



Van Lanschot

# Van Lanschot NV Financial report 2012 half-year results



## CONTENTS

	Page
KEY DATA	3
RESULTS	4
BALANCE SHEET AND CAPITAL MANAGEMENT	12
ASSETS UNDER MANAGEMENT	17
EXECUTIVE BOARD RESPONSIBILITY STATEMENT	18
<i>HALF-YEAR FINANCIAL STATEMENTS</i>	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012	19
CONSOLIDATED STATEMENT OF INCOME FOR THE FIRST HALF OF 2012	20
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2012	21
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2012	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2012	24
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	25
SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	26
SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF INCOME	32
ADDITIONAL NOTES	35
SEGMENT INFORMATION	37

**KEY DATA**

<b>INCOME STATEMENT</b> (x € million)	H1 2012	H2 2011	%	H1 2011	%
Income from operating activities	272.7	258.0	6	294.4	-7
Operating expenses	211.3	209.5	1	217.0	-3
Gross result before non-recurring charges	61.4	48.5	27	77.4	-21
Non-recurring charges	11.9	-	-	-	-
Impairments	45.3	48.5	-7	30.9	47
Operating profit before tax	4.2	-	-	46.5	-91
Discontinued operations	0.2	-	-	2.8	-93
Net profit	5.7	0.3	-	42.8	-87
Underlying net profit excluding non-recurring charges	16.0	0.3	-	42.8	-63
Efficiency ratio (%)	81.4	81.2	-	73.7	-

<b>BALANCE SHEET AND CAPITAL MANAGEMENT</b> (x € million)	30-6-2012	31-12-2011	%	30-6-2011	%
Equity attributable to shareholders	1,498	1,507	-1	1,466	2
Equity attributable to minority interests	51	59	-14	320	-84
Savings and deposits	11,942	13,100	-9	13,225	-10
Loans and advances to customers	13,994	14,270	-2	15,059	-7
Total assets	18,462	18,454	-	19,286	-4
Risk-weighted assets	11,050	11,000	-	11,528	-4
Core Tier I ratio (%)	11.0	10.9	-	10.1	-
Tier I ratio (%)	11.0	10.9	-	12.6	-
BIS total capital ratio (%)	12.1	11.9	-	14.0	-
Leverage ratio (%) (current definition) <sup>1</sup>	8.1	8.2	-	7.6	-

<b>Basel III</b>	30-6-2012	31-12-2011	%	30-6-2011	%
Liquidity Coverage Ratio (%)	162.2	149.4	-	191.0	-
Net Stable Funding Ratio (%)	104.2	103.6	-	106.2	-
Leverage ratio (%)	5.3	5.2	-	5.2	-

<b>CLIENT ASSETS</b> (x € billion)	30-6-2012	31-12-2011	%	30-6-2011	%
Client assets	49.4	49.8	-1	49.3	-
- Assets under management	37.5	36.7	2	36.1	4
- Savings and deposits	11.9	13.1	-9	13.2	-10
Assets under management	37.5	36.7	2	36.1	4
- Discretionary	25.2	24.3	4	22.2	14
- Non-discretionary	12.3	12.4	-1	13.9	-12

<b>KEY FIGURES</b>	30-6-2012	31-12-2011	30-6-2011
Weighted average number of outstanding ordinary shares (x 1,000)	40,865	40,870	40,865
Earnings per share based on average number of ordinary shares (€)	0.11	0.84	0.92
Return on average Core Tier I capital (%) <sup>2</sup>	0.7	3.0	6.5
Funding ratio (%)	85.3	91.8	87.8
Number of staff (FTEs) <sup>3</sup>	1,907.6	2,008.8	2,009.7

<sup>1</sup> Leverage ratio is the ratio of equity attributable to shareholders to total assets.

<sup>2</sup> Annualised on the basis of half-year data.

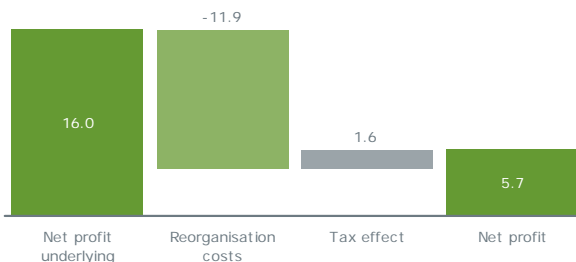
<sup>3</sup> The number of FTEs disclosed in the table is exclusive of non-strategic investments. Inclusive of non-strategic investments, the number of FTEs at 30 June 2012 was 2,052



## RESULTS

(x € million)	H1 2012	H2 2011	%	H1 2011	%
Interest	126.2	138.7	-9	142.3	-11
Income from securities and associates	13.6	-2.2	-	13.6	-
Commission	105.9	107.3	-1	123.2	-14
Gains and losses on financial transactions	18.7	5.7	-	10.6	76
Income from non-strategic investments <sup>4</sup>	8.3	8.5	-2	4.7	77
<b>Income from operating activities</b>	<b>272.7</b>	<b>258.0</b>	<b>6</b>	<b>294.4</b>	<b>-7</b>
Staff costs	107.1	102.9	4	113.8	-6
Other administrative expenses	80.6	79.5	1	79.5	1
Depreciation and amortisation	16.6	18.3	-9	18.3	-9
Operating expenses of non-strategic investments <sup>4</sup>	7.0	8.8	-20	5.4	30
<b>Operating expenses</b>	<b>211.3</b>	<b>209.5</b>	<b>1</b>	<b>217.0</b>	<b>-3</b>
<b>Gross result before non-recurring charges</b>	<b>61.4</b>	<b>48.5</b>	<b>27</b>	<b>77.4</b>	<b>-21</b>
Non-recurring charges	11.9	-	-	-	-
<b>Gross result after non-recurring charges</b>	<b>49.5</b>	<b>48.5</b>	<b>2</b>	<b>77.4</b>	<b>-36</b>
Addition to loan loss provision	41.8	36.9	13	27.4	53
Other impairments	3.0	11.0	-73	3.0	-
Impairments of non-strategic investments <sup>4</sup>	0.5	0.6	-17	0.5	-
<b>Impairments</b>	<b>45.3</b>	<b>48.5</b>	<b>-7</b>	<b>30.9</b>	<b>47</b>
<b>Operating profit before tax</b>	<b>4.2</b>	<b>-</b>	<b>-</b>	<b>46.5</b>	<b>-91</b>
Income tax	-1.6	-0.2	-	6.9	-
Tax on non-strategic investments <sup>4</sup>	0.3	-0.1	-	-0.4	-
<b>Net profit from continuing operations</b>	<b>5.5</b>	<b>0.3</b>	<b>-</b>	<b>40.0</b>	<b>-86</b>
Discontinued operations <sup>5</sup>	0.2	-	-	2.8	-93
<b>NET PROFIT</b>	<b>5.7</b>	<b>0.3</b>	<b>-</b>	<b>42.8</b>	<b>-87</b>

Net income underlying (€ million)



Van Lanschot launched its investment and cost reduction programme at the start of 2012. The associated costs (non-recurring charges) are disclosed separately. Adjusted for non-recurring expenses, the underlying net profit stood at € 16.0 million.

<sup>4</sup> Since 2009, the figures have reflected the impact of a number of non-strategic investments. The results of these investments have been disclosed separately from the figures of Van Lanschot's core activities. Van Lanschot has stated that it intends to sell these investments in due course as their activities are not in line with the bank's private banking strategy.

<sup>5</sup> Van Lanschot Curacao and the trust business in the Netherlands, Curacao and Jersey were sold at 31 March 2012, subject to regulatory approval. The results of these activities for H1 2012 are classified as 'discontinued operations'.

**INCOME FROM OPERATING ACTIVITIES**

(x € million)	H1 2012	H2 2011	%	H1 2011	%
Interest	126.2	138.7	-9	142.3	-11
Income from securities and associates	13.6	-2.2	-	13.6	-
Commission	105.9	107.3	-1	123.2	-14
Gains and losses on financial transactions	18.7	5.7	-	10.6	76
Income from non-strategic investments	8.3	8.5	-2	4.7	77
<b>Income from operating activities</b>	<b>272.7</b>	<b>258.0</b>	<b>6</b>	<b>294.4</b>	<b>-7</b>

**Interest**

Interest income for H1 2012 totalled € 126.2 million, a decline with reference to both H1 and H2 2011. The interest margin dropped to 136 basis points (H1 2011: 143 basis points; H2 2011: 146 basis points). This decline was due largely to the following factors:

- There was a sharp fall in Euribor rates in H1 2012, which was followed only to a limited extent by a drop in rates on the Dutch savings market. For this reason, Van Lanschot saw interest income on loans linked to Euribor fall faster than the interest paid on customer savings.
- There was a decline in both lending and the volume of savings and deposits in H1 2012. Lending decreased by € 0.3 billion on balance, while savings and deposits were down € 1.2 billion. This fall is a consequence of the conscious decision not to pursue an aggressive pricing policy. A significant portion of the drop was accounted for by Van Lanschot's foreign branch offices as a result of the scaling down of operations in Curacao and Luxembourg. In Belgium, a seasonal pattern is evident among several larger clients.

The Long Term Refinancing Operation (LTRO) investment portfolio made a positive contribution to interest income in H1 2012. The return on this investment portfolio in H1 2012 amounted to € 4.6 million. Exclusive of funding charges (H1 2012: € 2.5 million), a net return of € 2.1 million was achieved, corresponding to 86 basis points on an annual basis, which is recognised as interest. For more information about the LTRO portfolio and its composition, reference is made to the section on the balance sheet.

The amortisation charges associated with terminated hedges in connection with lengthening of the duration were reclassified from Gains and losses on financial transactions to Interest in 2012. The comparative figures have been restated accordingly. This reclassification will have a negative impact on interest income up to and including 2018. For 2012, this impact will be € 16.6 million, of which € 8.3 million has been recognised in H1 2012 (H1 2012: € 8.3 million; H2 2012: € 8.3 million).

**Income from securities and associates**

(x € million)	H1 2012	H2 2011	%	H1 2011	%
Dividend	4.1	7.5	-45	8.6	-52
Capital gains	1.8	-0.1	-	5.3	-66
Valuation gains and losses	7.7	-9.6	-	-0.3	-
<b>Income from securities and associates</b>	<b>13.6</b>	<b>-2.2</b>	<b>-</b>	<b>13.6</b>	<b>-</b>

Valuation gains and losses largely concern an equity stake in Ducatus and changes in the fair value of shareholdings in the participations portfolio. In addition, this includes a € 0.7 million gain on 49% of Van Lanschot Chabot's net profit (exclusive of dividend) (H1 2011: € 0.4 million; H2 2011: loss of € 0.6 million). One of the reasons for the € 2.0 million capital gain was the sale of an investment fund from the investment portfolio.

In contrast to earlier half-year periods, no dividend was received on the equity stake in Ducatus in H1 2012 (H1 2011: € 5.2 million; H2 2011: € 6.4 million). As a result, dividend income was considerably lower.



## Commission

(x € million)	H1 2012	H2 2011	%	H1 2011	%
Securities commission	81.4	78.0	4	93.9	-13
- transaction fees	19.3	17.2	12	29.9	-35
- management fees <sup>6</sup>	61.5	60.7	1	63.7	-3
- performance fees	0.6	0.1	-	0.3	100
Other commission	24.5	29.3	-16	29.3	-16
<b>Commission</b>	<b>105.9</b>	<b>107.3</b>	<b>-1</b>	<b>123.2</b>	<b>-14</b>

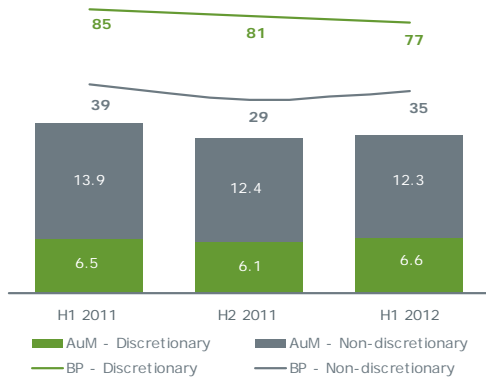
Although securities commission developed well compared with H2 2011, it is still not back at the level of H1 2011. The stable level of management fees reflects the focus on converting assets under non-discretionary management into assets under discretionary management. This switch from advisory to management services has made commission income less dependent on transaction fees, which show greater fluctuation.

