

2017 annual results

Strong results driven by successful
strategy implementation

22 February 2018



**VAN LANSCHOT
KEMPEN**



Strong operating performance and good progress on Strategy 2020



Net inflow AuM Private Banking: €0.5bn



Dutch wealth management activities of

Successful integration of bolt-on acquisitions



Next steps in omnichannel private banking model



Outsourcing mortgage servicing completed and payments on track



New product offerings launched




Total shareholders distribution: €2.20 per share



+45% increase in number of AuM clients



Net inflow AuM Asset Management: €9.0bn



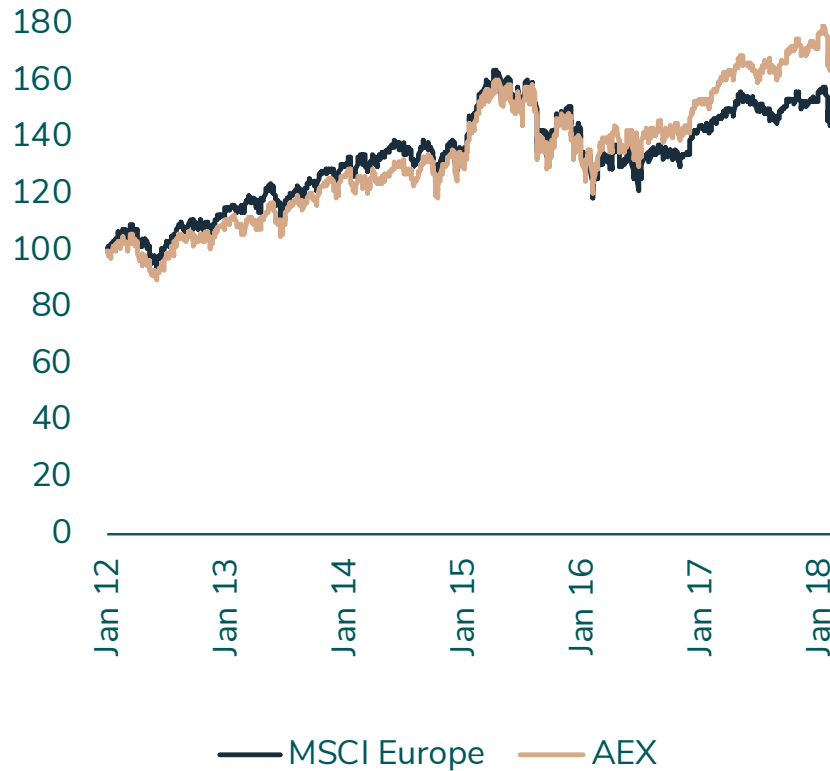
Four new investment strategies launched



Successful in all our Merchant Banking niches

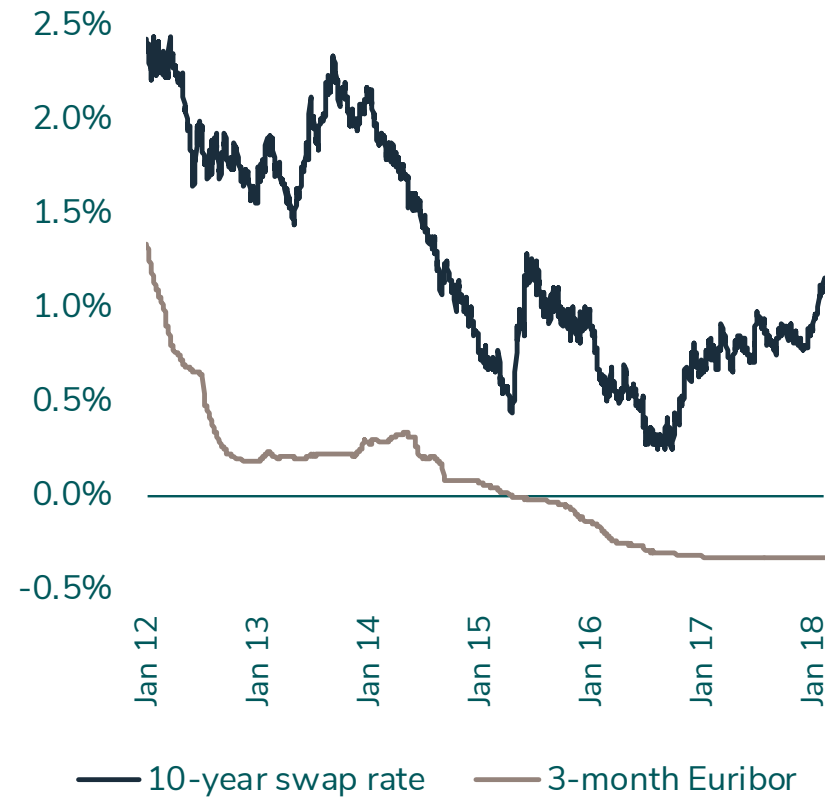
Market developments in 2017

Equity indices



Source: Bloomberg

Interest rates

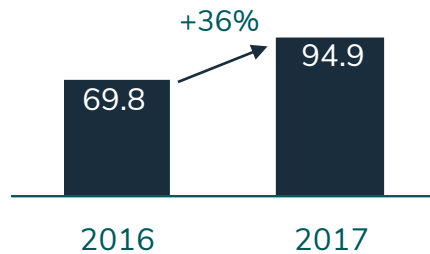


Source: Bloomberg

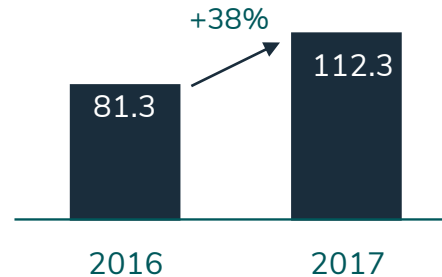


Strong overall performance

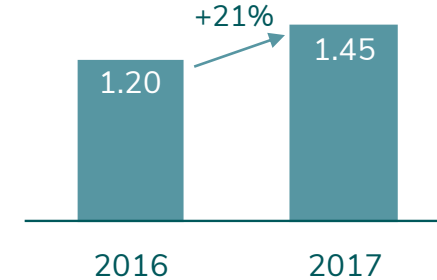
Net profit
€ m



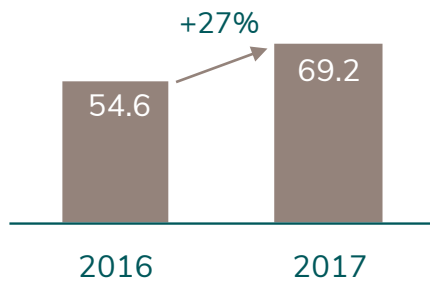
Underlying net result
€ m



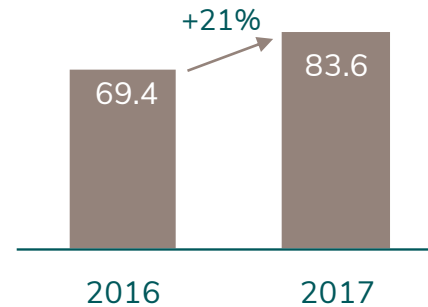
Dividend per share
€



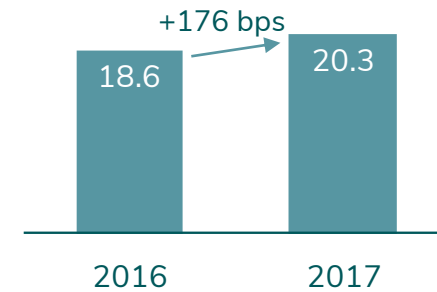
Assets under Management
€ bn



Client assets
€ bn



Common Equity Tier I ratio
%



Highlights 2017

Strong increase in underlying net result

Net result rises by 36% to €94.9m (2016: €69.8m)

