VAN LANSCHOT KEMPEN

PRESS RELEASE *Amsterdam/'s-Hertogenbosch, the Netherlands, 21 February 2019*

Van Lanschot Kempen: 2018 net profit of over €80 million

Next steps in wealth management strategy defined

- **Net profit comes in at €80.3 million (2017: €94.9 million) in the wake of lower interest income among other factors. Underlying net result is €103.0 million (2017: €112.3 million)**
- **Commission income up 10% on solid AuM base and robust results at Merchant Banking**
- **Increased cost focus translates into lower costs in the second half of 2018 in addition to extra cost-saving measures, for which an €8.3 million restructuring charge is taken**
- **€1 billion net inflows despite volatile markets; negative stock market performance pushes net client assets down to €81.2 billion (2017: €83.6 billion) and AuM to €67.0 billion (2017: €69.0 billion)**
- **Fully loaded CET 1 remains strong at 21.4% (2017: 20.3%)**
- **Dividend proposal of €1.45 per share (2017: €1.45 per share)**
- **Next steps in wealth management strategy defined**
- **Financial objectives revisited for 2023, efficiency target adjusted to 70-72%**

Van Lanschot Kempen today released its 2018 annual results. Karl Guha, Chairman, said: "We look back on a solid commercial year. Our commission income was 10% up on last year and we are pleased with the €0.5 billion net inflow in assets under management (AuM) at Private Banking. Meanwhile, Asset Management reported €0.4 billion in net inflow and has landed various fiduciary mandates, including the €8.5 billion mandate awarded by Stichting Pensioenfonds PostNL, which will take effect in 2019. We are proud of the results achieved by Merchant Banking, which saw strong commission income thanks to its involvement in many transactions. Our robust capital position allowed us to pay a special capital return of €1.50 per share in December and we propose a dividend of €1.45 per share for 2018.

"But 2018 also brought challenging market conditions, such as the volatile equity markets and persistently low interest rates. Our interest income decreased and this is reflected in a lower net profit of €80.3 million for the year (2017: €94.9 million). Income from securities and associates were also lower in 2018.

"Our cost levels and efficiency ratio had our full attention in the second half of 2018. As a result, we managed to reduce costs in the second half of the year and have adopted a series of additional cost-saving measures for the period ahead, involving a restructuring charge of €8.3 million. Our efficiency ratio now stands at 79.4% (2017: 76.2%).

"Supported by our strong client relationships, we want to be a leading player in our relevant markets and regions. To get there, we have defined clear next steps in our wealth management strategy. We are looking to further accelerate our growth and will continue our organic growth by pursuing a solutions-driven approach that helps us meet the needs of our clients even better. We also want to grow by possible acquisitions. By combining our strengths and expertise we are able to offer clients the full potential of our services. Digitalisation and advanced analytics are indispensable for identifying market trends and client needs, and further improving client experience, while digitalisation also helps us to enhance productivity. To be able to fully leverage the technological potential, we are investing in the talent and skills of our employees.

“We have revisited our financial objectives and set new targets for 2023. Our efficiency target has changed to 70-72% to reflect both our profile as a wealth manager and the economic environment in which we operate. Our target for the CET 1 ratio is unchanged at 15-17% nor will we alter our 10-12% target for the return on CET 1 or the one for our dividend pay-out ratio at 50-70%[i]. Coming in at 21.4% at year-end 2018, our CET 1 ratio very comfortably met our target. In the future, we will continue to optimise our capital base in terms of level and type of instrument.

“Today, we are also launching our non-financial KPIs, underlining the importance we attach to value creation in the long term.”

Cost-saving measures and a restructuring charge

As expected, costs were lower in the second half of the year compared with the first six months of 2018, mainly thanks to lower consultancy costs and regulatory levies and charges. Overall, annual costs were 1% up on the year-earlier figure, at €396.4 million (2017: €392.1 million), largely due to staff costs.

