



Analyst Meeting

's Hertogenbosch, 20 November 2009

What is the programme for today?

9.30 – 12.00 Presentations

- **Introduction**
Floris Deckers, Chairman of the Board of Managing Directors
- **Entrepreneurial wealth**
Lucien Claessens, Head of Director-Owner Desk
- **Wealth Management proposition**
Rob van Oostveen, Director of Private Investments
- **Relationship management**
Bart Horsten, Director of Den Bosch branch

12.00 – 12.30 Walk to Hooge Steenweg

12.30 – 14.30 Lunch



The price of independence is high ...

... but the price of dependence is even higher

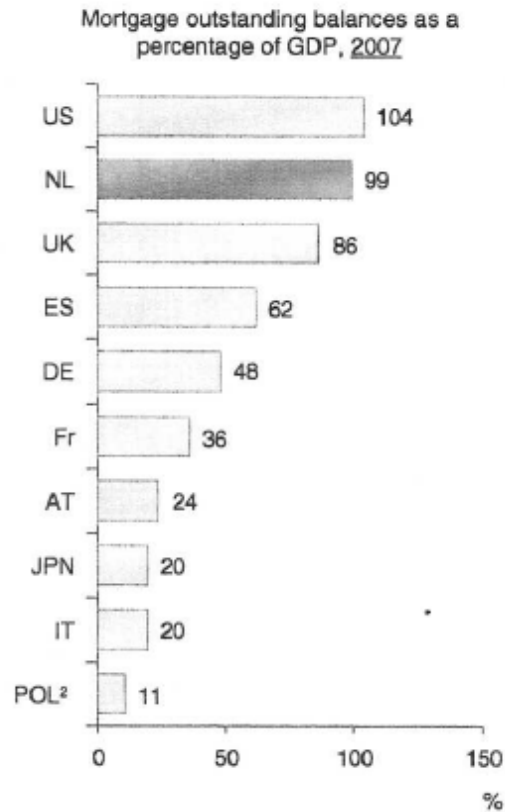
Floris Deckers, Chairman of the Board of Managing Directors

Programme

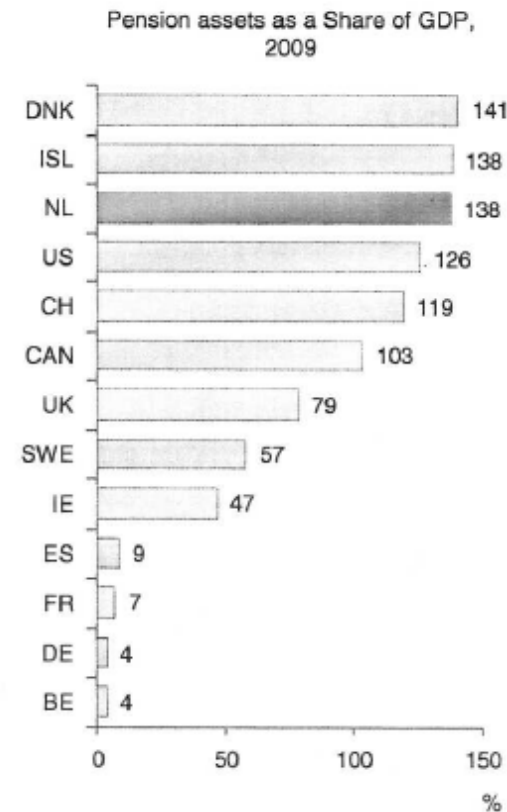
- **The changing banking landscape**
- Restoring confidence in the sector
- Is the end of the crisis in sight?

Dutch mortgage market and total pension assets are large by international standards

2nd largest mortgage market¹



3rd largest pensions



1. Based on 2007 data 2. 2006 data Poland 3. Leverage = Liabilities / tier 1 equity, source: The Banker 2009 (July) 4. SNS Bank excl. intangible assets

How the European banking landscape is changing



Local knowledge. Global power.



Rabobank



SNS REAAL



delta lloyd

Van Lanschot



Bankiers

Banks with state support have to restructure

- ING to spin off insurance and asset management arms; balance sheet reduction of 45%
- RBS has to sell insurance division and part of retail network
- Lloyds has to sell part of retail network
- Commerzbank is reducing its balance sheet by 45%
- KBC: green light for restructuring plan; 25% RWA reduction

State support has to be repaid

- Rights issues by Aegon, SNS, ING, Lloyds, RBS(?)

Funding

- Government guarantee scheme (€ 200 billion) ends in principle on 31 December 2009
- ECB 1-year liquidity facilities end in July 2010

Pricing

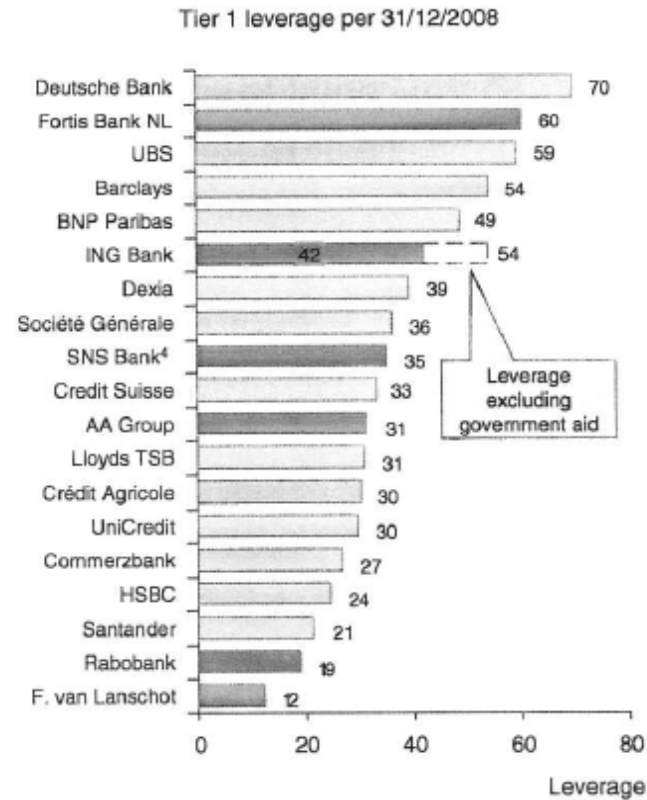
- RBS – restricted to no. 5 in league tables
- ING – restrictions on pricing

Consolidation?

- Delta Lloyd IPO

Most European banks have excessive leverage

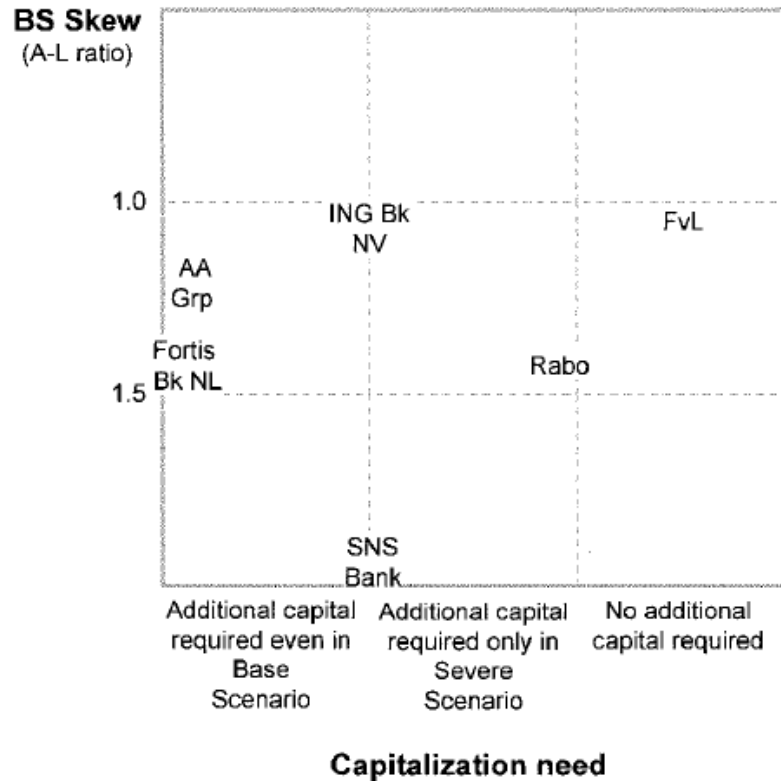
High banking leverage³



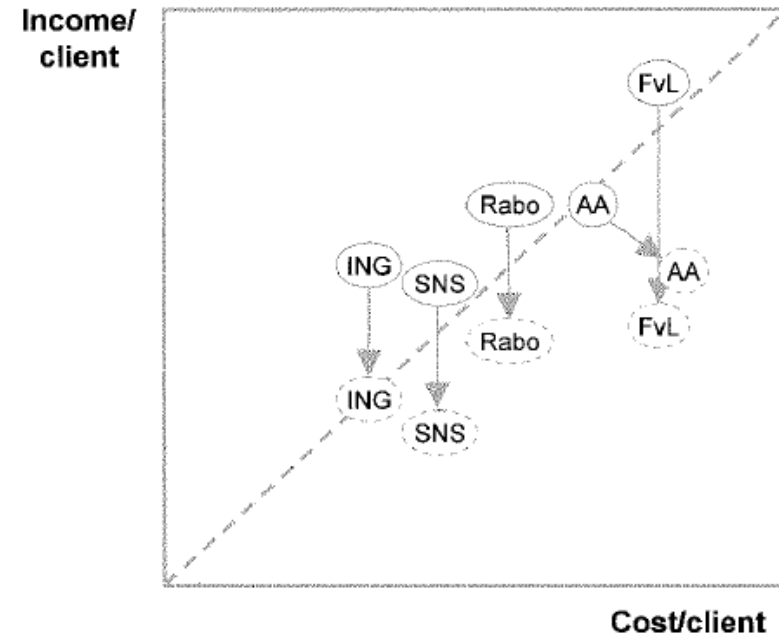
1. Based on 2007 data 2. 2006 data Poland 3. Leverage = Liabilities / tier 1 equity, source: The Banker 2009 (July) 4. SNS Bank excl. intangible assets

... and will face higher costs in the future

Balance Sheet view



Profit & Loss view



Which banks are going to survive?

- Separation of investment banks from commercial banks
- Do small banks have a future? What is small?
Do large banks have a future? Too big to fail?
- Actions should always be guided by client interests and not by the profit and loss account of the bank
- “Living will” debate

What are Van Lanschot's strategic options?

