2017 half-year results

29 August 2017

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VAN LANSCHOT KEMPEN

Good progress on Strategy 2020

Net AuM inflow

Next steps in omnichannel private banking model

Increased client interaction and retention

het nederlandse pensioen fonds

Pensioenfonds UWV

Significant growth in fiduciary services

Staalbankiers

Dutch private banking activities of UBS

Bolt-on acquisitions

STATER International Mortgage Services

fidor SOLUTIONS

Outsourcing non-core banking services in progress

VolkerWessels

Boskalis

Relevant in our niches

Strong track record for investment strategies

Robust performance and proposal to return capital

Net result rises to €62.3m
(H1 2016: €31.5m)

Underlying net result rises to €69.6m
(H1 2016: €37.7m)

Client assets €72.0bn (+4%)

Assets under management
€60.1bn (+4%)

Capital ratios continue to improve

CET I ratio at 19.6%

Proposal to return €1 per share to shareholders

Highlights H1 2017

Strong increase in underlying net result

Net result rises by 98% to €62.3m (H1 2016: €31.5m)
- Underlying net result rises to €69.6m (H1 2016: €37.7m)
- Commission income increases 13% to €132.3m (H1 2016: €117.4m)
- Income from securities and associates rises to €29.7m (H1 2016: €8.5m)
- Operating expenses fairly stable at €196.8m
- Improving credit quality leads to net release of loan loss provision of €1.9m (H1 2016: net release of €1.7m)

Further increase in client assets

Assets under management increase by 4% to €60.1bn (2016: €57.5bn)
- Private Banking assets under management grows to €19.6bn with a net inflow of €0.3bn in H1 2017
- With a shift from savings to assets under management, total client assets at Evi remain stable at €1.5bn
- New Asset Management mandates lead to growth in assets under management to €39.5bn, with a net inflow of €1.3bn
- Clients assets increase by 4% to €72.0bn (2016: €69.4bn)

Capital position strengthened further

Strong balance sheet
- CET I ratio (fully loaded) reaches 19.6% (2016: 18.6%)
- Fully loaded leverage ratio amounts to 7.0% (2016: 6.9%)
- Next step in achieving our ambition to return at least €250 million in capital to our shareholders by 2020: proposal to return €1 per share

Good progress on Strategy 2020

Important steps made in Strategy 2020
- Acquisition of UBS's domestic wealth management activities in the Netherlands
- Integration of Staalbankiers' private banking activities successfully completed
- Further development of omnichannel private banking model
- Good progress on outsourcing of servicing of mortgages and payments with Stater and Fidor respectively

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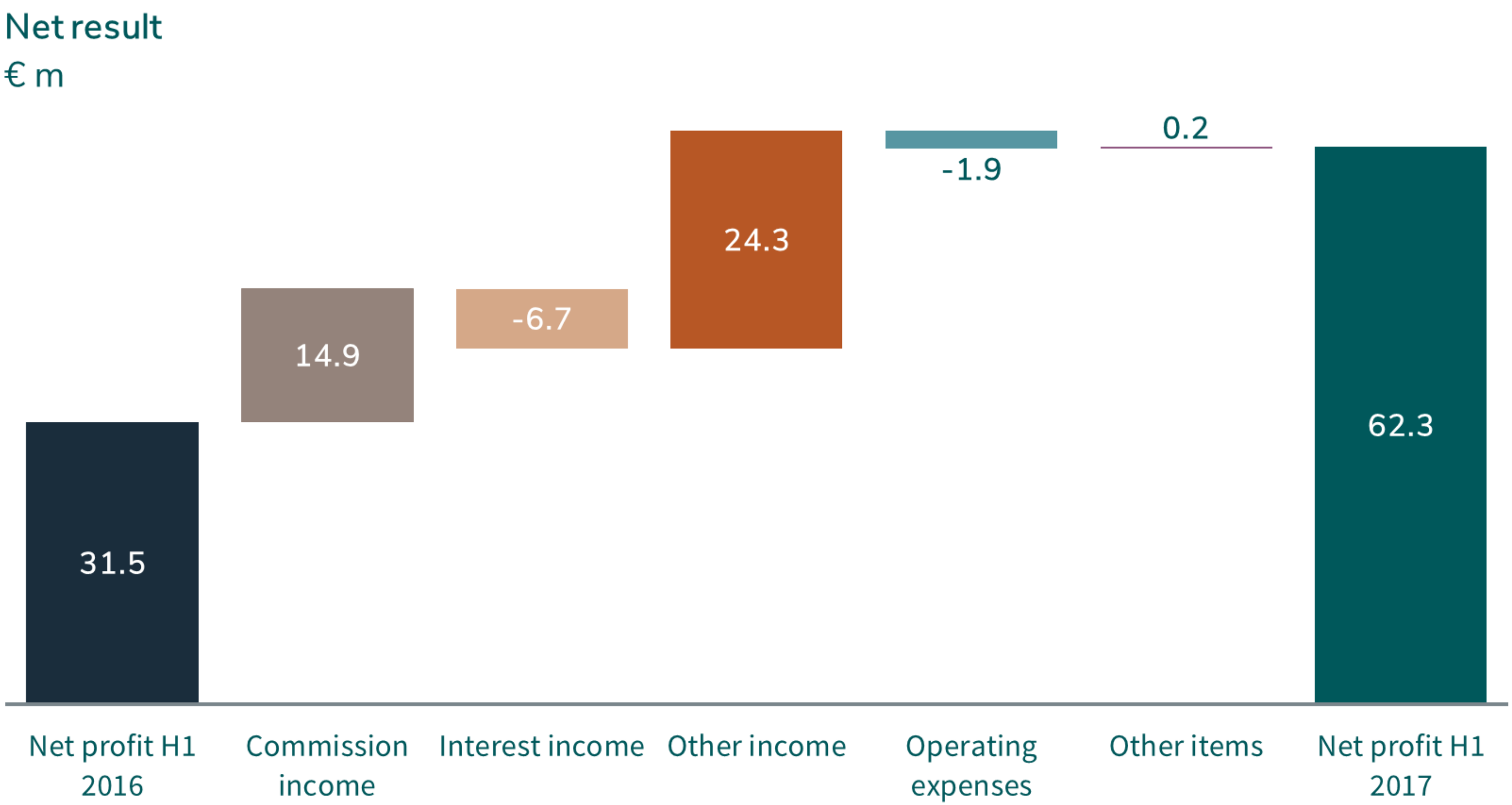
Strong increase in net result to €62.3m (H1 2016: €31.5m)

