

Lunet & Citadel

RMBS Programme Update



Van Lanschot

June 2014 – Global ABS

Van Lanschot RMBS programmes – Lunet / Citadel / Courtine

Profile of Van Lanschot

Funding and liquidity

Annex I – 2013 annual results and Q1 2014 trading update

Annex II – Dutch housing market

Van Lanschot RMBS programmes



Lunet RMBS 2013-I

Citadel 2010-I

Citadel 2010-II

- Top quality residential mortgage portfolio, fully originated and serviced by Van Lanschot
- Lunet RMBS 2013-I is PCS and DSA compliant

- The Citadel 2010-I and Citadel 2010-II programmes were successfully established with the objective of diversifying funding

Going forward the Lunet RMBS programme will be used for marketable RMBS transactions

Bloomberg ticker: LUNET Mtge / CITAD Mtge

Public

Courtine RMBS 2013-I

Citadel 2011-I

- Residential mortgage loan portfolio, fully originated and serviced by Van Lanschot
- Notes retained by Van Lanschot for liquidity management purposes

Going forward the Courtine RMBS programme will be used for retained RMBS transactions

Bloomberg ticker: CRTIN Mtge / CITAD Mtge

Retained

Van Lanschot is an experienced issuer



Currently Van Lanschot has five outstanding RMBS transactions:

Lunet RMBS 2013-I
 Citadel 2010-I
 Citadel 2010-II
 Citadel 2011-I
 Courtine RMBS 2013-I

Currently less than 40% of the residential mortgage loan book is funded through publicly placed prime RMBS issuance

Van Lanschot RMBS transactions*

Transaction	Rating Class A Notes	Current size	Original size	Placed (of orig. size)	Retained (of orig. size)
Lunet RMBS 2013-I	AAA / AAA	€ 1,059 m	€ 1,075 m	€ 884 m	€ 191 m
Citadel 2010-I	AAA / AAA	€ 940 m	€ 1,237 m	€ 778 m	€ 459 m
Citadel 2010-II	AAA / AAA	€ 974 m	€ 1,243 m	€ 990 m	€ 253 m
Citadel 2011-I	AAA / AAA	€ 1,195 m	€ 1,515 m	-	Fully
Courtine RMBS 2013-I	AAA / AAA	€ 826 m	€ 854 m	-	Fully

* Source: Bloomberg, 28 February 2014

Capital structure and main features of Van Lanschot public RMBS programmes



Van Lanschot RMBS Programmes											
Class	Current Rating (S&P/F)	Balance as per last QPD * (x 1mm)	Subordination as per last QPD *	Remaining WAL as per last QPD ***	Balance at Issuance (x 1mm)	Subordination at issuance	Total CE at issuance **	F.O.R.D. ****	Legal maturity	Coupon	Step-up Coupon
LUNET 2013-I											
A1	AAA/AAA	192.5	18.8%	1.5	244.0	17.8%	18.8%	Dec 2018	Dec 2045	3mE + 50bp	3mE + 100bp
A2	AAA/AAA	639.6	18.8%	4.5	639.6	17.8%	18.8%	Dec 2018	Dec 2045	3mE + 108bp	3mE + 216bp
B	AAA/A	49.4	13.9%	4.6	49.4	13.2%	14.2%	Dec 2018	Dec 2045	3mE	3mE
C	nr/nr	71.0	6.9%	4.6	71.0	6.6%	7.6%	Dec 2018	Dec 2045		
D	nr/nr	71.0	0.0%	4.6	71.0	0.0%	1.0%	Dec 2018	Dec 2045		
Total		1,023.5			1,075.0						
E	nr/nr	8.6	-	0.8	10.8		0.0%	Dec 2018	Dec 2045		
CITADEL 2010-I											
A1	NR	0.00	-	-	247.4	19.1%	20.1%	Fully repaid	Nov 2042	3mE + 130bp	3mE + 260bp
A2	AAA/AAA	668.9	26.3%	1.2	753.4	19.1%	20.1%	Aug 2015	Nov 2042	3mE + 140bp	3mE + 280bp
B	AAA/nr	75.5	18.0%	1.2	75.5	13.0%	14.0%	Aug 2015	Nov 2042	3mE	3mE
C	BBB+/BBB	129.9	3.8%	1.2	129.9	2.5%	3.5%	Aug 2015	Nov 2042	3mE	3mE
D	nr/nr	30.9	0.0%	1.2	30.9	0.0%	1.0%	Aug 2015	Nov 2042	3mE	3mE
Total		905.1			1,237.0						
E	nr/nr	0.00	-	-	12.4		0.0%		Nov 2042	3mE	3mE
CITADEL 2010-II											
A	AAA/AAA	683.2	27.3%	1.2	990.7	20.3%	21.3%	Aug 2015	Nov 2042	3mE + 120bp	3mE + 240bp
B	AA-/nr	84.6	18.3%	1.2	84.6	13.5%	14.5%	Aug 2015	Nov 2042	3mE	3mE
C	BBB+/BBB	136.7	3.7%	1.2	136.7	2.5%	3.5%	Aug 2015	Nov 2042	3mE	3mE
D	nr/nr	31.1	0.0%	1.2	31.1	0.0%	1.0%	Aug 2015	Nov 2042	3mE	3mE
Total		935.6			1,243.0						
E	nr/nr	0.00	-	-	12.5		0.0%		Nov 2042	3mE	3mE

*) Lunet RMBS 2013-I: 26 Mar 2014, Citadel 2010-I and Citadel 2010-II: 27 May 2014, source: Bloomberg

***) Includes the reserve account of 1% of the Class A-D notes and excludes the excess spread of 50bps p.a.

****) Based on CPR of 6%, no defaults and delinquencies, source: Bloomberg, as per 2 Jun 2014

*****) There will be a step-up and call option on the QPD falling in December 2018 for Lunet RMBS 2013-I and in August 2015 for Citadel 2010-I and Citadel 2010-II

source: Prospectus, Quarterly Information Reports, Bloomberg

Standard Dutch RMBS structures for all transactions



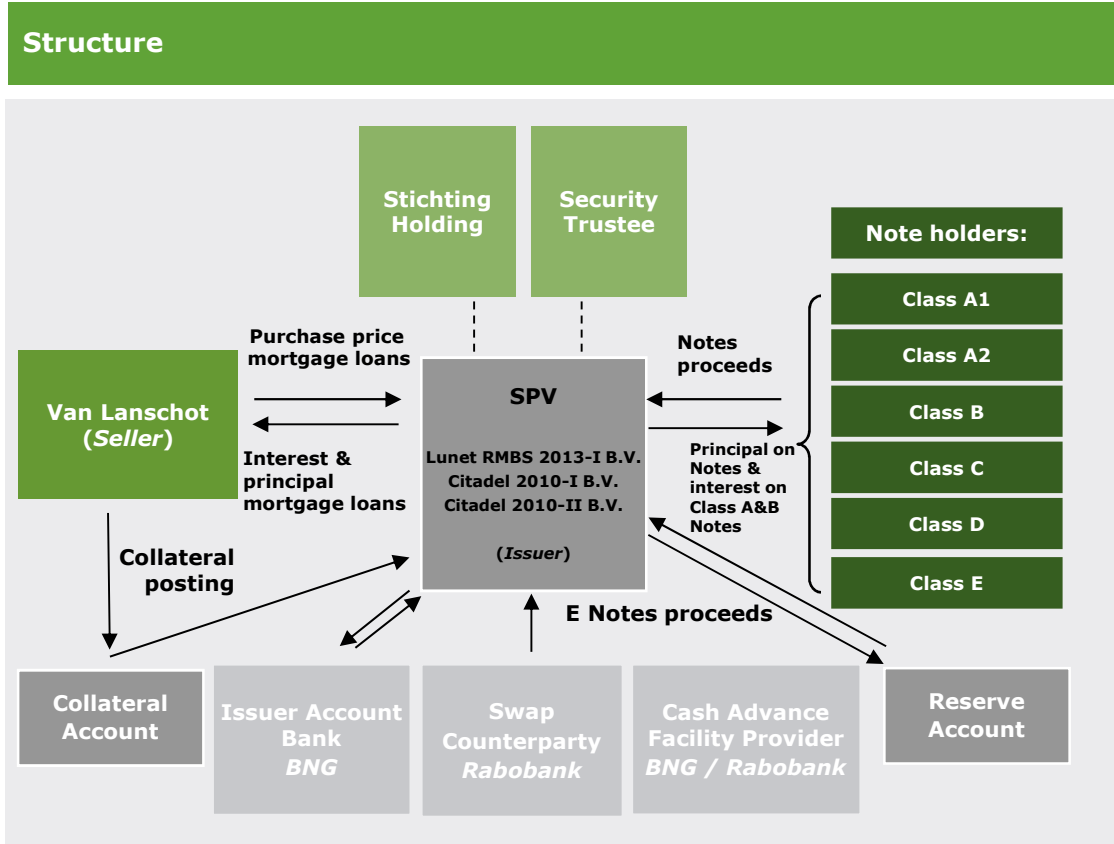
Dutch SPV owned by an independent foundation (Stichting Holding) and Security Trustee, acting for noteholders and secured parties

True sale of mortgage loans through silent assignment

Mortgages and other rights of the issuer pledged to the Security Trustee via pledge agreements

