

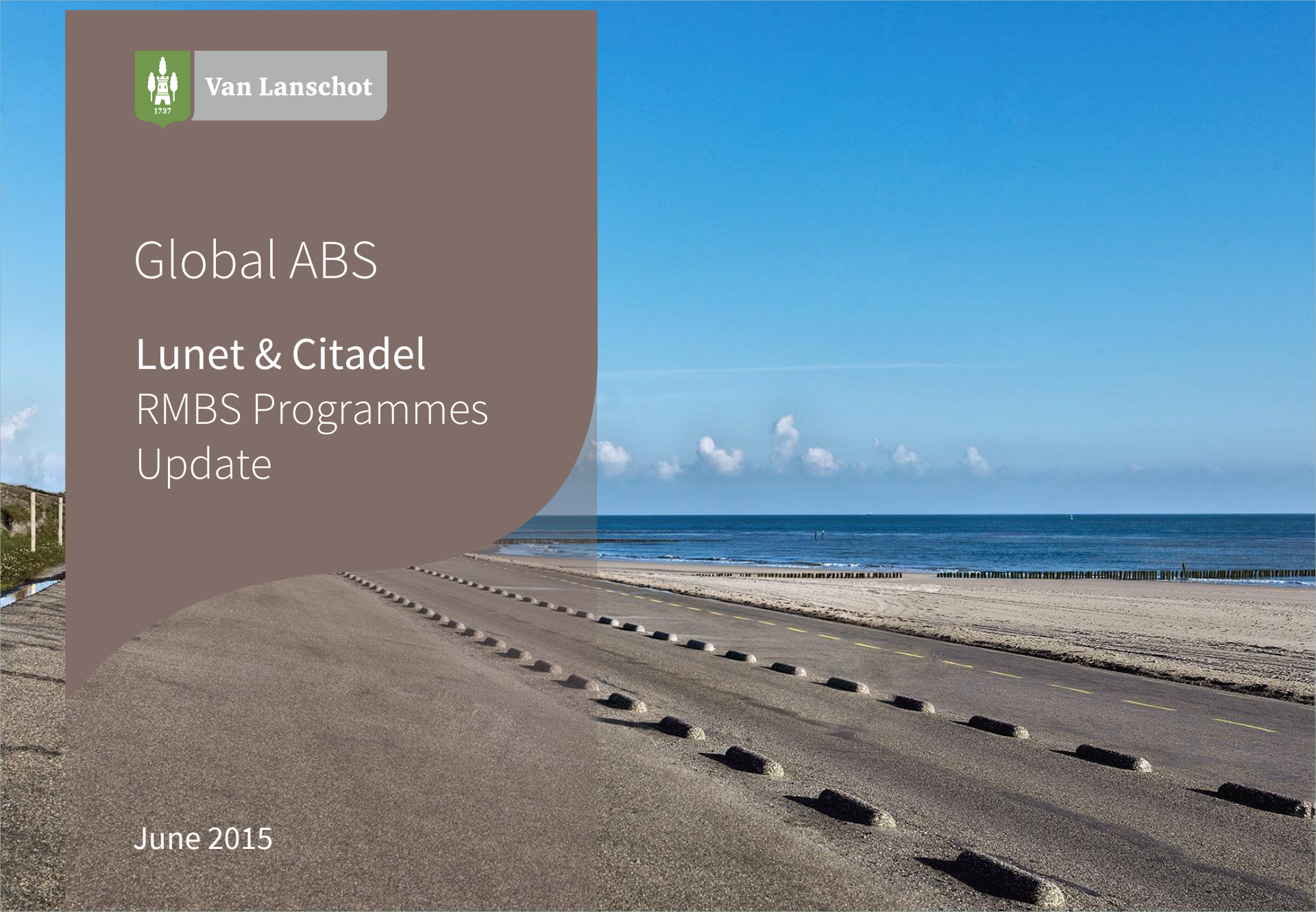


Van Lanschot

# Global ABS

## Lunet & Citadel RMBS Programmes Update

June 2015



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# Van Lanschot has various funding programmes

## Secured programmes

### RMBS Programmes

- Residential mortgage loan portfolio, fully originated and serviced by Van Lanschot
- Lunet RMBS 2013-I structured to be PCS and DSA compliant
- Courtine RMBS 2013-I retained by Van Lanschot for liquidity management purposes
- The Citadel programmes were successfully established with the objective of diversifying funding and creating eligible assets

Bloomberg ticker: LUNET Mtge / CRTIN Mtge / CITAD Mtge

### CPT Covered Bond Programme

- Residential mortgage loan portfolio, fully originated and serviced by Van Lanschot
- Conditional Pass-Through Structure
- Registered with the Dutch Central Bank
- ECBC Covered Bond Label
- Significant de-linkage from Van Lanschot rating

Bloomberg ticker: LANSNA Corp

## Unsecured programmes

### Debt Issuance Programme / MTN

- € 5.0 billion programme
- Used for public wholesale funding (senior unsecured and subordinated), and structured retail products
- Prospectus last updated on 17 April 2015
- Private placements

Bloomberg ticker: LANSNA Corp

### Non-MTN / Specials

- Euro and non-euro issues on stand-alone documentation
- Private placements
- Structured products
- Hybrid instruments

Bloomberg ticker: LANSNA Corp

# Van Lanschot at a glance

## Van Lanschot's profile

- One strategy: pure-play, independent wealth manager focusing on preservation and creation of wealth for our clients
- Two leading brands: Van Lanschot and Kempen & Co
- Three core activities: Private Banking, Asset Management and Merchant Banking
- A- / BBB+ rated by Fitch and S&P

## Mortgage portfolio

- Mortgages are an integral part of Van Lanschot's service offering
- High quality portfolio of prime residential mortgage loans to wealthy private clients in the Netherlands and Belgium
- Distinctive mortgage offering dedicated to clients with specific income and/or wealth position
- All residential mortgages originated and serviced by Van Lanschot
- Total mortgage book € 6bn
- Average net principal balance per borrower € 440,000
- Low historical losses on residential mortgage loan portfolio
- A dedicated Mortgage Centre is up and running since July 2014 to accelerate production

\* 2014 Return on Common Equity Tier I is based on net profit excluding the one-off gain from pension scheme change