€ m	H1 2017	H1 2016	% change
Commission income	132.3	117.4	13%
Interest income	103.6	110.3	-6%
Other income	36.9	12.5	194%
Income from operating activities	**272.7**	**240.2**	**14%**
Operating expenses	-196.8	-194.8	1%
Gross result	**76.0**	**45.4**	**67%**
Loan loss provisioning	1.9	1.7	11%
Other impairments	-0.5	-0.5	1%
Operating profit before tax of non-strategic investments	7.0	3.1	124%
Operating profit before one-off charges and tax	**84.5**	**49.8**	**70%**
Derivatives recovery framework		-8.0	
Other one-off charges		-2.0	
Strategy 2020 investment programme	-9.7	-0.3	
Operating profit before tax	**74.7**	**39.5**	**89%**
Income tax	-12.4	-8.0	55%
Net profit	**62.3**	**31.5**	**98%**
Underlying net result*	**69.6**	**37.7**	**85%**
Efficiency ratio (%)	72.1%	81.1%	

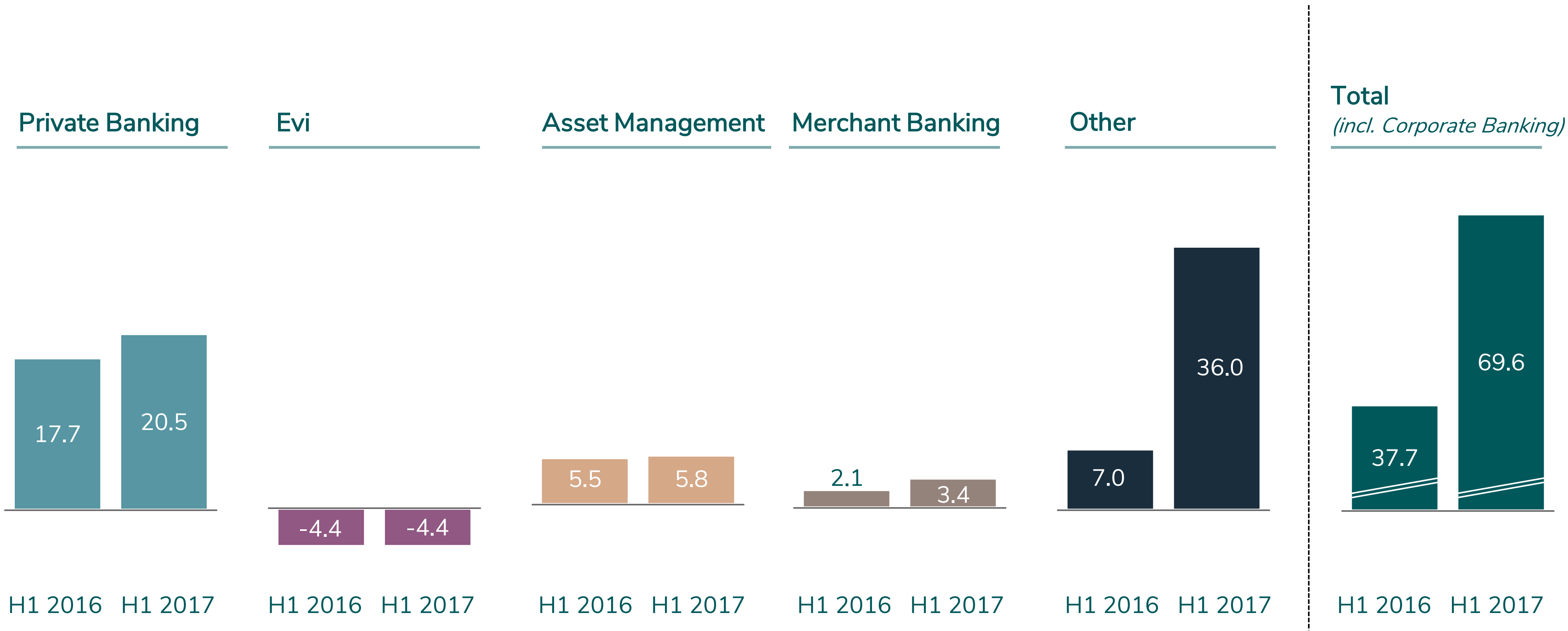
* Underlying net result H1 2017 excludes one-off costs related to the Strategy 2020 investment programme. The figure for 2016 excludes the one-off costs related to the derivatives recovery framework and the Strategy 2020 investment programme.

