

## PRESS RELEASE

### Van Lanschot: robust 2014 results

- **Wealth management strategy implementation on track**
- **Net profit rises to €54.2 million from €33.5 million in 2013, while a pension scheme change results in a one-off net gain of €4.5 million, taking total net profit to €108.7 million**
- **Client assets grow by 7.5% to €57.4 billion (year-end 2013: €53.4 billion)**
- **Capital base strengthens even further: CET I ratio<sup>1</sup> up to 14.6% (year-end 2013<sup>2</sup>: 13.1%)**
- **Proposed dividend doubles: €0.40 per share (2013: €0.20 per share)**

*'s-Hertogenbosch, the Netherlands, 10 March 2015*

Van Lanschot today published its full-year results for 2014. Karl Guha, Chairman, said: “We recorded robust results in a year that brought change, innovation and improvement to our service offering. In the face of a challenging economic climate and unprecedentedly low interest rates, our core businesses Private Banking, Asset Management and Merchant Banking were all profitable in 2014.

Private Banking renewed and improved its service offering, while Evi van Lanschot is proving successful and greatly appeals to younger clients. Kempen enjoyed a strong year with a range of eye-catching transactions and the launch of new funds.

Private and institutional client assets grew to over €57 billion, while our Common Equity Tier I ratio<sup>1</sup> at 14.6% shows that we have further strengthened our fundamentals.

We are implementing our strategy as planned and are on course to achieve our long-term targets. These solid results enable us to propose a dividend payment to our shareholders of €0.40 per share, double the figure for last year.”

#### **Private Banking’s transformation successfully completed**

Van Lanschot’s transformation into a specialist, independent wealth manager focused on preserving and creating wealth for its clients is particularly visible at Private Banking, which has been responding to changing client requirements and enhancing the role of online services.

On the back of a favourable market performance, client assets of private clients grew to €29.2 billion (2013: €28.2 billion). Evi van Lanschot, the bank’s online service for savings and investment, had an excellent first year, boasting solid investment results and winning new – and often younger – clients. To date, Evi has brought in over €1 billion in savings and investment in the Netherlands and Belgium. Total income rose to €263.3 million (2013: €258.7 million). The introduction of an advisory fee for investment advice enhanced the quality of securities commissions, 89% of which were recurring in 2014 (2013: 74%).

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<sup>1</sup> Common Equity Tier I ratio phase-in, including retained earnings

<sup>2</sup> Under Basel II

Private Banking's loan portfolio, with mortgages accounting for 73%, fell back to €8.3 billion in 2014 (from €9.2 billion in 2013) as clients continued to make extra mortgage repayments. Private Banking added €8.9 million to loan loss provisions for the year, a decrease compared with €34.2 million for 2013.

For private banking clients, Van Lanschot launched a new wealth planning advisory service, taglined 'Geef uw vermogen een horizon' ('Set the horizon for your wealth'). The service helps clients make wealth choices for the longer term, with a wealth scan charting their financial objectives, as well as setting other personal, business and possibly social goals, and the results are translated into a tailored personal wealth plan. Innovation also came in the shape of new products for special groups of clients. CompliantBeheer, for instance, targets partners and staff at large accountancy firms whose investment choices are subject to specific restrictions.

### **Asset Management expands in selected niche markets**

Kempen Capital Management posted positive returns and grew assets under management in a particularly favourable stock market climate, to €27.5 billion from €24.4 billion in 2013. Building on years of experience in selected niches, Asset Management launched two new global funds – Kempen Global Small-cap Fund and Kempen Global Property Fund – and further internationalised its client base. Following its temporary closure in 2014, Kempen Global High Dividend Fund reopened in January 2015, subject to size restrictions on investment.

### **Merchant Banking posts solid results on high-profile transactions**

Merchant Banking built on its successful strategy in 2014 with commission income rising to €52.1 million (2013: €44.9 million). Kempen Corporate Finance sharpened its profile through clear sector choices and by adding financing and refinancing advice to its services. Operating in attractive capital markets, Merchant Banking has supported and advised clients and investors in a large number of high-profile and increasingly international transactions in selected niche markets, such as European Real Estate and Life Sciences & Healthcare. Meanwhile, Kempen Securities continued to pursue the positive fee income path of the past couple of years, primarily driven by capital market transactions, block trades and structured products.

