



Van Lanschot NV Financial report 2014 half-year results



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KEY DATA

<i>(x € million)</i>					
	H1 2014	H2 2013	H1 2013		
Statement of income					
Net result	49.4	-2.8	-	36.3	36%
Underlying net result	54.1	-1.4	-	40.3	34%
Efficiency ratio excluding non-recurring charges (%)	66.2	75.4		66.6	
<i>(x € million)</i>					
	30-06-2014	31-12-2013	30-06-2013		
Statement of financial position and capital management					
Equity attributable to shareholders	1,268	1,284	-1%	1,276	-1%
Equity attributable to minority interests	55	55	0%	56	-2%
Savings and deposits	10,480	10,161	3%	10,142	3%
Loans and advances to customers	11,929	12,491	-4%	13,090	-9%
Total assets	17,694	17,670	0%	17,057	4%
Funding ratio (%)	87.9	81.3		77.5	
Risk-weighted assets ¹	8,137	9,003	-10%	9,505	-14%
Common Equity Tier I ratio (%) ¹	13.8	13.1		12.5	
Tier I ratio (%) ¹	13.8	13.1		12.5	
Total capital ratio (%) ¹	14.5	13.9		13.4	
Basel III					
Common Equity Tier I ratio (%) (fully loaded)	11.6	10.5		9.9	
Liquidity Coverage Ratio (%)	130.6	151.3		86.1	
Net Stable Funding Ratio (%)	96.9	102.9		98.0	
Leverage ratio (%) (fully loaded)	4.9	5.1		5.3	
<i>(x € billion)</i>					
	30-06-2014	31-12-2013	30-06-2013		
Client assets					
Client assets	56.1	53.5	5%	51.3	9%
- Assets under management	45.6	43.3	5%	41.2	11%
- Savings and deposits	10.5	10.2	3%	10.1	4%
Assets under management	45.6	43.3	5%	41.2	11%
- Discretionary	34.2	31.9	7%	29.8	15%
- Non-discretionary	11.4	11.4	0%	11.4	0%
<i>(x € million)</i>					
	H1 2014	H2 2013	H1 2013		
Key figures					
Weighted average number of outstanding ordinary shares (x 1,000)	40,951	40,919	0%	40,891	0%
Earnings per share based on average number of ordinary shares (€)	1.14	-0.06	-	0.77	48%
Return on average Common Equity Tier I capital ² (%)	8.1	-0.4		5.4	
	30-06-2014	31-12-2013	30-06-2013		
Number of staff (FTEs) ³	1,724	1,808	-5%	1,871	-8%

¹ Per 30 June 2014 in line with Basel III on a phase-in basis. The comparative figures relate to Basel II.

² Annualised on the basis of half-year data

³ FTEs excluding non-strategic investments



RESULTS

<i>(x € million)</i>					
	H1 2014	H2 2013		H1 2013	
Commission	113.8	115.3	-1%	119.5	-5%
- o.w. securities commission	94.9	93.0	2%	94.9	0%
- o.w. other commission	18.9	22.3	-15%	24.6	-23%
Interest	106.6	106.0	1%	107.9	-1%
Income from securities and associates	40.0	3.0	-	11.8	-
Profit on financial transactions	34.0	24.6	38%	41.7	-18%
Income from operating activities	294.4	248.9	18%	280.9	5%
Staff costs	104.4	105.6	-1%	111.7	-7%
Other administrative expenses	80.3	70.5	14%	64.5	24%
Depreciation and amortisation	10.3	11.6	-11%	11.0	-6%
Operating expenses	195.0	187.7	4%	187.2	4%
Gross result before non-recurring charges	99.4	61.2	62%	93.7	6%
Non-recurring charges	6.2	1.9	-	6.1	2%
Gross result after non-recurring charges	93.2	59.3	57%	87.6	6%
Addition to loan loss provision	35.5	62.2	-43%	41.5	-14%
Other impairments	4.7	-2.6	-	5.0	-6%
Impairments	40.2	59.6	-33%	46.5	-14%
Operating result before tax	53.0	-0.3	-	41.1	29%
Operating result before tax of non-strategic investments⁴	1.6	-3.6	-	0.2	-
Income tax	5.2	-1.1	-	5.0	4%
Net result	49.4	-2.8	-	36.3	36%
Underlying net result excluding non-recurring charges	54.1	-1.4	-	40.3	34%

<i>(x € million)</i>					
	H1 2014	H2 2013		H1 2013	
Underlying net result excluding non-recurring charges	54.1	-1.4	-	40.3	34%
Non-recurring charges	-6.2	-1.9	-	-6.1	2%
Tax effect	1.5	0.5	-	2.1	-29%
Net result	49.4	-2.8	-	36.3	36%

⁴ A number of non-strategic investments has been included in the consolidated figures of Van Lanschot since 2009. 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.



INCOME FROM OPERATING ACTIVITIES

In line with Van Lanschot's profile as an independent, specialist wealth management firm, securities commission formed the main source of income for Van Lanschot during the first six months of 2014, just as it was in 2013.

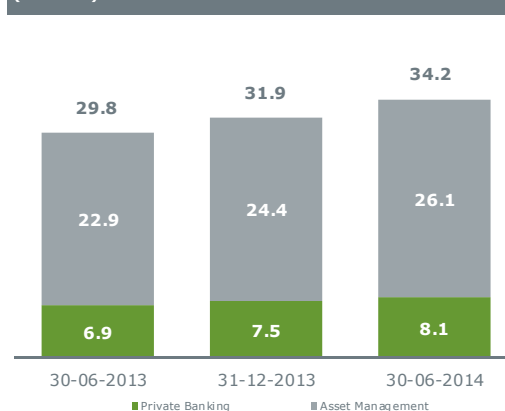
Commission

(€ million)

	H1 2014	H2 2013		H1 2013	
Securities commission	94.9	93.0	2%	94.9	0%
- transaction fees	15.5	17.7	-12%	23.0	-33%
- management fees ⁵	78.1	75.1	4%	71.5	9%
- performance fees	1.3	0.2	-	0.4	-
Other commission	18.9	22.3	-15%	24.6	-23%
Commission	113.8	115.3	-1%	119.5	-5%

On 1 January 2014 Van Lanschot introduced its new advisory model and fee structure for investment advice. All rebates received by Van Lanschot are passed on to the client. Van Lanschot therefore complies with the commission ban. Despite the cessation of rebates, securities commission was unchanged compared with the first half of 2013. The introduction of the new advisory model resulted in a shift from investment advice (*Samen Beleggen*) to discretionary management (*Laten Beleggen*) and execution-only (*Zelf Beleggen*), leading to lower transaction fees. This decline was offset by an increase in management fees that was attributable to the inflow of new discretionary management mandates, a shift from assets under non-discretionary management to discretionary management, and the positive stock market sentiment.

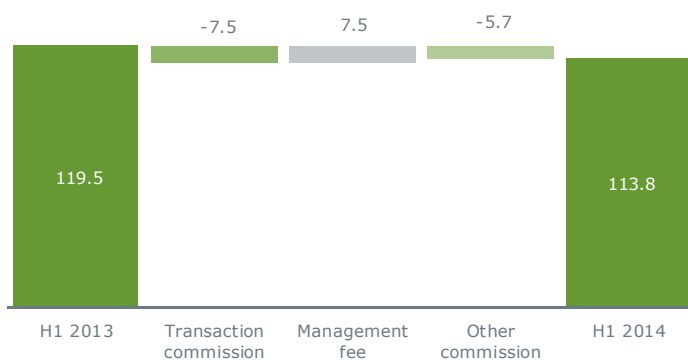
Assets under discretionary management (€ billion)



Thanks in part to these developments, the share of recurring securities provision in total securities commission increased to 82% in the first half of 2014 (H1 2013: 75%). At present, 41% of total assets under management at Private Banking are under discretionary management (year-end 2013: 40%).

Other commission amounted to € 18.9 million in H1 2014 (H1 2013: € 24.6 million). Part of these commissions are other commissions of Merchant Banking, which are lower compared to a strong first half of 2013.

Development commission income (€ million)



⁵ Management fees include advisory fees and service fees

**Interest**

<i>(€ million)</i>					
	H1 2014	H2 2013		H1 2013	
Gross interest margin	118.1	118.3	0%	107.9	9%
Interest equalisation	-6.1	-7.9	-23%	-1.2	-
Various interest income and charges	-10.3	-11.6	-11%	-3.7	-
Loan commission	4.9	7.2	-32%	4.9	0%
Interest	106.6	106.0	1%	107.9	-1%

Net interest income amounted to € 106.6 million in the first half of 2014, down 1% on the same period in 2013, while the interest margin was 121 basis points based on the average balance sheet total (H1 2013: 123 basis points). The 'clean' interest margin⁶ showed an upward trend, rising from 122 basis points in the first half of 2013 to 127 basis points in the same period in 2014. The 'clean' interest margin is affected by a number of positive and negative developments:

Positive

- Further improvement in the margin of the private and corporate banking loan portfolio
- Growth in Van Lanschot's investment portfolio
- Decline in savings rates in the first half of 2014, in line with the market

Negative

- Reduction in size of private and corporate banking loan portfolio. This reduction was due to the planned scale-down of real estate and corporate loans, and to the fact that clients are using available or released funds to make redemption.
- Increase in savings, partly thanks to the growth of the Evi savings module in the Netherlands and Belgium

Income from securities and associates

<i>(€ million)</i>					
	H1 2014	H2 2013		H1 2013	
Dividend	2.5	1.4	79%	1.6	56%
Capital gains	28.5	0.3	-	0.9	-
Valuation gains and losses	9.0	1.3	-	9.3	-3%
Income from securities and associates	40.0	3.0	-	11.8	-

Income from securities and associates is derived primarily from Van Lanschot's equity investment company, which has formed part of Van Lanschot's ordinary activities since the early 1980s. This company, Van Lanschot Participaties, invests in stable, medium-sized companies in the Netherlands that have strong management. Van Lanschot Participaties focuses on companies with a proven business model, strong market position and demonstrable earnings growth potential. In addition, Van Lanschot Participaties manages participations which emerged following a debt-for-equity swap. Currently, Van Lanschot invests in approximately 15 companies.

Dividend consists of dividends received on participations.

Capital gains were primarily driven by the sale of the 21% equity stake in DORC Holding B.V.

Valuation gains and losses relate to revaluations of the participations portfolio and gains and losses on other minority shareholdings held by Van Lanschot. In 2013 one of the funds of MedSciences Capital (part of Kempen & Co) was listed. Thanks to a rising share price a profit of € 2.2 million was realised in the first half of the 2014,. Part of this result accrues to other external shareholders (see section on Earnings per share). Other revaluations relate to Van Lanschot's stake in De Zonnewijser (formerly Ducatus) (H1 2014: € 1.0 million; H1 2013: € 0.6 million) and its share in the result of Van Lanschot Chabot (H1 2014: € 0.4 million; H1 2013: € 0.6 million).

⁶ This is the interest margin adjusted for items such as loan commission, penalty interest and net interest income on derivatives.



Result on financial transactions

(€ million)	H1 2014	H2 2013		H1 2013	
Gains and losses on securities trading	1.4	-0.3	-	3.8	-63%
Gains and losses on currency trading	3.6	5.5	-35%	7.6	-53%
Gains and losses on investment portfolio	31.4	2.6	-	23.8	32%
Gains and losses on interest rate hedges	1.8	20.0	-91%	9.3	-81%
Other income	-4.2	-3.2	31%	-2.8	50%
Result on financial transactions	34.0	24.6	38%	41.7	-18%

During the first half of 2014 a profit of € 22.6 million was made on the sale of bonds held in the investment portfolio (H1 2013: € 23.5 million). In addition, a profit of € 8.8 million was made on the Mark-to-Market (MtM) portfolio (H1 2013: € 0.3 million).

