Minutes

to the Van Lanschot Kempen NV

annual general meeting

held on Wednesday 22 May 2019,
at 's-Hertogenbosch, the Netherlands

1. Opening

The **Chairman**, Mr Duron, opened the meeting at 2.00 pm and welcomed all attendees.

He noted that all requirements on giving notice of and holding of the meeting had been observed in accordance with the law and the Articles of Association. He also noted that the meeting had been convened by way of an invitation posted on Van Lanschot Kempen's website on 10 April 2019. The agenda, its explanatory notes and appendices, and the procedure for attending the meeting had been published at the same time. The 2018 annual report had been released on 28 February 2019. In addition, these documents had been available for inspection at the Van Lanschot Kempen offices in 's-Hertogenbosch, the Netherlands, since 10 April 2019.

The **Chairman** stated that, on the registration date of 24 April 2019, the issued capital of Van Lanschot Kempen was €41,361,668, consisting of 41,361,668 Class A ordinary shares with a par value of one euro. Each Class A ordinary share represents one vote. No votes could be cast at this meeting for 331,595 Class A ordinary shares, as Van Lanschot Kempen itself held the depositary receipts at the registration date.

As soon as he received the final tally of the number of votes that could be cast at the meeting, the **Chairman** would advise attendees accordingly.

All members of the Supervisory and Executive Boards were in attendance, except for Leonne van der Sar, who was absent due to illness.

Mr Meiss served as secretary to the meeting and was supported by Ms Van Vlerken.

The Chairman observed that the following people were also in attendance at the meeting:
- Messrs Van Adrichem and Jansen on behalf of external auditors PwC;
- Ms Struycken, notary public at Zuidbroek Notarissen; and
- Messrs Neuvel and De Graaf, Chairmen of the Van Lanschot and Kempen Works Councils.

The **Chairman** requested that anyone taking the floor at the meeting give their name and where appropriate the name of the shareholder being represented, for the purpose of minute-taking. To assure the good order of the meeting, the **Chairman** asked that all speakers take no more than five minutes, after which he would be happy to invite others to take the floor. If anyone required more time to pose a question or make comments, he said he would grant them the opportunity later in the meeting, after other attendees had had a chance to ask questions. The Chairman asked that attendees silence or switch off their mobile phones.

On voting, the **Chairman** stated that holders of depositary receipts could themselves exercise their voting rights for the shares that Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen ("Stichting Administratiekantoor") administers on their behalf. When signing the meeting attendance list upon arrival, these holders of depositary receipts had received a voting proxy from Stichting Administratiekantoor. In addition, prior to this meeting both holders of depositary receipts and shareholders had been given an opportunity to issue voting instructions to an independent party, i.e. IQ EQ Financial Services BV – previously SGG Financial Services BV – or to the Company Secretary.

The **Chairman** noted that the meeting would be using an electronic voting system. The system would keep track of the votes and attendees could see the outcome on screen immediately. Before voting on the first item, the Chairman would explain how electronic voting worked and there would be a test run of the system by way of a trial voting item. The final result of the votes would be open to inspection at the end of the meeting and would be posted on Van Lanschot Kempen's website. The **Chairman** then turned to agenda item 2.

2. Annual report 2018

2a) Report of the Supervisory Board

The **Chairman** referred to the report of the Supervisory Board on pages 76 through 82 of the 2018 annual report, which provides an overview of the activities of the Supervisory Board and its committees in 2018.

The Supervisory Board was able to look back on a commercially successful year, with a fair increase in commission income and a substantial net inflow in assets under management. That said, Van Lanschot Kempen had faced challenging market conditions, including a volatile market climate and persistently low interest rates. Interest income was down, and this was reflected in a fall in net profits relative to 2017.

Van Lanschot Kempen had further strengthened its capital base in the year, enabling it to make a second capital return payment to its shareholders of €1.50 per share. The second half of the year had seen specific attention devoted to cost levels and efficiency ratio, resulting in lower costs in the second half of 2018.

Many of the strategic targets set out in 2013 and in the 2016 strategy update had now been achieved. This was an opportune time – also given the current technological, economic and geopolitical changes – to map out the next steps in the wealth management strategy (further discussion to follow at agenda item 2c). On behalf of the Supervisory Board, the Chairman thanked all stakeholders and particularly clients for their continued trust and confidence in Van Lanschot Kempen. He also expressed his thanks to staff and the members of the Executive Board for their contributions to the results achieved in 2018.

The **Chairman** turned to agenda item 2b, the Statutory Board's report on the past year. This agenda item saw Constant Korthout, Chief Financial & Risk Officer, provide a review of 2018, after which Karl Guha, Chairman of the Statutory and Executive Boards was to elaborate on strategy implementation under agenda item 2c.

After these discussions by Messrs Korthout and Guha, the **Chairman** would provide attendees with an opportunity to ask questions related to agenda items 2a, 2b and 2c.

2b) Report of the Statutory Board for 2018

The **Chairman** gave the floor to Mr Korthout.

Mr **Korthout** used a number of slides to clarify the annual results and developments in 2018.

Starting off with key developments in 2018, he mentioned the innovative products launched in the markets, including the Global Impact Pool and the Private Markets Fund. He also touched upon a development in the digital domain, the launch of the new "Mijn Van Lanschot" client portal. The start of the Family Solutions team had brought greater focus on family offices and Merchant Banking had been licensed as an underwriter for equity issues in the United States – all examples of the progress made in implementing strategy.

Mr **Korthout** elaborated on the challenging market conditions in 2018. Equity markets had declined sharply in the fourth quarter. Although already low, interest rates had come down even further in 2018. One slide captured Van Lanschot Kempen's transformation to a specialist wealth manager by providing a range of figures for the 2012-18 period. It revealed a sizeable upturn in client assets and assets under management, coupled with a significant drop in risk-weighted assets in line with the run-off of corporate bank loans that had started in 2013. In addition, commission income as a percentage of operating income had been sharply up, while interest income had decreased – both in line with the company strategy. The capital ratio was seen to have staged an exceptionally strong advance over the last six years, from 11% to 21%. Net result was also up, and with it the return on equity. The impact of strategy implementation over the past 5-6 years was showing up in the company's financial performance.