Organic growth - market share is up for grabs

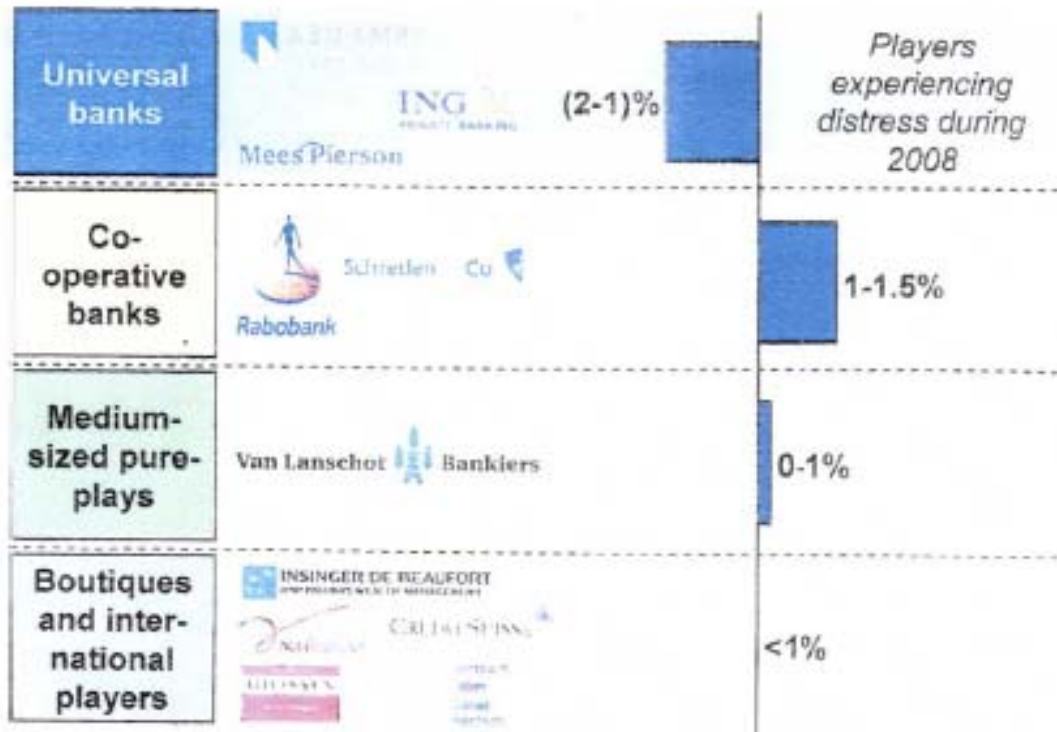
- Private banking market (Assets under Management) in the Netherlands totals approx. € 150 billion: Van Lanschot's market share is some 10 - 12%
- Other restructuring banks will continue to be inward looking
→ more opportunities for acquiring clients and bankers
- Focus on sales effectiveness
- Improved and transparent asset management product offering

Growth supplemented by acquisitions

- Van Lanschot can play a positive role in the restructuring of the banking sector

Assets are moving from banks under stress to co-operative and pure-play private banks

Market share variation during 2008
Estimated AUM (2007-08)



Programme

- The changing banking landscape

- **Restoring confidence in the sector**

- Is the end of the crisis in sight?

Six recommendations – March 2009

- 1 Transparent business model for financial institutions
- 2 Improved risk management
- 3 Re-evaluation of fair value accounting
- 4 Separation of commercial and investment banks
- 5 Higher capital ratios
- 6 Revision of remuneration system

1. Transparent business model for financial institutions

- Banks must meet the real needs of real clients
- The balance sheet is there for the client
- Who are your clients?

Van Lanschot:

- Private Banking: high net-worth individuals, entrepreneurs and their businesses
- Evaluation of strategy: client is key (long before the Maas Committee findings)
- The balance sheet is there for the client: no CDOs, SIVs, etc.
- Duty of care: ongoing refinement of a forward-looking client care policy that is more than legal obligations

2. Improved risk management

- The risks that have now transpired were not managed
- Maas Committee: The Chief Executive Officer (CEO) has explicit responsibility for the risk culture and risk appetite within the bank

Van Lanschot:

- Risk appetite is defined
- Addition to loan loss provision:
15 bp (annually through the cycle), but ...

3. Re-evaluation of fair value accounting/IFRS

- Is extreme fair value accounting the best accounting method for institutions that are dependent on maintaining the confidence of the public?
- Volatility of results versus required assurance

4. Separation of commercial and investment banks

- Public function of banks versus investment banking
- Public function to fall under guarantee schemes, other activities not

Two visions:

Josef Ackermann, CEO of Deutsche Bank: *"The current push by regulators for banks to organise themselves as a string of subsidiaries is completely unacceptable. The idea that we could run modern, sophisticated, prosperous economies with a population of mid-sized savings banks is totally misguided."*

Expropriation: Nout Wellink, Chairman of Basle Committee *"By taking control of the bank, the supervisory authorities would be able to sell the good parts of the bank or split them off from the bad assets, while enabling the bank activities to continue functioning."*

5. Higher capital ratios and increased supervision

- Financial foundation of banks will change dramatically
- More capital is needed; expenses will rise due to more supervision
- Investor interest in the sector has reduced and will remain so
- Introduction of leverage ratio (25?)

Van Lanschot:

- Maintaining a sound capital base and liquidity position
- Low risk profile
- Capital ratios reported under Standardised Approach; implementation of F-IRB?

6. Revision of remuneration system

- Debate is like a witch hunt → Maas Committee recommendations

Gini coefficient: level of disparity of income in the Netherlands is low by international standards

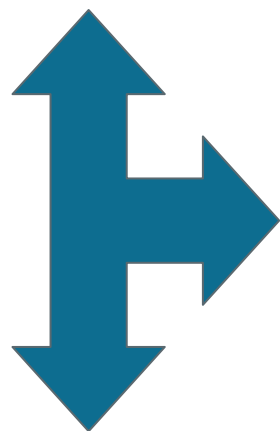
Gini coefficient in European countries	
Bulgaria	24
Denmark	24
Slovenia	24
Sweden	24
Czech Republic	25
Austria	25
The Netherlands	26

Source: Eurostat, August 2008 (2006 data)

- Exorbitant bonuses: in a very limited number of cases
- Very few investment banks in the Netherlands

Four stages for emerging from the crisis

1. Stabilising the financial sector ✓
2. Stabilising macro economy ✓ ?
3. Exit strategy ?
4. Restructuring the financial sector ? ?



**Good
governance is
a recurring
theme through
all stages**

What is good governance?

MANAGEMENT STRUCTURE

- Structure of core business
- Supervision
- Two-tier board?



**GOOD
GOVERNANCE**

LEADERSHIP

- Never loose sight of business model
- Calculated risks
- Charisma

CORPORATE RESPONSIBILITY

- CSR
- Bank Codes
- Professional oath
- Etc...

Programme

- The changing banking landscape
 - Restoring confidence in the sector
 - **Is the end of the crisis in sight?**
-

Is the crisis over yet?

2009 recovery will lose momentum in 2010

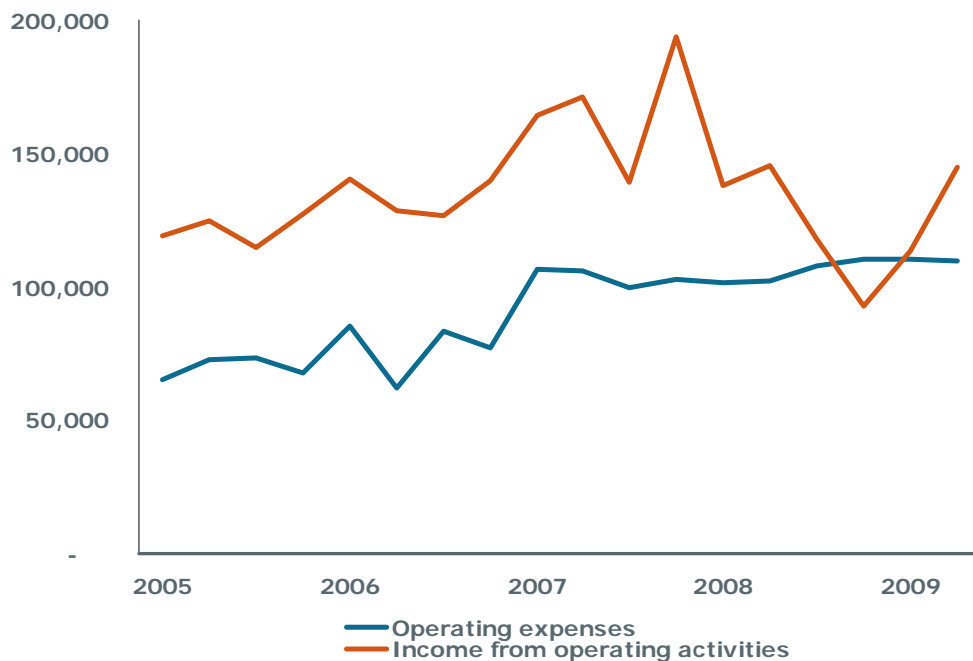
- The “four doctors” (copper price, Baltic Dry Index, AUD/USD, Kospi Index) are still showing strong recovery
- Industrial recovery in US, although orders/inventory ratio seems to have peaked
- Credit spreads are still falling
- Fall in US house prices flattening out
- Higher corporate profits thanks to cost cutting measures

... when structural problems become visible again

- Slow recovery in labour markets
- People are saving, not consuming
- Financial sector still to restructure
- Government finances still to be sorted out → tighter budgets

→ ‘Upward sloping W’ recovery

Van Lanschot: recovery in income; efficiency measures are delivering savings



Interest

- Saving and deposit rates are falling
- Rate on PremiumSparen account lowered to 2.5% on 1 October
- Interest margin is increasing

Commission

- Increased investor activity
- Higher share prices means higher transaction fees and management fees
- AEX up 29% to date in 2009

Operating expenses

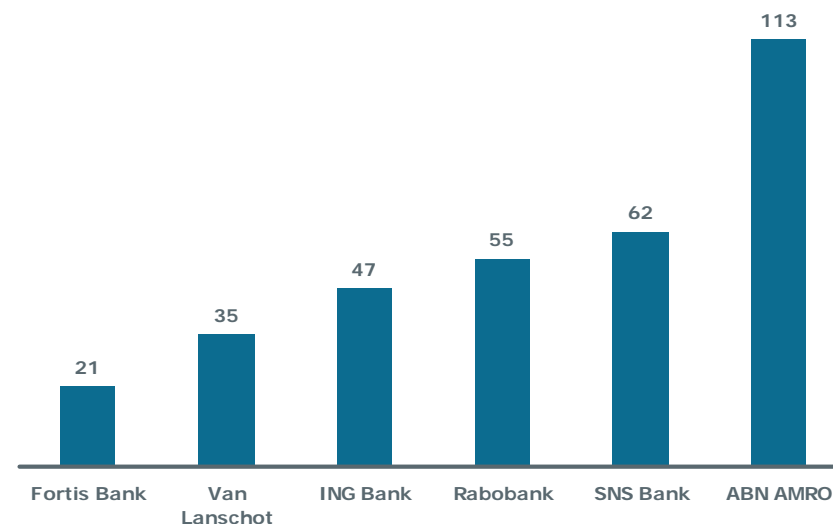
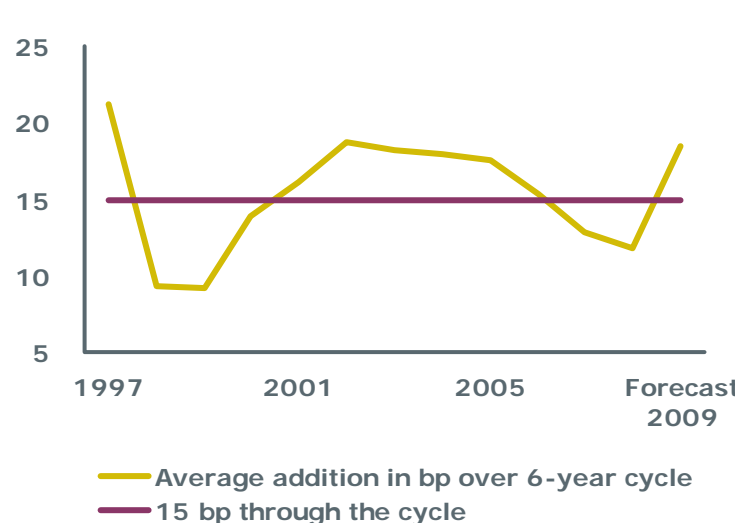
- Workforce is being reduced – approx. 2,000 employees at year-end (-10%)
- Other cost cutting measures, such as reduced marketing budget