Van Lanschot is exposed to interest rate risk on fixed-interest mortgage loans and enters into interest rate swaps to hedge this risk. Imperfections in the hedged positions and shifting interest rate curves cause ineffectiveness, which is charged directly to profit.

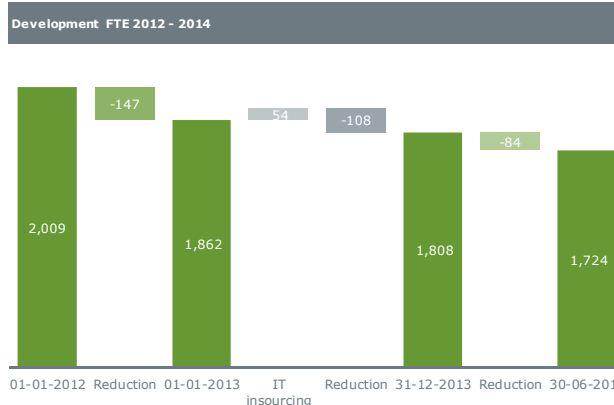
OPERATING EXPENSES

Van Lanschot continues its efforts to implement efficiency measures aimed at bringing about a structural reduction in its cost level. As a result, costs decreased by approximately 9% in total in 2012 and 2013. Costs stabilised during the first six months of 2014. Van Lanschot also proceeds with its investments in developing its client proposition. Several initiatives are taken and investments are being made aimed at simplifying processes, products and the organisation, bringing the cost target in 2017 within reach.

Staff costs

At 30 June 2014, the workforce consisted of 1,724 FTEs (year-end 2013: 1,808 FTEs) excluding non-strategic investments. The number of FTEs has fallen by 192 since the start of 2013.

Staff costs stood at € 104.4 million in the first half of 2014, down 7% compared to the same period in 2013. This fall was primarily attributable to the reduction in FTEs.



Other administrative expenses

Other administrative expenses stood at € 80.3 million in the first half of 2014, up 24% compared to the first six months of 2013. This increase was amongst others due to the resolution levy of € 5.6 million relating to the nationalization of SNS Reaal in the first half of 2014. A further payment of € 2.8 million will be made in the second half of 2014. Other reasons for the increase in other administrative expenses compared with the first six months of 2013 include the postponement of new IT projects in the first half of 2013 pending the strategic review, the marketing expenses related to the introduction of Evi, and higher housing expenses partly due to the relocation of a number of corporate departments to Amsterdam. Lease charges increased as a consequence of the sale of the Van Lanschot-Toren building in 's-Hertogenbosch, although this increase was partly offset by lower depreciation charges.

Depreciation and amortisation

Depreciation and amortisation, which stood at € 10.3 million, were down 6% compared with the first half of 2013. The most significant cause of the fall in depreciation and amortisation was the fact that the standard depreciation period of a number of IT projects ended in 2013, as a consequence of which no more depreciation charges were recognised in 2014. Depreciation charges were also lower owing to the aforementioned sale of the Van Lanschot-Toren building.



Non-recurring charges

Non-recurring charges totalling € 6.2 million were recognised in the first half of 2014 (H1 2013: € 6.1 million). These non-recurring charges can be broken down as follows:

(€ million)		H1 2014
Accelerated investments in client services		3.2
Additional charges related to headcount reduction		2.2
Gains on sale and impairments of office buildings		0.5
Other expenses and income		0.3
Non-recurring charges		6.2

When the investment and cost reduction programme was announced in early 2012, Van Lanschot stated that it would set aside € 30 million for accelerated investments in IT. Over € 3 million of this budget is still available to be used in the second half of 2014.

Efficiency ratio

The efficiency ratio (the ratio of operating expenses to income from operating activities) stood at 66.2%, representing a slight improvement compared to the first half of 2013 (66.6%).

IMPAIRMENTS

(€ million)					
	H1 2014	H2 2013		H1 2013	
Addition to loan loss provision	35.5	62.2	-43%	41.5	-14%
Impairment of investments and participations	3.8	0.0	-	1.6	-
Capital loss on buildings and assets obtained through the seizing of collateral	0.9	0.5	80%	-	-
Impairment on goodwill and intangible assets	0.0	-3.1	-	3.4	-
Other impairments	4.7	-2.6	-	5.0	-6%
Total impairments	40.2	59.6	-33%	46.5	-14%

Addition to loan loss provision

The addition to the loan loss provision stood at € 35.5 million in the first six months of 2014, down 14% compared to the same period in 2013. This item mostly consists of increases of existing provisions, following the revaluations of properties. There was a decline in the number of debtors for whom provisions have to be made. For further details, reference is made to the section on the Statement of financial position.

Other impairments

In the first six months of 2014, several equity stakes held in the participations portfolio and other investments were impaired for a total amount of € 4.2 million. In addition, a net capital loss on buildings and assets obtained through the seizing of collateral was recognised of € 0.9 million. This impairment concerned an amount of € 0.3 million relating to own office buildings that are for sale and are expected to be sold for less than their carrying amount, and € 0.6 million relating to assets obtained through the seizing of collateral.

INCOME TAX

Income tax for the first six months of 2014 stood at € 5.2 million (H1 2013: € 5.0 million). This represents a tax burden of 9.5% (H1 2013: 12.1%). The tax burden is relatively low, largely because the equity holding exemption applies to income (including capital gains) from securities and associates held by Van Lanschot's equity investment company.



EARNINGS PER SHARE

The consolidated profit for the first half of 2014 is allocated as follows:

<i>(€ million)</i>			
	H1 2014	H2 2013	H1 2013
Net profit	49.4	-2.8	36.3
Net interest on perpetual loans	-0.5	-0.5	-0.6
Share of other minority interests	-2.4	0.9	-4.1
Net profit for calculation of earnings per ordinary share	46.5	-2.4	31.6
Earnings per ordinary share (€)	1.14	-0.06	0.77
Weighted average number of outstanding ordinary shares (x 1,000)	40,951	40,919	40,891

The profit attributable to other minority interests relates to the share of other external shareholders in the profit realised by MedSciences Capital (see Income from securities and associates) and to the Management Investment Plan for key staff of Kempen & Co, which was introduced in 2010.



STATEMENT OF FINANCIAL POSITION

(x € million)	30-06-2014	31-12-2013		30-06-2013	
Statement of financial position and capital management					
Equity attributable to shareholders	1,268	1,284	-1%	1,276	-1%
Equity attributable to minority interests	55	55	0%	56	-2%
Savings and deposits	10,480	10,161	3%	10,142	3%
Loans and advances to customers	11,929	12,491	-4%	13,090	-9%
Total assets	17,694	17,670	0%	17,057	4%
Funding ratio (%)	87.9	81.3		77.5	

LOAN BOOK

(x € million)	30-06-2014	31-12-2013 ⁷	
Mortgage loans to private individuals	6,269	6,483	-3%
Other private loans	1,565	1,695	-8%
Corporate loans	2,441	2,610	-6%
Real estate	1,975	2,036	-3%
Impairments	-321	-333	-4%
Total	11,929	12,491	-4%

The first half of 2014 saw a 4% fall in the loan portfolio, which stood at € 11.9 billion. This reduction stems from the planned scaling back of real estate and corporate loans, as well as from repayments made from available or released funds. This is a trend that has been under way for some time.

Corporate Banking

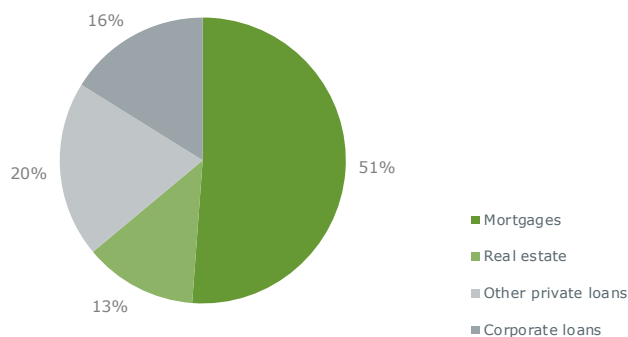
A team of experts within the Corporate Banking business unit is engaged in managing and scaling down the real estate and corporate loan portfolio. The risk-weighted assets in this portfolio were reduced from € 4.1 billion at year-end 2013 to € 3.4 billion at 30 June 2014. The reduction is due principally to the scaling down of the loan book (€ 0.3 billion) and system and model optimisations (€ 0.5 billion) (see the section on Capital management).

The scaling-down exercise is on schedule. The scaling down of the loan book releases risk-bearing capital, and also contributes directly to an improvement in the Common Equity Tier I ratio.

Loan book

Half of Van Lanschot's loan book consists of residential mortgage loans. The mortgage portfolio is characterised by a low number of mortgages in default, limited losses and a low level of foreclosure sales. The average Loan-to-Value (LTV) ratio at 30 June 2014 was 82%, virtually unchanged compared with the previous year (year-end 2013: 81%). The LTV ratio is calculated on the basis of market value. If the more conservative index-linked foreclosure value is taken as a basis, the LTV ratio was 96% (year-end 2013: 95%). Besides providing the usual collateral, a large number of the mortgage clients also holds client assets at Van Lanschot.

Loan portfolio at 30 June 2014 (%)



⁷ In H1 2014, a reassessment of the real estate definition has occurred. The comparative figures in this table have been restated accordingly.



Corporate loans (20% of the total loan book) are well diversified across sectors. This loan book reflects our focus on our core target clients: high net-worth individuals, entrepreneurs (director-owners) and their businesses, healthcare professionals, business professionals and executives.

The real estate portfolio, totalling € 2.0 billion (16% of the total loan book) is managed by a specialist team. The portfolio consists of small-scale properties situated in the Netherlands. Van Lanschot provides virtually no financing for property development. Only 24% of the real estate portfolio comprises office buildings, and these are located primarily in the *Randstad* conurbation, comprising the cities of Amsterdam, Rotterdam, Utrecht and The Hague. The average LTV ratio based on foreclosure values remained stable at 87% (year-end 2013: 87%). An in-depth review of the commercial and real estate portfolio in 2013 (Asset Quality Review) confirmed that Van Lanschot possesses adequate capital buffers to cover potential credit risks.

The loan book is concentrated in the Netherlands (95%) and Belgium (2%).

PROVISIONS

Van Lanschot has recognized provisions for the impaired loans in its loan book. At 30 June 2014, impaired loans totalled € 626 million. Provisions had been recognized for € 321 million, or 51%, of this total (2013: 56%). The table below provides a more detailed breakdown of the loan book and provisions recognized as at 30 June 2014.

(x € million)	Loan book	Impaired loans	Provision for impaired loans	NPL ⁸	Coverage ratio
Mortgage loans to private individuals	6,269	115	64	1.8%	56%
Other private banking loans	1,565	125	62	8.0%	50%
Corporate loans	2,441	178	97	7.3%	54%
Real estate	1,975	208	88	10.5%	42%
Impairments	-321	-	-		
Total	11,929	626	311	5.2%	50%
Incurring But Not Reported (IBNR)			10		
Provision including IBNR			321		51%

The addition to the loan loss provision amounted to € 35.5 million in the first half of 2014 (H1 2013: € 41.5 million). The addition to the loan loss provision for the first half of 2014 corresponds to 81 basis points of the average risk-weighted assets (H1 2013: 83 basis points). The number of new debtors for whom we have to make a provision is falling.

CAPITAL AND LIQUIDITY MANAGEMENT

The solid capital base and funding mix was strengthened further in recent months.

