2019 half-year results

Net profit over €83m and capital return proposal

27 August 2019

We want to be a leading wealth manager in our markets

Continue with our 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
- Strategy offers ample 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 merchant banking niches 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 are convinced we can achieve significant social and environmental impact by advising our clients in making sustainable investment decisions
- We aim to increase our positive contribution and visibility

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%

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To deliver on our promises we have taken clear actions

Accelerate growth – organically and inorganically

- Net inflows of AuM and favourable stock market performance, adding €16.1bn to client assets
- Start of €9.0bn fiduciary mandate
- Ongoing scan for acquisitions in existing and contiguous markets to accelerate our growth

Activate our full potential

- Next steps for Evi: wealth management proposition for Evi's mass affluents
- Co-creation between Private Banking and Asset Management allows for swift and tailored product development

Advance through digitalisation and analytics

- Outsourced payment services to Fidor: new payments platform and payments app launched
- Started roll-out of digital and analytics knowledge across the business

Adapt the workforce

- Launch of new online learning platform
- Introduction of Private Banking Academy
- Implementation of agile approach with multidisciplinary set-up of several teams
- Attracted new talent, bringing different skills and capabilities into our organisation

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From responsible to sustainable wealth manager – highlights H1 2019

Signed up to financial sector commitment to report on climate impact of loan portfolio and investments as of

2020

AuM at Private Banking invested in sustainable or impact investing solutions

>€1.5bn

Increase in number of approved fund managers that are scored on their overall sustainability profile

+52%

Engaging with companies in which our funds invest

81
companies

Employee engagement score is above target

82%

Continued interest in ESG products

- **Global Impact Pool**
- **Sustainable solutions in various asset classes**
- **Duurzaam+ proposition**
- **Groenhypotheek**

Our positioning in a changing environment

Key themes	Our positioning
Low interest rates impact our interest income	• Focus on wealth management, leading to less dependence on interest income • Keep Private Banking loan portfolio stable
Market volatility and flat yield curve impact our clients	• Provide integrated wealth management solutions for private, institutional and corporate clients • Plan for swift, tailored alternative product development
Increased focus on compliance	• Business model allows for focus on specific target groups • Commit fully to meet high standards of CDD/AML regulations and fulfil role in combating money laundering and financial crimes • Have an advanced monitoring system and team of experts in place
Pressure on sustainability of business model for traditional banking	• Make a clear choice for wealth management with capital light balance sheet • Benefit from focused strategy and client base to allow for swift implementation of new technology

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2019 half-year results

VAN LANSCHOT KEMPEN

Net result up to €83.6m due to significant book profits

Net result €83.6m (H1 2018 €39.3m) Underlying net result €92.5m (H1 2018 €47.2m)	Commission income €142.2m (-5%) Interest €84.7m (-6%) Book profits* €52.2m
Operating expenses €190.4m (-9%)	Efficiency ratio 75.5% (H1 2018: 81.1%)
Client assets €97.3bn (+20%) AuM €82.6bn (+23%)	AuM net inflows €8.7bn
Strong capital ratios CET 1 ratio rises to 22.7%	Proposed capital return €1.50 per share

* VLC & Partners (including the expected value of the agreed earn-out) and AIO II

Highlights H1 2019

Over €1.5bn in sustainable AuM at Private Banking

New payments platform and payments app launched

fidor SOLUTIONS

Introduction of 'Groenhypotheek'

Next steps for Evi determined

evi

Successful launch European Private Equity Fund

Start of €9.0bn fiduciary mandate

Adviser in €1.4bn Dutch residential real estate deal


ROUND HILL CAPITAL

Sale of Dutch residential portfolio to

Heimstaden

€1.4 billion

Sole Financial Adviser

Kempen March 2019

Capital return proposal of €1.50 per share

Overview net result

€ m	H1 2019	H1 2018	% change
Commission	142.2	149.9	-5%
Interest	84.7	90.0	-6%
Other income	25.2	18.3	38%
Income from operating activities	**252.1**	**258.2**	**-2%**
Operating expenses	-190.4	-209.3	-9%
Gross result	**61.7**	**48.9**	**26%**
Loan loss provision	7.5	3.5	114%
Other impairments	-0.1	1.1	-106%
Operating profit before tax of non-strategic investments	37.0	8.8	
Operating profit before special items and tax	**106.2**	**62.3**	**70%**
Strategic investment programme	-9.4	-10.5	-10%
Amortisation of intangible assets arising from acquisitions	-3.1	-4.2	-27%
Restructuring charges	-2.5	-	
Operating profit before tax	**91.2**	**47.6**	**92%**
Income tax	-7.7	-8.3	-7%
Net profit	**83.6**	**39.3**	**113%**
Underlying net result*	**92.5**	**47.2**	**96%**
Efficiency ratio (%)	75.5%	81.1%	

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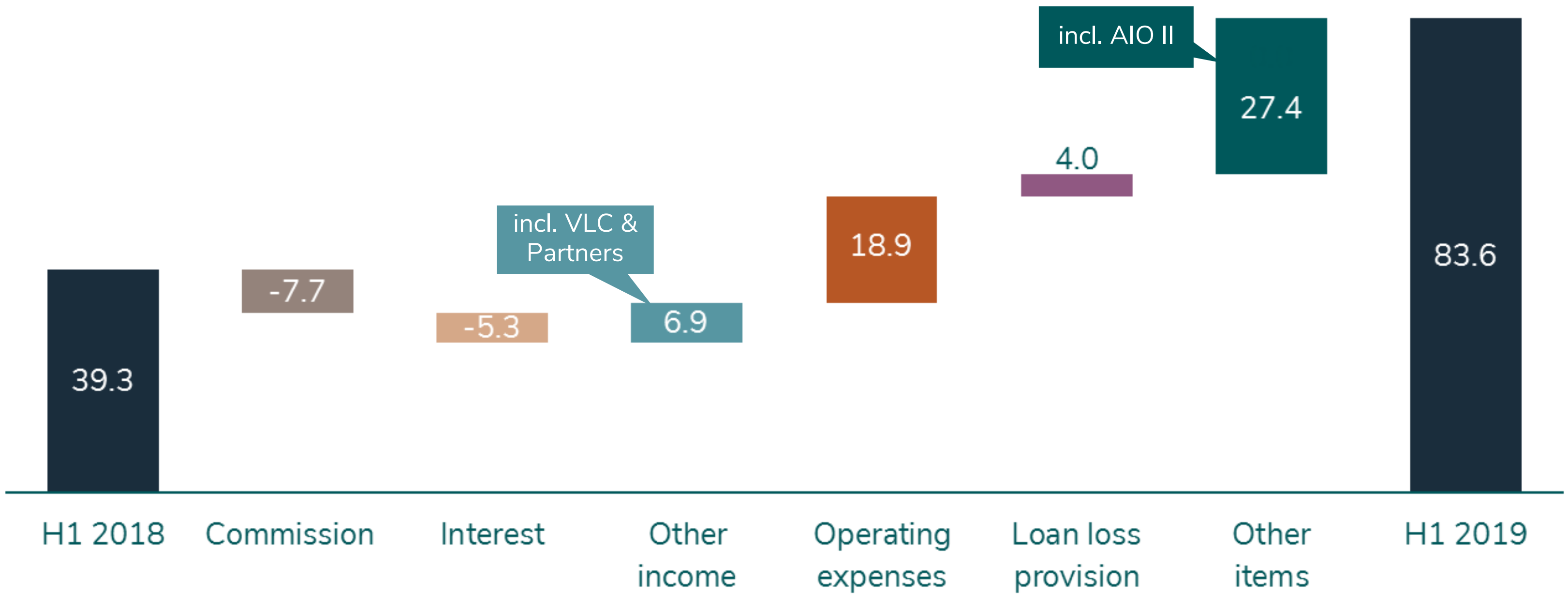
* Underlying net result excludes costs associated with the strategic investment programme and restructuring charges