Only prime Dutch residential mortgage loans

Purchase of further advances subject to portfolio and mortgage loan criteria



Overview Van Lanschot RMBS transactions



Programme	Lunet RMBS 2013-I	Lunet RMBS 2013-I	Citadel 2010-II	Citadel 2010-I
Date	30-Apr-2014	7-Nov-2013*	30-Jul-10*	2-Jul-10*
Pool characteristics				
WA CLTOMV	60.5%	62.5%	75.0%	75.0%
WA Indexed CLTMV	65.4%	67.4%	74.0%	73.0%
WA Seasoning (months)	123	123	64	67
Avg Loan Balance (€)	352,041	360,617	503,647	483,770
WA Interest Rate	4.05%	4.09%	4.3%	4.3%
Fixed rate	68.1%	68.1%	71.0%	71.4%
Interest-only	72.6%	78.1%	79.6%	79.7%
Credit enhancement				
Class A Subordination	18.8%	17.8%	20.3%	19.1%
Reserve Fund	1.0%	1.0%	1.0%	1.0%
Total Credit Enhancement	19.8%	18.8%	21.3%	20.1%
Swap Excess Spread	50bps	50bps	50bps	50bps
Cash Advance Facility	1.5%	1.5%	1.25%	1.25%

Lunet RMBS 2013-I

Key Mortgage Loan Criteria

Each mortgage loan is a life mortgage loan, investment mortgage loan, linear mortgage loan, annuity mortgage loan, interest-only mortgage loan or a combination thereof

Loan to Foreclosure Value (LTFV) of max 120% and Current Loan to Indexed Foreclosure Value (CLTIFV) of max 130%

First and subsequent ranking mortgages

No loans in arrears

Only properties in the Netherlands

Maximum loan amount of € 1,000,000 per borrower

All payments via direct debit

Borrower is a private individual and not an employee of the Seller

No legal maturity beyond December 2043

Each mortgage loan is originated by the Seller

Each mortgage loan is denominated in euro

Property primarily used for residential purpose

Property not subject to residential letting at origination of the mortgage loan

*As per the respective closing dates.
Source: Fitch, QIR and relevant prospectus

WAL and CPR analysis of class A notes



WAL* sensitivity to CPR and issuer call at first optional redemption date							
CPR scenarios	CPR 0%	CPR 2%	CPR 4%	CPR 6%	CPR 8%	CPR 10%	CPR 12%
LUNET RMBS 2013-I Class A1 Note							
Assuming call @ F.O.R.D.(yrs)	4.3	3.2	2.1	1.5	1.1	0.9	0.7
Assuming no call (yrs)	10.6	3.9	2.1	1.5	1.1	0.9	0.7
LUNET RMBS 2013-I Class A2 Note							
Assuming call @ F.O.R.D.(yrs)	4.6	4.6	4.6	4.5	4.3	4.1	3.9
Assuming no call (yrs)	19.3	16.3	13.0	10.3	8.3	6.8	5.7
CITADEL 2010-I Class A2 Note							
Assuming call @ F.O.R.D.(yrs)	1.2	1.2	1.2	1.2	1.2	1.1	1.1
Assuming no call (yrs)	19.1	14.2	10.5	7.9	6.2	4.9	4.1
CITADEL 2010-II Class A Note							
Assuming call @ F.O.R.D.(yrs)	1.2	1.2	1.2	1.2	1.2	1.1	1.1
Assuming no call (yrs)	19.0	14.1	10.4	7.8	6.0	4.9	4.0

Main assumptions WAL calculations:

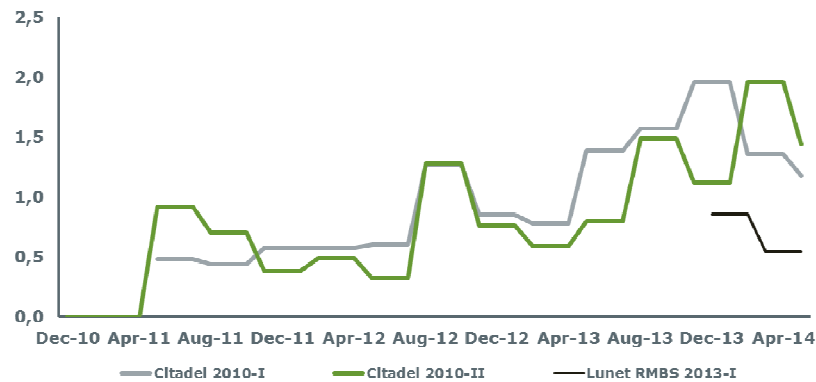
No arrears	No event of default / no enforcement notice	No losses
No regulatory call	No further advances	No clean-up call

* source: Bloomberg, 31 May 2014

Performance of RMBS transactions



Delinquencies (30+ days, %)

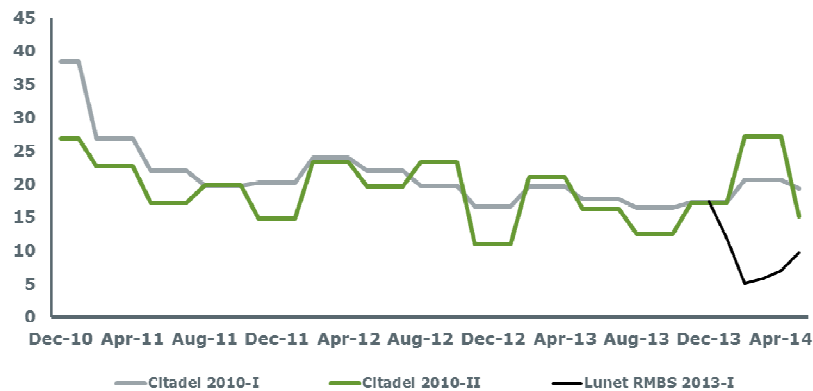


Cumulative losses

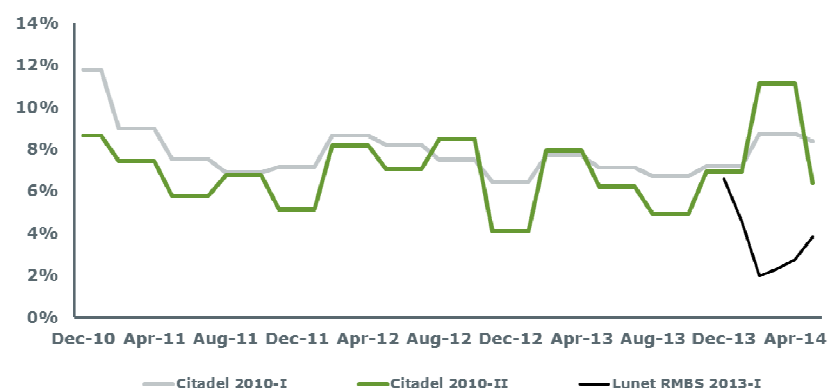
No losses in Lunet RMBS 2013-I, Citadel 2010-I, 2010-II since issuance

Loss Provisioning Required Amount for Lunet RMBS 2013-I is null

3-month prepayments in EUR mln



CPR – 3 month



Van Lanschot RMBS programmes – Lunet / Citadel / Courtine

Profile of Van Lanschot

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Annex II – Dutch housing market

Executive summary



Van Lanschot's profile

- Pure-play, independent wealth manager
- Oldest bank in the Netherlands with a history dating back more than 275 years
- Three lines of business – Private Banking, Asset Management and Merchant Banking – combining their strengths to preserve and create wealth for our clients
- Local visibility with 34 offices and client meeting centres in the Netherlands, Belgium and Switzerland

Financial targets 2017

	Target 2017	2013
• Core Tier I ratio	> 15%	13.1%
• Return on Core Tier I equity	10-12%	2.5%
• Cost-income ratio	60-65%	70.8%

Key financials

	2013	2012
Core Tier I ratio	13.1%	11.0%
Funding ratio	81.3%	84.4%
Leverage ratio	7.3%	7.0%
Client assets	€ 53.5bn	€ 52.3bn
Net profit / (loss)	€ 33.5m	- € 147.3m

Basel III

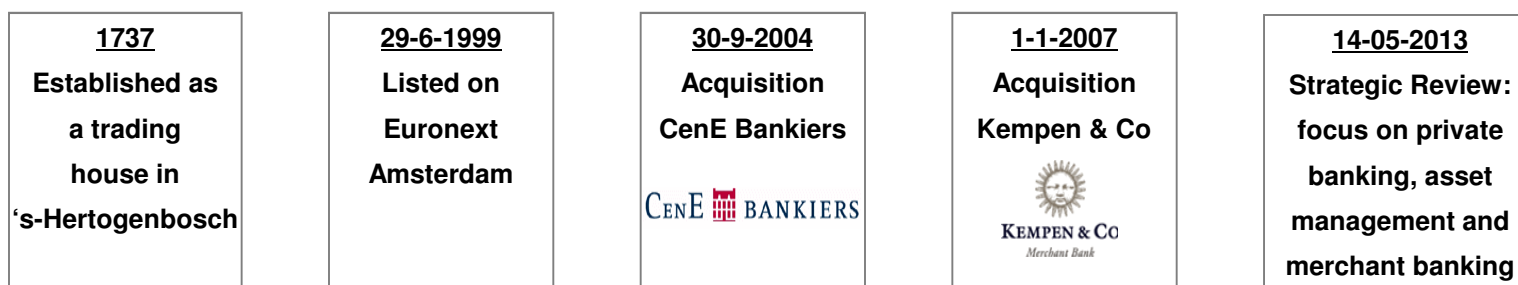
	31-12-2013
• Fully-loaded common equity ratio	10.5%
• LCR	151.3%
• NSFR	102.9%
• Leverage ratio	5.1%

