



Van Lanschot

# Debt Investor Presentation

January 2016

More information: [corporate.vanlanschot.nl/EN](http://corporate.vanlanschot.nl/EN)



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# 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
- BBB+ rated by both Fitch and S&P

## Execution of strategy on track

- Private Banking: securities commission +18%, launch of Evi Pension, new proposition for entrepreneurs, increase in mortgage production
- Asset Management: inflow in euro credit strategy following Gold-rating Morningstar, acquisition of fiduciary management MN UK
- Merchant Banking: commission income doubled, solid market share in selected niches, involved in appealing transactions
- Corporate Banking: run-off is ahead of schedule, sale of non-performing CRE loans announced

## Solid performance on all key financials

	H1 2015	H1 2014
• Net profit	€ 34.0m	€ 49.4m
	30-06-2015*	31-12-2014
• Common Equity Tier I ratio	14.6%	14.6%
• Total Capital ratio	15.3%	15.2%
• Leverage ratio (fully loaded)	5.7%	5.3%
• Funding ratio	94.3%	95.3%
• Client assets	€ 58.5bn	€ 57.4bn

## Financial targets 2017

	H1 2015	Target 2017
• Common Equity Tier I ratio	14.6%	>15%
• Return on Common Equity Tier I	5.7%	10-12%
• Efficiency ratio	70.7%	60-65%

\*Q3 update available on page 25. At 30 June 2015 based on phase-in and excluding retained earnings. Comparative figures at 31 December 2014 including retained earnings



Van Lanschot

# Agenda

## **1. Profile & Strategy of Van Lanschot**

2. Balance Sheet, Funding & Capital

3. Financial Performance

# Transforming from small “universal” bank to specialised wealth manager

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



Van Lanschot

## 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: Private Banking, Personal Banking and Private Office
- A network of 36 branches of which 27 resided in the Netherlands, 7 in Belgium and 2 in Switzerland (onshore only)
- AuM value of € 20.7 billion\*



KEMPEN CAPITAL MANAGEMENT

## 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
- AuM value of € 36.9 billion\*



KEMPEN & CO  
Merchant Bank

## 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 and property

\* As of H1 2015. AuM of Asset Management including € 9.0 billion of AuM managed for Van Lanschot Private Banking

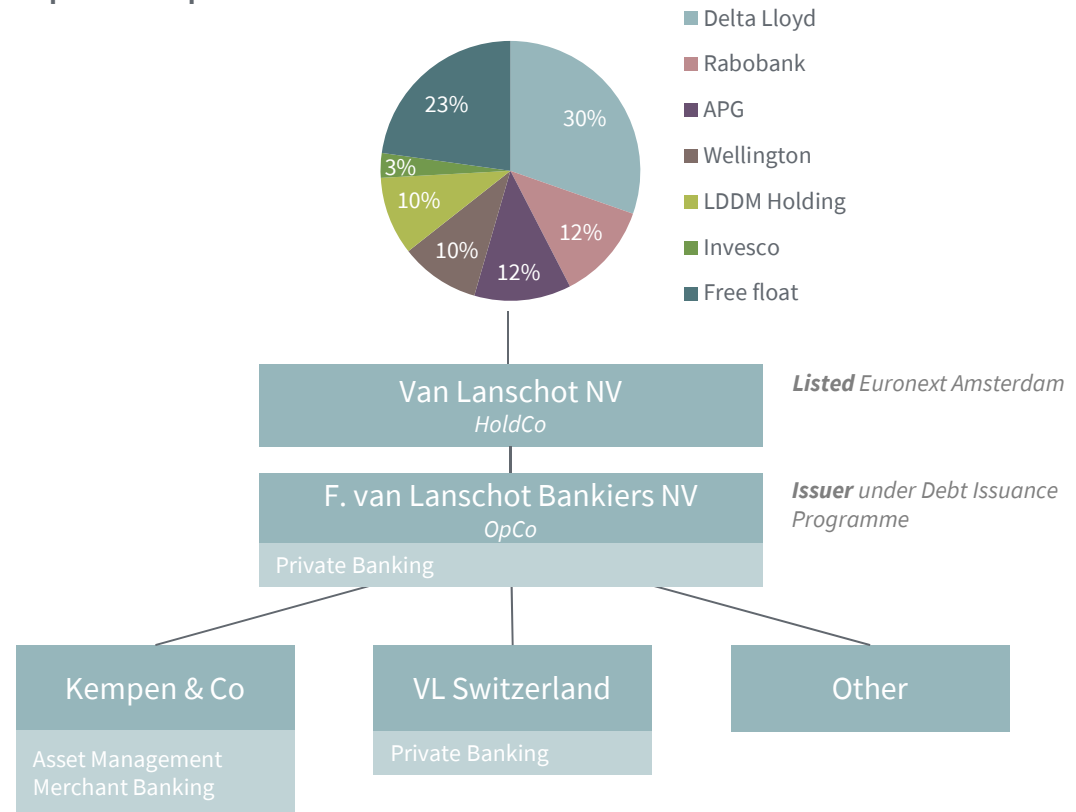


Van Lanschot

# Simplified group structure




- Van Lanschot NV (VLNV) is listed on Euronext Amsterdam
- F. van Lanschot Bankiers NV (FVLB) is issuer under Debt Issuance Programme
- The 403-declaration for FVLB by VLNV, effectively guaranteeing the obligations of FVLB, was withdrawn on 20 November 2015. The declaration provided an exemption for FVLB to publish annual consolidated financial accounts
- As per 1 Jan 2015 a change in law requires FVLB to publish consolidated financial accounts, cancelling the benefit of maintaining the 403-declaration
- To avoid costs because of accounting differences, VLNV has paid-in a cash position as share premium to FVLB in December 2015. This will ensure that the accounts of VLNV and FVLB are practically identical going forward

**Simplified Group Structure and shareholder base**

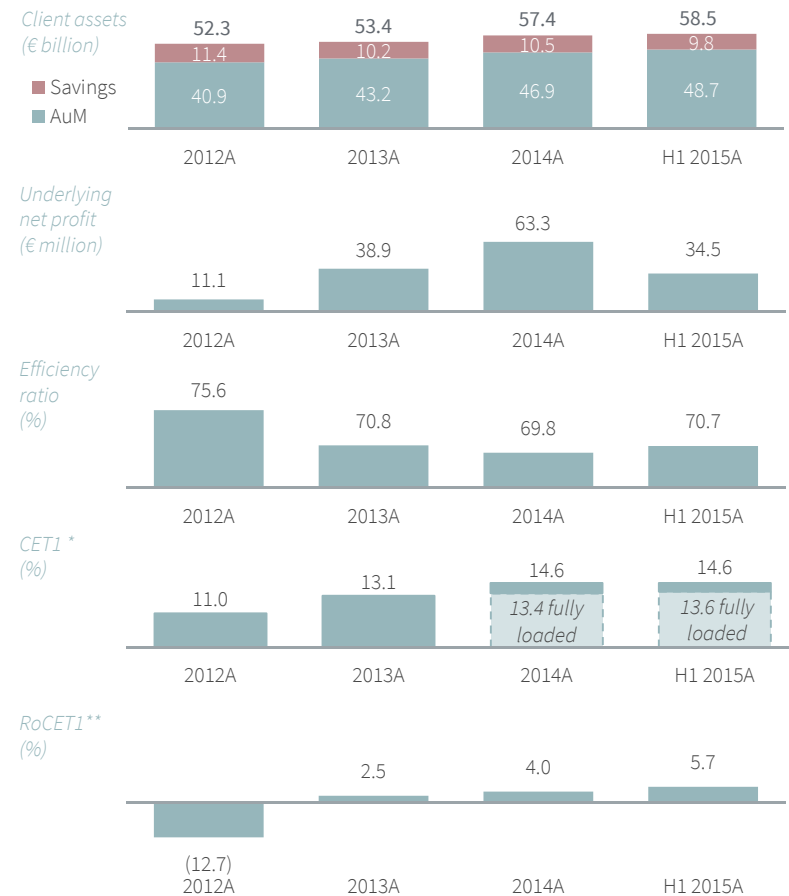


# Considerable transformation progress to date

## Key achievements to date

Focus	Achievements
	<ul style="list-style-type: none"> <li>✓ Transformation of Private Banking into three service levels (differentiation of services) and streamlining of operations</li> <li>✓ AM and MB successfully expanding in target niches</li> <li>✓ RWA of Corporate Banking significantly reduced</li> <li>✓ Financial position and results significantly strengthened</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Centralisation of mid-office and investment advisory teams</li> <li>✓ Significant reduction in number of (sub) products offered (e.g. single, integrated online savings and deposit account)</li> <li>✓ Simplification of IT and operational infrastructure ongoing</li> </ul>
	<ul style="list-style-type: none"> <li>✓ &gt;€1bn in assets raised with Evi in the Netherlands and Belgium</li> <li>✓ Launch of new Global Property and Global Small-cap funds</li> <li>✓ Strong market shares in selected niches</li> <li>✓ Involved in high-profile Merchant Banking deals</li> </ul>

