



Van Lanschot Kempen: net profit €48.2 million and €4.9 billion in net AuM inflows in H1 2022

- Net profit €48.2 million (H1 2021: €58.3 million), underlying net profit €60.7 million (H1 2021: €59.2 million)
- Client assets: €118.5 billion (2021: €131.2 billion) and AuM: €99.6 billion (2021: €112.1 billion)
- Net AuM inflows at Private Clients: €1.4 billion and at Wholesale & Institutional Clients: €3.5 billion
- Strong capital ratio at 20.2% (2021: 23.7%), decrease driven by steeper capital requirements for residential mortgages
- Capital return proposal in the amount of €1.50 per share

Maarten Edixhoven, Chair of the Management Board, said: “In the first six months of the year geopolitical tensions, inflation and rising interest rates caused more uncertainty in financial markets. In these circumstances we ensure we stay close to our clients by intensifying our contacts even further. Our existing and new clients maintained confidence in investing their wealth, as evidenced by strong total net inflows of €4.9 billion in assets under management. We’re seeing inflows both in the private as institutional segments.

“Earlier in the year, we enhanced our financial and non-financial targets and capital strategy. We continue to focus on further profitable growth with full energy, both organic and inorganic, while maintaining a capital-light balance sheet. In addition, we’ve made good progress on implementing our sustainability strategy and developing our new inclusion & diversity policy.

“I’d like to take this opportunity to thank our colleagues for their commitment that enabled us to achieve this solid result in the first half of the year. I’m proud of their engagement and dedication to our clients – which they also appreciate greatly. I also want to thank our clients for their trust.”

Client assets and assets under management

Total client assets decreased in the first half year in the wake of the negative market performance to €118.5 billion (2021: €131.2 billion). Net assets under management (AuM) inflow was high, at €4.9 billion. Due to the negative market performance of €17.5 billion, overall AuM decreased to €99.6 billion (2021: €112.1 billion).

Net AuM inflows in the Private Clients remained robust, with €1.4 billion in the first half of the year. Net AuM inflows at Wholesale & Institutional Clients amounted to €3.5 billion. Client savings rose slightly to €11.9 billion (2021: €11.7 billion).

Results in the first half of 2022

Net profit was €48.2 million (H1 2021: €58.3 million). The decrease was mainly the result of a €9.9 million provision related to an interest-rate derivatives case, as reported in our Q1 trading update in May of this year.

Commission income was up 15% to €201.3 million (H1 2021: €175.7 million), partly as a result of the acquisition of a 70% stake in Belgian wealth manager Mercier Vanderlinden. Interest income fell to €69.7 million (H1 2021: €76.1 million), mostly due to lower margins on mortgages and reduced revenues from early repayment fees.

Operating expenses rose €19.2 million to €216.0 million (H1 2021: €196.8 million). This increase was partly due to the Mercier Vanderlinden acquisition (around €6 million), as anticipated, and to higher staff



costs. In the years ahead, we will continue to invest to achieve future growth.

The increase in both income and expenses resulted – on balance – in an efficiency ratio of 73.7%, slightly up from the same period last year (H1 2021: 73.1%).

The high quality of the loan portfolio – mainly comprising residential mortgages in the Netherlands – again allowed for a release from loan loss provisions, of €7.2 million for H1 2022 (H1 2021: €3.5 million).

Underlying net result was €60.7 million (H1 2021: 59.2 million), reflecting the net result adjusted for expenses related to the accounting treatment of the Mercier Vanderlinden acquisition, restructuring charges related to the takeover of Hof Hoorneman Bankiers and other incidental charges.

Private Clients

Profit before tax at Private Clients amounted to €55.5 million for the first half of 2022 (H1 2021: €51.1 million), with commission income nearly 30% up to €137.0 million (H1 2021: €106.8 million), partly thanks to Mercier Vanderlinden.

Once again, net inflows in this segment were high: €1.4 billion, of which €0.6 billion was generated by our Belgian activities. The strong net inflow of wealth from existing and new clients, combined with the high Relationship Net Promoter Score of 35, show that our clients have great confidence in us and value our personal service. The negative market performance led to a decrease in AuM to €40.1 billion (2021: €44.6 billion) and client assets to €54.2 billion (2021: €58.7 billion).

