VAN LANSCHOT KEMPEN

PRESS RELEASE *Amsterdam/'s-Hertogenbosch, the Netherlands, 20 February 2020*

Van Lanschot Kempen: net profit exceeds €98 million in 2019

- **Net profit staged a significant increase to €98.4 million (2018: €80.3 million), with underlying net result up to €108.8 million (2018: €103.0 million)**
- **Operating expenses came down by 3% to €384.1 million and stayed within the target for 2019 of €390 million**
- **Client assets grew by 26% to €102.0 billion, with AuM adding 31% to €87.7 billion on the back of €9.9 billion net inflows**
- **CET 1 ratio increased to 23.8% (2018: 21.1%)**
- **Dividend proposal of €1.45 per share (2018: €1.45 per share)**

Van Lanschot Kempen today released its 2019 full-year results. Karl Guha, Chairman, said: "We're proud of what we've achieved in 2019. Our net profit added €18.1 million to €98.4 million, while cost-saving measures have helped us cut operating expenses to €384.1 million and keep costs levels below the €390 million target figure we had previously issued. Our client assets surged to €102.0 billion on the back of a net inflow in assets under management (AuM) at both Asset Management and Private Banking. Our robust capital position enabled us to pay yet another capital return of €1.50 per share in December, and we have completed our strategic investment programme on schedule with the achievement of the final milestone – the migration to the new payments platform."

Ignoring exceptional items, the impact of the sale of the company's stakes in AIO II and VLC & Partners, and the impairment of goodwill in Merchant Banking, net profit rose by 22% on the back of lower operating expenses and higher securities commissions. At the same time, interest result is being squeezed by persistently low interest rates. Despite the uncertainties facing the financial markets, economic sentiment in 2019 turned out more sanguine than previously expected, and investor clients also had a good year: Van Lanschot Kempen managed to achieve high returns on clients' investment portfolios.

Van Lanschot Kempen is delighted with the €20.8 billion increase in total client assets to €102.0 billion, driven by a positive market performance and net AuM inflows at Asset Management and Private Banking – with Stichting Pensioenfonds PostNL (€9.0 billion) onboarded at Asset Management in 2019. It was also pleased with the net inflows into investment strategies to the tune of €0.7 billion. Private Banking recorded an inflow of €0.5 billion, breaking down into a slight net AuM inflow of €0.1 billion and an increase in savings of €0.4 billion. Assets under management in sustainable propositions at Private Banking surged by 55% to €2.0 billion.

Securities commissions edged up by 1%, while other commissions came down. Merchant Banking had another good year, although commission income is slightly lower than the very robust 2018.

Van Lanschot Kempen's capital position is very solid: the CET 1 ratio worked out at 23.8% (2018[i]: 21.1%) and enables the company to propose a dividend for 2019 of €1.45 per share. It achieved a return on equity[ii] of 10.5% (2018: 9.8%) and improved the efficiency ratio to 75.5% (2018: 79.4%).

Van Lanschot Private Banking: client assets climb by 13%

In 2019, Private Banking's client assets added €3.9 billion to €34.5 billion, mainly on the back of a favourable stock market performance of €3.4 billion and net inflows of savings to the tune of €0.4 billion. Clients were hesitant to invest in the current economic cycle, or they switched from AuM to cash. Net AuM inflows worked out at €0.1 billion. The slight outflow recorded in the Netherlands was more than offset by robust AuM growth in Belgium and Switzerland, thanks to both new clients and existing clients making additional investments.

The current low interest rate environment is causing persistent pressure on interest results, and Private Banking has been charging negative interest on larger savings amounts for some time now. From 1 April 2020, this will apply to all current, securities and savings accounts with balances in excess of €1 million.

At €54.0 million, Private Banking's underlying result[iii] moved a tad below the figure for 2018 (€57.7 million), largely because of the interest result. 2019 saw another hefty release of loan loss provisions of €11.2 million (2018: €13.8 million). The mortgage portfolio performed well and expanded to €5.9 billion.

