

## PRESS RELEASE

### 2011 Annual results: Van Lanschot reports strong inflow of new money and solid balance sheet

- **Net inflow of new money of €3.4 billion (+10%), with assets under management rising to €36.7 billion (2010: €34.5 billion)**
- **Turbulent market conditions, fewer investment transactions by clients and lower interest margin impacted results; consolidated net profit €43.1 million**
- **Capital strength improved: Core Tier I ratio 10.9% (year-end 2010: 9.6%)**
- **Comfortable liquidity position; with a funding ratio of 91.8% (year-end 2010: 86.2%), the bank is not dependent on the capital market**
- **Proposed dividend: €0.40 per share**

Floris Deckers, Chairman of the Board of Managing Directors of Van Lanschot: "During the first half of 2011 it seemed that the recovery of the financial markets was set to continue. However, the escalation of the European debt crisis led to renewed uncertainty among investors and clients. The continued uncertainty on the financial markets subdued the bank's income in the second half of the year. Against this backdrop, Van Lanschot again succeeded in recording a healthy inflow of new money.

As in 2010, Van Lanschot achieved a 10% net inflow of new assets under management in 2011. This solid inflow reflects the trust placed by clients in the bank and the quality of its service offering. In 2011, as it has since 2008, Van Lanschot gave priority to further reinforcing its capital and liquidity position instead of focusing on profit maximisation.

Van Lanschot pursues a solid and steady course, as demonstrated by its undiminished capital strength and liquidity position. Therefore, in accordance with the dividend policy, the distribution of a dividend of €0.40 per share will be proposed to the shareholders."



#### **FURTHER REINFORCEMENT OF BANK'S SOLID PROFILE**

- Core Tier I ratio increases further to 10.9% at 31 December 2011 (year-end 2010: 9.6%)
- The bank does not have investments in the European periphery
- European stress test performed in July 2011 demonstrates that Van Lanschot is highly resistant to severe economic stress scenarios; under the adverse stress scenario, the Core Tier I ratio rises to 9.7% at year-end 2012 compared with the starting point of 9.6% at year-end 2010
- Single A- (stable outlook) credit rating again confirmed by Fitch Ratings in November 2011 and by Standard & Poor's in December 2011
- Leverage according to current definition<sup>1</sup> 12.2 (year-end 2010: 13.4)

#### **STRONG FUNDING AND LIQUIDITY POSITION**

- As a private bank, Van Lanschot – more than other banks – is financed by its own clients; the funding ratio (the extent to which the loan book is funded by the funds entrusted by clients) rose to 91.8% at 31 December 2011 (year-end 2010: 86.2%)
- Further diversification and lengthening of the funding position through the issue of € 500 million of senior bonds to institutional investors, and € 65 million of trigger notes and € 90 million of floored floaters to private investors in 2011
- Van Lanschot meets the published Basel III requirements: pro forma Liquidity Coverage Ratio (LCR) 192.4% (minimum requirement 100%), pro forma Net Stable Funding Ratio (NSFR) 104.4% (minimum requirement 100%), pro forma leverage 19.4 (maximum 33)

#### **GROWTH IN ASSETS UNDER MANAGEMENT DESPITE NEGATIVE MARKET PERFORMANCE**

- Total assets under management increased by 6% to € 36.7 billion (year-end 2010: € 34.5 billion)
- Total net inflow of new money € 3.4 billion, i.e. 10% of assets under management, of which € 4.4 billion inflow at Asset Management and € 1.0 billion outflow at Private & Business Banking
- Further rise in discretionary mandates; of the total assets under management for Private & Business Banking clients, 33% comprised assets under discretionary management (year-end 2010: 27%)
- Total client assets (assets under management plus funds entrusted by clients) increased to € 49.8 billion (year-end 2010: € 48.0 billion)

#### **INCOME UNDER PRESSURE, COST LEVELS STABLE & LOWER LOAN LOSS PROVISION**

- Income from operating activities down 12% to € 539.2 million (2010: € 613.3 million)
- Net interest income decreased to € 297.5 million (2010: € 336.9 million) due to a decline in the loan portfolio as well as pressure on the interest margin due to the conscious reinforcement of the funding profile and avoidance of risks; interest margin 1.57% (2010: 1.68%)
- Commission income € 230.5 million (2010: € 232.2 million); strong growth in management fees thanks to further increase in discretionary asset management; management fees<sup>2</sup> make up 72% of total securities commission (2010: 60%)
- Negative results on financial transactions due to volatile financial markets and increase in credit spreads
- Costs decreased by 2% to € 412.3 million (2010: € 422.3 million)
- Addition to loan loss provision down 26% to € 64.3 million (2010: € 86.5 million)
- Net profit € 41.9 million (2010: € 65.7 million)
- Earnings per share € 0.81 (2010: € 1.45)

#### **INVESTMENTS IN QUALITY AND SIGNIFICANT COST SAVINGS**

- Additional investment of € 30 million in quality of the organisation and service offering in 2012-2014
- Structural cost savings of € 60 million from 2015 onwards, inclusive of 10-15% workforce reduction

<sup>1</sup> Leverage = total assets / equity attributable to shareholders.

