Annual results 2018: net profit over €80 million

Next steps wealth management strategy defined

21 February 2019

VAN LANSCHOT KEMPEN

We want to be a leading wealth manager in our markets

Continue wealth management strategy	• Well-capitalised, profitable wealth manager with a strong position in the market • Knowledge and experience, personal, client-focused approach, unique combination of activities and track record set us apart from the competition, while offering growth opportunities
Leading player in our relevant markets	• A leading wealth manager in the Benelux region • A prominent, active investment manager that delivers alpha in illiquidity, income and ESG in Europe • The leading fiduciary manager in the Netherlands, challenger in UK fiduciary market • The preferred trusted adviser in selected niches in merchant banking across Europe • The number one online wealth management alternative for the mass affluent in selected markets
From responsible to sustainable investing	• Conviction-based, active investor, focusing on the long term • We can achieve the most significant social and environmental impact via our clients' assets and we aim to increase our positive contribution and visibility • Today we also introduce our non-financial KPIs, demonstrating our belief in value creation for the long term
2023 financial targets	• CET 1 ratio: 15-17% • RoCET 1: 10-12% • Dividend policy: 50-70% of underlying net result attributable to shareholders • Efficiency ratio: 70-72%, adjusted to reflect both our profile as a wealth manager and the economic environment in which we operate

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To deliver on our promises we have defined clear actions

Accelerate growth – organically and inorganically	• Pursue a solutions-led approach building on client needs to realise organic growth • Consider acquisitions in existing and contiguous markets to accelerate our growth and increase our scale
Activate our full potential	• Offer clients the full potential of services and products from our group and our open architecture platform • Benefit from knowledge sharing, make optimum use of resources and reduce overlap
Advance through digitalisation and analytics	• Create solutions based on superior insights into client needs and market developments • Enhance client experience by continuous evolution of our omni-channel approach • Streamline products, processes and systems to enhance scalability, increase productivity and improve the availability and quality of data
Adapt the workforce	• Empower our people to embrace technology and adopt a more data-driven way of working and decision-making • Embrace an agile approach with multidisciplinary teams • Hire new talent to bring different skills and capabilities into our organisation

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2018 highlights

2018

JANUARY

Launch Global Impact Pool

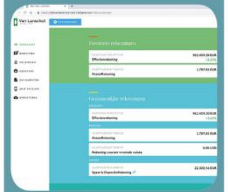
MARCH

Introduction strategic advice

MAY

Launch Private Markets Fund

MAY



Launch new client portal

JULY

Licence to act as underwriter in US equity issues

JULY

Ban on tobacco in funds

SEPTEMBER

Introduction of Evi Go

OCTOBER

Chief Analytics Officer and Chief Digital Officer appointed

NOVEMBER

Set-up dedicated Family Solutions team

DECEMBER

Special capital return of €1.50 per share

2019

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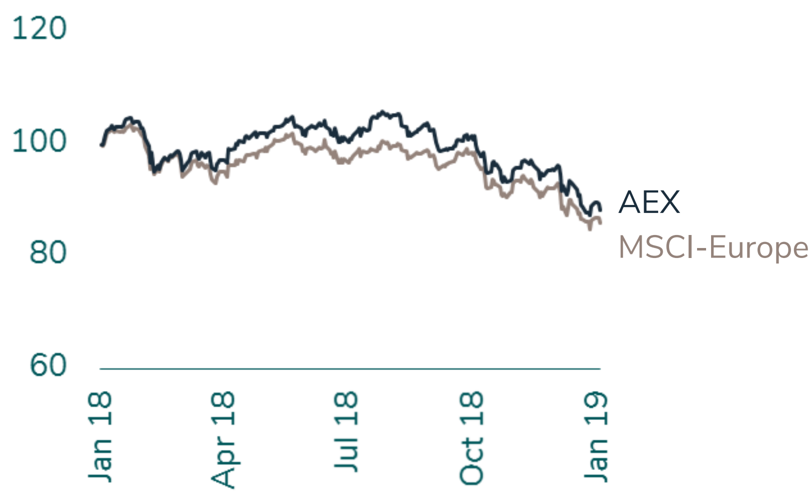
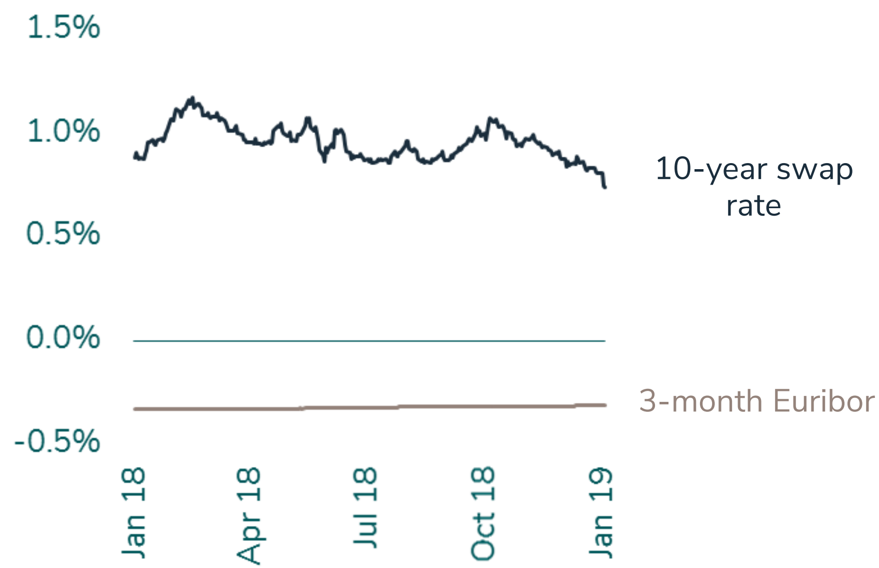
Challenging market conditions in 2018

Equity indices



Negative market performance results in AuM decline

Interest rates



Current low interest rates affect interest income

Source: Bloomberg

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Stable results in challenging market

	Net result €80.3m (2017: €94.9m) Underlying net result €103.0m (2017: €112.3m)	Commission +10% (€293.2m) Interest -11% (€175.6m)
	Operating expenses €396.4m (+1%)	Efficiency ratio 79.4% (2017: 76.2%)
	Client assets €81.2bn (-3%) AuM €67.0bn (-3%)	Net inflow AuM €1.0bn
	Strong capital ratios CET 1 ratio rises to 21.4%	Dividend per share €1.45, unchanged from 2017

Overview net result

€ m	2018	2017	% change
Commission	293.2	267.0	10%
Interest	175.6	196.6	-11%
Other income	30.3	51.2	-41%
Income from operating activities	**499.2**	**514.8**	**-3%**
Operating expenses	-396.4	-392.1	1%
Gross result	**102.8**	**122.7**	**-16%**
Loan loss provision	12.7	11.9	7%
Other impairments	0.9	2.6	-63%
Operating profit before tax of non-strategic investments	17.8	12.6	41%
Operating profit before special items and tax	**134.3**	**149.8**	**-10%**
Strategic investment programme	-22.0	-21.4	2%
Derivatives recovery framework	-	-1.7	
Amortisation of intangible assets arising from acquisitions	-8.3	-6.1	36%
Restructuring charges	-8.3	-	
Operating profit before tax	**95.8**	**120.5**	**-21%**
Income tax	-15.5	-25.6	-40%
Net profit	**80.3**	**94.9**	**-15%**
Underlying net result*	**103.0**	**112.3**	**-8%**
Efficiency ratio (%)	79.4%	76.2%	

* Underlying net result excludes the one-off costs related to the strategic investment programme, derivatives recovery framework and restructuring charges