In addition to lower costs in the second half of 2018, Van Lanschot Kempen’s even sharper focus on the efficiency ratio and cost levels has triggered various cost-saving measures going forward. Some examples:

- Migrating the Belgian IT activities to the IT infrastructure in the Netherlands;
- Restructuring various departments, including pooling all investment expertise in a single Kempen Asset Management investment office;
- Centralising small cap strategies in Amsterdam, and the resultant closure of the Edinburgh office.

These measures have led to a one-time restructuring charge of €8.3 million, which also includes the outsourcing of payments announced previously as well as switching off the mainframe, both of which should generate cost savings.

These cost-saving measures were initiated in 2018 and will be further implemented in 2019, leading to lower operating expenses. Taking into account possible investments and indexation, Van Lanschot Kempen aims for a net cost level of around €390 million in 2019.

Van Lanschot Private Banking: net AuM inflow in challenging markets

In 2018, Private Banking achieved strong net inflows of €0.5 billion, generated in the Netherlands, Belgium and Switzerland. Private Banking meets the needs of its clients by offering tailored investment solutions and high-quality services, with the investment advice service showing solid inflows in 2018 and the innovative app proving highly popular with clients. Volatile stock markets caused a negative market performance of €1.7 billion in total, and clients became rather more reluctant to invest towards the end of the year. Net assets under management at Private Banking ended the year slightly down, at €21.3 billion (year-end 2017: €22.6 billion[ii]). Client assets amounted to €30.4 billion (year-end 2017: €31.4 billion).

The strategic investment programme has sparked various improvements to the omni-channel service model for Private Banking clients. The first half of 2018, for instance, saw the launch of its new website and an expansion of investment app functionalities. Clients have had access to the new online ‘Mijn Van Lanschot’ portal since the second half of the year, while advisers are able to use the ‘Vermogenshorizon’ tool to show clients extensive scenario analyses for their personal goals when meeting them in person. Investment advice clients are offered the Van Lanschot Private Service for exclusive services in areas such as lifestyle, travel and healthcare. This last year also saw the development of digital communication tools for Private Banking’s investment advisers and private bankers, to help them serve clients more swiftly and efficiently. And Van Lanschot Kempen is working with German fintech Fidor on improving its payments offering. A new platform and payments app are technically wrapped up: their first users are currently testing them in a pilot and a carefully managed rollout to clients will get underway as 2019 progresses. The year should also see the completion of the €60 million strategic investment programme, which has around €10 million still available for the year.

Private Banking's underlying net result[iii] fell to €40.4 million (2017: €51.3 million), mainly reflecting contracting interest income. Commission income added 2% to €127.0 million on a combination of higher average AuM volumes in 2018 and lower transaction-related commission income. Expenses were up on 2017, mostly fuelled by increased staff costs. Some €3.8 million of the overall restructuring charge of €8.3 million is taken at Private Banking. Meanwhile, improved credit quality has led to a release of loan loss provisions of €3.2 million. The mortgage portfolio remained satisfyingly stable at €5.8 billion (year-end 2017: €5.7 billion), while the total loan portfolio at Private Banking stood at €7.6 billion (year-end 2017: €7.8 billion). Savings edged up to €8.3 billion (year-end 2017: €8.1 billion).

Evi van Lanschot: Number of clients up 23%, AuM slightly down

Evi's focus on client growth has taken the number of investing clients up 23% to over 16,000. Despite this sustained advance in client numbers, Evi's AuM and client assets were down in 2018. Volatile markets and a negative market performance combined to make clients reluctant to invest. At the same time, clients have been taking out money for consumption purposes, especially those who have been with Evi for a while. Assets under management ended the year at €874 million (2017: €909 million) and client assets worked out at €1.4 billion (2017: €1.5 billion). Evi's underlying net result was a negative €6.6 million (2017: - €9.6 million).

Evi celebrated its fifth anniversary in 2018. Now that it is growing into a mature ecommerce organisation, it should need less spending on IT and product development going forward. Evi's challenge for 2019 will be to achieve growth by increasing the average AuM per client. This it aims to do by enhancing efficiency and improving mobile functionalities for clients. Evi will also investigate opportunities for collaboration, for instance with partners also serving mass affluents.

