

Private Banking

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26 September 2007



Substance of Private Banking at Van Lanschot

- 32 private banking offices in the Netherlands, 7 in Belgium, 2 in Switzerland, 1 in Luxembourg and 1 on Curacao
- Headcount: \pm 1,000 FTEs
- In first half of 2007, Private Banking represented:
 - 44% of operating income
 - 49% of costs
 - 35% of operating profit

Private Banking in first half of 2007

- Income from operating activities + 9%
 - Interest income + 4%
 - Commission + 17%
- Assets under management + 10.7% (to € 6.4 billion)
- Savings and deposits +19.7% (to € 4.8 billion)
- Total expenses + 11%
- Operating profit + 5% (to € 44.3 million)
- Number of target group clients + 2.6%

Market position of Van Lanschot Private Banking

- Brand name: top 3
- Brand value: exclusive (more than we actually are)
- Distribution network: 32 offices in the Netherlands!
- Niches: executives and business professionals; EMS (compliance)
- No reliable data on market shares. Analysts estimate Van Lanschot's market share to be in the range 5 to 7½%

Van Lanschot's strategy

In the past two years, Van Lanschot has taken the view that, as a small player in the Benelux banking market, the bank should be involved in those areas where it has or could have a clear competitive advantage.

Amongst other things, this has led to the acquisition of Kempen & Co, the announced sale of the insurance business and a different stance as to the mortgage business.

In private banking, Van Lanschot has reviewed its product offerings and client segmentation strategy. This has resulted in more focus on the high end of the market, with a new, distinct service offering.

Taking into account Van Lanschot's strong brand name, its extensive and focused network of private banking offices, its range of in-house private banking solutions (including business banking and Trust) and its current appeal to seasoned private bankers, the bank believes it is well positioned to gain market share.

Private Banking market in the Netherlands

Favourable market conditions:

- Economic growth in 2007 in the Netherlands: 2.75%
- Forecasted annual growth of liquid assets of HNWI's in 2006-2009: 6.5%
- Ageing population
- Business succession of baby boomer generation
- Trend towards personal responsibility for pensions

Competitive environment

- Main competitors: ABN AMRO Private Banking, MeesPierson, ING and Rabo/Schretlen. In the UHNWI / Family Office market: Box Consultancy (full service MFO boutique) and Vermogensgroep (consolidated reporting and fiduciary management) and large foreign players (Merrill Lynch, UBS)
- Strong competition for talent ('lost generation' of 1997-2000 creates a gap for personnel with 7-10 years experience)
- Largest competitors consider private banking as just one of their activities. None of the main competitors has a sustainable competitive advantage in private banking.

Trends in Private Banking

“Traditional service models are becoming more outdated as High Net Worth (HNW) clients’ requirements grow ever more complex, driving the need for greater segmentation and analysis. In consequence, Wealth Management firms adopt new service models to better satisfy clients.”

“In financial services we are observing a trend that has already taken root in retail and entertainment industries. Individuals’ characteristics and on-going, changing client needs are taking on much greater significance in how Wealth Management firms evaluate the effectiveness of their service models. Traditional service models need to evolve to ensure that advisors are provided with the tools, technology and data to service their clients based on an array of client profiling knowledge that helps them highlight greater opportunities for offering new products and services,” said Bertrand Lavayssière, Group Director, Capgemini Financial Services. “A needs-based approach provides advisors with the right products and services to offer their investors to achieve their investment goals and enjoy improved client satisfaction.”

Source: CapGemini/Merrill Lynch Global Wealth Report

Van Lanschot's strategy in Private Banking

- Value creation in Private Banking is in long-term relationships with a growing client base. All aspects of the organisation should be instrumental in achieving this goal
- Focus on those areas where Van Lanschot has a competitive advantage
- Segmentation (more focus):
 - Specific label for clients > € 5 million (Van Lanschot Kempen)
 - Specific label for 'international' clients (International Wealth Management)
 - Special teams focusing on clients between € 1 million and € 5 million (Private Wealth Teams)
 - Fewer client specific segments
- Service model (more content):
 - Introducing ALM as a starting point for providing fully integrated private banking services (clients > € 1 million)
 - Providing access to the institutional knowledge base of Kempen Capital Management (SLA)

CONVERSION

RETENTION
& FEES

Van Lanschot's strategy in Private Banking (cont'd)

- Efficiency (more profit):
 - All private banking related activities represented in one management team
 - Focus on scalability of the private banking organisation (e.g. new role of private bankers; more emphasis on scalable client solutions)
 - Advocating a clear preference in investment management for discretionary management services as opposed to advisory services
 - Creating a more efficient service concept for less profitable clients (assets < € 250,000 or revenues < € 2,500)

COSTS

Goals for 2007

- Adjusting the organisation to the new private banking strategy (most important: education)
 - Re-evaluating the product / solutions range
 - Finalising the client segmentation process
 - Adopting the DRIVE! CRM solution and preparing for the new back office release (operational excellence)
- ➔ As a result, Van Lanschot private banking going forward will be a more focused and efficient private bank with a stronger competitive advantage in the Benelux (U)HNWI market

Anecdotal evidence:

- *Higher conversion rate (prospect to client)*
- *More discretionary management services*
- *Client feels more involved and has a better understanding*

Any questions?

