

Press release

Van Lanschot Kempen: net profit €125.2 million, with net AuM inflows at €5.3 billion in 2023

Amsterdam/'s-Hertogenbosch, the Netherlands, 22 February 2024

- Net profit increased to €125.2 million (2022: €84.3 million), mainly on higher commission income, interest income and a book profit on the sale of a stake in the portfolio of participating interests
- Net AuM inflows: €5.3 billion, of which Private Clients €2.3 billion and Wholesale & Institutional Clients €3.1 billion
- Client assets: €145.0 billion (2022: €124.2 billion) and AuM: €127.6 billion (2022: €107.8 billion)
- Strong capital ratio of 19.6% (2022: 20.6%), well above 17.5% target
- 2023 dividend proposal: €2.00 per share (2022: €1.75 per share)
- Investor Day on 20 June 2024: update on wealth management strategy and financial targets

Maarten Edixhoven, Chair of the Management Board, said: “2023 was a good year for Van Lanschot Kempen, with strong net profit and more than 18% growth in assets under management (AuM). As well as a positive market performance, this reflected new assets entrusted to us by both existing and new clients, and the disciplined execution of our M&A strategy.

“The year was marked by geopolitical tensions, climate change impacts and economic developments that had a major effect on consumers, investors, entrepreneurs and society at large. Equity markets were volatile due to monetary tightening by central banks, but saw a strong end to the year. Against this backdrop, our clients sought solutions and advice to help them stay on course for the long-term. Fixed income returned as an attractive asset class, while interest in alternative investment solutions remained strong – an area in which impact is increasingly becoming a third variable alongside risk and return.

“Private Clients reported strong results in the Netherlands, Belgium and Switzerland, recording net AuM inflows of €2.3 billion. In Belgium, our second home market, we achieved solid growth, a major feat by all colleagues who were meanwhile also working hard towards the launch of Mercier Van Lanschot on 1 January 2024. This completed the integration of Mercier Vanderlinden and Van Lanschot Belgium. The integration of Robeco’s online investment platform and Evi van Lanschot is likewise proceeding smoothly.

“Our other two client segments reported negative results. Within Wholesale & Institutional Clients we took additional measures focused on profitable growth and cost discipline. Net inflows in this segment were €3.1 billion, mainly generated in the final quarter of the year. Coupled with rising stock markets, this created a good starting point for 2024. Investment Banking Clients experienced a challenging climate for transactions in 2023 due to rising interest rates, whereas the demand for debt advisory services remained strong. This client segment also recorded an upward trend as the year progressed, particularly in capital market transactions.

“We remain committed to our sustainability targets, both year-on-year and for the longer term. And we have raised our ambitions relating to our own organisation. To reduce the carbon emissions of our AuM – our main impact – and those of our mortgage portfolio, we continue to engage with our clients and the companies we invest in.

“I’m looking forward to giving an update on our independent wealth management strategy during our Investor Day in June. Our results clearly demonstrate that we delivered on this consistently in 2023, with a focus on scalable growth while preserving the personal approach that makes us stand out. I’m incredibly proud of all our people who make this possible each and every day, and would also like to thank our clients and shareholders for the trust that, once again, they put in us in 2023.”

Client assets and AuM

Total AuM rose by almost €20 billion to €127.6 billion (2022: €107.8 billion), with net AuM inflows of €5.3 billion. The acquisition of Robeco's online investment platform contributed €5.0 billion and positive market performance amounted to €9.4 billion. Client savings were virtually unchanged at €12.6 billion (2022: €12.7 billion). The first part of the year saw savings shifting to AuM, but the reverse happened in the final quarter. On the one hand, some private clients switched their AuM back to savings rather than reinvesting maturing bonds. On the other, the increase in savings was driven by former Robeco Retail clients who got the opportunity to resume saving in their investment accounts. These factors in combination led to strong growth in client assets, to €145.0 billion (2022: €124.2 billion).

2023 results

Full-year net profit grew to €125.2 million (2022: €84.3 million), reflecting higher commission income, interest income and a book profit generated by a sale in Van Lanschot Kempfen's portfolio of participating interests.

Commission income amounted to €427.2 million (2022: €407.8 million), of which securities commissions were up by €39.4 million, driven by higher AuM. Other commissions fell to €37.4 million (2022: €57.4 million), reflecting difficult market conditions for acquisitions and capital market transactions at Investment Banking Clients.