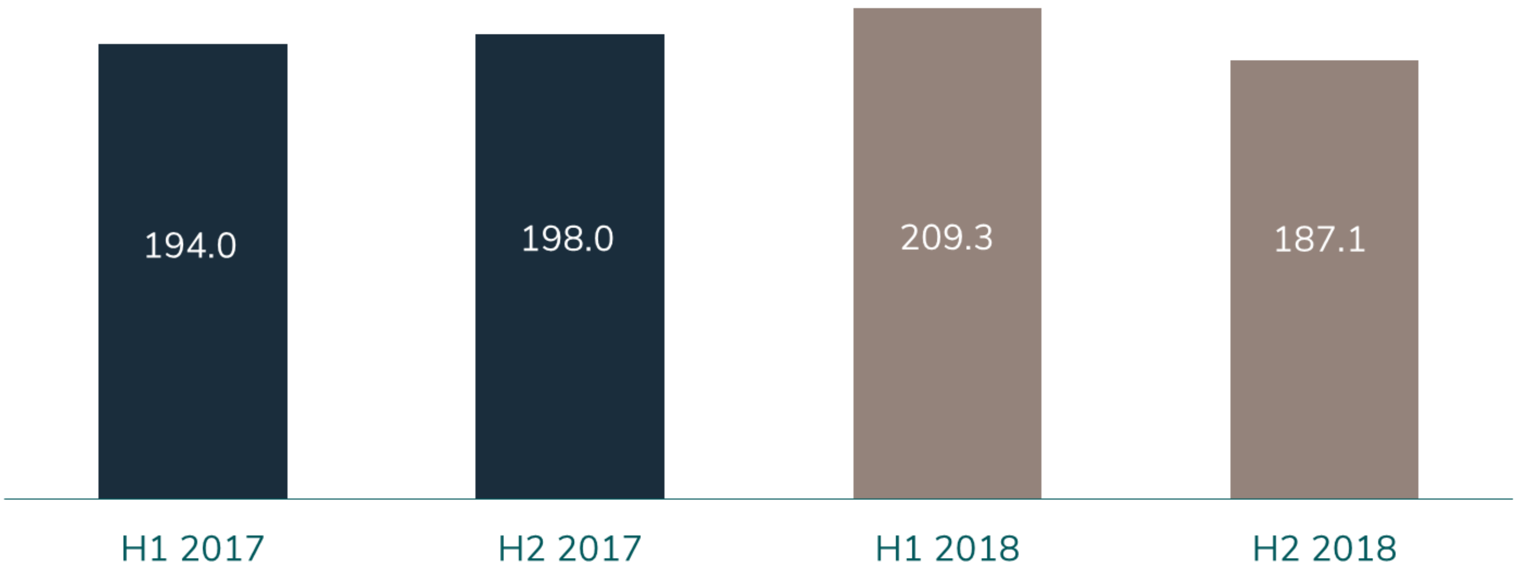
Commission income (+10%) is key driver of net result

Key drivers of net result
€ m

- Growth in commission driven by higher management fees and high deal flow at Merchant Banking
- Low interest rate climate and Corporate Banking run-off result in lower interest income
- Fewer gains on the investment portfolio and significant sale proceeds in 2017 main reasons for fall in other income
- Rise in full-year operating expenses mainly due to higher staff costs and consultancy fees
- One-off charges up due to restructuring charges of €8.3m
- Other items relate to operating profit of non-strategic investments and income tax

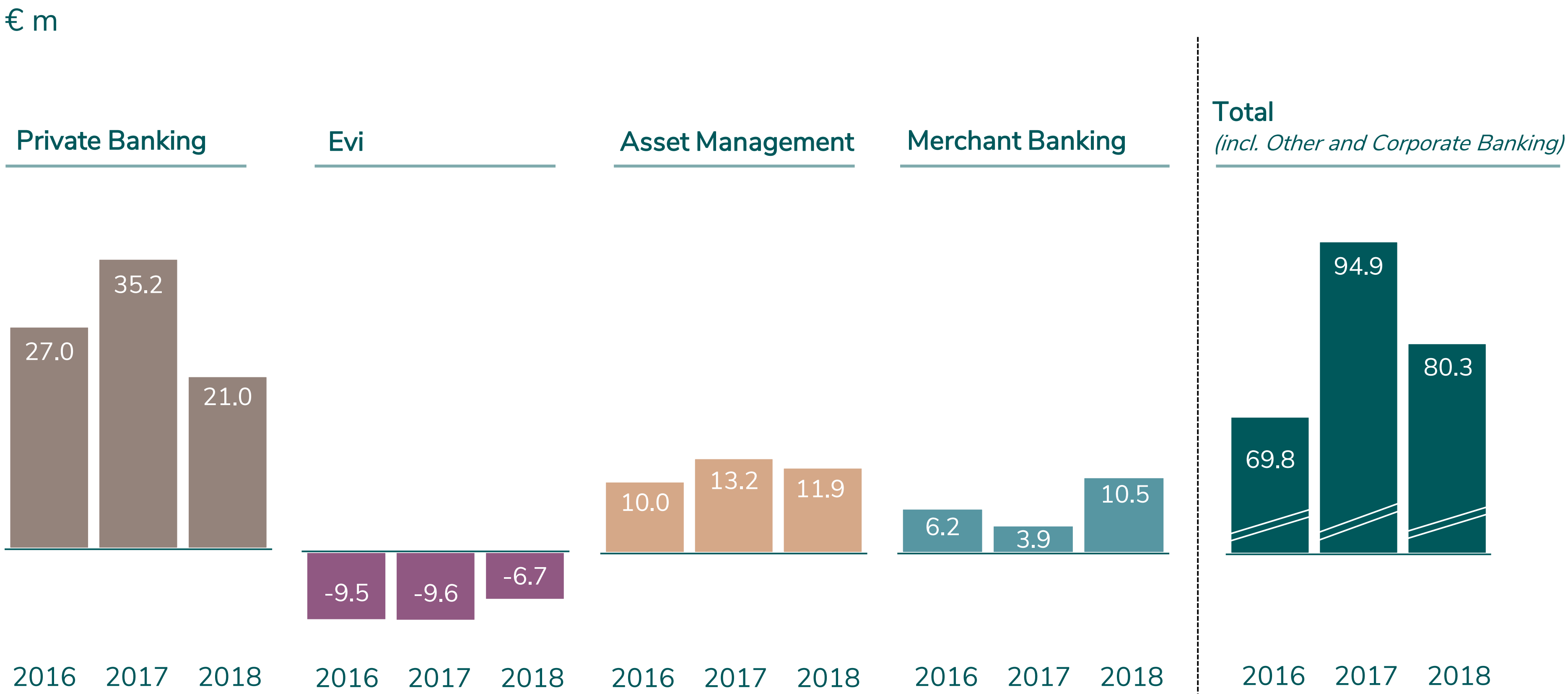
Increased focus on cost reduction

Operating expenses
€ m



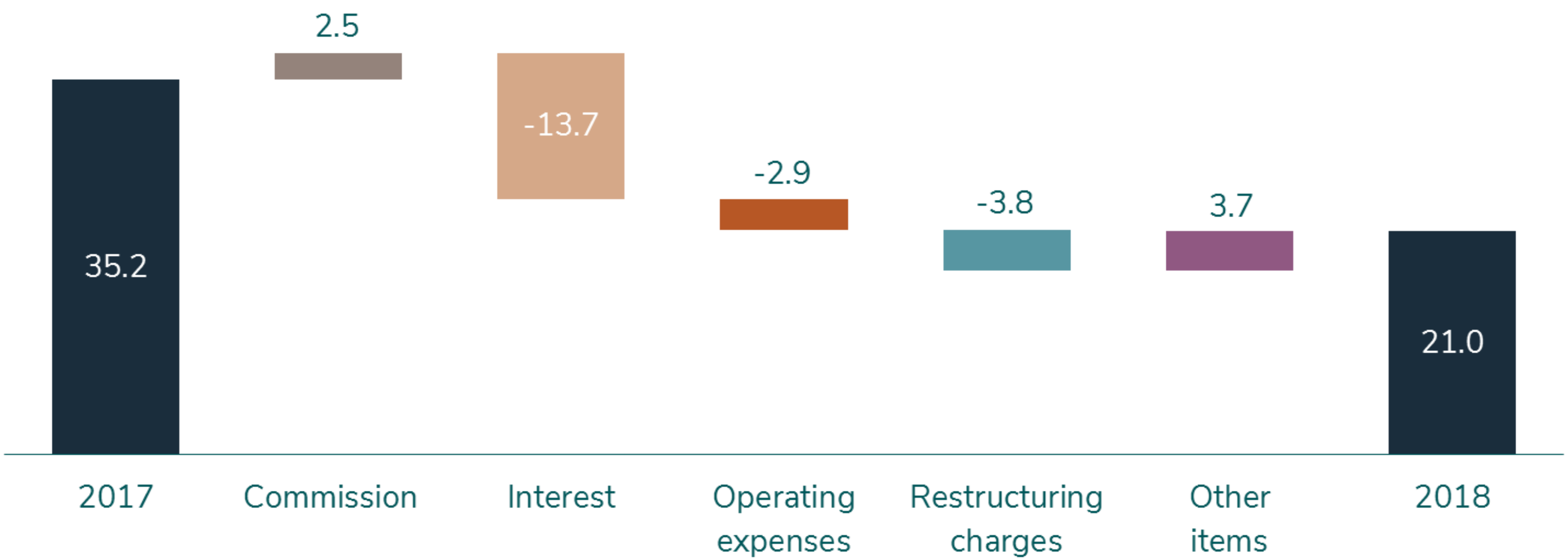
- H2 costs significantly below H1 partly due to seasonality and one-off costs in H1
- Further focus on costs resulted in an additional decrease and several specific measures, e.g. closure of Edinburgh office, integration of Belgian IT operation into the Dutch IT infrastructure, combining investment solutions into a single department and restructuring various departments
- Measures taken and planned lead to a restructuring charge of €8.3m
- Taking into account possible investments and indexation, we aim for a net cost level of around €390 million in 2019