- Underlying net result rises to €112.3m (2016: €81.3m)
- Growth in commission income of 10% to €267.0m more than offsets decrease in interest income
- Income from securities and associates goes up to €37.0m (2016: €29.2m)
- Operating expenses fairly stable at €392.1m
- Improving credit quality triggers net release of loan loss provision of €11.9m (2016: net release of €6.9m)

Further increase in client assets

Client assets increase by 21% to €83.6bn (2016: €69.4bn)

- Assets under management (AuM) grow to €69.2bn (2016: €54.6bn) driven by net inflows of €9.3bn among other factors
- AuM Private Banking increases to €22.8bn due to net inflows, acquisitions and market performance
- Evi's AuM client base rises by 45% to c. 13,000 clients in 2017
- New mandates lead to growth in AuM at Asset Management to €45.5bn (+31%)

Capital position strengthened further

Strong balance sheet

- CET I ratio (fully loaded) reaches 20.3% (2016: 18.6%)
- Total capital ratio (fully loaded) reaches 22.1% (2016: 19.5%)
- Fully loaded leverage ratio amounts to 6.7% (2016: 6.9%)
- Capital return of €1 per share in December 2017
- Proposed dividend per share up from €1.20 to €1.45

Good progress on Strategy 2020

Important steps made in Strategy 2020

- Acquisition of UBS's wealth management activities in the Netherlands
- Integration of Staalbankiers' private banking activities successfully completed
- Further development of omnichannel private banking model
- Outsourcing mortgage servicing completed and payments on track



Strong increase in net result to €94.9m (+36%)

€ m	2017	2016	% change
Commission	267.0	243.7	10%
Interest	196.6	212.9	-8%
Other income	51.2	25.2	103%
Income from operating activities	514.8	481.8	7%
Operating expenses	-392.1	-383.6	2%
Gross result	122.7	98.2	25%
Loan loss provisioning	11.9	6.9	73%
Other impairments	2.6	-1.1	
Operating profit before tax of non-strategic investments	12.6	7.4	70%
Operating profit before special items and tax	149.8	111.4	34%
Strategy 2020 investment programme	-21.4	-7.3	
Derivatives recovery framework	-1.7	-8.0	
Amortisation of intangible assets arising from acquisitions	-6.1	-3.1	
Other one-off charges	0.0	-7.2	
Operating profit before tax	120.5	85.8	40%
Income tax	-25.6	-16.0	60%
Net profit	94.9	69.8	36%
Underlying net result*	112.3	81.3	38%
Efficiency ratio (%)	76.2%	79.6%	

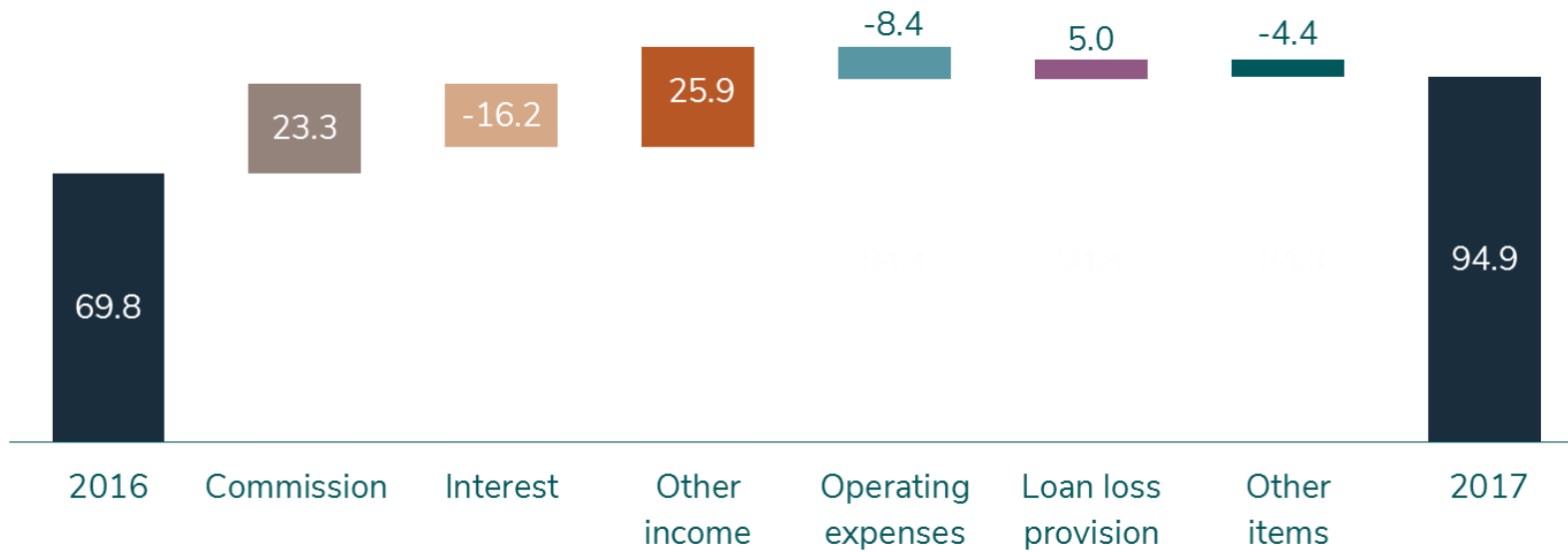
* Underlying net result 2017 and 2016 excludes the one-off costs related to the derivatives recovery framework and the Strategy 2020 investment programme.



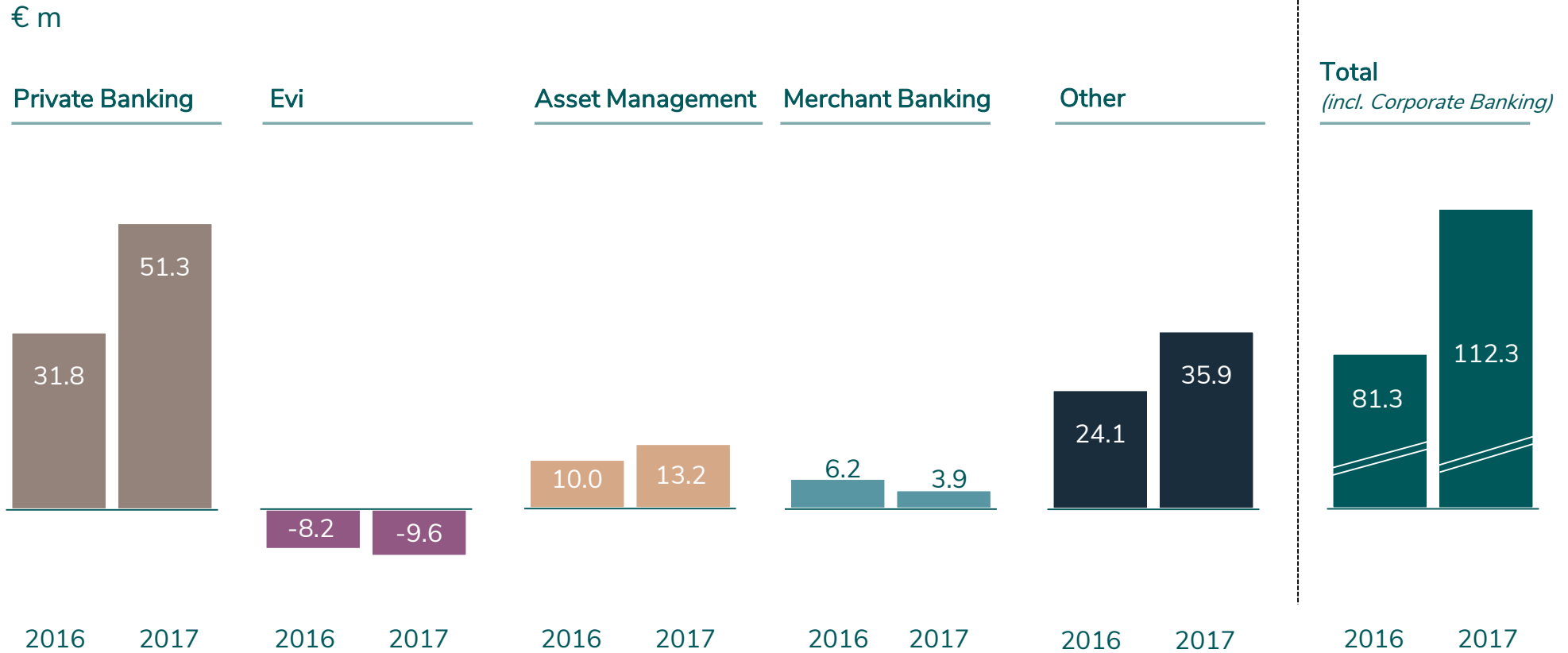
Net profit increases significantly by 36%