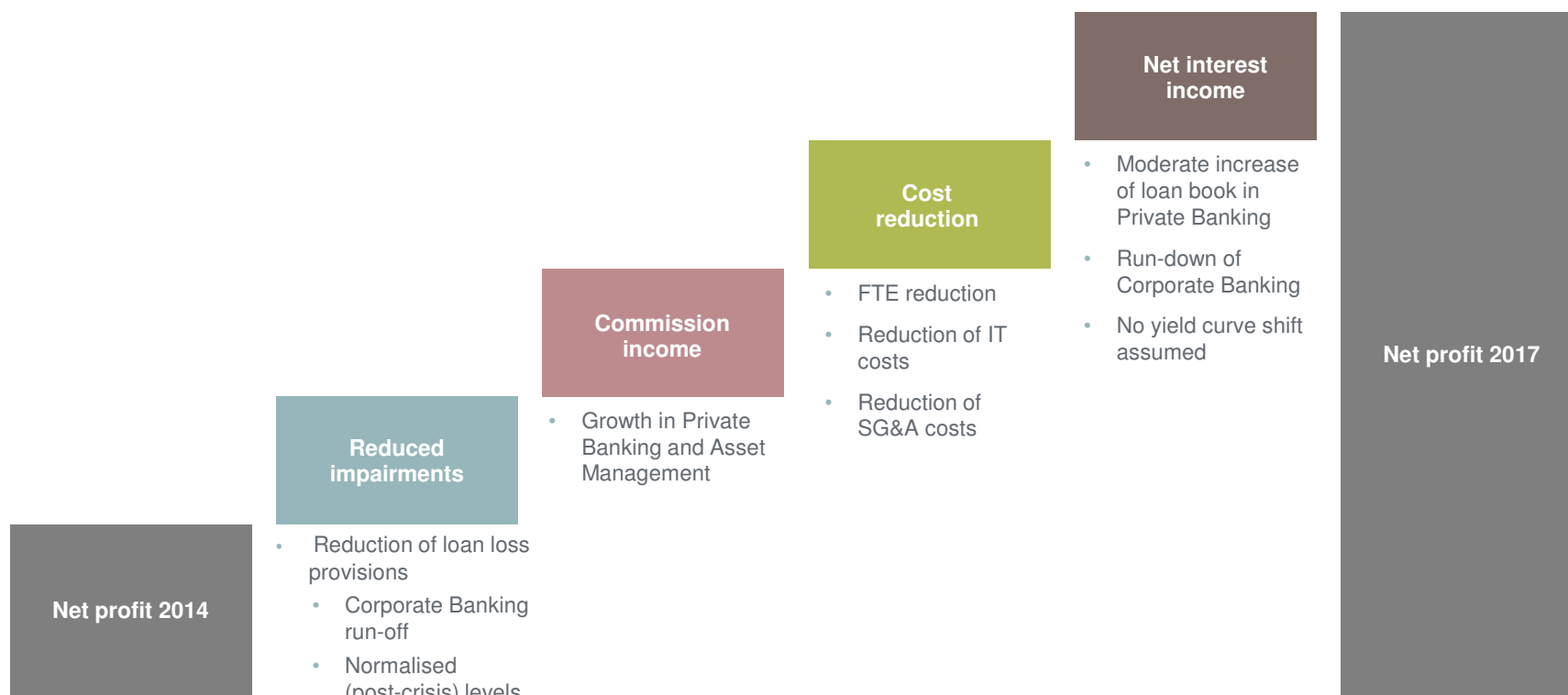
## Strong recovery financial performance



\* Basel III phase-in as from 2014. Figures for previous years are based on compliance with Basel II, H1 2015A both phase-in and fully loaded excl. retained earnings  
 \*\* Based on average phase-in CET1 capital; H1 2015A figure is annualised



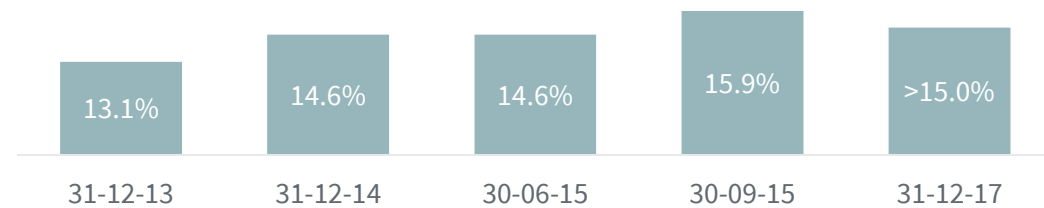
# Clearly defined path to realise target profitability level



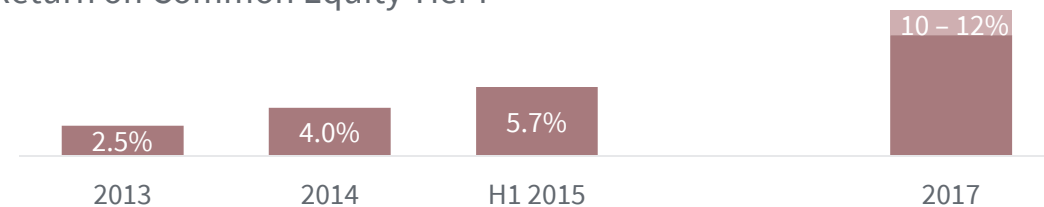
# On track to achieve financial targets 2017



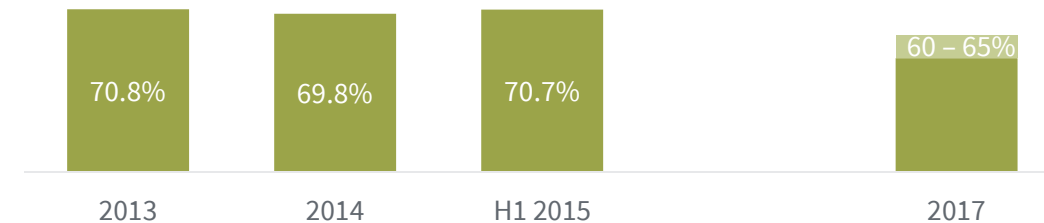
Common Equity Tier I ratio\*



Return on Common Equity Tier I\*\*



Efficiency ratio



\* 2014 reflects Common Equity Tier I-ratio phase-in, including retained profit, 30-06-2015 and 30-09-2015 excluding retained profit.

\*\* Based on average Common Equity Tier I. 2014 excluding one-off gain following from pension scheme change. H1 2015 annualised.



Van Lanschot

# Agenda

1. Profile & Strategy of Van Lanschot
- 2. Balance Sheet, Funding & Capital**
3. Financial Performance

# Balance sheet with strong capital and funding position

## Significant capital buffer

- Total equity of € 1.4 billion, of which € 1.3 billion in share capital and reserves