International Wealth Management



Marcel G. Engelbertink
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26 September 2007

Trends in the (International) Wealth Management industry:

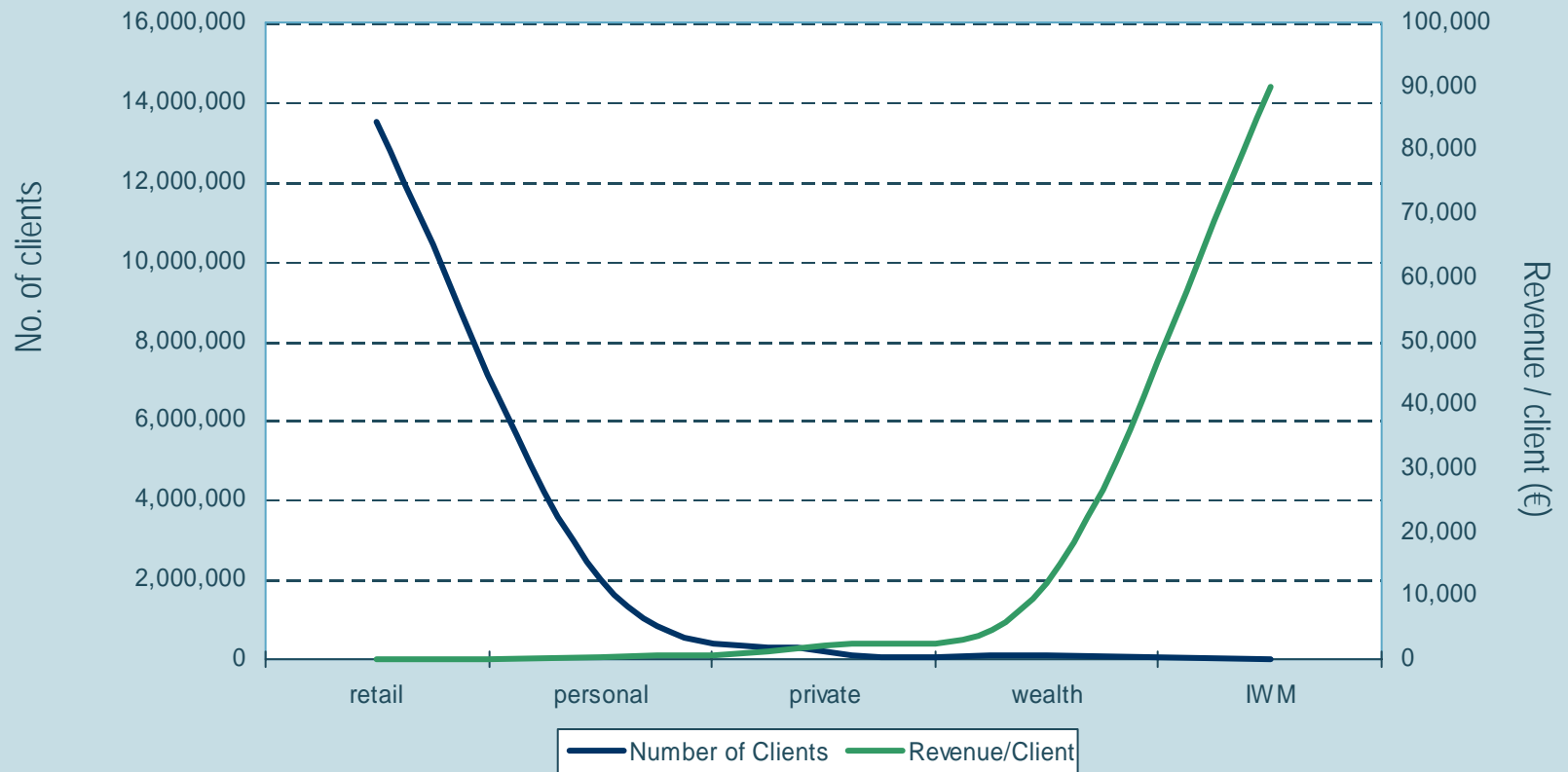
- Clients are not only segmented by AuM and assigned to a model, but served increasingly on a need-based approach *
- The growth in 'independent' family offices
 - Reveals that banks' traditional service models for UHNWIs have not sufficiently met the client's needs
- The growth in 'independent' investment offices
 - Reveals a stronger tendency for full open architecture business models than retail banks currently embrace
- Ultimate goal: to try and exceed the ever changing client's expectation *
- *"Additionally, European clients are becoming more global in their outlook as they increasingly support their families who live in more than one country – and conduct banking activities in multiple geographies. Thus, here too, the services being provided have to take into account more than just AUM if a firm wants to maintain a good client relationship over the long term. Advisors who have not recognized this significant shift to a broader geographic client base will have missed an enormous opportunity."* *

