

PRESS RELEASE

Van Lanschot: strong increase in commission income in first half of 2015

- **Wealth management strategy improves quality of income**
- **Net profit works out at €34 million (H1 2014: €49.4 million)**
- **Client assets grow to €58.5 billion from €57.4 billion year-end 2014**
- **Capital base remains robust at CET I ratio¹ of 14.6%**

's-Hertogenbosch, the Netherlands, 25 August 2015

Van Lanschot today released its 2015 interim results. Karl Guha, Chairman, said: “Our wealth management strategy is showing through in strong results, with our core activities Private Banking, Asset Management and Merchant Banking all making positive contributions to net profit. We are pleased with net profit development: while the first half of 2014 was marked by a substantial capital gain, the comparable period in 2015 saw commission revenue – our main source of income – add 24% and improve the quality of our results. Our capital position remains robust, with the Common Equity Tier I ratio¹ at 14.6%.

“Private and institutional client assets grew to over €58 billion, and our Private Banking clients are increasingly opting for discretionary management following the launch of our new personalised wealth planning advice service. Kempen Corporate Finance and Kempen Securities, our Merchant Banking activities, had a very strong first half, doubling their revenues.

“We will continue to implement our wealth management strategy and the second half has got off to an excellent start with the announced takeover of MN UK by Kempen Capital Management and the sale of a portfolio of non-performing property loans. We are well on track to achieve our long-term objectives.”

Inflows into asset management and higher commission income at Private Banking

Private client assets grew to €29.6 billion from €29 billion year-end 2014. A favourable climate in the stock markets and inflows in discretionary management made up for the drop in savings in the wake of cuts in savings rates made in keeping with our funding strategy. *Evi van Lanschot*, our online savings and investment service, performed well and expanded its services by launching a pensions product: *Evi Pensioen*. Private Banking notched up an increase in total income to €140.8 million (H1 2014: €132.8 million), breaking down into an 18% rise in commission income and more or less constant interest income (-1%).

¹ Phase-in Common Equity Tier I ratio, excluding retained earnings.



Private Banking's loan portfolio, with mortgages accounting for 71%, was virtually unchanged at €8.4 billion (year-end 2014: €8.3 billion). The increase in new mortgages largely makes up for the ongoing trend of clients making extra mortgage repayments. Additions to loan provisions stood at €16.1 million compared with €4.1 million in H1 2014, reflecting stricter provisioning criteria as well as provisions taken on a number of individual loans.

Entrepreneurs make up a key target group for Private Banking and the first six months saw it sharply enhance its proposition and promotional efforts, targeting this particular group in a new campaign. Using its new wealth planning service, Van Lanschot Private Banking helps clients to clarify both their business and private choices, to enhance focus and find the right solutions.

Asset Management lays groundwork for further fiduciary management growth

The upbeat stock market climate pushed up total assets under management at Kempen Capital Management to €28 billion (year-end 2014: €27.5 billion). The credit strategy saw an inflow of – new – clients, thanks not least to its success in securing a Morningstar gold rating for Kempen (Lux) Euro Credit Fund in November 2014. By contrast, a number of its other strategies saw institutional clients leave as they rebalanced their portfolios to reflect market developments and expectations. The changing breakdown in assets under management caused commission income to end up on a par with the first half of last year: €40.6 million compared with €40.8 million.

By acquiring the operations of MN in the United Kingdom, as announced early in July, Kempen Capital Management lays the groundwork for further international growth in fiduciary management. UK institutional investors such as pension funds display a growing interest in fiduciary management, and its existing expertise coupled with a local presence in London should give Asset Management an ideal springboard to leverage opportunities in this market.

Very strong half for Merchant Banking

Merchant Banking enjoyed a very strong six months, with commission income almost doubling to €40.5 million (H1 2014: €20.4 million). Kempen Corporate Finance was party to a large number of deals in its selected niche markets, including an equity issue by Germany's Deutsche Annington, an equity issue and refinancing deal for Vesteda, the IPO of Biocartis and the public bid for Grontmij. In addition to excellent commission and trading results on increased client trading activity, Kempen Securities again recorded growth in revenue from structured notes.

Smaller contribution of other activities to net profit

Income from securities and associates decreased to €9.3 million from the H1 2014 figure of €41.9 million, which had benefited from a significant capital gain. Result on financial transactions also came down, to €19.2 million from €29.8 million in H1 2014.

