



VAN LANSCHOT
KEMPEN

25 August 2022

2022 half-year results

H1 2022 – key financial highlights



- Net profit of €48.2m
- Net AuM inflow at €4.9bn
- AuM to €99.6bn (2021: €112.1bn)
- Commission income +15%

Financial targets:

- CET 1 ratio at 20.2% (target: 15% + M&A add-on 2.5%)
- RoCET 1 at 12.5% (target: 12%)
- Efficiency ratio at 73.7% (target: 70%)



H1 2022 – progress on our sustainability strategy



Net-zero wealth manager by 2050



Already 95% of own funds and discretionary management solutions comply with 7% average annual emission intensity reduction



Development of our new inclusion & diversity policy



Continuous capital-light growth

Organic growth

Bolt-on acquisitions

Market performance



Our mid-term financial targets - A solid business model

CET 1 ratio

15%

Plus M&A add-on 2.5%

Efficiency ratio

70%

Return on CET 1

12%

Through the cycle





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2022 half-year results

H1 2022 – key messages

Net profit: €48.2m, underlying net profit €60.7m

- Strong increase in commission income (+15%) and decrease in interest income (-8%)
- Operational expenses up due to organic and inorganic – Mercier Vanderlinden acquisition – growth

Net AuM inflow of €4.9bn

- Private Clients net inflow: €1.4bn
- Wholesale & Institutional Clients net inflow: €3.5bn
- Turbulent markets led to negative market performance – causing a decline in AuM

Release of loan loss provisions of €7.2m

- High-quality loan portfolio – comprising mainly Dutch residential mortgages
- Loan portfolio growth (+2%)

Capital return proposal in the amount of €1.50 per share

H1 2022: performance



Net result €48.2m
(H1 2021: €58.3m)

Underlying net result:
€60.7m
(H1 2021: €59.2m)

Commission
Income €201.3m
(+15%)

Interest income
€69.7m
(-8%)



Operating expenses
€216.0m
(+10%)

Efficiency ratio
73.7%
(H1 2021: 73.1%)



AuM €99.6bn
(-11%)

Client assets €118.5bn
(-10%)



Strong capital position
CET 1 ratio 20.2%
(2021: 23.7%)

Release from loan loss
provisions €7.2m
(H1 2021: €3.5m)



Overview of net result

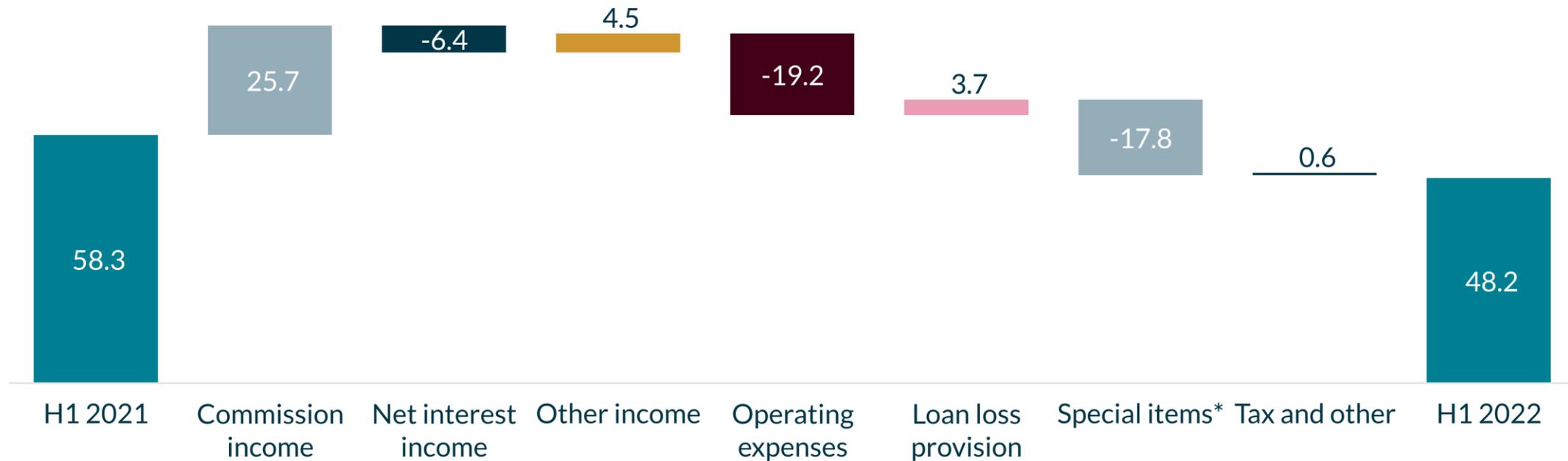
€ m	H1 2022	H1 2021	% change	H2 2021	% change
Commission	201.3	175.7	15%	209.9	-4%
Interest	69.7	76.1	-8%	77.5	-10%
Other income	22.0	17.5	26%	38.1	-42%
Income from operating activities	293.1	269.3	9%	325.4	-10%
Operating expenses	-216.0	-196.8	10%	-213.1	1%
Gross result	77.1	72.5	6%	112.3	-31%
Loan loss provision	7.2	3.5		8.1	-11%
Other impairments	-1.1	2.2		4.3	
Operating profit before tax of non-strategic investments	0.1	0.7	-85%	4.1	-97%
Operating profit before special items and tax	83.3	78.9	6%	128.8	-35%
Amortisation of intangible assets arising from acquisitions	-7.6	-3.7		-7.6	0%
Expenses related to accounting treatment of Mercier Vanderlinden	-4.9	-		-8.5	-42%
Miscellaneous special items	-10.2	-1.2		-8.2	25%
Operating profit before tax	60.6	74.0	-18%	104.5	-42%
Income tax	-12.4	-15.7	-21%	-19.0	-35%
Net profit	48.2	58.3	-17%	85.5	-44%
Underlying net result*	60.7	59.2	3%	100.7	-40%
Efficiency ratio (%)	73.7%	73.1%		65.5%	

