



VAN LANSCHOT
KEMPEN

24 August 2023

2023 half-year results



H1 2023: key financial highlights



Net result €51.8m
(+8%)

Commission
income €203.7m
(+1%)

Interest income
€116.2m
(+67%)



Operating expenses
€235.2m
(+9%)

Efficiency ratio
74.5%
(H1 2022: 73.7%)



AuM net inflow
€3.2bn
Private Clients: €2.2bn
Wholesale & Institutional
Clients: €1.0bn

Client assets
€130.8bn
(+5%)

AuM €115.2bn
(+7%)



Strong capital position
CET 1 ratio 21.6%
(2022: 20.6%)

RoCET 1 at 11.4%
(H1 2022: 12.0%)

Release of loan loss
provisions €1.9m
(H1 2022: €7.2m)

Proposed capital return
€2.00 per share



Progress on our sustainability goals

Own funds and discretionary management solutions above target

- 88% of funds on track for reduction of 7% average annual emission intensity in line with Paris agreement

Lower emissions via our mortgage portfolio

- Reduction: 5.0% CO₂e/€ (2022: +8.7%)
- Target: CO₂e/€ < last year

Lower emissions via our own organisation

- Reduction: 41% CO₂e per FTE since 2019
- Target 2023: -7.0% per FTE per year, against 2019 baseline

Our people

- High and stable employee engagement score of 88%
- Gender pay gap to 3.0% (2022: 2.7%)



Acquisition of Robeco online investment platform

Positioning Evi van Lanschot for further growth



- With this transaction, Evi van Lanschot becomes a leading online investment platform in the Netherlands, with combined AuM of €6.3bn
- One-off transition costs in the range of €8m–11m during a two-year integration period
- During this integration period – start to offer savings options
- Combined activities expected to break even by 2025 – and then start to make a positive contribution to net profit
- With this acquisition we become a leader in the mass-affluent market and improve client offering and complementary propositions



On track with execution of our wealth management strategy

Healthy AuM growth
(+7% to €115.2bn)

Bolt-on acquisitions
Good progress on the integration of
Mercier Vanderlinden and Robeco online
investment platform

Investing in growth within Private
Clients by attracting new talent

Satisfied clients and staff
NPS Private Clients 25
Employer NPS 22

- Working towards our medium-term financial targets:**
- CET 1 ratio at 21.6% (target: 15% + M&A add-on of 2.5%)
 - RoCET 1 at 11.4% (target: 12% through cycle)
 - Efficiency ratio at 74.5% (target: 70%)

Well capitalised
with ample
liquidity

Sustainable and profitable growth with a capital-light balance sheet

Organic growth

Bolt-on acquisitions

Market performance



**VAN LANSCHOT
KEMPEN**



VAN LANSCHOT
KEMPEN

2023 half-year results



H1 2023: key messages

Solid net profit of €51.8m (H1 2022: €48.2m)

- Commission income up (+1%), of which securities commission income +6% and other commission income -30%
- Increase in interest income (+67%)
- Operating expenses up (+9%)

Our segments

- Private Clients: net AuM inflow at €2.2bn and strong result
- Wholesale & Institutional Clients: net AuM inflow at €1.0bn and measures to improve efficiency and profitable growth
- Investment Banking Clients: challenging markets due to higher interest rates