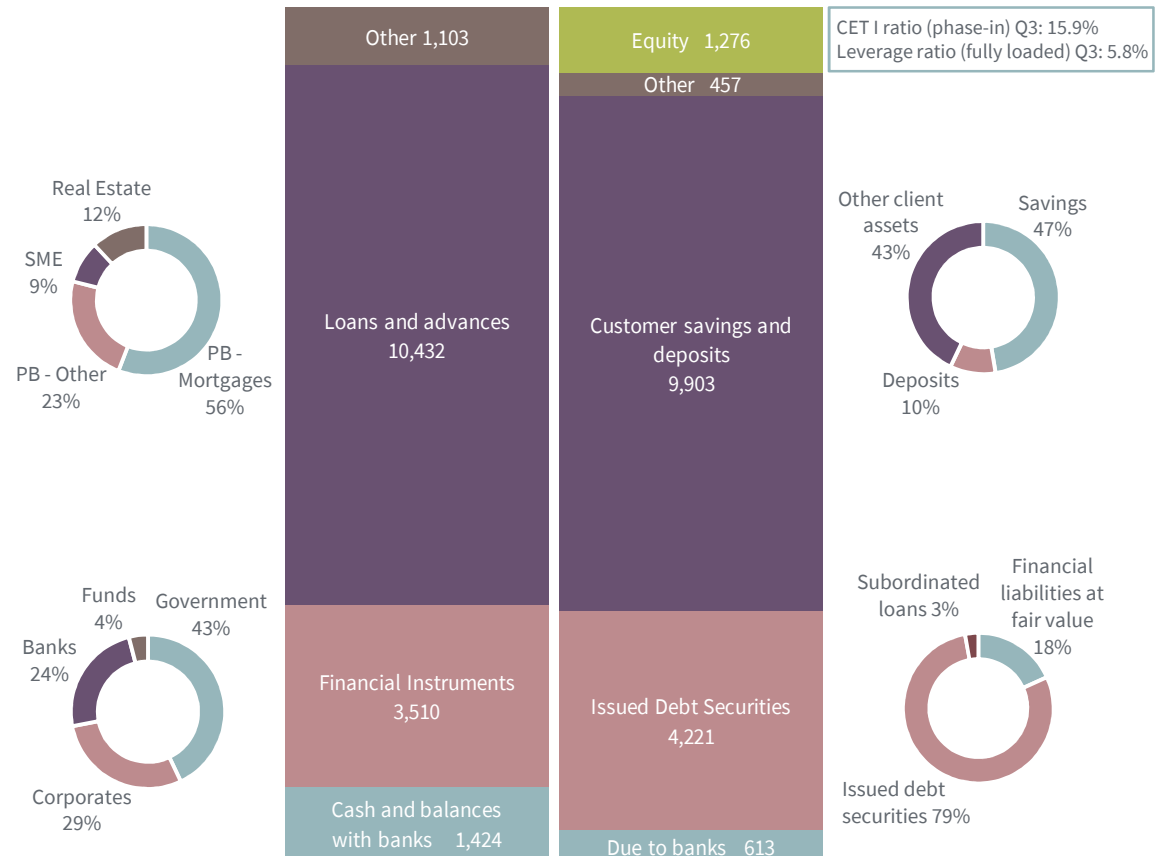
## Low risk assets

- Loan book decreases € 0.6 billion to € 10.4 billion in line with focus on wealth management
- Ultimate goal to run off Corporate Banking loan book entirely, currently € 2.2 billion
- Investment portfolio consists mainly of low risk European government bonds and bonds issued by financial institutions

## Solid, well diversified funding position

- Largely funded by customer savings and deposits; funding ratio of 94.3% at 30 June 2015 in line with wealth management profile
- Funding mix is complemented by wholesale funding

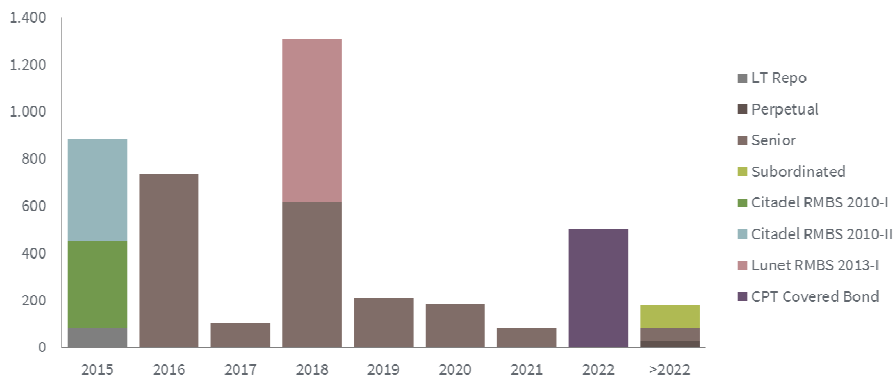
**Balance sheet at 30-06-2015**  
 € million, balance sheet total = € 16.5 billion



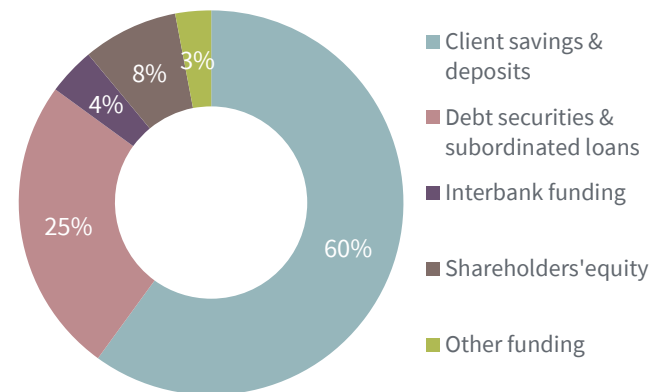
# Well diversified funding profile

- Largely 'self funded' with a funding ratio\* of 94.3% at 30 June 2015
- As a wealth manager, majority of funding consists of customer savings and deposits
- Funding mix complemented by wholesale funding, resulted in lengthening the average maturity of liabilities
- Comfortable funding diversification across maturities and instrument types
- The Citadel RMBS 2010-I and Citadel RMBS 2010-II have been redeemed in Augustus 2015. The 2005 Perpetual has been redeemed in December 2015

**Redemption profile at 30-06-2015**  
(€ million)



**Funding mix at 30-06-2015**  
100% = € 16.5 billion

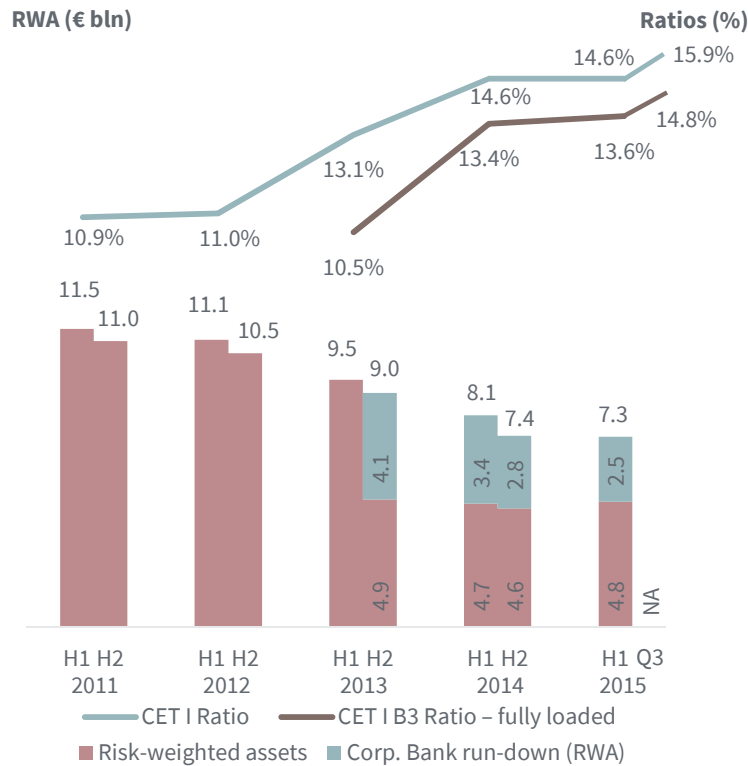


\* Funding ratio: the extent to which the loan book is funded with client savings and deposits. Inverse of Loan to Deposit ratio. LtD is 106.04% at 30 June 2015

# Capital strategy: managing pending regulations

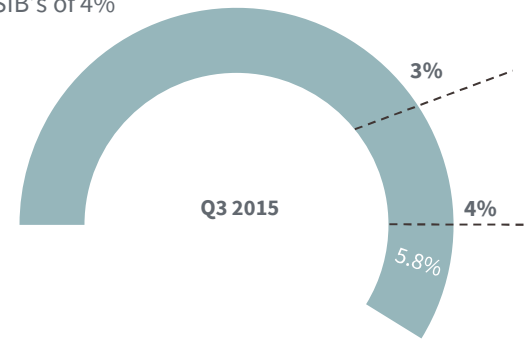
## Substantial RWA reduction – Further strengthening capital ratios

- Run-down of corporate loan book leads to significant reduction of risk-weighted assets and strengthening of capital ratios
- Van Lanschot targets a phase-in CET I ratio > 15% by year-end 2017



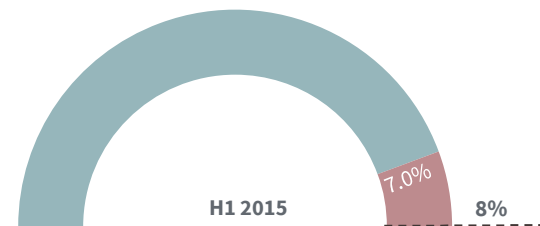
## Leverage ratio – comfortably above target