(x € million)	30-06-2014	31-12-2013		30-06-2013	
Risk-weighted assets ⁹	8,137	9,003	-10%	9,505	-14%
Common Equity Tier I ratio (%) ⁹	13.8	13.1		12.5	
Tier I ratio (%) ⁹	13.8	13.1		12.5	
Total capital ratio (%) ⁹	14.5	13.9		13.4	

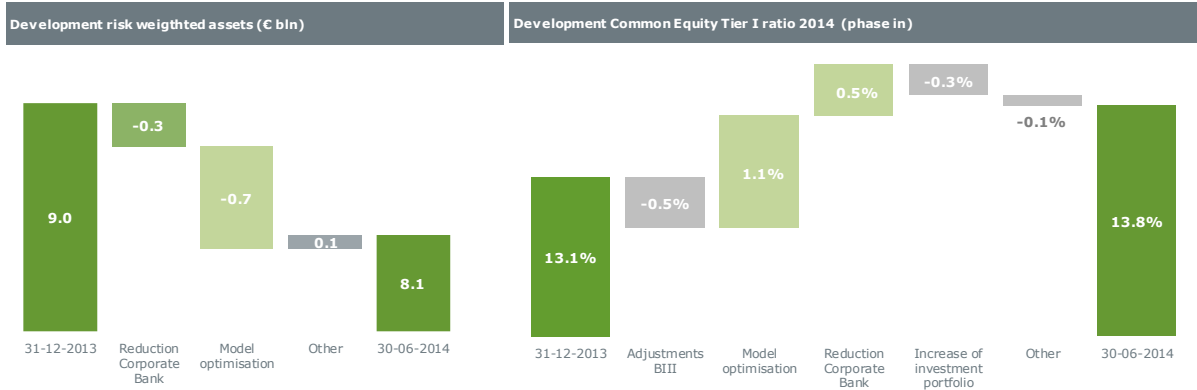
⁸ Non-performing loans (NPL) are the impaired loans as a percentage of the total loan portfolio

⁹ Per 30 June 2014 in line with Basel III on a phase-in basis. The comparative figures relate to Basel II.



CAPITAL MANAGEMENT

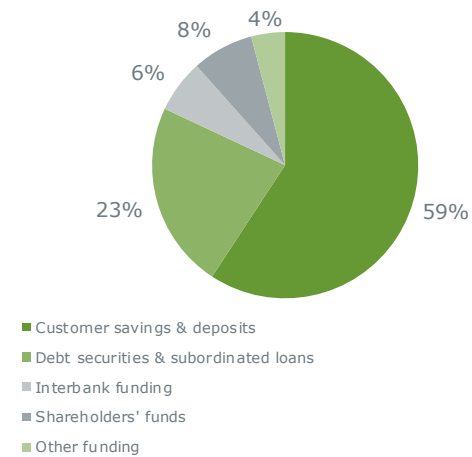
The Common Equity Tier I ratio¹⁰ rose over the first six months of 2014, from 13.1% at year-end 2013 to 13.8% at 30 June 2014. Taking into account the net profit for the current year, this ratio would be 14.2%. This reflects the strength of Van Lanschot's capital position. The rise in the Common Equity Tier I ratio results from a reduction in the risk-weighted assets, which was achieved through scaling down of the loan book and enlargement of the investment portfolio, in combination with model optimisation.



LIQUIDITY AND FUNDING

The funding and liquidity position remains solid. The rationalisation of the loan book and the increase in savings and deposits led to a funding ratio of 87.9%. Van Lanschot had a comfortable liquidity position at year-end 2013. Despite the fact that clients are still using their available capital to pay off debt, there was a net increase in savings and deposits of € 0.3 billion over the first six months of 2014. This growth was due mainly to an increase in savings, including through the online savings proposition Evi Sparen which was offered in the Netherlands and Belgium.

Funding mix at 30 June 2014



Van Lanschot was active on the international capital markets in the first half of 2014. The following transactions were effected:

- February 2014: issue of an institutional senior unsecured bond for an amount of € 200 million with a term of just over four years and a coupon of 3.125%
- First half of 2014: issue of several medium-term notes to a total of some € 213 million, with terms to maturity ranging from one to ten years, as part of the structured notes programme.

BASEL III

The Basel III rules impose stricter capital and liquidity requirements on banks. The Basel III guidelines include the Common Equity Tier I ratio, the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and a stricter definition of the leverage ratio. The new requirements will be implemented in phases over the period 2014 to 2018. The Basel III regulations have not yet been finalised. At 30 June 2014, Van Lanschot's ratios based on the rules as currently known were as follows:

¹⁰ This is the Common Equity Tier I ratio on a phase-in basis. Basel III had not yet been implemented at year-end 2013, so the 13.1% figure cited relates to Basel II.



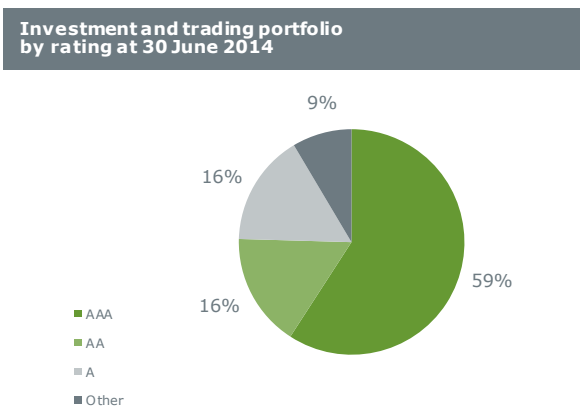
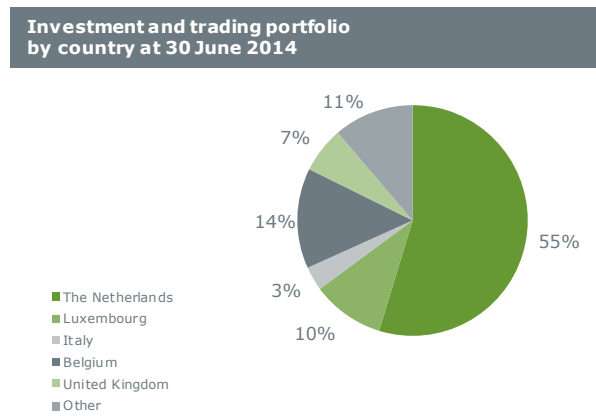
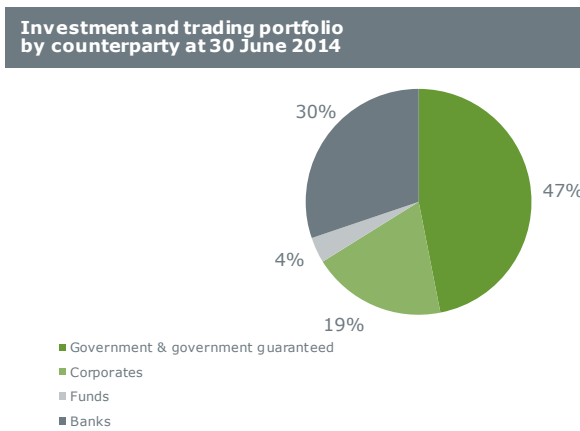
	30-06-2014	Norm
Common Equity Tier I ratio (fully loaded) (%)	11.6	> 9.5 ¹¹
Liquidity Coverage Ratio (%)	130.6	> 100
Net Stable Funding Ratio (%)	96.9	> 100
Leverage ratio (fully loaded) (%)	4.9	> 3

INVESTMENT AND TRADING PORTFOLIO

Van Lanschot’s total investment and trading portfolio¹² stood at € 3.4 billion at 30 June 2014, compared with € 2.0 billion at year-end 2013. This was due to the scaling down of the loan book and the inflow of savings. The investment and trading portfolio was enlarged by bringing in Belgian government bonds, bonds issued by the European Investment Bank, bonds issued by Western European financial institutions and asset-backed securities. In line with its investment strategy, Van Lanschot constructed a held-to-maturity portfolio in the first half of 2014. This portfolio had a value of € 0.4 billion at 30 June 2014 and comprised Belgian government bonds and bonds issued by listed Western European financial institutions.

In the context of asset and liability management, the portfolios are held predominantly for liquidity purposes and therefore mainly contain highly liquid and low-risk instruments.

The following diagrams show the portfolio at 30 June 2014, broken down by counterparty, country and rating.



¹¹ This norm comprises the following buffers: standard (4.5%), conservation (2.5%) and countercyclical (between 0% and 2.5%).

¹² The investment and trading portfolio comprises the balance of available-for-sale investments, financial receivables from trading activities, financial assets held to maturity and financial assets designated at fair value through profit or loss.



CLIENT ASSETS

(x € billion)	30-06-2014	31-12-2013		30-06-2013	
Client assets	56.1	53.5	5%	51.3	9%
Assets under management	45.6	43.3	5%	41.2	11%
Savings and deposits	10.5	10.2	3%	10.1	4%
Assets under management	45.6	43.3	5%	41.2	11%
Assets under discretionary management	34.2	31.9	7%	29.8	15%
Assets under non-discretionary management	11.4	11.4	0%	11.4	0%
Assets under management	45.6	43.3	5%	41.2	11%
Private Banking	19.5	18.9	3%	18.3	7%
Asset Management	26.1	24.4	7%	22.9	14%
Savings and deposits	10.5	10.2	3%	10.1	4%
Savings	8.4	7.7	9%	7.4	14%
Deposits	2.1	2.5	-16%	2.7	-22%

The increase in client assets was due to an inflow of assets under discretionary management, a positive market performance and a rise in savings and deposits of private and corporate clients. At the same time, there was a modest outflow of assets under non-discretionary management.

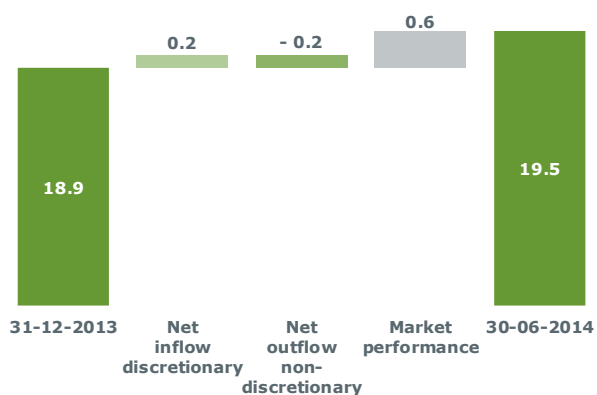
ASSETS UNDER MANAGEMENT

Total assets under management were up 5%, from € 43.3 billion at year-end 2013 to € 45.6 billion at 30 June 2014. This € 2.3 billion increase was due to a net outflow of € 0.1 billion and a positive market performance of € 2.4 billion.

PRIVATE BANKING

Assets under management at Private Banking increased by € 0.6 billion in the first half of 2014, to € 19.5 billion. There was an inflow of € 0.2 billion in assets under discretionary management.

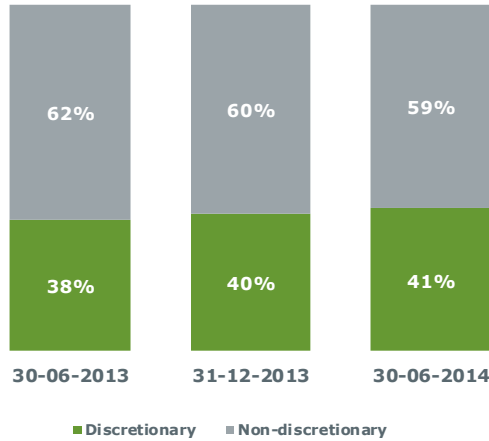
Development assets under management
Private Banking (€ billion)





The trend of opting for the benefits of a discretionary mandate continued within Private Banking in the first half of 2014. The share of assets under discretionary management increased from 40% to 41%. The introduction of the new advisory model led to a move away from investment advice (*Samen Beleggen*) to asset management (*Laten Beleggen*) and execution-only (*Zelf Beleggen*).