## Solid performance on all key financials

	2014	2013
• Net profit	€ 108.7m	€ 33.5m
• Net profit excluding pension gain	€ 54.2m	€ 33.5m
• Dividend per share	€ 0.40	€ 0.20
• Common Equity Tier I ratio	14.6%	13.1%
• Total Capital ratio	15.2%	13.9%
• Leverage ratio (fully loaded)	5.3%	5.1%
• Funding ratio	95.3%	81.3%
• Client assets	€ 57.4bn	€ 53.4bn

## Financial targets 2017

	Target 2017	2014
• Common Equity Tier I ratio	> 15%	14.6%
• Return on Common Equity Tier I *	10-12%	4.0%
• Efficiency ratio	60-65%	69.8%



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# Lunet & Citadel RMBS Programme Update

## 1. Funding and Liquidity

2. Van Lanschot RMBS programmes

3. Profile of Van Lanschot

4. Annex I – Dutch RMBS structure

5. Annex II – Dutch economy and housing market

6. Annex III – Contact information

# Balance sheet with strong capital and funding position

## Significant capital buffer

- Total equity of € 1.35 billion, of which € 1.19 billion in share capital and reserves
- Common Equity Tier I ratio (phase-in) 14.6%
- Leverage ratio (fully loaded) 5.3%

## Low risk assets

- Loan book decreased € 1.5 billion to € 11.0 billion in line with focus on wealth management. Loan book comprises still 64% of the balance sheet
- Investment portfolio extended with low risk European government bonds and bonds issued by financial institutions

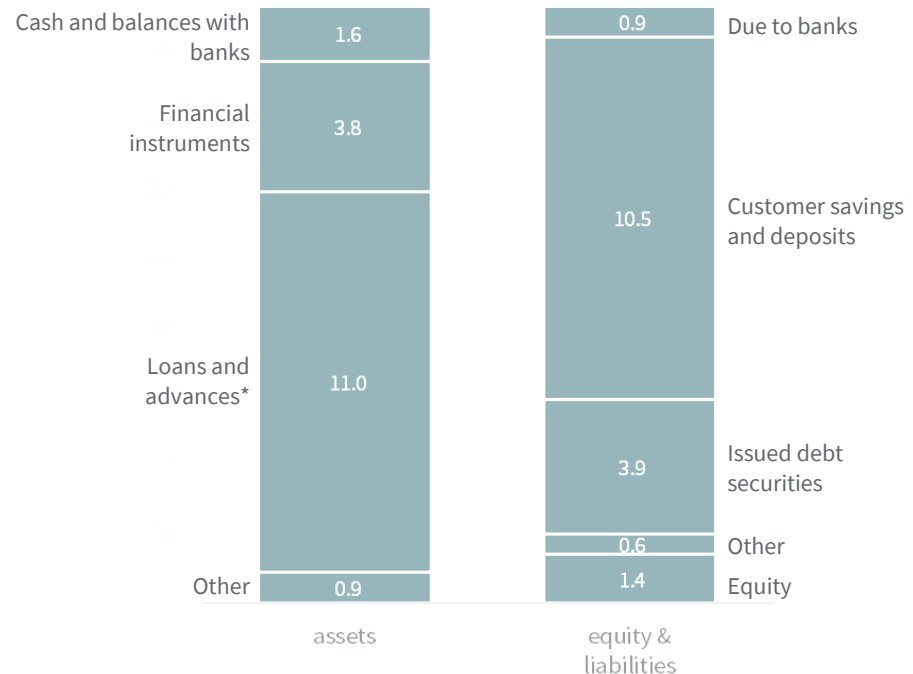
## Solid funding position

- Funding profile is well diversified in terms of instrument, source and maturity
- Several capital market transactions executed in 2014 (senior unsecured note and various medium term notes)
- Funding ratio increased to 95.3%

## Balance sheet at 31-12-2014

(€ billion)

Balance sheet total = € 17.3 billion



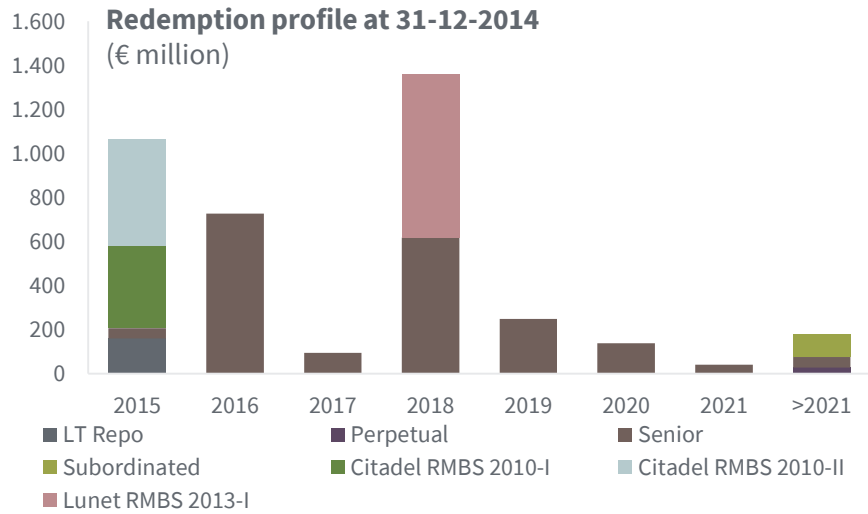
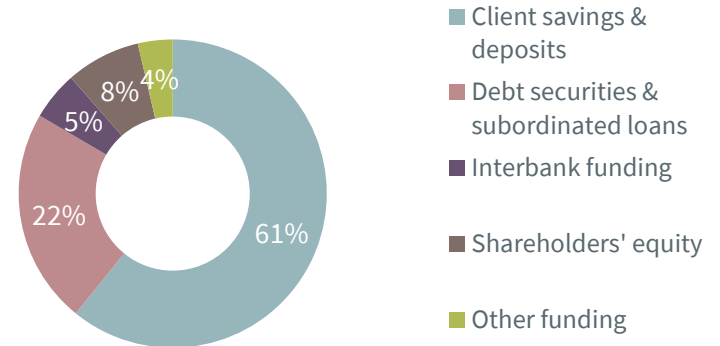
\* 55% (€ 6.05 billion) of the Loans and Advances are mortgages

# Well diversified funding profile

- Largely 'self funded' with a funding ratio 95.3% at 31-12-2014
- As a wealth manager, majority of funding is customer savings and deposits
- Funding mix complemented by wholesale funding
- Comfortable funding diversification across maturities and instrument types

