Van Lanschot

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PRESS RELEASE

Van Lanschot: investment and cost reduction programme on track; profit recovery held back by higher loan loss provisions

- **Van Lanschot's solid profile remains strong:**
  - **Core Tier I ratio at 11.0% (year-end 2011: 10.9%)**
  - **Funding ratio at 85.3% (year-end 2011: 91.8%)**

- **Underlying net profit at € 16.0 million**

- **Assets under management up 2% to € 37.5 billion (year-end 2011: € 36.7 billion)**

- **Operating expenses down 3%; expenses excluding non-strategic investments € 204.3 million; investment and cost reduction programme on track:**
  - **Net decrease of 101 FTEs in H1 2012**
  - **Well on course to reducing the cost base to around € 380 million**

Constant Korthout, Chief Financial and Risk Officer of Van Lanschot: “We have for a number of years now consciously focused on the new international capital and liquidity requirements of Basel III and, as a result, Van Lanschot already complies with the requirements that will come into effect in 2018. The current Core Tier 1 ratio of 11.0% puts Van Lanschot at the top end of the market. A high funding ratio of 85.3% means that our reliance on the capital market remains limited; Van Lanschot is largely funded by customer savings and deposits. However, this ample liquidity and funding position has a downside, in that the bank is affected more severely by the ongoing competition on the savings market, which has an adverse effect on the interest margin.

The deteriorating economic climate led to an increase in loan loss provisions during the first six months of the year. Two large items had a significant impact on the level of the provision. The increase in loan loss provisions was largely the result of additions to existing provisions. In the absence of an economic recovery, the loan loss provisions will remain at elevated levels.

The positive momentum on the stock markets in the first quarter of 2012 was overshadowed by the escalation of the euro crisis in the second quarter. Thanks to positive market performance, assets under management rose to € 37.5 billion in the first half of 2012. The investments made in Kempen's asset management business bore fruit. New mandates worth € 1.8 billion have been signed, including one with the Pension Fund for the Dutch Butchers Industry, and these mandates will take effect in the second half of this year.

Difficult financial markets and the resulting caution among clients to invest impacted the bank's earnings. Although the underlying net profit of € 16.0 million is substantially higher than the € 0.3 million reported for the second half of 2011, it has not yet returned to the level seen in the first half of last year (€ 42.8 million).

The initial impact of the cost reduction programme can be seen in a decline in operating expenses. This programme is on schedule, thanks in part to staff cuts by over 100 FTEs in the first half of the year, the mergers of a number of branch offices and departments, and the start that was made on concentrating the international private banking activities in Switzerland. The new securities system has gone live and new elements of our online services will be made available to clients in the near future. Furthermore, the roll-out of our wealth planning approach, in which clear wealth objectives are linked to state-of-the-art scenario analyses, has led to a notable increase in customer satisfaction. All of the bank's investment propositions produced positive results in the past half year, and are outperforming the benchmark over the long term.”

Van Lanschot

SOLID BALANCE SHEET WITH A LOW RISK PROFILE

- Strong capital position: Core Tier I ratio up to 11.0% at 30 June 2012 (year-end 2011: 10.9%)
- Solid balance sheet: leverage ratio according to current definition[1] at 8.1% (year-end 2011: 8.2%)
- Loan losses on mortgages remain low
- Small property loan portfolio: property loans relate mostly to small-scale buildings owned by director-owners and family businesses; very limited exposure to property development
- No exposure to Europe's peripheral countries
- Single A- (stable outlook) credit rating from both Standard & Poor's and Fitch Ratings, a rating that has been confirmed repeatedly since 2009

FUNDING AND LIQUIDITY POSITION REMAINS STRONG

- High funding ratio of 85.3% at 30 June 2012 (year-end 2011: 91.8%) shows that lending is financed largely from customer savings and deposits
- Van Lanschot is a price follower on the savings market: savings accounts and deposits down 9% to € 11.9 billion; limited impact on funding ratio owing to structural repayments by private clients: 2% reduction in loan portfolio
- Further diversification of funding profile: additional long-term market funding raised in H1 2012 in the form of a seven-year retail note (€ 125 million); in July 2012, RMBS notes worth € 140 million were placed with institutional investors by means of a private placement
- Van Lanschot already complies with published Basel III requirements: pro forma Liquidity Coverage Ratio (LCR) at 162.2% (minimum requirement: 100%), pro forma Net Stable Funding Ratio (NSFR) at 104.2% (minimum requirement: 100%), pro forma leverage ratio at 5.3% (minimum requirement: 3%)

GROWTH IN ASSETS UNDER MANAGEMENT

- Total assets under management up 2% to € 37.5 billion (year-end 2011: € 36.7 billion), comprising a net outflow of € 0.6 billion and positive market performance of € 1.4 billion
- Further rise in discretionary mandates: at 30 June 2012, 35% of total assets under management for Private & Business Banking clients comprised assets under discretionary management (year-end 2011: 33%)
- Total client assets (assets under management plus funds entrusted by clients) more or less unchanged at € 49.4 billion (year-end 2011: € 49.8 billion)