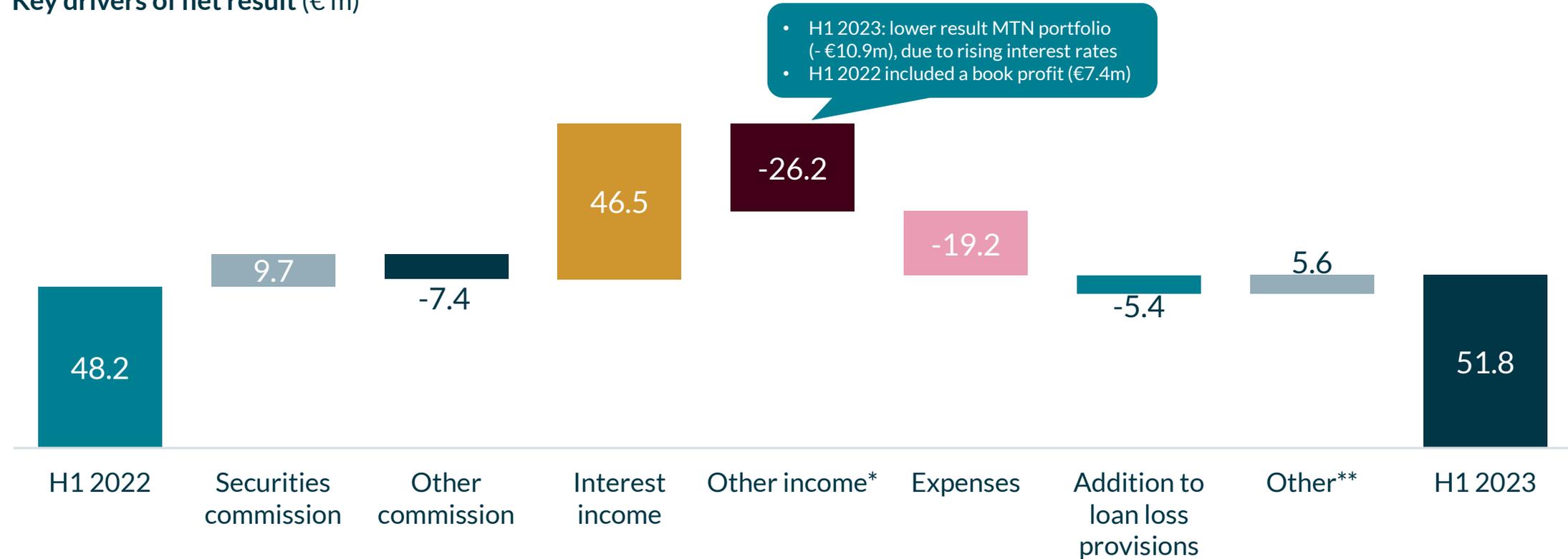
Robust capital and liquidity position

- CET 1 ratio 21.6% (2022: 20.6%)
- Liquidity coverage ratio 172% (2022: 178%)
- Proposed capital return of €2.00 per share



Net result amounts to €51.8m

Key drivers of net result (€ m)

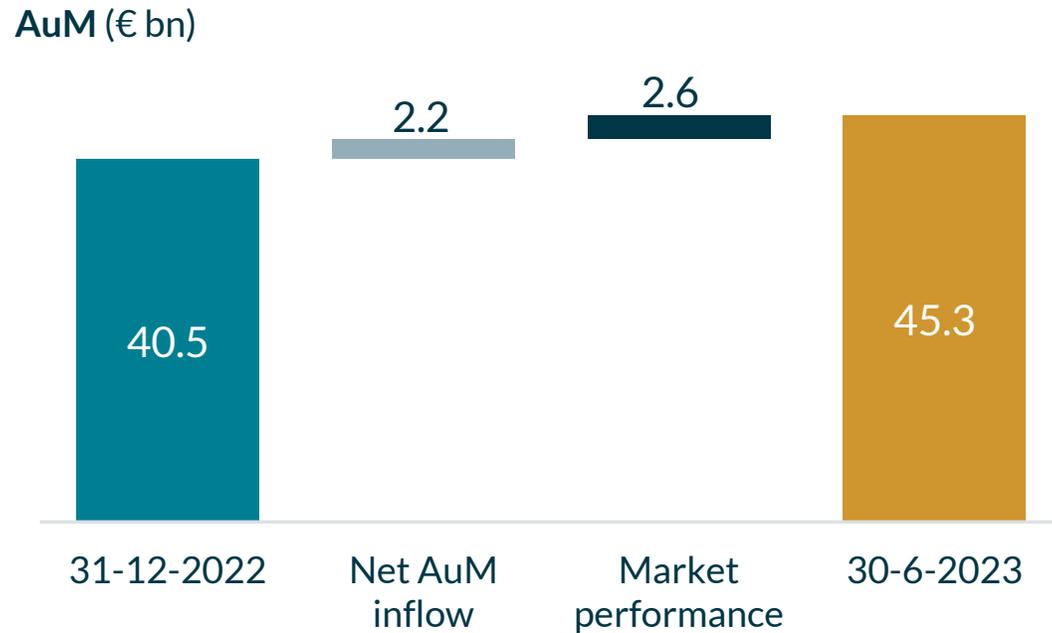


*Other income includes income from securities and associates and result on financial transactions.

**Other includes expenses related to amortisation of intangible assets, the accounting treatment of Mercier Vanderlinden, other impairments, operating profit before tax of NSI and income tax.



Private Clients: Continued high net inflows



- Net inflows: 79% non-discretionary, 16% discretionary and 5% investment strategies
- Net inflows well spread across NL, BE, and CH
- Operating result before tax at €97.1m (H1 2022: €55.5m)
- Commission income +5% to €144.4m (H1 2022: €137.0m) and interest income +56% to €106.5m (H1 2022: €68.1m)



Private Clients Belgium

Acquisition of the remaining 30% of Mercier Vanderlinden completed

AuM (€ bn)