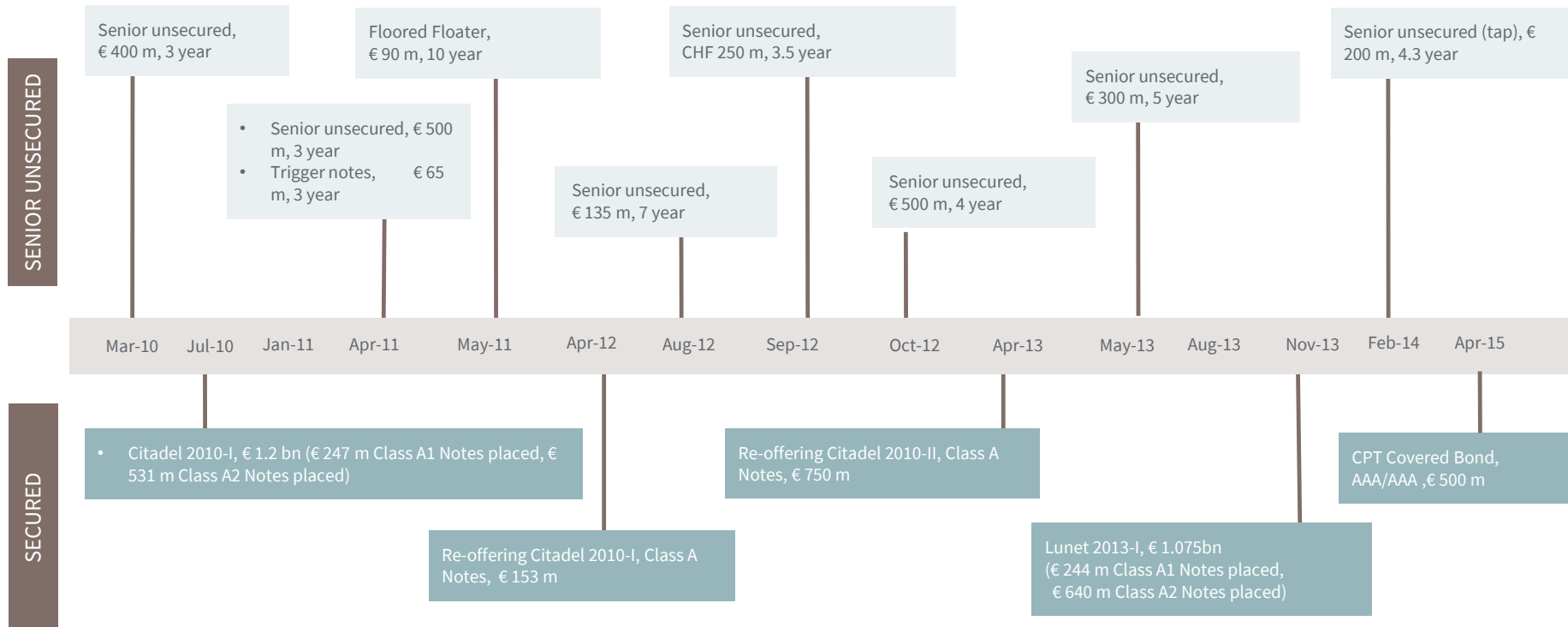
## Funding mix at 31-12-2014

100% = € 17.3 billion



# Successful presence in wholesale markets

- Strong funding position based on a stable level of bond issuance and a regular presence in wholesale markets
- Successful in raising funds in wholesale markets every year since 2010







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# Van Lanschot RMBS programmes

## Lunet RMBS 2013-I

### Citadel 2010-I & Citadel 2010-II

- Top quality residential mortgage portfolio, fully originated and serviced by Van Lanschot
- Lunet RMBS 2013-I is PCS and DSA compliant
- The Citadel 2010-I and Citadel 2010-II programmes were successfully established with the objective of diversifying funding

Public

Going forward the Lunet RMBS programme will be used for marketable RMBS transactions

*Bloomberg ticker: LUNET Mtge / CITAD Mtge*

## Courtine RMBS 2013-I

- High quality residential mortgage loan portfolio, fully originated and serviced by Van Lanschot
- Notes retained by Van Lanschot for liquidity management purposes

Retained

Going forward the Courtine RMBS programme will be used for retained RMBS transactions

*Bloomberg ticker: CRTIN Mtge*

## Van Lanschot RMBS transactions \*/\*\*

Transaction	Current size	Original size	Placed (of orig. size)	Rating Class Placed	Rating Class A Notes	Retained (of orig. size)
Lunet RMBS 2013-I	€ 928 m	€ 1,075 m	€ 884 m	A	AAA / AAA	€ 191 m
Citadel 2010-I	€ 787 m	€ 1,237 m	€ 778 m	A	AAA / AAA	€ 459 m
Citadel 2010-II	€ 822 m	€ 1,243 m	€ 990 m	A	AAA / AAA	€ 253 m
Courtine RMBS 2013-I	€ 854m	€ 854 m	-	A	AAA / AAA	Fully

\*) Currently less than 40% of the residential mortgage loan book is funded through publicly placed prime RMBS issuance.