* Underlying net result excludes expenses related to accounting treatment of Mercier Vanderlinden and miscellaneous special items



Net result amounts to €48.2m

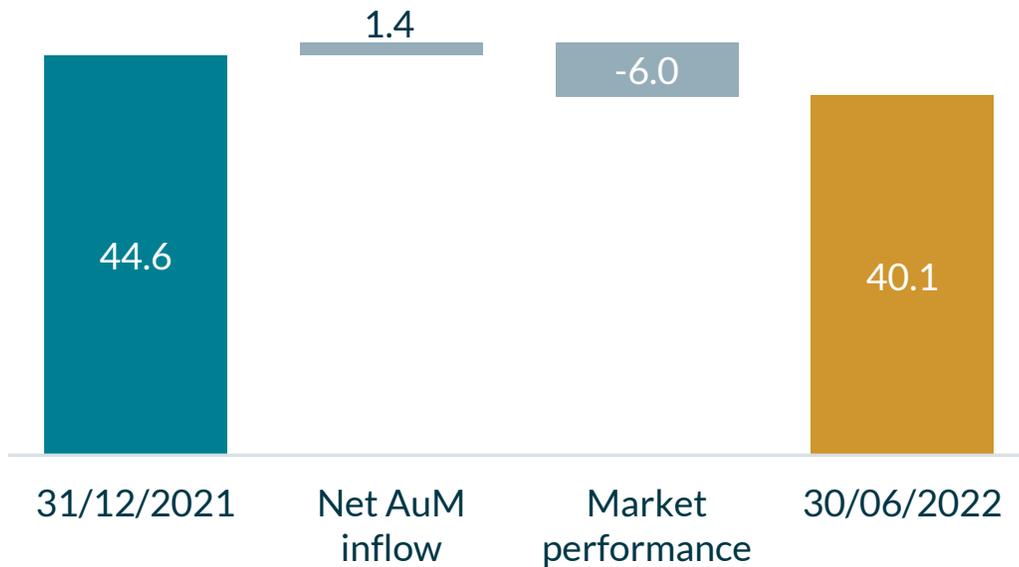
Key drivers of net result (€ m)



*Special items include a.o. amortisation of intangible assets arising from acquisitions, expenses related to accounting treatment of Mercier Vanderlinden, restructuring charges and a provision for an interest-rate derivatives case

Private Clients: continued high net inflows

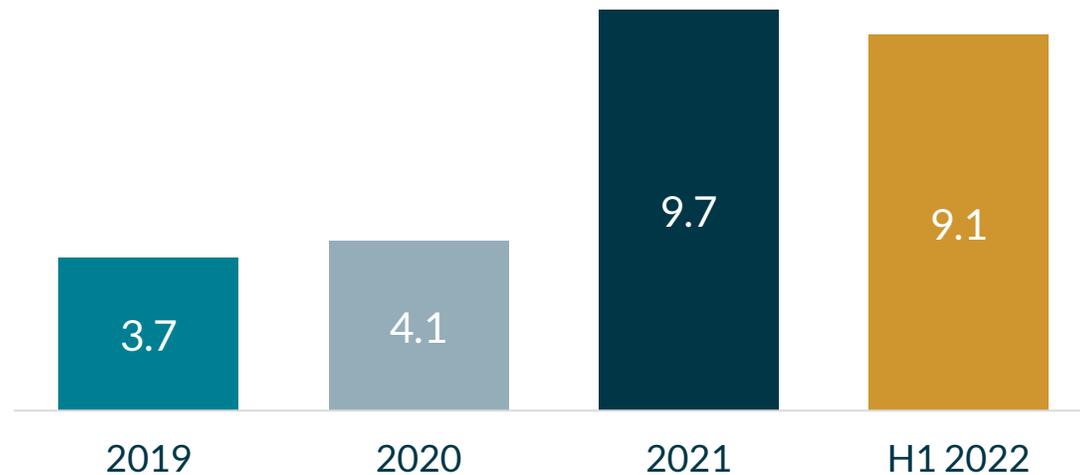
AuM (€ bn)



- Net inflow: 50% non-discretionary, 44% discretionary and 6% investment strategies
- Net inflow well spread across NL, BE, CH and Evi
- Operating profit before tax at €55.5m (H1 2021: €51.1m)
- Underlying operating profit before tax at €70.6m (H1 2021: €52.4m)
- Commission income +30% to €137.0m

Private Clients: €0.6bn net inflow at our Belgium franchise

AuM (€ bn)