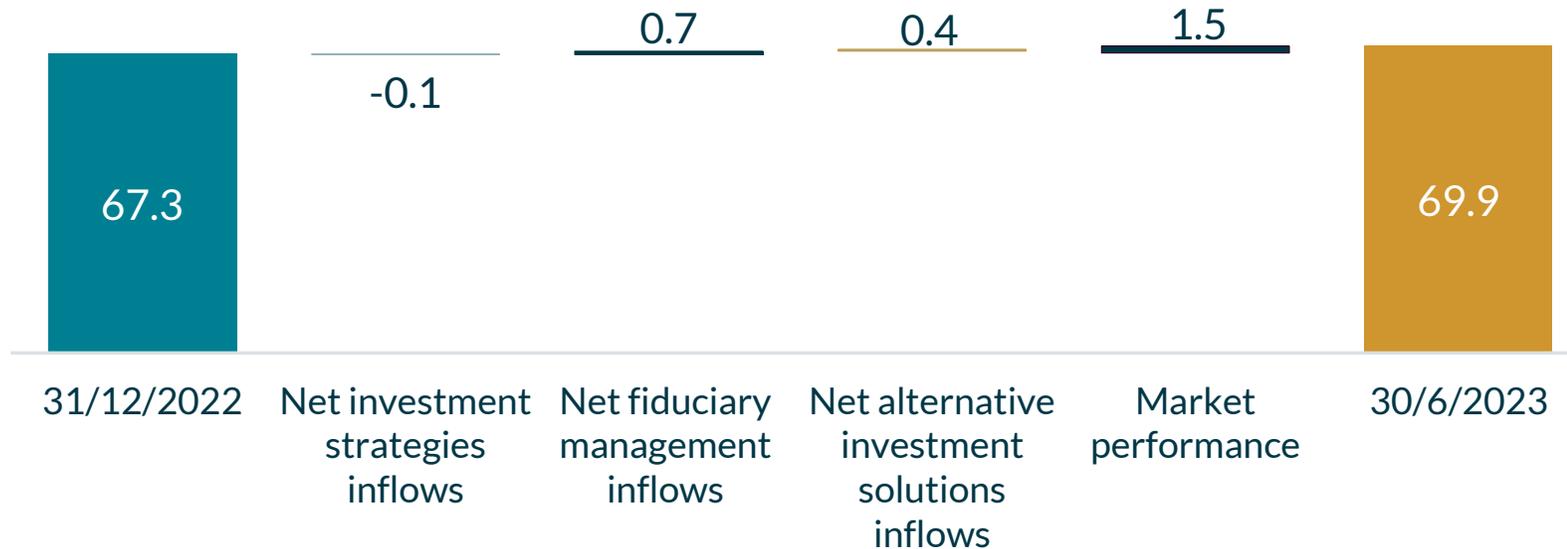


- Integration well on-track: as of 1 January 2024, under the name Mercier Van Lanschot
- Ambition: to become a top-three player in the independent private banking market in Belgium
- Efficiency ratio: 65.4% (H1 2022: 66.7%) – including banking tax and SRF contribution totalling €1.8m



Wholesale & Institutional Clients: €1.0bn net inflow

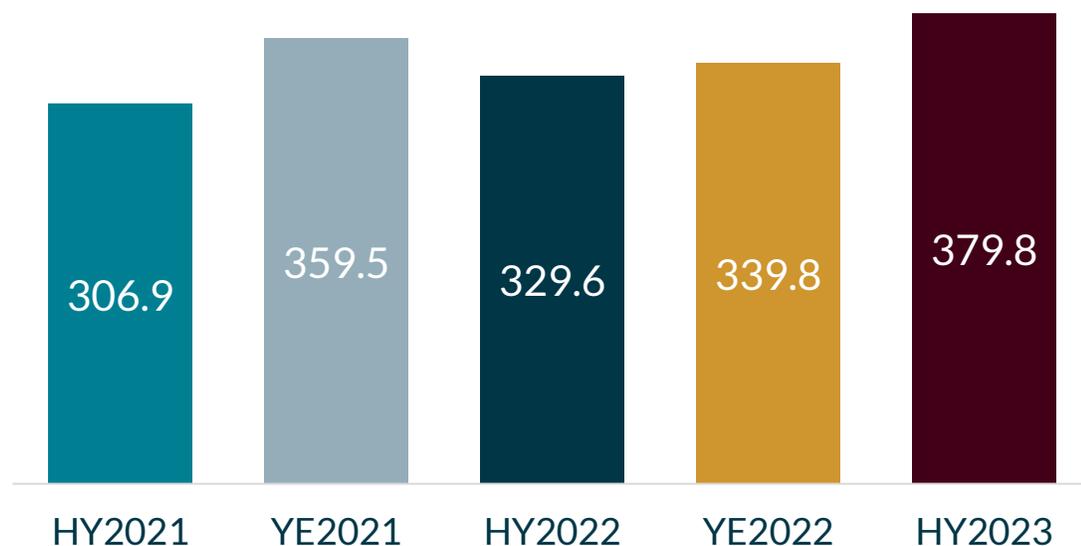
AuM (€ bn)



