

PRESS RELEASE

Van Lanschot Kempfen: robust performance and proposal to return capital

- Net profit up significantly to €62.3 million (H1 2016: €31.5 million)
- Underlying net result advances to €69.6 million (H1 2016: €37.7 million)
- Net AuM inflows and positive market performance boost client assets to €72.0 billion, compared with €69.4 billion at year-end 2016
- Capital position strengthens further: CET I ratio¹ at 19.6% (year-end 2016: 18.6%)
- Proposal to return €1 per share to shareholders

's-Hertogenbosch, the Netherlands, 29 August 2017

Van Lanschot Kempfen today released its 2017 half-year results. Karl Guha, Chairman, said: “Our wealth management strategy generated robust results in the first six months of the year. Our focus on preserving and creating wealth for our private and institutional clients has increased assets under management (AuM) and sparked a 13% advance in commission income. We’re delighted with our takeover of UBS’s wealth management activities in the Netherlands – completed only last week – as it significantly strengthens our position in the market for ultra-high net worth private individuals, family offices and foundations & charities.

“At €62.3 million, our net profit was the strongest half-year performance in many years, while our underlying net result rose to €69.6 million. This was driven in part by the proceeds from the sale of a stake in our portfolio of participating interests and from sales of stakes in our investment funds.

“Combined with our very strong capital base, these results enable us to propose a capital return payment of €1 per share. This represents the next step in realising our ambition to return at least €250 million in capital to our shareholders before the end of 2020.

“Client assets rose to €72.0 billion from €69.4 billion, with Private Banking, Evi and Asset Management all contributing to the increase in AuM from €57.5 billion to €60.1 billion. AuM growth reflects a total €1.6 billion in net inflows and €0.9 billion in positive market performance. Net inflows break down into €1.3 billion at Asset Management and €0.3 billion at Private Banking.

“Evi continues to invest in optimising its service and is seeing its clients increasingly opting to invest rather than save. Merchant Banking enjoyed improved results on last year thanks to a number of successful transactions in the second quarter, while Corporate Banking ran down its portfolio as intended, by nearly €250 million. This has helped to boost our CET I ratio¹ to 19.6% (year-end 2016: 18.6%).

“Our operating expenses were comparable to last year’s level, despite additional costs related to the Staalbankiers acquisition. The quality of our loan portfolio benefited from the positive economic climate, prompting a net release from loan loss provisions of €1.9 million.”

Private Banking notches up net AuM inflows and continues to build omnichannel strategy

The upbeat sentiment at Private Banking, combined with improved economic conditions resulted in an increase in the number of client transactions. Commission income added 21%, thanks to the Staalbankiers acquisition, enhanced transaction activity and net inflows in the Netherlands, Belgium and Switzerland.

Net Private Banking inflows worked out at €0.3 billion, excluding a minor outflow of former Staalbankiers clients. Van Lanschot Kempen is pleased to report that over 95% of the Staalbankiers assets under management have been retained. Private Banking saw its total AuM go up to €19.6 billion in the first half (year-end 2016: €19.0 billion) and its aim is to accelerate this growth. The acquisition of UBS's wealth management activities in the Netherlands is expected to add up to €2.6 billion to assets under management.

Private Banking's AuM growth and commission income helped to lift its underlying net result to €20.5 million from €17.7 million in the comparable period. The Staalbankiers acquisition was among the factors that led to a €2.7 million increase in staff costs. Reflecting its stated aims, Private Banking's loan portfolio remained virtually stable at €8.0 billion (year-end 2016: €7.9 billion).

In keeping with trends elsewhere, Private Banking's clients display a growing interest in responsible investing, and are rating the social impact of their investments as well as their financial returns. Launched at the beginning of the year, its Duurzaam+ (sustainable) investment proposition has recorded fine growth. Over the past months, a great deal of work has gone into the omnichannel service model, as evidenced in the launch of a range of apps for investor clients. Van Lanschot Kempen has teamed up with Germany's FinTech Fidor to improve its payments offering, the outcome of which will be presented to clients in the course of 2018. The outsourcing of the mortgage administration to Stater is proceeding as planned and is expected to be completed in September.

Evi continues to invest and records increase in invested assets

Evi continues to improve its service and build a scalable platform, with client responses showing that these improvements are greatly appreciated.

Evi's client assets were unchanged at €1.5 billion. Invested assets rose by over 11% on the back of nearly €70 million in net AuM inflows. As expected, Evi's investments resulted in a negative underlying net result of -€4.4 million (H1 2016: -€4.4 million).