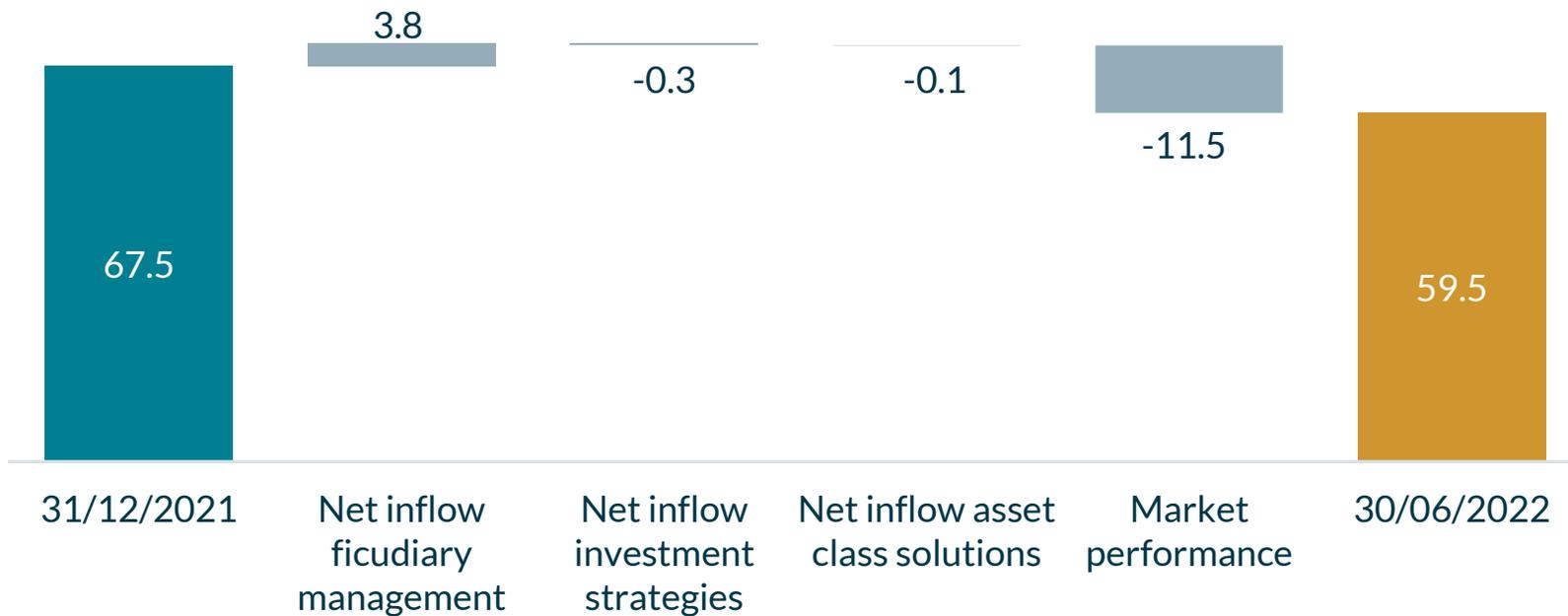


- Very good collaboration with the Belgium wealth manager Mercier Vanderlinden
- Mercier Vanderlinden clients will use Van Lanschot Kempen Belgium as custodian from October
- Growth in Lombard lending



Wholesale & Institutional Clients: €3.5bn net inflow

AuM (€ bn)



- Net inflow driven by fiduciary advisory mandate of c. €4bn from KLM cabin crew pension fund
- Operating profit before tax at €0.6m (H1 2021: €4.2m) and commission income at €38.3m (H1 2021: €37.7m)
- Plans in place – focus on profitable growth for fiduciary management in NL and the UK and for investment strategies in Western-Europe



Our offering for Wholesale & Institutional Clients

Fiduciary management €49.7bn	Asset class solutions €2.1bn	Investment strategies €7.6bn*
 Pension funds	 (SDG) Farmland	 Small caps
 Insurers	 Private real estate	 Sustainable equity
 Family offices and foundations	 European private debt	 Dividend  Credits  Real assets  Private markets

*Total Wholesale & Institutional Clients investment strategies, Wholesale & Institutional Clients ACS and Private Clients investment strategies: €13.7bn