- Leverage ratio stood at 5.8% per 30-09-2015
- Well-positioned relative to the envisaged requirement for Dutch D-SIB's of 4%



## MREL ratio – on track

- Per 30-06-2015 pro-forma MREL stood at 7.0% met with Own Funds
- Well on track to meet any requirement of greater 8%
- Targeting to meet MREL with Own Funds and other MREL qualifying instruments by 2019 the latest



# Loan portfolio: run-off Corporate Banking ahead of schedule, growth in gross production mortgages

**Total loan book (€ 10.4 billion) reduces by 5% in H1-2015. Run-off Corporate Banking is ahead of schedule**

## Mortgages Private Banking

- Mortgage book down by 1% in H1 2015
- Growth in gross production, while trend of (early) repayment continues
- Average LTV of 77% (end-2014: 80%)

## Other Private Banking loans

- Increase mainly due to securities lending and transfer of loans from Corporate Banking that now match Private Banking criteria

## SME loans (in run-off)

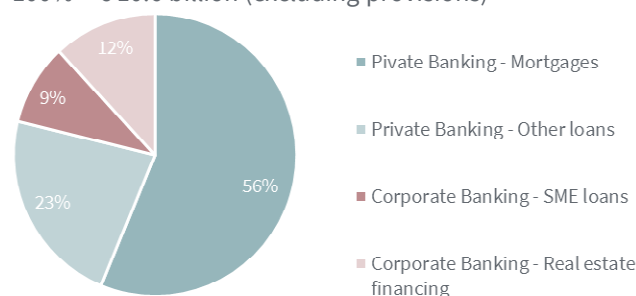
- Run-off supported by improving economic climate
- Portfolio remains well diversified by sector

## Real estate (in run-off)

- Portfolio of non-performing real estate loans (> € 400 million), announced to be sold, is classified as assets held for sale per 30-06-2015
- Exclusion of this portfolio largely explains reduction of provisions level
- Average LTV of 76% (end-2014: 89%)

## Loan book per 30-06-2015\*

100% = € 10.6 billion (excluding provisions)



30-06-2015 (x € million)	Loan portfolio	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	5,961	122	52	2.0%	43%
Other PB Loans	2,389	152	73	6.4%	48%
<b>Private Banking</b>	<b>8,350</b>	<b>274</b>	<b>125</b>	<b>3.3%</b>	<b>46%</b>
SME loans	983	126	49	12.8%	39%
Real estate financing	1,259	25	15	2.0%	60%
<b>Corporate Banking</b>	<b>2,242</b>	<b>151</b>	<b>64</b>	<b>6.7%</b>	<b>42%</b>
Impairments	-203				
<b>Total*</b>	<b>10,389</b>	<b>425</b>	<b>189</b>	<b>4.1%</b>	<b>44%</b>

\*Total loan book excluding € 43 million mortgages third party distribution

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

## Fitch

- Long-term credit rating: BBB+
- Outlook long-term credit rating: Stable
- Short-term credit rating: F2
- Latest press release: 21-09-2015

*"Van Lanschot's capitalisation is solid and Fitch expects further improvements from deleveraging and profit retention. Its risk-weighted capital ratios are in line with European peers', while leverage is strong compared with its larger Dutch peers. Van Lanschot's funding profile is sound, largely made up of customer deposits, and the bank has demonstrated its ability to access wholesale funding markets even in a turbulent environment. The bank's liquidity is sound." (21-09-2015)*

## Standard & Poor's

- Long-term credit rating: BBB+
- Outlook long-term credit rating: Stable
- Short-term credit rating: A-2
- Latest press release: 23-12-2015

*"The bank's strategic ambition is to become a pure player in wealth management. We think this pure wealth-management model should enable the bank to strengthen its franchise in the Netherlands and to some extent in Belgium and 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. We view capital and earnings as strong. " (23-12-2015)*





Van Lanschot

# Agenda

1. Profile & Strategy of Van Lanschot
2. Balance Sheet, Funding & Capital
- 3. Financial Performance**

# Highlights 2015 half-year results

<p><b>Execution of strategy on track</b></p>	<p><b>Quality of earnings improves, announced transactions in line with strategy</b></p> <ul style="list-style-type: none"> <li>• Private Banking: securities commission +18%, launch of Evi Pension, new proposition for entrepreneurs, increase in mortgage production</li> <li>• Asset Management: inflow in credit strategy following Gold-rating, acquisition of fiduciary management MN UK</li> <li>• Merchant Banking: commission income doubled, solid market share in selected niches, involved in appealing transactions</li> <li>• Corporate Banking: run-off ahead of schedule, sale of non-performing CRE loans announced</li> </ul>
<p><b>Strong growth in commission income</b></p>	<p><b>Net profit of € 34.0 million (H1 2014: € 49.4 million)</b></p> <ul style="list-style-type: none"> <li>• Strong growth in commission income +24%</li> <li>• Interest income slightly lower as result of run-off Corporate Banking and current market conditions</li> <li>• Lower other income after significant gains in H1 2014 on participations and financial transactions</li> <li>• Loan loss provisioning -10%</li> </ul>
<p><b>Inflow of discretionary mandates</b></p>	<p><b>Client assets increase € 1.1 billion to € 58.5 billion</b></p> <ul style="list-style-type: none"> <li>• Strong market performance</li> <li>• € 0.3 billion inflow of discretionary mandates at Private Banking</li> <li>• Client savings decrease due to savings rate reduction in line with funding strategy; focus on clients with Private Banking profile</li> <li>• Assets under management at Asset Management grow 2%</li> </ul>
<p><b>Strong capital ratios</b></p>	<p><b>Common Equity Tier I ratio stable at 14.6%*</b></p> <ul style="list-style-type: none"> <li>• Leverage ratio (fully loaded) 5.7% (+0.4%-point)</li> <li>• Common Equity Tier I ratio (fully loaded) 13.6% (+0.2%-point)</li> <li>• Well diversified funding profile: funding ratio of 94.3%, in addition to wholesale funding</li> <li>• Conditional Pass-Through Covered Bond issued with low coupon (0.275%)</li> </ul>

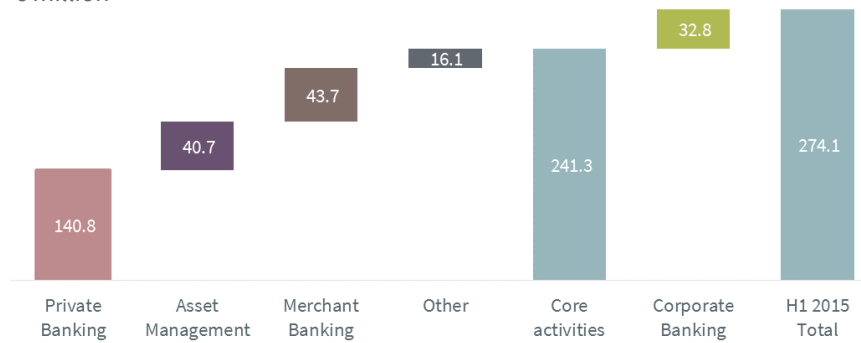
\*Q3 update available on page 25: CET I ratio (phase-in) 15.9%, leverage ratio (fully loaded) 5.8%

# All activities contribute to our net profit

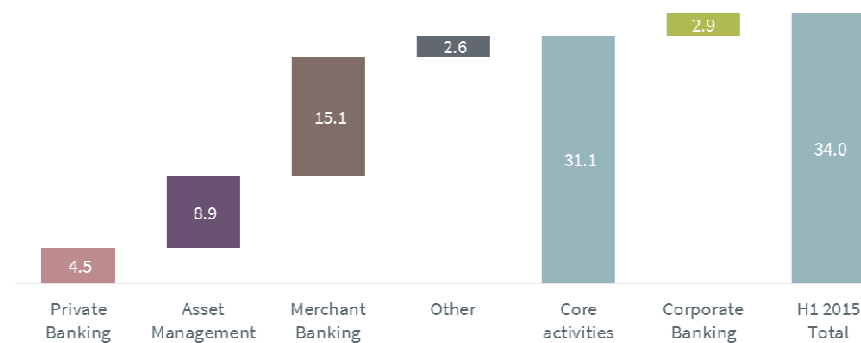
**Net profit is € 34.0 million  
(H1 2014: € 49.4 million)**

- The core activities, Private Banking, Asset Management and Merchant Banking, generate 82% of the operating income (2014: 75%)
- All activities contribute to the profitability of Van Lanschot
- Corporate Banking contributes positively as a result of lower loan loss provisioning

