



Van Lanschot

F. van Lanschot Bankiers NV  
Financial report  
2016 half-year results



## CONTENTS

	Page
KEY DATA	3
RESULTS	4
STATEMENT OF FINANCIAL POSITION	11
CLIENT ASSETS	16
RECONCILIATION OF IFRS AND MANAGEMENT REPORTING	19
<i>HALF-YEAR FINANCIAL STATEMENTS</i>	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016	20
CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS PERIOD	21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015	23
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS PERIOD	24
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	26
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	28
NOTES TO THE CONSOLIDATED STATEMENT OF INCOME	32
ADDITIONAL NOTES	35
SEGMENT INFORMATION	43
EVENTS AFTER THE REPORTING PERIOD	45
STATUTORY BOARD RESPONSIBILITY STATEMENT	46



## KEY DATA<sup>1</sup>

Deviating from their recognition in our interim financial statements, non-strategic investments, one-off gains/charges and costs related to the Strategy 2020 investment programme are shown separately.

	H1 2016	H2 2015	H1 2015	
<b>Statement of income</b>				
Net profit	31.5	5.1	37.7	-16%
Underlying net result	37.7	22.4	69%	37.7
Efficiency ratio (%)	81.1	78.5	70.7	

(x € million)	30-06-2016	31-12-2015	30-06-2015	
<b>Statement of financial position and capital management</b>				
Equity attributable to shareholders	1,301	1,299	0%	1,302
Equity attributable to minority interests	13	21	-37%	46
Savings and deposits	9,686	9,908	-2%	10,244
Loans and advances to clients	10,305	10,504	-2%	10,806
Total assets	15,433	15,832	-3%	16,894
Funding ratio (%)	94.0	94.3	0%	94.8
Risk-weighted assets	6,091	6,431	-5%	7,313
Common Equity Tier I ratio (%) <sup>2</sup>	17.3	16.3		14.6
Tier I ratio (%) <sup>2</sup>	17.3	16.3		14.6
Total capital ratio (%) <sup>2</sup>	18.2	17.0		15.3
<b>Basel III</b>				
Common Equity Tier I ratio (%) (fully loaded) <sup>3</sup>	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) <sup>3</sup>	6.4	6.1		5.7

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

	H1 2016	H2 2015	H1 2015	
<b>Key figures</b>				
Weighted average of outstanding ordinary shares (x 1,000)	40,959	40,920	0%	40,879
Underlying net result per share (€)	0.88	0.45	96%	0.81
Return on average Common Equity Tier I capital (%) <sup>4</sup>	6.8	3.4	6.2	
Number of staff (FTEs at period end)	1,646	1,666	-1%	1,697

Two reporting changes underpin an adjustment in the comparative figures:

- As a result of modified IFRS interpretations, we have 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.
- The Van Lanschot consolidated figures include those of a number of non-strategic investments. One of these, Medsen (AIO II BV), was first fully consolidated in H2 2015 incorporating the full year effect. The comparative figures have now been adjusted to reflect the effects per six months.

<sup>1</sup> Total figures may not add up due to rounding. Percentages are calculated from unrounded figures.

<sup>2</sup> At 31 December 2015 based on phase-in and including retained earnings; at 30 June 2015 and 30 June 2016 based on phase-in and excluding retained earnings.

<sup>3</sup> At 31 December 2015 including retained earnings; at 30 June 2015 and 30 June 2016 excluding retained earnings.

<sup>4</sup> Based on the underlying net result.



## 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%
<b>Income from operating activities</b>	<b>240.2</b>	<b>246.5</b>	<b>-3%</b>	<b>274.1</b>	<b>-12%</b>
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%
<b>Operating expenses</b>	<b>194.8</b>	<b>193.6</b>	<b>1%</b>	<b>193.9</b>	<b>0%</b>
<b>Gross result</b>	<b>45.4</b>	<b>52.9</b>	<b>-14%</b>	<b>80.2</b>	<b>-43%</b>
Addition to loan loss provision	-1.7	19.1		31.9	
Other impairments	0.5	5.2	-91%	2.8	-84%
<b>Impairments</b>	<b>-1.3</b>	<b>24.3</b>		<b>34.7</b>	
Operating profit before tax of non-strategic investments	3.1	5.2	-39%	5.4	-42%
<b>Operating profit before one-off gains / losses and tax</b>	<b>49.8</b>	<b>33.8</b>	<b>47%</b>	<b>50.9</b>	<b>-2%</b>
One-off gains/charges (-)	-2.0	-29.7		-0.7	
Recovery framework interest rate derivatives	8.0	-		-	
Strategy 2020 investment programme	-0.3	-		-	
<b>Operating profit before tax</b>	<b>39.5</b>	<b>4.2</b>		<b>50.1</b>	<b>-21%</b>
Income tax	8.0	-0.9		12.4	-36%
<b>Net profit</b>	<b>31.5</b>	<b>5.1</b>		<b>37.7</b>	<b>-16%</b>
<b>Underlying net result<sup>5</sup></b>	<b>37.7</b>	<b>22.4</b>	<b>69%</b>	<b>37.7</b>	<b>0%</b>

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

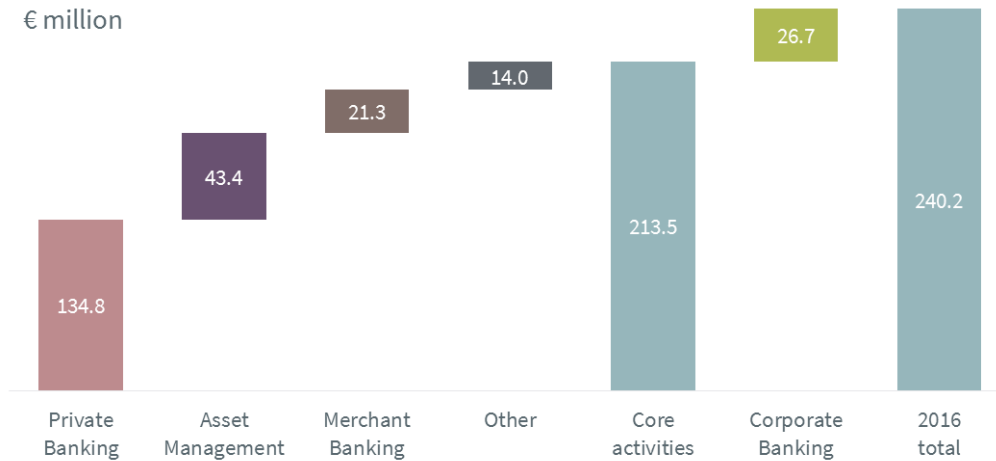
<sup>5</sup> The underlying net result in H1 2016 was the net profit adjusted for the one-off charge related to the derivatives recovery framework and the cost incurred for the Strategy 2020 investment programme. In H2 2015 it reflected the net profit adjusted for the one-off charge arising from the sale of non-performing real estate loans.

## INCOME FROM OPERATING ACTIVITIES<sup>6</sup>

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

### Income from operating activities by segment

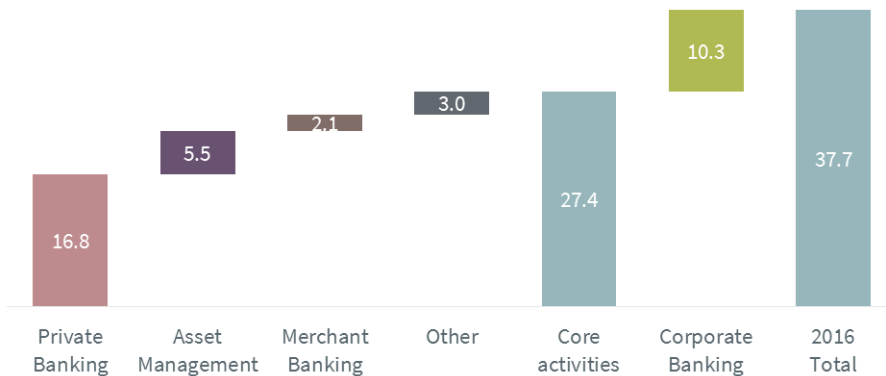
€ million



All core activities recorded positive net results in H1 2016. The underlying net result reflects H1 2016 net profits adjusted for the one-off charge related to the derivatives recovery framework (€8.0 million gross) and the cost related to the strategic investment programme (€0.3 million gross).

### Underlying net result

€ million



<sup>6</sup> Deviating from their recognition in our interim financial statements, non-strategic investments, one-off gains/charges and costs related to the Strategy 2020 investment programme are shown separately.



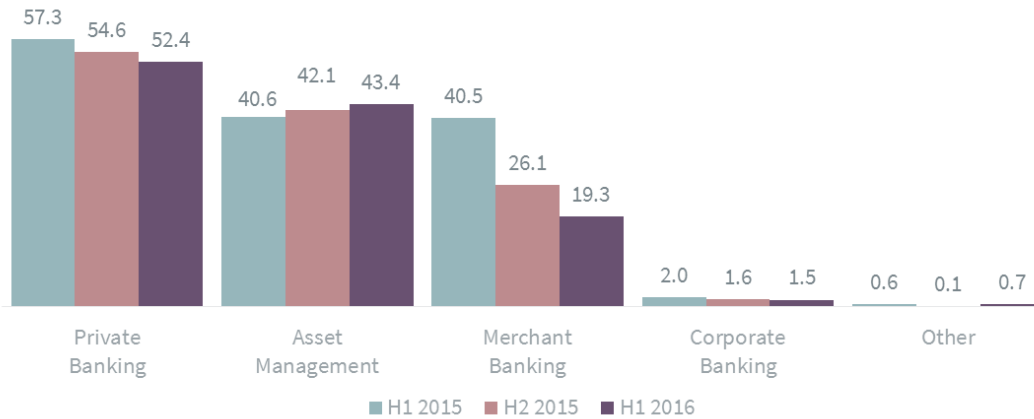
## Commission

(x € million)	H1 2016	H2 2015		H1 2015	
Securities commission	100.3	101.5	-1%	106.3	-6%
- Management fees <sup>7</sup>	86.2	86.8	-1%	85.7	1%
- Transaction fees	14.0	14.7	-4%	20.6	-32%
Other commissions	17.1	23.1	-26%	34.7	-51%
<b>Commission</b>	<b>117.4</b>	<b>124.6</b>	<b>-6%</b>	<b>141.0</b>	<b>-17%</b>

Commissions and fees, our main source of income, worked out at €117.4 million in H1 2016. Management fees were almost unchanged on H1 2015, while market conditions sharply reduced transaction fees and other commissions – taking total commissions down by 17%. At 86% in H1 2016, recurring securities commission as a proportion of total securities commission increased on H1 2015 (81%).

### Commission income by segment

€ million



Private Banking's commission income recorded a €4.9 million decrease on H1 2015, chiefly due to lower transaction fees as our clients are engaging in fewer transactions in today's volatile and uncertain markets. In addition, management fees were subject to some slight margin pressure, among other factors because *Evi* lowered its prices in mid-2015.

New mandates and income from KCM London (from 1 October 2015) pushed up commission income at Asset Management. Average margins, by contrast, have been coming down. One reason is the development and make-up of assets under management. Fiduciary mandates have come to account for 60% of assets under management in the segment (H1 2015: 55%), on the back of KCM London and other new mandates. Bond funds and mandates saw their share go up to 25% (H1 2015: 23%). In addition equity-focused investment strategies faced margin pressure.

In keeping with developments in the European capital markets, Kempen clients' reduced trading and issue activities have pushed down transaction fees at Merchant Banking. Other commissions also declined as Kempen Corporate Finance landed fewer consulting assignments. Moreover, Merchant Banking showed an exceptionally strong performance in H1 2015.

<sup>7</sup> Management fees include advisory and services fees.



## Interest

(x € million)	H1 2016	H2 2015		H1 2015	
Gross interest margin	132.1	138.3	-4%	140.6	-6%
Interest equalisation	-14.8	-18.2	-19%	-15.4	-4%
Miscellaneous interest income and charges	-11.1	-22.3	-50%	-26.1	-58%
Loan commission	4.0	2.8	42%	2.9	39%
<b>Interest</b>	<b>110.3</b>	<b>100.8</b>	<b>9%</b>	<b>102.0</b>	<b>8%</b>

Despite a challenging interest rate climate, our H1 2016 interest income of €110.3 million was ahead of the €102.0 million recorded in H1 2015. Incorporated in Miscellaneous interest income and charges, this €13.5 million improvement on H1 2015 was mostly down to lower amortisation charges on previously discontinued interest rate hedges.

The gross interest margin narrowed to €132.1 million in H1 2016, the combined outcome of lower mortgage rates, a smaller Corporate Banking loan portfolio and the investment portfolio's squeezed interest income, offset in part by lower interest paid on savings and deposits and reduced costs of wholesale funding.

Compared with the end of 2015, the interest margin<sup>8</sup> added 11 basis points in H1 2016 to average 132 basis points. The 'clean' interest margin<sup>8</sup> rose to 124 basis points in H1 2016 from 115 basis points in 2015.

## Income from securities and associates

(x € million)	H1 2016	H2 2015		H1 2015	
Dividend	2.3	8.4	-72%	2.0	14%
Capital gains	0.9	2.0	-54%	0.9	-2%
Valuation gains and losses <sup>9</sup>	5.3	6.9	-23%	7.9	-33%
<b>Income from securities and associates</b>	<b>8.5</b>	<b>17.3</b>	<b>-51%</b>	<b>10.8</b>	<b>-22%</b>

Income from securities and associates relates to investments of our equity investment company Van Lanschot Participaties and stakes in our own investment funds, for instance by providing seed capital.

