Van Lanschot sees profit recovery in 2013

- Net profit for 2013 of € 33.5 million
- Costs down 6%
- Balance sheet strengthened: Core Tier I ratio up from 11.0% to 13.1%; leverage ratio of 5.1% under Basel III
- Client assets rise on balance to € 53.5 billion
- Implementation of strategy on course; long-term targets confirmed
- Proposed dividend: € 0.20 per share

‘s-Hertogenbosch, the Netherlands, 11 March 2014 - Van Lanschot today presents its 2013 annual results. Karl Guha, CEO of Van Lanschot: “The recovery in profit seen in 2013 demonstrates Van Lanschot's resilience in what are still challenging market conditions.

All core activities of our business - Private Banking, Asset Management and Merchant Banking - contributed to this profit recovery. Our income now more closely resembles what one would expect of a wealth manager, thanks to the strategic review we carried out last year. Commission income was the primary source of income in 2013.

Moreover, the bank managed to achieve a further substantial reduction in its cost base. There was a rise in the total amount of client assets - investments and savings - that we manage for our clients. This was partly attributable to the rising stock markets seen in 2013, and also to the inflow of asset management mandates.

Van Lanschot has a diversified loan portfolio and has comfortable capital buffers to cover potential credit risks. This was confirmed by a detailed review of the Corporate Banking portfolio of corporate and real estate loans (Asset Quality Review, AQR) that was conducted in consultation with the banking supervisor in the fourth quarter of 2013, with the assistance of external parties. The loan loss provision is still high owing to current economic conditions in the Netherlands, although the trend compared with 2012 is downward.

Our strong balance sheet is reflected in an excellent leverage ratio and a substantially improved liquidity position. We already comply comfortably with the Basel III capital and liquidity requirements, which are due to come into effect in the next few years.

2013 was a year of intensive efforts for Van Lanschot and its employees. We got off to a good start with the implementation of the revised strategy announced in May, and we have taken important steps towards simplifying our products, processes and organisation. We are now well on course, and can confirm the strategic and financial targets for 2017 that we communicated last year.

We accomplished a great deal in 2013. Thanks to the results we achieved and our solid capital position at the end of the year, we are now in a position to present a dividend proposal to our shareholders for the first time since 2011.”

Recovery in operating profit
Commission income from the three core activities was up 8% compared with 2012. The inflow of discretionary asset management mandates from private and institutional clients was reflected in higher management fees. This inflow, together with a positive market performance, more than compensated for the outflow of non-discretionary assets under management, as a result of which total assets under management rose on balance to € 43.3 billion. Total client assets (assets under management plus savings) increased to € 53.5 billion.

There was a drop in net interest income. The loan portfolio continued to decline, falling to € 12.5 billion. This fall was due in part to the ongoing trend of clients paying off their mortgage loans ahead of schedule. In addition, a good start was made on scaling down corporate and real estate loans at the new Corporate Banking segment. This portfolio decreased by € 0.5 billion in 2013. At the same time, the interest margin on these loans improved.

In 2013, the bank's funding profile was diversified further, in terms of instruments, sources and maturities, by means of a number of successful capital market transactions, which resulted in robust funding and liquidity positions. Van Lanschot deliberately does not compete on price in the savings market and savings rates were gradually reduced in the course of 2013, following the general trend in the market. On balance, the interest margin fell slightly.

The efficiency measures taken by the bank during the past two years had a visible impact on its cost level. Total operating expenses fell 6% in 2013 to € 374.9 million, thereby surpassing the original target of reducing the cost base for our core activities to € 380 million in 2015. After adjusting for the insourcing of 54 FTEs in January 2013, the headcount was reduced by a total of 108 FTEs during the year under review.

Loan portfolio with controlled risks
Van Lanschot has a diversified loan portfolio with risks that are well under control. Traditionally, losses on the portfolio of mortgage loans to high net-worth individuals are very low. There is little sector concentration in the corporate loan portfolio, and commercial real estate loans are generally for small-scale properties, with virtually no property development. Our portfolio is, of course, not immune to economic conditions. In 2013, these circumstances led to a rise in the number of business failures and bankruptcies in the Netherlands. This was reflected in the level of loan losses, particularly in the corporate loan portfolio. As a consequence, the addition to the loan loss provision, which amounted to € 103.7 million in 2013, was once again high, although it did show a downward trend compared with 2012. An in-depth review of the corporate and real estate loan portfolio (Asset Quality Review, AQR) was conducted in consultation with the banking supervisor in the fourth quarter of 2013, with the assistance of external parties. This AQR confirmed that the risks in our loan portfolio are well under control. The majority of the underlying commercial real estate was reappraised as part of the AQR. The AQR also revealed that even in a scenario of extreme stress the potential losses on the loan portfolio would not threaten Van Lanschot's robust capital position.