Evolution into an independent wealth manager



1737

2013



- Our objective is to preserve and create wealth for clients
- We choose to be a pure-play, independent wealth manager
- We strongly believe that wealth management offers attractive growth opportunities and that we have inherent and distinctive strengths
- Private banking, asset management and merchant banking are the areas in which we excel
- Operating under the brand names "Van Lanschot" for private banking and "Kempen & Co" for asset management and merchant banking

Van Lanschot: a local and authentic bank



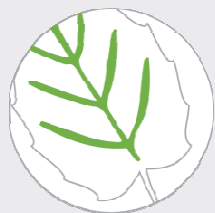
- Local visibility with 34 offices and client meeting centres in the Netherlands, Belgium and Switzerland
- Van Lanschot is the number 2 player in the Netherlands and Belgium with a market share of around 15% in the private banking market
- A relationship-oriented bank, with genuine personal attention, whereby the interests of the client really do come first
- Strong brand with an outspoken experience – exclusive, solid – as has been the case for the past 275 years



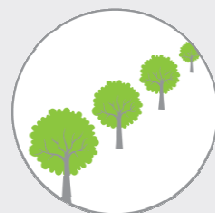
Our strategy is to focus, simplify and grow



Focus



Simplify



Grow



Our strategy is to:

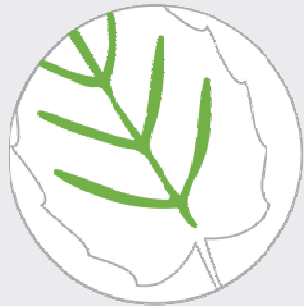
Focus on private banking in combination with asset management and merchant banking, and actively reduce activities not linked to private banking

Simplify our product offering, client service model and IT/operations

Grow through a revised offering to clients in private banking, and continuing the success of asset management and merchant banking

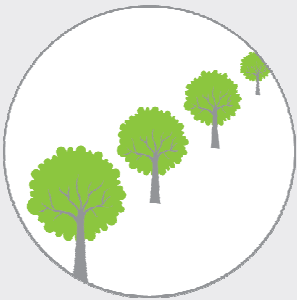
Our business model will allow us to have an **asset-light balance sheet and strong capital base**

Our strategy is to focus – Focus means making choices



- **Reinforced** private banking offering with specific service concepts ...
 - personal banking
 - private banking
 - private office
- ... and specialist services for
 - entrepreneurs
 - healthcare professionals
 - business professionals & executives
 - foundations & associations
- **Continued focus** on asset management and merchant banking
- **Active reduction** of activities without a clear link to private banking
 - **Active reduction** of corporate loans not related to private banking
 - Managed in a separate business unit by **dedicated management**
 - **Target 50% reduction** of € 4.4 billion in risk-weighted assets in the coming 5 years
 - **Reallocation of capital** to areas of higher profitability

Our strategy is to simplify – Simplify means increasing our effectiveness and efficiency



- **Transparent and simplified** product and service offering
- **Efficient organisation**, with centralised teams for private banking mid-office and investment expertise
- **Lean IT and streamlined** back office
- **Significant reduction of cost base** from € 409 million in 2012 to around € 340 million in 2017

Our strategy is to grow – We envisage growth in all our core activities



Private banking

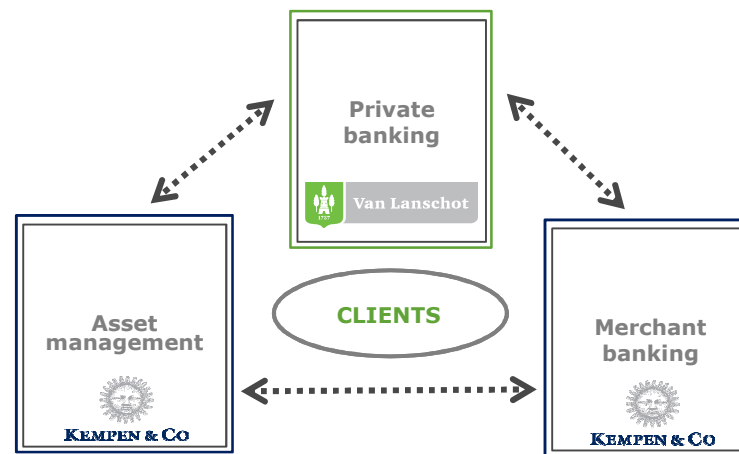
- Growing assets managed for our clients
- More focused service concepts
- More tailored product offering
- Maintaining client proximity

Asset management

- Leveraging strong long-term track record in niche products and integrated solutions
- Expanding client base geographically

Merchant banking

- Selective broadening of product offering
- Extending geographic footprint throughout Europe within selected niches



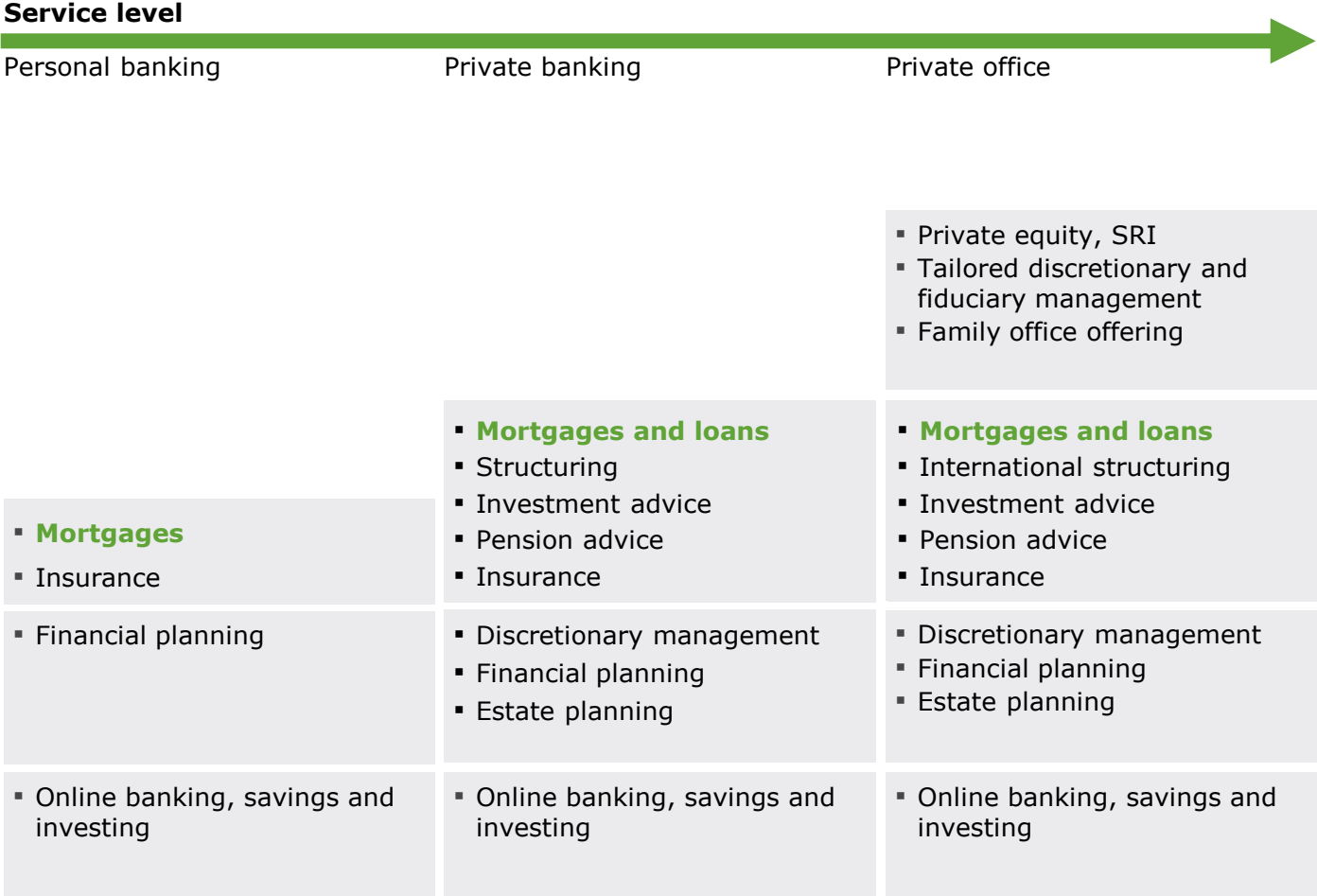
Growth in private banking means ...



private
banking

- **New service offering** – personal banking:
 - an inclusive offering for all clients seeking advice on wealth preservation and creation
 - welcoming wealth management starters
- State-of-the art **online solutions** for wealth management, investment advice and savings, supported by personal advice and service from bankers
- **Specialist expertise and advice** for more complex wealth requirements in private banking and private office, benefiting from capabilities in asset management and merchant banking
- **Local visibility** with 34 offices and client meeting centres in the Netherlands, Belgium and Switzerland

Growth in private banking means a choice of service levels for clients



Van Lanschot RMBS programmes – Lunet / Citadel / Courtine

Profile of Van Lanschot

Funding and liquidity

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Well diversified funding profile