Net profit reported in Q3

Income from operating activities / operating expenses 2005 - H1 2009 (€ millions)

Loan book not immune to the recession

- Impact of the recession is being felt by many director and family-owned businesses
- Risks for Van Lanschot are foreseeable due to high quality of loan book
- Addition to loan loss provision at a high level for Van Lanschot, but is still relatively low compared to the sector as a whole
- Annual loan losses of 15bp through the cycle

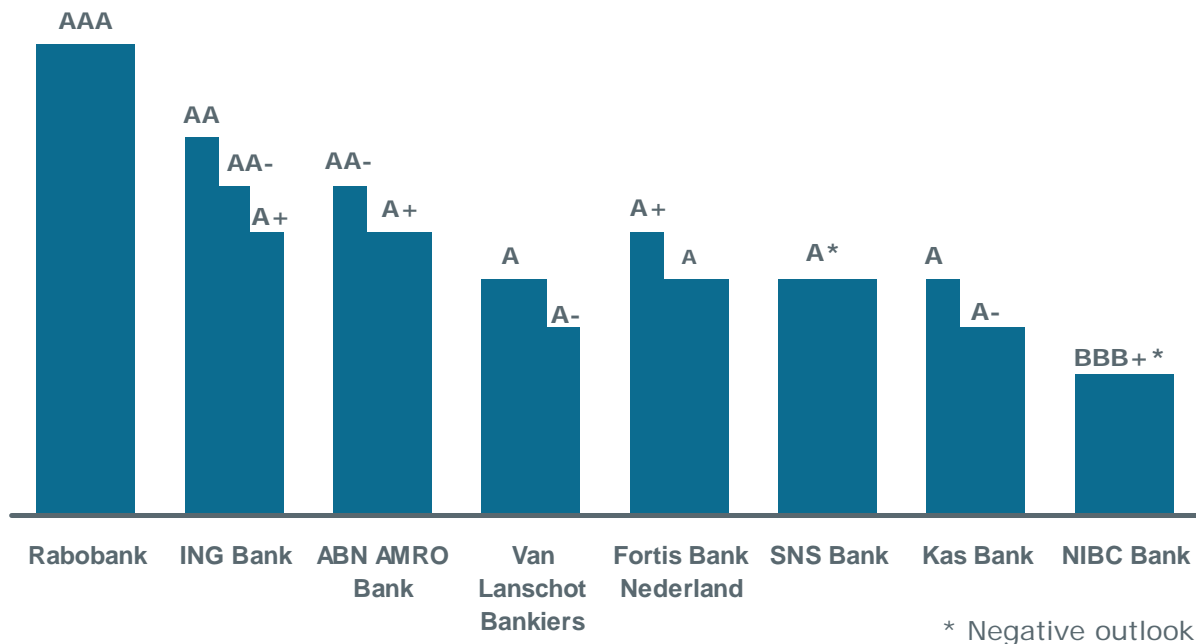


Addition to loan loss provisions through the cycle (bp)

Addition to loan loss provisions in H1 2009 (bp)

Credit rating A minus (stable outlook) from Standard & Poor's and Fitch

S&P "We believe that liquidity will remain strong. Van Lanschot continues to maintain its strong funding profile and sustain its deposit base in the competitive environment"



Fitch "Van Lanschot's ratings continue to take into account the bank's well-established domestic niche banking franchise, limited risk appetite, adequate liquidity and acceptable capitalisation"

Credit ratings history (S&P) of Dutch banks from 2008

Any questions?



Entrepreneurial wealth

Lucien Claessens, Head of Entrepreneurial Wealth

Target group

The entrepreneur and his enterprise



Medium-sized family-owned and other businesses with a turnover of between € 10 million and € 200 million

Characteristics

- Mature companies
- Sufficient economies of scale
- Substantial growth of capital
- Need for specialists

Real estate investors whose real estate portfolio forms a strategic component of the asset mix

Introduction

Why focus on entrepreneurs?

Entrepreneurs are a major source of assets for any private bank:
85% of high net worth and ultra high net worth clients are entrepreneurs or former entrepreneurs

Market potential

50,000 to 60,000 mid-sized companies will change ownership within 5 years or are preparing for a succession transaction

There is a growing need for enjoying the benefits of business success before succession; furthermore, business and private matters are increasingly integrated from a tax and legal point of view

These developments imply a multi-billion market for new assets in Private Banking and a similar size of lending in Business Banking

Strategy for entrepreneur sector 2009 -2012

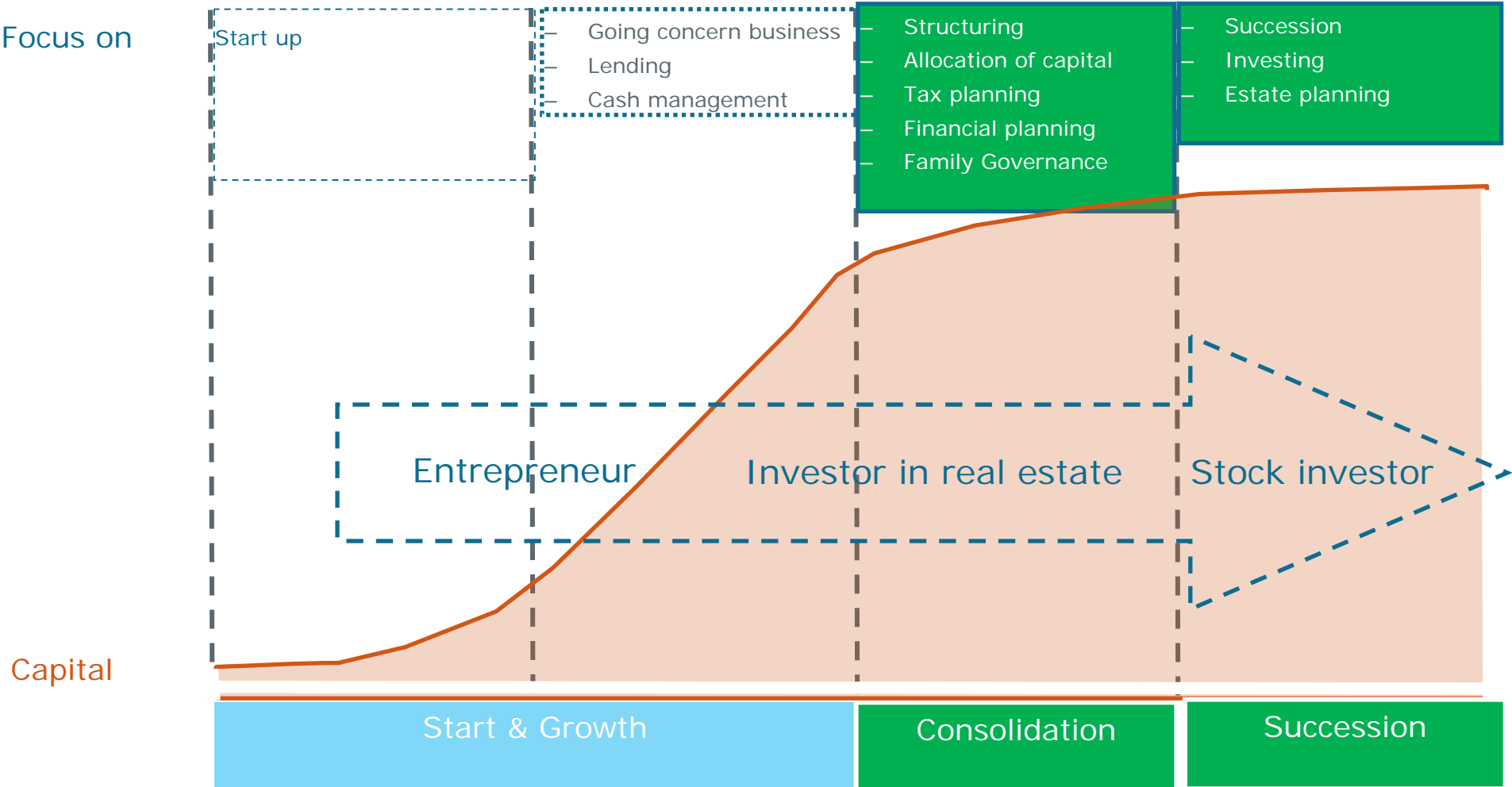
'Van Lanschot aims to be the best bank in entrepreneurial wealth '

Value positioning: Customer Intimacy

- Behaviour and style characteristics of entrepreneurs: assertive, no-nonsense, dealmaker, results driven
- Transition process: from entrepreneur to investor in real estate to investor in stocks, private equity, non-listed equities
- Building a relationship is more than just financial guidance of the entrepreneur during the life cycle, but more about family governance
- The required advice is complex; cooperation between internal and external specialists is needed in order to accomplish successful transactions
- *The entrepreneur needs a guide:*

Somebody capable of thinking holistically, and able to bring in the right specialist at the right time: the Van Lanschot banker as private and entrepreneurial wealth manager

Integrated private and entrepreneurial wealth management



Proposition

Each stage in an entrepreneurial life has its own specific issues

Decisions taken in each stage can significantly influence the next stage in the lifecycle, both business and private

Our solutions address both business and private matters; we consider both worlds as one whole

We offer integrated private and business wealth management

**Financial
Management
and Family
Governance**

Approach

- Image
 - 'Tone of voice': no-nonsense, assertive
 - Appealing to the style of entrepreneurs
 - Focus on integrated private and entrepreneurial wealth management
 - Marketing: emphasising that Van Lanschot is also a business bank
 - Claim: "*Your business is your main asset!*"
- Cooperation between business lines: building a relationship instead of a series of transactions
- Financial management in three stages of wealth:
 1. Growth (convenience)
 2. Consolidation (structuring, family governance, tax planning)
 3. Succession (estate planning, asset management)
- Distinctive knowledge level (multidisciplinary client teams)

Is this distinctive?

Yes, because:

- Large banks do not choose primarily for customer intimacy (product cost leadership)
- Customer intimacy requires a service model that is firmly embedded in Van Lanschot
- Service model requires a minimum client size
- Van Lanschot has competence centres: Private Banking, Business Banking and specialist departments working close to one another
- The need for a solid, reliable banker is greater than ever
- USP: Family Governance

Academy for Succession of Family Businesses

Association between Van Lanschot & University Tilburg Tias Business School

A unique training programme for:

- **Successors and sellers** of family businesses
- In addition to the transfer of knowledge on management, sustainability and business valuation, the issue of **Family Governance** plays a central role
- Start: Q1 2010

Threats:

- Economic situation and forecast: delay in business transfers
- Higher risk of loan defaults
- Margins under pressure

Any questions?