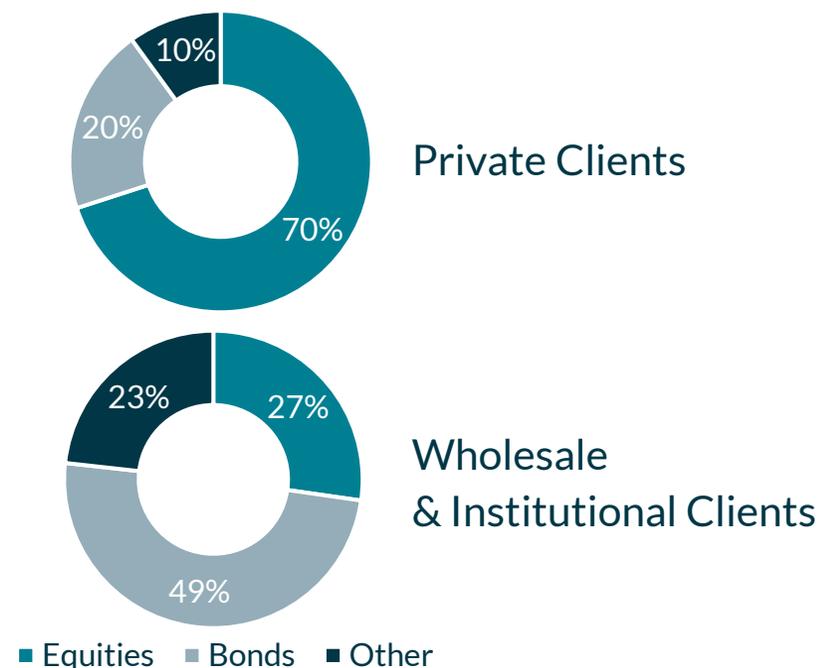
- Operating result before tax at -€1.9m (H1 2022: €0.6m) and commission income at €39.3m (H1 2022: €38.3m)
- Investment strategies: outflow from global small caps and inflow into listed real estate and credits
- Measures to improve efficiency and profitable growth, building on initiatives started in 2022:
 - more efficient set-up of organisation and systems
 - investments in commercial strength, e.g. extensive sales training
 - intended reduction of over 20 FTEs in H2 2023

Ability to retain solid margins at both Private Clients and Wholesale & Institutional Clients

Annualised recurring fees* (€ m)



AuM breakdown (~%)



AuM margin at Private Clients: 65 bps (2022: 63 bps); AuM margin at Wholesale & Institutional Clients: 12 bps (2022: 12 bps)

*Annualised recurring securities commission is determined by multiplying the AuM on 30/6/2023 by the management fee per client to determine the expected annualised management fee, assuming AuM remains unchanged. The expected annual transaction fees related to these client portfolios are added.



Investment Banking Clients: challenging markets due to higher interest rates



Commission income (€ m)

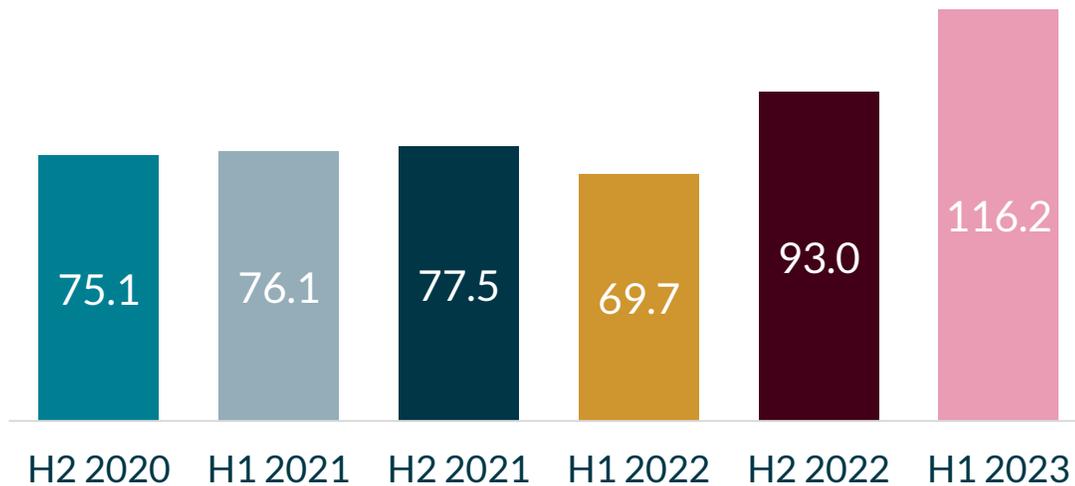


- Operating result before tax to -€4.8m (H1 2022: €1.3m)
- As usual, we're adapting our organisation to market conditions with a focus on costs and an appropriate workforce
- We keep our focus on our selected sectors: European real-estate, life sciences & healthcare, tech & fintech, infrastructure & renewables

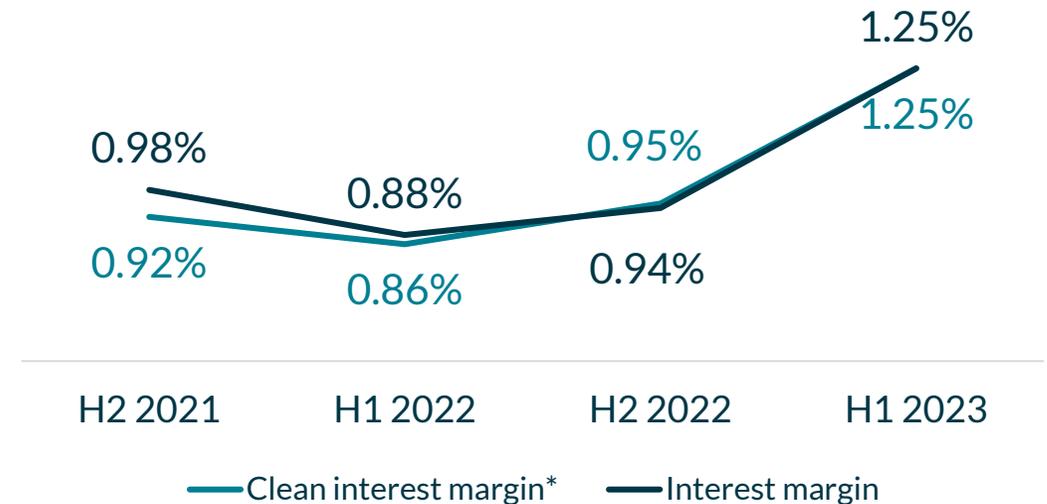


Interest margins improved in H1 2023

Interest income (€ m)