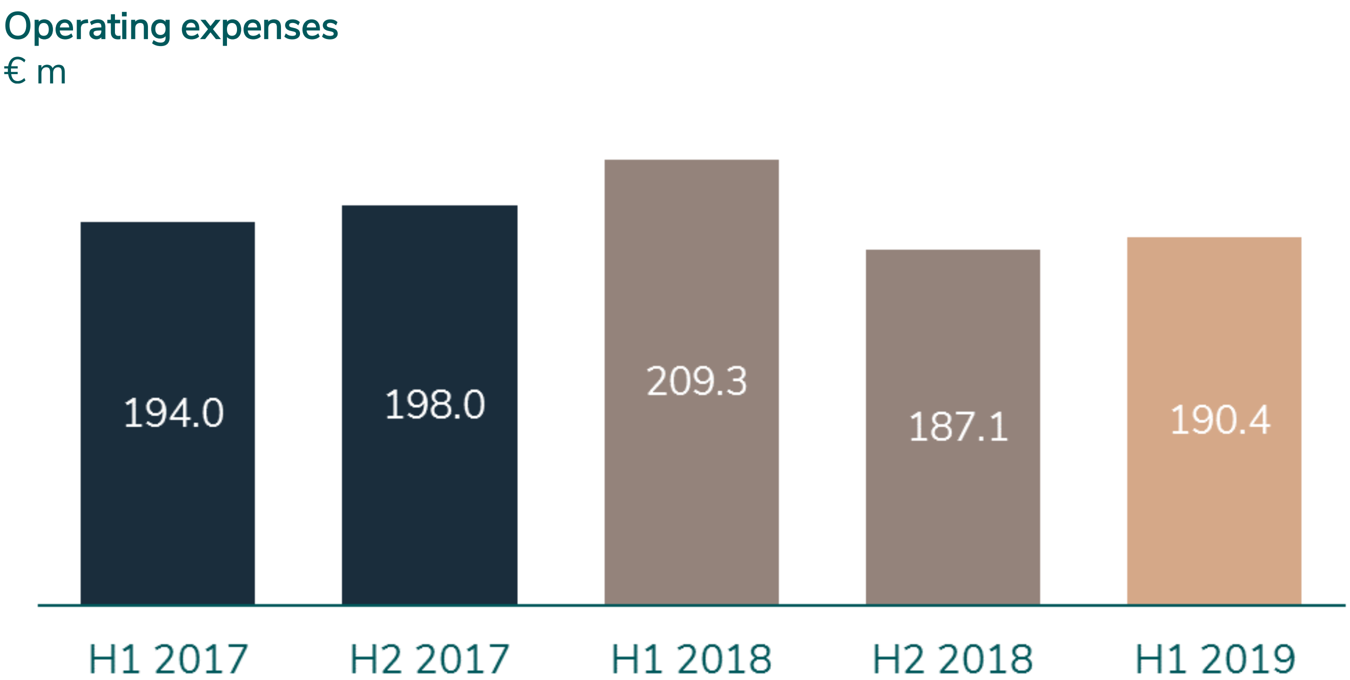
Higher net result driven by book profits and sharp decline in costs

Key drivers of net result
€ m



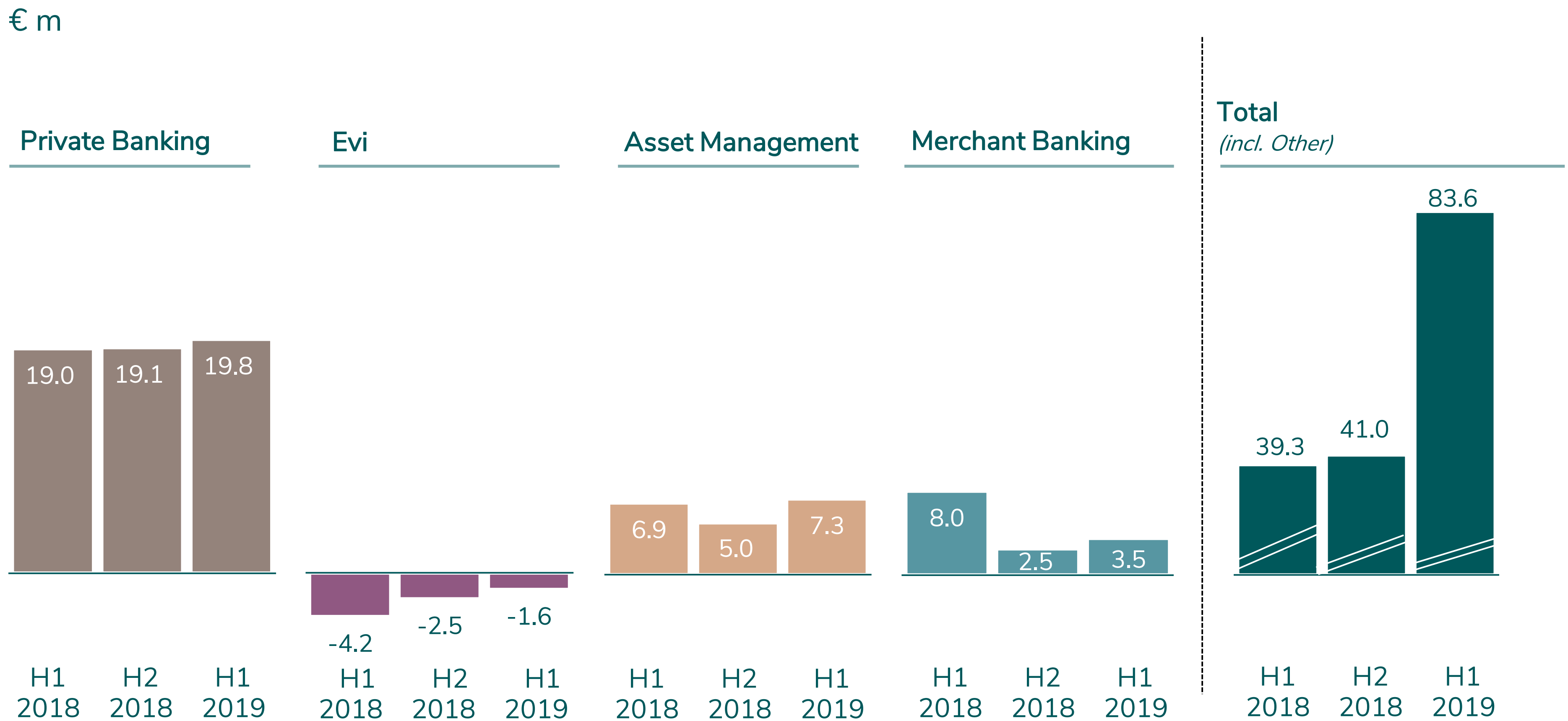
- Decline in commission driven by a combination of slightly lower AuM volumes, change in AuM composition at Asset Management and lower commission at Merchant Banking
- Low interest rate climate and run-off of corporate banking loans result in lower interest income
- Rise in other income driven by the sale of VLC & Partners, partly offset by lower results on financial transactions
- Decline in operating expenses mainly due to lower staff costs, consultancy fees and IT costs
- Other items relate to operating profit of non-strategic investments (sale of AIO II) and income tax