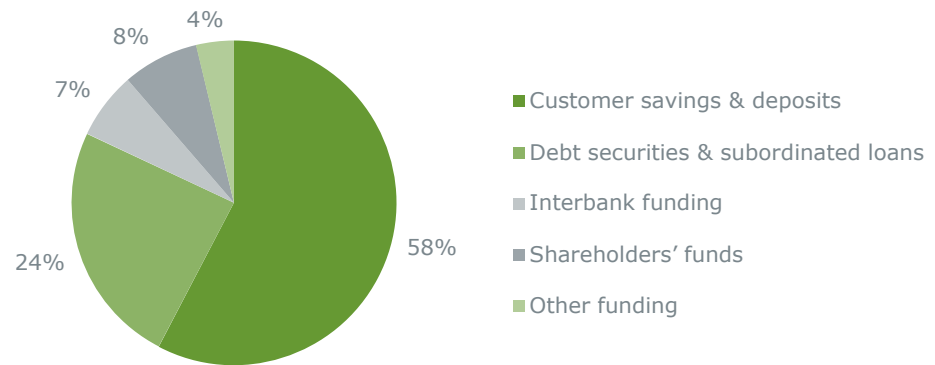
Largely 'self funded' in line with a traditional Private Bank: funding ratio 81.3% year-end 2013

As a Private Bank, majority of funding is customer savings and deposits

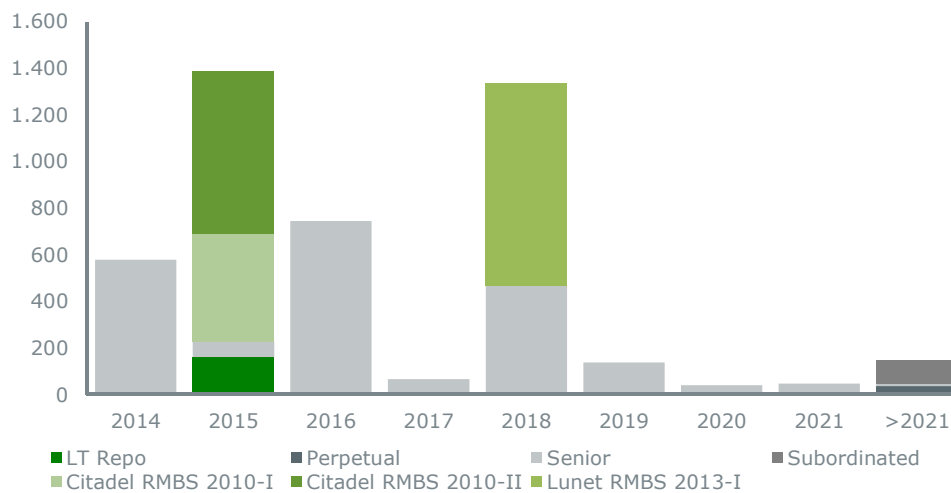
Funding mix complemented by wholesale funding

Comfortable funding diversification across maturities and instruments types

Funding mix in 2013



Wholesale funding by maturity in 2013



Clear funding strategy



Diversification of funding sources

RMBS: 2010, 2012, 2013
Senior Unsecured €: 2010, 2011, 2012, 2013, 2014
Senior Unsecured CHF: 2012

Regular presence in wholesale markets

15 wholesale market transactions since 2010

Establishing a curve

3 years: 2010 - €400m, 2011- €500m
4 years: 2012 - €500m, CHF250m
5 years: 2013 - €300m, 2014 - €200m
7 years: 2012 - €135m

Debt investor relations

Create and enhance strong relationships with investors, through deal-related roadshows and non-deal related credit updates

Van Lanschot has various funding programmes



Lunet / Citadel RMBS Programmes

RMBS

- Top quality residential mortgage portfolio, fully originated and serviced by Van Lanschot
- Lunet RMBS 2013-I structured to be PCS and DSA compliant
- The Citadel programmes were successfully established with the objective of diversifying funding and creating eligible assets

Public

Going forward the Lunet RMBS programme will be used for marketable RMBS transactions

Bloomberg ticker: LUNET Mtge / CITAD Mtge

Courtine Programme

- Residential mortgage loan portfolio, fully originated and serviced by Van Lanschot
- Notes retained by Van Lanschot for liquidity management purposes

Retained

Going forward the Courtine RMBS programme will be used for retained RMBS transactions

Bloomberg ticker: CRTIN Mtge

Debt Issuance Programme / MTN

Unsecured

- € 5.0 billion programme
 - used for wholesale funding (senior unsecured and subordinated), and structured retail products
 - Prospectus last updated on 12 April 2013
- Private placements

Bloomberg ticker: LANSNA Corp

Non-MTN / Specials

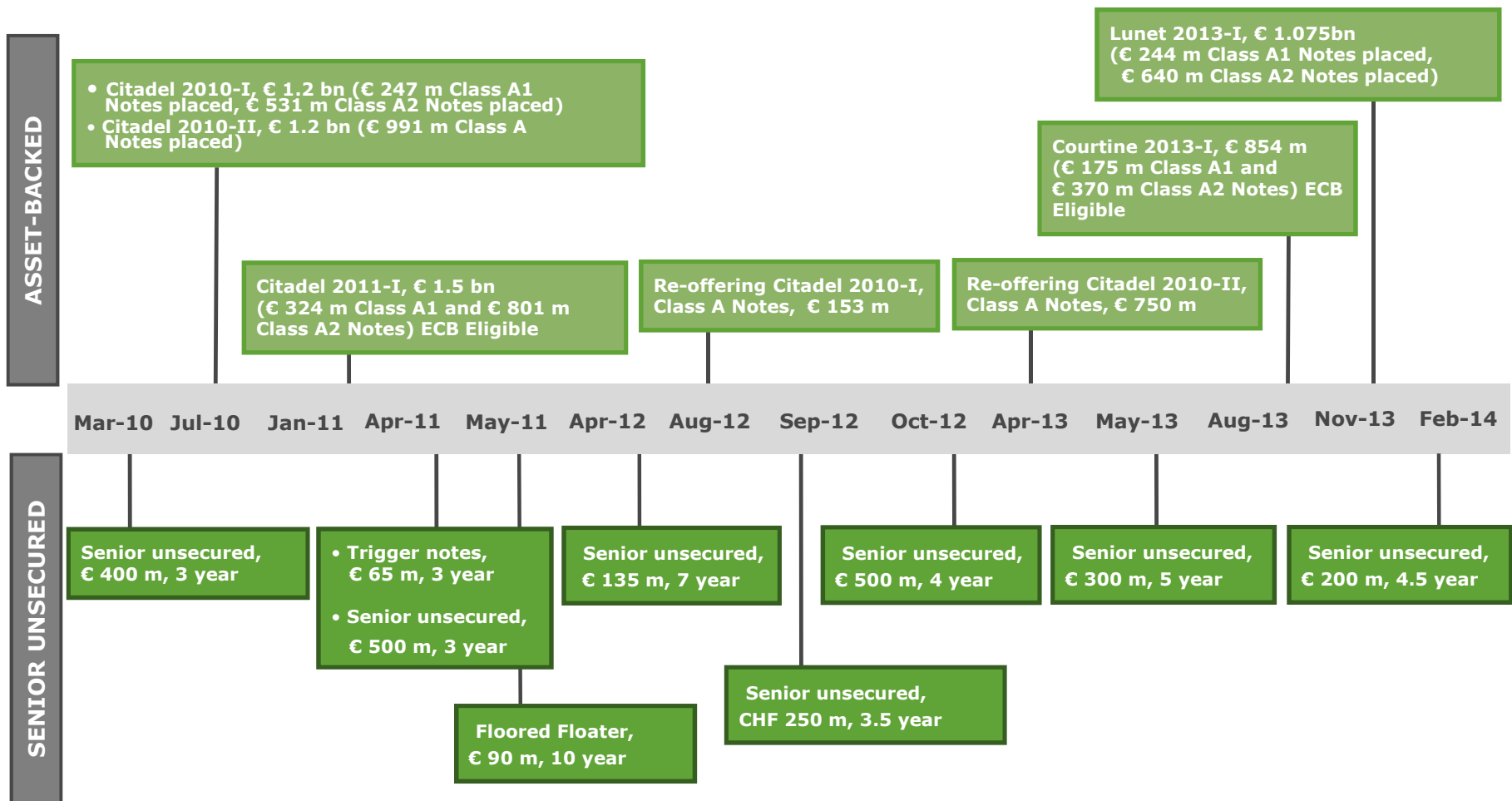
- *Euro and non-euro issues on stand-alone documentation*
- *Private placements*
- *Structured products*
- *Hybrid instruments*

Bloomberg ticker: LANSNA Corp

Van Lanschot is a frequent issuer in the wholesale markets



- Strong funding position based on a stable level of bond issuance and a regular presence in wholesale markets
- Successful in raising funds in wholesale markets every year since 2010 and a first transaction already completed in 2014



Van Lanschot RMBS programmes – Lunet / Citadel / Courtine

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2013 annual results

Highlights



Profit recovery in 2013

Net profit € 33.5 million; proposed dividend of € 0.20 per share

- Underlying net profit € 38.9 million
- Commission income +8%
- Interest income -8%
- Operating expenses -6%
- Loan loss provisioning -10%