**Operating income by segment**  
€ million



**Net profit**  
€ million

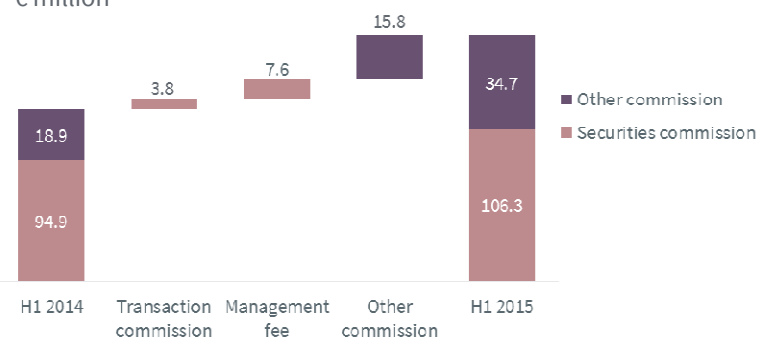


# Merchant Banking and Private Banking drive increase in commission income

- Securities commission increases 12% vs. H1 2014, based on both transaction fees and management fees
- Transaction income increases in particular due to the positive stock market climate
- Management fees grow mainly due to the growth of assets under management
- Recurring income in the form of management fees almost stable at 81% of total securities commission (H1 2014: 82%)
- Merchant Banking commission increases due to
  - significantly higher other commission following from equity capital market deals and advisory activities
  - Higher securities trading leading to higher transaction commission

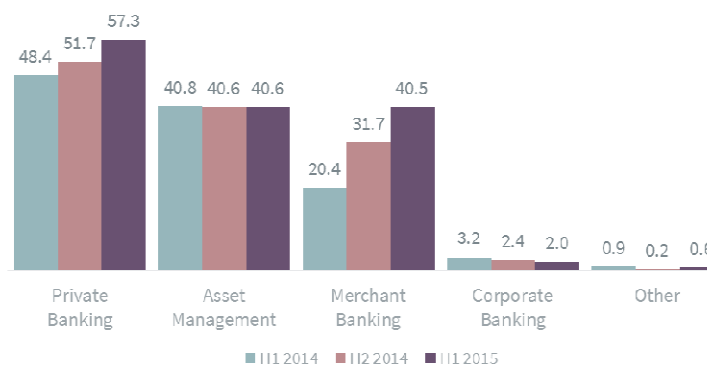
## Total commission income

€ million



## Commission income by segment

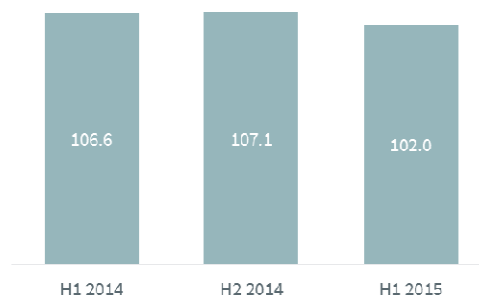
€ million



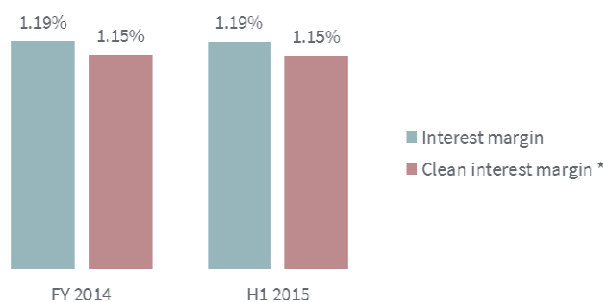
# Limited decrease in interest income following loan book reduction, interest margin stable

- The interest income decline results from the run-off of the corporate loan book and lower income from the investment portfolio
- Relatively high liquidity buffers in conjunction with low yield environment put pressure on interest margin. To manage the liquidity buffer savings rates have been lowered further in 2015, resulting in a outflow of € 0.7 billion in savings & deposits

**Interest income**  
€ million



**Interest margin**  
%



\* Clean interest margin is interest margin adjusted for among others initial loan commission and penalty interest

# Other income decreases to € 31.1 million

## Profit on financial transactions

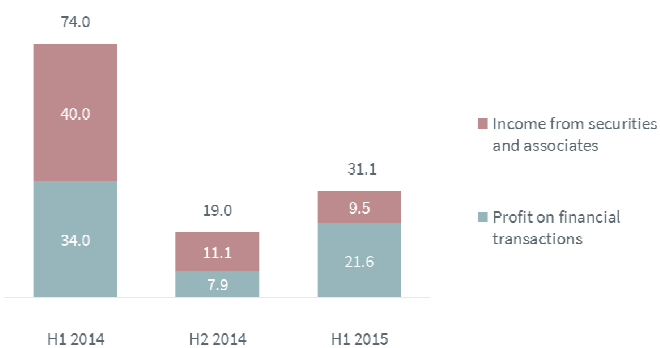
- Profit on financial transactions amounts to € 21.6 million, of which profit on investment portfolio (€ 19.1 million) decreased compared to H1 2014 (€ 31.4 million)

## Income from securities and associates

- Income from securities and associates (€ 9.5 million) decreased as last year included a material gain following the sale of a participation

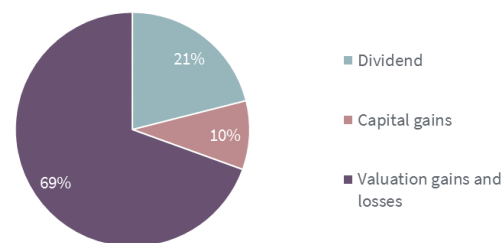
## Other income

€ million



## Income from securities and associates

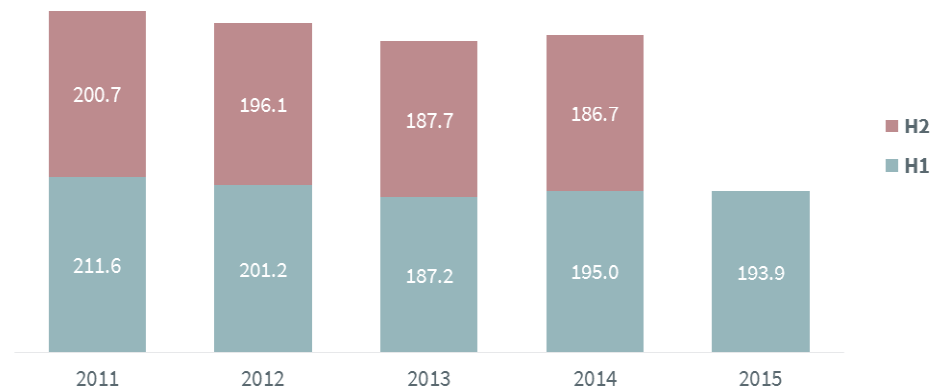
100% = € 9.5 million



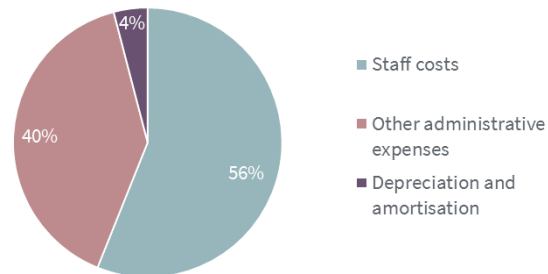
# On track to realize efficiency ratio target in 2017

- Operating expenses fairly stable at € 193.9 million
- Efficiency ratio amounts to 70.7%
- The number of fte decreases with 15 to a total of 1,697
- Van Lanschot continues to simplify products and processes, to improve IT-infrastructure and to streamline back office activities
- The transformation leads to temporarily higher costs in order to eventually reduce the cost level
- Marketing efforts will be continued to support income growth
- Van Lanschot is on track to realize its efficiency ratio target of 60-65% in 2017

**Operating expenses**  
€ million



**Operating expenses H1 2015**  
100% = € 193.9 million

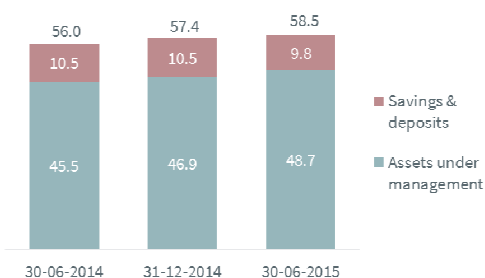


# Positive market performance supports client assets growth

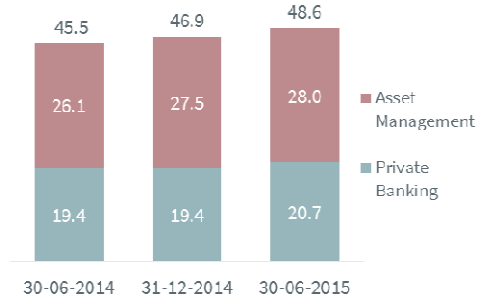
## Client assets grow € 1.1 billion to € 58.5 billion