<sup>2</sup> Recurring commission, inclusive of management fee, portfolio commission and custody fee.



### ASSETS UNDER MANAGEMENT

Total assets under management were up 6% from €34.5 billion<sup>3</sup> at year-end 2010 to €36.7 billion at year-end 2011. Of this €2.2 billion increase, €3.4 billion (10%) resulted from a net inflow and €1.2 billion from negative market performance.

<i>(x € billion)</i>	31-12-2011	31-12-2010 <sup>3</sup>	%
<b>Assets under management</b>	<b>36.7</b>	<b>34.5</b>	<b>6</b>
Assets under discretionary management	24.3	19.7	23
- of which double-counted	1.1	0.7	57
Assets under non-discretionary management	12.4	14.8	-16
<b>Assets under management</b>	<b>36.7</b>	<b>34.5</b>	<b>6</b>
Private & Business Banking	18.5	20.4	-9
- net inflow of new money	-1.0	1.1	-
Asset Management	18.2	14.1	29
- net inflow of new money	4.4	2.1	-

Due to the uncertainty on the financial markets, private clients took a cautious approach towards investing; in some cases, they chose to convert part of their investments into cash. This resulted in a net outflow of €1.0 billion in assets under management at Private & Business Banking. This includes the assets of two major custody clients (€0.6 billion) that were deposited elsewhere. Clients increasingly opt for the discretionary asset management products of the bank; the net inflow in A la Carte asset management was €960 million in 2011. Discretionary asset management now makes up 33% of the total assets under management for Private & Business Banking (2010: 27%).

Kempen Capital Management successfully attracted a number of new institutional mandates, resulting in a €4.4 billion net inflow of new money for Asset Management.

### IMPLEMENTATION OF F-IRB AND BASEL III

Van Lanschot expects to finalise the implementation of F-IRB (application of internal rating models to determine the capital for credit risk) in the course of 2012. At the same time, the phased implementation of Basel III will commence as from 1 January 2013. Van Lanschot estimates that the joint initial impact of both developments will on balance lead to a decline in the Core Tier I ratio of approx. 80 to 100 basis points. This means that the bank's capital remains well above the minimum requirement of Basel III of 7.0% and the EBA standard of 9.0%. Van Lanschot had a leverage of 19.4 (pro forma) at 31 December 2011, which is well below the maximum leverage of 33 as applied under Basel III.

In addition, Van Lanschot already complies with the new liquidity ratios, which both have a minimum requirement of 100%. The Liquidity Coverage Ratio (LCR) indicates the extent to which a bank maintains liquidity buffers sufficient to cover its short-term obligations during a 30-day period under a severe stress scenario. This ratio was 192.4% (pro forma) at year-end 2011. The Net Stable Funding Ratio (NSFR) indicates the extent to which the available stable funding sources cover the long-term loans. This was 104.4% (pro forma) at year-end 2011.

<sup>3</sup> In H2 2011, the definition of assets under management was refined. The comparative figures have been restated accordingly. Consequently, the share of discretionary assets in the total assets under management for Private & Business Banking has also been restated.



### **PENSIONS**

Van Lanschot made an additional payment of €41.4 million to the Van Lanschot Pension Fund at year-end 2011 in accordance with the 2009 recovery plan for the pension fund. This was the result of the deficient coverage ratio of the pension fund according to the requirements defined in the Financial Assessment Framework of the Dutch Central Bank. Furthermore, two conditional payments will be made in 2012 and 2013 of at most €8.9 million per year. With effect from 2012, Van Lanschot has rationalised its pension scheme and converted it into an average earnings scheme and a defined contribution scheme. In addition, the annual pension contribution now is subject to a maximum. On balance, the amended pension scheme and the additional payment within the scope of the 2009 recovery plan had a marginal effect on net profit for 2011.

### **PROGRESS OF INVESTMENT AND COST-CUTTING PROGRAMME**

In response to the continued uncertain economic conditions and the changing earnings model in the financial sector, the bank announced in January that it will implement a programme for a structural cost reduction of €60 million from 2015 onwards. Simultaneously Van Lanschot will invest an additional €30 million in the quality of the organisation in the coming three-year period. These measures are aimed at accelerating the achievement of our ambition to be the best private bank of the Netherlands and Belgium. A general request for opinion has already been submitted to the Works Council and the first meetings have been held with the trade unions about a new redundancy plan.