Growth in client assets

Client assets increase to € 53.5 billion

- Inflow of discretionary mandates in Private Banking and Asset Management
- Discretionary mandates comprise 40% of Private Banking assets under management
- Outflow of non-discretionary assets related to closure of foreign offices and low-fee custody mandates
- Decline of savings and deposits due to loan repayments, lower deposit rates and a shift to investment products

Balance sheet strengthened

Core Tier I ratio grows to 13.1%

- Leverage ratio under Basel III 5.1%
- Fully-loaded Basel III common equity ratio 10.5%
- Well diversified funding profile: funding ratio 81.3%, supplemented by successful wholesale market transactions

Execution of strategy on track

Long-term financial targets confirmed

- Transformation of Private Banking with the introduction of three service levels
- Successful launch of Evi van Lanschot in the Netherlands and Belgium
- First steps taken to simplify products, processes and organisation
- Corporate Banking business unit formed; RWA reduction and margin improvement in 2013

2013 annual results

Key figures



<i>€ million</i>	2013	2012	Δ
Commission	234.8	216.7	8%
Interest	213.9	233.2	-8%
Other income	81.1	75.4	8%
Income from operating activities	529.8	525.3	1%
Operating expenses	374.9	397.3	-6%
Non-recurring charges	8.0	46.1	-83%
Gross result after non-recurring charges	146.9	81.9	79%
Addition to loan loss provision	103.7	115.2	-10%
Other impairments	2.4	120.2	-98%
Operating profit before tax	40.8	-153.5	
Operating profit before tax of non-strategic investments	-3.4	-11.9	-71%
Income tax	3.9	-18.1	
Net profit	33.5	-147.3	
Underlying net profit excluding non-recurring charges	38.9	11.1	
Cost-income ratio (%)	70.8	75.6	

Profit recovery in 2013

Thanks to higher income, lower costs and lower loan losses



2013 net profit € 33.5 million

**Underlying net profit
€ 38.9 million**

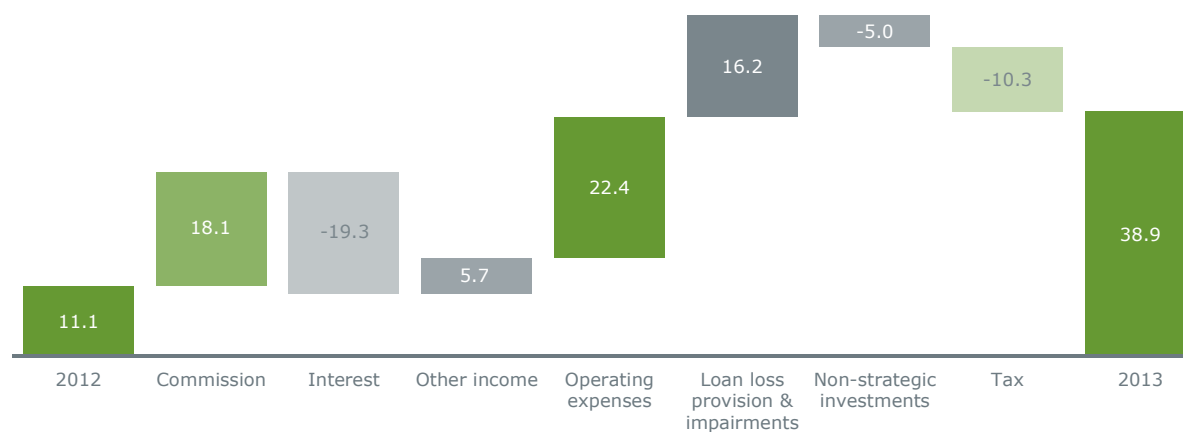
Increase in commission income in line with wealth management strategy

Pressure on interest income due to reduction of the loan book, partly compensated by repricing

Efficiency measures lead to lower operating expenses

Lower addition to loan loss provision despite difficult economic conditions

Key drivers of profit in 2013 (€ million)



Growth in client assets

Inflow of asset under management and strong market performance



Client assets grow 2% to € 53.5 billion (FY 2013) and to € 55.9 billion in Q1 2014

Assets under management up 6% to € 43.3 billion

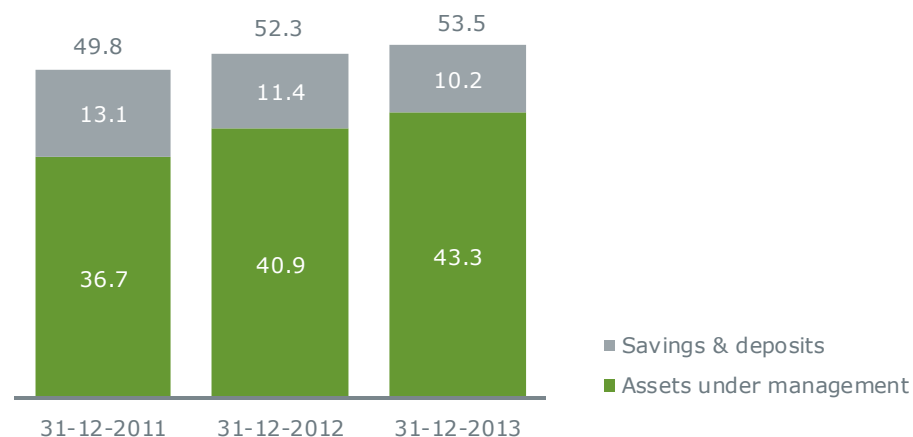
Outflow of non-discretionary mandates offset by inflow of private and institutional discretionary mandates and strong market performance

Outflow of non-discretionary assets under management relates partly to low-fee custody mandates and closure of foreign offices

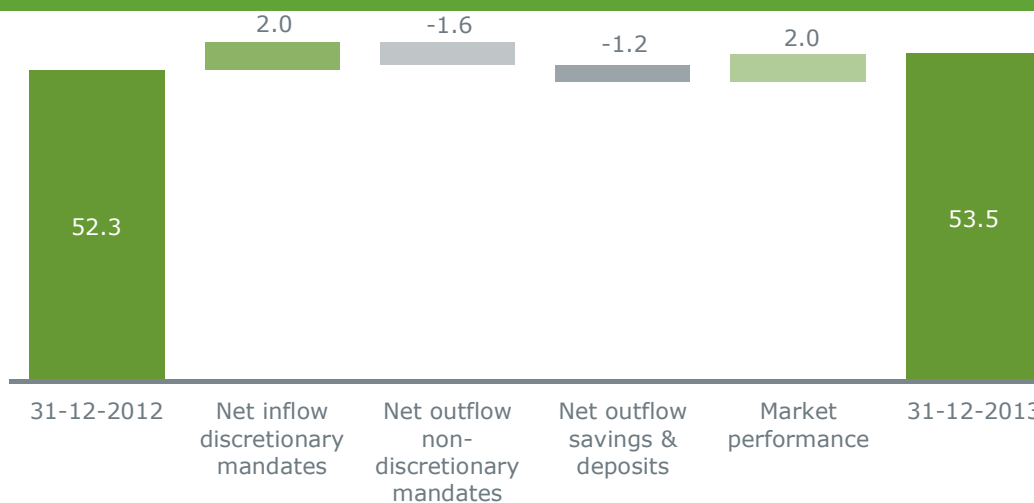
Share of discretionary mandates in total Private Banking assets under management increased to 40% (2012: 36%)

Outflow of savings and deposits mainly in the first half year partly due to maturity of premium deposit account

Client assets 2011 – 2013 (€ billion)



Growth in client assets in 2013 (€ billion)



Robust balance sheet

Strong capital and funding position



Significant capital buffer

Total equity of € 1.34 billion, of which € 1.29 billion in share capital and reserves

Core Tier I ratio 13.1%

Leverage ratio* 7.3%

The balance sheet is for our clients

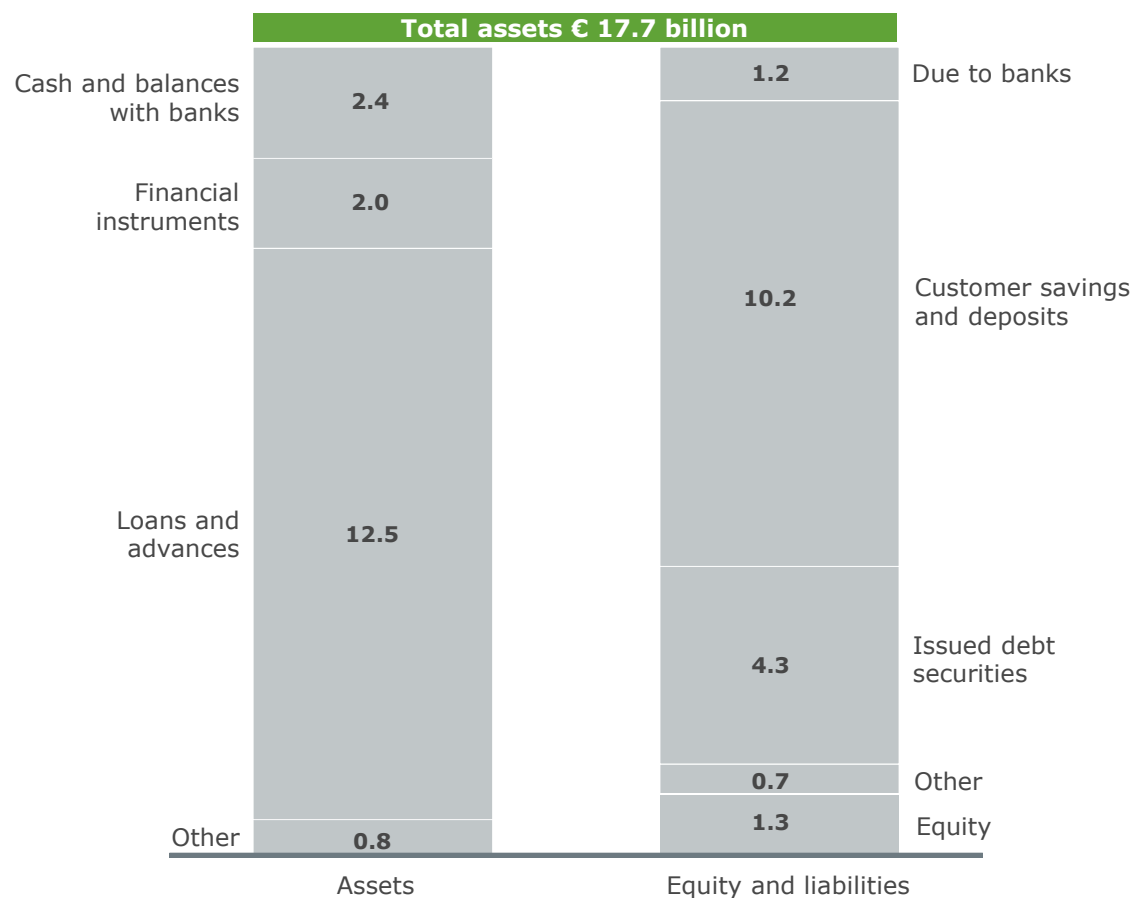
Loan book comprises 71% of the balance sheet