Interest margin (12-mth moving average, %)



- Net interest income up on the back of ECB interest rate hikes
- Conversion from clients' current accounts to AuM in Q1 and April, and conversion to term deposits in Q2
- Slightly lower interest margin in Q2, due to rising savings rates

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



Net interest income: savings rate and client behaviour main drivers

- Notional weighted client rate relative to the ECB rate is approx. 30% per end of June 2023
- Current average term deposit maturity is approx. 0.5 years

Expectations H2 2023

- Further rise of term deposits in the client deposits mix
- Further increase in client savings rates

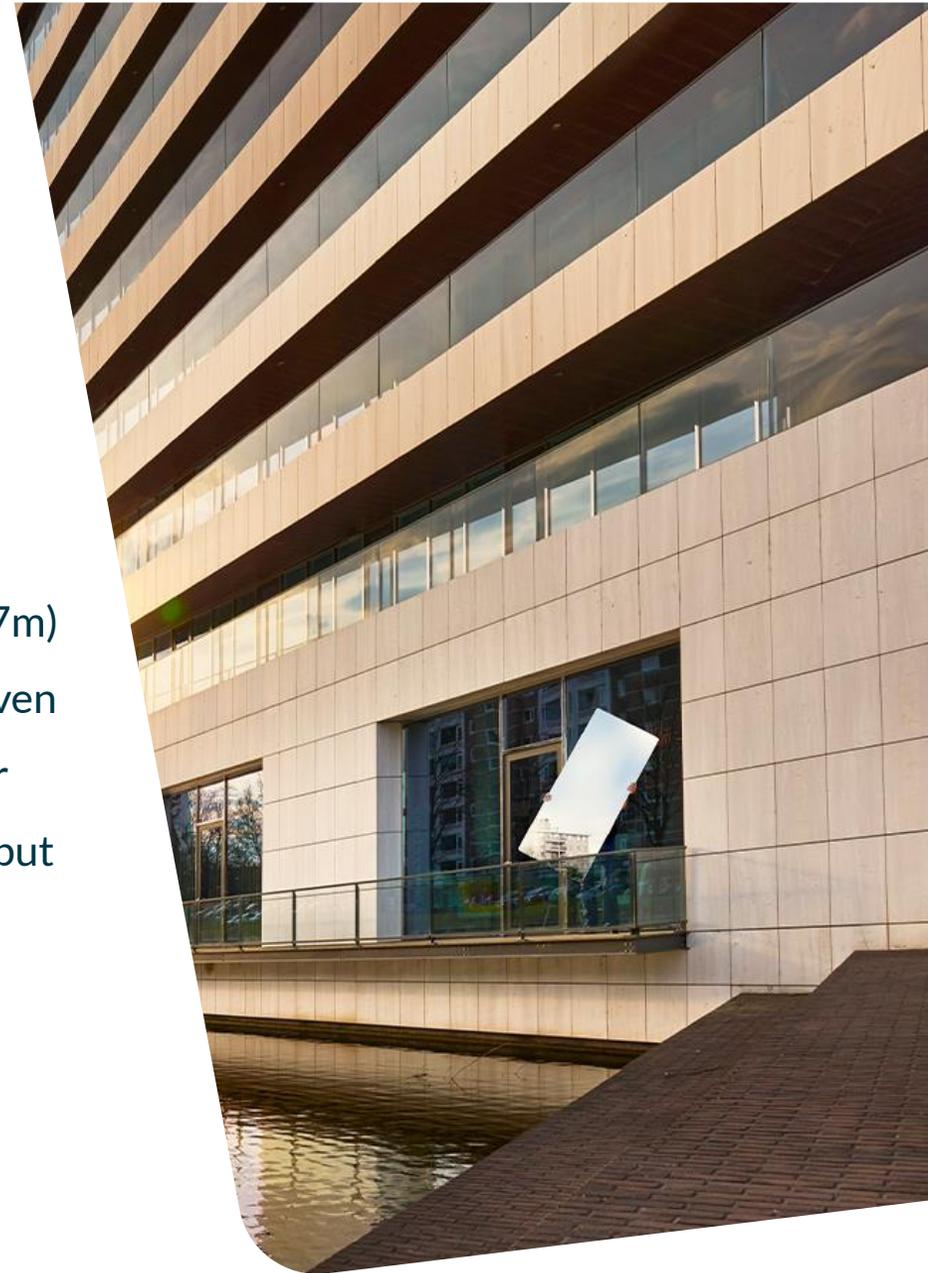
Client deposits

€ bn	30/6/2023	31/12/2022	% change
Term deposits	1.7	1.0	68%
Savings	4.4	4.4	0%
Securities accounts	2.0	2.9	-29%
Payment accounts	2.6	4.0	-35%
Other	0.4	0.4	5%
Total	11.2	12.7	-12%