Collaboration between Van Lanschot Belgium and Mercier Vanderlinden is progressing very well. Mercier Vanderlinden clients are expected to start using Van Lanschot Kempfen in Belgium as a custodian from October 2022.

Alternative investment solutions remain an attractive investment class for our clients, a case in point being Kempfen European Private Equity Fund II, with committed capital of €245 million. In addition, we have developed a “real estate comparator”, making accessible to our private banking clients the expertise and data-driven model our professional investors use. With this tool, we are helping our clients make investment decisions in direct real estate.

The loan portfolio within Private Clients is €8.7 billion, of which €6.4 billion is in Dutch residential mortgages with an average loan-to-value of 61%. We provide mortgage loans as part of the total private banking client relationship. Other loans we provide as part of this relation include among others Lombard loans and other loans to medical professionals, business professionals and family offices.

Wholesale & Institutional Clients

Profit before tax at Wholesale & Institutional Clients amounted to €0.6 million for the first half of 2022 (H1 2021: €4.2 million). Commission income stood at €38.3 million (H1 2021: €37.7 million). The segment's profitability has our attention and we will focus on profitable growth for fiduciary management in the Netherlands and the United Kingdom and for investment strategies in Western-Europe in the years ahead.

Net AuM inflows for this segment were €3.5 billion. Negative market performance pushed down AuM to €59.5 billion (2021: €67.5 billion).

A net outflow of €0.3 billion was recorded for investment strategies, reflecting outflows in credit strategies and real assets strategies. Our focus for investment strategies is on further growth in the institutional markets in Europe by appointing experienced professionals for the German, Austrian and Scandinavian markets.



Net fiduciary management inflows were €3.8 billion in the period, on the back of a c. €4 billion fiduciary advisory mandate for KLM's cabin crew pension fund (Pensioenfonds KLM-Cabinepersoneel). In the United Kingdom, AuM contracted to €5.7 billion (2021: €8.0 billion) due to a combination of €0.3 billion in net outflows and a negative market performance.

In 2022 we launched asset class solutions (ACS), a total solution for our institutional clients to invest in non-liquid asset categories, such as European private debt or farmland. ACS comprises both our own funds and funds marketed by other players. ACS's AuM stood at €2.1 billion for the period. This was previously included under investment strategies.

Investment Banking Clients

In the first six months of 2022, Investment Banking Clients recorded pre-tax profit of €1.3 million (H1 2021: €10.3 million). Commission income was down to €24.3 million (H1 2021: €29.0 million). Whereas commission income in the first half of 2021 primarily derived from capital market transactions, this shifted to M&A advice and debt advisory in the same period of 2022.

Within this segment we continue to focus on our selected industries – real estate, life sciences & healthcare, tech & fintech, renewables and infrastructure – and on our excellent relationships with existing clients: 58% of transactions in the past five years were with existing clients (our target is 50–60%). In addition, in collaboration with the Private Clients segment, our sector expertise is increasingly used to advise clients in this segment on transactions.

Other

In June, a participating interest held by private equity fund Newion II - in which we invest - was sold. This resulted in a book profit of €7.4 million.

Despite turbulent markets, positions in our own funds generated a positive pre-tax result of €1.7 million (H1 2021: €8.3 million before taxes). We retain these positions so as to co-invest in our funds with our clients, while also providing seed capital to our start-up investment funds.

In June of 2022, we successfully placed our first €500 million Soft Bullet Covered Bond. The transaction led to a further enhancement and diversification of our funding profile.

Solvency

The CET 1 ratio remained strong at 20.2% (2021: 23.7%). The decrease reflects the introduction by De Nederlandsche Bank (DNB) of steeper capital requirements for residential mortgages as of 1 January 2022.

Proposed capital return of €1.50 per share

Our robust capital position is enabling us to propose returning €1.50 per share to our shareholders. If approved, over €60 million will be returned to our shareholders. Previous capital returns took place in 2017 (€1.00 per share), 2018 and 2019 (€1.50 per share in both years).

The capital return payment will be charged to the share premium reserve available for distribution. The total number of shares in issue will remain unchanged, while the CET 1 ratio after the capital return will still exceed our target of 15% plus an M&A add-on of 2.5% for acquisitions.