Asset Management expands on new mandates

Asset Management had an excellent first half, with net inflows of €1.3 billion and a positive €0.4 billion market performance adding up to €39.5 billion in assets under management. Inflows mostly reflect new fiduciary mandates, with the UK activities acquired in 2015 having landed a mandate from the Mencap Pension Plan. The division's AuM are set to grow further in the months ahead, driven by substantial mandates from a number of large Dutch pension funds, including the previously announced €7.3 billion fiduciary mandate from Stichting Pensioenfondsen UWV and by the collaboration with the general pension fund het nederlands pensioenfondsen, by way of which it will welcome a number of new clients in the next few

months, including Arcadis. Meanwhile, the Donatus mandate has helped to further enhance Asset Management's position with insurers.

Asset Management's investment strategies have expanded on their solid track record, with its Global Small Cap Fund and Kempen Oranje Participaties in particular attracting a fresh inflow of clients. The division also launched its Diversified Structured Credit Pool and Long Term Value Creation strategy. A successful first six months for Asset Management were corroborated by enhanced approval ratings from existing clients, as underlined by a higher Net Promotor Score of 44 (2015: 32).

Commission income at Asset Management rose to €44.9 million (H1 2016: €43.4 million). Average margins have been coming down due to AuM composition and minor margin pressure. Its underlying net result rose to €5.8 million (H1 2016: €5.5 million).

Improved results at Merchant Banking

Benefiting from a strong second quarter, Merchant Banking's underlying net result increased to €3.4 million (H1 2016: €2.1 million), with commission income working out at €22.3 million (H1 2016: €19.3 million). Kempen Corporate Finance advised on capital market transactions by various clients, including VolkerWessels and Vesteda. Its FI & Fintech team acted as advisers to BlackFin Capital Partners in the takeover of Buckaroo announced in July. Merchant Banking enjoys a full pipeline.

The persistently low interest rate environment saw a great deal of demand for Kempen Securities' structured products, with enhanced activity on the part of Private Banking clients also visible. Kempen Securities is on track to implement MIFID II and preparatory work will continue in the second half of the year.

Other activities

Underlying net result at Other activities rose to €36.0 million (H1 2016: €7.0 million). The sale of a minority stake in TechAccess chipped in a significant €11.1 million to the result, while the sale of stakes in investment funds also contributed. The higher result on financial transactions was driven by improved market conditions compared with last year.

Robust capital position thanks to continued Corporate Banking run-off

Van Lanschot Kempen's capital base continues to improve and the fully loaded CET I ratioⁱ rose to 19.6% (year-end 2016: 18.6%). A key contributor to this capital base enhancement is the fall in risk-weighted assets due to a further run-off of the Corporate Banking portfolio by nearly €250 million. This loan portfolio has now been reduced to €1.1 billion in real estate and SME loans, with risk-weighted assets of €0.9 billion. Underlying net result at Corporate Banking came down to €8.2 million from €9.8 million in the first half of 2016, driven by the fall in interest income to €17.1 million (H1 2016: €24.6 million) as a result of the steady run-off. The total result received a boost from the €3.0 million release of loan loss provisions. Costs were virtually unchanged.

Proposed return of capital to shareholders of €1 per share

The proposed return of capital of €1 per share – adding up to a total of over €41 million – represents the next step in the implementation of Van Lanschot Kempen's capital strategy. Van

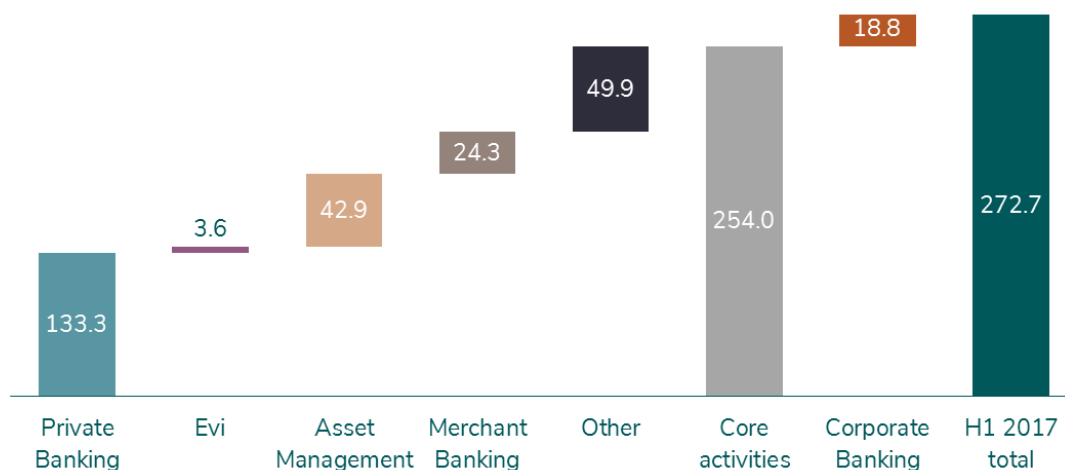
Lanschot Kempfen is very pleased to be able to propose this capital return. The aim is to return at least €250 million to shareholders in the period up to and including 2020, subject to the approval of the regulators.

