



Van Lanschot Kempen: commission income up 30% and net profit at €143.8 million

- Net profit surged to €143.8 million (2020: €49.8 million) on the back of strong growth in commission income, book profits on the sale of private equity stakes and the release from loan loss provisions
- Client assets grew by 14% to €131.1 billion and AuM added 13% to €112.1 billion
- Record net AuM inflows at Private Clients of €3.8 billion
- Net AuM outflows at Wholesale & Institutional Clients of €4.0 billion
- Capital ratio robust at 23.7% (2020: 24.3%)
- Return on equity up to 15.7%
- Dividend proposed at €2.00 per share (2020: €0.70 per share)

Maarten Edixhoven, Chair, said: “2021 was an excellent year for Van Lanschot Kempen, bringing both organic and inorganic growth, strong net profit and a solid capital position. The integration of the Hof Hoorneman Bankiers acquisition and our partnership with Mercier Vanderlinden are making excellent progress.

“Creating and preserving financial and natural value across generations is the very essence of what Van Lanschot Kempen is about. Our clients increasingly recognise our sustainable solutions, but we’re aware that we still have big strides to make – and so we’ll be stepping up our activities in this area. In addition, starting this year we’ll be using a single brand – Van Lanschot Kempen – for all our activities, one step at a time. This should further boost our position as an independent, specialist wealth manager in Western Europe.

“Over the past few months, I’ve had the privilege of getting to know the organisation, clients and employees, and it’s great to experience entrepreneurial spirit and client focus all across the company. I would like to take this opportunity to thank our clients, employees and shareholders for their confidence, as well as for the warm welcome I’ve received from them.”

Client assets and assets under management

In 2021, client assets grew to €131.1 billion (2020: €115.0 billion). Assets under management (AuM) climbed to €112.1 billion (2020: €99.0 billion) on the back of a market performance of €9.5 billion and Mercier Vanderlinden’s AuM of €3.8 billion. Net inflows at Private Clients were very high at €3.8 billion, whereas Wholesale & Institutional Clients saw net outflows of €4.0 billion. With margins on Private Clients inflows higher than those on outflows at Wholesale & Institutional Clients, the combination made for a significant improvement in management fees, further aided by the positive market performance. Savings and deposits rose to €11.7 billion (2020: €10.1 billion).

In 2021, we completed the acquisition of our 70% stake in Belgium-based wealth manager Mercier Vanderlinden. We are very pleased with this new collaboration, as it eminently fits in with our strategy to become a key player in Belgium as an independent specialist wealth manager. Total client assets in Belgium grew to €10.7 billion by the end of 2021. Last year, we also welcomed Hof Hoorneman Bankiers’ employees and clients, according to plan. These clients now have access to our offering of products and services.

2021 results

In 2021, net results increased to €143.8 million (2020: €49.8 million). Commission income, the core of our income flows, added 30% to €385.5 million, predominantly because of higher recurring commissions.



Interest income was stable at €153.6 million (2020: 152.1 million), underpinned by growth in the loan portfolio and negative interest charged on savings.

As announced previously, operating expenses were well ahead of those in 2020, coming in at €409.9 million (2020: €371.8 million). In 2020, costs were low because of cost-saving measures related to Covid-19. The figures for 2021, by contrast, include Mercier Vanderlinden's and Hof Hoorneman Bankiers' regular expenses (around €16 million). Meanwhile, we are facing higher – to some extent variable – staff costs, partly as a result of the continuing growth of our IT and Compliance departments. Going forward, we will continue to invest, not least to lock in future growth.

Steeply higher income underpinned an efficiency ratio at 68.9% for the year, putting it well within our target of a maximum 70-72% by 2025.

2021 saw a total release from loan loss provisions of €11.7 million on the back of a high-quality loan portfolio mainly comprising residential mortgages in the Netherlands.

Sales from our private equity portfolio also chipped into our net profit in 2021. The sale of our stakes in Fire Safety Holding BV (Gerco) and Quint Wellington Redwood Holding BV generated book profits of over €10 million and around €5 million respectively, while divesting Global Property Research BV garnered a book profit of €2.7 million. In addition, the sale of non-strategic interest Holonite (Holowell BV) contributed some €2 million to net profit. And lastly, our stake in Newion II, a private equity fund in which we invest, added nearly €10 million in value.

The underlying net result rose to €159.9 million (2020: €51.0 million). This figure reflects the net result adjusted for the accounting treatment of the Mercier Vanderlinden acquisition, the provision for revolving consumer credit, restructuring charges related to the Hof Hoorneman Bankiers acquisition, and other one-off charges.

