounting judgements and estimates in H1 2023. For more information, see "Significant accounting judgements and estimates" in the annual consolidated financial statements of Van Lanschot Kempen NV as at 31 December 2022. These estimates and assumptions are based on the most recent information available. The actual amounts may differ in the future. Where applicable, the impact of uncertain economic circumstances on assumptions used are explained further in the condensed interim consolidated financial statements.

Changes in IFRS standards already effective

The following new or revised standards or interpretations became effective on 1 January 2023 and have an impact on these condensed interim consolidated financial statements. Unless stated otherwise, application of these standards had no material impact on Van Lanschot Kempen's equity or result.

Definition of Accounting estimates – Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies, and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments should provide guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments intend for entities to issue more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. In addition, guidance is provided on how entities should apply the concept of materiality in making decisions about accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 2

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset or lease liability (or decommissioning a liability or decommissioning an asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g. if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

International Tax Reform Pillar Two Model Rules - Amendments to IAS 12

The amendments introduce a mandatory temporary exception from recognition and disclosure of information about deferred taxes arising from the jurisdictional implementation of the Pillar 2 model rules. In order help users of the financial statements better understand an entity's exposure to Pillar 2 income taxes before and after this legislation comes into effect, entities are required to disclose information for annual reporting periods beginning on or after 1 January 2023.

Notes to the consolidated statement of financial position

1. Cash and cash equivalents and balances at central banks

Cash and cash equivalents and balances at central banks	30/06/2023	31/12/2022
Total	**2,063,300**	**3,141,785**
Cash	27	28
Balances at central banks	1,850,961	2,919,928
Statutory reserve deposits at central banks	116,713	128,940
Amounts due from banks	95,599	92,888
Impairments	0	0

Reconciliation with consolidated statement of cash flows	30/06/2023	31/12/2022	Changes
Cash and cash equivalents	2,063,300	3,141,785	-1,078,484
Due from banks, available on demand	110,438	22,057	88,381
Due to banks, available on demand	-77,784	-24,058	-53,726
Due from/to banks, available on demand, net	32,654	-2,001	34,655
Total	**2,095,954**	**3,139,784**	**-1,043,829**

2. Derivatives

Derivatives	30/06/2023			31/12/2022		
	Asset	Liability	Contract amount	Asset	Liability	Contract amount
Total	**475,079**	**218,491**	**6,674,866**	**549,642**	**226,503**	**5,852,398**
Derivatives used for trading purposes	33,217	33,197	46,912	35,623	35,614	55,306
Derivatives used for hedge accounting purposes	372,338	96,831	5,312,185	454,413	81,929	4,682,528
Other derivatives	69,524	88,462	1,315,769	59,607	108,961	1,114,564

3. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss	30/06/2023	31/12/2022
Total	**194,248**	**379,518**
Debt instruments		
Financial assets from trading activities (FVPL)		
Structured debt instruments	1,620	2,283
Financial assets at fair value through profit or loss		
Government paper and government-guaranteed paper	44,894	97,385
Sovereign, supranationals and agencies (SSA) bonds	4,055	133,242
Puttable investment funds	103,064	109,889
Company cumprefs (shareholdings) (FVPL mandatory)	1,070	1,623
Total debt instruments	**154,703**	**344,422**
Equity instruments		
Financial assets from trading activities (FVPL)		
Shares, listed	21,253	16,768
Shares, unlisted	13	15
Financial assets at fair value through profit or loss		
Shares, unlisted (FVPL mandatory)	18,280	18,313
Total equity instruments	**39,545**	**35,096**

4. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income	30/06/2023		31/12/2022	
	Fair value	Face value	Fair value	Face value
Total	**1,323,042**	**1,418,126**	**1,704,938**	**1,817,086**
Debt instruments				
Government paper and government-guaranteed paper	75,681	81,900	148,969	157,900
Sovereign, supranationals and agencies (SSA) bonds	431,194	478,723	408,229	456,223
Banks and financial institutions, listed	23,993	25,500	30,253	32,500
Covered bonds	583,758	624,755	803,547	857,128
Asset-backed securities	208,417	207,248	280,686	279,835
Companies, listed	–	–	33,253	33,500
Total debt instruments	**1,323,042**	**1,418,126**	**1,704,938**	**1,817,086**

5. Loans and advances to the public and private sectors

Loans and advances to the public and private sectors	30/06/2023	31/12/2022
Total	**9,258,562**	**9,363,958**
Mortgage loans	6,923,549	6,943,497
Loans	1,819,917	1,839,139
Current accounts	527,996	588,399
Securities-backed loans and settlement claims	273,994	263,101
Value adjustments fair value hedge accounting	-248,952	-230,179
Loss allowance for expected credit losses	-37,942	-39,999

Impairments on Loans and advances to the public and private sectors reflect the loss allowance for expected credit losses and amounted to €37.9 million at half-year 2023 (2022: €40.0 million). For more information, see Note 26, Loss allowance for expected credit losses.