Key drivers of net profit

€ m



Underlying net result advances to €112.3m

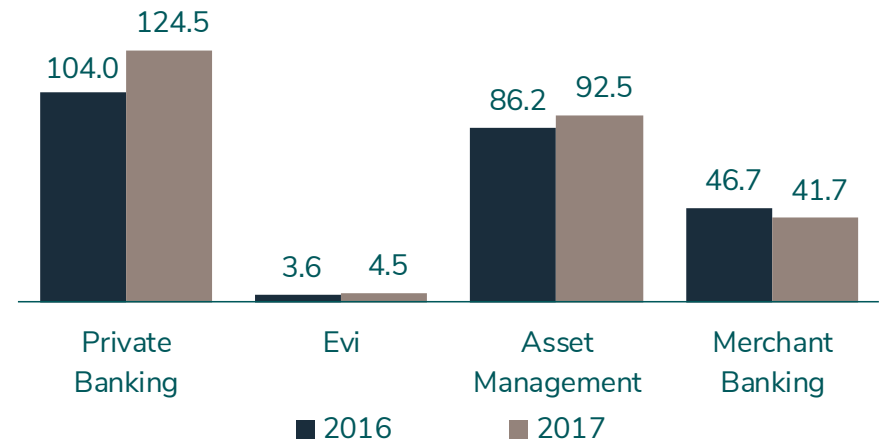


Growth in commission underscores our successful wealth management strategy

Total commission
€ m



Commission by segment
€ m

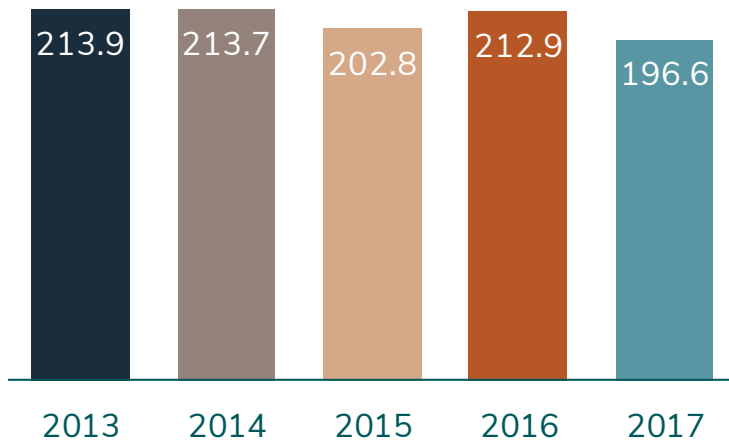


- Commission of Private Banking increases 20% driven by organic AuM growth, acquisitions and higher transaction related activities
- Higher client trading activity leads to a growth of €4m in transaction fees at Private Banking
- At Asset Management, new mandates and market performance fuel growth

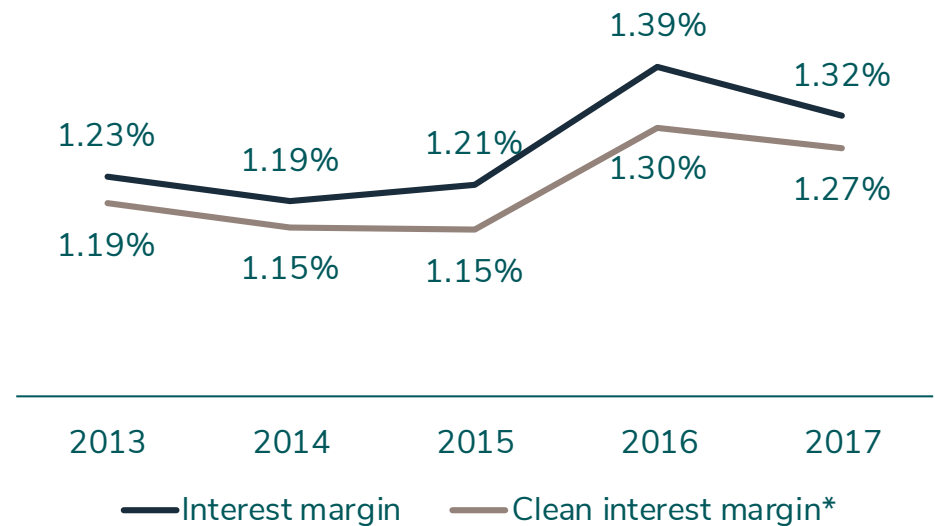


Margin pressure and a smaller loan portfolio are affecting interest income

Interest
€ m



Interest margin (12-mth moving average)
%



- A smaller loan portfolio – mainly due to the run-off at Corporate Banking – caused a decline in interest income in recent years
- Despite active balance sheet management, margin pressure impacts interest income in 2017

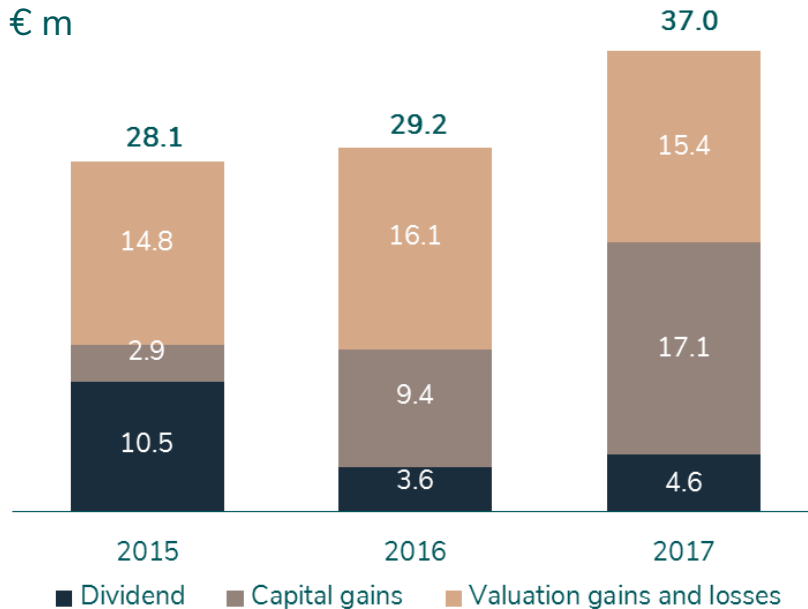
* The clean interest margin equals the gross interest margin adjusted for interest equalisation and interest-related derivatives amortisation.