Cost-saving measures lead to 9% fall in operating expenses



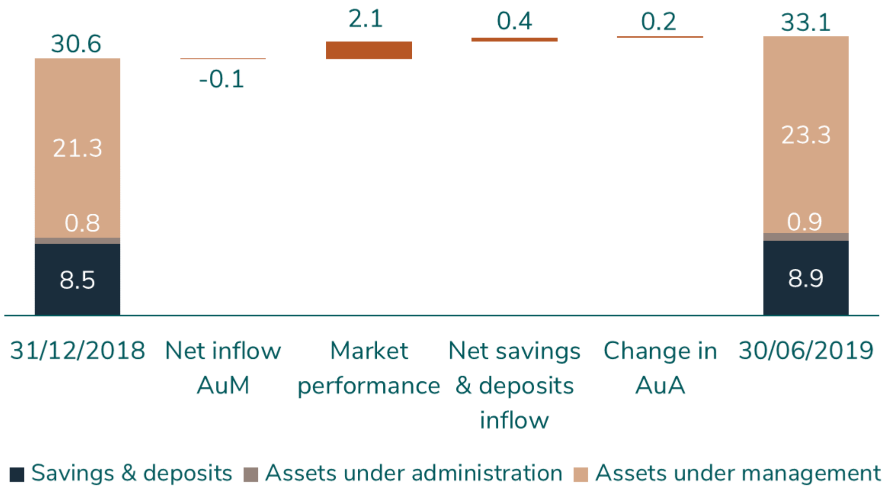
- H1 2019 costs significantly below H1 2018 due to cost-saving measures
- Focus on costs reflected mainly in lower staff costs, consultancy fees and IT costs
- Measures initiated in 2018 required additional restructuring charge of €2.5m in H1 2019
- We are on track to reach a cost level of around €390m in 2019

H1 2019 net result of €83.6m



Private Banking client assets rose 8% to €33.1bn

Private Banking client assets*
€ bn



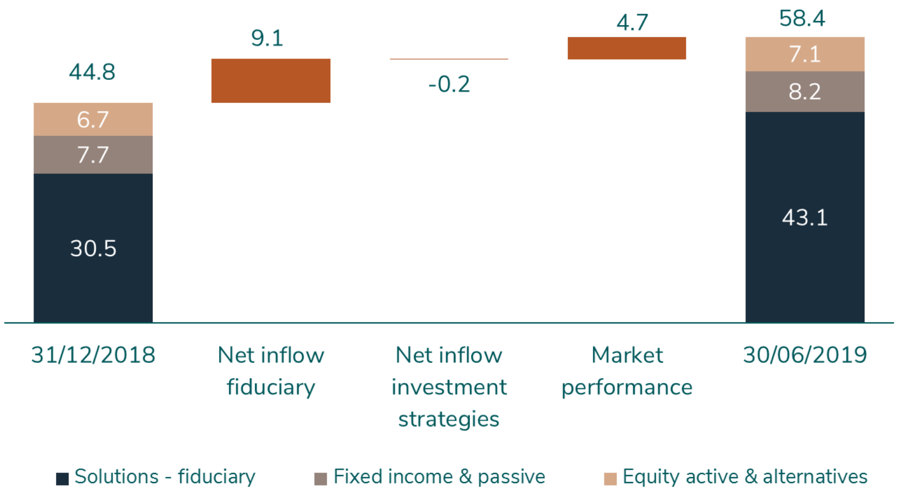
Net AuM inflow at Private Banking
€ bn

- Client assets rose to €33.1bn due to positive market performance and net inflow of savings and deposits
- Slight outflow of €0.1bn reflects clients being more hesitant to invest, due to volatile Q4 2018 and worldwide political and economic uncertainties
- Net result amounted to €19.8m (H1 2018: €19.0m)
- Private Banking on track to complete its strategic investment programme by the end of 2019

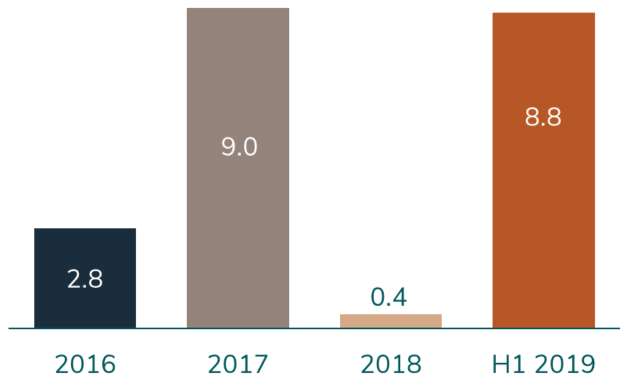
* As of 2019 corporate banking activities are integrated into our Private Banking segment
** Excluding former Staalbankiers and UBS clients

Net inflows at Asset Management driven by fiduciary management

AuM Asset Management
€ bn



Net inflow AuM at Asset Management
€ bn



- Net inflow driven by new fiduciary mandates, mainly St. Pensioenfonds PostNL (€9.0bn)
- Small outflow (€0.2bn) from investment strategies mainly as a result of the decision to centralise small cap strategies
- Newly launched funds – European Private Equity Fund and Global Listed Infrastructure Fund – showed promising start
- Net result amounted to €7.3m (H1 2018: €6.9m) due to lower operating expenses, partly offset by lower commission due to a change in AuM composition

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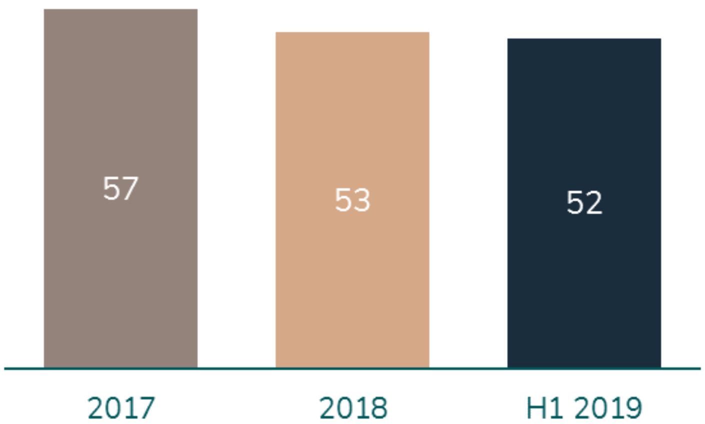
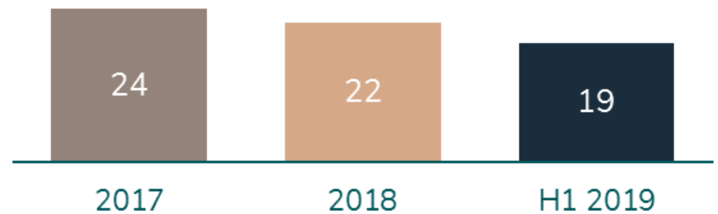
AuM margin Private Banking fairly stable, decline at Asset Management due to mix effect

