PRESS RELEASE

Van Lanschot: stable performance in challenging markets

- **Underlying net result[1] stable at €37.7 million (H1 2015: €37.7 million)**
- **Net profit works out at €31.5 million (H1 2015: €37.7 million)**
- **Client assets grow by 5% to €66.2 billion (year-end 2015: €63.0 billion) supported by net inflows and positive market performance**
- **Improved credit quality underpins release of loan loss provisions**
- **Capital base increases further: CET I ratio[2] comes in at 17.3% (year-end 2015: 16.3%)**

’s-Hertogenbosch, the Netherlands, 24 August 2016

Van Lanschot today released its half-year results. Karl Guha, Chairman, said: “An increase in our assets under management has further strengthened our position as an independent, specialist wealth manager. Our client assets increased from €63.0 billion to €66.2 billion. Assets under management were up 8% from €50.3 billion to €54.3 billion, mainly driven by Asset Management’s net inflows of €2.7 billion and a favourable market performance of €1.6 billion. AuM at Private Banking decreased marginally. The announced acquisition of Staalbankiers’ private banking activities would add up to €1.7 billion in assets in 2017. These activities’ key features, namely client groups, client service and investment policy, are an excellent fit for Van Lanschot. As such, this would be a good example of an add-on acquisition that truly enhances our position.

“Our focus on wealth management underpins our steady results in today’s uncertain and volatile markets. Difficult markets cause our clients to proceed with caution and enter into fewer transactions – implying less commission income. In the meantime, we regularly bring our clients up to speed on the latest market developments and our long-term investment decisions, building their confidence in their chosen investment course and in their investments.

“With reduced activity in the European capital markets in the past six months, Merchant Banking returned sharply lower income compared with an exceptionally robust first half in 2015. Our niche strategy and international client base continue to put us in an excellent position to make the most of any upturn in the markets.

The continued run-off of our corporate loan portfolio, combined with the improvement in our clients’ financial positions, significantly enhanced our loan portfolio. The period ended in a net release of €1.7 million from our loan loss provisions compared with the year-earlier net addition of €31.9 million. Net profit works out at €31.5 million including a €8 million charge related to the derivatives recovery framework. Our capital position developed well and our CET I ratio progressed to 17.3%.

“Our strategy update in April 2016 marked the start of the next phase of our wealth management strategy. Under the €60 million IT investment programme, we will invest in our omnichannel service to our Private Banking clients and continue the transformation of our IT landscape. The spending programme will run up to and including 2019 and should help us cut costs in the longer term. Meanwhile, we will proceed with our specialist niche approach in our core activities and have in fact just tapped into a new niche with Merchant Banking’s Financial Institutions & FinTech.”

[1] The underlying net result in H1 2016 was the net result adjusted for the one-off charge of €8 million related to the derivatives recovery framework and the cost incurred for the Strategy 2020 investment programme.
[2] H1 2016 phase-in, excluding retained earnings; year-end 2015 including retained earnings.

Private Banking sharply improves result and keeps AuM largely stable
In H1 2016, Private Banking's underlying net result increased to €16.8 million from €4.5 million in H1 2015. Total income declined to €134.8 million (H1 2015: €140.8 million), as clients engaging in fewer transactions caused transaction fees to fall by 42%. However, this was amply offset by a sharply lower addition to loan loss provisions – €2.4 million compared with €16.1 million in the first half of 2015 – and by lower costs.

Assets under management at Private Banking decreased marginally to €17.2 billion, from €17.4 billion at year-end 2015 as a consequence of a slightly negative market performance. Assets under discretionary management were unchanged as a proportion of total AuM managed by Private Banking, at 52% (year-end 2015: 52%).

Client assets at *Evi van Lanschot* totalled €1.4 billion and thus held steady in volatile market conditions. Van Lanschot will continue to develop *Evi* as a response to the wishes of its clients, as well as to market and technological developments. June saw the launch of *Evi4Kids*, the investment account for minors. *Evi* has come out of its start-up phase – in which brand recognition was key – and has now embarked on the next phase with marketing efforts more focused on conversion of prospects into clients.

In keeping with its stated objectives, Private Banking kept its loan portfolio virtually unchanged at €8.3 billion. Once again, new mortgage business nearly offset repayments and early repayments in the first half of 2016.

AuM up on new Asset Management mandates
Kempen Capital Management (KCM) recorded net inflows of €2.7 billion, which combined with a positive market performance of €1.6 billion to lift assets under management by 13% to €37.1 billion (year-end 2015: €32.8 billion). Aside from the c. €1 billion active management mandate for corporate bonds on behalf of Fonds de Réserve pour les Retraites and the Univé fiduciary management mandate of over €1 billion, the remainder of the net inflows primarily derived from bonds-driven investment strategies.