Steady income from securities and associates

Income from securities and associates

€ m



	Book value 31/12/2017	Income 2017
VLP (minority interests)	53.2	26.1
Bolster (new fund)	16.8	0.0
Co-investments in own products	96.9	11.6
Other equity investments*	9.1	-0.6
Total	176.0	37.0

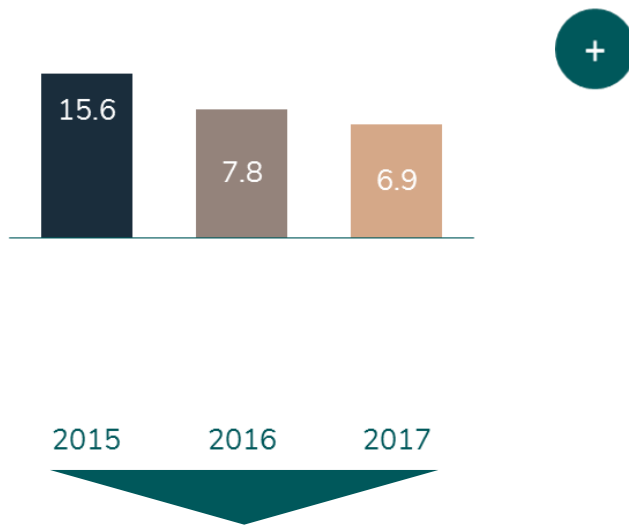
- Income from securities and associates relates to our minority equity investments and stakes in our own investment funds
- Over the last 10 years core income from securities and associates averaged €20m - €25m
- At the beginning of 2017, a significant capital gain was realised on the sale of our minority stake in TechAccess (€11.1m) and stakes in our own investment funds (€6.5m)

* Excludes specific treasury investment

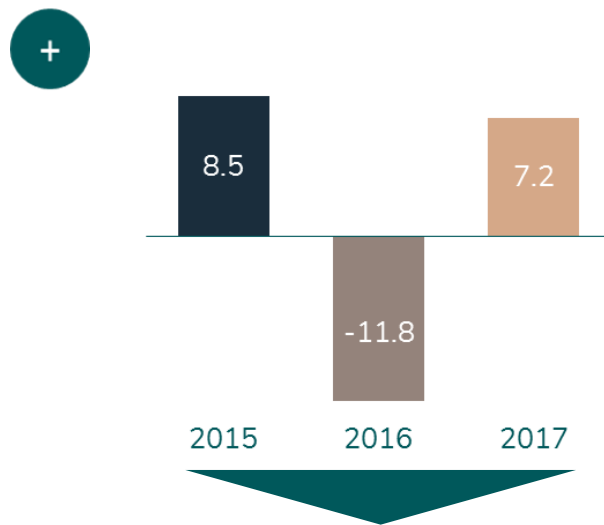


Result on financial transactions buoyed up by more favourable markets

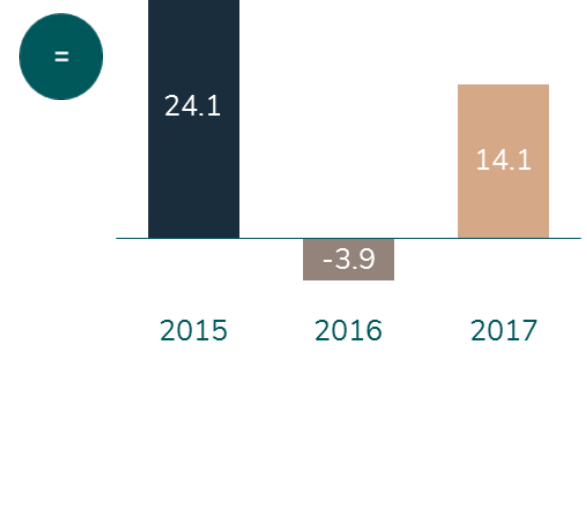
Results on investment portfolio
€ m



Other results
€ m



Total result on financial transactions
€ m



Consists of:

- Realised gains on AFS portfolio
- Results on mark-to-market portfolio

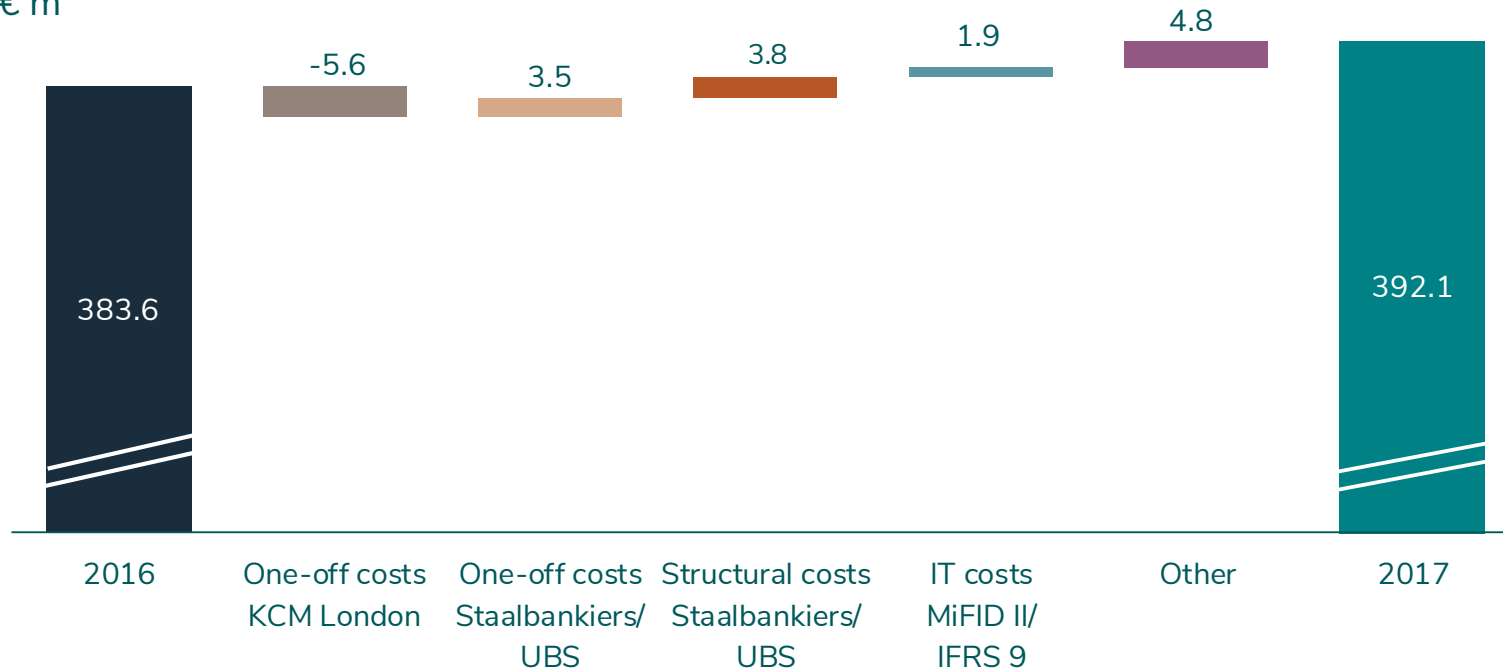
Results from:

- Brokerage activity
- Currency trading
- Interest rate hedges
- Medium-term notes