AuM margin – Private Banking
bps



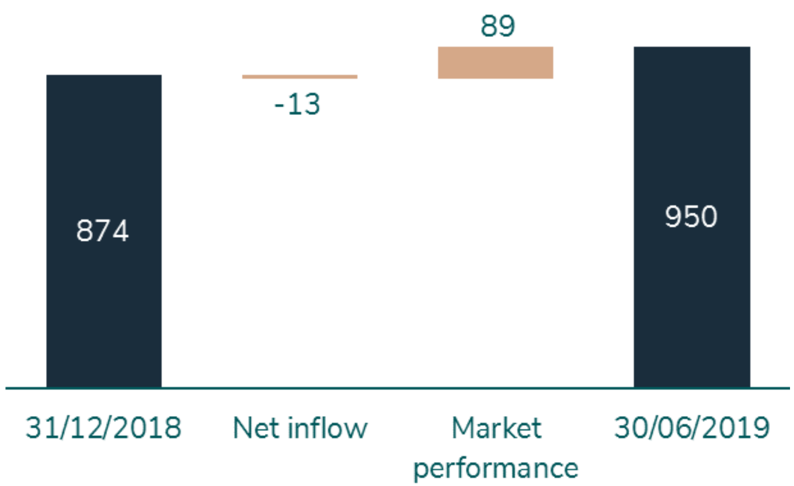
AuM margin – Asset Management
bps



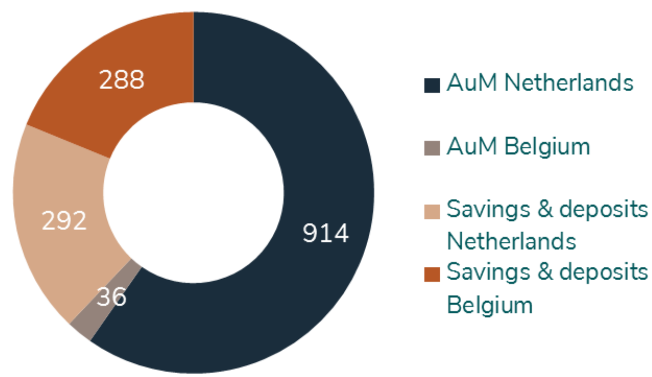
- In 2017, Private Banking's AuM margin was relatively high due to higher transaction provisions and the UBS portfolio acquisition that came in during the second half of 2017
- Margin development partly depends on AuM composition
- Inflow at Asset Management was mainly in fiduciary management
- Majority of fees at fiduciary management are fixed (c. 65%)

Evi's net result improved, client assets relatively stable

Evi's AuM
€ m



Evi's client assets
€ m



- AuM increase due to positive market performance
- Operating expenses fell by €3.0m compared with H1 2018, due to lower marketing and IT costs
- Net result amounted to -€1.6m (H1 2018: -€4.2m)

Next steps determined for Evi

Evi is ready for a new phase

- Evi is positioned as a strong brand
- Over 16,000 AuM clients in Netherlands and Belgium

Focus on mass affluent market

- Mass affluent segment is a large market offering opportunities for growth
- Increasing wealth management needs

Wealth management solutions

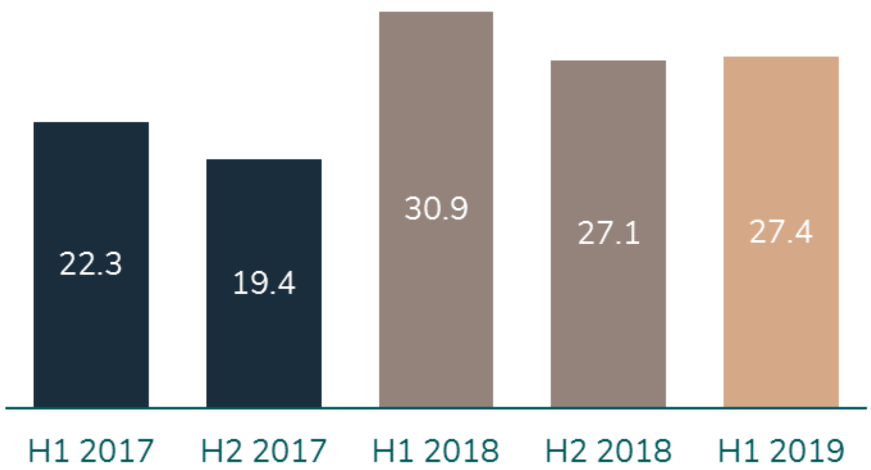
- Development of online wealth management service
- Offer coaching on financial life events

Cooperation with Private Banking

- Leverage on existing knowledge by using recently developed tools and (online) experience
- Cost synergies

Solid results at Merchant Banking

Commission
€ m



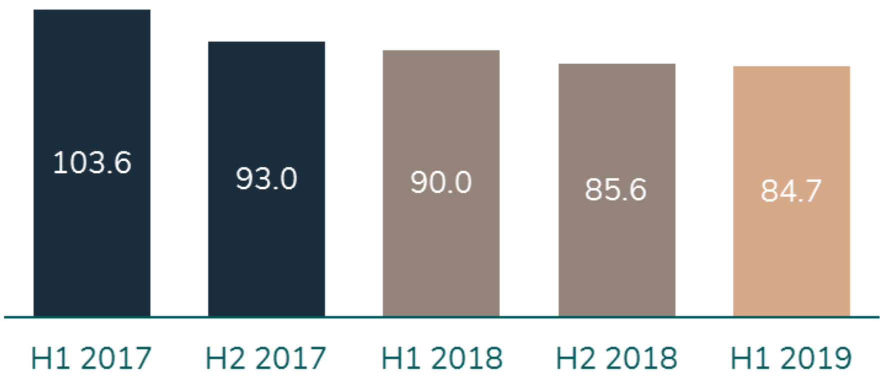
- After a very strong 2018, H1 2019 showed solid results
- Decrease in commission income visible across the business
- Lower results from structured products
- Net result fell to €3.5m (H1 2018: €8.0m)

Selection of H1 2019 deals

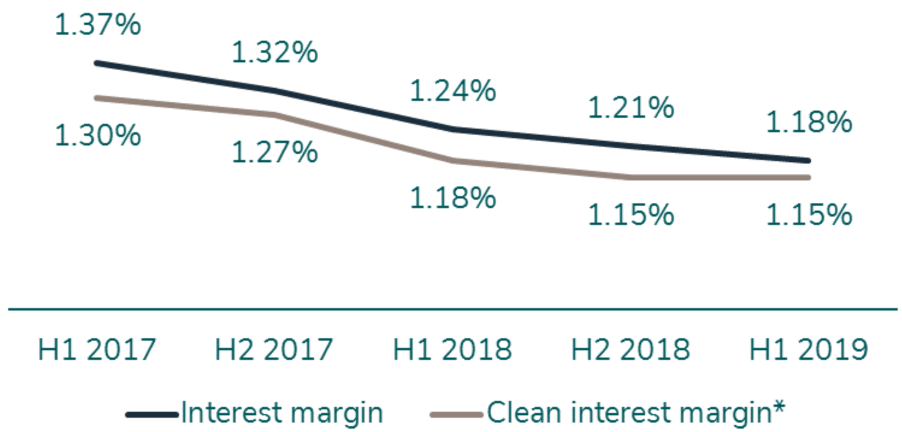
Genmab Initial Public Offering on NASDAQ USD 582 million Co-Manager Kempen July 2019	WATERLAND BALTISSE Secondary placing of Fagron shares €116 million Joint Bookrunner Kempen July 2019	BCP Sale of German DIY portfolio to REDOS acting on behalf of Union Investment €129 million Sole Financial Adviser Kempen June 2019	oncopeptides Accelerated Bookbuild Offering SEK 727 million Joint Bookrunner Kempen June 2019
RETAIL ESTATES Accelerated Bookbuild Offering €56.7 million Joint Bookrunner Kempen June 2019	TRITAX EUROBOX Capital increase €135 million Joint Global Coordinator Joint Bookrunner Kempen May 2019	aedifica Rights Issue €418 million Co-Lead Manager Kempen May 2019	HOOKIPA Initial Public Offering on NASDAQ USD 84.0 million Co-Lead Manager Kempen April 2019
ARIMA Accelerated Bookbuild Offering €40.0 million Co-Lead Manager Kempen April 2019	argenx Block trade in argenx shares c. USD 130 million Sole Block Placing Agent Kempen April 2019	BCP Sale of German retail portfolio to a real estate private equity firm €175 million Sole Financial Adviser Kempen March 2019	ROUND HILL CAPITAL Sale of Dutch residential portfolio to Heimstaden €1.4 billion Sole Financial Adviser Kempen March 2019
medsen apotheek ceban Sale to bencis Undisclosed Sole Financial Adviser Kempen February 2019	sequanamedical Initial Public Offering €27.5 million Joint Global Coordinator Joint Bookrunner Kempen February 2019	VONOVIA Secondary Offering via ABB in Deutsche Wohnen shares (4.7%) €698 million Co-Lead Manager Kempen January 2019	BIOCARTIS Accelerated Bookbuild Offering €55.5 million Joint Bookrunner Kempen January 2019