Asset Management´s underlying net result was down to €5.5 million in the period (H1 2015: €8.9 million). Its new mandates and income from KCM London pushed up commission income to €43.4 million (H1 2015: €40.6 million), while margin pressures and the change in the AuM composition combined to reduce average margins. Meanwhile, costs were up to €36.0 million (H1 2015: €28.8 million), primarily due to transition costs and regular expenses at KCM London (included from 1 October 2015), in addition to a provision of € 2.5 million made for currency overhedging in a few client portfolios.

Merchant Banking income hit by reduced capital market activity
Volatile European capital markets led to a lack of activity, causing a marked drop in income for Merchant Banking (which comprises Kempen Securities and Kempen Corporate Finance) compared with an exceptionally strong first half in 2015. Total commission income decreased to €19.3 million (H1 2015: €40.5 million) and an underlying net result of €2.1 million (H1 2015: €15.1 million) was realised.

Other activities continue to contribute less
Income from securities and associates fell to €8.6 million in the period (H1 2015: €10.7 million). The result on financial transactions took an even bigger hit: €1.4 million compared with €17.6 million in the first half of last year, when a much higher investment portfolio performance was recorded.

Corporate Banking continues run-off and improves credit quality
In line with the run-off strategy, the corporate portfolio of real estate and SME loans contracted further to €1.7 billion (year-end 2015: €2.0 billion)[3] and risk-weighted assets to €1.6 billion (year-end 2015: €1.9 billion).

Corporate Banking increased its operating profit before tax to €6.7 million (H1 2015: €4.0 million). Obviously, a smaller loan portfolio cut interest income: €24.2 million compared with €30.8 million in the first half of 2015. The uptick in costs to €18.1 million from €15.7 million was entirely down to the one-off charge related to the derivatives recovery framework, which more than outweighed the fall in regular costs. A positive development is that only €1 million needed adding to loan loss provisions, compared with €13.1 million in the first half of 2015, reflecting a quality improvement in this loan portfolio. Adjusted for said one-off charge the underlying net result of the Corporate Bank increased to €10.3 million (H1 2015: €2.9 million).

Stable costs reflect underlying structural cost savings
Costs remained virtually unchanged at €194.8 million compared with €193.9 million in H1 2015. The underlying picture is one of structural cost savings of €8.7 million, mainly on reduced IT costs (both run and change costs). Variable remuneration decreased by €3.7 million compared with last year. Expenses were up due to higher regulatory expenses (+ €6.4 million), the integration of KCM London and the said provision (in total + €6.9 million).

Capital position stronger still
The further decline in risk-weighted assets underpinned a continued improvement in Van Lanschot's capital position: the Common Equity Tier I ratio[2] amounted to 17.3% (year-end 2015: 16.3%). The fully loaded Common Equity Tier I ratio[4] advanced to 16.9% (year-end 2015: 15.4%), while the fully loaded leverage ratio also improved further, to 6.4% from 6.1% at year-end 2015.

Implementing Strategy 2020
This week, in anticipation of the introduction of its omnichannel service, Van Lanschot launched a discretionary management app for its Private Banking clients. This provides easy smartphone access to discretionary management portfolios, returns and Van Lanschot's take on stock market developments. In the next couple of months Van Lanschot will refresh its online banking environment for clients and launch an interactive investment advice app.

As part of the announced investment programme, Van Lanschot has entered into an agreement with Amersfoort-based Stater NV to manage and administer its mortgage loans. Its scale makes Stater a professional and reliable partner for Van Lanschot. All activities related to mortgage servicing will be transferred to Stater as 2017 progresses.

As part of 2020 strategy update, KCM has bolstered its organisational structure to be able to take full advantage of opportunities in the domestic and international markets, with greater focus on the United Kingdom, Germany and France.