Ratio assets under discretionary and non-discretionary management Private Banking

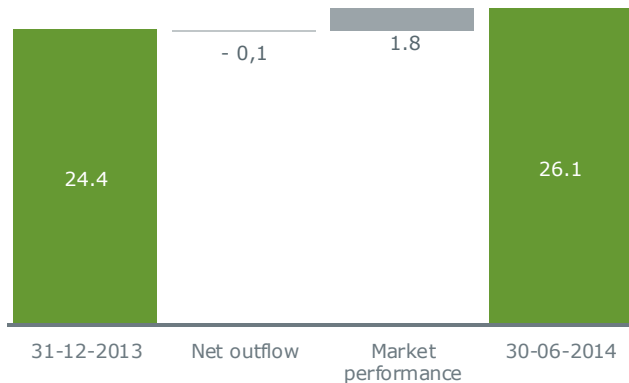


Van Lanschot's online savings and investment proposition Evi, which is aimed at those just starting out on the wealth management market, achieved good results in both the Netherlands and Belgium. The entrusted savings and investments are developing towards € 1 billion. Evi is available in the Netherlands in three forms: discretionary management (*Beheer*), investment advice (*Advies*) and savings (*Sparen*). In Belgium, Evi Sparen (savings) is available.

ASSET MANAGEMENT

Assets under management in the Asset Management segment rose 7%, from € 24.4 billion to € 26.1 billion. This increase was primarily attributable to a realised price effect of € 1.8 billion. The net outflow of € 0.1 billion was the net result of the departure of clients, new mandates and inflow from existing clients. In the light of the success of the Kempen Global High Dividend strategy, and with a view to protecting the interests of existing investors, it was decided at the start of 2014 to close the Kempen Global High Dividend Fund to new deposits. As expected, this led to a net outflow.

Assets under management Asset Management (€ billion)





EXECUTIVE BOARD RESPONSIBILITY STATEMENT

The members of the Board of Managing Directors hereby confirm that, to the best of 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 the half-year report gives a true and fair view of the information to be provided pursuant to Section 5:25d (8) and (9) of the Dutch Financial Supervision Act (Wft).

DISCLAIMER

Disclaimer and cautionary note regarding forward-looking statements

This document contains forward-looking statements concerning future events. Those forward-looking statements are based on the current information and assumptions of Van Lanschot management concerning known and unknown risks, developments and uncertainties. Forward-looking statements do not relate to definite facts and are subject to risks, developments and uncertainties. The actual results may differ considerably as a result of risks, developments and uncertainties relating to Van Lanschot's expectations regarding, but not limited to, estimates regarding income growth, cost development, the (macro) economic climate, political and market trends, acts of supervisory and regulatory authorities and private entities, and changes in the law and taxation. Van Lanschot cautions that expectations are only valid on the specific dates on which they are expressed, and accepts no responsibility or obligation to revise or update any information following new information or changes in policy, developments, expectations or the like. The financial data included in this document have not been audited. This document does not constitute an offer or solicitation for the sale, purchase or acquisition in any other way or subscription of any financial instrument and is not an opinion or recommendation to perform any act or refrain from performing any act.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30 JUNE 2014

		30-06-2014	31-12-2013	30-06-2013
<i>€ thousand</i>				
Assets				
Cash and cash equivalents and balances withdrawable at central banks	1	1,072,152	1,999,963	869,804
Financial assets held for trading		57,385	47,083	53,548
Due from banks		474,420	429,215	402,079
Financial assets designated as at fair value through profit or loss	2	1,250,174	725,938	582,000
Available-for-sale investments	3	1,677,328	1,197,731	1,268,630
Held-to-maturity investments	4	424,486	-	-
Loans and advances to the public and private sectors	5	11,929,097	12,490,723	13,089,550
Derivatives (receivables)	6	227,456	208,134	179,430
Investments in associates using the equity method	7	41,253	50,385	53,318
Property, plant and equipment	8	84,894	84,638	100,661
Goodwill and other intangible assets	9	165,837	172,431	175,405
Current tax assets		1,246	13,616	6,947
Deferred tax assets		74,259	59,797	59,664
Other assets		213,800	190,711	215,875
Total assets		17,693,787	17,670,365	17,056,911
Equity and liabilities				
Financial liabilities from trading activities		3,981	798	809
Due to banks	10	1,137,541	1,175,422	1,385,632
Public and private sector liabilities	11	10,480,264	10,161,397	10,142,319
Financial liabilities designated as at fair value through profit or loss	12	537,733	357,633	274,824
Derivatives (liabilities)	6	367,158	299,662	298,116
Issued debt securities	13	3,364,241	3,849,119	3,145,307
Provisions	14	105,048	35,910	51,153
Current tax liabilities		15,468	22,904	8,960
Deferred tax liabilities		10,690	8,358	10,932
Other liabilities		224,850	291,978	276,220
Subordinated loans	15	123,491	128,218	130,293
Total liabilities		16,370,465	16,331,399	15,724,565
Issued share capital		41,017	41,017	41,017
Treasury shares		-1,100	-2,135	-2,776
Share premium		479,914	479,914	479,914
Other reserves	16	701,980	735,461	726,606
Undistributed profit attributable to shareholders of Van Lanschot NV		46,497	29,230	31,726
Equity attributable to shareholders of Van Lanschot NV		1,268,308	1,283,487	1,276,487
Equity instruments issued by subsidiaries		36,013	36,063	36,063
Undistributed profit attributable to equity instruments issued by subsidiaries		566	1,125	558
Equity attributable to equity instruments issued by subsidiaries		36,579	37,188	36,621
Other non-controlling interests		16,066	15,140	15,144
Undistributed profit attributable to other non-controlling interests		2,369	3,151	4,094
Equity attributable to other non-controlling interests		18,435	18,291	19,238
Total equity		1,323,322	1,338,966	1,332,346
Total equity and liabilities		17,693,787	17,670,365	17,056,911
Contingent liabilities		132,531	177,912	199,522
Irrevocable commitments		434,888	447,342	980,678
		567,419	625,254	1,180,200

References relate to the relevant notes

**CONSOLIDATED STATEMENT OF INCOME**

FOR THE FIRST HALF OF 2014

<i>€ thousand</i>		H1 2014	H2 2013	H1 2013
Income from operating activities				
Interest income		387,346	392,077	388,651
Interest expense		281,370	287,017	281,500
Net interest income	17	105,976	105,060	107,151
Income from associates using the equity method		33,624	1,854	8,748
Other income from securities and associates		8,393	1,089	5,435
Income from securities and associates	18	42,017	2,943	14,183
Commission income		117,825	117,602	122,692
Commission expense		4,117	3,358	3,659
Net commission income	19	113,708	114,244	119,033
Result on financial transactions	20	34,061	24,515	41,758
Other income	21	9,285	11,698	10,608
Total income from operating activities		305,047	258,460	292,733
Expenses				
Staff costs	22	112,176	122,113	117,549
Other administrative expenses	23	86,944	77,313	75,768
Staff costs and other administrative expenses		199,120	199,426	193,317
Depreciation and amortisation		11,181	4,373	11,517
Operating expenses		210,301	203,799	204,834
Addition to loan loss provision		35,485	60,840	41,545
Other impairments		4,668	-2,254	4,986
Impairments	24	40,153	58,586	46,531
Total expenses		250,454	262,385	251,365
Operating profit before tax		54,593	-3,925	41,368
Income tax		5,161	-1,053	4,990
Net result		49,432	-2,872	36,378
Of which attributable to shareholders of Van Lanschot NV		46,497	-2,496	31,726
Of which attributable to equity instruments issued by subsidiaries		566	567	558
Of which attributable to other non-controlling interests		2,369	-943	4,094
Earnings per ordinary share (€)	25	1.14	-0.07	0.78
Dividend per ordinary share (€)		-	0.20	-
Diluted earnings per ordinary share (€)	26	1.13	-0.06	0.77

References relate to the relevant notes

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE FIRST HALF OF 2014

<i>€ thousand</i>	H1 2014	H1 2013
Net result (as per income statement)	49,432	36,378
Other comprehensive income		
Other comprehensive income that will be reclassified subsequently to profit or loss		
Other comprehensive income through revaluation reserve		
Revaluation of equity instruments	-488	-573
Revaluation of debt instruments	38,260	-10,193
Realised gains/(losses) on equity instruments	-1,708	-911
Realised gains/(losses) on debt instruments	-22,604	-23,702
Income tax effect	-3,792	7,664
Total other comprehensive income through revaluation reserve	9,668	-27,715
Other comprehensive income from value changes of derivatives (cash flow hedges)		
Increase in value of derivatives directly added to equity	271	289
Decrease in value of derivatives directly charged against equity	-1,900	-3,266
Income tax effect	407	744
Total other comprehensive income from value changes of derivatives (cash flow hedges)	-1,222	-2,233
Other comprehensive income from currency translation differences	-580	-317
Income tax effect	-	-
Total other comprehensive income from currency translation differences	-580	-317
Total other comprehensive income that will be reclassified subsequently to profit or loss	7,866	-30,265
Other comprehensive income that will not to be reclassified subsequently to profit or loss		
Re-measurement result on defined-benefit plans		
Re-measurement result on defined-benefit plans	-83,791	16,049
Income tax effect	20,947	-4,012
Total other comprehensive income from the defined-benefit plans	-62,844	12,037
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	-62,844	12,037
Total other comprehensive income	-54,978	-18,228
Total comprehensive income	-5,546	18,150
Of which attributable to shareholders of Van Lanschot NV	-8,481	13,498
Of which attributable to equity instruments issued by subsidiaries	566	558
Of which attributable to other non-controlling interests	2,369	4,094

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FIRST HALF OF 2014

<i>€ thousand</i>	H1 2014	H1 2013
Cash flow from operating activities		
Operating profit before tax	54,593	41,368
Adjustments for		
- Depreciation and amortisation	11,109	12,065
- Share-based payments expense	1,055	509
- Shares of profit of associates using the equity method	-6,807	-8,749
- Unrealised net gains/(losses) on financial assets designated as at fair value through profit or loss	-54,633	13,140
- Unrealised net gains/(losses) on financial liabilities designated as at fair value through profit or loss	14,554	-9,370
- Unrealised net gains/(losses) results on derivatives (receivables and liabilities)	24,804	-12,353
- Impairments	40,153	46,531
Cash flows from operating activities	84,828	83,141
Net increase/(decrease) in operating assets and liabilities		
- Financial assets/liabilities held for trading	-7,119	-694
- Financial assets designated at fair value through profit or loss	-470,685	36,271
- Due from/due to banks	-70,432	-135,716
- Loans and advances to public and private sectors/public and private sector liabilities	844,460	-871,300
- Derivatives (receivables and liabilities)	31,449	-59,563
- Provisions	-14,653	-10,735
- Other assets and liabilities	-87,409	-115,216
- Income taxes paid	-227	-7,822
- Dividends received	2,522	1,630
Total movement in assets and liabilities	227,906	-1,163,145
Net cash flow from operating activities	312,734	-1,080,004
Cash flow from investing activities		
Investments and acquisitions		
- Investments in debt instruments	-1,957,912	-785,718
- Investments in equity instruments	-46	-620
- Investments in associates using the equity method	-20	-1
- Property, plant and equipment	-8,081	-9,753
- Goodwill and other intangible assets	-1,363	-11,329
Divestments, repayments and sales		
- Investments in debt instruments	1,063,642	393,392
- Investments in equity investments	1,082	251
- Investments in associates using the equity method	8,505	202
- Property, plant and equipment	2,356	3,720
- Goodwill and other intangible assets	2,047	36
Dividends received	4,294	1,667
Net cash flow used in investing activities	-885,496	-408,153