### **CORPORATE RESPONSIBILITY (CR)**

The bank made great strides in the field of CR in 2011. The stakeholder dialogue was intensified and a risk filter was introduced for loans and advances to corporate clients. This filter is used to identify any potential risks in areas such as human rights violations, child labour and controversial arms. Where relevant, the bank calls borrowers to account on their responsibilities. This engagement approach has already been used in the investment business for some time now, where, in addition to equity funds, it is now also applied to property funds, individual European government bonds and the Kempen Euro Credit Fund. As a result, the Assets under Engagement percentage rose sharply. Thanks to these actions, Van Lanschot substantially improved its position in several sustainability benchmarks.



**KEY DATA**

<b>INCOME STATEMENT</b> <i>(x € million)</i>	2011	2011 core <sup>4</sup>	2010	%	H2 2011	H1 2011
Income from operating activities	552.4	<b>539.2</b>	613.3	-12	249.5	289.7
Operating expenses	426.5	<b>412.3</b>	422.3	-2	200.7	211.6
Gross result	125.9	<b>126.9</b>	191.0	-34	48.8	78.1
Addition to loan loss provision	61.1	<b>64.3</b>	86.5	-26	36.9	27.4
Other impairments	18.3	<b>14.0</b>	16.0	-13	11.0	3.0
Operating profit before tax	46.5	<b>48.6</b>	88.5	-45	0.9	47.7
Discontinued operations	2.8	-	-	-	-	-
Net profit	43.1	<b>41.9</b>	65.7	-36	1.1	40.8

  

<b>BALANCE SHEET AND CAPITAL MANAGEMENT</b> <i>(x € million)</i>	31-12-2011	31-12-2011 core	31-12-2010	%	30-6-2011
Equity attributable to shareholders	1,507	<b>1,506</b>	1,462	3	1,466
Equity attributable to minority interests	59	<b>59</b>	323	-82	320
Public and private sector liabilities	13,100	<b>13,100</b>	13,546	-3	13,225
Loans and advances to the public and private sectors	14,270	<b>14,278</b>	15,710	-9	15,059
Total assets	18,454	<b>18,430</b>	19,590	-6	19,272
Risk-weighted assets	11,000	<b>10,996</b>	11,695	-6	11,467
BIS total capital ratio (%)	11.9	<b>11.9</b>	14.2	-	14.0
Tier I ratio (%)	10.9	<b>10.9</b>	12.1	-	12.7
Core Tier I ratio (%)	10.9	<b>10.9</b>	9.6	-	10.2
Leverage	12.2	<b>12.2</b>	13.4	-	13.1

  

<b>BASEL III<sup>5</sup></b>	31-12-2011	31-12-2011 core	31-12-2010	%	30-6-2011
Liquidity Coverage Ratio (%)	192.4	-	130.0	-	191.0
Net Stable Funding Ratio (%)	104.4	-	104.6	-	106.2
Leverage (current definition) <sup>6</sup>	19.4	-	21.5	-	19.3

  

<b>ASSETS UNDER MANAGEMENT<sup>7</sup></b> <i>(x € billion)</i>	31-12-2011	31-12-2011 core	31-12-2010	%	30-6-2011
Total assets under management	36.7	<b>36.7</b>	34.5	6	36.1
Assets under discretionary management	24.3	<b>24.3</b>	19.7	23	22.2
- of which double-counted	1.1	<b>1.1</b>	0.7	57	0.7
Assets under non-discretionary management	12.4	<b>12.4</b>	14.8	-16	13.9

  

<b>KEY FIGURES</b>	31-12-2011	31-12-2011 core	31-12-2010		30-6-2011
Weighted average number of outstanding ordinary shares (x 1,000)	40,870	<b>40,870</b>	38,367		40,865
Earnings per share based on average number of ordinary shares (€)	0.84	<b>0.81</b>	1.45		0.87
Efficiency ratio (%)	77.2	<b>76.5</b>	68.9		73.0
Return on average Core Tier I capital (%)	3.0	<b>2.9</b>	5.5		6.2
Funding ratio (%)	91.8	<b>91.8</b>	86.2		87.8
Number of staff (FTEs)	2,170.5	<b>2,008.8</b>	2,042.8		2,009.7

<sup>4</sup> In order to allow an adequate comparison, the figures in this financial report are adjusted for the non-strategic investments. In all cases, the comparative figures solely concern the core activities.

<sup>5</sup> The Basel III figures are based on the consolidated figures, including non-strategic investments

<sup>6</sup> Leverage = total assets / equity attributable to shareholders.