Thanks to the positive stock market sentiment in the first few months of 2012, trading volumes were up, also causing transaction fees to rise. This trend reversed later on in H1 2012, however, due to a turnaround in market sentiment leading to a drop in trading volumes and transaction fees. After all, transaction fees were 12% up on H2 2011.

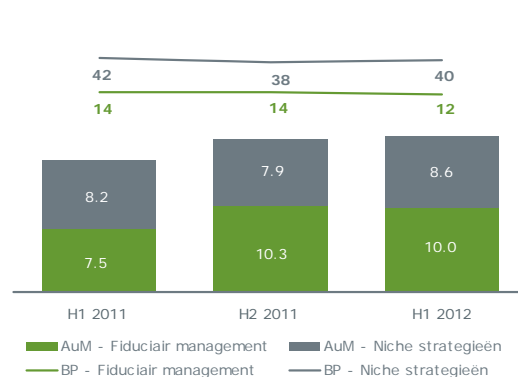
Assets under discretionary management continued to increase in H1 2012, causing management fees to rise as well compared with H2 2011. The charts below show the trend in commission income expressed in basis points (BP) compared with developments in assets under management. These charts show that:

- margins are stable during a longer period;
- higher transaction fees in Q1 2012 led to improved margins on assets under non-discretionary management;
- the margins on fiduciary management and niche strategies remained stable.

Splitting AuM (in € miljard) en provisie (in BP)  
Private & Business Banking



Splitting AuM (in € miljard) en provisie (in BP) Assetmanagement



Other commission income amounted to €24.5 million in H1 2012, also comprising corporate finance commission, which totalled €9.5 million in H1 2012 (H1 2011: €11.5 million; H2 2011: €12.8 million). Cash transactions and funds transfer commission amounted to €10.3 million in H1 2012, which represented a limited increase on the figure for H2 2011 (€10.1 million), and a limited drop on that for H1 2011 (€11.3 million).

<sup>6</sup> The management fee is inclusive of portfolio commission and custody fees.



### Gains and losses on financial transactions

Gains and losses on financial transactions consist amongst others of realised and unrealised value changes in the trading portfolio, exchange rate differences, and realised and unrealised gains and losses on derivatives. Gains and losses on financial transactions are highly dependent on interest rate developments and stock market sentiment. Gains on financial transactions stood at € 18.7 million in H1 2012.

(x € million)	H1 2012	H2 2011	%	H1 2011	%
Gains and losses on securities	-0.3	-6.3	96	1.0	-1
Gains and losses on currency trading	7.3	8.3	-12	4.7	55
Gains and losses on investment portfolio	9.1	13.1	-31	1.4	-
Gains and losses on interest hedges	3.2	-8.7	-	3.4	-6
Other income	-0.4	-0.6	33	-0.1	-
<b>Gains and losses on financial transactions</b>	<b>18.7</b>	<b>5.8</b>	<b>-</b>	<b>10.6</b>	<b>75</b>

Gains and losses on securities comprise the results on the trading portfolio and proprietary positions in several in-house funds of Kempen & Co. Owing to the negative market sentiment, a loss was incurred on the trading portfolio in H1 2012.

The gains on the investment portfolio amounted € 9.1 million (H1 2011: € 1.4 million; H2 2011: € 13.1 million), of which € 9.0 million in gains was reported on the sale of bonds from the investment portfolio (H1 2011: € 2.8 million; H2 2011: € 16.9 million). Furthermore € 0.1 million was attributable to the Marked-to-Market (MtM) portfolio.

Van Lanschot applies hedge accounting to a number of swaps. These swaps serve to cover the interest rate risk of fixed-rate mortgages in particular. Imperfections in these hedges and changing interest rate curves cause ineffectiveness, which are directly charged to the result.

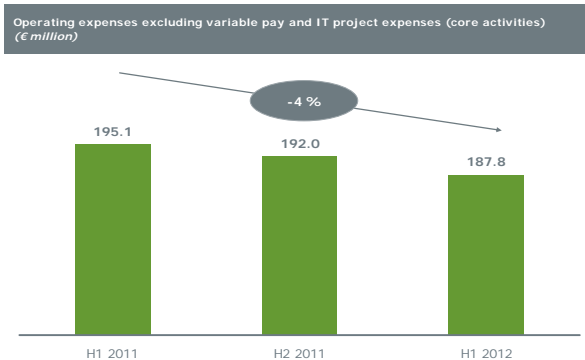
(x € million)	H1 2012	H2 2011	%	H1 2011	%
Ineffectiveness of current hedges	2.2	-2.8	-	-1.7	-
Swap on perpetual	-	-4.4	-	5.5	-
Other gains and losses on interest rate hedges	1.0	-1.5	-	-0.4	-
<b>Gains and losses on interest rate hedges</b>	<b>3.2</b>	<b>-8.7</b>	<b>-</b>	<b>3.4</b>	<b>-6</b>



**OPERATING EXPENSES**

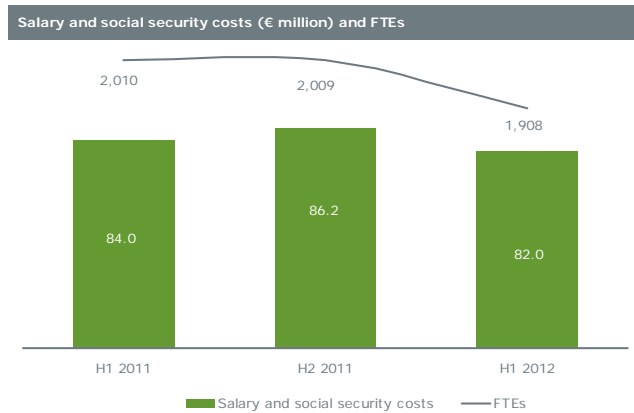
(x € million)	H1 2012	H2 2011	%	H1 2011	%
Staff costs	107.1	102.9	4	113.8	-6
Other administrative expenses	80.6	79.5	1	79.5	1
Depreciation and amortisation	16.6	18.3	-9	18.3	-9
Operating expenses of other non-strategic investments	7.0	8.8	-20	5.4	30
<b>Operating expenses</b>	<b>211.3</b>	<b>209.5</b>	<b>1</b>	<b>217.0</b>	<b>-3</b>

Operating expenses were down on H1 2011. The trend in operating expenses is affected by various annually recurring cost elements that can vary greatly in size. The chart on the right shows the trend in operating expenses relating to core activities and adjusted for variable pay and IT project expenses. Making allowance for these expenses, operating expenses fell by 4% against H1 2011 and by 2% against H2 2011.



**Staff costs**

Staff costs fluctuate due to pension costs, variable pay and exceptional staff costs. Exclusive of these items, staff costs show a declining trend.



Staff costs were lower thanks to a drop in the number of FTEs in H1 2012 by 101 to 1,908 (2011: 2,009). This is one of the results of the investment and cost reduction programme launched in 2012. For further information, reference is made to the section on the status of the investment and cost reduction programme.

**Other administrative expenses**

Other administrative expenses totalled € 80.6 million and were up to a limited extent on the figures for H1 2011 and H2 2011, due to IT projects, among other factors. In H1 2012, a swifter start was made on new IT projects than in H1 2011. In addition, a securities project was launched in the course of H2 2011, as a result of which other administrative expenses were higher in H1 2012 than in H2 2011.

**Depreciation and amortisation**

Depreciation and amortisation (€ 16.6 million) was 9% lower than in H1 2011 and H2 2011, since a number of IT projects dating from 2007 have now been fully written down. Of the total depreciation and amortisation, € 5.8 million was for the amortisation of intangible assets as a result of the acquisition of Kempen & Co and CenE Bankiers.

**Efficiency ratio**

The efficiency ratio (the ratio of operating expenses to operating income) showed a negative trend, rising to 81.4% owing to lower operating income (H1 2011: 73.7%; H2 2011: 81.2%).

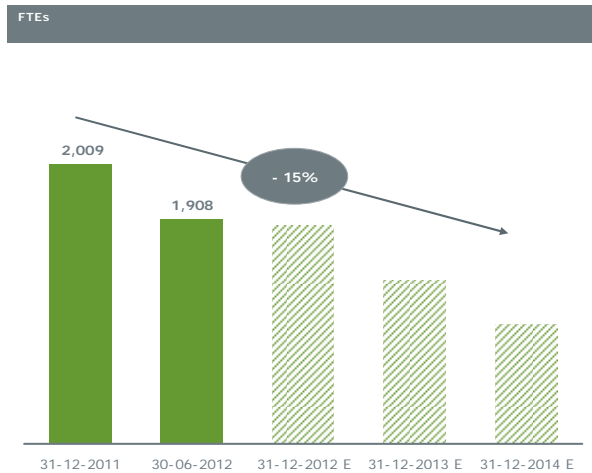




### Status of investment and cost reduction programme

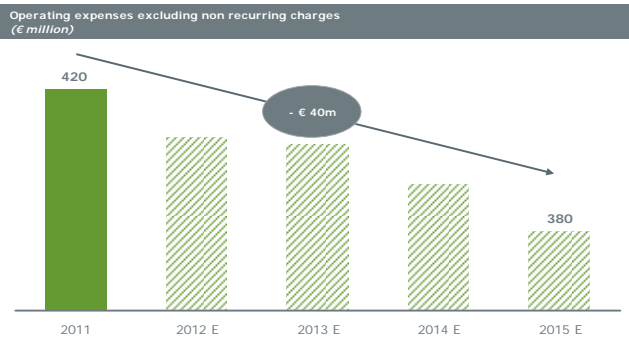
An investment and cost reduction programme was initiated in H1 2012. Under this programme, the followings steps were taken in H1 2012:

- Regionalisation of Private & Business Banking: five branches were combined with other branches in their regions and a concentration of investment advisory teams and business banking units has taken place.
- In order to achieve synergy benefits, the collaboration between the investment department of Van Lanschot and that of Kempen Capital Management was stepped up by integrating these departments.
- Centralisation of the international private banking activities in Switzerland: for this purpose, Van Lanschot Luxembourg will be integrated into Van Lanschot Switzerland. In addition, the banking activities of Van Lanschot Curacao and the trust business in the Netherlands, Curacao and Jersey have been sold to United Bank & Trust (this sale is subject to the approval of the supervisors).



The graph shows the development in staff numbers (FTEs). The decline seen in H1 2012 was largely due to the measures described above. The impact of these measures on staff costs will fully manifest itself from H2 2012.

The investment and cost reduction programme is aimed at achieving a gross reduction of € 60 million in 2015 compared to 2011. Adjusted for inflation and other investments the net reduction in the operating cost base will amount to € 40 million in 2015. Thanks to the initiatives and measures taken in H1 2012, Van Lanschot is on course to achieve this target by the deadline.



The operating costs for 2011 have been adjusted for a one-off VAT refund in 2011 and an adjustment for variable pay calculated on the basis of normalised earnings.

As a result of the investment and cost reduction programme, € 11.9 million in non-recurring charges were recognised in H1 2012. This amount of € 11.9 million can be broken down as follows:

- redundancy payments (€ 11.7 million);
- gains on curtailment<sup>7</sup> of pensions (€ 1.4 million);
- other expenses associated with closing down branches, the sale of Lanschot Curacao and trust activities, legal fees, etc. (€ 5.3 million);
- a recognised gain on the sale of a number of office buildings (€ 3.7 million).