Operating expenses fairly stable

Operating expenses
€ m

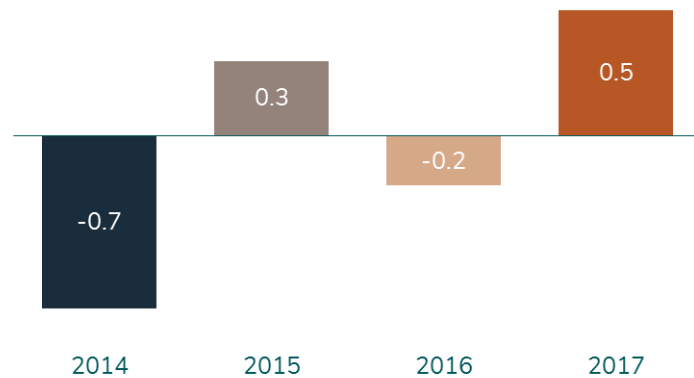


- Costs 2% up on 2016, partly due to higher costs associated with acquisition of Staalbankiers' private banking activities and UBS's wealth management activities in the Netherlands

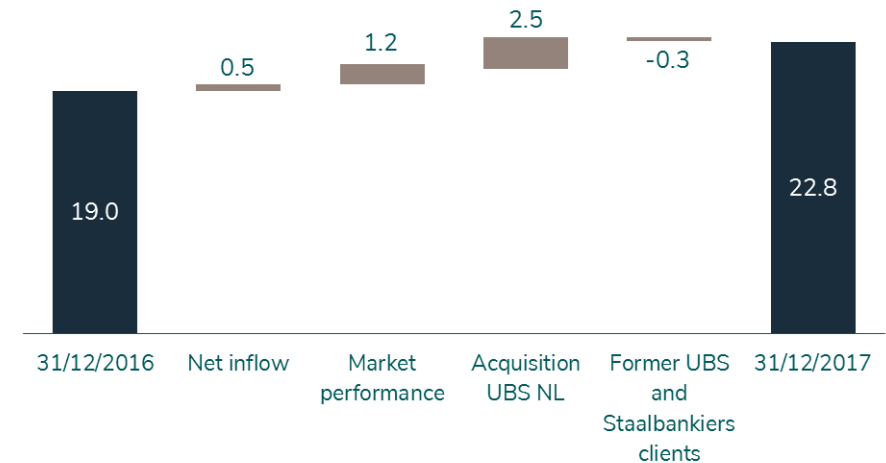


Strong AuM growth due to net inflow and acquisition of UBS's Dutch wealth management activities

Net inflow AuM Private Banking
€ bn



AuM Private Banking
€ bn

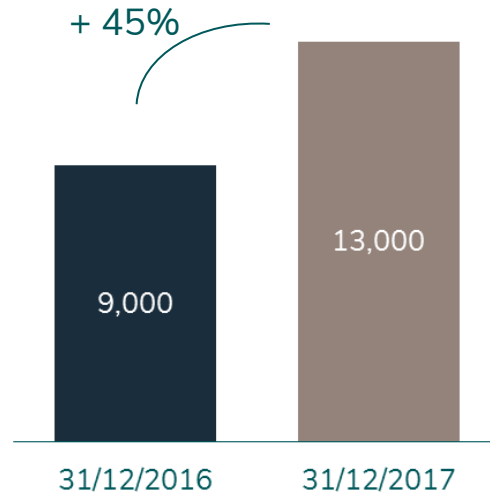


- AuM increase to €22.8bn (+20%); net inflow excluding former Staalbankiers' and UBS's wealth management clients at €0.5bn
- Integration of former Staalbankiers' and UBS's wealth management clients successfully completed; over 90% of assets under management retained
- Net result Van Lanschot Private Banking +30% to €35.2m
- Commission income rises to €124.5m (2016: €104.0m) driven by acquisitions, higher transaction-related activities by clients and growth in AuM

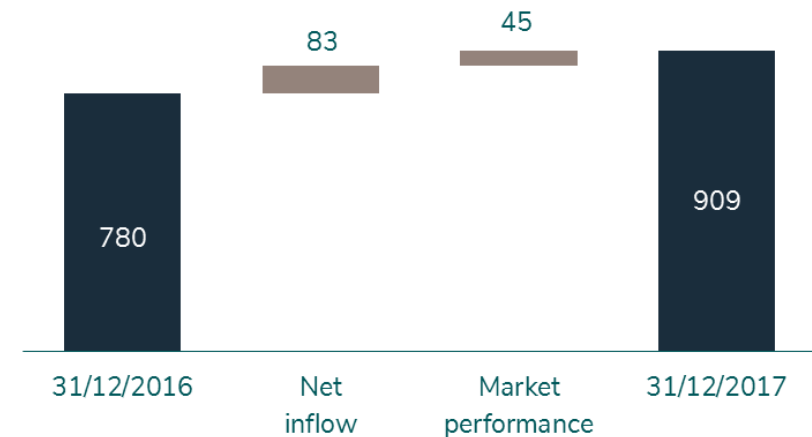


Evi's client base grew significantly, leading to AuM growth

Evi's AuM client base



AuM Evi
€ m



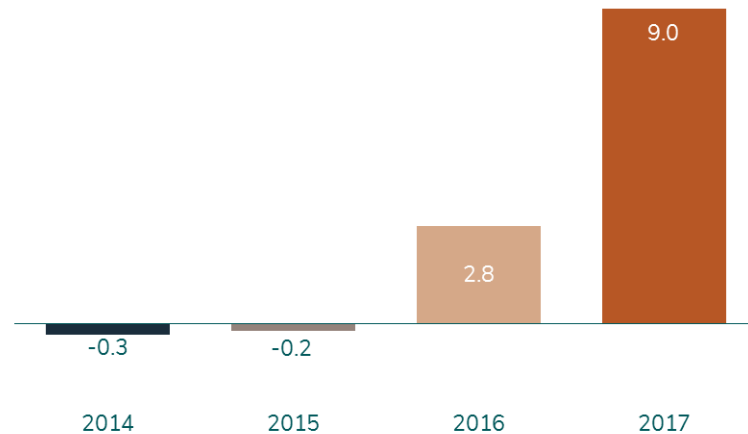
- Evi's AuM client base grew by 45% to c. 13,000 clients*
- Shift from savings to AuM, with total client assets stable at €1.5bn
- Outflow of savings in Belgium in line with funding strategy
- Commission income rises to €4.5m (2016: €3.6m)
- Underlying net result decreases to - €9.6m (2016: - €8.2m)

* Total Evi client base at 25,000 (including both AuM and savings clients)

