

# Annual General Meeting of Shareholders



Van Lanschot

14 May 2013

# Agenda item 2b



Van Lanschot

Report of the Board of Managing Directors for  
2012

# 2012 Highlights



## Growth in Client Assets

### Client assets +5% to € 52.3 billion

- Increase in assets under management through robust performance of discretionary management products and new institutional mandates
- Closing of several foreign offices resulted in outflow

## Non-recurring Items

### Bank is profitable despite market conditions

- Underlying profit € 2.0 million
- High additions to loan loss provision as a result of thorough review
- Previously announced goodwill impairment (non-cash) and non-recurring costs led to a net loss of € 155.4 million

## Cost reduction

### Investment and cost reduction program on track

- Reduction of 147 FTEs in 2012; salary costs down € 8.2 million
- Further cost reductions in the coming years

## Solid profile

### Undiminished solid profile

- Core Tier I ratio 11.0%
- Comfortable funding and liquidity; funding ratio 84.4%

# Continuing growth

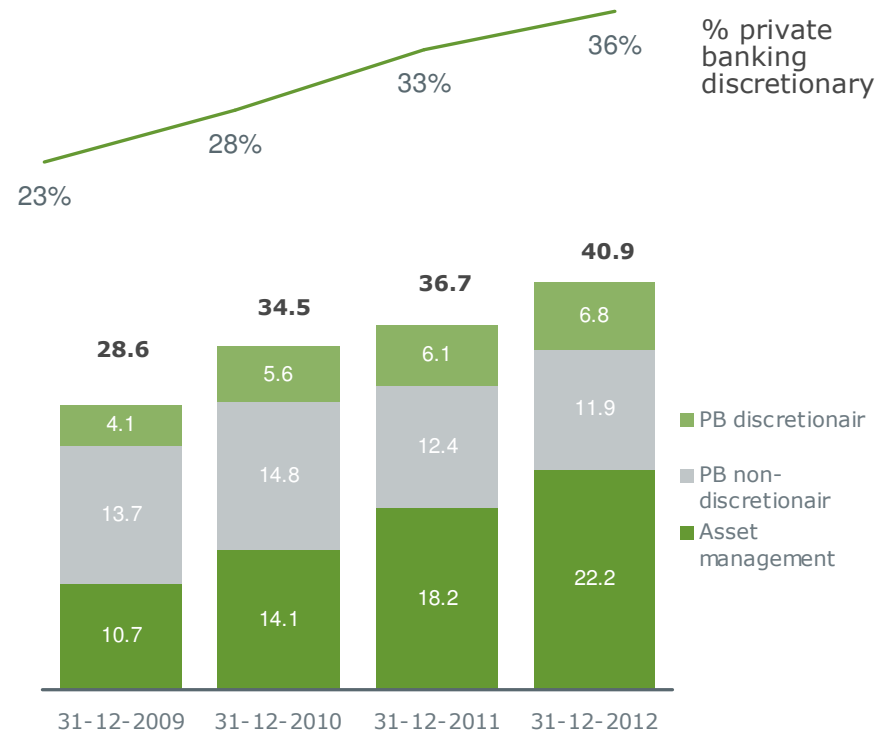
## Assets under Management



**Client assets**  
(€ billion)



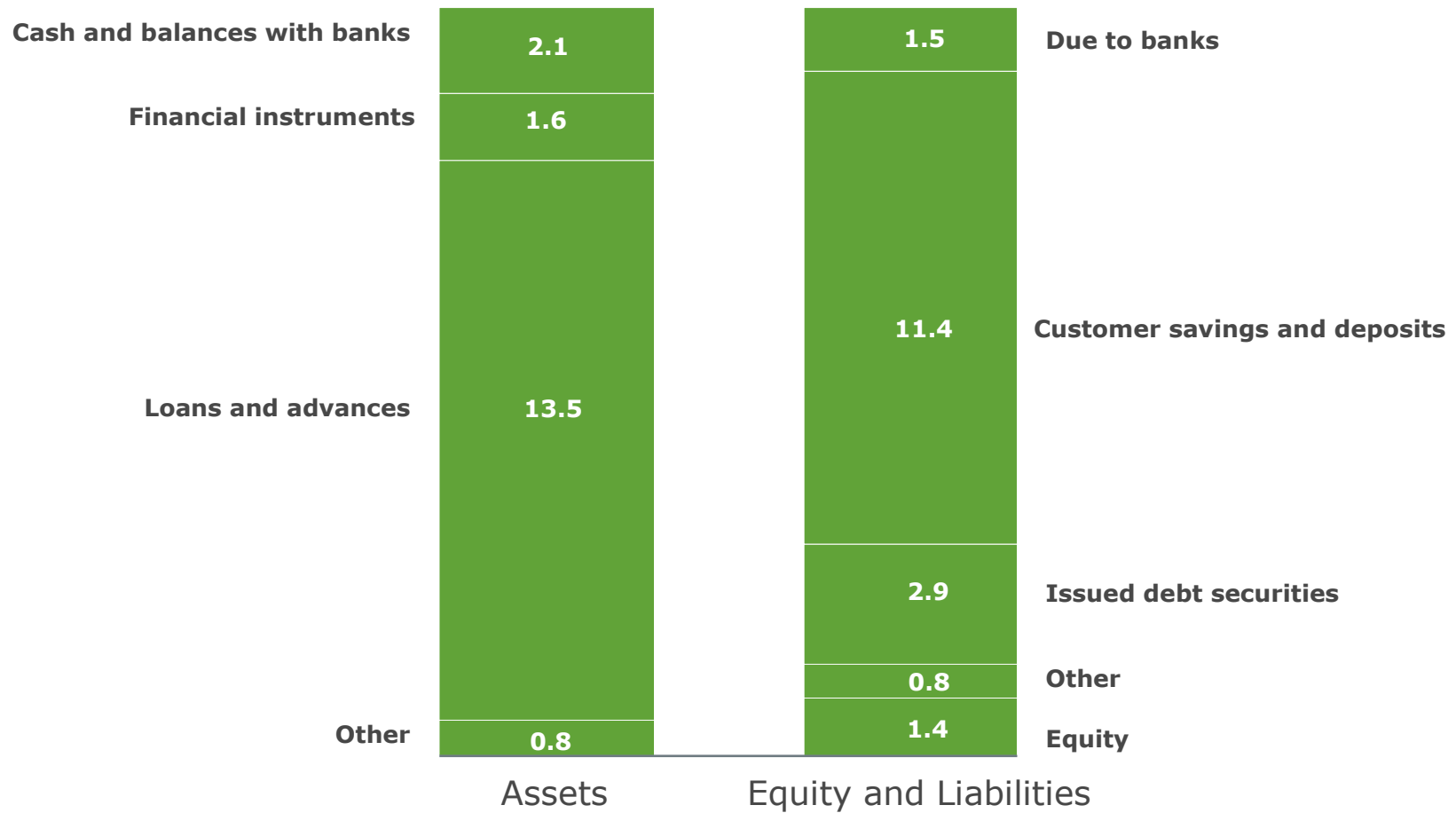
**Assets under Management**  
(€ billion)



# Transparent balance sheet



## Total assets € 18.0 billion



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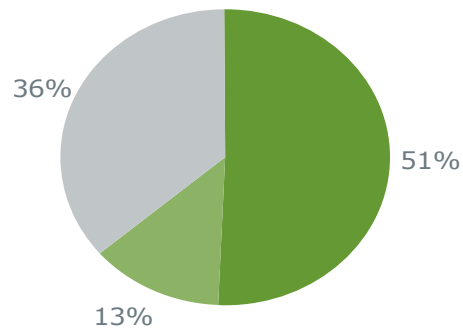
## Good asset quality