6. Other financial assets at amortised cost

Other financial assets at amortised cost	30/06/2023		31/12/2022	
	Carrying amount	Face value	Carrying amount	Face value
Total	**1,298,223**	**1,317,831**	**1,088,358**	**1,110,081**
Debt instruments				
Government paper and government-guaranteed paper	190,488	193,268	160,701	163,768
Sovereign, supranationals and agencies (SSA) bonds	307,417	315,663	275,318	284,413
Banks and financial institutions, listed	5,985	6,000	–	–
Covered bonds	777,931	786,400	652,388	661,900
Asset-backed securities	16,500	16,500	–	–
Impairments	-98	–	-49	–

7. Property and equipment

Property and equipment	30/06/2023	31/12/2022
Total	**60,717**	**69,347**
Buildings	19,649	22,499
Right-of-use assets – buildings	25,415	29,405
Right-of-use assets – transport equipment	5,194	7,097
IT, operating system software and communications equipment	4,473	4,758
Other assets	3,970	4,037
Work in progress	2,016	1,551

Lease liabilities amounted to €33.1 million at half-year 2023 (2022: €39.1 million) and are included in Other liabilities.

8. Goodwill and other intangible assets

Goodwill and other intangible assets	30/06/2023	31/12/2022
Total	**299,607**	**306,753**
Goodwill	176,761	176,761
Other intangible assets	122,846	129,992

At half-year 2023, we performed an impairment trigger analysis on goodwill and other intangible assets. Based on this analysis, we concluded that no impairment test was needed. At year-end 2023, we will perform our annual impairment test on goodwill and a useful-life test on other intangible assets.

9. Due to banks

Due to banks (€1,000)	30/06/2023	31/12/2022
Total	**363,530**	**387,063**
Deposits	285,746	363,005
Payables arising from unsettled securities transactions	45,942	9,006
Loans and advances drawn	31,842	15,052

10. Public and private sector liabilities

Public and private sector liabilities	30/06/2023	31/12/2022
Total	**11,187,662**	**12,726,194**
Savings	4,409,743	4,411,735
Deposits	1,733,148	1,029,207
Current accounts	4,648,297	6,907,520
Other client assets	398,570	380,138
Value adjustments fair value hedge accounting	-2,096	-2,406

11. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss	30/06/2023	31/12/2022
Total	**488,899**	**473,883**
Debt instruments		
Financial liabilities at fair value through profit or loss		
Unstructured debt instruments	27,736	29,184
Structured debt instruments	460,589	442,570
Other financial liabilities at fair value through profit or loss	–	2,126
Total debt instruments	**488,325**	**473,881**
Equity instruments		
Financial liabilities from trading activities		
Shares, listed	574	2
Total equity instruments	**574**	**2**

12. Issued debt securities

Issued debt securities	30/06/2023	31/12/2022
Total	**1,424,315**	**1,342,131**
Covered bonds	1,494,808	1,413,719
Value adjustments fair value hedge accounting	-70,493	-71,589

13. Provisions

Provisions	30/06/2023	31/12/2022
Total	**32,214**	**32,293**
Provision for pensions	23,044	23,105
Provision for long-service benefits	2,711	2,617
Provision for restructuring	1,413	390
Provision for financial guarantees and loan commitments	2,416	2,435
Other provisions	2,630	3,746

14. Subordinated loans

Subordinated loans	30/06/2023	31/12/2022
Total	**170,503**	**170,882**
Certificates of indebtedness	154,394	154,584
Other subordinated loans	15,996	16,109
Value adjustments fair value hedge accounting	113	189

15. Other reserves

Other reserves	Revaluation reserve financial assets at fair value through other comprehensive income	Actuarial results on defined benefit schemes	Currency translation reserve	Cash flow hedge reserve	Own credit risk reserve	Retained earnings	Total
At 1 January 2023	**-19,513**	**-29,523**	**987**	**-7,666**	**7,952**	**961,987**	**914,223**
Net changes in fair value	4,329	–	–	326	–	–	**4,655**
Value change own credit risk	–	–	–	–	-5,394	–	**-5,394**
Profit appropriation	–	–	–	–	–	77,405	**77,405**
Dividend	–	–	–	–	–	-74,324	**-74,324**
Share plans	–	–	–	–	–	903	**903**
Actuarial results	–	2,940	–	–	–	–	**2,940**
Other changes	–	–	-5	–	–	-42,435	**-42,440**
At 30 June 2023	**-15,184**	**-26,583**	**982**	**-7,341**	**2,558**	**923,536**	**877,968**
Tax effects	-1,503	-980	–	-113	1,876	–	**-720**