Solid funding position

Funding profile further diversified – in terms of instrument, source and maturity – with various successful wholesale funding transactions in 2013

Loan-to-deposit ratio 122.9% (funding ratio 81.3%)

* Leverage ratio = equity attributable to shareholders / total assets



Loan book

Diversified portfolio of loans in the Netherlands and Belgium



Total loan book € 12.5 billion

50% of the loan book is made up of mortgages to wealthy individuals

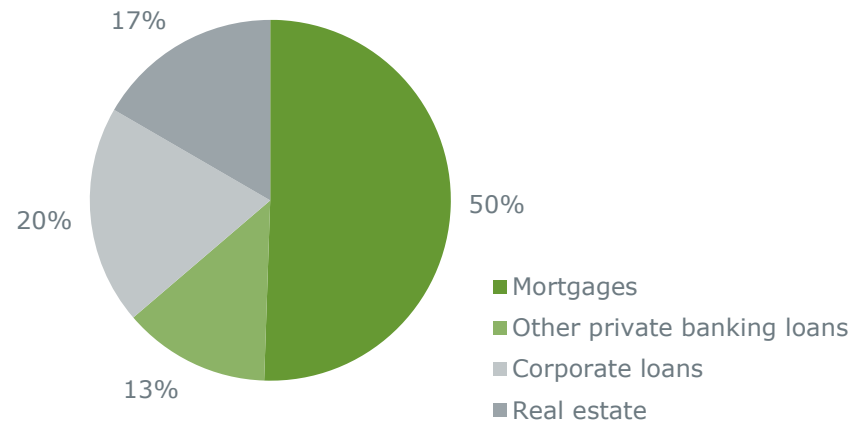
Other private banking loans include loans to healthcare professionals, business professionals & executives, security-backed loans and foreign mortgages

Real estate and corporate loans with no link to private banking have been transferred to the Corporate Banking business unit to be actively reduced in the coming years

Predominantly domestic lending

- 95% of loans granted in the Netherlands
- 2% in Belgium

Loan book at 31-12-2013



Deleveraging continues

Steady reduction in loan book in line with strategy



7% reduction in loan book in 2013

Since 2009, the loan book has shrunk by 26%

Mortgages

Accelerated repayment of mortgages continues and new business remains limited

Mortgage book down by 7% in 2013

Real estate

Focus by specialist CRE team leads to reduction in real estate loans of 11%

Corporate loans

Corporate loans down 9% in line with focus on wealth management

<i>€ million</i>	31-12-2013	31-12-2012	Δ
Mortgages	6,483	6,945	-7%
Other private banking loans	1,690	1,673	1%
Corporate loans	2,516	2,755	-9%
Real estate	2,135	2,401	-11%
Impairments	-333	-310	7%
Total	12,491	13,464	-7%

Loan impairment charges

Total additions to loan loss provisions trending down



Addition to loan loss provisions down 10% on 2012

Mortgages

Loan losses on mortgage book traditionally very low: addition to loan loss provisions in 2013 only 16% of total, while the mortgage book represents 50% of the total loan book

NPLs remain low at 1.7%

Real estate

Addition to loan loss provisions 25% lower than in 2012

NPLs steady at 10.1%

Corporate loans

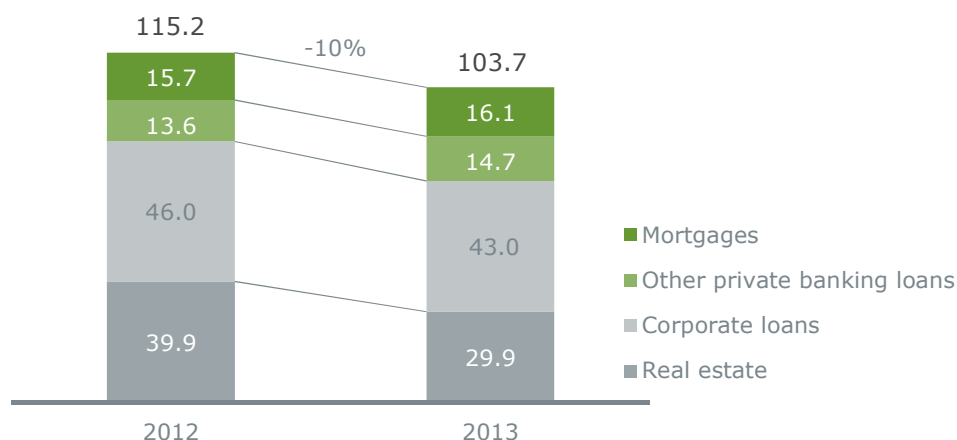
Despite difficult economic conditions in the Netherlands, NPLs only slightly up at 5.6%

Other private banking loans

NPLs influenced by a few larger items

High coverage ratios reflect Van Lanschot's prudent provisioning policy

Addition to loan loss provisions in 2013 by type of loan (€ million)



€ million	Impaired loans	Provision	NPL	Coverage ratio
Mortgages	107	66	1.7%	62%
Other private banking loans	135	64	8.0%	47%
Corporate loans	142	99	5.6%	70%
Real estate	216	94	10.1%	44%
IBNR		10		
Total	600	333	4.8%	56%

Balance sheet strengthened; RWA reduction continued

New Basel III requirements already met



Risk-weighted assets

Corporate Banking run-off successfully started; corporate loan book reduced by € 0.5 billion in 2013

Total RWA at year-end 2013 € 9.0 billion (-15%)

Van Lanschot already meets the new Basel III capital and liquidity requirements

Fully loaded common equity ratio 10.5%

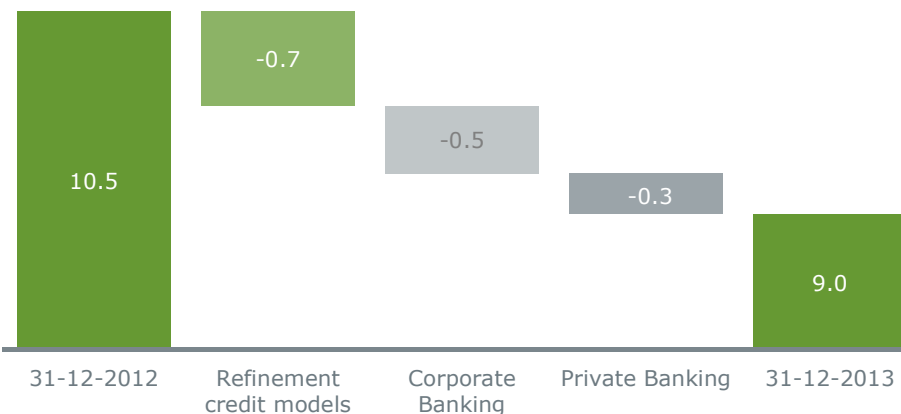
Common equity ratio at 1 January 2014 under Basel III phase-in rules 12.6%

LCR 151.3%

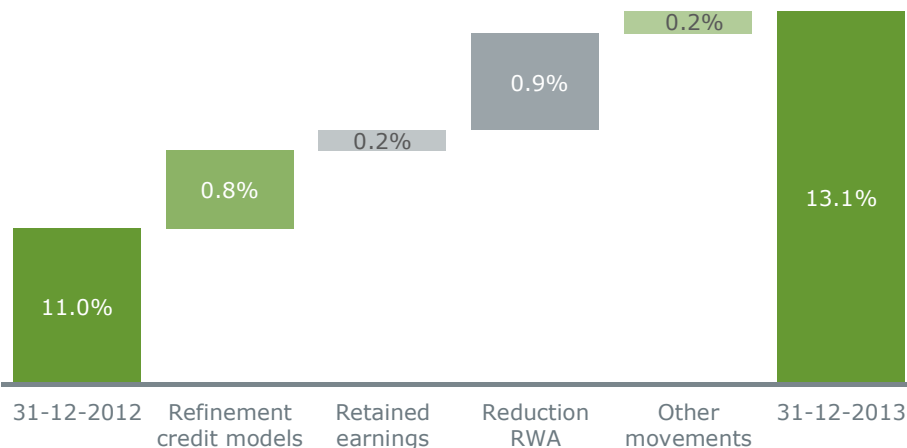
NSFR 102.9%

Leverage ratio 5.1%

Risk-weighted assets in 2013 (€ billion)