Mr **Korthout** then went on to provide a general review of the 2018 annual results. Net profits amounted to €80.3 million. In 2018, commission income added 10% while interest income recorded an 11% fall. Both reflected Van Lanschot Kempen's strategy, but were in part also caused by the market conditions mentioned earlier. Operating expenses were 1% up on the previous year and the efficiency ratio had worked out at 79.4%. Client assets were slightly down in 2018, primarily in the wake of lower equity markets in the fourth quarter. Net AuM inflows were recorded at both Private Banking and Asset Management, of around half a billion euros each. Capital ratios had risen further. A proposal had been made to pay out €1.45 in dividend per share, equal to the dividend payment for 2017.

Mr **Korthout** went on to provide a more in-depth review of the net result of €80.3 million, reviewing the results of four business lines. Private Banking had seen its result decline to €21 million from €35 million in the wake of the low interest margin, which in particular influenced the results. In addition, fewer transactions had been initiated by Private Banking clients in 2018, causing commission income to fall as well. The business line had also faced charges for a restructuring provision and additional charges related to the investment programme. Although still in the red, Evi had enjoyed improved results, mainly due to fewer costs being incurred. Asset Management had seen commission income improve, but also faced higher expenses caused by capital spending and restructuring charges. Merchant Banking had had an excellent year, with results up to €10.5 million in 2018, from €3.9 million in 2017. This was mostly due to a successful year for corporate finance and equity markets transactions.

Commission income in 2018 had been significantly up on 2017. Increased assets under management had contributed to this, as did Merchant Banking. By contrast, interest income had been well below the figure for 2017. Other income was lower, in part because results from private equity had been higher in 2017. In addition, in 2018 fewer gains on financial transactions had been achieved. Other expenses reflected a number of 2018 restructurings as part of the cost-cutting drive, for which an €8 million provision had been taken. The "Other" line item primarily reflected results on non-strategic investments and – to a minor degree – taxation.

Mr **Korthout** elaborated on the advance in commission income. Private Banking and Asset Management activities had driven up management fees, while transaction fees had been down a little because of lower client transaction volumes in 2018. Income included under "other commissions" had grown on the back of Merchant Banking's successful performance. The same slide provided a breakdown of commission income by business line, with the biggest rise deriving from Asset Management and Merchant Banking.

Interest income had been significantly down in 2018 in the wake of persistently low interest rates and the run-off of Corporate Banking, which is making ever lower contributions to interest income.

Diving a little deeper into costs, Mr **Korthout** noted an increase in costs in the first six months of 2018 and the resultant decision to take cost-saving action. Measures included the closure of the Edinburgh office and the integration of Van Lanschot's IT in Belgium and the Netherlands. These cost savings substantially reduced costs as early as the second half of 2018 and required a restructuring provision of €8.3 million. Cost levels are expected to be at around €390 million in 2019, and measures taken should continue to cause some cost reduction.

Next, Mr **Korthout** focused on the way client assets had developed. Client assets are total assets under management for clients, including savings and other types of assets managed for them. Assets under management (AuM) are assets excluding savings and custody assets. Both had surged in recent years, but 2018 had been an exception, in particular because of the drop in the equity markets in the fourth quarter of the year. By contrast, 2018 had been an excellent year commercially, with both Private Banking and Asset Management achieving net inflows of some half a billion euros.

Under the strategic investment programme announced in 2016, an amount of approximately €60 million was to be spent on IT developments between 2016 and 2019. By year-end 2018 around €50 million of this €60 million had been invested, including in digital tools for clients and bankers, a new website, the online environment for clients, two major outsourcing projects and the launch of the payment app being rolled out. It was expected that all clients would have access to the app within the space of a few months. Mr **Korthout** concluded that the strategic investment programme is on track and is expected to be successfully completed in 2019.

Next, Mr **Korthout** discussed lending. As is generally known, Van Lanschot Kempen is winding down Corporate Banking. At the end of 2018, Corporate Banking volumes were at half a billion euros. In 2013, this figure had been around €4 billion, meaning that over 80% of this loan portfolio had since been run off. This was reflected in Van Lanschot Kempen's 2018 loan portfolio, with residential mortgages now accounting for 73%. Additions to loan loss provisions were negative, which meant that there was a net release from provisions to results. This had been €12 million in 2017 and came to nearly €13 million in 2018, reflecting a conducive economic climate and favourable developments in the housing market. The profit and loss account clearly showed up these trends.

The capital position grew further in 2018. Corporate Banking's run-off played a part, as did improved credit quality and a more conducive economic climate. Despite 2018's dividend payment and extra capital return, Van Lanschot Kempen had still managed to up its capital ratio to over 21% in 2018, from over 20% in 2017. Since the 2016 strategic rethink – when it had first announced its ambition to return at least €250 million to its shareholders – Van Lanschot Kempen had paid €270 million to shareholders in the form of regular dividends and two capital return payments, including the day's dividend proposal. The €250 million target had been amply achieved.

The next slide saw Mr **Korthout** elaborate on 2023 financial group targets. Three of the 2016 targets had remained unchanged, with one – the efficiency ratio – adjusted. He talked the meeting through these four targets one by one. The Common Equity Tier 1 ratio was to remain at 15-17%, a ratio Van Lanschot Kempen had managed to stay well above. The dividend pay-out ratio target was also unchanged at 50-70%, and in the past couple of years the pay-out had indeed stayed within this target range. In 2018, the efficiency ratio worked out at 79%, compared with a target range of 60-65%. This target would now be adjusted upwards to 70-72%, reflecting Van Lanschot Kempen's profile as a wealth manager and the low interest rate environment. The final target referred to the return on Common Equity Tier 1 ratio, which remained at 10-12%. For 2018, this target was effectively achieved when 9.8% was locked in.