2018 net result of €80.3m



Net result for Private Banking affected by lower interest income and restructuring charges

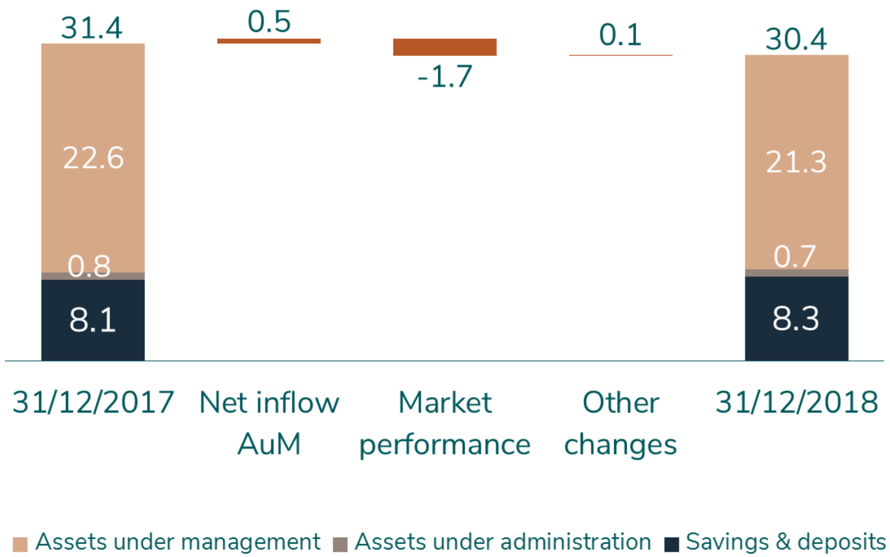
Key drivers of net result Private Banking
€ m



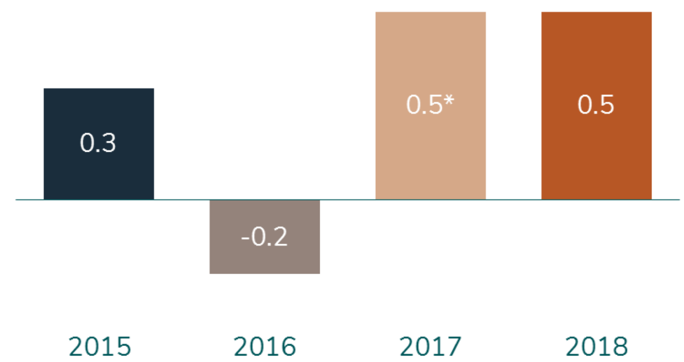
- Increase in commission driven by higher average AuM
- Management fees €6.7m up, transaction fees €3.3m down
- Decrease in interest income caused by margin pressure
- Operating expenses rise mainly due to higher staff costs
- Introduction of cost-saving measures, €3.8m of the €8.3m restructuring charges relates to Private Banking

Strong net inflow AuM of €0.5bn at Private Banking

Private Banking client assets
€ bn



Net AuM inflow for Private Banking
€ bn

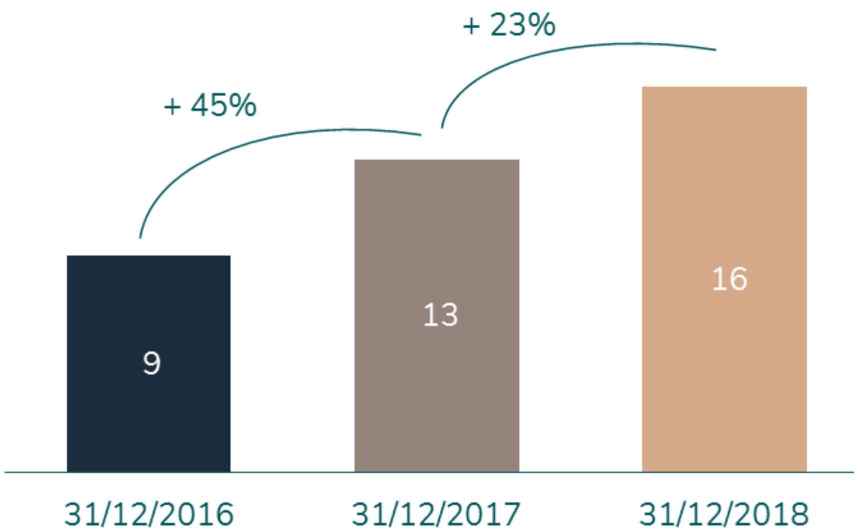


- AuM decrease to €21.3bn (-6%) due to negative market performance particularly in Q4
- AuM breaks down into €11.8bn discretionary management and €9.4bn non-discretionary management
- Strong inflow in investment advice product

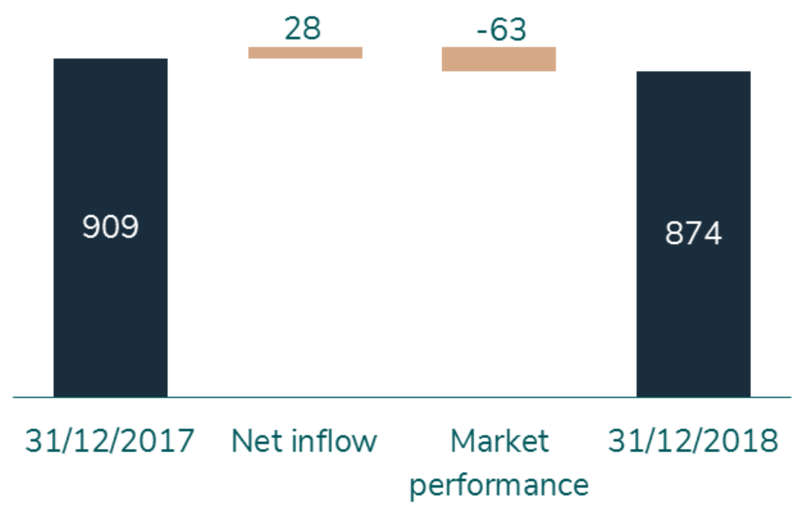
* Excluding former Staalbankiers and UBS clients

Evi's client base grew 23%, slight decrease in AuM

Evi's AuM client base
1,000



Evi's AuM
€ m



- Evi's AuM client base grew by 23% to over 16,000 clients*
- AuM decrease due to negative market performance
- Operating expenses fell by €3.4m due to lower marketing and IT change spending
- Net result amounted -€6.7m (2017: -€9.6m)

* Total Evi client base at c.29,000 (including both AuM and savings clients)