Valuation gains and losses reflect revaluations of the participating interests as well as gains on losses on our other minority shareholdings. This item fell to €5.3 million from €7.9 million in the first half of 2015 as we lowered the stakes in our own investment funds.

## Result on financial transactions

(x € million)	H1 2016	H2 2015		H1 2015	
Gains and losses on securities trading <sup>9</sup>	-1.7	0.2		0.6	
Gains and losses on currency trading	3.5	5.5	-37%	6.8	-49%
Gains and losses on investment portfolio	6.1	-3.5		19.1	
Gains and losses on interest rate hedges	-3.3	2.7		-1.6	
Other income	-0.5	-1.0	-50%	-4.7	-89%
<b>Result on financial transactions</b>	<b>4.0</b>	<b>3.9</b>	<b>4%</b>	<b>20.2</b>	<b>-80%</b>

Our €6.1 million profit on the investment portfolio breaks down into two separate parts: we recorded profits of €7.0 million on the sale of bonds in the investment portfolio (H1 2015: €13.6 million) and we made a negative €0.9 million on our mark-to-market portfolio (H1 2015: €5.5 million).

<sup>8</sup> The interest margin is calculated on the basis of 12-month moving average. The clean interest margin equals the gross interest margin adjusted for interest equalisation and interest-related derivatives amortisation.

<sup>9</sup> In 2016 the result on the Kempen management book was shifted from Result on financial transactions (gains and losses on securities trading) to Income from securities and associates (valuation gains and losses). Comparative figures for 2015 have been adjusted accordingly.



At a negative €0.5 million, Other income comprises charges on debt securities (medium-term notes) issued by Van Lanschot (- €4.6 million) as well as the €3.6 million positive result generated by our Structured Products Desk and €0.5 million made by our derivative financial instruments.

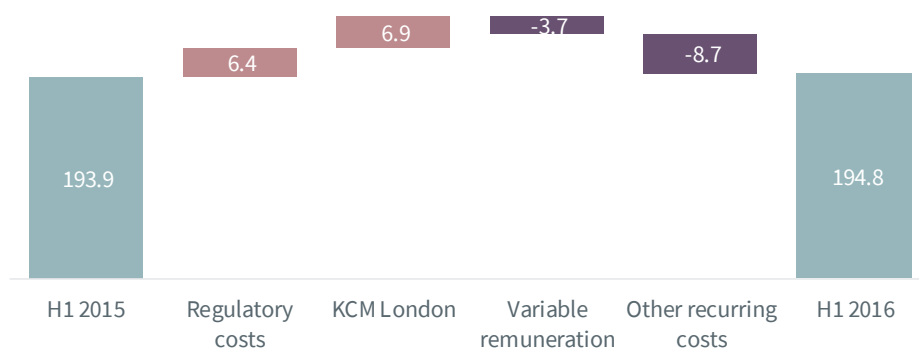
## OPERATING EXPENSES

(x € million)	H1 2016	H2 2015		H1 2015	
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%
<b>Operating expenses</b>	<b>194.8</b>	<b>193.6</b>	<b>1%</b>	<b>193.9</b>	<b>0%</b>

Our 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 a provision of €2.5 million in relation to currency overhedging in a few client portfolios (in total + €6.9 million).

### Development operating expenses

€ million



### Staff costs

At €107.2 million, staff costs declined by 1% on H1 2015 (€108.7 million), driven by reduced variable pay (€3.7 million less). This was partly cancelled out by higher staff costs at Asset Management on the acquisition of the UK activities (up €2.0 million). At the end of H1 2016 we employed 1,646 full-time equivalent staff (FTEs), not including non-strategic investments. This is 20 FTEs fewer than at the end of 2015 (1,666 FTEs). This reduction was realised at Private Banking and staff departments. Asset Management and Merchant Banking had slightly increasing staffing levels.

### Other administrative expenses

Other administrative expenses amounted to €81.1 million in H1 2016, up 5% on H1 2015 (€77.3 million). Regulatory expenses exceeded the H1 2015 figure by €6.4 million and comprised contributions to the deposit guarantee scheme, the single resolution fund, Belgium's savings tax and regular payments to DNB. In Asset Management, the UK acquisition pushed up expenses by €2.4 million in addition to the aforementioned €2.5 million provision. The most significant decrease in cost was realised at IT expenses, being a €5.2 million reduction.

### Depreciation and amortisation

At €6.5 million, depreciation and amortisation in H1 2016 recorded a 17% fall on H1 2015 (€7.9 million), mainly due to reduced amortisation of software applications.





## Efficiency ratio

The efficiency ratio, i.e. operating expenses excluding one-off gains and charges and the cost incurred for the Strategy 2020 investment programme, rose to 81.1% in H1 2016, from 70.7% in H1 2015. Its deterioration was primarily attributable to a lower Result on financial transactions and Other commissions. H1 2016 operating expenses were on a comparable level to H1 2015.

## IMPAIRMENTS

(x € million)	H1 2016	H2 2015		H1 2015	
Private Banking	2.4	6.0	-61%	16.1	-85%
Corporate Banking	1.0	10.8	-91%	13.1	-92%
Other	-5.1	2.3		2.7	
<b>Addition to loan loss provision</b>	<b>-1.7</b>	<b>19.1</b>		<b>31.9</b>	
Impairment on investments and participating interests	0.4	3.9	-90%	0.1	
Impairment on assets obtained through the seizure of collateral	0.1	1.3	-95%	2.7	-97%
<b>Other impairments</b>	<b>0.5</b>	<b>5.2</b>	<b>-91%</b>	<b>2.8</b>	<b>-84%</b>
<b>Impairments</b>	<b>-1.3</b>	<b>24.3</b>		<b>34.7</b>	

### Addition to loan loss provision

In H1 2016, €1.7 million was released from loan loss provisions, compared with an addition of €31.9 million in H1 2015. Corporate Banking's addition to loan loss provisions, in particular, was sharply lower in H1 2016 at €1.0 million (H1 2015: €13.1 million), thanks to an improvement in both real estate and SME lending. Private Banking also added a lot less: €2.4 million in H1 2016 from €16.1 million in H1 2015. The steep figure for the first half of last year had been due to the one-off effect of stricter provisioning criteria in addition to provisions taken on a number of individual loans. Other impairments saw a release of €5.1 million in H1 2016, compared with a €2.7 million addition in the year-earlier period. The H1 2016 release mainly resulted from lower provisions for incurred but not reported (IBNR) items, which benefited from improved credit quality.

In 2015 the addition to loan loss provisions relative to average risk-weighted assets worked out at 74 basis points, while H1 2016 ended on a net release from loan loss provisions (5 basis points relative to risk-weighted assets).

## ONE-OFF INCOME AND CHARGES

In H1 2016 we recognised one-off charges totalling €10.0 million compared with €0.7 million in H1 2015. In July 2016 we agreed to abide by the uniform recovery framework for SME clients with interest rate derivatives, and we will offer courtesy payments to clients so affected. A provision of €8.0 million has been taken in H1 2016, with €1.7 million provided for the same issue in 2015, which was not recorded as one-off.

(x € million)	H1 2016	H2 2015	H1 2015
One-off charges related to FTE reductions	-1.6	-1.6	-0.7
One-off charge on sale of non-performing real estate loans	-	-23.2	-
Termination of contract with IT suppliers	-	-2.4	-
Gains and impairments on office buildings	-0.4	-2.5	-
One-off charge on derivatives recovery framework	-8.0	-	-
<b>One-off gains/charges (-)</b>	<b>-10.0</b>	<b>-29.7</b>	<b>-0.7</b>



## INCOME TAX

Income tax for H1 2016 amounted to €8.0 million (H1 2015: €12.4 million), which works out at an effective tax rate of 20.3% and is thus lower than in H1 2015 (24.8%).

## EARNINGS PER SHARE

Consolidated earnings broke down as follows:

<i>(x € million)</i>	H1 2016	H2 2015	H1 2015
<b>Net profit</b>	<b>31.5</b>	<b>5.1</b>	<b>37.7</b>
Net interest on perpetual loans	-	-0.5	-0.5
Share of other minority interests	-1.8	-3.7	-4.0
<b>Net profit for calculation of earnings per ordinary share</b>	<b>29.7</b>	<b>0.9</b>	<b>33.2</b>
<b>Earnings per ordinary share (€)</b>	<b>0.73</b>	<b>0.02</b>	<b>0.81</b>
<b>Underlying net result for calculation of earnings per ordinary share</b>	<b>35.9</b>	<b>18.2</b>	<b>33.2</b>
<b>Underlying net result per ordinary share (€)</b>	<b>0.88</b>	<b>0.45</b>	<b>0.81</b>
Weighted number of outstanding ordinary shares (x 1,000)	40.959	40.920	40.879

Profit attributable to other minority interests includes the management investment plan launched in 2010 for selected staff at Kempen & Co (Kempen MIP), while also comprising the minority shares in our non-strategic investments.

**STATEMENT OF FINANCIAL POSITION**

(x € million)	30/06/2016	31/12/2015		30/06/2015	
<b>Statement of financial position and capital management</b>					
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	
Return on assets (%) <sup>10</sup>	0.49	0.38		0.45	

From the second quarter of 2016, we stopped netting current account balances at individual client level, and comparative figures for loans, savings, total assets and related figures and ratios have been adjusted accordingly.

**LOAN PORTFOLIO**

(x € million)	30/06/2016	31/12/2015	
Mortgage loans	5,940	5,980	-1%
Other loans	2,393	2,375	1%
<b>Private Banking</b>	<b>8,333</b>	<b>8,355</b>	<b>0%</b>
Loans to SMEs	809	933	-13%
Real estate financing	918	1,065	-14%
<b>Corporate Banking</b>	<b>1,727</b>	<b>1,998</b>	<b>-14%</b>
<b>Mortgages distributed by third parties</b>	<b>416</b>	<b>332</b>	<b>25%</b>
Impairments	-171	-180	-5%
<b>Total</b>	<b>10,305</b>	<b>10,504</b>	<b>-2%</b>

In H1 2016 our loan portfolio contracted by 2% to €10.3 billion due to the Corporate Banking run-off.

**Private Banking**

Private Banking's loan portfolio breaks down into mortgages and other loans. In H1 2016, the mortgage portfolio slowed slightly by 1%. Repayments and early repayments were on a par with H1 2015, while gross new mortgage business was a tad higher than in H1 2015. The relative share of Private Banking-provided residential mortgages in the total loan portfolio was virtually unchanged at 57% (end-2015: 56%). The mortgage portfolio is marked by limited losses and a low number of foreclosures.

<sup>10</sup> Year-to-date return on assets at 30 June 2016 was adjusted for one-off charges related to the derivatives recovery framework and costs incurred under the Strategy 2020 investment programme, while we adjusted the figures at 31 December 2015 for the one-off charge arising from the sale of non-performing real estate loans.

At the end of the first half of H1 2016, the mortgage portfolio commanded an average loan-to-value (LTV) of 70% based on foreclosure values – an improvement on last year (end-2015: 71%).

Other loans comprised loans to wealthy private individuals to pay for second homes, for instance, or to provide current account overdraft facilities. This category also includes SME loans that fit into the Private Banking relationship model, such as financing for business professionals looking to join a partnership.

### Corporate Banking

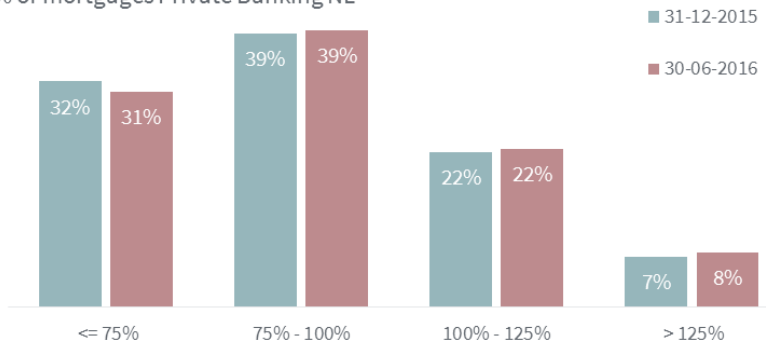
At the end of H1 2016, the commercial portfolio of real estate and SME loans totalled €1.7 billion (end-2015: €2.0 billion). Risk-weighted assets came down by €0.3 billion<sup>11</sup> in the first six months and worked out at €1.6 billion (end-2015: €1.9 billion).

Corporate Banking's SME loans have a nominal value of €0.8 billion, account for 8% of our total loan portfolio and are well-diversified across sectors. Its €0.9 billion real estate portfolio – accounting for 9% of the total loan portfolio – remains well-spread across types of collateral. The collateral against which the loans are secured typically consists of buildings, located primarily in the Randstad conurbation comprising the cities of Amsterdam, Rotterdam, Utrecht and The Hague. The average LTV has improved to 72% (end-2015: 74%).

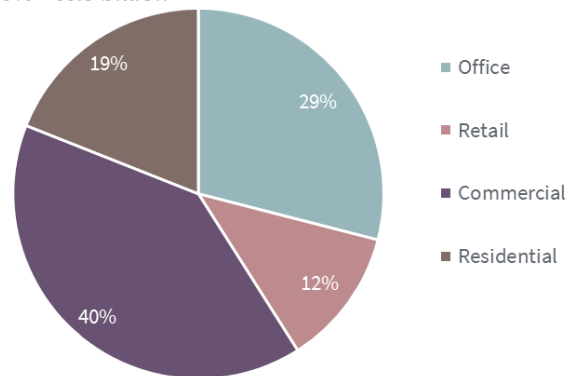
### Mortgages distributed by third parties

In April 2015 we started providing mortgages under the Hypotrust brand through a network of mortgage brokers, as part of our liquidity management drive. The aim is to build a portfolio of regular Dutch mortgages to supplement our investment portfolio, enabling us to generate attractive returns on available liquidity. This specific mortgage portfolio stood at €0.4 billion by the end of H1 2016.