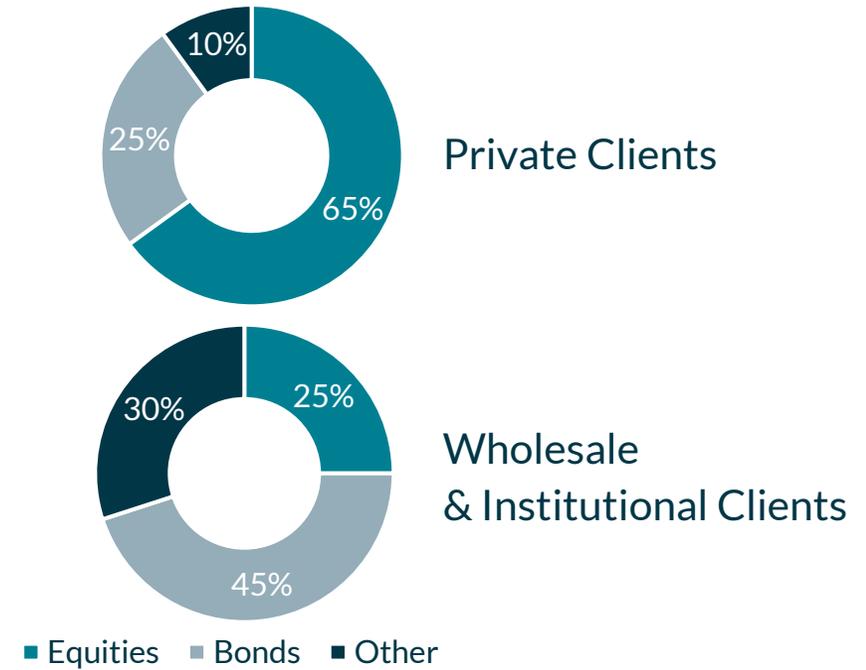


Annualised recurring management fees

Annualised recurring fees (€ m)



AuM breakdown (~%)



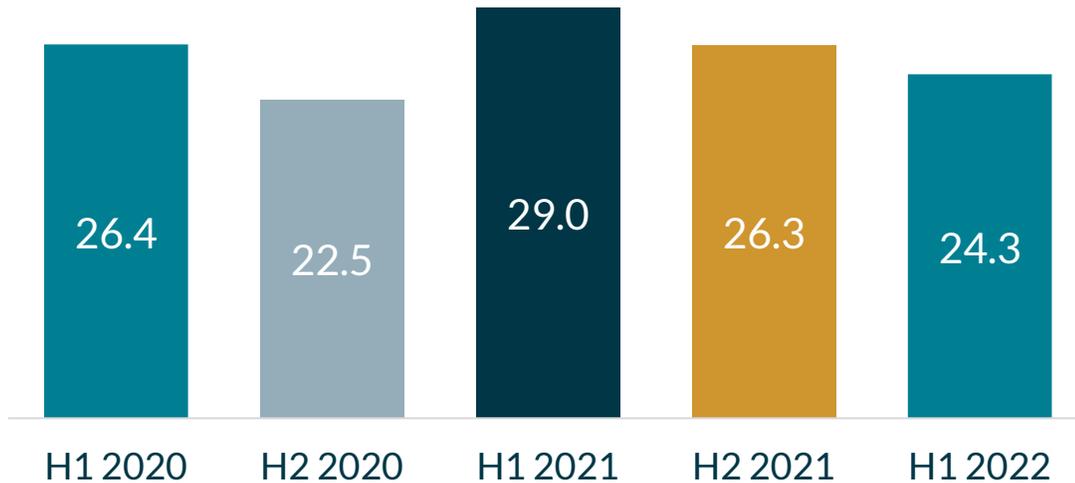
- Stable AuM margins: Private Clients: 62 bps (2021: 62 bps); Wholesale & Institutional Clients: 12 bps (2021: 12 bps)

*Annualised recurring securities commission is determined by multiplying the AuM on the reporting date by the management fee per client to determine the expected annualised management fee, assuming the AuM remains unchanged. The expected annual transaction fees related to these client portfolios are added to this number



Investment Banking Clients

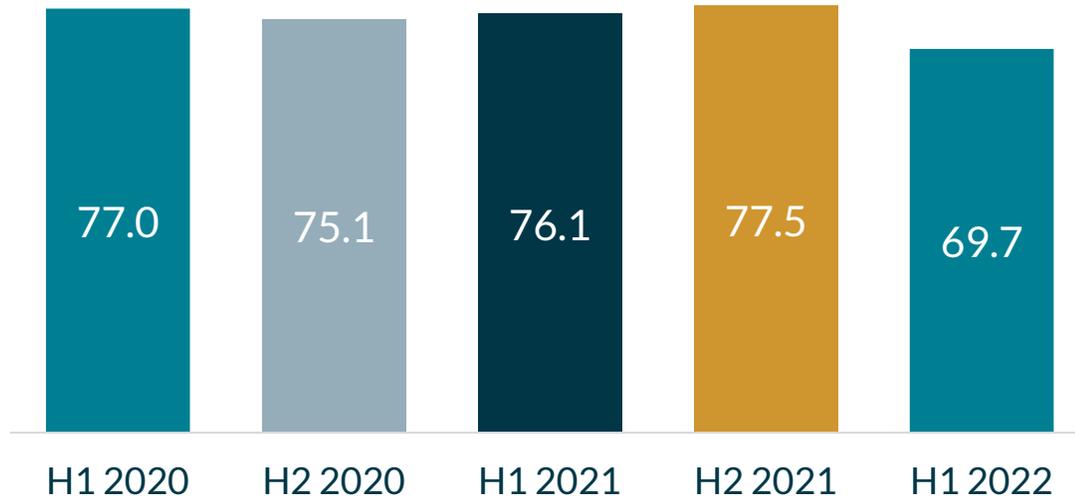
Commission income (€ m)