Mr **Korthout** briefly touched on key events in the first quarter of 2019. It had seen two extraordinary transactions: the first being the sale of a non-strategic investment in chemistry chain AIO II (Medsen). By the time of the meeting, this transaction had been completed, resulting in a net book profit of €35 million in 2019. The second transaction involved the sale of a 49% stake in Van Lanschot Chabot, an insurance broker. This stake had been sold to De Goudse Verzekeringen, which already owned the other 51% of the shares. Again, by the time of the meeting, this transaction had been completed and resulted in a net book profit of €15 million. Between them, these two transactions accounted for an extraordinary gain of €50 million in total for the first quarter of 2019. Both sales transactions fitted in with Van Lanschot Kempen's strategic focus on wealth management. Needless to say, the update for the first quarter of 2019 had reported both transactions. Ignoring these two sets of book profits, quarterly results had been pretty much in keeping with the first quarter of 2018. In a separate development, the first quarter had brought strong increases in client assets and assets under management on the back of positive price gains. This had been offset by a slight outflow in assets under management due to the poor stock market climate in the fourth quarter of 2018, prompting some clients to take profits or be more reluctant to invest. The capital base had been optimised further in the first quarter of 2019, amongst others by the placement of a so-called Tier 1 bond in the amount of €100 million. The fully loaded Common Equity Tier 1 ratio had gone up to over 22%.

Mr **Korthout** concluded that 2018 had been a challenging year in the equity and yield markets but that it had been an excellent twelve months for Van Lanschot Kempen in both commercial and financial terms.

The **Chairman** thanked Mr Korthout for his review and gave the floor to Karl Guha to talk the meeting through the implementation of Van Lanschot Kempen's strategy.

2c) Elaboration on strategy implementation

Mr **Guha** reminded the meeting that, in 2013, Van Lanschot Kempen had made the strategic choice to transform itself from a universal bank to an integrated specialist wealth manager. Van Lanschot Kempen distinguishes four segments of activity – Evi, Private Banking, Asset Management and Merchant Banking – making it unique in the Netherlands. There are not many companies with similar business models: only one company in Belgium and a couple in Switzerland have comparable business models. Van Lanschot Kempen serves a range of clients: private, institutional and commercial clients. It wants to be a trusted partner and to assist its clients in preserving and creating wealth responsibly. The transition was now complete and the process of transformation to a specialist wealth manager had brought strong results, as the previous presentation had demonstrated. It was now time for the next steps in the wealth management strategy. To map out these next steps, Van Lanschot Kempen would have to closely scrutinise the business environment: What are the key themes, developments and needs? Society is changing. Self-reliance will become more important and clients are increasingly looking to invest their wealth sustainably. Another key development is technological progress and the myriad opportunities it presents. Digitalisation, data usage and data analytics are being put towards creating a better client experience. Meanwhile, client needs are also changing, and clients demand products and services tailored to them. The product-based approach is giving way to a solutions-based one. Lastly, it is always important to keep an eye on what competitors are doing. In this changing environment, Van Lanschot Kempen will continue to pursue its wealth management strategy, aiming to be the leading wealth manager in the Benelux region. At the same time, it is important to make a positive and sustainable contribution to society, and assets invested for clients can help generate significant impact in a range of areas, including the environment and energy savings.

Mr **Guha** moved on to discuss Van Lanschot Kempen's financial objectives for 2023, which had been briefly touched upon by Mr Korthout as well. The next phase in the strategy is built on four key elements captured by four verbs; Accelerate, Advance, Activate and Adapt.
Mr **Guha** explained that Accelerate means that Van Lanschot Kempen is looking to keep growing, organically and by acquisition. Such acquisitions need to fit into the selected strategy: wealth management in the Benelux area. Advance is about investing in digitalisation and the further use of advanced analytics to identify client needs and to improve the client experience. Activate means harnessing the full range of knowledge and expertise across Van Lanschot Kempen and so offering the full potential of services to

clients. Adapt implies attracting, developing and retaining people. Investing in their talents and skills is considered a precondition for fully leveraging the opportunities offered by technology. And with this, Mr Guha ended his review.

The **Chairman** thanked Messrs Korthout and Guha for their reviews and invited those present who wished to speak on agenda items 2a, 2b or 2c.

Mr **Rienks** was granted the floor. He had three questions. The first concerned Evi. While referring to Evi as “a promising initiative”, he noted that it was still not profitable. Evi now had 16,000 clients and he wanted to know how many clients it would need to break even and where Van Lanschot Kempen thought it would find these clients. He also wondered whether it made sense to proceed with Evi. His second question concerned the decision to let go of clients that no longer fit the client profile. He enquired as to whether this is proceeding as planned, whether Van Lanschot Kempen had received many angry responses from clients and whether this decision and its implementation had indeed brought significant savings. His third and final question related to the steep fine imposed on ING for money laundering issues and the measures ING had now taken. He wanted to know what Van Lanschot Kempen is doing in this area, whether additional measures are necessary and how major these might be.

Mr **Korthout** addressed the first and third questions. As he explained, Evi has a long-term horizon and it takes time to build this business, and Van Lanschot Kempen would definitely continue to do so. Losses are declining as the platform is now in place and the marketing costs are coming down. Evi is seeing a rise in client numbers, but their assets are often fairly minor. As a result, Evi would be focusing on attracting clients with a higher net worth going forward. To gauge its breakeven point, Van Lanschot Kempen measures total assets under management. Evi currently has around €1 billion in assets under management and €500 million in savings. If assets under management double, breakeven will be in sight. The markets still hold out enough potential clients, including savers who are now earning 0% on their money. What’s more, Evi offers pension solutions and is thus certainly looking at opportunities for further growth.

Over the past few years, Van Lanschot Kempen has spent significant sums on anti-money laundering measures. It has client acceptance and review procedures and systems in place, and a separate department for assessing transactions. Mr **Korthout** pointed out that Van Lanschot Kempen has a business model that is different from ING’s; that Van Lanschot Kempen focuses on a specific group of clients; that it does not do retail banking; and that it is winding down its corporate banking activities. He emphasised that this issue has the attention of the Board and that developments are monitored closely.

Mr **Bruens** addressed Mr Rienks’s second question. As a wealth manager, Van Lanschot Kempen is known to create and preserve wealth for its clients. If clients have consistently refrained from investing or said they have no desire to invest in in the next few years, it is really not in their interest to remain a Van Lanschot Kempen client. He pointed out that Van Lanschot Kempen pays 0% interest on its savings accounts and that payments are better organised at the major high street banks. So, if they have only a current account and/or savings account, clients are invited to come in for a meeting, at which Van Lanschot Kempen will explain why they would be better off transferring to another bank if these are the only services they require. This exercise is not so much about cost savings; the aim is to enable Van Lanschot Kempen to focus on the activities it excels at as a wealth manager: preserving and creating wealth. As for complaints, Mr Bruens did recall a number of responses. All of these had been addressed, with the parties reaching an amicable agreement (with a few exceptions).