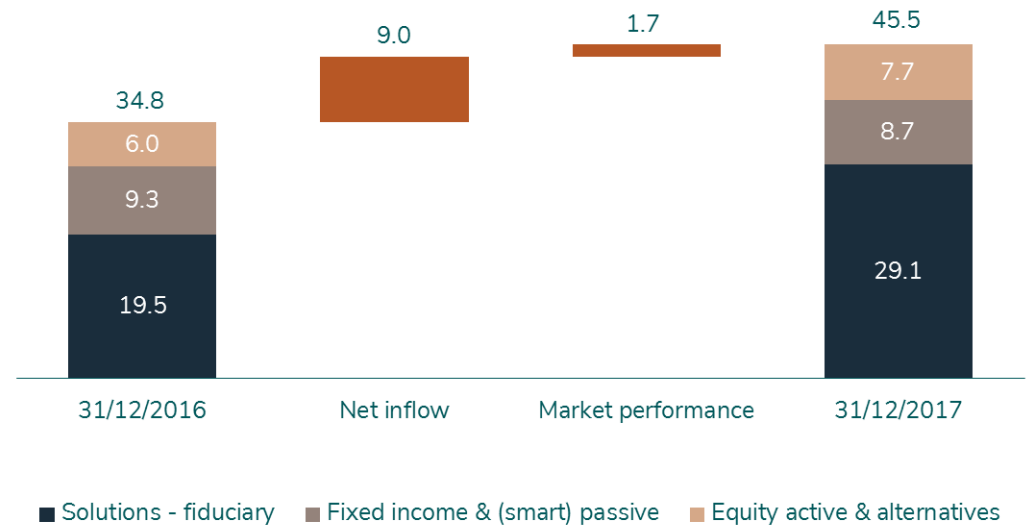


AuM growth at Asset Management accelerates with new mandates

Net inflow AuM
€ bn



AuM Asset Management
€ bn

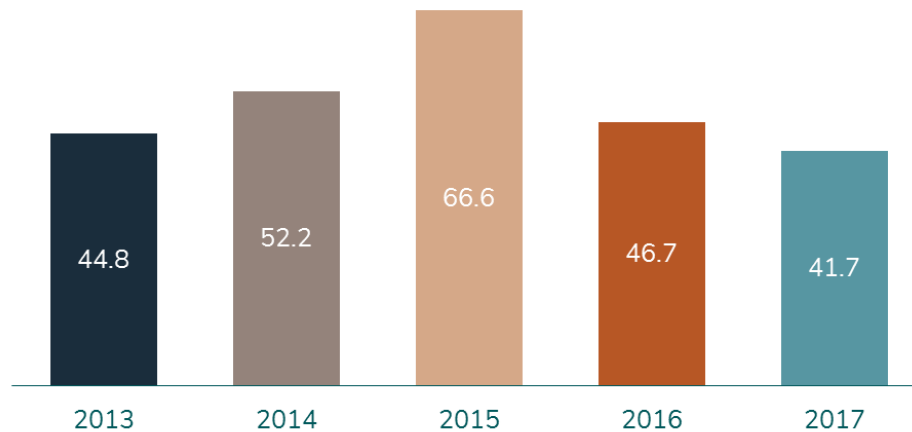


- Assets under management rise to €45.5bn (+31%)
- Increase mainly driven by new mandates, e.g. Stichting Pensioenfond UWV with c. €7.3bn of AuM
- Commission income increases to €92.5m (2016: €86.2m); slight fee pressure visible
- Underlying net result grows to €13.2m (2016: €10.0m)
- Launch of four new strategies: Structured Credit Fund, European High-yield Fund, Income Fund and Sustainable Value Creation Fund
- Opening of new office in Paris



High activity in all Merchant Banking niches

Commission
€ m



- Commission income at €41.7m (2016: €46.7m)
- Underlying net result at €3.9m (2016: €6.2m)
- MiFID II successfully implemented
- Structured products team achieved strong income growth thanks to a large number of new products and attractive market circumstances

Selection of 2017 deals

 Public offer for BUWOG €5,200,000,000 M&A adviser Kempen Pending	 Private placement €300,000,000 Sole M&A adviser Kempen July 2017	 Inaugural bond issue €400,000,000 Debt adviser Kempen July 2017
 Initial Public Offering €632,000,000 Joint Bookrunner Kempen July 2017	 Debt advisory £3,700,000,000 Debt adviser Kempen July 2017	 Capital raise €280,000,000 Sole financial adviser Kempen May 2017
 Sale of residential portfolio €230,000,000 Sole M&A adviser Kempen September 2017	 US public offering USD 265,512,000 Adviser Kempen December 2017	 Accelerated bookbuild offering €80,000,000 Joint Bookrunner Kempen November 2017
 Sale to Sole M&A Adviser Kempen October 2017	 Acquisition of BUCKYROO Sole M&A adviser Kempen July 2017	 Initial public offering €648,000,000 Financial adviser Kempen May 2017



Mortgage book stable, Corporate Banking run-off continues

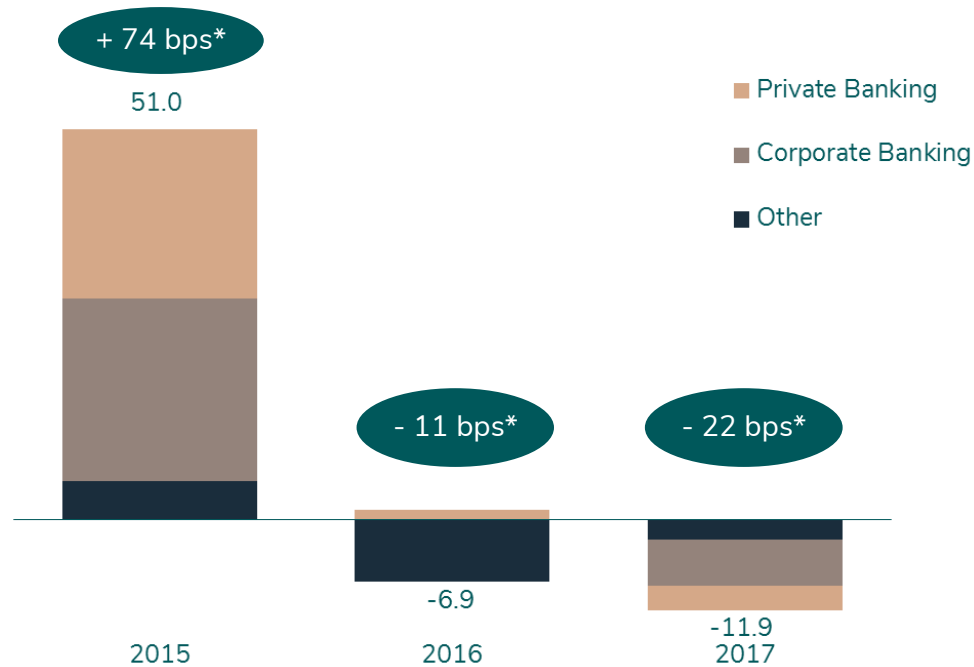
€ m	31/12/2017	31/12/2016	% change	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	5,712	5,826	-2%	55	11	1.0%	20%
Other loans	2,045	2,092	-2%	140	69	6.8%	50%
Private Banking	7,756	7,917	-2%	195	81	2.5%	41%
Loans to SMEs	457	679	-33%	133	28	29.2%	21%
Real estate financing	411	705	-42%	42	7	10.3%	16%
Corporate Banking	868	1,384	-37%	175	34	20.2%	19%
Mortgages distributed by third parties	600	485	24%	0	0	0%	15%
Provisions excl. IBNR	-115	-155	-26%				
IBNR	-6	-7	-20%		7		
Total	9,103	9,624	-5%	371	120	4.0%	31%

- Total impaired ratio improves to 4.0% from 5.1%



Net release of loan loss provisions

Additions to loan loss provision € m



Additions to loan loss provision	2015	2016	2017
Private Banking	22.1	1.2	-3.3
Corporate Banking	23.9	0.0	-6.0
Other	5.0	-8.1	-2.6
Total	51.0	-6.9	-11.9