The proposal will be put to a vote at the Extraordinary General Meeting of Shareholders on 11 October 2017. The return of capital will be charged to the proportion of the share premium reserve available for distribution and will therefore be exempt from dividend tax. Total share capital in issue will be unchanged and the CET I ratio will remain well ahead of Van Lanschot Kempfen's capital objective of 15–17% even after the return of capital.

Segment information

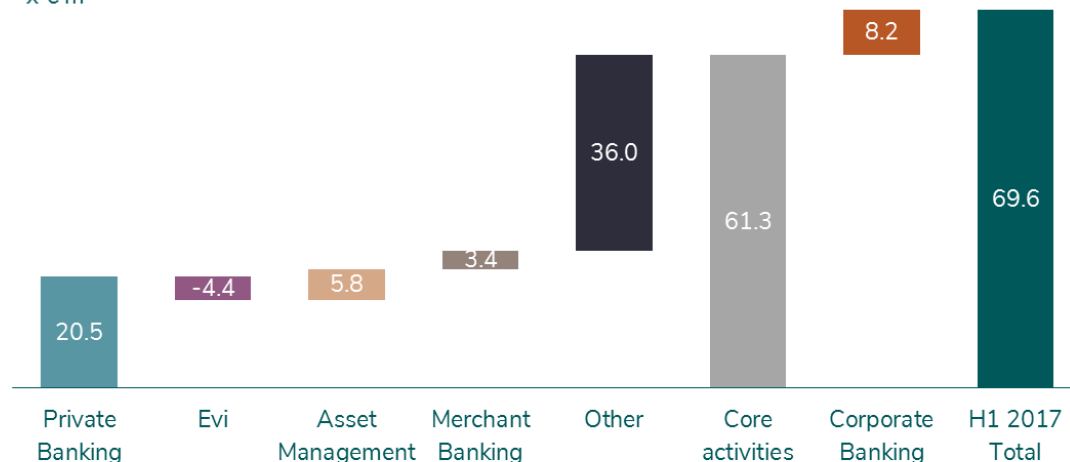
Private Banking, Eviⁱⁱ, Asset Management and Merchant Banking generated 75% of total income, with Van Lanschot Kempfen's core activities accounting for 99% of commission income (the same as 2016) and 83% of interest income (2016: 73%).

Income from operating activities by segment
x € m



All operating activities made positive contributions, except for Evi. The strong net result of Other was mainly driven by income from securities and associates of €31.7 million. The underlying net result reflects the H1 2017 net result adjusted for the costs related to the Strategy 2020 investment programme (€9.7 million gross).

Underlying net result
x € m



Key data

<i>(x € m)</i>	H1 2017	H2 2016		H1 2016	
Statement of income					
Net result	62.3	38.3	62%	31.5	98%
Underlying net result	69.6	43.6	60%	37.7	85%
Efficiency ratio excluding one-off charges (%)	72.1	79.5		81.1	
<i>(x € m)</i>	30/06/2017	31/12/2016		30/06/2016	
Statement of financial position and capital management					
Equity attributable to shareholders	1,350	1,340	1%	1,301	4%
Equity attributable to non-controlling interests	15	13	13%	13	19%
Savings and deposits	9,387	9,680	-3%	9,686	-3%
Loans and advances to clients	9,470	9,624	-2%	10,305	-8%
Total assets	14,952	14,877	1%	15,433	-3%
Funding ratio (%)	99.1	100.6		94.0	
Risk-weighted assets	5,359	5,623	-5%	6,091	-12%
Common Equity Tier I ratio (%) ⁱⁱⁱ	19.9	19.0		17.3	
Tier I ratio (%) ⁱⁱⁱⁱ	19.9	19.0		17.3	
Total capital ratio (%) ⁱⁱⁱ	21.8	20.9		18.2	
Basel III					
Common Equity Tier I ratio (%) (fully loaded) ^{iv}	19.6	18.6		16.9	
Liquidity coverage ratio (%)	177.0	156.6		140.2	
Net stable funding ratio (%)	129.3	130.6		121.2	
Leverage ratio (%) (fully loaded) ^{iv}	7.0	6.9		6.4	
<i>(x € bn)</i>	30/06/2017	31/12/2016		30/06/2016	
Client assets					
- Assets under management	72.0	69.4	4%	66.2	9%
- Assets under administration	60.1	57.5	4%	54.3	11%
- Assets under administration	2.5	2.1	19%	2.2	16%
- Savings and deposits	9.4	9.7	-3%	9.7	-3%
	H1 2017	H2 2016		H1 2016	
Key figures					
Weighted average of outstanding ordinary shares (x 1,000)	40,976	40,925		40,959	
Underlying earnings per share (€)	1.63	1.01	61%	0.88	85%
Return on average Common Equity Tier I capital (%) ^v	12.5	7.8		6.8	
Number of staff (FTEs at period end)	1,647	1,670	-1%	1,646	0%