Next to be given the floor, Mr **Van Kuijk** of the Dutch Association of Investors for Sustainable Development (VBDO by its Dutch acronym) thanked Van Lanschot Kempen for being a member of the association and commended it for achieving fourth place in the VBDO Tax Transparency Benchmark, the list of the Netherlands' most transparent companies on tax matters. Van Lanschot Kempen was the highest scoring bank in the benchmark. He had three questions.

The first was about Van Lanschot Kempen's reporting. Mr **Van Kuijk** noted that Van Lanschot Kempen posts other documents on its website alongside its annual report, such as its CSR supplement and the document on its contribution to the Sustainable Development Goals (SDGs). VBDO feels that integrating all sustainability information in a single annual report provides a clearer idea of the direction in which a company is heading, as this makes it easier to properly inform shareholders and other stakeholders. He asked whether Van Lanschot Kempen is willing to release a single, comprehensive sustainability report next year and to report about this to stakeholders in a single, integrated annual report.

Mr **Korthou**t replied that Van Lanschot Kempen already has a single, comprehensive sustainability reporting system in place and reports about this in its annual report in an integrated manner. Most stakeholders find the current reporting more than adequate, but a number of specific stakeholders require supplementary and often highly specific information – and it is for these stakeholders that Van Lanschot Kempen creates these specific, separate reports. Van Lanschot Kempen believes that the current approach is the best way to handle such specific information, as integrating it into the annual report would not benefit its readability.

Mr **Van Kuijk** then commended Van Lanschot Kempen on its extensive reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD). As part of the Climate Action 100+ collaborative investor initiative, Van Lanschot Kempen has been engaging with companies in carbon-intensive industries since 2018. He noted that Van Lanschot Kempen's TCFD report states that, over the next few years, it will investigate how it can develop climate-related objectives and improve the quality of carbon data. He asked whether Van Lanschot Kempen supports the Paris Climate Agreement and is willing to develop Scope 1, 2 and 3 emission targets in line with the Paris Agreement and the objectives of the Dutch government.

Ms **Boeren** thanked Mr Van Kuijk for his commendations and questions. Van Lanschot Kempen does indeed support the Paris Climate Agreement and the objectives the Dutch government committed to under the agreement. In fact, Van Lanschot Kempen set carbon reduction targets for its own organisation a few years back, i.e. to cut emissions by 2% per FTE per employee every year – a target that has since been consistently achieved. In 2018, Van Lanschot Kempen tightened up this target to an annual reduction of 2.5% going forward, mostly covering Scope 1 and 2 and in part also Scope 3. Scope 1 emissions refer to emissions Van Lanschot Kempen releases directly by burning fossil fuels. Scope 2 pertains to electricity generation by others on behalf of Van Lanschot Kempen. Scope 3 includes all other types of carbon emissions, including indirect emissions related to loans, mortgages and investments. Van Lanschot Kempen reports on what it can measure for these three scopes. Ms **Boeren** explained that no carbon emission targets have yet been developed for client investments and balance sheet exposures, mainly because no appropriate calculation methods are available as yet. Van Lanschot Kempen is working closely with others to develop methods to be able to engage in calculations and set targets. This is a particularly tough issue for carbon emissions related to client investments, as it depends on data made available by these companies. Through engagement, investee companies are encouraged to provide the right carbon data and cut their carbon emissions. Some good results had been achieved. Examples included Glencore, which had promised to cut coal production and to commit to the Paris Climate Agreement; and Shell, which had set short-term targets to cut its footprint by 2050. To recap, Van Lanschot Kempen will set targets where possible, collaborate to develop models that make it possible to set such targets, and use its clients' invested assets to engage companies.

Mr **Van Kuijk**'s final question concerned the Sustainable Development Goals (SDGs). Van Lanschot Kempen does contribute to the SDGs and has selected the SDGs it contributes to most: 7, 8, 12, 16 and 17. A separate document posted on the Van Lanschot Kempen website shows how it contributes to the SDGs per business unit. It is also important to identify portfolios' negative impact on the SDGs so as to minimise this. In this context, Mr **Van Kuijk** referred to the Principles for Responsible Banking (PRB) and asked whether Van Lanschot Kempen, like ING and Triodos in the Netherlands, is willing to become a signatory to these United Nations principles and to investigate how its portfolio contributes to the achievement of the SDGs by 2030, in both a positive and negative sense. In addition, he wanted to know if Van Lanschot Kempen is willing to use the outcome of such a review to include targets commensurate with achieving the SDGs by 2030.

Ms **Boeren** indicated that the answer to this question was in line with her previous answer. In principle, Van Lanschot Kempen is willing to do so, but here too obtaining the right company data is an issue – data are needed for negative effects as much as for positive ones. And this kind of data is still thin on the ground. Van Lanschot Kempen is currently consulting with various external research providers about the development of methodology that will help it extract reliable data on which to set targets.

Mr **Van Kuijk** asked what, in real terms, Van Lanschot Kempen is looking to address in 2019.

Ms **Boeren** explained that Van Lanschot Kempen has set targets in a range of sustainability areas, one example being the carbon footprint of investments for clients. Van Lanschot Kempen had been one of the first to address this issue a couple of years ago and now has the ambition to make this footprint visible for its entire investment portfolio. Van Lanschot Kempen has yet to set a specific carbon reduction target.

Mr **Tse** was next to speak. He wondered if Van Lanschot Kempen ever takes its leave of clients that failed a client due diligence.

Mr **Bruens** replied that this does indeed happen from time to time. He serves on the CDD Exit and Acceptance Committee, which meets regularly and discusses cases such as these. Where necessary, a client will be engaged or let go.

Mr **Vreeken** was given the floor. He complimented Van Lanschot Kempen on its recent sustainability dialogue with stakeholders, which he had attended. He observed that many Dutch companies, including Van Lanschot Kempen, are committed to a better climate, but wondered if they are doing enough. He gave a few examples of measures that could help save more energy and called for greater momentum in climate-saving action.

