

Bulletin:

Ratings On Netherlands-Based Bank Van Lanschot Unaffected By Capital Return

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PARIS (S&P Global Ratings) Dec. 20, 2017--S&P Global Ratings said today that its ratings and outlook on F. van Lanschot Bankiers N.V. (BBB+/Stable/A-2), the operating bank of Van Lanschot Kempen, are unaffected by the bank's announcement that it will pay today an extraordinary dividend totaling over €41 million. This return of capital represents €1 per Class A share in issue and is part of the bank's capital strategy to return at least €250 million to shareholders between 2016 and 2020. The extraordinary dividend will be paid out of the share premium reserve (€482.6 million as of June 30, 2017), representing a limited deduction of regulatory capital, in our view. The bank's fully loaded common equity tier 1 ratio was 19.6% at end-June 2017. The bank indicated that the ratio will remain well above its 15%-17% capital objective, including this extraordinary dividend.

We view this capital return as neutral for the rating because we expect the bank will maintain a strong capital position in the next two years, as it continues to execute its balance sheet optimization strategy, improve profitability, and stick to its announced dividend payout policy for ordinary dividends, in the 50%-70% range. We continue to expect the bank's risk-adjusted capital (RAC) ratio (S&P Global Ratings' measure of core capital) to be 12.0%-12.5% by end-2018, and we estimate that the impact on the pro forma RAC ratio at year-end 2016 would have represented less than 50 basis points.

Only a rating committee may determine a rating action and this report does not constitute a rating action.

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