Integrated wealth manager

To fully leverage the potential of our organisation for our clients, we provide solutions that build on the knowledge and expertise across our entire group and on our open architecture platform. We are confident that we are able to meet the needs of our clients in a sustainable way by offering them access to the full range of our products and services across all our businesses. On 1 January 2021, we changed our organisational structure accordingly and from 2021 we have introduced segmentation based on client groups: Private Clients (including Evi), Wholesale & Institutional Clients, Investment Banking Clients and Other.

Private Clients

2021 pre-tax profit at Private Clients worked out at €114.3 million. Commission income came in at €244.4 million and accounted for 63% of the segment's total revenues.

Net inflows at Private Clients were exceptionally high at €3.8 billion, with all client groups in all countries in which we are active – Belgium, Switzerland and the Netherlands – contributing.

Private Clients' Belgian activities also had a successful year, notching up net inflows of €0.8 billion. AuM grew to €9.7 billion and client assets to €10.7 billion. Mercier Vanderlinden likewise staged robust growth following the announcement of the partnership with Van Lanschot Kempen.

Clients are increasingly interested in sustainable and alternative investment solutions. We are meeting this interest through tailored solutions such as the Kempen European Private Equity Fund II, the 2021 launch of which generated a great deal of interest: €173 million had been committed at first close.



Our high net inflows and the further uptick in our Relationship NPS to 36 from 26 are evidence that our personalised advice coupled with an excellent product offering and state-of-the-art technology is a winning combination for our clients. One example of such technology in 2021 was the introduction of biometric voice verification, which has made contacts with our clients even safer and easier. Clients value the many secure and convenient ways in which they are able to communicate with us, from one-to-one meetings at one of our offices, to contacts via WhatsApp and video conferencing.

Our Evi proposition has been part of the Private Clients segment since early 2021. It had a good year in 2021, with net inflows of €0.2 billion further boosting its AuM to €1.6 billion (end-2020: €1.2 billion). Commission income also continued its upward trend, making Evi a positive contributor to net profit in 2021. Its Relationship NPS rose to 15 (2020: 5).

At the end of 2021, a provision of €3.3 million was recognised for the compensation of clients having paid too much in variable interest on revolving consumer credit.

Wholesale & Institutional Clients

In 2021, pre-tax profit at Wholesale & Institutional Clients stood at €9.6 million on commission income of €81.4 million.

Total AuM at Wholesale & Institutional Clients was stable at €67.6 billion (2020: €67.8 billion), thanks to positive market performance. Net outflows amounted to €4.0 billion in 2021.

Net fiduciary outflows amounted to €1.4 billion in the period, reflecting the departure of two institutional clients (total volume of €3.5 billion), both of which merged with other players. The shortfall was partly offset by inflow from a €1.1 billion mandate and net inflows in the United Kingdom (UK) of €1.1 billion. Total AuM in the UK amounted to €8.0 billion.

Net outflows from investment strategies worked out at €2.6 billion. Strategies with relatively high margins, such as the global small cap strategy (+ €0.6 billion) and the real assets strategy (+ €0.3 billion), recorded solid net inflows. Unfortunately, this was not enough to offset the outflows from government bond strategies (€1.0 billion) and credit strategies (€2.5 billion) – this credit strategies outflow reflecting the departure of some of the credit strategy team, now back at full strength.

2021 saw the launch of our SDG Farmland Fund, which was developed together with Stichting Pensioenfond PostNL and in which Dutch insurers De Goudse and Dela have also been investing since the autumn. The fund focuses on global investment in agricultural land, contributing to the Sustainable Development Goals in the process.

Investment Banking Clients

2021 pre-tax profit at Investment Banking Clients came in at €18.8 million. The segment's commission income advanced by 13% to €55.3 million.

The Corporate Finance & Equity Capital Markets team once again had a robust year, in part because of its strong collaborative ties with the Private Clients segment. The team's strength is in its sharp focus on selected sectors: real estate, life sciences & healthcare, tech & fintech, renewables and infrastructure. In 2021, 54 transactions were completed at a total value of €5.8 billion.

Other

The structured products activities recorded a slightly negative result for 2021. We are making good progress on the wind-down of exposures in the macro-hedge portfolio. Favourable market conditions have helped to reduce these exposures to €385 million at the end of 2021 (end-2020: €691 million; end-March 2020: €783 million).



Sustainable assets under management

As a sustainable wealth manager with a long-term focus, we proactively seek to prevent negative impact for all our stakeholders and to create positive financial and non-financial value for the long term. We are able to achieve our most significant social and environmental impact by way of our clients' investments. And so, in 2018, we started screening the sustainability performances of both our own and external fund managers, and ranking them on outcomes, drawing on a range of standards in the market. In 2021, we screened 387 funds (2020: 147 funds), accounting for 57% of our AuM. The outcome was 2% impact, 25% sustainable and 64% responsible. We will take further steps in this arena going forward.