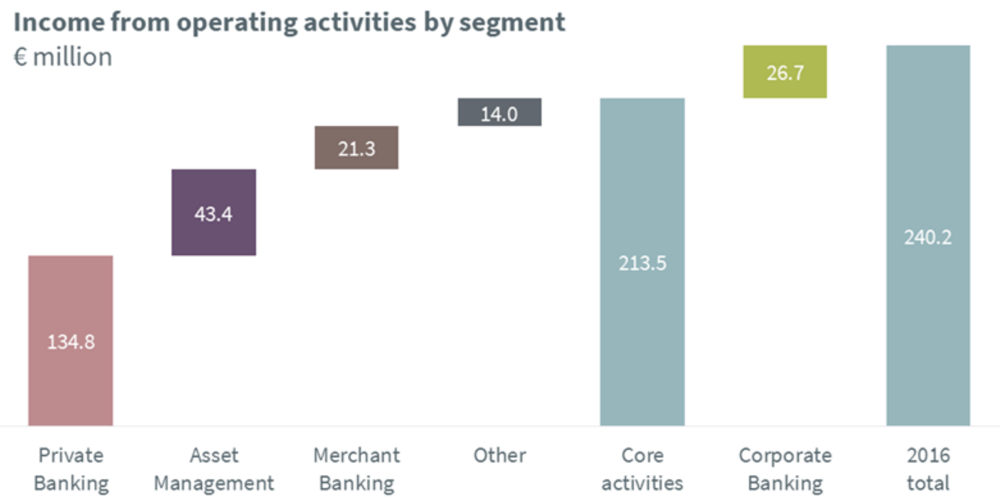
In addition to its current focus on specific industries – i.e. European real estate, life sciences & healthcare, and Benelux corporates – Merchant Banking has entered into new, specialist niche territory: financial institutions & fintech (FI & FinTech) and has put in place experienced specialists from both Kempen Securities and Kempen Corporate Finance.

[3] As a result of modified IFRS interpretations, Van Lanschot has stopped netting current account balances at individual client level – from the second quarter. Comparative figures for loans, savings, total assets and related figures and ratios have been adjusted accordingly.
[4] H1 2016 excluding retained earnings; year-end 2015 including retained earnings.

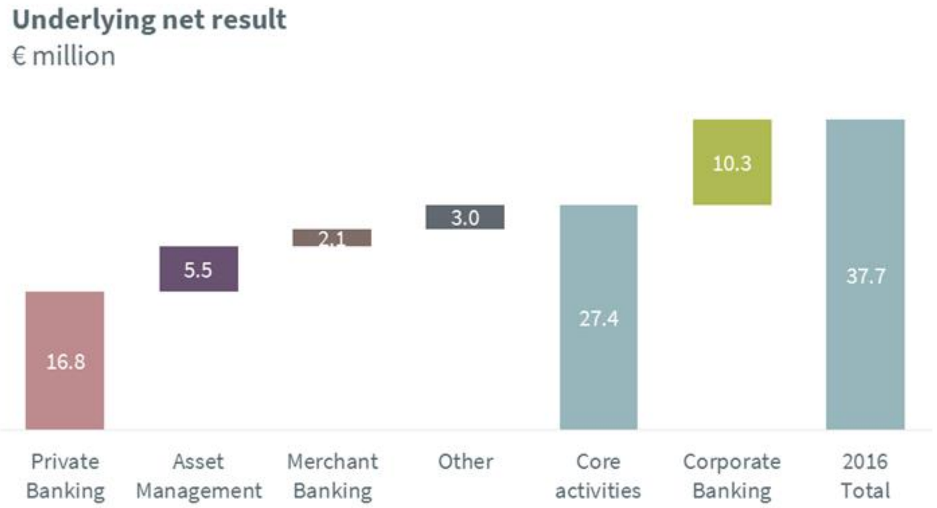
SEGMENT INFORMATION

Private Banking, Asset Management and Merchant Banking – generated 83% of total income (H1 2015: 82%), with Private Banking accounting for 56% and Asset Management and Merchant Banking generating 18% and 9% respectively. Together, these three activities accounted for 98% of commission income (H1 2015: 98%) and 74% of interest income (H1 2015: 81%).

Income from operating activities further improved in terms of quality as an increasingly large proportion is derived from interest and commission income: 95% of total income in H1 2016, compared with 90% in 2015.



All core activities recorded positive net results in H1 2016 and the net result was positive for each individual activity.



KEY DATA[5]

(x € million)	H1 2016	H2 2015		H1 2015	
Statement of income					
Net result	31.5	5.1		37.7	-16%
Underlying net result[1,6]	37.7	22.4	69%	37.7	0%
Efficiency ratio (%)	81.1	78.5		70.7	