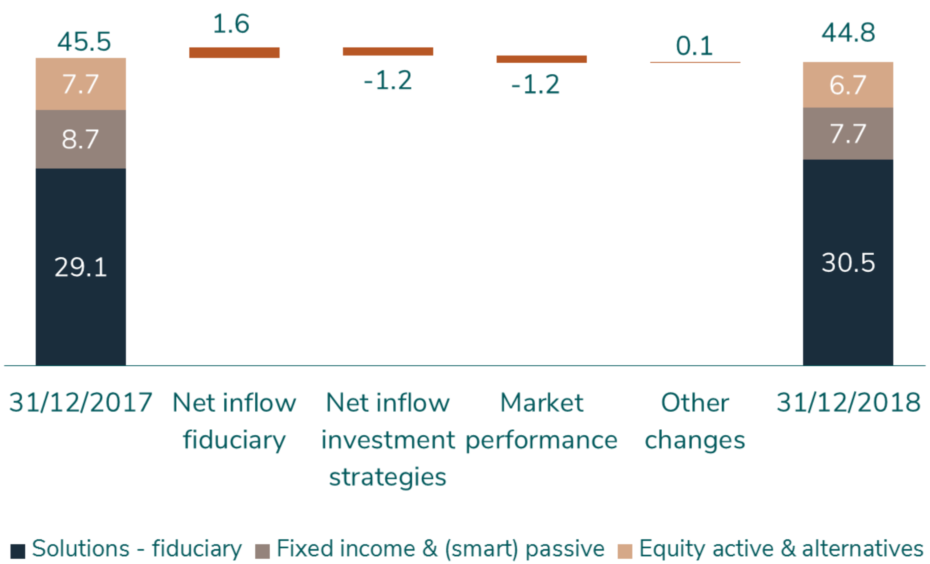
Increase in commission at Asset Management

Key drivers of net result Asset Management
€ m

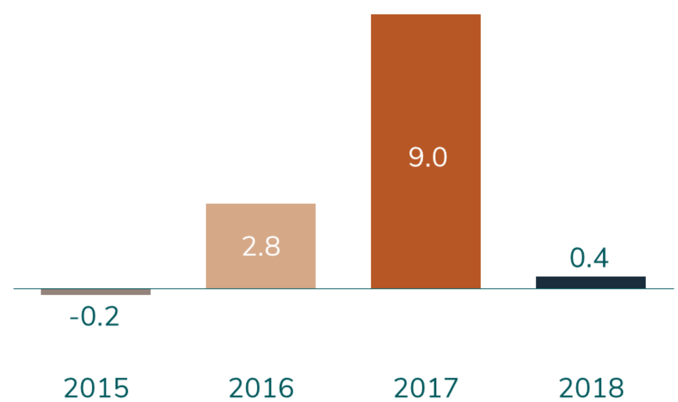
- Commission income climbs to €100.0m (2017: €92.5m)
- Higher expenses relate to the acquisition of UBS Netherlands, indexation of staff costs and additional IT costs
- Restructuring charges of €2.5m, mainly as a result of Edinburgh office closure

Net inflow at Asset Management driven by fiduciary management

AuM Asset Management
€ bn



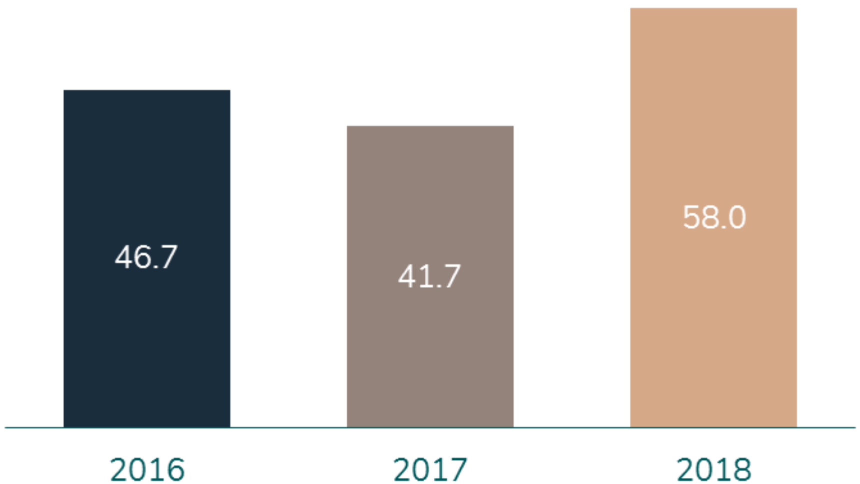
Net inflow AuM
€ bn



- Net inflow driven by new fiduciary mandates, e.g Arcadis pensionfund and Covra
- Outflow from investment strategies – partly stemming from the discontinuation of our fundamental index strategy (€0.4bn) and partly the result of clients' portfolio rebalancing
- Assets under management down, as a result of negative market performance
- €8.5bn fiduciary mandate from PostNL pensionfund acquired, which will be implemented in April 2019

Strong increase of 39% in commission at Merchant Banking

Commission
€ m



- High number of corporate finance and equity capital market transactions, mainly in the Real Estate and Life Sciences teams
- Lower Securities commission income partly related to equity market volatility and the introduction of MiFID II
- Net result rises to €10.5m (2017: €3.9m)

Selection of 2018 deals

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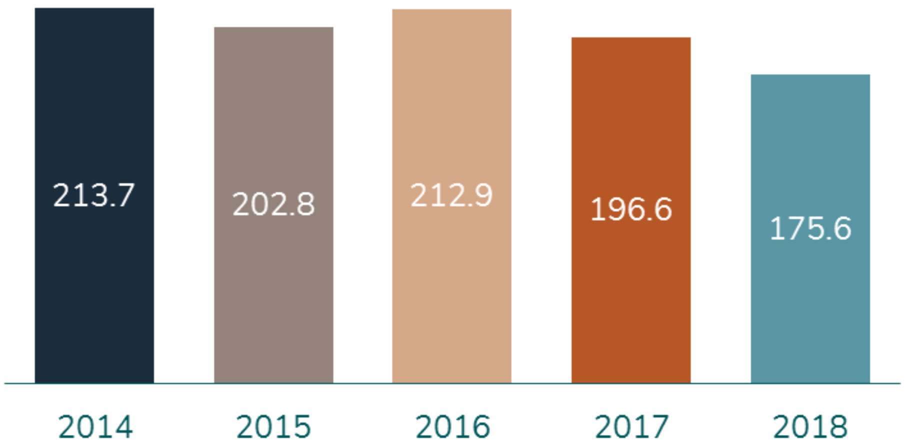
Mortgage book stable, Corporate Banking run-off 40%

€ m	Loan portfolio 31/12/2018	Loan portfolio 31/12/2017	% change	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	5,756	5,712	1%	63	8	1.1%	12%
Other loans	1,793	2,045	-12%	112	69	6.2%	62%
Private Banking	**7,550**	**7,756**	**-3%**	**175**	**77**	**2.3%**	**44%**
Loans to SMEs	251	457	-45%	125	22	49.9%	17%
Real estate financing	271	411	-34%	31	2	11.3%	8%
Corporate Banking	**523**	**868**	**-40%**	**156**	**24**	**29.8%**	**15%**
Mortgages distributed by third parties	602	600	0%	0	0	0.0%	3%
Total loan portfolio	8,674	9,224	-6%	331	101	3.8%	30%
ECL stage 3	-101	-115	-12%				
ECL stages 1 and 2	-13				13		
IBNR		-6					
Total	8,561	9,103	-6%		114		

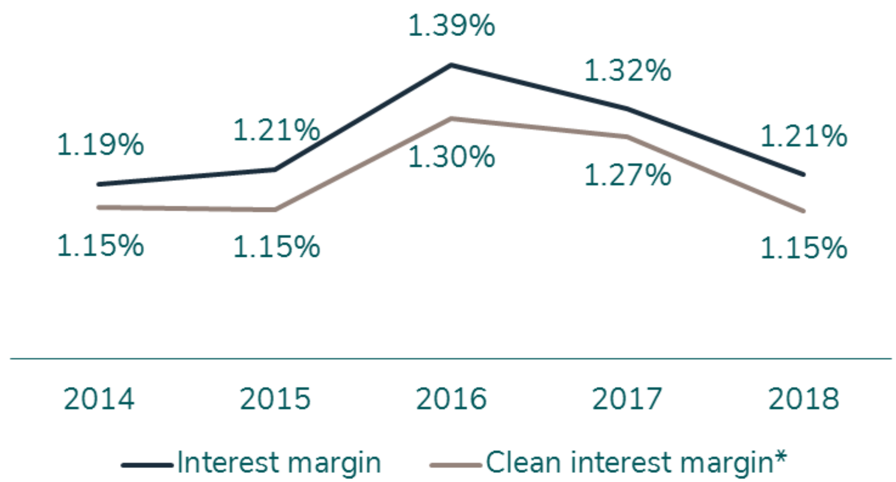
- Other loans down by 12% due to prepayments and discontinuance of interest compensation
- Total impaired ratio improves to 3.8% from 4.0%
- Given the successful run-off, as of 2019 the remaining Corporate Banking activities will be integrated in Private Banking