### **Corporate Banking well on track in winding down loan portfolio and improving margins**

Corporate Banking is winding down the corporate loan portfolio of real estate loans and SME credit, and is proceeding smoothly – and ahead of schedule. This delicate process is being conducted with the utmost care while taking account of the interests of all stakeholders. Corporate Banking's risk-weighted assets were reduced to €2.8 billion in 2014 (€4.4 billion at the start of the wind-down), while also recording a margin improvement. Van Lanschot added €69.3 million to loan loss provisions for Corporate Banking, compared with €74.7 million in 2013, loans to SMEs showed a particular improvement.

### **Investing in products, processes and organisation**

Having cut costs by around 9% in 2012 and 2013, Van Lanschot is on course to achieve its efficiency targets for 2017, with total operating expenses at €381.7 million (2013: €374.9 million). It has invested in client propositions and promotional campaigns, as well as in a simplification of products, processes and organisation – the launch of a new savings & deposit account being a case in point. Meanwhile, Private Banking is rapidly catching up in the digital arena.

### **New pension scheme and employment conditions**

On 1 January 2015, Van Lanschot adopted a new pension scheme, which is a mix of collective and individual defined contributions and which helps to reduce the risks and volatility of pension costs. The change in the pension scheme has had a positive net effect on Van Lanschot's 2014 net result of €54.5 million, reflecting the release of the net pension liability and the recognition of the €50 million one-off payment into the Van Lanschot pension fund. In 2014, Van Lanschot and its Works Council for the first time negotiated on and agreed a new, up-to-date set of employment conditions.

### **Solid balance sheet enhanced further**

As a specialist, independent wealth manager, Van Lanschot sets great store by a strong balance sheet and robust capital ratios. In 2014, its Common Equity Tier I ratio reached 14.6% from 13.1% in 2013<sup>2</sup>, despite the downward effects of the Basel III phase-in and pension scheme change. The fully loaded Common Equity Tier I ratio, including retained earnings, improved to 13.4% (2013: 10.5%), while the fully loaded leverage ratio also showed an upward trend, to 5.3% from 5.1% in 2013.

### **Simplifying governance model**

Next to simplifying its process and products, Van Lanschot is also simplifying its governance model. Its Supervisory Board will take on the supervisory role at Kempen & Co. The new Executive Board will be in charge of core activities and is made up of Karl Guha (Chairman), Constant Korthout (CFO/CRO), Arjan Huisman (COO) and Richard Bruens, Paul Gerla and Joof Verhees the managing directors of Private Banking, Asset Management and Merchant Banking respectively. Kempen & Co's Management Board consists of Paul Gerla (Chairman), Joof Verhees and Constant Korthout as interim CFO<sup>3</sup>. Kempen & Co's Risk, Audit and Compliance departments will rank under group control functions, in line with the wider trend towards increasingly centralised supervision and control.

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<sup>3</sup> Subject to approval of the Dutch Central Bank

## 2014 HIGHLIGHTS

- Net profit increased to €54.2 million (2013: €33.5 million). One-off net gain of €54.5 million due to pension scheme change pushed total net profit to €108.7 million
- Earnings per share<sup>4</sup> €1.09 (2013: €0.71)
- Income from operating activities €547.0 million (2013: €529.8 million)
  - Commission income €240.3 million (2013: €234.8 million), with recurring commission income<sup>5</sup> accounting for 84% of total securities commission (2013: 78%)
  - Interest income €213.7 million (2013: €213.9 million); interest margin 1.19% (2013: 1.23%)
- Operating expenses rose to €381.7 million (2013: €374.9 million), due to investment in marketing, new service concepts and IT systems
- The efficiency ratio<sup>6</sup> narrowed slightly to 69.8% (2013: 70.8%)
- Total addition to loan loss provisions down to €76.0 million (2013: €102.4 million)
- Other impairments rose to €19.5 million from €7.3 million in 2013 mainly due to write-downs on intangible assets and participating interests