Notes to the consolidated statement of income

16. Net interest income

Net interest income	H1 2023	H1 2022
Total interest income	**208,839**	**100,310**
Interest income on cash equivalents	1,567	–
Interest income on balances at central banks	26,376	1,961
Interest income on public and private sectors	91,726	96,803
Interest income on financial assets at fair value through other comprehensive income	5,089	73
Interest income on other financial assets at amortised cost	15,740	2,328
Interest income calculated using the effective interest method	**141,394**	**101,165**
Interest income on financial assets at fair value through profit or loss	1,815	74
Interest income on derivatives	57,829	-5,165
Other interest income	7,800	4,236
Other interest income	**67,445**	**-855**

Interest expense	H1 2023	H1 2022
Total interest expense	**92,623**	**43,418**
Interest expense on balances at central banks	–	6,249
Interest expense on public and private sectors	28,494	9,330
Interest expense on issued debt securities	11,861	4,872
Interest expense on subordinated loans	5,858	9,116
Interest expense on financial assets at fair value through other comprehensive income	–	229
Interest expense calculated using the effective interest method	**46,240**	**29,796**
Interest expense on derivatives	41,739	7,774
Other interest expense	4,644	5,848
Other interest expense	**46,384**	**13,622**
Net interest income	**116,215**	**56,892**

In H1 2023, net interest income was €59.3 million higher than in H1 2022. The changed interest rate environment during 2022 and 2023 had a positive effect on our net interest income. The interest rate on deposits at central banks rose more sharply than the rates on client savings accounts and deposits.

17. Income from securities and associates

Income from securities and associates	H1 2023	H1 2022
Total	**5,833**	**6,203**
Income from associates using the equity method	4,519	7,246
Realised result of associates using the equity method	24	7,418
Realised and unrealised gains/losses on investments at fair value through profit or loss	1,290	-8,256
Other gains on sales	–	-206

18. Net commission income

Net commission income	H1 2023	H1 2022
Total	**203,829**	**201,224**
Securities commissions	14,608	13,039
Management commissions	171,854	163,673
Cash transactions and funds transfer commissions	2,717	2,864
Corporate Finance and Equity Capital Markets commissions	11,704	17,671
Other commissions	2,946	3,977

19. Result on financial transactions

Result on financial transactions	H1 2023	H1 2022
Total	**-10,008**	**16,818**
Gains/losses on securities trading	280	-975
Gains/losses on currency trading	4,186	4,136
Gains/losses on derivatives under hedge accounting	-1,631	5,056
Realised gains/losses on financial assets at fair value through other comprehensive income	-1,715	–
Gains/losses on economic hedges/hedge accounting not applied	11,682	-36,011
Gains/losses on financial assets and liabilities at fair value through profit or loss	-22,811	44,612

Compared with half-year 2022, result on financial transactions was down by €26.8 million. This was mainly driven by three items. First, a negative result of €1.8 million on futures that are used to hedge co-investments in own products in H1 2023, compared with a positive result in H1 2022 of €10.1 million. Second, ineffectiveness in our hedge accounting model resulted in a loss of €1.6 million (H1 2022: gain of €5.1 million). Lastly, result on medium-term notes stood at -€10.1 million (H1 2022: €0.8 million).

The decrease was mainly due to the rising interest burden on these medium-term notes. The interest income resulting from the funding generated by the medium-term notes is accounted for under interest income.

20. Other income

Other income	H1 2023	H1 2022
Total	**2,046**	**2,640**
Net sales	3,431	3,597
Cost of sales	-1,385	-957

21. Staff costs

Staff costs	H1 2023	H1 2022
Total	**160,771**	**150,291**
Salaries and wages	117,985	110,438
Pension costs for defined contribution schemes	14,892	13,463
Pension costs for defined benefit schemes	1,404	1,333
Other social security costs	12,842	11,237
Share-based payments for variable remuneration	2,976	2,663
Other staff costs	10,670	11,157

22. Other administrative expenses

Other administrative expenses	H1 2023	H1 2022
Total	**72,722**	**63,523**
Accommodation expenses	7,111	4,367
Marketing and communication	5,066	3,509
Office expenses	1,908	2,028
IT expenses	18,798	17,889
External auditors' fees	2,120	2,016
Consultancy fees	9,339	6,383
Travel and hotel fees	2,130	1,362
Information providers' fees	8,922	8,577
External service provider charges	5,483	5,027
Other	11,846	12,366

23. Impairments

Impairments	H1 2023	H1 2022
Total	**-1,855**	**-5,925**
Cash and cash equivalents and balances at central banks	0	0
Due from banks	2	5
Financial assets at fair value through other comprehensive income	62	-263
Loans and advances to the public and private sectors	-1,998	-6,737
Other financial assets at amortised cost	48	-6
Financial guarantees and loan commitments	31	-207
Impairments of financial instruments	**-1,855**	**-7,209**
Property and equipment	–	1,284
Other impairments	**–**	**1,284**

The release from loan loss provisions in H1 2023 amounted to €2.0 million (H1 2022: €6.7 million). This was due to a reduced need for loan provisioning and the improved quality of loans for which a provision had already been taken, thus releasing part of the provision. See Note 26, Loss allowance for expected credit losses, for more information on impairments related to financial instruments.