<sup>7</sup> Curtailment of a pension scheme is applied if the scope of the scheme is changed or the number of employees who are members of the scheme is substantially reduced.

**IMPAIRMENTS**

(x € million)	H1 2012	H2 2011	%	H1 2011	%
<b>Addition to loan loss provision</b>	<b>41.8</b>	<b>36.9</b>	<b>13</b>	<b>27.4</b>	<b>53</b>
Impairment of investments and participations	1.4	7.8	-82	3.0	-53
Loss on sale of buildings	1.6	3.2	-50	-	-
<b>Other impairments</b>	<b>3.0</b>	<b>11.0</b>	<b>-73</b>	<b>3.0</b>	<b>-</b>
Impairment of non-strategic investments	0.5	0.6	-17	0.5	-
<b>Impairments</b>	<b>45.3</b>	<b>48.5</b>	<b>-7</b>	<b>30.9</b>	<b>47</b>

**Addition to loan loss provision**

The addition to the loan loss provision rose to €41.8 million in H1 2012. For more information, reference is made to the section Balance sheet and capital management.

**Other impairments**

In H1 2012 a number of equity stakes from the participations portfolio were impaired by € 1.4 million in total. On balance, the fair value of the participations portfolio was up. In line with the prescribed accounting principles for the participations portfolio, any unrealised impairment loss is directly taken to profit or loss, whereas any unrealised gains are not taken to profit or loss until realised.

In H1 2012, a loss of € 1.6 million was incurred on the sale of buildings. This relates to buildings obtained by Van Lanschot as a result of the seizing of collateral. In such cases, buildings may be acquired at less than their carrying amount. Hereafter, any loss occurred is included as impairment.

**INCOME TAX**

The income tax expense for H1 2012 was € 1.3 million negative (H1 2011: € 6.5 million; H2 2011: € 0.3 million negative). This corresponds to a tax burden of 31.0% negative (H1 2011: 14.0%; H2 2011: 66.7%). The tax burden in 2011 was low because some of the income qualifies for the equity holding exemption. This also caused the negative tax burden in 2012.



### PROFIT APPROPRIATION

The consolidated profit for H1 2012 is appropriated as follows:

<i>(x € million)</i>	H1 2012	H2 2011	H1 2011
<b>Net profit</b>	<b>5.7</b>	<b>0.3</b>	<b>42.8</b>
Of which attributable to:			
- shareholders of Van Lanschot NV	4.4	-2.9	37.4
- holders of perpetual loans	0.6	2.9	4.7
- other minority interests	0.7	0.3	0.7

The profit attributable to other minority interests mainly concerns the Management Investment Plan for key staff of Kempen & Co that was introduced in 2010.

### EARNINGS PER ORDINARY SHARE

Earnings per ordinary share for H1 2011 stood at €0.11.

<i>(x € million)</i>	H1 2012	H2 2011	H1 2011
Net profit	5.7	0.3	42.8
Net interest on perpetual loan	-0.6	-2.9	-4.7
Share of other minority interests	-0.7	-0.3	-0.7
<b>Net profit for the purposes of calculating earnings per ordinary share</b>	<b>4.4</b>	<b>-2.9</b>	<b>37.4</b>
<b>Earnings per ordinary share (€)</b>	<b>0.11</b>	<b>-0.08</b>	<b>0.92</b>
Weighted average number of outstanding ordinary shares (x 1,000)	40,865	40,870	40,865

## BALANCE SHEET AND CAPITAL MANAGEMENT

### BALANCE SHEET

(x € million)	30-6-2012	31-12-2011	%	30-6-2011	%
Equity attributable to shareholders	1,498	1,507	-1	1,466	2
Equity attributable to minority interests	51	59	-14	320	-84
Savings and deposits	11,942	13,100	-9	13,225	-10
Loans and advances to customers	13,994	14,270	-2	15,059	-7
Total assets	18,462	18,454	-	19,286	-4
Risk-weighted assets	11,050	11,000	-	11,528	-4
Core Tier I ratio (%)	11.0	10.9	-	10.1	-
Tier I ratio (%)	11.0	10.9	-	12.6	-
BIS total capital ratio (%)	12.1	11.9	-	14.0	-
Leverage ratio (%) (current definition)	8.1	8.2	-	7.6	-

Total assets at 30 June 2012 were stable compared with 31 December 2011, at €18.5 billion. The loan portfolio reduced by a further €0.3 billion compared with year-end 2011, and balances at the Dutch Central Bank (DNB) fell by €0.2 billion. The trend among private individuals to repay their mortgage debt continued on into H1 2012. In addition to the focus on lending to target group clients, this is the principal reason for the reduction in the loan portfolio. The portfolio of home mortgage loans to private clients fell by €0.2 billion in H1 2012.

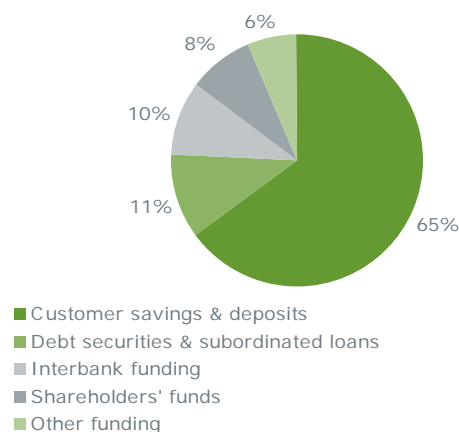
Savings and deposits were down €1.2 billion. The outflow of retail funding was compensated by various funding activities, including notes issues and repo transactions. Of the decline in savings and deposits, about €0.9 billion related to Van Lanschot in the Netherlands. The main reasons for this drop were the general trend of repaying mortgage debts and clients increasingly using their own assets to invest in real estate. In addition, Van Lanschot does not compete on pricing when it comes to savings and deposits. Van Lanschot Belgium saw an outflow of some €200 million, over €150 million of which involved a number of large institutional clients, with a seasonal pattern being discernible. Some of these clients reserve funds on an annual basis, with the annual withdrawal being scheduled in the first half of the year. The scaling down of our private banking activities in Luxembourg and Curacao has obviously also had an impact on the outflow of client assets.

Total equity stood at €1,549 million at 30 June 2012 (year-end 2011: €1,566 million). Equity attributable to minority interests dropped from €59 million to €51 million.

### LIQUIDITY AND FUNDING

As a private bank, Van Lanschot has traditionally maintained a high funding ratio. The funding ratio reflects the extent to which lending is funded by customer savings and deposits. A high funding ratio limits a bank's dependency on the capital market. The funding ratio fell from 91.8% to 85.3% because the outflow of customer savings and deposits outweighed the drop in lending. One of the reasons being that Van Lanschot is a price follower when it comes to savings and deposits.

Funding mix at 30 June 2012





Van Lanschot raised new long-term funding in H1 2012 through the following transactions:

- Van Lanschot issued a seven-year retail note bearing a coupon of 4.75% in April 2012. Client subscriptions to this note amounted to € 125.5 million.
- Several Medium Term Notes were issued in H1 2012 under the structured notes programme; these notes will fall due between three and six years. Total subscriptions stood at € 28.3 million.

In addition, Van Lanschot sold Residential Mortgage Backed Securities (RMBS)-notes (Citadel 2010-I A2) worth some € 140 million in July 2012. The first call date for these debt securities will be in 2015.

Van Lanschot has maintained its Single A- with a stable outlook since 2009. One of the reasons for this rating is the bank's robust liquidity and funding profile.

At present, Van Lanschot already comfortably meets the Basel III liquidity requirements.

	30-6-2012	Requirement
Liquidity Coverage Ratio (%)	162.2	> 100
Net Stable Funding Ratio (%)	104.2	> 100
Leverage ratio (%)	5.3	> 3

**CAPITAL MANAGEMENT**

Van Lanschot further strengthened its capital position in H1 2012. The strong Core Tier I ratio was up 0.1%, rising to 11.0% at 30 June 2012 (year-end 2011: 10.9%). The ratio was boosted by lower deductions from core capital compared with 31 December 2011.

The Tier I ratio and the BIS total capital ratio continued to rise as well (by 0.1% and 0.2% respectively). The shortfall is the difference between the calculated estimated loss and the loan loss provision. The loan loss provision saw an increase in H1 2012, causing the shortfall, as a reduction on capital, to drop compared with year-end 2011. The call of the commercial real estate securitisation (Lancelot) had on balance a negative effect on the capital ratios.

Return on average Core Tier I capital stood at 0.73% for H1 2012 (H1 2011: 6.5%; full year 2011: 3.0%). Adjusted for non-recurring charges the return amounted to 2.4%.

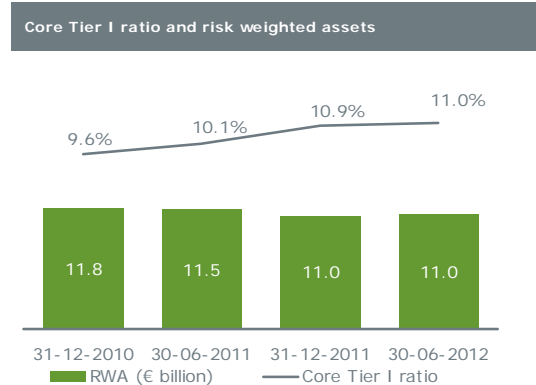
The Core Tier I ratio may be significantly impacted in the future by the implementation of F-IRB, Basel III and the revised IAS 19. As a result the ratio will become more volatile. The new regulations are discussed below.

*Implementation of F-IRB and Basel III*

Over the past few years, Van Lanschot has invested a lot of time and effort in professionalising its credit risk and capital management. Internal Ratings Based (IRB) models have been developed to determine the capital required to be held for credit risk. Van Lanschot's loan portfolio can roughly be broken down into two categories: a retail portfolio primarily consisting of mortgage loans and a non-retail portfolio consisting of customised financing. The IRB approach was used to calculate about 73% of the loan portfolio at the end of June 2012. DNB recently agreed to the use of the other non-retail models. The phased implementation of Basel III is scheduled to begin on 1 January 2013. It is expected that the transition to IRB and the implementation of Basel III will lower the Core Tier I ratio by 50 to 70 basis points.

*IAS 19 Employee Benefits (revised)*

The revised accounting standard IAS 19 will be effective as of 1 January 2013. The most important change introduced in this Standard is that actuarial gains and losses are to be recognised directly within equity. The volatility of the Core Tier I ratio will increase as the discount rate fluctuates. The discount rate is based on a basket of about 200 European corporate bonds with an AA rating. Depending on the relevant interest rate at the end of the year, this new regulation could have a significant impact on the Core Tier I ratio.





**LOAN PORTFOLIO**

(x € million)	30-6-2012	31-12-2011	%
Mortgage loans to private individuals	7,159	7,350	-3
Other private loans	2,012	2,063	-1
Corporate loans	5,071	5,075	-
Impairments	-248	-218	14
<b>Total</b>	<b>13,994</b>	<b>14,270</b>	<b>-2</b>

The loan portfolio fell by 2% to € 14.0 billion in H1 2012. In line with general market developments, Van Lanschot saw a further decline in demand for mortgages and corporate loans. In addition, clients increasingly pay off their loans. From a strategic perspective and following Van Lanschot's lending policy, the number of new loans was limited in H1 2012.

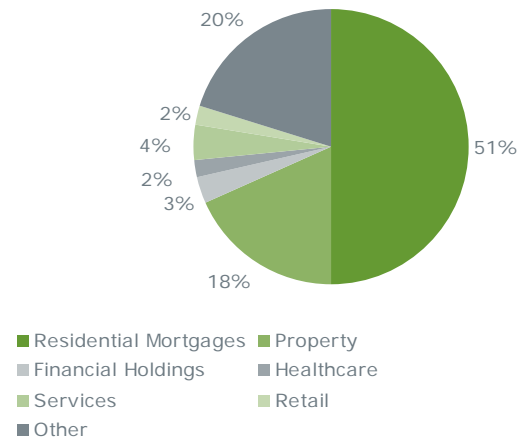
**Loan portfolio by sector**

The pie chart alongside gives a breakdown of the loan portfolio by sector. More than half of the loan portfolio consists of home mortgages with an average Loan-To-Value (LTV) at 30 June 2012 of 90% (year-end 2011: 89%).