Private Banking: loan-to-value on mortgage loans  
% of mortgages Private Banking NL



Real estate financing by type of collateral  
100%= €0.9 billion



<sup>11</sup> The €0.3 billion reduction in risk-weighted Corporate Banking assets includes clients transferred to Private Banking and changes in risk-weighted assets through rating changes. The portfolio run-off contributed €0.2 billion to the H1 2016 contraction of risk-weighted assets.



## PROVISIONS

We provide for the impaired loans in our loan book. Impaired loans stood at €533 million at the end of H1 2016 (end-2015: €575 million) and provisions amounted to €162 million, working out at 30% (end-2015: 29%). The tables below break down the total loan portfolio and provisions.

The total impaired ratio contracted to 5.1% in H1 2016, from 5.4%, while the proportion of impaired loans at Private Banking was stable at 3.3% at the end of H1 2016 (end-2015: 3.4%). At Corporate Banking the impaired ratio was slightly up, to 14.8% (end-2015: 14.5%).

30/6/2016 (x € million)	Loan portfolio	Impaired loans	Provision for impaired loans	Impaired ratio <sup>12</sup>	Coverage ratio
Mortgage loans	5,940	111	52	1.9%	46%
Other loans	2,393	166	61	6.9%	37%
<b>Private Banking</b>	<b>8,333</b>	<b>277</b>	<b>113</b>	<b>3.3%</b>	<b>41%</b>
Loans to SMEs	809	194	38	23.9%	20%
Real estate financing	918	62	10	6.8%	16%
<b>Corporate Banking</b>	<b>1,727</b>	<b>256</b>	<b>49</b>	<b>14.8%</b>	<b>19%</b>
<b>Mortgages distributed by third parties</b>	416	-	-		
<b>Total</b>	<b>10,476</b>	<b>533</b>	<b>162</b>	<b>5.1%</b>	<b>30%</b>
Impairments	-171				
<b>Total</b>	<b>10,305</b>	<b>533</b>	<b>162</b>		
Incurring but not reported (IBNR)			10		
<b>Provision including IBNR</b>			<b>171</b>		

31/12/2015 <sup>13</sup> (x € million)	Loan portfolio	Impaired loans	Provision for impaired loans	Impaired ratio	Coverage ratio
Mortgage loans	5,980	126	53	2.1%	42%
Other loans	2,375	159	63	6.7%	40%
<b>Private Banking</b>	<b>8,355</b>	<b>285</b>	<b>117</b>	<b>3.4%</b>	<b>42%</b>
Loans to SMEs	933	184	38	19.7%	21%
Real estate financing	1,065	107	11	10.0%	11%
<b>Corporate Banking</b>	<b>1,998</b>	<b>290</b>	<b>49</b>	<b>14.5%</b>	<b>17%</b>
<b>Mortgages distributed by third parties</b>	332	-	-		
<b>Total</b>	<b>10,685</b>	<b>575</b>	<b>166</b>	<b>5.4%</b>	<b>29%</b>
Impairments	-180				
<b>Total</b>	<b>10,504</b>				
Incurring but not reported (IBNR)			15		
<b>Provision including IBNR</b>			<b>180</b>		

<sup>12</sup> The impaired ratio shows impaired loans as a percentage of the total loan portfolio.

<sup>13</sup> Comparative 2015 figures have been adjusted for the discontinuation of netting.



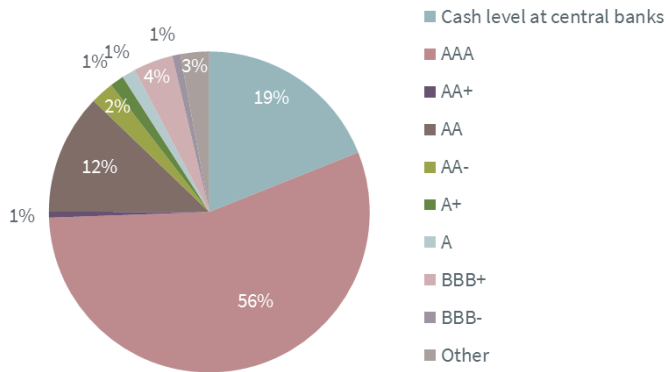
**INVESTMENT PORTFOLIO AND CASH**

The total investment and cash portfolio<sup>14</sup> amounted to €3.8 billion at the end of H1 2016 (end-2015: €4.1 billion), seeing a reduction in government paper by €0.3 billion compared with end-2015. Meanwhile, the held-to-maturity portfolio stood at €0.5 billion by the end of H1 2016 and hardly changed in size or composition in the first six months. We held the same amount of cash with central banks as we did at the end of 2015.

These portfolios are primarily held for asset and liability management purposes, and mainly include low-risk and highly liquid instruments. The charts below break them down by counterparty, country and rating category at the end of H1 2016.

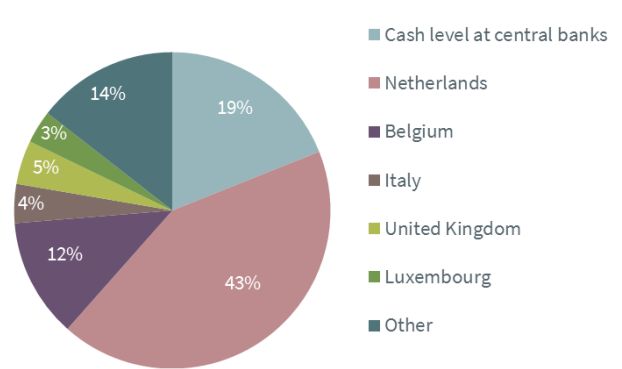
**Investment portfolio and cash by rating at 30/06/2016**

100% = €3.8 billion



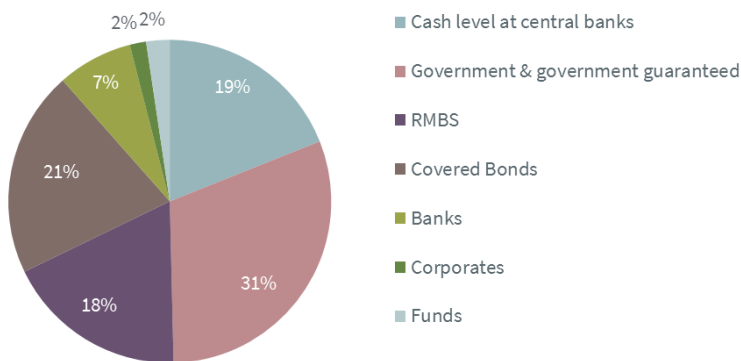
**Investment portfolio and cash by country at 30/06/2016**

100% = €3.8 billion



**Investment portfolio and cash by counterparty at 30/06/2016**

100% = €3.8 billion



**CAPITAL AND LIQUIDITY MANAGEMENT**

In H1 2016 our capital base again improved significantly, while our funding mix was well diversified.

(x € million)	30/06/2016	31/12/2015		30/06/2015	
Risk-weighted assets	6,091	6,431	-5%	7,313	-17%
Common Equity Tier I ratio (%) <sup>15</sup>	17.3	16.3		14.6	
Tier I ratio (%) <sup>15</sup>	17.3	16.3		14.6	
Total capital ratio (%) <sup>15</sup>	18.2	17.0		15.3	

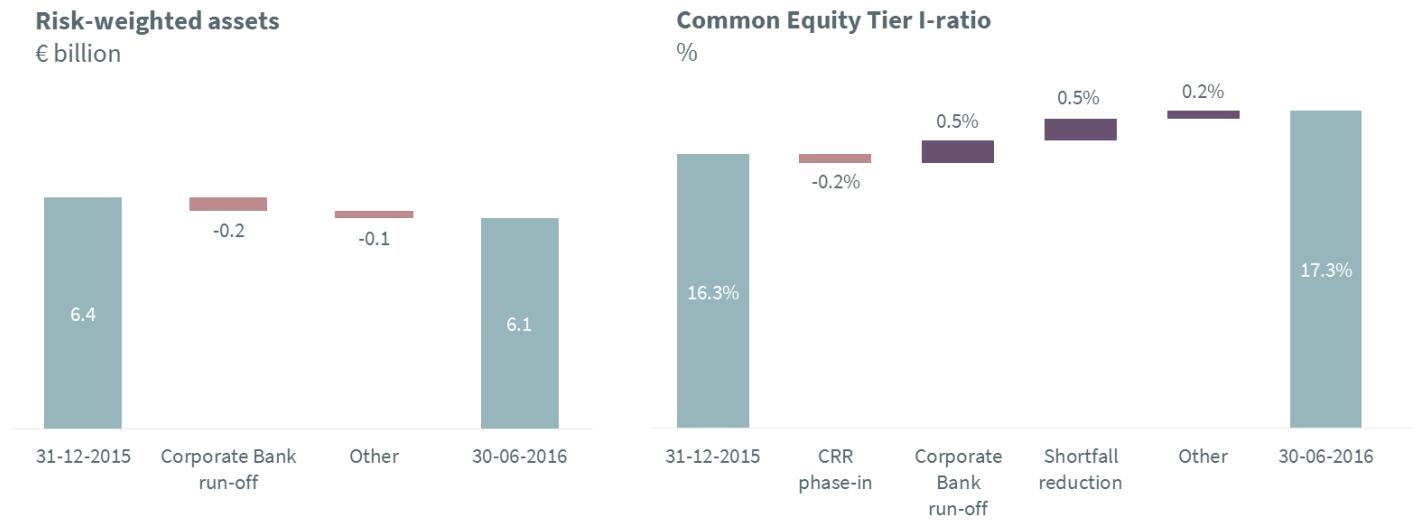
**CAPITAL MANAGEMENT**

Risk-weighted assets declined by €0.3 billion to €6.1 billion in the first six months of 2016 (end-2015: €6.4 billion). At 17.3%, our phase-in Common Equity Tier I ratio had clearly improved further by the end of H1 2016 (2015: 16.3%),

<sup>14</sup> Investment portfolio and cash comprises the balance of available-for-sale investments, financial assets held to maturity, financial assets designated at fair value through profit or loss, and cash withdrawable on demand from central banks.

<sup>15</sup> At 31 December 2015 including retained earnings, and at 30 June 2016 and 30 June 2015 excluding retained earnings.

reflecting our robust capital position. Risk-weighted assets were down by €0.2 billion due to the Corporate Banking run-off, benefiting the ratio by 0.5 percentage points, while improved credit quality – which helps to reduce the shortfall<sup>16</sup> – also contributed.



DNB periodically rates the institutions it regulates on their supervisory review and evaluation process (SREP). It has set our SREP requirement<sup>17</sup> at a CET I ratio of 14.2%. Factoring in the changing nature of our balance sheet, DNB has also imposed a capital requirement in nominal terms. This nominal capital requirement is more dynamic and may work out higher than the 14.2% CET I ratio. At its current 17.3%, our phase-in Common Equity Tier I ratio well exceeds the SREP requirement at this point.

#### FUNDING

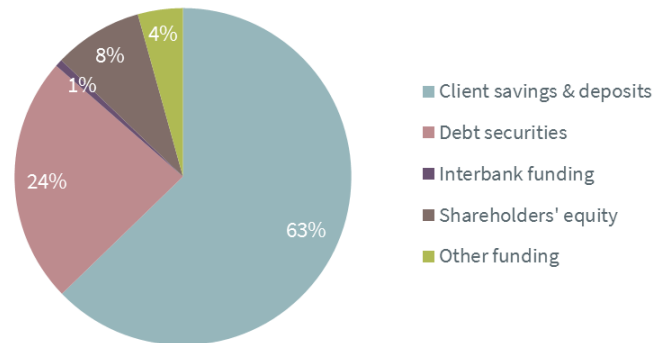
We aim to retain access to both retail and capital markets through diversified funding. By the end of H1 2016, our funding ratio had inched down to 94.0% (end-2015: 94.3%).

We recorded a comfortable liquidity position during H1 2016; the net €0.2 billion decline in savings and deposits was entirely attributable to deposits.

In March 2016 we successfully placed a €500 million, seven-year conditional pass-through covered bond, while the first half also saw us redeem a senior unsecured loan. Net issued debt securities grew by €0.3 billion in the period.

#### Funding mix at 30/06/2016

100% = €15.4 billion



#### BASEL III

Basel III imposes stricter capital and liquidity requirements on banks, specifically the Common Equity Tier I ratio, the liquidity coverage ratio (LCR), the net stable funding ratio (NSFR) and a stricter definition of the leverage ratio. The new standards will be phased in between 2014 and 2018. At the end of H1 2016 our ratios based on Basel III rules as currently known were:

	30/06/2016	Norm
Common Equity Tier I ratio (fully loaded) (%) <sup>18</sup>	16.9	> 9.5
Leverage ratio (fully loaded) (%)	6.4	> 3
Liquidity coverage ratio (%) <sup>19</sup>	140.2	> 100
Net stable funding ratio (%) <sup>20</sup>	121.2	> 100

<sup>16</sup> Shortfall is the difference between loan loss provisions and expected loss based on IRB calculations.

<sup>17</sup> The SREP requirement doesn't take into account the capital conservation buffer, which is phased in as of 1 January 2016

<sup>18</sup> The norm breaks down as follows: standard buffer 4.5%, conservation buffer 2.5%, countercyclical buffer between 0% and 2.5%.

<sup>19</sup> Based on the LCR Delegated Act.

<sup>20</sup> Based on Basel III at 30 June 2016: net stable funding ratio (BCBS 295).