Net profit up significantly to €62.3m

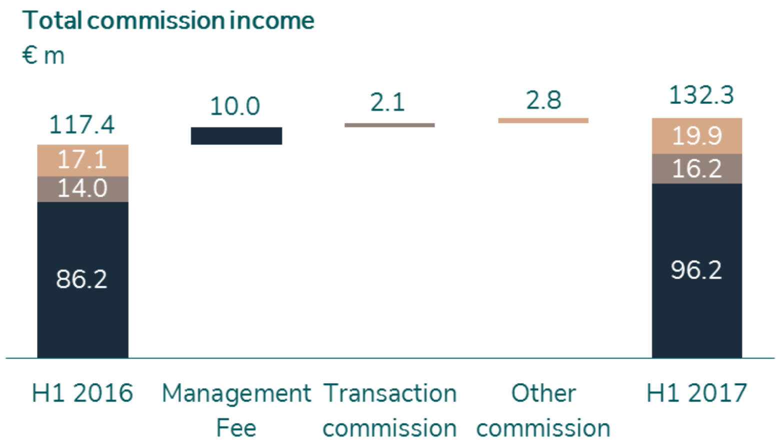


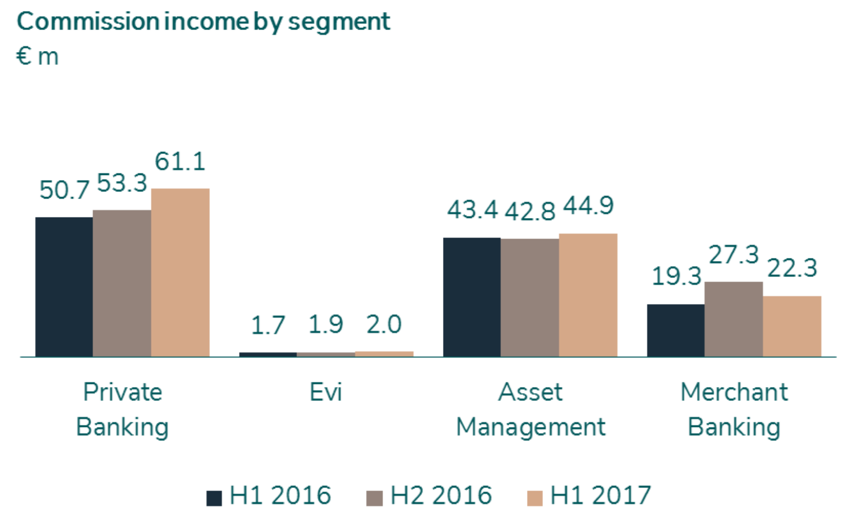
Underlying net result advances to €69.6m

€ m



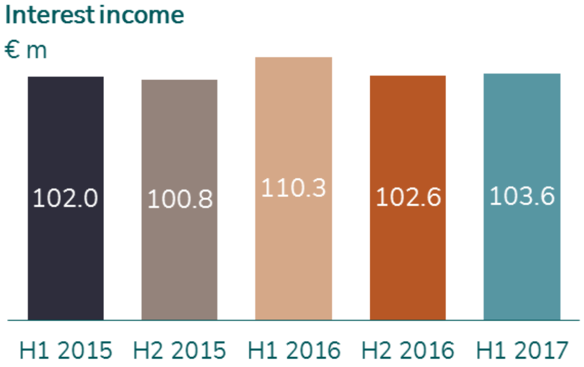
Increase in commission income is a further sign of our successful wealth management strategy

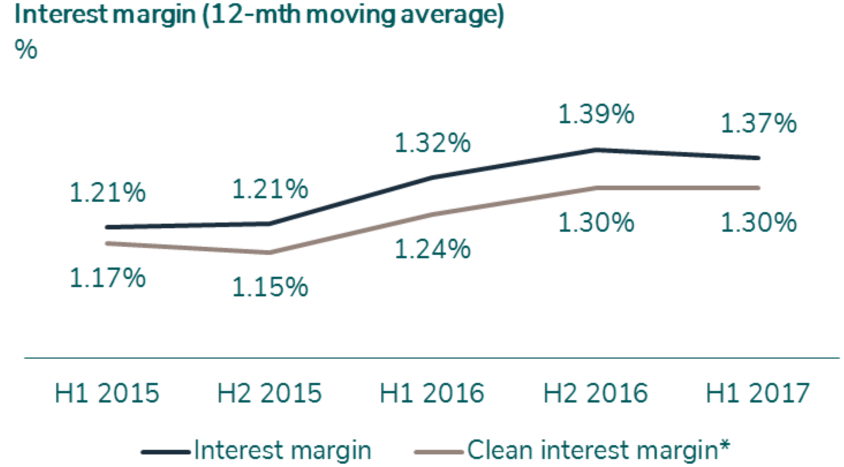




- Transaction-related activities of Private Banking clients increase by more than 70%
- At Asset Management, new mandates and market performance lead to growth