\*\*) Source: Bloomberg, 1 June 2015

# Capital structure and main features

Van Lanschot RMBS Programmes											
Class	Current Rating (S&P/F)	Balance as per last QPD * (x 1mm)	Subordination as per last QPD *	Remaining WAL as per last QPD **	Balance at Issuance (x 1mm)	Subordination at issuance	Total CE at issuance ***	Coupon	F.O.R.D. ****	Legal maturity	Step-up Coupon
<b>LUNET 2013-I</b>											
A1	AAA/AAA	97.3	20.8%	0.75	244.0	17.8%	18.8%	3mE + 50bp	Dec 2018	Dec 2045	3mE + 100bp
A2	AAA/AAA	639.6	20.8%	3.39	639.6	17.8%	18.8%	3mE + 108bp	Dec 2018	Dec 2045	3mE + 216bp
B	AAA/A	49.4	15.5%	3.56	49.4	13.2%	14.2%	3mE	Dec 2018	Dec 2045	3mE
C	nr/nr	71.0	6.7%	3.56	71.0	6.6%	7.6%		Dec 2018	Dec 2045	
D	nr/nr	71.0	0.0%	3.56	71.0	0.0%	1.0%		Dec 2018	Dec 2045	
Total		928.3			1,075.0						
E	nr/nr	3.7		0.33	10.8		0.0%		Dec 2018	Dec 2045	
<b>CITADEL 2010-I</b>											
A1	NR	0.00			247.4	19.1%	20.1%	3mE + 130bp	Fully repaid	Nov 2042	3mE + 260bp
A2	AAA/AAA	550.7	30.6%	0.23	753.4	19.1%	20.1%	3mE + 140bp	Aug 2015	Nov 2042	3mE + 280bp
B	AAA/nr	75.5	21.0%	0.23	75.5	13.0%	14.0%	3mE	Aug 2015	Nov 2042	3mE
C	BBB+/BBB	129.9	4.5%	0.23	129.9	2.5%	3.5%	3mE	Aug 2015	Nov 2042	3mE
D	nr/nr	30.9	0.0%	0.23	30.9	0.0%	1.0%	3mE	Aug 2015	Nov 2042	3mE
Total		787.0			1,237.0						
E	nr/nr	0.00			12.4		0.0%	3mE			3mE
<b>CITADEL 2010-II</b>											
A	AAA/AAA	569.2	31.2%	0.23	990.7	20.3%	21.3%	3mE + 120bp	Aug 2015	Nov 2042	3mE + 240bp
B	AA-/nr	84.6	20.9%	0.23	84.6	13.5%	14.5%	3mE	Aug 2015	Nov 2042	3mE
C	BBB+/BBB	136.7	4.3%	0.23	136.7	2.5%	3.5%	3mE	Aug 2015	Nov 2042	3mE
D	nr/nr	31.1	0.0%	0.23	31.1	0.0%	1.0%	3mE	Aug 2015	Nov 2042	3mE
Total		821.6			1,243.0						
E	nr/nr	0.00			12.5		0.0%	3mE		Nov 2042	3mE

\*) Last QPD: Lunet RMBS 2013-I: 26 March 2015, Citadel 2010-I and Citadel 2010-II: 26 May 2015, source: Bloomberg

\*\*) Based on call on F.O.R.D., CPR of 6%, no defaults and delinquencies, source: Bloomberg, as per 1 June 2015

\*\*\*) Includes the reserve account of 1% of the Class A-D notes and excludes the excess spread of 50bps p.a.

\*\*\*\*) There will be a step-up and call option on the QPD falling in December 2018 for Lunet RMBS 2013-I and in August 2015 for Citadel 2010-I and Citadel 2010-II

# WAL and CPR analysis of class A notes

WAL* sensitivity to CPR and issuer call at first optional redemption date							
CPR scenarios	CPR 0%	CPR 2%	CPR 4%	CPR 6%	CPR 8%	CPR 10%	CPR 12%
<b>LUNET RMBS 2013-I Class A1 Note</b>							
Assuming call @ F.O.R.D.(yrs)	3.18	1.97		0.75	0.55	0.43	0.36
Assuming no call (yrs)	7.36	2.00	1.10	0.75	0.55	0.43	0.36
<b>LUNET RMBS 2013-I Class A2 Note</b>							
Assuming call @ F.O.R.D.(yrs)	3.56	3.56	3.52	3.39	3.25	3.11	2.96
Assuming no call (yrs)	17.59	14.29	11.26	8.91	7.18	5.89	4.93
<b>CITADEL 2010-I Class A2 Note</b>							
Assuming call @ F.O.R.D.(yrs)	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Assuming no call (yrs)	17.87	13.16	9.68	7.27	5.66	4.56	3.80
<b>CITADEL 2010-II Class A Note</b>							
Assuming call @ F.O.R.D.(yrs)	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Assuming no call (yrs)	16.95	12.58	9.36	7.08	5.55	4.50	3.75

## Main assumptions WAL calculations:

No arrear

No event of default / no enforcement notice

No losses

No regulatory call

No further advances

No clean-up call

\* source: Bloomberg, 1 June 2015

# Overview Van Lanschot RMBS transactions

Programme	Lunet RMBS 2013-I	Lunet RMBS 2013-I	Citadel 2010-II	Citadel 2010-I
Date	30-April-2015	7-Nov-2013*	30-Jul-10*	2-Jul-10*
Pool characteristics				
WA CLTMV	59.6%	62.5%	75.0%	75.0%
WA Indexed CLTMV	62.6%	67.4%	74.0%	73.0%
WA Seasoning (months)	135	123	64	67
Avg Loan Balance (€)	344,649	360,617	503,647	483,770
WA Interest Rate	3.8%	4.1%	4.3%	4.3%
Fixed rate	79.5%	68.1%	71.0%	71.4%
Interest-only	79.09%	78.1%	79.6%	79.7%
Class A Subordination	20.8%	17.8%	20.3%	19.1%
Reserve Fund	1.0%	1.0%	1.0%	1.0%
Total Credit Enhancement	21.8%	18.8%	21.3%	20.1%
Swap Excess Spread	50bps	50bps	50bps	50bps
Cash Advance Facility	1.5%	1.5%	1.25%	1.25%

## Lunet RMBS 2013-I Key Mortgage Loan Criteria

Each mortgage loan is a life mortgage loan, investment mortgage loan, linear mortgage loan, annuity mortgage loan, interest-only mortgage loan or a combination thereof

Loan to Foreclosure Value (LTFV) of max 120% and Current Loan to Indexed Foreclosure Value (CLTIFV) of max 130%

First and subsequent ranking mortgages

No loans in arrears

Only properties in the Netherlands

Maximum loan amount of € 1,000,000 per borrower

All payments via direct debit

Borrower is a private individual and not an employee of the Seller

No legal maturity beyond December 2043

Each mortgage loan is originated by the Seller

Each mortgage loan is denominated in euro

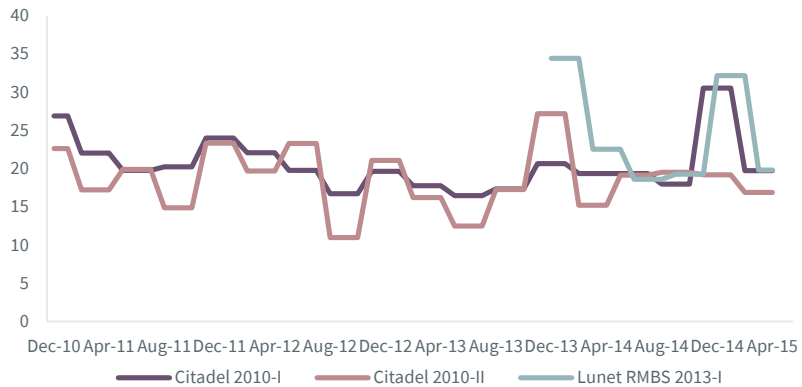
Property primarily used for residential purpose