Analyst Meeting

Annexes

Tone of voice



Als je geld op **papier** hebt, maar geen **papiergeld**.

U kent Van Lanschot als een Private Bank. Een bank dus, voor vermogende mensen. Dat klopt, maar Van Lanschot is ook een bank voor succesvolle ondernemers en die hebben vaak vermogen dat 'vastzit' in het bedrijf. Van Lanschot is expert op het gebied van herkapitalisatie. Waardoor u nu reeds vermogen uit uw onderneming kunt halen, ook al denkt u eraan om pas over een jaar of tien te verkopen. Het draait bij Van Lanschot namelijk niet alleen om de onderneming, maar vooral om de ondernemer. Maak een afspraak met een business banker in uw regio en ervaar hoe *private* zakelijk bankieren kan zijn. **Ervaar het verschil.**

www.vanlanschot.com

Van Lanschot  Bankiers

Incompany Award for Business Banking



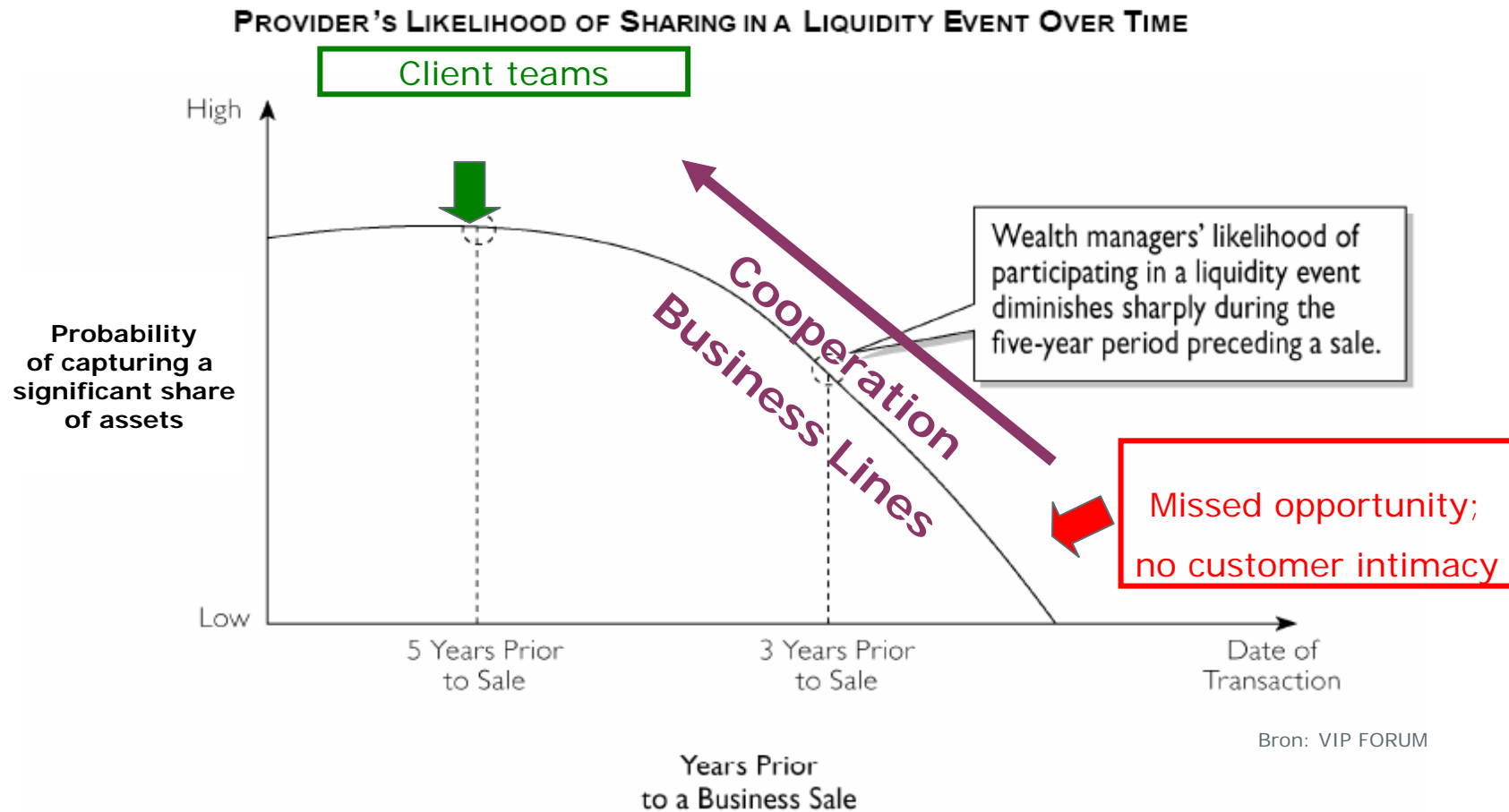
Klanten **prijzen** je
wanneer je echt goed
naar ze **luistert**.

Van Lanschot is trots en dankbaar om weer verkozen te zijn tot Beste Business Finance Bank in Incompany 100. Dat hebben we aan onze klanten te danken en daarom betekent deze prijs zoveel voor ons. Bij Van Lanschot draait alles namelijk om de relatie, om goed luisteren en om betrokkenheid. Zo kunnen we ondernemers en bedrijven beter ondersteunen in het behalen van hun zakelijke én persoonlijke ambities. **Private Banking Pur Sang.**

www.vanlanschot.nl

Van Lanschot  Bankiers

Cooperation between business lines; 5-7 years before succession



Integrated wealth management in the growth stage

Company: Finance

- Global cash management
- Letter of credits
- Risk management on transfers, inventory
- Currency and interest rate management
- Lending:
 - Cash management
 - M&A
 - Investors
 - Management Buy Out and Buy In
 - Dividend financing
 - Recapitalisation
 - Structured & leveraged Finance, Mezzanine
- Fiscal / legal structuring

Entrepreneur: Income planning

- Management fee and salary
- Salary or dividend
- Current account / debt shareholder
- Second home, financing
- Risk management (incapacity for work, or death, key man)

Integrated wealth management in the protection and transfer stage

Company: Business transfer

- Business valuation
- Family Governance
- Academy for Succession of Family Businesses

Entrepreneur: Estate planning

- Asset management
- Charity programmes
- Protection of assets
- Next Generation
- Anonymity policy
- International Private Banking
- Trust

Distinctive knowledge & competence level: Competence centre specialists

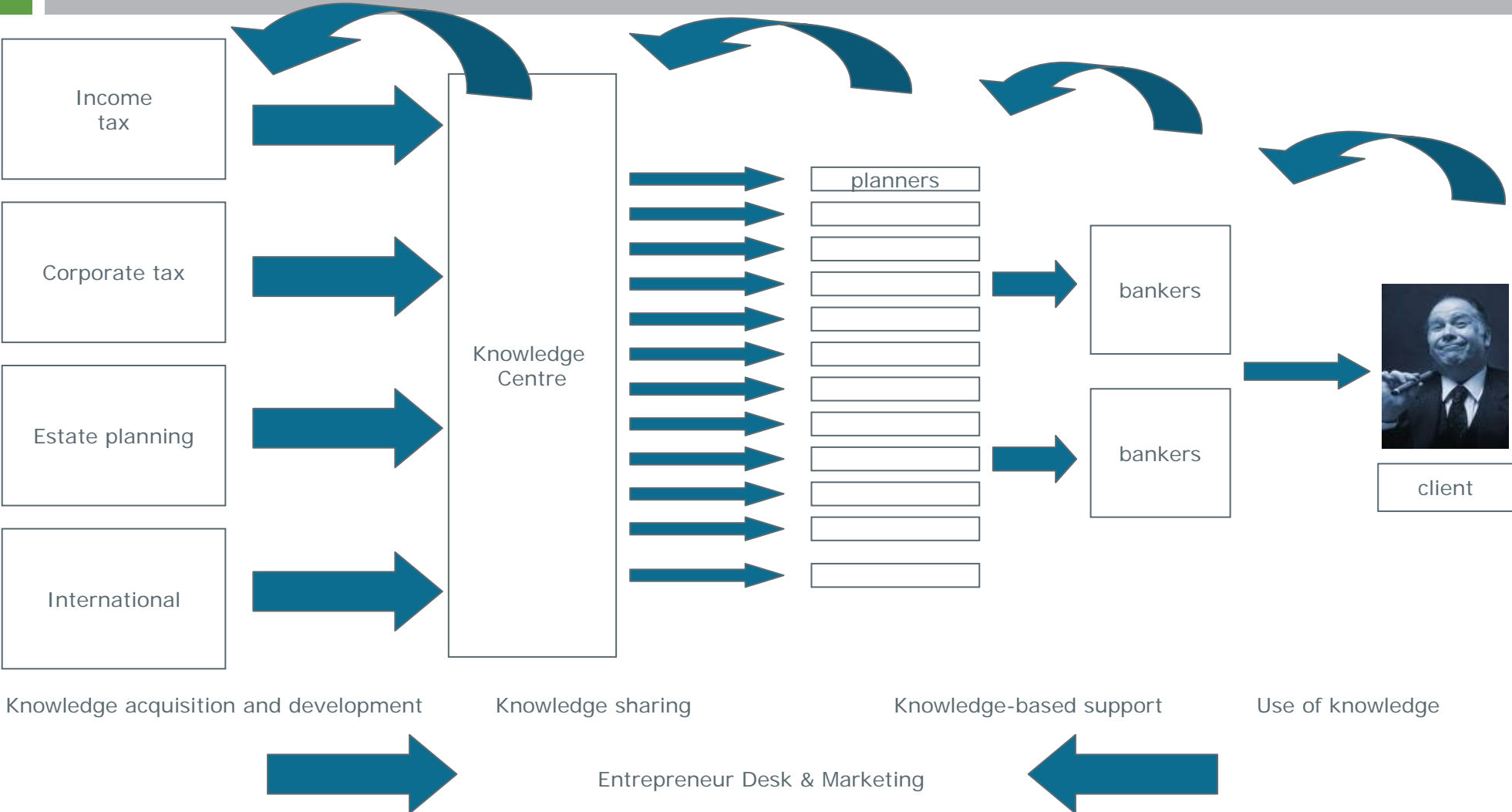
- Bridge between private and business
- Integrated advice, private and business
- Knowledge support for business banker and private banker
- Consistency in the customer relationship during transition from business to private

Distinctive knowledge level: client team

Client team: Private Banker, Business Banker, Financial Planner

- Solutions for business and personal issues of customers
- Integrated approach
- During the various life stages
- Income planning, financial planning, business planning, tax planning, estate planning
- Continued investment in knowledge and skills

Knowledge Centre: knowledge-based committees



Improved solutions for managed accounts

And the importance for Van Lanschot's strategy

Private Investments



20 November 2009

Rob van Oostveen
Director of Private Investments

Programme

Client Focus

“A la Carte”, the improved proposition for managed accounts

The importance of a good managed account offering for the bank’s strategy

Conclusion

Financial industry from product driven to client driven

- The financial industry, like any mature industry, is becoming more client driven
- The financial crisis is serving as a catalyst
- Winners are the players that are leading this move



Product driven

Client driven

Client focus means everything revolves around client needs

“I want to retire in 10 years time. What do I need to do to make this happen?”

