



Van Lanschot

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PRESS RELEASE

Van Lanschot: 2012 annual results

- **Underlying profit of € 2.0 million in difficult market conditions**
- **Previously announced impairment on goodwill (€ 121.7 million net, non-cash) and non-recurring charges (€ 35.7 million net) lead to negative net result of € 155.4 million**
- **Client assets up at € 52.3 billion (+5%)**
- **Undiminished solid profile: Core Tier I ratio 11.0%; funding ratio 84.4%; leverage ratio 7.5%**
- **Investment and cost reduction programme on track**
- **The bank is undertaking a strategic review; more details will be presented in May at the latest**

Karl Guha, CEO of Van Lanschot: "The poor economic climate in 2012 had a major impact on the entire sector. Notwithstanding these headwinds, Van Lanschot managed to achieve an underlying profit for 2012 and saw a further increase in client assets. We had, and still have, strong capital, funding and liquidity positions.

Van Lanschot has taken a number of key measures to maintain its solid position and to ensure the bank remains profitable in future. The investment and cost reduction programme has already started to deliver, and we have invested in improving services for clients. The loan portfolio underwent a thorough review, with the necessary provisions being formed, in keeping with our prudent strategy.

Given the prevailing climate, the positive result underlines the strength and earning capacity of the company. However, we are not satisfied with the current profitability. We are therefore undertaking a strategic review aimed at supporting our ambition of positioning Van Lanschot as a strong, independent private bank. We expect to inform the market about this no later than in May.

Political, financial and economic developments in Europe will continue to drive market developments in 2013. For this reason we expect another challenging year ahead. During the first months of this year we have seen a few signs of a cautious recovery, which have led to a higher level of investment activity among Van Lanschot clients.

Finally, I would like to thank my predecessor Floris Deckers, who led Van Lanschot with great wisdom during the past nine years."



2012 HIGHLIGHTS

The interest margin declined owing to a combination of low market rates of interest and relatively high savings rates. Given the poorly performing property market, the bank decided to conduct a thorough review of its loan portfolio, which led to an increase in the loan loss provision. Van Lanschot reports an underlying profit of € 2.0 million. The negative net result of € 155.4 million reflects the previously announced impairment on goodwill, non-recurring charges and the challenging market conditions. In view of the negative net result, no dividend will be distributed for 2012.

Total client assets were up 5% at € 52.3 billion, thanks largely to the robust performance of the bank's asset management products and the inflow of institutional assets under discretionary management at Kempen. Total securities commission remained stable, despite the fact that clients were risk-averse in their investment behaviour.

Van Lanschot continued to prioritise maintaining and reinforcing its capital and liquidity positions above profit maximisation in 2012. The bank's solid profile is reflected in its strong balance sheet and robust Core Tier I ratio of 11.0%.

The investment and cost reduction programme announced in early 2012 is on schedule. Investments in services in 2012 led to the introduction of an online investment advice proposition and execution-only investment services, among other things. Cost savings during the year under review were also on target, and the workforce was reduced by 147 FTEs (7%).

RESULTS FOR 2012

- Income from operating activities at € 524.5 million (2011: € 539.2 million)
- Interest income down to € 235.7 million; interest margin at 1.29% (2011: 1.44%) under pressure due to sharp drop in market rates of interest in combination with relatively high rates on customer savings and deposits
- Commission income at € 216.8 million (2011: € 230.5 million); transaction commission and management fees relatively stable compared with 2011 at € 167.0 million; recurring commission¹ make up 75% of total securities commission (2011: 72%)
- Total expenses down 1% at € 408.7 million (€ 412.3 million).
- Higher addition to loan loss provision at € 115.2 million (2011: € 64.3 million)
- Underlying net profit € 2.0 million
- Non-recurring charges of € 44.7 million relate to the investment and cost reduction programme
- Other impairments mainly concern impairment on goodwill and intangibles of € 126.6 million
- Net result after non-recurring charges and other impairments € 155.4 million negative (2011: net profit of € 43.1 million);
- Earnings per share € 3.87 negative (2011: € 0.84)

CAPITAL, FUNDING AND LIQUIDITY POSITIONS REMAIN SOLID

- Strong capital position: Core Tier I ratio 11.0% at 31 December 2012 (year-end 2011: 10.9%)
- Low risk profile: leverage ratio² at 7.5% (year-end 2011: 8.2%)
- No exposure to Europe's peripheral countries
- High funding ratio of 84.4% at 31 December 2012 (year-end 2011: 91.8%) reflecting that the loan book is largely financed by customer savings and deposits, the bank's traditional funding source
- Highly diversified funding profile: the bank has regular access to the wholesale funding market, including two successful emissions of unsecured bonds for CHF 250 million and € 500 million
- Deleveraging and de-risking behaviour of clients reflected in 6% decline in loan portfolio to € 13.5 billion and 13% decrease in savings and deposits to € 11.4 billion
- Basel III ratios above the minimum requirements: pro forma Liquidity Coverage Ratio (LCR) >100%, pro forma Net Stable Funding Ratio (NSFR) >100%, pro forma leverage ratio >3%