Strategy on course
At the start of 2013 we carried out a strategic review, which included making a number of clear choices. As an independent, specialised wealth manager, our aim is to preserve and create wealth for our clients. Our strategy focuses on activities that help us achieve this aim. All other activities are being scaled back or terminated.

Our core business encompasses three activities: Private Banking, Asset Management and Merchant Banking. These units offer products and services that support and enhance each other, creating a combination that forms the heart of our wealth management strategy. One clear example of the choices we made and are now focused on implementing concerns scaling back the corporate loan portfolio, which is now managed separately by the Corporate Bank that was specifically set up for this purpose.

The implementation of our strategy will result in the transformation of the bank, based on focus, simplification and growth. The choices that have been made are being implemented in a disciplined way. We started with the simplification of processes, products and our organisation, supported by the further execution of the IT roadmap. We have made a start on reducing the number of different kinds of savings and mortgage products, creating a solid foundation for the future growth of our core activities.

The main emphasis in 2013 was on the transformation of Private Banking, where three service levels were introduced (Personal Banking, Private Banking and Private Office). Each of these propositions is geared to specific asset management requirements and offers a distinctive service of a quality that is appropriate for the relevant client group. In this way, we are also responding to the changing needs of clients, who are increasingly demanding online solutions in combination with personal attention.

The introduction of Evi van Lanschot, the online investment and savings coach, was a special milestone. This online proposition, which is available to clients at all wealth levels, has made our expertise in the areas of asset management and advice accessible to wealth management starters. Evi was also introduced as an online savings platform in Belgium, where it will be extended to include investment services in 2014. The response among existing and new clients in the Netherlands and Belgium has been enthusiastic, and is reflected in the inflow of several thousands new clients, and several hundreds of millions in new assets.

The positive results at Asset Management and Merchant Banking - operating under the Kempen & Co label - contributed substantially towards the profitability of the group as a whole. The number of Asset Management clients increased in almost all client segments. Our Merchant Banking activities also had a very good year. In line with our niche strategy, we continued to strengthen our international position in the selected core sectors in a period of optimistic sentiment on the stock markets.

2013 RESULTS HIGHLIGHTS

- Net profit € 33.5 million (2012: loss of € 147.3 million); underlying net profit (excluding non-recurring charges) € 38.9 million (2012: € 11.1 million)
- Earnings per share € 0.71 (2012: € -3.67)
- Income from operating activities at € 529.8 million (2012: € 525.3 million)
- Interest income € 213.9 million (2012: € 233.2 million); interest margin 1.20% (2012: 1.28%)
- Commission income up to € 234.8 million (2012: € 216.7 million);
- Total costs down 6% to € 374.9 million (2012: € 397.3 million) thanks to cost saving measures
- Lower addition to loan loss provision at € 103.7 million (2012: € 115.2 million)

SOLID BALANCE SHEET AT 31 DECEMBER 2013

- Strong capital position: Core Tier I ratio 13.1% at 31 December 2013 (year-end 2012: 11.0%)
- Leverage ratio[1] 7.3% (year-end 2012: 7.0%)
- Highly diversified funding profile:
  - Loan portfolio is chiefly financed by savings and deposits (funding ratio[2]: 81.3%)
  - Various bonds issued on the capital market, both senior unsecured bonds and RMBS notes
- The bank already complies with the new Basel III requirements:
  - Fully-loaded common equity ratio: 10.5%
  - Liquidity Coverage Ratio (LCR): 151.3%
  - Net Stable Funding Ratio (NSFR): 102.9%
  - Leverage ratio: 5.1%

[1] The leverage ratio is the ratio of equity attributable to shareholders to total assets
[2] The funding ratio is the extent to which the loan portfolio is financed by customer savings and deposits

CLIENT ASSETS

Client assets (investments and savings that we manage for our clients) increased 2% on balance, from € 52.3 billion to € 53.5 billion at year-end 2013.
Assets under management grew to € 43.3 billion owing to the inflow of discretionary mandates from private and institutional clients and positive market performance. This was offset by an outflow of non-discretionary assets, including custody deposits with relatively low fees and an assets outflow due to the termination of activities in Luxembourg and Curacao.

Client savings and deposits fell to € 10.2 billion in 2013. Almost all of this decrease took place in the first six months of the year. Van Lanschot decided not to extend the premium deposit when it expired in the spring. Thanks to the easing of competition on the savings market and our comfortable liquidity buffer, we were in a position to reduce savings rates over the course of the year. In addition, more and more clients are using their assets to pay off debts, and many clients have decided to start investing again, in view of market conditions.

(x € billion)	31-12-2013	31-12-2012
Client assets	**53.5**	**52.3**
Assets under management	43.3	40.9
Savings and deposits	10.2	11.4
Assets under management	**43.3**	**40.9**
Assets under discretionary management	31.9	29.0
Assets under non-discretionary management	11.4	11.9
Net inflow of new money	0.4	0.4
Savings and deposits	**10.2**	**11.4**
Savings	7.7	7.8
Deposits	2.5	3.6

SUBSEQUENT EVENTS

Van Lanschot's results for the first half of 2014 will be impacted by a material gain on the sale of the 21% equity stake held by Van Lanschot Participaties in DORC Holding B.V.