(x € million)	30/6/2016	31/12/2015		31/6/2015	
Statement of financial position and capital management[3]					
Equity attributable to shareholders	1,301	1,299	0%	1,302	0%
Equity attributable to minority interests	13	21	-37%	46	-72%
Savings and deposits	9,686	9,908	-2%	10,244	-5%
Loans and advances to clients	10,305	10,504	-2%	10,806	-5%
Total assets	15,433	15,832	-3%	16,894	-9%
Funding ratio (%)	94.0	94.3		94.8	
Risk-weighted assets	6,091	6,431	-5%	7,313	-17%
Common Equity Tier I ratio (%)[2]	17.3	16.3		14.6	
Tier I ratio (%)[2]	17.3	16.3		14.6	
Total capital ratio (%)[2]	18.2	17.0		15.3	
Basel III					
Common Equity Tier I ratio (%) (fully loaded)	16.9	15.4		13.6	
Liquidity coverage ratio (%)	140.2	139.5		129.0	
Net stable funding ratio (%)	121.2	118.1		116.2	
Leverage ratio (%) (fully loaded)	6.4	6.1		5.7	

(x € billion)	30/6/2016	31/12/2015		31/6/2015	
Client assets	66.2	63.0	5%	59.6	11%
- Assets under management	54.3	50.3	8%	45.7	19%
- Assets under administration	2.2	2.8	-22%	3.7	-41%
- Savings and deposits	9.7	9.9	-2%	10.2	-5%

	H1 2016	H2 2015		H1 2015	
Key figures					
Weighted average of outstanding ordinary shares (x 1,000)	40,959	40,920	0%	40,879	0%
Underlying net result per share (€)	0.88	0.45	96%	0.81	9%
Return on average Common Equity Tier I capital (%)	6.8	3.4		6.2	
Number of staff	1,646	1,666	-1%	1,697	-3%

[5] Total figures may not add up due to rounding. Percentages are calculated from unrounded figures.
[6] Adjusted for the one-off charge arising from the sale of non-performing real estate loans for H2 2015.

RESULTS

(x € million)	H1 2016	H2 2015		H1 2015	
Commission	117.4	124.6	-6%	141.0	-17%
- Of which securities commissions	*100.3*	*101.5*	*-1%*	*106.3*	*-6%*
- Of which other commissions	*17.1*	*23.1*	*-26%*	*34.7*	*-51%*
Interest	110.3	100.8	9%	102.0	8%
Income from securities and associates	8.5	17.3	-51%	10.8	-22%
Result on financial transactions	4.0	3.9	4%	20.2	-80%
Income from operating activities	**240.2**	**246.5**	**-3%**	**274.1**	**-12%**
Staff costs	107.2	103.3	4%	108.7	-1%
Other administrative expenses	81.1	82.7	-2%	77.3	5%
Depreciation and amortisation	6.5	7.6	-14%	7.9	-17%
Operating expenses	**194.8**	**193.6**	**1%**	**193.9**	**0%**
Gross result	**45.4**	**52.9**	**-14%**	**80.2**	**-43%**
Addition to loan loss provision	-1.7	19.1		31.9	
Other impairments	0.5	5.2	-91%	2.8	-84%
Impairments	**-1.3**	**24.3**		**34.7**	
Operating profit before tax of non-strategic investments	3.1	5.2	-39%	5.4	-42%
Operating profit before one-off gains / losses and tax	**49.8**	**33.8**	**47%**	**50.9**	**-2%**
One-off gains/charges (-)	-2.0	-29.7		-0.7	
Recovery framework interest rate derivatives	8.0	-		-	
Strategy 2020 investment programme	-0.3	-		-	
Operating profit before tax	**39.5**	**4.2**		**50.1**	**-21%**
Income tax	8.0	-0.9		12.4	-36%
Net profit	**31.5**	**5.1**		**37.7**	**-16%**
Underlying result	**37.7**	**22.4**	**69%**	**37.7**	**0%**

(x € million)	H1 2016	H2 2015		H1 2015	
Underlying net result	37.7	22.4	69%	37.7	0%
One-off charge on the sale of non-performing real estate loans	-	-23.2		-	
One-off charge related to derivatives recovery network	-8.0				
Costs of Strategy 2020 investment programme	-0.3				
Tax effects	2.1	5.9		-	
Net result	31.5	5.1		37.7	-16%

FINANCIAL REPORT/PRESENTATION/WEBCAST

For a detailed discussion of Van Lanschot's results and balance sheet, please refer to our 2016 interim financial report and presentation of our 2016 interim results at https://corporate.vanlanschot.nl/results.

In a conference call for analysts on 24 August at 9.00 am CET, we will discuss our 2016 half-year figures in greater detail. This may be viewed live at https://corporate.vanlanschot.nl/results and played back at any later date.

ADDITIONAL INFORMATION

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

2016 FINANCIAL CALENDAR

Publication of 2016 Q3 trading update	4 November 2016

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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, Kempen & Co and Evi van Lanschot 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.