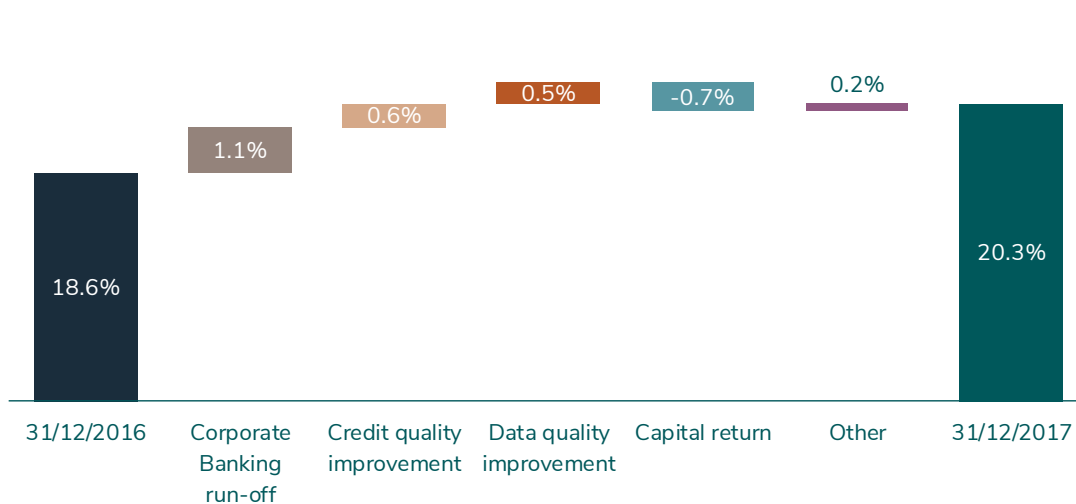
- We saw a net release of loan loss provisions
- Net release mainly driven by favourable market conditions and rising house prices

* Loan loss provision / Average total RWA

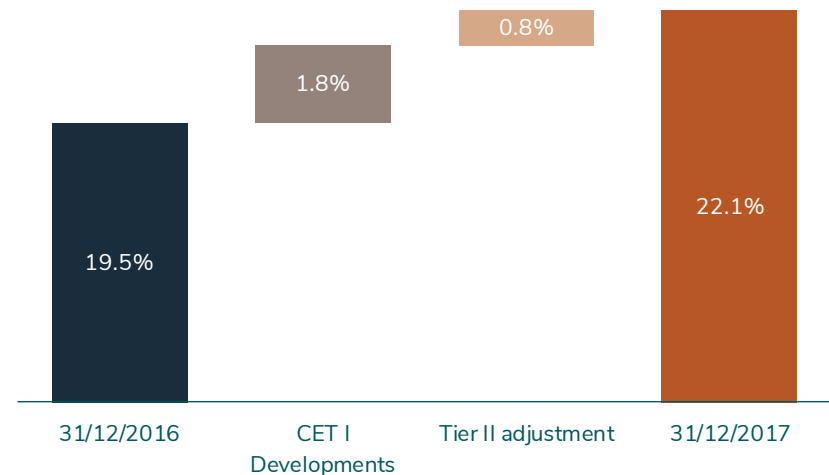


Our CET I ratio increases to 20.3%

Common Equity Tier I ratio (fully loaded)
%



Total capital ratio (fully loaded)
%



- We propose a cash dividend of €1.45 per share (c. €60m in total)
- An adjustment to the characteristics of our Tier II notes resulted in an optimisation of our capital ratio
- We reiterate our commitment to return at least €250 million to our shareholders by 2020, based on our current plans and currently known laws and regulations
- Based on our current assets and provisional calculations, we do not expect risk-weighted assets to increase by more than 10% as a result of Basel IV (currently at €4,979m)
- The estimated impact of applying IFRS 9 on our CET I ratio is a decrease of 20 basis points (of which 5 basis points as a result of equity deduction related to loss allowances)



Increased focus on our core wealth management activities

Outsourcing



Spin-offs



Activities

- Stater is a large Dutch mortgage servicer
- Fidor is a German fintech company

Transaction

- Stater has taken over mortgage servicing as of September 2017
- Fidor will provide a white-label solution for payments by the end of 2018

Our involvement

- All client contact remains with Van Lanschot Private Banking
- The proposition and banking app will be part of Van Lanschot's client proposition

- Bolster (formerly Van Lanschot Participaties) is an independent long-term private equity investor, specialising in minority interests in Dutch companies

- Spin-off as of 1 December 2017

- We continue to own our current portfolio and obtained a significant minority interest in the new fund

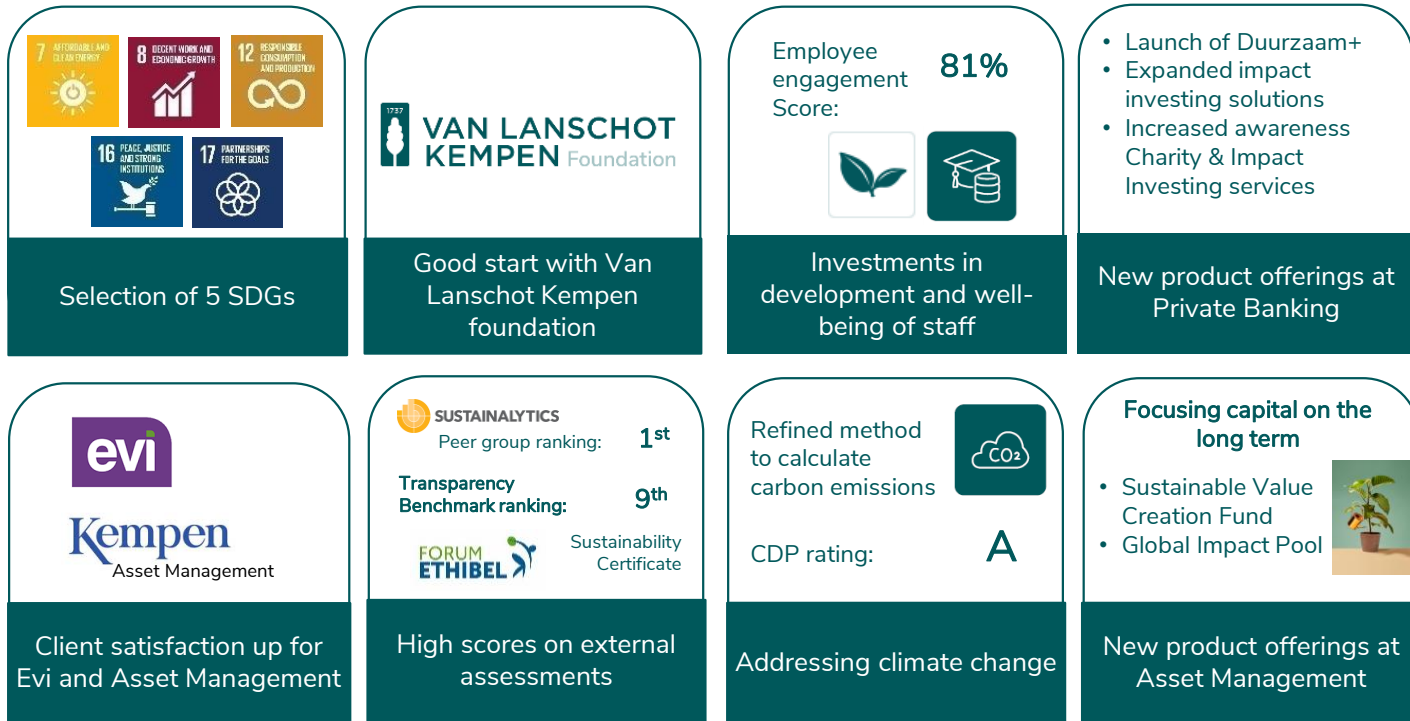
- Captin (formerly Equity Management Services (EMS)), offers a platform for trading in unlisted companies and provides tailored solutions in employee ownership

- Spin-off as of 1 October 2017

- We will remain involved with Captin by providing trading facilities and accounts for Captin clients