PROFIT RECOVERY HELD BACK BY HIGHER LOAN LOSS PROVISIONS[2]

- Income from operating activities at € 272.7 million (H1 2011: € 294.4 million; H2 2011: € 258.0 million); income excluding the non-strategic investments € 264.4 million
- Volatility in bond portfolio (Dutch government bonds) had a marginal impact on results in H1 2012
- Interest income down to € 126.2 million; interest margin at 1.36% (H1 2011: 1.43%; H2 2011: 1.46%)
- The margin on the ring-fenced investment portfolio worth € 750 million, created following participation in the LTRO, amounts to 86 basis points on an annual basis
- Commission income at € 105.9 million; increase in transaction commission and management fees compared with H2 2011; management fees[3] account for 76% of total securities commission (2011: 72%)
- Expenses at € 211.3 million, down 3% compared to H1 2011; expenses excluding the non-strategic investments € 204.3 million
- Non-recurring charges of € 11.9 million relate to the investment and cost reduction programme, and include gains on the sale of a number of office buildings
- Addition to loan loss provision rises to € 41.8 million; the addition consists mainly of increases to existing provisions for corporate clients
- Underlying net profit at € 16.0 million (H1 2011: € 42.8 million; H2 2011: € 0.3 million); net profit after non-recurring charges at € 5.7 million

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[1] Leverage ratio is the ratio of equity attributable to shareholders to total assets

[2] The income and operating expenses of the operations in Curacao and the trust business in the Netherlands, Curacao and Jersey, which have been sold, have been classified as discontinued operations. The comparative figures for 2011 have not been restated.

[3] Recurring commission comprises management fees, portfolio commission, custody fees and performance fees

INVESTMENTS IN QUALITY AND SIGNIFICANT COST SAVINGS

The investment and cost reduction programme is on track, and the bank is well on course to reduce its cost base to around € 380 million by 2015.

The followings steps, among others, were taken in the first half of 2012:

- Regionalisation of Private & Business Banking: five branches were combined with other branches in the same region, and the number of investment advisory teams and business banking units was scaled back.
- Van Lanschot's investment department was integrated with Kempen Capital Management in order to achieve synergy benefits and further improvements in quality.
- 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 were sold to United Bank & Trust (this is still subject to the approval of the supervisory authorities.

Of the envisaged staff cuts in the period up to and including 2014 (total of 300 FTEs), a reduction of 101 FTEs was achieved in the first half of 2012, dropping the total number of FTEs down from 2,009 to 1,908 at 30 June 2012. The impact on staff costs will start to become visible in the second half of the year.

With regard to IT and automation, we are making further investments and efficiency improvements, which include merging the securities platform at Kempen, outsourcing payment services to Equens, and a new securities system which is already live. In view of these changes, with effect from 1 January 2013 Van Lanschot will take on various previously outsourced IT tasks. This will lead to an increase of 70 to 80 FTEs.

ASSETS UNDER MANAGEMENT

Total assets under management increased 2%, from € 36.7 billion to € 37.5 billion. This € 0.8 billion rise was made up of a net outflow of € 0.6 billion and a positive market performance of € 1.4 billion.

(x € billion)	30-6-2012	31-12-2011	%
Assets under management	**37.5**	**36.7**	**2**
Assets under discretionary management	25.2	24.3	4
Assets under non-discretionary management	12.3	12.4	-1
Assets under management	**37.5**	**36.7**	**2**
Private & Business Banking	18.9	19.0	-1
- of which net inflow of new money	-0.7		
Asset Management	18.6	17.7	5
- of which net inflow of new money	0.1		

Although the positive mood on the stock markets in the first quarter of 2012 boosted investment activities, the escalation of the euro crisis in the second quarter led to a partial reversal of this initially positive momentum. In market conditions such as these, some clients consciously choose to pull out of investments. This, in combination with the debt repayment trend seen among many private individuals, has led to a net outflow of assets.

The outflow at Private & Business Banking related mainly to assets under non-discretionary management. Discretionary asset management now makes up 35% of total assets under management for Private & Business Banking (2011: 33%). There was a limited net inflow at Asset Management.

CORPORATE RESPONSIBILITY

The steps the bank has taken in the field of Corporate Responsibility (CR) have produced clear results. The responsible lending policy that has been introduced demonstrates that Van Lanschot has no involvement in human rights violations, child labour, controversial weapons or the like. In the area of responsible investing, the bank follows a strategy of engagement that leads to close dialogues with funds and fund managers about potential issues. In June, Van Lanschot was awarded a Forum Ethibel certificate, confirming that Van Lanschot has a responsible banking policy in place and that it adheres to it in practice. Van Lanschot is also working on setting up a Charity Desk to provide a better service to clients in this area. In addition, Van Lanschot recently made a detailed analysis of its own carbon footprint; the bank will continue to manage its relatively limited level of carbon emissions.

OUTLOOK

The market outlook for the financial sector remains challenging. The earnings model of financial institutions is under pressure due in part to the increase in regulations. As previously announced, the bank expects the transition to F-IRB to negatively hit the capital ratios in the second half of 2012. The capital ratios will in addition be impacted in the future by the implementation of the revised accounting standard on employee benefits (IAS 19R). 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.