Kempen Asset Management: Net inflow driven by fiduciary mandates

In 2018, several new mandates brought further inflows in fiduciary assets under management at Asset Management. These included the €1.1 billion fiduciary mandate of the Arcadis pension fund via Het nederlandse pensioenfonds and the Covra fiduciary mandate. In 2018, Stichting Pensioenfonds PostNL also selected Kempen Asset Management to be their fiduciary manager, a mandate of over €8.5 billion that will be implemented in the second quarter of 2019.

Traditionally an active manager, Kempen Asset Management decided to stop fundamental index investing as part of its product offering in 2018. This contributed to the net AuM outflow from the investment strategies, and came on top of outflows caused by various clients rebalancing their portfolios.

This focus on active investment solutions was sharpened further in 2018, with Kempen Asset Management introducing its Private Markets Fund, Global Impact Pool and Global Value Fund, while also working on the launch of its European Private Equity Fund and Global Listed Infrastructure Fund, both of which became available to clients on 1 January 2019.

Net inflows at Asset Management amounted to €0.4 billion in 2018, which combined with a negative market performance of €1.2 billion to push total assets under management down to €44.8 billion (2017: €45.5 billion).

Asset Management's underlying net result rose to €13.8 million from €13.2 million in 2017. Commission income was 8% up on last year and worked out at €100.0 million (2017: €92.5 million), but this growth was offset by increased operating expenses due to higher staff and IT management costs. Kempen Asset

Management decided to centralise its European small cap capabilities in Amsterdam, and closed its Edinburgh office. Management took a one-time restructuring charge of €2.5 million, partly to provide for this.

Kempen Merchant Banking had a successful year with a 39% jump in commission income

Celebrating a highly successful year, Merchant Banking recorded commission income 39% higher on the back of its involvement in 38 corporate finance and capital market transactions. Its Real Estate team advised on many transactions, including the takeover of Austria's BUWOG by Vonovia (Germany), the acquisition of the Delta Lloyd portfolio by Vesteda, a private placement in Lazora in Spain, Tritax Eurobox's IPO in the United Kingdom and Shurgard's IPO in Belgium. The team acted as advisers to Unibail Rodamco (France) in its public bid for Westfield (United States) and to Adler Real Estate (Germany) in its public bid for Brack Capital Properties.

Merchant Banking's Life Sciences team put its new US licence to act as underwriters on US markets to good use, by getting involved in the capital market transactions of Galapagos and argenx in the United States. Its Financial Institutions & FinTech team acted as advisers in the Unified Post finance deal in Belgium, while the Benelux team advised Van Oord on its takeover of MPI Offshore in the United Kingdom.

Kempen Securities saw income fall in 2018 in the wake of volatile equity markets, a lower result at structured products, and MiFID II. The implementation of MiFID II has had a major impact in the markets and its effects are also showing up in Kempen Securities' results. That said, the latter's leading expertise and strong niche focus has kept the impact relatively limited.

All in all, Merchant Banking's underlying net result rose from €3.9 million in 2017 to €10.6 million in 2018 on the back of steeply higher commission income: up 39% to €58.0 million (2017: €41.7 million).

Other activities

In 2018, Van Lanschot Kempen sold two stakes from its private equity portfolio, i.e. part of its Ploeger Oxbo Group, generating net proceeds of over €10 million, and its entire stake in Ormit.

Interest income was squeezed further in the second half and ended the year 11% down on the year-earlier figure, mostly because of low interest rates. In addition, the continued strategic run-off of the Corporate Banking loan portfolio cut this loan portfolio to €0.5 billion (year-end 2017: €0.9 billion), with risk-weighted assets of €0.5 billion (year-end 2017: €0.7 billion). Given the successful run-off, what remains of Corporate Banking will be integrated into Private Banking from 2019.

Low interest rates also eroded the result on financial transactions, which ended the year €14.9 million lower at a negative €0.8 million (2017: €14.1 million).