Stable interest margin



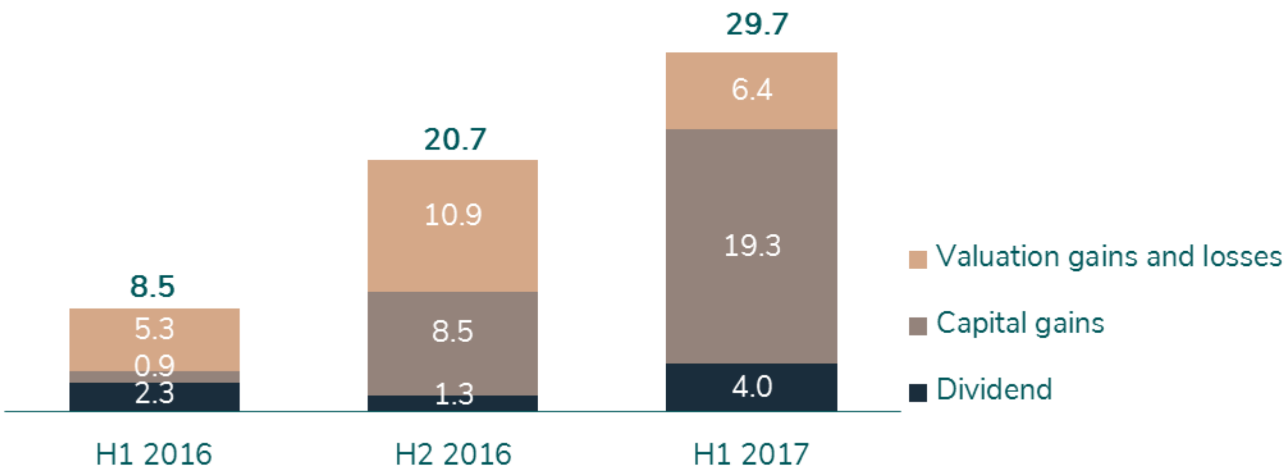


- Lower interest income is mainly due to a smaller loan portfolio
- Clean interest margin remains stable at 1.30% in H1 2017 compared with end of 2016
- Reduction in savings of c. €300m due to active balance sheet management

* The clean interest margin equals the gross interest margin adjusted for interest equalisation and interest-related derivatives amortisation.

Increasing Income from securities and associates

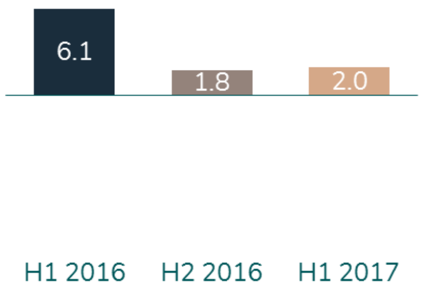
Income from securities and associates
€ m



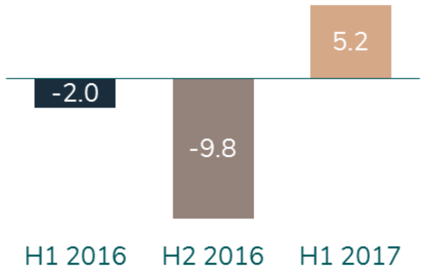
- Income from securities and associates relates to investments of Van Lanschot Participaties and stakes in own investment funds
- At the beginning of 2017 a significant capital gain was realised on the sale of our minority stake in TechAccess (€11.1m) and stakes in our own investment funds

Result on financial transactions up due to more favourable markets

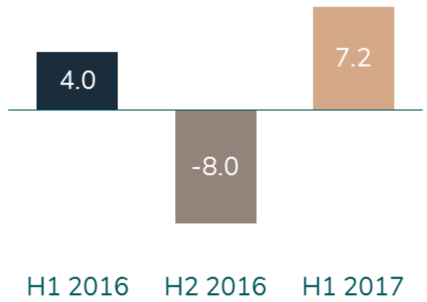
Results on investment portfolio
€ m



Other results
€ m



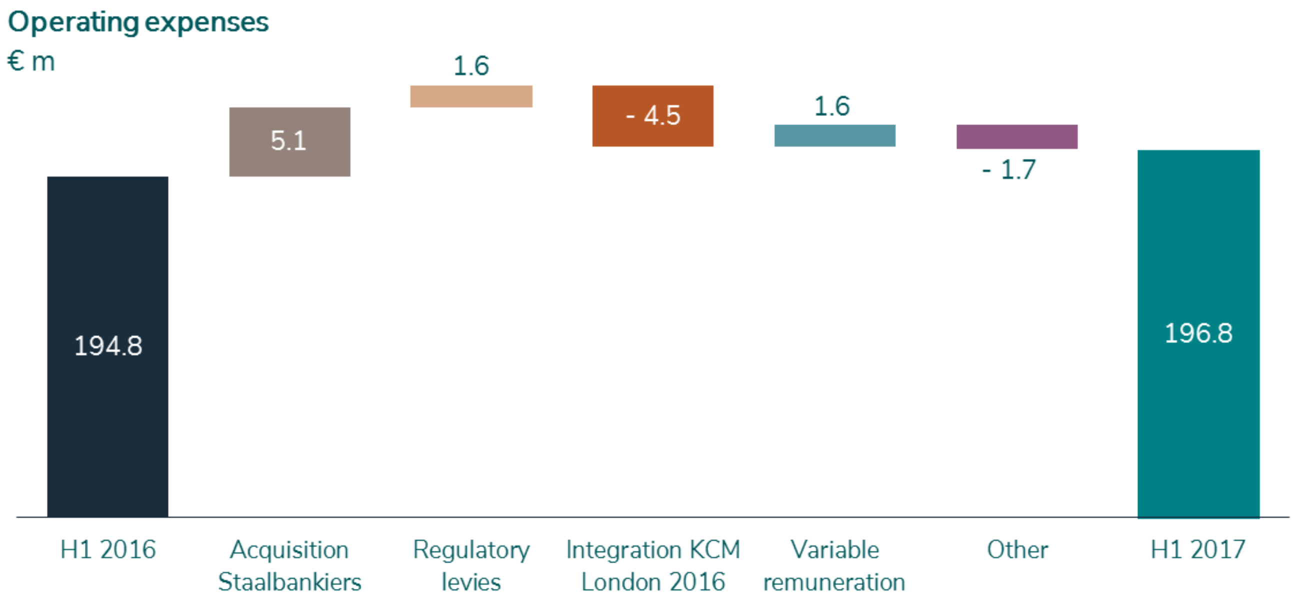
Total result on financial transactions
€ m