As a private bank, Van Lanschot is keeping to its risk-averse profile and the bank will continue to prioritise solidity and liquidity above profit maximisation. The recovery in income depends partly upon the normalisation of savings rates and the return of investor confidence. The investment and cost reduction programme, which is on schedule, will allow the bank to reduce its cost base to around € 380 million[4] in 2015. Despite the high quality of the loan book, the recession may cause the loan loss provision to remain at elevated levels.

NEW CHAIRMAN OF THE BOARD OF MANAGING DIRECTORS

On 27 September 2012, notice will be given at an Extraordinary General Meeting of Shareholders of the appointment of Karl Guha as the new Chairman of the Board of Managing Directors of Van Lanschot with effect from 1 January 2013.

VAN LANSCHOT SHARE BUY-BACK PROGRAMME

Van Lanschot will launch a share buy-back programme for up to 50,000 treasury shares (depositary receipts for ordinary A shares) on 15 August 2012. The purpose of the share buy-back programme is to cover the award of depositary receipts for shares to employees under the current pay and benefits policy and the employee share plan.

This share buy-back programme will be carried out in accordance with the mandate given by the Annual General Meeting of Shareholders on 10 May 2012. The share buy-back programme will terminate on 31 December 2012, unless the maximum number of 50,000 shares has been repurchased prior to that date. Van Lanschot has mandated Rabobank International to execute the share buy-back programme. Rabobank International will make its trading decisions with regard to the number of shares and the timing of the purchases independently of Van Lanschot.

Updates on the progress of the share buy-back programme will be made available on a weekly basis on the bank's website (www.vanlanschot.nl/sharebuyback).

[4] Operating expenses excluding non-strategic investments

KEY DATA

INCOME STATEMENT *(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	-

BALANCE SHEET AND CAPITAL MANAGEMENT *(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)[5]	8.1	8.2	-	7.6	-

Basel III	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	-

CLIENT ASSETS *(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

KEY FIGURES	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 (%)[6]	0.7	3.0	6.5
Funding ratio (%)	85.3	91.8	87.8
Number of staff (FTEs)[7]	1,907.6	2,008.8	2,009.7

[5] Leverage ratio is the ratio of equity attributable to shareholders to total assets
[6] Annualised on the basis of half-year data
[7] 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[8]	8.3	8.5	-2	4.7	77
Income from operating activities	**272.7**	**258.0**	**6**	**294.4**	**-7**
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[8]	7.0	8.8	-20	5.4	30
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	-	-	-	-
Gross result after non-recurring charges	**49.5**	**48.5**	**2**	**77.4**	**-36**
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[8]	0.5	0.6	-17	0.5	-
Impairments	**45.3**	**48.5**	**-7**	**30.9**	**47**
Operating profit before tax	**4.2**	**-**	**-**	**46.5**	**-91**
Income tax	-1.6	-0.2	-	6.9	-
Tax on non-strategic investments[8]	0.3	-0.1	-	-0.4	-
Net profit from continuing operations	**5.5**	**0.3**	**-**	**40.0**	**-86**
Discontinued operations[9]	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**

[8] 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.
[9] 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'.

ADDITIONAL INFORMATION

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

FINANCIAL REPORT, PRESENTATION AND WEBCAST OF PRESS CONFERENCE

The financial report on the 2012 half-year results contains a detailed explanation of the results and balance sheet of Van Lanschot NV.

The presentation for analysts will be held in Amsterdam on 14 August 2012 at 11.30 am (CET), and can be followed live online via a video webcast on the website.

For the financial report on the 2012 half-year results, the presentation for analysts and the webcast, please visit www.vanlanschot.nl/results2012.

2012 INTERIM FINANCIAL STATEMENTS OF F. VAN LANSCHOT BANKIERS NV

The 2012 interim financial statements of F. Van Lanschot Bankiers NV are available as from Tuesday 14 August 2012 at: www.vanlanschot.nl/reportsfvlbankiers.

KEY DATES 2012/2013

Publication of trading update Q3 2012	9 November 2012
Publication of 2012 annual results	8 March 2013

’s-Hertogenbosch, the Netherlands, 14 August 2012

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Van Lanschot NV is the holding company of F. Van Lanschot Bankiers NV, the oldest independent bank in the Netherlands with a history dating back to 1737. The bank offers high-quality financial services to high net-worth individuals, director-owners and their businesses, and institutional investors. Van Lanschot NV is listed on Euronext Amsterdam.

DISCLAIMER

Forward-looking statements

This press release contains forward-looking statements concerning future events. Those forward-looking statements are based on the current information and assumptions of the Van Lanschot management concerning known and unknown risks and uncertainties. Forward-looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to Van Lanschot’s expectations regarding such matters as the assessment of market risk or possible acquisitions, or business expansion and premium growth and investment income or cash flow predictions or, more generally, the economic climate and changes in the law and taxation. Van Lanschot cautions that expectations are only valid on the specific dates, and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like. The financial data regarding forward looking statements concerning future events included in this press release have not been audited.