The bank is also active in financing entrepreneurs (directors-owners) and their businesses and property. As part of the focused private banking strategy, the bank continually assesses its loan portfolio for the direct and indirect private banking potential associated with these debtors. This may result in Van Lanschot actively letting go clients who no longer match the bank's strategy.

Despite the negative trends in the property sector, the property portfolio is still relatively healthy. At 71%, the average LTV remained stable compared with year-end 2011 (70%). Loans are not only secured on the underlying property, but often also by additional collateral or guarantees. Less than 25% of the property portfolio concerns office buildings, and the vacancy rate of 8% is far below national average (15%)<sup>8</sup>. Property portfolio management was stepped up in order to identify increased risks at an early stage and to take adequate measures.

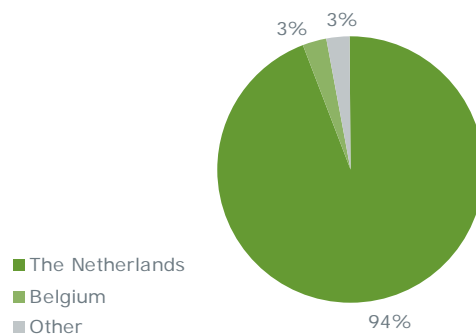
Loans and advances by sector at 30 June 2012



**Loan portfolio by country**

The loan portfolio is concentrated in the Netherlands and Belgium. Loans issued through the Luxembourg and Curacao branches were very limited. Due to the sale of the Curacao activities the loan portfolio will drop.

Loans and advances by country at 31 June 2012



<sup>8</sup> Bron: NVM Business



**PROVISIONS**

The bank has formed provisions for impaired loans in its loan portfolio. Impaired loans totalled € 480 million at 30 June 2012, of which € 235 million had been provided for, i.e. 48.7% (2011: 46.7%). The addition to the loan loss provision was due primarily to an increase in existing provisions for some larger clients.

The table below presents the breakdown of the loan portfolio and the provisions formed at 30 June 2012.

(x € million)	Loan portfolio	Impaired loans	Provision for impaired loans
Mortgage loans to private individuals	7,159	89	40
Other private loans	2,012	121	56
Corporate loans	5,071	270	139
Impairments	-248	-235	-
<b>Total</b>	<b>13,994</b>	<b>245</b>	<b>235</b>

The addition to the loan loss provision was € 41.8 million in H1 2012 (H1 2011: € 27.4 million; H2 2011: € 36.9 million), i.e. 76 basis points on an annual basis of average risk-weighted assets (2011: 56 basis points on an annual basis). The level of provisioning reflects the current economic conditions.



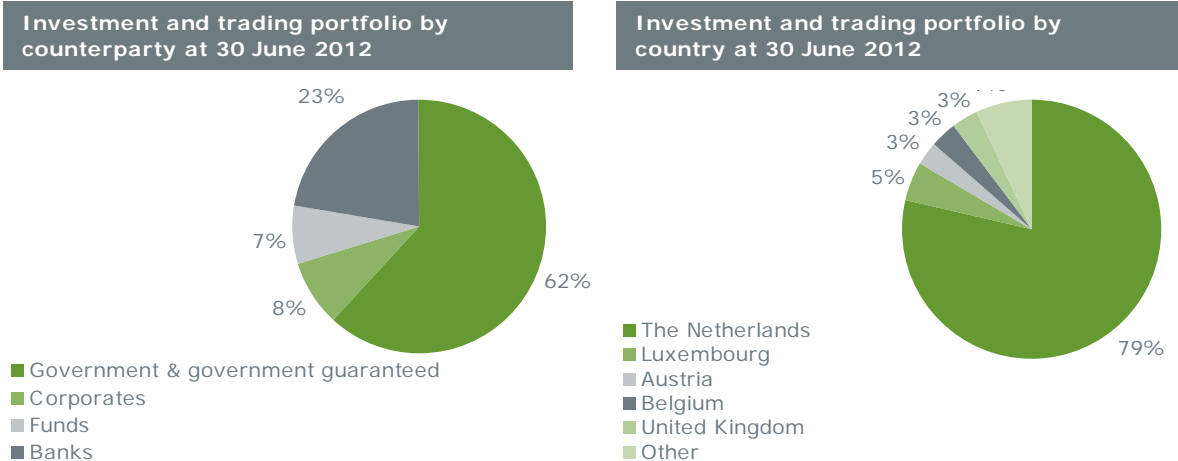


**VAN LANSCHOT INVESTMENT AND TRADING PORTFOLIO**

Van Lanschot's total investment and trading portfolio<sup>9</sup> stood at € 1.9 billion at 30 June 2012, compared with € 1.4 billion at 31 December 2011. This increase was largely due to an investment portfolio created following participation in the LTRO.

At 30 June 2012, 73% of Van Lanschot's available-for-sale investments consisted of funds with a triple-A rating and 9% of funds with a double-A rating. Of the portfolio included in financial assets designated at fair value through profit or loss, 96% was made up of funds with a triple-A rating at 30 June 2012.

Van Lanschot does not have any exposure to Greece, Spain, Portugal, Italy and Ireland. The portfolio at 30 June 2012 can be broken down by counterparty and by country as follows:



**LTRO participation**

In March 2012, Van Lanschot participated in the second tranche of the LTRO for an amount of € 750 million for a three-year term. For this purpose, Van Lanschot pledged Citadel securitisation notes (RMBS) as collateral. The funds have been invested in a portfolio comprising investments with a low risk profile, high liquidity and/or a term to maturity of three years or less. The objective of this investment portfolio is to generate additional returns.

The portfolio consists of the following investments:

(x € million)	30-6-2012	%
Government bonds	457	61
Covered bonds	56	8
Residential Mortgage Backed Securities	158	21
Senior unsecured	38	5
Liquid assets	41	5
<b>Total</b>	<b>750</b>	<b>100</b>

The net return on the portfolio was € 2.1 million in H1 2012 (86 basis points on an annual basis).

<sup>9</sup> The investment and trading portfolio comprises the balance of available-for-sale investments, financial receivables from trading activities and financial assets at fair value through profit or loss.



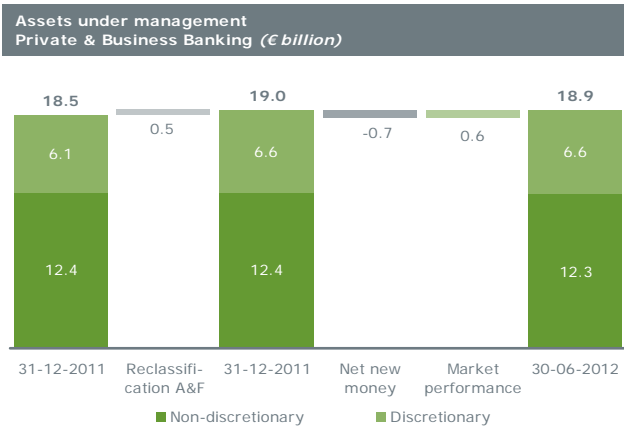


## ASSETS UNDER MANAGEMENT

	30-6-2012	31-12-2011	%
<i>(x € billion)</i>			
<b>Assets under management</b>	<b>37.5</b>	<b>36.7</b>	<b>2</b>
Assets under discretionary management	25.2	24.3	4
- of which double-counted	1.2	1.1	9
Assets under non-discretionary management	12.3	12.4	-1
<b>Assets under management</b>	<b>37.5</b>	<b>36.7</b>	<b>2</b>
Private & Business Banking	18.9	19.0	-1
Asset Management	18.6	17.7	5

Total assets under management were up 2%, rising from €36.7 billion at year-end 2011 to €37.5 billion at 30 June 2012. This €0.8 billion increase was made up of a net outflow of assets of €0.6 billion and a positive market performance of €1.4 billion. With effect from 1 January 2012, the Associations & Foundations (A&F) segment falls under Private & Business Banking. This change has been reflected in the 2011 closing balances as shown below.

### PRIVATE & BUSINESS BANKING



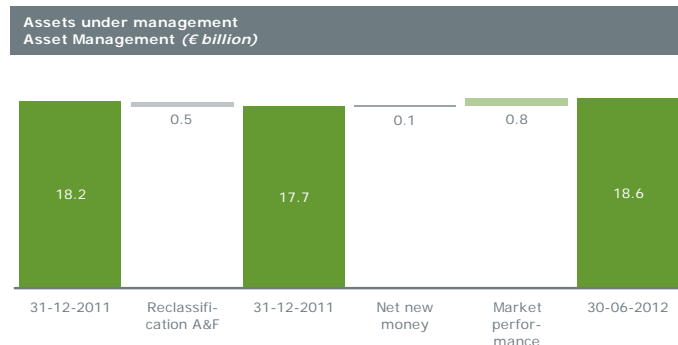
Assets under management by Private & Business Banking were down €0.1 billion, falling to €18.9 billion in H1 2012. This decrease can be attributed to a €0.7 billion outflow and a positive market performance of €0.6 billion. A significant portion of the outflow was attributable to Van Lanschot's foreign branch offices. This drop is related to the scaling down of activities in Curacao and Luxembourg.

Clients continued to opt for the benefits of a discretionary mandate in 2012 the share of discretionary assets rose from 33% to 35%.

### ASSET MANAGEMENT

Assets under management by the Asset Management segment were up 5%, rising from €17.7 billion to €18.6 billion. This increase can be attributed to an inflow of €0.1 billion, as well as a positive market performance of €0.8 billion.

For H2 2012 €1.8 billion of mandates has been added to the portfolio among with the Pension Fund for the Dutch Butchers Industry.





## **EXECUTIVE BOARD RESPONSIBILITY STATEMENT**

The members of the Board of Managing Directors hereby declare that, to the best their knowledge, the half-year financial statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and profit or loss of Van Lanschot NV and its consolidated entities, and that the half-year report gives a true and fair view of the information to be provided by virtue of Section 5:25d(8) and (9) of the Dutch Financial Supervision Act.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30 JUNE 2012