The **Chairman** thanked Mr Vreeken for his compliments and his suggestions.

The **Chairman** announced that a maximum 41,030,073 votes could be cast at the meeting. He then turned to agenda item 3.

3. 2018 annual accounts

3a) <u>Implementation of Statutory Board remuneration policy in 2018</u>

Prior to the adoption of the financial statements, the implementation of the past year's remuneration policy needed to be discussed. To this end, the **Chairman** gave the floor to Bernadette Langius, Chair of the Remuneration Committee since June 2018.

Ms **Langius** observed that 2018 remuneration for the members of the Statutory Board was described on pages 73 through 75 and pages 208 through 209 of the 2018 annual report. Salaries and other benefits paid to Statutory Board members are based on the Statutory Board remuneration policy adopted at the annual general meeting of 31 May 2018, which came into force with effect from 1 January 2018. Van Lanschot Kempen's remuneration policy only has a fixed element, as no variable pay is granted to Statutory Board members. In 2018, the members of the Statutory Board received a proportion of their fixed salaries in cash and a proportion in depositary receipts for Van Lanschot Kempen shares. In 2018, the lock-up period applicable to this part of the remuneration in depositary receipts for shares was increased from three to five years, in keeping with the remuneration policy set for the Statutory Board in 2018. The rules stipulate that Van Lanschot Kempen shares held by Statutory Board members must be equivalent to the cash portion of two years' gross salary for as long as they remain in office. They are allowed to gradually build this required proportion in depositary receipts for Van Lanschot Kempen shares by holding the depositary receipts they received as part of their fixed remuneration.

Ms **Langius** observed that, although the annual general meeting of 31 May 2018 had approved the proposal for the remuneration of the Statutory Board members, both the Supervisory Board and the Remuneration Committee had considered the fact that a substantial number of votes had been cast against the remuneration proposal. Prompted by feedback from investors and a review of the remuneration proposal process, the Supervisory

Board had decided to consult shareholders and proxy advisers in the autumn of 2018. A Supervisory Board delegation had conducted meetings with various Van Lanschot Kempen shareholders and stakeholders, the aim being to enhance their understanding of any objections to and questions concerning Van Lanschot Kempen's remuneration policy. Another purpose of these meetings was to explain to these parties the choices made in devising the policy. This included, among other factors, the focus on the remuneration policy's long-term value creation, as well as Dutch laws, regulations and codes that need to be factored in when shaping it. The dialogues had been highly constructive, and Ms Langius remarked that it had been very useful to hear the views of shareholders and other stakeholders on the remuneration policy. Both the Remuneration Committee and the Supervisory Board would take this feedback into consideration going forward. For more information about this dialogue, she invited attendees to refer to pages 74 and 75 of the 2018 annual report.

The **Chairman** thanked Ms Langius for her account and asked if anyone wished to speak. No-one did and the Chairman turned to the next item on the agenda.

3b) <u>Adoption of 2018 financial statements</u>

The **Chairman** gave the floor to Mr Van Adrichem, who is with PwC, the external auditors for the 2018 financial year. Mr Van Adrichem was invited to give a review of the work done by PwC in auditing Van Lanschot Kempen's financial statements.

Mr **Van Adrichem** explained that he was the PwC partner ultimately responsible for the audit of Van Lanschot Kempen's financial statements for 2018. As external auditors, PwC were responsible for auditing the 2018 financial statements of Van Lanschot Kempen and for issuing an opinion on the true and fair view of the financial statements. He noted that he was not alone but worked with a team, which was why his fellow partner Martijn Jansen was also present. PwC had issued its unqualified audit report statement on 20 February 2019, and had also included a limited assurance report on the sustainability information included in the annual report. Shareholders would have read PwC's extensive independent auditor's report starting on page 213 of Van Lanschot Kempen's 2018 annual report.

Mr **Van Adrichem** devoted specific attention to a few aspects of the audit, touching upon the criteria underpinning materiality. The overall materiality had been determined at €4.7 million, primarily based on 5% of profit before tax. When determining materiality, PwC had considered both qualitative and quantitative factors. In addition, PwC had reported to the Supervisory Board all deviations in excess of €235,000. He then discussed the group audit scope, which comprised the company and its six significant subsidiaries in the Netherlands, Belgium and Switzerland. With the exception of the stake in AIO II – the one that had been sold in the first quarter of 2019 – all audit activities had been carried out by PwC accountants. The scope of the audit implied direct coverage of 99% of total assets, 95% of profit before tax, and 98% of revenue flows.

Mr **Van Adrichem** next discussed key audit matters, of which PwC mentioned three. These were matters that the auditors had devoted extra attention to. The first concerned the impairments of loans and advances to the public and private sectors, i.e. the provisions for

loans and advances with a focus on adequate provisioning for expected credit losses and the correct interpretation and application of IFRS 9. The second key audit matter concerned the fair value measurement of financial instruments, more specifically the valuation of Level 2 and 3 instruments, i.e. those that are not listed and for which no objective market price is available. As examples, he cited the derivatives position, private equity investments and investments in the Kempen Dutch Inflation Fund. The third key audit matter concerned the reliability and continuity of IT systems, specifically in financial reporting processes. These items or systems qualify as key audit matters because:
- Management make key assumptions on these items;
- These assumptions play a key role;
- Models are key to calculating these items; and
- The outcomes of these calculations are highly material.

When auditing these items, PwC had tested the operation of key controls. Models had been assessed on their operation and input variables. PwC had drawn up its own fair value or cash flow calculations, and compared these with the outcomes reported by Van Lanschot Kempen. In addition, PwC had taken sample observations, checked calculations in detail and challenged management assumptions.

Mr **Van Adrichem** discussed work by PwC on compliance with laws and regulations, making a distinction between laws and rules that directly affect the financial statements, such as IFRS and tax laws, and laws and rules that have no direct influence on the financial statements. Examples he cited were rules governing anti-money laundering, know-your-client, MiFID and PSD II. The first category was in scope of the audit, while for the second category PwC carried out specific tasks to ascertain whether the organisation met key legislation and rules, but had not carried out any audit. PwC had identified whether the organisation had the processes, functions and management attention to continue to meet key legislation and rules and regulations, including its role as gatekeeper.