Property not subject to residential letting at origination of the mortgage loan

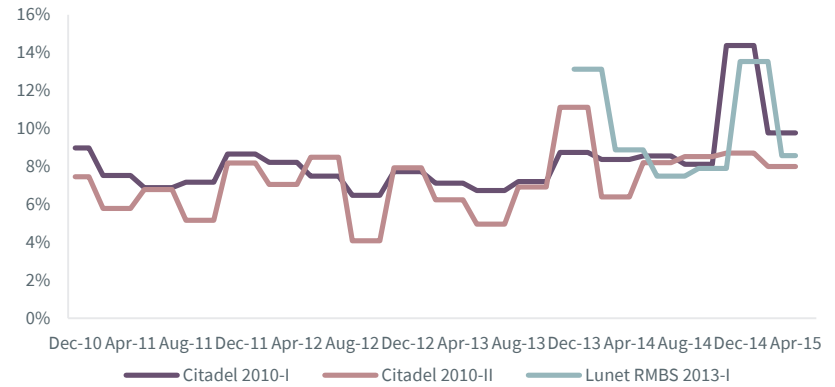
\*As per the respective closing dates. Source: Fitch, QIR and relevant prospectus

# Performance of RMBS transactions

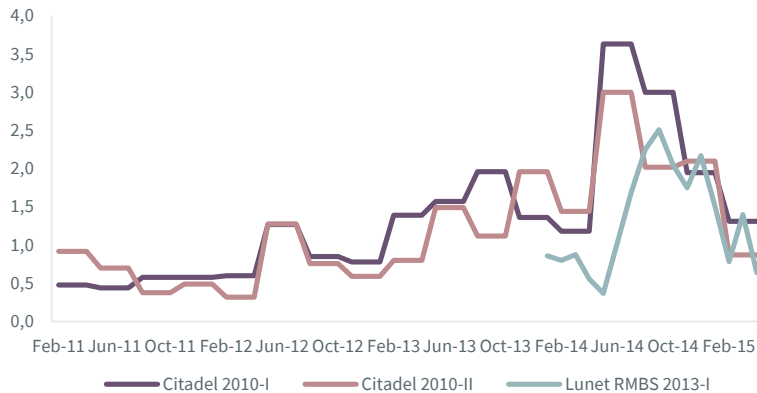
### 3-month prepayments in EUR mln



### 3-month prepayments as percentage of the outstanding balance



### Delinquencies (30+ days, %)



### Cumulative losses

No losses in Lunet RMBS 2013-I,  
very limited amount of losses in Citadel 2010-I, 2010-II  
since issuance

Loss Provisioning Required Amount for Lunet RMBS 2013-I is null



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# Lunet & Citadel RMBS Programme Update

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# Why wealth management?

## Building on our distinctive strengths

We can build on our inherent strengths in private and institutional wealth management by working together for the benefit of new and existing clients

## Supported by demographics and economic fundamentals

There is room for a high-quality, high-service, independent wealth manager in the Benelux, leading to an attractive business model supported by demographics and macro economic fundamentals

## Our mission:

Preservation and creation of wealth for our clients



# Van Lanschot builds on the experience of its three core activities



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KEMPEN CAPITAL MANAGEMENT



KEMPEN & CO  
Merchant Bank

## Private Banking

- Private Bank of choice for high net-worth individuals, entrepreneurs and family businesses
- Specialised services for business professionals and executives, healthcare professionals, and foundations and associations
- Three service concepts: Personal Banking, Private Banking and Private Office

## Asset Management

- Specialised European investment management boutique with a sharp focus and a clear investment philosophy
- Focus on a limited number of high quality investment strategies: small caps, property, high-dividend equities, fixed-income securities and funds of hedge funds
- Fiduciary services for national and international pension funds and insurance companies providing a fully comprehensive asset management solution based on clients' specific needs

## Merchant Banking

- Specialist services in brokerage, mergers and acquisitions, capital market transactions and finance advice to institutional investors, companies, financial institutions and semi-public and public entities
- Pursuing a niche strategy aimed at the Benelux market and European life sciences & healthcare, resource efficiency & cleantech, and property

Mortgages form an anchor product within Private Banking activities



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# Van Lanschot's solid profile is reflected in its creditworthiness

## Fitch

- Long-term credit rating: A-
- Outlook long-term credit rating: Negative
- Short-term credit rating: F2
- Latest press release: 30-09-2014
- Rating has been reconfirmed since 2009

## Standard & Poor's

- Long-term credit rating: BBB+
- Outlook long-term credit rating: Stable
- Short-term credit rating: A-2
- Latest press release: 04-11-2014
- Outlook revised to Stable from Negative in November 2014

*“Van Lanschot's good capitalisation is strongly supporting its rating... The rating incorporates the bank's established ... franchise in wealth management and merchant banking and expectation that its management will be able to execute on its strategy ... The rating is further supported by the bank's good and balanced funding profile and sound liquidity management.”*  
(30 September 2014)

*“Van Lanschot has advanced well in refocusing on pure wealth management business. We think this business model should enable the bank to strengthen its core franchise..., as well as to simplify its product offering while reducing its risk exposure and increasing its capitalization over time, in line with what we view as a relatively cautious strategy and management.”*  
(4 November 2014)

# Highlights 2014 annual results

<b>Solid profit growth in 2014</b>	<b>Net profit of € 108.7 million; proposed dividend of € 0.40 per share</b> <ul style="list-style-type: none"><li>• Net profit of € 54.2 million (+62%) excluding one-off gain from pension scheme change</li><li>• Income from operating activities +3%</li><li>• Operating expenses +2%</li><li>• Loan loss provision -26%</li></ul>
<b>Growth in client assets</b>	<b>Client assets increase to € 57.4 billion (+7%)</b> <ul style="list-style-type: none"><li>• Strong market performance</li><li>• Client assets of Evi (our online service for savings and investment) grow to over € 1 billion</li><li>• Inflow of discretionary mandates and savings and deposits at Private Banking</li><li>• Discretionary mandates comprise 42% of Private Banking assets under management</li><li>• Client assets at Asset Management grow 13%</li></ul>
<b>Capital ratios strengthened</b>	<b>Common Equity Tier I ratio grows to 14.6% (+1.5%-point)</b> <ul style="list-style-type: none"><li>• Leverage ratio (fully loaded) 5.3%</li><li>• Common Equity Tier I ratio (fully loaded) 13.4% (+2.9%-point)</li><li>• Well diversified funding profile: funding ratio of 95.3%, supported by successful wholesale market transactions</li></ul>
<b>Execution of strategy on track</b>	<b>Good progress in execution</b> <ul style="list-style-type: none"><li>• Private Banking: transformation finalized, introduction of new wealth planning advisory service</li><li>• Asset Management: global funds launched in Small-caps and Real Estate, flourishing third party distribution</li><li>• Merchant Banking: solid market share in selected niches, involved in appealing transactions, more international clients</li><li>• Corporate Banking: run-off is ahead of schedule, interest margin improving</li></ul>