Consists of:
- Realised gains on AFS-portfolio
- Results on mark-to-market portfolio

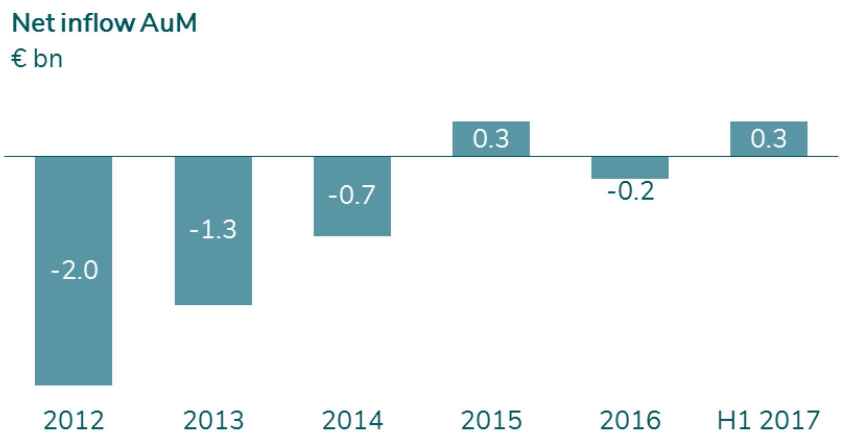
Results from:
- Brokerage activity
- Currency trading
- Interest rate hedges
- Medium-term notes

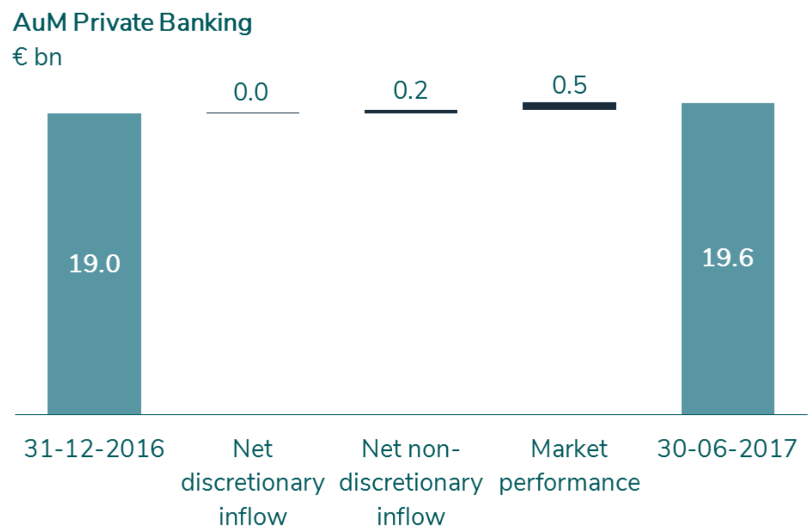
Operating expenses fairly stable



- A smaller part of the costs of Staalbankiers is non-recurring as it is related to the transition
- The €4.5m costs for KCM London were non-recurring
- Total regulatory levies in H1 2017 amount €7.5m

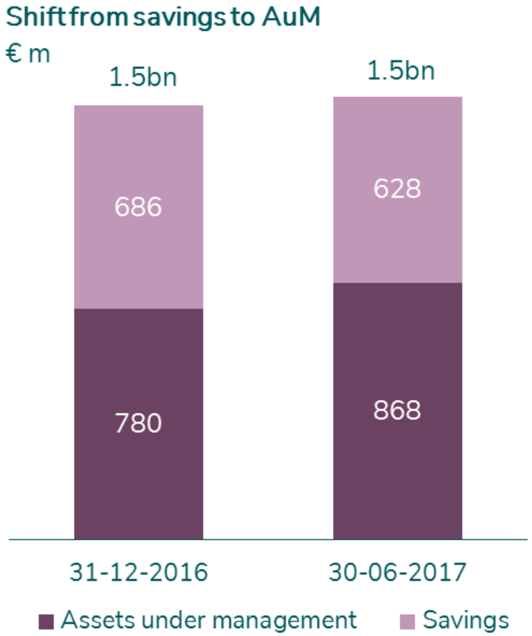
Further progress on our Private Banking wealth management strategy