Continued on the next page

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

FOR THE FIRST HALF OF 2014

<i>€ thousand</i>	H1 2014	H1 2013
Cash flow from financing activities		
Options issued	545	259
Equity instruments issued by subsidiaries	-50	-
Other non-controlling interests	1,414	1,149
Redemption of subordinated loans	-4,651	-2,111
Receipts on debt securities	202,095	1,082,112
Redemption of debt securities	-694,337	-465,231
Receipts on financial liabilities designated as at fair value through profit or loss	224,861	109,654
Redemption of financial liabilities designated as at fair value through profit or loss	-59,315	-39,815
Dividends paid	-12,957	-2,802
Net cash flows used in financing activities	-342,395	683,215
Net decrease in cash and cash equivalents and balances withdrawable at central banks	-915,157	-804,942
Cash and cash equivalents and balances withdrawable at central banks at 1 January	1,986,037	1,670,625
Cash and cash equivalents and balances withdrawable at central banks at 30 June	1,070,880	865,683
Supplementary disclosure		
Cash flows from interest received	376,352	377,093
Cash flows from interest paid	332,089	346,972

* In Cash and cash equivalents and balances withdrawable at central banks is also included amounts due from / to banks available on demand.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST HALF OF 2014

Equity attributable to holders of equity instruments of Van Lanschot								30-06-2014
	Share capital	Treasury shares	Share premium	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to third parties	Total equity
<i>€ thousand</i>								
Balance at 1 January 2014	41,017	-2,135	479,914	735,461	29,230	1,283,487	55,479	1,338,966
Net profit (as per income statement)	-	-	-	-	46,497	46,497	2,935	49,432
Total other comprehensive income	-	-	-	-54,978	-	-54,978	-	-54,978
Total comprehensive income	-	-	-	-54,978	46,497	-8,481	2,935	-5,546
Options exercised	-	1,035	-	441	-	1,476	-	1,476
Profit appropriation	-	-	-	21,037	-21,037	-	-	-
Repurchased equity instruments	-	-	-	-	-	-	-50	-50
Dividends	-	-	-	-	8,193	-8,193	-4,764	-12,957
Other changes	-	-	-	19	-	19	-	19
Acquisition of/change in non-controlling interests	-	-	-	-	-	-	1,414	1,414
Balance at 30 June 2014	41,017	-1,100	479,914	701,980	46,497	1,268,308	55,014	1,323,322

Equity attributable to holders of equity instruments of Van Lanschot								30-06-2013
	Share capital	Treasury shares	Share premium	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to third parties	Total equity
<i>€ thousand</i>								
Balance at 1 January 2013	41,017	-3,638	479,914	895,138	-150,083	1,262,348	52,860	1,315,208
Net profit (as per income statement)	-	-	-	-	31,726	31,726	4,652	36,378
Total other comprehensive income	-	-	-	-18,228	-	-18,228	-	-18,228
Total comprehensive income	-	-	-	-18,228	31,726	13,498	4,652	18,150
Options exercised	-	862	-	-194	-	668	-	668
Profit appropriation	-	-	-	-158,167	158,167	-	-	-
Dividends	-	-	-	-	-	-	-2,802	-2,802
Other changes	-	-	-	8,057	8,084	-27	-	-27
Acquisition of/change in non-controlling interests	-	-	-	-	-	-	1,149	1,149
Balance at 30 June 2013	41,017	-2,776	479,914	726,606	31,726	1,276,487	55,859	1,332,346

The Other changes particularly relate to the adaption of the comparative figures due to IAS 19R.



Summary of significant accounting policies

Basis of preparation

Van Lanschot's interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim consolidated financial statements do not include all financial information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the financial statements of Van Lanschot at 31 December 2013. This interim report has not been audited. All amounts are denominated in thousands of euros, unless stated otherwise.

Valuation policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Van Lanschot's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014. Insofar as subsequent changes are considered necessary, the comparative figures have been restated.

Held-to-maturity investments

Investments with fixed terms and cash flows are classified as held-to-maturity investments, provided management intends to keep them for their full terms and is in a position to do so. Management determines the appropriate classification for its investments on their acquisition dates.

Held-to-maturity investments are initially recognised at fair value and subsequently carried at amortised cost based on the effective interest method, net of provisions for impairment losses. Interest earned on held-to-maturity investments is recognised as Interest income. All transactions made in accordance with standard market conventions for held-to-maturity investments are recognised at the date of settlement.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The amount of the loss shall be recognized in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Changes in the presentation

Amortisation charges on discontinued hedging relationships are recognised in Interest income rather than Result on financial transactions as previously. The comparative figures of 30 June 2013 have been restated accordingly, with a negative impact on Interest income of € 1.7 million and a positive impact on Result on financial transactions of € 5.2 million. The Operating profit before tax for the first half year 2013 is therefore increased with an amount of € 3.6 million.

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

The following new or revised standards or interpretations became effective as from 1 January 2014 and have an impact on the 2014 interim report.

IFRS 10 Consolidated Financial Statements

IFRS 10 contains a new definition of the principle of control which determines which entities must be consolidated. The new standard replaces SIC 12 Consolidation – special purpose entities and the part on the consolidated financial statements in IAS 27 Consolidated and Separate Financial Statements. This standard is effective for annual periods beginning on or after 1 January 2014. Van Lanschot's basis of consolidation has not changed materially.

IFRS 11 Joint Arrangements

As part of the consolidation project of the IASB, the disclosure requirements for interests in other entities were also revised. IFRS 11 aims for more transparency and less divergence in connection with the disclosure of investments in other entities, inclusive of joint arrangements. IFRS 11 applies to financial statements beginning on or after 1 January 2014.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 concerns a new standard with disclosure requirements for all consolidated and non-consolidated entities disclosed under IFRS 10, IFRS 11 (joint arrangements), IAS 27 and IAS 28. IFRS 12 applies to financial statements for periods beginning on or after 1 January 2014.

IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments relating to investment entities apply to investments in subsidiaries, associates and joint ventures held by an entity that meets the definition of an investment entity. They are a significant change for investment entities which currently have to consolidate associates where they have control. The amendments apply to financial statements for periods beginning on or after 1 January 2014.

IAS 28 Investments in Associates

The changes in IAS 28 provide further guidance for accounting for investments in associates and for application of the equity method. The amendments apply to financial statements for periods beginning on or after 1 January 2014.

IAS 32 Financial Instruments: Presentation

The amendments to IAS 32, as published on 16 December 2011 and effective on 1 January 2014, concern a clarification of the offsetting criteria of assets and liabilities.

IAS 36 Recoverable Amount: Disclosures for Non-Financial Assets

The amendments to IAS 36 clarify the disclosure requirements: information that is regarded as commercially sensitive need no longer be disclosed. Additional information is required if recoverable amount is based on fair value less costs to sell. The amendments apply to financial statements for periods beginning on or after 1 January 2014. Van Lanschot early adopted this amendment in the 2013 financial statements.

IAS 39 Derivatives and Continuation of Hedge Accounting

The changes in IAS 39 involve a relief of the termination of hedge accounting in certain situations where a hedge instrument is novated. The amendments apply to financial statements for periods beginning on or after 1 January 2014.

IFRIC 21 Levies

IFRIC 21 applies to all levies other than outflows within the scope of other standards and fines and other penalties for breaches of the law. IFRIC 21 provides guidance on recognition of levies imposed by a government and applies to financial statements for periods beginning on or after 1 January 2014.

**Selected notes to the statement of financial position**

€ thousand

1 Cash and cash equivalents and balances withdrawable at central banks

	30-06-2014	31-12-2013
Total	1,072,152	1,999,963
Cash	299	1,562
Withdrawable on demand at central banks	923,584	1,883,711
Mandatory reserve deposits at central banks	30,154	19,811
Amounts due from banks	118,115	94,879

The face value is a reasonable approximation of the fair value.

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

	30-06-2014	31-12-2013
Total	1,250,174	725,938
Debt instruments		
Government paper and government-guaranteed paper	866,944	319,756
Covered bonds	341,215	366,218
Total debt instruments	1,208,159	685,974
Equity instruments		
Shares unlisted	42,015	39,964
Total equity instruments	42,015	39,964

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

	30-06-2014	%	31-12-2013	%
AAA	963,213	77%	625,406	86%
AA	244,946	20%	30,362	4%
A	-	0%	30,207	4%
Other	42,015	3%	39,963	6%
Total	1,250,174	100%	725,938	100%

* Most recent Fitch ratings as known to Van Lanschot

3 Available-for-sale investments

	30-06-2014		31-12-2013	
	Fair value	Face value	Fair value	Face value
Total	1,677,328	1,566,662	1,197,731	1,081,181
Debt instruments				
Government paper and government-guaranteed paper	366,646	339,500	720,309	652,500
Banks and financial institutions listed	354,077	325,000	1,003	1,000
Covered bonds	143,567	139,000	75,919	76,000
Asset-backed Securities	742,503	732,184	316,465	314,520
Companies cumprefs (Participations)	30,530	30,978	40,137	37,161
Total debt instruments	1,637,323	1,566,662	1,153,833	1,081,181
Equity instruments				
Shares listed	4,403		6,033	
Shares unlisted	10,365		10,558	
Participations	25,237		27,307	
Total equity instruments	40,005		43,898	

Available-for-sale investments by external rating *

	30-06-2014	%	31-12-2013	%
AAA	1,052,591	62%	849,589	71%
AA	76,846	5%	46,214	4%
A	354,849	21%	-	0%
Other	193,042	12%	301,928	25%
Total	1,677,328	100%	1,197,731	100%

* Most recent Fitch ratings as known to Van Lanschot



4 Held-to-maturity investments

	30-06-2014		31-12-2013	
	Carrying value	Face value	Carrying value	Face value
Total	424,486	375,000	-	-
Debt instruments				
Government paper and government-guaranteed paper	234,339	200,000	-	-
Banks and financial institutions listed	190,147	175,000	-	-
Total debt instruments	424,486	375,000	-	-

Held-to-maturity investments by external rating *

	30-06-2014		31-12-2013	
		%		%
AA	234,339	55%	-	-
A	190,147	45%	-	-
Total	424,486	100%	-	-

* Most recent Fitch ratings as known to Van Lanschot

The fair value of the Held-to-Maturity investments amounts € 441 million at 30 June 2014.

5 Loans and advances to the public and private sectors

	30-06-2014	31-12-2013
Total	11,929,097	12,490,723
Mortgage loans	6,269,078	6,482,709
Loans	3,722,675	4,055,284
Current accounts	1,653,033	1,730,255
Securities-backed loans and settlement claims	380,694	329,642
Subordinated loans	45,417	46,977
Value adjustment fair value hedge accounting	179,378	178,484
Impairments	-321,178	-332,628

Impairments

	Specific	IBNR	Total
Balance at 1 January 2014	322,652	9,976	332,628
Loans written off	-49,094	-	-49,094
Additions to or release of provision	35,649	-164	35,485
Interest charged	2,159	-	2,159
Balance at 30 June 2014	311,366	9,812	321,178

The fair value of the loans and advances to the public and private sectors was € 12.4 billion at 30 June 2014 (31 December 2013: € 12.9 billion). The fair value is estimated by calculating the present value of future expected cash flows using interest rates currently being offered for similar loans tot borrowers with similar credit ratings and are therefore included in level 3 of the fair value hierarchy.



Citadel 2010-I

On 2 July 2010, Van Lanschot finalised the RMBS transaction Citadel 2010-I. This concerns the securitisation of Dutch home mortgage loans. The transaction involved an amount of € 1.2 billion. The credit risk was not transferred. 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. In this structure, Van Lanschot acts as pool servicer. Due to the set-up of the structure, Van Lanschot does not have access to all liquidities of the Citadel 2010-I entity. The liquidities to which Van Lanschot does not have access totalled € 21.8 million at 30 June 2014 (year-end: € 21.2 million). In addition, Van Lanschot is not allowed to sell the securitised loans to third parties. The structure does not incorporate any further restrictions on Van Lanschot.