The strategic investment programme was successfully completed in 2019, with a total €61.8 million invested since 2016. The programme facilitates the omni-channel private banking model and the further development of the IT landscape. At the same time, both mortgage administration and payments were farmed out, and investments are expected to return to more normalised levels from 2020, when they will be recognised as regular operating expenses.

In 2019, Private Banking took its next steps in offering sustainable products and investment solutions for its clients, and is proud to report that its sustainable propositions reached a new milestone by garnering €2.0 billion in assets under management. Another excellent example is its launch of the Van Lanschot Groenhypotheek: a "green mortgage" that enables clients to borrow money at attractive interest rates to make their homes more sustainable.

In a separate development, Private Banking is increasingly using advanced analytics to improve client experience, in tailored solutions for instance. Portfolio optimisers are a case in point: they help optimise risk and return while factoring in a range of other requirements, including ESG issues. Private Banking aims to grow in segments relevant to its clients, supported, for instance, by acquisitions. This ambition to grow has resulted in the design of the Family Solutions proposition launched at the end of 2018, providing specialist and tailored expertise to meet the needs of ultra-high net-worth clients.

Evi van Lanschot: improved net result, client assets relatively stable

Although 2019 turned out to be a robust year in economic terms, online private investors were generally reluctant to invest, and assets grew primarily on the back of a favourable market performance. At the same time, there was a slight outflow, mostly of savings. Evi's assets under management stood at €1.0 billion by the end of the year (2018: €0.9 billion) with client assets amounting to over €1.5 billion (2018: €1.4 billion).

In 2019, Evi decided to focus more on mass-affluent clients and to step up collaboration with Private Banking. This was reflected in an average higher volume per new client in 2019 as well as in collaboration on digital tools and online marketing opportunities. Evi will continue to look out for other alliances and creative collaborations. A good example is its agreement with a.s.r. – clients with an a.s.r. investment account are being offered the opportunity to transfer to Evi in the first half of 2020.

Evi's underlying result worked out at -€2.1 million for the year. This improvement on 2018 (-€6.6 million) was mostly driven by lower costs.

Kempen Asset Management: strong net inflows in niche strategies

In 2019, Asset Management achieved robust growth in both client solutions and the niche strategies it has selected. Client solutions enjoyed brisk AuM inflows from onboarding new clients such as Stichting Pensioenfonds PostNL (mandate won in 2018) and PNO Media, while the UK operation also brought in a new mandate in 2019. At the end of 2019, Kempen Asset Management was reappointed fiduciary manager to Pensioenfonds Randstad via Het nederlandse pensioenfonds, and the latter also helped it land Pensioenfonds Owase's fiduciary mandate (AuM: €900 million), which took off at the start of 2020.

In the second half of 2019 in particular, niche strategies enjoyed strong net inflows, helping to notch up a total €0.7 billion in AuM for the full year. Both the Euro Credit strategy and the Global Small Cap Fund saw robust inflows, with the Private Markets strategy also highly successful. Kempen Asset Management is very pleased with the success of its newly launched funds. Its Global Listed Infrastructure Fund had a successful first year and the European Private Equity Fund, specifically targeting existing and new Private Banking clients, achieved its maximum target size of €192.5 million in its first year. Investors are also showing a great deal of interest in the Global Impact Pool, with the fund currently at total assets of over €100 million.

Asset Management's underlying net result rose 9% to €15.1 million (2018: €13.8 million), mainly on the back of higher commission income.

Kempen Merchant Banking: Successful transactions make for a solid year

Merchant Banking had another good year and was proud to be in on a whole host of transactions. In life sciences, for instance, it further expanded its US activities by playing a part in seven capital market transactions, including three IPOs. And in real estate, it advised on the sales transaction of a large Dutch residential property portfolio by Round Hill Capital to Heimstaden.

An excellent example of closer collaboration between Merchant Banking and Private Banking came in the shape of the VolkerWessels transaction: Kempen Merchant Banking advised the Reggeborgh family office on the proposed delisting of Royal VolkerWessels, with Van Lanschot providing a proportion of the loan to Reggeborgh to help effect the transaction – which is expected to be carried out in the first quarter of 2020.