“I don’t want to let go of my business, but do want to withdraw the cash. How do I go about this?”

“When I sell my business, can I live off the proceeds?”



This requires a client focused process

Warren E. Buffett:

“What is needed is to set up
a sound framework for investing
and to stop your emotions
from corroding that framework.”



The process: financial management

- A good Private Bank excels in Financial Management
- Financial Management starts with the client's objectives
- It is a continuous cycle:

Understanding

The achievability of the objectives:

- Income objective
- Wealth objective



Leads to

A well-defined risk profile



Optimal portfolio composition

Allocation of the investments in line with the risk profile



And evaluation

Periodical reassessment of parameters

Financial management according to Van Lanschot

- We define risk as the chance of not meeting the client's financial objectives
- Our process is designed to minimize this risk
- The financial management process is standard for all target clients

→ *Client focus is already embedded in the DNA of Van Lanschot*



Programme

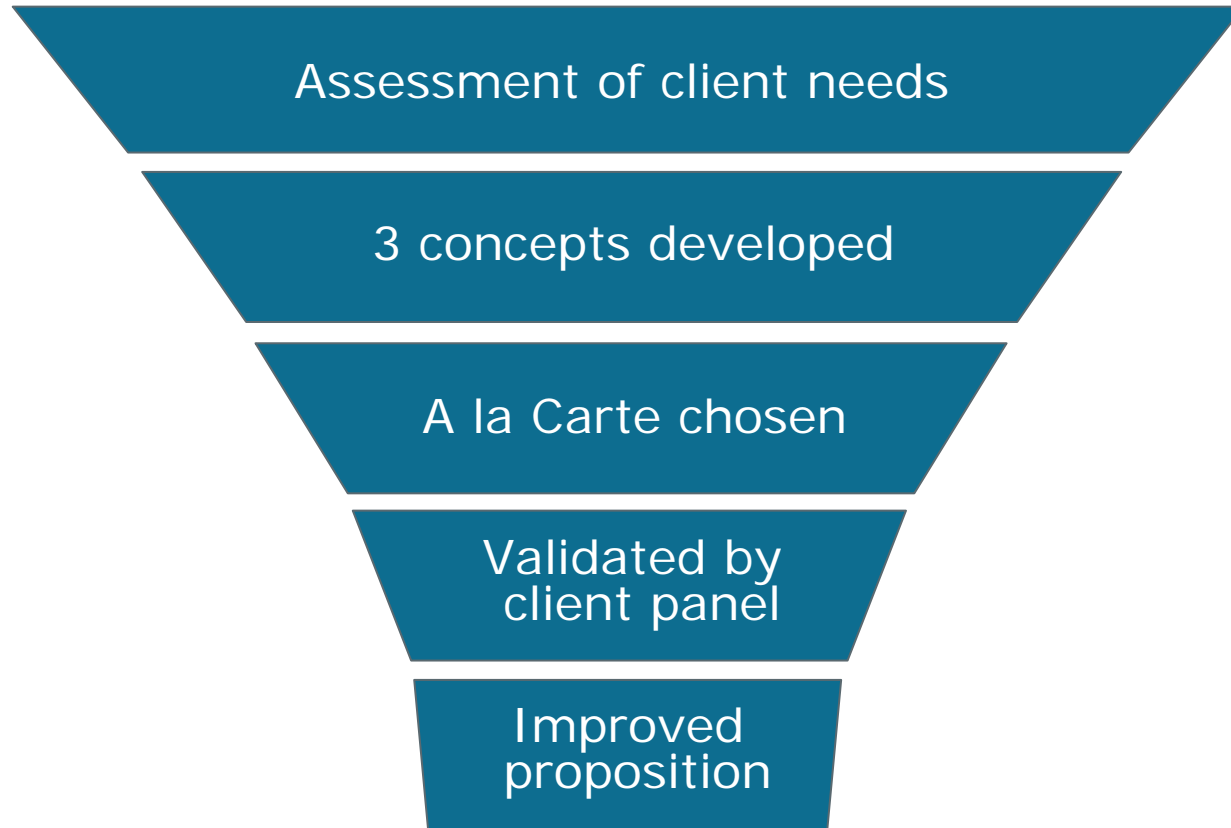
Client Focus

“A la Carte”, the improved proposition for managed accounts

The importance of a good managed account offering for the bank's strategy

Conclusion

Client driven process to improve managed account offering



Improved proposition is based on the current USPs

- Leading in financial management
- Robust asset allocation process
- Strong manager selection

+



A number of improvements that address the identified client needs:

Select (< € 500k)

A la Carte (> € 500k)

Select addresses additional client needs

For client portfolios of € 250,000 to € 500,000

- Leading in financial management
- Robust asset allocation process
- Strong manager selection

- Leading in financial management
- Robust asset allocation process
- Strong manager selection

+

- More asset classes
- Wider asset class margins
- Transparency in costs

And **A la Carte** adds a number of options

For client portfolios > € 500,000

- Leading in financial management
- Robust asset allocation process
- Strong manager selection

- More asset classes
- Wider asset class margins
- Transparency in costs

- Leading in financial management
- Robust asset allocation process
- Strong manager selection

+

- More asset classes
- Wider asset class margins
- Transparency in costs

+

- Options
 1. Active versus passive
 2. With or without alternatives
 3. With or without individual bonds

Fee structure adapted to risk profile

Current situation

- Same fee for all risk profiles
- 2 differently priced concepts

Improvement

- Fee increases with risk profile
- A la Carte and Select priced the same

Benefit for the client

- Managed account accessible for clients in lower risk profiles

Market leader in transparent fee structure

Current situation

- Bank paid by client and fund provider

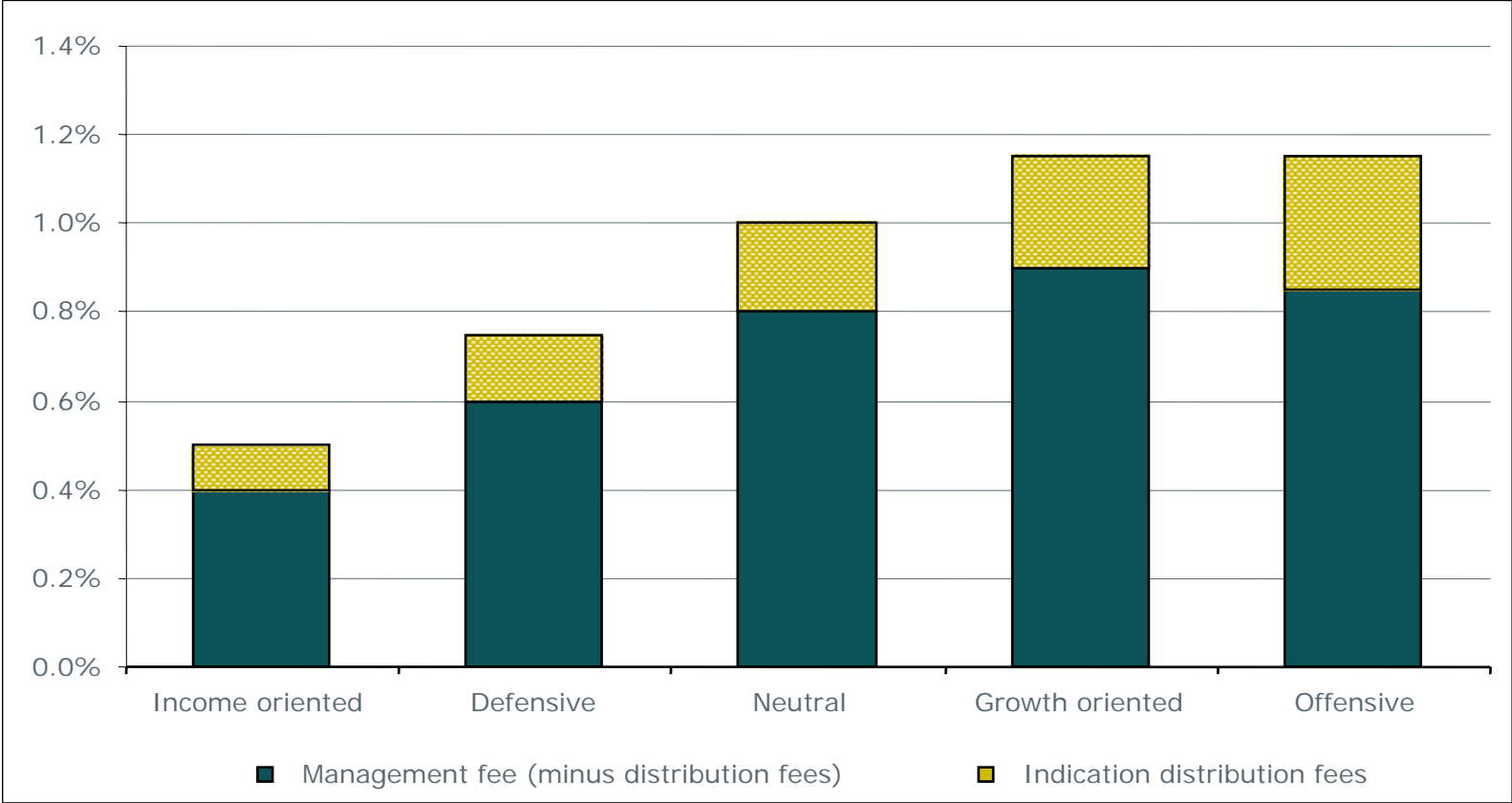
Improvement

- Bank only paid by client

Benefit for the client

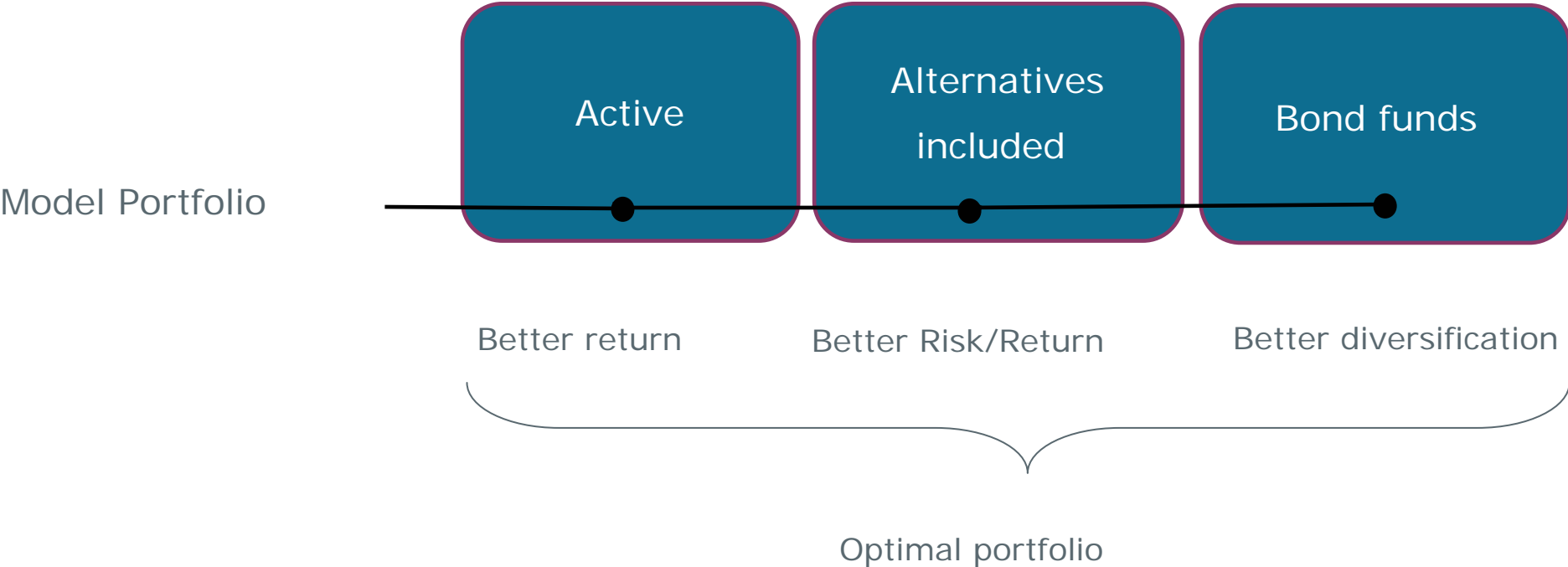
- Transparent costs
- Emphasises independence