The carrying amount of the securitised loans, exclusive of accrued interest, for the Citadel 2010-I transaction was € 892 million at 30 June 2014 (year-end 2013: € 929 million). The fair value of the securitised loans at 30 June 2014 was € 966 million. Part of the Senior Class A2 notes of the Citadel 2010-I transaction were placed externally. The face value of these notes at 30 June 2014 was € 456 million and their fair value was € 461 million. The holders of the Senior Class A2 notes have first entitlement to the cash flows arising from the securitised loans.

The fair value of the securities provided as collateral at 30 June 2014 was € 188 million (year-end 2013: € 203 million). These securities were provided as collateral to a financial institution as part of repo transactions.

Citadel 2010-I	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-06-2014	Spread
Total				1,249,400	905,104	
Senior Class A1	02-07-2010	-	-	247,400	-	1.30%
Senior Class A2	02-07-2010	AAA	AAA	753,350	668,854	1.40%
Mezzanine Class B	02-07-2010	-	AAA	75,450	75,450	0.00%
Mezzanine Class C	02-07-2010	BBB	BBB+	129,900	129,900	0.00%
Junior Class D	02-07-2010	-	-	30,900	30,900	0.00%
Subordinated Class E	02-07-2010	-	-	12,400	-	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 mortgages. The credit risk was not transferred. In 2013, a substantial portion of the A-notes was placed with a broad group of institutional investors. The sale of these bonds results in a further diversification of the funding. In this structure, Van Lanschot acts as pool servicer. Due to the set-up of the structure, Van Lanschot does not have access to all liquidities of the Citadel 2010-II entity. The liquidities to which Van Lanschot does not have access totalled € 23.3 million at 30 June 2014 (year-end 2013: € 20.5 million). In addition, Van Lanschot is not allowed to sell the securitised loans to third parties. The structure does not incorporate any further restrictions on Van Lanschot.

The carrying amount of the securitised loans, exclusive of accrued interest, for the Citadel 2010-II transaction was € 923 million at year-end 2013 (year-end 2013: € 960 million) The fair value of the securitised loans at 30 June 2014 was € 989 million. Part of the Senior Class A notes of the Citadel 2010-II transaction were placed externally. The face value of these notes at 30 June 2014 was € 640 million and their fair value was € 646 million. The holders of the Senior Class A notes have first entitlement to the cash flows arising from the securitised loans.

No securities have been provided as collateral at 30 June 2014 and year-end 2013.

Citadel 2010-II	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-06-2014	Spread
Total				1,255,450	935,562	
Senior Class A	30-07-2010	AAA	AAA	990,650	683,212	1.20%
Mezzanine Class B	30-07-2010	-	AAA	84,550	84,550	0.00%
Mezzanine Class C	30-07-2010	BBB	BBB+	136,700	136,700	0.00%
Junior Class D	30-07-2010	-	-	31,100	31,100	0.00%
Subordinated Class E	30-07-2010	-	-	12,450	-	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 Citadel 2011-I transaction. The transaction involved an amount of € 1.5 billion and concerns home mortgages. 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. In this way, this transaction supports the bank's liquidity management. In this structure, Van Lanschot acts as pool servicer. Due to the set-up of the structure, Van Lanschot does not have access to all liquidities of the Citadel 2011-I entity. The liquidities to which Van Lanschot does not have access totalled € 43.6 million at 30 June 2014 (year-end 2013: € 38.5 million). In addition, Van Lanschot is not allowed to sell the securitised loans to third parties. The structure does not incorporate any further restrictions on Van Lanschot.

The carrying amount of the securitised loans, exclusive of accrued interest, for the Citadel 2011-I transaction was € 1,128 million at 30 June 2014 (year-end 2013: € 1,179 million)

The fair value of the securities provided as collateral at 30 June 2014 was € 734 million (year-end 2013: € 802 million). These securities have been pledged to the Dutch Central Bank.

Citadel 2011-I	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-06-2014	Spread
Total				1,515,000	1,156,808	
Senior Class A1	10-02-2011	AAA	AAA	324,000	-	1.10%
Senior Class A2	10-02-2011	AAA	AAA	801,000	781,808	1.40%
Mezzanine Class B	10-02-2011	A+	AAA	120,000	120,000	0.00%
Mezzanine Class C	10-02-2011	-	-	135,000	135,000	0.00%
Junior Class D	10-02-2011	-	-	120,000	120,000	0.00%
Subordinated Class E	10-02-2011	-	-	15,000	-	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.

Courtine RMBS 2013-I

On 1 August 2013, Van Lanschot finalised the Courtine RMBS 2013-I transaction. The transaction involved an amount of € 862.6 million and concerns Dutch home mortgages. The repayments of € 34.7 million received during H1 2014 were used to supplement the pool of home mortgages. 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. In this way, this transaction supports the bank's liquidity management. In this structure, Van Lanschot acts as pool servicer. Due to the set-up of the structure, Van Lanschot does not have access to all liquidities of the Courtine RMBS 2013-I entity. The liquidities to which Van Lanschot does not have access totalled € 14.5 million at 30 June 2014 (year-end 2013: € 19.2 million). In addition, Van Lanschot is not allowed to sell the securitised loans to third parties. The structure does not incorporate any further restrictions on Van Lanschot.

The carrying amount of the securitised loans, exclusive of accrued interest, for the Courtine RMBS-I transaction was € 848 million at 30 June 2014 (year-end 2013: € 848 million).

The fair value of the securities provided as collateral at 30 June 2014 was € 522 million (year-end 2013: € 489 million). These securities have been pledged to the Dutch Central Bank.

Courtine RMBS 2013-I	Date of securitisation	Fitch Ratings	Standard & Poor's	Original principal	Principal at 30-06-2014	Spread
Totaal				862,600	854,000	
Senior Class A1	01-08-2013	AAA	AAA	175,000	175,000	1.15%
Senior Class A2	01-08-2013	AAA	AAA	370,000	370,000	2.15%
Mezzanine Class B	01-08-2013	AAA	AA	81,500	81,500	0.00%
Mezzanine Class C	01-08-2013	-	-	112,000	112,000	0.00%
Junior Class D	01-08-2013	-	-	115,500	115,500	0.00%
Subordinated Class E	01-08-2013	-	-	8,600	-	0.00%

The first call option date of all these debt instruments is 26 September 2018 and the contractual date of maturity is 26 September 2050.



Lunet RMBS 2013-I

On 7 November 2013, Van Lanschot finalised the Lunet RMBS 2013-I transaction. The transaction involved an amount of € 1.1 billion and concerns Dutch home mortgages. The credit risk was not transferred. The A1 and A2 notes were placed with a broad group of institutional investors. The sale of these bonds results in a further diversification of the funding. In this structure, Van Lanschot acts as pool servicer. Due to the set-up of the structure, Van Lanschot does not have access to all liquidities of the Lunet RMBS 2013-I entity. The liquidities to which Van Lanschot does not have access totalled € 10.9 million at 30 June 2014 (year-end 2013: € 31.0 million). In addition, Van Lanschot is not allowed to sell the securitised loans to third parties. The structure does not incorporate any further restrictions on Van Lanschot.

The carrying amount of the securitised loans, exclusive of accrued interest, for the Lunet RMBS 2013-I transaction was € 993 million at 30 June 2014 (year-end 2013: € 1,041 million). The fair value of the securitised loans at 30 June 2014 was € 1,064 million (year-end 2013: € 1,125 million). The Senior Class A1 and Senior Class A2 notes of the Lunet RMBS 2013-I-transaction have been placed externally. The face value of these notes at 30 June 2014 was € 809 million and their fair value was € 821 million. The holders of the Senior Class A1 notes and Senior Class A2 notes have first entitlement to the cash flows arising from the securitised loans.

No securities have been provided as collateral at 30 June 2014 and year-end 2013.

Lunet RMBS 2013-I	Date of securitisation	Fitch Ratings	Standard & Poor's	Oorspronkelijke hoofdsom	Principal at 30-06-2014	Spread
Totaal				1,085,800	1,007,814	
Senior Class A1	07-11-2013	AAA	AAA	244,000	169,570	0.50%
Senior Class A2	07-11-2013	AAA	AAA	639,600	639,600	1.08%
Mezzanine Class B	07-11-2013	AAA	AA	49,400	49,400	0.00%
Mezzanine Class C	07-11-2013	-	-	71,000	71,000	0.00%
Junior Class D	07-11-2013	-	-	71,000	71,000	0.00%
Subordinated Class E	07-11-2013	-	-	10,800	7,244	0.00%

The first call option date of all these debt instruments is 27 December 2018 and the contractual date of maturity is 27 December 2045.

All the above securitisations are traditional securitisations. A characteristic of a traditional securitisation is that the beneficial title to the securitised receivables is transferred to an entity for securitisation purposes, which subsequently issues securities. The issued securities lead to a payment obligation at the securitisation company instead of Van Lanschot.

Despite the fact that Van Lanschot, based on the voting right, does not have control over the Citadel, Courtine and Lunet companies, various other circumstances imply that Van Lanschot has control after all. These circumstances concern the non-transfer of the majority of the remaining risks concerning the assets of the Citadel, Courtine and Lunet companies, the possibility to obtain benefits from the operations of these companies and the exposure to the relevant risks. As a result, Van Lanschot holds a beneficial interest in the Citadel, Courtine and Lunet companies and has consolidated them in full.

**6 Derivatives**

	30-06-2014			31-12-2013		
	Asset	Liability	Contract amount	Asset	Liability	Contract amount
Total	227,456	367,158	8,518,536	208,134	299,662	8,031,025
Derivatives used for trading purposes	16,164	16,682	293,573	15,076	15,706	105,637
Derivatives used for hedge accounting purposes	31,541	106,345	2,127,196	27,810	92,375	2,094,326
Other derivatives	179,751	244,131	6,097,767	165,248	191,581	5,831,062

7 Investments in associates using the equity method

	30-06-2014	31-12-2013
Total	41,253	50,385
Listed	-	-
Unlisted	41,253	50,385

The movements were as follows:

	H1 2014	2013
Balance at 1 January	50,385	46,443
Acquisitions and contributions	20	1,082
Disposals and repayments	-8,927	-2,768
Share of profit/(loss)	6,807	10,095
Impairments	-2,579	-16
Dividend received	-4,294	-1,855
Other changes	-159	-2,596
Balance at 30 June respectively 31 December	41,253	50,385

The fair value of investments valued using the equity method was € 64.7 million at 30 June 2014 (31 December 2013: € 88.3 million) and is included in Level 3 of the fair value hierarchy.

8 Property, plant and equipment

	30-06-2014	31-12-2013
Total	84,894	84,638
Buildings	62,635	64,675
IT, operating software and communication equipment	6,983	7,796
Other assets	12,022	11,558
Work in progress	3,254	609

The fair value of the buildings was € 65.9 million at 30 June 2014 (31 December 2013: € 78.5 million). The carrying amount of buildings not in use amounts to € 12.0 million (31 December 2013: € 11.4 million).

The fair values of IT, operating software and communication equipment and other assets do not deviate materially from their carrying amounts.

9 Goodwill and other intangible assets

	30-06-2014	31-12-2013
Total	165,837	172,431
Goodwill	132,241	134,289
Other intangible assets	33,596	38,142



10 Due to banks

	30-06-2014	31-12-2013
Total	1,137,541	1,175,422
Special loans European Central Bank	750,000	750,000
Repo transactions	262,655	266,569
Loans and advances drawn	60,115	80,270
Deposits	45,825	54,923
Settlement claims securities transactions	18,206	22,920
Value adjustments fair value hedge accounting	740	740

The fair value of amounts Due to banks of € 1.1 billion at 30 June 2014 (31 December 2013: € 1.2 billion) is based on the present value of expected cash flows using appropriate money market interest rates for liabilities with a comparable remaining term to maturity and taking into account own credit risk and is therefore included in Level 3 of the fair value hierarchy.