- Assets under management are up 4% in H1 2015 mainly due to market performance
- Savings & deposits decreased by € 0.7 billion due to savings rate reduction as result of funding strategy. Focus remains on clients with a Private Banking profile
- Private Banking client assets grow by € 0.6 billion. Discretionary mandates realizes a net inflow of € 0.3 billion, while non-discretionary mandates have outflow of € 0.3 billion mainly at execution only. 43% of Private Banking AuM is now in discretionary management
- Assets under management of Asset Management increase due to market performance. Inflow in euro credit strategy following Gold-rating Morningstar. Net outflow is mainly caused by rebalancing of institutional clients as a result of market expectations

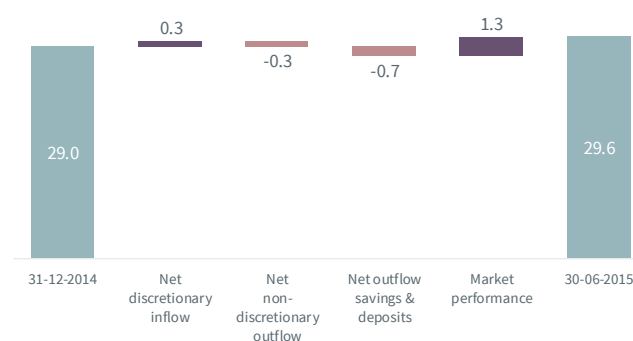
Client assets  
€ billion



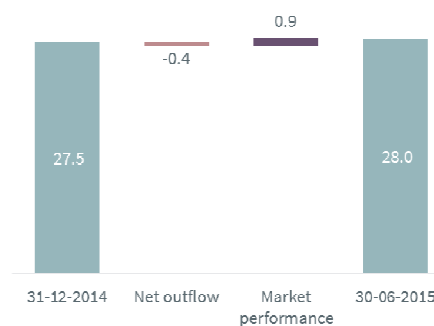
Assets under management  
€ billion



Development client assets: Private Banking  
€ billion



Development assets under management: Asset Management  
€ billion





# Loan loss provisioning continues to trend down

**Additions to loan loss provision down 10% to € 31.9 million versus € 35.5 million in H1 2014**

## Private Banking

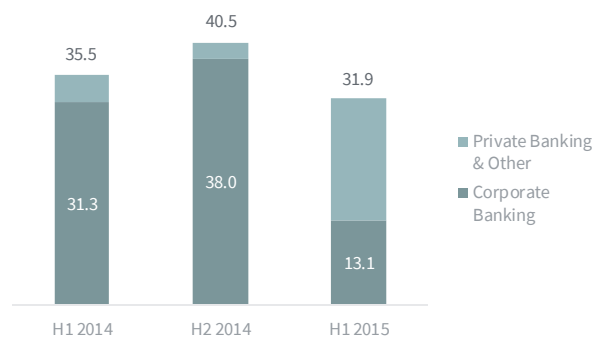
- Loan loss provisioning (€ 16.1 million) is higher in H1 2015 compared to H1 2014 (€ 4.1 million)
- Provisioning level H1 2015 is result of a few individual cases and stricter provisioning criteria

## Corporate Banking

- Loan loss provisioning of € 13.1 million decreases compared to H1 2014 (€ 31.3 million)
- The impaired ratio (6.7%) is positively effected by the announced sale of non-performing real estate loans

## Additions to loan loss provision

€ million



€ million	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	122	52	2.0%	43%
Other loans	152	73	6.4%	48%
<b>Private Banking</b>	<b>274</b>	<b>125</b>	<b>3.3%</b>	<b>46%</b>
SME loans	126	49	12.8%	39%
Real estate financing	25	15	2.0%	60%
<b>Corporate Banking</b>	<b>151</b>	<b>64</b>	<b>6.7%</b>	<b>42%</b>
IBNR		13		
<b>Total</b>	<b>425</b>	<b>203</b>	<b>4.1%</b>	<b>44%</b>

# Developments in Q3 2015

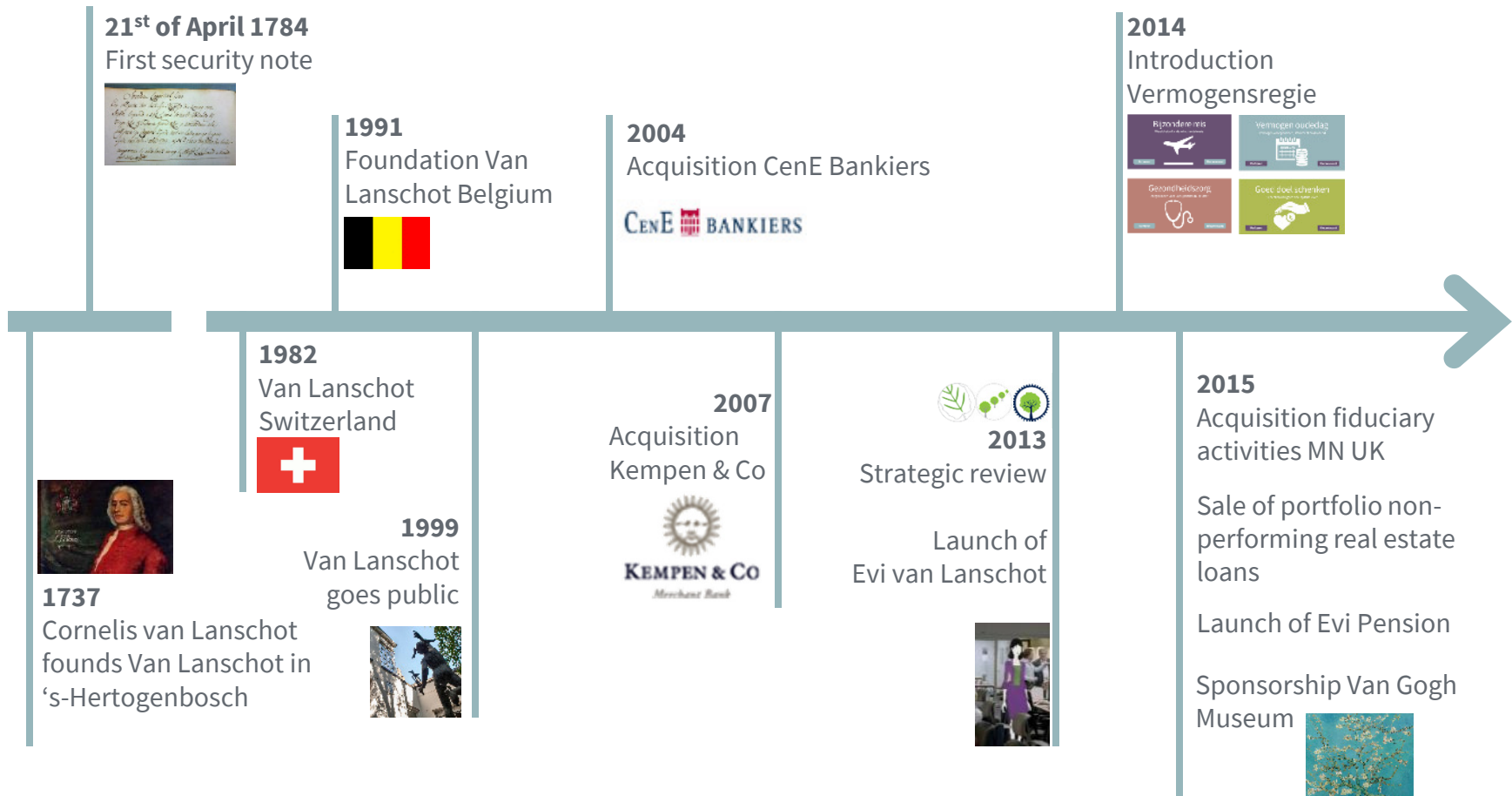
<b>Execution of strategy on track</b>	<ul style="list-style-type: none"><li>• Sale of non-performing property loans completed: one-off € 23 million gross charge and significant improvement of risk profile</li><li>• Aim to complete run down of corporate and property loan portfolios in the next few years</li><li>• Acquisition of fiduciary management MN UK completed on 1 October, adding € 3.9 billion to assets under management</li></ul>
<b>Market developments impact P&amp;L</b>	<ul style="list-style-type: none"><li>• Market developments pushed commission income down a little compared to Q1 and Q2 2015</li><li>• Low market rates are keeping interest income in check</li><li>• Costs edged up, with cost levels reflecting IT spend and contribution to the national Resolution Fund</li><li>• Addition to loan loss provisions continued to fall</li></ul>
<b>AUM inflow of Private Banking clients</b>	<ul style="list-style-type: none"><li>• Net AUM inflows from Private Banking clients – not including the assets under administration for institutional clients – continued, due to Evi van Lanschot and the focus on entrepreneurs</li><li>• Client assets down € 2 billion on the end of June 2015, to € 56.5 billion, mainly caused by the dismal stock market climate</li></ul>
<b>Strong capital ratios</b>	<ul style="list-style-type: none"><li>• Common Equity Tier I ratio (phase-in) increased further to 15.9%</li><li>• Common Equity Tier I ratio (fully loaded) advanced to 14.8%</li><li>• Leverage ratio (fully loaded) 5.8%</li></ul>