At €7.5 million, Merchant Banking's underlying net result fell somewhat short of the figure in 2018 (€10.6 million), reflecting a negative adjustment in the valuation model for structured products, among other factors (effect: €2.7 million in the first half of 2019). Meanwhile, commission income contracted to €52.2 million from €58.0 million in 2018.

Other activities

In 2019, Van Lanschot Kempen sold off its non-strategic stake in AIO II, which chipped in €36 million to operating profit (before tax) from non-strategic investments. Participating interests in VLC & Partners, Marfo Food Group and Kraan Bouwcomputing were also sold. These book profits contributed €24 million to income from securities and associates.

From 2020, Van Lanschot Kempen will have a single, harmonised HR policy in place, which includes contemporary employment conditions and the shift to a single pension scheme. This fresh and comprehensive package focuses on flexibility and personal policies that factor in life stages, and is an excellent fit with the company's identity and the market in which it operates.

Operating expenses fell by 3% to €384.1 million, taking the cost level to within the 2019 target range of around €390 million that was previously announced. As expected, costs were higher in the second half than in the first, and were driven in particular by higher IT change costs and staff costs. The latter edged down by 2% on 2018, but are predicted to go up in 2020 on the back of the new employment conditions and pension scheme.

Persistently low interest rates and further cuts by the ECB put pressure on interest income, offset in part by growth in Private Banking's mortgage portfolio. The Corporate Banking loan portfolio was run off further, to €0.3 billion (year-end 2018: €0.5 billion).

2019 saw a further increase in the requirements facing banks to prevent financial crime, such as money laundering and terrorist financing. Techniques to prevent and combat money laundering are constantly developing and will have Van Lanschot Kempen's full attention in 2020, as in 2019. Multiple projects are underway to further optimise processes for client due diligence, client acceptance, transaction monitoring and sanction screening.

Robust capital position again enabled capital return in 2019

Van Lanschot Kempen's capital base was strengthened further in 2019, with the CET 1 ratio rising from 21.1% to 23.8%. CET 1 was boosted by retained earnings, while also seeing risk-weighted assets (RWA) drop 8% as a result of changes in market risk, rating improvements and the run-off of the corporate banking portfolio. Improved RWA should influence the relative impact of future legislation, such as minimum risk weightings for residential property mortgages (a DNB measure). The issue of an AT1 bond in March pushed up the total capital ratio to 26.9% (year-end 2018: 23.2%).

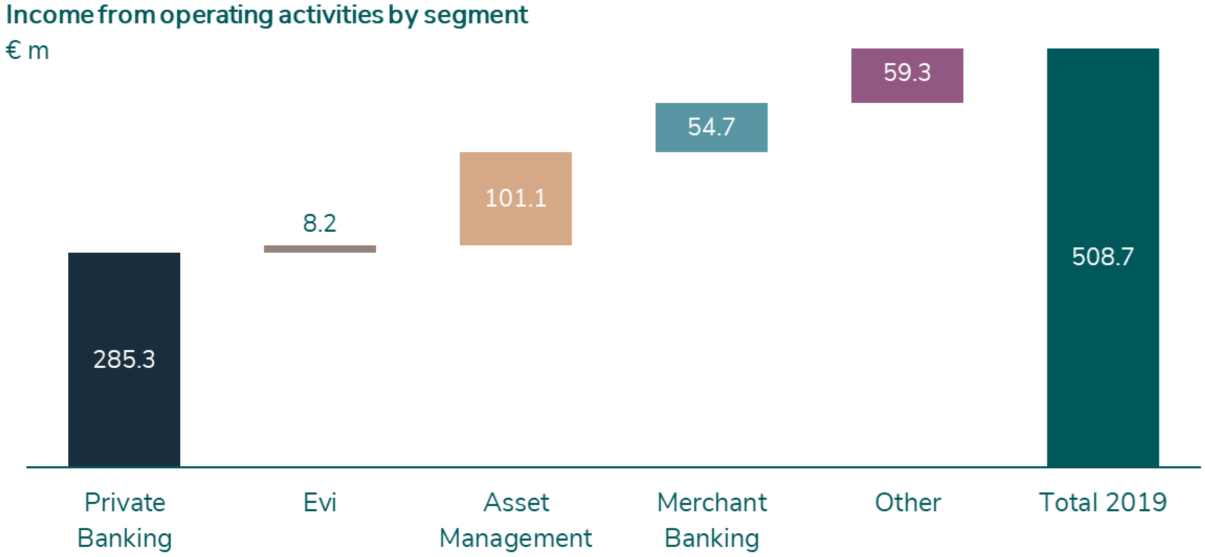
In view of its robust capital position, Van Lanschot Kempen was able to return capital to its shareholders in the amount of €1.50 per share (over €60 million in total). This took the total amount of capital returned since 2016 to over €330 million, in the form of both dividend payments and capital returns. Including the dividend proposed today, a total €390 million will have been paid to the shareholders.