Interest income came in at €196.5 million (2022: €162.7 million). This increase was driven by the European Central Bank (ECB) raising interest rates, resulting in higher interest income, primarily in the first six months of 2023. In the second half of the year interest income stabilised at lower levels, due to shifts to term deposits and higher savings rates for private clients. From 1 January 2023, interest charges related to medium-term notes (MTNs), €19.1 million compared with €2.8 million in 2022, were reported as "Interest income" instead of "Result from financial transactions" to ensure these costs are recognised under the same line item as their related income.¹

In 2023, operating expenses increased to €474.8 million (2022: €438.2 million), mainly driven by higher staff costs as a result of higher fixed salary expenses combined with a rise in FTEs, mainly in the first half of the year. Other factors contributing to the rise in operating expenses included high inflation and the acquisition of Robeco's online investment platform. In the second half, the rise in FTEs was limited and mainly driven by conversion of external contractors into internal FTEs.

The cost/income ratio improved to 71.6% (2022: 73.1%). To achieve the target of 70%, Van Lanschot Kempfen is maintaining its focus on profitable growth and cost discipline.

The loan portfolio stood at €9.2 billion (2022: €9.4 billion) and mostly comprises residential mortgages in the Netherlands. 2023 saw a minor addition to loan loss provisions of €2.0 million (2022: a release of €7.7 million).

Underlying net profit amounted to €130.5 million (2022: €117.8 million). This figure reflects the net result adjusted for charges relating to the accounting treatment of the Mercier Vanderlinden acquisition, the release from provisions for revolving consumer credit, and restructuring charges, particularly related to the acquisition of Robeco's online investment platform and to measures taken to improve profitability at Wholesale & Institutional Clients.

¹ The figures for 2022 have not been adjusted.

During the second half of 2023, Van Lanschot Kempen made some changes to its organisational set-up. Given the strong growth momentum experienced in Belgium, its second home market, Private Clients Belgium will be reported as a separate segment going forward. Effective 2024, Van Lanschot Kempen's client segments will consist of: Private Clients Netherlands (including Evi van Lanschot and Private Clients Switzerland), Private Clients Belgium, Investment Management Clients and Investment Banking Clients.

Private Clients

Private Clients had a successful year, with profit before tax growing to €165.9 million (2022: €117.1 million). Commission income rose by 13% to €306.4 million (2022: €270.4 million), mostly on the back of an increase in AuM following the acquisition of Robeco's online investment platform and net inflows. Interest income was 19% higher at €184.7 million (2022: €155.8 million).

Net AuM inflows in this segment were high at €2.3 billion, with both the Netherlands and Belgium enjoying strong growth. In the Netherlands, a shift from AuM to savings occurred in the final quarter, primarily because non-discretionary management clients did not reinvest bonds that matured. A positive market performance and the acquisition of Robeco's online investment platform helped to push up total AuM to €52.4 billion (2022: €40.5 billion), while total client assets came to €67.6 billion (2022: €55.1 billion).

For clients in the Netherlands, Van Lanschot Kempen further expanded its illiquid products proposition, combining the expertise of its investment teams with that of its private bankers. In October, it launched the North American Private Equity Fund. November saw the launch of a new mortgage proposition that incentivises clients to buy more sustainable homes or make their new homes more sustainable during the term of their mortgage. The mortgage interest rates are linked to the home's registered energy label and are reduced for homes with energy label C and better. In other words: the more energy-efficient the home, the lower the mortgage interest rate.

Client satisfaction remained high, as shown in the high Relationship NPS of 34 (2022: 36).

Belgium

In Belgium, the integration of Mercier Vanderlinden and Van Lanschot Belgium was completed successfully by year-end, continuing as Mercier Van Lanschot as of 1 January 2024. During the integration, the focus on clients remained unchanged and the offering to them was further enhanced, for example with the launch of a new bond fund for private clients. Net inflows of €0.8 billion helped to boost total AuM to €11.3 billion. In December 2023, Van Lanschot Kempen announced its intention to acquire Belgian investment adviser Accuro, which will expand its advisory proposition and complement its growth strategy in Belgium. The transaction is expected to be completed in the course of 2024, subject to regulatory approval.