24. Income tax

Income tax	H1 2023	H1 2022
Operating profit before tax	71,340	60,585
Total gross result	**71,340**	**60,585**
Prevailing tax rate in the Netherlands	25.8%	25.8%
Tax	19,497	12,370
Total tax	**19,497**	**12,370**
Expected tax on the basis of the prevailing tax rate in the Netherlands	18,406	15,631
Increase/decrease in tax payable due to		
Non-deductible interest	—	173
Tax-free income from securities and associates	-1,155	-2,302
Non-deductible costs	1,185	812
Non-deductible losses	—	-26
Adjustments to taxes for prior financial years	877	-962
Impact of foreign tax rate differences	-276	-21
Other changes	461	-935
	1,091	**-3,261**
Total tax	**19,497**	**12,370**

Additional notes

25. Earnings per share

Earnings per share	H1 2023	H1 2022
Net result	**51,843**	48,215
Share of AT1 capital securities	-3,375	-3,375
Share of other non-controlling interests	-49	-76
Net result for calculation of earnings per share	**48,419**	**44,764**
Weighted average number of shares in issue	41,290,135	40,792,618
Earnings per share (€)	1.17	1.10

26. Loss allowance for expected credit losses

The loss allowance for expected credit losses (ECL) on financial instruments is described in this section. The table below shows the IFRS 9 stages and coverage ratios for loss allowances recognised in Loans and advances to the public and private sector, categorised by ECL stage, as at 30 June 2023 and 31 December 2022.

IFRS 9 stage and coverage ratio by ECL stage (€ million)	As at 30 June 2023				As at 31 December 2022			
	Loan portfolio	Provision	Coverage ratio	Stage ratio	Loan portfolio	Provision	Coverage ratio	Stage ratio
Stage 1	7,850	4.9	0.1%	84.4%	8,057	6.1	0.1%	85.7%
Stage 2	1,335	6.3	0.5%	14.4%	1,241	7.0	0.6%	13.2%
Stage 3	112	26.7	23.9%	1.2%	106	26.9	25.4%	1.1%
Total	9,297	37.9	0.4%		9,404	40.0	0.4%	

Stage 1

Model-based Stage 1 provisions decreased to €4.9 million during H1 2023 (2022: €6.1 million). The decrease was mainly caused by an assessment of the collaterisation and credit risk of the Belgian Lombard loans, which led to a release from provisions of €1.7 million.

Stage 2

Stage 2 provisions decreased to €6.3 million (2022: €7.0 million) due to a slightly improved economic outlook and low arrears between 30 and 90 days, reflecting an improved credit quality (transfers to Stage 1).

Stage 3

The baseline scenario for Stage 3 provisions is determined by our Credit Risk and Credit Restructuring & Recovery department, with limited IFRS 9 model adjustments. In H1 2023, Stage 3 provisions were down slightly to €26.7 million (2022: €26.9 million) due to some releases of existing client provisions and limited new defaults.

The table below shows total loss allowances recognised by IFRS 9 stage.

Loss allowance recognised by IFRS 9 stage	30/06/2023	31/12/2022	Write-offs	Change provision	Total change
Stage 1	5,794	6,861	–	-1,067	-1,067
Stage 2	7,981	8,735	–	-754	-754
Stage 3	26,696	26,936	-531	291	-240
Total	**40,471**	**42,532**	**-531**	**-1,530**	**-2,061**

We incorporate forward-looking information for the sophisticated approach. We use macroeconomic variables and consider three macroeconomic scenarios in calculating ECL: a base-case scenario, an upside scenario and a downside scenario. The scenario weightings were 10% for the positive scenario, 40% for the negative scenario and 50% for the base-case scenario as at 30 June 2023 and 31 December 2022.

The table below shows the macroeconomic variables used for the sophisticated approach as at 30 June 2023 and 31 December 2022.