* Source: World Wealth Report 2007, Capgemini-Merrill Lynch

International Wealth Management (IWM) is a boutique within Van Lanschot focusing on wealth management services for more international oriented UHNWIs (> € 5m).

- Client focus:
 - (Ultra-) High Net Worth Individuals, their families and personal holding companies
 - Their family-owned companies
 - Majority shareholders
 - Small institutional investors
- Services:
 - Primarily discretionary asset management
 - Advisory and brokerage
 - Credit facilities (International mortgages, Lombard financing)
 - Cash management
 - Structuring – estate planning – trust services

Select group, but with significant revenue / client



- The top end of the market is growing stronger than the market average (15%+ versus 8.3%) *
- Strong tendency of Dutch UHNWIs to live abroad (UK, France, Switzerland, Spain)
- These clients are used to living and doing business in a international setting
- They feel more comfortable with Dutch banking contacts, principles and mentality
- The 10 team members of IWM together have more than 130 years of experience in the international wealth management industry
- Van Lanschot has offices in Luxembourg, France, Switzerland, Channel Islands and Curacao, besides its home markets (Netherlands and Belgium)
- Van Lanschot was first mover in the international mortgage market for Dutch HNWIs in southern Europe
- Van Lanschot IWM is therefore a solid and logical choice for many of these families and active entrepreneurs

* Source: World Wealth Report 2007, Capgemini-Merrill Lynch

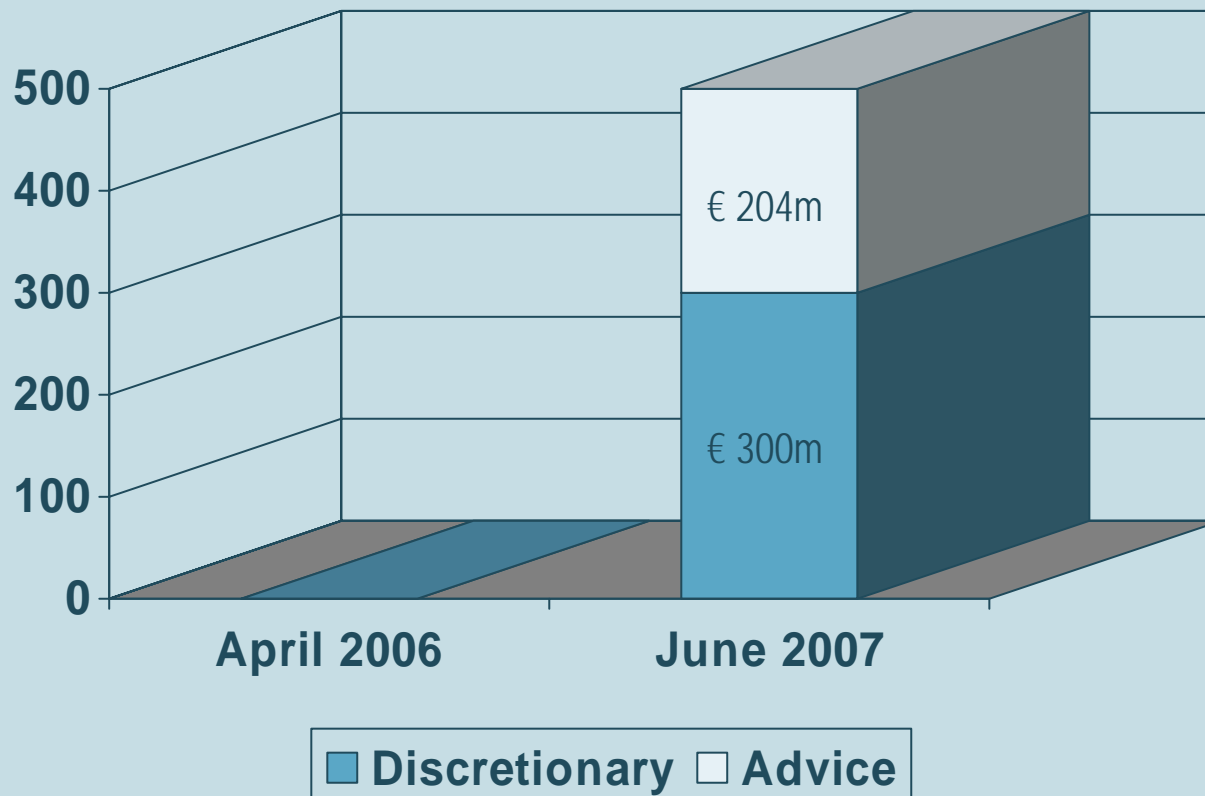
- Multi disciplinary team of 10 people:
 - 5 asset managers / relationship managers
 - 1 financier
 - 4 commercial assistants
- Open architecture approach is leading in every aspect of the service offering
- IWM offers a 'one-stop-shop' for all financial issues
- Target of 25-30 clients per banker
- Clients are served by the whole team instead of one individual
- This results in a stronger team effort, higher continuity, more cross-sell of information and therefore ultimately higher client satisfaction and revenue !
- Evaluation shows most new clients get introduced by existing clients