Evi van Lanschot

In July 2023, Evi van Lanschot welcomed Robeco Retail's clients and employees following the completion of the acquisition of Robeco's online investment platform. Total combined AuM worked out at €6.4 billion. The integration process is expected to take two years and is progressing well, with one-off costs for the process at €2.6 million in 2023.

Wholesale & Institutional Clients

In 2023, result before tax at Wholesale & Institutional Clients worked out at a negative €2.7 million, compared with a positive €2.2 million in 2022. Commission income increased slightly, to €79.2 million (2022: €78.4 million).

In 2023, Van Lanschot Kempen took a range of additional measures to accelerate profitable growth in this segment, simplifying its organisational structure, structurally cutting costs and investing in its commercial strength.

Net AuM inflows at Wholesale & Institutional Clients amounted to €3.1 billion. Total AuM grew to €75.1 billion (2022: €67.3 billion) on the back of net inflows and a positive market performance of €4.7 billion.

A net AuM outflow of €0.2 billion was recorded for investment strategies, driven by small cap strategy outflows partly offset by solid credit strategy inflows. The final quarter saw a return to net AuM inflows of €0.4 billion, including positive inflows into small cap strategies.

Fiduciary management recorded net AuM inflows of €2.8 billion on the back of new mandates for HNPX Xerox and HNPX Pepsico among others, in addition to net inflows from existing clients. In the United Kingdom, AuM grew to €6.1 billion (2022: €4.8 billion) on €1.0 billion in net inflows coupled with a positive market performance of €0.3 billion.

Alternative Investment Solutions (AIS) advises on and selects a broad array of illiquid asset classes for clients. Net AuM inflows were €0.5 billion, mostly fuelled by growth in non-listed real estate, Van Lanschot Kempfen's SDG Farmland Fund and direct lending. AIS's total AuM amounted to €3.1 billion (2022: €2.8 billion).

With an NPS at 30 (2021: 38) and well ahead of its target of 20, Wholesale & Institutional Clients is looking at high client satisfaction ratings. Clients appreciate its dedicated and approachable team, as well as its high-grade service.

Investment Banking Clients

In 2023, Investment Banking Clients faced challenging market conditions for acquisitions and capital market transactions. The real estate sector, in particular, was impacted by rising interest rates. The segment's result before tax worked out at a negative €4.4 million (2022: a positive €9.7 million). In the second half of the year, the trend was up and the segment made a slight contribution to profit. For full 2023, commission income was down to €36.5 million (2022: €56.0 million).

During the year Van Lanschot Kempfen adapted the organisation of this segment to market circumstances, focusing on costs, appropriate staff levels and training – anticipating a pick-up in activity in 2024. Whereas the market for real estate transactions stalled, debt advisory grew year on year.

Meanwhile, collaboration between the Private Clients and Investment Banking Clients segments was further enhanced – for example by providing corporate finance advice to private banking clients.

Other

The result on participating interests in private equity portfolios rose to €32.3 million in 2023 (2022: €16.3 million), mostly driven by a book profit of €23.1 million from the sale of the stake in Movares.

Exposures in own funds generated a positive pre-tax result of €1.8 million (2022: €2.9 million before tax), including hedge results.

Sustainability targets

At the end of 2023, 23.1% of total AuM was invested in products classified as sustainable or impact investing, a 2.5 percentage point increase on 2022.

The carbon emissions of Van Lanschot Kempfen's own organisation were down 42% at the end of 2023, compared with base year 2019. This is in line with its transition path to reduce its emissions by 7% per year per FTE. At the end of 2023, Van Lanschot Kempfen raised its sustainability targets. The aim is for the company's own carbon footprint to be reduced by 8% a year per FTE with effect from 2024, and to cut carbon emissions from discretionary AuM by 7% a year.

Solvency and liquidity

The capital and liquidity positions remained strong, with the liquidity coverage ratio (LCR) up to 224.7% (2022: 178.3%). This rise reflects higher client assets in the shape of term deposits.

At 19.6%, the CET 1 ratio (2022: 20.6%) was well above the target of 17.5% including a M&A add-on of 2.5%. Equity attributable to shareholders declined due to the capital return of €85 million to shareholders in December 2023, although this was partly offset by the issue of new shares as part of the acquisition of the remaining 30% stake in Mercier Vanderlinden.