## CLIENT ASSETS

(x € billion)	30/06/2016	31/12/2015		30/06/2015	
<b>Client assets</b>	<b>66.2</b>	<b>63.0</b>	<b>5%</b>	<b>59.6</b>	<b>11%</b>
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%
<b>Client assets</b>	<b>66.2</b>	<b>63.0</b>	<b>5%</b>	<b>59.6</b>	<b>11%</b>
Private Banking	27.0	27.8	-3%	29.0	-7%
Asset Management	37.2	32.9	13%	28.2	32%
Other	2.0	2.3	-15%	2.4	-19%

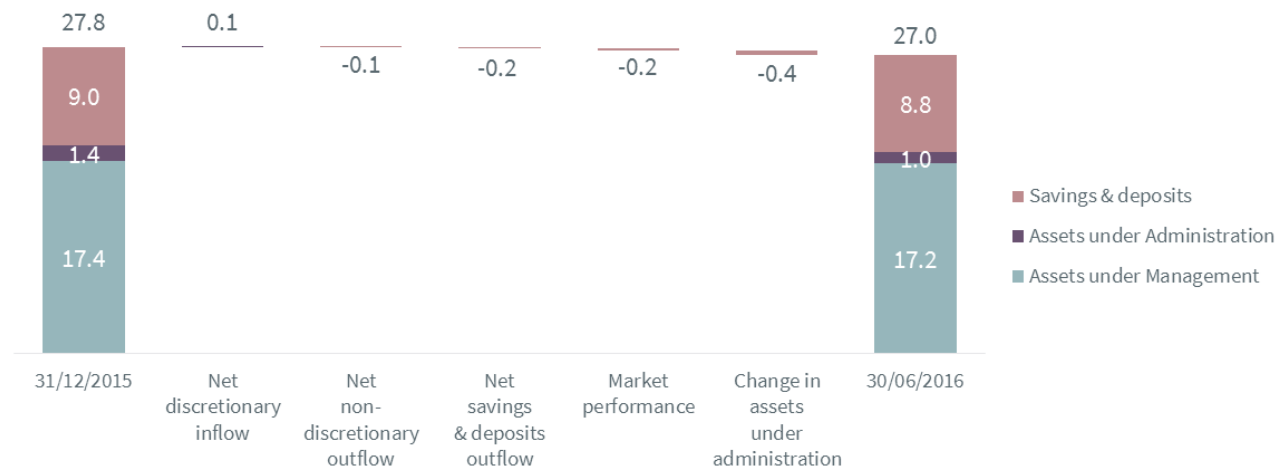
(x € billion)	Private Banking	Asset Management	Other	Total
<b>Client assets at 31 December 2015</b>	<b>27.8</b>	<b>32.9</b>	<b>2.3</b>	<b>63.0</b>
Assets under management in/outflow	0.0	2.7	0.0	2.6
Market performance of assets under management	-0.2	1.6	0.0	1.3
Change in assets under administration	-0.4	0.0	-0.2	-0.6
Change in savings and deposits	-0.1	0.0	-0.1	-0.2
<b>Client assets at 30 June 2016</b>	<b>27.0</b>	<b>37.2</b>	<b>2.0</b>	<b>66.2</b>

### PRIVATE BANKING

In H1 2016 total client assets decreased €0.8 billion to €27.0 billion, mostly because assets under administration contracted by €0.4 billion. These investment portfolios are merely administered by Van Lanschot; we have little or no control over them and their earnings are relatively limited.

### Private Banking : client assets

€ billion



In the first half of 2016, assets under management by Private Banking went down very slightly: by €0.2 billion – i.e. 1% – to €17.2 billion. The decline is the net outcome of a negative market performance (- €0.2 billion), net outflows in assets under non-discretionary management (- €0.1 billion) and net inflows in assets under discretionary management (+ €0.1 billion). In H1 2016 assets under discretionary management were unchanged as a proportion of total assets under management: 52% compared with 52% at the end of 2015.



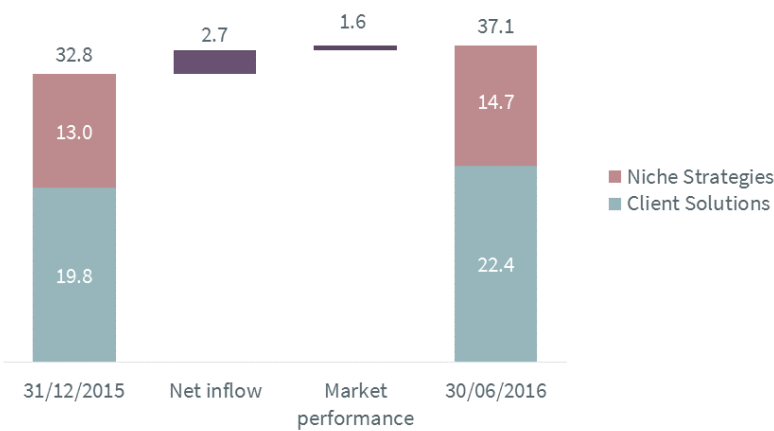
Savings & deposits were €0.2 billion down in the first half of 2016, the bulk of the decline attributable to deposits.

Despite volatile market circumstances the total assets managed by *Evi van Lanschot* remained stable at €1.4 billion by the end of the period.

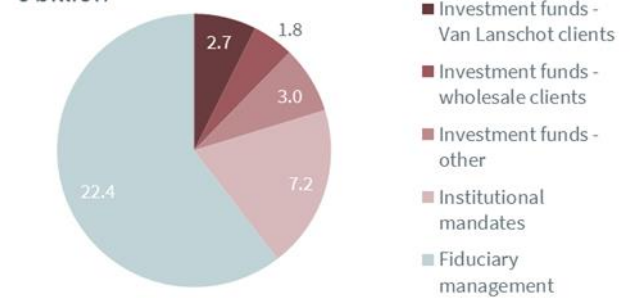
**ASSET MANAGEMENT**

Assets under management at Asset Management were up by 13% to €37.1 billion from €32.8 billion. Asset Management recorded net inflows of €2.7 billion in H1 2016 on the back of the Univé fiduciary mandate (over €1 billion) and the c. €1 billion investment-grade corporate bonds mandate for Fonds de Réserve pour les Retraites (FRR). The remainder of the inflow largely derived from bonds-driven investment strategies. Positive value trends at fixed-income mandates also underpinned a market performance of €1.6 billion.

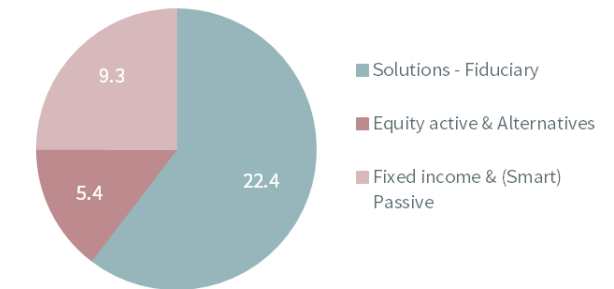
**Development AuM at Asset Management**  
€ billion



**AuM breakdown by client type**  
€ billion



**AuM breakdown by type of service**  
€ billion





#### **Disclaimer and cautionary note on forward-looking statements**

This document contains forward-looking statements on future events and developments. These forward-looking statements are based on the current information, insights and assumptions of Van Lanschot's management about known and unknown risks and uncertainties. Forward-looking statements do not relate strictly to historical or current facts and are subject to such risks and uncertainties that by their very nature fall outside the control of Van Lanschot and its management. Actual results and performance may differ considerably as a result of risks and uncertainties relating to Van Lanschot's expectations regarding, but not limited to, estimates of income growth, costs, the macroeconomic and business climate, political and market trends, interest rates and behaviour of clients, investors and counterparties, actions taken by supervisory and regulatory authorities and private entities, and changes in the law and taxation. Van Lanschot cautions that expectations are only valid on the specific dates on which they are expressed, and accepts no responsibility or obligation to revise or update any information following new information or changes in policy, developments, expectations or other such factors.

The financial data included in this document have not been audited. This document does not constitute an offer or solicitation for the sale, purchase or acquisition in any other way or subscription to any financial instrument and is not an opinion or a recommendation to perform or refrain from performing any action.

Parts of this document may provide information about Van Lanschot N.V. and/or F. van Lanschot Bankiers N.V. as meant in Articles 7(1) up to and including (4) of EU Regulation 596/2014.

This document is a translation of the Dutch original and is provided as a courtesy only. In the event of any disparities, the Dutch version will prevail. No rights can be derived from the translated document.



## RECONCILIATION OF IFRS AND MANAGEMENT REPORTING

The table below shows the adjustments that need to be made from IFRS to management reporting.

	H1 2016				
	IFRS <sup>21</sup>	Non-strategic investments <sup>22</sup>	One-off charges	Strategic investment programme	Managerial <sup>23</sup>
Interest	108.2	0.8	1.2	-	110.3
Income from securities and associates	8.6	-0.1	-	-	8.5
Commission	117.4	-	-	-	117.4
Result on financial transactions	4.0	-0.0	-	-	4.0
Other income	21.1	-21.1	-	-	-
<b>Income from operating activities</b>	<b>259.3</b>	<b>-20.4</b>	<b>1.2</b>	<b>-</b>	<b>240.2</b>
Staff costs	119.1	-10.2	-1.6	-	107.2
Other administrative expenses	93.7	-5.5	-6.8	-0.3	81.1
Depreciation and amortisation	7.7	-1.5	0.3	-	6.5
<b>Operating expenses</b>	<b>220.5</b>	<b>-17.2</b>	<b>-8.2</b>	<b>-0.3</b>	<b>194.8</b>
<b>Gross result</b>	<b>38.9</b>	<b>-3.1</b>	<b>9.4</b>	<b>0.3</b>	<b>45.4</b>
Impairments	-0.6	-	-0.6	-	-1.3
Operating profit before tax of non-strategic investments	-	3.1	-	-	3.1
<b>Operating profit before one-off gains / losses and tax</b>	<b>39.5</b>	<b>0.0</b>	<b>10.0</b>	<b>0.3</b>	<b>49.8</b>
One-off gains/charges (-)	-	-	-2.0	-	-2.0
Recovery framework interest rate derivatives	-	-	8.0	-	8.0
Strategy 2020 investment programme	-	-	-	0.3	0.3
<b>Operating profit before tax</b>	<b>39.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39.5</b>
Income tax	8.0	-	-	-	8.0
<b>Net profit</b>	<b>31.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31.5</b>

<sup>21</sup> In accordance with interim financial statements.

<sup>22</sup> Results of non-strategic investments Holowell and AIO II.

<sup>23</sup> In accordance with internal managerial results reporting.

**Consolidated statement of financial position**  
**at 30 June 2016**  
(x €1,000)

		30/06/2016	31/12/2015
<b>Assets</b>			
Cash and cash equivalents and balances at central banks	1	810,358	881,024
Financial assets held for trading		11,513	6,863
Due from banks		331,257	200,073
Financial assets designated at fair value through profit or loss	2	520,396	712,578
Available-for-sale investments	3	2,038,086	2,159,141
Held-to-maturity investments	4	518,554	523,639
Loans and advances to the public and private sectors	5	10,304,520	10,504,423
Derivatives	6	384,880	333,411
Investments in associates using the equity method		69,712	56,299
Property and equipment	7	75,919	79,239
Goodwill and other intangible assets	8	173,191	175,122
Current tax assets		1,642	1,916
Deferred tax assets	24	45,979	49,782
Other assets		146,541	148,265
<b>Total assets</b>		<b>15,432,549</b>	<b>15,831,775</b>
<b>Equity and liabilities</b>			
Financial liabilities from trading activities		1,094	418
Due to banks	9	110,468	698,125
Public and private sector liabilities	10	9,685,797	9,908,391
Financial liabilities designated at fair value through profit or loss	11	831,291	804,603
Derivatives	6	496,587	324,760
Issued debt securities	12	2,703,480	2,480,005
Provisions	13	31,702	23,668
Current tax liabilities		763	1,611
Deferred tax liabilities		5,174	3,300
Other liabilities		134,005	148,809
Subordinated loans	14	117,962	118,151
<b>Total liabilities</b>		<b>14,118,323</b>	<b>14,511,841</b>
Issued share capital		40,000	40,000
Share premium reserve		318,481	318,481
Other reserves	15	913,172	906,714
Undistributed profit attributable to shareholder		29,707	34,163
<b>Equity attributable to shareholder</b>		<b>1,301,361</b>	<b>1,299,358</b>
Undistributed profit attributable to equity instruments issued		-	943
<b>Equity attributable to equity instruments issued</b>		<b>-</b>	<b>943</b>
Non-controlling interests		11,076	11,985
Undistributed profit attributable to non-controlling interests		1,789	7,648
<b>Equity attributable to non-controlling interests</b>		<b>12,866</b>	<b>19,633</b>
<b>Total equity</b>		<b>1,314,226</b>	<b>1,319,934</b>
<b>Total equity and liabilities</b>		<b>15,432,549</b>	<b>15,831,775</b>
Contingent liabilities		76,838	82,502
Irrevocable commitments		223,019	492,392
		<b>299,857</b>	<b>574,894</b>

References relate to the relevant notes.