Other income

- Other income consists of income from securities and associates and result on financial transactions
- Total other income at -€4.2m (H1 2022: €22.0m), decrease driven by:
 - Lower result on co-investments in own products at -€0.5m (H1 2022: €1.7m)
 - Result on medium-term notes at -€10.1m (H1 2022: €0.8m), decrease driven by increased interest expenses on our notes. MTNs are part of our regular funding, and the interest expenses are not recognised as interest income but as result on financial transactions
 - Income from Van Lanschot Participaties (minority interests) in H1 2022 included a book profit of €7.4m



Income from securities and associates

€ m	Income H1-2023	Income H1-2022	Book value HY2023	Book value YE2022
VLP (minority interests)	2.3	12.2	43.8	47.8
Bolster Investments Coöperatief UA	2.2	2.5	69.3	63.1
Co-investments in own products	1.3	-8.5	116.7	123.3
Other equity investments	0.0	0.0	1.9	2.0
Total	5.8	6.2	231.7	236.2

- Co-investments in own products:
 - Result at €1.3m (H1 2022: -€8.5m) – within income from securities and associates
 - Result on futures at -€1.8m (H1 2022: €10.1m) - within result on financial transactions.
Futures are used to manage the risks of these investments, to stay in line with our risk appetite
- Co-investments in own products includes positions in Global Property Fund, Global Impact Pool and Global Value Fund

Increase operating expenses mainly driven by investments in growth

Operating expenses (€ m)



- Staff costs up, mainly due to
 - a higher number of FTEs at 1,844 (June 2022: 1,713), driven by a shift from contractors to recruitment of internal staff, hiring private bankers and new members of our Digital and Technology teams – reflecting our growth ambitions
 - general increase of fixed salaries of 4.4% as of 1 January 2023 and of 1.0% as of 1 July 2023
- Operating expenses include €10.2m regulatory levies and charges (H1 2022: €11.0m)
- Increase in accommodation expenses driven by inflation on rent and higher energy prices
- To achieve an efficiency ratio of 70% – our target – we maintain a strict focus on costs in all our activities

Stable loan portfolio

€ m	Loan portfolio 30/06/2023	Loan portfolio 31/12/2022	% change	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	6,314	6,341	0%	27	2	0.4%	9%
Other loans	2,311	2,371	-3%	85	24	3.7%	29%
Loan portfolio	8,625	8,712	-1%	112	27	1.3%	24%
Mortgages distributed by third parties	361	373	-3%	-	-	0.0%	0%
Other loans covered by residential real estate	311	320	-3%	-	-	0.0%	0%
Total loan portfolio	9,297	9,404	-1%	112	27	1.2%	24%
ECL stages 1 and 2					11		
Total	9,297	9,404	-1%		38		

- Almost 70% of the portfolio consists of Dutch residential mortgages with an average LTV of 66% (2022: 63%)
- Other loans include loans to family businesses and entrepreneurs (38%), Lombard loans (31%), current accounts (20%)



High quality of loan portfolio allowed for a release from loan loss provisions

Additions to loan loss provisions (€ m)



Loan loss provision per stage

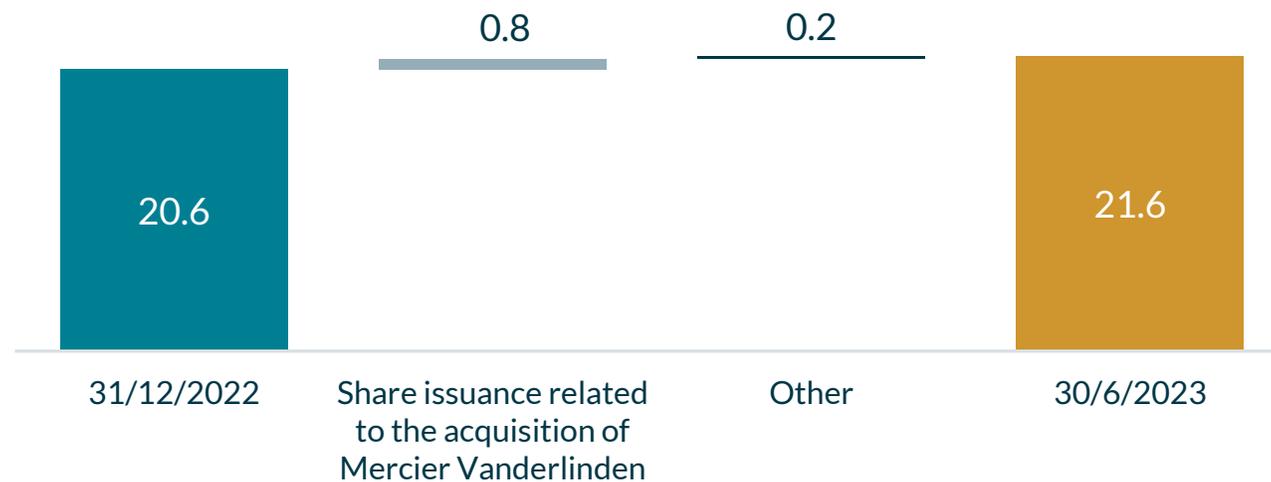
€ m	30/06/2023	31/12/2022	% change
Stage 1	4.9	6.1	-19%
Stage 2	6.3	7.0	-9%
Stage 3	26.7	26.9	-1%
Total	37.9	40.0	-5%