Margin pressure and smaller loan portfolio affect interest income

Interest
€ m



Interest margin (12-mth moving average)
%



- Margin pressure as a result of low interest rate climate
- Smaller loan portfolio – mainly due to Corporate Banking run-off – caused interest income to decline
- Corporate Banking loan portfolio down to €0.5bn in 2018 from €4.0bn at year-end 2012

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

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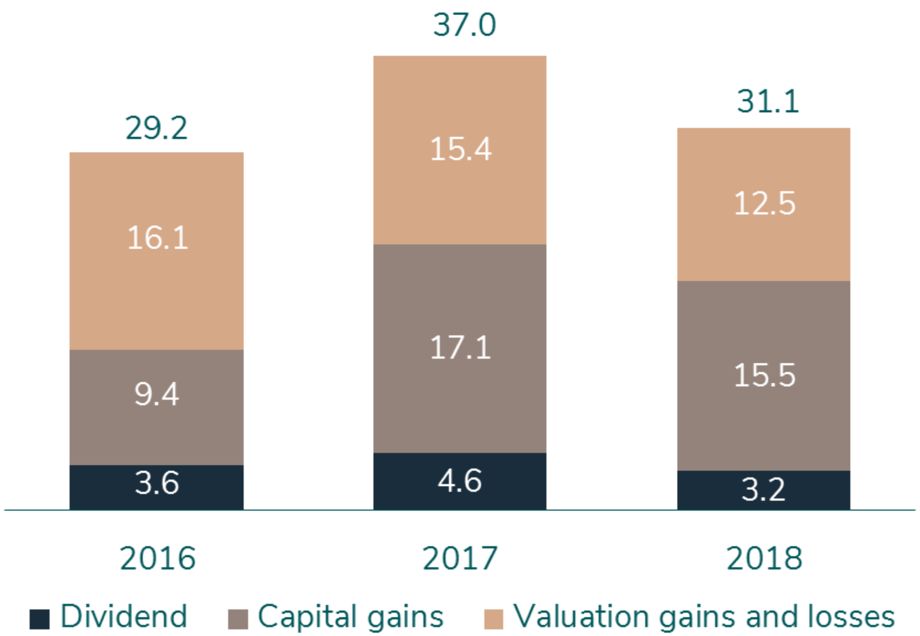
Steady income from securities and associates

Income from securities and associates
€ m

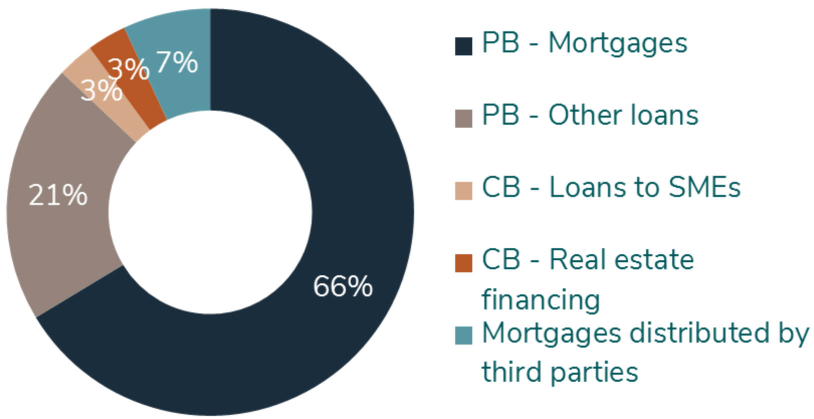


€ m	Book value 31/12/2018	Income 2018
VLP (minority interests)	45.4	28.9
Bolster (new fund)	16.1	1.9
Co-investments in own products	90.5	-2.2
Other equity investments	14.5	2.5
Total	**166.5**	**31.1**

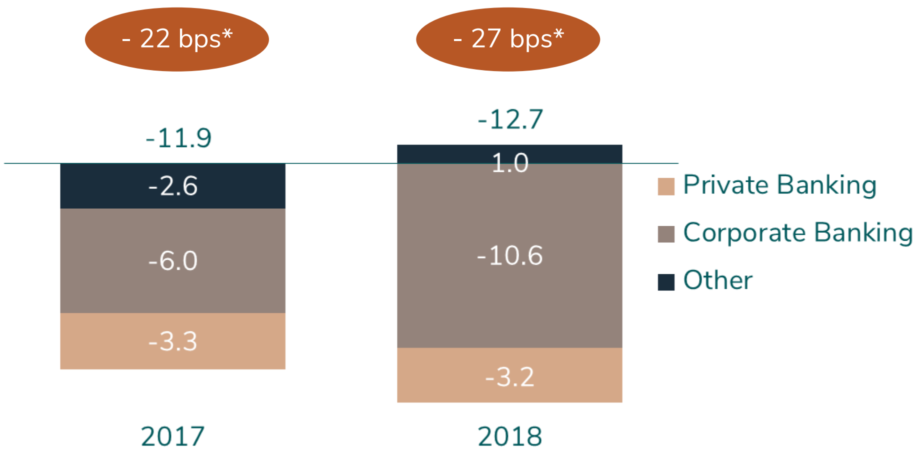
- Income from securities and associates relates to our minority equity investments and stakes in our own investment funds
- In 2018, a capital gain was realised on the sale of part of our minority stake in Ploeger Oxbo (€10.4m) and the sale of our stake in Ormit
- Valuation gains down in H2 2018 due to less favourable market circumstances

Net release of loan loss provisions due to positive economic environment

Loan portfolio (excluding provision)
at 31/12/2018 100% = €8.7bn



Additions to loan loss provision
€ m

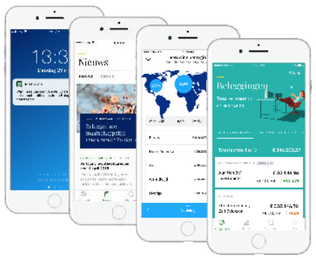


- Mortgages at Private Banking stable, decrease in other loans
- Corporate Banking's loan portfolio came down by 40% to €0.5bn (RWA Corporate Banking is also €0.5bn)
- Net release of loan loss provisions, mainly at Corporate Banking
- Net release mainly driven by positive economic environment and rising house prices

* Loan loss provision / Average total RWA

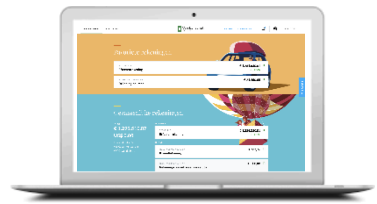
Good progress on strategic investment programme since 2016

Innovative wealth management apps launched and further improved in 2018

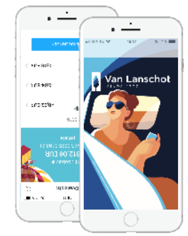


Introduced Vermogenshorizon in 2018

New website and online portal for clients in 2018



Developing new payments platform and payments app with Fidor – roll-out planned for 2019

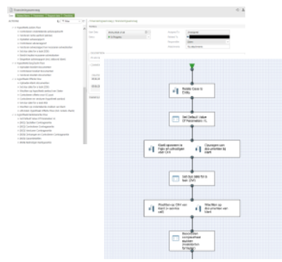


fidor SOLUTIONS

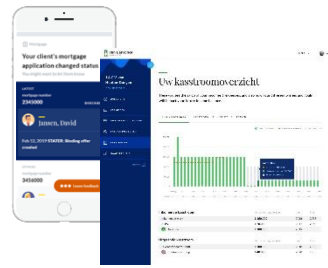
Outsourced mortgage servicing to Stater in 2017