Margin pressure due to low interest rate environment

Interest
€ m



Interest margin (12-mth moving average)
%



- Margin pressure as a result of low interest rate climate
- Interest income and charges were lower than in 1H 2018, due to a smaller corporate banking loan portfolio and lower income from compensation for prepayments
- The mortgage portfolio has grown and shows relatively stable margins

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

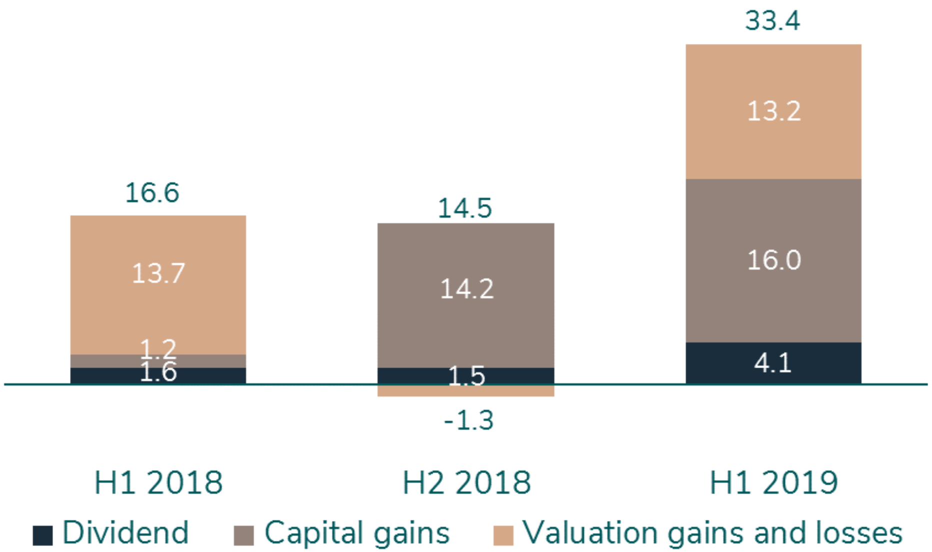
Loan portfolio relatively stable, slight increase mortgage portfolio Private Banking

€ m	Loan portfolio 30/06/2019	Loan portfolio 31/12/2018	% change	Impaired loans	Provision	Impaired ratio	Coverage ratio
Mortgages	5,916	5,756	3%	69	7	1.2%	10%
Other loans	1,992	1,793	11%	112	70	5.6%	63%
Private Banking loans	**7,908**	**7,550**	**5%**	**181**	**77**	**2.3%**	**43%**
Loans to SMEs	160	251	-36%	90	9	55.9%	11%
Real estate financing	238	271	-12%	27	2	11.4%	8%
Corporate Banking loans	**399**	**523**	**-24%**	**117**	**12**	**29.3%**	**10%**
Mortgages distributed by third parties	578	602	-4%	1	0	0.1%	0%
Total loan portfolio	**8,885**	**8,674**	**2%**	**299**	**89**	**3.4%**	**30%**
ECL stages 1 and 2					13		
Total	**8,885**	**8,674**	**2%**		**101**		

- Other loans up by 11%, mainly driven by an increase in Lombard loans
- Total impaired ratio improves to 3.4% from 3.8%
- After a successful run-off, corporate banking activities were integrated into Private Banking as of 2019

Income from securities and associates increases mainly due to book profit

Income from securities and associates
€ m

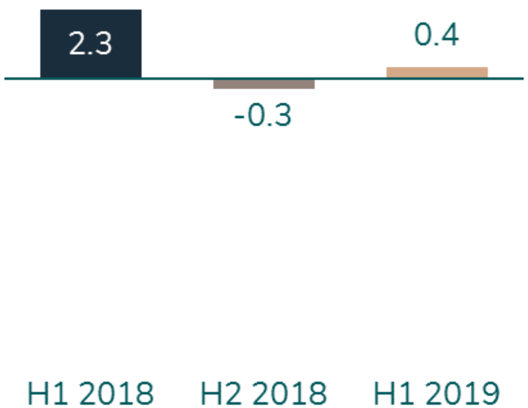


€ m	Book value 30/06/2019	Income H1 2019
VLP (minority interests)	49.6	7.5
Bolster Investments Coöperatief U.A.	17.4	0.9
Co-investments in own products	103.5	8.5
Other equity investments	6.4	16.4
Total	**176.9**	**33.4**

- Income from securities and associates relates to our minority equity investments and stakes in our own investment funds
- In 2019, a capital gain was realised on the sale of VLC & Partners (€16.1m, including expected value of agreed earn-out)
- Valuation gains up in H1 2019 due to positive market conditions compared with H2 2018

Lower result on financial transactions

Results on investment portfolio
€ m



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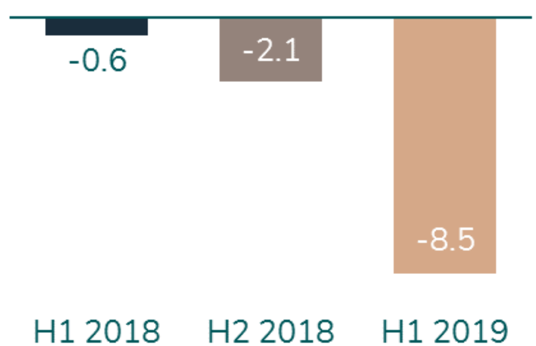
Other results
€ m