Van Lanschot Kempen expects that the measure announced by DNB to introduce a floor for residential mortgage risk weights in the autumn of 2020 will increase total RWAs by around 15% on the basis of its current balance sheet and the credit models used. The measure's relative impact will be a touch bigger because of the lower absolute total RWA levels and further rating improvements in the residential mortgage portfolio. DNB has indicated it will not impose the new rule on top of the new Basel IV framework, suggesting that the Basel IV impact is expected to be absorbed early.

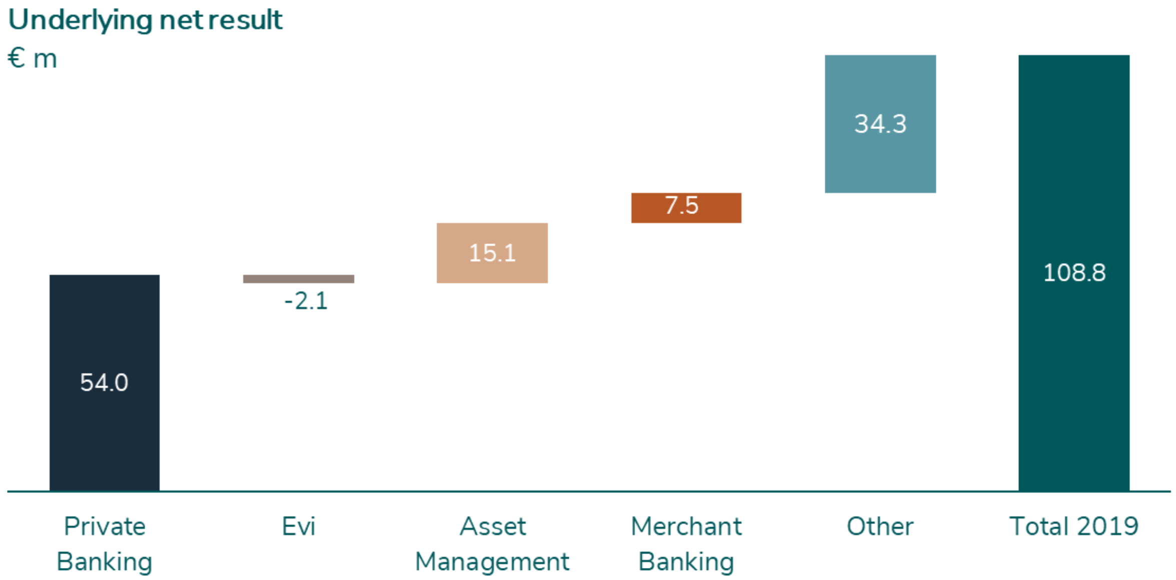
Van Lanschot Kempen's target CET 1 ratio is 15-17%. With a CET 1 ratio of 23.8% at the end of 2019, it comfortably met its target and will continue to optimise its capital base, leaving scope for acquisitions. If possible, it will also consider paying out capital to its shareholders, subject to approval by the regulator.