		30-6-2012	31-12-2011	30-6-2011
<i>€ thousand</i>				
<b>ASSETS</b>				
Cash and cash equivalents and balances withdrawable at central banks	1	871,580	1,154,324	452,391
Financial assets held for trading		57,530	80,044	115,836
Due from banks		498,743	544,947	1,181,732
Financial assets designated as at fair value through profit or loss	2	1,106,461	515,331	403,428
Available-for-sale investments	3	753,036	844,977	990,694
Loans and advances to the public and private sectors	4	13,993,883	14,270,431	15,058,766
Derivatives (receivables)	5	285,943	252,648	193,798
Investments in associates using the equity method	6	46,557	43,986	41,143
Property, plant and equipment	7	135,826	158,240	158,875
Goodwill and other intangible assets	8	305,207	318,672	331,380
Current tax assets		1,862	4,319	3,817
Deferred tax assets		45,501	39,209	38,352
Assets of operations held for sale		40,155	-	-
Other assets		320,025	226,394	315,300
<b>TOTAL ASSETS</b>		<b>18,462,309</b>	<b>18,453,522</b>	<b>19,285,512</b>
<b>EQUITY AND LIABILITIES</b>				
Financial liabilities from trading activities		863	29,614	73,665
Due to banks	9	1,802,960	398,052	762,985
Public and private sector liabilities	10	11,941,671	13,100,131	13,225,003
Financial liabilities designated as at fair value through profit or loss	11	168,977	20,165	18,461
Derivatives (liabilities)	5	428,534	379,541	253,380
Issued debt securities	12	1,871,302	2,321,837	2,469,001
Provisions	13	25,846	15,884	17,305
Current tax liabilities		12,660	9,271	12,113
Deferred tax liabilities		39,865	41,532	31,211
Liabilities of operations held for sale		74,552	-	-
Other liabilities		406,506	418,863	480,346
Subordinated loans	14	139,654	152,764	155,879
<b>Total liabilities</b>		<b>16,913,390</b>	<b>16,887,654</b>	<b>17,499,349</b>
Issued share capital		41,017	41,017	41,017
Treasury shares		-2,852	-5,837	-2,924
Share premium	15	479,914	479,914	479,914
Other reserves	15	975,132	957,652	910,668
Undistributed profit attributable to shareholders of Van Lanschot NV		4,440	34,499	37,402
<b>Equity attributable to shareholders of Van Lanschot NV</b>		<b>1,497,651</b>	<b>1,507,245</b>	<b>1,466,077</b>
Equity instruments issued by subsidiaries		36,063	36,063	300,736
Undistributed profit attributable to equity instruments issued by subsidiaries		557	7,587	4,679
<b>Equity attributable to equity instruments issued by subsidiaries</b>		<b>36,620</b>	<b>43,650</b>	<b>305,415</b>
Other minority interests		13,995	13,932	13,925
Undistributed profit attributable to other minority interests		653	1,041	746
<b>Equity attributable to other minority interests</b>		<b>14,648</b>	<b>14,973</b>	<b>14,671</b>
<b>Total equity</b>		<b>1,548,919</b>	<b>1,565,868</b>	<b>1,786,163</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,462,309</b>	<b>18,453,522</b>	<b>19,285,512</b>
Contingent liabilities		251,718	337,518	331,218
Irrevocable commitments		536,550	587,527	770,934
		<b>788,268</b>	<b>925,045</b>	<b>1,102,152</b>

*The number beside each item refers to the relevant note*

**CONSOLIDATED STATEMENT OF INCOME**

FOR THE FIRST HALF OF 2012

<i>€ thousand</i>		H1 2012	H2 2011	H1 2011
<b>INCOME FROM OPERATING ACTIVITIES</b>				
Interest income		496,439	555,774	524,374
Interest expense		370,762	419,142	384,178
<b>Net interest income</b>	16	<b>125,677</b>	<b>136,632</b>	<b>140,196</b>
Income from associates using the equity method		4,931	297	3,308
Other income from securities and associates		8,691	-2,413	9,815
<b>Income from securities and associates</b>	17	<b>13,622</b>	<b>-2,116</b>	<b>13,123</b>
Commission income		108,706	108,980	122,827
Commission expense		2,843	4,592	1,892
<b>Net commission income</b>	18	<b>105,863</b>	<b>104,388</b>	<b>120,935</b>
<b>Profit on financial transactions</b>	19	<b>18,741</b>	<b>5,549</b>	<b>10,621</b>
<b>Other income</b>	20	<b>8,835</b>	<b>9,714</b>	<b>6,327</b>
<b>TOTAL INCOME FROM OPERATING ACTIVITIES</b>		<b>272,738</b>	<b>254,167</b>	<b>291,202</b>
<b>EXPENSES</b>				
Staff costs	21	121,447	105,841	115,171
Other administrative expenses	22	87,171	82,413	80,880
<b>Staff costs and other administrative expenses</b>		<b>208,618</b>	<b>188,254</b>	<b>196,051</b>
<b>Depreciation and amortisation</b>		<b>13,434</b>	<b>18,208</b>	<b>18,055</b>
<b>Operating expenses</b>		<b>222,052</b>	<b>206,462</b>	<b>214,106</b>
Addition to loan loss provision		40,004	33,735	27,355
Other impairments		5,324	14,694	3,530
<b>Impairments</b>	23	<b>45,328</b>	<b>48,429</b>	<b>30,885</b>
<b>TOTAL EXPENSES</b>		<b>267,380</b>	<b>254,891</b>	<b>244,991</b>
<b>Operating profit before tax</b>		<b>5,358</b>	<b>-724</b>	<b>46,211</b>
<b>Income tax</b>		<b>-1,256</b>	<b>-483</b>	<b>6,516</b>
<b>NET PROFIT from continuing operations</b>		<b>6,614</b>	<b>-241</b>	<b>39,695</b>
<b>Discontinued operations</b>	24	<b>-964</b>	<b>541</b>	<b>3,132</b>
<b>NET PROFIT</b>		<b>5,650</b>	<b>300</b>	<b>42,827</b>
Of which attributable to shareholders of Van Lanschot NV		4,440	-2,903	37,402
Of which attributable to equity instruments issued by subsidiaries		557	2,908	4,679
Of which attributable to other minority interests		653	295	746
Earnings per ordinary share (€)	25	0.11	-0.08	0.92
Diluted earnings per ordinary share (€)	26	0.11	-0.07	0.91
Earnings per ordinary share from continuing operations (€)	27	0.13	-0.09	0.84
Diluted earnings per ordinary share from continuing operations (€)	28	0.13	-0.09	0.84

*The number beside each item refers to the relevant note*



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST HALF OF 2012

<i>€ thousand</i>	H1 2012	H1 2011
<b>Net profit as per income statement</b>	<b>5,650</b>	<b>42,827</b>
<b>Other comprehensive income</b>		
Other comprehensive income through the revaluation reserve		
Revaluation of equity instruments	5,584	1,247
Revaluation of debt instruments	16,429	-14,521
Realised return on equity instruments	-2,651	-2,366
Realised return on debt instruments	-8,996	-4,335
Impairments of equity instruments through profit or loss	75	119
Reclassifications to associates using the equity method	-6,776	-
Tax	-3,012	4,659
<b>Total other comprehensive income through the revaluation reserve</b>	<b>653</b>	<b>-15,197</b>
Other comprehensive income from value changes of derivatives (cash flow hedges)		
Increase in value of derivatives directly added to equity	7,040	2,191
Decrease in value of derivatives directly charged against equity	-8,346	-2,336
Realised gains and losses through profit or loss	1,735	7,895
Tax	-107	-1,937
<b>Total other comprehensive income from value changes of derivatives (cash flow hedges)</b>	<b>322</b>	<b>5,813</b>
Other comprehensive income from currency translation differences	271	-308
Tax	-	-
<b>Total other comprehensive income from currency translation differences</b>	<b>271</b>	<b>-308</b>
<b>Total other comprehensive income</b>	<b>1,246</b>	<b>-9,692</b>
<b>Total comprehensive income</b>	<b>6,896</b>	<b>33,135</b>
Of which attributable to shareholders of Van Lanschot NV	5,686	27,710
Of which attributable to equity instruments issued by subsidiaries	557	4,679
Of which attributable to other minority interests	653	746

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FIRST HALF OF 2012

<i>€ thousand</i>	H1 2012	H1 2011
<b>Cash flow from operating activities</b>		
Operating profit before tax	5,358	46,211
Adjustments for:		
- Depreciation and amortisation	17,192	18,055
- Valuation results on associates using the equity method	-4,788	-3,814
- Valuation results on financial assets designated as at fair value through profit or loss	-20,533	-
- Impairments	45,328	30,885
<b>Cash flows from operating activities</b>	<b>42,557</b>	<b>91,337</b>
Net increase/(decrease) in operating assets and liabilities		
- Financial assets/liabilities from activities held for trading	-6,237	-7,558
- Financial assets designated at fair value through profit or loss	-570,597	-351,857
- Due from/due to banks	1,303,524	-390,141
- Loans and advances to public and private sectors/public and private sector liabilities	-823,301	304,111
- Derivatives	15,698	-30,168
- Provisions	10,032	539
- Other assets and liabilities	-105,670	-119,394
- Deferred tax assets/liabilities	-7,959	2,826
- Current tax assets/liabilities	7,349	-6,358
<b>Total movement in assets and liabilities</b>	<b>-177,161</b>	<b>-598,000</b>
<b>Net cash flow from operating activities</b>	<b>-134,604</b>	<b>-506,663</b>
<b>Net cash flow from discontinued operations</b>	<b>-58,098</b>	<b>-7,625</b>
<b>Cash flow from investing activities</b>		
Investments and acquisitions		
- Investments in debt instruments	-216,248	-59,062
- Investments in equity instruments	-5,682	-2,052
- Investments in associates	-578	-2,821
- Property, plant and equipment	-5,391	-5,914
- Intangible assets	-2,356	-1,556
Divestments, repayments and sales		
- Investments in debt instruments	299,048	331,647
- Investments in equity investments	4,519	4,231
- Investments in associates	4,379	4,587
- Property, plant and equipment	16,699	1,034
- Intangible assets	-2	642
<b>Net cash flow from investing activities</b>	<b>94,388</b>	<b>270,736</b>

Continued on the next page

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

FOR THE FIRST HALF OF 2012

<i>€ thousand</i>	H1 2012	H1 2011
<b>Cash flow from financing activities</b>		
Changes in treasury shares	2,985	8,094
Changes in other reserves	4,914	-17,847
Equity instruments issued by subsidiaries	-7,030	-4,818
Minority interests	-325	1,685
Receipts on subordinated loans	-	-2,866
Redemption of subordinated loans	-13,110	-263,064
Receipts on debt securities	3,274	697,640
Redemption of debt securities	-453,809	-174,621
Receipts on financial liabilities designated as at fair value through profit or loss	151,840	-
Redemption of financial liabilities designated as at fair value through profit or loss	-3,028	-
Dividends paid	-16,366	-28,673
<b>Net cash from financing activities</b>	<b>-330,655</b>	<b>215,530</b>
<b>Net increase in cash and cash equivalents and balances withdrawable at central banks</b>	<b>-428,969</b>	<b>-28,022</b>
Cash and cash equivalents and balances withdrawable at central banks at 1 January	1,209,339	388,997
Cash and cash equivalents and balances withdrawable at central banks at 30 June	780,370	360,975
<b>Supplementary disclosure</b>		
Cash flows from interest received	466,363	510,405
Cash flows from interest paid	-402,347	-442,833
Cash flows from income tax	4,343	-6,625
Cash flows from dividends received	8,012	10,928



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AT 30 JUNE 2012

Equity attributable to holders of equity instruments of Van Lanschot								H1 2012
	Issued share capital	Treasury shares	Share premium	Other reserves	Undistrib-uted profit	Total equity attributable to shareholders	Equity attributable to third parties	Total equity
<i>€ thousand</i>								
<b>Balance at 1 January</b>	<b>41,017</b>	<b>-5,837</b>	<b>479,914</b>	<b>957,652</b>	<b>34,499</b>	<b>1,507,245</b>	<b>58,623</b>	<b>1,565,868</b>
Net profit (as per income statement)	-	-	-	-	4,440	4,440	1,210	5,650
Total other comprehensive income	-	-	-	1,246	-	1,246	-	1,246
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,246</b>	<b>4,440</b>	<b>5,686</b>	<b>1,210</b>	<b>6,896</b>
Share and option plans	-	2,985	-	-1,949	-	1,036	-	1,036
To other reserves	-	-	-	34,499	-34,499	-	-	-
Dividends	-	-	-	-16,366	-	-16,366	-7,587	-23,953
Other changes	-	-	-	50	-	50	-	50
Acquisition of/change in minority interests	-	-	-	-	-	-	-978	-978
<b>Balance at 30 June</b>	<b>41,017</b>	<b>-2,852</b>	<b>479,914</b>	<b>975,132</b>	<b>4,440</b>	<b>1,497,651</b>	<b>51,268</b>	<b>1,548,919</b>

Equity attributable to holders of equity instruments of Van Lanschot								H1 2011
	Issued share capital	Treasury shares	Share premium	Other reserves	Undistrib-uted profit	Total equity attributable to shareholders	Equity attributable to third parties	Total equity
<i>€ thousand</i>								
<b>Balance at 1 January</b>	<b>41,017</b>	<b>-11,018</b>	<b>479,914</b>	<b>895,225</b>	<b>56,538</b>	<b>1,461,676</b>	<b>323,219</b>	<b>1,784,895</b>
Net profit (as per income statement)	-	-	-	-	37,402	37,402	5,425	42,827
Total other comprehensive income	-	-	-	-9,692	-	-9,692	-	-9,692
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-9,692</b>	<b>37,402</b>	<b>27,710</b>	<b>5,425</b>	<b>33,135</b>
Share and option plans	-	8,094	-	-3,279	-	4,815	-	4,815
To other reserves	-	-	-	56,538	-56,538	-	-	-
Repurchased equity instruments	-	-	-	-	-	-	222	222
Dividends	-	-	-	-28,673	-	-28,673	-9,719	-38,392
Other changes	-	-	-	549	-	549	-	549
Acquisition of/change in minority interests	-	-	-	-	-	-	939	939
<b>Balance at 30 June</b>	<b>41,017</b>	<b>-2,924</b>	<b>479,914</b>	<b>910,668</b>	<b>37,402</b>	<b>1,466,077</b>	<b>320,086</b>	<b>1,786,163</b>





## Summary of significant accounting policies

### Basis of preparation

Van Lanschot's consolidated interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated interim report does not contain all financial information as disclosed in the financial statements. The consolidated interim report should therefore be read in conjunction with the financial statements of Van Lanschot at 31 December 2011. This interim report has not been audited. All amounts are denominated in thousands of euros, unless stated otherwise.