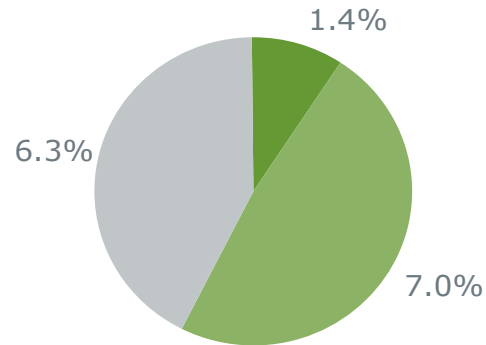
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- High quality loan book:
    - 51% residential mortgages in the Netherlands and Belgium
    - 36% corporate loans:
      - Good sector diversification, low concentrations
      - Property: small loans, only lending in the Netherlands; virtually no financing of project development; relatively low vacancy rate at 8.3%
    - 13% other loans to private individuals
  - Thorough review of loan book carried out in 2012; impaired loans adequate provisioned based on current valuations; coverage ratio 56%

# Loan book

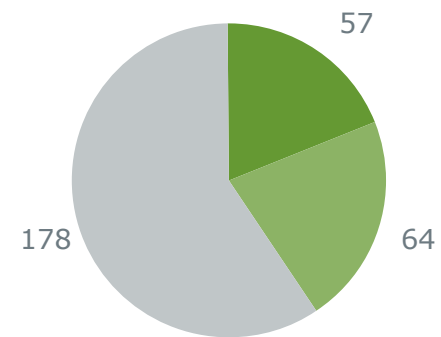
### Breakdown of loan book



### Impaired loans



### Loan loss provisions (€ million)



- Residential Mortgages
- Other private loans
- Corporate loans

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## Solid profile strengthened further in 2012



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- Core Tier I ratio 11.0% (2011: 10.9%)
  - Funding ratio 84.4% (2011: 91.8%)
  - Further diversification and lengthening of funding position through issue of:
    - € 126 million 7-year retail note
    - € 150 million 3-year RMBS
    - CHF 250 million 3.5-year senior unsecured note
    - € 500 million 4-year senior unsecured note
    - € 70 million 3 to 7-year MTN
  - The balance sheet is for our clients – leverage ratio 7.4% (2011: 8.2%)
  - No exposure in European peripheral countries
  - No government support



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# Van Lanschot

## Summary

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- Positive underlying result despite difficult market conditions
- Capital, funding and liquidity positions remain strong
- Measures taken to reduce costs, prudent loan loss provisioning
- Van Lanschot continues to attract new client assets
- Economic circumstances remain challenging, first signs of a cautious recovery

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# Developments in 2013



## Q1

- Net profit for first quarter 2013: € 24.8 million
  - Underlying profit before non-recurring items: € 26.3 million
  - Addition to loan loss provisions lower at € 19.7 million
  - Client assets grow to € 53.0 billion
- Significant improvement of capital ratio: Core Tier I ratio increases to 11.9%
- Funding ratio 83.1%

## Q2

- Successful funding transaction in April: € 750 million of securitised Dutch mortgages placed with institutional investors