- Current management overlay amounts to €4.3m (2022: €5.2m) – aiming to reflect economic circumstances and uncertainty, which are not (fully) captured by the models

*Annualised loan loss provision / average TREA

Strong CET 1 ratio at 21.6%

Common Equity Tier 1 ratio (%)



The CET 1 ratio according to the 'Basel IV fully loaded' definition stood at around 22%

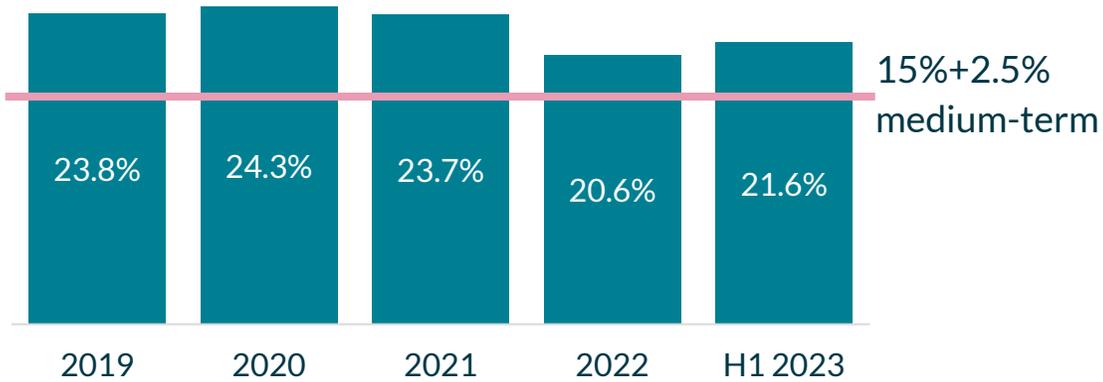
Expected CET 1 ratio developments in H2 2023:

- Impact of -0.5 percentage points as a result of the announced acquisition of Robeco's online investment platform
- Impact of -2.0 percentage points as a result of the capital return proposal of €2.00 per share (total c. €86m)

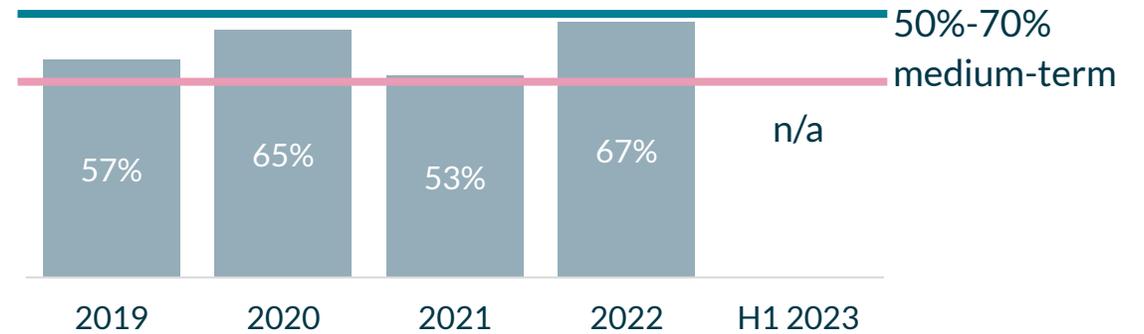


Committed to our financial targets

Common Equity Tier 1 ratio



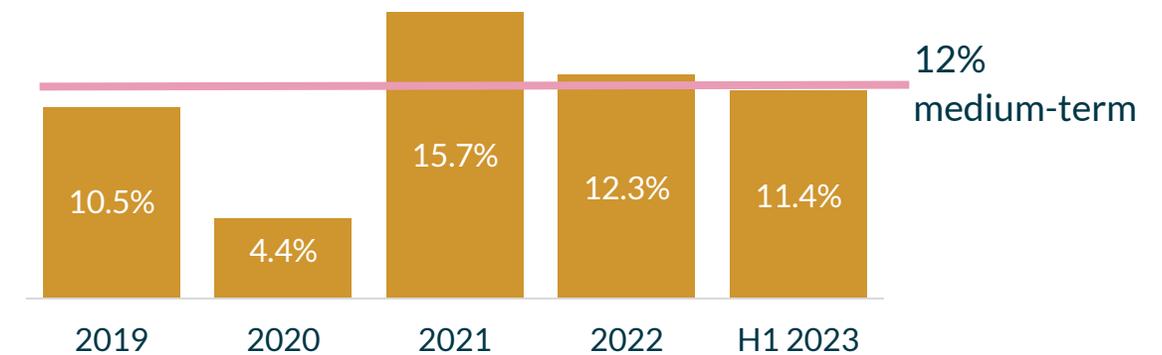
Dividend pay-out ratio*



Efficiency ratio



Return on Common Equity Tier 1*



* Based on underlying net result attributable to shareholders



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Proposed capital return
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Appendix