### Valuation policies

The accounting policies applied in this consolidated interim report are in accordance with those applied in the financial statements of Van Lanschot at 31 December 2011. Insofar as subsequent changes are considered necessary, the comparative figures have been restated.

### Changes in the presentation

#### *Amortisation of swaps under fair value hedge accounting for terminated hedges*

With effect from 2012 the amortisation of swaps under fair value hedge accounting for terminated hedges is classified as Interest. The comparative figures have been restated accordingly. These results were previously classified as Profit on financial transactions.

#### *Sale of banking activities on Curacao and trust activities in the Netherlands, Curacao and Jersey*

In the course of 2012, the banking activities on Curacao and the trust activities in the Netherlands, Curacao and Jersey have been classified as 'held for sale'. In the statement of financial position, the assets and liabilities are recognised under Assets of operations held for sale and Liabilities of operations held for sale. In the statement of income, the corresponding results are presented under Discontinued operations. The 2011 comparative figures in the statement of cash flows and the statement of income have been adjusted accordingly.

### Estimation uncertainty

In the process of applying Van Lanschot's accounting policies, estimates and assumptions are made which have significant impact on the amounts shown in the interim report. The estimates and assumptions are based on the most recent information available. Actual amounts in the future may differ from the estimates and assumptions.

### IFRS standards

Several new or revised standards or interpretations became compulsory with effect from 1 January 2012. They have been applied in Van Lanschot's 2012 interim financial statements. Application of these standards or revisions to these standards did not have a significant effect on the bank's equity or profit and are listed below.

#### **IFRS 7 Financial instruments: Disclosure**

IFRS 7 applies to financial statements for periods commencing on or after 1 July 2011. On 7 October 2010, the amendments to IFRS 7 Financial instruments: Disclosure – Transfers of Financial Assets were published. The amendments should improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. They aim to promote transparency in the reporting of transfer transactions, particularly those involving securitisation of financial assets.

#### **IAS 12 Income taxes**

IAS 12 Income taxes (amended) applies with effect from 1 January 2012 and provides guidance for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. This standard does not impact the financial statements of Van Lanschot.

#### **IAS 19 Employee benefits**

The new standard applies to all financial statements for periods commencing on or after 1 January 2013. The following amendments are included in the new standard:

- The corridor approach is eliminated and unrecognised actuarial results are directly recognised in Equity
- Future actuarial results are also recognised in Equity
- (Net) interest is no longer classified as pension costs under *Staff costs* but is classified as *Interest* in the Statement of income
- Additional disclosures for defined benefit plans.

Depending on the relevant interest rate at the end of the year, this new regulation could have a significant impact on the Core Tier I ratio. The discount rate is based on a basket of about 200 European corporate bonds with an AA rating. The volatility of the Core Tier I ratio will increase as the discount rate fluctuates.



## Selected notes to the consolidated statement of financial position

€ thousand

### 1 Cash and cash equivalents and balances withdrawable at central banks

	30-6-2012	31-12-2011
<b>Total</b>	<b>871,580</b>	<b>1,154,324</b>
Cash	1,035	1,422
Withdrawable on demand at central banks	700,000	850,000
Statutory reserve deposits at central banks	115,310	194,414
Amounts due from banks	55,235	108,488

### 2 Financial assets designated as at fair value through profit or loss

	30-6-2012	31-12-2011
<b>Total</b>	<b>1,106,461</b>	<b>515,331</b>
<b>Debt instruments</b>		
Government paper and government-guaranteed paper	663,710	279,175
Covered bonds	358,154	157,259
Asset-backed securities	38,080	33,682
Other debt instruments	16,386	-
<b>Total debt instruments</b>	<b>1,076,330</b>	<b>470,116</b>
<b>Equity instruments</b>		
Shares	30,131	45,215
<b>Total equity instruments</b>	<b>30,131</b>	<b>45,215</b>

#### Financial assets designated as at fair value through profit or loss by external rating \*

	30-6-2012	%	31-12-2011	%
AAA	1,059,944	96%	470,116	91%
AA	-	0%	-	0%
A	-	0%	-	0%
Other	46,517	4%	45,215	9%
<b>Total</b>	<b>1,106,461</b>	<b>100%</b>	<b>515,331</b>	<b>100%</b>

\* Most recent Fitch Ratings as known to Van Lanschot

### 3 Available-for-sale investments

	30-6-2012		31-12-2011	
	Fair value	Face value	Fair value	Face value
<b>Total</b>	<b>753,036</b>	<b>685,660</b>	<b>844,977</b>	<b>818,519</b>
<b>Debt instruments</b>				
Government paper and government-guaranteed paper	381,291	343,129	566,998	578,198
Banks and financial institutions listed	38,425	38,500	1,574	1,500
Banks and financial institutions unlisted	537	500	-	-
Covered bonds	34,468	33,500	-	-
Asset-backed securities	70,149	72,000	-	-
Companies listed	138,959	148,484	179,162	189,274
Companies cumprefs (shareholdings)	35,404	49,547	34,747	49,547
<b>Total debt instruments</b>	<b>699,233</b>	<b>685,660</b>	<b>782,481</b>	<b>818,519</b>
<b>Equity instruments</b>				
Shares listed	14,955		13,513	
Shares unlisted	14,210		11,930	
Shareholdings	24,638		37,053	
<b>Total equity instruments</b>	<b>53,803</b>		<b>62,496</b>	



**Available for sale investments by external rating \***

	30-6-2012	%	31-12-2011	%
AAA	548,483	73%	590,848	70%
AA	68,259	9%	154,680	18%
A	8,476	1%	545	0%
Other	127,818	17%	98,904	12%
<b>Total</b>	<b>753,036</b>	<b>100%</b>	<b>844,977</b>	<b>100%</b>

\* Most recent Fitch Ratings as known to Van Lanschot

The item 'Available-for-sale investments' includes an investment of € 139.0 million in Darts Finance. Darts Finance invests solely in mortgages covered by the National Mortgage Guarantee Scheme (Nationale Hypotheek Garantie). Hedge accounting is not applied to this investment.

**4 Loans and advances to the public and private sectors**

	30-6-2012	31-12-2011
<b>Total</b>	<b>13,993,883</b>	<b>14,270,431</b>
Mortgage loans	7,159,428	7,350,052
Current accounts	1,924,806	1,838,904
Loans	4,620,825	4,788,456
Securities-backed loans and settlement claims	332,261	296,989
Subordinated loans	37,360	50,149
Value adjustment fair value hedge accounting	166,831	164,171
Impairments	-247,628	-218,290

**Impairments**

	Specific	IBNR	Total
<b>Balance at 1 January 2012</b>	<b>204,935</b>	<b>13,355</b>	<b>218,290</b>
Loans written off	-10,666	-	-10,666
Additions to or release of provision	40,534	-530	40,004
<b>Balance at 30 June 2012</b>	<b>234,803</b>	<b>12,825</b>	<b>247,628</b>

**Citadel 2010-I**

On 2 July 2010, Van Lanschot finalised the RMBS transaction Citadel 2010-I. This concerns securitisation of Dutch home mortgage loans. The transaction involved an amount of € 1.2 billion. The credit risk was not transferred. The A1 bonds and a substantial part of the A2 bonds were placed with a broad group of institutional investors. The sale of these bonds results in a further diversification of the funding.

	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-6-2012	Spread
<b>Total</b>				<b>1,249,400</b>	<b>1,055,200</b>	
Senior Class A1	2-7-2010	AAA	AAA	247,400	64,611	1.30%
Senior Class A2	2-7-2010	AAA	AAA	753,350	753,350	1.40%
Mezzanine Class B	2-7-2010	-	AAA	75,450	75,450	0.00%
Mezzanine Class C	2-7-2010	BBB	A-	129,900	129,900	0.00%
Junior Class D	2-7-2010	-	-	30,900	30,900	0.00%
Subordinated Class E	2-7-2010	-	-	12,400	989	0.00%

The first call option date of all these debt instruments is 26 August 2015 and the contractual date of maturity is 26 November 2042.

**Citadel 2010-II**

On 30 July 2010, Van Lanschot finalised the RMBS transaction Citadel 2010-II. The transaction involved an amount of € 1.3 billion and concerns Dutch home mortgage loans. The credit risk was not transferred. Van Lanschot decided to purchase the debt securities itself. These eligible assets can thus serve as collateral with the Dutch Central Bank. This transaction was not focused on reducing capital requirements, but on improving liquidity.



	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-6-2012	Spread
<b>Total</b>				<b>1,255,450</b>	<b>1,097,674</b>	
Senior Class A	30-7-2010	AAA	AAA	990,650	844,668	1.20%
Mezzanine Class B	30-7-2010	-	AAA	84,550	84,550	0.00%
Mezzanine Class C	30-7-2010	BBB	A-	136,700	136,700	0.00%
Junior Class D	30-7-2010	-	-	31,100	31,100	0.00%
Subordinated Class E	30-7-2010	-	-	12,450	656	0.00%

The first call option date of all these debt instruments is 26 August 2015 and the contractual date of maturity is 26 November 2042.

**Citadel 2011-I**

On 9 February 2011, Van Lanschot finalised the RMBS transaction Citadel 2011-I. The transaction involved an amount of € 1.5 billion and concerns Dutch home mortgage loans. The credit risk was not transferred. Van Lanschot decided to purchase the debt securities itself. These assets are eligible, and can thus serve as collateral with the Dutch Central Bank. In this way, this transaction supports the bank's liquidity management.

	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-6-2012	Spread
<b>Total</b>				<b>1,515,000</b>	<b>1,358,185</b>	
Senior Class A1	10-2-2011	AAA	AAA	324,000	176,402	1.10%
Senior Class A2	10-2-2011	AAA	AAA	801,000	801,000	1.40%
Mezzanine Class B	10-2-2011	A	AAA	120,000	120,000	0.00%
Mezzanine Class C	10-2-2011	-	-	135,000	135,000	0.00%
Junior Class D	10-2-2011	-	-	120,000	120,000	0.00%
Subordinated Class E	10-2-2011	-	-	15,000	5,783	0.00%

The first call option date of all these debt instruments is 26 April 2016 and the contractual date of maturity is 26 April 2043.

Van Lanschot maintains a beneficial interest in the Citadel entities, and has therefore fully consolidated these entities.

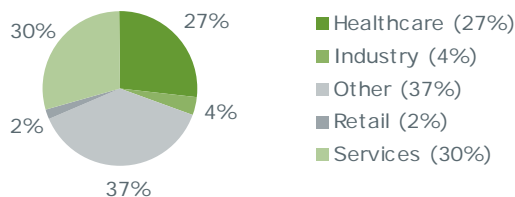
**Mezzanine loans**

Mezzanine loans are typically subordinated loans. In the order of priority of creditors, they rank before the shareholders, but behind all other creditors. Mezzanine loans are often used in leveraged buyouts, in addition to ordinary loans and equity.