Sales of AIO II and Van Lanschot Chabot | Mandema & Partners

In December 2018, Van Lanschot Kempen announced the sale of its stake in chemists chain AIO II (Medsen) to funds under management of Bencis. The relevant regulators and competition authorities have since approved the deal and the transaction is now complete. Book profit works out at around €35 million (net) and will be recognised in 2019 results.

On 19 February 2019, Van Lanschot Kempen announced the sale to De Goudse Verzekeringen of its interest in Van Lanschot Chabot | Mandema & Partners, a Dutch agent in the field of risk management, absenteeism, pensions and private insurance. The proposed transaction fits in with Van Lanschot Kempen's strategic focus on wealth management, is expected to be completed in the first half of 2019 and to generate a book profit of around €15 million (net), with possibly a minor earn-out in the first half of 2020.

Robust capital position enabled capital return in 2018

Van Lanschot Kempen's capital base grew even stronger in 2018, with the CET 1 ratio up to 21.4% from 20.3%. The total capital ratio worked out at 23.5% (year-end 2017: 22.1%). This robust capital position prompted a special capital return to shareholders of €1.50 per share (a total over €60 million) in December.

In 2016, Van Lanschot Kempen announced its ambition to distribute at least €250 million to shareholders in the period up to and including 2020. A total of over €210 million has now been paid out. Including the proposed 2018 dividend, a total of €270 million will have been returned by 2019. This means that the company has already achieved this ambition.

Van Lanschot Kempen's end-of-year CET 1 ratio of 21.4% comfortably exceeded its target ratio of 15–17%. In the future, it will continue to optimise its capital base in terms of level and type of instrument, while leaving room for possible acquisitions. If possible, it will also consider paying out excess capital to shareholders, subject to approval by the regulator.

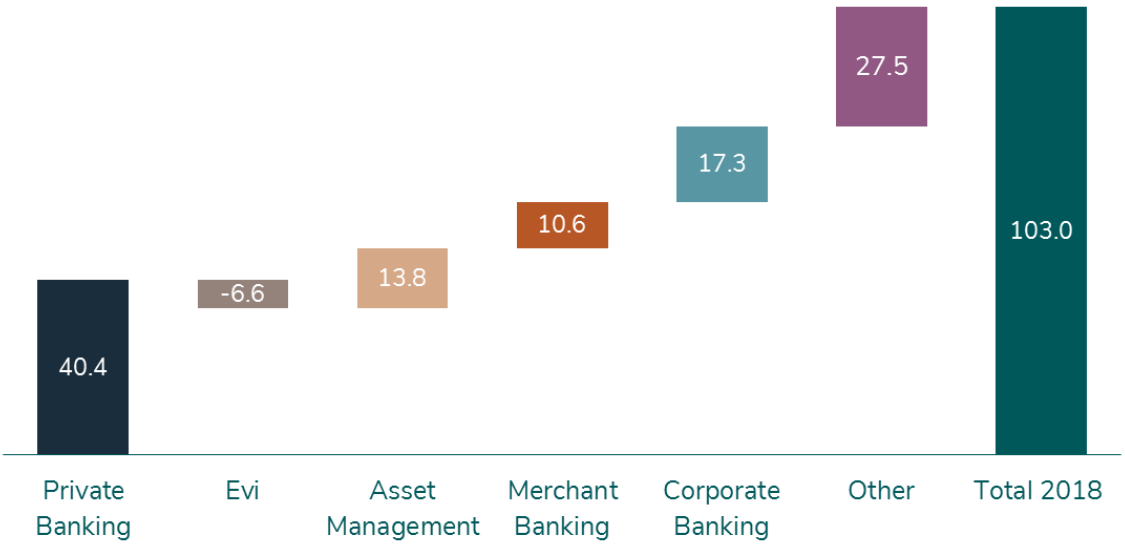
Segment information

Private Banking, Evi, Asset Management and Merchant Banking generated 86% of total income in 2018, with Van Lanschot Kempen's core activities accounting for 99% of commission income (the same as in 2017) and 80% of interest income (2017: 79%).