¹ Recurring commission comprise management fees, portfolio commission and custody fees

² Leverage ratio is the ratio of equity attributable to shareholders to total assets



CLIENT ASSETS

Total client assets (assets under management and funds entrusted) were up 5% at € 52.3 billion, while at the same time showing a change in asset mix. A strong inflow at institutional asset management was offset by a reduction of client assets of private and business clients. This decline can mostly be attributed to active repricing of savings and deposits and clients using assets for deleveraging purposes. Assets under management were up 11% at € 40.9 billion. Most of this increase was due to the robust performance of the bank's asset management products and a positive market performance. Clients continue to opt for the benefits of discretionary asset management; 36% of total assets under management of Private & Business Banking clients at 31 December 2012 comprised assets under discretionary management (year-end 2011: 33%).

<i>(x € billion)</i>			
	31-12-2012	31-12-2011	
Client assets	52.3	49.8	5%
Assets under management	40.9	36.7	11%
Savings and deposits	11.4	13.1	-13%
Assets under management	40.9	36.7	11%
Private & Business Banking	18.7	19.0	-2%
- of which net inflow of new money	-1.9		
Asset Management	22.2	17.7	25%
- of which net inflow of new money	2.3		

INVESTMENTS IN QUALITY AND SIGNIFICANT COST SAVINGS

Within the scope of the investment and cost reduction programme, the following concrete measures were implemented in 2012:

- new regional structure for Private & Business Banking, with a reduction in the number of branches to 21 and the opening of the first client reception location
- concentration of banking and investment knowledge in teams focusing on specific market regions
- centralisation of international private banking activities in Switzerland and the closing of the branches in Luxembourg and Curacao
- integration of Van Lanschot's investment department into Kempen Capital Management
- introduction of online execution only and advisory services (Zelf Beleggen and VIPinvest Advies)
- outsourcing of payment services to Equens

Of the planned total reduction of 300 FTEs (15%) in the period through 2014, the headcount was reduced by 147 FTEs in the year under review, from 2,009 FTEs to 1,862 FTEs (down 7%) at 31 December 2012. Salary costs were down € 8.2 million in 2012 thanks to this programme. Accelerated investments in systems and processes resulted in additional IT expenses of € 13.1 million in 2012. These investments will bring greater efficiency, a reduction in headcount and costs and a further improvement of client services.

With the successful execution of the investment and cost reduction programme, the bank seeks to lower its cost level to about € 380 million in 2015 (operating expenses exclusive of non-strategic investments).



CORPORATE RESPONSIBILITY

Van Lanschot focused its corporate responsibility efforts in the year under review on achieving the previously defined KPIs. This resulted, among other things, in an increase in the percentage of 'assets under screening' from 39% to 48%, a higher client satisfaction score and better rankings in various external sustainability and other benchmarks. In addition, the bank's published carbon footprint reflects the reduction in its environmental impact in 2012. Both the carbon footprint and the full Sustainability Report have been verified by the external auditor for the first time in the year under review.

IMPACT OF IAS 19R

On 1 January 2013, the revised IAS 19R on employee benefits came into effect. The impact of this new accounting standard on the capital ratios depends on the interest rate and will lead to higher volatility in the Core Tier I ratio in the future. The initial impact at 1 January 2013 of IAS 19R on Van Lanschot's Core Tier I ratio would be 79 basis points negative. It is currently unclear whether the regulator will apply a transitional period for this initial impact.