**Movements in Mezzanine loans**

	2012
<b>Balance at 1 January</b>	<b>34,707</b>
Redemptions	-8,702
Provisions	-732
New issued loans	15
<b>Balance at 30 June</b>	<b>25,288</b>

The breakdown by sector is as follows:





## 5 Derivatives

	30-6-2012			31-12-2011		
	Asset	Liability	Contract amount	Asset	Liability	Contract amount
<b>Total</b>	<b>285,943</b>	<b>428,534</b>	<b>14,267,996</b>	<b>252,648</b>	<b>379,541</b>	<b>9,533,765</b>
Derivatives used for trading purposes	24,122	35,925	42,650	5,301	7,105	45,042
Derivatives used for hedge accounting purposes	32,956	102,077	1,577,938	26,516	89,791	1,810,090
Other derivatives	228,865	290,532	12,647,408	220,831	282,645	7,678,633

## 6 Investments in associates using the equity method

	30-6-2012	31-12-2011
<b>Total</b>	<b>46,557</b>	<b>43,986</b>
Listed	-	-
Unlisted	46,557	43,986

The movements were as follows:

	2012	2011
<b>Balance at 1 January</b>	<b>43,986</b>	<b>42,044</b>
Purchases and contributions	-	7,164
Sales and repayments	-3,954	-3,341
Income from associates	4,762	4,717
Impairments	-514	-6,755
Other changes	2,188	157
Value adjustments	89	-
<b>Balance at 30 June</b>	<b>46,557</b>	<b>43,986</b>

## 7 Property, plant and equipment

	30-6-2012	31-12-2011
<b>Total</b>	<b>135,826</b>	<b>158,240</b>
Buildings	116,535	135,679
IT, operating software and communication equipment	7,128	8,174
Other assets	11,159	11,949
Work in progress	1,004	2,438

## 8 Goodwill and other intangible assets

	30-6-2012	31-12-2011
<b>Total</b>	<b>305,207</b>	<b>318,672</b>
Goodwill	227,255	230,446
Other intangible assets	77,952	88,226



## 9 Due to banks

	30-6-2012	31-12-2011
<b>Total</b>	<b>1,802,960</b>	<b>398,052</b>
Long Term Refinancing Operation (European Central Bank)	750,000	-
Deposits	40,381	22,138
Settlement claims securities transactions	52,156	12,905
Repo transactions	875,498	285,000
Loans and advances drawn	84,268	77,471
Value adjustments fair value hedge accounting	657	538

## 10 Public and private sector liabilities

	30-6-2012	31-12-2011
<b>Total</b>	<b>11,941,671</b>	<b>13,100,131</b>
Savings	3,679,661	3,863,125
Deposits	4,085,661	4,883,118
Other funds entrusted	4,172,164	4,350,335
Value adjustments fair value hedge accounting	4,185	3,553

## 11 Financial liabilities designated as at fair value through profit or loss

With effect from 2012 Van Lanschot has issued debt securities which are managed on the basis of fair value. As such these debt securities are measured at fair value and classified under this line item.

## 12 Issued debt securities

	30-6-2012	31-12-2011
<b>Total</b>	<b>1,871,302</b>	<b>2,321,837</b>
Bond loans and notes	533,707	560,912
Bank and savings bonds	37	37
Notes within the scope of securitisation transactions	440,793	776,460
Floating rate notes	484,661	572,703
Medium term notes	412,104	411,725

## 13 Provisions

	30-6-2012	31-12-2011
<b>Total</b>	<b>25,846</b>	<b>15,884</b>
Pension provisions (including early retirement)	4,702	4,599
Provision for jubilee benefits scheme	3,082	2,971
Provision for employee rebates	3,734	3,614
Other provisions	14,328	4,700

Other provisions comprises amongst others the provision made for the reorganisation.

## 14 Subordinated loans

	30-6-2012	31-12-2011
<b>Total</b>	<b>139,654</b>	<b>152,764</b>
Certificates of indebtedness	100,000	100,000
Other subordinated loans	39,654	52,764



15 Reserves

Movements in Reserves in the first half of 2012

	Share premium	Revaluation reserve available-for-sale investments			Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total
		equity instruments	debt investments	held for sale				
<b>Balance at 1 January</b>	<b>479,914</b>	<b>26,063</b>	<b>-1,690</b>	<b>-</b>	<b>-1,055</b>	<b>-2,933</b>	<b>937,267</b>	<b>1,437,566</b>
Net change in fair value	-	5,324	12,337	-	-	-979	-	16,682
Realised gains/losses through profit or loss	-	-2,651	-7,656	-	-	1,301	-	-9,006
Net reversal of impairment (to profit or loss)	-	75	-	-	-	-	-	75
Profit appropriation	-	-	-	-	-	-	34,499	34,499
Dividend	-	-	-	-	-	-	-16,366	-16,366
Share and option plans	-	-	-	-	-	-	-1,949	-1,949
Reclassification	-	-6,776	-55	55	-	-	-	-6,776
Other changes	-	-	-	-	271	-	50	321
<b>Balance at 30 June</b>	<b>479,914</b>	<b>22,035</b>	<b>2,936</b>	<b>55</b>	<b>-784</b>	<b>-2,611</b>	<b>953,501</b>	<b>1,455,046</b>
<b>Tax effects</b>	<b>-</b>	<b>-260</b>	<b>-2,752</b>	<b>-</b>	<b>-</b>	<b>-107</b>	<b>-</b>	<b>-3,119</b>



## Selected notes to the consolidated statement of income

€ thousand

### 16 Net interest income

Interest income	H1 2012	H1 2011
<b>Total</b>	<b>496,439</b>	<b>524,374</b>
Interest income on cash equivalents	539	171
Interest income on banks and private sector	349,124	324,930
Other interest income	622	-60
<b>Interest income on items not recognised at fair value</b>	<b>350,285</b>	<b>325,041</b>
Interest income on available-for-sale investments	8,929	13,867
Interest income on financial assets held for trading	11,968	85
Interest income on derivatives	125,257	185,381
<b>Interest expense</b>	<b>H1 2012</b>	<b>H1 2011</b>
<b>Total</b>	<b>370,762</b>	<b>384,178</b>
Interest expense on banks and private sector	198,987	137,045
Interest expense on issued debt securities	32,744	33,484
Interest expense on subordinated loans	3,777	3,824
Other interest expense	-	40
<b>Interest expense on items not recognised at fair value</b>	<b>235,508</b>	<b>174,393</b>
Interest expense on derivatives	135,254	209,785

### 17 Income from securities and associates

	H1 2012	H1 2011
<b>Total</b>	<b>13,622</b>	<b>13,123</b>
Dividend and fees	4,058	8,609
Movements in value of investments at fair value through profit or loss	2,791	-4,045
Gains/losses on sale of available-for-sale equity investments	1,842	1,963
Other gains/losses on sale	-	3,288
Income from associates using the equity method	4,931	3,308

### 18 Net commission income

	H1 2012	H1 2011
<b>Total</b>	<b>105,863</b>	<b>120,935</b>
Securities commission	23,496	35,838
Management commission	57,918	56,876
Cash transactions and funds transfer commission	10,276	11,236
Insurance commission	249	240
Trust commission	757	653
Corporate Finance commission	9,494	11,474
Other commissions	3,673	4,618



**19 Profit on financial transactions**

	H1 2012	H1 2011
<b>Total</b>	<b>18,741</b>	<b>10,621</b>
Profits and losses on securities trading	1,043	1,094
Profits and losses on currency trading	7,259	4,549
Unrealised gains/losses on derivatives under hedge accounting	-2,399	-11,268
Realised/unrealised gains/losses on trading derivatives	-295	133
Realised gains on available-for-sale debt instruments	8,995	2,847
Profits and losses on economic hedges	-17,931	13,266
Profits and losses on financial assets designated as at fair value through profit or loss	22,069	-

**20 Other income**

	H1 2012	H1 2011
<b>Total</b>	<b>8,835</b>	<b>6,327</b>
Sales	75,242	59,029
Cost of sales	-66,407	-52,702

**21 Staff costs**

	H1 2012	H1 2011
<b>Total</b>	<b>121,447</b>	<b>115,171</b>
Salaries and wages	93,487	85,544
Pension costs defined contribution schemes	2,328	2,675
Pension costs defined benefit schemes	10,661	11,146
Other social security costs	10,105	9,434
Share-based payments	618	2,050
Other staff costs	4,248	4,322

**22 Other administrative expenses**

	H1 2012	H1 2011
<b>Total</b>	<b>87,171</b>	<b>80,880</b>
Accommodation expenses	10,761	9,926
Marketing and communication	4,443	4,874
Office expenses	8,087	8,449
IT expenses	37,751	32,457
External auditor	914	825
Consultancy fees	4,696	2,705
Other administrative expenses	20,519	21,644



## 23 Impairments

Impairments represent the balance of the required impairments and the release of such impairments.

	H1 2012	H1 2011
<b>Total</b>	<b>45,328</b>	<b>30,885</b>
Loans and advances to the private sector	40,004	27,355
Available-for-sale investments	868	581
Other financial assets and associates	514	2,949
Property, plant and equipment	2,104	-
Goodwill and intangible assets	1,838	-

The line item *Loans and advances to the private sector* represents required additions to the loan loss provision.

The line item *Available-for-sale investments* comprises the required impairments resulting from the fact that the fair value of the investments concerned is significantly or permanently below cost, as laid down in the relevant policy.

The line item *Other financial assets and associates* concerns the required impairments of associates using the equity method.

The line item *Property, plant and equipment* comprises the required impairments resulting from the fact that the expected net realisable value of a number of decommissioned office buildings and property acquired through foreclosures is below the carrying value.

The impairments on the line item *Goodwill and intangible assets* concerns the unrealised goodwill of the non-strategic investments.

## 24 Discontinued operations

This item includes the results of operations designated as held for sale in 2012 or 2011.

	H1 2012	H1 2011
<b>Total</b>	<b>-964</b>	<b>3,132</b>
Income from operating activities	1,977	3,183
Total expenses	2,910	2,891
<b>Operating profit before tax</b>	<b>-933</b>	<b>292</b>
Income tax	31	19
<b>Net profit</b>	<b>-964</b>	<b>273</b>
<b>Changes in fair value</b>	<b>-</b>	<b>2,859</b>



## Additional notes

€ thousand

### 25 Earnings per ordinary share

	H1 2012	H1 2011
Net profit	5,650	42,827
Interest on equity instruments issued by subsidiaries (perpetual loans)	-557	-4,679
Minority interests	-653	-746
<b>Profit attributable to shareholders of Van Lanschot NV</b>	<b>4,440</b>	<b>37,402</b>
Weighted average number of ordinary shares outstanding	40,864,935	40,865,239
<b>Earnings per ordinary share (€)</b>	<b>0.11</b>	<b>0.92</b>

### 26 Diluted earnings per ordinary share

	H1 2012	H1 2011
<b>Profit attributable to shareholders of Van Lanschot NV</b>	<b>4,440</b>	<b>37,402</b>
Weighted average number of ordinary shares outstanding	40,864,935	40,865,239
Potential ordinary shares	70,327	135,330
<b>Weighted average number of ordinary shares outstanding fully diluted</b>	<b>40,935,262</b>	<b>41,000,569</b>
<b>Diluted earnings per ordinary share (€)</b>	<b>0.11</b>	<b>0.91</b>

### 27 Earnings per ordinary share from continuing operations

	H1 2012	H1 2011
Net profit from continuing operations	6,614	39,695
Interest on equity instruments issued by subsidiaries (perpetual loans)	-557	-4,679
Minority interests	-653	-746
<b>Profit attributable to shareholders of Van Lanschot NV</b>	<b>5,404</b>	<b>34,270</b>
Weighted average number of ordinary shares outstanding	40,864,935	40,865,239
<b>Earnings per ordinary share (€)</b>	<b>0.13</b>	<b>0.84</b>