Corporate Banking continues vigorous portfolio run-off and sees credit quality improve

Since its formation in 2013, Corporate Banking has been winding down the corporate portfolio of property and SME loans – and, much as in 2014, has remained well ahead of schedule. The loan portfolio wind-down has shaved €0.4 billion off risk-weighted assets, while Corporate Banking also announced the second-half sale of a portfolio of over €400 million of non-performing property loans to Cerberus Capital Management, bringing its total loan portfolio to €2.2 billion (year-end 2014: €3.1 billion) and significantly improving the risk profile of its corporate loan portfolio.



The loan portfolio run-off has pushed down interest income to €30.8 million from €35.1 million in H1 2014, but the downtrend is cushioned by a further uptick in interest margins. Corporate Banking had significantly lower provisions to cover in the first half of this year – down to €13.1 million from €31.3 million in the year-earlier period – as fewer loans were provided for while the quality of other loans actually improved to the extent of triggering a release of a proportion of provisions.

Stable costs, on track to achieve targeted efficiency

Much as expected, Van Lanschot's costs ended up at comparable levels to last year: €193.9 million to H1 2014's €195 million. Step-by-step, it continues to simplify products and processes, enhance the efficiency of its IT infrastructure and streamline its back office. The transformation implies a temporary rise in change-related costs, but lower running costs in the longer term. Coupled with continued marketing efforts to raise revenues, this should help Van Lanschot achieve its targeted efficiency ratio of 60-65% in 2017.

Continued robust capital and funding position

Van Lanschot's capital position remains robust: a Common Equity Tier I ratio¹ of 14.6% (year-end 2014²: 14.6%) and a fully loaded Common Equity Tier I ratio excluding retained earnings on the up from 13.4% at year-end 2014³ to 13.6%. The fully loaded leverage ratio likewise improved: to 5.7% from 5.3% at year-end 2014. In April, Van Lanschot placed its first Conditional Pass-Through Covered Bond as part of its funding operations, worth €500 million at a coupon of 0.275%.

H1 2015 HIGHLIGHTS

- Net profit: €34 million (H1 2014: €49.4 million)
- Earnings per share: €0.75 (H1 2014: €1.14)
- Income from operating activities: €274.1 million (H1 2014: €294.4 million)
 - Commission income: €141 million (H1 2014: €113.8 million), with recurring commission income⁴ accounting for 81% of total securities commission (H1 2014: 82%)
 - Interest income: €102 million (H1 2014: €106.6 million); interest margin constant on 2014 at 1.19%
- Operating expenses: €193.9 million (H1 2014: €195 million)
- The efficiency ratio⁵ increased to 70.7% (H1 2014: 66.2%)
- Addition to loan loss provisions down to €31.9 million (H1 2014: €35.5 million)

SOLID BALANCE SHEET RATIOS AT 30 JUNE 2015

- Strong capital position:
 - Common Equity Tier I-ratio (phase-in, excluding retained earnings): 14.6% (year-end 2014²: 14.6%)
 - Common Equity Tier I-ratio (fully loaded, excluding retained earnings): 13.6% (year-end 2014³: 13.4%)
- Leverage ratio⁶ (fully loaded): 5.7% (year-end 2014: 5.3%)
- Well diversified funding profile: loan portfolio is mainly financed by savings and deposits. Funding ratio⁷ at 94.3% (year-end 2014: 95.3%)

² Phase-in Common Equity Tier I ratio, including retained earnings.

³ Including retained earnings.

⁴ Recurring commissions break down into management, advisory and service fees.

⁵ Efficiency ratio = operating expenses / income from operating activities.

⁶ Leverage ratio = Basel III Tier I capital / (balance sheet total + some off balance items)

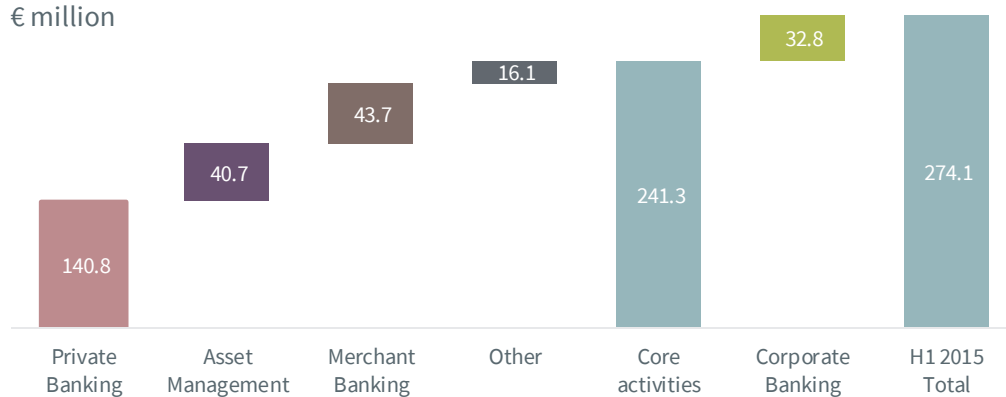
⁷ Funding ratio = the degree to which the loan portfolio is funded by client savings and deposits.