KEY DATA

<i>(x € million)</i>					
	2012	2011		H2 2012	H1 2012
Statement of income					
Income from operating activities	524.5	539.2	-3%	258.4	266.1
Operating expenses	408.7	412.3	-1%	203.0	205.7
Gross result before non-recurring charges	115.8	126.9	-9%	55.4	60.4
Non-recurring charges	44.7	-	-	32.8	11.9
Impairments	235.4	78.3	-	190.5	44.9
Operating result before tax	-164.3	48.6	-	-167.9	3.6
Net result	-155.4	43.1	-	-161.1	5.7
Underlying net profit	2.0	43.1	-95%	-14.0	16.0
Efficiency ratio excluding non-recurring charges (%)	77.9	76.5	-	78.6	77.3
<i>(x € million)</i>					
	31-12-2012	31-12-2011		30-06-2012	
Balance sheet and capital management					
Equity attributable to shareholders	1,353	1,507	-10%	1,498	
Equity attributable to minority interests	53	59	-10%	51	
Savings and deposits	11,369	13,100	-13%	11,942	
Loans and advances to customers	13,464	14,270	-6%	13,994	
Total assets	17,988	18,454	-3%	18,462	
Funding ratio (%)	84.4	91.8	-	85.3	
Risk-weighted assets	10,535	11,000	-4%	11,050	
Core Tier I ratio (%)	11.0	10.9	-	11.0	
Tier I ratio (%)	11.0	10.9	-	11.0	
BIS total capital ratio (%)	11.9	11.9	-	12.1	
Leverage ratio ³ (%)	7.5	8.2	-	8.1	
<i>(x € billion)</i>					
	31-12-2012	31-12-2011		30-06-2012	
Client assets					
Client assets	52.3	49.8	5%	49.4	
- Assets under management	40.9	36.7	11%	37.5	
- Savings and deposits	11.4	13.1	-13%	11.9	
Assets under management	40.9	36.7	11%	37.5	
- Discretionary	29.0	24.3	19%	25.2	
- Non-discretionary	11.9	12.4	-4%	12.3	
<i>(x € billion)</i>					
	31-12-2012	31-12-2011		30-06-2012	
Key figures					
Weighted average number of outstanding ordinary shares (x 1,000)	40,883	40,870		40,865	
Earnings per share based on average number of ordinary shares (€)	-3.87	0.84		0.11	
Return on average Core Tier I capital ⁴ (%)	-13.4	3.0		0.7	
Number of staff (FTEs) ⁵	1,862	2,009		1,908	

³ Leverage ratio is the ratio of equity attributable to shareholders to total assets

⁴ Annualised on the basis of half-year data

⁵ The number of FTEs at year-end 2012 inclusive of non-strategic investments was 2,010 (year-end 2011: 2,171 FTEs)



RESULTS

(x € million)

	2012	2011		H2 2012	H1 2012
Interest	235.7	281.0	-16%	109.2	126.5
Income from securities and associates	21.1	11.4	85%	7.5	13.6
Commission	216.8	230.5	-6%	109.7	107.1
Profit on financial transactions	50.9	16.3	-	32.0	18.9
Income from operating activities	524.5	539.2	-3%	258.4	266.1
Staff costs	218.5	216.7	1%	110.4	108.1
Other administrative expenses	157.6	159.0	-1%	76.6	81.0
Depreciation and amortisation	32.6	36.6	-11%	16.0	16.6
Operating expenses	408.7	412.3	-1%	203.0	205.7
Gross result before non-recurring charges	115.8	126.9	-9%	55.4	60.4
Non-recurring charges	44.7	-	-	32.8	11.9
Gross result after non-recurring charges	71.1	126.9	-44%	22.6	48.5
Addition to loan loss provision	115.2	64.3	79%	73.3	41.9
Other impairments	120.2	14.0	-	117.2	3.0
Impairments	235.4	78.3	-	190.5	44.9
Operating result before tax	-164.3	48.6	-	-167.9	3.6
Operating result before tax of non-strategic investments⁶	-11.9	-2.1	-	-12.8	0.9
Income tax	-20.8	6.2	-	-19.6	-1.2
Net result from continuing operations	-155.4	40.3	-	-161.1	5.7
Discontinued operations	-	2.8	-	-	-
Net result	-155.4	43.1	-	-161.1	5.7
Underlying net profit excluding non-recurring charges	2.0	43.1	-	-14.0	16.0

(x € million)

	2012	2011		H2 2012	H1 2012
Underlying net profit excluding non-recurring charges	2.0	43.1	-95%	-14.0	16.0
Non-recurring charges	-44.7	-	-	-32.8	-11.9
Impairment on goodwill and intangible assets	-126.6	-	-	-126.6	-
Tax effect	13.9	-	-	12.3	1.6
Net result	-155.4	43.1	-	-161.1	5.7

⁶ Since 2009, a number of non-strategic investments have been included in the consolidated figures of Van Lanschot. 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.



ADDITIONAL INFORMATION

For additional information, please visit www.vanlanschot.nl/aboutvanlanschot.

FINANCIAL REPORT

For a detailed explanation of the results and balance sheet of Van Lanschot NV, reference is made to the financial report on the 2012 results at www.vanlanschot.nl/results2012.

KEY DATES 2013

Publication of 2012 annual report	2 April
Publication of trading update first quarter of 2013	14 May
Annual General Meeting of Shareholders	14 May
Publication of 2013 half-year results	13 August
Publication of trading update third quarter of 2013	8 November

's-Hertogenbosch, 8 March 2013

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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, entrepreneurs 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 or income 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 document have not been audited.