### 28 Diluted earnings per ordinary share from continuing operations

	H1 2012	H1 2011
<b>Profit attributable to shareholders of Van Lanschot NV</b>	<b>5,404</b>	<b>34,270</b>
Weighted average number of ordinary shares outstanding	40,864,935	40,865,239
Potential ordinary shares	70,327	135,330
<b>Weighted average number of ordinary shares outstanding fully diluted</b>	<b>40,935,262</b>	<b>41,000,569</b>
<b>Diluted earnings per ordinary share (€)</b>	<b>0.13</b>	<b>0.84</b>



29 Related parties

	H1 2012			
	Income	Expenses	Amounts receivable	Amounts payable
<i>Parties with a shareholding in Van Lanschot of at least 5%</i>				
Stichting Administratiekantoor van gewone aandelen A Van Lanschot	-	-	-	3
Delta Lloyd	-	-	-	-
Rabobank	17,255	19,907	117,722	283,968
Stichting Pensioenfonds ABP	-	-	-	-
LDDM Holding	-	-	-	5
Stichting Friesland Boppe	-	-	-	-
SNS Reaal	-	-	-	8
<i>Associates</i>				
Ducatus	-	-	-	-
MIP Kempen	-	-	-	-
<i>Shareholdings in which Van Lanschot is a participant</i>				
Credit Yard	307	-	16,957	315
DBS Business Solutions	-	-	-	481
DORC	-	-	-	-
Exploitiemaatschappij Riemersma	241	1,143	17,272	123
Gerco	-	-	-	-
Heijmans	18	2	-	1,957
Instituut voor Ziekenhuis Financiering	-	-	-	-
Main Actuera	90	-	-	20
Main Entertainment BV	-	-	-	-
Movares	-	1	-	673
Newion	-	-	-	-
Tecnotion	-	-	-	-
Van Lanschot Chabot	-	14	8	1,992

	H1 2011			
	Income	Expenses	Amounts receivable	Amounts payable
<i>Parties with a shareholding in Van Lanschot of at least 5%</i>				
Stichting Administratiekantoor van gewone aandelen A Van Lanschot	-	-	-	15
Delta Lloyd	-	-	-	-
Friesland Bank	-	-	-	-
Stichting Pensioenfonds ABP	-	59	-	1,873
LDDM Holding	-	-	-	139
SNS Reaal	-	-	-	-
<i>Associates</i>				
Ducatus	-	-	-	-
MIP Kempen	-	-	-	-
<i>Shareholdings in which Van Lanschot is a participant</i>				
Credit Yard	642	-	11,931	5
DBS Business Solutions	-	3	-	715
DORC	-	-	-	-
BV Exploitiemaatschappij Riemersma	328	1	18,487	-
Gerco	-	-	-	-
Heijmans	116	3	4,376	1,815
Instituut voor Ziekenhuis Financiering	-	-	-	-
Main Actuera	31	2	1,917	3
Main Entertainment BV	-	-	-	-
Newion	-	-	-	-
Tecnotion	-	-	-	-
Van Lanschot Chabot	-	13	-	1,448



## Segment information

The segmentation basis is determined based on operating segments since Van Lanschot's risks and rates of return are affected predominantly by differences in the products and services produced. Van Lanschot's activities are divided into four operating segments. Intra-segment transactions are conducted based on commercial conditions and market circumstances (at arm's length).

- **Private & Business Banking** Van Lanschot offers high-income or high net-worth private individuals a broad range of products in the private banking market. Van Lanschot mainly focuses on medium-sized businesses in the corporate market, with a special interest in family businesses. A spin-off to private banking activities is crucial in this respect.
- **Asset Management** The asset management services focus on high net-worth private individuals, institutions and the in-house funds.
- **Corporate Finance and Securities** The activities in the field of Corporate Finance & Securities focus on a specific target group. This often concerns separate assignments for which one-off fees and commissions are received.
- **Other activities** This comprises the other activities in the field of interest rate, market and liquidity risk management and income and/or expenses that cannot be allocated to other segments.

Operating segments	H1 2012				
	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other activities	Total
€ million					
<b>Statement of income</b>					
Interest income	432.7	-	1.7	62.0	496.4
Interest expense	268.0	-	0.5	102.2	370.7
<b>Net interest income</b>	<b>164.7</b>	<b>-</b>	<b>1.2</b>	<b>-40.2</b>	<b>125.7</b>
<b>Income from securities and associates</b>	<b>-0.1</b>	<b>-</b>	<b>-</b>	<b>13.7</b>	<b>13.6</b>
Commission income	62.2	25.8	19.6	1.0	108.6
Commission expense	2.0	-	0.7	0.1	2.8
<b>Net commission income</b>	<b>60.2</b>	<b>25.8</b>	<b>18.9</b>	<b>0.9</b>	<b>105.8</b>
Profit on financial transactions	6.3	-	-0.8	13.2	18.7
Other income	-	-	-	8.8	8.8
<b>Total income from operating activities</b>	<b>231.1</b>	<b>25.8</b>	<b>19.3</b>	<b>-3.6</b>	<b>272.6</b>
Of which income from other segments	6.8	-3.5	2.4	-5.7	-
Staff costs	79.1	13.3	11.6	17.4	121.4
Other administrative expenses	69.3	4.8	4.1	8.9	87.1
Depreciation and amortisation	11.8	1.7	2.8	-2.9	13.4
Impairments	42.7	-	0.1	2.5	45.3
<b>Total expenses</b>	<b>202.9</b>	<b>19.8</b>	<b>18.6</b>	<b>25.9</b>	<b>267.2</b>
<b>Operating profit before tax</b>	<b>28.2</b>	<b>6.0</b>	<b>0.7</b>	<b>-29.5</b>	<b>5.4</b>
Income tax	7.3	2.2	-	-10.8	-1.3
<b>Net profit from continuing operations</b>	<b>20.9</b>	<b>3.8</b>	<b>0.7</b>	<b>-18.7</b>	<b>6.7</b>
Discontinued operations	-1.0	-	-	-	-1.0
<b>Net profit</b>	<b>19.9</b>	<b>3.8</b>	<b>0.7</b>	<b>-18.7</b>	<b>5.7</b>
Efficiency ratio (%)	69%	77%	96%	-650%	81%
Staff (number of FTEs)	1,441.7	196.1	186.5	227.5	2,051.8
<b>Statement of financial position</b>					
Total assets	14,403	174	409	3,476	18,462
Of which investments using the equity method	-	-	-	47	47
Total liabilities	12,676	229	131	3,877	16,913
Investments	5.9	-	-	1.4	7.3



Operating segments					H2 2011
	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other activities	Total
€ million					
<b>Statement of income</b>					
Interest income	496.2	-	1.7	57.9	555.8
Interest expense	314.2	-	-	104.9	419.1
<b>Net interest income</b>	<b>182.0</b>	<b>-</b>	<b>1.7</b>	<b>-47.0</b>	<b>136.7</b>
<b>Income from securities and associates</b>	<b>1.2</b>	<b>-</b>	<b>-0.6</b>	<b>-2.7</b>	<b>-2.1</b>
Commission income	62.7	24.1	23.5	-1.3	109.0
Commission expense	3.9	-0.4	0.9	0.2	4.6
<b>Net commission income</b>	<b>58.8</b>	<b>24.5</b>	<b>22.6</b>	<b>-1.5</b>	<b>104.4</b>
Profit on financial transactions	6.5	-0.1	-3.7	2.8	5.5
Other income	-	-	-	9.7	9.7
<b>Total income from operating activities</b>	<b>248.5</b>	<b>24.4</b>	<b>20.0</b>	<b>-38.7</b>	<b>254.2</b>
Of which income from other segments	11.5	-8.9	2.8	-5.4	-
Staff costs	75.0	12.3	11.9	6.7	105.9
Other administrative expenses	71.8	4.7	4.5	1.4	82.4
Depreciation and amortisation	14.0	0.8	2.9	0.5	18.2
Impairments	40.1	-	0.8	7.5	48.4
<b>Total expenses</b>	<b>200.9</b>	<b>17.8</b>	<b>20.1</b>	<b>16.1</b>	<b>254.9</b>
<b>Operating profit before tax</b>	<b>47.6</b>	<b>6.6</b>	<b>-0.1</b>	<b>-54.8</b>	<b>-0.7</b>
Income tax	11.6	2.9	1.1	-16.1	-0.5
<b>Net profit from continuing operations</b>	<b>36.0</b>	<b>3.7</b>	<b>-1.2</b>	<b>-38.7</b>	<b>-0.2</b>
Discontinued operations	0.5	-	-	-	0.5
<b>Net profit</b>	<b>36.5</b>	<b>3.7</b>	<b>-1.2</b>	<b>-38.7</b>	<b>0.3</b>
Efficiency ratio (%)	65%	73%	97%	-22%	81%
Staff (number of FTEs)	1,547.3	198.0	191.1	234.0	2,170.4
<b>Statement of financial position</b>					
Total assets	14,764	90	411	3,189	18,454
Of which investments using the equity method	-	-	-	44	44
Total liabilities	14,152	118	126	2,493	16,888
Investments	7.4	-	-	7.0	14.4



Operating segments					H1 2011
	Private & Business Banking	Asset Management	Corporate Finance & Securities	Other activities	Total
€ million					
<b>Statement of income</b>					
Interest income	481.1	-	1.6	41.7	524.4
Interest expense	295.6	-	-	88.6	384.2
<b>Net interest income</b>	<b>185.5</b>	<b>-</b>	<b>1.6</b>	<b>-46.9</b>	<b>140.2</b>
<b>Income from securities and associates</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>13.0</b>	<b>13.1</b>
Commission income	70.9	25.2	25.4	1.4	122.9
Commission expense	1.2	-	0.7	-	1.9
<b>Net commission income</b>	<b>69.7</b>	<b>25.2</b>	<b>24.7</b>	<b>1.4</b>	<b>121.0</b>
Profit on financial transactions	3.5	-	0.2	6.9	10.6
Other income	-	-	-	6.3	6.3
<b>Total income from operating activities</b>	<b>258.8</b>	<b>25.2</b>	<b>26.5</b>	<b>-19.3</b>	<b>291.2</b>
Of which income from other segments	6.8	-2.6	3.0	-7.2	-
Staff costs	82.5	13.2	14.1	5.4	115.2
Other administrative expenses	65.7	4.8	5.5	4.9	80.9
Depreciation and amortisation	11.0	3.8	3.0	0.2	18.0
Impairments	27.4	-	0.4	3.1	30.9
<b>Total expenses</b>	<b>186.6</b>	<b>21.8</b>	<b>23.0</b>	<b>13.6</b>	<b>245.0</b>
<b>Operating profit before tax</b>	<b>72.2</b>	<b>3.4</b>	<b>3.5</b>	<b>-32.9</b>	<b>46.2</b>
Income tax	16.0	0.5	-0.2	-9.8	6.5
<b>Net profit from continuing operations</b>	<b>56.2</b>	<b>2.9</b>	<b>3.7</b>	<b>-23.1</b>	<b>39.7</b>
Discontinued operations	0.3	-	-	2.8	3.1
<b>Net profit</b>	<b>56.5</b>	<b>2.9</b>	<b>3.7</b>	<b>-20.3</b>	<b>42.8</b>
Efficiency ratio (%)	62%	87%	85%	-54%	74%
Staff (number of FTEs)	1,545.6	193.2	195.2	217.6	2,151.6
<b>Statement of financial position</b>					
Total assets	15,664	157	512	2,953	19,286
Of which investments using the equity method	-	-	-	41	41
Total liabilities	14,939	246	239	2,075	17,499
Investments	4.8	0.1	0.5	2.2	7.6