C. Transparency in costs and distribution fees



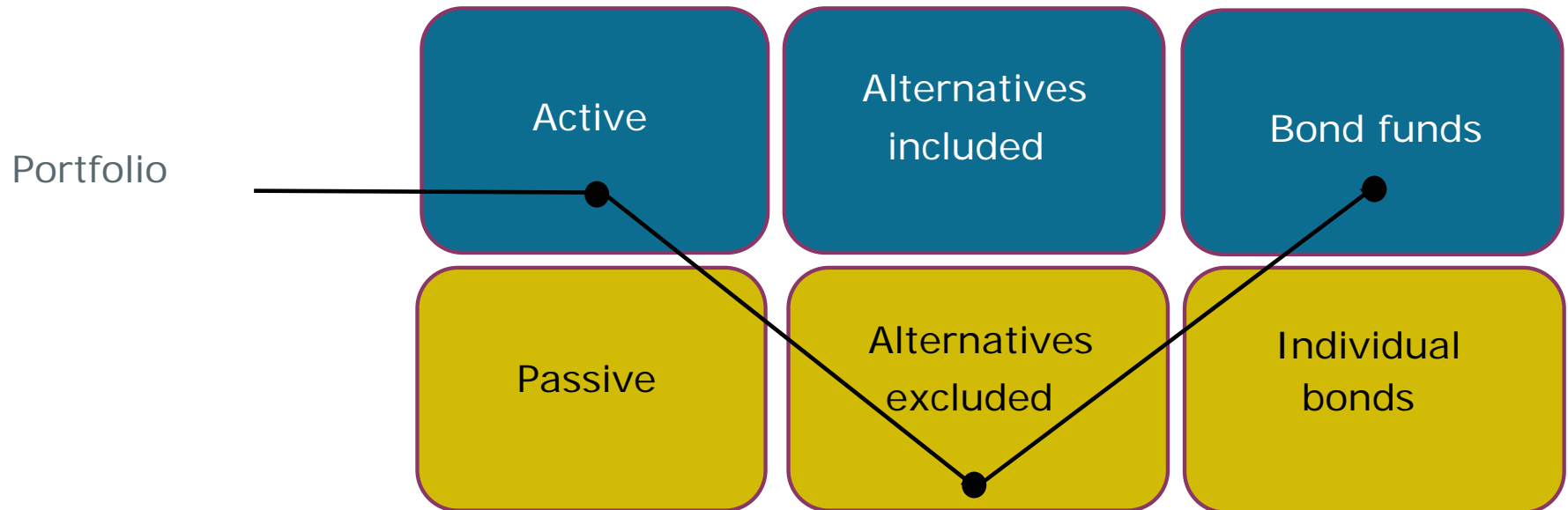
Investment philosophy leads to model portfolio (Select)

For client portfolios of € 250,000 to € 500,000



Client preferences can lead to other portfolios (A la Carte)

For client portfolios > € 500,000



Programme

Client Focus

“A la Carte”, the improved proposition for managed accounts

The importance of a good managed account offering for the bank's strategy

Conclusion

Strategy – Starting situation

Managed accounts



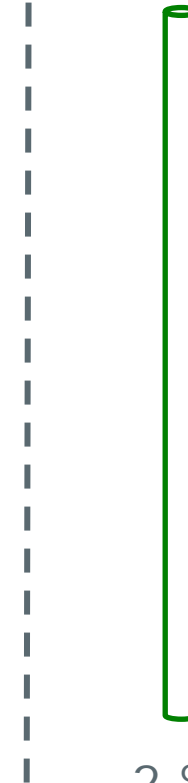
16 %

Advice



82%

Execution Only

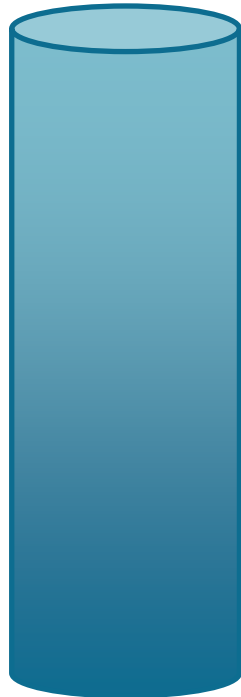


2 %

- Propositions not sufficiently competitive
- Client assets in managed accounts low compared to the market (15-25%)

Step 1 – Improved propositions

Managed accounts



Advice



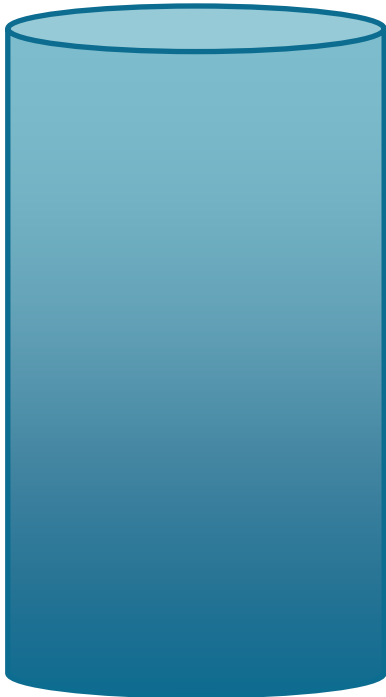
Execution Only



- A la Carte and VIP Invest (managed accounts) just launched and best in class
- Stepwise improvement of advisory business
- Better 'execution only' offering

Step 2 – More natural distribution

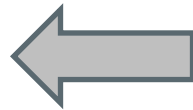
Managed accounts



Advice



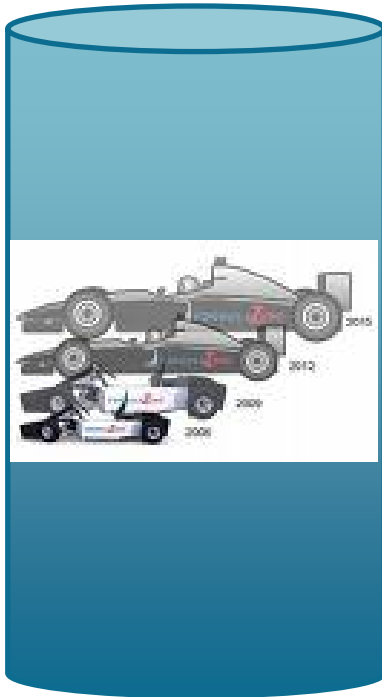
Execution Only



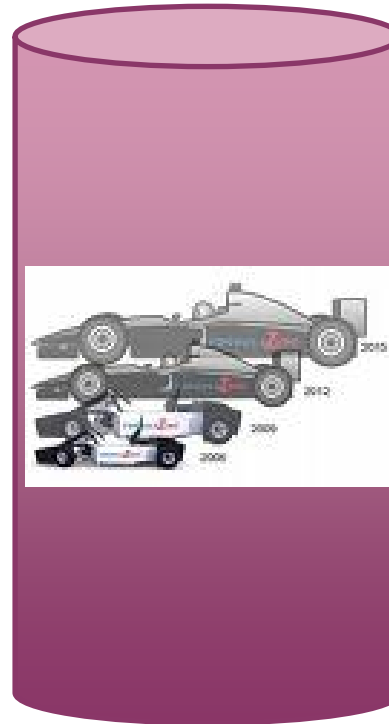
- The Financial Management process naturally leads to more managed accounts
- A la Carte and VIP Invest will also attract more clients to managed accounts
- Income on managed accounts is 80-100bp, on advisory 60-80bp with higher cost

Step 3 – Improve Scalability

Managed accounts



Advice

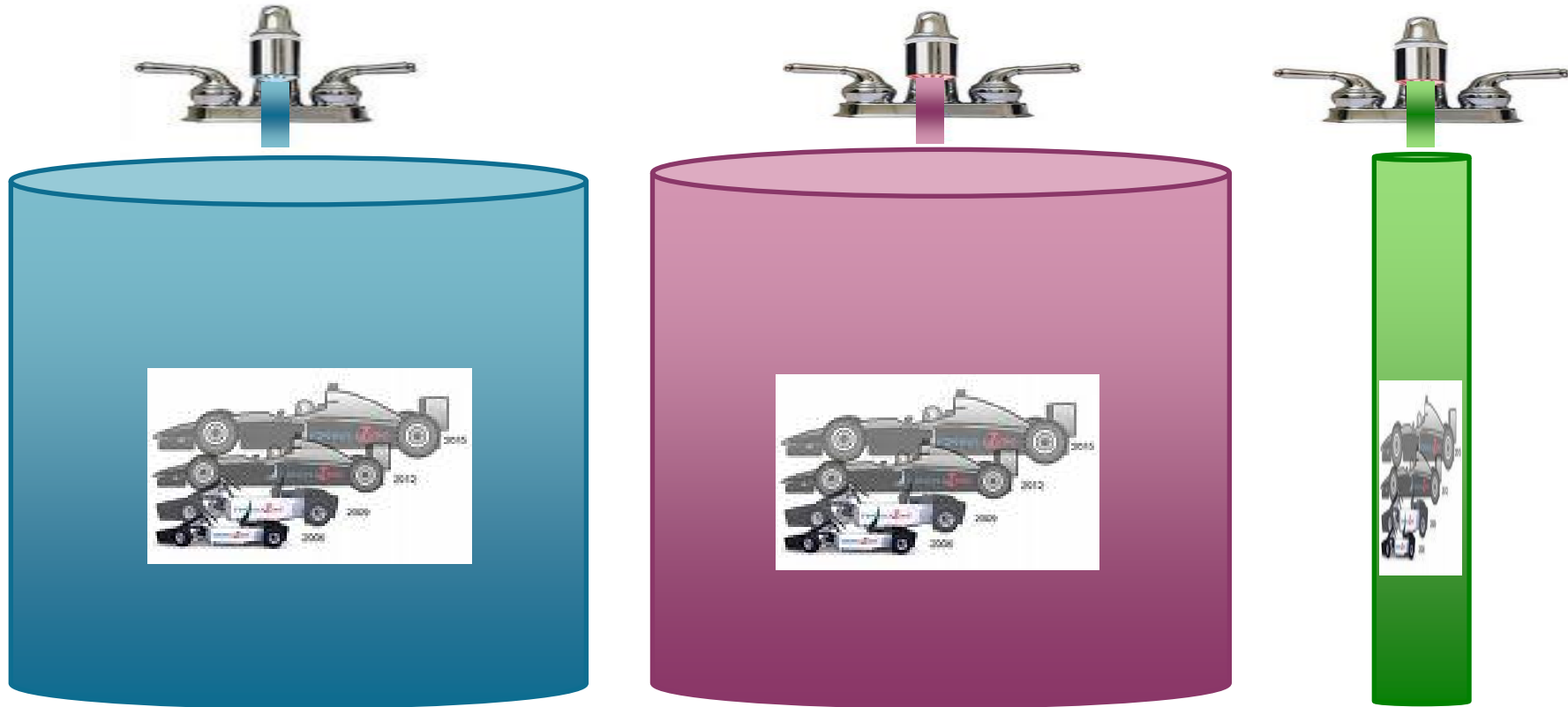


Execution Only



- Implement platforms like VIP Invest
- Execution Only platform?
- Optimise service model (focus on top segment, efficiently serve lower end)

Step 4 – Growth in Assets under Management



- Financial management, better propositions, scalable platforms are main contributors
- Supported by attractive products (Exclusive products, Structured products, etc.)