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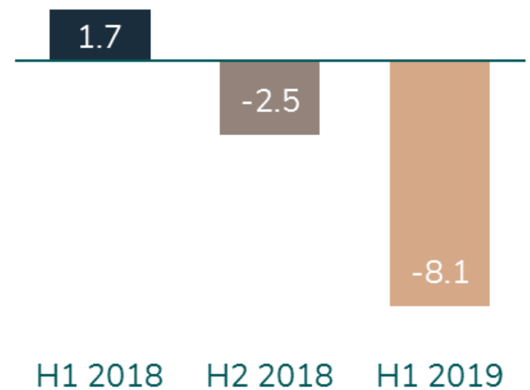
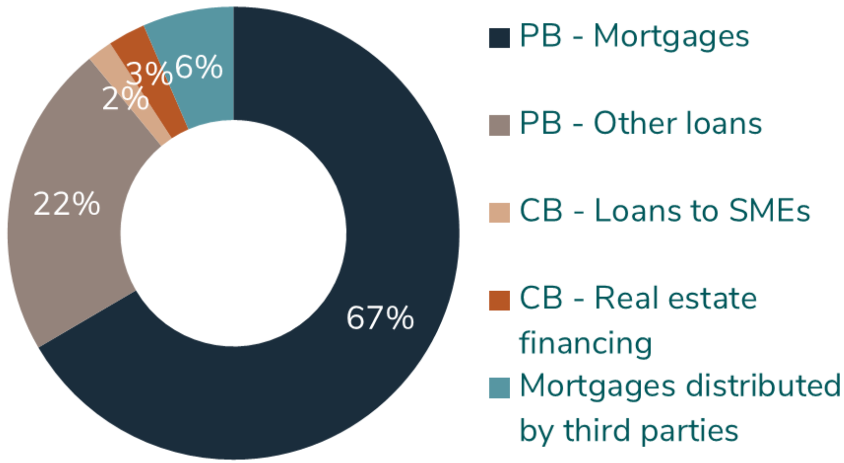
Total result on financial transactions
€ m



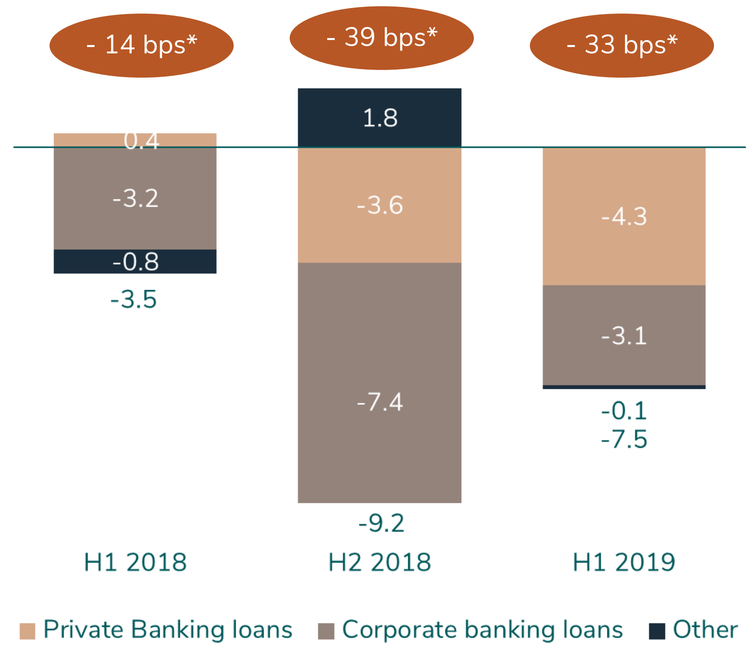
- Result on financial transactions decreased by € 9.8m to - €8.1m mainly due to a lower result on hedges and model adjustments
- There were fewer sales from the investment portfolio
- Large part of the negative result on hedges is linked to positive gains on the management book
- Interest charges on medium-term notes are also included in result on financial transactions

Net release of loan loss provisions thanks to positive economic conditions

Loan portfolio (excluding provisions)
at 30/06/2019 100% = €8.9bn



Additions to loan loss provisions
€ m

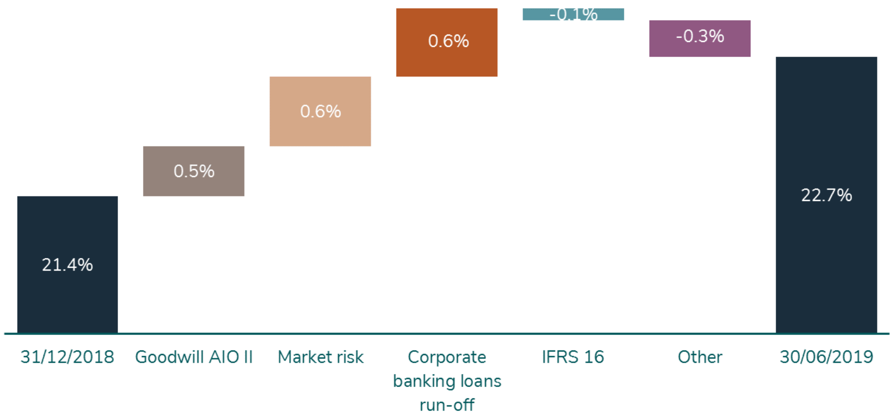


- Mortgages at Private Banking increased, as well as other loans
- Corporate banking loans came down by 24% to €0.4bn (RWA corporate banking loans is also €0.4bn)
- Release of loan loss provisions, mainly due to the continued positive economic environment in the Netherlands

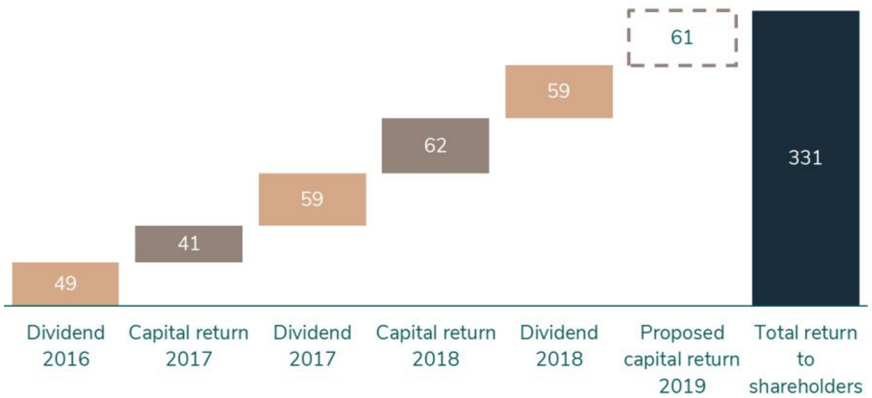
* Annualised loan loss provision / Average total RWA

Strong capital position and capital return proposal

Common Equity Tier 1 ratio (fully loaded)
%



Capital return and dividend
€ m

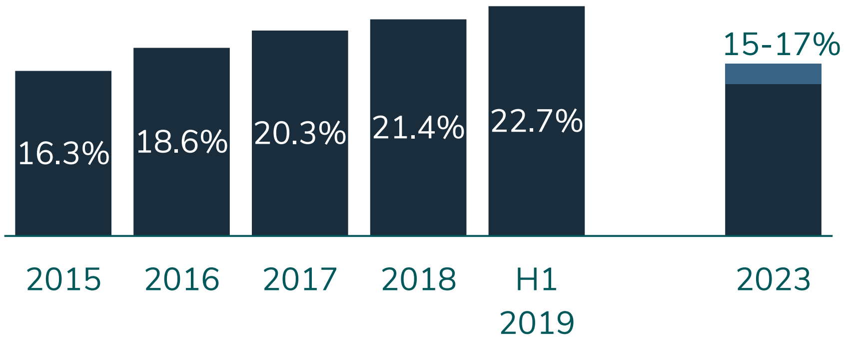


- The CET 1 ratio recorded a strong increase from 21.4% to 22.7%
- Our robust capital position enables us to propose a capital return to shareholders of €1.50 per share
- If approved, over €60m will be paid to shareholders. This will take the total payment to shareholders, in dividends and capital returns, to over €330m since 2016
- Our CET 1 ratio target range for 2023 is 15–17%
- In the future, we will continue to optimise our capital base while leaving room for possible acquisitions. If possible, we will also consider paying out any excess capital to shareholders, subject to approval by the regulator