Solvency

Our capital position is consistently strong at a capital ratio of 23.7% (2020: 24.3%). The slight decline in the capital ratio reflects the 3.7 percentage point impact of the Mercier Vanderlinden acquisition. Much of this was offset by the addition of retained earnings and optimisation of risk-weighted assets in the second half of the year.

Effective 1 January 2022, De Nederlandsche Bank has imposed a risk-weight floor for residential mortgages, the capital ratio impact of which we estimate at 3.2 percentage points. On our current projections, this impact will largely disappear following the implementation of Basel IV in 2025.

Including the risk-weight floor, our capital position is still ample and we will continue to optimise our capital base, retaining scope for any bolt-on acquisitions. Whenever possible, we will also continue to pay out excess capital to shareholders, subject to regulatory approval.

Dividend

Our fine results and robust capital position enable us to propose a 2021 dividend of €2.00 per share (2020: €0.70; 2019: €1.45). Total proposed dividend payable amounts to €81.7 million.

Capital Markets Day

On Wednesday 11 May, Van Lanschot Kempen will host a Capital Markets Day, at which the Management Board will provide an update on the progress of our long term strategy.



Key data

€ million	2021	2020
Statement of income		
Net result	143.8	49.8
Underlying net result	159.9	51.0
Efficiency ratio (%)	68.9	85.7

€ billion	31/12/2021	31/12/2020	
Client assets	131.1	115.0	14%
- Assets under management	112.1	99.0	13%
- Assets under monitoring & guidance	3.5	3.2	10%
- Assets under administration	3.8	2.7	40%
- Savings and Deposits	11.7	10.1	16%

€ million	31/12/2021	31/12/2020	
Statement of financial position and capital management			
Equity attributable to shareholders	1,308	1,254	4%
Equity attributable to AT 1 capital securities	102	102	0%
Equity attributable to non-controlling interests	0	-0	
Savings and deposits	11,730	10,141	16%
Loans and advances to clients	8,876	8,448	5%
Total assets	16,307	15,149	8%
Loan-to-deposit ratio (%)	75.7	83.3	
Risk-weighted assets	3,927	4,195	-6%
Common Equity Tier 1 ratio (%)	23.7	24.3	
Tier 1 ratio (%)	26.3	25.4	
Total capital ratio (%)	30.1	27.4	

	2021	2020	
Key figures			
Weighted average of outstanding ordinary shares (x 1,000)	40,910	40,989	
Underlying earnings per share (€)	3.74	1.08	
Return on average Common Equity Tier 1 capital (%) ⁱ	15.7	4.4	
Number of staff (FTEs at period end)	1,654	1,564	6%



Result

€ million	2021	2020	
Commission	385.5	296.4	30%
- Of which securities commissions	330.1	247.4	33%
- Of which other commissions	55.4	49.1	13%
Interest	153.6	152.1	1%
Income from securities and associates	65.9	17.7	
Result on financial transactions	-10.3	-32.3	
Income from operating activities	594.7	434.0	37%
Staff costs	273.0	239.3	14%
Other administrative expenses	119.7	115.3	4%
- Of which regulatory levies and charges	13.9	11.1	25%
Depreciation and amortisation	17.3	17.2	0%
Operating expenses	409.9	371.8	10%
Gross result	184.8	62.2	
Addition to loan loss provision	-11.7	1.9	
Other impairments	-6.5	-	
Impairments	-18.1	1.9	
Operating profit before tax of non-strategic investments	4.8	1.7	
Operating profit before special items and tax	207.7	62.0	
Amortisation of intangible assets arising from acquisitions	11.3	6.2	82%
Expenses related to accounting treatment Mercier Vanderlinden	8.5	-	
Provision revolving consumer credit	3.3	-	
Restructuring charges related to the acquisition of Hof Hoorneman Bankiers	3.9	1.6	
Other one-off items	2.3	-	
Operating profit before tax	178.5	54.2	
Income tax	34.6	4.4	
Net result	143.8	49.8	
Underlying net result	159.9	51.0	