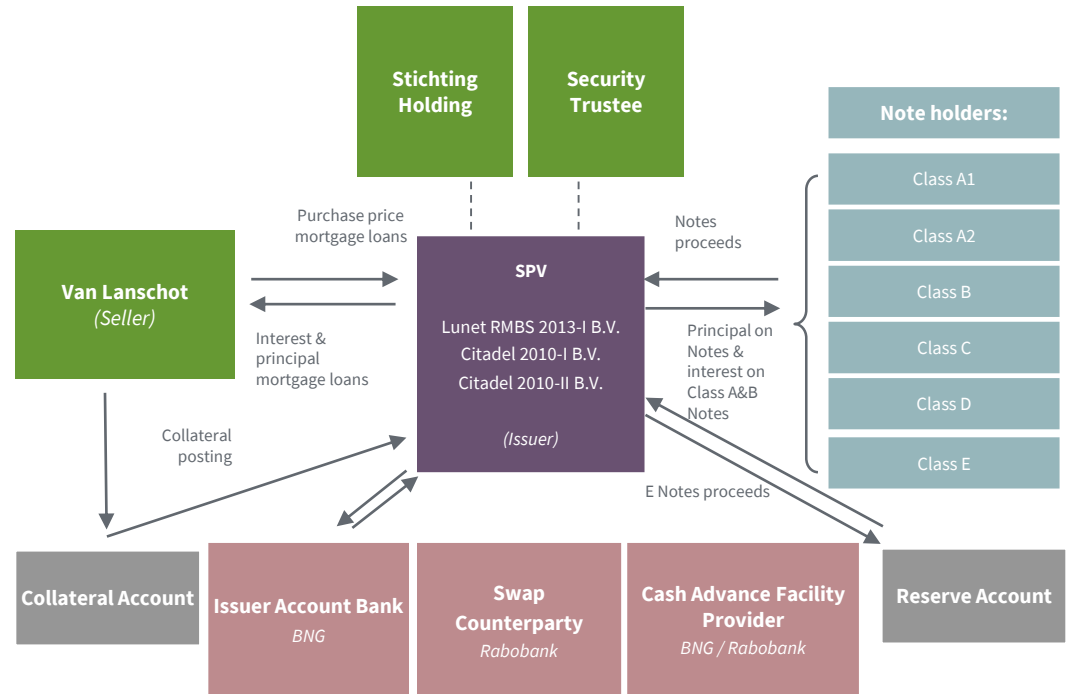


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## Annex I – Dutch RMBS structure

# Standard Dutch RMBS structures for all transactions

- Dutch SPV owned by an independent foundation (Stichting Holding ) and Security Trustee, acting for noteholders and secured parties
- True sale of mortgage loans through silent assignment
- Mortgages and other rights of the issuer pledged to the Security Trustee via pledge agreement
- Only prime Dutch residential mortgage loans
- Purchase of further advances subject to portfolio and mortgage loan criteria





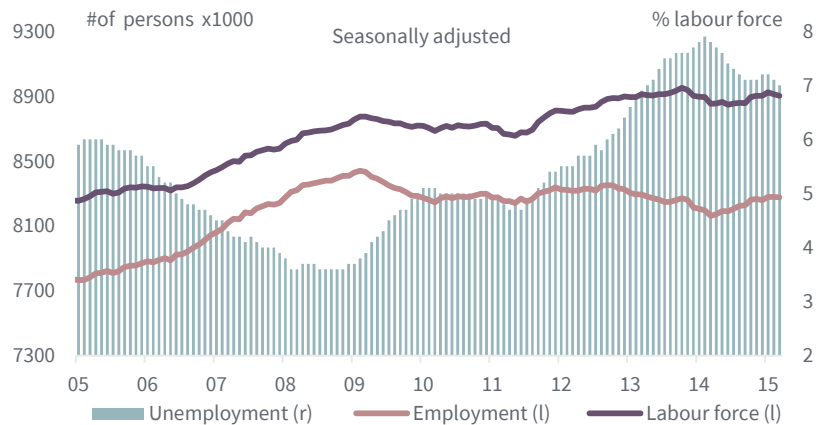
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## Annex II – Dutch economy and housing market

# Dutch economy

- The Dutch economy started 2015 on a strong footing, the economy grew by 0.4% compared to the previous quarter. The main drivers of growth were private consumption and housing investments. In 2015 real GDP growth is expected to increase to 2%
- During the first quarter, private consumption rose by 0.3% q-o-q, up for the fourth successive quarter. The increased number of house sales has led to a rise in the purchase of durable household goods. Consumers were more positive about both the general economic climate and spending willingness
- For this year and next, the labour market is expected to continue its recovery. The number of temporary agency hours worked has continued to rise uninterrupted for eighteen months and is now at its highest point since the end of 2008. The number of job vacancies has also been rising for six quarters in a row
- The EUR 10 year swap rate has increased to 1.16% at the beginning of June, it was at 0.45% as recently as 20 April