Overview of 2023 financial group targets

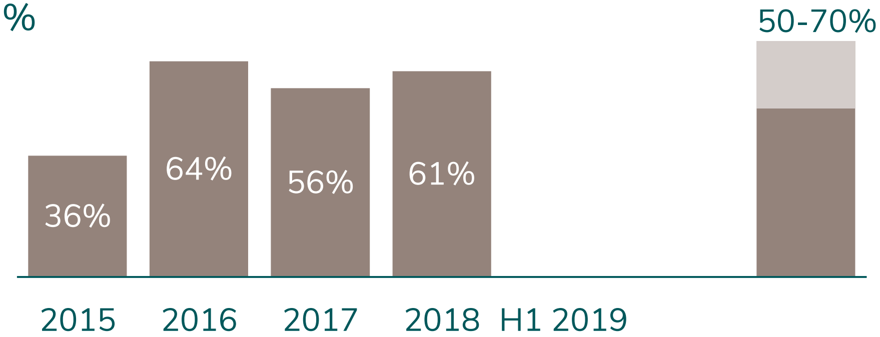
Common Equity Tier 1 ratio*

%



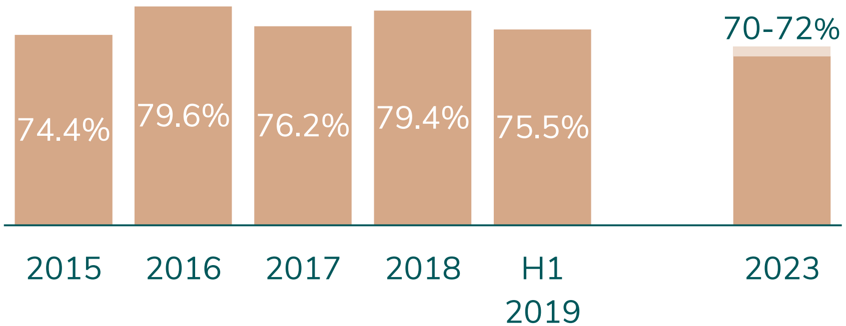
Dividend pay-out ratio**

%



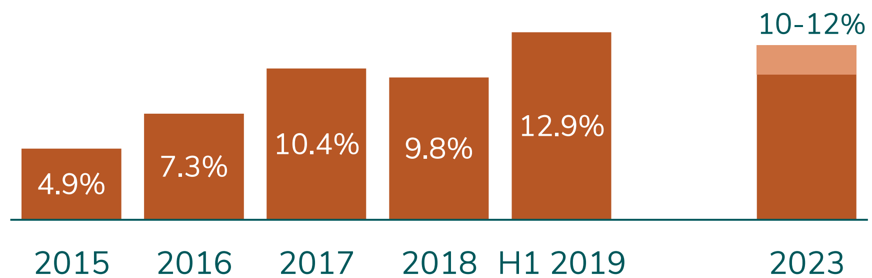
Efficiency ratio

%



Return on Common Equity Tier 1**

%



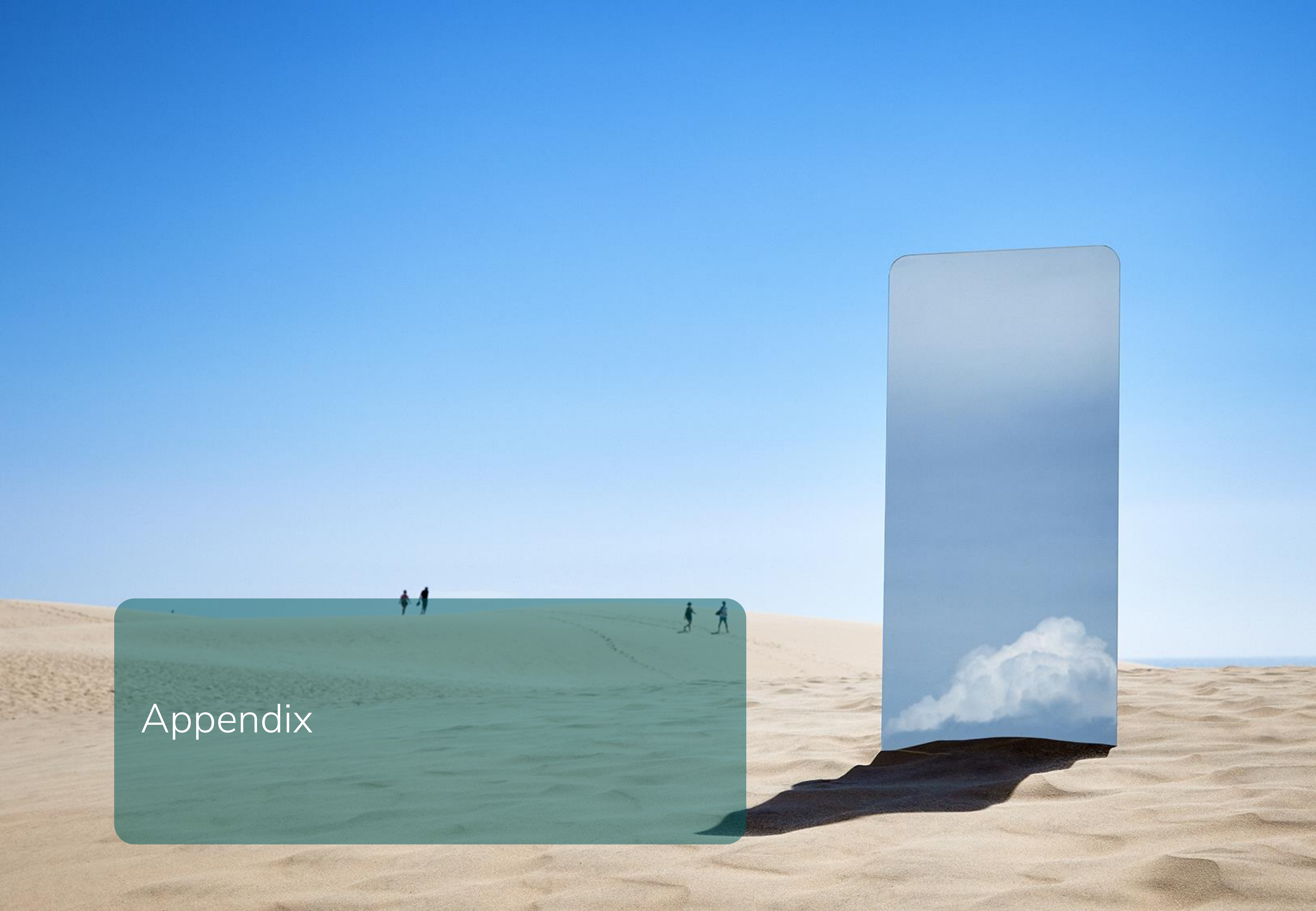
* As of 2016 fully loaded; other years phase-in

** Based on underlying net result attributable to shareholders, book profits for VLC & Partners and AIO II in 2019 have not been annualised

Net result up to €83.6m due to significant book profits

	Net result €83.6m (H1 2018 €39.3m) Underlying net result €92.5m (H1 2018 €47.2m)	Commission income €142.2m (-5%) Interest €84.7m (-6%) Book profits* €52.2m
	Operating expenses €190.4m (-9%)	Efficiency ratio 75.5% (H1 2018: 81.1%)
	Client assets €97.3bn (+20%) AuM €82.6bn (+23%)	AuM net inflows €8.7bn
	Strong capital ratios CET 1 ratio rises to 22.7%	Proposed capital return €1.50 per share