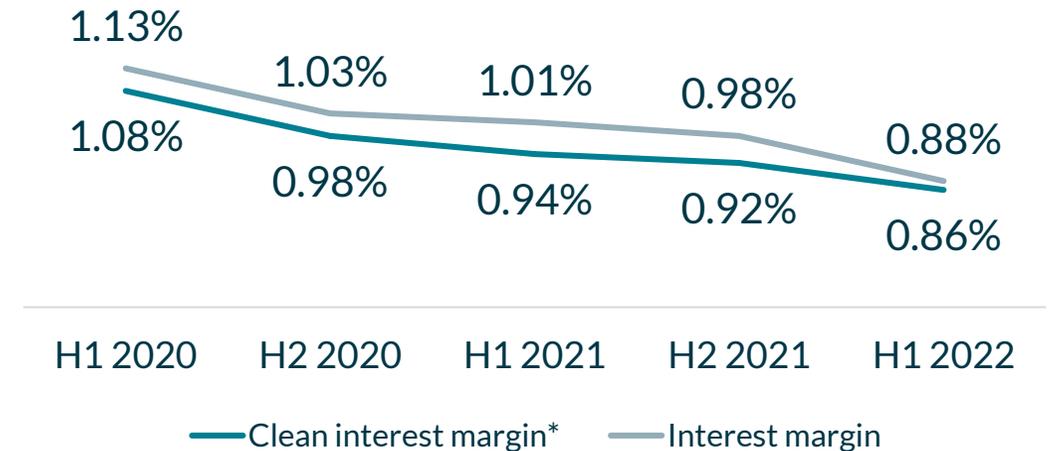
- More M&A activity in H1 2022 compared to more ECM activity in H1 2021
- Strong franchise – proven by number of successful transactions with repeat CF clients (five-year period) 58%
- Continued focus on collaboration between Investment Banking Clients and Private Clients is paying off
- Operating profit before tax at €1.3m (H1 2021: €10.3m)

Interest income

Interest income (€ m)



Interest margin (12-mth moving average) (%)

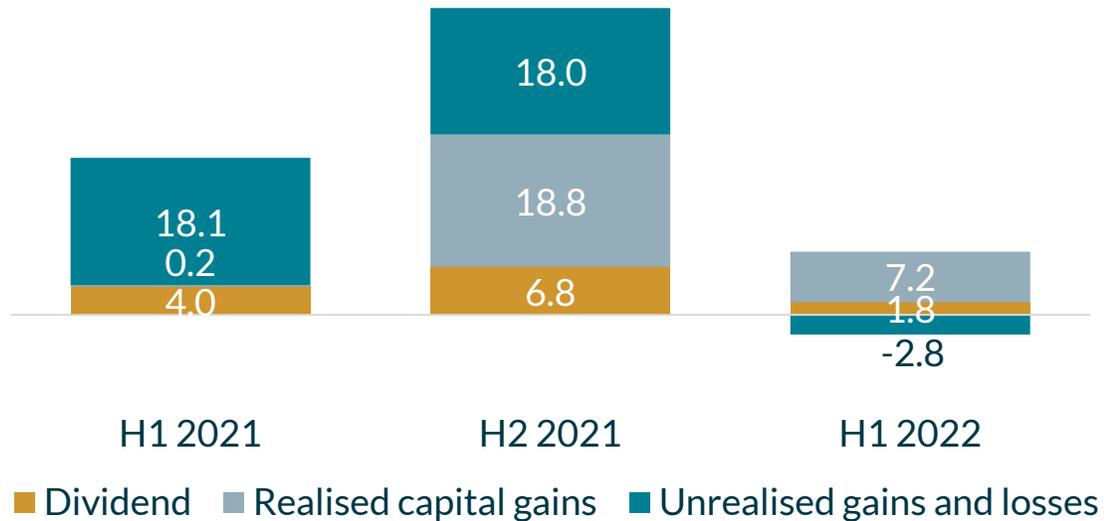


- Decrease driven by lower margins on mortgages and lower prepayment fees
- From 1 October 2022, we will discontinue negative charging on savings
- Issuance of €500m Soft Bullet Covered Bond in June 2022

* The clean interest margin equals the gross interest margin adjusted for interest equalisation and interest-related derivatives amortisation

Income from securities and associates

Income from securities and associates (€ m)

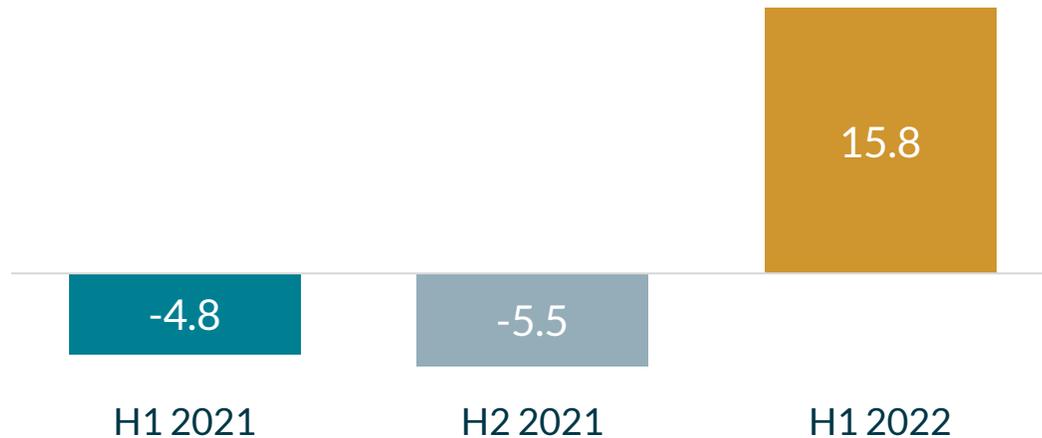


- A stake held by private equity fund Newion II – in which we invest – was sold, book profit: €7.4m
- Results on own investment funds at €1.7m (H1 2021: €8.3m) – combined income from securities and associates of -€8.5m and result on financial transactions (result on hedges) of €10.1m