**Consolidated statement of income**  
**for the six months period**  
(x €1,000)

		H1 2016	H1 2015
<b>Income from operating activities</b>			
Interest income		209,056	290,541
Interest expense		100,869	189,638
<b>Net interest income</b>	16	<b>108,187</b>	<b>100,903</b>
Income from associates using the equity method		6,277	3,988
Other income from securities and associates		2,349	7,076
<b>Income from securities and associates</b>	17	<b>8,626</b>	<b>11,064</b>
Commission income		120,511	144,708
Commission expense		3,121	3,743
<b>Net commission income</b>	18	<b>117,390</b>	<b>140,965</b>
<b>Result on financial transactions</b>	19	<b>4,035</b>	<b>20,243</b>
<b>Other income</b>	20	<b>21,094</b>	<b>21,352</b>
<b>Total income from operating activities</b>		<b>259,332</b>	<b>294,527</b>
<b>Expenses</b>			
Staff costs	21	119,052	119,214
Other administrative expenses	22	93,709	81,117
<b>Staff costs and other administrative expenses</b>		<b>212,761</b>	<b>200,331</b>
Depreciation and amortisation		7,707	9,345
<b>Operating expenses</b>		<b>220,469</b>	<b>209,676</b>
Addition to loan loss provision		-1,735	31,925
Other impairments		1,086	2,808
<b>Impairments</b>	23	<b>-649</b>	<b>34,733</b>
<b>Total expenses</b>		<b>219,819</b>	<b>244,409</b>
<b>Operating profit before tax</b>		<b>39,512</b>	<b>50,118</b>
<b>Income tax</b>	24	<b>8,016</b>	<b>12,438</b>
<b>Net result</b>		<b>31,496</b>	<b>37,680</b>
Of which attributable to shareholder		29,707	33,211
Of which attributable to equity instruments issued		-	492
Of which attributable to non-controlling interests		1,789	3,977
Earnings per share (€)	25	74.27	83.03

The numbers beside each item refer to the Notes to the consolidated statement of income.

**Consolidated statement of comprehensive income**  
**for the six months period**  
*(x €1,000)*

		H1 2016	H1 2015
<b>Net result (as per income statement)</b>		<b>31,496</b>	<b>37,680</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
<b>Other comprehensive income through revaluation reserve</b>			
Revaluation of equity instruments		276	2,576
Revaluation of debt instruments		5,853	-8,743
Realised return on equity instruments		-911	-948
Realised return on debt instruments	19	-7,021	-10,755
Income tax effect		292	4,993
<b>Total other comprehensive income through revaluation reserve</b>	<b>15</b>	<b>-1,511</b>	<b>-12,877</b>
<b>Other comprehensive income from value changes of derivatives (cash flow hedges)</b>			
Increase in value of derivatives directly added to equity		-	2,075
Decrease in value of derivatives directly subtracted from equity		-5,147	-
Income tax effect		1,287	-519
<b>Total other comprehensive income from value changes of derivatives (cash flow hedges)</b>	<b>15</b>	<b>-3,860</b>	<b>1,556</b>
<b>Other comprehensive income from currency translation differences</b>			
Income tax effect		16	1,821
<b>Total other comprehensive income from currency translation differences</b>	<b>15</b>	<b>16</b>	<b>1,821</b>
<b>Total other comprehensive income to be reclassified in subsequent periods to profit or loss</b>		<b>-5,355</b>	<b>-9,500</b>
<b>Other comprehensive income not to be reclassified in subsequent periods to profit or loss</b>			
<b>Remeasurement of defined benefit plans</b>			
Remeasurement of defined benefit plans		-	-
Income tax effect		-	-
<b>Total remeasurement of defined benefit plans</b>	<b>15</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income not to be reclassified in subsequent periods to profit or loss</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income</b>		<b>-5,355</b>	<b>-9,500</b>
<b>Total comprehensive income</b>		<b>26,141</b>	<b>28,180</b>
Of which attributable to shareholder		24,352	23,711
Of which attributable to equity instruments issued		-	492
Of which attributable to non-controlling interests		1,789	3,977

**Consolidated statement of changes in equity**  
for the six months ended 30 June 2016  
(x €1,000)

	Share capital	Share premium reserve	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to non-controlling interests	Total equity
<b>At 1 January 2016</b>	<b>40,000</b>	<b>318,481</b>	<b>906,714</b>	<b>34,163</b>	<b>1,299,358</b>	<b>20,576</b>	<b>1,319,934</b>
Net profit (as per income statement)	-	-	-	29,707	<b>29,707</b>	1,789	<b>31,496</b>
Total other comprehensive income	-	-	-5,355	-	<b>-5,355</b>	-	<b>-5,355</b>
<b>Total comprehensive income</b>	-	-	<b>-5,355</b>	<b>29,707</b>	<b>24,352</b>	<b>1,789</b>	<b>26,141</b>
Share plans	-	-	-3,914	-	<b>-3,914</b>	-	<b>-3,914</b>
To other reserves	-	-	15,731	-15,731	-	-	-
Dividends	-	-	-	-18,432	<b>-18,432</b>	-6,788	<b>-25,220</b>
Other changes	-	-	-4	-	<b>-4</b>	-	<b>-4</b>
Change in non-controlling interests	-	-	-	-	-	-2,711	<b>-2,711</b>
<b>At 30 June 2016</b>	<b>40,000</b>	<b>318,481</b>	<b>913,172</b>	<b>29,707</b>	<b>1,301,360</b>	<b>12,866</b>	<b>1,314,226</b>

**Consolidated statement of changes in equity**  
for the six months ended 30 June 2015  
(x €1,000)

	Share capital	Share premium reserve	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to non-controlling interests	Total equity
<b>At 1 January 2015</b>	<b>40,000</b>	<b>247,396</b>	<b>819,194</b>	<b>99,001</b>	<b>1,205,591</b>	<b>58,244</b>	<b>1,263,835</b>
Net profit (as per income statement)	-	-	-	33,211	<b>33,211</b>	4,469	<b>37,680</b>
Total other comprehensive income	-	-	-9,500	-	<b>-9,500</b>	-	<b>-9,500</b>
<b>Total comprehensive income</b>	-	-	<b>-9,500</b>	<b>33,211</b>	<b>23,711</b>	<b>4,469</b>	<b>28,180</b>
Share plans	-	-	1,226	-	<b>1,226</b>	-	<b>1,226</b>
To other reserves	-	-	99,001	-99,001	-	-	-
Dividends	-	-	-	-	-	-7,390	<b>-7,390</b>
Other changes	-	-	266	-	<b>266</b>	-	<b>266</b>
Change in non-controlling interests	-	-	-	-	-	-9,592	<b>-9,592</b>
<b>At 30 June 2015</b>	<b>40,000</b>	<b>247,396</b>	<b>910,187</b>	<b>33,211</b>	<b>1,230,794</b>	<b>45,731</b>	<b>1,276,525</b>

**Consolidated statement of cash flows**  
**for the six months period**  
*(x €1,000)*

	H1 2016	H1 2015
<b>Cash flow from operating activities</b>		
Operating profit before tax	39,512	50,118
Adjustments for		
- Depreciation and amortisation	7,988	9,379
- Cost of share plans	1,476	1,016
- Valuation results on associates using the equity method	-6,276	-3,988
- Valuation results on financial assets designated at fair value through profit or loss	-4,185	94,627
- Valuation results on financial liabilities designated at fair value through profit or loss	-9,453	14,954
- Valuation results on derivatives	15,036	-38,302
- Impairments	-649	34,733
- Changes in provisions	10,611	-607
<b>Cash flow from operating activities</b>	<b>54,060</b>	<b>161,930</b>
Net movement in operating assets and liabilities		
- Financial assets/liabilities held for trading	-3,975	-10,145
- Due from/to banks	-698,285	-25,218
- Loans and advances to public and private sectors/public and private sector liabilities	21,055	-428,962
- Derivatives	41,502	-79,460
- Withdrawals from restructuring provision and other provisions	-2,577	-427
- Other assets and liabilities	-14,160	-84,231
- Current tax assets/liabilities	-	-283
- Income taxes paid	-1,335	-2,457
- Dividends received	2,332	2,072
<b>Total movement in assets and liabilities</b>	<b>-655,443</b>	<b>-629,111</b>
<b>Net cash flow from operating activities</b>	<b>-601,383</b>	<b>-467,181</b>
<b>Cash flow from investing activities</b>		
Investments and acquisitions		
- Investments in debt instruments	-550,900	-2,967,901
- Investments in equity instruments	-10,945	-9,831
- Investments in associates using the equity method	-10,075	-61
- Property and equipment	-5,144	-4,015
- Goodwill and other intangible assets	-56	-510
Divestments, redemptions and sales		
- Investments in debt instruments	904,974	3,165,235
- Investments in equity investments	12,538	32,551
- Investments in associates using the equity method	-	649
- Property and equipment	1,836	1,060
Dividends received	2,837	2,380
<b>Net cash flow from investing activities</b>	<b>345,065</b>	<b>219,557</b>

Continued on the next page.



**Consolidated statement of cash flows**  
**for the six months period**  
*(x €1,000)*

	H1 2016	H1 2015
<b>Cash flow from financing activities</b>		
Share plans	-5,335	219
Non-controlling interests	-2,634	-8,581
Redemption of subordinated loans	-114	-1,113
Receipts on debt securities	500,000	509,716
Redemption of debt securities	-296,632	-236,227
Receipts on financial liabilities designated at fair value through profit or loss	84,879	94,717
Redemption of financial liabilities designated at fair value through profit or loss	-48,738	-44,435
Dividends paid	-25,220	-7,390
<b>Net cash flow from financing activities</b>	<b>206,206</b>	<b>306,906</b>
<b>Net change in cash and cash equivalents and balances at central banks</b>	<b>-50,110</b>	<b>59,282</b>
Cash and cash equivalents and balances at central banks at 1 January *	868,662	1,121,931
Cash and cash equivalents and balances at central banks at 30 June *	818,552	1,181,212
<b>Additional disclosure</b>		
Cash flows from interest received	220,058	297,818
Cash flows from interest paid	112,658	245,678

\* Cash and cash equivalents and balances at central banks also includes amounts due from/to banks available on demand.

## Notes to the condensed interim financial statements

### General

F. van Lanschot Bankiers NV is an independent wealth manager specialising in the preservation and creation of wealth for its clients. F. van Lanschot Bankiers NV (hereafter Van Lanschot) is a fully owned subsidiary of Van Lanschot NV. The company has its registered office at Hooge Steenweg 29, 5211 JN 's- Hertogenbosch, the Netherlands. Van Lanschot is a public limited company incorporated under Dutch law.

### Basis of preparation

The condensed interim consolidated financial statements of Van Lanschot and its subsidiaries have been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements do not include all financial information and disclosures required in the annual financial statements, and should be read in conjunction with the annual consolidated financial statements of Van Lanschot as at 31 December 2015. The condensed interim consolidated financial statements have not been audited. All amounts are denominated in thousands of euros, unless stated otherwise. The totals may not always match the sum of the individual values due to rounding.

## Summary of significant accounting policies

### Accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of Van Lanschot's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective from 1 January 2016.

### Changes in presentation

The presentation of operating segments for the financial year 2016 has been changed to align with the way segment information is reported to the Executive Board (EB). The EB monitors interest margins, and for this reason the breakdown between interest income and interest expense is no longer presented. In 2016, Van Lanschot's management decided to make a clear distinction between directly influenced own costs and indirect costs, which is now made transparent in segment information. The comparative figures have been adjusted accordingly.

Comparative figures for the first half of 2015 have been adjusted to reflect the Van Lanschot accounts at 31 December 2015.

### Changes in accounting policies

#### Offsetting current account balances

The IFRS Interpretations Committee issued an agenda decision in April 2016 on when and whether entities are able to offset balances in accordance with IAS 32. Van Lanschot has decided to discontinue offsetting current account balances from the second quarter of 2016, as it is unable to prove its intention to settle the entire period-end balances at the reporting date. As a matter of fact, Van Lanschot did offset balances but not at period-end, and comparative figures at 31 December 2015 have been adjusted accordingly. Private and public sector loans and advances and Public and private sector liabilities have together added €336.1 million, while Total assets and Total liabilities increased by the same amount.

This change in accounting policies has no impact on total equity nor on profit or loss.

### Significant accounting judgements and estimates

In the process of applying our accounting policies, we use estimates and assumptions which can have a significant impact on the amounts recognised in the condensed interim financial statements. For more information, see 'Significant accounting judgements and estimates' in the annual consolidated financial statements of Van Lanschot as at 31 December 2015. These estimates and assumptions are based on the most recent information available and the actual amounts may differ in the future.

### IFRS standards

The following new or revised standards or interpretations became effective as from 1 January 2016 and have an impact on this condensed interim report. Application of these standards had no impact on Van Lanschot's equity or result.

**IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates**  
The amendments concern issues that have arisen when applying the exemption from preparing consolidated financial statements for investment entities. The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. The amendments also clarify that only subsidiaries that are themselves not investment entities and that provide ancillary services to the parent's investment activities should be consolidated. Other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 mean that where an investor applies the equity method, it may continue to use the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

#### IFRS 10 Consolidated Financial Statements and IFRS 28 Investments in Associates

The amendments address an acknowledged inconsistency between the requirements of IFRS 10 and IAS 28 in the treatment of the sale or contribution of assets between an investor and its associate entity or joint venture. The main consequence of the change is that, where a transaction involves an operational activity, the full profit or loss is disclosed, regardless of whether it has been placed within a subsidiary. A partial profit or loss is recognised if the transaction involves assets that do not constitute an operational activity, even where those assets have been placed within a subsidiary.

#### IFRS 11 Joint Arrangements

The amendments to IFRS 11 require the acquirer of an interest in a joint operation to apply the disclosure requirements as set out in IFRS 3 Business Combinations. The changes also make clear that remeasurement need not be carried out when the interest in an existing joint operation is increased, provided control is still shared.

#### IAS 1 Presentation of Financial Statements

The amendments clarify the present requirements in relation to the order of presentation of aspects relating to materiality, aggregation and flexibility in the notes to the financial statements. The amendments also clarify the requirements when additional subtotals are presented in the statement of financial position (balance sheet), statement of income (profit and loss) and statement of comprehensive income.

#### IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

#### IAS 27 Equity Method in Separate Financial Statements

The amendments permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

#### Annual Improvements to 2012-2014 Cycle

Changes to standards concern:

##### *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (changes in methods of disposal)*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

##### *IFRS 7 Financial Instruments: Disclosures (servicing contracts)*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required.

##### *IFRS 7 Financial Instruments: Disclosures (applicability of the amendments to IFRS 7 to condensed interim financial statements)*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

##### *IAS 19 Employee Benefits (discount rate: regional market issue)*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

##### *IAS 34 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report'*

The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report, for example in the report of the Executive Board or the section on risk management.

## Notes to the consolidated statement of financial position

(x €1,000)

<b>1</b>	<b>Cash and cash equivalents and balances at central banks</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>		<b>810,358</b>	<b>881,024</b>
Cash		189	167
Balances at central banks		719,502	745,013
Statutory reserve deposits at central banks		18,875	19,252
Amounts due from banks		71,792	116,592

<b>2</b>	<b>Financial assets designated at fair value through profit or loss</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>		<b>520,396</b>	<b>712,578</b>
<b>Debt instruments</b>			
Government paper and government-guaranteed paper		13,152	124,206
Covered bonds		434,033	509,470
Companies, listed		1,895	4,690
<b>Total debt instruments</b>		<b>449,080</b>	<b>638,366</b>
<b>Equity instruments</b>			
Shares, listed		46,034	40,342
Shares, unlisted		25,282	33,870
<b>Total equity instruments</b>		<b>71,315</b>	<b>74,212</b>

<b>Financial assets designated at fair value through profit or loss - debt instruments by external rating *</b>	<b>30/06/2016</b>	<b>%</b>	<b>31/12/2015</b>	<b>%</b>
<b>Total</b>	<b>449,080</b>	<b>100%</b>	<b>638,366</b>	<b>100%</b>
AAA	447,185	100%	633,677	100%
AA	1,895	0%	1,901	0%
A	-	0%	2,788	0%

\* Most recent Fitch ratings as known to Van Lanschot.

<b>3</b>	<b>Available-for-sale investments</b>	<b>30/06/2016</b>		<b>31/12/2015</b>	
		<b>Fair value</b>	<b>Face value</b>	<b>Fair value</b>	<b>Face value</b>
<b>Total</b>		<b>2,038,086</b>	<b>1,947,798</b>	<b>2,159,141</b>	<b>2,033,107</b>
<b>Debt instruments</b>					
Government paper and government-guaranteed paper		818,296	772,000	1,050,019	963,000
Banks and financial institutions, listed		126,610	123,500	71,309	71,000
Covered bonds		349,337	341,500	190,932	188,000
Asset-backed securities		690,821	685,183	806,848	799,398
Companies, listed		14,122	13,906	-	-
Company cumprefs (shareholdings)		8,907	11,709	8,788	11,709
<b>Total debt instruments</b>		<b>2,008,092</b>	<b>1,947,798</b>	<b>2,127,896</b>	<b>2,033,107</b>
<b>Equity instruments</b>					
Shares, unlisted		18,233		17,376	
Shareholdings		11,761		13,869	
<b>Total equity instruments</b>		<b>29,994</b>		<b>31,245</b>	

<b>Available-for-sale investments - debt instruments by external rating *</b>	<b>30/06/2016</b>	<b>%</b>	<b>31/12/2015</b>	<b>%</b>
<b>Total</b>	<b>2,008,092</b>	<b>100%</b>	<b>2,127,896</b>	<b>100%</b>
AAA	1,659,129	83%	1,548,844	73%
AA	148,607	7%	62,332	3%
A	9,488	0%	-	0%
Other	190,868	10%	516,720	24%

\* Most recent Fitch ratings as known to Van Lanschot.

4 Held-to-maturity investments	30/06/2016		31/12/2015	
	Carrying value	Face value	Carrying value	Face value
<b>Total</b>	<b>518,554</b>	<b>475,000</b>	<b>523,639</b>	<b>475,000</b>
<b>Debt instruments</b>				
Government paper and government-guaranteed paper	333,200	300,000	337,070	300,000
Banks and financial institutions, listed	185,355	175,000	186,569	175,000

Held-to-maturity investments by external rating *	30/06/2016	%	31/12/2015	%
<b>Total</b>	<b>518,554</b>	<b>100%</b>	<b>523,639</b>	<b>100%</b>
AA	333,200	64%	337,070	64%
A	185,355	36%	186,569	36%

\* Most recent Fitch ratings as known to Van Lanschot

5 Loans and advances to the public and private sectors	30/06/2016	31/12/2015
<b>Total</b>	<b>10,304,520</b>	<b>10,504,423</b>
Mortgage loans	6,392,213	6,352,611
Loans	2,379,444	2,623,418
Current accounts	1,232,951	1,349,988
Securities-backed loans and settlement claims	312,363	243,751
Subordinated loans	12,498	14,727
Value adjustment, fair value hedge accounting	146,375	100,198
Impairments	-171,325	-180,270

Movements in impairments	Specific	IBNR	Total
<b>At 1 January 2016</b>	<b>165,717</b>	<b>14,553</b>	<b>180,270</b>
Loans written off	-8,576	-	<b>-8,576</b>
Additions to or release of provision	3,013	-4,748	<b>-1,735</b>
Interest charged	1,366	-	<b>1,366</b>
<b>At 30 June 2016</b>	<b>161,520</b>	<b>9,805</b>	<b>171,325</b>

6 Derivatives	30/06/2016			31/12/2015		
	Asset	Liability	Contract amount	Asset	Liability	Contract amount
<b>Total</b>	<b>384,880</b>	<b>496,587</b>	<b>8,758,941</b>	<b>333,411</b>	<b>324,760</b>	<b>8,250,126</b>
Derivatives used for trading purposes	26,512	23,669	345,077	28,820	26,994	120,440
Derivatives used for hedge accounting purposes	96,748	188,453	3,876,060	64,954	80,411	3,435,035
Other derivatives	261,620	284,465	4,537,804	239,637	217,355	4,694,651

7 Property and equipment	30/06/2016	31/12/2015
<b>Total</b>	<b>75,919</b>	<b>79,239</b>
Buildings	51,656	54,026
IT, operating system software and communications equipment	5,916	7,067
Other assets	17,772	17,946
Work in progress	576	200

The carrying amount of buildings not in use amounted to €6.2 million (year-end 2015: €4.6 million).

8 Goodwill and other intangible assets	30/06/2016	31/12/2015
<b>Total</b>	<b>173,191</b>	<b>175,122</b>
Goodwill	155,149	155,117
Other intangible assets	18,042	20,005

<b>9 Due to banks</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>	<b>110,468</b>	<b>698,125</b>
Special loans, European Central Bank	-	350,000
Deposits	35,945	77,134
Repo transactions	-	219,047
Securities transactions settlement claims	58,837	47,329
Loans and advances drawn	15,686	4,615

Due to banks decreased by €587.7 million compared with 2015, due to the early TLTRO repayment of €350.0 million in June 2016 and the €219.0 million in repo transactions.

<b>10 Public and private sector liabilities</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>	<b>9,685,797</b>	<b>9,908,391</b>
Savings	4,266,923	4,356,513
Deposits	449,340	753,943
Other client assets	4,960,498	4,793,064
Value adjustments fair value hedge accounting	9,036	4,871

<b>11 Financial liabilities designated at fair value through profit or loss</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>	<b>831,291</b>	<b>804,603</b>
Unstructured debt instruments	241,827	247,709
Structured debt instruments	589,465	556,894

<b>12 Issued debt securities</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>	<b>2,703,480</b>	<b>2,480,005</b>
Bond loans and notes	1,015,401	1,261,729
Covered bonds	994,179	497,257
Notes as part of securitisation transactions	600,459	643,257
Floating-rate notes	52,605	58,602
Medium-term notes	12,500	12,500
Value adjustments fair value hedge accounting	28,335	6,660

At the end of March 2016 we launched a €500 million 7-year Conditional Pass-Through Covered Bond with a 0.375% coupon. The deal was placed with a broad range of European institutional investors. Some non-European investors also participated.

The bonds are rated AAA by both S&P and Fitch rating agencies. The Van Lanschot Conditional Pass-Through Covered Bond Programme is Dutch law-based and backed by a pool of Dutch residential mortgage loans. It is registered with De Nederlandsche Bank (DNB).

This transaction, which forms part of our general funding activities, has helped us attract new external long-term funding, and brings a further strengthening and diversification of our funding profile.

Bond loans and notes decreased by €246.3 million relative to 2015 following the redemption of a €228 million senior unsecured bond in the second quarter of 2016.

<b>13 Provisions</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>	<b>31,702</b>	<b>23,668</b>
Provisions for pensions	9,098	10,401
Provision for long-service benefits scheme	2,181	2,063
Provision for employee discounts	3,252	3,249
Other provisions	17,171	7,955

Other provisions increased with €9.2 million compared to 2015. The increase was chiefly attributable to provisions of €8.0 million for ex-gratia payments under the recovery framework for interest rate derivatives sold to SMEs. In the second quarter of 2016 a provision is partly released with €1.5 million as a result of a significant decrease in the best estimate of the expenditure required to settle the present obligation.

<b>14 Subordinated loans</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
<b>Total</b>	<b>117,962</b>	<b>118,151</b>
Certificates of indebtedness	100,000	100,000
Other subordinated loans	16,790	16,904
Value adjustments fair value hedge accounting	1,172	1,247

<b>15 Other reserves</b>	Revaluation reserve available-for-sale investments		Actuarial results on defined benefit pension scheme	Currency translation reserve	Cash flow hedge reserve	Retained earnings	Total
	Equity instruments	Debt investments					
<b>At 1 January 2016</b>	<b>15,467</b>	<b>9,380</b>	<b>-15,201</b>	<b>1,939</b>	<b>-13,670</b>	<b>908,799</b>	<b>906,714</b>
Net changes in fair value	276	4,389	-	-	-3,860	-	805
Realised gains/losses through profit or loss	-911	-5,265	-	-	-	-	-6,176
Profit appropriation	-	-	-	-	-	15,731	15,731
Share plans	-	-	-	-	-	-3,914	-3,914
Other changes	-	-	-	16	-	-4	12
<b>At 30 June 2016</b>	<b>14,832</b>	<b>8,504</b>	<b>-15,201</b>	<b>1,955</b>	<b>-17,530</b>	<b>920,612</b>	<b>913,172</b>
Tax effects	-	292	-	-	1,287	-	1,579

## Notes to the consolidated statement of income

(x €1,000)

<b>16 Net interest income</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Interest income</b>		
<b>Total</b>	<b>209,056</b>	<b>290,541</b>
Interest income on cash equivalents	50	-
Interest income on banks and private sector	153,386	167,640
Interest income on held-to-maturity investments	3,506	3,529
Other interest income	1,319	421
<b>Interest income on items not recognised at fair value</b>	<b>158,260</b>	<b>171,590</b>
Interest income on available-for-sale investments	6,380	7,330
Interest income on financial assets at fair value through profit or loss	4,958	10,942
Interest income on derivatives	39,458	100,679
<b>Interest expense</b>		
<b>Total</b>	<b>100,869</b>	<b>189,638</b>
Interest expense on banks and private sector	27,820	48,061
Interest expense on issued debt securities	22,600	30,436
Interest expense on subordinated loans	2,481	3,424
Other interest expense	241	275
<b>Interest expense on items not recognised at fair value</b>	<b>53,142</b>	<b>82,196</b>
Interest expense on balances at central banks	1,159	645
Interest expense on derivatives	46,567	106,797

The first half year 2016 interest result was €7.3 million up on the 2015 half year. The increase was the net outcome of lower interest income on the Corporate Banking loan portfolio; interest payments to corporate clients under the recovery framework for interest rate derivatives sold to SMEs; and the investment portfolio, with these factors being offset by lower interest expense on savings and deposits due to lower volumes and interest rates.

<b>17 Income from securities and associates</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>8,626</b>	<b>11,064</b>
Income from associates using the equity method	6,277	3,988
Dividend and fees	2,332	2,072
Movements in value of investments at fair value through profit or loss	-894	3,851
Realised result of available-for-sale equity investments	911	931
Other gains on sales	-	222

<b>18 Net commission income</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>117,390</b>	<b>140,965</b>
Securities commissions	15,177	21,764
Management commissions	85,079	84,510
Cash transactions and funds transfer commissions	5,020	5,375
Corporate Finance and Equity Capital Markets commissions	8,107	25,833
Other commissions	4,006	3,483

Compared with the first half year of 2015, commission income was down by €23.6 million. The decrease was primarily due to lower Corporate Finance commissions and reduced securities commissions at Merchant Banking in challenging capital market conditions in 2016.



<b>19 Result on financial transactions</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>4,035</b>	<b>20,243</b>
Gains and losses on securities trading	-1,663	633
Gains and losses on currency trading	3,469	6,779
Unrealised gains/losses on derivatives under hedge accounting	-3,233	770
Realised and unrealised gains/losses on trading derivatives	4,037	2,347
Realised gains on available-for-sale debt instruments	7,021	10,755
Gains/losses on economic hedges - hedge accounting not applied	-16,640	8,614
Gains/losses on financial assets designated at fair value through profit or loss	11,044	-9,655

The result on financial transactions decreased by €16.2 million on the first half year of 2015. This decrease resulted among other things from lower gains and losses on the available for sale investment portfolio. The movement on economic hedges and the movement on financial assets designated at fair value through profit or loss together reflect the revaluation result caused by changes in capital market yields in the marked-to-market portfolio and a number of derivatives positions.