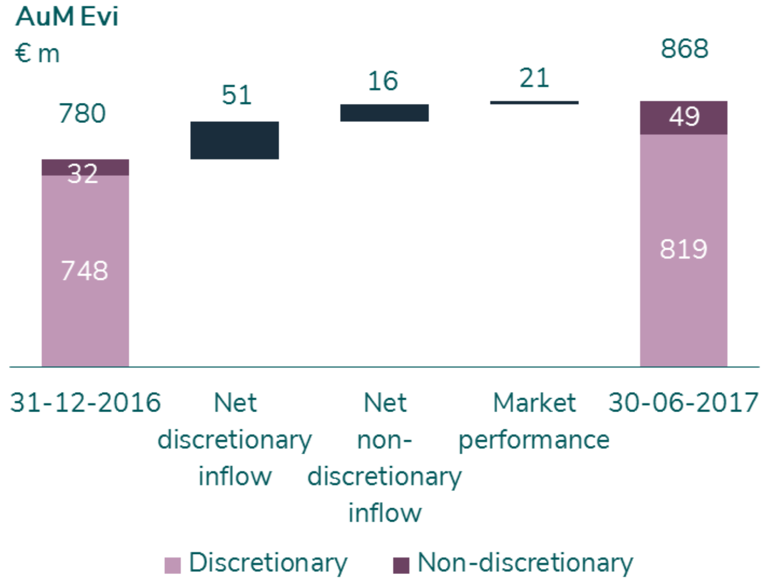




- Assets under management increase to €19.6bn (+4%), with net inflow at €0.3bn
- Commission income rises to €61.1m (H1 2016: €50.7m) driven by the acquired Staalbankiers' private banking activities, higher transaction-related activities by clients and growth in assets under management
- Underlying net result increases to €20.5m (H1 2016: €17.7m)
- Integration of former Staalbankiers private banking clients successfully completed; over 95% of assets under management have been retained

Evi aims to stand out for excellent service and continues to show AuM growth



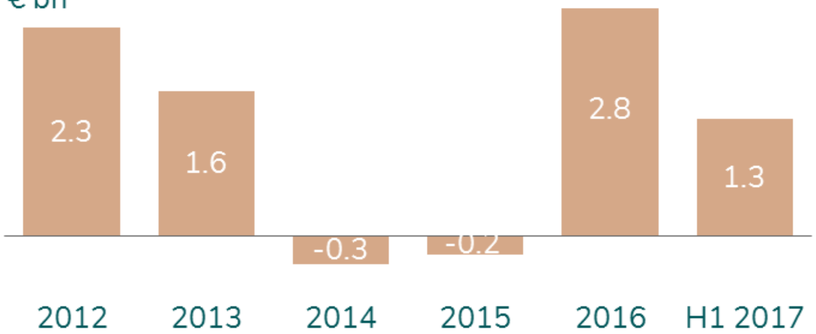


- Evi shows a shift from savings to assets under management
- Total client assets stable at €1.5bn
- Outflow of savings in Belgium in line with funding strategy
- Commission income increases to €2.0m (H1 2016: €1.7m)
- Underlying net result remains at - €4.4m (H1 2016: - €4.4m)