Lastly, Mr **Van Adrichem** mentioned that, in addition to its independent auditor’s report, PwC had also issued a limited assurance report on the sustainability information in Van Lanschot Kempen’s integrated annual report. This assurance report outlined the sustainability information that PwC assessed. The annual report, comprising the reports by the Supervisory and Statutory Boards and other information, had been reviewed, which meant that PwC had carried out a careful scrutiny of the annual report. Based on this work, PwC had stated its opinion that the annual report was compatible with the financial statements and did not contain any material deviations. PwC had also established that the report contained all legally required information. In addition to requirements under law, this entailed such requirements as set out by the Banking Code and the Dutch Corporate Governance Code. Mr **Van Adrichem** thanked attendees for their patience.

The **Chairman** thanked Mr Van Adrichem and asked if attendees had any questions – there were none.

The **Chairman** announced it was time to vote and reminded attendees of the test of the electronic voting boxes. After a successful trial run, the Chairman moved to the official vote on the adoption of the 2018 financial statements

Opening the vote, the **Chairman** asked attendees to exercise their votes by pressing buttons 1, 2 or 3. 1 indicated “For”, 2 “Against”, and 3 “Abstain”. Not making a choice or pressing more than one button at the same time made for an invalid vote. The Chairman observed that attendees had about ten seconds to vote. After closing the vote, the result appeared on the screen within seconds. The Chairman noted that an ample majority of the votes at the meeting were cast in favour of the proposal to adopt the 2018 financial statements.

3c) Payment of a cash dividend of €1.45 per Class A ordinary share

The **Chairman** referred the meeting to the explanatory note to this agenda item. Van Lanschot Kempen proposed a dividend pay-out to holders of Class A ordinary shares in the amount of €1.45. The amount of the net profit attributable to shareholders that was left after the dividend payment was to be added to the reserves. Based on the number of depositary receipts for shares in issue, excluding the number of depositary receipts for shares Van Lanschot Kempen had kept as Treasury shares at 31 December 2018, the dividend payment involved a total €59.5 million and a €15.2 million addition to the reserves. This brought the pay-out ratio to 61.1% of underlying profit attributable to shareholders. The dividend was to be made payable on Monday 3 June 2019.

The **Chairman** asked who wanted to speak, but with no-one claiming the floor, he turned to voting on the proposal.

The **Chairman** opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of paying out a dividend of €1.45 per Class A ordinary share. The Chairman then moved to agenda item 4.

4. Discharge of the Statutory and Supervisory Boards

4a) Discharge of the members of the Statutory Board from liability for their conduct of Van Lanschot Kempen’s affairs in the 2018 financial year

The **Chairman** proposed discharging those who were members of the Statutory Board in 2018 from liability for their conduct of affairs in the 2018 financial year. This concerned the management in as much was apparent from the financial statements or from information that had been submitted to the annual general meeting in any other way prior to the adoption of the financial statements. Members of the Statutory Board throughout the 2018 financial year were Karl Guha, Constant Korthout, Arjan Huisman and Richard Bruens.

The **Chairman** asked who wanted to speak on this item, but with no-one claiming the floor, he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to discharge the members of the Statutory Board from liability for their conduct of Van Lanschot Kempen’s affairs in the 2018 financial year.

4b) <u>Discharge of the members of the Supervisory Board from liability for their supervision of Van Lanschot Kempen's affairs in the 2018 financial year</u>

The **Chairman** proposed discharging those who were members of the Supervisory Board in 2018 from liability for their supervision of affairs in the 2018 financial year. This concerned the supervision of the conduct of affairs in as much was apparent from the financial statements or from information that had been submitted to the annual general meeting in any other way prior to the adoption of the financial statements. Members of the Supervisory Board throughout the 2018 financial year were Jeanine Helthuis, Bernadette Langius, Lex van Overmeire, Manfred Schepers and the Chairman. Maarten Muller had been appointed as a member of the Supervisory Board on 31 May 2018 and Frans Blom on 5 October 2018. Godfried van Lanschot had stepped down as a member of the Supervisory Board from 31 May 2018.

The **Chairman** asked who wanted to speak, but with no-one claiming the floor, he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to discharge the members of the Supervisory Board from liability for their supervision of Van Lanschot Kempen's affairs in the 2018 financial year.

5. Appointment of the external auditors

The **Chairman** reminded the meeting that PricewaterhouseCoopers Accountants NV had been reappointed external auditors to Van Lanschot Kempen for financial years 2018 and 2019 at the annual general meeting on 31 May 2018.

At the end of 2018, Van Lanschot Kempen had assessed the way the auditors had functioned in the 2018 financial year. The outcome of the assessment was that there were no objections to reappointing PwC as external auditors. Based on this conclusion, PwC had been put forward for appointment as the external auditors for the 2020 financial year. Assessment, conclusions and recommendations had been discussed in meetings of the Audit and Compliance Committee. Based on these, the committee had recommended that the general meeting appoint PwC as the auditors for the 2020 financial year. This recommendation had been arrived at through an independent process. The Supervisory Board had adopted the advice and recommended to the annual general meeting that PwC be reappointed as external auditors to Van Lanschot Kempen NV for the 2020 financial year.

The **Chairman** asked who wanted to speak, but with no-one claiming the floor, he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to reappoint PwC as external auditors for the 2020 financial year. The **Chairman** then turned to agenda item 6.

6. Composition of the Supervisory Board

6a) <u>Notification of vacancies and profiles; opportunity to make a recommendation</u>

As this agenda item and the next referred to the Chairman among others, the **Chairman** invited Mr Schepers, Vice-Chairman of the Supervisory Board, to take over for these two agenda items.

Mr **Schepers** reminded the meeting that, in accordance with the retirement rotation schedule, the terms of office of Mr Duron and Ms Langius were to end after this particular general meeting. Individual profiles had been drawn up for the vacancies arising on the Supervisory Board as a result (attached to the agenda as Appendices 1 and 2). Mr Duron was one of the two members of the Supervisory Board recommended for appointment by the Works Councils of Van Lanschot and Kempen & Co, under their enhanced right of recommendation. As a result, the Works Councils had a joint enhanced right of recommendation with regard to the vacancy arising on the ending of Mr Duron's term of office. Article 23 (3) of Van Lanschot Kempen's Articles of Association describes what this enhanced right of recommendation entails. With regard to the vacancy arising on the ending of Ms Langius's term of office, the Works Councils had an ordinary right of recommendation. The Works Councils had advised the meeting that they would not be recommending anyone for this vacancy on the Supervisory Board.