## SOLID BALANCE SHEET RATIOS AS AT 31 DECEMBER 2014

- Strong capital position:
  - Common Equity Tier I ratio (phase-in, including retained earnings) 14.6% (year-end 2013: 13.1%)
  - Common Equity Tier I ratio (fully loaded, including retained earnings) 13.4% (year-end 2013: 10.5%)
- Leverage ratio (fully loaded) 5.3% (year-end 2013: 5.1%)
- Well diversified funding profile: loan portfolio mainly financed by savings and deposits. Funding ratio<sup>7</sup> amounts to 95.3% (year-end 2013: 81.4%)

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<sup>4</sup> Excluding one-off net gain related to change in pension scheme

<sup>5</sup> Recurring commissions break down into management, advisory and service fees

<sup>6</sup> Efficiency ratio = operating expenses / income from operating activities

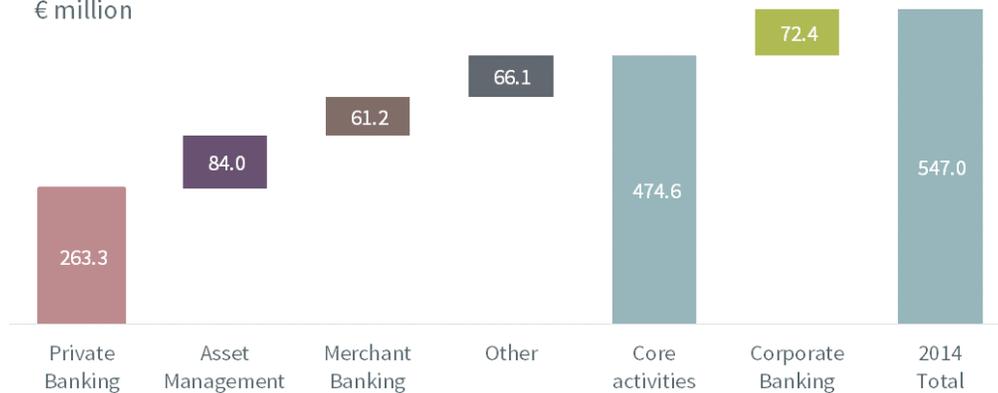
<sup>7</sup> Funding ratio = the degree to which the loan portfolio is funded by client savings and deposits

## SEGMENT INFORMATION

Van Lanschot's three core activities – Private Banking, Asset Management and Merchant Banking – generate 75% of total income. Private Banking accounts for the greater proportion of this (49% of total income), with Asset Management and Merchant Banking contributing 15% and 11% respectively. Together, these three core activities account for 97% of commission income and 77% of interest income.

### Income from operating activities by segment

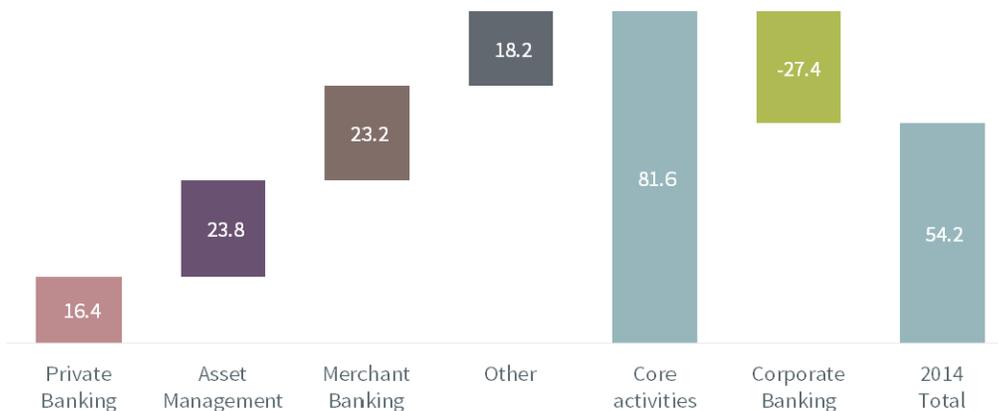
€ million



All core activities recorded positive net results in 2014, while loan loss provisions accounted for a negative result at Corporate Banking.