SEGMENT INFORMATION

Van Lanschot's three core activities – Private Banking, Asset Management and Merchant Banking – generate 82% of total income (75% in 2014). Private Banking accounts for the greater proportion of this (51% of total income), with Asset Management and Merchant Banking contributing 15% and 16% respectively. Together, these three core activities account for 98% of commission income (H1 2014: 96%) and 83% of interest income (H1 2014: 80%).

Income from operating activities by segment

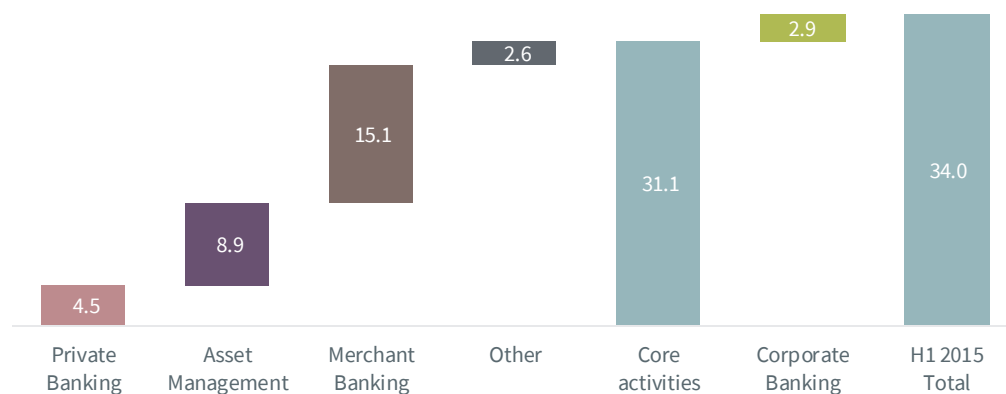
€ million



All core activities posted positive net results in H1 2015, to which Corporate Banking also contributed by recording a sizeable reduction in loan loss provisioning.

Net result

€ million





KEY DATA

(x € million)	H1 2015	H2 2014		H1 2014	
Statement of income					
Net result	34.0	59.3	-43%	49.4	-31%
Net result excluding one-off gains/losses	34.5	9.4	267%	54.1	-36%
Efficiency ratio excluding one-off gains (%)	70.7	73.9		66.2	
(x € million)	30/06/2015	31/12/2014		30/06/2014	
Statement of financial position and capital management					
Equity attributable to shareholders	1,299	1,292	1%	1,268	2%
Equity attributable to minority interests	48	58	-17%	55	-13%
Savings and deposits	9,832	10,499	-6%	10,480	-6%
Loans and advances	10,432	11,021	-5%	11,929	-13%
Total assets	16,470	17,259	-5%	17,694	-7%
Funding ratio (%)	94.3	95.3	-1%	87.9	7%
Risk-weighted assets⁸	7,313	7,356	-1%	8,137	-10%
Common Equity Tier I ratio (%) ¹	14.6	14.6	0%	13.8	6%
Tier I ratio (%) ¹	14.6	14.6	0%	13.8	6%
Total capital ratio (%) ¹	15.3	15.2	1%	14.5	6%
Basel III					
Common Equity Tier I ratio (%) (fully loaded) ⁹	13.6	13.4		11.6	
Liquidity coverage ratio (%)	129.0	125.1		130.6	
Net stable funding ratio (%)	116.2	114.3		96.9	
Leverage ratio (%) (fully loaded) ²	5.7	5.3		4.9	
(x € billion)	30/06/2015	31/12/2014		30/06/2014	
Client assets					
- Assets under management	58.5	57.4	2%	56.0	4%
- Savings and deposits	48.7	46.9	4%	45.5	7%
- Assets under management	9.8	10.5	-7%	10.5	-7%
- Discretionary	48.7	46.9	4%	45.5	7%
- Non-discretionary	37.0	35.7	4%	34.1	9%
	11.7	11.2	4%	11.4	3%
	30/06/2015	31/12/2014		30/06/2014	
Key figures					
Weighted average number of outstanding ordinary shares (x 1,000)	40,879	40,919	0%	40,951	0%
Earnings per share based on average number of ordinary shares (€) ¹⁰	0.75	-0.05		1.14	-34%
Return on average Common Equity Tier I capital (%) ¹¹	5.7	4.0	43%	8.1	-30%
Number of staff (FTEs) ¹²	1,697	1,712	-1%	1,724	-2%

⁸ At 31 December 2014 based on phase-in and including retained earnings. At 30 June 2014 and 30 June 2015 based on phase-in excluding retained earnings, in keeping with Basel III.