<sup>7</sup> In H2 2011, the definition of assets under management was refined. The comparative figures have been restated accordingly.



## RESULTS 2011 BY SEGMENT

(x € million)	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other Activities	Total
<b>Income from operating activities</b>	<b>514.3</b>	<b>49.6</b>	<b>46.5</b>	<b>-71.2</b>	<b>539.2</b>
<b>Operating expenses</b>	<b>325.9</b>	<b>39.6</b>	<b>41.9</b>	<b>4.9</b>	<b>412.3</b>
<b>GROSS RESULT</b>	<b>188.4</b>	<b>10.0</b>	<b>4.6</b>	<b>-76.1</b>	<b>126.9</b>
Addition to loan loss provision	64.3	-	-	-	64.3
Other impairments	3.3	-	1.2	9.5	14.0
<b>Operating profit before tax</b>	<b>120.8</b>	<b>10.0</b>	<b>3.4</b>	<b>-85.6</b>	<b>48.6</b>
Income tax	27.8	3.4	0.9	-25.4	6.7
<b>NET PROFIT</b>	<b>93.0</b>	<b>6.6</b>	<b>2.5</b>	<b>-60.2</b>	<b>41.9</b>
Efficiency ratio (%)	63%	80%	90%	-7%	77%
Number of staff (FTEs)	1,547.4	198.0	191.1	72.3	2,008.8

## RESULTS 2010 BY SEGMENT

(x € million)	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other Activities <sup>8</sup>	Total
<b>Income from operating activities</b>	<b>531.4</b>	<b>50.0</b>	<b>59.7</b>	<b>-27.8</b>	<b>613.3</b>
<b>Operating expenses</b>	<b>329.7</b>	<b>39.6</b>	<b>47.4</b>	<b>5.6</b>	<b>422.3</b>
<b>GROSS RESULT</b>	<b>201.7</b>	<b>10.4</b>	<b>12.3</b>	<b>-33.4</b>	<b>191.0</b>
Addition to loan loss provision	85.0	-	-0.2	1.7	86.5
Other impairments	0.4	-	2.1	13.5	16.0
<b>Operating profit before tax</b>	<b>116.3</b>	<b>10.4</b>	<b>10.4</b>	<b>-48.6</b>	<b>88.5</b>
Income tax	29.5	3.4	0.6	-10.7	22.8
<b>NET PROFIT</b>	<b>86.8</b>	<b>7.0</b>	<b>9.8</b>	<b>-37.9</b>	<b>65.7</b>
Efficiency ratio (%)	62%	79%	79%	-20%	69%
Number of staff (FTEs)	1,606.2	180.9	189.0	66.7	2,042.8

More detailed (consolidated) segment information is provided in the 2011 financial report.

<sup>8</sup> With effect from 2011, income and expenses from the segment Other Activities were re-allocated to the segments Private & Business Banking, Asset Management and Corporate Finance & Securities. This mainly concerns the costs of headoffice departments and intangible asset amortisation. Furthermore, the associate Van Lanschot Participaties was transferred from the segment Private & Business Banking to the segment Other Activities. The comparative figures have been restated accordingly.



**ADDITIONAL INFORMATION**

For additional information, please log on to [www.vanlanschot.nl/aboutvanlanschot](http://www.vanlanschot.nl/aboutvanlanschot).

**FINANCIAL REPORT, PRESENTATION AND WEBCAST OF ANALYST MEETING**

The financial report on the 2011 annual figures contains a detailed explanation of the results and balance sheet of Van Lanschot NV.

The presentation for analysts will be held in Amsterdam on 8 March 2012 at 9.30 am, and can be followed live online via a video webcast on the website.

For the financial report on the 2011 annual figures, the presentation for analysts and the webcast, please visit [www.vanlanschot.nl/results2011](http://www.vanlanschot.nl/results2011).

**KEY DATES 2012**

Publication of trading update first quarter of 2012	10 May 2012
Annual General Meeting of Shareholders	10 May 2012
Publication of 2012 half-year results	14 August 2012

's-Hertogenbosch, the Netherlands, 8 March 2012

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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. The bank offers high-quality financial services to high net-worth Individuals, director-owners and their businesses and institutional investors. Van Lanschot NV is listed on Euronext Amsterdam.

**DISCLAIMER**

**Forward looking statements**

This press release contains forward looking statements concerning future events. Those forward looking statements are based on the current information and assumptions of the Van Lanschot management concerning known and unknown risks and uncertainties.

Forward looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to Van Lanschot's expectations regarding such matters as the assessment of market risk and revenue growth or, more generally, the economic climate and changes in the law and taxation.

Van Lanschot cautions that expectations are only valid on the specific dates, and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like. The financial data regarding forward looking statements concerning future events included in this press release have not been audited.