11 Public and private sector liabilities

	30-06-2014	31-12-2013
Total	10,480,264	10,161,397
Savings	4,419,931	3,481,117
Deposits	2,125,804	2,523,466
Other funds entrusted	3,931,186	4,154,918
Value adjustments fair value hedge accounting	3,343	1,896

The fair value of Public and private sector liabilities of € 10.6 billion at 30 June 2014 (31 December 2013: € 10.3 billion) is based on the present value of cash flows at appropriate money market interest rates for liabilities with a comparable remaining term to maturity and taking into account own credit risk and is therefore included in Level 3 of the fair value hierarchy.

12 Financial liabilities designated as at fair value through profit or loss

	30-06-2014	31-12-2013
Total	537,733	357,633
Unstructured debt instruments	175,215	167,400
Structured debt instruments	362,518	190,233

13 Issued debt securities

	30-06-2014	31-12-2013
Total	3,364,241	3,849,119
Bonds and notes	1,252,542	1,528,698
Notes regarding of as a result of securitisation transactions	1,905,831	2,058,196
Floating rate notes	193,368	249,725
Medium term notes	12,500	12,500

The fair value of Debt securities of € 3.4 billion at 30 June 2014 (31 December 2013: € 3.9 billion) is based on the present value of cash flows at appropriate money market interest rates for securities with a comparable remaining term to maturity and taking into account own credit risk and is therefore included in Level 3 of the fair value hierarchy.



14 Provisions

	30-06-2014	31-12-2013
Total	105,048	35,910
Provisions for pensions	92,973	16,669
Provision for jubilee benefits scheme	2,806	2,701
Provision for employee rebates	3,901	3,785
Restructuring provision	2,029	9,862
Other provisions	3,339	2,893

15 Subordinated loans

	30-06-2014	31-12-2013
Total	123,491	128,218
Certificates of indebtedness	100,000	100,000
Other subordinated loans	23,491	28,218

The fair value of subordinated loans of € 163.6 million (31 December 2013: € 146.8 million) is based on the present value of cash flows at appropriate interest rates for subordinated loans with a comparable remaining term to maturity and taking into account own credit risk and is therefore included in Level 3 of the fair value hierarchy.

16 Other reserves

	Revaluation reserve available-for-sale investments		Actuarial gains/losses on defined benefit plans	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total
	equity instruments	debt investments					
Balance at 1 January 2014	21,498	410	-81,616	-1,222	-6,743	803,134	735,461
Net change in fair value	-488	28,817	-	-	-1,222	-	27,107
Realised gains/losses through profit or loss	-1,708	-16,953	-	-	-	-	-18,661
Dividend	-	-	-	-	-	21,037	21,037
Share-based payments	-	-	-	-	-	441	441
Actuarial gains/losses	-	-	-62,844	-	-	-	-62,844
Other changes	-	-	-	-580	-	19	-561
Balance at 30 June 2014	19,302	12,274	-144,460	-1,802	-7,965	824,631	701,980
Tax effects	-	-3,792	20,948	-	407	-	17,563

**Selected notes to the consolidated statement of income**

€ thousand

17 Net interest income

	H1 2014	H1 2013
Interest income		
Total	387,346	388,651
Interest income on cash equivalents	106	344
Interest income on banks and private sector	231,692	249,376
Interest income on held-to-maturity investments	1,610	-
Other interest income	413	338
Interest income on items not recognised at fair value	233,821	250,058
Interest income on available-for-sale investments	12,147	5,911
Interest income on loans at fair value	12,668	8,331
Interest income on derivatives	128,710	124,351

	H1 2014	H1 2013
Interest expense		
Total	281,370	281,500
Interest expense on banks and private sector	74,133	92,245
Interest expense on issued debt securities	42,536	35,869
Interest expense on subordinated loans	3,087	4,998
Other interest expense	455	746
Interest expense on items not recognised at fair value	120,211	133,858
Interest expense on derivatives	161,159	147,642

18 Income from securities and associates

	H1 2014	H1 2013
Total	42,017	14,183
Income from associates using the equity method	33,624	8,748
Dividend and fees	2,521	1,630
Movements in value of investments at fair value through profit or loss	2,140	550
Gains/losses on sale of available-for-sale equity investments	1,708	922
Other gains/losses on sale	2,024	2,333

19 Net commission income

	H1 2014	H1 2013
Total	113,708	119,033
Securities commission	17,040	26,586
Management commission	77,834	68,281
Cash transactions and funds transfer commission	7,075	8,343
Corporate Finance commission	8,056	11,423
Other commission	3,703	4,400

20 Result on financial transactions

	H1 2014	H1 2013
Total	34,061	41,758
Gains and losses on securities trading	1,379	3,743
Gains and losses on currency trading	3,607	7,613
Unrealised gains/losses on derivatives under hedge accounting	2,849	633
Realised/unrealised gains/losses on trading derivatives	3,893	2,269
Realised gains on available-for-sale debt instruments	22,604	23,534
Gains and losses on economic hedges	-37,030	10,497
Gains and losses on financial assets designated as at fair value through profit or loss	36,759	-6,531



21 Other income

	H1 2014	H1 2013
Total	9,285	10,608
Sales	61,172	66,284
Cost of sales	-51,887	-55,676

22 Staff costs

	H1 2014	H1 2013
Total	112,176	117,549
Salaries and wages	84,380	90,683
Pension costs defined contribution schemes	3,708	3,678
Pension costs defined benefit schemes	7,935	8,462
Other social security charges	10,291	10,208
Share-based payments	1,102	485
Other staff costs	4,760	4,033

23 Other administrative expenses

	H1 2014	H1 2013
Total	86,944	75,768
Accommodation expenses	12,495	9,978
Marketing and communication	5,381	3,509
Office expenses	7,081	7,891
IT expenses	32,342	30,289
Fees external auditor	1,326	1,245
Consultancy fees	6,044	5,091
Travel expenses	5,966	5,611
Fees information suppliers	3,483	3,402
Costs of payment transactions	2,196	2,443
Other administrative expenses	10,630	6,309

24 Impairments

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

	H1 2014	H1 2013
Total	40,153	46,531
Loans and advances to the private sector	35,485	41,545
Available-for-sale investments	1,170	1,044
Other financial assets and associates	2,580	6
Property, plant and equipment	270	-
Goodwill and intangible assets	-	3,436
Assets acquired through foreclosures	648	500



Additional notes

€ thousand

25 Earnings per ordinary share

	H1 2014	H1 2013
Net result	49,432	36,378
Interest on equity instruments issued by subsidiaries	-566	-558
Non-controlling interests	-2,369	-4,094
Profit attributable to shareholders of Van Lanschot NV	46,497	31,726
Weighted average number of ordinary shares outstanding	40,950,980	40,890,780
Earnings per ordinary share (€)	1.14	0.78

26 Diluted earnings per ordinary share

	H1 2014	H1 2013
Profit attributable to shareholders of Van Lanschot NV	46,497	31,726
Weighted average number of ordinary shares outstanding	40,950,980	40,890,780
Potential ordinary shares	335,175	218,210
Weighted average number of ordinary shares outstanding fully diluted	41,286,155	41,108,990
Diluted earnings per ordinary share (€)	1.13	0.77

27 Fair value

Financial instruments at fair value	30-06-2014			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	32,784	24,378	223	57,385
Financial assets designated as at fair value through profit or loss	1,208,158	19,668	22,348	1,250,174
Available-for-sale investments	1,475,413	4,403	197,512	1,677,328
Derivatives (receivables)	14,006	213,450	-	227,456
Total assets	2,730,361	261,899	220,083	3,212,343
Liabilities				
Financial liabilities held for trading	3,981	-	-	3,981
Financial liabilities designated as at fair value through profit or loss	-	521,110	16,623	537,733
Derivatives (liabilities)	13,454	353,704	-	367,158
Total liabilities	17,435	874,814	16,623	908,872

Financial instruments at fair value	30-06-2013			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	6,694	46,203	651	53,548
Financial assets designated as at fair value through profit or loss	545,328	19,847	16,825	582,000
Available-for-sale investments	1,051,245	3,898	213,487	1,268,630
Derivatives (receivables)	17,756	161,657	17	179,430
Total assets	1,621,023	231,605	230,980	2,083,608
Liabilities				
Financial liabilities held for trading	806	-	3	809
Financial liabilities designated as at fair value through profit or loss	-	258,312	16,512	274,824
Derivatives (liabilities)	15,471	280,815	1,830	298,116
Total liabilities	16,277	539,127	18,345	573,749



Breakdown of movements in financial assets classified under Level 3							
	Balance at 1 January 2014	To statement of income	To equity	Purchases	Sales	Transfers	Balance at 30 June 2014
Assets							
Financial assets held for trading	227	-	-	-	-4	-	223
Financial assets designated as at fair value through profit or loss	19,344	2,174	-	-	51	881	22,348
Available-for-sale investments	213,527	116	-211	46	-15,966	-	197,512
Total assets	233,098	2,290	-211	46	-16,021	881	220,083

Breakdown of movements in financial liabilities classified under Level 3							
	Balance at 1 January 2014	To statement of income	To equity	Issues	Settlements	Transfers	Balance at 30 June 2014
Liabilities							
Financial liabilities designated as at fair value through profit or loss	16,285	389	-	-	-51	-	16,623
Total liabilities	16,285	389	-	-	-51	-	16,623

Breakdown of movements in financial assets classified under Level 3							
	Balance at 1 January 2013	To statement of income	To equity	Purchases	Sales	Transfers	Balance at 30 June 2013
Assets							
Financial assets held for trading	1,343	-	-	404	-1,096	-	651
Financial assets designated as at fair value through profit or loss	16,593	-73	-	305	-	-	16,825
Available-for-sale investments	218,615	442	-96	616	-6,090	-	213,487
Derivatives (receivables)	70	-32	-	-	-21	-	17
Total assets	236,621	337	-96	1,325	-7,207	-	230,980

Breakdown of movements in financial liabilities classified under Level 3							
	Balance at 1 January 2013	To statement of income	To equity	Issues	Settlements	Transfers	Balance at 30 June 2013
Liabilities							
Financial liabilities held for trading	-	-	-	3	-	-	3
Financial liabilities designated as at fair value through profit or loss	16,265	-58	-	305	-	-	16,512
Derivatives (liabilities)	2,132	-302	-	-	-	-	1,830
Total liabilities	18,397	-360	-	308	-	-	18,345

During the first half of 2014, Van Lanschot transferred € 0.9 million from Level 2 to Level 3. The underlying assets are not listed and have been measured using non-observable market data. During the first half of 2013, there were no transfers between Level 1, Level 2 and Level 3. More information on determination of fair values of financial assets and liabilities is disclosed in Van Lanschot's 2013 Annual report (from page 140).