Macroeconomic variables	As at 30 June 2023			As at 31 December 2022		
	2023	2024	2025	2022	2023	2024
Gross domestic product						
Base-case scenario	0.84%	1.34%	1.14%	4.27%	0.87%	1.67%
Upside scenario	3.51%	4.01%	3.81%	6.92%	3.52%	4.32%
Downside scenario	-2.13%	-1.63%	-1.83%	1.34%	-2.06%	-1.26%
Volume of exports						
Base-case scenario	0.98%	2.58%	2.78%	4.64%	2.64%	2.74%
Upside scenario	5.88%	7.48%	7.68%	9.67%	7.67%	7.77%
Downside scenario	-4.49%	-2.89%	-2.69%	-0.94%	-2.94%	-2.84%
Total investments						
Base-case scenario	1.42%	1.62%	1.62%	2.69%	1.39%	1.39%
Upside scenario	8.47%	8.67%	8.67%	9.72%	8.42%	8.42%
Downside scenario	-6.46%	-6.26%	-6.26%	-5.10%	-6.40%	-6.40%
Private consumption						
Base-case scenario	1.65%	0.95%	0.95%	5.89%	-0.21%	1.89%
Upside scenario	4.94%	4.24%	4.24%	9.17%	3.07%	5.17%
Downside scenario	-2.01%	-2.71%	-2.71%	2.26%	-3.84%	-1.74%
Residential real estate price						
Base-case scenario	-5.04%	-3.74%	0.26%	14.01%	-2.99%	-3.19%
Upside scenario	-1.13%	0.17%	4.17%	17.98%	0.98%	0.78%
Downside scenario	-9.39%	-8.09%	-4.09%	9.61%	-7.39%	-7.59%
Government consumption						
Base-case scenario	2.71%	3.01%	1.71%	0.01%	3.41%	3.01%
Upside scenario	3.18%	3.48%	2.18%	0.36%	3.76%	3.36%
Downside scenario	2.18%	2.48%	1.18%	-0.38%	3.02%	2.62%

For the portfolios that fall under the scope of IFRS 9, we perform a scenario analysis to calculate the sensitivity of the ECL to macroeconomic variables. The main economic drivers of the ECL are gross domestic product (GDP), volume of exports (EXP), total investments (TI), private consumption (PC), residential real estate price (RREP) and government consumption (GC). In the table below, ECLs are shown per stage and per scenario.

Sensitivity analysis as at 30 June 2023	Stage 1	Stage 2	Stage 3	Total	Change
Original situation	**5,794**	**7,981**	**26,696**	**40,471**	
Base-case scenario	5,353	7,493	26,408	39,254	-1,217
Upside scenario	4,088	6,181	25,874	36,143	-4,328
Downside scenario	6,771	9,041	26,934	42,747	2,275

27. Fair value

Financial assets at fair value through profit or loss

Some financial instruments are measured at fair value in the statement of financial position. The fair value is based either on quoted prices in active markets, inputs other than quoted prices that are observable in the market, or inputs based on data not observable in the market.

We have developed a policy on the criteria for allocating financial instruments recognised in the statement of financial position at fair value to each of the three levels. A review is carried out at the end of each reporting period to determine whether any changes have taken place in the hierarchy between the levels.

Level 1: Quoted prices in active markets

The fair value of financial instruments traded in an active market is based on the price at the reporting date (market price). The bid price is applied for financial assets and the offer price for financial liabilities. Since these instruments are traded in an active market, their prices adequately reflect current and frequent market transactions between unrelated parties.

Level 2: Inputs observable in the markets

The fair value of financial instruments not traded in an active market (e.g. over-the-counter financial derivatives) is established using cash flow and option valuation models. Using estimates, we make assumptions based on the market conditions (observable data) at the reporting date.

The estimated present value of future cash flows is used to determine the fair value of the other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The discount rate is the same as the market interest rate at the reporting date for a similar instrument subject to the same conditions, taking into account collateral furnished under credit support annexes (CSAs).

The fair value of forward currency contracts is calculated by reference to forward exchange rates at the reporting date.

Estimates and judgements made are based on past experience as well as other factors, including expectations with respect to future events that could reasonably occur given current circumstances. Estimates and judgements are assessed on an ongoing basis.

Level 3: Significance of unobservable market data

The financial instruments in this category are assessed on an individual basis. Their valuation is based on the best estimate of management by reference to the most recent prices, prices of similar instruments and, to a not insignificant extent, information not observable in the market. Unobservable inputs may include volatility, correlation, seasonality and credit spreads. A valuation technique is used in which at least one input that has a significant effect on the instrument's valuation is not based on observable market data. Valuation techniques used include:

- The net asset value method;
- Discounted cash flow projections based on reliable estimates of future cash flows;
- The option model.

A significant effect on the instrument's valuation is considered to be present when the unobservable input accounts for at least 10% of the total instrument's fair value and exceeds a threshold of €50,000. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

Financial instruments at fair value at 30/06/2023	Level 1	Level 2	Level 3	Total
Assets				
Derivatives (FVPL)	33,201	438,418	3,444	475,063
Financial assets at fair value through profit or loss	131,315	54,955	7,978	194,248
Financial assets at fair value through other comprehensive income	1,323,042	–	–	1,323,042
Total assets	**1,487,558**	**493,373**	**11,422**	**1,992,353**
Liabilities				
Derivatives (FVPL)	33,197	180,910	4,383	218,491
Financial liabilities at fair value through profit or loss	574	474,397	13,927	488,899
Total liabilities	**33,771**	**655,307**	**18,311**	**707,389**

Financial instruments at fair value at 31/12/2022	Level 1	Level 2	Level 3	Total
Assets				
Derivatives (FVPL)	35,623	513,611	408	549,642
Financial assets at fair value through profit or loss	316,620	54,320	8,579	379,519
Financial assets at fair value through other comprehensive income	1,704,938	–	–	1,704,938
Total assets	**2,057,181**	**567,931**	**8,987**	**2,634,099**
Liabilities				
Derivatives (FVPL)	35,614	182,648	8,241	226,503
Financial liabilities at fair value through profit or loss	2	419,196	54,686	473,884
Total liabilities	**35,616**	**601,844**	**62,927**	**700,387**

Transfers of financial assets or liabilities between levels

We have developed a policy document for the fair value hierarchy. This divides the variables used into observable and unobservable market inputs. If the unobservable input variables are significant, the instrument is classified as Level 3. An unobservable input variable is significant if the change in the fair value due to the application of the variable is greater than the threshold values. Our policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period.