AuM growth at Asset Management continues

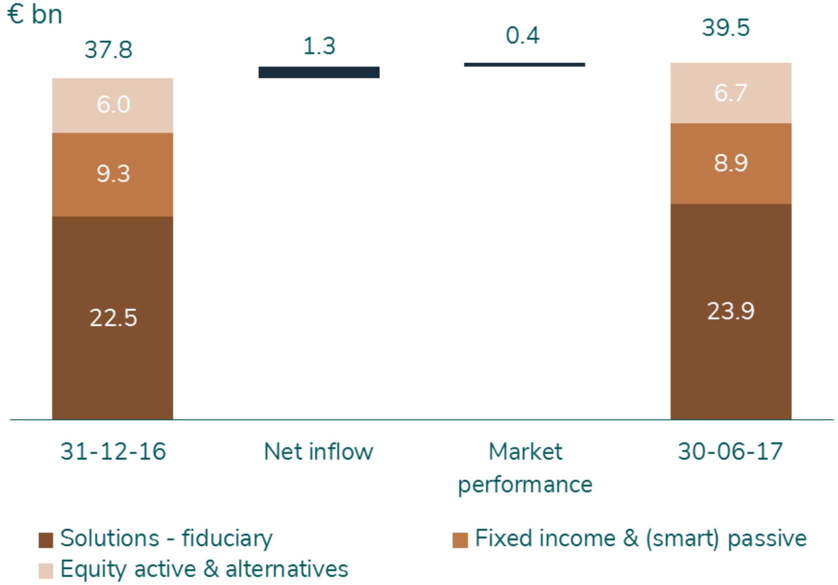
Net inflow AuM

€ bn



AuM Asset Management

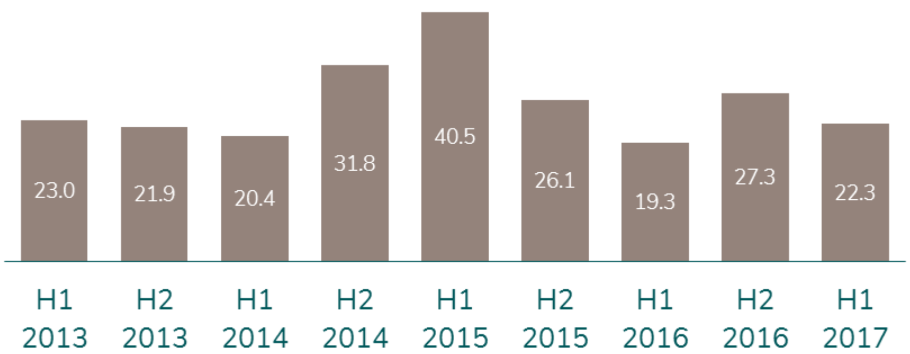
€ bn



- Assets under management rise to €39.5bn (+5%) mainly driven by new mandates
- Commission income increases to €44.9m (H1 2016: €43.4m); slight fee pressure visible
- Underlying net result increases to €5.8m (H1 2016: €5.5m)
- Several new mandates will take effect in H2 2017; Stichting Pensioenfonds UWV, c. €7.3bn of AuM
- Launch of Long-Term Value Creation Strategy and Diversified Structured Credit Pool

High activity in all Merchant Banking niches

Commission income
€ m



- Commission income rises to €22.3m (H1 2016: €19.3m)
- Underlying net result at €3.4m (H1 2016: €2.1m)
- Promising pipeline for H2 2017
- Positive momentum for Structured Products, mainly due to low interest rate environment
- Implementation of Mifid II on track

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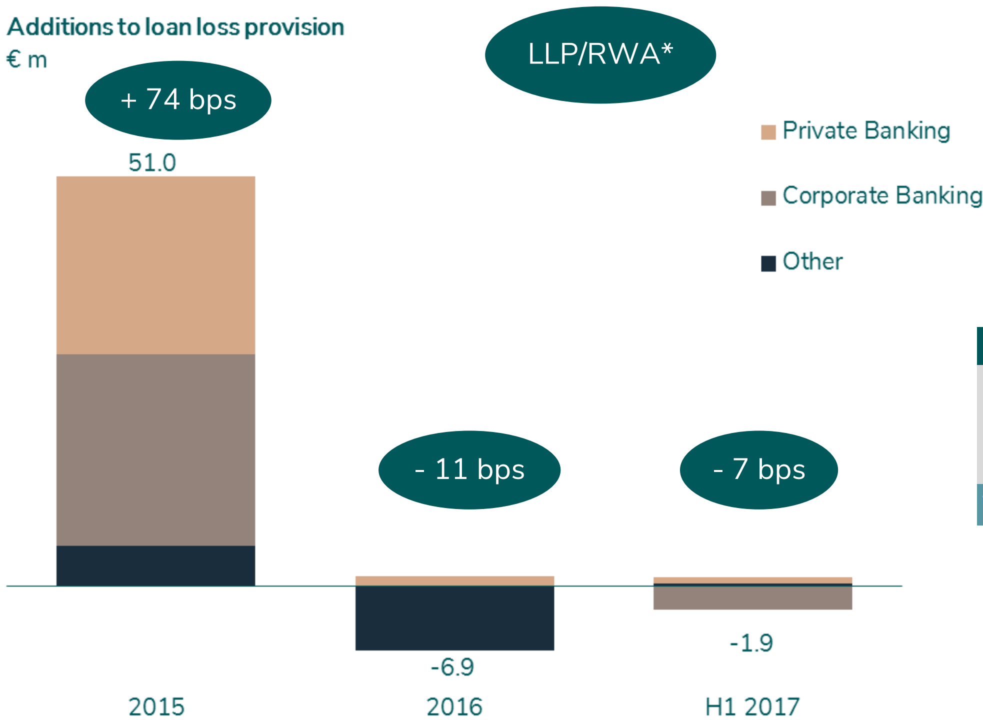
Mortgage book stable, run-off of Corporate Banking continues

€ m	30-06-2017	31-12-2016	% change	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	5,740	5,718	0%	77	21	1.3%	28%
Other loans	2,223	2,200	1%	152	81	6.9%	53%
Private Banking	7,962	7,917	1%	229	102	2.9%	45%
Loans to SMEs	577	679	-15%	172	32	29.7%	19%
Real estate financing	557	705	-21%	57	10	10.2%	18%
Corporate Banking	1,134	1,384	-18%	229	42	20.2%	19%
Mortgages distributed by third parties	525	485	8%	1	0	0.2%	19%
Provisions excl. IBNR	-145	-155	7%				
IBNR	-7	-7	0%		7		
Total	9,470	9,624	-2%	459	152	4.8%	32%