* VLC & Partners (including the expected value of the agreed earn-out) and AIO II



Appendix

Overview net result

€ m	H1 2019	H2 2018	% change	H1 2018	% change
Commission	142.2	143.3	-1%	149.9	-5%
Interest	84.7	85.6	-1%	90.0	-6%
Other income	25.2	12.0	110%	18.3	38%
Income from operating activities	**252.1**	**241.0**	**5%**	**258.2**	**-2%**
Operating expenses	-190.4	-187.1	2%	-209.3	-9%
Gross result	**61.7**	**53.9**	**15%**	**48.9**	**26%**
Loan loss provision	7.5	9.2	-19%	3.5	114%
Other impairments	-0.1	-0.1	-57%	1.1	-106%
Operating profit before tax of non-strategic investments	37.0	9.0		8.8	
Operating profit before special items and tax	**106.2**	**72.0**	**48%**	**62.3**	**70%**
Strategic investment programme	-9.4	-11.5	-18%	-10.5	-10%
Amortisation of intangible assets arising from acquisitions	-3.1	-4.0	-22%	-4.2	-27%
Restructuring charges	-2.5	-8.3	-70%	-	
Operating profit before tax	**91.2**	**48.2**	**89%**	**47.6**	**92%**
Income tax	-7.7	-7.2	6%	-8.3	-7%
Net profit	**83.6**	**41.0**	**104%**	**39.3**	**113%**
Underlying net result*	**92.5**	**55.8**	**66%**	**47.2**	**96%**
Efficiency ratio (%)	75.5%	77.6%		81.1%	

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* Underlying net result excludes costs associated with the strategic investment programme and restructuring charges

Key figures H1 2019 by segment

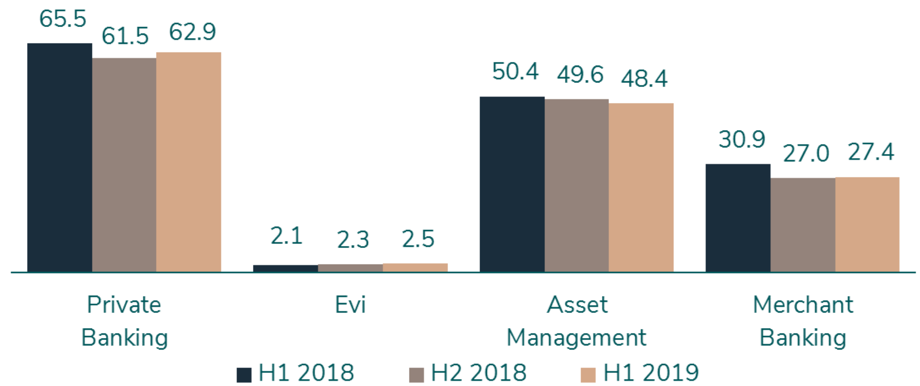
€ m	Private Banking	Evi	Asset Management	Merchant Banking	Other	**Total**
Commission income	62.9	2.5	48.4	27.4	1.0	142.2
Interest income	77.0	1.4	0.0	-0.1	6.3	84.7
Other income	0.6	-	0.1	-1.3	25.9	25.2
Income from operating activities	**140.5**	**3.9**	**48.5**	**26.0**	**33.2**	**252.1**
Operating expenses	-107.2	-6.1	-38.3	-21.3	-17.6	-190.4
Gross result	**33.3**	**-2.2**	**10.2**	**4.8**	**15.6**	**61.7**
Impairments	7.4	-	-	-	0.1	7.5
Operating profit before tax of non-strategic investments	-	-	-	-	37.0	37.0
Operating profit before one-off charges and tax	**40.7**	**-2.2**	**10.2**	**4.8**	**52.7**	**106.2**
Strategic investment programme	-9.4	-	-	-	-	-9.4
Amortisation of intangible assets arising from acquisitions	-2.3	-	-0.4	-	-0.4	-3.1
Restructuring charges	-2.4	-	-	-	-0.0	-2.5
Operating profit before tax	**26.6**	**-2.2**	**9.8**	**4.8**	**52.3**	**91.2**
Income tax	-6.8	0.6	-2.5	-1.3	2.3	-7.7
Net profit	**19.8**	**-1.6**	**7.3**	**3.5**	**54.6**	**83.6**
Underlying net result	**28.6**	**-1.6**	**7.3**	**3.5**	**54.6**	**92.5**
FTE H1 2019	684	27	264	122	497	1,594

As of 2019, corporate banking activities are integrated into our Private Banking segment

Decline in commission income across the business

Total commission
€ m

Commission by segment
€ m



Financial and non-financial KPIs

Theme	KPI	Annual target	H1 2019	Score H1 2019	Score 2018
Financial and risk management	1. CET 1 ratio (fully loaded)	15-17%		22.7%	21.4%
	2. Return on equity (CET 1)	10-12%		12.9%	9.8%
	3. Efficiency ratio	70-72%		75.5%	79.4%
Ethics and integrity	4. Percentage of employees that feel the responsibility to act and behave ethically	> industry average		77%	N.A.
Client relations	5. Net Promotor Score (NPS):				
	a. Private Banking	PB: 10		21	2
	b. Evi*	Evi: 10		N.A.	-20
	c. Asset Management*	AM: 20		N.A.	44
Responsibility and sustainability	6. Private Banking: AuM invested in sustainable and/or impact investment wealth management solutions	> last year		2019: €1,564m 2018: €1,318m	2018: €1,318m 2017: €1,138m
	7. Engaging with companies in which our funds invest	80-100		81	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		+52%	+100%
	9. Decrease in carbon emissions*:				
	a. Direct emissions of our own organisation	- 2.5%/FTE per year		N.A.	-8.1%
	b. Indirect emissions via our balance sheet (mortgage portfolio)	- CO_2/EUR < last		N.A.	-7.4%
Employees	10. Employee engagement score	> 80%		82%	81%
	11. Employer Net Promotor Score (eNPS)**	> 10 / > 80%		N.A. / 83%	N.A.
	12. Gender balance in management positions	> 30% female and > 30% male		22% female and 78% male	20% female and 80% male
Preservation and creation of wealth	13. Private Banking: 3-year relative performance of discretionary management mandates	> benchmark		-0.1%	-0.1%
	14. Evi: 3-year relative performance of discretionary management mandates	> benchmark		-0.5%	-0.4%
	15. Asset Management: average Morningstar rating of investment strategies (institutional share class)	> 3.5		3.8	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

* KPIs 5bc and 9 will only be reported at year-end; for KPIs 5b and 9, 2018 figures are reported; for KPI 5c 2017 figures are reported
** In 2019, no official eNPS is measured. Instead, a similar question has been asked in the employee engagement survey (with a norm of 80%)

High scores on external ESG ratings

SUSTAINALYTICS
1st
in our peer group of medium-sized banks

FORUM ETHIBEL
Sustainability certificates
on responsible investment policy and balance sheet screening

Transparantiebenchmark:
9th
place in league table of 250 entrants

CDP DISCLOSURE INSIGHT ACTION
B rating
assessed by Carbon Disclosure Project

ISS-oekom
C+ rating
top 5 out of 80 financials and asset managers

PRI Principles for Responsible Investment
A and A+ score
For Kempen's responsible investment policy and process

Disclaimer

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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 semi-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 2018 Van Lanschot Kempen consolidated annual accounts.

The financial data in this document have not been audited, unless specifically stated otherwise. Small differences in tables may be the result of rounding.

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