Income from operating activities by segment
€ m

All operating activities made positive contributions, except for Evi. The underlying net result reflects the 2018 net result adjusted for the costs related to the strategic investment programme (€22.0 million gross) and the restructuring charge (€8.3 million gross).

Underlying net result
€ m



Key data[iv]

€ m	2018	2017		H2 2018	H1 2018
Statement of income					
Net result	80.3	94.9	-15%	41.0	39.3
Underlying net result[iii]	103.0	112.3	-8%	55.8	47.2
Efficiency ratio excluding special items (%)	79.4	76.2		77.6	81.1

€ m	31/12/2018	31/12/2017		30/06/2018	
Statement of financial position and capital management					
Equity attributable to shareholders	1,256	1,333	-6%	1,284	-2%
Equity attributable to non-controlling interests	12	16	-25%	11	9%
Savings and deposits	9,091	9,145	-1%	9,281	-2%
Loans and advances to clients	8,561	9,103	-6%	8,958	-4%
Total assets	13,980	14,659	-5%	14,512	-4%
Funding ratio (%)	106.2	100.5		103.6	
Risk-weighted assets	4,580	4,979	-8%	4,798	-5%
Common Equity Tier 1 ratio (fully loaded) (%)[v]	21.4	20.3		21.4	
Tier 1 ratio (fully loaded) (%)[v]	21.4	20.3		21.4	
Total capital ratio (fully loaded) (%)[v]	23.5	22.1		23.3	

€ bn	31/12/2018	31/12/2017		30/06/2018	
Client assets	81.2	83.6	-3%	83.7	-3%
- Assets under management[ii]	67.0	69.0	-3%	69.1	-3%
- Assets under monitoring and guidance	3.4	3.5	-3%	3.4	0%
- Assets under administration	1.7	2.0	-16%	1.9	-10%
- Savings and deposits	9.1	9.1	-1%	9.3	-2%

	2018	2017		H1 2018	
Key figures					
Weighted average of outstanding ordinary shares (x 1,000)	41,005	40,960		41,002	
Underlying earnings per share (€)	2.37	2.61	-9%	1.08	
Return on average Common Equity Tier 1 capital (%)[vi]	9.8	10.4		8.7	
Number of staff (FTEs at period end)	1,621	1,658	-2%	1,640	-1%

€ m	2018	2017		H2 2018	H1 2018
Commission	293.2	267.0	10%	143.3	149.9
- Of which securities commissions	*238.5*	*230.6*	*3%*	117.6	*120.9*
- Of which other commissions	*54.7*	*36.3*	*50%*	25.7	*29.0*
Interest	175.6	196.6	-11%	85.6	90.0
Income from securities and associates	31.1	37.0	-16%	14.5	16.6
Result on financial transactions	-0.8	14.1		-2.5	1.7
Income from operating activities	**499.2**	**514.8**	-3%	**241.0**	**258.2**
Staff costs	244.4	236.0	4%	119.1	125.2
Other administrative expenses	146.8	150.2	-2%	66.3	80.6
- Of which regulatory levies and charges	10.5	10.9	-3%	2.5	8.0
Depreciation and amortisation	5.2	5.8	-11%	1.7	3.5
Operating expenses	**396.4**	**392.1**	1%	**187.1**	**209.3**
Gross result	**102.8**	**122.7**	-16%	**53.9**	**48.9**
Addition to loan loss provision	-12.7	-11.9	7%	-9.2	-3.5
Other impairments	-0.9	-2.6	-63%	0.1	-1.1
Impairments	**-13.7**	**-14.4**	-5%	**-9.1**	**-4.6**
Operating profit before tax of non-strategic investments	17.8	12.6	41%	9.0	8.8
Operating profit before special items and tax	**134.3**	**149.8**	-10%	**72.0**	**62.3**
Strategy 2020 investment programme	22.0	21.4	2%	11.5	10.5
Derivatives recovery framework	-	1.7		0.0	0.0
Amortisation of intangible assets arising from acquisitions	8.3	6.1	36%	4.0	4.2
Restructuring charge	8.3	-		8.3	-
Operating profit before tax	**95.8**	**120.5**	-21%	**48.2**	**47.6**
Income tax	15.5	25.6	-40%	7.2	8.3
Net result	**80.3**	**94.9**	-15%	**41.0**	**39.3**
Underlying net result	**103.0**	**112.3**	-8%	**55.8**	**47.2**