In H1 2023, our valuation technique remained unchanged, with unobservable input variables being assessed on significance. As a result of this assessment, some financial instruments included in Derivatives (liabilities) have been transferred from Level 2 to Level 3 and vice versa.
The Derivatives payables were transferred to Level 2 as a result of the input variables' correlation and seasonality; the shorter remaining term to maturity of these financial instruments meant that these input variables qualified as non-significant, justifying a transfer to Level 2. In the case of Derivatives (liabilities), this entailed a transfer of €0.4 million from Level 2 to Level 3 and a transfer of €4.4 million from Level 3 to Level 2.

Breakdown of changes in financial liabilities classified as Level 3 in H1 2023

	At 1 January	To statement of income	To equity	Issues	Settlements	Transfers	At 30 June
Assets							
Derivatives (FVPL)	408	–	–	3,444	-408	–	**3,444**
Financial assets at fair value through profit or loss	8,579	77	–	–	-603	-76	**7,978**
Total assets	**8,987**	**77**	**–**	**3,444**	**-1,011**	**-76**	**11,422**
Liabilities							
Derivatives (FVPL)	8,241	977	–	1,893	-7,087	359	**4,383**
Financial liabilities at fair value through profit or loss	52,560	2,404	–	3,250	-5,373	-38,914	**13,927**
Total liabilities	**60,801**	**3,381**	**–**	**5,143**	**-12,460**	**-38,554**	**18,311**
Total assets less liabilities	**-51,814**	**-3,304**	**–**	**-1,699**	**11,449**	**38,479**	**-6,889**

Breakdown of changes in financial liabilities classified as Level 3 in H1 2022

	At 1 January	To statement of income	To equity	Issues	Settlements	Transfers	At 30 June
Assets							
Derivatives (FVPL)	225	-225	–	333	–	–	**333**
Financial assets at fair value through profit or loss	28,796	271	–	661	-20,208	–	**9,520**
Total assets	**29,021**	**46**	**–**	**994**	**-20,208**	**–**	**9,853**
Liabilities							
Derivatives (FVPL)	743	5,759	–	940	–	1,820	**9,263**
Financial liabilities at fair value through profit or loss	56,019	-9,332	–	7,273	-1,100	–	**52,859**
Total liabilities	**56,762**	**-3,573**	**–**	**8,213**	**-1,100**	**1,820**	**62,122**
Total assets less liabilities	**-27,741**	**3,619**	**–**	**-7,219**	**-19,108**	**-1,820**	**-52,269**

Fair value changes recognised in profit or loss of financial instruments classified as Level 3	H1 2023			H1 2022		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Net interest income	—	—	**—**	—	—	**—**
Income from securities and associates	-2	29	**27**	-2	217	**215**
Result on financial transactions	—	-3,331	**-3,331**	—	3,404	**3,404**
Impairments	—	—	**—**	—	—	**—**
Total	**-2**	**-3,302**	**-3,304**	**-2**	**3,621**	**3,619**

Table 14.1.F Notes on valuation inputs and relationships to fair value using unobservable market inputs (Level 3)

	Fair value		Significant unobservable inputs	Range of inputs (probability-weighted average)		Relationships of unobservable inputs to fair value
	30/06/2023	31/12/2022		30/06/2023	31/12/2022	
Assets						
Derivatives						
Structured product derivatives						
Options	999	–	Volatility	16.2% - 23.9% (20.1%)	–	Changed volatility (7.7 percentage points) would decrease fair value by €1.6m
			Dividend	3.0% - 3.6% (3.3%)	–	Changed dividend (0.6 percentage points) would decrease fair value by €0.2m
Equity swaps	2,445	408	Volatility	16.2% - 26.3% (20.5%)	16.0% - 24.7% (20.2%)	Changed volatility (10.1 percentage points) would decrease fair value by €2.5m
			Correlation	-21.7% - 26.9% (2.5%)	-19.9% - 23.6% (4.4%)	Changed correlation (48.6 percentage points) would decrease fair value by €0.2m
			Dividend	1.1% - 3.6% (2.8%)	0.9% - 5.8% (4.1%)	Changed dividend (2.4 percentage points) would decrease fair value by €0.3m
Financial assets at fair value through profit or loss						
Debt instruments: company cumprefs (shareholdings) (FVPL mandatory)	1,070	1,623	Interest rates	10%	6% - 10% (8%)	Changed interest rate (1.0 percentage points) would decrease the fair value by €0.0m
			Discount rates	10%	6% - 10% (8%)	Changed discount rate (1.0 percentage points) would decrease the fair value by €0.0m
Shares, unlisted	6,907	6,956	Most recent published net asset values of the underlying assets	n/a	n/a	n/a
			Cost or lower market value	n/a	n/a	n/a
			Multiple analyses of comparable companies less a discount for illiquidity and company size based on EVCA guidelines	n/a	n/a	n/a
			Most recently known share price	n/a	n/a	n/a
			EBITA	n/a	n/a	n/a
			Issue or transfer price	n/a	n/a	n/a
			Market price on final trading day	n/a	n/a	n/a
			Face value less provisions	n/a	n/a	n/a
Total assets	**11,422**	**8,987**				