Any questions?

Conclusion

- Client focus has led to improved solutions for managed accounts
- A la Carte will set us apart in the managed account market
- It will attract assets from the advisory business
- This will support our strategy and improve the earnings model



Relationship Management in turbulent times

Bart Horsten, Branch Manager Den Bosch

Programme

1. What has changed in private banking
2. How have client needs changed
3. Examples of client behaviour during the crisis
4. Indication of the financial impact at branch level
5. How are we acting on the changing needs of our clients and prospective clients
6. A simplified business case
7. Conclusion

Changing market dynamics

- Events that triggered the changing client needs:
 - Lehman Brothers
 - IceSave
 - Nationalisation of ABN AMRO/Fortis
 - Collapse of the stock markets
- Fundamental trust in the system disappeared: savings turned out not to be safe
- Business model of a (private) bank under scrutiny; what are you doing with my money
- The government became the most popular bank
- Quest for savings; high saving rates offered in the industry to attract liquidity

Changing client needs in the short term; back to basics

Pre-crisis:

- Trust
- Service
- Wealth creation
- Investing
- Structured products
- Long term goals

Mid-crisis:

- Suspicion
- Safety
- Wealth protection
- Saving
- Transparent products
- Tomorrow's goals

Large impact on relationship management

Examples of client behaviour (1)



Examples of client behaviour (2)

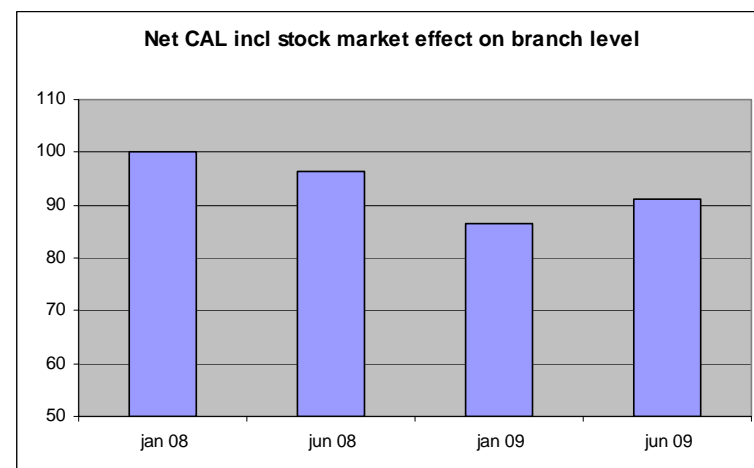
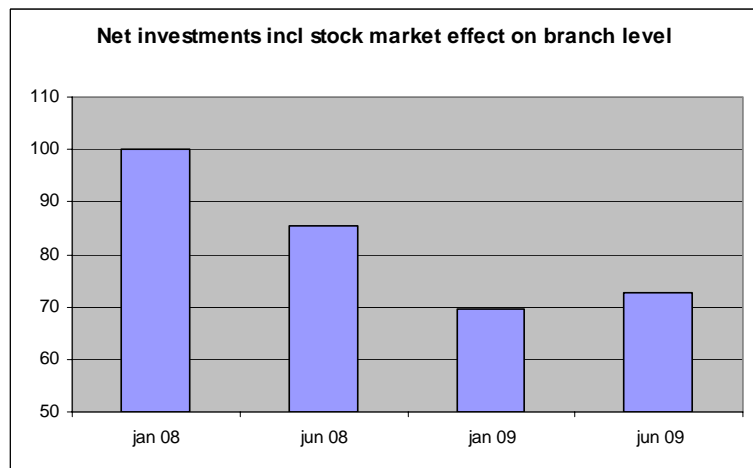
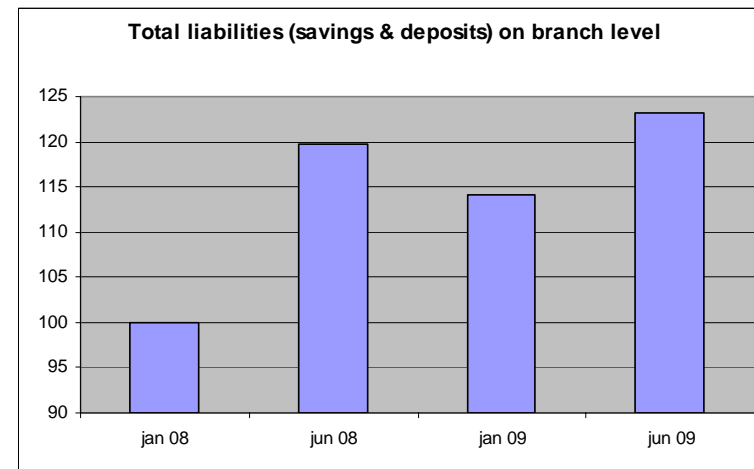
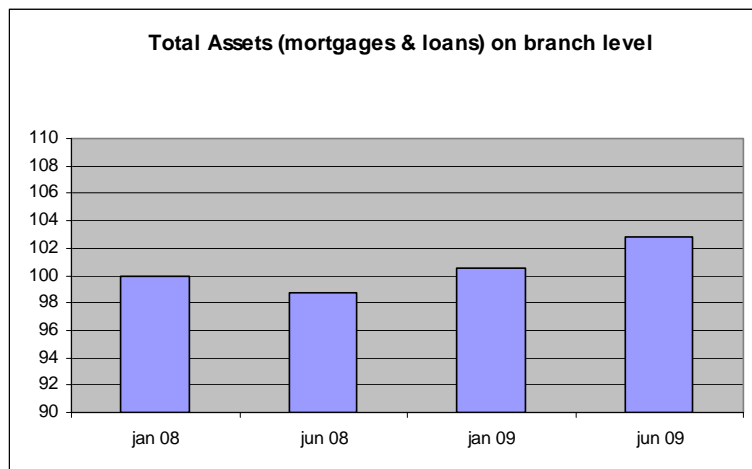
- Nervous clients; what is going on out there and how is Van Lanschot doing?
- New clients wanting to make € 100,000 deposits
- New clients' savings moving back to ABN AMRO/Fortis
- Selling investment portfolios at the bottom of the market
- Shift from investments to savings
- Taking up cash (e.g. in exchange for physical gold)
- Rising number of claims

How did we cope with this?

- Inform relationship managers: conference calls by CEO, provide presentations with back-up information
- Point out the solvency and liquidity of Van Lanschot
- Inform clients: face-to-face, by phone, group presentations
- Be understanding to clients moving back to ABN AMRO/Fortis
- Inform clients about the risk of selling investments; and even more about the risks of getting back in
- Since 1737 without any government support...

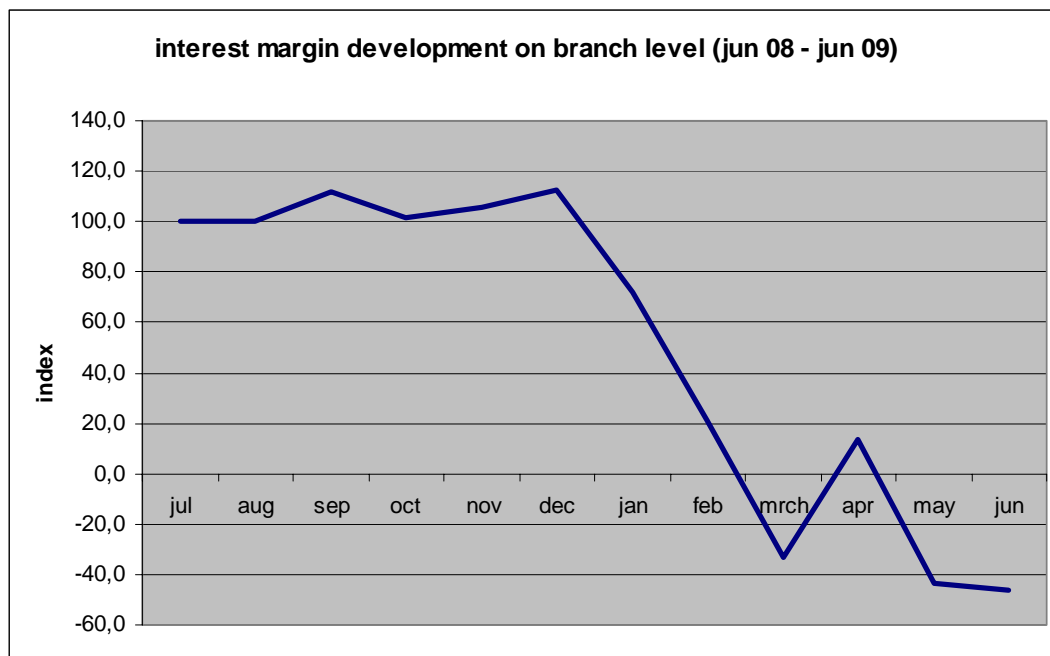
INFORM, INFORM, INFORM

Volumes held up well (on a branch level), but...