Development of Core Tier I ratio in 2013



Developments in Q1 2014



Positive result

- All core activities contributed to profit
- Income and costs comparable to last year

Increase in client assets

- Client assets grow to € 55.9 billion

Strong capital & funding position

- Common Equity Tier I ratio (pro forma, Basel III phase-in) 13.3%
- Leverage ratio (Basel III, fully loaded) 4.8%

Strategy on track

- Implementation of wealth management strategy on track
- Corporate Bank loan books further reduced as planned

Van Lanschot RMBS programmes – Lunet / Citadel / Courtine

Profile of Van Lanschot

Funding and liquidity

Annex I – 2013 annual results and Q1 2014 trading update

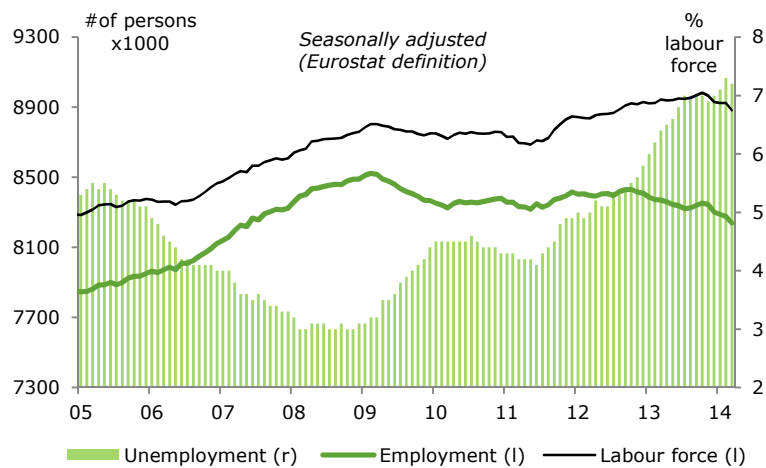
Annex II – Dutch housing market

Dutch economy

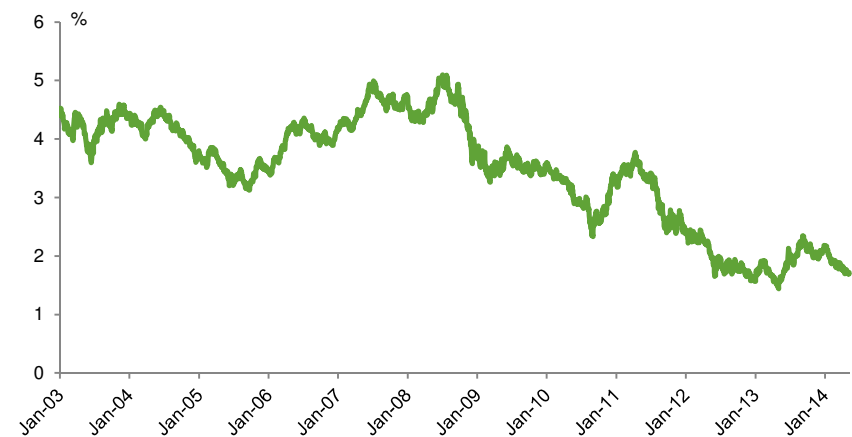


- Last year the Dutch economy emerged from the recession. After a fallback in Q1 2014, economic activity is expected to further pick up in 2014, mainly driven by export and corporate investment, leading to an expected 1% increase in GDP. Momentum is expected to continue into next year, with growth of up to 1.5% for 2015, mainly due to improved dynamic on the domestic front
- Unemployment is expected to rise to an average of 7¼% in 2014 as well as in 2015. Employment is expected to increase next year however labour supply as well. Consequently, unemployment is expected to decrease only modestly. Furthermore, the drop in employment over the last years has led to a sharp rise in the number of long-term unemployed (> 1 year). These long-term jobless tend to have more difficulty in finding employment, even when the economy picks up
- Consumer confidence has improved due to improved sentiment about the economic situation. In April, the sub-indicator 'economic situation for the next 12 months' registered the highest score in seven years. However, consumers remain cautious when it comes to making large purchases
- The EUR 10 year swap rate remains low and even shows a new bottom since the last 12 months

Unemployment rate



Eurozone 10y swap interest rate

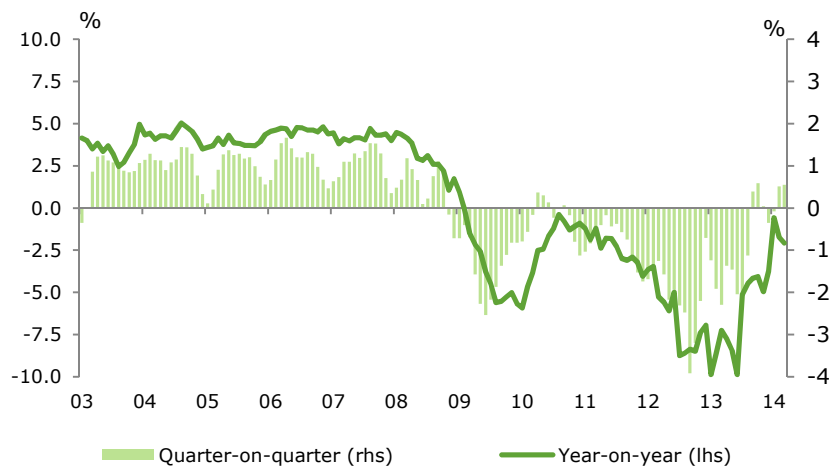


source: Statistics Netherlands, Bloomberg

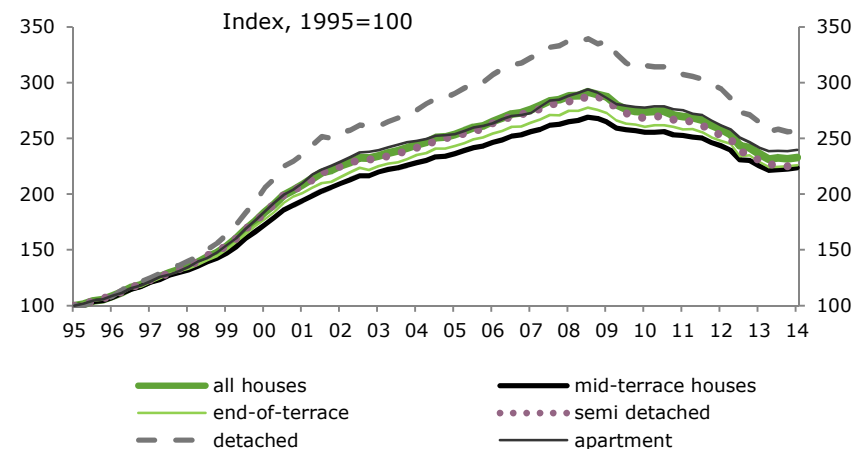
House price developments

- The housing market in the Netherlands bottomed out both in terms of prices and sales numbers in 2013. Prices of existing homes (PBK-index) increased by 0.5% in the first quarter of 2014 compared to the previous quarter
- The growth in sales has supported price stabilisation in the recent period. Lower interest rates have also played a part. That said, negative equity as well as credit-restricting measures might prevent house prices from rising rapidly
- Good affordability, low mortgage rates and growth in real disposable income are expected to bring a further rise in house prices in 2015
- Since the peak in 2008 housing prices declined by approximately 30% in real terms. Prices of detached houses have declined considerably more than prices of houses in the less expensive segments such as apartments or mid-terrace houses

Price development (Y-o-y / Q-o-q)