Ms Langius had indicated that she was available for reappointment and, at the request of the Supervisory Board, Mr Duron had made himself available for reappointment for a term of two years.

Mr **Schepers** noted that the general meeting also had a right to nominate people for appointment to the vacancies that arise on the Supervisory Board, and he therefore offered an opportunity to attendees to put forward people who could be nominated by the Supervisory Board as to be members of the Supervisory Board.

Mr **Vreeken** asked to speak and suggested names for potential candidates. However, he indicated that these suggestions need not be considered as formal recommendations.

Mr **Schepers** thanked Mr Vreeken for these suggestions and noted that the meeting was not recommending any particular person.

6b) <u>Reappointment of Mr Duron as a member of the Supervisory Board</u>

Mr **Schepers** advised the meeting that the Supervisory Board proposed that Mr Duron be reappointed by the general meeting for a term of two years. If reappointed, his term would end on the day of the annual general meeting held in 2021.

Mr **Schepers** explained that Mr Duron had been a member of the Supervisory Board for 12 years, the last three of which as its Chairman. In 2018, the Supervisory Board had embarked on its search for a qualified and available successor to Mr Duron, and the process to find a suitable candidate with the right experience and expertise had proven quite a challenge. The Supervisory Board had had to conclude that it required more time to find a suitable successor for Mr Duron with the right experience, knowledge and skills. For this reason, the Supervisory Board had asked Mr Duron to make himself available for reappointment as a member of the Supervisory Board for a period of two years, to which he had consented. This timeframe should provide scope for Van Lanschot Kempen to find a suitable successor for Mr Duron.

The Works Councils had advised Van Lanschot Kempen of their intention to use their enhanced right of recommendation to put forward Mr Duron for reappointment to the Supervisory Board for a period of two years.

Mr Duron had performed his duties as Chairman of the Supervisory Board expertly, professionally and to the full satisfaction of the Supervisory Board since 2016. He has a wealth of financial sector knowledge and experience, and had previously served as Chairman of the KBC Managing Board. His curriculum vitae was included as Appendix 3 in the agenda for this meeting.

Mr **Schepers** noted that Mr Duron qualified as an independent Supervisory Board member within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. Both as a member and as the Chairman of the Supervisory Board, Mr Duron had invariably taken a highly independent stance towards his responsibilities and fulfilling his role. And he was expected to continue to do so for an additional period of two years, which should give Van Lanschot Kempen time to complete a careful process of selecting his successor.

If Mr Duron and Ms Langius were indeed reappointed as members of the Supervisory Board, the Supervisory Board would have seven members, five men and two women. Consequently, Van Lanschot Kempen's ambition to have 30% female representation on the Supervisory Board would be nearly achieved.

Mr **Schepers** asked if anyone wanted to speak, but with no-one claiming the floor, he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to reappoint Mr Duron as a member of the Supervisory Board. Mr **Schepers** congratulated Mr Duron on his reappointment and handed back the chair of the meeting to the Chairman.

6c) <u>Reappointment of Bernadette Langius as a member of the Supervisory Board</u>

The **Chairman** stated that the Supervisory Board was putting forward Bernadette Langius for reappointment by the annual general meeting for a term of four years. If appointed, her term would end on the day of the annual general meeting held in 2023.

The Supervisory Board believed that the nomination of Ms Langius matched the profile drawn up for the vacancy, as the required knowledge and experience was clearly evidenced in her curriculum vitae. She had acquired the pertinent competencies through the various education and training courses she had taken and positions she had held over the years. Her curriculum vitae was included in Appendix 4 to the agenda to this meeting.

Ms Langius had been a member of the Supervisory Board for four years. She is a member of the Risk Committee and the Remuneration Committee, and took over as the chair of the latter committee on 1 June 2018. The **Chairman** pointed out that, at her initiative and under her leadership, Van Lanschot Kempen had embarked on its engagement programme with shareholders and proxy advisers in the autumn of 2018. She herself had referred to this in her account on agenda item 3a on the implementation of Statutory Board remuneration policy in 2018.

Ms Langius qualified as an independent Supervisory Board member within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code.

The **Chairman** asked if anyone wished to speak. No-one did and he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to reappoint Ms Langius as a member of the Supervisory Board. The Chairman congratulated Ms Langius on her reappointment.

7. Grant of authority to repurchase own shares and/or depositary receipts for such shares

The **Chairman** noted that the Statutory Board's general authority to repurchase shares or depositary receipts will expire in November 2019. This agenda item therefore proposed that the Statutory Board be granted fresh authority to repurchase ordinary shares or depositary receipts for a period of 18 months as from the date of the annual general meeting. For the full extent of the grant of authority being sought, the Chairman referred to the verbatim text as included in the notes to the agenda. The authority meant that the Statutory Board may repurchase paid-up Class A ordinary shares or depositary receipts for such shares in Van Lanschot Kempen's capital on the stock markets or elsewhere, up to 10% of the issued capital from the date of the authority so granted (i.e. 22 May 2019). The approval of the Supervisory Board was required for the repurchase, and the price of the ordinary shares or depositary receipts to be repurchased had to be at least equal to the nominal value of the Class A ordinary shares; and might not exceed the highest price at which the depositary receipts for Class A ordinary shares in Van Lanschot Kempen traded on the stock market on the day of purchase.

The **Chairman** asked if anyone wished to speak about this proposal. No-one did and he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to grant authority to the Statutory Board to repurchase own Class A ordinary shares or receipts for such shares. The **Chairman** then moved on to agenda item 8.

8. Authorisation of the Statutory Board to (i) issue ordinary shares and (ii) limit or exclude pre-emption rights

The **Chairman** pointed out that, on 31 May 2018, the annual general meeting had authorised the Statutory Board to decide to issue ordinary shares, including the power to grant rights to acquire shares. At the same time, it had agreed to authorise the Statutory Board to have the power to limit or exclude pre-emption rights when ordinary shares are issued, including the power to limit or exclude pre-emption rights when granting rights to acquire shares. All these powers were to expire in November 2019, and that is why Van Lanschot Kempen proposed that the powers of the Statutory Board in relation to ordinary shares be extended. A decision by the Statutory Board to issue shares or to limit or exclude pre-emption rights required the approval of the Supervisory Board.