Van Lanschot Kempfen remains committed to return to its shareholders any capital in excess of 17.5%, subject to regulatory approval (around €75 millionⁱⁱ by year-end 2023).

Starting in January 2025, Basel IV is expected to come into force. We are awaiting further guidance relating to the application of DNB's risk weight floor for residential mortgages during the phase-in of Basel IV. Should this floor still apply during phase-in, our phased-in CET 1 ratio at 1 January 2025 is expected to remain around its current level.ⁱⁱⁱ The CET 1 ratio according to the "Basel IV fully loaded" definition stood at around 21%.ⁱⁱⁱ

Dividend

Van Lanschot Kempfen's solid results and strong capital position enable it to propose a 2023 dividend of €2.00 per share (2022: €1.75), taking the total proposed dividend payable to €85.0 million.

2024 Investor Day

On 20 June 2024, Van Lanschot Kempfen will be providing an update on progress made on its wealth management strategy and financial targets.

ⁱⁱ Taking into account the intended acquisition of Accuro.

ⁱⁱⁱ The Basel IV results are based on the balance sheet as of 31 December 2023 and our current interpretation of Basel IV.

Key data

€ million	2023	2022	
Statement of income			
Net result	125.2	84.3	48%
Underlying net result	130.5	117.8	11%
Cost/income ratio (%)	71.6	73.1	
€ billion	31/12/2023	31/12/2022	
Client assets			
- Assets under management	127.6	107.8	18%
- Assets under administration	4.9	3.7	33%
- Savings and deposits	12.6	12.7	-1%
€ million	31/12/2023	31/12/2022	
Statement of financial position and capital management			
Equity attributable to shareholders	1,247	1,281	-3%
Equity attributable to non-controlling interests	102	102	0%
Savings and deposits	12,574	12,726	-1%
Loans and advances to clients	9,161	9,364	-2%
Total assets	16,836	17,018	-1%
Loan-to-deposit ratio (%)	72.9	73.6	
Total risk exposure amount	4,409	4,272	3%
Common Equity Tier 1 ratio (%)	19.6	20.6	
Tier 1 ratio (%)	21.9	22.9	
Total capital ratio (%)	25.3	26.4	
Leverage ratio (%)	5.8	5.7	
Liquidity coverage ratio (%)	224.7	178.3	
Net stable funding ratio (%)	156.4	158.1	
	2023	2022	
Key figures			
Weighted average outstanding shares (x 1,000)	41,969	40,706	3%
Underlying earnings per share (€)	2.95	2.72	8%
Return on average Common Equity Tier 1 capital (%) ^{iv}	14.2	12.3	
Number of staff (FTEs at period end)	1,904	1,780	7%

^{iv} Based on underlying net result attributable to shareholders.

Result

€ million	2023	2022	
Commission	427.2	407.8	5%
- Of which securities commissions	389.8	350.4	11%
- Of which other commissions	37.4	57.4	-35%
Interest	196.5	162.7	21%
Income from securities and associates	38.1	7.8	
Result on financial transactions ^v	1.0	21.3	-95%
Income from operating activities	662.8	599.7	11%
Staff costs	317.3	298.3	6%
Other administrative expenses	139.7	123.5	13%
- Of which regulatory levies and charges	11.6	12.1	-4%
Depreciation and amortisation	17.7	16.3	9%
Operating expenses	474.8	438.2	8%
Gross result	188.0	161.5	16%
Additions to loan loss provision	2.0	-7.7	
Other impairments	0.0	1.1	-100%
Impairments	2.0	-6.6	
Operating profit before tax of non-strategic investments	0.1	0.6	-77%
Operating profit before special items and tax	186.1	168.7	10%
Amortisation of intangible assets arising from acquisitions	15.2	14.9	2%
Expenses related to accounting treatment Mercier Vanderlinden	1.2	29.6	-96%
Provision revolving consumer credit	-0.3	-2.0	83%
Restructuring charges	5.9	0.7	
Other one-off items	-	6.5	-100%
Operating profit before tax	164.2	119.0	38%
Income tax	39.0	34.7	13%
Net result	125.2	84.3	48%
Underlying net result	130.5	117.8	11%

^v From 1 January 2023, the interest charges related to medium-term notes (MTNs) were reported as "Interest" instead of "Result on financial transactions". The figures for 2022 have not been adjusted.