The proposed capital return will be put to the vote at the extraordinary general meeting of 6 October 2022. The notification, agenda and explanatory notes will be posted on our website today.

Going forward, we will continue to optimise our capital position, with the 2.5% M&A add-on providing sufficient scope for bolt-on acquisitions that fit with our wealth management strategy. As reported



previously, we intend to return to our shareholders any capital in excess of a CET 1 ratio of 17.5% in 2023 as well, subject to regulatory approval.

Key data

€m	H1 2022	H1 2021		H2 2021	
Statement of income					
Net result	48.2	58.3	-17%	85.5	-44%
Underlying net result ⁱ	60.7	59.2	3%	100.7	-40%
Efficiency ratio (%)	73.7	73.1		65.5	

€billion	30/06/2022	31/12/2021		30/6/2021	
Client assets	118.5	131.2	-10%	121.0	-2%
- Assets under management	99.6	112.1	-11%	104.2	-4%
- Assets under monitoring & guidance	3.2	3.5	-8%	3.2	0%
- Assets under administration	3.8	3.8	1%	3.4	14%
- Savings and deposits	11.9	11.7	2%	10.2	17%

€million	30/06/2022	31/12/2021		30/6/2021	
Statement of financial position and capital management					
Equity attributable to shareholders	1,244	1,308	-5%	1,291	-4%
Equity attributable to AT 1 capital securities	102	102	0%	102	0%
Savings and deposits	11,933	11,730	2%	10,228	17%
Loans and advances to clients	9,094	8,876	2%	8,663	5%
Total assets	16,702	16,307	2%	15,030	11%
Loan-to-deposit ratio (%)	76.2	75.7		84.7	
Total risk exposure amount	4,482	3,921	14%	4,586	-2%
Common Equity Tier 1 ratio (%) ⁱⁱ	20.2	23.7		21.9	
Tier 1 ratio (%) ⁱⁱ	22.5	26.3		23.1	
Total capital ratio (%) ⁱⁱ	25.8	30.1		25.2	

	H1 2022	H1 2021		H2 2021	
Key figures					
Weighted average of outstanding ordinary shares (x 1,000)	40,793	40,986	0%		
Underlying earnings per share (€)	1.40	1.36	3%	2.38	-41%
Return on average Common Equity Tier 1 capital (%) ⁱⁱⁱ	12.5	11.0		20.1	
Number of staff (FTEs at period end)	1,713	1,588	8%	1,654	4%



Result

€m	H1 2022	H1 2021		H2 2021	
Commission	201.3	175.7	15%	209.9	-4%
- Of which securities commissions	176.7	146.7	20%	183.4	-4%
- Of which other commissions	24.6	28.9	-15%	26.5	-7%
Interest	69.7	76.1	-8%	77.5	-10%
Income from securities and associates	6.2	22.3	-72%	43.6	-86%
Result on financial transactions	15.8	-4.8		-5.5	
Income from operating activities	293.1	269.3	9%	325.4	-10%
Staff costs	144.3	129.3	12%	143.6	0%
Other administrative expenses	64.2	59.4	8%	60.3	6%
- Of which regulatory levies and charges	11.0	9.9	11%	4.0	
Depreciation and amortisation	7.5	8.1	-7%	9.2	-18%
Operating expenses	216.0	196.8	10%	213.1	1%
Gross result	77.1	72.5	6%	112.3	-31%
Addition to loan loss provision	-7.2	-3.5		-8.1	-11%
Other impairments	1.1	-2.2		-4.3	
Impairments	-6.1	-5.7	7%	-12.4	-51%
Operating profit before tax of non-strategic investments	0.1	0.7	-85%	4.1	-97%
Operating profit before special items and tax	83.3	78.9	6%	128.8	-35%
Amortisation of intangible assets arising from acquisitions	7.6	3.7		7.6	0%
Expenses related to accounting treatment Mercier Vanderlinden	4.9	-	-100%	8.5	-42%
Provision revolving consumer credit	-	-	-100%	3.3	-100%
Restructuring charges	0.3	1.2	-73%	2.6	-87%
Other incidental items	9.9	-	-100%	2.3	
Operating profit before tax	60.6	74.0	-18%	104.5	-42%
Income tax	12.4	15.7	-21%	19.0	-35%
Net result	48.2	58.3	-17%	85.5	-44%
Underlying net result	60.7	59.2	3%	100.7	-40%