Result per segment

<i>€ million</i>	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	244.4	81.4	55.3	4.5	385.5
Interest	140.2	-	0.0	13.4	153.6
Other income	2.4	-	4.8	48.4	55.6
Income from operating activities	387.0	81.4	60.1	66.2	594.7
Staff costs	89.3	10.1	24.0	149.6	273.0
Other administrative expenses	59.0	6.7	7.8	46.2	119.7
Allocated internal expenses	106.2	54.2	9.3	-169.7	-
Depreciation and amortisation	1.4	0.0	0.3	15.6	17.3
Operating expenses	255.9	71.0	41.4	41.6	409.9
Gross result	131.1	10.4	18.8	24.6	184.8
Impairments	-10.9	-	-	-7.2	-18.1
Operating profit before tax of non-strategic investments	-	-	-	4.8	4.8
Operating profit before special items and tax	142.1	10.4	18.8	36.5	207.7
Amortisation of intangible assets arising from acquisitions	9.8	0.8	-	0.8	11.3
Expenses related to accounting treatment Mercier Vanderlinden	8.5	-	-	-	8.5
Provision revolving consumer credit	3.3	-	-	-	3.3
Restructuring charges Hof Hoorneman Bankiers	3.9	-	-	-	3.9
Other one-off items	2.3	-	-	-	2.3
Operating profit before tax	114.3	9.6	18.8	35.8	178.5
Underlying profit before tax	132.3	9.6	18.8	35.8	196.4



PERFORMANCE REPORT/PRESENTATION/WEBCAST

For a detailed discussion of Van Lanschot Kempen's results and balance sheet, please refer to our performance report and presentation on the 2021 full-year results at www.vanlanschotkempen.com/results. In a conference call on 24 February at 9:00 am CET, we will discuss our 2021 full-year results in greater detail. This may be viewed live at www.vanlanschotkempen.com/results and played back at a later date.

ADDITIONAL INFORMATION

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

FINANCIAL CALENDAR

11 May 2022	Publication of 2022 first-quarter trading update
11 May 2022	Capital Markets Day
12 May 2022	Retail Investor Day
25 May 2022	Annual General Meeting
27 May 2022	Ex-dividend date
9 June 2022	2021 dividend payment date
25 August 2022	Publication of 2022 half-year results
4 November 2022	Publication of 2022 third-quarter trading update

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About Van Lanschot Kempen

Van Lanschot Kempen, a wealth manager active in Private Banking, Investment Management and Investment Banking, with the aim of preserving and creating wealth, in a sustainable way, for both its clients and the society of which it is part. As a sustainable wealth manager with a long-term focus, Van Lanschot Kempen proactively seeks to prevent negative impact for all stakeholders and to create positive long-term financial and non-financial value. Listed at Euronext Amsterdam, Van Lanschot Kempen is the Netherlands' oldest independent financial services company, with a history dating back to 1737. To fully leverage the potential of the Van Lanschot Kempen organisation for its clients, it provides solutions that build on the knowledge and expertise across its entire group and on its open architecture platform. Van Lanschot Kempen is convinced that it is able to meet the needs of its clients in a sustainable way by offering them access to the full range of its products and services across all its businesses.

For more information, please visit vanlanschotkempen.com

Important legal information and cautionary note on forward-looking statements

This press release may contain forward-looking statements on future events and developments. These forward-looking statements are based on the current insights, information and assumptions of Van Lanschot Kempen's management about known and unknown risks, developments and uncertainties. Forward-looking statements do not relate strictly to historical or current facts and are subject to such risks, developments and uncertainties which by their very nature fall outside the control of Van Lanschot Kempen and its management.

Actual results, performances and circumstances may differ considerably from these forward-looking statements as a result of risks, developments and uncertainties relating to, but not limited to, (a) estimates of income growth, (b) costs, (c) the macroeconomic and business climate, (d) political and market trends, (e) interest rates and currency exchange rates, (f) behaviour of clients, competitors, investors and counterparties, (g) the implementation of Van Lanschot Kempen's strategy, (h) actions taken by supervisory and regulatory authorities and private entities, (i) changes in law and taxation, (j) changes in ownership that could affect the future availability of capital, (k) changes in credit ratings and (l) evolution and economic and societal impact of the Covid-19 pandemic.

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



Van Lanschot Kempen's annual accounts are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU"). In preparing the financial information in this press release, except as described otherwise, the same accounting principles are applied as in the 2021 Van Lanschot Kempen consolidated annual accounts.

The figures in this press release have not been audited separately. Small differences are possible in the tables due to rounding. Percentages are calculated based on unrounded figures.

This press release does not constitute an offer or solicitation for the sale, purchase or acquisition in any other way or subscription to any financial instrument and is not a recommendation to perform or refrain from performing any action.

Elements of this press release contain information about Van Lanschot Kempen NV within the meaning of Article 7(1) to (4) of EU Regulation No. 596/2014.

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ⁱ Based on underlying net result attributable to shareholders.