STATER
International Mortgage Services

Improved and new workflows



Digital communication tools for bankers



Further expanding digital functionalities in 2019

- Introducing remote identity verification
- Further expand digital functionalities; e.g. digital signing, simplified log-in procedures, expanding client portal functionality, introduce trade proposals in the app

c. €10m to spend

c. €60m budget

2016 2018 2019

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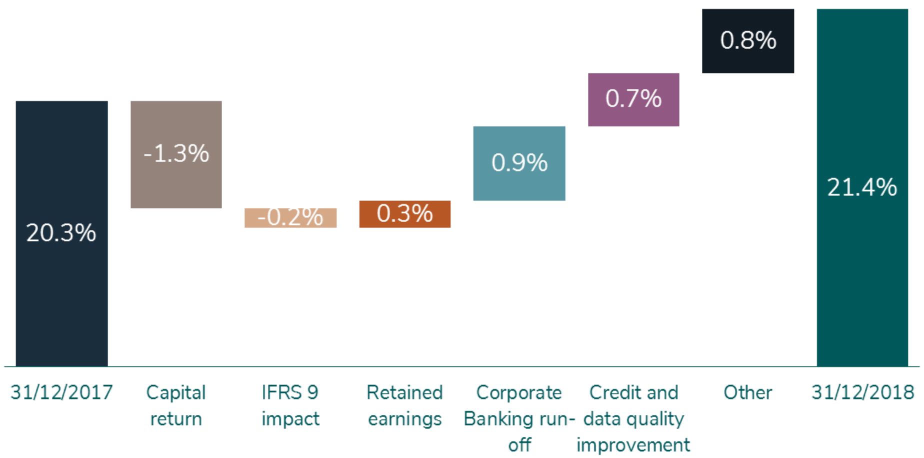
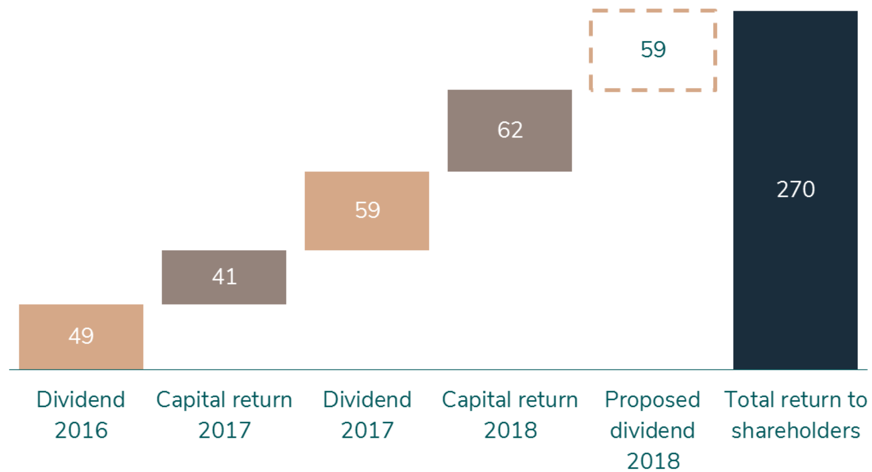
Strong capital position

Common Equity Tier 1 ratio (fully loaded)
%



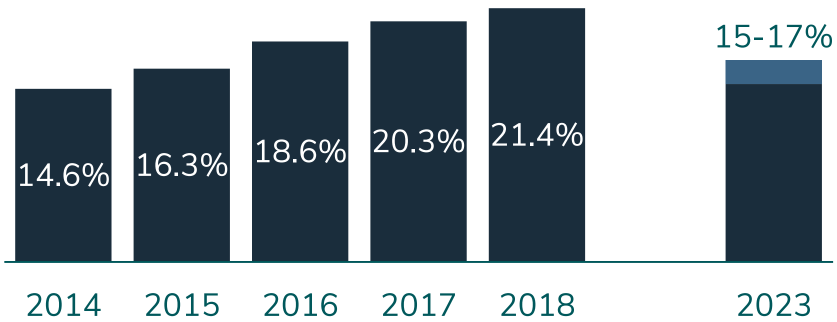
Capital return
€ m



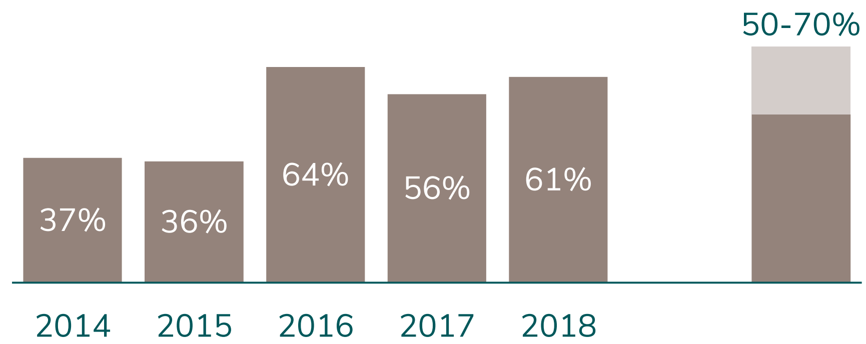
- Special capital return in December of €1.50 per share
- Our CET 1 ratio target range for 2023 is 15-17%
- In the coming years, we aim to optimise our capital base in terms of level and type of instruments, while leaving room for potential acquisitions
- In addition, we may choose to pay out excess capital to our shareholders, subject to regulatory approval

Overview of 2023 financial group targets

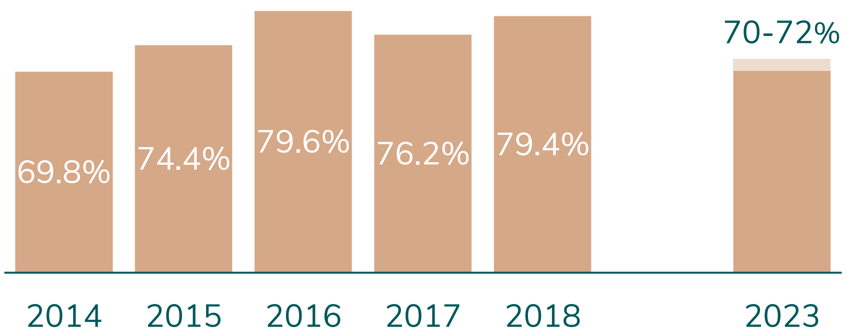
Common Equity Tier 1 ratio*
%



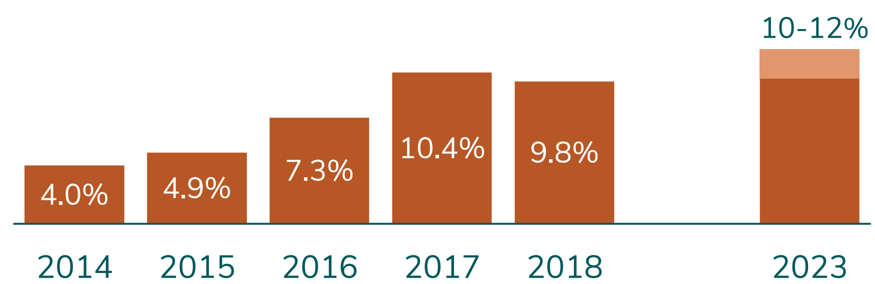
Dividend pay-out ratio**
%



Efficiency ratio
%



Return on Common Equity Tier 1**
%



* As of 2016 fully loaded; other years phase-in
** Based on underlying net result attributable to shareholders

2019 Events

Sale of stake in AIO II

- In December 2018, we reached agreement with funds under management of Bencis to sell our stake in non-strategic investment AIO II (Medsen)
- Today we announce that this transaction has been completed, this will generate a book profit of around €35m (net) in 2019

Agreement on sale of stake in Van Lanschot Chabot | Mandema & Partners

- On 19 February we announced that we have reached agreement on the sale of our stake in Van Lanschot Chabot | Mandema & Partners (VLCMP) to De Goudse Verzekeringen
- The transaction is expected to be completed in the first half of 2019 and should generate a book profit of around €15m (net), with possibly a limited earn-out in the first half of 2020

Legal merger

- In 2019, we will investigate the possibility of merging legal entities Van Lanschot NV and Kempen & Co NV
- This legal merger is a logical next step in the collaboration and integration of the group, and will enhance efficiency
- The listed holding, Van Lanschot Kempen, will remain unchanged
- Our aim is to complete the legal merger by 31 December 2019

Stable results in challenging market

	Net result €80.3m (2017: €94.9m) Underlying net result €103.0m (2017: €112.3m)	Commission +10% (€293.2m) Interest -11% (€175.6m)
	Operating expenses €396.4m (+1%)	Efficiency ratio 79.4% (2017: 76.2%)
	Client assets €81.2bn (-3%) AuM €67.0bn (-3%)	Net inflow AuM €1.0bn
	Strong capital ratios CET 1 ratio rises to 21.4%	Dividend per share €1.45, unchanged from 2017