## Unemployment



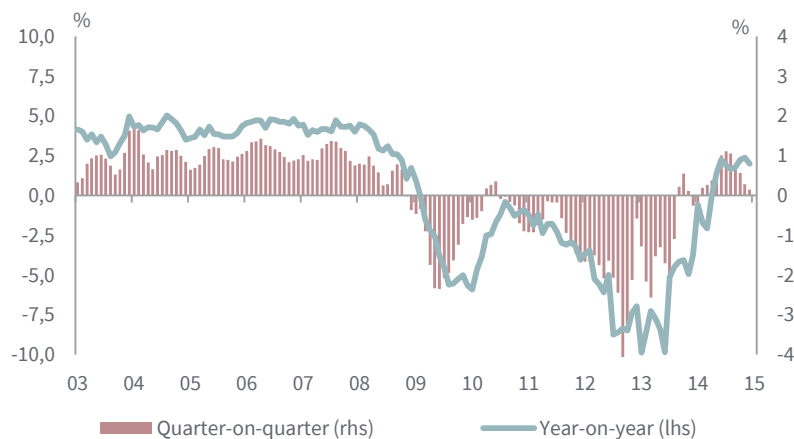
## Eurozone 10y swap interest rate



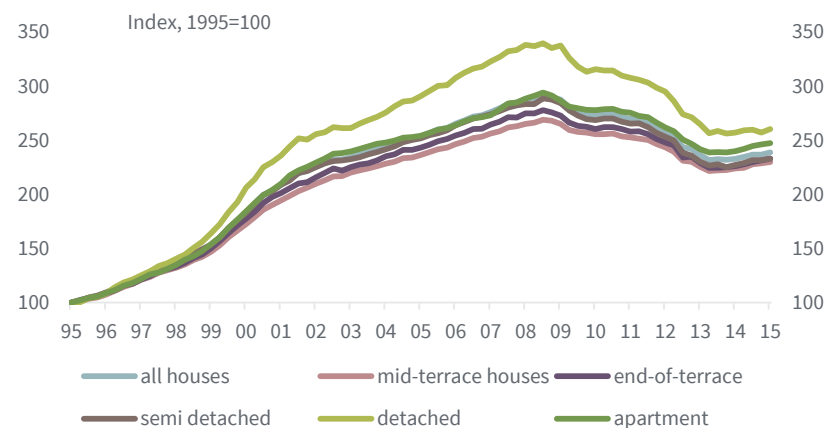
# House price developments

- The House Price Index of existing homes (HPI) rose by 0.5% compared to the fourth quarter of 2014, and compared to the first quarter of 2014 the rise was 2.4%. Compared to its low point in June 2013, the price index is now 4% higher. Even so, nominal house prices are still 18% lower than before the crises and therefore at the level of 2003
- The increase in sales prices differ amongst house types and regions, with the less expensive segment (such as apartments or mid-terrace houses) growing faster than the luxury segment (detached houses), and urban areas housing prices outpacing the more peripheral areas. Even so, prices did rise in all segments and provinces
- More and more households are moving out of negative equity as house prices rise slightly and households repay their mortgages. Compared to the first quarter of last year, the number of households with negative equity has fallen by approximately 15%
- The ongoing tightening up of the credit standards is putting a brake on the fast price rises. It is expected that the price-boosting factors (growth in employment and rise in disposable income) will have a slightly stronger effect on house price trends than more stringent credit conditions

Price development (Y-o-y / Q-o-q)



Price development per segment

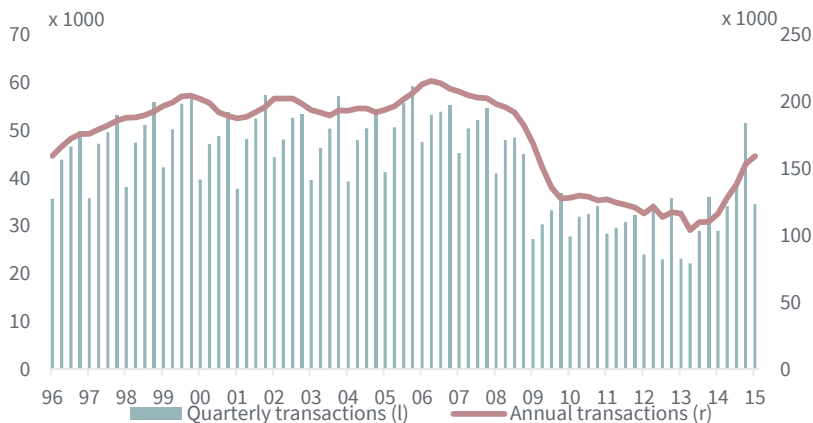




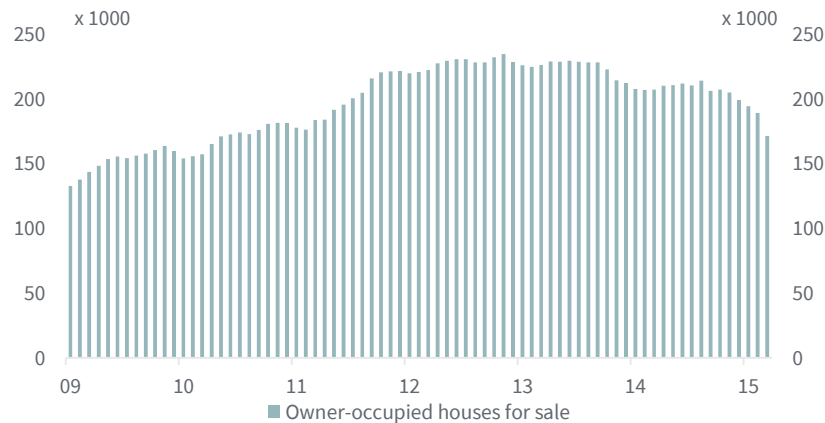
# Transaction and supply developments

- In 2014, 153,000 homes changed ownership, a rise of more than 40% compared to 2013. This was the highest number of house sales in a single year since 2008.
- During the first quarter of 2015, 34,527 existing owner-occupied homes changed ownership, this is a fall of 12.7% compared to the fourth quarter of 2014. The relaxation of the gift tax exemption contributed to the end-of-year rally and so a fall-back was to be expected. Compared to the first quarter of last year, however, there has been a 19% increase
- The supply of owner-occupied homes fell only slightly in 2014 despite the strong increase in sales, due in part to a relatively large number of new homes coming on to the market. At the start of this year, however, the number of unsold homes fell substantially. In March there were almost 25,000 fewer homes for sale (compared to December 2014)

## Quarterly and annual transactions



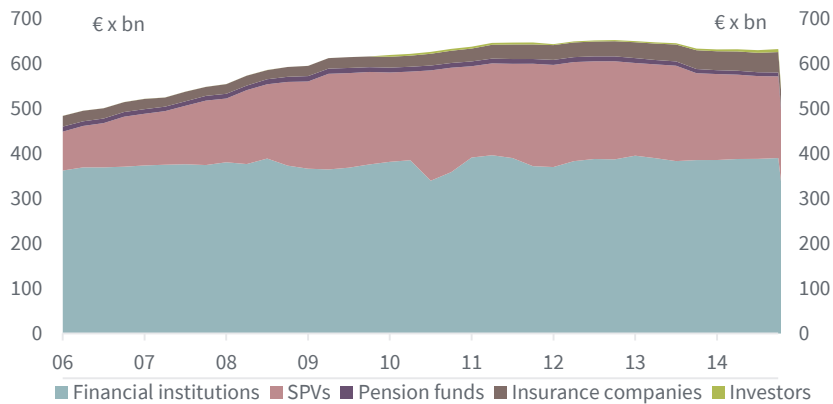
## House supply (seasonally corrected)