Fair value changes recognised in profit or loss of financial instruments under Level 3						
	H1 2014			H1 2013		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Net interest income	1,286	-	1,286	1,486	-	1,486
Income from securities and associates	-	2,174	2,174	-	-73	-73
Result on financial transactions	-	-389	-389	270	58	328
Impairments	-	-1,170	-1,170	-	-1,044	-1,044
Total	1,286	615	1,901	1,756	-1,059	697



Notes on determining fair value using inputs which are market observable (Level 2)				
	Fair value (€ thousand)		Valuation method	Key inputs which are market observable
	30-06-2014	31-12-2013		
Assets				
Financial assets held for trading	24,378	30,582	- Net asset value with the underlying asset measured at fair value - Net Asset Value	- most recent known closing price - most recent published net asset values - face value - current value, reflecting appropriate generally accepted valuation methods - estimate of net asset value of the underlying investments reflecting appropriate generally accepted valuation methods received from fund managers
Financial assets designated as at fair value through profit or loss	19,668	19,739	- Net asset value with the underlying asset measured at fair value	- most recent published net asset value - market value on measurement date equals market price - fair value reflecting appropriate generally accepted standards
Available-for-sale investments	4,403	4,446	- Net asset value with the underlying asset measured at fair value	- most recent known closing price - most recent published net asset values - face value - current cost, reflecting appropriate generally accepted valuation methods
Derivatives (receivables)	213,450	193,531	- Discounted cash flow - Option model	- Asset price, interest rate, dividend yield, volatility, realised consumer price index (CPI), seasonality, inflation rate, correlation, FX rates
Total assets	261,899	248,298		
Liabilities				
Financial liabilities designated as at fair value through profit or loss	521,110	341,348	- Discounted cash flow - Option model	- Interest rate, asset price, dividend yield, volatility, correlation, FX rates
Derivatives (liabilities)	353,704	285,836	- Discounted cash flow - Option model	- Asset price, interest rate, dividend yield, volatility, realised consumer price index (CPI), seasonality, inflation rate, correlation, FX rates
Total liabilities	874,814	627,184		



Notes on determining fair value using inputs which are not market observable (Level 3)				
	Fair value (€ thousand)		Valuation method	Key inputs which are not market observable
	30-06-2014	31-12-2013		
Assets				
Financial assets held for trading	223	227	- Net asset value	- Net asset value - Face value
Financial assets designated as at fair value through profit or loss	22,348	19,344	- Discounted cashflow - Market Multiples - Trade Multiples - Net asset value	- n/a* - Lower of cost and market value
Available-for-sale investments	197,512	213,527	- Bloomberg Valuation Price - Discounted cash flow - Net asset value with the underlying asset measured at fair value - Net asset value - Market Multiples - Transaction Multiples	- Interest rates - Discount rates - Most recent known closing price - Most recent published net asset values - Face value - n/a * - Current value reflecting appropriate generally accepted valuation methods - Multiple analyses of comparable companies less a discount of 25% for illiquidity and company size - Most recently known share price - EBITA - Issue or transfer price - Market price on final trading day - Nominal value less provisions - Sales growth - EBIT(DA) margin development - Net working capital development - Capital expenditures - Weighted average cost of capital (WACC)
Total assets	220,083	233,098		
Liabilities				
Financial liabilities designated as at fair value through profit or loss	16,623	16,285	- Net asset value	- Fair value Egeria NV and Egeria Private Equity Fund II NV - Own credit risk
Total liabilities	16,623	16,285		

* Van Lanschot receives the valuation from a third party and had no insight into the key observable market inputs.

Sensitivity of Level 3 items

Van Lanschot only has insight into the sensitivity of the Asset-Backed Securities and companies cumprefs (Participations) debt instruments. In the case of the Asset-Backed Securities, a parallel increase of 100 basis points in the credit spread has a negative effect of € 0.4 million on the valuation. In the case of the companies cumprefs (Participations), an increase of 100 basis points in the interest rate has a positive effect of € 0.3 million on the valuation. An increase of 100 basis points in the discount rate has a negative effect of € 0.3 million on the valuation.



28 Offsetting financial assets and financial liabilities

Offsetting financial assets	30-06-2014				
	Gross financial assets	Gross financial liabilities netted in the statement of financial position	Net financial assets presented in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Total	2,993,517	1,113,028	1,880,489	-	1,880,489
Derivatives (receivables)	288,261	60,805	227,456	-	227,456
Current accounts	2,705,256	1,052,223	1,653,033	-	1,653,033

Offsetting financial liabilities	30-06-2014				
	Gross financial liabilities	Gross financial assets netted in the statement of financial position	Net financial liabilities presented in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Total	5,087,842	1,252,605	3,835,237	-	3,835,237
Derivatives (liabilities)	567,540	200,382	367,158	-	367,158
Current accounts*	4,520,302	1,052,223	3,468,079	-	3,468,079

* Current accounts are part of Other funds entrusted.

29 Related parties

	H1 2014			
	Income	Expenses	Amounts receivable	Amounts payable
Total	32,543	40,655	128,526	81,605
Parties with a shareholding in Van Lanschot of at least 5%	32,195	40,654	107,298	76,215
Associates	26	-	-	-
Shareholdings in which Van Lanschot is a participant	322	1	21,228	5,390

For further information with regard to related party transactions refer Van Lanschot's annual report 2013 (from page 198).

	H1 2013			
	Income	Expenses	Amounts receivable	Amounts payable
Total	24,258	32,506	159,963	330,265
Parties with a shareholding in Van Lanschot of at least 5%	23,023	31,283	105,852	322,884
Associates	-	-	-	-
Shareholdings in which Van Lanschot is a participant	1,235	1,223	54,111	7,381



Segment information

Segmentation is based on business units 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 Banking** Van Lanschot offers high net-worth private individuals a broad range of products in the private banking market. Van Lanschot also focuses on business professionals & executives, healthcare professionals and associations and foundations.
- **Corporate Banking** A team of specialists within Corporate Banking is engaged in managing and scaling down the real estate and corporate loan portfolios for non Private Banking clients.
- **Asset Management** The asset management services focus on high net-worth private individuals, institutions and the in-house funds.
- **Merchant Banking** 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. This segment also includes the one-off charges under the investment and cost reduction programme.

Operating segments	H1 2014					
	Private Banking	Corporate Banking	Asset Management	Merchant Banking	Other activities	Total
€ million						
Statement of income						
Interest income	326.5	73.7	-	1.7	-14.5	387.4
Interest expense	242.8	38.6	-	0.4	-0.4	281.4
Net interest income	83.7	35.1	-	1.3	-14.1	106.0
Income from securities and associates	-	-	0.1	-	41.9	42.0
Commission income	49.7	3.2	40.8	23.0	1.1	117.8
Commission expense	1.3	-	-	2.6	0.2	4.1
Net commission income	48.4	3.2	40.8	20.4	0.9	113.7
Result on financial transactions	0.7	-	0.1	3.5	29.8	34.1
Other income	-	-	-	-	9.3	9.3
Total income from operating activities	132.8	38.3	41.0	25.2	67.8	305.1
Of which income from other segments	2.1	3.5	7.2	2.2	-15.0	-
Staff costs	59.9	10.0	19.8	12.7	9.8	112.2
Other administrative expenses	52.5	10.1	7.0	4.6	12.7	86.9
Depreciation and amortisation	3.5	-	0.4	0.3	7.0	11.2
Impairments	4.4	31.3	-	0.8	3.7	40.2
Total expenses	120.3	51.4	27.2	18.4	33.2	250.5
Operating profit before tax	12.5	-13.1	13.8	6.8	34.6	54.6
Income tax	3.1	-3.3	1.7	0.6	3.1	5.2
Net profit	9.4	-9.8	12.1	6.2	31.5	49.4
Efficiency ratio (%)	87%	52%	66%	70%	44%	69%
Number of staff (FTE's)	1,036	188	260	158	229	1,871
Statement of financial position						
Total assets	8,387.1	3,279.0	230.4	473.4	5,323.9	17,693.8
Of which investments using the equity method	-	-	-	-	41.3	41.3
Total liabilities	11,393.8	1,022.0	187.1	147.1	3,620.5	16,370.5
Investments	6.7	1.2	-	-	1.5	9.4



Operating segments	H2 2013					
	Private Banking	Corporate Banking	Asset Management	Merchant Banking	Other activities	Total
€ million						
Statement of income						
Interest income	366.8	64.9	-	1.5	-41.1	392.1
Interest expense	298.6	39.1	-	0.4	-51.1	287.0
Net interest income	68.2	25.8	-	1.1	10.0	105.1
Income from securities and associates	-	-	-2.6	-	5.5	2.9
Commission income	50.7	3.4	39.0	23.2	1.3	117.6
Commission expense	-0.3	-	-	1.4	2.3	3.4
Net commission income	51.0	3.4	39.0	21.8	-1.0	114.2
Result on financial transactions	0.6	-	-2.7	2.3	24.3	24.5
Other income	-	-	-	-	11.7	11.7
Total income from operating activities	119.8	29.2	33.7	25.2	50.5	258.4
Of which income from other segments	-8.1	-	7.1	1.8	-0.8	-
Staff costs	60.6	9.9	17.9	14.7	19.0	122.1
Other administrative expenses	51.2	7.2	7.2	2.8	8.9	77.3
Depreciation and amortisation	8.9	1.1	0.3	0.4	-6.3	4.4
Impairments	17.7	48.4	-	0.9	-8.4	58.6
Total expenses	138.4	66.6	25.4	18.8	13.2	262.4
Operating profit before tax	-18.6	-37.4	8.3	6.4	37.3	-4.0
Income tax	-4.7	-9.3	4.3	0.8	7.8	-1.1
Net profit	-13.9	-28.1	4.0	5.6	29.5	-2.9
Efficiency ratio (%)	101%	62%	75%	71%	43%	79%
Number of staff (FTE's)	1,057	200	230	181	324	1,992
Statement of financial position						
Total assets	8,725.9	3,614.1	153.8	377.5	4,799.1	17,670.4
Of which investments using the equity method	-	-	-	-	50.4	50.4
Total liabilities	10,999.8	1,343.4	134.2	100.3	3,753.7	16,331.4
Investments	10.0	0.6	-	-	19.9	30.5



Operating segments € million	H1 2013					Total
	Private Banking	Corporate Banking	Asset Management	Merchant Banking	Other activities	
Statement of income						
Interest income	398.9	78.3	-	1.7	-90.2	388.7
Interest expense	314.5	49.0	-	0.4	-82.4	281.5
Net interest income	84.4	29.3	-	1.3	-7.8	107.2
Income from securities and associates	-	-	2.6	-	11.6	14.2
Commission income	56.6	4.1	36.9	23.9	1.2	122.7
Commission expense	2.7	-	-	0.9	0.1	3.7
Net commission income	53.9	4.1	36.9	23.0	1.1	119.0
Result on financial transactions	0.7	-	2.6	0.5	38.0	41.8
Other income	-	-	-	-	10.6	10.6
Total income from operating activities	139.0	33.4	42.1	24.8	53.5	292.8
Of which income from other segments	-9.0	-	7.1	2.1	-0.2	-
Staff costs	62.3	10.3	19.9	14.0	11.1	117.6
Other administrative expenses	44.9	6.5	7.0	3.8	13.6	75.8
Depreciation and amortisation	7.3	1.2	0.4	0.5	2.1	11.5
Impairments	17.0	26.3	-	0.5	2.7	46.5
Total expenses	131.5	44.3	27.3	18.8	29.5	251.4
Operating profit before tax	7.5	-10.9	14.8	6.0	24.0	41.4
Income tax	1.8	-2.7	3.9	0.9	1.1	5.0
Net profit	5.7	-8.2	10.9	5.1	22.9	36.4
Efficiency ratio (%)	82%	54%	65%	74%	50%	70%
Number of staff (FTE's)	1,179	210	238	188	245	2,060
Statement of financial position						
Total assets	9,439.0	3,648.2	183.9	399.2	3,386.6	17,056.9
Of which investments using the equity method	-	-	-	-	53.3	53.3
Total liabilities	9,740.2	1,520.0	206.1	107.8	4,150.5	15,724.6
Investments	2.1	0.2	-	-	18.7	21.0



SUBSEQUENT EVENTS

Van Lanschot Participaties has reached an agreement regarding the sale of MediZorg Holding B.V. to the Eurocept Group, in July 2014. Van Lanschot Participaties acquired all shares in Medizorg in 2010. The acquisition by Van Lanschot Participaties came as part of a debt restructuring. Medizorg continued to act as a fully independent company post-acquisition. The transaction has no material effect on the balance sheet and the profit and loss account of Van Lanschot. Eurocept and Van Lanschot Participaties intend to close of the transaction in the third quarter of 2014.

The transaction has already been approved by The Dutch Healthcare Authority (Nederlandse Zorgautoriteit) and is conditional on the approval of the Authority for Consumers & Markets (Autoriteit Consument & Markt).