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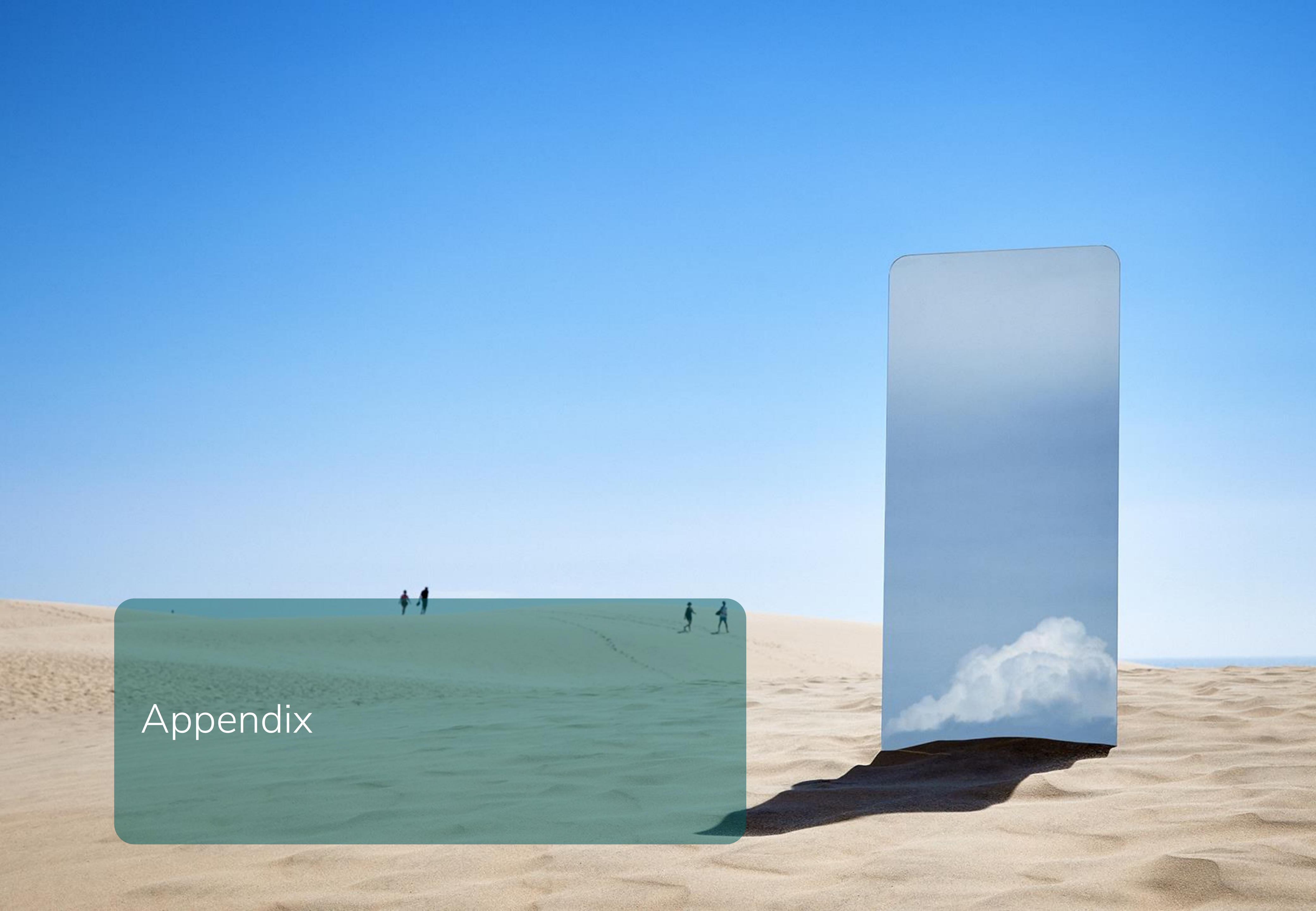

Appendix

Key figures half year on half year

€ m	H2 2018	H1 2018	H2 2017	H1 2017
Commission	143.3	149.9	134.7	132.3
Interest	85.6	90.0	93.0	103.6
Other income	12.0	18.3	14.3	36.9
Income from operating activities	**241.0**	**258.2**	**242.0**	**272.7**
Operating expenses	-187.1	-209.3	-198.0	-194.0
Gross result	**53.9**	**48.9**	**44.0**	**78.7**
Loan loss provision	9.2	3.5	9.9	1.9
Other impairments	-0.1	1.1	3.0	-0.5
Operating profit before tax of non-strategic investments	9.0	8.8	5.6	7.0
Operating profit before special items and tax	**72.0**	**62.3**	**62.6**	**87.2**
Strategic investment programme	-11.5	-10.5	-11.7	-9.7
Derivatives recovery framework	-	-	-1.7	-
Amortisation of intangible assets arising from acquisitions	-4.0	-4.2	-3.4	-2.7
Restructuring charges	-8.3	-	-	-
Operating profit before tax	**48.2**	**47.6**	**45.8**	**74.7**
Income tax	-7.2	-8.3	-13.1	-12.4
Net profit	**41.0**	**39.3**	**32.7**	**62.3**
Underlying net result	**55.8**	**47.2**	**42.7**	**69.6**
Efficiency ratio (%)	77.6%	81.1%	81.8%	71.1%

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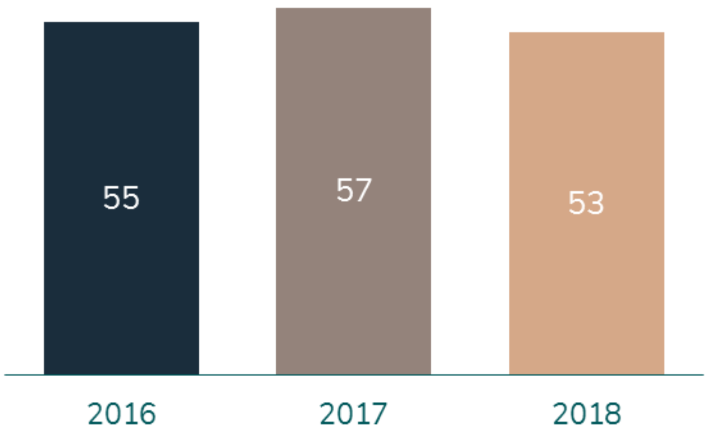
Key figures 2018 by segment

€ m	Private Banking	Evi	Asset Management	Merchant Banking	Corporate Banking	Other	**Total**
Commission income	127.0	4.4	100.0	58.0	1.9	1.9	293.2
Interest income	137.7	2.5	-0.0	-0.0	21.6	13.8	175.6
Other income	1.1	-	-0.2	1.0	-	28.5	30.3
Income from operating activities	**265.7**	**6.9**	**99.8**	**58.9**	**23.5**	**44.3**	**499.2**
Operating expenses	-209.9	-16.1	-80.1	-45.2	-11.0	-34.1	-396.4
Gross result	**55.9**	**-9.2**	**19.7**	**13.7**	**12.5**	**10.3**	**102.8**
Impairments	3.2	0.0	-	0.0	10.6	-0.1	13.7
Operating profit before tax of non-strategic investments	-	-	-	-	-	17.8	17.8
Operating profit before special items and tax	**59.0**	**-9.2**	**19.7**	**13.7**	**23.1**	**28.0**	**134.3**
Strategic investment programme	-22.0	-	-	-	-	-	-22.0
Amortisation of intangible assets arising from acquisitions	-4.8	-	-0.8	-	-	-2.6	-8.3
Restructuring charges	-3.8	-0.1	-2.5	-0.1	-0.4	-1.4	-8.3
Operating profit before tax	**28.4**	**-9.3**	**16.3**	**13.6**	**22.7**	**24.0**	**95.8**
Income tax	-7.4	2.6	-4.4	-3.1	-5.7	2.5	-15.5
Net profit	**21.0**	**-6.7**	**11.9**	**10.5**	**17.0**	**26.5**	**80.3**
Underlying net result	**40.4**	**-6.6**	**13.8**	**10.6**	**17.3**	**27.5**	**103.0**