<b>20 Other income</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>21,094</b>	<b>21,352</b>
Net sales	48,256	47,169
Cost of sales	-27,162	-25,817

Other income comprises income from non-strategic associates arising from debt conversion. This involves loans that companies were unable to repay to Van Lanschot and that were converted into shareholdings to give these companies time to recover. Our aim is to sell any shares in non-strategic associates in due course.

<b>21 Staff costs</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>119,052</b>	<b>119,214</b>
Salaries and wages	89,139	91,662
Pension costs for defined contribution schemes	9,203	9,825
Pension costs for defined benefit schemes	2,617	1,573
Other social security costs	10,189	10,170
Share-based payments for variable remuneration	1,549	1,016
Other staff costs	6,354	4,968

<b>22 Other administrative expenses</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>93,709</b>	<b>81,117</b>
Accommodation expenses	11,945	11,526
Marketing and communication	5,142	6,058
Office expenses	4,114	5,012
IT expenses	28,407	32,312
External auditor fees	1,496	1,322
Consultancy fees	7,656	6,063
Travel and hotel fees	6,339	6,746
Information providers' fees	5,379	4,673
Payment charges	1,810	1,896
Other administrative expenses	21,421	5,509

Other administrative expenses in the first half year of 2016 exceeded the year-earlier figure by €12.6 million. This higher figure is chiefly down to €9.3 million in additions to other provisions and our €3.0 million contribution to the Single Resolution Fund. The addition to other provisions includes the ex-gratia payment to SME clients of €6.8 million under the recovery framework for interest rate derivatives. The Belgium 'spartaks' 2016 of €1.2 million is in accordance with IFRIC 21 in its entirety recognised in the first half year of 2016 under Other administrative expenses.

<b>23 Impairments</b>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Total</b>	<b>-649</b>	<b>34,733</b>
Loans and advances to the public and private sectors	-1,735	31,925
Available-for-sale investments	15	100
Investments in associates using the equity method	370	-
Property and equipment	627	24
Assets acquired through foreclosures	73	2,684

Impairments represent the balance of the required impairments and the release of such impairments.

Impairments on Loans and advances to the public and private sectors decreased by €35.4 million compared with the first half year of 2015, due on the one hand to a reduced need for loan provisioning and on the other to an improvement in the quality of loans for which a provision had already been formed, thus releasing part of the provision. The sale of non-performing real estate loans also reduced the need to take provisions.

## **24 Income tax**

### Deferred tax assets

The decrease in the deferred tax assets is due to the taxable profit achieved in the first half of 2016.

### Income tax recognised in the statement of income

The following table sets out the principal components of the income tax calculation.

	<b>H1 2016</b>	<b>H1 2015</b>
Operating profit before tax from continuing operations	39,512	50,118
<b>Total gross result</b>	<b>39,512</b>	<b>50,118</b>
Prevailing tax rate in the Netherlands	25%	25%
Expected tax	9,878	12,530
<b>Increase/decrease in tax payable due to:</b>		
Tax-free income from securities and associates	-2,257	-2,429
Taxed release of tax reserves	-	750
Non-deductible impairments	-	625
Non-deductible costs	797	446
Non-deductible losses	-47	196
Adjustments to taxes for prior financial years	202	837
Impact of foreign rate tax differences	-358	-33
Other changes	-199	-484
	<b>-1,862</b>	<b>-92</b>
<b>Total tax</b>	<b>8,016</b>	<b>12,438</b>

## Additional notes

(x €1,000)

25 Earnings per share	H1 2016	H1 2015
Net result	31,496	37,680
Interest on equity instruments issued by subsidiaries	-	-492
Non-controlling interests	-1,789	-3,977
<b>Net result attributable to shareholder</b>	<b>29,707</b>	<b>33,211</b>
Weighted average number of shares in issue	400,000	400,000
Earnings per share (€)	74.27	83.03

## 26 Fair value

### Financial instruments at fair value

A portion of the financial instruments are measured at fair value in the statement of financial position. The fair value is based either on quoted prices in active markets, inputs other than quoted prices that are observable in the market, or inputs based on data not observable in the market.

In 2014 we developed a policy on the criteria for allocating financial instruments recognised in the statement of financial position at fair value to each of the three levels. The policy document divides the variables used into observable and non-observable market inputs. If the non-observable input variables are significant, the instrument is classified as Level 3. A non-observable input variable is significant if the change in the fair value due to the application of the variable is greater than the set threshold values. In 2016 we have further refined the policy document: the non-observable input variables are assessed on their significance at each reporting date.

#### Level 1: Quoted prices in active markets

The fair value of financial instruments traded in an active market is based on the price at the reporting date (market price). The bid price is applied for financial assets and the offer price for financial liabilities. Since these instruments are traded in an active market, their prices adequately reflect current and frequent market transactions between unrelated parties.

#### Level 2: Inputs observable in the markets

The fair value of financial instruments not traded in an active market (e.g. over-the-counter financial derivatives) is established using cash flow and option valuation models. Based on estimates, Van Lanschot selects a number of methods and makes assumptions based on the market conditions (observable data) at the reporting date. The estimated present value of future cash flows is used to determine the fair value of the other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The discount rate is the same as the market interest rate at the reporting date for a similar instrument subject to the same conditions, taking into account collateral furnished under credit support annexes (CSAs).

The fair value of forward currency contracts is calculated by reference to forward exchange rates at the reporting date.

An assumption is made that the face value (less estimated adjustments) and fair value of trade receivables and liabilities are similar.

Estimates and judgements made are based on past experience as well as other factors, including expectations with respect to future events that could reasonably occur given current circumstances. Estimates and judgements are assessed on an ongoing basis.

#### Level 3: Input observable in the markets

The financial instruments in this category are assessed on an individual basis. Their valuation is based on the best estimate of management by reference to the most recent prices, prices of similar instruments and, to a not insignificant extent, information not observable in the market.

Financial instruments at fair value				30/06/2016
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets held for trading	9,618	1,575	320	11,513
Financial assets designated at fair value through profit or loss	476,239	38,402	5,755	520,396
Available-for-sale investments	1,999,186	-	38,900	2,038,086
Derivatives	22,720	347,288	14,872	384,880
<b>Total assets</b>	<b>2,507,763</b>	<b>387,265</b>	<b>59,847</b>	<b>2,954,875</b>
<b>Liabilities</b>				
Financial liabilities held for trading	774	-	320	1,094
Financial liabilities designated at fair value through profit or loss	-	773,398	57,893	831,291
Derivatives	20,922	472,448	3,217	496,587
<b>Total liabilities</b>	<b>21,696</b>	<b>1,245,846</b>	<b>61,431</b>	<b>1,328,972</b>

Financial instruments at fair value				31/12/2015
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets held for trading	5,206	1,137	520	6,863
Financial assets designated at fair value through profit or loss	659,245	39,177	14,156	712,578
Available-for-sale investments	2,119,108	-	40,033	2,159,141
Derivatives	26,124	297,396	9,891	333,411
<b>Total assets</b>	<b>2,809,683</b>	<b>337,710</b>	<b>64,600</b>	<b>3,211,993</b>
<b>Liabilities</b>				
Financial liabilities held for trading	88	-	330	418
Financial liabilities designated at fair value through profit or loss	-	730,883	73,720	804,603
Derivatives	24,859	295,630	4,271	324,760
<b>Total liabilities</b>	<b>24,947</b>	<b>1,026,513</b>	<b>78,321</b>	<b>1,129,781</b>

During the first half of 2016, the valuation technique remain unchanged, with non-observable input variables being assessed on significance. As a result of this assessment some financial instruments included in Derivatives (assets and liabilities) and in Financial liabilities designated at fair value through profit or loss have been transferred from Level 2 to Level 3 and vice versa. In the case of Derivatives (assets), this entailed a transfer of €2.8 million from Level 2 to Level 3 and a transfer of €3.4 million from Level 3 to Level 2. In the case of Financial liabilities designated at fair value through profit or loss, it involved a transfer of €14.5 million from Level 2 to Level 3 and a transfer of €22.8 million from Level 3 to Level 2. The transfer of Derivatives (liabilities) breaks down into a €0.0 million shift from Level 2 to Level 3 and a €3.1 million shift from Level 3 to Level 2.

Breakdown of movements in financial assets classified as Level 3							
	At 1 January 2016	To statement of income	To equity	Purchases	Sales	Transfers	At 30 June 2016
<b>Assets</b>							
Financial assets held for trading	520	17	-	-	-217	-	320
Financial assets designated at fair value through profit or loss	14,156	-334	-	-	-8,067	-	5,755
Available-for-sale investments	40,033	435	400	216	-2,184	-	38,900
Derivatives	9,891	2,268	-	3,352	-	-639	14,872
<b>Total assets</b>	<b>64,600</b>	<b>2,386</b>	<b>400</b>	<b>3,568</b>	<b>-10,468</b>	<b>-639</b>	<b>59,847</b>

**Breakdown of movements in financial liabilities classified as Level 3**

	At 1 January 2016	To statement of income	To equity	Issues	Settlements	Transfers	At 30 June 2016
<b>Liabilities</b>							
Financial liabilities held for trading	330	-	-	-	-10	-	<b>320</b>
Financial liabilities designated at fair value through profit or loss	73,720	38	-	-	-7,539	-8,326	<b>57,893</b>
Derivatives	4,271	1,459	-	531	-	-3,044	<b>3,217</b>
<b>Total liabilities</b>	<b>78,321</b>	<b>1,497</b>	<b>-</b>	<b>531</b>	<b>-7,549</b>	<b>-11,369</b>	<b>61,431</b>

**Breakdown of movements in financial assets classified as Level 3**

	At 1 January 2015	To statement of income	To equity	Purchases	Sales	Transfers	At 30 June 2015
<b>Assets</b>							
Financial assets held for trading	219	-	-	14	-	-	<b>233</b>
Financial assets designated at fair value through profit or loss	14,081	799	-	-	-2,575	-	<b>12,305</b>
Available-for-sale investments	62,325	1,131	2,106	221	-4,361	-	<b>61,422</b>
Derivatives	8,519	13,745	-	-	-	-5,354	<b>16,910</b>
<b>Total assets</b>	<b>85,144</b>	<b>15,675</b>	<b>2,106</b>	<b>235</b>	<b>-6,936</b>	<b>-5,354</b>	<b>90,870</b>

**Breakdown of movements in financial liabilities classified as Level 3**

	At 1 January 2015	To statement of income	To equity	Issues	Settlements	Transfers	At 30 June 2015
<b>Liabilities</b>							
Financial liabilities designated at fair value through profit or loss	113,698	3,610	-	32,771	-2,055	-42,353	<b>105,671</b>
Derivatives	1,092	2,798	-	-	-	252	<b>4,142</b>
<b>Total liabilities</b>	<b>114,790</b>	<b>6,408</b>	<b>-</b>	<b>32,771</b>	<b>-2,055</b>	<b>-42,101</b>	<b>109,813</b>

**Fair value changes recognised in profit or loss on financial instruments classified as Level 3**

	H1 2016			H1 2015		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Net interest income	452	-	<b>452</b>	1,211	-	<b>1,211</b>
Income from securities and associates	17	-335	<b>-318</b>	-	819	<b>819</b>
Result on financial transactions	-	770	<b>770</b>	-	7,337	<b>7,337</b>
Impairments	-	-15	<b>-15</b>	-	-100	<b>-100</b>
<b>Total</b>	<b>469</b>	<b>420</b>	<b>889</b>	<b>1,211</b>	<b>8,056</b>	<b>9,267</b>

**Notes on fair value determination using significant observable market inputs (Level 2)**

	Fair value		Valuation method	Significance of observable market inputs
	30/06/2016	31/12/2015		
<b>Assets</b>				
Financial assets held for trading	1,575	1,137	- Net asset value	- Estimate of net asset value of the underlying investments reflecting appropriate generally accepted valuation methods received from fund managers
Financial assets designated at fair value through profit or loss	38,402	39,177	- Net asset value	- Most recently known (closing) price of the underlying assets - Most recent published net asset value - Market value on measurement date equals market price - Fair value reflecting appropriate generally accepted standards
Derivatives	347,288	297,396	- Discounted cash flow - Option model	- Underlying value - Interest rate - Dividend yield - Volatility - Realised consumer price index (CPI) - Seasonality - Inflation rate - Correlation - FX rates - CDS spread - Recovery rate
<b>Total assets</b>	<b>387,265</b>	<b>337,710</b>		
<b>Liabilities</b>				
Financial liabilities designated at fair value through profit or loss	773,398	730,883	- Discounted cash flow - Option model	- Interest rate - Asset price - Dividend yield - Volatility - Correlation - FX rates
Derivatives	472,448	295,630	- Discounted cash flow - Option model	- Underlying value - Interest rate - Dividend yield - Volatility - Realised consumer price index (CPI) - Seasonality - Inflation rate - Correlation - FX rates - CDS spread - Recovery rate
<b>Total liabilities</b>	<b>1,245,846</b>	<b>1,026,513</b>		

**Notes on fair value determination using non-observable inputs (Level 3)**

	Fair value		Valuation method	Significance of non-observable market inputs
	30/06/2016	31/12/2015		
<b>Assets</b>				
Financial assets held for trading	320	520	- Net asset value	- Net asset value - Face value
Financial assets designated at fair value through profit or loss	5,755	14,156	- Net asset value	- Cost or lower market value
Available-for-sale investments *	38,900	40,033	- Discounted cash flow - Net asset value	- Interest rates - Discount rates - Most recent published net asset values of the underlying assets - Multiple analyses of comparable companies less a discount of 25% for illiquidity and company size - Most recently known share price - EBITA - Issue or transfer price - Market price on final trading day - Face value less provisions
Derivatives *	14,872	9,891	- Discounted cash flow - Option model	- Volatility - Correlation - Seasonality
<b>Total assets</b>	<b>59,847</b>	<b>64,600</b>		
<b>Liabilities</b>				
Financial liabilities held for trading	320	330	- Net asset value	- Net asset value - Face value
Financial liabilities designated at fair value through profit or loss *	57,893	73,720	- Discounted cash flow - Option model	- Volatility - Correlation
Derivatives *	3,217	4,271	- Discounted cash flow - Option model	- Volatility - Correlation - Seasonality - CDS spread
<b>Total liabilities</b>	<b>61,431</b>	<b>78,321</b>		

\* The range and sensitivity of these financial instruments are disclosed in the table Notes on range and sensitivity of non-observable market inputs (Level 3). No range or sensitivity information is available for the other financial instruments.