8a) Authorisation of the Statutory Board to issue ordinary shares

The **Chairman** discussed the proposal to authorise the Statutory Board to decide on issuing Class A ordinary shares for a period of 18 months from the date of this annual general meeting, in keeping with Article 6 of Van Lanschot Kempen's Articles of Association. This proposal also included the power to grant rights to acquire these shares. The Chairman explained that this proposal would restrict the powers of the Statutory Board to issue Class A ordinary shares and to grant rights to acquire such shares to 10% of the issued capital at the date of the meeting (22 May 2019). If and when this authorisation was granted, it would replace the one granted by the annual general meeting in 2018. For a more detailed discussion of this proposal, the Chairman referred to the notes to the agenda of the meeting.

The **Chairman** asked if anyone wished to speak. No-one did and he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to authorise the Statutory Board to decide on issuing Class A ordinary shares.

8b) Authorisation of the Statutory Board to limit or exclude pre-emption rights when Class A ordinary shares are issued

The **Chairman** put to the meeting the proposal to authorise the Statutory Board to be able to decide to limit or exclude pre-emption rights when Class A ordinary shares are issued for a period of 18 months from the date of the annual general meeting, in keeping with Article 7 of the Articles of Association. This also included the power to limit or exclude pre-emption rights when granting rights to acquire shares. These authorisations were restricted to 10% of the issued capital at the date of the meeting (22 May 2019). If and when this authorisation was granted, it would replace the one granted by the annual general meeting in 2018.

The **Chairman** asked if anyone wished to speak. No-one did and he opened the voting. After closing it, he noted that an ample majority of the votes at the meeting had been cast in favour of the proposal to authorise the Statutory Board to limit or exclude pre-emption rights when Class A ordinary shares are issued. The Chairman then moved to the final agenda item.

9. Any other business and closure of meeting

The **Chairman** asked if anyone had any other business they wished to discuss.

Mr **Theelen** was given the floor. He wanted to know why Van Lanschot Kempen still used depositary receipts for shares whereas most other companies had stopped this practice. He pointed to ING cancelling its depositary receipts not so long ago.

The **Chairman** asked that Mr Muller answer this question. Mr **Muller** explained there are various types of depositary receipts for shares. Some of them are in place as a protection, i.e. as an anti-takeover device, such as the depositary receipts for shares issued by ABN AMRO. By contrast, Van Lanschot Kempen's depositary receipts have no protective role to play, as all depositary receipt holders are able to cast their votes at all general meetings. On these occasions, depositary receipt holders are given a proxy by Stichting Administratiekantoor, which formally hold the shares for them and they are entirely free to decide how they vote at the meeting. By issuing depositary receipts for shares, Van Lanschot Kempen aims to strike the right balance between holders of a limited number of depositary receipts and the interests of the larger holders of depositary receipts. The issuance of depositary receipts for shares is a useful way to prevent a small number of depositary receipt holders from exerting a disproportionate influence on the annual general meeting of shareholders. Whenever holders of depositary receipts are unable to attend the meeting and vote, Stichting Administratiekantoor will vote on their behalf.

Van Lanschot Kempen has been issuing depositary receipts for shares since its initial public offering, completely in line with the recently revised Dutch Corporate Governance Code. Van Lanschot Kempen is keen to keep to this consistent practice. Social debates frequently go back and forth, while Van Lanschot Kempen prefers this consistent approach and will continue this structure. Other companies making different choices because of their different backgrounds or histories are no reason for Van Lanschot Kempen to abandon the practice.

Mr **Theelen** asked why there are not more younger men or women of around 30 years of age serving on the Statutory or Supervisory Boards. They might not have the experience of current members, but they could still have benefited from a solid education and bring a different view to matters. They are the clients of the future after all.

Mr **Guha** identified two aspects to this question. If Mr Theelen was expressing a concern as to whether the voice of the younger generation was being listened to and acted upon, the answer was that Van Lanschot Kempen very definitely was listening and acting. In terms of appointing such young talent to the position of board director or supervisory board director at Van Lanschot Kempen, Mr **Guha** emphasised that Van Lanschot Kempen is a regulated company. Directors are screened by DNB, and passing this test would be a challenge for someone with little or no relevant experience.

Mr **Swinkels** was given the floor. He asked how many votes Stichting Administratiekantoor was representing at the meeting. He also wanted to know whether there were holders of depositary receipts that had issued voting instructions prior to the meeting or whether he was correct in his assumption that these depositary receipt holders were exercising their votes without any information about the discussions at the meeting.

The **Chairman** replied that Stichting Administratiekantoor was representing 28% of the votes at the meeting. He noted that a large proportion of votes had been cast through voting instructions prior to the meeting. These holders of depositary receipts had chosen not to attend, but rather to issue voting instructions prior to the meeting on the basis of the agenda and explanatory notes.

Mr **Van Erum** asked how Stichting Administratiekantoor had decided how to vote and how it had arrived at its decisions.

Ms **Mennen** wished to take this question in her capacity as one of three Stichting

Administratiekantoor directors. She explained that the board, just like a few other holders of significant stakes in Van Lanschot Kempen, regularly engages with the Statutory or Supervisory Boards. It ensures that it is well informed and up to speed on what is going on at Van Lanschot Kempen. When voting shares, Stichting Administratiekantoor is primarily led by the interests of depositary receipt holders, including those with smaller stakes in Van Lanschot Kempen. Stichting Administratiekantoor also factors in the interests of the group, its affiliated company and all others involved.

Mr **Van Erum** asked if a separate meeting for holders of depositary receipts is ever held and whether Stichting Administratiekantoor had ever voted against a proposal.

Ms **Mennen** replied that a separate meeting for holders of depositary receipts for shares is held once every two years in November, to which all holders of depositary receipts are invited. She also observed that, in the past, Stichting Administratiekantoor had been known to abstain or vote against a proposal.

The **Chairman** asked if anyone else wished to speak. No-one did and, after thanking all for their engagement, the Chairman closed the meeting at 4.05 pm.