Result per segment

<i>H1-2022 (€m)</i>	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	137.0	38.3	24.3	1.7	201.3
Interest	68.1	0.0	0.0	1.6	69.7
Other income	1.5	-0.1	-1.8	22.4	22.0
Income from operating activities	206.7	38.2	22.5	25.7	293.1
Staff costs	44.8	5.1	11.7	82.7	144.3
Other administrative expenses	30.6	4.4	4.3	24.9	64.2
Allocated internal expenses	59.8	27.7	5.1	-92.6	0.0
Depreciation and amortisation	0.7	0.0	0.1	6.7	7.5
Operating expenses	135.9	37.2	21.2	21.7	216.0
Gross result	70.9	1.0	1.3	4.0	77.1
Impairments	-6.6	-	-	0.4	-6.1
Operating profit before tax of NSIs	-	-	-	0.1	0.1
Operating profit before special items and tax	77.4	1.0	1.3	3.6	83.3
Amortisation of intangible assets arising from acquisitions	6.8	0.4	-	0.4	7.6
Expenses related to accounting treatment Mercier Vanderlinden	4.9	-	-	-	4.9
Restructuring charges	0.3	-	-	-	0.3
Other incidental items	9.9	-	-	-	9.9
Operating profit before tax	55.5	0.6	1.3	3.2	60.6
Underlying profit before tax	70.6	0.6	1.3	3.2	75.7



<i>H1-2021 (€m)</i>	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	106.8	37.7	29.0	2.1	175.7
Interest	67.3	0.0	0.0	8.9	76.1
Other income	1.7	0.0	1.3	14.5	17.5
Income from operating activities	175.8	37.7	30.3	25.4	269.3
Staff costs	41.9	4.5	11.5	71.4	129.3
Other administrative expenses	28.5	3.2	3.8	23.9	59.4
Allocated internal expenses	52.8	25.4	4.6	-82.8	0.0
Depreciation and amortisation	0.7	0.0	0.1	7.2	8.1
Operating expenses	123.9	33.1	20.0	19.7	196.8
Gross result	51.9	4.6	10.3	5.7	72.5
Impairments	-3.4	-	-	-2.3	-5.7
Operating profit before tax of NSIs	-	-	-	0.7	0.7
Operating profit before special items and tax	55.3	4.6	10.3	8.7	78.9
Amortisation of intangible assets arising from acquisitions	3.0	0.4	-	0.4	3.7
Expenses related to accounting treatment Mercier Vanderlinden	-	-	-	-	-
Restructuring charges	1.2	-	-	-	1.2
Other incidental items	-	-	-	-	-
Operating profit before tax	51.1	4.2	10.3	8.3	74.0
Underlying profit before tax	52.4	4.2	10.3	8.3	75.2

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 2022 half-year results at www.vanlanschotkempen.com/results. In a conference call on 25 August at 9:00 am CET, we will discuss our 2022 half-year results in greater detail. This is available for live viewing at www.vanlanschotkempen.com/results and can be played back at a later time.

ADDITIONAL INFORMATION

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

FINANCIAL CALENDAR

6 October 2022	Extraordinary general meeting
4 November 2022	Publication of 2022 third-quarter trading update
23 February 2023	Publication of 2022 full-year results

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About Van Lanschot Kempen

Van Lanschot Kempen is a wealth manager active in Private Banking, Professional Solutions, 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 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 and targets on future events and developments. These forward-looking statements and targets 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 and targets 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 and targets.

Van Lanschot Kempen cautions that forward-looking statements and targets 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 semi-annual accounts are prepared in accordance with IAS 34 (Interim Financial Reporting), as adopted by the European Union. 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. 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.

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ⁱ Underlying net result consists of net result adjusted for expenses related to the accounting treatment of Mercier Vanderlinden, provision revolving consumer credit, restructuring charges and other incidental items.

ⁱⁱ 31/12/2021 including retained earnings; 30/06/2021 and 30/06/2022 excluding retained earnings.

ⁱⁱⁱ Based on annualised underlying net result attributable to shareholders.