€ m	Income H1 2022	Income H1 2021	Book value HY2022	Book value YE2021
VLP (minority interests)	12.2	5.2	44.4	52.2
Bolster Investments Coöperatief UA	2.5	2.7	52.9	51.3
Co-investments in own products	-8.5	14.5	139.4	202.3
Other equity investments	0.0	-0.1	2.0	1.7
Total	6.2	22.3	238.7	307.5

Result on financial transactions

Result on financial transaction (€ m)



- Significant improvement driven by higher result on hedges (see previous slide) and higher result on currency trading
- At end June 2022, the structured products macro-hedge portfolio amounted to €355m (YE2021: €385m)
- Despite volatile markets in H1 2022, structured products activities showed only a slightly negative result, thanks to stricter limits



Development of operating expenses in line with organic and inorganic growth

Operating expenses (€ m)



- Staff costs increased due to higher number of FTEs (HY2021: 1,588, YE2021: 1,654, HY2022: 1,713)
- In the coming years, we will continue to invest in order to achieve future growth

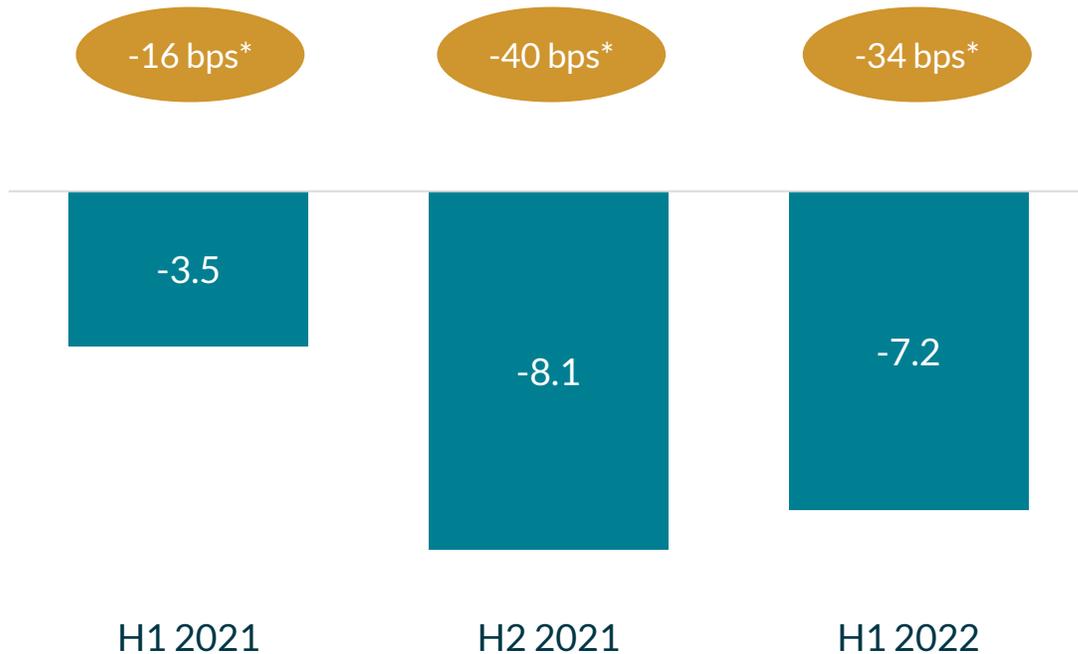
Loan portfolio

€ m	Loan portfolio 30/06/2022	Loan portfolio 31/12/2021	% change	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	6,365	6,337	0%	24	1	0.4%	5%
Other loans	2,376	2,199	8%	89	30	3.7%	34%
Loan portfolio	8,741	8,536	2%	113	31	1.3%	28%
Mortgages distributed by third parties	394	389	1%	1	-	0.2%	0%
Total loan portfolio	9,136	8,925	2%	114	31	1.2%	27%
ECL stages 1 and 2					10		
Total	9,136	8,925	2%		41		

- Higher other loans driven by an increase in Lombard loans in Belgium (+ €0.1bn)
- Impaired ratio decreased to 1.2% (2021: 1.7%)
- More than 70% of the portfolio consists of Dutch residential mortgages with an average LTV of 61%

Release from loan loss provisions

Additions to loan loss provisions (€ m)



Loan loss provision per stage

€ m	30/06/2022	31/12/2021	change
Stage 1	4.5	3.6	24%
Stage 2	5.4	3.5	56%
Stage 3	31.3	42.4	-26%
Total	41.1	49.5	-17%

- Current management overlay amounts to €3.2m – a result of the current uncertain economic circumstances related to Covid and the war in Ukraine

*Annualised loan loss provision / average total RWA

Strong CET 1 ratio at 20.2%

Common Equity Tier 1 ratio (%)