Table 14.1.F Notes on valuation inputs and relationships to fair value using unobservable market inputs (Level 3) (continued)						
Liabilities						
Derivatives						
Structured product derivatives						
Equity swaps	4,383	8,241	Volatility	13.8% - 26.3% (20.0%)	16.0% - 26.3% (21.4%)	Changed volatility (12.4 percentage points) would increase fair value by €4.9m
			Correlation	-17.1% - 22.1% (1.3%)	-19.9% - 25.6% (5.3%)	Changed correlation (39.2 percentage points) would increase fair value by €0.1m
			Dividend	1.1% - 6.1% (3.3%)	0.9% - 5.8.% (3.4%)	Changed dividend (4.9 percentage points) would increase fair value by €0.8m
Financial liabilities at fair value through profit or loss						
Structured debt instruments	13,927	52,559	Volatility	n/a	n/a	n/a
			Correlation	n/a	n/a	n/a
Other financial liabilities at fair value through profit or loss	—	2,126	Volatility	n/a	n/a	n/a
			Correlation	n/a	n/a	**n/a**
Total liabilities	**18,311**	**62,927**				

Financial instruments at amortised cost

The value of financial instruments at amortised cost is taken as the amount for which the instrument could be exchanged in a commercial transaction between willing parties, other than in a forced or liquidation sale. If there is an active market, we use the market value to determine the fair value. For financial instruments for which no market prices are available, the fair values are estimated on the basis of the present value or using other estimation or valuation methods.

Financial instruments at amortised cost	30/06/2023		31/12/2022				
	Fair value	Carrying amount	Fair value	Carrying amount	Level	Valuation method	Significant observable and unobservable market inputs
Assets							
Due from banks	148,278	148,388	107,613	108,186	2	Discounted cash flows using applicable money market rates	Interest rate and discount rate
Loans and advances to the public and private sectors	8,733,931	9,258,562	8,799,384	9,363,958	3	Discounted cash flows using current market fees for comparable loans and taking into account the creditworthiness of the counterparty	Interest rate, discount rate and counterparty credit risk
Other financial assets at amortised cost	1,262,099	1,298,223	1,056,539	1,088,358	1	Quoted prices in active markets	-
Total assets	**10,144,308**	**10,705,173**	**9,963,537**	**10,560,503**			
Liabilities							
Due to banks	363,530	363,530	386,985	387,063	2	Discounted cash flows using applicable money market rates for liabilities	Interest rate and discount rate
Public and private sector liabilities	10,841,202	11,187,662	12,771,653	12,726,194	3	Discounted cash flows using applicable money market rates for liabilities with a comparable term to maturity[1]	Interest rate and discount rate
Issued debt securities	1,426,935	1,424,315	1,346,005	1,342,131	1	Quoted prices in active markets	-
Subordinated loans	172,773	170,503	172,073	170,882	3	Discounted cash flows using applicable money market rates for debt instruments with a comparable term to maturity, taking account of own credit risk	Interest rate, discount rate and own credit risk
Total liabilities	**12,804,440**	**13,146,011**	**14,676,716**	**14,626,270**			

28. Netting of financial assets and liabilities

Netting of financial assets and liabilities 30/06/2023	Gross	Gross in the statement of financial position	Net in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Derivatives (assets)	920,825	445,746	**475,079**	159,320	**315,760**
Derivatives (liabilities)	664,237	445,746	**218,491**	159,320	**59,171**

Netting of financial assets and liabilities 31/12/2022	Gross	Gross in the statement of financial position	Net in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Derivatives (assets)	816,046	266,403	**549,642**	98,302	**451,340**
Derivatives (liabilities)	492,906	266,403	**226,503**	98,302	**128,201**

[1] The fair values of client deposits without contractual maturities (non-maturing deposits or NMDs) are approximated by the "economic values" that we calculate for these products as part of our interest rate risk management. We gauge their interest rate sensitivity (duration) by means of replicating portfolios, in which NMDs are "invested" in fixed income instruments (swaps) with various interest rate maturities. To arrive at economic values, we discount these replicating portfolio investments' cash flows at current market interest rates (swap rates).