Price development per segment



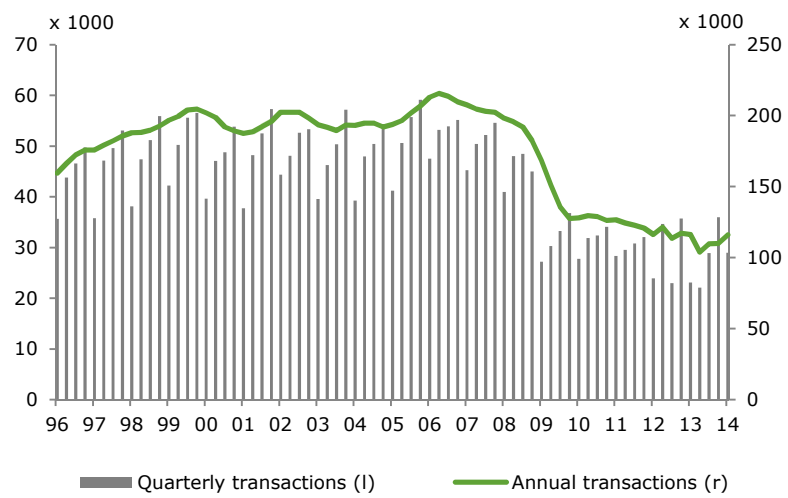
source: Statistics Netherlands

Transaction and supply developments

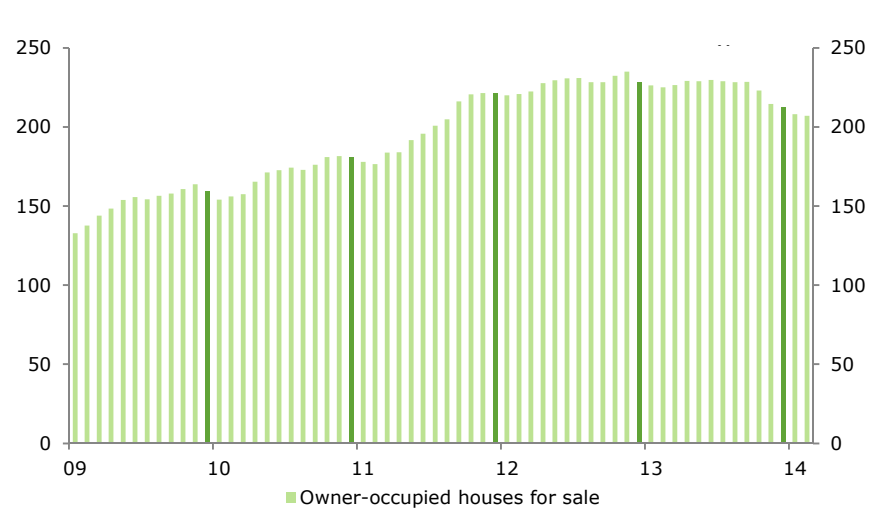


- In Q1 2014, the Netherlands Association of Real Estate Brokers (NVM) registered 24,360 agreed sales. This is a 6.6% (seasonally corrected) increase compared to Q4 2013 and the best quarterly performance since 2008
- Based on improved affordability and the more positive sentiment a further rise in sales is expected. However, reduced borrowing capacity and the threat of negative equity might dampen the pace of the increase
- Due to increased volume of sales, Q1 2014 showed a decline in unsold stock by 4%. However, with the market picking up, more home-owners could be encouraged to put their house up for sale
- Only 26,000 building permits, a historic low, were issued in 2013. These will result in an estimated 45,000 completions in 2014. Recovery of the residential construction sector is expected in 2015
- In recent years output has fallen short of demand by 20,000 homes annually

Quarterly and annual transactions



House supply declining after period of stabilisation



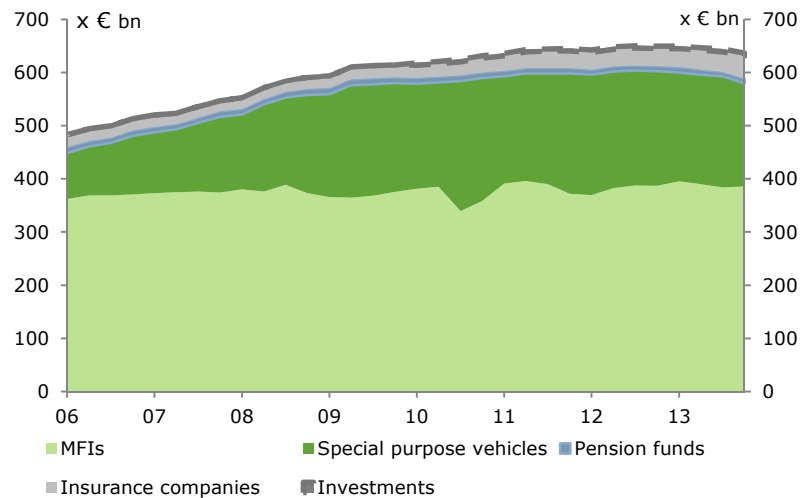
source: Statistics Netherlands

Dutch residential mortgage market

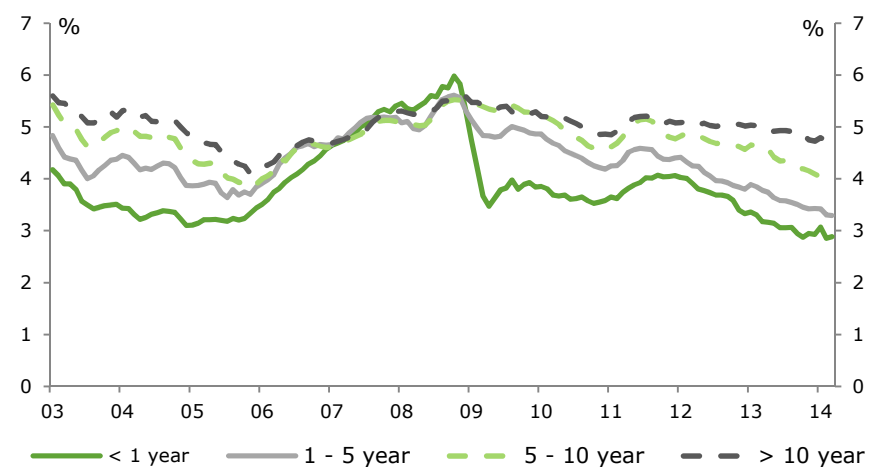


- Total outstanding mortgage debt in the Netherlands declined last year for the first time in decades. This decline is the result of a reduction in new mortgages issued and increased repayments
- Despite an increase in new mortgages issued, the outstanding mortgage debt will rise little if at all in 2014, due to additional mortgage repayments
- The maximum amount that can be borrowed on the basis of income and the maximum allowed LTV were lowered (in line with the new mortgage legislation which was introduced in January 2013) as of 1 January 2014 from 105% to 104%. As of 1 July 2014, the amount covered by NHG guarantee will also be reduced from EUR 290,000 (July 2013) to EUR 265,000
- Despite these measures, it has become slightly easier to finance a house. Since 2008 affordability improved due to falling house prices and declining mortgage interest rates, while disposable income dropped only slightly

Mortgage debt outstanding



Average mortgage rates



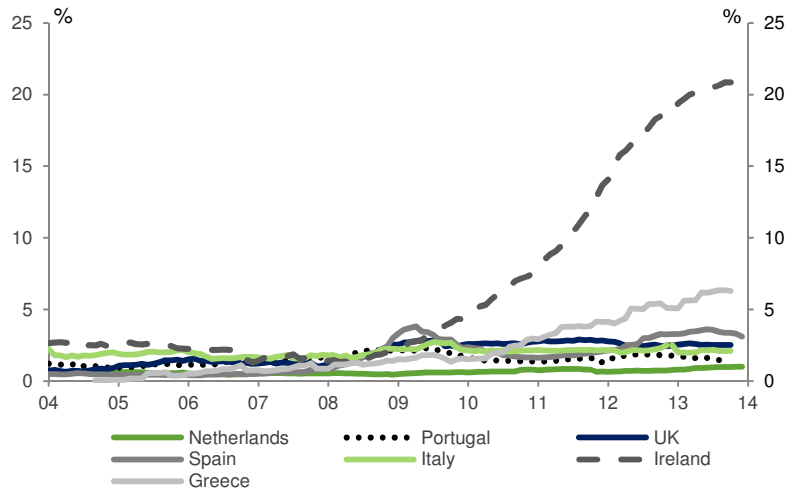
source: Central Bank

Mortgage foreclosures and losses

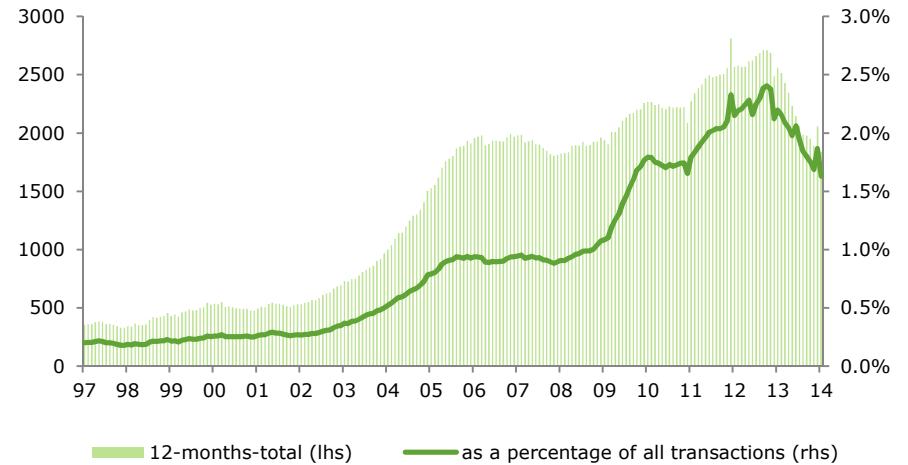


- In recent years there has been a rise in the number of mortgages that have fallen into arrears
- Despite rising payment arrears, the trend of declining forced auctions that has been present in 2012 and 2013 also continues in Q1 2014. This drop should not be seen as an improvement of payment problems, but as a sign that banks supervise home-owners who have fallen into arrears more closely
- The Netherlands continues to perform well in terms of the level of payment arrears and forced sales as compared to other European countries

Payment arrears



Foreclosures



source: CBS / Land registry, Moody's



Van Lanschot

Disclaimer



Forward-looking statements

This presentation contains forward-looking statements concerning future events. Those forward-looking statements are based on the current information and assumptions of the Van Lanschot management concerning known and unknown risks and uncertainties.

Forward-looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to Van Lanschot's expectations regarding such matters as the assessment of market risk and revenue growth or, more generally, the economic climate and changes in the law and taxation.

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