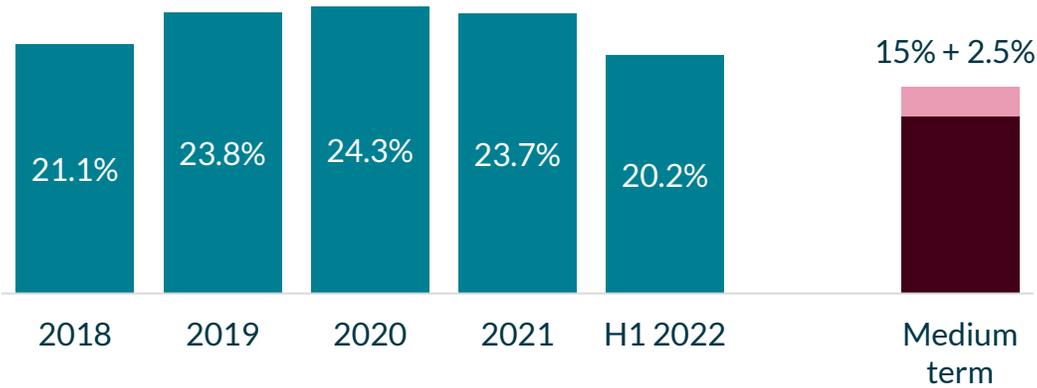


- €122m excess capital, excluding retained earnings 2022 (above 17.5% CET 1 ratio)
- Robust capital position enables capital return proposal of €1.50 per share (c. €60m in total)
- CET 1 ratio target: 15% plus an M&A add-on of 2.5%
- We reiterate our intention to return additional capital in excess of a 17.5% CET 1 ratio to our shareholders in 2023, subject to regulatory approval