Segment information

As a specialist wealth manager, we serve the entire spectrum of client groups, ranging from private clients to institutional investors and corporates. Key to our strategy is the ability to adapt quickly to changing client needs and market circumstances.

Private Clients
Private Clients offers private clients and entrepreneurs a broad range of products in the private banking market, while also focusing on business professionals and executives, healthcare professionals, family businesses, foundations and associations. The activities of Evi, Van Lanschot Kempen's online investment coach, are integrated in this segment and specifically target mass affluent individuals and millennials.

Wholesale & Institutional Clients
Wholesale & Institutional Clients focuses on a range of investment strategies and offers fiduciary services to Dutch and international clients such as banks, wealth managers, family offices, pension funds and insurers.

Investment Banking Clients
Investment Banking Clients offers specialist services including equities research and trading, mergers & acquisitions services, capital market transactions and debt advisory services to corporate and institutional investors.

Other
These comprise activities in the fields of interest rate, market and liquidity risk management, structured products activities, staff departments, as well as the activities of Van Lanschot Participaties/Bolster and some consolidated investments.

Operating segments in H1 2023 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Statement of income					
Net interest income	106.5	0.1	-0.1	9.7	**116.2**
Income from securities and associates	–	–	–	5.8	**5.8**
Net commission income	144.4	39.3	17.1	3.1	**203.8**
Result on financial transactions	0.7	0.2	0.3	-11.2	**-10.0**
Other income	–	–	–	2.0	**2.0**
Total income from operating activities	**251.5**	**39.6**	**17.3**	**9.5**	**317.9**
Staff costs	51.2	5.1	11.4	93.1	**160.8**
Other administrative expenses	34.4	5.4	4.7	28.2	**72.7**
Allocated expenses	64.3	30.7	5.8	-100.8	**–**
Depreciation and amortisation	7.1	0.2	0.1	7.5	**14.9**
Impairments	-2.6	0.0	–	0.7	**-1.9**
Total expenses	**154.4**	**41.4**	**22.1**	**28.7**	**246.6**
Operating result before tax	**97.1**	**-1.9**	**-4.8**	**-19.2**	**71.3**

Operating segments in H1 2022 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Statement of income					
Net interest income	55.3	0.0	0.0	1.6	**56.9**
Income from securities and associates	–	–	–	6.2	**6.2**
Net commission income	137.0	38.3	24.2	1.7	**201.2**
Result on financial transactions	2.5	-0.1	-1.8	16.2	**16.8**
Other income	–	–	–	2.6	**2.6**
Total income from operating activities	**194.9**	**38.2**	**22.4**	**28.3**	**283.8**
Staff costs	47.7	5.1	11.7	85.9	**150.3**
Other administrative expenses	30.8	4.4	4.2	24.1	**63.5**
Allocated expenses	59.8	27.7	5.1	-92.6	**–**
Depreciation and amortisation	7.5	0.4	0.1	7.2	**15.3**
Impairments	-6.4	–	–	0.4	**-5.9**
Total expenses	**139.4**	**37.6**	**21.1**	**25.1**	**223.2**
Operating result before tax	**55.5**	**0.6**	**1.3**	**3.2**	**60.6**

Events after the reporting period

On 3 July 2023, Van Lanschot Kempen announced the completion of the acquisition from Robeco of the latter's online investment platform. The transaction was completed on 1 July 2023 and has very limited impact on the 2023 condensed interim consolidated financial statements. The acquisition is in line with our strategy and enables us to expand our online investment proposition. It includes client relationships, brand name and Robeco's online investment platform, which will be joined with Evi van Lanschot. Both platforms combined will have approximately €6.3 billion in AuM. The acquisition will lead to recognition of intangible assets and goodwill.

The transaction will have a negative impact on Van Lanschot Kempen’s CET 1 ratio of approximately 0.5 percentage points. A two-year integration path is anticipated and is expected to involve one-off costs of between €8 million and €11 million. The combined platform is expected to break even by 2025 and to start making a positive contribution to Van Lanschot Kempen’s net profit thereafter.

Other information

Management Board responsibility statement

The members of the Management Board hereby declare that, to the best of their knowledge, the 2023 condensed interim consolidated financial statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and income of Van Lanschot Kempen NV and its consolidated entities, and that the condensed interim consolidated financial statements of 30 June 2023 give a true and fair view of the information to be provided in accordance with Article 5 (25) (d) (8) (9) of the Dutch Financial Supervision Act ("Wft").

's-Hertogenbosch, the Netherlands, 23 August 2023

Management Board

Maarten Edixhoven, *Chair*
Jeroen Kroes
Wendy Winkelhuijzen
Arjan Huisman
Richard Bruens
Erik van Houwelingen