**Notes on range and sensitivity of non-observable market inputs (Level 3)**

	Significant non-observable market inputs	Range	Sensitivity
<b>Assets</b>			
<b>Available-for-sale investments</b>			
Debt instruments: company cumprefs (shareholdings)	- Interest rates - Discount rates	7% - 12% 7% - 12%	Change of 1% - change of €0.1 million Change of 1% - change of €0.1 million
<b>Derivatives</b>			
Derivatives: fair value hedge accounting - Inflation linked swaps	- Seasonality	-7% - 6% (1%)	n/a
Structured products derivatives - Options	- Correlation - Volatility	-20% - 25% (3%) 21% - 26% (24%)	Total impact: €0.4 million Total impact: €0.5 million
- Equity swaps	- Correlation	-21% - 26% (3%)	Total impact: -€0.5 million
<b>Liabilities</b>			
<b>Financial liabilities designated at fair value through profit or loss</b>			
Structured debt instruments	- Correlation	-20% - 26% (3%)	Total impact: -€0.4 million
<b>Derivatives</b>			
Derivatives: fair value hedge accounting - Inflation linked swaps	- Seasonality	-7% - 6% (1%)	n/a
Structured products derivatives - Options	- Correlation - Volatility	-20% - 25% (2%) 21% - 26% (24%)	Total impact: €0.0 million Total impact: €0.2 million
- Equity swaps	- Correlation	-19% - 26% (3%)	Total impact: -€0.5 million



### Financial instruments not recognised at fair value

The value of financial instruments not recognised at fair value is taken as the amount for which the instrument could be exchanged in a commercial transaction between willing parties, other than in a forced or liquidation sale. If there is an active market, Van Lanschot uses the market value to determine the fair value. For financial instruments for which no market prices are available, the fair values are estimated on the basis of the present value or using other estimation or valuation methods.

Financial instruments not recognised at fair value							
	30/06/2016		31/12/2015				Significant observable and non-observable market inputs
	Fair value	Carrying amount	Fair value	Carrying amount	Level	Valuation method	
<b>Assets</b>							
Due from banks	331,259	331,257	200,094	200,073	2	Discounted cash flows using applicable money market rates	Interest rate and discount rate
Held-to-maturity investments	565,447	518,554	557,396	523,639	1	Quoted prices in active markets	-
Loans and advances to the public and private sectors	10,987,723	10,304,520	11,039,054	10,504,423	3	Discounted cash flows using current market fees for comparable loans and taking into account the creditworthiness of the counterparty	Interest rate, discount rate and counterparty credit risk
<b>Liabilities</b>							
Due to banks	110,470	110,468	698,209	698,125	3	Discounted cash flows using applicable money market rates for liabilities with a comparable term to maturity, taking account of own credit risk	Interest rate, discount rate and own credit risk
Public and private sector liabilities	9,801,211	9,685,797	10,052,917	9,908,391	3	Discounted cash flows using applicable money market rates for liabilities with a comparable term to maturity, taking account of own credit risk	Interest rate, discount rate and own credit risk
Issued debt securities	2,742,522	2,703,480	2,522,843	2,480,005	3	Discounted cash flows using applicable money market rates for debt instruments with a comparable term to maturity, taking account of own credit risk	Interest rate, discount rate and own credit risk
Subordinated loans	126,776	117,962	146,131	118,151	3	Discounted cash flows using applicable money market rates for debt instruments with a comparable term to maturity, taking account of own credit risk	Interest rate, discount rate and own credit risk

### 27 Netting of financial assets and financial liabilities

Unaudited

Netting of financial assets and liabilities					30/06/2016
	Gross	Gross in the statement of financial position	Net presented in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Derivatives (assets)	452,607	67,727	384,880	17,164	367,716
Derivatives (liabilities)	564,315	67,727	496,587	17,164	479,423

Netting of financial assets and liabilities					31/12/2015
	Gross	Gross in the statement of financial position	Net presented in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Derivatives (assets)	700,020	366,609	333,411	66,137	267,274
Derivatives (liabilities)	691,369	366,609	324,760	66,137	258,623

## 28 Related parties

					H1 2016
	Income	Expenses	Amounts receivable	Amounts payable	Guarantees
<b>Total</b>	<b>10,747</b>	<b>11,369</b>	<b>21,697</b>	<b>16,619</b>	<b>183</b>
Parties with a shareholding in Van Lanschot of at least 5%	10,700	11,369	18,794	15,511	-
Associates	-	-	-	-	-
Investments in associates using the equity method	47	-	2,903	1,108	183

					H1 2015
	Income	Expenses	Amounts receivable	Amounts payable	Guarantees
<b>Total</b>	<b>32,405</b>	<b>35,600</b>	<b>66,405</b>	<b>34,129</b>	<b>180</b>
Parties with a shareholding in Van Lanschot of at least 5%	32,225	35,514	54,233	30,928	-
Associates	23	-	13	-	-
Investments in associates using the equity method	157	86	12,159	3,201	180

For further information on related party transactions see Van Lanschot's annual report 2015 (from page 198).

## Segment information

Segmentation of our activities is based on operating segments, as our risk and return profile is chiefly affected by differences in our products and services. Our activities break down into five operating segments, while intrasegment transactions are conducted on an arm's length basis.

### Private Banking

Private Banking offers private clients and entrepreneurs a broad range of products in the private banking market, while also focusing on business professionals & executives, healthcare professionals, and associations and charitable societies.

### Asset Management

A specialist asset manager, Asset Management focuses on a range of investment strategies while also offering fiduciary services to domestic and international institutional clients such as pension funds and insurers.

### Merchant Banking

Merchant Banking offers specialist services including securities and acquisitions & mergers services, capital market transactions and financial advice to institutional investors, corporates, financial institutions and public and semi-public entities.

### Corporate Banking

A team of experts within Corporate Banking is engaged in managing and winding down the real estate and SME loan portfolios not linked to Private Banking clients.

### Other activities

These comprise activities in the field of interest rate, market and liquidity risk management, as well as Van Lanschot Participaties and non-strategic investments.

The presentation of operating segments for the financial year 2016 has been changed to align with the way the segment information is reported to the Executive Board (EB). The breakdown between interest income and interest expense is no longer presented, and neither is the split between commission income and commission expense. In 2016 Van Lanschot's management decided to make a clear distinction between directly influenced own costs and indirect costs, and this distinction is now visible in the tables below. Comparative figures for the first half of 2015 have been adjusted accordingly. In 2016, a number of departments shifted from the segment Other to Private Banking. As a result, other administrative expenses increased within Private Banking and allocated internal expenses decreased. The opposite movement is visible within the segment Other.

Operating segments (x € million)	H1 2016					
	Private Banking	Asset Management	Merchant Banking	Corporate Banking	Other activities	Total
<b>Net interest income</b>	81.6	-0.0	0.0	24.2	2.4	<b>108.2</b>
<b>Income from securities and associates</b>	-	-0.1	-	-	8.7	<b>8.6</b>
<b>Net commission income</b>	52.4	43.4	19.3	1.5	0.7	<b>117.4</b>
Profit on financial transactions	0.6	0.1	1.9	-	1.4	<b>4.0</b>
Other income	-	-	-	-	21.1	<b>21.1</b>
<b>Total income from operating activities</b>	<b>134.6</b>	<b>43.4</b>	<b>21.3</b>	<b>25.8</b>	<b>34.3</b>	<b>259.3</b>
Staff costs	45.5	17.5	10.2	2.6	43.4	<b>119.1</b>
Other administrative expenses	33.2	11.1	3.4	6.7	39.3	<b>93.7</b>
Allocated internal expenses	31.3	7.2	4.8	8.8	-52.1	-
Depreciation and amortisation	1.2	0.2	0.0	-	6.3	<b>7.7</b>
Impairments	2.4	-	0.0	1.0	-4.0	<b>-0.6</b>
<b>Total expenses</b>	<b>113.5</b>	<b>36.0</b>	<b>18.4</b>	<b>19.1</b>	<b>32.9</b>	<b>219.8</b>
<b>Operating result before tax</b>	<b>21.1</b>	<b>7.5</b>	<b>2.9</b>	<b>6.7</b>	<b>1.4</b>	<b>39.5</b>
Efficiency ratio (%)	83%	83%	86%	70%		

Operating segments (x € million)	H1 2015					
	Private Banking	Asset Management	Merchant Banking	Corporate Banking	Other activities	Total
<b>Statement of income</b>						
<b>Net interest income</b>	82.5	0.0	-0.1	30.8	-12.2	<b>100.9</b>
<b>Income from securities and associates</b>	-	0.2	-	-	10.9	<b>11.1</b>
<b>Net commission income</b>	57.3	40.6	40.5	2.0	0.6	<b>141.0</b>
Profit on financial transactions	1.0	-0.1	1.8	-	17.6	<b>20.2</b>
Other income	-	-	-	-	21.4	<b>21.4</b>
<b>Total income from operating activities</b>	<b>140.7</b>	<b>40.7</b>	<b>42.1</b>	<b>32.8</b>	<b>38.2</b>	<b>294.5</b>
Staff costs	42.9	15.3	14.0	3.6	43.4	<b>119.2</b>
Other administrative expenses	17.2	6.2	4.4	0.4	52.9	<b>81.1</b>
Allocated internal expenses	56.4	7.2	4.5	11.7	-79.8	-
Depreciation and amortisation	2.4	0.0	0.1	-	6.8	<b>9.3</b>
Impairments	16.1	-	-0.0	13.1	5.5	<b>34.7</b>
<b>Total expenses</b>	<b>135.0</b>	<b>28.8</b>	<b>22.9</b>	<b>28.9</b>	<b>28.8</b>	<b>244.4</b>
<b>Operating result before tax</b>	<b>5.7</b>	<b>11.9</b>	<b>19.1</b>	<b>4.0</b>	<b>9.3</b>	<b>50.1</b>
Efficiency ratio (%)	84%	71%	54%	48%		

## Events after the reporting period

### Van Lanschot Participaties

On 1 July 2016, Van Lanschot Participaties agreed the acquisition of a non-controlling interest in Market Food Group (MFG), a leading Dutch company in the artisan bread and pastry segment, with a range of strong brand franchises. The transaction is still subject to the approval of the Netherlands Authority for Consumers and Markets (ACM).

On 21 July 2016, Van Lanschot Participaties took a majority stake in Allshare, a company providing IT back-office solutions to Van Lanschot. The purchase price was set at €1 plus an earn-out payment by Van Lanschot to the seller in the event of a future sale of these shares by Van Lanschot. Van Lanschot Participaties agreed to inject €2 million in cash in two tranches, the first €1 million of which was provided in the second quarter of 2016.

### Interest rate derivatives recovery framework for SMEs

On 5 July 2016, we announced that we would abide by the Netherlands' general recovery framework for interest rate derivatives clients, implying that we will offer ex-gratia payments. The second quarter 2016 results include an additional provision for this of €8.0 million, taking the total amount now provided for the framework to €9.7 million.

Up until 2013, we carefully sold interest rate derivatives to our commercial clients as an alternative to fixed-rate loans. Both in terms of clients and interest rate derivatives sold, the numbers were relatively small; arrangements were typically customised, with only plain vanilla interest rate swaps and caps sold to fit in with the loans we supplied. We have agreed to the recovery framework to promote efficient handling of the derivatives issue for our SME clients in the Netherlands.

We stopped selling new interest rate derivatives in 2014.

### Private Banking

Van Lanschot, Achmea and Staalbankiers announced that they have reached agreement on the acquisition by Van Lanschot of Staalbankiers' private banking activities. Aside from Staalbankiers' private banking client relationships, Van Lanschot will acquire a maximum of €1.7 billion in assets under management, €280 million in savings and a limited number of securities-backed loans. In addition, a total of 25 private bankers and investment experts at Staalbankiers will transfer to Van Lanschot. The deal does not involve other Staalbankiers activities.

Van Lanschot will pay an initial acquisition price of €16 million for the activities to be acquired. The final price may be higher or lower depending on the AuM amount that will actually transfer to Van Lanschot. The transaction is subject to a number of conditions, including declarations of no objection issued by De Nederlandsche Bank (DNB) and the completion of employee consultation procedures involving the Van Lanschot and Achmea works councils.

## Other information

### Statutory Board Responsibility Statement

The members of the Statutory Board hereby declare, to the best of their knowledge, that the 2016 interim financial statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and profit or loss of F. van Lanschot Bankiers NV and its consolidated entities, and that the interim report of 30 June 2016 gives a true and fair view of the information to be provided in accordance with Article 5 (25) (d) (8) (9) of the Dutch Financial Supervision Act ("Wft").

's-Hertogenbosch, the Netherlands, 23 August 2016

Statutory Board

Karl Guha, Chairman

Constant Korthout

Richard Bruens

Arjan Huisman