- The IWM mentality:
 - Independence
 - Full Open Architecture business model
 - Longer term commitment towards clients and organisation
 - Integrity and discretion
 - High quality execution
 - Tailor-made solutions
 - Hand picked team creates more stability and broader knowledge base to clients
 - Entrepreneurial approach
 - Multilingual team

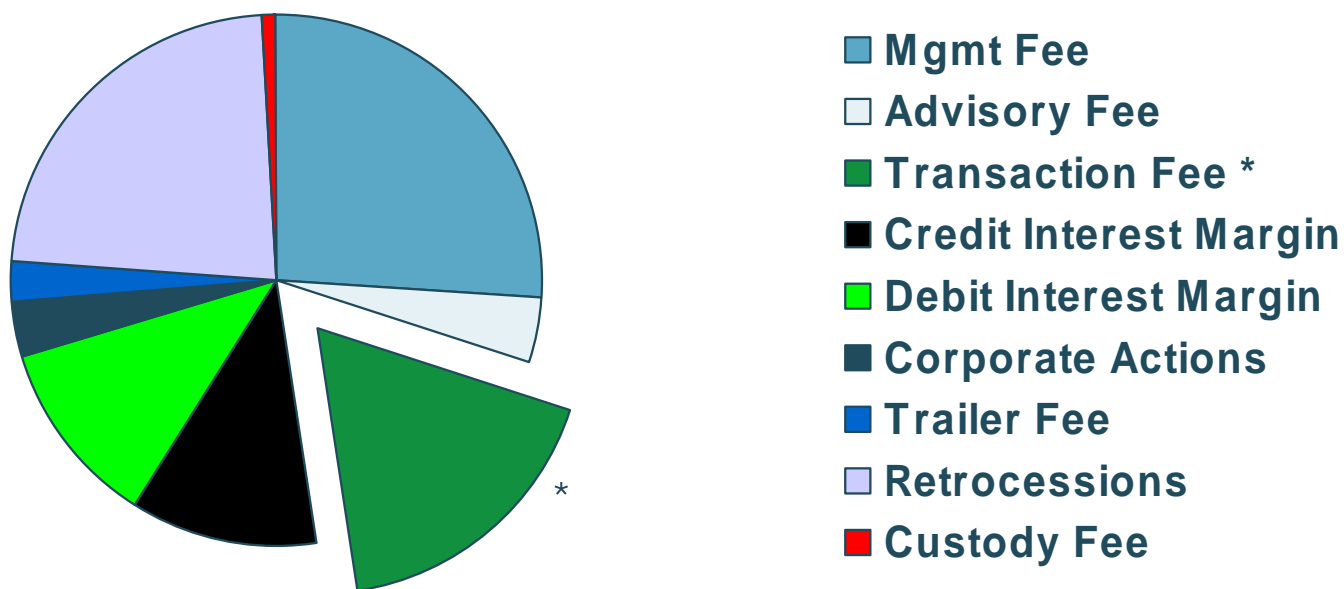
Does it work ?..

Growth in Assets under Management IWM (x € millions)

Average client portfolio: € 8.1m



- Stable multi-income revenue model



* Transaction fee is the component that is most sensitive to market conditions