Van Lanschot

# Annexes

# Van Lanschot's rich history reaches back over 275 years



# Experienced and balanced management

## Highly experienced Executive Board



**Karl Guha (1964)**  
*Chairman of the Board*

**Background:**  
CRO at UniCredit Banking Group



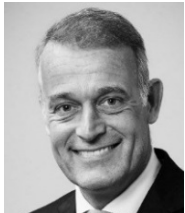
**Constant Korthout (1962)**  
*CFO/CRO*

**Background:**  
Group CFO at Robeco Group



**Arjan Huisman (1971)**  
*COO*

**Background:**  
Partner Boston Consulting Group



**Richard Bruens (1967)**  
*Private Banking*

**Background:**  
Global Head Private Wealth Management at ABN AMRO Private Banking International



**Paul Gerla (1966)**  
*CEO Kempen & Co Asset Management*

**Background:**  
CFO Shell Pension Fund, Finance Director Shell Malaysia



**Joof Verhees (1960)**  
*Merchant Banking*

**Background:**  
Managing Director at Rabo Securities and head of European trading for ABN AMRO in London

## Well regarded Supervisory Board

**Willy Duron (1945)**  
*Chairman*

- Honorary Chairman of KBC Group
- Former CEO KBC Group
- Member board of directors Agfa-Gevaert and Tigenix

**Jos Streppel (1940)**  
*Deputy Chairman*

- Former CFO of Aegon and FGH Bank
- Former chairman of the Monitoring Commission Corporate Governance
- Member board of directors RSA Insurance Group Plc

**Jeanine Helthuis (1962)**

- Former CEO of Monuta
- Former member Management Board Fortis Bank
- Member of the supervisory board at Prorail

**Bernadette Langius (1960)**

- Former CEO of ABN AMRO Private Banking Netherlands
- Former Board Member at VU University

**Godfried van Lanschot (1964)**

- Independent investor

**Tom de Swaan (1946)**

- Chairman and CEO ad interim at Zurich Insurance Group
- Member of the supervisory board at DSM
- Former CFO ABN AMRO, former Board member Dutch Central Bank

# Next steps in strategy implementation

## Core activities

### Private Banking structured growth program

- Ongoing development of (mobile) product offering
- Optimisation of our distribution network
- Improve overall client experience and acquisition efforts to drive growth in number of clients and share of wallet
- Consider selected add-on acquisitions

### Personal Banking reinvent

- Leverage Evi to attract new and younger client base
- Product development (Evi pensions, improved mortgage and execution only propositions)
- Improve servicing and profitability of legacy portfolio

### Private Banking Belgium increase market share

- Build on current momentum
- Expand Evi to include investment proposition
- Exchange of best practices with the Netherlands

### Asset Management growth

- "Grow to capacity" selected high quality investment strategies in combination with integrated solutions for pensions funds and insurance companies
- Grow European client base with dedicated international sales efforts (institutional and wholesale distribution)
- Leverage stable teams with solid, well recognised performance
- Explore opportunities for diversification in terms of capabilities and geographies

### Merchant Banking focus continues

- Continued focus on market niches: European Real Estate, Life Sciences and Benelux
- Maintain momentum in involvement in larger European deals
- Ongoing development of structured products
- Conservative approach to capital usage and risk

# Next steps in strategy implementation

## IT/Operations and Corporate Banking

### Efficient organisation and IT transformation

- Continue with digitalisation and automation of operating processes
- Phase-out IT legacy systems and reduce number of applications
- Replace and redesign current Customer Relationship Management and data warehouse systems
- Closer alignment client facing mid-office teams and business
- Complete FTE reduction plan
- Enforce cost discipline

### Corporate Banking accelerate portfolio run-off

- Accelerated autonomous run down of portfolio, possibly supplemented with selected portfolio sales
- Continue successful repricing policy
- Manage cost levels in line with run-off

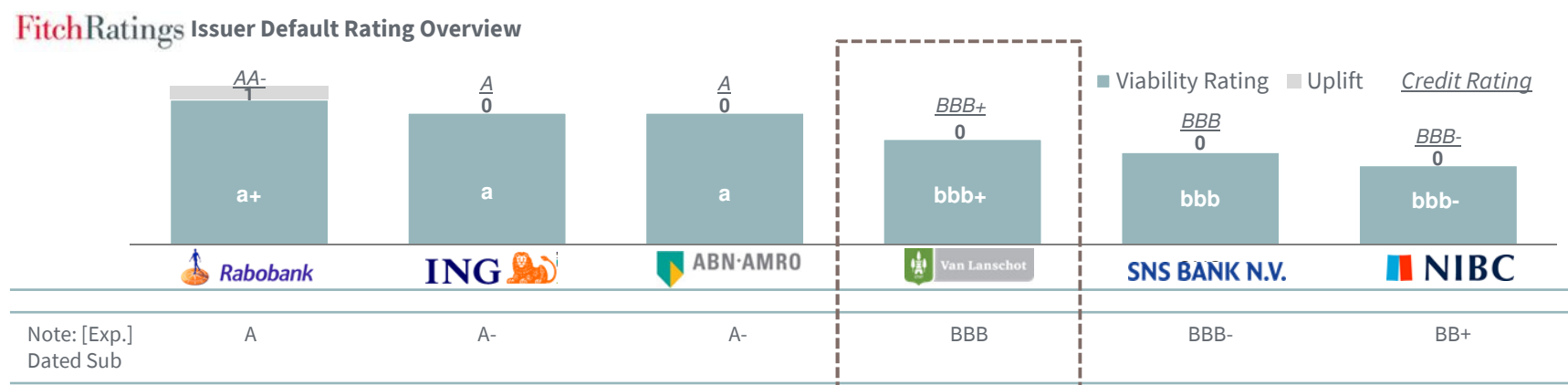
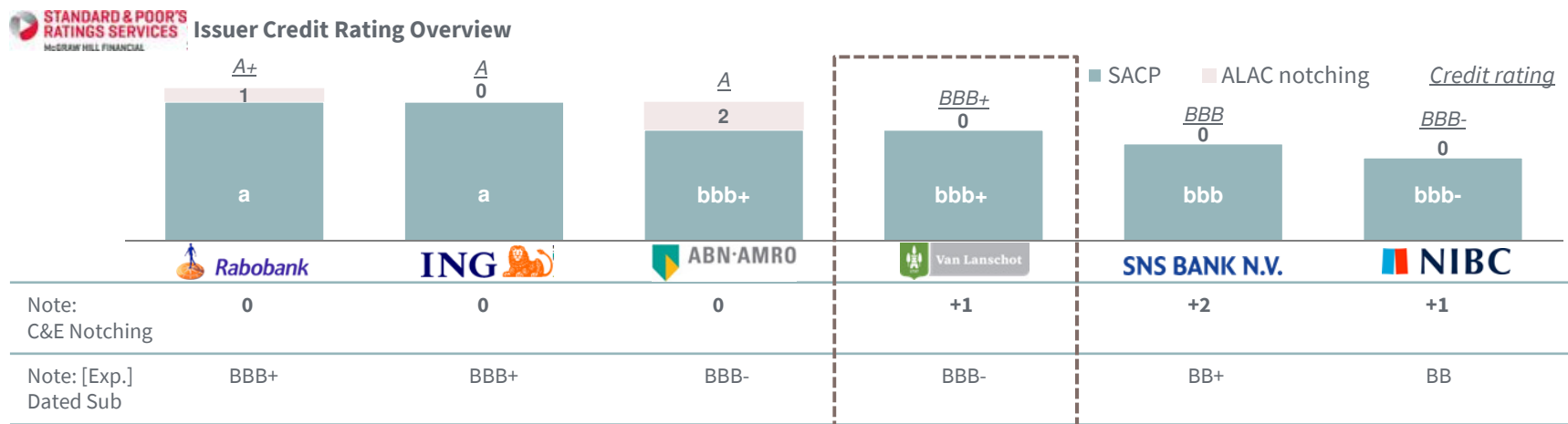
# Key figures 2015 half-year results