# Strategic review 2013-2017



Van Lanschot

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## Executive summary

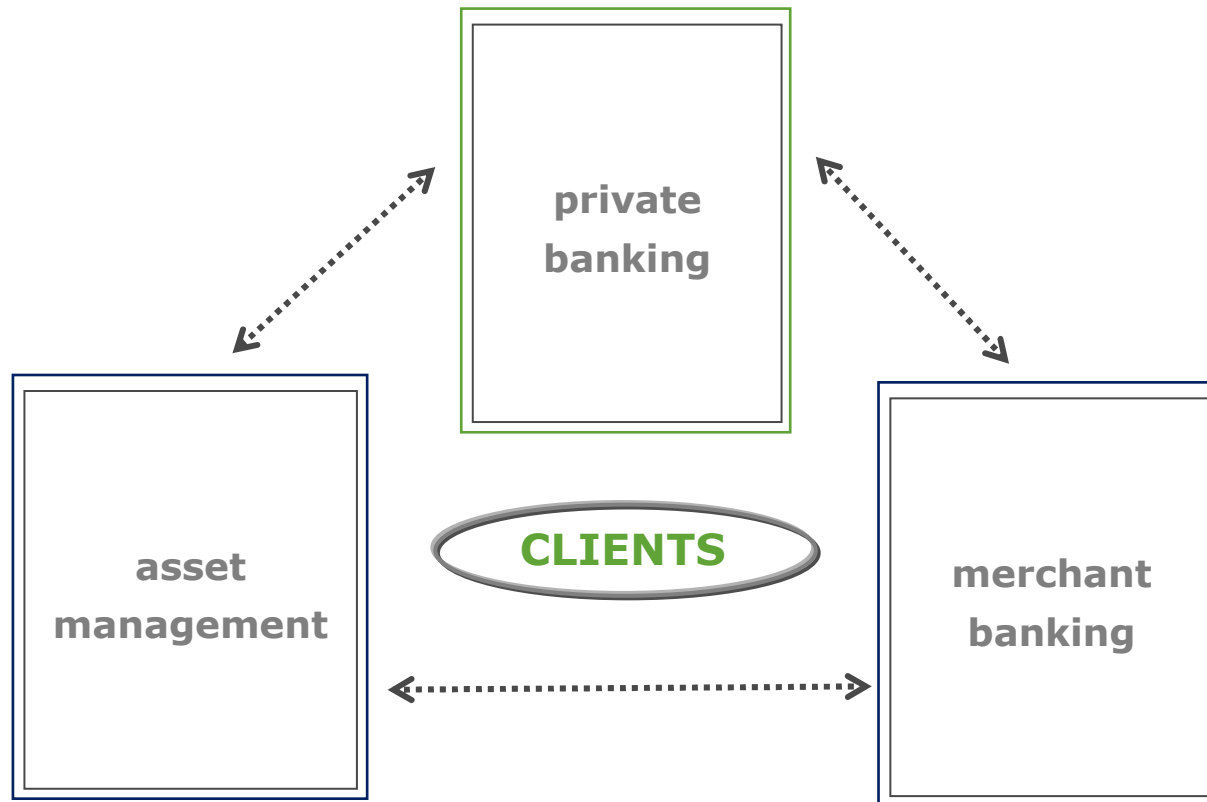


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- We choose to be a **pure-play, independent wealth manager**
  - Our objective is to **preserve and create wealth for clients**
  - We strongly believe that wealth management offers **attractive growth opportunities** and that we have **inherent and distinctive strengths**
  - Our strategy is to:
    - **Focus** on private banking in combination with asset management and merchant banking, and actively reduce activities not linked to private banking
    - **Simplify** our product offering, client service model and IT/operations
    - **Grow** through a revised offering to clients in private banking, and continuing the success of asset management and merchant banking
  - Our business model will allow us to have an **asset-light balance sheet and strong capital base**

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# We work together to preserve and create wealth for clients

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# We have made the choice for wealth management because ...

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## ... of our inherent and distinctive strengths

We can build on our inherent strengths in private banking, asset management and merchant banking, and work together for the benefit of new and existing clients



## ... it offers attractive growth opportunities

There is room for a high-quality, high-service, independent wealth manager and it is an attractive business model

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# Our strategy is to focus, simplify and grow

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## Our strategy is to focus – Focus means making choices

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- **Reinforced** private banking offering with specific service concepts ...
  - personal banking
  - private banking
  - private office
- ... and specialist services for
  - entrepreneurs
  - healthcare professionals
  - business professionals & executives
  - foundations & associations
- **Continued focus** on asset management and merchant banking
- **Active reduction** of activities without a clear link to private banking



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## Focus means making choices - lending only to private banking clients

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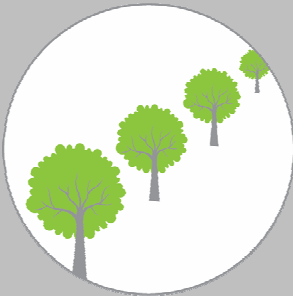


- **Active reduction** of corporate loans not related to private banking
- Managed in a separate business unit by **dedicated management**
- **Target 50% reduction** of € 4.4 billion in risk-weighted assets in the coming 5 years
- **Reallocation of capital** to areas of higher profitability

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## Our strategy is to simplify – Simplify means increasing our effectiveness and efficiency