Results

(x € m)	H1 2017	H2 2016		H1 2016	
Commission	132.3	126.3	5%	117.4	13%
- Of which securities commissions	112.3	100.2	12%	100.3	12%
- Of which other commissions	19.9	26.1	-24%	17.1	16%
Interest	103.6	102.6	1%	110.3	-6%
Income from securities and associates	29.7	20.7	43%	8.5	
Result on financial transactions	7.2	-8.0		4.0	79%
Income from operating activities	272.7	241.6	13%	240.2	14%
Staff costs ^{vi}	115.4	116.5	-1%	110.9	4%
Other administrative expenses	75.3	69.1	9%	77.4	-3%
Depreciation and amortisation	6.1	6.4	-5%	6.5	-7%
Operating expenses	196.8	192.0	2%	194.8	1%
Gross result	76.0	49.6	53%	45.4	67%
Addition to loan loss provision	-1.9	-5.1		-1.7	
Other impairments	0.5	0.6	-23%	0.5	1%
Impairments	-1.5	-4.5	-68%	-1.3	15%
Operating profit before tax of non-strategic investments	7.0	4.3	64%	3.1	124%
Operating profit before one-off charges and tax	84.5	58.4	45%	49.8	70%
Derivatives recovery framework	-	-		8.0	-100%
Other one-off charges	-	5.1	-100%	2.0	-100%
Strategy 2020 investment programme	9.7	7.0	39%	0.3	
Operating profit before tax	74.7	46.3	61%	39.5	89%
Income tax	12.4	8.0	56%	8.0	55%
Net result	62.3	38.3	62%	31.5	98%
Underlying net result	69.6	43.6	60%	37.7	85%

Underlying net result

(x € m)	H1 2017	H2 2016		H1 2016	
Net result	62.3	38.3	62%	31.5	98%
One-off charge related to derivatives recovery framework	-	-		8.0	
Cost of Strategy 2020 investment programme	9.7	7.0		0.3	
Tax effects	-2.4	-1.7		-2.1	
Underlying net result	69.6	43.6	60%	37.7	85%

FINANCIAL REPORT / PRESENTATION / WEBCAST

For a detailed discussion of Van Lanschot Kempen's results and balance sheet, please refer to our financial report and presentation on the 2017 interim results at www.vanlanschotkempen.com/results.

In a conference call for analysts on 29 August at 9.00 am CET, we will discuss our 2017 half-year figures in greater detail. This may be viewed live at the webpage mentioned above and played back at any later date.

ADDITIONAL INFORMATION

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

2017 FINANCIAL CALENDAR

- 11 October Extraordinary General Meeting of Shareholders
- 3 November Publication of 2017 Q3 trading update

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About Van Lanschot Kempen

Van Lanschot Kempen, a wealth manager operating under the Van Lanschot, Evi and Kempen brand names, is active in Private Banking, Asset Management and Merchant Banking, with the aim of preserving and creating wealth for its clients. Van Lanschot Kempen, listed at Euronext Amsterdam, is the Netherlands' oldest independent financial services company with a history dating back to 1737.

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ⁱ Fully loaded, excluding retained earnings. Year-end 2016 including retained earnings.

ⁱⁱ From H2 2016, we report on Evi as a separate segment, whereas these activities were previously part of Private Banking. Comparative figures for H1 2016 have been adjusted accordingly.

ⁱⁱⁱ At 31 December 2016 based on phase-in and including retained earnings. At 30 June 2016 and 2017 based on phase-in and excluding retained earnings.

^{iv} At 31 December 2016 including retained earnings. At 30 June 2016 and 2017 excluding retained earnings.

^v Based on underlying net result (annualised).

^{vi} As of 2017 the presentation of travelling expenses for staff travelling to their place of work is included in Staff costs instead of Other administrative expenses. The comparative figures for 2016 have been adjusted for this change in presentation.