Overview of net result

€ m	H1 2023	H1 2022	% change
Commission income	203.7	201.3	1%
of which securities commission income	186.5	176.7	6%
of which other commission income	17.2	24.6	-30%
Interest	116.2	69.7	67%
Other income	-4.2	22.0	
Income from operating activities	315.7	293.1	8%
Operating expenses	-235.2	-216.0	9%
Gross result	80.5	77.1	4%
Loan loss provision	1.9	7.2	-74%
Other impairments	-	-1.1	-100%
Operating profit before tax of non-strategic investments	-0.2	0.1	
Operating profit before special items and tax	82.1	83.3	-1%
Amortisation of intangible assets arising from acquisitions	-7.1	-7.6	-7%
Expenses related to accounting treatment Mercier Vanderlinden	-0.6	-4.9	-89%
Restructuring charges	-3.1	-0.3	
Other one-off items	-	-9.9	-100%
Operating profit before tax	71.3	60.6	18%
Income tax	-19.5	-12.4	58%
Net profit	51.8	48.2	8%
Underlying net result*	54.7	60.7	-10%
Efficiency ratio	74.5%	73.7%	

* Underlying net result excludes the net effect of expenses related to the accounting treatment of Mercier Vanderlinden and restructuring charges. In H1 2022 also excluding other one-off items.

Key figures by segment: H1 2023

€ m	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission income	144.4	39.3	17.0	3.1	203.7
Interest income	106.5	0.1	-0.1	9.8	116.2
Other income	0.6	0.2	0.3	-5.3	-4.2
Income from operating activities	251.5	39.6	17.2	7.5	315.7
Operating expenses	-148.1	-41.1	-21.9	-24.1	-235.2
Gross result	103.4	-1.5	-4.8	-16.6	80.5
Impairments	2.6	-0.0	-	-0.7	1.9
Operating profit before tax of non-strategic investments	-	-	-	-0.2	-0.2
Operating profit 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 Mercier Vanderlinden	-0.6	-	-	-	-0.6
Restructuring charges	-1.8	-0.1	-	-1.3	-3.1
Operating profit before tax	97.1	-1.9	-4.8	-19.2	71.3
Underlying profit before tax*	99.5	-1.7	-4.8	-17.9	75.0

* Underlying net result excludes the net effect of expenses related to the accounting treatment of Mercier Vanderlinden and restructuring charges.

Progress on our non-financial KPIs

KPI		Targets		Performance H1 2023	Performance 2022
Manufactured capital	Three-year relative performance of our managed propositions	> benchmark	●	0.3%	0.2%
Human and intellectual capital	Employer Net Promoter Score (eNPS)	>10	●	22	18
	Employee engagement score	> 80%	●	88%	88%
	Percentage of employees who believe they have the opportunity for personal development and growth	≥ last pulse/EES (if below benchmark) ≥ benchmark (76%)	●	81%	81%
	Gender balance among senior staff	> 30% female > 30% male	●	18.4% female 81.6% male	17.9% female 82.1% male
	Gender pay gap	< 2.0%	●	3.0%	2.7%
	Staff turnover	5-10%	●	6.4%	6.4%
	Absenteeism	< industry average (3.2%)	●	2.8%	2.8%
Natural capital	Sustainability rating of all Van Lanschot Kempen funds by Morningstar	≥ 3.5	●	3.6	3.6%
	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%
	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)	
Social capital	Net Promoter Score (NPS):				
	a. Private Clients	20	●	25	36
	b. Wholesale & Institutional Clients	20	○	n/a	n/a
	c. Evi van Lanschot	10	●	0	-1
	Investment Banking Clients: number of fee-generating transactions with repeat corporate finance clients (five-year period)	50-60%	●	78%	78%
	Number of interactions by Securities with institutional investors	130 (2020 = 100)	●	149	103
	Average Morningstar medallist rating	≥ last year	○	4 Silver, 7 Bronze and 6 Neutral	n/a
	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
	Percentage of employees who believe they have a responsibility to behave ethically	≥ last pulse/EES (if below benchmark) ≥ benchmark (86%)	●	89%	90%
	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%
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

Entered ESG AEX index in H1 2023

Governance: 2

Lower governance risk = 1
Higher governance risk = 10

ISS QualityScore

8th place in league table of
486 entrants

Transparantiebenchmark

21st place in a league table
of 78 multinationals



B- rating

ISS ESG Corporate Rating

ISS ESG 

AA rating

on resilience to ESG risks

MSCI 

4 and 5 stars (out of 5) for
responsible investment process

PRI Principles for
Responsible
Investment



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