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- **Transparent and simplified** product and service offering
- **Efficient organisation**, with centralised teams for private banking mid-office and investment expertise
- **Lean** IT and **streamlined** back office
- **Significant reduction of cost base** from € 409 million in 2012 to around € 340 million in 2017

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# Our strategy is to grow – We envisage growth in all our core activities

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## Private banking

- Growing assets managed for our clients
- More focused service concepts
- More tailored product offering
- Maintaining client proximity

## Asset management

- Leveraging strong long-term track record in niche products and integrated solutions
- Expanding client base geographically

## Merchant banking

- Selective broadening of product offering
- Extending geographic footprint throughout Europe within selected niches

To facilitate growth in these key areas, we will create **70 new job positions** in the next two years

## Growth in private banking means ...



private  
banking

- **New service offering** – personal banking:
  - an inclusive offering for all clients seeking advice on wealth preservation and creation
  - welcoming wealth management starters
- State-of-the art **online solutions** for wealth management, investment advice and savings, supported by personal advice and service from bankers
- **Specialist expertise and advice** for more complex wealth requirements in private banking and private office, benefiting from capabilities in asset management and merchant banking
- **Local visibility** with 34 offices and client meeting centres in the Netherlands, Belgium and Switzerland

# Growth in private banking means a choice of service levels for clients

## Service level

Personal banking

Private banking

Private office

		<ul style="list-style-type: none"> <li>Private equity, SRI</li> <li>Tailored discretionary and fiduciary management</li> <li>Family office offering</li> </ul>
	<ul style="list-style-type: none"> <li>Structuring</li> <li>Investment advice</li> <li>Mortgages and loans</li> <li>Pension advice</li> <li>Insurance</li> </ul>	<ul style="list-style-type: none"> <li>International structuring</li> <li>Investment advice</li> <li>Mortgages and loans</li> <li>Pension advice</li> <li>Insurance</li> </ul>
<ul style="list-style-type: none"> <li>Mortgages</li> <li>Insurance</li> </ul>		
<ul style="list-style-type: none"> <li>Financial planning</li> </ul>	<ul style="list-style-type: none"> <li>Discretionary management</li> <li>Financial planning</li> <li>Estate planning</li> </ul>	<ul style="list-style-type: none"> <li>Discretionary management</li> <li>Financial planning</li> <li>Estate planning</li> </ul>
<ul style="list-style-type: none"> <li>Online banking, savings and investing</li> </ul>	<ul style="list-style-type: none"> <li>Online banking, savings and investing</li> </ul>	<ul style="list-style-type: none"> <li>Online banking, savings and investing</li> </ul>

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## Growth in asset management means ...



asset  
management

- Building on the current excellent track record in its **selected investment strategies** and **integrated solutions** for institutional investors through:
  - Expanding in a select number of European countries with its investment strategies
  - Increasing penetration in the Dutch institutional market with its integrated solutions
  - Leveraging on investment growth within private banking

## Growth in merchant banking means ...



merchant  
banking

- Building on the **leading positions in corporate finance and brokerage** in the Benelux
- Expanding its strong European positions in the selected niches listed real estate, life sciences and cleantech through a vertically integrated approach
- Selective broadening of the product and service offering
- Leveraging on Van Lanschot's broad network of entrepreneurs

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## Key priorities for next two years to deliver short-term results

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### 2013

- Introduction of new online proposition
- Launch of personal banking marketing campaign
- Creation of corporate banking business unit
- Rationalisation of product offering
- Completion of majority of job reductions in current programme

### 2014

- Migration of major part of product administration to target IT platform
- Transformation of a number of branches to new Client Meeting Centres
- Reduction of additional 250 job positions complete
- Relocation of selected departments to Amsterdam; head office remains in 's-Hertogenbosch



# A wealth manager with an asset-light balance sheet and strong capital base

**Focus**



**Simplify**



**Grow**



## Targets 2017

- Core Tier I ratio > 15%
- Return on Core Tier I equity of 10-12%
- Cost-income ratio of 60-65%

# Annual General Meeting of Shareholders



Van Lanschot

14 May 2013

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# Disclaimer



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## Forward looking statements

This presentation 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.

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