- Total impaired ratio improves to 4.8% from 5.1%

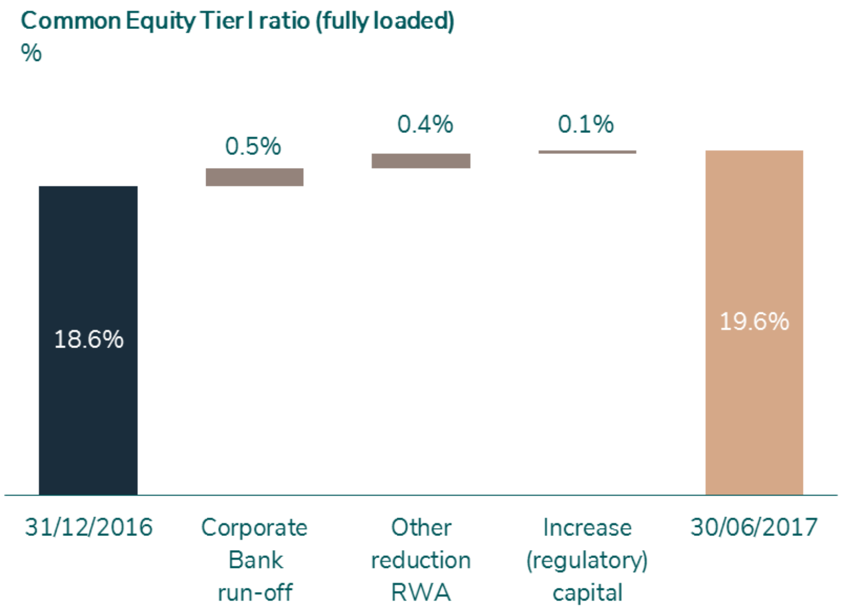
Net release of loan loss provisions



Additions to loan loss provision	2015	2016	H1 2017
Private Banking	22.1	1.2	0.8
Corporate Banking	23.9	0.0	-3.0
Other	5.0	-8.1	0.2
Total	51.0	-6.9	-1.9

* Average total RWA

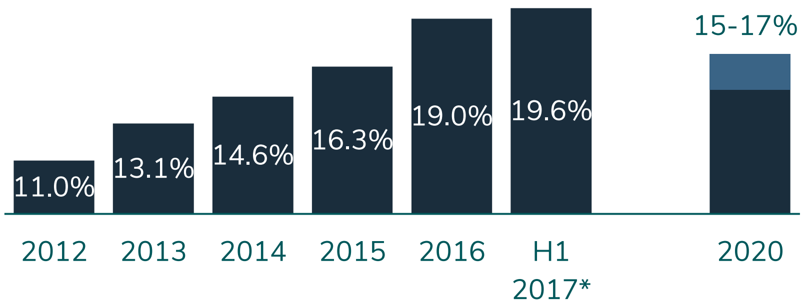
Strong capital position supports a capital return to our shareholders



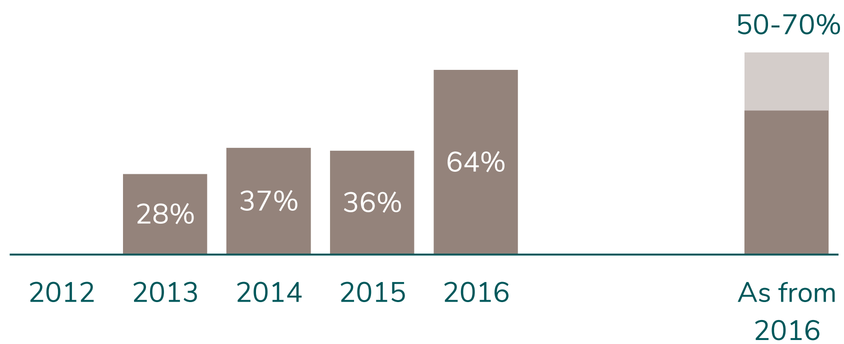
- Proposed return of capital of €1 per share represents the next step in the implementation of our capital strategy: our aim to return at least €250 million to shareholders in the period up to and including 2020, subject to the approval of the regulators
- The CET I ratio should remain well ahead of our capital objectives of 15–17% even after this return of capital

Overview of group targets

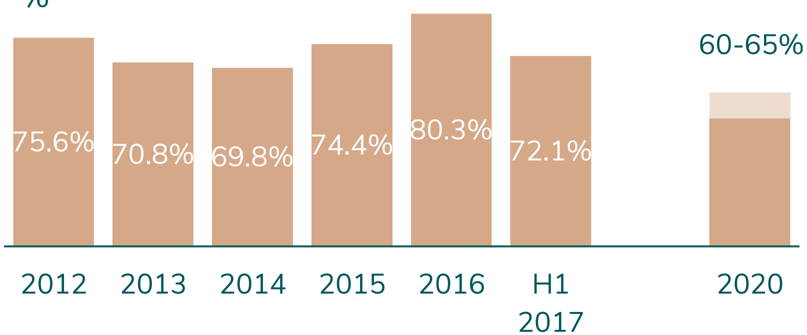
Common Equity Tier I ratio
%



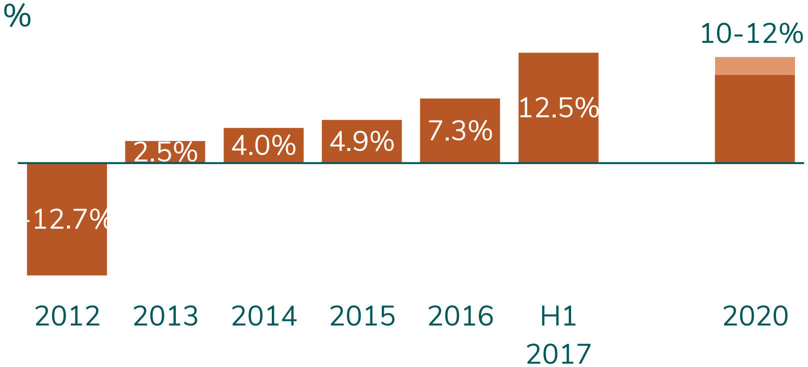
Dividend pay-out ratio**
%



Efficiency ratio
%



Return on Common Equity Tier I**
%



* H1 2017 fully loaded and excluding retained profit; other years phase-in and including retained profit
** Based on (annualised) underlying net result

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