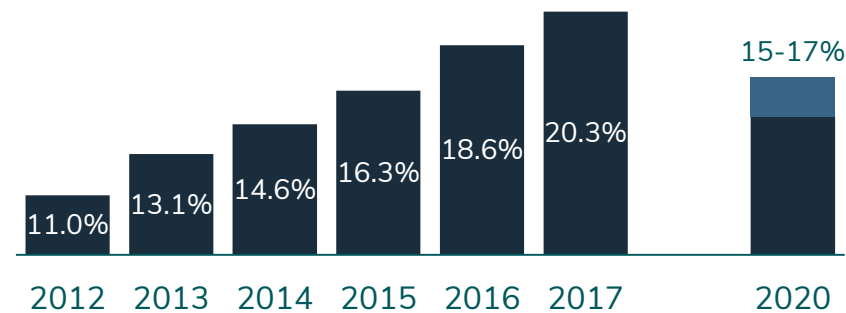


Good progress on long-term value creation

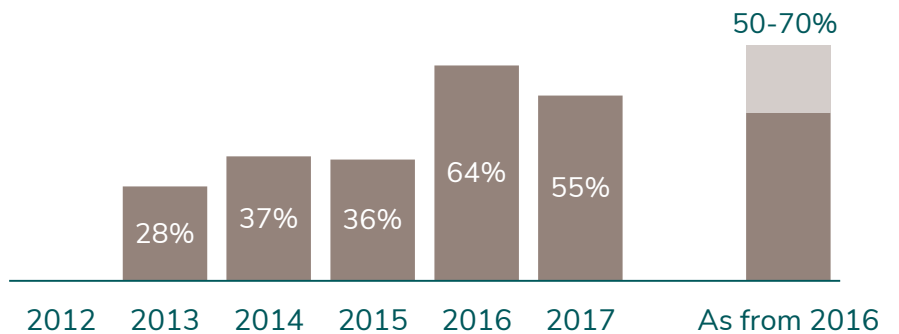


Overview of group targets

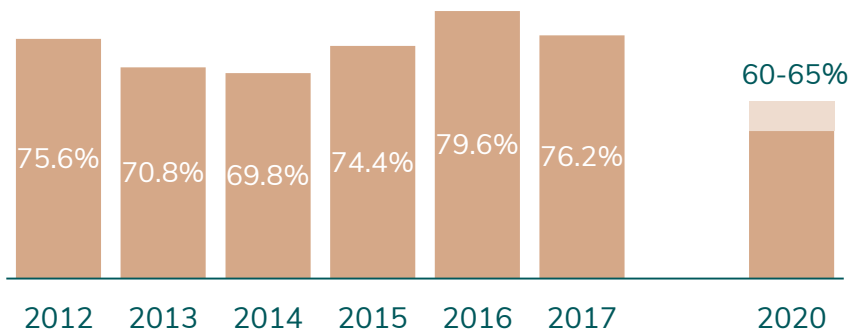
Common Equity Tier I ratio*
%



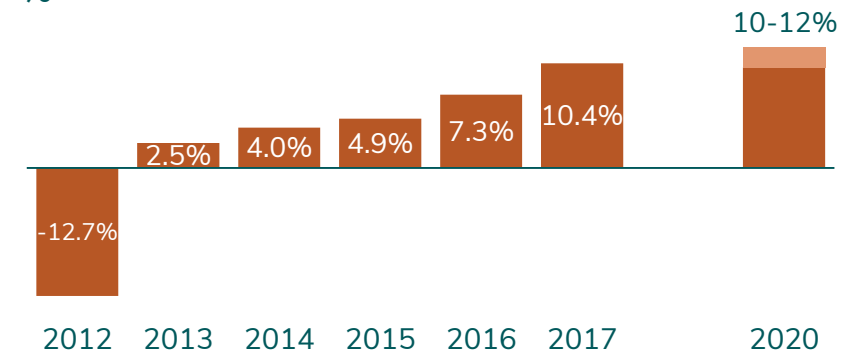
Dividend pay-out ratio**
%



Efficiency ratio***
%



Return on Common Equity Tier I**
%



* 2017 and 2016 fully loaded; other years phase-in.

** Based on underlying net result.

*** Operating expenses (and so the efficiency ratio) in 2017 and 2016 exclude costs for Strategy 2020 investment programme, amortisation of intangible assets arising from acquisitions and a one-off charge for the derivatives recovery framework. For 2015, the figure excludes a one-off charge arising from the sale of non-performing real estate loans and for 2014 a pension scheme gain.



Strong results driven by successful deployment of strategy

Net result rises to €94.9m
(2016: €69.8m)

Underlying net result rises to €112.3m
(2016: €81.3m)

Client assets €83.6bn (+21%)

Assets under management
€69.2bn (+27%)

Capital ratios continue to improve
CET I ratio at 20.3%

Dividend per share up
from €1.20 to €1.45





Appendix

Key figures for 2017 by segment

€ m	Private Banking	Evi	Asset Management	Merchant Banking	Corporate Banking	Other	Total
Commission income	124.5	4.5	92.5	41.7	2.6	1.1	267.0
Interest income	151.4	3.3	0.0	0.0	33.1	8.8	196.6
Other income	1.0	0.0	-1.3	4.5	0.0	46.9	51.2
Income from operating activities	276.9	7.9	91.2	46.2	35.8	56.8	514.8
Operating expenses	-207.0	-19.5	-72.5	-40.6	-18.3	-34.1	-392.1
Gross result	69.9	-11.6	18.7	5.6	17.5	22.7	122.7
Impairments	3.2				6.0	5.2	14.4
Operating profit before tax of non-strategic investments						12.6	12.6
Operating profit before one-off charges and tax	73.1	-11.6	18.7	5.6	23.5	40.6	149.8
Strategy 2020 investment programme	-21.4						-21.4
Amortisation of intangible assets arising from acquisitions	-3.0	0.0	-0.5	0.0		-2.6	-6.1
Derivatives recovery framework					-1.7		-1.7
Operating profit before tax	48.6	-11.6	18.2	5.6	21.7	38.0	120.5
Income tax	-13.4	2.0	-5.0	-1.7	-5.4	-2.0	-25.6
Net profit	35.2	-9.6	13.2	3.9	16.3	35.9	94.9
Underlying net result	51.3	-9.6	13.2	3.9	17.6	35.9	112.3
FTE total 2017	757.5	33.4	229.6	111.5	6.8	518.7	1657.5

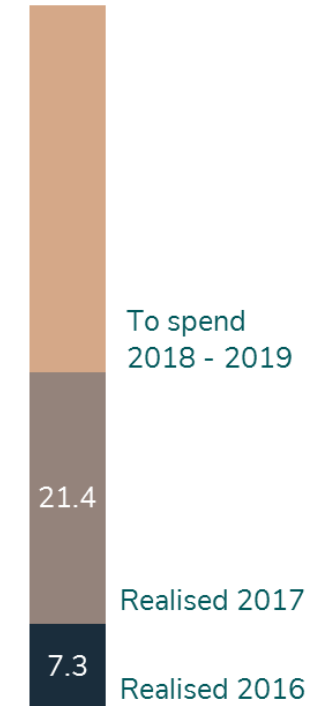


Good progress on Strategy 2020 investment programme

Omni-channel	<ul style="list-style-type: none">• Launch of investment app• Discretionary management app improved• Workflow automation tool implemented• Good progress on new client portal, to be launched in 2018• Intake investment tool launched
New payments system	<ul style="list-style-type: none">• Collaboration with Fidor progressing well
New mortgage system	<ul style="list-style-type: none">• Outsourcing realised according to plan, in September 2017

Budget for Strategy 2020 investment programme

€ 60m



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Disclaimer and cautionary note on forward-looking statements

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