Segment information

Private Banking, Evi, Asset Management and Merchant Banking generated 88% of total income (2018: 91%). Together, these segments account for 100% of commission income (2018: 99%) and 90% of interest income (2018: 92%).



All core activities, with the exception of Evi, made a positive contribution to net result. The net underlying result is the 2019 net result adjusted for the cost of the strategic investment programme (€11.1 million gross) and restructuring charges (€2.8 million gross).



Key data[iv]

€ m	2019	2018		H2 2019	H1 2019
Statement of income					
Net result	98.4	80.3	23%	14.8	83.6
Underlying net result	108.8	103.0	6%	16.3	92.5
Efficiency ratio (%)	75.5	79.4	-	75.5	75.5

€ bn	31/12/2019	31/12/2018		30/06/2019	
Client assets	102.0	81.2	26%	97.3	5%
- Assets under management	87.7	67.0	31%	82.6	6%
- Assets under monitoring & guidance	3.1	3.4	-8%	3.3	-6%
- Assets under administration	1.6	1.7	-6%	1.8	-11%
- Savings and deposits	9.5	9.1	5%	9.6	0%

€ m	31/12/2019	31/12/2018		30/06/2019	
Statement of financial position and capital management					
Equity attributable to shareholders	1,211	1,244	-3%	1,263	-4%
Equity attributable to AT1 capital securities	102	-	-	102	0%
Equity attributable to non-controlling interests	4	12	-67%	4	10%
Savings and deposits	9,545	9,091	5%	9,582	0%
Loans and advances to clients	8,598	8,561	0%	8,783	-2%
Total assets	14,319	13,983	2%	14,540	-2%
Funding ratio (%)	111.0	106.2	-	109.1	2%
Risk-weighted assets	4,205	4,588	-8%	4,462	-6%
Common Equity Tier 1 ratio (%)[v]	23.8	21.1	-	22.4	-
Tier 1 ratio (%)[v]	25.0	21.1	-	23.6	-
Total capital ratio (%)[v]	26.9	23.2	-	25.5	-

	2019	2018		H1 2019	
Key figures					
Weighted average of outstanding ordinary shares (x 1,000)	40,974	41,005	-	41,037	-
Underlying earnings per share (€)	2.52	2.37	6%	2.21	14%
Return on average Common Equity Tier 1 capital (%)[vi]	10.5	9.8	-	13.1	-
Number of staff (FTEs at period end)	1,560	1,621	-4%	1,594	-2%

€ m	2019	2018		H2 2019	H1 2019
Commission	290.4	293.2	-1%	148.2	142.2
- Of which securities commissions	*241.8*	*238.5*	*1%*	*125.3*	*116.5*
- Of which other commissions	*48.6*	*54.7*	*-11%*	*22.9*	*25.7*
Interest	175.3	175.6	0%	90.6	84.7
Income from securities and associates	50.5	31.1	62%	17.1	33.4
Result on financial transactions	-7.4	-0.8	-	0.7	-8.1
Income from operating activities	**508.7**	**499.2**	**2%**	**256.6**	**252.1**
Staff costs	238.5	244.4	-2%	120.1	118.4
Other administrative expenses	127.9	146.8	-13%	64.8	63.0
- Of which regulatory levies and charges	*11.6*	*10.5*	*10%*	*2.8*	*8.8*
Depreciation and amortisation	17.7	5.2	-	8.7	9.0
Operating expenses	**384.1**	**396.4**	**-3%**	**193.7**	**190.4**
Gross result	**124.7**	**102.8**	**21%**	**62.9**	**61.7**
Addition to loan loss provision	-12.1	-12.7	-5%	-4.5	-7.5
Other impairments	34.9	-0.9	-	34.9	0.1
Impairments	**22.9**	**-13.7**	**-**	**30.3**	**-7.5**
Operating profit before tax of non-strategic investments	37.8	17.8	-	0.8	37.0
Operating profit before special items and tax	**139.6**	**134.3**	**4%**	**33.4**	**106.2**
Strategic investment programme	11.1	22.0	-50%	1.7	9.4
Amortisation of intangible assets arising from acquisitions	6.2	8.3	-25%	3.1	3.1
Restructuring charges	2.8	8.3	-67%	0.3	2.5
Operating profit before tax	**119.5**	**95.8**	**25%**	**28.3**	**91.2**
Income tax	21.1	15.5	37%	13.5	7.7
Net result	**98.4**	**80.3**	**23%**	**14.8**	**83.6**
Underlying net result	**108.8**	**103.0**	**6%**	**16.3**	**92.5**