Result per segment – 2023

<i>€ million</i>	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	306.4	79.2	36.5	5.0	427.2
Interest	184.7	0.4	-0.3	11.7	196.5
Other income	1.3	0.1	2.1	35.6	39.1
Income from operating activities	492.4	79.7	38.4	52.3	662.8
Staff costs	108.8	10.1	23.0	175.4	317.3
Other administrative expenses	70.2	11.1	8.3	50.2	139.7
Allocated expenses	125.8	60.4	11.2	-197.5	-
Depreciation and amortisation	1.6	0.0	0.3	15.8	17.7
Operating expenses	306.4	81.6	42.8	44.0	474.8
Gross result	186.0	-1.9	-4.4	8.3	188.0
Impairments	1.6	0.0	-	0.4	2.0
Operating profit before tax of NSIs	-	-	-	0.1	0.1
Operating profit before one-off charges and tax	184.4	-1.9	-4.4	8.0	186.1
Amortisation of intangible assets arising from acquisitions	13.9	0.4	-	0.8	15.2
Expenses related to accounting treatment Mercier Vanderlinden	1.2	-	-	-	1.2
Provision revolving consumer credit	-0.3	-	-	-	-0.3
Restructuring charges	3.7	0.3	-	2.0	5.9
Operating profit before tax	165.9	-2.7	-4.4	5.3	164.2
Underlying profit before tax	170.4	-2.4	-4.4	7.3	170.9

Result per segment – 2022

€ million	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Commission	270.4	78.4	56.0	2.9	407.8
Interest	155.8	-0.0	-0.0	7.0	162.7
Other income	2.2	-0.2	-1.0	28.1	29.2
Income from operating activities	428.3	78.2	55.0	38.1	599.7
Staff costs	93.6	10.5	26.0	168.2	298.3
Other administrative expenses	58.0	8.8	8.4	48.3	123.5
Allocated expenses	118.0	56.0	10.5	-184.5	-
Depreciation and amortisation	1.4	0.0	0.3	14.5	16.3
Operating expenses	271.0	75.3	45.3	46.5	438.2
Gross result	157.3	2.9	9.7	-8.4	161.5
Impairments	-7.6	-	-	0.9	-6.6
Operating profit before tax of NSIs	-	-	-	0.6	0.6
Operating profit before one-off charges and tax	164.9	2.9	9.7	-8.8	168.7
Amortisation of intangible assets arising from acquisitions	13.4	0.7	-	0.8	14.9
Expenses related to accounting treatment Mercier Vanderlinden	29.6	-	-	-	29.6
Provision revolving consumer credit	-2.0	-	-	-	-2.0
Restructuring charges	0.2	-	-	0.5	0.7
Other one-off items	6.5	-	-	-	6.5
Operating profit before tax	117.1	2.2	9.7	-10.0	119.0
Underlying profit before tax	151.4	2.2	9.7	-9.5	153.8

PERFORMANCE REPORT/PRESENTATION/WEBCAST

For a detailed discussion of Van Lanschot Kempenn's results and balance sheet, please refer to our performance report and presentation on the 2023 full-year results at vanlanschotkempenn.com/results. In a conference call on 22 February at 9.00 am CET, we will discuss our 2023 full-year results in greater detail. This may be viewed live at vanlanschotkempenn.com/results and played back at a later date.

ADDITIONAL INFORMATION

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

FINANCIAL CALENDAR

30 April 2024	Publication of first-quarter 2024 trading update
23 May 2024	Annual General Meeting (AGM)
27 May 2024	Ex-dividend date
4 June 2024	2023 dividend payment date
20 June 2024	Investor Day
22 August 2024	Publication of 2024 half-year results
1 November 2024	Publication of third-quarter 2024 trading update

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Van Lanschot Kempen is an independent, specialist wealth manager active in private banking, 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. Through our long-term focus, we create positive financial and nonfinancial value. Listed at Euronext Amsterdam, Van Lanschot Kempen is the Netherlands' oldest independent financial services company, with a history dating back to 1737.

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 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 press release, except as described otherwise, the same accounting principles are applied as in the 2022 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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