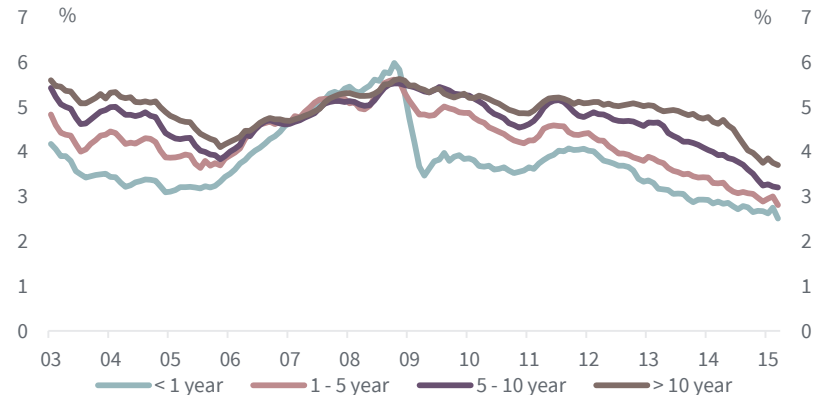
# Dutch residential mortgage market

- Total outstanding mortgage debt in 2014 fell by EUR 1 bn to EUR 632 bn. The effect of rising prices and transaction numbers was cancelled out by the extra repayments on existing mortgages. The extra repayments were largely prompted by the low savings interest rate and the temporary relaxation of the one of exemption on gift tax (until the end of December 2014)
- The maximum amount that can be borrowed has been reduced from 1 January 2015 onwards based on maximum LTV (104% to 103%) and more stringent standards for maximum debt-to-income limits (Nibud). As of 1 July 2015, the amount covered by NHG guarantee will be reduced to EUR 245,000
- Average mortgage interest rates continued to fall, albeit slightly, during the first quarter of this year. Although there will be an upward pressure caused by the recent rise in capital market interest, it is expected that mortgage interest rates in 2015 will remain at relatively low levels

## Mortgage debt outstanding



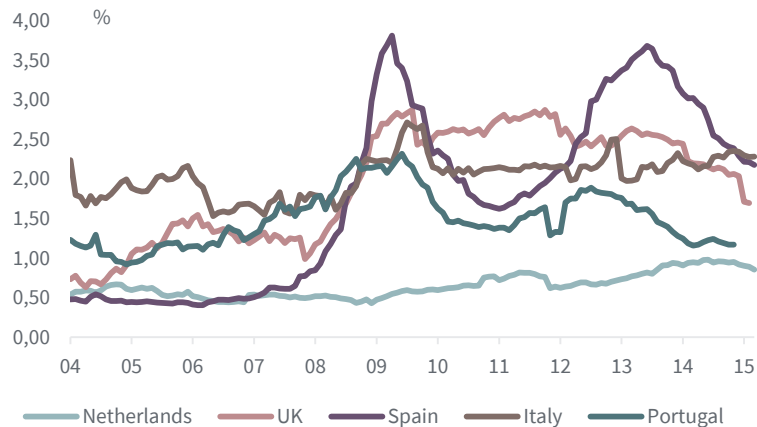
## Average mortgage rates



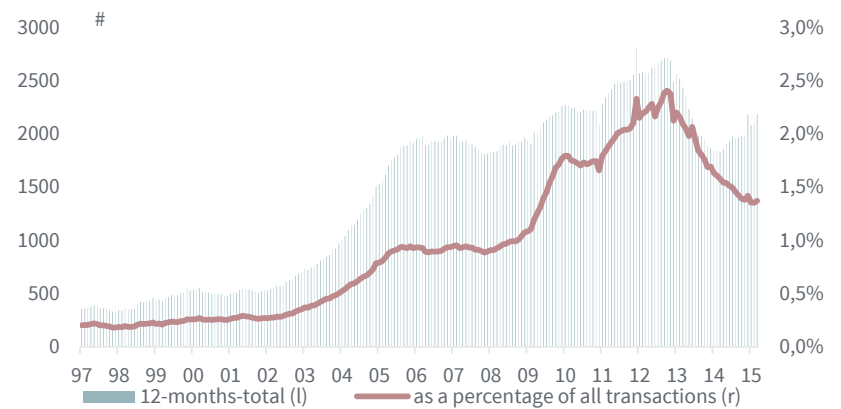
# Mortgage foreclosures and losses

- The Netherlands continues to perform well in terms of the level of payment arrears and forced sales as compared to other European countries
- After a few years of increasing mortgages that have fallen into arrears, we have seen a stabilisation of arrears (with 60 days+ arrears close to 0.85% in March 2015)
- The Land Registry recorded 2,178 forced sales in 2014, this corresponds to approximately 0.1% of the total number of residential mortgage loans outstanding

## Payment arrears (60+ days)



## Foreclosures



# Regulatory developments

- ❑ Provisions affecting the housing market as from 2013:
  - The limitation of tax deductibility to repayment mortgages (with an annuity or linear redemption scheme)
  - Maximum LTMV allowance to be decreased from 106% to 100% within 6 years (currently 103%)
  - Property transfer tax to be kept at the reduced level of 2%
  - Interest paid on outstanding debt that remains after the sale of a home can be deducted up to 15 years (This measure will be in place for negative equity financings entered into before 2018)
  - Borrowers with pre-1 January 2013 mortgages are permitted to keep the existing mortgage in case of refinancing and moving house
  - Up until 31 December 2014 endowments from family members or a third party up to 100,000 Euros were temporarily exempted from tax as long as the money is invested in the home or outstanding mortgage. As from 1 January 2015 the tax exempt limit is EUR 52,752 Euros and only applies to endowments from parents to their children
  
- ❑ As from 2014:
  - The maximum tax deductibility from the highest tax bracket (currently 51%) will be reduced by 0.5% per annum to the second-highest tax bracket (now 42%, in the future 38%)



Van Lanschot

## Annex III – Contact information

# Contact information



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