Underlying net result

€ m	2019	2018		H2 2019	H1 2019
Net result	**98.4**	**80.3**	23%	**14.8**	**83.6**
Strategic investment programme	11.1	22.0	-50%	1.7	9.4
Restructuring charges	2.8	8.3	-67%	0.3	2.5
Tax effects	-3.5	-7.6	-54%	-0.5	-3.0
Underlying net result	**108.8**	**103.0**	**6%**	**16.3**	**92.5**

FINANCIAL REPORT/PRESENTATION/WEBCAST

For a detailed discussion of Van Lanschot Kempen's results and balance sheet, please refer to our performance report and presentation on the 2019 annual results at www.vanlanschotkempen.com/results.

In a conference call for analysts on 20 February at 9.00 am CET, we will discuss our 2019 full-year results in greater detail. This may be viewed live at www.vanlanschotkempen.com/results and played back at a later date.

ADDITIONAL INFORMATION

For additional information, go to www.vanlanschotkempen.com/financial

FINANCIAL CALENDAR

27 February 2020	Publication of 2019 annual report
22 April 2020	Publication of Q1 trading update
28 May 2020	Annual General Meeting (AGM)
1 June 2020	Ex-dividend date
9 June 2020	2019 dividend payment date
26 August 2020	Publication of 2020 half-year results

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About Van Lanschot Kempen

Van Lanschot Kempen, a wealth manager operating under the Van Lanschot, Kempen and Evi 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 Kempen, listed at Euronext Amsterdam, is the Netherlands' oldest independent financial services company with a history dating back to 1737.

vanlanschotkempen.com

Disclaimer and cautionary note on forward-looking statements

This press release may contain forward-looking statements on future events and developments. These forward-looking statements are based on the current insights, information and assumptions of Van Lanschot Kempen'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 such risks, developments and uncertainties which by their very nature fall outside the control of Van Lanschot Kempen and its management.

Actual results, performances and circumstances may differ considerably from these forward-looking statements as a result of risks, developments and uncertainties relating to, but not limited to, (a) estimates of income growth, (b) costs, (c) the macroeconomic and business climate, (d) political and market trends, (e) interest rates and currency exchange rates, (f) behaviour of clients, competitors, investors and counterparties, (g) the implementation of Van Lanschot Kempen's strategy, (h) actions taken by supervisory and regulatory authorities and private entities, (i) changes in law and taxation, (j) changes in ownership that could affect the future availability of capital, and (k) changes in credit ratings.

Van Lanschot Kempen cautions that forward-looking statements in this press release are only valid on the specific dates on which they are expressed, and accepts no responsibility or obligation to revise or update any information, whether as a result of new information or for any other reason.

Van Lanschot Kempen's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this press release, except as described otherwise, the same accounting principles are applied as in the 2018 Van Lanschot Kempen consolidated annual accounts. The annual financial statements for 2019 are in progress and may be subject to adjustments from subsequent events. All figures in this press release are unaudited. Small differences are possible in the tables due to rounding.

This press release 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 a recommendation to perform or refrain from performing any action.

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[i] Some amounts differ from previously published reports, reflecting changes that result from the accounting changes related to provisions for pensions.

[ii] Return on average Common Equity Tier 1 based on underlying net result attributable to shareholders.

[iii] The underlying net result is the net result adjusted for the costs of the strategic investment programme and restructuring.

[iv] This press release uses unrounded figures and total amounts may deviate from the sum of the parts. Percentage changes are based on these unrounded figures.

[v] At 31 December 2018 and 31 December 2019 including retained earnings. At 30 June 2019 excluding retained earnings.

[vi] Based on underlying net result.