Source: internal management accounting figures

... the margins did not



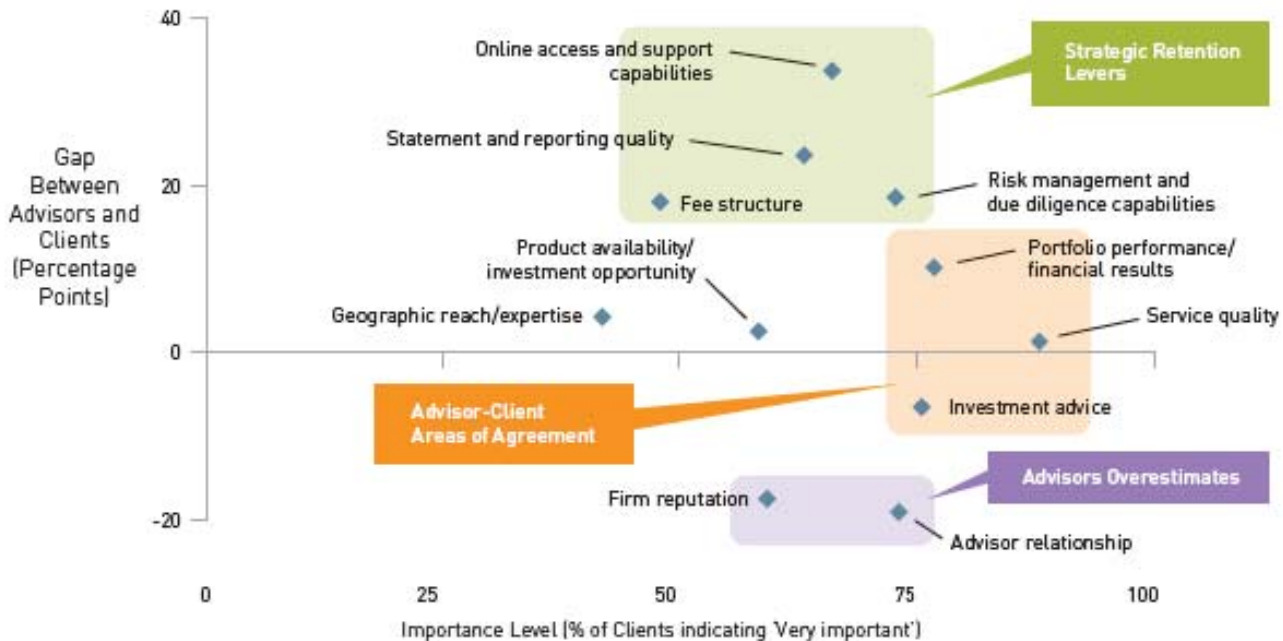
What a difference a year makes

In figures	jun-08	jun-09
Branch result - index	100	2
Margins on deposits	0,38%	-1,01%
Margins on loans	0,43%	0,77%

Source: internal management accounting figures

Industry analysis shows mismatch in perceived needs

Figure 14. Strategic Levers of Client Retention in 2008



Source: Capgemini Analysis, 2009

What is changing and how are we acting?

What has changed or will change?

- Increasing visibility and need for personal contact
- Increased focus on 'customer care'
- More transparency (what do I pay for and how much?)
- Client decides on timing and type of service
- In medium term clients needs will change from safety to service

How are we acting on this?

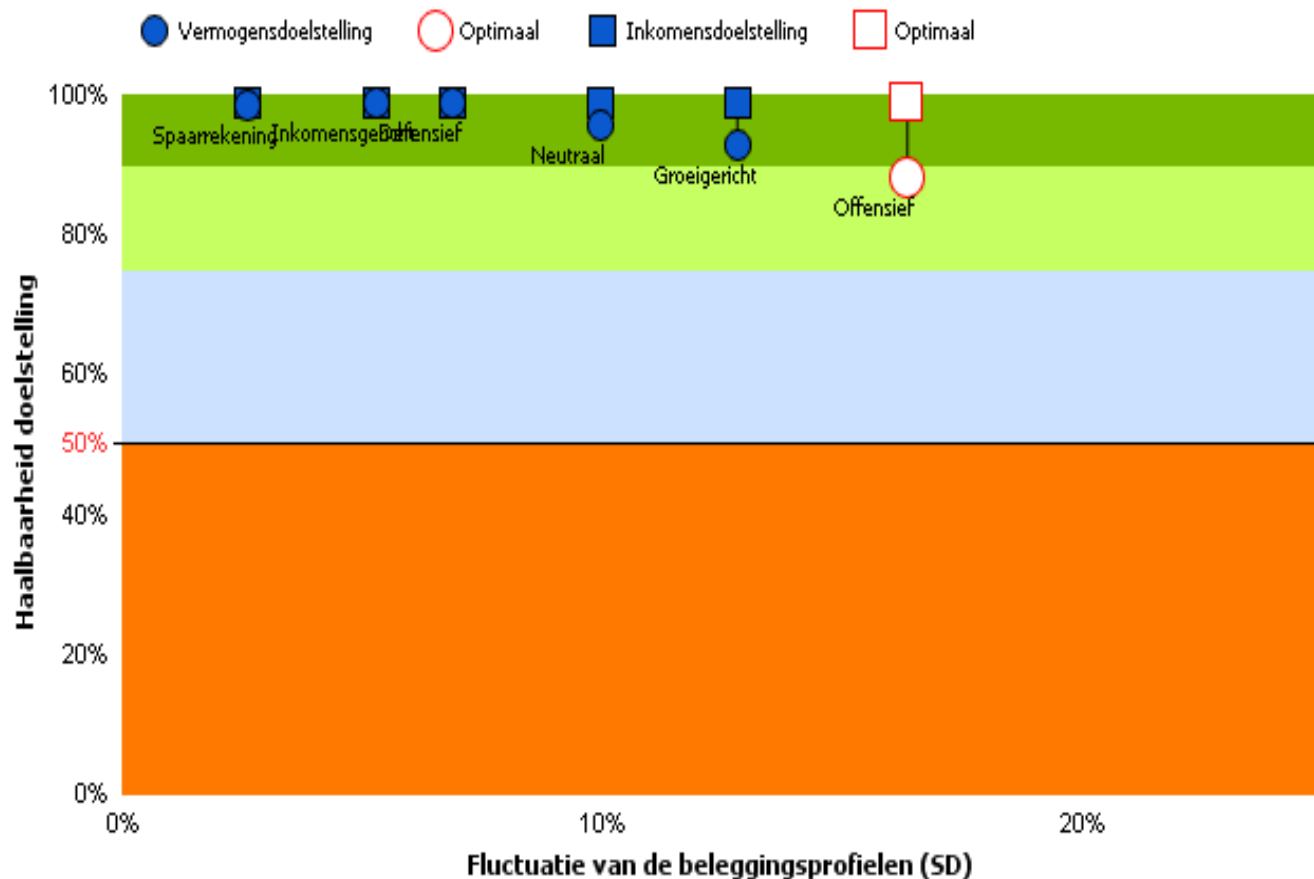
- More local marketing and events (local magazines, presentations, visibility of board members)
- Improve quality of information for clients on products and services; train employees
- Return distribution fees to clients; make clear what the costs are
- Organise around the client instead of products
- Continue to improve service delivery models (e.g. investments, use of scenarios to visualize risks and returns, close cooperation private and business banking)

Business Case

Start capital : € 1,000,000
Income target : € 50,000 per annum for the next 10 years
Wealth target : € 500,000 in 10 years from now
Horizon : 10 years

Use of scenario analysis to visualise the client's long term goals and chances of achieving them

Achievability of target through savings looks high ...



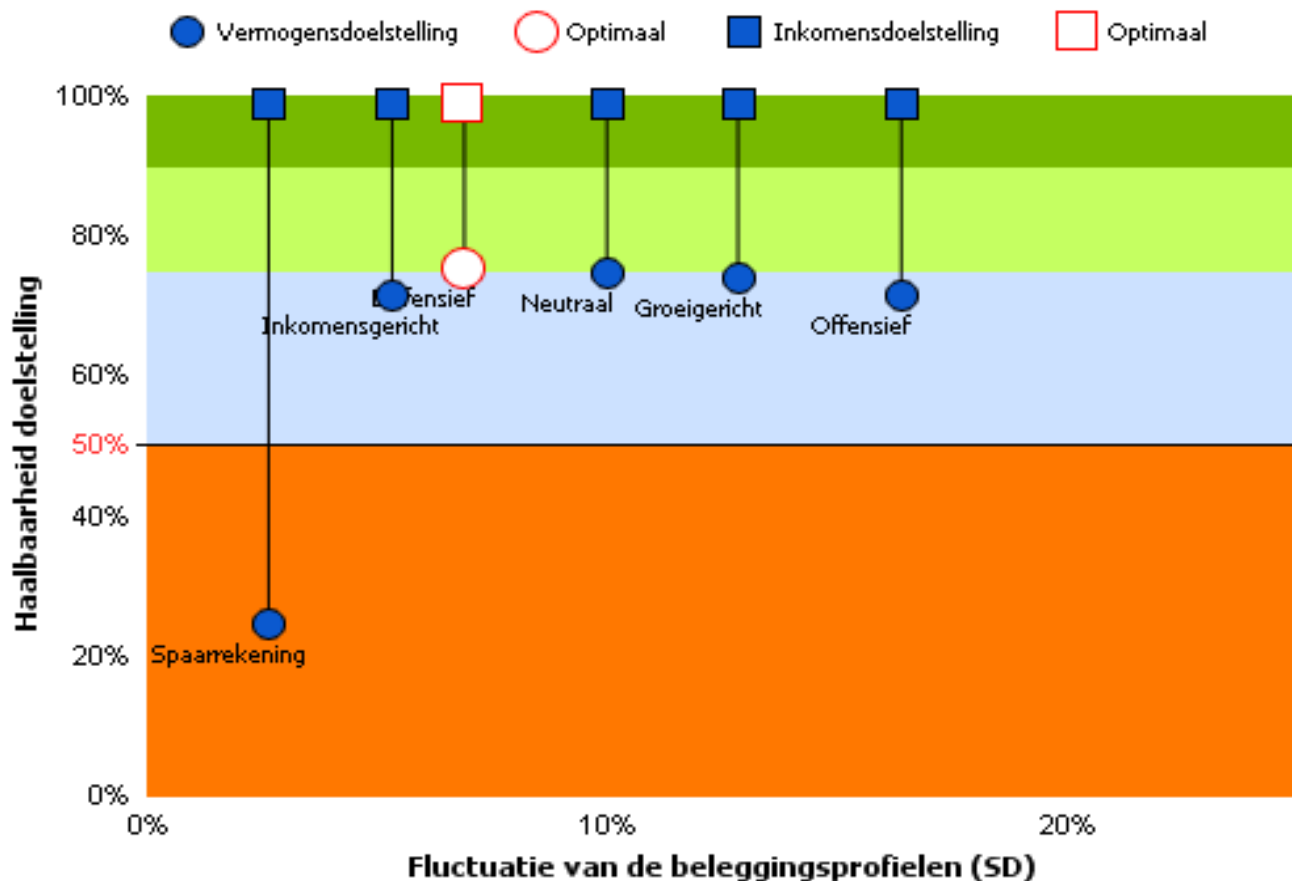
NO INFLATION, NO TAXES

The diagram shows the achievability of the income and wealth targets in several risk profiles

Income target
€ 50,000 for next 10 years

Wealth target
€ 500,000 in 10 years from now

...but may turn out to be low (diversification!)



ADDING INFLATION AND TAXES

The diagram shows the achievability of the income and wealth targets in several risk profiles

Income target
€ 50,000 for next 10 years

Wealth target
€ 500,000 in 10 years from now

Inflation 2.25%
Wealth tax 1.2%

Changed market dynamic: opportunities for Van Lanschot

- Since 1737 without government support
- Diversified client needs and goals increase the need for personal advice in private banking; Van Lanschot has the scale to offer this
- Government-supported competition will be inward looking for the next 3 to 5 years
- Innovative investment concept
- The only bank with a proven Director-Owner concept
- Attracting quality staff and creating loyalty among bankers after the crisis

Any questions?