Underlying net result

€ m	2018	2017		H2 2018	H1 2018
Net result	**80.3**	**94.9**	-15%	**41.0**	**39.3**
Strategy 2020 investment programme	22.0	21.4	2%	11.5	10.5
Derivatives recovery framework	-	1.7		0.0	-
Restructuring charge	8.3	-		8.3	-
Tax effect	-7.6	-5.8	30%	-4.9	-2.6
Underlying net result	**103.0**	**112.3**	-8%	**55.8**	**47.2**

FINANCIAL REPORT/PRESENTATION/WEBCAST

For a detailed discussion of Van Lanschot Kempen's results and balance sheet, please refer to our financial report and presentation on the 2018 annual results at www.vanlanschotkempen.com/en/financial/financial-results.

In a conference call for analysts on 21 February at 9.00 am CET, we will discuss our 2018 annual figures in greater detail. This may be viewed live at www.vanlanschotkempen.com/en/financial/financial-results and played back at any later date.

ADDITIONAL INFORMATION

For additional information, go to www.vanlanschotkempen.com/financial.

FINANCIAL CALENDAR

28 February 2019	Publication of 2018 annual report
24 April 2019	Publication of Q1 trading update
22 May 2019	Annual General Meeting
24 May 2019	Ex-dividend date
3 June 2019	Dividend payment
27 August 2019	Publication of 2019 half-year results

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About Van Lanschot Kempen

Van Lanschot Kempen, a wealth manager operating under the Van Lanschot, Evi and Kempen 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 Kempen, listed at Euronext Amsterdam, is the Netherlands' oldest independent financial services company with a history dating back to 1737.

Disclaimer and cautionary note on forward-looking statements

This press release may contain forward-looking statements on future events and developments. These forward-looking statements are based on the current insights, information and assumptions of Van Lanschot Kempen'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 such risks, developments and uncertainties which by their very nature fall outside the control of Van Lanschot Kempen and its management.

Actual results, performances and circumstances may differ considerably from these forward-looking statements as a result of risks, developments and uncertainties relating to, but not limited to, (a) estimates of income growth, (b) costs, (c) the macroeconomic and business climate, (d) political and market trends, (e) interest rates and currency exchange rates, (f) behaviour of clients, competitors, investors and counterparties, (g) the implementation of Van Lanschot Kempen's strategy, (h) actions taken by supervisory and regulatory authorities and private entities, (i) changes in law and taxation, (j) changes in ownership that could affect the future availability of capital, and (k) changes in credit ratings.

Van Lanschot Kempen cautions that forward-looking statements in this press release are only valid on the specific dates on which they are expressed, and accepts no responsibility or obligation to revise or update any information, whether as a result of new information or for any other reason.

Van Lanschot Kempen's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this press release, except as described otherwise, the same accounting principles are applied as in the 2017 Van Lanschot Kempen consolidated annual accounts. The annual financial statements for 2018 are in progress and may be subject to adjustments from subsequent events. All figures in this press release are unaudited. Small differences are possible in the tables due to rounding.

This press release 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 a recommendation to perform or refrain from performing any action.

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[i] 50-70% of underlying net result attributable to shareholders.

[ii] As from 1 January 2018, €0.2 billion in AuM was reclassified to AuA. Comparative figures at 31/12/2017 have been adjusted accordingly.

[iii] The underlying net result is the net result adjusted for the costs of the strategic investment programme, the derivatives recovery framework and restructuring.

[iv] This press release uses unrounded figures and total amounts may deviate from the sum of the parts. Percentage changes are based on these unrounded figures.

[v] At 31 December 2017 and 31 December 2018 including retained earnings. At 30 June 2018 excluding retained earnings.

[vi] Based on underlying net result.