KEY DATA

(x € million)	2013	2012[3]	
Statement of income			
Net result	33.5	-147.3	-
Underlying net profit	38.9	11.1	-
Efficiency ratio excluding non-recurring charges (%)	70.8	75.6	-6%

(x € million)	31-12-2013	31-12-2012	
Balance sheet and capital management			
Equity attributable to shareholders	1,284	1,262	2%
Equity attributable to minority interests	55	53	4%
Savings and deposits	10,161	11,369	-11%
Loans and advances to customers	12,491	13,464	-7%
Total assets	17,670	17,941	-2%
Funding ratio (%)	81.3	84.4	
Risk-weighted assets	9,003	10,535	-15%
Core Tier I ratio (%)	13.1	11.0	-
Tier I ratio (%)	13.1	11.0	-
BIS total capital ratio (%)	13.9	11.9	-
Leverage ratio (%)	7.3	7.0	-

	31-12-2013	31-12-2012	
Basel III			
Common Equity Ratio (%) (fully loaded)	10.5	9.3	-
Liquidity Coverage Ratio (%)	151.3	126.3	-
Net Stable Funding Ratio (%)	102.9	101.7	-
Leverage ratio (%)	5.1	5.1	-

(x € billion)	31-12-2013	31-12-2012	
Client assets			
Client assets	53.5	52.3	2%
- Assets under management	43.3	40.9	6%
- Savings and deposits	10.2	11.4	-11%
Assets under management	43.3	40.9	6%
- Discretionary	31.9	29.0	10%
- Non-discretionary	11.4	11.9	-4%

	31-12-2013	31-12-2012	
Key figures			
Weighted average number of outstanding ordinary shares (x 1,000)	40,918	40,883	
Earnings per share based on average number of ordinary shares (€)	0.71	-3.67	
Return on average Core Tier I equity (%)	2.5	-12.7	
Number of staff (FTEs)	1,808	1,862	-3%

[3] The revised IAS 19 applies to all financial statements as from 1 January 2013. The new standard has consequences for the accounting treatment of employee benefits, including the disclosure of the provision for pensions. The new standard has been applied with retroactive effect in the financial statements. The comparative figures in this document have been restated accordingly.

RESULTS

(x € million)	2013	2012	
Commission	234.8	216.7	8%
Interest	213.9	233.2	-8%
Income from securities and associates	14.8	21.1	-30%
Profit on financial transactions	66.3	54.3	22%
Income from operating activities	**529.8**	**525.3**	**1%**
Staff costs	217.3	207.1	5%
Other administrative expenses	135.0	157.6	-14%
Depreciation and amortisation	22.6	32.6	-31%
Operating expenses	**374.9**	**397.3**	**-6%**
Gross result before non-recurring charges	**154.9**	**128.0**	**21%**
Non-recurring charges	8.0	46.1	-83%
Gross result after non-recurring charges	**146.9**	**81.9**	**79%**
Addition to loan loss provision	103.7	115.2	-10%
Other impairments	2.4	120.2	-98%
Impairments	**106.1**	**235.4**	**-55%**
Operating result before tax	**40.8**	**-153.5**	**-**
Operating profit before tax of non-strategic investments[4]	**-3.4**	**-11.9**	**-71%**
Income tax	3.9	-18.1	-
Net result	**33.5**	**-147.3**	**-**
Underlying net profit excluding non-recurring charges	**38.9**	**11.1**	**-**

(x € million)	2013	2012	
Underlying net profit excluding non-recurring charges	**38.9**	**11.1**	**-**
Non-recurring charges	-8.0	-46.1	-83%
Impairment on goodwill and intangible assets	0.0	-126.6	-
Tax effect	2.6	14.3	-82%
Net result	**33.5**	**-147.3**	**-**

[4] 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 wealth management strategy.

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

FINANCIAL REPORT / PRESENTATION
For a detailed explanation of the results and balance sheet of Van Lanschot NV, reference is made to the financial report and the presentation on the 2013 results at www.vanlanschot.nl/results2013.

KEY DATES 2014

Publication of 2013 annual report	2 April 2014
Publication of trading update for first quarter of 2014	15 May 2014
Annual General Meeting of Shareholders	15 May 2014
Publication of 2014 half-year results	26 August 2014
Publication of trading update for third quarter of 2014	7 November 2014

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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. Van Lanschot, a wealth manager operating under the Van Lanschot and Kempen & Co brand names, is active in private banking, asset management and merchant banking, with the aim of preserving and creating wealth for its clients. Van Lanschot 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 and the like. The financial data regarding forward looking statements concerning future events included in this document have not been audited.