### Net result (excluding one-off pension gain)

€ million



**KEY DATA**

(x € million)	2014	2013		H2 2014	H1 2014
<b>Statement of income</b>					
Net result	108.7	33.5	224%	59.3	49.4
Net result excluding pension gain	54.2	33.5	62%	4.8	49.4
Efficiency ratio excluding one-off gains (%)	69.8	70.8		73.9	66.2

(x € million)	31-12-2014	31-12-2013		30-6-2014
<b>Statement of financial position and capital management</b>				
Equity attributable to shareholders	1,293	1,284	1%	1,268
Equity attributable to minority interests	58	55	5%	55
Savings and deposits	10,499	10,161	3%	10,480
Loans and advances	11,021	12,491	-12%	11,929
Total assets	17,259	17,670	-2%	17,694
Funding ratio (%)	95.3	81.3		87.9
Risk-weighted assets <sup>8</sup>	7,356	9,003	-18%	8,137
Common Equity Tier I ratio (%) <sup>8</sup>	14.6	13.1		13.8
Tier I ratio (%) <sup>8</sup>	14.6	13.1		13.8
Total capital ratio (%) <sup>8</sup>	15.2	13.9		14.5
<b>Basel III</b>				
Common Equity Tier I ratio (%) (fully loaded)	13.4	10.5		11.6
Liquidity Coverage Ratio (%)	125.1	151.3		130.6
Net Stable Funding Ratio (%)	114.3	102.9		96.9
Leverage ratio (%) (fully loaded)	5.3	5.1		4.9

(x € billion)	31-12-2014	31-12-2013		30-6-2014
<b>Client assets</b>				
Client assets <sup>9</sup>	57.4	53.4	7%	56.0
- Assets under management	46.9	43.2	9%	45.5
- Savings and deposits	10.5	10.2	3%	10.5
Assets under management	46.9	43.2	9%	45.5
- Discretionary	35.7	31.8	12%	34.1
- Non-discretionary	11.2	11.4	-2%	11.4

	31-12-2014	31-12-2013		30-6-2014
<b>Key figures</b>				
Weighted average number of outstanding ordinary shares (x 1,000)	40,919	40,918	0%	40,951
Earnings per share based on average number of ordinary shares (€) <sup>10</sup>	1.09	0.71	52%	1.14
Return on average Common Equity Tier I capital <sup>11</sup> (%)	4.0	2.5	60%	8.1
Number of staff (FTEs) <sup>12</sup>	1,712	1,808	-5%	1,724

<sup>8</sup> As at 31 December 2014 and in compliance with Basel III, based on phase-in and including retained earnings. In compliance with Basel III at 30 June 2014, based on phase-in and excluding retained earnings. Comparative figures at 31 December 2013 comply with Basel II, including retained earnings.

<sup>9</sup> A new definition has prompted a downward revision by €0.1 billion at 31 December 2013.