<i>€ million</i>	H1 - 2015	H2 - 2014	H1 - 2014	H1 - 2015 vs H1 - 2014
Commission income	141.0	126.5	113.8	
Interest	102.0	107.1	106.6	
Other income	31.1	19.0	74.0	
<b>Income from operating activities</b>	<b>274.1</b>	<b>252.6</b>	<b>294.4</b>	<b>-7%</b>
Operating expenses	193.9	186.7	195.0	
One-off gains / losses	-0.7	66.5	-6.2	
<b>Gross result after one-off gains / losses</b>	<b>79.5</b>	<b>132.4</b>	<b>93.2</b>	<b>-15%</b>
Gross result before tax of non-strategic investments	-0.1	1.8	1.6	
Additions to loan loss provision	31.9	40.5	35.5	
Other impairments	2.8	14.8	4.7	
<b>Operating profit before tax</b>	<b>44.7</b>	<b>78.9</b>	<b>54.6</b>	<b>-18%</b>
Income tax	10.7	19.6	5.2	
<b>Net result</b>	<b>34.0</b>	<b>59.3</b>	<b>49.4</b>	<b>-31%</b>
Underlying net profit *	34.5	9.4	54.1	-36%
Efficiency ratio (%)	70.7%	73.9%	66.2%	

\* Underlying net profit is net profit excluding one-off gains and losses



# Van Lanschot's credit profile in a Dutch context



Source: Rating Agencies



# Van Lanschot has various funding programmes

## 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 2014
- 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

## Secured programmes

### 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

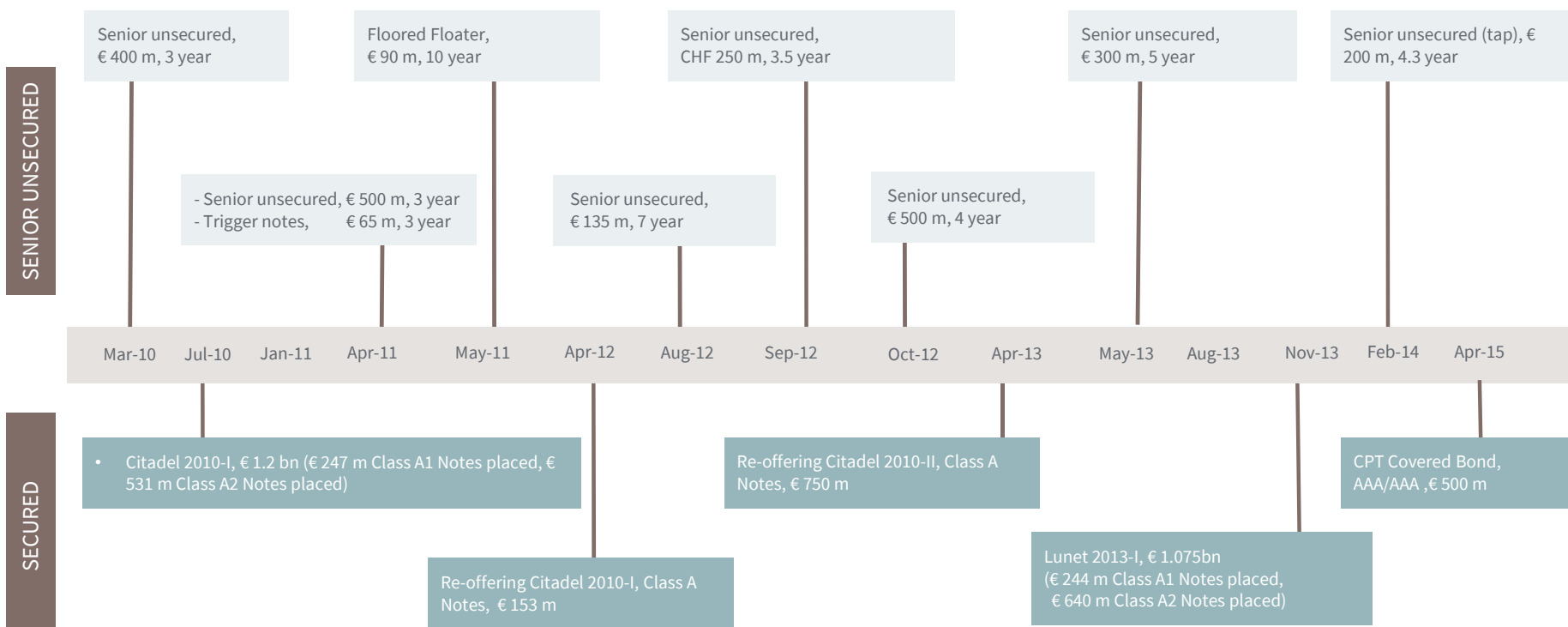
### RMBS Programmes

- 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

Bloomberg ticker: LUNET Mtge / CRTIN Mtge

# Successful presence in wholesale markets

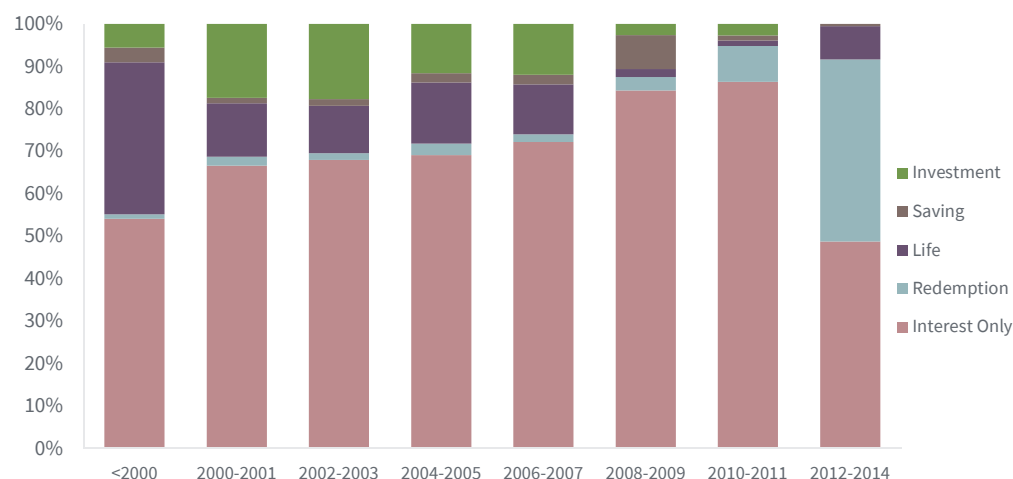
- Strong funding position based on a stable level of bond issuance and a regular presence in wholesale markets
- Successful in raising funds in wholesale markets every year since 2010



# Composition of mortgage book is changing

- Interest only mortgage loans trending down as a result of industry-led measures, clients' focus on deleveraging and amended tax legislation
- Mortgage loans with a repayment profile are expected to increase (relative to interest only) going forward, due to tax legislation as of 2013, i.e. for new mortgage loans only interest on annuity and linear mortgage loans is tax deductible
- All home owners can deduct interest at a declining tax rate by 0.5% p.a. from max. 52% in 2013 to ultimately 38% (50.5 % in 2016)
- The maximum LTMV will be lowered from 106% to 100% in 2018. In 2016 the maximum LTV is 102%
- Max. 50% of the LTMV can be an interest-only mortgage

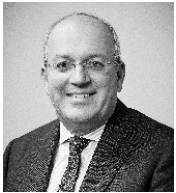
Repayment types in new mortgage production Van Lanschot



Summary of new mortgage rules

Mortgage type	Tax deduction for mortgage coupons		Full amortisation	Accrual for redemption
	Existing mortgages (≤ 2012)	New production (≥ 2013)		
Annuity & Linear	✓	✓	✓	✗
Savings	✓	✗	✗	✓
Interest only	✓	✗	✗	✗
Life, hybrids & Investments	✓	✗	✗	✓

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