⁹ At 31 December 2014 including retained earnings, and at 30 June 2014 and 30 June 2015 excluding retained earnings.

¹⁰ Net result H2 2014 excludes one-off pension gain.

¹¹ At 30 June 2014 and 30 June 2015 annualised.

¹² FTE numbers exclude non-strategic investments.



RESULTS

(x € million)	H1 2015	H2 2014		H1 2014	
Commissions	141.0	126.5	11%	113.8	24%
- Of which securities commission	106.3	96.2	10%	94.9	12%
- Of which other commissions	34.7	30.3	15%	18.9	84%
Interest	102.0	107.1	-5%	106.6	-4%
Income from securities and associates	9.5	11.1	-14%	40.0	-76%
Profit on financial transactions	21.6	7.9	173%	34.0	-36%
Income from operating activities	274.1	252.6	9%	294.4	-7%
Staff costs	108.7	105.8	3%	104.4	4%
Other administrative expenses	77.3	70.4	10%	80.3	-4%
Depreciation and amortisation	7.9	10.5	-25%	10.3	-23%
Operating expenses	193.9	186.7	4%	195.0	-1%
Gross result before one-off gains/losses	80.2	65.9	22%	99.4	-19%
One-off gains/losses	-0.7	66.5	-101%	-6.2	-89%
Gross result after one-off gains/losses	79.5	132.4	-40%	93.2	-15%
Gross results before tax of non-strategic investments ¹³	-0.1	1.8	-106%	1.6	-106%
Addition to loan loss provision	31.9	40.5	-21%	35.5	-10%
Other impairments	2.8	14.8	-81%	4.7	-40%
Impairments	34.7	55.3	-37%	40.2	-14%
Operating result before tax	44.7	78.9	-43%	54.6	-18%
Income tax	10.7	19.6	-45%	5.2	106%
Net result	34.0	59.3	-43%	49.4	-31%
Net result excluding one-off gains/losses	34.5	9.4	267%	54.1	-36%

(x € million)	H1 2015	H2 2014		H1 2014	
Net result excluding one-off gains/losses	34.5	9.4	267%	54.1	-36%
One-off gains/losses	-0.7	66.5		-6.2	
Tax effect	0.2	-16.6		1.5	
Net result	34.0	59.3	-43%	49.4	-31%

¹³ Van Lanschot has included a number of non-strategic investments in its consolidated figures, which it intends to sell in due course as these do not fit into its wealth management strategy. Gross results from its non-strategic investments are recognised before tax.



ADDITIONAL INFORMATION

For additional information, please visit <https://corporate.vanlanschot.nl/financial>.

FINANCIAL REPORT/PRESENTATION

For a detailed discussion of Van Lanschot's results and balance sheet, please refer to our 2015 half-year financial report and presentation of our 2015 half-year results at <https://corporate.vanlanschot.nl/results>.

2015 FINANCIAL CALENDAR

Publication of 2015 Q3 trading update

6 November 2015

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Van Lanschot NV is the holding company of F. van Lanschot Bankiers NV, the oldest independent bank in the Netherlands with a history dating back to 1737. Van Lanschot, a wealth manager operating under the Van Lanschot and Kempen & Co brand names, is active in Private Banking, Asset Management and Merchant Banking, with the aim of preserving and creating wealth for its clients. Van Lanschot NV is listed on Euronext Amsterdam.

Disclaimer and cautionary note on forward-looking statements

This document contains forward-looking statements on future events. These forward-looking statements are based on the current information and assumptions of Van Lanschot's management about known and unknown risks, developments and uncertainties. Forward-looking statements do not relate strictly to historical or current facts and are subject to risks, developments and uncertainties. The actual results may differ considerably as a result of risks, developments and uncertainties relating to Van Lanschot's expectations regarding but not limited to estimates of income growth, costs, the macroeconomic climate, political and market trends, actions by supervisory and regulatory authorities and private entities, and changes in the law and taxation. Van Lanschot cautions that expectations are only valid on the specific dates on which they are expressed, and accepts no responsibility or obligation to revise or update any information following new information or changes in policy, developments, expectations or other such factors. The financial data included in this document have not been audited. This document does not constitute an offer or solicitation for the sale, purchase or acquisition in any other way or subscription to any financial instrument and is not an opinion or a recommendation to perform or refrain from performing any action.