<sup>10</sup> Earnings exclude one-off pension gain

<sup>11</sup> At 30 June 2014 annualised on the basis of half-year data

<sup>12</sup> FTE numbers exclude non-strategic investments

## RESULTS

(x € million)	2014	2013		H2 2014	H1 2014
Commissions	240.3	234.8	2%	126.5	113.8
- Of which securities commissions	191.1	187.9	2%	96.2	94.9
- Of which other commission income	49.2	46.9	5%	30.3	18.9
Interest	213.7	213.9	0%	107.1	106.6
Income from securities and associates	51.1	14.8	245%	11.1	40.0
Profit on financial transactions	41.9	66.3	-37%	7.9	34.0
<b>Income from operating activities</b>	<b>547.0</b>	<b>529.8</b>	<b>3%</b>	<b>252.6</b>	<b>294.4</b>
Staff costs	210.2	217.3	-3%	105.8	104.4
Other administrative expenses	150.7	135.0	12%	70.4	80.3
Depreciation and amortisation	20.8	22.6	-8%	10.5	10.3
<b>Operating expenses</b>	<b>381.7</b>	<b>374.9</b>	<b>2%</b>	<b>186.7</b>	<b>195.0</b>
<b>Gross result before one-off gains</b>	<b>165.3</b>	<b>154.9</b>	<b>7%</b>	<b>65.9</b>	<b>99.4</b>
One-off gains	60.3	-8.0		66.5	-6.2
<b>Gross result after one-off gains</b>	<b>225.6</b>	<b>146.9</b>	<b>54%</b>	<b>132.4</b>	<b>93.2</b>
<b>Gross result before tax of non-strategic investments<sup>13</sup></b>	<b>3.4</b>	<b>0.2</b>		<b>1.8</b>	<b>1.6</b>
Addition to loan loss provision	76.0	102.4	-26%	40.5	35.5
Other impairments	19.5	7.3	167%	14.8	4.7
<b>Impairments</b>	<b>95.5</b>	<b>109.7</b>	<b>-13%</b>	<b>55.3</b>	<b>40.2</b>
<b>Operating result before tax</b>	<b>133.5</b>	<b>37.4</b>	<b>257%</b>	<b>78.9</b>	<b>54.6</b>
Income tax	24.8	3.9	535%	19.6	5.2
<b>Net result</b>	<b>108.7</b>	<b>33.5</b>	<b>224%</b>	<b>59.3</b>	<b>49.4</b>
<b>Net result excluding one-off pension gain</b>	<b>54.2</b>	<b>33.5</b>	<b>62%</b>	<b>4.8</b>	<b>49.4</b>

(x € million)	2014	2013		H2 2014	H1 2014
<b>Net result excluding one-off pension gain</b>	<b>54.2</b>	<b>33.5</b>	<b>62%</b>	<b>4.8</b>	<b>49.4</b>
One-off pension gain	72.7	-		72.7	-
Tax effect	-18.2	-		-18.2	-
<b>Net result</b>	<b>108.7</b>	<b>33.5</b>	<b>224%</b>	<b>59.3</b>	<b>49.4</b>

<sup>13</sup> Van Lanschot has included a number of non-strategic investments in its consolidated figures since 2009, which it intends to sell in due course as they do not fit into its wealth management strategy. Gross results from our non-strategic investments are recognised before tax, with comparative figures adjusted accordingly.



## ADDITIONAL INFORMATION

For additional information, please visit <https://corporate.vanlanschot.nl/financial>.

## FINANCIAL REPORT / PRESENTATION

For a detailed discussion of its results and balance sheet, please refer to Van Lanschot's financial report and presentation of its 2014 full-year results at <https://corporate.vanlanschot.nl/results>.

## 2015 FINANCIAL CALENDAR

Publication of 2014 annual report	31 March 2015
Publication of 2014 annual report in English	23 April 2015
Publication of 2015 Q1 trading update	13 May 2015
Annual General Meeting of Shareholders	13 May 2015
Publication of 2015 half-year results	25 August 2015
Publication of 2015 Q3 trading update	6 November 2015

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Van Lanschot NV is the holding company of F. van Lanschot Bankiers NV, the oldest independent bank in the Netherlands with a history dating back to 1737. Van Lanschot, a wealth manager operating under the Van Lanschot and Kempen & Co brand names, is active in Private Banking, Asset Management and Merchant Banking, with the aim of preserving and creating wealth for its clients. Van Lanschot NV is listed on Euronext Amsterdam.

## Disclaimer and cautionary note on forward-looking statements

This document contains forward-looking statements on future events. These forward-looking statements are based on the current information and assumptions of Van Lanschot's management about known and unknown risks, developments and uncertainties. Forward-looking statements do not relate strictly to historical or current 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 of income growth, costs, the macroeconomic climate, political and market trends, actions by 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 other such factors. The financial data regarding forward looking statements concerning future events 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 to any financial instrument and is not an opinion or a recommendation to perform or refrain from performing any action.

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