FTE 2018	754	28	221	110	3	505	1,621

Margin affected by change in AuM mix and acquisitions

AuM margin - Private Banking
bps

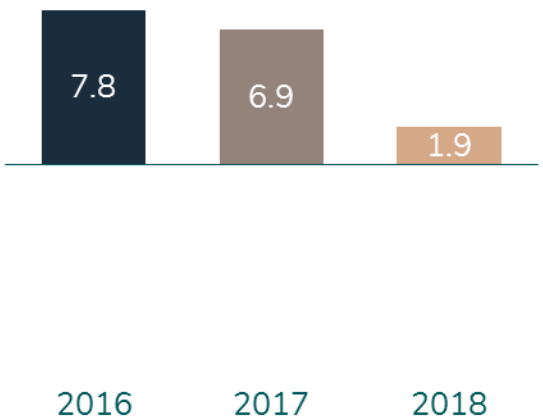


AuM margin - Asset Management
bps

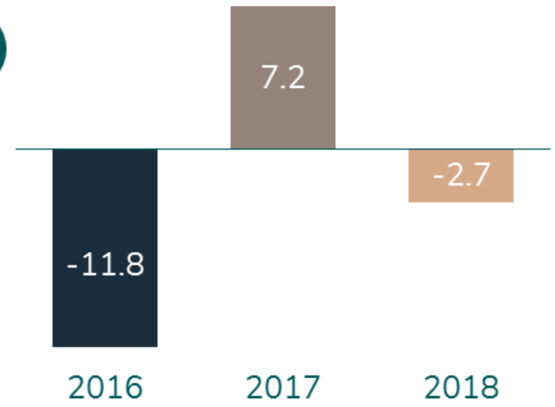
- Margin development partly dependent on the product mix
- Lower Private Banking margin in 2018 due to lower transaction-related fees
- Majority of fees at Asset Management are fixed (c. 65%)

Result on financial transactions

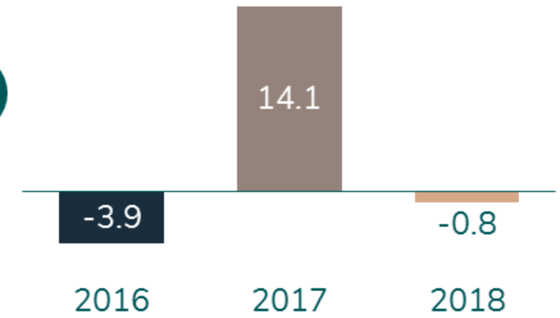
Results on investment portfolio
€ m



Other results
€ m



Total result on financial transactions
€ m

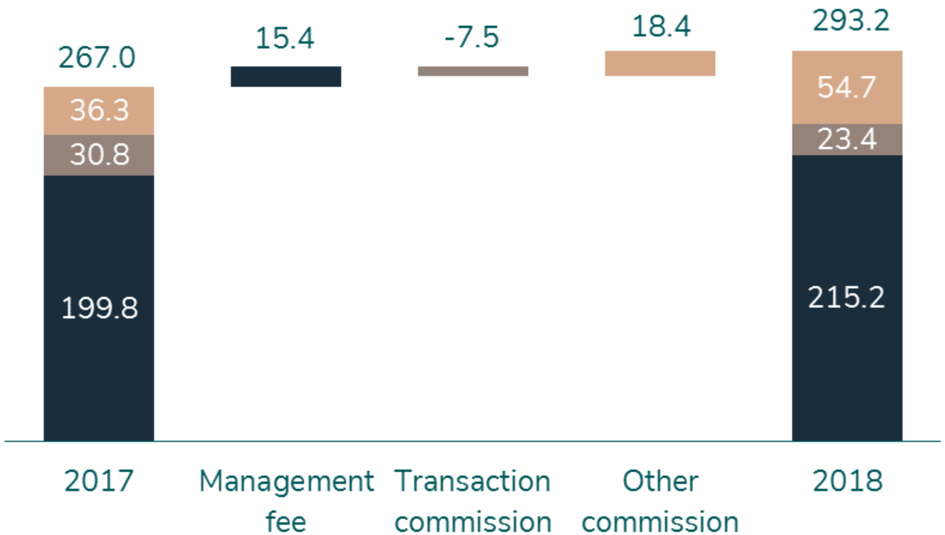


Consists of:
- Realised gains on HTCS portfolio
- Results on mark-to-market portfolio

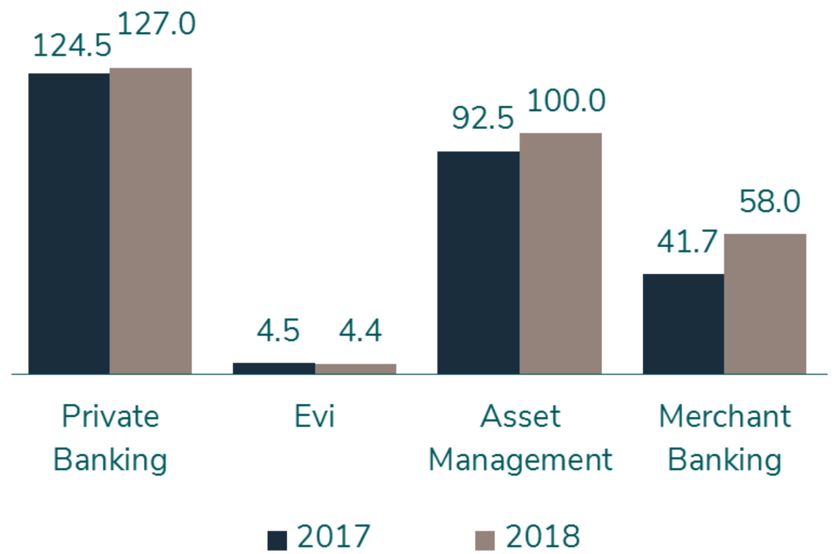
Results from:
- Brokerage
- Currency trading
- Interest rate hedges
- Medium-term notes

Growth in commission due to solid AuM and strong results at Merchant Banking

Total commission
€ m



Commission by segment
€ m



Financial and non-financial KPIs

Theme	KPI	Target	Score 2018	
Financial and risk management	1. CET 1 ratio (fully loaded)	15-17%	21.4%	
	2. Return on equity (CET 1)	10-12%	9.8%	
	3. Efficiency ratio	60-65%	79.4%	
Ethics and integrity	4. Percentage of employees that feel the responsibility to act and behave ethically*	> industry average	N.A.	N.A.
Client relations	5. Net Promotor Score (NPS):			
	a. Private Banking	PB: 10	2	
	b. Evi	Evi: 10	-20	
	c. Asset Management	AM: 20	44	
Responsibility and sustainability	6. Private Banking: AuM invested in sustainable and/or impact investment wealth management solutions	> last year	2018: €1,318m 2017: €1,138m	
	7. Engaging with companies in which our funds invest	80-100 engagements	91	
	8. Asset Management: percentage increase in (internal and external) fund managers on our approved list that are scored on their overall sustainability profile	> last year	2018: 53 funds 2017: 0 funds	
	9. Decrease in carbon emissions:			
	a. Direct emissions of our own organisation	- 2.5%/FTE per year	-8.1%	
	b. Indirect emissions via our balance sheet (mortgage portfolio)	- CO_2/EUR < last year	-7.4%	
Employees	10. Employee engagement score	> 80%	81%	
	11. Employer Net Promotor Score (eNPS)*	> 10	-	-
	12. Gender balance in management positions	> 30% female and > 30% male	20% female and 80% male	
Preservation and creation of wealth	13. Private Banking: 3-year performance of discretionary management mandates	> benchmark	-0.1%	
	14. Evi: 3-year performance of discretionary management mandates	> benchmark	-0.4%	
	15. Asset Management: average Morningstar rating of investment strategies (institutional share class)	> 3.5	4.0	

- During 2018, we developed a new set of KPIs in addition to the existing financial targets, demonstrating our belief in value creation for the long term
- These KPIs reflect both the interests of our stakeholders and our ambitions as a wealth manager

* As we did not conduct an engagement survey in 2018, no scores are reported for KPI 4 and 11

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This document 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.

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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 document, except as described otherwise, the same accounting principles are applied as in the 2017 Van Lanschot Kempen consolidated annual accounts. The annual financial statements for 2018 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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