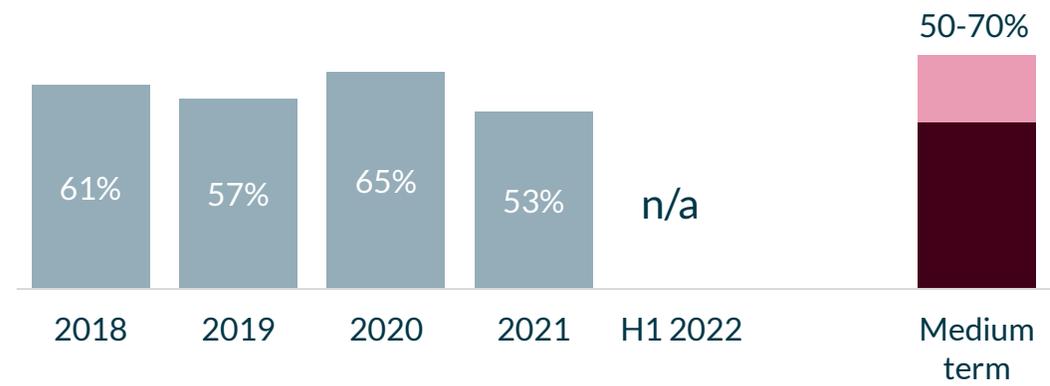


Financial targets overview

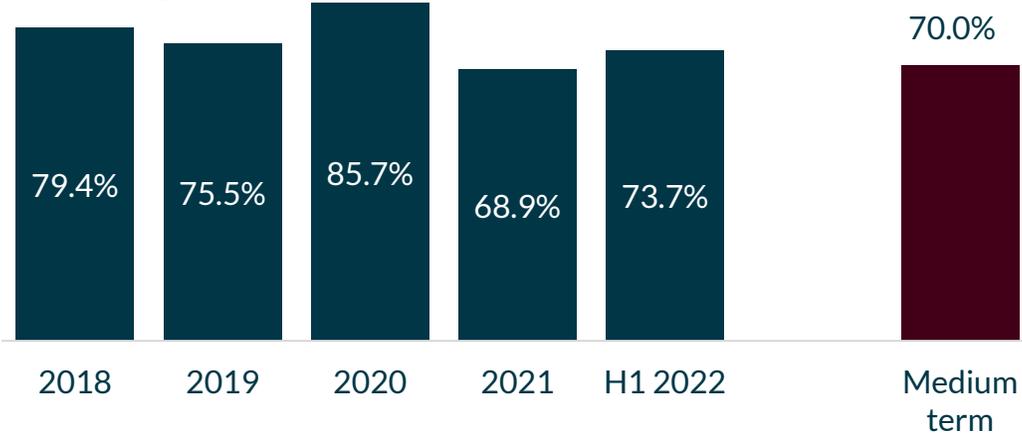
Common Equity Tier 1 ratio



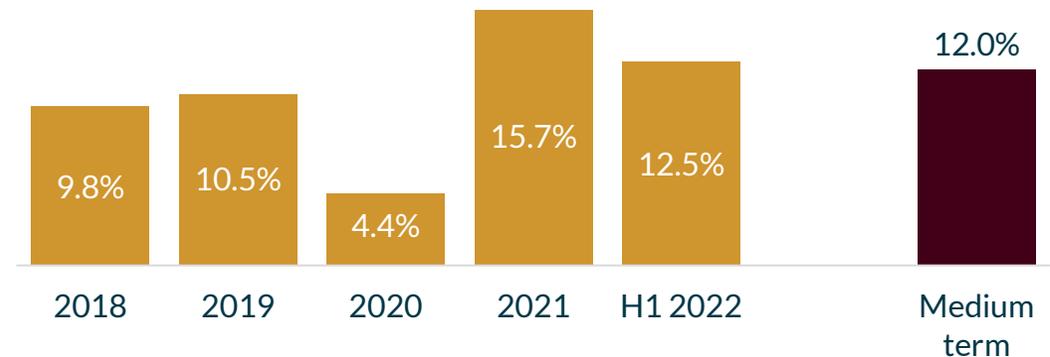
Dividend pay-out ratio*



Efficiency ratio



Return on Common Equity Tier 1*



* Based on underlying net result attributable to shareholders



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Appendix



Key figures by segment – H1 2022

€ m	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission income	137.0	38.3	24.3	1.7	201.3
Interest income	68.1	-0.0	0.0	1.6	69.7
Other income	1.5	-0.1	-1.8	22.4	22.0
Income from operating activities	206.7	38.2	22.5	25.7	293.1
Operating expenses	-135.9	-37.2	-21.2	-21.7	-216.0
Gross result	70.9	1.0	1.3	4.0	77.1
Impairments	6.6	-	-	-0.4	6.1
Operating profit before tax of non-strategic investments	-	-	-	0.1	0.1
Operating profit 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 profit before tax	55.5	0.6	1.3	3.2	60.6
Underlying profit before tax*	70.6	0.6	1.3	3.2	75.7
Efficiency ratio	65.7%	97.3%	94.1%	84.6%	73.7%

* Underlying net result excludes expenses related to accounting treatment of Mercier Vanderlinden, restructuring charges and other incidental items

Progress on our non-financial KPIs

KPI		Target		Score 2022 H1	Score 2021
Financial capital	Three-year relative performance of our managed propositions	> benchmark	●	-0.1%	n/a
Human and intellectual capital	Employer Net Promoter Score (eNPS)	>10	●	17	13
	Employee engagement score	> 80%	●	n/a	88%
	Percentage of employees who believe they have the opportunity for personal development and growth	≥ benchmark (79%), ≥ last pulse/EES (if below benchmark)	●	83%	n/a
	Gender balance among employees in senior staff	> 30% female and > 30% male	●	16.8%	15.1%
	Gender pay gap	< 2.0%	●	2.7%	4.0%
	Staff turnover	5-10%	●	6.2%	5.2%
	Absenteeism	< industry average (2.8 % all, 1.8% long-term))	●	all: 2.6% long: 1.7%	all: 2.2% long: 1.3%
Natural capital	Sustainability rating of all Kempen funds by Morningstar	≥ 3.5	●	3.7	n/a
	Decrease in carbon emissions: Direct emissions via our own organisation	-7.0% per FTE yoy (from basis year 2019), target 2022: 1.93 tonnes CO ₂ e	●	1.42 tonnes CO ₂ e	1.10 tonnes CO ₂ e
	Decrease in carbon emissions: Alignment of our solutions with Paris Agreement:				
	i. Kempen funds and discretionary management solutions	80% of funds comply with 7% average annual emission intensity reduction	●	95%	n/a
	ii. Fiduciary management (FM) solutions	> 50% of FM clients have Paris Agreement-aligned goals	○	n/a	n/a
	Indirect emissions via our assets under management (AuM)	Coverage grows to 55-60% of CO ₂ e emissions by end 2022	○	n/a	n/a
	Indirect emissions via our mortgage portfolio	CO ₂ e/€ < last year	●	-1.3%	-6.1%
	Percentage of AuM invested in sustainable and/or impact wealth management solutions	+ 5% per year	○	20%	n/a
Percentage of external managers on the approved list that meet the basic sustainability criteria	> last year	●	93%	n/a	
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	●	Engaged with 20 out of 55 companies	n/a	
Social capital	NPS Private Clients	20	●	35	36
	NPS Wholesale & Institutional Clients	20	●	n/a	38
	NPS Evi	10	●	1	15
	Investment Banking Clients: number of fee generating transactions with repeat corporate finance clients	50-60%	●	58%	n/a
	Number of interactions by Securities with institutional investors	130 (2020 = 100)	●	123	n/a
	Average Morningstar analyst rating	≥ last year	●	1 Gold, 1 Silver and 4 Neutral	1 Gold, 1 Silver, 2 Bronze, 2 Neutral
	Engagements for change on social and governance issues for which at least one milestone has been reached in the past year	10-15 engagements	●	4	n/a
	Percentage of employees who believe they have a responsibility to behave ethically	≥ benchmark (84%), ≥ last pulse/EES (if below benchmark)	●	90%	90%
	Percentage of employees who believe the company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication	≥ benchmark (78%), ≥ last pulse/EES (if below benchmark)	●	85%	n/a
	Products and services are subject to strict approval and review procedures, including relevant assessments by Compliance	Yes	●	Yes	Yes

High scores on external ESG ratings

Good score on governance / transparency

Top decile

ISS QualityScore

8th place in league table of 236 entrants

Transparantiebenchmark

18th Place in a league table of 77 multinationals



B- rating

ISS ESG 

Other ESG ratings and benchmarks

1st in our peer group of medium-sized banks



4th in group of 97 peers rated on sustainability



A+ score for responsible investment policy and process



AA rating on resilience to ESG risks



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